

**COMPLETE APPRAISAL
SUMMARY REPORT
OF**

City of Imperial Beach Property
Proposed "Breakwater" Commercial Center Site
735-849 Palm Avenue
Imperial Beach, CA 91932
APNs: 626-250-03, 04, 05 & 06

AS OF

July 10, 2012

PREPARED FOR

Gregory Wade
Assistant City Manager/Community Development Director
City of Imperial Beach
Community Development Department
825 Imperial Beach Blvd
Imperial Beach, CA 91932

PREPARED BY

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Robert M. Backer, MAI, SRA
Certified General Appraiser
AG 002082

appraisal of real estate

August 6, 2012

Gregory Wade
Assistant City Manager/Community Development Director
City of Imperial Beach
Community Development Department
825 Imperial Beach Blvd
Imperial Beach, CA 91932

Re: Imperial Beach Property
Proposed "Breakwater" Commercial Center Site
735-849 Palm Avenue
Imperial Beach, CA 91932

Dear Mr. Wade:

At your request, we have prepared an appraisal for the above referenced property. Please reference page 7 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, Highest and Best Use analysis and valuation methodology.

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 5). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Hypothetical Conditions:

- The subject property was previously used as a shopping center and bank which have since been demolished. Tentative map approval for development with new retail improvements was obtained on December 14, 2011. The resolution document is included in the report addenda. There are several conditions and stipulations in the document which must be met in order to obtain final map recordation, including utilities improvement; storm drain and frontage improvement replacement; raising the site to street grade; and traffic flow and access enhancement. The first portion of this appraisal is conducted under the hypothetical condition that the site is vacant, in finished condition, with all frontage improvements, utilities and entitlements in place. The second portion of the appraisal adjusts to an as-is value by deducting the anticipated costs for the required improvements.

Extraordinary Assumptions:

- The appraiser has relied on a construction and grading cost estimate draft provided by Sudberry Properties on July 10, 2012 to derive the value of the subject as-is. A copy of the cost estimate is included in the report addenda. This appraisal is operated under the extraordinary assumption that the reported costs are substantially accurate. If the anticipated development costs change in the future, this appraisal will need revision.
- The proposed project includes vacation of City-owned Streets and a portion of an alley that runs along the southern perimeter of the subject. Currently, the appraiser's calculations based on the assessor's parcel map indicates a site size of 3.91 acres *exclusive* of the City Streets that will be included in the project. The approved tentative map document (included in the report addenda) states a site size of 4.75 acres. For the purposes of this analysis, the area of 4.75 acres reflected in the resolution document is utilized.

Based on our review of national investor surveys, marketing times attributed to the sales comparables utilized in the sales comparison approach, and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value reported herein is concluded at twelve to twenty four (12 - 24) months.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Imperial Beach Property Proposed "Breakwater" Commercial Center Site 735-849 Palm Avenue Imperial Beach, CA 91932	Value of the Subject – As-is:	Nominal Value*
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Respectfully submitted,

Robert M. Backer, MAI, SRA
AG002082

* The cost to achieve the condition specified in the hypothetical condition used in this appraisal exceeds the market value of the property under those conditions, resulting in a nominal value.

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Summary of Salient Facts

Subject Property: Proposed "Breakwater" Commercial Center Site
735-849 Palm Avenue
Imperial Beach, CA 91932

Property Overview: The subject property consists of two and one-half city blocks of commercial land in Imperial Beach, California. The site is identified as Assessor's parcel numbers 626-250-03, 04, 05 & 06. The site was previously in use as a shopping center and bank before those improvements were demolished. As of the date of value of this report the site has an approved tentative map for 46,200 SF of retail space in seven buildings. The project also includes vacation of two city streets and an alley, which will bring the site size to a total of 4.75 acres (see extraordinary assumption). In order for new development to occur, the site will need to be elevated to street level as it is currently below grade; and extensive frontage, access, and utilities improvements are required in order to develop the property. A detailed estimate of the anticipated costs is included in the report addenda.

Interest Appraised: Fee simple

Highest and Best Use As Vacant: Hold for Future Commercial or Mixed-Use Development

Highest and Best Use As Improved: The subject property is not improved.

Zoning: C-1 (commercial)

Concluded Value of the Subject As-is: Nominal Value*

* The cost to achieve the condition specified in the hypothetical condition used in this appraisal exceeds the market value of the property under those conditions, resulting in a nominal value.

Appraisal Specifics

Appraisal Purpose

The purpose of this appraisal is to provide an opinion of the fair market value of the subject property for the potential seller's due diligence, asset management and disposition strategic planning.

Project Description

The subject was previously in use as a shopping center which has since been demolished. On December 14, 2011, the City approved Administrative Coastal Permit 110024, Design Review Case 110025, Site Plan Review 110026, Tentative Map 110027, and Mitigated Negative Declaration 110028 for development of a new 46,200 SF commercial/retail center named "Breakwater". The development would include the seven new commercial buildings composed of a market, retail shops and a financial institution. The project would also include vacation of portions of City-owned Delaware and 8th Streets.

Several modifications are required in order to develop the subject property, including on- and off-site improvements such as grading; the installation of frontage improvements and perimeter utilities; and storm drain and traffic signal upgrades. Additionally, a reconfiguration of the design of the Palm Avenue/SR-75 intersection is necessary to improve traffic flow and modification of existing traffic signals as the current configuration inhibits visual and vehicular access to the site. A copy of the resolution document and cost estimate detailing the required configurations is included in the report addenda.

Substitution

This appraisal principle states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.

Appraisal Dates Defined

As used in this appraisal, the effective date of value is the effective date of the appraisal, either current or at a past point in time. The Date of the Appraisal is the date on which the appraisal process is completed to the point of submission of an appraisal report.

Three-Year Sale History

According to public records, APNs 626-250-04, 05 & 06 were acquired on March 19, 2009 for \$9,662,000 (doc#2009-137889) by the City of Imperial Beach Redevelopment Agency. APN 626-250-03 was acquired by the same ownership on February 13, 2009 for \$1,600,000 (doc#2009-070786). On March 10, 2011 the properties were transferred out of the previous Redevelopment Agency's ownership into the successor ownership of the City of Imperial Beach.

Current Listing/Pending Contracts

As of the date of value, the subject property is not listed for sale, nor is the appraiser aware of any offers to purchase or pending contracts.

Definitions

Fair 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.

Source: The Appraisal Institute's Dictionary of Real Estate Appraisal, 4th Edition.

A **Fee Simple** interest is defined¹ as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Hypothetical Condition is defined² as:

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. Hypothetical conditions are contrary to known facts about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Extraordinary Assumption is defined³ as:

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

¹ Appraisal Institute, The Dictionary of Real Estate Appraisal, 4th ed. (Chicago: Appraisal Institute, 2002).

² The Appraisal Foundation, USPAP 2012-2013 Edition

³ The Appraisal Foundation, USPAP 2012-2013 Edition

Exposure Time is defined⁴ as:

1. The time a property remains on the market.
2. The estimated length of time 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; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions")
3. Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values.) See also marketing time.

⁴ Ibid

Limiting Conditions and Assumptions

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Robert Backer & Associates has not made a determination regarding the subject's ADA compliance or non-compliance, nor are we qualified to do so. Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Robert Backer and Associates. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) our regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

The appraiser has relied on a construction and grading cost estimate draft provided by Sudberry Properties on July 10, 2012 to derive the value of the subject as-is. A copy of the cost estimate is included in the report addenda. This appraisal is operated under the extraordinary assumption that the reported costs are substantially accurate. If the anticipated development costs change in the future, this appraisal will need revision.

The proposed project includes vacation of City-owned Streets and a portion of an alley that runs along the southern perimeter of the subject. Currently, the appraiser's calculations based on the assessor's parcel map indicates a site size of 3.91 acres *exclusive* of the City Streets that will be included in the project. The approved tentative map document (included in the report addenda) states a site size of 4.75 acres. For the purposes of this analysis, the area reflected in the resolution document of 4.75 acres is utilized.

Appraisal Scope

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to determine the appropriate scope of work. USPAP defines the scope of work as:

The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions.

This appraisal is prepared for the Community Development Department of Imperial Beach, C/O Mr. Gregory Wade. The intended use is for the potential seller's due diligence, asset management and disposition strategic planning. This appraisal is intended for the use of the City of Imperial Beach, its agents and representatives.

SCOPE OF WORK

Report Type:	This is a Summary Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(B). This format provides a summary of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified using an assessor's parcel map and physical landmarks such as streets and fences.
Inspection:	A complete inspection of the subject site was made on June 22, 2012, and photographs were taken.
Market Area and Analysis of Market Conditions:	A limited analysis of market conditions was made. This analysis is appropriate to the appraisal problem to be solved.
Highest and Best Use Analysis:	Market conditions and relevant market data have been analyzed in the course of a complete Highest and Best Use analysis, both as vacant and as improved.
Type and Extent of the Data Researched:	The appraiser has searched the subject market area as well as other relevant market areas for similarly zoned land sales. Data and verification has been obtained from the following sources: <ul style="list-style-type: none"> • CoStar Comps • Appraiser's files • Loopnet.com

- Sandicor MLS
- Realquest.com
- Public records
- Local brokers

Type and Extent of
Analysis Applied:

Cost Approach:	A cost approach was not applied as this approach has little relevancy in the valuation of vacant land.
Sales Comparison Approach:	A sales comparison approach was conducted as there was adequate market data to reflect market behavior for properties of this type.
Income Approach:	An income approach has not been developed because the subject does not generate income as vacant land.
Typical Client Expectations:	The extent of research and reporting conducted in course of this assignment is consistent with client expectations.
Typical Appraisal Work by Peers:	The level of research, verification and reporting conducted during the course of this assignment is similar to work produced by other appraisers specializing in appraisals for public agencies.
Professional Assistance:	Professional assistance was provided by Kristen Magnussen (AG043553, California). Assistance was limited to inspection assistance, data collection and preparation of the initial draft of this report.
Hypothetical Conditions:	The subject property was previously used as a shopping center and bank which have since been demolished. Tentative map approval for development with new retail improvements was obtained on December 14, 2011. The resolution document is included in the report addenda. There are several conditions and stipulations in the document which must be met in order to obtain final map recordation, including utilities improvement; storm drain and frontage improvement replacement; raising the site to street grade; and traffic flow and access enhancement. The first portion of this appraisal is conducted under the hypothetical condition that the site is vacant, in finished condition, with all frontage improvements, utilities and entitlements in place. The second portion of the appraisal adjusts to an as-is value by deducting the anticipated costs for the required improvements.

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Regional Analysis

The following information has been compiled from various public agencies and the San Diego Chamber of Commerce.

The subject property is located in the County of San Diego. The county is considered one metropolitan region and an understanding of regional and more specific city influences on the subject property is an important part of the appraisal process. The county, 4,261 square miles, is the most southwesterly of the State of California and of the United States. The county is bounded on the south by the Mexican border, on the west by the Pacific Ocean, on the east by Imperial County, and on the north by Orange and Riverside Counties.

Environmental Forces

Environmental forces play a large part in area land use and development. The ocean to the west, Mexico to the south, mountains to the east and northeast and Camp Pendleton Marine Base to the north constrain growth. The area physically consists of a series of coastal mesas divided by canyons. Some of the canyons serve as watercourses providing drainage for the mountain areas to the east. These canyons have played a significant role in the development of municipal and neighborhood boundaries.

San Diego County Climate					
Month	High	Low	Humidity	Rainfall	Sunshine
January	65	48	63%	2.11"	72%
February	66	50	66%	1.43"	72%
March	66	52	67%	1.60"	70%
April	68	55	67%	0.78"	67%
May	69	58	70%	0.24"	59%
June	71	61	74%	0.06"	58%
July	76	65	74%	0.01"	68%
August	78	67	74%	0.11"	70%
September	77	65	72%	0.19"	69%
October	75	60	70%	0.33"	68%
November	70	54	65%	1.10"	75%
December	66	49	64%	1.36"	73%

Source: San Diego Convention and Visitors Bureau

The climate of the region is mild with warm dry summers and moderate winter rainfall. The average county wide high temperature range is 65-78 degrees with average annual rainfall of about 9 inches. The excellent climate supports a robust tourist industry and is a major force in attracting new tourist oriented businesses. The climate is clearly a major factor for immigration to the area. A negative aspect of the dry climate is the necessity to import

approximately 90% of the water needed to supply local needs.

Another important environmental feature of the San Diego region is the harbor. It is, of course, the harbor which was the impetus for the original founding settlement of the region by nonnative peoples. The excellent deep water harbor now serves as the major

west coast Navy home port and is also home to NASSCO, the only major ship building and repairing yard on the west coast. The port also handles significant cargo operations including imports from South America, Italy and Japan. Volkswagen imports cars into the United States from plants in Mexico to a facility in National City. Effort is currently being made to increase tourism activity in the harbor areas. A new 52,000 SF cruise terminal located at Broadway Pier opened in December 2010 as cruise lines such as Royal Caribbean and Carnival Cruises utilize the port (contributing an estimated \$2 million annually to the area’s economy). Numerous yacht and sport fishing marinas take advantage of the harbor and its easy access to the ocean. A facelift of San Diego Bay’s North Embarcadero district is underway, which will provide better access and public amenities. The plan includes construction of two new parks, Ruocco Park and San Diego County Park, which are estimated for completion in 2012 and 2013, respectively. The San Diego Convention Center opened in November of 1989 (constructed by the Unified Port District at a cost of \$165 million); and the expansion to the convention center and Petco Park were both completed in 2003, contributing significantly to tourism in the area.

Social Forces

Tremendous growth occurred in San Diego County between 2000, when the total population was approximately 2.81 million and 2010, when the total population increased to 3.22 million. This increase equates to almost 15% over the decade. By the year 2050 the county population is predicted to increase to nearly 4.4 million. Approximately 60% of this growth is expected to come from births, with the remaining growth coming from immigration. With 10 Navy and Marine Corps installations throughout the county, the military has a significant influence on the region’s growth with approximately 150,000 military personnel currently residing in the region. Based on 2010 estimates, the San Diego metropolitan area is now the 8th largest in the nation.

The social forces influencing the area are complex. The location of the region adjacent to the Mexican border and on the Pacific Rim results in significant migration into and through the area by Latin American and Asian immigrants. Less noticed but equally dramatic is the fact that between the years of 1970 and 2009, the number of foreign-born persons in California increased five-fold, from 1.8 million to almost 10 million. The greatest numbers of foreign-born persons are from Mexico, but in recent years significant numbers of immigrants have arrived from the Philippines, Vietnam, Guatemala, and Iran. The increasing multi-cultural nature of the region has many impacts. Some schools in the area have as many as 18 different native tongues represented.

San Diego has experienced a declining crime rate since the early 1990’s. In 2004, San Diego had the sixth lowest crime rate of any U.S. city with over 500,000 residents.

According to the City of San Diego Mayor’s Office, the overall crime reported in 2011 was at the lowest level since 1963 (25.29 per 1,000 persons). There were a total of 5,104 violent crimes during 2011, a 9.1% decrease from 2010 figures.

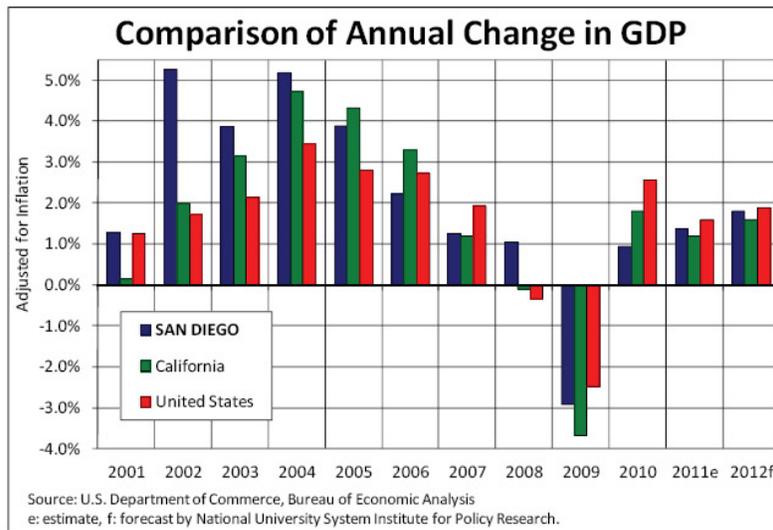
The metropolitan area has good transportation, an extensive freeway system, deep water port, a railroad offering freight and passenger service; trucking; air service; with local bus and trolley service systems available intra-county. Interstates 5, 805 and 15 provide excellent north-south transportation; and Interstate 8 runs from Point Loma east to Arizona for east-west travel. A myriad of intra-state freeways such as SR-78, SR-56 and SR-94 are also a part of the region’s freeway infrastructure, among others. The San Diego International Airport is the busiest single-runway airport in the U.S., serving over 18 million passengers each year. The San Diego Trolley serves downtown San Diego and many surrounding communities. The planned Mid-Coast Line will extend service to the UCSD campus (scheduled completion is December 2015) and the anticipated expansion of the Silver Line will utilize refurbished street cars for added transportation throughout the downtown area. The “Coaster” commuter line, a North County Transit District project, connecting downtown to the City of Oceanside has proved to be a success. NCTD began operations on a rail line paralleling State Route 78 with the “Sprinter”, an east west commuter line connecting the City of Escondido to the City of Oceanside in 2008. Data obtained from Site To Do Business Online reports that the average travel time to work within a 40 mile radius of downtown San Diego is roughly 25 minutes.

The region has an abundance of cultural and educational facilities including the San Diego Symphony Company, the world-famous Globe Theater and the California Center for the Performing Arts in Escondido. The University of California San Diego received over 70,000 freshman applications for fall of 2011 (up significantly from 48,000 in the previous year). The area also benefits from the presence of The University of San Diego, San Diego State University, Scripps Institute of Oceanography, many community colleges and the newest branch of the California State University system in San Marcos. The San Diego Unified School district consists of 113 elementary, 24 middle, and 27 high schools, not including those within the numerous surrounding school districts throughout the county. Census data released in 2009 reveals approximately 33.7% of San Diegans 25 or older hold bachelor’s degrees or higher, ranking the area as the 11th most-educated city in the United States.

Economic Forces

According to the National Bureau of Economic Research (NBER), “The Great Recession” (the greatest economic downturn since the Great Depression) began in December 2007 and ended in June 2009. The deterioration of the economy began with

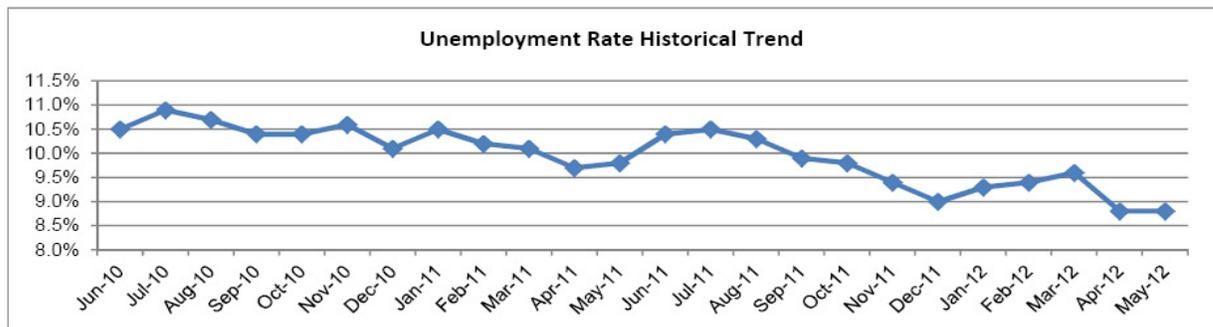
the stalling of the residential housing market at the end of 2005, and employment and commercial/industrial real estate markets began to deteriorate in 2008. Construction, real estate sales and prices as well as employment conditions declined significantly, echoing the ongoing nation-wide recession. During 2009, the region’s gross metropolitan product (GMP) shrank 1.2% (the first year of decline) from \$169.3 billion to \$167.2 billion. The growth reported in 2010 was only 0.9%. In 2012, it is projected that San Diego’s GMP will increase by another nominal 1.4% according to a report released by the National University System Institute for Policy Research.



The slight increase in GMP and stabilization of unemployment rates are somewhat promising signs, however, many experts anticipate a very slow economic recovery.

Employment

The unemployment rate in San Diego County has fluctuated since 2009 but has generally remained between 8.5% and 11.0%. Since 2010, however, the unemployment rate has continued a generally declining trend as shown on the chart below:



Source: California Employment Development Department

The May 2012 San Diego County unemployment rate of 8.8% is lower than the State level of 10.4% and slightly above the national level of 7.9%, as shown below.

REGIONAL & NATIONAL UNEMPLOYMENT RATES AS OF MAY 2012*	
Jurisdiction	Unemployment Rate
Los Angeles County	11.1%
Riverside County	11.8%
Orange County	7.5%
Imperial County	26.8%
San Diego County	8.8%
State of California	10.4%
National	7.9%
Source: State of California Employment Development Department	
*Not seasonally adjusted	

Historically, a regional economy like San Diego has differed from the nation overall as to the timing and degree of decline during recessions. Today, some of the region’s largest employers such as Qualcomm employ 10,000 people or less. This has resulted in an economic situation which is less sensitive to downturns in one specific industry or product. San Diego remains a major defense station with a wide range of defense activities and many permanent installations oriented primarily to Navy and Marine operations related to the San Diego Harbor. The Navy has increased the number of ships based in San Diego Harbor, closing other west coast facilities. In addition, shipbuilding and repair work has increased due to the closure of the Long Beach Naval Shipyard. The presence of the U.S. military in San Diego continues to have a major economic impact on the area, providing an estimated \$18.3 billion to the local economy annually. The convention and tourist industry is highly important to San Diego's economy, ranking third in importance behind manufacturing and the military.

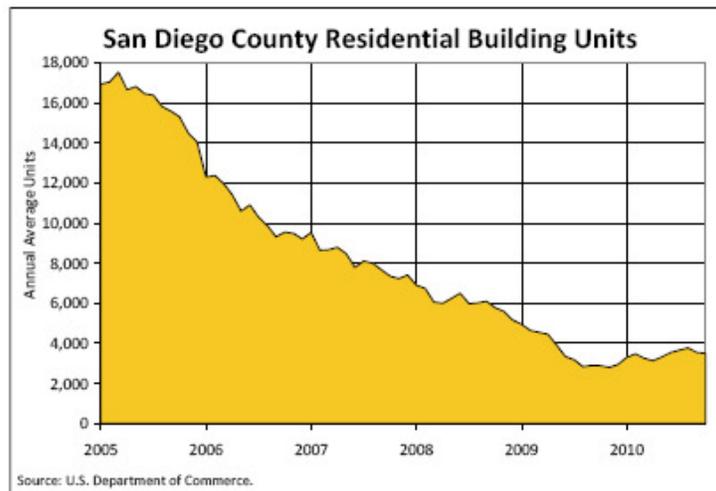
According to the San Diego Convention & Visitors bureau, San Diego attracted an estimated 31.1 million visitors in 2011, making it the third most revenue-generating industry in San Diego. Visitors in 2011 spent approximately \$7.5 billion at local businesses, higher than the 2010 figure of \$7.0 billion. The hospitality industry employed an estimated 160,000 San Diegans according to the Visitor’s Bureau. Durable goods manufacturing (computers, electronics, aerospace and shipbuilding) is also bolstered by defense related spending. The California Employment Development Department reports that in San Diego County, occupations with the fastest job growth projected through 2018

are Information Security Analysts, web developers, home health aides, physical therapist aides, medical scientists and physician assistants.

Median Household Income within a 40-mile radius of downtown San Diego is reported to be \$60,841 in 2010, compared to \$54,442 for all US households. This figure is a dramatic increase from \$47,330 in 2000, and the median income is forecast to increase to \$69,421 by 2015 (according to data obtained from Site To Do Business (STDBOnline)).

Residential Real Estate Market Conditions

During the recession, the entire state as well as San Diego has experienced a massive decline in residential construction. Depreciation resulted from price corrections in sub markets that appreciated rapidly without a significant reason other than low interest rates, inflated values and limited supply. After years of booming home sales and prices in the early 2000’s, the residential market stalled at the end of 2005 as delinquencies and foreclosures began to rise. Residential construction permits plummeted from 9,191 in 2006 to 2,946 in 2009. In 2010, the number of permits increased 11.8% to 3,293; and again in 2011 with a total 5,220 residential building permits. The chart below outlines the number of housing units authorized for construction since the height of the economy.



According to the MLS, county-wide detached product sales volume remained relatively flat during 2011 (at 21,459 sales, very close to the figure of 21,040 during 2010). The average sales price dropped nominally, from \$497,369 in 2010 to \$482,768 in 2011. This is a relatively trivial change in comparison to the onslaught of the recession, when the average sales price plummeted 30.3% (between the first half of 2008 and the first half of 2009). The slightly higher average sales price in 2010 could be attributed to government tax credits that expired in June 2010.

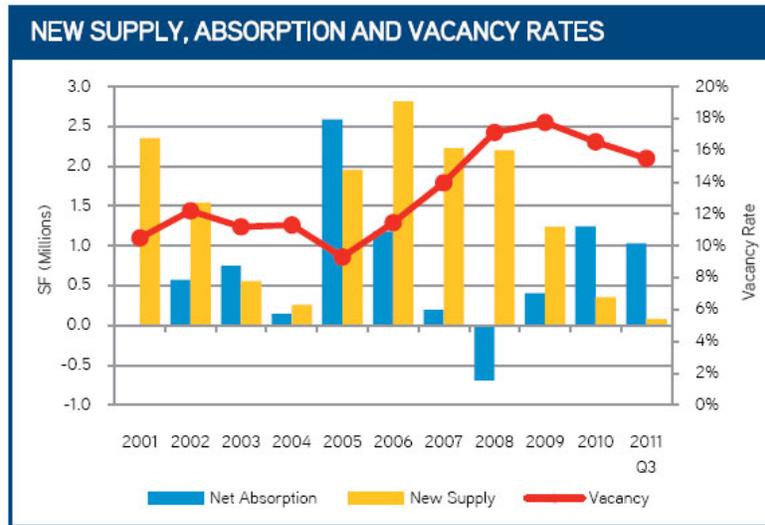
Commercial, Retail and Office Market Conditions

Throughout the earlier years of the economic downturn, San Diego’s commercial market remained strong. However, tumultuous financial events on Wall Street occurring in the latter part of 2008 (in addition to the already existing recession) gave way to a softening of commercial market conditions. Financing became scarce and expensive due to what many call the “credit crunch” and many construction plans were put on hold or cancelled.

Retailers were the hardest-hit in the commercial market when economic uncertainty lowered consumer confidence, and many major retail outfits laid off workers and closed their doors, raising vacancies. However, market conditions have improved slightly since the turn of the decade. Second quarter 2012 trends published in the PriceWaterHouseCoopers Real Estate Investor Survey show national Strip Shopping Center capitalization rates averaged 7.18%, down slightly from 7.63% during fourth quarter 2010. National net lease cap rates for second quarter 2012 are reported at 7.4%, down from 8.34% one year ago. Retail rents have remained soft, but the decline has slowed. CoStar Comps reports an average county-wide retail lease rate of \$1.74/SF NNN during the second quarter of 2012, down from \$1.83/SF during the same quarter in 2011, and \$1.88/SF during second quarter 2010.

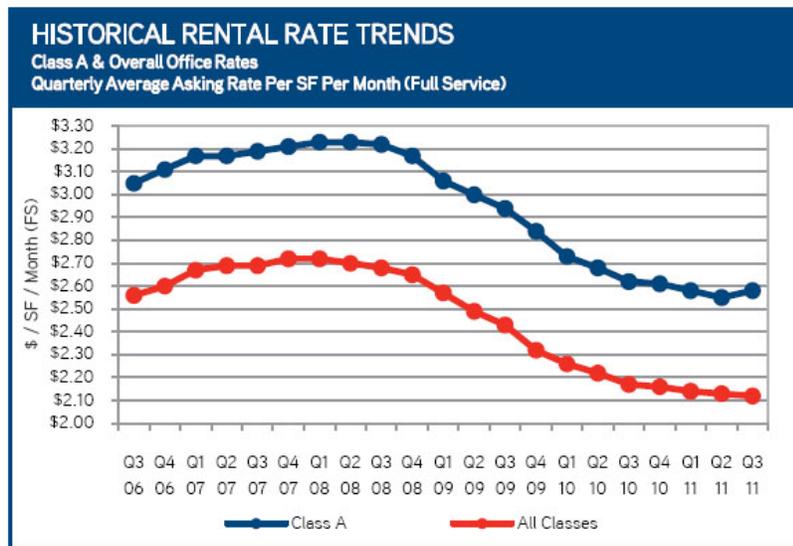
While San Diego County’s retail market is still feeling the recession’s impact, there are a few new projects that are either under way, or expected to begin construction within the next year or two. These projects include the Civita project at the northwestern edge of Mission Valley, which will include about 900,000 SF of retail and office space; Palomar Airport Commons in Carlsbad, which will include a 185,000 SF Lowe’s-anchored center; and La Costa Town Square which will include 265,000 SF of retail space anchored by Safeway. The proposed 482,000 SF Sunroad Otay Plaza development in southern San Diego County is planned to break ground in 2013. CoStar Comps reported that as of the first quarter of 2012, countywide net absorption was a (weak) positive 104,960 SF. A total of 329,863 SF were under construction and 65,800 SF were delivered to the market during the first quarter. Based on these market conditions, it appears San Diego County’s retail market may rebound more quickly than other overbuilt markets such as Phoenix, AZ and Las Vegas, NV.

Office rents declined and vacancies rose during the recession; and remained sluggish in 2011. However, some positive trends were seen. According to a report issued by Colliers International, the San Diego’s office market’s positive net absorption rose 548,000 SF in 2011 compared to 274,260 SF in 2010. The report also states that countywide vacancy decreased slightly to 15.5%. The chart on the following page illustrates office trends in San Diego County through 2011:



Source: Colliers International

Price Waterhouse Coopers reported an average capitalization rate in the San Diego office market at 7.88% in the second quarter of 2012, down slightly from 8.25% during the same quarter in 2010. The chart below outlines historical rental rates in the San Diego office market since late 2006:



Source: Colliers International

Although capitalization rates appear to be stabilizing and net absorption showed some promising trends during 2011, rents remain low. CoStar Comps reports an average county-wide office lease rate of \$2.11/SF full service during the second quarter of 2012, similar to the \$2.13/SF figure reported one year ago, and \$2.22/SF full service during

second quarter 2010. Many experts agree that San Diego’s office market will likely continue at a sluggish pace over the next few years as our region and nation recovers from “The Great Recession” of 2007-2009.

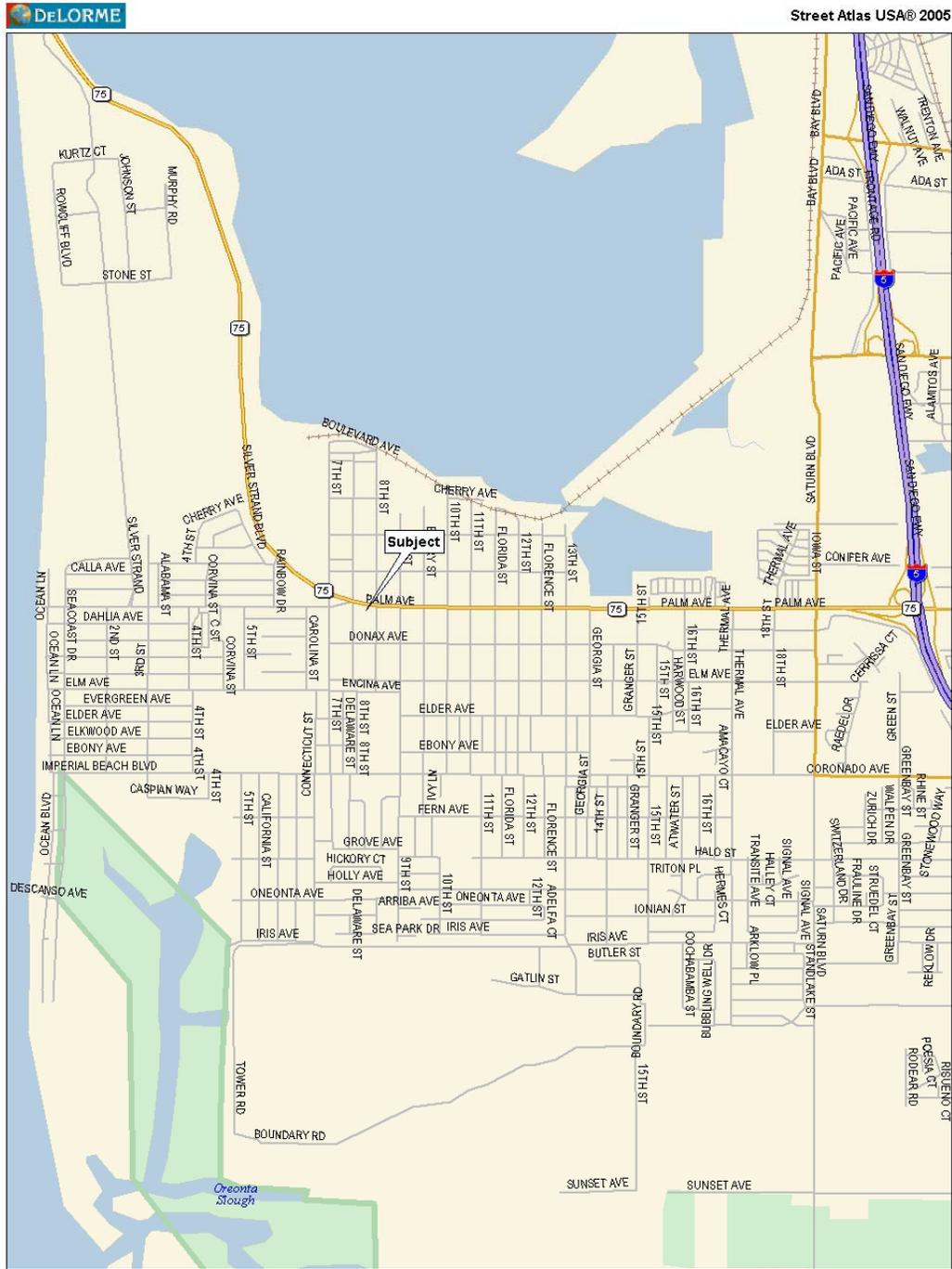
The industrial sector of the market experienced negative absorption and increased vacancy in 2010. According to data obtained from CoStar, the average county-wide industrial lease rate has remained between \$0.67/SF - \$0.68/SF since the beginning of 2010 through the second quarter of 2010. Vacancy has also remained relatively flat, with figures ranging between 6.8% and 8.0% during the same time frame. Price Waterhouse Coopers reports that during the second quarter of 2012, national flex/R&D properties sold at an average cap rate of 8.65%, down slightly from 8.75% one year prior. While the industrial sector has softened, there is not a great supply of industrial properties throughout San Diego, and prices and demand have shown more moderate fluctuations as compared to other market sectors.

Market Outlook for 2012

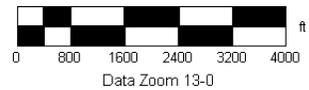
Market conditions throughout 2011 and the first half of 2012 remained tepid, but most economic forecasters are predicting a continuing, albeit slow, economic recovery to occur over the next several years. Since 2010, San Diego’s economic recovery has gained some traction, experiencing gains in employment, home sales prices, and consumer spending. Despite these signs of stabilization, however, in August 2011 Standard & Poor’s lowered the United States’ credit rating for the first time in history. As a result, financial markets declined suddenly and significantly, signalling that full economic recovery is anything but near. As we progress through 2012, most experts predict a somewhat shaky and drawn-out economic recovery to occur over the next several years (perhaps as late as 2015 or later).

While the real estate market begins to recover from a precarious period, some analysts maintain a positive outlook for long term investment in the San Diego County area because of the region’s geographic limitations and ever growing population. The superb quality of life offered by the city of San Diego and neighboring communities has consistently enabled the region to sustain its growth as economic conditions improve. The local presence of the military, tourism, and biotechnology which contribute to the area’s resilient and entrepreneurial atmosphere. The combination of quality of life, research institutions, educational facilities and a healthy business climate has encouraged entrepreneurs to develop their ideas into profits in the area. San Diego continues to outpace the rest of the state with respect to job growth, increases in home prices, and construction activity, and many experts concur that a slow improvement in our region’s economy will occur at a slightly faster pace than most areas of the state and nation.

Neighborhood Map



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 www.delorme.com



Neighborhood Description

Located just north of the Mexico Border, the City of Imperial Beach is bounded by the Pacific Ocean to the west, the City of San Diego to the east, the San Diego Bay and military facilities to the north and the Tijuana River Valley to the south. The city boundaries currently encompass a total area of 4.4 square miles. The modern history of Imperial Beach begins in 1887 with the first subdivision map in the area referred to as South San Diego Beach. The area was later developed as a resort community geared towards residents of the Imperial Valley, which gave birth to the name Imperial Beach. The history of Imperial Beach has also been influenced by the Imperial Beach Auxiliary Land Field (Ream Field) which is located immediately to the south. In the early years of the city, the civilian employment provided by the base made a significant impact on the local economy, periods when the field was decommissioned often increased the city’s unemployment dramatically. Since the 1960’s the field has operated as an extension of Naval Air Station North Island primarily for helicopter training.

With recent improvements in water quality due to reduced pollution from Mexico, Imperial Beach has once again become a sought after surfing community and beach resort. The Imperial Beach Pier is a popular destination for fishing and walking, it was reconstructed in 1988 after severe storm damage. The Tijuana Estuary Natural Preserve Visitor Center is also located nearby which allows visitors to the area to observe preserved coastal wetlands and the inhabiting wildlife. Border crossings to Mexico are located nearby, the San Ysidro crossing is just southeast of the city and the Otay Mesa crossing to the east is easily accessible by way of SR-905. Imperial Beach offers public school from kindergarten to High School. The nearest junior college is Southwestern College approximately 6 miles away in Chula Vista. San Diego State University is 14 miles away and the University of California San Diego is 15 miles away.

The current city general plan was updated in 2010, and is aimed at adding amenities for visitors while increasing the quality of life for residents. Many commercial zones now allow for residential development above commercial uses and maximum densities have been increased in several residential areas. Other than the beach oriented businesses, most employment in the area is located outside of the city limits in areas such as Chula Vista, Otay Mesa and National City. Otay Mesa, located approximately eight miles to the east is a continually expanding industrial and business center.

As of January 1, 2010, the estimated population for the City of Imperial Beach is 26,324, an decrease of 2.0% since the 2000 census. The county as whole had a population increase of 10.0% within the same period. The median household income for Imperial

Beach is estimated at \$52,148 as of January 1, 2009, an increase of 3.5% since 2000 (adjusted for inflation \$1999). SANDAG reports a total of 9,860 total housing units in Imperial Beach as of January 1, 2010. As indicated on the chart below, the average home price in Imperial Beach is significantly lower than average county-wide figures. This data is based on information found on the MLS.

Average Home Prices (July 1, 2011 through June 30, 2012)	Attached	Detached
Imperial Beach	\$223,554	\$314,125
County of San Diego	\$253,509	\$480,090

Retail lease rates in Imperial Beach are also lower as compared to the county. CoStar Comps reports average NNN retail lease rates in Imperial Beach ranged from \$1.20 - \$1.29/SF between 2010 and second-quarter 2012, compared to the Countywide range of \$1.74 - \$1.90/SF NNN during the same time frame. Retail vacancy has risen considerably in Imperial Beach, rising from 2.7% during the first quarter of 2010 to 5.6% during the second quarter of 2012. Countywide vacancy has generally remained between 4.5% and 5.0% between 2010 and second-quarter 2012. However, the vacancy rates are low by national standards. Retail is considered to strongest market segment in Imperial Beach as well as the County.

Property Description

SITE

- Site Size:** The area of 4.75 acres which includes city streets as depicted on the site plan is used in this appraisal (see extraordinary assumption).
- Site Shape:** As shown on the assessor's parcel map, the site consists of two and one-half city blocks which are generally rectangular in shape. The blocks are split by Delaware and Eighth Streets which are planned to be vacated and included as part of the proposed project.
- Site Topography:** Topography on-site is mainly below street-grade and will need substantial fill and grading in order to be developed. Storm drain improvements will also be necessary. Terrain slopes gently upwards towards the west and downward to the south.
- Road Frontage/Access:** The subject property is bound on the north by Palm Avenue, on the west by 7th Street, on the east by 9th Street, and on the south by an unnamed alley. The site is split by Delaware and 8th Streets. Currently, access to the property is challenging to westbound Palm Avenue traffic which must make a U-turn in order to enter the property. The proposed project includes significant reconfiguration for access enhancement as shown in the resolution document included in the report addenda. The sales comparison approach *as-if vacant, entitled, and finished with all frontage improvements and utilities* values the property as-if access is adequate.
- Utilities:** Water is supplied by a private water company. Sewer service is provided by the City. Electricity and gas is provided by San Diego Gas and Electric. Telecommunications are available from a variety of service providers. Utilities extension is required in order to develop the site. The first portion of this appraisal values the site as-if all utilities are adequately stubbed at the property line.
- Site Improvements:** Most of the previously existing site improvements have been removed and/or demolished. This appraisal first values the subject under the hypothetical condition that the site is finished at grade with all frontage improvements such as curbs, gutters and sidewalks.
- Flood Zone:** The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is not located in flood hazard zone.

FEMA Map Number: 060-2912153F

FEMA Map Date: 6/19/1997

FEMA Zone Classification: X

**Easements/
Encroachments:** A title report has been provided to the appraiser from Chicago Title Company (order no. 880026434-P05); and Stewart Title of California (order no. 29735). Several of the items pertain to taxes, assessments, trust deeds and utilities and have little relevance to this appraisal. The title report contains these additional items:

- An easement for water pipe line and incidental purposes over and across the NW ¼ of the NW ¼ of section 29 was granted to FD Warner and later passed to Hobart Homes, Inc. The recording date and exact location of the easement is not disclosed on the title report.
- Right of public use for public street purposes within the boundaries of all the streets and alleys was filed in the county recorder's office July 29, 1908.
- An easement for road purposes and rights incidental was granted to Davies Motors, Inc. on January 17, 1949 in book 3081, page 189. This easement affects the northerly 40 feet of that portion of the NW ¼ of the NW ¼ of section 29.
- A sewer pipeline incidental easement was granted to the Imperial Beach Sanitary District; recorded on March 11, 1951 in book 4095, page 353; and affects the south 10 feet of the property west of the west line of 8th Street.
- An easement for incidental public road purposes was granted to the County of San Diego on August 9, 1951, book 4198, page 174. This easement affects the area over and across the south 20 feet of the NW ¼ of the NW ¼ of section 29. This easement also contains the privilege and right to extend drainage structures and excavation and embankment slopes beyond the limits of this right-of-way where required for construction and maintenance.
- An easement for ingress and egress road purposes was recorded July 30, 1953 in book 4938, page 199 of official records; the area affected is not disclosed in the title report.
- An "underground agreement" was made by and between the City of Imperial Beach and Sam Dimenstein; recorded November 18, 1981 as file no. 81-364713 of official records. The full particulars of this agreement are not disclosed in the title report.
- A covenant was recorded March 19th, 1952 stating that no one is to build in the front yard setback area described as the distant 140 feet from the center line of Palm Avenue.
- An easement for public highway was granted to the County of San Diego on August 9, 1951 (book 4198, page 173 of Official Records). This easement encumbers the south 20 feet of the parcel which is currently utilized as an unnamed

alley.

- An easement for water pipe line and incidental purposes was granted to F. O. Warner on October 7, 1925 in Book 1109 page 212 of Deeds.
- A grant deed recorded on February 7, 1952 states that no structure shall be erected within 140 feet of the centerline of Palm Avenue (book 4457 page 294 of Official Records)

None of the above items are considered to impact the value of the subject property at its appraised Highest and Best Use.

Owner of Record: City of Imperial Beach

Legal Description: See report addenda

Aerial Photograph



*Parcel boundaries are approximate

Subject Photographs



Subject Site – Facing Northeast from Southern Perimeter



Unnamed Alley Along Southern Perimeter of Property



Frontage Along Ninth Street – Facing South



Frontage Along Palm Avenue – Facing West



Southwest Corner of Property Facing Northeast



View of Subject From Across Delaware Street – Facing East



Frontage Along Delaware Street – Facing South

Assessment & Taxes

The subject property is owned by a public agency and is therefore not assessed. When the property is in private ownership, the tax rate is 1.14272% of assessed value for the tax bill year 2011-2012.

Assessment Analysis

State of California Proposition 13 was implemented in 1978, which provides that the maximum amount of any real property tax shall not exceed 1% of the full cash value of such property, plus any interest and redemption charges on any indebtedness approved by the voters. Under Proposition 13, real property is reappraised only upon a change of ownership, typically at or near the sale price, or if there is new construction. Except for these two instances, the assessed valuation cannot be increased by more than a 2% inflation factor annually. Because of these limitations, there is not necessarily a correlation between assessed value and current market value.

Zoning Analysis

District:	C-1 (General Commercial)
Applicable Permitted Uses:	<ul style="list-style-type: none"> • Stores, shops and offices • Restaurants • Banks • Personal service enterprises • Hotels/motels • Residential dwelling units above the first floor at a maximum density of 1DU per 1,000 SF of lot area with approval of conditional use permit • A variety of other businesses/establishments are allowed with a conditional use permit only
Development Standards:	
Minimum Lot Size:	3,000 square feet
Minimum Road Frontage:	30 feet
Front Setback:	0 feet
Side Setback:	0 feet
Rear Setback:	0 feet
Maximum Building Height:	4 stories or 40 feet
Parking:	As outlined in Chapter 19.48.051 of the City of Imperial Beach Municipal Code, centers with two or more commercial uses are required to have one parking space per 250 SF of net floor area plus one space per two employees.

General Plan/Local Coastal Program Analysis

The Imperial Beach General Plan was updated in October 2010 and designates the subject as C-1 “General Commercial (4 stories)” Coastal Plan L-6 Land Use Element which is consistent with the underlying zoning. The resolution included in the report addenda states that the subject’s proposed plans conform to current zoning. Several amendments are currently proposed for the subject property’s area. The amendments would apply a C/MU-1 General Plan/Zone designation to the subject property. The following text is excerpted from the General Plan document:

“The General Commercial land use designation provides for land to meet the local demand for commercial goods and services, as opposed to the goods and services required primarily by the tourist population. It is intended that the dominant type of commercial activity in this designation will be community and neighborhood serving retail and office uses such as markets, specialty stores, professional offices, personal service department stores, restaurants, liquor stores, hardware stores, etc. Residential uses may be permitted above the first floor at a maximum density of one unit per every 1,000 square feet of land. Discretionary permit review by the City shall be required for such residential use.”

Highest and Best Use

Highest and best use may be defined as

the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.⁵

- **Permissible Use.** What uses are permitted by zoning and other legal restrictions?
- **Possible Use.** To what use is the site physically adaptable?
- **Feasible Use.** Which possible and permissible use will produce any net return to the owner of the site?
- **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use As Vacant

Imperial Beach’s C-1 zoning designation allows for a wide variety of uses defined as commercial. Development of community- and neighborhood-serving retail/office uses is permitted by right. Residential dwelling uses may be permitted above the first floor with a discretionary permit review. Development of a multi-tenant commercial or mixed-use center on the subject property is legally permissible.

The subject property has sufficient area to support a multi-tenant or mixed-use commercial center. However, much of the site is below street level, and the site will need to be elevated in order for development to occur. Additionally, access to the subject is insufficient. The physical limitations of the site are outlined in the cost estimate included in the report addenda, and the costs to overcome these limitations is adjusted for and reflected in the value reported herein. If the site is elevated and access enhancements are made, development of a multi-tenant commercial or mixed-use center in conformance with Imperial Beach’s C-1 zoning designation is physically possible.

New commercial development has remained slow in the subject area. Retail vacancies have risen, and lease rates have declined. However, the free-fall experienced during the recession has stabilized, and the San Diego County retail market has shown some recent signs of possible recovery as evidenced by new commercial development and slight positive absorption in other areas of the County. However, the anticipated costs to develop the site exceed the value of the subject as-if vacant, entitled, and finished with all frontage improvements. Based on market conditions it is not financially feasible to develop the property at this time, but maybe in the future as the economy improves.

⁵ *The Appraisal of Real Estate* 11th Edition, Page 297, Appraisal Institute

Future development of the subject property with a multi-tenant commercial or mixed-use center under the guidelines of the C-1 zone is the legally permissible, physically possible, financially feasible and most productive use of the subject property. The Highest and Best Use as Vacant of the subject property is to hold for future development with a multi-tenant commercial center.

Highest and Best Use As Improved

The subject is not improved.

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

- The Cost Approach
- The Income Approach
- The Sales Comparison Approach

This appraisal includes the following:

- **Cost Approach:** This approach has been considered, however it has not been developed because this approach has little relevancy in the valuation of vacant land.
- **Sales Comparison Approach:** This approach is applicable, necessary and has been fully developed to determine a value as-if vacant, entitled and finished with all frontage improvements in place. Then, an as-is value is derived by deducting anticipated costs to achieve this condition.
- **Income Approach:** The subject property does not generate income as vacant land and therefore this approach is not relevant.

Land Value – As-if Vacant, Entitled and Finished with Frontage Improvements and Utilities

The subject’s land value as-if vacant, entitled and finished at street grade with frontage improvements and utilities has been developed via the sales comparison approach. We have researched and analyzed six comparables for analysis. These comparables are detailed on the following page, followed by a location map, analysis grid, analysis narrative and value conclusion. Imperial Beach is largely built out. Therefore, it was necessary to expand the data search to other competitive neighborhoods. Additionally, due to lack of recent market activity, the data search for closed sales was extended back two years. Because of the sparse data, an analysis of active commercial land listings is included following the closed sales analysis.

Land Comparable 1



Transaction

Property Type	Land - Commercial	Date	6/15/12
Address	1121 National City Boulevard	Price	\$1,165,000
City	National City	Price Per Land SF	\$21.57
State	CA	Financing	Conventional
Zip	91950	Property Rights	Fee simple
Grantor	East West Bank	Days on Market	Unknown
Grantee	Focus Holding Co LLC	Verification Source	Public records, drive-by inspection
APN:	556-554-19	Document No.	2012-350189

Site

Land SF	54,014	Topography	Level
Road Frontage	255' on 11th St; 155' on National City Blvd; 260' on A Ave; 140' on 12th St	Zoning	GP - "Commercial and Office"
Utilities	All available and connected	Flood Zone	None
Shape	Rectangular/L-shape	Entitlements	Previous parking garage
View	Average	Frontage Improvements	Curbs, gutters, sidewalks
Average Daily Traffic	13,700 on National City Blvd		

Improvements

Improvements	Parking garage	Condition	Previously developed
Year Built	Public records do not indicate	GBA	Public records do not indicate

Notes

This property was previously used as a parking garage, however, the improvements are old and the site is designated "commercial and office" in the current general plan. This property was not found on Loopnet.com or CoStar Comps, and was found via public record. All information given is based on information obtained from public records, aerial imagery, and a drive-by inspection.

Land Comparable 2



Transaction			
Property Type	Land - Commercial	Date	5/25/12
Address	Old Grove Road	Price	\$8,591,500
City	Oceanside	Price Per Land SF	\$25.66
State	CA	Financing	Cash
Zip	92056	Property Rights	Fee simple
Grantor	Pacific Coast Partners LP	Days on Market	Unknown
Grantee	Kaiser Foundation Health Plan Inc	Verification Source	CoStar Comps, public records, Doug Wolfley (buyer contact)
APN:	161-512-37,38,39	Document No.	2011-0308865

Site			
Land SF	334,802	Topography	Mostly level
Road Frontage	246' on Old Grove Rd	Zoning	IL
Utilities	All available	Flood Zone	None
Shape	Irregular	Entitlements	None
View	Average	Frontage Improvements	Curbs, gutters, sidewalks
Average Daily Traffic	10,900 on Old Grove Road		

Improvements			
Improvements	Vacant	Condition	Rough graded
Year Built	NA	GBA	NA

Notes
 The buyer contact confirmed there were no unusual conditions of sale. The land was in rough graded condition with no entitlements. The buyer intends to construct a medical facility.

Land Comparable 3



Transaction			
Property Type	Land - Commercial	Date	4/9/12
Address	2325 Otay Lakes Road	Price	\$975,000
City	Chula Vista	Price Per Land SF	\$34.81
State	CA	Financing	Cash
Zip	91915	Property Rights	Fee simple
Grantor	Kohl's Department Stores Inc	Days on Market	Unkown
Grantee	El Many LLC	Verification Source	CoStar Comps, public records, Stewart Keith (buyer's broker)
APN:	595-232-29	Document No.	2012-0204643

Site			
Land SF	28,009	Topography	Level
Road Frontage	240' on Otay Lakes Road; 520' on Eastlake Rd; 430 on Fenton St	Zoning	Eastlake II PC4VC4
Utilities	Extension needed at expense of buyer	Flood Zone	None
Shape	Polygonal	Entitlements	None; additional approvals required
View	Average	Frontage Improvements	All in place
Average Daily Traffic	25,800 on Otay Lakes Rd; 18,900 on Eastlake Rd		

Improvements			
Improvements	Vacant	Condition	Previously developed parking lot
Year Built	NA	GBA	NA

Notes

This parcel was previously part of a Kohl's parking lot. The seller created the new parcel including a re-zone at the buyer's expense which created a long escrow period according to the broker. A 2,500 SF Jack In the Box was subsequently constructed. A conditional use permit and additional approval from the adjacent shopping center's owner was also required. An easement over the property allowing access to the Kohl's store was also necessary. The buyer also paid for utilities extension to the newly created pad. This site will benefit greatly from its location in an anchor center.

Land Comparable 4



Transaction			
Property Type	Land - Commercial	Date	7/22/11
Address	W Mission Road	Price	\$3,500,000
City	San Marcos	Price Per Land SF	\$24.06
State	CA	Financing	Cash
Zip	92069	Property Rights	Fee simple
Grantor	North County Land Partners LP	Days on Market	2
Grantee	Palomar Community College District	Verification Source	CoStar Comps, public records, Steve Rosetta (buyer's broker)
APN:	219-161-17,18,19,21	Document No.	2011-0372829

Site			
Land SF	145,490	Topography	Mostly level
Road Frontage	295' on N Las Posas; 423' on Comet Circle; 77' on W Mission Rd	Zoning	Commercial
Utilities	All available	Flood Zone	None
Shape	Irregular	Entitlements	None
View	Average	Frontage Improvements	Curb, gutter, sidewalk
Average Daily Traffic	16,400 on W Mission Rd; 28,700 on N Las Posas		

Improvements			
Improvements	Vacant	Condition	Rough graded
Year Built	NA	GBA	NA

Notes
 While there were no specific plans at time of sale, the adjacent college purchased the raw land for future needs. The district has no immediate plans for the site. This was an arms-length transaction with no unusual conditions of sale.

Land Comparable 5



Transaction

Property Type	Land - Commercial	Date	9/16/10
Address	2100 Highland Avenue	Price	\$1,370,000
City	National City	Price Per Land SF	\$40.48
State	CA	Financing	Private-typical
Zip	91950	Property Rights	Leased fee
Grantor	Highland Partners Inc	Days on Market	Unknown
Grantee	Highland SD Auto LLC	Verification Source	Loopnet, public records, Tim Mills (list broker)
APN:	560-320-13 through -15, -26	Document No.	2010-489750

Site

Land SF	33,846	Topography	Level
Road Frontage	117' on 21st; 117' on 22nd; 250' on Highland Ave	Zoning	MXD-1 (minor mixed use); GP - Major mixed use
Utilities	All available	Flood Zone	None
Shape	Rounded rectangle	Entitlements	Previous
View	Average	Frontage Improvements	Curbs, gutters, sidewalks
Average Daily Traffic	18,700 on Highland Avenue		

Improvements

Improvements	Vacant	Condition	Rough graded
Year Built	NA	GBA	NA

Notes

A previously existing building was demolished prior to sale. The buyer leased a portion of the site to AutoZone as a contingency of sale and will construct a building. The buyer intends to use one parcel and lease the remaining land. The broker stated that these arrangements did not significantly affect the sales price. The first-year NOI for the Autozone lease is \$89,004, resulting in a 6.5% capitalization rate.

Land Comparable 6



Transaction

Property Type	General	Date	8/26/10
Address	1231-35 Palm Avenue	Price	\$510,000
City	Imperial Beach	Price Per Land SF	
State	CA	Financing	Cash
Zip	91932	Property Rights	Leased fee
Grantor	Loan Co of San Diego	Days on Market	Unknown
Grantee	Virginia Gonzalez	Verification Source	Loopnet, public records, Voltaire Lepe (list broker)
APN:	626-311-14	Document No.	2011-054486

Site

Land SF	10,890	Topography	Level
Road Frontage	90' on Palm Avenue	Zoning	C-1 (General Commercial)
Utilities	All available and connected	Flood Zone	None
Shape	Rectangular	Entitlements	
View	Average	Frontage Improvements	Curb, gutter, sidewalk
Average Daily Traffic	14,200 on Palm Avenue		

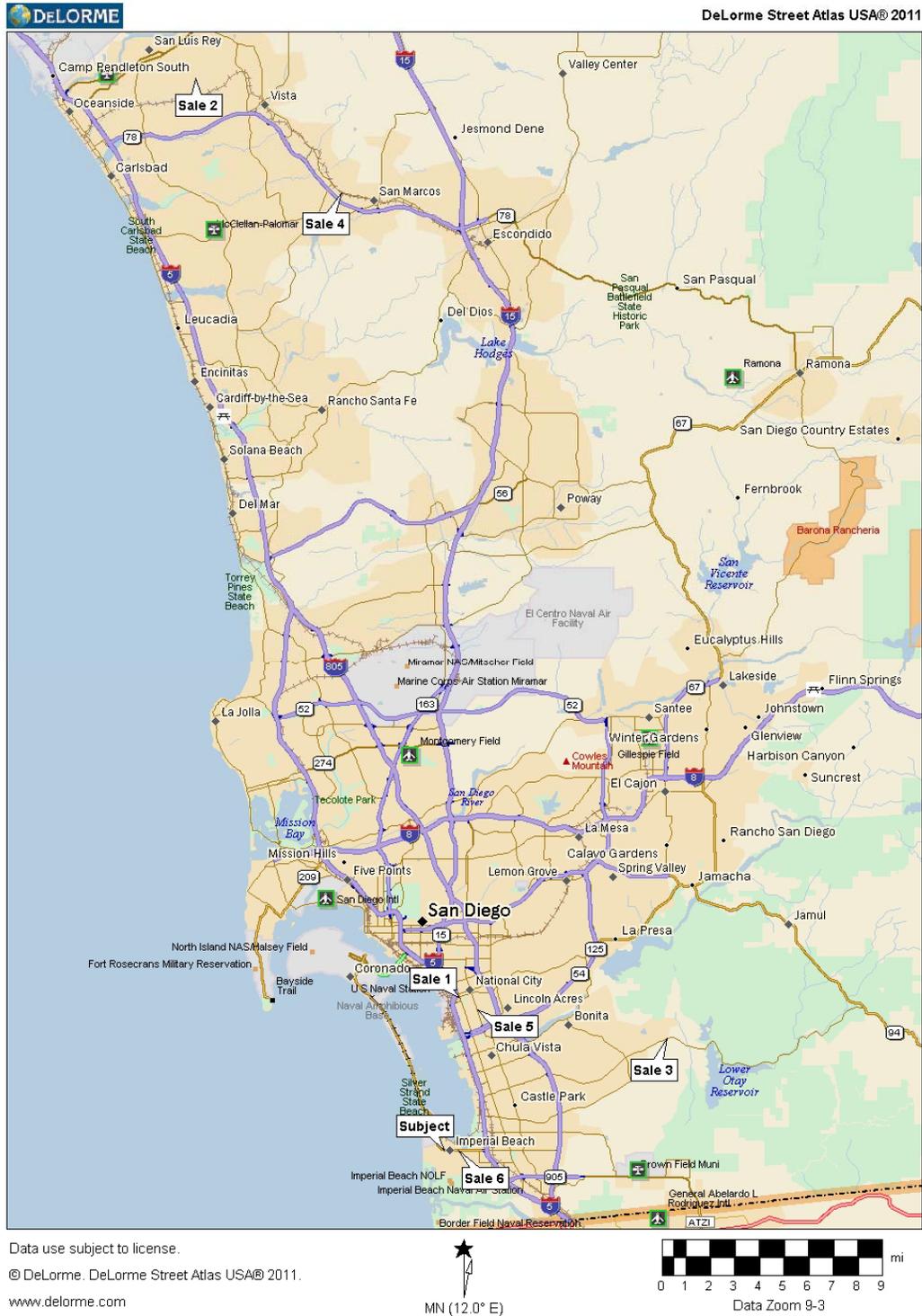
Improvements

Improvements	Retail Building	Condition	Good
Year Built	Public records do not indicate	GBA	3,650

Notes

This 5-unit building had one vacancy at time of sale. Two of the four existing tenants were paying below market rent. Three of the existing leases expire in 2012 and the remaining lease expires in 2014. There were no unusual conditions of sale. The building has been remodeled and was in overall good condition.

Comparables Map



Analysis Grid - As-if Vacant, Entitled and Finished with Frontage Improvements and Utilities

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Economic Trends (time)
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6							
Address	735-849 Palm Avenue	1121 National City Boulevard	Old Grove Road	2325 Otay Lakes Road	W Mission Road	2100 Highland Avenue	1231-35 Palm Avenue						
City	Imperial Beach	National City	Oceanside	Chula Vista	San Marcos	National City	Imperial Beach						
State	CA	CA	CA	CA	CA	CA	CA						
Date	7/1/2012	6/15/2012	5/25/2012	4/9/2012	7/22/2011	9/16/2010	8/26/2010						
Price	\$4,970,000	\$1,165,000	\$8,591,500	\$975,000	\$3,500,000	\$1,370,000	\$510,000						
Land SF	206,910	54,014	334,802	28,009	145,490	33,846	10,890						
Land SF Unit Price	\$24.00	\$21.57	\$25.66	\$34.81	\$24.06	\$40.48	\$46.83						
Transaction Adjustments													
Property Rights	Fee Simple	Fee simple	0.0%	Fee simple	0.0%	Fee simple	0.0%	Leased fee	-10.0%	Leased fee	-5.0%		
Financing	Conventional	Conventional	0.0%	Cash	0.0%	Cash	0.0%	Private-typical	0.0%	Cash	0.0%		
Conditions of Sale	None	REO	5.0%	None	-5.0%	Long escrow (15 mos)	-5.0%	Expansion	-5.0%	Ground lease	0.0%	None	0.0%
Expenditures After Sale		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Adjusted Land SF Unit Price		\$22.65	\$24.38	\$33.07	\$22.85	\$36.43	\$44.49						
Market Trends Through 7/1/12	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						
Adjusted Land SF Unit Price		\$22.65	\$24.38	\$33.07	\$22.85	\$36.43	\$44.49						
Location	Imperial Beach	National City	Oceanside	Chula Vista	San Marcos	National City	Imperial Beach						
% Adjustment		-2.5%	-5%	-10%	-5%	-2.5%	0.0%						
\$ Adjustment		-\$0.57	-\$1.22	-\$3.31	-\$1.14	-\$0.91	\$0.00						
Land SF	206,910	54,014	334,802	28,009	145,490	33,846	10,890						
% Adjustment		-10%	2.5%	-20%	-2.5%	-10%	-20%						
\$ Adjustment		-\$2.26	\$0.61	-\$6.61	-\$0.57	-\$3.64	-\$8.90						
Average Daily Traffic	23,400 on Palm Ave/Hwy 75	13,700 on National City Blvd	10,900 on Old Grove Road	25,800 on Otay Lakes Rd; 18,900 on Eastlake Rd	16,400 on W Mission Rd; 28,700 on N Las Posas	18,700 on Highland Avenue	14,200 on Palm Avenue						
% Adjustment		5%	5%	-5%	-5%	0%	0%						
\$ Adjustment		\$1.13	\$1.22	-\$1.65	-\$1.14	\$0.00	\$0.00						
Condition	As if vacant and finished	Previously developed	Rough graded	Previously developed parking lot	Rough graded	Rough graded	Developed with retail building (good)						
% Adjustment		0%	2.5%	0%	2.5%	2.5%	-20.0%						
\$ Adjustment		\$0.00	\$0.61	\$0.00	\$0.57	\$0.91	-\$8.90						
Shape	Roughly rectangular; split	Rectangular/L-shape	Irregular	Polygonal	Irregular	Rounded rectangle	Rectangular						
% Adjustment		0%	5%	0%	5%	0%	0%						
\$ Adjustment		\$0.00	\$1.22	\$0.00	\$1.14	\$0.00	\$0.00						
Zoning	C-1	GP - "Commercial and Office"	IL	Eastlake II PC4VC4	Commercial	MXD-1 (minor mixed use); GP - Major mixed use	C-1 (General Commercial)						
% Adjustment		0%	-5%	0%	0%	-10%	0%						
\$ Adjustment		\$0.00	-\$1.22	\$0.00	\$0.00	-\$3.64	\$0.00						
Entitlements	As-if all	Previous parking garage	None	None; additional approvals required	None	Previous	Previous						
% Adjustment		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%						
\$ Adjustment		\$0.57	\$0.61	\$0.83	\$0.57	\$0.91	\$1.11						
Frontage Improvements	As-if all	Curbs, gutters, sidewalks	Curbs, gutters, sidewalks	All in place	Curb, gutter, sidewalk	Curbs, gutters, sidewalks	Curb, gutter, sidewalk						
% Adjustment		0%	0%	0%	0%	0%	0%						
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00						
Adjusted Land SF Unit Price		\$21.51	\$26.21	\$22.32	\$22.28	\$30.05	\$27.81						
Net Adjustments		-0.3%	2.1%	-35.9%	-7.4%	-25.8%	-40.6%						
Gross Adjustments		26.0%	31.1%	40.6%	26.4%	34.8%	45.4%						

Adjustment Notes

Financing and Conditions of Sale

All of the comparables utilized in this analysis have been purchased with cash or cash equivalent financing; no adjustments for financing are necessary. Bank-owned properties are adjusted up 5%. Comparable three included a long escrow period while the buyer obtained necessary approvals. Market conditions declined during that time, and this sale is adjusted down 5%. Comparable five had a brand-new national tenant and is adjusted down 10%; and comparable six had multiple smaller tenants with shorter terms in comparison to comparable six and is adjusted down 5% to compensate. Sale four was purchased as part of an expansion which can result in a slightly higher price; this sale is adjusted down 5%.

Economic Trends

To arrive at an adjustment for economic trends, the appraiser has studied average county-wide retail/multi-family lease rates and capitalization rates during the period encompassed by the comparable sales. During the second half of 2010, the average county-wide lease rate was \$1.85/SF and the median cap rate was 6.54%. If 100 SF were rented by this amount (\$2,220/yr) the capitalized value would be \$33,945. During the first half of 2012 (applicable to the date of value of this report), the average lease rate was \$1.76/SF and the median capitalization rate was 6.27%. If 100 SF were rented at this rate (\$2,112/year) the capitalized value is then \$33,684. Based on this data it appears market conditions have remained relatively flat; and no adjustment is made in this category.

Location

The appraiser has studied average historical retail/multi-family lease rates in each of the comparables' neighborhoods. Most of the comparables' neighborhoods had superior lease rates and have been adjusted down between 2.5% and 10% depending on the degree difference in average lease rates.

Site Size

When conducting an analysis using a unit of comparison as opposed to sale price, it is necessary to consider the correlation between the quantity of units purchased and unit price. Since unit price often decreases as an increasing number of units are purchased, the larger comparable sales are considered inferior. Several of the comparables are adjusted down at a rate of 5% per approximate doubling or halving in site size.

Average Daily Traffic

The most recent traffic study available to the appraiser states that an average of 23,400 cars per day pass by the subject on Palm Avenue. Traffic volumes from the same study have been provided for each of the comparables. Several of the comparables are adjusted up or down 5% based on differences in average daily traffic count.

Condition

The subject property is appraised as-if being in finished condition for the purposes of this analysis. Most of the comparables were in previously developed condition and are considered as similar in this category. Comparables two, four and five were rough graded and are adjusted up 2.5%. Comparable one had a parking garage with no value and is considered as similar. Comparable six is developed with a retail building in good condition. This comparable is included in the analysis since it is located near the subject; however, a downwards 20% adjustment is made for the contributory value of the existing improvements.

Site Shape

The subject site is mostly rectangular in shape, allowing maximum utility. Most comparables have similar site utility and are not adjusted. Comparables which are irregular in shape are adjusted up 5%.

Zoning

Most of the comparables have similar zoning allowances as compared to the subject. Comparables two and five had superior zoning allowances and are adjusted down 5% and 10%, respectively (based on differences in use allowances).

Entitlements

This portion of the appraisal values the subject as-if entitled for 46,200 SF of retail space consisting of seven buildings. Most of the comparables were unentitled at time of sale. All sales are adjusted up 2.5% for lack of entitlement.

Frontage Improvements

For the purposes of this analysis, the subject is appraised as-if all frontage improvements are in place (actual costs are adjusted for later in this report). All of the comparables have all frontage improvements in place such as curbs, gutters and sidewalks; and no adjustments are made in this category.

Sales Comparison Approach Conclusion – As-if Vacant, Entitled and Finished with Frontage Improvements and Utilities

After adjustments the sales comparables range from \$21.51 to \$30.05 per square foot. The mean is \$25.03/SF and the median is \$24.27/SF. A trimmed mean has been calculated by eliminating the highest and lowest values. The trimmed mean is \$24.66/SF. Comparables one and four have received the least amount gross adjustment with a mean adjusted value of \$21.90/SF. After careful consideration of the market data, and in consideration of the definition of value utilized herein, the land value of the subject property is concluded above the mean adjusted value of the two most similar sales, but below the measures of central tendency at **\$24.00/SF**. As a test of reasonableness, we have researched current comparable market offerings outlined on the following page:

Analysis of Active Listings

In addition to the sales data used in the above analysis, the appraiser has also searched the market for current offerings of similar properties and found the following active listings:

SUBJECT 735-45 Palm Ave Imperial Beach	3rd Ave @ K Street Chula Vista	2222 Coronado Avenue San Diego	2235 E 8th Street National City	1290-94 Keeler Court National City	L. Ave @ E 8th Street National City	National City Blvd @ 11th St National City	7380 Parkway Drive La Mesa
							
<i>Site Size</i>							
170,320 SF	44,867 SF	50,094 SF	152,460 SF	68,389 SF	43,560 SF	54,014 SF	376,794 SF
<i>Zoning</i>							
C-1	C-1	CC-2-3	I (Institutional)	SESDPD-I-2/MF-300	MCR-1/Major Mixed Use	Downtown SP/Mixed Use	C (Commercial)
<i>Daily Traffic</i>							
23,400	10,700 on K; 24,900 on 3rd	28,200 on Coronado Ave	18,100 on E 8 th Street	Nominal	15,200 on E 8 th St	12,900 National City Blvd	3,700 on Parkway Drive
<i>Condition/Topo</i>							
As-if Vacant/level	Previously developed/level	Previously developed/level	Older buildings	Previously developed/level	Raw/sloping	Previously developed/old building/level	67,400 SF nominal bldgs/level
<i>Entitlements</i>							
None	None	None	None	Entitled 14K SF Retail	None	Some entitlement	None
<i>Asking Price/SF</i>	\$30.00/SF	\$39.92/SF	\$29.52/SF	\$27.78/SF	\$22.96/SF	\$21.57/SF	\$24.68/SF
<i>Days on Market</i>	350	1,123	457	792	431	343	765
<i>Overall Comparison</i>	Superior	Similar	Similar	Similar	Sly inferior	Sly inferior	Inferior

Analysis of Active Listings

The active market offerings outlined on the previous page represent similar, actively listed properties within the subject's market area. The price offerings range from \$21.57/SF to \$39.92/SF. The mean is \$28.06/SF and the median is \$27.78/SF. A trimmed mean has been calculated by eliminating the highest and lowest values. The trimmed mean is \$26.99/SF. While the property located at 2222 Coronado Avenue is located within close proximity to the subject, this property has been on the market for over three years and has an asking price that is much higher than the other comparables. Therefore the trimmed mean of \$26.99/SF is a more reliable figure in determining asking prices. However, almost all of the listings shown are significantly smaller than the subject which can result in a higher price per square foot. Additionally, these are active listings, and properties typically sell below their asking price. Based on this data, the concluded value of **\$24.00/SF** for the subject is reasonable and is the concluded value of the subject as-if vacant, entitled, in finished condition with full frontage improvements.

Land Value Conclusion – As-if Vacant, Entitled and Finished with Frontage Improvements and Utilities

The land value of the subject property *as-if vacant, entitled and finished with all frontage improvements and utilities* is calculated below:

$$\mathbf{\$24.00/SF \times 206,910 \text{ SF} = \$4,965,840 \text{ Say, } \$4,970,000 \text{ (rounded)}}$$

Land Value Conclusion – As-is

The previously derived value of \$4,970,000 for the subject reflects the value of the land as-if vacant, entitled, and finished with all frontage improvements and utilities stubbed at the property line. As discussed throughout the report and as detailed in the resolution document included in the report addenda, the subject property will need extensive grading, utilities, street and traffic control improvements, and a reconfiguration of the current access in order for the site to be developed.

To determine the value of the subject as-is, the appraiser has relied on a cost estimate provided by Sudberry Properties which is included in the report addenda. The total on- and off-site construction costs are estimated at **\$3,491,120**; To derive the value of the subject property after consideration of the on- and off-site costs, this figure is deducted from the concluded value *as-if vacant, entitled and finished with all frontage improvements and utilities*:

$$\mathbf{\$4,965,840 - \$3,491,120 = \$1,474,720}$$

In addition to the on- and off-site costs, significant highway and access improvements are required in order to facilitate adequate access to the subject site which are not included in the Sudberry Cost estimate. The estimate provided by Sudberry Properties postulates an additional cost of **\$2,200,000** for CalTrans improvements. Although this figure is a very preliminary estimate (since actual costs cannot be determined until after the construction and engineering work is completed), it is anticipated to be considerably higher than the

concluded value of **\$1,474,720** after consideration of the on- and off-site costs. Due to the extensive additional costs to enhance access to the subject for the proposed commercial development, we have concluded the value of the subject at **nominal value**.

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed.

In this appraisal, only one approach to value (the sales comparison approach) was utilized. Therefore, no further reconciliation is necessary.

Value Indications

Sales Comparison Approach (Land as-if vacant, entitled, and finished with frontage improvements/utilities).....	\$4,965,840
Anticipated Development Costs.....	\$5,691,120
Value of the Subject As-Is.....	Nominal Value*

Value Conclusion – As-is

Based on the data and analyses developed in this appraisal, we have reconciled a **nominal value*** for the subject *as-is*, as of July 1, 2012, subject to the Limiting Conditions and Assumptions of this appraisal.

* The cost to achieve the condition specified in the hypothetical condition used in this appraisal exceeds the market value of the property under those conditions, resulting in a nominal value.

Certification Statement

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or contemplated future interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- Robert M. Backer, MAI, SRA has made a personal inspection of the property that is the subject of this report.
- Robert Backer, MAI, SRA, performed services as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. The appraisal was of a leasehold interest within the previously existing shopping center which has since been demolished.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The value conclusion(s) and other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.
- As of the date of this report, I Robert M. Backer, MAI, SRA have completed the continuing education program of the Appraisal Institute.
- Professional assistance was provided by Kristen Magnussen (AG043553, California). Assistance was limited to inspection assistance, data collection and preparation of the initial draft of this report.

Robert M. Backer, MAI, SRA
AG002082

August 6, 2012

Addenda

Resolution No. 2011-7131

Resolution No. 2011-7133

Estimate of Anticipated Development Costs – Sudberry Properties

Legal Description

Appraiser’s Qualifications

LEGAL DESCRIPTION

Parcel A: APN 626-250-03

That portion of the northwest quarter of the northwest quarter of section 29, township 18 south, range 2 west, San Bernardino meridian, in the City of Imperial Beach, County of San Diego, State of California, according to official plat thereof lying northerly of the northerly line of south Coronado Manor, according to Map thereof No. 2450 filed in the Office of the County Recorder of San Diego County January 20, 1948 and lying west of the center line of Delaware Street, formerly 13th Street as shown on Map of R. Merideath Jones addition to south San Diego being Map No. 1145, filed in the Office of the County Recorder of San Diego County July 29, 1908.

Excepting that portion thereof which lies westerly of the location and northerly prolongation of the center line of the alley in Block 3 of said Merideath Jones addition, as shown on said Map No. 1145.

Said land is also shown as a portion of Block 3 of Map No. 1145, filed in the Office of the County Recorder of San Diego County, July 29, 1908 and vacated March 22, 1923, by decree in Superior Court Action No. 28686.

Parcel B: APNs 626-250-04 thru 06

That portion of the northwest quarter of the northwest quarter of section 29, Township 18 south, range 2 west, San Bernardino meridian, in the City of Imperial Beach, County of San Diego, State of California, according to United States Government survey approved February 25, 1870, lying northerly of the northerly line of South Coronado Manor as shown on Map thereof No. 2450, filed in the Office of the County Recorder of San Diego County, January 20, 1948, and lying east of the center line of Delaware Street, formerly 13th Street, and west of the center line of 8th Street, formerly 12th Street, and that portion lying west of the west line of 9th Street formerly 11th Street and east of the east line of 8th Street, formerly 12th Street, as said streets are shown on Map of R. Merideath Jones' addition to South San Diego, being Map No. 1145, filed in the Office of the County Recorder of San Diego County, July 29, 1908.

Excepting therefrom that portion lying within the north 50.00 feet of the east 550.50 feet of said northwest quarter of the northwest quarter of section 29 as described in the deed to the State of California, recorded August 24, 1943 in Book 1526, Page 405 of Official Records.

Also excepting therefrom that portion described in deed to the State of California recorded June 20, 1965 as file No. 79513 in Book 5685, Page 513 of Official records, as follows:

That portion of the northwest quarter of the northwest quarter of section 29, township 18 south, range 2 west, San Bernardino base and meridian, in the City of Imperial Beach, County of San Diego, State of California, according to United States Government survey approved February 25, 1870, described as follows: Beginning at the intersection of the west line of 9th Street (shown as 11th Street on Map 1145 of R. Merideath Jones' addition to South San Diego) with the southerly line of the north 50.00 feet of said northwest quarter of the northwest quarter of said section 29; thence along said southerly line westerly 20.00 feet; thence in a straight line southeasterly to a point on the said westerly line southerly 20.00 feet from said point beginning; thence northerly 20.00 feet to the point of beginning.

Said land is also shown as Lots 1 to 10 inclusive and 31 to 39 inclusive and a portion of lot 40 in Block 2, Lots 2 to 10 inclusive and Lots 31 to 39 inclusive and a portion of Lots 1 and 40, in Block 1 of Merideath Jones' addition to South San Diego, being Map No. 1145, filed in the office of the County Recorder of San Diego County, July 29, 1908 and vacated March 22, 1923 by decree in Superior Court Action 38686.

ROBERT BACKER & ASSOCIATES

Robert M. Backer, MAI, SRA
Certified General Appraiser
AG 002082

appraisal of real estate

ROBERT M. BACKER, MAI, SRA QUALIFICATIONS OF APPRAISER

EDUCATION

- Bachelors Degree, University of North Carolina, Chapel Hill, 1972
- Practicing Law Institute seminars on Public and Private Real Estate Limited Partnerships and Evaluating Tax Shelter Offerings
- Crittenden seminar on Mobile Home Park Development and Finance
- Various Real Estate Courses including:

Real Estate Appraisal	Real Estate Finance
Real Estate Practice	Real Estate Law
Real Estate Principles	Real Estate Economics
- Principles of Appraisal (AIREA) - April 1987
- Basic Valuation Procedures (AIREA) - October 1987
- Standards of Professional Practice (AIREA) - June 1988
- Capitalization Theory and Techniques (Part A) (AIREA) - 8/89
- Capitalization Theory and Techniques (Part B) (AIREA) - 9/89
- Case Studies in Real Estate Valuation (AIREA) - June 1990
- Report Writing and Valuation Analysis (AIREA) - August 1990
- Litigation Valuation (AI) - June 1991
- Uniform Residential Appraisal Report (SREA Seminar)
- Appraisal of Partial Acquisitions (IRWA)
- Engineering Plan Development and Application (IRWA)
- Uniform Commercial & Industrial Report (AIREA/SREA Seminar)
- Environmental Hazards (SREA Seminar)
- Subdivision Map Act Update (UCSD Extension Seminar)
- Fundamentals of Construction (UCSD Extension)
- Understanding Limited Appraisals - General (AI Seminar) - July 1994
- The Appraiser's Complete Review (AI Seminar) - July 1994
- California's Appraiser Licensing Law and FIRREA (AI Seminar) - September 1995
- The Appraiser in Cyberspace (AI Seminar) - December 1995
- Environmental Issues - Past, Present & Future (AI Seminar) - March 1996
- Affordable Housing (AI Seminar) - April 1996
- Interpreting Development Plans and Blueprints (AI Seminar) - May 1996
- Property Profile of Operating Expenses (AI Seminar) - June 1996
- Changing Markets and New Research Methods (AI Seminar) - July 1996
- Attorneys, Appraisers and Real Estate - (AI Seminar) - September 1996
- Market Analysis from the Buyer's Viewpoint (AI Seminar) - October 1996
- Applying Economic Forecasts (AI Seminar) - February 1997
- Eminent Domain Case Update (IRWA) Seminar) - March 1997
- Mitigation Land Update and Valuation - (AI Seminar) - April 1997
- Tax Assessment - (AI Seminar) - July 1997
- Easement Valuation (AI Seminar) - November 1997
- Appraisal of Partial Interests - (AI Seminar) - June 1998
- Valuation of detrimental Conditions - (AI Seminar) - September 1998
- Valuation of Contaminated Properties - (IRWA Seminar) - November 1999
- Standards of Professional Practice - Part C - (AI) - November 1999
- Appraisal of Non-conforming Uses - (AI Seminar) - January 2001
- Applying Economic Forecasts - (AI Seminar) - February 2001
- Real Estate Disclosure - (AI Seminar) - January 2002
- Partial Interest Valuation - Divided - (AI Seminar) - March 2002
- Emerging Demands in R & D and Office - (AI Seminar) - May 2002
- Statistical Analysis Using the Database Parts 1 & 2 - (AI Seminar) July 2002
- International Valuation Standard - (AI Seminar) - July 2002
- Valuation of Unique Properties - (AI Seminar) - March 2004
- USPAP Update 2003 - (AI Seminar) - December 2003
- Unleash the MLS - (AI Seminar) - April 2004
- Advanced Appraisal Refresher - (AI Seminar) - June 2004
- Deal and Development Analysis of Downtown San Diego - (AI Seminar) September 2005
- Subdivision Valuation (AI Seminar) - April 2006
- Residential Market Value and Highest and Best Use - (AI Course Instructor) June 2007
- South Bay Development - Past, Present and Future - (AI Seminar) September 2007
- USPAP Update 2007 - (AI Seminar) September 2007
- Uniform Appraisal Standards for Federal Land Acquisition - (AI Seminar) - May 2008
- 2008 San Diego Apartment and Housing Seminar - (AI Seminar) May 2008
- Unique Assignments in Real Estate Appraisal - (AI Seminar) October 2010

LICENSES

Certified General Real Estate Appraiser - State of California
Appraiser Number AG002082 - Expires December 29, 2013

TEACHING

Instructor - Real Estate 110 - Principles of Real Estate Appraisal I - Mesa College (1990-2004)
Instructor - Real Estate 140 - Principles of Real Estate Appraisal II - Mesa College (1991-2004)
Instructor - Basic Appraisal Principles - Appraisal Institute
Instructor - Residential Highest and Best Use and Market Analysis- Appraisal Institute
Instructor – Basic Appraisal Procedures – Appraisal Institute

PREVIOUS EXPERIENCE

February 88 - August 1992
Roberts and Roberts Appraisal
Associate

Associate appraiser with concentration on residential, office, commercial, apartment, industrial and subdivision properties for the purpose of loan underwriting, estate tax and public acquisition purposes. Special emphasis on eminent domain, easement valuation, computer modeling and cash flow analysis. Qualified as expert witness, San Diego County Superior Court and U.S. Bankruptcy Court.

July 86 to January 88
Robert Backer & Associates

Independent fee appraiser specializing in single family homes, condos and small income properties. Clients include: Coldwell Banker Mortgage, Rainier Mortgage, All Coast Financial, Loan America, Glendale Federal, Ameristar Financial, several attorneys and the U.S. Attorney Office. During this period completed over 700 appraisal assignments including, single family homes, lots, small income properties, condominiums and PUDs.

March 86 to June 86
Brumley & Associates
Staff Appraiser

Staff appraiser specializing in single family homes, and condo-PUD units for conventional lenders. Performed appraisals for Coldwell Banker Mortgage, Rainier Mortgage, Mesa Mortgage and P.R. Mortgage.

During the period from 1981-1986, I was an acquisitions officer for two large Real Estate syndication firms. During that time period, I was responsible for the acquisition of over 45 Million Dollars of income property. These properties were located all across the U.S. in major population centers as well as smaller towns. Each acquisition required extensive evaluation of the locality as well as a valuation of the proposed acquisition from a cost, income, and sales comparison approach.

AFFILIATIONS

Appraisal Institute
International Right-of-Way Association

REPRESENTATIVE CLIENT LIST

Attorneys

Seltzer, Caplan, McMahon, Vitek
Solomon, Ward, Seidenwurm & Smith
Barker, Olmstead & Barnier
Pyle, Sims, Duncan, & Stevenson
Freeland, McKinley & McKinley
Law Office of Don Detisch
Musick, Peeler & Garrett
McDougal & Associates
Gatzke, Dillon & Ballance
Law Offices of Peter J. Mueller
Endeman, Lincoln, Turek & Heater
Stephenson, Worley, Garratt, Schwartz, Garfield & Prairie
Luce Forward
Best, Best & Krieger
DLA Piper
Kolodny & Pressman
Sheppard, Mullin, Richter & Hampton
Gordon & Rees
Sullivan Hill
White & Bright
Mike Poynor
Manatt, Phelps & Phillips
The Law Offices of Robert Miller

Klinedinst PC
McKenna, Long & Aldridge
Law Office of F. Shaun Burns
Law Offices of Linda Bartz
John Freni, Esq.

Financial Institutions

Imperial Bank
First Interstate Bank
Carteret Savings Bank
Merrill Lynch Credit Corporation

Sanwa Bank
Coldwell Banker Mortgage
American Financial Services

Other

Wildlife Conservation Board (State of California)
U.S. Fish and Wildlife
City of Vista
City of National City
City of Santee
City of San Marcos
Imperial Irrigation District
UCSD Office of Planned Giving
San Diego Housing Commission
Point Loma Nazarene College
The McMillin Company
City of Lemon Grove
San Diego Community College District
City of Imperial Beach
Grossmont Union High School District

Encina Wastewater Authority
Home Depot
County of San Diego
City of San Diego
William E. Simon & Sons, LLC
U.S. Post Office
City of Hope
Pardee Construction Company
Westbrook Communities
Poway Unified School District
City of Encinitas
City of Calexico
Helix Water District
San Diego Unified School District
City of Oceanside