BLAKE

APPRAISAL REPORT
Roseville Civic Plaza
116 S Grant Street
Roseville, Placer County, CA 95678

PREPARED FOR
Mr. Joseph Mohamed Sr.
4405 College Oak Drive
Sacramento, CA 95841

PREPARED BY
Joseph J. Blake and Associates, Inc.
2121 N. California Boulevard
Suite 850
Walnut Creek, CA 94596

JOSEPH J. BLAKE AND ASSOCIATES, INC.
REAL ESTATE VALUATION AND CONSULTING
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April 12, 2018

Mr. Joseph Mohamed Sr.
4405 College Oak Drive
Sacramento, CA 95841

Re: Roseville Civic Plaza
116 S Grant Street
Roseville, CA 95678

Dear Mr. Mohamed Sr.:

As requested, we have prepared an appraisal of the property referenced above presented in the attached Appraisal Report. The purpose of the appraisal is to develop an opinion of the 'as is' fair market value of the fee simple estate of the subject as of April 2, 2018.

Briefly described, the subject consists of a good quality four-story mixed use - office/retail property in excellent condition, containing approximately 51,570 SF of net rentable area, constructed in 2016. The property is currently vacant and in warm shell condition. The building currently has open floor plans ready for tenancy with nearly finished spaces which only require flooring to be installed in each of the units. The ground floor retail space could also be used as office units as they are open floor plan commercial spaces. The subject's site consists of approximately 17,722 SF or approximately 0.41 acres of land. The site is rectangular and is level and at street grade.

The report contains 125 pages plus related exhibits. The appraisal and the attached Appraisal Report have been prepared in conformity with and are subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP). This report conforms to the IRS requirements of a Qualified Appraisal In preparing this appraisal, we considered the use of the three most widely recognized approaches to value: the Cost, Income Capitalization and Sales Comparison Approaches. The appraisal is subject to the attached Assumptions and Limiting Conditions and Definition of Market Value.

After an inspection of the subject, and analysis of pertinent physical and economic factors that affect value, we are of the opinion that the 'as is' fair market value of the fee simple estate of the subject, as of April 2, 2018, is:

$16,200,000

SIXTEEN MILLION TWO HUNDRED THOUSAND DOLLARS

This appraisal is not based on any extraordinary assumptions.

This appraisal is not based on any hypothetical conditions.

The opinion(s) of value are based on exposure times of 3 to 9 months, assuming the property was properly priced and actively marketed.

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

Respectfully submitted,

JOSEPH J. BLAKE AND ASSOCIATES, INC.

Brian Rapela, MAI, MRICS
Partner
California-Certified Real Estate Appraiser
BREA #: AG033756
Expires: April 20, 2018
Brapela@josephjblake.com

Justin Ayres
Associate Appraiser
California-Trainee Appraiser
3003918
Expires: July 10, 2018
Jayres@josephjblake.com

PROPERTY SUMMARY	
PROPERTY APPRAISED	Roseville Civic Plaza
PROPERTY ADDRESS	116 S Grant Street Roseville, CA 95678
PARCEL/TAX ID	013-123-025
PURPOSE OF THE APPRAISAL	The purpose of the appraisal is to develop an opinion of the 'as is' fair market value of the fee simple estate of the subject as of April 2, 2018.
PERTINENT DATES	
DATE OF INSPECTION	April 2, 2018
DATE OF REPORT	April 12, 2018
DATE OF "AS IS" VALUE	April 2, 2018
HIGHEST AND BEST USE	
AS IMPROVED	The current improvements
AS IF VACANT	To hold for future development
PROPERTY DATA	
IMPROVEMENT DATA	Briefly described, the subject consists of a good quality four-story mixed use - office/retail property in excellent condition, containing approximately 51,570 SF of net rentable area, constructed in 2016. The property is currently vacant and in warm shell condition. The building currently has open floor plans ready for tenancy with nearly finished spaces which only require flooring to be installed in each of the units. The ground floor retail space could also be used as office units as they are open floor plan commercial spaces.
SITE DESCRIPTION	The subject's site contains 17,722 SF or 0.41 acres of land.
CURRENT USE	As of the date of the value opinion(s), the subject was being used as an office building with ground floor retail. For the purposes of this report, the subject is valued as an office building with ground floor retail.
ZONING	"CBD/SA-DT - Central Business District/Special Area-Downtown," The Central Business district is intended to be applied to the older portions of the downtown area to provide flexibility in the types of uses typically found in the traditional downtown where a range of business and service, residential, and mixed use uses can be located to support the entire community. (This former district is now part of the Downtown Specific Plan and subject to the Downtown Code.) under the jurisdiction of the City of Roseville.
OCCUPANCY	0%
CENSUS TRACT	0209.01

VALUE SUMMARY

"As Is" Value (4/2/2018)	
The Cost Approach	$17,250,000
Income Capitalization Approach	$15,300,000
Sales Comparison Approach	$15,250,000
Final Value Opinion	**$16,200,000**

Replacement Cost for Insurance Purposes	**$13,500,000**

SUBJECT FRONT ELEVATION

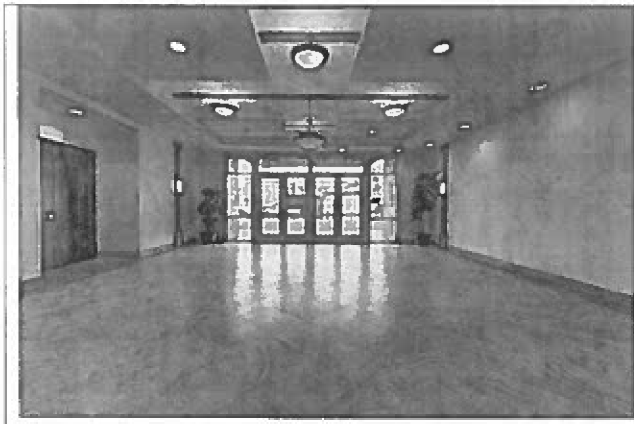
SUBJECT NORTH ELEVATION

SUBJECT SOUTH ELEVATION

SUBJECT REAR ELEVATION

REAR COURTYARD/WALKWAY

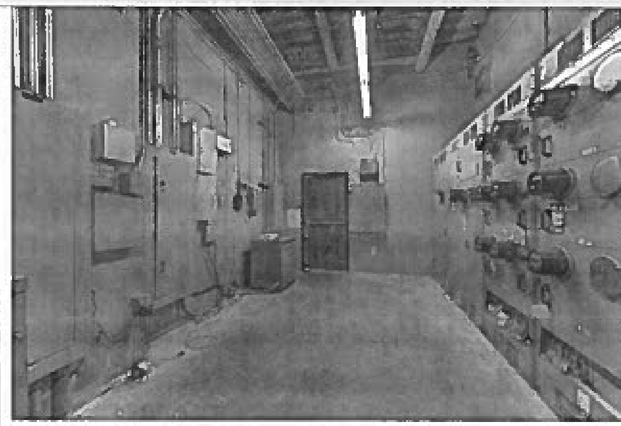
WATER MAIN



LOBBY INTERIOR

LOBBY INTERIOR

LOBBY INTERIOR

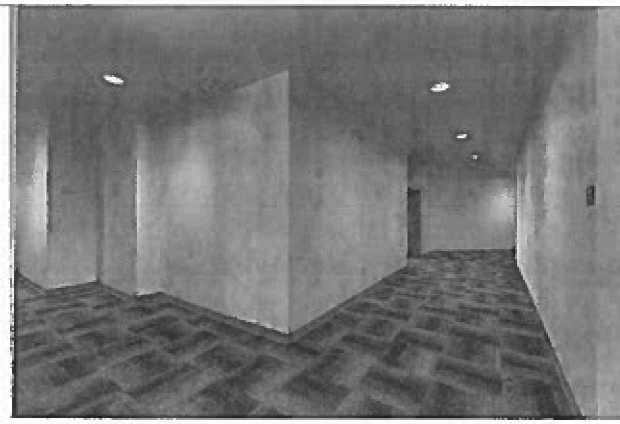


ELECTRIC ROOM

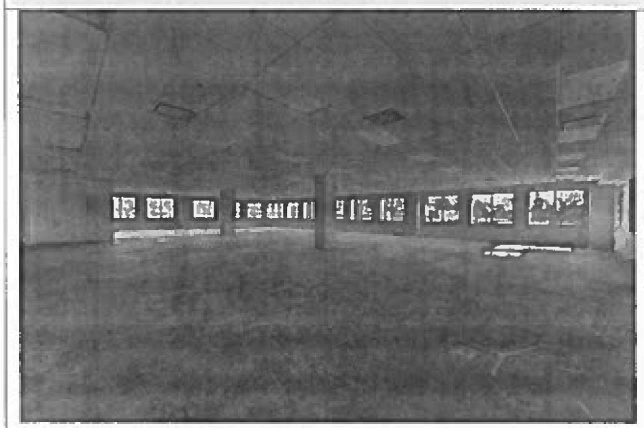
TYPICAL UNIT INTERIOR

TYPICAL UNIT INTERIOR

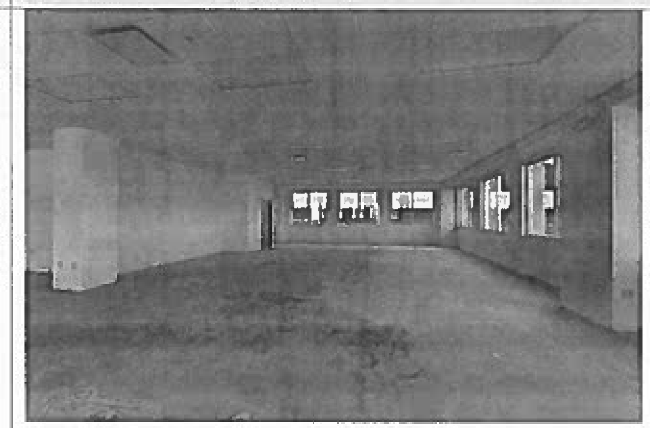
STAIRS



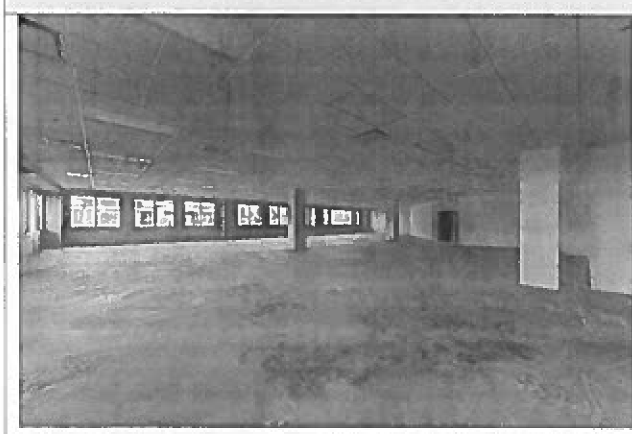
TYPICAL COMMON AREA INTERIOR



TYPICAL UNIT INTERIOR



BALCONY



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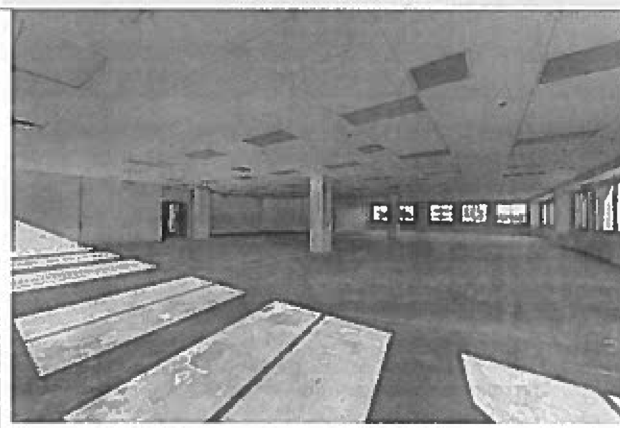

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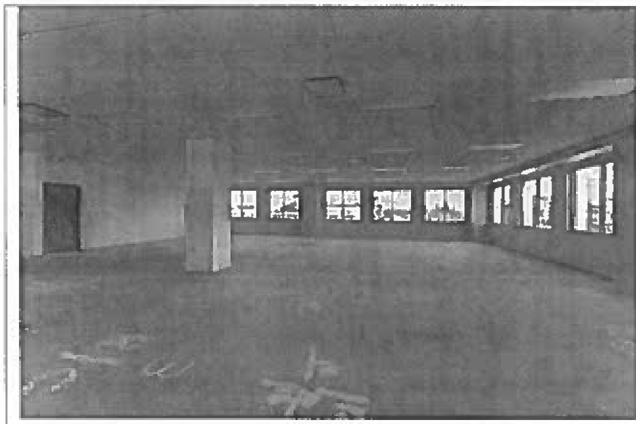
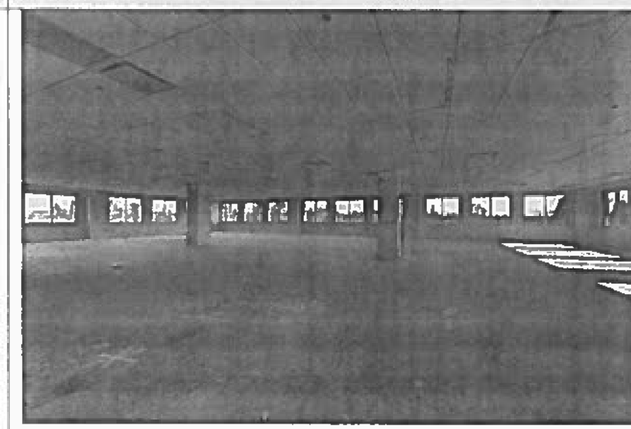


TYPICAL UNIT INTERIOR

TYPICAL COMMON AREA INTERIOR

TYPICAL UNIT INTERIOR



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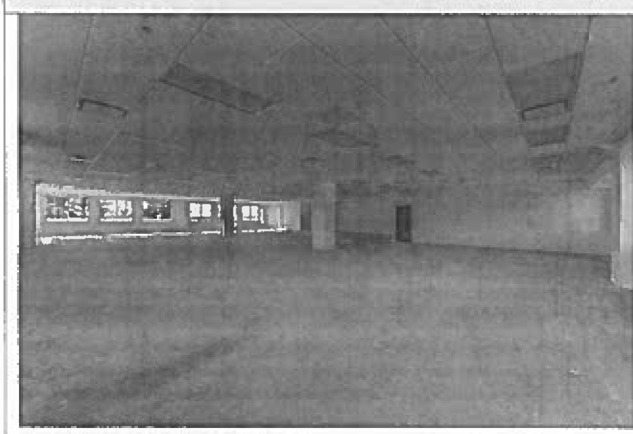

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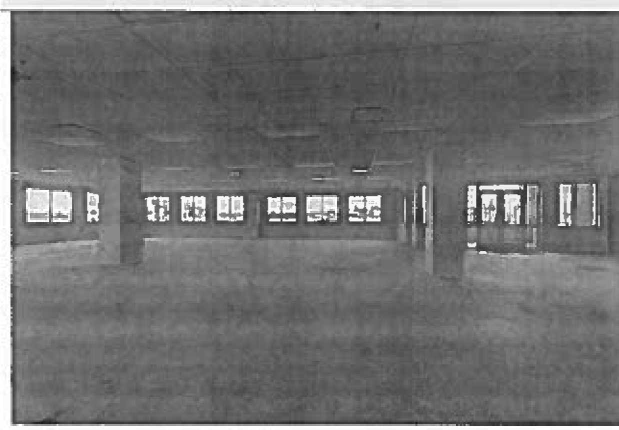

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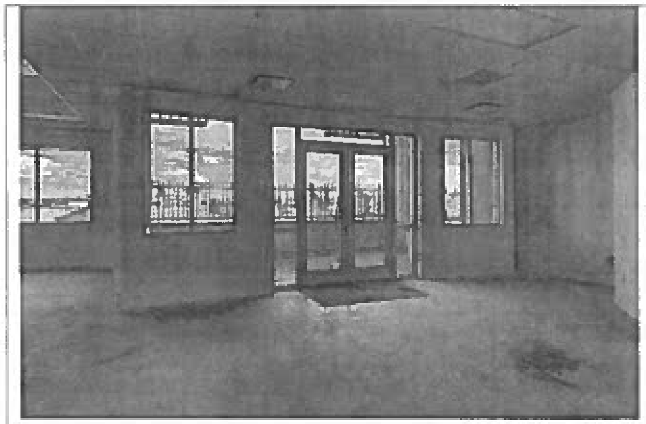

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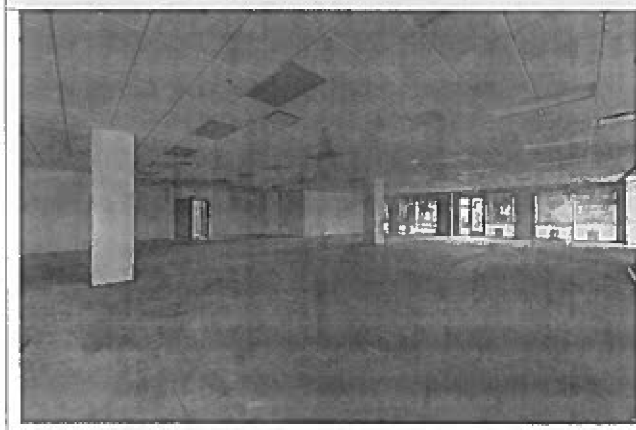
BALCONY



TYPICAL UNIT INTERIOR

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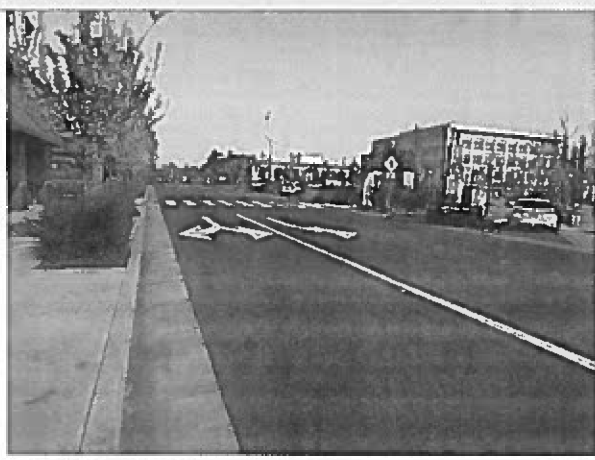


STREET VIEW NORTH ON S. GRANT STREET

STREET VIEW SOUTH ON S. GRANT STREET

STREET VIEW WEST ON OAK STREET

STREET VIEW EAST ON OAK STREET

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Brian Rapela, MAI, MRICS, has not made a personal inspection of the property that is the subject of this report. Justin Ayres, has made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certificate.
- As of the date of this report, Brian Rapela, MAI, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report, Justin Ayres has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.
- The Appraisal Report is not based on a requested minimum valuation, a specific valuation, or the approval of a loan. In addition, our engagement was not contingent upon the appraisal producing a specific value and neither engagement, nor employment, nor compensation, is based upon approval of any related loan application.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

After an inspection of the subject, and analysis of pertinent physical and economic factors that affect value, we are of the opinion that the 'as is' fair market value of the fee simple estate of the subject, as of April 2, 2018, is:

$16,200,000

SIXTEEN MILLION TWO HUNDRED THOUSAND DOLLARS

This appraisal is not based on any extraordinary assumptions.

This appraisal is not based on any hypothetical conditions.

The opinion(s) of value are based on exposure times of 3 to 9 months, assuming the property was properly priced and actively marketed.

Respectfully submitted,

JOSEPH J. BLAKE AND ASSOCIATES, INC.

Brian Rapela, MAI, MRICS
Partner
California-Certified Real Estate Appraiser
BREA #: AG033756
Expires: April 20, 2018
Brapela@josephjblake.com

Justin Ayres
Associate Appraiser
California-Trainee Appraiser
3003918
Expires: July 10, 2018
Jayres@josephjblake.com

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXTRAORDINARY ASSUMPTIONS

This appraisal is not based on any extraordinary assumptions.

HYPOTHETICAL CONDITIONS

This appraisal is not based on any hypothetical conditions.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to develop an opinion of the 'as is' fair market value of the fee simple estate of the subject as of April 2, 2018.

INTENDED USER AND USE OF THE APPRAISAL

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

PERTINENT DATES OF INSPECTION, APPRAISAL VALUE AND REPORT

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

DATE OF INSPECTION	April 2, 2018
DATE OF REPORT	April 12, 2018
DATE OF "AS IS" VALUE	April 2, 2018

DEFINITION OF FAIR MARKET VALUE

The amount at which the property would change hands between a willing buyer and willing seller, when the former is not under any compulsion to buy, and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts.

Source: Regulation §20.2031-1.

EXPOSURE TIME

To form an opinion of exposure time, we considered the exposure times of properties similar to the subject in the same or similar sub-markets that have recently sold and/or conversations with local market participants. Based on our research, we are of the opinion that 3 to 9 months is a reasonable exposure time, assuming the property was reasonably priced and actively marketed.

PROPERTY RIGHTS APPRAISED

The subject is appraised on the basis of a fee simple estate.

SCOPE OF THE APPRAISAL

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

Inspection

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

Subject Physical and Economic Characteristics

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

Information Sources		
Information Type	**Received?**	**Source**
Total Gross Building Area	Yes	Owner, Public Record, Aerial Measurement
Most Recent Deed	Yes	County, Public Record
Legal Description	No	
Zoning Information	Yes	City
Environmental Report	No	
Property Condition Report	No	
Flood Map	Yes	FEMA
Tax Information	Yes	County
Site Plan	No	
Operating Statements	No	
Most Recent Rent Roll	No	
Detailed Lease Abstracts	No	
Demographic Data	Yes	Moody's Analytics
Appraisal Engagement Contract	Yes	Client

Type of Analysis Applied

The Cost, the Sales Comparison, and the Income Capitalization Approaches were applied in this valuation analysis.

Extent of Data Research

General economic data and market data were reviewed. Comparable sales were compiled from published sources including various reliable publications. Market data compiled for this report include a variety of rent comparables and improved property sales. These data are a result of research specific to the market and pertinent to the subject. The data were verified by buyers, sellers, brokers, managers, government officials or other sources regarded as knowledgeable and reliable. A rental survey of competing properties was conducted, and we provide photographs of all the comparable sales and rentals, where available.

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

IDENTIFICATION OF THE PROPERTY

The property is commonly known as:

Roseville Civic Plaza
116 S Grant Street
Roseville, CA 95678

The property is also identified by the Placer County Tax Assessor's Office as tax parcel number(s) 013-123-025.

The legal description of the property is assumed to be correct. We were not provided with a preliminary title report for this assignment. We have not commissioned a survey, nor have we had one verified by legal counsel. Therefore, we suggest a title company, legal counsel, or other qualified expert verify this legal description before it is used for any purpose.

CURRENT USE OF THE SUBJECT

As of the date of the value opinion(s), the subject was being used as an office building with ground floor retail. For the purposes of this report, the subject is valued as an office building with ground floor retail.

HISTORY OF THE SUBJECT

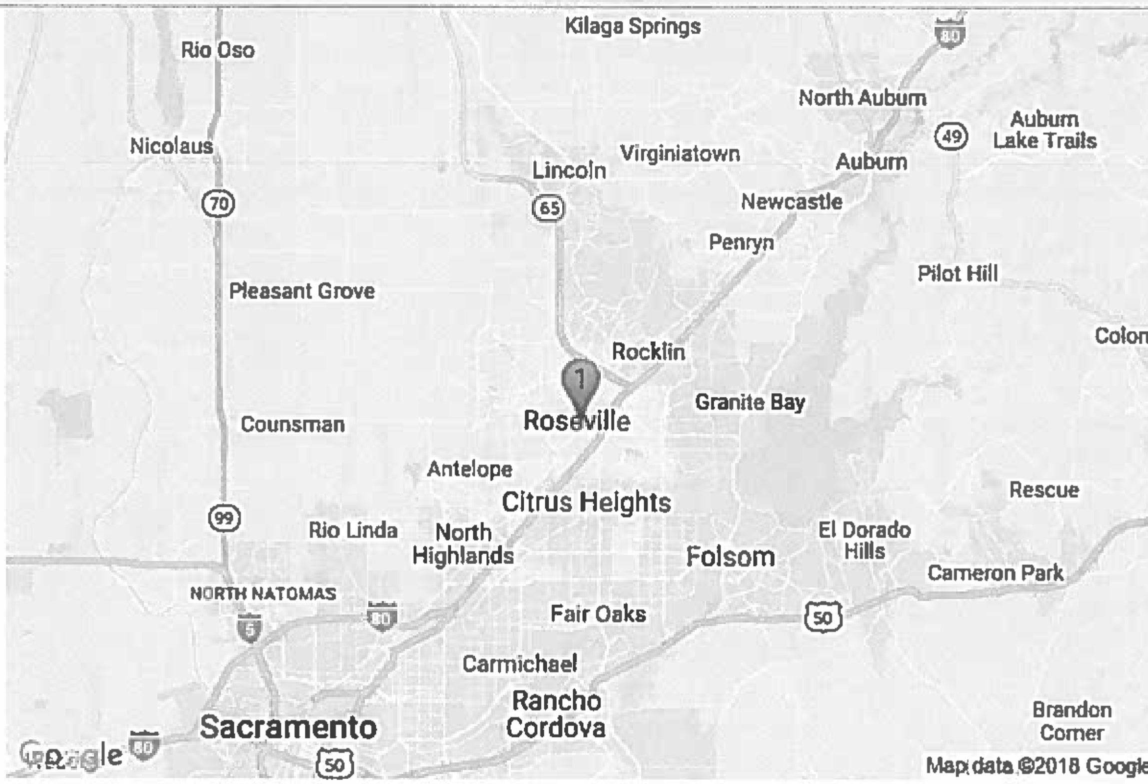
The subject is currently owned by Joseph Mohamed Sr. and Shirley M. Mohamed, Husband and wife as joint tenants.

There have been no sales of the subject property within the last three years. The most recent transfer of the subject property took place on March 19, 2013, as recorded by Placer County document number 27713. This transaction does not appear to be arm's length. There has also been a non-arm's-length transaction in transfer of ownership from Civic Center Plaza LLC to Joseph Mohamed Sr. and Shirley M. Mohamed, Husband and wife as joint tenants, which took place on March 30, 2018 as recorded by Placer County document number 21843.

The subject was purchased partially complete in a distressed situation where the developer went bankrupt on the project and the property was foreclosed on. The current ownership completed the construction to bring the subject property to a warm shell condition.

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

AREA MAP



INTRODUCTION

Sacramento County is one of four counties that comprise the region's metropolitan statistical area (MSA). The other three counties are Yolo, which is situated to the west across the Sacramento River, and Placer and El Dorado, which extend northwest and west to the Nevada border. Yuba and Sutter counties, situated to the north of Sacramento's city limits, are not included in the MSA, but are often included in regional planning actions.

The Sacramento MSA's geography includes both river delta lowlands and Sierra Nevada Mountain highlands. The City of Sacramento, as the state capitol; the delta lowlands, as a strong agricultural center with low priced real estate; and Lake Tahoe, as a second-home destination, all have witnessed dramatic growth over the past three decades which in turn has spurred the maturation and diversification of its industrial and economic bases. In the months following the 2001 recession, the Sacramento MSA demonstrated greater economic resilience than the adjacent San Francisco Bay Area economy. However, during the most recent recession in 2008 stemming from the collapse of the financial markets, the Sacramento region experienced a tremendous decline with high unemployment and one of the highest foreclosure rates in the country. However, the region is expected to continue to broaden its recovery in 2015 as state government finances continue to improve, and housing becomes a larger component driving the economic recovery. Over the long term, the anticipated, above-average population growth, coupled with the lower cost of living and doing business as compared to the adjacent San Francisco Bay Area, should benefit the Sacramento region. Over the extended forecast horizon, the metro area is expected to be an average to good performer.

Transportation

Regional transportation systems and transportation accessibility are key aspects to the distribution of jobs, housing and population. The regional transportation system includes a network of freeways and local roadways, public transit, pedestrian and bicycle facilities, airports.

The major freeways serving Sacramento County are Interstate 5 and Interstate 80. Interstate 5 serves as the major north/south route through the county providing access to the entire state of California. Interstate 80 serves as the major east/west route through the county providing access to the San Francisco Bay Area and the Sierra Nevada. Several state highways provide service from Sacramento to outlying but commercially important areas such as Lake Tahoe, Fresno and Bakersfield. Central Sacramento is easily accessed by U.S. Highway 50, Interstate 5 and State Highway 160 and the Business Loop of Interstate 80. Interstate 5 and Highway 99 serve south Sacramento, while the main route of Interstate 80 runs north of the city core between West Sacramento and Northeast Sacramento through a corridor of commercial and industrial growth.

The Sacramento Regional Transit District (RT) operates 80 bus routes and 26.9 miles of light rail covering a 418 square-mile service area. Buses and light rail run 365 days a year using 76 light rail vehicles, 258 buses powered by compressed natural gas (CNG) and 17 shuttle vans.

The Department of Transportation maintains bikeways in Sacramento County. This maintenance includes sweeping bike lanes to keep them free of debris, ensuring that bike lane markings are visible and that traffic signal equipment is operational.

With regard to air service, Sacramento's two civilian airports, Sacramento International Airport and Sacramento Executive Airport, satisfy the area's current air transportation needs and offers ample space for future expansion. The International Airport, located in the northwestern part of Sacramento, is only fifteen minutes away from downtown and the State Capitol facilities. The Sacramento Executive Airport, situated in the southwestern portion of the city, is home to more than 20 major corporate and government tenants. Sacramento also provides bulk transportation through its shipping channels and two railroad systems, the Southern Pacific and Union Pacific Railroads.

Government

Incorporated cities control land use policy through the use of zoning laws and general plans. Additionally, support services are provided such as schools, police and fire protection, and construction and maintenance of local roadways. Unincorporated areas within the region are subject to the land use policies established by the local county. County governments also provide some public services including local public transportation

In general, cities and counties within California have some of the most restrictive land use and growth controls in the country. As a result, development costs are high and fewer projects are constructed. In addition, activism by the general public and various special interest groups can have a significant impact on the length of the entitlement process as well as the scope of the project. Local residents can have a major impact on a development proposal with opposition that is often based on issues such as increased traffic congestion, increased burden on local schools, view impairment, and open space reduction. Environmental groups often play an opposition role in the development process with concerns for endangered animal species, rare indigenous plants, air quality, and wetland reduction.

Proposition 13 limits the amount of real estate taxes that a local government can levy, so local municipalities have less revenue with which to provide basic infrastructure and services. As such, responsibility for public facility improvements is increasingly shifted to the developers of any new project. The means of financing includes impact fees, hook-up charges, and permit fees. Land dedication for open space is also commonly required, which reduces a project's profitability and raises costs to the purchaser(s). Further, in the development of new subdivisions, assessment bonds provide the financing for needed infrastructure construction or services such as school and fire district creation. Assessment bonds repayment is attached to each developed site within the assessment bond district either for a defined period (typically 20 to 30 years) or in perpetuity. These assessment bonds are collected along with real property taxes and can substantially increase the annual cost of ownership.

Environmental

The most powerful geographic influence is exerted by the earthquake fault zones that lace the region. In 1989, the Loma Prieta earthquake caused heavy damage along the San Francisco Bay Area Peninsula as well as the East Bay. This earthquake was the most serious one to affect the San Francisco area since 1906. Despite the physical damage to buildings and infrastructure caused by the earthquake, the economy of the region suffered no significant long-term consequences.

The Alquist-Priolo Earthquake Fault Zoning Act was passed in 1972 to mitigate the hazard of surface faulting to structures for human occupancy. Surface rupture is the most easily avoided seismic hazard. In accordance with the law, local agencies must regulate most development projects within the earthquake fault zones. Before a project can be permitted, cities and counties must require a geologic investigation to demonstrate that proposed buildings will not be constructed across active faults. Typically, a structure for human occupancy must be set back 50 feet from a fault. This Act only addresses the hazard of surface fault rupture and is not directed toward other earthquake hazards. Strong shaking causes most of the damage during an earthquake. However, secondary hazards such as landslides and liquefaction can cause heavy damage. Liquefaction occurs when water-saturated sandy soil is shaken and temporarily cannot support buildings or other heavy structures. The 1989 Loma Prieta earthquake caused extensive liquefaction-related damage in San Francisco's Marina District. The Seismic Hazards Mapping Act was passed in 1990 to address non-surface fault rupture earthquake hazards, including liquefaction and seismically induced landslides. The Act requires that site-specific geotechnical investigations be performed prior to permitting most urban development projects within the designated hazard zones.

Although Sacramento County is not located in the Alquist-Priolo Earthquake Fault Zones as of May 1, 1999, it is important to note that many areas in California are subject to occasional seismic activity.

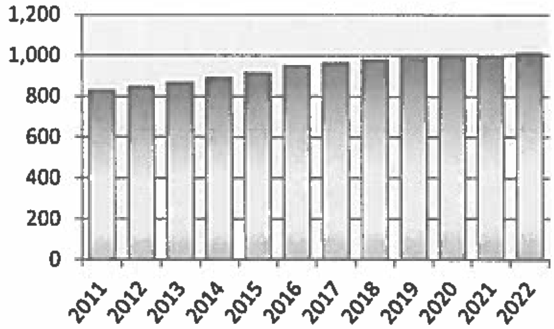
AREA DEMOGRAPHIC AND INCOME DATA

The following data was obtained from *MOODY'S ANALYTICS Précis® U.S. Metro West*, November 2017. The full report is located in the Addenda, and contains additional information about the social, economic, governmental and environmental forces that influence value.

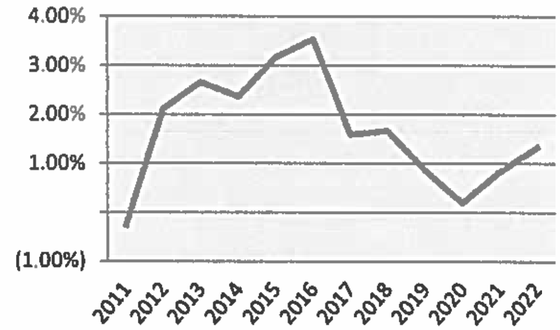
Moody's Source for Charts												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross metro product (C09$ bil)	105.7	107.3	109.4	112.3	117.0	120.7	123.8	127.0	129.7	131.4	135.6	140.0
% change	0.26%	1.47%	1.93%	2.66%	4.19%	3.14%	2.59%	2.55%	2.16%	1.34%	3.19%	3.24%
Total employment (ths)	829.0	846.5	869.0	889.5	917.7	950.1	965.1	981.2	989.8	991.7	999.9	1,013.2
% change	(0.26%)	2.11%	2.66%	2.36%	3.16%	3.53%	1.58%	1.67%	0.87%	0.20%	0.83%	1.33%
Unemployment rate (%)	11.68%	10.21%	8.55%	7.08%	5.82%	5.23%	4.73%	4.34%	4.35%	5.18%	5.61%	5.58%
Personal income growth (%)	5.70%	4.49%	3.01%	6.22%	7.52%	3.84%	3.53%	3.86%	4.49%	4.36%	4.62%	4.75%
Median household income ($ ths)	56.1	56.3	58.0	60.0	62.3	64.1	65.3	67.3	69.5	71.5	73.6	75.8
Population (ths)	2,174.8	2,193.7	2,214.6	2,240.4	2,267.6	2,296.4	2,311.2	2,323.3	2,336.4	2,350.0	2,364.9	2,382.7
% change	0.94%	0.87%	0.95%	1.17%	1.21%	1.27%	0.64%	0.52%	0.57%	0.58%	0.63%	0.75%
Single-family permits (#)	1,873.0	2,848.0	3,539.0	3,694.0	5,175.0	6,135.0	6,527.2	7,483.2	9,756.8	11,065.9	11,933.8	12,166.3
Multifamily permits (#)	618.0	560.0	650.0	465.0	1,009.0	1,069.0	1,821.2	509.4	768.6	1,026.4	1,398.0	1,625.4
FHFA house price (1995Q1=100)	$153.31	$154.38	$181.36	$204.44	$218.02	$235.22	$259.30	$281.15	$298.40	$310.76	$320.70	$330.19

Source: *MOODY'S ANALYTICS Précis® U.S. Metro West*, November 2017

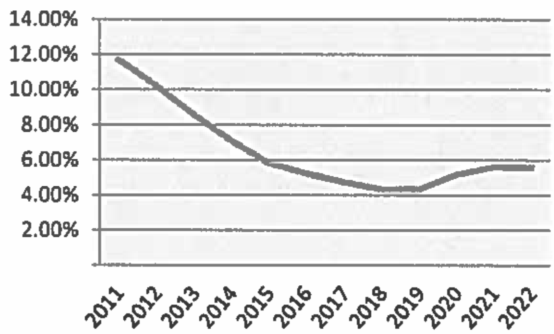
Total Employment (ths)



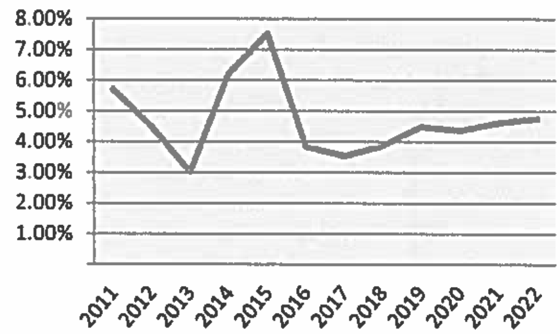
% Change in Employment



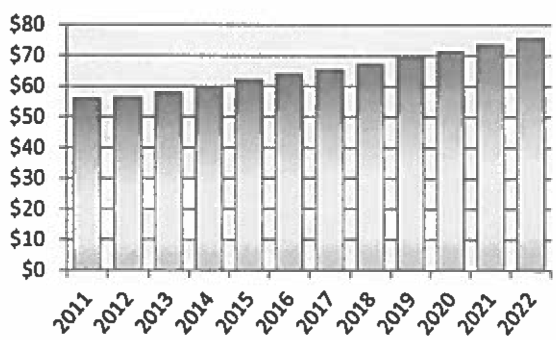
Unemployment Rate



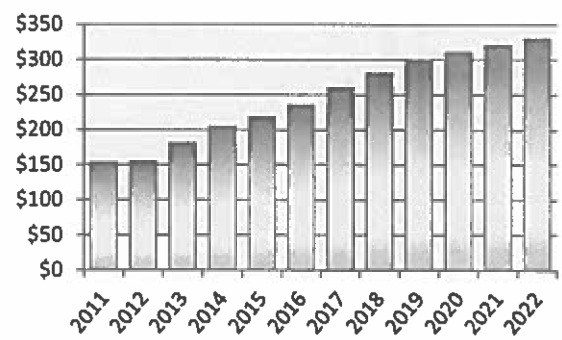
Personal Income Growth

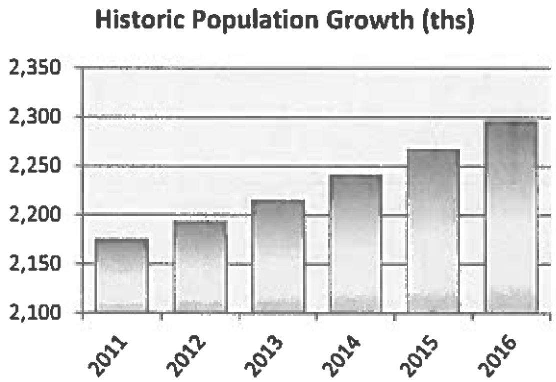


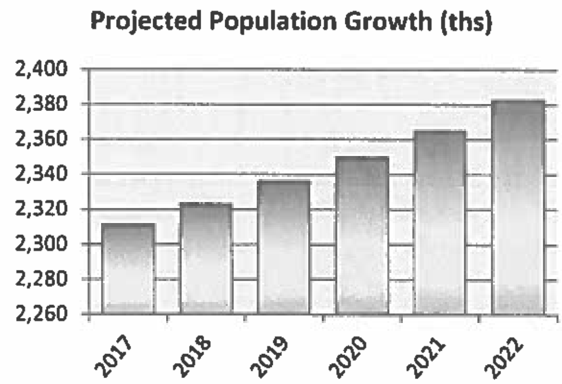
Median Household Income (ths)

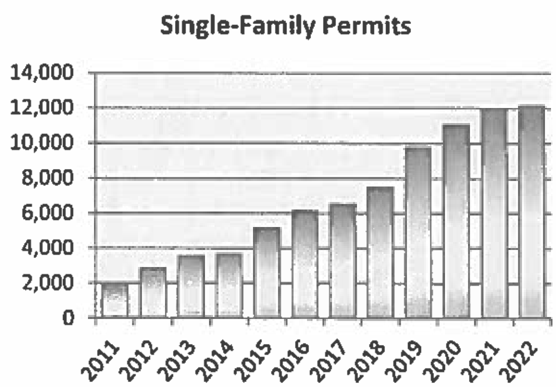


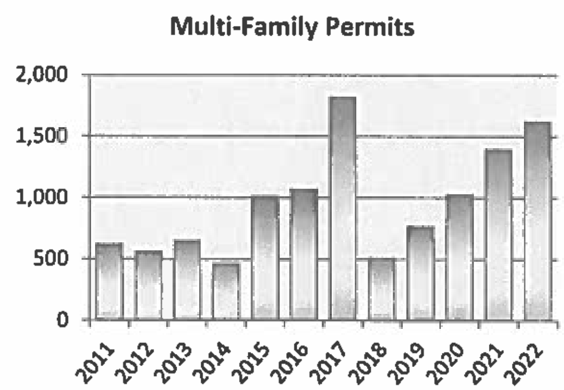
Existing Home Price (ths)







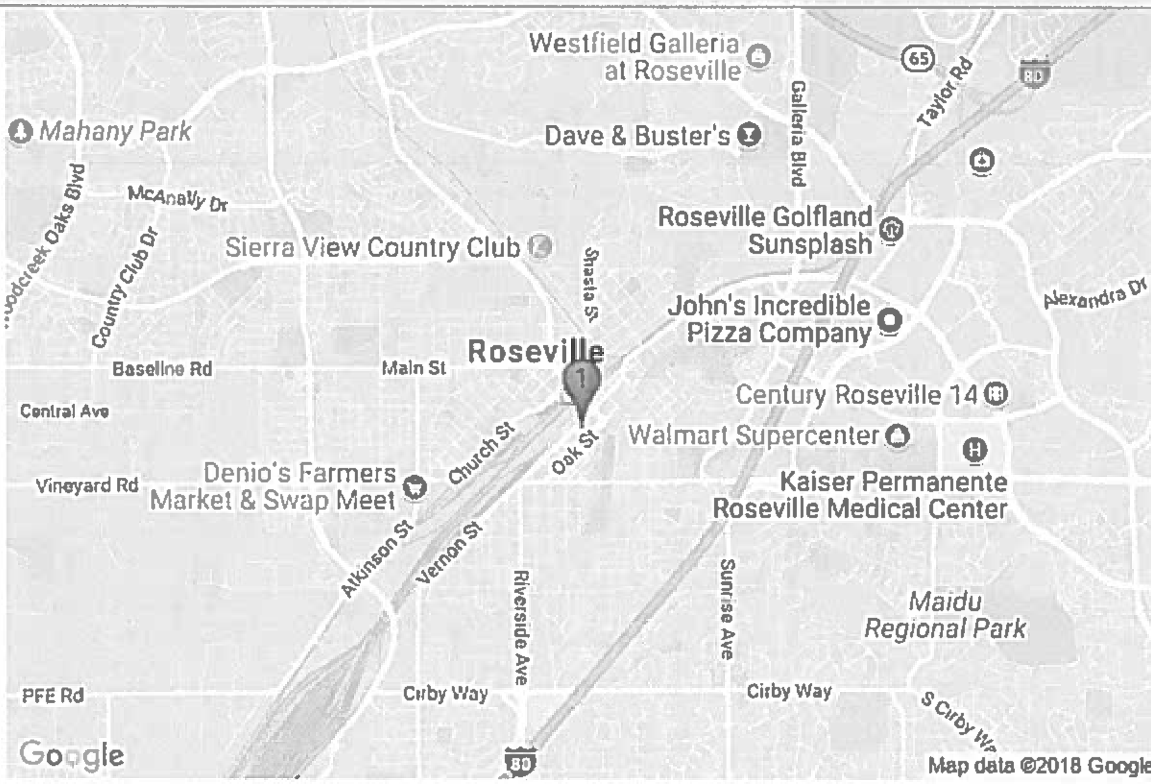




CONCLUSION

Sacramento-Roseville-Arden-Arcade will get its act together soon, but job growth will be on par with rather than exceed the U.S. average in the near term. Healthcare will lead the way, with housing also contributing more than it does elsewhere thanks to strong population trends. Longer term, Sacramento will excel thanks to relatively low costs and strong demographics.

NEIGHBORHOOD MAP



INTRODUCTION

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

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

LOCATION & ACCESSIBILITY

The subject property is located in Downtown Roseville, Placer County, California. Roseville is situated northeast of Sacramento along the Interstate Highway 80 corridor. The subject site has access from S Grant Street and Oak Street, both accessed by Vernon Street and Riverside Avenue north of I-80.

DEVELOPMENT

The prevailing land uses within this area are commercial – office and retail as well as public uses. There was no new development was observed in the immediate vicinity of the subject site. Reportedly, The fire station to the south of the subject site and the old post office building to the north of the subject site are to be redeveloped into a multi-family properties in the coming years, but no permits have been issued.

DEMOGRAPHICS

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

Demographics						
	2017			2022		
Summary	**1 mile**	**3 mile**	**5 mile**	**1 mile**	**3 mile**	**5 mile**
Population	14,734	107,719	302,806	15,271	112,538	318,429
Households	5,866	41,507	111,836	6,090	43,430	117,438
Families	3,472	27,581	78,041	3,604	28,778	81,888
Average Household Size	2.44	2.57	2.69	2.44	2.57	2.70
Owner Occupied Housing Units	2,685	23,246	71,130	2,777	24,065	74,448
Renter Occupied Housing Units	3,181	18,261	40,705	3,313	19,364	42,990
Median Age	37.3	36.9	37.5	38.2	37.6	38.0
Population by Age	**1 mile**	**3 mile**	**5 mile**	**1 mile**	**3 mile**	**5 mile**
0 - 4	6.7%	6.1%	6.1%	6.7%	6.2%	6.2%
5 - 9	6.2%	6.1%	6.5%	6.0%	5.9%	6.3%
10 - 14	5.9%	6.4%	6.8%	5.9%	6.1%	6.5%
15 - 19	5.6%	6.3%	6.5%	5.5%	5.8%	6.1%
20 - 24	6.7%	6.9%	6.4%	6.2%	6.3%	5.6%
25 - 34	15.6%	15.6%	14.3%	15.2%	15.9%	14.9%
35 - 44	13.1%	12.9%	13.0%	13.7%	13.9%	13.8%
45 - 54	12.2%	13.0%	13.5%	11.6%	11.6%	12.0%
55 - 64	12.0%	12.5%	12.3%	11.6%	12.2%	12.2%
65 - 74	8.0%	8.1%	8.1%	9.2%	9.2%	9.2%
75 - 84	4.6%	3.9%	4.3%	5.2%	4.8%	5.0%
85+	3.5%	2.2%	2.2%	3.3%	2.1%	2.2%
Households by Income	**1 mile**	**3 mile**	**5 mile**	**1 mile**	**3 mile**	**5 mile**
<$15,000	12.40%	7.70%	7.00%	12.80%	8.10%	7.40%
$15,000 - $24,999	9.40%	7.30%	6.90%	9.20%	7.20%	6.80%
$25,000 - $34,999	11.10%	8.10%	7.30%	10.30%	7.60%	6.80%
$35,000 - $49,999	19.10%	12.50%	11.70%	17.10%	11.00%	10.20%
$50,000 - $74,999	18.80%	19.30%	17.70%	16.90%	16.70%	15.10%
$75,000 - $99,999	13.00%	14.60%	15.00%	13.60%	14.30%	14.40%
$100,000 - $149,999	10.50%	16.40%	18.00%	12.80%	18.30%	19.50%
$150,000 - $199,999	3.60%	8.40%	9.20%	4.70%	9.90%	10.90%
$200,000+	2.00%	5.80%	7.30%	2.50%	7.00%	8.90%
Median Household Income	$47,716	$66,691	$73,758	$50,539	$73,821	$80,223
Average Household Income	$62,609	$87,753	$94,626	$70,598	$98,678	$107,029
Per Capita Income	$26,440	$34,142	$35,163	$29,692	$38,389	$39,660

Source: Site To Do Business

Trends: 2017 - 2022 Annual Rate			
1 mile Radius	**Area**	**State**	**National**
Population	0.72%	0.84%	0.83%
Households	0.75%	0.77%	0.79%
Families	0.75%	0.77%	0.71%
Owner HHs	0.68%	0.67%	0.72%
Median Household Income	1.16%	2.66%	2.12%
3 mile Radius	**Area**	**State**	**National**
Population	0.88%	0.84%	0.83%
Households	0.91%	0.77%	0.79%
Families	0.85%	0.77%	0.71%
Owner HHs	0.69%	0.67%	0.72%
Median Household Income	2.05%	2.66%	2.12%
5 mile Radius	**Area**	**State**	**National**
Population	1.01%	0.84%	0.83%
Households	0.98%	0.77%	0.79%
Families	0.97%	0.77%	0.71%
Owner HHs	0.92%	0.67%	0.72%
Median Household Income	1.69%	2.66%	2.12%

Source: Site To Do Business

Source: Site To Do Business

LIFE CYCLE

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

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

Source: The Appraisal of Real Estate, 14th Edition

From a general examination, it appears that the neighborhood is in a period of healthy stability.

The neighborhood is expected to remain stable for the foreseeable future.

NEIGHBORHOOD ANALYSIS CONCLUSION

In conclusion, the neighborhood has a good demographic profile and the area has a strong employment base conducive to some good draw. This area is located adjacent to or proximate to thoroughfares which provide easy access to the surrounding population. This population has a good income profile with household income levels slightly above national averages. There is little vacant land within a few miles, though underutilized sites can and are being redeveloped. Overall this is a good area that is experiencing increasing demand for product types like the subject as the office sector has experienced strong market fundamentals over the last three years.

MARKET ANALYSIS

The following information was compiled from published sources and is used in conjunction with primary and secondary data to analyze the market trends impacting the value of the subject property.

NATIONAL SUBURBAN OFFICE MARKET - PWC

According to the *PwC Real Estate Investor Survey*, 4th Quarter 2017:

> Overall vacancy held relatively steady for the national suburban office market in the third quarter of 2017 compared to a year ago as more areas are reporting year-over-year declines in vacancy rather than increases. Specifically, overall vacancy was 13.7%, as per Cushman & Wakefield.
>
> While a few surveyed investors list steady leasing activity and generally low levels of new construction as reasons for this market's stability, another states that the trend of repurposing older office product into other uses is helping to maintain vacancy and even lower it in certain areas.
>
> Nevertheless, occupancy and retaining tenants remain top concerns for owners of suburban office product. "Keeping assets stabilized and determining the future space needs of tenants are priorities," says an investor.
>
> Tracking tenant trends has been difficult for many suburban office property owners over the past few years as the workforce and employers showed a greater preference for downtown locations. Now, it appears the pendulum is starting to swing in favor of the suburbs again as suburban landlords upgrade office parks to include amenities like food trucks, concert venues, and coffee lounges, which mimic urban life and appeal to an aging, family-forming millennial population. (pg. 27)

Key Survey Stats
National Suburban Office Market
Fourth Quarter 2017

	Current Quarter	Last Quarter
Tenant Retention Rate	40.0%-75.0%	40.0%-75.0%
Average	63.00%	63.00%
Months of Free Rent (10-yr lease)	0-15	0-18
Average	6.0	8.0
% of participants using	88.00%	88.00%
Market Conditions Favor		
Buyers	43.00%	38.00%
Sellers	0.00%	12.00%
Neither	57.00%	50.00%

Source: PwC Real Estate Investor Survey, 4th Quarter 2017

National Market Yield Rates for Real Estate Investments National Suburban Office Market Fourth Quarter 2017			
	Current Quarter	Last Quarter	Year Ago
Discount Rate (IRR)	6.00%-12.00%	6.00%-11.50%	5.75%-10.00%
Average	8.34%	8.03%	7.59%
Overall Cap Rate (OAR)	4.20%-10.00%	5.00%-10.00%	4.50%-9.00%
Average	6.72%	6.69%	6.43%
Residual Cap Rate	6.00%-11.50%	5.75%-11.50%	5.50%-10.00%
Average	7.61%	7.42%	7.28%
Market Rent Change Rate	0.00%-5.00%	0.00%-5.00%	0.00%-5.00%
Average	1.86%	2.00%	2.25%
Expense Change Rate	0.00%-4.00%	0.00%-4.00%	2.00%-4.00%
Average	2.68%	2.72%	2.91%
Marketing Time Range	1-12 months	1-12 months	3-12 months
Average	6.5	6.0	6.1

Source: PwC Real Estate Investor Survey, 4th Quarter 2017

NATIONAL SUBURBAN OFFICE MARKET - REALTYRATES.COM

According to the *RealtyRates.com Investor Survey*, 4th Quarter 2017, the following tables summarize prevailing mortgage terms and resulting built-up overall capitalization rates (OAR's) via debt coverage ratio and band of investment techniques, together with OAR's from consummated transactions as reported by survey respondents based on actual net operating income (NOI) exclusive of reserves and actual sales price exclusive of deferred maintenance. These data are for Class A and B properties nationwide. Mortgage terms and equity dividend rates are likewise national rates as reported by survey respondents.

RealtyRates.com Investor Survey
Office - All Types
Fourth Quarter 2017

Item	Input								OAR
Minimum									
Spread Over 10-Year Treasury	1.02%								
Debt Coverage Ratio	1.15	**DCR Technique**	1.15	x	0.04456	x	0.90	=	4.61%
Interest Rate	3.23%	**Band of Investment Technique**							
Amortization	40	Mortgage	90%	x	0.044564	=	0.040108		
Mortgage Constant	0.044564	Equity	10%	x	0.075949	=	0.007595		
Loan-to-Value Ratio	90%	OAR			0.040108	+	0.007595	=	4.77%
Equity Dividend Rate	7.59%	**Surveyed Rates**							4.53%
Maximum									
Spread Over 10-Year Treasury	6.29%								
Debt Coverage Ratio	2.15	**DCR Technique**	2.15	x	0.11817	x	0.50	=	12.70%
Interest Rate	8.50%	**Band of Investment Technique**							
Amortization	15	Mortgage	50%	x	0.118169	=	0.059084		
Mortgage Constant	0.118169	Equity	50%	x	0.161022	=	0.080511		
Loan-to-Value Ratio	50%	OAR			0.059084	+	0.080511	=	13.96%
Equity Dividend Rate	16.10%	**Surveyed Rates**							13.26%
Average									
Spread Over 10-Year Treasury	3.16%								
Debt Coverage Ratio	1.65	**DCR Technique**	1.65	x	0.067122	x	0.725	=	8.03%
Interest Rate	5.37%	**Band of Investment Technique**							
Amortization	30	Mortgage	73%	x	0.067122	=	0.048663		
Mortgage Constant	0.067122	Equity	28%	x	0.122739	=	0.033753		
Loan-to-Value Ratio	72.5%	OAR			0.048663	+	0.033753	=	8.24%
Equity Dividend Rate	12.27%	**Surveyed Rates**							9.61%

Source: RealtyRates.com Investor Survey, 4th Quarter 2017

RealtyRates.com Investor Survey Office - Suburban Fourth Quarter 2017										
Item	**Input**									**OAR**
Minimum										
Spread Over 10-Year Treasury	1.02%									
Debt Coverage Ratio	1.15	**DCR Technique**	1.15	x	0.044564	x	0.90		=	4.61%
Interest Rate	3.23%	**Band of Investment Technique**								
Amortization	40	Mortgage	90%	x	0.044564	=	0.040108			
Mortgage Constant	0.044564	Equity	10%	x	0.075949	=	0.007595			
Loan-to-Value Ratio	90%	OAR			0.040108	+	0.007595		=	4.77%
Equity Dividend Rate	7.59%	**Surveyed Rates**								4.53%
Maximum										
Spread Over 10-Year Treasury	5.14%									
Debt Coverage Ratio	1.90	**DCR Technique**	1.90	x	0.110221	x	0.60		=	12.57%
Interest Rate	7.35%	**Band of Investment Technique**								
Amortization	15	Mortgage	60%	x	0.110221	=	0.066133			
Mortgage Constant	0.110221	Equity	40%	x	0.149022	=	0.059609			
Loan-to-Value Ratio	60%	OAR			0.066133	+	0.059609		=	12.57%
Equity Dividend Rate	14.90%	**Surveyed Rates**								11.95%
Average										
Spread Over 10-Year Treasury	3.08%									
Debt Coverage Ratio	1.53	**DCR Technique**	1.53	x	0.069079	x	0.75		=	7.90%
Interest Rate	5.29%	**Band of Investment Technique**								
Amortization	28	Mortgage	75%	x	0.069079	=	0.051809			
Mortgage Constant	0.069079	Equity	25%	x	0.108832	=	0.027208			
Loan-to-Value Ratio	75%	OAR			0.051809	+	0.027208		=	7.90%
Equity Dividend Rate	10.88%	**Surveyed Rates**								8.90%

Source: RealtyRates.com Investor Survey, 4th Quarter 2017

The following tables summarize discount and equity dividend rates reported by survey respondents. In all cases, rates were derived from Class A and B properties nationwide and are exclusive of reserves. Note that "Recapitalizations" refers to re-financing under current use.

RealtyRates.com Investor Survey Office - Discount Rates Fourth Quarter 2017									
	New Development			Acquisitions			Recapitalizations		
Property Type	Min.	Max.	Avg.	Min.	Max.	Avg.	Min.	Max.	Avg.
Office	6.27%	15.31%	11.62%	5.46%	13.32%	10.11%	6.21%	15.16%	11.50%
Suburban	6.27%	14.05%	10.92%	5.46%	12.22%	9.50%	6.21%	13.91%	10.82%
CBD	7.32%	15.31%	11.81%	6.36%	13.32%	10.28%	7.24%	15.16%	11.70%
Medical	7.45%	15.31%	10.80%	6.48%	13.32%	9.40%	7.37%	15.16%	10.70%

Source: RealtyRates.com Investor Survey, 4th Quarter 2017

RealtyRates.com Investor Survey Office - Equity Dividend Rates Fourth Quarter 2017			
Property Type	Min.	Max.	Avg.
Office	7.59%	16.10%	12.27%
Suburban	7.59%	14.90%	10.88%
CBD	7.79%	16.10%	11.53%
Medical	7.69%	15.50%	11.21%

Source: RealtyRates.com Investor Survey, 4th Quarter 2017

The following tables summarize sales, income, occupancy, and operating expense data, as well as relevant rates and ratios, for class A and B office properties in the continental U.S. Office properties are multi-tenant only. Operating expenses do not include reserves for repairs and replacement.

Note that the cap rates provided are based solely on average market-wide operating fundamentals and sales prices. As such, while they are analogous to "as is" rates, they should be used with caution. In addition, due to rounding, "% Change" may be slightly positive or negative although no change is indicated.

RealtyRates.com Market Survey Nationwide - Class A & B Office Buildings Fourth Quarter 2017						
	3Q2017		2Q2017		% Change	
	CBD	Suburb	CBD	Suburb	CBD	Suburb
Operating Data						
Income						
Asking Rent	$27.22	$23.46	$26.87	$23.16	1.3%	1.3%
Effective Rent	$22.28	$19.17	$22.01	$18.95	1.2%	1.2%
Other Income	$1.11	$0.96	$1.10	$0.95	1.2%	1.2%
Total Income	$23.40	$20.13	$23.11	$19.90	1.2%	1.2%
Vacancy Rate	11.9%	12.1%	12.0%	12.3%	-0.8%	-1.8%
Effective Gross Income (EGI)	$20.61	$17.69	$20.34	$17.44	1.4%	1.4%
Expenses						
Total Expenses	$10.58	$9.42	$10.53	$9.38	0.4%	0.4%
Expense Ratio	51.31%	53.21%	51.78%	53.75%	-0.9%	-1.0%
Net Operating Income (NOI)	$10.04	$8.28	$9.81	$8.07	2.3%	2.6%
Investment Data						
Average Sale Price	$112	$95	$110	$92	2.2%	2.8%
Overall Cap Rate (OAR)	8.9%	8.7%	8.9%	8.7%	0.1%	-0.2%
Gross Rent Multiplier (GRM)	5.04	4.95	4.99	4.87	1.0%	1.6%
Effective Gross Income Multiplier (EGIM)	5.45	5.36	5.4	5.29	0.9%	1.3%

Source: RealtyRates.com Market Survey, 4th Quarter 2017

COSTAR SACRAMENTO OFFICE MARKET REPORT (1Q2018)

12 Mo Deliveries In SF	12 Mo Net Absorption In SF	Vacancy Rate	12 Mo Rent Growth
71 K	**1.6 M**	**9.7%**	**5.4%**

Sacramento's office market has benefited this cycle from job growth largely outpacing the national average, limited new inventory, and steady demand. As a result vacancy has touched single-digits and is about in line with the national average. Rent growth has also benefited from these dynamics, as gains have been among the strongest in the nation. While investment activity hasn't neared its levels from the previous cycle, volume in 2017 topped $1 billion for the second year in a row, and sales in 2018 got off to a hot start with the trade of one of the most prominent office assets in the metro.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Gross Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	29,875,920	7.4%	$2.50	9.3%	188,652	0	256,800
3 Star	44,765,058	10.2%	$1.84	13.8%	46,261	0	412,092
1 & 2 Star	28,246,637	11.2%	$1.52	12.8%	40,558	0	0
Market	**102,887,615**	**9.7%**	**$1.94**	**12.2%**	**275,471**	**0**	**668,892**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-1.5%	12.4%	10.2%	16.8%	2011 Q2	8.1%	2000 Q2
Net Absorption SF	1.6 M	1,271,961	698,894	4,415,778	2005 Q4	(863,249)	2011 Q1
Deliveries SF	71 K	1,535,490	1,017,646	3,681,547	2001 Q3	20,609	2015 Q4
Rent Growth	5.4%	1.3%	2.6%	10.3%	2001 Q2	-9.1%	2009 Q3
Sales Volume	$1.3 B	$680.9 M	N/A	$2.0 B	2007 Q2	$171.1 M	2000 Q1

Source: Costar

Leasing

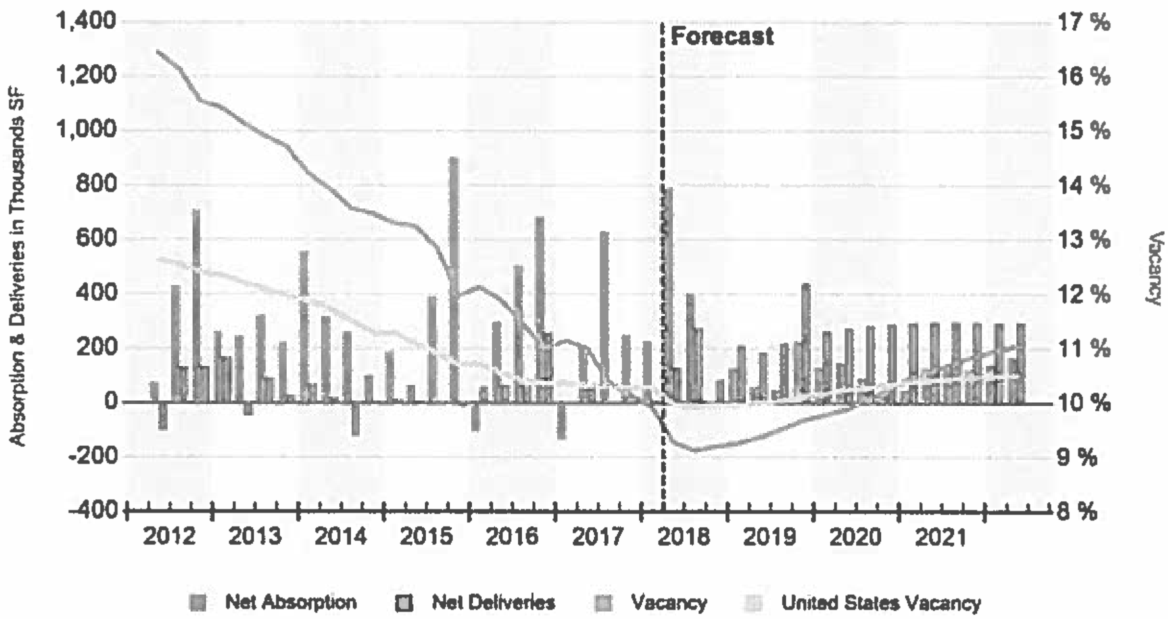
As California's state capital, Sacramento has an office market dominated by the government sector. Virtually all of the largest tenants here are government entities, including the California Environmental Protection Agency, CalPERS, the State of California Franchise Tax Board, and CalSTRS. Medical and technology-related tenants also occupy significant chunks of space, among them Centene, Hewlett Packard Enterprise, Intel, and Sutter Health.

As home to the California State Capitol building, Downtown is the preferred submarket for government tenants, and the Highway 50 Corridor Submarket, the second-largest office submarket in the metro behind only Downtown, draws interest as well. Corporate tenants often locate in Roseville/Rocklin, one of the more affluent Sacramento submarkets. Despite the presence of government to buttress demand, the metro struggles with persistently high vacancies-—the long-term vacancy rate here is around 13%. But the figure has decreased steadily this cycle and was in single digits as of March 2018, well below the historical average. Vacancy is also about on par with the national average, a circumstance not typically seen in Sacramento. At the peak of the last cycle, vacancy here was around 100 basis points higher than the national mark, and the spread only increased over the next several years. However demand has been positive each year since 2012, and the supply pipeline is quite dry. In fact, construction has been limited this entire cycle—since 2010, well under two million SF of new inventory has come on line. This is in stark contrast to the previous cycle, when more than 11 million SF of new office space delivered from 2005–09. And in conjunction with the construction of the Golden 1 Center arena, about 100,000 SF of vacant office space was demolished.

A major medical center is coming to Downtown Sacramento. The Sacramento Corporate Center was acquired by Kaiser Permanente for $40 million in an REO sale in December 2014. The 198,000 SF office building had one tenant, sitting nearly vacant for years as a victim of the housing bust. Kaiser Permanente is redeveloping the building into medical offices, and the project is expected to deliver in the first half of 2018. Longer term, the presence of Kaiser Permanente will provide another employment sector with strong job growth for Downtown offices to draw on.

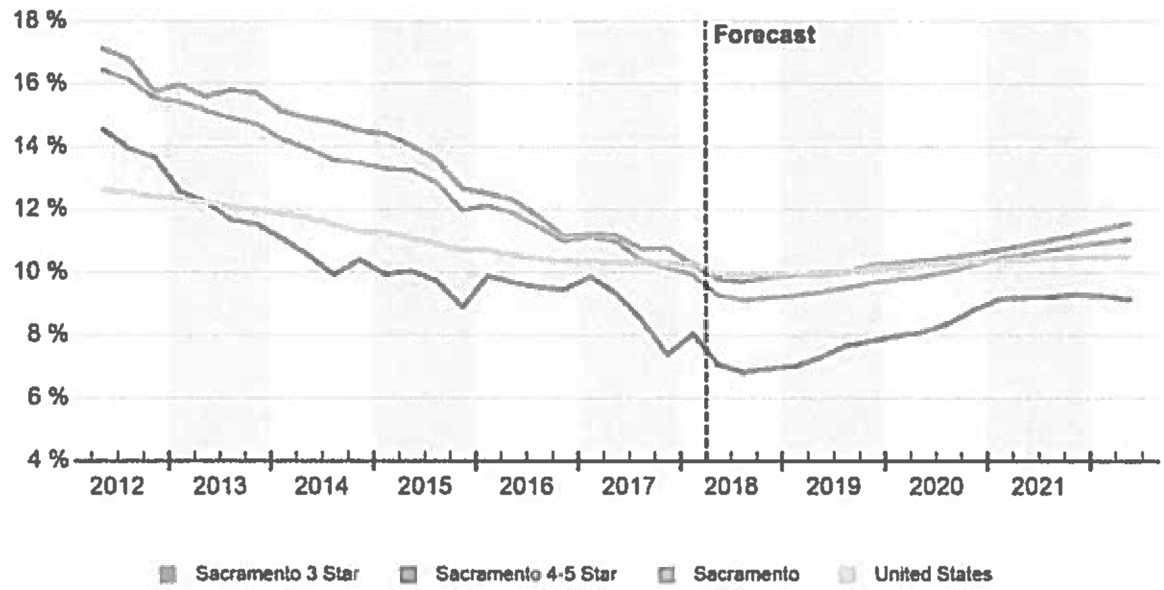
Furthermore, previously noted Centene, a St. Louis-based health insurer, is in talks to locate a new regional headquarters in Sacramento. The City of Sacramento approved a $13.5 million incentive package for Centene in November, and it is expected that the company would occupy more than one million SF on 70 to 80 acres. A final decision by Centene is expected in 18Q2.

NET ABSORPTION, NET DELIVERIES & VACANCY



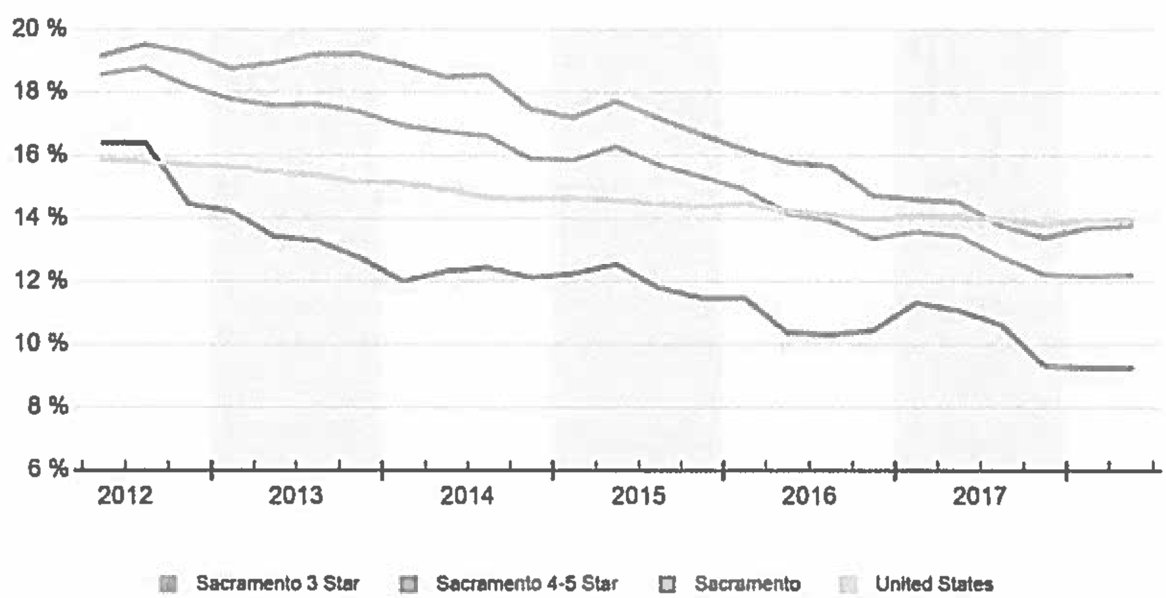
Source: Costar

VACANCY RATE



Source: Costar

AVAILABILITY RATE



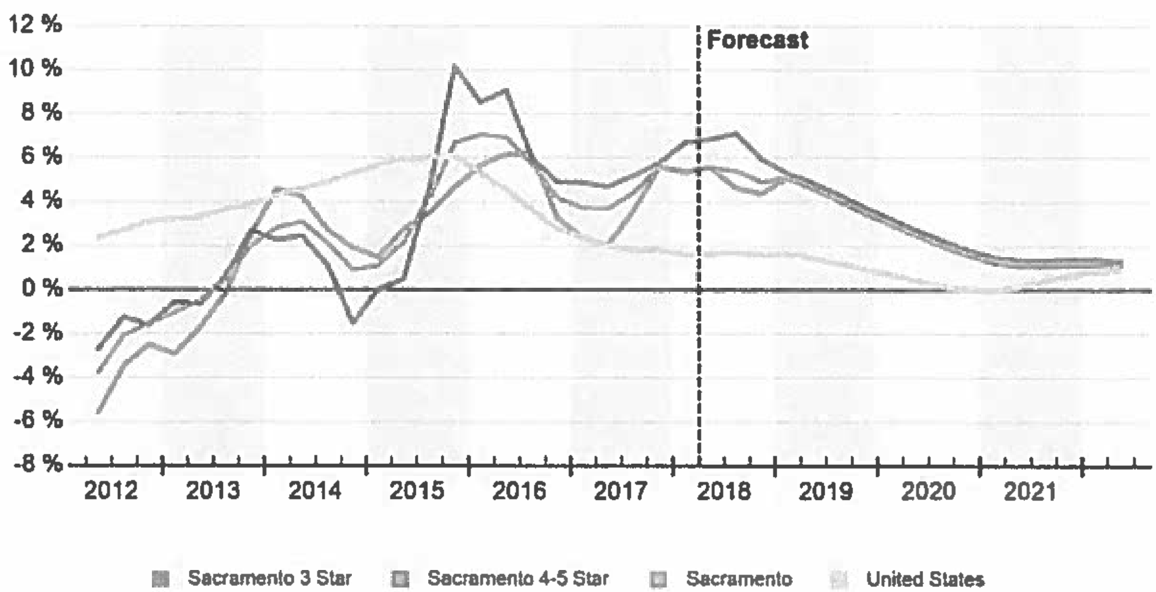
Source: Costar

Rent

Rent growth in Sacramento is not only strong on a historical basis, but also garnering national attention. After years of negative or minimal gains, growth accelerated in 2015 and as of 18Q1, year-over-year gains continued to show signs of overall strength, significantly outperforming the metro's tepid historical average. Furthermore, rent growth in Sacramento is also among the strongest in the nation, and about 400 basis points above the U.S. average, as steady demand and few inventory additions have allowed landlords to push rents at levels that have typically been unobtainable here. Recent gains have been especially strong in Roseville/Rocklin and select suburban submarkets, with each benefiting from vacancy rates that are below the metro average. The average asking rent in Sacramento was only about 5% less than the prerecession peak as of March 2018. The Downtown Submarket easily offers the highest rents in the metro, at about a 25% premium to the Sacramento average. While Downtown has the largest amount of office inventory in the metro, virtually half its product is 4 & 5 Star-rated, a category that has consistently posted positive demand metrowide. Vacancies Downtown are also trending below the Sacramento average-—while government is one of the main drivers of office activity there, the submarket also attracts consistent demand from corporate users and professional services, including law firms.

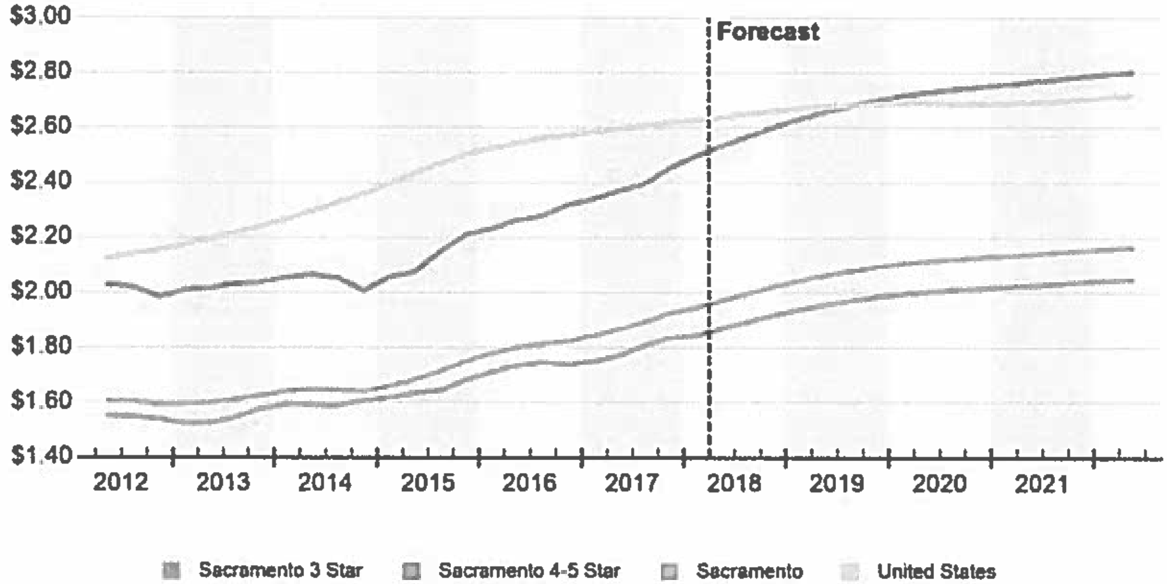
Asking rents in Sacramento are a relative bargain compared to those in the Bay Area. The average rent in the metro is about 60% less than San Francisco, more than 30% less than East Bay, and offers around a 50% discount to San Jose.

ASKING RENT GROWTH (YOY)



Source: Costar

GROSS ASKING RENT PER SQUARE FOOT



Source: Costar

4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
Sacramento	$0.55	$1.22	$0.61	$2.28	$3.54	$8.20
El Dorado County	$0.64	$1.19	$0.52	$2.15	$2.90	$7.40
Highway 50 Corridor	$0.38	$1.24	$0.42	$2.16	$3.31	$7.51
Placer County	$0.54	$1.30	$0.55	$1.80	$3.83	$8.02
Sacramento County	$0.61	$1.17	$0.70	$2.52	$3.52	$8.52
Yolo County	$0.58	$1.26	$0.55	$2.88	$3.43	$8.70

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
Sacramento	$0.51	$1.01	$0.32	$2.06	$1.89	$5.79
El Dorado County	$0.61	$0.94	$0.34	$1.82	$1.51	$5.22
Highway 50 Corridor	$0.38	$0.88	$0.31	$1.77	$1.06	$4.40
Placer County	$0.50	$1.07	$0.20	$2.14	$1.88	$5.79
Sacramento County	$0.52	$1.02	$0.39	$2.07	$2.18	$6.18
Yolo County	$0.54	$0.99	$0.29	$2.57	$1.28	$5.67

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

Source: Costar

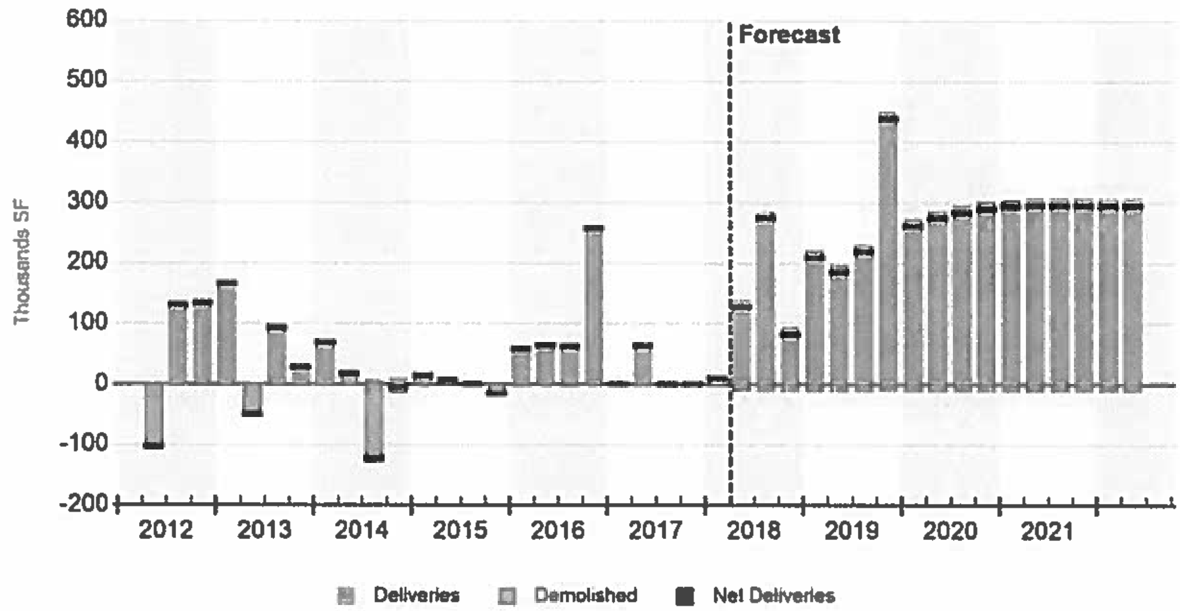
Construction

Construction has been very limited this cycle, with office stock growing by little more than 1% since 2010. By contrast, the metro gained more than 12% of new inventory from 2005–09. Development has had a bit of an uptick of late, as four projects totaling nearly 700,000 SF were under construction as of March 2018. One of the most significant projects under construction is a build-to-suit in the Roseville/Rocklin Submarket for Adventist Health. The 242,000 SF property will serve as the new corporate headquarters for the hospital management company, with completion expected to take place in the second half of 2018.

The most recent project to deliver in Sacramento was a build-to-suit for Pacific Gas and Electric Co. The 60,000 SF building, located in the Outer Yolo County Submarket , completed construction in June 2017. In order to keep the metro's lone professional sports franchise from heading to Seattle, the city agreed to build a $448 million arena at Downtown Plaza. The Golden 1 Center—the new home of the Sacramento Kings—opened just in time for the 2016–17 NBA season. Officials continue to hope that relocating the team to Downtown from the Natomas/Northgate Submarket will help to revitalize the area and further foster a live/work/play environment. As it stands now, recent development in the area has been focused on residential and retail, and ground-up urban development has been light with the exception of Kaiser Permanente's renovation across from the arena.

One project underway in Midtown is the Ice Blocks redevelopment. Delayed because of a fire in 2015, it includes nearly 140,000 SF of office plus retail and apartments and is set to deliver in 2018.

DELIVERIES & DEMOLITIONS



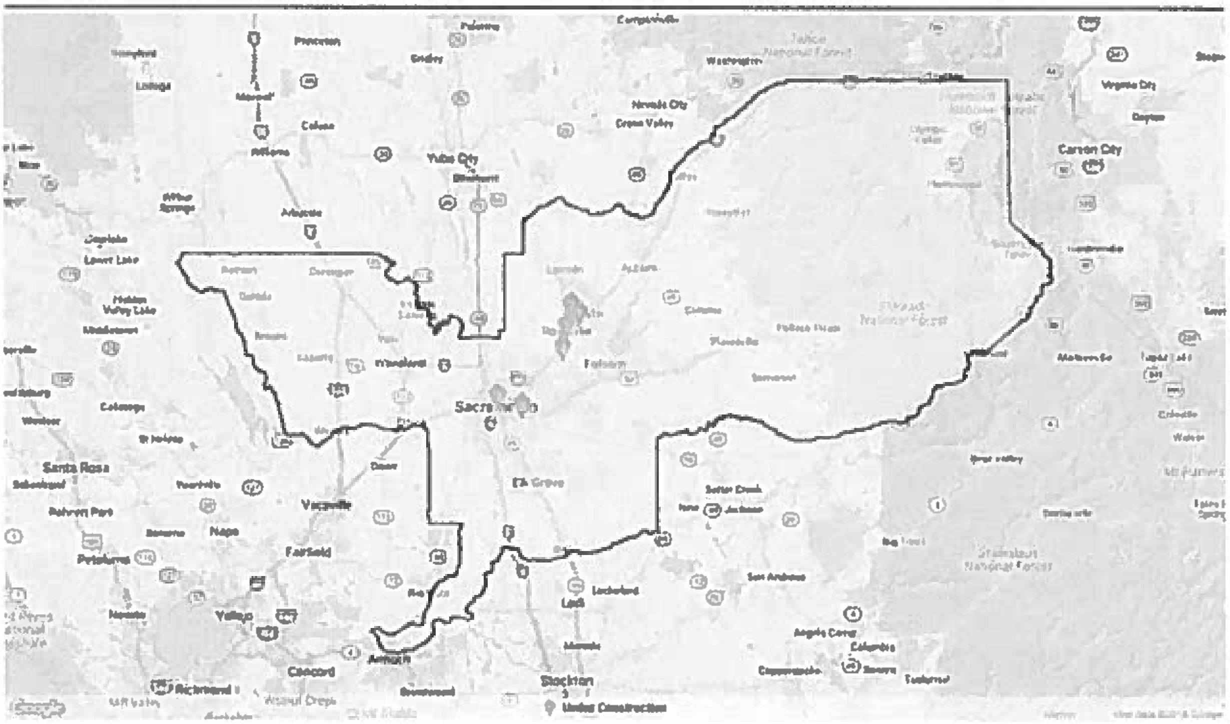
Source: Costar

Under Construction Properties

Sacramento Office

Properties	Square Feet	Percent of Inventory	Preleased
7	668,892	0.7%	80.2%

UNDER CONSTRUCTION PROPERTIES



Source: Costar

UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	501 N Sunrise Ave	★★★★★	242,000	5	Jun-2017	Aug-2018	- Adventist Health
2	Kaiser Permanente 1001 Riverside Ave	★★★★★	194,000	5	Sep-2017	Oct-2019	- -
3	Ice Shop 1610 R St	★★★★★	138,850	4	Apr-2017	May-2018	Heller Pacific, Inc Heller Pacific, Inc
4	Dignity Health Medical F... Greenback Ln & Fountain S	★★★★★	68,000	3	Jun-2017	Jan-2019	Panattoni Development Company... -
5	Innovation Ctr At The Cr... 2910 Ramona Ave	★★★★★	11,242	1	Jun-2017	Jul-2018	- -
6	Office 262 Gibson Dr	★★★★★	7,400	1	Dec-2017	Jul-2018	- -
7	258 Gibson Dr	★★★★★	7,400	1	Dec-2017	Jul-2018	Glimcher Ventures Southwest -

Source: Costar

Sales

The Sacramento metro receives its share of investment activity, with yearly sales volume historically averaging more than $600 million. Buyers from the metro dominate sales, with few examples of investors venturing in from other areas of the country. Compared to the last cycle investment here has been light, but volume in 2017 topped $1 billion for the second consecutive year and only the second time this cycle. Investment in 2018 is off to a fast start with two significant deals.

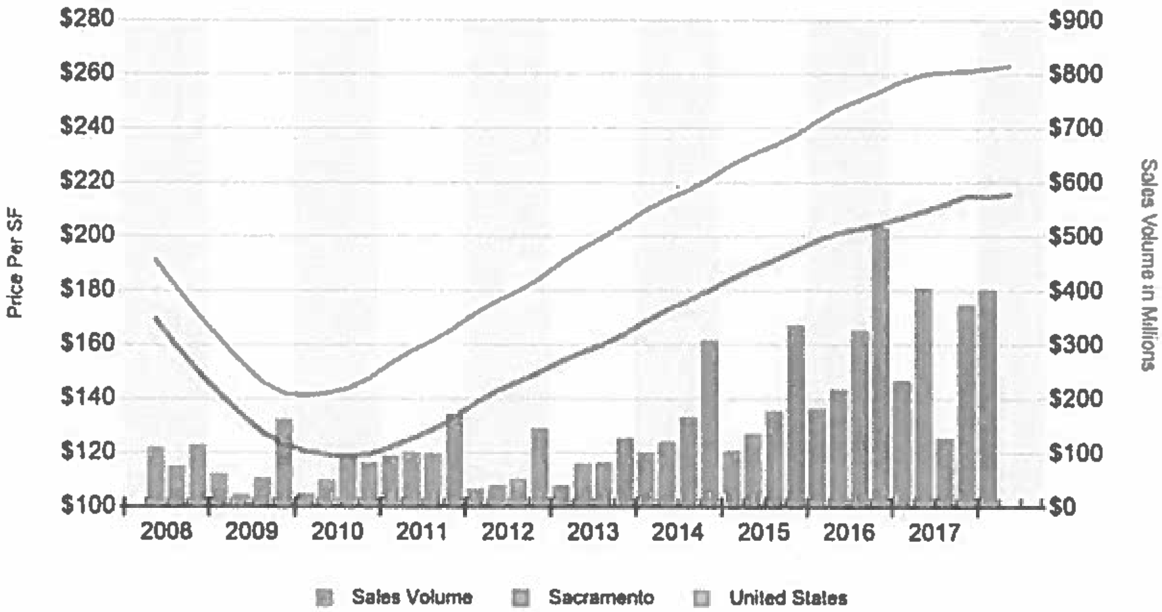
In January, San Francisco-based Shorenstein Properties acquired the U.S. Bank Tower, one of the tallest buildings in the metro, for approximately $161 million ($439/SF). The seller, David S. Taylor Interests Inc., was the developer of the project, and Taylor owned it in a joint venture with Britannia Pacific Properties. The 5 Star 25-story office tower, located in the Downtown Submarket, measures 366,821 SF and delivered in 2008. CoStar Group, the State Auditors Board, and U.S. Bank are among the assets office tenants, while ground floor retail tenants include Morton's Steakhouse. The deal marks Shorenstein's first investment in Sacramento in many years.

And in February, a wholly-owned subsidiary of New York Life Real Estate Investors paid $44.5 million ($261/SF) to acquire 770 L St., a 4 Star 170,000 SF asset located in the Downtown Submarket. The property was reportedly 98% occupied and was sold by a joint venture between PB&J Acquisitions and AMP Capital Investors. A number of government entities occupy space in the building, including the Public Utilities Commission and the State Public Defender. The seller originally acquired the property in 2013 for $29.4 million ($173/SF).

While there were a few exceptions, many of the recent trades took place in prominent suburban office nodes, such as the Highway 50 Corridor and Roseville/Rocklin. One notable example is Hewlett Packard's May 2017 sale-leaseback of its five-building, nearly 800,000 SF campus in the Roseville/Rocklin Submarket. San Francisco-based companies Farallon Capital Management and Strada Investment Group acquired the asset for $105.1 million ($132/SF) at a reported firstyear pro forma cap rate of 10.4%. Hewlett Packard is expected to vacate one of the assets in the second year, reducing the second- to fifth-year pro forma cap rate to 8%. Hewlett Packard sold the asset as a result of a corporate decision not to be an owner of real estate. The site includes 400,000 SF of development rights.

The average sale price in the metro is typically around $2.5 million, and one recent example of this type of deal is the November 2017 trade of 2620 21st St., located in the South Sacramento Submarket. Cathay Mortuary acquired the 2 Star 10,000 SF building from a private individual for $2.6 million ($262/SF) at a reported cap rate of 7.8%. The property was 100% leased at the time of sale to several local tenants. The seller originally purchased the asset in 2006 for $1.35 million ($136/SF).

SALES VOLUME & PRICE PER SF INDEX



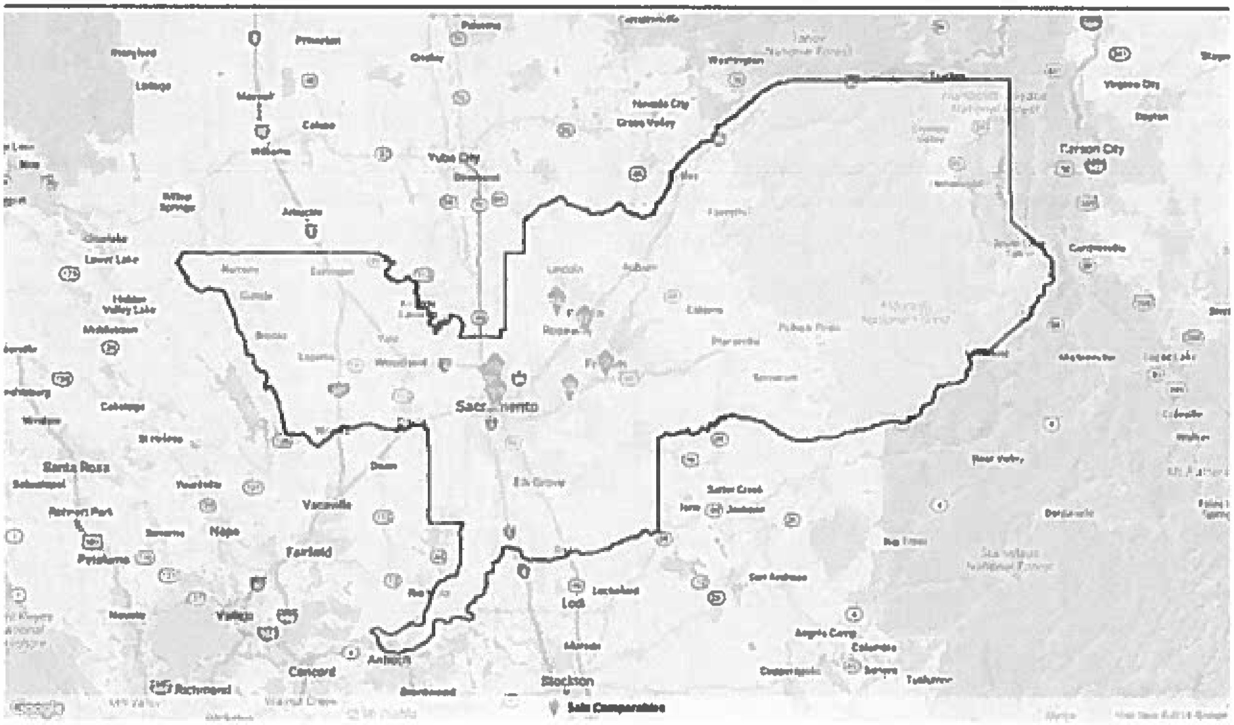
Source: Costar

Sales Past 12 Months

Sacramento Office

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
404	6.6%	$183	15.6%

SALE COMPARABLE LOCATIONS



Source: Costar

SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	$140,000	$5,320,214	$1,436,639	$161,000,000
Price Per SF	$42	$183	$173	$1,249
Cap Rate	4.0%	6.6%	6.5%	10.4%
Time Since Sale in Months	0.1	6.2	6.1	12.0
Property Attributes	**Low**	**Average**	**Median**	**High**
Building SF	684	21,952	6,361	463,556
Stories	1	2	1	25
Typical Floor SF	582	10,345	5,636	160,000
Vacancy Rate At Sale	0%	15.6%	0%	100%
Year Built	1872	1979	1983	2020
Star Rating	★★★★★	★★★★★ 2.5	★★★★★	★★★★★

Source: Costar

Sales Past 12 Months

Sacramento Office

RECENT SIGNIFICANT SALES

	Property				Sale			
Property Name - Address	**Rating**	**Yr Built**	**Bldg SF**	**Vacancy**	**Sale Date**	**Price**	**Price/SF**	**Cap Rate**
U.S. Bank Tower 621 Capitol Mall	★★★★★	2008	366,337	3.2%	1/9/2018	$161,000,000	$439	6.8%
Park Tower 980 9th St	★★★★★	1992	463,556	31.3%	6/21/2017	$97,551,060	$210	4.0%
925 L St	★★★★★	1973	165,919	4.2%	11/27/2017	$45,500,000	$274	6.6%
770 L St	★★★★★	1984	170,267	8.4%	2/20/2018	$44,500,000	$261	7.5%
R5 8050 Foothills Blvd	★★★★★	1979	241,455	0%	5/1/2017	$35,684,547	$148	8.0%
400 R St	★★★★★	1989	206,944	47.3%	1/2/2018	$35,400,000	$171	-
1180 Iron Point Rd	★★★★★	2001	123,000	0%	11/8/2017	$30,161,405	$245	-
2495 Natomas Park Dr	★★★★★	1989	157,575	10.9%	11/21/2017	$29,555,897	$188	-
R6 8060 Foothills Blvd	★★★★★	1996	192,276	0%	5/1/2017	$28,416,400	$148	8.0%
2485 Natomas Park Dr	★★★★★	1989	138,319	4.8%	11/21/2017	$25,944,103	$188	-
Bldg-B 2860 Gateway Oaks Dr	★★★★★	2003	120,795	25.5%	10/12/2017	$25,250,000	$209	-
160 Promenade Cir	★★★★★	2009	116,918	0%	6/15/2017	$23,750,000	$203	7.8%
180 Promenade Cir	★★★★★	2006	116,918	7.8%	6/15/2017	$23,750,000	$203	7.8%
R4 8040 Foothills Blvd	★★★★★	1979	160,000	0%	5/1/2017	$23,646,342	$148	8.0%
Roseville Corporate Center 2998 Douglas Blvd	★★★★★	1999	109,241	6.2%	10/6/2017	$23,340,000	$214	8.1%
Douglas Corporate Cent... 2901 Douglas Blvd	★★★★★	2003	108,765	13.0%	12/22/2017	$20,021,092	$184	5.5%
Douglas Corporate Cent... 2999 Douglas Blvd	★★★★★	1990	102,847	18.0%	12/22/2017	$16,728,908	$163	5.5%
2450 Venture Oaks Way	★★★★★	1989	101,303	0%	9/29/2017	$15,120,528	$149	-
1303 J St	★★★★★	1981	72,649	10.3%	9/1/2017	$14,650,000	$202	7.2%
Bldg A 10860 Gold Center Dr	★★★★★	1992	127,003	28.1%	1/19/2018	$14,463,937	$114	-

Source: Costar

Economy

Momentum in job growth continues in the Golden State's capital. While outsized recessionary losses and subsequent subpar job growth left this market behind in the recovery, employment growth has largely outpaced the national average since 2012. Professional and Business Services, as well as Leisure and Hospitality, have been among the strongest growth sectors this cycle. But the Education and Health Services sector has been the largest contributor to job growth since the bottom of the downturn, and total employment in this sector is about 25% above its prerecession peak. Within the Professional and Business Services sector, administrative and support jobs have benefited, because the metro's low business costs attract firms with backoffice operations. Expect modest gains in the longstagnant state and local Government sector, by far the largest component of the metro's workforce, and previously an anchor weighing down recovery. Sacramento has the highest share of Government employment in the country. The category constitutes 25% of all jobs in the metro, topping even Washington, D.C. in public sector employment.

Sacramento's relative affordability remains one of its biggest draws. Population growth will likely average around 1% over the next 10 years and is expected to outpace the national average. Household growth also continues to far outpace the rate of single-family and apartment deliveries. In recent years, Bay Area residents, as well as people in Los Angeles and San Diego, have shown interest in Sacramento to escape exorbitant housing costs. According to Apartments.com, a CoStar company, Bay Area residents continue to conduct the largest share of Sacramento apartment searches outside of metro residents. Growth will be limited compared with that in the best markets. It's unlikely that Sacramento will benefit from outsized growth in the near term unless the Government sector starts adding a significant number of jobs. Despite California's improving finances, the state is not likely to add many jobs anytime soon and will be hindered by ballooning pension obligations over the longer term. However, the government has recovered all jobs lost during the recession and the general fund has increased to an all-time high for 2017–18. Some of these funds will go toward K–12 education and public universities, which will allow for the enrollment of more in-state students.

Job growth in administrative and support services will continue, buoyed by lower business costs than in nearby metros. Unfortunately, while Sacramento's affordability can lead to growth in back-office operations, this metro lacks the high concentration of well-educated workers needed for strong prospects in high-value-add industries. Tech employment does exist in the metro, as Apple, Intel, Micron Technology, and Hewlett Packard Enterprises each have operations here. Tech start-up's have a presence as well, including some who relocated from the Bay Area. However, Silicon Valley is only about 100 miles away and operates in an entirely different world for attracting high-income, usually tech-oriented employment. Even though rents in Sacramento are half of San Francisco's, tech tenants are hesitant to relocate here because the Bay Area's venture capital firms, engineering schools, and entrenched culture offer better incentives.

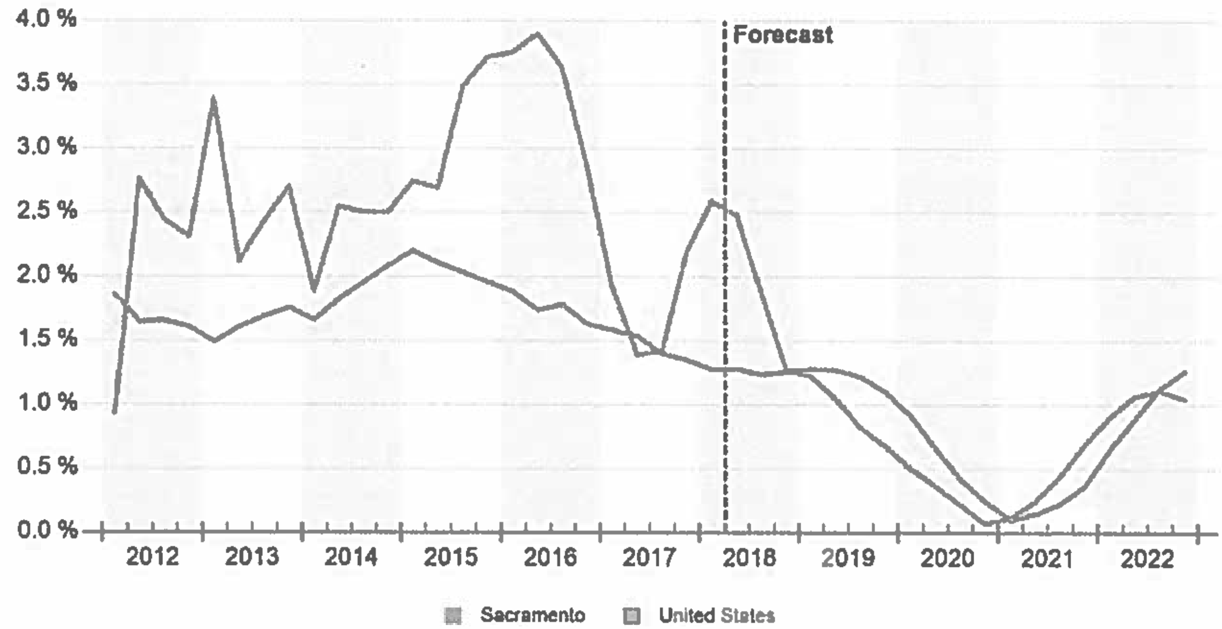
SACRAMENTO EMPLOYMENT BY INDUSTRY IN THOUSANDS

	Current Jobs		Current Growth		10 Yr Historical		5 Yr Forecast	
NAICS Industry	**Jobs**	**LQ**	**Market**	**US**	**Market**	**US**	**Market**	**US**
Manufacturing	37	0.5	0.43%	-0.41%	-0.67%	-1.12%	-0.88%	-1.21%
Trade, Transportation and Utilities	156	0.8	1.10%	0.96%	0.31%	0.36%	0.00%	0.31%
Retail Trade	102	1.0	-0.03%	0.08%	0.32%	0.23%	0.05%	0.30%
Financial Activities	54	1.0	1.92%	0.83%	-0.84%	0.24%	0.93%	0.75%
Government	240	1.6	2.18%	0.13%	0.07%	-0.04%	0.53%	0.48%
Natural Resources and Mining	0	0.1	-20.42%	7.53%	-3.71%	-0.69%	-	-
Education and Health Services	155	1.0	3.40%	1.74%	2.73%	2.07%	1.48%	1.27%
Professional and Business Services	134	1.0	1.94%	2.42%	1.75%	1.45%	1.21%	1.55%
Information	13	0.7	-2.99%	-0.33%	-3.91%	-0.97%	-0.14%	0.29%
Leisure and Hospitality	109	1.0	7.03%	2.08%	2.21%	1.76%	0.80%	1.29%
Other Services	31	0.8	1.32%	0.87%	0.48%	0.43%	0.08%	0.41%
Total Employment	**981**	**1.0**	**2.58%**	**1.28%**	**0.72%**	**0.66%**	**0.73%**	**0.82%**

Source: Moody's Analytics
LQ = Location Quotient

Source: Costar

YEAR OVER YEAR JOB GROWTH



Source: Moody's Analytics

Source: Costar

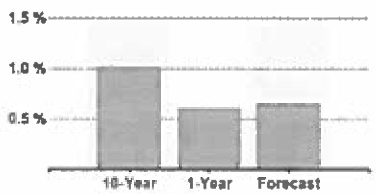
DEMOGRAPHIC TRENDS

	Current Level		Current Change		10-Year Change		Forecast Change	
Demographic Category	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	2,326,710	327,389,984	0.6%	0.7%	1.0%	0.8%	0.7%	0.7%
Households	854,261	125,735,008	1.4%	0.8%	0.8%	0.8%	1.3%	1.1%
Median Household Income	$66,683	$60,256	2.1%	3.5%	1.2%	1.6%	3.1%	3.0%
Labor Force	1,087,715	161,323,334	1.6%	0.8%	0.4%	0.5%	0.8%	0.8%
Unemployment	4.3%	4.1%	-0.6%	-0.6%	-0.2%	-0.1%	-	-

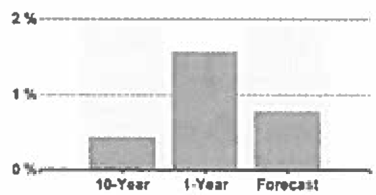
Source: Moody's Analytics

Source: Costar

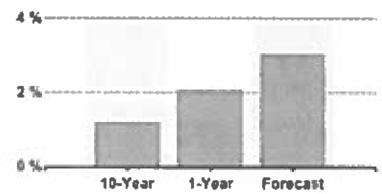
POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH

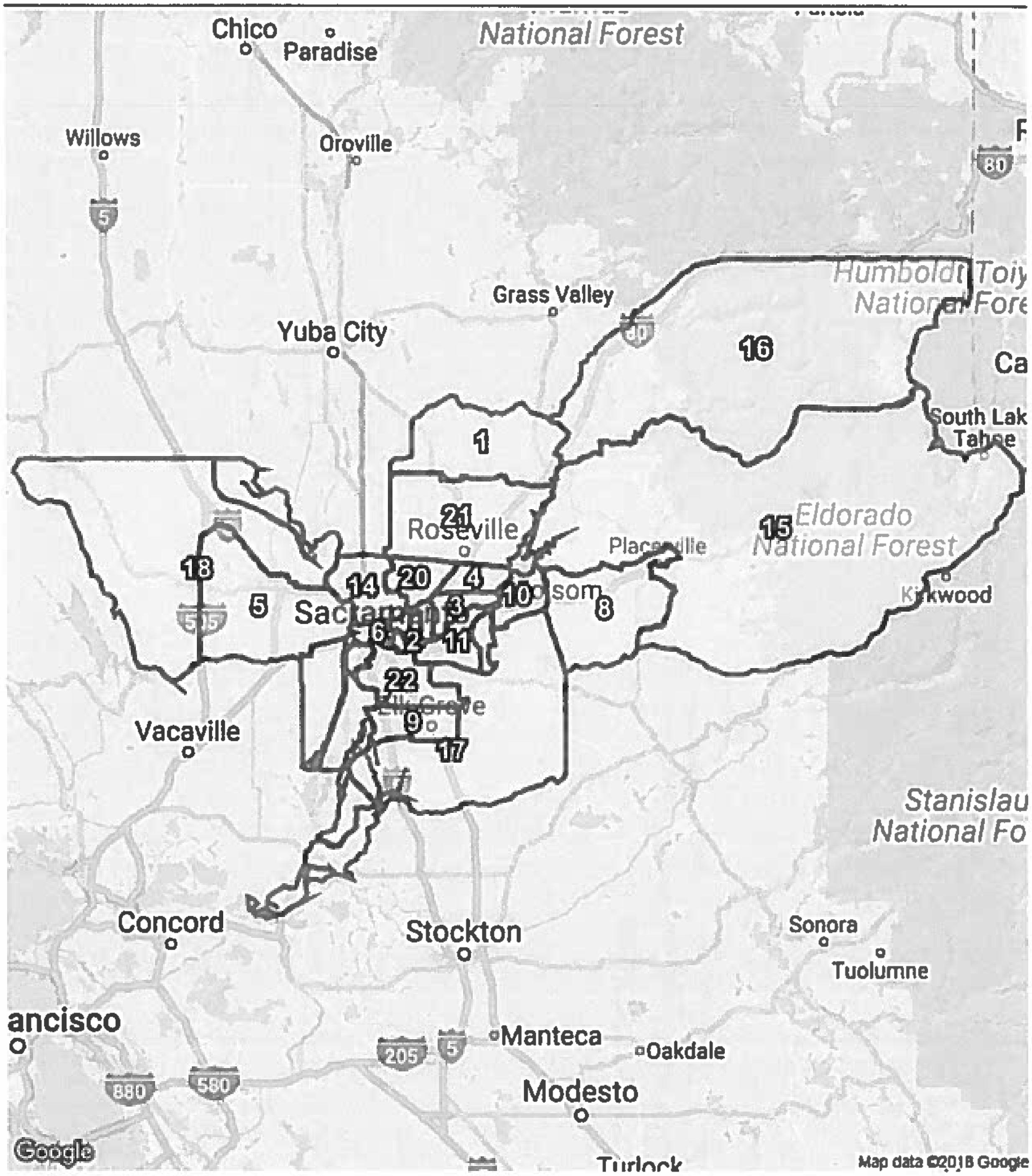


Source: Moody's Analytics

Source: Costar

Submarkets

SACRAMENTO SUBMARKETS



Source: Costar

SUBMARKET INVENTORY

		Inventory				12 Month Deliveries				Under Construction			
No.	Submarket	Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Auburn/Lincoln	254	2,041	2.0%	18	0	0	0%	-	0	-	-	-
2	Campus Commons	98	1,572	1.5%	19	0	0	0%	-	0	-	-	-
3	Carmichael/Fair Oaks	282	2,059	2.0%	16	0	0	0%	-	0	-	-	-
4	Citrus Heights/Orangevale	187	2,050	2.0%	17	0	0	0%	-	1	68	3.3%	3
5	Davis/Woodland	343	2,952	2.9%	9	0	0	0%	-	0	-	-	-
6	Downtown	347	20,040	19.5%	1	0	0	0%	-	0	-	-	-
7	East Sacramento	108	2,780	2.7%	12	0	0	0%	-	0	-	-	-
8	El Dorado	222	2,300	2.2%	13	1	3	0.1%	3	0	-	-	-
9	Elk Grove	150	2,171	2.1%	15	0	0	0%	-	0	-	-	-
10	Folsom	258	5,202	5.1%	5	0	0	0%	-	0	-	-	-
11	Highway 50 Corridor	390	17,924	17.4%	2	0	0	0%	-	0	-	-	-
12	Howe Ave/Fulton Ave	205	2,983	2.9%	8	0	0	0%	-	0	-	-	-
13	Midtown	446	4,973	4.8%	6	0	0	0%	-	1	139	2.8%	2
14	Natomas/Northgate	179	6,871	6.7%	4	0	0	0%	-	0	-	-	-
15	Outer El Dorado County	98	499	0.5%	21	0	0	0%	-	0	-	-	-
16	Outer Placer County	67	293	0.3%	22	0	0	0%	-	0	-	-	-
17	Outer Sacramento County	40	162	0.2%	23	0	0	0%	-	0	-	-	-
18	Outer Yolo County	9	91	0.1%	24	1	58	64.0%	1	0	-	-	-
19	Point West	96	2,884	2.8%	10	0	0	0%	-	0	-	-	-
20	Rio Linda/N Highlands	105	1,291	1.3%	20	0	0	0%	-	0	-	-	-
21	Roseville/Rocklin	721	12,906	12.5%	3	1	10	0.1%	2	4	451	3.5%	1
22	South Sacramento	268	3,787	3.7%	7	0	0	0%	-	1	11	0.3%	4
23	Watt Ave	155	2,853	2.8%	11	0	0	0%	-	0	-	-	-
24	West Sacramento	76	2,190	2.1%	14	0	0	0%	-	0	-	-	-

Source: Costar

SUBMARKET RENT

		Gross Asking Rent		12 Month Asking Rent		Annualized Quarterly Rent	
No.	Submarket	Per SF	Rank	Growth	Rank	Growth	Rank
1	Auburn/Lincoln	$1.57	20	5.8%	5	0%	12
2	Campus Commons	$1.92	10	3.9%	19	1.2%	2
3	Carmichael/Fair Oaks	$1.39	24	3.6%	21	0.1%	6
4	Citrus Heights/Orangevale	$1.54	22	3.8%	20	0.1%	7
5	Davis/Woodland	$1.86	11	4.6%	15	0.1%	5
6	Downtown	$2.44	1	5.5%	10	0.5%	4
7	East Sacramento	$1.95	8	4.2%	18	0%	-
8	El Dorado	$1.73	14	4.7%	14	0%	9
9	Elk Grove	$2.03	4	5.5%	9	4.7%	1
10	Folsom	$1.98	7	5.9%	4	0.5%	3
11	Highway 50 Corridor	$1.77	13	5.6%	8	0%	-
12	Howe Ave/Fulton Ave	$1.54	21	3.2%	24	0%	11
13	Midtown	$2.00	6	5.3%	11	0%	-
14	Natomas/Northgate	$2.05	3	5.6%	7	0%	-
15	Outer El Dorado County	$1.63	16	3.2%	23	0%	13
16	Outer Placer County	$1.59	18	6.1%	3	0%	10
17	Outer Sacramento County	$1.62	17	3.3%	22	0%	-
18	Outer Yolo County	$2.06	2	6.6%	1	0%	-
19	Point West	$1.82	12	4.7%	13	0%	-
20	Rio Linda/N Highlands	$1.51	23	4.3%	17	0%	8
21	Roseville/Rocklin	$1.93	9	6.5%	2	-0.1%	14
22	South Sacramento	$1.66	15	4.5%	16	0%	-
23	Watt Ave	$1.58	19	4.8%	12	0%	-
24	West Sacramento	$2.03	5	5.7%	6	0%	-

Source: Costar

SUBMARKET VACANCY & NET ABSORPTION

		Vacancy			12 Month Net Absorption			
No.	Submarket	SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
1	Auburn/Lincoln	107,759	5.3%	6	1,018	0%	23	-
2	Campus Commons	243,719	15.5%	22	(63,252)	-4.0%	24	-
3	Carmichael/Fair Oaks	193,108	9.4%	14	72,132	3.5%	7	-
4	Citrus Heights/Orangevale	200,211	9.8%	15	12,358	0.6%	17	-
5	Davis/Woodland	112,786	3.8%	2	26,300	0.9%	13	-
6	Downtown	1,629,553	8.1%	12	202,352	1.0%	2	-
7	East Sacramento	122,914	4.4%	4	59,202	2.1%	8	-
8	El Dorado	463,405	20.1%	24	29,077	1.3%	12	-
9	Elk Grove	174,698	8.0%	11	17,204	0.8%	16	-
10	Folsom	316,879	6.1%	8	100,504	1.9%	5	-
11	Highway 50 Corridor	2,218,017	12.4%	19	518,090	2.9%	1	-
12	Howe Ave/Fulton Ave	432,323	14.5%	20	102,677	3.4%	4	-
13	Midtown	283,750	5.7%	7	20,400	0.4%	15	-
14	Natomas/Northgate	784,885	11.4%	18	201,610	2.9%	3	-
15	Outer El Dorado County	30,838	6.2%	9	4,311	0.9%	21	-
16	Outer Placer County	11,635	4.0%	3	7,632	2.6%	19	-
17	Outer Sacramento County	402	0.2%	1	5,712	3.5%	20	-
18	Outer Yolo County	4,400	4.9%	5	57,877	63.8%	9	-
19	Point West	428,367	14.9%	21	54,489	1.9%	10	-
20	Rio Linda/N Highlands	242,597	18.8%	23	36,931	2.9%	11	-
21	Roseville/Rocklin	1,106,173	8.6%	13	78,581	0.6%	6	0.1
22	South Sacramento	409,984	10.8%	17	3,430	0.1%	22	-
23	Watt Ave	282,463	9.9%	16	9,467	0.3%	18	-
24	West Sacramento	142,423	6.5%	10	21,412	1.0%	14	-

Source: Costar

Supply & Demand Trends

OVERALL SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Construct. Ratio
2022	107,889,487	1,175,545	1.1%	662,453	0.6%	1.8
2021	106,713,942	1,180,880	1.1%	422,178	0.4%	2.8
2020	105,533,062	1,107,844	1.1%	395,862	0.4%	2.8
2019	104,425,218	1,050,806	1.0%	457,194	0.4%	2.3
2018	103,374,412	492,876	0.5%	1,421,788	1.4%	0.3
YTD	102,891,334	9,798	0%	503,306	0.5%	0
2017	102,881,536	63,250	0.1%	946,088	0.9%	0.1
2016	102,818,286	441,610	0.4%	1,379,020	1.3%	0.3
2015	102,376,676	5,633	0%	1,548,572	1.5%	0
2014	102,371,043	(41,691)	0%	1,230,762	1.2%	-
2013	102,412,734	236,706	0.2%	1,054,219	1.0%	0.2
2012	102,176,028	250,239	0.2%	1,375,120	1.3%	0.2
2011	101,925,789	244,208	0.2%	(20,087)	0%	-
2010	101,681,581	284,806	0.3%	(801,104)	-0.8%	-
2009	101,396,775	2,308,391	2.3%	425,165	0.4%	5.4
2008	99,088,384	1,936,306	2.0%	375,268	0.4%	5.2

Source: Costar

4 & 5 STAR SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	34,644,265	1,211,881	3.6%	1,238,920	3.6%	1.0
2021	33,432,384	1,216,498	3.8%	951,278	2.8%	1.3
2020	32,215,886	1,143,843	3.7%	732,947	2.3%	1.6
2019	31,072,043	828,304	2.7%	498,084	1.6%	1.7
2018	30,243,739	367,819	1.2%	475,393	1.6%	0.8
YTD	29,875,920	0	0%	(8,132)	0%	0
2017	29,875,920	60,000	0.2%	673,602	2.3%	0.1
2016	29,815,920	413,723	1.4%	207,776	0.7%	2.0
2015	29,402,197	0	0%	443,623	1.5%	0
2014	29,402,197	20,640	0.1%	351,409	1.2%	0.1
2013	29,381,557	199,261	0.7%	795,502	2.7%	0.3
2012	29,182,296	198,918	0.7%	489,644	1.7%	0.4
2011	28,983,378	235,000	0.8%	801,975	2.8%	0.3
2010	28,748,378	246,210	0.9%	92,375	0.3%	2.7
2009	28,502,168	2,028,722	7.7%	956,024	3.4%	2.1
2008	26,473,446	879,807	3.4%	206,805	0.8%	4.3

Source: Costar

3 STAR SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	45,230,751	14,409	0%	(308,741)	-0.7%	-
2021	45,216,342	14,463	0%	(264,774)	-0.6%	-
2020	45,201,879	13,595	0%	(145,190)	-0.3%	-
2019	45,188,284	271,852	0.6%	70,947	0.2%	3.8
2018	44,916,432	161,172	0.4%	557,702	1.2%	0.3
YTD	44,765,058	9,798	0%	280,094	0.6%	0
2017	44,755,260	3,250	0%	164,677	0.4%	0
2016	44,752,010	31,487	0.1%	712,977	1.6%	0
2015	44,720,523	20,609	0%	842,574	1.9%	0
2014	44,699,914	(62,331)	-0.1%	473,512	1.1%	-
2013	44,762,245	86,951	0.2%	102,635	0.2%	0.8
2012	44,675,294	149,036	0.3%	864,745	1.9%	0.2
2011	44,526,258	0	0%	(252,811)	-0.6%	0
2010	44,526,258	(13,504)	0%	(653,728)	-1.5%	-
2009	44,539,762	212,957	0.5%	(213,305)	-0.5%	-
2008	44,326,805	920,275	2.1%	673,412	1.5%	1.4

Source: Costar

1 & 2 STAR SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	28,010,752	(50,745)	-0.2%	(267,687)	-1.0%	-
2021	28,061,497	(50,081)	-0.2%	(264,287)	-0.9%	-
2020	28,111,578	(49,594)	-0.2%	(191,866)	-0.7%	-
2019	28,161,172	(49,350)	-0.2%	(111,818)	-0.4%	-
2018	28,210,522	(36,115)	-0.1%	388,702	1.4%	-
YTD	28,246,637	0	0%	231,344	0.8%	0
2017	28,246,637	0	0%	107,309	0.4%	0
2016	28,246,637	(3,600)	0%	458,767	1.6%	-
2015	28,250,237	(14,976)	-0.1%	262,375	0.9%	-
2014	28,265,213	0	0%	405,841	1.4%	0
2013	28,265,213	(49,506)	-0.2%	155,582	0.6%	-
2012	28,314,719	(97,715)	-0.3%	21,231	0.1%	-
2011	28,412,434	9,208	0%	(569,251)	-2.0%	-
2010	28,403,226	52,100	0.2%	(239,751)	-0.8%	-
2009	28,351,126	66,712	0.2%	(317,554)	-1.1%	-
2008	28,284,414	136,224	0.5%	(504,949)	-1.8%	-

Source: Costar

OVERALL RENT & VACANCY

	Gross Asking Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	$2.17	109	0.9%	4.6%	12,086,256	11.2%	0.4%
2021	$2.15	108	1.2%	3.8%	11,573,160	10.8%	0.6%
2020	$2.13	107	1.7%	2.6%	10,814,455	10.2%	0.6%
2019	$2.09	105	3.5%	1.0%	10,102,470	9.7%	0.5%
2018	$2.02	102	4.9%	-2.5%	9,508,862	9.2%	-0.9%
YTD	$1.94	98	1.0%	-6.5%	9,943,289	9.7%	-0.5%
2017	$1.93	97	5.6%	-7.5%	10,436,797	10.1%	-0.9%
2016	$1.82	92	4.2%	-13.5%	11,321,135	11.0%	-1.0%
2015	$1.75	88	6.7%	-18.3%	12,258,545	12.0%	-1.5%
2014	$1.64	83	0.9%	-26.2%	13,801,484	13.5%	-1.2%
2013	$1.63	82	2.0%	-27.4%	15,073,937	14.7%	-0.8%
2012	$1.59	80	-1.5%	-29.9%	15,891,450	15.6%	-1.1%
2011	$1.62	81	-5.4%	-28.0%	17,016,331	16.7%	0.2%
2010	$1.71	86	-6.1%	-21.1%	16,752,036	16.5%	1.0%
2009	$1.82	92	-8.3%	-13.7%	15,666,126	15.5%	1.5%
2008	$1.99	100	-4.1%	-4.3%	13,782,900	13.9%	1.3%

Source: Costar

4 & 5 STAR RENT & VACANCY

	Gross Asking Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	$2.82	115	1.1%	11.7%	3,078,769	8.9%	-0.4%
2021	$2.79	114	1.4%	10.7%	3,105,808	9.3%	0.5%
2020	$2.75	113	1.8%	9.5%	2,840,588	8.8%	1.0%
2019	$2.70	111	3.8%	7.8%	2,429,692	7.8%	0.9%
2018	$2.60	107	6.0%	4.4%	2,099,472	6.9%	-0.4%
YTD	$2.50	102	1.8%	0.4%	2,215,179	7.4%	0%
2017	$2.45	101	5.8%	-1.3%	2,207,047	7.4%	-2.1%
2016	$2.32	95	4.9%	-7.2%	2,820,649	9.5%	0.6%
2015	$2.21	91	10.1%	-12.5%	2,614,702	8.9%	-1.5%
2014	$2.01	82	-1.5%	-23.9%	3,058,325	10.4%	-1.1%
2013	$2.04	84	2.7%	-22.0%	3,389,094	11.5%	-2.1%
2012	$1.98	81	-1.6%	-25.3%	3,985,335	13.7%	-1.1%
2011	$2.02	83	-5.1%	-23.3%	4,276,061	14.8%	-2.1%
2010	$2.13	87	-6.0%	-17.0%	4,843,036	16.8%	0.4%
2009	$2.26	93	-7.4%	-10.0%	4,689,201	16.5%	2.8%
2008	$2.44	100	-1.9%	-1.9%	3,616,503	13.7%	2.2%

Source: Costar

3 STAR RENT & VACANCY

	Gross Asking Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	$2.06	104	0.8%	-0.7%	5,387,639	11.9%	0.7%
2021	$2.04	104	1.1%	-1.5%	5,064,489	11.2%	0.6%
2020	$2.02	102	1.6%	-2.7%	4,785,252	10.6%	0.3%
2019	$1.98	101	3.5%	-4.3%	4,626,467	10.2%	0.4%
2018	$1.92	97	4.4%	-8.0%	4,425,565	9.9%	-0.9%
YTD	$1.84	94	0.4%	-12.3%	4,551,800	10.2%	-0.6%
2017	$1.84	93	5.6%	-12.7%	4,822,096	10.8%	-0.4%
2016	$1.74	88	3.3%	-19.0%	4,985,023	11.1%	-1.5%
2015	$1.68	86	4.7%	-22.9%	5,666,513	12.7%	-1.8%
2014	$1.61	82	1.9%	-28.7%	6,488,478	14.5%	-1.2%
2013	$1.58	80	2.5%	-31.2%	7,024,321	15.7%	-0.1%
2012	$1.54	78	-2.5%	-34.4%	7,040,005	15.8%	-1.7%
2011	$1.58	80	-6.7%	-31.1%	7,755,714	17.4%	0.6%
2010	$1.69	86	-5.4%	-22.4%	7,502,903	16.9%	1.4%
2009	$1.79	91	-9.1%	-15.7%	6,862,679	15.4%	0.9%
2008	$1.97	100	-4.9%	-5.2%	6,436,417	14.5%	0.3%

Source: Costar

1 & 2 STAR RENT & VACANCY

	Gross Asking Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	$1.67	109	0.7%	2.5%	3,619,713	12.9%	0.8%
2021	$1.66	108	1.0%	1.8%	3,402,767	12.1%	0.8%
2020	$1.64	107	1.4%	0.9%	3,188,558	11.3%	0.5%
2019	$1.62	106	3.2%	-0.5%	3,046,283	10.8%	0.2%
2018	$1.57	102	4.2%	-3.8%	2,983,816	10.6%	-1.5%
YTD	$1.52	99	0.5%	-7.6%	3,176,310	11.2%	-0.8%
2017	$1.51	98	5.2%	-8.2%	3,407,654	12.1%	-0.4%
2016	$1.43	93	4.8%	-13.8%	3,514,963	12.4%	-1.6%
2015	$1.37	89	5.0%	-19.2%	3,977,330	14.1%	-1.0%
2014	$1.30	85	3.1%	-25.2%	4,254,681	15.1%	-1.4%
2013	$1.26	82	-0.1%	-29.0%	4,660,522	16.5%	-0.7%
2012	$1.26	82	0.6%	-28.9%	4,865,610	17.2%	-0.4%
2011	$1.26	82	-3.3%	-29.6%	4,984,556	17.5%	2.0%
2010	$1.30	85	-7.7%	-25.4%	4,406,097	15.5%	1.0%
2009	$1.41	92	-8.2%	-15.7%	4,114,246	14.5%	1.3%
2008	$1.53	100	-5.9%	-6.3%	3,729,980	13.2%	2.2%

Source: Costar

OVERALL SALES

	Completed Transactions						Market Pricing Trends		
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2022	-	-	-	-	-	-	$230.31	153	5.6%
2021	-	-	-	-	-	-	$230.68	154	5.5%
2020	-	-	-	-	-	-	$227.35	151	5.5%
2019	-	-	-	-	-	-	$225.04	150	5.4%
2018	-	-	-	-	-	-	$219.21	146	5.3%
YTD	80	$401.9 M	2.1%	$8,550,409	$211.99	6.1%	$215.13	143	5.2%
2017	401	$1,139 M	7.6%	$4,456,695	$160.85	6.8%	$214.95	143	5.2%
2016	448	$1,243 M	8.1%	$3,946,658	$164.03	7.0%	$204.60	136	5.3%
2015	356	$752.2 M	5.5%	$3,148,154	$143.36	7.0%	$194.86	130	5.5%
2014	311	$695.1 M	5.2%	$3,128,974	$139.93	7.5%	$180.23	120	5.8%
2013	271	$329.2 M	3.1%	$1,684,470	$116.17	8.4%	$163.95	109	6.4%
2012	265	$267.9 M	4.4%	$1,669,335	$86.97	7.6%	$149.84	100	7.0%
2011	215	$463.5 M	4.2%	$3,384,582	$119.60	7.9%	$133.10	89	7.8%
2010	159	$251.7 M	2.2%	$2,109,918	$122.90	9.1%	$119.49	80	8.7%
2009	149	$298.7 M	1.9%	$3,341,029	$181.94	8.9%	$122.90	82	8.8%
2008	164	$413.9 M	2.6%	$3,959,219	$204.09	7.3%	$150.13	100	7.8%

Source: Costar

COSTAR ROSEVILLE/ROCKLIN OFFICE SUBMARKET REPORT (1Q2018)

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
9.8 K	**78.6 K**	**8.6%**	**6.5%**

The Roseville/Rocklin Submarket encompasses the northeast area of the metro and is one of the most affluent suburban regions in Sacramento. The submarket received a barrage of new supply in the years leading up to the recession, but developers have largely been quiet throughout the current cycle. This lack of supply, coupled with solid demand, has led to steady vacancy compression over the last six years. Vacancies remain well below the submarket's historical average, and like in much of the Sacramento metro, healthy rent growth has returned in recent years. Investment here is typically robust, with the yearly historical average topping $100 million.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Gross Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	3,694,612	8.2%	$2.21	13.6%	0	0	256,800
3 Star	6,718,831	7.9%	$1.91	12.0%	15,724	0	194,000
1 & 2 Star	2,492,125	10.9%	$1.54	12.5%	(6,700)	0	0
Submarket	**12,905,568**	**8.6%**	**$1.93**	**12.6%**	**9,024**	**0**	**450,800**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.5%	17.0%	10.3%	28.3%	2009 Q2	8.6%	2018 Q2
Net Absorption SF	78.6 K	360,187	341,436	946,863	2000 Q2	(245,474)	2009 Q2
Deliveries SF	9.8 K	378,590	470,138	1,138,554	2008 Q2	0	2017 Q4
Rent Growth	6.5%	1.2%	3.2%	12.5%	2001 Q1	-11.5%	2009 Q2
Sales Volume	$249 M	$111.7 M	N/A	$397.2 M	2008 Q1	$13.4 M	1999 Q4

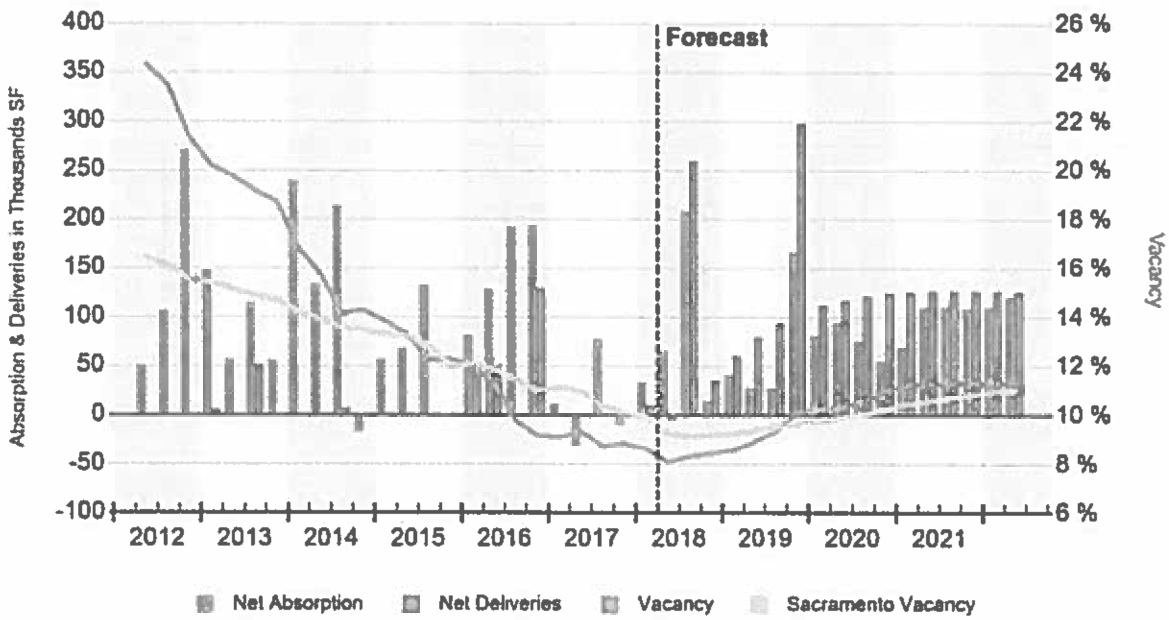
Source: Costar

Leasing

Located about 20 miles northeast of downtown Sacramento, the Roseville/Rocklin Submarket benefits from one of the most affluent populations in the metro. Office development, after being muted for most of this cycle, has picked up recently, and Roseville/Rocklin is one of the only submarkets in Sacramento where multifamily developers have been active. With limited development and positive demand every year since 2010, vacancies in the office market are about 100 basis points below the metro average.

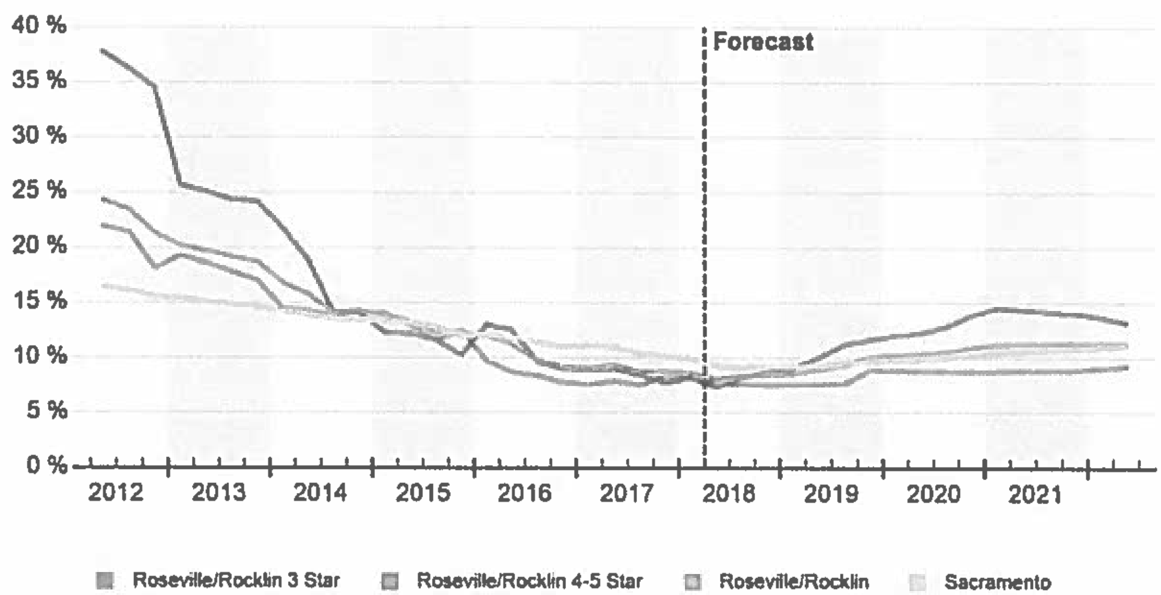
Roseville/Rocklin's largest office user is easily Hewlett Packard Enterprise (HPE). The firm occupies nearly 800,000 SF in Roseville, after completing a sale leaseback of the campus in May 2017. Other major tenants include Sutter Health, Pride Industries, and Storage Solutions, each of which occupy more than 100,000 SF. Over the last few years, a number of tenants have also moved into large blocks of space, including Quest Media & Supplies (120,000 SF), SolarCity Corporation (68,000 SF), and Liberty Mutual Insurance Company (52,000 SF). JLM Energy signed one of the biggest leases of 2017 in the submarket. The solar energy company occupies nearly 40,000 SF at 3735 Placer Corporate Drive.

NET ABSORPTION, NET DELIVERIES & VACANCY



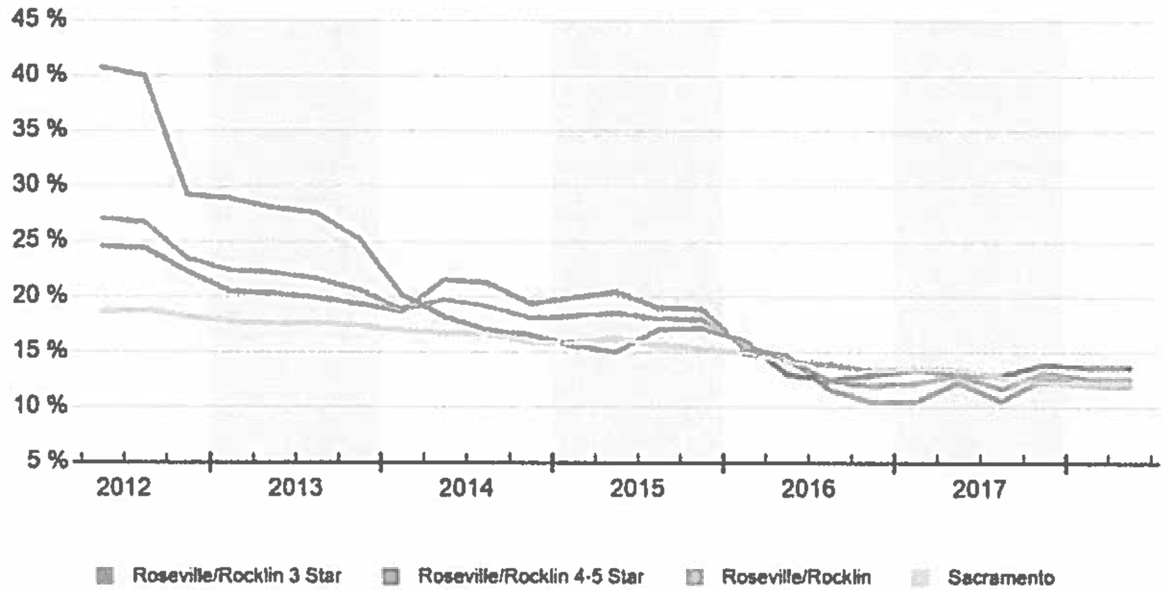
Source: Costar

VACANCY RATE



Source: Costar

AVAILABILITY RATE



Source: Costar

4 & 5 STAR MOST ACTIVE BUILDINGS IN SUBMARKET - PAST 12 MONTHS

Property Name/Address	Rating	RBA	Deals	SF	Vacancy (QTD)	Net Absorption SF (QTD)
Rocklin Professional Building 5701 Lonetree Blvd	★★★★★	94,267	18	19,126	19.1%	0
Phase 4 1544 Eureka Rd	★★★★★	51,337	6	22,430	0%	0
Blue Oaks Corporate Center 1430 Blue Oaks Blvd	★★★★★	94,800	5	23,604	10.9%	0
Stone Point Corporate Center 1478 Stone Point Dr	★★★★★	130,000	4	14,932	7.0%	0
1512 Eureka Rd	★★★★★	71,301	4	12,601	10.5%	0
Summit at Douglas Ridge Ph I 3721 Douglas Blvd	★★★★★	92,941	4	21,026	5.4%	0
Douglas Corporate Center II 2901 Douglas Blvd	★★★★★	108,765	3	11,951	9.1%	0
Phase 1 1410 Rocky Ridge Dr	★★★★★	98,671	3	14,513	6.2%	0
2241 Douglas Blvd	★★★★★	28,750	2	15,759	12.2%	0
Phase III Eureka Corporate C... 1508 Eureka Rd	★★★★★	52,500	2	3,839	13.8%	0
3009 Douglas Blvd	★★★★★	53,639	2	7,759	3.1%	0
Douglas Corporate Center I 2999 Douglas Blvd	★★★★★	102,847	2	28,800	20.3%	0
3001 Douglas Blvd	★★★★★	52,972	2	4,906	15.9%	0
3017 Douglas Blvd	★★★★★	57,400	2	4,086	0%	0
3000 Lava Ridge Ct	★★★★★	69,200	1	600	13.0%	0
2251 Douglas Blvd	★★★★★	24,587	1	1,406	0%	0
Roseville Corporate Center 2998 Douglas Blvd	★★★★★	109,241	1	2,549	9.2%	0
1504 Eureka Rd	★★★★★	71,561	1	2,092	8.4%	0
Office Bldg 2295 Fieldstone Rd	★★★★★	29,950	1	2,116	44.2%	0
Shea Center 516 Gibson Dr	★★★★★	55,544	1	11,309	5.5%	0

Source: Costar

3 STAR MOST ACTIVE BUILDINGS IN SUBMARKET - PAST 12 MONTHS

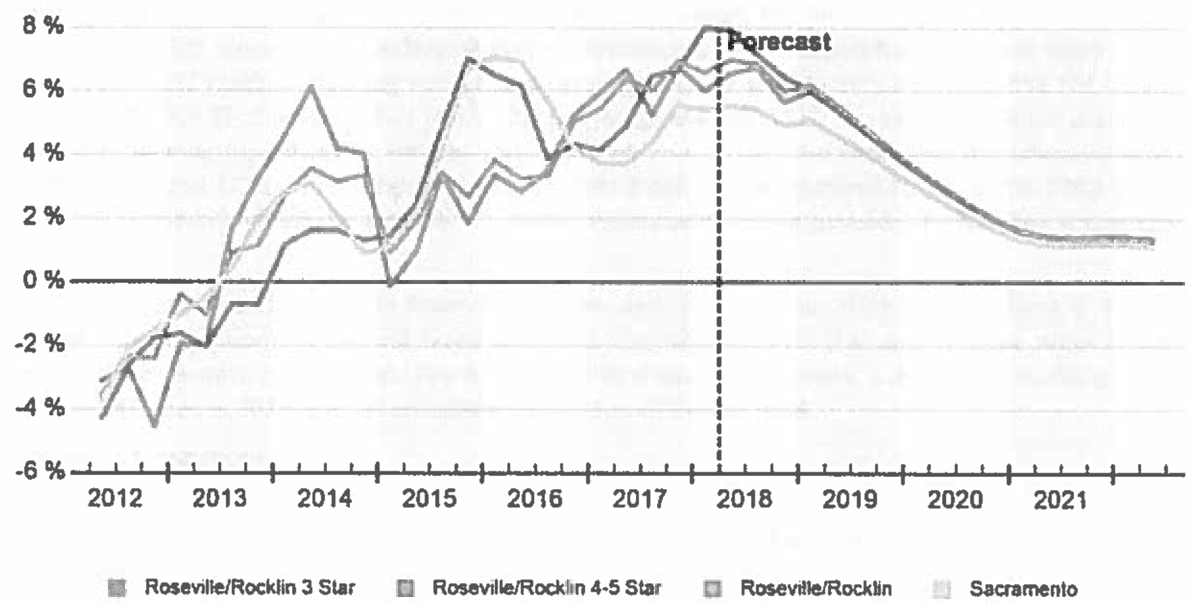
Property Name/Address	Rating	RBA	Deals	SF	Vacancy (QTD)	Net Absorption SF (QTD)
201 Creekside Ridge Ct	★★★★★	48,000	2	19,302	8.3%	11,087
2990 Lava Ridge Ct	★★★★★	44,635	2	8,614	12.2%	3,614
Creekside Ridge 1075 Creekside Ridge Dr	★★★★★	76,420	2	9,988	5.7%	0
3013 Douglas Blvd	★★★★★	42,855	2	16,441	55.3%	0
Johnson Ranch 2240 Douglas Blvd	★★★★★	46,954	2	3,550	11.4%	0
Bldg 12 920 Reserve Dr	★★★★★	26,740	2	4,515	0%	0
1090 Sunrise Ave	★★★★★	7,000	2	3,530	0%	0
Bldg G 2540 Warren Dr	★★★★★	14,700	2	15,198	0%	0
South Office - Bldg 14 970 Reserve	★★★★★	54,000	14	2,597	0.7%	0
Mammoth Professional Buildi... 300 Harding Blvd	★★★★★	44,575	7	8,676	7.3%	0
3400 Douglas Blvd	★★★★★	71,734	7	13,061	18.6%	0
Bldg 4 6940 Destiny Dr	★★★★★	3,254	5	614	0%	0
Bldg A 8150 Sierra College Blvd	★★★★★	21,270	5	10,722	0%	0
9700 Village Center Dr	★★★★★	15,981	5	10,043	0%	0
Vineyard Pointe Executive Park 1050 Opportunity Dr	★★★★★	19,500	4	3,012	18.1%	0
6085 Douglas Blvd	★★★★★	11,854	4	7,636	0%	0
3300 Douglas Blvd	★★★★★	37,868	3	4,429	4.9%	0
3500 Douglas Blvd	★★★★★	37,678	3	6,920	10.6%	0
Rocklin Professional Center 3175 Sunset Blvd	★★★★★	10,073	3	3,108	0%	0
Phase-1 Bldg N 2210 Plaza Dr	★★★★★	10,147	3	5,583	19.2%	(1,952)

Source: Costar

Rent

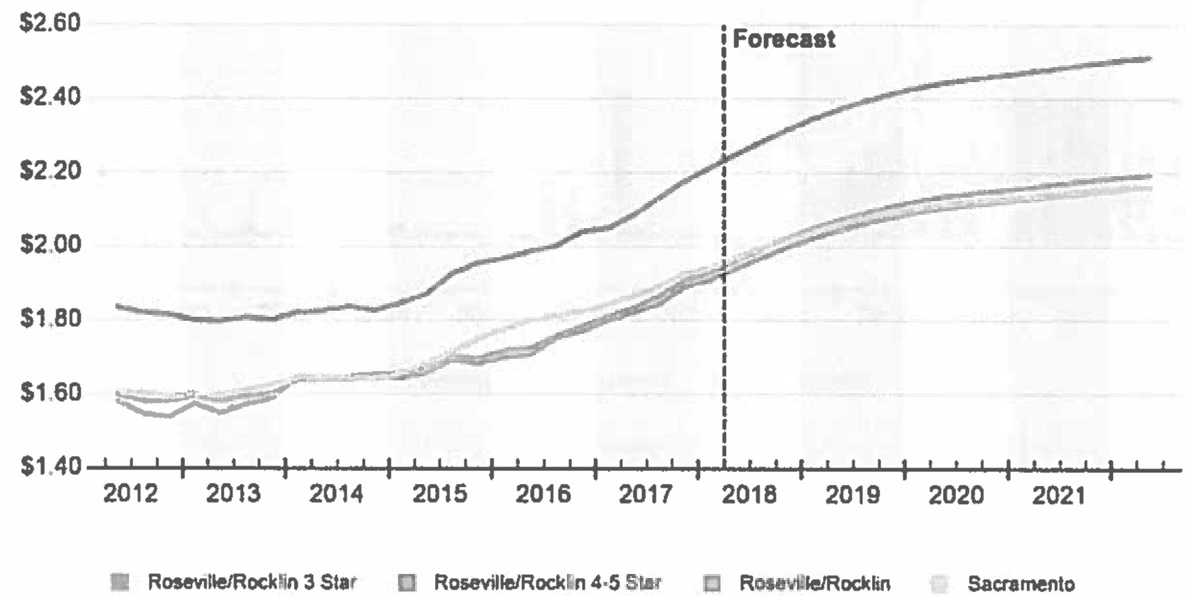
With vacancy below the metro average, rent growth is in mid-single digits and well above its tepid long-term average. Rent gains here have historically been minimal, and in fact the submarket suffered rent losses from 2008–12. Even with several years of healthy rent growth, asking rents remain more than 10% below the submarket's prerecession peak. As of March 2018, average asking rents were nearly $23/SF, about in line with the metro average. Rents in Roseville/Rocklin are roughly 20% higher than in the neighboring submarkets of Citrus Heights/Orangevale and Rio Linda/N. Highlands.

ASKING RENT GROWTH (YOY)



Source: Costar

GROSS ASKING RENT PER SQUARE FOOT



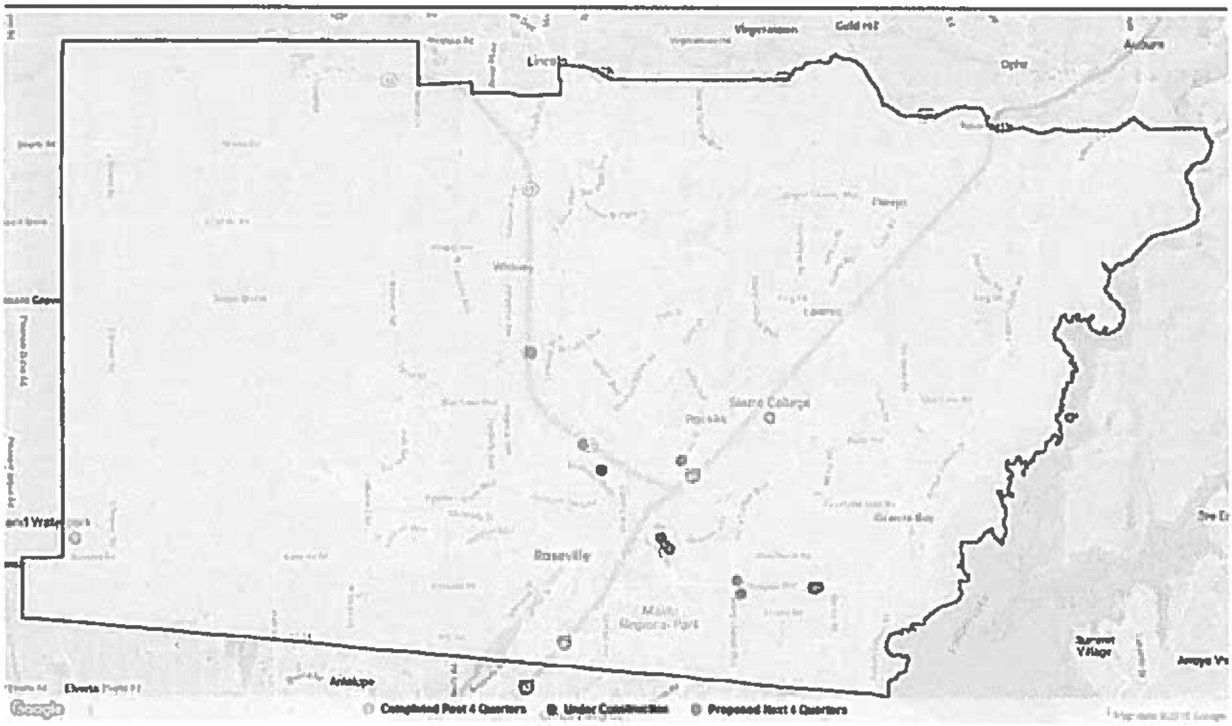
Source: Costar

Construction

Roseville/Rocklin Office

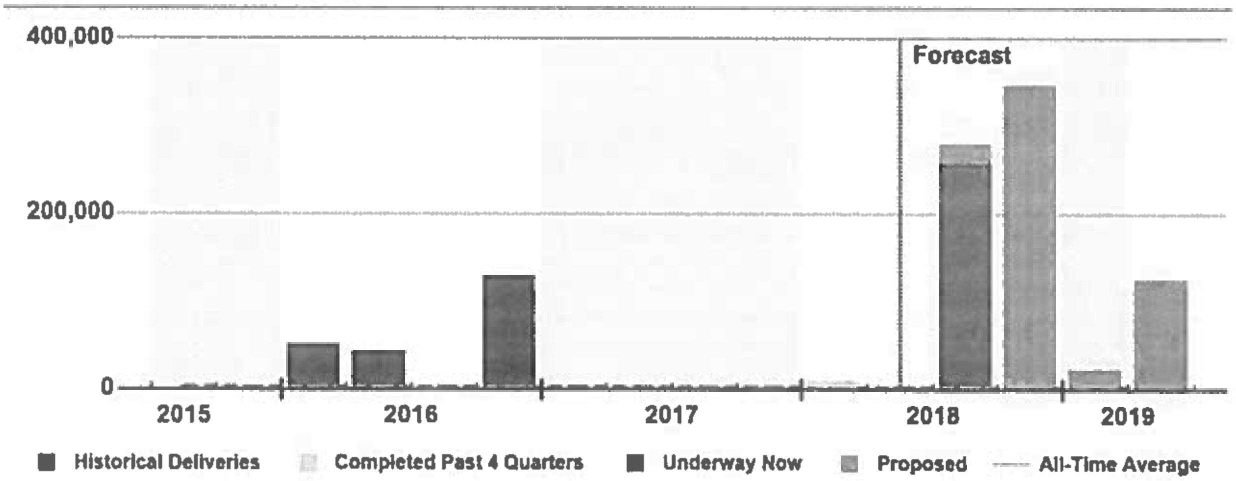
All-Time Annual Avg. SF	Delivered SF Past 4 Qtrs	Delivered SF Next 4 Qtrs	Proposed SF Next 4 Qtrs
11,856	9,798	256,800	519,588

PAST 4 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED



Source: Costar

PAST & FUTURE DELIVERIES IN SQUARE FEET



Source: Costar

RECENT DELIVERIES

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	580 N Sunrise Ave	★★★★★	9,798	1	Oct-2016	Mar-2018	Omni Structures & Management -

UNDER CONSTRUCTION

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	501 N Sunrise Ave	★★★★★	242,000	5	Jun-2017	Aug-2018	- Adventist Health
2	Kaiser Permanente 1001 Riverside Ave	★★★★★	194,000	5	Sep-2017	Oct-2019	- -
3	Office 262 Gibson Dr	★★★★★	7,400	1	Dec-2017	Jul-2018	- -
4	258 Gibson Dr	★★★★★	7,400	1	Dec-2017	Jul-2018	Glimcher Ventures Southwest -

PROPOSED

	Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1	Bldg A Stone Point Dr	★★★★★	130,000	5	Apr-2018	Dec-2018	- -
2	Bldg B Stone Point Dr	★★★★★	130,000	5	Apr-2018	Dec-2018	- -
3	Bldg D 935 Highland Pointe Dr	★★★★★	118,000	4	Jun-2018	Jun-2019	Mourier Land Investment Corpora... Mourier Land Investment Corpora...
4	Bldg A, Existing Pad 6351 W Oaks Blvd	★★★★★	66,670	2	Apr-2018	Oct-2018	Kobra Properties Kobra Properties
5	Proposed 8455 Sierra College Blvd	★★★★★	24,000	2	Apr-2018	Feb-2019	- -
6	4172 Douglas Blvd	★★★★★	20,000	2	Apr-2018	Sep-2018	- -
7	Bldg G Pacific St	★★★★★	7,150	1	Oct-2018	Jun-2019	- -
8	Bldg A 5660 Douglas Blvd	★★★★★	5,100	1	Apr-2018	Oct-2018	- -
9	Bldg B 5660 Douglas Blvd	★★★★★	5,100	1	Apr-2018	Oct-2018	- -
10	Bldg C 5660 Douglas Blvd	★★★★★	5,100	1	Apr-2018	Oct-2018	- -
11	Bldg D 5660 Douglas Blvd	★★★★★	5,100	1	Apr-2018	Oct-2018	- -
12	Bldg B "KHAKI SUITES"... 5630 Douglas Blvd	★★★★★	3,368	1	May-2018	Sep-2018	- -

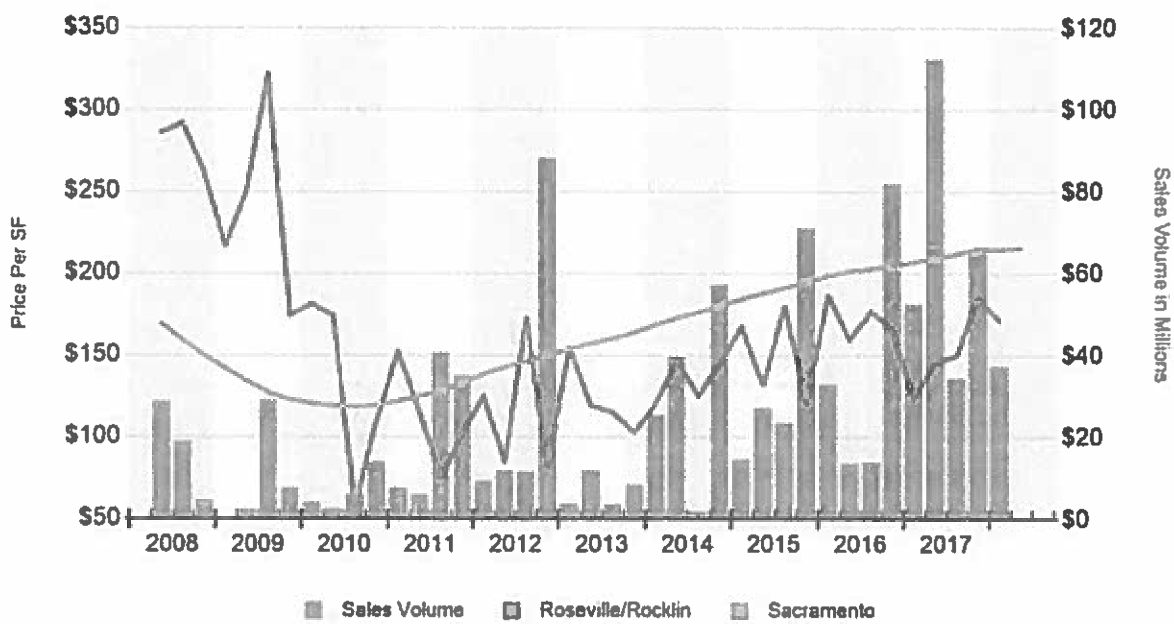
Source: Costar

Sales

Roseville/Rocklin typically ranks among the top submarkets in the Sacramento metro for number of office transactions, with sales volume historically averaging more than $100 million annually. Investment in 2017, however, nearly doubled that figure, thanks to two outsized deals. In a sale leaseback, the Hewlett Packard Campus was acquired by Strada Investment Group and Farallon Capital Management for $105.1 million ($132/SF), with a reported first- year pro forma cap rate of 10.4%. In year two to year five, however, the pro forma cap rate will be reduced to 8%, when Hewlett Packard Enterprise (HPE) vacates the asset at 8040 Foothills Blvd. HPE fully occupied the property when it sold, and it includes more than 600,000 SF of office space in four buildings, plus one industrial building measuring about 150,000 SF. The approximate value of the office assets is $92 million ($144/SF). HPE reportedly made a corporate decision not to own real estate and to sell off many of its campuses across the U.S. In January 2017, the four-building Olympus Corporate Center was acquired in a joint venture between Barker Pacific Group and WHI Real Estate Partners L.P. for $33.85 million ($177/SF). The four-building campus totals almost 200,000 SF and completed construction from 1992–1996. Tenants at the time of sale included Direct Technology, KB Home, and UBS. Notably, the same JV group acquired the Lava Ridge Business Center (another Roseville/Rocklin campus) in 2016, for $27.6 million ($150/SF).

The typical sale in the metro is usually a little more than $2 million, and a recent example of this type of deal is the September 2017 trade of 1677 Eureka Road. The nearly 12,000 SF 3 Star asset was acquired by a local individual buyer for $2.2 million ($186/SF) at a reported cap rate of 6%. The multi-tenant building was 89% leased at the time of sale.

SALES VOLUME & PRICE PER SF INDEX



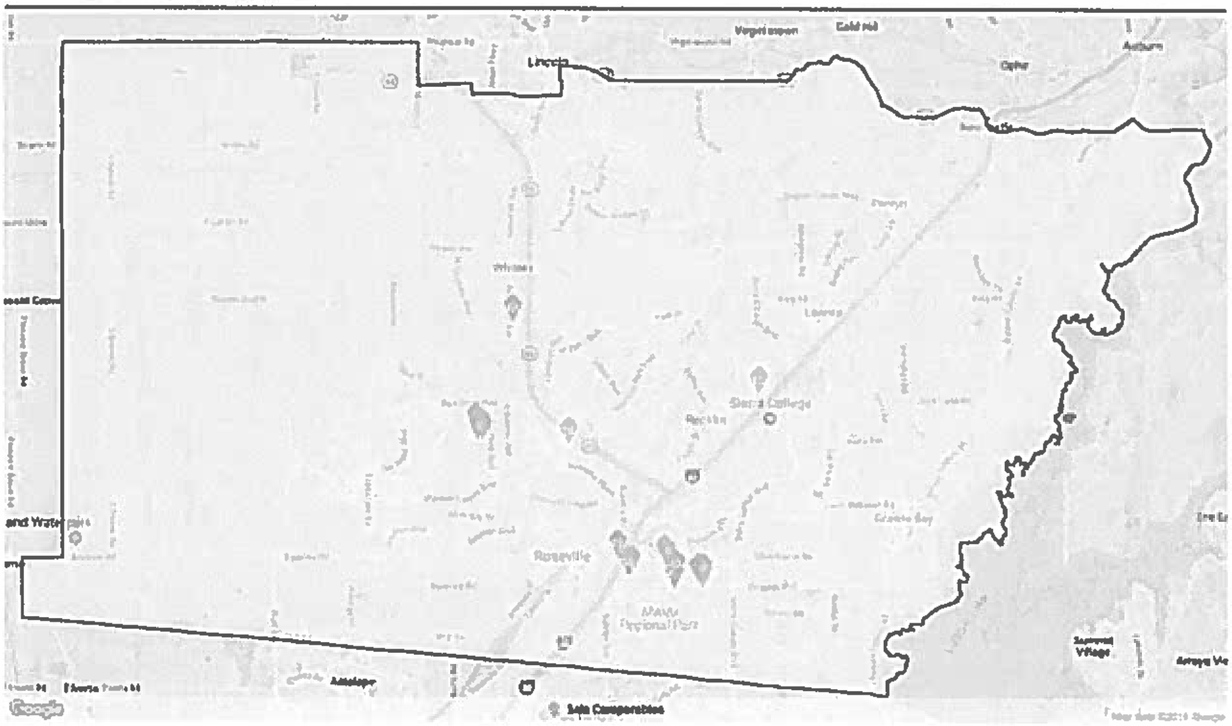
Source: Costar

Sales Past 12 Months

Roseville/Rocklin Office

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
67	6.1%	$159	8.6%

SALE COMPARABLE LOCATIONS



Source: Costar

SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	$325,000	$5,304,232	$1,700,000	$35,684,547
Price Per SF	$84	$159	$157	$856
Cap Rate	5.0%	6.1%	5.5%	9.1%
Time Since Sale in Months	0.7	6.6	6.2	12.0
Property Attributes	**Low**	**Average**	**Median**	**High**
Building SF	968	27,835	8,528	241,455
Stories	1	2	1	3
Typical Floor SF	968	16,084	7,513	160,000
Vacancy Rate At Sale	0%	8.6%	0%	75.6%
Year Built	1913	1986	1987	2020
Star Rating	★★★★★	★★★★★ 2.6	★★★★★	★★★★★

Source: Costar

RECENT SIGNIFICANT SALES

	Property				Sale			
Property Name - Address	**Rating**	**Yr Built**	**Bldg SF**	**Vacancy**	**Sale Date**	**Price**	**Price/SF**	**Cap Rate**
R5 8050 Foothills Blvd	★★★★★	1979	241,455	0%	5/1/2017	$35,684,547	$148	8.0%
R6 6060 Foothills Blvd	★★★★★	1996	192,276	0%	5/1/2017	$28,416,400	$148	8.0%
R4 8040 Foothills Blvd	★★★★★	1979	160,000	0%	5/1/2017	$23,646,342	$148	8.0%
Roseville Corporate Center 2998 Douglas Blvd	★★★★★	1999	109,241	6.2%	10/6/2017	$23,340,000	$214	8.1%
Douglas Corporate Cent... 2901 Douglas Blvd	★★★★★	2003	108,765	13.0%	12/22/2017	$20,021,092	$184	5.5%
Douglas Corporate Cent... 2999 Douglas Blvd	★★★★★	1990	102,847	18.0%	12/22/2017	$16,728,908	$163	5.5%
1504 Eureka Rd	★★★★★	2001	71,561	8.4%	1/31/2018	$13,023,659	$182	-
1512 Eureka Rd	★★★★★	2000	71,301	10.5%	1/31/2018	$12,976,341	$182	-
R1 8010 Foothills Blvd	★★★★★	1979	54,486	0%	5/1/2017	$8,052,466	$148	8.0%
Fresenius Kidney Care 1781 Santa Clara Dr	★★★★★	2016	7,487	0%	7/19/2017	$6,411,000	$856	5.8%
Mammoth Professional... 300 Harding Blvd	★★★★★	2004	44,575	18.0%	6/15/2017	$5,000,000	$112	9.1%
Mammoth Professional... 300 Harding Blvd	★★★★★	2004	44,575	15.4%	8/2/2017	$4,510,871	$101	-
3735 Placer Corporate Dr	★★★★★	2010	39,869	30.1%	2/16/2018	$4,400,000	$110	-
Bldg 10 151 N Sunrise Ave	★★★★★	1987	26,880	43.8%	9/26/2017	$3,154,973	$117	5.0%
Bldg 9 151 N Sunrise Ave	★★★★★	1987	25,560	17.1%	9/26/2017	$3,000,041	$117	5.0%
Bldg G 2540 Warren Dr	★★★★★	2002	14,700	0%	12/29/2017	$2,750,000	$187	-
Bldg A 905 Highland Pointe Dr	★★★★★	2006	12,978	0%	4/7/2017	$2,700,000	$208	-
2151 Professional Dr	★★★★★	1986	13,262	0%	5/9/2017	$2,420,000	$182	-
Bldg 13 151 N Sunrise	★★★★★	1987	19,520	28.2%	9/26/2017	$2,291,111	$117	5.0%
1677 Eureka Road 1677 Eureka Rd	★★★★★	1997	11,915	11.3%	9/18/2017	$2,216,000	$186	6.0%

Source: Costar

Supply & Demand Trends

OVERALL SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	15,213,079	504,266	3.4%	476,972	3.1%	1.1
2021	14,708,813	506,504	3.6%	398,140	2.7%	1.3
2020	14,202,309	475,217	3.5%	305,953	2.2%	1.6
2019	13,727,092	532,358	4.0%	263,137	1.9%	2.0
2018	13,194,734	298,964	2.3%	320,671	2.4%	0.9
YTD	12,905,568	9,798	0.1%	42,124	0.3%	0.2
2017	12,895,770	0	0%	46,112	0.4%	0
2016	12,895,770	224,334	1.8%	596,538	4.6%	0.4
2015	12,671,436	0	0%	254,321	2.0%	0
2014	12,671,436	7,300	0.1%	569,543	4.5%	0
2013	12,664,136	56,969	0.5%	374,529	3.0%	0.2
2012	12,607,167	0	0%	536,369	4.3%	0
2011	12,607,167	0	0%	217,276	1.7%	0
2010	12,607,167	93,736	0.7%	166,483	1.3%	0.6
2009	12,513,431	135,267	1.1%	(131,433)	-1.1%	-
2008	12,378,164	610,771	5.2%	(18,504)	-0.1%	-

Source: Costar

4 & 5 STAR SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	5,909,646	526,010	9.8%	565,321	9.6%	0.9
2021	5,383,636	528,015	10.9%	445,518	8.3%	1.2
2020	4,855,621	496,481	11.4%	329,559	6.8%	1.5
2019	4,359,140	359,520	9.0%	202,241	4.6%	1.8
2018	3,999,620	305,008	8.3%	243,566	6.1%	1.3
YTD	3,694,612	0	0%	(14,186)	-0.4%	0
2017	3,694,612	0	0%	45,394	1.2%	0
2016	3,694,612	216,847	6.2%	241,311	6.5%	0.9
2015	3,477,765	0	0%	132,340	3.8%	0
2014	3,477,765	7,300	0.2%	356,876	10.3%	0
2013	3,470,465	56,969	1.7%	396,501	11.4%	0.1
2012	3,413,496	0	0%	120,420	3.5%	0
2011	3,413,496	0	0%	63,165	1.9%	0
2010	3,413,496	0	0%	30,987	0.9%	0
2009	3,413,496	94,267	2.8%	(243)	0%	-
2008	3,319,229	240,000	7.8%	(52,933)	-1.6%	-

Source: Costar

3 STAR SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	6,912,831	0	0%	(49,005)	-0.7%	0
2021	6,912,831	0	0%	(8,495)	-0.1%	0
2020	6,912,831	0	0%	8,670	0.1%	0
2019	6,912,831	194,000	2.9%	85,953	1.2%	2.3
2018	6,718,831	9,798	0.1%	63,399	0.9%	0.2
YTD	6,718,831	9,798	0.1%	37,224	0.6%	0.3
2017	6,709,033	0	0%	(38,827)	-0.6%	0
2016	6,709,033	7,487	0.1%	323,052	4.8%	0
2015	6,701,546	0	0%	110,915	1.7%	0
2014	6,701,546	0	0%	194,269	2.9%	0
2013	6,701,546	0	0%	73,357	1.1%	0
2012	6,701,546	0	0%	388,705	5.8%	0
2011	6,701,546	0	0%	93,802	1.4%	0
2010	6,701,546	45,275	0.7%	77,762	1.2%	0.6
2009	6,656,271	0	0%	(130,489)	-2.0%	0
2008	6,656,271	319,059	5.0%	97,920	1.5%	3.3

Source: Costar

1 & 2 STAR SUPPLY & DEMAND

	Inventory			Net Absorption		
Year	SF	SF Growth	% Growth	SF	% of Inv	Constrct. Ratio
2022	2,390,602	(21,744)	-0.9%	(39,344)	-1.6%	-
2021	2,412,346	(21,511)	-0.9%	(38,883)	-1.6%	-
2020	2,433,857	(21,264)	-0.9%	(32,276)	-1.3%	-
2019	2,455,121	(21,162)	-0.9%	(25,057)	-1.0%	-
2018	2,476,283	(15,842)	-0.6%	13,706	0.6%	-
YTD	2,492,125	0	0%	19,086	0.8%	0
2017	2,492,125	0	0%	39,545	1.6%	0
2016	2,492,125	0	0%	32,175	1.3%	0
2015	2,492,125	0	0%	11,066	0.4%	0
2014	2,492,125	0	0%	18,398	0.7%	0
2013	2,492,125	0	0%	(95,329)	-3.8%	0
2012	2,492,125	0	0%	27,244	1.1%	0
2011	2,492,125	0	0%	60,309	2.4%	0
2010	2,492,125	48,461	2.0%	57,734	2.3%	0.8
2009	2,443,664	41,000	1.7%	(701)	0%	-
2008	2,402,664	51,712	2.2%	(63,491)	-2.6%	-

Source: Costar

OVERALL RENT & VACANCY

	Gross Asking Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	$2.20	107	1.0%	0%	1,691,395	11.1%	-0.2%
2021	$2.18	106	1.4%	-1.1%	1,664,101	11.3%	0.4%
2020	$2.15	104	2.0%	-2.5%	1,555,737	11.0%	0.9%
2019	$2.11	102	4.2%	-4.5%	1,386,473	10.1%	1.6%
2018	$2.02	98	6.0%	-9.0%	1,117,253	8.5%	-0.4%
YTD	$1.93	93	1.1%	-14.2%	1,106,173	8.6%	-0.3%
2017	$1.91	92	7.0%	-15.5%	1,138,499	8.8%	-0.4%
2016	$1.78	86	5.0%	-23.6%	1,184,611	9.2%	-3.1%
2015	$1.70	82	2.7%	-29.8%	1,556,815	12.3%	-2.0%
2014	$1.65	80	3.4%	-33.3%	1,811,136	14.3%	-4.4%
2013	$1.60	77	1.2%	-37.8%	2,373,379	18.7%	-2.6%
2012	$1.58	77	-2.4%	-39.4%	2,690,939	21.3%	-4.3%
2011	$1.62	78	-7.2%	-36.0%	3,227,308	25.6%	-1.7%
2010	$1.75	85	-6.3%	-26.2%	3,444,584	27.3%	-0.8%
2009	$1.87	90	-9.7%	-18.2%	3,517,331	28.1%	1.8%
2008	$2.07	100	-6.3%	-6.7%	3,250,631	26.3%	4.0%

Source: Costar

4 & 5 STAR RENT & VACANCY

	Gross Asking Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	$2.52	109	1.1%	4.6%	717,108	12.1%	-1.9%
2021	$2.50	108	1.4%	3.5%	756,419	14.1%	0.2%
2020	$2.46	106	2.0%	2.1%	673,922	13.9%	2.2%
2019	$2.41	104	4.1%	0.2%	507,000	11.6%	2.9%
2018	$2.32	100	6.5%	-4.0%	349,721	8.7%	0.9%
YTD	$2.21	96	1.7%	-8.8%	302,466	8.2%	0.4%
2017	$2.18	94	6.7%	-10.7%	288,280	7.8%	-1.2%
2016	$2.04	88	4.3%	-18.1%	333,674	9.0%	-1.3%
2015	$1.96	85	7.0%	-23.2%	358,138	10.3%	-3.8%
2014	$1.83	79	1.3%	-31.9%	490,478	14.1%	-10.1%
2013	$1.80	78	-0.7%	-33.6%	840,054	24.2%	-10.4%
2012	$1.82	79	-1.8%	-32.7%	1,179,586	34.6%	-3.5%
2011	$1.85	80	-9.9%	-30.4%	1,300,006	38.1%	-1.9%
2010	$2.05	89	-4.2%	-17.5%	1,363,171	39.9%	-0.9%
2009	$2.14	93	-7.5%	-12.6%	1,394,158	40.8%	1.7%
2008	$2.31	100	-4.0%	-4.2%	1,299,648	39.2%	6.5%

Source: Costar

3 STAR RENT & VACANCY

	Gross Asking Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	$2.17	105	1.0%	-2.8%	663,670	9.6%	0.7%
2021	$2.15	104	1.4%	-3.8%	614,665	8.9%	0.1%
2020	$2.12	103	2.0%	-5.2%	606,170	8.8%	-0.1%
2019	$2.08	101	4.1%	-7.3%	614,840	8.9%	1.4%
2018	$2.00	97	5.7%	-11.7%	506,794	7.5%	-0.8%
YTD	$1.91	93	1.0%	-16.9%	532,969	7.9%	-0.4%
2017	$1.89	92	6.8%	-18.0%	560,395	8.4%	0.6%
2016	$1.77	86	5.2%	-26.0%	521,568	7.8%	-4.7%
2015	$1.68	82	1.8%	-32.6%	837,133	12.5%	-1.7%
2014	$1.65	80	4.0%	-35.1%	948,048	14.1%	-2.9%
2013	$1.59	77	3.3%	-40.5%	1,142,317	17.0%	-1.1%
2012	$1.54	75	-4.5%	-45.1%	1,215,674	18.1%	-5.8%
2011	$1.61	78	-6.4%	-38.5%	1,604,379	23.9%	-1.4%
2010	$1.72	84	-6.3%	-29.7%	1,698,181	25.3%	-0.7%
2009	$1.84	89	-10.9%	-21.6%	1,730,668	26.0%	2.0%
2008	$2.06	100	-7.7%	-8.3%	1,600,179	24.0%	2.3%

Source: Costar

1 & 2 STAR RENT & VACANCY

	Gross Asking Rent				Vacancy		
Year	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2022	$1.79	105	1.0%	-2.4%	310,617	13.0%	0.8%
2021	$1.77	104	1.4%	-3.4%	293,017	12.1%	0.8%
2020	$1.74	103	2.2%	-4.9%	275,645	11.3%	0.5%
2019	$1.70	101	4.9%	-7.2%	264,633	10.8%	0.2%
2018	$1.63	96	6.2%	-12.5%	260,738	10.5%	-1.1%
YTD	$1.54	91	0.4%	-18.9%	270,738	10.9%	-0.8%
2017	$1.53	90	8.3%	-19.4%	289,824	11.6%	-1.6%
2016	$1.41	83	6.0%	-29.3%	329,369	13.2%	-1.3%
2015	$1.33	79	-3.6%	-37.1%	361,544	14.5%	-0.4%
2014	$1.38	82	5.5%	-32.1%	372,610	15.0%	-0.7%
2013	$1.31	77	-1.6%	-39.3%	391,008	15.7%	3.8%
2012	$1.33	79	3.6%	-37.1%	295,679	11.9%	-1.1%
2011	$1.29	76	-3.9%	-42.0%	322,923	13.0%	-2.4%
2010	$1.34	79	-11.4%	-36.4%	383,232	15.4%	-0.7%
2009	$1.51	89	-10.8%	-20.8%	392,505	16.1%	1.5%
2008	$1.70	100	-6.0%	-7.8%	350,804	14.6%	4.6%

Source: Costar

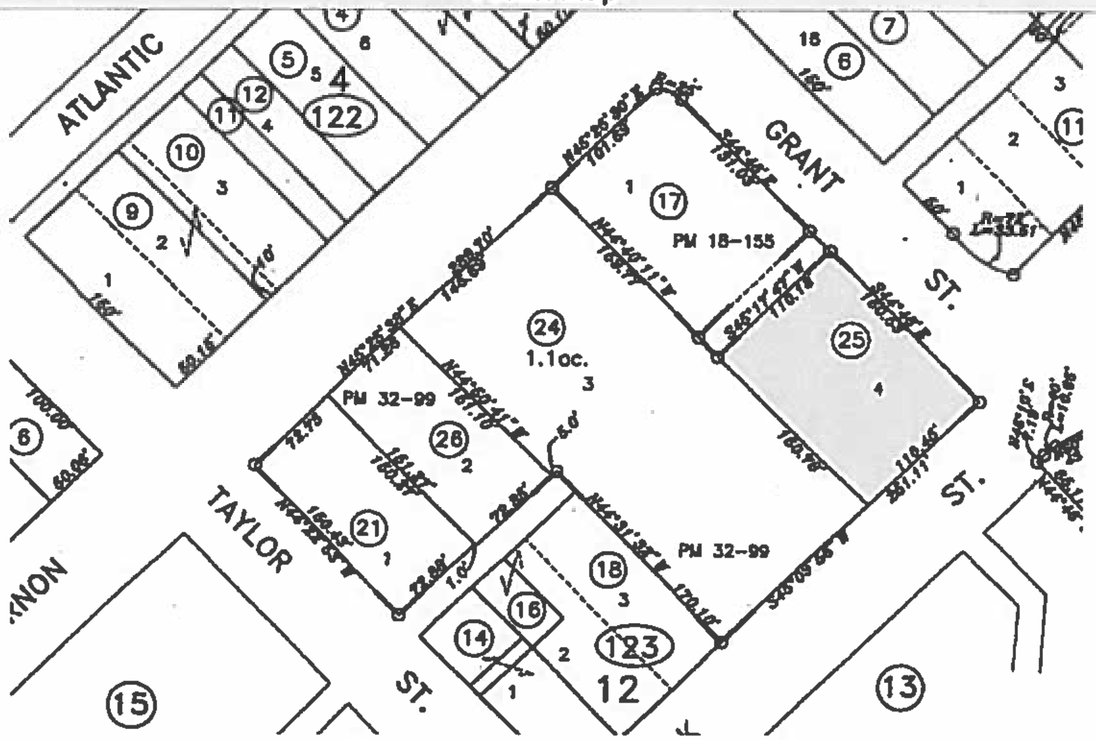
OVERALL SALES

	Completed Transactions					
Year	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate
YTD	15	$37.3 M	2.7%	$4,141,889	$171.41	-
2017	65	$264.1 M	14.2%	$5,465,628	$148.54	6.1%
2016	61	$142.1 M	6.8%	$3,155,577	$170.37	6.9%
2015	59	$135.9 M	8.2%	$3,343,534	$135.02	7.4%
2014	59	$124.1 M	7.2%	$3,122,823	$139.60	7.8%
2013	48	$27.1 M	2.3%	$1,084,176	$116.68	7.4%
2012	64	$120.4 M	12.7%	$2,952,608	$88.76	7.7%
2011	37	$89.0 M	8.0%	$3,115,681	$90.42	6.9%
2010	54	$26.6 M	2.5%	$686,986	$100.46	7.3%
2009	41	$39.6 M	1.6%	$2,790,231	$271.31	9.0%
2008	51	$79.0 M	2.6%	$2,789,204	$280.14	6.6%

Source: Costar

Land Summary				
Parcel ID/Tax ID	Gross Land Area (Acres)	Gross Land Area (SF)	Topography Type	Shape Type
013-123-025	0.41	17,722	Level and at street grade	Rectangular

Parcel Map



SITE DETAILS

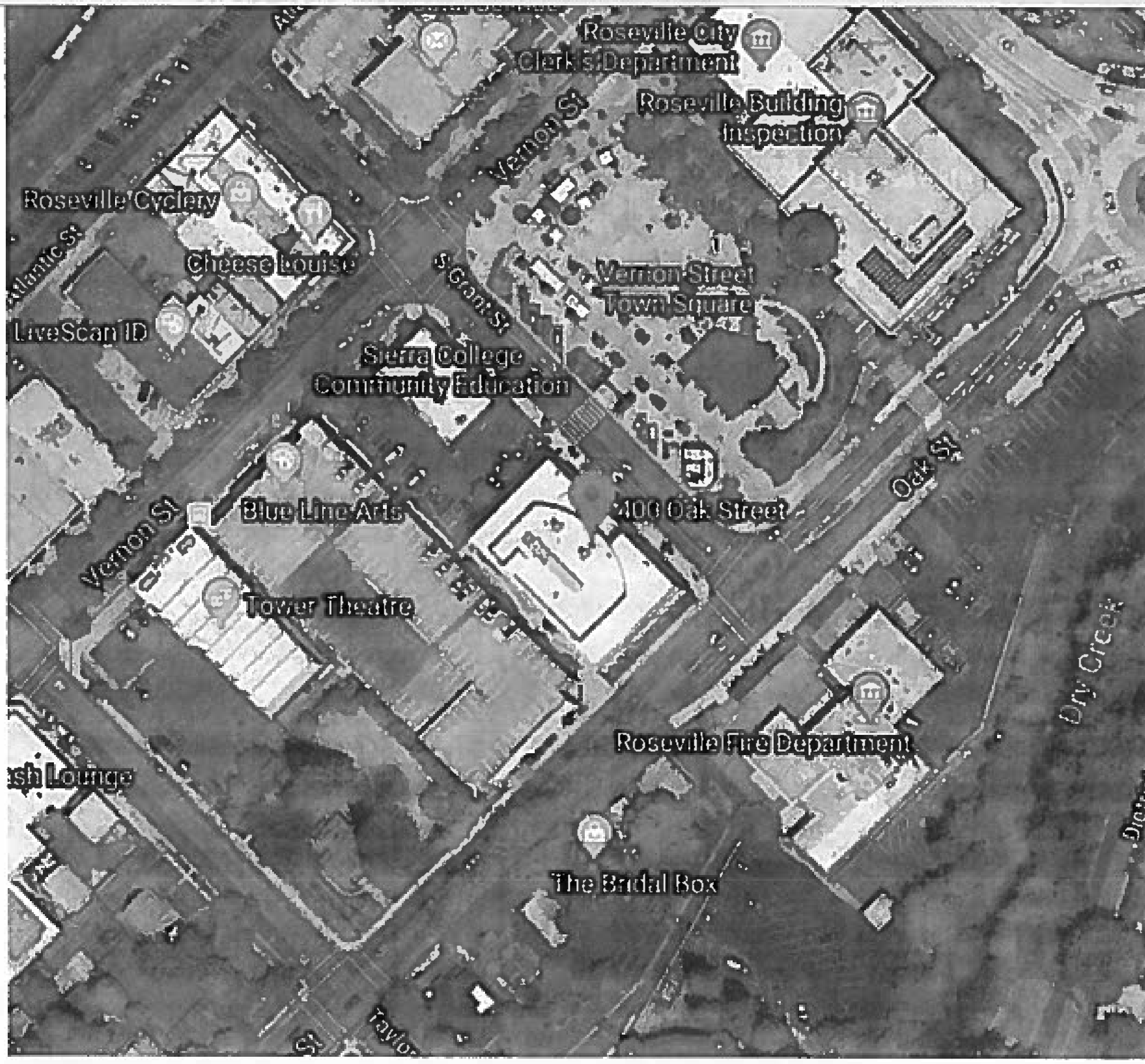
ADDRESS	116 S Grant Street, Roseville, Placer County, CA 95678
PARCEL NUMBER	013-123-025
LOCATION TYPE	Suburban
MAP LATITUDE/LONGITUDE	38.7476657/-121.2851389
CENSUS TRACT	0209.01
SIZE	17,722 SF or 0.41 acres
USABLE LAND	17,722 SF or 0.41 acres
ZONING	The parcel is zoned "CBD/SA-DT - Central Business District/Special Area-Downtown," under the jurisdiction of the City of Roseville.
PRIMARY FRONTAGE STREET	Grant Street
PRIMARY FRONTAGE STREET LENGTH	160.53 feet
SECONDARY FRONTAGE STREET	Oak Street
SECONDARY FRONTAGE STREET LENGTH	110.45 feet
ADJACENT PROPERTIES - NORTH	An office building
ADJACENT PROPERTIES - SOUTH	A retail building
ADJACENT PROPERTIES - WEST	A parking garage
ADJACENT PROPERTIES - EAST	An office building

TRAFFIC COUNT	1,766
TRAFFIC COUNT YEAR	2016
AVERAGE DEPTH	110.45 feet
VIEW	Average
ACCESS	The subject site has access from S Grant Street and Oak Street
INGRESS/EGRESS	The subject site has no vehicle ingress/egress. The adjacent parking garage has ingress/egress from Vernon Street and Oak Street
SITE VISIBILITY	Good
STREET LIGHTING	There are street lights on both sides of S Grant Street and Oak Street
STREET CONDITION	Paved
SIDEWALKS	There are sidewalks on both sides of S Grant Street and Oak Street with curbs and gutters
LANDSCAPING	The subject's landscaping is minimal.
TOPOGRAPHY	The subject's topography is level and at street grade.
SHAPE	The subject site is rectangular.
SOIL CONDITIONS AND DRAINAGE	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
FLOOD ZONE	The site lies within Zone X (unshaded). This information was obtained from the National Flood Insurance Rate Map Number 06061C0478F dated June 8, 1998.
FLOOD ZONE DEFINITION	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. In communities that participate in the NFIP, flood insurance is available to all property owners and renters in this zone.
EARTHQUAKE ZONE	The subject is not in an earthquake zone.
EARTHQUAKE ZONE COMMENTS	All areas of California experience earthquake activity from time to time. However, the subject site is not located in an Alquist-Priolo Earthquake Fault Zone according to the table of affected cities prepared by the State of California Division of Mines and Geology and last updated in 1999. However, there are a number of faults located within one hundred miles of the subject property and much like most of the western United States; the area is subject to occasional seismic activity. The reader is advised to consult experts in the field of seismic evaluation to more accurately assess potential earthquake influence on the subject property.
ENCUMBRANCES AND EASEMENTS	There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.
ENVIRONMENTAL HAZARDS	There are no known adverse environmental conditions on the subject's site. Please reference Limiting Conditions and Assumptions.
WETLANDS AND WATERSHEDS	No wetlands were observed during our site inspection.
ADEQUACY OF UTILITIES	The subject's utilities are typical and adequate for the market area.
PUBLIC ELECTRICITY	PG&E
WATER SUPPLY TYPE	City water
SEWER TYPE	City sewer

NATURAL GAS	PG&E
UNDERGROUND UTILITIES	Yes
POLICE AND FIRE PROTECTION	City of Roseville
CONCLUSION	The site has average and typical utility.

FLOOD MAP

AERIAL PHOTOGRAPH



Building Summary							
Building Name/ID	Year Built	Building Class	Condition	Number of Floors/Stories	Gross Building Area	Net Rentable Area	Current Occupancy
116 S Grant Street	2016	A	Excellent	4	56,248	51,570	0%

GENERAL DETAILS

DESCRIPTION Briefly described, the subject consists of a good quality four-story mixed use - office/retail property in excellent condition, containing approximately 51,570 SF of net rentable area, constructed in 2016. The property is currently vacant and in warm shell condition. The building currently has open floor plans ready for tenancy with nearly finished spaces which only require flooring to be installed in each of the units. The ground floor retail space could also be used as office units as they are open floor plan commercial spaces.

BUILDING DETAILS

BUILDING NAME	116 S Grant Street
BUILDING DESCRIPTION	Office Buildings
BUILDING CLASS	A
CONDITION	Excellent
YEAR BUILT	2016
EFFECTIVE AGE	1
TOTAL ECONOMIC LIFE	50
REMAINING ECONOMIC LIFE	49
GROSS BUILDING AREA	56,248
NET RENTABLE AREA	51,570
GROSS LEASABLE AREA	51,570
LAND TO BUILDING RATIO	.34
FLOOR AREA RATIO	2.91
BUILDING EFFICIENCY RATIO	91.7%
CURRENT OCCUPANCY	0%
STABILIZED OCCUPANCY	92%
NET LEASED	No
TENANT TYPE	Multi-Tenant
APPEAL AND APPEARANCE	Good
DESIGN AND FUNCTIONAL UTILITY	The overall layout of the improvements on the parcel is considered to be good.
DEFERRED MAINTENANCE	From an inspection of the property, no visible items of deferred maintenance were noted.

CONSTRUCTION DETAILS

MARSHALL VALUATION SERVICE CLASS	A
MARSHALL VALUATION SERVICE QUALITY	Good
CONSTRUCTION TYPE	Steel
NUMBER OF STORIES	4
FOUNDATION	Poured concrete slab

FRAME	Heavy Steel Frame
EXTERIOR WALLS/FINISH	Stucco, Stone Tile
WINDOWS	Aluminum-framed insulated glass
ROOF TYPE	Flat
ROOF COVER	Rubber Membrane
FLOOR PLAN LAYOUT	Average
FLOOR COVERING	Carpet, Linoleum, Tile
INTERIOR WALLS	Painted drywall
CEILING COVER	Acoustic ceiling panels
INTERIOR LIGHTING	Fluorescent fixtures
RESTROOMS	There are separate men's and women's restrooms on each floor. The restrooms have tiled floors, tiled or painted walls and contain fixtures that are commercial quality.
HVAC	Package Units
UTILITIES	All necessary utilities are available to the subject improvements, including public water & sewer, electricity, and telephone.
ELECTRICAL	Assumed to be in compliance with prevailing code requirements.
PLUMBING	Assumed to be in compliance with prevailing code requirements.
NUMBER OF ELEVATORS	1

PARKING DETAILS

PARKING TYPE	Parking structure
CONDITION OF PARKING LOT	Good
PARKING SPACES	160
PARKING RATIO	3.10 spaces per 1,000 SF
PARKING DESCRIPTION	There is a parking garage adjacent to the subject site to the west which has 160 designated parking spaces for the subject property

The subject is zoned "CBD/SA-DT - Central Business District/Special Area-Downtown" , under the jurisdiction of the City of Roseville. The Central Business district is intended to be applied to the older portions of the downtown area to provide flexibility in the types of uses typically found in the traditional downtown where a range of business and service, residential, and mixed use uses can be located to support the entire community. (This former district is now part of the Downtown Specific Plan and subject to the Downtown Code.) This is also consistent with the General Plan land use which is for CBD commercial downtown use.

ZONE DETAILS	
ZONING CODE	CBD/SA-DT - Central Business District/Special Area-Downtown
ZONING DESCRIPTION	The Central Business district is intended to be applied to the older portions of the downtown area to provide flexibility in the types of uses typically found in the traditional downtown where a range of business and service, residential, and mixed use uses can be located to support the entire community. (This former district is now part of the Downtown Specific Plan and subject to the Downtown Code.)
PERMITTED USES	A variety of commercial uses
ZONED DENSITY	As determined by Floor Area Ratio (FAR) or 36 units/acre, whichever is greater
ZONED DENSITY/FAR	4.0
MINIMUM LOT AREA	Defined by development design
SET BACK DISTANCE	6 feet for uncovered steps and porches
SIDE YARD DISTANCE	0 feet
INTERIOR SIDE	0 feet
BETWEEN BUILDINGS	0 feet
REAR	0 feet
BUILDING HEIGHT	50 feet
PARKING	1 space per 500 square feet of gross building area
COMMENTS	The general plan designates the subject site for CBD (Commercial Business District) uses and is in line with the current zoning

Based on a review of the subject in relation to the CBD/SA-DT - Central Business District/Special Area-Downtown zoning district, it appears the subject is a legal and conforming use of the site. However, we are not experts in determining if a property is fully in compliance with all aspects of the zoning code. We suggest interested parties obtain a letter of zoning compliance from the City of Roseville to determine if the subject is zoning compliant.

The subject is assessed by the Placer County property appraiser's office, and is taxed by the Placer County. According to public records, it appears there is an unpaid tax liability in the amount of $18,883.24.

The following table summarizes the subject's assessment and taxes:

Parcel ID	013-123-025
Assessment Year	2017-2018
Tax Authority Land Value	$137,934
Tax Authority Improvements Value	$2,859,503
Tax Authority Other Value	$0
Total Taxable Assessment	$2,997,437
Tax Rate	1.063614%
Taxes	$31,881
Special Assessments	$4,359
Total Taxes	$36,240

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

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

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

Parcel ID	013-123-025
Projected Total Assessment	$15,250,000
Projected Tax Rate	1.063614%
Projected Taxes	$162,201
Projected Special Assessments	$4,359
Projected Total Taxes	$166,560

REASONABLENESS OF TAXES

A subject commonly requested for inclusion in reports prepared for clients based outside California is an analysis and discussion of relative property tax rates affecting a subject property.

High property tax rates often are perceived as an influence reducing market demand, while low tax rates may increase demand. To maintain market equilibrium an influence on values may be expected as a result of tax rate and/or reassessment frequency differentials.

One of the major changes from Proposition 13 was to make tax rates and reassessment timings relatively uniform and highly predictable throughout California. The uniform statewide base tax rate is 1.000000% of assessed value. Except for a few areas with unusually high public improvement and similar bond debt assessments, property tax rates vary by only a few tenths of one percent of assessed value.

The subject property has a tax rate that is similar to the adjacent communities. The subject's tax rate is similar to competing properties throughout the market.

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

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

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

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

PHYSICALLY POSSIBLE

The site is on Grant Street, in Roseville, CA. The underlying site consists of 17,722 SF or 0.41 acres. The subject's topography is level and at street grade. As noted in the Assumptions and Limiting Conditions, we know of no environmental or engineering study that has been conducted on the site to determine subsoil conditions.

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

LEGALLY PERMISSIBLE

The subject's site is zoned "CBD/SA-DT - Central Business District/Special Area-Downtown", under the jurisdiction of the City of Roseville, CA. The Central Business district is intended to be applied to the older portions of the downtown area to provide flexibility in the types of uses typically found in the traditional downtown where a range of business and service, residential, and mixed use uses can be located to support the entire community. (This former district is now part of the Downtown Specific Plan and subject to the Downtown Code.) Reference is made to the Zoning section of this report. Permitted uses include a variety of commercial uses.

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

FINANCIALLY FEASIBLE

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

The cost of land and its development limits the highest and best use of the site, generally to only those uses that are financially feasible.

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

MAXIMALLY PRODUCTIVE

We considered those uses, as aforementioned, to meet the physically possible, legally permissible and financially feasible tests of the highest and best use definition. The final criteria for full compliance within the highest and best use of the subject, as vacant, is that of a maximally productive use. We conclude the maximally productive use of the site is to hold for future development.

HIGHEST AND BEST USE, AS IF VACANT

A final reconciliation of the analysis leads to the conclusion that the highest and best use of the site, as if vacant, is to hold for future development.

HIGHEST AND BEST USE, AS IMPROVED

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

IDENTIFICATION OF A LIKELY BUYER

The most likely buyer of a property such as the subject would be a large regional or national investor who would recognize the long-term economic potential of the property as market conditions improve. The most likely buyer of a property such as the subject could also be an owner-user who would occupy all or part of the property. This type of user is less concerned with the income-generating potential of the real estate and more interested in present utility and potential future resale. These factors will be considered in the valuation of the subject. These factors will be considered in the valuation of the subject.

VALUATION METHODOLOGIES

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

In the Land Value section, market data is presented along with an analysis of the data and reasoning that lead to the land value opinion.

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

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

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

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

VALUATION METHODOLOGIES APPLICABLE TO THE SUBJECT PROPERTY

The Cost Approach was utilized because there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured. The Income Capitalization Approach was utilized because the subject is an income producing property and there is adequate data to develop a value estimate with this approach. The Sales Comparison Approach was utilized because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

LAND VALUATION

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

Land Comparable 1

Transaction

Name	118 Harding Blvd	**Address**	118 Harding Blvd
City	Roseville	**County**	Placer County
State	CA	**Zip**	95678
Price	$850,000	**Date**	6/19/15
Grantor	D&S Development, Inc.	**Grantee**	Skygroup Investments LLC
Recordation	52288	**Tax Parcel ID**	013-212-039
Property Rights	Fee Simple Estate	**Financing**	Not available
Conditions of Sale	Arm's length	**Verification**	Seller
Price Per Land SF	$10.84	**Price Per Acre**	$472,222

Site

Land SF	78,408	**Land Acres**	1.80
Topography	Level and at street grade	**Shape**	Irregular
Required Site Work	Typical	**Utilities**	All Available
Zoning	CC: Community Commercial	**Proposed Use**	Retail
Zoning Type	Commercial	**View**	NA

Comments

Sale of a 1.8 acre parcel located in Roseville. The site is an outparcel of a shopping center anchored by Dollar Tree with I-80 visibility. The site does not have direct frontage on Harding Blvd. The buyer is an owner-user and will build a retail building for indoor skydiving. The project has been completed as of the effective date of this assignment.

Land Comparable 2

Transaction

Name	405 Church Street	Address	405 Church Street
City	Roseville	County	Placer
State	CA	Zip	95678
Price	$250,000	Date	NA
Grantor	Ronald & Hanni Grindrod	Grantee	Not Available
Recordation	Not Available	Tax Parcel ID	012-152-011
Property Rights	Fee Simple Estate	Financing	Not Available
Conditions of Sale	Arm's Length	Verification	Listing Broker
Price Per Land SF	$9.61	Price Per Acre	$416,667

Site

Land SF	26,026	Land Acres	0.60
Topography	Level and at street grade	Shape	Rectangular
Required Site Work	Typical	Utilities	All Available
Zoning	GC	Proposed Use	None
Zoning Type	Commercial	View	Street

Comments

This is a listing of a 0.60 acre lot of commercially zoned land in Roseville, California. This land is listed for $250,000, which equates to $416,667 per acre or $9.16 per square foot. The land is zoned GC which allows a variety of commercial uses. This property is located just north of the Roseville train station and downtown area. There are no entitlements for this site.

Land Comparable 3

Transaction

Name	129 Vernon St	Address	129 Vernon St
City	Roseville	County	Placer
State	CA	Zip	95678
Price	$500,000	Date	NA
Grantor	Noah A Baygell Trust	Grantee	Not Available
Recordation	Not Available	Tax Parcel ID	013-072-008
Property Rights	Fee Simple Estate	Financing	Not Available
Conditions of Sale	Arm's Length	Verification	Listing Broker
Price Per Land SF	$44.04	Price Per Acre	$1,923,077

Site

Land SF	11,354	Land Acres	0.26
Topography	Level and at street grade	Shape	Rectangular
Required Site Work	Typical Clear and Grade	Utilities	All Available
Zoning	CBD	Proposed Use	24-unit apartment building
Zoning Type	Commercial	View	Street

Comments

This is a listing of a 0.26 acre corner lot of commercially zoned land in downtown Roseville, California. The seller wants to develop this property into a 24-unit apartment building and has plans for the proposed project in place. The lot is currently a paved surface parking lot. This lot is zoned CDB which allows for a variety of commercial uses including retail, office and multifamily.

Land Comparable 4

Transaction

Name	400 Riverside Ave	**Address**	400 Riverside Ave
City	Roseville	**County**	Placer
State	CA	**Zip**	95678
Price	$210,000	**Date**	4/2/15
Grantor	Browne & Brewer	**Grantee**	Caya Mortgage Servicing Lp
Recordation	25753	**Tax Parcel ID**	014-033-028
Property Rights	Fee Simple Estate	**Financing**	Financed
Conditions of Sale	Arm's Length	**Verification**	Public Record
Price Per Land SF	$23.86	**Price Per Acre**	$1,050,000

Site

Land SF	8,800	**Land Acres**	0.20
Topography	Level and at street grade	**Shape**	Rectangular
Required Site Work	Typical	**Utilities**	All Available
Zoning	C-2	**Proposed Use**	Auto Dealership
Zoning Type	Commercial	**View**	Street

Comments

This transaction represents the sale of a 0.20 acre parcel of commercial land in Roseville, California. This property sold on April 2, 2015 for $210,000, which equates to $1,039,604 per acre, or $23.86 per square foot. This property is zoned C-2 for commercial uses. At the time of sale the site was vacant land. As of the effective date of this report, a small used automobile dealership has been constructed for the owner-user with a low FAR.

Land Comparable 5

Transaction

Name	420 Clinton Ave	**Address**	420 Clinton Ave
City	Roseville	**County**	Placer
State	CA	**Zip**	95678
Price	$500,000	**Date**	10/21/15
Grantor	Wood Brothers Properties Llc	**Grantee**	Mohammad H. Mohanna
Recordation	91752	**Tax Parcel ID**	014-251-019, 014-251-021
Property Rights	Fee Simple Estate	**Financing**	Cash to Seller
Conditions of Sale	Arm's Length	**Verification**	Public Record
Price Per Land SF	$20.57	**Price Per Acre**	$892,857

Site

Land SF	24,304	**Land Acres**	0.56
Topography	Level and at street grade	**Shape**	Rectangular
Required Site Work	Typical	**Utilities**	All Available
Zoning	R3-SP/RG	**Proposed Use**	None
Zoning Type	Commercial	**View**	Street

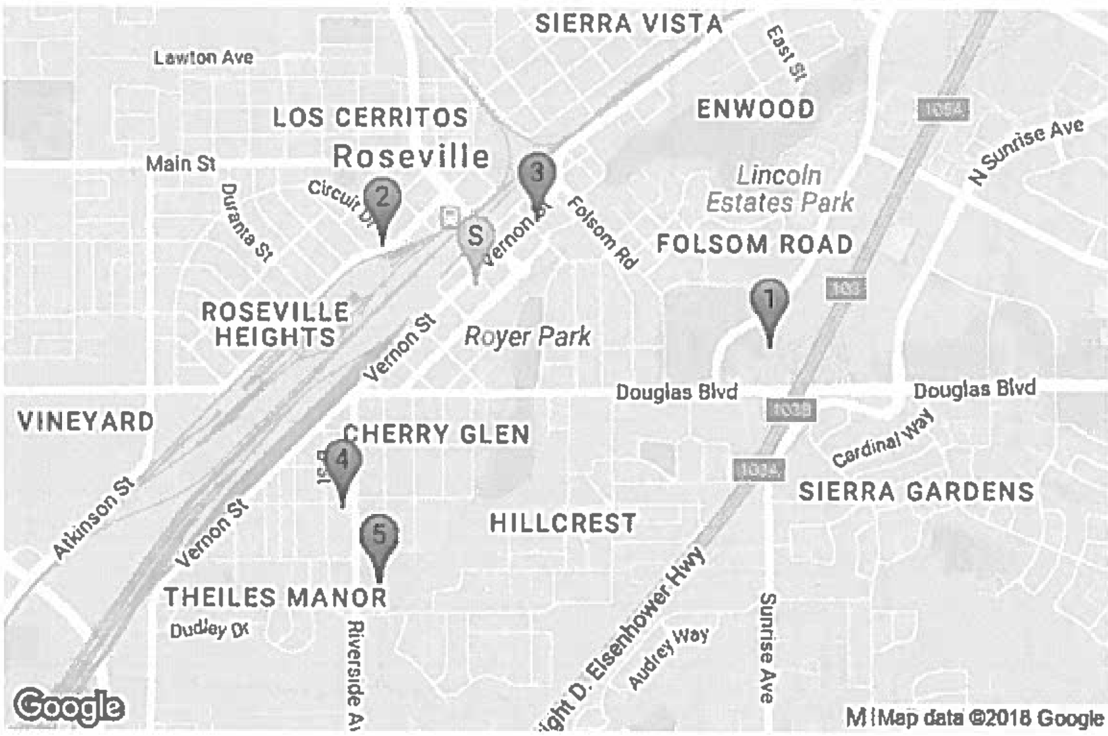
Comments

On October 21st, 2015, the two parcels totaling about a half acre sold for $500,000 or about $20.57/SF. The details of this comparable have been verified through public record and attempts to reach the buyer and seller were unsuccessful at the time this report was completed. The land is zoned R3-SP/RG which has an overlay for the Riverside Gateway area. The zoning is primarily for high density multifamily, but also allows other commercial and mixed-use properties.

LAND SALES SUMMARY

Comp	Address City	Price Date	Zoning Zoning Type	Land SF Land Acres	Price per Land SF Price per Acre
1	118 Harding Blvd Roseville	$850,000 06/19/2015	CC: Community Commercial Commercial	78,408 1.80	$10.84 $472,222
2	405 Church Street Roseville	$250,000 NA	GC Commercial	26,026 0.60	$9.61 $416,667
3	129 Vernon St Roseville	$500,000 NA	CBD Commercial	11,354 0.26	$44.04 $1,923,077
4	400 Riverside Ave Roseville	$210,000 04/02/2015	C-2 Commercial	8,800 0.20	$23.86 $1,050,000
5	420 Clinton Ave Roseville	$500,000 10/21/2015	R3-SP/RG Commercial	24,304 0.56	$20.57 $892,857

LAND SALES COMPARISON MAP



LAND SALES ANALYSIS

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

Property Rights Conveyed

The property rights conveyed for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of a fee simple estate. All land sale comparables were sold with fee simple property rights conveyed, similar to the subject. No adjustments were made for this category.

Financing Terms

The financing terms for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of a cash to seller transaction. All land sale comparables reported using typical financing options which did not adversely affect the sales prices. As such, no adjustments were made for this category.

Conditions of Sale

The conditions of sale for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of an arm's length transaction. All land sale comparables appear to be arm's-length transactions which did not report and adverse or atypical conditions which would have affected the sales prices. As such, no adjustments were made for this category.

Market Conditions

In terms of an adjustment for market conditions, from the sales shown, it is somewhat subjective to determine an exact adjustment. We have applied a 3% adjustment to each comparable, annualized from the date of each sale to April 2, 2018.

Location

The adjustment for location reflects the trend that properties in areas of active growth and development, as well as those which offer good accessibility in terms of frontage on major thoroughfares, should sell for a higher price per SF than properties which do not offer these attributes, with all other factors held constant.

Land Sale Comparable 1 is located outside of the downtown core area, inferior to the subject property; therefore, an upward adjustment of 15% has been applied. Land Sale Comparable 2 is located on the north side of the train station, north of the downtown core area, inferior to the subject. For this reason, an upward adjustment of 15% has been applied. The remaining land sale comparables have similar downtown locations to the subject and no further adjustments were deemed necessary for this category.

Size

In terms of size, it is noted that smaller parcels typically sell for a higher price per SF than larger parcels, with all other factors held constant. The subject consists of 0.41 acres or 17,722 SF.

Land Sale Comparable 1 is much larger than the subject site and contains 1,80 acres. An upward adjustment of 10% has been applied to Land Sale Comparable 1 for its larger size. Land Sale Comparable 2 contains 0.60 acres and is larger than the subject site by nearly 10,000 SF. For this reason, an upward adjustment of 5% has been applied. Land Sale Comparable 3 is smaller than the subject site and contains 0.26 acres. A downward adjustment of 10% has been applied to Land Sale Comparable 3 for this reason. Land Sale Comparable 4 is also smaller than the subject and contains 0.20 acres; therefore, a downward adjustment of 10% has been applied. Land Sale Comparable 5 is slightly larger than the subject and contains nearly 7,000 more square feet than the subject. For this reason, an upward adjustment of 5% has been applied to Land Sale Comparable 5.

Zoning

The subject's site is zoned "CBD/SA-DT - Central Business District/Special Area-Downtown", under the jurisdiction of City of Roseville, CA. The Central Business district is intended to be applied to the older portions of the downtown area to provide flexibility in the types of uses typically found in the traditional downtown where a range of business and service, residential, and mixed use uses can be located to support the entire community. (This former district is now part of the Downtown Specific Plan and subject to the Downtown Code.)

Land Sale Comparable 2 is zoned GC, but is also adjacent to residential properties, which limits the uses and development of the GC zoning code. For this reason, an upward adjustment of 10% has been applied. The remaining land sale comparables have similar zoning to the subject and no further adjustments were deemed necessary for this category.

Topography

The subject's site is level and at street grade. All land sale comparables have similar level and at street grade topography to the subject and no adjustments were required for this category.

Required Site Work

The subject is valued as if vacant and available for development. All land sale comaprables require typical site work, similar to the subject. No adjustments have been made for this category.

Shape

The shape of the subject's site is rectangular. Land Sale Comparable 1 has an irregular site shape, which may limit some development, inferior to the subject; therefore, an upward adjustment of 5% has been applied. The remaining land sale comparables have rectangular site shapes, similar to the subject. No further adjustments have been made for this category.

LAND SALES ANALYSIS CONCLUSION

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

LAND SALES ADJUSTMENT GRID

Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5	
Address	116 S Grant Street	118 Harding Blvd		405 Church Street		129 Vernon St		400 Riverside Ave		420 Clinton Ave	
City	Roseville	Roseville		Roseville		Roseville		Roseville		Roseville	
State	CA	CA		CA		CA		CA		CA	
Date		6/19/2015		NA		NA		4/2/2015		10/21/2015	
Price		$850,000		$250,000		$500,000		$210,000		$500,000	
Land SF	17,722	78,408		26,026		11,354		8,800		24,304	
Price per SF		$10.84		$9.61		$44.04		$23.86		$20.57	
Transaction Adjustments											
Property Rights	Fee Simple Estate	Fee Simple Estate	0%	Fee Simple Estate	0%	Fee Simple Estate	0%	Fee Simple Estate	0%	Fee Simple Estate	0%
Financing	Cash to Seller	Not available	0%	Not Available	0%	Not Available	0%	Financed	0%	Cash to Seller	0%
Conditions of Sale	Arm's Length	Arm's length	0%	Arm's Length	0%	Arm's Length	0%	Arm's Length	0%	Arm's Length	0%
Adjusted Price per SF		$10.84		$9.61		$44.04		$23.86		$20.57	
Market Trends Through	4/2/2018 3%	9%		0%		0%		9%		8%	
Adjusted Price per SF		$11.77		$9.61		$44.04		$26.08		$22.12	
Location		Inferior		Inferior		Similar		Similar		Similar	
% Adjustment		15%		15%		0%		0%		0%	
$ Adjustment		$1.77		$1.44		$0.00		$0.00		$0.00	
Land Acres	0.41	1.80		0.60		0.26		0.20		0.56	
% Adjustment		10%		5%		-10%		-10%		5%	
$ Adjustment		$1.18		$0.48		($4.40)		($2.61)		$1.11	
Zoning	CBD/SA-DT - Central Business District/Special	CC: Community Commercial		GC		CBD		C-2		R3-SP/RG	
% Adjustment		0%		10%		0%		0%		0%	
$ Adjustment		$0.00		$0.96		$0.00		$0.00		$0.00	
Topography	Level and at street grade	Level and at street grade		Level and at street grade		Level and at street grade		Level and at street grade		Level and at street grade	
% Adjustment		0%		0%		0%		0%		0%	
$ Adjustment		$0.00		$0.00		$0.00		$0.00		$0.00	
Required Site Work		Typical		Typical		Typical Clear and Grade		Typical		Typical	
% Adjustment		0%		0%		0%		0%		0%	
$ Adjustment		$0.00		$0.00		$0.00		$0.00		$0.00	
Shape	Rectangular	Irregular		Rectangular		Rectangular		Rectangular		Rectangular	
% Adjustment		5%		0%		0%		0%		0%	
$ Adjustment		$0.59		$0.00		$0.00		$0.00		$0.00	
Adjusted Price per SF		$15.31		$12.49		$39.64		$23.47		$23.23	
Net Adjustments		30%		30%		-10%		-10%		5%	
Gross Adjustments		30%		30%		10%		10%		5%	

LAND VALUE CONCLUSION

The comparables show a price/SF range of $13.45 /SF to $39.64 /SF on an adjusted basis, with an average of $23.02 /SF. Greatest consideration was given to Land Sale Comparables 3, 4 and 5 for their similar location to the subject property. We conclude to $25.00/SF.

Land Value Conclusion	$25.00 /SF
Multiplied by Subject Size	17,722 SF
Indicated Land Value	**$443,050**
"As Is" Land Value (4/2/2018)	
Indicated Land Value	$443,050
Rounded Final Land Value	**$440,000**

The Cost Approach consists of four distinct steps:

1. Valuation of the land, as if vacant;
2. Estimation of replacement cost of the existing structure and/or improvements;
3. Estimation of accrued depreciation found in the improvements (the various types of depreciation and how each relates to the subject will be accounted for in this section; the total depreciation present in the improvements is deducted from its replacement cost to indicate a depreciated value of the improvements); and
4. Addition of the land value and the depreciated replacement cost of the structures and improvements to a value estimate.

This approach to value is devoted to an analysis of the physical value of the property; that is, the current value of the land, assuming it to be vacant, to which is added the depreciated value of the improvements. The latter is derived based upon an estimate of the cost to replace the improvements, from which must be deducted accrued depreciation, if any, in terms of physical depreciation, functional obsolescence and economic obsolescence. Physical depreciation means the wearing out of the property; functional obsolescence reflects the lack of desirability due to the layout, style, or design; and external obsolescence denotes a loss of value from causes outside the property itself.

REPLACEMENT COST OF IMPROVEMENTS

The next step in the Cost Approach is to estimate the replacement cost of the improvements. We consulted the *Marshall Valuation Service* (Marshall & Swift Publication Company), a complete, authoritative guide for developing replacement cost and depreciated values of buildings and other improvements. This service is an aid in determining values of improved property where replacement or reproduction cost is desired. Modifiers are provided to make the costs applicable to any size building, in any locality.

VALUATION OF THE IMPROVEMENTS

The cost units derived from the *Marshall Valuation Service* include:

1. Architect and engineering fees;
2. Normal interest on building funds during period of construction and processing fee or service charge;
3. Sales tax on materials; and
4. Contractor overhead and profit including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, etc.

The following is an estimation of the replacement cost for the subject:

Building	116 S Grant Street
Building/Area Type	Office Buildings
MVS Date	Apr-2018
MVS Section/Page	15/17
Building Class	A
Building Quality	Good
Base Cost/SF	$214.00
ADJUSTMENTS	
Sprinkler	$3.50
Adjusted Base Cost/SF	$217.50
MULTIPLIERS	
Current	1.030
Local	1.190
Floors/Levels	
Final Base Cost/SF	$266.59
Building Size	56,248
Building Cost	**$14,995,154**

The property located at 316 Vernon Street in downtown Roseville, California is a recent construction in the subject's immediate market. This 83,000 square foot office building with ground floor retail was constructed with a total cost budget of $26,000,000, which equates to $313 per square foot. According to Mike Isom, The Development Services Manager for the City of Roseville, the hard costs for this project, which exclude FF&E and design, were $22,000,000, which equates to $260 per square foot. Prevailing wage was used in the project as it is a government construction, which also can inflate the cost to build. This property has been built out for Sierra College and the City of Roseville government office use. After adding current and local multipliers, the projected construction cost of the subject's hard costs and total costs are in-line with this project.

SOFT COSTS

During construction, there are certain indirect soft costs that are incurred during the time of construction. We have utilized the Marshall and Swift Valuation Service to project the total costs that are required to construct a project. Soft costs included in the base cost of MVS are architects' and engineers' fees, insurance during construction, sales taxes, interest on interim construction financing and contractors' overhead and profit.

Soft costs not covered in the base cost of MVS include property taxes, legal costs, land planning, discounts or bonuses paid for financing, and marketing costs to create first occupancy. Generally, total soft costs for a development like the subject range from 2.5% to 5% of hard costs; however, as indicated MVS includes some soft costs in its base cost. The range in soft costs is generally dependent on the size and construction cost of the development. When considering the soft costs already covered by the MVS cost guide, we have projected soft costs at 4% of building costs (hard costs).

ENTREPRENEURIAL PROFIT

Entrepreneurial profit is the return an investor receives based on his/her entrepreneurial skills and abilities. An investor in real property, especially a developer, gives up a certain amount of liquidity when developing real estate and inherits a certain amount of risk. Risk is based upon the investor's past experience in the field, forecasting ability with respect to the real estate/business cycle, and his/her level of expertise in management and timing. A project's financial outcome, then, is somewhat speculative and tends to be within a fairly wide profit range depending upon the aforementioned factors.

Depending on market practice, entrepreneurial incentive or entrepreneurial profit may be estimated in different ways:

- as a percentage of direct costs
- as a percentage of direct and indirect costs
- as a percentage of total current development cost, i.e., direct and indirect costs plus site value

Based on our recent market experience, as well as conversations with market participants, we have applied a 10% entrepreneurial profit factor to the replacement cost of the improvements. Based on the preceding analysis, the entrepreneurial profit is calculated as follows:

TOTAL COST

The total combined hard and soft costs are as follows:

Replacement Cost - Building	$14,995,154
Soft Cost Percentage	4%
Soft Costs	$599,806
Replacement Cost, including Soft Costs	$15,594,960
Entrepreneurial Profit Percentage	10%
Entrepreneurial Profit	$1,559,496
Total Cost, Soft and Hard Costs	$17,154,456

ACCRUED DEPRECIATION

Depreciation is the difference between the market value of an improvement and its reproduction or replacement cost at the time of appraisal. The depreciated cost of the improvement can be considered an indication of the improvement's contribution to the property's market value.

Deferred Maintenance

Deferred maintenance involves an estimate of work that should be corrected immediately. From an inspection of the property, no visible items of deferred maintenance were noted.

Physical Deterioration, Curable

Physical deterioration, curable, involves an estimate of maintenance and is applicable to items subject to current repair. This includes all items of rehabilitation that would bring the structure to optimum condition, if undertaken.

Physical Deterioration, Incurable

In terms of market conditions, physical deterioration that, as of the date of the appraisal, is not feasible or economically justifiable to correct, is incurable. This occurs when the cost of correcting the condition or of affecting a cure is estimated to be greater than the anticipated increase in utility, and hence, value.

The most common of all the methods to calculate physical deterioration, incurable, is the straight-line method, which is the estimation of the periodic amount of capital recapture or depreciation. This method assumes that an equal amount of capital is recaptured each period, and then, divides the total capital to be recovered by the number of years over which recapture will occur. This is more commonly known as the age-life concept of estimating the accrued deterioration as a percentage that is applied to the current replacement cost of the improvements.

This method of determining the physical deterioration, incurable, is usually grouped according to the useful life expectancy of short-lived and long-lived components. The short-lived components have a useful life shorter than the economic life of the structure, but are not in need of immediate replacement. The remaining economic life for these items varies according to the individual component and its effective age.

The long-lived components are usually never replaced. The economic life of the building improvements is approximately 50 years. The improvements for the subject were constructed in 2016. The effective age of the improvements is estimated at 1 years.

The following is a summary of the curable deterioration and the short-lived and long-lived physical incurable deterioration components present in the subject:

Total Physical Deterioration	
Replacement Cost	$15,594,960
Entrepreneurial Profit Percentage	10%
Add: Entrepreneurial Profit	$1,559,496
Replacement Cost Including Profit	$17,154,456
Less: Replacement Cost New of Short-Lived Components	$0
Less: Deferred Maintenance	$0
Less: Curable Physical Deterioration	
Replacement Cost Long-Lived Components	$17,154,456
Effective Age	1
Economic Life	50
Depreciation Percentage	2%
Depreciation Long Lived Items:	**$343,089**

Summary of Physical Deterioration	
Deferred Maintenance	$0
Curable	
Incurable (Short Lived)	$0
Incurable (Long Lived)	$343,089
Total Physical Deterioration:	**$343,089**

Functional Obsolescence

Functional obsolescence is defined as a loss of value due to characteristics inherent to the structure itself. It results in the improvement's decreased capacity to perform its intended function in accordance with current market standards of acceptability. As mentioned, functional obsolescence consists of curable and incurable items. Functional obsolescence, curable, may be the result of either a deficiency or an excess which would warrant an expenditure while functional obsolescence, incurable, which, if cured, would not warrant the expenditure. From an inspection of the property, no form of functional obsolescence was observed.

External Obsolescence

External obsolescence is defined as the impairment of desirability or useful life arising from factors external to the property, such as external forces or environmental changes that affect supply/demand relationships in the market.

The subject does not appear to suffer from a discernible amount of external obsolescence; therefore, none is assessed.

FINAL COST ESTIMATE

The estimate of value via the Cost Approach is shown as follows.

FINAL COST VALUE INDICATION	
Replacement Cost	
Replacement Cost - Building	$14,995,154
Soft Cost Percentage	4%
Add: Soft Costs	$599,806
Entrepreneurial Profit Percentage	10%
Add: Entrepreneurial Profit	$1,559,496
Replacement Cost Including Profit	$17,154,456
Estimated Accrued Depreciation	
Physical Deterioration	
Deferred Maintenance	$0
Curable	
Incurable (Short-Lived)	$0
Incurable (Long-Lived)	($343,089)
Total Physical Deterioration	($343,089)
Functional Obsolescence (Curable)	
Functional Obsolescence (Incurable)	
External Obsolescence	$0
Less: Total Estimated Accrued Depreciation	($343,089)
Depreciated Value of Building	$16,811,367
Add: Depreciated Value of Site Improvements	$0
Add: Land Value	$440,000
Indicated Value	**$17,251,367**

"As Is" Value (4/2/2018)	
Indicated Value	$17,251,367
Rounded Final Value	**$17,250,000**

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

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

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

The value indicated by the Income Capitalization Approach is a reflection of a prudent investor's analysis of an income-producing property. In this approach, the direct capitalization method is used.

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

ECONOMIC PROFILE

Briefly described, the subject consists of a good quality four-story mixed use - office/retail property in excellent condition, containing approximately 51,570 SF of net rentable area, constructed in 2016. The property is currently vacant and in warm shell condition. The building currently has open floor plans ready for tenancy with nearly finished spaces which only require flooring to be installed in each of the units. The ground floor retail space could also be used as office units as they are open floor plan commercial spaces. Although the subject property has the capacity to have ground floor retail, the spaces had exhaust vents removed and would not be able to house a restaurant tenant. The ground floor spaces are open and have no particular layout which would be attractive to a particular tenant. The ownership states the ground floor spaces could easily be used for office or retail uses. For this reason, we have only included office rent comparables in our analysis which best represent the earning potential of the subject's currently vacant space.

To arrive at an estimate of market rental rates for the subject, we considered the comparables presented, as well as the actual leases, in place at the subject. Often, the best indication of the subject's rental capability is the actual signed leases at the property, but the subject is currently vacant and does not have any leases in place.

MARKET RENT COMPARABLES

A search of the market was conducted for rental comparables.

The pertinent data relating to these comparables can be found on the following pages.

Lease Comparable 1

Location

Name	3010 Lava Ridge Ct	**County**	Placer County
Address	3010 Lava Ridge Ct	**Zip**	95661
City	Rosevillle	**Tax Parcel ID**	459-010-044
State	CA		

Site & Improvements

NRA	69,656	**Year Built**	1999
No. of Floors	2	**No. of Buildings**	1
Land SF	131,116	**Land Acres**	3.01
MVS Quality	Good	**Condition**	Good
FAR	0.53	**Parking Type**	Surface
Parking Spaces	279	**Parking Ratio**	4.00

Leases

Lessee Lease Date	SF Lease Term	Rent/SF/Mo. Lease Type	Escalation	TIA Concessions
Asurea 6/1/18	11,094 60 Mos.	$1.95 Full Service	3% Annually	Not Available None

Comments

This is a direct lease of a 11,094 SF ground floor office space in a 69,656 SF office building in Roseville, California. This lease has been signed to commence on June 1, 2018 for a five-year term. This building was awarded an Energy Star label in 2007, 2010, 2012, 2014, 2015 and 2017 for its operating efficiency. Lave Ridge Business Center was awarded Office Building of the Year 2009 Toby Award : Category Suburban Office Park Low Rise.

Lease Comparable 2

Location

Name	3013 Douglas Blvd	**County**	Placer County
Address	3013 Douglas Blvd	**Zip**	95661
City	Roseville	**Tax Parcel ID**	048-021-019
State	CA		

Site & Improvements

NRA	42,855	**Year Built**	1995
No. of Floors	2	**No. of Buildings**	1
Land SF	121,968	**Land Acres**	2.80
MVS Quality	Good	**Condition**	Good
FAR	0.35	**Parking Type**	Surface
Parking Spaces	130	**Parking Ratio**	3.00

Leases

Lessee	**SF**	**Rent/SF/Mo.**	**Escalation**	**TIA**
Lease Date	**Lease Term**	**Lease Type**		**Concessions**
Private National Mortgage A	15,060	$2.15	3% Annually	Not Available
5/1/18	60 Mos.	Full Service		None

Comments

This is a direct lease of a 15,060 SF second-floor office space in a 42,855 SF office building in Roseville, California. This lease has been signed to commence on May 1, 2018 for a 5-year term. This property has a 12% core factor. Olympus Corporate Centre is a four-building complex of two- and three-story office buildings offering approximately 191,000 square feet of rentable space. Built in 1995, 3013 Douglas Boulevard is a two-story, hexagonal building clad in blue reflective glass. It totals nearly 43,000 square feet of rentable space. The campus-type setting offers ample tenant and visitor parking and broad outdoor

Lease Comparable 3

Location			
Name	201 Creekside Ridge Ct	**County**	Placer County
Address	201 Creekside Ridge Ct	**Zip**	95678
City	Roseville	**Tax Parcel ID**	015-166-064
State	CA		

Site & Improvements			
NRA	48,000	**Year Built**	2005
No. of Floors	2	**No. of Buildings**	1
Land SF	148,104	**Land Acres**	3.40
MVS Quality	Good	**Condition**	Excellent
FAR	0.32	**Parking Type**	Surface
Parking Spaces	173	**Parking Ratio**	3.60

Leases

Lessee Lease Date	SF Lease Term	Rent/SF/Mo. Lease Type	Escalation	TIA Concessions
Solaredge Technologies 4/1/18	11,087 60 Mos.	$2.05 Full Service	3% Annually	Not Available None

Comments

This is a direct lease of a 11,087 SF office space in a 48,000 SF office property in Roseville, California. This lease was signed to commence on April 1, 2018 for a five-year term. The lease inclodes annual CPI escalations of 3%. This property has good access to California State Highway 65 and Interstate Highway 80.

Lease Comparable 4

Location			
Name	3009 Douglas Blvd	**County**	Placer County
Address	3009 Douglas Blvd	**Zip**	95661
City	Roseville	**Tax Parcel ID**	048-021-018
State	CA		

Site & Improvements			
NRA	53,639	**Year Built**	1996
No. of Floors	3	**No. of Buildings**	1
Land SF	135,036	**Land Acres**	3.10
MVS Quality	Good	**Condition**	Good
FAR	0.40	**Parking Type**	Surface
Parking Spaces	214	**Parking Ratio**	4.00

Leases

Lessee / Lease Date	SF / Lease Term	Rent/SF/Mo. / Lease Type	Escalation	TIA / Concessions
ATI Architects and Engineers	5,125	$2.05	3% Annually	Not Available
10/20/17	64 Mos.	Full Service		1 month free rent in each first four years

Comments

This is a direct lease of a 5,125 SF office space in a 53,639 SF office building in Roseville, California. This lease was signed to commence on October 20, 2017 for a 5-year, 4-month term. The lease included one month free rent in each of the first four lease years. The lease also includes a 3% rental rate escalation annually. This building was awarded an Energy Star label in 2009, 2014, 2015 and 2016 for its operating efficiency.

Lease Comparable 5

Location

Name	1430 Blue Oaks Blvd	**County**	Placer County
Address	1430 Blue Oaks Blvd	**Zip**	95747
City	Roseville	**Tax Parcel ID**	017-250-047
State	CA		

Site & Improvements

NRA	94,800	**Year Built**	2004
No. of Floors	2	**No. of Buildings**	1
Land SF	261,360	**Land Acres**	6.00
MVS Quality	Good	**Condition**	Good
FAR	0.36	**Parking Type**	Surface
Parking Spaces	286	**Parking Ratio**	3.02

Leases

Lessee Lease Date	SF Lease Term	Rent/SF/Mo. Lease Type	Escalation	TIA Concessions
Invitation Homes 9/1/17	8,680 60 Mos.	$1.85 Full Service	3% Annually	None None

Comments

This is a direct lease of a 8,680 SF office space in a 94,800 SF office property in Roseville, California. This lease was signed to commence on Spetember 1, 2017 for a five-year term. The exterior of this property is tilt-up concrete wall panels with dual pane vision glass set in anodized aluminum mullions. Amenities include showers and lockers located adjacent to the first floor restrooms. Coffee/deli kiosk is located in the main lobby. There is after-hours building security provided by an electronic card reader system at lobby entry doors. This is an Energy Star Awarded building.

Lease Comparable 6

Location

Name	3001 Lava Ridge Ct	**County**	Placer County
Address	3001 Lava Ridge Ct	**Zip**	95661
City	Roseville	**Tax Parcel ID**	459-010-040
State	CA		

Site & Improvements

NRA	108,624	**Year Built**	2005
No. of Floors	3	**No. of Buildings**	1
Land SF	239,580	**Land Acres**	5.50
MVS Quality	Good	**Condition**	Good
FAR	0.45	**Parking Type**	Surface
Parking Spaces	434	**Parking Ratio**	4.00

Leases

Lessee Lease Date	SF Lease Term	Rent/SF/Mo. Lease Type	Escalation	TIA Concessions
Clear Captions	16,163	$1.95	3% Annually	None
6/1/17	72 Mos	Full Service		None

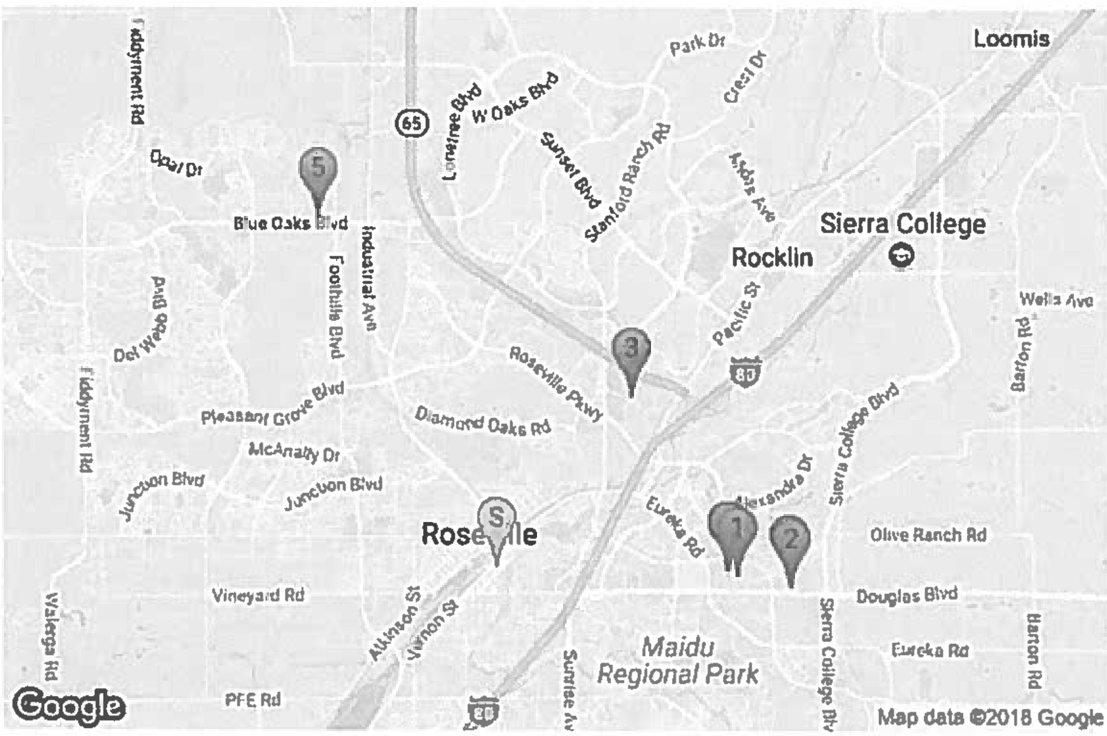
Comments

This is a direct lease of a 16,163 SF office space in a 108,624 SF office property in Roseville, California. This lease was signed to commence on June 1, 2017 for a 6-year term. The lease includes 3% annual escalations. This building was awarded an Energy Star label in 2017 for its operating efficiency.

RENT COMPARABLES SUMMARY

	Comp	Lessee	Lease Date	SF	Lease Term	Lease Type	Rent/SF/Mo.
1	3010 Lava Ridge Ct Roseville, CA	Asurea	6/1/2018	11,094	60 Mos.	Full Service	$1.95
2	3013 Douglas Blvd Roseville, CA	Private National	5/1/2018	15,060	60 Mos.	Full Service	$2.15
3	201 Creekside Ridge Roseville, CA	Solaredge	4/1/2018	11,087	60 Mos.	Full Service	$2.05
4	3009 Douglas Blvd Roseville, CA	ATI Architects and	10/20/2017	5,125	64 Mos.	Full Service	$2.05
5	1430 Blue Oaks Blvd Roseville, CA	Invitation Homes	9/1/2017	8,680	60 Mos.	Full Service	$1.85
6	3001 Lava Ridge Ct Roseville, CA	Clear Captions	6/1/2017	16,163	72 Mos	Full Service	$1.95

RENT COMPARABLES MAP



ANALYSIS OF RENT COMPARABLES

To estimate the value of the subject, an analysis of the rent comparables and the adjustments made to them is utilized to estimate a market rental rate for the subject.

Conditions of Lease

The conditions of lease for each comparable are shown in the adjustment grid. Lease Comparable 4 includes four free months of rent in the lease spread over the first four years of the lease, superior to a typical lease in this market which would not include free rent. For this reason, a downward adjustment of 5% has been applied to Lease Comparable 4. The remaining lease comparables do not have atypical lease conditions which affect the lease rates. No further adjustments have been made in this category.

Expenses

Expenses for each comparable are noted in the adjustment grid. We will use a full service lease expense basis as our benchmark lease type in our analysis. All lease comparables have leases written on full service bases. No adjustments have been made for this category.

Market Conditions

In terms of an adjustment for market conditions, from the comparables shown, it is somewhat subjective to determine an exact adjustment. We have applied a 3% adjustment to each comparable, annualized from the date of each lease to April 2, 2018.

Location

The adjustment for location reflects the trend that properties in areas of active growth and development, as well as those which offer good accessibility in terms of frontage on major thoroughfares, typically have a higher rental rate than properties which do not offer these attributes, with all other factors held constant.

Lease Comparables 1, 2, 3, 4, and 6 have inferior locations to the subject and are on the south side of Interstate Highway 80 with inferior access to the downtown area. For this reason, upward adjustments of 5% have been applied to these comparables. Lease Comparable 5 is located in the far northern end of Roseville and is the farthest of the selected comparables from the downtown area and is inferior to the subject. An upward adjustment of 10% has been applied to Lease Comparable 5 for this reason.

Age (Year Built) & Condition

Adjustments are applied to the comparables on the basis of age. Typically, the older a building's improvements, the lower the income it can achieve in the market and the shorter its remaining economic life; thus, it will generate a lower rental rate, with all other factors held constant. The subject was built in 2016. The effective age for the property is estimated to be 1 years old.

Adjustments are applied to the comparables on the basis of relative condition. The more inferior a comparable's condition, the lower the rental rate it can achieve in the market, with all other factors held constant. The subject is in excellent condition.

Lease Comparables 1, 2 and 4 were constructed in the 1990's and are in good condition, inferior in both age and condition to the subject property; therefore, upward adjsutemnts of 5% have been applied to these comparables. Lease Comparables 5 and 6 were constructed in 2004 and 2005, respectively, and are in good condition, inferior in condition to the subject. For this reason, minor upward adjustments of 3% have been applied to Lease Comparables 5 and 6.

Construction Quality (MVS Quality)

Adjustments are applied to the comparables on the basis of quality of construction, design and market appeal. The more inferior a comparable's quality of improvements, the lower the rental rate it can achieve in the market, with all other factors held constant. The subject is a good quality property. All lease comparables are of good construction quality, similar to the subject. No adjustments were deemed necessary for this category.

Parking Ratio

The subject offers approximately 3.10 spaces per 1,000 SF of space. Lease Comparables 1, 4 and 6 have superior parking ratios of 4.00 spaces per 1,000 SF; therefore, downward adjustments of 5% have been applied. The remaining lease comparables have similar parking ratios to the subject and no further adjustments were required.

Size

In terms of size, it is noted that smaller buildings typically lease for a higher rate per SF than larger buildings, with all other factors held constant. The subject contains 51,570 SF of net rentable area which is spread across 8 units (two per floor) but have open floor plans and could be used for a number of tenant configurations. Based on 8 units, the subject has an average unit size of 6,446 SF. No adjustments have been made for this category as the subject is currently vacant and there are no set unit sizes specified by leases and the lease comparables selected have similar unit sizes to what could be in place at the subject.

RENT COMPARABLES ANALYSIS CONCLUSION

The previously described adjustments are summarized in the following grid. The percentage adjustments are used to show the emphasis placed on each adjustment.

Lease Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Address	116 S Grant Street	3010 Lava Ridge Ct	3013 Douglas Blvd	201 Creekside Ridge	3009 Douglas Blvd	1430 Blue Oaks Blvd	3001 Lava Ridge Ct
City	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville
State	CA	CA	CA	CA	CA	CA	CA
Signed Lease							
Lessee		Asurea	Private National	Solaredge	ATI Architects and	Invitation Homes	Clear Captions
Lease Date		6/1/18	5/1/18	4/1/18	10/20/17	9/1/17	6/1/17
Rent/SF/Mo.		$1.95	$2.15	$2.05	$2.05	$1.85	$1.95
Lease Term		60 Mos.	60 Mos.	60 Mos.	64 Mos.	60 Mos.	72 Mos
Lease Type		Full Service	Full Service	Full Service	Full Service	Full Service	Full Service
Concessions		None	None	None	1 month free rent in	None	None
Escalation		3% Annually	3% Annually	3% Annually	3% Annually	3% Annually	3% Annually
Transaction Adjustments							
Conditions of Lease		Normal 0%	Normal 0%	Normal 0%	Normal -5%	Normal 0%	Normal 0%
Other		Similar 0%	Similar 0%	Similar 0%	Similar 0%	Similar 0%	Similar 0%
Adjusted Rent		$1.95	$2.15	$2.05	$1.95	$1.85	$1.95
Market Trends/Year	4/2/18 3%	0.0%	-0.2%	0.0%	1.3%	1.7%	2.5%
Adjusted Rent		$1.95	$2.14	$2.05	$1.97	$1.88	$2.00
Location		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
% Adjustment		5%	5%	5%	5%	10%	5%
$ Adjustment		$0.10	$0.11	$0.10	$0.10	$0.19	$0.10
Year Built	2016	1999	1995	2005	1996	2004	2005
Condition	Excellent	Good	Good	Excellent	Good	Good	Good
% Adjustment		5%	5%	0%	5%	3%	3%
$ Adjustment		$0.10	$0.11	$0.00	$0.10	$0.06	$0.06
MVS Quality	Good	Good	Good	Good	Good	Good	Good
% Adjustment		0%	0%	0%	0%	0%	0%
$ Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Parking Ratio	3.10 spaces per 1,000 SF	4.00	3.00	3.60	4.00	3.02	4.00
% Adjustment		-5%	0%	0%	-5%	0%	-5%
$ Adjustment		-$0.10	$0.00	$0.00	-$0.10	$0.00	-$0.10
SF	6,446	11,094	15,060	11,087	5,125	8,680	16,163
% Adjustment		0%	0%	0%	0%	0%	0%
$ Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjusted Rent		$2.05	$2.36	$2.15	$2.07	$2.13	$2.06
Net Adjustments		5%	10%	5%	5%	13%	3%
Gross Adjustments		15%	10%	5%	15%	13%	13%

The lease comparables presented have an adjusted market rental range of $2.05/SF/Mo. to $2.36/SF/Mo. with an average rental rate of $2.14/SF/Mo. on a full service lease basis. Least consideration was given to Lease Comparable 5 due to its inferior location and having the highest net adjustments. We conclude to $2.15/SF/Mo.

MARKET RENT CONCLUSION

Therefore, based on the information presented, we conclude to the following market rate rental schedule. The following table summarizes market rent by space type at the subject.

Market Rent by Space Type

Space Type	Rent	Method	Increases	Type	Term	TI/SF (New/Renew)
Office	$2.15	$/SF/Month	3% per annum	Full Service	5 years	$20 / $10

INCOME PROJECTION

An analysis of the potential gross income for the occupied space, the vacant space and a summary are as follows:

Base Rental Revenue - Occupied Space

Occupied Space	SF	Units	Contract Rent	Contract Rent/SF/Mon	Market Rent	Market Rent/SF/Mon	Contract V. Mkt. Rent
Occupied Space Totals	0	0	$0	$0.00	$0	$0.00	0.00%

*Contract Rent = Annualized rent as of appraisal date

Base Rental Revenue - Vacant Space

Vacant Space	SF	Units	Market Rent	Market Rent/SF/Mon
Office	51,570	1	$1,330,506	$2.15
Vacant Space Totals	51,570	1	$1,330,506	$2.15

Base Rental Revenue Summary

Contract & Market Rent		Market Rent	
Contract Rent For Occupied Space	$0	Market Rent For Occupied Space	$0
Market Rent For Vacant Space	$1,330,506	Market Rent For Vacant Space	$1,330,506
Contract & Market Base Rental Revenue	$1,330,506	Market Base Rental Revenue	$1,330,506
Contract & Market Rent Revenue Rent/SF/Mo.	$2.15	Market Rent Revenue Rent/SF/Mo.	$2.15
Contract to Market Ratio	100.00%		

As the subject is vacant, we will use market rent to project a potential gross income in our analysis.

Absorption

The subject is currently 0% occupied. We project a total absorption time of 12 months with an average absorption period of 6 months. We have utilized this period in our calculations for stabilization costs as shown earlier in the Cost Approach of this report.

Vacancy and Collection Loss

Vacancy and collection loss reflects the fact that most income-producing properties have a certain amount of vacancy and rental income loss. The vacancy factor is determined primarily by current market conditions; however, other determinants such as management competency can also affect this factor. Recall, in the Market Analysis section of this report it was noted that the vacancy rate of Roseville is 8.6%. We conclude to a slightly lower vacancy and collection loss rate of 8.0%

The appraisers' projected expense is exhibited below.

Projection - Vacancy and Collection Loss

	Direct Cap Projection
Amount	($106,440)
Per SF	($2.06)
% of PGI	(8.00%)

POTENTIAL AND EFFECTIVE GROSS INCOME

The potential gross income figure includes base rent, less lag vacancy, plus recapture of operating expenses and real estate taxes. Effective gross income is income remaining after an allowance for collection loss has been made. The following displays our projected year one income.

Unit/Space Type	SF/Units	Total	Rent	% of Rent
Office	51,570	$1,330,506	$2.15	100.00%
	Base Rental Revenue:	$1,330,506		100.00%

	Total	$/SF	% of Rent
Base Rental Revenue	$1,330,506	$25.80	100.00%
Vacancy and Collection Loss @ 8.00%	($106,440)	($2.06)	
Effective Gross Income	$1,224,066	$23.74	92.00%

The subject's projected EGI is exhibited below.

Projection - Effective Gross Income	
	Direct Cap Projection
Amount	$1,224,066
Per SF	$23.74

EXPENSE PROJECTION

Typical deductions from the calculated effective gross income fall into two categories for real property, those being fixed and variable expenses. As the subject is a new construction and has not been leased, there was no historical operating income and expense data for the subject property. We have solely relied on data from competing properties in the subject's market was analyzed in estimating appropriate expenses for the subject.

The following table summarizes the comparable expense data:

Comparable	1	2	3	4	5
City	Walnut Creek	Lincoln	Orangevale	Fairfield	Fairfield
County	Contra Costa	Placer County	Sacramento County	Solano County	Solano County
Property Major Type	Office	Office	Office	Office	Office
NRA	34,940	20,920	12,518	36,177	69,696

Comparable	1		2		3		4		5	
	Amount	$/SF	Amount	$/SF	Amount	$/SF	Amount	$/SF	Amount	$/SF
Base Rental Revenue	$933,526	$26.72	$174,792	$8.36	$194,085	$15.50	$280,162	$7.74	$1,201,309	$17.24
Expense Reimbursement Revenue	$23,681	$0.68	$0	$0.00	$0	$0.00	$0	$0.00	$225,728	$3.24
Potential Gross Income	$957,207	$27.40	$174,792	$8.36	$194,085	$15.50	$280,162	$7.74	$1,427,037	$20.48
Vacancy and Collection Loss	$0	$0.00	($8,740)	($0.42)	($9,704)	($0.78)	$0	$0.00	$0	$0.00
	Amount	$/SF	Amount	$/SF	Amount	$/SF	Amount	$/SF	Amount	$/SF
Real Estate Taxes	$93,188	$2.67	$14,850	$0.71	$21,250	$1.70	$60,838	$1.68	$124,078	$1.78
Insurance	$11,530	$0.33	$2,400	$0.11	$3,334	$0.27	$8,510	$0.24	$10,588	$0.15
Utilities	$25,894	$0.74	$18,000	$0.86	$13,931	$1.11	$20,214	$0.56	$87,041	$1.25
Repairs and Maintenance	$114,997	$3.29	$20,160	$0.96	$12,641	$1.01	$30,108	$0.83	$31,670	$0.45
Contract Services	$18,388	$0.53	$450	$0.02	$0	$0.00	$0	$0.00	$9,962	$0.14
Management Fee	$46,676	$1.34	$0	$0.00	$0	$0.00	$8,354	$0.23	$49,273	$0.71
Administration	$1,001	$0.03	$396	$0.02	$6,278	$0.50	$50	$0.00	$6,149	$0.09
Marketing	$37,569	$1.08	$0	$0.00	$0	$0.00	$0	$0.00	$0	$0.00
Other Expenses	$42,945	$1.23	$0	$0.00	$0	$0.00	$0	$0.00	$0	$0.00
Total Operating Expenses	$392,190	$11.22	$56,256	$2.69	$57,434	$4.59	$128,074	$3.54	$327,005	$4.69
Net Operating Income	$565,017	$16.17	$109,796	$5.25	$126,947	$10.14	$152,088	$4.20	$1,100,032	$15.78
EGI/SF	$25.01		$7.94		$14.73		$7.74		$20.48	
Expenses/SF	$8.38		$2.69		$4.59		$3.54		$4.69	
NOI/SF	$16.63		$5.25		$10.14		$4.20		$15.78	
Expense Ratio	33.49%		33.88%		31.15%		45.71%		22.91%	
NOI Ratio	66.51%		66.12%		68.85%		54.29%		77.09%	

Normally, the most reliable information is that of the actual expense history of the property being appraised, along with competing properties in the marketplace. Since we were not provided with actual expense history for the subject property, we have relied on market data to make our projections. Projections of first year expense amounts for individual expense categories are discussed as follows:

FIXED EXPENSES

These are operating expenses that do not vary with occupancy. These expenses must be paid whether or not the property is occupied.

Real Estate Taxes

The subject's real estate taxes are based on the hypothetical reassessment of the subject property in accordance with Proposition 13. The projected assessed value is based on the value conclusion of the Income Capitalization Approach of this report. The subject's estimated real estate taxes are detailed in the following table:

Projection - Real Estate Taxes	Direct Cap Projection
Amount	$166,560
Per SF	$3.23

Insurance

Insurance expense typically includes an owner's liability coverage, fire and extended coverage, and potentially other catastrophic insurance coverage. The expense comparables for this category and the appraisers' projected expense are exhibited below.

Insurance					
Expense Comp	1	2	3	4	5
Amount	$11,530	$2,400	$3,334	$8,510	$10,588
Per SF	$0.33	$0.11	$0.27	$0.24	$0.15

Projection - Insurance	Direct Cap Projection
Amount	$12,893
Per SF	$0.25

VARIABLE EXPENSES

Utilities

This expense accounts for electricity, fuel, telephone, and water and sewer. Often, the best indication of the subject's expense is the historical data. The expense comparables for this category and the appraisers' projected expense are exhibited below.

Utilities					
Expense Comp	1	2	3	4	5
Amount	$25,894	$18,000	$13,931	$20,214	$87,041
Per SF	$0.74	$0.86	$1.11	$0.56	$1.25

Projection - Utilities	Direct Cap Projection
Amount	$51,570
Per SF	$1.00

Repairs and Maintenance

This expense accounts for all items of general maintenance and repair, both interior and exterior. This includes building maintenance, maintenance salaries and supplies, security, landscaping, janitorial, trash removal and other miscellaneous operating expenses. The expense comparables for this category and the appraisers' projected expense are exhibited below.

Repairs and Maintenance					
Expense Comp	1	2	3	4	5
Amount	$114,997	$20,160	$12,641	$30,108	$31,670
Per SF	$3.29	$0.96	$1.01	$0.83	$0.45

Projection - Repairs and Maintenance	
	Direct Cap Projection
Amount	$77,355
Per SF	$1.50

Contract Services

This category includes expenses such as pest control, security and other contract services typical of a commercial property. The expense comparables for this category and the appraisers' projected expense are exhibited below.

Contract Services					
Expense Comp	1	2	3	4	5
Amount	$18,388	$450	$0	$0	$9,962
Per SF	$0.53	$0.02	$0.00	$0.00	$0.14

Projection - Contract Services	
	Direct Cap Projection
Amount	$10,314
Per SF	$0.20

Management Fee

The management fee expense is the fee paid to an outside agent for managing the building's operation. The expense comparables for this category and the appraisers' projected expense are exhibited below.

Management Fee					
Expense Comp	1	2	3	4	5
Amount	$46,676	$0	$0	$8,354	$49,273
Per SF	$1.34	$0.00	$0.00	$0.23	$0.71
% of EGI	4.88%	0.00%	0.00%	2.98%	3.45%

Projection - Management Fee	
	Direct Cap Projection
Amount	$36,722
Per SF	$0.71
% of EGI	3.00%

Administration

The expense comparables for this category and the appraisers' projected expense are exhibited below.

Administration					
Expense Comp	1	2	3	4	5
Amount	$1,001	$396	$6,278	$50	$6,149
Per SF	$0.03	$0.02	$0.50	$0.00	$0.09

Projection - Administration	
	Direct Cap Projection
Amount	$5,157
Per SF	$0.10

Reserves

This expense category is often considered a hidden expense of ownership not normally found on an expense statement. From an appraisal standpoint, reserves must be set aside for future replacement of items such as heating and cooling systems, roof replacement, and other short-lived items. The subject expense data was not provided for this category. The appraisers' projected expense are exhibited below.

Projection - Reserves	
	Direct Cap Projection
Amount	$10,314
Per SF	$0.20

TOTAL OPERATING EXPENSES

These expenses include those associated with the operation of the property and do not include any reserves for replacements, capital expenditure items or debt service payments. The projected expenses for the subject are in line with and bracketed by the expense comparables on a $/SF and % of EGI basis.

The expense comparables for this category and the appraisers' projected expense are exhibited below.

Total Operating Expenses					
Expense Comp	1	2	3	4	5
Amount	$392,190	$56,256	$57,434	$128,074	$327,005
Per SF	$11.22	$2.69	$4.59	$3.54	$4.69
% of EGI	40.97%	33.88%	31.15%	45.71%	22.91%

Projection - Total Operating Expenses	
	Direct Cap Projection
Amount	$370,884
Per SF	$7.19
% of EGI	30.30%

NET OPERATING INCOME

Net operating income is that amount of the annual income remaining after applying all expenses incurred in the operation of the subject. This net income affords the owner capital with which to satisfy the debt service and provide a return on the owner's equity.

The subject's projected NOI is summarized in the following tables.

Projection - Net Operating Income	
	Direct Cap Projection
Amount	$853,181
Per SF	$16.54

DIRECT CAPITALIZATION MODEL

Direct Capitalization is used to convert an estimate of a single year's net operating income expectancy into an indication of value in one direct step. In this procedure, the income is divided by an appropriate overall capitalization rate (OAR or Cap Rate), which is derived from market evidence. The chosen rate represents the relationship between income and value as reported by participants in the market.

We have examined appropriate first year overall rates of return via two methods: a survey of institutional investors active in the national market and an examination of recent actual sales reflecting overall rates within the local market. Most emphasis is placed on the last method.

SURVEY DATA

The following information was obtained from a survey of institutional investors active in the national market.

National Market Capitalization Rates for Real Estate Investments National Suburban Office Market Fourth Quarter 2017			
	Current Quarter	Last Quarter	Year Ago
Overall Cap Rate (OAR)	4.20%-10.00%	5.00%-10.00%	4.50%-9.00%
Average	6.72%	6.69%	6.43%
Residual Cap Rate	6.00%-11.50%	5.75%-11.50%	5.50%-10.00%
Average	7.61%	7.42%	7.28%

Source: PwC Real Estate Investor Survey, 4th Quarter 2017

LOCAL SALES DATA

The following table summarizes the capitalization rates of the comparable sales presented in the Sales Comparison Approach.

Comparable Sale Cap Rates						
Comp	Address	City/State	Price	Date	NOI/SF	Cap Rate
1	2998 Douglas Blvd	Roseville, CA	$23,340,000	10/6/2017	$17.28	8.09%
2	1400 Rocky Ridge Dr	Roseville, CA	$6,350,000	1/6/2016		NA
3	431 I St	Sacramento, CA	$7,400,000	12/2/2016	$15.40	5.16%
4	520 Capitol Mall	Sacramento, CA	$28,000,000	10/6/2016	$20.48	5.98%
5	1100 11th St	Sacramento, CA	$8,000,000	1/16/2018	$14.07	4.75%

CONCLUSION

An appropriate first year capitalization rate for the subject is in the range of 4.75% to 8.09% with an average of 6.00%. We conclude to the low end of the range as the subject is currently vacant with plenty of upside potential. Given the subject's quality, location and projected earning potential, we conclude to 5.00%.

STABILIZED PRO FORMA

Unit/Space Type	SF/Units	Total	Rent	% of Rent
Office	51,570	$1,330,506	$2.15	100.00%
	Base Rental Revenue:	$1,330,506		100.00%

	Total	$/SF	% of Rent
Base Rental Revenue	$1,330,506	$25.80	100.00%
Vacancy and Collection Loss @ 8.00%	($106,440)	($2.06)	
Effective Gross Income	$1,224,066	$23.74	92.00%
	Total	**$/SF**	**% of EGI**
Real Estate Taxes	$166,560	$3.23	13.61%
Insurance	$12,893	$0.25	1.05%
Utilities	$51,570	$1.00	4.21%
Repairs and Maintenance	$77,355	$1.50	6.32%
Contract Services	$10,314	$0.20	0.84%
Management Fee	$36,722	$0.71	3.00%
Administration	$5,157	$0.10	0.42%
Reserves	$10,314	$0.20	0.84%
Total Expenses	$370,884	$7.19	30.30%
Net Operating Income (NOI)	$853,181	$16.54	69.70%

DIRECT CAPITALIZATION METHOD

NOI	$853,181
Divided by OAR	5.00%
Indicated Value	$17,063,620

DIRECT CAPITALIZATION CONCLUSION

The indicated value estimate for the subject is calculated as follows.

Stabilization Costs

The subject is currently vacant and will incur costs to stabilize the property and rent loss. Cost to stabilize the subject property are deducted from the indicated value. The vacant space of 47,444 SF is calculated based on 92% stabilized occupancy of the subject's total rentable area. The following table summarizes these costs:

Stabilization Costs			
Rent Loss:	**Area (SF)**	**\$/SF/Mo.**	**Monthly Rent**
Vacant Space	47,444	\$2.15	\$102,005
Total Vacant/Market Rent per month:	47,444		\$102,005
Total Absoption Period (Months)			12
Average Absorption Period (Months)			6
Vacancy Rent Loss			\$612,033
Total Rent Loss			**\$612,033**
Leasing Costs			
Total Space (SF)		47,444	
Tenant Improvement Allowance (\$/SF)		\$20.00	\$948,888
Leasing Commissions (5% over three-year term with 3% annual escalations)			\$94,587
Total Leasing Costs			\$1,043,475
Entrepreneurial Profit		10%	\$104,347
Total Costs Plus Profit			\$1,759,855
Rounded Total Costs (Including Profit)			\$1,760,000

"As Is" Value (4/2/2018)	
Indicated Value	\$17,052,980
Cost of Stabilization	(\$1,760,000)
Adjusted Value	\$15,292,980
Rounded Final Value	**\$15,300,000**

The Sales Comparison Approach is based upon the assumption that a prudent buyer would not pay more for a property than it would cost him or her to acquire a comparable substitute property. This approach involves the direct comparison of the property being appraised to other similar properties that have sold or are currently being offered for sale. Since no two properties are ever identical, adjustments for differences in quality, location, size and market appeal are often necessary.

The reliability of this technique is dependent upon the availability of comparable sales data, the verification of the sales data, the degree of comparability between each sale and the subject, the date of the sale in relation to the date of the appraisal (taking into account market changes during the interim), and consideration of any atypical conditions affecting price or terms of the sale.

The price a typical purchaser pays is usually the result of an extensive process in which available alternatives are compared. The property that is ultimately purchased typically represents the best available balance between the buyer's specifications and the purchase price. Verified and analyzed data will generally provide good evidence of value, if it represents typical actions and reactions of buyers and sellers active in the market.

Due to lack of similar sales in the immediate Roseville area, we have expanded our search to include the greater Sacramento area. The following data represents the best available as of the effective date of this report.

Comparable 1

Transaction

Name	Roseville Corporate Center	Date	10/6/17
Address	2998 Douglas Blvd	Price	$23,340,000
City	Roseville	Grantor	BEP Roseville Investors LLC
County	Placer	Grantee	Roseville Corporate Center,
State	CA	Property Rights	Leased Fee Estate
Zip	95661	Financing	Financed
Tax Parcel ID	048-171-045	Conditions of Sale	Arm's Length
Recordation	78040	Verification	Broker

Site & Improvements

NRA	109,241	Year Built	1999
No. of Buildings	1	Renovations	NA
Land SF	474,804	Land Acres	10.90
MVS Quality	Good	Condition	Good
FAR	0.23	Parking Type	Surface
Parking Spaces	436	Parking Ratio	4.00
No. of Floors	3		

Financial Data

Occupancy	93.80%	Price Per SF	$213.66
NOI	$1,888,206	NOI/SF	$17.28
NIM	12.36	Cap Rate	8.09%

Comments

The sale is comprised of the Roseville Corporate Center, an office building totaling 109,241 SF located at 2998 Douglas Blvd. in Roseville, CA. The sales price was reported at $23,340,000 or $214/SF. The first year pro forma NOI was reported at $1,888,091, which yields a capitalization rate of 8.09%. This property was 93.8% leased and occupied at the time of sale.

Comparable 2

Transaction

Name	Stone Point	Date	1/6/16
Address	1400 Rocky Ridge Dr	Price	$6,350,000
City	Roseville	Grantor	Cambridge Oxford Investors
County	Placer	Grantee	Bunker Wilson LLC
State	CA	Property Rights	Leased Fee Estate
Zip	95661	Financing	Cash to Seller
Tax Parcel ID	048-460-026	Conditions of Sale	Arm's Length
Recordation	210	Verification	Broker

Site & Improvements

NRA	20,065	Year Built	2005
No. of Buildings	1	Renovations	NA
Land SF	91,476	Land Acres	2.10
MVS Quality	Good	Condition	Good
FAR	0.22	Parking Type	Surface
Parking Spaces	92	Parking Ratio	4.59
No. of Floors	2		

Financial Data

Occupancy	100.00%	Price Per SF	$316.47
NOI	NA	NOI/SF	NA
NIM	NA	Cap Rate	NA

Comments

This transaction represents the sale of a 20,065 SF office building in Roseville, California. This property sold on January 6, 2016 for $6,350,000, which equates to $316.47 per square foot. The building was fully occupied at the time of sale. Financial information was not available for this transaction.

Comparable 3

Transaction

Name	REA Building	**Date**	12/2/16
Address	431 I St	**Price**	$7,400,000
City	Sacramento	**Grantor**	REA LP
County	Sacramento	**Grantee**	1238 Sutter Street LLC
State	CA	**Property Rights**	Leased Fee Estate
Zip	95814	**Financing**	Financed
Tax Parcel ID	002-0010-042	**Conditions of Sale**	Arm's Length
Recordation	201612020979	**Verification**	Broker

Site & Improvements

NRA	24,800	**Year Built**	1928
No. of Buildings	1	**Renovations**	2005
Land SF	44,867	**Land Acres**	1.03
MVS Quality	Good	**Condition**	Good
FAR	0.55	**Parking Type**	Surface
Parking Spaces	60	**Parking Ratio**	2.42
No. of Floors	2		

Financial Data

Occupancy	100.00%	**Price Per SF**	$298.39
NOI	$381,840	**NOI/SF**	$15.40
NIM	19.38	**Cap Rate**	5.16%

Comments

This transaction represents the sale of the REA Building in Downtown Sacramento, California, which was 100% occupied at the time of the sale. The rents have increases built into them and the 5.16% cap rate was based on the current NOI. Buyer purchased the building on a down-leg of a 1031 exchange.

Comparable 4

Transaction

Name	520 Capitol Mall	Date	10/6/16
Address	520 Capitol Mall	Price	$28,000,000
City	Sacramento	Grantor	520 Capitol Mall, Inc
County	Sacramento	Grantee	LeFever Mattson
State	CA	Property Rights	Leased Fee Estate
Zip	95814	Financing	Cash to Seller
Tax Parcel ID	006-0146-031	Conditions of Sale	Arm's Length
Recordation	201610061197	Verification	Broker

Site & Improvements

NRA	82,401	Year Built	1963
No. of Buildings	1	Renovations	1990's
Land SF	54,450	Land Acres	1.25
MVS Quality	Average	Condition	Good
FAR	1.51	Parking Type	Parking Garage
Parking Spaces	165	Parking Ratio	2.00
No. of Floors	8		

Financial Data

Occupancy	91.80%	Price Per SF	$339.80
NOI	$1,687,400	NOI/SF	$20.48
NIM	16.59	Cap Rate	5.98%

Comments

On October 6, 2016 an office building located at 520 Capitol Mall in Sacramento, California sold for $28,000,000 or $339.80 per square foot as confirmed by the involved brokerage firm, buyer and corroborated on the seller's website. The 82,401 square foot building initially hit the market for sale in May 2016 with an original asking price of $28,600,000. This property was 91.8% leased and occupied at the time of sale. The listing brokerage provided cap rate, pricing, and occupancy insight.

Comparable 5

Transaction

Name	The Regis Building	**Date**	1/16/18
Address	1100 11th St	**Price**	$8,000,000
City	Sacramento	**Grantor**	Cathedral View Llc
County	Sacramento County	**Grantee**	CIP 1106 11th St, LLC
State	CA	**Property Rights**	Leased Fee Estate
Zip	95814	**Financing**	Financed
Tax Parcel ID	006-0104-005	**Conditions of Sale**	Arm's Length
Recordation	201801160364	**Verification**	Broker

Site & Improvements

NRA	27,000	**Year Built**	1911
No. of Buildings	1	**Renovations**	1984, 2017
Land SF	6,534	**Land Acres**	0.15
MVS Quality	Good	**Condition**	Good
FAR	4.13	**Parking Type**	Structure
Parking Spaces	54	**Parking Ratio**	2.00
No. of Floors	5		

Financial Data

Occupancy	93.00%	**Price Per SF**	$296.30
NOI	$380,000	**NOI/SF**	$14.07
NIM	21.05	**Cap Rate**	4.75%

Comments

This transaction represents the sale of the 27,000 SF office building known as The Regis Building in Downtown Sacramento, California. The property was sold for $8,000,000, which equates to $296.30/SF. The property had an occupany rate of 93% at the time of the sale. The building is located in one of the most heaviest trafficked pedestrian areas in downtown. The building's lower lever was renovated a in 2017 and the rest of the building was overhauled in 1984. This property was not openly marketed, but appears to arm's length. The buyer approached the seller off-market and agreed on a price.

IMPROVED SALES SUMMARY

Comp	Address / City	Recordation / Year Built	Price / Date	Land SF / FAR	NRA / Price Per SF	NOI/SF / Cap Rate
1	2998 Douglas Blvd	78040	$23,340,000	474,804	109,241	$17.28
	Roseville	1999	10/06/2017	0.23	$213.66	8.09%
2	1400 Rocky Ridge Dr	210	$6,350,000	91,476	20,065	NA
	Roseville	2005	01/06/2016	0.22	$316.47	NA
3	431 I St	201612020979	$7,400,000	44,867	24,800	$15.40
	Sacramento	1928	12/02/2016	0.55	$298.39	5.16%
4	520 Capitol Mall	201610061197	$28,000,000	54,450	82,401	$20.48
	Sacramento	1963	10/06/2016	1.51	$339.80	5.98%
5	1100 11th St	201801160364	$8,000,000	6,534	27,000	$14.07
	Sacramento	1911	01/16/2018	4.13	$296.30	4.75%

SALES COMPARABLES MAP

IMPROVED SALES ANALYSIS

To estimate the value of the subject, we analyzed the sale comparables and have made adjustments for varying characteristics.

Property Rights Conveyed

The property rights conveyed for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of a fee simple estate. All sale comparables were sold with leased fee property rights conveyed. Typically, investors purchase real estate for lower prices than an owner-user. For this reason, upward adjustments of 5% have been applied to all sale comparables.

Financing Terms

The financing terms for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of a cash to seller transaction. All land sale comparables reported using typical financing options which did not adversely affect the sales prices. As such, no adjustments were made for this category.

Conditions of Sale

The conditions of sale for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of an arm's length transaction. All land sale comparables appear to be arm's-length transactions which did not report and adverse or atypical conditions which would have affected the sales prices. As such, no adjustments were made for this category.

Market Conditions

In terms of an adjustment for market conditions, from the sales shown, it is somewhat subjective to determine an exact adjustment. We have applied a 3% adjustment to each comparable, annualized from the date of each sale to April 2, 2018.

Location

The adjustment for location realizes that properties in areas of active growth and development, as well as those which offer good accessibility in terms of frontage on major thoroughfares, typically sell for a higher price per SF than properties which do not offer these attributes, with all other factors held constant. The relative desirability of each site in relation to the subject is shown in the adjustment grid.

Logical adjustments are applied to the comparables on the basis of relative condition. The more inferior a comparable's condition, the lower the value it can achieve in the market, with all other factors held constant. The subject is in excellent condition.

Sale Comparable 1 and 2 are located on the south side of Interstate Highway 80 and have inferior access to the downtown area, inferior to the subject. For this reason, upward adjustments of 5% have been applied. Sale Comparables 3 and 4 are located in downtown Sacramento with excellent access to the CBD downtown Sacramento area as well as the surrounding thoroughfares and have superior locations to the subject. For this reason, downward adjustments of 10% have been applied. Sale comparable 5 is located in downtown Sacramento but have inferior access to the surrounding highways than Sale Comparables 3 and 4. A downward adjustment of 5% has been applied to Sale Comparable 5 for this reason.

Age (Year Built) & Condition

Logical adjustments are applied to the comparables on the basis of age. Typically, the older a building's improvements, the lower the income it can achieve in the market; thus, it will sell for a lower price, with all other factors held constant. The subject was built in 2016. The effective age for the property is estimated to be 1 years old.

Sale Comparable 1 was constructed in 1999 and is in good condition, inferior to the subject; therefore, an upward adjustment of 10% has been applied. Sale Comparable 2 was constructed in 2005 and is in good condition, slightly inferior to the subject; therefore, an upward adjustment of 5% has been applied. Sale Comparable 3 was originally constructed in 1928 and was heavily renovated in 2005 and is in good condition. For its inferior age and condition, an upward adjustment of 10% has been applied to Sale Comparable 3. Sale Comparable 4 was originally constructed in 1963 and was renovated in the 1990's. Sale Comparable 4 is inferior in age and condition and received an upward adjustment of 5%. Sale Comparable 5 was constructed in 1911 and was renovated in 1984 and 2017. For its inferior age and condition, an upward adjustment of 10% has been applied to Sale Comparable 5.

Construction Quality (MVS Quality)

Logical adjustments are applied to the comparables on the basis of quality of construction, design and market appeal. The more inferior a comparable's quality of improvements, the lower the value it can achieve in the market, with all other factors held constant. The subject is a good quality property. Sale Comparable 4 is of average construction quality and is inferior to the subject; therefore, an upward adjustment of 5% has been applied. The remaining sale comparables are similar to the subject in this category and no further adjustments were deemed necessary.

Occupancy

Adjustments must also be made for income characteristics, which appear to have a significant effect on sale price in the case of properties within the subject's market. Typically, properties that are fully leased generally sell for higher prices than those which are not at a stabilized occupancy level. The subject is currently 0% occupied but is assumed stabilized for the purpose of this analysis. Stabilization costs will be deducted as a one-time adjustment from the indicated value. All sale comparables sold at a stabilized occupancy rate. No adjustments were made for this category.

Parking Ratio

The subject offers approximately 3.10 spaces per 1,000 SF of space. Sale Comparables 1 and 2 have superior parking ratios of 4.00/1,000 SF or greater; therefore, minor downward adjustments of 5% have been applied. The remaining sale comparables have similar parking ratios and are typical of a downtown office building in this market and no further adjustments were deemed necessary.

Size

In terms of size, it is noted that smaller buildings typically sell for a higher price per SF than larger buildings, with all other factors held constant. The subject contains 51,570 SF of net rentable area.

Sale Comparable 1 contains 109,241 SF and is much larger than the subject property. For this reason, an upward adjustment of 10% has been applied. Sale Comparable 2 is smaller than the subject and contains 20,065 SF; therefore, a downward adjustment of 5% has been applied. Sale Comparable 3 is also smaller than the subject and contains 24,800 SF. A downward adjustment of 5% has been applied to Sale Comparable 3 for its small size. Sale Comparable 4 is larger than the subject and contains 82,401 SF; therefore, an upward adjustment of 5% has been applied. Sale Comparable 5 contains 27,000 SF and is smaller than the subject. A downward adjustment of 5% has been applied to Sale Comparable 5 for this reason.

IMPROVED SALES ANALYSIS CONCLUSION

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

IMPROVED SALES ADJUSTMENT GRID (PRICE/SF)

Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	Roseville Civic Plaza	Roseville Corporate	Stone Point	REA Building	520 Capitol Mall	The Regis Building
Address	116 S Grant Street	2998 Douglas Blvd	1400 Rocky Ridge Dr	431 I St	520 Capitol Mall	1100 11th St
City	Roseville	Roseville	Roseville	Sacramento	Sacramento	Sacramento
State	CA	CA	CA	CA	CA	CA
Date		10/6/2017	1/6/2016	12/2/2016	10/6/2016	1/16/2018
Price		$23,340,000	$6,350,000	$7,400,000	$28,000,000	$8,000,000
NRA	51,570	109,241	20,065	24,800	82,401	27,000
Price per SF		$214	$316	$298	$340	$296
Transaction Adjustments						
Property Rights	Fee Simple Estate	Leased Fee Estate 5%	Leased Fee Estate 5%	Leased Fee Estate 5%	Leased Fee Estate 5%	Leased Fee Estate 5%
Financing	Cash to Seller	Financed 0%	Cash to Seller 0%	Financed 0%	Cash to Seller 0%	Financed 0%
Conditions of Sale	Arm's Length	Arm's Length 0%	Arm's Length 0%	Arm's Length 0%	Arm's Length 0%	Arm's Length 0%
Market Trends Through	4/2/2018 3%	1.5%	6.8%	4.0%	4.5%	0.6%
Adjusted Price per SF		$228	$355	$326	$373	$313
Location		Inferior	Inferior	Superior	Superior	Superior
% Adjustment		5%	5%	-10%	-10%	-5%
$ Adjustment		$11	$18	($33)	($37)	($16)
Year Built	2016	1999	2005	1928	1963	1911
Condition	Excellent	Good	Good	Good	Good	Good
% Adjustment		10%	5%	10%	5%	10%
$ Adjustment		$23	$18	$33	$19	$31
MVS Quality	Good	Good	Good	Good	Average	Good
% Adjustment		0%	0%	0%	5%	0%
$ Adjustment		$0	$0	$0	$19	$0
Occupancy	Assumed Stabilized	93.80%	100.00%	100.00%	91.80%	93.00%
% Adjustment		0%	0%	0%	0%	0%
$ Adjustment		$0	$0	$0	$0	$0
Parking Ratio	3.10 spaces per 1,000 SF	4.00	4.59	2.42	2.00	2.00
% Adjustment		-5%	-5%	0%	0%	0%
$ Adjustment		($11)	($18)	$0	$0	$0
NRA	51,570	109,241	20,065	24,800	82,401	27,000
% Adjustment		10%	-5%	-5%	5%	-5%
$ Adjustment		$23	($18)	($16)	$19	($16)
Adjusted Price per SF		$273	$355	$310	$391	$313
Net Adjustments		20%	0%	-5%	5%	0%
Gross Adjustments		30%	20%	25%	25%	20%

PRICE/SF METHOD CONCLUSION

The comparables show a price/SF range of $273/SF to $391/SF on an adjusted basis, with an average of $328/SF. Least Consideration was given to Sale Comparable 1 due to having both high net and gross adjustments. Greatest consideration was given to Sale Comparable 2 for having the most similar age to the subject and having low net adjustments. We conclude to $330.00/SF. The same deduction for stabilization costs have been deducted from Income Capitalization Approach has been deducted from the indicated value to arrive at the final "As Is" value conclusion for this approach.

Value Conclusion	$330.00 /SF
Multiplied by Subject Size	51,570 SF
Indicated Value	**$17,018,100**
"As Is" Value (4/2/2018)	
Indicated Value	$17,018,100
Cost of Stabilization	($1,760,000)
Adjusted Value	$15,258,100
Rounded Final Value	**$15,250,000**

The Cost, the Sales Comparison, and the Income Capitalization Approaches were employed in the valuation of the subject. The values derived via these methods are shown below:

"As Is" Value (4/2/2018)	
The Cost Approach	$17,250,000
Income Capitalization Approach	$15,300,000
Sales Comparison Approach	$15,250,000
Final Value Opinion	**$16,200,000**
Replacement Cost for Insurance Purposes	**$13,500,000**

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

In the Cost Approach, accrued depreciation, if any, is deducted from the replacement cost of the improvements and was added to the land value. The resultant figure indicates the value of the entire property via the Cost Approach.

The Sales Comparison Approach is dependent on a direct comparative technique of the sale, or offering of, similar properties. Since no two properties are ever identical, it is necessary to analyze and determine the degree of comparability between the subject and the sale properties for differences. The primary unit of comparison utilized in the valuation of the subject was the price per SF. A number of recent sales of comparable properties were uncovered, and after the adjustment process, we concluded to a value/SF for the subject. Based on the sales presented and their similarity to the subject, primary emphasis is placed on the Sales Comparison Approach.

In the Income Capitalization Approach, the gross annual income potential of the subject is estimated via a comparison with the rents being charged at competitive properties, and with consideration to the existing leases at the property. After estimating gross income potential, deductions are made for the appropriate vacancy, collection loss, and all applicable expenses incurred through the ownership of the property.

The direct capitalization method is employed in the Income Capitalization Approach. The direct capitalization method is the primary method of valuation used by the class of investors that would potentially purchase or sell a property similar to the subject. Due to the subject's existing income and expense history, as well as the availability of data relating to yield rates, growth rates and overall capitalization rates, a high level of reliability is placed on this method. The Income Capitalization Approach is given supporting consideration in the reconciliation process.

RECONCILIATION AND FINAL VALUE

In the final analysis of the subject, we consider the influence of the approaches used in relation to one another and in relation to the subject and, since buyers and sellers of similar properties are primarily owner-users, the Sales Comparison Approach is the most reliable technique in forming an opinion of the subject's value. However, the sales in the market were mostly leased fee investments, which may lead to an indicated value at the lower end of a range for an owner-user, given that we have deducted approximately $1.8 million in lease-up costs. If we assume a 50% probability of an owner-user purchase, the weighted average value indication from the Sales Comparison Approach and Income Approach is about $16.2 million. We have also given the Cost Approach some consideration as the subject property is a newly constructed building and a typical buyer would give consideration to the cost to build when making a purchasing decision as it is vacant and could be occupied by an owner-user or leased to single or multiple tenants. In final analysis, we have concluded between the value indication from the Cost Approach and the other approaches, given the possible appeal of the subject to an owner-user.

After an inspection of the subject, and analysis of pertinent physical and economic factors that affect value, we are of the opinion that the 'as is' fair market value of the fee simple estate of the subject, as of April 2, 2018, is:

$16,200,000

SIXTEEN MILLION TWO HUNDRED THOUSAND DOLLARS

This appraisal is not based on any extraordinary assumptions.

This appraisal is not based on any hypothetical conditions.

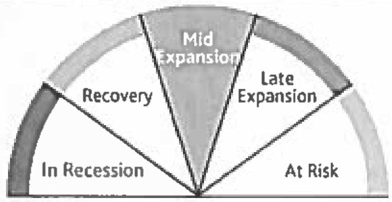
Moody's ANALYTICS

SACRAMENTO-ROSEVILLE-ARDEN-ARCADE CA

Data Buffet® MSA code: IUSA_MSAC

ECONOMIC DRIVERS	EMPLOYMENT GROWTH RANK		RELATIVE COSTS		VITALITY	
STATE CAPITAL; HIGH TECH; COLLEGE TOWN	2016-2018	2016-2021	LIVING	BUSINESS	RELATIVE	RANK
	153 2nd quintile	132 2nd quintile	108%	116%	110%	86
	Best=1, Worst=409		U.S.=100%		U.S.=100%	Best=1, Worst=402

BUSINESS CYCLE STATUS



STRENGTHS & WEAKNESSES

STRENGTHS

- Position in Central Valley near Bay Area attracts tech and agriculture investment.
- Lower living and business costs than Bay Area neighbors.
- Strong and improving migration trends.
- Below-average residential vacancy rates.

WEAKNESSES

- Commercial real estate and labor markets reliant on volatile state budget.
- Per capita income below state average.

FORECAST RISKS

SHORT TERM ↑ LONG TERM ↓

RISK EXPOSURE 2017-2022 **116** 2nd quintile *Highest=1 Lowest=402*

UPSIDE

- Natomas Basin is redeveloped.
- In-migration does more to stimulate housing and consumer industries.
- Greater spillover growth from Bay Area.

DOWNSIDE

- Increased payments to reduce pension liabilities limit state spending gains in SAC.
- State fiscal conditions worsen, fueling in-state tuition increases that drive down enrollment at public universities.

MOODY'S RATING

A2 COUNTY AS OF SEP 30, 2013

ANALYSIS

Recent Performance. Sacramento-Roseville-Arden-Arcade is in top form. Following a lukewarm first quarter of 2017, the labor market is surging, and job growth over the last six months is well above the California and U.S. averages. High- and mid-wage industries are expanding, but low-wage industries are expanding faster and their greater prominence is tempering the rise in average hourly earnings. The jobless rate has dropped to 4.6% in October even though the labor force is at a record high and up just over 4% since the start of 2014.

State and local government. SAC's fortunes will remain closely linked to the health of the large public sector, which will add jobs at a modest pace in 2018. Fiscal trends at the state level are healthy. State tax revenue collections were up 2% in fiscal 2017 thanks to higher individual and corporate income tax collections. Strong growth in business and consumer is financing the surge in state expenditures; the $125 billion budget for fiscal 2018 is the largest on record.

Higher state spending will benefit SAC more than any other California metro area. State and local government employs nearly one in four workers and accounts for a higher share of earnings because the average employee earns 16% more than those in nonfarm industries. Also, above-average population growth ignites further demand for public services, especially local governments.

Health and happiness. SAC's private services base, led by healthcare, will remain a major source of new jobs. Warm weather, the Thunder Valley Casino, and a long list of activities including museums, wine-tasting and historic buildings will be the main forces that attract visitors and new residents to the metro area, including baby boomers looking to retire. A more favorable cost structure than its larger neighbors San Jose and San Francisco gives SAC an advantage. An expanding pool of elderly residents and more people in general will spawn greater demand at regional medical centers such as Dignity Health and Sutter Health for years to come. Even when the support from expanded insurance coverage is depleted in a few years, the fast-growing retiree population will sustain demand for medical care and fuel new investment. For example, Kaiser Permanente signed a 10-year lease for its mental health facility and plans to build a new hospital in downtown SAC. A highly educated workforce and the metro area's proximity to a thriving life-science industry also favor industry growth.

Strong income growth is generating high- and mid-wage jobs in various business and consumer services. Retail, leisure/hospitality and health services employ two-fifths of the workforce, so their solid performance will pay dividends.

Getting older. SAC's expansion has lagged that in the Bay Area, meaning that it will take about a year longer for SAC to start feeling the full effect of capacity constraints than its peers. In contrast to areas along the coasts where labor shortages will undermine the pace of job creation in 2018, SAC will increase employment by about the same as in 2017. It will be 2019 before the economy is beyond full employment, and only then will shortages of labor and land constrain the expansion. For now, fast-rising wages and the price of land push firms along the state's coasts to the more affordable Central Valley and further east.

The near-term outlook for Sacramento-Roseville-Arden-Arcade is sanguine. Increased government spending will pay big dividends, while healthcare will lead private industries as SAC benefits from its proximity to a thriving life sciences. Over the long run, low costs and strong demographics, including a highly skilled workforce, will help SAC excel, and its best prospects are in knowledge-based industries.

Abhilasha Singh *1-866-275-3266*
November 2017 *help@economy.com*

2011	2012	2013	2014	2015	2016	INDICATORS	2017	2018	2019	2020	2021	2022
105.7	107.3	109.4	112.3	117.0	120.7	Gross metro product (C09$ bil)	123.8	127.0	129.7	131.4	135.6	140.0
0.3	*1.5*	*1.9*	*2.7*	*4.2*	*3.1*	*% change*	*2.6*	*2.6*	*2.2*	*1.3*	*3.2*	*3.2*
829.0	846.5	869.0	889.6	917.7	950.1	Total employment (ths)	965.1	981.2	989.8	991.7	999.9	1,013.2
-0.3	*2.1*	*2.7*	*2.4*	*3.2*	*3.5*	*% change*	*1.6*	*1.7*	*0.9*	*0.2*	*0.8*	*1.3*
11.7	10.2	8.5	7.1	5.8	5.2	Unemployment rate (%)	4.7	4.3	4.3	5.2	5.6	5.6
5.7	4.5	3.0	6.2	7.5	3.8	Personal income growth (%)	3.5	3.9	4.5	4.4	4.6	4.8
56.1	56.3	58.0	60.0	62.3	64.1	Median household income ($ ths)	65.3	67.3	69.5	71.5	73.6	75.8
2,174.8	2,193.7	2,214.6	2,240.4	2,267.6	2,296.4	Population (ths)	2,311.2	2,323.3	2,336.4	2,350.0	2,364.9	2,382.7
0.9	*0.9*	*0.9*	*1.2*	*1.2*	*1.3*	*% change*	*0.6*	*0.5*	*0.6*	*0.6*	*0.6*	*0.8*
7.5	7.8	9.1	14.3	16.5	18.7	Net migration (ths)	5.0	2.2	3.1	3.4	4.7	7.5
1,873	2,848	3,539	3,694	5,175	6,135	Single-family permits (#)	6,527	7,483	9,757	11,066	11,934	12,166
618	560	650	465	1,009	1,069	Multifamily permits (#)	1,821	509	769	1,026	1,398	1,625
153.3	154.4	181.4	204.4	218.0	235.2	FHFA house price (1995Q1=100)	259.3	281.1	298.4	310.8	320.7	330.2

ECONOMIC HEALTH CHECK

3-MO MA

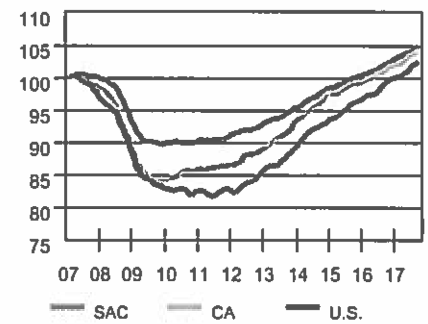
	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Employment, change, ths	0.3	1.3	2.2	3.0	3.2	2.8
Unemployment rate, %	4.7	4.6	4.6	4.7	4.8	4.8
Labor force participation rate, %	58.9	58.9	58.9	59.0	59.2	59.3
Employment-to-population ratio, %	56.2	56.2	56.2	56.2	56.3	56.5
Average weekly hours, #	33.0	33.1	33.3	33.4	33.6	33.5
Industrial production, 2012=100	107.2	107.6	107.6	107.5	107.5	107.8
Residential permits, single-family, #	6,633	6,520	6,174	6,087	6,080	7,142
Residential permits, multifamily, #	1,993	3,595	3,196	2,289	1,071	2,966

Better than prior 3-mo MA | Unchanged from prior 3-mo MA | Worse than prior 3-mo MA

Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX

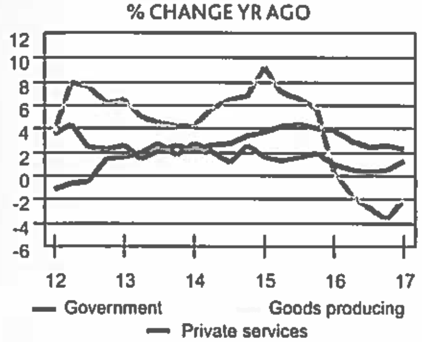
JAN 2007=100



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO



Sources: BLS, Moody's Analytics

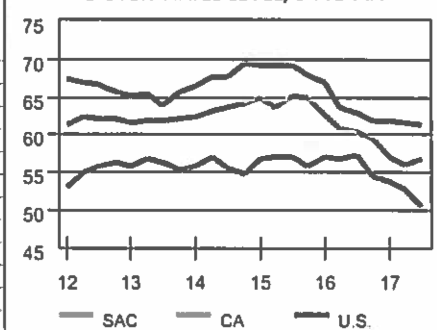
% CHANGE YR AGO, 3-MO MA

	Oct 16	Apr 17	Oct 17
Total	3.4	1.7	1.6
Mining	6.6	25.1	-6.2
Construction	7.0	-2.6	-1.6
Manufacturing	-1.1	-2.6	-3.9
Trade	2.7	1.5	0.4
Trans/Utilities	4.9	3.1	5.2
Information	-2.5	-3.8	-3.8
Financial Activities	2.7	3.0	2.5
Prof & Business Svcs.	6.6	2.9	2.4
Edu & Health Svcs.	4.2	4.8	3.5
Leisure & Hospitality	4.7	3.5	5.5
Other Services	1.6	-4.1	-2.2
Government	1.7	0.6	0.7

Sources: BLS, Moody's Analytics

DIFFUSION INDEX

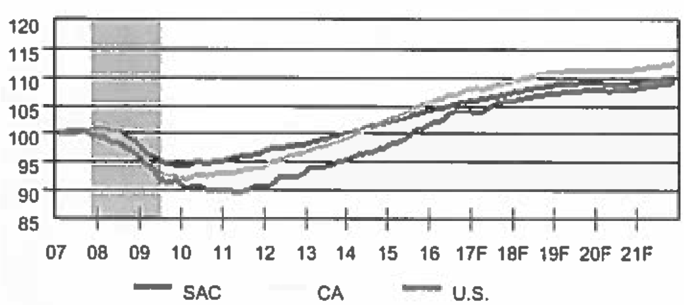
3-DIGIT NAICS LEVEL, 6-MO MA



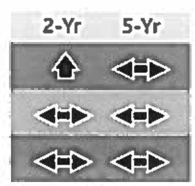
Sources: BLS, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE

JAN 2007=100



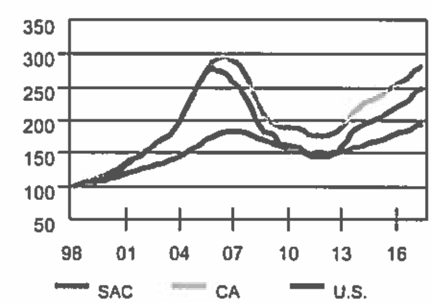
FORECAST
VS. 6 MO PRIOR



Sources: BLS, Moody's Analytics

HOUSE PRICE

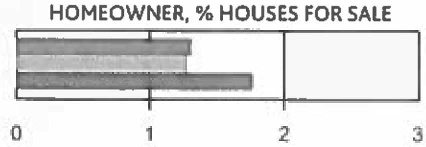
1998Q1=100, NSA



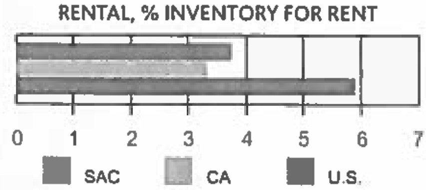
Sources: FHFA, Moody's Analytics

VACANCY RATES

HOMEOWNER, % HOUSES FOR SALE



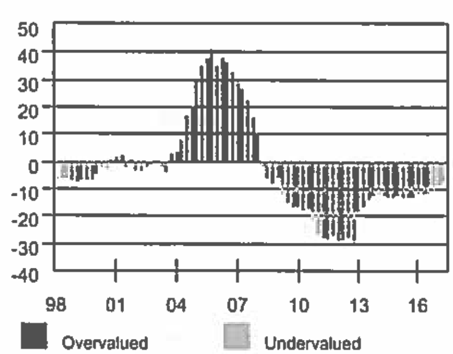
RENTAL, % INVENTORY FOR RENT



Sources. Census Bureau, ACS, Moody's Analytics, 2016

HOUSE PRICE TRENDS

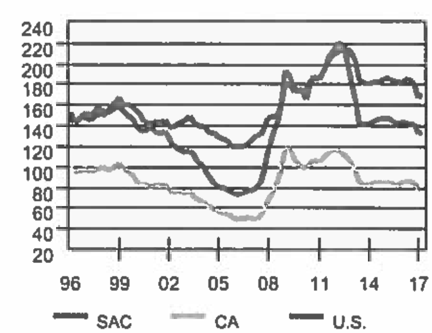
%



Sources: FHFA, Moody's Analytics

HOUSING AFFORDABILITY

GREATER THAN 100=MORE AFFORDABLE



Sources: NAR, Moody's Analytics

EMPLOYMENT AND INDUSTRY

TOP EMPLOYERS

Kaiser Permanente	10,517
UC Davis Health System	10,467
University of California	9,774
Dignity Health	6,212
Intel Corp.	6,000
Sutter Health	5,634
Raley's Inc.	3,289
California State University Sacramento	2,999
Thunder Valley Casino Resort	2,500
Apple Inc.	2,500
Squaw Valley Resort	2,500
VSP Global	2,382
Health Net Inc.	2,299
Wells Fargo	2,190
Cache Creek Casino Resort	2,150
Sacramento Municipal Utility District	2,046
Hewlett-Packard Co.	2,000
Northstar-At-Tahoe Resort	1,950
Sierra Joint Community College	1,940
Bank of America	1,892

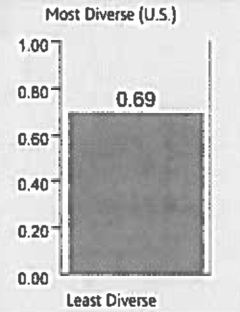
Sources: County of Placer, 2016, Sacramento Business Journal 2017 Book of Lists, Sacramento County, 2016, Yolo County, 2016

PUBLIC

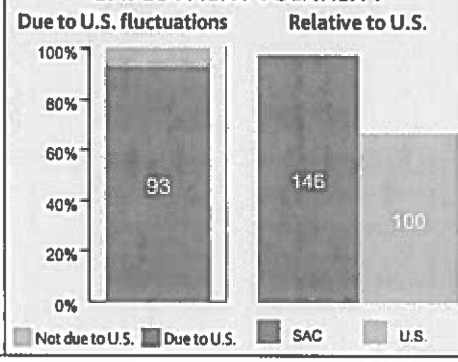
Federal	14,054
State	116,651
Local	104,623

2016

INDUSTRIAL DIVERSITY

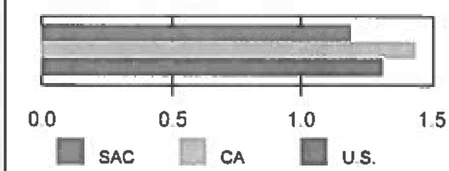


EMPLOYMENT VOLATILITY



ENTREPRENEURSHIP

EMPLOYMENT IN NEW COMPANIES, % OF TOTAL



Sources: Census Bureau, Moody's Analytics, avg 2010-2014

EXPORTS

Product	$ mil
Food and kindred products	508.8
Chemicals	293.1
Primary metal manufacturing	ND
Fabricated metal products	ND
Machinery, except electrical	209.4
Computer and electronic products	4,242.4
Transportation equipment	ND
Miscellaneous manufacturing	ND
Other products	527.1
Total	7,032.1

Destination	$ mil
Africa	45.7
Asia	2,931.7
European Union	853.0
Canada & Mexico	2,646.9
South America	285.6
Rest of world	269.2
Total	7,032.1

% of GDP	*5.1*
Rank among all metro areas	*176*

Sources: BEA, International Trade Administration, Moody's Analytics, 2016

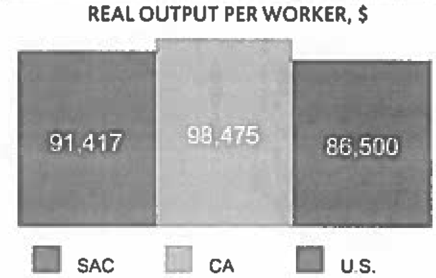
COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment: SAC	CA	U.S.	Average Annual Earnings: SAC	CA	U.S.
Mining	0.0	0.1	0.4	$25,777	$71,263	$90,606
Construction	5.7	4.7	4.7	$75,050	$76,177	$67,379
Manufacturing	3.8	7.9	8.6	$80,915	$102,895	$80,835
Durable	*64.5*	*62.8*	*62.5*	*nd*	*$116,086*	*$83,048*
Nondurable	*35.5*	*37.2*	*37.5*	*nd*	*$81,146*	*$77,168*
Transportation/Utilities	2.7	3.6	3.8	nd	$61,961	$64,189
Wholesale Trade	2.7	4.4	4.1	nd	$80,572	$80,930
Retail Trade	10.6	10.2	11.0	$37,277	$41,552	$34,829
Information	1.5	3.2	1.9	$84,034	$168,335	$114,771
Financial Activities	5.5	5.0	5.7	$48,510	$59,539	$53,946
Prof. and Bus. Services	13.5	15.4	14.0	$61,852	$77,632	$68,173
Educ. and Health Services	15.4	15.4	15.7	$60,080	$55,492	$54,662
Leisure and Hosp. Services	10.5	11.5	10.8	$26,942	$34,606	$27,790
Other Services	3.3	3.4	3.9	$41,169	$39,508	$36,665
Government	24.8	15.3	15.4	$109,135	$98,293	$77,509

Sources: Percent of total employment — BLS, Moody's Analytics, 2016, Average annual earnings — BEA, Moody's Analytics, 2016

PRODUCTIVITY

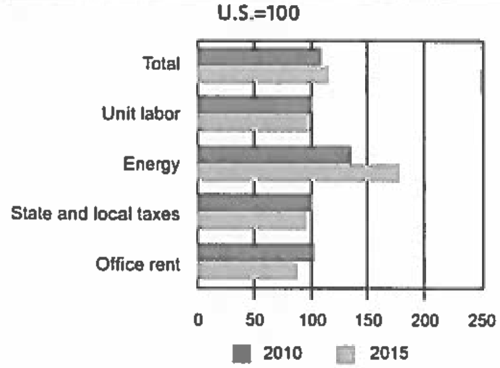
REAL OUTPUT PER WORKER, $



Sources: BEA, Moody's Analytics, 2015

BUSINESS COSTS

U.S.=100



Source: Moody's Analytics

HIGH-TECH EMPLOYMENT

	Ths	% of total
SAC	40.6	4.3
U.S.	6,937.1	4.8

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
SAC	95.9	10.1
U.S.	13,565.7	9.4

Source: Moody's Analytics, 2016

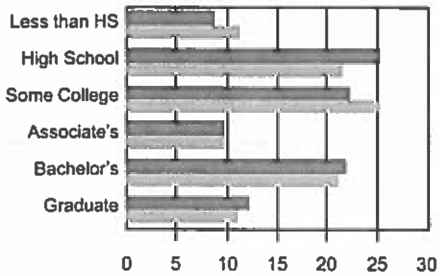
LEADING INDUSTRIES BY WAGE TIER

Tier	NAICS	Industry	Location Quotient	Employees (ths)
HIGH	GVS	State Government	3.5	115.8
HIGH	6221	General medical and surgical hospitals	0.8	22.4
HIGH	6214	Outpatient care centers	2.7	14.6
HIGH	GVF	Federal Government	0.8	14.0
MID	GVL	Local Government	1.1	105.1
MID	2382	Building equipment contractors	1.2	15.3
MID	2381	Found., structure & building ext. contractors	1.9	9.9
MID	4411	Automobile dealers	1.1	8.7
LOW	7225	Restaurants and other eating places	1.1	69.2
LOW	6241	Individual and family services	2.6	36.6
LOW	5613	Employment services	0.9	21.7
LOW	4451	Grocery stores	1.1	18.5

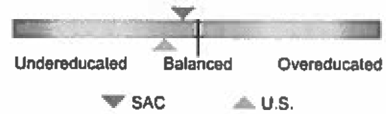
Source: Moody's Analytics, 2016

SKILLS MISMATCH

% OF TOTAL



Sources: Census Bureau, ACS, Moody's Analytics, 2015



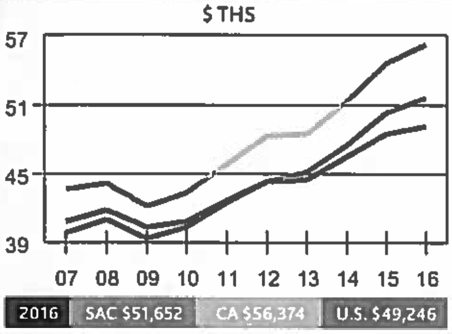
ECONOMIC DISENFRANCHISEMENT

Index	2016	Rank*
Gini coefficient	0.47	110
Palma ratio	3.3	136
Poverty rate	14.6%	190

*Most unequal=1, Most equal=401

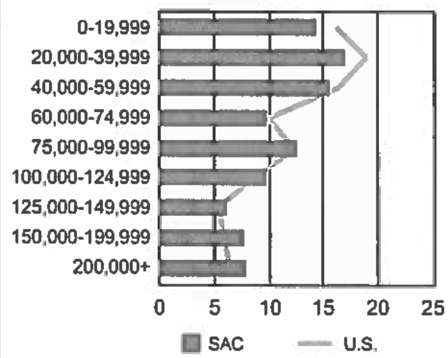
PER CAPITA INCOME

$ THS



Sources: BEA, Moody's Analytics

HOUSEHOLDS BY INCOME, %



Sources: Census Bureau, ACS, Moody's Analytics, 2016

MIGRATION FLOWS

INTO SACRAMENTO CA

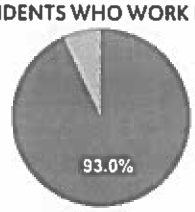
	Number of Migrants
Oakland CA	5,930
San Jose CA	3,693
Vallejo CA	3,320
Stockton CA	3,244
Los Angeles CA	2,927
San Francisco CA	2,841
Yuba City CA	1,994
San Diego CA	1,683
Riverside CA	1,633
Anaheim CA	1,258
Total in-migration	*66,630*

FROM SACRAMENTO CA

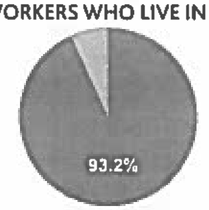
Oakland CA	4,416
Vallejo CA	2,549
Stockton CA	2,510
Los Angeles CA	2,404
San Francisco CA	1,961
San Jose CA	1,842
Yuba City CA	1,817
San Diego CA	1,669
Riverside CA	1,363
Reno NV	1,270
Total out-migration	*59,123*
Net migration	**7,507**

COMMUTER FLOWS

RESIDENTS WHO WORK IN SAC



WORKERS WHO LIVE IN SAC



Top Five Outside Sources of Jobs

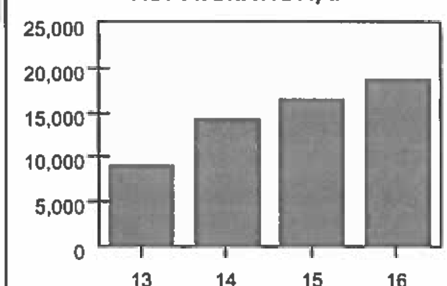
Sacramento CA	Share
Vallejo CA	1.3
Stockton CA	1.1
Oakland CA	0.8
San Francisco CA	0.5
Yuba City CA	0.4

Top Five Outside Sources of Workers

Sacramento CA	Share
Yuba City CA	1.4
Vallejo CA	1.1
Stockton CA	1.0
Oakland CA	0.4
Reno NV	0.2

Sources: Census Bureau, Moody's Analytics, avg 2009-2013

NET MIGRATION, #

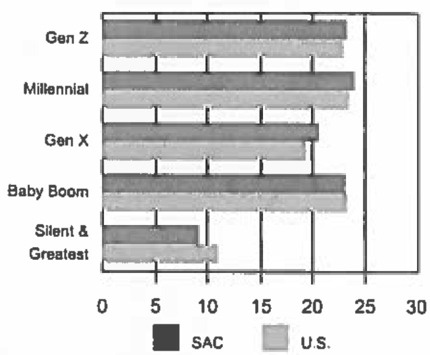


	2013	2014	2015	2016
Domestic	3,562	7,983	9,822	12,270
Foreign	5,570	6,299	6,663	6,461
Total	9,132	14,282	16,485	18,731

Sources: IRS (top), 2014, Census Bureau, Moody's Analytics

GENERATIONAL BREAKDOWN

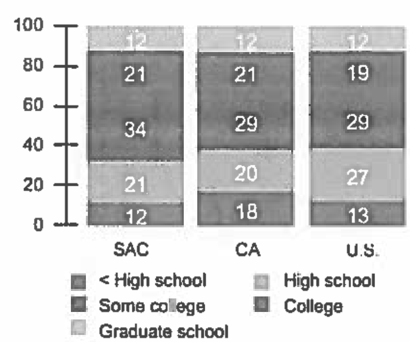
POPULATION BY GENERATION, %



Sources: Census Bureau, Moody's Analytics, 2015

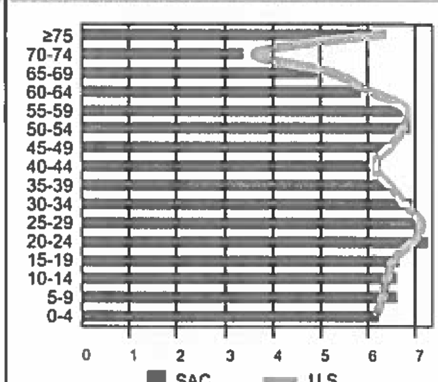
EDUCATIONAL ATTAINMENT

% OF ADULTS 25 AND OLDER



Sources: Census Bureau, ACS, Moody's Analytics, 2016

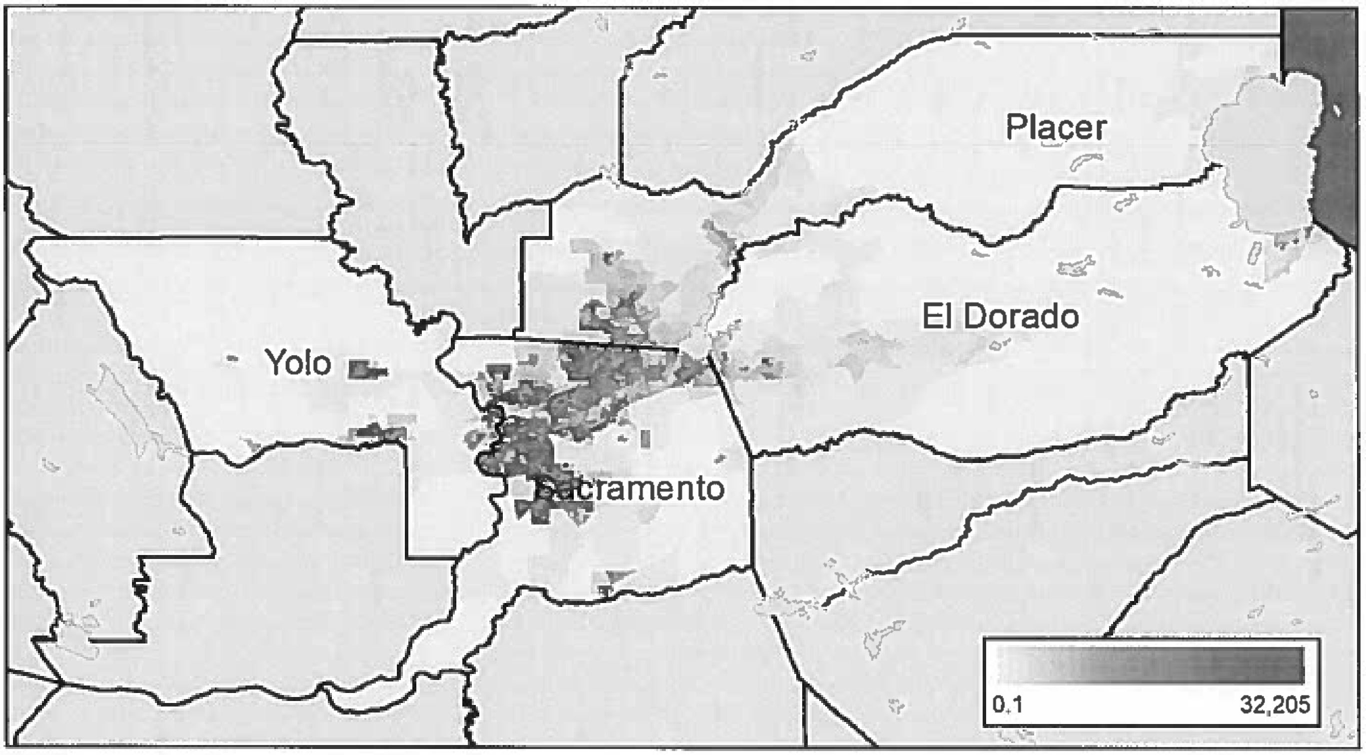
POPULATION BY AGE, %



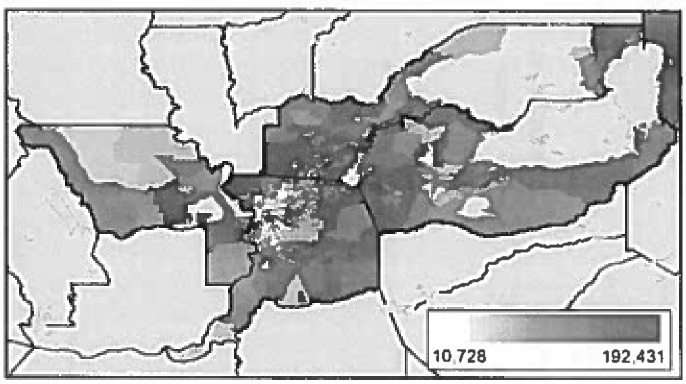
Sources: Census Bureau, Moody's Analytics, 2016

GEOGRAPHIC PROFILE

POPULATION DENSITY



MEDIAN HOUSEHOLD INCOME



AVERAGE COMMUTE TIME

COMING SOON

Sources: ACS, Moody's Analytics

POPULATION & HOUSING CHARACTERISTICS

	Units	Value	Rank*
Total land area	sq mi	5,094.2	44
Population density	ratio population to land area	450.8	78
Total population	ths	2,296.4	30
White	% of population	53.0	332
Hispanic	% of population	21.4	73
Black	% of population	7.0	196
Asian	% of population	13.0	12
U.S. citizen at birth	% of population	80.3	353
Naturalized U.S. citizen	% of population	10.3	29
Not a U.S. citizen	% of population	7.9	70
Median age		37.3	235
Total housing units	ths	893.9	33
Owner occupied	% of total	54.0	283
Renter occupied	% of total	37.4	58
Vacant	% of total	8.6	283
1-unit, detached	% of total	68.1	154
1-unit, attached	% of total	5.6	115
Multifamily	% of total	23.6	134
Median year built		1981	

* Out of 402 metro areas and metro divisions

Sources: Census Bureau, Moody's Analytics, 2016 except land area 2010

About Moody's Analytics

Moody's Analytics helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. With its team of economists, the company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research, and financial risk management. By offering leading-edge software and advisory services, as well as the proprietary credit research produced by Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges.

Concise and timely economic research by Moody's Analytics supports firms and policymakers in strategic planning, product and sales forecasting, credit risk and sensitivity management, and investment research. Our economic research publications provide in-depth analysis of the global economy, including the U.S. and all of its state and metropolitan areas, all European countries and their subnational areas, Asia, and the Americas. We track and forecast economic growth and cover specialized topics such as labor markets, housing, consumer spending and credit, output and income, mortgage activity, demographics, central bank behavior, and prices. We also provide real-time monitoring of macroeconomic indicators and analysis on timely topics such as monetary policy and sovereign risk. Our clients include multinational corporations, governments at all levels, central banks, financial regulators, retailers, mutual funds, financial institutions, utilities, residential and commercial real estate firms, insurance companies, and professional investors.

Moody's Analytics added the economic forecasting firm Economy.com to its portfolio in 2005. This unit is based in West Chester PA, a suburb of Philadelphia, with offices in London, Prague and Sydney. More information is available at www.economy.com.

Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO). Further information is available at www.moodysanalytics.com.

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About Moody's Corporation

Moody's is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets. **Moody's Corporation** (NYSE: MCO) is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and **Moody's Analytics**, which encompasses the growing array of Moody's nonratings businesses, including risk management software for financial institutions, quantitative credit analysis tools, economic research and data services, data and analytical tools for the structured finance market, and training and other professional services. The corporation, which reported revenue of $3.6 billion in 2016, employs approximately 11,500 people worldwide and maintains a presence in 41 countries.

Term	Definition	Source
Air Rights	The right to undisturbed use and control of designated air space above a specific land area within stated elevations. Air rights may be acquired to construct a building above the land or building of another or to protect the light and air of an existing or proposed structure on an adjoining lot. Air rights do not always include development rights. See also transferable development right (TDR).	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
As Is Market Value	The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an "as is" value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Band of Investment	A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Condominium	A multiunit structure, or a unit within such a structure, with a condominium form of ownership.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Debt Coverage Ratio (DCR)	The ratio of net operating income to annual debt service ($DCR = NOI/I_M$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Deferred Maintenance	Depreciation is the difference between the market value of an improvement and its reproduction or replacement cost at the time of appraisal. The depreciated cost of the improvement can be considered an indication of the improvement's contribution to the property's market value.	Appraisal Institute, The Appraisal of Real Estate, 14th Ed. (Chicago, Illinois: Appraisal Institute; 2013)

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

Term	Definition	Source
Excess Land	Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Exposure Time	Estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.	Uniform Standards of Professional Appraisal Practice, 2016-2017 Ed.
External Obsolescence	A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Extraordinary Assumption	An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.	Uniform Standards of Professional Appraisal Practice, 2016-2017 Ed.
Fee Simple Estate	Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Gross Building Area (GBA)	1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2. Gross leasable area plus all common areas. 3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
Gross Leasable Area (GLA)	Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Highest and Best Use	1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS) 3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Hypothetical Condition	1. A condition that is presumed to be true when it is known to be false. (SVP) 2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Insurable Value	A type of value for insurance purposes.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)

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

Market Value	"A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following. 1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under duress. 2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories: 1. the relationship, knowledge, and motivation of the parties (i.e., seller and buyer); 2. the terms of sale (e.g., cash, cash equivalent, or other terms); and 3. the conditions of sale (e.g., exposure in an competitive market for a reasonable time prior to sale). Appraisers are cautioned to identify the exact definition of market value, and its authority, applicable in each appraisal completed for the purpose of market value. (USPAP, 2016-2017 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value: • Identification of the specific property rights to be appraised. • Statement of the effective date of the value opinion. • Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal. • If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their	Appraisal Institute, *The Dictionary of Real Estate Appraisal,* 6th Ed. (Chicago: Appraisal Institute, 2015)

Term	Definition	Source
	contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained. 3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: 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. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994) 4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS) 5. The Uniform Standards for Federal Land Acquisitions defines market value as follows: Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions)"	

Term	Definition	Source
Mortgage Capitalization Rate (R_M)	The capitalization rate for debt; the ratio of the annual debt service to the principal amount of the mortgage loan. The mortgage capitalization rate (R_M) is equivalent to the periodic (monthly, quarterly, annual) mortgage constant times the number of payments per year on a given loan on the day the loan is initiated. R_M = Annual Debt Service/Mortgage Principal	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Mortgage Debt Service (I_M)	The periodic payment for interest on and retirement of the principal of a mortgage loan; also called total mortgage debt service. Generally, the abbreviation I_M refers to the total debt service, whereas mortgage debt service can be used to refer to either the periodic payment or the total of the payments made in a year.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Net Income Multiplier (NIM)	The relationship between price or value and net operating income expressed as a factor; the reciprocal of the overall capitalization rate.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Net Operating Income (NOI or I_O)	The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization).	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Net Rentable Area (NRA, Rentable Area)	For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)
Overall Capitalization Rate (R_O)	The relationship between a single year's net operating income expectancy and the total property price or value ($R_O = I_O / V_O$).	Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed. (Chicago: Appraisal Institute, 2015)

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

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

QUALIFICATIONS OF THE APPRAISER

BRIAN RAPELA, MAI, MRICS

Mr. Rapela is a Partner for the San Francisco office of Joseph J. Blake and Associates, Inc. located at 2121 N. California Boulevard, Suite 850, Walnut Creek, California.

FORMAL EDUCATION

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

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

REAL ESTATE AND APPRAISAL EDUCATION

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

PROFESSIONAL AFFILIATIONS

Affiliation	Number
Appraisal Institute, Designated Member	No. 12830
Tri-Valley Estate Planning Council, Member	
Royal Institution of Chartered Surveyors, Member	No. 6329043
California State Certified General Real Estate Appraiser	No. AG033756
Washington State Certified General Real Estate Appraiser	No. 1102125
Oregon State Certified General Real Estate Appraiser	No. C001085
Nevada State Certified General Real Estate Appraiser	No. A.0207021-CG
Illinois State Certified General Real Estate Appraiser	No. 553.002262
Alaska State Certified General Real Estate Appraiser	No. 103028
Appraisal Institute Service	**Dates**
Northern California Chapter, Fall Conference Committee, Conference Chair	2005 – Present
Northern California Chapter, Board of Directors	2011 – 2014
Region I, Regional Representative	2011 – 2013

APPRAISAL EXPERIENCE

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

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

Recent Speaking Engagements include:

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

CERTIFICATION

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Brian K. Rapela

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 033756

Effective Date: April 21, 2016
Date Expires: April 20, 2018

Jim Martin, Bureau Chief, BREA

3026040

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

JUSTIN AYRES

Mr. Ayres holds the position of Associate Appraiser with the San Francisco office of Joseph J. Blake and Associates, Inc., at 2121 N. California Blvd., Suite 850, Walnut Creek, CA.

FORMAL EDUCATION

California State University, Chico – Chico, CA
Bachelor of Political Science
Bachelor in Social Sciences

REAL ESTATE AND APPRAISAL EDUCATION

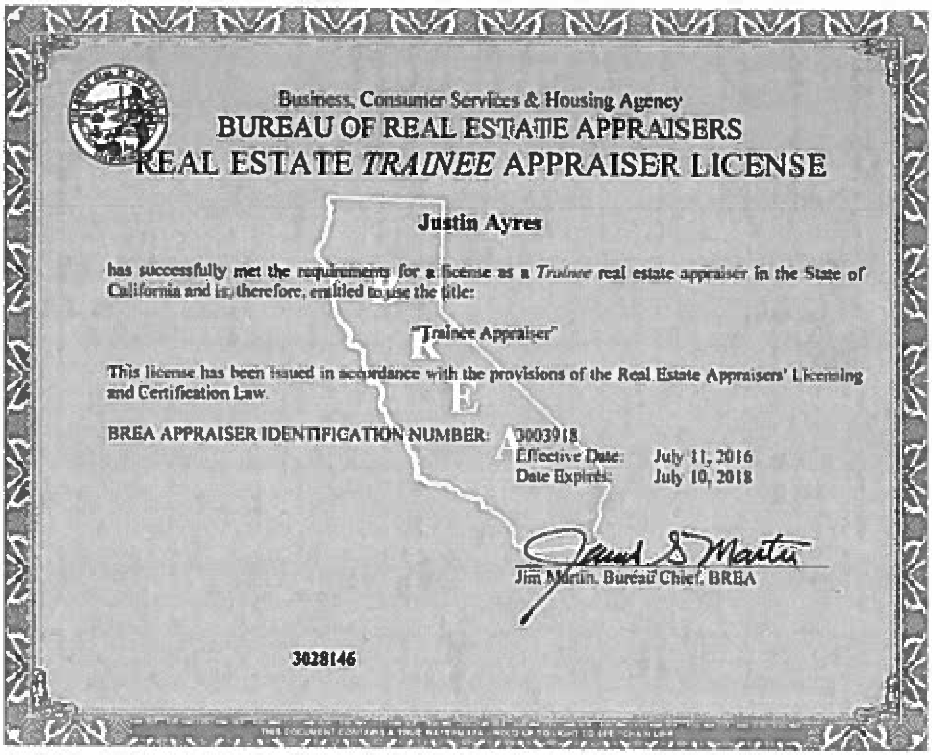
Course Name	Provider
Real Estate Appraisal Principals and Practices	Allied Business Schools
Market Analysis and Highest and Best Use	Allied Business Schools
Appraiser Site Valuation and Cost Approach	Allied Business Schools
Sales Comparison and Income Approach	Allied Business Schools
2014-2015 National USPAP Course	Allied Business Schools

PROFESSIONAL AFFILIATIONS

Affiliation	Number
California State Trainee Real Estate Appraiser	No. 3003918

APPRAISAL EXPERIENCE

Responsibilities include preparation of full narrative appraisal and market study reports for a wide variety of property types and purposes, including but not limited to business parks, office buildings, industrial buildings, shopping centers, multi-family projects, self-storage facilities and land.



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

Justin Ayres

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

"Trainee Appraiser"

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

BREA APPRAISER IDENTIFICATION NUMBER: 3003918

Effective Date: July 11, 2016
Date Expires: July 10, 2018

Jim Martin, Bureau Chief, BREA

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