

CENTRAL CALIFORNIA

APPRAISALS

APPRAISAL REPORT

GENERAL AND MEDICAL OFFICE COMPLEX

9278, 9300 & 9350 N. Loop Blvd.
California City, California 93505

VALUATION DATES

As-Is Market Value: September 13, 2023
Date of Report: November 7, 2023

PREPARED BY

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File No: 131-23B

PREPARED FOR

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East Kern Health Care District
P.O. Box 2546
California City, CA 93505



November 7, 2023

Karen Macedonio
East Kern Health Care District
P.O. Box 2546
California City, CA 93505

RE: Appraisal Report
General and Medical Office Complex
9278, 9300 & 9350 N. Loop Blvd., California City, California 93505
Central California Appraisals File No: 131-23B

Ms. Macedonio:

Central California Appraisals is proud to present the appraisal that satisfies the agreed upon scope of work with East Kern Health Care District.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP).

The subject property includes a general and medical office complex located at 9278, 9300 & 9350 N. Loop Blvd., California City, CA, in the Greater Antelope Valley submarket.

The client has requested market value and market rent for internal purposes and for upcoming lease renewals.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value (Leased Fee Interest and Fee Simple Estate). An Insurable Replacement Cost Estimate has also been included within the report. The following table conveys the final opinion of value that is developed in this appraisal:

MARKET VALUE CONCLUSION				
VALUATION SCENARIO	INTEREST APPRAISED	EXPOSURE TIME	EFFECTIVE DATE	VALUE
As-Is Market Value	Leased Fee Interest and Fee Simple Estate	12 to 18 Months	September 13, 2023	\$1,250,000
ADDITIONAL CONCLUSIONS				
Insurable Replacement Cost Estimate				\$2,070,000

EXTRAORDINARY ASSUMPTIONS

No Extraordinary Assumptions were made for this assignment.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

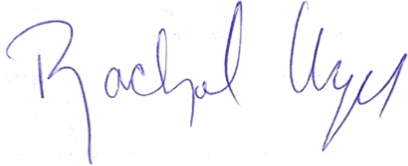
CENTRAL CALIFORNIA

— A P P R A I S A L S —

If there are any specific questions or concerns regarding the attached appraisal report, or if Central California Appraisals can be of additional assistance, please contact the individuals listed below.

Respectfully Submitted,

CENTRAL CALIFORNIA APPRAISALS



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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION

Name	Multi-Tenant General and Medical Office Complex
Property	Healthcare - Other
Address	9278, N. Loop Blvd.
City, State Zip	California City, California 93505
County	Kern County
MSA	Bakersfield, CA MSA
Market / Submarket	Kern County / Greater Antelope Valley
Geocode	35.132187,-117.962562
Census Tract	06-029-005512

SITE DESCRIPTION

Number of Parcels	1	
Assessor Parcel Number	208-080-12	
Land Area	Square Feet	Acres
Developed Site Area	50,000	1.15
Excess Site Area	144,277	3.31
Total	194,277	4.46
Zoning	Commercial Office (C3)	
Shape	Trapezoid	
Topography	Level at street grade	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Low Risk	

IMPROVEMENT DESCRIPTION

Tenancy	Multi-Tenant Occupied By Third Party Tenants - 7 Tenant Spaces
Net Rentable Area (NRA)	10,275
Gross Building Area (GBA)	10,275
Total Buildings	5
Floors	1
Year Built	Estimated late 1980's (except modular which is a recently constructed building)
Actual Age	40 Years
Effective Age	20 Years
Economic Life	55 Years
Remaining Useful Life	35 Years
Building Class	D
Land To Building Ratio	18.91 : 1
Parking	1.0 / 200 SF NRA

QUALITATIVE ANALYSIS

Site Quality	Average
Site Access	Average
Site Exposure	Average
Site Utility	Average
Building Quality	Average
Building Condition	Average
Building Appeal	Average

HIGHEST & BEST USE

Proposed Construction	No
As Vacant	Development to uses allowed by zoning, upon demand
As Improved	Continued use as an office complex with excess land available for future development upon

EXPOSURE & MARKETING TIME

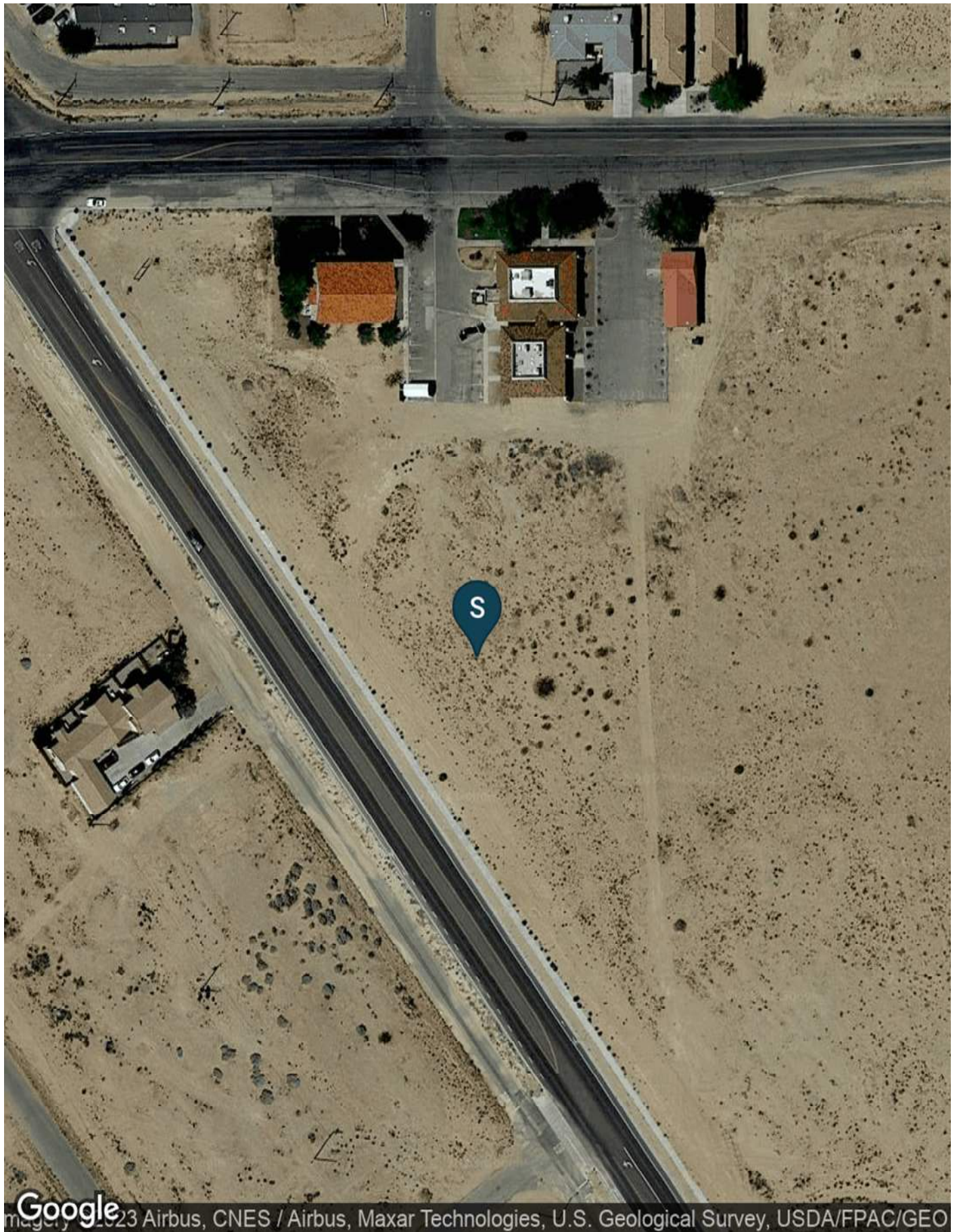
Exposure Time	12 to 18 Months
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VALUE CONCLUSION

VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Leased Fee Interest and Fee Simple Estate
Exposure Time	12 to 18 Months
Effective Date	September 13, 2023
Cost Approach	Not Presented
Sales Comparison Approach	\$1,370,000
Income Capitalization Approach	\$1,180,000
FINAL VALUE CONCLUSION	\$1,250,000

ADDITIONAL CONCLUSIONS	
Insurable Replacement Cost Estimate	\$2,070,000

AERIAL PHOTOGRAPH



IDENTIFICATION OF ASSIGNMENT

PROPERTY IDENTIFICATION

The subject property is located at 9278, 9300 & 9350 N. Loop Blvd., California City, California 93505.

The Assessor Parcel Number is: 208-080-12.

LEGAL DESCRIPTION

A Portion of the South 1/2 of Section 24, Township 32S, Range 37E, City of California City, County of Kern, State of California

CLIENT IDENTIFICATION

The client of this specific assignment is East Kern Health Care District.

INTENDED USE & INTENDED USERS

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. East Kern Health Care District is the only intended user of this report.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value (Leased Fee Interest and Fee Simple Estate).

PERSONAL PROPERTY & BUSINESS INTANGIBLE

There is no personal property (FF&E) included in this valuation.

PROPERTY AND SALES HISTORY

Current Owner

The subject property is currently under the ownership of East Kern Hospital District, according to the Kern County records.

Three-Year Sales History

According to county records there has been no transfer of ownership for the subject property in the past three years and there is no known pending sale or listing of the subject.

EXPOSURE TIME

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

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time when the purpose of the appraisal is to estimate market value. In the recent past, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated little. Sale concessions have not been prevalent.

Exposure Time Conclusion

The subject is a general and medical office complex totaling 10,275 SF (NRA) on 4.4600-acres (194,277 SF) located at 9278, 9300 & 9350 N. Loop Blvd. in California City, Kern County, California. Considering these factors, a reasonable estimate of exposure time for the subject As-Is Market Value (Leased Fee Interest and Fee Simple Estate) is 12 to 18 months.

DEFINITION OF MARKET VALUE

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the Fee Simple and Leased Fee Estates. In this regard, the buildings are leased and value of the Leased Fee Estate is considered. The property also has excess land available for future development and the Fee Simple Estate of the excess land is considered. All of the leases are on a month-to-month or short term basis and therefore, the leases are given no consideration and the Leased Fee Estate is considered synonymous with the Fee Simple Estate.

Fee Simple Interest

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.²

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.³

VALUE SCENARIOS

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.⁴

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- ▶ The appraisal analyzes the regional and local area profiles including employment, population, household income and real estate trends. The local area was inspected to consider external influences on the subject.
- ▶ The appraisal analyzes legal and physical features of the subject including site size, improvement size, flood zone, seismic zone, site zoning, easements, encumbrances, site access and site exposure.

¹ Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C -Appraisals, 34.42 (h); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

² The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

³ The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

⁴ The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

- ▶ The appraisal includes a market analysis for the Kern County market using vacancy, absorption, supply and rent data. Conclusions were drawn for the subject’s competitive position given its physical and locational features, current market conditions and external influences.
- ▶ The appraisal includes a Highest and Best Use analysis and conclusions have been completed for the highest and best use of the subject property As Vacant and As Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject site and existing improvements.
- ▶ In selecting applicable approaches to value, the appraisers considered the agreed upon appraisal scope and assessed the applicability of each traditional approach given the subject’s characteristics and the intended use of the appraisal. As a result, this appraisal developed Land Sales Comparison, Sales Comparison, and Income (Direct Capitalization) Approaches. The values presented represent the As-Is Market Value (Leased Fee Interest and Fee Simple Estate). An Insurable Replacement Cost Estimate has also been included within the report.
- ▶ The assignment was prepared as an Appraisal Report in accordance with USPAP Standards Rules 2, with the analysis stated within the document and representing a fully described level of analysis.
- ▶ The authors of this report are aware of the Competency Rule of USPAP and meet the standards.

ASSISTANCE PROVIDED

No one provided real property appraisal assistance to the individuals signing this report.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

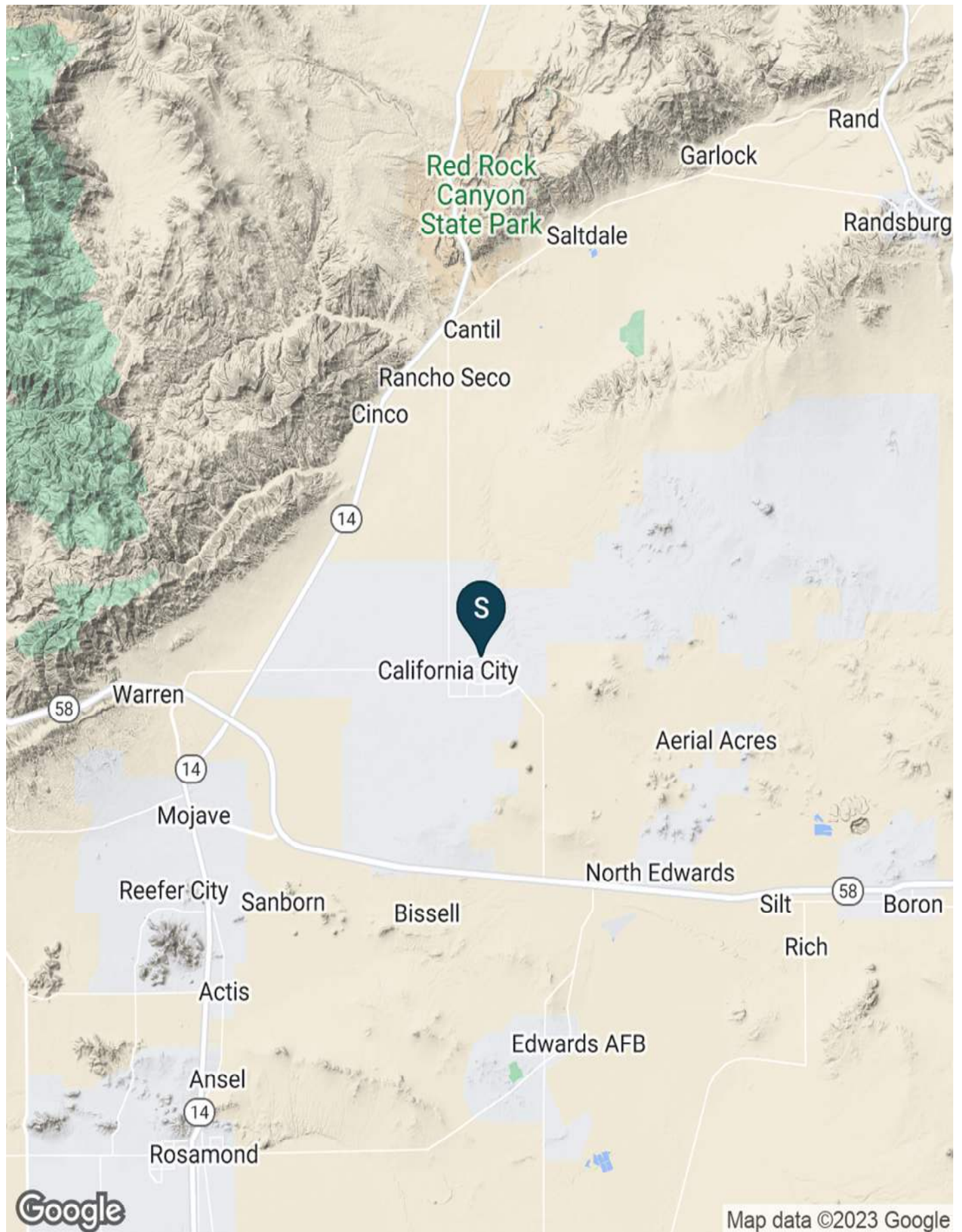
INFORMATION PROVIDED	
Property Assessment & Tax	Kern County Assessor
Zoning & Land Use Planning	City of California City Zoning
Site Size	Kern County Assessor
Building Size	Appraiser's Measurements and Lease Agreements
Flood Map	FEMA
Demographics	STDB On-Line
Comparable Information	MLS Public Records Confirmed by Local Agents
Legal Description	Assessor
Lease Documents	Property Owner

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

SUBJECT PROPERTY INSPECTION

PROPERTY INSPECTION				
APPRAISER	INSPECTED	EXTENT	DATE	ROLE
Rachel Unger	No	N/A	September 13, 2023	Primary Appraiser
Michael Burger MAI, R/W-AC	No	N/A	September 13, 2023	Appraiser
Nicholas Burger	Yes	Interior & Exterior	September 13, 2023	Appraiser Trainee

REGIONAL AREA MAP



REGIONAL AREA INTRODUCTION

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

REGIONAL AREA ANALYSIS

The subject property is located in California City, California..

Kern County is California's third-largest county in land area, covering about 8,000 square miles. About one-third of the county is situated on the flat valley floor at the extreme southern end of the great San Joaquin Valley. This area is dominated by agricultural and oil production uses around the City of Bakersfield. On the west is the Temblor Range; the Tehachapi Mountains lie to the south; and to the east of the valley are the Sierra Nevada Mountains. About one-third of the county lies within this range, including the City of Tehachapi and the Communities around Lake Isabella and Kernville, featuring recreational economies. East of this belt of mountains is an expanse of high desert that covers nearly one-third of the county area. This area includes Mojave and Ridgecrest with their military airspace uses and recreational open spaces.

Kern County is strategically located approximately 110 miles north of Southern California and 280 miles south of San Francisco Bay area marketplaces, interconnected by State Route 99 and Interstate I-5. Kern County is geographically toward the middle of the state. Just south of Shafter is the general location deemed to be the middle of the state relative to population, where half the population resides north and half resides south.

ENVIRONMENTAL CONDITIONS

Kern County is situated at the southern end of the San Joaquin Valley, with the Temblor Range on the west, Tehachapi Mountains on the south and the Sierra Nevada's on the east. Elevation levels range from 200-400 feet above sea level in the valley, to 3,000 feet in the desert, and 9,000 feet in the mountains. There are three distinct climate zones in Kern County. The Central Valley portion lies at 200 to 400 feet above sea level and sees hot, dry summers and foggy, cold winters with temperatures typically ranging from 39 to 65 degrees in winter and 60 to nearly 100 degrees in summer. Rainfall is typically 5 to 6 inches per year. The mountain regions within the Sierra Nevada vary from a few hundred feet to 9,000 feet above sea level and have much colder winters and cooler summers, with 10 to 40 inches of rain annually.

The central valley portion of the county is prone to poor air quality due to inversion layers in the atmosphere caused by the surrounding mountains and dry conditions that trap the polluted air. Main sources of air pollution include emissions from the oil fields, fine particulates and dust from agricultural processes, and emissions from the high volume of traffic passing through on the many arterial highways that crisscross the county.

POPULATION

Kern County is the 11th most populous county in California and the 61st most populous county in the United States. During the past 10 years, the county's population growth has slowed to an average 0.8%-per-year growth as compared to the State of California at 0.6% per year for the same period.

KERN COUNTY POPULATION TREND

Year	Population	Annual % Change
1960	291,984	-
1970	330,234	+1.3%
1980	403,089	+2.2%
1990	549,114	+3.6%
2000	661,645	+2.0%
2010	839,631	+2.7%
2020	909,235	+0.8%

KERN COUNTY POPULATION GROWTH BY CITY

Census Area	2010	2020	Annual % Change
State of California	37,253,956	39,538,223	+0.61%
Kern County	839,631	909,235	+0.83%
Arvin	19,304	19,456	+0.08%
Bakersfield	347,483	402,907	+1.60%
California City	14,120	15,072	+0.67%
Delano	53,041	51,485	-0.29%
Maricopa	1,154	1,022	-1.14%
McFarland	12,707	14,176	+1.16%
Mojave	4,238	3,780	-10.81%
Ridgecrest	27,616	27,918	+0.11%
Shafter	16,988	19,964	+1.75%
Taft	9,327	8,633	-0.74%
Tehachapi	14,414	13,142	-0.88%
Wasco	25,545	27,275	+0.68%

The most attractive features of living in Kern County include affordable housing, low-cost transportation, and a wide range of household consumer goods and services. Population has grown modestly in most of the county with the Bakersfield/Shafter area leading.

ECONOMIC CIRCUMSTANCES

The Kern Economic Journal, 2022 Second Quarter, section entitled, "Economy at a Glance!" prepared by Dr. Richard S. Gearhart III and Dr. Nyakundi Michieka in the Economics Department, CSUB reports:

National Economy

U.S. GDP decreased at an annual rate of 0.6 percent in the second quarter of 2022. In the first quarter of

2022, real GDP decreased by 1.6 percent. The smaller decrease in second quarter GDP (compared to the first quarter) reflected an upturn in exports and increased consumer spending. Profits increased by 4.6 percent at a quarterly rate in the second quarter after increasing by 0.1 percent in the first quarter. Private goods-producing industries decreased 10.4 percent, private services producing industries increased 2.0 percent, and government decreased 0.2 percent. A total of 9 of 22 industry groups contributed to the second quarter decline in real GDP.

The decrease **in real GDP** reflected decreases in private inventory investment, residential fixed investment, federal government spending, and state and local government spending. These were offset by increases in exports and consumer spending, while imports increased.

Current-dollar GDP increased by 8.5 percent (annual), or \$508 billion, in the second quarter to a level of 25.25 trillion.

Current-dollar personal income increased \$305.7 billion in the second quarter. This increase reflected increases in compensation (salaries and wages) and personal income.

Real disposable personal income, which is adjusted for inflation and taxes, decreased by 1.5 percent.

Personal saving was \$629.0 billion in the second quarter. The BEA derives the personal saving rate by calculating personal saving as a percentage of disposable personal income.

Personal saving rate – personal saving as a percentage of disposable personal income – was 3.4 percent in the second quarter.

The Conference Board's Index of Leading Economic Indicators – a measure of future economic activity – decreased by 0.3 percent in August 2022 to 116.2 following a 0.5 percent decline in July.

The University of Michigan's Consumer Sentiment Index increased from 63.1 in the first quarter of 2022 to 57.8 in the second quarter of 2022. The value for the index in the second quarter of 2021 was 85.6 and 74 in the second quarter of 2020.

State Economy

In California, the unemployment rate dropped to 4 percent in the second quarter of 2022 compared to 5 percent in the first quarter of 2022. At the county level, Alpine (5.3), Colusa (9.1), Fresno (5.8), Imperial (12.2), Kern (6.6), Kings (6.2), Los Angeles (4.8), Madera (5.5), Merced (6.9), Plumas (5.3), San Joaquin (4.8), Stanislaus (5.0), Tulare (7.1) and Yuba (4.8) had unemployment rates above the state average (of 4.8). Counties with the lowest unemployment rates include Marin (2.0), Placer (2.4), San Francisco (3.0), San Mateo (1.9) and Santa Clara (2.0).

California's labor force increased by 212,067 in the second quarter of 2022. During this period, civilian employment increased by 383,000 from 18 million to 18.4 million. Nonfarming enterprises hired 178,967 more workers while farm employment increased by 2,800 workers. The mining and logging sector hired 200 less workers while the construction and manufacturing sectors hired 6,567 more, and 13,367 more workers, respectively. Service sector employment increased from 15.1 million to 15.3 million between the first and second quarter of 2022. The state and local government added 2,733 and 14,333 workers, respectively.

Local Economy

The local economy witnessed an increase in the labor force, from 383,533 in the first quarter of 2022 to 383,900 in the second quarter of 2022. Civilian employment increased by 5,167, from 353,533 in the first quarter of 2022 to 358,700 in the second quarter of 2022. Nonfarm employment increased by 3,767 while farm employment rose by 8,633.

In Bakersfield, nonfarm employment changed in the following manner: mining and logging employment remained the same, construction added (167 workers), manufacturing remained unchanged while service added (3,600 workers). Within the service sector, trade, transportation and utilities added (933 workers), financial activities lost (33 workers), professional and business services added (533 workers), education and health services lost (600 workers) while leisure and hospitality added (733 workers). Within the government, the federal government employment remained the same (11,200 workers), state government added (100 workers) and local government added (700 workers).

Total salaries and wages in Kern County increased from \$326,667 in the first quarter of 2022 to \$339,067 (3.8 percent rise) in the second quarter of 2022. Compared to four quarters ago, salaries were higher by \$19,167 or 6 percent.

The rate of unemployment varied considerably across cities, ranging from 2 percent in Ridgecrest to 23.83 percent in Delano. Most cities in Kern County showed a mild decrease in the unemployment rate compared to last quarter. The biggest quarter to quarter drop in the unemployment rate occurred in California City where it dropped from 16.00 percent to 12.93 percent. In Bakersfield, the unemployment rate was 3.9 percent in the second quarter of 2022 compared to 5.27 percent in the first quarter. In Kern County, unemployment was 6.57 percent in the second quarter of 2022 compared to 8.33 percent in the first.

In the second quarter of 2022, the median home price in Bakersfield was \$397,132 compared to \$313,833 in the second quarter of 2021. Home prices are \$83,298 higher than they were four quarters ago. Within the region, median home prices in Taft were the lowest at \$204,000 compared to \$418,833 in Rosamond.

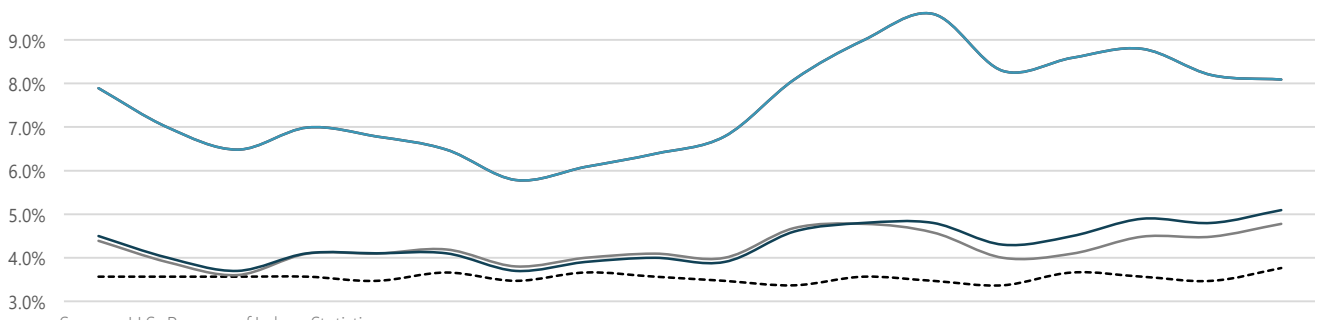
The weighted price index for the five publicly traded companies doing business in Kern County (Sierra Bancorp, Tejon Ranch Company, Chevron Corporation U.S., Granite Construction, and Wells Fargo Company) decreased by 11 percentage points from \$110.0 to \$97.8. The index is 3 percentage points less than it was four quarters ago. All companies gained/lost as follows: Chevron (decreased 13.5 percent quarter-over-quarter), Tejon Ranch (decreased 8.3 percent quarter-over-quarter), Granite Construction (decreased 11.9 percent quarter-over-quarter), Wells Fargo (decreased 8 percent quarter-over-quarter) and Sierra Bancorp (decreased 11.2 percent quarter-over-quarter).

The average retail price of gasoline increased by \$1.31 to \$5.84 a gallon (quarter to quarter). Gas prices were 45.9 percent higher than they were four quarters ago when they averaged \$4.00 a gallon. The unit price of California's Class III milk was \$24.65 in the second quarter of 2022 compared to \$17.95 in the first quarter of 2022. The Index of Farm Price Parity in the second quarter of 2022 (1.00) was higher than that of the first quarter of 2022 (0.94).

EMPLOYMENT

The following graphs charts the trailing 18 months and trailing 10 years unemployment rate for the United States, California, and Kern County.

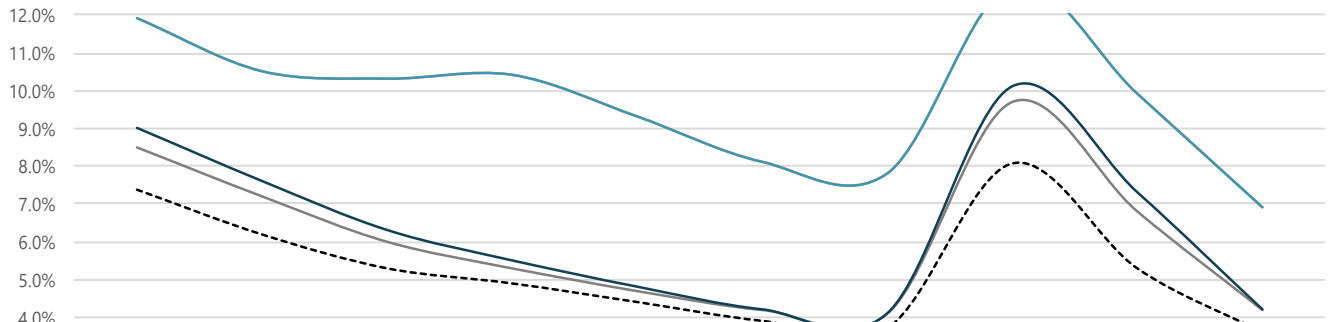
MONTHLY UNEMPLOYMENT RATE (18 MONTHS)



Source: U.S. Bureau of Labor Statistics

	Mar	Apr	May	Jun	Jul	2022 Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	2023 Aug
----- Nation	3.6%	3.6%	3.6%	3.6%	3.5%	3.7%	3.5%	3.7%	3.6%	3.5%	3.4%	3.6%	3.5%	3.4%	3.7%	3.6%	3.5%	3.8%
----- Region	4.4%	3.9%	3.6%	4.1%	4.1%	4.2%	3.8%	4.0%	4.1%	4.0%	4.7%	4.8%	4.6%	4.0%	4.1%	4.5%	4.5%	4.8%
----- State	4.5%	4.0%	3.7%	4.1%	4.1%	4.1%	3.7%	3.9%	4.0%	3.9%	4.6%	4.8%	4.8%	4.3%	4.5%	4.9%	4.8%	5.1%
----- Area	7.9%	7.0%	6.5%	7.0%	6.8%	6.5%	5.8%	6.1%	6.4%	6.8%	8.1%	9.0%	9.6%	8.3%	8.6%	8.8%	8.2%	8.1%
----- County	7.9%	7.0%	6.5%	7.0%	6.8%	6.5%	5.8%	6.1%	6.4%	6.8%	8.1%	9.0%	9.6%	8.3%	8.6%	8.8%	8.2%	8.1%

ANNUAL UNEMPLOYMENT RATE (10 YEARS)



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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
----- Nation	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.3%	3.6%
----- Region	8.5%	7.2%	6.0%	5.3%	4.7%	4.2%	4.1%	9.7%	6.8%	4.2%
----- State	9.0%	7.6%	6.3%	5.5%	4.8%	4.2%	4.1%	10.1%	7.3%	4.2%
----- Area	11.9%	10.5%	10.3%	10.4%	9.3%	8.1%	7.8%	12.8%	9.9%	6.9%
----- County	11.9%	10.5%	10.3%	10.4%	9.3%	8.1%	7.8%	12.8%	9.9%	6.9%

Agriculturally oriented counties such as Kern tend to have greater seasonal variations in employment and higher unemployment rates than other areas.

The unemployment rate in Kern County reached a peak of 9.6% in March 2023, slightly up from 9.0% in February 2023. This compares with an unadjusted unemployment rate of 4.4% for California and 3.5 percent for the nation during the same period. Kern County unemployment has since come down to approximately 8.1% as of August.

According to the State of California Employment Development Department, Labor Market Information Division, in its monthly report released in March 2023, preliminary employment distribution for the Bakersfield Metropolitan Statistical Area (MSA) (Kern County) for March 2023 is summarized as follows:

March 2023 Preliminary Kern County Employment Distribution		
Industries	Employees	Distribution
All Industries Total	333,800	100.00%
Farm	44,700	13.39%
Non-Farm	289,100	86.61%
Mining and Logging	7,900	2.73%
Construction	15,400	5.33%
Manufacturing	12,600	4.36%
Trade, Transportation, & Utilities	62,800	21.72%
Real Estate Rental/Leasing	3,300	1.14%
Information Services	1,600	0.55%
Financial Activities	4,100	1.42%
Professional & Business	26,900	9.30%
Education & Health	46,700	16.15%
Leisure & Hospitality	30,400	10.52%
Other Services	8,900	3.08%
Government	68,500	23.69%
	289,100	100.00%

**Source: Employment Development Department State of California*

Total wage and salary jobs in the Bakersfield MSA (Kern County) increased by 6,000 between March 2022 and March 2023.

Major employers in the governmental and private sectors of Kern County, as reported by America's Labor Market Information System (ALMIS) Employer Database (2023 2nd Edition), are summarized as follows:

Kern County Major Employers		
Employer Name	Location	Industry
10,000+ employees		
Edwards Air Force Base	Edwards	Government Offices-U.S.
5,000 - 9,999 employees		
Naval Air Warfare Center	Ridgecrest	Military Bases
U.S. Navy Public Affairs Office	Ridgecrest	Government Offices – U.S.
1,000 - 4,999 employees		
Adventist Health Bakersfield	Bakersfield	Hospitals
Bolthouse Farms	Bakersfield	Agricultural Consultants
California Correctional Inst	Tehachapi	Government Offices-State
Chevron Corporation	Bakersfield	Management Services
Dignity Health Mercy Downtown	Bakersfield	Hospitals
Foster Care Human Services	Bakersfield	Social Service & Welfare Organizations
Grimmway Farms	Arvin	Farms
Kern County Human Services Dept.	Bakersfield	Government Offices-County
Marko Zaninovich Inc	McFarland	Fruits & Vegetables-Growers & Shippers
Memorial Hospital Bakersfield	Bakersfield	Hospitals
Nabors Completion-Production	Bakersfield	Oil Field Service
NASA/ Armstrong Flight Research	Edwards	Research Service
Wasco State Prison Fire Dept	Wasco	Fire Departments
500 - 999 employees		
Ensign United States Drilling	Bakersfield	Energy Management Systems & Products
Frito-Lay Inc.	Bakersfield	Wholesale Foods
Kern County	Kernville	Government Offices-County
Paramount Farms Huller 4	Lost Hills	Farms
Ridgecrest Regional Hospital	Ridgecrest	Hospitals
Sierra Sands Unified School District	Ridgecrest	School Districts
Sun Pacific	Bakersfield	Fruits & Vegetables-Growers/Ship
U.S. Naval Air Weapons Station	Ridgecrest	Federal Govt.-National Security
Vasinda Investments Inc	Bakersfield	Home Health Service

AGRICULTURE

The Kern County agricultural industry relates to 915,000 acres of irrigated farmland, primarily on the valley floor surrounding Bakersfield. It is one of the most diverse farming regions in the nation, producing over 250 different crops to include more than 30 types of fruits and nuts, over 40 types of vegetables, and over 20 field crops, as well as lumber, nursery stock, livestock, poultry, and dairy products.

Kern county leads the state in production of almonds, pistachios, carrots, watermelons, sheep, and wool. The most current data for total crop value and the top crops produced in the county are summarized as follows:

5-YEAR CROP SUMMARY - KERN COUNTY										
	2022		2021		2020		2019		2018	
TOTAL CROP VALUE			\$8,341,294,840		\$7,669,409,070		\$7,620,699,180		\$7,466,152,000	
RANK	Commodity	Value	Commodity	Value	Commodity	Value	Commodity	Value	Commodity	Value
1	Grapes	\$1,394,510,000	Grapes	\$1,871,328,000	Grapes	\$1,453,481,000	Almonds	\$1,643,241,000	Grapes	\$1,512,473,000
2	Citrus	\$1,149,183,000	Citrus	\$1,347,686,000	Citrus	\$1,303,348,000	Grapes	\$1,425,274,000	Almonds	\$1,235,158,000
3	Milk	\$947,492,000	Pistachios	\$1,216,593,000	Almonds	\$1,144,377,000	Citrus	\$997,785,000	Pistachios	\$1,143,972,000
4	Almonds	\$927,063,000	Almonds	\$1,185,822,000	Pistachios	\$944,542,000	Pistachios	\$886,702,000	Citrus	\$1,063,063,000
5	Pistachios	\$649,110,000	Milk	\$688,624,000	Milk	\$661,760,000	Milk	\$570,405,000	Milk	\$591,895,000
6	Carrots	\$583,314,000	Carrots	\$419,617,000	Carrots	\$464,465,000	Carrots	\$336,151,000	Carrots	\$398,286,000
7	Cattle	\$313,861,000	Cattle	\$207,214,000	Cattle	\$247,709,000	Cattle	\$269,644,000	Cattle	\$254,995,000
8	Potatoes	\$192,577,000	Garlic	\$114,432,000	Pomegranates	\$125,412,000	Alfalfa	\$140,721,000	Alfalfa	\$114,991,000
9	Silage/Forage	\$146,565,000	Apiary	\$107,363,000	Potatoes	\$113,125,000	Pomegranates	\$122,102,000	Apiary	\$111,819,000
10	Alfalfa	\$141,680,000	Potatoes	\$107,319,000	Apiary	\$105,817,000	Apiary	\$107,233,000	Nursery	\$96,641,000

Source: Kern County Crop Reports, Agricultural Commissioner's Office (2022 Most Recent Available)

According to the most recent Kern County Agricultural Crop Report, published September 12, 2023, the 2022 gross value of all agricultural commodities produced in Kern County is \$7,724,166,300. This represents a 7% decrease from the 2021 crop value of \$8,341,294,840.

The top five commodities for 2022 were Grapes, Citrus, Milk, Almonds, and Pistachios, which make up more than \$5 Billion (66%) of the Total Value.

OIL PRODUCTION

California is one of the nation's pre-eminent producers of oil. It is the third-largest oil producer in the United States, behind Texas, North Dakota, and Alaska, respectively.

Kern County has four of the nation's top-20 largest oilfields and is the number-one oil producing county in California, producing about 70% of the state's oil and 76% of the natural gas in 2021, with the four largest fields being Midway-Sunset, Kern River, Belridge-South, and Elk Hills.

Overall production in Kern County over the past several years is summarized in the following table:

KERN COUNTY OIL AND GAS PRODUCTION*			
YEAR	OIL PRODUCTION (Barrels)	GAS PRODUCTION (Billion Cu. Ft.)	WELLS DRILLED
2009	230.1	278.6	1,920
2010**	200.9	255.4	2,103
2011	196.8	244.4	2,294
2012	197.5	222.4	2,081
2013	199.6	239.6	2,723
2014	205.2	199.4	2,087
2015	201.7	182.8	1,016
2016	186.7	157.3	759
2017	174.0	162.7	996
2018	161.8	162.1	881
2019	156.4	148.2	1,596

*Production in millions of barrels, **Figure does not include Federal Wells

Source: Preliminary Annual Report of the State Oil and Gas Supervisor, California Department of Conservation (Most Recent Available)

Overall, the oil and gas production sector provides an estimated 16,000 jobs with some of the highest wages in the county and pays about 15% of the property tax base; the resulting ripple effect on the economy is vast.

TRANSPORTATION

Kern County is crossed north to south by Interstate I-5 and State Highway 99. State Highway 58 connects to points east and Highway 46 connects to the coast on the west. As a result of its central location, freeway systems, and proximity to major western cities, there are nearly 200 truck carrier operations in Kern County.

The county is served by 13 public, four private, and two government airports, as well as Amtrak passenger rail service. Two major freight rail companies operate in Kern County, connecting to northern and southern California, as well as points east. The historic Tehachapi Loop, famous for its unique engineering that allows freight trains passage up the steep Tehachapi pass, lies between Bakersfield and Tehachapi.

RENEWABLE ENERGY PRODUCTION – WIND AND SOLAR

The Tehachapi pass was the site of one of the first large-scale wind energy farms in the 1960s. Today, Kern County wind and solar facilities provide 60% of California's renewable energy. The largest wind facility in the nation and third in the world is the Alta Wind Energy Center in Tehachapi at 1,550 MW of the total estimated 4,000 MW produced in the county. Kern County boasts the second largest solar farm in the nation as well, part of a growing collection of solar energy facilities.

There are also several solar farms located in the subject's larger market area as it is located in a desert area which has mostly sunny days and little rainfall.

COMMERCIAL/INDUSTRIAL

In Kern County, there has been an aggressive effort to diversify the local economy from oil, agriculture, and military to compatible commercial/industrial growth. Primary emphasis has been directed to the county's location in consideration of plentiful land and affordable housing, abundant and affordable office and industrial space, large labor force with a strong work ethic, and wages lower than the national average.

The economy is largely driven by housing related industries and the region's traditional base of employers such as Edwards Air Force Base, energy companies, and the agricultural industry.

The Wonderful Industrial Park (WIP), formally known as the Paramount Logistics Center and International Trade and Transportation Center, is located at Seventh Standard Road and Hwy. 43, within the city limits of Shafter, approximately 10 miles north of Bakersfield. There has been significant development within this park within the last ten years. The WIP is ultimately planned for three phases totaling approximately 3,300 acres, of which 500 acres is developed and 1,000 acres is available for development in Phase 1. Phases 2 and 3 containing 1,800 acres are currently being farmed by the owner and in the planning stages for industrial development. Target Distribution Center contains approximately 1,800,000 square feet, along with Ross Distribution Center at 2,000,000 sf and American Tire Distributors at 1,120,000 sf; these are the largest users within WIP. Other users include FedEx, DMSI, State Farm, Hillman, Bakers Hughes, Weatherford, MRC Global, and Formica. Railroad tracks set the easterly boundary for Phase 2, and Phase 3 is on the west side of the tracks north of Seventh Standard Road.

Growth continues in the Meadows Field airport area and along Merle Haggard Drive. This area has multiple business parks and is easily accessible to Highway 99 and Highway 65. CarQuest occupies a 140,000-sf, distribution center on an 88-acre site near Merle Haggard Drive, between Quinn Road and Porterville Highway. Generally, smaller users (less than 100,000 sf) are attracted to this area; whereas, larger users will prefer the WIP and Tejon Ranch developments.

A distribution center for Amazon has been completed in the northerly portion of the Landings Logistics Center, which is a developing mixed-use center fronting the north side of Merle Haggard Drive, north of Meadows Field Airport. The facility will reportedly contain nearly 2.5 million sf, employing up to 2,000 people. The facility is located on 64 acres and construction finished in the fourth quarter of 2019.

In addition, the Tejon Ranch Commerce Center at Interstate I-5 and Laval Road attracts larger users. This location recently obtained approval for Foreign Trade Zone designation for 1,450 acres. IKEA, a furniture retailer, developed their first distribution warehouse, containing approximately 1,700,000 sf on an approximate 80-acre site in the complex. Other existing users include Dollar General, Famous Footwear, Caterpillar Travel Centers of America, Petro Travel Plaza, Vision Media, Tejon Outlets, along with multiple restaurants and hotels. L'Oreal recently announced that it will be leasing space at this distribution center.

HOUSING

Kern County communities remain more affordable than many areas of California and are attracting home buyers from across the state. According to the California Association of Realtors, current sales and price statistics for the state and counties within the Central Valley are summarized as follows:

Area	Median Sold Price of Existing Single-Family Homes				Sales		
	Jan-23	Dec-22	Jan-22	Price MTM% Chg	Price YTY% Chg	Sales MTM% Chg	Sales YTY% Chg
California	\$751,320	\$774,850	\$765,580	-3.1%	-1.9%	0.4%	-45.7%
Central Valley	\$425,000	\$430,000	\$455,000	-1.2%	-6.6%	-30.8%	-43.3%
Fresno County	\$375,000	\$396,000	\$395,500	-5.6%	-5.2%	-29.7%	-37.4%
Kern County	\$357,500	\$365,000	\$367,000	-2.1%	-2.6%	-24.0%	-35.1%
Kings County	\$365,000	\$337,000	\$322,500	+7.7%	+13.2%	-8.6%	-19.7%
Madera County	\$387,460	\$410,500	\$394,000	-5.9%	-1.7%	-31.6%	-40.2%
Merced County	\$369,000	\$340,000	\$387,380	+7.9%	-4.7%	-47.5%	-58.0%
Tulare County	\$332,720	\$353,500	\$333,350	-6.2%	-0.2%	-29.4%	-40.2%

Source: California Association of Realtors

2020 through 2022 saw an uptick in home sales in areas away from large urban centers as the pandemic related, work from home trend coupled with low interest rates allowed for migration. Late 2022 and early 2023 has seen a sharp increase in interest rates as the Fed tries to rein in inflation; a resulting cooling of the home real estate market has resulted in decreased sales volume and a calming of sales prices.

Kern County's outlying communities remain more affordable than many areas and are attracting home buyers from across the state. Median housing prices for key communities over the year 2022 to 2023 are summarized on the following table:

Kern County Cities: Median Home Prices			
Cities	January 2022	January 2023	% Change
BAKERSFIELD	\$369,000	\$340,000	-8.5%
CALIFORNIA CITY	\$262,000	\$242,500	-8.0%
FRAZIER PARK	\$308,750	\$335,000	+7.8%
RIDGECREST	\$210,000	\$247,000	+15.0%
ROSAMOND	\$380,000	\$380,000	0.0%
SHAFTER	\$347,500	\$375,000	+7.3%
TAFT	\$172,000	\$214,950	+20.0%
TEHACHAPI	\$380,000	\$354,000	-7.3%
Kern County	\$345,000	\$340,000	-1.5%

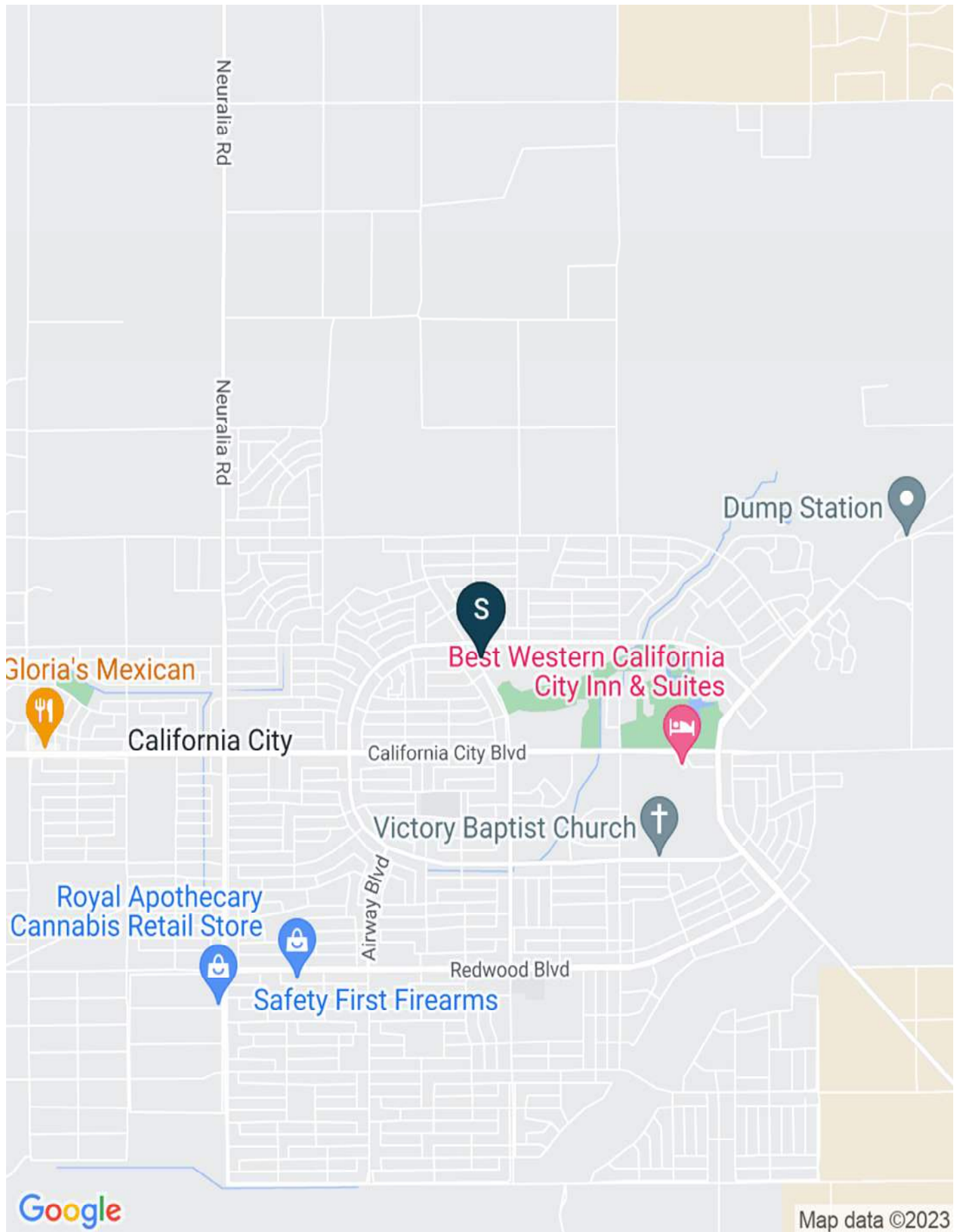
Source: Realtor.com

CONCLUSION-TREND

Kern County offers one of the most diverse areas in California, from business opportunities and amenities to climate and recreation. Kern County is one of the fastest-growing metropolitan areas in the Western United States; it boasts a low cost-of-living and a readily available workforce. The 10 cities and outlying communities that make up Kern County hold a wealth of possibilities for every type of business, as well as every type of person.

Traditionally known for its oil and agriculture production, Kern County's economy is becoming more diverse. Economic development efforts have successfully focused on light manufacturing and value-added agriculture. Fifty percent of all projected nonfarm job growth is concentrated in three industry sectors. Those sectors are education services, professional services, and hospitality. Kern County has been chosen as the location for many companies, due to accessible transportation, low labor and housing costs, and quality of life. The overall economic outlook for Kern County is optimistic relative to employment, the real estate market, and business condition.

LOCAL AREA MAP



LOCAL AREA ANALYSIS

LOCAL AREA ANALYSIS INTRODUCTION

The subject property is located in the California City area of the Greater Antelope Valley submarket. The immediate area of the subject is characterized by retail and commercial uses concentrated along primary arterials, surrounded by residential uses and undeveloped land.

Neighborhood Location and Boundaries

The subject neighborhood is located in the central section of California City. The area is suburban in nature.

Demographics

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

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILE	5 MILE	DESCRIPTION	1 MILE	3 MILE	5 MILE
POPULATION TOTAL				HOUSEHOLDS			
2010 Census	3,620	11,188	11,372	2010 Census	1,388	4,009	4,053
2020 Census	4,098	12,581	12,784	2020 Census	1,564	4,528	4,578
2023 Estimate	4,129	12,501	12,689	2023 Estimate	1,571	4,547	4,596
2028 Projection	4,077	12,342	12,532	2028 Projection	1,564	4,525	4,575
Δ 2010-2020	13.20%	12.45%	12.42%	Δ 2010-2020	12.68%	12.95%	12.95%
Δ 2020-2023	0.76%	(0.64%)	(0.74%)	Δ 2020-2023	0.45%	0.42%	0.39%
Δ 2023-2028	(1.26%)	(1.27%)	(1.24%)	Δ 2023-2028	(0.45%)	(0.48%)	(0.46%)
Total Daytime Population	3,630	9,666	9,847	HOUSEHOLDS BY INCOME (2023 ESTIMATE)			
HOUSING UNITS				<\$15,000	17.6%	16.0%	16.0%
Total (2023 Estimate)	1,758	5,101	5,159	\$15,000 - \$24,999	11.6%	10.2%	10.1%
Owner Occupied	49.1%	48.6%	48.7%	\$25,000 - \$34,999	15.1%	10.0%	10.0%
Renter Occupied	40.2%	40.5%	40.3%	\$35,000 - \$49,999	11.4%	13.1%	13.1%
Vacant Housing Units	10.6%	10.9%	10.9%	\$50,000 - \$74,999	10.1%	15.6%	15.6%
Total (2028 Projection)	1,730	5,075	5,134	\$75,000 - \$99,999	4.9%	9.0%	9.1%
Owner Occupied	51.0%	50.0%	50.2%	\$100,000 - \$149,999	17.7%	15.7%	15.8%
Renter Occupied	39.4%	39.1%	38.9%	\$150,000 - \$199,999	2.1%	3.5%	3.5%
Vacant Housing Units	9.6%	10.8%	10.9%	\$200,000+	9.6%	6.9%	6.9%
AVERAGE HOUSEHOLD INCOME				AVERAGE HOUSEHOLD SIZE			
2023 Estimate	\$84,185	\$80,714	\$80,862	2023 Estimate	2.63	2.75	2.76
2028 Projection	\$100,458	\$95,308	\$95,500	2028 Projection	2.61	2.73	2.74
Δ 2023-2028	19.33%	18.08%	18.10%	Δ 2023-2028	(0.76%)	(0.73%)	(0.72%)
MEDIAN HOUSEHOLD INCOME				MEDIAN HOME VALUE			
2023 Estimate	\$41,451	\$50,824	\$50,973	2023 Estimate	\$242,045	\$241,667	\$243,101
2028 Projection	\$53,069	\$59,292	\$59,488	2028 Projection	\$242,515	\$244,943	\$246,671
Δ 2023-2028	28.03%	16.66%	16.70%	Δ 2023-2028	0.19%	1.36%	1.47%
PER CAPITA INCOME				AVERAGE HOME VALUE			
2023 Estimate	\$32,054	\$29,217	\$29,284	2023 Estimate	\$293,353	\$302,844	\$305,642
2028 Projection	\$38,559	\$34,772	\$34,858	2028 Projection	\$298,441	\$320,461	\$323,555
Δ 2023-2028	20.29%	19.01%	19.03%	Δ 2023-2028	1.73%	5.82%	5.86%

Source: Sites To Do Business Online

Population

The estimate provided by ESRI for the current 2023 population within the subject neighborhood's 3 mile radius is 12,501 representing a (0.64%) change since 2020. ESRI's 2020 population estimate for the subject's 5 mile radius is 12,689, which represents a (0.74%) change since 2020.

Looking forward, ESRI estimates that the population within the subject neighborhood's 3 mile radius is forecasted to change to 12,342 by the year 2028. As for the broader area, ESRI forecasts that the population within the subject's 5 mile radius will change to 12,532 over the next five years. The population estimates for

the next five years within the subject's 5 mile radius represents a (1.24%) change as well as a (1.26%) change within the subject's 1 mile radius for the same period.

Households

The estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius is 4,547, which is a 0.42% change since 2020. Within the subject's broader 5 mile radius, ESRI estimates that the number of households is 4,596, a 0.39% change over the same period of time.

By the year 2028, the estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 mile radius will change by (0.48%) to 4,525 households. Additionally, ESRI's estimate for total households over the next five years within the subject's broader 5 mile radius indicates an expected change of (0.46%) which will result in a total household estimate of 4,575.

Looking back, the number of households in the subject neighborhood's 3 mile radius changed 12.95% during the ten-year period of 2010 to 2020. Since then it has changed by 0.42%.

Income

Income estimates provided by ESRI for the subject neighborhood's 3 mile radius indicates that the median household income is \$50,824 and that the average household income is \$80,714. Further, the estimates provided by ESRI indicate that, for the subject's broader 5 mile radius the median household income is \$50,973, and the average household income is \$80,862. Given that there are reportedly 4,596 households in the subject's 5 mile radius, it is estimated that the local effective buying income is around \$371,641,752.

CONCLUSION

Based on our observation and the data provided by ESRI, it is perceived that the income and population demographics for the subject neighborhood exhibit average characteristics in terms of reported population growth and income levels for a smaller outlying community. As previously mentioned, the population growth for the subject's 3 mile radius has increased (0.64%) since 2020 and based on the projections provided by ESRI, it is expected to continue to increase another (1.27%) during the next 5 years.

ACCESS/PUBLIC TRANSPORTATION

The streets within the neighborhood are laid out in a grid pattern with major streets generally along the section and ½ section lines. The major north/south streets in the neighborhood include Hacienda Blvd. and Neuralia Rd. The major east/west streets include N. Loop Blvd. and California City Blvd. With the existing transportation system, most areas of metropolitan California City are accessible from the subject neighborhood and access is considered for the metropolitan area. Public bus service is available throughout the area. Overall, access within the neighborhood is average for the metropolitan area.

ENVIRONMENTAL INFLUENCES

The subject area is considered to be a typical neighborhood with average building size and density. There are no extraordinary topographical features, nuisances of hazards. Public utilities are available in the immediate area from public and private sources. The area has both public and private schools in adequate supply and quality.

LOCAL AREA SUMMARY

The market includes a blend of residential, commercial, and community uses but overall the community is considered remote with little demand for new development and a lack of amenities or features that would draw tourism or traffic. The overall trend in the community is considered somewhat static.

SITE DESCRIPTION

SITE DESCRIPTION

The subject property consists of a single parcel with a total site area of 194,277 SF (4.46 AC) which is based on information obtained from Kern County Assessor. The existing improvements are located on approximately 50,000 SF of the site. The remaining 144,277 is classed as excess land. The following summaries the salient characteristics of the subject site.

Number of Parcels	1
Assessor Parcel	208-080-12
Land Area	Square Feet Acres
Excess Site Size	144,277 3.31
Developed Site Area	50,000 1.15
Usable Site Size	194,277 4.46
Corner	Yes
Floor Area Ratio (FAR)	Not Available
Site Topography	Level At street grade
Site Shape	Trapezoid
Site Grade	At street grade
Site Quality	Average
Site Access	Average
Site Exposure	Average
Site Utility	Average
Utilities	Full
Comments	The site is well located at a corner along two primary arterials.

Adjacent Properties

North	Single- and Multi-Family residential uses, vacant lot
South	Vacant land, Tierra Del Sol Golf Course
East	Vacant land
West	Vacant land

Accessibility Access to the subject site is considered average overall.

STREET & TRAFFIC DETAIL

Street Improvements	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking	Center Lane	Bike Lane
N. Loop Blvd.	Major arterial	Two-Way	2	x							

Exposure & Visibility Exposure of the subject is classed as average with primary frontage on both N. Loop Blvd. and Hacienda Blvd. The excess land mainly fronts Hacienda Blvd.

	<p>and the building improvements are oriented with frontage on N. Loop Blvd. N. Loop Blvd..</p>
Flood Plain	<p>Zone X (Unshaded). This is referenced by Panel Number 06029C2939E, dated September 26, 2008. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)</p>
Seismic	<p>The property is not located in an Alquist-Priolo Earthquake Fault Zone. The community has adopted a seismic element to the general plan and requires all construction to meet Zone 4 of the Uniform Building Code, which is in consideration of earthquake hazards associated with California.</p>
Easements	<p>A preliminary title report was not available for review. During the property inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised.</p>
Soils	<p>A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.</p>
Hazardous Waste	<p>We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.</p>
Site Rating	<p>Overall, the subject site is considered average in terms of its location, exposure and access to employment, education and shopping centers, based on its location along a major arterial.</p>
Site Conclusion	<p>In conclusion, the site's physical characteristics appear to be supportive of the subject's current use and there were no significant detriments discovered that would inhibit development in accordance with its highest and best use.</p>

ZONING

ZONING

The subject is located in the Commercial Office (C3) zoning designation. The Commercial/Office District as designated in the General Plan is intended to provide for the development of professional and administrative office space with commercial retail. This district may also be established as a transitional zone between residential and commercial uses..

ZONING	
Designation	Commercial Office (C3)
Zoning Authority	City of California City
Permitted Uses	A variety of commercial and retail uses.
Current Use	Other
Current Use Legally Permitted	Yes
Conforming Use	Yes
Conforming Lot	Yes
Zoning Change	Not Likely

Source: City of California City Planning & Zoning Department

PARKING REQUIREMENTS

Parking varies by use but is stated as one space per 200 SF. The subject provides 49 parking spaces and is therefore conforming to zoning requirements.

ZONING CONCLUSION

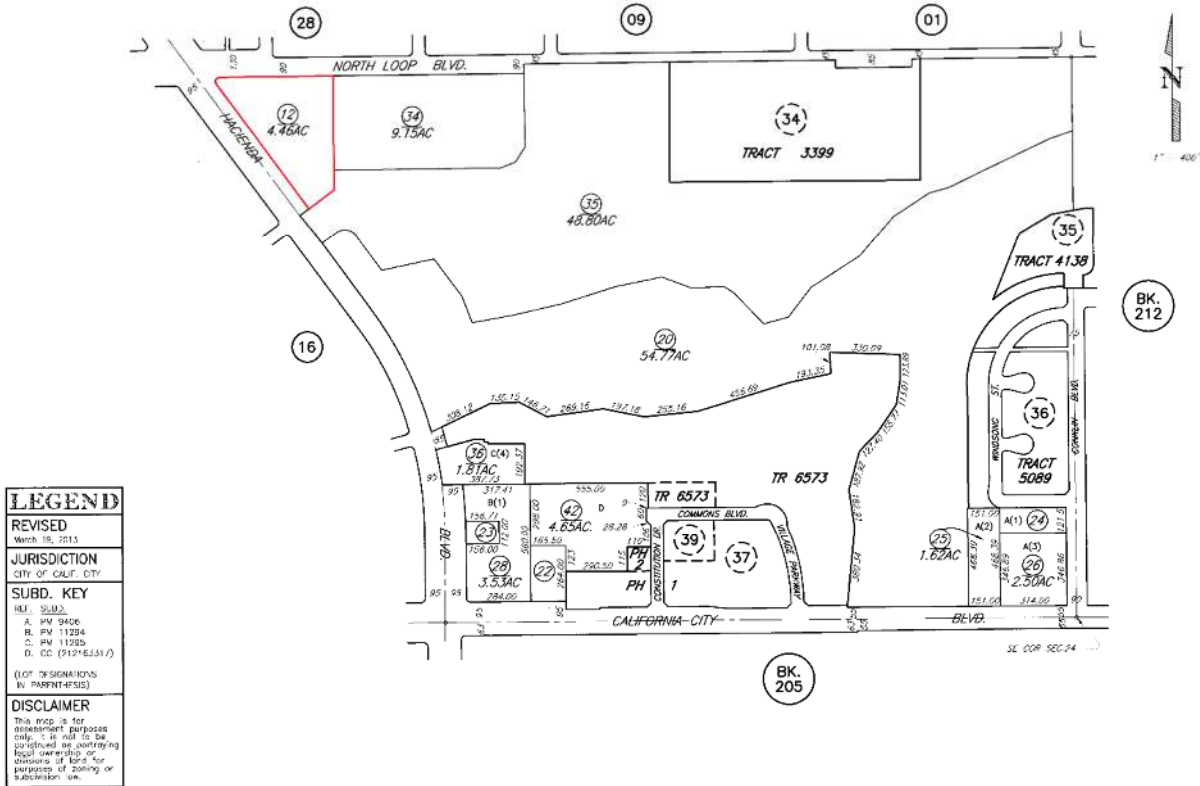
The current use for the subject property is a general and medical office complex which is a permitted use based on the current zoning guidelines. A zoning change for the subject does not appear likely. Based on the foregoing, it appears that the subject's improvements are a legally conforming use of the subject site.

ASSESSOR MAP

208-08

PTN S1/2 SEC. 24 T.32S. R.37E.

208-08

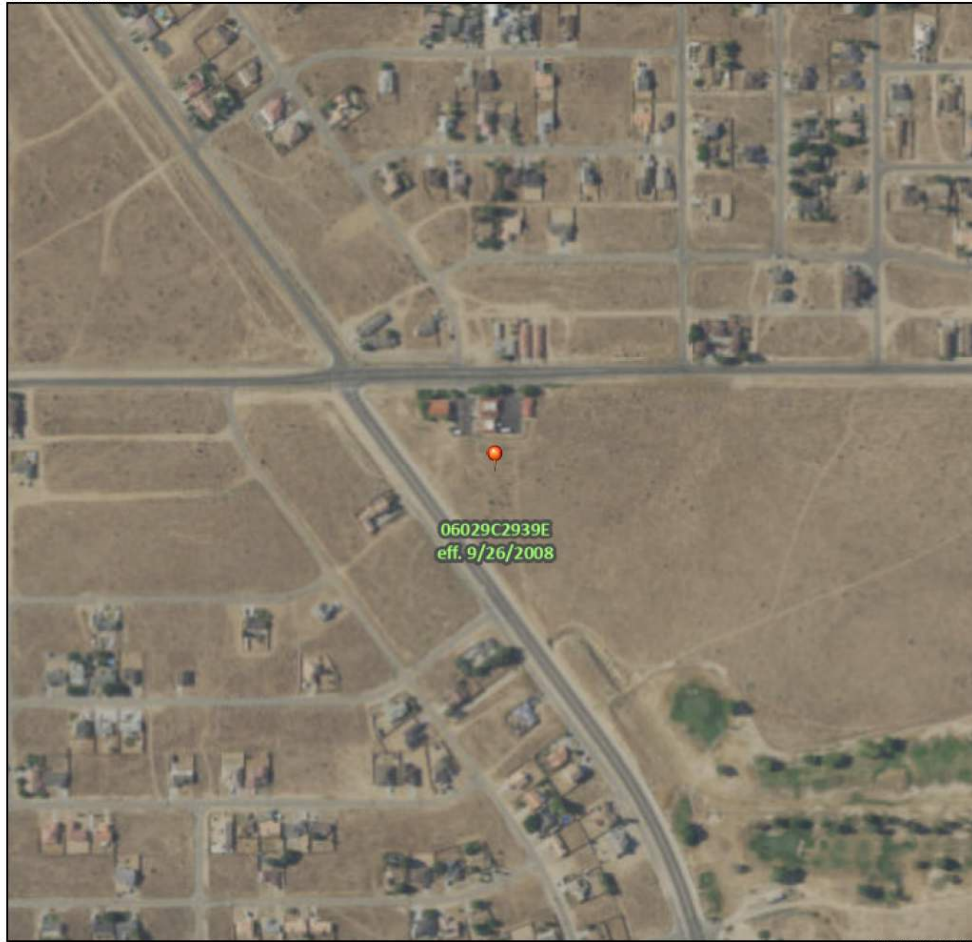


ASSESSORS MAP NO. 208-08
COUNTY OF KERN

National Flood Hazard Layer FIRMette



117°58'3"W 35°8'11"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000

Basemap Imagery Source: USGS National Map 2023

Legend

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

SPECIAL FLOOD HAZARD AREAS		Without Base Flood Elevation (BFE) Zone A, V, A99
		With BFE or Depth Zone AE, AO, AH, VE, AR
		Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD		0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
		Future Conditions 1% Annual Chance Flood Hazard Zone X
		Area with Reduced Flood Risk due to Levee. See Notes. Zone X
		Area with Flood Risk due to Levee Zone O
OTHER AREAS		NO SCREEN Area of Minimal Flood Hazard Zone X
		Effective LOMRs
GENERAL STRUCTURES		Area of Undetermined Flood Hazard Zone O
		Channel, Culvert, or Storm Sewer
OTHER FEATURES		Levee, Dike, or Floodwall
		Cross Sections with 1% Annual Chance Water Surface Elevation
MAP PANELS		Coastal Transect
		Base Flood Elevation Line (BFE)
		Limit of Study
		Jurisdiction Boundary
		Coastal Transect Baseline
		Profile Baseline
		Hydrographic Feature
		Digital Data Available
		No Digital Data Available
		Unmapped

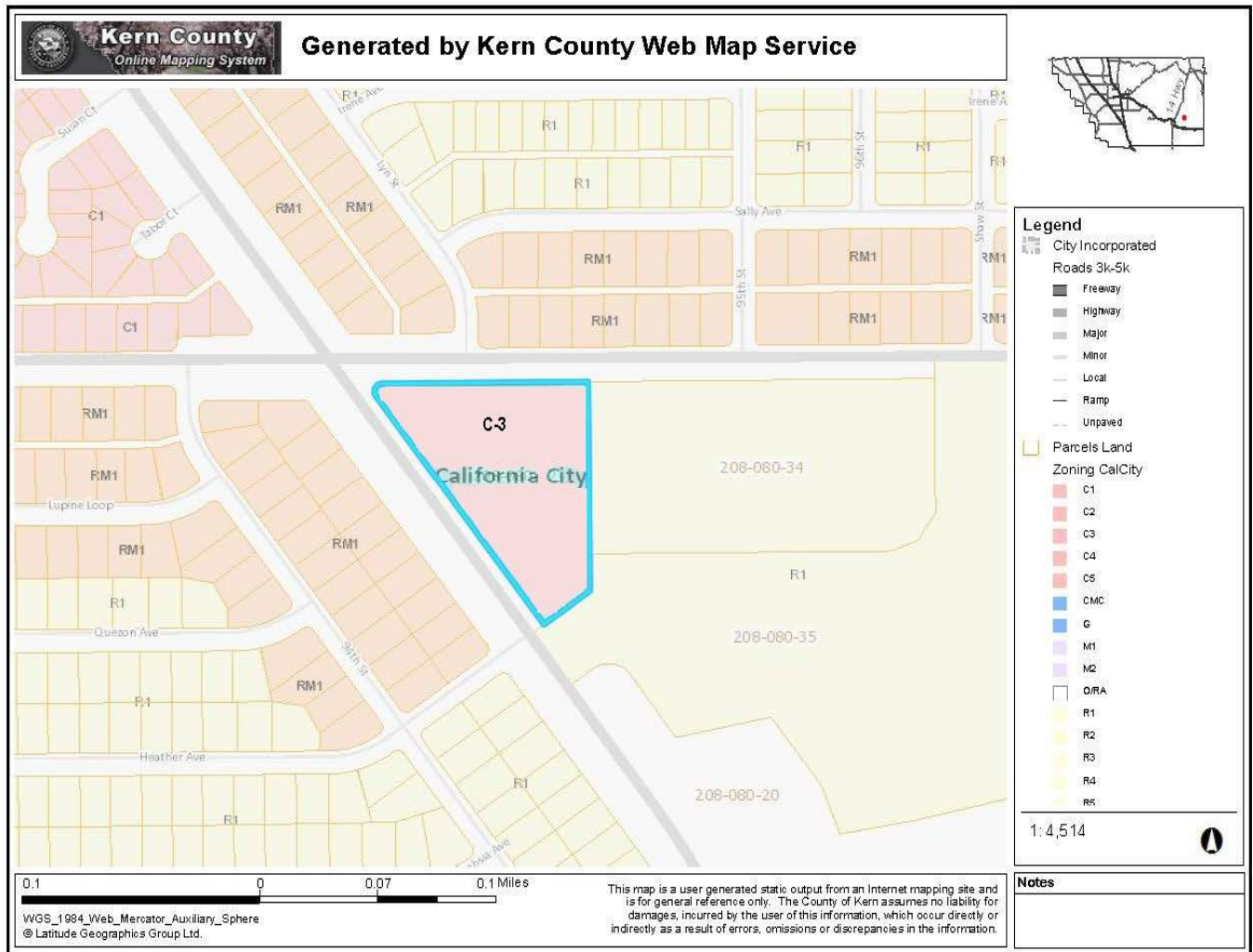
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

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

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 9/1/2023 at 2:54 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

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

ZONING MAP



IMPROVEMENT DESCRIPTION

IMPROVEMENT DESCRIPTION INTRODUCTION

The information presented below is a basic description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

PROPERTY DESCRIPTION

The property consists of four Class D general and medical offices and a modular office building, further summarized as follows:

9278 N. Loop Blvd. – This is the westerly most building. It is a single-story, Class D, wood-frame medical office building on a concrete slab foundation with stucco exterior walls with a gable roof with concrete tile roof cover. The interior includes a reception area, private offices, exam rooms with sinks, a breakroom with sink, an electrical/equipment room, storage room and two half baths with a toilet and sink each. Interior finishes include vinyl tile and carpet floors, drywall walls and drywall and t-bar ceilings. The building is heated and cooled by ground mounted FA/AC heating and cooling units. Overall condition and quality are classed as average.

9300 N. Loop Blvd. #A – This building is located directly east of 9278 N. Loop Blvd. It is a single-story, Class D, wood-frame general office building on a concrete slab foundation with stucco exterior walls with a part flat, built-up composition and part sloped roof with concrete tile roof cover. The interior includes a reception area, private offices, a breakroom with sink, and two half baths with a toilet and sink each. Interior finishes include vinyl tile and carpet floors, drywall walls and drywall and t-bar ceilings. The building is heated and cooled by roof mounted FA/AC heating and cooling units. Overall condition and quality are classed as average.

9300 N. Loop Blvd. #B & C – This building is located directly south of 9300 N. Loop Blvd. #B and C. It is a single-story, Class D, wood-frame medical office building on a concrete slab foundation with stucco exterior walls and a part flat, built-up composition and part sloped roof with concrete tile roof cover. The interior is divided into two suites with a shared waiting room/lobby. Each suite includes private offices, exam rooms with sinks, and two half baths with a toilet and sink each. Interior finishes include vinyl tile and carpet floors, drywall walls and drywall and t-bar ceilings. The building is heated and cooled by ground mounted FA/AC heating and cooling units. Overall condition and quality are classed as average.

9350 N. Loop Blvd. – This is the easterly most building. It is a single-story, Class D, wood-frame medical office building on a concrete slab foundation with stucco exterior walls with a gable roof with concrete tile roof cover. The interior includes a reception area, private offices, exam rooms with sinks, and one half bath with a toilet and sink. Interior finishes include vinyl tile and carpet floors, drywall walls and drywall and t-bar ceilings. The building is heated and cooled by ground mounted FA/AC heating and cooling units. Overall condition and quality are classed as average.

Modular Building – This building is located directly south of 9350 N. Loop Blvd. It is a Class D modular office building with wood siding and a flat roof with membrane cover. It includes two office areas and one half bath with a toilet and sink. The building is heated and cooled by ground mounted FA/AC heating and cooling units. Overall condition and quality are classed as average.

All but the modular building are estimated to have been built in the 1980's. The modular building is a newer structure that was obtain and placed on the site to meet the needs of the tenant. Building areas are summarized as follows:

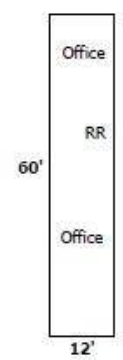
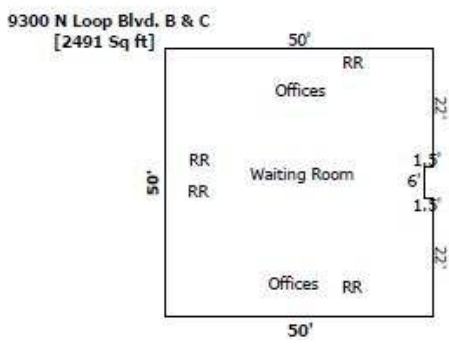
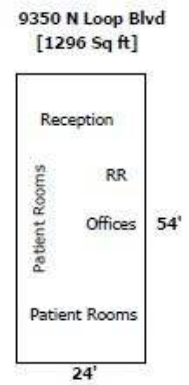
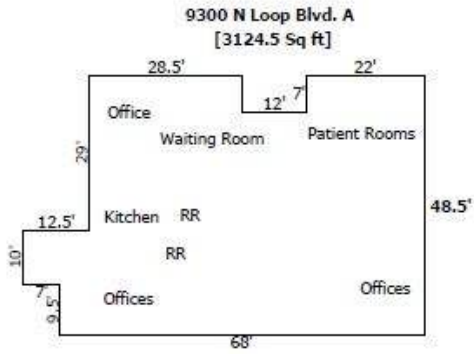
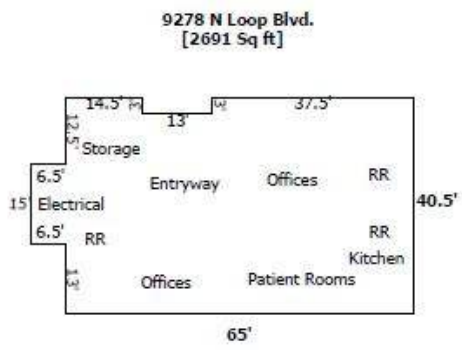
BUILDING	GBA (SF)
9278 N. Loop Blvd.	2,691
9300 N. Loop Blvd. (A)	3,125
9300 N. Loop Blvd. (B & C)	2,491
9350 N. Loop Blvd. (main)	1,248
9350 N. Loop Blvd. (modular)	<u>720</u>
Total	10,275

Sizes are based on the appraiser's measurements with the exception of 9350 N. Loop Blvd. This building was measured at 1,296 SF. As the size stated in the lease at 1,248 SF is close to this size, this appraisal relies on the size from the lease.

Property Type	General and Medical Office Complex
Tenancy	Multi-Tenant
Net Rentable Area (NRA)	10,275
Gross Building Area (GBA)	10,275
Total Buildings	5
Year Built	Unknown - Estimated late 1970's
Age/Life Analysis	
Actual Age	50
Effective Age	20
Economic Life	55
Remaining Useful Life	35
Overall Building Quality	Average
Overall Building Condition	Average
Overall Building Appeal	Average
Average Building Classes	D
Land to Building Ratio	18.91 : 1
Floor Area Ratio (FAR)	0.05
Total Parking Spaces	49 - Surface - Asphalt spaces
Parking Ratio	1.0 / 200 SF NRA
Signage	There is a monument style sign along N. Loop Blvd..
Parking	Parking varies by use but is stated as one space per 200 SF for medical offices and one space per 250 SF for general office. The subject provides 49 surface - asphalt parking spaces, or 1.0 spaces per 200 SF of NRA, which is within market standards.
Site Coverage Ratio	0.0% (0 SF footprint / 194,277 SF site), which is within market standards (20-35%) for similar other buildings in the area.
Deferred Maintenance	None
Functional Design	The building features a functional design with typical site coverage and adequate off-street parking.

ADA Comment	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.
Hazardous Materials	A Phase I report was not provided. This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) unseen asbestos and mold. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

FLOOR PLANS / SKETCH



SUBJECT PROPERTY PHOTOGRAPHS



Front View of 9278 N. Loop Blvd. Looking Southeast



Front View of 9300 N. Loop Blvd. Looking Southwest



Front View of 9350 N. Loop Blvd. Looking Southwest



Looking North at East Parking Lot

CURRENT TAXATION & ASSESSMENT DESCRIPTION

In California, Proposition 13 establishes that annual increases of assessed value of real property should not exceed 2% per year except in cases of a change in ownership, completion of new construction, and/or in the case of a value restoration due to a prior year decline in value (Proposition 8) assessment. **The subject is owned by a non-profit and is therefore exempt from taxes. Therefore, there are no historical tax bills.**

This appraisal assumes the property would be assessed upon sale at the current tax rate for the area.

MARKET ANALYSIS

MARKET ANALYSIS

The subject is located in California City, an area with very little new development and few recent sale or lease transactions for similar properties. As such, a market analysis is not required, other than an overview of all comparable properties which have sold or leased within the last few years, which are further discussed in the Income and Sales Comparison Approaches

CONCLUSION

Overall, the office market in California City is considered relatively static with only occasional sales or leases occurring.

HIGHEST & BEST USE INTRODUCTION

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

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.
3. The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.

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

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

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

This section develops the highest and best use of the subject property As-Vacant and As Improved.

AS VACANT ANALYSIS

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

Legally Permissible

Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. The legal factors influencing the highest and best use of the subject site are primarily government regulations such as zoning ordinances. Permitted uses of the subject's Commercial Office (C3) include a variety of commercial and retail uses. projects. Zoning change is not likely; therefore, uses outside of those permitted by the C3 zoning are not considered moving forward in the as-vacant analysis.

Physically Possible

The test of what is physically possible for the subject site considers physical and locational characteristics that influence its highest and best use. In terms of physical features, the subject site totals 4.4600-acres (194,277 SF), it is trapezoid in shape and has a level topography. The site has average exposure and average overall access. There are no physical limitations that would prohibit development of any of the by-right uses on the site.

Financial Feasibility

Based on the subject's zoning and location, and in consideration of the lack of demand for new development in the area, it is likely that the site would be held until there is demand for development and speculative development is not considered financially feasible. Alternatively, the site may be developed by an owner-user.

Maximum Productivity

There is only one use that creates value and at the same time conforms to the requirements of the first three tests. Financial feasibility, maximal productivity, marketability, legal, and physical factors have been considered and the highest and best use of the subject site as-vacant concluded to be development to uses allowed by zoning, upon demand. This also represents the highest and best use of the excess land portion.

AS IMPROVED ANALYSIS

The legal factors influencing the highest and best use of the subject property are primarily governmental regulations such as zoning and building codes. The subject's improvements were constructed in #NUM! and are a legal, conforming use. The physical and location characteristics of the subject improvements have been previously discussed in this report. The project is of average quality construction and in average condition, with adequate site coverage and parking ratios. Therefore, the property as improved, meets the physical and location criteria as the highest and best use of the property.

In addition to legal and physical considerations, analysis of the subject property as-improved requires consideration of alternative uses. The five possible alternative treatments of the property are demolition (not warranted as the improvements contribute substantial value to the site), expansion (not warranted, no excess or surplus land), renovation (not warranted), conversion (not applicable), and continued use "as-is".

Among the five alternative uses, continued use as an office complex with excess land available for future development upon demand is the Highest and Best Use of the subject As Improved.

MOST PROBABLE BUYER

Based on the type of property and the income generating potential of the improvements, it is our opinion that the most probable buyer for the subject would be an investor.

VALUATION METHODS

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

SITE VALUATION

The site value is a specific scope requirement of this assignment as the property contains excess land that is available for development.

COST APPROACH

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

The Cost Approach is not a specific scope requirement of this assignment. The Cost Approach has limited applicability due to the age of the improvements and lack of market based data to support an estimate of accrued depreciation. Based on the preceding information, the Cost Approach will not be presented.

SALES COMPARISON APPROACH

The sales comparison approach estimates value based on what other purchasers and sellers in the market have agreed to as price for comparable properties. This approach is based upon the principle of substitution, which states that the limits of prices, rents, and rates tend to be set by the prevailing prices, rents, and rates of equally desirable substitutes. In conducting the sales comparison approach, we gather data on reasonably substitutable properties and make adjustments for transactional and property characteristics. The resulting adjusted prices lead to an estimate of the price one might expect to realize upon sale of the property.

The Sales Comparison Approach is a specific scope requirement of this assignment. Considering the applicability of this approach in relation to the subject property's characteristics, we consider the application of this approach to be warranted.

INCOME CAPITALIZATION APPROACH

The income capitalization approach ("income approach") simulates the reasoning of an investor who views the cash flows that would result from the anticipated revenue and expense on a property throughout its lifetime. The net income developed in our analysis is the balance of potential income remaining after vacancy and collection loss, and operating expenses. This net income is then capitalized at an appropriate rate to derive an estimate of value or discounted by an appropriate yield rate over a typical projection period in a discounted cash flow analysis. Thus, two key steps are involved: (1) estimating the net income applicable to the subject and (2) choosing appropriate capitalization rates and discount rates. The appropriate rates are ones that will provide both a return on the investment and a return of the investment over the life of the particular property.

The Income Approach is a scope requirement for this assignment. The subject is a leased investment property making this valuation technique particularly applicable. Therefore, the Income Approach is developed. The

Direct Capitalization method is used in this analysis. The Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the Direct Capitalization method and is not used in this analysis.

CORRELATION AND CONCLUSION

Based on the agreed upon scope with the client, the subject's specific characteristics and the interest appraised, this appraisal developed Land Sales Comparison, Sales Comparison, and Income (Direct Capitalization) Approaches. The values presented represent the As-Is Market Value (Leased Fee Interest and Fee Simple Estate)

An Insurable Replacement Cost Estimate has also been included within the report.

SITE VALUATION INTRODUCTION

This section values the subject site by comparing it with substitute land sales or listings within the local market area or in competitive areas throughout the region. Land value is influenced by a number of factors; most notably development and use potential. These factors, as well as others, are factored in the following analysis.

UNIT OF COMPARISON

The most relevant unit of comparison for competing healthcare land is the \$/SF. All of the comparable sales presented in this section were reported on this basis.

ADJUSTMENTS

Adjustments to the comparable sales were considered and made when warranted for expenditures after purchase, property rights transferred, conditions of sale, financing terms, and market conditions.

- 1. Property Rights** - All of the sales comparables were fee simple sales reflecting the property rights appraised herein per the agreed upon scope of work.
- 2. Financing** - The sales all reflected typical cash equivalent, lender-financed transactions and no adjustments were required for financing terms.
- 3. Sale Conditions** - None of the comparables required a condition of sale adjustment, as all were confirmed to be arm's length transactions.
- 4. Expenditures After Sale** - Expenses that the buyer incurs after purchase (demolition, cleanup costs, etc.). No adjustments are warranted based on review of the land sales.
- 5. Market Conditions (Time)** - Based on the analysis performed, which includes research and interpretation of value trends of the comparables presented herein, a market conditions adjustment is not warranted as there has been relatively little demand for similar parcels over the last several years and stagnant prices.

COMPARABLE SELECTION

A thorough search was made for similar land sales in the area. The parameters of the survey were highest and best use, zoning, proximity to the subject, size, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of sites that are similar to the subject property in terms of location and physical characteristics. Overall, the sales used represent the best comparables available for this analysis.

SITE VALUATION

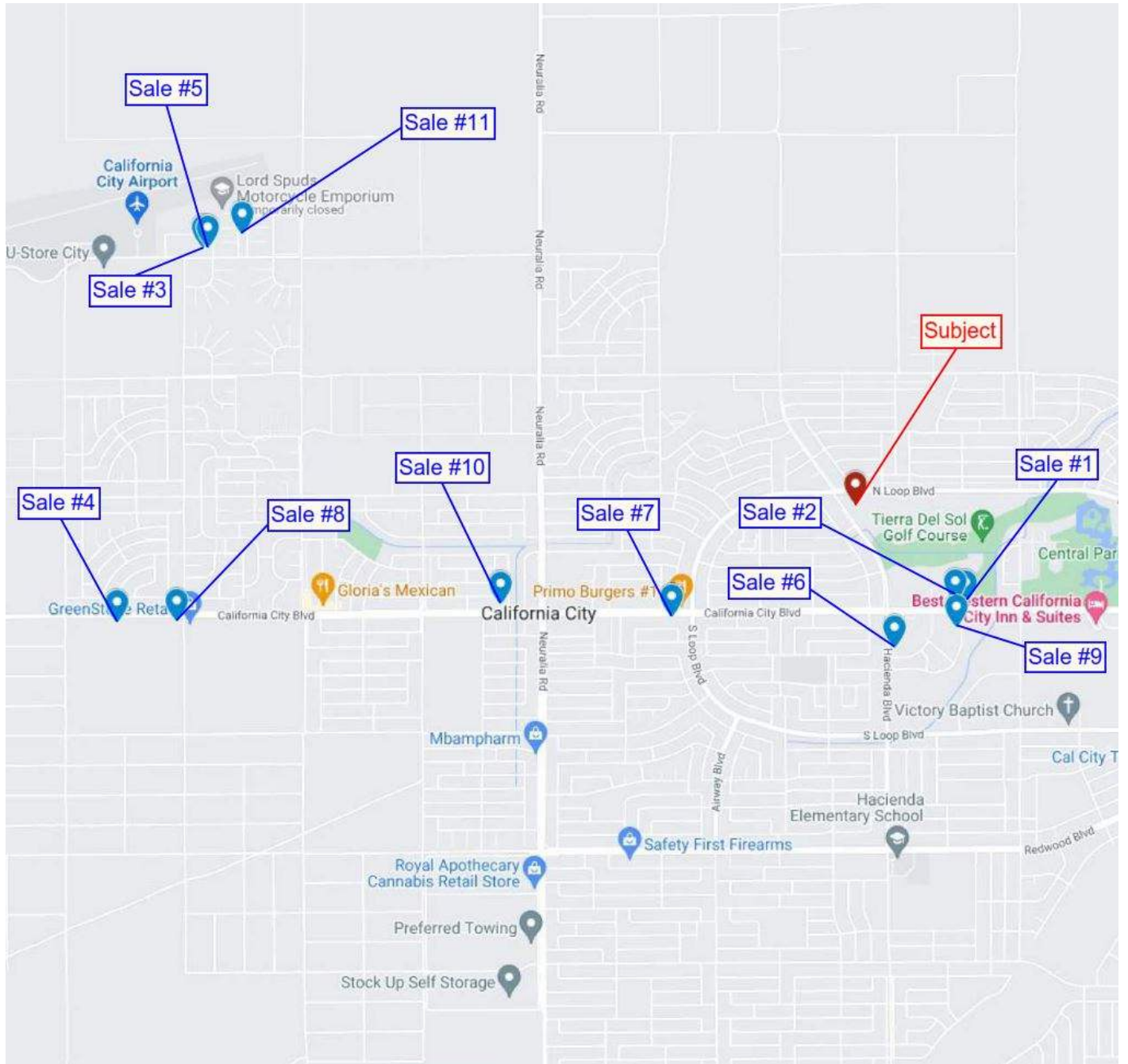
PRESENTATION

The following Land Sales Comparison Table and location map summarize the sales data. Following these items, the site value is concluded.

LAND SALE SUMMARY TABLE

#	SALE DATE	LOCATION/ADDRESS	CITY	APN	SALE PRICE	SIZE (AC.)	SIZE (SF)	\$/SF	ZONING
1	3/28/2019	NEC California City Blvd. and Village Pkwy.	California City	208-384-02, 03	\$80,000	0.47	20,473	\$3.91	C5
2	4/5/2019	NWC California City Blvd. and Village Pkwy.	California City	208-382-06, 07	\$55,000	0.37	15,977	\$3.44	C5
3	5/13/2020	N. side of Lindbergh Blvd.	California City	216-162-13	\$107,000	0.42	18,109	\$5.91	C-2
4	10/6/2020	S. side of California City Blvd., W. of Yucaipa St.	California City	302-141-04	\$69,000	2.32	101,059	\$0.68	C-2
5	11/16/2020	N. side of Lindbergh Blvd.	California City	216-162-12	\$35,000	0.42	18,112	\$1.93	C-2
6	1/19/2021	NEC Village Center Dr. and Hacienda Blvd.	California City	205-330-20	\$150,000	1.31	57,064	\$2.63	C5
7	4/22/2021	S. side of California City Blvd., W. of S. Loop Blvd	California City	203-131-02, 03	\$37,500	0.44	19,037	\$1.97	C3
8	7/19/2021	SWC California City Blvd. and Yucaipa St.	California City	302-141-08	\$160,000	1.94	84,506	\$1.89	C2
9	3/8/2022	W. side Village Pkwy, S. of California City Blvd.	California City	205-330-31	\$90,000	1.26	54,886	\$1.64	C5
10	4/27/2022	N. side of California City Blvd., W. of Nueralia Rd	California City	299-072-02	\$30,000	0.24	10,346	\$2.90	C1
11	6/24/2022	NEC of Lindbergh Blvd. and Von Braun Wy.	California City	216-114-01	\$500,000	2.00	87,120	\$5.74	C-2

LAND SALES MAP



LAND SALES COMMENTS

Sales are summarized as follows:

Land Sale 1 is at the northeast corner of California City Blvd. and Village Pkwy. an overall superior location compared with the subject.

Land Sale 2 is at the northwest corner of California City Blvd. and Village Pkwy. an overall superior location compared with the subject.

Land Sale 3 is located near the California City airport fronting the north side of Lindbergh Blvd.

Land Sale 4 fronts the south side of California City Blvd., west of Yucaipa St., an overall more remote and inferior location compared with the subject.

Land Sale 5 is located near the California City airport fronting the north side of Lindbergh Blvd.

Land Sale 6 is at the northeast corner of Village Center Dr. and Hacienda Blvd., a somewhat similar location compared with the subject, although it is a much smaller site.

Land Sale 7 fronts the south side of California City Blvd., west of S. Loop Blvd. a somewhat similar location compared with the subject although it is a significantly smaller site.

Land Sale 8 is at the southwest corner of California City Blvd. and Yucaipa St., a more remote and inferior location compared with the subject.

Land Sale 9 fronts the west side of Village Pkwy., south of California City Blvd., a slightly inferior location compared with the subject although this is a much smaller site.

Land Sale 10 fronts the north side of California City Blvd., west of Neuralia Rd. a slightly inferior location compared with the subject, although this is a significantly smaller site.

Land Sale 11 is at the northeast corner of Lindbergh Blvd. and Von Braun Wy. located near the California City airport. It is bound on all four sides by paved roadways, which is somewhat superior to the subject.

LAND VALUE CONCLUSION

The comparable land sales range from \$0.68 to \$5.91/SF. The upper level is set by Sales 1, 2 and 3, all of which are significantly small than the subject. Sales 1 and 2 also have superior locations along California City Blvd. The lowest level is set by Sale 4 which has a more remote location. This sale is located near Sale 8, which sold for more than twice as much as it has a corner location, indicating corner parcels sell at a premium. The subject is at a corner, however, the excess land portion of the subject is located mainly behind the existing office complex. Sales 6 and 7 are considered somewhat similar as to location but are much smaller than the subject. Sales 9 and 10 are also similar, but slightly inferior as to location. They are also much smaller than the subject’s excess land area. Typically, as the size increases, the price/SF decreases, and vice versa. Based on the subject’s overall locational and physical features, a unit value conclusion of \$2.00/SF is supported for the excess land portion.

LAND SALES COMPARISON APPROACH CONCLUSION (SF)					
	SUBJECT SF		\$/SF		VALUE
Excess Land Only	144,277	x	\$2.00	=	\$288,554
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)			\$2.01		\$290,000

SALES COMPARISON APPROACH INTRODUCTION

In the Sales Comparison Approach, the value of a property is estimated by comparing it with similar, recently sold properties in the surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set by the cost of buying an equally desirable property, assuming that no costly delay occurs in making the substitution.

COMPARABLE SELECTION

Through the analysis of sales of verified arm's-length transactions, market value and price trends are identified. The sales utilized are comparable to the subject in physical, functional, and economic characteristics.

Comparable sales are presented, which were selected due to their similarity in physical, locational, and qualitative attributes. They represent the most recent and relevant comparable sale available for this analysis. Emphasis was given to the subject's location and similarly positioned properties.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per SF NRA. This best reflects the unit of comparison used by buyers and sellers in this market for the subject property type.

ADJUSTMENTS

Adjustments to the comparable sales were considered and made when warranted for property rights, financing terms, conditions of sale, expenditures after sale and market conditions.

1. **Property Rights** - All of the sales comparables were either fee simple sales or were leased at market levels, with no adjustments required.
2. **Financing** - The sales all reflected typical cash equivalent, lender-financed transactions and no adjustments were required for financing terms.
3. **Sale Conditions** – Sale 2 included excess land valued at \$94,000 requiring a downward adjustment. The buyer of Sale 3 was highly motivated as they were the tenant and did not want to move, and the sale price is far above market value requiring a downward adjustment. None of the remaining comparables required a condition of sale adjustment, as all were confirmed to be arm's length transactions.
4. **Expenditures After Sale** - Expenses that the buyer incurs after purchase (deferred maintenance, HVAC repairs, etc.). Sale 1 was unfinished with repairs needed at an estimated \$125,000. No adjustments are warranted for remaining comparisons based on review of the sales.
5. **Market Conditions (Time)** - The subject is located in an area with relatively little activity and flat market conditions, therefore, no adjustment is required.

ADJUSTMENT PROCESS

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after the application of transaction and market conditions adjustments. Our reasoning for the property adjustments made to each sale comparable follows.

Location-Site

The subject is located on a primary roadway near the corner. Sales 3, 4, 5, 6 and 8 are considered overall similar with no adjustments required. Sale 7 has a below average location in a more remote area. Remaining sales have average locations which are inferior to the subject as to location on secondary roadways.

Quality-Utility

All but Sales 7 and 9 are considered similar to the subject as to quality. Sales 7 and 9 are somewhat below average, requiring upward adjustments.

Condition

Sales are considered similar to the subject with no adjustments required.

Medical Office Buildout

Due to the lack of recent sales of similar office complexes and medical offices in the greater market area, sales of general offices are also included and would require upward adjustments for the medical office build out. All but Sales 6 and 7 include general offices with upward adjustments of \$30/SF considered reasonable. In this regard, approximately 50% of Sale 6 was finished to a medical office, requiring an adjustment of \$15/SF. Sale 7 includes the only 100% medical office, with no adjustment required.

Age

The difference in effective age between the subject and sales is adjusted at 1.5%/year to account for depreciation.

Size

Sales indicate that as the size of the building increases, the price/SF decreases, and vice versa. Therefore, smaller sales are adjusted downward and larger sales are adjusted upward.

PRESENTATION

The subject and comparable property attributes are presented on the following Improved Sales Comparison Table and location map. This is followed by the value conclusion indicated using the Sales Comparison Approach.

SALES COMPARISON APPROACH

IMPROVED SALES COMPARISON TABLE

	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8	COMP 9
Name	General and Medical Office Complex	Multi-Tenant Office Building	Office with excess land	California City Learning Center	Office Building	Office Complex	Medical Office	Medical Office Building	Multi-Tenant Office Building	Office Building
Address	9278, 9300 & 9350 N. Loop Blvd.	20901 82nd St	301 W. Drummond Ave.	8187 California City Blvd.	141 - 145 E. Ridgecrest Blvd.	134 S. China Lake Blvd.	804 N. Norma St.	14934 Hwy. 178	720 N Norma St.	8021 Bay Ave.
City	California City	California City	Ridgecrest	California City	Ridgecrest	Ridgecrest	Ridgecrest	Lake Isabella	Ridgecrest	California City
State	CA	CA	CA	CA	CA	CA	CA	CA	CA	CA
Zip	93505	93505	93555	93505	93555	93555	93555	93240	93555	93505
County	Kern	Kern	Kern	Kern	Kern	Kern	Kern	Kern	Kern	Kern
Submarket	Greater Antelope Valley	-	-	-	-	-	-	-	-	-

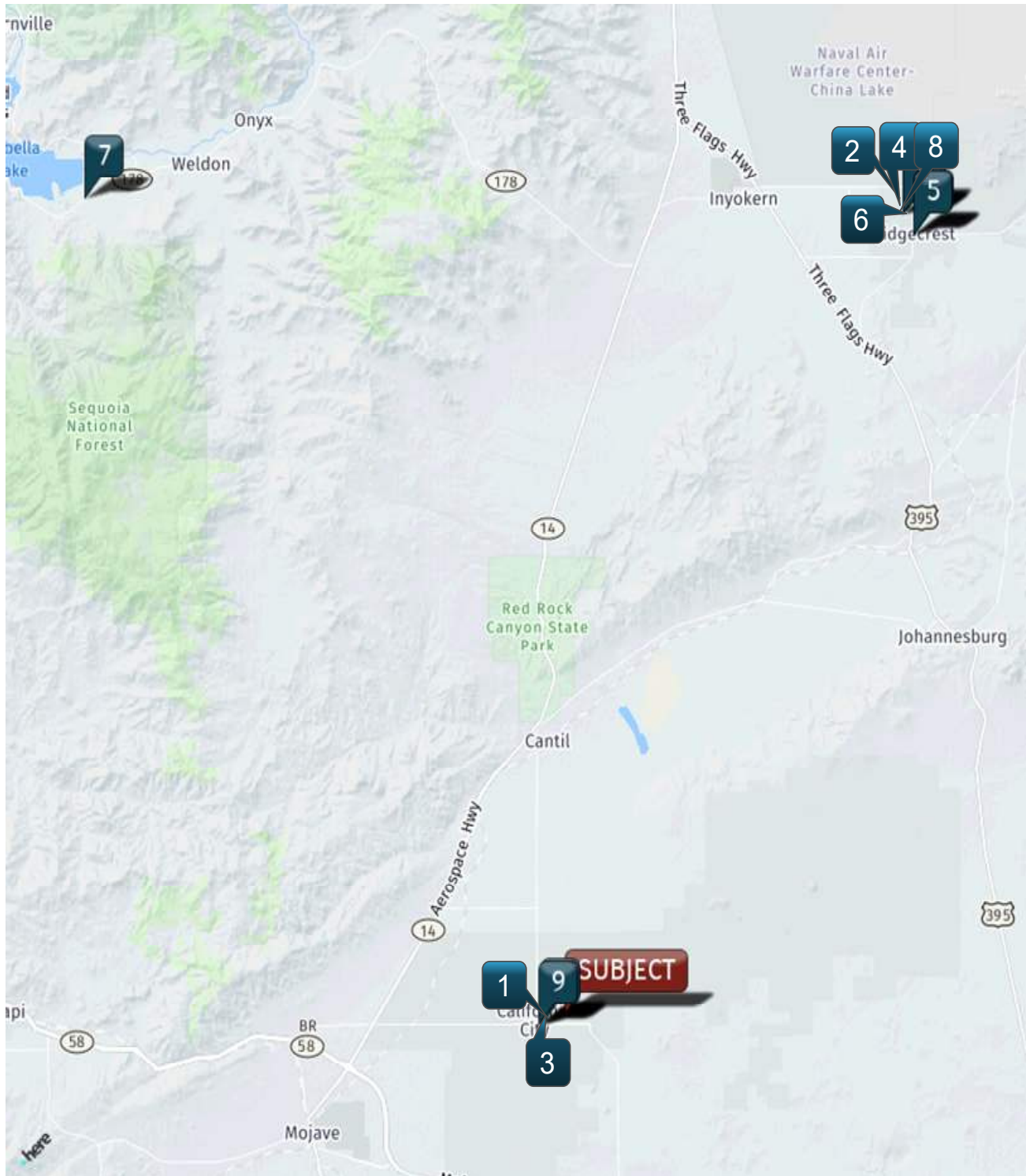
SALE INFORMATION

Transaction Price	\$175,000	\$499,000	\$350,000	\$550,000	\$1,289,000	\$341,110	\$250,000	\$450,000	\$325,000
Transaction Price \$/SF NRA	\$73	\$117	\$171	\$92	\$71	\$118	\$83	\$99	\$98
Property Rights ¹	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Leased Fee	Leased Fee	Fee Simple	Leased Fee	Fee Simple
Financing ²	Cash to	Conventional	Cash	Conventional	Seller Financed	Cash	Cash to	Cash to	Cash
Sale Conditions ³	Typical	Excess Land (19%)	Motivated (30%)	Typical	Typical	Typical	Typical	Typical	Typical
Expenditures After Sale ⁴	\$125,000 71.4%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Market Conditions ⁵	10/14/2019	6/2/2020	9/23/2021	12/7/2021	3/3/2022	5/24/2022	7/22/2022	9/1/2022	11/8/2022
Sale Status	Recorded	Closed	Recorded	Closed	Closed	Closed	Recorded	Recorded	Closed
Total Transactional Adjustments	\$52 71%	(\$22) (19%)	(\$51) (30%)	\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$0 0%
Adjusted \$/SF (NRA)	\$125	\$95	\$120	\$92	\$71	\$118	\$83	\$99	\$98

PHYSICAL INFORMATION

GBA (SF)	10,275	2,400	4,260	2,046	5,960	18,120	2,900	3,000	4,545	3,332
NRA (SF)	10,275	2,400	4,260	2,046	5,960	18,120	2,900	3,000	4,545	3,332
Year Built/Ren	Est. 1980's	2007	2002	1970	2010	1973	1971	1967	1985	2005
Location	Above Average	Average 5%	Average 5%	Above Average	Above Average	Above Average	Above Average	Below Average 10%	Above Average	Average 5%
Quality	Average	Average	Average	Average	Average	Average	Average	Below Average 5%	Average	Below Average 5%
Condition	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average
Medical Office Buildout	Mostly Medical	Gen. Office 41%	Gen. Office 26%	Gen. Office 18%	Gen. Office 33%	Gen. Office 42%	1/2 Medical 13%	Medical	Gen. Office 30%	Gen. Office 31%
Effective Age (years)	20	15 (8%)	20 0%	20 0%	11 (14%)	25 8%	20 0%	30 15%	20 0%	17 (5%)
Size	Much Smaller (30%)	Smaller (25%)	Much Smaller (30%)	Smaller (25%)	Larger 10%	Much Smaller (30%)	Much Smaller (30%)	Smaller (25%)	Much Smaller (30%)	
Total Physical Adjustments	\$11 9%	\$5 6%	(\$15) (12%)	(\$6) (6%)	\$42 60%	(\$20) (17%)	\$0 0%	\$5 5%	\$6 6%	
Adjusted \$/SF (NRA)	\$136	\$100	\$105	\$86	\$113	\$98	\$83	\$104	\$104	

SALES COMPARISON APPROACH



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	20901 82nd St, California City, CA, 93505	1.2
COMPARABLE 2	2	301 W. Drummond Ave., Ridgecrest, CA, 93555	38.4
COMPARABLE 3	3	8187 California City Blvd., California City, CA, 93505	1.2
COMPARABLE 4	4	141 - 145 E. Ridgecrest Blvd., Ridgecrest, CA, 93555	37.7
COMPARABLE 5	5	134 S. China Lake Blvd., Ridgecrest, CA, 93555	37.6
COMPARABLE 6	6	804 N. Norma St., Ridgecrest, CA, 93555	38.3
COMPARABLE 7	7	14934 Hwy. 178, Lake Isabella, CA, 93240	42.0
COMPARABLE 8	8	720 N Norma St., Ridgecrest, CA, 93555	38.2
COMPARABLE 9	9	8021 Bay Ave., California City, CA, 93505	1.4

ANALYSIS OF COMPARABLE SALES

The comparable sales indicate an overall unadjusted unit value range from \$71/SF to \$171/SF, and an average of \$102/SF. After adjustments, the comparables indicate a narrower range for the subject property from \$83/SF to \$136/SF, and \$103/SF on average. The adjustment process is summarized below.

Sale No. 1 (\$136/SF Adjusted) - The property is located at the northwest corner of 82nd St. and Bay Ave. in California City. The building was torn down and rebuilt in 2007. It is a two-story building with two units, each 1,200 SF. The property was in poor condition and needed new drywall, subfloors and interior finishes. The seller estimates that approximately \$125,000 to \$150,000 was needed to bring the property to occupiable condition.

Sale No. 2 (\$100/SF Adjusted) - This property is located on the SWC of W. Drummond Ave. and N Warner St. in Ridgecrest, CA. It includes a Class "D" modular office building with stucco exterior walls and a flat composition roof. The foundation is recessed below grade resulting in an at grade metal jack foundation. There is a roof-mounted solar energy system. Although used as a medical office, the exam rooms do not have sinks and the interior build-out is most similar to a general office. The sale included three parcels, of which two are undeveloped excess land and contain a total of 114,563 SF with a contributory value of \$94,000. The westerly excess parcel fronting Drummond Ave. has off-site improvements in place with utility availability. The easterly excess parcel has no off-site improvements and fronts a secondary roadway. The solar energy system had an estimated \$40,000 contributory value. This leaves \$365,000 allocated to the building.

Sale No. 3 (\$105/SF Adjusted) - The property fronts the north side of California City Blvd., west of Commerce Dr. The buyer had been leasing the property since 2013 and had a right of first refusal on purchase. The property was not formally listed. The seller was asking \$450,000 but the price was eventually negotiated to \$350,000 in an all cash transaction. The sale was somewhat above market as the buyer was motivated not to have to relocate. The income and cap rate shown are based on the buyer's prior rent and lease structure.

Sale No. 4 (\$86/SF Adjusted) - This property is located on the SWC of Ridgecrest Blvd. and S. Gemstone St. in Ridgecrest, CA. This single-tenancy building, constructed with a wood frame, offers a total of 5,960 square feet of space across one story. Built in 2010, the property has recently replaced all HVAC units, ensuring efficient climate control. Additionally, the building provides ample fenced parking. At the time of sale the property was occupied by Kern County Human Services. Monthly rent was \$6,305.90 modified gross with the landlord responsible for all expenses except tenant's utilities. The landlord also paid for exterior landscaping/sweeping services at \$250/mo. The lease in place expired in June 2023 however the tenant is still occupying the space.

Sale No. 5 (\$113/SF Adjusted) - This property is located on the NWC of E. California Ave. and Grande Wy. in Ridgecrest, CA. It includes a multi-tenant office complex located on five adjoining parcels. It extends to the east side of S. China Lake Blvd.

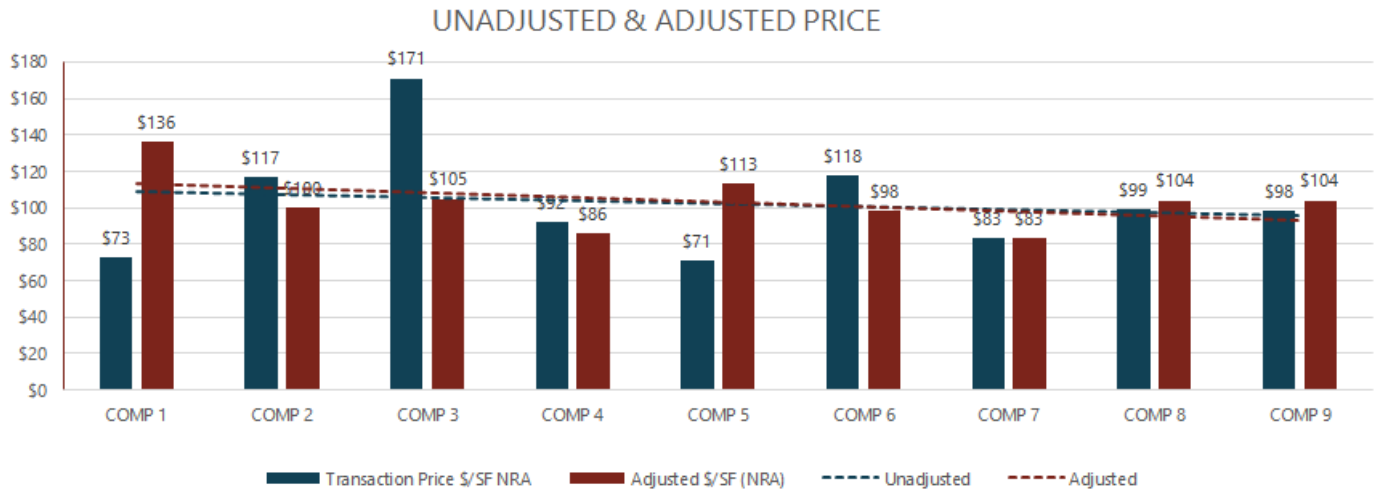
Sale No. 6 (\$98/SF Adjusted) - This property is located on the NEC of W Howell Ave. and N. Norma St. in Ridgecrest, CA. This is a 2,900 square foot medical office building with two units. It was built in 1971. One unit includes a quasi medical office and the other is a former dentists office. At the time of sale, one suite was vacant and the other suite was occupied by a long-term tenant. The vacant suite was built-out to a medical office which was dated but in average condition. The buyer is a medi-spa who occupied the vacant suite and completely remodeled it for their use.

Sale No. 7 (\$83/SF Adjusted) - This property fronts the south side of Hwy. 178, south of Chicory Rd. in a more remote area of Lake Isabella known as South Lake. The agent reports the property sold in As-Is condition with no inspections. It was purchased by a veterinarian for use for their practice.

Sale No. 8 (\$104/SF Adjusted) - The property is located to the west of N Norma St., south of Drummond Ave.

Sale No. 9 (\$104/SF Adjusted) - This is a 3,332 square foot office building built in 2005. It features two handicap-accessible restrooms and has two electrical AC units, two heating units, and two separate electric meters. The property was vacant at the time of sale and consisted of a large open space with ducting in place to accommodate build-out to 10 individual offices. It had concrete floors, drywall walls and open insulated ceilings with exposed ducting. There is a metal roll-up door at the rear of the space. It was purchased by a church who intended to add a kitchen and use the space for their own purposes.

SALES COMPARISON APPROACH CONCLUSION



Based on general bracketing, the comparable sales support an adjusted unit value range from \$83/SF to \$136/SF, with a unit value of \$105/SF concluded for the subject property. The following table summarizes the analysis of the comparables, reports the reconciled price per SF value conclusion, and presents the concluded value of the subject property by the Sales Comparison Approach.

IMPROVED SALES COMPARISON APPROACH CONCLUSION (NRA)							
TRANSACTION	PRICE	ADJUSTMENT			FINAL	NET ADJ	GROSS ADJ
		TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²			
1	\$73	71%	\$125	9%	\$136	86%	155%
2	\$117	(19%)	\$95	6%	\$100	(15%)	74%
3	\$171	(30%)	\$120	(12%)	\$105	(39%)	78%
4	\$92	0%	\$92	(6%)	\$86	(7%)	71%
5	\$71	0%	\$71	60%	\$113	59%	60%
6	\$118	0%	\$118	(17%)	\$98	(17%)	43%
7	\$83	0%	\$83	0%	\$83	0%	60%
8	\$99	0%	\$99	5%	\$104	5%	55%
9	\$98	0%	\$98	6%	\$104	6%	75%
HIGH	\$171	71%	\$125	60%	\$136	86%	155%
AVG	\$102	3%	\$100	6%	\$103	9%	75%
MED	\$98	0%	\$98	5%	\$104	0%	71%
LOW	\$71	(30%)	\$71	(17%)	\$83	(39%)	43%
SUBJECT SF (NRA)		\$/SF CONCLUSION			VALUE		
10,275		x	\$105	=	\$1,078,875		
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)			\$105		\$1,080,000		
Plus Excess Land Value			\$28		\$290,000		
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)			\$133		\$1,370,000		

¹Cumulative ²Additive

INCOME APPROACH

INCOME APPROACH INTRODUCTION

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization. The Direct Capitalization method of the Income Approach is used in this analysis. This valuation technique best represents the decision-making process of an investor.

DIRECT CAPITALIZATION METHOD

The first step in direct capitalization is to estimate the durable rental income through analysis of the in-place leases and market rent terms. Next, reimbursements and other revenue are analyzed. Then, vacancy and operating expenses are estimated. Finally, the net operating income is capitalized at a supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as-is value.

SUBJECT LEASES

The following table summarizes the subject's in place contract rents.

MULTI-TENANT RENT ROLL											
OCCUPIED SPACE										AS OF SEPTEMBER 2023	
SUITE NO	TENANT NAME	TOTAL NRA (SF)	% OF NRA	TENANT GROUP	START	END	TERMS YEARS	LEASE STRUCTURE	\$/SF(YR.)	\$/SF(MO.)	BASE RENT ANNUAL
9278	T.J. Srijaerajah, M.D.	2,691	26.2%	Medical Office	May-18	May-21	3.0	Modified Gross	\$7.13	\$0.59	\$19,200
9300 - A	West Point Physical Therapy	2,400	23.4%	General Office	May-18	May-21	3.0	Double Net	\$4.50	\$0.38	\$10,800
9300 - C	Bartz-Altadonna Comm. Health Center	1,250	12.2%	Medical Office	Mar-20	Apr-25	5.1	Double Net	\$12.00	\$1.00	\$15,000
9350	Adventist Health	1,248	12.1%	Medical Office	Oct-17	Sep-18	1.0	Double Net	\$9.60	\$0.80	\$11,976
9350 - Modular	Adventist Health - Modular	720	7.0%	General Office	Nov-20	Nov-23	3.0	Double Net	\$12.32	\$1.03	\$8,868
OCCUPIED SUBTOTALS		8,309	80.9%						\$7.92	\$0.66	\$65,844
VACANT SPACE											
SUITE NO	SPACE	TOTAL NRA (SF)	% OF NRA	TENANT GROUP	SPEC BEGIN	SPEC END	SPEC YEARS	LEASE STRUCTURE	\$/SF(YR.)	\$/SF(MO.)	ASKING RENT ANNUAL
9300 #B	Medical Office	1,241	12.1%	Medical Office			-		\$0.00	\$0.00	
9300 Remainder A	General Office	725	7.1%	General Office			-		\$0.00	\$0.00	
VACANT SUBTOTALS		1,966	19.1%						\$0.00	\$0.00	\$0
TOTAL NRA		10,275	100%						\$6.41	\$0.53	\$65,844

The lease to Dr. Srijaerajah originally commenced in 2018 for a 3 year term and has since expired and is now on month-to-month terms. The lease is on a modified gross basis with the tenant responsible for repairs and maintenance only and the landlord responsible for property insurance. The property is not subject to taxes however should a possessory tax be imposed, this would be the responsibility of the tenant. The base rent was set at \$1,600/mo. and has remained flat ever since.

The lease to West Point Physical Therapy originally commenced in 2018 for a 3 year term and has since expired and is now on month-to-month terms. The lease is on a double net basis with the tenant responsible for property insurance and repairs and maintenance. The property is not subject to taxes however should a possessory tax be imposed, this would be the responsibility of the tenant. The base rent was set at \$900/mo. and has remained flat ever since. This tenant is reportedly interested in occupying the remainder of the building with lease negotiations to be based upon the appraised market rent.

The lease to Bartz-Altadonna originally commenced in 2020 for a 5 year term expiring April 1, 2025 and automatically renews for two additional 5-year periods. The tenant received four months free rent to allow time for tenant improvements and moving into the space. Base rent was set at \$812.50/mo., increasing on January 1, 2021 to \$937.50/mo., and again on July 1, 2021 to \$1,250/mo. for the remainder of the term. The lease is on a double net basis with the tenant responsible for property insurance and repairs and maintenance. The property is not subject to taxes however should a possessory tax be imposed, this would be the responsibility of the tenant.

The lease to Adventist Health for building 9350 originally commenced October 1, 2017 for a 1 year term. The tenant has renewed several times and is reportedly currently on an extension which will expire January 31, 2024. Base rent was set at \$998/mo. and has remained flat ever since. The lease is on a double net basis with the tenant responsible for property insurance and repairs and maintenance. The property is not subject to taxes however should a possessory tax be imposed, this would be the responsibility of the tenant.

The lease to Adventist Health for modular building which also has an address of 9350 N. Loop Blvd. originally commenced November 1, 2020 for a 3 year term expiring on November 1, 2023. The tenant is reportedly currently on an extension which will expire January 31, 2024. Base rent was set at \$738.97/mo. and has remained flat ever since. The lease is on a double net basis with the tenant responsible for property insurance and repairs and maintenance. The property is not subject to taxes however should a possessory tax be imposed, this would be the responsibility of the tenant.

GENERAL AND MEDICAL OFFICE MARKET RENT ANALYSIS

This section examines comparable properties within the marketplace to estimate market rent for the subject. This allows for a comparison of the subject property's contract to what is attainable in the current market.

UNIT OF COMPARISON

The analysis is conducted on a dollar per square foot annually, reflecting market behavior. The market rent analysis is based on a **modified gross rent** structure where the landlord pays for all expenses except tenants' utilities and interior maintenance. Although the subject leases are on a double net basis, nearly all other general and medical office space in the subject market is based on a modified gross rent structure. Therefore, for comparison purposes, the comparables are analyzed based on their modified gross rent structure. Should the landlord chose to renew leases based on their current double net rent structure, the cost of property insurance and repairs and maintenance can be deducted from the modified gross market rents to arrive at a double net rent basis.

SELECTION OF COMPARABLES

A complete search of the area was conducted in order to find the most comparable properties in terms of location, tenancy, age, exposure, quality, and condition. The comparables in this analysis are the most reliable indicators of market rent for the subject available at the time of this appraisal.

ADJUSTMENTS

The comparables have been evaluated for concessions such as free rent, tenant improvements in excess of the typical market, atypical rent escalations, and atypical lease terms. Adjustment was made for these concessions based on their impact over the original term period. Quantitative percentage adjustments were made for location and physical features such as size, age, condition, exposure and parking ratio. It is stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving market rent for the subject.

MARKET CONDITIONS (TIME)

Based on research and interpretation of rental value trends, which indicate the market has remained relatively flat for several years, no adjustment for market conditions is warranted.

TENANT IMPROVEMENTS & CONCESSIONS

Market based concessions range from \$5.00/SF to \$20.00/SF for tenant improvements and 0 to 3 months of free rent. None of the comparables included concessions that are outside these defined market boundaries.

PRESENTATION

The following presentation summarizes the comparables most similar to the subject property. The Lease Comparison Table, location map, photographs, and an analysis of the rent comparables are presented on the following pages.

MEDICAL AND GENERAL OFFICE LEASE COMPARISON TABLE						
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5
Name	General and Medical Office Complex	Medical Office	Medical Office	Medical Office	Medical Office	Multi-Tenant Office
Address	9278, 9300 & 9350 N. Loop Blvd.	1111 W. Inyokern Rd.	10200 Main St.	1062 S. K St.	1661 N. Triangle Dr.	8016 California City Blvd
City	California City	Ridgecrest	Lamont	Tulare	Ridgecrest	California City
State	CA	CA	CA	CA	CA	CA
Zip	93505	93555	93203	93274	93555	93505
County	Kern	Kern	Kern	Tulare	Kern	Kern
Submarket	Greater Antelope Valley	-	-	-	-	-
LEASE INFORMATION						
Rent (\$/SF/Yr.)		\$15.00	\$15.00	\$13.72	\$15.00	\$0.83 - \$1.50
Tenant		Aegis Treatment Centers	Ashok Parmar, MD	Family HealthCare Network	Sienna Podiatry	Multiple
Start Date		4/1/2019	7/1/2019	8/1/2019	6/1/2023	Varies
Lease Type		Renewal	New	New	New	New
Lease Str.		Modified Gross	Modified Gross	Double Net	Modified Gross	Modified Gross
Size (SF)		1,200	3,000	16,046	2,600	89 - 1,716
Term (Yrs.)		2	1	7	3	1
Avg. Escalation		0.0%	0.0%	0.0%	0.0%	0.0%
Free Rent		None	None	None	None	None
TI's (\$/SF)		None	None	None	None	None
Options		Now mo.-mo.	None	(2) 5-year options to extend	None	None
Reimb. (\$/SF)		None	None	None	None	None
Space Condition		As Is	As Is	Turnkey	As Is	Turnkey
BUILDING INFORMATION						
Year Built/Ren	1970's	1986	1986	1960	1966	1960
Location	Average	Average	Average	Average	Average	Average
Access	Average	Average	Average	Average	Average	Average
Exposure	Average	Average	Average	Average	Average	Average
Quality	Average	Average	Average	Average	Average	Average
Condition	Average	Average	Average	Average	Average	Average
Appeal	Average	Average	Average	Average	Average	Average
OVERALL COMPARISON		SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	1111 W. Inyokern Rd., Ridgecrest, CA, 93555	39.0
COMPARABLE 2	2	10200 Main St., Lamont, CA, 93203	54.5
COMPARABLE 3	3	1062 S. K St., Tulare, CA, 93274	106.8
COMPARABLE 4	4	1661 N. Triangle Dr., Ridgecrest, CA, 93555	39.4
COMPARABLE 5	5	8016 California City Blvd, California City, CA, 93505	1.4

DISCUSSION OF GENERAL AND MEDICAL OFFICE LEASE COMPARABLES

The General and Medical Office lease comparables indicate an unadjusted range from \$9.96 to \$18.00/SF. Most rents are analyzed on a modified gross basis. In general, comparisons are considered overall similar.

Lease 1 – This property fronts the south side of Inyokern Rd. west of N. Inyo St. in Ridgecrest. The property is improved to a multi-tenant office building. The building contains five units. Units A and B have reception areas. The building contains three bathrooms. This lease includes a suite within a larger office building. The lease commenced 4/1/2019 for a 2 year term and converted to a month-to-month lease at expiration. Base rent was set at \$1,500/mo., Modified Gross and remains flat at the same rate.

Lease 2 – This property fronts the west side of Main St. (Hwy. 184) in Lamont. Lease details were obtained from a local broker familiar with the property. Full lease information was not provided.

Lease 3 – The property is located at the SEC of S. K. St. and E. Bardsley Ave., Visalia CA. The property was previously occupied by the local hospital district as a rural health clinic. Site size is calculated based on the pro rata share of the larger shared parcel. The lease is a 7-year double net with tenant paying all expenses except property insurance. It includes fixed annual increases and (2) 5-year options to extend. Rent payments began upon completion of improvements by the tenant, with no TI allowance from the landlord. The scheduled rent increases are as follows: Year 2 - \$1.17/Sf, Year 3 - \$1.19/SF, Year 4 - \$1.22/SF, Year 5 - \$1.24/SF, Year 6 - \$1.27/SF and Year 7 - \$1.29/SF. Rent for the option terms will increase 6.97% in year 8 to \$1.38/SF and then 2%/year for the remaining nine years of the two options.

Lease 4 – This property is part of a larger complex at the southwest quadrant of N. China Lake Blvd. and W. Inyokern Rd. in Ridgecrest. The lease is for a suite within a larger building. The lease commenced 6/1/2023 for a 3 year term with base rent set at \$1.25/SF, Modified Gross. Rent increases by 3% in year two.

Lease 5 – The property is located in in Aspen Business Office Complex, a office/retail center at the southeast quadrant of California City Blvd. and Neuralia Rd. in California City. Most recent leases are summarized below:

Tenant	Suite SF	Mo. Rent	Rent/SF	Terms
CBBR California City	1,716	\$2,000.00	\$1.17	Mod. Gross
Deborah Gayou	89	\$126.00	\$1.42	Mod. Gross
Desert Song	187	\$280	\$1.50	Mod. Gross
Heltsley's Supported Living	365	\$450.00	\$1.23	Mod. Gross
John Frehn	89	\$112.00	\$1.26	Mod. Gross
Mid Valley Insurance	154	\$128.00	\$0.83	Mod. Gross
Mojave Desert News	463	\$695.00	\$1.50	Mod. Gross
Valley Caregivers	276	\$392.00	\$1.42	Mod. Gross

CONCLUSION OF MARKET RENT

Comps have rents ranging from \$0.83 to \$1.50/SF. The upper and lower levels are set by the leases within Lease 5. This is a general office building in California City. Several of the rents include small offices which are leased out individually and are typically rented at a rent/SF which is much higher than what an entire suite or office building would command as typically when the size decreases, the rent/SF increases and vice versa. Comps 1, 2 and 4 include medical office rents at \$1.25/modified gross. Comp 3 includes the only double net lease and is at \$1.14/SF. It is a much larger space and would typically set the lower level. We were unable to confirm any recent leases of medical office space in California City. Agents and brokers interviewed indicate that rents in California City are typically slightly lower than those in Ridgecrest.

MARKET RENT VS. CONTRACT RENT

As discussed, because the subject leases are on a double net basis, they are not directly comparable to the modified gross rent comparables discussed above. However, the costs to the tenants for the property insurance and repairs and maintenance can be added to the current rents to arrive at the equivalent modified gross rents. The appraiser does not have access to these figures, but generally the market recognizes a 3% of EGI figure for repairs and maintenance and a 0.35% of replacement cost for insurance, as further discussed in the expense section.

TOTAL RENTAL REVENUE

In consideration of comparisons discussed, market rent for the subject's general office space is projected at \$10.80/SF, or \$0.90/SF/mo., modified gross, and for the medical office space at \$13.80/SF, or \$1.15/SF/mo., modified gross. The total rental revenue is based on the rent conclusions presented above and is summarized in the following table.

OCCUPIED SPACE							
TENANT	NRA (SF)	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF (YR.)	\$/YEAR
T.J. Srijaerajah, M.D.	2,691	Medical Office	\$7.13	\$13.20	54%	\$13.20	\$35,521
West Point Physical Therapy	2,400	General Office	\$4.50	\$10.80	42%	\$10.80	\$25,920
Bartz-Altadonna Comm. Health Center	1,250	Medical Office	\$12.00	\$13.20	91%	\$13.20	\$16,500
Adventist Health	1,248	Medical Office	\$9.60	\$13.20	73%	\$13.20	\$16,474
Adventist Health - Modular	720	General Office	\$12.32	\$10.80	114%	\$10.80	\$7,776
Vacant Suite - 9300 Ste. B	1,241	Medical Office	-	\$13.20	-	\$13.20	\$16,381
Vacant Remainder - 9300 Ste. A	725	General Office	-	\$10.80	-	\$10.80	\$7,830
OCCUPIED SUBTOTALS	10,275	-	\$6.41	\$12.30	52%	\$12.30	\$126,402
TOTAL	10,275	-	\$6.41	\$12.30	52%	\$12.30	\$126,402

REIMBURSEMENT REVENUE

Under the terms of the market's modified gross lease expense structure, there are no reimbursements to the landlord.

MISCELLANEOUS REVENUE

Based on review of the subject's historical operations, there are no miscellaneous revenue generators present.

POTENTIAL GROSS REVENUE (PGR)

The potential gross revenue equals the total rental revenue plus reimbursement and miscellaneous revenue. The potential gross revenue of the subject is calculated by multiplying the sum of market rent of \$12.30 per square foot rent and reimbursements if any by the net rentable area of 10,275 square feet, which indicates a PGR of \$126,402.

VACANCY AND CREDIT LOSS

This category accounts for the time period between occupants, as well as possible prolonged vacancies under slow market conditions. California City typically experiences a large range in vacancy rates with some complexes at or near 100% occupancy and others with high vacancies at 50% or more. The subject has experienced a history of higher occupancy and the client reports that Bartz-Altadonna is looking to lease up the vacant suite adjoining their office and that Ridgecrest Regional Hospital may be interested in leasing the vacant space in 9300 Ste. A. As of the effective date, the subject is 80.9% occupied. Based on current and perceived long-term market conditions and the subject's current and anticipated tenancy over a typical holding period, a vacancy and credit loss of 10.0% is concluded.

ALL VACANCY LOSS	%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Rental Revenue	10.0%	11.1%	(\$1.23)	(\$12,640)
Reimbursement Revenue			-	\$0
Miscellaneous Revenue			-	\$0
TOTAL VACANCY & CREDIT LOSS	10.0%	11.1%	(\$1.23)	(\$12,640)

EFFECTIVE GROSS REVENUE (EGR)

Effective gross revenue equals the potential gross revenue less vacancy and credit loss. The total effective gross revenue for the subject is \$113,762 which is \$11.07/SF.

EXPENSE CONCLUSIONS

The individual expense conclusions for the subject are summarized below. The analysis relies upon general market parameters.

EXPENSE CONCLUSIONS				
OPERATING EXPENSES	%EGR	\$/SF NRA	TOTAL	COMMENT
Taxes	9.8%	\$1.09	\$11,162	Although the property is not currently subject to taxes, the market would recognize that upon sale, the property would be reassessed at a rate equivalent to market value (excluding excess land value) times the current tax rate.
Insurance	6.4%	\$0.71	\$7,245	The concluded amount is based on an estimated cost of 0.35% of the replacement cost.
Repairs & Maintenance	3.0%	\$0.33	\$3,413	Repairs and maintenance for similar properties are typically 3-4% of EGI, with an estimate of 3% considered reasonable.
Management Fees	5.0%	\$0.55	\$5,688	Management and administrative costs are estimated at 4% of EGI for a multi-tenant property.
Reserves	3.8%	\$0.42	\$4,316	Reserves are projected as follows: Heating and cooling units-\$3,500 per unit over a 15 year period (\$2,567/year); Asphalt resealing-16,500 SF at \$0.35/SF every 8 years (\$722/year); and Roofing-10,275 SF of roofing at \$1.50/SF every 15 years (\$1,028/year)
TOTAL OPERATING EXPENSES	28.0%	\$3.10	\$31,824	

NET OPERATING INCOME (NOI)

The net operating income equals the effective gross income less the total expenses. The total net operating income for the subject is \$81,938 which is \$7.97/SF.

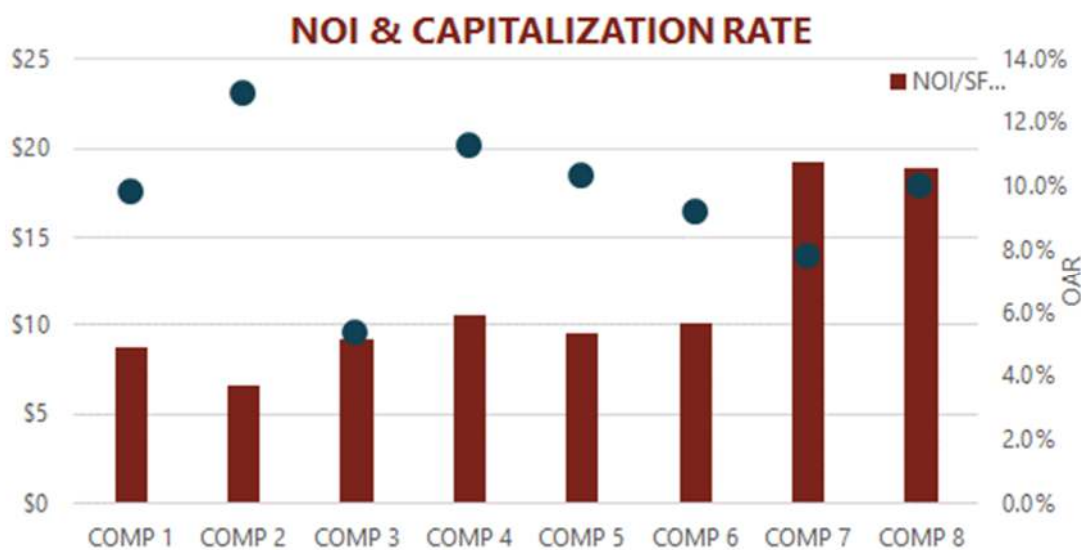
CAPITALIZATION RATE

In this section, a capitalization rate for the subject is developed based upon market extraction and national survey data.

MARKET EXTRACTION

The following capitalization table restates the information for the sales previously presented in the Sales Comparison Approach.

MARKET EXTRACTION METHOD								
	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	COMP 7	COMP 8
Name	Medical Building	Multi-Tenant Office Building	California City Learning Center	Medical Office	Office Building	Office/Retail Building	Medical Office	Taft DMV
Address	501 & 503 6th St.	732 N. Norma St.	8187 California City Blvd.	501 40th St.	141 - 145 E. Ridgcrest Blvd.	1140 7th St.	661 Roberts Ln.	165 Center St.
City State	Taft CA	Ridgcrest CA	California City CA	Bakersfield CA	Ridgcrest CA	Wasco CA	Bakersfield CA	Taft CA
NRA (SF)	1,660	4,545	2,046	14,213	5,960	5,884	19,800	2,255
Units	1	1	1	-	-	1	1	-
Year Built/Ren	1968	1982	1970	1978	2010	1960	1959 / 2018-2022	1970
Sale Date	1/24/2020	6/16/2020	9/23/2021	11/5/2021	12/7/2021	3/29/2022	10/26/2022	9/30/2023
Sale Price	\$147,983	\$231,500	\$350,000	\$1,325,000	\$550,000	\$650,000	\$4,880,000	\$425,000
Price/SF	\$89	\$51	\$171	\$93	\$92	\$110	\$246	\$188
Price/Unit	\$147,983	\$231,500	\$350,000	\$0	\$0	\$650,000	\$4,880,000	\$0
NOI/SF NRA	\$8.73	\$6.58	\$9.19	\$10.50	\$9.54	\$10.16	\$19.21	\$18.85
Capitalization Rate	9.80%	12.93%	5.37%	11.26%	10.34%	9.20%	7.80%	10.00%
HIGH	12.93%							
AVERAGE	9.59%							
LOW	5.37%							



The comparable capitalization rates indicate a range from 5.37% to 12.93% with an average of 9.59%.

MARKET EXTRACTION CONCLUSION

In conclusion, the market extraction method brackets the subject’s applicable capitalization rate from 5.37% to 12.93%, and is supportive of a capitalization rate conclusion for the subject presented in the Capitalization Rate Conclusion section. A cap rate near the upper end of the range is supported due to its location in a small outlying community which typically experiences little demand and much higher cap rates than shown by the national survey.

NATIONAL SURVEY

The investor pool for the subject property likely includes regional or local investors, with a national investor profile viewed as unlikely based on the relatively smaller size and mix of local and national tenant profile. However, for additional support, the following table summarizes national cap rate trends for similar properties.

NATIONAL INVESTOR SURVEY			
CAPITALIZATION RATE (OAR)	YEAR/QUARTER	RANGE	AVERAGE
National CBD Office			PwC
Current Quarter	2023 Q2	4.25% to 7.50%	5.88%
Last Quarter	2023 Q1	4.25% to 7.50%	5.78%
Four Quarters Ago	2022 Q2	4.25% to 8.00%	5.70%

CAPITALIZATION RATE CONCLUSION

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion. Primary emphasis was placed on the Market Extraction Method, which analyzes cap rates from actual sale transactions within the subject market.

CAPITALIZATION RATE CONCLUSION			
COMPONENT	RANGE		AVERAGE
Market Extraction	5.37%	to 12.93%	9.59%
National PwC Investor Surveys Average	4.25%	to 7.50%	5.88%
CONCLUDED CAPITALIZATION RATE			9.25%

DIRECT CAPITALIZATION CONCLUSION

The table below summarizes the Direct Capitalization Method and its value conclusion.

DIRECT CAPITALIZATION							
OCCUPIED SPACE							
TENANT	NRA (SF)	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF (YR.)	\$/YEAR
T.J. Srijaerajah, M.D.	2,691	Medical Office	\$7.13	\$13.20	54%	\$13.20	\$35,521
West Point Physical Therapy	2,400	General Office	\$4.50	\$10.80	42%	\$10.80	\$25,920
Bartz-Altadonna Comm. Health Center	1,250	Medical Office	\$12.00	\$13.20	91%	\$13.20	\$16,500
Adventist Health	1,248	Medical Office	\$9.60	\$13.20	73%	\$13.20	\$16,474
Adventist Health - Modular	720	General Office	\$12.32	\$10.80	114%	\$10.80	\$7,776
OCCUPIED SUBTOTALS	8,309	-	\$7.92	\$12.30	64%	\$12.30	\$102,191
VACANT SPACE							
SPACE	NRA (SF)	CATEGORY	ASKING	MARKET	ASK V MKT	\$/SF (YR.)	\$/YEAR
Vacant Suite - 9300 Ste. B	1,241	Medical Office	\$0.00	\$13.20	0%	\$13.20	\$16,381
Vacant Remainder - 9300 Ste. A	725	General Office	\$0.00	\$10.80	0%	\$10.80	\$7,830
VACANT SUBTOTALS	1,966	-	\$0.00	\$12.31	0%	\$12.31	\$24,211
TOTAL	10,275	-	\$6.41	\$12.30	52%	\$12.30	\$126,402
GROSS RENTAL REVENUE							
RENTAL REVENUE			%PRR	%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Potential Base Rent			81%	81%	90%	\$12.30	\$102,191
Vacant Space Market Rent			19%	19%	21%	\$12.31	\$24,211
TOTAL RENTAL REVENUE						\$12.30	\$126,402
POTENTIAL GROSS REVENUE						\$12.30	\$126,402
ALL VACANCY LOSS				%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Rental Revenue			10.0%	11.1%		(\$1.23)	(\$12,640)
Reimbursement Revenue						-	\$0
Miscellaneous Revenue						-	\$0
TOTAL VACANCY & CREDIT LOSS			10.0%	11.1%		(\$1.23)	(\$12,640)
EFFECTIVE GROSS REVENUE						\$11.07	\$113,762
OPERATING EXPENSES				%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Taxes			8.8%	9.8%		(\$1.09)	(\$11,162)
Insurance			5.7%	6.4%		(\$0.71)	(\$7,245)
Repairs & Maintenance			2.7%	3.0%		(\$0.33)	(\$3,413)
Management Fees			4.5%	5.0%		(\$0.55)	(\$5,688)
Reserves			3.4%	3.8%		(\$0.42)	(\$4,316)
TOTAL OPERATING EXPENSES			25.2%	28.0%		(\$3.10)	(\$31,824)
NET OPERATING INCOME						\$7.97	\$81,938
Capitalization Rate							9.25%
Capitalized Value							\$885,815
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)						\$87	\$890,000
Plus Excess Land Value						\$28.22	\$290,000
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)						\$115	\$1,180,000

RECONCILIATION OF VALUE CONCLUSIONS

RECONCILIATION OF VALUE CONCLUSIONS

RECONCILIATION OF VALUES	
VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Leased Fee Interest and Fee Simple Estate
Date	September 13, 2023
SALES COMPARISON APPROACH	
SALES COMPARISON APPROACH	
Indicated Value	\$1,370,000
\$/SF GBA	\$133
INCOME CAPITALIZATION APPROACH	
DIRECT CAPITALIZATION	
Indicated Value	\$1,180,000
\$/SF GBA	\$115
ADDITIONAL CONCLUSIONS	
Insurable Replacement Cost Estimate	\$2,070,000
\$/SF GBA	\$201
FINAL VALUE CONCLUSION	
FINAL VALUE CONCLUSION	\$1,250,000
\$/SF GBA	\$122

Reliability of the Sales Comparison Approach is influenced by the degree of comparability between the property under analysis and those that have sold. In this instance, nine sales of somewhat similar buildings have been analyzed from which a comparative unit, sale price/SF could be derived. Adjustments are reasonable and logical. Therefore, the Sales Comparison Approach is directly applicable.

As an investment property, a potential buyer would be most concerned with the value indication by the Income Approach. The income capitalization approach is well supported by comparable market property rents, expenses and occupancy levels and overall capitalization rates. Both the quality and quantity of data analyzed were average-good. This approach provides the motivation and the analytical framework for the investment decision. Because investors are highly sensitive to the returns produced by this type of property, the value indication by this approach is considered a good indicator of value. Therefore, the Income Approach is directly applicable.

To reach a final opinion of value, we considered the reliability and relevance of each value indication based upon the quality of the data and applicability of the assumptions underlying each approach. Given the availability and reliability of data we gave both approaches consideration in arriving at our final value conclusions.

INSURABLE COST ESTIMATE

INSURABLE REPLACEMENT COST

At the client's request, an estimate of the insurable replacement cost of the subject improvements is developed. This estimate represents the replacement cost new of the improvements, exclusive of land value and profit, and the costs associated with excavation, site work, and architects fees. Insurance coverage is usually specific to a given project. The specific policy requirements were not provided, which limits the reliability of the conclusion presented.

Insurable replacement cost is a matter of underwriting as opposed to valuation. ***Users of this report should not construe the conclusion of insurable value to be an indication of market value.*** The insurable estimate is made using base costs and multiplier adjustments for market conditions and location from *Marshall Valuation Service*, which is assumed to accurately reflect replacement cost of the subject. We assume no liability as to the subject's insurable replacement cost and recommend that an estimate from a reputable insurance company be obtained if further assurance is required. The following chart summarizes the insurable replacement cost estimate:

INSURABLE REPLACEMENT COST						
BUILDING	1	2	3	4	5	TOTAL
Description	9278 N. Loop	100 N. Loop A	3 N. Loop B/C	9350 N. Loop	Modular	
MVS Building Type	Medical Office	Office	Medical Office	Medical Office	Office	
Number of Stories	1	1	1	1	1	
Height Per Story (Feet)	0	0	0	0	0	
MVS Section/Page	15/22	15/17	15/22	15/22	18/33	
Building Class	D	D	D	D	D	
MVS Publication Date	11/1/2021	11/1/2021	11/1/2021	11/1/2021	2/1/2023	
Quality Rating	Average	Average	Average	Average	Average	
BASE COST / SQUARE FOOT						
Component GBA SF	2,691	3,125	2,491	1,248	720	10,275
MVS Base Cost \$/SF	\$176.00	\$138.00	\$176.00	\$176.00	\$120.00	
SQUARE FOOT REFINEMENTS						
Heating and Cooling	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Sprinklers	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Elevators	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Subtotal \$/SF	\$176.00	\$138.00	\$176.00	\$176.00	\$120.00	
HEIGHT & SIZE REFINEMENTS						
Number of Stories Multiplier	1.000	1.000	1.000	1.000	1.000	
Height Per Story Multiplier	1.000	1.000	1.000	1.000	1.000	
Floor Area Multiplier	1.000	1.000	1.000	1.000	1.000	
Subtotal \$/SF	\$176.00	\$138.00	\$176.00	\$176.00	\$120.00	
COST MULTIPLIERS						
Current Cost Multiplier	1.06	1.06	1.06	1.06	1.00	
Local Area Multiplier	1.13	1.13	1.13	1.13	1.13	
Prospective Multiplier	1.00	1.00	1.00	1.00	1.00	
Subtotal \$/SF	\$210.81	\$165.30	\$210.81	\$210.81	\$135.60	
DIRECT BUILDING COSTS MARSHALL VALUATION SERVICES						
Direct Building Cost Total	\$567,297	\$516,551	\$525,135	\$263,094	\$97,632	\$1,969,710
Indirect Costs (% of Direct)	5%					\$98,485
FINAL REPLACEMENT COST NEW						\$2,068,195
Demolition	0%					\$0
Replacement Cost Exclusion	0%					\$0
Insurable Replacement Cost Total						\$2,068,195
INSURABLE REPLACEMENT COST (ROUNDED TO NEAREST \$10,000)						\$2,070,000
INSURABLE REPLACEMENT COST (ROUNDED TO NEAREST \$10,000) \$/SF						\$201

ASSUMPTIONS & LIMITING CONDITIONS

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Central California Appraisals will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Central California Appraisals is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.

14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Central California Appraisals and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Central California Appraisals.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.

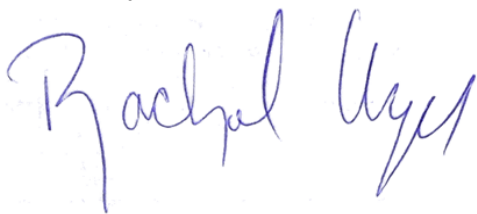
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.
28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Central California Appraisals both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Central California Appraisals and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Central California Appraisals or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Central California Appraisals for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

CERTIFICATION

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

- ▶ The statements of fact contained in this report are true and correct.
- ▶ The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ The signer of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- ▶ Rachel Unger has performed no services, specifically as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ▶ The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▶ The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ▶ The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics* and *Standards of Professional Appraisal Practice* of the Appraisal Institute, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.
- ▶ Rachel Unger did not inspect the property that is the subject of this report. Nicholas Burger, appraiser trainee, inspected the property.
- ▶ No one provided significant real property appraisal assistance to the appraisers signing the certification.
- ▶ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Rachel Unger
Certified General Real Estate Appraiser
California License No. AG044296
Expiration Date 6/6/2024

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

- ▶ The statements of fact contained in this report are true and correct.
- ▶ The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ The signer of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- ▶ Michael Burger MAI, R/W-AC has performed no services, specifically as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ▶ The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▶ The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ▶ The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics* and *Standards of Professional Appraisal Practice* of the Appraisal Institute, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.
- ▶ Michael Burger MAI, R/W-AC did not inspect the property that is the subject of this report.
- ▶ No one provided significant real property appraisal assistance to the appraisers signing the certification.
- ▶ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ▶ As of the date of this report, Michael Burger MAI, R/W-AC has completed the continuing education program for Designated Members of the Appraisal Institute.



Michael Burger MAI, R/W-AC
Certified General Real Estate Appraiser
California License No. AG003817
Expiration Date 5/17/2024

ADDENDA

ENGAGEMENT LETTER



4915 Calloway Dr., #101
Bakersfield, CA 93312
661-587-1010 phone
661-306-2151 fax
valbridge.com

July 20, 2023

East Kern Health Care District
c/o Karen Macedonio
P.O. Box 2546
California City, CA 93505
Email: directormacedonio@khcd.org

Re: Appraisal Fee and Time Estimate:

Medical Facilities and Vacant Land

- 8101 Bay Ave, California City, CA ~ APN 203-090-41
- 9300 N. Loop Blvd., California City, CA ~ APN 208-080-12
- N. Loop Blvd., California City, CA ~ APN 208-080-34

Dear Ms. Macedonio:

In accordance with your request, this letter is intended to confirm the assignment of an Appraisal Report, relating to the above referenced properties. An Appraisal Report provides an in depth discussion of the property characteristics and valuation methodologies utilized in determining value.

The purpose of the reports is to estimate current market value. The client is East Kern Health Care District. The intended user of the reports will be East Kern Health Care District, and no others. The intended use is to determine market value for rental purposes and insurance, and no other use.

The reported value opinions will be subject to certain industry standard definitions, assumptions and limiting conditions, and certifications which will be contained in the reports. More specifically, I will develop my analyses, opinions, and conclusions and prepare the reports in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of my client(s) as I understand them. A copy of Valbridge Property Advisors | Central California Standard Terms of Appraisal Agreement is attached to this letter and will be an integral part of this assignment.

I shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Central California. "Client" shall not include partners, affiliates or relatives of the party named in the engagement letter or appraisal. Client shall hold myself or any other party responsible for preparing the report harmless in the event of any lawsuit brought by any third party, lender, partner

A handwritten signature in blue ink, appearing to be the initials "ML", is located in the bottom right corner of the page.

or part owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in the case of lawsuit arising from or in any way involving these appraisal services, client will hold myself or any other party responsible for preparing the report harmless from and against any liability, loss, cost or expense incurred or suffered by myself or any other party responsible for preparing the report in such action, regardless of its outcome.

In this assignment, my fees will not exceed _____ Please note, if additional inspections are required or specific property characteristics are not disclosed prior to engagement (such as solar panels), the fee may increase. Furthermore, if the assignment leads to arbitration or legal proceedings, additional fees will be assessed. If this occurs, you will be notified of the increased fee amount.

At your request, we will provide you an As Is Value of the properties. The date of value will be as of the date of inspection.

The estimated completion date will be within **4 weeks**, from receipt of the executed engagement. This assumes that all relevant information needed for the completion of the reports is received in a timely basis. A list of required items is included as an attachment to this engagement letter.

I will provide you with an electronic file (PDF) of the Statement of Valuation. Hard copies are available upon request at an additional \$50 per copy.

If this proposal is acceptable, authorize Valbridge Property Advisors | Central California to proceed with the appraisal by signing below and returning it via email to Karla Caro (kcaro@valbridge.com). Alternatively, you may mail a hard copy to the address listed in this letter. Upon receipt of the signed engagement, a representative from my office will be in contact with you to arrange a property inspection.

I look forward to working with you on this assignment.


Sincerely,



Michael C. Burger, MAI, R/W-AC
Senior Managing Director
California Certified- General Appraiser# AG003817
mburger@valbridge.com

MCB:kc
Attachment

Accepted By:


Karen Macedonio


Date

CRHAD President



REQUIRED ITEMS

1. Current Lease(s) information
2. Any floor/site plans, if available for 9300 N Loop Blvd., Calif City, CA
3. Any upgrades or changes since the last time appraised for 8101 Bay Ave., Calif City, CA
4. Any marketing listing in the last 3 years?
5. Property Contact information for site inspection scheduling
6. Summary of major improvements (over \$5,000) within the past three years
7. Location and sources of all utilities, for the vacant parcel
 - a. Water service
 - b. Septic
 - c. Sewer
 - d. Gas
 - e. Electricity



STANDARD TERMS OF APPRAISAL ASSIGNMENT

1. Acceptance of this agreement assumes that our client will provide all necessary information needed for the appraisal on a timely and truthful basis, and assumes that the client will provide sufficient access to the property to be appraised. A delay in receipt of information may delay completion of the assignment.
2. Appraiser shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The appraisal report will not constitute a survey of the property appraised. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. Nor does it certify that tenants have complied with all requirements necessary to obtain use and occupancy permits.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Central California (also known in the document as "Valbridge | Central California") will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The Americans with Disabilities Act ("ADA") became effective in 1992. We will not make a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we will not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
5. The fee quoted is based on our understanding of the assignment as outlined in the scope of work. Changes in scope will be billed at our normal hourly rates. If any employee of Valbridge | Central California is asked or required to appear and/or testify at any meeting, deposition, trial, or other proceeding about the preparation, conclusions, or agreement, client shall compensate appraiser for the time spent in appearing and/or testifying and in preparing to testify according to the appraiser's then current hourly rate, plus expenses.
6. The fee and estimated time are subject to change if the property is not as outlined in our proposal, or if issues come to light during the course of our investigation which, in our opinion, necessitates such change. If the client places an assignment "on hold," then reactivates the appraisal, an additional charge may apply due to inefficiency created.
7. The Valbridge Property Advisors office response for the preparation of this report is independently owned and operated by Michael Burger & Associates and MB Appraisals, Inc. Neither Valbridge Property Advisors, Inc. nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

8. If any claim is filed against any of Valbridge Property Advisors, Inc. a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide the report.
9. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc. for quality control purposes. Valbridge Property Advisors, Inc. will maintain the confidentiality of the report and associated work files.
10. Our standard payment policy is as follows: the balance is due upon presentation of the invoice; if payment is not made within 30 days of date, due interest at the rate of 1.5% per month will be added to the principal from the due date to date payment is received, and you shall pay all expenses of collection, including court costs and attorney fees. If the client requests a draft, the fee is due upon delivery of the draft, Valbridge | Central California shall be under no obligation to continue work on an assignment that is not paid current. The fee for this appraisal is not contingent upon the valuation of the property, the funding of any loan or outcome of litigation. Any opinions we may have expressed about the outcome of your matter or case are expressions of our opinions only and do not constitute any guarantee about the outcome.
11. Should the assignment be terminated prior to completion, you agree to pay for time and costs incurred prior to our receipt of written notice of cancellation.
12. If this assignment includes a provision for work performed on an hourly billing basis, such work is subject to periodic adjustment to our then-current rates. Valbridge | Central California shall provide 30 days' notice to client prior to any rate increase. If client chooses not to consent to the increased rates, client may terminate Valbridge | Central California services by written notice effective when received by Valbridge | Central California.
13. If this assignment includes a provision for work on an hourly billing basis, client acknowledges that Valbridge | Central California has not committed to any total fee amount to be incurred by client under this agreement.
14. You and Valbridge | Central California both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge | Central California and the client cannot agree on the arbitrator, the presiding head of the Kern County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge | Central California, Michael Burger & Associates and MB Appraisals, Inc., or any of its employees in connection with or in any way relating to this assignment, the maximum amount damages recoverable from Valbridge | Central California or its employees shall be the amount of monies actually collected by Valbridge | Central California for this assignment, and under no circumstances shall any claim for consequential damages be made.



15. Valbridge | Central California shall have no obligation, liability, or accountability to any third party. Any party who is not the "Client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge | Central California. "Client" shall not include partners, affiliates or relatives of the party named in the engagement letter. Client shall hold Valbridge | Central California and its employees harmless in the event of any lawsuit brought by any third party, lender, partner or part owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge | Central California harmless from and against any liability, loss, cost or expense incurred or suffered by Valbridge | Central California in such action, regardless of its outcome.
16. Distribution of this report is at the sole discretion of the client, but third parties not listed as an intended user on the face of the appraisal or engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
17. This agreement contains the entire agreement of the parties. No other agreement, statement or promise made on or before the effective date of this agreement will be binding on the parties. This agreement may only be modified by subsequent agreement of the parties.

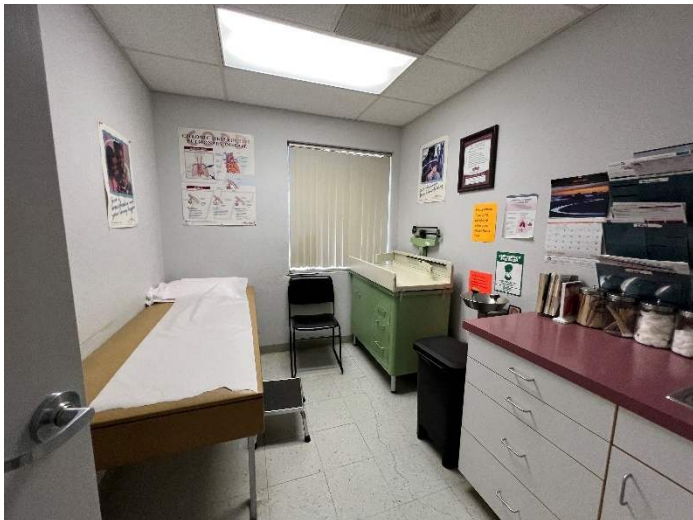
SUBJECT PHOTOGRAPHS – 9278 N. LOOP BLVD.



Front View of 9278 N. Loop Blvd. Looking Southeast



Entrance



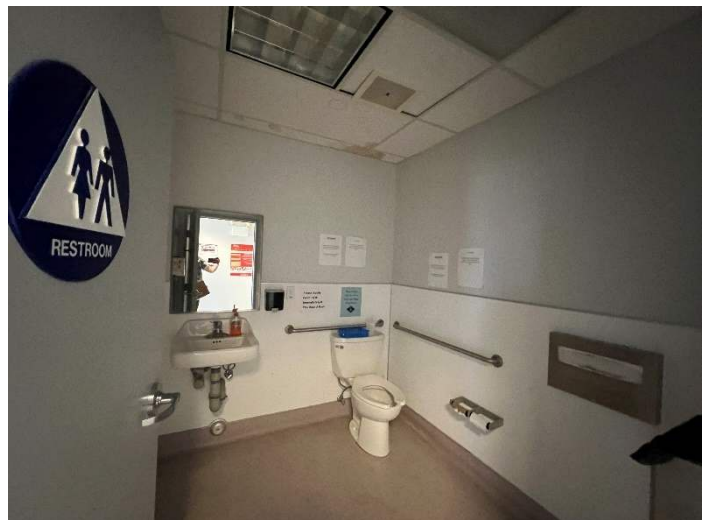
Patient Room



Office



Break Room



Restroom

SUBJECT PHOTOGRAPHS – 9300 N. LOOP BLVD. #A



Front View of 9300 N. Loop Blvd. Looking Southwest



Reception



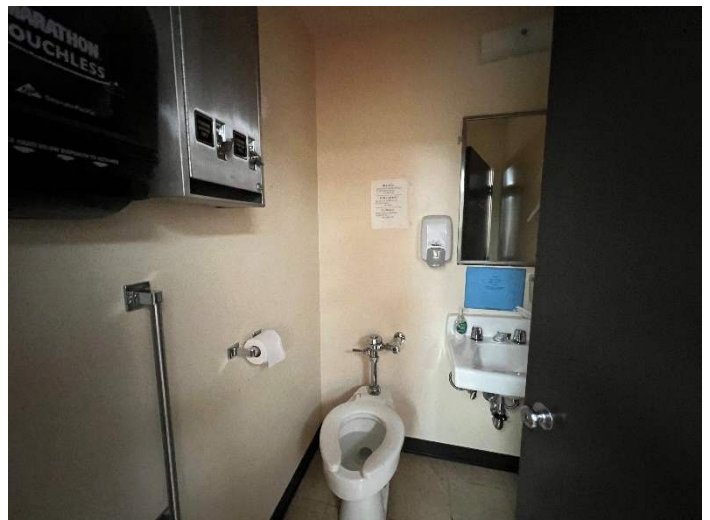
Open Area



Office

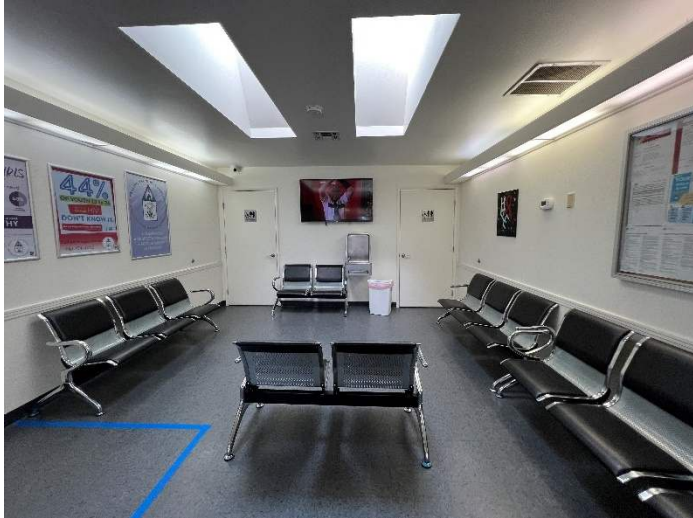


Former X-Ray Room



Restroom

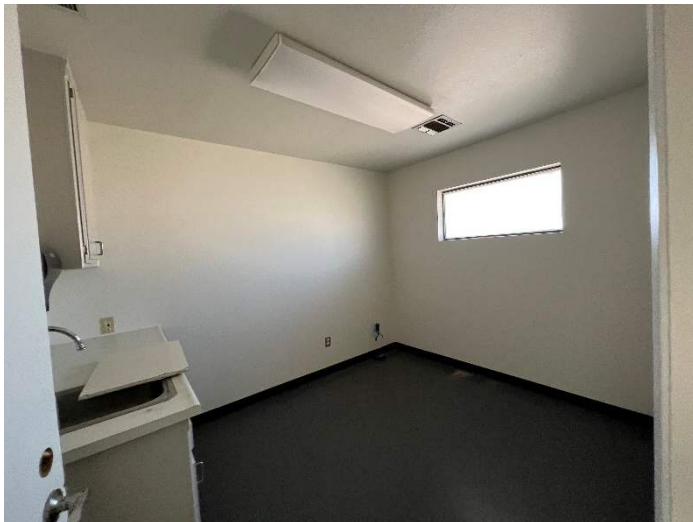
SUBJECT PHOTOGRAPHS – 9300 N. LOOP BLVD. #B & C



Waiting Room



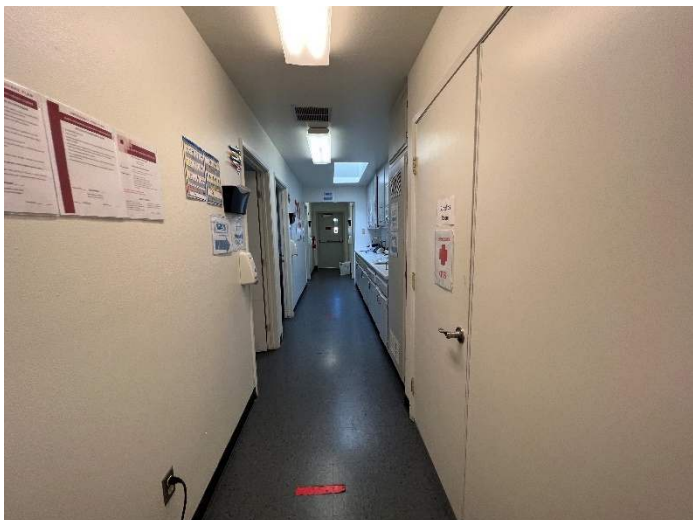
Front Office



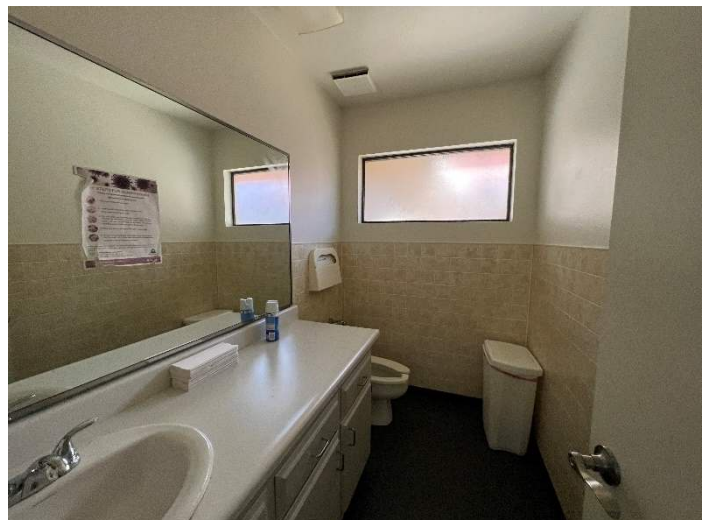
Office



Hallway in Suite B



Hallway in Suite C



Restroom

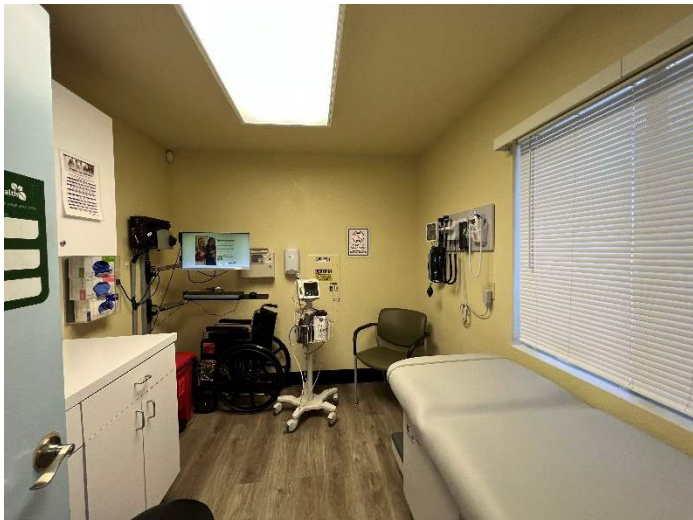
SUBJECT PHOTOGRAPHS – 9350 N. LOOP BLVD. (MAIN)



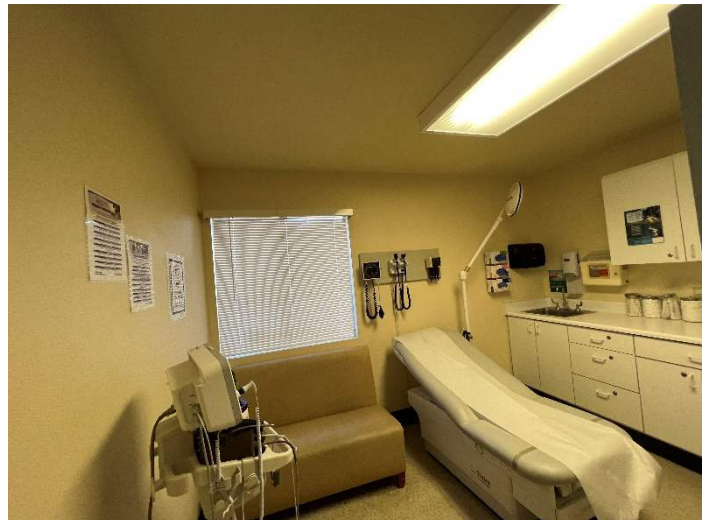
Waiting Room



Front Office



Patient Room



Patient Room



Medical Room



Restroom

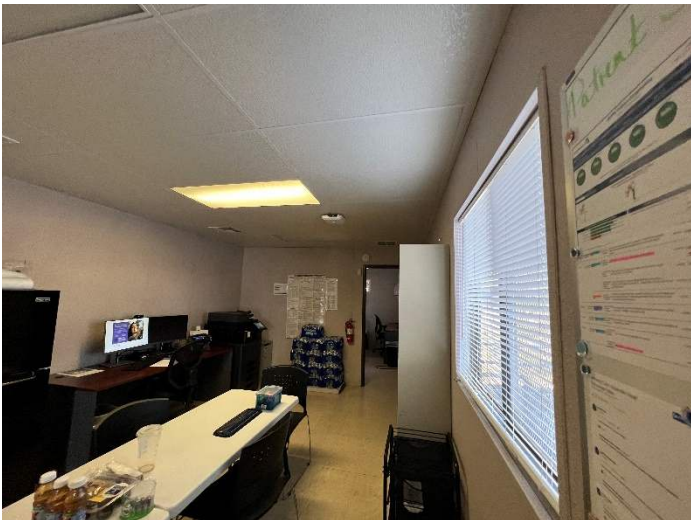
SUBJECT PHOTOGRAPHS – 9350 N. LOOP BLVD. - MODULAR



Offices



Offices



Offices



Restroom

SALE DATA SHEETS

Multi-Tenant Office Building

Comparable 1

Sale Information

Buyer	Shambala Inc	
Seller	KL Investments LLC	
Sale Date	10/14/2019	
Transaction Status	Recorded	
Listing Price	\$209,900	
Sale Price	\$175,000	
Sale Price /SF	\$125.00 /SF GBA	\$125.00 /SF NRA
Adjusted Price	\$300,000	
Adjusted Price /SF	\$125.00 /SF GBA	\$125.00 /SF NRA
Recording Number	2019	
Rights Transferred	Fee Simple	
Conditions of Sale	Typical	



Property

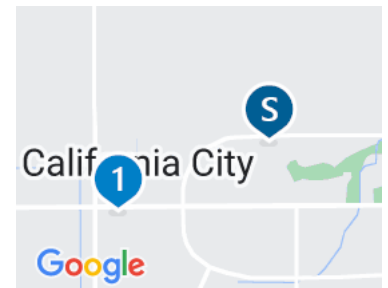
Type	Office
Gross Building Area (GBA)	2,400 SF
Net Rentable Area (NRA)	2,400 SF
Buildings	2 Floor(s)
Year Built	2007
Land Area	0.2800 Acres (12,196 SF)
Usable Land Area	0.2800 Acres (12,196 SF)
FAR	0.20
Zoning	C-2
Effective Age	15

20901 82nd St

California City, CA 93505

**County
Kern**

**APN
203-090-16**



Confirmation

Name	Leland Krelle
Company	West Coast Realty
Phone Number	760-373-9200
Affiliation	agent, seller
Date	10/20/2023

Remarks

The property is located at the northwest corner of 82nd St. and Bay Ave. in California City. The building was torn down and rebuilt in 2007. It is a two-story building with two units, each 1,200 SF. The property was in poor condition and needed new drywall, subfloors and interior finishes.

The seller estimates that approximately \$125,000 to \$150,000 was needed to bring the property to occupiable condition.

Office with Excess Land

Comparable 2

Sale Information

Buyer	Ridgecrest Regional Hospital
Seller	Iresha C. Goonesinghe
Sale Date	6/2/2020
Transaction Status	Closed
Sale Price	\$499,000
Sale Price /SF	\$117.14 /SF GBA \$117.14 /SF NRA
Adjusted Price	\$499,000
Adjusted Price /SF	\$117.14 /SF GBA \$117.14 /SF NRA
Recording Number	20-74601
Rights Transferred	Fee Simple
Conditions of Sale	Typical



Property

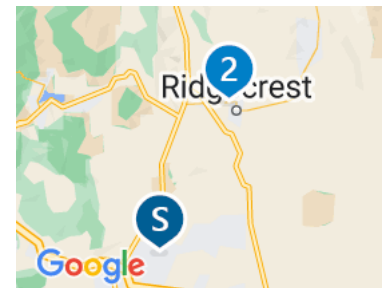
Type	Healthcare, Office
Gross Building Area (GBA)	4,260 SF
Net Rentable Area (NRA)	4,260 SF
Buildings	1 Floor(s)
Parking	40 Spaces
Year Built	2002
Land Area	3.3900 Acres (147,669 SF)
Usable Land Area	3.3900 Acres (147,669 SF)
FAR	0.03
Zoning	PO
Zoning Jurisdiction	City of Ridgecrest
Effective Age	20

301 W. Drummond Ave.

Ridgecrest, CA 93555

**County
Kern**

**APN
067-023-15, 29, 30**



Confirmation

Name	appraisal
Date	2/6/2020

Remarks

This property is located on the SWC of W. Drummond Ave. and N Warner St. in Ridgecrest, CA. It includes a Class "D" modular office building with stucco exterior walls and a flat composition roof. The foundation is recessed below grade resulting in an at grade metal jack foundation. There is a roof-mounted solar energy system. Although used as a medical office, the exam rooms do not have sinks and the interior build-out is most similar to a general office.

The sale included three parcels, of which two are undeveloped excess land and contain a total of 114,563 SF with a contributory value of \$94,000. The westerly excess parcel fronting Drummond Ave. has off-site improvements in place with utility availability. The easterly excess parcel has no off-site improvements and fronts a secondary roadway. The solar energy system had an estimated \$40,000 contributory value. This leaves \$365,000 allocated to the building.

California City Learning Center

Comparable 3

Sale Information

Buyer	Farmworkers Institute of Education and Leadership Development (FIELD)	
Seller	CCMNLPY LLC	
Sale Date	9/23/2021	
Transaction Status	Recorded	
Sale Price	\$350,000	
Sale Price /SF	\$171.07 /SF GBA	\$171.07 /SF NRA
Adjusted Price	\$350,000	
Adjusted Price /SF	\$171.07 /SF GBA	\$171.07 /SF NRA
Rights Transferred	Fee Simple	
Conditions of Sale	Motivated Buyer	

Property

Type	Office
Gross Building Area (GBA)	2,046 SF
Net Rentable Area (NRA)	2,046 SF
Buildings	1 Floor(s)
Year Built	1970
Land Area	0.5349 Acres (23,300 SF)
Usable Land Area	0.5349 Acres (23,300 SF)
FAR	0.09
Zoning	C-5
Effective Age	20

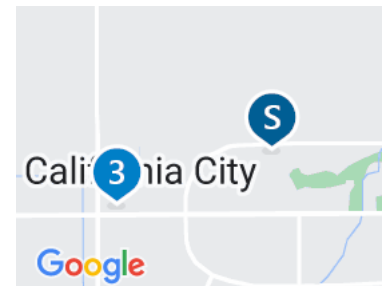


8187 California City Blvd.

California City, CA 93505

**County
Kern**

**APN
213-110-20**



Confirmation

Name	Michael Burger
Affiliation	appraiser
Date	6/29/2022

Income Analysis

Rent Income	\$26,400	\$12.90
Potential Gross Income (PGI)	\$26,400	
Vacancy Loss	\$1,320	5.00% of PGI
Effective Gross Income	\$25,080	\$12.26
Expenses	\$6,270	25.00% of EGI
Net Operating Income	\$18,810	
Cap Rate	5.37%	

Remarks

The property fronts the north side of California City Blvd., west of Commerce Dr. The buyer had been leasing the property since 2013 and had a right of first refusal on purchase. The property was not formally listed. The seller was asking \$450,000 but the price was eventually negotiated to \$350,000 in an all cash transaction. The sale was somewhat above market as the buyer was motivated not to have to relocate. The income and cap rate shown are based on the buyer's prior rent and lease structure.

Office Building

Comparable 4

Sale Information

Buyer	145eastridgecrestblvd, LLC.	
Seller	Tharp Family Trust	
Sale Date	12/7/2021	
Transaction Status	Closed	
Listing Price	\$656,000	
Sale Price	\$550,000	
Sale Price /SF	\$92.28 /SF GBA	\$92.28 /SF NRA
Adjusted Price	\$550,000	
Adjusted Price /SF	\$92.28 /SF GBA	\$92.28 /SF NRA
Recording Number	22-615	
Rights Transferred	Leased Fee	
Conditions of Sale	Typical	



Property

Type	Office
Gross Building Area (GBA)	5,960 SF
Net Rentable Area (NRA)	5,960 SF
Buildings	1 Building(s), 1 Floor(s)
Tenancy	Multi-Tenant
Year Built	2010
Land Area	0.4516 Acres (19,673 SF)
Usable Land Area	0.4516 Acres (19,673 SF)
FAR	0.30
Zoning	CG
Zoning Jurisdiction	City of Ridgecrest
Effective Age	11

141 - 145 E. Ridgecrest Blvd.

Ridgecrest, CA 93555

**County
Kern**

**APN
080-112-07, 14**



Confirmation

Name	Christina Wade
Company	Coldwell Banker Best Realty
Phone Number	760-371-4282
Affiliation	listing agent
Date	10/18/2023

Income Analysis

Rent Income	\$75,670	\$12.70
Potential Gross Income (PGI)	\$75,670	
Vacancy Loss	\$3,788	5.01% of PGI
Effective Gross Income	\$71,882	\$12.06
Expenses	\$15,000	20.87% of EGI
Net Operating Income	\$56,882	
Cap Rate	10.34%	

Remarks

This property is located on the SWC of Ridgecrest Blvd. and S. Gemstone St. in Ridgecrest, CA. This single-tenancy building, constructed with a wood frame, offers a total of 5,960 square feet of space across one story. Built in 2010, the property has recently replaced all HVAC units, ensuring efficient climate control. Additionally, the building provides ample fenced parking.

At the time of sale the property was occupied by Kern County Human Services. Monthly rent was \$6,305.90 modified gross with the landlord responsible for all expenses except tenant's utilities. The landlord also paid for exterior landscaping/sweeping services at \$250/mo. The lease in place expired in June 2023 however the tenant is still occupying the space.

Office Complex

Comparable 5

Sale Information

Buyer	Timothy Jacobs	
Seller	Richard A. Barnes Trust & Sylvia A. Barnes Trust	
Sale Date	3/3/2022	
Transaction Status	Closed	
Sale Price	\$1,289,000	
Sale Price /SF	\$71.14 /SF GBA	\$71.14 /SF NRA
Adjusted Price	\$1,289,000	
Adjusted Price /SF	\$71.14 /SF GBA	\$71.14 /SF NRA
Recording Number	22-42979	
Rights Transferred	Leased Fee	
Conditions of Sale	Typical	



Property

Type	Office
Gross Building Area (GBA)	18,120 SF
Net Rentable Area (NRA)	18,120 SF
Buildings	4 Building(s), 1 Floor(s)
Tenancy	Multi-Tenant
Parking	25 Spaces
Year Built	1973
Land Area	1.5170 Acres (66,082 SF)
Usable Land Area	1.5170 Acres (66,082 SF)
FAR	0.27
Zoning	CG
Zoning Jurisdiction	City of Ridgecrest
Effective Age	20

134 S. China Lake Blvd.

Ridgecrest, CA 93555

**County
Kern**

**APN
080-114-02, 03, 04, 16, 17**



Confirmation

Name	Tim Jacobs
Company	TNT Western Homes
Phone Number	760-384-0000
Affiliation	buyer/broker
Date	10/17/2023

Remarks

This property is located on the NWC of E. California Ave. and Grande Wy. in Ridgecrest, CA. It includes a multi-tenant office complex located on five adjoining parcels. It extends to the east side of S. China Lake Blvd.

Medical Office

Comparable 6

Sale Information

Buyer	Peabody Enterprises, LLC.	
Seller	Ralph J. & Beatrice M. Rungo Survivors Trust	
Sale Date	5/24/2022	
Transaction Status	Closed	
Listing Price	\$379,000	
Sale Price	\$341,110	
Sale Price /SF	\$117.62 /SF GBA	\$117.62 /SF NRA
Adjusted Price	\$341,110	
Adjusted Price /SF	\$117.62 /SF GBA	\$117.62 /SF NRA
Recording Number	22-106591	
Rights Transferred	Leased Fee	
Conditions of Sale	Typical	



Property

Type	Healthcare, Office
Gross Building Area (GBA)	2,900 SF
Net Rentable Area (NRA)	2,900 SF
Buildings	1 Building(s), 1 Floor(s)
Tenancy	Single-Tenant
Year Built	1971
Land Area	0.3500 Acres (15,246 SF)
Usable Land Area	0.3500 Acres (15,246 SF)
FAR	0.19
Zoning	PO
Zoning Jurisdiction	City of Ridgecrest
Effective Age	20

804 N. Norma St.

Ridgecrest, CA 93555

**County
Kern**

**APN
067-023-09**



Confirmation

Name	David Eriksen
Company	Coldwell Banker Best Realty
Phone Number	760-375-3855
Affiliation	broker
Date	10/17/2023

Remarks

This property is located on the NEC of W Howell Ave. and N. Norma St. in Ridgecrest, CA. This is a 2,900 square foot medical office building with two units. It was built in 1971. One unit includes a quasi medical office and the other is a former dentists office.

At the time of sale, one suite was vacant and the other suite was occupied by a long-term tenant. The vacant suite was built-out to a medical office which was dated but in average condition.

The buyer is a medi-spa who occupied the vacant suite and completely remodeled it for their use.

Medical Office Building

Comparable 7

Sale Information

Buyer	Spradlin Investment, LLC.	
Seller	Lange Family Trust	
Sale Date	7/22/2022	
Transaction Status	Recorded	
Sale Price	\$250,000	
Sale Price /SF	\$83.33 /SF GBA	\$83.33 /SF NRA
Adjusted Price	\$250,000	
Adjusted Price /SF	\$83.33 /SF GBA	\$83.33 /SF NRA
Recording Number	22-124835	
Rights Transferred	Fee Simple	
Conditions of Sale	Typical	



Property

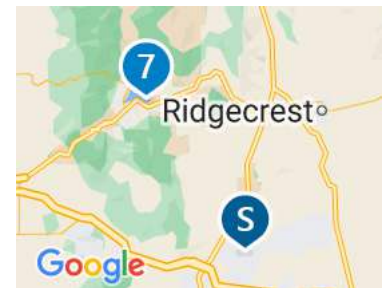
Type	Healthcare, Office
Gross Building Area (GBA)	3,000 SF
Net Rentable Area (NRA)	3,000 SF
Buildings	1 Floor(s)
Year Built	1967
Land Area	1.1600 Acres (50,529 SF)
Usable Land Area	1.1600 Acres (50,529 SF)
FAR	0.06
Zoning	C-2, PD
Effective Age	30

14934 Hwy. 178

Lake Isabella, CA 93240

**County
Kern**

**APN
425-380-01**



Confirmation

Name	Pat Turnham, agent
Company	Pat Turnham Realty
Phone Number	760-417-2231
Affiliation	listing agent
Date	3/21/2023

Remarks

This property fronts the south side of Hwy. 178, south of Chicory Rd. in a more remote area of Lake Isabella known as South Lake.

The agent reports the property sold in As-Is condition with no inspections. It was purchased by a veterinarian for use for their practice.

Multi-Tenant Office Building

Comparable 8

Sale Information

Buyer	SIG Team LLC	
Seller	Dennis A & Teresa A Rowell	
Sale Date	9/1/2022	
Transaction Status	Recorded	
Sale Price	\$450,000	
Sale Price /SF	\$99.01 /SF GBA	\$99.01 /SF NRA
Adjusted Price	\$450,000	
Adjusted Price /SF	\$99.01 /SF GBA	\$99.01 /SF NRA
Recording Number	22-143259	
Rights Transferred	Leased Fee	
Conditions of Sale	Typical	



Property

Type	Office
Gross Building Area (GBA)	4,545 SF
Net Rentable Area (NRA)	4,545 SF
Buildings	1 Floor(s)
Year Built	1985
Land Area	0.5061 Acres (22,046 SF)
Usable Land Area	0.5061 Acres (22,046 SF)
FAR	0.21
Zoning	PO
Effective Age	20

720 N Norma St.

Ridgecrest, CA 93555

**County
Kern**

**APN
067-024-13**



Confirmation

Name	Public records, Grant Deed
Date	2/2/2023

Remarks

The property is located to the west of N Norma St., south of Drummond Ave.

Office Building

Comparable 9

Sale Information

Buyer	J Apolinar & Bacilia Solorio	
Seller	Dumb Prices, LLC.	
Sale Date	11/8/2022	
Transaction Status	Closed	
Sale Price	\$325,000	
Sale Price /SF	\$97.54 /SF GBA	\$97.54 /SF NRA
Adjusted Price	\$325,000	
Adjusted Price /SF	\$97.54 /SF GBA	\$97.54 /SF NRA
Recording Number	22-180145	
Rights Transferred	Fee Simple	
Conditions of Sale	Typical	



Property

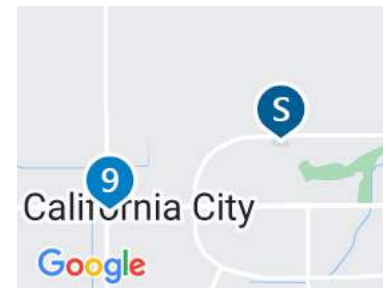
Type	Office
Gross Building Area (GBA)	3,332 SF
Net Rentable Area (NRA)	3,332 SF
Buildings	1 Building(s), 1 Floor(s)
Tenancy	Single-Tenant
Year Built	2005
Land Area	0.2121 Acres (9,240 SF)
Usable Land Area	0.2121 Acres (9,240 SF)
FAR	0.36
Zoning	C-4
Zoning Jurisdiction	City of California City
Effective Age	15

8021 Bay Ave.

California City, CA 93505

**County
Kern**

**APN
203-090-29**



Confirmation

Name	Rosio Roe
Company	Re/Max All Pro
Phone Number	661-236-8119
Affiliation	listing agent
Date	10/18/2023

Remarks

This is a 3,332 square foot office building built in 2005. It features two handicap-accessible restrooms and has two electrical AC units, two heating units, and two separate electric meters. The property was vacant at the time of sale and consisted of a large open space with ducting in place to accommodate build-out to 10 individual offices. It had concrete floors, drywall walls and open insulated ceilings with exposed ducting. There is a metal roll-up door at the rear of the space.

It was purchased by a church who intended to add a kitchen and use the space for their own purposes.

QUALIFICATIONS



CENTRAL CALIFORNIA

APPRAISALS

RACHEL UNGER

Central California Appraisals

runger@appraisecc.com

CONTACT INFORMATION

4915 Calloway Drive, Suite 101
Bakersfield, CA 93312

Main: 661.587.1010 x113

Fax: 661.834.0748

STATE CERTIFICATIONS

California

Certified General Real Estate Appraiser

Lic. # AG044296

EDUCATION

Bachelor of Science

Broadcast Journalism

California State University, San Jose

*Empowering Decisions,
Delivering Excellence*

www.appraisecc.com

Rachel Unger

Certified General Real Estate Appraiser

Central California Appraisals



EXPERIENCE

Central California Appraisals

- Certified General Real Estate Appraiser, 8/2023-present

Valbridge Property Advisors | Central California

- Certified General Real Estate Appraiser, 6/2018-8/2023
- Appraiser Trainee, 10/2015-6/2018
- Office Manager and Appraisal Assistant, 9/2004-10/2015

Santa Clara Development Co./Sun Lakes Construction

- Receptionist/Purchasing Assistant, 1998-2001

APPRAISAL SPECIALTIES

- Gas Stations
- Right-of-Way/Condemnation
- Yellow Book/Federal Acquisition
- Industrial
- Retail
- Special Use
- Going Concern
- Hotels
- Auto Dealerships
- Self-Storage
- Car Wash Facilities
- Restaurants
- General and Medical Offices
- Vacant Land
- Agricultural

APPRAISAL INSTITUTE & RELATED COURSES

Licensing and continuing education courses taken through the Appraisal Institute and other real estate organizations and accredited schools.



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

Rachel H. Unger

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

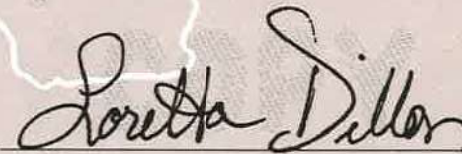
“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 044296

Effective Date: June 7, 2022

Date Expires: June 6, 2024



Loretta Dillon, Deputy Bureau Chief, BREA

3064418



CENTRAL CALIFORNIA

APPRAISALS

MICHAEL C. BURGER, MAI, R/W-AC

Central California Appraisals | Michael Burger & Associates

mburger@appraisecc.com

CONTACT INFORMATION

4915 Calloway Drive, Suite 101
Bakersfield, CA 93312

Main: 661.587.1010 x101

Fax: 661.834-0748

STATE CERTIFICATIONS

California

Certified General Real Estate Appraiser
License AG003817

EDUCATION

Bachelor of Science
Agricultural Business Management
California Polytechnic State University

*Empowering Decisions,
Delivering Excellence*

www.appraisecc.com

Michael C. Burger, MAI, R/W-AC

Senior Managing Director

Central California Appraisals

EXPERIENCE

Senior Managing Director

Central California Appraisals (2023 - Present)

Senior Managing Director

Valbridge Property Advisors | Central California (2013 - 2023)

President and Chief Appraiser

Michael Burger and Associates (1997 - 2013)

Probate Referee

State of California (2011 - Present)

Area Development Officer and Zone Owner

Zone Data Systems | Zaio Inc. (2007- Present)

Residential and Commercial Appraiser

Bruce Beaudoin Real Estate Appraisers (1987 - 1997)

VP Finance

Alpha Gamma Rho – San Luis Obispo Chapter (1985 - 1986)

Home Builder

John K Richardson – General Contractor (1985 - 1986)

PROFESSIONAL CREDENTIALS

MAI – Appraisal Institute

Certified General Appraiser – State of California

FHA Approved – U.S. Department of Housing and Urban Development

R/W-AC – International Right of Way Association

Probate Referee of Kern County, Mono County, Inyo County

Department of Veterans Affairs Fee Appraiser ID#5003448

CIVIC, VOLUNTEER AND PROFESSIONAL AFFILIATIONS

Director (2013-Present) Friend of Mercy Foundation

President (1998) Bakersfield Chapter Appraisal Institute

Director (2003) Bakersfield East Rotary Club

President and Treasurer (Past) Executive Association of Kern County

Class of 2000 Greater Bakersfield Chamber of Commerce Leadership Club

Director (Past) Alpha Gamma Rho Alumni Association

Director and Secretary (Past) Bakersfield Active 20-30 Club

Advisory Team City of Bakersfield Planning Department – Urban Decay

Guest Lecturer: Bakersfield College, Cal Poly State University,
Bakersfield Board of Realtors, Executive Associate of Kern County,
Kern Kiwanis, Kern County Tax Payers Association, KERN Talk
Radio, Watson Realty Corporation.

Pro Bono Appraisal and Consulting services have been provided to the
Bakersfield Police Activities League, Bakersfield Museum of Art,
American National Red Cross, Habitat for Humanity, Salvation Army,
and Kern Veteran's Memorial Foundation.

Michael C. Burger, MAI, R/W-AC

Senior Managing Director
Central California Appraisals

APPRAISAL SPECIALTIES

Subdivision Development, Mixed-use, Retail Centers, Professional/Medical Office, Hotel/Motel, Restaurant, Apartments, Industrial, Special Use & Going Concern, Hangars, High-rise and Low-rise Condominiums, Gas Stations, Golf Course, Auto Dealerships, Specialty Medical Facilities, Bowling Centers, Self-Storage, Single Family Residential, Right-of-Way/ Condemnation, Investment Analysis, Market Studies, Feasibility & High and Best Use Analysis, Business Valuations, Partial Interest Valuations.

REAL ESTATE COURSES

Rural Appraisal – Cal Poly University
Real Estate Finance – Cal Poly University
Principle of Real Estate – Cal Poly University

Real Estate Appraisal – Bakersfield College
Advanced Real Estate Appraisal – Bakersfield College
Partial Interest Valuation

APPRAISAL INSTITUTE COURSES (19- TO 40-HOUR COURSES)

Real Estate Principles
Basic Valuation Procedures
Capitalization Theory & Technical A & B
Case Studies in Real Estate Valuation
Report Writing & Valuation Analysis

Standards of Professional Practice A & B
The Appraisers Complete Review
Condemnation Appraising
Separating Real & Personal Property from Intangible
Business Assets

INTERNATIONAL RIGHT OF WAY COURSES (19- TO 40-HOUR COURSES)

The Appraisal of Partial Acquisitions (#401)
Eminent Domain Law (#803)

Business Relocation (#502)

REAL ESTATE APPRAISAL SEMINARS

Understanding Limited Appraisals – General
Appraising Complex Residential Properties
Non-Residential Demonstration Appraisal Reports
O.R.E.A. Federal & State Laws & Regulations
Loss Prevention Program for Real Estate
Real Estate Appraiser Expert Witness
Trends in the Hospitality Industry
Valuation Considerations - Partial Acquisition
Valuation of Detrimental Conditions
A Review of 1 – 4 Residential Form
Internet Sources for the California Appraiser

The FHA and the Appraisal Process
FHA Appraising for Valuation Professionals
Appraisal of Nonconforming Uses
Appraisal of Nursing Facilities
Technology and the Appraisal Process
National USPAP Update
Appraising Manufactured Housing
Litigation Seminar
Business Practices and Ethics
Vineyard Valuation & Ag Symposium
Uniform Appraisal Dataset (UAD)



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

Michael C. Burger

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

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 003817

Effective Date: May 18, 2022

Date Expires: May 17, 2024

Loretta Dillon, Deputy Bureau Chief, BREA

3063944