

Communication from Public

Name: Jamie Hall
Date Submitted: 02/04/2020 12:53 PM
Council File No: 20-0016
Comments for Public Posting: Please see the attached letter regarding the above referenced project.

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February 4, 2020

VIA ELECTRONIC MAIL & HAND DELIVERY

Leyla Campos, Legislative Assistant
c/o PLUM Committee Members
Los Angeles City Planning Department
200 N. Spring Street, Room 763
Los Angeles, CA 90012
clerk.plumcommittee@lacity.org

RE: ITEM 7, PLUM MEETING OF FEBRUARY 4, 2020; FIFTH & HILL PROJECT (319 – 323 5TH STREET; 440 – 442 SOUTH HILL STREET); DCP CASE NOS. CPC-2016-3765-TDR-MCUP-CUX-ZAD-DD-SPR

Dear Honorable Councilmembers:

This Office respectfully writes on behalf of UNITE HERE Local 11 and its members (collectively “Local 11”) to provide the City of Los Angeles (“City”) the following comments regarding the Transfer Floor Area Rights (“TFAR”) Public Benefit Payment for the 53-story, 255,812 square foot (“SF”) development (“Project”) proposed by Jeffrey Fish of JMF Enterprises V, LLC (“Applicant”) located at 319-323 5th Street and 440-442 S. Hill Street (“Site”). Among other entitlements, the Project is requesting 155,834 SF of TFAR, which requires a Public Benefit Payment to the City in accordance with the Los Angeles Municipal Code (“LAMC” or “Code”) TFAR provisions (LAMC § 14.5 *et seq.*).

As noted in our previously submitted comment letters and public testimony to the City Planning Commission (“CPC”),¹ Local 11 is concerned that the City is being shortchanged in Public Benefit Payment funds—*which may be as much as \$841,688 based on an independent, Code-compliant appraisal of the Site attached hereto as Exhibit A.*

¹ Local 11 (9/10/19) Project Comment Letter, <http://bit.ly/31mVOzw>; Local 11 (9/11/19) Project Comment Letter, <http://bit.ly/3117e6U>; Local 11 (11/13/19) Project Comment Letter, <http://bit.ly/2UoIQ2W>.

Before CPC’s September 12, 2019 hearing, Local 11 brought to the City’s attention that the Project’s original appraisal of the Site’s Fair Market Value (“FMV”) (i.e., \$5.83 mil. or \$350/SF) was out of date and extremely low as compared to numerous other nearby TFAR projects (i.e., ranging from \$373-731/SF at a \$527/SF average). CPC and staff agreed and requested an updated appraisal.

At CPC’s November 14, 2019 hearing, Local 11 raised similar concerns with the Project’s revised appraisal that lowered the Site’s FMV to \$5.75 mil. (i.e., \$345/SF). Because that revised appraisal was not provided to the public until two days before the November 14th hearing, Local 11 did not have a fair opportunity to vet the new FMV appraisal and requested more time. Even CPC Commissioners questioned the City’s TFAR valuation process, the City’s ability to vet the Project’s FMV appraisals, the lack of oversight from planning staff in the valuation process, and that the “discrepancies” in the Project’s revised appraisal “on the face of it doesn’t seem realistic” (emphasis added).² Nevertheless, CPC approved the recommendation that the City Council approve the requested TFAR because it lacked an alternative appraisal.

Now, having had time to secure a Code-compliant appraisal, Local 11 is pleased to provide the City with an independent appraisal of the Site, prepared by a qualified MAI appraiser pursuant to LAMC § 14.5.3 (attached hereto as Exhibit A), which shows the Site’s FMV of \$7.1 mil. (i.e., approximately \$426/SF) at the relevant time the Project’s application was submitted (i.e., September 30, 2016).

As summarized in the below table, the Project’s revised appraisal of \$5.75 mil. (i.e., approximately \$345/SF) that was before CPC equates to a Public Benefit Payment of \$3,584,971. However, this is too low. A more appropriate, independent appraisal demonstrates the FMV of the Site is \$7.1 mil. (i.e., approximately \$426/SF), which equates to a Public Benefit Payment of \$4,426,659—resulting in the City being underpaid \$841,688 in Public Benefit Payment funds.

Appraisal	Fair Market Value (16,663-SF Site)		Public Benefit Payment (155,834-SF TFAR) [a]
	Per SF	Total	Total
Project’s Revised Appraisal	\$ 345	\$ 5,750,000	\$ 3,584,971
Independent Appraisal	\$ 426	\$ 7,100,000	\$ 4,426,659
Underpayment			\$ 841,688
<i>Notes:</i>			
[a] Calculated in accordance with LAMC § 14.5.9.			

² CPC (11/14/19) Item 6 Meeting Audio, approximately mm:ss 05:30-06:40, 25:30-35:30, <http://bit.ly/2OoFA3D>.

The independent appraisal we submit herewith is substantial evidence that confirms precisely what Local 11 has been telling the City the entire time—the City is being shortchanged Public Benefit Payment funds, which are desperately needed to fund affordable housing in the City. So too, it confirms CPC suspicions that the City has not adequately vetted the appraisals for the Project here.³

Amidst the current housing crisis, we ask you to ensure that TFAR projects pay their fair share of Public Benefit fees that help preserve the livelihoods of long-term residents, provide public amenities, and develop more affordable housing. Based on the independent appraisal, we ask you to withhold approval of the Project until the Project commits to the full Public Benefit Payment of \$4,426,659.

Sincerely,

A handwritten signature in black ink, appearing to read "Jamie T. Hall", written in a cursive style.

Jamie T. Hall

Attachment:

Exhibit A: Marshall & Stevens, Inc. (2/4/20) Appraisal of Real Property

³ Local 11 is also concerned that other TFAR projects may have been approved absent adequate vetting of developer-driven appraisals resulting in a pattern-and-practice of lost Public Benefit Payments due to the City.

EXHIBIT A

APPRAISAL OF REAL PROPERTY



IN AN APPRAISAL REPORT

As of September 30, 2016

Development Site

319-323 West 5th Street/440-442 South Hill Street
Los Angeles, CA 90013

Prepared For

PLUM Committee Members
City of Los Angeles

Prepared By

Marshall & Stevens Incorporated
Real Estate Valuation Group
800 West Sixth Street, Suite 950
Los Angeles, CA 90017

M&S File ID: 11-11-24837

Transmittal Letter

February 4, 2020

PLUM Committee Members
City of Los Angeles
200 North Spring Street, Room 763
Los Angeles, CA 90012

Re: Appraisal of Real Property
Development Site
319-323 West 5th Street/440-442 South Hill Street
Los Angeles, CA 90013

M&S File ID: 11-11-24837

Honorable Councilmembers:

We are pleased to submit this Appraisal Report presenting our valuation of the fee simple interest in the real property located at 319-323 West 5th Street/440-442 South Hill Street also referred to herein as (the "Subject Property").

The subject site wraps around the northeast corner of South Hill Street and West 5th Street. It is at the north end of the Jewelry District (adjacent to the Historic Core District in Downtown Los Angeles). The subject is L-shaped and has frontage on the east side of Hill Street and the north side of 5th Street. Based on the Los Angeles County Assessor's parcel map, the site totals 16,669 square feet, or 0.38 acres. It is zoned for commercial uses, with multifamily residential development also permitted. Zoning allows a "by-right density of 6.0 times the lot area, or 100,014 square feet

The subject site is currently vacant and unimproved. On September 30, 2016, the current ownership submitted a plan to the city to construct a mixed-use development consisting of 31 residential condominium units, a 190-room hotel, and 29,932 square feet of commercial/restaurant space on the site. The total proposed building area is 260,689 square feet. This indicates 160,675 square feet of floor area rights (FAR) will be needed for the development. The additional FAR will come from a Transfer of Development Rights (TDR). The TDR program is administered by the city and allows developers to acquire floor area rights from unused air rights above the Los Angeles Convention Center.

The TDR pricing is calculated as a percent of the land purchase price (in many cases, the closing of the land purchase is contingent on obtaining TDRs for the planned development and there is a current transaction). If there is no recent transfer, the land value is estimated by an appraisal process. In September 2019, the City Council approved the proposed development. This allows the developer to purchase the TFAR needed for the project.

The purpose of this appraisal is to estimate the market value of the Subject Property. The effective date of the appraisal is September 30, 2016. The intended user of the appraisal report is the City of Los Angeles, and the report is not intended to be used by any other user. The intended use of the appraisal is to assist in resolving a potential disagreement over the property's concluded value and the resultant monies to be paid to fund public benefits purposes. This appraisal may be invalid if used for any other purpose.

The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Market Value As Is

Based on the Scope of Work agreed to with the client, and as outlined in the report, we developed an opinion that the market value of the fee simple interest in the above property, "As Is" on September 30, 2016, was:

SEVEN MILLION ONE HUNDRED THOUSAND DOLLARS

\$7,100,000

Extraordinary Assumptions

In this report, we have made the following extraordinary assumptions.

1. The TFAR needed to develop the proposed project has not been considered in our valuation.
2. The date of value used in our report is September 30, 2016, the date the proposed project was submitted to the city for review and approval.


Hypothetical Conditions

In this report, we did not use any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

MARSHALL & STEVENS INCORPORATED



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EXECUTIVE SUMMARY

ASSIGNMENT INFORMATION

Report Type: Appraisal Report
Interest Appraised: Fee Simple
Date of Value: 9/30/16
Date of Inspection: 2/3/20
Date of Report: 2/4/20
M&S File Reference: 11-11-24837

PROPERTY INFORMATION

Common Property Name: Development Site
Address: 319-323 West 5th Street/440-442 South Hill Street
City: Los Angeles
State: CA
County: Los Angeles
Land Area SF: 16,669
Land Area Acres: 0.38
Zoning: C2-4D, Commercial
Site Utility: Fair
Site Topography: Level at street grade
Site Shape: L-shaped

BUILDING INFORMATION

Property Type: Land (Development Site)
Number of Buildings: 0

SUBJECT TENANCY

Ownership Type: Investor / Developer

HIGHEST & BEST USE

As Vacant: A residential use built to its maximum feasible density/building area

VALUATION INDICES

Market Value As Is

LAND VALUATION

Indicated Value:	\$7,100,000
Per Square Foot:	\$425.94
Per Building Square Foot:	\$70.99

FINAL VALUE CONCLUSION

Concluded Value:	\$7,100,000
Per Square Foot:	\$425.94
Per Building Square Foot:	\$70.99

AERIAL PHOTO



Source: Google Earth, red denotes the subject site
Outline approximate

11-11-24837
319-323 West 5th Street/440-442 South Hill Street, Los Angeles, CA

marshall

stevens

SUBJECT PHOTOGRAPHS



View of the subject from Hill Street – February 3, 2020

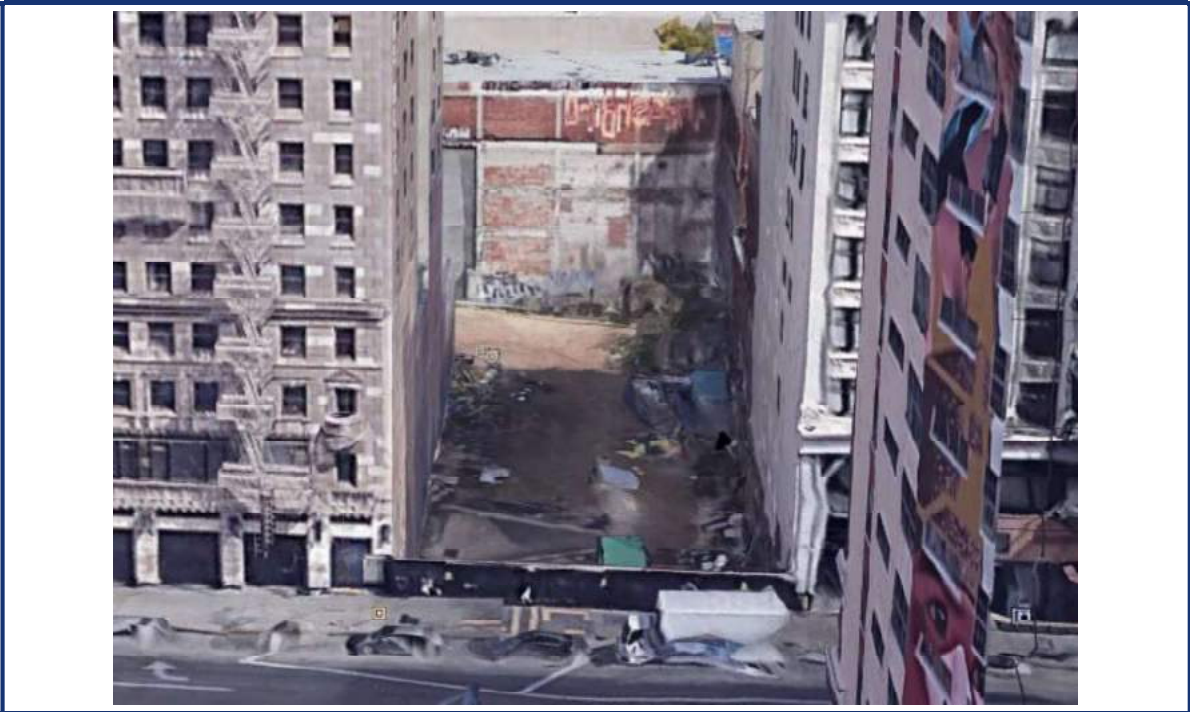


View of the subject from 5th Street – February 3, 2020

SUBJECT PHOTOGRAPHS



Interior of the site from Hill Street – Google Earth

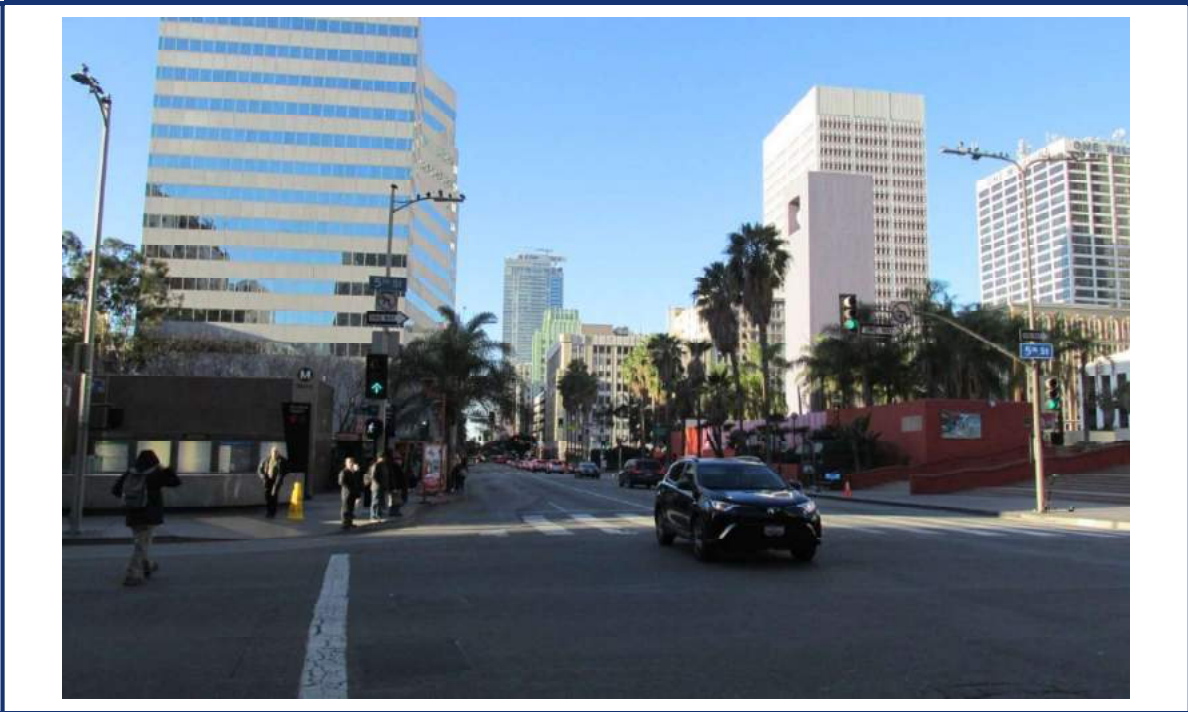


Interior of the site from 5th Street – Google Earth

SUBJECT PHOTOGRAPHS



Hill Street looking north – February 3, 2020



Hill Street looking south – February 3, 2020

SUBJECT PHOTOGRAPHS



5th Street looking east – February 3, 2020



5th Street looking west – February 3, 2020

TABLE OF CONTENTS

Executive Summary
Subject Photographs
Table of Contents

Section 1: Introduction	1
Scope of Work	2
Identification of Property	3
Property Ownership	3
Relevant Dates & Assignment Information	3
Client, Intended Use and Intended Users	4
Extraordinary Assumptions	4
Hypothetical Conditions	4
Definitions of Value, Interest Appraised and Other Terms	5
Section 2: Market Overview and Property Description	7
Regional Map	8
Regional Analysis	9
Local Area Map	16
Local Area Analysis	17
Residential Market Analysis	23
Site Description	31
Exhibits	33
Assessment and Taxes	36
Zoning	37
Highest & Best Use	39
Section 3: Valuation	40
Valuation Process	41
Land Valuation	43
Reconciliation	53
Assumptions & Limiting Conditions	54
Certification of Appraisal	57
Section 4: Addenda	59
Land Sales Comparables	
Legal Description	
Marshall & Stevens Professional Qualifications	
Professional Qualifications	
Appraiser License	

SECTION 1: INTRODUCTION

Scope of Work

The scope of work presents the steps of the appraisal process employed to develop the appraisal. The scope of work employs a process of collecting, analyzing, reconciling, and reporting of factors pertaining to the valuation of the property. These factors include, but are not limited to:

- Identifying the property interest appraised, ownership and history, coupled with the dates and definition of value;
- A property inspection was performed in which we inspected the interior and exterior of the property;
- Review of local taxation and zoning as they relate to the subject;
- Analysis of social, political, economic, and physical factors and trends of the region and district as they impact the property appraised;
- A survey and analysis of competitive market conditions, which included information obtained from representatives of local government agencies, quasi-government bodies, community and industry sources;
- Gathering, analyzing, and reconciling comparable data relevant to developing a well substantiated estimate of value by applicable valuation approaches; and
- Presenting the Sales Comparison Approach and a Reconciliation of Value.

In the course of our fieldwork, interviews were conducted concerning other properties located within the primary market. Information was obtained and verified to determine the degree of competitiveness of these properties. Information sources include property owners, property managers, grantors, grantees, other related parties, and other primary and secondary sources.

The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

This appraisal has addressed no issues of law, engineering, code conformance, insect or rodent infestation, or contamination by or discharge of asbestos or other hazardous materials, inter alia, unless specifically identified in the body of the report.

The results, opinions, and conclusions of our investigation are being presented in this *Appraisal Report*. Supporting documentation is retained in our files. This report is a recapitulation of the appraiser's data, analyses, and conclusions.

Identification of Property

Property Name: Development Site

Location: 319-323 West 5th Street/440-442 South Hill Street,
Los Angeles, CA 90013

Assessor Parcel Number: 5149-026-007, -009, and -011

Legal Description: The legal description is presented in the Addenda of the report.

Property Ownership

Current Ownership: JMF Enterprises V LLC

Sale History: To the best of our knowledge, the property has not transferred within the past three years.

Current Disposition: To the best of our knowledge, the property is not under contract of sale nor is it being marketed for sale.

Relevant Dates & Assignment Information

Date of Valuation: September 30, 2016

Date of Inspection: February 3, 2020

Inspected By: Anthony J. D'Angelo III, MAI

Interest Appraised: Fee Simple

Value Provided: Market Value

Client, Intended Use and Intended Users

- Client: City of Los Angeles
- Intended Use: This appraisal is intended to provide an opinion of the market value of the fee simple interest in the property for the use of the client to assist in resolving a potential disagreement over the property’s concluded value and the resultant monies to be paid to fund public benefits purposes. This report is not intended for any other use. This appraisal may be invalid if used for any other purpose.
- Intended User: This appraisal report was prepared for the exclusive use of City of Los Angeles. Use of this report by others is not intended by the appraiser.

Extraordinary Assumptions

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

In this report, we have made the following extraordinary assumptions.

1. The TFAR needed to develop the proposed project has not been considered in our valuation.
2. The date of value used in our report is September 30, 2016, the date the proposed project was submitted to the city for review and approval.

Hypothetical Conditions

A hypothetical condition is “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

This appraisal does not incorporate any Hypothetical Conditions.

Definitions of Value, Interest Appraised and Other Terms

The following definitions of pertinent terms are taken from the *Dictionary of Real Estate Appraisal*, published by the Appraisal Institute, as well as other sources.

Market Value

Market value is one of the central concepts of appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. The standard of value is “market value” which is defined in *The Dictionary of Real Estate Appraisal*, Sixth Edition, Appraisal Institute, as:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Market Value As Is on Appraisal Date

The value of specific ownership rights of an identified parcel of real estate as of the effective date of the appraisal; related to what physically exists and excludes all assumptions concerning hypothetical conditions.

Prospective Value Upon Completion

The value of a property on the date that construction is completed, based on market conditions projected to exist as of that completion date. This value is not the market value as of a specified future date, but rather is a projected value based on assumptions that may or may not occur. This value factors in all costs associated to lease-up the property to stabilized occupancy.

Prospective Value Upon Stabilization

The value of a property at a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs, and other carrying charges are assumed to have been incurred.

Fee Simple Estate

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

Leased Fee Estate

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Leasehold Estate

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

Insurable Value

The value of an asset or asset group that is covered by an insurance policy; can be estimated by deducting costs of non-insurable items from replacement cost new.

Exposure Time

Exposure time is defined as the length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal. Exposure time is presumed to precede the effective date of the appraisal.

The reasonable exposure period is a function of price, time and use. It is not an isolated opinion of time alone. Exposure time is different for various types of real estate and under various market conditions. As noted above, exposure time is always presumed to precede the effective date of appraisal. It is the length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It is a retrospective opinion based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient and reasonable time but adequate, sufficient and a reasonable marketing effort. Exposure time and conclusion of value are therefore interrelated.

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately nine (9) months. This assumes an active and professional marketing plan would have been employed by the current owner.

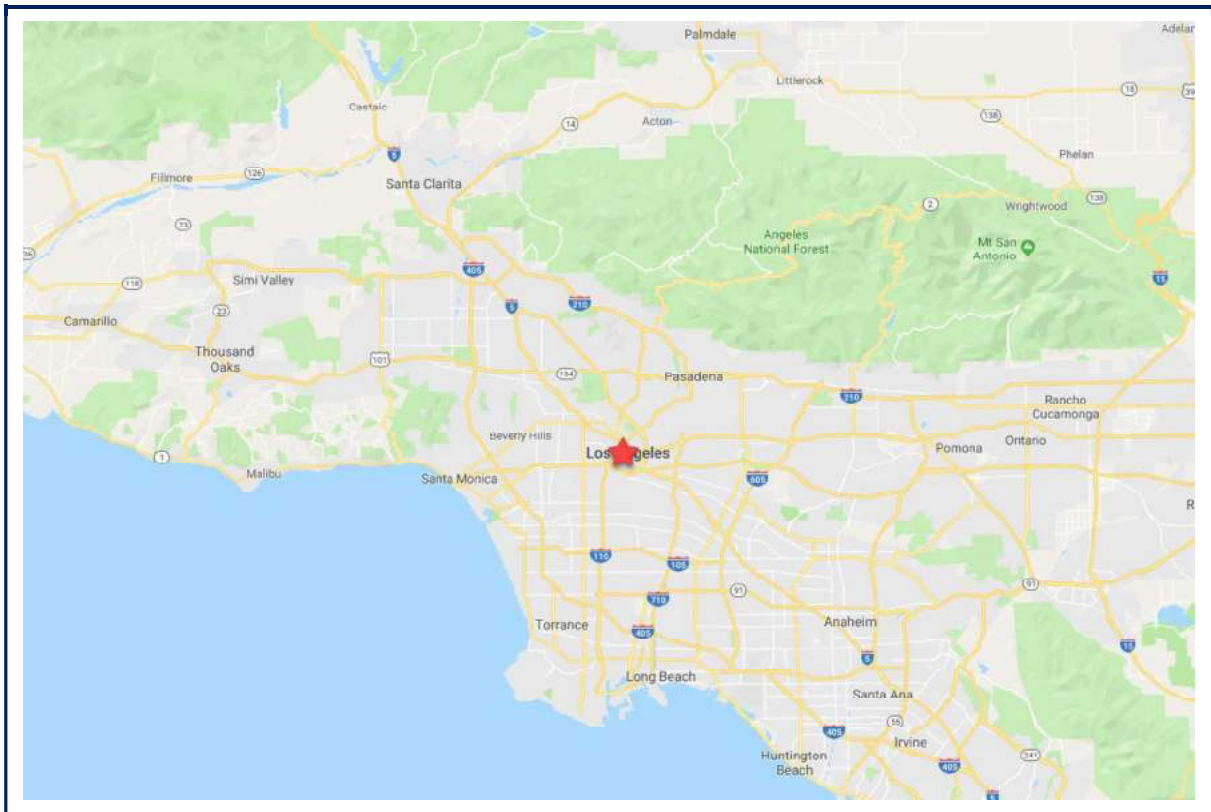
Marketing Time

Marketing time is an opinion of the time that might be required to sell a real property interest at the appraised value. Marketing time is presumed to start on the effective date of the appraisal and take place subsequent to the effective date of the appraisal. The opinion of marketing time uses some of the same data analyzed in the process of estimating reasonable exposure time and it is not intended to be a prediction of a date of sale.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within nine (9) months.

SECTION 2: MARKET OVERVIEW AND PROPERTY DESCRIPTION

Regional Map



Los Angeles Regional Analysis

Los Angeles County is part of the Los Angeles-Long Beach-Anaheim MSA (Los Angeles MSA). With a population of approximately 13.5 million, the MSA is the second most populated MSA in the U.S. and the most populated MSA in California. The MSA is regarded as the epicenter of the Southern California region and according to Price Waterhouse’s ranking of GDP for global cities, the city of Los Angeles has the second largest GDP in the U.S. and third largest globally.

The regional economy is anchored by the Ports of Los Angeles and Long Beach which are the largest import/export centers in the United States. The Los Angeles-Long Beach-Santa Ana, CA MSA has the second largest GDP in the nation at \$996.4 billion. Only New York, at \$1,662.7 billion is higher. Chicago, the third largest MSA has a GDP of \$657.6 billion (all figures are from 2016). Over the 2011 to 2016 period, the Los Angeles-Long Beach-Santa Ana, CA MSA shows an annual growth rate of 4.9%. This above New York (3.6%) and Chicago (3.3%). By comparison, the national average was 3.7% per year.

Demographic Data

Demographic data is from 2019. While after the date of value, the overall trends are considered representative of those as of the date of value.

Los Angeles MSA has a 2019 population of 13,507,681, increasing at a compound annual rate of 0.6% since 2010, which is less than the annual growth rate of California. Los Angeles MSA represents 33.9% of the total California state population (39,813,541.) The chart below highlights the population of Los Angeles MSA in comparison to the state and nation.

POPULATION			
YEAR	US	California	Los Angeles MSA
2000 Total Population	281,421,906	33,871,648	12,365,418
2010 Total Population	308,745,538	37,253,956	12,828,837
2019 Total Population	332,417,793	39,813,541	13,507,681
2024 Total Population	345,487,602	41,166,386	13,833,625
10-19 Annual Growth Rate	0.8%	0.7%	0.6%
19-24 Annual Growth Rate	0.8%	0.7%	0.5%

Source: Sites To Do Business (STDB) Online

The 2019 median age for Los Angeles MSA is 36.3, versus the United States median age of 38.5 and 36.3 for the state of California, placing the median age for Los Angeles MSA in between California and the nation.

MEDIAN AGE			
			Los Angeles
YEAR	US	California	MSA
2010	37.1	35.2	35.1
2019	38.5	36.3	36.3
2024	39.2	37.2	37.4

Source: Sites To Do Business (STDB) Online

In 2019, there are approximately 4.4 million households in Los Angeles MSA. Through 2024, Los Angeles MSA is expected to form households at a pace that is lower than the United States and California.

HOUSEHOLD TRENDS - NUMBER OF HOUSEHOLDS			
			Los Angeles
YEAR	US	California	MSA
2010	116,716,292	12,577,498	4,233,985
2019	125,168,557	13,339,357	4,423,701
2024	129,922,162	13,759,222	4,519,908
19-24 Annual Growth Rate	0.75%	0.62%	0.43%

Source: Sites To Do Business (STDB) Online

The average household size for Los Angeles MSA is 3.00 persons, which is higher than that of the United States and California.

AVERAGE HOUSEHOLD SIZE			
			Los Angeles
YEAR	US	California	MSA
2010	2.58	2.90	2.98
2019	2.59	2.92	3.00
2024	2.60	2.93	3.01

Source: Sites To Do Business (STDB) Online

In 2019, there are approximately 4.7 million housing units in Los Angeles MSA. Through 2024, Los Angeles MSA is expected to form housing units at a pace that is slower than the United States and California.

HOUSING UNITS			
YEAR	US	California	Los Angeles MSA
2010	131,704,730	13,680,081	4,493,983
2019	140,954,564	14,369,153	4,685,870
2024	146,663,592	14,815,682	4,783,752
19-24 Annual Growth Rate	0.80%	0.61%	0.41%

Source: Sites To Do Business (STDB) Online

Los Angeles MSA has a relatively moderate percentage of homeowners, with 45.7% of housing units being owner occupied in 2019. This is a ratio that is lower than the United States and California.

HOME OWNERSHIP			
YEAR	US	California	Los Angeles MSA
2010	57.7%	51.4%	47.5%
2019	56.4%	51.1%	45.7%
2024	56.7%	51.6%	46.0%

Source: Sites To Do Business (STDB) Online

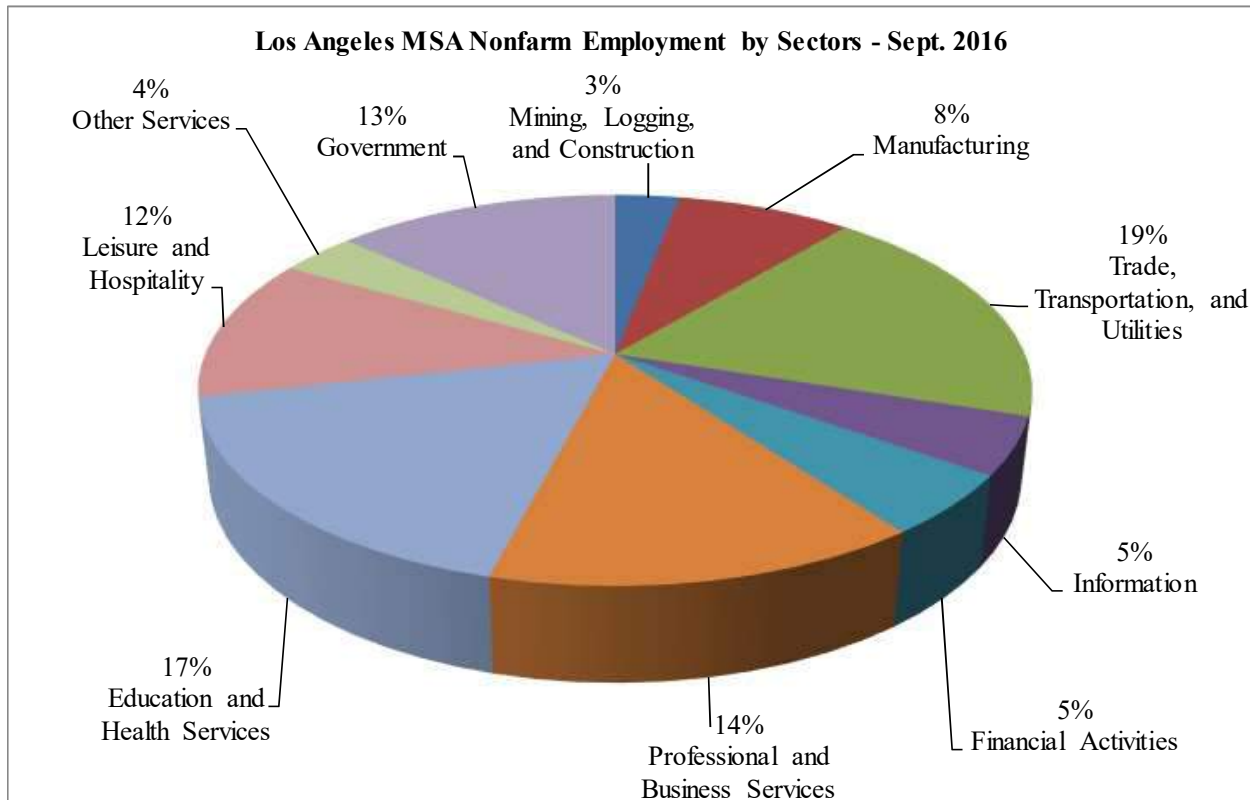
The 2019 median household income for Los Angeles MSA is \$71,817, which is in between that of California and the United States, equal to \$74,520 and \$60,548, respectively.

MEDIAN HOUSEHOLD INCOME			
YEAR	US	California	Los Angeles MSA
2019	\$60,548	\$74,520	\$71,817
2024	\$69,180	\$86,333	\$84,189
19-24 Annual Growth Rate	2.70%	2.99%	3.23%

Source: Sites To Do Business (STDB) Online

Economic Data

The US Census provides labor data on the Los Angeles MSA, which is comprised of 2 counties: Los Angeles County and Orange County. The Los Angeles currently holds approximately 4.36 million private nonfarm jobs as of September 2016. The following graph shows the key employment sectors for the Los Angeles and its percentages by employee workforce.



Source: U.S. Census Bureau of Labor Statistics

The Los Angeles MSA economy is bolstered by a diversified employment sector. The trade, transportation, and utilities and the education and health services sectors are the dominant sectors, with approximately 19% and 17% of the jobs, respectively. While the mining, logging, and construction sector is the smallest, it remains consequential to the economy.

Economy

The following information is taken verbatim or has been paraphrased from the 2016-2017 Economic Forecast and Industry Outlook prepared by the Los Angeles Economic Development Corporation (LAEDC).

Job Gains/Employment

Southern California has experienced four consecutive years (2012-2015) of solid employment gains. Every county in the region has seen consistent increases in nonfarm jobs, contributing to the decline in unemployment rates across the region. While most of the major industries have added jobs, rates of growth have varied across industries. Indeed, two thirds of the absolute job gains occurred in just a half-dozen major industries, while others saw more modest gains and a few lost jobs. Growth is in the picture for local industries in 2016 and 2017 as the U.S. economy continues to expand. However, the pace of job gains will become more tempered this year and next as the overall economy reaches “cruising altitude”.

Residential Real Estate – For Sale Market

Throughout 2015, Southern California’s housing markets made notable progress after pausing in 2014. This year, housing and new home construction are poised for stronger gains. Contributing to the improvements realized and anticipated for 2016 are:

- Strong job growth, which creates a larger pool of qualified buyers
- Increases in home sales and new home construction
- Continued home price increases
- Increases in the number of homeowners with positive equity
- Low but rising mortgage interest rates that may prompt would-be buyers to get off the fence.
-

Residential Real Estate –Rental Market

The rental market in Southern California has been strong for several years and demand for rental units shows no sign of slowing. Vacancy rates are low and rental rates continue to rise. In spite of the local boom in new apartment construction and the increase in rentals of single-family homes, supply has not kept up with demand, especially in the market for more affordable units.

Office Space

Office employment growth across the Southern California region is healthy and in some submarkets vacancy rates are approaching or have crossed their long-run average, an indication that new office construction may start to ramp up in the near future.

Industrial Space

As a major gateway market for consumer and business goods, Southern California’s industrial real estate markets have seen several years of steady improvement. The region is a hub for manufacturing, international trade and logistics, and entertainment, all of which are users of industrial space. Los Angeles County is the nation’s largest manufacturing center and is home to its biggest port complex. Fundamentals for all of Southern California’s major industrial product types are healthy and continue to strengthen.

Forecast for Private Nonresidential Construction

LAEDC forecast that new office space development will continue to proceed at a cautious rate in all five counties of the Southern California region. Office vacancy rates will continue to decline through 2016 but how fast will depend on job growth and the strength of the overall economy. Average asking rents are firming and, in some cases, approaching previous peak levels. Growth in health care, entertainment, technology and business services employment will propel improvements in the office market.

The outlook for industrial development is much more optimistic, especially for warehouse and distribution facilities, data centers and R&D centers. Additional improvements in vacancy rates and asking rents will depend on increases in international trade and industrial production (both question marks in early 2016), and ecommerce.

Unemployment

Unemployment in the Los Angeles is currently 5.0%. A five-year trend of historical unemployment rates is provided in the table below.

UNEMPLOYMENT RATE FOR LOS ANGELES						
	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Trendline
United States	7.8%	7.2%	5.7%	5.0%	4.9%	
California	10.0%	8.7%	7.2%	5.9%	5.4%	
Los Angeles	9.7%	8.8%	7.4%	5.7%	5.0%	

Source: U.S. Bureau of Labor Statistics

Employment

Total employment has increased over the past decade in Los Angeles by a compound annual rate of 0.41%, in comparison to California at 0.74%. The chart below shows employment since 2008 for both the state and region. Peak employment for the state and the region both occurred in 2016.

EMPLOYMENT STATISTICS 2008-2016				
	California		Los Angeles	
Year	Total	% Yearly Δ	Total	% Yearly Δ
2008	16,851,937	-	6,084,763	-
2009	16,188,111	-3.9%	5,796,868	-4.7%
2010	16,092,953	-0.6%	5,689,711	-1.8%
2011	16,255,890	1.0%	5,734,334	0.8%
2012	16,605,373	2.1%	5,817,662	1.5%
2013	16,962,360	2.1%	5,944,864	2.2%
2014	17,310,885	2.1%	6,063,229	2.0%
2015	17,684,500	2.2%	6,174,555	1.8%
2016	18,002,853	1.8%	6,310,779	2.2%
Growth Rate	6.8%	0.74%	3.7%	0.41%

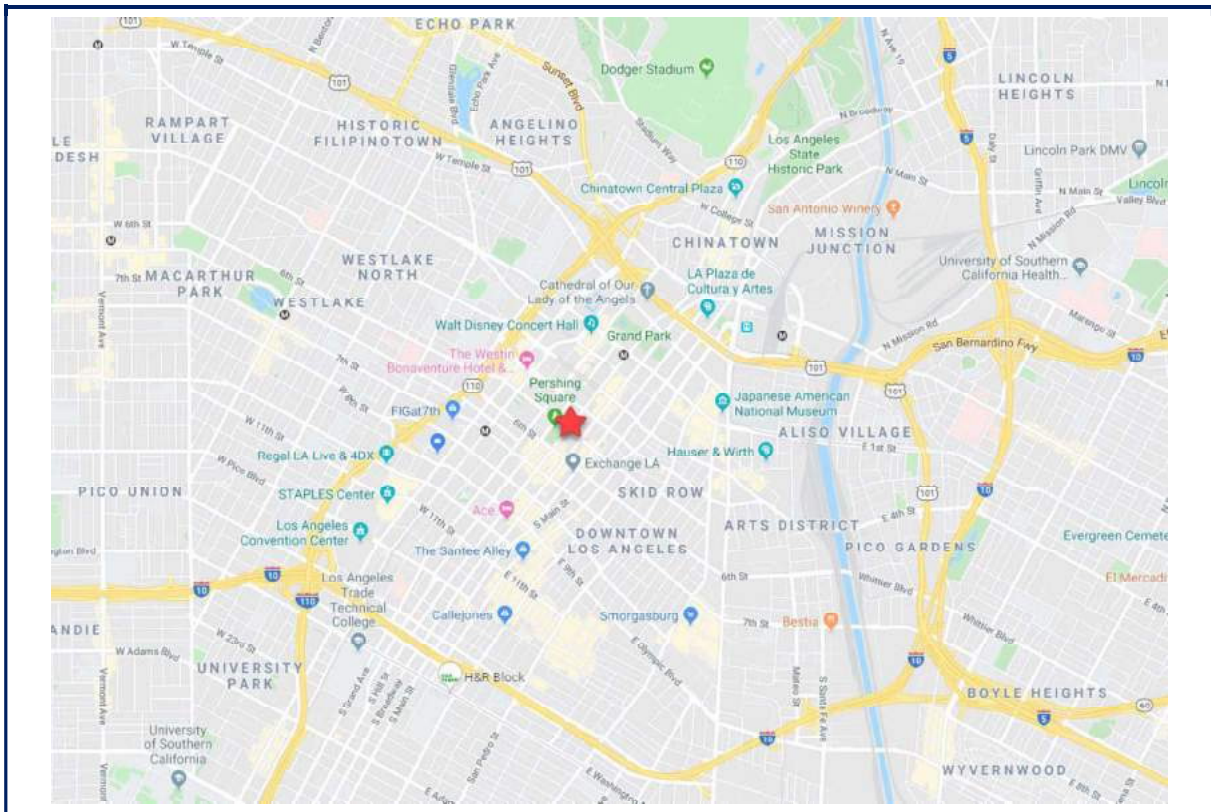
Source: U.S. Bureau of Labor Statistics

Conclusion

The Los Angeles-Long Beach-Anaheim MSA has a highly diversified economy. The largest industries are Health Care & Social Assistance, Retail Trade, and Manufacturing. The region is famous for tourism and the entertainment industry. Other industries include software, automotive, finance, biomedical, and international shipping, and regional logistics.

The MSA is home to many major business districts. Central Business Districts (CBDs) include Downtown Los Angeles and South Coast Metro. Within Los Angeles County are the major business districts of Downtown Pasadena, Downtown Burbank, Downtown Santa Monica, Downtown Glendale and Downtown Long Beach. Los Angeles itself has many business districts, such as Downtown Los Angeles, Miracle Mile, Century City, Westwood, and Warner Center in the San Fernando Valley. The area of Santa Monica, Venice, Playa del Rey, and western Culver City is informally referred to as "Silicon Beach" because of the concentration of marketing and technology-centric firms located in the region. The state and region have always been known as an "incubator" of new ideas and new products.

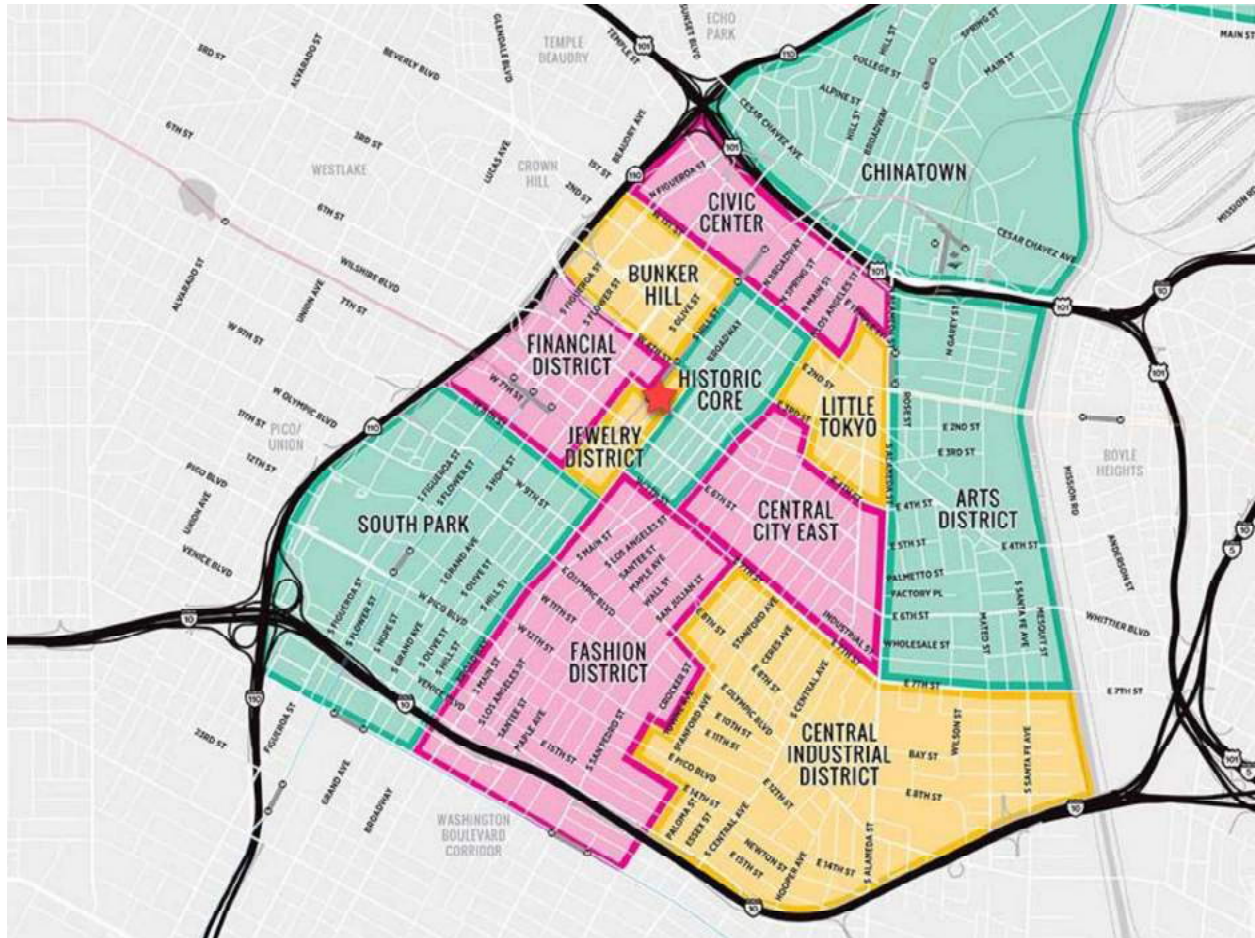
Local Area Map



11-11-24837 16
319-323 West 5th Street/440-442 South Hill Street, Los Angeles, CA

Location

The subject property is in the city of Los Angeles, California. It is in Downtown Los Angeles. Downtown Los Angeles is an urban area which is roughly in the center of Los Angeles County. It is actually a collection of many different districts. Some of the more well-known districts include the Financial District, South Park/LA Live, Arts District, Jewelry District, Garment District, Toy District, Historic Core, Chinatown, and Civic Center. The subject is at the north end of the Jewelry District, adjacent to the Historic Core. A District Map is shown below.



Downtown Los Angeles is bordered by the Harbor Freeway/Pasadena Freeway (110) to the west/north, the Los Angeles River to the east, and the Santa Monica Freeway (10) to the south. A primary characteristic of Downtown Los Angeles is the central location at the confluence of the regional transportation system including the freeway systems as well as the region’s growing rail network. Union Station, the central hub of all public rail transportation is situated in the El Pueblo District at the southeast corner of Chinatown.

Surrounding Uses

The following description of the Jewelry District is taken verbatim from the goJewelryDistrict.com website.

“The Los Angeles Jewelry District is renowned for wholesale prices on precious gems, watches and all types of fine jewelry. You as a consumer can take advantage of savings ranging from 50 to 70 percent by purchasing from the source and cutting out the middleman.

According to the Los Angeles Convention Center and Visitor's Bureau, it is the largest jewelry district in the United States. The annual reported sales from the Jewelry District is just under \$3 billion. It comprises close to 5,000 businesses, with vendors on Hill Street, Olive Street, and Broadway between 5th and 8th Streets. Shoppers can find designer jewelry, precious stones, and gold and silver items at street level as well as in some of the jewelers found in the Los Angeles Jewelry Mart, Pacific Center, the California Jewelry Mart, and the International Jewelry Center also known as the "550" building.”

Adjacent Uses

The uses that are adjacent to the subject property are listed below:

North: A small three-story office building with Planet Fitness on the 1st Floor. The building extends east to Broadway. This is followed by the Hotel Clark, a 1914-built hotel that has been undergoing renovations for a number of years and is anticipated to open shortly as a 347-room upscale lodging facility.

South: The Pershing Square Building, a 16-story, 150,000-square-foot office building that was constructed in 1924 and renovated in 2007. It is at the northeast corner of Hill Street and 5th Street (the subject wraps around this building). At the southeast corner of the intersection is the MetroRail Red Line Pershing Square station.

East: The Metropolitan, a 7-story office building constructed in 1914 and converted to an 84-unit apartment building in 2011. This building is at the northwest corner of Broadway and 5th Street.

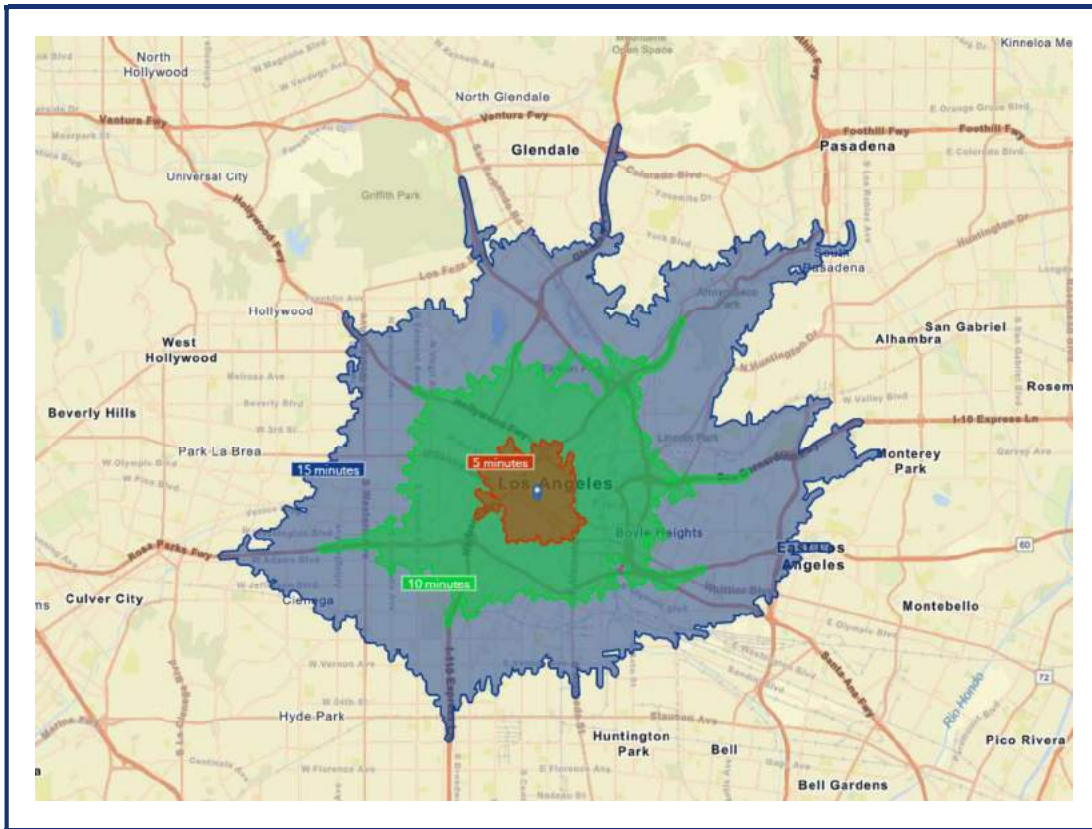
West: Hill Street followed by the Title Guarantee Building, a 12-story office building constructed in 1929 and converted to a 74-unit apartment building in 1986. This is followed by the Park Fifth project, a 2019-built, 24-story tower and a 7-story podium-type building with 660 residential units and 14,000 square feet of retail space. This project is on the north side of 5th Street, from Olive Street to Hill Street (north of the corner). On the south side of 5th Street is the Pershing Square Park.

Access

Hill Street and Broadway (one block to the east) are a primary north/south streets in Downtown. Both Hill Street and Broadway are two of the few streets that remain bi-directional streets through downtown. 5th Street is a one-way westbound primary street. It and 6th Street have a full interchange with the Harbor Freeway (I-110) four+ blocks west of the subject. Local and freeway access is easily facilitated.

Demographic Information

In order to further understand the dynamics of the area surrounding the subject property, we have presented demographic data from geographic drive time of 5, 10-, and 15-minutes from the subject. These distances are shown in the map to follow. Similar to the regional data, the demographic data is from 2019. While after the date of value, the overall trends are considered representative of those as of the date of value



Source: Site to Do Business

Local Area Analysis

As of 2019, the population in the primary trade area is 70,595. Population statistics for the primary trade area show that since 2010 there has been a 2.8% increase in population. This area is a mature market, which is anticipated to grow moderately going forward.

POPULATION

YEAR	5 Minute Drive Time	10 Minute Drive Time	15 Minute Drive Time
2000 Total Population	41,141	328,758	1,020,144
2010 Total Population	54,893	333,045	1,014,159
2019 Total Population	70,595	367,780	1,075,372
2024 Total Population	81,528	391,551	1,113,693
10-19 Annual Growth Rate	2.8%	1.1%	0.7%
19-24 Annual Growth Rate	2.9%	1.3%	0.7%

Source: Sites To Do Business (STDB) Online

The population in the primary trade area consists of 34,691 households as of 2019. According to ESRI, household formation will occur at a 3.39% compound rate of growth within the subject area through 2024.

HOUSEHOLD TRENDS - NUMBER OF HOUSEHOLDS

YEAR	5 Minute Drive Time	10 Minute Drive Time	15 Minute Drive Time
2010	25,396	114,851	324,262
2019	34,691	130,988	347,173
2024	40,982	142,388	362,574
19-24 Annual Growth Rate	3.39%	1.68%	0.87%

Source: Sites To Do Business (STDB) Online

According to ESRI, the ratio of home ownership within the primary trade area is equal to 7.1%. Home ownership is higher in the secondary trade area, with a ratio of 9.5%, and higher in the tertiary trade area, with a ratio of 17.3%.

HOME OWNERSHIP

YEAR	5 Minute Drive Time	10 Minute Drive Time	15 Minute Drive Time
2010	6.5%	10.0%	18.7%
2019	7.1%	9.5%	17.3%
2024	7.8%	9.6%	17.3%

Source: Sites To Do Business (STDB) Online

Local Area Analysis

Median household income times the number of households yields on significant measure of an area's retail sales potential. According to ESRI, the 2019 median household income within the primary trade area is \$32,968. This figure is anticipated to increase by 7.57% to \$47,485 in 2024. The median income for the primary trade area is below both the median incomes of the secondary and tertiary trade areas, and it is above both anticipated growth rates.

MEDIAN HOUSEHOLD INCOME

YEAR	5 Minute Drive Time	10 Minute Drive Time	15 Minute Drive Time
2019	\$32,968	\$35,709	\$40,155
2024	\$47,485	\$43,491	\$48,296
19-24 Annual Growth Rate	7.57%	4.02%	3.76%

Source: Sites To Do Business (STDB) Online

The median age for the primary trade area is 37.7 versus the secondary trade area's median age of 34.0 and the tertiary trade area's median age of 33.4. This places the median age for the primary trade area as the highest of the three.

MEDIAN AGE

YEAR	5 Minute Drive Time	10 Minute Drive Time	15 Minute Drive Time
2010	36.1	32.4	32.1
2019	37.7	34.0	33.4
2024	38.6	35.0	34.6

Source: Sites To Do Business (STDB) Online

As of 2019, there were 39,859 housing units within the primary trade area. Through 2024, the primary trade area is expected to form housing units at a pace that is faster than both the secondary and tertiary trade areas.

HOUSING UNITS

YEAR	5 Minute Drive Time	10 Minute Drive Time	15 Minute Drive Time
2010	29,199	126,290	350,170
2019	39,859	145,075	377,057
2024	45,863	156,328	392,441
19-24 Annual Growth	2.85%	1.51%	0.80%

Source: Sites To Do Business (STDB) Online

Special Hazards or Adverse Influences

The subject is not located in a flood hazard area or an Alquist-Priolo Special Studies Earthquake Zone. No other special hazards or adverse influences were noted.

Conclusion

Downtown benefits from its central location within the region, which is considered a positive factor for residential uses. The subject neighborhood has good access to the regional freeway, bus, and rail systems. Access on local surface streets, is good as most streets are one-way.

The subject is at the north end of the Jewelry District, adjacent to the Historic Core. The area is transitioning from office to residential uses. Conversion of several office buildings occurred in the late 1990s/early 2000s. More recently, new construction has started to occur/is planned.

The subject has a good location within the Downtown market and a good location within the Jewelry District. Continued residential development should continue patterns of improvement in the neighborhood. Overall, the neighborhood is judged to be improving, with a moderate improvement in its relative desirability expected over the next three to five years.

Market Overview

The following market overview is taken verbatim from the Downtown Los Angeles BID 3rd Quarter 2016 report. Similarly, all data in this section has been derived from the same source as the BID is the only group that actively tracks the market.

Executive Summary

Downtown continued to build on its own momentum with growth in all sectors reinforcing confidence in the future. Twenty-three new projects were proposed in this quarter alone, highlighted by SunCal's 15-acre 6AM project, designed by Herzog & de Meuron, elevating Arts District development to a whole new strata.

Residential

The residential market demonstrated sustained strength with another quarter of rising rents. Developers opened four new projects with 886 units, broke ground on another 1,600, and submitted proposals for over 6,000 more.

Office

With vacancy rates down and rents up, there were several notable leases this quarter. But the biggest news was Warner Music Group's 10-year deal for over 250,000 SF at The Ford Factory. The Onni Group also deepened their already strong commitment to DTLA with the purchase of The Los Angeles Times building and related properties for \$105 million.

Retail

Retail vacancy is down sharply as well, with new businesses setting up shop in each of our unique neighborhoods. One Santa Fe in the Arts District added Bulletproof Coffee to its tenant mix. Perverse Sunglasses launched their flagship store in the Fashion District. And OUE's US Bank Tower in the Financial District celebrated the opening of 71Above with breathtaking 360-degree views.

Hospitality

Visitors continued to flock to DTLA, pushing RevPar up almost 14% over last year and attracting a steady flow of new hospitality projects, such as high-end boutique operator Grupo Habita's proposed new Arts District property.

Civic & Cultural

Keeping pace with the commercial sectors, construction was completed on Downtown's newest civic jewel, the SOM-designed Federal Courthouse. Looking ahead, October will see the start of construction on the MyFigueroa streetscape project and the "betaphase" launch of the Main Museum of Los Angeles.

Q3 KEY STATS

\$3.32 Average Class A Rent Per Square Foot	\$2.81 Apartment Asking Rent Per Square Foot
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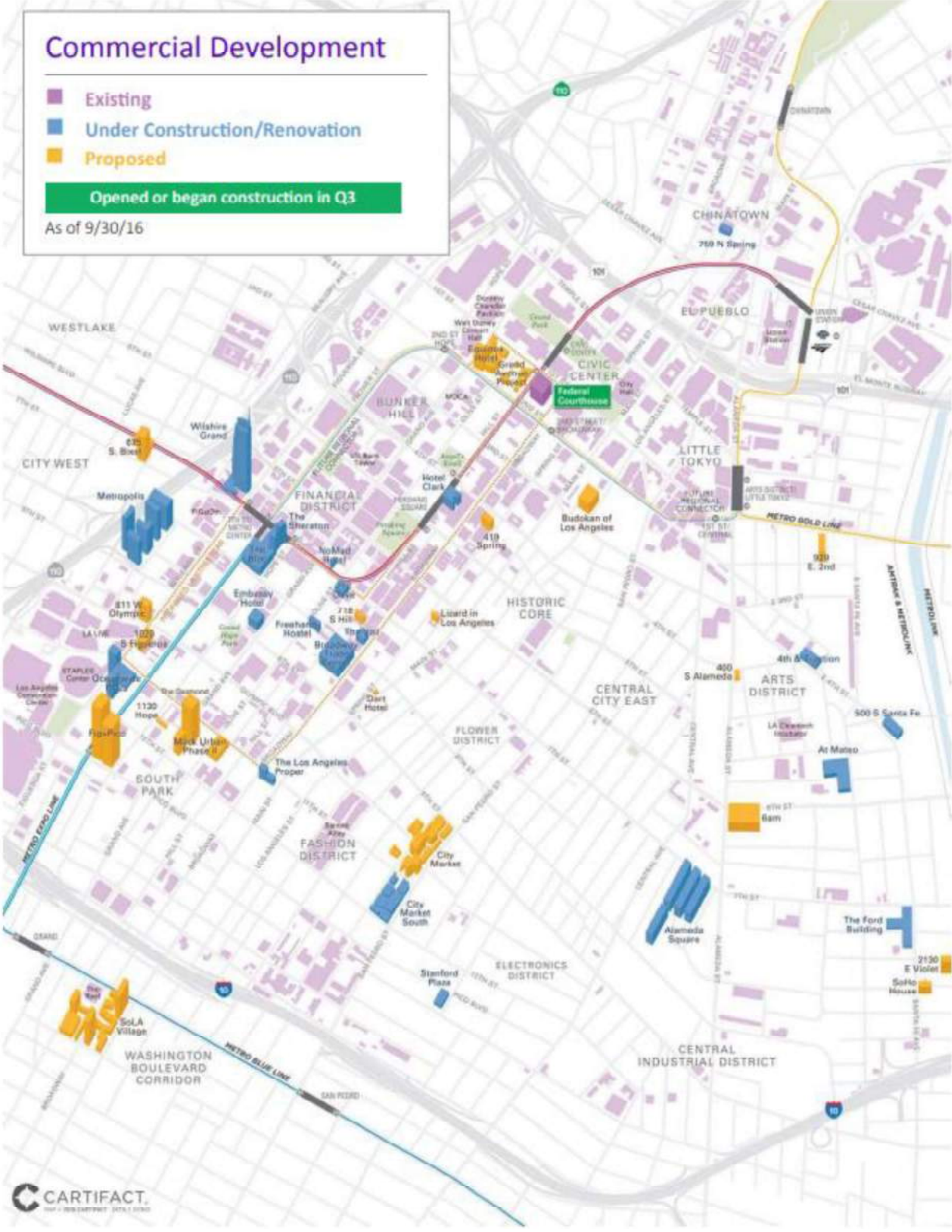
16.8% Office Vacancy Rate
185,142 Year-to-date office net absorption
\$172.32 Hotel RevPar

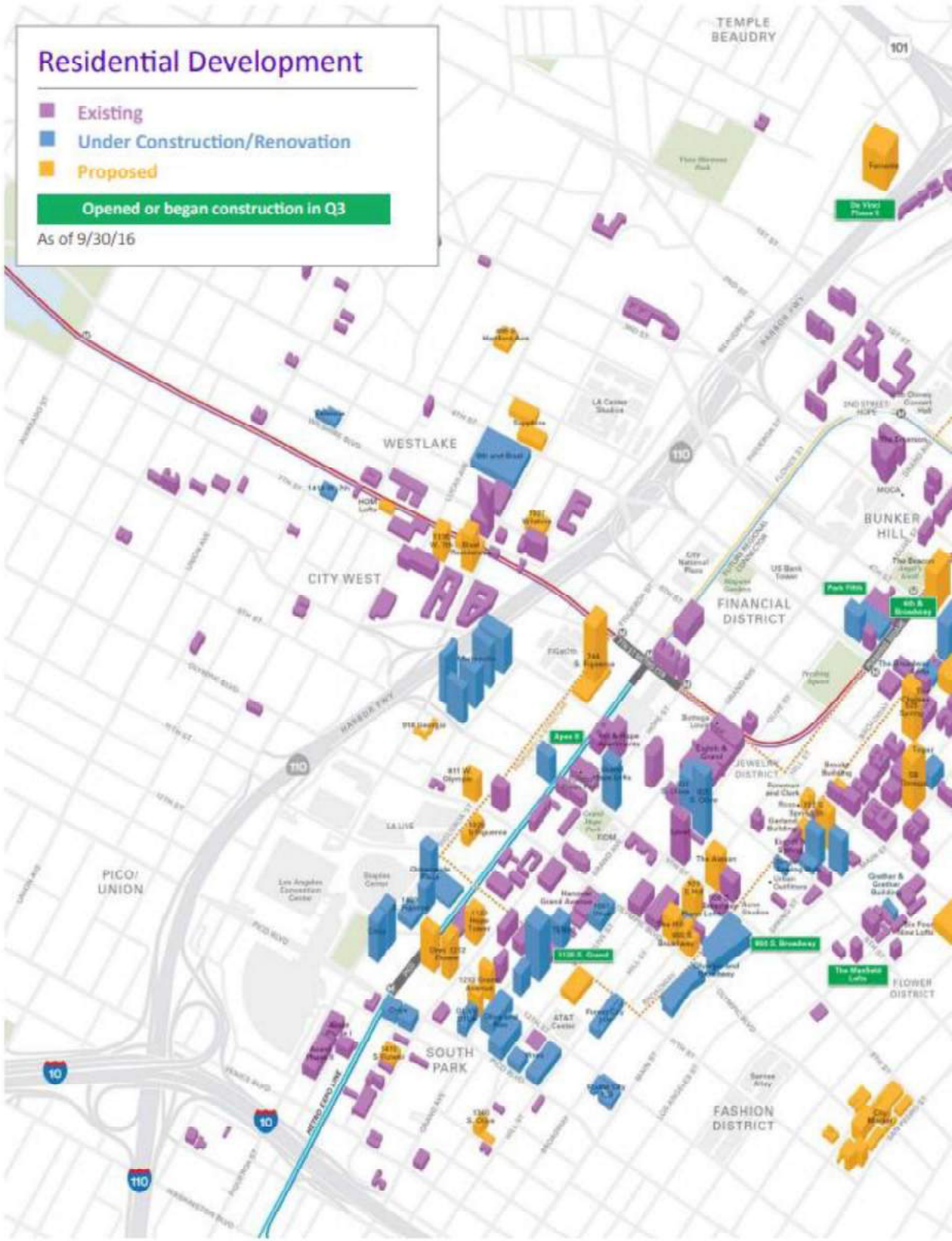
Q3 KEY HIGHLIGHTS

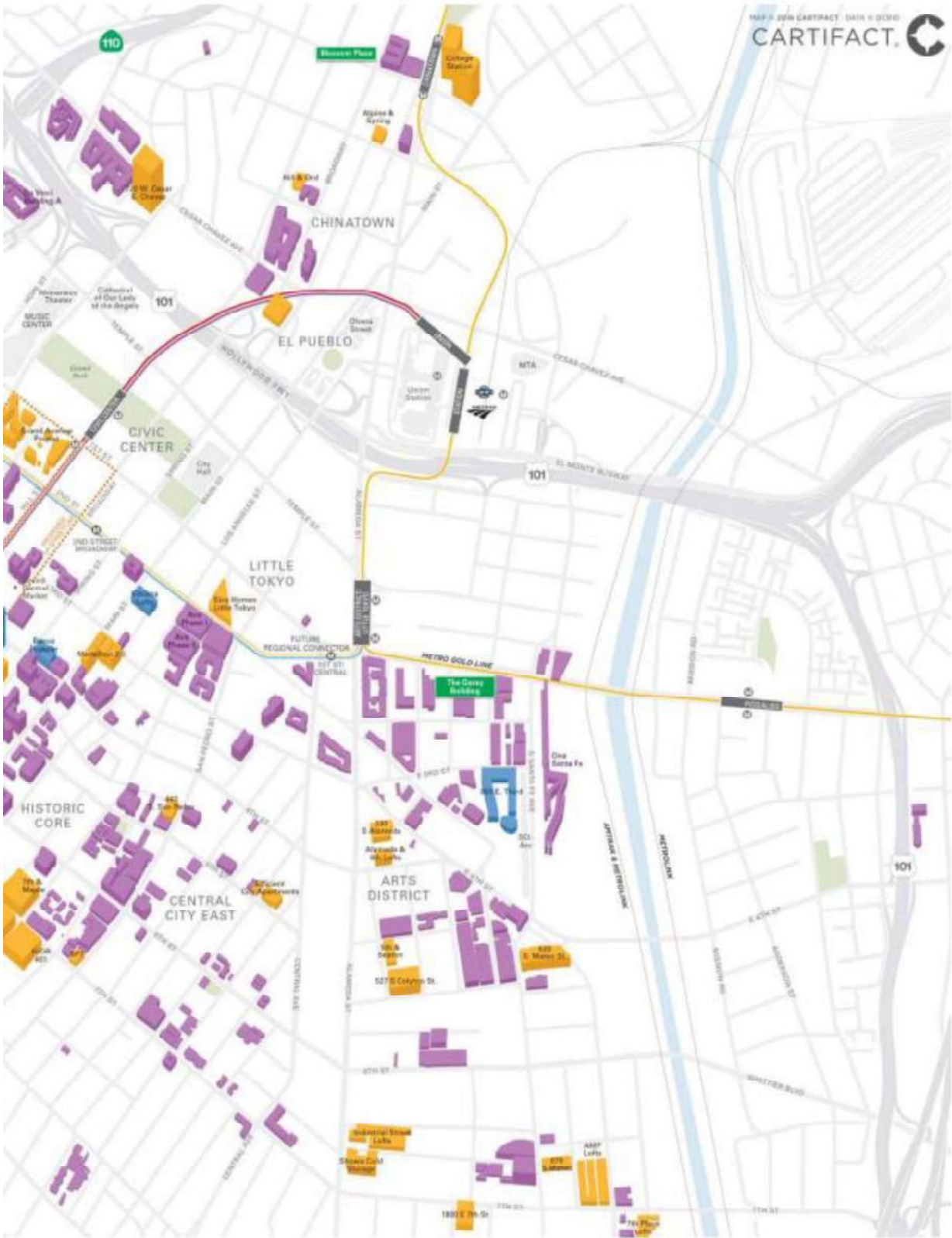
1,646 New residential units broke ground	6,060 New residential units proposed
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SunCal released plans for their 6AM project
Onni Group purchased LA Times properties for \$105m
Warner Music Group announced move to The Ford Factory

Commercial and residential project maps are shown on the following pages.







Residential Market Analysis

As more fully developed later in this report, it is our opinion that a residential project is the most likely development option for the subject site. While the current ownership is planning a mixed residential and hotel project, it is our opinion that changes/evolution in the market and planned/proposed projects make the hotel component less viable.

Residential Market

Inventory and construction trends are shown below.

RESIDENTIAL INVENTORY						
RESIDENTIAL UNITS	Before 1999	Since 1999	Current Inventory	Under Construction	Total When Complete	Proposed
Market Rate Rental	2,426	16,647	19,073	9,284	28,357	14,993
Condos	829	4,807	5,636	2,513	8,149	3,808
Affordable	8,371	3,884	12,255	71	12,326	253
Total	11,626	25,338	36,964	11,868	48,832	19,054
Estimated Population			63,208	20,294	83,503	

Estimated Population = 407 units x 1.8 residents per unit x 95% occupancy rate

Occupancy and rental data are as follows.

	Q3 2016	Q3 2015
Apartment Occupancy Rate	91.5%	94.3%
Apartment Asking Rent Per Sq Ft	\$2.81	\$2.69
Average Effective Rent Per Unit	\$2,584	\$2,482
Condo Sales	89	106
Condo Price Per Square Foot	\$637	\$614

Source: LA Lofts Realty Co/Star

As shown, the Downtown Los Angeles BID indicates a moderate decline in occupancy. Conversely, rents increased well in excess of inflation. Additional research shows nearly 1,500 units were added to inventory over the past 12 months. Noting that nearly 11,900 units are currently under construction, additional short-term occupancy softening is likely.

Hotel Market

CBRE Hotels (formerly PKF Consulting) shows the following trends for the downtown hotel market.

DOWNTOWN HOTEL MARKET TRENDS

Year	Occupancy		ADR	% Change	RevPAR	% Change
	Rate	% Change				
2003	51.0%	--	\$117.83	--	\$60.11	--
2004	59.2%	16.1%	\$120.72	2.5%	\$71.50	19.0%
2005	67.7%	14.2%	\$120.28	-0.4%	\$81.37	13.8%
2006	73.2%	8.1%	\$124.58	3.6%	\$91.14	12.0%
2007	75.0%	2.5%	\$132.66	6.5%	\$99.51	9.2%
2008	71.3%	-5.0%	\$145.67	9.8%	\$103.82	4.3%
2009	61.2%	-14.1%	\$135.47	-7.0%	\$82.96	-20.1%
2010	64.6%	5.5%	\$133.98	-1.1%	\$86.52	4.3%
2011	68.7%	6.4%	\$160.45	19.8%	\$110.29	27.5%
2012	74.3%	8.1%	\$171.85	7.1%	\$127.75	15.8%
2013	77.5%	4.2%	\$179.47	4.4%	\$139.05	8.8%
2014	77.0%	-0.6%	\$190.23	6.0%	\$146.46	5.3%
2015	78.1%	1.4%	\$209.45	10.1%	\$163.48	11.6%
2016	76.1%	-2.5%	\$226.30	8.0%	\$172.21	5.3%

As shown, hotel occupancies in Downtown steadily increased from 2009 through 2015 before tempering in 2016. ADR growth, while increasing, also slowed in 2016. The occupancy decline and slowing ADR growth are reflective of new hotel construction in the market. Recent and under-construction hotels are summarized below.

NEW HOTEL COMPLETIONS

Hotel	No. Rooms	Opening Date
JW Marriott Los Angeles L.A. Live	878	February 2010
Ritz Carlton Los Angeles L.A. Live	123	February 2010
Ace Hotel Downtown Los Angeles	182	January 2014
Residence Inn Los Angeles L.A. Live	219	May 2014
Courtyard Los Angeles L.A. Live	174	May 2014
Hotel Indigo	350	April 2017
Freehand Hotel and Hostel	226	June 2017
Intercontinental Los Angeles Downtown	889	July 2017
Total	3,041	

In addition to the above, there are several hotels planned or in their early construction phase. This includes new hotels as well as revocations of existing properties and adaptive re-use projects. Most of the new hotels are more centrally located relative to serving office and Convention Center/Staples Center demand.

Given location and new construction factors, a hotel is considered a less feasible use than residential development on the subject site.

Conclusion

In the short term, we project that the Downtown Los Angeles residential market will experience increasing vacancy rates as a result of new construction outpacing demand. This is considered a temporary condition, with the underlying strong fundamentals of the market expected to result in a return to lower vacancy rates. Downtown Los Angeles continues to develop as a desirable residential location, with Districts in the area evolving into distinct neighborhoods. Supporting amenities (retail, restaurants, entertainment) are expanding and some employment growth is occurring. The subject is well positioned in terms of its location (including an adjacent MetroRail station), and is a viable development site. Noting this, the site's L-configuration is inferior to a more traditional rectangular shaped site.

Site Description

SUBJECT PROPERTY IDENTIFIERS

Property Name	Development Site
Address	319-323 West 5th Street/440-442 South Hill Street
City	Los Angeles
State	CA
Zip Code	90013
County	Los Angeles
Assessor's Parcel Identification:	5149-026-007, -009, and -011
Street Location	The subject site wraps around the northeast corner of South Hill street and West 5th Street in the Jewelry District of Downtown Los Angeles.

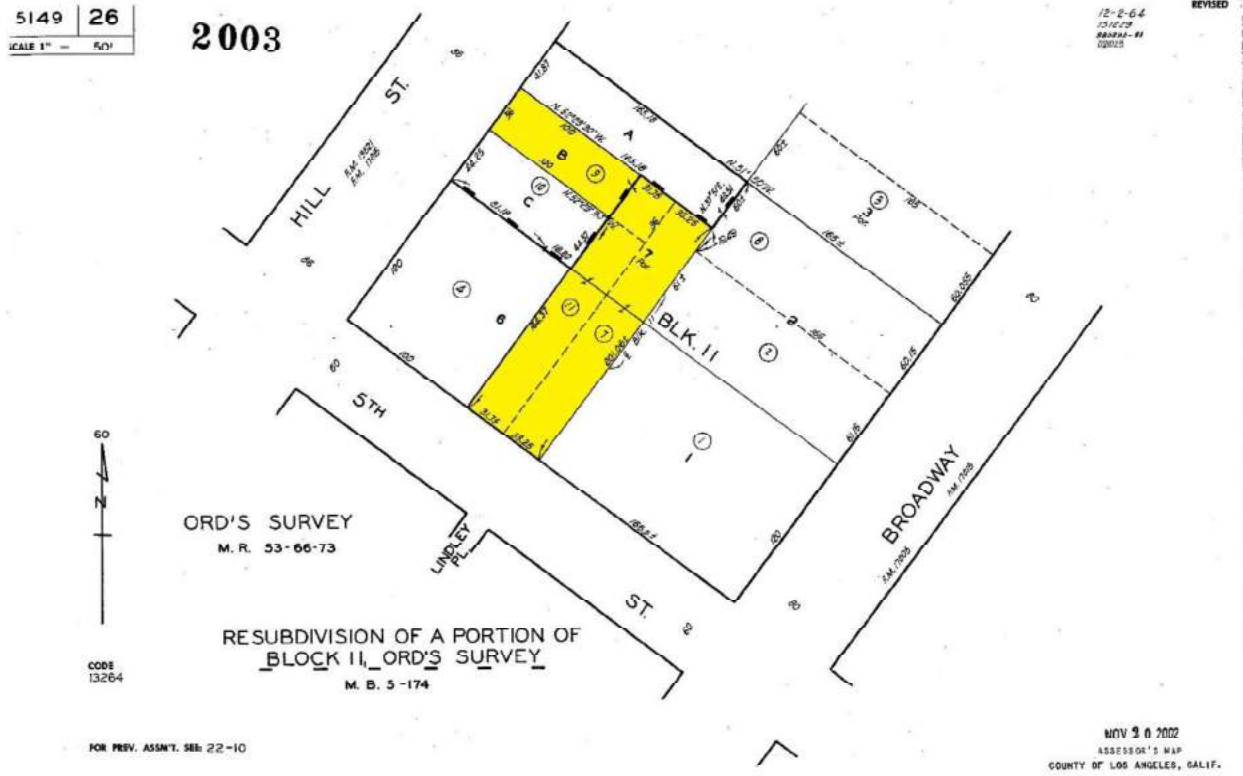
SITE INFORMATION

Land Area Gross SF:	16,669
Land Area Acres:	0.38
Land Area SF for FAR Purposes:	16,669
Site Utility:	Fair
Site Topography:	Level at street grade
Site Shape:	L-shaped
Frontage:	Average
Access:	Good
Visibility:	Average
Location Rating:	Average
Public Utilities:	All available
Water:	Los Angeles Department of Water & Power
Sewer:	Los Angeles Department of Water & Power
Electricity:	Los Angeles Department of Water & Power
Gas:	So Cal Gas
Telephone:	Various
Frontage:	The subject property has frontage on the following streets:
Hill Street:	36 feet
5th Street:	65 feet
Flood Map Number:	06037C 1636G
Flood Map Date:	12/21/18
Flood Zone:	X
Flood Zone Comment:	FEMA Zone X: Areas determined to be outside the 500 year flood plain.
Property Rating:	Average
Site Improvements:	None

Site Description

Soil Conditions:	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
Earthquake Hazard:	The subject is not located in an Alquist-Priolo Special Studies Earthquake Zone.
Development Considerations:	We have not considered the proposed development in our valuation.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the services of a professional engineer for this purpose.

Tax Map

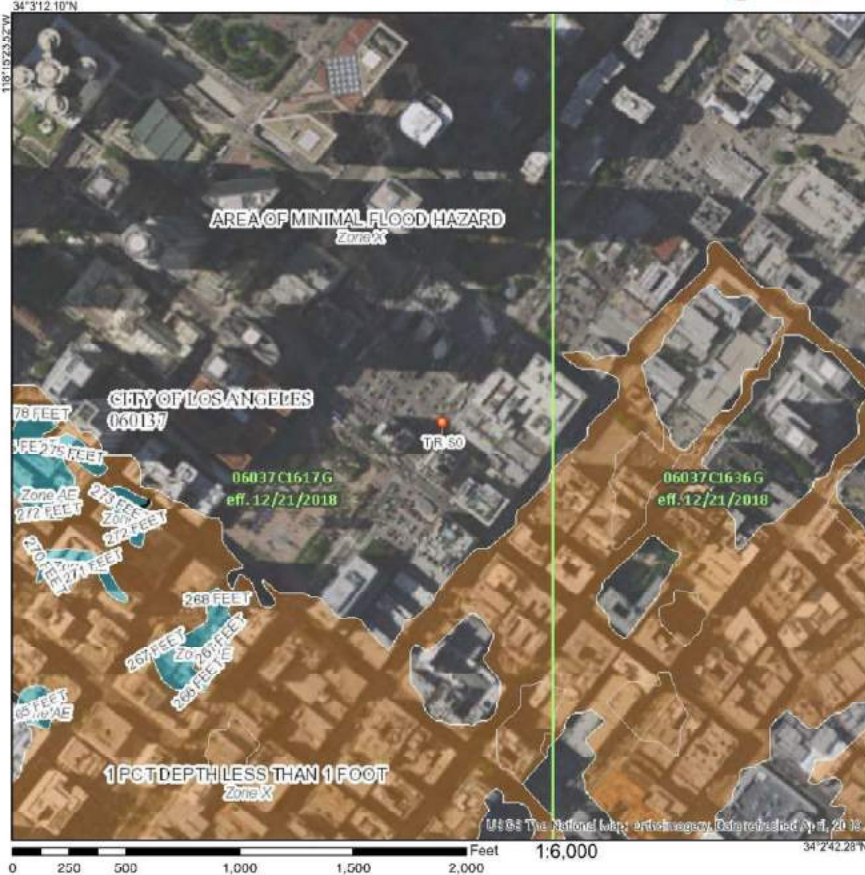


Zoning Map



Flood Map

National Flood Hazard Layer FIRMette



Legend

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

SPECIAL FLOOD HAZARD AREAS

- Without Base Flood Elevation (BFE) Zone AE, AH, AV, AP
- With BFE or Depth Zone AE, AD, AH, VE, AP
- 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 0
- Area of Minimal Flood Hazard Zone X
- Effective LOMRs
- Area of Undetermined Flood Hazard Zone X

OTHER AREAS

- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

GENERAL STRUCTURES

- Cross Sections with 1% Annual Chance Water Surface Elevation
- Coastal Transect
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

OTHER FEATURES

- Digital Data Available
- No Digital Data Available
- unmapped

MAP PANELS

- 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 2/3/2020 at 7:02:31 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

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

General Information

The subject property is located in the taxing jurisdiction of Los Angeles County. The assessor's parcel identification numbers are 5149-026-007, -009, and -011. The current fiscal year assessment and taxes for the property are presented below:

PROPERTY ASSESSMENT INFORMATION

Assessor's Parcel Number:	5149-026-007, -009, and -011
Assessing Authority:	Los Angeles County
Current Tax Year:	2016/2017
Assessment Ratio (% of market Value):	100%
Tax Rate:	1.191849%
Are taxes current?	Taxes are current
Is there a grievance underway?	Not to our knowledge
The subject's assessment and taxes are:	At market levels

ASSESSED VALUE

Land:	\$3,265,634
Improvements:	0
Total:	\$3,201,603
Exemption:	0
Taxable Assessment:	\$3,201,603

TAX LIABILITY

Total Tax Rate:	1.191849%
Base Taxes:	\$38,158
Direct Assessments:	\$3,212
Total Property Taxes:	\$41,370
Land Area (SF):	16,669
Property Taxes per Square Foot:	\$2.48

Analysis

Total taxes for the property are \$41,370.00, or \$2.48 per square foot. In the state of California, property taxes are based on the stabilized market value of the fee simple estate in the property at the time of acquisition. For properties developed/redeveloped after purchase, the land is assessed at market value at the time of acquisition, with improvements assessed on a cost basis. Ground leases with a remaining term of 35 years or more (including options) are assessed on a fee simple basis. Property taxes for possessory interest (properties leased by governments/governmental agencies) are taxed based on the remaining lease term (no fee simple ownership is assumed). The subject is assessed and taxed in conformance with state law.

General Information

The property is zoned C2-4D, Commercial by the City of Los Angeles. A summary of the subject’s zoning is provided below:

ZONING	
Municipality Governing Zoning:	City of Los Angeles
Current Zoning:	C2-4D, Commercial
Current Use:	Vacant land
Permitted Uses:	Permitted uses within this district include commercial, retail, office, hotel, and multifamily uses
Prohibited Uses:	Prohibited uses within this district include industrial uses

ZONING REQUIREMENTS	CODE	CONFORMANCE
Minimum Lot Area:	None	Conforming
Maximum Building Height:	None	Conforming
Maximum Floor Area Ratio (FAR):	6.0 times lot area	Conforming
Maximum Buildable Area (FAR):	100,013 SF	Not Applicable
Maximum Number of Units Per Acre:	218 Units/Acre	Not Applicable
Maximum Number of Units:	83 Units	Not Applicable
Maximum Lot Coverage (% of lot area):	None	Conforming
Minimum Yard Setbacks		
Front (feet):	None	Conforming
Rear (feet):	None	Conforming
Side (feet):	None	Conforming
Required On-Site Parking:		
Spaces per 1,000 square feet:	1.0 per 1,000	Not Applicable

In Downtown Los Angeles, “by-right” development is limited to a 6:1 FAR. This may be increased to a maximum FAR of 13:1 through the purchase of development rights. The city is the primary seller of these rights (the Convention Center has significant excess FAR).

The FAR is loosely based on gross leasable, net rentable, or livable area.

There are also density bonuses for properties proximate to transit hubs, particularly for inclusionary or income restricted housing. The subject is in a Tier 4 (highest) TOD (transit-oriented development) zone.

Zoning Conformance

Property value is affected by whether or not an existing or proposed improvement conforms to zoning regulations, as discussed below.

Conforming Uses

An existing or proposed use that conforms to zoning regulations implies that there is no legal risk and that the existing improvements could be replaced “as-of-right.”

Pre-Existing, Non-Conforming Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Conforming Uses

A proposed non-conforming use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

Other Restrictions

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

Zoning Conclusions

The subject is currently vacant. There are no physical site characteristics (size, width, depth, etc.) that restrict development. As it is vacant, there are no improvements that could potentially not be in conformance with zoning.

We have not analyzed the zoning requirements in relation to the subject property and the proposed use. However, as the project was recently approved by the city, it assumed to be in conformance with zoning.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Definition of Highest and Best Use

According to *The Dictionary of Real Estate Appraisal*, a publication of the Appraisal Institute, the highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

Highest & Best Use Criteria

We have evaluated the sites highest and best use both as currently improved and as if vacant. In both cases, the property's highest and best use must meet four criteria. That use must be (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive.

Legally Permissible

The first test concerns permitted uses. According to our understanding of the zoning ordinance, noted earlier in this report, the site may legally be improved with structures that accommodate a wide range of commercial uses and multifamily residential development. Aside from the site's zoning regulations, we are not aware of any legal restrictions that limit the potential uses of the subject.

Physically Possible

The second test is what is physically possible. As discussed in the "Site Description" section of the report, the site's size, soil, topography, etc. do not physically limit its use. The subject site is of adequate shape and size to accommodate almost all of the legally permissible uses, although the L-shaped configuration would have an adverse impact on the building layout and may result in increased development costs.

Financial Feasibility and Maximal Productivity

The third and fourth tests are what is financially feasible and what will produce the highest net return. After analyzing the physically possible and legally permissible uses of the property, the highest and best use must be considered in light of financial feasibility and maximum productivity. For a potential use to be seriously considered, it must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible.

Highest & Best Use of Site As Though Vacant

Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is a residential use built to its maximum feasible density/building area.

SECTION 3: VALUATION

Overview

In traditional valuation theory, appropriate methodology includes three approaches to estimating the value of an asset which are the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. These three methods incorporate fundamental concepts and principles in the estimation of value.

In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach is dependent upon the availability and comparability of the market data uncovered as well as the motivation and thinking of purchasers in the market for a property such as the subject property.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. An opinion of value is chosen that either corresponds to one of the approaches or is a correlation of all the approaches used in the appraisal.

The Cost Approach

The Cost Approach derives value by focusing on the replacement cost of the existing improvements on the subject property. First, the amount it would cost to recreate the asset including basic square foot costs, refinements, current and local multipliers, soft costs, indirect costs and entrepreneurial profit, less any depreciation, is evaluated. Depreciation results from three sources: physical deterioration, functional obsolescence, and external obsolescence. Site improvements are also valued in a similar way minus depreciation. Once a depreciated value conclusion is complete, a cost for the land, assumed vacant is valued using the sales comparison approach described below. An indication of value is concluded by adding these three elements together.

The Sales Comparison Approach

The Sales Comparison Approach derives value by comparing the subject property to other similar real property transactions. It relies on the principle of substitution which states, "A buyer will not pay more for one property than another that is equally desirable." Data is gathered on reasonably suitable properties. Adjustments are then made for factors including market conditions, zoning, location, conditions of sale, etc. The resulting adjusted value leads to an estimate of the price one might expect to realize upon sale of the property.

The Income Capitalization Approach

The Income Capitalization Approach has its foundation in the principal of anticipation of future economic benefits. This approach first determines the income-producing capacity of a property by utilizing contract rents on leases in place and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income (NOI) is divided by an overall capitalization rate which is derived through an understanding of local market trends and research related to rates indicated in recent transactions and data from sources such as the PWC Real Estate Investor Survey, Realty Rates and RERC. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

The Discount Cash Flow Method utilizes periodic cash flows (which consist of net operating income less capital costs) and a reversionary value at the end of the projected years of analysis which are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Valuation Process Conclusion

We have utilized the Sales Comparison Approach to develop an opinion of value for the subject site. In this analysis, we relied on sales of development sites. The subject property was valued on a per square foot basis. While the price per FAR has a material impact on value, all of the land sales had identical FARs and therefore this is not a factor.

As the site is unimproved, a Cost Approach is not applicable.

Vacant sites in the area are rarely leased. With the limited number of leases, there are even fewer sales of land sites. These factors make it difficult to estimate the market rent and an appropriate rate of return assuming the site to be a passive investment. Accordingly, the Income Capitalization Approach is not applicable. Exclusion of an Income Capitalization Approach is not detrimental to the reliability or credibility of the final value conclusion.

Land Valuation

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

The most widely used and market-oriented units of comparison for properties with characteristics similar to those of the subject are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. All transactions used in this analysis are based on the most appropriate method used in the local market.

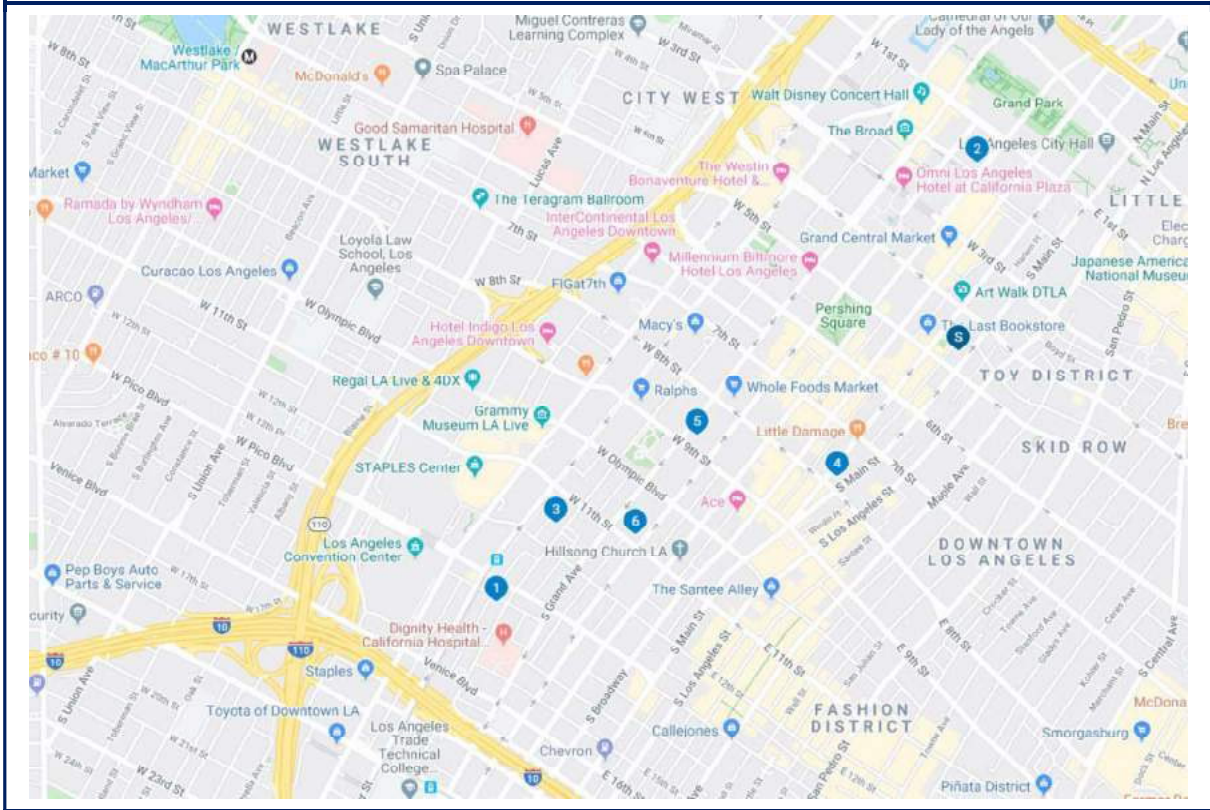
The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The comparables and our analysis are presented on the following pages. Comparable land sale data sheets are presented in the Addenda of this report.

Land Valuation

SUMMARY OF LAND SALES													
No.	Location	Size (sf)	Size (Acres)	Proposed Use	Zoning	Site Utility	Public Utilities	Grantor	Grantee	Property Rights Conveyed	Sale Date	Sale Price	S/SF Land
S	Subject Property	16,669	0.38	-	C2-4D, Commercial	Fair	All available	-	-	-	-	-	-
1	1317 S Hope Street Los Angeles, CA	7,450	0.17	38 Apartment Units over Ground Floor Retail	[Q] R5-2D-O	Average		Ashok Saklecha	1317 Hope LLC	Fee Simple	9/2016	\$4,900,000	\$657.72
2	130 S Olive Street Los Angeles, CA	54,226	1.24	Colburn School Expansion	R5-4	Average		System Property Development Company Inc	WFBI LLC	Fee Simple	6/2016	\$31,000,000	\$571.68
3	1133 S Hope Street Los Angeles, CA	28,607	0.66	208 Residential Condominium Units with Ground Floor Retail Space	[Q] R5-4D-O	Average		Amacon Hope LP	Full Star Properties LLC	Fee Simple	3/2016	\$25,500,000	\$891.39
4	746-750 S Spring Street Los Angeles, CA	11,501	0.26	Por. of 308-Unit Apartment Building with Ground Floor Retail	C2-4D	Average		Main Spring Development LLC	732 Spring LLC	Fee Simple	2/2016	\$4,000,000	\$347.80
5	842 S Grand Avenue Los Angeles, CA	9,754	0.22	205-Unit Apartment Building with Ground Floor Retail	[Q]R5-4D	Average		South Grand Pacific Parking LI	Heart Olive LLC	Fee Simple	5/2015	\$4,633,000	\$474.98
6	1045-1057 S Olive Street Los Angeles, CA	22,882	0.53	Por. of Multifamily Residential Development Site	[Q]R5-4D	Average		Richard Berenzweig Trust	1045 Olive, LLC	Fee Simple	1/2015	\$11,500,000	\$502.58
	Minimum	7,450	0.17								1/2015	\$4,000,000	\$347.80
	Maximum	54,226	1.24								9/2016	\$31,000,000	\$891.39
	Average	22,403	0.51								12/2015	\$13,588,833	\$574.36

COMPARABLE LAND SALES MAP



11-11-24837 45
319-323 West 5th Street/440-442 South Hill Street, Los Angeles, CA

Land Valuation

LAND SALE ADJUSTMENT GRID

No.	Sale Date & Price PSF	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	PSF Land Subtotal	Location	Size	Shape/Utility	Zoning/ Use	Approvals/ Other	Adj. Price PSF Land
1	9/16 \$657.72	Fee Simple =	Arm's-Length =	None =	Similar =	Similar To \$657.72	Superior -	Smaller -	Superior -	Similar =	Superior --	Much Less Than \$657.72
2	6/16 \$571.68	Fee Simple =	Arm's-Length -	None =	Inferior +	Less Than \$571.68	Superior -	Larger +	Superior -	Similar =	Similar =	Much Less Than \$571.68
3	3/16 \$891.39	Fee Simple =	Arm's-Length =	None =	Inferior +	Slightly More Than \$891.39	Superior -	Larger +	Superior -	Similar =	Superior --	Much Less Than \$891.39
4	2/16 \$347.80	Fee Simple =	Arm's-Length -	None =	Inferior +	Less Than \$347.80	Inferior +	Smaller -	Superior -	Similar =	Similar =	More Than \$347.80
5	5/15 \$474.98	Fee Simple =	Arm's-Length -	None =	Inferior +	Slightly Less Than \$474.98	Superior -	Smaller -	Superior -	Similar =	Similar =	Less Than \$474.98
6	1/15 \$502.58	Fee Simple =	Arm's-Length -	None =	Inferior +	Similar To \$502.58	Superior -	Larger +	Superior -	Similar =	Similar =	Less Than \$502.58
Minimum	\$347.80											
Maximum	\$891.39											
Average	\$574.36											

(1) Market Conditions Adjustment

Compound annual change rate: 3.00%

Date of Value (for adjustment calculations): 9/30/16

Discussion of Adjustments

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We have analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be arms-length transactions between knowledgeable buyers and sellers on the open market. Therefore, no adjustments were warranted.

Market Conditions

The sales that are included in this analysis occurred between January 2015 and September 2016. As the market has improved over this time period, we have applied an annual adjustment of 3.00 percent.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The subject property is rated average in location. We have made a downward adjustment to those comparables considered superior in location compared to the subject. Conversely, an upward adjustment was made to those comparables considered inferior.

Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels.

Shape/Utility

The subject parcel is L-shaped. This is inferior to a more traditional rectangular shaped parcel as the L-shaped configuration would have an adverse impact on the building layout and may result in increased development costs. It has good access, average frontage and average visibility. Overall, it has been determined that the site has fair utility. Adjustments were made where a comparable was considered to have superior or inferior utility.

Zoning/Use

All of the sites were zoned for commercial or residential uses. Five were acquired for residential use (typically with ground floor retail). The sixth sale was purchased for a school expansion. All of the sales had the same underlying density. Overall, no adjustments were required for Zoning/Use.

Approvals/Other

Sites with existing development approvals are superior to sites without development approvals as the hold time prior to development is shorter (reducing risk). Downward adjustments are needed for sites with development approvals. In some cases, other variables will have an impact on the price of a land transaction. Examples include soil or slope conditions, easements, or external influences. In our analysis of the comparables we found that no unusual conditions existed at the time of sale. As a result, no adjustments were required for Other factors.

Discussion of Comparable Sales

Comparable Sale No. 1

This comparable property is located at 1317 S Hope Street, Los Angeles, CA and is zoned [Q] R5-2D-O. The parcel contains 7,450 square feet, or 0.17 acres. It can be developed with a maximum FAR per current zoning of times the lot area. The maximum building area that could be developed as-of-right is 44,700 square feet. Ashok Saklecha sold this property to 1317 Hope LLC in September 2016 for a total price of \$4,900,000, or \$657.72 per square foot of land. When sold, the site was improved with a surface parking lot. This is an interim use of the site; the site had approvals for a 6-story, 28,592 square-foot, mixed-use building with 38 apartments above ground floor retail space.

A slight upward adjustment is supported for market conditions. Downward adjustments are warranted for location, parcel size, shape/utility, and development approvals. After all adjustments, we would expect the subject to achieve a significantly lower price per square foot than this sale.

Comparable Sale No. 2

This comparable property is located at 130 S Olive Street, Los Angeles, CA and is zoned R5-4. The parcel contains 54,226 square feet, or 1.24 acres. It can be developed with a maximum FAR per current zoning of times the lot area. The maximum building area that could be developed as-of-right is 325,356 square feet. The site is in the Grand Avenue project. This specific plan allows a wide variety of uses with a streamlined development approval process. System Property Development Company Inc sold this property to WFBI LLC (the Colburn School) in June 2016 for a total price of \$31,000,000, or \$571.68 per square foot. At the time of sale, the site was improved with a surface parking lot. It will ultimately be redeveloped with a 200,000-square-foot expansion of the adjacent Colburn School (to include classroom and residential space).

Upward adjustments are supported for market conditions and parcel size. Downward adjustments are supported for location, and shape/utility. After all adjustments, we would expect the subject to achieve a significantly lower price per square foot than this sale.

Comparable Sale No. 3

This comparable property is located at 1133 S Hope Street, Los Angeles, CA and is zoned [Q] R5-4D-O. The parcel contains 28,607 square feet, or 0.66 acres. It can be developed with a maximum FAR per current zoning of times the lot area. The maximum building area that could be developed as-of-right is 171,642 square feet. Amacon Hope LP sold this property to Full Star Properties LLC in March 2016 for a total price of \$25,500,000, or \$891.39 per square foot. At the time of sale, the site was improved with a surface parking lot. At the time of sale, it was entitled for a 208-unit residential condominium project with ground floor retail space. The total project area is 221,382 square feet.

Upward adjustments are supported for market conditions and parcel size. Downward adjustments are supported for conditions of sale, location, shape/utility, and approvals/other. After all adjustments, we would expect the subject to achieve a significantly lower price per square foot than this sale. This sale is considered an outlier and has been given limited consideration in our final analysis.

Comparable Sale No. 4

This comparable property is located at 746-750 S Spring Street, Los Angeles, CA and is zoned C2-4D. The parcel contains 11,501 square feet, or 0.26 acres. It can be developed with a maximum FAR per current zoning of times the lot area. The maximum building area that could be developed as-of-right is 69,006 square feet. Main Spring Development LLC sold this property to 732 Spring LLC in February 2016 for a total price of \$4,000,000, or \$347.80 per square foot. At the time of sale, the site was improved with a surface parking lot. The buyer owned an adjacent site. During the escrow, the buyer entitled the site (along with the adjacent property) for a 308-unit residential project with ground floor retail space with a total project area of 296,215 square feet to be located on the combined site.

Upward adjustments are supported for market conditions and location. Downward adjustments are warranted for conditions of sale (assemblage), parcel size, and shape/utility. After all adjustments, we would expect the subject to achieve a slightly higher price per square foot than this sale.

Comparable Sale No. 5

This comparable property is located at 842 S Grand Avenue, Los Angeles, CA and is zoned [Q]R5-4D. The parcel contains 9,754 square feet, or 0.22 acres. It can be developed with a maximum FAR per current zoning of times the lot area. The maximum building area that could be developed as-of-right is 58,524 square feet. South Grand Pacific Parking LI sold this property to Heart Olive LLC in May 2015 for a total price of \$4,633,000, or \$474.98 per square foot. At the time of sale, the site was improved with a surface parking lot. The buyer owned an adjacent 15,701-square-foot site to the east (APN 5144-019-021) that was purchased in December 2014 for \$7,500,000, or \$477.68 per square foot and purchased this property for residential development. After the sale, the buyer obtained approvals for a 29-story, 205-unit apartment building with ground floor retail space with a total project area of 202,921 square feet to be located on the combined site.

An upward adjustment is supported for market conditions. Downward adjustments are warranted for conditions of sale (assemblage), location, parcel size, and shape/utility. After all adjustments, we would expect the subject to achieve a lower price per square foot than this sale.

Comparable Sale No. 6

This comparable property is located at 1045-1057 S Olive Street, Los Angeles, CA and is zoned [Q]R5-4D. The parcel contains 22,882 square feet, or 0.53 acres. It can be developed with a maximum FAR per current zoning of times the lot area. The maximum building area that could be developed as-of-right is 137,292 square feet. Richard Berenzweig Trust sold this property to 1045 Olive, LLC in January 2015 for a total price of \$11,500,000, or \$502.58 per square foot. At the time of sale, the site was improved with several older retail/commercial buildings. The buildings did not contribute to the land value. This property was acquired as part of an assemblage. The buyer is planning a 751,777 SF, 70-story, 794-unit tower with 12,504 SF of ground floor commercial space on a 57,829 SF site. There were no approvals at the time of sale.

Upward adjustments are supported for market conditions and parcel size. Downward adjustments are warranted for conditions of sale (assemblage), location, and shape/utility. After all adjustments, we would expect the subject to achieve a lower price per square foot than this sale.

Conclusion of Land Value

The land sales have sale prices ranging from \$347.80 to \$891.39 per square foot. The high end of the range is considered an outlier and has been given limited weight in our final analysis. Excluding this sale, the high end of the range drops to \$657.72 per square foot.

As discussed, the subject is superior to Land Sale 4 at \$347.80 per square foot. The subject should accordingly achieve a higher price per square foot. It is inferior to the remaining sales. The low end of the remaining sales is \$474.98 per square foot. The subject should achieve a lower price per square foot than this sale.

After a thorough analysis, we have placed greatest reliance on Land Sales 5 and 6, with strong weight given to Land Sale 4. Therefore, we conclude that the indicated land value by the Sales Comparison Approach is:

LAND VALUE CONCLUSION	\$/SF Land
Indicated Value	\$425.00
Unit Measure	x 16,669
Indicated Value	\$7,084,283
Rounded to nearest \$50,000	\$7,100,000
\$/SF Land	\$425.94

Reconciliation

This appraisal employs the Sales Comparison Approach for the land. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that the approach undertaken would be considered meaningful and applicable in developing a credible value conclusion. A valuation summary is presented below.:

FINAL VALUE RECONCILIATION

Date of Value	As Is Value		
	September 30, 2016	\$/SF	\$/FAR
Land Valuation			
Overall Land Value	\$7,100,000	\$425.94	\$70.99
Final Value Conclusion	\$7,100,000	\$425.94	\$70.99

Market Value As Is

Based on the Scope of Work agreed to with the client, and as outlined in the report, we developed an opinion that the Market Value of the Fee Simple interest in the above property, "As Is" on September 30, 2016, was:

SEVEN MILLION ONE HUNDRED THOUSAND DOLLARS

\$7,100,000

Assumptions & Limiting Conditions

In consideration of the performance by Marshall & Stevens, Inc. (“M&S”) of the services specified on the terms specified in the Engagement Letter of which these General Contractual Conditions are a part, client agrees to the following general terms and conditions. The Engagement Letter and these General Contractual Conditions are collectively referred to as the “Agreement.”

1. Client represents and warrants that the person who authorized this engagement is empowered to do so and that information provided by or on behalf of client is true, accurate and complete in all material respects and may be relied upon by M&S.
2. The use of the report is conditioned upon the truth and accuracy of all client representations and warranties and performance by client of its obligations under this Agreement, including, without limitation, payment of all M&S' fees and expenses. The report may only be relied upon by the intended users of the report and may only be used for the intended uses specified in the Engagement Letter.
3. Unless specifically brought to our attention, we will assume there are no hidden or unexpected conditions that would adversely affect value. The presence of hazardous substances can create an actual or potential liability that may adversely affect marketability and value. In the development of our opinion of value, no consideration was given to such liability or its impact on value unless M&S was specifically retained to prepare an environmental or toxic contamination report. Except to the extent such a report was prepared by M&S, client releases M&S from any and all liability related in any way to environmental matters.
4. The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
5. The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. M&S assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.

Assumptions & Limiting Conditions

6. M&S's reports, the Marshall & Stevens name, and the name of any subcontractor, are not to be used outside the client's organization, without M&S's prior written approval, except for such copies as may be provided to client's auditors, legal counsel, or to representatives of applicable taxing authorities in the ordinary course. M&S will likewise preserve the confidential nature of information received from client in accordance with its established professional standards; provided, however, that M&S will be permitted to use client's name in its materials to identify client as a client of M&S.
7. M&S warrants that it performed its services in a professional manner in accordance with professional valuation standards. M&S makes no further warranty of any kind, express or implied. Client acknowledges that (i) it is not relying upon M&S for legal advice or for advice requiring specialized expertise, investigation or knowledge beyond that customarily employed by valuation professionals, (ii) M&S's services are not fiduciary in nature and (iii) M&S does not, by entering into this Agreement or performing services for client, assume, abridge, abrogate or undertake to discharge any duty of client to any other person. M&S specifically disclaims liability as an insurer or guarantor. M&S's liability under this Agreement, regardless of the legal theory asserted, is limited to the amount of the fee paid. Client acknowledges that M&S is a limited liability entity, and waives any right to make any claim against any affiliate, member, shareholder officer, director, or employee of M&S with respect to this Agreement.
8. Client agrees to defend, indemnify and hold harmless M&S, its affiliates, and their respective employees, directors, agents or subcontractors (collectively, the "M&S Parties") against all third party claims and any third party judgments, losses, damages or expenses relating to the performance, or non-performance, of services by M&S or any one or more M&S Parties under this Agreement.
9. If M&S, or any of its personnel, is requested or compelled to produce documents or testify with regard to the work performed, client agrees to reimburse M&S for all associated costs, including reasonable attorneys' fees, preparation and travel time, interview, deposition and court time and expenses, and to compensate M&S at M&S's then-existing rates for the time spent by M&S personnel.
10. In the event of a dispute involving interpretation or performance under this Agreement, the dispute will be determined through arbitration under the rules of commercial arbitration of the American Arbitration Association, the results of which shall be binding on all parties to this agreement. The arbitration shall be conducted in the city in which the M&S' office accepting this engagement is located. The party prevailing at the arbitration shall recover from the other party its costs and expenses, including attorneys', arbitrators' and stenographers' fees. Notwithstanding the above, M&S reserves the right to sue for its fees and expenses in civil court and, if it is made a party to any third-party litigation, to have its indemnification rights determined by the court hearing such action. In no event may any claim be brought against M&S more than one year after the date such services were performed or the date on which such services, it is claimed, should have been performed. Client consents to the jurisdiction and venue of any such court.

Assumptions & Limiting Conditions


11. This Agreement is to be interpreted under the laws of the state in which the M&S office accepting this engagement is located. It is the intent of the parties that this Agreement be interpreted in a fair and evenhanded manner, and without reference to any rule of interpretation placing responsibility for ambiguity or uncertainty upon the drafting party. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and may only be amended in a writing signed by both parties hereto.
12. No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
13. The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
14. The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of M&S is prohibited.
15. Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. M&S recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
16. If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and M&S, its employees and the Appraiser have no liability to such recipients. M&S disclaims any and all liability to any party other than the party that retained M&S to prepare the Report.
17. By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Anthony J. D'Angelo III, MAI made a personal inspection of the property that is the subject of this report. Patrick T. Craig, MAI, MRICS did not make a personal inspection of the property that is the subject of this report.
- Anthony J. D'Angelo III, MAI and Patrick T. Craig, MAI, MRICS have not not provided services regarding the subject property within the prior three years.
- No one provided significant real property appraisal assistance to the persons signing this report.

Certification of Appraisal

- As of the date of this report, Anthony J. D'Angelo III, MAI and Patrick T. Craig, MAI, MRICS have completed the continuing education program of the Appraisal Institute.



Anthony J. D'Angelo III, MAI
Managing Director
CA License No. AG008216
213.233.1541
tdangelo@marshall-stevens.com



Patrick T. Craig, MAI, MRICS
Executive Managing Director
212.897.9481
ptcraig@marshall-stevens.com

SECTION 4: ADDENDA

Land Sales Comparables

Apartment Development Site

Comparable 1

Sale Information

Buyer	1317 Hope LLC	
Seller	Ashok Saklecha	
Sale Date	9/13/2016	
Transaction Status	Recorded	
Sale Price	\$4,900,000	\$657.72 /SF Land
Analysis Price	\$4,900,000	\$657.72 /SF Land
Recording Number	1099609	
Rights Transferred	Fee Simple	
Conditions of Sale	Arm's-length	

Property

Land Area	0.171 Acres (7,450 SF)
Number of Parcels	1
Zoning	[Q] R5-2D-O
Shape	Rectangular
Topography	Level
Corner	No
Permitted FAR	6.00 (\$110/FAR/SF)
Proposed Land Use	38 Apartment Units over Ground Floor Retail



1317 S Hope St
Los Angeles, CA 90015

County
Los Angeles

Submarket
Downtown Los Angeles

APN
5134-011-031



Confirmation

Name	Samir Rai
Company	Keystone Realty Group
Phone Number	714-924-3677
Affiliation	Listing Broker

Remarks

This is a small development site in the South Park area. It is improved with an older one-story commercial building but is a redevelopment site that has approvals for a 6-story, 28,592 square-foot, mixed-use building with 38 apartments above ground floor retail space.

This site was purchased by a developer (FMB Development) for construction of the approved project. The developer is trying to build a residential brand (Ayala).

11-11-24837

319-323 West 5th Street/440-442 South Hill Street, Los Angeles, CA

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Development Site

Comparable 2

Sale Information

Buyer	WFBI LLC	
Seller	System Property Development Company Inc	
Sale Date	6/1/2016	
Transaction Status	Recorded	
Sale Price	\$31,000,000	\$571.68 /SF Land
Analysis Price	\$31,000,000	\$571.68 /SF Land
Recording Number	0628468	
Rights Transferred	Fee Simple	
Conditions of Sale	Arm's-length	

Property

Land Area	1.24 Acres (54,226 SF)
Number of Parcels	1
Zoning	RS-4
Shape	Rectangular
Topography	Sloping
Corner	Yes
Permitted FAR	6.00 (\$95/FAR/SF)
Proposed Land Use	Colburn School Expansion



130 S Olive St
Los Angeles, CA 90012

County
Los Angeles

Submarket
Downtown Los Angeles

APN
5149-010-034



Confirmation

Name	Public Records and 3rd Party
Affiliation	Public Records and 3rd Party
Date	7/29/2019

Remarks

This is a site in the Bunker Hill District of Downtown Los Angeles. It is at the northwest corner of Olive Street and 2nd Street. The site is part of the Grand Avenue project. The project is largely owned/controlled by the Related Cos. (this site was not owned/controlled by Related). The project was originally planned to include 2,660 residential units (including 532 affordable units), 449,000 SF of retail space, and up to 275 hotel rooms. The current plans are for 400 residential units (including 80 affordable units), 176,000 SF of retail space, and 305 hotel rooms. The property was improved with a surface parking lot at the time of sale. The site is in a -4 Height District, which allows a density of 6.0 FAR.

The site was acquired by the Colburn School for a 200,000 SF expansion of their facilities (to include classroom and residential space). There were no approvals at the time of sale other than existing approvals for the larger Grand Avenue project.

11-11-24837

319-323 West 5th Street/440-442 South Hill Street, Los Angeles, CA

marshall

stevens

Residential Development Site

Comparable 3

Sale Information

Buyer	Full Star Properties LLC	
Seller	Amacon Hope LP	
Sale Date	3/1/2016	
Transaction Status	Recorded	
Sale Price	\$25,500,000	\$891.39 /SF Land
Analysis Price	\$25,500,000	\$891.39 /SF Land
Recording Number	0219603	
Rights Transferred	Fee Simple	
Conditions of Sale	Arm's-length	

Property

Land Area	0.6567 Acres (28,607 SF)
Number of Parcels	4
Zoning	[Q] R5-4D-O
Shape	Rectangular
Topography	Level
Corner	No
Permitted FAR	6.00 (\$149/FAR/SF)
Proposed Land Use	208 Residential Condominium Units with Ground Floor Retail Space



1133 S Hope Street
Los Angeles, CA 90015

County
Los Angeles

Submarket
Downtown Los Angeles

APN
5138-014-004 thru 007



Confirmation

Name	Mark Tarczynski
Company	Colliers
Phone Number	213-532-3278
Affiliation	Knowledgeable Third Party

Remarks

This site is located in the South Park area. It is two blocks east of Staple Center. The site is improved with a surface parking lot. At the time of sale, it was entitled for a 208-unit residential condominium project with ground floor retail space.

This site was purchased to construct the entitled development.

11-11-24837

319-323 West 5th Street/440-442 South Hill Street, Los Angeles, CA

marshall

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Por. of Residential Development Site

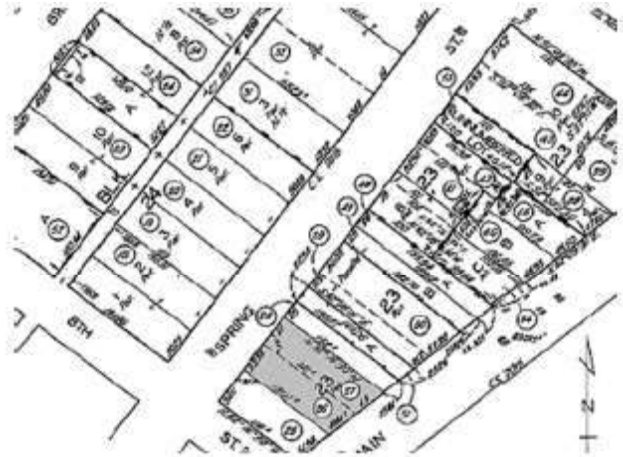
Comparable 4

Sale Information

Buyer	732 Spring LLC	
Seller	Main Spring Development LLC	
Sale Date	2/4/2016	
Transaction Status	Recorded	
Sale Price	\$4,000,000	\$347.80 /SF Land
Analysis Price	\$4,000,000	\$347.80 /SF Land
Recording Number	0131377	
Rights Transferred	Fee Simple	
Conditions of Sale	Arm's-length	

Property

Land Area	0.264 Acres (11,501 SF)
Number of Parcels	2
Zoning	C2-4D
Shape	Trapezoid
Topography	Level
Corner	No
Permitted FAR	6.00 (\$58/FAR/SF)
Proposed Land Use	Por. of 308-Unit Apartment Building with Ground Floor Retail



746-750 S Spring Street
Los Angeles, CA 90014

County
Los Angeles

Submarket
Downtown Los Angeles

APN
5144-015-026, -027



Confirmation

Name	CoStar/Public Records
Affiliation	CoStar/Public Records

Remarks

This site is located in the northeast portion of the South Park area. It is in a transitional area. The site is improved with a surface parking lot.

During the escrow, the buyer entitled the site (along with the adjacent property) for a 308-unit residential project with ground floor retail space.

Residential Development Site

Comparable 5

Sale Information

Buyer	Heart Olive LLC	
Seller	South Grand Pacific Parking LI	
Sale Date	5/21/2015	
Transaction Status	Recorded	
Sale Price	\$4,633,000	\$474.98 /SF Land
Analysis Price	\$4,633,000	\$474.98 /SF Land
Recording Number	0596263	
Rights Transferred	Fee Simple	
Conditions of Sale	Arm's-length	

Property

Land Area	0.2239 Acres (9,754 SF)
Number of Parcels	1
Zoning	[Q]RS-4D
Shape	Rectangular
Topography	Level
Corner	No
Proposed Land Use	205-Unit Apartment Building with Ground Floor Retail



842 S Grand Avenue
Los Angeles, CA 90017

County
Los Angeles

Submarket
Downtown Los Angeles

APN
5144-019-007



Confirmation

Name	CoStar/Public Records
Affiliation	CoStar/Public Records

Remarks

This site is located in the South Park area. It is one block north of the Fashion Institute of Design and Merchandising (FIDM) school. The site is improved with a surface parking lot. The buyer owned an adjacent site to the east and purchased this property for residential development.

The buyer owned an adjacent 15,701 SF property (APN 5144-019-021) that was purchased in December 2014 for \$7,500,000, or \$477.68/SF. After the purchase, the buyer obtained development approvals for a 29-story, 205-unit apartment building with ground floor retail space.

Development Site

Comparable 6

Sale Information

Buyer	1045 Olive, LLC	
Seller	Richard Berenzweig Trust	
Sale Date	1/14/2015	
Transaction Status	Recorded	
Sale Price	\$11,500,000	\$502.58 /SF Land
Analysis Price	\$11,500,000	\$502.58 /SF Land
Recording Number	0048828	
Rights Transferred	Fee Simple	
Conditions of Sale	Arm's-length	

Property

Land Area	0.5253 Acres (22,882 SF)
Number of Parcels	3
Zoning	[Q]RS-4D
Shape	Rectangular
Topography	Level
Corner	Yes
Permitted FAR	6.00 (\$84/FAR/SF)
Proposed Land Use	Multifamily Residential



1045-1057 S Olive St
Los Angeles, CA 90015

County
Los Angeles

Submarket
Downtown Los Angeles

APN
5139-010-009, -010, -011



Confirmation

Name	Anita Artukovich
Company	Lee & Associates
Phone Number	323-767-2103
Affiliation	Listing Broker

Remarks

This is a development site at the northwest corner of Olive Street and 11th Street. It is in the South Park area. At the time of sale, the site was improved with several older retail/commercial buildings. The buildings did not contribute to the land value.

This property was acquired as part of an assemblage. The buyer is planning a 751,777 SF, 70-story, 794-unit tower with 12,504 SF of ground floor commercial space on a 57,829 SF site.

11-11-24837

319-323 West 5th Street/440-442 South Hill Street, Los Angeles, CA

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Legal Description

11-11-24837
319-323 West 5th Street/440-442 South Hill Street, Los Angeles, CA

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Property Detail Report

For Property Located At :
319 W 5TH ST, LOS ANGELES, CA 90013



Record #: 1

Owner Information			
Owner Name:	JMF ENTERPRISES V LLC		
Mailing Address:	448 S HILL ST #406, LOS ANGELES CA 90013-1131 C051		
Vesting Codes:	// CO		
Location Information			
Legal Description:	ORD'S SURVEY LOT COM ON NE LINE OF FIFTH ST SE 131.75 FT FROM SE LINE OF HILL ST TH SE ON SD NE LINE 33.25 FT TH NE 201.06 MORE OR LESS FT TH N S2 23'30" W 33.25 FT TH SW TO BEG PART OF LOTS 6 AND LOT 7		
County:	LOS ANGELES, CA	APN:	5149-026-007
Census Tract / Block:	2073.01 / 2	Alternate APN:	
Township-Range-Sect:		Subdivision:	ORDS SURV
Legal Book/Page:		Map Reference:	44-03 /
Legal Lot:	7	Tract #:	
Legal Block:	11	School District:	LOS ANGELES
Market Area:	C42	School District Name:	LOS ANGELES
Neighbor Code:		Munic/Township:	
Owner Transfer Information			
Recording/Sale Date:	/	Deed Type:	
Sale Price:		1st Mtg Document #:	
Document #:			
Last Market Sale Information			
Recording/Sale Date:	09/21/2004 / 08/30/2004	1st Mtg Amount/Type:	\$650,000 / CONV
Sale Price:	\$950,000	1st Mtg Int. Rate/Type:	/ FIXED
Sale Type:		1st Mtg Document #:	2419767
Document #:	2419766	2nd Mtg Amount/Type:	/
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type:	/
Transfer Document #:		Price Per SqFt:	
New Construction:		Multi/Spilt Sale:	
Title Company:	FIDELITY TITLE		
Lender:	ISRAEL DISCOUNT BK/ NY		
Seller Name:	REINSTEIN RUTH		
Prior Sale Information			
Prior Rec/Sale Date:	06/20/1975 /	Prior Lender:	
Prior Sale Price:	\$135,000	Prior 1st Mtg Amt/Type:	/
Prior Doc Number:		Prior 1st Mtg Rate/Type:	/
Prior Deed Type:	DEED (REG)		
Property Characteristics			
Year Built / Eff:	/	Total Rooms/Offices:	
Gross Area:		Total Restrooms:	
Building Area:		Roof Type:	
Tot Adj Area:		Roof Material:	
Above Grade:		Construction:	
# of Stories:		Foundation:	
Other Improvements:	Building Permit	Exterior wall:	
		Basement Area:	
Garage Area:			
Garage Capacity:			
Parking Spaces:			
Heat Type:			
Air Cond:			
Pool:			
Quality:			
Condition:			
Site Information			
Zoning:	LAC2	Acres:	0.15
County Use:	VACANT COMMERCIAL (100V)		
Lot Area:	6,464	Lot Width/Depth:	x
Land Use:	COMMERCIAL LOT	Commercial Units:	
State Use:		Water Type:	
Site Influence:		Sewer Type:	
Building Class:			
Tax Information			
Total Value:	\$1,210,827	Assessed Year:	2019
Land Value:	\$1,210,827	Improved %:	
Improvement Value:		Tax Year:	2018
Property Tax:	\$15,539.68	Tax Area:	13264
Total Taxable Value:	\$1,210,827	Tax Exemption:	

Property Detail Report

For Property Located At :
440 S HILL ST, LOS ANGELES, CA 90013



Record #: 2

Owner Information		
Owner Name:	JMF ENTERPRISES V LLC	
Mailing Address:	448 S HILL ST #406, LOS ANGELES CA 90013-1131 C051 C/O JEFFREY FISH	
Vesting Codes:	// CO	
Location Information		
Legal Description:	LOT COM AT MOST W COR OF LOT B RESUB OF A PORTION OF BLK 11 ORD'S SURVEY TH NE ON SE LINE OF HILL ST 36 FT WITH A UNIFORM DEPTH OF 131.75 FT & 52'23"30" E PART OF LOT 7 BLK 11 ORD'S SURVEY AS PER SURVEY AS PER BK 5 PG 174 OF MAPS	
County:	LOS ANGELES, CA	APN: 5149-026-009
Census Tract / Block:	2073.01 / 2	Alternate APN:
Township-Range-Sect:		Subdivision: ORDS SURV
Legal Book/Page:		Map Reference: 44-03 /
Legal Lot:	B	Tract #:
Legal Block:	11	School District: LOS ANGELES
Market Area:	C42	School District Name: LOS ANGELES
Neighbor Code:		Munic/Township:
Owner Transfer Information		
Recording/Sale Date:	/	Deed Type:
Sale Price:		1st Mtg Document #:
Document #:		
Last Market Sale Information		
Recording/Sale Date:	01/26/2005 / 01/25/2005	1st Mtg Amount/Type: \$950,000 / PRIVATE PARTY
Sale Price:	\$1,750,010	1st Mtg Int. Rate/Type: / FIXED
Sale Type:		1st Mtg Document #: 186130
Document #:	186129	2nd Mtg Amount/Type: /
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type: /
Transfer Document #:		Price Per SqFt:
New Construction:		Multi/Spilt Sale: MULTIPLE
Title Company:	CHICAGO TITLE INS CO	
Lender:	PRIVATE INDIVIDUAL	
Seller Name:	SYSTEM PROPERTY DEV CO INC	
Prior Sale Information		
Prior Rec/Sale Date:	09/30/1998 / 12/23/1997	Prior Lender:
Prior Sale Price:	\$200,000	Prior 1st Mtg Amt/Type: /
Prior Doc Number:	1782407	Prior 1st Mtg Rate/Type: /
Prior Deed Type:	GRANT DEED	
Property Characteristics		
Year Built / Eff:	/	Total Rooms/Offices:
Gross Area:		Total Restrooms:
Building Area:		Roof Type:
Tot Adj Area:		Roof Material:
Above Grade:		Construction:
# of Stories:		Foundation:
Other Improvements:	Building Permit	Exterior wall:
		Basement Area:
		Garage Area:
		Garage Capacity:
		Parking Spaces:
		Heat Type:
		Air Cond:
		Pool:
		Quality:
		Condition:
Site Information		
Zoning:	LAC2	Acres: 0.11
County Use:	VACANT COMMERCIAL (100V)	
Lot Area:	4,805	Lot Width/Depth: 36 x 132
Land Use:	COMMERCIAL LOT	Commercial Units:
Site Influence:		Sewer Type:
Tax Information		
Total Value:	\$1,040,887	Assessed Year: 2019
Land Value:	\$1,040,887	Improved %:
Improvement Value:		Tax Year: 2018
Total Taxable Value:	\$1,040,887	Property Tax: \$12,886.77
		Tax Area: 13264
		Tax Exemption:

Property Detail Report

For Property Located At :
321 W 5TH ST, LOS ANGELES, CA 90013



Record #: 3

Owner Information		
Owner Name:	JMF ENTERPRISES V LLC	
Mailing Address:	448 S HILL ST #406, LOS ANGELES CA 90013-1131 C051	
Vesting Codes:	// CO	
Location Information		
Legal Description:	ORD'S SURVEY LOT ON NE LINE OF FIFTH ST COM SE 100 FT FROM SE LINE OF HILL ST TH NE 164.37 FT TH S 52 23'30" E 31.75 FT TH SW TO NE LINE OF FIFTH ST TH NW THEREON 31.75 FT TO BEG PART OF LOTS 6 AND LOT 7	
County:	LOS ANGELES, CA	APN: 5149-026-011
Census Tract / Block:	2073.01 / 2	Alternate APN:
Township-Range-Sect:		Subdivision: ORDS SURV
Legal Book/Page:		Map Reference: 44-D3 /
Legal Lot:	7	Tract #:
Legal Block:	11	School District: LOS ANGELES
Market Area:	C42	School District Name: LOS ANGELES
Neighbor Code:		Munic/Township:
Owner Transfer Information		
Recording/Sale Date:	/	Deed Type:
Sale Price:		1st Mtg Document #:
Document #:		
Last Market Sale Information		
Recording/Sale Date:	01/26/2005 / 01/25/2005	1st Mtg Amount/Type: \$950,000 / PRIVATE PARTY
Sale Price:	\$1,750,010	1st Mtg Int. Rate/Type: / FIXED
Sale Type:		1st Mtg Document #: 186130
Document #:	186129	2nd Mtg Amount/Type: /
Deed Type:	GRANT DEED	2nd Mtg Int. Rate/Type: /
Transfer Document #:		Price Per SqFt:
New Construction:		Multi/Spilt Sale: MULTI
Title Company:	CHICAGO TITLE INS CO	
Lender:	PRIVATE INDIVIDUAL	
Seller Name:	SYSTEM PROPERTY DEV CO INC	
Prior Sale Information		
Prior Rec/Sale Date:	03/24/2003 / 03/21/2003	Prior Lender:
Prior Sale Price:		Prior 1st Mtg Amt/Type: /
Prior Doc Number:	822504	Prior 1st Mtg Rate/Type: /
Prior Deed Type:	GRANT DEED	
Property Characteristics		
Year Built / Est:	/	Total Rooms/Offices:
Gross Area:		Total Restrooms:
Building Area:		Roof Type:
Tot Adj Area:		Roof Material:
Above Grade:		Construction:
# of Stories:		Foundation:
Other Improvements:	Building Permit	Exterior wall:
		Basement Area:
		Garage Area:
		Garage Capacity:
		Parking Spaces:
		Heat Type:
		Air Cond:
		Pool:
		Quality:
		Condition:
Site Information		
Zoning:	LAC2	Acres: 0.12
County Use:		VACANT COMMERCIAL (100V)
Lot Area:	5,392	Lot Width/Depth: x
Land Use:	COMMERCIAL LOT	Commercial Units:
State Use:		Water Type:
Site Influence:		Building Class:
		Sewer Type:
Tax Information		
Total Value:	\$1,145,849	Assessed Year: 2019
Land Value:	\$1,145,849	Improved %:
Improvement Value:		Tax Year: 2018
Total Taxable Value:	\$1,145,849	Property Tax: \$14,994.33
		Tax Area: 13264
		Tax Exemption:

11-11-24837

319-323 West 5th Street/440-442 South Hill Street, Los Angeles, CA

marshall

stevens

Marshall & Stevens Professional Qualifications

HISTORY

The Marshall & Stevens organization was established in 1932. Founded by innovators, we have remained a firm of innovators, pioneering new concepts to provide realistic solutions to unique valuation issues. Since inception, we have grown in size, stature, and reputation.

A national leader in the field of professional appraisal and valuation consulting, Marshall & Stevens' practice encompasses all types of tangible and intangible property, serving a variety of business, tax, and financial requirements.

Members of the firm have been expert witnesses in a significant number of landmark court decisions regarding valuation issues.

WE SERVE

Marshall & Stevens' clients include many of the nation's most distinguished corporations, institutions, and government agencies.

The firm also serves the appraisal and valuation consulting needs of individual entrepreneurs, commerce and industry, health and educational institutions, land developers, taxing authorities, and local, state, and federal governments, as well as foreign industries and governments throughout the world.

The work Marshall & Stevens prepares is regularly reviewed and accepted by national and international corporations, their law, audit, financing and insurance firms, as well as government and regulatory agencies. We are recognized for the quality of our work, independence, and the ability to substantiate our conclusions.

WE COUNSEL

Marshall & Stevens' consultants work closely with trusted advisors, agencies and enterprises.

ACCOUNTANTS & FINANCIAL CONSULTANTS: Transaction consulting and due diligence, allocation of purchase price, impairment and financial reporting issues, property records and control, return on investments, and values for financing.

ATTORNEYS: Estate planning and reporting, shareholder dispute, issues of fairness and solvency, bankruptcy and restructuring, eminent domain and condemnation proceedings, ad valorem and IRC Sections 482, 861, and 6038A tax problems, as well as other tax-related services and litigation support.

BANKERS & TRUST OFFICERS: Financing valuations estate tax reporting, gift tax deductions, and difficulties evolving from stewardship of property via trust and estate services.

CORPORATE OFFICERS: Transaction consulting and due diligence, fairness and solvency opinions, allocation of purchase price, impairment testing and other financial reporting services, tax reporting valuations, financing, ESOPs, capital asset review and evaluation services, valuation of closely held stock, insurance placement, condemnation, property economics, useful life determination, and cash flow studies involving segregation of IRC Section 1245 property from the capitalized costs of buildings, as well as inbound and outbound transfer pricing analyses under IRC Section 482.

GOVERNMENT AGENCIES: Valuation of property administered by agencies of the government; eminent domain; public highways, urban renewal, public parks, and easements valuations; guidance in disposition of major facilities; and valuation consulting to state and local property assessors.

INSURANCE AGENTS, BROKERS, ADVISORS, & COMPANIES: Valuation of assets for insurance placement purposes, proper valuation of varying assets for rate-making purposes, and assistance at the time of casualty to prove the amount of loss.

MANAGEMENT CONSULTANTS: Feasibility studies, plant site selection, underwriters' surveys, analyses in acquisition studies, and areas where property economics become a part of the management consultant's contracted services.

WE VALUE

BUSINESS ENTERPRISES, PARTIAL INTERESTS, AND EQUITY INVESTMENTS: Large, medium, and small public and private corporations, LLCs and partnerships (whole or fractional); options, futures, and other derivatives; capital stock and ESOPs.

REAL ESTATE AND IMPROVEMENTS: Industrial, commercial, and multifamily properties and developments; hotels, hospitals, schools, and institutional and public property; undeveloped acreage; farmland and ranch lands; large government tracts; land improvements such as paving, railroad sidings, and water, sewerage, and drainage systems; and property rights such as rights-of-way, easements, nonconforming use, water, air access.

INTANGIBLES: Patents, software, intellectual property, IPR&D and other technology, contracts, customer lists, licenses, franchises, trademarks, trade names, goodwill, agreements, processes, rights, subscription lists and financial instruments including auction rate securities, derivatives and interest rate swaps.

MACHINERY AND EQUIPMENT: Machinery, equipment, fixtures and furniture, special purpose facilities and processing plants, vehicles, plant piping and wiring, cranes and hoists, conveyors, signs, mobile equipment, patterns, drawings, dies, jigs, and fixtures.

OPINIONS & ADVISORY: Fairness and solvency opinions, transaction advisory and due diligence, litigation support, and corporate finance.

QUALITY VALUATION
QUALITY DECISION MAKING
INDEPENDENCE & INTEGRITY

Professional Qualifications

Patrick T. Craig, MAI, MRICS

PRESENT POSITION

Mr. Craig is Executive Managing Director of the Real Estate Valuation Group of Marshall & Stevens Incorporated. Responsibilities include national oversight of real estate valuation personnel and strategic growth initiatives designed to maximize synergy amongst our other valuation disciplines on behalf of our growing client base. Mr. Craig was appointed to the Senior Management Team of Marshall & Stevens in 2015, and was appointed Chair of the firm's Business Innovation Committee in 2015. Mr. Craig was appointed head of the New York Office of Marshall & Stevens in 2017.

EXPERIENCE

Mr. Craig has over 32 years of experience in the real estate business involving valuation of single assets or portfolios, serving clients in the financial services, banking, REIT, insurance, legal, accounting, audit, corporate, development, pension and asset management sectors. His experience includes valuation and consulting for proposed and existing real estate projects and real estate portfolios including: office, industrial, apartment, retail, hotel, mixed-use, self-storage and community facility uses. Mr. Craig also provides dispute resolution and litigation support services and has been involved in matters related to damage claims, marital proceedings, tax certiorari and valuation disputes.

EMPLOYMENT

Mr. Craig entered the real estate business in 1986. Prior to joining Marshall & Stevens, he led the Northeast valuation practice for Colliers International, while running the firm's Portfolio Valuation Group and Business Innovation Committee, and serving on the firm's Global Leadership Team. Prior to Colliers International, he spent almost two decades with Cushman & Wakefield serving in numerous leadership roles including co-leader of its Portfolio Valuation Group, as Chairman of the firm's Business Innovation Committee, and as a member of the Global Business Initiatives Council. Prior to Cushman & Wakefield, he held real estate appraisal positions at Dorman & Wilson and European American Bank.

EDUCATION

Mr. Craig earned a BA in Economics from University of Massachusetts, Amherst.

PROFESSIONAL AFFILIATIONS

Mr. Craig holds the MAI designation from the Appraisal Institute; and the MRICS designation from the Royal Institute of Chartered Surveyors. He served on the Board of Directors for the NY Chapter of the Appraisal Institute. He is a member of the Real Estate Board of New York and the National Council of Real Estate Investment Fiduciaries.

PROFESSIONAL LICENSING

Mr. Craig is currently licensed as a Certified General Real Estate Appraiser in: New York, New Jersey, Connecticut, Pennsylvania, Georgia, Florida, Michigan, Virginia, Illinois, Iowa and Minnesota.

TESTIMONY

Mr. Craig has been a designated expert in the Nassau County Supreme Court, U.S. Bankruptcy Court, Court of Common Pleas Erie County PA, Cook County Circuit Court, the 15th Judicial Court of Palm Beach County, and County of Los Angeles Assessment Appeals Board.

TESTIMONY (continued)

Below is a listing of matters whereby Mr. Craig has supplied expert reports and/or testimony:

- Five Mile Capital Westin North Shore SPE LLC v. Berkadia Commercial Mortgage, LLC, et al.
Circuit Court of Cook County, Illinois (Case: 12 CH 10805 Law Division)
Damages case, Expert Rebuttal Reports, Depositions, Trial Testimony
- Cragar Properties, LLC v. County of Los Angeles Assessment Appeals Board
Los Angeles County Assessment Appeals Board
Expert Report, Settlement Meeting, Case Ongoing
- Burton Handelsman v. Lucille Handelsman (Matrimonial)
Palm Beach County, Florida, Fifteenth Judicial Court
Expert Reports, Deposition, Case Settled
- Erie Indemnity Company v. Erie Board of Assessment Appeals
Court of Common Pleas of Erie County, PA
Expert Reports, Trial Strategy, Trial Prep, Case Settled
- Burman v. Burman (Matrimonial)
Nassau County Supreme Court
Expert Reports, Deposition, Trial Testimony

Anthony J. D'Angelo III, MAI

PRESENT POSITION

Mr. D'Angelo is a Managing Director in the Real Estate Valuation Group of Marshall & Stevens Incorporated Los Angeles office.

EXPERIENCE

Mr. D'Angelo has 34 years experience appraising commercial real estate including land, multifamily residential, retail, office, hotel, industrial, and special purpose properties. Mr. D'Angelo has appraised a number of filmed entertainment studios. He has focused on complex assets and/or valuation issues. Valuations have been completed for transactional purposes, financial (and other) reporting, and to assist in dispute resolution.

EMPLOYMENT

Mr. D'Angelo joined Marshall & Stevens Incorporated in 2019. He was employed at Colliers, International as a Senior Valuation Services Director and member of the Hospitality and Leisure Group from 2015 to 2019. Prior to Colliers, Mr. D'Angelo was employed by CBRE from 1987 to 2015, leaving as a Vice President. He entered the valuation profession at Laventhol and Horwath where he was employed as a Real Estate Analyst from 1985 to 1987.

EDUCATION

Mr. D'Angelo earned a Bachelor of Science Degree in Business Administration with a major in Real Estate from the University of Connecticut in 1985. He has taken multiple courses and attended numerous seminars on appraisal theory and practices since graduation.

PROFESSIONAL AFFILIATIONS

Mr. D'Angelo holds the MAI designation from the Appraisal Institute.

PROFESSIONAL LICENSING

Mr. D'Angelo is currently licensed as a Certified General Real Estate Appraiser in California, New Mexico, and Georgia.

PUBLICATIONS/PRESENTATIONS

Mr. D'Angelo was on a panel discussing the valuation of filmed entertainment studios at the Southern California Chapter of the Appraisal Institute's 2015 Summer Education Conference.

TESTIMONY

Mr. D'Angelo has testified in Los Angeles County Assessor's Court, been a neutral third appraiser in arbitration, and has given declarations in court cases.

Appraiser License



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

Anthony J. D'Angelo

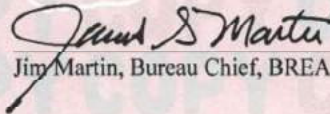
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“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 008216

Effective Date: October 12, 2018
Date Expires: October 11, 2020


Jim Martin, Bureau Chief, BREA

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