



Land

Appraisal Report

COGITO | realty
partners

PREPARED BY

JACINTO A MUNOZ, MAI, SRA, AI-GRS,
AI-RRS

Cogito Realty Partners

PO Box, 18865
Long Beach, CA 90807
File No: 24CA0051

HAWTHORNE LAND

3136, 3138, 3152, & 3208 West Rosecrans Avenue &
14312 - 14314 Chadron Avenue
Hawthorne, California 90250

VALUATION DATE

Current Market Value: September 12, 2024

PREPARED FOR

VONTRAY NORRIS

City Manager

City of Hawthorne

4455 West 126th Street,
Hawthorne, CA 90250

October 3, 2024

Vontray Norris
City Manager
City of Hawthorne
4455 West 126th Street
Hawthorne, CA 90250

RE: Appraisal Report
Hawthorne Land
3136, 3138, 3152, & 3208 West Rosecrans Avenue & 14312 - 14314 Chadron Avenue,
Hawthorne, California 90250

Cogito Realty Partners File No: 24CA0051

Mr. Norris:

At the request and authorization of the Client, Cogito Realty Partners ("Cogito") has prepared and is pleased to present the following Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). The depth of discussion contained in this Appraisal Report is specific to the needs of the Client. The ensuing report provides a summary discussion of essential data, analyses, and detailed reasoning employed in reaching the opinions and conclusions used to develop our Market Value opinions of the Fee Simple Interest for the above referenced properties as of September 12, 2024. Maps, charts, photographs, and other visuals that are considered material to the opinions and conclusions developed are detailed in the ensuing report and/or workfile. Assumptions, Conditions, and Certifications are located at the end of this document.

The Client and Intended user for this assignment is the City of Hawthorne. The intended use of the appraisal is for the potential acquisition of the above-referenced property. The purpose of this appraisal is to provide an opinion of the current Market Value for the total rights (Fee Simple Estate) taken for the proposed acquisition based on the sourced definition of market value.

According to public records, and based on our physical observation, collectively the subject property consists of a total of six parcels, located in the city of Hawthorne, totaling 64,893 square feet, or 1.49 acres of gross site area. More specifically, five of the six parcels (4071-020-001, 002, 003, 004, & 005) are contiguous, totaling 56,486 square feet, or 1.30 acres of site area, with the sixth parcel (4071-013-025) located adjacent west, across Chadron Avenue, totaling 8,407 square feet, or 0.19 acres of site area. At the request of the client, we have been asked to develop two (2) current market value opinions, one for parcel 4071-013-025, which will be referred to as the "Small Parcel" and a second value for the five (5) contiguous parcels 4071-020-001, 002, 003, 004, & 005, operating as a single "Large Parcel". Our valuation of the subject is based on the underlying land, as the identified improvements were noted as being in poor condition as of the date of value and are not considered to have any contributory value, thus, not considered in our analysis.

The Large Parcel is situated at the southeast corner of West Rosecrans Avenue and Chadron Avenue, and the Small Parcel is located at the southwest corner of West Rosecrans Avenue and Chadron Avenue, within the city of Hawthorne. Based on review of the City of Hawthorne's development standards and conversations with the City of Hawthorne's Planning Department, all six (6) parcels are currently zoned M-1 (Limited Industrial), which allows for various light industrial, manufacturing, and commercial uses up to an FAR of 1.75.

Based on the investigations undertaken and the analyses conducted, which are subject to the extraordinary assumptions, hypothetical conditions, and Assumptions and Limiting Conditions set forth in the written appraisal, we have formed an opinion as to the Market Value for each site as of September 12, 2024. The following table conveys the value opinions developed in this appraisal:

| MARKET VALUE CONCLUSION | | | | | |
|---|----------------------|--------------------|---------------------|--------------------|-------------|
| PROPERTY | VALUATION SCENARIO | INTEREST APPRAISED | EXPOSURE TIME | EFFECTIVE DATE | VALUE |
| LARGE PARCEL (Parcels 4071-020-001, 002, 003, 004, & 005) | Current Market Value | Fee Simple Estate | Nine Months or Less | September 12, 2024 | \$5,930,000 |
| SMALL PARCEL (Parcel 4071-013-025) | Current Market Value | Fee Simple Estate | Nine Months or Less | September 12, 2024 | \$840,000 |

This Appraisal Report has been prepared in accordance with our interpretation of the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP), the State of California’s current laws and regulations, and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

ASSUMPTIONS AND CONDITIONS OF THE APPRAISAL

The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and the signed certification contained in this report. The findings and conclusions are further contingent upon the following appraisal conditions, extraordinary assumptions, and/or hypothetical conditions, the use of which may have affected the assignment results and include:

Extraordinary Assumptions

An Extraordinary Assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions. We have relied upon the following Extraordinary Assumptions:

- The subject properties operate as a steel fabrication business, with the five (5) contiguous parcels (“Large Parcel”) serving as the primary operation for this business and the “Small Parcel” currently serving as more of an administrative use, with some remnants of steel fabrication or storage. The “Large Parcel” is also used for manufacturing concrete pavers. In addition to the potential environmental concerns from the steel fabrication business, the production of these pavers has created significant runoff from the equipment used to produce the concrete pavers, which has created uneven topography in areas relatively close to the production areas. There is clearly some type of materials that are being spilled over into the adjacent ground and creating “concrete-like” mounds on the site. There is also a small “well” that is collecting or ponding water near the southwest area of the site. Due to the existing uses of the site, it is highly recommended that any potential users seek an environmental assessment of all six (6) sites. More importantly, the values presented in this report are predicated on an extraordinary assumption that there are no environmental issues associated with the site.

The use of the above extraordinary assumption may have affected assignment results.

Hypothetical Conditions

A Hypothetical Condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. We have relied upon the following Hypothetical Conditions:

- None.

COGITO REALTY PARTNERS
Long Beach, CA 90807

If there are any specific questions or concerns regarding the attached Appraisal Report, or if Cogito Realty Partners can be of additional assistance, please contact the individuals listed below.

Respectfully Submitted,

COGITO REALTY PARTNERS

Jacinto A Munoz, MAI, SRA, AI-GRS, AI-RRS

Managing Director | Principal

Certified General Real Estate Appraiser

California License No. AG027900

Expiration Date 12/5/2024

626.893.3547 | jacinto@cogitorp.com

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ADDENDA

| | |
|-----------------------------|--|
| Land Sales | |
| Qualifications of Appraiser | |

EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION

| | |
|--------------------|---|
| Name | Hawthorne Land |
| Property | Land - Industrial Land |
| Address | 3136, 3138, 3152, & 3208 West Rosecrans Avenue & 14312 - 14314 Chadron Avenue |
| City, State Zip | Hawthorne, California 90250 |
| County | Los Angeles County |
| MSA | Los Angeles-Long Beach-Anaheim, CA MSA |
| Market / Submarket | Los Angeles / Gardena/Hawthorne |
| Geocode | 33.901662,-118.328917 |
| Census Tract | 06-037-603705 |

SITE DESCRIPTION

| | | |
|-------------------------|--|-------|
| Number of Parcels | 6 | |
| Assessor Parcel Numbers | 4071-020-001, 4071-020-002, 4071-020-003, 4071-020-004, 4071-020-005, 4071-013-025 | |
| Land Area | Square Feet | Acres |
| Large Parcel | 56,486 | 1.30 |
| Small Parcel | 8,407 | 0.19 |
| Total | 64,893 | 1.49 |
| Zoning | Limited Industrial (M-1) | |
| Shape | Rectangular | |
| Topography | Level at street grade | |
| Flood Zone | Zone X (Unshaded) | |
| Seismic Zone | Moderate Risk | |

QUALITATIVE ANALYSIS

| | |
|---------------|------|
| Site Location | Good |
| Site Access | Good |
| Site Exposure | Good |
| Site Utility | Good |

HIGHEST & BEST USE

| | |
|-----------|--|
| As Vacant | Hold for an industrial/flex use constructed to the maximum |
|-----------|--|

EXPOSURE & MARKETING TIME

| | |
|----------------|---------------------|
| Exposure Time | Nine Months or Less |
| Marketing Time | Nine Months or Less |

VALUE CONCLUSION

| PROPERTY | LARGE PARCEL (Parcels 4071-020-001, 002, 003, 004, & 005) | SMALL PARCEL (Parcel 4071-013-025) |
|-------------------------------|---|------------------------------------|
| VALUATION SCENARIOS | CURRENT MARKET VALUE | CURRENT MARKET VALUE |
| Interest | Fee Simple Estate | Fee Simple Estate |
| Exposure Time | Nine Months or Less | Nine Months or Less |
| Effective Date | September 12, 2024 | September 12, 2024 |
| Site Value | \$5,930,000 | \$840,000 |
| FINAL VALUE CONCLUSION | \$5,930,000 | \$840,000 |

AERIAL PHOTOGRAPH



SUBJECT PROPERTY PHOTOGRAPHS



North & East Side of "Large Parcel" from Rosecrans
(Photo taken by J. Munoz on September 12, 2024)



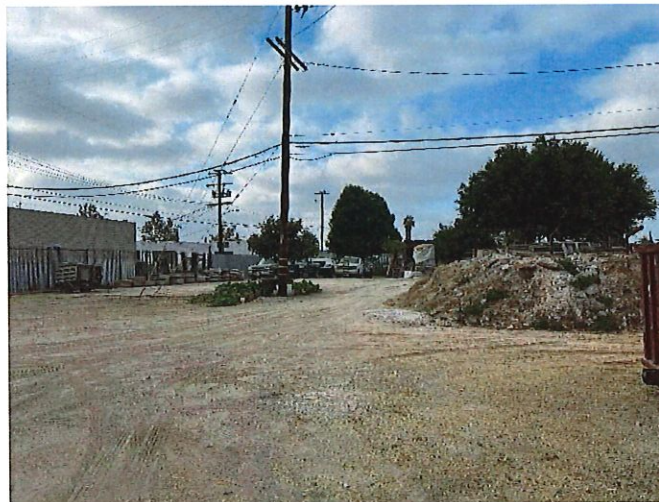
West Side of "Large Parcel" from Chadron
(Photo taken by J. Munoz on September 12, 2024)



North Side of "Large Parcel" from Chadron
(Photo taken by J. Munoz on September 12, 2024)



Steel Fabrication area "Large Parcel"
(Photo taken by J. Munoz on September 12, 2024)



Looking South from North side of "Large Parcel"
(Photo taken by J. Munoz on September 12, 2024)



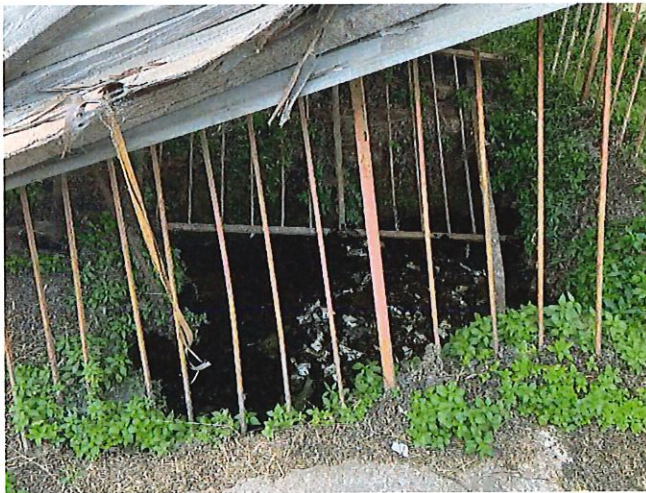
Concrete Paver production area and "runoff"
(Photo taken by J. Munoz on September 12, 2024)



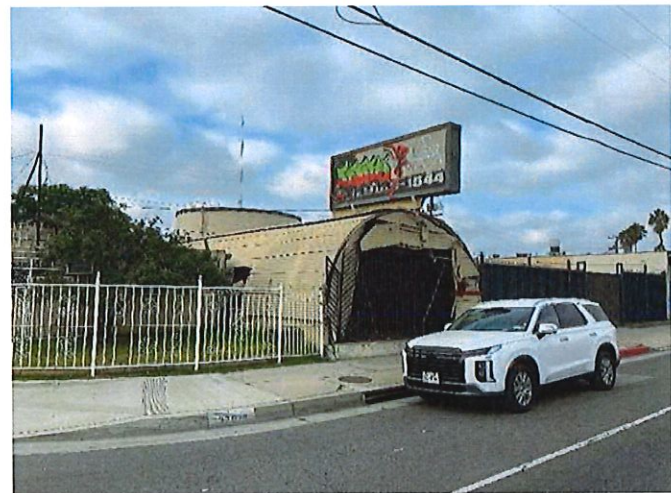
Looking Northeast "Large Parcel" ("Mounds")
(Photo taken by J. Munoz on September 12, 2024)



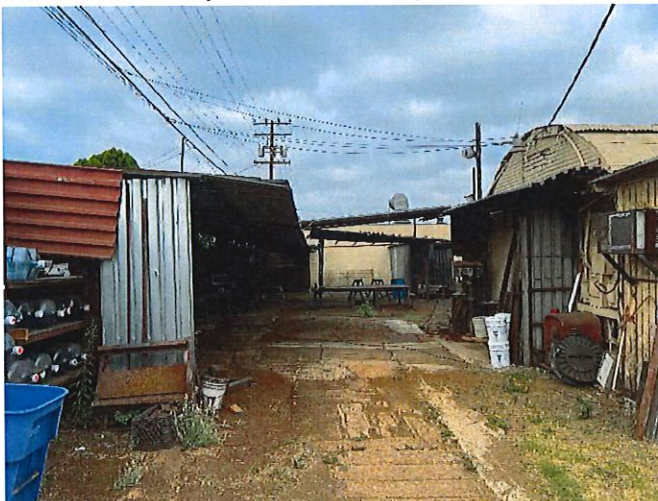
"Large Parcel" Outdoor Billboard
(Photo taken by J. Munoz on September 12, 2024)



"Well" (ponding water) "Large Parcel"
(Photo taken by J. Munoz on September 12, 2024)



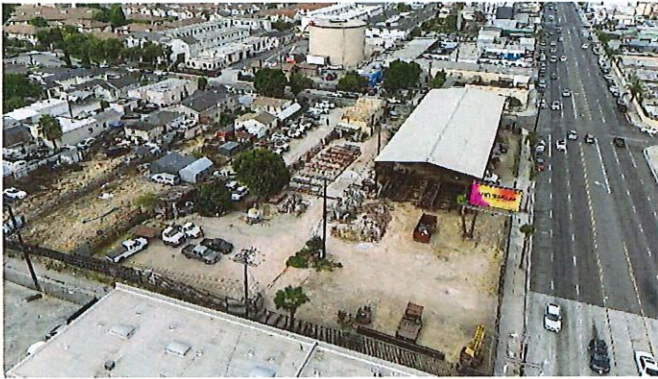
Looking South from Rosecrans Ave "Small Parcel"
(Photo taken by J. Munoz on September 12, 2024)



Looking West from East of "Small Parcel"
(Photo taken by J. Munoz on September 12, 2024)



Looking South from North of "Small Parcel"
(Photo taken by J. Munoz on September 12, 2024)



Drone Aerial View of "Large Parcel"
(Photo taken by J. Munoz on September 12, 2024)



Drone Aerial View of "Small Parcel"
(Photo taken by J. Munoz on September 12, 2024)



Facing East along Rosecrans Ave (Subject on Right)
(Photo taken by J. Munoz on September 12, 2024)



Facing West along Rosecrans Ave (Subject on Left)
(Photo taken by J. Munoz on September 12, 2024)



Facing North along Chadron Ave (Subject on Right)
(Photo taken by J. Munoz on September 12, 2024)



Facing North along Chadron Ave (Subject on Left)
(Photo taken by J. Munoz on September 12, 2024)

PROPERTY IDENTIFICATION

- **Physical Address:** Combined, the subject properties maintain several addresses consisting of the following: 3136, 3138, 3152, & 3208 West Rosecrans Avenue & 14312 - 14314 Chadron Avenue, Hawthorne, California, 90250

More specifically, the Large Parcel is located at 3136, 3138, & 3152 West Rosecrans Avenue, & 14312 - 14314 Chadron Avenue. The Small Parcel is located at 3208 West Rosecrans Avenue.

- **Assessor Information:** The Assessor Parcel Numbers are: 4071-020-001, 4071-020-002, 4071-020-003, 4071-020-004, 4071-020-005, 4071-013-025
- **Legal:** No preliminary title report was provided. The partial legal descriptions shown below were taken from the Los Angeles County Assessor, and are as follows for the six (6) parcels:

TRACT NO 993 S 85 FT OF E 100 FT OF LOT/SEC 175; TRACT NO 993 S 85 FT OF W 97.5 FT OF E 197.5 FT OF LOT/SEC 175; TRACT NO 993 W 100 FT (EX OF ST) OF LOT/SEC 175; TRACT NO 993 N 56 FT OF W 100 FT OF LOT/SEC 176; TRACT NO 993 S 49 FT OF W 100 FT AND E 197.5 FT OF LOT/SEC 176; TRACT NO 993 E 100 FT OF (EX OF ST) LOT/SEC 174

CLIENT IDENTIFICATION

The Client of this specific assignment is Vontray Norris as representative (City Manager) for the City of Hawthorne.

INTENDED USER

City of Hawthorne is the only intended user of this report. There are no other identified intended users for this report.

INTENDED USE

The intended use of this appraisal is to assist the client in developing current market value opinions that will be used to establish a basis of value for the potential acquisition of the above referenced properties. There are no other identified intended uses of this report.

DATE OF REPORT

The date of report is October 3, 2024

DATE OF INSPECTION

The date of inspection is September 12, 2024

DATE OF VALUE (ANALYSIS PERIOD)

The date of value is September 12, 2024. The analysis period, which includes all research for the analyses, opinions, and conclusions developed in this report, commenced on the date of engagement, and continued through the identified Date of Report.

PURPOSE

The purpose of this appraisal is to develop an opinion of the current Market Value for the total rights (Fee Simple Estate) taken for the proposed acquisition based on the sourced definition of market value.

PROPERTY AND SALES HISTORY

Current Owner

The subject property is currently under the ownership of John A. Hanley Trust, according to the Los Angeles County records.

Three-Year Sales History

According to county records there has been no transfer of ownership for the subject property in the past three years. The subject is currently listed for sale and there is a current LOI (Letter of Interest) to purchase the subject, which is more comprehensively described below.

We are not aware of any other arms-length sales, listings or pending contracts involving the subject within the past three years. This is based on our interview with the property owner, and searches utilizing LoopNet, CoStar, Catylist, public records, MLS and various other sources.

Property Listing and History Interviews

Based on our research of CoStar, the subject is currently listed for sale by Jeff Curtis of Keller Williams – LA. According to CoStar, the subject properties had been on the market ~104 days. The subject is currently listed for \$7,400,000 or \$114.03 per square foot, which is inclusive of both sites. Moreover, there is an existing LOI (Letter of Interest) from the city of Hawthorne for \$6,505,000 or \$100.24 per square foot, which is inclusive of both sites. Based on my conversation with the listing broker, Jeff Curtis, there were 5-6 offers ranging from \$4,800,000 to \$6,900,000, with many of the of the highest offers requiring entitlements to be completed prior to the close of escrow, which the seller did not prefer.

EXPOSURE & MARKETING TIME

Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were lower. Hence, the time span cited below coincides with the value opinion(s) formed herein.

The comment attached to USPAP Standard rule 1-2(c)(iv) requires that when reasonable exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion. Over the past several years, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated significantly. More recently, rising interest rates, inflationary pressures, and other economic disruptors have created uncertainty in the market. Sale concessions have not been prevalent.

The development of an opinion of a reasonable exposure time examines the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal based on supporting market data. The length of time a property is actively marketed can also be examined prospectively. On a prospective basis, the term marketing time is most often used. The concepts related to exposure and marketing times are not an isolated opinion of time alone but are also a function of price, time, and use. In consideration of these factors, we have analyzed the following primary data points:

| EXPOSURE & MARKETING TIME | | | | |
|----------------------------|-----|--------------|--------------|------------------------------------|
| SOURCE | | YEAR/QUARTER | MONTHS RANGE | AVERAGE |
| National Development Land | PwC | | | |
| Current Quarter | | 2023 Q2 | 1.0 to 15.0 | 8.0 |
| Previous Quarter | | 2023 Q1 | - to - | - |
| Four Quarters Prior | | 2022 Q2 | 1.0 to 12.0 | 3.2 |
| Improved Sales | | | 0.0 to 8.8 | 5.0 |
| OVERALL AVERAGE | | | | 6.5 |
| Exposure Period Conclusion | | | | Nine Months or Less |
| Marketing Time Conclusion | | | | Nine Months or Less |
| Most Probable Buyer | | | | Land Speculator or Local Developer |

As indicated in the Market Value definition below, our valuation is predicated on an exchange between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. These factors are also represented in our exposure and marketing time analyses. Following a brief period of decline in real estate transactions during the beginning of the COVID-19 pandemic, demand for most asset classes in real estate increased significantly, with a period of stabilization in the face of increasing construction costs, labor costs, and interest rates, thus, rendering development infeasible in many markets, as investors waited on the sidelines in anticipation of lower financing rates. As such, many southern California markets have experienced a moderate decline in land buyers, which has resulted in some softening and longer exposure and marketing times across the last year. Most land purchases are coming in the form of assemblage or land speculators. Based on a review of the land sales used in our analysis, demand is seemingly consistent with other land uses in the Southern California market with no extended or exaggerated marketing or exposure periods. As such, our conclusions are provided in the table above.

DEFINITION OF MARKET VALUE

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 undue duress.¹

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple estate interest.

Fee Simple Interest

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.²

VALUE SCENARIOS

Current Value

Value as of the current time period as compared to past or future value conclusions.³

¹ The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022.

² Ibid

³ Ibid

SCOPE OF WORK

The scope of the appraisal process involves applying the applicable recognized methods and techniques that are necessary to produce a credible appraisal. It is my intent that the appraisal service be performed in such a manner that the results of the analyses, opinions, and conclusions are those of a disinterested and unbiased third party. All appropriate data deemed pertinent to the solution of the identified problem was collected, confirmed, and reported in conformity with USPAP and the supplemental requirements of the Appraisal Institute. The scope was appropriate to the appraisal problem and supported by relevant evidence and logic. The procedures used for this assignment are summarized below and consider the following:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.

The scope of work for this appraisal assignment is outlined as follows:

- ▶ Physically inspect the subject properties including any improvements and their surrounding environs.
- ▶ Identify and describe the subject properties. Define the subjects' value conditioners via analysis of its physical, legal, and economic features including site area and configuration, improvement size, zoning, flood zone, seismic zone, planned development, utilities, demographics, transit, and, access, exposure, et al., which were collectively obtained from various surrounding jurisdictions and reporting entities as well as the Client.
- ▶ Review, interpret, and consider current economic and real estate market conditions at the regional and local levels and survey current conditions in the broader market for other land sites similar to the subject as of the date of value. Review the general plan, specific plan, and other related zoning documents/maps of the city of Hawthorne in relation to the permitted land use(s) on the subject. This analysis includes an examination of employment, population, household income, and real estate trends. The local area was inspected to consider external influences on the subject.
- ▶ The appraisal includes an industrial market analysis for the Los Angeles market and Gardena/Hawthorne submarket using vacancy, absorption, supply, and rent data. The conclusions drawn from this analysis regarding the subject's competitive position were based on its physical and locational features, current market conditions as of the date of value, and external influences. Many individuals (market participants) were interviewed during the course of this assignment, including those involved in the comparable transactions summarized herein. This may also include local property owners/developers, property managers, and others familiar with competitive market area real estate.
- ▶ Predicated on the intended use and purpose of this appraisal, we determined the appropriate approaches to value for the purposes of the analysis given the subject's characteristics as described above. As a result, this appraisal developed a Land Sales Comparison analysis. The value presented represents the Market Value (Fee Simple Interest) based on the sourced definition.
- ▶ Search Costar data services, internet sources, news articles, and public records for comparable market data involving sales of improved properties (purchased for land value) and land transactions. Inspect the market data and verify sale prices where possible. Perform a comparability and valuation analysis of the selected market data. Determine and consider pertinent differences between the comparable sales (land) and the magnitude of said differences. Communicate with market participants to discuss

financial metrics of the property and corresponding market perceptions. Reconcile the analyzed data and form opinions as to the market value of the fee simple interest in the subject properties.

- ▶ Prepare a written report to provide an identification and description of the subjects’ interest being valued. Summarize the market data considered and summarize the analysis and conclusions leading to the opinions of value for the subject properties’ interest.
- ▶ The assignment was prepared as an Appraisal Report in accordance with USPAP Standards Rule 2-2(a), with the analysis stated within the document and representing a fully described level of analysis.
- ▶ Please refer to the assignment conditions section for the general and extraordinary assumptions, as well as the limiting and hypothetical conditions upon which our value conclusions are predicated.

The appraisal is supported by a workfile, which contains sufficient evidence to support the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions. The depth of the discussion and support is specific to the needs of the Client and for the intended use stated above.

ASSISTANCE PROVIDED

Sevak Tsaturyan provided significant real property appraisal assistance to the appraiser signing this certification, which included identification of the appraisal problem, determination of an appropriate scope of work, collection and analysis of the data, highest and best use analysis, verification of sales and broker interviews, valuation analysis, and the reconciliation in this report.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

| INFORMATION PROVIDED | |
|----------------------------|--|
| Property Assessment & Tax | Los Angeles County Assessor |
| Zoning & Land Use Planning | City of Hawthorne Planning Department |
| Site Size | Los Angeles County Assessor |
| Supply & Demand | CoStar, Reis, STBD |
| Flood Map | FEMA, InterFlood |
| Demographics | STDB On-Line |
| Comparable Information | MLS Public Records Confirmed by Local Agents |
| Legal Description | Los Angeles County Assessor |
| Letter of Interest (LOI) | Client |
| Preliminary Title Report | Not Provided |

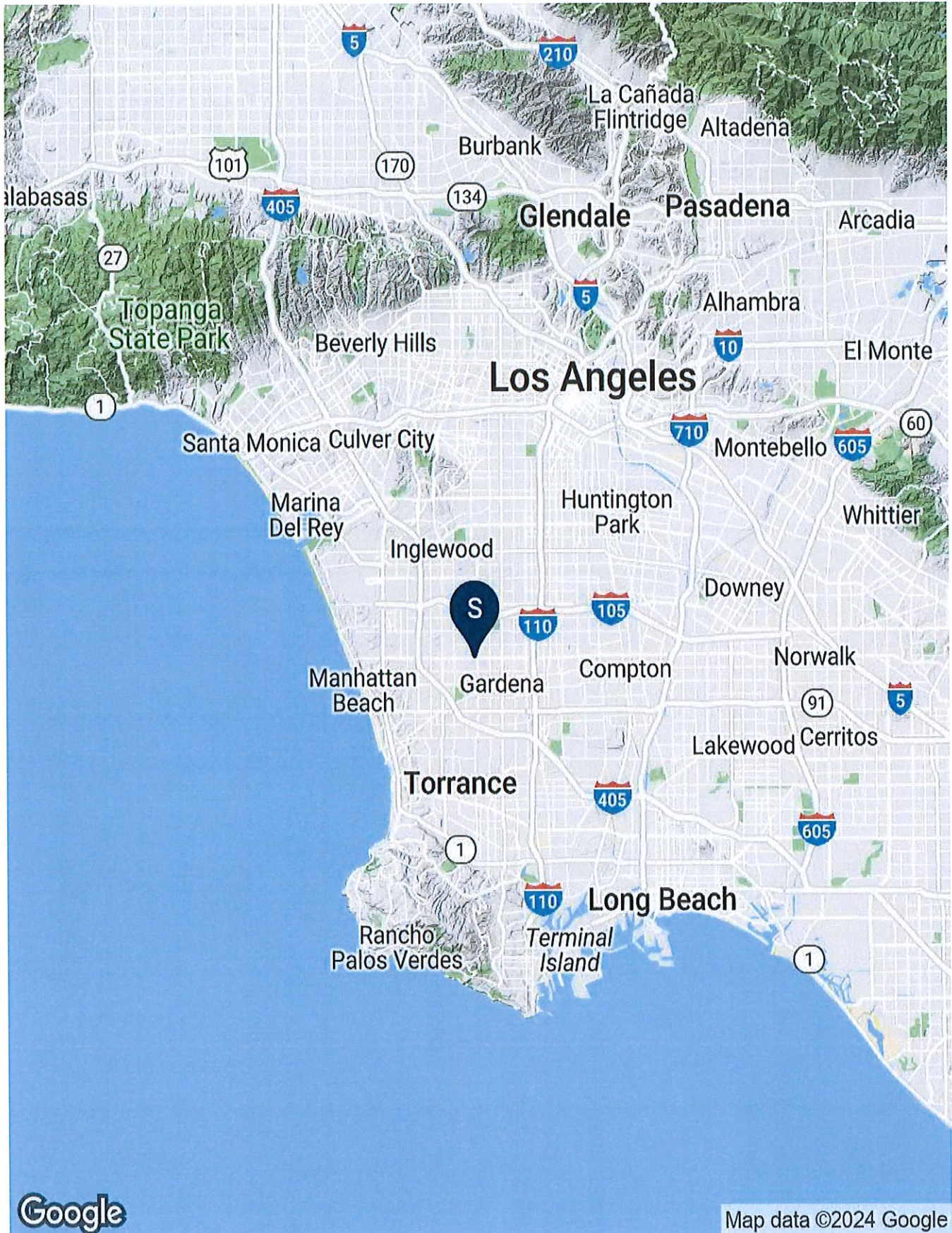
The lack of any available items could affect the results of this analysis. As part of the general assumptions and limiting conditions, the subject is assumed to have no adverse easements, significant items of unobserved deferred maintenance, or be impacted by adverse environmental conditions.

SUBJECT PROPERTY INSPECTION

| PROPERTY INSPECTION | | | | |
|---|----------------------|----------|--------------------|-------------------|
| APPRAISER | INSPECTED | EXTENT | DATE | ROLE |
| Jacinto A Munoz, MAI, SRA, AI-GRS, AI-RRS | Yes | Site | September 12, 2024 | Primary Appraiser |
| ALSO PRESENT | COMPANY | EXTENT | DATE | AFFILIATION |
| Jeff Curtis | Keller Williams - LA | Exterior | September 12, 2024 | Listing Broker |

In my opinion, based on the areas toured as well as the Client and property owner provided data, sufficient information has been provided to develop a credible opinion of value.

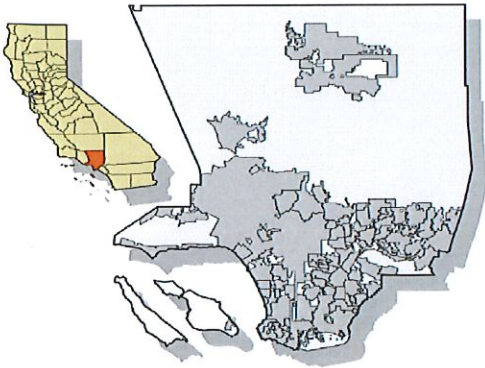
REGIONAL AREA MAP



INTRODUCTION

In order to understand the subject's position in the area or region, we have undertaken a brief analysis in order to determine how trends—both historical and projected—in population, employment, personal income, consumer spending, and housing impact supply and demand and influence the subject's area directly and indirectly. This analysis first begins on a broader spectrum, and without respect to the subject itself, and is highlighted in the Regional Area Analysis. Secondly, we undertake a more narrowly focused study of the aforementioned attributes as they relate directly to the subject and the subject's neighborhood. This discussion is presented in the forthcoming Local Area Analysis.

REGIONAL DESCRIPTION – LOS ANGELES COUNTY



One of California's oldest counties, Los Angeles County is situated in the southwest corner of the state and is bordered by Kern County (north), 70 miles of the Pacific Ocean coastline and Orange County (south), Ventura County (west), and San Bernardino County (east). With a land area of 4,752 square miles, it is home to 88 incorporated cities and is the most populous county in the U.S. Most of the population resides in the southern and southwestern portions of the county, with major population centers also located in the Los Angeles Basin, San Fernando Valley, and San Gabriel Valley and secondary centers in the Santa Clarita Valley, Crescenta Valley, and Antelope Valley.

The county is divided into the following major areas:

- EAST: Eastside, San Gabriel Valley, Pomona Valley
- WEST: Westside, Beach Cities
- SOUTH: South Bay, Palos Verdes Peninsula, South Los Angeles, Gateway Cities, Los Angeles Harbor Region
- NORTH: San Fernando Valley, portions of the Conejo Valley and Antelope Valley, Santa Clarita Valley
- CENTRAL: Downtown Los Angeles, Mid-Wilshire

TRANSPORTATION

An extensive and well-developed freeway system provides access to, from and throughout Los Angeles County. Primary freeways include Interstates 5, 105, 405, 605, 10, 110, 210, and 710. There are also numerous state highways and a vast urban and suburban street network. All thoroughfares are impacted by moderate to severe traffic congestion during commute hours and freeway-to-freeway interchanges regularly rank in the top ten most congested in the nation.

Bus service is provided by Los Angeles Metro and numerous municipal operators. Los Angeles International Airport, one of the busiest airports in the world, is the primary commercial airport serving the region. Additional airports include Long Beach Municipal Airport (Long Beach), Bob Hope Airport (Burbank), and LA/Palmdale Regional Airport (Palmdale), as well as numerous smaller scale commercial and non-commercial facilities.

Los Angeles is a major freight railroad transportation hub due to large volumes of freight arriving/departing out of the county's port facilities and industrial hubs; Union Pacific and Burlington Northern Santa Fe provide freight rail service. Amtrak, Los Angeles Metro Rail, and Metrolink provide commuter and long-distance passenger rail service; Amtrak also runs several intercity passenger rail lines from Los Angeles' Union Station,

including the Pacific Surfliner, the Coast Starlight, the Southwest Chief, and the Sunset Limited. California High-Speed Rail is a high-speed rail system currently under construction. The proposed line will connect Los Angeles with San Francisco by 2029, with future extensions to San Diego and Sacramento. Due to the project's nearly \$70 billion cost and large scope, it is surrounded by much controversy and will likely face significant delays.

The county has two main seaports – the Ports of Los Angeles and Long Beach – which handle over a quarter of all container traffic entering the U.S., making the complex the largest and most important port in the country and the third-largest port in the world in shipping volume. The Port of Los Angeles is also the largest cruise ship center on the West Coast, handling more than a million passengers annually.

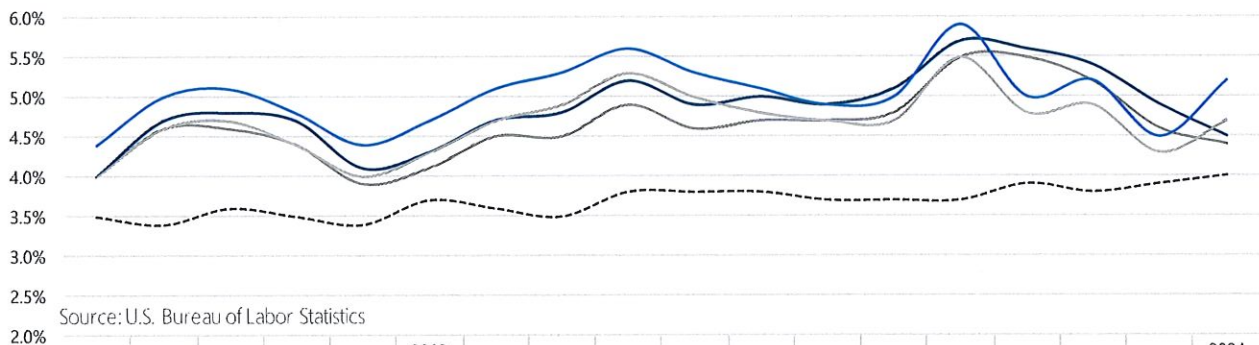
REGIONAL AREA ANALYSIS

The subject property is located in Hawthorne, California. The map presented on the previous page illustrates the subject property location relative to the Los Angeles-Long Beach-Anaheim, CA MSA metropolitan area.

Unemployment

The following graphs charts the trailing 18 months and trailing 10 years unemployment rate for the United States, Pacific Division, California, Los Angeles-Long Beach-Anaheim, CA MSA, and Los Angeles County.

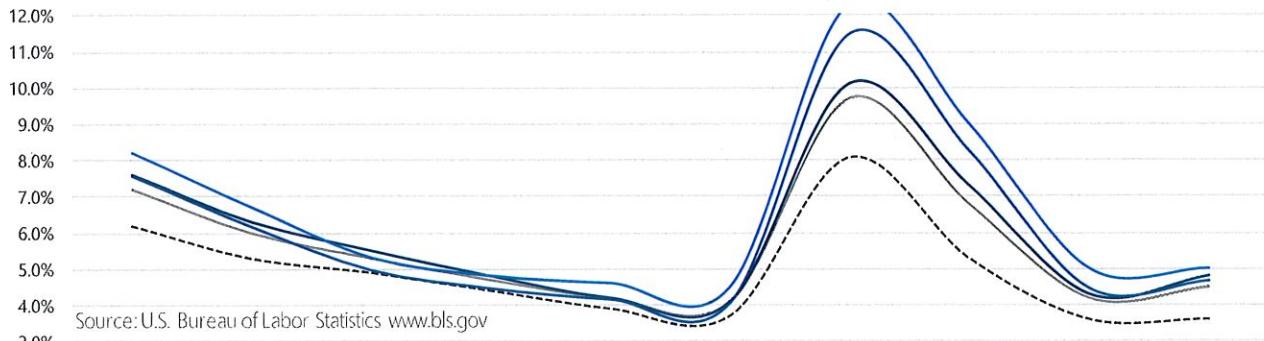
MONTHLY UNEMPLOYMENT RATE (18 MONTHS)



Source: U.S. Bureau of Labor Statistics

| | Dec | Jan | Feb | Mar | Apr | 2023 May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | 2024 May |
|--------------|------|------|------|------|------|-------------|------|------|------|------|------|------|------|------|------|------|------|-------------|
| ----- Nation | 3.5% | 3.4% | 3.6% | 3.5% | 3.4% | 3.7% | 3.6% | 3.5% | 3.8% | 3.8% | 3.8% | 3.7% | 3.7% | 3.7% | 3.9% | 3.8% | 3.9% | 4.0% |
| — Region | 4.0% | 4.6% | 4.6% | 4.4% | 3.9% | 4.1% | 4.5% | 4.5% | 4.9% | 4.6% | 4.7% | 4.7% | 4.8% | 5.5% | 5.5% | 5.2% | 4.6% | 4.4% |
| — State | 4.0% | 4.7% | 4.8% | 4.7% | 4.1% | 4.3% | 4.7% | 4.8% | 5.2% | 4.9% | 5.0% | 4.9% | 5.1% | 5.7% | 5.6% | 5.4% | 4.9% | 4.5% |
| — Area | 4.0% | 4.6% | 4.7% | 4.4% | 4.0% | 4.3% | 4.7% | 4.9% | 5.3% | 5.0% | 4.8% | 4.7% | 4.7% | 5.5% | 4.8% | 4.9% | 4.3% | 4.7% |
| — County | 4.4% | 5.0% | 5.1% | 4.8% | 4.4% | 4.7% | 5.1% | 5.3% | 5.6% | 5.3% | 5.1% | 4.9% | 5.0% | 5.9% | 5.0% | 5.2% | 4.5% | 5.2% |

ANNUAL UNEMPLOYMENT RATE (10 YEARS)



Source: U.S. Bureau of Labor Statistics www.bls.gov

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------|------|------|------|------|------|------|-------|------|------|------|
| ----- Nation | 6.2% | 5.3% | 4.9% | 4.4% | 3.9% | 3.7% | 8.1% | 5.3% | 3.6% | 3.6% |
| ----- Region | 7.2% | 6.0% | 5.3% | 4.7% | 4.2% | 4.1% | 9.7% | 6.8% | 4.2% | 4.5% |
| ----- State | 7.6% | 6.3% | 5.5% | 4.8% | 4.2% | 4.1% | 10.1% | 7.3% | 4.3% | 4.8% |
| ----- Area | 7.6% | 6.2% | 5.0% | 4.5% | 4.2% | 4.1% | 11.5% | 8.3% | 4.5% | 4.7% |
| ----- County | 8.2% | 6.7% | 5.3% | 4.8% | 4.6% | 4.5% | 12.3% | 9.0% | 5.0% | 5.0% |

Employment

The following chart shows the trailing 10 years employment for the state of California, Los Angeles-Long Beach-Anaheim, CA MSA, and Los Angeles County.

STATE & REGIONAL EMPLOYMENT

| YEAR | STATE | % CHG. | AREA | % CHG. | COUNTY | % CHG. |
|-------------|-------------|----------|-------------|----------|-------------|----------|
| 2014 | 17,264,518 | 2.2% | 6,050,647 | 2.0% | 4,572,171 | 2.2% |
| 2015 | 17,647,409 | 2.2% | 6,154,113 | 1.7% | 4,641,054 | 1.5% |
| 2016 | 17,965,407 | 1.8% | 6,283,934 | 2.1% | 4,751,209 | 2.3% |
| 2017 | 18,258,064 | 1.6% | 6,413,122 | 2.0% | 4,864,120 | 2.3% |
| 2018 | 18,469,910 | 1.1% | 6,450,601 | 0.6% | 4,882,328 | 0.4% |
| 2019 | 18,589,551 | 0.6% | 6,486,053 | 0.5% | 4,917,685 | 0.7% |
| 2020 | 17,037,036 | (9.1%) | 5,787,670 | (12.1%) | 4,363,337 | (12.7%) |
| 2021 | 17,568,743 | 3.0% | 6,022,958 | 3.9% | 4,558,859 | 4.3% |
| 2022 | 18,348,916 | 4.3% | 6,293,073 | 4.3% | 4,764,528 | 4.3% |
| 2023 | 18,388,329 | 0.2% | 6,296,002 | 0.0% | 4,763,587 | (0.0%) |
| CAGR | 0.7% | - | 0.4% | - | 0.5% | - |

Source: U.S. Bureau of Labor Statistics www.bls.gov

SERVICES

Los Angeles County offers a complete array of services to residents and visitors. The Los Angeles Department of Water & Power and Southern California Gas Company provide most residents with water, gas and electricity. Law enforcement and fire protection are provided by the Los Angeles County Sheriff and Fire Departments, as well as individual city police and fire departments. There are approximately 78 public school districts overseen by the Los Angeles County Office of Education. The county is home to three world-class research institutions and 118 public and private colleges and universities – including several California State Universities (Long Beach, Northridge, and Los Angeles) and University of Southern California.

RECREATION | TOURISM

Los Angeles is one of the nation’s top tourist destinations due to its wide variety of recreational attractions, including numerous beaches, major amusement parks, golf courses, and a multitude of historical, cultural, and

sporting venues and events. Primary attractions include Venice and Malibu Beaches, Six Flags (Hurricane Harbor and Magic Mountain), Universal Studios, Raging Waters, Hollywood and Beverly Hills, the Queen Mary, and the Los Angeles Zoo. The Los Angeles Convention Center has 720,000 square feet of exhibition space and 147,000 square feet of meeting space and hosts several major annual conventions. The 4,300-acre Griffith Park is the most visited city park in the county. There are a host of other natural attractions, including the Santa Monica and San Gabriel Mountains, Angeles and Los Padres National Forests, Santa Catalina and San Clemente Islands, Castaic Lake, the Los Angeles, Rio Hondo, Santa Clara, and San Gabriel Rivers, and the Mojave Desert, providing for outdoor recreation.

POPULATION | DEMOGRAPHICS

As mentioned, Los Angeles County is the most populous county in the U.S. and is home to 88 incorporated cities, the largest being Los Angeles (3,814,318), Long Beach (458,813), and Glendale (191,586). The city of Los Angeles is the county seat of government, the largest city in the state, and second largest in the U.S. behind New York City.

The California Department of Finance estimated the county’s population at 9,824,091 as of January 2024, which is virtually unchanged from 2023. This population comprises close to one-quarter of the state’s total population. Most of the recent population growth in Los Angeles County has been due to natural increase (births outnumbering deaths), while net migration was slightly negative again last year. The county’s high cost of living and lack of affordable housing units for low and middle-income households are contributing to the slowdown in population growth.

| REGIONAL AND STATE HISTORICAL AND FORECAST POPULATION (2020-2060) | | | | | | |
|---|------------|------------|------------|------------|------------|----------------------|
| Geography | 2020 | 2030 | 2040 | 2050 | 2060 | % Change (2020-2060) |
| Los Angeles County | 10,171,593 | 10,322,678 | 10,286,360 | 10,061,774 | 9,697,634 | -4.7% |
| California | 39,782,419 | 41,860,549 | 43,353,414 | 44,049,015 | 44,228,057 | 11.2% |

Source: California Department of Finance

According to ESRI, Los Angeles County had 3,436,464 households with 2.78 persons per household in 2024. The median age was 38.4 years.

| 10 LARGEST INDUSTRIES IN LA COUNTY | | |
|-------------------------------------|------------|------------|
| Industry | # Employed | % of Total |
| Educational & Health Services | 916,300 | 19.74% |
| Trade, Transportation and Utilities | 839,700 | 18.09% |
| Professional & Business Services | 677,100 | 14.59% |
| Government | 583,200 | 12.57% |
| Leisure & Hospitality | 554,300 | 11.94% |
| Manufacturing | 320,000 | 6.89% |
| Information | 220,600 | 4.75% |
| Financial Activities | 215,700 | 4.65% |
| Other Services | 158,000 | 3.40% |
| Construction | 150,100 | 3.23% |

Source: 2023 LA County Annual Comprehensive Financial Report

REGIONAL ECONOMY

Trends in employment are a key indicator of economic health and strongly correlate with real estate demand. Los Angeles is known as the capital of entertainment, manufacturing, and international trade in the U.S., but its economic base is broad and driven by the aerospace, automotive, biotechnology, and fashion industries. Two busy seaports, the busiest airport, three world-class research institutions, and 118 colleges and universities contribute significantly to the region’s \$711.8 billion annual economic activity.

EMPLOYMENT | UNEMPLOYMENT RATE

According to the California Employment Development Department, the county had a labor force of 5,067,700 in June 2024. Of this total, 4,767,000 were employed and the unemployment rate was 5.9%.

PERSONAL | HOUSEHOLD INCOME

According to the latest Census figures, Los Angeles County had a per capita income of \$43,171, as compared to the state’s income of \$46,661. The county’s median household income was \$82,516, compared to \$91,551 in the state. 13.9% of the county’s population lived below the poverty level, which is slightly higher than the state (12.2%).

REAL ESTATE DEVELOPMENT

Los Angeles County has a wide range of property types and limited vacant land in populated areas, typical of a large metropolitan area.

| SOUTHERN CALIFORNIA HOME PRICING TRENDS | | | |
|---|--------------|-------------|----------|
| CA County | Median Price | | |
| | Jun-24 | Jun-23 | % Change |
| Los Angeles | \$920,000 | \$865,000 | 6.4% |
| Orange | \$1,165,000 | \$1,050,000 | 11.0% |
| Riverside | \$609,225 | \$565,000 | 7.8% |
| San Bernardino | \$529,840 | \$505,000 | 4.9% |
| San Diego | \$915,000 | \$860,000 | 6.4% |
| Ventura | \$879,000 | \$836,500 | 5.1% |

Source: CRMLS

RESIDENTIAL

According to CRMLS, the median price for all homes was \$920,000 in June 2024, up 6.4% from June 2023.

According to CoStar, the Los Angeles apartment market conditions continue to soften in the third quarter. Renter demand in recent months has trended below historical activity, and demand has been insufficient to offset a relatively moderate pace of completions.

Relative economic softness, particularly job losses in the entertainment and tech sectors, and outmigration by residents continue to weigh on overall conditions. However, analyzing recent demand by asset quality demonstrates diverging renter activity. Higher-income renters seeking top-tier apartments have been the most significant driver of activity. More affluent renters have been better able to weather economic adversity and have contributed relatively less to outmigration than lower- and middle-income households. Unfortunately for many owners, lower-to-middle-income households comprise the lion's share of the renter pool.

Recent supply additions have created modest headwinds to market-wide fundamentals. A silver lining is that landlords in the metro have at least encountered one of the most measured delivery schedules seen on a relative-size basis among U.S. apartment markets. Within the market, the impact of the new additions has been uneven. Five submarkets with the greatest percentage unit growth during the past year saw around 45% of all new units. Those locations accounted for only 20% of existing units in Greater L.A. As a result of the outsized supply, these locations have all been laggards for rent movements.

Year-to-date renter demand has been around a third of the units added. As a result, vacancy, presently 5.4%, is up from 5.1% at the beginning of this year. The greater demand for higher-quality units has resulted in vacancy by quality segment trending in different directions since the middle of last year. Vacancy in 4- & 5-Star properties, while the highest at 8.7%, is down from a recent high of around 10% in 23Q2. In contrast, vacancy in 1 & 2- and 3-Star properties continues to rise from respective lows at the beginning of 2022.

Cooler renter activity has resulted in minimal rent changes in recent months after seeing modest growth earlier in the year. Year-over-year, rents moved by 0.6%. 4- & 5-Star properties underperformed, with changes of 0.1%, driven by vacancy, despite recent improvements, being highest in this segment. 1- & 2-Star properties saw annual growth of 0.9%, however momentum has been more modest since the fall. Outmigration and financial constraints weigh on household formation for lower-quality apartments, limiting landlords' abilities to increase rents.

Looking ahead, CoStar forecasts vacancy to hold steady in the near term, with vacancy expected to plateau and hold steady for the next several quarters before modest improvements in occupancy surface. The outlook expects renter demand to improve in tandem with a more moderate construction pipeline than in the past several years.

OFFICE

According to CoStar, headwinds endure in Los Angeles' office market in the third quarter, with fundamentals at their worst position in decades. Vacancy, 16.2%, continues to rise from around 10% in early 2020, reaching new heights. Tenant activity has been relatively restrained in recent quarters, with leasing volumes trending around 75% of the average activity seen during 2015-19, the five years preceding the pandemic.

While most office markets nationally have also weakened during the past several years, Los Angeles has endured more significant occupancy losses than most metros. A higher proportion of leases executed pre-pandemic have expired compared to most U.S. markets, which has resulted in the market facing more adverse impacts from the trend seen nationally of many firms downsizing, often utilizing hybrid work strategies. Additionally, the area's elevated unemployment rate and recent job losses in the entertainment and tech sectors, key office tenancies, have restrained tenant demand.

Softer leasing levels have been insufficient to offset the numerous tenants vacating or downsizing their office footprints, whether upon lease expiration or by putting space on the sublease market. The amount of sublease space, 2.8% of the office market's square footage, is around its highest level recorded.

Unsurprisingly, given current market conditions and the challenging financing environment, developers have exercised caution when starting new office developments, which has resulted in the space under construction, 3.0 million SF, declining from a recent high of 8.7 million SF in 2020. 230,000 SF delivered in the past 12 months, expanding space in the market by around 0.1%. Demand has had a more significant impact than supply on the market's weakening.

Most speculative projects underway are small to midsize, mid-rise creative office projects hoping to attract tenants with the latest-generation space. Developers hope to capitalize on the current dynamic of newer buildings witnessing greater relative tenant interest. A prime example is 1950 Avenue of the Stars in Century City, which is 85% pre-leased even though construction will not finish until 2026.

Cooler tenant activity has resulted in minimal rent movements since early 2020. Given record market vacancy, one may have thought landlords would have lowered rents significantly. However, rents can only go so low before executing deals fails to make financial sense. Also, many tenants today expect elevated concessions and tenant improvement dollars. According to local market experts, even 10-year leases may have to offer packages worth five to six years of the total rent collected during the lease to attract tenants.

The outlook for Los Angeles' office market is sobering. With vacancy anticipated to rise even further during the next several years, the forecast calls for rents to soften in the near term. Developers and investors will likely continue to show restraint in today's environment.

RETAIL

According to CoStar, the Los Angeles retail market continues to witness the softest demand formation among major U.S. markets in the third quarter. Net absorption during the past 12 months, -1.5 million SF, represents among the weakest activity seen during this time among major U.S. metros. Year-to-date absorption has been negative.

The market has had to grapple with multiple headwinds. Population losses in recent years and, more recently, meager population gains have stymied household formation. Softer economic fundamentals than most U.S. metros and elevated housing costs have left residents less confident in their financial positions. Additionally, high interest rates weigh on business formation.

Fortunately for landlords, retail construction has had a limited impact on the market's softness; supply growth during the past year represents an expansion of only around 0.1%. Additionally, over the past decade, total retail space has only increased by 1% as the market continues to right-size and remove obsolete inventory. Most recent large deliveries comprised auto dealerships.

Relatively stagnant tenant demand resulted in retail availability in Greater Los Angeles, 6.0%, rising from 5.6% at the start of the year. Demand among all retail subtypes has been soft. Within the market, occupancies in the more suburban locations have largely fared better compared to the more urban locations, spanning from Downtown Los Angeles to Santa Monica. These areas have faced additional headwinds to demand in recent years, including lower inbound international tourists compared to pre-pandemic and more acute concerns around homelessness and crime.

Limited retail space absorption has driven some of the lowest rent growth among major U.S. metros in recent quarters. Market-wide rents have only shifted by -0.4% during the past 12 months, trailing the gains of 2.4% seen nationally. Among L.A.'s submarkets, many more suburban locations with lower availabilities still see modest year-over-year gains, whereas many Westside locations are in negative territory.

The dynamics driving the Greater Los Angeles retail market's underperformance will unlikely shift for at least the near-to-midterm. CoStar forecasts continued modest space demand from retailers at least into next year. With minimal supply additions expected in the coming quarters, occupancies will likely hover around current levels, making strong rent growth unlikely. In this environment, developers and investors will likely exercise caution.

INDUSTRIAL

According to CoStar, industrial vacancy in Los Angeles has increased in line with the national average over the past two years. However, while national vacancy expansion has been driven by supply growth, vacancy has increased in Los Angeles due to a contraction in occupancy, which has fallen below pre-pandemic levels. Net absorption is running negative for the ninth consecutive quarter, and speculative buildings are delivering vacant. Vacancy has reached 5.6% as of the third quarter of 2024, up from an all-time low of 1.7% at the beginning of 2022.

Of the more than 12 million SF of new industrial space completed since 2023 or currently under construction, more than 60% is still available for lease. Meanwhile, trailing 12-month net absorption of -12.6 million SF was weighed down by downsizing logistics tenants. U.S. businesses dialed back inventories last year, and worker shortages and labor negotiations hampered imports to Southern California ports. Vacancies have grown the most in Vernon, Commerce, and City of Industry, where ties to port activity are stronger. Logistics tenants have downsized as they shift their focus from growth to efficiency, often vacating older, less functional industrial buildings in these submarkets.

However, both inventories and imports to Long Beach and Los Angeles are rising again, and inflation is subsiding, which could lead to stronger demand in the coming quarters. West Coast port workers have a new labor agreement in place through mid-2029. Meanwhile, East and Gulf port labor negotiations are set to begin in May, and a potential delay in them would lead more cargo shippers to dock alternatively in Southern California. As a result, net absorption in Los Angeles could turn positive in the second half of 2024.

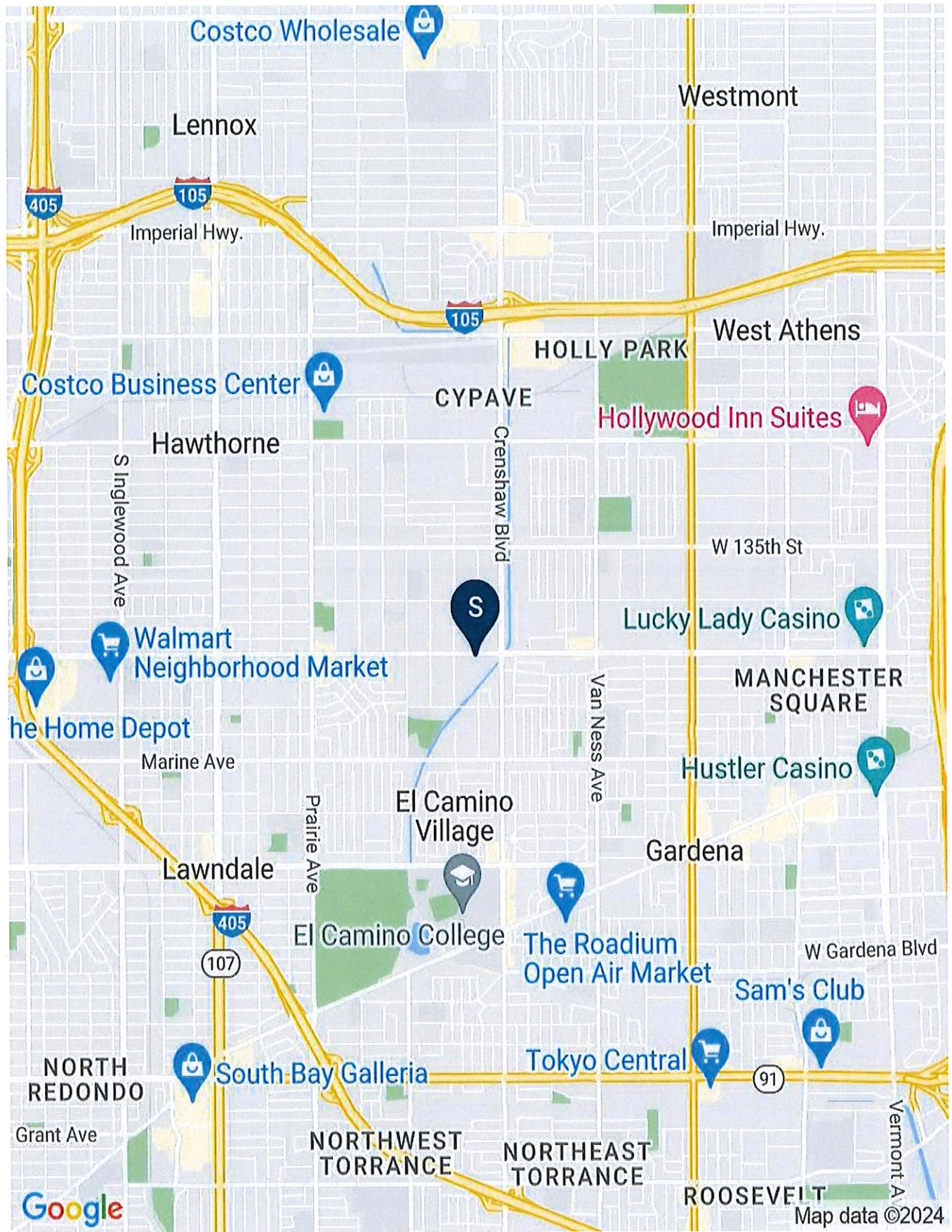
The majority of the 6.1 million SF currently under construction, which is over 90% available, will likely deliver vacant. However, the continual demolition of obsolete buildings will limit net supply growth, and a steep drop in construction starts since the end of last year foreshadows moderating supply additions in 2025, potentially as tenant demand reaccelerates. Vacancy does not rise substantially higher in the forecast. However, vacancies will continually expand until consumer spending growth, rising business inventories, and imports necessitate more industrial tenant expansions. For now, tenants are still unloading excess space.

Landlords have lowered weighted average asking rents by more than 10% from 2023 peaks, marking the first downturn in over a decade. Additionally, rising lease concessions in the market have lowered effective rental rates significantly. One to several months of free rent are common among new larger leases. Landlords will likely reduce asking rents further as vacancy elevates above historical averages. However, rents could rise again in 2025 as the minimal development on track to deliver a year from now signals the potential for market conditions to tighten even if tenant occupancy returns to pre-pandemic levels.

CONCLUSION

Over the long term, the county will be positively impacted by a slow and steadily increasing population base, a relatively strong GDP, a well-developed distribution network, and its established reputation as a thriving metropolitan and manufacturing area and touristic destination. It is anticipated that the regional economy will continue to improve, and employment will increase, strengthening the demand for real estate.

LOCAL AREA MAP



ECONOMIC INFLUENCES

The local area economic status is important to recognize as the measurement of income levels provides an indication of the ability of the area population to buy, rent, and maintain property. The economic status of an area also provides an indication of the population's appetite for goods and services. Relevant economic information includes income levels, property ownership vs. renters, property rent levels, rent level trends, property vacancy, and new construction.

The vast majority of the housing units within the area are renter occupied, which is similar to most parts of Hawthorne, Los Angeles County, and the South Bay market.

Demographics

The following information reflects the demographics for the subject's area.

| LOCAL AREA & MSA DEMOGRAPHICS | | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|------------|---|-----------|-------------|-------------|-------------|
| DESCRIPTION | 1 MILE | 3 MILE | 5 MILE | MSA | DESCRIPTION | 1 MILE | 3 MILE | 5 MILE | MSA |
| POPULATION TOTAL | | | | | HOUSEHOLDS | | | | |
| 2010 Census | 49,933 | 311,342 | 718,911 | 12,828,807 | 2010 Census | 16,796 | 100,757 | 236,065 | 4,233,969 |
| 2020 Census | 51,723 | 316,894 | 737,369 | 13,200,998 | 2020 Census | 17,741 | 105,836 | 245,706 | 4,494,733 |
| 2024 Estimate | 50,718 | 307,270 | 716,008 | 12,940,761 | 2024 Estimate | 17,786 | 105,363 | 244,629 | 4,527,005 |
| 2029 Projection | 49,838 | 298,795 | 697,631 | 12,767,664 | 2029 Projection | 17,980 | 105,498 | 245,145 | 4,606,659 |
| Δ 2010-2020 | 3.58% | 1.78% | 2.57% | 2.90% | Δ 2010-2020 | 5.63% | 5.04% | 4.08% | 6.16% |
| Δ 2020-2024 | (1.94%) | (3.04%) | (2.90%) | (1.97%) | Δ 2020-2024 | 0.25% | (0.45%) | (0.44%) | 0.72% |
| Δ 2024-2029 | (1.74%) | (2.76%) | (2.57%) | (1.34%) | Δ 2024-2029 | 1.09% | 0.13% | 0.21% | 1.76% |
| Total Daytime Population | 35,640 | 261,157 | 748,095 | 13,145,350 | HOUSEHOLDS BY INCOME (2024 ESTIMATE) | | | | |
| HOUSING UNITS | | | | | <\$15,000 | 7.7% | 7.8% | 9.0% | 8.3% |
| Total (2024 Estimate) | 18,398 | 109,398 | 255,819 | 4,788,254 | \$15,000 - \$24,999 | 6.3% | 5.8% | 5.8% | 5.4% |
| Owner Occupied | 32.8% | 40.5% | 43.5% | 45.3% | \$25,000 - \$34,999 | 7.9% | 6.6% | 6.0% | 5.5% |
| Renter Occupied | 63.9% | 55.8% | 52.1% | 49.2% | \$35,000 - \$49,999 | 11.1% | 9.5% | 8.6% | 8.0% |
| Vacant Housing Units | 3.3% | 3.7% | 4.4% | 5.5% | \$50,000 - \$74,999 | 19.4% | 16.3% | 14.6% | 13.3% |
| Total (2029 Projection) | 18,625 | 110,067 | 257,365 | 4,859,917 | \$75,000 - \$99,999 | 14.4% | 13.8% | 12.6% | 11.9% |
| Owner Occupied | 33.3% | 41.2% | 44.1% | 45.7% | \$100,000 - \$149,999 | 17.3% | 18.6% | 17.6% | 17.8% |
| Renter Occupied | 63.2% | 54.6% | 51.1% | 49.1% | \$150,000 - \$199,999 | 7.7% | 9.6% | 9.9% | 11.1% |
| Vacant Housing Units | 3.5% | 4.2% | 4.7% | 5.2% | \$200,000+ | 8.1% | 12.0% | 16.0% | 18.8% |
| AVERAGE HOUSEHOLD INCOME | | | | | AVERAGE HOUSEHOLD SIZE | | | | |
| 2024 Estimate | \$94,953 | \$110,091 | \$124,368 | \$134,733 | 2024 Estimate | 2.83 | 2.89 | 2.89 | 2.80 |
| 2029 Projection | \$113,476 | \$129,759 | \$145,122 | \$156,713 | 2029 Projection | 2.75 | 2.81 | 2.81 | 2.72 |
| Δ 2024-2029 | 19.51% | 17.87% | 16.69% | 16.31% | Δ 2024-2029 | (2.83%) | (2.77%) | (2.77%) | (2.86%) |
| MEDIAN HOUSEHOLD INCOME | | | | | MEDIAN HOME VALUE | | | | |
| 2024 Estimate | \$70,672 | \$80,788 | \$85,353 | \$94,047 | 2024 Estimate | \$701,058 | \$802,506 | \$837,015 | \$885,925 |
| 2029 Projection | \$82,380 | \$94,640 | \$101,082 | \$109,042 | 2029 Projection | \$844,732 | \$911,072 | \$963,461 | \$1,041,981 |
| Δ 2024-2029 | 16.57% | 17.15% | 18.43% | 15.94% | Δ 2024-2029 | 20.49% | 13.53% | 15.11% | 17.62% |
| PER CAPITA INCOME | | | | | AVERAGE HOME VALUE | | | | |
| 2024 Estimate | \$33,650 | \$37,848 | \$42,669 | \$47,231 | 2024 Estimate | \$759,837 | \$859,983 | \$981,471 | \$1,018,690 |
| 2029 Projection | \$41,401 | \$45,928 | \$51,187 | \$56,643 | 2029 Projection | \$944,015 | \$1,036,339 | \$1,164,908 | \$1,206,397 |
| Δ 2024-2029 | 23.03% | 21.35% | 19.96% | 19.93% | Δ 2024-2029 | 24.24% | 20.51% | 18.69% | 18.43% |

Source: Sites To Do Business Online

Population & Employment

The city experienced rapid growth from 1940 to 1970, followed by steady growth in 1980s, and another wave of rapid growth between 1990 and 2000s. Since 2010, the city has experienced steady growth of 0.2% and 4.5% in 2010 and 2020. The latest population estimate from the California Department of Finance, as of January 1, 2023, was 85,702. This represents a decrease of 1.0% from the prior year's estimate (86,535), a decrease of 2.7% from the 2020 census (88,083), and 1.7% increase from the 2010 census (84,293).

The estimate provided by ESRI for the current 2024 population within the subject neighborhood's 3 mile radius is 307,270 representing a (3.04%) change since 2020. ESRI's 2020 population estimate for the subject's 5 mile radius is 716,008, which represents a (2.90%) change since 2020.

Looking forward, ESRI estimates that the population within the subject neighborhood's 3 mile radius is forecasted to change to 298,795 by the year 2029. As for the broader area, ESRI forecasts that the population within the subject's 5 mile radius will change to 697,631 over the next five years. The population estimates for the next five years within the subject's 5 mile radius represents a (2.57%) change as well as a (1.74%) change within the subject's 1 mile radius for the same period, which speak to the city and state's growing affordability issues.

Households

The estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius is 105,363, which is a (0.45%) change since 2020. Within the subject's broader 5 mile radius, ESRI estimates that the number of households is 244,629, a (0.44%) change over the same period of time.

By the year 2029, the estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius will change by 0.13% to 105,498 households. Additionally, ESRI's estimate for total households over the next five years within the subject's broader 5 mile radius indicates an expected change of 0.21% which will result in a total household estimate of 245,145.

Looking back, the number of households in the subject neighborhood's 3 mile radius changed 5.04% during the ten-year period of 2010 to 2020. Since then, it has changed by (0.45%).

Income

Income estimates provided by ESRI for the subject neighborhood's 3 mile radius indicates that the median household income is \$80,788 and that the average household income is \$110,091. Further, the estimates provided by ESRI indicate that for the subject's broader 5 mile radius the median household income is \$85,353, and the average household income is \$124,368. Given that there are reportedly 244,629 households in the subject's 5 mile radius, it is estimated that the local effective buying income is around \$30,424,019,472.

Access & Transportation

A large part of the success of the city of Hawthorne is accessibility, as it is situated at the intersection of the San Diego (405) and Glenn Anderson (105) Freeways and maintains convenient access to both freeways. Major north/south arterials within the city include Hawthorne Boulevard, Prairie Avenue and Crenshaw Boulevard; major east/west arterials include Imperial Highway, El Segundo Boulevard and Rosecrans Avenue.

Public bus service is available throughout the area with the nearest stop being roughly 0.2 miles north of the subject as El Segundo Boulevard. There is a Crenshaw stop at the light rail station (C Line) that is part of the Los Angeles Metro Rail system that is located approximately $\frac{3}{4}$ mile northeast of the subject, which runs between Norwalk and Redondo Beach. In addition to having close proximity to LAX as depicted above, the city is also home to the Hawthorne Municipal Airport (Jack Northrop field), an FAA-designated general aviation reliever airport owned by the City of Hawthorne that handles general recreational aviation, commuter and light cargo operations, with international service being available via Los Angeles International Airport

There are several major surface streets that provide access throughout the city of Hawthorne including Hawthorne Boulevard, Inglewood Avenue, Prairie Avenue, Crenshaw Boulevard, El Segundo Boulevard, and Rosecrans Avenue. The Metro C Line light rail line runs down the center of the Interstate 105, with two stations in Hawthorne. The Los Angeles County Metropolitan Transportation Authority, Metro, provides bus service throughout the area. Hawthorne is five miles (8 km) from Los Angeles International Airport (LAX).

Proximity to Transportation Routes/Hubs

- Century Freeway (I-105) is located 1.6 miles north
- San Diego Freeway (I-405) is located 2.4 miles west & 2.5 miles to the south
- Harbor Freeway (I-110) is located 2.4 miles east
- Pacific Coast Highway (SR-1) is located 3.9 miles west
- California State Route (91) is located 2 miles southeast

Education & Community Services

The city of Hawthorne has adequate schools, police and fire protection, public facilities, and utilities. It is served by multiple school districts, with multiple private and state colleges and universities within the surrounding cities. Hawthorne maintains its own police department and contracts with the Los Angeles County Fire Department for fire protection. Public education is administered by the Wiseburn School District, with four elementary schools, and the Hawthorne School District, with seven elementary schools, three middle schools, and a charter high school.

Southern California Edison and SoCal Gas Corporation provide electricity and natural gas, respectively. Water is provided by Golden State Water and California Water Services. Trash is provided by Republic Services (Allied Waste).

Local recreational activities are provided by the local community center, art galleries, and museums. Outdoor recreational activities are found throughout Los Angeles County. Golf courses, local parks, and shopping centers are readily accessible, in and around the city. In all, the city has eleven public parks, a public pool, a sports center, a memorial center, and a senior center, as well as a public library operated by the county of Los Angeles.

Retail

There are a number of community and neighborhood shopping centers in Hawthorne as well as regional shopping centers that include the South Bay Galleria, SouthBay Pavilion, and Del Amo Fashion Center, which are within close proximity to the subject as identified below. The Hawthorne Plaza, located off Hawthorne Boulevard and West El Segundo Boulevard, is the major shopping center in Hawthorne. The city's proximity to Los Angeles, Inglewood, and the Coastline allows its residents access to other major regional shopping centers.

Proximity to Major Shopping Centers/Business Districts/Public Uses

- Crenshaw Business Complex is located 1.2 miles north
- Hawthorne Plaza is located 1.7-mile northwest
- Centinela Hospital Medical Center is located 3.5 miles northwest
- SoFi Stadium, The Kia Forum, and Intuit Dome are all located roughly 3.5 miles north
- Memorial Hospital of Gardena is located 2 miles southeast
- LAX Airport is located 3.8 miles northwest
- South Bay Galleria is located 2.6 miles southwest
- Manhattan Village is located 3.75 miles west

GOVERNMENT INFLUENCE

Governmental considerations relate to zoning, building codes, regulations, flood plain restrictions, special assessment, property tax, and empowerment zones.

Zoning in the area is mixed, including commercial, residential, and industrial designations. The zoning code is enforced by the municipality and enforcement in all areas of City of Hawthorne is considered to be strong. Rezoning is typically discouraged and requires public input in all municipalities. Building codes are in force

and require a certain standard of construction quality and design. This is a typical influence on properties similar to the subject and falls in line with the zoning classification.

Property taxes in the area are established by Los Angeles County and are assessed based on valuation. Considering broad authority of the county administration, the assessments in the neighborhood are similar to other neighborhoods in the metropolitan area. There are several voter approved special assessments that affect property, which are outlined in the Tax section.

ENVIRONMENTAL INFLUENCES

The subject area is considered to be a typical neighborhood with average building size and density. There are no extraordinary topographical features, nuisances or hazards. Public utilities are available in most all areas in quantities from public and private sources. The area has both public and private schools in adequate supply and quality. Of specific note, the subject's proximity to the following provides elevated demand drivers for the subject:

- Office Cores in Torrance, Long Beach, Downtown Los Angeles
- Port of Los Angeles/Long Beach
- Recreational Amenities: Pacific Ocean, Manhattan Beach, Hermosa Beach, SoFi Stadium
- Major college campuses include El Camino College, California State University Dominguez Hills (CSUDH), and Loyola Marymount University (LMU)

CONCLUSION

Based on our observation and the data provided by ESRI, it is perceived that the income and population demographics for the subject neighborhood exhibit average characteristics in terms of reported population growth and income levels. As previously mentioned, the population growth for the subject's 3 mile radius has decreased (3.04%) since 2020 and based on the projections provided by ESRI, it is expected to continue to decrease another (2.76%) during the next 5 years. Due to the limited availability of land in the larger Silicon Beach market, tech companies, which began with Space X in 2007, and other startups are beginning to seek affordable land in the city of Hawthorne. Companies such as Ring, Tesla, Porsche, Los Angeles Ale Works, Teledyne Relays, and many other companies are placing Hawthorne on the map as an alternative to Silicon Beach. This has prompted developers to seek space for more "creative industrial or flex" opportunities. However, as previously noted, the rise in construction costs, labor costs, and interest rates has halted many land purchases and weakened the land market throughout most areas of southern California. As such, most recent land transactions are a result of forced sales, assemblage, or land speculators in anticipation of more favorable rates in the next 1-2 years. Nevertheless, considering that average household incomes are above the national average (\$110,091 for the subject's 3 mile radius), the area is well-populated (105,363 households in a 3 mile radius), and the area continues to be alternative to the highly priced Silicon Beach market, we anticipate that industrial or industrial flex developments should be adequately supported within the next several years when market conditions are more stabilized.

SURROUNDING LAND USES

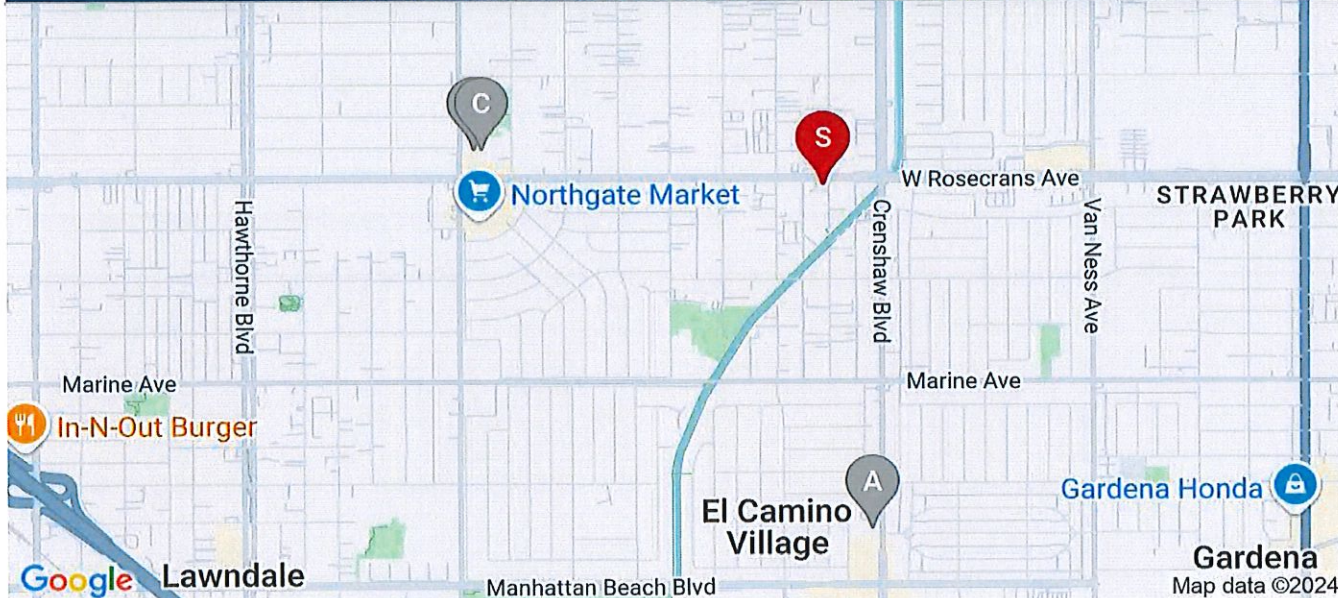
According to the City of Hawthorne General Plan Land Use Element, which was last amended in March 2016, land use in the city is approximately 38.5 percent residential, 13.3 percent commercial, 10.3 percent industrial, 8.3 other designations (public facilities/open space), and 32.2 specific plan. The following tables and maps highlight the development and uses in and around the subject.

LOCAL AREA OFFICE - ONE-MILE RADIUS

| CLASS | RBA | YEAR BUILT | PERCENT LEASED | PROPERTIES |
|--------------|------------------|-------------|----------------|------------|
| A | 0 SF | - | - | 0 |
| B | 8,400 SF | 2013 | 100.0 | 1 |
| C | 46,125 SF | 1959 | 100.0 | 2 |
| TOTAL | 54,525 SF | 1967 | 100.0 | 3 |

Source: CoStar

LARGEST OFFICE DEVELOPMENTS - ONE-MILE RADIUS



| PIN | NAME | ADDRESS, CITY | DIST TO SUBJ | RBA | BUILT | CLASS | %LEASED |
|-----|-------------------------------|------------------------------|--------------|--------|-------|-------|---------|
| A | Hal Childress Recovery Center | 15519 Crenshaw Blvd, Gardena | 0.9 mi | 33,000 | 1960 | C | 100 |
| B | | 14204 Prairie Ave, Hawthorne | 0.8 mi | 13,125 | 1957 | C | 100 |
| C | | 14204 Prairie Ave, Hawthorne | 0.8 mi | 8,400 | 2013 | B | 100 |

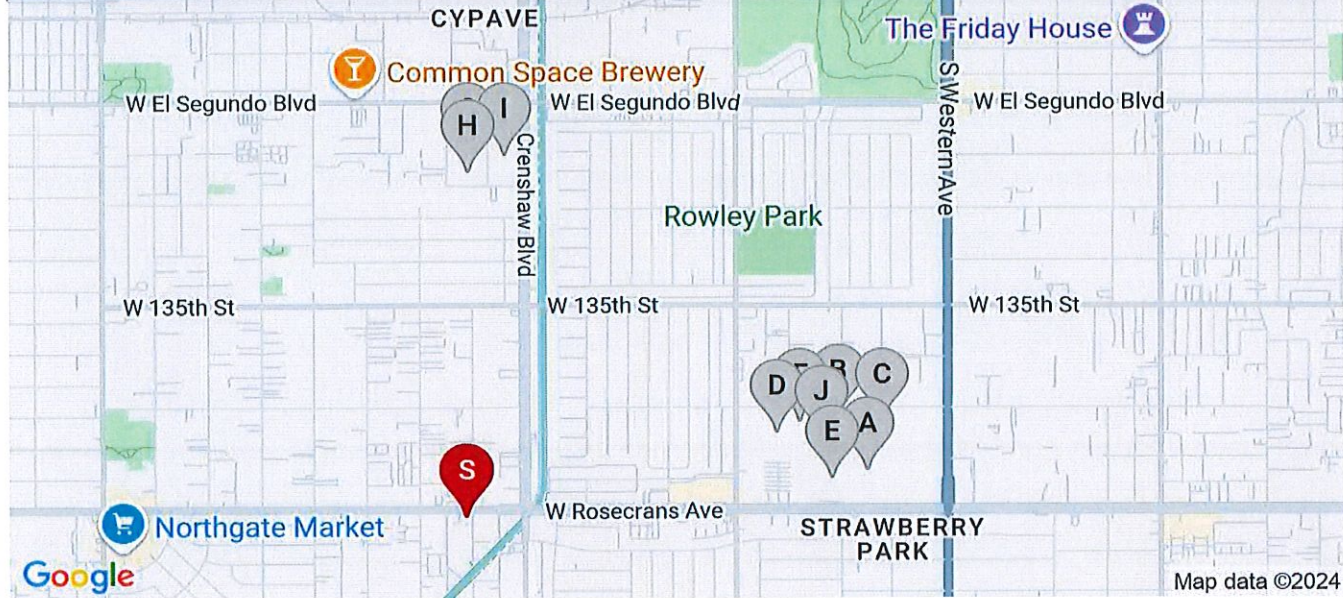
Source: CoStar

LOCAL AREA INDUSTRIAL - ONE-MILE RADIUS

| TYPE | RBA | YEAR BUILT | PERCENT LEASED | PROPERTIES |
|--------------------|---------------------|-------------|----------------|------------|
| Flex | 281,617 SF | 1974 | 83 | 13 |
| Gen-Ind <25,000 FT | 1,443,544 SF | 1967 | 94 | 102 |
| Gen-Ind >25,000 FT | 1,971,497 SF | 1968 | 91 | 37 |
| TOTAL | 3,696,658 SF | 1968 | 91.7 | 153 |

Source: CoStar

LARGEST INDUSTRIAL DEVELOPMENTS - ONE-MILE RADIUS



| PIN | NAME | ADDRESS, CITY | DIST TO SUBJ | RBA | BUILT | TYPE | %LEASED |
|-----|-----------|-------------------------------|--------------|---------|-------|------------|---------|
| A | | 2001 W Rosecrans Ave, Gardena | 1.0 mi | 154,503 | 1973 | Industrial | 100 |
| B | | 2002 W 139th St, Gardena | 0.9 mi | 125,000 | 1965 | Industrial | 100 |
| C | | 1930 W 139th St, Gardena | 1.0 mi | 104,201 | 1963 | Industrial | 100 |
| D | | 2140 W 139th St, Gardena | 0.8 mi | 99,576 | 1966 | Industrial | 100 |
| E | West Bldg | 2001 W Rosecrans Ave, Gardena | 0.9 mi | 96,735 | 1972 | Industrial | 100 |
| F | | 2100 W 139th St, Gardena | 0.8 mi | 77,474 | 1965 | Industrial | 100 |
| G | | 12912 Chadron Ave, Hawthorne | 0.9 mi | 76,217 | 1951 | Industrial | 100 |
| H | | 3201-3237 131st St, Hawthorne | 0.8 mi | 74,540 | 1951 | Industrial | 100 |
| I | | 12900 Simms Ave, Hawthorne | 0.9 mi | 61,360 | 1956 | Industrial | 100 |
| J | | 2014-2020 W 139th St, Gardena | 0.9 mi | 55,000 | 1965 | Industrial | 100 |

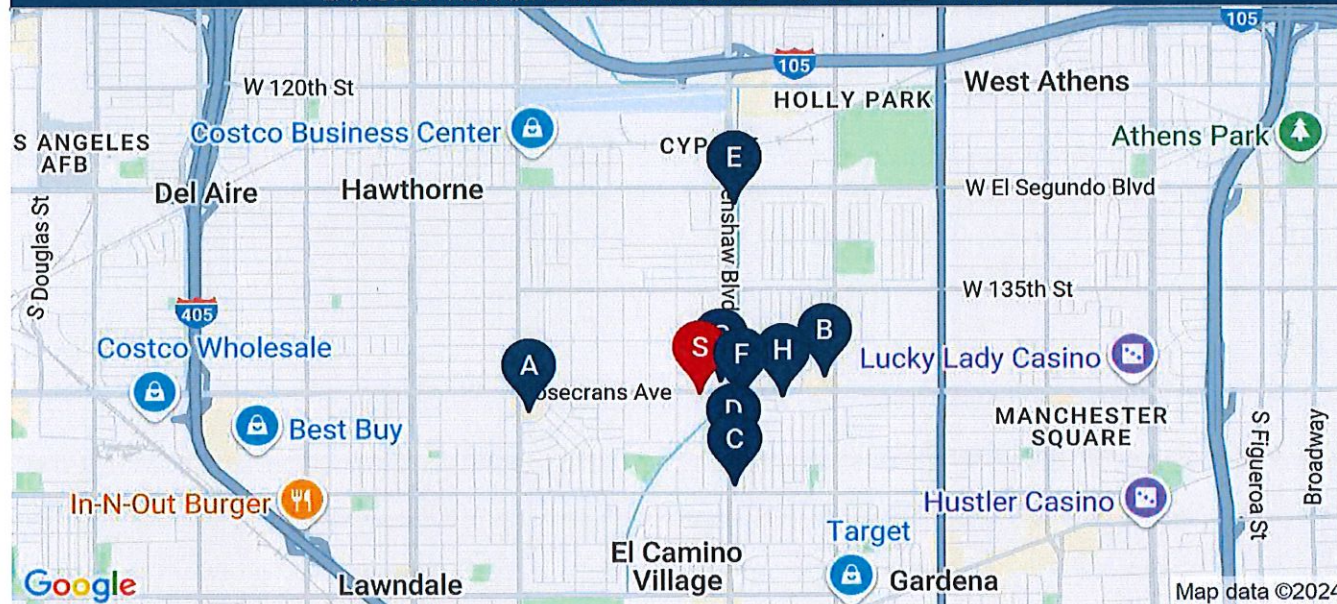
Source: CoStar

LOCAL AREA RETAIL - ONE-MILE RADIUS

| SIZE | RBA | YEAR BUILT | PERCENT LEASED | PROPERTIES |
|----------------------|-------------------|-------------|----------------|------------|
| <5,000 FT | 0 SF | - | - | 0 |
| >5,000 FT-<20,000 FT | 472,317 SF | 1968 | 90.5 | 40 |
| >20,000 FT | 379,526 SF | 1964 | 93.1 | 11 |
| TOTAL | 851,843 SF | 1966 | 91.7 | 51 |

Source: CoStar

LARGEST RETAIL DEVELOPMENTS - ONE-MILE RADIUS



| PIN | NAME | ADDRESS, CITY | DIST TO SUBJ | RBA | BUILT | CLASS | %LEASED |
|-----|----------------|--------------------------------------|--------------|--------|-------|-------|---------|
| A | | 3880-3930 W Rosecrans Ave, Hawthorne | 0.8 mi | 92,000 | 1958 | B | 100 |
| B | Building B | 2201-2297 W Rosecrans Ave, Gardena | 0.6 mi | 53,205 | 1990 | B | 100 |
| C | A-ju Plaza | 14954-15000 Crenshaw Blvd, Gardena | 0.5 mi | 43,505 | 1952 | C | 100 |
| D | | 14730-14842 Crenshaw Blvd, Gardena | 0.3 mi | 26,920 | 1955 | B | 95 |
| E | | 12850 Crenshaw Blvd, Gardena | 1.0 mi | 25,000 | 1958 | C | 100 |
| F | Big Lots! | 2900 W Rosecrans Ave, Gardena | 0.2 mi | 23,345 | 1966 | B | 100 |
| G | Crenrose Plaza | 14125 - 14141 Crenshaw, Hawthorne | 0.1 mi | 23,329 | 1963 | O | 100 |
| H | (ngai Center) | 2506-2530 W Rosecrans Ave, Gardena | 0.4 mi | 22,000 | 1960 | C | 100 |

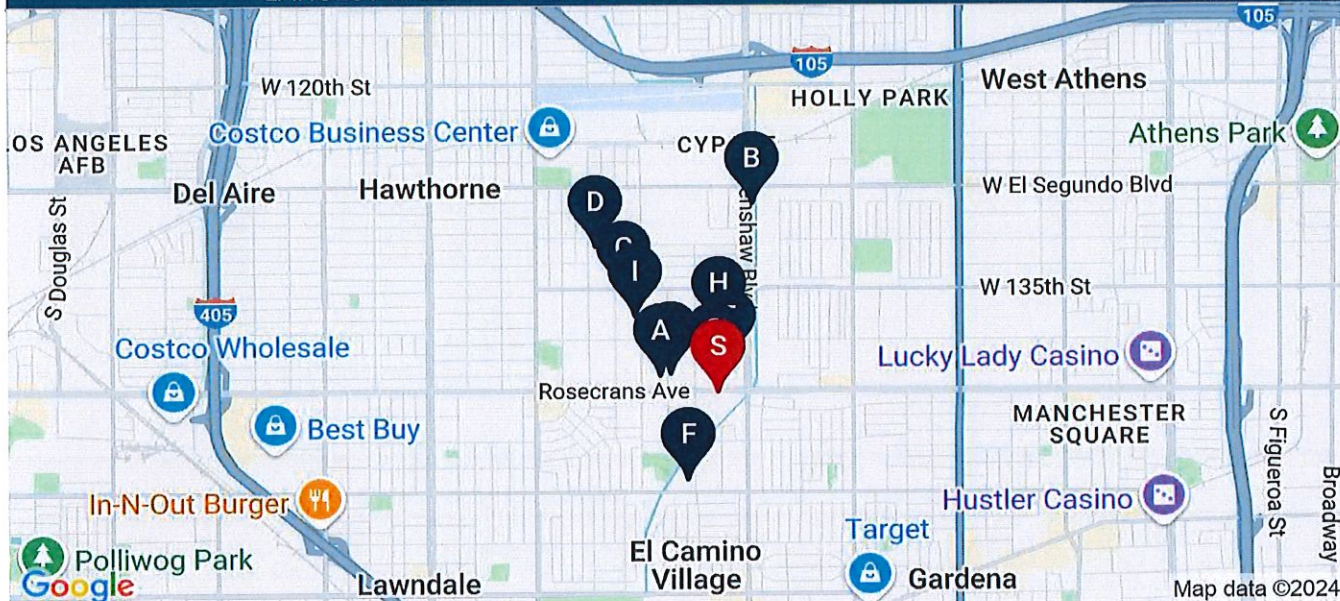
Source: CoStar

LOCAL AREA MULTI-FAMILY - ONE-MILE RADIUS

| CLASS | RBA | YEAR BUILT | UNITS | PROPERTIES |
|--------------|---------------------|-------------|--------------|------------|
| A | 310,000 SF | 2024 | 305 | 2 |
| B | 1,486,283 SF | 1991 | 1,543 | 35 |
| C | 6,632,726 SF | 1975 | 7,511 | 232 |
| TOTAL | 8,429,009 SF | 1980 | 9,359 | 269 |

Source: CoStar

LARGEST MULTI-FAMILY DEVELOPMENTS - ONE-MILE RADIUS



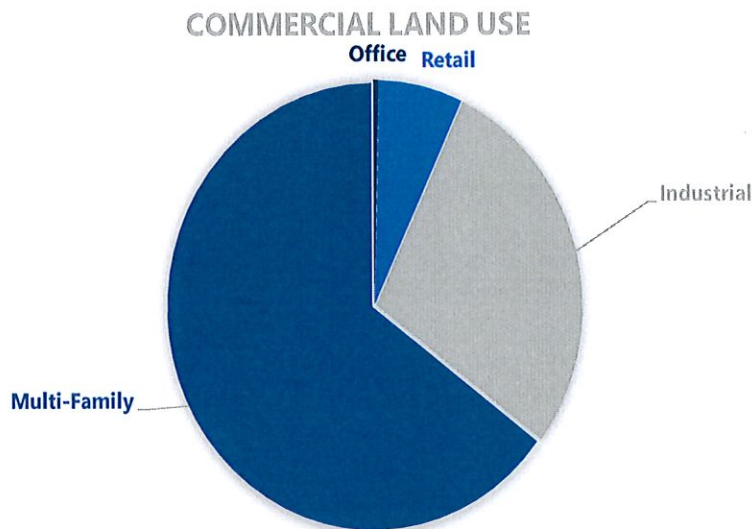
| PIN | NAME | ADDRESS, CITY | DIST TO SUBJ | RBA | BUILT | CLASS | STORIES |
|-----|---------------------------|------------------------------------|--------------|---------|-------|-------|---------|
| A | Icon at Rosecrans | 14135 Cerise Ave, Hawthorne | 0.3 mi | 256,631 | 2017 | B | 6 |
| B | Apollo | 12888 Crenshaw Blvd, Gardena | 0.9 mi | 250,000 | 2025 | A | 8 |
| C | Chadron Terrace Garden | 14105 Chadron Ave, Hawthorne | 0.1 mi | 239,658 | 2016 | B | 4 |
| D | Village Pointe Apartments | 13300 Doty Ave, Hawthorne | 0.9 mi | 177,770 | 1967 | C | 3 |
| E | London Arms Apartments | 14030-14100 Chadron Ave, Hawthorne | 0.2 mi | 174,000 | 1974 | C | 2 |
| F | Marine Terrace | 15003 Lemoli Ave, Gardena | 0.5 mi | 142,046 | 1957 | C | 2 |
| G | Oceana Apartments | 13520 Kornblum Ave, Hawthorne | 0.7 mi | 133,215 | 1972 | C | 3 |
| H | Catalina Terrace | 13725 Chadron Ave, Hawthorne | 0.3 mi | 98,565 | 1986 | C | 3 |
| I | Villa D'Este Apartments | 13701 Yukon Ave, Hawthorne | 0.5 mi | 97,641 | 1972 | C | 3 |
| J | Cerise Apartments | 14100 Cerise Ave, Hawthorne | 0.2 mi | 93,280 | 1972 | C | 3 |

Source: CoStar



Source: CoStar

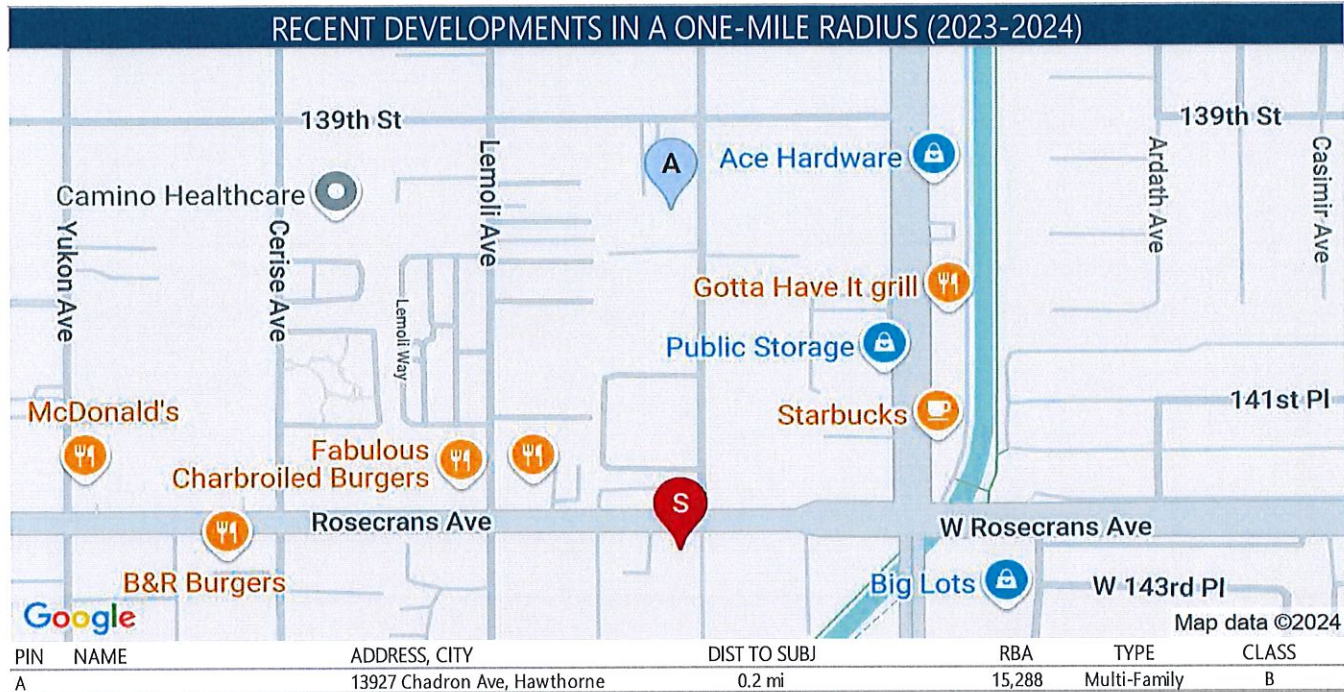
The land use in the subject's immediate neighborhood consists of a significant amount of commercial property, comprising of a mix of many property types. The following chart illustrates the high concentration of multifamily and industrial compared to office and retail properties.



RECENT DEVELOPMENT

Based on CoStar's research, there appears to be one project that has been recently developed. This multifamily project is located approximately 0.2 miles from the subject and is approximately 15,288 square feet.

The following table details our findings:



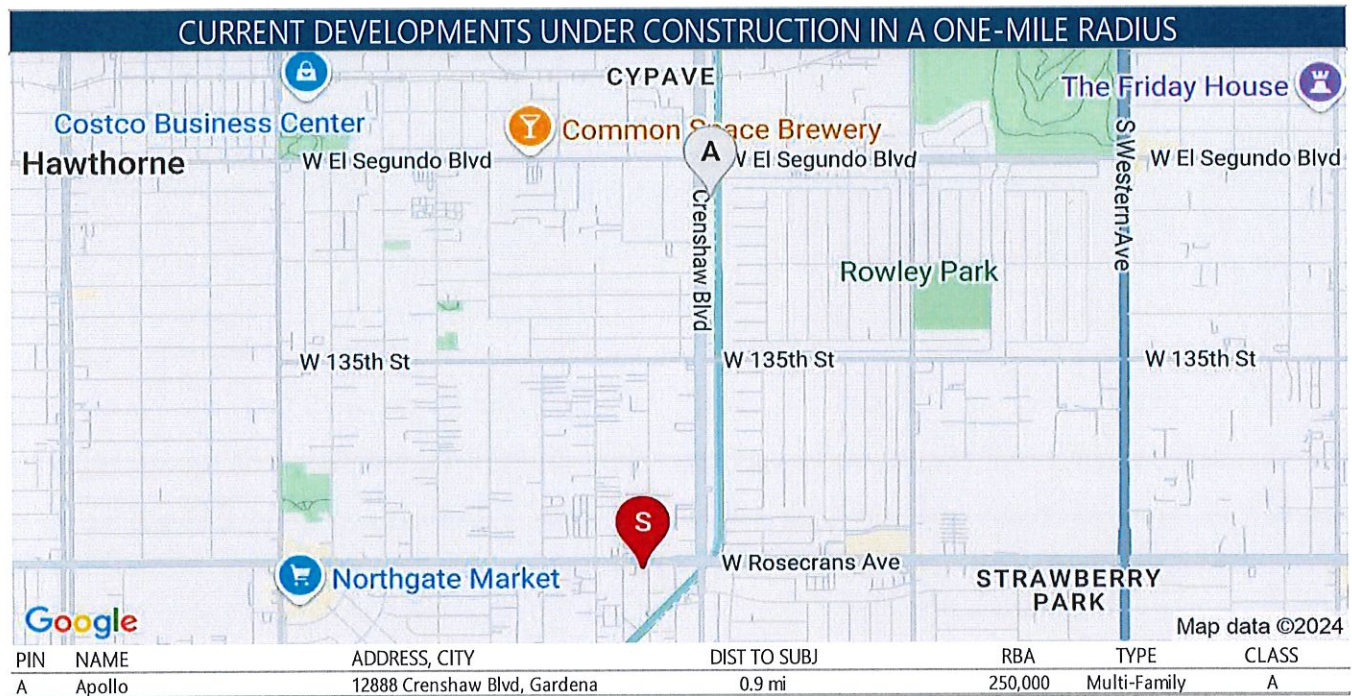
Source: CoStar

DEVELOPMENT PIPELINE

Under Construction

Based on CoStar's research, there appears to be one project that is currently under construction. This multifamily project is located approximately 0.9 miles from the subject and is approximately 250,000 square feet.

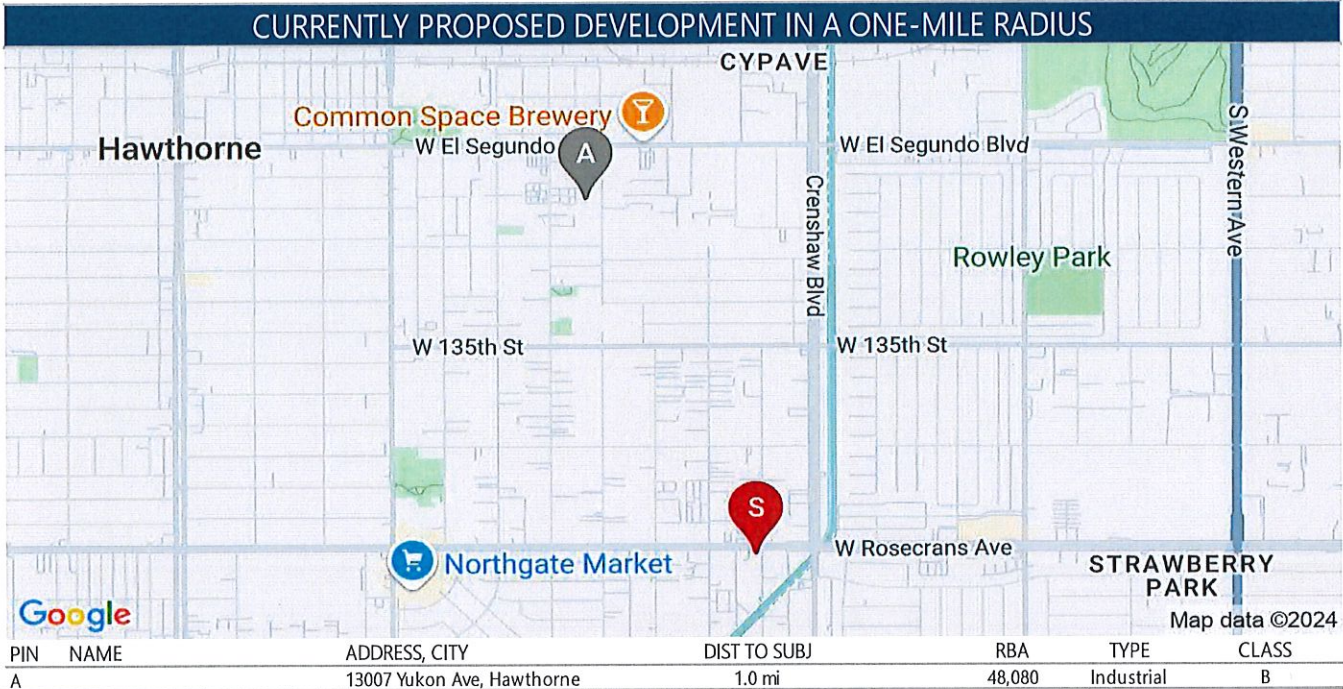
The following table details our findings:



Proposed

Based on CoStar's research, there appears to be one proposed development. This proposed industrial project is located approximately 1.0 mile from the subject and is approximately 48,000 square feet.

The following table details our findings:



Source: CoStar

LOCAL AREA SUMMARY

The market benefits from a diverse blend of residential, commercial, and community uses and good proximity to many recreational activities. Hawthorne Airport, SpaceX, Amazon Fulfillment Center, and Los Angeles International Airport are all close by. El Segundo has reasonable commuting access to white collar jobs in major office hubs such as Downtown Los Angeles, Century City and Culver City. The condition and appeal of properties in the area are generally average relative to the average year built. The outlook for this market area is stable into the foreseeable future.

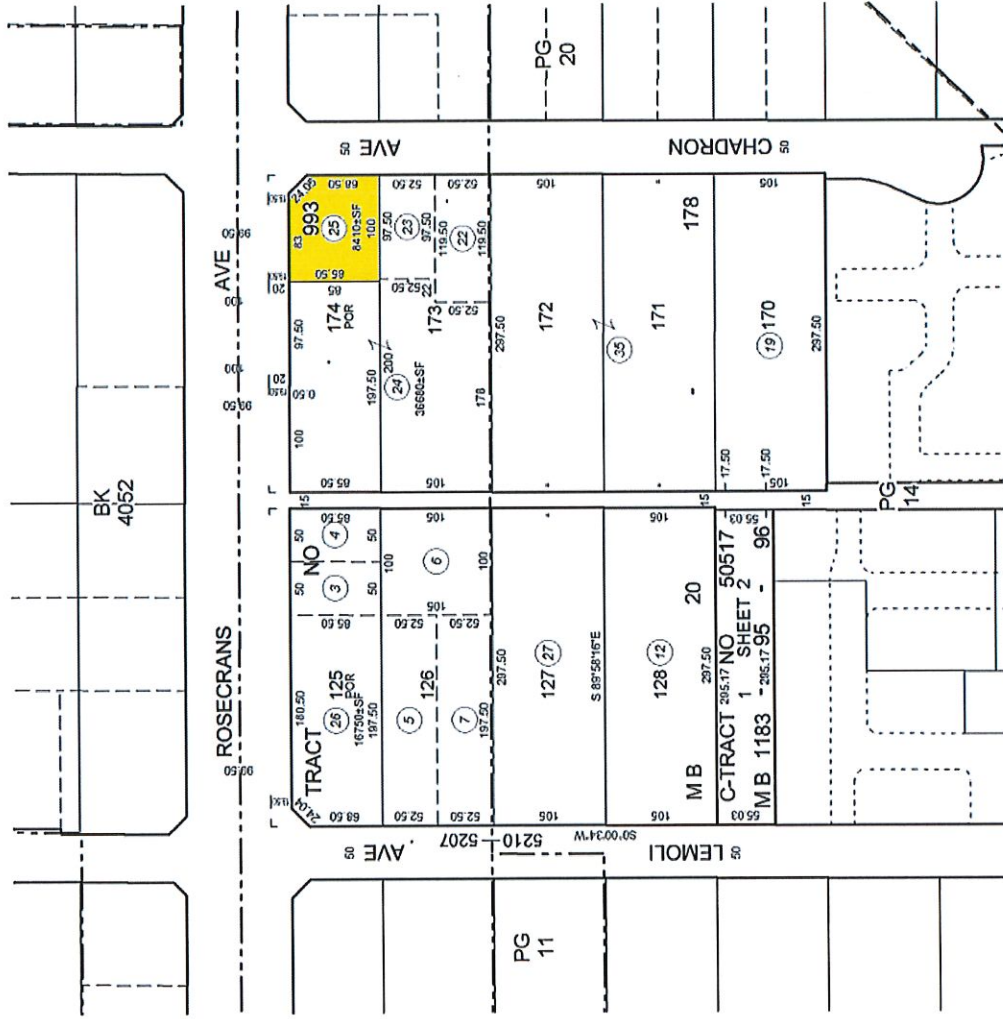
Plat Map "Small Parcel" (APN: 4071-013-025)

| | | | | | | | | | | |
|------|---------------|---------------|---------------------|--------------------------------|-------------------------------------|---|---|---------------------|-----------|---|
| 4071 | 13 SHEET 1 | P.A. 470-4 | TRA 5207 5210 | REVISED 660115 700303536 | 700424 780127310 630714501-84 | 850211-85 851007-86 80051702006001-14 | 92021407003001-14 92031384002001-14 2001111402001001-14 | 2021120628003001-14 | SEARCH NO | OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002 |
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2022



MAPPING AND GIS
SERVICES
SCALE 1" = 100'



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SITE DESCRIPTION

According to public records, and based on our physical observation, the subject property consists of a total of six (6) parcels, located in the city of Hawthorne, totaling 64,893 square feet or 1.49 acres of gross site area. More specifically, five of the six parcels (4071-020-001, 002, 003, 004, & 005) are contiguous, totaling 56,486 square feet or 1.30 acres of site area, with the sixth parcel (4071-013-025) located adjacent west, across Chadron Avenue, totaling 8,407 square feet or 0.19 acres of site area. At the request of the client, we have been asked to develop two (2) current market value opinions, one for parcel 4071-013-025, which will be referred to as the "Small Parcel" and a second value for the five (5) contiguous parcels 4071-020-001, 002, 003, 004, & 005, operating as a single "Large Parcel". Our valuation of the subject is based on the underlying land, as the existing improvements were noted as being in poor condition as of the date of value and are not considered to have any contributory value, thus, not considered in our analysis. The following summarizes the salient characteristics of the gross subject site.

| | | |
|-------------------------------|---|-------------|
| Address | 3136, 3138, 3152, & 3208 West Rosecrans Avenue & 14312 - 14314 Chadron Avenue, Hawthorne, California. | |
| Census Tract | 06-037-603705 | |
| Number of Parcels | 6 | |
| Assessor Parcels | 4071-020-001, 4071-020-002, 4071-020-003, 4071-020-004, 4071-020-005, 4071-013-025 | |
| Land Area | Square Feet | Acres |
| Large Parcel | 56,486 | 1.30 |
| Small Parcel | 8,407 | 0.19 |
| Total Land Area | 64,893 | 1.49 |
| Corner | Yes | |
| Floor Area Ratio (FAR) | 1.75 Permitted | |
| Site Topography | Level At street grade | |
| Site Shape | Rectangular | |
| Site Grade | At street grade | |
| Site Quality | Good | |
| Site Access | Good | |
| Site Exposure | Good | |
| Site Utility | Good | |
| Utilities | All utilities are available to the site | |
| Water | Golden State Water | |
| Sewer | Republic Services (Allied Waste) | |
| Electricity | Southern California Edison | |
| Gas | Southern California Gas Company | |
| Garbage | Republic Services (Allied Waste) | |
| Adjacent Properties | | |
| North | Across Rosecrans Avenue, north of the larger site is a freestanding single-tenant automobile rental use | |
| South | Immediately south of the larger site is a single-family residential use | |

East Immediately east of the larger site a single-story, multitenant retail strip center
 West Immediately west of the smaller site is an automobile repair shop

Size, Shape, & Topography

The subject’s “Large Parcel” is generally rectangular, with a gross land area of 56,486 square feet, or 1.30 acres. The topography of the subject is comprised of mostly level land that is at street grade. According to plat map, the dimensions of the site are:

- Northern Boundary (West Rosecrans Avenue) 292.52 feet
- Southern Boundary 297.50 feet
- Eastern Boundary (Chardon Avenue) 185.52 feet
- Western Boundary 190.00 feet

The subject’s “Small Parcel” is generally rectangular, with a gross land area of 8,407 square feet, or 0.19 acres. The topography of the subject is comprised of mostly level land that is at street grade. According to plat map, the dimensions of the site are:

- Northern Boundary (West Rosecrans Avenue) 95.03 feet
- Southern Boundary 100.00 feet
- Eastern Boundary 80.53 feet
- Western Boundary (Chardon Avenue) 85.50 feet

Please refer to the plat maps on the previous pages for reference.

Accessibility

The subject’s “Large Parcel” is comprised of a corner site with ~292.52 feet of frontage along the south side of West Rosecrans Avenue, which is an asphalt-paved major arterial street with east/west orientation and three lanes of travel in each direction, with a center turn lane. Approximately ~185.52 feet of frontage is located along east side of Chadron Avenue, which is an asphalt-paved connector street, with a north/south orientation and one lane of travel in each direction. The width along West Rosecrans Avenue is approximately 80 feet (not inclusive of sidewalks), and the width along Chadron Avenue is approximately 30 feet (not inclusive of sidewalks) in the vicinity of the subject’s Large Parcel. The frontage along the south side of West Rosecrans Avenue and east side of Chadron Avenue provides ingress/egress (vehicular and pedestrian access) for the Large Parcel.

The subject’s “Small Parcel” is comprised of a corner site with ~ 95.03 feet of frontage along the south side of West Rosecrans Avenue, with approximately ~85.50 feet of frontage is located along west side of Chadron Avenue. The frontage along the south side of West Rosecrans Avenue and west side of Chadron Avenue provides ingress/egress (vehicular and pedestrian access) for the Small Parcel.

The nearest access from the subject to Interstate 105 was found to be at Crenshaw Boulevard (approximately 1.6 miles north of the subject), while the closest access to Interstate 405 is at Rosecrans Avenue, which is approximately 2.4 miles west of the subject. As a result, the subject site is considered good overall accessibility.

Exposure & Visibility

Considering both sites of the subject maintain frontage along the south side of West Rosecrans Avenue and Chardon Avenue, the subject’s exposure and visibility are considered Good overall. Traffic conditions were noted as being relatively heavy along West Rosecrans Avenue and light along Chardon Avenue, and within the general vicinity of the subject during our site visit, which was conducted during normal business hours.

STREET & TRAFFIC DETAIL

| Street Improvements | Type | Direction | Lanes | Lights | Curbs | Sidewalks | Signals | Median | Parking | Center Lane | Bike Lane |
|--------------------------------|---------------------|-----------|-------|--------|-------|-----------|---------|--------|---------|-------------|-----------|
| Rosecrans Avenue | Major arterial | Two-Way | 6 | x | x | x | x | | x | x | |
| Chadron Avenue | Neighborhood street | Two-Way | 2 | x | x | x | | | x | | |
| Frontage - Large Parcel | | | | | | | | | | | |
| Rosecrans Avenue | 293 Feet | | | | | | | | | | |
| Chadron Avenue | 186 Feet | | | | | | | | | | |

Frontage - Small Parcel

Flood Plain

Zone X (Unshaded). This is referenced by Panel Number 06037C1790F, dated September 26, 2008. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community’s flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Utilities

The subject is situated near the southeastern boundary of the city of Hawthorne within an area that is largely developed with a mix of older commercial, industrial, and residential properties. The immediate area maintains all typical off-site utility services, which are located along West Rosecrans Avenue and Chadron Avenue. The Large Parcel is currently operating as a metal fabrication facility and the Small Parcel as supportive office and administrative space. Both clearly maintain existing utility infrastructure that includes electricity, telephone, natural gas, cable, water, and sewer.

Improvements

The Large and Small Parcels are improved with several, older sheet metal industrial buildings, in poor condition, with supportive unimproved land utilized as storage. The “Large Parcel” also includes a double-sided outdoor billboard advertisement sign, which is on a month-to-month lease. According to conversations with the Client, the billboard lease will terminate upon transfer of the property; therefore, we have assigned no value to the income associated

with the billboard. Moreover, the collective improvements were noted as being in poor condition as of the date of value and are not considered to have any contributory value, thus, not considered in our analysis.

In addition to the steel fabrication business, the site is used for manufacturing concrete pavers. The production of these pavers has created significant runoff from the equipment used to produce the concrete pavers, which has created uneven topography in areas relatively close to the production area. There is clearly some type of materials that are being spilled over into the adjacent ground and creating "concrete-like" mounds on the site. There is also a small "well" that is collecting or ponding water near the southwest area of the site. Due to the existing uses of the site, it is highly recommended that any potential users seek an environmental assessment of all six (6) sites (see extraordinary assumption).

| | |
|------------------------------|--|
| Off-Site Improvements | Offsite improvements in the vicinity include asphalt paved streets, fire hydrants, and storm drains. Both West Rosecrans Avenue and Chadron Avenue maintain concrete curbs, gutters, and sidewalks adjacent to the subject. |
| Biological Conditions | We did not review a Biological Survey detailing possible biological species on the subject land. Without this, it could not be determined which species are actually on or frequent the property. Since the site is currently used for business operations, it is assumed there are no biological conditions that would preclude further development. |
| Wetlands/Watershed | No wetlands were observed during our physical observation of the site. |
| Mineral Rights | This area has low potential for mining-related activity. There were no observed operations and in southern California mineral extraction is largely cost prohibitive. |
| Seismic | The subject is in a moderate risk area, which is characteristic of most properties in California. The subject is not located in the Alquist-Priolo Fault-Rupture Hazards Zone area. Nearly all areas within California are prone to seismic activity; therefore, the moderate risk assessment was not considered to adversely impact the value conclusion. We are not experts in seismology and if more specific information is desired regarding nearby fault zones, it is suggested an opinion be obtained from an expert in said field. |
| Easements | A preliminary title report was not available for review. During the property inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised. |
| Soils | Although requested, a detailed soils analysis was not available for review. We have not undertaken a detailed soil analysis, and we are not qualified to comment on soil conditions. As such, the soils are assumed to be similar to other uses in the competitive market area and suitable in drainage qualities and load bearing capacity to support future any development. |
| Hazardous Waste | Other than the existing uses previously noted above, we did not observe any evidence of toxic or hazardous substances during our physical observation of the site. The subject is not listed as a hazardous site per the Hazardous Waste |

and Substances Sites List compiled by the California Environmental Protection Agency. We were not provided with a Phase I Environmental Assessment Report or any other reports addressing potentially hazardous materials on or near the subject property and have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

Site Rating

Overall, the subject site is considered good in terms of its location, exposure, and access to employment, education, and shopping centers, based on its corner location along a major arterial and connector street, and position with the city of Hawthorne.

Site Conclusion

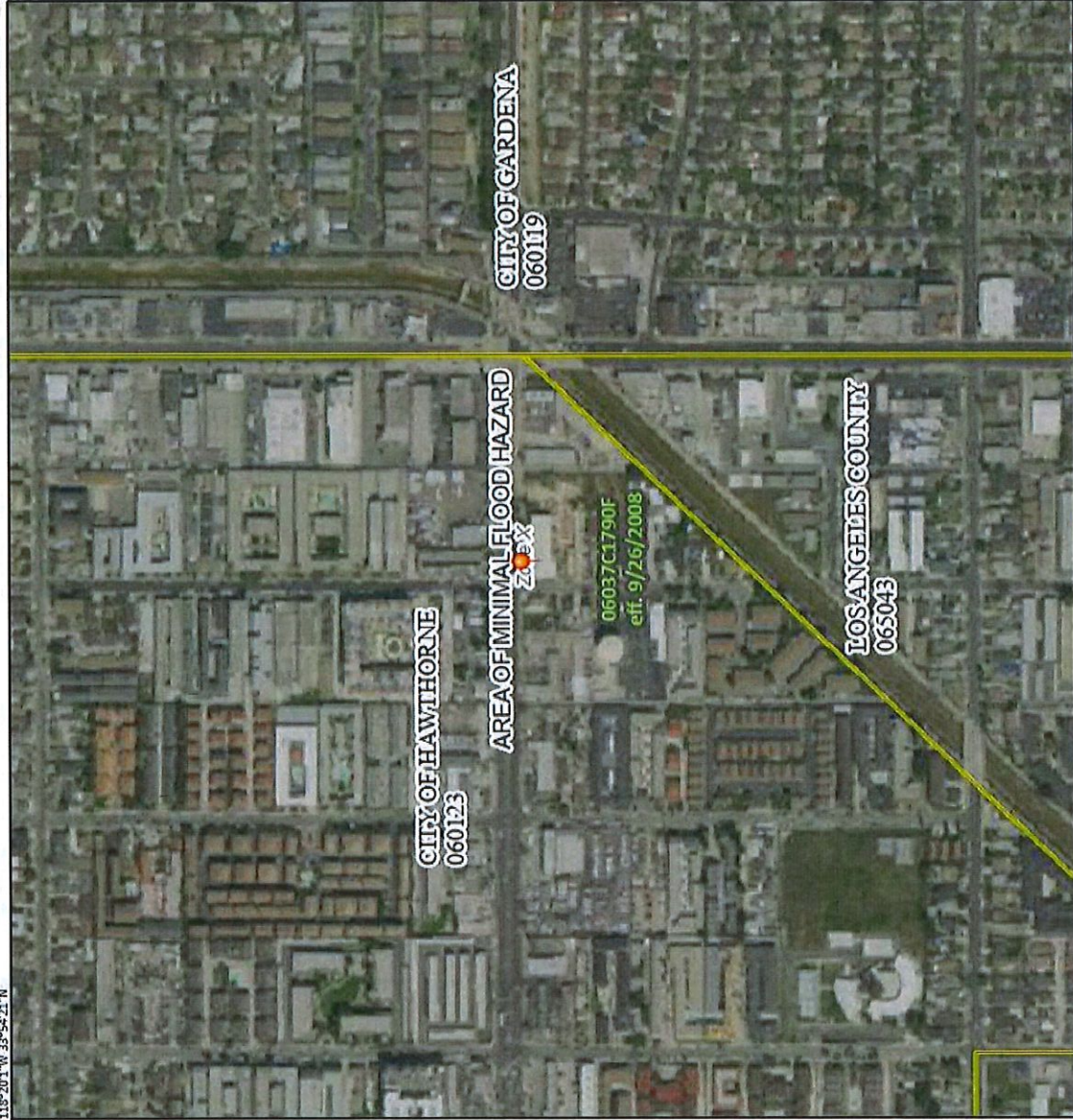
Based on our research, collectively the subject properties maintain a calculated total area of 64,893 square feet, or 1.49 acres. More specifically, five of the six parcels (4071-020-001, 002, 003, 004, & 005) are contiguous, totaling 56,486 square feet, or 1.30 acres of site area, with the sixth parcel (4071-013-025) located adjacent west, across Chadron Avenue, totaling 8,407 square feet, or 0.19 acres of site area. Both sites are generally rectangular in configuration with direct access along West Rosecrans Avenue and Chardon Avenue. Based on our physical observation as well as aerial views, the topography is largely comprised of level land area (with the previously noted exceptions above). In conclusion, the sites' physical characteristics appear to be supportive of the subject's current limited industrial land use and toher than current market conditions, here were no significant detriments discovered that would inhibit development in accordance with its highest and best use.

Flood Map

National Flood Hazard Layer FIRMette



118°20'1" W, 33°54'21" N



Legend

SEE THIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

- SPECIAL FLOOD HAZARD AREAS**
 - Without Base Flood Elevation (BFE) Zone A, V, AE, AH, VE, AR
 - With BFE or Depth Zone AE, AO, AH, VE, AR
 - Regulatory Floodway
- OTHER AREAS OF FLOOD HAZARD**
 - 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
 - Future Conditions 1% Annual chance Flood Hazard Zone X
 - Area with Reduced Flood Risk due to Levee. See Notes, Zone X
 - Area with Flood Risk due to Levee Zone D
- OTHER AREAS**
 - NO GREEN Area of Minimal Flood Hazard Zone X
 - Effective LOMFRS
 - Area of Undetermined Flood Hazard Zone D
- GENERAL STRUCTURES**
 - channel, culvert, or Storm Sewer
 - Levee, Dike, or Floodwall
- OTHER FEATURES**
 - 20.2 Cross Sections with 1% Annual Chance
 - Water Surface Elevation
 - coastal Transect
 - Base Flood Elevation Line (BFE)
 - Limit of Study
 - Jurisdiction Boundary
 - coastal Transect Baseline
 - Profile Baseline
 - Hydrographic Feature
- MAP PANELS**
 - Digital Data Available
 - No Digital Data Available
 - Unmapped

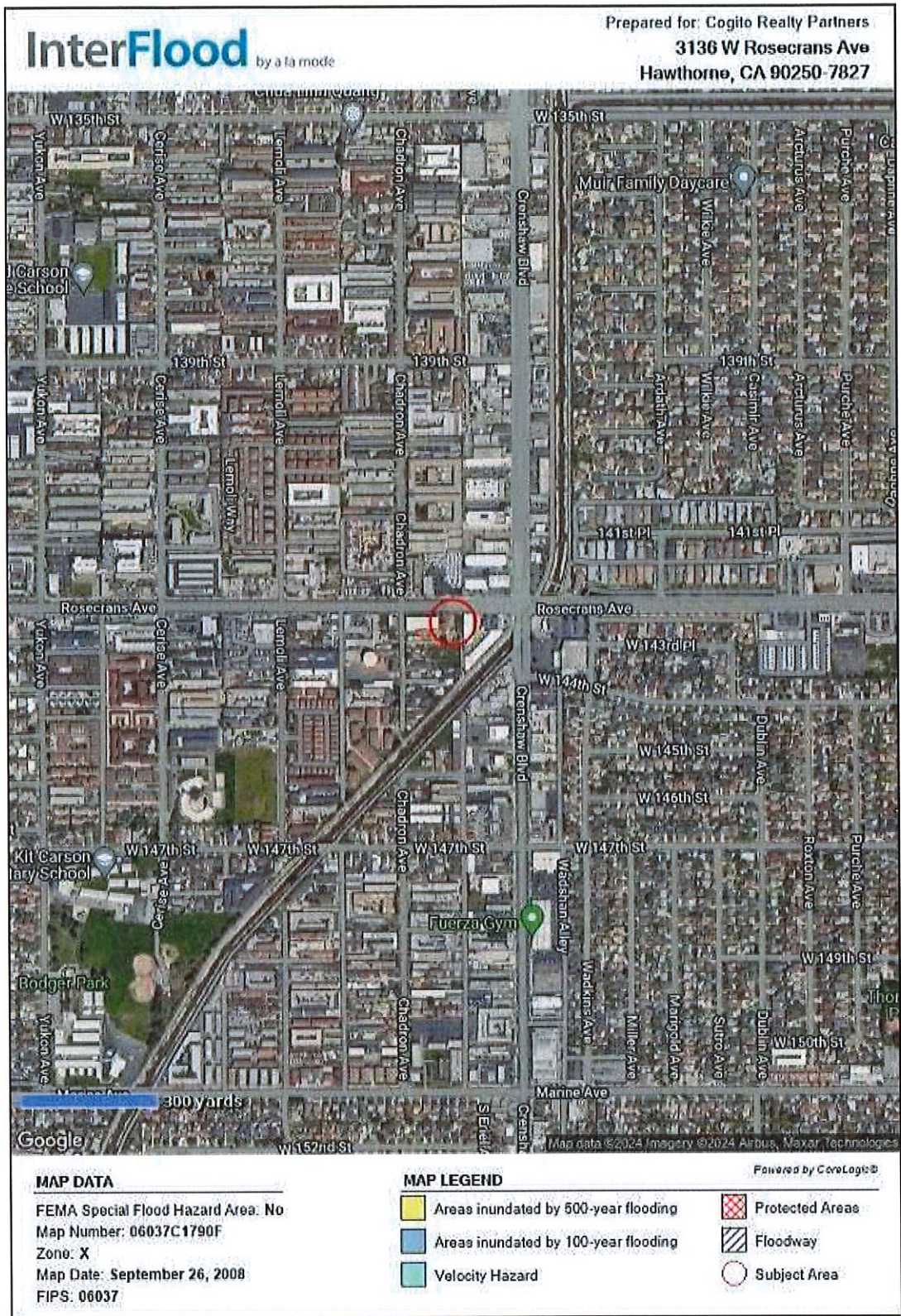
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 7/2/2024 at 1:53 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

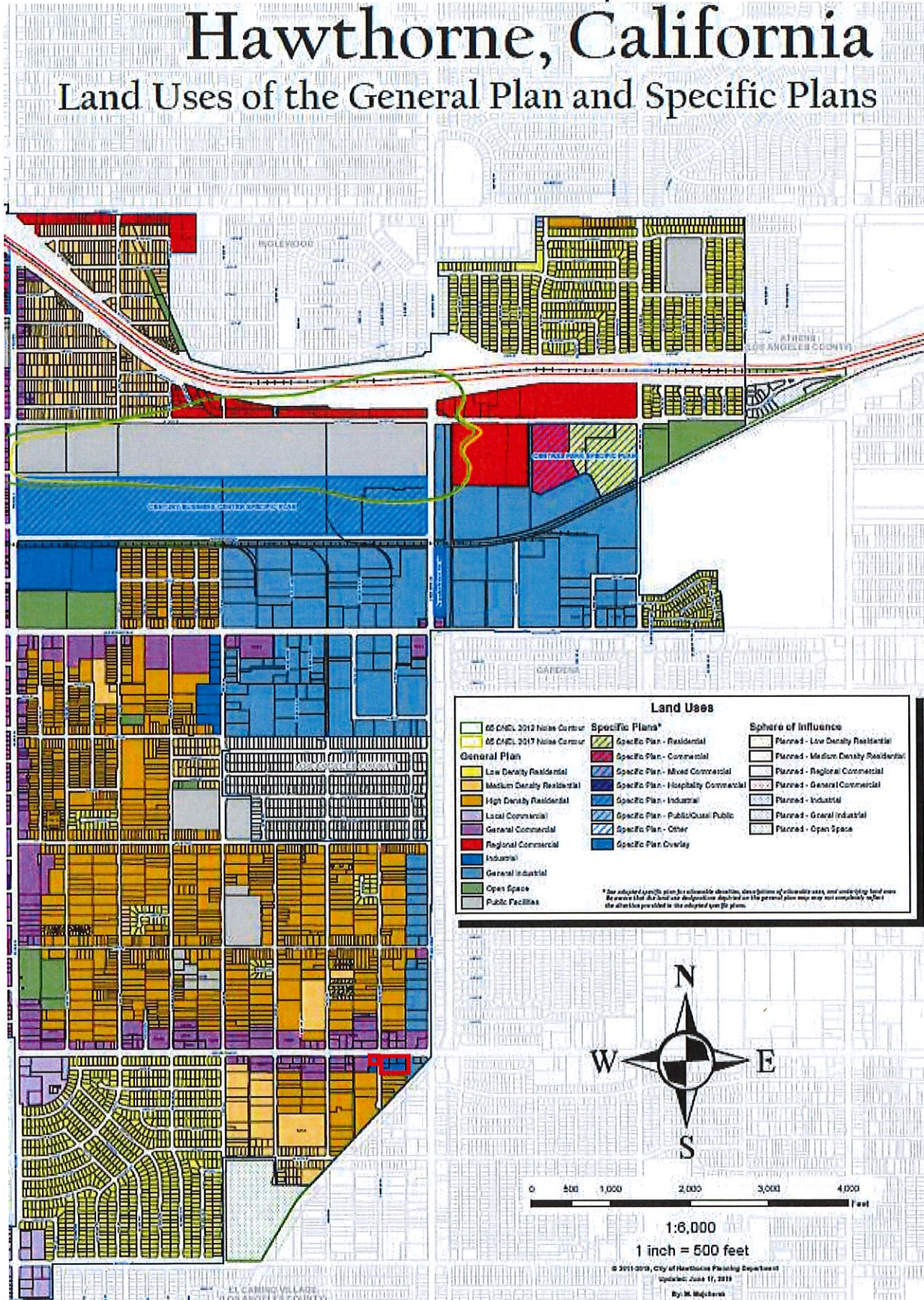
FLOOD MAP



Land Uses of General Plan Map

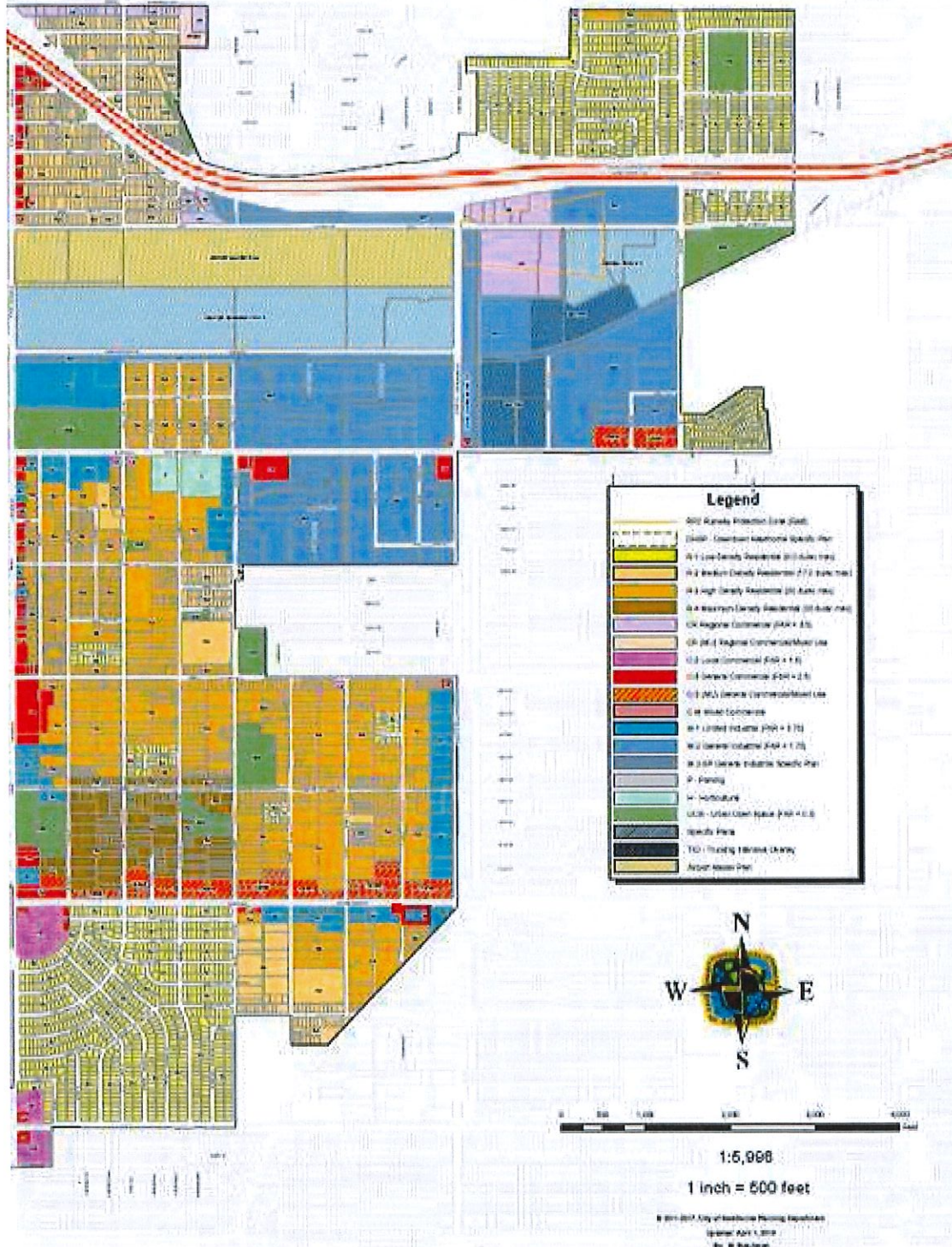
Hawthorne, California

Land Uses of the General Plan and Specific Plans



Zoning Map

Hawthorne, California Zoning



ZONING

The subject is governed by the Zoning and General Plan that was established and is enforced by the city of Hawthorne. Collectively, the subject is located within the Limited Industrial (M-1) zoning area, and as outlined in § 17.32.010, and is intended to provide for the location of and grouping of light industrial activities and uses involving the processing, handling and manufacture of products, and research and technological processes, all as distinguished from heavy industrial activities, and which uses are largely devoid of nuisance factors, hazards or exceptional demands upon public facilities and services and which can be accommodated to lots and streets of accepted size and arrangement.

| ZONING | |
|--------------------------------------|--|
| Designation | Limited Industrial (M-1) |
| Zoning Authority | City of Hawthorne |
| Permitted Uses | Various light industrial and manufacturing uses including, but not limited to, building materials storage yards, ceramic products manufacturing, contractors' storage yards, furniture manufacturing, Jewelry manufacturing, packaging plant, warehousing and any uses, subject to limitations, permitted in the C-2 or C-3 zones, which include a variety of commercial related uses. Further uses that may be allowed with a conditional use permit include but are not limited to, minor automobile repair, check cashing and bail bonding services, live-work units, and storage of damaged or impounded cars. |
| Prohibited Uses | Major automobile repair, massage establishments, residential uses that are not within the definition of "live-work" and self-storage facilities. |
| Current Use | Light Industrial Zoned Land |
| Zoning Change | Not Likely |
| Max Permitted Height | No maximum height is imposed; provided, when a building exceeds a height of forty-five feet, the portion of the building above forty-five feet shall be set back one foot from each side property line and the rear property line for each two feet such building or structure exceeds a height of forty-five feet. |
| Max Permitted Floor Area Ratio (FAR) | 1.75 |
| Parking Spaces Required | Parking requirement vary depending upon use |
| Min Permitted Site Area (SF) | None |
| Min Permitted Yard Setbacks | No setback requirements for buildings that are less than 45 feet in height. |

Source: City of Hawthorne Planning & Zoning Department

General Plan Standards

The General Plan land use designation for the subject property is Industrial. According to the General Plan, the Industrial designation includes such uses as manufacturing, assembly, fabrication, wholesale, heavy commercial and office uses and allows a maximum FAR of 0.75, which is inconsistent with the FAR of 2.0 that is noted in the table above based on the Limited Industrial (M-1) municipal code. According to a previous conversation with Gregg McClain, Planning Director, and Nathan Levey, Assistant Planner with the city of Hawthorne, the FAR of 2.0 that is allowed under the M-1 zone and the 0.75 FAR allowed under the Industrial land use designation are both incorrect. Therefore, based on this previous conversation with Mr. McClain, the subject property has an allowable maximum FAR of 1.75. The M-1 zone is otherwise consistent with the Industrial land use designation according to Mr. McClain. The parking requirements vary depending upon use; however, for general industrial uses with building sizes of less than 100,000 square feet on a single lot or contiguous lots under a single ownership, the required number of vehicular parking spaces shall be the greater of: (i) two parking spaces per one thousand square feet of gross floor area; or (ii) one parking space for each two employees on the largest shift. The subject property as-vacant appears to be legally conforming to current development standards.

CURRENT TAXATION & ASSESSMENT DESCRIPTION

In California, privately held real property is typically assessed at 100% of full cash value (which is interpreted to mean market value of the fee simple estate) as determined by the County Assessor. Generally, a reassessment occurs only when a property is sold (or transferred) or when new construction occurs (as differentiated from replacing existing construction); this is commonly referred to as "Prop 13" protection. In the case of long-term ground leases, the general rule is that a reassessment is made at the time of assigning or terminating a lease where the remaining term is more than 35 years. For reassessment purposes, the lease term includes all options to extend. Assessments for properties that were acquired before the tax year 1975-1976 were stabilized as of the tax year 1975-1976. Property taxes are limited by state law to 1% of the assessed value plus voter-approved obligations and special assessments. If no sale (or transfer) occurs or no new building takes place, assessments may not increase by more than 2% annually. Taxes are payable in two equal installments, which become delinquent after December 10 and April 10, respectively.

Current Tax Summary

The subject's assessed values and property taxes for the current year are summarized in more detail in the following table.

| ASSESSMENT & TAXES (2023/2024) | | | | | | |
|--|-----------|--------------|-----------|------------|---------------|-----------------|
| TAX RATE AREA | 05207 | | | | TAX RATE | 1.174471% |
| ASSESSOR PARCEL # | LAND | IMPROVEMENTS | TOTAL | EXEMPTIONS | TAXABLE | BASE TAX |
| 4071-020-001 | \$61,001 | \$0 | \$61,001 | \$0 | \$61,001 | \$716 |
| 4071-020-002 | \$37,525 | \$1,087 | \$38,612 | \$0 | \$38,612 | \$453 |
| 4071-020-003 | \$38,598 | \$1,901 | \$40,499 | \$0 | \$40,499 | \$476 |
| 4071-020-004 | \$28,482 | \$9,392 | \$37,874 | \$0 | \$37,874 | \$445 |
| 4071-020-005 | \$106,010 | \$0 | \$106,010 | \$0 | \$106,010 | \$1,245 |
| 4071-013-025 | \$175,696 | \$171 | \$175,867 | \$0 | \$175,867 | \$2,066 |
| Subtotal | \$447,312 | \$12,551 | \$459,863 | \$0 | \$459,863 | \$5,401 |
| Subtotal \$/Total Land Area | \$6.89 | \$0.19 | \$7.09 | \$0.00 | \$7.09 | \$0.08 |
| ADDITIONAL TAX CHARGES | | | | | | |
| Direct Assessments for 4071-020-001 | | | | | | \$915 |
| Direct Assessments for 4071-020-002 | | | | | | \$1,022 |
| Direct Assessments for 4071-020-003 | | | | | | \$1,110 |
| Direct Assessments for 4071-020-004 | | | | | | \$918 |
| Direct Assessments for 4071-020-005 | | | | | | \$2,707 |
| Direct Assessments for 4071-013-025 | | | | | | \$1,250 |
| Total Additional Tax Charges \$/Total Land Area / Total | | | | | \$0.12 | \$7,922 |
| TOTAL BASE TAX & ADDITIONAL TAX CHARGES \$/TOTAL LAND AREA / \$ TOTAL | | | | | \$0.21 | \$13,323 |

Source: Los Angeles County Assessment & Taxation

CONCLUSION

The current tax rates are considered reasonable and likely to remain as such for the foreseeable future. For the purposes of this analysis, we are assuming any outstanding property tax liability has been paid, and we assume that all taxes are current. If the subject sold for the value estimate in this report, a reassessment at that value would occur, with tax increases limited to two percent annually thereafter until the property is sold again. The subject property does not appear to display any delinquent taxes as of the date of this report.

MARKET ANALYSIS

In this section, market conditions that influence the subject property are analyzed. An overview of Industrial supply and demand conditions for the Los Angeles market and Gardena/Hawthorne submarket are presented.

REGIONAL INDUSTRIAL

CoStar Industrial – (Los Angeles)

Industrial vacancy in Los Angeles has increased in line with the national average over the past two years. However, while national vacancy expansion has been driven by supply growth, vacancy has increased in Los Angeles due to a contraction in occupancy, which has fallen below pre-pandemic levels. Net absorption is running negative for a ninth consecutive quarter, and speculative buildings are delivering vacant. Vacancy has reached 5.4% as of the third quarter of 2024, up from an all-time low of 1.7% at the beginning of 2022.

Of the more than 12 million SF of new industrial space completed since 2023 or currently under construction, more than 60% is still available for lease. Meanwhile, trailing 12-month net absorption of -11.3 million SF was weighed down by downsizing logistics tenants. U.S. businesses dialed back inventories last year, and worker shortages and labor negotiations hampered imports to Southern California ports. Vacancies have grown the most in Vernon, Commerce, and City of Industry, where ties to port activity are stronger. Logistics tenants have downsized as they shift their focus from growth to efficiency, often vacating older, less functional industrial buildings in these submarkets.

However, both inventories and imports to Long Beach and Los Angeles are rising again, and inflation is subsiding, which could lead to stronger demand in the coming quarters. West Coast port workers have a new labor agreement in place through mid-2029. Meanwhile, East and Gulf port labor negotiations are set to begin in May, and a potential delay in them would lead more cargo shippers to dock alternatively in Southern California. As a result, net absorption in Los Angeles could turn positive in the second half of 2024.

The majority of the 5.9 million SF currently under construction, which is over 90% available, will likely deliver vacant. However, the continual demolition of obsolete buildings will limit net supply growth, and a steep drop in construction starts since the end of last year foreshadows moderating supply additions in 2025, potentially as tenant demand reaccelerates. Vacancy does not rise substantially higher in the forecast. However, vacancies will continually expand until consumer spending growth, rising business inventories, and imports necessitate more industrial tenant expansions. For now, tenants are still unloading excess space.

Landlords have lowered weighted average asking rents by more than 10% from 2023 peaks, marking the first downturn in over a decade. Additionally, rising lease concessions in the market have lowered effective rental rates significantly. One to several months of free rent are common among new larger leases. Landlords will likely reduce asking rents further as vacancy elevates above historical averages. However, rents could rise again in 2025 as the minimal development on track to deliver a year from now signals the potential for market conditions to tighten even if tenant occupancy returns to pre-pandemic levels.

SUBMARKET INDUSTRIAL

CoStar Industrial – (Gardena/Hawthorne)

Gardena and Hawthorne draw most of its demand for industrial properties from aerospace and light manufacturing firms. Rocket manufacturer SpaceX is one of the largest employers in the Submarket and is located in Hawthorne. Proximity to the Los Angeles and Long Beach seaports and Los Angeles International Airport help drive demand.

The vacancy rate has risen sharply in the past six months, reaching 3.5%. Rental rates have had outsized gains for many years, but the recent rise in available space has given tenants more options and caused rent growth to stall.

Supply growth has been limited over the past decade, and land in the submarket is expensive compared to more inland areas of L.A. County. Often, aged industrial product needs demolishing to make way for new buildings. For example, the last completion in the submarket is a 63,000-SF warehouse at 1528 W 134th St. in Gardena that delivered in late 2020. The 9th Street Partners acquired the land with six existing buildings that were later demolished. After the completion of the new warehouse, the property was sold to Showa Marine, a cold storage company, for \$19 million (\$310/SF), and the building was retrofitted for cold storage use. The largest project currently underway is a 191,000-SF warehouse at 1600 W 135th Street in Gardena, replacing a 262,000-SF warehouse built in the 1940s.

Investment activity has been mild since mid-2021, and the recent rise in interest rates has further reduced liquidity. Only 16 properties traded in 2023 and sales volume totaled \$46.0 million, compared to an annual average of \$158 million during the past five years.

Key supply and demand statistics for the most recent quarter, last year and historical averages over the past 10 years are summarized in the tables below.

| INDUSTRIAL MARKET AND SUBMARKET DATA SUMMARY (10 YEARS) | | | | | |
|---|------|-------------|---------------------|--------------|-----------|
| INVENTORY SUPPLY (SF) | | | | VACANCY (%) | |
| QTR | YEAR | MARKET | SUBMARKET | MARKET | SUBMARKET |
| Q2 | 2024 | 903,547,707 | 19,904,834 | 5.3% | 3.0% |
| Q1 | 2024 | 901,561,114 | 19,904,834 | 4.7% | 3.0% |
| Q4 | 2023 | 900,925,962 | 19,904,834 | 4.1% | 3.1% |
| Q3 | 2023 | 898,964,129 | 19,929,334 | 3.7% | 1.6% |
| | 2023 | 899,663,590 | 20,191,284 | 4.1% | 2.7% |
| | 2022 | 898,661,713 | 20,191,284 | 2.2% | 1.3% |
| | 2021 | 896,610,208 | 20,172,508 | 1.7% | 1.7% |
| | 2020 | 895,729,595 | 20,296,151 | 3.2% | 2.0% |
| | 2019 | 893,544,930 | 20,323,055 | 2.3% | 1.6% |
| | 2018 | 893,255,917 | 20,316,753 | 2.1% | 0.9% |
| | 2017 | 891,310,841 | 20,283,306 | 2.1% | 1.2% |
| | 2016 | 886,910,164 | 20,188,106 | 2.1% | 0.5% |
| | 2015 | 887,967,359 | 20,311,860 | 2.2% | 2.0% |
| | 2014 | 887,300,154 | 20,326,860 | 3.0% | 1.8% |
| RENT \$/SF | | | NET ABSORPTION (SF) | | |
| QTR | YEAR | MARKET | SUBMARKET | MARKET | SUBMARKET |
| Q2 | 2024 | \$17.92 | \$18.89 | (3,202,507) | 12,885 |
| Q1 | 2024 | \$18.67 | \$19.21 | (5,037,901) | 5,510 |
| Q4 | 2023 | \$19.34 | \$19.65 | (1,591,798) | (311,447) |
| Q3 | 2023 | \$19.65 | \$18.42 | (915,005) | (49,418) |
| | 2023 | \$19.34 | \$17.65 | (15,127,152) | (646,002) |
| | 2022 | \$19.75 | \$17.96 | (2,581,564) | 85,955 |
| | 2021 | \$15.44 | \$15.96 | 14,830,041 | (65,694) |
| | 2020 | \$13.12 | \$13.82 | (6,099,090) | (89,219) |
| | 2019 | \$12.85 | \$13.41 | (1,351,833) | (143,397) |
| | 2018 | \$11.78 | \$11.45 | 1,647,134 | 97,800 |
| | 2017 | \$10.86 | \$12.19 | 3,635,923 | (61,906) |
| | 2016 | \$9.78 | \$10.41 | 555,762 | 194,854 |
| | 2015 | \$8.95 | \$9.50 | 7,563,027 | (68,187) |
| | 2014 | \$7.86 | \$7.12 | 10,999,431 | 480,111 |

Source: CoStar Property®

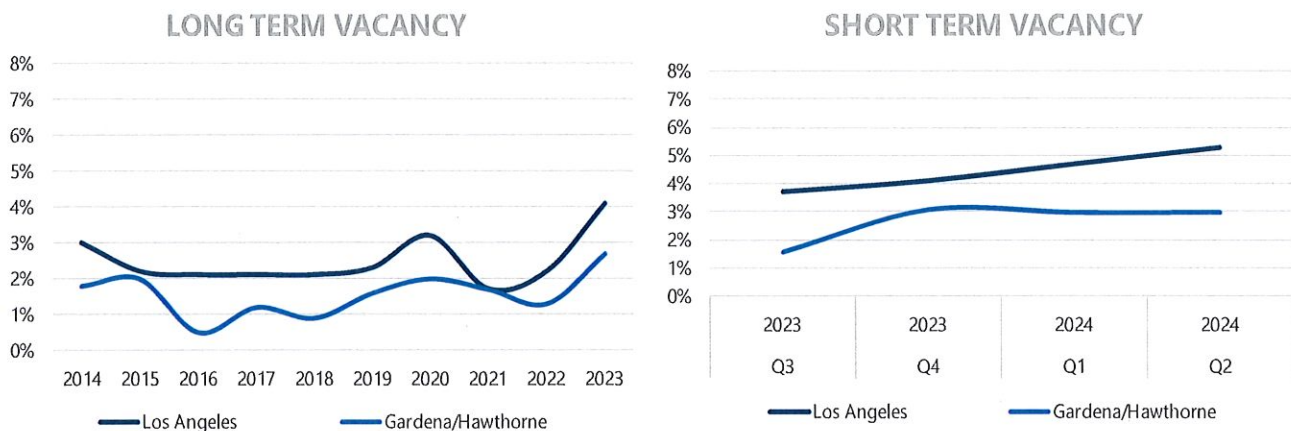
The Los Angeles Industrial market demonstrates mostly positive conditions. There has been little variance in supply over the last year. Vacancies increased to 5.3% in Q2 2024, this is the highest vacancy has been in the last 10 years. Asking rents have increased by roughly 128.0% from 2014 to Q2 2024. However, asking rents

have decreased by 8.8% since Q3 2023. Net absorption has remained negative throughout 2023 and 2024, and was also negative in 2022, 2020, and 2019. Net absorption was positive from 2014 through 2018, and then again in 2021.

The Gardena/Hawthorne Industrial submarket demonstrates mostly stable conditions. Vacancies are slightly lower than the overall Los Angeles industrial market. Vacancies finished Q2 2024 with a vacancy rate of 3.0% and has hovered around 3.0% in the last three quarters, which is a ten year high in the submarket. Asking rents are slightly above the market’s asking rents, roughly 5.4% higher than the Los Angeles Market. The submarket’s asking rents have increased by 165.3% from 2014 to Q2 2024. Net absorption has mostly remained negative throughout 2023, with Q1 and Q2 2024, being the only occurrence where net absorption was positive. Prior to 2023, net absorption varied, due to the change in supply.

VACANCY

The following tables provide visual illustration of the long term and short term Industrial vacancy for the Los Angeles market and Gardena/Hawthorne submarket via CoStar.



Market conditions have deteriorated in the Los Angeles industrial market. Industrial vacancy in Los Angeles has increased in line with the national average over the past two years. However, while national vacancy expansion has been driven by supply growth, vacancy has increased in Los Angeles due to a contraction in occupancy, which has fallen below pre-pandemic levels. Net absorption is running negative for an ninth consecutive quarter, and speculative buildings are delivering vacant. Vacancy has reached 5.4% as of the third quarter of 2024, up from an all-time low of 1.7% at the beginning of 2022.

Occupancy loss continues to plague the Los Angeles industrial market in 2024. Net absorption has run negative in the last nine quarters, including the projected loss of over 3 million SF of occupancy in the second quarter of 2024. Over 25 million SF, close to 3% of market supply, has been vacated during the recent downturn.

Businesses dialed back inventories last year, and imports to Southern California remain below pre-pandemic levels. As a result, logistics-driven submarkets with strong ties to port activity, including Vernon, Commerce, Santa Fe Springs/La Mirada, Carson, and City of Industry, have endured the most severe occupancy losses.

Production-related companies vacated warehouses in the San Fernando Valley due to last year's writers' and actors' strikes. Meanwhile, vacancies on the Westside have soared to a new high of over 8%, as flex buildings have been vacated by businesses sticking to fully remote work.

Vacancy has increased to 5.4% as of the third quarter of 2024, now trending at levels last seen in the early 2010s. Vacancy among logistics inventory (including warehouse and distribution buildings) is near an all-time

high at 5.9%, while flex building vacancy is still about 100 basis points below its high water mark at 6.6%. Largely comprised of manufacturing buildings, specialized building vacancy is roughly 150 basis points below all-time highs at 3.8%.

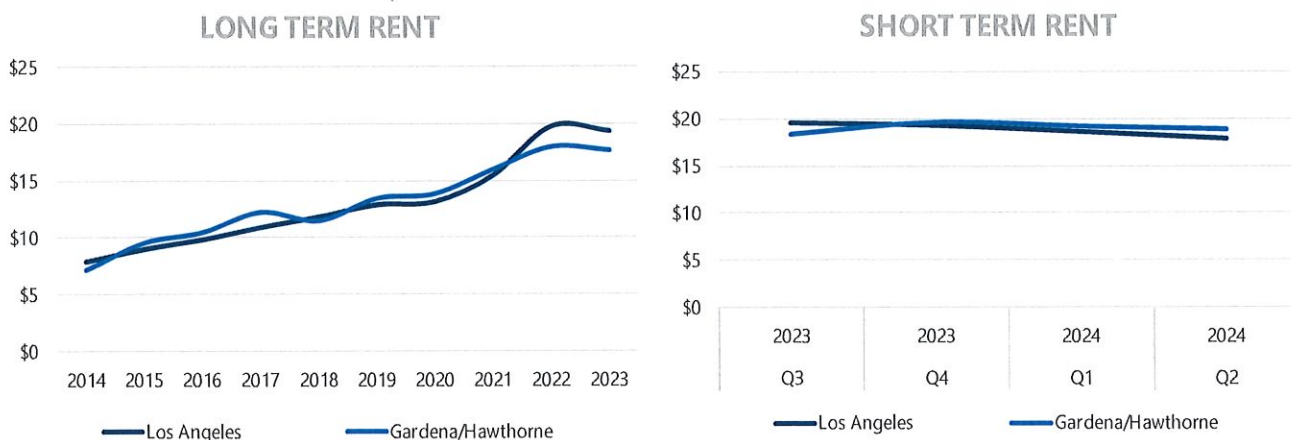
Due to pressure from downsizing logistics tenants, properties in the 250,000-500,000-SF size range have experienced the sharpest expansion in vacancy and currently trend highest at 7.6%. Vacancy among buildings from 50,000-100,000-SF and 100,000-250,000-SF are both rising towards 6%. Rarer larger warehouses and distribution centers of over 500,000 SF are less than 5% vacant, and buildings smaller than 50,000 SF also remain in stronger demand, with vacancy increasing but still limited to the low 4% range.

A more recent expansion of U.S. business inventories in 2024 and an ongoing rebound in imports to Southern California is yet to translate into stronger tenant demand for space. New leasing volume, a leading indicator of future net absorption, has remained consistent, running between 8 and 9 million SF per quarter over the past two years, about 5% to 10% below 2017-19 pre-pandemic levels.

However, stronger consumer spending portends ongoing inventory stockpiling and expansion among national retailers and logistics tenants, resulting in an inflection point in market vacancy in the quarters ahead. In addition, subsiding inflationary pressures could hedge move-outs from businesses unable to keep pace with rising costs.

RENTAL RATES

The following tables provide a visual illustration of rental Industrial trends for the Los Angeles market and Gardena/Hawthorne submarket in the short and long term via Costar:



Rents for industrial space in Los Angeles have decreased since mid-2023 due to contracting demand and rising vacancy. Weighted average asking rents are down more than 10% from their peak. Lease concessions, which were nearly nonexistent two years ago, have become common. Some landlords are now offering four to five months of free rent on a five-year lease deal, and market participants have noted that effective rents are down as much as 20% depending on building subtype, size, vintage, and location.

Rents for logistics buildings were increasing faster than specialized or flex building rents, leading to a sharper downturn recently. However, following a downturn this year, rents are forecast to rise in 2025 as more robust demand and a slowdown in completions prevent vacancies from climbing higher.

Flex buildings in the Westside command a premium, driving rents to the top of the market, followed by El Segundo/Beach Cities, Burbank, Glendale, and Central Los Angeles. Weighted average triple net asking rents in the Westside have declined by more than 12% from peak levels into the low \$30/SF range, as hybrid work

adoption has reduced demand for working on site. However, that represents a comparatively mild downturn across the market.

Asking rents in Central Los Angeles have fallen about 15%, and further north, in Burbank and Glendale, rents are down roughly 20%. Rents in South Bay submarkets close to the ports, including Long Beach, Carson, and Torrance are also down nearly 20% from peak levels reached in 2023, heading below \$20/SF on average.

Outer submarkets in the San Gabriel, San Fernando, and Santa Clarita Valleys and the City of Industry, and which are more heavily occupied by distributors, have only seen a more moderate downturn of less than 10%. New inventory developed in those areas, which command a premium, have helped prevent a more severe decline.

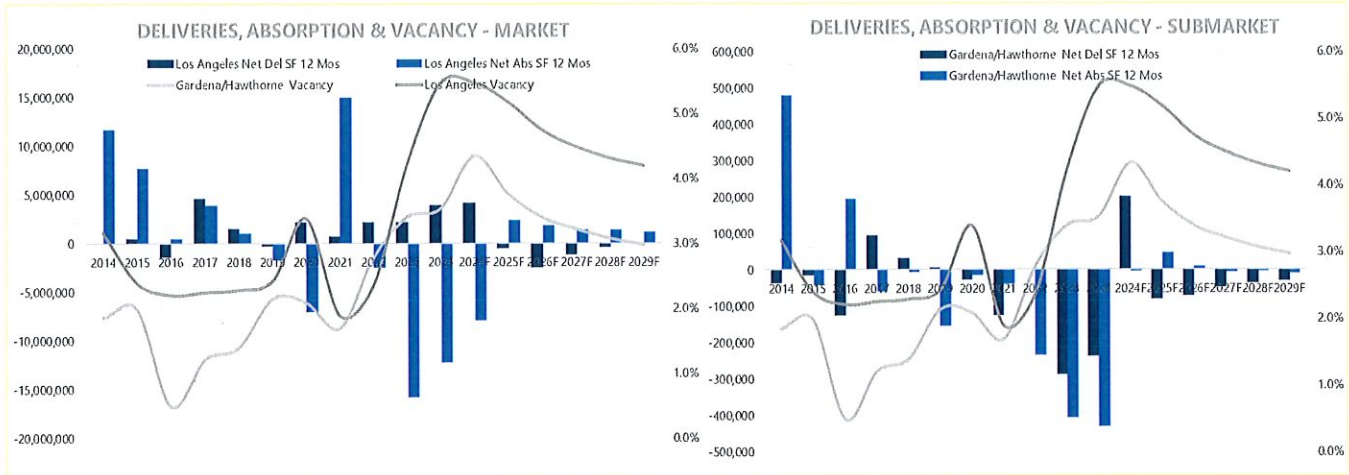
Despite more building options, and greater negotiating leverage as rents in the market soften, most tenants will still face significant rent hikes upon lease expiration. Market rates are still up 40% in the past five years and have doubled over the past decade.

DELIVERIES

The following tables provides the recently delivered and under construction Industrial supply for the Los Angeles market and Gardena/Hawthorne submarket:

| DELIVERIES (SF) | | | | | | |
|-----------------|------|-----------|------------|-----------|------------|--|
| QTR | YEAR | MARKET | % OF TOTAL | SUBMARKET | % OF TOTAL | |
| Q2 | 2024 | 2,393,104 | 0.3% | 0 | 0.0% | |
| Q1 | 2024 | 845,887 | 0.1% | 0 | 0.0% | |
| Q4 | 2023 | 2,028,251 | 0.2% | 0 | 0.0% | |
| Q3 | 2023 | 1,008,894 | 0.1% | 0 | 0.0% | |
| | 2023 | 4,906,526 | 0.5% | 0 | 0.0% | |
| | 2022 | 4,080,830 | 0.5% | 0 | 0.0% | |
| | 2021 | 4,411,273 | 0.5% | 0 | 0.0% | |
| | 2020 | 5,612,702 | 0.6% | 62,690 | 0.3% | |
| | 2019 | 2,993,385 | 0.3% | 6,302 | 0.0% | |

| UNDER CONSTRUCTION (SF) | | | | | | |
|-------------------------|------|-----------|-----------|-----------|-----------|--|
| QTR | YEAR | MARKET | BUILDINGS | SUBMARKET | BUILDINGS | |
| Q2 | 2024 | 5,704,512 | 46 | 221,455 | 2 | |
| Q2 | 2023 | 5,346,380 | 51 | 0 | 0 | |
| Q2 | 2022 | 4,786,411 | 54 | 0 | 0 | |
| Q2 | 2021 | 5,985,398 | 48 | 0 | 0 | |
| Q2 | 2020 | 4,945,878 | 55 | 62,690 | 1 | |



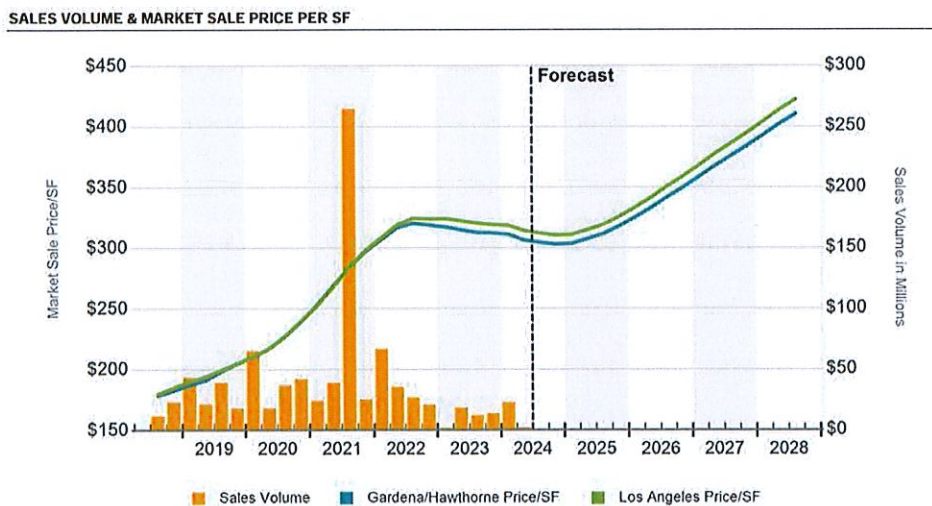
Los Angeles County is an infill market with high land values and restrictive development policies. Development of industrial buildings, particularly large logistics facilities, has been pushed East into the adjacent Inland Empire due to land constraints. Less than 5% of Los Angeles' industrial inventory was built in the past decade, trailing well behind the national total of over 17%. Furthermore, the delivery of 48.8 million SF in that period has been offset by the demolition of 32.9 million SF, leading to a less than 1% expansion in total supply.

The scarcity of new stock led tenants to prelease speculative developments while they were under construction several years ago. However, more buildings will reach completion vacant in 2024 amid weaker tenant demand conditions. For example, Ryder Logistics preleased a 1 million SF distribution center in Majestic Realty's Grand Crossing industrial park in the City of Industry a year before its delivery in November 2023 and Win.IT America preleased a 240,500-SF building in the development six months before its completion in December 2023. However, two buildings currently underway in Grand Crossing South, measuring over 600,000 SF and nearly 700,000 SF, respectively, are scheduled for completion in June 2024 and remain available for lease.

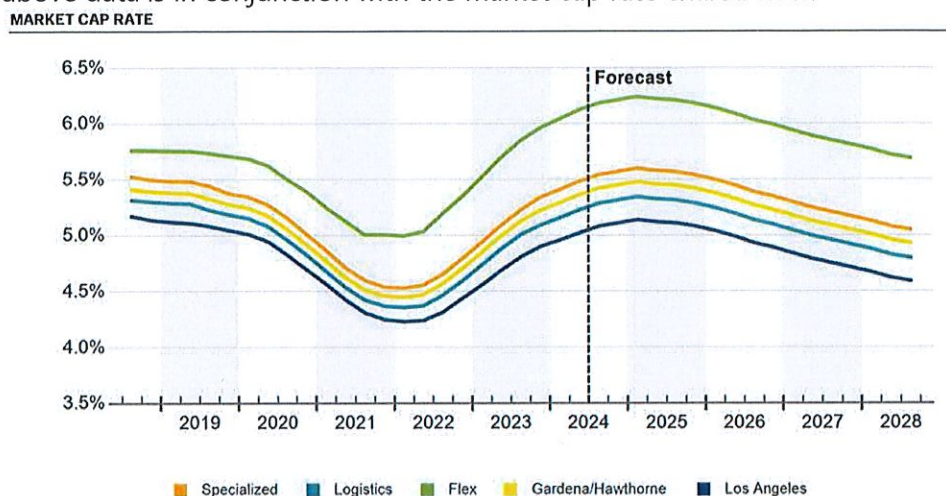
There is currently 5.9 million SF of inventory under construction in the market as of the third quarter of 2024. Construction activity, though measured, has been consistent over the past two and a half years, trending between 5.5 million SF and 7 million SF as construction starts balanced completions.

SALE PRICE PER UNIT AND OAR TRENDS

In reviewing submarket data from CoStar for the Gardena/Hawthorne submarket several key points and trends were noted.



Analysis of the above data is in conjunction with the market cap rate chart below.



Industrial properties in Gardena and Hawthorne have historically attracted private investors and owner users, whereas institutional investors only find a few opportunities to acquire large warehouses and distribution centers. While this investment mix lends itself to lower sensitivity to rising interest rates, the impact of higher rates has been pronounced. Sales volume totaled just \$46.0 million in 2023, the lowest figure since 2013.

This year, one of the few sizeable trades comprises a 37,100-SF warehouse at 14011-14083 South Normandie Avenue in Gardena, which sold for \$10.7 million or \$288/SF in February. Classic Components Corporation acquired the property with plans to move in later in the year. The seller, Mormon Properties, acquired the asset in May 2002 for \$1.85 million, causing the price to grow by 8.3% annually over the 22-year hold.

Whereas long-term price appreciation mirrors the sale of 14011-14083 South Normandie Avenue, recent sales show that prices are softening. For example, a vacant 2,600-SF distribution building at 4728 Manhattan Beach Boulevard in Lawndale sold for \$1.1 million in November 2023. The seller was asking for \$1.2 million on the price.

CONCLUSION

As previously discussed, many of the market indicators for the industrial and commercial markets have experienced significant slowing over the past 6-12 months. Many investors have been waiting on the sidelines in anticipation of the return of positive market indicators, as rising interest rates and related costs (for development) have had a considerable impact on buyers for industrial and commercial properties. Although rents within the Hawthorne/Gardena Submarket have experienced a modest decrease (-3.5% Q32024) year-over-year, this is coupled with the rise in capitalization rates from 5.1% to 5.4% (~-6%) in this submarket, which has had a substantial negative impact on transaction pricing year-over-year and a trend that is expected to continue into 2025. Additionally, vacancy in this submarket has increased from a modest 3.1% in Q32023 to 5.4% in the current market, thus, resulting in vast negative absorption over the over the last 10 quarters, which according to CoStar, is also anticipated to continue for at least another 5 quarters. Therefore, investors would recognize these general industrial and commercial conditions as well as the subject’s positioning in the immediate market area as having a negative overall influence when contemplating the purchase of the industrial or commercial properties within this market, which translates even more steeply for land transactions.

INTRODUCTION

The highest and best use of the subject property provides the foundation for the valuation section. Highest and best use is defined in the 7th edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2022), as follows:

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 they would be willing to bid.
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.

Highest and best use analysis uses the following steps for the subject:

- ▶ Highest & Best Use As Vacant
- ▶ Determination of the ideal improvements
- ▶ Highest & Best Use As Improved
- ▶ Conclusion of the Highest & Best Use

The analysis of highest and best use can be thought of as the logical end of a spectrum of market analysis procedures, running from the macroeconomic overview of a general market study, through more detailed marketability studies and analyses of financial feasibility, to the formal analysis of highest and best use. In theory, the highest and best use is commonly described as that reasonable and most profitable use that will support its highest present value. The highest and best use, or most profitable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

In developing a conclusion of highest and best use, we conduct a comprehensive analysis of the subject as well as an analysis of the land found within the competitive market including historical land use changes and trends, zoning, market conditions, probability of modifications to existing land uses and basic principles of land utilization, which considers the types of allowable uses, duration of uses, location of similar uses, and degree of intensity of uses.

Although the subject properties each currently maintain some existing improvements, they are largely dilapidated and in poor condition, thus, have not been considered in our analysis. As such, we are analyzing the subject properties As-Vacant and therefore, have not provided an As-Improved analysis.

AS VACANT ANALYSIS

In this section the highest and best use of the subject as vacant is concluded after taking into consideration financial feasibility, maximal productivity, marketability, legal, and physical factors.

Legally Permissible

The land use of the subject property is governed by the City of Hawthorne zoning code and general plan. The subject's general plan designation of Industrial is intended to provide for the development of smaller scale development such as manufacturing, assembly, fabrication, wholesale, heavy commercial and office uses.

Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site.

The legal factors influencing the highest and best use of the subject site are primarily government regulations such as zoning ordinances. Permitted uses of the subject's Limited Industrial (M-1) include Various light industrial and manufacturing uses including, but not limited to, building materials storage yards, ceramic products manufacturing, contractors' storage yards, furniture manufacturing, jewelry manufacturing, packaging plant, warehousing and any uses, subject to limitations, permitted in the c-2 or c-3 zones, which include a variety of commercial related uses. further uses that may be allowed with a conditional use permit include but are not limited to, minor automobile repair, check cashing and bail bonding services, live-work units, and storage of damaged or impounded cars. Although the M-1 zone allows a maximum Floor Area Ratio of 2.0, and the general plan allows for a FAR of 0.75, the Planning Director, Gregg McClain indicates that the maximum FAR is 1.75. The parking requirement can vary depending upon use. As previously noted, it is assumed that there are no existing encumbrances that adversely impact the subject. Zoning change is difficult, costly, and is considered not likely; therefore, uses outside of those permitted by the M-1 zoning have not been considered moving forward in the as-vacant analysis.

Physical Possible

The test of what is physically possible for the subject site considers physical and locational characteristics that influence its highest and best use. Development constraints imposed on a site vary by its configuration, size, and topography, which are fixed in location. Collectively the subject property consists of a total of six parcels, totaling 64,893 square feet, or 1.49 acres of gross site area. More specifically, five of the six parcels (4071-020-001, 002, 003, 004, & 005) are contiguous, totaling 56,486 square feet, or 1.30 acres of site area, with the sixth parcel (4071-013-025) located adjacent west, across Chadron Avenue, totaling 8,407 square feet, or 0.19 acres of site area. In terms of physical features, each of the subject sites are generally rectangular in configuration and have level topography. The sites each have good exposure and good overall access. There are no physical limitations that would prohibit development of any of the by-right uses on each site, which all require discretionary approval via a design review committee.

Financial Feasibility

As outlined in the definition above, the highest and best use is predicated on the single use distilled from all physically possible and legally permissible uses, which is dictated by zoning and among these uses, the one use that will produce the greatest economic advantage to a vacant site is identified and more comprehensively analyzed. The financial feasibility of the legally permissible and physically possible uses is dependent on many variables including available financing, construction costs, affordable and available land at price levels appropriate in the market, and overall sufficient demand. It is evident from our analyses and market surveys that there are no other reasonably probable uses of the site that would generate a higher residual land value than the aforementioned legally permissible and physically possible uses. We have provided a comprehensive overview of these market indicators in the Market Analysis section and more succinctly in this analysis.

The area immediately surrounding the subject is largely improved with light industrial or low-to moderate-density residential, and some commercial uses, with limited industrial (M-1) zoning characteristics found to the east and west of the subject, General Commercial/Mixed-Use, C-3(MU) zoning land uses along the north side of West Rosecrans Avenue, and high-density residential (R-3) zoning attributes found to the south of the site. Clearly, the land uses within the immediate neighborhood surrounding the subject are relatively mixed, with other uses including General Commercial and Medium-density residential found within the immediate area.

As a result of increased demand for e-commerce, market conditions for industrial development peaked throughout southern California during the 24-month period following the COVID pandemic, with vacancy

rates reported by CoStar at 2.3% during Q1 2020 within the Gardena/Hawthorne Submarket and increasing to 3.5% during Q3 2024. However, because of the transitional nature of the Hawthorne submarket, the Gardena market, which is not experiencing the same level of demand may be skewing these figures; therefore, we also looked to the El Segundo/Beach Cities submarket, which depicted vacancy rates reported by CoStar at 1.3% during Q1 2020 and increasing to 2.4% during Q3 2024; however, it should be noted that this market is considered vastly superior to the Hawthorne submarket, but is being examined to bracket the diversifying Hawthorne submarket. Nevertheless, in both submarkets, the vacancy rates, although relatively low, nearly doubled, which tracked consistently with our conversations with market participants over the last 12 months who report slowing for industrial and related uses throughout the market as a result of labor shortages (increased labor costs), increased borrowing costs due to rising interest rates and more conservative lending practices, and inflationary pressures. Some of the slowing began approximately 6-12 months in several South Bay market and has seemingly propelled in the face of continued market uncertainty. In similar historical situations, land typically takes the biggest hit, as many of the other contributors (construction labor costs) remain consistent. As a result, the only transactions occurring, whether for sale or financing purposes, are found among investors (assemblage or speculation) or individuals who are compelled to sell, thus, further skewing pricing in the market over the last 6 months. An examination of industrial sale transactions within the Gardena/Hawthorne Submarket reports an average sale price of \$235 per square foot during Q1 2020, and \$302 per square foot in the current quarter. Similar to the discussion above, an examination of industrial sale transactions within the El Segundo/Beach Cities Submarket reports an average sale price of \$279 per square foot during Q1 2020, and \$390 per square foot in the current quarter; however, the skewing is even more pronounced in this market, as the previous quarters ranged from \$292 to \$1,811 per square foot and again, this is a vastly superior submarket.

Ultimately, due to an oversaturation of new industrial developments and market forces, demand and pricing are clearly softening from their peaks during mid-2022. Moreover, there was limited evidence of new construction in the subject neighborhood, as CoStar is showing no new construction in either the Gardena/Hawthorne or El Segundo/Beach Cities Submarkets. The Hawthorne submarket is almost fully built out, and most new construction would require razing of older existing structures, which would add to already high land prices rendering development infeasible in most cases. Based on a cursory review of the legally permissible uses and physical possibilities of the site, it is our opinion that it is not currently financially feasible to develop an industrial related use on either of the subject sites in the near term. However, in anticipation of market fundamentals returning within the next 1-3 years, there are investors who are seeking sellers in need of a forced sell, assemblage, or speculative opportunities. In the case of the subject property, the highest and best use of the site, as vacant, would be to hold for the development of an hold for an industrial/flex use constructed to the maximum development potential.

Maximum Productivity

There is only one use that creates maximum value and at the same time conforms to the requirements of the first three tests. Therefore, considering the data presented and analyzed in the market and neighborhood analysis sections herein, it is our opinion that the concluded highest and best use of the subject site As-Vacant is to hold (1-3 years) for development of an hold for an industrial/flex use constructed to the maximum development potential.

MOST PROBABLE BUYER

Based on our analysis, the most probable buyer for the subject, as vacant, would be a land speculator or local developer.

VALUATION METHODS

In traditional valuation theory, the three approaches to estimating the value of an asset are the cost approach, sales comparison approach, and income capitalization approach. Each approach assumes valuation of the property at the property's highest and best use. From the indications of these analyses, an opinion of value is reached based upon expert judgment within the outline of the appraisal process.

SITE VALUATION

Considering the subject comprises two nominally improved land sites with dilapidated improvements, the inclusion of a site value is a specific scope requirement of this assignment. Thus, the inclusion of an opinion of vacant land value for the Large and Small Parcels is deemed appropriate and is based on the principles outlined in the sales comparison approach below. Therefore, a valuation of the subject sites has been provided herein.

COST APPROACH

The cost approach considers the cost to replace the improvements, less accrued depreciation, plus the market value of the land. The cost approach is based on the understanding that market participants relate value to cost. The value of the property is derived by adding the value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation in the structure from all causes. Incentive for coordination by the entrepreneur is included in the value indication.

The subject is comprised of two nominally improved land sites with dilapidated improvements; therefore, the Cost Approach is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that this valuation technique is developed. Based on the preceding information, the Cost Approach will not be presented.

SALES COMPARISON APPROACH

The sales comparison approach provides an opinion of value based on what other purchasers and sellers in the market have agreed to as price for comparable properties. This approach is based upon the principle of substitution, which states that the limits of prices tend to be set by the prevailing prices of equally desirable substitutes. In conducting a Sales Comparison approach, data is researched and gathered on reasonably substitutable properties and qualitative or quantitative comparisons are applied and examined for transactional and property characteristics. The resulting comparative analysis led to an opinion of the price one might expect to realize upon sale of the property.

The subject consists of two improved land sites, as the identified improvements were noted as being in poor condition as of the date of value and are not considered to have any contributory value; therefore, an improved Sales Comparison Approach is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that this valuation technique be developed. Based on this reasoning, an Improved Sales Comparison Approach analysis is not presented within this appraisal.

INCOME CAPITALIZATION APPROACH

The income capitalization approach ("income approach") simulates the reasoning of an investor who views the cash flows that would result from the anticipated revenue and expense on a property throughout its lifetime. The subject is a vacant land site with no cash flow.

The Income Approach is not a scope requirement for this assignment. The subject property type is not typically analyzed on an income basis by buyers and sellers, reducing the applicability of this valuation technique. Therefore, the Income Approach is not developed.

CORRELATION AND CONCLUSION

Based on the agreed upon scope with the Client, the subject's specific characteristics and the interest and components appraised, this appraisal developed two Land Sales Comparison Approaches. The first analysis focuses on the "Large Parcel" and is followed by a second analysis for the "Small Parcel". The values presented represent the current Market Value (Fee Simple Estate). This appraisal does not develop the Cost Approach, Improved Sales Comparison Approach, or the Income Approach, which does not reduce the credibility of the analysis. Ultimately, the Land Sales Comparison Approaches were considered and were developed because there is adequate data to develop a value opinion, and this approach reflects market behavior for this property type.

INTRODUCTION – “LARGE PARCEL”

This section develops an opinion of value for the subject’s “Large Parcel” (4071-020-001, 002, 003, 004, & 005) site by comparing it with substitute land sales within the local competitive market area or within the larger market area found throughout the region. Land value is influenced by a number of factors, which are most notably found in the site’s location as well as its development and use potential. Typically, one of six different methods are used for the site valuation, which include:

- Sales Comparison
- Market Extraction
- Allocation
- Land Residual Analysis
- Ground Rent Capitalization
- Subdivision Development Analysis

The Sales Comparison Approach recognizes the highest and best use of the subject property as vacant and is based on the direct comparison of the subject to competitive land sales. Furthermore, the Sales Comparison approach is the most common technique for valuing vacant land sites or sites as though vacant, and it is the preferred method when comparable sales are available. To apply this method, data on sales of similar parcels of land is collected, analyzed, compared, and adjusted to provide a value indication for the site being appraised.

Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set by the cost of buying an equally desirable property, assuming no costly delay occurs in making the substitution. In addition to transactional elements, the sales price of a site generally reflects the demand for its location as well as the physical characteristics of the site such as size, shape, development potential or lack thereof (HBU), topography, etc. If the sales utilized consist of arm’s-length transactions where buyers and sellers are well informed, then a comparison of one sale to another can reveal the price paid for different relevant characteristics or attributes. This comparative analysis includes the consideration of all similar features and a corresponding analysis or adjustment for dissimilar features. Ultimately, the sale prices of the properties that are deemed most comparable to the subject establish a range in which the value of the subject property should fall. Further consideration of the comparative data will result in a figure representing the value of the subject based on the sourced definition of market value, which is the most probable price at which the site could be sold by a willing seller to a willing buyer on the identified date of the value.

COMPARABLE SELECTION

Through the analysis of sales of verified arm’s-length transactions, market value and price trends are identified within the subject’s competitive market area and market area. Based on our research, the land sales utilized are comparable to the subject’s parcel relative to physical, functional, legal, and economic characteristics. Specifically, the following subject characteristics were given elevated consideration in the selection process:

- The “Silicon Beach” market is generally seen as encompassing Santa Monica, Venice, Marina del Rey, Playa Vista, Playa del Rey, El Segundo, Manhattan Beach, Hermosa Beach, and parts of Culver City; however, as land and land use limitations place pressure for startups or expansion into these already dense markets, several outlying cities, such as Hawthorne, have experienced some growth. As such, we have attempted to keep the sales as locationally relevant as possible.

- The Market Analysis and Highest and Best Use analysis provide the foundation for understanding supply and demand fundamentals and ultimately identifying land comparables for use in the Land Sales Comparison Approach. Based on the future development potential, our conclusion of the Highest and Best Use analysis was identified as “industrial/flex” use. We searched for land comparables with similar highest and best use and overall orientation as the subject land as well as similar development potential.
- The subject is situated in an extremely dense and an almost fully built-out market, with most new construction being the result of demolishing/razing older industrial properties and other similar infill sites. Therefore, we extended our search radius beyond the Gardena/Hawthorne Submarket in order to locate similar sized land sales with similar Highest and Best use potential. Although many of the sales have commercial zoning designations, the subject’s M-1 zoning allows for “Any use permitted in the C-3 zone” (unless a CUP is needed). As such, despite the “Limited Industrial” label, the subject’s zoning allows for a wide variety of land uses and development potential, which includes industrial, commercial, and live work (residential). Therefore, one of the more important elements of comparison would be the FAR (Floor Area Ratio), which we have researched and reported for each comparable.

Comparable sales are presented, which were selected due to their similarity in physical, locational, and economical attributes. They represent the most recent and relevant comparable sales available for this analysis. Emphasis was given to the subject’s location and development potential or lack thereof.

UNIT OF COMPARISON

Based on our conversations with market participants, the most relevant unit of comparison for similar land uses is the \$/SF. All comparable sales presented in this section were reported on this basis.

PRESENTATION

A search for comparable land sales was conducted through a variety of data resources to identify the most recent sales that a buyer would consider as a viable alternative to the subject property. Data sources utilized in our search include internal files, MLS, CoStar, Reis, Crexi, Catylist, public records, field research, and interviews with local market participants, which were conducted to obtain and verify land sales that are comparable to the subject and have recently sold in the competitive market area. The following parameters were used in our search for land sales in the development of a value opinion for the subject’s land:

- **Location:** 10-Mile radius from the subject, with a focus on Silicon Beach or adjacent markets
- **Date of Sale:** Within two and half years (30 months) from the date of value
- **Property Type:** Industrial or commercial land transactions with similar land uses
- **Parcel Size:** Roughly half acre to five-acres with similar development potential.

The sales were adjusted for any differences in interest conveyed (leased fee versus fee simple), financing, conditions of sale, expenditures made immediately after sale, market conditions, location, physical characteristics (size, access/exposure, shape, zoning (HBU), topography, entitlements, FAR (development potential), etc.). The sales utilized maintain largely similar highest and best use as compared to the subject property.

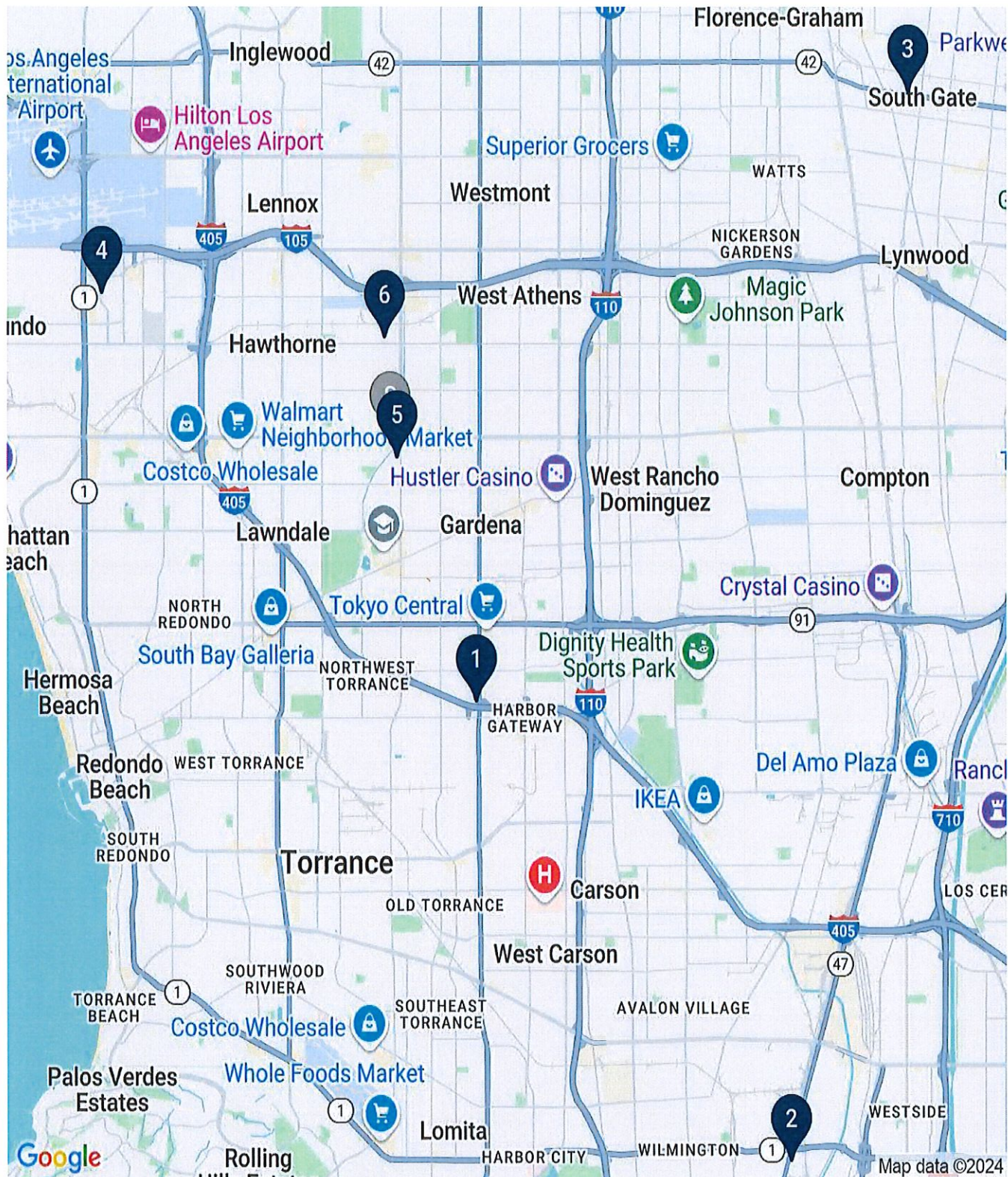
The sales have been confirmed or verified through a variety of resources including public records, a party to the transaction (buyer, seller, or agent/broker), and/or the recorded deed. All information presented is believed to be accurate based upon information available during the course of the research carried out. Sales

lacking sufficient information or conflicting information on an essential element of the data have been omitted from the analysis.

Presented below and on the following pages are a comparable land sales comparison table, a comparable sales map, a comparative analysis of the comparable sales, and a reconciliation of the unit of comparison into an indicated value for the subject property via the Land Sales Comparison approach.

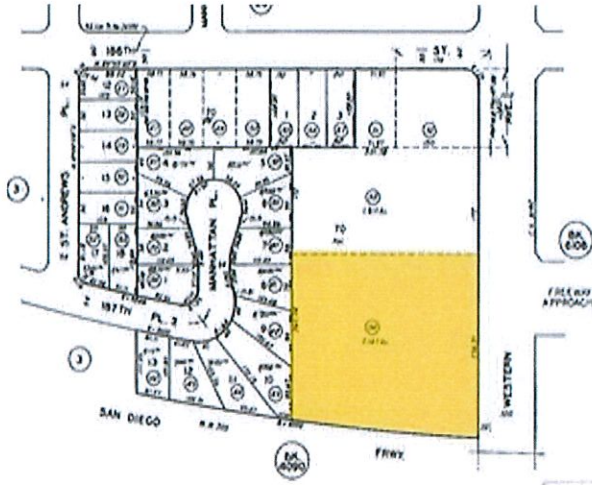
| LAND SALES COMPARISON TABLE | | | | | | | |
|--------------------------------------|--|------------------------------|---|--|------------------------------|----------------------------|------------------------------|
| | SUBJECT | COMP 1 | COMP 2 | COMP 3 | COMP 4 | COMP 5 | COMP 6 |
| Address | 3136, 3138 & 3152 West Rosecrans Avenue & 14312 - 14314 Chadron Avenue | 18715 S Western Ave | 1248 Alameda St | 3125 Firestone Blvd | 600 Lairport St | 3127 W 147th St | 12621 & 12719 Chadron Ave |
| City | Hawthorne | Torrance | Los Angeles | South Gate | El Segundo | Gardena | Hawthorne |
| State | CA | CA | CA | CA | CA | CA | CA |
| Zip | 90250 | 90504 | 90744 | 90280 | 90245 | 90249 | 90250 |
| County | Los Angeles | Los Angeles | Los Angeles | Los Angeles | Los Angeles | Los Angeles | Los Angeles |
| Submarket | Gardena/Hawthorne | Gardena/Hawthorne | San Pedro 7428-003-048, 7428-003-049, 7428-003-039, 7428-003-038, 7428-003-037, 7428-003-036, 7428-003-035 | Mid-Cities 6204-006-054, 6204-006-055, 6204-006-059, 6204-006-058 | El Segundo/Beach Cities | Gardena/Hawthorne | Gardena/Hawthorne |
| Parcel | Large Parcel | 4096-001-054 | | | 4138-019-007 | 4071-019-035 | 4049-007-045, 4049-007-046 |
| SALE INFORMATION | | | | | | | |
| Transaction Price | | \$11,000,000 | \$4,046,000 | \$5,000,000 | \$6,050,000 | \$3,200,000 | \$22,750,000 |
| Transaction Price \$/SF | | \$117 | \$97 | \$87 | \$123 | \$109 | \$154 |
| Property Rights ¹ | | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Financing ² | | Cash to Seller | Cash to Seller | Cash to Seller | Cash to Seller | Cash to Seller | Cash to Seller |
| Sale Conditions ³ | | None | None | None | None | None | None |
| Expenditures After Sale ⁴ | | \$0 | \$0 | \$0 | \$250,000 4.1% | \$0 | \$410,000 1.8% |
| Market Conditions ⁵ | | 8/16/2024 | 1/15/2024 (4%) | 7/21/2023 (7%) | 5/23/2023 (8%) | 4/21/2023 (8%) | 4/8/2022 (15%) |
| Sale Status | | Recorded | Recorded | Recorded | Recorded | Recorded | Recorded |
| Recording Number | | 550231 | 42741 | 482180 | 334106 | 257090 | 390468 |
| Marketing Status | | Open Market | Open Market | Open Market | Open Market | Open Market | Unknown |
| Marketing Period (Months) | | 3.6 Months | 2.3 Months | 2.0 Months | 8.8 Months | 0.0 Months | - |
| Total Transactional Adjustments | | \$0 0% | (\$4) (4%) | (\$6) (7%) | (\$5) (4%) | (\$9) (8%) | (\$20) (13%) |
| Adjusted \$/SF | | \$117 | \$93 | \$81 | \$118 | \$100 | \$134 |
| PHYSICAL INFORMATION | | | | | | | |
| Location | Good | Very Good <i>Superior</i> | Below Average <i>Inferior</i> | Average <i>Inferior</i> | Excellent <i>Superior</i> | Average <i>Inferior</i> | Good <i>Superior</i> |
| Square Feet | 56,486 | 93,700 | 41,699 | 57,590 | 49,073 | 29,277 | 147,604 |
| Acres | 1.30 | 2.15 <i>Superior</i> | 0.96 | 1.32 | 1.13 | 0.67 | 3.39 <i>Superior</i> |
| Access & Exposure | Good | Very Good <i>Superior</i> | Good | Very Good <i>Superior</i> | Very Good <i>Superior</i> | Average <i>Inferior</i> | Very Good <i>Superior</i> |
| Shape | Rectangular | Rectangular | Irregular | L-Shaped | Rectangular | Rectangular | L-Shaped |
| Zoning | M-1 | C2 | M3-1VL <i>Inferior</i> | CDR1 & NL | CO | C-3 | M-2 |
| Topography | Level | Level | Level | Level | Level | Level | Level |
| Entitlements | None | None | None | None | None | None | None |
| Utilities | to the site | Similar | Similar | Similar | Similar | Similar | Similar |
| Permitted FAR | 1.75 | 1.00 <i>Inferior</i> | 1.50 | 2.00 | 0.80 <i>Inferior</i> | 1.00 <i>Inferior</i> | 1.75 |
| \$/SF | | \$117 | \$93 | \$81 | \$118 | \$100 | \$134 |
| OVERALL COMPARISON | | SUPERIOR | INFERIOR | INFERIOR | SUPERIOR | INFERIOR | SUPERIOR |

SITE VALUATION – LARGE PARCEL

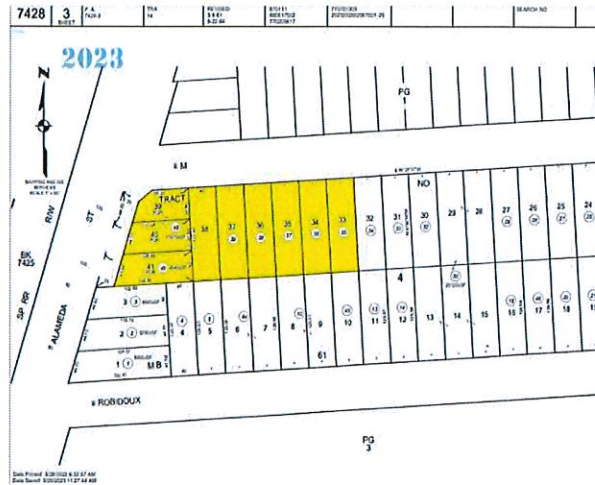


| COMPARABLE | LABEL | ADDRESS | MILES FROM SUBJECT |
|--------------|-------|---|--------------------|
| COMPARABLE 1 | 1 | 18715 S Western Ave, Torrance, CA, 90504 | 3.0 |
| COMPARABLE 2 | 2 | 1248 Alameda St, Los Angeles, CA, 90744 | 9.3 |
| COMPARABLE 3 | 3 | 3125 Firestone Blvd, South Gate, CA, 90280 | 7.5 |
| COMPARABLE 4 | 4 | 600 Lairport St, El Segundo, CA, 90245 | 3.9 |
| COMPARABLE 5 | 5 | 3127 W 147th St, Gardena, CA, 90249 | 0.2 |
| COMPARABLE 6 | 6 | 12621 & 12719 Chadron Ave, Hawthorne, CA, 90250 | 1.1 |

LAND SALE EXHIBITS



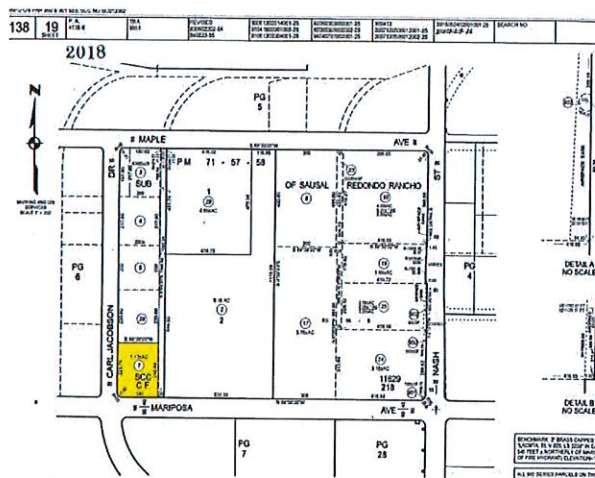
COMPARABLE 1



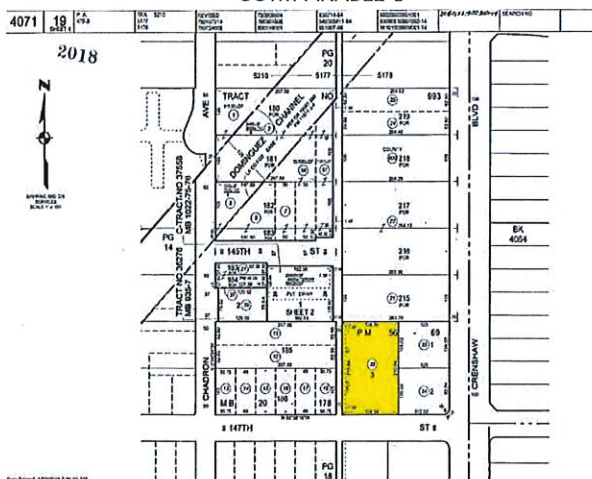
COMPARABLE 2



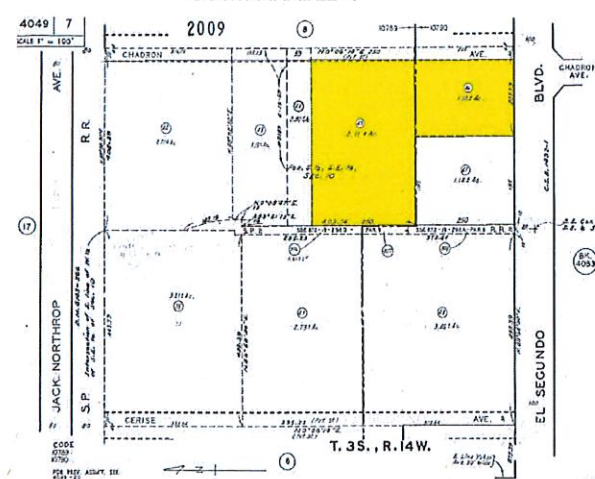
COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

ANALYSIS OF COMPARABLE SALES

Elements of comparison are the characteristics of properties and transactions that cause the individual sale prices to vary. In examining all potential impacts to land value, we have considered and compared relevant differences between the comparable properties and the subject's land. Qualitative comparisons for these differences have been made for each element of comparison against the individual land sales, as illustrated in the Land Sale Comparison Table on the previous pages. The common elements of comparison considered in this Land Sale Comparison analysis, which examines the various land components separately, are summarized below.

TRANSACTIONAL ADJUSTMENTS

Transactional adjustments were considered and made when warranted for property rights, financing terms, conditions of sale, expenditures made immediately after purchase, and market conditions. Although not specifically relevant to this assignment, these adjustments are given priority in the sequence of the adjustment process and examined in a particular order, as they allow for the extraction of capitalization rates at a certain level, as the development of real property rights conveyed, financing terms, conditions of sale, and expenditures are made.

Property Rights

The initial element of comparison in the valuation process is to identify the real property interest to be appraised. Once established, the appropriate market data can be examined for comparison to the subject. This element considers the bundle of rights associated with the property, which generally consist of the fee simple, leased fee, or leasehold estates. Property rights conveyed can affect the sale price of a transaction. Given that most vacant land sells based on a fee simple basis when traded, the fee simple interest is typically what conveys with the property. In the case of the subject, a fee simple interest is being examined.

- All land sales utilized in our analysis were fee simple sales reflecting the property rights appraised herein per the agreed upon scope of work. As such, no adjustments were warranted.

Financing

Financing terms can have a significant impact on the transaction and since cash or financing often influence the consideration paid for a particular property, the transaction price of one property may differ from that of an identical property due to different financial arrangements. Therefore, it is imperative to analyze the sales based on cash equivalency, as we are estimating the current market value of the subject, which is determined by monetary consideration. In some cases, buyers pay higher prices for properties to obtain below-market financing. Conversely, interest rates at above market levels often result in lower sales prices.

- All sales reflected typical cash or cash equivalent, lender-financed transactions, and no adjustments were required for financing terms.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who was under duress to complete the transaction. For example, a buyer may pay more than the market value for a property located adjacent to one already owned for assemblage purposes or additional parking. Conversely, a sale may transact below market value because the seller needs an expedited sale. A financial, business, or family relationship between the parties may also affect the price of the property. Another typical conditions of sale adjustment involves a comparable that is actively listed for sale or was part of a 1031 exchange.

When nonmarket conditions of sale are detected in a transaction, the sale can be used as a comparable, but great care is required. More importantly, the circumstances of the sale must be thoroughly researched before an adjustment is made, and the conditions must be adequately disclosed in the appraisal report.

- None of the Sale Comparables required a conditions of sale adjustment, as all were confirmed to be arm's-length transactions.

Expenditures Made Immediately After Sale

A knowledgeable buyer considers expenditures that must be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include: (1) costs to cure deferred maintenance, (2) costs to demolish and remove any portion of the improvements, (3) costs to petition for a zoning change, and/or (4) costs to remediate environmental contamination. The relevant figure is not the actual cost that was incurred, but the cost that was anticipated by both the buyer and seller.

- Sales 2, 4, and 6 maintained some level of improvement on each property at the time of sale. In some instances, the buyer may take this into consideration when making an offer. If this was part of the buying decision, we added the cost to demolish and remove the improvements to each sale price, which was based on conversations with a party to the transaction and/or cost estimates based on the Marshall Valuation Service Cost handbook. The improvements that were on Sale 2, were minimal and did not impact the price, so no adjustment was made. The remaining sales had no atypical buyer expenditures that were discovered during the verification process.

Market Conditions

Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. The effective date of the appraisal is September 12, 2024, while the sales utilized in our analysis transacted between April 2022 and August 2024. Changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. Although the adjustment for market conditions is often referred to as a "time" adjustment, time is not the cause of the adjustment. Market conditions that change over time create the need for an adjustment, not time itself. If market conditions have not changed, no adjustment is required even though considerable time may have elapsed.

- Based on the analysis performed, which includes research and interpretation of value trends of the comparables presented herein, market conditions have continued to increase since the trough in 2012 (slight pause at the onset of COVID), which lasted through the 24-month period following COVID. The last 24 months have seen some stabilization in the industrial market due to the previously identified market conditions. This has become more pronounced over the past 6 months, as many buyers are considering higher interest rates and costs (construction and labor) to be the "new normal". As such, as is the case historically, land becomes the most pliable piece of the equation resulting in reduced land prices for construction feasibility. As a result, industrial land use sales have been limited due to lack of supply of undeveloped land; therefore, based on a review of sales, we have applied a modest adjustment of -6% annually for any sales older than 3 months.

QUALITATIVE ADJUSTMENT PROCESS

Qualitative adjustments are examined for the transactional adjustments previously noted as well as for differences in location, physical (size, access/exposure, shape, zoning (HBU), topography, entitlements, FAR (development potential), etc.), economic, legal, and non-realty characteristics. Where possible, the adjustments applied are based on paired data, statistical analysis, or some other technique. It should be stressed that the adjustments are subjective in nature and do not maintain an equal level of magnitude for

each of the individual adjustments but rather attempt to illustrate the logic used in deriving a value opinion for the subject via the Land Sales Comparison Approach.

PROPERTY COMPARISONS

Locational Characteristics – General and Specific

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. These include but are not limited to, general neighborhood characteristics, proximity to freeways, railroad tracks, or other uncontrollable external influences, and other locational factors. The adjustment for location realizes that properties in areas of active growth and development as well as those that offer good accessibility to linkages and other services typically sell for a higher price when compared to properties that do not offer these attributes, with all other factors held constant. The relative desirability of each site in relation to the subject is shown within the previously depicted comparison table.

Location adjustments reflect the increase or decrease in value attributable to the property's location or neighborhood. The subject is located in the southeastern portion of Hawthorne roughly 1.6 miles south of Interstate 105. The proximity to these external influences is considered average when compared to properties outside of these influences.

Sale 1 is located in the city of Torrance, along the submarket boundary of Torrance and Gardena/Hawthorne, which is considered superior given the current asking rates (~5.7% higher than the subject's submarket) for industrial/commercial space in the city of Torrance. Sale 2 is located in the Wilmington neighborhood of the city of Los Angeles, and the surrounding area is densely developed with heavy industrial uses and oil refineries and is therefore considered inferior. Sale 3 is located in the city of South Gate, which is considered inferior given its submarket asking rents (~16.5% lower than the subject's submarket) for industrial/commercial space. Sale 4 is located in El Segundo, which is considered to be part of the "Silicon Beach" market, thus a downward adjustment was required for this property's superior location and industrial/commercial asking rents (~58.3% higher than the subject's submarket). Although within the same submarket, Sale 5 is considered inferior, as the Gardena market is not experiencing the same level of high-quality tenants and asking rents within Gardena are lower than Hawthorne. Even though Sale 6 is located in the city of Hawthorne, it is located in a superior area of the city in closer proximity to Space X and other similar users.

Physical Characteristics

If the physical characteristics of a comparable property and the subject property differ, each of the differences may require comparison and refinement to the comparable. The most notable physical differences for comparable industrial land sales in this market include size, access/exposure, shape, zoning, topography, entitlements, and floor area ratio (FAR). Therefore, for purposes previously identified relating to the subject's flexible allowable uses, we have compared commercial or industrial zoned land sales to the subject for differences relative to these characteristics and made appropriate qualitative comparisons, which were presented in the land sales comparison table.

Parcel Size – The subject's "Large Parcel" consists of 5 contiguous parcels that collectively comprise of 56,486 square feet or 1.30 acres of land area. All else being equal, an inverse relationship typically exists between the price of a site (based on a unit of comparison) and its size, as a larger parcel will typically sell at a lower price per square foot, while a smaller parcel with a similar location and utility will typically sell at a higher price per square foot. This is generally true of most markets but can be the inverse as well or demonstrate no price difference. Based on conversations with market participants, 6-12 months ago, there was a much larger spread with a preference for larger industrial parcels, as they are rare in this fully built out market, thus, command

significant demand and sell at higher price per square foot. More recently, conversations with brokers reveal that market participants continue to have a preference for larger parcels but with the current market volatility, will not pay a significant premium. As such, larger parcels are still considered slightly superior due to the lack of overall supply, and we have applied adjustments for parcels larger than 2 acres. As a result, Sales 1 and 6 are considered superior given their relatively larger sizes. The remaining sales are considered similar relative to size when compared to the subject.

Access & Exposure – Access reflects the proximity to transportation facilities, linkages, and ease of site access, while exposure reflects a site's frontage, visibility, and orientation. The subject property is located on southeast corner of West Rosecrans Avenue and Chadron Avenue, with Rosecrans being a heavily travelled major arterial and Chadron a connector street in this market. There is infrastructure directly in front of the subject, with a storm drain, curbs, with pedestrian and vehicular access to the site provided along both avenues. Ultimately, the subject is considered to have good access and good exposure overall.

Sale 1 is a corner site along a major arterial, with exposure along Interstate 405, which is considered superior. Sale 3 is a double corner site along a heavily travelled major arterial and two connector streets and is considered superior. Sales 4 and 6 are also considered superior given their corner sites, along a heavily travelled arterial and moderately travelled secondary street. Additionally, Sale 6 offers significantly larger frontage and superior access. Sale 5 is an interior site and is considered inferior. The remaining sale is considered similar.

Shape – The subject maintains a rectangular configuration. Most sites in this market maintain an irregular, rectangular, or trapezoidal configuration. Depending on the shape of a site can render development more or less restrictive. All sales collectively maintain more conventional lot shapes/configurations and do not require adjustment.

Zoning – Zoning reflects a property's allowable uses and related development standards. As result, this element of comparison really comes down to allowable land uses. The subject's zoning is Limited Industrial (M-1), which allows for light industrial uses and limited commercial uses (including live work residential uses). The collective land sales data set are comprised of mostly similarly zoned parcels that allow for industrial, commercial, mixed use, and other related uses. Sale 2 strictly allows industrial uses, thus, is considered inferior. The remaining sales maintain relatively similar allowable uses and do not require adjustment.

Topography – The shape and topography of land generally determine potential uses (e.g., the more level the land, the greater the utility). The subject site is level at street grade, similar to all the sales. Therefore, the comparables are collectively considered to be similar to the subject property.

Entitlements – Development land with entitlements, permits, or approvals are often viewed as desirable as it minimizes risk and the development timeline. As such, these elements can considerably enhance pricing and value. The subject has undergone some level of design review but has not received any level of entitlement for development of the site. The comparables are not entitle and are collectively considered to be similar to the subject property.

Utilities – Access to utilities adds significant value. The typical distributed services generally add value to a property for various convenience factors. The subject property is currently used for a steel fabrication business and is located within an area that is served by distributed electricity and water, gas, and sewer services; therefore, utilities are all available at the subject property. All sales are similarly situated within densely developed areas and maintain similar access and availability to utilities; therefore, do not require adjustment.

Floor Area Ratio (FAR) – The FAR is the relationship between the above-ground floor area of a proposed building, as described by the zoning, building code, or general plan, and the area of the land upon which it

stands. In planning and zoning, the FAR is often expressed as a decimal, e.g., a ratio of 2.0 indicates that a permissible building area can be twice the total land area.

The subject is situated in an extremely dense and almost fully built-out market, with most new construction being the result of demolishing/razing older industrial properties and other similar infill sites. As such, sites with higher FARs are often preferred by market participants. As previously noted, there is some inconsistency between the zoning code and the general plan; however, conversations with Gregg McClain, Planning Director, indicate that the subject has an FAR of 1.75. Nevertheless, while this level of FAR is highly unusual for an industrially zoned parcel, all permitted uses outlined in the zoning code are subject to approval via a design review committee to ensure consistency with the character of the area and to ensure that any new development is not developed beyond other neighboring uses. The subject's maximum FAR allowed by the city of Hawthorne is 1.75, which is slightly lower than allowed by the subject's M-1 zone, and above the maximum allowable FAR by the City's General Plan designation. Sales 1, 4 and 5 are considered inferior, with FARs ranging from 0.8 to 1.0. The remaining sales maintain relatively similar FARs as compared to the subject and do not require adjustment.

Economic Characteristics

Economic characteristics include all attributes of a property that directly affect its income. Since this subject and land comparable sales have no attributable income, this element of comparison is not considered relevant.

Non-Realty Components of Value

Non-realty components of value include chattel, business concerns, and other items that do not constitute real property but are included in either the sale price of the comparable property or the ownership interest in the subject property. These components should be analyzed separately from the real property. In most cases, the economic lives, associated investment risks, rate of return criteria, and collateral security for such non-realty components differ from those of the real property. Since this subject and comparable land sales have no non-realty items, this element of comparison is not considered relevant.

Summary of Adjustments

Based on the preceding comparative analysis, we have summarized the comparisons applied to the comparable land sales on the following page. As previously noted, these comparisons are based on the pairing of data points or statistical analysis, where possible. Nevertheless, an analysis of researched data points, market trends, and conversations with market participants aided in drawing conclusions relative to the comparisons of the sales to the subject. Ultimately, the comparison process is subjective in nature and is intended to demonstrate how the corresponding elements of comparison impacted the transactional, physical, locational, legal, or economic characteristics of the individual comparables, with varying levels of magnitude as all comparisons were not equally weighted. The analysis is intended to demonstrate the logic used in reconciling and developing a land value opinion for the subject's land. The key elements of the comparables are summarized below.

LAND VALUE CONCLUSION

The subject has several unique features, the overall quality and availability of data was considered limited for industrial land site, while the quantity of data points was considered limited and necessitated expansion of the search parameters into other submarkets. The six land sales used in the analysis are demonstrative of land transactions within the subject's competitive market area. The comparable land sales reflect an adjusted price range of \$81 to \$134 per SF, with parcel sizes ranging from 29,277 to 147,604 square feet.

| LAND SALES SUMMARY | | | | | | | |
|--------------------|---------------------|--------------|---|------------------|---------------|---------------------|--------------|
| SALE | OVERALL COMPARAISON | DATE OF SALE | LOCATION | MUNICIPALITY | SF | ADJUSTED SALE PRICE | \$/SF |
| 6 | SUPERIOR | 4/8/2022 | 12621 & 12719 Chadron Ave | Hawthorne | 147,604 | \$19,778,936 | \$134 |
| 4 | SUPERIOR | 5/23/2023 | 600 Lairport St | El Segundo | 49,073 | \$5,790,614 | \$118 |
| 1 | SUPERIOR | 8/16/2024 | 18715 S Western Ave | Torrance | 93,700 | \$11,000,000 | \$117 |
| | SUBJECT | | 3136, 3138 & 3152 West Rosecrans Avenue & 14312 - 14314 Chadron Avenue | Hawthorne | 56,486 | \$5,930,000 | \$105 |
| 5 | INFERIOR | 4/21/2023 | 3127 W 147th St | Gardena | 29,277 | \$2,927,700 | \$100 |
| 2 | INFERIOR | 1/15/2024 | 1248 Alameda St | Los Angeles | 41,699 | \$3,878,007 | \$93 |
| 3 | INFERIOR | 7/21/2023 | 3125 Firestone Blvd | South Gate | 57,590 | \$4,664,790 | \$81 |

An analysis of the land sites utilized indicates that Sales 1, 4, and 6 are overall superior based on a variety of property characteristics previously described and analyzed. These sales range from \$117 to \$134 per SF, and based on a comparative analysis of these sales, the subject’s land value has been concluded to be below this range of data points.

An analysis of the land sites utilized indicates that Sales 2, 3, and 5 are overall inferior based on a variety of property characteristics previously described and analyzed. These sales range from \$81 to \$100 per SF, and based on a comparative analysis of these sales, the subject’s land value has been concluded to be above this range of data points.

Based on the comparative analysis described above and summarized in the Land Sales Comparison table on the previous pages, it is my conclusion that the land value of the subject would fall somewhere between the transaction prices indicated by Land Sales 1 and 5 (\$100 to \$117 per SF), with greater emphasis given to the lower end of the range given the similarities of Sale 5 and conversations with market participants. Emphasizing the definition of Market Value used in this appraisal, we have concluded that the market value of the subject as vacant is \$105 per SF as of the date of value.

| LAND SALES COMPARISON APPROACH CONCLUSION (SF) | | | | | |
|--|-------------|----------------------------|----------|-----------------------|-----------------|
| | TRANSACTION | ADJUSTMENT | | | FINAL |
| | PRICE | TRANSACTIONAL ¹ | ADJUSTED | PROPERTY ² | |
| 1 | \$117 | 0% | \$117 | 0% | SUPERIOR |
| 2 | \$97 | (4%) | \$93 | 0% | INFERIOR |
| 3 | \$87 | (7%) | \$81 | 0% | INFERIOR |
| 4 | \$123 | (4%) | \$118 | 0% | SUPERIOR |
| 5 | \$109 | (8%) | \$100 | 0% | INFERIOR |
| 6 | \$154 | (13%) | \$134 | 0% | SUPERIOR |
| | | SUBJECT SF | | \$/SF | VALUE |
| Primary Land | | 56,486 | x | \$105 = | \$5,931,030 |
| INDICATED VALUE (ROUNDED TO NEAREST \$10,000) | | | | \$105 | \$5,930,000 |

¹Cumulative ²Additive

INTRODUCTION – “SMALL PARCEL”

This section develops an opinion of value for the subject’s “Small Parcel” (4071-013-025) site by comparing it with substitute land sales within the local competitive market area or within the larger market area found throughout the region. Land value is influenced by a number of factors, which are most notably found in the site’s location as well as its development and use potential. Similar to the prior valuation of the “Large Parcel”, this section will utilize the Sales Comparison method in the site valuation of the “Small Parcel”.

The Sales Comparison Approach recognizes the highest and best use of the subject property as vacant and is based on the direct comparison of the subject to competitive land sales. Furthermore, the Sales Comparison approach is the most common technique for valuing vacant land sites or sites as though vacant, and it is the preferred method when comparable sales are available. To apply this method, data on sales of similar parcels of land is collected, analyzed, compared, and adjusted to provide a value indication for the site being appraised.

COMPARABLE SELECTION

Similar to the “Large Parcel” analysis, through an examination of sales of verified arm’s-length transactions, market value and price trends are identified within the subject’s competitive market area and market area. Based on our research, the land sales utilized are comparable to the subject’s parcel relative to physical, functional, legal, and economic characteristics. Specifically, the following subject characteristics were given elevated consideration in the selection process:

- The “Silicon Beach” market is generally seen as encompassing Santa Monica, Venice, Marina del Rey, Playa Vista, Playa del Rey, El Segundo, Manhattan Beach, Hermosa Beach, and parts of Culver City; however, as land and land use limitations place pressure for startups or expansion into these already dense markets, several outlying cities, such as Hawthorne, have experienced some growth. As such, we have attempted to keep the sales as locationally relevant as possible.
- The Market Analysis and Highest and Best Use analysis provide the foundation for understanding supply and demand fundamentals and ultimately identifying land comparables for use in the Land Sales Comparison Approach. Based on the future development potential, our conclusion of the Highest and Best Use analysis was identified as “industrial/flex” use. We searched for land comparables with similar highest and best use and overall orientation as the subject land as well as similar development potential.
- The subject is situated in an extremely dense and an almost fully built-out market, with most new construction being the result of demolishing/razing older industrial properties and other similar infill sites. Therefore, we extended our search radius beyond the Gardena/Hawthorne Submarket in order to locate similar sized land sales with similar Highest and Best use potential. Although many of the sales have commercial zoning designations, the subject’s M-1 zoning allows for “Any use permitted in the C-3 zone” (unless a CUP is needed). As such, despite the “Limited Industrial” label, the subject’s zoning allows for a wide variety of land uses and development potential, which includes industrial, commercial, and live work (residential). Therefore, one of the more important elements of comparison would be the FAR (Floor Area Ratio), which we have researched and reported for each comparable.

Comparable sales are presented, which were selected due to their similarity in physical, locational, and economical attributes. They represent the most recent and relevant comparable sales available for this analysis. Emphasis was given to the subject’s location and development potential or lack thereof.

UNIT OF COMPARISON

Based on our conversations with market participants, the most relevant unit of comparison for similar land uses is the \$/SF. All comparable sales presented in this section were reported on this basis.

PRESENTATION

A search for comparable land sales was conducted through a variety of data resources to identify the most recent sales that a buyer would consider as a viable alternative to the subject property. Data sources utilized in our search include internal files, MLS, CoStar, Reis, Crexi, Catylist, public records, field research, and interviews with local market participants, which were conducted to obtain and verify land sales that are comparable to the subject and have recently sold in the competitive market area. The following parameters were used in our search for land sales in the development of a value opinion for the subject's land:

- **Location:** 5-Mile radius from the subject, with a focus on Hawthorne/Gardena Submarket or adjacent markets
- **Date of Sale:** Within nine months from the date of value
- **Property Type:** Industrial or commercial land transactions with similar land use
- **Parcel Size:** Roughly 4,000 to 20,000 square feet and with similar development potential.

The sales were adjusted for any differences in interest conveyed (leased fee versus fee simple), financing, conditions of sale, expenditures made immediately after sale, market conditions, location, physical characteristics (size, access/exposure, shape, zoning (HBU), topography, entitlements, FAR (development potential), etc.). The sales utilized maintain largely similar highest and best use as compared to the subject property.

The sales have been confirmed or verified through a variety of resources including public records, a party to the transaction (buyer, seller, or agent/broker), and/or the recorded deed. All information presented is believed to be accurate based upon information available during the course of the research carried out. Sales lacking sufficient information or conflicting information on an essential element of the data have been omitted from the analysis.

Presented below and on the following pages are a comparable land sales comparison table, a comparable sales map, a comparative analysis of the comparable sales, and a reconciliation of the unit of comparison into an indicated value for the subject property via the Land Sales Comparison approach.

LAND SALES COMPARISON TABLE

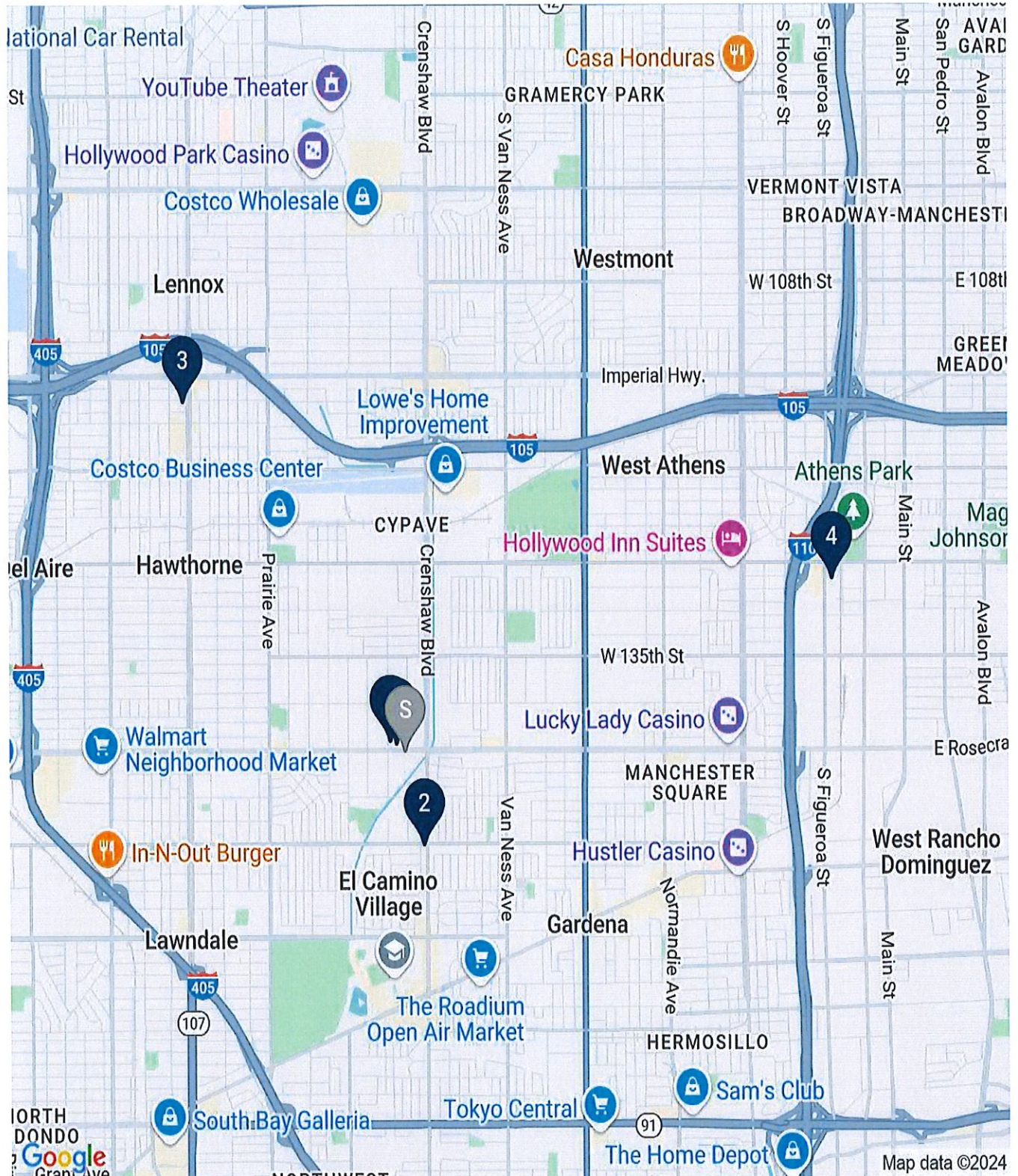
| SUBJECT | COMP 1 | COMP 2 | COMP 3 | COMP 4 | COMP 5 | |
|-----------|----------------------------|-------------------|---------------------|----------------------------|-------------------|--------------------|
| Address | 3208 West Rosecrans Avenue | 14150 Lemoli Ave | 15101 Crenshaw Blvd | 11605 Hawthorne Blvd | 400 W 129th St | 3239 Rosecrans Ave |
| City | Hawthorne | Hawthorne | Gardena | Hawthorne | Los Angeles | Hawthorne |
| State | CA | CA | CA | CA | CA | CA |
| Zip | 90250 | 90250 | 90249 | 90250 | 90061 | 90250 |
| County | Los Angeles | Los Angeles | Los Angeles | Los Angeles | Los Angeles | Los Angeles |
| Submarket | Gardena/Hawthorne | Gardena/Hawthorne | Gardena/Hawthorne | Gardena/Hawthorne | Gardena/Hawthorne | Gardena/Hawthorne |
| Parcel | Small Parcel | 4052-023-036 | 4070-001-001 | 4044-015-006, 4044-015-025 | 6132-015-035 | 4052-023-011 |

SALE INFORMATION

| | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|---------------------|
| Transaction Price | \$750,000 | \$2,400,000 | \$3,750,000 | \$600,000 | \$1,725,000 |
| Transaction Price \$/SF | \$96 | \$175 | \$191 | \$76 | \$110 |
| Property Rights ¹ | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Financing ² | Cash to Seller | Cash to Seller | Cash to Seller | Cash to Seller | Cash to Seller |
| Sale Conditions ³ | None | None | None | None | Active Listing (5%) |
| Expenditures After Sale ⁴ | \$0 | \$0 | \$0 | \$0 | \$0 |
| Market Conditions ⁵ | 5/1/2024 (2%) | 4/9/2024 (3%) | 12/8/2023 (5%) | 10/4/2023 (6%) | - |
| Sale Status | Recorded | Recorded | Recorded | Recorded | Listing |
| Recording Number | 285737 | 230405 | 857847 | 673248 | - |
| Marketing Status | Open Market | Open Market | Open Market | Open Market | Open Market |
| Marketing Period (Months) | 6.4 Months | 6.3 Months | 6.2 Months | 4.9 Months | 11.3 Months |
| Total Transactional Adjustments | (\$2) (2%) | (\$4) (2%) | (\$9) (5%) | (\$4) (5%) | (\$5) (5%) |
| Adjusted \$/SF | \$94 | \$171 | \$182 | \$72 | \$105 |

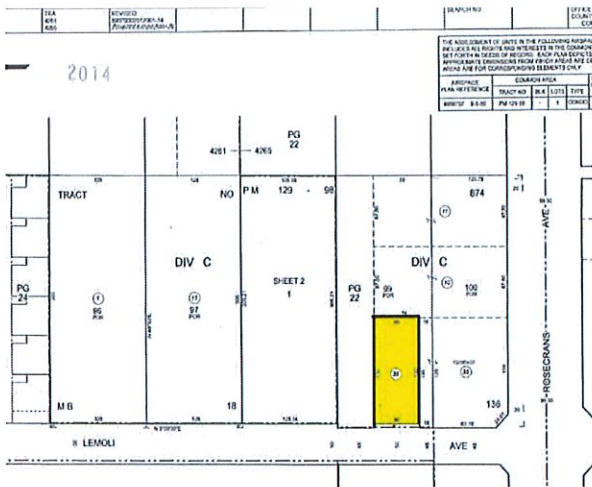
PHYSICAL INFORMATION

| | | | | | | |
|--------------------|-----------------------|----------------------------|------------------------------|------------------------------|----------------------------------|----------------------------|
| Location | Good | Good | Average <i>Inferior</i> | Very Good <i>Superior</i> | Below Average <i>Inferior</i> | Good |
| Square Feet | 8,407 | 7,800 | 13,748 | 19,639 | 7,877 | 15,662 |
| Acres | 0.19 | 0.18 | 0.32 | 0.45 | 0.18 | 0.36 |
| Access & Exposure | Good | Average <i>Inferior</i> | Excellent <i>Superior</i> | Good | Below Average <i>Inferior</i> | Average <i>Inferior</i> |
| Shape | Rectangular | Rectangular | Rectangular | Rectangular | Rectangular | Rectangular |
| Zoning | M-1 | C-3(MU) | C-2 <i>Superior</i> | C-3 | M-1.5-IP-GZ <i>Inferior</i> | C-3(MU) |
| Topography | Level | Level | Level | Level | Level | Level |
| Entitlements | None | None | None | None | None | None |
| Utilities | available to the site | Similar | Similar | Similar | Similar | Similar |
| Permitted FAR | 1.75 | 2.50 <i>Superior</i> | 1.00 <i>Inferior</i> | 2.50 <i>Superior</i> | 1.00 <i>Inferior</i> | 2.50 <i>Superior</i> |
| \$/SF | \$94 | \$171 | \$182 | \$72 | \$105 | \$105 |
| OVERALL COMPARISON | SIMILAR | SUPERIOR | SUPERIOR | INFERIOR | SIMILAR | SIMILAR |

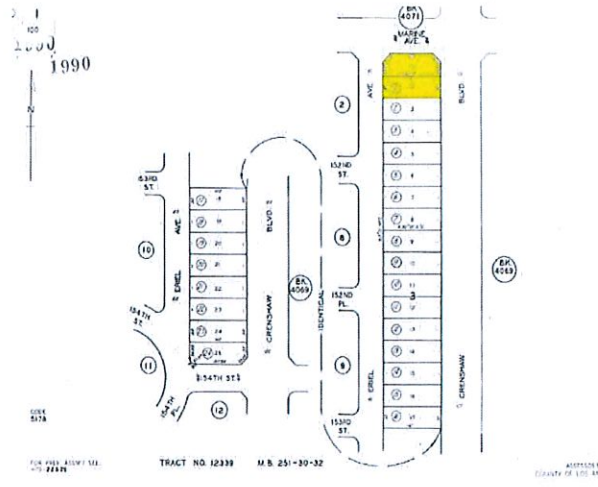


| COMPARABLE | LABEL | ADDRESS | MILES FROM SUBJECT |
|--------------|-------|--|--------------------|
| COMPARABLE 1 | 1 | 14150 Lemoli Ave, Hawthorne, CA, 90250 | 0.1 |
| COMPARABLE 2 | 2 | 15101 Crenshaw Blvd, Gardena, CA, 90249 | 0.5 |
| COMPARABLE 3 | 3 | 11605 Hawthorne Blvd, Hawthorne, CA, 90250 | 2.3 |
| COMPARABLE 4 | 4 | 400 W 129th St, Los Angeles, CA, 90061 | 2.8 |
| COMPARABLE 5 | 5 | 3239 Rosecrans Ave, Hawthorne, CA, 90250 | 0.1 |

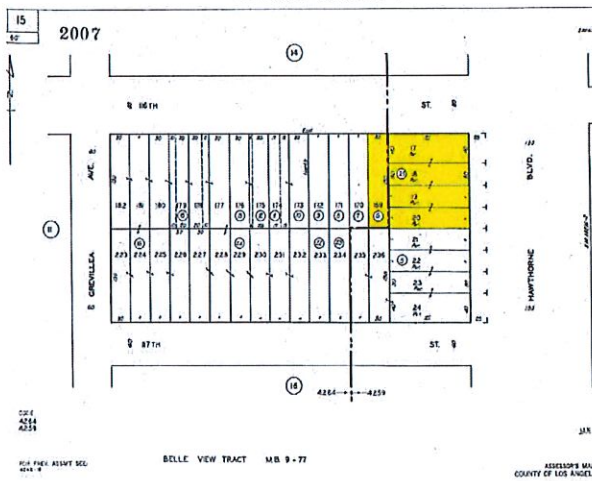
LAND SALE EXHIBITS



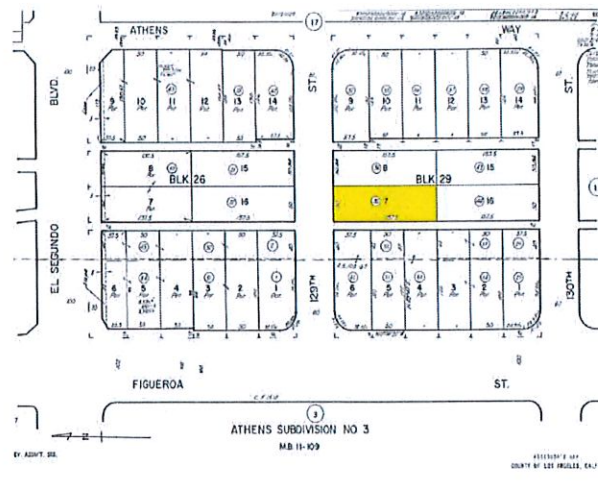
COMPARABLE 1



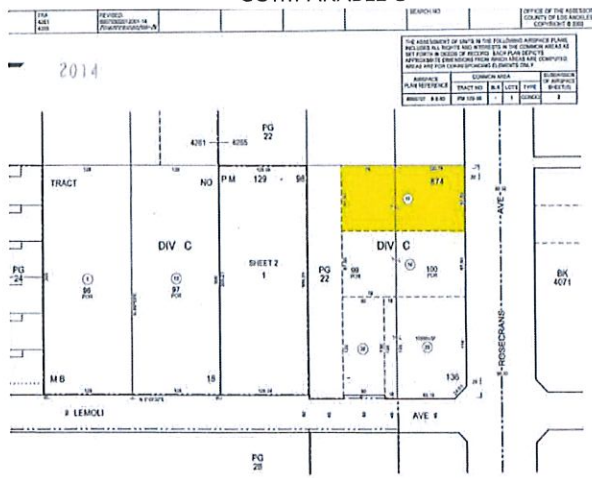
COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5

ANALYSIS OF COMPARABLE SALES

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Transactional adjustments were considered and made when warranted for property rights, financing terms, conditions of sale, expenditures made immediately after purchase, and market conditions. Although not specifically relevant to this assignment, these adjustments are given priority in the sequence of the adjustment process and examined in a particular order, as they allow for the extraction of capitalization rates at a certain level, as the development of real property rights conveyed, financing terms, conditions of sale, and expenditures are made.

Property Rights

The initial element of comparison in the valuation process is to identify the real property interest to be appraised. Once established, the appropriate market data can be examined for comparison to the subject. This element considers the bundle of rights associated with the property, which generally consist of the fee simple, leased fee, or leasehold estates. Property rights conveyed can affect the sale price of a transaction. Given that most vacant land sells based on a fee simple basis when traded, the fee simple interest is typically what conveys with the property. In the case of the subject, a fee simple interest is being examined.

- All land sales utilized in our analysis were fee simple sales reflecting the property rights appraised herein per the agreed upon scope of work. As such, no adjustments were warranted.

Financing

Financing terms can have a significant impact on the transaction and since cash or financing often influence the consideration paid for a particular property, the transaction price of one property may differ from that of an identical property due to different financial arrangements. Therefore, it is imperative to analyze the sales based on cash equivalency, as we are estimating the current market value of the subject, which is determined by monetary consideration. In some cases, buyers pay higher prices for properties to obtain below-market financing. Conversely, interest rates at above market levels often result in lower sales prices.

- All sales reflected typical cash or cash equivalent, lender-financed transactions, and no adjustments were required for financing terms.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who was under duress to complete the transaction. For example, a buyer may pay more than the market value for a property located adjacent to one already owned for assemblage purposes or additional parking. Conversely, a sale may transact below market value because the seller needs an expedited sale. A financial, business, or family relationship between the parties may also affect the price of the property. Another typical conditions of sale adjustment involves a comparable that is actively listed for sale or was part of a 1031 exchange.

When nonmarket conditions of sale are detected in a transaction, the sale can be used as a comparable, but great care is required. More importantly, the circumstances of the sale must be thoroughly researched before an adjustment is made, and the conditions must be adequately disclosed in the appraisal report.

- With the exception of Sale 5, none of the remaining sales required a conditions of sale adjustment, as all were confirmed to be arm's-length transactions. Sale 5 is an active listing, and required a downward adjustment, as land transactions have been generally selling below their current listed price due to softening of the industrial or commercial markets, as presented in the Market Analysis section.

Expenditures Made Immediately After Sale

A knowledgeable buyer considers expenditures that must be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include: (1) costs to cure deferred maintenance, (2) costs to demolish and remove any portion of the improvements, (3) costs to petition for a zoning change, and/or (4) costs to remediate environmental contamination. The relevant figure is not the actual cost that was incurred, but the cost that was anticipated by both the buyer and seller.

- Several of the sales maintained some level of improvement. In some instances, the buyer may take this into consideration when making an offer. If this was part of the buying decision, we added the cost to demolish and remove the improvements to each sale price, which was based on conversations with a party to the transaction and/or cost estimates based on the Marshall Valuation Service Cost handbook. Although some of the improvements had small improvements, they were minimal and did not impact the transactional prices, so no adjustment was made. The remaining sales had no atypical buyer expenditures that were discovered during the verification process.

Market Conditions

Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. The effective date of the appraisal is September 12, 2024, while the sales utilized in our analysis transacted between April 2022 and August 2024. Changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. Although the adjustment for market conditions is often referred to as a "time" adjustment, time is not the cause of the adjustment. Market conditions that change over time create the need for an adjustment, not time itself. If market conditions have not changed, no adjustment is required even though considerable time may have elapsed.

- Based on the analysis performed, which includes research and interpretation of value trends of the comparables presented herein, market conditions have continued to increase since the trough in 2012 (slight pause at the onset of COVID), which lasted through the 24-month period following COVID. The last 24 months have seen some stabilization in the industrial market due to the previously identified market conditions. This has become more pronounced over the past 6 months, as many buyers are considering higher interest rates and costs (construction and labor) to be the "new normal". As such, as is the case historically, land becomes the most pliable piece of the equation resulting in reduced land prices for construction feasibility. As a result, industrial land use sales have been limited due to lack of supply of undeveloped land; therefore, based on a review of sales, we have applied a modest adjustment of -6% annually for any sales older than 3 months.

QUALITATIVE ADJUSTMENT PROCESS

Qualitative adjustments are examined for the transactional adjustments previously noted as well as for differences in location, physical (size, access/exposure, shape, zoning (HBU), topography, entitlements, FAR (development potential), etc.), economic, legal, and non-realty characteristics. Where possible, the adjustments applied are based on paired data, statistical analysis, or some other technique. It should be

stressed that the adjustments are subjective in nature and do not maintain an equal level of magnitude for each of the individual adjustments but rather attempt to illustrate the logic used in deriving a value opinion for the subject via the Land Sales Comparison Approach.

PROPERTY COMPARISONS

Locational Characteristics – General and Specific

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. These include but are not limited to, general neighborhood characteristics, proximity to freeways, railroad tracks, or other uncontrollable external influences, and other locational factors. The adjustment for location realizes that properties in areas of active growth and development as well as those that offer good accessibility to linkages and other services typically sell for a higher price when compared to properties that do not offer these attributes, with all other factors held constant. The relative desirability of each site in relation to the subject is shown within the previously depicted comparison table.

Location adjustments reflect the increase or decrease in value attributable to the property's location or neighborhood. The subject is located in the southeastern portion of Hawthorne roughly 1.6 miles south of Interstate 105. The proximity to these external influences is considered average when compared to properties outside of these influences.

Though Sale 3 is located in Hawthorne, it is located in a superior area of the city. Sales 2 and 4a are located within inferior neighborhoods of the city of Los Angeles or Gardena. The remaining sales are located in similar areas.

Physical Characteristics

If the physical characteristics of a comparable property and the subject property differ, each of the differences may require comparison and refinement to the comparable. The most notable physical differences for comparable industrial land sales in this market include size, access/exposure, shape, zoning, topography, entitlements, and floor area ratio (FAR). Therefore, for purposes previously identified relating to the subject's flexible allowable uses, we have compared commercial or industrial zoned land sales to the subject for differences relative to these characteristics and made appropriate qualitative comparisons, which were presented in the land sales comparison table.

Parcel Size – The subject's "Small Parcel" is comprised of a single parcel containing 8,407 square feet or 0.19 acres of land area. All else being equal, an inverse relationship typically exists between the price of a site (based on a unit of comparison) and its size, as a larger parcel will typically sell at a lower price per square foot, while a smaller parcel with a similar location and utility will typically sell at a higher price per square foot. This is generally true of most markets but can be the inverse as well or demonstrate no price difference. Based on conversations with market participants, 6-12 months ago, there was a much larger spread with a preference for larger industrial parcels, as they are rare in this fully built out market, thus, command significant demand and sell at higher price per square foot. More recently, conversations with brokers reveal that market participants continue to have a preference for larger parcels but with the current market volatility, will not pay a significant premium. As such, larger parcels are still considered slightly superior due to the lack of overall supply, and we have applied adjustments for parcels larger than 2 acres. All sales are considered similar relative to size when compared to the subject.

Access & Exposure – Access reflects the proximity to transportation facilities, linkages, and ease of site access, while exposure reflects a site's frontage, visibility, and orientation. The subject property is located on southeast corner of West Rosecrans Avenue and Chadron Avenue, with Rosecrans being a heavily travelled major arterial

and Chadron a connector street in this market. There is infrastructure directly in front of the subject, with a storm drain, curbs, with pedestrian and vehicular access to the site provided along both avenues. Ultimately, the subject is considered to have good access and good exposure overall.

Sale 1 is an interior site, with frontage along an interior secondary street, less than two block northwest from the subject. Its access and exposure are inferior compared to the subject. Sale 2 is a corner site, along two heavily travelled arterials, and offers superior exposure and access as compared to the subject. Sale 4 is an interior site located along a secondary street, with inferior frontage. Sale 3 and 5 (listing) have exposure along heavily travelled thoroughfares and are considered similar to the subject, thus, were not adjusted.

Shape – The subject maintains a rectangular configuration. Most sites in this market maintain an irregular, rectangular, or trapezoidal configuration. Depending on the shape of a site can render development more or less restrictive. All sales collectively maintain more conventional lot shapes/configurations and do not require adjustment.

Zoning – Zoning reflects a property's allowable uses and related development standards. As result, this element of comparison really comes down to allowable land uses. The subject's zoning is Limited Industrial (M-1), which allows for light industrial uses and limited commercial uses (including live work residential uses). The collective land sales data set are comprised of mostly similarly zoned parcels that allow for industrial, commercial, mixed use, and other related uses. Sale 4 strictly maintains an "IP" design overlay, which strictly allows for industrial preservation only and is considered inferior necessitating an upward adjustment. The remaining sales maintain relatively similar zoning and do not require adjustment.

Topography – The shape and topography of land generally determine potential uses (e.g., the more level the land, the greater the utility). The subject site is level at street grade, similar to all the sales. Therefore, the comparables are collectively considered to be similar to the subject property.

Entitlements – Development land with entitlements, permits, or approvals are often viewed as desirable as it minimizes risk and the development timeline. As such, these elements can considerably enhance pricing and value. The subject has undergone some level of design review but has not received any level of entitlement for development of the site. The comparables are not entitle and are collectively considered to be similar to the subject property.

Utilities – Access to utilities adds significant value. The typical distributed services generally add value to a property for various convenience factors. The subject property is currently used for administrative service for the steel fabrication business located on the "Large Parcel" and is located within an area that is served by distributed electricity and water, gas, and sewer services; therefore, utilities are all available at the subject property. All sales are similarly situated within densely developed areas and maintain similar access and availability to utilities; therefore, do not require adjustment.

Floor Area Ratio (FAR) – The FAR is the relationship between the above-ground floor area of a proposed building, as described by the zoning, building code, or general plan, and the area of the land upon which it stands. In planning and zoning, the FAR is often expressed as a decimal, e.g., a ratio of 2.0 indicates that a permissible building area can be twice the total land area.

The subject is situated in an extremely dense and almost fully built-out market, with most new construction being the result of demolishing/razing older industrial properties and other similar infill sites. As such, sites with higher FARs are often preferred by market participants. As previously noted, there is some inconsistency between the zoning code and the general plan; however, conversations with Gregg McClain, Planning Director, indicate that the subject has an FAR of 1.75. Nevertheless, while this level of FAR is highly unusual for an industrially zoned parcel, all permitted uses outlined in the zoning code are subject to approval via a design

review committee to ensure consistency with the character of the area and to ensure that any new development is not developed beyond other neighboring uses. The subject’s maximum FAR allowed by the city of Hawthorne is 1.75, which is slightly lower than allowed by the subject’s M-1 zone, and above the maximum allowable FAR by the City’s General Plan designation. Sales 2 and 4 are considered inferior, with FARs of 1.0. Sales 1, 3, and 5 maintain FARs of 2.50, which are considered superior to the subject.

Economic Characteristics

Economic characteristics include all attributes of a property that directly affect its income. Since this subject and land comparable sales have no attributable income, this element of comparison is not considered relevant.

Non-Realty Components of Value

Non-realty components of value include chattel, business concerns, and other items that do not constitute real property but are included in either the sale price of the comparable property or the ownership interest in the subject property. These components should be analyzed separately from the real property. In most cases, the economic lives, associated investment risks, rate of return criteria, and collateral security for such non-realty components differ from those of the real property. Since this subject and comparable land sales have no non-realty items, this element of comparison is not considered relevant.

Summary of Adjustments

Based on the preceding comparative analysis, we have summarized the comparisons applied to the comparable land sales on the following page. As previously noted, these comparisons are based on the pairing of data points or statistical analysis, where possible. Nevertheless, an analysis of researched data points, market trends, and conversations with market participants aided in drawing conclusions relative to the comparisons of the sales to the subject. Ultimately, the comparison process is subjective in nature and is intended to demonstrate how the corresponding elements of comparison impacted the transactional, physical, locational, legal, or economic characteristics of the individual comparables, with varying levels of magnitude as all comparisons were not equally weighted. The analysis is intended to demonstrate the logic used in reconciling and developing a land value opinion for the subject’s land. The key elements of the comparables are summarized below.

LAND VALUE CONCLUSION

Although the subject has several unique features, the overall quality and availability of data was considered typical for industrial land site. The six land sales used in the analysis are demonstrative of land transactions within the subject’s competitive market area. The comparable land sales indicate an overall unadjusted value range from \$72/SF to \$185/SF, with parcel sizes ranging from 7,800 to 19,639 square feet.

| LAND SALES SUMMARY | | | | | | | |
|--------------------|---------------------|--------------|---|------------------|--------------|---------------------|--------------|
| SALE | OVERALL COMPARAISON | DATE OF SALE | LOCATION | MUNICIPALITY | SF | ADJUSTED SALE PRICE | \$/SF |
| 3 | SUPERIOR | 12/8/2023 | 11605 Hawthorne Blvd | Hawthorne | 19,639 | \$3,574,298 | \$182 |
| 2 | SUPERIOR | 4/9/2024 | 15101 Crenshaw Blvd | Gardena | 13,748 | \$2,350,908 | \$171 |
| 5 | SIMILAR | Listing | 3239 Rosecrans Ave | Hawthorne | 15,662 | \$1,644,510 | \$105 |
| | SUBJECT | | 3136, 3138 & 3152 West Rosecrans Avenue & 14312 - 14314 Chadron Avenue | Hawthorne | 8,407 | \$840,000 | \$100 |
| 1 | SIMILAR | 5/1/2024 | 14150 Lemoli Ave | Hawthorne | 7,800 | \$733,200 | \$94 |
| 4 | INFERIOR | 10/4/2023 | 400 W 129th St | Los Angeles | 7,877 | \$567,144 | \$72 |

An analysis of the land sites utilized indicates that Sales 2 and 3 are overall superior based on a variety of property characteristics previously described and analyzed. These sales range from \$171 to \$182 per SF, and

based on a comparative analysis of these sales, the subject’s land value has been concluded to be well below this range of data points.

An analysis of the land sites utilized indicates that Sales 1 and 5 are overall similar based on a variety of property characteristics previously described and analyzed. These sales range from \$94 to \$105 per SF, and based on a comparative analysis of these sales, the subject’s land value has been concluded to be in the range of these data points.

An analysis of the land sites utilized indicates that Sale 4 is overall inferior based on a variety of property characteristics previously described and analyzed. This sale indicated an adjusted price of \$72 per SF, and based on a comparative analysis of this sale, the subject’s land value has been concluded to be well above this data point.

Based on the comparative analysis described above and summarized in the Land Sales Comparison table on the previous pages, it is my conclusion that the land value of the subject would fall somewhere between the transaction prices indicated by Land Sales 1 and 5 (\$94 to \$105 per SF), with greater emphasis given to the upper end of the range given the similarities of Sale 1. Emphasizing the definition of Market Value used in this appraisal, we have concluded that the market value of the subject as vacant is \$100 per SF as of the date of value.

| LAND SALES COMPARISON APPROACH CONCLUSION (SF) | | | | | |
|--|-------|----------------------------|----------|-----------------------|--------------|
| TRANSACTION | PRICE | ADJUSTMENT | | | FINAL |
| | | TRANSACTIONAL ¹ | ADJUSTED | PROPERTY ² | |
| 1 | \$96 | (2%) | \$94 | 0% | SIMILAR |
| 2 | \$175 | (2%) | \$171 | 0% | SUPERIOR |
| 3 | \$191 | (5%) | \$182 | 0% | SUPERIOR |
| 4 | \$76 | (5%) | \$72 | 0% | INFERIOR |
| 5 | \$110 | (5%) | \$105 | 0% | SIMILAR |
| SUBJECT SF | | | | \$/SF | VALUE |
| Excess Land | | 8,407 | x | \$100 = | \$840,700 |
| INDICATED VALUE (ROUNDED TO NEAREST \$10,000) | | | | \$100 | \$840,000 |

¹Cumulative ²Additive

RECONCILIATION OF VALUE CONCLUSIONS

Based on the agreed upon scope with the Client, the subjects' specific characteristics, and the interest appraised, this appraisal developed an opinion of Market Value of the subject properties via the Land Sales Comparison Approaches.

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Below, the individual strengths and weaknesses of each approach are analyzed.

As previously discussed, the **Cost Approach** was not presented in this analysis because the subject properties are effectively vacant land parcels (nominal site improvements) and only a land value is provided for the "Large Parcel" and "Small Parcel". The exclusion of the Cost Approach does not diminish the credibility of the value conclusions.

The **Income Approach** to value is generally considered to be the best and most accurate measure of the value of income-producing properties. A value estimate by this approach best reflects the analysis that knowledgeable buyers and sellers carry out in their decision-making processes regarding this type of property. As previously noted, the subject properties are effectively vacant land, thus, the approach was not developed, and its exclusion does not reduce the credibility of the value conclusions.

The price per square foot method has been presented in the **Land Sales Comparison Approach**. When data points are available, this approach is the most preferred due to its simplicity and was ultimately considered to drive our analysis but required slightly expanded geographic parameters due to the lack of data points within the city of Hawthorne as well as the transition that the city is currently experiencing. Nevertheless, the sales in each analysis were largely found to be within the competitive market area and to be reflective of market conditions, which increases the validity of this approach. Further, the most likely buyer for the subject would most likely be a land speculator or local developer consequently, this approach is given sole weight, as it was the only approach developed.

It should be noted that the subject is currently listed for \$7,400,000 or \$114.03 per square foot, which is inclusive of both sites. Moreover, there is an existing LOI (Letter of Interest) from the city of Hawthorne for \$6,505,000 or \$100.24 per square foot, which is inclusive of both sites. As previously indicated, the larger commercial real estate market is in a period of volatility due to rising interest rates and increasing construction and labor costs. Although the Federal Reserve recently announced a 50-basis point decrease in the federal funds rate, it will take time and deeper cuts to likely restore the market to a point prior to the increases.

Conversations with market participants indicated land value for properties similar to the subject would range from \$80 to \$120 per square foot in the current market. Current listings include the following:

14600 Hawthorne Blvd, Lawndale (in escrow) – The property is Zoned C3. The escrow price was not shared, but the property was listed for \$85.66 per square foot. (Inferior to the subject)

3239 W. Rosecrans Ave, Hawthorne (Active) – The property is Zoned C3 (MU) and has been on the market for 346 days, with a current list price equaling \$110.14 per square foot. (Similar to the subject).

There are several other properties that are well below or above these prices, with many of the higher priced sites being on the market for extended periods.

RECONCILIATION OF VALUE CONCLUSIONS

(CONTINUED)

Considering the information presented in the preceding analyses, the respective values presented and described above represent the Market Value as of September 12, 2024 and are summarized in the table below.

| RECONCILIATION OF VALUES | | |
|-------------------------------|---|------------------------------------|
| PROPERTY | LARGE PARCEL (Parcels 4071-020-001, 002, 003, 004, & 005) | SMALL PARCEL (Parcel 4071-013-025) |
| VALUATION SCENARIOS | CURRENT MARKET VALUE | CURRENT MARKET VALUE |
| Interest | Fee Simple Estate | Fee Simple Estate |
| Date | September 12, 2024 | September 12, 2024 |
| LAND VALUE | | |
| LAND CONCLUSION | \$5,930,000 | \$840,000 |
| \$/SF Land Area | \$105 | \$100 |
| FINAL VALUE CONCLUSION | | |
| FINAL VALUE CONCLUSION | \$5,930,000 | \$840,000 |
| \$/SF Land Area | \$105 | \$100 |

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- ▶ The statements of fact contained in this report are true and correct.
- ▶ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- ▶ Jacinto A Munoz, MAI, SRA, AI-GRS, AI-RRS has 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.
- ▶ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▶ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ▶ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- ▶ Jacinto A Munoz, MAI, SRA, AI-GRS, AI-RRS has made a personal inspection of the property that is the subject of this report.
- ▶ Sevak Tsaturyan provided significant real property appraisal assistance to the appraisers signing the certification, but did not inspect the property that is the subject of this report.
- ▶ 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 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.
- ▶ As of the date of this report, Jacinto A Munoz, MAI, SRA, AI-GRS, AI-RRS has completed the continuing education program for Designated Members of the Appraisal Institute

Jacinto A Munoz, MAI, SRA, AI-GRS, AI-RRS
Certified General Real Estate Appraiser
California License No. AG027900
Expiration Date 12/5/2024

ASSUMPTIONS & LIMITING CONDITIONS

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

- ▶ Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- ▶ The appraised value was based on the assumption that there were no tax liens affecting the subject property. Unless otherwise noted, the subject property was found to be current in the payment of real estate taxes as of the date of value according to the applicable county Treasurer-Tax Collector. It was assumed that any special assessments affecting the subject property are typical and appropriate for the area and do not have an impact on the value conclusion in this report and that any outstanding bonds have been paid.
- ▶ This analysis assumes that the information provided for this appraisal accurately reflects the condition of the subject property on the date of value.
- ▶ This report shall be used for the identified intended use only, and by the identified intended users. Possession of this report does not include the right of publication or use.
- ▶ The statements of value and all conclusions shall apply as of the dates shown herein.
- ▶ There is no present or contemplated future interest in the property by the appraiser, which is not specifically disclosed in this report.
- ▶ There are no existing judgments or pending or threatened litigation that could affect the value of the property.
- ▶ There are no hidden or undisclosed conditions of the land or improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
- ▶ The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
- ▶ Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the company with which the appraiser is connected.
- ▶ This report must be used in its entirety. Reliance on any portion of the report independent of others may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- ▶ We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, encroachments, easements, restrictions, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- ▶ The subject property has been appraised subject to information, maps, and exhibits provided by the Client. The appraisal includes numerous exhibits that are used to assist the Client(s)/intended user(s) in better understanding some of the salient issues that impact the subject property and related value opinion. These collective exhibits are based on documents provided by the Client and are integral to the value conclusions in the appraisal; therefore, we take no responsibility for the measurements and areas developed and have assumed this information, as provided, is reliable for analysis purposes.
- ▶ The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- ▶ The liability of Cogito Realty Partners, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than

ASSUMPTIONS & LIMITING CONDITIONS

the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.

- ▶ The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Cogito Realty Partners and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- ▶ The appraiser assumes no responsibility for determining if the subject property complies with the Americans with Disabilities Act (ADA). Cogito Realty Partners, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties, or diminution in value resulting from non-compliance.
- ▶ The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
- ▶ The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- ▶ An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
- ▶ No changes in any federal, state, or local laws, regulations, or codes (including, without limitation, the Internal Revenue Code) are anticipated.
- ▶ No opinion is expressed as to the value of subsurface oil, gas, or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
- ▶ We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural, and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
- ▶ Information, estimates, and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
- ▶ Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property. Only the real property has been considered.
- ▶ The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
- ▶ This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- ▶ Unless otherwise noted herein, a detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection of the subject property and surrounding properties, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.

LAND SALE COMPARABLES (LARGE)

18715 S Western Ave

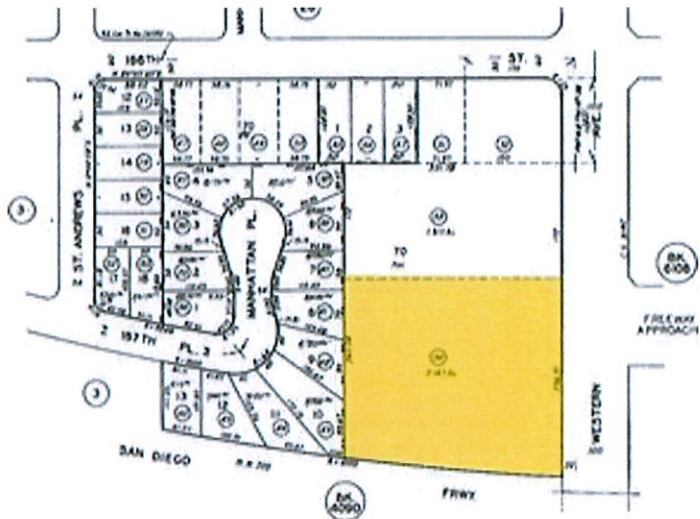
Comparable 1

Sale Information

| | | |
|--------------------|---|-------------------|
| Buyer | EV Western Owner, LLC & EV Western TRS Owner, LLC | |
| Seller | McKenna Torrance LP | |
| Sale Date | 8/16/2024 | |
| Transaction Status | Recorded | |
| Sale Price | \$11,000,000 | \$117.40 /SF Land |
| Analysis Price | \$11,000,000 | \$117.40 /SF Land |
| Recording Number | 0550231 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |
| Marketing Time | 107 days | |

Property

| | |
|-------------------|--------------------------|
| Land Area | 2.1511 Acres (93,700 SF) |
| Number of Parcels | 1 |
| Zoning | C2 |
| Shape | Rectangular |
| Topography | Level |
| Corner | Yes |
| Density | 27.2 Units/Acre |
| Permitted FAR | 1.00 (\$117/FAR/SF) |

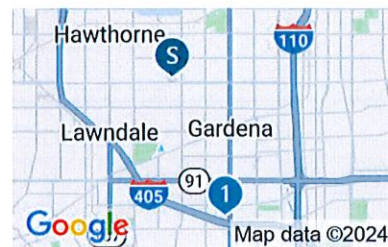


18715 S Western Ave
Torrance, CA 90504

County
Los Angeles

Submarket
Gardena/Hawthorne

APN
4096-001-054



Confirmation

| | |
|--------------|-----------------------------|
| Name | Christopher Mennes |
| Company | Gateway Business Properties |
| Phone Number | 310-892-1849 |
| Affiliation | Listing Agent |
| Date | 9/26/2024 |

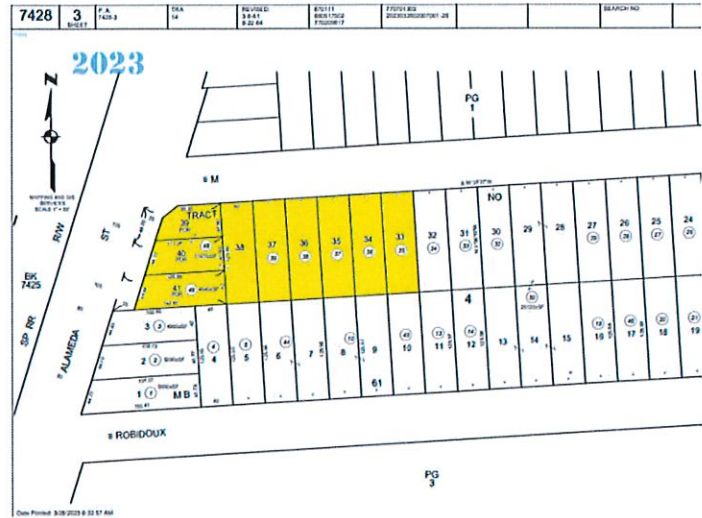
1248 Alameda St Comparable 2

Sale Information

| | | |
|--------------------|-----------------------------------|------------------|
| Buyer | Alameda NF Prop LLC | |
| Seller | 1994 J.W. Steinmeyer Family Trust | |
| Sale Date | 1/15/2024 | |
| Transaction Status | Recorded | |
| Sale Price | \$4,046,000 | \$97.03 /SF Land |
| Analysis Price | \$4,046,000 | \$97.03 /SF Land |
| Recording Number | 0042741 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |
| Marketing Time | 70 days | |

Property

| | |
|-------------------|--------------------------|
| Land Area | 0.9573 Acres (41,699 SF) |
| Number of Parcels | 7 |
| Zoning | M3-1VL |
| Shape | Irregular |
| Topography | Level |
| Corner | Yes |
| Permitted FAR | 1.50 (\$65/FAR/SF) |



1248 Alameda St
Los Angeles, CA 90744

County
Los Angeles

Submarket
San Pedro

APN
7428-003-048, 7428-003-049,
7428-003-039, 7428-003-038,
7428-003-037, 7428-003-036,
7428-003-035



Confirmation

| | |
|--------------|---------------|
| Name | Lary Carlton |
| Company | Colliers |
| Phone Number | 562-547-8994 |
| Affiliation | Listing Agent |
| Date | 7/16/2024 |

3125 Firestone Blvd

Comparable 3

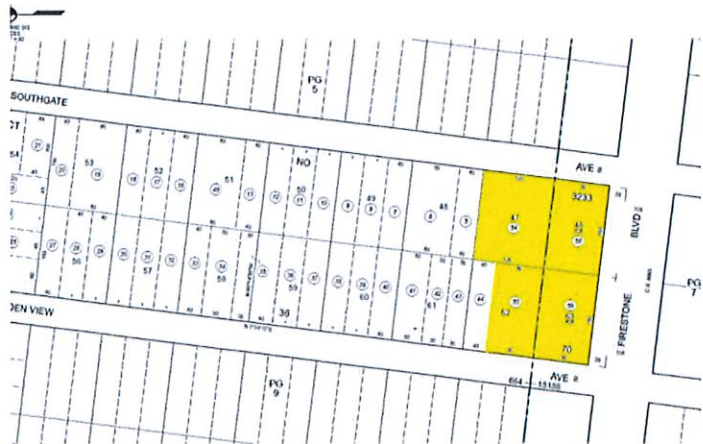
Sale Information

| | | |
|--------------------|-----------------------------------|------------------|
| Buyer | William Martinez & Irlanda Mendez | |
| Seller | J & Y 26 Firestone LLC | |
| Sale Date | 7/21/2023 | |
| Transaction Status | Recorded | |
| Sale Price | \$5,000,000 | \$86.82 /SF Land |
| Analysis Price | \$5,000,000 | \$86.82 /SF Land |
| Recording Number | 0482180 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |
| Marketing Time | 60 days | |

Property

| | |
|-------------------|--------------------------|
| Land Area | 1.3221 Acres (57,590 SF) |
| Number of Parcels | 4 |
| Zoning | CDR1 & NL |
| Shape | L-Shaped |
| Topography | Level |
| Corner | Yes |
| Density | 75.0 Units/Acre |
| Permitted FAR | 2.00 (\$43/FAR/SF) |

| | | | | | | |
|-----|----------|----------|--------------------|--------------------|-----------|--|
| TRK | REC-USED | 20110224 | 201800470000000000 | 201800470000000000 | SEARCH NO | OFFICE OF THE ASSISTANT COUNTY CLERK OF LOS ANGELES COUNTY RECORDER'S OFFICE |
| 004 | 421-85 | 20110224 | 201800470000000000 | 201800470000000000 | | |
| 004 | 421-85 | 20110224 | 201800470000000000 | 201800470000000000 | | |



3125 Firestone Blvd
South Gate, CA 90280

County
Los Angeles

Submarket
Mid-Cities

APN
6204-006-054, 6204-006-055,
6204-006-059, 6204-006-058



Confirmation

| | |
|--------------|----------------------|
| Name | Armando Aguirre |
| Company | Legendary Commercial |
| Phone Number | 213-926-5595 |
| Affiliation | Listing Agent |
| Date | 7/16/2024 |

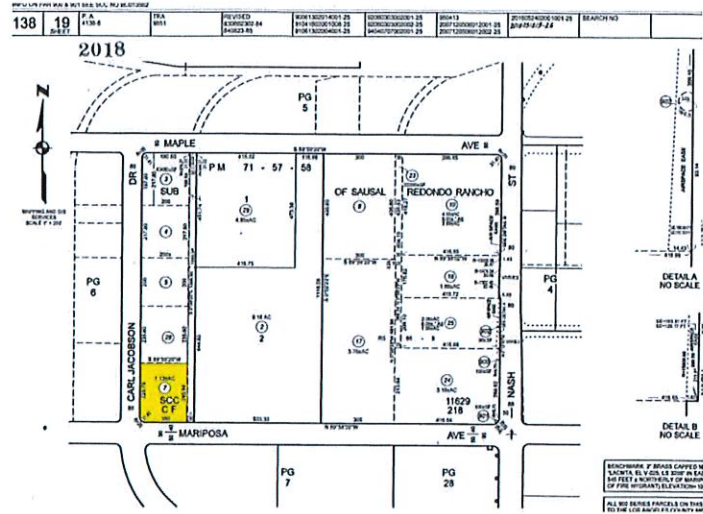
600 Lairport St Comparable 4

Sale Information

| | | |
|--------------------|-------------------------|-------------------|
| Buyer | 600 Lairport, LLC | |
| Seller | 600 Lairport Properties | |
| Sale Date | 5/23/2023 | |
| Transaction Status | Recorded | |
| Sale Price | \$6,050,000 | \$123.29 /SF Land |
| Analysis Price | \$6,300,000 | \$128.38 /SF Land |
| Recording Number | 0334106 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |
| Marketing Time | 263 days | |

Property

| | |
|-------------------|--------------------------|
| Land Area | 1.1266 Acres (49,073 SF) |
| Number of Parcels | 1 |
| Zoning | CO |
| Shape | Rectangular |
| Topography | Level |
| Corner | Yes |
| Permitted FAR | 0.80 (\$160/FAR/SF) |



600 Lairport St
El Segundo, CA 90245

County
Los Angeles

Submarket
El Segundo/Beach Cities

APN
4138-019-007



Confirmation

| | |
|--------------|----------------|
| Name | Richard Melbye |
| Company | CBRE |
| Phone Number | (310) 363-4831 |
| Affiliation | Listing Agent |
| Date | 2/21/2024 |

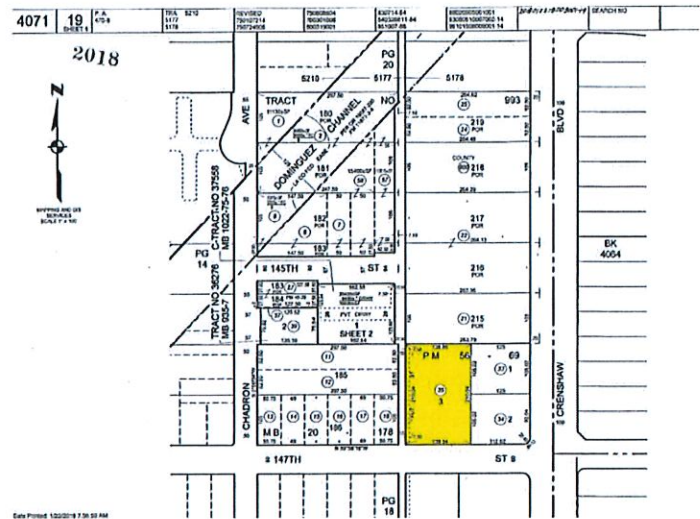
147th Street Industrial Land Comparable 5

Sale Information

| | | |
|--------------------|--------------------|-------------------|
| Buyer | Toyon Gardens, L.P | |
| Seller | Jose A. Jaime Jr., | |
| Sale Date | 4/21/2023 | |
| Transaction Status | Recorded | |
| Sale Price | \$3,200,000 | \$109.30 /SF Land |
| Analysis Price | \$3,200,000 | \$109.30 /SF Land |
| Recording Number | 257090 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |
| Marketing Time | 0 days | |

Property

| | |
|-------------------|--------------------------|
| Land Area | 0.6721 Acres (29,277 SF) |
| Number of Parcels | 1 |
| Zoning | C-3 |
| Shape | Rectangular |
| Topography | Level |
| Corner | No |
| Permitted FAR | 1.00 (\$109/FAR/SF) |
| View | No |



3127 W 147th St
Gardena, CA 90249

County
Los Angeles

Submarket
Gardena/Hawthorne

APN
4071-019-035



Confirmation

| | |
|--------------|---------------------------|
| Name | Sunny Khan |
| Company | Realuxe Real Estate Group |
| Phone Number | 310-493-8125 |
| Affiliation | Listing Broker |
| Date | 2/14/2024 |

Remarks

This was the sale of a single rectangular parcel with midblock location on the north side of 147th Street in Unincorporated Los Angeles County. The property has C-3 zoning, which is a commercial zoning, but it was used for truck storage at time of sale and was marketed as a contractor's storage yard, which are considered quasi-industrial uses.

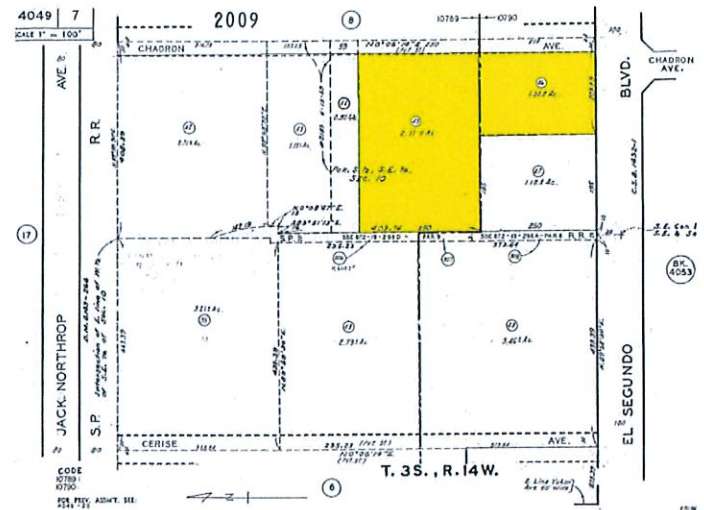
Chadron Avenue Industrial Land Comparable 6

Sale Information

| | | |
|--------------------|--------------------------------|-------------------|
| Buyer | 12621-12719 Chadron Avenue LLC | |
| Seller | APG Partners II, L.P. | |
| Sale Date | 4/8/2022 | |
| Transaction Status | Recorded | |
| Sale Price | \$22,750,000 | \$154.13 /SF Land |
| Analysis Price | \$23,160,000 | \$156.91 /SF Land |
| Recording Number | 390468 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |

Property

| | |
|-------------------|---------------------------|
| Land Area | 3.3885 Acres (147,604 SF) |
| Number of Parcels | 2 |
| Zoning | M-2 |
| Shape | L-Shaped |
| Topography | Level |
| Corner | Yes |
| Permitted FAR | 1.75 (\$90/FAR/SF) |
| View | No |

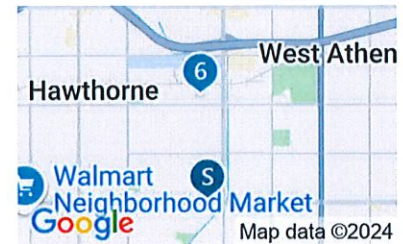


12621 & 12719 Chadron Ave
Hawthorne, CA 90250

County
Los Angeles

Submarket
Gardena/Hawthorne

APN
4049-007-045, 4049-007-046



Confirmation

Date 2/14/2024

LAND SALE COMPARABLES (SMALL)

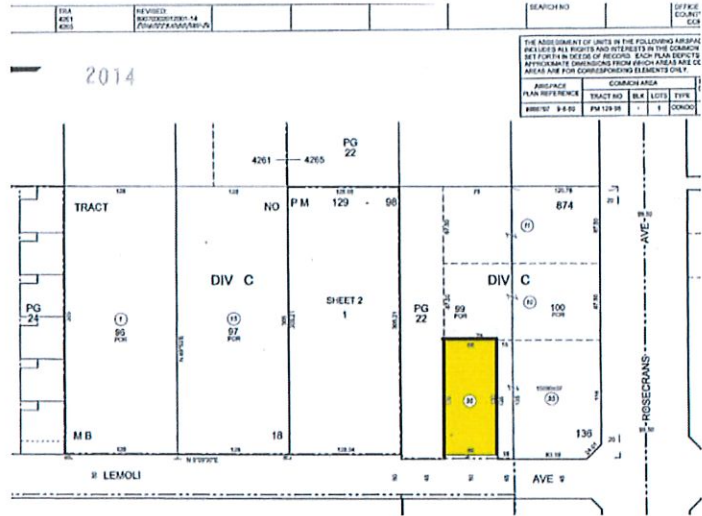
14150 Lemoli Ave
Comparable 1

Sale Information

| | | |
|--------------------|------------------------|------------------|
| Buyer | Kassim A Hussen | |
| Seller | The Lynch Family Trust | |
| Sale Date | 5/1/2024 | |
| Transaction Status | Recorded | |
| Sale Price | \$750,000 | \$96.15 /SF Land |
| Analysis Price | \$750,000 | \$96.15 /SF Land |
| Recording Number | 0285737 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |
| Marketing Time | 191 days | |

Property

| | |
|-------------------|-------------------------|
| Land Area | 0.1791 Acres (7,800 SF) |
| Number of Parcels | 1 |
| Zoning | C-3(MU) |
| Shape | Rectangular |
| Topography | Level |
| Corner | No |
| Density | 30.0 Units/Acre |
| Permitted FAR | 2.50 (\$38/FAR/SF) |

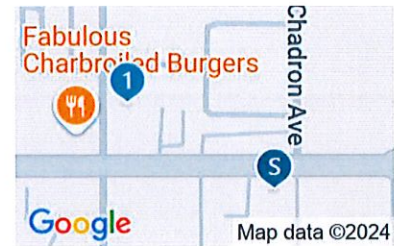


14150 Lemoli Ave
Hawthorne, CA 90250

County
Los Angeles

Submarket
Gardena/Hawthorne

APN
4052-023-036



Confirmation

| | |
|-------------|--------------------------------|
| Name | Randy Stevenson |
| Company | Stevenson Real Estate Services |
| Affiliation | Listing Agent |
| Date | 9/24/2024 |

15101 Crenshaw Blvd

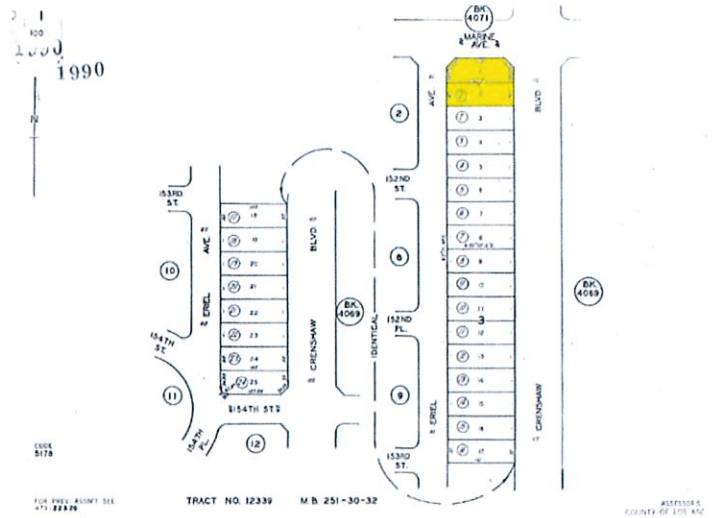
Comparable 2

Sale Information

| | | |
|--------------------|--------------------------------------|-------------------|
| Buyer | Julio C Vargas and Paulina Gutierrez | |
| Seller | Portfolio Management, LLC | |
| Sale Date | 4/9/2024 | |
| Transaction Status | Recorded | |
| Sale Price | \$2,400,000 | \$174.57 /SF Land |
| Analysis Price | \$2,400,000 | \$174.57 /SF Land |
| Recording Number | 230405 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |
| Marketing Time | 189 days | |

Property

| | |
|-------------------|--------------------------|
| Land Area | 0.3156 Acres (13,748 SF) |
| Number of Parcels | 1 |
| Zoning | C-2 |
| Shape | Rectangular |
| Topography | Level |
| Corner | Yes |
| Permitted FAR | 1.00 (\$175/FAR/SF) |

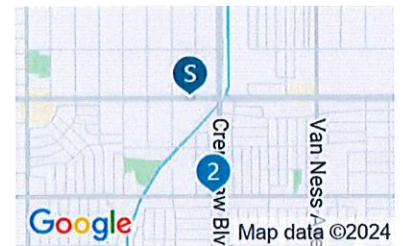


15101 Crenshaw Blvd
Gardena, CA 90249

County
Los Angeles

Submarket
Gardena/Hawthorne

APN
4070-001-001



Confirmation

| | |
|-------------|-------------------|
| Name | Eli Mashiach |
| Company | HR Property Group |
| Affiliation | Listing Agent |
| Date | 7/15/2024 |

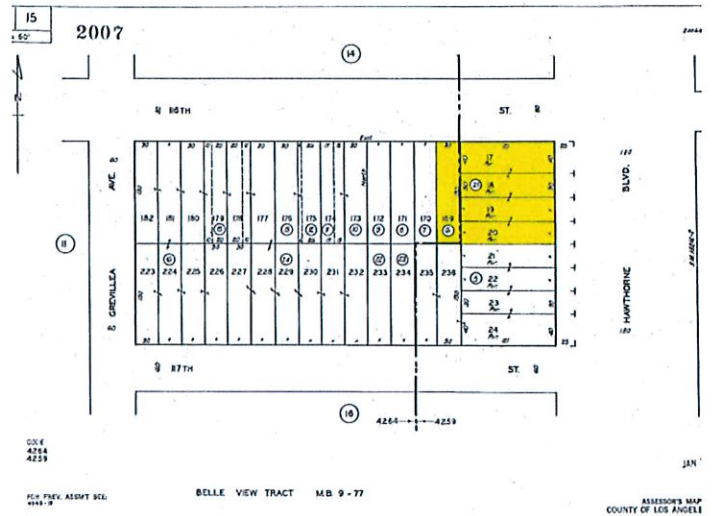
11605 Hawthorne Blvd
Comparable 3

Sale Information

| | | |
|--------------------|-------------------|-------------------|
| Buyer | City of Hawthorne | |
| Seller | Wu Family Trust | |
| Sale Date | 12/8/2023 | |
| Transaction Status | Recorded | |
| Sale Price | \$3,750,000 | \$190.95 /SF Land |
| Analysis Price | \$3,750,000 | \$190.95 /SF Land |
| Recording Number | 857847 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |
| Marketing Time | 186 days | |

Property

| | |
|-------------------|--------------------------|
| Land Area | 0.4508 Acres (19,639 SF) |
| Number of Parcels | 2 |
| Zoning | C-3 |
| Shape | Rectangular |
| Topography | Level |
| Corner | Yes |
| Permitted FAR | 2.50 (\$76/FAR/SF) |

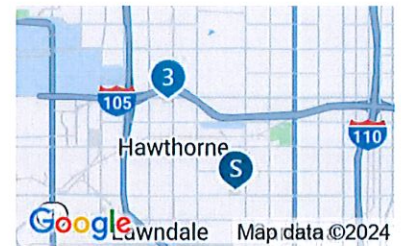


11605 Hawthorne Blvd
Hawthorne, CA 90250

County
Los Angeles

Submarket
Gardena/Hawthorne

APN
4044-015-006, 4044-015-025



Confirmation

| | |
|--------------|----------------|
| Name | Jake Zacuto |
| Company | Zacuto Group |
| Phone Number | 310-383-4695 |
| Affiliation | Listing Broker |
| Date | 2/21/2024 |

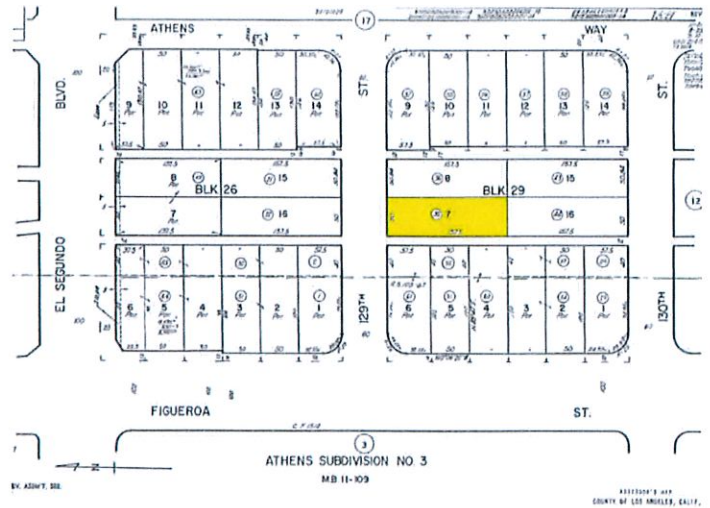
400 W 129th St
Comparable 4

Sale Information

| | | |
|--------------------|---|------------------|
| Buyer | Jose A. Jaime | |
| Seller | Vincent Credit Shelter "B" Trust and Leo and Claris Keligan Trust | |
| Sale Date | 10/4/2023 | |
| Transaction Status | Recorded | |
| Sale Price | \$600,000 | \$76.17 /SF Land |
| Analysis Price | \$600,000 | \$76.17 /SF Land |
| Recording Number | 0673248 | |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Conditions of Sale | None | |
| Marketing Time | 146 days | |

Property

| | |
|-------------------|-------------------------|
| Land Area | 0.1808 Acres (7,877 SF) |
| Number of Parcels | 1 |
| Zoning | M-1.5-IP-GZ |
| Shape | Rectangular |
| Topography | Level |
| Corner | No |
| Permitted FAR | 1.00 (\$76/FAR/SF) |

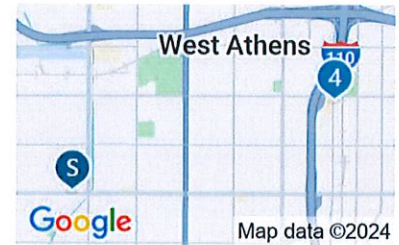


400 W 129th St
Los Angeles, CA 90061

County
Los Angeles

Submarket
Gardena/Hawthorne

APN
6132-015-035



Confirmation

| | |
|--------------|---------------|
| Name | Troy Wooton |
| Company | Newmark |
| Phone Number | 949-677-3850 |
| Affiliation | Listing Agent |
| Date | 7/15/2024 |

3239 Rosecrans Ave

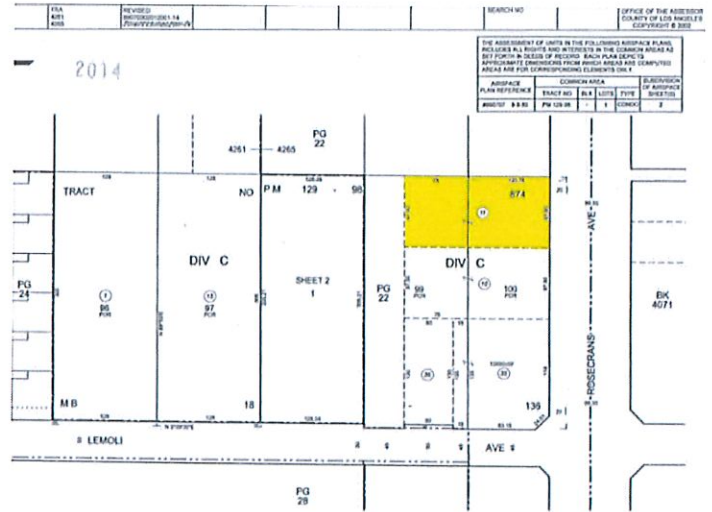
Comparable 5

Sale Information

| | | |
|--------------------|-----------------|-------------------|
| Seller | Frances S Lynch | |
| Transaction Status | Listing | |
| Sale Price | \$1,725,000 | \$110.14 /SF Land |
| Analysis Price | \$1,725,000 | \$110.14 /SF Land |
| Rights Transferred | Fee Simple | |
| Financing | Cash to Seller | |
| Marketing Time | 339 days | |

Property

| | |
|-------------------|--------------------------|
| Land Area | 0.3596 Acres (15,662 SF) |
| Number of Parcels | 1 |
| Zoning | C-3(MU) |
| Shape | Rectangular |
| Topography | Level |
| Corner | No |
| Density | 30.0 Units/Acre |
| Permitted FAR | 2.50 (\$44/FAR/SF) |



3239 Rosecrans Ave
Hawthorne, CA 90250

County
Los Angeles

Submarket
Gardena/Hawthorne



APN
4052-023-011

Confirmation

| | |
|-------------|--------------------------------|
| Company | Stevenson Real Estate Services |
| Affiliation | Listing Agent |
| Date | 7/15/2024 |

APPRAISER QUALIFICATIONS



JACINTO MUNOZ, MAI, SRA, AI-GRS, AI-RRS
MANAGING DIRECTOR | PRINCIPAL

Jacinto@Cogitorp.com

626.893.3547

CREDENTIALS

Certified General Real Estate Appraiser
California
Arizona
Nevada
Oregon
Washington

EDUCATION & AFFILIATIONS

Marylhurst University
Bachelor of Science – Real Estate

Georgetown University
Master of Science - Real Estate

Appraisal Institute
Designated Member
MAI, SRA, AI-GRS, AI-RRS

Appraisal Institute - Chapter
Southern California
Board of Directors
Candidate Advisor
Education Committee Chair
Government Relations

Appraisal Institute – Region VII *Chair*
Finance Officer
Regional Representative

Appraisal Institute – National
LDAC – 2022 Chair
Bias Research Project Team
Experience Reviewer
Education Committee
Qualified Instructor
Women’s Initiative Committee
Diversity Panel

AQB USPAP Instructor
Appraisal Institute Instructor
California State Polytechnic
University, Pomona - Adjunct Faculty

4470 Atlantic Ave -
P.O. Box 18865
Long Beach, CA 90807

PERSONAL QUALIFICATIONS

Based in Long Beach, California, Jacinto Munoz is a Managing Director and Principal for Cogito Realty Partners, which is a DVBE and SBA (SDVOSB) certified firm. Mr. Munoz is a U.S. Navy Veteran and joins Cogito Realty Partners with more than 25 years of experience in real estate valuation and consulting experience. Jacinto has engaged in a variety of services relating to expert witness for USPAP related matters, condemnation, tax appeal, mediation, arbitration, bankruptcy, banking protocols, and general appraisal methodology. He has also provided litigation support across many other specialties such as underwriting practices, appraisal review, development feasibility, and environmental issues, with extensive valuation experience across all asset types nationwide and internationally.

Prior to joining Cogito Realty Partners, Jacinto served as a Managing Director and Head of Strategy and Compliance for Apprise by Walker and Dunlop. Jacinto also served in a variety of roles with JPMorgan Chase Bank, which included serving the bank as a Regional Appraisal Manager, National Commercial Lending (CML) Review manager and most recently, in a senior leadership role as the National CTL Appraisal Manager, which was responsible for leading a team of more than 100 managers, appraisers, and administrative professionals nationwide.

Shortly after leaving the Navy, Jacinto began his career in 1995 on the sales and lending side of the real estate industry before moving to a boutique real estate appraisal and consulting firm in Southern California. In 2000, along with several partners, Jacinto co-founded Appraisal Specialists. This firm specialized in assortment of appraisal services that included engagements for a variety of institutional lenders and investors as well as local and regional federally regulated banks, life companies, municipalities, attorneys, and private equity lenders.

Jacinto also served as Vice President at MUFG Union Bank and Far East National Bank where he engaged in all aspects of vendor review and approval, appraisal engagement, appraisal review, developing policies and procedures, portfolio monitoring, environmental and construction review, disposition of special assets, underwriting, and regulatory compliance through engagement with federal regulators for real estate projects across all asset types.

Jacinto has conducted research, prepared appraisals, reviewed, consulted, and/or completed inspections of numerous property types across the U.S., which include a wide variety of commercial land, subdivisions, multifamily apartments, health care facilities, auto dealerships, hotels, parking garages and surface lots, industrial properties, mobile home parks, self-storage facilities, office buildings, retail properties, ground leases, special purpose facilities, air and water rights, synthetic leases, and various other stand-alone commercial assets.

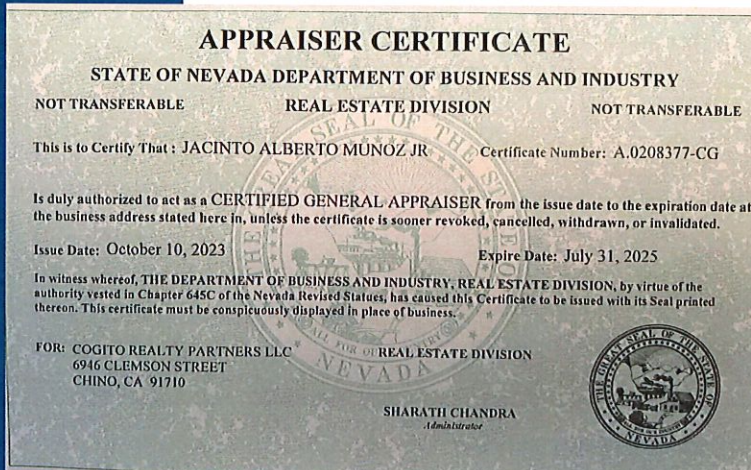
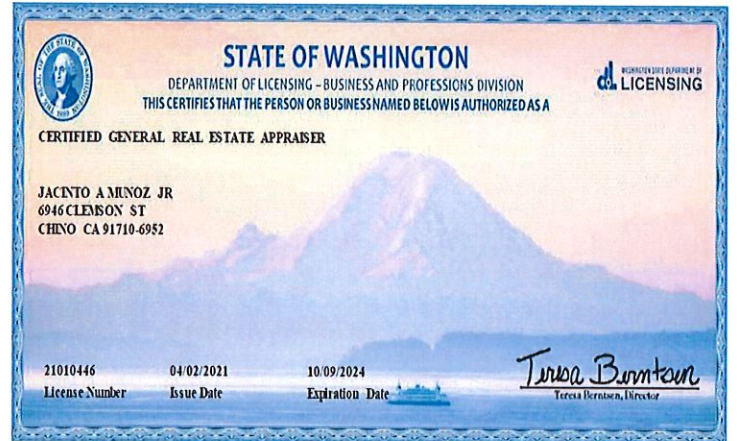
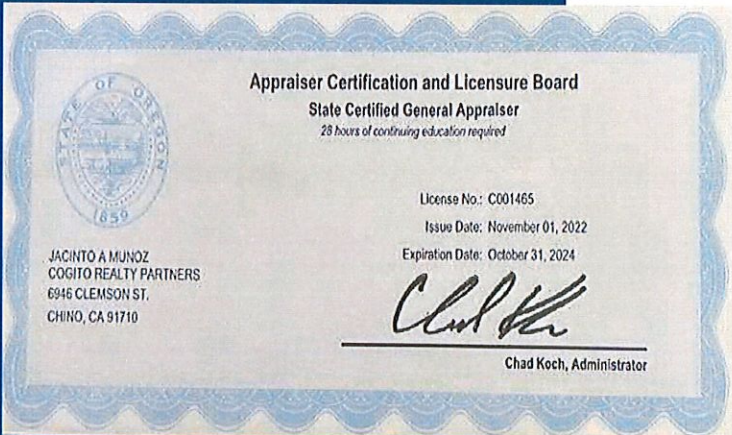
Additionally, Jacinto has worked with financial institutions in a consulting role to aid in the establishment of robust appraisal, environmental, and construction programs serving as an "Outsourced Chief Appraiser", which was intended to establish safe and sound appraisal and banking protocols.

JACINTO MUNOZ, MAI, SRA, AI-GRS, AI-RRS
MANAGING DIRECTOR | PRINCIPAL

Jacinto@Cogitorp.com

626.893.3547

LICENSES



4470 Atlantic Ave -
P.O. Box 18865
Long Beach, CA 90807