

APPRAISAL REVIEW

G2 PARCEL – TAYLOR YARD
2850 KERR STREET
LOS ANGELES, CALIFORNIA 90039



**R. P. LAURAIN
& ASSOCIATES**
INCORPORATED

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January 9, 2017

Brian Gibson
Senior Land Agent
Department of Fish and Wildlife
Wildlife Conservation Board
1416 9th Street, Suite 1266
Sacramento, California 95814

Subject: Appraisal Review
G2 Parcel – Taylor Yard
2850 Kerr Street
Los Angeles, California 90039

Mr. Gibson:

In accordance with your request and authorization, I have personally completed an Appraisal Review of the formal appraisal report pertaining to the above-referenced property, prepared by Beth B. Finestone, MAI, AI-GRS, FRICS, CRE, of Integra Realty Resources Los Angeles (Integra), dated December 12, 2016, and bearing an effective date of value of October 30, 2016.

The purpose of the appraisal review study is to express comments and develop opinions regarding (1) the completeness of the appraisal report under review, (2) the adequacy and relevancy of the data, and any adjustments to said data, (3) the appropriateness of the appraisal methods and techniques, (4) whether the analyses, opinions and value conclusions are appropriate and reasonable, and (5) conformance of the appraisal report under review with the Uniform Standards of Professional Appraisal Practice (USPAP) and specifications established by the State of California.

The Appraisal Review has been prepared as a technical field review. A field review generally involves a thorough review of the information and analysis contained in the appraisal report under review, and a careful examination of the internal logic and consistency, as well as an exterior inspection of the subject property and the comparable sale and/or rental properties utilized in the appraisal report under review. The field review also includes an independent verification and analyses of the appropriateness and completeness of the market data and other relevant data utilized in the appraisal report under review.

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The appraisal report under review indicates that the purpose of the appraisal is “to determine the fair market value of a proposed multipurpose easement over a portion of the subject property. The easement will limit the use of the property to open space, restoration, and recreation/public access uses.” The intended use of the Integra appraisal report is for easement acquisition purposes. The intended users are the California Department of Fish and Wildlife, the City of Los Angeles, and the Santa Monica Mountains Conservancy.

In the before condition, the subject property contains 1,807,087 gross square feet, or 41.485 gross acres of land area, and is zoned a combination of light industrial, heavy industrial, and public facilities. Further, note that certain portions of the site are encumbered with pre-existing easements, certain of which result in uneconomic remainder parcels at portions of the larger parcel. The Integra report appropriately deducts the value impact of the pre-existing easements and uneconomic remnant parcels from the otherwise fee simple land value of the subject larger parcel. The Integra appraisal report adequately demonstrates that the highest and best use of the subject property is industrial development.

In the after condition, the northerly portion of the subject property will be encumbered with the proposed multipurpose easement containing 15 acres of land area. The final location of the multipurpose easement has not been determined and the Integra report indicates that the appraisers were instructed to assume the 15-acre multipurpose easement does not overlap any pre-existing easements or areas identified as uneconomic remnants.

The documentation and valuation analyses in the Integra appraisal report under review are appropriate and adequately supported; the valuation conclusion is deemed reasonable, credible, and in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP), as well as the specifications established by the State of California.

It should be clearly understood, however, that four extraordinary assumptions, and one hypothetical condition have been employed in the Integra appraisal report which, if found to be false, may impact the value conclusions in the Integra report. This appraisal review, therefore, incorporates by reference the extraordinary assumptions and hypothetical condition, as set forth in the Integra appraisal report, as follows:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We have been instructed to assume that the City of Los Angeles has completed a purchase of the subject property from UPRR and that the purchase price was based on a property value (after environmental remediation pursuant to an approved Remedial Action Plan for industrial use) of \$59,315,000.
2. We have been instructed to assume that soil conditions, including potential liquefaction, flood classification and water table are adequate to support redevelopment.
3. We have been instructed to assume that the subject property is a legally recorded parcel as identified in the ALTA Survey provided to us. The ALTA/ACSM Land Title Survey was prepared by Surveying & Drafting Services, Inc. and is dated June 4, 2014. The subject, identified as Parcel G2 that contains 41.485 gross acres or 1,087,082 gross square
4. We have been instructed to assume that the proposed multipurpose easement impacting the subject site is 15 acres and that it does not overlap with any of the preexisting easements impacting the subject site, nor does it overlap with any of the areas we have identified as uneconomic remainders (remnants) caused by the preexisting easements. The diagram included in this report that identifies the location of the proposed multipurpose easement is an approximation based on our conversations with our client. It should be noted that if the location or size of the easement changes such that it overlaps with the preexisting easements, causes a lack of access to the site, creates new uneconomic remnants on the larger parcel, or results in an inferior shape to the nonimpacted portion of the site as compared to the before condition, then the value for the proposed easement will need to be reevaluated.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. To value the proposed multi-purpose easement, we have valued the subject in the before and after condition. In the before condition, we have assumed that the subject is already environmentally remediated to industrial standards. This assumption is tied to extraordinary assumption number 1 above.

Based on the review of the subject appraisal report, the undersigned accepts and approves the appraisal report, and estimate of fair market value of the multipurpose easement stated therein, subject to the extraordinary assumptions and hypothetical condition set forth in the Integra report, of:

Value Conclusion

Value Premise	Interest Appraised	Date of Value	Value Conclusion *
Fair Market Value	Proposed Multipurpose Easement - 15 Acres	October 30, 2016	\$32,343,300
Fair Market Value/SF	Proposed Multipurpose Easement - 15 Acres	October 30, 2016	\$49.50

* Please refer to extraordinary assumption number 4.

Brian Gibson
Senior Land Agent
Department of Fish and Wildlife
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It should be clearly understood by the reader and intended users of the Integra report, and this Appraisal Review, that the underlying land value of the subject property in the before condition of \$78,230,700 does not represent the current "as-is" land value, as presently contaminated. Said land value assumes the site has been remediated to applicable industrial standards as of a current date.

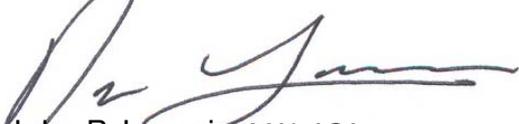
As such, the resultant market value of the proposed multipurpose easement of \$32,343,300 likewise assumes the larger subject site has been remediated, as of a current date. The foregoing extraordinary assumptions are employed, per the instructions to the appraiser, and are acceptable given that the stated remediation cost estimates were provided by the City of Los Angeles, being the current buyer (assumed owner) and an intended user of the report. It should be clearly understood, however, that if remediation efforts (to industrial standards) are not completed the indicated value of the larger parcel, and market value of the multipurpose easement, as set forth in the Integra report, would be erroneous.

The reader is referred to the Preface and Appraisal Review Sections in the following portion of this report. There are no revision requirements for the formal appraisal report which is the subject of this review.

This Appraisal Review has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and specifications established by the State of California. A single copy of this Appraisal Review is submitted, plus as an electronic PDF copy; a file copy has been retained. If you have any questions it would be appreciated if you would contact the undersigned at your convenience.

Very truly yours,

R. P. LAURAIN & ASSOCIATES, INC.



John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
JPL:cl

PREFACE

APPRAISAL REPORT REVIEWED

APPRAISAL FIRM: Integra Realty Resources Los Angeles

APPRAISER: Beth B. Finestone, MAI, AI-GRS, FRICS, CRE

TYPE OF REPORT: Appraisal Report (narrative) in accordance with USPAP Standard 2-2(a).

INTENDED USERS: California Department of Fish and Wildlife, City of Los Angeles, Santa Monica Mountains Conservancy, and the State of California.

INTENDED USE: Easement acquisition purposes.

EFFECTIVE DATE OF VALUE: October 30, 2016

DATE OF REPORT: December 12, 2016

PROPERTY ADDRESS: G2 Parcel – Taylor Yard
2850 Kerr Street
Los Angeles, California 90039

ASSESSOR’S PARCEL NO.: 5442-002-823 and 824; 5445-004-803 (portion)

APPARENT VESTEE: Union Pacific Railroad Company

LAND SIZE: The larger parcel contains 41.485 acres.
The proposed easement contains 15 acres.

PRESENT USE: Effectively vacant land (former rail yard).

HIGHEST AND BEST USE: Light industrial/creative office use.

PROPERTY RIGHTS: Multipurpose easement over portion of site.

MARKET VALUE (EASEMENT): \$32,343,300.

REVIEW APPRAISAL

REVIEW APPRAISAL FIRM: R. P. Laurain & Associates, Inc.

REVIEW APPRAISER: John P. Laurain, MAI, ASA

DATE OF REVIEW: January 9, 2017

TYPE OF REVIEW: Technical field review

PURPOSE OF THE REVIEW APPRAISAL

The purpose of this review appraisal report is to develop an opinion of the appraisal under review pertaining to the fair market value of the subject property based on a full fee acquisition as to (1) the completeness of the appraisal report under review, (2) the adequacy and relevancy of the market data and any adjustments thereto, (3) the appropriateness of the appraisal methods and techniques, as well as any reasons for disagreement of said method and techniques, (4) whether the analyses, opinions, and conclusions in the appraisal report are appropriate and reasonable, and to develop any reasons for disagreement thereof, and (5) conformance of the appraisal report to the Uniform Standards of Professional Appraisal Practice (USPAP).

The review appraisal is also intended to report whether the appraised values contained in the appraisal under review are (1) accepted and approved as to the Market Value estimate, (2) accepted as meeting all requirements, but not approved as the recommended amount of Market Value, or (3) not accepted due to a failure to meet applicable requirements and/or the value opinion is not considered adequately supported.

Further, it is the purpose of this review appraisal report to provide an outline of certain factual and inferential information which was compiled and considered in the process of reviewing the appraisal report.

INTENDED USER OF REVIEW APPRAISAL

It is understood that the intended user of this review appraisal will be the California Department of Fish and Wildlife, the City of Los Angeles, the Santa Monica Mountains Conservancy, and the State of California.

INTENDED USE OF REVIEW APPRAISAL

The review appraisal will be utilized by the intended users to determine if the appraisal report under review is complete, adequately supported, and credible, and to evaluate the support and reasonableness of valuation conclusion(s) and final estimate of fair market value set forth in the appraisal under review.

CERTIFICATION

The undersigned does hereby certify that:

I have completed a technical field review of the appraisal report under review; the review appraiser conducted an on-site inspection of the subject property and inspected the comparable sale properties from the adjacent or nearby public rights-of-way. I have independently verified and analyzed the appropriateness and completeness of the market data presented in the appraisal report under review. I have no personal interest or bias with respect to the subject matter of this review appraisal report, or the parties involved in this assignment.

My engagement in this assignment and the amount of compensation are not contingent upon the reporting or development of predetermined values or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of predetermined or stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Also, to the best of my knowledge and belief the statements of fact contained in this review appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

This review appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

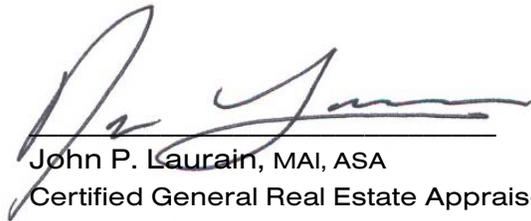
The analyses, opinions, and conclusions, were developed, and this review report has been prepared, in conformity with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice, as well as the supplemental standards set forth in the Wildlife Conservation Board Appraisal Review Disclosure Policy (Amended March 2013). As of the date of this report I have completed the continuing education program for Designated Members of the Appraisal Institute, the State of California and the American Society of Appraisers; note that duly authorized representatives of said organizations have the right to review this report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

CERTIFICATION (Continued)

I believe the information contained in the appraisal report under review is accurate, but I assume no responsibility for its accuracy. That any typographical, grammatical, or minor mathematical errors remaining in the report were not considered to either materially affect the concluded value or to mislead the reader in understanding the report and the conclusions contained therein.

No one other than the undersigned prepared the analyses, conclusions, and opinions for this review appraisal study; no other person provided significant professional assistance.

That the value(s) expressed in the appraisal report under review were not changed in any manner.



John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
Renewal Date April 16, 2017

Date: January 9, 2017

SCOPE OF THE APPRAISAL REVIEW

The review appraiser, in connection with the following review appraisal study, has:

1. Been retained, and has accepted the assignment, to conduct an objective review appraisal, without bias, to determine if the estimate of market value and/or just compensation contained in the appraisal report under review is credible.
2. Completed a technical field review, inclusive of a thorough review and analysis of the information and valuation analyses contained in the appraisal report under review, and a careful examination of the internal logic and consistency therein. The appraiser limited the examination to the information and analysis presented in the appraisal report under review.
3. Attempted to visualize the subject property as it would be viewed by a willing and informed buyer, as well as a willing and informed seller.
4. Reviewed the opinion of the highest and best use applicable to the subject property, as contained in appraisal under review.
5. Reviewed the estimates of market value and/or just compensation as of the date of value expressed in the appraisal report under review, for the subject property.
6. Developed and formed an opinion as to the completeness of the appraisal report under review and the conformance of said report with the Uniform Standards of Professional Appraisal Practice and any other applicable standards.
7. Developed and formed an opinion as to the adequacy and relevance of the market data, and any adjustments thereto, in the appraisal report under review.
8. Developed and formed an opinion as to the appropriateness of the appraisal methods and techniques.
9. Developed and formed an opinion as to whether the analyses, conclusions, opinions, and value estimates in the appraisal under review are appropriate and reasonable.

SCOPE OF THE APPRAISAL REVIEW (Continued)

10. Considered the market data, conclusions, opinions, and value estimates in the appraisal report under review, in the context of market conditions as of the effective date of the report. Information available to the review appraiser, that could not have been available to the appraiser as of, or subsequent to, the effective date of value has not been considered in developing an opinion as to the quality or conclusions in the appraisal under review.
11. Personally conducted an on-site inspection of the subject property and inspected the comparable sale properties from the adjacent or nearby public rights of way.
12. Prepared and delivered this review appraisal report in accordance with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice, and in summation of all the activities outlined above.

ASSUMPTIONS AND LIMITING CONDITIONS

This review appraisal is made with the following understanding as set forth in items No. 1 through 15, inclusive:

1. This review appraisal report is intended to comply with reporting requirements set forth in the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice.
2. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value. The vesting is as set forth in the appraisal report and has been relied upon as being accurate. The subject property has been reviewed as though under responsible ownership. The legal description is assumed accurate.
3. That the review appraiser assumes there are no hidden or unapparent conditions of the subject property, subsoil, structures, or other improvements, if any, which would render it more or less valuable, unless otherwise stated. Further, the appraiser assumes no responsibility for such conditions or for the engineering which might be required to discover such conditions. The property reviewed is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
4. That no soils report or topographical mapping was provided to the review appraiser; therefore information, if any, provided by other sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in this report, or in the appraisal report under review, pertaining to the subject property and market data were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the review appraiser.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

5. That unless otherwise stated in the review appraisal report, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
6. That no opinion is expressed regarding matters which are legal in nature or which require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the appraisal report, and review appraisal report.
7. That no oil rights have been included in the opinion of value expressed herein. Further, that oil rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.
8. That the review appraiser has conducted a technical field review. The review appraiser limited the examination of the appraisal report under review to the information, data, and analyses presented therein. The review appraiser inspected the subject property, and market data used in the appraisal under review, from the adjacent public rights-of-way.
9. That the review appraiser, by reason of this review appraisal, is not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.
10. That drawings, plats, maps, and other exhibits contained in the appraisal report under review are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
11. That this review report is effective only when considered in its entire form, as delivered to the client. No portion of this report will be considered binding if taken out of context.
12. That possession of this review report, or copies thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media,

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

without the written consent and approval of Ronald P. Laurain or John P. Laurain, particularly with regard to the valuation review of the property appraised and the identity of the appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute, or the American Society of Appraisers, or designations conferred by said organizations.

13. That the form, format, and phraseology utilized in this review report, except the Certification, shall not be provided to, copied, or used by, any other real estate appraiser, real estate economist, real estate broker, real estate salesperson, property manager, valuation consultant, investment counselor, or others, without the written consent and approval of Ronald P. Laurain or John P. Laurain.
14. That this review appraisal incorporates, by reference, all of the assumptions and limiting conditions contained in the appraisal under review.
15. That this review appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client, or duly authorized representatives of governmental or private organizations, which have the right to review this report.

EXTRAORDINARY ASSUMPTIONS

This review appraisal incorporates the Extraordinary Assumptions Nos. 1 through 4, and the Hypothetical Condition No. 1 as set forth in the Integra Realty Resources- Los Angeles appraisal report under review, and as reiterated in the Transmittal Letter of this Appraisal Review.

APPRAISAL REVIEW

APPRAISAL REVIEW

1. GENERAL CREDIBILITY

Accepted

Correctly employ recognized methods and techniques	Y
Not commit errors of omission or commission	Y
Not commit careless or negligent series of errors	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

The appraisal report under review has been prepared as a full Appraisal Report and is deemed to be in compliance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal report under review is deemed appropriate and credible. There are no errors of omission or commission, nor negligent errors which individually, or in the aggregate, are misleading or inappropriate given the context of the appraisal report under review. Minor typographical, grammatical, or mathematical errors, if any, do not impact the reliability of the appraisal report under review.

2. FORMAT AND DELINEATION OF ASSIGNMENT

Accepted

Type of report – acceptable and appropriate	Y
Consistency of Executive Summary and Letter of transmittal:	Y
Supporting reports of technical specialists	Y
Certification of appraiser	Y
Assumptions and limiting conditions	Y
Extraordinary assumptions and hypothetical conditions	Y
Purpose of appraisal	Y
Definition of value	Y
Address and/or identification of property	Y
Classification of property	Y
Intended user and intended use	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

The Appraisal Report format is appropriate and acceptable given the Scope of Work and intended users. The assumptions and limiting conditions are appropriate. The USPAP Certification is included in the appraisal report under review. The purpose of the appraisal, intended users, and intended use are adequately defined. The subject property is adequately identified, as discussed further in Section 4 – Property Data of this Appraisal Review.

APPRAISAL REVIEW (Continued)

2. FORMAT AND DELINEATION OF ASSIGNMENT (Continued)

Note that certain extraordinary assumptions, employed in the Integra appraisal report have a direct impact on the value conclusion. The Extraordinary Assumptions and Hypothetical Condition are reiterated as follows:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We have been instructed to assume that the City of Los Angeles has completed a purchase of the subject property from UPRR and that the purchase price was based on a property value (after environmental remediation pursuant to an approved Remedial Action Plan for industrial use) of \$59,315,000.
2. We have been instructed to assume that soil conditions, including potential liquefaction, flood classification and water table are adequate to support redevelopment.
3. We have been instructed to assume that the subject property is a legally recorded parcel as identified in the ALTA Survey provided to us. The ALTA/ACSM Land Title Survey was prepared by Surveying & Drafting Services, Inc. and is dated June 4, 2014. The subject, identified as Parcel G2 that contains 41.485 gross acres or 1,087,082 gross square
4. We have been instructed to assume that the proposed multipurpose easement impacting the subject site is 15 acres and that it does not overlap with any of the preexisting easements impacting the subject site, nor does it overlap with any of the areas we have identified as uneconomic remainders (remnants) caused by the preexisting easements. The diagram included in this report that identifies the location of the proposed multipurpose easement is an approximation based on our conversations with our client. It should be noted that if the location or size of the easement changes such that it overlaps with the preexisting easements, causes a lack of access to the site, creates new uneconomic remnants on the larger parcel, or results in an inferior shape to the nonimpacted portion of the site as compared to the before condition, then the value for the proposed easement will need to be reevaluated.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. To value the proposed multi-purpose easement, we have valued the subject in the before and after condition. In the before condition, we have assumed that the subject is already environmentally remediated to industrial standards. This assumption is tied to extraordinary assumption number 1 above.

Extraordinary Assumption No. 1 pertains to the vested ownership and sale of the subject property, and assumes that the City of Los Angeles has completed the purchase. Under said assumption, the stated vestee (Owner of Record) should be the City of Los Angeles, however, the Integra report identifies the owner of record as Union Pacific Railroad Company (UPRR). Note, however, that UPRR is the factual current owner and Extraordinary Assumption No. 1 more reasonably pertains to the pending purchase of the subject property. The sale of the subject property is appropriately analyzed in the Integra report, as discussed in Section 4 – Property Data of this Appraisal Review.

APPRAISAL REVIEW (Continued)

2. FORMAT AND DELINEATION OF ASSIGNMENT (Continued)

Extraordinary Assumption No. 2 pertains to soil conditions and related flood classifications and water levels, assumed to be adequate to support development. While the assumption that soil conditions are suitable for development may be typical for many appraisals, in the subject case there are significant soil remediation requirements at the subject site, as appropriately disclosed on Page 30 of the Integra report, following the heading "Environmental Hazards." The cost to remediate the subject larger parcel, based on various alternatives, ranges significantly from \$884,000 to \$34,400,000, with a concluded clean-up cost estimates, provided to the appraiser, of \$14,715,000 (to industrial standards), and \$66,630,000 (to residential standards). The foregoing remediation costs have a direct impact on the value of the subject property, however, Extraordinary Assumption Nos. 1 and 2, combined, effectively assume the subject site has been acquired by the City of Los Angeles and the soil has been remediated (to industrial standards), as of the date of value of October 30, 2016. This is contrary to known fact, as appropriately disclosed in Hypothetical Condition No. 1 in the Integra report. The use of the Extraordinary Assumptions (and Hypothetical Condition) regarding soil remediation is acceptable given that the subject property is currently under a purchase agreement based on an assumed remediation cost (and clean-up time period).

Further, while not stated directly in the Extraordinary Assumptions, the Integra report notes on Page 4, in the analysis of the current purchase agreement of the subject property, that the purchase price "was discounted for time (approximately 2 years) it was projected it would take to clean the site to environmental standards." The amount of time needed to remediate the site, and resultant discount to the underlying land value, is not taken into consideration in the Integra report, per the instructions to the appraiser as clearly set forth in Extraordinary Assumption No. 1.

Based on the foregoing, it should be clearly understood by the reader and intended users of the Integra report, and this Appraisal Review, that the underlying land value of the subject property in the before condition of \$78,230,700 does not represent the current "as-is" land value, as presently contaminated. Said land value assumes the site has been remediated to applicable industrial standards as of a current date.

APPRAISAL REVIEW (Continued)

2. FORMAT AND DELINEATION OF ASSIGNMENT (Continued)

As such, the resultant market value of the proposed multipurpose easement of \$32,343,300 likewise assumes the larger subject site has been remediated, as of a current date. The foregoing extraordinary assumptions are employed, per the instructions to the appraiser, and are acceptable given that the stated remediation cost estimates were provided by the City of Los Angeles, being the current buyer (assumed owner) and an intended user of the report. It should be clearly understood, however, that if remediation efforts (to industrial standards) are not completed the indicated value of the larger parcel, and market value of the multipurpose easement, as set forth in the Integra report, would be erroneous.

Extraordinary Assumption No. 3 pertains to the land size, which assumption is acceptable given the reliance on the ALTA/ACSM land survey, a copy of which is contained in the Addenda Section of the Integra report.

Extraordinary Assumption No. 4 assumes the proposed multipurpose easement, containing 15 acres of land area, does not overlap any existing easements, or any of the identified uneconomic remainders. Inasmuch as the final easement area was not provided, said Extraordinary Assumption is acceptable, however, if the final multipurpose easement overlaps preexisting easements, results in additional uneconomic remnants to the larger parcel, impacts access to the larger parcel, impacts the remainder configuration, etc., the indicated value of the multipurpose easement would appropriately need to be reevaluated, as disclosed in the Integra report.

3. GENERAL DATA

Accepted

Regional and neighborhood area data	Y
Real estate market conditions	Y
Availability of utilities	Y
Street improvement description	Y
Favorable and unfavorable factors	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

The regional and neighborhood descriptions are deemed adequate, and appropriately describe the immediate and general subject environs. The industrial market analysis adequately sets forth and analyzes the industrial market, rental trends, and vacancy rates, and provides support for the market conditions adjustment utilized in the analysis of the various sale properties.

APPRAISAL REVIEW (Continued)

<u>4. PROPERTY DATA</u>	<u>Accepted</u>
Ownership	Y
Title/acquisition data	Y
Legal description	Y
Site description	
Location	Y
Land dimensions and area	Y
Topography	Y
Soil contamination	Y
Easements and encumbrances identified	Y
Off-site improvements	Y
Zoning	Y
Present use	Y
Improvements	
Type and use of building(s)	N.A.
Age and condition	N.A.
Structural and construction detail	N.A.
Mechanical equipment	N.A.
Other on-site improvements	O
Demolition and clearing	O
Non-realty fixtures and equipment excluded	N.A.
Personal property excluded	Y
Sale history and listing information	Y
Assessed value and annual real estate taxes	Y
Plot plan drawing, plat map, photographs	Y
Proposed Multipurpose Easement	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

The subject property location, ownership (assumed to be the City of Los Angeles under Extraordinary Assumption No. 1), and title information is adequately described. A title report dated April 11, 2014 is contained in the Addenda section, which includes a legal description of the subject property. As stated, and ALTA land survey is also included in the Addenda section, which survey includes various dimensions, the indicated land area of 41.485 gross acres, as well as the various pre-existing easements impacting the subject property. An Easement Area table is included in the Addenda section, summarizing the gross land area, net land area, and overlapping land area of each easement (as certain pre-existing easements overlap one another).

APPRAISAL REVIEW (Continued)

4. PROPERTY DATA (Continued)

The Integra report further summarizes and includes a diagram on Pages 35 and 36 of the various pre-existing easements, as well as the resultant uneconomic remnant land areas. An additional table summarizing the net easement area (for each easement), overlap area, and gross easement area (inclusive of uneconomic remainders) is set forth on Page 37). Said table accurately reflects the pre-existing easements and remainder parcels; mathematically the sum totals are accurate.

The zoning of the subject property, inclusive of applicable overlay districts, is accurately identified, summarized, and discussed on Pages 32 through 34 of the Integra report. The zoning is appropriately considered in the highest and best use analysis. The overall subject property shape, topography, drainage, environmental hazards (as previously discussed under Extraordinary Assumptions), streets, access and frontage are adequately discussed in the Integra report, and appropriately considered in the land value analysis, as applicable.

The subject property does not contain any building improvements. There are certain remnant concrete and asphalt pads, fencing, piping, and other miscellaneous on-site improvements that would require removal prior to development. While not mentioned specifically in the Integra report, it is noted that the Extraordinary Assumptions assume that remediation of the site has been completed as of the date of value which soil remediation, by nature, would require the removal of any miscellaneous remnant paving and fencing. The subject property is appropriately considered and appraised as an effectively vacant land parcel.

The existing purchase and sale agreement (PSA) is adequately discussed and appropriately analyzed on Pages 3 and 4 in the Integra report. The analysis of the PSA appropriately notes and considers that the purchase price was established in June 2015 (approximately 16 months prior to the date of value), was based on the "as-is" condition, as compared to the value of the subject property in the Integra report which assumes the remediation by the buyer (City of Los Angeles) has been completed. Likewise, the Integra report notes that the purchase price took into account the time necessary to remediate the site (approximately 2 years), and that the current value set forth in the Integra report does not apply any type of discounting for the time needed to remediate the site, per appraisal instructions (as disclosed in the Extraordinary Assumptions and Hypothetical Condition).

APPRAISAL REVIEW (Continued)

4. PROPERTY DATA (Continued)

The Integra report includes adequate photographs, and copies of Assessor's mapping, on Pages 39 through 42. Comments regarding the real estate tax rate (if vested with a private entity), and public ownership of the site, are appropriately noted on Page 43 of the report.

The proposed multipurpose easement is discussed on Pages 48 and 49 of the Integra report, and includes an aerial photograph exhibit setting forth the approximate location of the easement. The Integra report appropriately describes the impact of the multipurpose easement as limiting the use of the remaining land to open space uses consistent with the Los Angeles River Improvement Project. A draft easement deed is included in the Addenda Section, which includes a detailed description of the activity and uses expressly prohibited in the easement area. The Integra report also adequately notes that the value of the proposed multipurpose easement is set forth as a total dollar amount, and on a rate per square foot basis acknowledging that the size and location of the easement have not been finalized. As set forth in Extraordinary Assumption No. 4, the Integra report appropriately discloses that any change to the location of the easement such that it overlaps existing easements, change in size, access to the remainder, or other impacts to the development potential of the remainder then the value of the remainder will need to be reevaluated.

5. HIGHEST AND BEST USE ANALYSIS

Accepted

Analysis of legal factors	Y
Analysis of physical factors	Y
Analysis of economic factors	Y
Reasonableness of conclusion	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

The highest and best use of the subject property, as effectively vacant land, is adequately analyzed in the Integra report. The Integra report appropriately notes the zoning and general plan are a mix of light industrial and public facilities designations. The physical factors are adequately discussed. A financial feasibility study is included in the Integra report based on (1) industrial development and (2) multifamily residential development. As stated, the feasibility study for industrial development assumes the subject site has been "cleaned" (remediated) to industrial standards. An analysis of the various sale industrial land sale properties is set forth in the Sales Comparison Approach, with a concluded industrial land value of \$78,230,700.

APPRAISAL REVIEW (Continued)

5. HIGHEST AND BEST USE ANALYSIS (Continued)

As part of a potential residential development, additional soil remediation costs would be required, in the estimated amount of \$51,915,000, which clean-up costs are appropriately based on estimates provided by the City of Los Angeles. Hence, the land value for multifamily residential use would need to exceed \$130,145,700, as discussed on Page 45 of the Integra report.

In considering an alternative multifamily residential land use, the Integra report utilizes five residential land sale properties. The Integra report adequately and appropriately concludes a potential development density of 22 units per acre, noting the adjacent and newly constructed Taylor Yard Transit Village project. The Integra report reasonably concludes that the subject site could be developed with approximately 912 residential units. Based on the required "minimum" land value for residential use of \$130,145,700, this equates to a land unit rate of \$142,704 per unit. The Integra report includes five residential land sales in the immediate and general subject area, discussed and analyzed on Pages 46 and 47 of the report. The Integra report adequately demonstrates that the required land value of the subject site, for multifamily residential use, of \$142,704 is not reasonably supported by the residential land sales data. The Integra report appropriately concludes that residential use is not the maximally productive use of the subject site.

The highest and best use conclusion for the development of the subject site, of light industrial/creative office, as set forth in the Integra report, is adequately supported, reasonable, and credible.

6. SALES COMPARISON APPROACH - BEFORE

Accepted

Adequate and relevant sales data	Y
Date and condition of sales employed	Y
Date of sale considered	Y
Analysis and comparison with subject property	Y
Reasonableness of conclusions	Y
Unit value indication (\$ per sq. ft., acre, etc.)	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

The appraisal report under review utilizes the Sales Comparison Approach to value the underlying land in both the "before" condition, and in the "after" condition (as encumbered with the proposed multipurpose easement). The analysis and resultant land value in the after condition is addressed in the latter portion of this review.

APPRAISAL REVIEW (Continued)

6. SALES COMPARISON APPROACH - BEFORE (Continued)

In the before condition, the Integra report utilizes seven land sales properties, located in the immediate and general subject area. The sale properties took place between December 2014 and May 2016, and are deemed relevant and adequate for the valuation of the underlying subject industrial land. The indicated rate per square foot of land area of the various sale properties, prior to adjustments, ranges from \$26.49 to \$61.31. Note that the Comparable Land Sales Map on Page 54 of the Integra report inaccurately depicts the location of the subject property (O), as being just north of the Glendale (2) Freeway, when in fact the subject property is located just south of the Glendale Freeway. The map, however, is for illustrative purposes and said plotting error is not considered having an impact on the analysis or value conclusion.

Quantitative adjustments are applied to the industrial land sale properties for market conditions based on a rate of 10% per year. The market conditions adjustment is generally supported by the Industrial Market Analysis set forth on Pages 25 through 28 of the Integra report, and is deemed adequately supported and reasonable. Adjustment are not applied to any of the sale properties for property rights, financing, or conditions of sale. Although the Integra report does not include narrative comments regarding these items, for each individual sale property, said items are noted on the Adjustment Grid on Page 63, and in the individual Market Data sheets in the Addenda Section. Adjustments for said items are appropriately excluded in the analysis of the various sale properties.

Quantitative adjustments are also applied to each sale property for the various elements of comparability, inclusive of an overall quantitative adjustment conclusion, as set forth on the Adjustment Grid. A narrative discussion of the various elements of comparability pertaining to each sale property, along with the Adjustment Grid, is included on Pages 58 through 63 of the report. The quantitative adjustments for each sale property are reasonable, and appropriately supported by the narrative comments for each sale property on Pages 58 through 62. Although paired set analyses or relative comparison analyses are not included for each element of comparability, the narrative discussion and judgement estimates are deemed reasonable. In the case of a relatively large location adjustment of 50%, as applied to Comparable 4 in the City of Industry, note that the Integra report supports said adjustment with consideration of published rental data differences at the location of said property. It is also noted by the review appraiser that the City of Industry has an inordinately high real estate tax rate.

APPRAISAL REVIEW (Continued)

6. SALES COMPARISON APPROACH - BEFORE (Continued)

The quantitative adjustments set forth on the Adjustment Grid are reasonable and the overall adjusted rates are accurately calculated on the Adjustment Grid. Note that the market conditions adjustments are rounded to the nearest whole percentage. The concluded land unit rates are based on unrounded land unit rates (i.e. Comparable 4 calculates to \$43.31 when rounded and \$43.30, as shown on the Adjustment Grid, when unrounded). There are no mathematical errors in the adjustment grid or adjusted unit rates.

The adjusted rates range from \$39.44 to \$68.73, with an average of \$50.95. The reconciliation of the sales data, on Page 64 of the Integra report, is reasonable and adequately supports the industrial land value conclusion of \$50.00 per square foot of land area.

The industrial land value conclusion on Page 64, of \$90,354,350, does not take into account the pre-existing easements, and should not be construed as the final value in the before condition. The Integra report appropriately notes narratively, and in the table heading on Page 64, that said value is before consideration of the pre-existing easements.

The impact of the pre-existing easements, and resultant Uneconomic Remainders 1 through 4, are adequately discussed on Pages 64 through 70 of the Integra report. The map diagram on Page 65 adequately depicts the Uneconomic Remainders; the table on Page 68 is a reiteration of the same table on Page 37, and accurately calculates and summarizes the net land area of the easements, after consideration of applicable overlap with other easements and the Uneconomic Remainders.

The Uneconomic Remainders are appropriately and accurately discussed on Pages 64 and 65. The reasoning to exclude the remainders from the net usable land area is adequately supported. The land value of the remainders (and pre-existing easements) are discounted 100% (loss of value), which is a judgement estimate, adequately supported in the Integra report analysis. Although it could be argued that the remainders and pre-existing easements have some residual value (for landscaping, setback areas, etc.), given the relatively large size of the subject property, and the additional development design and consideration constraints imposed by the easement, it is reasonable to assume that a developer would exclude said areas (and value thereof) from the net useable land.

APPRAISAL REVIEW (Continued)

6. SALES COMPARISON APPROACH - BEFORE (Continued)

Further, it should be noted that even if the remainders and pre-existing easements were assigned some value (say 10% of fee, or 90% discount) this would not have an impact on the final estimate of value of the proposed multipurpose easement as said consideration would need to be consistently employed in both the before and after condition land values.

The indicated loss in value due to the Uneconomic Remainders is accurately calculated on Page 67 of the Integra report at \$9,371,800.

Likewise, the impact of the five existing easements are adequately discussed on Pages 69 through 70 of the Integra report. The Integra report utilizes sound logical reasoning for the 100% discount applied to the net pre-existing easement areas. The net land areas set forth on the table on Page 70 are mathematically accurate, and reflective of the net land areas set forth on the table on Page 68 (column 3). As such, the loss in value for the pre-existing easements is appropriately “netted out” from the easement area, for valuation purposes. The indicated loss in value due to the pre-existing easements is accurately calculated on Page 70 of the Integra report at \$2,751,850.

The indicated final value of the subject site, in the before condition, is appropriately, accurately, and reasonably estimated at \$78,230,700, on Page 70 of the Integra report.

7. SALES COMPARISON APPROACH - AFTER

Accepted

Adequate and relevant sales data	Y
Date and condition of sales employed	Y
Date of sale considered	Y
Analysis and comparison with subject property	Y
Reasonableness of conclusions	Y
Unit value indication (\$ per sq. ft., acre, etc.)	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

The land value of the subject property, in the “after” condition as encumbered with the proposed multipurpose easement, in the Integra report, is based on (1) the open space land value for that portion of the site impacted (encumbered) with the multipurpose easement area, plus (2) the industrial land value for the remaining portion of the site (similar to the before condition).

APPRAISAL REVIEW (Continued)

7. SALES COMPARISON APPROACH - AFTER (Continued)

In the after condition, the Integra report utilizes six open space land sales properties in the valuation of that portion of the subject site encumbered with the proposed multipurpose easement. As previously discussed, the Integra report appropriately describes the impact of the multipurpose easement as limiting the use of the remaining land to open space uses consistent with the Los Angeles River Improvement Project, on Pages 48 and 49 of the report. The Integra report, on Page 71, appropriately reiterates, and concludes for valuation purposes, that the multipurpose easement is “very restrictive and basically limits the use of the land area covered by the easement to open space uses.”

The open space land sales are located throughout the greater Southern California area (Los Angeles, Orange, Ventura and Riverside Counties) which is acceptable given the limited number of acreage open space sales in the open market. Note that the summary of open space land sales on Page 72 incorrectly identifies Sale 4, located in Ventura County, as being in Los Angeles County, however, the Market Data Sheet accurately notes the Ventura County location. The “Malibu” location is accurate (unincorporated area), though the City of Malibu is in Los Angeles County. As with the industrial land sales, the subject property (O) is not accurately plotted on the map on Page 73. Likewise, Sale 5 is not accurately plotted as it is located southeasterly near the merger of the 15 and 215 freeways (as opposed to south of the 91 Freeway, as shown on the map on Page 73). The foregoing typographical error and map plotting errors, individually or in the aggregate, however, are not considered impacting the open space land value conclusion, or overall credibility of the Integra report.

The open space land sale properties took place between April 2011 and March 2016, and are deemed relevant and adequate for the valuation of the underlying subject open space land. The indicated rate per square foot of land area of the various sale properties, prior to adjustments, ranges from \$0.14 to \$1.39.

The Integra report appropriately notes, on Page 75, that large acreage open space sites considered for conservation purposes are generally not affected to, “to a great extent” by other real estate markets. Noting that certain of the sale properties do have some limited residential potential, however, the appraiser utilizes an annual adjustment of 3% for overall market conditions. Although there is limited support in the market, and in the Integra report, for open space market conditions (date of sale) adjustments, the conclusion is acceptable as a judgement estimate.

APPRAISAL REVIEW (Continued)

7. SALES COMPARISON APPROACH - AFTER (Continued)

Further, note that given the relatively low land values (on a rate per square foot basis), the market conditions adjustments have a relatively minor impact on the adjusted rate per square foot range which is increased from \$0.14 to \$1.39 to \$0.15 to \$1.45 per square foot. As such, the market conditions adjustments are considered reasonable.

The Integra report utilizes qualitative adjustments for the various elements of comparability for the open space sales (as compared to quantitative adjustments for the industrial land sales). While not discussed specifically in the Integra report, it is noted that there is relatively limited open space sales data in the market, and the estimation of quantitative adjustments is not as readily supported. As such, the use of qualitative adjustments for the open space sales is appropriate and acceptable.

The Integra report includes, on Pages 76 and 77, narrative discussions regarding each sale property, as well as the various elements of comparability, and overall comparability adjustments (given that certain elements of comparability may outweigh other elements). The qualitative adjustments for each element of comparability, and the individual sale properties, is supported by sound logical reasoning. The adjustments are further summarized on the Adjustment Grid on Page 78, which includes the market conditions adjusted land unit rate, and overall comparability adjustment.

An array is set forth on Page 79, as well as a narrative reconciliation. The concluded land unit rate of \$0.50 per square foot of land area, (as applied to the 15 acre multipurpose easement land area), and \$326,700 in total, is adequately supported, credible, and reasonable.

The value of the remaining industrial portion of the subject site, containing 26.485 acres of land area, is appropriately based on the same land unit rate utilized in the "before" condition of \$50.00 per square foot. Likewise, the values of the pre-existing easements and uneconomic remainders are appropriately deducted from the remainder industrial component (as discussed in the "before" condition). The value of the industrial component, in the "after" condition, is accurately calculated at \$45,560,700.

The sum total of the open space and industrial components are appropriately and accurately added together on Page 80 of the Integra report, and the indicated value of the subject property, in the after condition, is \$45,887,400.

APPRAISAL REVIEW (Continued)

8. SALES COMPARISON APPROACH - IMPROVED Accepted

Adequate and relevant sales data	N.A.
Date and condition of sales employed	N.A.
Date of sale considered	N.A.
Analysis and comparison with subject property	N.A.
Reasonableness of conclusions	N.A.
Unit value indications (\$ per sq. ft., unit, etc.)	N.A.

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

9. COST APPROACH TO VALUE Accepted

Cost estimates used	N.A.
Reasonableness of estimates	N.A.
Estimate of accrued depreciation	N.A.
Contributory value of other improvements	N.A.
Summation value	N.A.
Reasonableness of conclusion	N.A.

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

10. INCOME CAPITALIZATION APPROACH TO VALUE Accepted

Annual rent by comparison	N.A.
Vacancy and credit loss estimate	N.A.
Operating expenses	N.A.
Reserves for replacements	N.A.
Gross and/or net operating income	N.A.
Capitalization rate and/or multiplier – justified	N.A.

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

Given that that highest and best use of the subject property, is industrial development (with an open space component in the “after” condition), the Sales Comparison Approach as improved, the Cost Approach, and the Income Capitalization Approach are not deemed relevant in the subject case and are appropriately excluded in the appraisal study.

APPRAISAL REVIEW (Continued)

11. RECONCILIATION

Accepted

Correlation of estimates	N.A.
Weight applied to various approaches	N.A.
Value conclusion - justified	Y
Value of Multipurpose Easement:	Y
Soundness of reasoning	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

Given that the Sale Comparison Approach is the only approach utilized in the value of the subject underlying land parcel, there is no reconciliation of value indications of various approaches, which is appropriate and acceptable.

The value of the multipurpose easement is appropriately based on the difference between (1) the value of the subject property in the before condition of \$78,230,700, less (2) the value of the subject property in the after condition of \$45,887,400. The value of the proposed multipurpose easement is appropriately and accurately calculated on Page 81 of the Integra report at \$32,343,300.

The reconciliation also includes the stated land unit rate of \$49.50 per square foot, as the Integra report appropriately discloses on Page 82 that the size and location of the easement has not been finalized, and acknowledges that any change in the size, location, overlapping nature, or other characteristics of the proposed easement will require a reevaluation of the value of the proposed multipurpose easement. The Integra also appropriately reiterates the Extraordinary Assumptions and Hypothetical Condition on Page 83.

12. MARKET DATA

Accepted

Sales data	
Land description	Y
Improvement description	Y
Grantor/grantee documentation	Y
Financing and terms of sale	Y
Confirmation sources	Y
Adequate photographs	Y
Market data map	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

APPRAISAL REVIEW (Continued)

12. MARKET DATA (Continued)

Market data sheets are contained in the Addenda section of the report for both the Industrial land sales and Open Space land sales. The summaries of the sale properties, market data maps, and the sale photographs are contained in the respective Land Valuation sections of the Integra report. The sales data includes all applicable location information, sale information including confirmation sources, improvement data, copy of Assessor’s mapping, and additional comments regarding each sale property. There were no mathematically or factual errors noted on the data sheets. Industrial Land Sale No. 3 was subsequently re-parceled into two APNs, now being APNs 6310-008-020 and 021. There is a minor typographical error in the comment on the Open Space Land Sale No. 2; the referenced recording date is 6/17/15 instead of 9/17/15, however, the correct date was utilized in the “sale information” and in the analysis of the sale properties and Adjustment Grid on Page 78. Remaining typographical or grammatical errors on the data sheets, if any, were not considered to either materially affect the concluded value or to mislead the reader in understanding the report and the conclusions contained therein.

13. OVERALL EFFECTIVENESS

Accepted

Appraisal problem clearly stated	Y
Accuracy of supporting data	Y
Accuracy of mathematical computations	Y
Proper approaches utilized	Y
Appropriate and reasonable final estimate of value	Y

Accepted: Yes (Y), No (N), Not Applicable (N.A.), Other (O).

The appraisal report under review utilizes adequate and sufficient market data and the mathematical computations therein are accurate, when considering the lack of rounding in certain estimates. The Sales Comparison Approach is appropriately utilized as the only relevant approach to land value, in both the before and after condition and the final estimates of value are adequately supported and reasonable. The value of the proposed multipurpose easement is accurately calculated as being the difference in the value of the subject property in the before and after conditions, and is deemed appropriate and reasonable.

APPRAISAL REVIEW (Continued)

14. CONCLUSION

The report is accepted as meeting the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), for an Appraisal Report, under Standard Rule 2-2(a).

The appraisal report under review is accepted and approved as to the fair market value stated therein of \$32,343,300 for the proposed multipurpose easement, subject to (1) the Assumptions and Limiting Conditions contained in the appraisal report under review, (2) the Extraordinary Assumptions and Hypothetical Condition set forth in the appraisal report under review and extended to this Appraisal Review, (3) the additional Assumptions and Limiting Conditions contained in this review appraisal, and (4) applicable conditions or comments contained herein.

Note that the Extraordinary Assumptions and Hypothetical Condition set forth in the appraisal report under review are as follows;

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We have been instructed to assume that the City of Los Angeles has completed a purchase of the subject property from UPRR and that the purchase price was based on a property value (after environmental remediation pursuant to an approved Remedial Action Plan for industrial use) of \$59,315,000.
2. We have been instructed to assume that soil conditions, including potential liquefaction, flood classification and water table are adequate to support redevelopment.
3. We have been instructed to assume that the subject property is a legally recorded parcel as identified in the ALTA Survey provided to us. The ALTA/ACSM Land Title Survey was prepared by Surveying & Drafting Services, Inc. and is dated June 4, 2014. The subject, identified as Parcel G2 that contains 41.485 gross acres or 1,087,082 gross square
4. We have been instructed to assume that the proposed multipurpose easement impacting the subject site is 15 acres and that it does not overlap with any of the preexisting easements impacting the subject site, nor does it overlap with any of the areas we have identified as uneconomic remainders (remnants) caused by the preexisting easements. The diagram included in this report that identifies the location of the proposed multipurpose easement is an approximation based on our conversations with our client. It should be noted that if the location or size of the easement changes such that it overlaps with the preexisting easements, causes a lack of access to the site, creates new uneconomic remnants on the larger parcel, or results in an inferior shape to the nonimpacted portion of the site as compared to the before condition, then the value for the proposed easement will need to be reevaluated.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. To value the proposed multi-purpose easement, we have valued the subject in the before and after condition. In the before condition, we have assumed that the subject is already environmentally remediated to industrial standards. This assumption is tied to extraordinary assumption number 1 above.

**QUALIFICATIONS
OF
APPRAISER**

R . P . LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS

BACKGROUND AND QUALIFICATIONS

John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754

VICE PRESIDENT:

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PROFESSIONAL ORGANIZATION AFFILIATIONS:

The Appraisal Institute
MAI Designated Member

American Society of Appraisers
Senior member; hold professional endorsement and
designation "ASA" in urban real estate.

American Arbitration Association
Associate arbitrator in title insurance matter.

Certified General Real Estate Appraiser by the
Office of Real Estate Appraisers, State of California.
Certification No. AG 025754.

APPRAISAL BACKGROUND:

Real estate appraisal and valuation consultation services conducted for public purposes include eminent domain studies, street widening and grade separation (bridge) projects, public school and university expansion projects, relocation studies, housing and public loan programs, Navy housing, senior housing, public bond measures, leasing of publicly-owned properties, Quimby Act park fee studies, Fair Political Practices Commission analyses, budgetary studies, and transfers (exchanges) of properties between public agencies. Private real estate appraisal services have been conducted for lending institutions, insurance companies, attorneys, estates for tax and donation purposes, private subdivision development studies, and other private uses.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Residential Property:

Residential properties appraised include single family, condominiums, own-your-own, townhouse, low and medium density multiple family, 100+ unit apartment complexes, waterfront properties, boat docks, mobile home parks, vacant single family lot and acreage parcels, and low to high density vacant land parcels.

Commercial and Industrial Property:

Commercial property appraisal studies have included single and multi-tenant retail, strip centers, shopping centers, low-rise and high-rise office buildings, medical offices, restaurants and fast-food developments, nightclubs, convenience stores, theaters, automobile repair and service facilities, service stations, truck fueling and washing stations, car wash facilities, automobile sales, mixed-use properties including single resident occupancy (SRO) developments, as well as hotel and motel properties, and vacant land.

Industrial property appraisals have included warehouses, light and heavy manufacturing, distribution and transit facilities, food processing, cold storage, lumber yards, recycling centers, open storage, vacant land, remnant and landlocked parcels, properties encumbered with oil and water injection wells, sites with soil contamination and land fill properties.

Special Purpose and Special Use Properties:

Appraisal services and valuation studies of public, quasi-public, special use, and nonprofit facilities include, among others, seaport properties, submerged land, river rights-of-way, reservoirs, agricultural land, conservation/mitigation and wetland properties, utility and railroad rights-of-way, flood control channels, city hall buildings and civic center complexes, courthouses, libraries, fire and police stations, post offices, public parking structures, parks, public and private schools, adult learning centers, athletic facilities and gyms, bowling alleys, tennis centers, youth homes, after school facilities, daycare facilities, homeless shelters, hospitals, skilled nursing facilities, churches, meeting halls and lodges, and veteran facilities.

Valuation Methodologies:

In addition to the three conventional valuation methods (Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach), valuation methodologies have included discounted cash flow analyses, leased fee, and leasehold analyses, absorption discounts, deferred maintenance, cost-to-cure, bonus value, excess rent, across-the-fence, value-in-use, fractional interests, hypothetical valuations, and reuse studies.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Valuation Methodologies: (Continued)

Property interests appraised for eminent domain purposes include full and partial takings, as well as severance damage and project benefit studies. Valuation of various types of easements have included permanent surface, street, temporary construction, slope, utility, pipeline and subsurface, aerial, bridge structure, signal light, exclusive and nonexclusive surface rights, multi-layered, battered pilings, tie-back, railroad, drainage ditch, and flood control easements.

Clients:

Real estate research, analysis and appraisal services performed on projects for the following public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 1986:

Cities/Redevelopment/Successor Agencies:

City of Alhambra	City of Glendale	City of Paramount
City of Artesia	City of Hawaiian Gardens	City of Pasadena
City of Azusa	City of Huntington Beach	City of Riverside
City of Baldwin Park	City of Huntington Park	City of Rosemead
City of Bell	City of Industry	City of San Juan
City of Bellflower	City of Irwindale	Capistrano
City of Buena Park	City of La Mirada	City of Santa Ana
City of Burbank	City of Lawndale	City of Santa Fe Springs
City of Carson	City of Long Beach	City of Seal Beach
City of Cathedral City	City of Los Alamitos	City of Signal Hill
City of Compton	City of Los Angeles	City of South El Monte
City of Covina	City of Monrovia	City of South Gate
City of Cudahy	City of Monterey Park	City of Tustin
City of Cypress	City of Newport Beach	City of Upland
City of Diamond Bar	City of Norwalk	City of West Hollywood
City of Downey	City of Ontario	City of Whittier
City of El Monte	City of Palmdale	
City of El Segundo	City of Palm Springs	

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Other Public and Quasi-Public Agencies:

Alameda Corridor Engineering Team
Alameda Corridor Transportation Authority
California High Speed Rail Authority
Caltrans
Castaic Lake Water Agency
Hawthorne School District
Kern County
Long Beach Community College District
Long Beach Unified School District
Long Beach Water Department
Los Angeles County Department of Beaches and Harbors
Los Angeles County Chief Executive Office
Los Angeles County Internal Services Department
Los Angeles County Metropolitan Transportation Authority
Los Angeles County Public Works
Los Angeles Unified School District
Los Angeles World Airports
Lynwood Unified School District
Orange County Transportation Authority
Port of Los Angeles
Port of Long Beach
Riverside County Transportation Commission
San Bernardino County
Southern California Edison
State of California, Santa Monica Mountains Conservancy
U. S. Department of the Navy
U. S. Postal Service

Other:

Various attorneys, corporations, lending institutions, and private individuals.

Gold Coast Appraisals, Inc.:

Associate appraiser, as independent contractor, during portions of 1991 and 1992, specializing in appraisal of single family residential through four-unit residential properties.

BACKGROUND AND QUALIFICATIONS (Continued)

EXPERT WITNESS:

Qualified as an expert witness in the Los Angeles County Superior Court, Central District.

Qualified as an expert witness Orange County Superior Court.

Qualified as an expert witness in an arbitration matter before Judicial Arbitration and Mediation Services in the Counties of Los Angeles and Orange.

Provided testimony as an expert witness in conjunction with eminent domain matters before the San Bernardino and Riverside County Superior Courts.

ACADEMIC BACKGROUND:

Cypress Community College - Basic curriculum.

Long Beach Community College - Basic curriculum.

Real estate and related courses taken through and at various Community Colleges, Universities, the Appraisal Institute, and business schools, in accordance with the Continuing Education Requirements of the State of California, as follows:

- Fundamentals of Real Estate Appraisal
- Appraisal Principles and Techniques
- California Real Estate Principles
- Real Estate Appraisal: Residential
- Principles of Economics
- California Real Estate Economics
- Basic Income Capitalization Approach
- Advanced Income Capitalization Approach
- Advanced Market Analysis and Highest & Best Use
- Advanced Applications
- Advanced Concepts and Case Studies
- Real Estate Escrow
- California Real Estate Law
- Uniform Standards of Professional Appraisal Practice, Part A
- Uniform Standards of Professional Appraisal Practice, Part B
- Federal and State Laws and Regulations
- Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)
- Valuation of Conservation Easements