

Integra Realty Resources
Sacramento

Appraisal of Real Property

505 Royer Street
Roseville, Placer County, California 95678

Prepared For:
City of Roseville Economic Development Department

Effective Date of the Appraisal:
March 4, 2021

Report Format:
Appraisal Report – Standard Format

IRR - Sacramento
File Number: 193-2021-0132





505 Royer Street
Roseville, California



March 22, 2021

Laura Matteoli
Economic Development Director
City of Roseville Economic Development Department
311 Vernon Street
Roseville, CA 95678

SUBJECT: Market Value Appraisal
505 Royer Street
Roseville, Placer County, California 95678
IRR - Sacramento File No. 193-2021-0132

Dear Ms. Matteoli:

Integra Realty Resources – Sacramento is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value - as if vacant of the fee simple interest in the property. The client for the assignment is City of Roseville Economic Development Department, and the intended use is for to be used for establishing the market value of the subject property for marketing purposes.

The subject property represents vacant land previously improved with a county courthouse building which contained 7,900± square feet of rentable area. The property is comprised of three Assessor's parcels encompassing 1.229± acres, or 53,657 square feet of land area. The land area is inclusive of a portion of an alley currently dividing two of the parcels. The City of Roseville has plans to abandon a portion of the alley and add the land area to the subject property. Portions of the subject are located within either a floodplain, or floodway and are subject to development restrictions. As of the date of inspection, the building was in the process of being demolished. Our analysis is based on the hypothetical condition the remaining portion of the improvements have already been demolished and we only estimate the market value of the underlying land. A more detailed legal and physical description of the subject property, as well as related market area characteristics, is contained within the attached report.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of City of Roseville Economic Development Department.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As If Vacant	Fee Simple	March 4, 2021	\$650,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. As of the date of inspection, two of the subject parcels (APNs 013-290-005 and -006) were divided by a portion of an alley. The City of Roseville has plans to abandon a portion of the alley and add the land area to the subject property. Our analysis assumes the portion of the alley will be abandoned as planned and the estimated land area of the alley is included in the subject's total land area. If at a later date the estimated land area of the alley differs significantly from what was provided, or the City of Roseville does not abandon the portion of the alley as planned, our value conclusion presented herein could be impacted.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. The subject was previously improved with a 7,900 square foot county courthouse. As of the date of inspection, the building was in the process of being demolished. The estimate of market value is based on the hypothetical condition the remaining portion of the improvements have already been demolished and we only estimate the market value of the underlying land, with no deduction for demolition costs.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

As of the date of value, the economy (globally, nationally, and locally) was in a state of rapid transition with a widespread expectation of the imminent onset of a significant recession. The outbreak of COVID-19 (coronavirus disease of 2019) in China was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020. Some market deterioration had occurred shortly before this date, but the declaration by the WHO soon led to municipal and statewide orders to "shelter in place," causing widespread closures of businesses and a massive disruption to general commerce. The status of economic



conditions is changing rapidly, creating great uncertainty in the markets. Our analysis of these and related issues is presented in the attached report. The value expressed herein represents our opinion based on the best available data reflective as of the date of value. While values are always subject to change over time, we caution the reader that in the current economic climate, market volatility creates the potential for a more significant change in value over a relatively short period of time.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - SACRAMENTO



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Executive Summary

Address	505 Royer St. Roseville, Placer County, California 95678	
Property Type	Land	
Owner of Record	City of Roseville	
Tax ID	013-290-005, 013-290-006, 013-172-023 and Alley	
Land Area	1.23 acres; 53,657 SF	
Zoning Designation	CMU/FF/SA - DT-7 (Dry Creek Mixed-Use District), Commercial Mixed-Use/Floodway Fringe/Special Area - Downtown Specific Plan (DT-7 - Dry Creek Mixed-Use District)	
Highest and Best Use	Hold for future multi-family development (apartments, condominiums and/or senior housing)	
Exposure Time; Marketing Period	9-12 months; 12-15 months	
Effective Date of the Appraisal	March 4, 2021	
Date of the Report	March 22, 2021	
Property Interest Appraised	Fee Simple	
Sales Comparison Approach		
Number of Sales	6	
Range of Sale Dates	Sep 17 to Dec 20	
Range of Prices per Usable SF (Unadjusted)	\$10.10 - \$25.12	
Market Value Conclusion	\$650,000	(\$12.11/Usable SF)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Roseville Economic Development Department may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

- As of the date of inspection, two of the subject parcels (APNs 013-290-005 and -006) were divided by a portion of an alley. The City of Roseville has plans to abandon a portion of the alley and add the land area to the subject property. Our analysis assumes the portion of the alley will be abandoned as planned and the estimated land area of the alley is included in the subject's total land area. If at a later date the estimated land area of the alley differs significantly from what was provided, or the City of Roseville does not abandon the portion of the alley as planned, our value conclusion presented herein could be impacted.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

- The subject was previously improved with a 7,900 square foot county courthouse. As of the date of inspection, the building was in the process of being demolished. The estimate of market value is based on the hypothetical condition the remaining portion of the improvements have already been demolished and we only estimate the market value of the underlying land, with no deduction for demolition costs.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

General Information

Identification of Subject

The subject property represents vacant land previously improved with a county courthouse building which contained 7,900± square feet of rentable area. The property is comprised of three Assessor's parcels encompassing 1.229± acres, or 53,657 square feet of land area. The land area is inclusive of a portion of an alley currently dividing two of the parcels. The City of Roseville has plans to abandon a portion of the alley and add the land area to the subject property. Portions of the subject are located within either a floodplain, or floodway and are subject to development restrictions. As of the date of inspection, the building was in the process of being demolished. Our analysis is based on the hypothetical condition the remaining portion of the improvements have already been demolished and we only estimate the market value of the underlying land. A legal description of the property is within the grant deed, a copy of which is located within the addenda to this report.

Property Identification

Address	505 Royer St. Roseville, California 95678
Tax ID	013-290-005, 013-290-006, 013-172-023 and Alley
Owner of Record	City of Roseville
Census Tract Number	209.01 / 1

Sale History

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value - as if vacant of the fee simple interest in the property as of the effective date of the appraisal, March 4, 2021. The date of the report is March 22, 2021. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of Property Rights Appraised

Fee simple estate is defined as, “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.”

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

Intended Use and User

The intended use of the appraisal is for to be used for establishing the market value of the subject property for marketing purposes. The client and intended user is City of Roseville Economic Development Department. The appraisal is not intended for any other use or user. No party or parties other than City of Roseville Economic Development Department may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal guidelines of City of Roseville Economic Development Department.

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information

analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have prepared two appraisals of the subject property for the current client. We have provided no other 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.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

In accordance with our opinion of highest and best use of the property, the value of the underlying land as vacant, exceeds the value of the property as currently improved. Thus, we only value the underlying land in our valuation. For the analysis, we use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Lance Jordan, MAI, conducted an on-site inspection of the property on March 4, 2021 and March 10, 2021. Ligia Dejeu conducted an on-site inspection on March 10, 2021.



Economic Analysis

Area Analysis – Sacramento MSA

Introduction

The worldwide outbreak of the COVID-19 virus and the subsequent chain of events enacted in an effort to minimize the impacts of the pandemic are still in process and evolving. Healthcare and economic responses to this crisis are unfolding in the present, with limited quantifiable data available to gauge the future impact on the local, state and national economies. The following analysis is largely based on historical information as a means of identifying past demographic and general economic trends, both of which will be impacted as more time passes and data becomes available for analysis.

The Sacramento MSA is comprised of four counties – Sacramento, Placer, El Dorado and Yolo – and spans from the Sacramento River Delta in the west to the Sierra Nevada mountain range in the east. It represents portions of two key regions in California – the Central Valley and the Sierra Nevada mountains. The Sacramento MSA is the most populous metropolitan area in the Central Valley and the fifth-largest in the state of California. The region’s largest city, Sacramento, is the State Capital and the seat of government for Sacramento County. Sacramento is located approximately 385 miles north of Los Angeles, 500 miles south of Oregon, 85 miles northeast of San Francisco, 105 miles west of South Lake Tahoe, and 135 miles southwest of Reno, Nevada. The region has relatively stable seismic conditions, especially compared to the San Francisco Bay Area and Southern California. Sacramento and adjoining cities rank among the lowest in the state for the probability of a major earthquake.

Population

The region has a population of over 2.37 million and has grown at an average rate of 1.1% per year for the past five years. The following table illustrates recent population trends for each county in the region. The figures are estimated as of January each year.

Population Trends							
County	2015	2016	2017	2018	2019	2020	%/Yr
Sacramento	1,481,751	1,496,385	1,512,721	1,527,132	1,541,301	1,555,365	1.0%
Placer	371,264	376,508	383,598	389,387	395,978	403,711	1.7%
El Dorado	182,540	183,684	185,147	188,185	190,018	193,227	1.2%
Yolo	210,801	215,016	218,039	219,990	220,896	221,705	1.0%
Total	2,246,356	2,271,593	2,299,505	2,324,694	2,348,193	2,374,008	1.1%

Source: California Department of Finance

Placer and El Dorado Counties have led the region with growth of 1.7% and 1.2% per year, respectively. Most of this growth has occurred in the cities of Roseville, Rocklin, Lincoln and El Dorado Hills. The region’s growth is attributed in large to in-migration of residents from other locations.

The population in the region is expected to continue growing. According to the California Department of Finance, the population in the Sacramento MSA is projected to increase to around 2,601,607 by

2030 and 2,914,939 by 2050. The region’s growth is expected to outpace the growth of most other metropolitan areas in California, as well as the state as a whole.

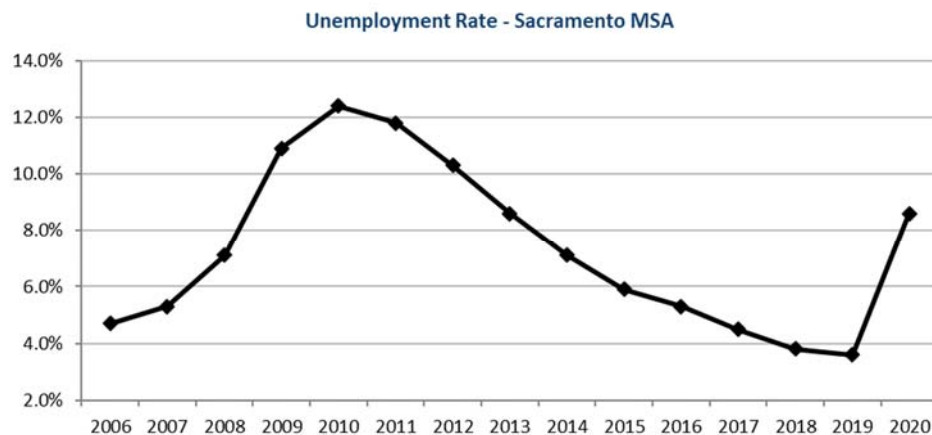
Employment & Economy

Historically, the Sacramento region has been one of the more stable employment centers in California, with a significant number of jobs in State government. The California Employment Development Department has reported the following employment data for the Sacramento MSA over the past five years.

Employment Trends						
	2015	2016	2017	2018	2019	2020
Labor Force	1,052,800	1,068,400	1,075,300	1,089,600	1,101,000	1,087,700
Employment	991,200	1,011,900	1,026,400	1,048,200	1,061,400	993,900
Job Growth	20,900	20,700	14,500	21,800	13,200	(67,500)
Unemployment Rate	5.9%	5.3%	4.5%	3.8%	3.6%	8.6%

Source: California Employment Development Department

For most areas within the state and nation, including the Sacramento MSA, unemployment declined from 2004 through 2006, increased from 2007 to 2010, and declined between 2011 to 2019. Unemployment spiked in April 2020 as a result of COVID-19 business closures and, although it gradually declined as restrictions were relaxed, it remained elevated through 2020. A depiction of the unemployment rate trend since 2006 is provided below.



Source: California Employment Development Department

The region experienced a significant decline in jobs in 2009, but the rate of decline moderated in 2010, and job growth was positive in each year from 2011 through 2019. Prior to the coronavirus outbreak, unemployment rates had been at historical lows in recent years. The 2017 unemployment rate of 4.5% was the lowest experienced since 2001 and the 2018 and 2019 rates further decreased, closing out 2019 with an average rate of 3.6%. However, this downward trend has shifted as a result of the current COVID-19 crisis. In an effort to prevent the spread and impact of the virus, statewide public health Stay-At-Home orders were on March 19th, which directed residents to stay at home except to



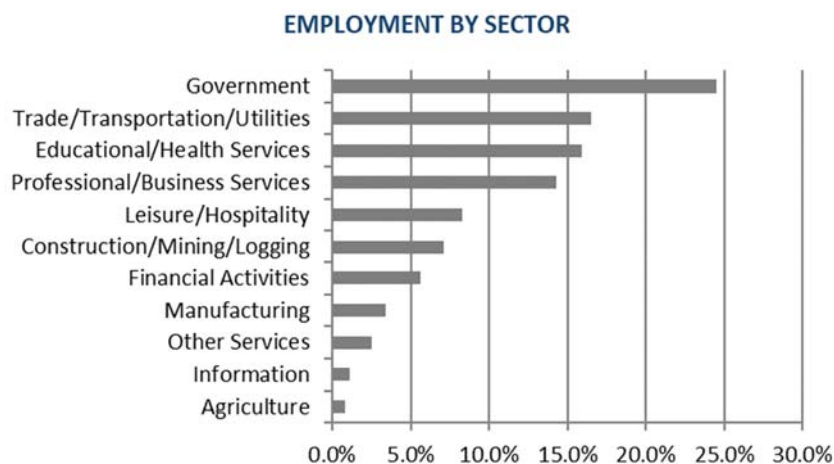
perform essential activities necessary for the health and safety of individuals and their families. These unprecedented measures left just "essential" businesses open. The closure of non-essential businesses has had a significant impact on employment, with some sectors of the workforce impacted more significantly than others.

The average annual unemployment rate in the Sacramento MSA was 3.6% in 2019 and remained in the 3.8%-4.8% range during the first quarter 2020. However, the California Employment Development Department reported an unemployment rate of 14.0% in April 2020 and 13.6% in May 2020. As of December 2020, the rate has dropped to 7.9%, which is above the year ago estimate of 3.2%. This compares to rates of 8.8% for California and 6.5% for the nation in December 2020. The average annual unemployment rate was 8.6% in 2020.

It was reported 71,500 jobs were lost year-over-year as of December 2020, a 6.9% decline. The greatest job loss was in the Leisure/Hospitality sector with 28,400 jobs lost, followed by the Educational/Health Services sector with 15,700 jobs lost and Other Services with 10,400 jobs lost.

The local economy has transitioned from a government and agricultural center to a more diverse economy. Growing industries in the region include healthcare, technology, clean energy and life sciences. The region is a western hub for data processing, customer call centers and other corporate back office support activities. However, the Sacramento market is also largely dependent on the services sector and, as a result, it may be impacted more significantly by the economic disruption caused by COVID-19. The degree of impact will depend at some level on local, state and federal government economic responses and relief aid.

The following chart indicates the percentage of total employment for each sector within the region as of December 2020.



Source: California Employment Development Department

The region’s largest employment sectors are Government, Trade/Transportation/Utilities (including retail and wholesale trade), Educational and Health Services, and Professional and Business Services. Government jobs account for 24.5% of total employment in the region. This percentage has declined

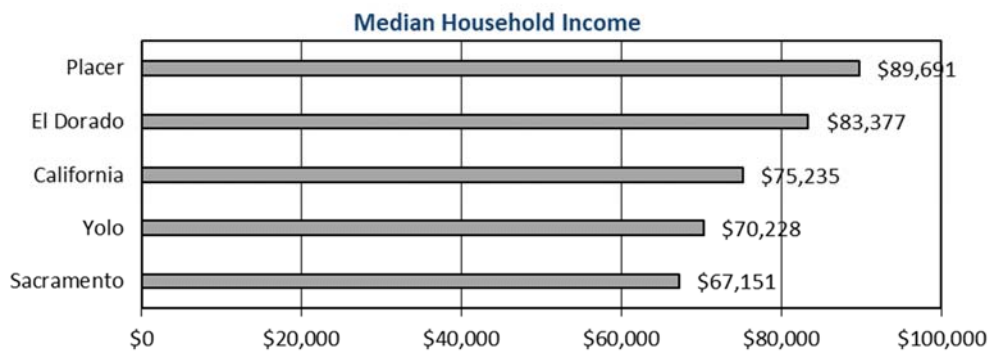
in the past couple of decades – government employment was near 30% of the total in 1990. Major government employers include the State of California, U.S. Government, Sacramento County, University of California – Davis and Elk Grove Unified School District. The region’s largest private sector employers are listed in the following table.

Largest Private-Sector Employers			
	Employer	Industry	Employees
1	Kaiser Permanente	Healthcare	23,485
2	Sutter Health	Healthcare	18,947
3	Dignity Health (formerly Mercy)	Healthcare	9,033
4	Intel Corp.	Semiconductors	6,200
5	Raley's	Grocery	5,915
6	Apple, Inc.	Technology / Warehou	5,000
7	Amazon - Sacramento Fulfillment Center	Retail / Distribution	4,500
8	Safeway	Grocery	4,242
9	Adventist Health System/West	Healthcare	3,646
10	Health Net, Inc.	Healthcare Plans	3,227

Source: Sacramento Business Journal, Book of Lists - Sacramento Area Largest Private-Sector Employers, July 2020

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. The following chart illustrates the median household income (in 2019 inflation-adjusted dollars) for each county in the region, as well as the state of California.



Source: U.S. Census Bureau, QuickFacts

Placer and El Dorado Counties exhibit the highest income levels in the Sacramento region. Household incomes in these counties are among the highest in California.

Transportation

A significant strategic advantage of the Sacramento region is its proximity to large markets and its transportation accessibility to these markets provided by extensive highway, rail, water and air systems.

The Sacramento region has over 800 miles of maintained state highways. The hub of freeways in the region makes the Sacramento area a good center for freight distribution. U.S. Highway 50, Interstate 80, and the Capital City Freeway are the principal routes for commuters living in the densely populated eastern suburbs. Commuters from the north and south of Sacramento travel on Interstate 5 and State Highway 99. State Highways 65 and 70 link Placer County to Yuba and Sutter Counties to the north. Interstate 5 provides a direct route to Redding, Oregon and Washington to the north and Los Angeles to the south. Interstate 80 extends travel to Nevada and Utah to the east and the San Francisco Bay Area to the west. Lake Tahoe and Nevada are accessible within a couple hours traveling east on U.S. Highway 50, which originates in Sacramento. State Highway 99 provides access from the upper Sacramento Valley through the San Joaquin Valley to the south.

The main public transit system in the Sacramento area is operated by Sacramento Regional Transit District (SacRT), with additional service provided by other local public and private transit operators. SacRT covers nearly 400 square miles and transports approximately 23 million passengers annually by means of 205 buses, 23 shuttle vans and 97 light rail vehicles. Light Rail began operation in 1987 along a two-pronged route linking Downtown Sacramento with populous suburbs to the east and north. In 2003 and 2004, SacRT completed extensions to the Meadowview area in South Sacramento (Blue Line) and Sunrise Boulevard in Rancho Cordova (Gold Line). In 2005, an eastward extension to the city of Folsom was completed. In 2012, SacRT completed the first phase of the Green Line to the Airport light rail extension with the opening of the Green Line to the River District. This 1.1-mile light rail extension to the north connected Downtown Sacramento to the River District. In August 2015, SacRT opened the second phase of the Blue Line project, extending the line 4.3 miles south to Cosumnes River College.

The Sacramento region has access to a number of railroads. The north-south and east-west main lines of the Union Pacific Railroad intersect in Sacramento; Sacramento also has access to the Burlington Northern Santa Fe Railway as a result of the merger of Union Pacific and Southern Pacific in 1996. Union Pacific's major freight classification facility for Northern California, Nevada and Oregon is located in Roseville (Placer County). Amtrak provides daily passenger service from Sacramento. The Capital Corridor system provides high-speed commuter rail service from Roseville to San Jose.

The region has good water transportation capabilities. The Port of Sacramento is a deep-water port located 79 miles northeast of San Francisco in the city of West Sacramento, serving ocean-going vessels handling a variety of cargo types. The 30-foot depth of the channel, along with extensive rail and truck cargo handling facilities, make the Port highly productive for long distance shipping. The Port is equipped for handling bulk cargo and some agricultural and forest products.

Finally, the region includes several air transport facilities. Most notably, Sacramento International Airport is served by 12 passenger carriers and numerous cargo carriers. Major expansions of the terminals and parking facilities were completed between 2004 and 2012. In 2017, 10.9 million passengers traveled through Sacramento International Airport; 12.05 million passengers traveled in

2018, and 13.17 million passengers traveled in 2019. Service declined significantly in 2020 as a result of the coronavirus outbreak and restrictions on travel, with an estimated 5.58 million passengers. The region is also served by Sacramento Executive Airport, Lincoln Regional Airport, McClellan Airfield, Mather Airport (the latter two being former Air Force Bases) and several smaller airports and airfields.

Recreation & Culture

The Sacramento region offers innumerable recreational and cultural opportunities. The American River Parkway offers 5,000 acres of recreation area along both sides of the river for 30 miles, with Folsom Lake situated at the eastern end. The Sacramento-San Joaquin Delta has over 1,000 miles of waterways. The rivers and lakes within the Sacramento Area offer boating, fishing and water-skiing opportunities. In addition, numerous parks and golf courses are located throughout the region. Professional sports teams in Sacramento include an NBA team (the Sacramento Kings) and a Triple-A minor league baseball team (the River Cats).

Cultural attractions in the region include the Old Sacramento Historic District, California State Railroad Museum, Crocker Art Museum, Historic Governor's Mansion, Sutter's Fort State Historic Park and Sacramento Zoo. Sacramento is home to several theaters and performing arts centers offering world-class shows. Annual events in Sacramento include the California State Fair and the Music Circus.

In terms of higher education, the region's largest universities are the University of California Davis and California State University, Sacramento. Six community colleges are located in the region, including Sierra College, American River, Cosumnes River, Folsom Lake, Sacramento City and Woodland Community College. Several private colleges are located in the area, as well as satellite campuses of colleges headquartered elsewhere. The region also contains numerous vocational schools.

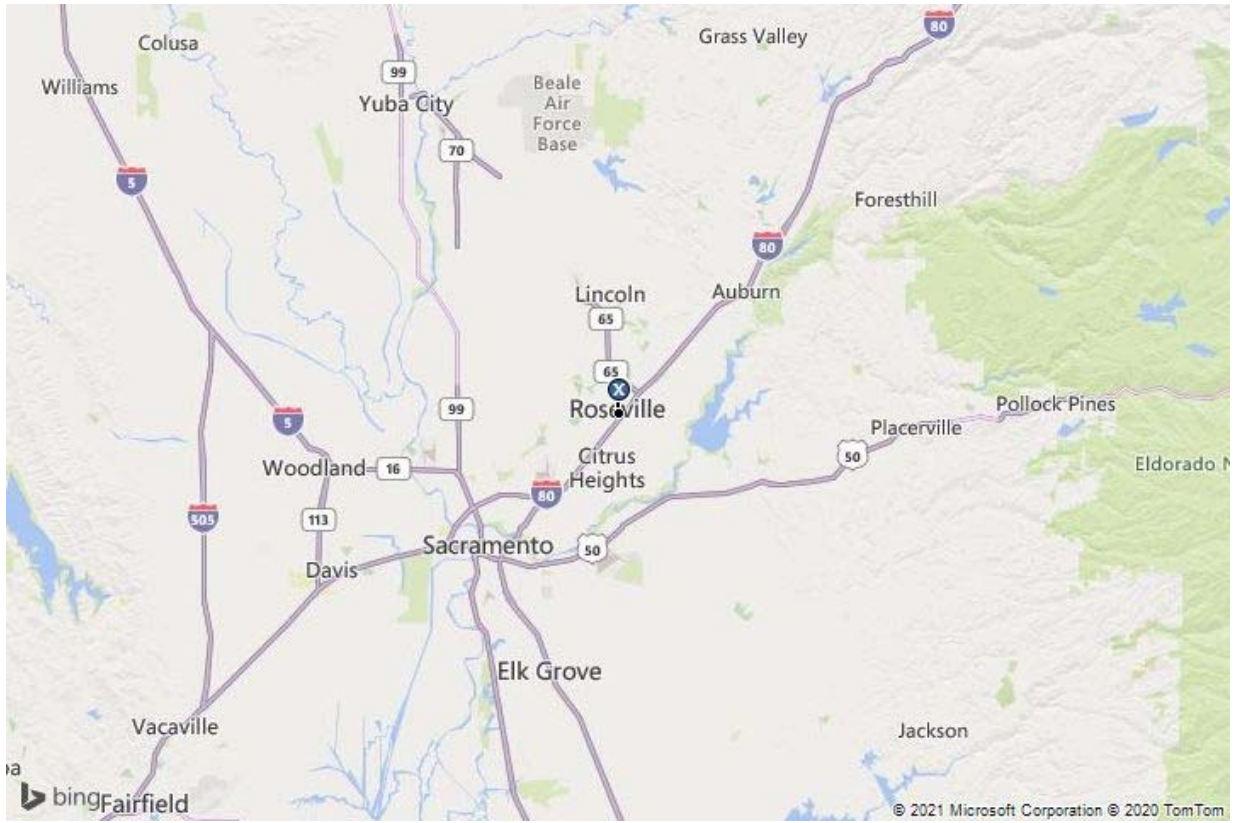
Other recreational and cultural opportunities are available within a short drive of the Sacramento area. To the west are the San Francisco Bay Area, the Napa Valley wine country, the coastal redwood forests, and the beaches of the Pacific Ocean. To the east are Lake Tahoe and the Sierra Nevada Mountains, which are home to more than a dozen snow-skiing resorts. Legalized casino gambling is available in Nevada, as well as several tribal casinos in the Sacramento region.

Conclusion

The Sacramento region is the fifth-largest metro area in California, with average population growth of 1.1% per year over the past five years. The area's advantages include a diverse economy, mild climate, seismic stability, ample recreational and cultural opportunities, and expansive transportation systems. Further, the region offers greater affordability compared to the Bay Area and Southern California.

After a period of contraction in the economy and real estate markets around 2008-2010, the region experienced improvement in employment and economic conditions over the past few years and most real estate sectors showed signs of expansion. However, employment conditions declined sharply in April 2020 following stay-at-home mandates and non-essential business closures, and the near-term outlook is uncertain as a result of the COVID-19 pandemic. A better understanding of the potential impacts will be gained as economic policies aimed at financial relief and resuming business operations are implemented. The historical stability of the local economy and emergence from past recessions bodes well for the long-term outlook for the region.

Area Map



Surrounding Area Analysis

Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Neighborhood Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the downtown area of the City of Roseville. The subject’s neighborhood can generally be described as Interstate 80 to the east, Douglas Boulevard to the south, Foothills Boulevard to the west, and Pleasant Grove Boulevard to the north.

Access and Linkages

The subject property is located at the southwest corner of Royer and Taylor Streets, north of Douglas Boulevard. Royer and Taylor Streets are interior streets. Primary neighborhood thoroughfares in the subject’s vicinity include Washington Boulevard, Main Street, Church Street, Atlantic Street, Douglas Boulevard and Riverside Avenue. The latter three thoroughfares connect with Interstate 80 within two miles of the subject. Interstate 80 is a major east-west freeway connecting the area with Sacramento and San Francisco to the west and Reno, Nevada to the east. South of the subject property are railroad tracks used by Union Pacific for freight transport and Amtrak for passenger transport. The Union Pacific Rail yards are located south of the subject, east of Foothills Boulevard. Amtrak’s passenger rail station is located on Pacific Street in Downtown Roseville southwest of the subject and provides daily service to Sacramento, Davis, Martinez, and Emeryville to the west; to the east, the trains connect with Colfax, Truckee and Reno and ultimately reach Chicago, Illinois.

Public transportation in the neighborhood is available via Placer County Transit (PCT), a regional bus system that serves Roseville, Granite Bay, Loomis, Rocklin, Auburn, and Colfax. Currently, the PCT has a free transfer agreement with all of the Sacramento Regional Transit buses and trains.

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics

2021 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Roseville, CA (city)	Placer County, CA
Population 2010	14,377	105,594	283,914	118,788	348,432
Population 2021	14,304	113,780	314,738	138,841	402,773
Population 2026	14,408	117,480	326,826	144,989	421,090
Compound % Change 2010-2021	0.0%	0.7%	0.9%	1.4%	1.3%
Compound % Change 2021-2026	0.1%	0.6%	0.8%	0.9%	0.9%
Households 2010	5,744	40,392	105,405	45,024	132,627
Households 2021	5,998	44,183	116,846	52,937	154,777
Households 2026	6,132	45,812	121,368	55,421	162,359
Compound % Change 2010-2021	0.4%	0.8%	0.9%	1.5%	1.4%
Compound % Change 2021-2026	0.4%	0.7%	0.8%	0.9%	1.0%
Median Household Income 2021	\$56,892	\$83,253	\$87,733	\$96,142	\$95,620
Average Household Size	2.3	2.6	2.7	2.6	2.6
College Graduate %	25%	34%	35%	42%	40%
Median Age	40	40	39	40	43
Owner Occupied %	48%	59%	65%	66%	71%
Renter Occupied %	52%	41%	35%	34%	29%
Median Owner Occupied Housing Value	\$367,605	\$439,838	\$454,845	\$515,988	\$563,277
Median Year Structure Built	1967	1985	1989	1996	1994
Average Travel Time to Work in Minutes	25	27	29	28	30

Source: Environics Analytics

As shown above, the current population within a 3-mile radius of the subject is 113,780, and the average household size is 2.6. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the City of Roseville overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$83,253, which is lower than the household income for the City of Roseville. Residents within a 3-mile radius have a lower level of educational attainment than those of the City of Roseville, while median owner occupied home values are considerably lower.

Land Uses

The subject neighborhood contains a mix of residential, commercial and community uses. The neighborhood is estimated to be over 90% built-out. The immediate vicinity of the subject represents the Downtown/Historic Old Town District of Roseville. Downtown is located south of the railroad tracks primarily along the Vernon Street corridor, while, Historic Old Town is located north of the railroad tracks and is bounded by Main Street to the north, Pacific Street to the south, Washington Boulevard to the west and Lincoln Street to the east.

The subject's immediate area and just north, has enjoyed recognition as a revitalized historic commercial district and benefits from its proximity to significant mature and new residential development, as well as regional transportation routes. The subject's neighborhood is primarily composed of mature retail development with supporting residential and office development interspersed throughout. The residential development in the neighborhood is generally targeted toward median-income buyers and is primarily located south and west of the subject property. The

quality and condition of the homes in the subject's neighborhood are considered average relative to other areas of Roseville.

In order to support private and public investment in the area, the City of Roseville has focused on several public improvement projects that will benefit the subject neighborhood. Additionally, the City has been actively working on the Downtown Vernon Street and Historic Old Town Specific Plan Project, which will help implement the Downtown Vision created by planners in early 2006. The Roseville City Council adopted the Downtown Specific Plan on April 1, 2009. The project area is 160 acres and includes Vernon Street, Historic Old Town, Royer Park, Dry Creek and the Oak Street/Douglas corridor. The goals of the project are to improve connectivity within Downtown as well as between Downtown and its surroundings; identify land uses and development standards responsive to market opportunities and that facilitate quality architecture and urban design; reinforce identity through the establishment of character districts and gateway elements; create and enhance public places that support community activity, spirit and involvement; and promote arts, culture, heritage, entertainment and education.

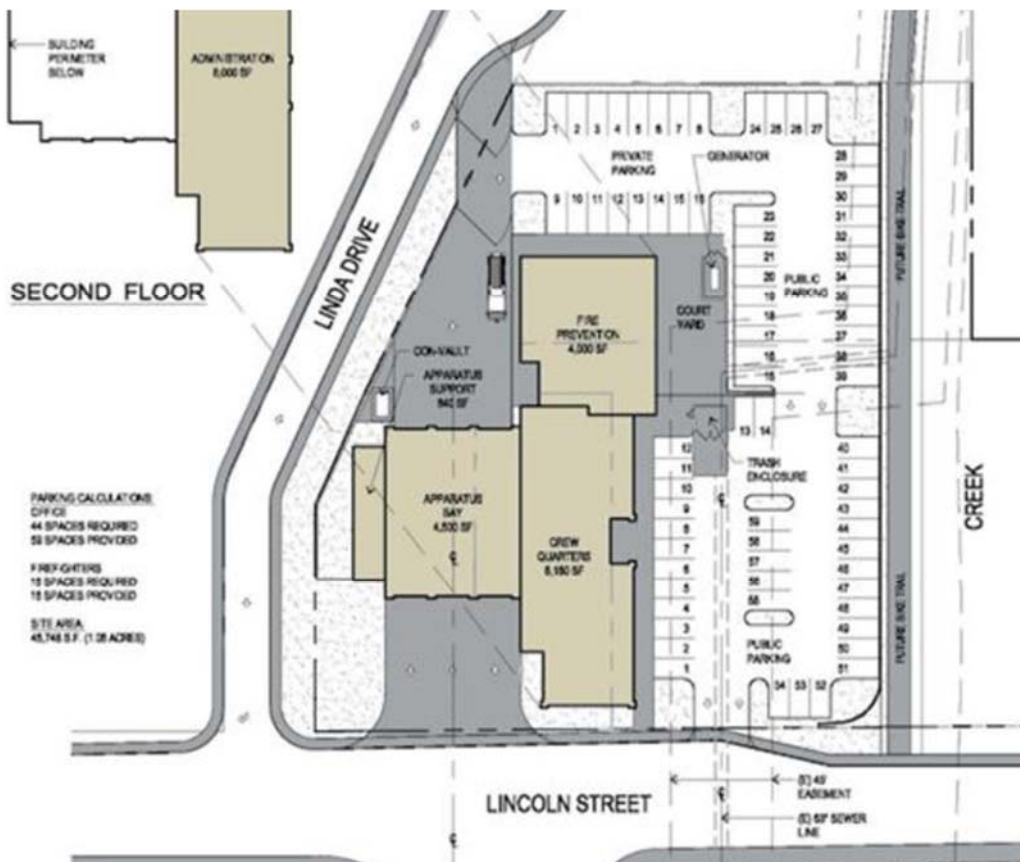
Two prominent structures that have been completed along Vernon Street in Downtown Roseville are the Civic Plaza Office Complex and Parking Garage project. These developments are located between Vernon and Oak Streets at Grant Street. The parking portion was completed in 2007 and is a five-level, approximately 550-space free public parking garage. The parking facility also includes 5,000 square feet of ground floor retail space fronting Vernon Street that is occupied by Roseville Arts. As the neighborhood's first multi-level parking facility, this structure was constructed to meet parking demands and provide supplementary parking inventory into the future. The Civic Plaza Office Complex consists of a four-story, 50,000± square foot office building with ground floor retail space located at 116 S. Grant Street. Construction of this building was ultimately completed to warm shell condition in early 2016. The building remained vacant for several years before the Roseville City Council approved the purchase of the property in December 2019 and will be partially occupied by the City utility Roseville Electric.

The Vernon Street Town Square project commenced construction in August 2012 and was completed in August 2013. The Vernon Street Town Square is located adjacent to the Roseville Civic Center and is bordered by Oak, S. Grant, and Vernon Streets. The purpose of the Town Square project was to provide a public space that can accommodate a variety of events and activities year-round. The space provides landscaping and lighting, event amenities (stage, convertible spaces, etc.), an interactive water fountain, signage and other improvements. The total cost was estimated at \$4.5 million. Current events include, but are not limited to, free concerts, Wine down at Town Square, Comedy Night, Movie Night Sing-Along, Food Truck Mania and Friday Flicks.

Another four-story, 83,000± square foot mixed-use building (ground floor retail and office on the upper floors) was completed in late 2016. The building is located at 316 Vernon Street and replaces the old city hall building. The new building houses a large portion of the city staff and adult education/continuing education classes for Sierra College. Construction of a second parking garage at the corner of Oak and Washington Streets was completed and opened for operation in mid-June 2018. This garage has seven-stories with 429 parking spaces, bringing the total garage parking to nearly 1,000 spaces.

Other recently completed and proposed projects include the construction and relocation of the existing fire station from 401 Oak Street to the corner of Oak and Lincoln Streets, the Bridges and Trail project, The Lohse Apartments and a more recently proposed project in the historic downtown Roseville area, Junction Crossing. A summary description (some *verbatim* from city documents) as to what is proposed, and some design drawings are as follows:

- “The relocation of Fire Station #1 from the intersection of S. Grant Street and Oak Street will provide an approximately 3-acre development site. Integrated into the development is a creek walk intended to connect Douglas Blvd. to the current Icehouse bridge location. From there you will be able to gain access to the fully completed bike trail system that will take you all the way out to Sierra College Blvd. This level of development will then help to activate the Downtown! As part of the Downtown Specific Plan the relocation of Fire Station No. 1 was supported by the community. An evaluation of where to site a new station was performed and the intersection of Oak and Lincoln Street was selected.”* Construction of the new fire station was recently completed and opened June 2018



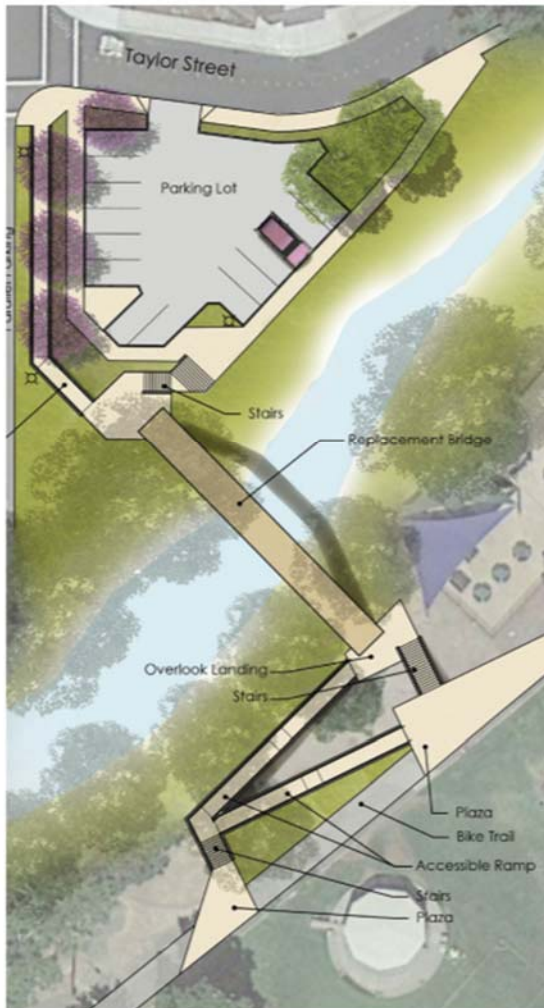


- “The Downtown Bridges and Trails Project continues implementation of that vision by providing three important bridge connections across Dry Creek and continuation of the Dry Creek/Miners Ravine trail system. The project implements the Downtown Vision by improving connections between Royer Park and the Vernon Street/ Town Square area, and by closing the gap in the Class I trail system.” As of September 2019, construction of all three bridges was completed.

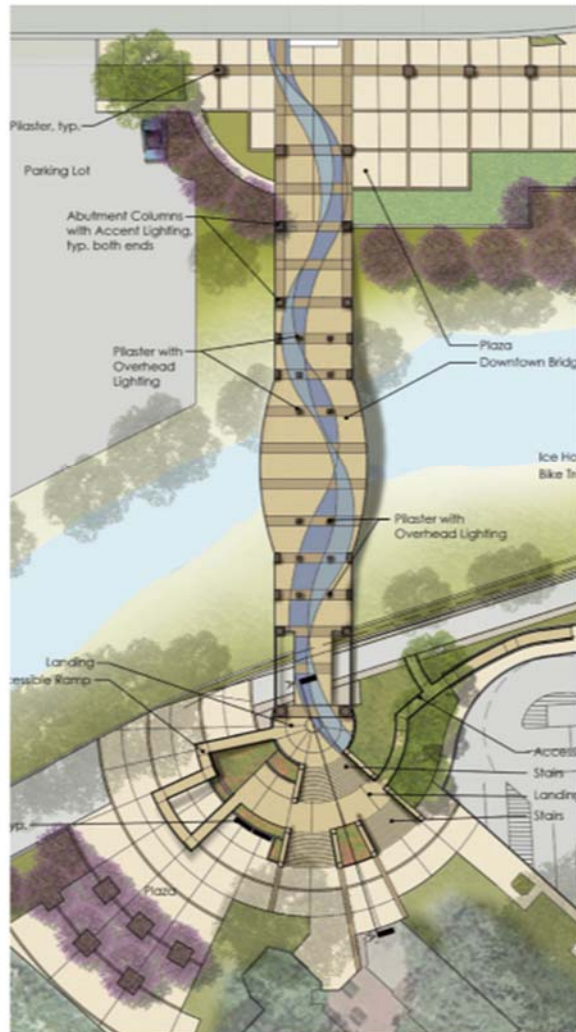
Rotation of the Rube Nelson Ice House Bridge and Extension of the Class I Trail



Replacement of the Library Bridge



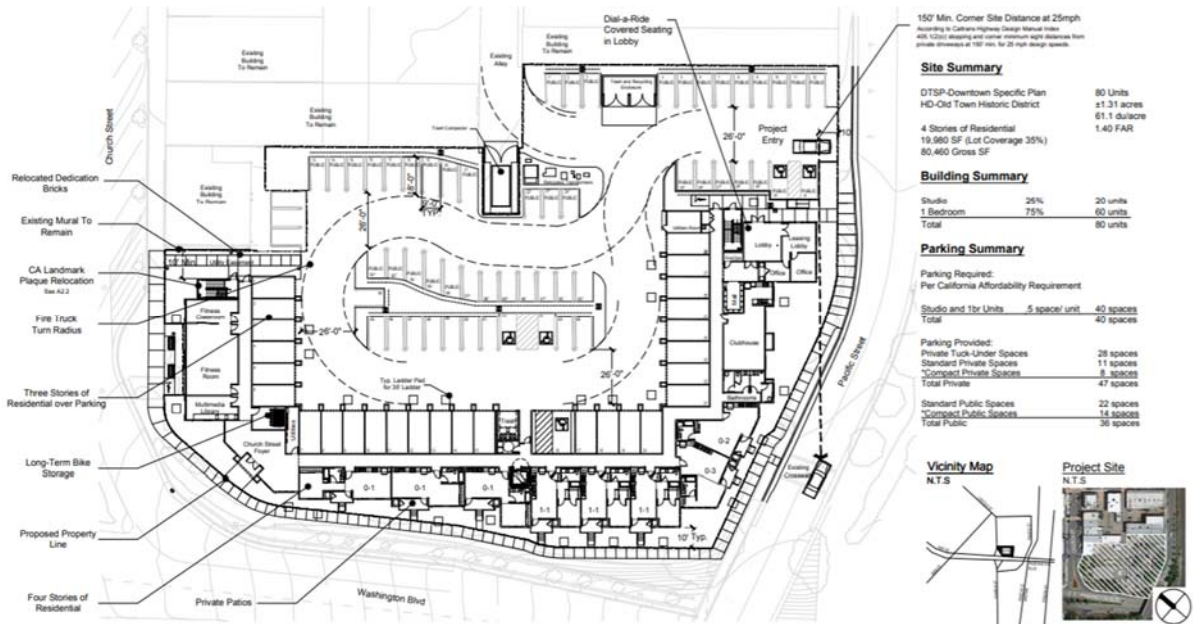
New Downtown Pedestrian Bridge to Royer Park



- The Lohse Apartments: The Lohse Apartments is a four-story, mixed-use project located at 623 Vernon Street. The project includes 58 affordable housing units with approximately 2,900 square feet of ground-floor retail space. The property also includes 60 underground and four surface parking spaces. Project amenities include a community room, computer area, lounge area and laundry room and outdoor play facilities in a central courtyard. The project is comprised of one-, two- and three-bedroom units ranging in size from 557 to 1,095± square feet. The project was developed by Mercy Housing California and was primarily funded through affordable housing tax credits. The project was completed and held its grand opening in early 2019.



- Junction Crossing: *“The applicant requests approval of a Minor Design Review Permit to allow a four-story, approximately 80,460 square foot, 80-unit affordable multi-family residential building, with associated parking for St. Anton’s Communities. A Tentative Subdivision Map is also requested to allow the merging and resubdivision of 11 parcels, totaling approximately 1.38 acres, into two parcels (Parcel 1 = 0.07 acres, Parcel 2 = 1.31 acres), with right-of-way abandonments and dedications, consistent with Government Code Section 66499.20.2.”*



- Main Street Plaza: A 65-unit affordable housing project located at the intersection of Washington Boulevard and Main Street. The project will offer one-, two- and three-bedroom unit types and ground-floor retail. Construction commenced in the first quarter of 2019 and the project was completed in March 2021.



The following map illustrates the projects discussed and their location in relation to the subject.



Note: Subject is identified by the red star

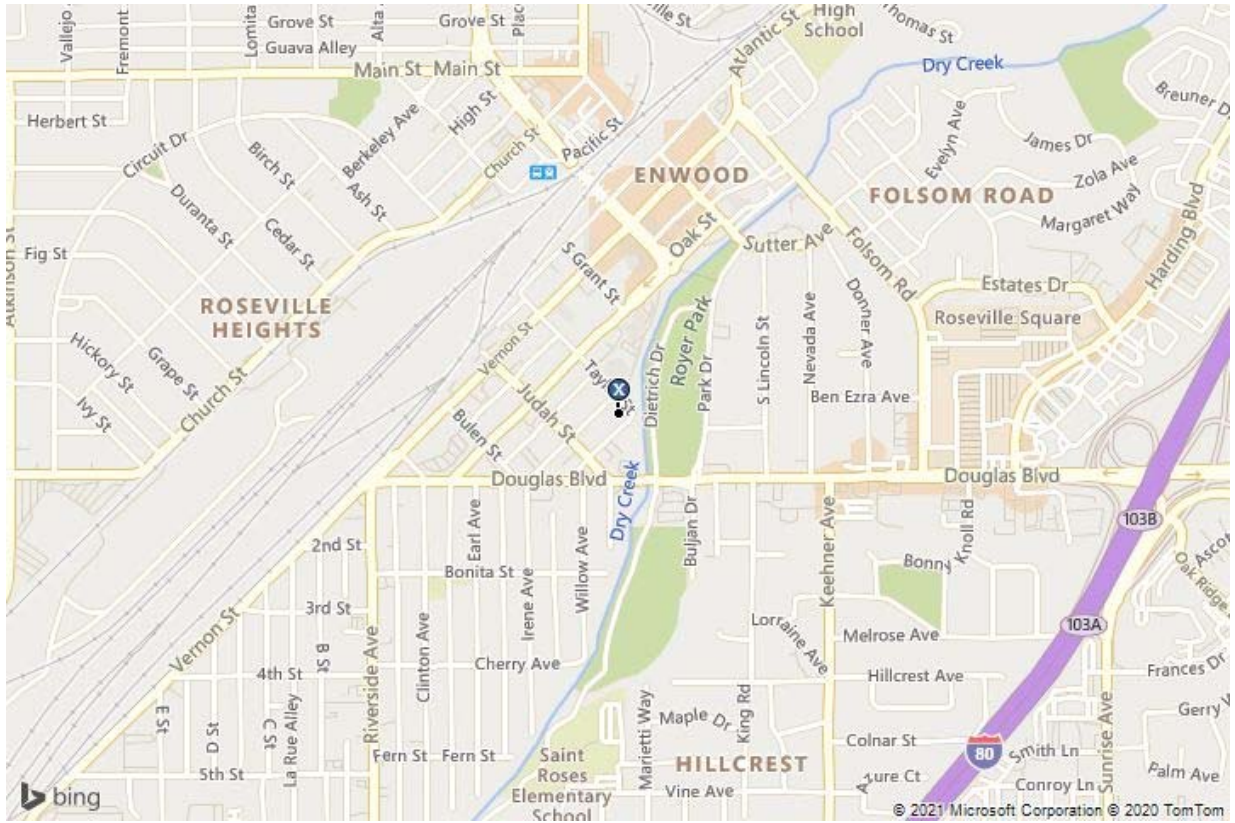
Community Uses

There are several community uses in the neighborhood, such as schools, churches, parks, and recreational and cultural facilities. Parks near the subject property include William L. Taylor Park to the east and Royer Park to the south. The subject is also proximate to numerous religious facilities of various faiths. Bradford Woodbridge Fundamental Elementary School is located northwest of the subject and Roseville High School is located northeast of the subject. Additionally, the Placer County Fairgrounds and All American Speedway are located to the northwest.

Outlook and Conclusions

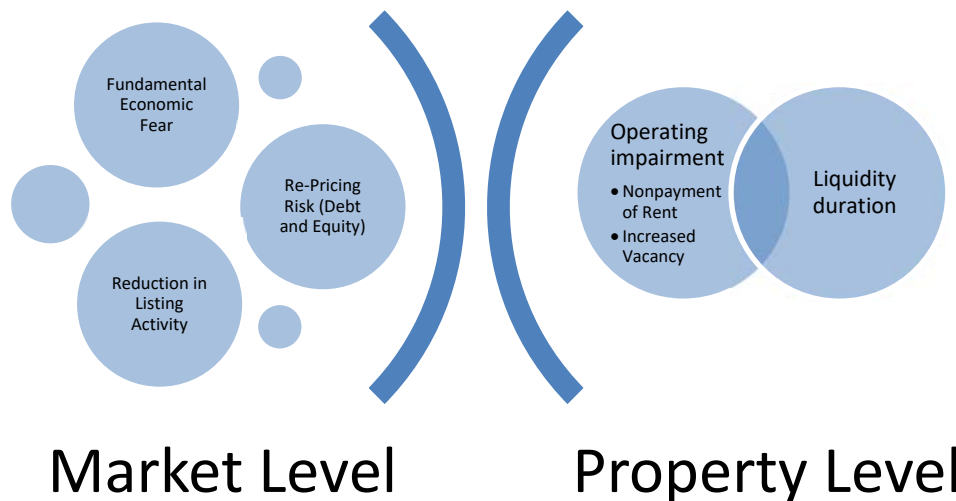
In summary, a balance of residential and supporting commercial and community uses characterize the area. The historic and downtown Roseville areas are experiencing some revitalization of older properties and redevelopment and these trends are expected to continue for the next few years. However, market participants are cautious at this time due to the expected recession resulting from COVID-19.

Surrounding Area Map



COVID-19 Impact on Current Valuations

Transaction indicators are the best measure of any impact on values due to COVID-19. Given the unique nature and recency of this event, minimal activity is evident from which to draw benchmark comparisons based on transactional data. In the absence of transaction data, market and property specific empirical data can be gleaned to assist in estimating current value. In this initial phase of the pandemic, early emerging trends include:



As of Monday, January 25, 2021, Governor Newsom lifted the State of California's Stay At Home order effective immediately. California reverted to the previously established color tiered system as each county was moved back to the Purple Tier – Widespread. The four-tier colored system assists in the gradual reopening of the economy as movement through each tier is intended to reintroduce activities and sectors in a phased manner with necessary modifications to protect public health, and result in a lower risk for COVID-19 transmission and outbreak in a community.

The four-tier color-coded system was originally introduced in September 2020; however, a new system was implemented as ICU capacity across the state was anticipated to reach new lows not yet experienced since COVID-19 was declared a pandemic back in March of 2020. In response, Governor Newsom introduced a statewide Stay at Home order on December 5, 2020 that resulted in businesses deemed as nonessential by the State of California to once again close, with strict limitations for businesses that remained opened. Governor Newsom's directive on January 25, 2021 is a significant step in reopening California's economy and overall response to the COVID-19 pandemic.

Under the Purple Tier, the following sectors are allowed to resume and/or continue operations with the following modifications in conjunction with state mandated social distancing, masking when applicable, and increased surface sanitization:

- **Retail:** Allow indoor operation at 25% capacity, and 50% of capacity for standalone grocery stores. Additionally, special hours should be instituted for seniors and others with chronic conditions or compromised immune systems.
- **Shopping centers:** Allow indoor access at 25% capacity. Additionally, special hours should be instituted for seniors and others with chronic conditions or compromised immune systems.
- **Hotels and lodging: Allow for COVID-19 mitigation and containment** measures, treatment measures, provide accommodation for essential workers, or providing housing solutions, including measures to protect homeless populations. As well as leisure travel is now open.
- **Entertainment production:** Industries, studios, and other related establishments such as establishments that provide content for professional broadcast can operate.
- **Libraries:** Are now allowed open for indoor activities with a maximum 25% capacity
- **Personal Care Services:** Nail salons hair salons, barbershops, electrolysis operations, etc. can operate indoors.
- **Professional sports:** Can take place without live audience
- **Restaurants:** Are open for to-go/ take out orders, as well as outdoor seating under tents. Indoor seating is still prohibited. Additionally, Bars, pubs, breweries, and distilleries offering sit-down meals may operate outdoors as long as no more than two sides are enclosed with non-permeable walls.
- **Schools:** schools that have reopened for in-person instruction, either under a waiver or while Sacramento County was in Red Tier 2 (Sep. 29 – Nov. 10, 2020) are permitted to continue to conduct in-person instruction with mitigation measures in place. Schools that have no reopened must wait until they are eligible again, either when Sacramento County returns to Red Tier 2 for at least two weeks or through State of California approved process for school reopening.
- **Family Entertainment Centers: bowling alleys, miniature golf, batting cages, etc.**
- **Gyms and Fitness centers**
- **Movie theaters:** Maximum 25% capacity or 100 people, whichever is fewer
- **Museums, zoos and aquariums**
- **Places of Worship:** Maximum 25% capacity or 100 people, whichever is fewer
- **Playgrounds, dog parks, skate parks, and recreational facilities**

Based on discussions and interviews with a wide range of market participants, a variety of factors and concerns are prevalent in the market that will likely have a negative impact broadly on CRE values, depending on property type and region. However, the broader market will experience a myriad of issues based on survey respondents including:

Uncertainty	Lender Concerns	Publicly Traded Securities	Return Requirements
<ul style="list-style-type: none"> • Restricted access to capital • Unemployment concerns (increasing to 15% in Q2) • GDP decline (-30% in Q2) • Duration of crisis 	<ul style="list-style-type: none"> • DSCR are impacted based on changes in rental revenue and collections • Loan covenants could trigger due to changes in near-term value • Borrowers are concerned about their tenants' ability to pay rent • Borrowers are concerned about their ability to keep their loans current • Lenders are also concerned about the need for loan modifications or work outs 	<ul style="list-style-type: none"> • Stock indexes were down approximately 25% to 30% but have since rebounded • REIT pricing was down approximately 25% but have since rebounded • Crude oil was down approximately 40% but has since partially rebounded 	<ul style="list-style-type: none"> • Interest rates may stay in the 4% - 4.5% range, despite the Federal Reserve's reduction efforts. Banks tightly manage their capital reserves and ratios, and therefore are requiring higher spreads for current risk profile • Durability of Cash Flow forces (new) equity investors to reprice risk. Standby (available, uncommitted) equity now has to be patient until a clearer "path forward" emerges • Impact on cap rates would be upward

Each of the above observations provides empirical evidence that the market has shifted downward and real estate values will likewise be impacted, but to what degree is not certain.

Few experts or economists at this point are willing to state a threshold duration at which point everything will return to normal quickly, versus a duration of limited economic activity that spirals into worldwide recession. At the moment, the prevailing hope of the world is that science miraculously manufactures a cure, while in the meantime, social activity has slowed worldwide.

Integra Current Valuation Framework (Q2 - present)

The preceding property market analysis focuses on recent historic trends before the physical and social impacts of the COVID-19 pandemic were revealed in the U.S. in early March 2020. What we do know with reasonable certainty:

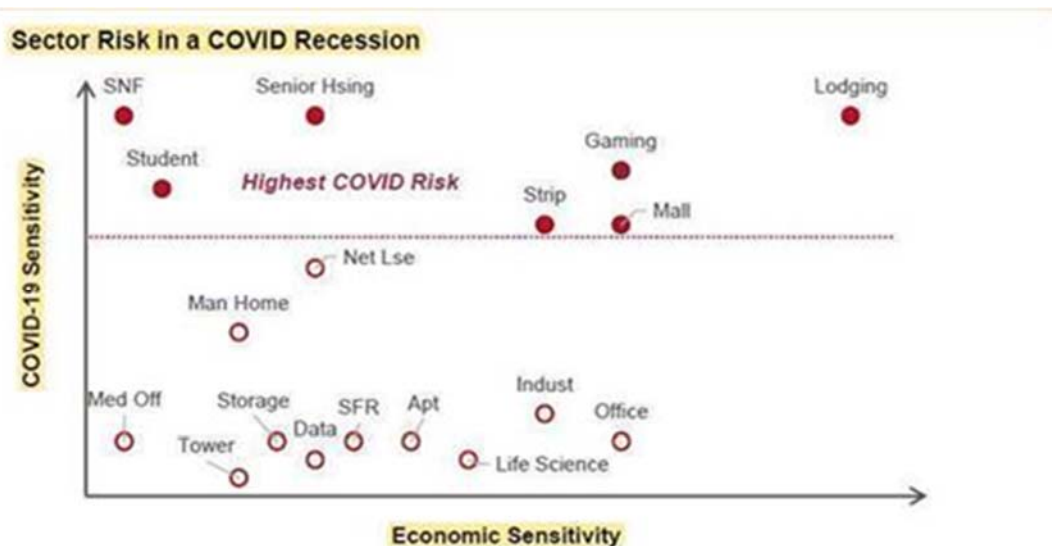
- Q2-Q3 economic performance was dismal, though employment figures have since improved somewhat.
- Shelter-in-Place and Stay-at-Home executive orders and phased reopenings will have a profound impact on GDP with rising unemployment damaging forward economic performance for six months at a minimum.
- The Federal Reserve's attempt to lower nominal rates was thwarted by lenders setting floors on spreads. Congress subsequently approved a \$2 Trillion stimulus package on March 27, 2020. This provided some economic relief, but businesses, owners, investors, and bankers need to support payroll retention and an aggressive program of economic goodwill throughout all sectors of the economy.

Everything forward beyond those three known factors remains subject to considerable risk/uncertainty. Our recent surveys of market participants indicate a focus in the following areas impacting value:

- Impacts could (should) vary by property type, class, and location
- Cost of capital (both debt and equity) is increasing, but at different rates for different asset classes
- Declines in property operations/forecasts (NOI) vary in duration based on property type, class; location, and tenant durability under potential recessionary pressures
- Increases in cap rates (and normalized yields) will vary by property type, class and location as will the underlying assumptions on stabilized or periodic cash flow
- Marketing times for most assets will increase. To a large extent, deal flow was halted based on the sheer physical constraints imposed on property showings/due diligence, etc. under distancing restrictions. As these restrictions are lifted, the market is showing signs of activity, some pent up demand and increased interest, although commercial property deal flow remains muted.

Impact by Property Type, Class & Location

Below is a graph from Greenstreet Advisors plotting the sensitivity (and risk) associated with various property types with the negative impact on value being greater for those assets with greater sensitivity. Those assets relating to essential business operations (grocery, medical, distribution) are less affected than for example lodging and malls where social distancing is challenging.



Cost of Capital/Liquidity

The cost of capital, both for debt and equity, had been at near historic lows through early 1Q20. Borrowers had a myriad of options from a variety of capital sources. As the crisis began to unfold in early 2020, treasury rates were moving down as the Fed sought to keep the market liquid. When it became clear the global crisis had landed in the United States, the Fed moved rates to near zero. Many lending institutions instituted floors (spreads widened) because the fixed costs of doing a deal had to be covered.

As lenders came to grips with the severity of the economic outlook, many pulled back from the market altogether while others reacted by raising interest rates, lowering loan to values, increasing reserve requirements, or a combination thereof. Some lenders are “out” while others remain in the market. Clearly, there are fewer options in the market and those options are more expensive. The rise in cost varies notably by property type with agency lenders and HUD determined to provide liquidity to the multifamily market while at the other end of the spectrum, financing a hotel at this point is challenging.

The rising cost of debt and equity and its impact on capitalization rates is illustrated below:

OAR Sensitivity Matrix - 70% LTV/25Yr AM

		Equity Dividend Rate					
		3.00%	5.00%	7.00%	9.00%	11.00%	13.00%
Interest Rate	3.50%	5.11%	5.71%	6.31%	6.91%	7.51%	8.11%
	3.75%	5.22%	5.82%	6.42%	7.02%	7.62%	8.22%
	4.00%	5.33%	5.93%	6.53%	7.13%	7.73%	8.33%
	4.25%	5.45%	6.05%	6.65%	7.25%	7.85%	8.45%
	4.50%	5.57%	6.17%	6.77%	7.37%	7.97%	8.57%
	4.75%	5.69%	6.29%	6.89%	7.49%	8.09%	8.69%
	5.00%	5.81%	6.41%	7.01%	7.61%	8.21%	8.81%

An asset for example that historically attracted debt at 3.75 percent and equity (cash on cash) at 5 percent would see a rise in overall capitalization rate of 83bps (6.65% versus 5.82%) if the cost of debt rises to 4.25 percent (50 bp increase) and equity rates move to 7 percent (40 percent increase). All else equal, the rise in the overall rate would equate to a drop in value (potential market conditions adjustment) of 14 percent (.0083 / .0582).

Declines in Property Operations/Forecasts

The lodging, retail, student housing and senior sectors are expecting to suffer the greatest. Once again, this varies by location and type. Restaurant retail is generally viewed as having high risk but is expected to rebound quickly as pent-up demand explodes when social distancing requirements loosen. Grocery retail is performing well with big box stores setting record sales per square foot. Apartments should fare well but once again, varying by type and location depending on the tenant base employment and its ability to weather the crisis. Industrial distribution facilities are expected to perform well while multi-tenant industrial with non-essential businesses may struggle.

There is an expectation in the market that, for many retail centers in particular, tenants will not be paying rent. Without customers, particularly in states with stay-at-home orders, there simply is no revenue available. Tenants and owners alike are reviewing force majeure clauses in their leases.

Rent projections are being held flat in modeling many cash flows going forward with the length of time dependent on the asset type.

Premiums on Capitalization Rates

While many deals have fallen out of contract, other deals are still closing. Some are closing at their pre-crisis contract price levels while many deals are being re-traded in the market with discounts influenced by property type, location and buyer/seller motivations.

As the transaction market solidifies, the impact on capitalization rates will become more clear. The OAR sensitivity matrix presented earlier can be viewed as a potential leading indicator. Some market participants believe the answer to market value lies in the capitalization rates while others believe rates are not moving – only net operating income in the short run is being impacted. Once again, the answers vary by property type and location.

Normalization of Yields

All yield capitalization is based on forward forecasting of property performance to generate a current cash flow, and future forecasted reversion. Therefore, the timeframe for the market to reach a point of pricing transparency to “return to par” is the critical assumption in the yield cap.

The longer or less likely the assumptions are, the higher the near-term yields. Valuation theory and past downward economic cycles suggest a shortening of the holding period and a normalization of “overall yield” applied over the shorter holding period.

As the transaction market solidifies, the impact on investment rates and relationship of assumption risk to market risk will become more clear.

Marketing and Exposure Time

At the present time, there is consensus of declining market demand in CRE transactions, due to market conditions ensuing from COVID-19. It is natural to assume that marketing time on properties either for sale or lease, will be extended for most assets. Comparing recent pre-COVID-19 market time (perhaps the best) to the banking crisis of 2008/2009 (perhaps the worst) can glean insight to potential market times going forward.

Sector	Months on Market March 2008-09	Months on Market March 2018-19	Change in Months	% Change Peak to Trough
Office	29.6	14.8	14.8	100%
Retail	15	11.4	3.6	32%
Industrial	19.6	6.7	12.9	192%
Average	21.4	11.0	10.4	95%

Source: Costar – data presented in Months

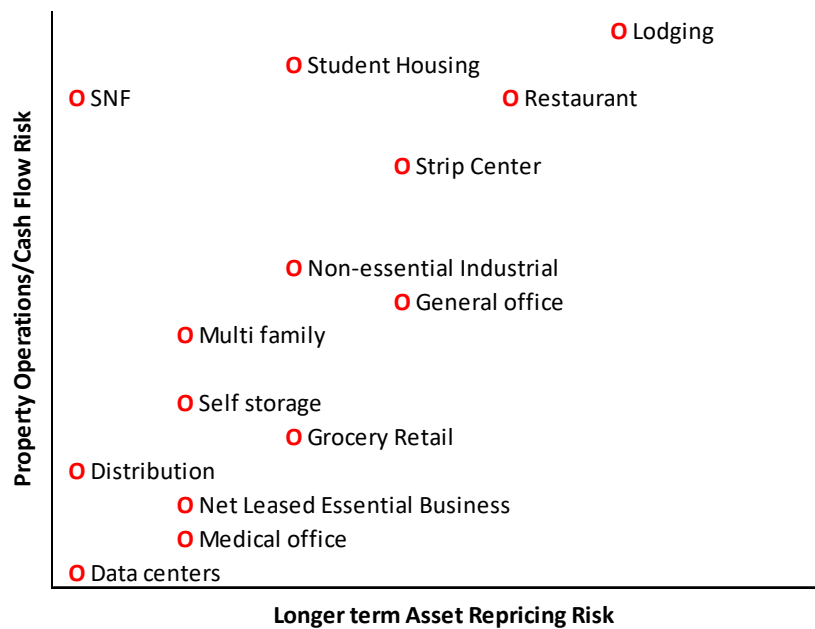
Marketing time increased substantially in the last economic crisis of 2008-2009 from the prior boom with an average of 21 months for major property classes at the bottom of the market. Market times for the trailing 12 months preceding the COVID-19 crisis averaged 11 months. We note these are national averages with well located, better quality assets having substantially lower market times.

Based on this historical perspective, exposure time could potentially double from current levels. This would have to be tempered recognizing that the depth and duration of this current crisis is health centric and may return to more recent norms when a resolution becomes apparent.

Conclusion

Based on the above information, which is empirical more so than transactional, it is clear the market has changed and valuation parameters must be modified. Many market participants believe the current disruption in the market is *operational* in nature with the impact on asset pricing limited to cash flow short falls until the market returns to “normal.” Others believe *repricing* risk exists due to the cost of capital (debt and equity) as well as a rethinking of CRE investments.

The following chart represents our understanding of market sentiment regarding operational and repricing risk by property class. Assets in the lower left portion of the chart reflect low near-term cash flow loss expectation and little longer-term repricing risk while the opposite is true for assets in the upper right corner. And as noted throughout, there are various risk profiles within each property type displayed.



Considering the subject’s relative sensitivity to the COVID-19 risks as of the effective date of the valuation, we rate the relative risks of the subject as of the effective date in the following table, which is also considered in the valuation of the subject property.

Risk Analysis

Property Type Sensitivity to Risk	Low – Market participants expect multifamily to be among the property sectors least impacted by the pandemic and quickest to recover post-pandemic. This has shown to be true over the last 12 months.
Property Location Sensitivity to Risk	Low – Although unemployment continues to effect tenant’s abilities to pay around the country, the Sacramento MSA has remained relatively strong, and most tenants are keeping up with payments.
Cost of Capital Impact/Risk	Low – Multifamily interest rates are low, and financing is still readily available for assets with durable cash flows.
Property Operations Risk	Low – There is some risk of short-term rent loss should tenants experience a decrease in income resulting from a job loss/furlough and are unable to pay rent. However, the initial impact of job losses due to the pandemic has subsided and while some landlords/owners are focusing on maintaining occupancy and have been negotiating deferred rent agreements for these tenants, overall, rental rates have increased over the past 12 months.

Property Analysis

Land Description and Analysis

Land Description

Land Area	1.23 acres; 53,657 SF
Land Area (Usable)	1.23 acres; 53,657 SF
Source of Land Area	Public Records
Primary Street Frontage	Royer
Shape	Irregular
Corner	Yes
Topography	Gently Sloping
Drainage	No problems reported or observed
Environmental Hazards	No problems reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	06061C-1031H
Date	November 2, 2018
Zone	X and AE
Description	Outside of 500-year floodplain and within 100-year floodplain
Insurance Required?	Yes

Zoning; Other Regulations

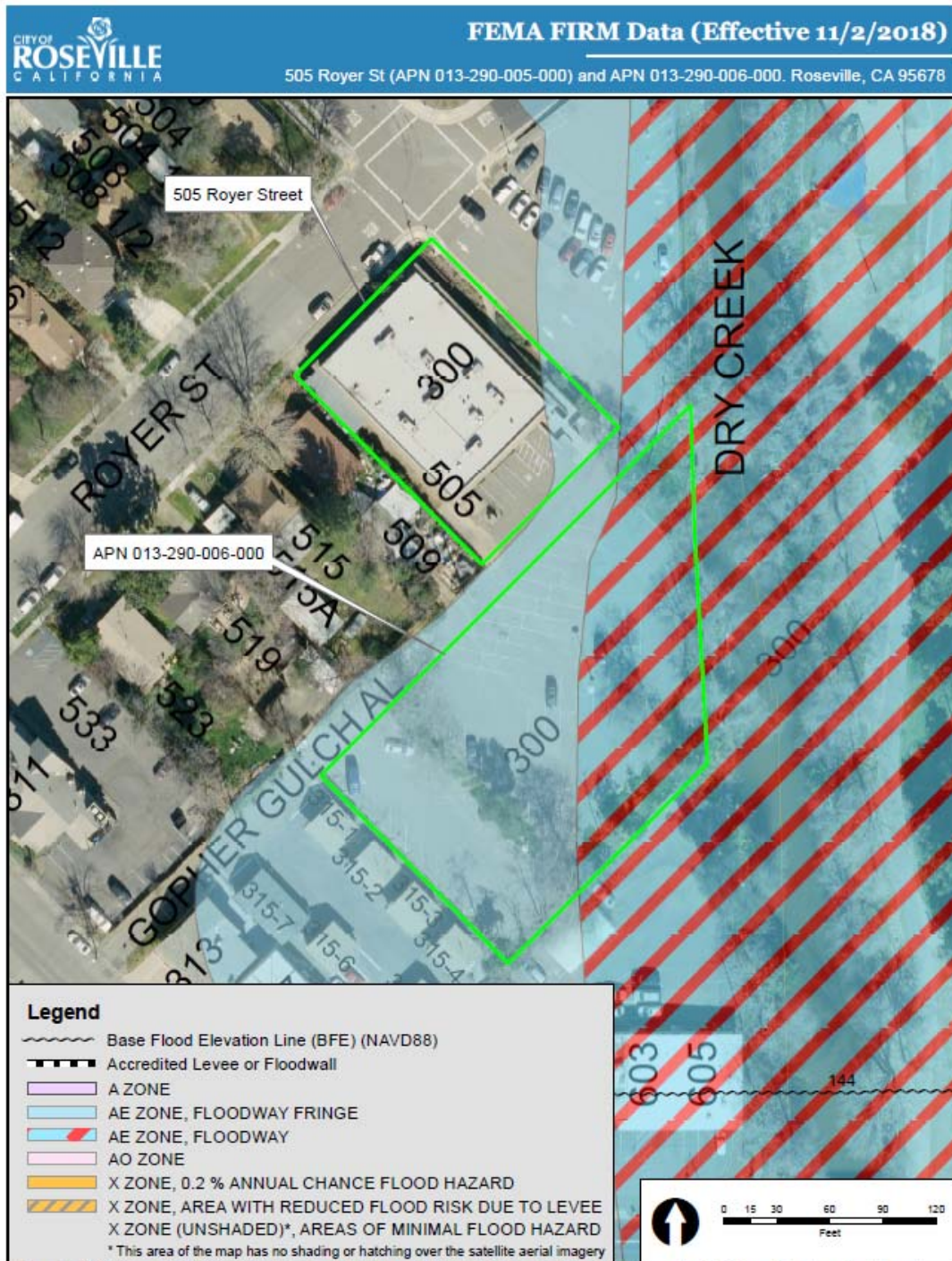
Zoning Jurisdiction	City of Roseville
Zoning Designation	CMU/FF/SA - DT-7 (Dry Creek Mixed-Use District)
Description	Commercial Mixed-Use/Floodway Fringe/Special Area - Downtown Specific Plan (DT-7 - Dry Creek Mixed-Use
Legally Conforming?	Appears not to be legally conforming
Zoning Change Likely?	No
Purpose and Permitted Uses	The subject is located in the Downtown Specific Plan area. The purpose of the Downtown Specific Plan is to direct public and private development consistent with the community vision for the downtown specific plan area. Redevelopment within the older areas of the City of Roseville presents unique development challenges. The Downtown Specific Plan Downtown Code is therefore a comprehensive document that provides detailed performance criteria and development standards that are intended to facilitate development while recognizing the area's unique character. The subject is located within the Dry Creek Mixed-Use district (DT-7), which is a Commercial Mixed-Use zone. The Commercial Mixed-Use zones are intended to promote a variety of commercial and higher intensity residential uses and the flexible siting of other uses that are typically considered to be compatible with commercial development. It is the intent of the CMU zoning district to establish a mix of uses, which will be accompanied by overlay zones, to ensure that commercial and higher intensity residential uses will be successfully integrated into desirable, cohesive mixed use districts. The SA, special area district is an overlay district which allows modification of the underlying general district regulations (including both permitted use types and development standards) by reference to regulations adopted either in a specific plan, which applies to the property so classified, or in the ordinance rezoning the property so classified. The Dry Creek Mixed-Use District is comprised of the districts formerly designated Community Commercial (CC) and Floodway Fringe (FF). Principally permitted uses in the Dry Creek Mixed-Use district include mixed-use, retail, restaurants, public/quasi-public, offices, multifamily residential, live/work space and public markets.
Minimum Lot Area	Defined by development design
Maximum Building Height	4-story/60 feet
Maximum Floor Area Ratio	3.5
Parking Requirement	Varies by land use
Other Land Use Regulations	None

Utilities

Service	Provider
Water	City of Roseville
Sewer	City of Roseville
Electricity	City of Roseville
Natural Gas	PG&E



Portions of the subject are located either within floodplain or floodway zones and there are moderate to substantial restrictions placed on potential development. The following map depicts the areas of the subject located within the floodplain and floodway. Note, APN 013-172-023 is not depicted on the map. This parcel is comprised primarily of a creek and is not developable.



The portion of the property located within the floodplain could be developed with restrictions, such as elevated structures with piers or pylons to allow water to flow through. Development within the floodway is even more restrictive and could likely only be developed with parking or recreational areas. Any development in these areas must be approved by FEMA and the City of Roseville. Generally speaking, the City of Roseville has higher standards for development within the floodplain than FEMA. Note, a potential developer recently discussed developing a 10 foot high ground floor parking with multi-story residential above within the floodplain.

The following table provides a breakdown of total land area and the areas outside and within the floodplain and floodway for each parcel and the alley that will be abandoned.

Land Area Summary

Tax ID	Total SF	Outside FP & FW SF	Floodplain (FP) SF	Floodway (FW) SF	Total Acres	Outside FP & FW Acres	Floodplain Acres	Floodway Acres
013-290-005	16,425	14,789	1,636	0	0.377	0.339	0.038	0.000
013-290-006	34,053	0	20,329	13,728	0.782	0.000	0.467	0.315
013-172-023	982	0	0	982	0.020	0.000	0.000	0.020
Alley	2,197	151	1,850	196	0.050	0.003	0.042	0.005
Total	53,657	14,940	23,815	14,906	1.229	0.342	0.547	0.340

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Easements, Encroachments and Restrictions

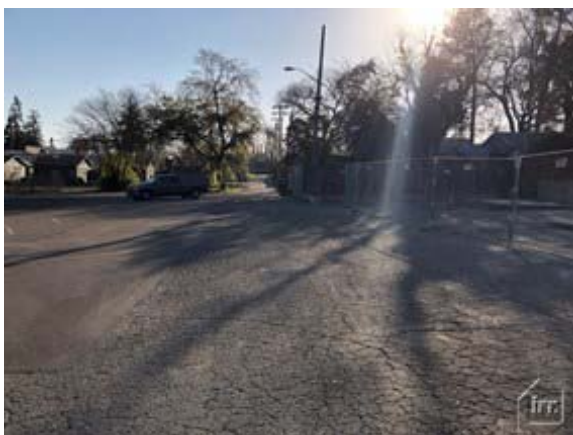
An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions currently impacting the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed any easements noted in a current preliminary title report do not have an impact on the opinion(s) of value as provided in this report. If, at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value contained herein.

Seismic Hazards

According to the Seismic Safety Commission, the subject is located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is not located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.





Aerial View

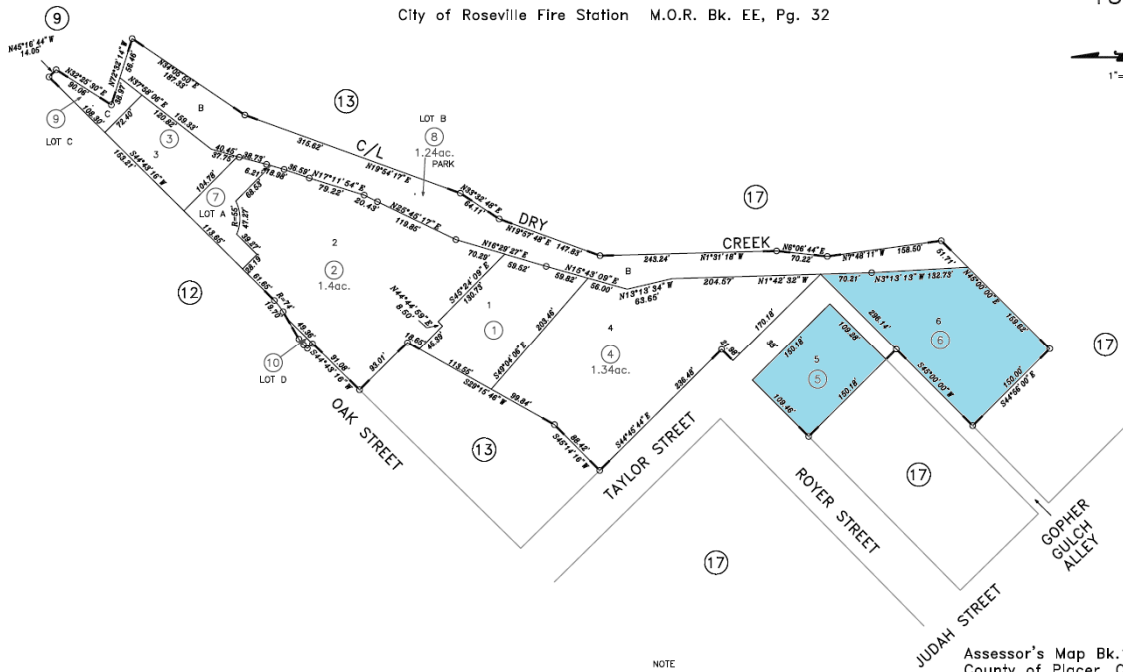
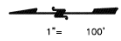


Source: Google Maps (parcel boundaries are approximate)

Parcel Maps

POR. SEC.1, T.10N., R.6E., M.D.B.&M.
City of Roseville Fire Station M.O.R. Bk. EE, Pg. 32

13-29



12-28-2018 PD
Formerly For. Bk. 13 Pg.s 9, 12, 13 & 17

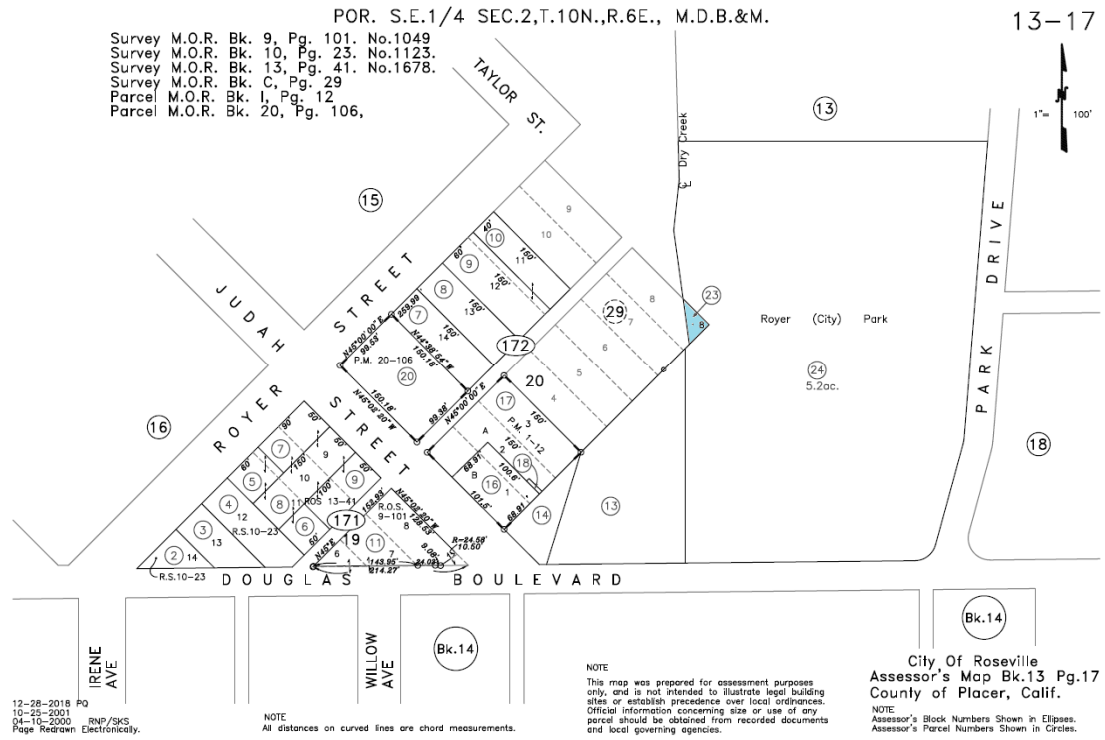
NOTE
All distances on curved lines are shown per recorded documentation

NOTE
This map was prepared for assessment purposes only, and is not intended to illustrate legal building sites or establish precedence over local ordinances. Official information concerning size or use of any parcel should be obtained from recorded documents and local governing agencies.

Assessor's Map Bk.13 Pg.2
County of Placer, Calif.

NOTE
Assessor's Block Numbers Shown in Ellipses.
Assessor's Parcel Numbers Shown in Circles.





Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be reappraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

The subject property is not taxed because it is owned by a public entity. However, if sold to a non-public entity, the subject would be taxed similar to other commercial properties in the vicinity, which would be based on the tax rate applied to the assessed value, plus any additional direct charges. The subject property is located in tax rate area 005-029, which has a current tax rate of 1.073793%.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Vacant

Legally Permissible

The legal factors influencing the highest and best use of the subject property are primarily government regulations, such as zoning and building codes. As previously presented, the subject property is zoned CMU/FF/SA - DT-7 (Dry Creek Mixed-Use District), Commercial Mixed-Use/Floodway Fringe/Special Area - Downtown Specific Plan (DT-7 - Dry Creek Mixed-Use District). Principally permitted uses in the Dry Creek Mixed-Use district include mixed-use, retail, restaurants, public/quasi-public, offices, *multifamily residential*, live/work space and public markets. This area has undergone extensive planning and review; zoning modifications are considered highly unlikely. Based on a review of the subject's zoning ordinance, the primary legally permissible uses of the subject property are for retail, office, multifamily residential and/or mixed-use development.

To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, commercial property market conditions, surrounding land uses and the subject's location on interior streets, only multi-family development (some form of apartments, condominiums and/or senior housing) is given further consideration in determining highest and best use of the site, as though vacant.

Physically Possible

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, off-site improvements, easements and soil and subsoil conditions. Since the legally permissible test has resulted in a potential for office development, at this point the physical characteristics are examined to see if they are suited for the legally permissible uses.

Locational considerations include the compatibility and position of the subject property with respect to surrounding uses. Based on our physical inspection of the subject property, we know of no reason why the property would not support any legal development.

The topography of the majority of the subject property appears adequate for development. It is noted, APN 013-172-023 is comprised of a portion of a creek and undevelopable. Additionally, a portion of

APN 013-290-005 is located within a floodplain and APN 013-290-006 is located within a floodplain and floodway. These areas are subject to additional development guidelines/restrictions by FEMA and the City of Roseville. The property is not located within a Fault-Rupture Hazard Zone. All utility services are available, and evidence of construction in the immediate area provides additional support for the possibility of development. Typical roadway and utility easements exist but are not unusual in any way. It is assumed any easements do not adversely affect the subject's potential for development.

The subject property is located within the city of Roseville, and the subject's location is considered average for the legally permissible uses. The property is located proximate to the main downtown corridors along Vernon and Oak Streets, which bodes well for the subject, since many retail and office properties are located within walking distance. In addition, the property is proximate to Interstate 80 via Douglas Boulevard. Overall, the subject property has physical characteristics that support the legally permissible uses.

Financially Feasible

The subject property is located in the downtown area of Roseville, which has experienced some revitalization, property appreciation, increased rental rates and new construction in recent years. A determination of financial feasibility is dependent on regional supply and demand influences. In the 12 months leading up to the COVID-19 pandemic, the apartment market was regarded as one of the best performing property investment sectors, with strong increases in rental rates and sale prices in recent years. However, market participants are cautious at this time due to the COVID-19 pandemic, which has substantially increased unemployment and overall uncertainty. Therefore, the highest and best use of the subject as vacant would be a short-term hold for future multi-family development (apartments, condominiums and/or senior housing) until the COVID-19 pandemic has more substantially subsided. Market conditions would then need to be re-evaluated to determine if construction of a multifamily residential property would be financially feasible. Our expectation is once the crisis is over the multifamily market will return to robust market conditions. but will likely not return with the robust conditions of recent years.

Maximally Productive

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the subject property. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Construction of some form of a multi-family project is legally permissible and physically possible; however, given the uncertainty of the impacts of the COVID-19 pandemic, it is our opinion the highest and best use of the subject is to hold for future multi-family development (apartments, condominiums and/or senior housing).

Conclusion

Based on the factors previously discussed, a short hold for future development is the maximally productive land use that is legally permissible, physically possible and financially feasible. Considering the subject's specific characteristics, the highest and best use of the subject property – as vacant – is a short term hold for future construction, but future multi-family construction will be dependent on pandemic conditions. As of the date of inspection, the courthouse building was in the process of being demolished. Our analysis is based on the hypothetical condition that the remaining improvements have already been demolished.

Most Probable Buyer

Considering the functional utility of the site and area development trends, the probable buyer would be an investor, for-profit developer, speculator, or non-profit multi-family developer, looking at a short term hold for future development.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

As previously discussed, the subject's improvements are considered to be at the end of their economic life, offering no contributory value to the property. Our analysis is based on the hypothetical condition that the improvements have already been demolished and we only estimate the market value of the underlying land.

Sales Comparison Approach

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Our sales research focused on transactions within the following parameters:

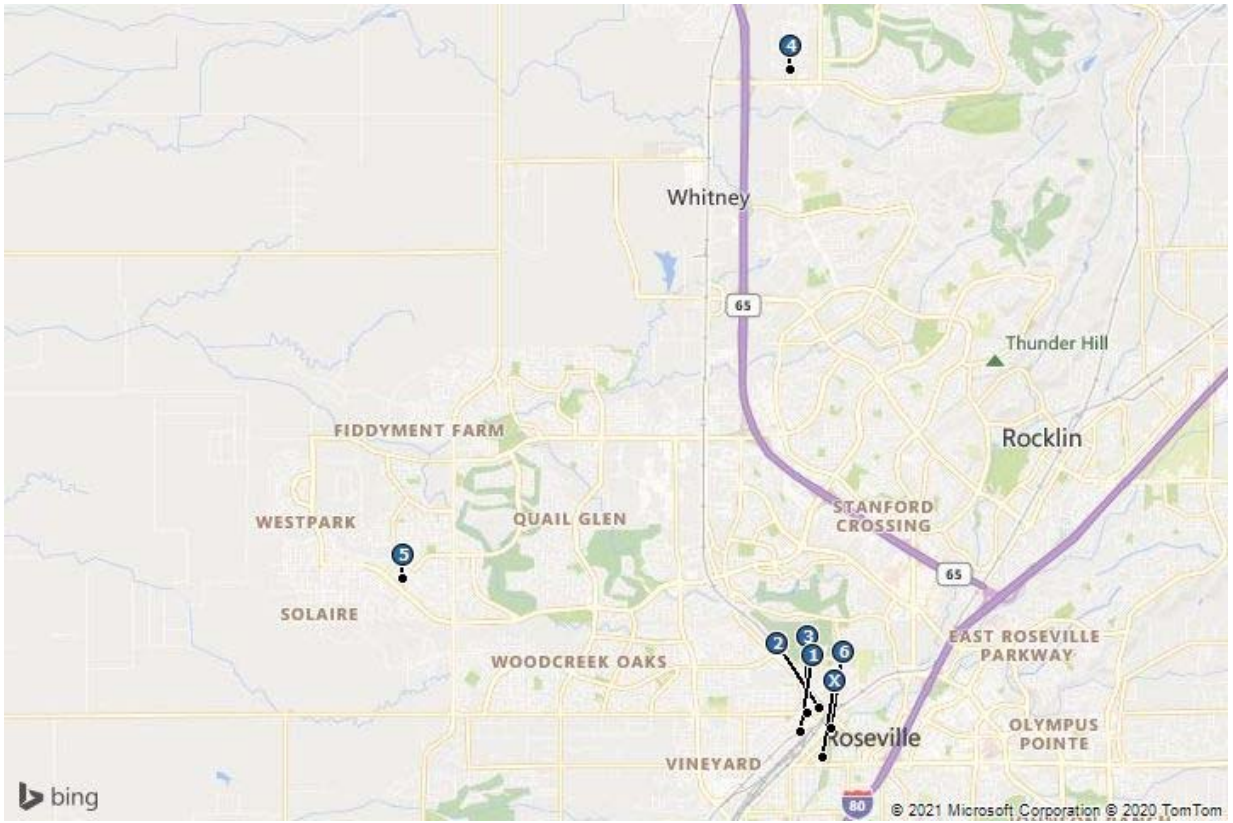
- Location: Our initial search focused on the subject's immediate downtown Roseville area; however, due to the limited number of transactions, we expanded our search to include properties throughout the City of Roseville and neighboring cities.
- Size: Less than four acres
- Use: Zoned for commercial/mixed-use, with an emphasis on multifamily uses
- Transaction Date: Within approximately three years of the effective date of value

For this analysis, we use price per usable square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. As previously discussed, portions of the subject are located either within a floodplain, or floodway and there are moderate to substantial restrictions placed on potential development. We will first determine a price per square foot of land area as-if the subject is entirely outside of a floodplain and floodway, then we will apply discounts to the areas within the floodplain and floodway. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	326 Church Street 326 Church St. Roseville Placer County CA	Dec-20 Closed	\$120,000	9,828 0.23	General Commercial	\$12.21	\$531,915
<i>Comments: This transaction represents the sale of a 0.23 acre parcel zoned general commercial. The general commercial zone is intended to serve the entire community by providing areas for commercial facilities that are more of a service or heavy commercial character than are permitted in the Community Commercial District, and may involve outdoor display, storage or activity areas. Surrounding land uses include single-family residential and auto service uses and vacant land.</i>							
2	430, 502 & 510 Lincoln Street 430, 502 & 510 Lincoln St. Roseville Placer County CA	Jun-19 Closed	\$807,430	41,457 0.95	Old Town Historic District/Special Area	\$19.48	\$848,408
<i>Comments: This transaction represents the sale of three contiguous parcels located in the Old Town Historic District of the City of Roseville. Two of the parcels were improved with residential buildings totaling 4,743 square feet that had reached the end of their economic life and offered no contributory value (built in 1914 and 1926 and represented original construction). According to the listing broker, the buyer was responsible for the cost of demolition of the buildings.</i>							
3	304 Washington Blvd Roseville Placer County CA	Mar-19 Closed	\$875,500	34,848 0.80	Old Town Historic District, Special Area,	\$25.12	\$1,094,375
<i>Comments: This comparable represents the sale of 3 non-contiguous parcels located at the northeast corner of Main Street and Washington Boulevard in Old Roseville. It appears the City of Roseville financed the transaction; however, the terms are unknown. The property is currently being developed as Main Street Plaza apartments, which will consist of a 44-unit mixed-use affordable housing complex with 3,000 square feet of community-integrated commercial space, a 21-unit affordable housing complex and a public pedestrian paseo.</i>							
4	Vacant Commercial Land Galewind Dr. Lincoln Placer County CA	Nov-18 Closed	\$1,364,000	135,036 3.10	Commercial	\$10.10	\$440,000
<i>Comments: This comparable represents the sale of vacant land zoned for commercial development. It is located adjacent to the Kaiser Permanente Lincoln Medical Center as well as several developing residential subdivisions. The buyer intends to construct a 104-room La Quinta Inn & Suites Hotel. The property was unentitled at the time of sale.</i>							
5	2450 Pleasant Grove Blvd. Roseville Placer County CA	Oct-17 Closed	\$1,645,000	143,748 3.30	Commercial	\$11.44	\$498,485
<i>Comments: In total, APNs 017-153-003 and -004 encompass 17.85 acres; however, this transaction comprised only 3.3 acres. The seller indicated while the property is zoned commercial, it can be developed with an assisted living facility.</i>							
6	Vacant Land 129 Vernon St. Roseville Placer County CA	Sep-17 Closed	\$200,000	11,354 0.26	Central Bus. Dist./Sp. Area- Downtown Specific Plan	\$17.61	\$767,165
<i>Comments: Sale of a property improved as a parking lot at the time of sale. The buyer has plans to develop the site as a five-story, 42,680 square foot mixed-use project comprised of 24 residential units and approximately 2,000 square feet of retail space.</i>							
Subject				53,657	Commercial		
505 Royer Street Roseville, CA				1.23	Mixed- Use/Floodway		

Comparable Land Sales Map





Sale 1
326 Church Street



Sale 2
430, 502 & 510 Lincoln Street



Sale 3
304 Washington Blvd



Sale 4
Vacant Commercial Land



Sale 5
2450 Pleasant Grove Blvd.



Sale 6
Vacant Land

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of the two. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

While we present percentage adjustments in the adjustment grid that follows, they are based on qualitative judgment rather than empirical research as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate the appraisers' thought process. Except for market conditions, our adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

Our rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	Sale 2 was improved with two residential structures totaling 4,743 square feet that reached the end of their economic life and needed to be demolished prior to redevelopment. This sale is adjusted upward by an estimated \$10 per square foot for the cost to demolish the buildings. No further adjustments are necessary.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the sales reflect fee simple transactions that do not require adjustment.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	The comparable sales represented cash to the seller transactions and, therefore, do not require adjustments.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments are required.
Market Conditions	Changes in the economic environment over time that affect	Market conditions for nearly all commercial sectors had been improving in recent years leading up

Adjustment Factor	Accounts For	Comments
Location	<p data-bbox="545 302 948 365">the appreciation and depreciation of real estate.</p> <p data-bbox="545 711 932 810">Market or submarket area influences on sale price; surrounding land use influences.</p>	<p data-bbox="1008 302 1438 684">to the COVID-19 pandemic, with relatively steady quarter-over-quarter appreciation in sale prices. However, due to current market uncertainty, we have not adjusted any comparables transferring in 2019 or later for market conditions. We have accounted for a minor market condition adjustment for Sales 4 through 6, which transferred in 2018 and 2017.</p> <p data-bbox="1008 711 1438 1377">The subject is located within the downtown area of Roseville. Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding land uses and property values. Sale 4 is located in a more remote undeveloped part of Lincoln which is considered to be in an inferior area compared to that of the subject, and an upward adjustment is applied. Sale 3 is also located in Roseville; however, it is located in an area of dense commercial development and a downward adjustment is warranted for its superior location. No further adjustments are considered necessary.</p>
Access/Exposure	<p data-bbox="545 1402 911 1503">Convenience to transportation facilities; ease of site access; visibility; traffic counts.</p>	<p data-bbox="1008 1402 1430 1749">The subject property is considered to possess average access/exposure. Sale 3 is located along a major thoroughfare and is adjusted downward for its superior access/exposure. The remaining sales are considered to possess similar access and exposure attributes and no further adjustments are required.</p>

Adjustment Factor	Accounts For	Comments
Size	Inverse relationship that often exists between parcel size and unit value.	Applicable adjustments are applied for differences in size. The comparables that are appreciably smaller than the subject are adjusted downward and vice versa.
Shape/Topography/ Site Utility	Primary physical factors that affect the utility of a site for its highest and best use.	The subject property has average site utility given its shape, relatively level topography, and lack of vegetation, trees, rocks or other impediments to development. The majority of the sales have similar site utility and do not require adjustments. The smaller size of Sales 1 and 6 makes the utility of the site somewhat inferior and these sales are adjusted upward.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	Similar to the subject property, all of the sales have zoning permitting a variety of commercial, office, multifamily or mixed-use development. Our selection of comparables focused on properties purchased for plans to develop with some form of residential (multi-family, condominiums, senior housing, etc.). All of the comparables allow similar uses and no adjustments are warranted.
Off-Site Improvements	Off-site improvements include utilities to the site, streets, curbs, gutters and sidewalks.	The subject has all off-site improvements in place as is the case with the majority of the comparables. However, Sale 4 has inferior off-site improvements and is adjusted upward.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	505 Royer Street	326 Church Street	430, 502 & 510 Lincoln Street	304 Washington Blvd	Vacant Commercial Land	2450 Pleasant Grove Blvd.	Vacant Land
Address	505 Royer St.	326 Church St.	430, 502 & 510 Lincoln St.	304 Washington Blvd.	Galewind Dr.	2450 Pleasant Grove Blvd.	129 Vernon St.
City	Roseville	Roseville	Roseville	Roseville	Lincoln	Roseville	Roseville
Sale Date		Dec-20	Jun-19	Mar-19	Nov-18	Oct-17	Sep-17
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$120,000	\$760,000	\$875,500	\$1,364,000	\$1,645,000	\$200,000
Price Adjustment		-	\$47,430	-	-	-	-
Description of Adjustment			Demo. Cost				
Effective Sale Price		\$120,000	\$807,430	\$875,500	\$1,364,000	\$1,645,000	\$200,000
Square Feet	53,657	9,828	41,457	34,848	135,036	143,748	11,354
Acres	1.23	0.23	0.95	0.80	3.10	3.30	0.26
Usable Square Feet	53,657	9,828	41,457	34,848	135,036	143,748	11,354
Price per Usable Square Foot		\$12.21	\$19.48	\$25.12	\$10.10	\$11.44	\$17.61
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Seller financing	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-	-
Conditions of Sale		Market	Market	Market	Market	Market	Market
% Adjustment		-	-	-	-	-	-
Market Conditions	3/4/2021	Dec-20	Jun-19	Mar-19	Nov-18	Oct-17	Sep-17
Annual % Adjustment		-	-	-	4%	6%	6%
Cumulative Adjusted Price		\$12.21	\$19.48	\$25.12	\$10.51	\$12.13	\$18.67
Location		-	-	-5%	5%	-	-
Access/Exposure		-	-	-5%	-	-	-
Size		-5%	-	-	15%	15%	-5%
Shape/Topography/Site Utility		5%	-	-	-	-	5%
Zoning		-	-	-	-	-	-
Off-Site Improvements		-	-	-	10%	-	-
Net \$ Adjustment		\$0.00	\$0.00	-\$2.51	\$3.15	\$1.82	\$0.00
Net % Adjustment		0%	0%	-10%	30%	15%	0%
Final Adjusted Price		\$12.21	\$19.48	\$22.61	\$13.66	\$13.95	\$18.67
Overall Adjustment		0%	0%	-10%	35%	22%	6%
Range of Adjusted Prices		\$12.21 - \$22.61					
Average		\$16.76					
Indicated Value		\$17.00					

Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$10.10 - \$25.12 per usable square foot. After adjustment, the range is narrowed to \$12.21 - \$22.61 per usable square foot, with an average of \$16.76 per usable square foot.

Sale 1 is the most recent transaction in the data set, but represents the low end of the range. Sales 2 and 3 are also reasonably recent transactions and are relatively similar in size; however, Sale 3 represents the high end of the range. Sales 4 and 5 are significantly larger in size. While Sale 6 is the most dated transaction in the data set, it is also located within the downtown area of Roseville. Overall, no single sale is considered to provide the best indicator of value for the subject and relatively equal emphasis is given to the entire data set. Given the previous discussion, we conclude a market value of \$17.00 per square foot of land area for the subject.

As discussed throughout the report, portions of the subject property are located within either a floodplain, or floodway and are subject to additional development restrictions from FEMA and the City of Roseville. The indicated land value conclusion is applicable to the portion of the site that does not have any development restrictions. A developer would likely require some level of "incentive" in order to purchase and take on the additional steps required to develop the property. Without a specific project proposal, it is difficult to apply a discount to the areas located within the floodplain and floodway; however, we estimate the land area within the floodplain to be discounted by 25% and the land area within the floodway to be discounted by 65%. By applying the discounts to the previously concluded value, and the subject's respective land areas, we arrive at a total land value conclusion as follows:

Land Value Conclusion				
		Outside FP & FW	Floodplain	Floodway
Base \$/SF - Land Area	\$17.00	14,940 SF	23,815 SF	14,906 SF
Discount		0%	25%	65%
Discounted \$/SF		\$17.00	\$12.75	\$5.95
Component Value		\$253,980	\$303,641	\$88,691
Indicated Value				\$646,312
Rounded				\$650,000

If the subject were not affected by development restrictions, the indicated value of the property would be \$910,000 (rounded), or approximately 29% (\$260,000) more than our final value conclusion. We believe this projection is reasonable based on the development constraints.

Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As If Vacant	Fee Simple	March 4, 2021	\$650,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. As of the date of inspection, two of the subject parcels (APNs 013-290-005 and -006) were divided by a portion of an alley. The City of Roseville has plans to abandon a portion of the alley and add the land area to the subject property. Our analysis assumes the portion of the alley will be abandoned as planned and the estimated land area of the alley is included in the subject's total land area. If at a later date the estimated land area of the alley differs significantly from what was provided, or the City of Roseville does not abandon the portion of the alley as planned, our value conclusion presented herein could be impacted.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. The subject was previously improved with a 7,900 square foot county courthouse. As of the date of inspection, the building was in the process of being demolished. The estimate of market value is based on the hypothetical condition the remaining portion of the improvements have already been demolished and we only estimate the market value of the underlying land, with no deduction for demolition costs.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

As of the date of value, the economy (globally, nationally, and locally) was in a state of rapid transition with a widespread expectation of the imminent onset of a significant recession. The outbreak of COVID-19 (coronavirus disease of 2019) in China was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020. Some market deterioration had occurred shortly before this date, but the declaration by the WHO soon led to municipal and statewide orders to "shelter in place," causing widespread closures of businesses and a massive disruption to general commerce. The status of economic conditions is changing rapidly, creating great uncertainty in the markets. The value expressed herein represents our opinion based on the best available data reflective as of the date of value. While values are always subject to change over time, we caution the reader that in the current economic climate, market volatility creates the potential for a more significant change in value over a relatively short period of time.

Exposure Time

Exposure time is the period a property interest 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. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current and past economic conditions. Based on a survey of market participants, a transfer of commercial properties in the region typically occurs within 9-12 months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would have been within 9-12 months of initial exposure.

Marketing Period

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into consideration current and future economic conditions and how they may impact marketing of the subject property.

Given the uncertainty in the current market due to the COVID-19 pandemic, the marketing time for the subject property is anticipated to be longer than the exposure time. Thus, the marketing time is estimated at 12-15 months or less.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. We have prepared two appraisals of the subject property for the current client. We have provided no other 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.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. 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.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Lance Jordan, MAI, has made a personal inspection of the property that is the subject of this report. Ligia Dejeu has also personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Lance Jordan, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.



Lance Jordan, MAI
Managing Director
California Certificate # AG012709



Ligia Dejeu
Certified General Real Estate Appraiser
California Certificate # 3004823

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Sacramento, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. IRR - Sacramento is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Sacramento. In addition, it is expressly agreed that in any

- action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. IRR - Sacramento is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. As of the date of inspection, two of the subject parcels (APNs 013-290-005 and -006) were divided by a portion of an alley. The City of Roseville has plans to abandon a portion of the alley and add the land area to the subject property. Our analysis assumes the portion of the alley will be abandoned as planned and the estimated land area of the alley is included in the subject's total land area. If at a later date the estimated land area of the alley differs significantly from what was provided, or the City of Roseville does not abandon the portion of the alley as planned, our value conclusion presented herein could be impacted.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. The subject was previously improved with a 7,900 square foot county courthouse. As of the date of inspection, the building was in the process of being demolished. The estimate of market value is based on the hypothetical condition the remaining portion of the improvements have already been demolished and we only estimate the market value of the underlying land, with no deduction for demolition costs.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A
Appraiser Qualifications

Ligia Dejeu

Experience

Ms. Dejeu is an Appraiser at the firm. After completing her bachelor's degree at California State University, Chico, Ms. Dejeu worked in banking as a branch manager for ten years before she joined the firm full-time in 2012. Ms. Dejeu is assisting in the research, analysis and writing of narrative appraisal reports for a wide variety of commercial properties including multifamily, office, retail and industrial, as well as commercial land and special-use properties such as Low Income Housing Tax Credit (LIHTC) projects, self-storage facilities and surgery centers. Ms. Dejeu has developed the experience and background necessary to deal with complex assignments covering an array of property types.

Licenses

California, Certified General Real Estate, 3004823, Expires October 2021

Education

Academic:

Bachelor of Science in Business Administration (Concentration in Business Management), California State University, Chico

Appraisal and Real Estate Courses:

Basic Appraisal Principles

Basic Appraisal Procedures

General Appraiser Sales Comparison Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Income Approach Part 1

General Appraiser Income Approach Part 2

General Appraiser Report Writing and Case Studies

General Appraiser Market Analysis and Highest and Best Use

Real Estate Finance Statistics and Valuation Modeling

Uniform Standards of Professional Appraisal Practice

Residential Sales and Income Approach

Laws and Regulation for California Appraisers

Integra Realty Resources
Sacramento

590 Menlo Drive
Suite 1
Rocklin, CA 95765

T 916-435-3883
F

irr.com





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

Ligia Dejeu

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: 3004823

Effective Date: October 6, 2019
Date Expires: October 5, 2021


Jim Martin, Bureau Chief, BRE

3049135

Lance Jordan, MAI

Experience

Managing Director for INTEGRAL REALTY RESOURCES – Sacramento (IRR). Actively engaged in real estate valuation and consulting since 1989. Prior to joining IRR, was a partner with Seevers Jordan Ziegenmeyer since 1997. Extensive experience in the valuation of all forms of industrial properties, community/neighborhood shopping centers, office buildings - CBD and suburban, multi-family, hotels and motels, vacant land and special purpose properties. Clients served include banks and financial institutions, developers and investors, law and accounting firms, business/industry, government, and mortgage bankers. Valuations have been performed for financing, eminent domain purposes, as well as estate tax and estate planning. In summary, with over 28 years of experience in the field, he has developed the expertise and background necessary to deal with complex assignments covering a wide range of property types.

Professional Activities & Affiliations

Chairman: Appraisal Institute - Sacramento/Sierra Chapter - California Government Relations Committee, January 2015 - December 2017
Committee: Appraisal Institute - Sacramento/Sierra Chapter - California Government Relations, January 2014 - December 2017
Board of Director: Appraisal Institute - Sacramento/Sierra Chapter, January 2014 - December 2016
Appraisal Institute, Member (MAI) , May 2012
Vice President: Appraisal Institute - Sacramento/Sierra Chapter, January 2007 - December 2007
Other: Appraisal Institute - Sacramento/Sierra Chapter - Secretary/Treasurer, January 2006 - December 2006

Licenses

California, Certified General Real Estate Appraiser, AG012709, Expires January 2022
Washington, Certified General Real Estate Appraiser, 20110463, Expires January 2022
Arizona, Certified General Real Estate Appraiser, 1013474, Expires September 2022
Oregon, Certified General Real Estate Appraiser, C001427, Expires January 2022

Education

Bachelor of Science - Accountancy, CSU - Sacramento, 1991
Recent Continuing Education:
Lake Tahoe Litigation Conference – Appraisal Institute
Forecasting Revenue – Appraisal Institute
Appraising Distressed Commercial Real Estate – Appraisal Institute
Litigation Appraising: Specialized Topics and Applications – Appraisal Institute
Business Practices and Ethics – Appraisal Institute
The Essentials, Current Issues & Misconceptions in Appraising – Appraisal Institute
Review Theory - General

Qualified Before Courts & Administrative Bodies

Court Appointed Expert Witness, Placer County Superior Courts, 2014

Integra Realty Resources - Sacramento

590 Menlo Drive
Suite 1
Rocklin, CA 95765

T 916-435-3883
F 916-435-4774

irr.com





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

Lance C. Jordan

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

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 012709

Effective Date: January 9, 2020
Date Expires: January 8, 2022


Jim Martin, Bureau Chief, BRE

3049238

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B
Grant Deed

RECORDING REQUESTED BY

Placer Title Company

Escrow Number: 102-38682-DY

AND WHEN RECORDED MAIL TO

CITY OF ROSEVILLE
311 VERNON STREET
ROSEVILLE, CA 95678



PLACER, County Recorder
JIM MCCAULEY

DOC- 2014-0039609-00

PLACER TITLE - RECORDING

FRIDAY, JUN 13, 2014 14:30:00

MIC \$0.00 | AUT \$0.00 | SBS \$0.00

ERD \$0.00 | RED \$0.00 | * \$0.00

ADD \$0.00

Ttl Pd \$0.00 Rcpt # 02362122

CLKGH1MFJ1/HD/1-5

A.P.N.: 013-172-011, 013-172-022
and 013-172-012

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$0.00 City Transfer Tax: \$0.00

(X) computed on full value of property conveyed, or

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

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

**COUNTY OF PLACER
A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA**

Hereby GRANT(S) to

**CITY OF ROSEVILLE
A MUNICIPAL CORPORATION**

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF PLACER, CITY OF ROSEVILLE, AND IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR FULL LEGAL DESCRIPTION

Dated: May 29, 2014

COUNTY OF PLACER
A POLITICAL SUBDIVISION
OF THE STATE OF CALIFORNIA

BY: Mary Dietrich
MARY DIETRICH, DIRECTOR

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

SAME AS ABOVE

Name	Street Address	City & State

STATE OF CALIFORNIA
COUNTY OF Placer

On June 5, 2014 before me, Shawna Howard, Notary Public,
personally appeared Mary Dietrich

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Shawna Howard
Commission Expiration Date: April 2, 2018



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

SAME AS ABOVE

Name Street Address City & State

CERTIFICATE OF ILLEGIBILITY

Government Code 27361.7

I certify under penalty of perjury under the laws of the State of California that the notary seal on the document to which this statement is attached reads as follows:

Name of Notary: Shawna Howard

Date Commission Expires: April 2, 2018

Commission Number: 2059998

County of Commission: Placer

State of Commission: California

Manufacturer ID Number: NNA1

Place of Execution: Auburn, CA

Signature: Shawna Howard Date: June 5, 2014

Firm Name: _____

EXHIBIT "A"
LEGAL DESCRIPTION

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF PLACER, CITY OF ROSEVILLE, AND IS DESCRIBED AS FOLLOWS:

~PARCEL 1:~

THE SOUTHWESTERLY 40 FEET OF LOT 10, BLOCK 20, AS SHOWN ON THE PLAT OF THE ORIGINAL TOWN (NOW CITY) OF ROSEVILLE AS RECORDED IN THE OFFICE OF THE PLACER COUNTY RECORDER IN BOOK "A" OF MAPS, AT PAGE 30, PLACER COUNTY RECORDS.

A.P.N. 013-172-011

~PARCEL 2:~

ALL OF LOTS 4, 5, 6 AND A PORTION OF LOTS 7 AND 8, BLOCK 20, AS SHOWN ON THE PLAT OF THE ORIGINAL TOWN (NOW CITY) OF ROSEVILLE AS RECORDED IN THE OFFICE OF PLACER COUNTY RECORDER IN BOOK "A" OF MAPS, AT PAGE 30, PLACER COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF LOT 4; THENCE, NORTHEASTERLY ALONG THE NORTHWESTERLY LINE OF LOTS 4, 5, 6, 7 AND 8 TO THE MOST NORTHERLY CORNER OF LOT 8; THENCE, SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF LOT 8, 51.00 FEET TO A POINT; THENCE, IN A SOUTHEASTERLY DIRECTION; 133.10 FEET TO A POINT IN THE SOUTHEASTERLY LINE OF LOT 7, LOCATED 38.53 FEET SOUTHWESTERLY FROM THE MOST EASTERLY CORNER OF LOT 7; THENCE, SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF LOTS 7, 6, 5, AND 4 TO THE MOST SOUTHERLY CORNER OF LOT 4; THENCE, NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF LOT 4 TO THE POINT OF BEGINNING.

A.P.N. 013-172-022 (NEW) (OLD) PORTION OF 013-172-001

~PARCEL 3:~

LOT 9 AND THE NORTHEASTERLY 10.00 FEET OF LOT 10, BLOCK 20, AS SHOWN ON THE PLAT OF THE ORIGINAL TOWN (NOW CITY) OF ROSEVILLE AS RECORDED IN THE OFFICE OF THE PLACER COUNTY RECORDER IN BOOK "A" OF MAPS, AT PAGE 30, PLACER COUNTY RECORDS.

A.P.N. 013-172-012

RESOLUTION NO. 73-72

AUTHORIZING CITY CLERK TO ACCEPT GRANTS OR DEEDS ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, Section 27281 of the Government Code of the State of California requires that deeds or grants conveying an interest in real property to political corporations must be accepted by the Grantees prior to being recorded; and

WHEREAS, said Section 27281 provides a method whereby an officer or agent may be designated by the political corporation to accept such deeds on its behalf;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ROSEVILLE AS FOLLOWS:

That the City Clerk and the Deputy City Clerk of the City of Roseville are hereby authorized to accept, on behalf of the City of Roseville, all deeds or grants conveying any interest in or easement upon real estate to the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville at a regular meeting thereof held on the 18th day of July, 1973, by the following vote:

- AYES COUNCILMEN: Owen R. Waltrip, Jr., Kenneth F. Royer, George A. Buljan
- NOES COUNCILMEN: None
- ABSENT COUNCILMEN: Gilbert A. Duran, Baron Reed

ATTEST: /s/ Pauline Brockman
City Clerk

/s/ George A. Buljan
Mayor

I hereby certify the foregoing to be a true copy of Resolution No. 73-72 adopted by the City Council at a regular meeting thereof held on the 18th day of July, 1973, at the Council Chambers, City Hall, 316 Vernon Street, Roseville, California.

IN WITNESS WHEREOF I have hereunto set my hand and the seal of said city this 10th day of June, 2014

Ronia Prozo
CLERK OF THE CITY OF ROSEVILLE

This is to certify that the interest in real property conveyed by the deed or grant dated May 29, 2014 from the County of Placer, a political subdivision of the State of California, to the City of Roseville, a municipal corporation of the State of California, is hereby accepted by the undersigned officer on behalf of the City Council of the City of Roseville, pursuant to authority conferred by Council Resolution No. 73-72, adopted on July 18, 1973, and the Grantee consents to recordation thereof by its duly authorized officer.

DATE: June 10, 2014

Ronia Prozo
CITY CLERK

(Seal)

5

Addendum C

Comparable Data

Location & Property Identification

Property Name: 326 Church Street
 Sub-Property Type: Commercial
 Address: 326 Church St.
 City/State/Zip: Roseville, CA 95678
 County: Placer

Market Orientation: Suburban

IRR Event ID: 2488355



Sale Information

Sale Price: \$120,000
 Effective Sale Price: \$120,000
 Sale Date: 12/24/2020
 Listing Price: \$175,000
 Sale Status: Closed
 \$/Acre(Gross): \$531,915
 \$/Land SF(Gross): \$12.21
 \$/Acre(Usable): \$531,915
 \$/Land SF(Usable): \$12.21
 Grantor/Seller: Lynette A. Robinson
 Grantee/Buyer: Ahmed Aboudkhil and Aicha Benbrahim
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: 2020-0152485
 Verified By: Ligia Dejeu
 Verification Type: Secondary Verification
 Secondary Verific. Source: CoStar, Listing Flyer

Zoning Desc.: General Commercial
 Source of Land Info.: Public Records

Comments

This transaction represents the sale of a 0.23 acre parcel zoned general commercial. The general commercial zone is intended to serve the entire community by providing areas for commercial facilities that are more of a service or heavy commercial character than are permitted in the Community Commercial District, and may involve outdoor display, storage or activity areas. Surrounding land uses include single-family residential and auto service uses and vacant land.

Improvement and Site Data

Legal/Tax/Parcel ID: 012-153-013
 Acres(Usable/Gross): 0.23/0.23
 Land-SF(Usable/Gross): 9,828/9,828
 Usable/Gross Ratio: 1.00
 Corner Lot: Yes
 Zoning Code: GC

Location & Property Identification

Property Name:	430, 502 & 510 Lincoln Street
Sub-Property Type:	Commercial
Address:	430, 502 & 510 Lincoln St.
City/State/Zip:	Roseville, CA 95678
County:	Placer
Market Orientation:	CBD
IRR Event ID:	2490901



Source of Land Info.: Public Records

Sale Information

Sale Price:	\$760,000
Effective Sale Price:	\$760,000
Sale Date:	06/11/2019
Recording Date:	06/12/2019
Listing Price:	\$750,000
Sale Status:	Closed
\$/Acre(Gross):	\$798,571
\$/Land SF(Gross):	\$18.33
Grantor/Seller:	Dolores Marlene Manring
Grantee/Buyer:	Old Roseville, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2019-0039984
Verified By:	Ligia Dejeu
Verification Date:	08/18/2020
Confirmation Source:	Victoria Shaw
Verification Type:	Confirmed-Seller Broker
Secondary Verific. Source:	MLS, RealQuest, Deed

Comments

This transaction represents the sale of three contiguous parcels located in the Old Town Historic District of the City of Roseville. Two of the parcels were improved with residential buildings totaling 4,743 square feet that had reached the end of their economic life and offered no contributory value (built in 1914 and 1926 and represented original construction). According to the listing broker, the buyer was responsible for the cost of demolition of the buildings.

The property is located within the Roseville Downtown Specific Plan.

Improvement and Site Data

Legal/Tax/Parcel ID:	011-147-012, -003, 014
Acres(Gross):	0.95
Land-SF(Gross):	41,457
Zoning Code:	HD/SA-DT
Zoning Desc.:	Old Town Historic District/Special Area

Location & Property Identification

Property Name: 304 Washington Blvd
 Sub-Property Type: Residential
 Address: 304 Washington Blvd.
 City/State/Zip: Roseville, CA 95678
 County: Placer

Market Orientation: Historic District

IRR Event ID: 2298294



Sale Information

Sale Price: \$875,500
 Effective Sale Price: \$875,500
 Sale Date: 03/04/2019
 Sale Status: Closed
 \$/Acre(Gross): \$1,094,375
 \$/Land SF(Gross): \$25.12
 Grantor/Seller: City of Roseville
 Grantee/Buyer: Main Street Plaza, LLC.
 Assemblage: Yes
 Portfolio Sale: No
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 Financing: Seller financing
 Document Type: Deed
 Recording No.: 12818 & 12819
 Verification Type: Secondary Verification
 Secondary Verific. Source: CoStar

Corner Lot: Yes
 Zoning Code: HD/SA-DT
 Zoning Desc.: Old Town Historic District, Special Area, Downtown
 Source of Land Info.: Public Records

Comments

This comparable represents the sale of 3 non-contiguous parcels located at the northeast corner of Main Street and Washington Boulevard in Old Roseville. It appears the City of Roseville financed the transaction; however, the terms are unknown. The property is currently being developed as Main Street Plaza apartments, which will consist of of a 44-unit mixed-use affordable housing complex with 3,000 square feet of community-integrated commercial space, a 21-unit affordable housing complex and a public pedestrian paseo.

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA
 Legal/Tax/Parcel ID: 011-145-005, 011-146-018, -019
 Acres(Gross): 0.80
 Land-SF(Gross): 34,848
 Shape: Irregular
 Topography: Level

Location & Property Identification

Property Name: Vacant Commercial Land
 Sub-Property Type: Commercial, Retail
 Address: Galewind Dr.
 City/State/Zip: Lincoln, CA 95648
 County: Placer

 Market Orientation: Suburban

 IRR Event ID: 2187248



Sale Information

Sale Price: \$1,364,000
 Effective Sale Price: \$1,364,000
 Sale Date: 11/15/2018
 Sale Status: Closed
 \$/Acre(Gross): \$440,000
 \$/Land SF(Gross): \$10.10
 \$/Acre(Usable): \$440,000
 \$/Land SF(Usable): \$10.10
 Grantor/Seller: Pappas Arizona, LS
 Grantee/Buyer: James Guertin and Jeanette Lowe

 Assets Sold: Real estate only
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: 2018-0083497
 Verification Type: Secondary Verification

Zoning Desc.: Commercial
 Source of Land Info.: Public Records

Comments

This comparable represents the sale of vacant land zoned for commercial development. It is located adjacent to the Kaiser Permanente Lincoln Medical Center as well as several developing residential subdivisions. The buyer intends to a construct a 104-room La Quinta Inn & Suites Hotel. The property was unentitled at the time of sale.

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA
 Legal/Tax/Parcel ID: 329-010-068
 Acres(Usable/Gross): 3.10/3.10
 Land-SF(Usable/Gross): 135,036/135,036
 Usable/Gross Ratio: 1.00
 Zoning Code: C

Location & Property Identification

Property Name: 2450 Pleasant Grove Blvd.
 Sub-Property Type: Residential
 Address: 2450 Pleasant Grove Blvd.
 City/State/Zip: Roseville, CA 95747
 County: Placer

 Market Orientation: Suburban

 IRR Event ID: 1899598



Sale Information

Sale Price: \$1,645,000
 Effective Sale Price: \$1,645,000
 Sale Date: 10/27/2017
 Sale Status: Closed
 \$/Acre(Gross): \$498,485
 \$/Land SF(Gross): \$11.44
 \$/Acre(Usable): \$498,485
 \$/Land SF(Usable): \$11.44
 Grantor/Seller: VC Roseville, LLC
 Grantee/Buyer: Oakmont of West Park, LLC
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 Document Type: Deed
 Recording No.: 2017-0084395
 Verified By: Kari Tatton
 Verification Date: 02/02/2018
 Confirmation Source: West Park
 Verification Type: Confirmed-Seller

Comments

In total, APNs 017-153-003 and -004 encompass 17.85 acres; however, this transaction comprised only 3.3 acres. The seller indicated while the property is zoned commercial, it can be developed with an assisted living facility.

Improvement and Site Data

Legal/Tax/Parcel ID: 017-153-003 & -004 (ptns)
 Acres(Usable/Gross): 3.30/3.30
 Land-SF(Usable/Gross): 143,748/143,748
 Usable/Gross Ratio: 1.00
 Zoning Code: CC
 Zoning Desc.: Commercial
 Source of Land Info.: Owner

Location & Property Identification

Property Name: Vacant Land
 Sub-Property Type: Commercial
 Address: 129 Vernon St.
 City/State/Zip: Roseville, CA 95678
 County: Placer

Market Orientation: CBD

IRR Event ID: 1943795



Sale Information

Sale Price: \$200,000
 Effective Sale Price: \$200,000
 Sale Date: 09/01/2017
 Recording Date: 09/01/2017
 Sale Status: Closed
 \$/Acre(Gross): \$767,165
 \$/Land SF(Gross): \$17.61
 \$/Acre(Usable): \$767,165
 \$/Land SF(Usable): \$17.61
 Grantor/Seller: First Bank
 Grantee/Buyer: Noah A. Baygell Trust
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: 67802
 Verified By: Ligia Dejeu
 Verification Date: 04/25/2018
 Confirmation Source: Noah. Baygell
 Verification Type: Confirmed-Buyer

Sale Analysis

Current Use at T.O.S.: Parking lot
 Proposed Use Change: Yes
 Proposed Use Desc.: Retail & multifamily development

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade MSA
 Legal/Tax/Parcel ID: 013-072-008
 Acres(Usable/Gross): 0.26/0.26
 Land-SF(Usable/Gross): 11,354/11,354
 Usable/Gross Ratio: 1.00
 Zoning Code: CBD/SA - DT
 Zoning Desc.: Central Bus. Dist./Sp. Area-Downtown Specific Plan

Source of Land Info.: Public Records

Comments

Sale of a property improved as a parking lot at the time of sale. The buyer has plans to develop the site as a five-story, 42,680 square foot mixed-use project comprised of 24 residential units and approximately 2,000 square feet of retail space.

Addendum D
Engagement Letter



February 24, 2021

Laura Matteoli
Economic Development Director
City of Roseville - Economic Development Department
Civic Center
311 Vernon Street
Roseville, California 95678

SUBJECT: Former Courthouse
505 Royer Street
Roseville, CA 95678

Dear Ms. Matteoli:

Thank you for considering Integra Realty Resources – Sacramento for your real estate valuation needs. Enclosed is my Agreement for Appraisal Services pertaining to the above referenced property. The total fee for delivery of the completed appraisal report will be \$1,900.

Please return a signed copy of the attached Agreement to my office at your earliest convenience. The appraisal fee will be due 30 days NET after delivery of completed report. Provided the signed contract is received within 3 business days, we anticipate delivery of the completed report no later than March 12, 2021.

In accordance with the attached Agreement for Appraisal Services, the scope of this assignment will require IRR – Sacramento to consider all relevant and applicable approaches to value as determined during the course of our research, analysis of the subject property and preparation of the report.

Laura Matteoli
City of Roseville - Economic Development Department
Civic Center
Page 2

If you have any questions, please do not hesitate to contact me at 916-435-3883, ext. 232 or by e-mail at ljordan@irr.com.

Respectfully submitted,

Integra Realty Resources - Sacramento

A handwritten signature in black ink, appearing to read 'Lance Jordan', with a long horizontal flourish extending to the right.

Lance Jordan
Certified General Real Estate Appraiser
CA Certificate # AG012709
Telephone: 916-435-3883, ext. 232
Email: ljordan@irr.com

Attachments

Agreement for Appraisal Services

The terms of the agreement are outlined as follows:

Date of the Agreement	February 24, 2021
Parties to the Agreement	Integra Realty Resources – Sacramento (also identified as “IRR”) and City of Roseville (the “Client”).
Purpose of the Appraisal	To provide an opinion of market value of the fee simple interest in the subject property subject to a hypothetical condition.
Hypothetical Condition	This valuation will be subject to a hypothetical condition. 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. The estimate of market value will be based on the hypothetical condition the existing improvements have already been demolished as of the date of value. We will only estimate the market value of the underlying land, with no deduction for demolition costs.
Intended User	The client and intended user is City of Roseville - Economic Development Department. The appraisal is not intended for any other user.
Intended Use	This appraisal is intended to be used for establishing the market value of the subject property for marketing purposes. The appraisal is not intended for any other use.
Effective Date of Value	Date of inspection.
Appraised Property	The subject property is located at: 505 Royer Street Roseville, CA 95678 APN's: 013-290-005, 013-290-006, 013-172-023
USPAP Compliance	The appraisal will be prepared in conformance with and subject to the <i>Code of Professional Ethics and Standards of Professional Appraisal Practice</i> of the Appraisal Institute and the <i>Uniform Standards of Professional Appraisal Practice</i> (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation.

Prior Services

The Ethics Rule of USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

In accordance with our correspondence, the scope of this assignment will require IRR – Sacramento to consider all relevant and applicable approaches to value as determined during the course of our research, subject property analysis and preparation of the report.

Please note, Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a Federally-regulated financial institution.

Appraisal Report Format

The appraisal will be communicated in an Appraisal Report – Summary / Standard format. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions a copy of which is attached as Attachment I.

Fee

The total fee for this assignment will be \$1,900.

It is understood that simple interest of 15% per annum will accrue on any unpaid balance for compensation due, subject to reduction pursuant to any applicable usury law. We shall also be entitled to recover our costs (including attorneys' fees), associated with collecting any amounts owed or otherwise incurred in connection with this assignment. If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed. Upon default, we shall be permitted to file a lien against the subject property for any amounts owed pursuant to this engagement.

Start, Acceptance, and Delivery Dates

Provided the signed contract is received within 3 business days, we will commence work on the assignment. Additionally, with these conditions met we anticipate delivery of the appraisal report on March 12, 2021. This delivery date is contingent on the absence of events outside our control, timely access for inspection of the subject property, as well as our receipt of all requested information necessary to complete the assignment.

Report Copies

A PDF of the appraisal report will be provided.

Inspection Disclosure

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance or wetlands. Therefore, unless we have been provided with appropriate third-party expert reports, the appraisal will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment and actions.

Litigation Clause

In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony.

Use of Data

You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, IRR – Sacramento and its partner companies may utilize, sell and include such data (either in the aggregate or individually), in the Integra database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available as well as proprietary software programs to perform your assignment (web based and others).

Conflicts of Interest

If we discover during the course of preparing the appraisal there is a conflict of interest with a separate IRR office, we reserve the right to cancel the agreement and withdraw from the assignment without incurring penalties.

If you agree with the terms set forth in this letter and wish us to proceed with the engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Laura Matteoli

AGREED & ACCEPTED BY:

Integra Realty Resources – Sacramento



Lance Jordan
Managing Director

February 24, 2021

AGREED & ACCEPTED BY:

Laura Matteoli

Laura Matteoli
lmatteoli@roseville.ca.us
916-774-5284

03/05/2021

Date

ATTACHMENT I

STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The subject property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the subject property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the subject property more or less valuable. Furthermore, there is no asbestos in the subject property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The subject property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the subject property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the subject property without compensation relative to such additional employment.
6. We have made no survey of the subject property and assume no responsibility in connection with such matters. Any sketch or survey of the subject property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers



the subject property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the subject property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the subject property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the subject property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the subject property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the subject property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic



conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the subject property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR – Sacramento and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties") shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the subject property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. IRR – Sacramento is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the



engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of the subject property.
26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.

