

Portfolio Overview

The Popoff Portfolio is a unique opportunity to purchase 8 industrial buildings totaling 91,504 SF along North County San Diego's 78 Corridor. The portfolio is a mix of 5 multi-tenant buildings and 3 single tenant buildings. Six of the properties are located in the City of San Marcos, four of which are within a half mile of the North City Development. There is extremely high demand for small industrial buildings from both owner users and investors, and the buildings range from approximately 5,000 SF-18,000 SF. Our team has identified an individual value for each building both from an investment and owner user perspective. All current leases are below market with short terms which provides an investor to re-lease the properties at the current market lease rates. There are very few buildings available for sale in the 5,000-20,000 SF range for owner users in San Diego County, bringing owner user pricing to a premium.

Comparable Sales Approach to Value

Sale prices for recent sales of comparable industrial buildings in the North San Diego market area range from \$299/SF to \$381/SF with a median sale price of \$308/SF and an average sale price of \$320/SF. Using the sale comparison approach and the data from the comparable sales included in this report results in a property value of \$29,281,280 (\$320/SF).

Income Approach to Value

The Income Approach to value is based on reviewing "current market" income and expenses for the subject property based on recent market data obtained for similar industrial properties. Investor purchased properties in San Diego have sold recently with cap rates between 5% - 6.5% for comparable properties. Based on recent sale and lease comparables we determined a 5.5% cap rate is appropriate for the subject property.

Mark to Market Net Operating Income (NOI) \$1,560,661
Valuation at a 5.5% cap rate \$28,375,658 (\$310/SF)

Based on the age and condition of the property the Income Approach value estimate of the property is
\$28,375,658 (\$310/SF)

Replacement Approach to Value

Replacement Cost Approach to Value: This approach uses current market information to determine what new buildings of the same size and in the same location would cost to reproduce:

| | <u>\$/SF</u> | <u>Value</u> |
|----------------------|--------------|-------------------------|
| Land (6.37 acres) | \$55 | \$15,272,290 |
| Shell (91,504 SF) | \$125 | \$11,438,000 |
| Office TI (18,301SF) | \$115 | \$2,104,592 |
| Total to rebuild: | | \$28,814,882 (\$314/SF) |

Building Breakdown

| Address | SF | Investment Sale | Owner/User Sale |
|--------------------|--------|-----------------|-----------------|
| 341 Enterprise St | 9,980 | \$3,266,181.82 | \$3,493,000.00 |
| 255 Industrial Ave | 13,423 | \$4,100,116.36 | \$4,161,130.00 |
| 342 E Barham Dr | 14,000 | \$4,276,363.64 | \$4,340,000.00 |
| 110 Venture St | 5,440 | \$1,661,672.73 | \$1,768,000.00 |
| 920 Rancheros Dr | 18,200 | \$5,559,272.73 | \$5,733,000.00 |
| 935 Bailey Ct | 12,500 | \$3,818,181.82 | \$3,937,500.00 |
| 251 Vinewood St | 8,446 | \$2,579,869.09 | \$2,702,720.00 |
| 1150 Joshua Way | 9,515 | \$3,114,000.00 | \$3,330,250.00 |
| Total | 91,504 | \$28,375,658.19 | \$29,465,600.00 |

| Address | Suite | Tenant | Lease Expiration | Size | Current Rent (NNN basis) | Market Rent (NNN) | Cap Rate/Purchase Price (Proforma Rents) | User Price |
|--------------------------------|-----------------------|-------------------------------|------------------|--------|--------------------------|-------------------|--|-------------------------|
| 341 Enterprise St, San Marcos | | | | | | | 5.5% \$3,266,181.82 (\$327 PSF) | \$3,493,000 (\$350 PSF) |
| | 341 | A & G Industries, Inc. | 12/31/2026 | 9,980 | \$0.55 | \$1.50 | | |
| 255 Industrial Ave, San Marcos | | | | | | | 5.5% \$4,100,116.36 (\$305 PSF) | \$4,161,130 (\$310 PSF) |
| | A | King Custom Metal | 10/31/2024 | 4,000 | \$0.45 | \$1.40 | | |
| | B | James Phillion | 9/30/2023 | 3,268 | \$0.65 | \$1.40 | | |
| | C | Hans Liebscher Sheet Metal | 10/31/2024 | 2,000 | \$0.33 | \$1.40 | | |
| | C1 | Curtis Brown | MTM | 1,250 | \$0.50 | \$1.40 | | |
| | D | Diesel Pollution Solutions | 10/31/2024 | 905 | \$1.53 | \$1.40 | | |
| | A1 - 1st Floor Office | | | 100 | Vacant | \$1.40 | | |
| | A2 - 1st Floor Office | | | 100 | Vacant | \$1.40 | | |
| | 1st Floor | James Phillion | 8/31/2022 | 100 | \$0.00 | \$1.40 | | |
| | A3 - Office | Stonebrook Landscape | 1/31/2023 | 800 | \$1.20 | \$1.40 | | |
| | 2nd Floor confernce | | | 200 | | | | |
| | B2 - 2nd Floor Office | Hans Liebscher | | 150 | \$0.00 | | | |
| | B3 - 2nd Floor Office | | | 100 | Vacant | | | |
| | B4 - 2nd Floor Office | | | 100 | Vacant | | | |
| | B5 - 2nd Floor Office | | | 150 | Vacant | | | |
| | B6 - 2nd Floor Office | | | 100 | Vacant | | | |
| | B7 - 2nd Floor Office | | | 100 | Vacant | | | |
| 342 E Barham Dr, San Marcos | | | | | | | 5.5% \$4,276,363.64 (\$305 PSF) | \$4,340,000 (\$310 PSF) |
| | A | Sure Shot Plastics | MTM | 2,000 | \$0.58 | \$1.40 | | |
| | A1/B1/C | Uriel Solano Arellano | 8/31/2024 | 6,250 | \$0.60 | \$1.40 | | |
| | A2 | Jose I. Lopez Medina | MTM | 1,000 | \$1.29 | \$1.40 | | |
| | B | King Spa Covers | 10/31/2024 | 1,750 | \$0.61 | \$1.40 | | |
| | C1 | Gary Wildeson | 10/31/2024 | 1,000 | \$0.60 | \$1.40 | | |
| | D | DRS Custom Design & Build | 5/31/2023 | 2,000 | \$0.83 | \$1.40 | | |
| 110 Venture St, San Marcos | | | | | | | 5.5% \$1,661,672.73 (\$305 PSF) | \$1,768,000 (\$325 PSF) |
| | 110 | Templaco Tool Company | 10/31/2023 | 5,440 | \$0.69 | \$1.40 | | |
| 920 Rancheros Dr, San Marcos | | | | | | | 5.5% \$5,559,272.73 (\$305 PSF) | \$5,733,000 (\$315 PSF) |
| | A | Ogden Flooring | MTM | 2,800 | \$0.38 | \$1.40 | | |
| | B | Corky's Pest Control | 10/31/2024 | 2,800 | \$0.50 | \$1.40 | | |
| | C/F/F1 | Marine Taxonomic Services Ltd | 10/31/2024 | 7,000 | \$0.41 | \$1.40 | | |
| | D | Peter De Silva | MTM | 2,800 | \$0.41 | \$1.40 | | |
| | E | Standard Vending Services | MTM | 2,800 | \$0.34 | \$1.40 | | |
| 935 Bailey Ct, San Marcos | | | | | | | 5.5% \$3,818,181.82 (\$305 PSF) | \$3,937,500 (\$315 PSF) |
| | 100 | Jake Stagg | 4/30/2023 | 1,750 | \$0.36 | \$1.40 | | |
| | 101 | Jake Stagg | 3/30/2023 | 1,450 | \$0.72 | \$1.40 | | |
| | 102 | Jake Stagg | 3/31/2023 | 1,450 | \$0.85 | \$1.40 | | |
| | 103 | Darren Chen | MTM | 1,450 | \$0.87 | \$1.40 | | |
| | 104 | Eric Perkett | 10/31/2023 | 1,750 | \$0.56 | \$1.40 | | |
| | 105 | Kyu Sun Kim | MTM | 1,450 | \$0.61 | \$1.40 | | |
| | 106 | Bumper Specialists | MTM | 1,450 | \$1.25 | \$1.40 | | |
| | 107 | Ghiloni Granite Design | 3/31/2024 | 1,750 | \$0.88 | \$1.40 | | |
| 251 Vinewood St, Escondido | | | | | | | 5.5% \$2,579,869.09 (\$305 PSF) | \$2,702,720 (\$320 PSF) |
| | A | Direct Mail & Print | 10/31/2024 | 1,525 | \$0.49 | \$1.40 | | |
| | B | Javier Auto Repair | 10/31/2024 | 1,349 | \$0.74 | \$1.40 | | |
| | C | New Generation Roof Systems | 3/31/2023 | 1,349 | \$0.87 | \$1.40 | | |
| | D | Juan Castro | 10/31/2024 | 1,349 | \$0.59 | \$1.40 | | |
| | E | Old Town Upholstery | 10/31/2024 | 1,349 | \$0.59 | \$1.40 | | |
| | F | Automated Entry Systems | 10/31/2024 | 1,525 | \$0.50 | \$1.40 | | |
| 1150 Joshua Way, Vista | | | | | | | 5.5% \$3,114,000 (\$327 PSF) | \$3,330,250 (\$350) |
| | 1150 | Better Buzz Coffee | 10/31/2023 | 9,515 | \$0.50 | \$1.50 | | |
| | | | | 91,504 | | | | |