

US STORAGE CENTERS

183 South Austin Road
Manteca, California 95336

APPRAISAL REPORT

Date of Report: April 20, 2023

Colliers File #: SLC230095

Client File #: 03-23-1249

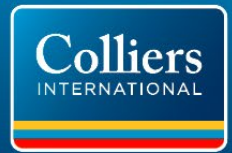


PREPARED FOR
Monica Clark
Appraisal Department
Tri Counties Bank
63 Constitution Drive
Chico, CA 95973

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES



1508 Eureka Road, Suite 250
Roseville, CA 95661 USA
MAIN +1 916 724 5500
FAX +1 916 724 5600
WEB

April 20, 2023

Monica Clark
Appraisal Department
Tri Counties Bank
63 Constitution Drive
Chico, CA 95973

RE: US Storage Centers
183 South Austin Road
Manteca, California 95336

Colliers File #: SLC230095

Client File #: 03-23-1249

Ms. Clark:

Pursuant with our engagement, the above captioned property was appraised utilizing best practice appraisal principles for this property type. This appraisal report is intended to satisfy the scope of work and requirements agreed upon by Tri Counties Bank and Colliers International Valuation & Advisory Services.

The date of this report is April 20, 2023. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). Our appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The subject is a self-storage facility totaling 378 exterior non-climate-controlled units in 44,750 net rentable square feet located on a 2.76-acre site at 183 South Austin Road in Manteca, California. The improvements were built at the beginning of 2023, are in good condition and have a remaining economic life of 45 years based on our estimate. The subject property has a current occupancy level of 19.8% per unit and 23.2% per square foot, which is below the stabilized occupancy level estimate of 92% that was developed in this appraisal. Note that this stabilized occupancy does not include concessions and credit loss. The subject is considered a Class A self-storage facility. No major items of deferred maintenance were noted during the inspection.

According to the owner, he initially attempted to manage the facility himself. Through discussions with him, I learned that during the facility's initial opening, he decided to enlist the services of US Storage Centers for management. As a result, the facility has experienced remarkable growth under the helm of seasoned professionals. The owner mentioned that US Storage Centers anticipate achieving a stabilized occupancy before the anticipated stabilization date of April 11, 2025.

The purpose of this appraisal is to develop opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's fee simple interest. At the request of the client we have also completed an Insurable Replacement Cost Estimate and Land Value. The following table conveys the final opinions of market value of the subject property that are developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Market Value As-Is	Fee Simple	April 11, 2023	\$9,730,000
Prospective Value Upon Stabilization	Fee Simple	April 11, 2025	\$11,300,000

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon our interpretation of the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards and the appraisal guidelines of Tri Counties Bank.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assignment specific-assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinions of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as this use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

This analysis makes the extraordinary assumption that the non-inspected units are in a similar condition to those units inspected by the appraiser. The appraiser inspected all building exteriors and common areas.

The appraisal includes a Prospective opinion of market value at stabilization of the property. As such, the prospective values are based on forward-looking projections that are based on current market indications and typical underwriting witnessed by market participants as of the effective date. Any significant change in future market conditions that are inconsistent with the assumptions made herein could impact the opinions of market value.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Colliers International Valuation & Advisory Services is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by Colliers International Valuation & Advisory Services or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that Colliers International Valuation & Advisory Services will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to Colliers International Valuation & Advisory Services, by a party satisfactory to Colliers International Valuation & Advisory Services. Colliers International

Valuation & Advisory Services does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide Colliers International Valuation & Advisory Services with an Indemnification Agreement and/or Non-Reliance letter.

Colliers International Valuation & Advisory Services hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**

A handwritten signature in blue ink, appearing to read "Jeffrey Shouse", is written over a faint, light blue grid background.

Jeffrey Shouse, MAI, CRE
Executive Vice President | Western US
Certified General Real Estate Appraiser
State of California License #AG026208
+1 916 724 5531
jeffrey.shouse@colliers.com

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Engagement Letter

P&L Statements

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Valuation Glossary

Qualifications of Appraisers

Qualifications of Colliers International Valuation & Advisory Services

GENERAL INFORMATION

Property Name	US Storage Centers
Property Type	Industrial - Self-Storage / Mini-Storage Facility
Address	183 South Austin Road
City	Manteca
State	California
Zip Code	95336
County	San Joaquin
Core Based Statistical Area (CBSA)	Stockton, CA
Market	Stockton
Submarket	Outer Suburbs
Longitude	-121.180032
Latitude	37.796391
Number Of Parcels	1
Assessor Parcel	228-020-460-000
Total Taxable Value	\$283,560
Census Tract Number	0051.38

SITE INFORMATION

Land Area	Acres	Square Feet
Usable	2.76	120,226
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	2.76	120,226
Topography	Level at street grade	
Shape	Irregular	
Access	Average/Good	
Exposure	Average	
Current Zoning	General Commercial (GC)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Moderate Risk	

IMPROVEMENT INFORMATION

Number Of Units	378
Average Unit Size	118 SF
Net Rentable Area SF (NRA)	44,750 SF
Gross Building Area SF (GBA)	47,170 SF
Total Number Of Buildings	14
Number Of Stories	1
Year Built	2023
Class	A
Quality	Good
Condition	Good
Marketability	Good
Type Of Construction	Steel and masonry
Parking Total (Leasing Office)	11

HIGHEST & BEST USE

As Vacant	Development of a commercial use property
As Improved	Continued use as a self-storage facility

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	Six Months or Less
Marketing Period	Six Months or Less

VALUATION SUMMARY

Current Occupancy Per Unit / Per SF	19.8%	23.2%
Stabilized Occupancy (Self-Storage)	92.0%	
Stabilized Occupancy (Parking)	100.0%	
Current Average Rent/Unit	\$181/Unit	
Concluded Average Rent/Unit	\$202/Unit	
Potential Gross Income	\$1,018,400	
Vacancy (Self-Storage)	8.0%	
Concessions/Collection Loss	2.0%	
Effective Gross Income	\$921,016	
Total Expenses	(\$327,826)	
Net Operating Income	\$593,190	
Capitalization Rate (OAR)	5.25%	
Discount Rate (IRR)	7.25%	
Terminal Capitalization Rate	5.75%	

VALUATION SUMMARY		
VALUATION INDICES	MARKET VALUE AS-IS	PROSPECTIVE VALUE UPON STABILIZATION
INTEREST APPRAISED	FEE SIMPLE	FEE SIMPLE
DATE OF VALUE	APRIL 11, 2023	APRIL 11, 2025
INCOME CAPITALIZATION APPROACH		
Discounted Cash Flow (DCF)	\$9,550,000	\$11,170,000
DCF \$/Unit	\$25,265/Unit	\$29,550/Unit
DCF \$/SF (NRA)	\$213.41/SF	\$249.61/SF
Holding Period	10 Years	8 Years
Terminal Capitalization Rate	6.00%	5.75%
Internal Rate of Return (Cash Flow)	7.75%	7.25%
Internal Rate of Return (Reversion)	7.75%	7.25%
Direct Capitalization	\$9,730,000	\$11,300,000
Direct Capitalization \$/Unit	\$25,741/Unit	\$29,894/Unit
Direct Capitalization \$/SF (NRA)	\$217.43/SF	\$252.51/SF
Net Operating Income	-	\$593,190
NOI \$/Unit	-	\$1,569/Unit
NOI \$/SF (NRA)	-	\$13.26/SF
Capitalization Rate	-	5.25%
INCOME CONCLUSION	\$9,730,000	\$11,300,000
Income Conclusion \$/Unit	\$25,741/Unit	\$29,894/Unit
Income Conclusion \$/SF (NRA)	\$217.43/SF	\$252.51/SF
SALES COMPARISON APPROACH		
SALES CONCLUSION	\$9,620,000	\$11,190,000
Sales Conclusion \$/Unit	\$25,450/Unit	\$29,603/Unit
Sales Conclusion \$/SF	\$214.97/SF	\$250.06/SF
FINAL VALUE CONCLUSION		
FINAL VALUE	\$9,730,000	\$11,300,000
Final \$/Unit	\$25,741/Unit	\$29,894/Unit
Final \$/SF (NRA)	\$217.43/SF	\$252.51/SF
Implied Capitalization Rate	-	5.25%
LAND VALUATION		
LAND VALUE	\$1,620,000	-
Value/SF	\$13.50	-
OTHER CONCLUSIONS		
Insurable Replacement Cost	\$4,420,000	
Insurable Replacement Cost/Unit	\$11,693/Unit	
Insurable Replacement Cost/SF (GBA)	\$93.70/SF	





SUBJECT SIGN



SUBJECT ENTRANCE



AUSTIN ROAD FACING SOUTH



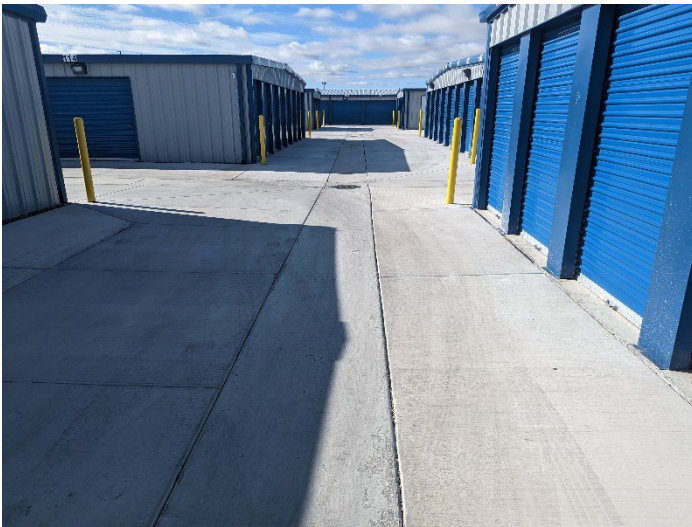
AUSTIN ROAD FACING NORTH



EXTERIOR VIEW OF SUBJECT



EXTERIOR VIEW OF SUBJECT



EXTERIOR VIEW OF SUBJECT



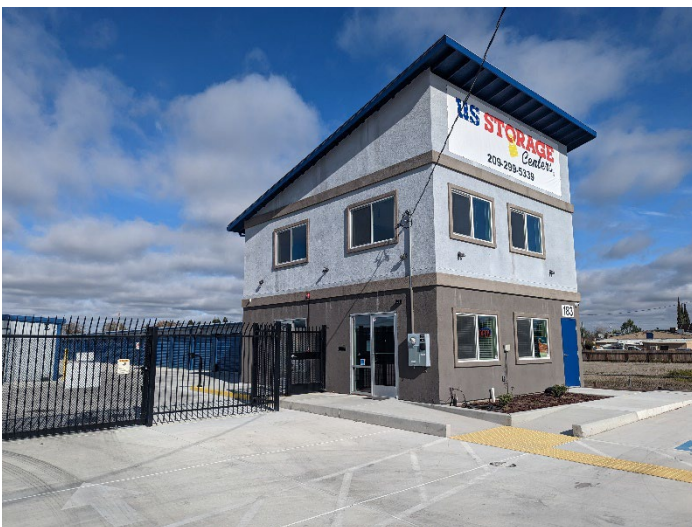
EXTERIOR VIEW OF SUBJECT



VACANT UNIT



VACANT UNIT



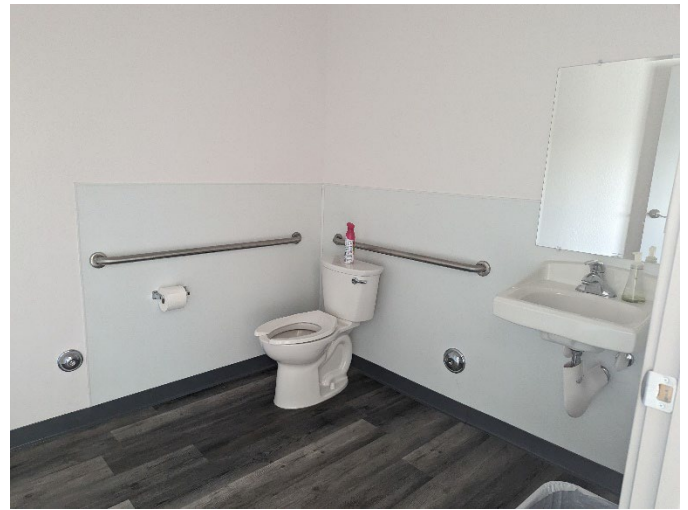
**EXTERIOR VIEW OF SUBJECT'S LEASING
OFFICE / ENTRANCE**



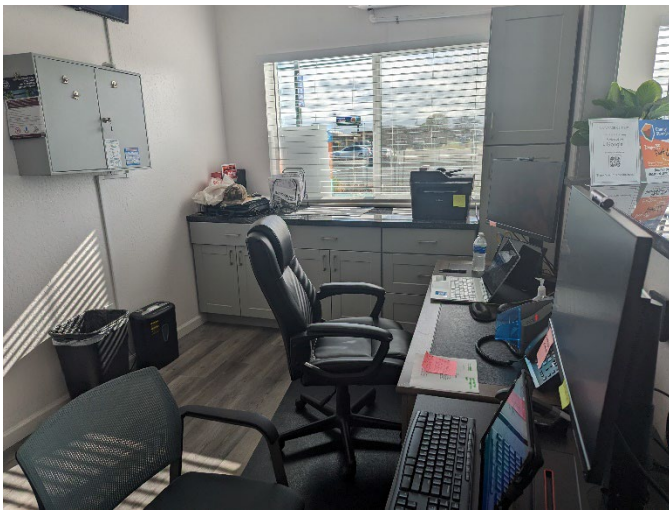
TRASH



INTERIOR VIEW OF SUBJECT



INTERIOR VIEW OF SUBJECT



INTERIOR VIEW OF LEASING OFFICE



SECURITY CAMERAS



KEYPAD ENTRY



SECURITY CAMERA

PROPERTY IDENTIFICATION

The subject is a self-storage facility totaling 378 exterior non-climate-controlled units in 44,750 net rentable square feet located on a 2.76-acre site at 183 South Austin Road in Manteca, California. The improvements were built in 2023, are in good condition and have a remaining economic life of 45 years based on our estimate. The subject property has a current occupancy level of 19.8% per unit and 23.2% per square foot, which is below the stabilized occupancy level estimate of 92% that was developed in this appraisal. Note that this stabilized occupancy does not include concessions and credit loss. The subject is a class A self-storage facility. No major items of deferred maintenance were noted during the inspection. The assessor's parcel number is: 228-020-460-000.

The legal description of the subject property is as follows:

The land described herein is situated in the State of California, County of San Joaquin, City of Manteca, described as follows:

A portion of the Northeast Quarter (NE 1/4) of the Northeast quarter (NE 1/4) of Section 3, Township 2 South, Range 7 East, Mount Diablo Base and Meridian, in the City of Manteca, County of San Joaquin, State of California, being described as follows:

A portion of that certain parcel described in Deed recorded January 31, 2007, by Document Number 2007-021677, San Joaquin County Records, being more particularly described as follows:

Commencing at the northeast corner of said Section 3, being a bolt and washer in monument well, as shown upon record of survey recorded July 16, 2009 in Book 37 of Surveys, at Page 47, San Joaquin County Records;

Thence South 00° 49' 20" East, 336.90 feet along the east line of said Section 3 to the easterly projection of the north line Parcel Doc. # 2007-021677, as shown on said Survey (37-47); thence North 89° 25' 44" West 40.01 along said easterly projection to the northeast corner of said Parcel Doc. # 2007-021677, being on the westerly right-of-way line of Austin Road and the true point of beginning;

Thence South 00° 49' 20" East 156.52 feet along said westerly right-of-way line of Austin Road; thence leaving said westerly right-of-way line of Austin Road, North 89° 25' 44" West 140.02 feet to a point being 180.00 feet west (measured at right angles) to said east line of Section 3; thence South 00° 49' 20" East 47.29 feet along a line parallel with said east line of Section 3 to the south line of said Parcel Doc. # 2007-021677; thence along the south, west and north line of said Parcel Doc. # 2007-021677 the following three (3) courses:

- (1) North 89° 25' 44" West 482.12 feet to the southwest corner thereof;
- (2) North 00° 50' 44" West 203.81 feet northwest corner thereof;
- (3) South 89° 25' 44" East 622.22 feet the true point of beginning; pursuant to that certain Notice of Lot Line Adjustment recorded January 26, 2018 as Document No. 2018-009008, Official Records.

APN: 228-020-46

CLIENT IDENTIFICATION

The client of this specific assignment is Tri Counties Bank.

PURPOSE

The purpose of this appraisal is to develop opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's fee simple interest. At the request of the client we have also completed an Insurable Replacement Cost Estimate and Land Value.

INTENDED USE

The intended use of this appraisal is to assist the client with a potential loan that would be collateralized by this asset.

INTENDED USERS

Tri Counties Bank is the only intended user of this report. Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent

of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	April 20, 2023
Date of Inspection	April 11, 2023
Valuation Date - As-Is	April 11, 2023
Valuation Date - Prospective At Stabilization	April 11, 2025

PERSONAL AND INTANGIBLE PROPERTY

Personal property consists primarily of maintenance equipment (e.g., golf cart, tools, office furniture, etc.) and office equipment. The cost of these items is estimated to be less than \$10,000, which represents a minor percentage of the overall property value. The reader should note that these items are intrinsic to the operation of the property as a self-storage facility and are typically not separated from the total property value. No other personal property, fixtures or intangible items were included in the valuation of the subject.

PROPERTY AND SALES HISTORY

If available in the normal course of business, analysis is required for all agreements of sale, options, and listings of the subject property current as of the effective date of appraisal and all sales of the subject that occurred within the three years prior to the effective date of appraisal.

Current Owner

The subject title is currently recorded in the name of John Pinedo, who acquired title to the property on July 28, 2020 as land for \$278,000, as recorded in document number 2020-091056 of the San Joaquin County Deed Records.

Three-Year Sales History

The subject title is currently recorded in the name of John Pinedo, who acquired title to the property on July 28, 2020 as land for \$278,000, as recorded in document number 2020-091056 of the San Joaquin County Deed Records. According to the current owner the transaction was not at arms-length. The previous owner sold it lower than market price with a 10-day close. A self-storage facility would not conform to the previous zoning, the developer had the zoning changed for a self-storage facility to conform. Due to the recent change in zoning at the property, the difference in value of the subject cannot be solely attributed to the increase in cap rates. The land value of the subject has significantly increased as a result of this zoning change. We believe that the comparables effectively reflect the current value of the subject's land.

Subject Sale Status

The subject is not currently offered for sale.

DEFINITIONS

This section summarizes the definitions of value, property rights appraised, and value scenarios that are applicable for this appraisal assignment. All other applicable definitions for this assignment are located in the Valuation Glossary section of the Addenda.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the following definition of value is applicable:

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is

not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

Fee Simple Estate

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

VALUE SCENARIOS

As-Is Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.³

Prospective Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.⁴

¹ Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472

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

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

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

INTRODUCTION

The appraisal development and reporting processes requires gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work for this appraisal assignment is outlined below:

- › The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- › The appraisers confirmed and analyzed legal and physical features of the subject property including sizes of the site and improvements, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site, and construction materials and condition of the improvements. This process also included estimating the remaining economic life of the improvements, analysis of the subject's site coverage and parking ratios compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.
- › The appraisers completed a self-storage market analysis that included national and local market overviews. The Stockton market and Outer Suburbs sub-market overviews analyzed supply/demand conditions using vacancy, absorption, supply change and rent change statistics. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- › The appraisers conducted a Highest and Best Use analysis, determining the highest and best use of the subject property As-Vacant and As-Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion, and continued use "as-is."
- › The appraisers confirmed and analyzed financial features of the subject property including historical and budgeted income/expense data, occupancy statistics, and tax and assessment records. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- › In order to select the appropriate valuation methodology, the appraisers considered the scope requirements and assessed the applicability of each traditional approach to value given the characteristics of the subject property and the intended use of the appraisal. As a result, this appraisal developed the Income (Direct Capitalization & Discounted Cash Flow) and Sales Comparison approaches to value. The resulting value indicators were reconciled within the Analysis of Value Conclusions section. The appraisal develops opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's fee simple interest. At the request of the client we have also completed an Insurable Replacement Cost Estimate and Land Value. The reasoning for including or excluding traditional approaches to value is developed within the Valuation Methodology section.
- › Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are fully described within this document.
- › We understand the Competency Rule of USPAP and the authors of this report meet the standards.
- › Brayden Shouse provided significant real property appraisal assistance to the appraisers signing the certification. Assistance included gathering, analyzing and reporting regional, local area, zoning, and tax

information, confirming some of the comparable data, and assisting with portions of the valuation analysis.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

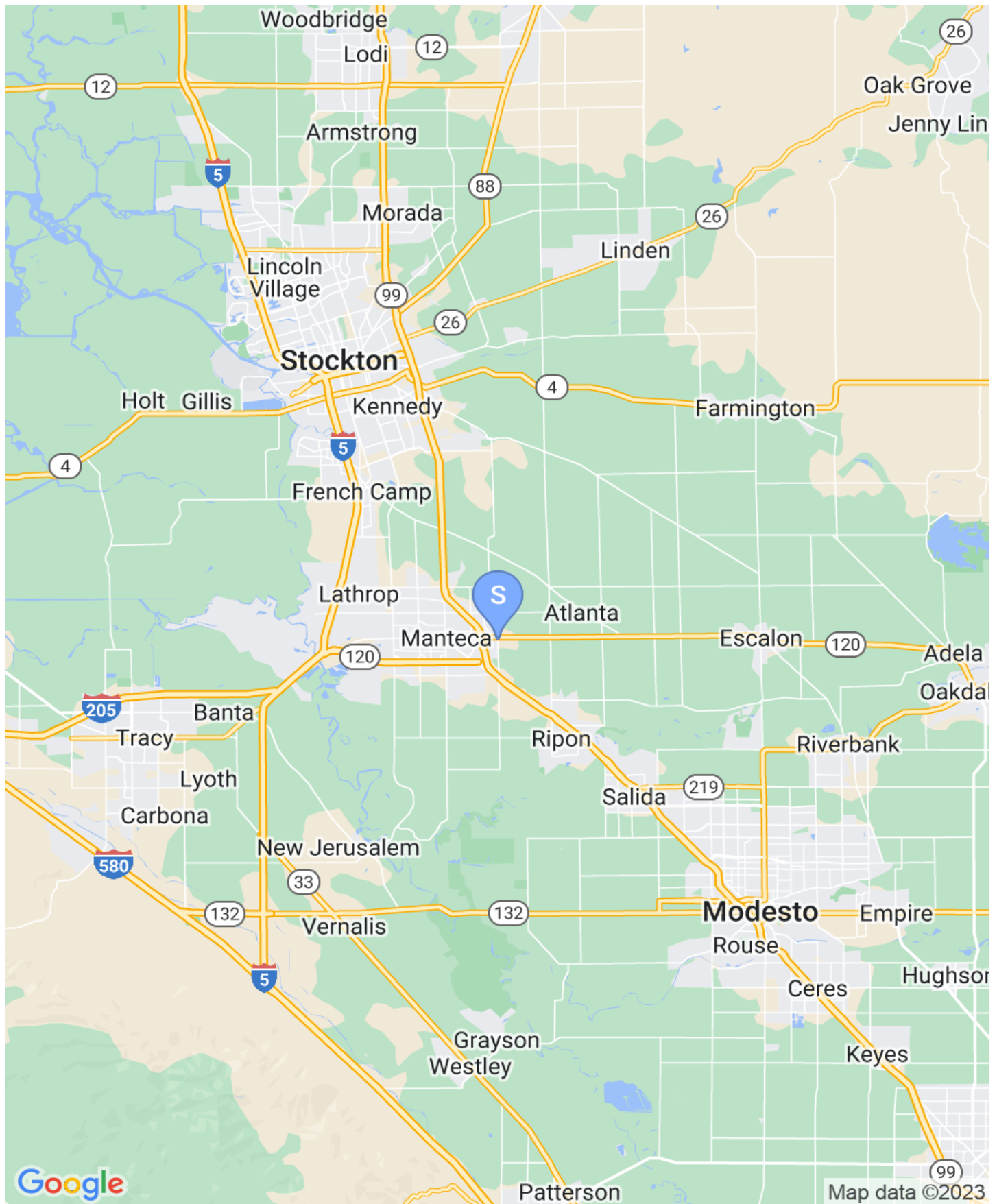
SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	San Joaquin County Tax Assessor
Zoning Information	City of Manteca Zoning Code
Site Size Information	San Joaquin County Tax Assessor
Building Size Information	San Joaquin County Tax Assessor
New Construction	City of Manteca / San Joaquin County
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Quit Claim Deed from San Joaquin County Recorder's Office
Other Property Data	San Joaquin County Property Records
Occupancy Statistics Report	John Pinedo, Owner
Income/Expense Statements	John Pinedo, Owner

SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Jeffrey Shouse, MAI, CRE	Yes	Interior/Exterior	April 11, 2023
Brayden Shouse	No	-	-

It is our understanding that the remaining (non-inspected) units are in similar condition to those inspected, with no interior deferred maintenance present in the other units.



INTRODUCTION

The Stockton, CA Metropolitan Statistical Area is comprised of San Joaquin County. According to the 2020 census, the population was 779,233. San Joaquin County is bordered by the Sierra Nevada Mountains to the east and the Pacific Coast Range and San Francisco Bay to the west. It is also bordered by Sacramento and Stanislaus counties to the north and south, respectively. There are seven cities in the county, including Stockton, Lathrop, Lodi, Manteca, and Tracy. The area's main thoroughfare is Interstate 5. Other highways include Interstates 205 and 580 and State Route 99. The region is served by Stockton Metropolitan Airport, a joint civil-military airport in the southern portion of the city. The San Joaquin Valley first received acclaim for gold discovery, then for world-leading watermelon production, and now for grape production. San Joaquin County, the city of Tracy in particular, is becoming a popular locale for industrial and commercial clients. Fueling this growth are low property prices, expansion out of the Bay Area, freeway access, and residential growth. Stockton has a coordinated network of services that operate in every corner of the world's marketplace. This network integrates several modes of transportation, including ship, rail, truck, plane, and pipeline. The area is home to an inland deep-water port on the Sacramento River and is serviced by a highway system adjacent to the port. The Port of Stockton can service approximately 70 percent of the Pacific maritime fleet.



DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, the Stockton metropolitan area had a 2022 total population of 798,876 and experienced an annual growth rate of 1.2%, which was higher than the California annual growth rate decrease of 0.1%. The metropolitan area accounted for 2.0% of the total California population (39,432,921). Within the metropolitan area the population density was 560 people per square mile compared to the lower California population density of 249 people per square mile and the lower United States population density of 93 people per square mile.

POPULATION			
YEAR	US	CA	CBSA
2020 Total population	331,501,080	39,499,738	780,517
2022 Total Population	334,017,687	39,432,921	798,876
2027 Total Population	344,637,383	40,408,360	846,206
2020 - 2022 CAGR	0.4%	(0.1%)	1.2%
2022 - 2027 CAGR	0.6%	0.5%	1.2%

Source: Pitney Bowes/Gadberry Group - GroundView®

POPULATION DENSITY			
YEAR	US	CA	CBSA
2022 Per Square Mile	93	249	560
2027 Per Square Mile	96	255	593

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2022 median age for the metropolitan area was 34.49, which was 11.27% younger than the United States median age of 38.38 for 2022. The median age in the metropolitan area is anticipated to grow by 0.59% annually, increasing the median age to 35.52 by 2027.

MEDIAN AGE			
YEAR	US	CA	CBSA
2022	38.38	36.88	34.49
2027	39.16	37.75	35.52
CAGR	0.40%	0.46%	0.59%

Source: Pitney Bowes/Gadberry Group - GroundView®

Education

The Stockton, CA MSA is home to the University of the Pacific, a private university offering both undergraduate and graduate degree programs to an enrollment of approximately 6,700 students annually. The University of the Pacific has 11 schools and colleges, including the School of Engineering and Computer Science, the School of International Studies, and the Eberhardt School of Business.

Household Trends

The 2022 number of households in the metropolitan area was 244,536. The number of households in the metropolitan area is projected to grow by 0.9% annually, increasing the number of households to 255,562 by 2027. The 2022 average household size for the metropolitan area was 3.20, which was 26.75% larger than the United States average household size of 2.53 for 2022. The average household size in the metropolitan area is anticipated to grow by 0.27% annually, increasing the average household size to 3.25 by 2027.

NUMBER OF HOUSEHOLDS			
YEAR	US	CA	CBSA
2022	129,171,249	13,488,338	244,536
2027	134,179,366	13,858,069	255,562
CAGR	0.8%	0.5%	0.9%

Source: Pitney Bowes/Gadberry Group - GroundView®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	CA	CBSA
2022	2.53	2.86	3.20
2027	2.51	2.86	3.25
CAGR	(0.11%)	(0.04%)	0.27%

Source: Pitney Bowes/Gadberry Group - GroundView®

The Stockton metropolitan area had 41.75% renter occupied units, compared to the higher 44.58% in California and the lower 35.54% in the United States.

HOUSING UNITS			
	US	CA	CBSA
Owner Occupied	64.46%	55.42%	58.25%
Renter Occupied	35.54%	44.58%	41.75%

Source: Pitney Bowes/Gadberry Group - GroundView®

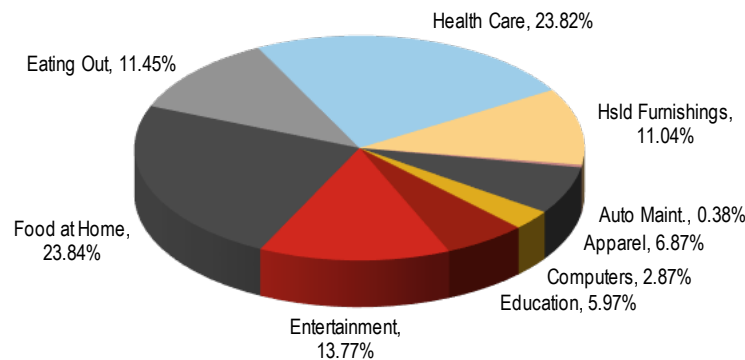
The 2022 median household income for the metropolitan area was \$69,490, which was 2.6% lower than the United States median household income of \$71,362. The median household income for the metropolitan area is projected to grow by 4.3% annually, increasing the median household income to \$85,870 by 2027.

According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the Stockton, CA MSA's cost of living is 122.8 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

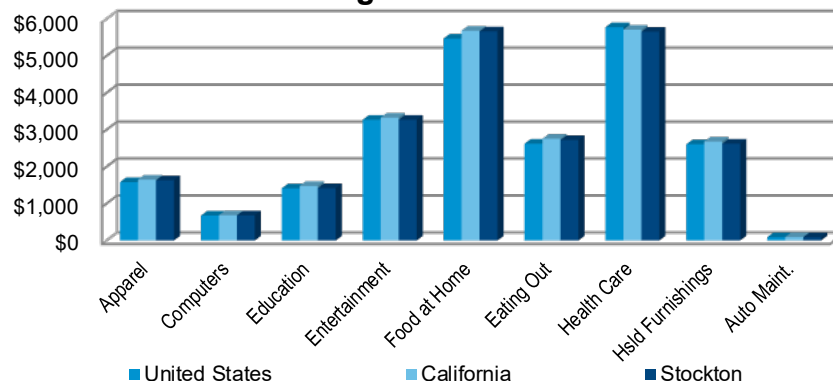
MEDIAN HOUSEHOLD INCOME			
YEAR	US	CA	CBSA
2022	\$71,362	\$86,109	\$69,490
2027	\$89,318	\$106,239	\$85,870
CAGR	4.6%	4.3%	4.3%

Source: Pitney Bowes/Gadberry Group - GroundView®

Consumer Spending Stockton



Consumer Spending Comparison Average Household

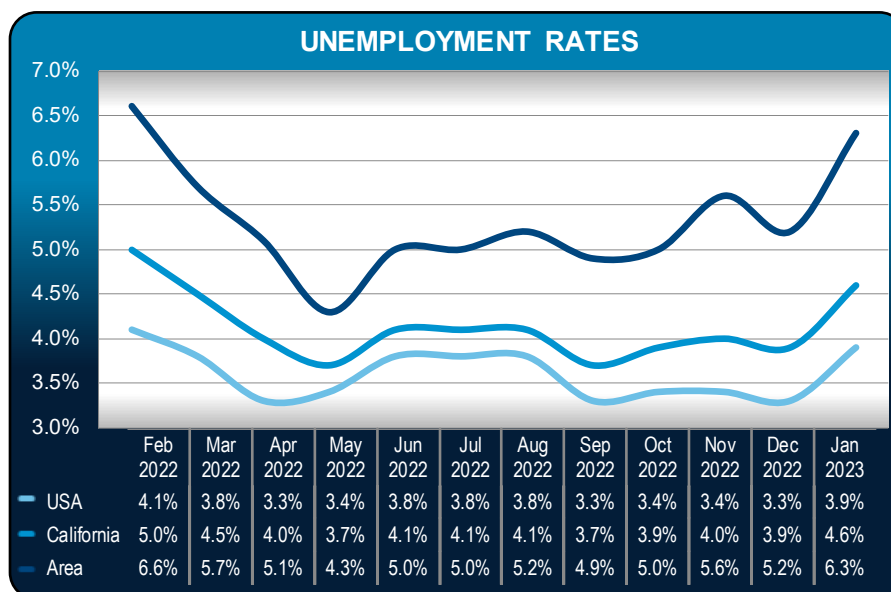


EMPLOYMENT

Total employment has increased annually over the past decade in the state of California by 0.7% and increased annually by 1.5% in the area. From 2020 to 2021 unemployment decreased in California by 2.8% and decreased by 2.9% in the area. In the state of California unemployment has increased over the previous month by 0.7% and increased by 1.1% in the area.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2012 - 2021							
TOTAL EMPLOYMENT					UNEMPLOYMENT RATE		
California		Stockton, CA Metropolitan Statistical Area			United States*	California	Stockton, CA Metropolitan Statistical Area
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2012	16,541,039	2.0%	265,990	2.3%	8.1%	10.5%	14.6%
2013	16,887,864	2.1%	273,256	2.7%	7.4%	9.0%	12.5%
2014	17,264,518	2.2%	278,342	1.9%	6.2%	7.6%	10.7%
2015	17,647,409	2.2%	286,281	2.9%	5.3%	6.3%	8.9%
2016	17,965,407	1.8%	292,367	2.1%	4.9%	5.5%	8.2%
2017	18,258,064	1.6%	300,205	2.7%	4.4%	4.8%	7.0%
2018	18,469,910	1.2%	304,226	1.3%	3.9%	4.2%	6.1%
2019	18,617,933	0.8%	307,458	1.1%	3.7%	4.1%	6.0%
2020	17,047,569	(8.4%)	295,559	(3.9%)	8.1%	10.1%	11.6%
2021	17,586,314	3.2%	305,278	3.3%	5.3%	7.3%	8.7%
CAGR	0.7%	-	1.5%	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



The preceding chart depicts unemployment trends in the region, California, and the U.S. Overall levels of unemployment in the region experienced minor fluctuations throughout the past three months. By the end of January 2023, unemployment in the region was 1.7% higher than California's and 2.4% higher than the national average.

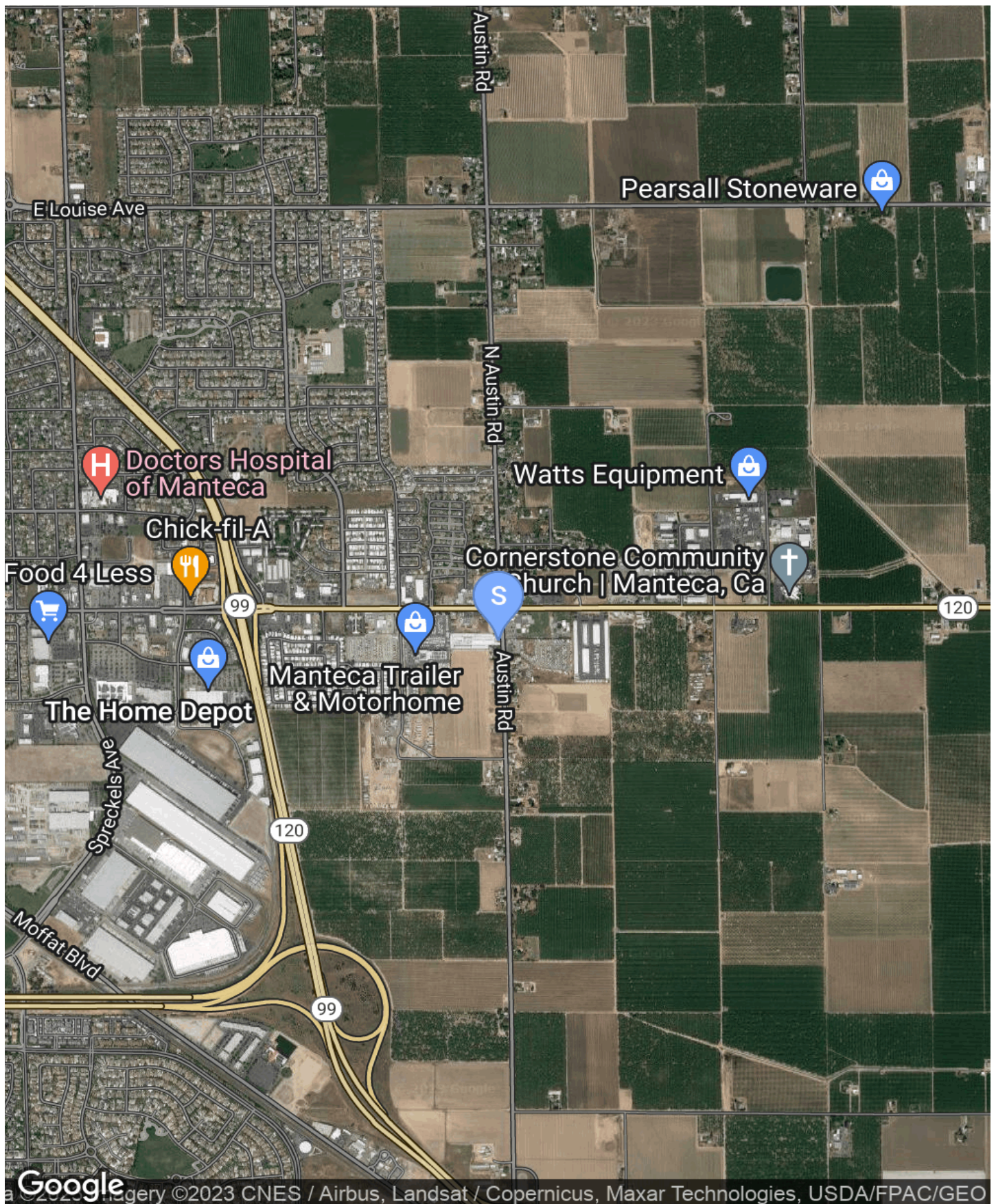
TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
Blue Shield of California	5,000-9,999	Finance/Insurance
A Sambado & Sons, Inc.	1,000-4,999	Wholesale/Retail Trade
Ashley Lane LP	1,000-4,999	Agriculture/Forestry
Amazon Fulfillment Center	1,000-4,999	Transportation/Warehousing
Dameron Hospital Association	1,000-4,999	Healthcare/Social Assistance
Deuel Vocational Institution	1,000-4,999	Public Administration
Lodi Memorial Hospital	1,000-4,999	Healthcare/Social Assistance
Lodi Memorial Hospital Home Health	1,000-4,999	Healthcare/Social Assistance
NA Chaderjian Youth	1,000-4,999	Public Administration
Stockton Unified School District	1,000-4,999	Education

Source: <https://sanjoaquinrtd.com>

The preceding chart depicts the top employers in San Joaquin County. Principal employers are spread throughout diverse sectors, including finance/insurance, wholesale/retail trade, and agriculture/forestry. One of the largest employers is Blue Shield of California, a non-profit mutual benefit corporation and health plan. Another prominent employer is A Sambado & Sons, Inc., a company that operates retail nurseries and garden stores and provides various types of deciduous trees including fruit trees, citrus trees, and tropical fruit trees. It also offers various gardening tools and products. Ashley Lane LP, a cherries, onions, and bell peppers farming company and part of the Other Crop Farming Industry, is also among the top employers.

SUMMARY

The Stockton, CA MSA has traditionally been an agriculturally based economy; however, logistics and manufacturing have become important aspects of the economy in recent years. The county has a strategic location in proximity to Sacramento County and the San Francisco Bay Area, as well as efficient transportation networks. The positive features of San Joaquin County are considered sufficient in maintaining the region as a desirable commercial and economic center and serve as a means of fostering economic growth.



INTRODUCTION

In this section of the report, we provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. A map of the local area is presented on the prior page. Below are insights into the local area based on fieldwork, interviews, demographic data and experience in this market.

LOCAL AREA PROFILE

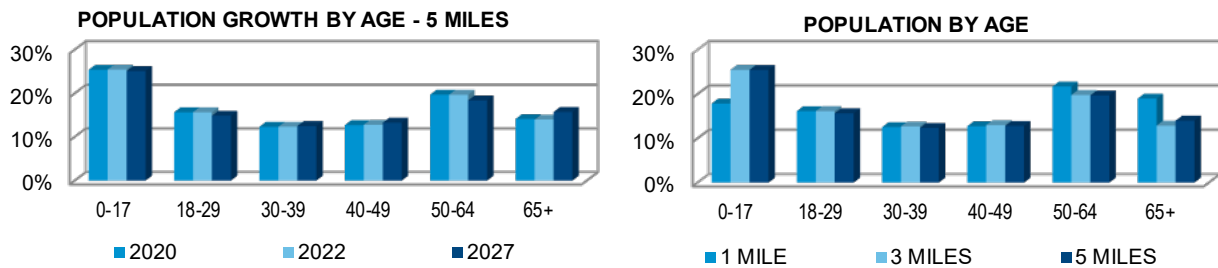
The subject property is in Manteca, California, within San Joaquin County. According to the 2020 census, the population was 83,498. The city is in the southern portion of the county, approximately 15 miles southeast of Stockton and 18 miles northwest of Modesto. State routes 99 and 120 intersect the city, providing easy access to Interstate 5. Air transportation is provided by Stockton Metropolitan Airport, approximately eight miles north of Manteca's central business district.

DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2010 Population	4,305	45,824	84,721	2022	\$74,413	\$91,717	\$101,189
2020 Population	4,585	54,157	102,184	2027	\$88,830	\$115,605	\$127,002
2022 Population	4,915	56,944	106,766	Change 2022-2027	19.37%	26.05%	25.51%
2027 Population	5,130	61,084	115,435	MEDIAN HOUSEHOLD INCOME			
Change 2010-2020	6.50%	18.18%	20.61%	2022	\$58,792	\$68,168	\$77,945
Change 2020-2022	7.20%	5.15%	4.48%	2027	\$68,461	\$85,315	\$95,838
Change 2022-2027	4.37%	7.27%	8.12%	Change 2022-2027	16.45%	25.15%	22.96%
POPULATION 65+				PER CAPITA INCOME			
2020 Population	877	7,070	14,436	2022	\$26,694	\$28,877	\$32,334
2022 Population	933	7,326	14,954	2027	\$31,428	\$35,841	\$40,135
2027 Population	1,106	8,880	18,185	Change 2022-2027	17.73%	24.11%	24.12%
Change 2020-2022	6.39%	3.62%	3.59%	2022 HOUSEHOLDS BY INCOME			
Change 2022-2027	18.54%	21.21%	21.61%	<\$15,000	4.6%	6.6%	6.1%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	10.7%	7.3%	6.4%
2010 Households	1,608	14,919	27,558	\$25,000-\$34,999	20.1%	9.4%	7.2%
2020 Households	1,729	17,383	33,016	\$35,000-\$49,999	7.3%	13.3%	11.6%
2022 Households	1,747	17,836	33,882	\$50,000-\$74,999	18.3%	17.3%	17.1%
2027 Households	1,798	18,836	36,208	\$75,000-\$99,999	18.1%	13.5%	14.2%
Change 2010-2020	7.52%	16.52%	19.81%	\$100,000-\$149,999	12.8%	17.9%	19.3%
Change 2020-2022	1.04%	2.61%	2.62%	\$150,000-\$199,999	5.2%	8.7%	10.4%
Change 2022-2027	2.92%	5.61%	6.87%	\$200,000 or greater	2.9%	6.1%	7.8%
HOUSING UNITS (2022)				MEDIAN HOME VALUE			
Owner Occupied	1,001	11,122	22,618	2022	\$291,000	\$393,932	\$420,691
Renter Occupied	751	6,702	11,265	AVERAGE HOME VALUE			
HOUSING UNITS BY YEAR BUILT				2027	\$265,792	\$406,559	\$446,968
Built 2010 or later	11	1,958	4,560	HOUSING UNITS BY UNITS IN STRUCTURE			
Built 2000 to 2009	346	3,952	8,634	1, detached	820	13,956	27,910
Built 1990 to 1999	357	1,816	4,224	1, attached	39	431	809
Built 1980 to 1989	394	2,468	5,705	2	9	214	424
Built 1970 to 1979	415	3,033	4,464	3 or 4	44	463	926
Built 1960 to 1969	146	2,086	2,631	5 to 9	13	380	640
Built 1950 to 1959	65	1,511	2,074	10 to 19	44	530	634
Built 1940 to 1949	6	492	748	20 to 49	0	409	593
Built 1939 or earlier	7	521	843	50 or more	258	646	957
				Mobile home	525	795	990
				Boat, RV, van, etc.	0	0	1

Source: Pitney Bowes/Gadberry Group - GroundView®



Transportation Routes

Major traffic arteries are shown in the chart below:

MAJOR ROADWAYS & THOROUGHFARES			
HIGHWAY	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
Interstate 5	north-south	Interstate Highway	This is within nine miles of the subject property.
State Route 120	east-west	Local Highway	This is within a quarter mile of the subject property.
State Route 219	north-south	Local Highway	This is within nine miles of the subject property.
SURFACE STREETS	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
South Austin Road	north-south	Secondary Arterial	The subject property fronts this street.

Public transportation is available near the subject property. The immediate area is served by Manteca Transit with bus stops on East Yosemite Avenue, Pestana Avenue, Vasconcellos Avenue, Commerce Avenue, and Northwoods Avenue.

Economic Factors

Manteca is a suburban community for the Stockton metropolitan area. The economic environment is impacted by the greater economy of the area and San Joaquin County. The local economy relies on retail services, and small office properties. The largest industries in Manteca are retail trade, manufacturing, and healthcare/social assistance. Retail presence consists of restaurants, big-box stores, lodging, and locally owned businesses.

Community Services

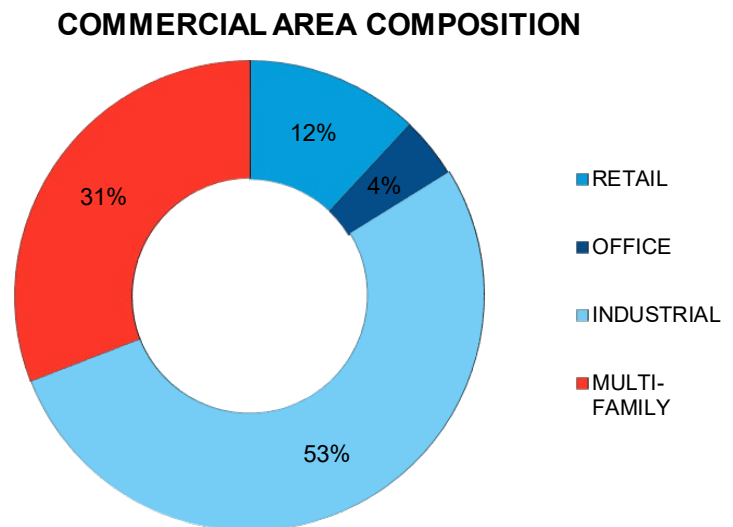
Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages).

IMMEDIATE AREA PROFILE

This section discusses uses and development trends in the immediate area that directly impact the performance and appeal of the subject property.

Predominant Land Uses

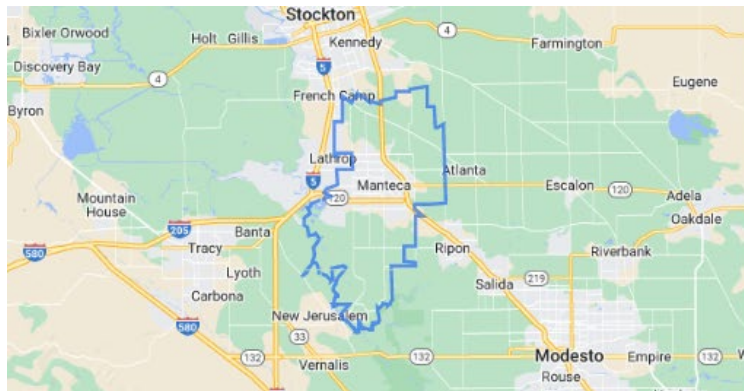
Significant development in the immediate area consists of retail and industrial uses along major arterials that are interspersed with multi-family complexes and single-family residential development removed from arterials. The local area has a mix of commercial uses nearby and the composition is shown in the following graph.



©CoStar

Residential Development

Storage customers are frequently divided into four distinct categories: commercial, residential, military and student renters. Residential renters typically make up the bulk of self-storage customers nationwide. **According to the Self-Storage Almanac, approximately 88% of self-storage tenants are residential.** Residential users in the immediate area are primarily single family residential. The average Manteca home value is \$574,552, down 2.4% over the past year.



Manteca Key Takeaways

Typical Home Values: \$574,552

1-year Value Change: -2.4%

(Data through March 31, 2023)

Manteca, located in San Joaquin County, California, has experienced significant residential development due to population growth. Housing options include single-family homes, townhomes, and apartments, with modern amenities and spacious floor plans. Major developments in the area include the Oakwood Shores community with resort-style amenities, and the Woodward Park community with over 500 new homes.

Multi-Family Development

The following chart shows a summary of multi-family data by type in the immediate area from CoStar.

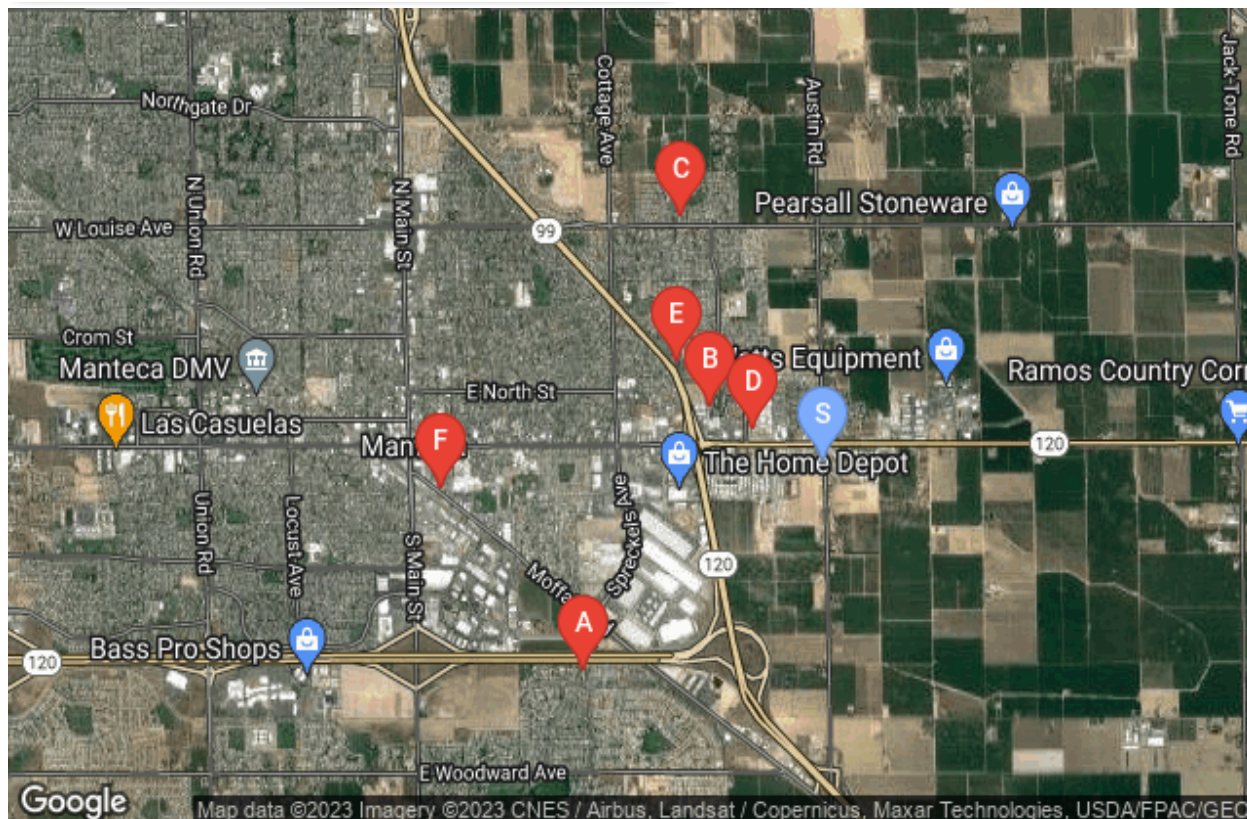
MULTI-FAMILY SUMMARY			
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT
A	2	140,898	2019
B	28	686,195	1967
C	86	1,800,450	1968
TOTAL	116	2,627,543	1969

Source: CoStar

The largest three multi-family properties are at 801 East Atherton Drive, 1820 Pennebaker Way and 1130 Empire Avenue with an NRA of 586,128 SF, 197,000 SF and 142,335 SF, respectively. The closest large multi-family property in proximity to the subject is at 150 Pestana Avenue with an NRA of 139,000 SF that was built in 1970. The majority of properties were constructed before 2000. The following chart and map show the subject property and its location relative to the seven largest multi-family properties in the immediate area from CoStar.

LARGEST MULTI-FAMILY PROPERTIES						
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	STORIES	YEAR BUILT
Paseo Villas Apartments	1.5 Miles	A	C	586,128	3	2006
Sandpiper Village	0.6 Miles	B	B	197,000	2	1985
Multi-family Building	1.3 Miles	C	B	142,335	2	-
Almond Blossom Estates	0.4 Miles	D	C	139,000	1	1970
Multi-family Building	0.8 Miles	E	C	115,420	2	1985
Multi-family Building	1.8 Miles	F	C	50,480	1	1945
Multi-family Building	1.8 Miles	G	C	50,230	1	1968

Source: CoStar



Retail Development

The following chart shows a summary of retail data by type in the immediate area from CoStar.

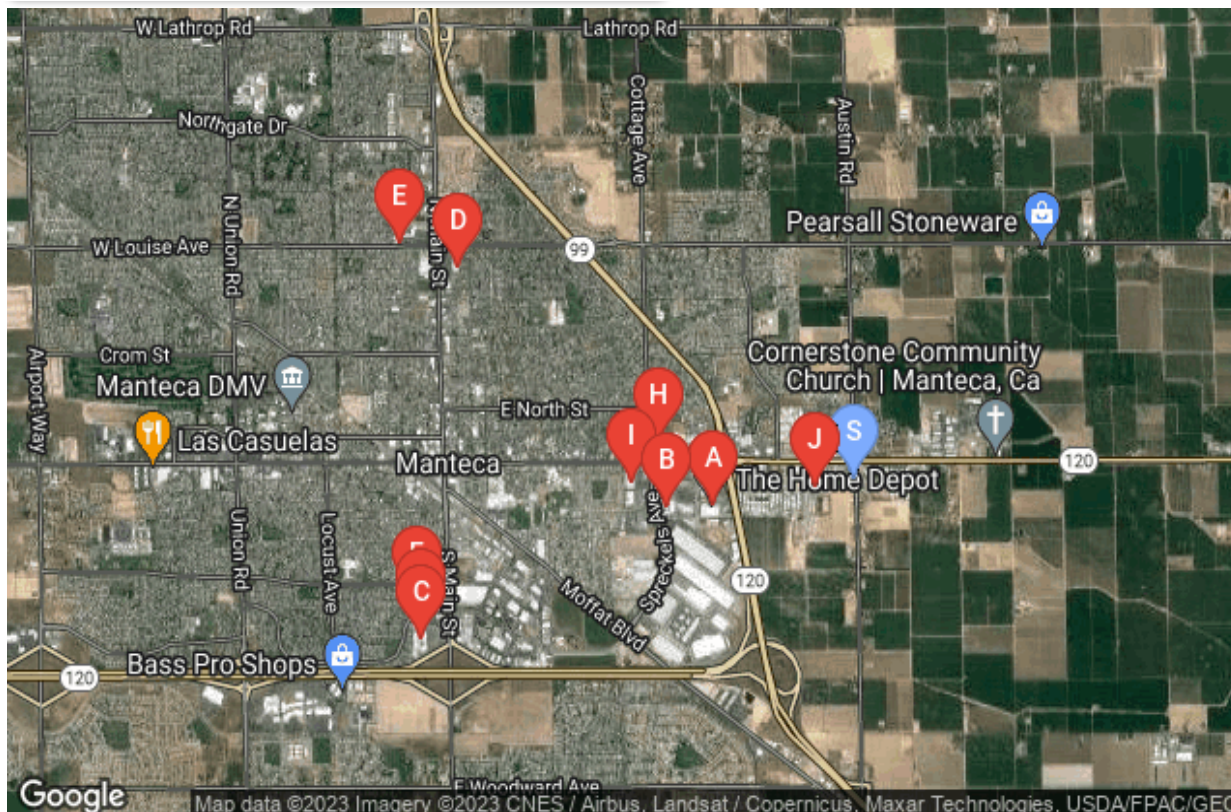
RETAIL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
General Retail	161	1,021,848	1974	100.0	-
TOTAL	161	1,021,848	1974	100.0	\$0.00

Source: CoStar

The largest three retail properties are at 250 Commerce Avenue, 280 Spreckels Avenue and 1205 South Main Street with an NRA of 150,000 SF, 125,481 SF and 102,960 SF that were built in 2003, 2003 and 1992, respectively. The closest large retail property in proximity to the subject is at 204 South Vasconcellos Avenue with an NRA of 50,000 SF that was built in 2005. The majority of properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest retail properties in the immediate area from CoStar.

LARGEST SHOPPING CENTERS							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Retail Building	0.7 Miles	A	Power Center	150,000	100.0	2003	N/Av
Retail Building	0.9 Miles	B	Power Center	125,481	100.0	2003	N/Av
Mission Ridge Plaza	2.2 Miles	C	Community Center	102,960	100.0	1992	N/Av
Cardoza Center	2.2 Miles	D	Neighborhood Center	85,334	100.0	-	N/Av
Retail Building	2.5 Miles	E	Neighborhood Center	83,347	100.0	1977	N/Av
Retail Building	2.2 Miles	F	Community Center	78,454	100.0	1992	N/Av
Retail Building	2.2 Miles	G	Community Center	64,309	100.0	-	N/Av
Retail Building	1.0 Miles	H	General Retail	62,000	100.0	2000	N/Av
Spreckels Marketplace	1.1 Miles	I	Neighborhood Center	57,800	100.0	-	N/Av
Retail Building	0.2 Miles	J	General Retail	50,000	100.0	2005	N/Av

Source: CoStar



Office Development

The following chart shows a summary of office data by class in the immediate area from CoStar.

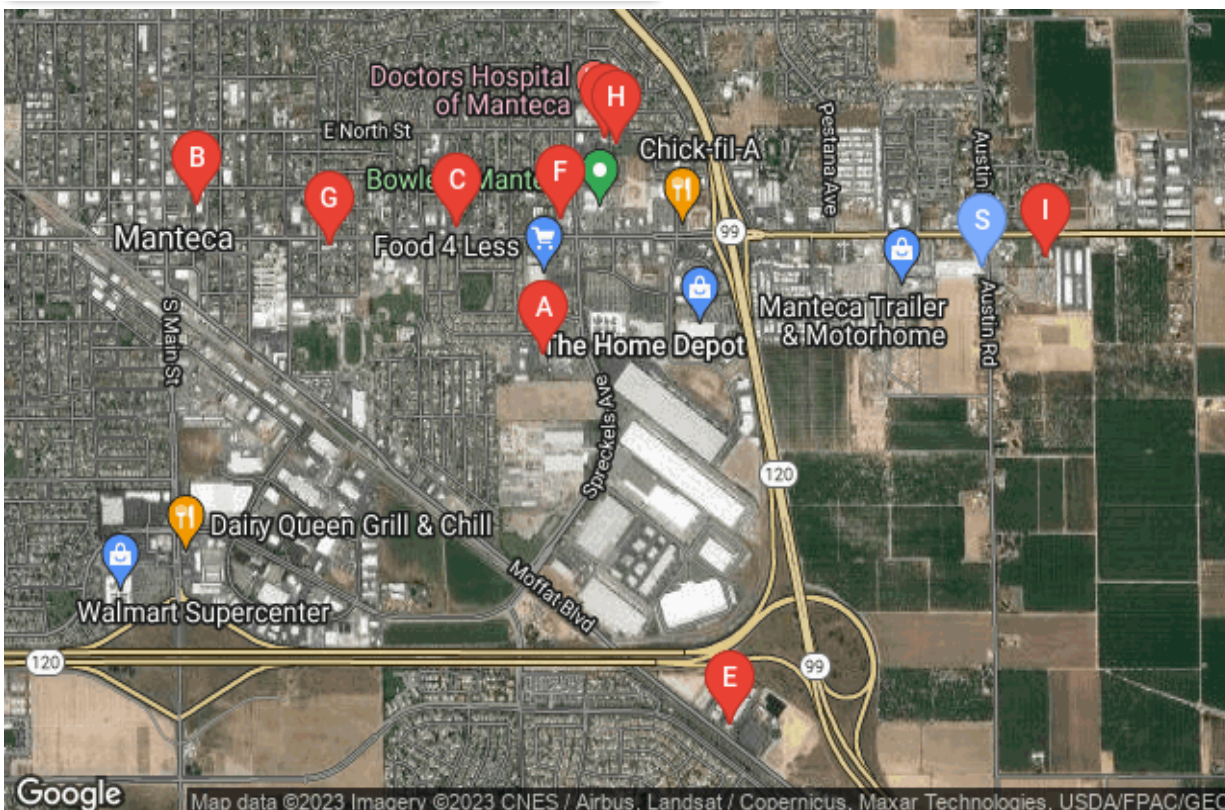
OFFICE SUMMARY					
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
B	18	213,659	1981	99.1	-
C	32	141,760	1963	99.8	-
TOTAL	50	355,419	1970	99.6	\$0.00

Source: CoStar

The largest three office properties are at 1144 Norman Drive, 142 North Grant Avenue and 965 East Yosemite Avenue with an NRA of 20,410 SF, 20,000 SF and 18,699 SF, respectively. The closest large office property in proximity to the subject is at 178 South Austin Road with an NRA of 10,107 SF. The majority of properties were constructed before 2000. The following chart and map show the subject property and its location relative to the nine largest office properties in the immediate area from CoStar.

LARGEST OFFICE BUILDINGS							
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Yosemite Medical Arts	1.1 Miles	A	B	20,410	100.0	2007	N/Av
Office Building	1.9 Miles	B	C	20,000	94.4	1968	N/Av
Office Building	1.3 Miles	C	B	18,699	83.4	-	N/Av
Office Building	1.0 Miles	D	B	16,384	100.0	-	N/Av
Office Building	1.2 Miles	E	B	10,839	100.0	2007	N/Av
Office Building	1.0 Miles	F	C	10,764	100.0	1982	N/Av
Office Building	1.6 Miles	G	B	10,700	100.0	-	N/Av
Office Building	0.9 Miles	H	B	10,564	100.0	1986	N/Av
Office Building	0.2 Miles	I	B	10,107	100.0	-	N/Av

Source: CoStar



Industrial Development

The following chart shows a summary of industrial data by type in the immediate area from CoStar.

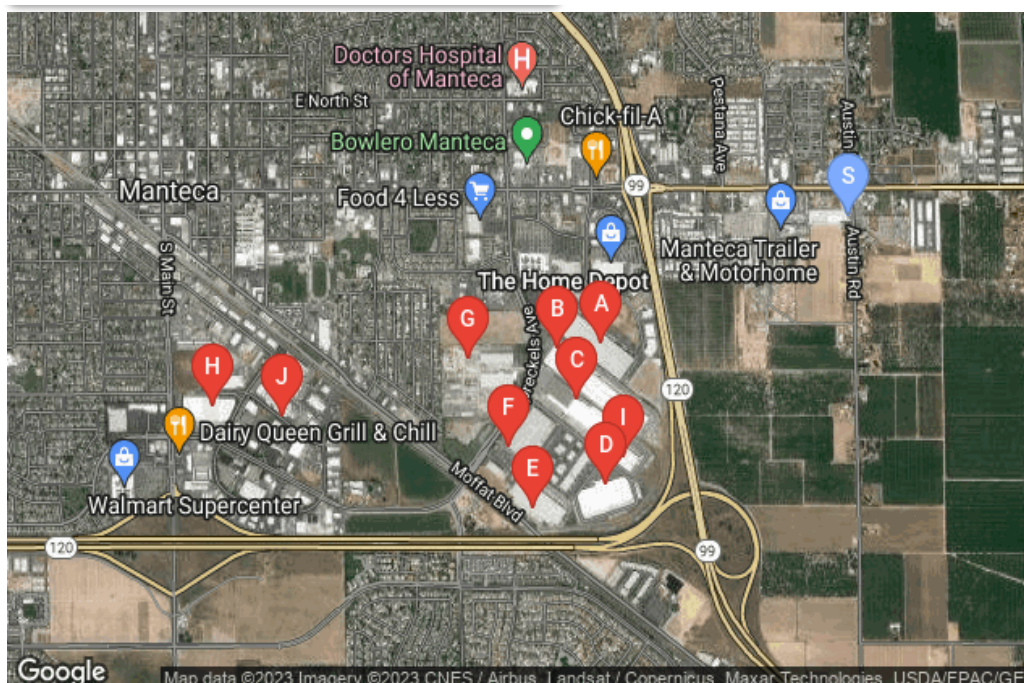
INDUSTRIAL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
Industrial	107	4,503,349	1991	99.5	\$8.64
Flex	1	1,491	1989	100.0	-
TOTAL	108	4,504,840	1991	99.5	\$8.64

Source: CoStar

The largest three industrial properties are at 1260 Phoenix Drive, 600 Spreckels Avenue and 730 Spreckels Avenue with an NRA of 608,500 SF, 552,467 SF and 332,372 SF that were built in 2002, 1999 and 2005, respectively. The closest large industrial property in proximity to the subject is the first property which is detailed above. The majority of properties were constructed after 2000. The following chart and map show the subject property and its location relative to the 10 largest industrial properties in the immediate area from CoStar.

LARGEST INDUSTRIAL PROPERTIES							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Spreckles Business Park	0.8 Miles	A	Industrial	608,500	100.0	2002	N/Av
Industrial Building	0.9 Miles	B	Industrial	552,467	100.0	1999	N/Av
Industrial Building	0.9 Miles	C	Industrial	332,372	100.0	2005	N/Av
Industrial Building	1.0 Miles	D	Industrial	286,072	100.0	2018	N/Av
Industrial Building	1.2 Miles	E	Industrial	271,767	100.0	1999	N/Av
Industrial Building	1.2 Miles	F	Industrial	253,560	100.0	2001	N/Av
Industrial Building	1.2 Miles	G	Industrial	178,500	100.0	-	N/Av
Industrial Building	1.9 Miles	H	Industrial	113,000	100.0	-	N/Av
Industrial Building	0.9 Miles	I	Industrial	97,200	100.0	2005	N/Av
Manteca Industrial Park	1.7 Miles	J	Industrial	92,000	100.0	1987	N/Av

Source: CoStar



SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The uses adjacent to the property are noted below:

- › **North** - Retail: 2260 East Yosemite Avenue, Clayton Homes, Single-family residential property
- › **South** - Agriculture land, Single-family residential property
- › **East** - South Austin Road, Self-Storage: Manteca RV & Boat Storage, Calla High School, Single-family residential property
- › **West** - Retail: Manteca Trailer & Motorhome

Access

The subject site has frontage on an arterial. Based on our field work, the subject's access is rated average/good compared to other properties with which it competes.

Visibility

The subject is clearly visible in both directions along the street. The visibility of the property is not hampered by adjacent properties, trees or other obstructions. In comparison to competitive properties, the subject property has average visibility.

SUMMARY

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall typical external influence for the subject, which is concluded to have a good position in context of competing properties.

Manteca has easy access to main transportation networks in the Stockton metropolitan area. The city has a stable economy supported by the retail, manufacturing, and healthcare sectors. The condition and appeal of the market area is good.

General Description

The subject site consists of 1 parcel. As noted below, the subject site has 120,226 SF (2.76 AC) of land area. The area is estimated based on the assessor's parcel map and may change if a professional survey determines more precise measurements. Going forward, our valuation analyses will utilize the usable site area. The following table and discussion summarize the subject site size, as well as other characteristics.

Assessor Parcel

228-020-460-000

Number Of Parcels

1

Land Area

Acres

Square Feet

Primary Parcel	2.76	120,226
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>

Total Land Area

2.76

120,226

Shape

Irregular - See Plat Map For Exact Shape

Topography

Level at street grade

Zoning

General Commercial (GC)

Drainage

Assumed Adequate

Utilities

All available to the site

Street Improvements

South Austin Road

Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
Secondary Street	two-way	two-lane	minor arterial	✓		✓	✓	

Frontage

The subject has approximately 160 feet of frontage on South Austin Road.

Accessibility

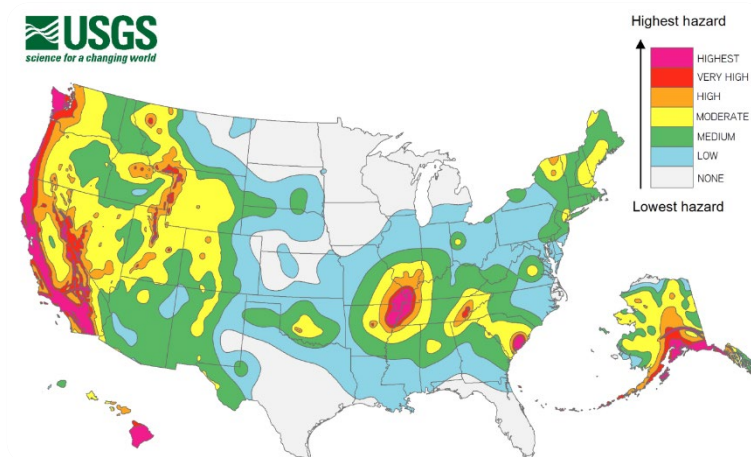
Average/Good - The subject is within one-quarter mile of State Route 120. Access to the subject is offered through two full-access curb cuts on South Austin Road.

Exposure

Average - The subject has adequate exposure on a minor arterial.

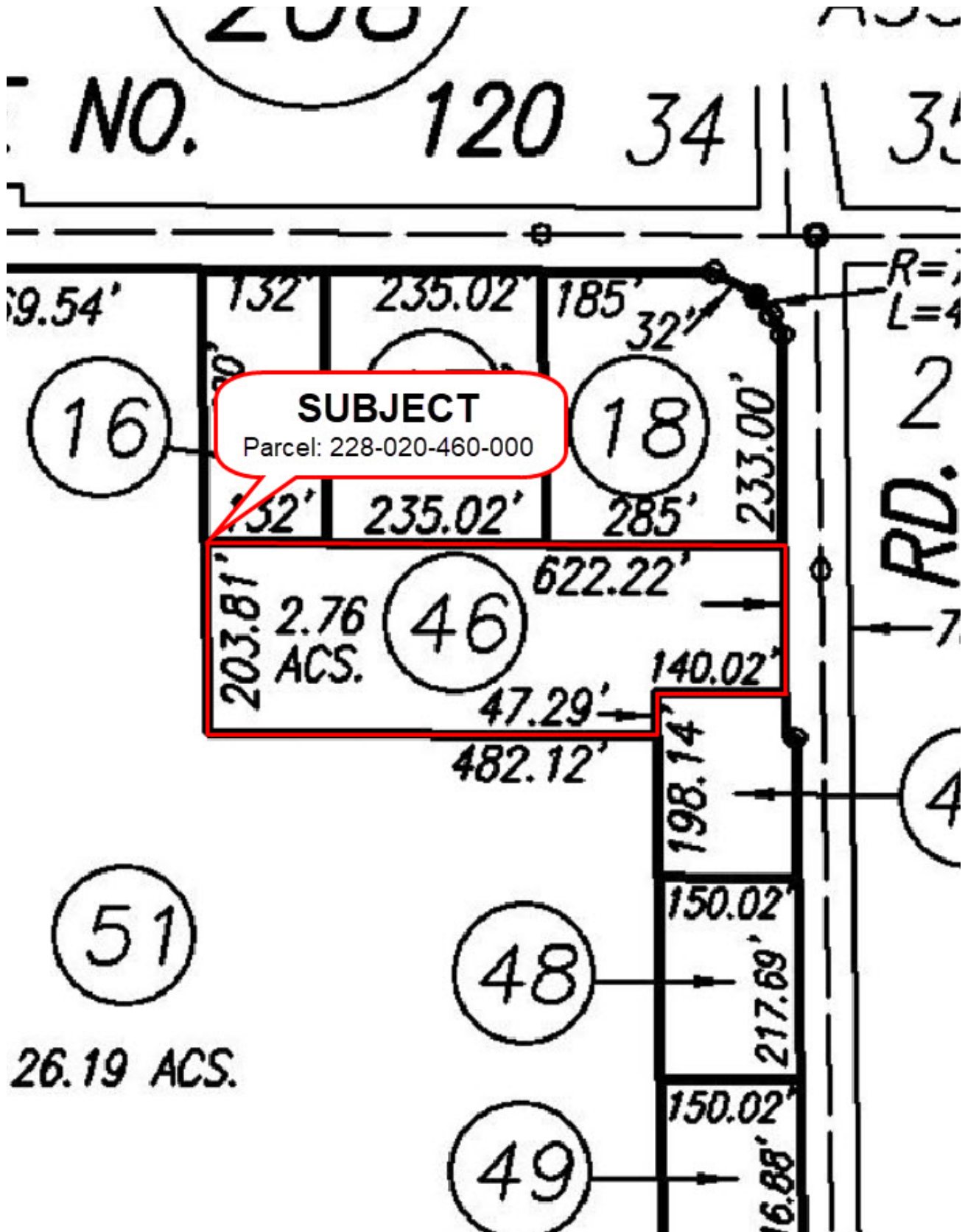
Seismic

The subject is in a moderate risk zone.



Flood Zone	Zone X (Unshaded). This is referenced by Community Number 060706, Panel Number 06077C0645F, dated October 16, 2009. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)
Easements	A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.
Soils	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
Hazardous Waste	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.
Conclusion	Overall, the subject site is considered a good self-storage site in terms of its location, exposure, and access to employment, residential areas and prospective tenants. All of these characteristics provide supporting uses for the subject site making it desirable for self-storage development. Overall, there are no known factors that would limit the site's development according to its highest and best use.

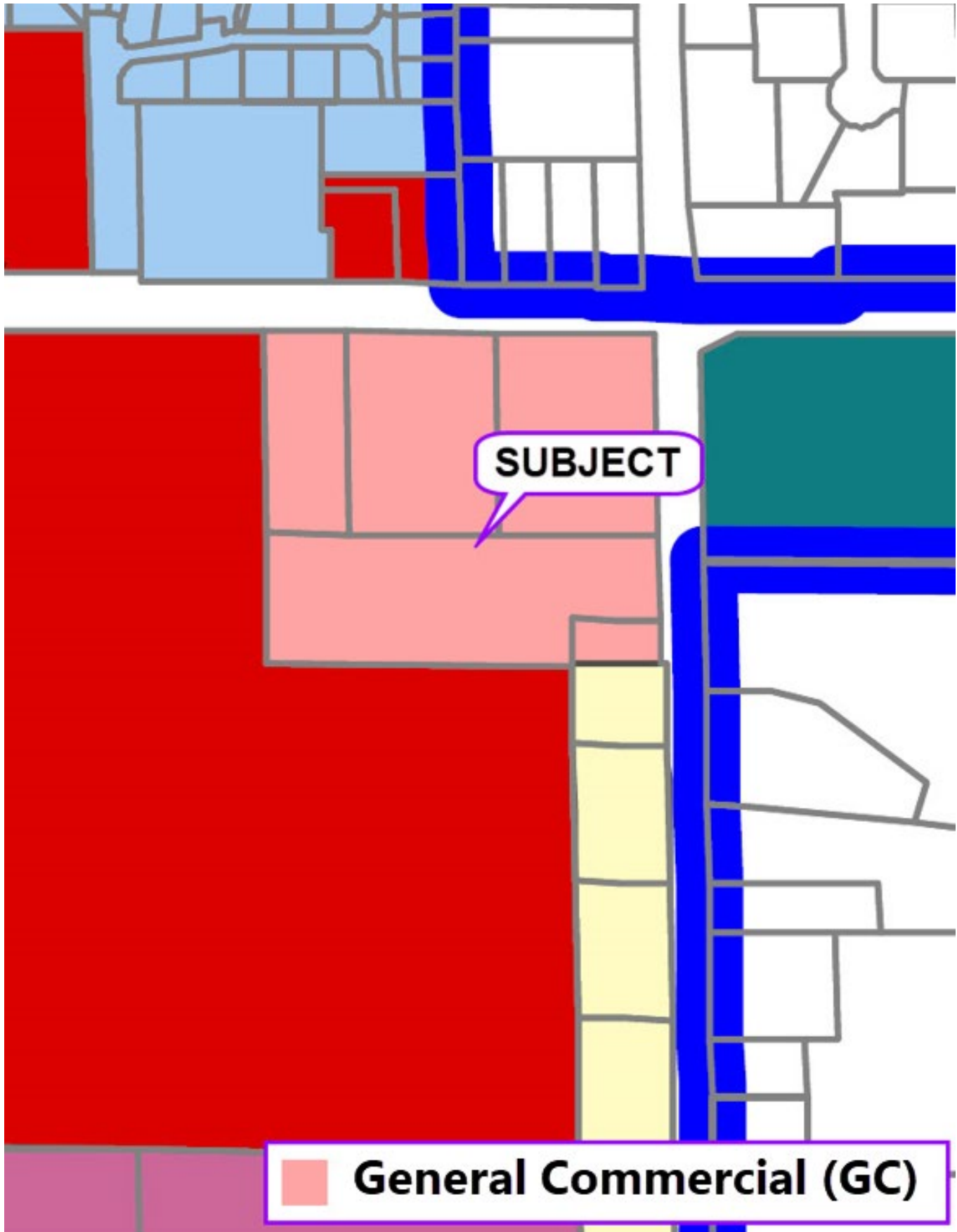
PLAT MAP



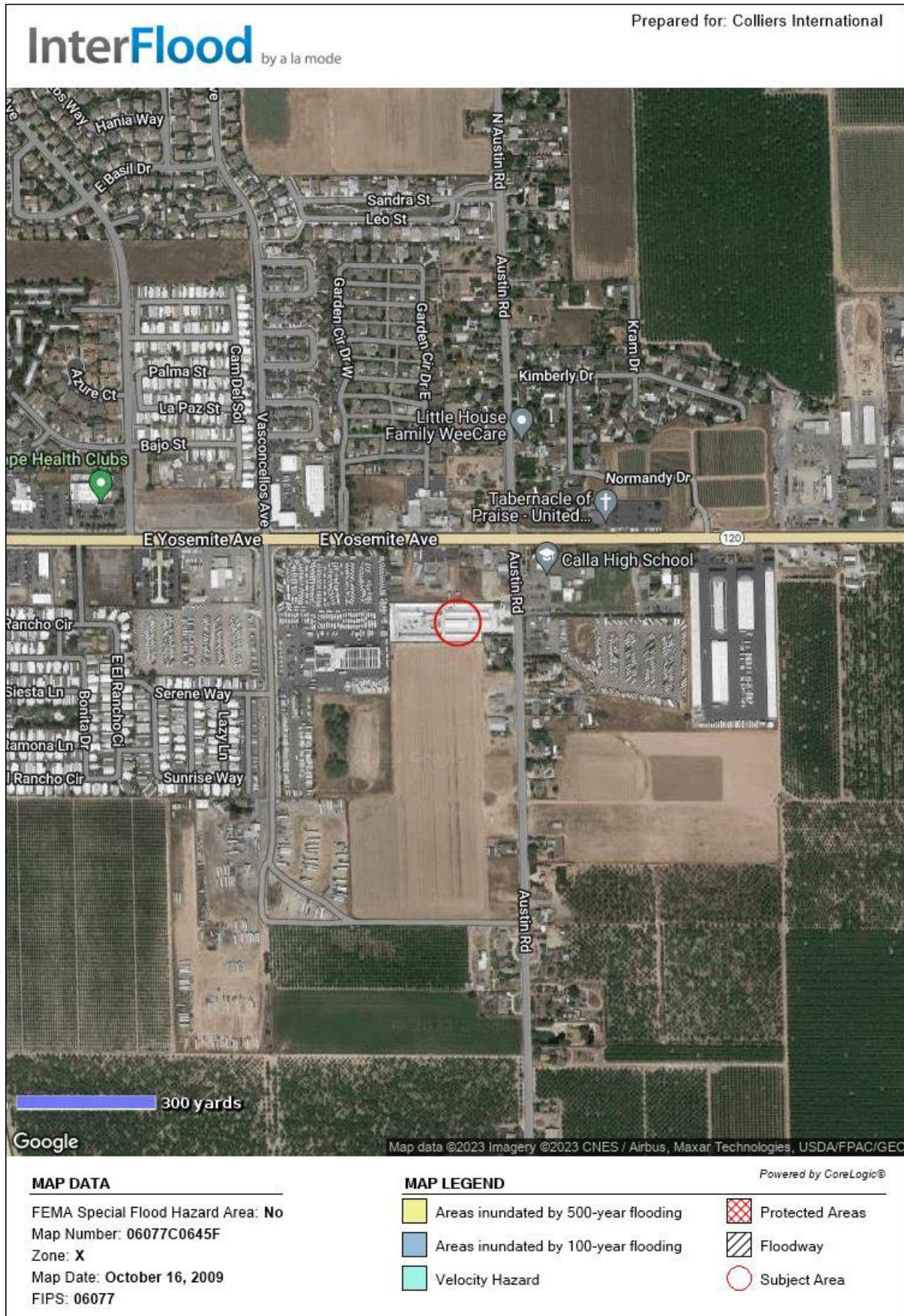
AERIAL IMAGE

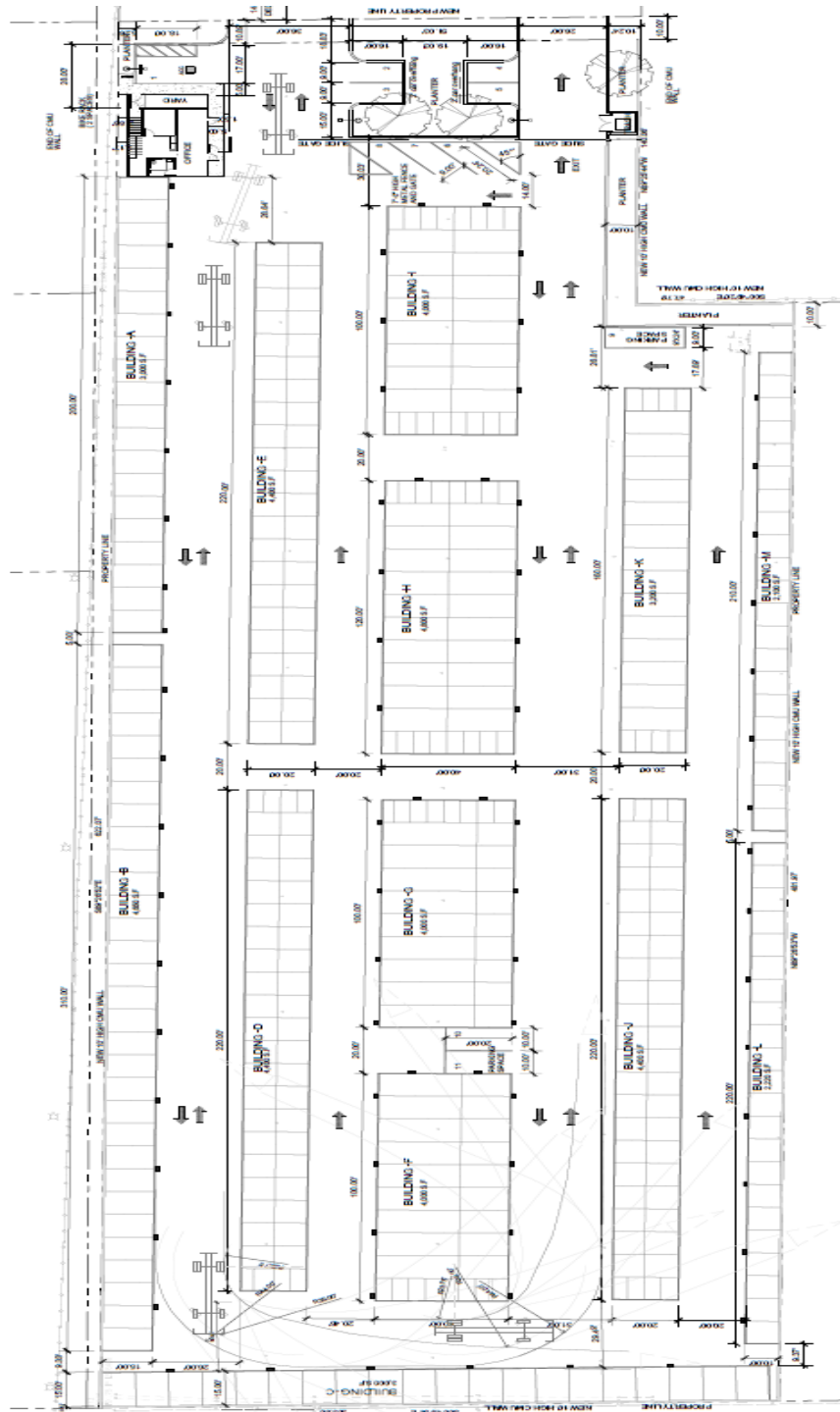


ZONING MAP



FLOOD MAP





Introduction

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

IMPROVEMENT DESCRIPTION

Number of Units	378
Average Unit Size	118 SF
Number of Buildings	14
Number of Stories	1
Net Rentable Area (NRA)	44,750 SF
Gross Building Area (GBA)	47,170 SF
Parking (Leasing Office)	11 Spaces
Year Built	2023
Age/Life Analysis	
Economic Life	45 Years
Remaining Life	45 Years
Class Rating	A
Quality	Good
Condition	Good
Marketability	Good

BUILDING DESCRIPTION

MULTIPLE BUILDING DESCRIPTION GRID

BUILDING	GBA	YEAR	ECON.	REM.	STORIES	QUALITY	CONDITION
		BUILT	LIFE	LIFE			
A	2,890	2023	45	45	1	Good	Good
B	4,450	2023	45	45	1	Good	Good
C	3,000	2023	45	45	1	Good	Good
D	4,200	2023	45	45	1	Good	Good
E	4,350	2023	45	45	1	Good	Good
F	3,400	2023	45	45	1	Good	Good
G	3,400	2023	45	45	1	Good	Good
H	4,400	2023	45	45	1	Good	Good
I	4,400	2023	45	45	1	Good	Good
J	4,100	2023	45	45	1	Good	Good
K	3,200	2023	45	45	1	Good	Good
L	2,280	2023	45	45	1	Good	Good
M	2,100	2023	45	45	1	Good	Good
N	500	2023	45	45	1	Good	Good
O	500	2023	45	45	1	Good	Good
TOTAL	47,170						

UNIT MIX

SELF-STORAGE UNIT MIX											
		UNIT	SF	UNIT SUMMARY			OCCUPANCY		% OF TOTAL	TOTAL	
UNIT TYPE		DETAIL	PER UNIT	OCC	VAC	TOT	PER UNIT	PER SF	UNITS	SF	
5	x	10	Exterior	50	19	53	72	26%	26%	19%	3,600
10	x	10	Exterior	100	19	157	176	11%	11%	47%	17,600
10	x	15	Exterior	150	14	62	76	18%	18%	20%	11,400
10	x	20	Exterior	200	13	23	36	36%	36%	10%	7,200
10	x	25	Exterior	250	3	6	9	33%	33%	2%	2,250
10	x	30	Exterior	300	7	2	9	78%	78%	2%	2,700
TOTAL SELF-STORAGE			118	75	303	378	19.8%	23.2%	100%	44,750	
Leasing Office / Manager's Apartment											1,440
Other Common Areas											980
GROSS BUILDING AREA											47,170

Basic Construction	Steel and masonry
Foundation	Poured concrete slab
Framing	Structural steel with masonry and concrete encasement
Exterior Walls	Concrete block
Roof	Built-up assemblies with tar and gravel cover
Heating & AC	Forced Air
Lighting	Fluorescent and Incandescent
Electrical	Each unit is separately metered
Interior Walls	Drywall
Doors	Metal Roll Up Doors
Flooring	Polished Concrete
Staircase/Elevators	None
Fire Protection	The subject has a fire sprinkler system.

SECURITY

Exterior Lighting	Throughout the facility
Keypad Entry	At the front of the property
On-Site Manager	on business days
Parking	There are no RV parking spaces
Perimeter Fence	Chain-link fencing
Individual Door Alarm	None
Video Cameras	Throughout the facility
Electronic Gate	At the front of the property

SITE IMPROVEMENTS

Landscaping	Plantings throughout the property include trees, flowers, mowed lawn, shrubs and hedges.
Signage	Signage is located in the front of the subject
Parking	There is adequate parking (11 spaces) in front of the leasing offices.
Deferred Maintenance	Deferred maintenance is measured as the cost of repairing or restoring the item to new or reasonably new condition. Based on our interview with the property manager and the onsite inspection by the field appraiser, no observable deferred maintenance exists.
Hazardous Materials	This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) asbestos. Please refer to the Assumptions and Limiting Conditions section regarding this issue.
ADA Compliance	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section regarding this issue.
Conclusion	The subject improvements are in good condition for their age. The property has an attractive design and good curb appeal.

INTRODUCTION

Assessment of real property is established by an assessor that is an appointed or elected official charged with determining the value of each property. The assessment is used to determine the necessary rate of taxation required to support the municipal budget. A property tax is a levy on the value of property that the owner is required to pay to the municipality in which it is situated. Multiple jurisdictions may tax the same property.

The subject property is located within San Joaquin County. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2022-2023			Tax Rate	1.114200%	
Tax Rate Area	002074			Taxes Current	No	
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
228-020-460-000	\$283,560	\$0	\$283,560	\$0	\$283,560	\$3,159
Totals	\$283,560	\$0	\$283,560	\$0	\$283,560	\$3,159
Total/Unit	\$750	\$0	\$750	\$0	\$750	\$8
Total/SF (NRA)	\$6.34	\$0.00	\$6.34	\$0.00	\$6.34	\$0.07
ADDITIONAL TAX CHARGES						
Water Zone 2						\$0.76
San Joaquin County Mosquito Abatement						\$0.88
San Joaquin County Mosquito & Vector Control						\$1.32
Total Additional Tax Charges						\$3
Total Additional Tax Charges Per Unit						\$0
Total Additional Tax Charges Per SF (NRA)						\$0.00
Total Base Tax & Additional Tax Charges						\$3,162
Total Base Tax & Additional Tax Charges Per Unit						\$8
Total Base Tax & Additional Tax Charges Per SF (NRA)						\$0.07

Source: San Joaquin County Assessment & Taxation

SUBJECT PROPERTY ANALYSIS

The total assessment for the subject property is \$283,560 or 5.77/SF. There are no exemptions in place. Total taxes for the property are \$3,162 or 0.06/SF.

In California, reassessments of property values occur upon the sale of a property due to the passage of Proposition 13 in July of 1978. If this has not occurred during the tax year, properties are limited to a maximum increase in assessed value of 2% per year. Taxes are based upon 1% of full cash value plus any amounts necessary to satisfy general obligation bonds or other indebtedness. In the valuation section, property taxes for the subject are estimated by applying the current tax rate to the concluded value since the stabilized property taxes are calculated by assuming a sale at market value per Proposition 13.

INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site. The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Manteca Planning & Zoning Department
Current Zoning	General Commercial (GC)
Permitted Uses	Animal sales & grooming facilities, churches or places for worship, outdoor community recreation facilities, academic-private schools, specialized education & training/studio schools, child day care centers, convenience stores, grocery stores/supermarkets, home improvement supplies facilities, and massage therapy facilities, mini-storage, storage yard.
Prohibited Uses	Any other use not listed above
Current Use	Self-Storage Facility
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely
ZONING REQUIREMENTS	
Conforming Use	Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.
Minimum Yard Setbacks	
Front (Feet)	None
Rear (Feet)	None
Side (Feet)	None
Open Space	35% of lot
Maximum Building Height (Feet)	35
Maximum Floor Area Ratio (FAR)	0.6
Parking Requirements	1/50 storage units or 5 spaces, whichever is greater

Source: City of Manteca Planning & Zoning Department

ZONING CONCLUSIONS

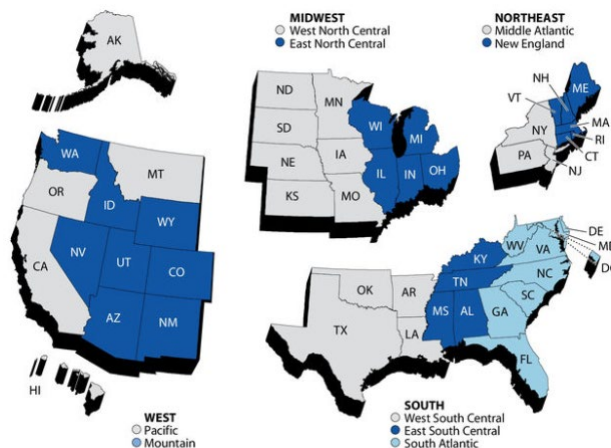
Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

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

INTRODUCTION

In this section, market conditions that influence the subject property will be considered. The major factors requiring consideration are the supply and demand conditions, which affect the competitive position of the subject property.

Although self-storage facilities are market specific, this section of the report provides an overview of national, regional and market trends that influence demand for self-storage facilities in the subject's market area. The following section references the 2022 Self-Storage Almanac which represents the most recent figures and estimates. **The subject is located in the West Region / Pacific Sub Region.**



SELF-STORAGE INDUSTRY OVERVIEW

The self-storage industry has evolved over the last 40 years from one-story steel frame buildings with gravel streets owned and operated by individual owners into architecturally dynamic facilities with state-of-the-art management and security systems. The new standard of facilities offers a wide range of specialty services and are managed by well-trained professionals who are highly skilled in terms of customer service, marketing and sales. Commercial development of the self-storage industry began in the late 1960s and has doubled in size each decade since that time. Over that period, the size and type of facility has continued to change. In the past, stores were little more than single-story rectangular metal buildings with rows of storage doors. However, today's properties are often multi-million-dollar projects. In order to differentiate from competitors, many self-storage developers and operators continue to build facilities with value added amenities, which include climate-controlled units, 24-hour video surveillance, motion detectors, and individually alarmed units linked to gate access codes. Operators can also add luxury items such as extra-large freight-size elevators, tile floors, enameled walls and extra wide aisles. New convenience services may include a courtesy move-in truck, electrical outlets in or near units, mailbox units, hand trucks and dollies. **Value added amenities at the subject include electronic gate access, on-site managers, exterior lighting, parking, and video surveillance.**

Over the last 20 years, the self-storage industry has diversified into several different types of specialty services that include parking and boat storage, wine cellar storage, media storage, and file storage. The tenants for each of these specialty services are unique to the product and its location requires varying marketing and business approaches. According to the Recreational Vehicle Association, RV ownership is at a record high with over 11M households owning an RV in 2022, up 62% over 6.9M households in 2001 and 26% more household in 2011. This amount expected to grow over the upcoming years. It is common for facilities to have covered and uncovered parking spaces. Structures that house the vehicles range from open-air carports with galvanized steel columns and beams and metal deck roofing, to conventional enclosed storage units. For an example of these types of units, see the photos below.



Covered Parking Example



Uncovered Parking Example



Enclosed Parking Example

When comparing the self-storage asset class to other sectors in the industry, it has continued to produce solid returns over the last 20 years. The table below compares self-storage returns to other property types.

TOTAL ANNUAL RETURNS BY PROPERTY SECTOR					
Year	Office	Industrial	Retail	Apartments	Self-Storage
5-Yr Avg. (2017-2021)	5.2%	28.2%	5.5%	17.3%	22.5%
10-Yr Avg. (2012-2021)	8.5%	23.4%	8.9%	14.6%	20.6%
15-Yr Avg. (2007-2021)	5.2%	12.9%	6.5%	12.6%	17.3%
20-Yr Avg. (2002-2021)	8.6%	13.4%	11.3%	12.3%	17.8%
25-Yr Avg. (1997-2021)	11.0%	13.8%	11.1%	13.2%	16.0%

Source Data: NAREIT

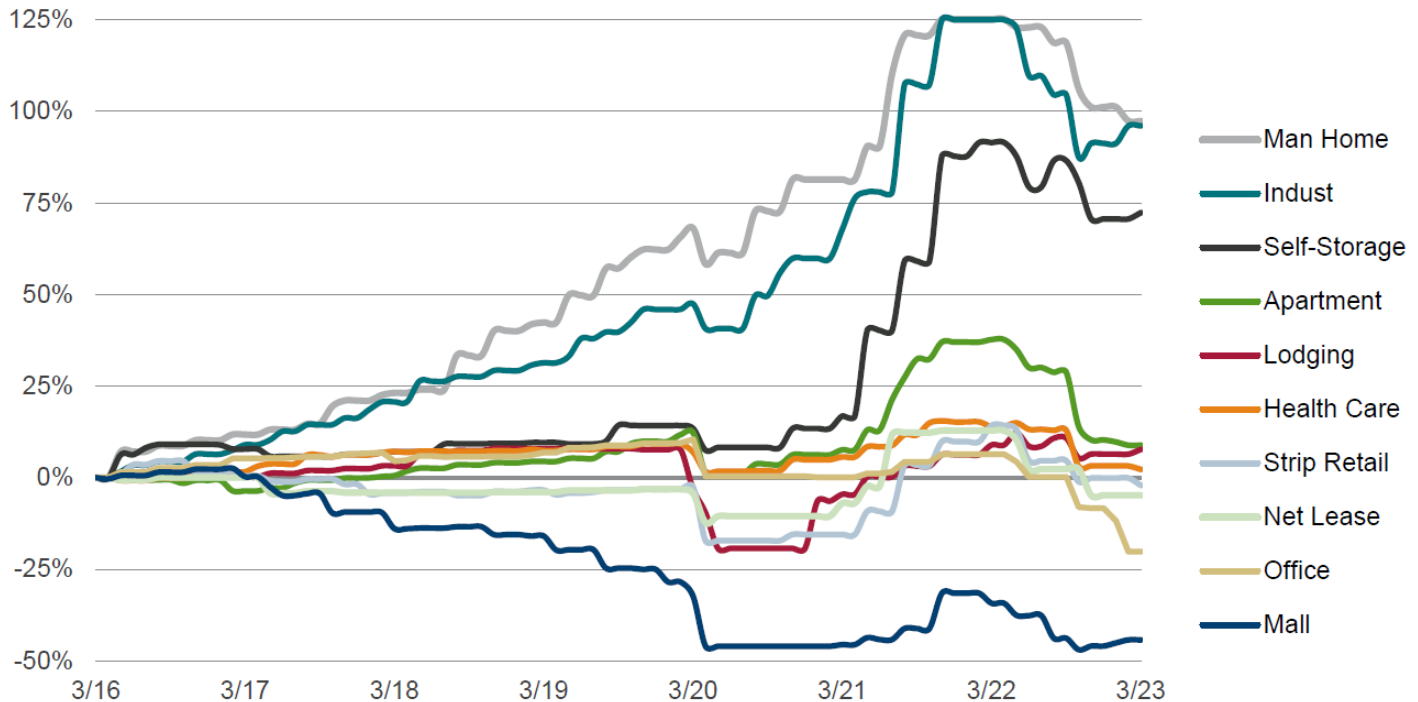
There are several reasons why the industry has been so successful over the years. There is still plenty of room for industry consolidation. The ten largest self-storage operators control approximately 20% of facilities nationwide and 25% of net rentable square feet. We have learned that self-storage facilities are not recession proof but definitely resilient. When the market is strong people have the extra income to afford storage. When the market is struggling, people are moving around and have a need for storage. Self-storage is easier and less risky to manage compared to many other property types. Typical expenses for facilities range from 30% to 40%, with the largest expenses typically being taxes and payroll. Self-storage can be an easy investment to oversee as an owner. In addition, self-storage facilities are adaptable. Due to the construction materials of the units (typically metal) you can reconfigure units based on demand. In addition, the most successful operators in this industry have recognized that income is not limited to the monthly rent of their units. Additional income generators include tenant insurance, RV/boat storage, moving truck rentals, administration fees, late fees, merchandise sales, and auction services.

Commercial Property Price Index® – April 6, 2023

Green Street CPPI®: Sector-Level Indexes

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	Recent Peak
All Property	131.4	-0.2%	-15%	-15%
Core Sector	130.5	-0.2%	-18%	-18%
Apartment	150.7	0.0%	-21%	-21%
Industrial	221.2	0.0%	-13%	-13%
Mall	79.5	0.0%	-15%	-19%
Office	85.2	0.0%	-25%	-25%
Strip Retail	112.9	-2.0%	-14%	-14%
Health Care	133.6	-0.9%	-10%	-11%
Lodging	108.9	1.2%	-1%	-4%
Manufactured Home Park	283.8	0.0%	-12%	-12%
Net Lease	97.6	0.0%	-16%	-16%
Self-Storage	281.6	1.0%	-10%	-10%

Cumulative Change in CPPI®: Past Seven Years

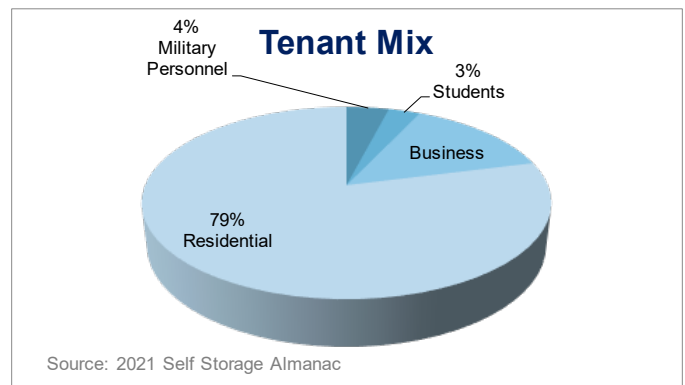


SUBJECT MARKET AREA OVERVIEW

The trade area of a self-storage facility is determined by many factors, including geographic area, access to transportation routes, population mobility, percentage of owner versus renter-occupied households, average household size, income, age, rent levels, etc. The importance of any one or more of these factors can vary greatly from market to market. Nevertheless, certain general trends can be ascertained.

First, the majority of potential tenants will come from a three to five-mile radius or five to ten minute driving time, depending on freeway and/or surface street configuration and the supply of facilities within a given area. As discussed previously in the market area description section of this report, there is a moderate amount of single-family and multi-family residential development located within the subject's market area.

Second, according to the Self-Storage Almanac, the typical tenant mix in self-storage facilities is approximately 86% residential users (including military and students) and 14% commercial users. Of course, self-storage facilities located within proximity to commercial areas or within an industrial park may have a higher percentage of commercial/industrial users. Residential users tend to rent the smaller and medium-sized storage units, while commercial users typically rent the larger storage units. This is why at times residential users may account for more units rented, but a lower percentage based on the total square footage. Based on surrounding uses, it is anticipated that the majority of the subject's tenants will be residential versus commercial tenants due to the subject's location and surrounding uses.

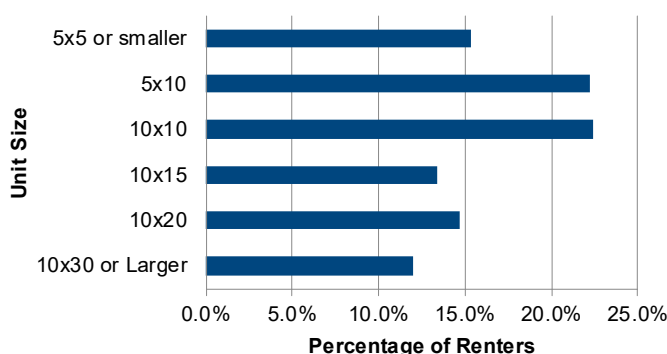


As indicated in the chart, approximately 45% of renters select the 5x10 and 10x10 size units. Approximately 28% of renters select either the 10x15 or the 10x20 unit size. Owners and managers in the area indicated that medium sized units are currently in highest demand with many tenants asking for units sized 10x10 to 10x20.

Third, self-storage operations are much like retail businesses in that they depend on customer goodwill and name recognition. According to the Self-Storage Almanac, the most important factor contributing to a facilities success is location.

Location is crucial not only in the value of a facility, but also in increasing efficiency in day-to-day business operations.

Size of Customer Unit Rented



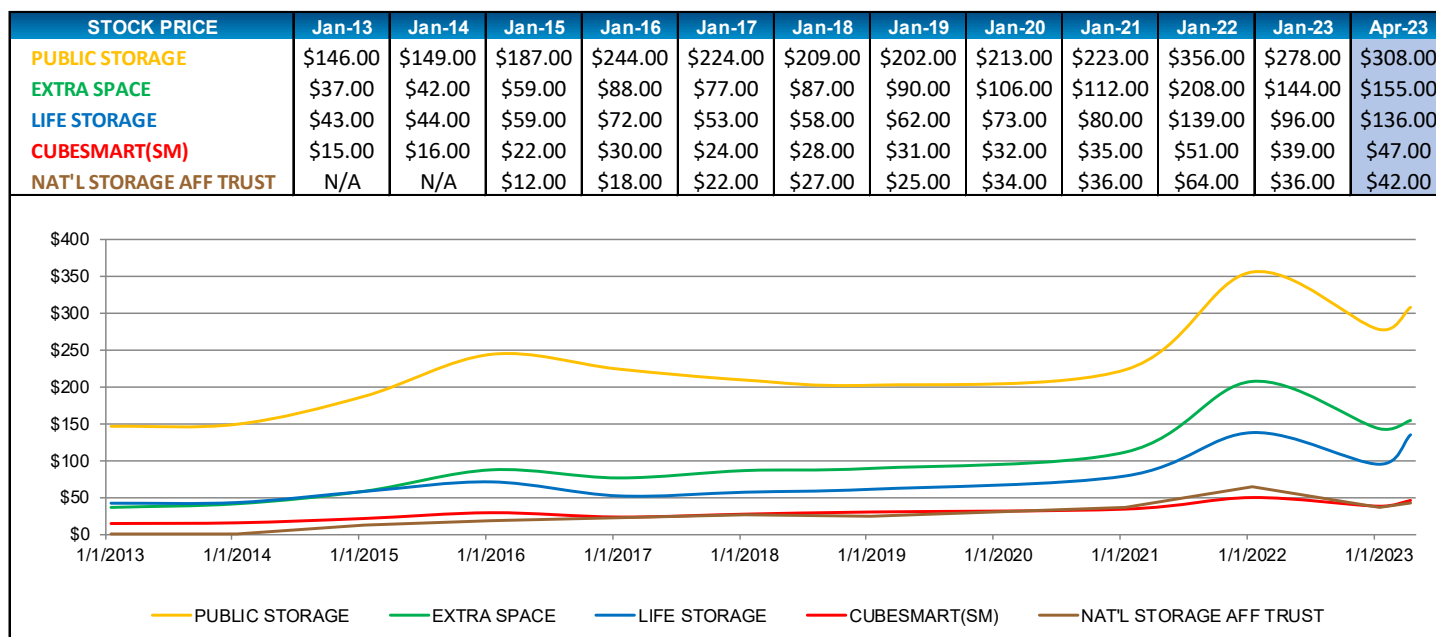
SELF-STORAGE OPERATORS

The public companies are organized as Real Estate Investment Trusts (REITs). There are currently five publicly traded REITs in the self-storage industry, not including U-Haul. Public Storage remains the largest self-storage company in the nation with approximately 3,310 facilities across the globe and 235.8M net rentable square feet of storage. In addition to Public Storage, Extra Space Storage (2,177 facilities and 167.9M NRSF), CubeSmart (1,289 facilities and 89.7M NRSF), LifeStorage (1,152 facilities and 84.6M NRSF), and National Storage Affiliates Trust (1,880 facilities and 78.2M NRSF) all fall under the REIT classification. These totals include facilities owned and operated by the individual REITs. The following table provides the top 25 owner/operators in the market.

TOP 25 OPERATORS										
#	COMPANY	TOTAL			OWNED			MANAGED		
		FACILITIES	SQUARE FEET	UNITS	FACILITIES	SQUARE FEET	UNITS	FACILITIES	SQUARE FEET	UNITS
1	Public Storage	3,310	235,800,000	2,290,600	2,879	208,721,000	2,001,700	175	13,194,000	138,900
2	Extra Space Storage	2,177	167,979,562	1,555,045	1,009	77,177,275	732,936	1,168	90,802,287	822,109
3	CubeSmart	1,289	89,667,400	871,000	700	50,560,400	507,000	589	39,107,000	364,000
4	Life Storage	1,152	84,613,340	790,240	751	54,628,550	495,800	401	29,984,790	294,440
5	U-Haul International	1,238	81,528,000	638,700	1,076	69,851,000	549,300	162	11,677,000	89,400
6	National Storage Affiliates Trust	1,880	78,294,343	916,339	1,395	53,534,020	641,098	367	20,276,377	222,114
7	Storage Asset Management Inc	536	32,310,747	218,268	0	0	0	536	32,310,747	218,268
8	SmartStop Self Storage REIT Inc	264	19,218,389	207,217	178	14,320,228	156,507	0	0	0
9	StorageMart	2,777	18,386,515	126,611	277	18,386,515	126,611	0	0	0
10	Merit Hill Capital, LP	286	17,822,484	180,193	220	13,710,267	137,035	66	4,112,217	43,158
11	Prime Group Holdings, LLC	235	17,405,901	140,779	235	17,405,901	140,779	0	0	0
12	The Jenkins Organization, Inc.	316	17,026,453	130,945	316	17,026,453	130,945	0	0	0
13	StorQuest Self Storage	223	16,791,961	102,452	0	0	0	223	16,791,961	102,452
14	Great Value Storage	47	16,240,000	36,740	14	13,600,000	12,700	33	2,640,000	24,040
15	Storage Rentals of America	186	14,713,100	129,513	158	12,152,700	103,713	0	0	0
16	Argus Professional Storage Management LLC	62	13,600,000	87,000	62	13,600,000	87,000	0	0	0
17	Westport Properties, Inc dba US Storage Centers	189	13,476,722	121,819	189	13,476,722	121,819	0	0	0
18	Andover Properties	174	12,343,397	113,538	105	7,621,991	73,370	69	4,721,406	40,168
19	All Storage	150	12,031,441	82,434	150	12,031,441	82,434	0	0	0
20	Morningstar Properties	97	9,000,000	59,000	97	9,000,000	59,000	0	0	0
21	Compass Self Storage	94	8,528,726	62,235	91	8,352,412	60,407	3	176,314	1,828
22	StoragePRO Management, Inc	104	7,709,882	74,887	93	7,426,182	72,395	11	283,700	2,492
23	Store Space Self Storage	196	7,632,883	58,808	143	5,619,798	43,769	53	2,013,085	15,039
24	Reliant Real Estate Management	102	7,551,912	57,112	6	353,111	4,101	96	7,198,801	53,011
25	West Coast Self Storage	102	7,515,899	60,269	102	7,515,899	60,269	0	0	0

Source: 2022 Self-Storage Almanac

A review of the stock prices over the last 10+ years provides a glimpse into value trends for the self-storage industry. After experiencing a brief decline in 2008 and 2009 due to the Recession, self-storage surged to become one of the best performing REIT sectors with continual gains over the last several years. Over the last 10 years, we have seen a steady increase for the majority of the REITS. Even though the pandemic, the majority of the REITS saw stock prices at an all-time high. However, due to interest rates, inflation and the uncertainty of the overall market, we have seen a decline over the last year.



SELF-STORAGE RENTAL RATES

The West (Pacific) Region, where the subject is located, saw solid rent increases for all property types from 2Q 2021 to 2Q 2022. Rental rates continued to rise through the end of 2022, but have shown signs of cooling.

AVERAGE RENTAL RATE PER REGION										
Region/Year	5X5		5X10		10X10		10X15		10X20	
	Non-Climate Controlled	Climate Controlled	Non-Climate Controlled	Climate Controlled	Non-Climate Controlled	Climate Controlled	Non-Climate Controlled	Climate Controlled	Non-Climate Controlled	Climate Controlled
West (Pacific) - 2021 Q2	\$67.50	\$79.50	\$100.50	\$124.50	\$170.00	\$202.00	\$208.50	\$267.00	\$252.00	\$362.00
West (Pacific) - 2021 Q3	\$70.75	\$81.75	\$105.00	\$128.00	\$174.00	\$209.00	\$220.50	\$276.00	\$264.00	\$376.00
West (Pacific) - 2021 Q4	\$71.00	\$79.25	\$106.50	\$124.50	\$177.00	\$203.00	\$228.00	\$271.50	\$268.00	\$366.00
West (Pacific) - 2022 Q1	\$72.00	\$79.00	\$109.00	\$127.00	\$179.00	\$207.00	\$228.00	\$274.50	\$274.00	\$360.00
West (Pacific) - 2022 Q2	\$73.00	\$82.50	\$110.50	\$130.50	\$181.00	\$209.00	\$232.50	\$282.00	\$276.00	\$384.00
National Avg. 2021 Q2	\$51.95	\$62.54	\$71.83	\$93.85	\$111.67	\$146.72	\$140.63	\$192.97	\$165.28	\$253.44
National Avg. 2021 Q3	\$55.31	\$66.31	\$76.26	\$99.90	\$118.46	\$156.88	\$150.05	\$206.45	\$176.08	\$272.03
National Avg. 2021 Q4	\$54.21	\$63.26	\$75.68	\$95.51	\$117.28	\$149.96	\$149.57	\$197.43	\$173.76	\$258.61
National Avg. 2022 Q1	\$54.43	\$62.81	\$75.83	\$94.50	\$116.97	\$149.32	\$149.15	\$196.22	\$174.21	\$257.45
National Avg. - 2022 Q2	\$56.65	\$66.02	\$78.32	\$98.83	\$120.13	\$155.68	\$152.40	\$203.77	\$177.45	\$268.99

Source: Self Storage Almanac 2022

The units at the subject and within the subject's market area have generally followed a similar trend over the last few years. **Managers and owners in the area indicated that rents levels in the market increase approximately 3% to 5% per year.** We anticipate this trend to continue in the subject's market area, due to supply/demand and overall occupancy.

SELF-STORAGE OCCUPANCY

The level of occupancy of self-storage facilities can be measured in different ways. While some owners measure occupancy in terms of square footage, the most common measurement is physical occupancy, the direct measure of how many units are rented. The national average physical occupancy rate has decreased by 0.9%

since Q2 2021. The following table indicates the regional and national averages of physical occupancy rates between Q2 2021 – Q2 2022 (most recent available).

REGIONAL AVERAGE OF PHYSICAL OCCUPANCY TRENDS					
Region / Division	2022	2022	2021	2021	2021
	Q2	Q1	Q4	Q3	Q2
West (Mountain)	94.9%	92.5%	93.9%	94.9%	94.5%
West (Pacific)	95.7%	93.8%	93.8%	95.2%	94.7%
Midwest(East North Central)	95.3%	92.4%	93.9%	94.5%	94.7%
Midwest (West North Central)	95.0%	91.8%	92.7%	94.0%	94.7%
Northeast (Middle Atlantic)	95.2%	92.5%	93.2%	94.5%	94.4%
Northeast (New England)	94.4%	91.2%	92.8%	93.7%	92.8%
South (South Atlantic)	95.6%	93.2%	94.4%	95.0%	94.9%
South (East South Central)	94.7%	92.2%	93.5%	94.6%	94.9%
South (West South Central)	95.2%	92.6%	93.7%	93.8%	94.3%
NATIONAL	93.4%	92.8%	93.5%	94.5%	94.5%

Source: Self Storage Almanac 2022

As indicated above, the national average physical occupancy was 93.4%, a decrease of -1.1% from Q2 2021. **The West (Pacific) Region, where the subject is located, experienced an increase of 1.0% from Q2 2021 to 2Q 2022.** Overall, occupancy in the region is strong and we anticipate it will remain stable.

SELF-STORAGE RATING

Self-storage facilities can typically be broken down into three specific categories that depend largely on their location, as well as other characteristics. We use the following rating system used to classify all self-storage facilities. The three major categories are: Class A – Excellent, Class B – Good, and Class C – Fair/Average. Each property is classified according to its location, access & exposure, quality, physical condition, occupancy/saturation, and amenities. Generally, a property that meets 3 or 4 characteristics in a category should be classified as such. Using this rating system creates a simple, but comprehensive view of the property. The table below displays the Colliers rating system as applied to the subject property.

COLLIERS RATING SYSTEM			
CATEGORY	A ***** GOOD/EXCELLENT	B **** AVERAGE/GOOD	C *** FAIR/AVERAGE
Location	Major MSA	Major MSA / Secondary	Secondary / Rural
Size	40,000 SF +	30,000 - 50,000 SF +	5,000 - 20,000 SF
Access/Exposure	Freeway Exposure with Good Access or Major Thoroughfare with Good Access and Exposure	Major Thoroughfare with Above Average Access and Exposure	Secondary Thoroughfare with Average Access and Limited Exposure
Quality	Brick, Block, or Tilt-Up, with Paved Asphalt or Concrete (Office Style/Multi-level)	Brick, Block, Tilt-Up, Steel or Wood Frame with Metal Siding and Paved Asphalt	Steel or Wood Frame with Metal Siding and Paved Asphalt (Can include portable units or swing out)
Condition	Newer Construction, Well Maintained, No Deferred Maintenance, Clean and Appealing	Aging Improvements, Well Maintained, Recurring Maintenance, Clean	Older Construction, Fair Maintenance, Potential for Costly Repairs, Appeal Reflects Age
Occupancy	Proven Over 90% Occupancy, Strong Fundamentals	Inconsistent Occupancy, Average Fundamentals	Inconsistent Occupancy, Weak Fundamentals
Saturation	Low to Moderate / High Barriers to Entry	Low to Moderate / Vulnerable to New Development	Saturated Market / New Development Risk
Amenities	On-Site Managers, Video Surveillance, Individual Unit Alarms, Electronic Gate, Exterior Lighting	On-Site Managers, Video Surveillance, Electronic Gate, Exterior Lighting	On-Site Managers, Perimeter Fencing, Exterior Lighting / Minimal

SUBJECT RATING									
	SIZE	ACCESS	EXPOSURE	QUALITY	CONDITION	OCCUPANCY	SATURATION	AMENITIES	OVERALL
	B	B	B	A	A	B	B	A	A

As indicated in the table, a majority of the categories at the subject property fall under a A-class investment which is a reasonable overall rating. The subject's quality and condition along with strong historical occupancy would give the subject above average appeal to national / regional investors.

MARKET & SUBMARKET

The subject is located in Stockton market and Outer Suburbs submarket overviews submarket. Below we have provided a map of the market/submarket.



Rental Rates

The following table shows the current rental rates in the market and submarket according to REIS.

AVERAGE RENTAL RATE 4Q 2022										
MARKET/SUBMARKET	5X5		5X10		10X10		10X15		10X20	
	NCC	CC	NCC	CC	NCC	CC	NCC	CC	NCC	CC
Stockton	\$68.21	\$66.16	\$96.75	\$110.91	\$164.25	\$161.41	\$199.49	\$199.60	\$216.07	\$218.01
Outer Suburbs	\$65.75	\$66.96	\$94.88	\$117.79	\$164.51	\$144.09	\$199.52	\$190.38	\$216.60	\$218.01

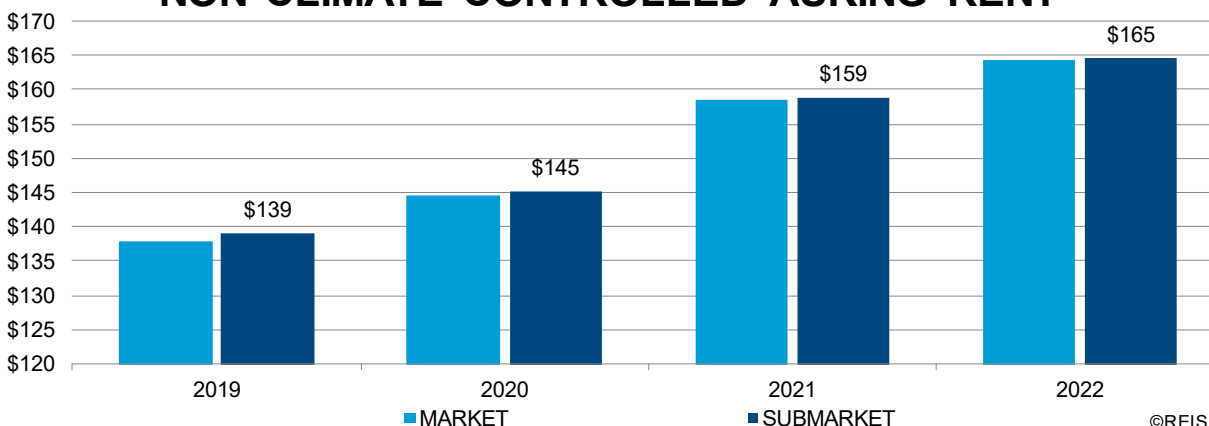
Source: REIS NCC = Non-Climate Controlled / CC = Climate Controlled

The following chart shows the historical vacancy and rent for the market and submarket.

HISTORICAL & FORECAST VACANCY & RENT											
YEAR	Q	VACANCY		ASKING RENT NCC 10x10				ASKING RENT CC 10x10			
		MARKET	SUBMARKET	MARKET	% CHG	SUBMARKET	% CHG	MARKET	% CHG	SUBMARKET	% CHG
2019	Y	10.6%	10.6%	\$137.79	-	\$139.02	-	\$142.94	-	\$130.84	-
2020	Y	10.8%	10.2%	\$144.70	4.78%	\$145.16	4.23%	\$151.27	5.51%	\$135.62	3.52%
2021	Y	9.0%	10.3%	\$158.60	8.76%	\$158.89	8.64%	\$155.57	2.76%	\$143.55	5.52%
2022	Y	11.0%	12.9%	\$164.25	3.44%	\$164.51	3.42%	\$161.41	3.62%	\$144.09	0.37%

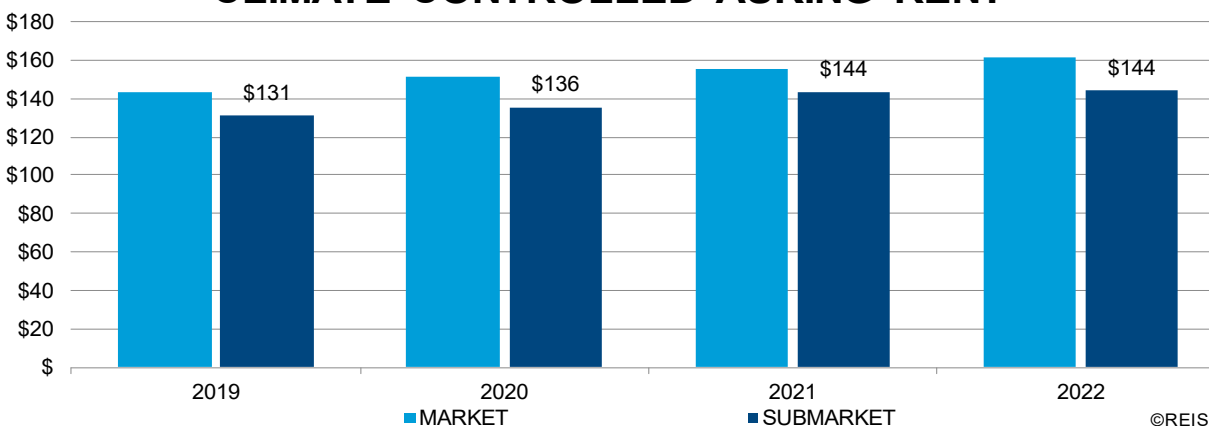
Source: REIS NCC = Non-Climate Controlled / CC = Climate Controlled

NON CLIMATE CONTROLLED ASKING RENT



©REIS

CLIMATE CONTROLLED ASKING RENT



©REIS

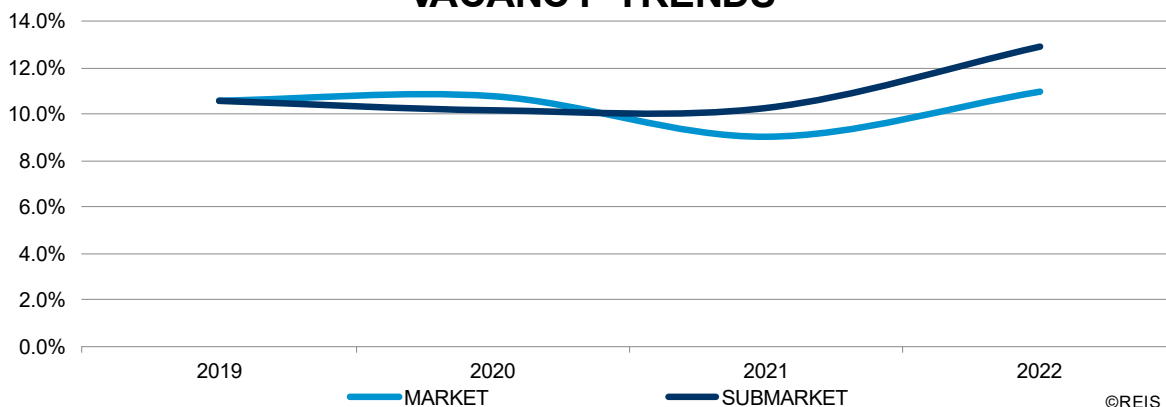
The following chart shows the last four quarters of vacancy and rent for the market and submarket.

TRAILING FOUR QUARTERS VACANCY & RENT

YEAR	Q	VACANCY		ASKING RENT NCC 10x10				ASKING RENT CC 10x10			
		MARKET	SUBMARKET	MARKET	% Chg	SUBMARKET	% Chg	MARKET	% Chg	SUBMARKET	% Chg
2022	Q1	7.8%	8.8%	\$164.24	-	\$165.44	-	\$160.89	-	\$146.81	-
2022	Q2	7.9%	8.7%	\$169.46	3.08%	\$169.78	2.56%	\$166.32	3.26%	\$149.23	1.62%
2022	Q3	8.1%	8.8%	\$168.41	-0.62%	\$168.70	-0.64%	\$165.12	-0.73%	\$147.60	-1.10%
2022	Q4	11.0%	12.9%	\$164.25	-2.53%	\$164.51	-2.55%	\$161.41	-2.30%	\$144.09	-2.44%

Source: REIS NCC = Non-Climate Controlled / CC = Climate Controlled

VACANCY TRENDS



SELF-STORAGE SUPPLY

Existing Supply

The following information is based upon a rental survey conducted with self-storage facility managers throughout the general area. The subject's primary market area is concluded to lie within a three-mile radius from the subject property. There is one self-storage facilities located within one mile of the subject. Presented in the following table is a representative sample of competing facilities that are located within three miles of the subject.

VACANCY & NRA SURVEY AS OF APRIL 2023

	DISTANCE	NRA	UNITS	VACANT	VACANCY
US Storage Centers	-	44,750	378	303	80.2%
Extra Space Storage	0.5 Miles	52,866	492	39	7.9%
Extra Space Storage	2.0 Miles	64,790	527	26	4.9%
Stuff N Storage	2.0 Miles	35,598	265	15	5.7%
U-Haul	2.1 Miles	28,110	360	11	3.1%
North Main Street Self-Storage	2.3 Miles	86,536	550	55	10.0%
Arco Self Storage	2.7 Miles	40,257	370	11	3.0%
Security Public Storage	3.0 Miles	75,960	547	11	2.0%
TOTAL/AVERAGE		428,867	3,489	471	13.5%
ADJUSTED AVERAGE		384,117	3,111	168	5.4%

Source: Colliers International Valuation & Advisory Services

The self-storage facilities shown above indicate an overall vacancy rate of 13.5%(unadjusted) and 5.4% (adjusted). The subject is currently 80.2% vacant on a per unit basis and 76.8% vacant on a per SF basis due to lease-up.

Most of the facilities surveyed are of either prefabricated metal construction or a combination of prefabricated metal and masonry block and were typically built within the last 20 years. The majority have standard security features, i.e., keypad-controlled access gate, surveillance cameras, resident management, and perimeter fencing.

Vacancy rates of 5% are preferred by developers and operators in this market. Excluding facilities in their initial lease-up period often gives a more accurate picture of a given market when measure figures such as occupancy rates. It should be noted that other factors may also influence the occupancy of individual facilities, including location, exposure, access, management, security features, and rental rates.

Potential Supply

The potential supply of storage units is linked to demand, the best indicator of which is population growth. As outlined in the Market Area Description section, the subject is located in Manteca, CA. The population is anticipated to grow slowly over the next few years. According to the Manteca / San Joaquin County Planning/Building Department and Yardi Matrix two other new self-storage facility is planned within the subject's market area. The net rentable area for these facilities have been added to the 2027 saturation analysis, assuming they are completed by then. For more information, please see the image below.

Property Status: Planned

Market ↕	Property ↕	SqFt		Property Status ↕	Owner ↕	Permit Date ↕	Forecasted Completion Date ↕
		Total ↕	Rentable ₍₁₎ ↕				
Central Valley	Arco's Self Storage Phase II 1654 North Main Street Manteca, CA 95336 Planned - Expansion 2.60 mi			Planned	Arco Jr., Emilio A. Arco Jr., Emilio A. 815 Eucalyptus Avenue Hillsborough, CA 94010 (650) 303-0010		
	Property Count	Total SqFt	Total Rentable SqFt ₍₁₎				
	1						

Property Status: Under Construction

Market ↕	Property ↕	SqFt		Property Status ↕	Owner ↕	Permit Date ↕	Forecasted Completion Date ↕
		Total ↕	Rentable ₍₁₎ ↕				
Central Valley	U - Haul Moving & Storage 255 Northgate Drive Manteca, CA 95336 Under Construction - Conversion 2.69 mi	103,686	98,501	Under Construction	Amerco Real Estate Shoen, Edward J. 2727 North Central Avenue Phoenix, AZ 85004 (602) 263-6555	1/2023	7/2023
	Property Count	Total SqFt	Total Rentable SqFt ₍₁₎				
	1	103,686	98,501				

Saturation Analysis

One way to determine whether or not the self-storage development is feasible is to compare all existing facilities including those in lease-up or proposed throughout the market area with existing and projected population numbers. Based on conversations with developers of self-storage facilities, a supply ratio is often calculated to determine the feasibility of a development (rentable SF / population). The following table provides a description of various supply ratios.

NATIONAL & AREA SUPPLY RATIOS			
AREA	FACILITIES	SQUARE FEET	SUPPLY RATIO
Modesto, CA	77	4,429,253	7.97
California	3,832	235,608,948	5.97
United States	51,206	2,036,826,096	6.20

SATURATION MULTIPLIER TABLE	
Supply Ratio	Description
5.0 or lower	Exceptional Market to Build
5.0 to 6.0	Good Market to Build
6.0 to 7.0	Above Average Market to Build
7.0 to 8.0	Average Market to Build
8.0 to 9.0	Below Average Market to Build
9.0 to 10.0	Poor Market
10.0 or higher	Saturated Market

The supply ratio is based on the overall square footage of mini-storage facilities within a three-mile radius of the subject property, divided by the population. Presented in the table below is the NRSF for the facilities located within the subject's market area (3-mile radius). It is worth noting that these numbers are estimates based on what we were able to extract from the market.

VACANCY & NRA SURVEY AS OF APRIL 2023					
	DISTANCE	NRA	UNITS	VACANT	VACANCY
US Storage Centers	-	44,750	378	303	80.2%
Extra Space Storage	0.5 Miles	52,866	492	39	7.9%
Extra Space Storage	2.0 Miles	64,790	527	26	4.9%
Stuff N Storage	2.0 Miles	35,598	265	15	5.7%
U-Haul	2.1 Miles	28,110	360	11	3.1%
North Main Street Self-Storage	2.3 Miles	86,536	550	55	10.0%
Arco Self Storage	2.7 Miles	40,257	370	11	3.0%
Security Public Storage	3.0 Miles	75,960	547	11	2.0%
TOTAL/AVERAGE		428,867	3,489	471	13.5%
ADJUSTED AVERAGE		384,117	3,111	168	5.4%

Source: Colliers International Valuation & Advisory Services

According to *Pitney Bowes/Gadberry Group - GroundView®*, the current population in the subject market area (three-mile radius) for 2022 was 56,944 residents. The following table illustrates the current and projected supply ratios of the subject market.

CURRENT & PROJECTED SUPPLY RATIOS			
Year	Market Pop (3-Miles)	SS Supply	Supply Ratio
2022	56,944	428,867 SF	7.53
2027	61,084	527,368 SF	8.63

Based on current inventory, the supply ratio for the subject's market area (three-mile radius) is 7.53 (428,867 rentable SF / 56,944 residents), which is considered an average market to build. The total self-storage square footage includes only existing buildings. Based on projections in population for 2027, the supply ratio within the same three-mile radius would increase to 8.63 (527,368 rentable SF / 61,084 residents), which is a below average market to build. It should be noted that the rentable square footage increased due to the new facility being built within the subject market area.

Supply Conclusion

Based on the average occupancy rate, it appears that the market is in balance. However, it is also anticipated that the subject will reach stabilized occupancy (92%) based on its recent performance, location, physical characteristics, and occupancy history.

DEMAND

Demand is best indicated by vacancy and absorption rates. The vacancy and absorption characteristics of the subject's self-storage market area are discussed below.

Vacancy

Based on the survey above, the self-storage facilities surveyed in this section indicate a vacancy factor of 13.5% (non-adjusted) 5.4% (adjusted average). Self-storage operators and brokers report that 5%-10% is a general industry standard for this market. If a property is not consistently performing at this level, there may be a management problem, or the market is saturated.

Absorption

Another good indicator of demand would typically be the recent absorption rates of new self-storage facilities in the region. Typically, new facilities tend to experience rapid absorption rates during the initial lease-up period. This is because sites for new self-storage facilities are chosen based on both pent-up and the potential future demand in a given area. Pent-up demand is usually the reason for the very high absorption rates in the first few months after opening. After this, the absorption rates tend to slow down to a steady rate, which is influenced primarily by population growth and competition for other facilities. Typical absorption periods for new self-storage development in the region range from two to four years depending on size and location.

ABSORPTION			
NAME	ADDRESS	# of UNITS	ABSORPTION Units/Mo.
Sundance Storage II	8040 Brady Lane, Roseville, CA	556	39
BuxBear Storage	4351 Westpark Drive, Roseville, CA	750	20
First Rate Storage	7565 Pacific Avenue, Stockton, CA	860	18
StorQuest Self-Storage	2415 3rd Street, Sacramento, CA	1100	33
Stor Rite Self Storage	1801 Ackerman Drive, Lodi, CA	419	25
Public Storage	3970 Peil Circle, Sacramento, CA	862	22
Silver State Storage (Phase I)	1675 W 4th Street, Reno, NV	250	41
Richards Self Storage	1939 Richard Place, Sparks, NV	493	21
Silver State Storage (Phase II)	1675 W 4th Street, Reno, NV	250	19
Keylock Storage	1515 Sky Mountain Drive, Reno, NV	889	51
Downtown Self Storage	1305 10th Street, Modesto, CA	385	34
Security Public Storage	2400 East Monte Vista Avenue, Vacaville, CA	395	34
San Felipe Self Storage	15571 San Felipe Road, Hollister, CA	93 (Expansion)	31
Anchor Self Storage	1050 Sonoma Blvd, Vallejo, CA	636	30
West Sacramento Self Storage	2274 Lake Washington Blvd, Sacramento, CA	623	16
Extra Self Storage	3290 Jefferson Blvd, West Sacramento, CA	334	12
West Coast Self Storage	421 Lincoln Avenue, San Jose, CA	472	18
CubeSmart	8135 Watt Avenue, Antelope, CA	305	16
Gilroy Self Storage	6500 & 6700 Cameron Blvd, Gilroy, CA	543	22
Theatre Drive Self Storage	2161 Theatre Drive, Paso Robles, CA	443	19
LOW			12
HIGH			51
AVERAGE			26

The facilities above range from 12 units per month to 51 units per month with an average of 26 units per month. The subject started leasing units in December of 2022. We concluded an absorption rate of 12 units per month which is supported by the low-end of the range indicated above.

BROKER / MARKET PARTICIPANT INTERVIEWS

Interviews with brokers and other market participants were conducted for this analysis:

Bobby Loeffler with The Loeffler Self-Storage Group Inc. The demand for stabilized self-storage assets has continued to increase throughout 2022. Operators are enjoying high occupancy rates and are able to increase asking rents on many unit sizes as they become available. Stabilized assets that are listed for sale receive heavy inquiries from institutional, private equity, family, regional and national players. CAP rates in top-100 markets have remained in a relatively tight range from 3.5% - 4.5% depending on the specific market and quality of asset. Smaller assets and assets in tertiary markets are favored by local operators or 1031 buyers and are priced with CAP rates in the 5% - 5.75% range. Pre-stabilized assets (certificate of occupancy sales or early lease-up sales) and entitled land sales have seen an uptick in activity, and pricing reflects the lack of available product available for purchase. Due diligence periods are typically 30-45 days and banks are usually taking another 60-90 days to fund. Delays that were seen during the start of the pandemic have eased with most delays being attributed to SBA loans.

Jason Allen with Performance Self-Storage Group, Inc. The market for stabilized self-storage assets has seen minimal impact from Covid-19 with a very limited number of stabilized assets available for sale. Stabilized assets that are listed for sale receive heavy inquiries from institutional, private equity, family, regional and national players. CAP rates in top-100 markets have remained in a relatively tight range from 4.5% - 5.5% depending on the specific market and quality of asset. Smaller assets and assets in tertiary markets are favored by local operators or 1031 buyers and are priced with CAP rates in the 4.5% - 5.5% range. Pre-stabilized assets (certificate of occupancy sales or early lease-up sales) and entitled land sales have seen a marked decrease in activity, and pricing reflects more conservative lease-up projections and high risk-adjusted CAP rates. We have not seen diligence periods change much due to the pandemic and with several all cash buyers we are often seeing closing timelines in the 30-day range. During the early stages of Covid-19 several transactions saw some additional delays to allow banks to complete internal underwriting, but that is not the case anymore.

Tom de Jong (Colliers) – Interest in stabilized assets that are listed for sale continue to receive strong interest from institutional, private equity, family office, regional and national players. CAP rates in top-100 markets have remained in a relatively tight range from 4.5% - 6.0% depending on the specific market and quality of asset, although the bid-ask spread between buyers and sellers has widened with the recent increase in borrowing rates. Markets with excess new supply are seeing more conservative underwriting reflecting some caution in the velocity of lease-up timing and rates. Smaller assets and assets in tertiary markets are favored by local operators or 1031 buyers and are priced with CAP rates in the 5.5% - 6.5% range. Pre-stabilized assets (certificate of occupancy sales or early lease-up sales) and entitled land sales have seen a marked decrease in activity, and pricing reflects more conservative lease-up projections and high risk-adjusted CAP rates. Due diligence periods remain longer, with 3rd party reporting causing some delays with 45-60 day contingency periods being common depending on the asset and location with closing timelines in the 15 – 30-day range.

SUMMARY OF THE MARKET STUDY

The average vacancy rate of the existing facilities in the subject's market area is approximately 13.5%. The subject is currently 80.2% vacant on a per unit basis and 76.8% vacant on a per SF basis. The subject property is located within the Stockton, CA, in the city of Manteca. The subject property would be considered a Class A facility using the Colliers rating system. At present, there appears to be adequate demand for storage units in the market area. Based on current population, growth trends, limited new facilities, and the subject's location, exposure and physical characteristics it is anticipated that occupancy rates will remain stable or slightly increase in the foreseeable future. Based on this information and taking into account the characteristics of the subject property, a stabilized occupancy level estimate of 92% is projected.

SUBJECT MARKETABILITY

The subject is an good quality facility in good condition, appears to have been regularly well-maintained made over the years, and has above appeal compared to the typical market supply. The subject's stable, quality income

stream further enhances the subject's marketability. Overall, the subject has average to good marketability. **The subject would likely attract a regional or national investor experienced in self-storage ownership.**

General Vacancy Conclusion

As summarized in the table below this market analysis relied on various published data sources and field research for assessing how supply/demand conditions influence the long-term vacancy estimate of the subject property.

GENERAL VACANCY CONCLUSION	
National	5.5%
West	5.3%
Stockton	11.0%
Outer Suburbs	12.9%
Competitive Set	13.5%
Competitive Set (Adjusted)	5.4%
Subject (Per Unit)	80.2%
Subject (Per SF)	76.8%
GENERAL VACANCY RATE CONCLUSIONS	8.0%
CONCESSIONS/COLLECTION LOSS	2.0%

EXPOSURE TIME & MARKETING PERIOD

Exposure time is defined as "An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." (The Dictionary of Real Estate Appraisal, Appraisal Institute, 2022). Reasonable exposure time is impacted by the aggressiveness and effectiveness of a property's exposure to market participants, availability and cost of financing, and demand for similar investments. Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The following information was taken into consideration to develop estimates of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD				
SOURCE	QUARTER	RANGE		AVG
PriceWaterhouse Coopers				
Domestic Self-Storage	3Q 22	1.0	to 3.0	2.0
National Warehouse	4Q 22	1.0	to 9.0	3.5
Market Participant Interview				
Bobby Loeffler Loeffler Self-Storage Group	3Q 22	1.0	to 5.0	3.0
Carl Touhey & Jason Allen Performance Self-Storage Group	3Q 22	1.0	to 3.0	2.0
Mark Yandow & Joe Garvey Self-Storage Brokers of California	3Q 22	1.0	to 4.0	2.5
Tom de Jong Colliers Parrish	3Q 22	1.0	to 4.0	2.5
AVERAGE		1.0	to 4.7	2.6

The availability of acquisition financing factors into exposure time. In recent quarters, financing has been available for well-positioned commercial real estate, particularly for stabilized assets within core MSAs and

owner/user deals. For second tier or marginal properties, financing has been available but subject to more stringent requirements. Based on review of the local capital market, we conclude that adequate financing options would have been available to consummate a sale of the property on the date of value.

Exposure Time Conclusion

The preceding information generally supports an exposure time range from 3 to 6 months for Self-Storage properties. The subject property is of good quality and is in good condition. Based on its overall physical and locational characteristics, the subject has average overall appeal to investors. Considering these factors, a reasonable estimate of exposure time for the subject property is **six months or less**.

Marketing Period Conclusion

Marketing period is very similar to exposure time but reflects a projected time period to sell the property, rather than a retrospective estimate. We have reviewed open listings and discussed the market with local participants, and given the nature of the subject property, we feel that a time period of **six months or less** is supported.

INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. This section develops the highest and best use of the subject property As-Vacant and As-Improved.

AS-VACANT ANALYSIS

Legal Factors

The legal factors that possibly influence the highest and best use of the subject site are discussed in this section. Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. Permitted uses of the subject's General Commercial (GC) zoning were listed in the Zoning Analysis section. The potential use that meets the requirements of the legal permissibility test is commercial.

Physical & Locational Factors

Regarding physical characteristics, the subject site is rectangular in shape and has level topography with average/good access and average exposure. The subject is surrounded by residential and commercial uses. Given the subject's location and surrounding uses, the subject site is desirable for commercial development. Although a mixed-use area, residential is the predominant land use with various retail and commercial uses along primary arterials. Of the outright permitted uses, physical and locational features best support continued use as a self-storage facility for the site's highest and best use as-vacant.

Feasibility Factors

The financial feasibility of those uses that meet the legal and physical tests discussed is analyzed further in this section. Supply and demand conditions affect the financial feasibility of possible uses. Indicators of feasibility, which typically indicate favorable or non-favorable supply and demand conditions, include construction financing and proposed projects. Financial feasibility factors generally support immediate development of the subject site.

As-Vacant Conclusion

Based on the previous discussion, the subject's highest and best use as-vacant is concluded to be continued use as a self-storage facility.

AS-IMPROVED ANALYSIS

Legal Factors

The subject's use (as-improved) is permitted outright by the GC zoning. The subject is considered a legal, conforming use based on parking and density. The legal factors influencing the highest and best use of the property support the subject's use as-improved.

Physical & Locational Factors

The physical and location characteristics of the subject improvements have been previously discussed in this report. In summary, the subject's improvements were constructed in 2023 and have a remaining economic life of 45 years based on our estimate. The project is of good quality construction and in good condition, with adequate service amenities. The subject improvements as-improved are sufficiently supported by site features including its irregular shape, level topography, average/good access and average exposure. Further, the subject's location supports the subject improvements as-improved with similar and homogeneous developments present in the subject's immediate market area. Physical and location factors influencing the highest and best use of the property support the subject's use as-improved.

Alternative Uses & Feasibility Factors

In addition to legal and physical considerations, analysis of the subject property as-improved requires the treatment of two important issues: 1) consideration of alternative uses for the property; and 2) the marketability of the most probable use. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use as-improved.

- › **Demolition** - The subject improvements contribute significant value above the current land value. Therefore, demolition is not applicable in this case.
- › **Expansion** - The subject property comprises approximately 2.76 acres (120,226 SF) and is improved with a commercial self-storage facility. The subject site does not contain additional site area for expansion; therefore, expansion of the subject is not considered a viable option.
- › **Renovation** - The subject property is new and is in good condition. Renovation, in the form of capital expenditures, would not increase the rent levels or value appreciably. For this reason, renovation is not appropriate.
- › **Conversion** - Conversion is neither appropriate nor applicable to this property.
- › **Continued Use "As-Is"** - The final option is the continued use of the property "As-Is." This is legal, physically possible, and financially feasible. Therefore, continued use, a commercial (self-storage facility) is considered appropriate.

Among the five alternative uses, the subject's use as-improved is supported to be its Highest and Best Use.

Marketability Factors

As previously indicated in the Market Analysis, the subject property has good marketability. The condition of the property reflects good maintenance and appeal. In general, self-storage supply/demand conditions and immediate market area trends support viable short and long-term operations of the subject's use as-improved.

As-Improved Conclusion

Legal, physical, and market considerations have been analyzed to evaluate the highest and best use of the property. This analysis is presented to evaluate the type of use that will generate the greatest level of future benefits possible from the property. Based on the previous discussion, the highest and best use of the subject property as-improved is concluded to be continued use as a self-storage facility.

INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the subject property. The following paragraphs describe the standard approaches to value that were considered for this analysis.

INCOME APPROACH

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Direct Capitalization and Discounted Cash Flow.

› **Direct Capitalization**

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

› **Discounted Cash Flow (DCF)**

The DCF analysis models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

Development of the Income Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique is developed. Direct Capitalization and Discounted Cash Flow analysis are both applicable and developed within this analysis. The resulting opinions of value are reconciled into a final opinion of value by the Income Approach.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments in order to bracket the subject property on an appropriate unit value comparison. The sales comparison approach is applicable when sufficient data on recent market transactions is available. Alternatively, this approach may offer limited reliability because many properties have unique characteristics that cannot be accounted for in the adjustment process.

Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique to be developed. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

LAND VALUATION

Development land in the subject marketplace is most often valued utilizing the Sales Comparison Approach. Development of the subject site value is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that a site value is developed. Within the Site Valuation section, the subject is valued as one marketable economic site.

COST APPROACH

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised. For investment properties, this valuation technique is most often relied upon as a test of financial feasibility for proposed construction.

As a result of the instability in construction costs and the scarcity of comparables for construction costs, we have decided not to include the Cost Approach in this assignment's scope. Moreover, the characteristics that are unique to the subject property do not necessitate the use of this valuation method. In addition, due to the age of the property improvements and the lack of market-based data to back up the estimate of accrued depreciation, the Cost Approach has limited applicability. As a result, we will not be presenting the Cost Approach based on the aforementioned information.

RECONCILIATION OF VALUE CONCLUSIONS

The Income (Direct Capitalization & Discounted Cash Flow) and Sales Comparison approaches are used to value the subject property, which will be reconciled into the final opinions of market value in the Analysis of Value Conclusions section.

INTRODUCTION

Direct Capitalization and Discounted Cash Flow analysis are both applicable and developed within this analysis. The resulting opinions of value are correlated into a final value when multiple methods are applied to the same scenario.

ANALYSIS OF RENT COMPARABLES

Unit of Comparison

The analysis is conducted on a unit rent per month basis, reflecting market behavior. This unit of comparison is predominantly used in this market.

Selection of Comparables

A complete search of the area was conducted in order to find the most comparable self-storage facilities in terms of age, appeal, condition, number of units, and amenities. The rent comparables are located in the subject's local area. The subject is in good condition with good appeal for the market area. The comparables selected in this analysis are similar properties to the subject property.

Presentation

The following presentation summarizes the comparables most similar to the subject property. A Rent Comparable Summation Table, Rent Comparable Location Map, Photo Pages, and analysis of the rent comparables is presented on the following pages.

RENT SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	US Storage Centers	Extra Space Storage	Extra Space Storage	U-Haul	North Main Street Self-Storage	Arco Self Storage	Security Public Storage
Address	183 South Austin Road	1735 E Yosemite Ave	652 S Main St	1190 S. Main Street	1280 N Main St	1654 N. Main St.	316 W Lathrop Rd
City	Manteca	Manteca	Manteca	Manteca	Manteca	Manteca	Manteca
State	CA	CA	CA	CA	CA	CA	CA
Zip	95336	95336	95337	95337	95336	95336	95336
PHYSICAL INFORMATION							
NRA	44,750	52,866	64,790	28,110	86,536	40,257	75,960
Year Built	2023	1985	2000	1980s	2004	1993	1980
Location	Average/Good	Average	Average	Good	Average	Good	Average
Quality	Good	Average	Average/Good	Average/Good	Average/Good	Average/Good	Average
Condition	Good	Average	Good	Average/Good	Average/Good	Average/Good	Average
Access	Average/Good	Average/Good	Average/Good	Good	Average	Good	Average/Good
Exposure	Average	Average/Good	Average/Good	Good	Average	Good	Average/Good
RENT INFORMATION							
Occupancy	19.8%	92.0%	95.0%	97.0%	90.0%	97.0%	98.0%
Number Units	378	492	527	360	550	370	547
Average SF/Unit	118	107	123	78	157	109	139
Amenities	Exterior Lighting, Keypad Entry, On-Site Manager, Parking, Perimeter Fence, Video Cameras and Electronic Gate	Exterior Lighting, On-Site Manager, Parking, Perimeter Fence, Video Cameras	Exterior Lighting, On-Site Manager, Parking, Perimeter Fence, Individual Door Alarm, Video Cameras, Electronic Gate	Exterior Lighting, Keypad Entry, On-Site Manager, Parking, Perimeter Fence, Video Cameras, Electronic Gate	Electronic Gate, Exterior Lighting, On-Site Manager, Parking, Perimeter Fence, Video Cameras	Exterior Lighting, On-Site Manager, Video Cameras	Exterior Lighting, On-Site Manager, Parking, Perimeter Fence, Video Cameras, Electronic Gate
Concessions	Online Specials	1/2 of first month; other web discounts	Varies based on size and demand	1 month free	Free move in truck	2nd month free	Varies based on size and demand

RENT COMPARABLE LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS
SUBJECT	-	US Storage Centers	183 South Austin Road, Manteca, CA
No. 1	0.5 Miles	Extra Space Storage	1735 E Yosemite Ave, Manteca, CA
No. 2	2.0 Miles	Extra Space Storage	652 S Main St, Manteca, CA
No. 3	2.1 Miles	U-Haul	1190 S. Main Street, Manteca, CA
No. 4	2.3 Miles	North Main Street Self-Storage	1280 N Main St, Manteca, CA
No. 5	2.7 Miles	Arco Self Storage	1654 N. Main St., Manteca, CA
No. 6	3.0 Miles	Security Public Storage	316 W Lathrop Rd, Manteca, CA



COMP 1: EXTRA SPACE STORAGE



COMP 2: EXTRA SPACE STORAGE



COMP 3: U-HAUL



COMP 4: NORTH MAIN-STREET SELF-STORAGE



COMP 5: ARCO SELF-STORAGE



COMP 6: SECURITY PUBLIC STORAGE

MARKET RENT ANALYSIS

The table presented below displays the asking rent levels of each comparable and the overall comparable ranges for each standard unit type.

RENT COMPARABLE RANGE										
UNIT TYPE	SF/UNIT		COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	LOW	HIGH
5 x 5	25	/Unit	-	\$57	\$70	\$70	\$65	\$100	\$57 to	\$100
		/SF	-	\$2.28	\$2.80	\$2.80	\$2.60	\$4.00	\$2.28 to	\$4.00
5 x 10	50	/Unit	\$102	\$152	\$105	\$99	\$130	\$153	\$99 to	\$153
		/SF	\$2.04	\$3.04	\$2.10	\$1.98	\$2.60	\$3.06	\$1.98 to	\$3.06
5 x 15	75	/Unit	-	-	-	\$134	-	-	\$134 to	\$134
		/SF	-	-	-	\$1.79	-	-	\$1.79 to	\$1.79
10 x 10	100	/Unit	\$159	\$187	\$140	\$125	\$135	\$235	\$125 to	\$235
		/SF	\$1.59	\$1.87	\$1.40	\$1.25	\$1.35	\$2.35	\$1.25 to	\$2.35
10 x 15	150	/Unit	-	\$253	\$190	\$205	\$227	\$281	\$190 to	\$281
		/SF	-	\$1.69	\$1.27	\$1.37	\$1.51	\$1.87	\$1.27 to	\$1.87
10 x 20	200	/Unit	\$316	\$358	\$275	\$249	-	\$318	\$249 to	\$358
		/SF	\$1.58	\$1.79	\$1.38	\$1.25	-	\$1.59	\$1.25 to	\$1.79
10 x 25	250	/Unit	\$336	\$410	-	\$352	-	\$380	\$336 to	\$410
		/SF	\$1.34	\$1.64	-	\$1.41	-	\$1.52	\$1.34 to	\$1.64
10 x 30	300	/Unit	\$644	\$470	-	\$405	-	\$422	\$405 to	\$644
		/SF	\$2.15	\$1.57	-	\$1.35	-	\$1.41	\$1.35 to	\$2.15

POTENTIAL RENTAL INCOME

The following table presents the subject's actual and asking rent levels and the concluded rent for each unit type.

SELF-STORAGE POTENTIAL GROSS INCOME																			
UNIT TYPE	DETAIL	UNITS	OCC UNITS	UNIT SF	TOTAL SF	OCC SF	OCC %	ASKING RENT			ACTUAL RENT			RENT COMPARABLE		CONCLUDED MARKET RENT			
								/UNIT	/SF	MONTHLY	/UNIT	/SF	MONTHLY	RANGE \$/UNIT		/UNIT	/SF	MONTHLY	ANNUALLY
5 x 10	Exterior	72	19	50	3,600	950	26%	\$121	\$2.43	\$8,747	\$99	\$1.97	\$1,874	\$99 to	\$153	\$120	\$2.40	\$8,640	\$103,680
10 x 10	Exterior	176	19	100	17,600	1,900	11%	\$196	\$1.96	\$34,408	\$163	\$1.63	\$3,098	\$125 to	\$235	\$180	\$1.80	\$31,680	\$380,160
10 x 15	Exterior	76	14	150	11,400	2,100	18%	\$256	\$1.70	\$19,428	\$167	\$1.11	\$2,336	\$190 to	\$281	\$235	\$1.57	\$17,860	\$214,320
10 x 20	Exterior	36	13	200	7,200	2,600	36%	\$354	\$1.77	\$12,731	\$268	\$1.34	\$3,484	\$249 to	\$358	\$320	\$1.60	\$11,520	\$138,240
10 x 25	Exterior	9	3	250	2,250	750	33%	\$337	\$1.35	\$3,035	\$290	\$1.16	\$869	\$336 to	\$410	\$350	\$1.40	\$3,150	\$37,800
10 x 30	Exterior	9	7	300	2,700	2,100	78%	\$360	\$1.20	\$3,242	\$272	\$0.91	\$1,903	\$405 to	\$644	\$405	\$1.35	\$3,645	\$43,740
TOTAL	-	378	75	118	44,750	10,400	20%	\$216	\$1.82	\$81,591	\$181	\$1.30	\$13,564	-	-	\$202	\$1.71	\$76,495	\$917,940

Unit Rent Conclusions

The subject's asking and actual rent levels were derived from the Occupancy Statistics Report provided for this analysis. The concluded rent levels are above the subject's actual rent levels due to the facility being in lease-up and the owner focusing on occupancy. The conclusions generally fall within the range indicated by the rent comparables. The concluded rent is supported by the market comparables. A typical trend for Self-Storage

facilities is as the square footage of the unit size increases the rent per square foot decreases. This trend generally exists for the concluded rents at the subject. Based on the preceding table, the concluded rents at \$1.71/SF are \$0.41/SF higher than the actual rent. A deduction is made that considers the rent loss associated with getting rents up to market.

Economic Lease-Up (Actual Rent Vs. Market Rent) - The current rent levels at the subject are \$1.30/SF. We conclude an amount of \$1.71/SF based on market rent. We think it will take the facility approximately 24 months to stabilize economically. During this time, the facility will slowly increase rents to market. The difference between the subject's actuals per month/per square foot basis and the concluded market rent is \$0.45/SF or \$17,000 dollars a month (rounded). For the first three to six months the property will notify tenants and then a declining amount of rent loss will be applied from there. Due to the risk associated with getting the rents to market, we considered a profit component that ranges from 1% to 5% of the subject's prospective value that will be incorporated in the occupancy lease-up. Both deductions have been applied to arrive at the As-Is Market Value. See the table below.

RENT LOSS CALCULATION					
	Rent/SF	NRA	PGI/Month	(8% Vacancy)	EGI/Month
Market Rent	1.71	44,750	\$76,495	\$6,119.60	\$70,375.40
Current Rent	1.30	44,750	\$58,364	\$4,669.15	\$53,695.18
Rent Loss Per Month (Rounded):					\$17,000.00

MARKET RENT LOSS TABLE		
Month	Rent Loss (Percent)	Rent Loss
Month 1	100.0%	\$17,000
Month 2	100.0%	\$17,000
Month 3	100.0%	\$17,000
Month 4	100.0%	\$17,000
Month 5	100.0%	\$17,000
Month 6	100.0%	\$17,000
Month 7	75.0%	\$12,750
Month 8	75.0%	\$12,750
Month 9	75.0%	\$12,750
Month 10	75.0%	\$12,750
Month 11	75.0%	\$12,750
Month 12	75.0%	\$12,750
Month 13	50.0%	\$8,500
Month 14	50.0%	\$8,500
Month 15	50.0%	\$8,500
Month 16	50.0%	\$8,500
Month 17	50.0%	\$8,500
Month 18	50.0%	\$8,500
Month 19	25.0%	\$4,250
Month 20	25.0%	\$4,250
Month 21	25.0%	\$4,250
Month 22	25.0%	\$4,250
Month 23	25.0%	\$4,250
Month 24	25.0%	\$4,250
Total Rent Loss		\$255,000
TOTAL (Rounded)		\$260,000

INCOME & EXPENSE ANALYSIS

The preceding section addressed potential risks associated with the income of the subject property. Having addressed potential risks, it is appropriate to analyze historical revenues and operating expenses. Operating expenses include those items necessary to maintain the subject property and generate income at the forecasted level. Expenses associated with debt financing, depreciation, or other accounting items are disregarded. Expenses are estimated based on one or more of the following sources: (1) historical or projected operation of the subject; (2) comparable expense properties; (3) published operating sources; or (4) individual suppliers. The expense comparables reflect varying accounting methods with respect to individual line items and reserves for replacement expenses. On a line-item basis, due to the variances in accounting and classification, their applicability is diminished. The following section provides supporting information and discusses the individual expense conclusions for the subject property. Also included on the table are the first-year revenue and projected revenue on a stabilized basis:

SUBJECT OPERATING HISTORICALS				
			COLLIERS FORECAST	
YEAR	BUDGET 2025		YR 3 STABILIZED	
INCOME ITEMS	TOTAL	\$/SF	TOTAL	\$/SF
Self-Storage Rental Income	\$779,747	\$17.42	\$973,842	\$21.76
TOTAL RENTAL INCOME	\$779,747	\$17.42	\$973,842	\$21.76
OTHER INCOME				
Miscellaneous Income	\$43,963	\$0.98	\$44,558	\$1.00
TOTAL OTHER INCOME	\$43,963	\$0.98	\$44,558	\$1.00
POTENTIAL GROSS INCOME (PGI)	\$823,709	\$18.41	\$1,018,400	\$22.76
Vacancy (Self-Storage)	\$0	-	(\$77,907)	(\$1.74)
Concessions/Collection Loss	\$0	-	(\$19,477)	(\$0.44)
EFFECTIVE GROSS INCOME (EGI)	\$823,709	\$18.41	\$921,016	\$20.58
EXPENSE ITEMS				
Real Estate Taxes	(\$43,860)	(\$0.98)	(\$133,572)	(\$2.98)
Additional Tax Charges	\$0	-	(\$424)	(\$0.01)
Property Insurance	(\$7,692)	(\$0.17)	(\$8,063)	(\$0.18)
Utilities	(\$5,856)	(\$0.13)	(\$7,108)	(\$0.16)
Building Repairs & Maintenance	(\$2,531)	(\$0.06)	(\$11,882)	(\$0.27)
Off-Site Management	(\$65,838)	(\$1.47)	(\$55,171)	(\$1.23)
On-Site Management	(\$62,346)	(\$1.39)	(\$61,744)	(\$1.38)
Advertising	(\$17,071)	(\$0.38)	(\$18,990)	(\$0.42)
General & Administrative	(\$25,445)	(\$0.57)	(\$26,098)	(\$0.58)
Reserves	\$0	-	(\$4,774)	(\$0.11)
TOTAL EXPENSES	(\$230,639)	(\$5.15)	(\$327,826)	(\$7.33)
NET OPERATING INCOME (NOI)	\$593,070	\$13.25	\$593,190	\$13.26

OTHER INCOME

In the following section, we analyzed and made conclusions for the other income items of the subject property.

OTHER INCOME ANALYSIS & CONCLUSIONS

MISCELLANEOUS INCOME				ANALYSIS		
YEAR	SUBJECT			INC. COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$43,963	\$0.98	5.3%	1	\$0.25	1.3%
YR 3 STABILIZED	\$44,558	\$1.00	4.8%	2	\$2.68	12.8%
				3	\$0.45	1.9%
				4	\$0.78	3.3%
				5	\$1.11	5.6%
				6	\$0.70	3.2%

Income is also derived from miscellaneous income, which includes tenant insurance, late fees, retail sales, forfeited deposits, and other miscellaneous income. This category was not broken out by the historical data. For this analysis, emphasis is placed on the low-end of the income/expense comparables.

VACANCY & CONCESSIONS

This category accounts for the time period between tenants, as well as possible prolonged vacancies under slow market conditions. This assignment reflects the probable stabilized vacancy during the economic life of the property and not necessarily the current or short-term vacancy. Overall vacancy in the subject's area is 13.5% (unadjusted), 5.4% (adjusted), according to our recent Colliers International Valuation & Advisory Services survey. The subject is currently 80.2% vacant on a per unit basis and 76.8% vacant on a per SF basis. The significant difference between the per unit and per square foot occupancy is due to the large parking spaces. Property managers and brokers that are familiar with this market indicate occupancy rates of 90% to 95% depending on age and location. Based on the above information, a vacancy rate of **8.0%** is concluded for the self-storage units at the subject. This amount includes any concessions and credit loss associated with the property.

Concessions

It has become an industry standard to break out concessions from physical vacancy. Concessions will generally always be offered at a self-storage facility; it is just a matter of how much. Average concessions can range from as low as 1% to as high as 8% of total revenue. Typical incentives often include: First month's free rent; First month's rent half-off; discounted first and second month; and other discounts such as web specials. Current occupancy levels and conversations with local participants indicate there are specials offered as of the effective date and concessions are generally limited to credit loss. Given the saturation and occupancy levels of competing properties, a concessions estimate of **2.0%** is considered to be a reasonable for the subject property.

GENERAL VACANCY CONCLUSION

National	5.5%
West	5.3%
Stockton	11.0%
Outer Suburbs	12.9%
Competitive Set	13.5%
Competitive Set (Adjusted)	5.4%
Subject (Per Unit)	80.2%
Subject (Per SF)	76.8%
GENERAL VACANCY RATE CONCLUSIONS	8.0%
CONCESSIONS/COLLECTION LOSS	2.0%

EFFECTIVE GROSS INCOME (EGI) CONCLUSION

Effective gross income equals the potential gross income less vacancy and concessions, and is stated as follows:

EFFECTIVE GROSS INCOME (EGI)											
YEAR	TOTAL	\$/SF	\$/UNIT	%EGI	Δ CHG	ANALYSIS					
BUDGET 2025	\$823,709	\$18.41	\$2,179	100%	-	Effective gross income (EGI) is a measure of a property's income potential after accounting for vacancies, credit losses, and operating expenses. It is calculated by subtracting vacancy and credit loss expenses from the total potential rental income. The subject was recently built and is currently in lease up. We expect the occupancy rate to stabilize within the next 12 months. We have factored this information into our conclusions.					
YR 3 STABILIZED	\$921,016	\$20.58	\$2,437	100%	11.8%						

Analysis of Operating Expenses

Expenses are estimated based on one or more of the following sources: (1) historical or projected operation of the subject; (2) comparable expense properties; (3) published operating sources; or (4) individual suppliers. The expense comparables reflect varying accounting methods with respect to individual line items and reserves for replacement expenses. On a line-item basis, due to the variances in accounting and classification, their applicability is diminished. The following section provides supporting information and discusses the individual expense conclusions for the subject property. The operating expenses for the subject property were presented previously. The following chart summarizes comparable expenses as well as available published operating expense data.

EXPENSE COMPARABLES											
COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	N/Av	WEST	LOW	HIGH	AVG
Expense Year	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022
Actual/Budget	Actual	Actual	Actual	Actual	Actual	Proforma	Varies	Varies	-	-	-
Net Rentable Area	68,950	14,097	77,652	77,250	44,062	79,821	Varies	Varies	14,097	79,821	60,305
Rental Income	\$16.85	\$15.17	\$26.00	\$27.59	\$19.76	23.4171	N/Av	N/Av	\$15.17	\$27.59	\$21.46
Miscellaneous Income	\$3.53	\$5.70	\$0.45	\$0.78	\$1.14	\$0.70	N/Av	N/Av	\$0.45	\$5.70	\$2.05
Miscellaneous Income % EGI	18.4%	27.3%	1.9%	3.3%	5.8%	3.2%	N/Av	N/Av	1.9%	27.3%	10.0%
EGI (\$/SF)	\$19.17	\$20.87	\$23.85	\$23.40	\$19.71	\$21.77	N/AV	N/AV	\$19.17	\$23.85	\$21.46
EXPENSE ITEMS	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF	LOW	HIGH	AVG
Real Estate Taxes	\$2.25	\$1.33	\$4.47	\$4.21	\$3.25	\$2.54	\$0.64	\$0.60	\$0.60	\$4.47	\$2.41
Property Insurance	\$0.15	\$0.18	\$0.20	\$0.15	\$0.20	\$0.14	\$0.15	\$0.18	\$0.14	\$0.20	\$0.17
Utilities	\$0.20	\$0.71	\$0.10	\$0.80	\$0.45	\$0.43	\$0.25	\$0.30	\$0.10	\$0.80	\$0.40
Building Repairs & Maintenance	\$0.70	\$0.88	\$0.35	\$0.30	\$0.25	\$0.29	\$0.20	\$0.20	\$0.20	\$0.88	\$0.40
Off-Site Management	\$0.96	\$0.03	\$1.19	\$1.28	\$0.79	\$0.87	\$0.38	\$0.41	\$0.03	\$1.28	\$0.74
On-Site Management	\$1.45	\$4.15	\$1.00	\$1.30	\$1.60	\$0.94	\$0.80	\$0.84	\$0.80	\$4.15	\$1.51
Advertising	\$0.10	\$0.07	\$0.40	\$0.30	\$0.47	\$0.13	\$0.34	\$0.25	\$0.07	\$0.47	\$0.26
General & Administrative	\$0.65	\$2.54	\$0.55	\$0.60	\$0.65	\$0.48	\$0.39	\$0.65	\$0.39	\$2.54	\$0.81
Reserves	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
TOTAL EXPENSES (\$/SF)	\$6.55	\$9.99	\$8.37	\$9.04	\$7.76	\$5.92	\$3.15	\$3.43	\$3.15	\$9.99	\$6.78

Conclusion of Operating Expenses

In the following section we discuss the individual expense conclusions for the subject property.

EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$43,860	\$0.98	5.3%	1	\$2.25	11.7%
YR 3 STABILIZED	\$133,572	\$2.98	14.5%	2	\$1.33	6.4%
				3	\$4.47	18.8%
				4	\$4.21	18.0%
				5	\$3.25	16.5%
				6	\$2.54	11.6%

ANALYSIS

The concluded taxes are based on California's Proposition 13. As such, the concluded taxes represent 100% of the concluded stabilized value indicated by the Direct Capitalization Method multiplied by the current ad valorem tax rate. Please refer to the Assessments and Taxes section for additional details.

ADDITIONAL TAX CHARGES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$0		0.0%	1	-	0.0%
YR 3 STABILIZED	\$424	\$0.01	0.0%	2	-	0.0%
				3	\$0.02	0.0%
				4	\$0.02	0.0%
				5	-	0.0%
				6	-	0.0%

ANALYSIS

The concluded additional tax charges are based on the subject's current taxes. Please refer to the Assessments and Taxes section for additional details.

PROPERTY INSURANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$7,692	\$0.17	0.9%	1	\$0.15	0.8%
YR 3 STABILIZED	\$8,063	\$0.18	0.9%	2	\$0.18	0.8%
				3	\$0.20	0.8%
				4	\$0.15	0.6%
				5	\$0.20	1.0%
				6	\$0.14	0.6%

ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, and equipment. The conclusion is based on the budget 2025 pro forma expense with support from the middle of the expense comparable range.

UTILITIES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$5,856	\$0.13	0.7%	1	\$0.20	1.0%
YR 3 STABILIZED	\$7,108	\$0.16	0.8%	2	\$0.71	3.4%
				3	\$0.10	0.4%
				4	\$0.80	3.4%
				5	\$0.45	2.3%
				6	\$0.43	2.0%

ANALYSIS

Utilities include gas, electricity, water, sewer, and trash removal. The conclusion is based on the budget 2025 pro forma expense with support from the low-end of the expense comparable range.

BUILDING REPAIRS & MAINTENANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$2,531	\$0.06	0.3%	1	\$0.70	3.7%
YR 3 STABILIZED	\$11,882	\$0.27	1.3%	2	\$0.88	4.2%
				3	\$0.35	1.5%
				4	\$0.30	1.3%
				5	\$0.25	1.3%
				6	\$0.29	1.3%

ANALYSIS

This expense item includes expenses related to routine maintenance and repairs to the buildings at the subject. The Budget 2025 amount is outside of the expense range. Therefore, the conclusion is based on the low-end of the expense comparable information.

OFF-SITE MANAGEMENT

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$65,838	\$1.47	8.0%	1	\$0.96	5.0%
YR 3 STABILIZED	\$55,171	\$1.23	6.0%	2	\$0.03	0.2%
				3	\$1.19	5.0%
				4	\$1.28	5.5%
				5	\$0.79	4.0%
				6	\$0.87	4.0%

ANALYSIS

This expense reflects the professional management service for the subject. The subject has not historically employed a third-party management operation. However, we have added a market level off-site management expense. The typical range is between 4% and 6%. The conclusion will be based on the middle of the typical range or 6.0%.

ON-SITE MANAGEMENT

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$62,346	\$1.39	7.6%	1	\$1.45	7.6%
YR 3 STABILIZED	\$61,744	\$1.38	6.7%	2	\$4.15	19.9%
				3	\$1.00	4.2%
				4	\$1.30	5.6%
				5	\$1.60	8.1%
				6	\$0.94	4.3%

ANALYSIS

This expense includes wages, salaries, and free rent for the on-site management. The conclusion is based on the Budget 2025 historical expense and the increasing trend, with support from the middle of the expense comparable range.

ADVERTISING

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$17,071	\$0.38	2.1%	1	\$0.10	0.5%
YR 3 STABILIZED	\$18,990	\$0.42	2.1%	2	\$0.07	0.4%
				3	\$0.40	1.7%
				4	\$0.30	1.3%
				5	\$0.47	2.4%
				6	\$0.13	0.6%

ANALYSIS

This expense includes marketing, advertising and promoting the subject property. The conclusion is based on the budget 2025 pro forma expense with support from the high-end of the expense comparable range.

GENERAL & ADMINISTRATIVE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$25,445	\$0.57	3.1%	1	\$0.65	3.4%
YR 3 STABILIZED	\$26,098	\$0.58	2.8%	2	\$2.54	12.2%
				3	\$0.55	2.3%
				4	\$0.60	2.6%
				5	\$0.65	3.3%
				6	\$0.48	2.2%

ANALYSIS

This expense includes office supplies, accounting, legal fees, other professional fees, and all other administrative costs. The conclusion is based on the budget 2025 pro forma expense with support from the middle of the expense comparable range.

RESERVES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
BUDGET 2025	\$0		0.0%	1	\$0.10	0.5%
YR 3 STABILIZED	\$4,774	\$0.11	0.5%	2	\$0.10	0.5%
				3	\$0.10	0.4%
				4	\$0.10	0.4%
				5	\$0.10	0.5%
				6	\$0.10	0.5%

ANALYSIS

Reserves for replacements are not typical cash expenditures, but rather the annualized cost of major expense in the future. The expense conclusion considers the subject's age and condition. The conclusion is based on the historical expenses and the expense comparable information.

TOTAL EXPENSES	LOW	HIGH	CONCLUSION
SUBJECT HISTORICAL \$/SF	\$5.15	\$5.15	The concluded expenses are within the range of the expense comparables on a per SF and % EGI basis, and are considered reasonable.
EXPENSE COMPARABLES \$/SF	\$3.15	\$9.99	
SALE COMPARABLE \$/SF	\$3.46	\$9.89	
SUBJECT HISTORICAL %EGI	28.0%	28.0%	
EXPENSE COMPARABLES %EGI	27.2%	47.8%	
SALE COMPARABLES %EGI	21.4%	47.4%	
TOTAL EXPENSES \$/SF	\$6.26		
TOTAL EXPENSES %EGI	72.3%		
TOTAL EXPENSES	\$327,826		

INVESTMENT MARKET ANALYSIS

Development of Capitalization Rate

The going-in capitalization rate, also known as overall rate (OAR), can be determined using several sources and methods. In developing our opinion of OAR, the following techniques were used:

- › Comparable Sales (Sales Comparison Approach)
- › Investor Surveys
- › Band of Investment Technique

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach, and the capitalization rates from each of those sales. We have included additional sales (Comparables 7 thru 17) to further support capitalization rate trends for the subject property.

CAPITALIZATION RATE COMPARABLES (OAR)									
NAME	CITY	ST	SALE DATE	YR BLT	NRA	\$/SF	UNITS	SALE PRICE	CAP RATE
1 All Storage of Elk Grove	Elk Grove	CA	November 21, 2022	1986	14,097	\$231	154	\$3,250,000	4.76%
2 StoragePro Self Storage (Lodi Stor-All)	Lodi	CA	September 8, 2022	1981	95,793	\$209	557	\$20,000,000	3.79%
3 Stor-It-All LLC	Sonoma	CA	August 30, 2022	1972	43,160	\$217	343	\$9,350,000	5.52%
4 Mini Stor Self-Storage	Citrus Heights	CA	May 12, 2022	1988	74,101	\$227	752	\$16,850,000	4.14%
5 Simply Self-Storage	Stockton	CA	April 21, 2022	2003 &	100,085	\$233	607	\$23,300,000	5.47%
6 Dixon Mini Storage	Dixon	CA	April 19, 2022	1993	33,927	\$251	282	\$8,500,000	3.97%
ADDITIONAL COMPS									
NAME	CITY	ST	SALE DATE	YR BLT	NRA	\$/SF	UNITS	SALE PRICE	CAP RATE
7 Mad River Storage Center	McKinleyville	CA	February 27, 2023	1996	28,333	\$176	381	\$5,000,000	5.36%
8 Nipomo Self Storage	Nipomo	CA	January 10, 2023	2006	39,218	\$319	430	\$12,500,000	5.60%
9 Guard Dog Self Storage	Rancho	CA	December 6, 2022	1979	41,934	\$137	455	\$5,750,000	5.67%
10 Crow n Storage	Redding	CA	November 16, 2022	2000	63,750	\$115	426	\$7,300,000	5.11%
11 VIP Self Storage	El Cajon	CA	September 1, 2022	1985	23,620	\$163	376	\$3,850,000	6.60%
12 Stor-It-All LLC	Sonoma	CA	August 30, 2022	1972	43,460	\$215	343	\$9,350,000	4.30%
13 Sunset Self Storage	Atw ater	CA	July 21, 2022	1995	47,850	\$113	357	\$5,400,000	5.36%
14 Extra Self Storage - Magalia	Magalia	CA	July 20, 2022	2003	45,600	\$114	424	\$5,200,000	4.88%
15 Spruce Grove Storage	Low er Lake	CA	July 7, 2022	1985 /	62,622	\$110	415	\$6,875,000	4.19%
16 Mariposa Self-Stor	Mariposa	CA	June 29, 2022	2005	41,465	\$86	330	\$3,575,000	5.06%
17 Airport Storage	Chico	CA	June 21, 2022	1985	78,923	\$124	613	\$9,825,000	4.99%
LOW			Apr 2022						3.79%
HIGH			Feb 2023						6.60%
AVERAGE			Aug 2022						4.99%
MEDIAN			Aug 2022						5.06%
INDICATED CAPITALIZATION RATE (OAR)									5.25%

For this analysis, we have provided four primary sales comparables, which are later presented in the Sales Comparison Approach. The sales provided in the table have capitalization rates ranging from 3.79% to 6.60%, with an average of 4.99% and a median of 5.06%. John de Jong noted that capitalization rates have increased in the last 8 months and a property like this would trade between 5.00% and 5.50%. With consideration of the comparable data presented for this analysis, discussions with market participants, and a review of national surveys, a capitalization rate of **5.25%** is concluded for the subject property.

Green Street Capitalization Rate Survey

The following survey was provided by Green Street, a real estate research and advisory firm and is dated December 6, 2022. It displays the recent cap rate trends generally seen over the past three months for commercial assets throughout the US. **It indicates that the current average is 5.10% or Self-Storage and increased 45 basis from October to November 2022.**

(Change in bps)	Apartment		Industrial		Office		Strip Center		Self-Storage		Single-Family Rental**	
	Current	3 mo. Δ	Current	3 mo. Δ	Current	3 mo. Δ	Current	3 mo. Δ	Current	3 mo. Δ	Current	3 mo. Δ
Atlanta	5.0%	▲75	5.0%	▲30	8.2%	▲80	6.3%	▲30	5.2%	▲45	5.2%	▲20
Austin	4.7%	▲75	5.1%	▲40	7.2%	▲70	5.8%	▲30	5.2%	▲45	4.6%	▲20
Baltimore	5.8%	▲85	4.8%	▲20	9.3%	▲50	7.0%	▲35	5.8%	▲45		
Boston	4.9%	▲65	4.9%	▲20	6.6%	▲70	6.2%	▲30	4.6%	▲45		
Charlotte	5.0%	▲75	5.3%	▲40	8.2%	▲80	6.3%	▲30	5.3%	▲45	5.2%	▲20
Chicago	5.8%	▲75	5.1%	▲30	8.3%	▲40	6.7%	▲35	5.3%	▲45	5.3%	▲20
Cincinnati	6.2%	▲85	5.6%	▲40	9.5%	▲50	7.5%	▲35	5.8%	▲45		
Cleveland	6.2%	▲85	6.4%	▲40	10.0%	▲50	7.7%	▲40	5.8%	▲45		
Columbus	6.1%	▲75	6.0%	▲40	9.5%	▲50	7.4%	▲35	5.7%	▲45	5.5%	▲20
D.C. Metro	5.1%	▲65	4.8%	▲20	7.7%	▲80	6.1%	▲30	4.8%	▲40		
Dallas / Fort Worth	5.1%	▲80	5.0%	▲30	8.7%	▲90	6.2%	▲30	5.2%	▲45	4.8%	▲20
Denver	4.7%	▲65	5.1%	▲40	7.8%	▲80	6.3%	▲30	5.2%	▲45	4.9%	▲20
Detroit	6.2%	▲85	6.5%	▲40	10.3%	▲50	7.8%	▲40	5.8%	▲45		
Fort Lauderdale	5.1%	▲75	4.4%	▲20	7.8%	▲80	6.1%	▲30	5.3%	▲45		
Honolulu	5.5%	▲75	5.2%	▲40	7.9%	▲40	5.7%	▲30	5.4%	▲45		
Houston	5.4%	▲80	5.5%	▲30	9.2%	▲90	6.7%	▲35	5.2%	▲45	5.1%	▲20
Indianapolis	6.1%	▲85	5.7%	▲40	9.7%	▲50	7.5%	▲40	5.6%	▲45	5.2%	▲20
Inland Empire	5.2%	▲65	3.6%	▲20	8.8%	▲60	6.8%	▲35	5.3%	▲45	4.6%	▲20
Jacksonville	5.4%	▲75	5.6%	▲40	9.5%	▲50	7.0%	▲35	5.5%	▲45	4.8%	▲20
Kansas City	6.2%	▲85	6.0%	▲40	9.5%	▲50	7.6%	▲40	5.8%	▲45		
Las Vegas	4.9%	▲75	5.2%	▲40	8.8%	▲50	7.5%	▲40	5.2%	▲45	4.6%	▲20
Long Island	5.2%	▲65	4.8%	▲20	9.7%	▲50	6.2%	▲30	5.1%	▲45		
Los Angeles	5.0%	▲65	3.5%	▲20	6.8%	▲100	6.0%	▲30	4.5%	▲45	4.2%	▲20
Louisville	6.2%	▲85	5.6%	▲40	10.2%	▲50	7.0%	▲35	5.7%	▲45		
Memphis	6.2%	▲90	5.9%	▲40	10.0%	▲50	7.7%	▲40	5.7%	▲45		
Miami	5.0%	▲75	4.4%	▲20	7.2%	▲70	5.9%	▲30	4.7%	▲45	5.0%	▲20
Minneapolis	5.9%	▲85	5.4%	▲40	8.6%	▲90	6.9%	▲35	5.6%	▲45	5.5%	▲20
Nashville	4.7%	▲75	5.6%	▲40	8.2%	▲80	6.6%	▲35	5.2%	▲45	4.9%	▲20
New Jersey (Central)	5.6%	▲65	4.1%	▲20	9.9%	▲50	6.8%	▲35	5.6%	▲45		
New Jersey (Northern)	5.3%	▲65	3.8%	▲20	8.9%	▲40	6.4%	▲30	5.3%	▲45		
New York	4.6%	▲65	3.8%	▲20	6.9%	▲100	6.1%	▲30	4.5%	▲45		
Oakland-East Bay	5.0%	▲65	4.2%	▲20	8.0%	▲120	6.2%	▲30	5.1%	▲45	4.2%	▲20
Orange County	4.9%	▲65	3.6%	▲20	7.2%	▲70	6.0%	▲30	4.5%	▲45		
Orlando	5.1%	▲75	5.3%	▲40	8.6%	▲90	6.7%	▲35	5.4%	▲45	5.0%	▲20
Palm Beach	5.0%	▲75	4.6%	▲20	7.8%	▲80	6.3%	▲30	5.1%	▲45	5.2%	▲20
Philadelphia	5.3%	▲65	4.9%	▲30	8.9%	▲90	6.6%	▲35	5.5%	▲45		
Phoenix	4.9%	▲80	5.0%	▲30	8.3%	▲80	6.5%	▲30	5.1%	▲45	4.7%	▲20
Pittsburgh	6.2%	▲85	5.9%	▲40	9.5%	▲90	7.2%	▲35	5.6%	▲45		
Portland	5.6%	▲85	5.0%	▲40	7.8%	▲80	6.7%	▲35	5.7%	▲45		
Raleigh-Durham	5.0%	▲75	5.8%	▲40	8.0%	▲80	6.4%	▲30	5.1%	▲45	5.0%	▲20
Richmond	6.3%	▲85	5.8%	▲40	9.3%	▲50	7.5%	▲35	5.7%	▲45		
Sacramento	5.3%	▲65	5.6%	▲40	8.9%	▲90	7.2%	▲35	5.6%	▲45	4.2%	▲20
Salt Lake City	5.3%	▲75	5.5%	▲40	8.9%	▲90	7.6%	▲40	5.5%	▲45	4.3%	▲20
San Antonio	5.7%	▲85	5.5%	▲40	8.9%	▲40	7.0%	▲35	5.4%	▲45		
San Diego	4.9%	▲65	4.7%	▲20	7.3%	▲70	6.3%	▲30	4.5%	▲45		
San Francisco	4.6%	▲65	4.2%	▲20	6.5%	▲100	6.0%	▲40	4.5%	▲45		
San Jose	4.8%	▲65	4.2%	▲20	7.8%	▲120	6.0%	▲30	4.8%	▲45		
Seattle	4.9%	▲65	4.1%	▲20	6.8%	▲70	6.1%	▲30	5.0%	▲45	4.5%	▲20
St. Louis	6.2%	▲85	6.0%	▲40	9.8%	▲50	7.6%	▲40	5.8%	▲45		
Tampa	5.2%	▲75	5.2%	▲40	8.8%	▲90	6.7%	▲35	5.2%	▲45	4.9%	▲20
Weighted Average:	5.1%	▲70	4.6%	▲25	7.6%	▲85	6.5%	▲30	5.1%	▲45	4.9%	▲25

Source: Green Street. Nominal cap rates for B/B+ quality assets; based on forward 12-month NOI before a cap-ex reserve.

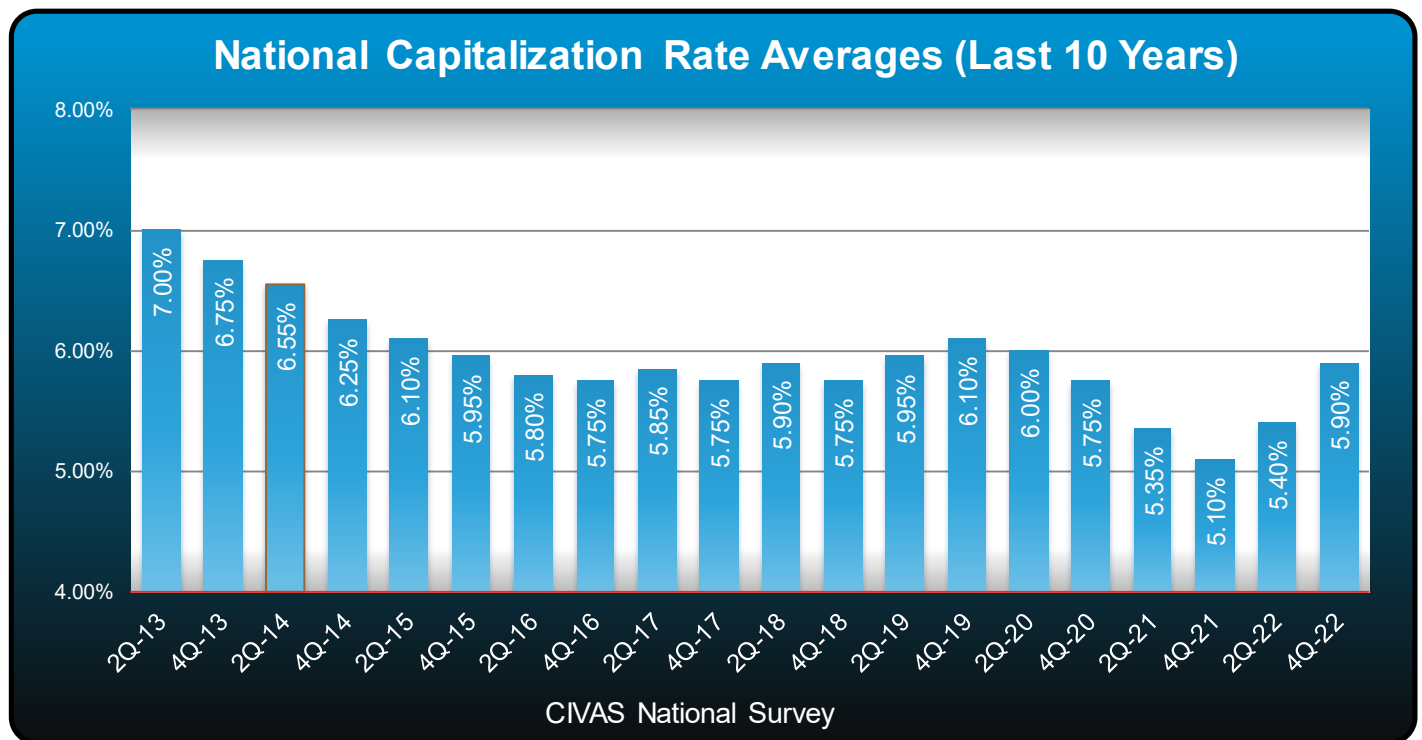
*As of 12/6/2022

**Coverage of the top 25 Single-Family Rental (SFR) markets based on REIT concentration.

Investor Surveys

The potential investor pool for the subject asset includes national, regional and local investors. While all of these groups place emphasis on local cap rates, regional and national investors would also strongly consider national cap rate trends from investor surveys due to the potential to invest in other regions that are offering competitive rates of return. The chart below was taken from www.pwc.com, a PwC Real Estate Investor Survey indicating overall capitalization rates for niche markets throughout the country.

The following graph provides a historical illustration of capitalization rate statistics as surveyed by investors that we considered to be relevant to the subject property.



National Survey

The rates indicated above are an average of hundreds of sales that have occurred throughout the timer periods mentioned above (6 months). These averages include A to C quality facilities, as well as portfolio transactions. Based on the information above, there has not been a significant change to national capitalization rates over the last year, though we are starting to see capitalization rates start to increase for the first time in three years due to interest rates and inflation. The national average according to Colliers International was 5.10% as of the 4Q 2021, but increased approximately 80 points to 5.90% in 4Q 2022. Capitalization rate throughout the industry still remain very strong due to the limited number of facilities available for sale, interest from current market participants as well as new debt coming into the market. Storage provides good underlying market fundamentals compared to other property types. Most investors expect overall capitalization rates for the storage industry to continue to increase 25-50 point through the remainder of the year due to the climb in interest rates.

Band of Investment Technique

Because most properties are purchased with debt and equity capital, the overall capitalization rate must satisfy the market return requirements of both investment positions. Lenders must anticipate receiving a competitive interest rate commensurate with the perceived risk of the investment or they will not make funds available. Lenders also require that the principal amount of the loan be repaid through amortization payments. Similarly, equity investors must anticipate receiving a competitive equity cash return commensurate with the perceived risk or they will invest their funds elsewhere.

To analyze the capitalization rate from a financial position, the Band of Investment Technique is used. Available financing information indicates the following terms:

BAND OF INVESTMENT ASSUMPTIONS	
Loan Amortization Period	30 Years
Interest Rate	5.50%
Loan-to-Value (LTV) Ratio	70%
Mortgage Constant	6.81%

Equity dividend rates vary depending upon motivations of buyers and financing terms. The previous terms and an appropriate equity dividend rate are used in the Band of Investments calculations, which are presented on the following chart.

BAND OF INVESTMENT CALCULATION					
Mortgage Component	70%	x	6.81%	=	4.769%
Equity Component	30%	x	6.00%	=	1.800%
Indicated Capitalization Rate					6.569%
INDICATED CAPITALIZATION RATE					6.57%

The Band of Investment provides a static reflection of capitalization rate indication but does not reflect the forward-looking anticipation by investors of rent growth and asset appreciation that results in increased positive leverage. As well, it does not reflect the prevalence and use of interest-only loan structures with the terms of 5-, 7- and 10-years, which materially impact investment return. As a result, the band of investment indication tends to reflect the ceiling of potential capitalization rates.

Inflation and Self-Storage Performance

There are two specific macroeconomic factors influencing valuation – inflation and interest rates. Inflation is at record highs due to Covid-19 impacts to the supply chain and pent-up consumer demand for goods over the past two years, which has led to sharply rising labor costs, energy prices and interest rates. The storage industry benefits from month-to-month leases, which allows the revenue to adjust quickly to market changes. The rapid increase in inflation is expected to translate to higher storage revenues in the near term. However, it is likely that these gains will be somewhat offset by an increase in expenses. Regardless, inflation will impact the pricing of nearly everything, including real estate. Real estate is known to perform well in inflationary climates and the self-storage sector is known to perform well in growth and recessionary periods which has led to significant investor interest in the asset class.

In a response to curb inflation, the Federal Reserve Board increased the federal funds rate 300 basis points so far in 2022 and additional increases are expected before years' end. This has directly increased the cost of capital, which will impact investors and will likely increase valuation capitalization rates.

With that said, the storage industry is often referred to as “recession proof”. Demand for storage is high in recessionary periods as people often need to downsize their living spaces but do not want to eliminate their belongings. In 2020, there was a twist to this – storage was in high demand as people needed to make space in their living spaces to work from home. In most jurisdictions, storage was deemed an essential business which allowed facilities to operate. Demand for storage is also high during periods of growth as people are purchasing more and there is more disposable income in the market.

Capitalization Rate Conclusion

With recent and anticipated upcoming interest rate hikes, we tried to consider how this would affect capitalization rates in our analysis. Based on conversations with brokers and market participants, there has not been a significant change to capitalization rates throughout the country over the last couple months, primarily due to

supply and demand in the industry. The real estate industry views storage as a safe investment in times of recession, inflation, and disruption. This is evidenced by the amount of private money that flooded into the industry over the last couple of years. Investors are willing to accept a lower yield in the short term as the economy works through this disruption period. Although many market participants think that capitalization rates will eventually increase later in the year (25-50 points), we are not seeing it yet.

The Market Extraction Method is most often upon by buyers and sellers to develop cap rate decisions. In this analysis, recent sales data was available indicating adequate support for the capitalization rate developed by the Market Extraction Method. National Survey data has limited direct application for the subject property; however, it helps establish general macro trends for this type of investment property. The Band of Investment Technique has limitations, but generally supports the capitalization rate concluded by the Market Extraction Method. Taking all these factors into consideration, the table above summarizes the various cap rate indicators and provides the final cap rate conclusion.

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)			
SOURCE	QUARTER	RANGE	AVG
Comparable Sales		3.79% to 6.60%	4.99%
Colliers	4Q 22	- to -	5.90%
Local Brokers	1Q 23	5.00% to 6.00%	5.50%
Pw C	4Q 22	4.00% to 6.00%	5.18%
Band of Investment Technique			6.57%
CAPITALIZATION CONCLUSION			5.25%

STABILIZED DIRECT CAPITALIZATION

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

The subject property is expected to attain stabilized occupancy in year 3. The following table summarizes our opinion of market value for the subject property via Direct Capitalization including the Prospective Value Upon Stabilization (Capitalized Value) in year 3 as of April 11, 2025.

DIRECT CAPITALIZATION SUMMATION TABLE (YEAR 3)				
INCOME ITEMS	%PGI	%EGI	\$/SF	TOTAL
Self-Storage Rental Income	95.6%	105.7%	\$21.76	\$973,842
Miscellaneous Income	4.4%	4.8%	\$1.00	\$44,558
POTENTIAL GROSS INCOME (PGI)			\$22.76	\$1,018,400
INCOME LOSS				
Vacancy (Self-Storage)	(8.0%)		(\$1.74)	(\$77,907)
Concessions/Collection Loss	(2.0%)		(\$0.44)	(\$19,477)
TOTAL INCOME LOSS	(9.6%)		(\$2.18)	(\$97,384)
EFFECTIVE GROSS INCOME (EGI)	90.4%		\$20.58	\$921,016
EXPENSE ITEMS				
Real Estate Taxes	(13.1%)	(14.5%)	(\$2.98)	(\$133,572)
Additional Tax Charges	(0.0%)	(0.0%)	(\$0.01)	(\$424)
Property Insurance	(0.8%)	(0.9%)	(\$0.18)	(\$8,063)
Utilities	(0.7%)	(0.8%)	(\$0.16)	(\$7,108)
Building Repairs & Maintenance	(1.2%)	(1.3%)	(\$0.27)	(\$11,882)
Off-Site Management	(5.4%)	(6.0%)	(\$1.23)	(\$55,171)
On-Site Management	(6.1%)	(6.7%)	(\$1.38)	(\$61,744)
Advertising	(1.9%)	(2.1%)	(\$0.42)	(\$18,990)
General & Administrative	(2.6%)	(2.8%)	(\$0.58)	(\$26,098)
Reserves	(0.5%)	(0.5%)	(\$0.11)	(\$4,774)
TOTAL EXPENSES	(32.2%)	(35.6%)	(\$7.33)	(\$327,826)
NET OPERATING INCOME (NOI)	58.2%	64.4%	\$13.26	\$593,190
Capitalization Rate				5.25%
Capitalized Value				\$11,298,853
PROSPECTIVE VALUE UPON STABILIZATION			\$253/SF	\$11,300,000
LEASE-UP COSTS (OCCUPANCY / ECONOMIC)				
Rent Loss (Occupancy)				(\$663,674)
Marketing				(\$68,190)
Rent Loss (Economic)				(\$260,000)
Total Lease-Up Costs				(\$991,864)
Entrepreneurial Profit				(\$565,000)
TOTAL LEASE-UP COSTS (ROUNDED)				(\$1,560,000)
AS-IS MARKET VALUE			\$218/SF	\$9,740,000

Rounded to nearest \$10,000

Lease-Up Analysis

Regarding lease-up costs, the subject property has a current occupancy level of 19.8%, which is below our stabilized occupancy level estimate of 92%. As such, lease-up costs associated with the subject achieving stabilization are warranted in arriving at the As-Is Market Value.

The following table shows the absorption costs for the subject, based on the rental conclusions of this report and current 80.2% vacancy rate. The subject has a total of 75 leased. Based on a lease up rate of 12 Unit leased monthly a rent loss is estimated at \$663,674. Additionally, it is estimated that the subject will need to offer a strong concession of 1 to 2 months free, to promote occupancy and move-in at \$250 per unit. A 5.0% of the prospective stabilized value profit component is also included. Total lease up costs including marketing and profit total \$1,560,000.

LEASE-UP ANALYSIS						
TOTAL UNITS			378	UNITS OCCUPIED		75
ABSORPTION RATE UNITS/MONTH			12	PGI/UNIT/MONTH		\$225
STABILIZED OCCUPANCY (348 UNITS)			92.0%	DISCOUNT RATE		7.25%
MONTH	UNITS ABSORBED	UNITS REMAINING	UNITS OCCUPIED	RENT LOSS (PER MONTH)	PRESENT VALUE OF RENT LOSS	
1	12	262	87	\$58,711	\$58,358	
2	12	250	98	\$56,129	\$55,457	
3	12	239	110	\$53,547	\$52,588	
4	12	227	121	\$50,965	\$49,752	
5	12	216	133	\$48,383	\$46,948	
6	12	204	144	\$45,801	\$44,175	
7	12	193	156	\$43,219	\$41,435	
8	12	181	167	\$40,637	\$38,725	
9	12	170	179	\$38,055	\$36,047	
10	12	158	190	\$35,473	\$33,400	
11	12	147	202	\$32,891	\$30,783	
12	12	135	213	\$30,310	\$28,196	
13	12	124	225	\$27,728	\$25,639	
14	12	112	236	\$25,146	\$23,112	
15	12	101	248	\$22,564	\$20,614	
16	12	89	259	\$19,982	\$18,146	
17	12	78	271	\$17,400	\$15,706	
18	12	66	282	\$14,818	\$13,295	
19	12	55	294	\$12,236	\$10,913	
20	12	43	305	\$9,654	\$8,558	
21	12	32	317	\$7,072	\$6,232	
22	12	20	328	\$4,490	\$3,933	
23	12	9	340	\$1,908	\$1,661	
24	9	0	348	\$0	\$0	
Rent Loss (Occupancy)					\$663,674	
MARKETING @ \$250/UNIT					\$68,190	
Rent Loss (Economic)					\$260,000	
PROFIT @ 5.0% of \$11,300,000 (Prospective Value)					\$565,000	
TOTAL LOST INCOME					\$1,560,000	

Rounded to nearest \$10,000

Economic Lease-Up (Actual Rent Vs. Market Rent) - The current rent at the subject is \$1.30/SF. We conclude an amount of \$1.71/SF based on market rent. We think it will take the facility approximately 24 months to stabilize economically. During this time, the facility will slowly increase rents to market. The difference between the subject's actuals per month/per square foot basis and the concluded market rent is \$0.41/SF or \$17,000 dollars a month (rounded). For the first three months the property will notify tenants and then a declining amount of rent loss will be applied from there. Due to the risk associated with getting the rents to market, we considered a profit

component that ranges from 1% to 5% of the subject's prospective value that will be incorporated in the occupancy lease-up. Both deductions have been applied to arrive at the As-Is Market Value. See the table below.

RENT LOSS CALCULATION					
	Rent/SF	NRA	PGI/Month (8% Vacancy)	EGI/Month	
Market Rent	1.75	44,750	\$78,315	\$6,265.20	\$72,049.80
Current Rent	1.30	44,750	\$58,364	\$4,669.15	\$53,695.18
Rent Loss Per Month (Rounded):					\$18,000.00

MARKET RENT LOSS TABLE		
Month	Rent Loss (Percent)	Rent Loss
Month 1	100.0%	\$17,000
Month 2	100.0%	\$17,000
Month 3	100.0%	\$17,000
Month 4	100.0%	\$17,000
Month 5	100.0%	\$17,000
Month 6	100.0%	\$17,000
Month 7	75.0%	\$12,750
Month 8	75.0%	\$12,750
Month 9	75.0%	\$12,750
Month 10	75.0%	\$12,750
Month 11	75.0%	\$12,750
Month 12	75.0%	\$12,750
Month 13	50.0%	\$8,500
Month 14	50.0%	\$8,500
Month 15	50.0%	\$8,500
Month 16	50.0%	\$8,500
Month 17	50.0%	\$8,500
Month 18	50.0%	\$8,500
Month 19	25.0%	\$4,250
Month 20	25.0%	\$4,250
Month 21	25.0%	\$4,250
Month 22	25.0%	\$4,250
Month 23	25.0%	\$4,250
Month 24	25.0%	\$4,250
Total Rent Loss		\$255,000
TOTAL (Rounded)		\$260,000

DISCOUNTED CASH FLOW ANALYSIS

The Discounted Cash Flow (DCF) analysis models a property's performance over a buyer's investment horizon from the current as-is status of the property, to projected stabilization of operations and through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at rates reflective of the property's economic and physical risk profile.

The parameters for the assumptions employed in the discounted cash flow (DCF) are based on our experience in appraising similar properties, information derived from comparables sales, and on information contained in investor surveys conducted by national real estate companies. Since most self-storage investors do not perform a DCF analysis, the data is not well defined. The following cash flow assumptions reflect a stabilized scenario with annual vacancies remaining level over the next ten years. Support for rent and expense growth rates, as well as our assumptions applied in the DCF are presented next.

Vacancy and Concessions

This category was discussed in depth in the market analysis section of this report. Please reference that discussion for a full analysis. Our conclusions incorporated into the cash flow model are summarized in the tables which follow:

INCOME LOSS ASSUMPTIONS

YEAR ENDING	YEAR 1 MAR-24	YEAR 2 MAR-25	YEAR 3 MAR-26	YEAR 4 MAR-27	YEAR 5 MAR-28	YEAR 6 MAR-29	YEAR 7 MAR-30	YEAR 8 MAR-31	YEAR 9 MAR-32	YEAR 10 MAR-33
Vacancy (Self-Storage)	60.38%	23.94%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Vacancy (Parking)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Concessions	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Rent Growth Projection

Below is information provided by forward looking investor surveys that we used to support rent growth:

MARKET RENT CHANGE FORECAST

SOURCE	QUARTER	RANGE	AVG
PriceWaterhouse Coopers			
Domestic Self-Storage	3Q 22	3.00% to 7.00%	4.68%
National Warehouse	4Q 22	0.00% to 10.00%	3.14%
AVERAGE		1.5% to 8.5%	3.9%

Expense Growth

Below is information provided by investor surveys that we used to support expense growth:

EXPENSE CHANGE

SOURCE	QUARTER	RANGE	AVG
PriceWaterhouse Coopers			
Domestic Self-Storage	3Q 22	2.00% to 5.00%	3.07%
National Warehouse	4Q 22	0.00% to 5.00%	2.50%
AVERAGE		1.0% to 5.0%	2.8%

Inflation Assumptions

The following table summarizes all inflation assumptions that were used in our DCF analysis:

INFLATION ASSUMPTIONS

YEAR ENDING	YEAR 1 MAR-24	YEAR 2 MAR-25	YEAR 3 MAR-26	YEAR 4 MAR-27	YEAR 5 MAR-28	YEAR 6 MAR-29	YEAR 7 MAR-30	YEAR 8 MAR-31	YEAR 9 MAR-32	YEAR 10 MAR-33
Rent	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Other Income	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Taxes	-	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

NOI and Cash Flow Growth

NOI and cash flow growth over the investment holding period is a key measure to investors. The growth forecast is measured against the risks of ownership and plays a significant role in determining value. The subject's growth forecast is presented below. These figures are derived from the cash flow presented later in the report, measuring the growth from the first stabilized year through the last year of the holding period.

NET OPERATING INCOME & CASH FLOW GROWTH

	FIRST STABILIZED YEAR OF HOLDING PERIOD	LAST YEAR OF HOLDING PERIOD BEFORE SALE	NUMBER OF PERIODS FOR CAGR CALCULATION	
	YEAR 3	YEAR 10	YEARS	CAGR
NOI	\$593,190	\$729,550	7	3.00%
Cash Flow	\$593,190	\$729,550	7	3.00%

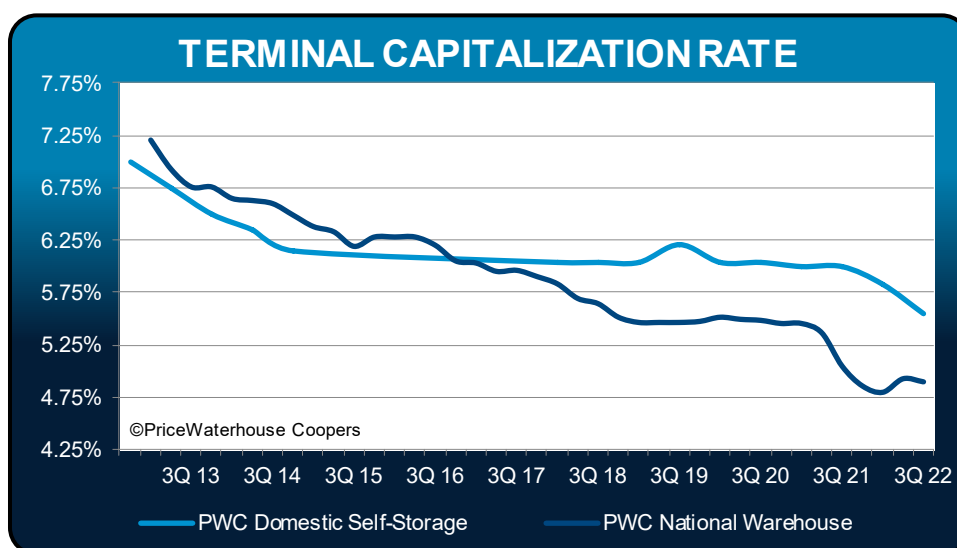
Compound Annual Growth Rate (CAGR) measured from first stabilized year through last year of holding period.

The subject's NOI and cash flow growth is considered to be typical, when compared to alternative investments. This rate of growth will be considered in our investment rates selected for the valuation of this asset.

DCF INVESTMENT MARKET ANALYSIS

Development of Terminal OAR (Terminal Capitalization Rate)

Investor surveys, discussions with market participants and the subject's investment characteristics were considered in developing our opinion of Terminal OAR. The following graph provides a historical illustration of terminal rate statistics as surveyed by investors that we considered to be relevant to the subject property.



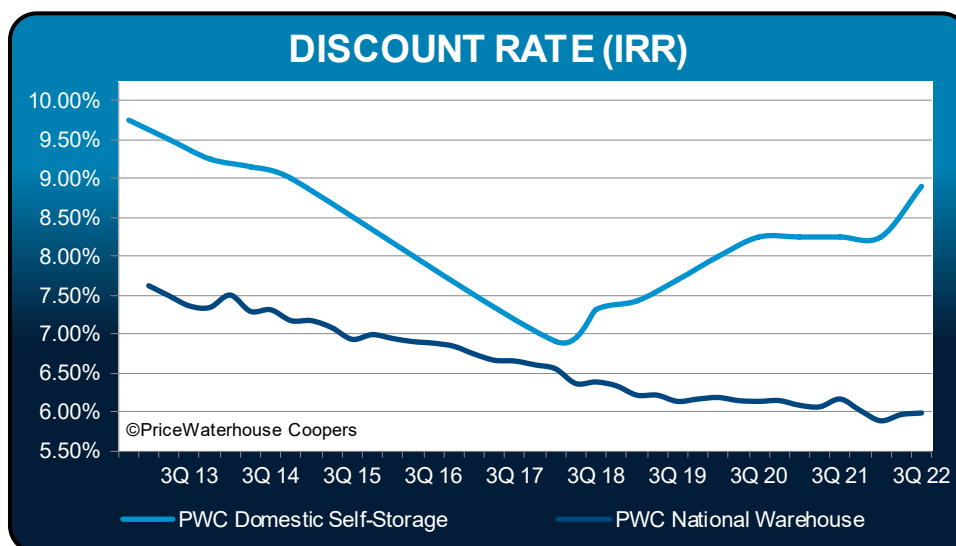
Taking all factors into consideration, the following table summarizes the various terminal rate indicators and provides the final terminal capitalization rate conclusion.

TERMINAL CAPITALIZATION RATE CONCLUSION			
SOURCE	QUARTER	RANGE	AVG
PriceWaterhouse Coopers			
Domestic Self-Storage	3Q 22	4.00% to 6.50%	5.55%
<i>Going-In Vs Terminal Spread</i>			37 bps
National Warehouse	4Q 22	3.75% to 6.50%	4.97%
<i>Going-In Vs Terminal Spread</i>			54 bps
AVERAGE		3.88% to 6.50%	5.26%
TERMINAL CAPITALIZATION RATE CONCLUSION			5.75%

There is a 75-bps spread between the subject's going-in capitalization rate of 5.25% and the selected terminal capitalization rate above of 5.75%. This spread is supported by the investor survey results and our discussions with market participants.

Development of Discount Rate (IRR)

Investor surveys, discussions with market participants and the subject's investment characteristics were considered in developing our opinions of Discount Rates. The following graph provides a historical illustration of discount rate statistics as surveyed by investors that we considered to be relevant to the subject property.



Taking all factors into consideration, the following table summarizes the various discount rate indicators and provides the final discount rate conclusion.

DISCOUNT RATE (IRR) CONCLUSIONS			
SOURCE	QUARTER	RANGE	AVG
PriceWaterhouse Coopers			
Domestic Self-Storage	3Q 22	6.00% to 11.00%	8.90%
<i>Capitalization Vs Discount Spread</i>			372 bps
National Warehouse	4Q 22	5.00% to 7.50%	6.09%
<i>Capitalization Vs Discount Spread</i>			166 bps
AVERAGE		5.50% to 9.25%	7.50%
DISCOUNT RATE IRR CONCLUSION (CASH FLOW)			7.25%
DISCOUNT RATE IRR CONCLUSION (REVERSION)			7.25%

The concluded going-in cap rate is 5.25% and the concluded discount rate is 7.50%, this indicates a 225-bps spread which falls within the middle of the range indicated by PwC and Domestic Self-Storage surveys.

DCF Assumptions

The following are the assumptions incorporated into our DCF analysis:

DCF ASSUMPTIONS

Cash Flow Software	Colliers International Excel Model
Base Scenario	PROSPECTIVE VALUE UPON STABILIZATION
Cash Flow Start Date	Apr-25
Calendar or Fiscal Analysis	Fiscal
Investment Holding Period	8 years
Analysis Projection Period	9 years
Internal Rate of Return (Cash Flow)	7.25%
Internal Rate of Return (Reversion)	7.25%
Terminal Capitalization Rate	5.75%
Reversionary Sales Cost	2.00%
Basis Point Spread (OARout vs. OARin)	50 pts
Additional Scenario	MARKET VALUE AS IS
Cash Flow Start Date	Apr-23
Calendar or Fiscal Analysis	Fiscal
Investment Holding Period	10 years
Analysis Projection Period	11 years
Internal Rate of Return (Cash Flow)	7.75%
Internal Rate of Return (Reversion)	7.75%
Terminal Capitalization Rate	6.00%
Reversionary Sales Cost	2.00%
Basis Point Spread (OARout vs. OARin)	75 pts

Cost of Sale

The cost of selling the property at the end of the investment holding period must be deducted from the capitalized value. These costs include sales commissions and any other closing costs that would normally be included as a deduction within the local marketplace. Based on our experience in the market and analysis of recent transactions and offerings, we utilized a Cost of Sale at Reversion of 2.00%.

Capital Expenditures

Deferred maintenance is measured as the cost of repairing or restoring the item to new or reasonably new condition. Based on our interview with the property manager and the onsite inspection by the field appraiser, no observable deferred maintenance exists.

Cash Flow Projection

On the following page is our cash flow projection.

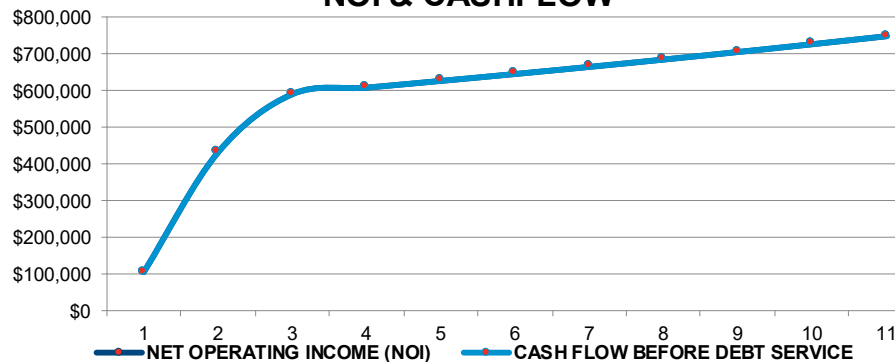
DISCOUNTED CASH FLOW ANALYSIS

ANNUAL
GROWTH ANNUAL
GROWTH

US STORAGE CENTERS

Year	1	2	3	4	5	6	7	8	9	10	REVERSION	Year 3 -	Year 1 -
For the Years Beginning	Apr-23	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30	Apr-31	Apr-32	Apr-33	Year 10	Year 10
For the Years Ending	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33	Mar-34	Year 10	Year 10
Self-Storage Rental Income	\$917,940	\$945,478	\$973,842	\$1,003,057	\$1,033,149	\$1,064,143	\$1,096,067	\$1,128,949	\$1,162,817	\$1,197,702	\$1,233,633	3.00%	3.00%
Miscellaneous Income	\$42,000	\$43,260	\$44,558	\$45,895	\$47,272	\$48,690	\$50,151	\$51,656	\$53,206	\$54,802	\$56,446	3.00%	3.00%
TOTAL OTHER INCOME	\$42,000	\$43,260	\$44,558	\$45,895	\$47,272	\$48,690	\$50,151	\$51,656	\$53,206	\$54,802	\$56,446	3.00%	3.00%
POTENTIAL GROSS INCOME (PGI)	\$959,940	\$988,738	\$1,018,400	\$1,048,952	\$1,080,421	\$1,112,833	\$1,146,218	\$1,180,605	\$1,216,023	\$1,252,504	\$1,290,079	3.00%	3.00%
Vacancy (Self-Storage)	(\$554,285)	(\$226,364)	(\$77,907)	(\$80,245)	(\$82,652)	(\$85,131)	(\$87,685)	(\$90,316)	(\$93,025)	(\$95,816)	(\$98,691)	3.00%	(17.72%)
Concessions/Collection Loss	(\$18,359)	(\$18,910)	(\$19,477)	(\$20,061)	(\$20,663)	(\$21,283)	(\$21,921)	(\$22,579)	(\$23,256)	(\$23,954)	(\$24,673)	3.00%	3.00%
EFFECTIVE GROSS INCOME (EGI)	\$387,296	\$743,464	\$921,016	\$948,646	\$977,106	\$1,006,419	\$1,036,611	\$1,067,710	\$1,099,741	\$1,132,734	\$1,166,716	3.00%	12.66%
Real Estate Taxes	(\$125,905)	(\$129,682)	(\$133,572)	(\$137,579)	(\$141,706)	(\$145,957)	(\$150,336)	(\$154,846)	(\$159,491)	(\$164,276)	(\$169,204)	3.00%	3.00%
Additional Tax Charges	(\$400)	(\$412)	(\$424)	(\$437)	(\$450)	(\$464)	(\$478)	(\$492)	(\$507)	(\$522)	(\$538)	3.02%	3.00%
Property Insurance	(\$7,600)	(\$7,828)	(\$8,063)	(\$8,305)	(\$8,554)	(\$8,811)	(\$9,075)	(\$9,347)	(\$9,627)	(\$9,916)	(\$10,213)	3.00%	3.00%
Utilities	(\$6,700)	(\$6,901)	(\$7,108)	(\$7,321)	(\$7,541)	(\$7,767)	(\$8,000)	(\$8,240)	(\$8,487)	(\$8,742)	(\$9,004)	3.00%	3.00%
Building Repairs & Maintenance	(\$11,200)	(\$11,536)	(\$11,882)	(\$12,238)	(\$12,605)	(\$12,983)	(\$13,372)	(\$13,773)	(\$14,186)	(\$14,612)	(\$15,050)	3.00%	3.00%
Off-Site Management	(\$23,200)	(\$44,535)	(\$55,171)	(\$56,826)	(\$58,531)	(\$60,287)	(\$62,096)	(\$63,959)	(\$65,877)	(\$67,854)	(\$69,889)	3.00%	12.66%
On-Site Management	(\$58,200)	(\$59,946)	(\$61,744)	(\$63,596)	(\$65,504)	(\$67,469)	(\$69,493)	(\$71,578)	(\$73,725)	(\$75,937)	(\$78,215)	3.00%	3.00%
Advertising	(\$17,900)	(\$18,437)	(\$18,990)	(\$19,560)	(\$20,147)	(\$20,751)	(\$21,374)	(\$22,015)	(\$22,675)	(\$23,355)	(\$24,056)	3.00%	3.00%
General & Administrative	(\$24,600)	(\$25,338)	(\$26,098)	(\$26,881)	(\$27,687)	(\$28,518)	(\$29,374)	(\$30,255)	(\$31,163)	(\$32,098)	(\$33,061)	3.00%	3.00%
Reserves	(\$4,500)	(\$4,635)	(\$4,774)	(\$4,917)	(\$5,065)	(\$5,217)	(\$5,374)	(\$5,535)	(\$5,701)	(\$5,872)	(\$6,048)	3.00%	
TOTAL OPERATING EXPENSES	(\$280,205)	(\$309,250)	(\$327,826)	(\$337,660)	(\$347,790)	(\$358,224)	(\$368,972)	(\$380,040)	(\$391,439)	(\$403,184)	(\$415,278)	3.00%	4.13%
NET OPERATING INCOME (NOI)	\$107,091	\$434,214	\$593,190	\$610,986	\$629,316	\$648,195	\$667,639	\$687,670	\$708,302	\$729,550	\$751,438	3.00%	23.76%
CASH FLOW BEFORE DEBT SERVICE	\$107,091	\$434,214	\$593,190	\$610,986	\$629,316	\$648,195	\$667,639	\$687,670	\$708,302	\$729,550	\$751,438	3.00%	23.76%
Implied Overall Rate	0.96%	3.89%	5.31%	5.47%	5.63%	5.80%	5.98%	6.15%	6.34%	6.53%	6.73%		
Cash on Cash Return	0.96%	3.89%	5.31%	5.47%	5.63%	5.80%	5.98%	6.15%	6.34%	6.53%	6.73%		

NOI & CASHFLOW



PROSPECTIVE VALUE UPON STABILIZATION

As of April 2025 - Includes Years Start Period: 3 through 11

Terminal Cap Rates	Discount Rate (IRR) for Cash Flow				
	6.25%	6.75%	7.25%	7.75%	8.25%
5.25%	\$12,334,328	\$12,099,390	\$11,870,092	\$11,646,267	\$11,427,758
5.50%	\$11,956,239	\$11,728,311	\$11,505,876	\$11,288,773	\$11,076,846
5.75%	\$11,611,027	\$11,389,499	\$11,173,331	\$10,962,365	\$10,756,447
6.00%	\$11,294,583	\$11,078,922	\$10,868,499	\$10,663,158	\$10,462,749
6.25%	\$11,003,455	\$10,793,191	\$10,588,053	\$10,387,887	\$10,192,546
IRR					
Reversion	6.75%	7.00%	7.25%	7.50%	7.75%
Cost of Sale at Reversion	2.00%				
Percent Residual	65.48%				
ROUND TO NEAREST \$10,000			\$11,170,000		
			\$29,550/Unit		

DCF VALUE CONCLUSION

Prospective Value Upon Stabilization

Below is the calculated Prospective Value Upon Stabilization for the subject property as of April 20, 2023, incorporating sensitivity plus details of the allocation of value between the cash flows and reversion.

PRESENT VALUE OF CASH FLOW								
PROSPECTIVE VALUE UPON STABILIZATION								
YEAR	PERIOD	CASH FLOW	DISCOUNT FACTOR @ 6.75%	PRESENT VALUE	DISCOUNT FACTOR @ 7.25%	PRESENT VALUE	DISCOUNT FACTOR @ 7.75%	PRESENT VALUE
3	Apr-25-Mar-26	\$593,190	0.9368	\$555,681	0.9324	\$553,091	0.9281	\$550,524
4	Apr-26-Mar-27	\$610,986	0.8775	\$536,162	0.8694	\$531,174	0.8613	\$526,256
5	Apr-27-Mar-28	\$629,316	0.8220	\$517,327	0.8106	\$510,125	0.7994	\$503,057
6	Apr-28-Mar-29	\$648,195	0.7701	\$499,153	0.7558	\$489,910	0.7419	\$480,880
7	Apr-29-Mar-30	\$667,639	0.7214	\$481,618	0.7047	\$470,495	0.6885	\$459,680
8	Apr-30-Mar-31	\$687,670	0.6758	\$464,700	0.6571	\$451,852	0.6390	\$439,417
9	Apr-31-Mar-32	\$708,302	0.6330	\$448,377	0.6127	\$433,948	0.5930	\$420,047
10	Apr-32-Mar-33	\$729,550	0.5930	\$432,625	0.5712	\$416,751	0.5504	\$401,529
PV OF CASH FLOW		\$5,274,848		\$3,935,644		\$3,857,346		\$3,781,389
REVERSIONARY YEAR 11 NOI		\$751,438						
PROPERTY RESALE @ 5.75%		\$13,068,482						
COST OF SALE @ 2.00%		\$261,370						
PV OF REVERSION		\$12,807,112	0.5820	\$7,453,856	0.5712	\$7,315,985	0.5607	\$7,180,976
TOTAL PRESENT VALUE (CASH FLOW + REVERSION)				\$11,389,499		\$11,173,331		\$10,962,365
FINAL VALUE CONCLUSION						\$11,170,000		

Market Value As Is

Below is the calculated Market Value As Is for the subject property, incorporating sensitivity analysis at various rates.

MARKET VALUE AS IS					
As of April 2023 - Includes Years Start Period: 1 through 11					
Terminal	Discount Rate (IRR) for Cash Flow				
Cap Rates	7.25%	7.50%	7.75%	8.00%	8.25%
5.50%	\$10,480,226	\$10,276,519	\$10,077,600	\$9,883,341	\$9,693,621
5.75%	\$10,191,121	\$9,994,067	\$9,801,633	\$9,613,697	\$9,430,140
6.00%	\$9,926,108	\$9,735,154	\$9,548,664	\$9,366,523	\$9,188,616
6.25%	\$9,682,297	\$9,496,953	\$9,315,933	\$9,139,123	\$8,966,414
6.50%	\$9,457,239	\$9,277,075	\$9,101,104	\$8,929,216	\$8,761,304
IRR	7.25%	7.50%	7.75%	8.00%	8.25%
Reversion					
Cost of Sale at Reversion	2.00%				
Percent Residual	60.93%				
ROUND TO NEAREST	\$10,000		\$9,550,000		

The table below provides sensitivity analysis plus details of the allocation of value between the cash flows and reversion.

PRESENT VALUE OF CASH FLOW								
MARKET VALUE AS IS								
YEAR	PERIOD	CASH FLOW	DISCOUNT FACTOR @ 7.50%	PRESENT VALUE	DISCOUNT FACTOR @ 7.75%	PRESENT VALUE	DISCOUNT FACTOR @ 8.00%	PRESENT VALUE
1	Apr-23-Mar-24	\$107,091	0.9302	\$99,620	0.9281	\$99,389	0.9259	\$99,159
2	Apr-24-Mar-25	\$434,214	0.8653	\$375,740	0.8613	\$373,998	0.8573	\$372,269
3	Apr-25-Mar-26	\$593,190	0.8050	\$477,494	0.7994	\$474,178	0.7938	\$470,893
4	Apr-26-Mar-27	\$610,986	0.7488	\$457,507	0.7419	\$453,276	0.7350	\$449,093
5	Apr-27-Mar-28	\$629,316	0.6966	\$438,356	0.6885	\$433,294	0.6806	\$428,302
6	Apr-28-Mar-29	\$648,195	0.6480	\$420,005	0.6390	\$414,192	0.6302	\$408,473
7	Apr-29-Mar-30	\$667,639	0.6028	\$402,423	0.5930	\$395,932	0.5835	\$389,561
8	Apr-30-Mar-31	\$687,670	0.5607	\$385,578	0.5504	\$378,479	0.5403	\$371,527
9	Apr-31-Mar-32	\$708,302	0.5216	\$369,439	0.5108	\$361,795	0.5002	\$354,327
10	Apr-32-Mar-33	\$729,550	0.4852	\$353,973	0.4741	\$345,846	0.4632	\$337,923
PV OF CASH FLOW		\$5,816,154		\$3,780,134		\$3,730,379		\$3,681,526
REVERSIONARY YEAR 11 NOI		\$751,438						
PROPERTY RESALE @ 6.00%		\$12,523,962						
COST OF SALE @ 2.00%		\$250,479						
PV OF REVERSION		\$12,273,482	0.4852	\$5,955,019	0.4741	\$5,818,285	0.4632	\$5,684,997
TOTAL PRESENT VALUE (CASH FLOW + REVERSION)				\$9,735,154		\$9,548,664		\$9,366,523
FINAL VALUE CONCLUSION						\$9,550,000		

RECONCILIATION OF INCOME APPROACH VALUES

The following table summarizes the opinions for market value that were developed by the Direct Capitalization and Discounted Cash Flow methods of the income approach. Of the two approaches, the Direct Capitalization analysis is considered more reliable because it equally mirrors the sentiment of participants in this asset class. Therefore, the reconciled values below place primary emphasis on the Direct Capitalization method.

VALUATION INDICES	MARKET VALUE AS-IS	PROSPECTIVE VALUE UPON STABILIZATION
INTEREST APPRAISED	FEE SIMPLE	FEE SIMPLE
DATE OF VALUE	APRIL 11, 2023	APRIL 11, 2025
INCOME CAPITALIZATION APPROACH		
Discounted Cash Flow (DCF)	\$9,550,000	\$11,170,000
DCF \$/Unit	\$25,265/Unit	\$29,550/Unit
DCF \$/SF (NRA)	\$213.41/SF	\$249.61/SF
Holding Period	10 Years	8 Years
Terminal Capitalization Rate	6.00%	5.75%
Internal Rate of Return (Cash Flow)	7.75%	7.25%
Internal Rate of Return (Reversion)	7.75%	7.25%
Direct Capitalization	\$9,730,000	\$11,300,000
Direct Capitalization \$/Unit	\$25,741/Unit	\$29,894/Unit
Direct Capitalization \$/SF (NRA)	\$217.43/SF	\$252.51/SF
Net Operating Income	-	\$593,190
NOI \$/Unit	-	\$1,569/Unit
NOI \$/SF (NRA)	-	\$13.26/SF
Capitalization Rate	-	5.25%
INCOME CONCLUSION	\$9,730,000	\$11,300,000
Income Conclusion \$/Unit	\$25,741/Unit	\$29,894/Unit
Income Conclusion \$/SF (NRA)	\$217.43/SF	\$252.51/SF

INTRODUCTION

The Sales Comparison Approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per square foot. This indicator best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility.

COMPARABLE SELECTION

We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. In selecting comparables, emphasis was placed on confirming recent improved sales of properties that match the highest and best use, and buyer/seller profile of the subject property. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transitional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a fee simple basis. If warranted, leased fee, leasehold and/or partial interest sales were adjusted accordingly.
Financing Terms	The subject property was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	The adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales.
Expenditures After Purchase	Adjustments were applied if physical conditions warranted expenditures on the part of the buyer to bring the comparable up to functional standards. Most often this adjustment accounts for costs associated with deferred maintenance.
Market Conditions	Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT

Per Year As Of	April 2023	(As-Is)	0%
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The market has exhibited value stability during the time from the oldest sale date up through the effective valuation date; therefore a market conditions adjustment is not warranted.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject property.

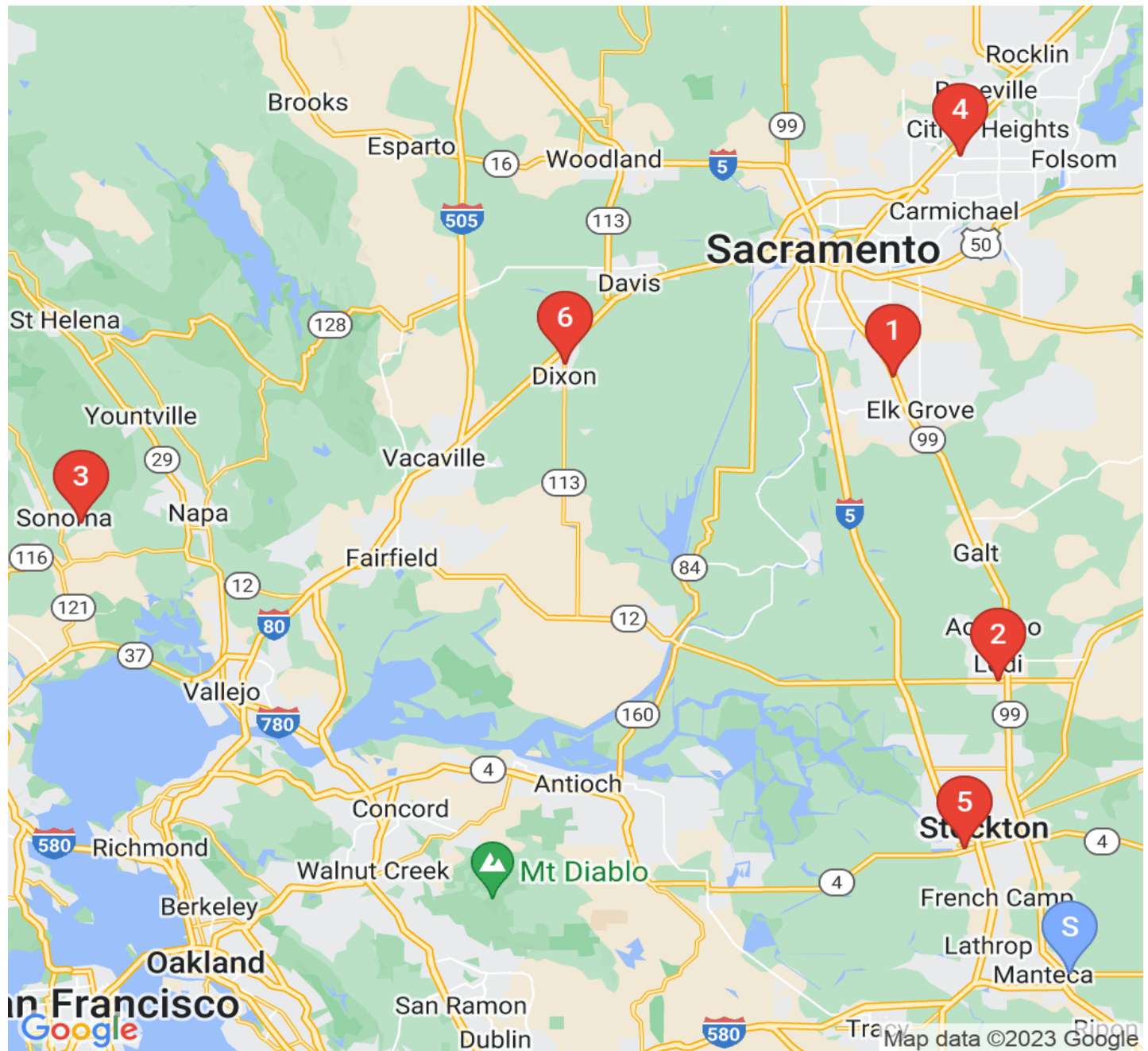
PRESENTATION

The following Sales Summation Table, Location Map and datasheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

IMPROVED SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	US Storage Centers	All Storage of Elk Grove	StoragePro Self Storage (Lodi Stor-It-All)	Stor-It-All LLC	Mini Stor Self-Storage	Simply Self-Storage	Dixon Mini Storage
Address	183 South Austin Road	8680 W Stockton Blvd	1431 S Stockton Street	19784 8th Street East	6230 Auburn Blvd	1880 W Charter Way	1100-1120 N 1st St
City	Manteca	Elk Grove	Lodi	Sonoma	Citrus Heights	Stockton	Dixon
State	CA	CA	CA	CA	CA	CA	CA
Zip	95336	95758	95240	95476	95621	95206	95620
County	San Joaquin	Sacramento	San Joaquin	Sonoma	Sacramento	San Joaquin	Solano
PHYSICAL INFORMATION							
NRA (SF)	44,750	14,097	95,793	43,160	74,101	100,085	33,927
Units	378	154	557	343	752	607	282
Land Area (AC)	2.8	0.8	6.0	2.6	3.6	6.6	4.7
Land Area (SF)	120,226	34,412	260,053	115,000	154,638	287,496	205,603
Year Built	2023	1986	1981	1972	1988	2003 & 2021	1993
Location	Average/Good	Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Quality	Good	Average	Average/Good	Average	Average	Average/Good	Average/Good
Condition	Good	Average	Average/Good	Average	Average	Average/Good	Average/Good
Access	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Exposure	Average	Average/Good	Average	Average	Average/Good	Average/Good	Average/Good
SALE INFORMATION							
Date		11/21/2022	9/8/2022	8/30/2022	5/12/2022	4/21/2022	4/19/2022
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Marketing Period		2 Months	1 Months	5 Months	2 Months	1 Months	6 Months
Parcel Number		117-0220-033	062-510-02	128-051-020	229-0023-034-	163-060-23	0115-010-300
Recording Number		202211280661	2022-109113	2022057351	202205130784	2022-051391	202200029362
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$3,250,000	\$20,000,000	\$9,350,000	\$16,850,000	\$23,300,000	\$8,500,000
Transaction \$/Unit		\$21,104	\$35,907	\$27,259	\$22,407	\$38,386	\$30,142
Transaction \$/SF NRA		\$230.55	\$208.78	\$216.64	\$227.39	\$232.80	\$250.54
Analysis Price		\$3,250,000	\$20,000,000	\$9,350,000	\$16,850,000	\$23,300,000	\$8,500,000
Expenses % PGI		47%	30%	36%	35%	21%	39%
Expenses % EGI		47%	38%	40%	39%	21%	44%
NOI/Unit	\$1,558	\$1,005	\$1,362	\$1,506	\$927	\$2,100	\$1,195
NOI/SF NRA	\$13	\$10.98	\$7.92	\$11.97	\$9.41	\$12.74	\$9.94
Occupancy	19.8%	92.0%	95.1%	100.0%	97.0%	100.0%	90.0%
Capitalization Rate		4.76%	3.79%	5.52%	4.14%	5.47%	3.97%
PGIM		11.04	13.00	9.83	13.41	14.37	12.37
EGIM		11.04	16.39	10.89	14.84	14.37	14.05

SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/SF
SUBJECT	-	US Storage Centers	183 South Austin Road, Manteca, CA	19.8%	-	-	-
No. 1	46.2 Miles	All Storage of Elk Grove	8680 W Stockton Blvd, Elk Grove, CA	92.0%	11/21/2022	4.76%	\$231
No. 2	22.5 Miles	StoragePro Self Storage (Lodi Stor-All)	1431 S Stockton Street, Lodi, CA	95.1%	9/8/2022	3.79%	\$209
No. 3	76.1 Miles	Stor-It-All LLC	19784 8th Street East, Sonoma, CA	100.0%	8/30/2022	5.52%	\$217
No. 4	61.5 Miles	Mini Stor Self-Storage	6230 Auburn Blvd, Citrus Heights, CA	97.0%	5/12/2022	4.14%	\$227
No. 5	11.9 Miles	Simply Self-Storage	1880 W Charter Way, Stockton, CA	100.0%	4/21/2022	5.47%	\$233
No. 6	57.4 Miles	Dixon Mini Storage	1100-1120 N 1st St, Dixon, CA	90.0%	4/19/2022	3.97%	\$251



COMP 1: ALL STORAGE OF ELK GROVE



COMP 2: STORAGE PRO SELF STORAGE



COMP 3: STOR-IT-ALL LLC



COMP 4: MINI STOR SELF-STORAGE



COMP 5: SIMPLY SELF-STORAGE



COMP 6: DIXON MINI STORAGE

IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Address	183 South Austin	8680 W Stockton	1431 S Stockton	19784 8th Street	6230 Auburn	1880 W Charter	1100-1120 N 1st
City, State	Manteca, CA	Elk Grove, CA	Lodi, CA	Sonoma, CA	Citrus Heights,	Stockton, CA	Dixon, CA
Units	378	154	557	343	752	607	282
Land Area (AC)	2.8	0.8	6.0	2.6	3.6	6.6	4.7
Land Area (SF)	120,226	34,412	260,053	115,000	154,638	287,496	205,603
Year Built	2023	1986	1981	1972	1988	2003 & 2021	1993
Location	Average/Good	Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Quality	Good	Average	Average/Good	Average	Average	Average/Good	Average/Good
Condition	Good	Average	Average/Good	Average	Average	Average/Good	Average/Good
Access	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good
Exposure	Average	Average/Good	Average	Average	Average/Good	Average/Good	Average/Good
SALE INFORMATION							
Date		11/21/2022	9/8/2022	8/30/2022	5/12/2022	4/21/2022	4/19/2022
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Occupancy	19.8%	92.0%	95.1%	100.0%	97.0%	100.0%	90.0%
Capitalization Rate		4.8%	3.8%	5.5%	4.1%	5.5%	4.0%
NOI/Unit		\$1,005	\$1,362	\$1,506	\$927	\$2,100	\$1,195
NOI/SF NRA		\$10.98	\$7.92	\$11.97	\$9.41	\$12.74	\$9.94
\$/Unit		\$21,104	\$35,907	\$27,259	\$22,407	\$38,386	\$30,142
\$/SF NRA		\$231	\$209	\$217	\$227	\$233	\$251
Transaction Price		\$3,250,000	\$20,000,000	\$9,350,000	\$16,850,000	\$23,300,000	\$8,500,000
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions ¹		0%	0%	0%	0%	0%	0%
Subtotal Transactional Adj Price		\$231	\$209	\$217	\$227	\$233	\$251
PROPERTY ADJUSTMENTS							
Location		-10%	0%	0%	0%	0%	0%
Quality		10%	5%	10%	10%	5%	5%
Condition		10%	5%	10%	10%	5%	5%
Access		0%	0%	0%	0%	0%	0%
Exposure		-5%	0%	0%	-5%	-5%	-5%
NRA		0%	0%	0%	0%	0%	0%
Subtotal Property Adjustment		5%	10%	20%	15%	5%	5%
TOTAL ADJUSTED PRICE		\$242	\$230	\$260	\$262	\$244	\$263
STATISTICS	UNADJUSTED	ADJUSTED					
LOW	\$209	\$230					
HIGH	\$251	\$263					
MEDIAN	\$229	\$252					
AVERAGE	\$228	\$250					

¹ Market Conditions Adjustment: 0%

Date of Value (for adjustment calculations): 4/11/23

SALES COMPARABLE ANALYSIS

Introduction

The comparable sales indicate an adjusted value range from \$230 to \$263/SF, with a median of \$252/SF and an average of \$250/SF. The range of total gross adjustment applied to the comparables was from 15% to 45%, with an average gross adjustment across all comparables of 28%. The level of total adjustment applied to the comparables is considered minimal, an indication that the dataset is applicable to the subject and increases the credibility of the analysis. The adjustment process for each comparable sale is discussed in the following paragraphs.

Discussion of Adjustments

Comparable 1 (\$242/SF as adjusted) did not require any transaction adjustments. This sale is known as All Storage of Elk Grove and includes 154 units that are located on 0.79 acres. This comparable was constructed in 1986 and contains 14,097 square feet of net rentable area. We have applied adjustments to this sale for differences in location, quality, condition and exposure. Overall, this sale required 45% gross adjustments and is given secondary weight for this analysis.

Comparable 2 (\$230/SF as adjusted) did not require any transaction adjustments. StoragePro Self Storage (Lodi Stor-All) includes 557 units situated on 5.97 acres. This facility was built in 1981 and consists of 95,793 square feet of net rentable area. Adjustments to this sale are applied for differences in quality and condition. Overall, this sale required 20% gross adjustments and is given primary weight for this analysis.

Comparable 3 (\$260/SF as adjusted) did not require any transaction adjustments. Stor-It-All LLC includes 343 storage units that are located on 2.64 acres. This project was constructed in 1972 and contains 43,160 square feet of net rentable area. Adjustments to this sale are applied for differences in quality and condition. Overall, this sale required 25% gross adjustments and is given primary weight for this analysis.

Comparable 4 (\$262/SF as adjusted) did not require any transaction adjustments. Mini Stor Self-Storage includes 752 storage units on 3.55 acres. This sale was built in 1988 and features 74,101 square feet of net rentable area. This sale required adjustments for differences in quality, condition and exposure. Overall, this sale required 35% gross adjustments and is given secondary weight for this analysis.

Comparable 5 (\$244/SF as adjusted) did not require any transaction adjustments. Simply Self-Storage includes 607 storage units on 6.6 acres. This facility was constructed in 2003 & 2021 and contains 100,085 square feet of net rentable area. This sale required adjustments for differences in quality, condition and exposure. Overall, this sale required 15% gross adjustments and is given primary weight for this analysis.

Comparable 6 (\$263/SF as adjusted) did not require any transaction adjustments. Dixon Mini Storage includes 282 storage units on 4.72 acres. This project was built in 1993 and consists of 33,927 square feet of net rentable area. This sale required adjustments for differences in quality, condition and exposure. Overall, this sale required 25% gross adjustments and is given primary weight for this analysis.

SALES COMPARISON APPROACH CONCLUSION

The comparable sales indicate an adjusted value range from \$230 to \$263/SF, with a median of \$252/SF and an average of \$250/SF. Based on the results of the preceding analysis, Comparable 2 (\$230/SF adjusted), Comparable 3 (\$260/SF adjusted), Comparable 5 (\$244/SF adjusted) and Comparable 6 (\$263/SF adjusted) are given primary consideration for the subject's opinion of value.

The following table summarizes the analysis of the comparables, reports the reconciled price per net rentable area (NRA) value conclusion, and presents the concluded value of the subject property.

SALES COMPARISON APPROACH CONCLUSION (SF)

COMP	TRANSACTION		ADJUSTMENT			NET	GROSS	WEIGHT GIVEN
	PRICE	TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL	ADJ %	ADJ %	
1	\$231	0%	\$230.55	5%	\$242	5%	45%	SECONDARY
2	\$209	0%	\$208.78	10%	\$230	10%	20%	PRIMARY
3	\$217	0%	\$216.64	20%	\$260	20%	25%	PRIMARY
4	\$227	0%	\$227.39	15%	\$262	15%	35%	SECONDARY
5	\$233	0%	\$232.80	5%	\$244	5%	15%	PRIMARY
6	\$251	0%	\$250.54	5%	\$263	5%	25%	PRIMARY
LOW	\$230					AVERAGE		\$250
HIGH	\$263					MEDIAN		\$252
PROSPECTIVE VALUE UPON STABILIZATION			44,750	x	\$250	=		\$11,190,000
Total Lease-Up Costs Occupancy / Economic (Rounded)								(\$1,570,000)
AS-IS MARKET VALUE					\$215			\$9,620,000

¹Cumulative ²Additive

Rounded to nearest \$10,000

INTRODUCTION

As previously discussed within the Valuation Methods section, the subject is valued as one marketable economic site in this appraisal. Land value is influenced by a number of factors; most prominent of which is development and use potential. These factors, as well as others, are considered in the following analysis.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per square foot. This indicator best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning in this marketplace.

COMPARABLE SELECTION

A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of commercial sites that are similar to the subject property in terms of location and physical characteristics. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transitional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a fee simple basis. If warranted, leased fee, leasehold and/or partial interest land sales were adjusted accordingly.
Financing Terms	The subject site was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales and/or assemblages.
Expenditures After Purchase	Adjustments were applied if site conditions warranted expenditures on the part of the buyer to create a buildable site. Examples include costs for razing pre-existing structures, general site clearing and/or mitigation of environmental issues.
Market Conditions	Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing. Based on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	April 2023	(As-Is)	0%

The market has exhibited value stability during the time from the oldest sale date up through the effective valuation date; therefore, a market conditions adjustment is not warranted.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. Where possible the adjustments applied are based on

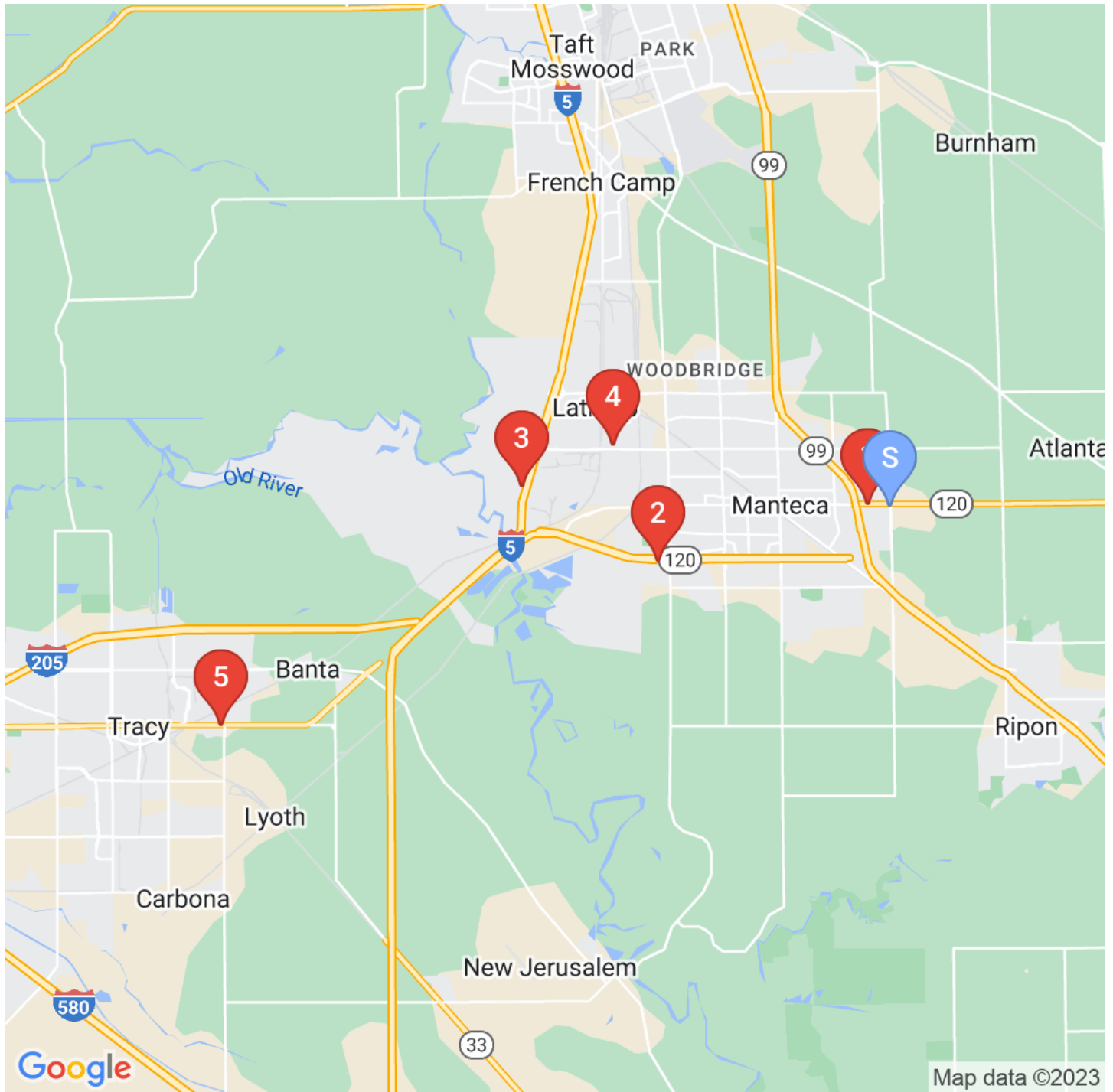
paired data or other statistical analysis. For example, location adjustments are based primarily on review of land values in the market areas for the comparables relative to the subject. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

PRESENTATION

The following Land Sales Summation Table, Location Map and datasheets summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

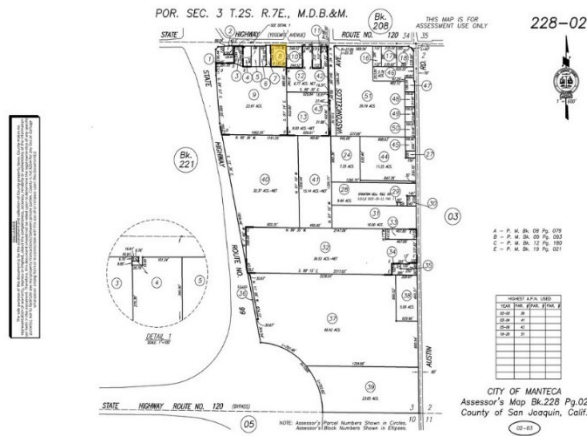
LAND SALES SUMMATION TABLE						
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	US Storage Centers	Commercial Site	Commercial Site	Commercial Land	Commercial Land	Commercial Land
Address	183 South Austin Road	1840 Yosemite Ave	2303 W Atherton Dr	17401 S Manthey Rd	1909 E Louise Ave	7500 W 11th St
City	Manteca	Manteca	Manteca	Lathrop	Lathrop	Tracey
State	CA	CA	CA	CA	CA	CA
Zip	95336	95336	95337	95330	95330	95304
County	San Joaquin	San Joaquin	San Joaquin	San Joaquin	San Joaquin	San Joaquin
PHYSICAL INFORMATION						
Acres	2.76	1.60	4.21	2.20	3.45	4.10
SF	120,226	69,969	183,388	95,832	150,282	178,596
Location	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Good
Exposure	Average	Average/Good	Average	Average	Average	Average/Good
Access	Average/Good	Average/Good	Average	Average	Average	Average/Good
Shape	Irregular	Square	Irregular	Rectangular	Irregular	Irregular
Site Utility Rating	Average/Good	Average	Average	Average	Average	Average
Zoning	GC	GC	GC	GC	CS	C-G
Flood Zone	Zone X	B and A	B and X	B and X	B and X	B and X
Corner	No	No	No	No	No	No
Topography	Level	Level	Level	Level	Level	Level
Street Frontage	Average	Average	Average	Average	Average	Average
Utilities	Yes	Yes	Yes	Yes	Yes	Yes
SALE INFORMATION						
Date		1/5/2022	9/16/2022	9/10/2021	2/28/2022	6/9/2022
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee-Simple	Fee-Simple	Fee-Simple	Fee-Simple	Fee-Simple
Transaction Price		\$1,050,000	\$2,075,000	\$1,200,000	\$2,000,000	\$2,725,000
Analysis Price		\$1,050,000	\$2,075,000	\$1,200,000	\$2,000,000	\$2,725,000
\$/SF Land		\$15.01	\$11.31	\$12.52	\$13.31	\$15.26

LAND SALES LOCATION MAP

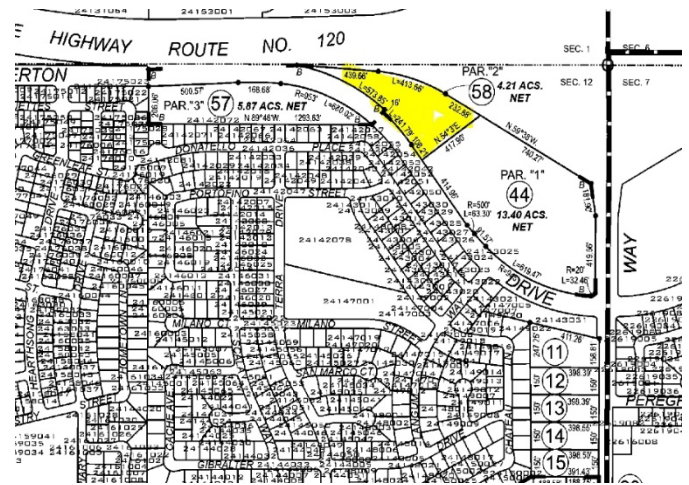


COMPARABLE KEY

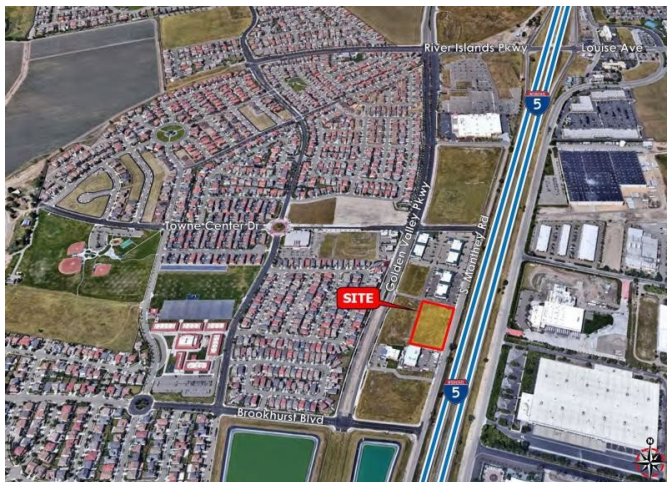
COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	\$/SF
SUBJECT	-	183 South Austin Road, Manteca, CA	-	2.76	120,226	-
No. 1	0.4 Miles	1840 Yosemite Ave, Manteca, CA	1/5/2022	1.60	69,969	\$15.01
No. 2	4.2 Miles	2303 W Atherton Dr, Manteca, CA	9/16/2022	4.21	183,388	\$11.31
No. 3	6.6 Miles	17401 S Manthey Rd, Lathrop, CA	9/10/2021	2.20	95,832	\$12.52
No. 4	5.1 Miles	1909 E Louise Ave, Lathrop, CA	2/28/2022	3.45	150,282	\$13.31
No. 5	12.6 Miles	7500 W 11th St, Tracey, CA	6/9/2022	4.10	178,596	\$15.26



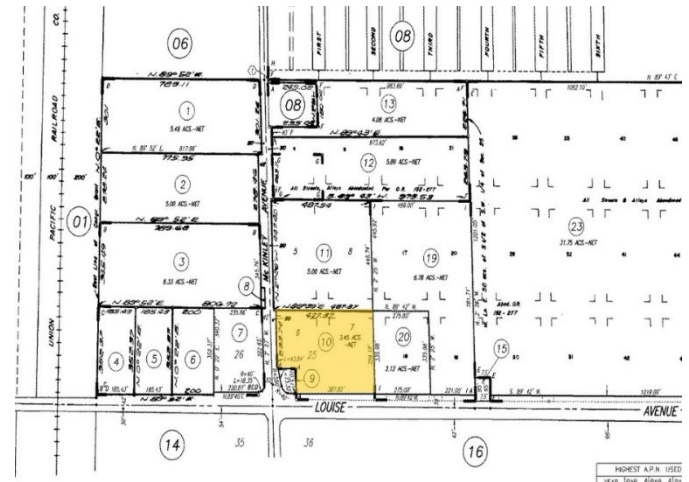
COMP 1: COMMERCIAL SITE



COMP 2: COMMERCIAL SITE



COMP 3: COMMERCIAL LAND



COMP 4: COMMERCIAL LAND



COMP 5: COMMERCIAL LAND

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	US Storage	Commercial Site	Commercial Site	Commercial Land	Commercial Land	Commercial Land
Address	183 South Austin	1840 Yosemite	2303 W Atherton	17401 S Manthey	1909 E Louise	7500 W 11th St
City	Manteca	Manteca	Manteca	Lathrop	Lathrop	Tracey
SF	120,226	69,969	183,388	95,832	150,282	178,596
Location	Average/Good	Average/Good	Average/Good	Average/Good	Average/Good	Good
Exposure	Average	Average/Good	Average	Average	Average	Average/Good
Access	Average/Good	Average/Good	Average	Average	Average	Average/Good
Shape	Irregular	Square	Irregular	Rectangular	Irregular	Irregular
Site Utility Rating	Average/Good	Average	Average	Average	Average	Average
SALE INFORMATION						
Date		1/5/2022	9/16/2022	9/10/2021	2/28/2022	6/9/2022
Status		Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee-Simple	Fee-Simple	Fee-Simple	Fee-Simple	Fee-Simple
Analysis Price		\$1,050,000	\$2,075,000	\$1,200,000	\$2,000,000	\$2,725,000
Price/SF		\$15.01	\$11.31	\$12.52	\$13.31	\$15.26
TRANSACTIONAL ADJUSTMENTS						
Property Rights		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%
Market Conditions¹		0%	0%	0%	0%	0%
Subtotal Transactional Adj Price		\$15.01	\$11.31	\$12.52	\$13.31	\$15.26
PROPERTY ADJUSTMENTS						
Location		0%	0%	0%	0%	-10%
Size		-10%	10%	0%	0%	10%
Exposure		-5%	0%	0%	0%	-5%
Access		0%	5%	5%	5%	0%
Shape		0%	0%	0%	0%	0%
Subtotal Property Adjustment		-15%	15%	5%	5%	-5%
TOTAL ADJUSTED PRICE		\$12.76	\$13.01	\$13.15	\$13.98	\$14.50
STATISTICS	UNADJUSTED	ADJUSTED				
LOW	\$11.31	\$12.76				
HIGH	\$15.26	\$14.50				
MEDIAN	\$13.31	\$13.15				
AVERAGE	\$13.48	\$13.48				

¹ Market Conditions Adjustment: 0%

Date of Value (for adjustment calculations): 4/11/23

LAND SALES ANALYSIS

Introduction

The comparable land sales indicate an adjusted value range from \$12.76 to \$14.50/SF, with a median of \$13.15/SF and an average of \$13.48/SF. The range of total gross adjustment applied to the comparables was from 5% to 25%, with an average gross adjustment across all comparables of 13%. The level of total adjustment applied to the comparables is considered minimal, an indication that the dataset is applicable to the subject and increases the credibility of the analysis. The adjustment process for each comparable land sale is discussed in the following paragraphs.

LAND VALUE CONCLUSION

The comparable land sales indicate an adjusted value range from \$12.76 to \$14.50/SF, with a median of \$13.15/SF and an average of \$13.48/SF. Based on the results of the preceding analysis, Comparable 2 (\$13.01/SF adjusted), Comparable 3 (\$13.15/SF adjusted) and Comparable 4 (\$13.98/SF adjusted) are given primary consideration for the subject's opinion of land value.

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot value conclusion, and presents the concluded value of the subject site.

CALCULATION OF LAND VALUE								
COMP	ANALYSIS PRICE	ADJUSTMENT				NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
		TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL			
1	\$15.01	0%	\$15.01	-15%	\$12.76	-15%	15%	SECONDARY
2	\$11.31	0%	\$11.31	15%	\$13.01	15%	15%	PRIMARY
3	\$12.52	0%	\$12.52	5%	\$13.15	5%	5%	PRIMARY
4	\$13.31	0%	\$13.31	5%	\$13.98	5%	5%	PRIMARY
5	\$15.26	0%	\$15.26	-5%	\$14.50	-5%	25%	SECONDARY
LOW	\$12.76					AVERAGE		\$13.48
HIGH	\$14.50					MEDIAN		\$13.15
COMPONENT		SUBJECT SF		\$ / SF CONCLUSION			VALUE	
TOTAL PROPERTY		120,226	x	\$13.50	=		\$1,620,000	

¹Cumulative ²Additive

Rounded to nearest \$10,000

PRESENTATION OF VALUE CONCLUSIONS

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions over time can and likely will have an effect on the subject's value.

The following table summarizes our final opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's fee simple interest.

ANALYSIS OF VALUE CONCLUSIONS		
VALUATION INDICES	MARKET VALUE AS-IS	PROSPECTIVE VALUE UPON STABILIZATION
INTEREST APPRAISED	FEE SIMPLE	FEE SIMPLE
DATE OF VALUE	APRIL 11, 2023	APRIL 11, 2025
Sales Comparison Approach	\$9,620,000	\$11,190,000
Income Approach	\$9,730,000	\$11,300,000
FINAL VALUE CONCLUSION	\$9,730,000	\$11,300,000
\$/Unit	\$25,741/Unit	\$29,894/Unit
\$/SF (NRA)	\$217.43/SF	\$252.51/SF
Implied Capitalization Rate	-	5.25%
Exposure Time	Six Months or Less	
Marketing Period	Six Months or Less	
OTHER CONCLUSIONS	AS OF APRIL 11, 2023	
Land Value	\$1,620,000	
Insurable Replacement Cost	\$4,420,000	

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 of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- › The signers of this report 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.
- › Jeffrey Shouse, MAI, CRE has performed services, as an appraiser or in a capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- › The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- › The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- › The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- › The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- › Jeffrey Shouse, MAI, CRE inspected the property that is the subject of this report. Brayden Shouse did not inspect the property that is the subject of this report.
- › Brayden Shouse provided significant real property appraisal assistance to the appraisers signing the certification. Assistance included gathering, analyzing and reporting regional, local area, zoning, and tax information, confirming some of the comparable data, and assisting with portions of the valuation analysis. Alexander Conley assisted by inspecting the property.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report Jeffrey Shouse, MAI, CRE completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report Brayden Shouse has completed the Standards and Ethics Education Requirement for (Candidates or Practicing Affiliates) of the Appraisal Institute.



Jeffrey Shouse, MAI, CRE
Executive Vice President | Western US
Certified General Real Estate Appraiser
State of California License #AG026208
+1 916 724 5531
jeffrey.shouse@colliers.com

April 20, 2023

Date

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

- › The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- › We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- › The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- › Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- › The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- › Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- › This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- › The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- › The statements of value and all conclusions shall apply as of the dates shown herein.
- › There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- › Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- › This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- › The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- › The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- › The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value,

property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- › The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- › An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- › A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- › This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Engagement Letter
P&L Statements
Occupancy Statistics Report
Valuation Glossary
Qualifications of Appraisers
Qualifications of Colliers International Valuation & Advisory Services

INSURABLE REPLACEMENT COST

At the client's request, we have included an estimate of the insurable replacement cost estimate of the subject improvements, which represents the replacement cost new of the subject improvements, exclusive of land value and profit, and the costs associated with excavation, site work, foundations and architect's fees. Insurance coverage is usually specific to a given project. We have not been provided with the specific policy requirements, which limit the reliability of the conclusion. Insurable replacement cost is a matter of underwriting as opposed to valuation. Users of this report should not construe the conclusion of insurable value to be an indication of market value. The insurable estimate is made using base costs and multiplier adjustments for market conditions and location from *Marshall Valuation Service*, which is assumed to accurately reflect replacement cost of the subject. We assume no liability as to the subject's insurable replacement cost and recommend that an estimate from a reputable insurance company be obtained if further assurance is required.

The following chart summarizes the insurable replacement cost estimate:

INSURABLE REPLACEMENT COST																
MARSHALL VALUATION SERVICE DIRECT COST																
Number of Buildings	14															
Gross Building Area	47,170 SF															
M/S Building Type	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage	Self-Storage
M/S Section/Page/Class	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S	14/28/S
M/S Publication Date	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023	3/1/2023
Quality Rating	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average
Component SF (Gross)	2,890	4,450	3,000	4,200	4,350	3,400	3,400	4,400	4,400	4,100	3,200	2,280	2,100	500	500	
Base Cost (Per SF)	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00
HEIGHT & SIZE REFINEMENTS																
Number of Stories Multiplier	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Height Per Story Multiplier	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Area/Perimeter Multiplier	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Subtotal	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00
COST MULTIPLIERS																
Current Cost Multiplier	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98
Local Multiplier	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18
DIRECT COSTS PER SF	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26	\$83.26
Indirect Cost (% of Direct) ¹	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
INDIRECT COST PER SF	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82	\$20.82
DIRECT & INDIRECT TOTAL PER SF	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08	\$104.08
CALCULATION OF REPLACEMENT COST NEW WITH PROFIT																
Component SF (Gross)	2,890	4,450	3,000	4,200	4,350	3,400	3,400	4,400	4,400	4,100	3,200	2,280	2,100	500	500	
Direct & Indirect Total	\$300,780	\$463,138	\$312,228	\$437,119	\$452,731	\$353,858	\$353,858	\$457,934	\$457,934	\$426,712	\$333,043	\$237,293	\$218,560	\$52,038	\$52,038	
TOTAL REPLACEMENT COST NEW	\$300,780	\$463,138	\$312,228	\$437,119	\$452,731	\$353,858	\$353,858	\$457,934	\$457,934	\$426,712	\$333,043	\$237,293	\$218,560	\$52,038	\$52,038	

INSURABLE REPLACEMENT COST CONCLUSION

Base Improvement Cost	\$4,909,265
Demolition	0%
Insurable Rplcmnt Cost Exclusions	10%
INSURABLE REPLACEMENT COST	\$4,420,000



TRI COUNTIES BANK

TRANSMITTAL SHEET

To: Jeff

DATE: 03-21-23

FROM: Appraisal Department – Monica Clark
Tri Counties Bank

PH. (530) 879-4263

Comments: Attached Herewith:

Engagement Letters
Appraisal Content Requirements
EQ
Actual rent roll- site inspection
Actual rent roll – Management summary
HOA agreements
Actual rent roll

Please email back a copy of the signed confirmation. Thank you! Monica

CONFIDENTIALITY NOTICE

The documents accompanying this facsimile transmission may be intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of any information is strictly **PROHIBITED**. If you have received this transmission in error, please immediately notify us by telephone and mail the original transmission to us. Thank you.

Monica Clark
Appraisal Department

March 21, 2023

Jeff Shouse
1508 Eureka Rd Ste 250
Roseville, Ca 95661

RE: Appraisal of property located at 183 South Austin Rd. Manteca, CA. – San Joaquin County
Borrower: P & P Investments Limited #03-23-1249

Dear Jeff Shouse,

This letter will confirm your agreement to perform an appraisal of the "as is" and "at stabilized" value for the above referenced purchase property for Tri Counties Bank. The FIRREA guidelines (copy attached) and the supplemental standards of the appraisal regulations will be followed in the preparation of this report. **You have further agreed to review a copy of the preliminary title report as part of this engagement. Please include and insurable value on all improved properties.** Please contact Monica Clark at (530)879-4263 for any additional information you may need. For inspection please contact John Pinedo @ johnpinedo7@Yahoo.com

I have agreed that the fee for this appraisal **will not exceed \$4,400** and the PDF of the report will be Emailed to us to: appraisaldept@tcbk.com. **no later than April 11, 2023.** Your capacity in providing this appraisal is that of an independent contractor. Therefore, you are not authorized to represent yourself as a Bank employee or agent. You are encouraged to contact the Bank with any questions you may have regarding this engagement. Please do not proceed with the appraisal until all questions have been answered to your satisfaction. I can be reached at (530) 879-4263.
Sincerely,

Monica Clark, Appraisal Department

.....
APPRAISER'S CONFIRMATION

PLEASE Email BACK A COPY OF THIS REQUEST AS CONFIRMATION OF YOUR ACCEPTANCE OF THIS ASSIGNMENT. I HEREBY ACCEPT THIS ASSIGNMENT AS PER PROVISIONS CONTAINED IN THIS LETTER AND FIRREA GUIDELINES AS PROVIDED TO ME.



03.21.23

Appraiser

Date

Appraisal Content Requirements

Tri Counties Bank is an FDIC insured institution therefore its appraisals must comply with legal requirements of Title XI FIRREA as well as minimum Tri Counties Bank appraisal requirements as follows:

- Your appraisal must conform to current USPAP standards adopted by the Appraisal Foundation.
- You must disclose the extent of your experience, licenses/certificates you hold and license expiration date.
- The appraisal must be based on market value, defined to be the most probable price a property would bring in a competitive and open market under all conditions requisite to a fair sale when both buyer and seller act prudently and knowledgeably, assuming that price is not affected by other than customary market factors. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title when:
 - 1) Buyer and seller are typically motivated.
 - 2) Both parties are well informed and are acting in what they consider their best interests.
 - 3) A reasonable time is allowed to offer the property on the open market.
 - 4) Payment is made in cash in U.S. dollars, or by comparable arrangements.
 - 5) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The source of this definition must be referenced.

- The appraisal must be a written format which satisfies the information requirements of this letter. Also, the appraisal must be written so that it can be readily understood by a third party not involved in this transaction.
- The appraisal must include a sales history of the property for one year if the property is a one-to-four family residential unit. Otherwise, the appraisal must include a sales history of the property for 3 years.
- The appraisal must include an assessment of a reasonable marketing period for the property.
- The appraisal must assess market trends affecting the value of the property.
- The appraisal must analyze and report deductions and discounts due to proposed construction, completed properties that are partially leased, leased at other than market rents, or tract developments with unsold units.
- The report must certify that the assignment was not based on a requested minimum value or loan approval.
- The appraisal must contain all information necessary to enable its reader to understand the basis and support for your opinion of value.
- A legal description of the property must be included in appraisal. This description is in addition to (and not in lieu of) any other descriptions that might also be required.
- The appraisal must identify and separately value all personal property, fixtures, or intangible items that are not real property but are included in the appraised value.
- The appraisal must follow proper methodology in applying the Sales Comparison, Income Capitalization and Cost Approaches to value and reconciles these approaches as appropriate. If one or more of these approaches to value is excluded, the reasoning and justification must be explicitly stated.
- The appraisal must discuss any special financing terms affecting the value of the property. If no financing terms exist which would affect the value of the property, such should be stated within the appraisal.
- The appraisal must disclose the date of the physical inspection of the property by the appraiser.

If information pertinent to the completion of an appraisal is unavailable, that should be disclosed and explained.

Confidentiality: Tri Counties Bank is your client, and this assignment has been engaged in the strictest confidence. In the course of performing this assignment, the appraiser may have access to or be provided information and/or documentation that is confidential or proprietary in nature. Tri Counties Bank places high priority on the privacy and security of our customer's confidential information. Under USPAP, the Gramm-Leach-Bliley Act of 1999 and other Federal Laws, information that has been provided related to a borrower's financial condition and other "non-public personal information" shall be handled in a confidential manner. You agree to keep all such information confidential and take reasonable steps to safeguard such information. Any information provided by Tri Counties Bank, the borrower, or any other non-public source can only be used to provide the specific services you are hired to perform. Unless authorized by the undersigned, you cannot disclose confidential or proprietary data including contents or purpose of the report, or the value conclusion to anyone other than the undersigned. This prohibition includes the property owner, our borrower, or anyone directly or indirectly connected to this transaction.

Occupancy Statistics

Monday, January 16, 2023

Printed on Monday, January 16, 2023 9:39:31AM

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L277 - US Storage Centers - Manteca, 183 S Austin Road, Manteca CA 95336

TEL: 209-270-6231

Unit Type: Drive-Up

Units							Monthly Rent								Occupancy			
Size	Area	Total Area	Occupied	Vacant	Unrentable	Total Units	Standard Rate	Gross Potential	Gross Occupied	Actual Occupied	VACC	VARC	VCOMP	Income	Units	Area	Economic Occupancy	
5x10	50.0	3,600.0	19	49	4	72	89.50	6,444	1,701	1,874	4,386	-173	0	110.2%	26.4%	26.4%	29.1%	
10x10	100.0	17,600.0	19	155	2	176	159.50	28,072	3,031	3,098	24,723	-67	0	102.2%	10.8%	10.8%	11.0%	
10x15	150.0	150.0	1	0	0	1	1.00	1	1	0	0	0	1	0.0%	100.0%	100.0%	0.0%	
10x15	150.0	11,250.0	13	55	7	75	219.50	16,463	2,854	2,336	12,073	298	220	81.9%	17.3%	17.3%	14.2%	
10x20	200.0	7,200.0	13	23	0	36	259.50	9,342	3,374	3,484	5,969	-111	0	103.3%	36.1%	36.1%	37.3%	
10x25	250.0	2,250.0	3	6	0	9	289.50	2,606	869	869	1,737	0	0	100.0%	33.3%	33.3%	33.3%	
10x30	300.0	2,700.0	7	2	0	9	319.50	2,876	2,237	1,903	639	15	320	85.1%	77.8%	77.8%	66.2%	
		44,750.0	75	290	13	378			65,803	14,064	13,562	49,525	-38	540	96.4%	19.8%	23.2%	20.6%
Occupied Area						10,400.0					Occupied	Vacant	Unrentable	Total				
Vacant Area						32,900.0	Average Area/Unit				138.7	113.4	111.5	118.4				
Unrentable Area						1,450.0	Average Rent/Unit				180.83	170.78	170.27	174.08				
Total Area						44,750.0	Average Rent/Area				1.30	1.51	1.53	1.47				

Unit Type: Drive-Up (Premium)

Units							Monthly Rent							Occupancy			
Size	Area	Total Area	Occupied	Vacant	Unrentable	Total Units	Standard Rate	Gross Potential	Gross Occupied	Actual Occupied	VACC	VARC	VCOMP	Income	Units	Area	Economic Occupancy
10x20	200.0	2,800.0	2	11	1	14	279.50	3,913	559	570	3,075	-11	0	101.9%	14.3%	14.3%	14.6%
		2,800.0	2	11	1	14		3,913	559	570	3,075	-11	0	101.9%	14.3%	14.3%	14.6%
Occupied Area						400.0					Occupied	Vacant	Unrentable	Total			
Vacant Area						2,200.0	Average Area/Unit				200.0	200.0	200.0	200.0			
Unrentable Area						200.0	Average Rent/Unit				284.75	279.50	279.50	279.50			
Total Area						2,800.0	Average Rent/Area				1.42	1.40	1.40	1.40			

Occupancy Statistics

Monday, January 16, 2023

Printed on Monday, January 16, 2023 9:39:31AM

2 / 2

L277 - US Storage Centers - Manteca, 183 S Austin Road, Manteca CA 95336

TEL: 209-270-6231

Current Tenants	0-30 Days	31-60 Days	61-90 Days	91-180 Days	181-360 Days	1-2 Years	2-3 Years	3+ Years
Occupied Units	19	15	9	22	12	0	0	0
Percentage of Occupied Units	24.7	19.5	11.7	28.6	15.6	0.0	0.0	0.0
Average Rent/Unit	183.26	205.50	228.39	187.23	157.00	0.00	0.00	0.00
Average Area/Unit	150.0	156.7	166.7	129.5	104.2	0.0	0.0	0.0

Past Tenants	0-30 Days	31-60 Days	61-90 Days	91-180 Days	181-360 Days	1-2 Years	2-3 Years	3+ Years
Occupied Units	0	2	6	20	10	0	0	0
Percentage of Occupied Units	0.0	5.3	15.8	52.6	26.3	0.0	0.0	0.0
Average Rent/Unit	0.00	209.50	224.50	158.08	188.50	0.00	0.00	0.00
Average Area/Unit	0.0	150.0	166.7	112.5	130.0	0.0	0.0	0.0

Size	Area	Total Area	Occupied	Vacant	Unrentable	Total Units	Standard Rate	Gross Potential	Gross Occupied	Actual Occupied	VACC	VARC	VCOMP	Income	Units	Area	Economic Occupancy
Total		47,550.0	77	301	14	392		69,716	14,623	14,132	52,600	-49	540	96.6%	19.6%	22.7%	20.3%
							% of Total	Per Area			Occupied	Vacant	Unrentable			Total	
	Gross Potential Rates	(1)			69,716	100.0%	1.47		Units	77	301	14	392				
	Gross Unrentable Unit Rates				2,493	3.6%	1.51		% of Units	19.6%	76.8%	3.6%	100.0%				
	Gross Vacant Unit Rates				52,600	75.4%	1.50		Area	10,800.0	35,100.0	1,650.0	47,550.0				
	Gross Occupied Unit Rates				14,623	21.0%	1.35		% of Area	22.7%	73.8%	3.5%	100.0%				
	Gross Complimentary Unit R	(2)			540	0.8%	0.90		Standard Rate	14,623.00	52,599.50	2,493.00	69,715.50				
	Actual Occupied Unit Rates	(3)			14,132	20.3%	1.31		% of Standard Rate	21.0%	75.4%	3.6%	100.0%				
	Occupied Rate Variance	(4)			492	0.7%	0.00		Average Area/Unit	140.26	116.6	117.9	121.3				
									Average Rent/Unit	183.53	174.75	178.07	177.85				
									Average Rent/Area	1.31	1.50	1.51	1.47				

Explanation

Rental rates and vacancies represent a snapshot of this site as of the report date.
All standard rates are monthly.

(1) Gross Potential Rates = Snapshot of standard rates of all units, including unrentable

(2) Complimentary Units are occupied with rental rate 0.

(3) Actual Occupied Rates = the tenants' rental rates, excluding complimentary units

(4) Occupied Rate Variance = the difference between standard and rental rates,
excluding complimentary units

VACC - Vacancy Cost = Gross Vacant Unit Rates

VARC - Cost of Rental Rate Variance (excluding complimentary units)

VCOMP - Cost of Complimentary Units

Occupancy

Income - Actual occupied rates as a % of the Gross Occupied Rates

Economic Occupancy - Actual occupied rates as a % of the Gross Potential Rates

Occupied History

Monday, January 16, 2023

Printed on Monday, January 16, 2023 9:40:06AM

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L277 - US Storage Centers - Manteca, 183 S Austin Road, Manteca CA 95336

TEL: 209-270-6231

Total Occupied as of the End of Each Month

Unit Type: Drive-Up

Size	Area	Total Units	Occupied	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022	Dec 2021
5.0x10.0	50.0	72	26.4 %	19	14	13	14	11	12	7	2	0	0	0	0	0	0
10.0x10.0	100.0	176	10.8 %	19	18	14	14	15	14	6	3	0	0	0	0	0	0
10.0x15.0	150.0	76	18.4 %	14	13	14	9	7	5	3	2	0	0	0	0	0	0
10.0x20.0	200.0	36	36.1 %	13	12	11	10	8	7	5	2	0	0	0	0	0	0
10.0x25.0	250.0	9	33.3 %	3	2	0	0	0	0	0	0	0	0	0	0	0	0
10.0x30.0	300.0	9	77.8 %	7	4	1	0	0	0	0	0	0	0	0	0	0	0
		378	19.8 %	75	63	53	47	41	38	21	9	0	0	0	0	0	0

Unit Type: Drive-Up (Premium)

Size	Area	Total Units	Occupied	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022	Dec 2021
10.0x20.0	200.0	14	14.3 %	2	2	2	1	3	3	3	0	0	0	0	0	0	0
		14	14.3 %	2	2	2	1	3	3	3	0	0	0	0	0	0	0

Total		392	19.6 %	77	65	55	48	44	41	24	9	0	0	0	0	0	0
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	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022	Dec 2021
Occupied: Start of Month	65	55	48	44	41	24	9	1	1	1	0	0	0	0
Rented During Month	14	18	10	14	5	18	16	10	0	0	1	0	0	0
Vacated During Month	2	8	3	10	2	1	1	2	0	0	0	0	0	0
Net Change	12	10	7	4	3	17	15	8	0	0	1	0	0	0
Occupied: End of Month	77	65	55	48	44	41	24	9	1	1	1	0	0	0

Explanation

- (1) Total Units include rentable and unrentable units as of the report date.
- (2) Move-Ins and Move-Outs do not include transfers.



Manteca - Austin Road		
183 S. Austin Rd., Manteca, CA 95336	Year 1	Year 2
Total Self Storage Sq. Ft	47,550	47,550
Self Storage Occupancy	92.8%	93.1%
Occupied square feet	44,122	44,263
Rate per Sq. Ft	\$1.27	\$1.38
Self Storage Gross Revenue	\$478,694	\$722,057
Discounts (Self Storage)	(\$59,341)	(\$5,776)
Bad Debt	(\$7,180)	(\$10,831)
Net Rental Income	\$412,173	\$705,449
Achieved Rent per Sq. Ft	\$0.78	\$1.33
RV Gross Revenue	\$0	\$0
Other Income	\$25,604	\$30,531
Total Protection Plan (Owner's Share)	\$8,155	\$11,530
Total Revenue	\$445,931	\$747,511
Total Collection	\$3,000	\$6,180
Total On-Site Management	\$57,878	\$60,670
Total Marketing	\$40,008	\$20,436
Total Professional Svcs	\$9,360	\$9,641
Total G&A	\$12,386	\$17,845
Total Contracted Services	\$6,540	\$6,736
Total Repairs & Maintenance	\$2,386	\$2,457
Total Controllable Expense	\$131,557	\$123,966
Total Off-Site Management	\$33,324	\$44,375
Total Taxes & Impositions	\$17,000	\$43,000
Total Insurance	\$7,250	\$7,468
Total Utilities	\$5,520	\$5,686
Total Uncontrollable Expense	\$63,094	\$100,529
Total Expense	\$194,651	\$224,494
Net Operating Income	\$251,280	\$523,017

Manager Disclaimer: These financial projections are assumptions based on recently available information including but not limited to information and assumptions made by Owner or third parties, as well as other market-related assumptions made at the time of the underwriting. Westport Properties, Inc. (I makes no representations or warranties of any kind as to the accuracy or actual results related to e: revenue, expenses, capitalization events, etc.

Utilities, Property Taxes & Insurance Assumptions provided by Client

Professional Services includes Call Center expense

Marketing Expense assumption may increase depending on paid search competition in the market



Year 3
47,550
93.1%
44,263
\$1.52
\$798,103
(\$6,385)
(\$11,972)
\$779,747
\$1.47
\$0
\$32,433
\$11,530
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\$823,709
\$6,365
\$62,346
\$17,071
\$9,930
\$19,079
\$6,938
\$2,531
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\$5,856
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\$230,639
\$593,070

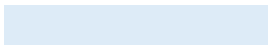
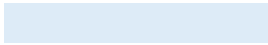
Prepared for: John and Sandi Pinedo

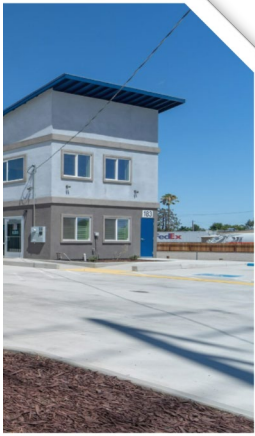
Feb 27 2023



Notes

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Unless specified otherwise, these definitions were extracted from the following sources or publications:

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

Uniform Standards of Professional Appraisal Practice, 2020-2022 Edition (USPAP).

The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(15th Edition)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

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

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(Dictionary)*

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The sale price of a property that is equivalent to what a cash buyer would pay. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

Contract Rent

The actual rental income specified in a lease. *(15th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised. *(Dictionary)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw involving the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(15th Edition)*

Economic Life

The period over which improvements to real estate contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. *(15th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project. *(Dictionary)*

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(15th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. *(USPAP)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. *(USPAP)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. *(Dictionary)*

Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. *(Dictionary)*

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

Fee Simple Estate

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

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. *(Dictionary)*

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. *(Dictionary)*

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. *(Dictionary)*

Going-concern

An established and operating business having an indefinite future life. *(Dictionary)*

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. *(Dictionary)*

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. *(Dictionary)*

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

Gross Living Area (GLA)

Total area of finished, above-grade residential space area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

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

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy involving the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing

costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Interim Use

The use contemplated by the market participants that the subject real estate can be put to while waiting for certain subsequent factors to occur. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legal Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; sometimes known as a legally nonconforming use. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. *(Dictionary)*

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific 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 distress. *(Dictionary)*

Market Value (Interagency Guidelines)

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Net Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN lease, triple net lease, or fully net lease*. *(Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(15th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

Off-site Costs

Costs incurred in the development of a project excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. *(Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(15th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. *(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or similar to another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

In the application of the sales comparison and income capitalization approaches, a numerical (dollar or percentage) adjustment to the sale price, rent, or expense amount of a comparable property to account for the effect on value of a difference between each comparable property and the subject property. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Replacement Cost for Insurance Purposes

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." *(Dictionary)*

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. *(Dictionary)*

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(15th Edition)*

Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sales prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values* or *aggregate retail selling price*. *(Dictionary)*

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. *(Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*



Jeffrey R. Shouse, MAI, CRE

EXECUTIVE MANAGING DIRECTOR | NATIONAL PRACTICES
Valuation & Advisory Services



jeffrey.shouse@colliers.com

EDUCATION AND QUALIFICATIONS

Bachelor of Science Degree, California State University, Sacramento

Utah Valley State College
Brigham Young University

STATE CERTIFICATION

California
Nevada
Maryland
Virginia

CONTACT DETAILS

DIR +1 916.724.5531
FAX +1 916.724.5631

Colliers International
1508 Eureka Road
Suite 250
Roseville, CA 95661

www.colliers.com

Jeffrey R. Shouse joined Colliers International Valuation & Advisory Services in January 1998. His primary focus is on the valuation of mobile home parks, self-storage facilities, and multifamily developments. Over the last several years, Jeff has appraised these property types in all 50 states. His clients include lenders, developers, owners, attorneys, insurance companies, and redevelopment groups.

Jeff was raised in Sacramento, California. After high school graduation, he attended Utah Valley State College where he received an associate degree. He then attended Brigham Young University and California State University, Sacramento, receiving a bachelor's degree.

Jeff is currently the Executive Managing Director for Northern California (Sacramento, Fresno, San Francisco, and San Jose), Nevada (Reno), and the Mountain States (Denver and Salt Lake City).

Jeff is also the National Practice Leader for the Self-Storage Group. His national team consists of 25 senior appraisers strategically aligned throughout the country. The Self-Storage team was able to complete 2800 assignments over the last three years, including several Feasibility Studies and consulting assignments.

Jeff has had several speaking assignments with the different Self-Storage Associations including the NYSSA, SSA Conference in Orlando, FL, and the CSSA in Napa, CA this year based on his knowledge and experience of the Self-Storage industry.

PROFESSIONAL MEMBERSHIPS AND ACCREDITATIONS

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Jeffrey R. Shouse


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.

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Valuation & Advisory Services National Leadership

Colliers

US Leadership

Jeremy Walling, MAI, MRICS
President | US
Jeremy.Walling@colliers.com
+1 312 371 4920

Quality Enhancement

Jim Murrett, MAI, SRA
Executive Managing Director
Jim.Murrett@colliers.com
+1 716 312 7790

Client Relations & Service

Jerry Gisclair, MAI, MRICS
Executive Vice President
Jerry.Gisclair@colliers.com
+1 813 871 8531

Advisory Services

Bruce Nell, MAI, AI-GRS, MRICS
Executive Managing Director
Bruce.Nell@colliers.com
+1 614 437 4687

Eastern US

PJ Cusmano, MAI, MRICS
Executive Vice President
PJ.Cusmano@colliers.com
+1 813 229 1599

Western US

Jeff Shouse, MAI, CRE
Executive Vice President
Jeff.Shouse@colliers.com
+1 916 724 5531

Region & Market Leaders

Albuquerque

Conner Marshall, MAI
Sr. Valuation Services Director
Conner.Marshall@colliers.com
+1 505 880 7053

Austin

Jay Lefevers, MAI
Managing Director
Jay.Lefevers@colliers.com
+1 602 770 4530

Atlanta

Leamon Holliday, MAI
Managing Director
Leamon.Holliday@colliers.com
+1 404 892 3526

Baltimore

Zachary Smith, MAI
Associate Managing Director
Zachary.Smith@colliers.com
+1 443 602 8985

Birmingham

Tim Rau, MAI, ASA
Managing Director
Tim.Rau@colliers.com
+1 205 970 6160

Boise

John Campbell, MAI
Sr. Valuation Services Director
John.Campbell@colliers.com
+1 206 965 1129

Boston

Chris Stickney, MAI
Associate Managing Director
Chris.Stickney@colliers.com
+1 617 330 8171

Buffalo

James Murrett, MAI, SRA
Executive Managing Director
Jim.Murrett@colliers.com
+1 716 312 7790

Charleston

Curt McCall, Jr., CRE, MAI
Executive Managing Director
Curt.McCall@colliers.com
+1 843 442 1915

Charlotte

Chris Johnson, MAI, SRA, AI-GRS
Managing Director
Christopher.Johnson@colliers.com
+1 704 409 2374

Chicago

Tony Guth, MAI
Managing Director
Tony.Guth@colliers.com
+1 312 602 6159

Cincinnati

Brian Graham, MAI, CCIM
Senior Valuation Specialist
Brian.Graham@colliers.com
+1 513 200 9735

Cleveland

Jacob Roehl
Senior Valuation Specialist
Jacob.Roehl@colliers.com
+1 303 915 5165

Columbus

Christian Smith, MAI
Managing Director
Christian.Smith@colliers.com
+1 614 437 4684

Dallas

Kyle Knox, MAI
Managing Director
Kyle.Knox@colliers.com
+1 214 217 9335

Denver

Jonathan Fletcher, MAI
Managing Director
Jon.Fletcher@colliers.com
+1 303 779 5500

Destin

Kevin Branton
Senior Valuation Specialist
Kevin.Branton@colliers.com
+1 850 460 1202

Detroit

David Abraham, MAI, SRA
Managing Director
David.Abraham@colliers.com
+1 248 226 1872

Fayetteville

Curt Smith, MAI
Valuation Services Director
Curt.Smith@colliers.com
+1 479 202 5932

Fresno

John Larson, MAI
Sr. Valuation Services Director
John.Larson@colliers.com
+1 559 221 1271

Grand Rapids

Will Fowler, MAI
Valuation Services Director
Will.Fowler@colliers.com
+1 616 988 5843

Hawaiian Islands

Bobby Hastings, MAI, MRICS
Managing Director
Bobby.Hastings@colliers.com
+1 808 200 5603

Houston

Paula Thoreen, MAI, CRE
Executive Managing Director
Paula.Thoreen@colliers.com
+1 713 835 0081

Indianapolis

Tony Guth, MAI
Managing Director
Tony.Guth@colliers.com
+1 312 602 6159

Irvine

John Park, MAI
Sr. Valuation Services Director
John.Park@colliers.com
+1 949 724 1152

Jacksonville

Patrick Phipps, MAI
Managing Director
Patrick.Phipps@colliers.com
+1 904 861 1114

Kansas City

Alex Hoenig, MAI
Associate Managing Director
Alex.Hoenig@colliers.com
+1 816 419 3561

Las Vegas

Evan Ranes, MAI, ASA, R/W-AC
Managing Director
Evan.Ranes@colliers.com
+1 702 836 3749

Little Rock

Joshua Smith, MAI, MRICS
Managing Director
Joshua.Smith@colliers.com
+1 501 219 8546

Los Angeles

Casey Merrill, MAI, ASA, FRICS
Executive Managing Director
Casey.Merrill@colliers.com
+1 213 417 3315

Miami

Ralph Peña, III, MAI
Managing Director
Ralph.Pena@colliers.com
+1 786 517 4855

Milwaukee

Tony Guth, MAI
Managing Director
Tony.Guth@colliers.com
+1 312 602 6159

Minneapolis

Jeff Shouse, MAI, CRE
Executive Vice President
Jeff.Shouse@colliers.com
+1 916 724 5531

Nashville

Patrick Gibson, MAI, CCIM
Managing Director
Patrick.Gibson@colliers.com
+1 615 610 4728

New Orleans

Jason Lindsey, MAI
Valuation Services Director
Jason.Lindsey@colliers.com
+1 504 717 1926

New York

Tony O'Sullivan, MAI, MRICS
Executive Managing Director
Tony.O'Sullivan@colliers.com
+1 212 207 8057

New York (upstate)

Anthony Palma, MAI, MRICS
Sr. Valuation Services Director
Anthony.Palma@colliers.com
+1 518 788 8108

Ontario

Casey Merrill, MAI, ASA, FRICS
Executive Managing Director
Casey.Merrill@colliers.com
+1 213 417 3315

Orlando

Chuck Buhler, MAI, CCIM
Managing Director
Chuck.Buhler@colliers.com
+1 407 362 6155

Philadelphia

Albert Crosby, MAI
Associate Managing Director
Albert.Crosby@colliers.com
+1 215 928 7526

Phoenix

Michael Brown
Associate Managing Director
Michael.Brown@colliers.com
+1 602 222 5166

Pittsburgh

Bruce Nell, MAI, AI-GRS, MRICS
Executive Managing Director
Bruce.Nell@colliers.com
+1 614 437 4687

Portland/Vancouver

Jeremy Snow, MAI
Managing Director
Jeremy.Snow@colliers.com
+1 503 542 5409

Raleigh

Chris Johnson, MAI, SRA, AI-GRS
Managing Director
Christopher.Johnson@colliers.com
+1 704 409 2374

Reno

Rebekah Dunn, MAI
Sr. Valuation Services Director
Rebekah.Dunn@colliers.com
+1 916 724 5508

Richmond

Chris Johnson, MAI, SRA, AI-GRS
Managing Director
Christopher.Johnson@colliers.com
+1 704 409 2374

Sacramento

Scott Shouse, MAI
Managing Director
Scott.Shouse@colliers.com
+1 916 724 5532

Salt Lake City

Kelly Tate, MAI
Senior Valuation Specialist
Kelly.Tate@colliers.com
+1 385 249 5444

San Diego

Rob Detling, MAI
Managing Director
Rob.Detling@colliers.com
+1 858 860 3852

San Francisco

Vathana Duong, MAI
Managing Director
Vathana.Duong@colliers.com
+1 415 288 7854

San Jose

Jeff Shouse, MAI, CRE
Executive Vice President
Jeff.Shouse@colliers.com
+1 916 724 5531

Sarasota

Justin Butler, MAI
Managing Director
Justin.Butler@colliers.com
+1 941 210 5004

Seattle

Reid Erickson, MAI
Executive Managing Director
Reid.Erickson@colliers.com
+1 206 965 1106

St. Louis

Kate Spencer, MAI
Managing Director
Kate.Spencer@colliers.com
+1 214 558 9953

Tampa

PJ Cusmano, MAI, MRICS
Executive Vice President
PJ.Cusmano@colliers.com
+1 813 229 1599

Washington DC

Bruce Nell, MAI, AI-GRS, MRICS
Executive Managing Director
Bruce.Nell@colliers.com
+1 614 437 4687

Practice Group Leaders

Agriculture

Ben Slaughter, ARA
Sr. Valuation Services Director
Benjamin.Slaughter@colliers.com
+1 559 256 0156

Healthcare

Justin Butler, MAI
Managing Director
Justin.Butler@colliers.com
+1 941 210 5004

Institutional

Paula Thoreen, MAI, CRE
Executive Managing Director
Paula.Thoreen@colliers.com
+1 713 835 0081

Manufactured Housing

Bruce Nell, MAI, AI-GRS, MRICS
Executive Managing Director
Bruce.Nell@colliers.com
+1 614 437 4687

Self-Storage

Jeff Shouse, MAI, CRE
Executive Vice President
Jeff.Shouse@colliers.com
+1 916 724 5531

Kate Spencer, MAI

Managing Director
Kate.Spencer@colliers.com
+1 214 558 9953

Multifamily

John Jordan, MAI
Executive Managing Director
John.Jordan@colliers.com
+1 214 217 9328

