

APPRAISAL REPORT
Summary Format

PREPARED FOR

Villa Conche Del Mar, LLC
Northridge, California 91324

APPRAISAL OF

A 2.44 Acre Ocean-View Parcel (APN'S 4473-003-016)



LOCATED AT

33301 Pacific Coast Highway
Malibu, CA 90265

EFFECTIVE DATE OF APPRAISAL

August 1, 2022

PREPARED BY

Accurate Appraisals
1943 Marlowe Street
Thousand Oaks, California 91360

ACCURATE APPRAISALS
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August 1, 2022

Villa Conche Del Mar, LLC
Attention:
Northridge, California 91324

Re: Appraisal of a 2.44 acre residential ocean-view parcel located at

33301 Pacific Coast Highway Malibu, CA 90265
Subject is also known as APN 4473-003-016.

Pursuant to your request, I have provided an opinion of Market Value for the “Fee Simple” interest in the real property located at the above-referenced address as of August 1, 2022. The date of this report is also August 1, 2022. The purpose of my analysis was to establish an opinion of the “As-Is” Market Value for the Subject Property, subject to the definition of Market Value, the Assumptions and Limiting Conditions, and Certification contained in this report. The client is Villa Conche Del Mar, LLC and the intended users are the Client’s financial advisers. The intended use of this appraisal is to assist the client in determining the market value to list the property for sale.

The world is now experiencing a Covid-19 Virus pandemic. However, as of today, four vaccines have been developed thus slowing the pandemic globally. Also, around March 2020 interest rates were lowered thereby stimulating property demand and causing real estate values to increase. Currently, inflation has been trending upward causing the Federal Reserve to raise interest rates thus slowing property appreciation nationwide.

This is an Appraisal Report as defined by the USPAP Standard Rule 2-2(b). This format provides a summary description of the appraisal process, subject property, market data and valuation analyses. The summary of information may not be understood properly without additional information that is kept in the appraiser’s workfile. The appraisal service was performed in such a manner that the results of the analysis, opinion, or conclusion are that of a disinterested third party.

The appraiser has made a physical site visit to the subject property. This valuation is based on analysis of the property via the Multiple Listing Service (MLS), client provided building plans, renderings, costs spent to date, public records, and other data sources deemed to be reliable. I have researched listings and land comparables to establish a current market value for the subject as a vacant residential lot in the entitlement process.

Project Summary:

According to researched data, the subject is a large custom residential estate located one block from the ocean. The site is a 2.44 acre (177’ x 600’) rectangular parcel fronting Pacific Coast Highway and the Pacific Ocean beyond. The usable lot area occurs toward the front of the site and consists of three tiered building pads. The first pad (or main building pad) consists of a 17,600 sf (+-) gentle sloped area. This is the location of the proposed home, pool, and turnaround driveway.

Project Summary (continued):

The middle pad sits about 20’ above the main pad and totals around 5,600 sf. Finally the third or upper pad sits about 25’ above the mid pad and totals an estimated 4,000 sf. The combined usable rough graded tiered lot area is about 27,000 sf. The remainder of the parcel is steep up sloped.

The subject elevation at the street is about 110’ above sea level and climbs about 90’ to the upper pad over a span of nearly 340’. The subject enjoys good 180 degree south-facing blue-water ocean views from all pad locations. In addition, there is a slight distant view of the Palos Verdes Peninsula looking southeast.

The owner is in entitlement process to build a 6,231 sf two-story custom contemporary style home, which includes a 500 sf below ground media room and bar. Additional features include a 467 sf two car garage, adjacent 456 sf workshop, three car carport, pool/spa, covered patio and a hammer-head turnaround driveway as required by the fire department.

The subject building plans are completed and reportedly in “plan-check” with the City of Malibu. After plan approval, the application will be submitted to the Coastal Commission for final approval to build. Also, the appraiser was provided a letter from the owners’ expeditor, Vitus Matare & Associates, Inc. (310-317-0707), who itemized the out-of-pocket project expenses incurred, as of June 18, 2020, which totaled \$525,850 (see addenda).

An extraordinary assumption of this report is the property has no adverse soils or other conditions to cause a future development to be cost prohibitive. The report results (value) may be affected if the extraordinary assumption is not met. The following table summarizes the final value based upon my investigation and analysis of available information.

FINAL VALUE OPINION SUMMARY

Market Value Scenario	Property Rights	Date of Value	Marketing/Exposure	Value Opinion
As-Is Value	Fee Simple	August 1, 2022	Four Months or Less	\$3,500,000

EXECUTIVE SUMMARY

Location:	33301 Pacific Coast Highway Malibu, CA 90265
Property Type:	2.44 acre residential ocean view parcel with about 27,000 sf of usable tiered building pad area
Property Rights Appraised:	Fee Simple
Method of Valuation:	Sales Comparison Approach (land sales + entitlement costs)
Site Description:	
Zoning:	RR2 (Rural Residential Zone). Allows 1-D/U per every 2 acres
Flood Map Panel No.:	06037C1492G
Flood Date:	4-21-2021
Flood Zone:	X
Offsite Improvements:	Water, electric poles, natural gas, & telephone lines. The entire area is on septic tanks.
Existing Improvements:	None
Highest and Best Use:	Proposed high-quality custom contemporary home
Marketing/Exposure Time:	About two to four months
Valuation Summary	
Sales Comparison Approach:	\$3,500,000

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ADDENDUM

Following Page 32

- Project Summary
- Proposed Site Plan
- Basement Plan
- Proposed 1st Level Floor Plan
- Proposed 2nd Level Floor Plan
- Elevations and Sections
- Letter Showing Monies Pent to Date
- Appraisal Resume
- Appraisal License
- Invoice

CERTIFICATION OF VALUE
(Per USPAP SR 2-3)

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial and unbiased professional analysis, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one has provided significant real property appraisal assistance to the person signing this certification
- I have not provided any services, as an appraiser or in any other capacity, regarding the subject property that is the subject of this report within the three-year period immediately preceding acceptance of the assignment.



Warren Glath, Certified General Appraiser
License No. #AG022193
License Expires April 1, 2023

Date of Signature and Report:
August 1, 2022

PHOTOGRAPHS OF THE SUBJECT

SUBJECT AERIAL PHOTOGRAPHY



SUBJECT PROPERTY PHOTOGRAPHY

Front of Subject



Side of Subject



Driveway



Driveway



Street Scene Looking West



Street Scene Looking East



SUBJECT PROPERTY PHOTOGRAPHY

<p>Main Building Pad (Foreground)</p>	<p>Main Building Pad at Right</p>
	
<p>Rear of Main Building Pad</p>	<p>Rear of Main Building Pad</p>
	
<p>Mid Pad in Foreground (Concrete Pile)</p>	<p>Upper Pad in Foreground</p>
	

BASIC ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report is subject to underlying assumptions and limiting conditions qualifying the information contained in the report as follows:

1. The Appraiser does not assume responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership, competent management, and is appraised as if free and clear of any or all liens or encumbrances.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The Appraiser is not required to give testimony or appear in court because of having made the appraisal unless arrangements have been previously made.
4. Any distribution of the valuation in the report between land and improvements applies only under the program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structure, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering that might be required to discover such factors.
6. Information, estimates and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and are believed to be true and correct. However, the Appraiser assumes no responsibility for the accuracy of such items furnished to the Appraiser.
7. Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's client, through advertising, solicitation materials, public relations, news, sales or other media, or any other public means of communication without the prior written consent and approval of the appraiser, particularly as to connected. Further, the appraiser or firm assumes no obligation, liability or accountability to any third party. If this report is placed in the hands of anyone but the client, the client shall make such party aware of all the assumptions and limiting conditions of the assignment.
8. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the Appraiser. The Appraiser has no knowledge of the existence of such materials on or in the vicinity of the property. The Appraiser, however, is not qualified to detect such substances. Therefore, the opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value or have an adverse impact on its marketability or utility. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.

10. It is assumed that all applicable use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the appraisal report.
11. It is assumed that the data obtained to produce a credible market value was accurate. However, should more accurate information becomes available the appraiser reserves the right to amend the appraisal and/or value, if necessary.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written Qualifications and only in its entirety.
13. The subject property is assumed to comply with requirements of the Americans with Disabilities Act (ADA). However, I have not made a specific compliance survey an analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the ADA.
14. The subject property was not found to have any natural, cultural, recreational, or scientific value.
15. The acceptance of this report and its use by the client in any manner whatsoever or for any purpose is acknowledgment by the client that this report is a satisfactory professional product, and that the client has personally read the report, and specifically agrees that the data herein is accurate to the best of the Appraiser's ability.
16. The report remains the personal property of the signer and may not be transmitted to the third party without the signer's written permission. (Permission is granted to transmit to third party trustee.) The Appraiser's personal responsibilities do not extend to a third party under any circumstances whatsoever.
17. As a part of the Appraiser-Client employment agreement, the Client agrees to notify the Appraiser of any error, omission, or invalid data herein within 15 days of receipt and to return the report along with all copies to the Appraisers for correction prior to any use whatsoever. Corrections will be made at the Appraiser's discretion.
18. Under no circumstances shall the Company or Appraiser's liability exceed the fee actually collected for this report. Thus, by acceptance of this report, the client acknowledges that a value opinion is the product of a professionally trained mind, but nevertheless is an opinion only and not a provable fact. As a personal opinion, valuation may vary between Appraisers based on the same facts.
19. Thus, the appraiser warrants only that the value conclusion is the best opinion estimate as of the exact day of valuation.

INTRODUCTION

General

This appraisal contains a summary of data upon which these analysis and opinions are predicated and are derived from. The comparables used were researched through the MLS, and public records. Retained in my files are worksheets, notes, maps and other data upon which these value conclusions are partially based. The appraiser does hereby certify that the statements and opinions rendered are true and correct and to the best of my knowledge and belief, subject to the Extraordinary Assumptions, Hypothetical Conditions, and Limiting Conditions contained in this report.

Type of Appraisal

The appraiser was requested to provide an Appraisal Report, which is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice (USPAP), Standard Rule 2-2(b). As such, it presents only the summary discussions of the data, reasoning and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analysis is retained in the appraiser's file. The depth of the discussions in this report is specific to the needs of the client, Villa Conche Del Mar, LLC.

Client & Intended User (s)

The client is Villa Conche Del Mar, LLC. The intended users are the Clients financial advisors. All other parties are unauthorized users.

Intended Use

The intended use of this appraisal is to assist the client in determining the market value to list the property for sale.

Property Identification and Description

The subject property is identified as 33301 Pacific Coast Highway Malibu CA 90265 and consists of a 2.44 acre residential ocean view lot. The site is made up of three usable pads ranging from about 4,000 sf to 17,600 sf all totaling around 27,000 sf. The assessor parcel number is 4473-003-016.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the As-Is Market Value of the subject property if sold for cash or its equivalent to a single buyer, as of the effective date of this appraisal August 1, 2022.

Property Rights Appraised

The subject property is appraised on the basis of a Fee Simple Estate. *The Appraisal of Real Estate Appraisal*, 13th Edition, 2008, defines fee simple estate as follows:

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.

Date of Value and Date of Inspection

The Market Value estimate is as of the site inspection date of August 1, 2022.

Ownership and Property History

According to public records, the subject is vested to Villa Conche Del Mar, LLC who has owned the property since 2003. The owner is in the process of entitling the property to build a new home. To the best of the appraiser's knowledge, the subject has not sold or been listed for sale over the last five years.

Extraordinary Assumption(s)

An extraordinary assumption of this report is the property has no adverse soils or other conditions as to cause a future development of the two vacant parcels to be cost prohibitive. The report results (value) may be affected if the extraordinary assumption is not met.

Hypothetical Condition(s)

None

Scope of Work - Appraisal Development and Reporting Process

The following steps were completed by Accurate Appraisals for this assignment:

1. Analyzed regional, city, neighborhood, site, and improvement data.
2. Inspected the subject and the neighborhood.
3. Reviewed data regarding taxes, zoning, utilities, basic easements, and city services.
4. Considered comparable improved home sales, and land sales. Confirmed data with principals, managers, or real estate agents representing principals, or used data sources that have, unless otherwise noted.
5. Analyzed the data to arrive at conclusions via each approach used in this report.
6. Reconciled the results of each approach to value employed into a probable range of market data and finally an estimate of value for the subject, as defined herein.
7. Estimated a reasonable exposure time associated with the value estimate.

By agreement between the appraiser and client, the reporting option employed for this assignment is that of an *Appraisal Report*, which is defined by the USPAP Standard Rule 2-2(b). This format provides a summary description of the appraisal process, subject property, market data and valuation analyses, which the client understands. The appraisal service was performed in such a manner that the results of the analysis, opinion, or conclusion are that of a disinterested third party.

Data Collection/Confirmation

Market data on applicable comparables, came from recognized credible and reliable real estate sources such as the Multiple Listing Service, Costar Comps, assessor records, government agencies, and the Internet. The scope of this appraisal report is to collect, confirm, and analyze relevant current, market data that would be applicable in developing an estimate of the current market value of the subject property.

Specific information regarding the subject property such as site size, shape, access, surface soils condition, frontage, street improvements, topography, drainage, potential environmental hazards, etc. was obtained during the physical inspection, and from client-provided reports, the City of Malibu and their websites, Los Angeles Assessor's records, and from the borrower and client. Flood zone information was obtained from Data Express.

Valuation Procedure

The client requested the “as-is” subject land value. The appraiser applied the **Sales Comparison Approach** in developing the final opinion of value which involved both land sales comparables.

The Sales Comparison Approach is a method of estimating market value by comparing the subject property to similar properties that have recently sold, are listed for sale, or are under contract for sale. By using a system of comparative techniques, the sale prices of the comparable properties are adjusted for any major differences as compared to the subject. The resulting adjusted sale prices will provide an indication of value for the subject property. In other words, it is a systematic procedure of comparative shopping. The principal of substitution, as it applies to this approach, holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable time period. All information was analyzed and the market data results reconciled to arrive at a final value estimate.

DEFINITIONS

Highest and Best Use

Highest and best use is defined by *The Dictionary of Real Estate Appraisal*, 4th Edition, 2002, as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value. The highest and best use of both land as though vacant and property as improved must meet four criteria.

1) The highest and best use must meet are legal permissibility, 2) physical possibility, 3) financial feasibility, 4) and maximum productivity.

Fee Simple Estate

One of the real estate interests appraised is the fee simple interest as of the effective date of the appraisal.

The Appraisal of Real Estate, 13th Edition, 2008, defines fee simple estate as follows:

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.

Leased Fee Estate

One of the real estate interests appraised is the leased fee interest as of the effective date of the appraisal.

The Appraisal of Real Estate, 13th Edition, 2008, defines leased fee interest as follows:

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

Extraordinary Assumption

An Extraordinary Assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical Condition

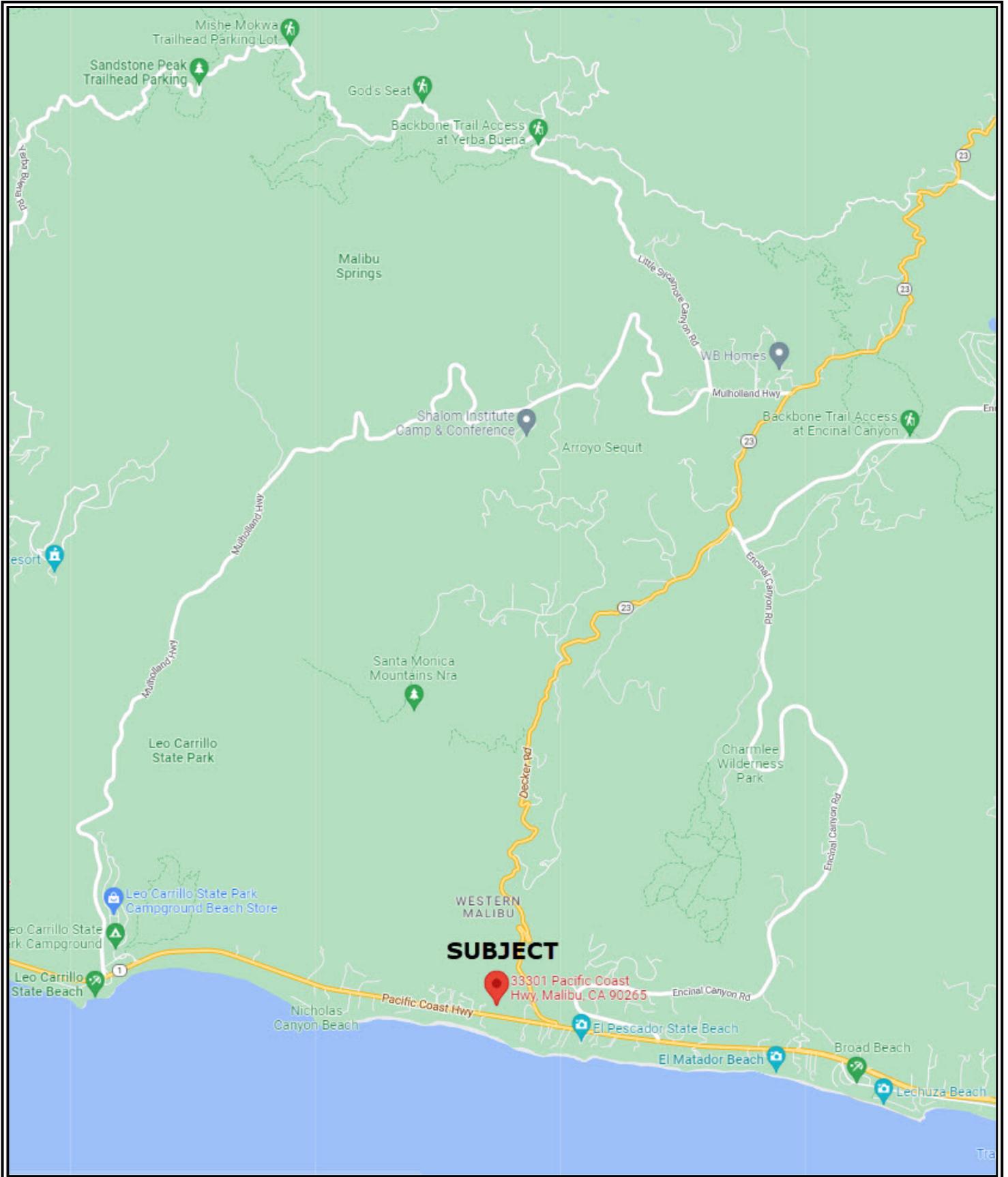
A Hypothetical Condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Exposure Time per the 2020-2021 USPAP Edition

Exposure Time is: The estimated 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.

Exposure time is always presumed to have occurred prior to the effective date of appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. A survey of exposure times required to facilitate sales of properties such as the subject and in the general marketing area similar to the subject was conducted. Typically, the sales analyzed for comparison in this assignment indicated exposure times of two months to six months, with an average of about four months. Based on the survey, and considering characteristics specific to the subject property, it is my opinion that the subject property would have sold at its estimated value after an exposure time of about four months.

LOCATION MAP



REGIONAL AND NEIGHBORHOOD DESCRIPTION

Regional – Los Angeles County

The subject property is located in the western portion of Los Angeles County. The County of Los Angeles is bordered by the Pacific Ocean and Ventura County to the west, Kern County to the north, San Bernardino County to the east and Orange County to the south. Los Angeles County measures approximately 75 miles from north to south and 70 miles east to west. The total land area is approximately 4,083 square miles. According to Wikipedia, Los Angeles County has 88 incorporated cities and according to the U.S. Census Bureau in 2020, Los Angeles County has a population of approximately 10,040,000.

Neighborhood Description – Malibu

The subject is located in the west section of the City of Malibu, which is an affluent residential beachside neighborhood adjacent the Pacific Ocean. The area is home to many in the entertainment industry and wealthy entrepreneurs. The immediate neighborhood consists of various sized custom homes ocean view homes ranging from 20,000 sf to over 3 acres. Property values with ocean-frontage or elevated on bluffs facing the ocean often start at \$15,000,000 and can exceed \$50,000,000, while non-beachfront or non-ocean influenced homes typically sell from \$3,500,000 to \$10,000,000 depending on the building and usable lot sizes, view amenity (if any), quality of construction, and property modernization. The subject is located one block from the Pacific Ocean. Pepperdine University and the Malibu Pier along with most area shopping are about 10 to 15 miles to the east. Trancas Market and retail, Paradise Cove Restaurant, Zuma Beach, Point Dume and Kanan Dune Road are nearby. Downtown Los Angeles is about 50 miles northeast.

In conclusion, the subject area and rated as a prime and exclusive residential area and is considered to have continued future property demand and corresponding property appreciation fueled by favorable economic conditions.

SITE DESCRIPTION SUMMARY

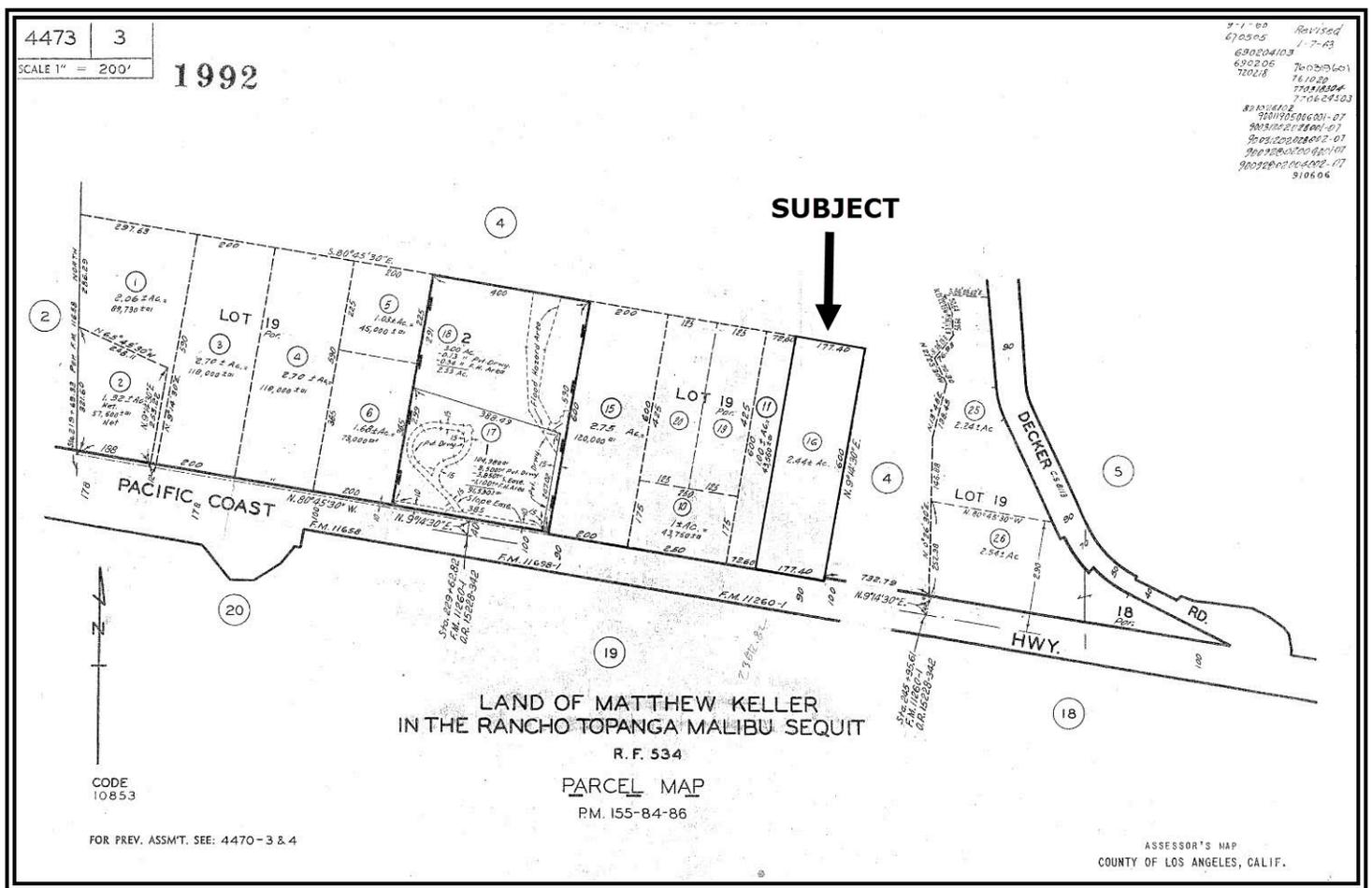
General

As previously stated, the subject is a single 2.44 acre 180 degree ocean-view parcel having 177' of frontage and three tiered pads consisting of a 17, 600 sf main building pad, 5,600 sf middle pad and a 4,000 sf upper pad all totaling around 27,000 sf (+-). A single driveway entrance leads to the main pad located about 25' above the street and will be the location of a new 6,231 sf high-quality custom home. As of June 18, 2022, the owner reported he has spent around \$525,825 (soft costs) to entitle the property thus far. See addenda for itemized monies spent. The building plans are reported to be in City "plan-check" and once approved will be sent to the Coastal Planning Commission for their approval before building can take place.

The proposed improvements are mostly out of view from passing traffic thereby making the property a somewhat private compound. The subject is zoned RR2 (Rural Residential) which allows one dwelling unit per every 2 acres. Existing utilities consist of public water, electric power poles, natural gas lines, and telephone lines. The entire area is on septic tanks.

The appraiser was not provided with any geological/soils reports and therefore it is assumed the soil is stable and the underlying geology adequate to support the existing and any future improvements. In addition, it is assumed there are no toxic soil conditions or ground contamination that would negatively impact the subject's market value for purposes of this report.

PLAT MAP

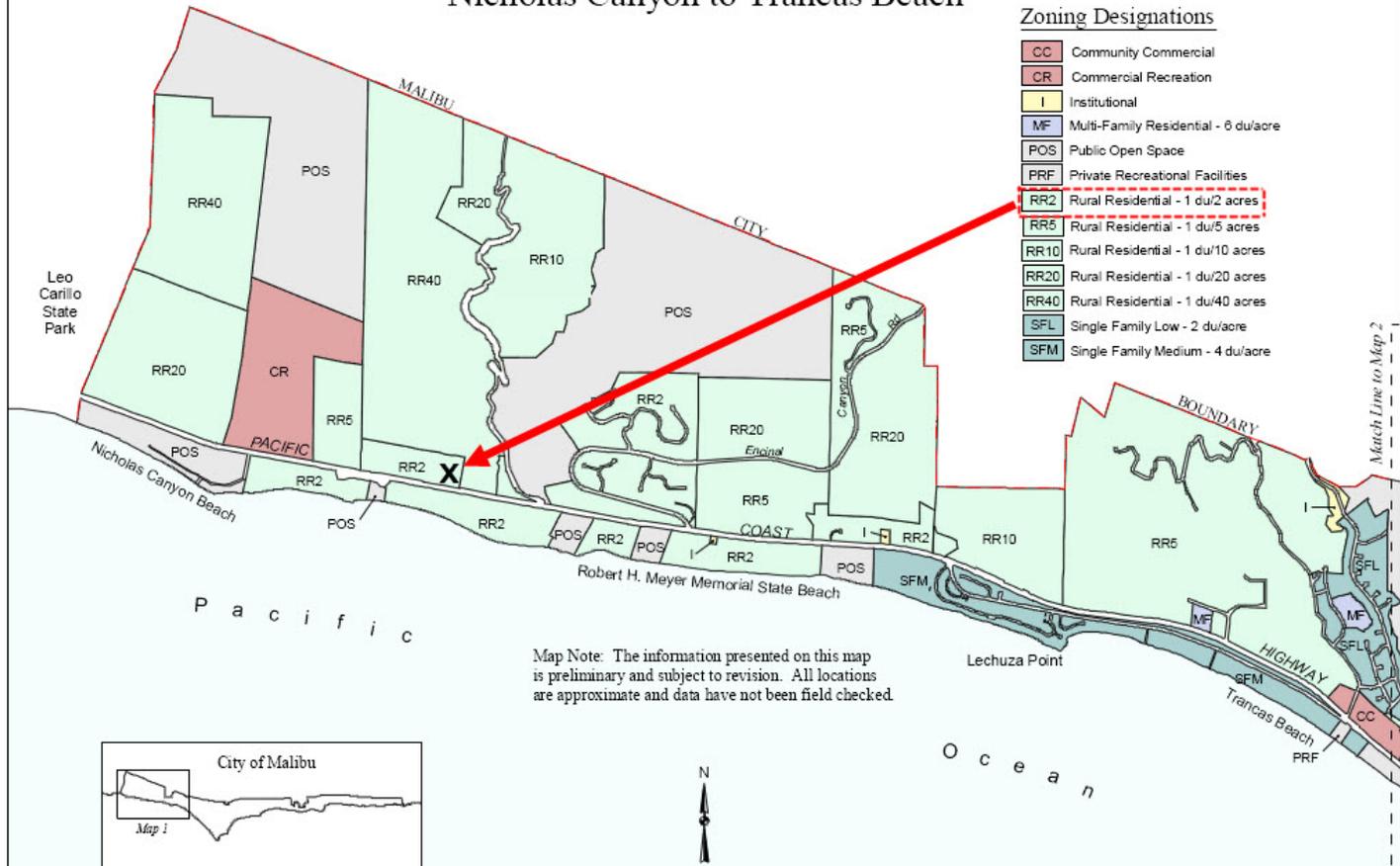


ZONING MAP

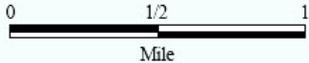
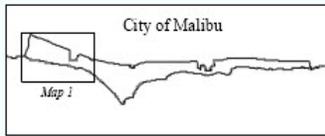
Local Coastal Program - City of Malibu Zoning Map 1: Nicholas Canyon to Trancas Beach

Zoning Designations

CC	Community Commercial
CR	Commercial Recreation
I	Institutional
MF	Multi-Family Residential - 6 du/acre
POS	Public Open Space
PRF	Private Recreational Facilities
RR2	Rural Residential - 1 du/2 acres
RR5	Rural Residential - 1 du/5 acres
RR10	Rural Residential - 1 du/10 acres
RR20	Rural Residential - 1 du/20 acres
RR40	Rural Residential - 1 du/40 acres
SFL	Single Family Low - 2 du/acre
SFM	Single Family Medium - 4 du/acre



Map Note: The information presented on this map is preliminary and subject to revision. All locations are approximate and data have not been field checked.



Sources: CCC Public Access Database, Malibu/Santa Monica Mountains Area Plan, LA County Parks and Recreation, 1983.
DSM, Revised 8/02



Subject Assessor Information APN 4473-002-016

Property Information		
Assessor's ID No:		4473-003-016
Address:		33301 PACIFIC COAST HIGHWAY MALIBU CA 90265
Property Type:		Vacant Land
Region / Cluster:		07 / 07182
Tax Rate Area (TRA):		10853
		<ul style="list-style-type: none">View Assessor MapView Index map
Recent Sales Information		
Latest Sale Date:		
Indicated Sale Price:		
	<input type="button" value="Search for Recent Sales"/>	
2021 - Roll Values		
Recording Date:	05/16/2014	
Land:	\$1,189,132	
Improvements:	\$0	
Personal Property:	\$0	
Fixtures:	\$0	
Homeowners' Exemption:	\$0	
Real Estate Exemption:	\$0	
Personal Property Exemption:	\$0	
Fixture Exemptions:	\$0	
	<ul style="list-style-type: none">2021 - Annual taxesProperty tax payment FAQsEstimate supplemental taxes	
Property Boundary Description		
	*LAND DESC IN DOC 0368533, 77-4-12 *TR=LAND OF MATTHEW KELLER IN THE RANCHO TOPANGA MALIBU SEQUIT*POR OF LOT 19	
Building Description		

HIGHEST AND BEST USE

The highest and best use of a property generally sets the parameter within which that property is valued or evaluated. In arriving at the highest and best use of the subject property, it was necessary to examine the area in which the property is located and the actions of the market, past, present, and future. In order for the subject site to fulfill its highest and best use, that use must meet four criteria: (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive.¹

Highest and Best Use, As Though Vacant

Legally Permissible: The legal permissibility of a use is governed primarily by the zoning in effect at the time of the appraisal. The subject site zoning allows for residential uses.

Physically Possible: The physical possibility or adaptability of a use is determined by site characteristics such as size, shape, topography and any other physical aspects of the site. As a single site, the subject is a 2.44 acre estate lot three elevated tiered pads and 177' of street frontage. The property is private and enjoys expansive ocean and mountain views.

Financially Feasible: Financial feasibility implies that the legally permissible and physically possible uses will produce a net return to the owner of the site. Uses which produce an income equal to or greater than the amount needed to satisfy operating expenses, financial obligations and capital amortization are considered financially feasible. If the net revenue capable of being generated is enough to satisfy the required rate of return on investment and provide a return on the land, the use is financially feasible within some price limit.

Maximum Profitability: The use that represents maximum profitability is the financially feasible use that will produce the highest net return. From the report analysis, it appears that a residential development is the most profitable use of the site. Considering the four factors of highest and best use, I conclude that the highest and best use of the site, as though vacant, is for residential development.

The Malibu residential market has experienced continued strong price appreciation, mainly fueled by pent-up demand given historical low interest rates over the past three years. Many homes have been rebuilt in Malibu since the November 2018 Woolsey fire. The significance of the new homes have had a positive effect on surrounding property values and causing the effective age of the neighborhood to be lowered.

Highest and Best Use -As Improved

Given the subject's residential zoning, the highest and best use as improved is a future residential development.

Conclusion of the Highest and Best Use

The subject is a 2.44 acre vacant parcel in the entitlement process to build a new home. The highest and best use and maximum application of the property is considered to be a new high-quality custom home.

¹ According to **The Dictionary of Real Estate Appraisal**, 4th ed. (Chicago: Appraisal Institute, 2002), Page 123

VALUATION METHODOLOGY

Valuation is based on the general and specific background experience, opinions of qualified informed persons, consideration of all data gathered during the investigative phase of the appraisal and analysis of all market data available to the appraiser. Three basic approaches to value are the Cost Approach, the Sales Comparison Approach and the Income Approach.

Cost Approach

This approach entails a replacement or reproduction cost estimate of the subject improvements new then deducting for physical, functional and economic factors affecting the property. The land value is then added to the depreciated cost and entrepreneurial profit to arrive at a value estimate. The approach is based on the theory that an informed buyer would pay no more than the cost of producing a substitute property with the same utility.

This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and for which there exist few sales or leases of comparable properties.

In the case of the subject, the Cost Approach was not utilized since there are no improvements on the site.

Income Approach

This approach is based upon the theory that the value of property tends to be set by the expected net income to the owner. It is, in effect, the capitalization of expected future income into present worth. This approach requires an estimate of net income, an analysis of all expense items, the selection of a capitalization rate, and the processing of the net income stream into a value estimate. Again, since the subject is a vacant lot the income approach is not applicable and therefore not used.

SALES COMPARISON APPROACH SUMMARY

This approach is based on the principle that the value of a property tends to be set by the price at which comparable properties have recently been sold or for which they can be acquired. This approach requires a detailed comparison of sold properties with the subject property. One of the main requisites, therefore, is that sufficient transactions of comparable properties are available to provide an accurate indicator of value, and that accurate information regarding price, terms, property description, and use, be obtained through interviews and observation. In analyzing the selected land sales, the main attention was given to the typical **sales price per usable lot area** for comparison to the subject. The appraiser also considered the monies spent toward the entitlement process as of June 18, 2022, which totaled \$525,825. The combined land value and entitlement money spent equated to the subjects as-is value.

Site Value Estimate

The first step in valuing the subject was to analyze pertinent sales of similar land parcels in the Malibu area. The sales were analyzed keeping in mind the usable area and believed to be the best available at the time of this writing. A summary of comparable land sales data is shown on the following pages.

Land Sale One
32401 Pacific Coast Hwy, Malibu

Aerial Photography



Plat Map



Description	
Assessor's Parcel No:	4473-025-006
Sale Date:	07/13/2020
Sale Price:	\$3,800,000
Lot Size (Gross)	9.82 Acres / 427,759 sf
Price/Lot	\$3,800,000
Price/Acre	\$386,965
Net Usable Lot Area (Estimate)	74,804 sf (+-) /1.71 Ac Moderate Slope
Document No.:	#755620
Condition of Sale:	Standard Sale
Property Rights:	Fee Simple
Data Source:	MLS # SB-20016472MR

Comments

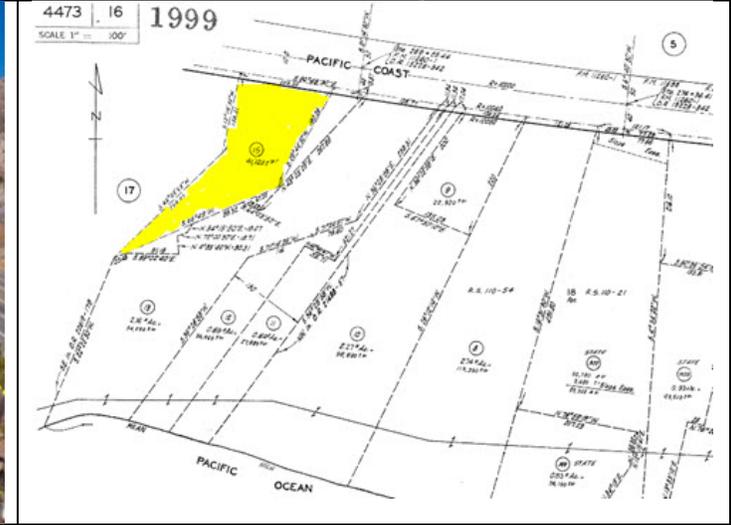
Land Sale 1 is an older sale of an unentitled 9.82 acre ocean-view parcel fronting Pacific Coast Hwy and the Pacific Ocean beyond. The site has an estimated 74,804 sf usable lot which is larger than the subject but is more sloped and therefore more grading and foundation work will be needed. The remainder of the lot is steep (non-usable) upslope to Encinal Canyon Road above. Comp one has a superior usable lot area and shares a very similar site location and ocean view amenity compared to the subject. The property sides a newer custom home and will likely use the same existing driveway to access the site.

Land Sale Two
32826 Pacific Coast Hwy, Malibu

Aerial Photography



Plat Map

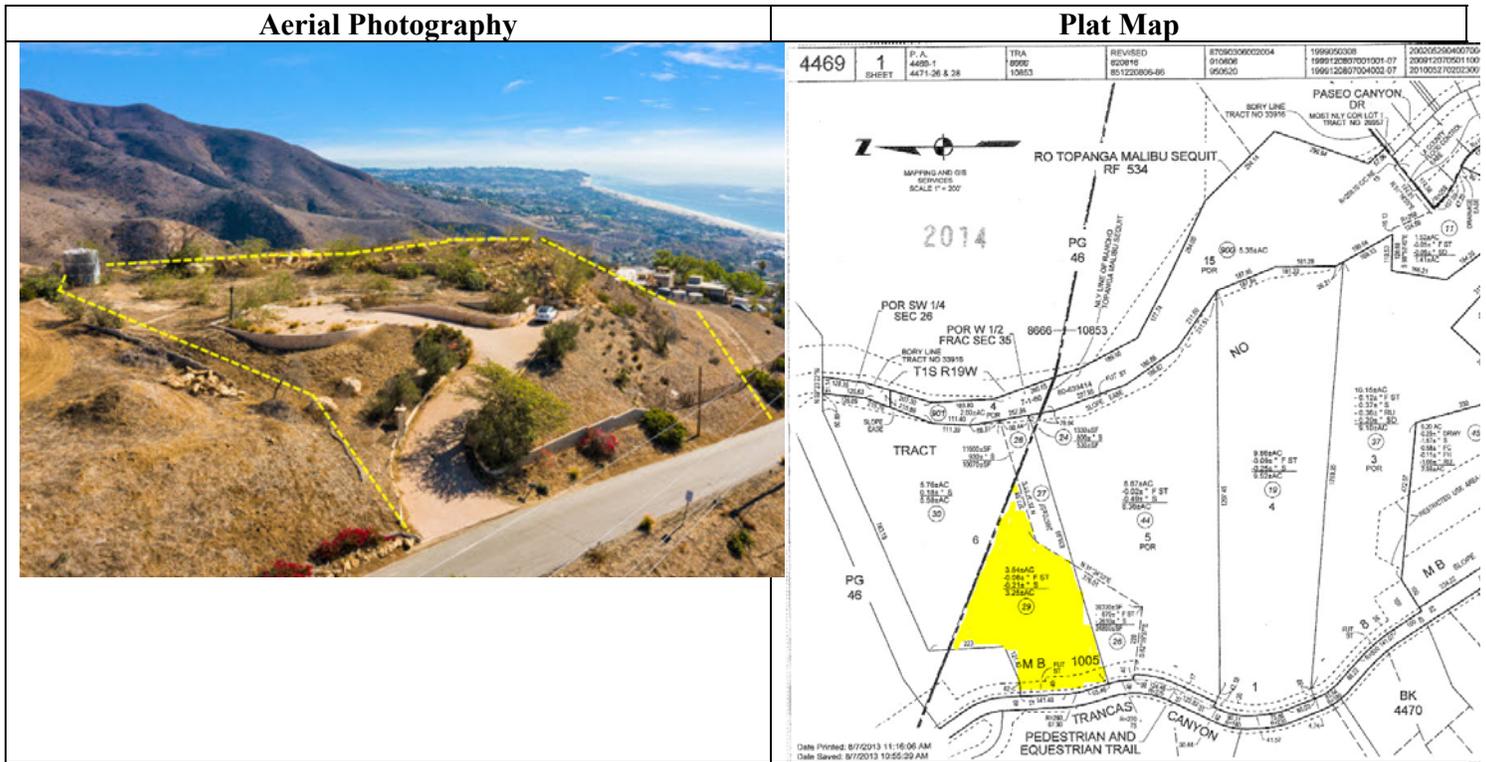


Description	
Assessor's Parcel No:	4473-016-015
Sale Date:	07/18/2022
Sale Price:	\$4,000,000
Lot Size (Gross)	0.94 Ac / 41,120 sf
Price/Lot	\$4,000,000
Price/Acre	\$4,240,000
Net Usable Lot Area (Estimate)	11,000 sf (+-)
Document No.:	#732058
Condition of Sale:	Standard Sale
Property Rights:	Fee Simple
Data Source:	MLS # 21-101067

Comments

Land Sale 2 recently sold and consists of an entitled 0.970 acre ocean-view parcel resting on a bluff about 350 feet from Encinal Beach and the Pacific Ocean beyond. A 1987 built house was destroyed in the 2018 Woolsey fire and sold entitled to rebuild a 5,800 sf contemporary home. The parcel has an estimated flat usable lot area of about 11,000 sf and has beach access. Comp 2 sold with full entitlements and is rated superior to the subject overall due to being in a better location near the ocean and with a more direct ocean view and accessibility to the beach.

Land Sale Three 5800 Trancas Canyon Road, Malibu

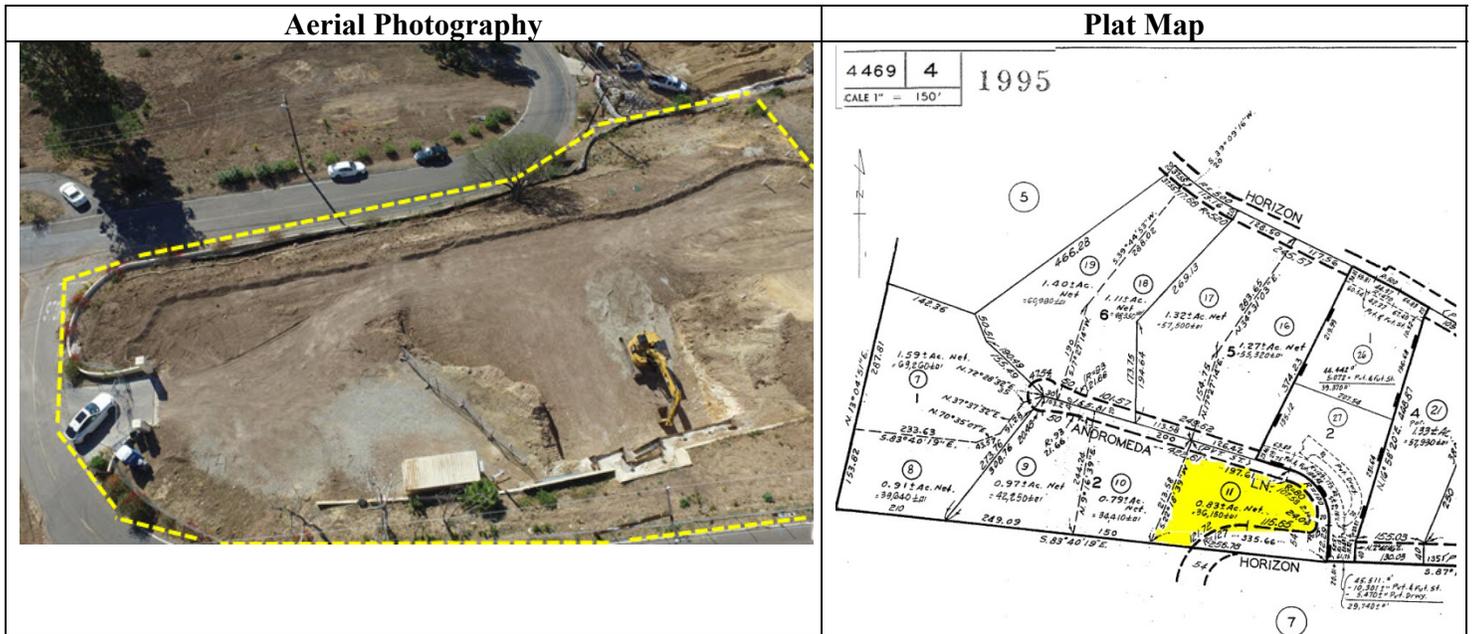


Description	
Assessor's Parcel No:	4469-001-029
Sale Date:	04/01/2022
Sale Price:	\$2,950,000
Lot Size (Gross)	3.25 Ac / 141,570 sf
Price/Lot	\$2,950,000
Price/Acre	\$907,692
Usable Lot Area (Estimate)	17,000 sf (+-)
Document No.:	#366478
Condition of Sale:	Standard Sale
Property Rights:	Fee Simple
Data Source:	MLS # 21-103159

Comments

Land Sale 3 recently sold and consists of a 3.25 acre hilltop ocean-view parcel located about one mile from the Pacific Ocean up Trancas Canyon Road. The sale is the result of a Woolsey fire burnout which destroyed the existing 1992 built 6,159 sf Mediterranean home. After the fire, the owner started the entitlement process which was reported to be pending final approvals and permits to build about 7,000 sf modern dwelling. The parcel has an estimated irregular shaped sloping usable lot area of about 17,000 sf. The sale has slightly superior views compared to the subject due to being at a higher elevation. However, the subject is in better proximity to the ocean and therefore a superior location.

Land Sale Four
30010 Andromeda Lane, Malibu

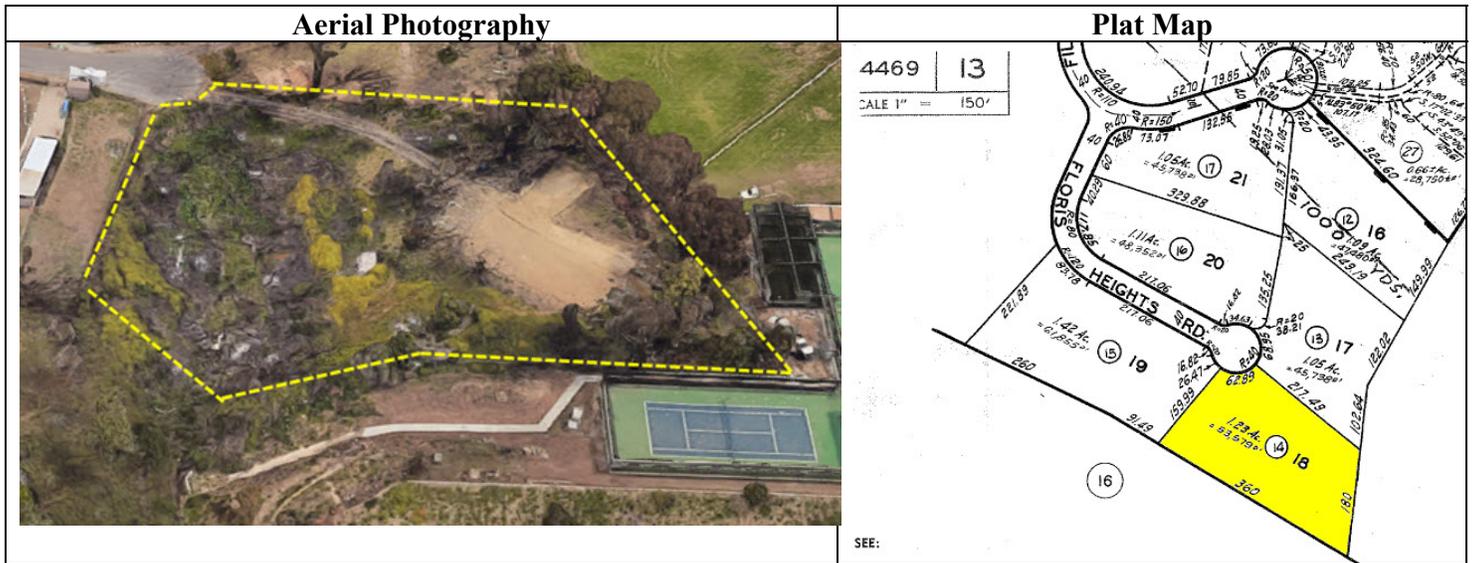


Description	
Assessor's Parcel No:	4469-004-011
Sale Date:	07/15/2022
Sale Price:	\$3,500,000
Lot Size (Net)	0.83 Ac / 31,150 sf
Price/Lot	\$3,500,000
Price/Acre	\$2,502,869
Usable Lot Area (Estimate)	20,000 sf (+-)
Document No.:	#728763
Condition of Sale:	Standard Sale
Property Rights:	Fee Simple
Data Source:	MLS # 21-103159

Comments

Land Sale 4 recently sold and consists of an entitled 0.83 acre corner parcel having inferior low-rise distant ocean views compared to the subject. A 1972 built 5,481 sf Mediterranean dwelling was destroyed in the 2018 Woolsey fire and then subsequently entitled to rebuild a 7,616 sf contemporary home with pool. The parcel has an estimated flat usable "finished graded" lot area of about 20,000 sf. Comp 4 sold with full entitlements and is rated similar-to-superior to the subject mainly due to being entitled, with a flat usable pad, and located in a slightly more developed neighborhood of newer homes known as Malibu Park which is near Zuma Beach.

Land Sale Five
5961 Floris Heights Road, Malibu



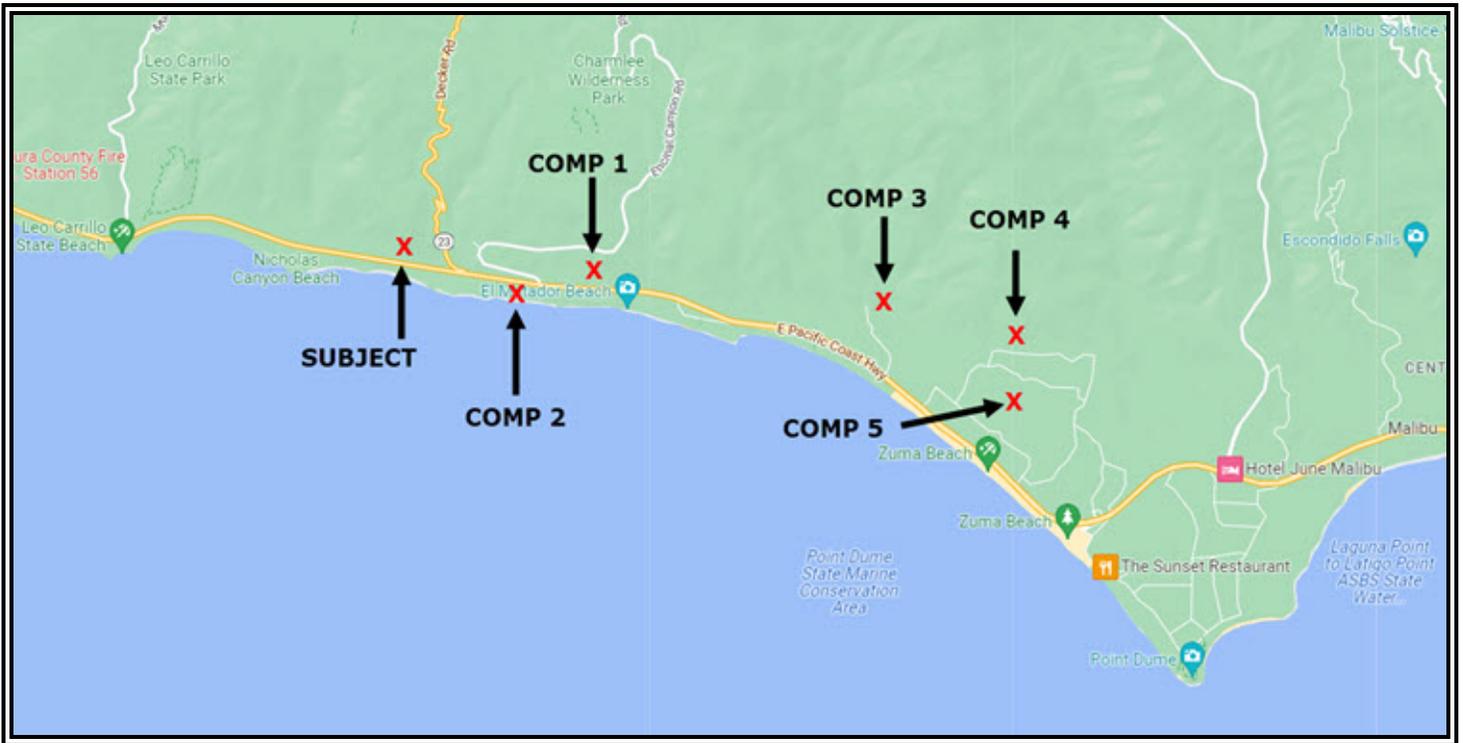
Description	
Assessor's Parcel No:	4469-013-014
Sale Date:	02/14/2022
Sale Price:	\$3,000,000
Lot Size (Net)	1.23 Ac / 53,579 sf
Price/Lot	\$3,000,000
Price/Acre	\$2,439,024
Usable Lot Area (Estimate)	28,000 sf (+-)
Document No.:	#1753794
Condition of Sale:	Standard Sale
Property Rights:	Fee Simple
Data Source:	MLS# 21-719722

Comments

Land Sale 5 consists of partially approved end-of cul-de-sac 1.23 acre parcel having inferior “low-rise” distant ocean views as the subject. An existing home was destroyed in the 2018 Woolsey Fire and the lot has been cleared and is now under administrative review to build a single-story 4,950 sf contemporary dwelling with 20’ x 70’ pool/spa and rooftop deck.

The parcel has an estimated “triangular-shaped” flat usable lot area of about 28,000 sf. Given its shape there is some loss of lot utility. The remainder of the site slopes down into a gully to the north (see aerial). Comp 5 is similar to the subject in combined usable building pad area built is located in a more established neighborhood (Malibu Park & near Zuma Beach) and has an inferior ocean view amenity.

COMPARABLE LAND SALES MAP AND ADJUSTMENT TABLE



Land Value Conclusion

As shown from the land adjustment table below, the unadjusted land sales ranged from \$2,950,000 to \$4,000,000. After adjustments, the sales ranged from \$3,392,500 to \$3,600,000 and averaged about \$3,480,700.

LAND SALES ADJUSTMENT TABLE											
Features	Subject	1		2		3		4		5	
Address	33301 Pacific Coast Hwy	32401 Pacific Coast Hwy		32826 Pacific Coast Hwy		5800 Trancas Canyon Rd		30010 Andromeda Lane		5961 Floris Heights Road	
City	Malibu, CA	Malibu, CA		Malibu, CA		Malibu, CA		Malibu, CA		Malibu, CA	
APN's	4473-003-016	4473-025-006		4473-016-015		4469-001-029		4469-004-011		4469-013-014	
Sale Price	N/A	\$3,800,000		\$4,000,000		\$2,950,000		\$3,500,000		\$3,000,000	
Date of Sale	Not A Sale	7/13/2020		7/13/2022		4/1/2022		7/15/2022		2/14/2022	
Site Area (Acres)	2.44	9.82		0.94		3.25		0.83		1.23	
Site Area (Usable Lot Sq. Ft.)	27,000	74,804		11,000		17,000		20,000		28,000	
Zoning	Residential	Residential		Residential		Residential		Residential		Residential	
Location	Good	Good		Good		Good		Good		Good	
Ocean View	Good	Good		Good		Good		Slight Distant Ocean		Slight Distant Ocean	
Permits/Entitlements	In Progress	None		Entitled		In Progress		Entitled		In Progress	
Sale Price Per Lot	N/A	\$3,800,000		\$4,000,000		\$2,950,000		\$3,500,000		\$3,000,000	
Adjustments											
Property Rights Conveyed	Fee Simple	0.00%		0.00%		0.00%		0.00%		0.00%	
Financing Terms	Cas Equiv.	0.00%		0.00%		0.00%		0.00%		0.00%	
Conditions of Sale	Market	0.00%		0.00%		0.00%		0.00%		0.00%	
Time Adjustment	Market	5.00%		0.00%		0.00%		0.00%		0.00%	
Adjusted Value		\$3,990,000		\$4,000,000		\$2,950,000		\$3,500,000		\$3,000,000	
Adjustments											
Site Area (Usable Sq. Ft.)		Superior	-20.00%	Inferior	20.00%	Inferior	10.00%	Inferior	5.00%	Similar	0.00%
Location		Similar	0.00%	Superior	-10.00%	Inferior	5.00%	Superior	-2.00%	Superior	-2.00%
Views		Similar	0.00%	Similar	0.00%	Similar	0.00%	Inferior	15.00%	Inferior	15.00%
Permits/Entitlements	In Progress	None	10.00%	Entitled	-20.00%	In Progress	0.00%	Entitled	-20.00%	In Progress	0.00%
Total Net Adjustment	N/A	-10.00%		-10.00%		15.00%		-2.00%		13.00%	
Indicated Value Per Usable Lot	N/A	\$3,591,000		\$3,600,000		\$3,392,500		\$3,430,000		\$3,390,000	
Low	\$3,392,500										
Average	\$3,480,700										
High	\$3,600,000										
Concluded Value	\$3,500,000										

Land Value Conclusion (continued)

Comp 1 is an older sale but close in proximity to the subject. The comp has a larger sloping usable building pad and similar view amenity.

Comp 2 is also near the subject but located in a superior area south of Pacific Coast Highway and walking distant to the beach.

Comp 3 is a hilltop parcel having a smaller overall usable lot area and somewhat similar+ distant ocean view. The location is rated inferior.

Comp 4 is a corner lot with a slightly smaller usable lot area. The ocean view amenity is rated inferior to the subject.

Comp 5 is a triangular parcel located at the end of a cul-de-sac street and adjacent the Malibu High School tennis courts. The usable lot size is similar to the subject but the ocean view amenity is rated inferior.

The comparables were primarily adjusted for usable lot area, location, view amenity and permits/entitlements. Adjustments for price per acre and price per square foot were all erratic and were not considered to provide any logical insight to the subject's market value.

All comparables adjusted somewhat close to each other and the appraiser concluded the subject's final lot value at \$3,500,000.

MARKET VALUE CONCLUSION

Included in my analysis are multiple finished home sales located within the subject's general market area which were used to determine the subject value by the Sales Comparison Approach. The approach involves the direct comparison of the property being appraised with similar market comparables. Each sale was analyzed and compared on a per lot basis. The Sales Comparison Approach is heavily dependent upon the accuracy and comparability of the sales. Although the properties are considered comparable to the subject in terms of general physical and economic characteristics, various adjustment factors were considered. The approach did produce some recent sales and therefore believed useful and indicative in determining the subject's final estimate of value.

As previously mentioned, an extraordinary assumption of this report is the subject property has no adverse property conditions as to restrict and/or cause a future home development to be cost prohibitive. The report results (value) may be affected if the assumptions and conditions are not met. The following table summarizes the final value based upon my investigation and analysis of available information:

FINAL VALUE OPINION SUMMARY				
Market Value Scenario	Property Rights	Date of Value	Marketing/Exposure	Value Opinion
As-Is Value	Fee Simple	August 1, 2022	Four Months or Less	\$3,500,000

Sincerely,



Warren Glath,

State Certified General Appraiser # AG022193
Expires April 1, 2023
Date of Signature and Report: August 1, 2022

ADDENDUM

PROJECT SUMMARY

PROPOSED SITE PLAN

BASEMENT PLAN

FIRST LEVEL FLOOR PLAN

SECOND LEVEL FLOOR PLAN

ELEVATIONS & SECTIONS

LETTER SHOWING MONIES SPENT AS OF JUNE 18, 2022

APPRAISAL RESUME

APPRAISAL LICENSE

INVOICE

Project Summary

TOTAL DEVELOPMENT SQUARE FOOTAGE CALCULATIONS

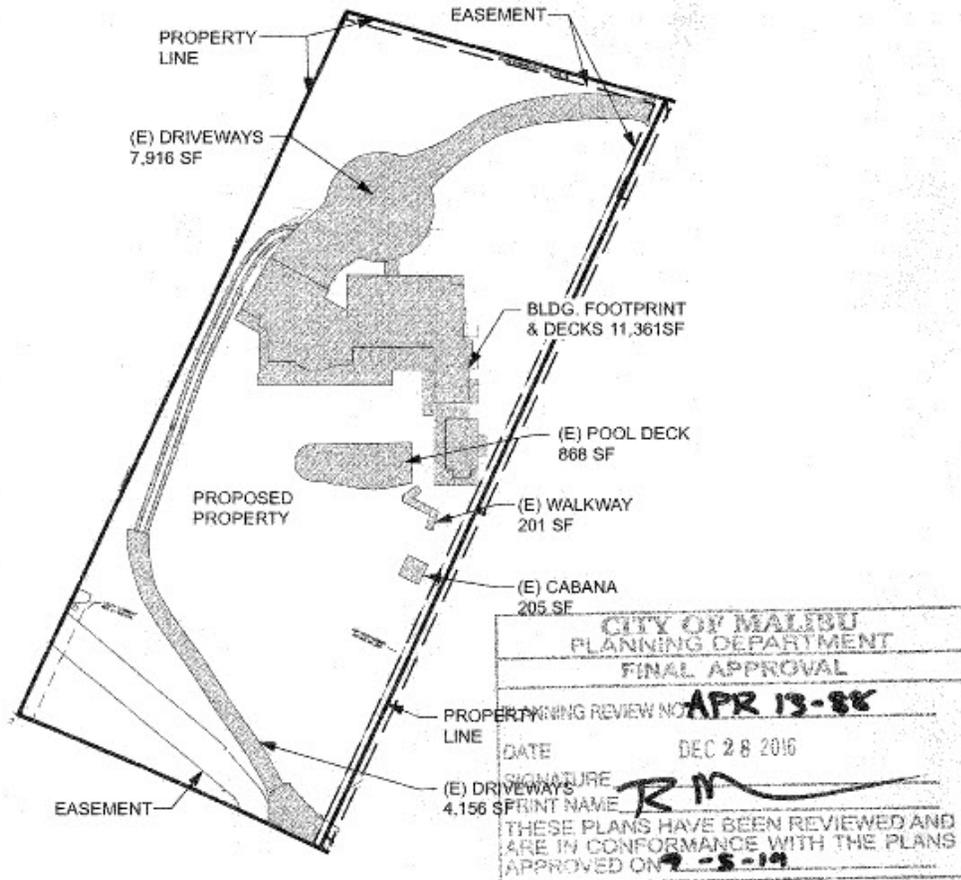
	BUILDING AREA PER ORIGINAL PLANS APPROVED BY CDP 5-90-476-A1	BUILDING AREA PER CONSTRUCTION TO DATE	PROPOSED BLDG. AREA
GROUND FLOOR:	6,326 SQ. FT	6,852 SQ. FT	6,852 SQ. FT
SECOND FLOOR:	1,670 SQ. FT	1,515 SQ. FT	1,515 SQ. FT
GARAGE:	1,064 SQ. FT	532 SQ. FT	532 SQ. FT
TOTAL:	TOTAL: 9,042 SQ. FT	TOTAL: 8,899 SQ. FT	TOTAL: 8,899 SQ. FT

MAXIMUM ALLOWABLE SQUARE FOOTAGE CALCULATIONS

SITE AREA: 108,028.8 S.F.
 EASEMENT AREA: 8,038.0 S.F.
 GROSS SITE AREA: 99,990.8 S.F.

UP TO 1/2 ACRE: $21,780 \times 0.177 = 3,855 + 1,000 = 4,855$ SF
 1/2 ACRE TO 1 ACRE: $43,560 - 21,780 = 21,780 \times 0.10 = 2,178$ SF
 1 ACRE TO 1 1/2 ACRE: $65,340 - 43,560 = 21,780 \times 0.05 = 1,089$ SF
 1 1/2 ACRE OR MORE: $99,990.8 - 65,340 = 34,650.8 \times 0.02 = 693$ SF

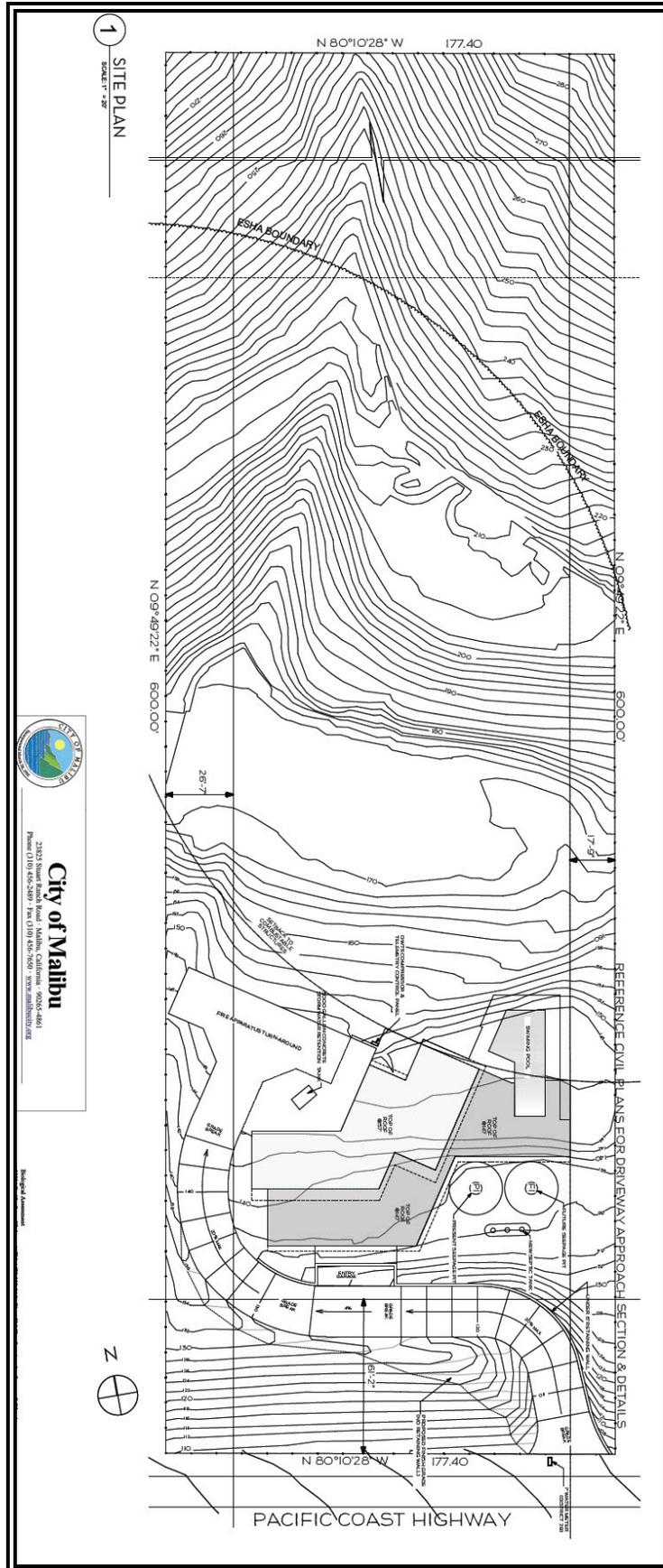
TOTAL MAXIMUM ALLOWABLE SQUARE FOOTAGE IS 8,815 SQ. FT



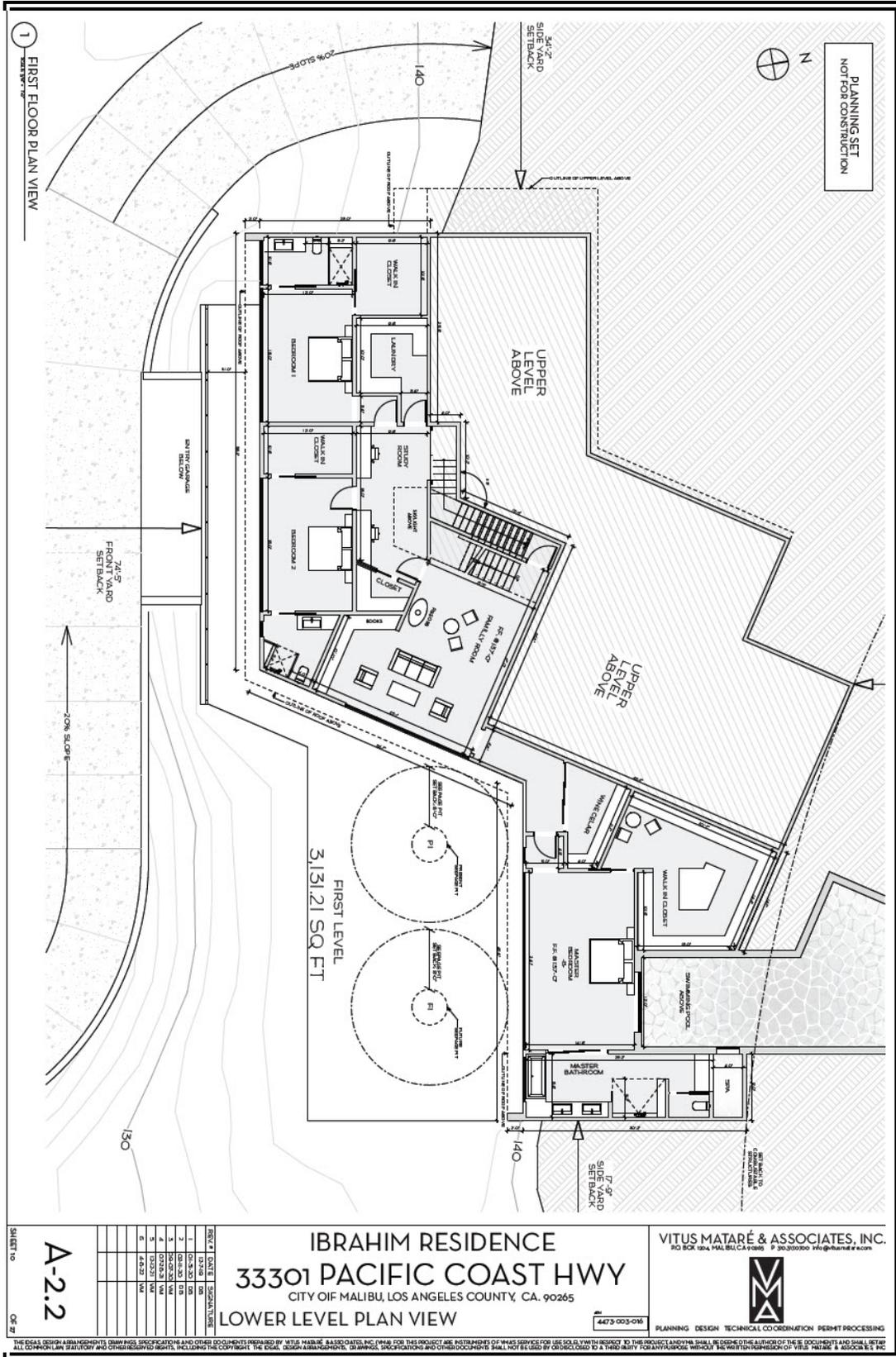
IMPERMEABLE COVERAGE CALCULATIONS

California Code (Check Applicable)

Proposed Site Plan



Proposed First Level Floor Plan



Letter Showing Monies Spent as of June 18, 2022



VITUS MATARÉ & ASSOCIATES, INC.

P.O. Box 1204, Malibu, California 90265

ph 310.317.0700

info@vitusmatare.com

June 18, 2022

re: 33301 Pacific Coast Hwy, Malibu 90265 (APN 4473-002-016)

Please find attached below a list of site exploratory services, reports, engineering and design drawings as well as governmental approvals obtained for the proposed development at 33301 Pacific Coast Highway. The values assigned are based on the associated cost at the time this documentation was compiled and approved. These values therefore represent the out-of-pocket expense rather than the value added which in each and every case would be a greater value.

1. Archaeological investigation report, review and approval - \$6,500
2. Topographical survey, color coded slope analysis - \$8000
3. LCP code slope analysis for Hillside Ordinance - \$5500
4. Initial subsurface exploration for geology, soils sampling and percolation testing - \$32,000
5. Permit history analysis and preparation of exhibits - \$4500
6. Initial soils engineering report with stability analysis - \$13,000
7. Engineering geologic study - \$9500
8. Preliminary civil plan (for 3 building locations) - \$24,750
9. Architectural schematic design (for 3 locations) - \$75,000
10. Soils engineering update report - \$5500
11. Geologic update report - \$5000
12. Preliminary on-site treatment system design report - \$7500
13. Initial planning submittal - City of Malibu - \$32,000
14. Fuel Modification plan, L.A. County Forestry review and approval - \$6500
15. Water main infrastructure contract - \$135,000
16. Fire Flow Certification / Will-Serve Letter from Water District - \$7,000
17. Landscape and water conservation plans - \$6,500
18. L.A. County Fire Prevention Bureau plans and review - \$10,000
19. Plan check expediting / permit processing - \$102,000
20. Public Works project review - \$4800
21. Biological impact assessment report, submittal and review - \$38,000

There are many smaller plan check and site maintenance line items not included here. Please advise if additional detail would be helpful.

Kind Regards -

Vitus Mataré

Appraiser's Resume

WARREN GLATH
Certified General Appraiser

FIRM NAME: ACCURATE APPRAISALS
1943 Marlowe Street
Thousand Oaks, California 91360

(805) 777-8170 (Office) / Wglath@yahoo.com

EDUCATION: Bachelor of Science Degree
Business Administration/Real Estate
California State University, Northridge

REAL ESTATE AND RELATED COURSES

* Principles of Real Estate	* Principles of Finance
* Real Estate Finance	* Investment Analysis
* Real Estate Valuation	* Business Law 1 and 2
* Real Estate Law	* Accounting (2 years)
* Advanced R. E. Appraisal	* Business Operations
* Appraisal Standard and Ethics	* Economics (2 years)

LICENSES: California State Certified General Appraiser # AG022193
California State Contractor's License

EMPLOYMENT
HISTORY

5/85 to Present ACCURATE APPRAISALS
Started Appraisal Company in 1985. Appraisal assignments include commercial, industrial, all types of zoned land, apartments and residential housing throughout Southern California. Also appraised in excess of over 500 residential construction loan related appraisals.

4-84 to 4-85 Full-time Staff Appraiser for Zenith Home Loan.

Appraiser's License



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

Warren G. Glath

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

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 022193

Effective Date: April 2, 2021

Date Expires: April 1, 2023

A handwritten signature in black ink that reads "Loretta Dillon".

Loretta Dillon, Deputy Bureau Chief, BREA

3057216

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