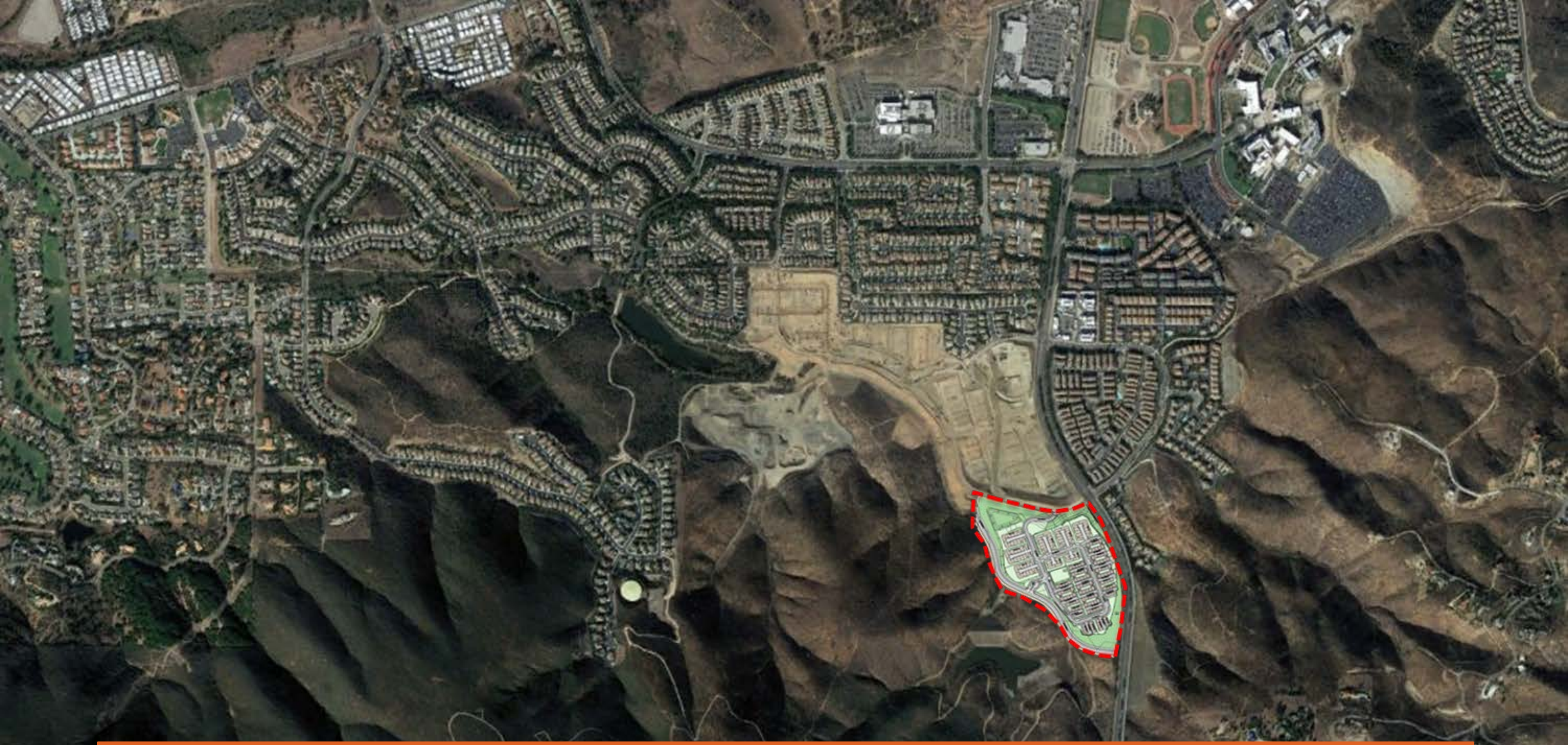

PRICE POINT ANALYSIS

Rancho Coronado MU-4, San Marcos, CA

October 2017 | City of San Marcos
MU-4, Rancho Coronado, San Diego County, CA

MEYERS RESEARCH
a Kennedy Wilson Company

CONTACT INFORMATION

This market analysis was prepared by Meyers Research, a market research and consulting firm specializing in the real estate industry. It has been commissioned by David Taussig & Associates, Inc. on behalf of the City of San Marcos (collectively "The Team").

Peter Dennehy served as Project Director and oversaw all aspects of this assignment. Alexis Wilmot managed the engagement on a day-to-day basis. Follow-up questions should be directed to Peter Dennehy at (858) 381-4380 or pdennehy@meyersllc.com.

OBJECTIVE

This analysis is dated October 2017 but the study was conducted in May 2017, and all the conclusions relate to May 2017. The objective of this analysis is to determine current achievable market pricing for the MU-4 attached product portion of the proposed Rancho Coronado master plan in San Marcos, San Diego County, California (the marketing name will be Rancho Tesoro). The project is next to California State University San Marcos on the western side of Twin Oaks Valley Road. As planned, the entire Rancho Tesoro project will include 346 single family detached units in four distinct product types and 220 townhome units in two different product types (this study focuses on the 220 townhomes in the MU-4 area only). It is anticipated that the two MU-4 communities will be gated and there will be some private recreation facilities. The timing of the release of the two townhome projects will likely be delayed pending completion of a rezone.

LIMITING CONDITIONS

The Team is responsible for representations about its development plans, marketing expectations and for disclosure of any significant information that might affect the ultimate realization of the projected results.

There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material.

We have no responsibility to update our report for events and circumstances occurring after the date of our report.

Payment of any and all of our fees and expenses is not in any way contingent upon any factor other than our providing services related to this report.

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Key Value Findings

Rancho Coronado MU-4, San Marcos, California

Rezone from MU-4 to Residential

MU-4:
Rancho Coronado MU-4 is currently zoned Specific Plan Area "Heart of the City" MU-4 Business Park. By definition in the City of San Marcos Zoning Ordinance, the permitted uses entail developing a high-quality attractive campus designed for the grouping of typical uses such as commercial retail, commercial services, office, and business park uses. Retail and other active services are encouraged at street level. District MU-4 is a mixed-use non-residential use and the Heart of the City Specific Plan has set aside 23.2 acres for up to 592,415 SF of building development. The City of San Marcos has given guidance to assume 240,000 SF in total development for the purposes of this study.

Some of the notable specific uses under MU-4 in the Specific Plan include:
1. Restaurants, cafes, bakeries and specialty food stores
2. Department stores, retail shops and small service stores such as salons
3. Manufacture of prototype and experimental products/technology
4. Business and professional offices, notably offices of firms engaged in research and development
5. Medical and dental offices, and emergency care facilities
6. Banks and financial institutions
7. Health and athletic gym facilities

The proposed rezone to residential makes sense, given given the scale of retail and office development located just north of MU-4 in **North City. It is unlikely that the currently zoned uses would be marketable at the project, and the valuation is a theoretical exercise only.**

On the following two pages we compare residential versus MU-4 valuation and possible absorption.

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Residential Recommended Pricing

Residential: The City is contemplating changing the zoning to develop 220 units on 23.2 gross acres, at an overall density of 10 units per acre, which would be Residential-2 or Low Medium Density Residential (8.1 to 12.0 units per acre). The table below summarizes our detailed residential product recommendations and estimated price per unit.

The recommended total average price for the motorcourt Product A is $451,259 ($361 per square foot) while the Product B townhomes are priced at $470,896 per unit ($313 per square foot). The total average price for all the units is $461,970 per unit, or $335 per square foot, with an average total sales rate of 9 units per month.

COMMUNITY SPECIFICS		FLOORPLANS						RECOMMENDATIONS														
Subject Property Name / **Location** / Product Details	Sales Summary	Mix	Size SF	Bed	Bath	Level	Pkg	Mo Sales Pace	Base Price	Base Price/ SF	Incentives: Total / All Incentives	Incentives: Off Price Of Home	Net Base Price ($ Impacting)	Net Base Price/ SF	Assumptions: Options / Upgrades	Assumptions: Estimated Premiums	Total Price	Total Price/ SF	Payment Assumptions: Monthly HOA	Base Tax Rate	Addl Tax Assess.	90.0% 4.5% Mo. Pmt.
MU-4 Product A	**City of San Marcos**	12	725	1	1.5	2	2	5.0	$329,990	$455	($5,000)	$0	$329,990	$455	$13,200	$4,125	347,314	$479	$275	1.10%	0.50%	$2,530
San Marcos	**Rancho Coronado**	12	1,070	2	2.0	2	2		$404,990	$378	($5,000)	$0	$404,990	$378	$16,200	$5,062	426,252	$398	$275	1.10%	0.50%	$3,043
Product: Townhomes	Total Units: 100	16	1,170	2	2.5	2	2		$419,990	$359	($5,000)	$0	$419,990	$359	$16,800	$5,250	442,039	$378	$275	1.10%	0.50%	$3,145
Configuration: Motor Court	Units Sold: 0	16	1,219	2	2.0	2	2		$425,990	$349	($5,000)	$0	$425,990	$349	$17,040	$5,325	448,354	$368	$275	1.10%	0.50%	$3,186
Lot Dimensions: 6 to 16-plex	3 Months Sold: 0	28	1,383	3	2.5	2	2		$449,990	$325	($5,000)	$0	$449,990	$325	$18,000	$5,625	473,614	$342	$275	1.10%	0.50%	$3,350
Product:	Units Remaining: 100	16	1,661	3	2.5	2	2		$494,990	$298	($5,000)	$0	$494,990	$298	$19,800	$6,187	520,977	$314	$275	1.10%	0.50%	$3,658
	% Remaining: 100%																					
	Summary Statistics:	100	1,251					5.0	$428,750	$343	($5,000)	$0	$428,750	$343	$17,150	$5,359	451,259	$361	$275	1.10%	0.50%	$3,205
MU-4 Product B	**City of San Marcos**	38	1,218	2	2.5	1	2	4.0	$404,990	$333	($5,000)	$0	$404,990	$333	$16,200	$5,062	426,252	$350	$275	1.10%	0.50%	$3,043
San Marcos	**Rancho Coronado**	54	1,529	3	2.5	1	2		$449,990	$294	($5,000)	$0	$449,990	$294	$18,000	$5,625	473,614	$310	$275	1.10%	0.50%	$3,350
Product: Townhomes	Total Units: 120	28	1,843	3	2.5	1	2		$499,990	$271	($5,000)	$0	$499,990	$271	$20,000	$6,250	526,239	$286	$275	1.10%	0.50%	$3,692
Configuration: 3-story TH	Units Sold: 0																					
Lot Dimensions: 3 to 10-plex	3 Months Sold: 0																					
Product:	Units Remaining: 120																					
	% Remaining: 100%																					
	Summary Statistics:	120	1,504					4.0	$447,407	$298	($5,000)	$0	$447,407	$298	$17,896	$5,593	470,896	$313	$275	1.10%	0.50%	$3,333

Project/Subdivision	Type	Configuration	# of Units	Est % of Total Units	Average Unit Size	BASE PRICE: Base Price	BASE PRICE: $/SF	Price Impacting Incentives	NET BASE PRICE: Net Base Price	NET BASE PRICE: $/SF	$ ASSUMPTIONS: Options	$ ASSUMPTIONS: Premiums	AVERAGE PRICE: Average Price	AVERAGE PRICE: $/SF	Estimated Sales/Month
MU-4 Product A	Townhomes	Motor Court	100	45%	1,251	$428,750	$343	$0	$428,750	$343	$17,150	$5,359	$451,259	$361	5.00
MU-4 Product B	Townhomes	3-story TH	120	55%	1,504	$447,407	$298	$0	$447,407	$298	$17,896	$5,593	$470,896	$313	4.00
COMMUNITY SUMMARY			220	100%	1,389	$438,926	$318	$0	$438,926	$318	$17,557	$5,487	$461,970	$335	9.00

Commercial Value Conclusions

Methodology: As part of our due diligence on MU-4, Meyers researched the commercial market trends, sales comparables, and commercial buildings for lease, and spoke to local San Marcos commercial space broker representatives. We analyzed the development activity and related values of other new construction commercial spaces in San Marcos, most notably North City, which is located just south of the project, where the retail and office space provide some benchmarks of possible land values and lease rates at the project. There are no newer construction business park transactions in San Marcos, and so Meyers looked further afield at Vista and Carlsbad for comparable transactions.

Conclusions: Using the three different appraisal methods of property tax valuation sale transaction and net operating income/cap rate, Meyers concludes that **a completed business park project zoned MU-4 could be valued today at approximately $51 million ($212.50 per square foot)**. This assumes developing a total of 240,000 square feet with a mix of business park (216,000 square feet) and retail of 24,000 square feet. These values are based on todays lease rates, listings and recent sale transactions, using two methods of calculating value: a net operating income and cap rate approach, as well as a sales transaction (comps) approach. **The lease rates and sales pricing for business park and retail space in the area is discussed in more detail on pages 53 to 60.** An analysis of office is also provided in that section, as this is an inclusive use under the MU-4 zoning guidelines.

Net Operating Income/ Cap Rate Valuation Approach

Type	Square Feet	Estimated Monthly Lease Rate Per SF (NNN)*	Estimated Annual Lease Rate Per SF (NNN)*	Annual Lease Revenue	Minus Stabilized Vacancy Rate	Minus Marketing, Commissions, Legal, Etc.	Minus Property Taxes (Office Bldg.)	Vacancy and Credit Loss	Total Estimated Annual Revenues	Cap Rate (%)	Total Value
Retail	24,000	$3.00	$36.00	$864,000	-10.0%	-10.0%	--	($172,800)	$691,200	5.00%	$13,824,000
Business Park	216,000	$1.05	$12.60	$2,721,600	-10.0%	-10.0%	--	($544,320)	$2,177,280	6.25%	$34,836,480
TOTAL	**240,000**	**$1.25**	**$14.94**	**$3,585,600**	**-10.0%**	**-10.0%**	**--**	**($717,120)**	**$2,868,480**	**--**	**$48,660,480**

Tax Valuation Approach

Type	Square Feet	Price Per Square Foot	Total Value
Retail	24,000	$325	$7,800,000
Business Park	216,000	$200	$43,200,000
TOTAL	**240,000**	**$213**	**$51,000,000**

Sales Transaction Valuation Approach

Type	Square Feet	Price Per Square Foot	Total Value
Retail	24,000	$450	$10,800,000
Business Park	216,000	$200	$43,200,000
TOTAL	**240,000**	**$225**	**$54,000,000**

Current Value of Commercial and Residential Uses Compared

The valuation for Rancho Coronado MU-4 **as currently zoned is estimated at $51.0 million. As a residential townhome development of 220 units, MU-4 is valued at an estimated at $101,633,400 in today's dollars.**

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MU-4 SF	Price per SF	Revenue
240,000	**$ 212.50**	**$ 51,000,000**
# of Units	**Price per Unit**	**Revenue**
12	$ 347,314	$ 4,167,774
12	$ 426,252	$ 5,115,024
16	$ 442,039	$ 7,072,632
16	$ 448,354	$ 7,173,672
28	$ 473,614	$ 13,261,205
16	$ 520,977	$ 8,335,632
38	$ 426,252	$ 16,197,575
54	$ 473,614	$ 25,575,182
28	$ 526,239	$ 14,734,705
220	**$ 461,970**	**$ 101,633,400**
	Variance	**$ 50,633,400**

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Price Appreciation and Potential Property Tax Revenue Stream

Meyers has anticipated a conservative price appreciation of 2.0% per year from 2019 onwards (“Year 1” on the property tax revenue schedule) on both the residential and commercial pricing. Appreciation of 2.0% for the remainder of 2017 and 3.0% for 2018 is also factored into the market entry pricing for both land uses.

At a property tax rate of 1.117432%, MU-4 as a residential development generates **potential total property tax revenue of $11,703,649** ($1,170,365 per year on average for Years 1 through 10). As currently zoned, the project generates potential property tax revenue of $4,123,241 ($412,324 per year on average in years 1 through 10).

					YEAR		1	2	3	4	5	6	7	8	9	10
TOTAL PRICE APPRECIATION SCHEDULE					2017 Q3/4	2018 Q 1/2	2018 Q3/4	2019	2020	2021	2022	2023	2024	2025	2026	2027
Product	Type	Configuration	# of Units	Average Price	2.0%	1.5%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
MU-4 Product A	Townhomes	Motor Court	100	$451,259	$460,285	$467,189	$474,197	$483,681	$493,354	$503,221	$513,286	$523,551	$534,022	$544,703	$555,597	$566,709
MU-4 Product B	Townhomes	3-story TH	120	$470,896	$480,313	$487,518	$494,831	$504,728	$514,822	$525,119	$535,621	$546,333	$557,260	$568,405	$579,773	$591,369
RESIDENTIAL SUMMARY			220	$461,970	$471,209	$478,278	$485,452	$495,161	$505,064	$515,165	$525,469	$535,978	$546,697	$557,631	$568,784	$580,160
MU-4 Commercial			240,000 SF	$212.50	$216.75	$220.00	$223.30	$227.77	$232.32	$236.97	$241.71	$246.54	$251.47	$256.50	$261.63	$266.87
COMMERCIAL SUMMARY			240,000 SF	$212.50	$216.75	$220.00	$223.30	$227.77	$232.32	$236.97	$241.71	$246.54	$251.47	$256.50	$261.63	$266.87

Residential Sell out

HYPOTHETICAL TAX REVENUE				YEAR			1	2	3	4	5	6	7	8	9	10
1.12%	Type	Configuration	Units/SF	TOTAL	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
# Sales	Townhomes	Motor Court	220	54			54	156	208	220	220	220	220	220	220	220
Revenue	Townhomes	3-story TH	220	54			26,214,392	77,245,075	105,053,302	113,336,350	115,603,077	117,915,139	120,273,442	122,678,911	123,905,700	125,144,757
PROPERTY TAX: RESIDENTIAL TOWNHOMES			220 UNITS	11,703,649			292,928	863,161	1,173,899	1,266,457	1,291,786	1,317,621	1,343,974	1,370,853	1,384,562	1,398,408

HYPOTHETICAL TAX REVENUE				YEAR			1	2	3	4	5	6	7	8	9	10
SF Developed	MU-4		240,000						150,000	150,000	150,000	150,000	240,000	240,000	240,000	240,000
Revenue	MU-4								34,106,250	34,788,375	35,484,143	36,193,825	55,701,325	56,815,352	57,951,659	57,951,659
PROPERTY TAX: MU-4			592,415 SF	4,123,241					381,114	388,736	396,511	404,441	622,424	634,873	647,570	647,570

Source: Meyers Research

Commercial Fully built out

Site and Floorplans

Rancho Coronado MU-4, San Marcos, California

Land Use Change

MU-4 represents the southernmost portion of the Rancho Coronado Specific Plan area (being marketed as Rancho Tesoro). The applicant / property owner has requested a change in use from Business Park to residential (the original approved uses included Open Space and School). The change would entail a Specific Plan Amendment, Tentative Subdivision Map, Site Development Plan, Conditional Use Permit, and a Rezone.

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Site Plan: MU-4 Attached Townhomes

The MU-4 site is currently zoned for commercial use but is proposed for rezone to residential, with two attached townhome products, for a total of 220 units. Product A will have 16-plex, 14-plex and 6-plex motorcourt configurations with a total of 100 two-story townhome units ranging from 725 square feet to 1,661 square feet. Product B will have a 10-unit donut, 5-unit bar, 4-unit bar and 3-unit bar with a total of 120 3-story townhome units ranging from 1,218 square feet to 1,843 square feet.

BUILDING TYPES

PRODUCT TYPE 'A'			
BUILDING TYPE	DESCRIPTION	# OF OCCURANCE	TOTAL UNITS
16-PLEX	1,2,5,5,5,3,4,6 (x2)	2	32
14 PLEX	1,2,5,5,3,4,6 (x2)	4	56
6-PLEX	3,4,6, (x2)	2	12
TOTAL		8	100

PRODUCT TYPE 'B'			
BUILDING TYPE	DESCRIPTION	# OF OCCURANCE	TOTAL UNITS
10-UNIT DONUT	3,1,2,2,3 (x2)	7	70
5-UNIT BAR	2,1,1,1,2	3	15
4-UNIT BAR	2,1,1,2	5	20
3-UNIT BAR	2,1,2	5	15
TOTAL		20	120

UNIT TYPES

PRODUCT TYPE 'A				
UNIT TYPE	DESCRIPTION	SQ.FT.	# OF OCCURANCE	TOTAL SQ.FT.
UNIT 1	1 BED, 1.5 BA.	725 SQ.FT.	12	8,700
UNIT 2	2 BED, 2 BA.	1,070 SQ.FT.	12	12,840
UNIT 3	2 BED, 2.5 BA.	1,170 SQ.FT.	16	18,720
UNIT 4	2 BED, 2 BA.	1,219 SQ.FT.	16	19,504
UNIT 5	3 BED, 2.5 BA.	1,383 SQ.FT.	28	38,724
UNIT 6	3 BED, 2.5 BA.	1,661 SQ.FT.	16	26,576
TOTAL			100	125,064

PRODUCT TYPE 'B'				
BUILDING TYPE	DESCRIPTION	SQ.FT.	# OF OCCURANCE	TOTAL SQ.FT.
UNIT 1	2 BED, 2.5 BA.	1,218 SQ.FT.	38	46,284
UNIT 2	3 BED, 2.5 BA.	1,529 SQ.FT.	54	81,037
UNIT 3	3 BED, 2.5 BA.	1,843 SQ.FT.	28	51,604
TOTAL			120	178,925

BUILDING INFORMATION			
BLDG. #	PRODUCT TYPE	BUILDING TYPE	# OF UNITS
1	A	I-B	16
2	A	I-A	16
3	A	II-B	14
4	A	II-A	14
5	A	II-B	14
6	A	II-A	14
7	A	III-A	6
8	A	III-B	6
9	B	I-B	10
10	B	I-A	10
11	B	I-B	10
12	B	III-A	4
13	B	III-B	4
14	B	IV-A	3
15	B	II-B	5
16	B	I-A	10
17	B	I-B	10
18	B	I-A	10
19	B	II-B	5
20	B	IV-B	3
21	B	III-A	4
22	B	III-B	4
23	B	IV-A	3
24	B	IV-B	3
25	B	IV-A	3
26	B	III-B	4
27	B	I-A	10
28	B	II-B	5

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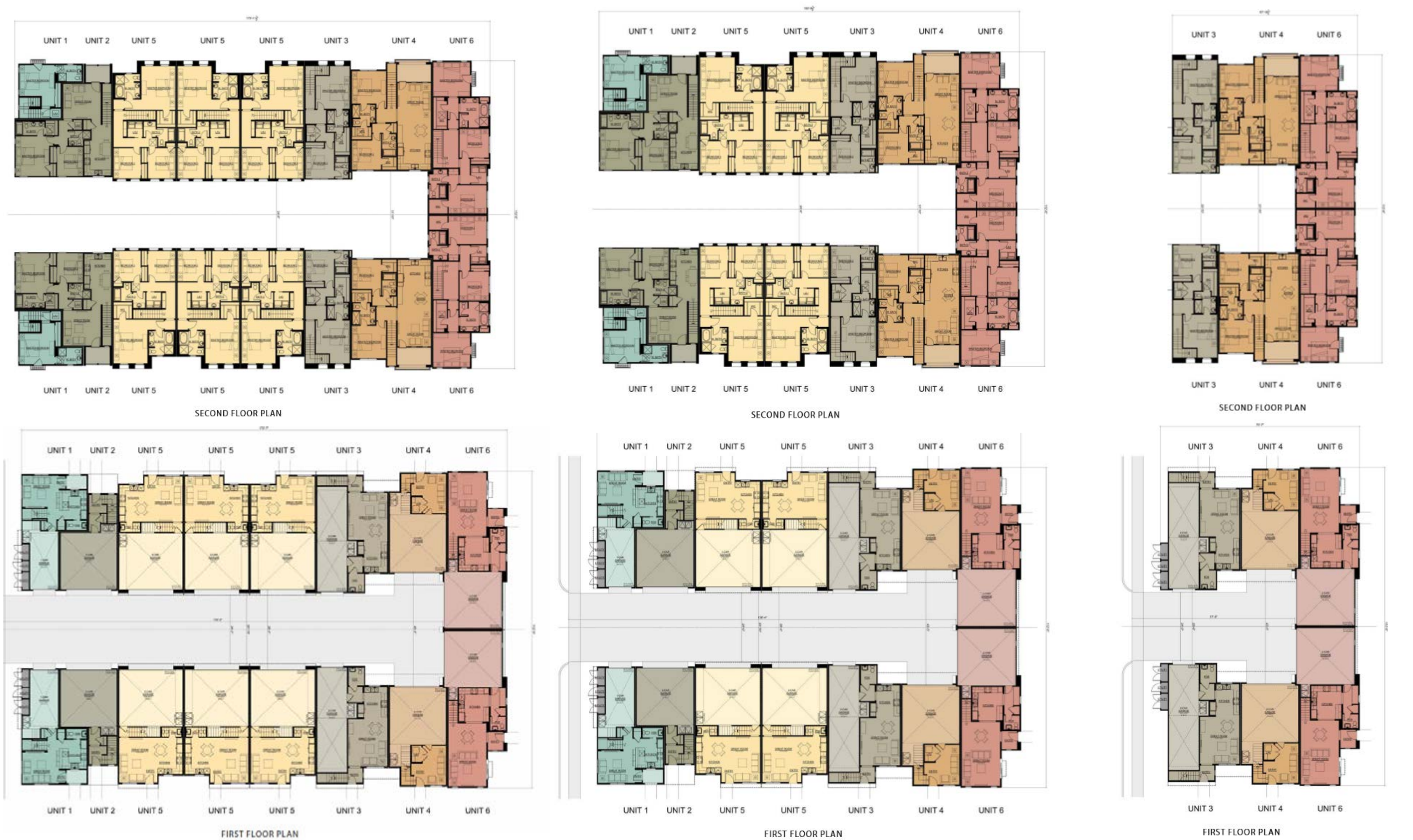
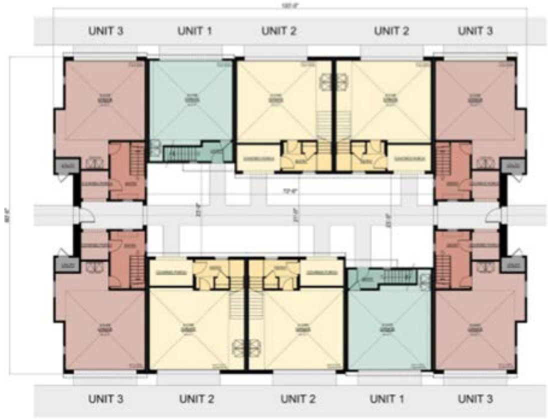
Product A Floor Plans

Product A is a two-story product in a motorcourt configuration with 6-plex, 14-plex and 16-plex layouts. The garage entries are from the interior, and the units have a private outdoor living space on the exterior side of the motorcourt.



Product B Floor Plans

Product B is a three-story townhome in 3,4,5 and 10-plex layouts (the 5-plex is not shown here, and is the same layout as the 4-plex with an extra Unit 1 in the center. The garage entries are from the exterior, and the units do not have ground floor private outdoor space as in Product A.



FIRST FLOOR PLAN

SECOND FLOOR PLAN

THIRD FLOOR PLAN

FIRST FLOOR PLAN

SECOND FLOOR PLAN

THIRD FLOOR PLAN

FIRST FLOOR PLAN

SECOND FLOOR PLAN

THIRD FLOOR PLAN

Elevations (not updated – need new architecture)

Product A Elevations.

RIGHT ELEVATION
STYLE "A"

REAR ELEVATION
STYLE "B"

FRONT ELEVATION
STYLE "B"

Product B Elevations.

FRONT ELEVATION
STYLE "A"

FRONT ELEVATION
STYLE "B"

FRONT ELEVATION

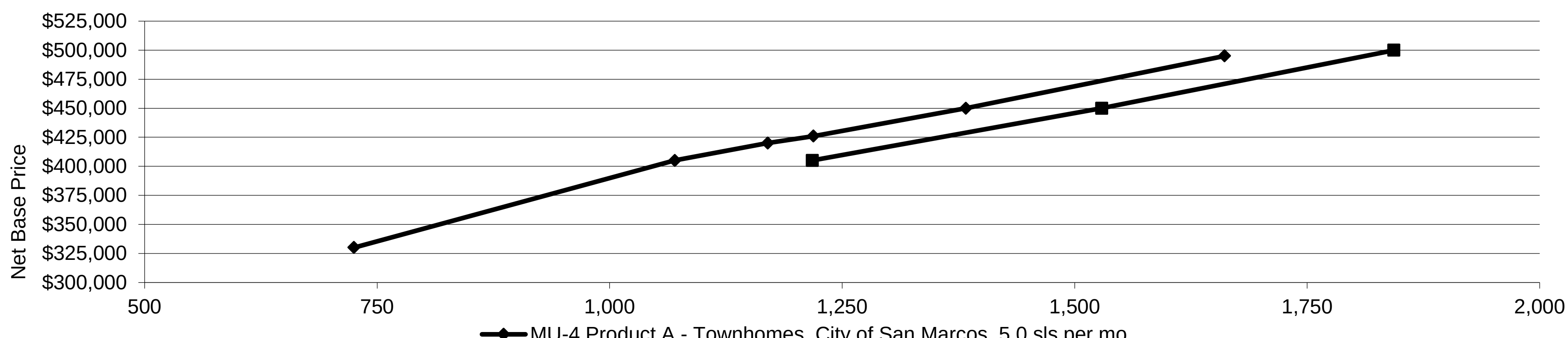
Residential Pricing & Absorption

Rancho Coronado MU-4, San Marcos, California

Pricing & Absorption Recommendations - Attached

The table below reflects Meyers' recommended average base price, options/upgrade revenue estimate, lot premium estimate, total price, and estimated absorption rate for the attached product lines planned for the project property as of May 2017. Options/upgrades revenue is estimated at 4%, and unit premiums are estimated at 1.25% of base price revenue. Based on the product program provided and our market analysis, **our recommended average total price (base + options/upgrades + premiums) is $450,800 ($361 per square foot) for the motor court product, and $470,900 ($313 per square foot) for the three story townhomes**. We recommend budgeting $5,000 for marketing incentives (can be added back to recommended base prices, incentives are typically closing costs tied to lender and not taken off of the sales price).

COMMUNITY SPECIFICS				FLOORPLANS						RECOMMENDATIONS										
Subject Property Name / **Location** / Product Details		Sales Summary		Mix	Size SF	Bed	Bath	Level	Pkg	Mo Sales Pace	Base Price	Base Price/ SF	Incentives Total / All Incentives	Incentives Off Price Of Home	Net Base Price ($ Impacting)	Net Base Price/ SF	Assumptions Options / Upgrades	Assumptions Estimated Premiums	Total Price	Total Price/ SF
MU-4 Product A		**City of San Marcos**		12	725	1	1.5	2	2	5.0	$329,990	$455	($5,000)	$0	$329,990	$455	$13,200	$4,125	$347,314	$479
San Marcos		**Rancho Coronado**		12	1,070	2	2.0	2	2		$404,990	$378	($5,000)	$0	$404,990	$378	$16,200	$5,062	$426,252	$398
Product:	Townhomes	Total Units:	100	16	1,170	2	2.5	2	2		$419,990	$359	($5,000)	$0	$419,990	$359	$16,800	$5,250	$442,039	$378
Configuration:	Motor Court	Units Sold:	0	16	1,219	2	2.0	2	2		$425,990	$349	($5,000)	$0	$425,990	$349	$17,040	$5,325	$448,354	$368
Lot Dimensions:	6 to 16-plex	3 Months Sold:	0	28	1,383	3	2.5	2	2		$449,990	$325	($5,000)	$0	$449,990	$325	$18,000	$5,625	$473,614	$342
Product:		Units Remaining:	100	16	1,661	3	2.5	2	2		$494,990	$298	($5,000)	$0	$494,990	$298	$19,800	$6,187	$520,977	$314
		% Remaining:	100%																	
		Summary Statistics:		100	1,251					5.0	$428,750	$343	($5,000)	$0	$428,750	$343	$17,150	$5,359	$451,259	$361
MU-4 Product B		**City of San Marcos**		38	1,218	2	2.5	1	2	4.0	$404,990	$333	($5,000)	$0	$404,990	$333	$16,200	$5,062	$426,252	$350
San Marcos		**Rancho Coronado**		54	1,529	3	2.5	1	2		$449,990	$294	($5,000)	$0	$449,990	$294	$18,000	$5,625	$473,614	$310
Product:	Townhomes	Total Units:	120	28	1,843	3	2.5	1	2		$499,990	$271	($5,000)	$0	$499,990	$271	$20,000	$6,250	$526,239	$286
Configuration:	3-story TH	Units Sold:	0																	
Lot Dimensions:	3 to 10-plex	3 Months Sold:	0																	
Product:		Units Remaining:	120																	
		% Remaining:	100%																	
		Summary Statistics:		120	1,504					4.0	$447,407	$298	($5,000)	$0	$447,407	$298	$17,896	$5,593	$470,896	$313



Source: Meyers LLC

Projected Price Appreciation Schedule and Community Sell Out

Given the strength of the market today, it is reasonable to assume further appreciation in home prices at the project in the next several years as it becomes entitled and built out (projected at 2% for the balance of 2017, 3% for 2018, and tapering off to 2% for 2019). The assumed appreciation could mean that average price across both products could grow from $461,863 in current dollars to $485,000 by the time the units enter the market in mid-2019 (appreciation is calculated at the end of each time period).

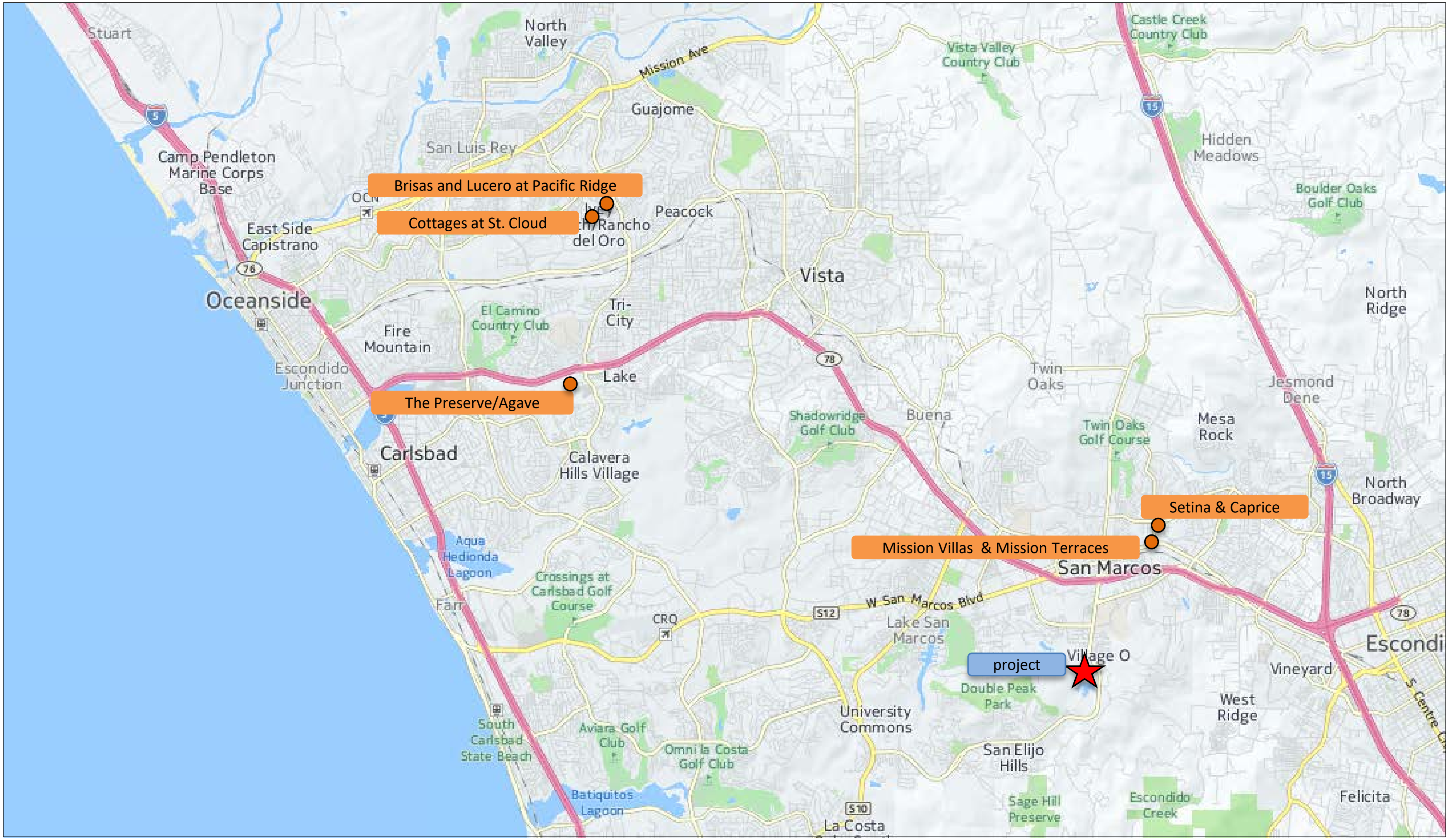
TOTAL PRICE APPRECIATION SCHEDULE					2017 Q3/4	2018 Q 1/2	2018 Q3/4	2019 Q1/2	2019 Q3/4
Project/Subdivision	Type	Configuration	# of Units	Average Price	2.0%	1.5%	1.5%	1.0%	1.0%
MU-4 Product A	Townhomes	Motor Court	100	$451,259	$460,285	$467,189	$474,197	$478,939	$483,728
MU-4 Product B	Townhomes	3-story TH	120	$470,896	$480,313	$487,518	$494,831	$499,779	$504,777
COMMUNITY SUMMARY			220	$461,970	$471,209	$478,278	$485,452	$490,306	$495,209

A mid 2018 market entry is assumed, and we expect that the project will sell out in roughly 3 to 3.5 years, and a sales pace of 5 units per month for the two-story townhomes, and 4 units per month for the three-story townhomes (two story product is generally more sought after in this market).

HYPOTHETICAL COMMUNITY SELL OUT										
Project/Subdivision	Type	Configuration	# of Units	Avg Yr/Pace	2017	2018	2019	2020	2021	2022
MU-4 Product A	Townhomes	Motor Court	100	33			30	60	8	
MU-4 Product B	Townhomes	3-story TH	120	30			24	42	42	12
COMMUNITY SUMMARY			220				54	102	50	12

Map - Active Communities Surveyed

The map depicts the location of the active townhome projects surveyed to determine pricing.



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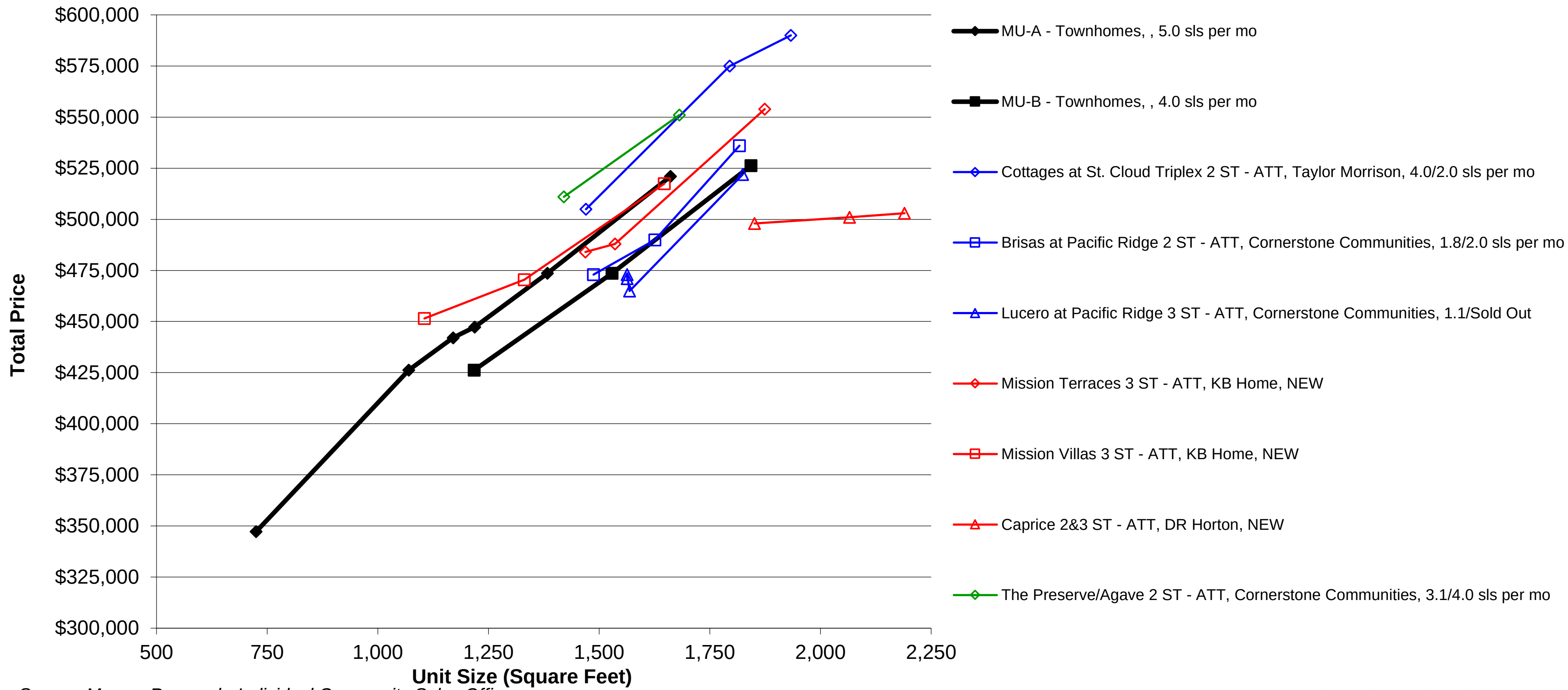
Competitive New Home Summary

Below is a summary of the actively selling new home single family and townhome developments in North County. Meyers also included Caprice which recently sold out but is still a relevant comparable in terms of sales pace, price point and location. Townhome prices range from $480,000 (Lucero and Mission Villas) to near $600,000 (Cottages at St. Cloud). Buyers are spending an average of 4% of the base price on options/upgrades and unit premiums. Projects open for longer than three months are achieving sales rates between 2 and 4 units per month. The monthly tax column expresses additional CFD fees only. Level 15 has not been included in this analysis of new product as it was built in 2014 and sold out by 2016. Additionally, Level 15 in located in Escondido, which is seen as a significantly lower value Submarket than south San Marcos adjacent to San Elijo Hills.

				UNIT COUNT SUMMARY					SALES PACE		AVERAGE			MONTHLY		
COMMUNITY	BUILDER / DEVELOPER	CITY	LOT SIZE	TOTAL	RLSD	SOLD	AVAIL.	REMAIN	ALL	3 MO.	SF	NET PRICE	$/SF	HOA	MO. TAX	PAYMENT
MU-4 Product A	City of San Marcos	San Marcos	Motor Court	100	-	0	-	100	5.0	--	1,251	$451,259	$361	$275	$191	$3,197
MU-4 Product B	City of San Marcos	San Marcos	3-story TH	120	-	0	-	120	4.0	--	1,504	$470,896	$313	$275	$199	$3,329
Cottages at St. Cloud Triplex 2 S	Taylor Morrison	Oceanside	ATT	96	60	55	5	41	4.3	3.7	1,733	$556,667	$321	$295	$74	$3,713
Brisas at Pacific Ridge 2 ST	Cornerstone Communities	Oceanside	ATT	117	9	6	3	111	1.6	2.0	1,643	$499,657	$304	$314	$0	$3,316
Lucero at Pacific Ridge 3 ST	Cornerstone Communities	Oceanside	ATT	125	5	3	2	122	2.1	2.1	1,630	$482,740	$296	$314	$0	$3,215
Mission Terraces 3 ST	KB Home	San Marcos	ATT	39	32	17	15	22	2.1	4.0	1,626	$508,655	$313	$236	$47	$3,339
Mission Villas 3 ST	KB Home	San Marcos	ATT	54	45	35	10	19	3.6	3.3	1,361	$479,825	$353	$236	$44	$3,163
Caprice 2&3 ST	DR Horton	San Marcos	ATT	71	71	71	0	0	3.3	Sold Out	2,036	$500,667	$246	$242	$78	$3,328
The Preserve/Agave 2 ST	Cornerstone Communities	Carlsbad	ATT	88	16	13	3	75	3.0	4.0	1,551	$530,990	$342	$389	$93	$3,672
		NEW HOME AVERAGE:		590	238	200	38	390	2.9	3.2	1,654	$508,457	$311	$289	$48	$3,392
		NEW HOME MEDIAN:		590	238	200	38	390	3.0	3.5	1,630	$500,667	$313	$295	$47	$3,328

Project Positioning vs Competitive Market (Total Price)

This graph illustrates how the project's total pricing (base price + average options/upgrades estimates + average lot premium) compares to the total average sales price at each of the competitive projects. The townhome product at Rancho Coronado is positioned in line with or slightly above the other attached projects in the San Marcos Submarket (Caprice, Lucero and Mission Villas) given its superior location near San Elijo Hills and CSU San Marcos. The Preserve is priced above Rancho Coronado given its superior location (Carlsbad location). Sales at Brisas and Lucero at Pacific Ridge are on hold, and have been for several months owing to development delays, and are anticipated to re-enter the market at higher price points than the last information collected on these comparables (shown here in blue). The options/upgrades and premiums recommended for the project ($17,553 and $5,485 respectively) are in keeping with the options/upgrades spending in this Submarket which averages $16,714, and premiums which average $4,000.



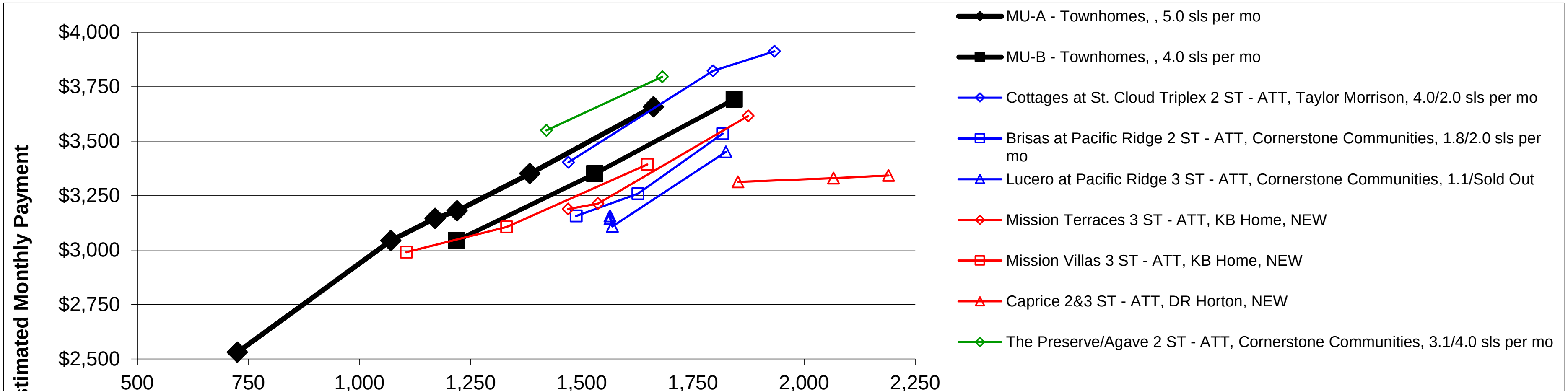
Source: Meyers Research; Individual Community Sales Offices

Absorption = Historical/3 Month

Project Positioning vs Competitive Market (Monthly Payment)

This graph illustrates the impact of homeowners' association (HOA) fees and additional property tax assessments (CFDs, Mello Roos) on the monthly payments at each of the competitive projects. Assuming monthly HOA fees of $275 and a total property tax rate of approximately 1.6% across the board (variable CFD exaction depending on unit size), the project's monthly payments range from approximately $2,530 to $3,692. The project's HOA fees are well within the range set in the competitive market (average $289), and will also include a gate (unlike most competitors). The monthly payments assume a Loan to value ration of 90:100 (FHA loans are likely at this price point), and an interest rate of 4.5%.

COMMUNITY SPECIFICS				FLOORPLANS								Payment Assumptions		90.0%	
Subject Property Name / Location / Product Details		Sales Summary		Mix	Size SF	Bed	Bath	Level	Pkg	Net Base Price ($ Impacting)	Total Price	Monthly HOA	Base Tax Rate	Addl Tax Assess. (4.5%)	Mo. Pmt.
MU-4 Product A		**City of San Marcos**		12	725	1	1.5	2	2	$329,990	347,314	$275	1.10%	0.90%	$2,646
San Marcos		**Rancho Coronado**		12	1,070	2	2.0	2	2	$404,990	426,252	$275	1.10%	0.65%	$3,096
Product:	Townhomes	Total Units:	100	16	1,170	2	2.5	2	2	$419,990	442,039	$275	1.10%	0.55%	$3,164
Configuration:	Motor Court	Units Sold:	0	16	1,219	2	2.0	2	2	$425,990	448,354	$275	1.10%	0.50%	$3,186
Lot Dimensions:	6 to 16-plex	3 Months Sold:	0	28	1,383	3	2.5	2	2	$449,990	473,614	$275	1.10%	0.40%	$3,311
Product:		Units Remaining:	100	16	1,661	3	2.5	2	2	$494,990	520,977	$275	1.10%	0.20%	$3,528
		% Remaining:	100%												
		Summary Statistics:		100	1,251					$428,750	451,259	$275	1.10%	0.50%	$3,197
MU-4 Product B		**City of San Marcos**		38	1,218	2	2.5	1	2	$404,990	426,252	$275	1.10%	0.60%	$3,078
San Marcos		**Rancho Coronado**		54	1,529	3	2.5	1	2	$449,990	473,614	$275	1.10%	0.50%	$3,350
Product:	Townhomes	Total Units:	120	28	1,843	3	2.5	1	2	$499,990	526,239	$275	1.10%	0.35%	$3,626
Configuration:	3-story TH	Units Sold:	0												
Lot Dimensions:	3 to 10-plex	3 Months Sold:	0												
Product:		Units Remaining:	120												
		% Remaining:	100%												
		Summary Statistics:		120	1,504					$447,407	470,896	$275	1.10%	0.50%	$3,329

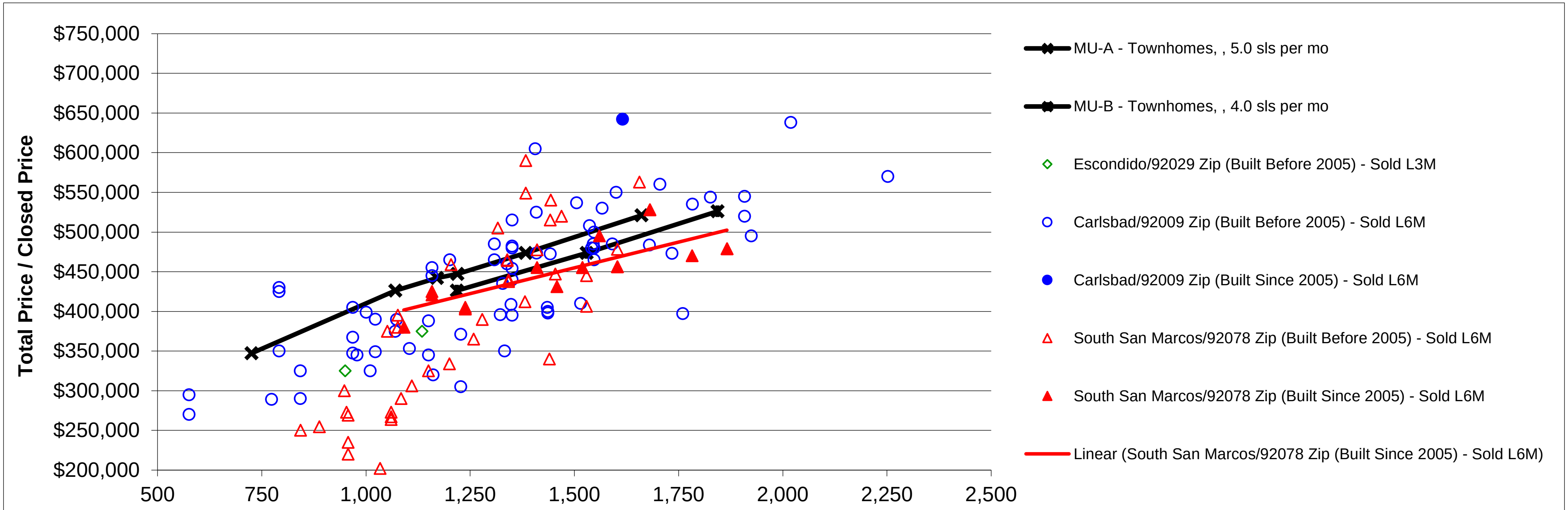


Source: Meyers Research; Individual Community Sales Offices

Absorption = Historical/3 Month

Project Positioning vs Local Area Resales

In addition to the active new home projects in the competitive area, Meyers considered existing home sales in the area to the south of Highway 78 to develop pricing for the project. Rancho Coronado is positioned below the Carlsbad (built 2005+) resale market, which is logical given its inland location. The project is positioned above the Escondido resale market given its more desirable location and the superior school system. The recommended pricing positions the attached products at Rancho Coronado in line with the recently-built homes in the South San Marcos area (which includes the Rancho Coronado, San Elijo Hills and Old Creek Ranch projects).

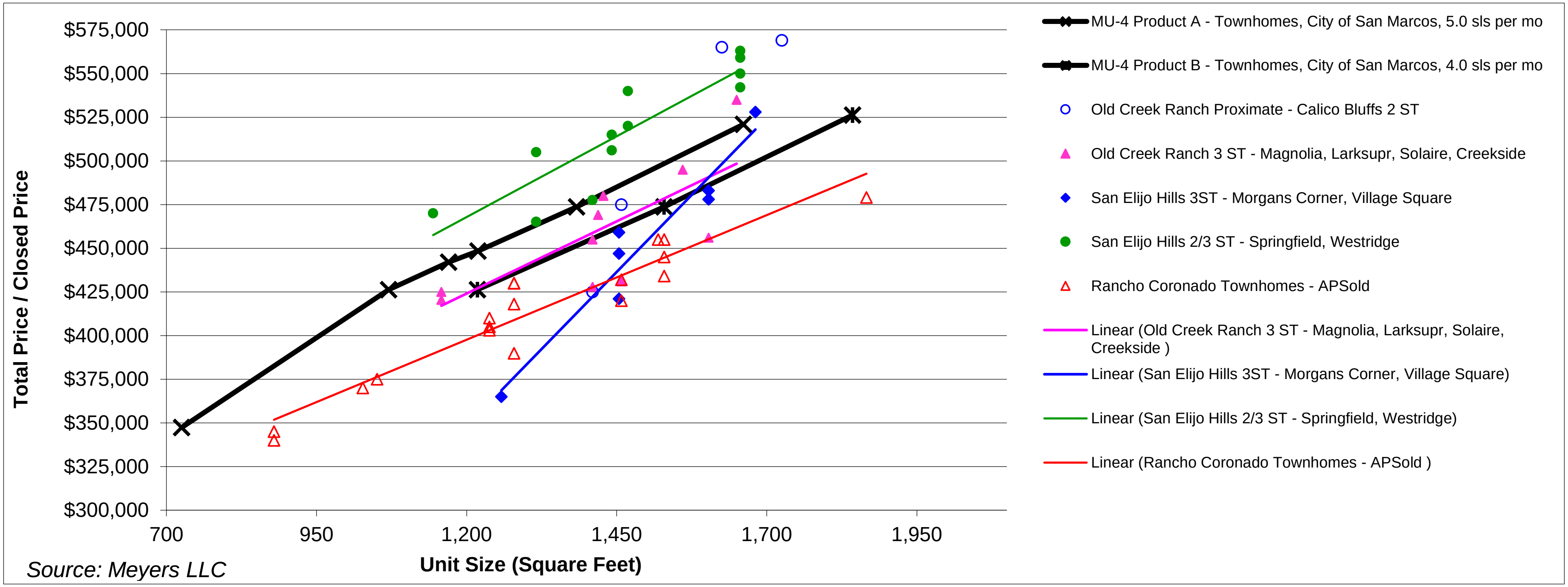


Source: Meyers Research

REFERENCE AREA	DATE RANGE	YEAR BUILT	LOT SIZE	SALES	SALES PACE		AVERAGE		
					ALL	3 MO.	SF	NET PRICE	$/SF
South San Marcos/92078 Zip (Built Before 2005) - Sold L6M	Oct. '16 to Apr. '17	1991		50	8.4	11.3	1,228	$370,304	$301
South San Marcos/92078 Zip (Built Since 2005) - Sold L6M	Dec. '16 to Apr. '17	2008		12	3.0	2.7	1,460	$449,792	$308
Carlsbad/92009 Zip (Built Before 2005) - Sold L6M	Nov. '16 to Apr. '17	1981		69	12.8	15.3	1,326	$435,506	$328
Carlsbad/92009 Zip (Built Since 2005) - Sold L6M	Feb. '17 to Apr. '17	2009		2	2.1	0.7	1,713	$755,500	$441
Escondido/92029 Zip (Built Before 2005) - Sold L3M	Mar. '17 to Apr. '17	1983		2	2.0	0.7	1,042	$350,000	$336

Project Positioning vs Rancho Coronado & San Elijo Hills Resales

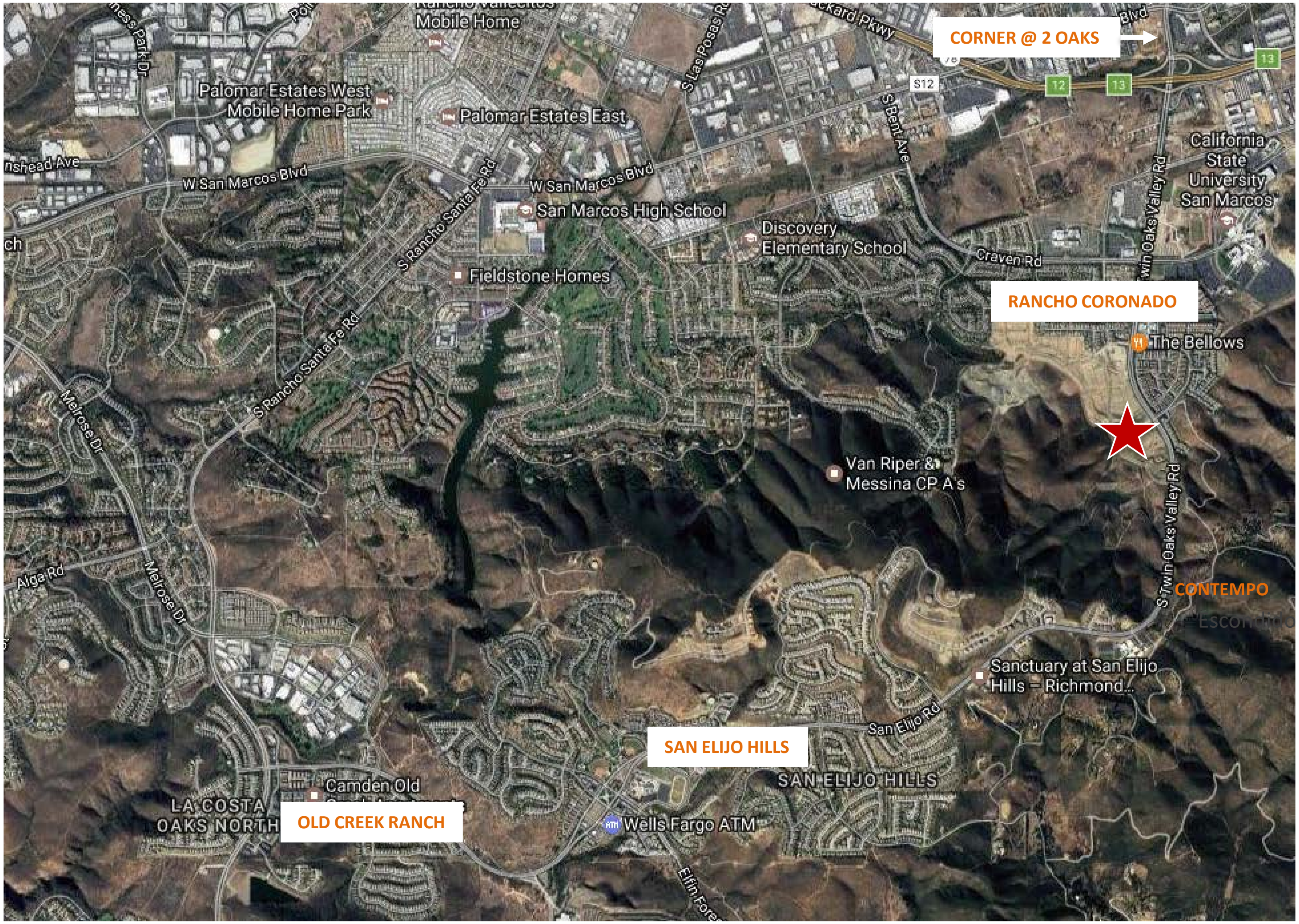
The most comparable resale communities for the project Property are Rancho Coronado and San Elijo Hills resales. This graph shows the actively listed, pending, and sold attached homes that have closed within the last six months at both Rancho Coronado and San Elijo. The project is positioned well above Rancho Coronado listings which on average were built in 2004. The three-story Product B is positioned in line with 3 story resales at Old Creek Ranch (average age 2010), while the 2 story product A is positioned $25,000 above Product B, and also roughly $25,000 below the two-story product at San Elijo Hills.



REF	NAME	DATE RANGE	YEAR BUILT	SQUARE FOOTAGE			BED		# OF SALES	SALES RATE		AVERAGE		
				MIN	MAX	SF	MIN	MAX		TOTAL	3 MO.	LOT SIZE	NET PRICE	PPSF
1	Old Creek Ranch Proximate - Calico Bluffs 2 ST	Mar. '17 to May '17	2005	1,410	1,725	1,555	2.0	3.0	4	1.84	0.67	-	$508,500	$327.11
2	Old Creek Ranch 3 ST - Magnolia, Larksupr, Solaire, Creekside	Dec. '16 to May '17	2010	1,158	1,650	1,426	2.0	4.0	11	1.92	2.33	-	$461,309	$323.58
3	San Elijo Hills 3ST - Morgans Corner, Village Square	Dec. '16 to May '17	2004	1,258	1,681	1,501	2.0	4.0	7	1.80	0.67	-	$454,429	$302.75
4	San Elijo Hills 2/3 ST - Springfield, Westridge	Mar. '17 to May '17	2004	1,144	1,656	1,469	2.0	4.0	12	4.80	2.67	-	$517,703	$352.34
5	Rancho Coronado Townhomes - APSold	Dec. '16 to May '17	2004	879	1,866	1,309	2.0	3.0	18	4.00	3.00	-	$413,106	$315.70

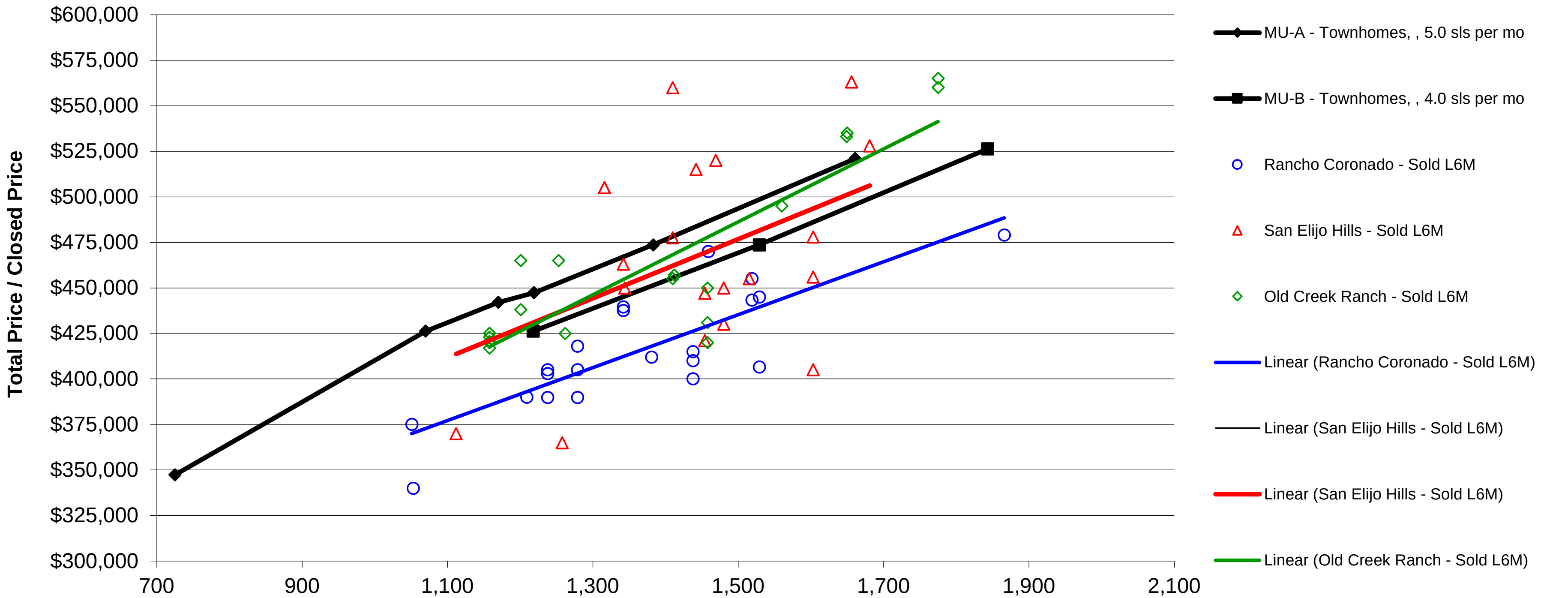
Location of Select Attached Resale Communities

Meyers analyzed areas in San Marcos with similar attached product and specification level to the project, to further qualify our pricing recommendations. All of the case study communities were built fairly recently (2003+), and while new construction townhomes are more limited on the north side of Highway 78, they are quite common south of Highway 78 in Rancho Coronado, San Elijo Hills and Old Creek Ranch (Colrich built a similar product, Solaire at Old Creek Ranch). At this time, DR Horton and KB Home are both building new townhome products near the proposed Corner @2 Oaks site.



project Positioning vs Attached Resales at Select Communities

The townhome product at the project site is positioned well-above the recently sold resale units in Rancho Coronado given the 13+ year newer construction. In fact, the average price for the project townhomes is higher than the average resale price in Rancho Coronado. Situated on the border of Carlsbad, Old Creek Ranch resale homes are about 5% higher than San Elijo Hills resales (with average year built of 2010 versus 2004).



Source: Meyers LLC

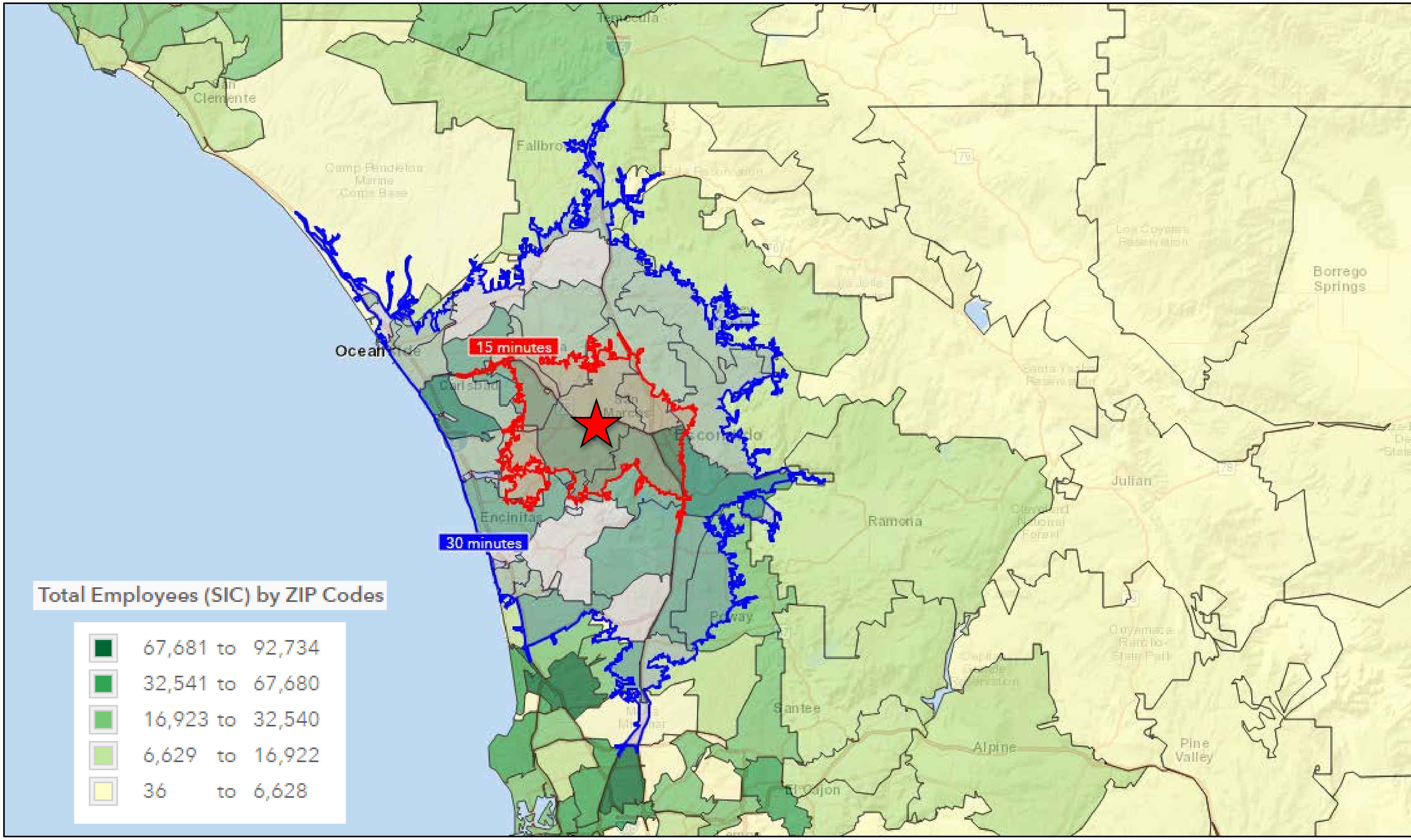
REFERENCE AREA	DATE RANGE	YEAR BUILT	LOT SIZE	SALES	SALES PACE		AVERAGE		
					ALL	3 MO.	SF	NET PRICE	$/SF
Rancho Coronado - Sold L6M	Nov. '16 to Apr. '17	2003	-	21	4.3	4.3	1,365	$415,645	$305
San Elijo Hills - Sold L6M	Dec. '16 to Apr. '17	2004	-	20	4.3	5.3	1,447	$468,170	$323
Old Creek Ranch - Sold L6M	Nov. '16 to Apr. '17	2011	-	19	4.0	4.0	1,385	$463,126	$334

Location Analysis

Rancho Coronado MU-4, San Marcos, California

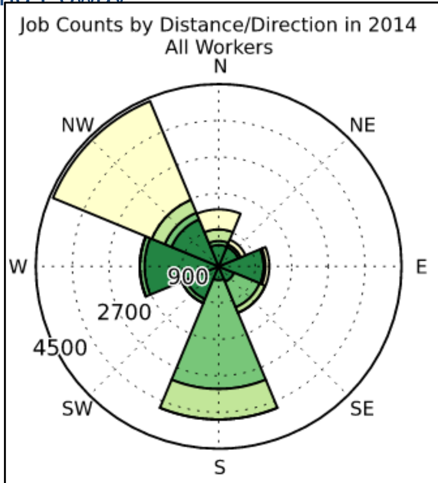
Employment by ZIP code Code

Rancho Coronado is located in San Marcos, just south of the 78 Freeway near Cal State San Marcos. The project is within a 30-minute drive of numerous high-density employment centers including Escondido, Rancho Bernardo, Carlsbad, and Sorrento Valley.



Employment Commuting Patterns

The map below illustrates the concentration of local residents commuting to various employment destinations from the project ZIP code code 92078 ZIP code. Over 43% commute a short distance of 10 miles or less to employment destinations along the Highway 78 Corridor. A further 25% of the employed population in 92078 ZIP code commute between 10 and 25 miles to work in San Diego (mainly UTC and Sorrento Valley) and Poway.

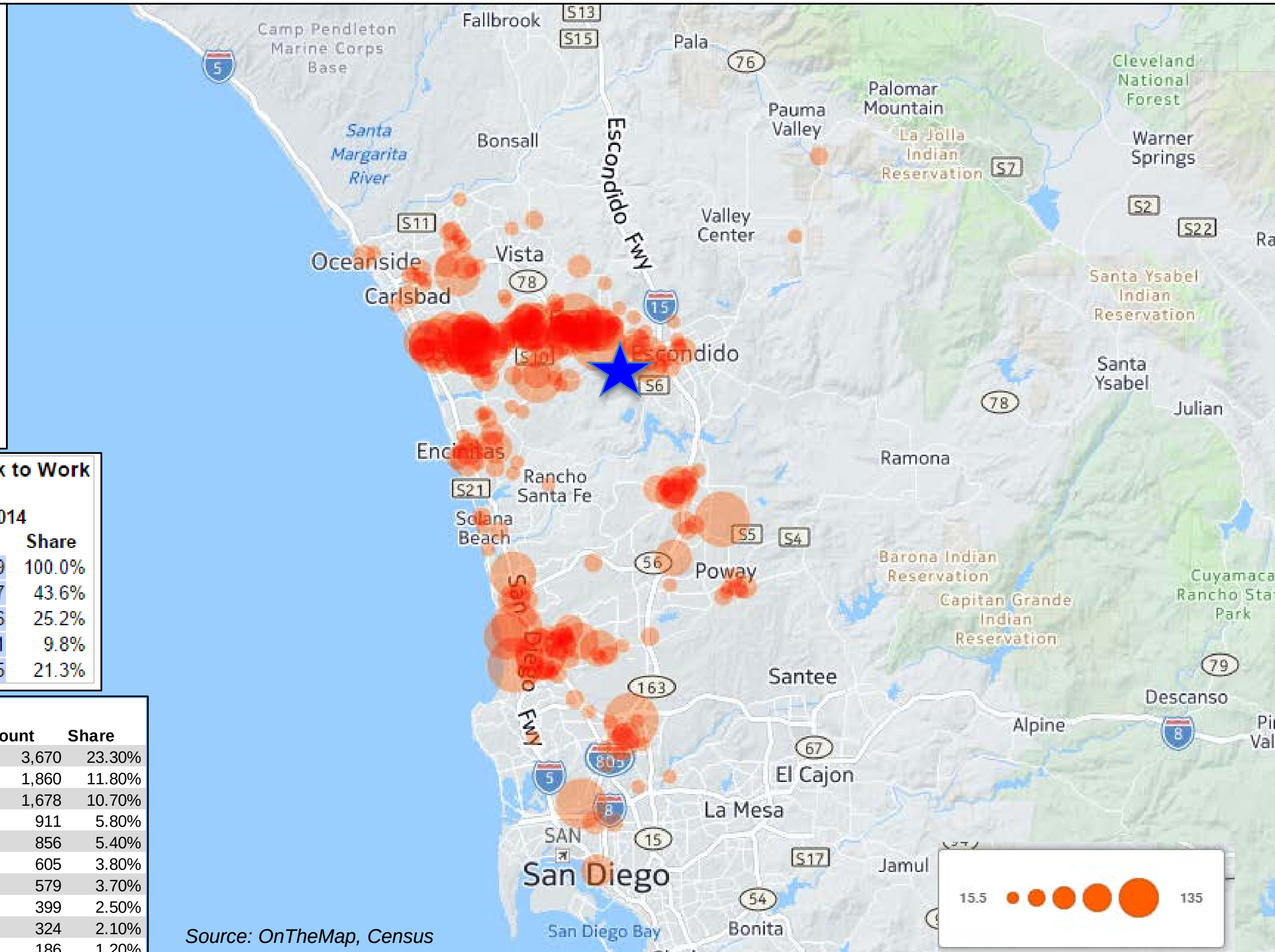


Jobs by Distance - Home Census Block to Work Census Block

	2014 Count	2014 Share
Total Primary Jobs	15,719	100.0%
Less than 10 miles	6,857	43.6%
10 to 24 miles	3,966	25.2%
25 to 50 miles	1,541	9.8%
Greater than 50 miles	3,355	21.3%

Jobs Counts by Places - Primary Jobs

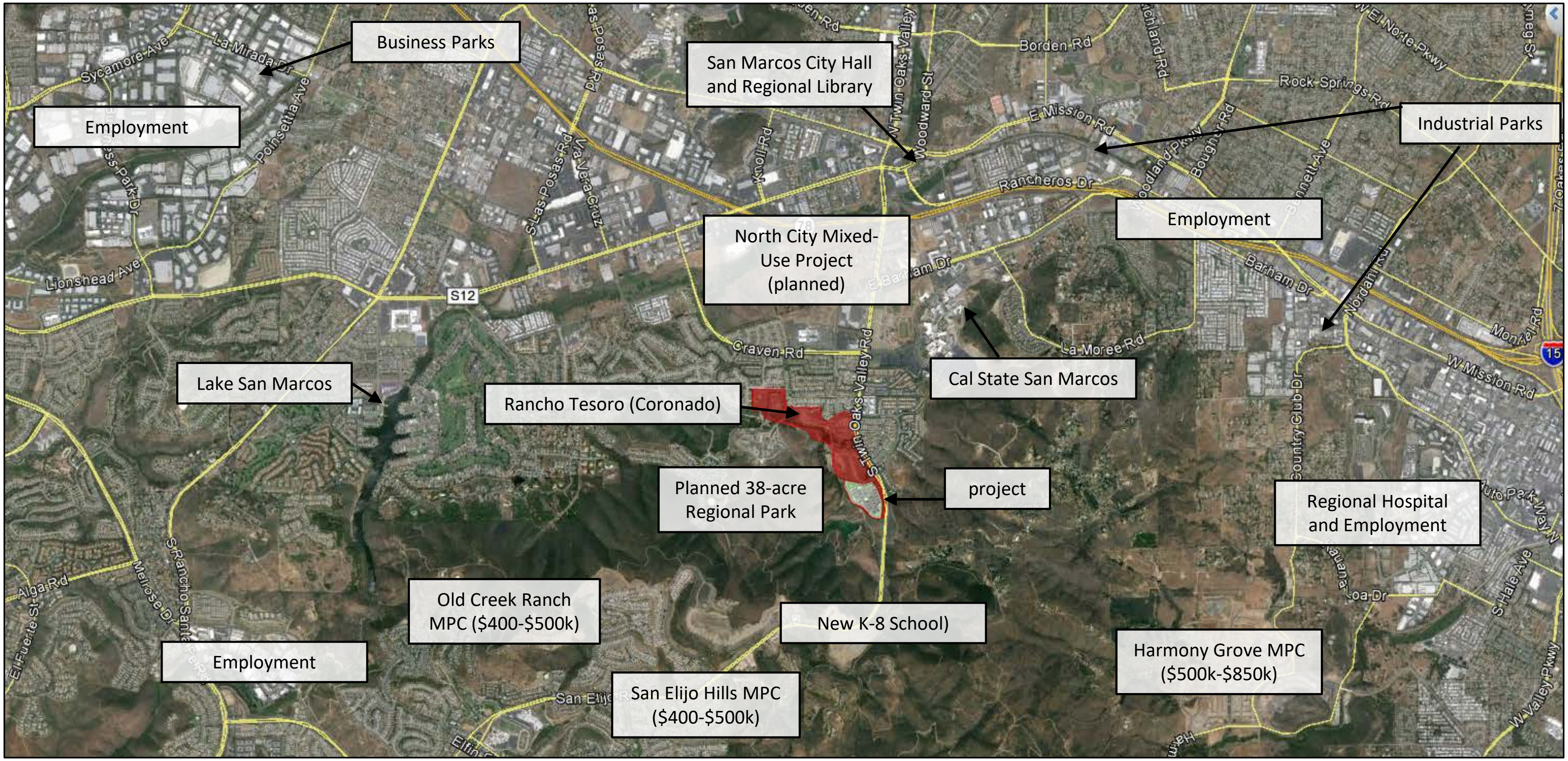
Cities	Count	Share
San Diego city, CA	3,670	23.30%
Carlsbad city, CA	1,860	11.80%
San Marcos city, CA	1,678	10.70%
Vista city, CA	911	5.80%
Escondido city, CA	856	5.40%
Encinitas city, CA	605	3.80%
Oceanside city, CA	579	3.70%
Los Angeles city, CA	399	2.50%
Poway city, CA	324	2.10%
Irvine city, CA	186	1.20%



Source: OnTheMap, Census

Aerial Overview of Project Location

The project has an excellent location in the south part of the City of San Marcos in North San Diego County. The project is less than a mile south of Highway 78 and between the Interstate 5 and Interstate 15 (3 miles) north/south freeways. The site is within 10 miles to major North County job centers, including Carlsbad, the Highway 78 communities, Escondido and Rancho Bernardo. The area to the north of the site has been transformed with development around CSU-San Marcos (10,000+ students) and San Marcos Civic Complex, and more is planned with the North City mixed-use project (office, retail, residential, park areas). A 40-acre regional park is planned to the south of the site to connect with Discovery Lake and existing trails. Recent nearby developments include high-density detached and townhome projects such as proposed.



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San Diego County School District Scores

The project site falls within the San Marcos Unified School District, which is in the top half of school districts in the County, and the fourth highest-ranking unified (K-12) school district in terms of API scores. The specific assigned schools for the Subject are Double Peak K-8 (which does not have an API score but is very highly ranked with excellent reviews), and Mission Hills High. Mission Hills High is ranked slightly lower than San Marcos High, but still has a very comparable academic performance index.

ACADEMIC PERFORMANCE INDEX (API) BY SCHOOL DISTRICT
San Diego County

School District	2013 Growth API	School District	2013 Growth API
Rancho Santa Fe Elementary	958	Julian Union Elementary	814
Del Mar Union Elementary	955	Cajon Valley Union	812
Solana Beach Elementary	938	San Diego Unified	809
Cardiff Elementary	917	Lakeside Union Elementary	807
Encinitas Union Elementary	**914**	San Ysidro Elementary	802
Coronado Unified	897	National Elementary	792
San Dieguito Union High	**897**	Sweetwater Union High	792
Poway Unified	894	**STATE OF CA**	**790**
Bonsall Union Elementary	890	Vista Unified	788
San Pasqual Union Elementary	882	Lemon Grove	787
Spencer Valley Elementary	881	Oceanside Unified	787
Carlsbad Unified	876	SBC - High Tech High	786
San Marcos Unified	**870**	Julian Union High	785
Chula Vista Elementary	863	Grossmont Union High	769
Vallecitos Elementary	863	South Bay Union Elementary	766
Santee Elementary	862	Escondido Union Elementary	758
Alpine Union Elementary	848	Escondido Union High	745
Jamul-Dulzura Union Elementary	843	Fallbrook Union High	744
Fallbrook Union Elementary	836	Dehesa Elementary	736
La Mesa-Spring Valley	828	Borrego Springs Unified	730
Valley Center-Pauma Unified	819	Warner Unified	728
Ramona City Unified	816	Mountain Empire Unified	722

Source: California Department of Education

ACADEMIC PERFORMANCE INDEX (API) BY SCHOOL
Carlsbad Unified School District - API Score 876

2013 Ranking	School	2013 Growth API
ELEMENTARY SCHOOLS (K-8)		
1	San Elijo Elementary	937
2	Carrillo Elementary	928
3	Double Peak K-8	920 est.
4	La Costa Meadows Elementary	919
5	Paloma Elementary	910
6	Knob Hill Elementary	905
7	Discovery Elementary	901
8	Richland Elementary	886
9	Twin Oaks Elementary	886
10	Joli Ann Leichtag Elementary	862
11	San Marcos Elementary	791
12	Alvin M. Dunn Elementary	737

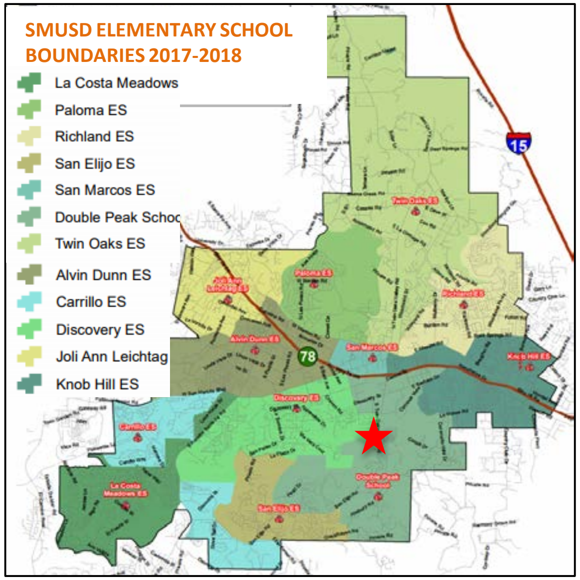
2013 Ranking	School	2013 Growth API
MIDDLE SCHOOLS (6-8)		
1	Double Peak K-8	920 est.
1	San Elijo Middle	919
2	Woodland Park Middle	888
3	San Marcos Middle	818
HIGH SCHOOLS (9-12)		
1	San Marcos High	858
2	Mission Hills High	848

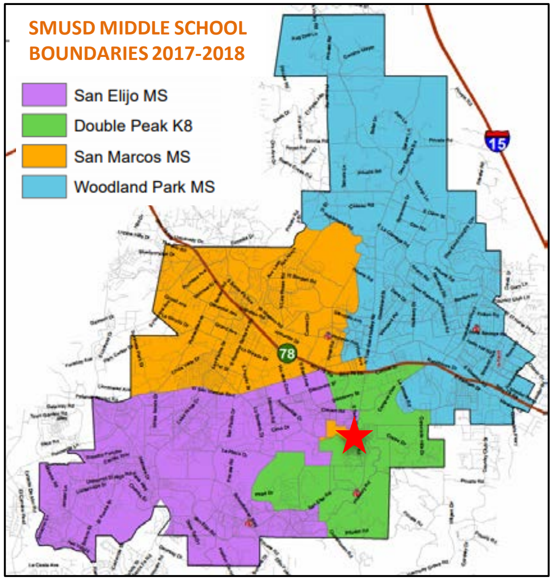
Competitive New Home Project School Comparison

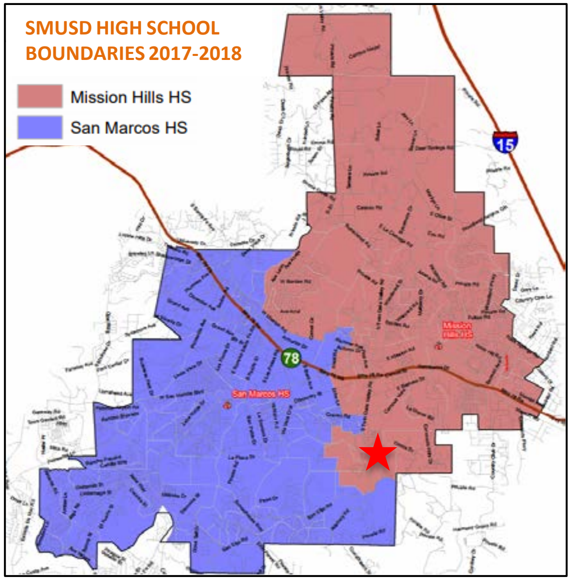
The table below identifies the school district and specific schools currently assigned to the project property and the competitive new home projects in the market area. The Subjecty school scores are anticipacted to be second only to San Elijo Hills neighborhoods zoned for San Marcos High, which slightly outperforms Mission Hills High. The new Double Peak K-8 school, although not yet ranked, is likely to perform at levels similar to the San Elijo Elementary and Middle School, as the student pool will be the same. The Subject assigned schools are above schools designated to the recently built Sa Marcos communities of Caprice/Setina, and Mission Terraces/Villas on the north side of Highway 78, as well as the competitive neighborhoods in Carlsbad Unified. The Oceanside communities generally have slightly lower ranked schools than the Subject.

New Home Projects and Case Studies in Market Area

Neighborhood	District	Elementary	2013 API	Middle	2013 API	High	2013 API
San Elijo Hills / Old Creek Ranch	San Marcos Unified	San Elijo Elementary	937	San Elijo Middle	919	San Marcos High School	858
SUBJECT	**San Marcos Unified**	**Double Peak K-8**	**900 est.**	**Double Peak K-8**	**900 est.**	**Mission Hills High**	**848**
Mission Villas/Mission Terraces	San Marcos Unified	Richland Elementary	886	Woodland Park Middle	888	Mission Hills High	848
Caprice	San Marcos Unified	Richland Elementary	886	Woodland Park Middle	888	Mission Hills High	848
The Ridge and Vistas	Carlsbad Unified	Kelley Elementary	909	Valley Middle	869	Carlsbad High / Sage Creek High	840
Agave at The Preserve	Carlsbad Unified	Hope Elementary	910	Calavera Hills Middle	860	Carlsbad High	840
Brisas and Lucero at Pacific Ridge	Oceanside Unified	Ivey Ranch Elementary	919	Martin Luther King Jr. Middle	847	El Camino High	795
Cottages at St. Cloud	Oceanside Unified	Ivey Ranch Elementary	919	Martin Luther King Jr. Middle	847	El Camino High	795





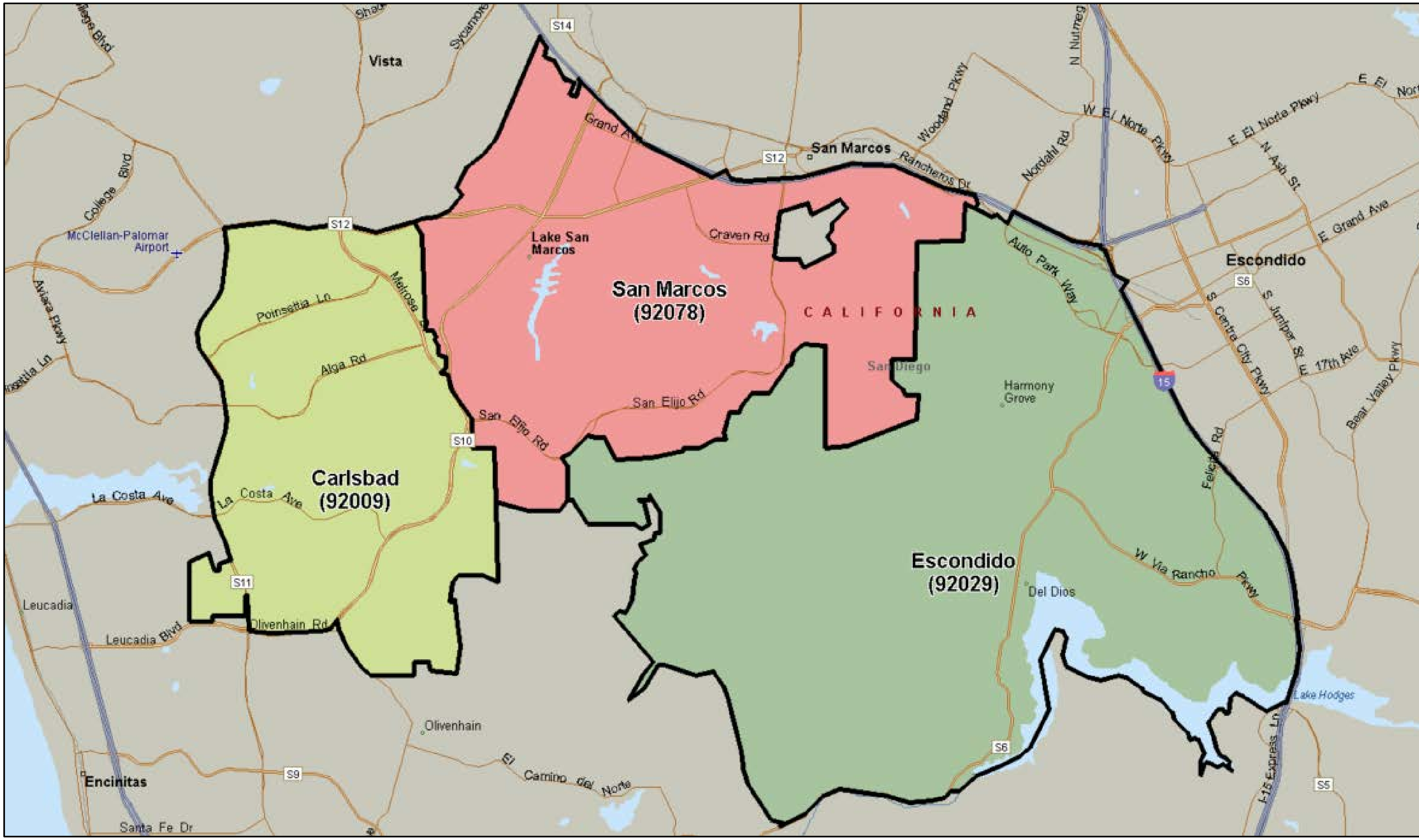


Housing Market Overview

Rancho Coronado MU-4, San Marcos, California

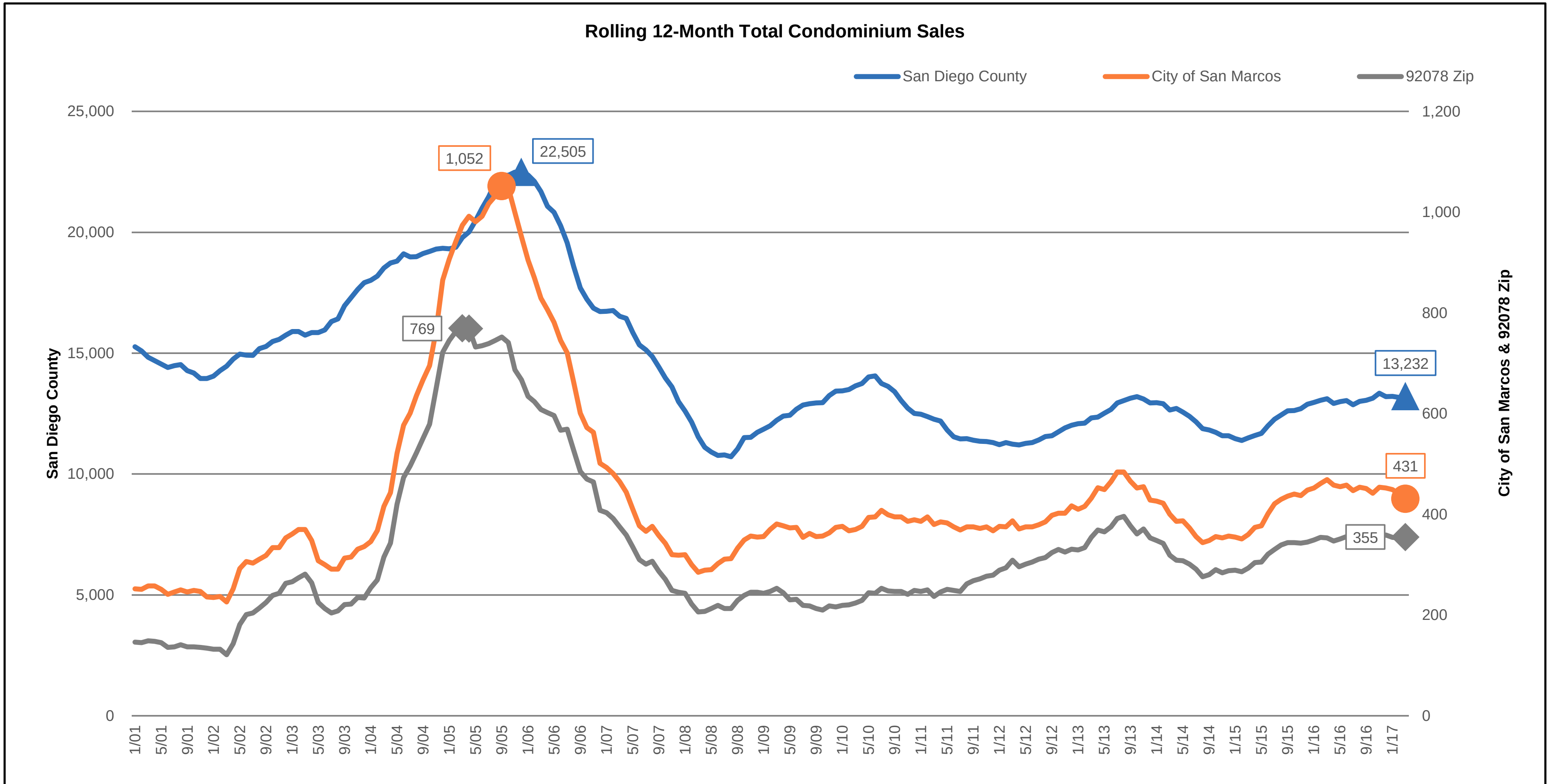
Submarket ZIP code Code Map

The following Housing Market Overview provides sales and pricing trends for single family homes in San Diego County, specific comparable North County inland ZIP code codes, which include Carlsbad (92009), Escondido (92029, includes Harmony Grove), and San Marcos (92078 ZIP code).



Condominium Sales Volume by Area

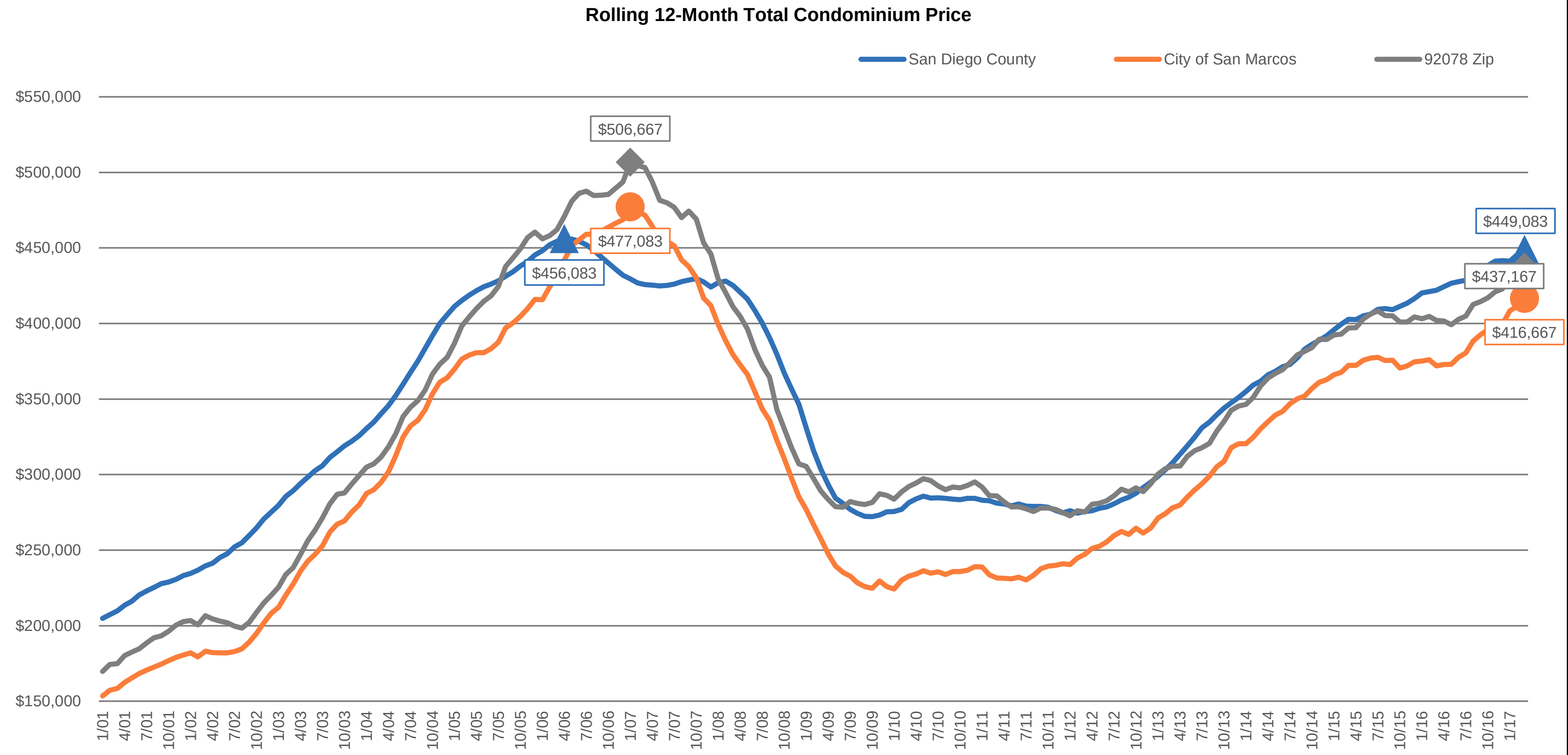
In general, sales volume has decreased back to 2013 levels owing to a strong sellers housing market and limited inventory. Sales volume in the City of San Marcos and the 92078 ZIP code ZIP code code show similar trends, both having increased by roughly 20% over the last two years. Sales volume across the San Diego County has increased by 3% over the last year, and 16% compared to the same time two years ago.



Source: Collateral Analytics

Condominium Sales Price Trends (Average Price)

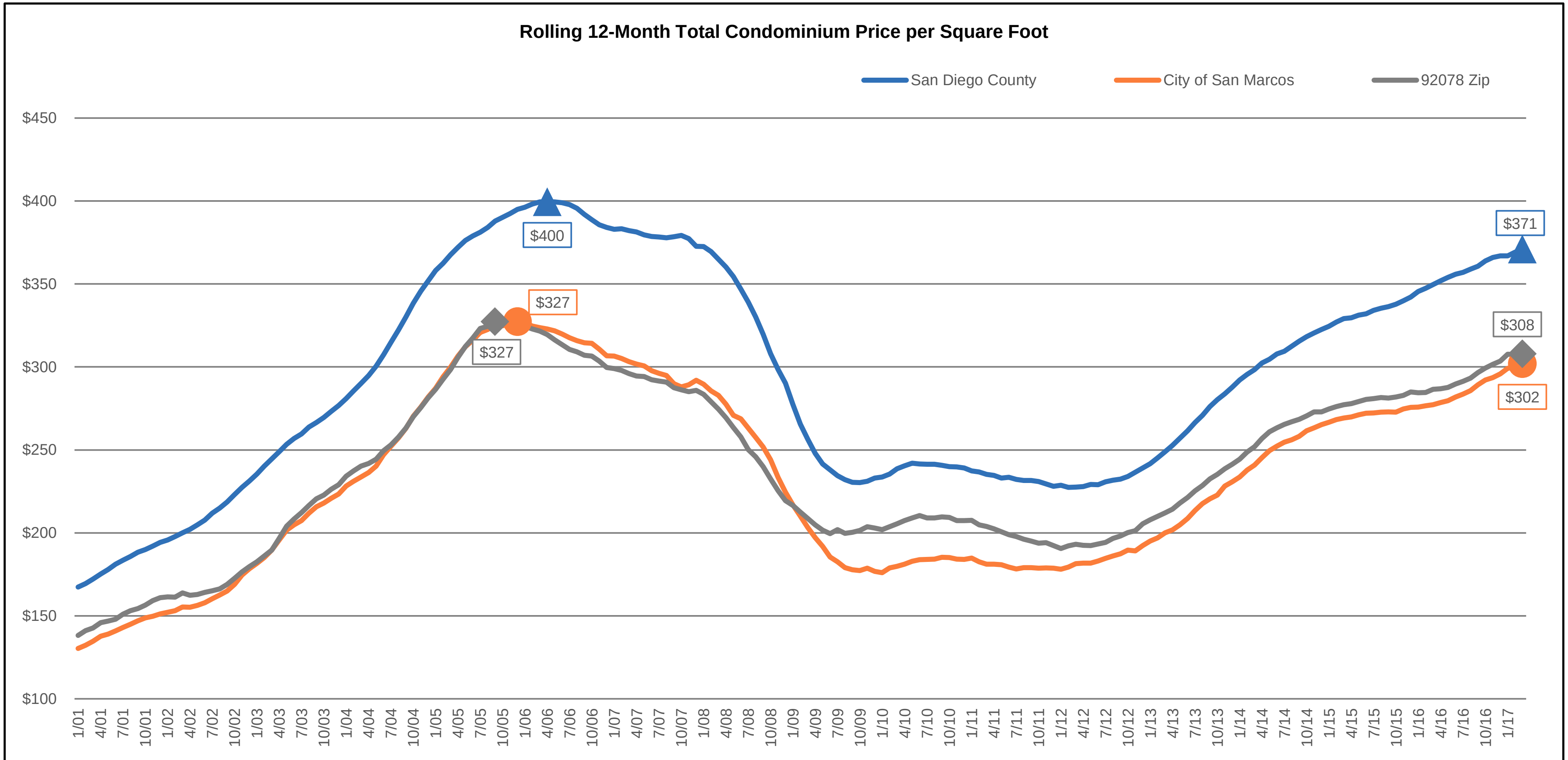
The average price across San Diego County, and for the City of San Marcos and the 92078 ZIP code in particular have all increased on average by 10% since the same time a year ago. Average prices for attached single family homes have increased significantly by 13% across the County in the last two years, and by 10% and 11% in the 92078 ZIP code ZIP code and the City of San Marcos respectively. San Marcos attached average prices are still well below (roughly $61,0000 the market highs of 2006/2007).



Source: Collateral Analytics

Condominium Sales Price Trends (Price per SF)

The price per square foot for attached single family homes has increased significantly over the past year by 8% in the project ZIP code code, 9% in the city of San Marcos and 6% across the County. Price per square foot is still between 6% and 8% lower than the top of the market in late 2005. The average price per square foot in the project ZIP code code is just slightly higher than that of the City of San Marcos, and the San Marcos price per square foot remains roughly 22% below San Diego County.



Source: Collateral Analytics

Condominium Sales by Price Range

The attached product pricing at the project ranges from the low $300's to about mid $500's. The volume of condominium sales in San Diego County in the price bands over $400,000 has increased year over year since 2011. Conversely, the number of sales occurring in the lower price bands under $300,000 has decreased, and the accompanying table shows a steady price shift from lower into higher price brackets since 2012.

The table illustrates the recent shift upward in price trends for attached product in San Marcos in the last 2.5 years, with the majority of sales priced between $400,000 to $449,000 in 2014. The recommended average base pricing for the project attached product is between low $300's and mid $500's, which is in line with the market, and takes into account the new product and the commensurate superior specification level offered at the project.

Similar to the trend for San Marcos as a whole, the table illustrates the recent upward in attached pricing for the 92078 ZIP code ZIP code in 2015 and 2016, with the majority of sales priced in the $350,000 to $450,000 range, which is consistent with the pricing at the project. In 2017, sales have been in the $400,000 and greater price ranges.

Home Sales by Price Range: San Diego County

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD '17
< $250k	1,582	2,059	5,255	7,526	6,825	6,648	6,440	4,848	3,191	2,848	2,227	401
$250 - $299k	2,315	1,827	1,322	1,496	1,463	1,270	1,454	1,662	1,613	1,724	1,637	320
$300 - $349k	2,687	1,842	1,263	1,116	1,138	878	1,063	1,599	1,595	1,781	1,866	419
$350 - $399k	2,660	1,911	975	870	781	601	753	1,238	1,240	1,586	1,662	362
$400 - $449k	2,252	1,552	670	592	572	447	547	859	973	1,204	1,527	337
$450 - $499k	1,554	1,008	451	439	389	310	413	591	612	803	994	248
$500 - $549k	1,075	678	349	342	299	242	292	500	533	611	668	150
$550 - $599k	616	487	271	215	218	180	174	319	338	467	538	145
$600 or Greater	1,976	1,629	1,164	833	825	725	883	1,322	1,490	1,868	2,080	525
Total	16,717	12,993	11,720	13,429	12,510	11,301	12,019	12,938	11,585	12,892	13,199	2,907
% Change		-22.3%	-9.8%	14.6%	-6.8%	-9.7%	6.4%	7.6%	-10.5%	11.3%	2.4%	

Home Sales by Price Range: City of San Marcos

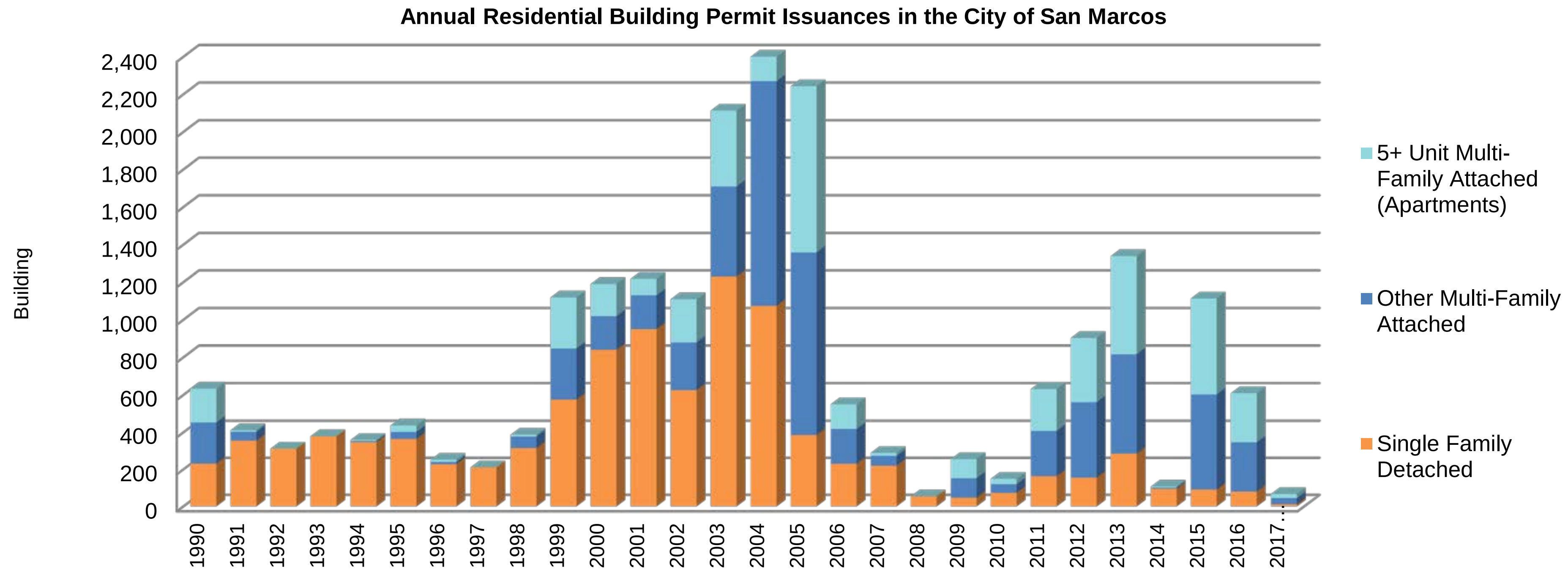
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD '17
< $250k	14	35	137	213	202	192	184	97	65	73	38	4
$250 - $299k	19	25	49	75	75	87	111	58	38	38	51	11
$300 - $349k	45	19	62	53	66	51	76	134	45	58	37	8
$350 - $399k	78	72	77	19	23	22	24	84	71	82	79	6
$400 - $449k	130	92	13	4	12	5	4	33	76	92	123	24
$450 - $499k	81	37	5	2	5	1	4	9	35	49	60	23
$500 - $549k	56	11	4	2	0	2	0	0	14	33	27	6
$550 - $599k	16	4	2	1	0	1	0	0	3	9	18	5
$600 or Greater	62	24	6	5	6	6	14	13	10	14	19	6
Total	501	319	355	374	389	367	417	428	357	448	452	93
% Change		-36.3%	11.3%	5.4%	4.0%	-5.7%	13.6%	2.6%	-16.6%	25.5%	0.9%	

Home Sales by Price Range: 92078 Zip

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD '17
< $150k	4	1	27	19	19	18	16	6	0	1	4	0
$150 - $199k	0	1	22	10	9	23	22	13	5	4	0	0
$200 - $249k	2	12	16	35	39	69	64	33	24	22	14	0
$250 - $299k	9	13	45	68	75	82	110	50	22	19	29	9
$300 - $349k	24	14	58	51	61	50	73	121	37	42	17	6
$350 - $399k	40	46	49	19	23	22	24	75	67	76	63	6
$400 - $449k	116	85	12	4	12	5	4	33	72	86	115	21
$450 - $499k	80	35	5	2	5	1	4	9	34	40	53	21
$500 or Greater	133	38	11	8	6	9	14	13	27	55	64	17
Total	408	245	245	216	249	279	331	353	288	345	359	80
% Change		-40.0%	0.0%	-11.8%	15.3%	12.0%	18.6%	6.6%	-18.4%	19.8%	4.1%	

City of San Marcos Building Permits

Following years of declines, the City of San Marcos MSA experienced positive building permit growth in 2014, 2015 and 2016. 2014 was a slow year for building permits, but the 2015 shows a strong recovery especially for Multi-Family permits. This trend is further supported by the Economy.com forecast, which estimates that permit issuance will increase by more than 13.5% annually between 2017 and 2018. The number of multi-family building permits relative to total permits processed is increasing as the affordability of attached product becomes more attractive to buyers.



Source: HUD's SOCDS

City of San Marcos	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Single Family Detached	231	355	312	379	347	364	228	211	315	575	840	950	625	1,230	1,074	385	230	220	54	47	73	163	155	285	95	91	80	11
All Unit Multi-Family Attached	222	48	0	0	6	38	12	0	62	272	179	180	254	479	1,196	973	188	53	0	105	47	244	406	531	6	511	266	34
Total	453	403	312	379	353	402	240	211	377	847	1,019	1,130	879	1,709	2,270	1,358	418	273	54	152	120	407	561	816	101	602	346	45
%Capture SFD	51.0%	88.1%	100.0%	100.0%	98.3%	90.5%	95.0%	100.0%	83.6%	67.9%	82.4%	84.1%	71.1%	72.0%	47.3%	28.4%	55.0%	80.6%	100.0%	30.9%	60.8%	40.0%	27.6%	34.9%	94.1%	15.1%	23.1%	24.4%
%Capture MFA	49.0%	11.9%	0.0%	0.0%	1.7%	9.5%	5.0%	0.0%	16.4%	32.1%	17.6%	15.9%	28.9%	28.0%	52.7%	71.6%	45.0%	19.4%	0.0%	69.1%	39.2%	60.0%	72.4%	65.1%	5.9%	84.9%	76.9%	75.6%
5+ Unit Multi-Family Attached	180	8	0	0	6	35	12	0	10	272	171	88	230	404	1140	885	132	16	0	103	29	224	342	523	6	511	263	22
%Capture	81.1%	16.7%	-	-	100.0%	92.1%	100.0%	-	16.1%	100.0%	95.5%	48.9%	90.6%	84.3%	95.3%	91.0%	70.2%	30.2%	-	98.1%	61.7%	91.8%	84.2%	98.5%	100.0%	100.0%	98.9%	64.7%

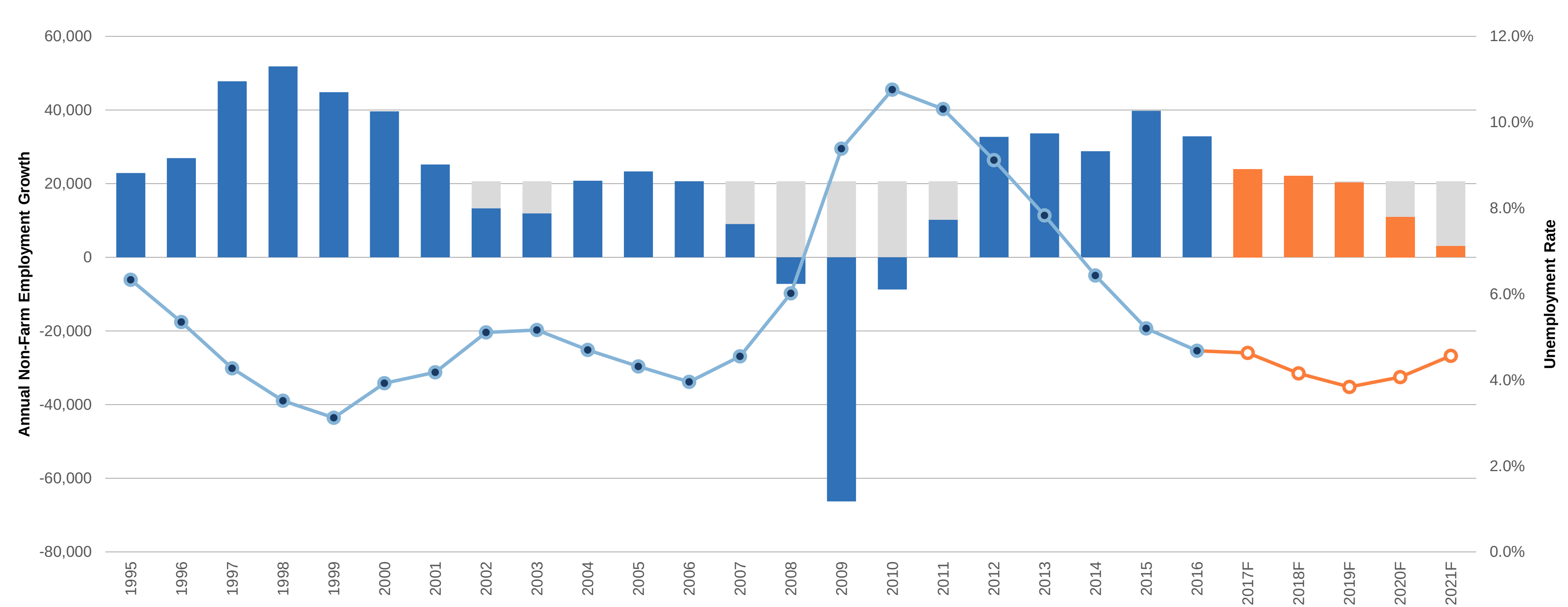
Economic Overview

Rancho Coronado MU-4, San Marcos, California

Labor Will Linger Above Full Employment

San Diego MSA has been in steady employment recovery for the last 6 years. Year over year employment growth slowed moderately from 2015 to 2016 and Economy.com expects employment growth to continue at a slower pace over the next 5 years as the business cycle matures.

Employment History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Five-Year Forecast*				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Non-Farm Employment	1,323,792	1,316,600	1,250,325	1,241,617	1,251,783	1,284,475	1,318,100	1,346,917	1,386,667	1,419,533	1,443,498	1,465,618	1,485,933	1,496,873	1,499,896
Prior Year Change	9,025	(7,192)	(66,275)	(8,708)	10,167	32,692	33,625	28,817	39,750	32,867	23,965	22,120	20,315	10,940	3,023
Annual % Change	0.7%	-0.5%	-5.0%	-0.7%	0.8%	2.6%	2.6%	2.2%	3.0%	2.4%	1.7%	1.5%	1.4%	0.7%	0.2%
Unemployment Rate	4.6%	6.0%	9.4%	10.8%	10.3%	9.1%	7.8%	6.4%	5.2%	4.7%	4.6%	4.2%	3.8%	4.1%	4.6%

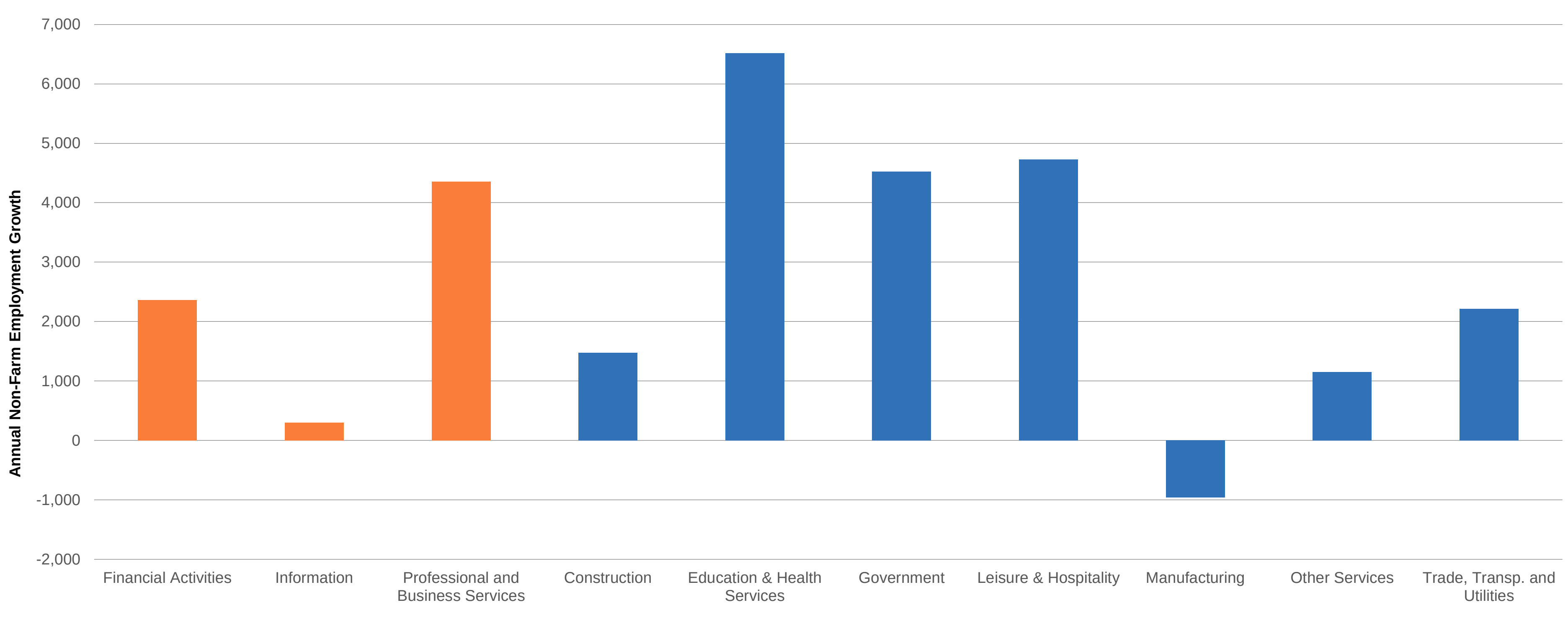


Source: Economy.com

Growth From High Income Sectors Support New Home Demand

San Diego MSA employment is led by Government employment followed closely by Professional and Business Services. In the trailing 12 months employment growth was led by growth in Education and Health Services. The only industry to decline in the trailing 12 months was Manufacturing employment.

Employment by Sector	High Income Sectors			Other Sectors						
	Financial Activities	Information	Professional and Business Services	Construction	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month	74,921	24,092	238,941	72,736	203,513	243,722	192,216	105,525	54,468	222,758
Same Month Previous Year	72,556	23,788	234,584	71,257	196,997	239,198	187,486	106,491	53,315	220,541
12-Month Growth	2,365	304	4,356	1,478	6,516	4,523	4,730	-965	1,154	2,218

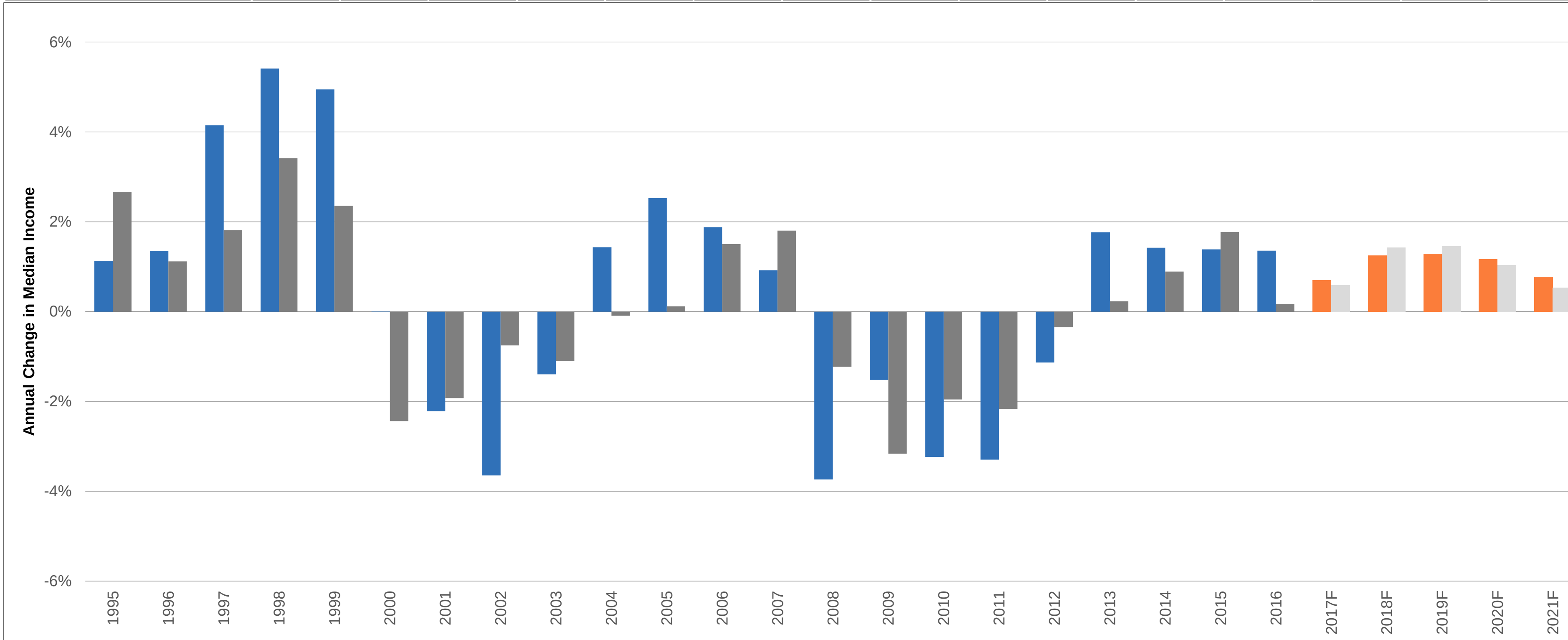


Source: Economy.com

Growing Incomes Expected Going Forward

Median income growth has been sensitive to changes in the direction of the economy in San Diego MSA declining more than the national median income levels in recession years and growing more than the national levels in years of economic expansion.

Median Income & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Median Income	$75,119	$72,310	$71,213	$68,909	$66,636	$65,881	$67,044	$67,997	$68,939	$69,875	$70,366	$71,243	$72,160	$73,001	$73,568
Annual % Change	0.9%	-3.7%	-1.5%	-3.2%	-3.3%	-1.1%	1.8%	1.4%	1.4%	1.4%	0.7%	1.2%	1.3%	1.2%	0.8%
Median Income - United States	$60,703	$59,958	$58,060	$56,924	$55,694	$55,500	$55,627	$56,122	$57,117	$57,214	$57,550	$58,372	$59,218	$59,833	$60,154
Annual % Change	1.8%	-1.2%	-3.2%	-2.0%	-2.2%	-0.3%	0.2%	0.9%	1.8%	0.2%	0.6%	1.4%	1.5%	1.0%	0.5%

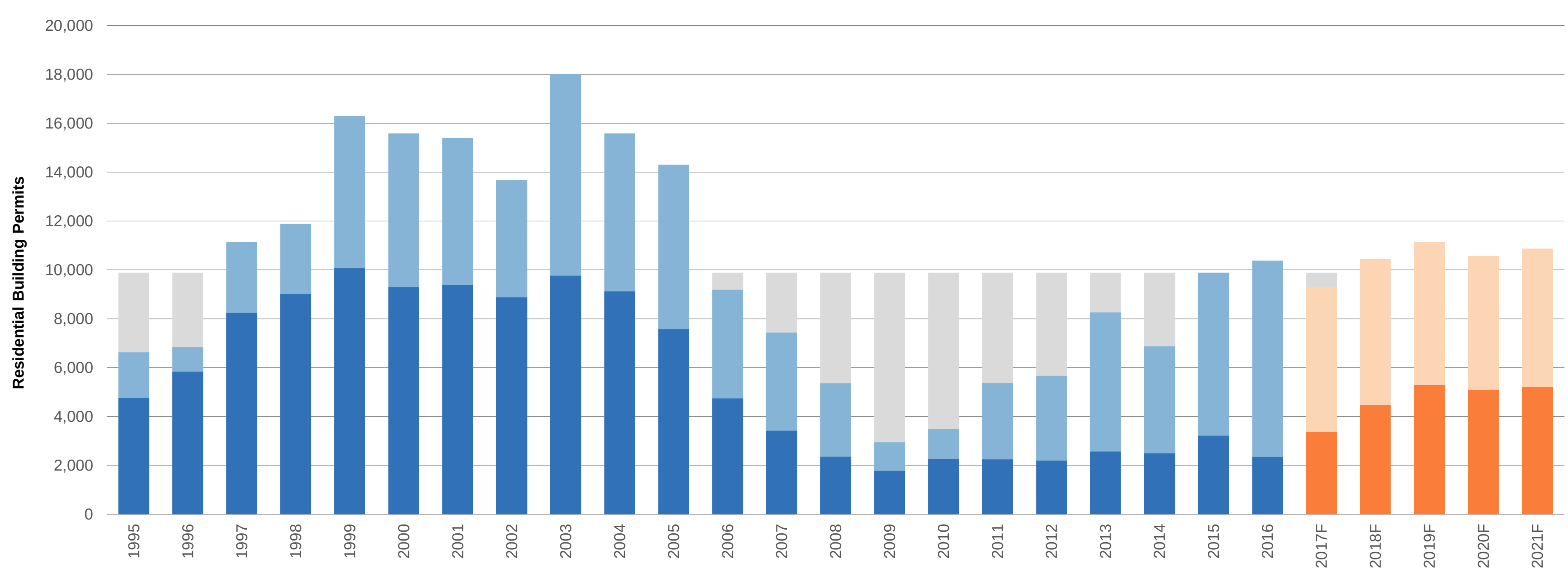


Source: Economy.com

Building Activity Stays at Long Run Levels Despite Declining Affordability

Residential Building Permit activity has been in a steady recovery reaching long term levels in 2015. Economy.com expects permit growth to stay at long run growth levels with Single Family permits becoming a larger share of overall activity.

Residential Building Permit History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Total Building Permits	7,435	5,357	2,946	3,494	5,370	5,666	8,264	6,875	9,883	10,382	9,286	10,458	11,116	10,577	10,870
Annual % Change	-19.1%	-27.9%	-45.0%	18.6%	53.7%	5.5%	45.9%	-16.8%	43.8%	5.0%	-10.5%	12.6%	6.3%	-4.8%	2.8%
SFD Building Permits	3,422	2,361	1,778	2,270	2,245	2,197	2,565	2,487	3,222	2,342	3,377	4,475	5,277	5,089	5,212
Annual % Change	-27.9%	-31.0%	-24.7%	27.7%	-1.1%	-2.1%	16.8%	-3.0%	29.6%	-27.3%	44.2%	32.5%	17.9%	-3.6%	2.4%
MF Building Permits	4,013	2,996	1,168	1,224	3,125	3,469	5,699	4,388	6,661	8,040	5,910	5,983	5,839	5,488	5,658
Annual % Change	-9.8%	-25.3%	-61.0%	4.8%	155.3%	11.0%	64.3%	-23.0%	51.8%	20.7%	-26.5%	1.2%	-2.4%	-6.0%	3.1%

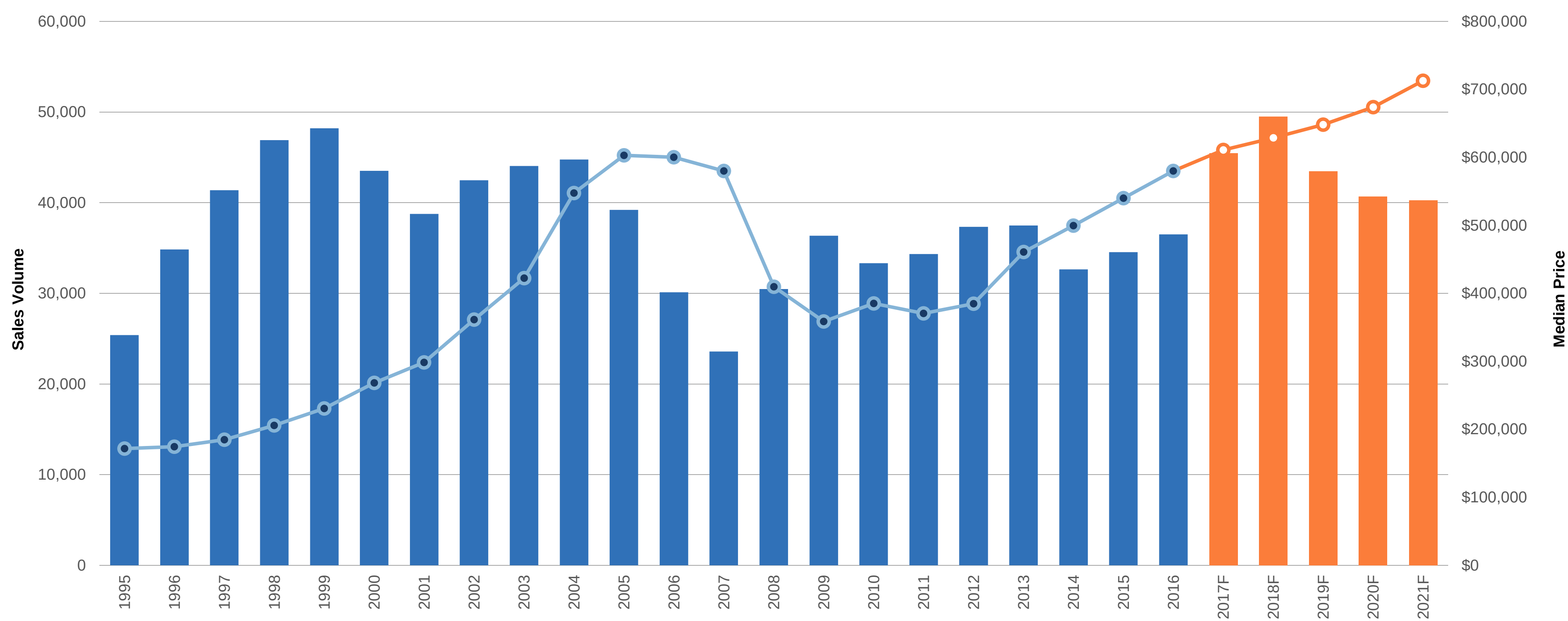


Source: Economy.com

Prices Set To Continue Appreciating

Existing Sales activity has advanced from the 2007 low and remained at a moderately lower level of activity than the early 2000’s and late 1990’s. Sales activity is expected to increase and remain at a level over the current level over the next 5 years. Median Sales Prices for existing homes are expected to advance over the next few years from $579,921 to above $700,000 by 2021.

Existing SFD History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Annual Existing SFD Sales	23,588	30,490	36,353	33,324	34,324	37,332	37,492	32,642	34,537	36,510	45,451	49,526	43,494	40,654	40,264
Prior Year Change	-21.7%	29.3%	19.2%	-8.3%	3.0%	8.8%	0.4%	-12.9%	5.8%	5.7%	24.5%	9.0%	-12.2%	-6.5%	-1.0%
Median Existing SFD Sales Price	$579,999	$409,665	$358,631	$385,207	$370,651	$384,769	$460,715	$499,547	$539,848	$579,921	$610,839	$628,635	$648,163	$674,029	$712,549
Prior Year Change	-3.4%	-29.4%	-12.5%	7.4%	-3.8%	3.8%	19.7%	8.4%	8.1%	7.4%	5.3%	2.9%	3.1%	4.0%	5.7%

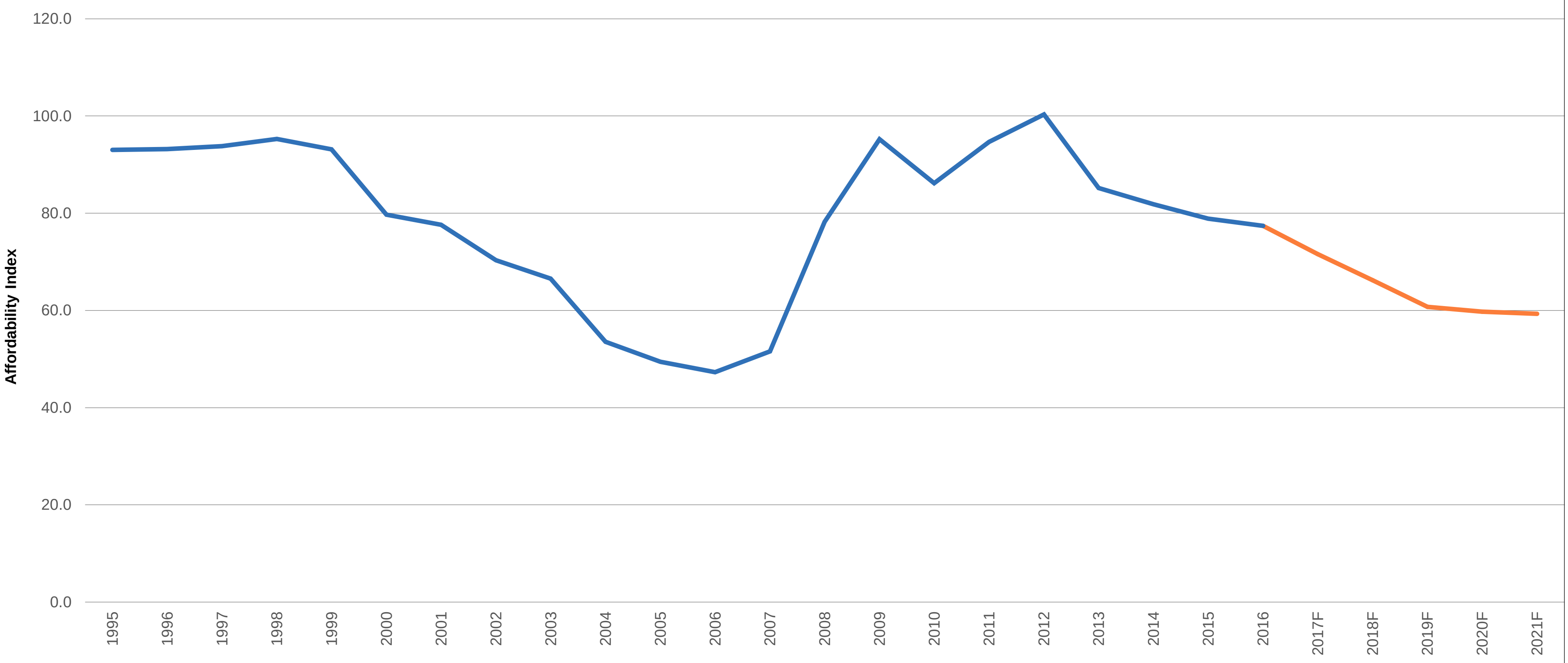


Source: Economy.com

Affordability Should Decline as Supply Struggles to Keep Pace

The affordability index is a measure of attainability of house prices in a certain area relative to earnings in that same area, and the higher the index, the more affordable the house prices are. Affordability in San Diego MSA has been characteristically low ranging between 50 and 100. Affordability peaked in San Diego in 2012 and has been in decline led by median home prices increasing faster than median incomes. This trend is expected to continue over the next 5 years.

Affordability Index w/ Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Affordability Index	51.6	78.3	95.2	86.2	94.7	100.3	85.2	81.9	78.9	77.4	71.6	66.2	60.7	59.7	59.3



Source: Economy.com

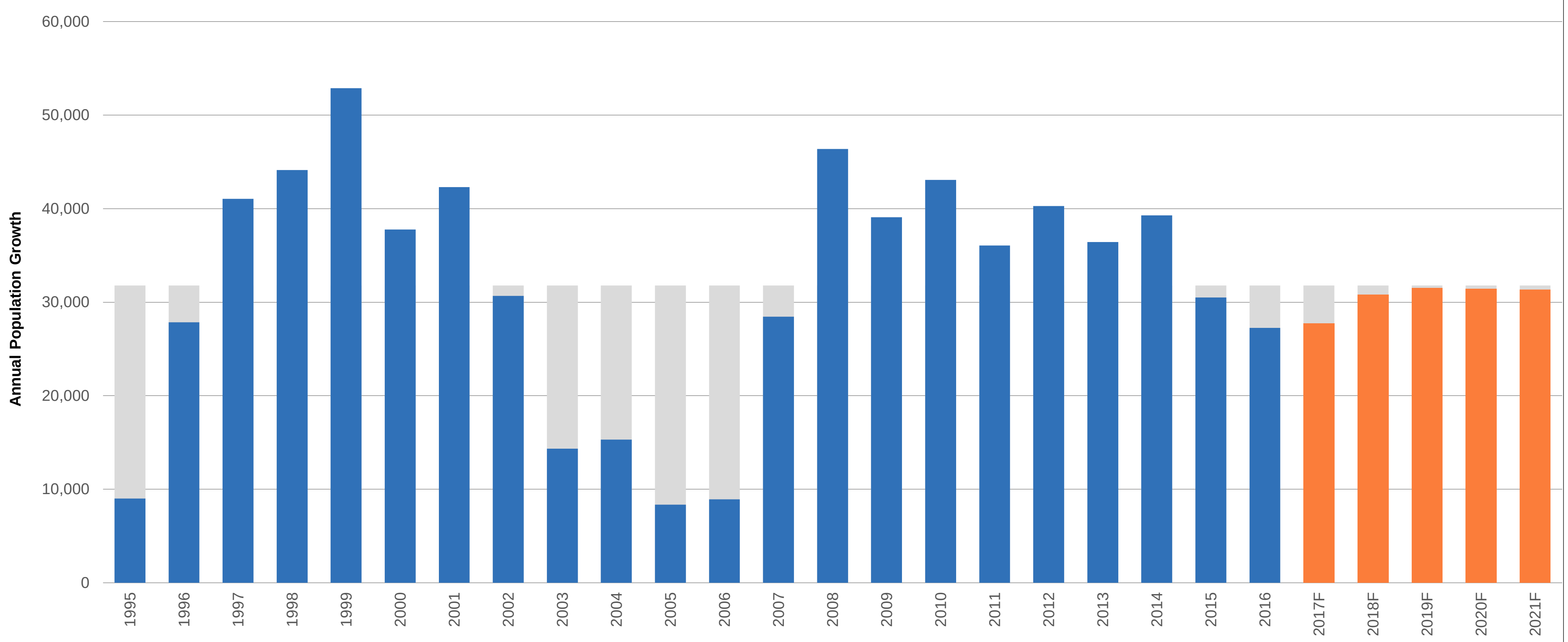
Demographic Overview

Rancho Coronado MU-4, San Marcos, California

Long Term Population Growth Supports Continued Development

San Diego MSA population levels surpassed 3,250,000 in 2014. Population growth is expected to continue at a pace of roughly 30,000 persons per year over the next 5 years on par with the long term rate of population growth.

Population History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Total Population	2,975,742	3,022,116	3,061,203	3,104,270	3,140,324	3,180,594	3,217,022	3,256,315	3,286,803	3,314,060	3,341,807	3,372,621	3,404,128	3,435,569	3,466,933
Prior Year Change	28,453	46,374	39,087	43,067	36,054	40,270	36,428	39,293	30,488	27,257	27,747	30,814	31,507	31,441	31,364
Annual % Change	1.0%	1.6%	1.3%	1.4%	1.2%	1.3%	1.1%	1.2%	0.9%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%

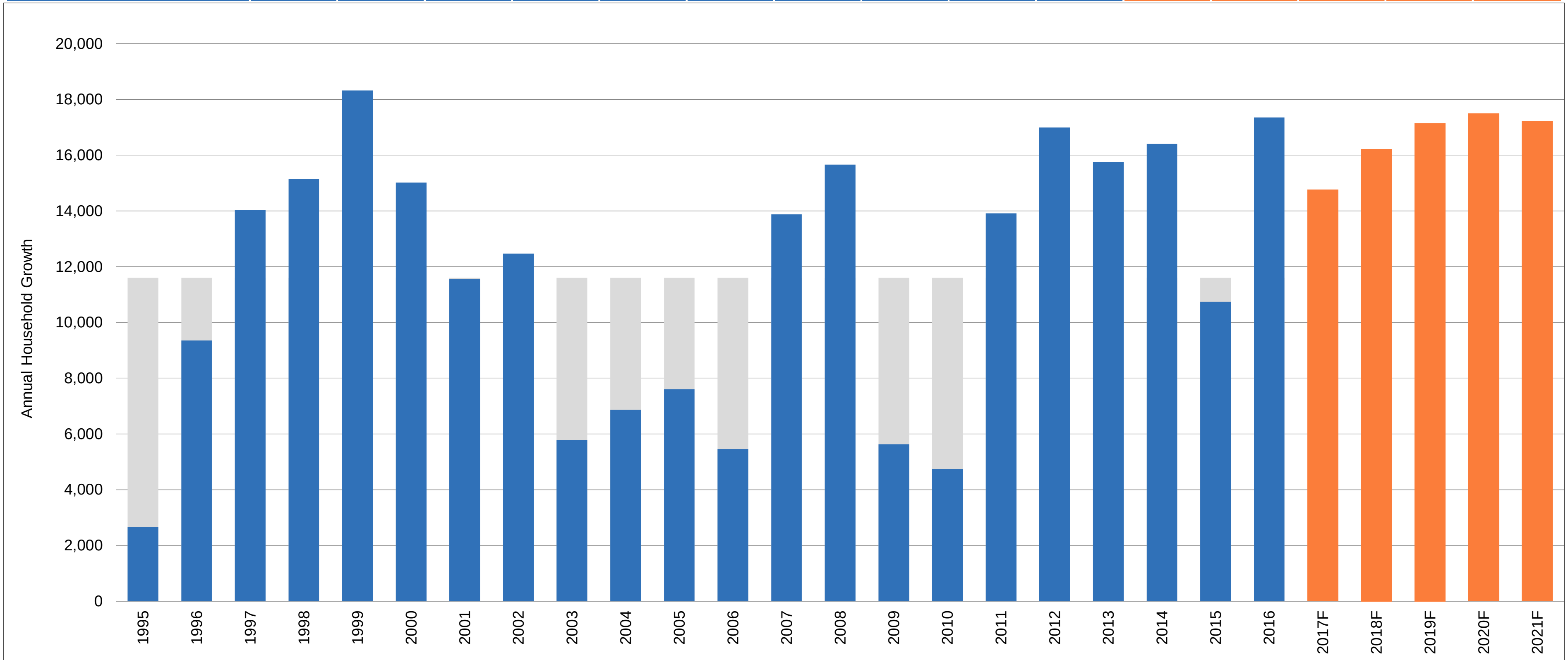


Source: Economy.com

Faster Household Growth than Normal Further Supports New Development

Household growth has been in an expansionary period over the last 6 years with 5 out 6 years experiencing household growth above the long term average. Economy.com expects this trend to continue over the next 5 years as economic conditions improve and population expands in the San Diego MSA.

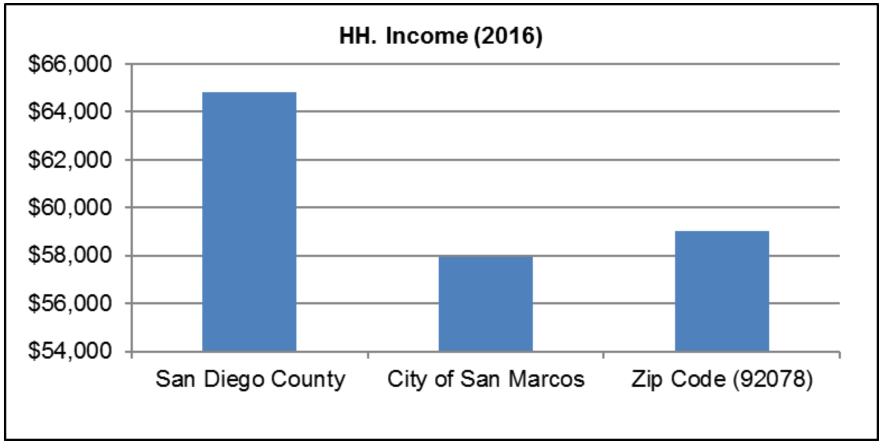
Household History & Forecasts	San Diego-Carlsbad, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Total Households	1,065,177	1,080,843	1,086,472	1,091,210	1,105,124	1,122,116	1,137,867	1,154,270	1,165,010	1,182,363	1,197,119	1,213,339	1,230,487	1,247,979	1,265,209
Prior Year Change	13,878	15,666	5,629	4,737	13,914	16,992	15,751	16,403	10,740	17,353	14,756	16,220	17,148	17,492	17,230
Annual % Change	1.3%	1.5%	0.5%	0.4%	1.3%	1.5%	1.4%	1.4%	0.9%	1.5%	1.2%	1.4%	1.4%	1.4%	1.4%

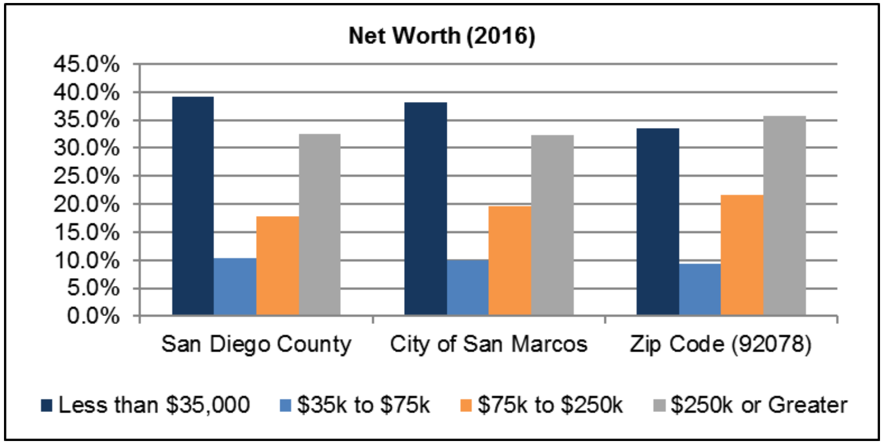


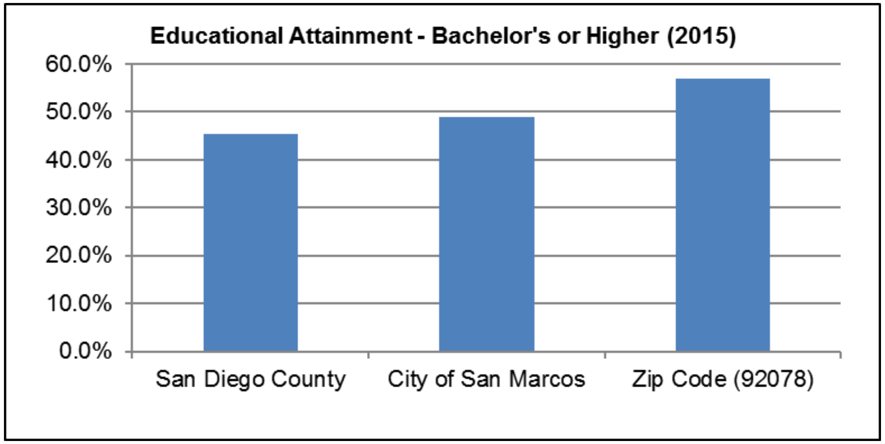
Source: Economy.com

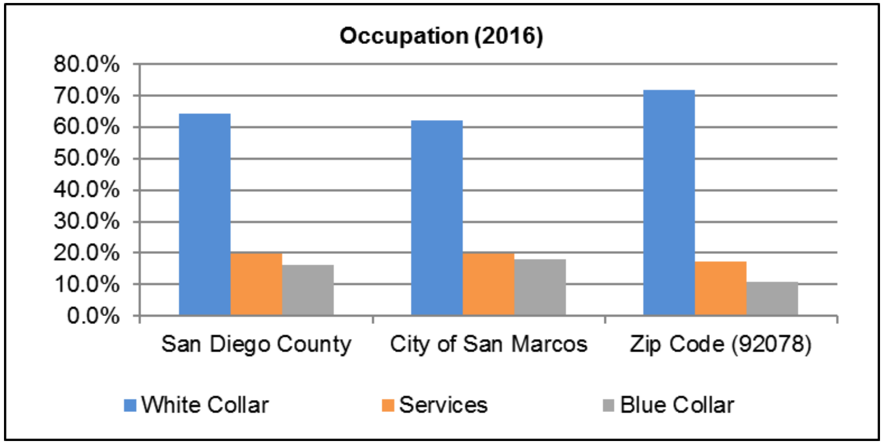
Income, Net Worth, Education and Occupation

The project 92078 ZIP code has a slightly higher household income than the city of San Marcos as a whole. The 92078 ZIP code has a higher average net worth than the City of San Marcos and San Diego County, with a higher concentration of white collar workers. The financial buyer profile of the residents in this area suggest that the proposed product and price point would be well suited to the local population in terms of size and affordability.









Source: ESRI

Commercial Comparables

Rancho Coronado MU-4, San Marcos, California

Commercial Value Conclusions

Methodology: As part of our due diligence on MU-4, Meyers researched the commercial market trends, sales comparables, and commercial buildings for lease, and spoke to local San Marcos commercial space broker representatives. We analyzed the development activity and related values of other new construction commercial spaces in San Marcos, most notably North City, which is located just south of the project, where the retail and office space provide some benchmarks of possible land values and lease rates at the project. There are no newer construction business park transactions in San Marcos, and so Meyers looked further afield at Vista and Carlsbad for comparable transactions.

Conclusions: Using the three different appraisal methods of property tax valuation sale transaction and net operating income/cap rate, Meyers concludes that **a completed business park project zoned MU-4 could be valued today at approximately $51 million ($212.50 per square foot)**. This assumes developing a total of 240,000 square feet with a mix of business park (216,000 square feet) and retail of 24,000 square feet. These values are based on todays lease rates, listings and recent sale transactions, using two methods of calculating value: a net operating income and cap rate approach, as well as a sales transaction (comps) approach. **The lease rates and sales pricing for business park and retail space in the area is discussed in more detail on the following pages.** An analysis of office is also provided, as this is an inclusive use under the MU-4 zoning guidelines.

Net Operating Income/ Cap Rate Valuation Approach											
Type	Square Feet	Estimated Monthly Lease Rate Per SF (NNN)*	Estimated Annual Lease Rate Per SF (NNN)*	Annual Lease Revenue	Minus Stabilized Vacancy Rate	Minus Marketing, Commissions, Legal, Etc.	Minus Property Taxes (Office Bldg.)	Vacancy and Credit Loss	Total Estimated Annual Revenues	Cap Rate (%)	Total Value
Retail	24,000	$3.00	$36.00	$864,000	-10.0%	-10.0%	--	($172,800)	$691,200	5.00%	$13,824,000
Business Park	216,000	$1.05	$12.60	$2,721,600	-10.0%	-10.0%	--	($544,320)	$2,177,280	6.25%	$34,836,480
TOTAL	**240,000**	**$1.25**	**$14.94**	**$3,585,600**	**-10.0%**	**-10.0%**	**--**	**($717,120)**	**$2,868,480**	**--**	**$48,660,480**

Tax Valuation Approach			
Type	Square Feet	Price Per Square Foot	Total Value
Retail	24,000	$325	$7,800,000
Business Park	216,000	$200	$43,200,000
TOTAL	**240,000**	**$213**	**$51,000,000**

Sales Transaction Valuation Approach			
Type	Square Feet	Price Per Square Foot	Total Value
Retail	24,000	$450	$10,800,000
Business Park	216,000	$200	$43,200,000
TOTAL	**240,000**	**$225**	**$54,000,000**

Carlsbad Victory Business Park and Escondido Victory Industrial Park

Meyers looked at Flex Industrial Research and Development (R&D) spaces to ascertain comparable values in San Marcos and east Carlsbad. Carlsbad Victory Industrial Park is a brand new space offering at $1.05 per square foot, for 55,573 square feet, delivering in 2017/2018, and valued at $13.9 million or $250 per building SF. The same developer (Badiee) recently purchased another 4.78 acre parcel at 2005 Harmony Grove for $1.3 million, for the development of another 91,000 SF business park, valued at $13.5 million ($148 per building SF).

Carlsbad Victory Business Park: $13.9m

Escondido Victory Industrial Park: $13.5m

Source: Loopnet

Property Tax Valuation Basis

Meyers also analyzed recently developed parcels by taxable value as shown on the San Diego County Tax Assessors parcel maps and by valuation from developers such as Badiee, which is currently developing an impressive pipeline of North County commercial space. The property tax rate for the area is 1.117432%. **The 288 Distribution Street comparable at $157 per square foot** is included as the only example on the market in the vicinity of a taxable value under the Business Park definition with a research/development use as the zoning code of the City of San Marcos suggests. The Victory properties developed by Badiee have a similar concept, with two industrial parks located in Vista and Escondido respectively, and a Business Park in Carlsbad. It appears reasonable that a Business Park located in San Marcos would fetch higher pricing than an Industrial Park in Vista, and lower pricing than Business Park in Carlsbad's premier 92008 ZIP code code. **Accordingly, Meyers has priced the project Business Park at $200/SF for new construction.**

No.	Property Name / Address	Sq. Ft.	Tenant/Owner	Year Built	Property Tax	Tax Rate	Acreage	Land	Improvements	Total Value	Price/ SF	Price/Acre
1	**Carlsbad Victory Business Park** 3248 Lionshead Ave, 92008 Carlsbad	55,573	Badiee Development	2018			3.8			13,900,000	$250	$3,647,494
2	**Escondido Victory Industrial Park** 2005 Harmony Grove Escondido 92029	91,000	Badiee Development	2018			4.8	1,300,000		13,500,000	$148	$271,967
3	**Santa Fe Hills Business Center** 2891 S Santa Fe San Marcos	4,900	San Marcos Flex Sonic	2009		1.12%	3.7			686,000	$140	$187,432
4	**Keystone Victory Industrial Park** S. Melrose Drive Vista	77,850	Industrial Park Carlsbad Adjacent	2018		1.10%	10.0			13,900,000	$179	$1,390,000
5	**Flex/Industrial/Life Sciences** 288 Distribution Street San Marcos	24,225	Spike/Cliniqa	1986		1.12%	1.3			3,800,000	$157	$2,923,077
		50,710		**2010**			**4.7**		**AVERAGE PRICE**		**$175**	**$1,683,994**

Business Park Sales Comparables

The business park sales transactions for Class A space in south San Marcos, Vista and east Carlsbad averages $190 per square foot. **Meyers recommends sales price of $200 per square foot for business park space at the project location, to adjust for new construction and relative desirability of the project location.**

No.	Property Name Address	Buyer	Seller	Lessee	Acreage	Year Built	Type	Square Feet	Sale Price	Price/ SF	Cap Rate	Sale Date
	100 Bosstick Blvd San Marcos 92069				0.81	1998	Industrial R&D	10,000 **10,000**	$1,700,000	$170.00		Listed
	250 S. Pacific St San Marcos 92078					2007	Industrial Condo	948 **948**	$350,000	$369.20		Listed
	Poinsettia Business Park 1396 Poinsettia Ave Vista 92083				1.39	1990	Business Park R&D Biotech	23,660 **23,660**	$4,300,000	$181.74	6.44%	Listed
2	Oak Ridge Business Center 2410 Birch St Vista 92083				1.61	2009	Industrial	70,132 **70,132**	$5,395,000	$76.93		Listed
	3244 Grey Hawk Ct Grey Hawk Business Park, Carlsbad Industrial Flex Space	DL Investments			13.99	2006	Industrial R&D	9,341 **9,341**	$1,914,905	$205.00	6.4%	Listed
	1780-1788 La Costa Meadows Drive San Marcos				2.47	1988	Business Park	41,477 **41,477**	$5,500,000	$132.60	5.70%	Listed
	960 Los Vallecitos San Marcos				4.48	1987	Office R&D	74,188 **74,188**	$10,400,000	$140.18	6.44%	Listed
	2293 Cosmos Ct San Diego Hat Company			SD Hat Co	13	1992	Industrial Office/Warehouse	47,762 **47,762**	$10,000,000	$209.37		Listed
	Opus Point Flex Space 3205 Lionshead Ave Carlsbad 92008	Lionshead LLC	Aethercomm	Aethercomm	3.8	2008	Industrial R&D	50,000 **50,000**	$11,150,000	$223.00	6.44%	5/12/2017
							Min	**948**	**$1,914,905**	**$76.93**	**5.70%**	
							Max	**662,112**	**$11,150,000**	**$369.20**	**6.44%**	
							Total	**292,900**	**--**	**--**	**--**	
							Average	**48,817**	**$5,243,491**	**$164.51**	**6.26%**	

Source: Loopnet

Business Park Lease Comparables

The business park lease transactions for Class A space in south San Marcos, Vista and east Carlsbad averages $13.61 per square foot per year, or $1.13 per month. **Meyers recommends $12.60 per square foot per year, in line with the space offered at the new Carlsbad Victory Business Park.**

No.	Building Name / Address	Class	Built	Total Building Leasable SF	Available Space	Occupancy Rate (%)	Asking Lease Rate (Per SF Per Year)	Asking Lease Rate (Per SF Per Year)	Terms
1	1621 S Rancho Santa Fe Rd	A	1979	19,068	1,118	94.1%	$14.40	$1.20	Modified Gross
	La Costa Meadows Business Center				1,991		$13.20	$1.10	Est op expenses
	Old Creek Ranch				1,000		$13.20	$1.10	$0.06/SF
	San Marcos				794		$14.40	$1.20	
					802		$15.00	$1.25	
					4,791		$11.88	$0.99	
				Total	**10,496**	**45.0%**	**$12.95**	**$1.08**	
2	2892 South Santa Fe	A	2009	19,548	725		$12.00	$1.00	Full Service
	Santa Fe Hills Business Center				700		$12.00	$1.00	Full Service
	San Marcos			**Total**	**1,425**	**92.7%**	**$12.00**	**$1.00**	
3	1782, 1786, 1790	A	1988	16,875	2,943		$15.48	$1.29	Modified Gross
	La Costa Meadows Dr				3,923		$15.48	$1.29	Modified Gross
	R & D Flex Space			**Total**	**2,943**	**82.6%**	**$15.48**	**$1.29**	
	San Marcos								
4	Carlsbad Victory Business Park	A	2018	55,573	25,148		$12.60	$1.05	NNN
	3248 Lionshead Ave				30,425				
	R & D Flex Space			**Total**	**55,573**	**0.0%**	**$12.60**	**$1.05**	
5	1440 Grand Ave	A	1985	32,862	1,680		$11.40	$0.95	Modified Gross
	San Marcos Business Park			**Total**	**1,680**	**94.9%**	**$11.40**	**$0.95**	
	San Marcos								
6	2575 Fortune Way	A	1998	30,000	4,284		$13.44	$1.12	Modified Gross
	Vista Business Park			**Total**	**4,284**	**85.7%**	**$13.44**	**$1.12**	
	Vista								
7	RSF Business Park	A	1988	40,917	2,943		$17.40	$1.45	+ $0.12 CAM
	1782 La Costa Meadows Drive								
				Total	**2,943**	**92.8%**	**$17.40**	**$1.45**	
8	100 Bosstick Blvd	A	1998	10,000	10,000		$11.64	$0.97	
	San Marcos 92069								
				Total	**0**	**0.0%**	**$11.64**	**$0.97**	
			Min	**16,875**	**700**	**0.0%**	**$11.40**	**$0.95**	
			Max	**55,573**	**30,425**	**94.9%**	**$17.40**	**$1.45**	
			Total	**214,843**	**79,344**	**--**	**--**	**--**	
			Average	**30,692**	**9,918**	**63.1%**	**$13.36**	**$1.11**	

Source: Loopnet

Retail Sales Comparables

Retail for-sale listings show that the average price is $356 per square foot. Campus Marketplace is a strip retail center in a very comparable location close to the project, and transacted in 2015 at $370 per square foot, and again 18 months later at $510 per square foot. We can conclude that a sales value for between $370 and $510 is appropriate for the project. The **Meyers recommended retail price sales per square foot for MU-4 is $450 per square foot.**

No.	Property Name Address	Buyer	Seller	Year Built	Type	Square Feet	Sale Price	Price/ SF	Cap Rate	Sale Date
1	Nordahl Marketplace 713 Center Dr	Sewing Machines Plus	World Premier Investments	1990	Retail	8,000 **8,000**	$1,950,000	$243.75	--	12/5/2014
3	Campus Marketplace 300-350 S. Twin Oaks Valley Rd	Emerald Interests	Inland America RE	2001	Retail	144,286 **144,286**	$53,400,000	$370.10	--	2/9/2015
6	1691 Melrose Dr 1693 Melrose Dr	Purple Mountain Empire LLC	Lulu Land Co LLC	2008	Retail	14,077 4,323 **18,400**	$9,300,000	$505.43	--	10/6/2014
8	770 W San Marcos Blvd Smart & Final	Jim Kim	Eugene Ku	2002	Retail	20,725 **20,725**	$8,118,000	$391.70	5.56%	9/24/2014
9	Civic Center Plaza 125 N Twin Oaks Valley 133 N Twin Oaks Valley 141 N Twin Oaks Valley 157 N Twin Oaks Valley	Civic Center Retail, LLC	Saber SMCCP	2007	Retail	43,000 6,900 6,300 4,200 **60,400**	$14,350,000.00	$237.58	4.65%	4/3/2015
10	Twin Oaks Town Center 407 N Twin Oaks Valley 405 N Twin Oaks Valley 403 N Twin Oaks Valley	Oda LLC	Tmack LLC	2008	Retail	10,960 6,641 4,264 **21,865**	$5,250,000	$240.11	6.22%	11/13/2014
9	Campus Marketplace 300-320 S Twin Oaks Valley 308 S Twin Oaks Valley 342 S Twin Oaks Valley 344 S Twin Oaks Valley 324 S Twin Oaks Valley 328 S Twin Oaks Valley 336 S Twin Oaks Valley	Emerald Interests Corp.	InvenTrust Properties Corp.	2001	Retail	105,595 10,528 7,000 7,000 5,163 4,500 4,500 **144,286**	$73,535,000	$509.65	5.50%	1/10/2017
					Min	**0**	**$1,950,000**	**$237.58**	**4.65%**	
					Max	**144,286**	**$73,535,000**	**$509.65**	**6.22%**	
					Total	**417,962**	**--**	**--**	**--**	
					Average	**59,709**	**$23,700,429**	**$356.90**	**5.48%**	

Source: Loopnet

Retail Lease Comparables

The average price for retail lease transactions is $2.47 per square foot. Campus Pointe II is a strip retail center in a very comparable location just across Twin Oaks Valley Road from the project, and recently transacted at $3.25 to $3.40 per square foot. Additionally, the Corner @ Twin Oaks spaces which will be available in 2018 are being marketed at $3.50 NNN for first floor, and $3.25 NNN for second floor spaces. The **Meyers recommended lease rate per square foot for the retail portion of MU-4 is $3.00 NNN**, and reflects an economy of scale for the relatively large space available. Smaller spaces would fetch upwards of $3.00 to $3.50 NNN, as reflected on this table.

No.	Building Name Address	Built	Total Building Leasable SF	Available Space	Occupancy Rate (%)	Vacancy Rate (%)	Asking Lease Rate (Per SF Per Mo.)	Terms	Description
1	403-407 Twin Oaks Valley Rd	2006	10,460	1,032			$1.90	NNN	In-Line Space
				1,583			$1.75	NNN	In-Line Space
				1,384			$1.75	NNN	In-Line Space
				2,481			$1.60	NNN	In-Line Space
				1,955			$1.70	NNN	In-Line Space
				2,025			$1.65	NNN	In-Line Space
			Total	**10,460**	**88.0%**	**12.0%**	**$1.73**		
2	North City Block C - Urge	2018	20,840	20,840	100.0%	0.0%	$1.30	NNN	Restaurant
			Total	**20,840**	**100.0%**	**0.0%**	**$1.30**		
3	125-127 N. Twin Oaks Valley Rd	2005	60,400	797			$3.00	NNN	In-Line Space
				830			$3.00	NNN	In-Line Space
				901			$3.00	NNN	In-Line Space
			Total	**2,528**	**95.8%**	**4.2%**	**$3.00**		
4	240-260 N Rancho Santa Fe Rd		8,006	2,014			$2.35	NNN	Mixed Use Ground Floor
				1,000			$2.15	NNN	Mixed Use Ground Floor
				1,000			$2.25	NNN	Mixed Use Ground Floor
				895			$2.15	NNN	Mixed Use Ground Floor
				1,119			$2.25	NNN	Mixed Use Ground Floor
			Total	**4,014**	**24.7%**	**75.3%**	**$2.23**		
5	Crossroads Center 204-218 W San Marcos Blvd.		22,988	1,200			$2.25	NNN	In-Line Space
				1,200			$2.50	NNN	In-Line Space
				1,500			$2.75	NNN	In-Line Space
			Total	**3,900**	**83.0%**	**17.0%**	**$2.50**		
6	1020-1080 San Marcos Blvd		75,000	2,679			$2.25	NNN	Restaurant
				2,760			$2.25	NNN	Restaurant
				6,900				NNN	Restaurant
				12,000				NNN	Restaurant
			Total	**24,339**	**67.5%**	**32.5%**	**$2.25**		
7	1158 San Marcos Blvd		35,400	1,721			$2.50		Restaurant
			Total	**1,721**	**95.1%**	**4.9%**	**$2.50**		
8	Corner @ Twin Oaks	2018	14,000	7,000			$3.50	NNN	First Floor retail
				7,000			$3.25	NNN	2nd Floor retail/office
			Total	**14,000**	**0.0%**	**0.0%**	**$3.38**		
9	Campus Pointe II Village Drive	2013	11,656	2,370			$3.40	NNN	
				1,103			$3.25	NNN	
			Total	**3,473**	**70.2%**	**29.8%**	**$3.33**		
		Min	**10,460**	**797**	**0.0%**	**0.0%**	**$1.30**		
		Max	**75,000**	**20,840**	**100.0%**	**75.3%**	**$3.50**		
		Mean	**20,840**	**3,900**	**100.0%**	**0.0%**	**$2.50**		
		Average	**28,750**	**5,090**	**69.4%**	**17.6%**	**$2.47**		

Source: Loopnet

Office Sales Comparables

Many of the permitted uses listed undere the MU-4 zoning definition encompass office space. For this reason, Meyers looked at San Marcos and east Carlsbad transactions to establish a value for office for-sale listings and sales. The average sale price for recent transactions is $215, at an average CAP rate of 6.56%. Based on these transactions, **Meyers recommends a sale price for office at this location of $270 per square foot (in line with 300 Rancheros Drive) and a CAP rate of 6.50%.**

No.	Property Name Address	Buyer	Seller	Lessee	Acreage	Year Built	Type	Square Feet	Sale Price	Price/ SF	Cap Rate	Sale Date
1	300 Rancheros Dr San Marcos	Brookwood Financial Partners	Newport National Corp	Aerotek, Welk Welk		2008	Office	95,531 **95,531**	$25,000,000	$261.70	--	2/19/2015
	2173 Salk Ave 2175 Salk Ave 2177 Salk Ave 5964 La Place Ct 5966 La Place Ct 5962 La Place Ct Carlsbad	Brookwood Financial Partners The Campus	Newport National Corp	 Genmark Diagnostics		2007 1986	Office	79,287 79,287 60,588 68,639 68,639 46,881 **403,321**	$88,000,000.00	$218.19		2/19/2015
	2051 Palomar Airport Rd Palomar Center Carlsbad	Hines-Oaktree	JC Coxeter Enterprises		13	1982/2017	Office	178,570 **178,570**	$22,731,000	$127.29	6.4%	1/2/2015
	3156 Lionshead Carlsbad 92010				3	2007	Office Condo	9,769 **9,769**	$2,800,000	$286.62	6.44%	Listed
	1905 Aston Ave Carlsbad Research Center	Alvarez & Marshal Capital		Advanced Biologics	3.38	1999	Office	48,551 **48,551**	$7,550,000	$155.51	6.80%	6/20/2016
	2310-2320 Camino Vida Roble Carlsbad 92011	Listed			5.8	1982	Office	86,896 **86,896**	$20,896,000	$240.47		Listed
							Min	**9,769**	**$2,800,000**	**$127.29**	**6.44%**	
							Max	**403,321**	**$88,000,000**	**$286.62**	**6.80%**	
							Total	**727,107**	**--**	**--**	**--**	
							Average	**145,421**	**$27,829,500**	**$214.96**	**6.56%**	

Source: Loopnet

Office Lease Comparables

The average lease rate for the better Class B and Class A office spaces in San Marcos is $2.73 per square foot. The most recent transaction is the third floor of the brand new office building at Campus Point and Carmel Street. Pima Medical has secured the lower 2 floors at $2.22 per square foot, and the 3rd floor is being marketed at $3.20 per square foot excluding utilities. **Meyers recommends a lease rate for office at this location of $2.25 per square foot**, reflecting an economy of scale for the large amount of square footage. Smaller spaces could technically fetch $3.00 per square foot or higher, but the apparent over-supply of office in the immediate vicinity puts significant downward pressure on pricing.

No.	Building Name Address	Class	Built	Total Building Leasable SF	Available Space	Occupancy Rate (%)	Vacancy Rate (%)	Asking Lease Rate (Per SF Per Mo.)	Terms
1	1 Civic Center Drive	A	1995	147,000	1,494			$2.55	NNN
	San Marcos				987			$2.55	NNN
					3,696			$2.55	NNN
					1,257			$2.55	NNN
					1,028			$2.55	NNN
					4,252			$2.55	NNN
					12,714	**91.4%**	**8.6%**	**$2.55**	
2	838 Nordahl Road	A	2008	53,000	24,294	45.8%	54.2%	$2.50	NNN
	San Marcos			**Total**	**24,294**	**54.2%**	**45.8%**	**$2.50**	
3	277 Rancheros Drive	A		17,755	800			$2.45	
	San Marcos				10,470			$2.45	
					890			$2.45	
				Total	**12,160**	**31.5%**	**68.5%**	**$2.45**	
4	1132 San Marino Dr.	B	1984	19,974	193			$3.36	Full Service
	San Marcos				1,264			$1.65	Modified Gross
				Total	**1,457**	**92.7%**	**7.3%**	**$2.51**	
5	570 Rancheros Drive	B	1992	45,327	3,917			$2.25	
	San Marcos				997			$2.25	
					3,515			$2.25	
					1,020			$2.25	
				Total	**9,449**	**79.2%**	**20.8%**	**$2.25**	
6	105 S. Twin Oaks Valley Rd	A		5,000	1,500			$6.67	Modified Gross
	San Marcos			**Total**	**1,500**	**70.0%**	**30.0%**	**$6.67**	
7	North County Corporate Center	A	2000	53,000	2,532			$2.40	
	276 Rancheros Drive				15,223			$2.40	
	San Marcos			**Total**	**17,755**	**66.5%**	**33.5%**	**$2.40**	
8	241 Twin Oaks Valley Rd	B		1,476	1,476			$2.98	Modified Gross
	San Marcos			**Total**	**1,476**	**0.0%**	**100.0%**	**$2.98**	
9	950 Boardwalk Avenue	B	2006	38,514	2,353			$1.75	
	San Marcos			**Total**	**2,353**	**93.9%**	**6.1%**	**$1.75**	
10	Pima Medical Group	A	2018	60,000	40,000	0.0%	100.0%	$2.22	15 year lease at $16M
	North City, San Marcos			**Total**	**40,000**	**33.3%**	**66.7%**	**$2.22**	
	111 Campus Way								
11	111 Campus Way	A	2018	60,000	20,000	0.0%	100.0%	$3.20	Mod. Gross, Excl. Utilies
	3rd Floor			**Total**	**20,000**	**66.7%**	**33.3%**	**$3.20**	
	North City, San Marcos								
			Min	**1,476**	**193**	**31.5%**	**7.3%**	**$1.65**	
			Max	**147,000**	**24,294**	**92.7%**	**68.5%**	**$6.67**	
			Total	**232,570**	**121,682**		**--**	**--**	
			Average	**33,224**	**11,930**	**47.7%**	**52.3%**	**$2.73**	

Source: Loopnet

San Diego Retail Market Overview

Rancho Coronado MU-4, San Marcos, California

Retail Market Trends Indicate Market is Soft in San Marcos

The following bullets summarize our findings for retail market conditions in the San Diego MSA, North County market and the San Marcos submarket.

- **Retail inventory** in San Diego has been increasing since 2009, with roughly 350,000 to 500,000 square feet added each year over the past four years. New retail deliveries have averaged 1.5 million square feet annually over the past 30 years, which is largely reflective of the building boom in the late 1980s, while new deliveries have been well below the historical average since 2008, which is partially a function of limited land supply.

- **San Diego MSA** retail lease rates have been on the increase, and were up over $2.00 per square foot at the end of 2015/beginning of 2016. Currently, lease rates have fallen back slightly to $1.91 in the third quarter of 2016, while vacancy rates have trended downward since 2010 to a seven year low of 4.1%. San Diego's retail market experienced negative absorption during the recession in 2008 and 2009, but both deliveries and absorption have been positive since that time. Based on current construction activity, an additional 480,000+ square feet of retail space is projected for delivery through 2017.

- **In the North County Submarket**, over 1 million square feet of retail has been added since 2011, with between 300,000 and 600,000 square feet being delivered each year since 2010 (500,000 year-to-date 2016). Much of the recently delivered inventory is at the La Costa Town Center in Carlsbad and Village at Pacific Highlands Ranch. Rents in the North County market have increased to 1.74 per square foot over the past two years as the market has tightened up. Vacancy rates are currently at a four-year low at 5.4%. While deliveries have outpaced absorption in North County by over 150% over the past eight years, absorption has been fairly strong since 2011. Nearly 1.1 million square feet of retail space has been absorbed since 2013 compared to 500,000 square feet of completed space.

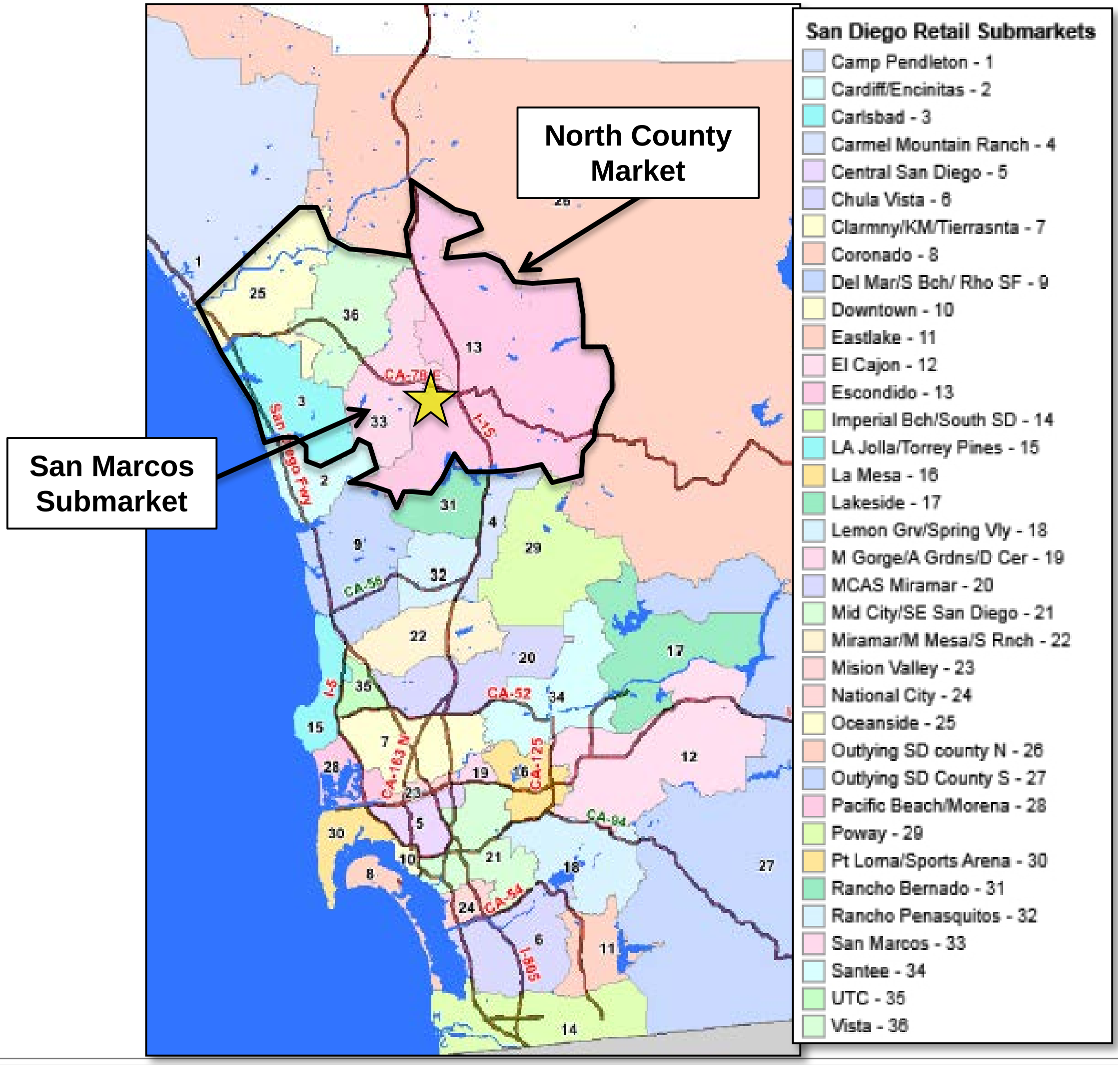
- **The San Marcos retail Submarket** has the lowest lease rates in San Diego County, at $1.07 per square foot versus $2.06 per square foot for the MSA overall. The San Marcos retail submarket has the highest vacancy rate of any submarket in San Diego, at 8.9% vacancy versus 4.7% vacancy for the MSA overall.

- Brokers that we interviewed report market conditions are somewhat soft in San Marcos, and the anchored centers fare better than the numerous un-anchored retail strips. Generally, rents are rising and vacancy is decreasing. Prospective tenants for Corner @ 2Oaks should be similar to the nearby Civic Center Plaza, which includes coffee, fast service food, print/ copy and restaurant tenants. It is estimated that a lease up period could take 9 to 18 months, with achievable lease rates in the $3.00 to $3.50 range (NNN).

- The developer is already in the process of securing a lease with Outback Steakhouse for the restaurant portion of the site, which is a good fit for the area and location.

Site Is Located In North Co. Retail Market, San Marcos Submarket

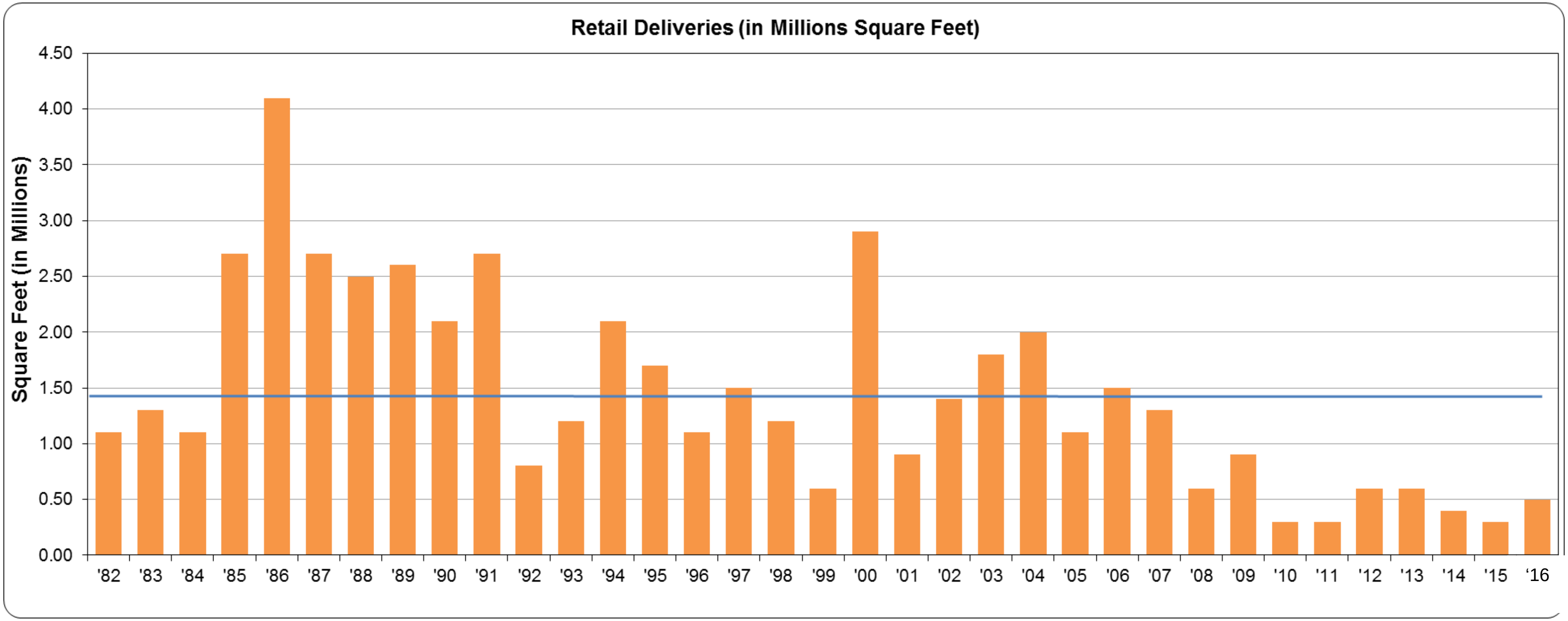
The San Diego MSA is comprised of 36 retail submarkets. The Corner @ 2Oaks site is located in the San Marcos submarket, which is part of the greater North County market that includes Escondido, Oceanside, Carlsbad and Vista submarkets.



Source: CoStar

San Diego Total Retail Deliveries Well Below Historical Norms

New retail deliveries have averaged 1.5 million square feet annually over the past 30 years, which is largely reflective of the building boom in the late 1980s. New deliveries have been well below the historical average since 2008, which is partially a function of limited land supply.



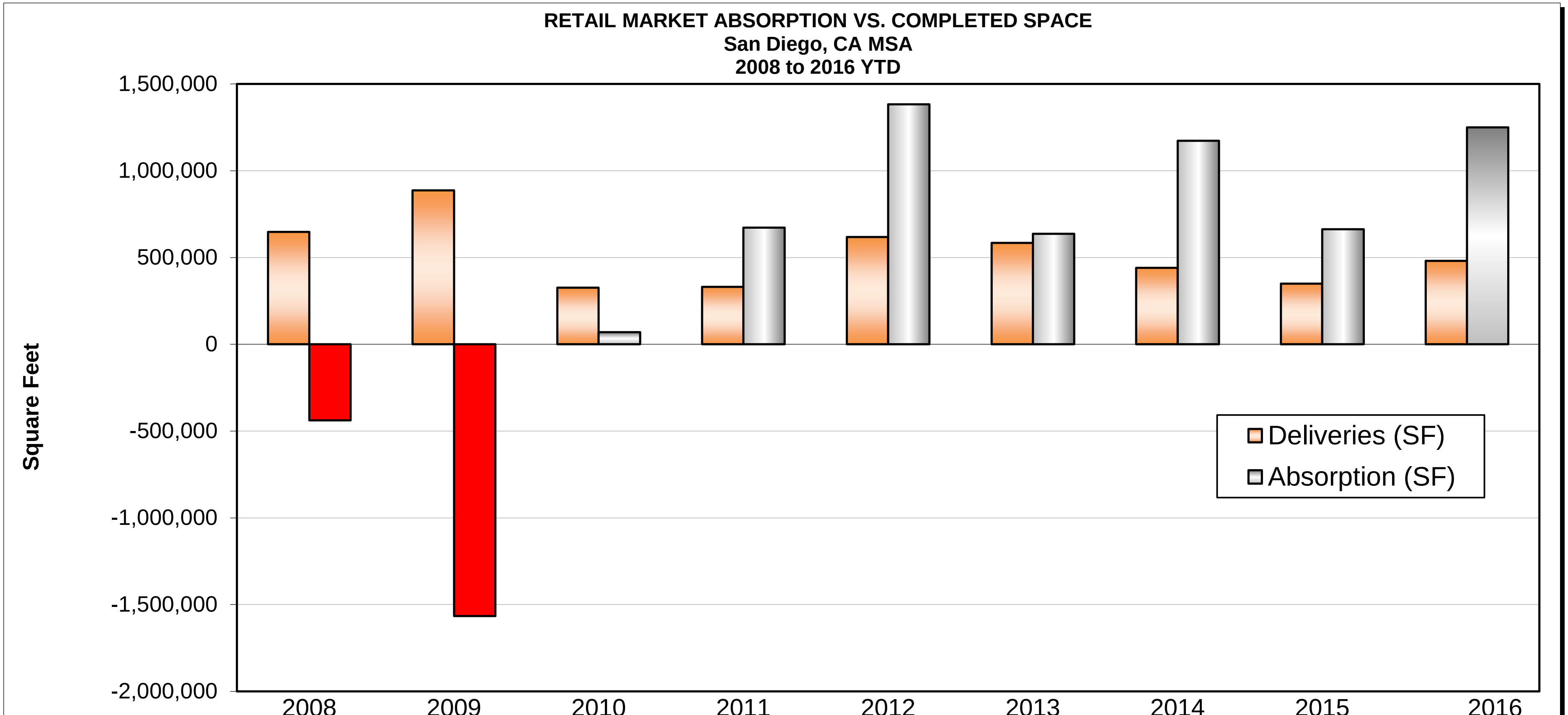
Deliveries	'82	'83	'84	'85	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98
Total Deliveries (SF)	1.1	1.3	1.1	2.7	4.1	2.7	2.5	2.6	2.1	2.7	0.8	1.2	2.1	1.7	1.1	1.5	1.2
% Change		18%	-15%	145%	52%	-34%	-7%	4%	-19%	29%	-70%	50%	75%	-19%	-35%	36%	-20%

Deliveries	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16
Total Deliveries (SF)	0.6	2.9	0.9	1.4	1.8	2.0	1.1	1.5	1.3	0.6	0.9	0.3	0.3	0.6	0.6	0.4	0.3	0.5
% Change	-50%	383%	-69%	56%	29%	11%	-45%	36%	-13%	-54%	50%	-67%	0%	100%	0%	-33%	-25%	67%

Source: CoStar

San Diego MSA Absorption vs. Completed Space is Healthy

San Diego's retail market experienced negative absorption during the recession in 2008 and 2009; however, both deliveries and absorption have been positive since that time. The biggest retail delivery activity in the past year includes the redevelopment of Westfield Mall in UTC, the ongoing redevelopment of the Shoppes at Carlsbad, the exit of Sports Authority and Sports Chalet, and the opening of 12 new Smart and Final stores in San Diego County in 2016.



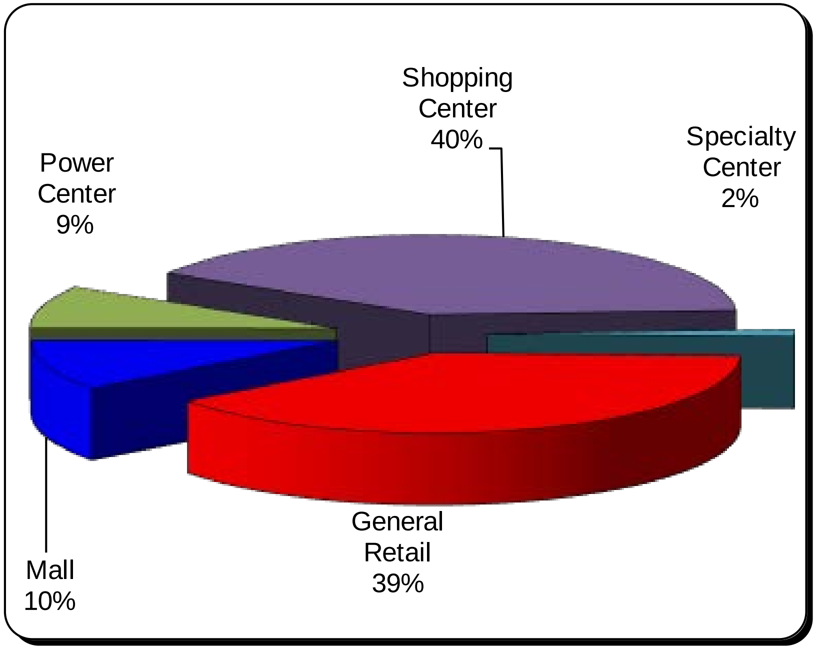
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Deliveries (SF)	647,902	887,518	326,572	330,404	618,243	584,537	440,099	349,609	481,421
Absorption (SF)	-438,847	-1,566,031	70,791	672,641	1,382,231	637,521	1,172,524	663,127	1,250,774

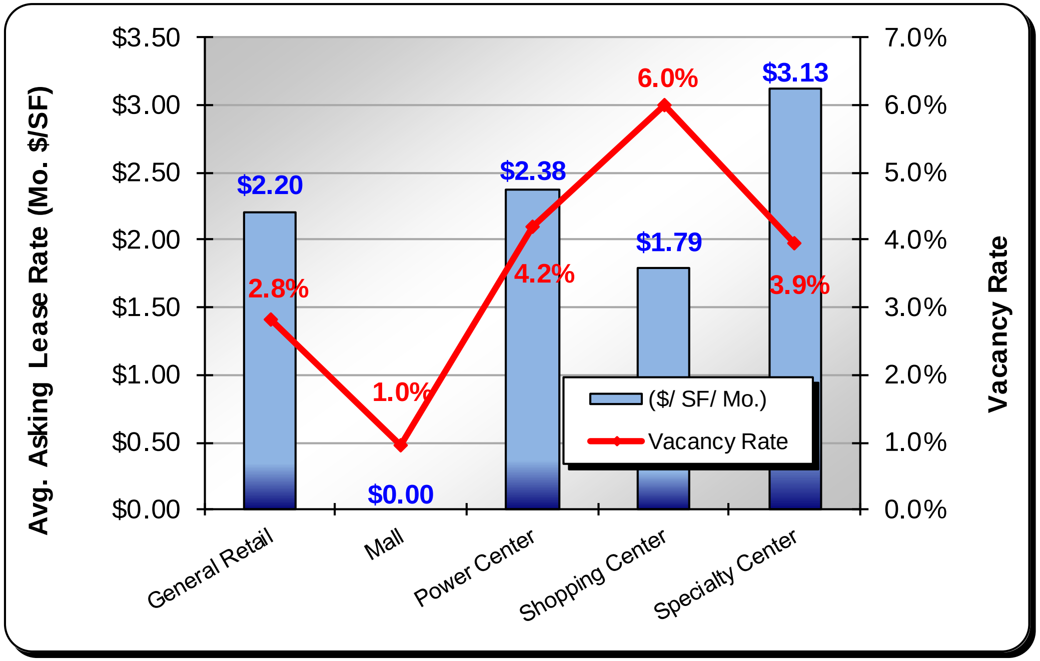
Source: CoStar

Power Centers Have Highest Lease Rates, Malls Lowest Vacancy

Shopping Center and General Retail space dominate the San Diego MSA retail market, accounting for 80% of total space. Lease rates are highest for Power Center space ($2.38 per square foot), and the vacancy rate is lowest for Mall space (1.0%).

Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) Year to Date	Deliveries (SF) Year to Date	Under Construction (SF)	Asking Rent ($/ SF/ Mo.)
General Retail	54,268,989	1,532,937	2.8%	422,018	198,151	124,614	$2.20
Mall	14,280,223	135,235	1.0%	9,575	0	145,000	$0.00
Power Center	11,971,017	503,111	4.2%	10,837	9,600	3,200	$2.38
Shopping Center	55,918,841	3,361,319	6.0%	1,041,506	232,348	208,607	$1.79
Specialty Center	2,011,240	79,220	3.9%	10,563	0	0	$3.13
TOTAL:	**138,450,310**	**5,611,822**	**4.1%**	**1,494,499**	**440,099**	**481,421**	**$1.91**



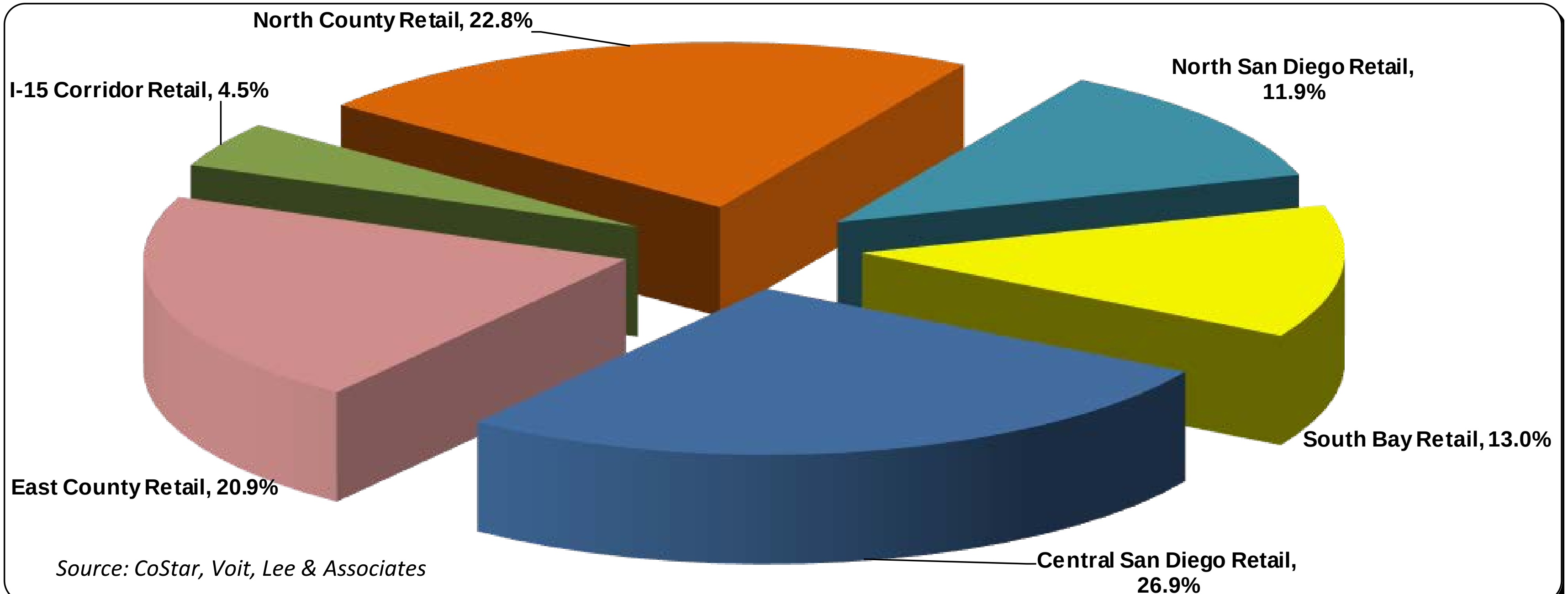


Source: CoStar, Voit, Lee & Associates

North County Comprises Almost a Quarter of MSA Inventory

RETAIL SNAPSHOT BY MARKET
San Diego, CA MSA
Year End 2016

Submarket	Total SF	Vacant SF	Vacancy Rate	Avg. Asking Rent ($/ SF/ Mo.)
Central San Diego Retail	38,879,976	1,331,031	3.4%	$2.19
East County Retail	30,302,162	570,600	2.8%	$1.52
I-15 Corridor Retail	6,473,438	358,723	5.5%	$2.73
North County Retail	**33,056,783**	**1,779,610**	**5.4%**	**$1.74**
North San Diego Retail	17,211,951	722,923	4.2%	$2.73
South Bay Retail	18,798,305	805,907	3.7%	$1.50
TOTAL:	**144,722,615**	**5,568,794**	**3.8%**	**$1.91**



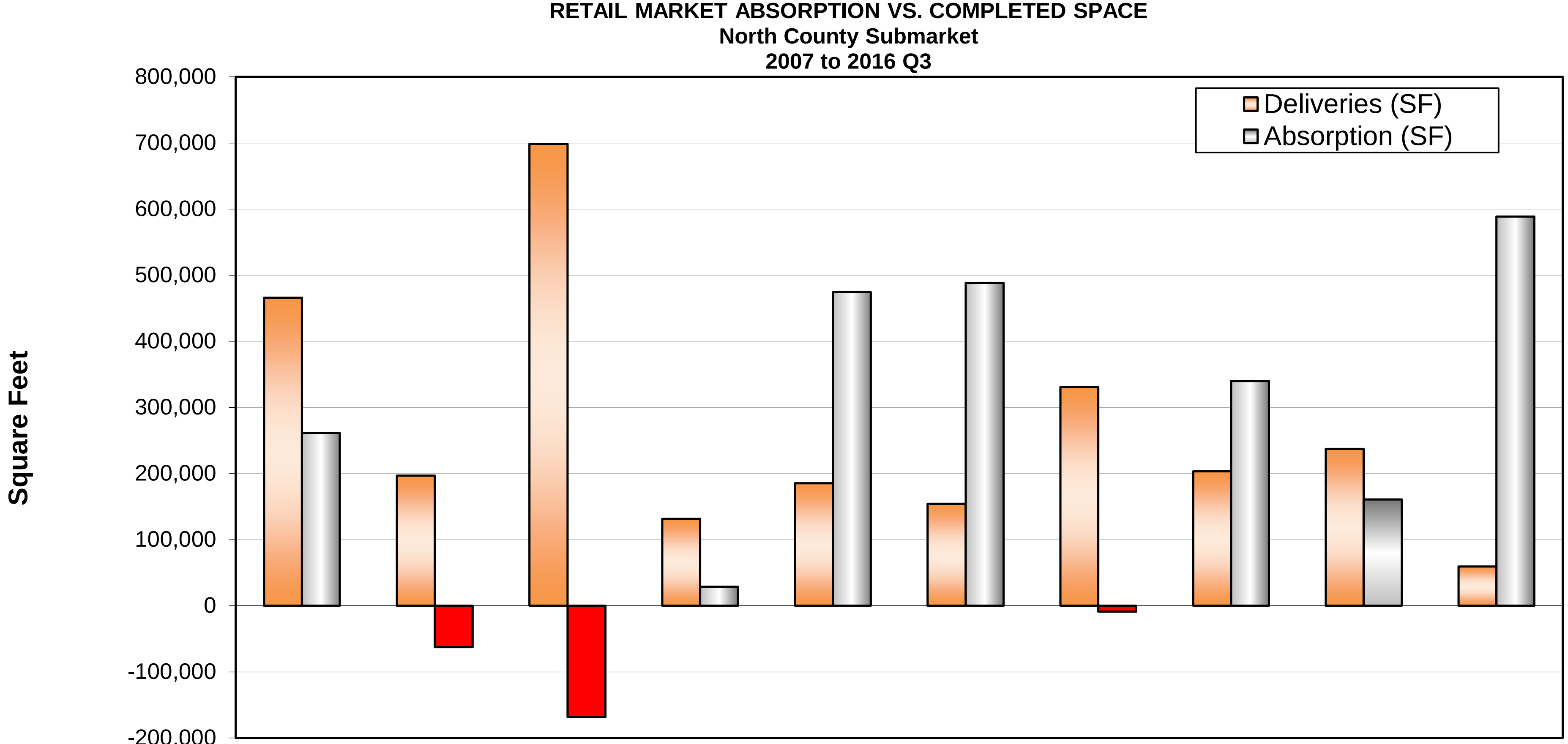
Source: CoStar, Voit, Lee & Associates

North County Retail Trends

Rancho Coronado MU-4, San Marcos, California

Positive Deliveries and Absorption in North County Since 2010

Deliveries have outpaced absorption in North County every year since 2011 except for 2013. Absorption remains strong in 2016, with almost 590,000 square feet leased compared to deliveries of just 60,000 square feet, pushing up the lease asking rates in the area.



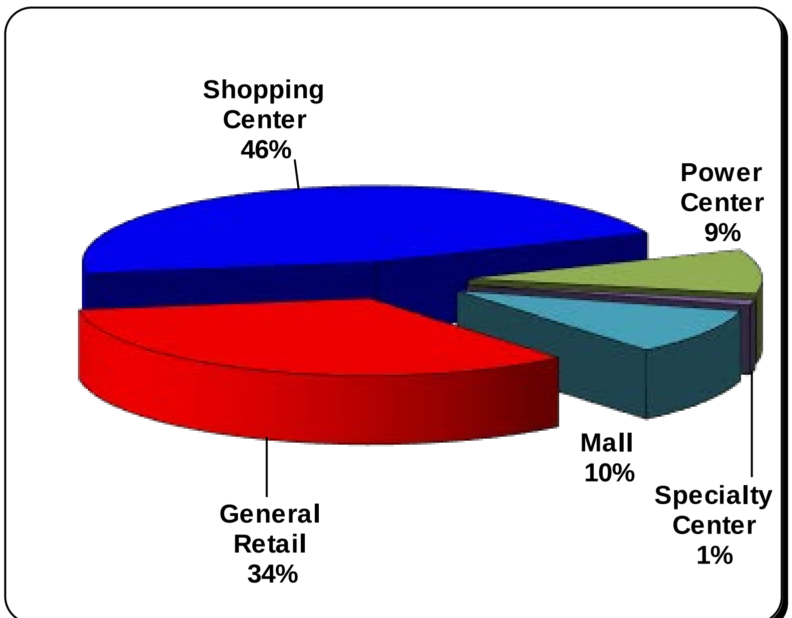
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Deliveries (SF)	466,062	196,837	698,618	131,315	185,240	154,311	330,857	203,283	237,303	59,529
Absorption (SF)	261,590	-62,457	-168,281	28,574	474,586	488,661	-8,966	339,881	160,645	588,593

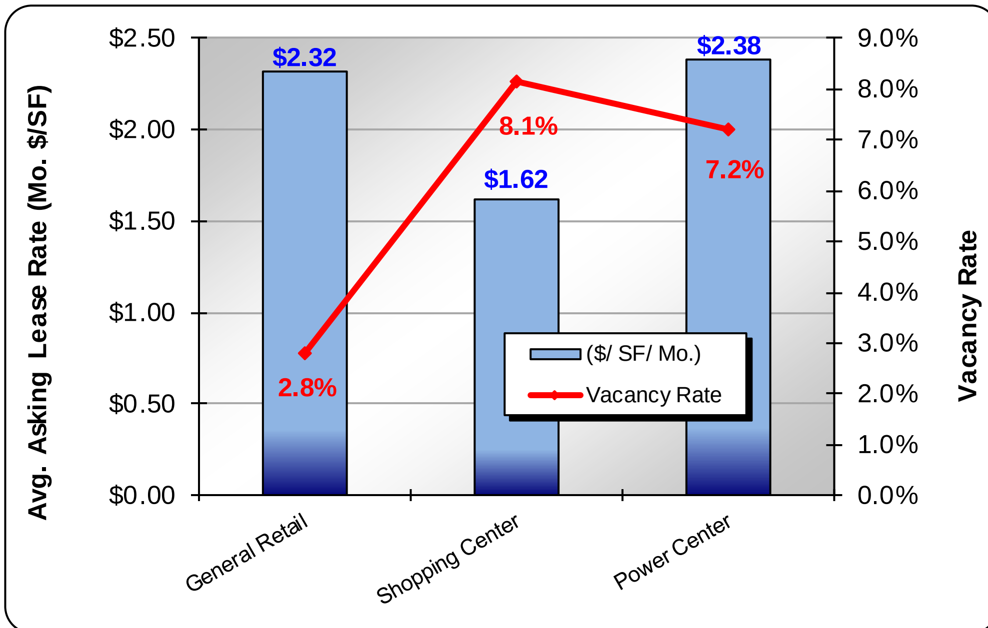
Source: CoStar, Voit, Lee & Associates

Shopping Centers Dominate North County Retail Market

Shopping Centers comprise 46% of total retail space in the North County market, with average lease rates of $1.74 per square foot and an average vacancy rate of 5.4%. Malls and Specialty Centers have the lowest vacancy rates of all retail centers in this area. *Note: Lease rates were not available for Malls and Specialty Centers in North County.*

Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) Year to Date	Deliveries (SF) Year to Date	Under Construction (SF)	Asking Rent ($/ SF/ Mo.)
General Retail	11,144,363	311,205	2.8%	106,597	8,915	40,442	$2.32
Shopping Center	15,275,159	1,243,224	8.1%	190,653	190,368	17,728	$1.62
Power Center	3,092,900	222,870	7.2%	(5,624)	4,000	0	$2.38
Specialty Center	367,735	0	0.0%	0	0	0	$3.13
Mall	3,176,626	2,311	0.1%	20	0	0	- -
TOTAL:	**33,056,783**	**1,779,610**	**5.4%**	**291,646**	**203,283**	**58,170**	**$1.74**



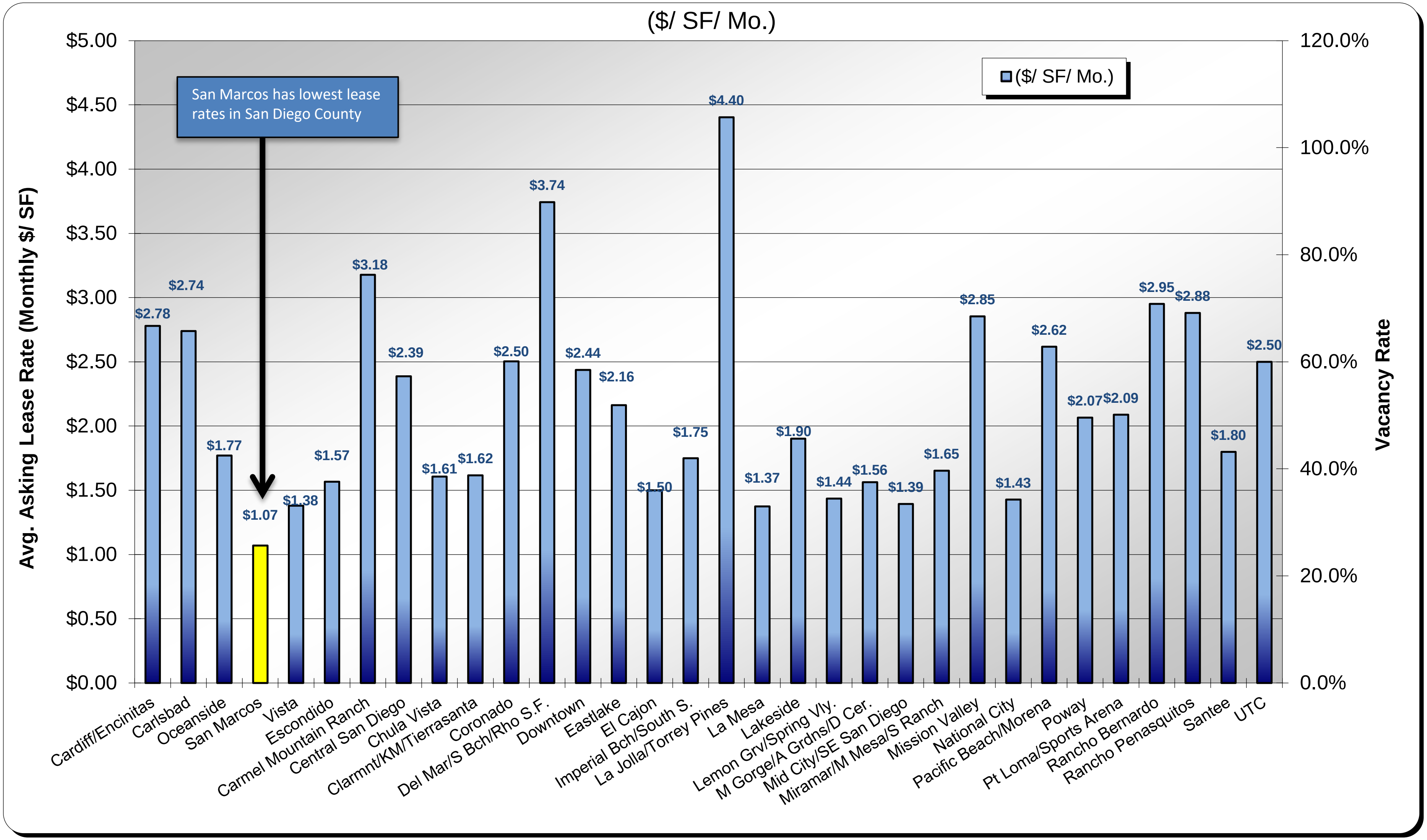


Source: CoStar, Voit, Lee & Associates

San Marcos Retail Pricing

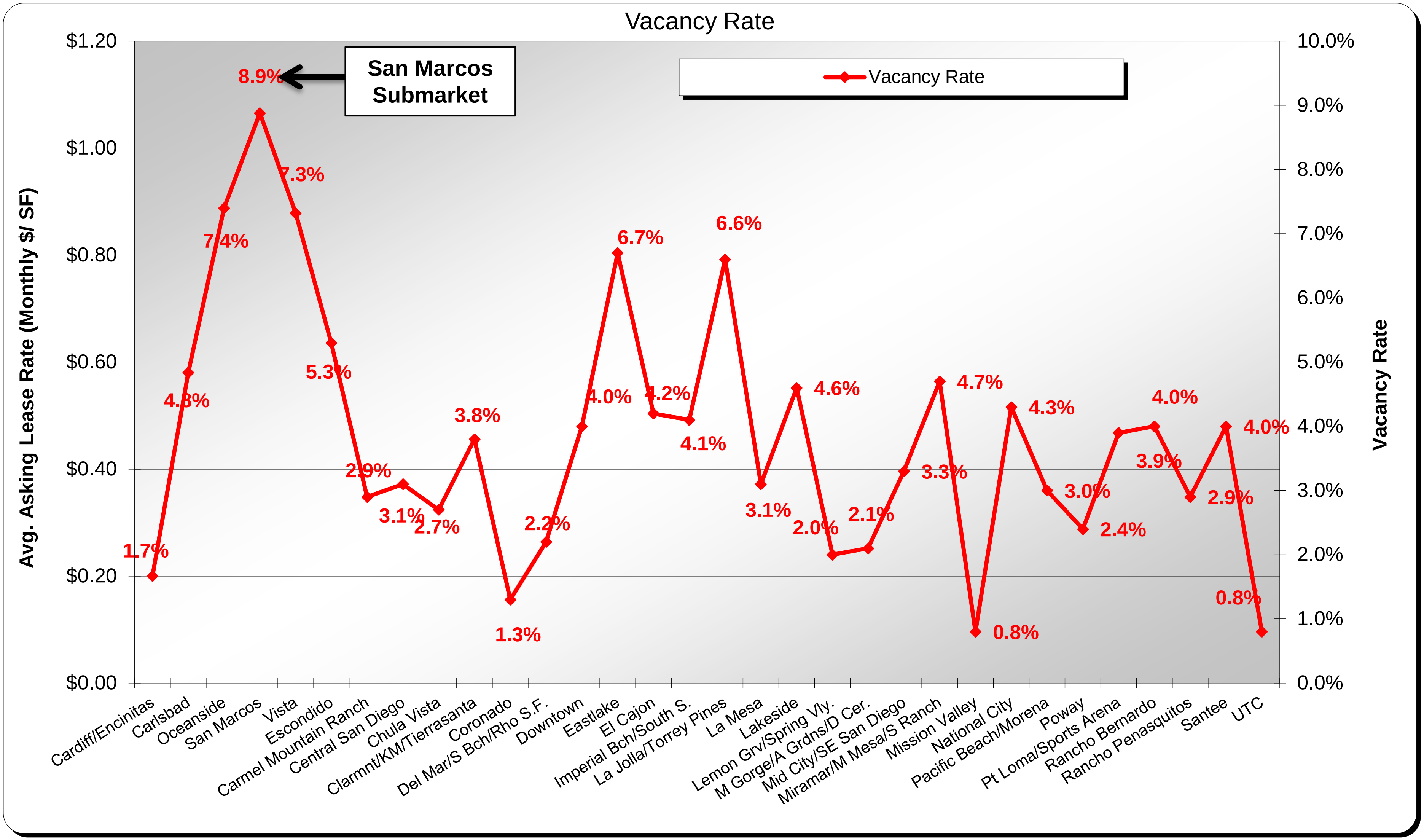
Rancho Coronado MU-4, San Marcos, California

San Marcos Retail Submarket Lease Rates are Below MSA Average



Source: CoStar

San Marcos Retail Submarket Has Highest Vacancy Rate of Any Submarket



Source: CoStar

San Marcos Retail Submarket Comprises 4.5 Million SF, or 3.4% of San Diego MSA

Submarket	Total SF	Vacant SF	Vacancy Rate	Avg. Asking Rent ($/ SF/ Mo.)
Cardiff/Encinitas	5,553,375	92,705	1.7%	$2.78
Carlsbad	5,559,358	165,109	4.8%	$2.74
Oceanside	7,642,183	475,639	7.4%	$1.77
San Marcos	**4,577,806**	**370,652**	**8.9%**	**$1.07**
Vista	5,168,244	372,519	7.3%	$1.38
Escondido	10,165,122	534,077	5.3%	$1.57
Carmel Mountain Ranch	2,264,011	82,891	2.9%	$3.18
Central San Diego	4,951,785	151,658	3.1%	$2.39
Chula Vista	8,896,132	249,453	2.7%	$1.61
Clarmnt/KM/Tierrasanta	7,122,794	268,468	3.8%	$1.62
Coronado	578,677	7,268	1.3%	$2.50
Del Mar/S Bch/Rho S.F.	2,958,697	65,801	2.2%	$3.74
Downtown	4,604,143	188,881	4.0%	$2.44
Eastlake	2,452,785	163,663	6.7%	$2.16
El Cajon	8,982,686	375,350	4.2%	$1.50
Imperial Bch/South S.	3,953,657	160,750	4.1%	$1.75
La Jolla/Torrey Pines	2,414,829	161,145	6.6%	$4.40
La Mesa	5,192,545	161,185	3.1%	$1.37
Lakeside	633,736	28,894	4.6%	$1.90
Lemon Grv/Spring Vly.	2,555,654	51,472	2.0%	$1.44
M Gorge/A Grdns/D Cer.	1,028,582	21,631	2.1%	$1.56
Mid City/SE San Diego	7,209,095	234,351	3.3%	$1.39
Miramar/M Mesa/S Ranch	4,358,611	201,992	4.7%	$1.65
Mission Valley	5,899,049	45,541	0.8%	$2.85
National City	3,453,137	147,467	4.3%	$1.43
Pacific Beach/Morena	3,034,770	85,738	3.0%	$2.62
Poway	2,801,408	66,496	2.4%	$2.07
Pt Loma/Sports Arena	4,519,821	173,313	3.9%	$2.09
Rancho Bernardo	633,952	21,530	4.0%	$2.95
Rancho Penasquitos	719,158	20,651	2.9%	$2.88
Santee	2,680,419	109,577	4.0%	$1.80
UTC	1,841,935	14,868	0.8%	$2.50
TOTAL:	**134,408,156**	**4,891,153**	**4.7%**	**$2.06**

Source: CoStar

Key Retail Comparable: Urge Gastropub and Common House

The Urge Gastropub and Common House will transform a 20,840 sq ft. former warehouse into a brew house and community entertainment destination. Capable of seating nearly 500, the site will include 8 competition sized bowling lanes, 3 bars, 2 outdoor bocce ball courts, a 15 barrel in-house brewery, and a 5,000 square foot outdoor patio and beer garden. Since opening in Spring 2017, the team behind Urge Gastropub and Mason Aleworks plans North City to develop into the first truly walkable community in North County. The site will become the most recent addition to Block C of North City where a new 200 acre residential and commercial mix-use community is under development by Urban Villages San Marcos. The site will open with a 100% occupancy rate and lease rates will be at $1.30 per square foot NNN.

Key Retail Comparable: Civic Center Plaza

Civic Center Plaza is a strip retail center located at 125 to 137 North Twin Oaks Valley Road in San Marcos. The 60,400 square foot center was built in 2007 and anchored by LA Fitness along with casual dining establishments. The retail center recently sold in April 2015 for $14,350,000, or $238 per square foot, with a cap rate of 4.65%. Currently there are three spaces available (797, 830 and 901 square feet) equating to a vacancy rate of 4.5%, and lease rates are in the $3.00 to $3.50 per square foot range NNN. See Retail Market Overview for additional retail listings and sales transactions.

Source: Broker representatives, CoStar, Loopnet

San Diego Office Market Overview

Rancho Coronado MU-4, San Marcos, California

Office Market Trends Indicate San Marcos Market is Static

The following bullets summarize our findings for office market conditions in the San Diego MSA, SR-78 Corridor market and the San Marcos office Submarket, which is flat, and is not experiencing growth in pricing.

- Office inventory in the San Diego MSA grew by an average of 2.7 million square feet annually between 2006 and 2009, after which point it slowed down drastically. New office deliveries have averaged 2.3 million square feet annually over the past 30 years, with the majority of activity in the 1980s, late 1990s, and mid 2000s. The landscape has changed since the recession: deliveries have averaged about 700,000 square feet annually over the past five years.

- **San Diego MSA** average lease rates have increased to $2.35 per square foot as vacancy rates trend lower. Following a spike in 2008 and 2009, office vacancy rates have trended downward to 11.2% on average across the MSA. Meanwhile the lease rates have risen 11% since 2011 to $2.35 per square foot. Class B space comprises 48% of total office space in the San Diego MSA. Lease rates are highest for Class A space ($3.22 per square foot), and the vacancy rate is lowest for Class C space (7.1%). The San Diego Office market has only experienced negative absorption only one of the last ten years. Following a negative absorption of nearly 1 million square feet in 2008, absorption has averaged 1.25 million square feet per year since 2009 while deliveries averaged 730,000 square feet.

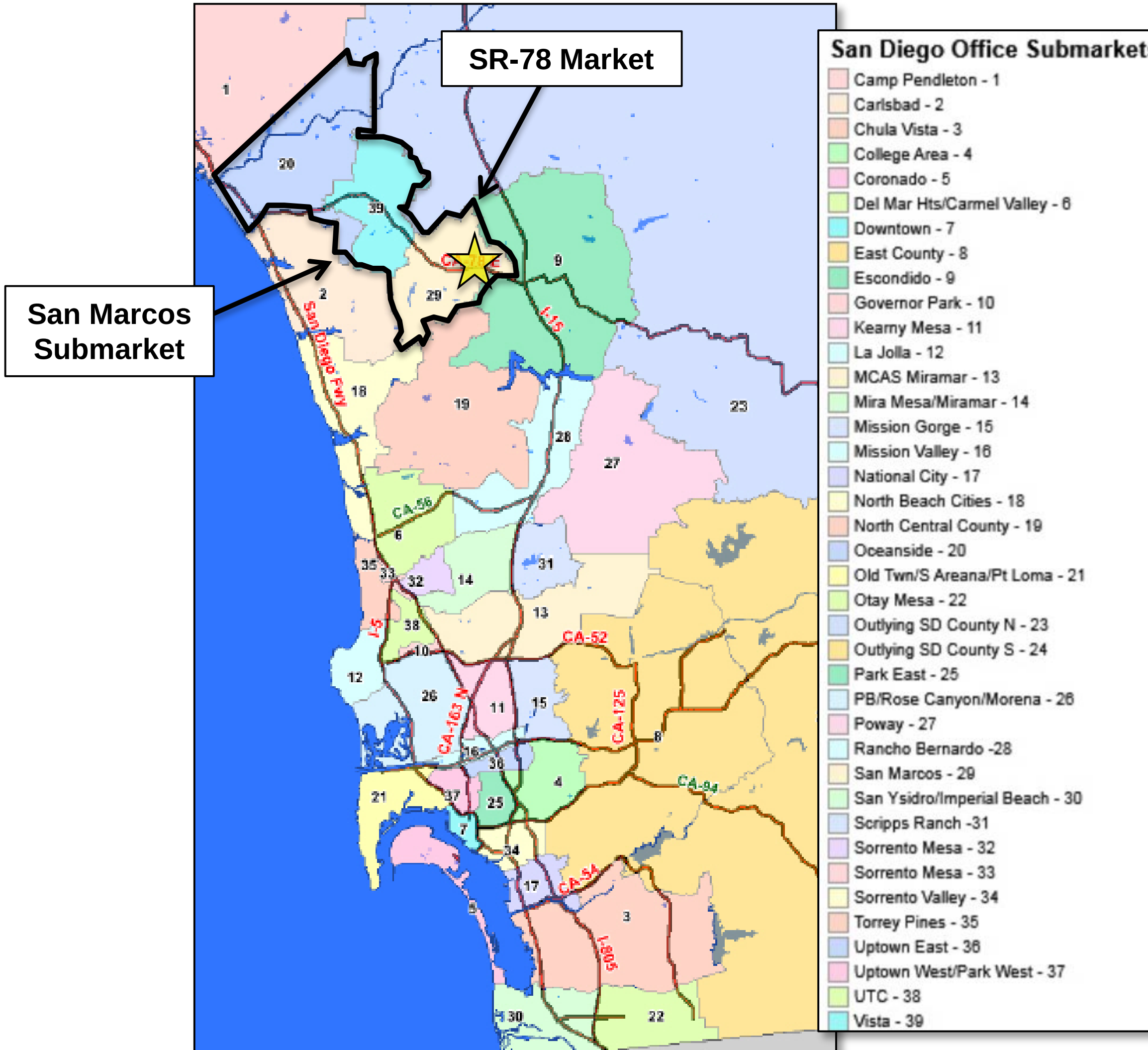
- **The SR-78 office market** has below average lease rates and high vacancies, with an average lease rate of $1.55 (San Marcos has the highest lease rates at $2.24 per square foot), and a vacancy rate of 12.7%, which is slightly higher than the san Diego MSA vacancy rate average of 11.5%. Escondido is not included in the SR-78 Submarket, but is a competitor given its adjacent location, with the lowest vacancy rates in the area at 8.6%, and lease rates of $1.86 per square foot.

- **The San Marcos office Submarket** has improved over the past 18 months relative to the San Diego County MSA, with lease rates just below the MSA average, at $2.24 per square foot versus $2.35 per square foot for the MSA overall. The San Marcos office submarket vacancy rate is now below the MSA average, at 10.3% vacancy versus 11.5% vacancy for the MSA overall.

- Brokers that we interviewed report office market conditions are improving, and that there is an increase in activity. North County in general has stabilized performance, and San Marcos has been improving, where rents are stiffening, there is some increased leasing activity, and owners are withholding rent concessions. Vacancy rates are improving.

Site Is Located In SR-78 Office Market, San Marcos Submarket

The San Diego MSA is comprised of 39 office submarkets. The Corner @ 2Oaks site is located in the San Marcos submarket, which is part of the greater SR-78 market that includes Oceanside and Vista submarkets.

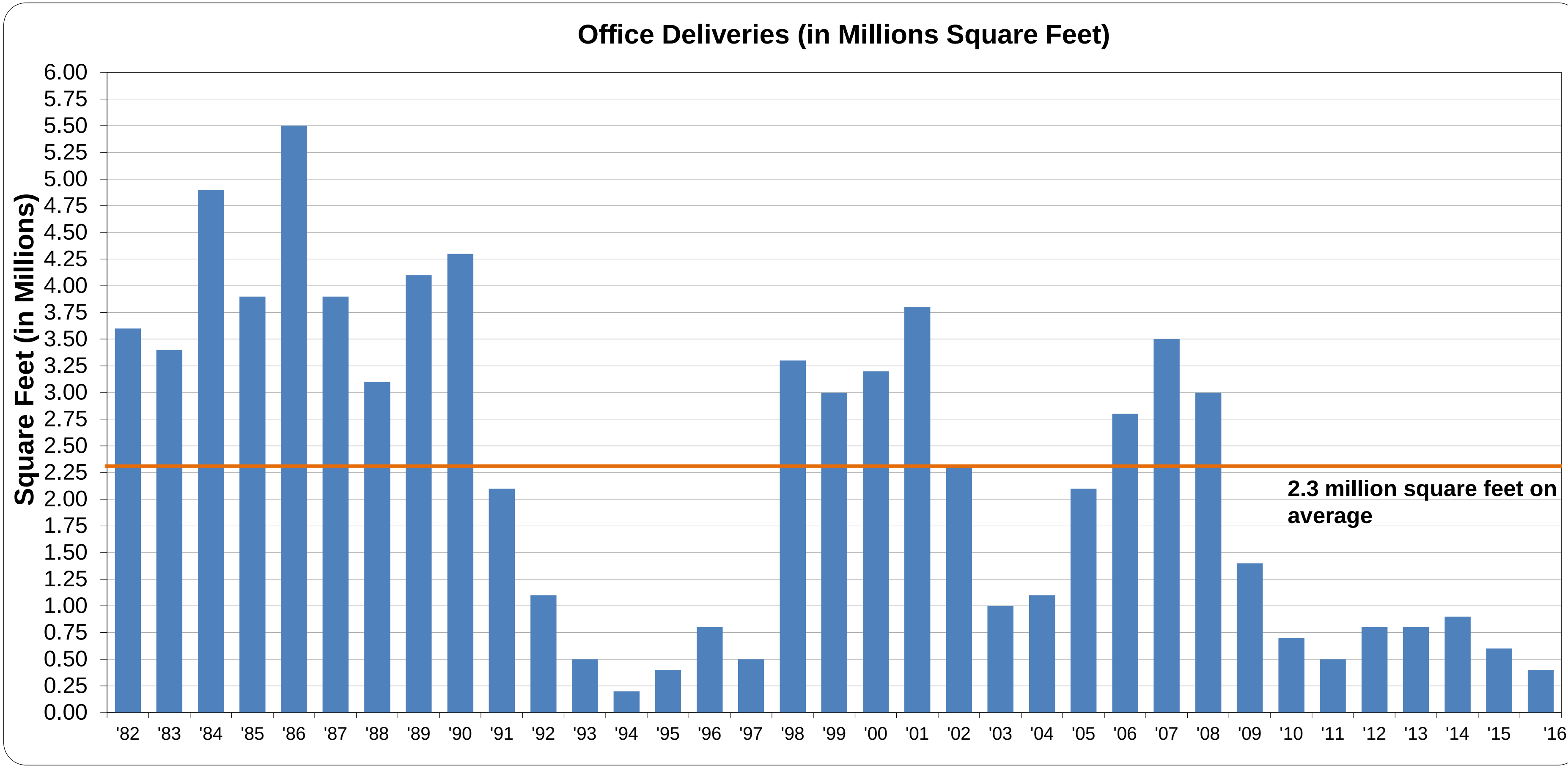


Source: CoStar

MEYERS RESEARCH
a Kennedy Wilson Company

San Diego Total Office Deliveries at One-Third of 30-Year Average

New office deliveries have averaged 2.3 million square feet annually over the past 30 years, with the majority of activity in the 1980s, late 1990s, and mid 2000s. The landscape has changed since the recession, and recent deliveries have averaged about 700,000 square feet annually over the past five years.



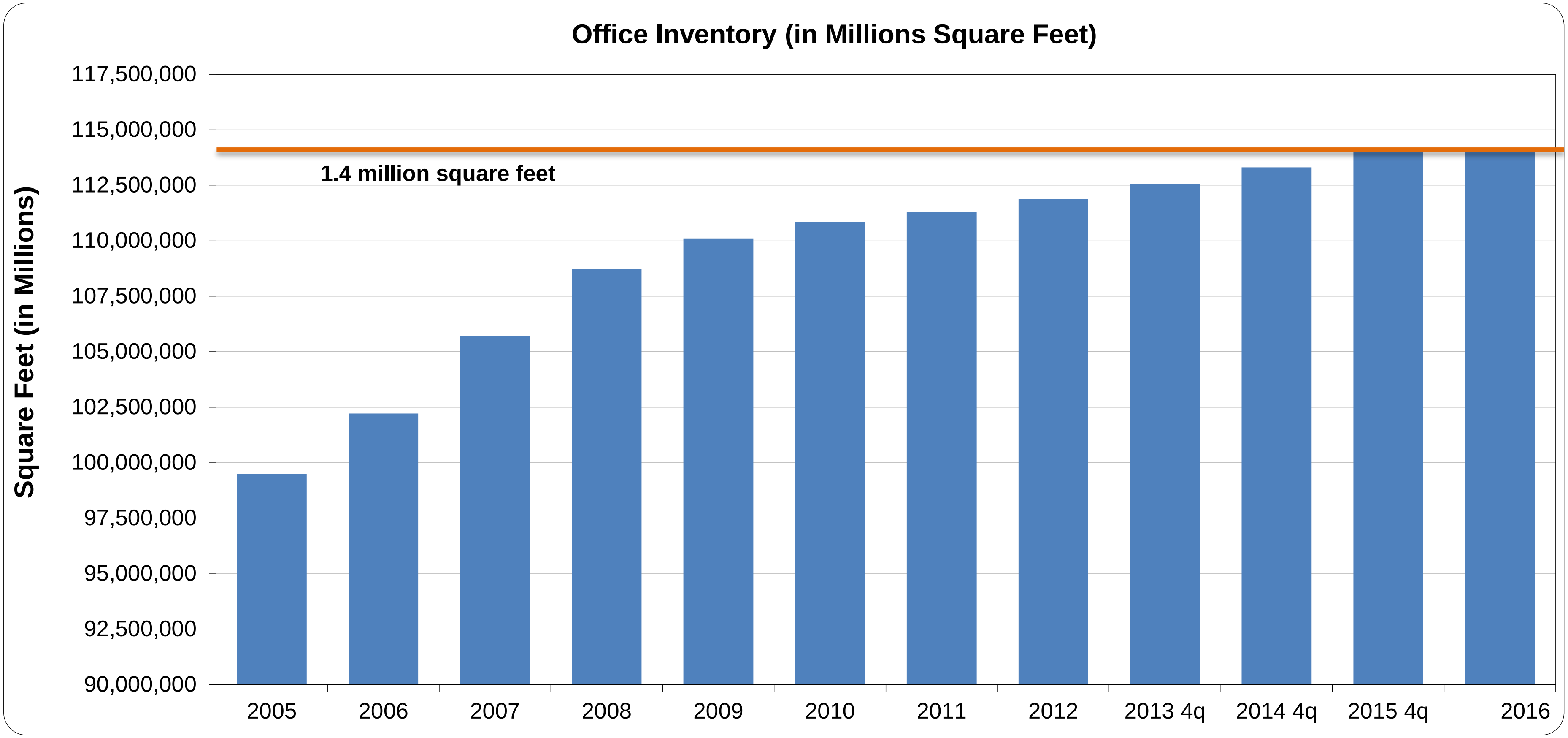
Deliveries	'82	'83	'84	'85	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99
Total Deliveries (SF)	3.6	3.4	4.9	3.9	5.5	3.9	3.1	4.1	4.3	2.1	1.1	0.5	0.2	0.4	0.8	0.5	3.3	3.0
% Change		-6%	44%	-20%	41%	-29%	-21%	32%	5%	-51%	-48%	-55%	-60%	100%	100%	-38%	560%	-9%

Deliveries	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16
Total Deliveries (SF)	3.2	3.8	2.3	1.0	1.1	2.1	2.8	3.5	3.0	1.4	0.7	0.5	0.8	0.8	0.9	0.6	0.4
% Change	7%	19%	-39%	-57%	10%	91%	33%	25%	-14%	-53%	-50%	-29%	60%	0%	13%	-33%	-33%

Source: CoStar

San Diego MSA Office Growth Sluggish Since 2010

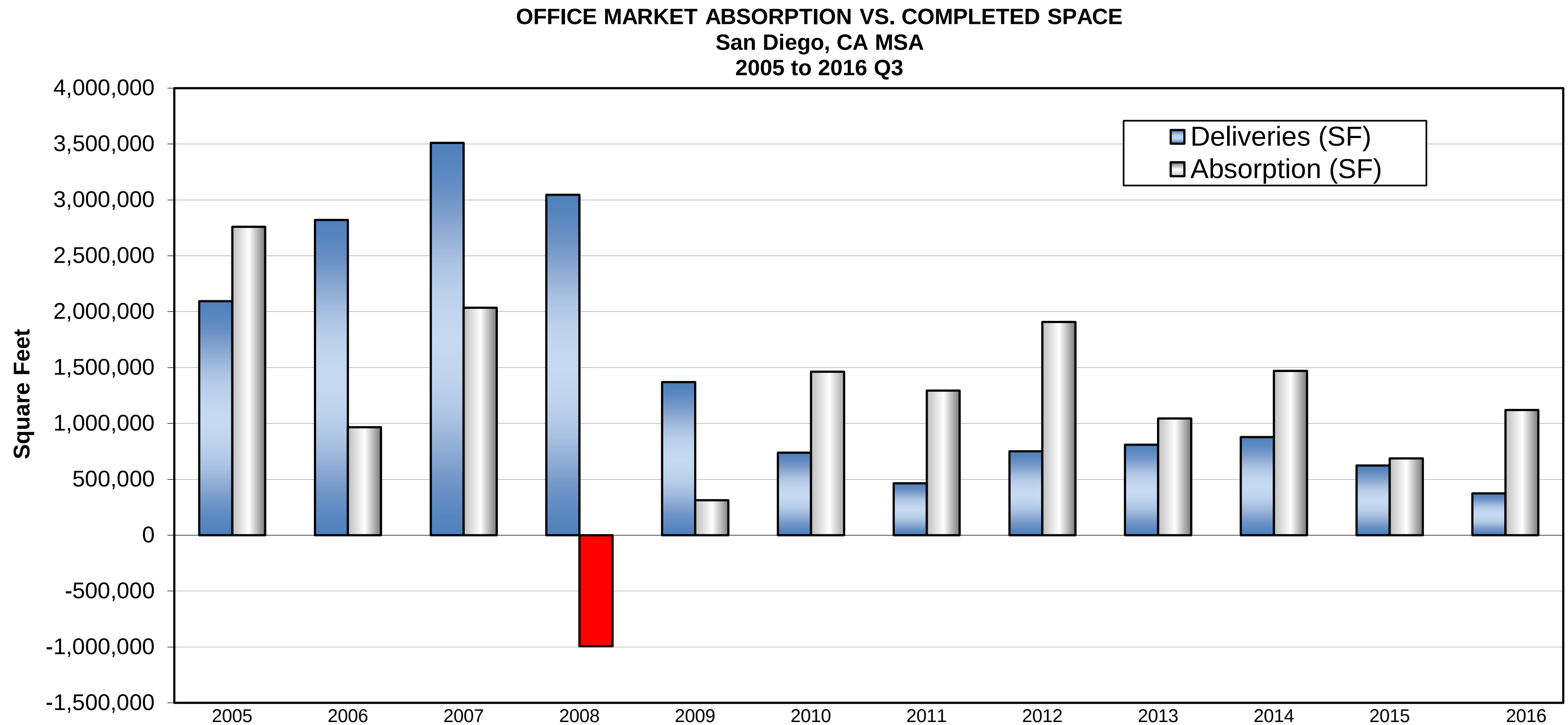
Office inventory in the San Diego MSA grew by an average of 2.7 million square feet annually between 2006 and 2009, after which point it slowed down drastically. Inventory has hovered around 114 million square feet over the past two years.



Inventory	2005	2006	2007	2008	2009	2010	2011	2012	2013 4q	2014 4q	2015 4q	2016
Total Inventory (SF)	99,503,418	102,221,482	105,708,486	108,738,826	110,103,698	110,830,279	111,295,939	111,872,118	112,560,163	113,302,944	113,996,850	114,141,635
Inventory Change		2,718,064	3,487,004	3,030,340	1,364,872	726,581	465,660	576,179	688,045	742,781	693,906	144,785
% Change		2.7%	3.4%	2.9%	1.3%	0.7%	0.4%	0.5%	0.6%	0.7%	0.6%	0.1%

San Diego Absorption vs. Completed Space Is Stabilizing

The San Diego Office market has only experienced negative absorption only one of the last ten years. Absorption has outpaced deliveries since 2010, (deliveries have held a steady average of around 710,000 square feet over the past 6 years). In 2016, only half of the 6-year average for new construction square footage has been delivered, but absorption has been stable, and has reached the 6-year average of 1.038 million square feet.

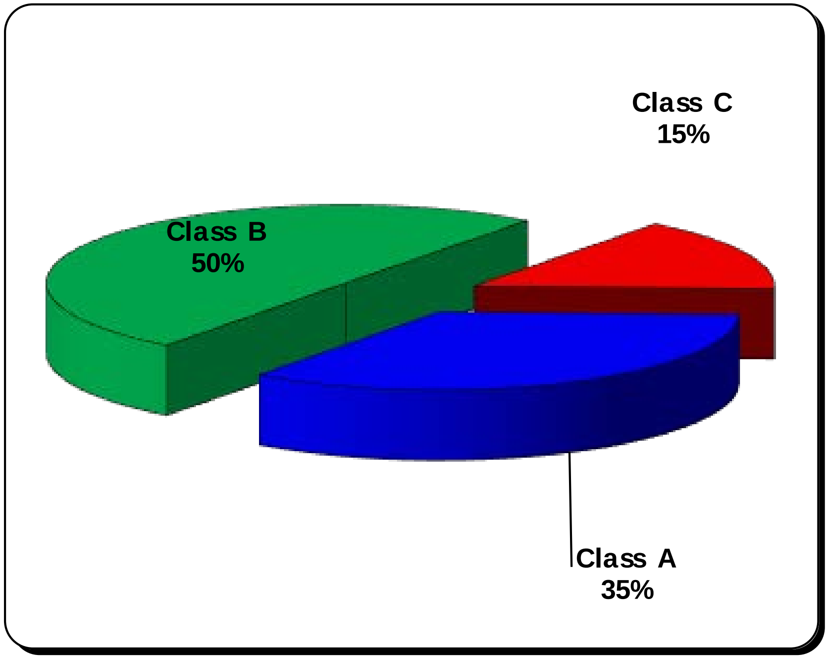


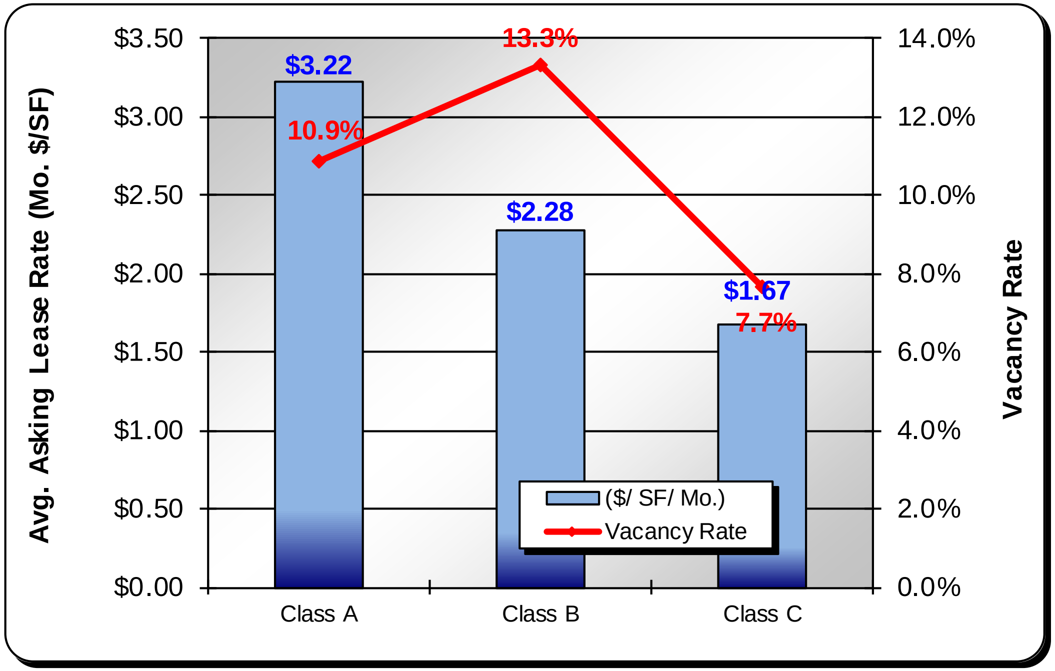
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Deliveries (SF)	2,093,292	2,820,362	3,509,027	3,045,813	1,369,354	739,916	465,660	750,648	810,731	878,292	623,581	374,626
Absorption (SF)	2,759,323	966,337	2,036,037	-993,677	312,222	1,463,101	1,295,046	1,908,411	1,045,248	1,470,836	687,126	1,119,464

Class B Space Dominates the San Diego MSA Office Market

Class B space comprises 50% of total office space in the San Diego MSA. Lease rates are highest for Class A space ($3.22 per square foot), and the vacancy rate is lowest for Class C space (7.7%).

Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) Year to Date	Deliveries (SF) Year to Date	Under Construction (SF)	Asking Rent ($/ SF/ Mo.)
Class A	35,369,368	3,838,391	10.9%	669,290	114,477	208,896	$3.22
Class B	51,185,553	6,773,423	13.3%	1,014,328	23,111	143,832	$2.28
Class C	15,583,369	1,098,624	7.7%	196,557	0	0	$1.67
TOTAL:	**102,138,290**	**11,710,438**	**11.5%**	**1,880,175**	**137,588**	**352,728**	**$2.35**

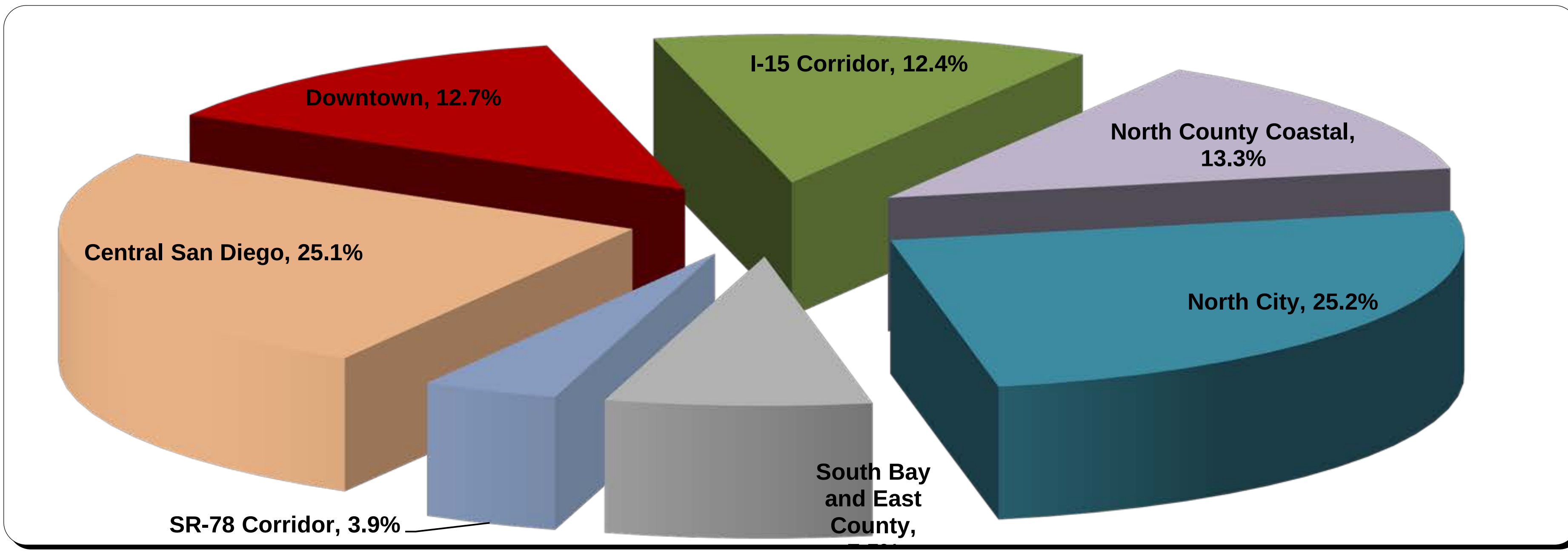




Source: CoStar

The SR-78 Corridor Accounts for Only 3.9% of SD Office Inventory

Submarket	Total SF	Vacant SF	Vacancy Rate	Avg. Asking Rent ($/ SF/ Mo.)
Central San Diego	25,588,617	2,290,030	9.0%	$2.35
Downtown	13,004,618	1,853,159	14.3%	$2.65
I-15 Corridor	12,624,759	922,026	7.3%	$2.30
North County Coastal	13,630,841	2,055,259	15.1%	$2.82
North City	25,706,326	3,578,995	13.9%	$3.45
South Bay and East County	7,647,653	510,867	6.7%	$1.83
SR-78 Corridor	**3,935,476**	**500,102**	**12.7%**	**$1.65**
TOTAL:	**102,138,290**	**11,710,438**	**11.5%**	**$2.82**



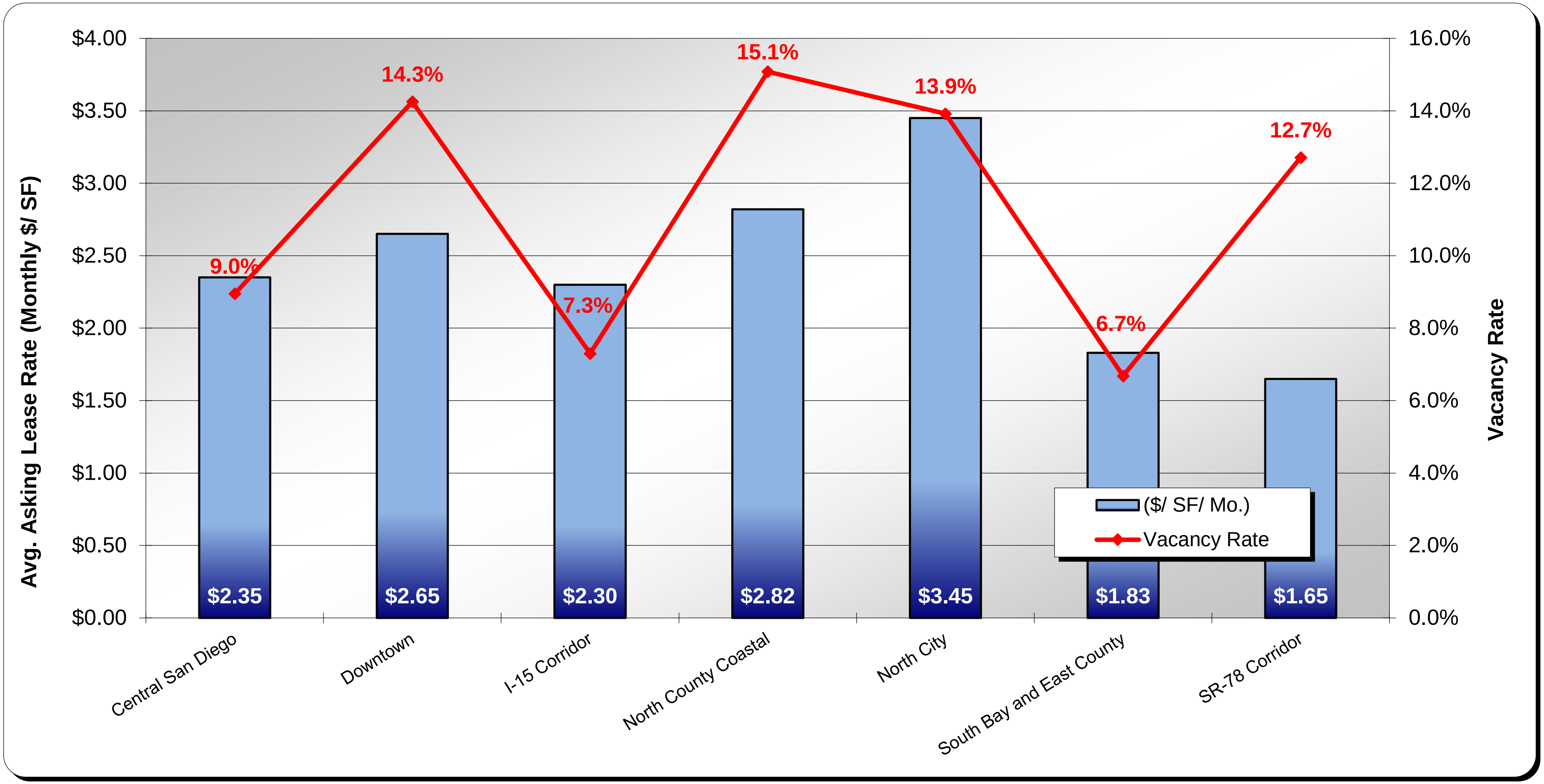
Source: CoStar

SR-78 Corridor Office Trends

Rancho Coronado MU-4, San Marcos, California

SR-78 Office Market Has Below Average Lease Rates, High Vacancies

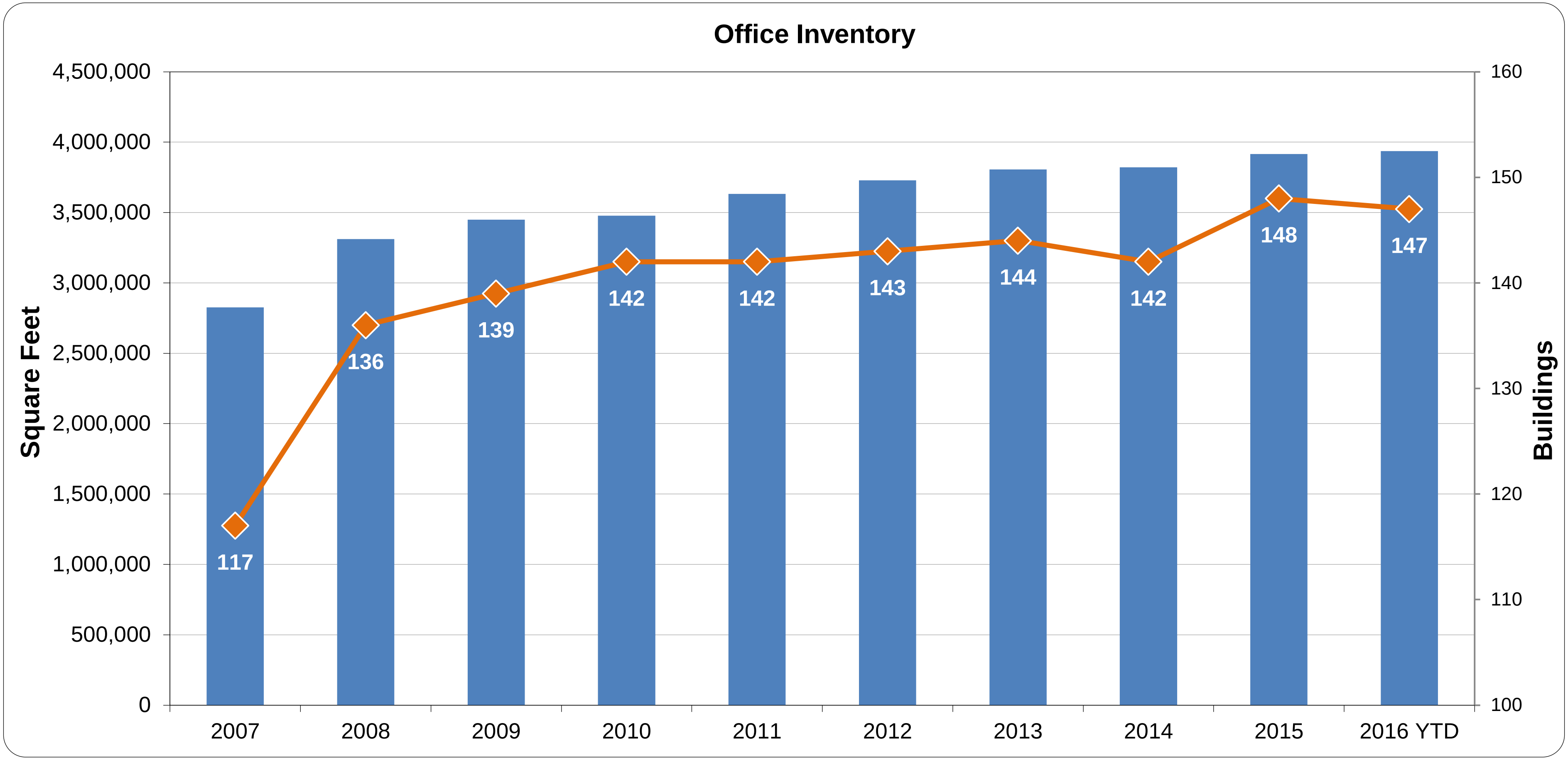
The North County Coastal Office submarket cluster commands the highest price points, at $3.45 per square foot, while the SR-78 Corridor which includes San Marcos, Vista and Oceanside, is the lowest at $1.65. The three highest Submarkets in terms of price per square foot also have the highest vacancy rates of around 14% to 15%.



Source: CoStar, VOIT, Lee & Associates

SR-78 Corridor Total Office Inventory Relatively Flat

With the exception of new deliveries in 2008 and 2015, the SR-78 Corridor office market has been flat.

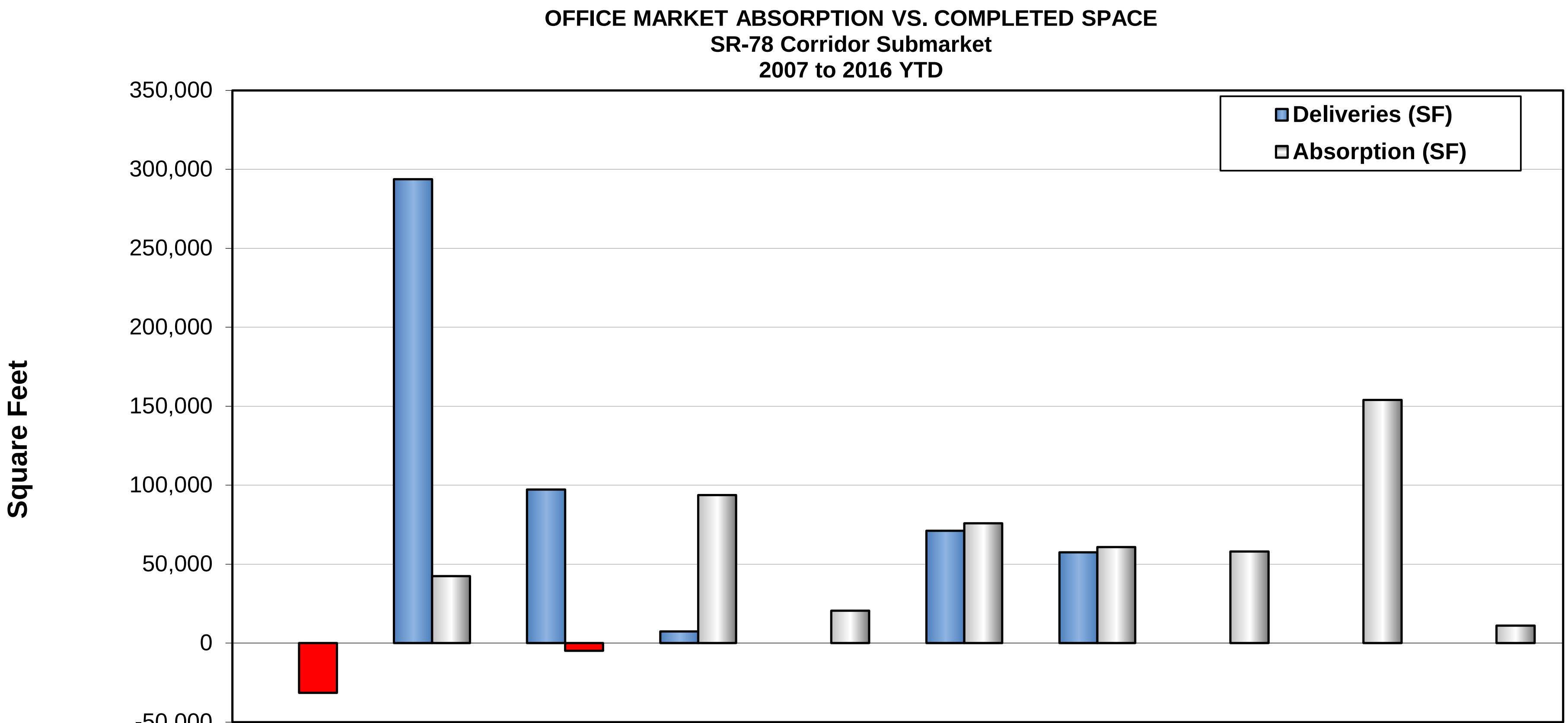


Inventory	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 YTD
Total Inventory (SF)	2,826,149	3,312,124	3,449,872	3,477,416	3,631,474	3,728,846	3,806,897	3,821,630	3,916,303	3,935,476
Inventory Change	--	485,975	137,748	27,544	154,058	97,372	78,051	14,733	94,673	19,173
% Change	--	17.2%	4.2%	0.8%	4.4%	2.7%	2.1%	0.4%	2.5%	0.5%

Source: CoStar, VOIT, Lee & Associates

SR-78 Office Absorption Outpacing Deliveries

Following a strong year in 2008, delivery activity and absorption has been fairly slow since 2009. Since that time, tenants have been absorbing space delivered in the “boom” years, with absorption outpacing new deliveries in four out of the past five years.



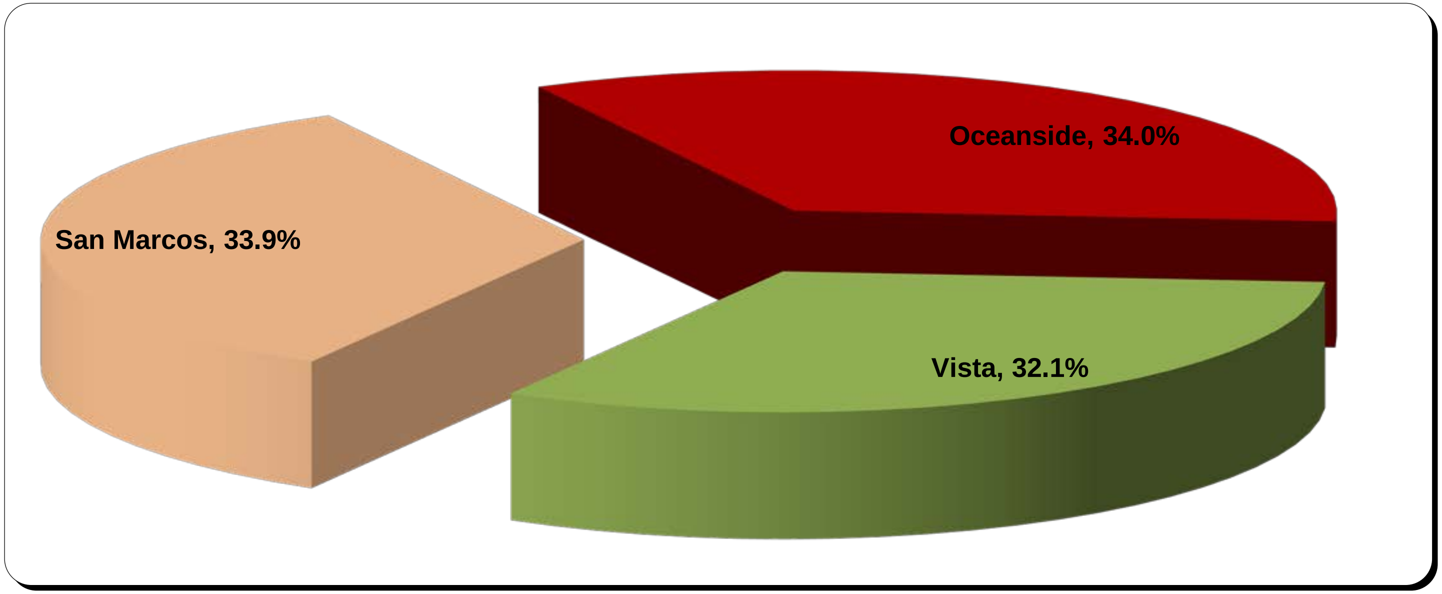
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Deliveries (SF)	0	293,627	97,269	7,426	0	71,200	57,476	0	0	0
Absorption (SF)	(31,542)	42,479	(4,846)	93,798	20,455	75,878	60,832	58,051	153,994	11,137

Source: CoStar, VOIT, Lee & Associates

San Marcos has Highest Lease Rate, Lowest Vacancy in SR-78

The SR-78 Corridor has a 12.7% blended average vacancy rate, and San Marcos commands the highest lease rates at $2.24 per square foot, with the lowest vacancy rate at 10.3%, which is about 3.5% to 4.0% below Vista and Oceanside, indicating the desirability of San Marcos commercial office market. When compared to other North County Submarkets, San Marcos is priced on average at lease rates just below Carlsbad, and above Escondido, which is comparable to Vista and Oceanside.

Submarket	Total SF	Vacant SF	Vacancy Rate	Avg. Asking Rent ($/ SF/ Mo.)
San Marcos	1,332,912	136,956	10.3%	$2.24
Oceanside	1,338,122	182,724	13.7%	$1.93
Vista	1,264,442	180,422	14.3%	$1.83
SUBTOTAL:	**3,935,476**	**500,102**	**12.7%**	**$2.00**
Carlsbad	6,323,837	1,254,152	19.8%	$2.36
Escondido	1,888,816	162,085	8.6%	$1.86
TOTAL:	**12,148,129**	**1,916,339**	**15.8%**	**$2.17**

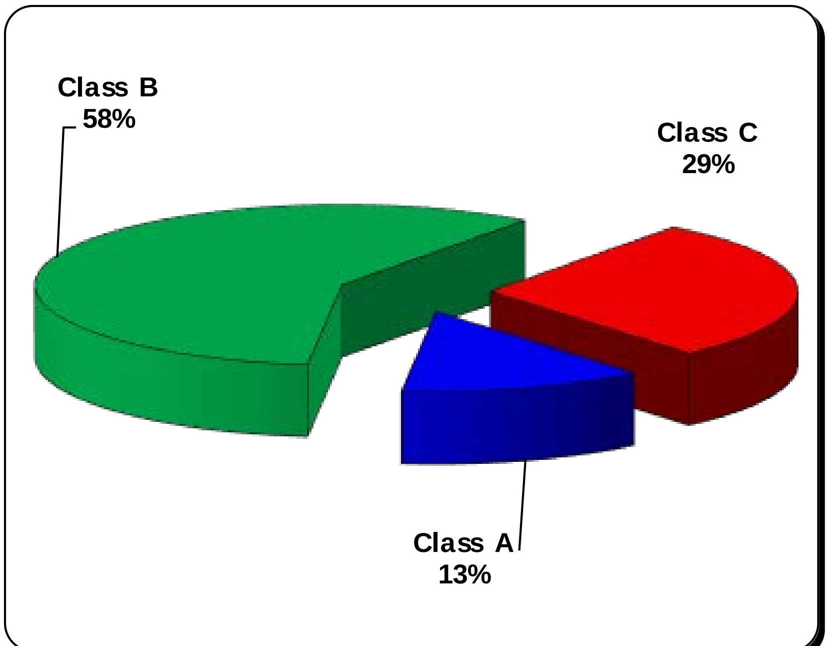


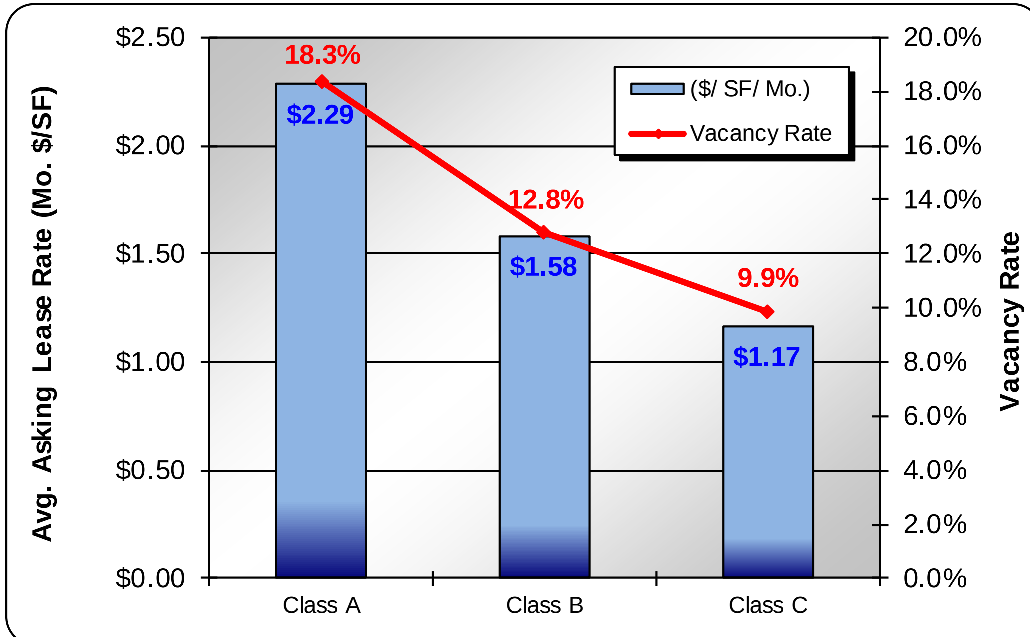
Source: CoStar, VOIT, Lee & Associates

SR-78 Class A Space Leases for $2.29

Although Class A lease rates are lower than other top office markets in San Diego, the SR-78 Corridor has a 18.3% vacancy rate across Class A properties. Class A absorption was negative in 2016, while Class B and C space had positive absorption and much lower lease rates.

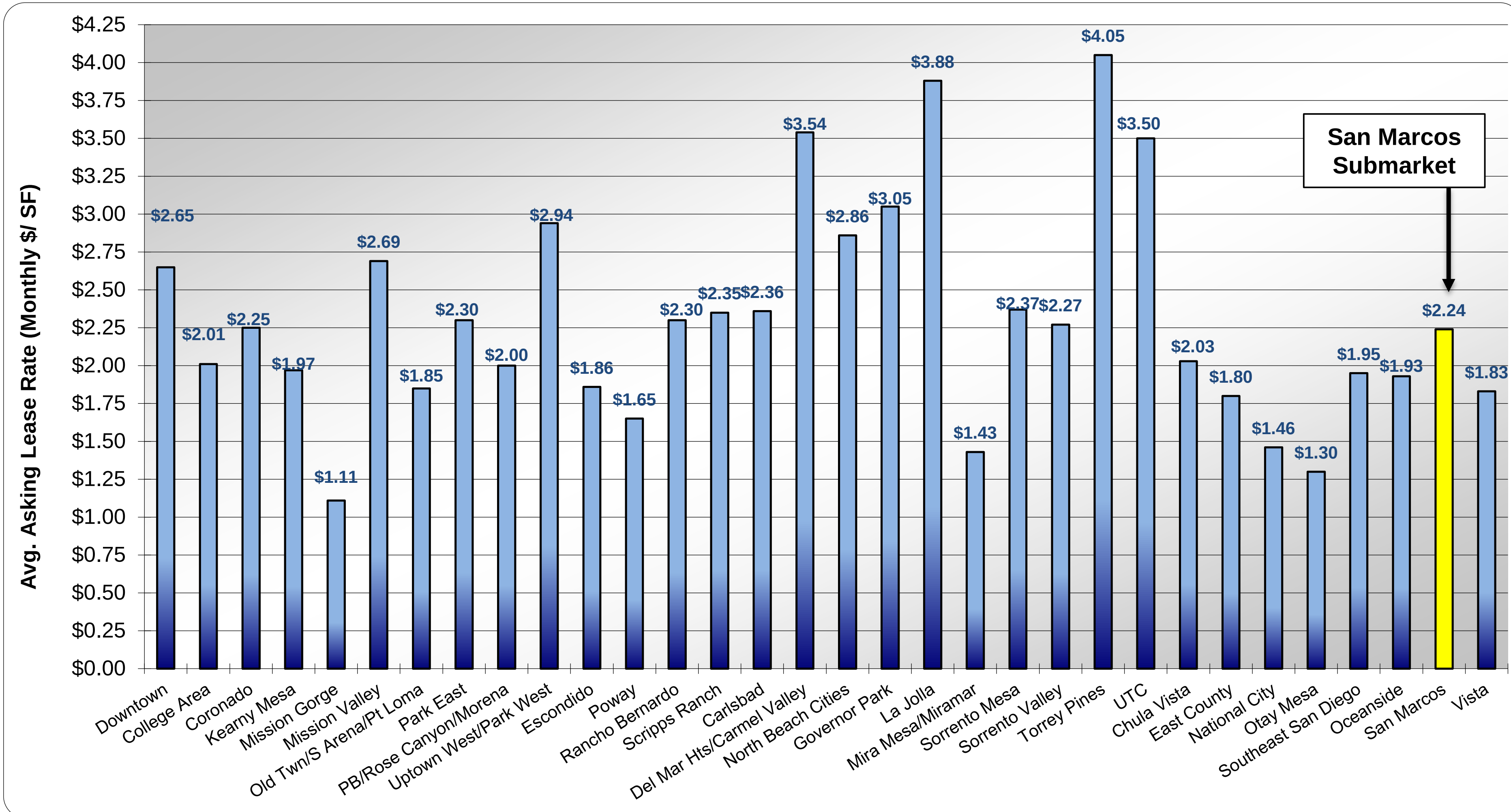
Type	Total SF	Vacant SF	Vacancy Rate	Absorption (SF) Year to Date	Deliveries (SF) Year to Date	Under Construction (SF)	Asking Rent ($/ SF/ Mo.)
Class A	507,676	93,062	18.3%	(24,899)	0	0	$2.29
Class B	2,296,350	293,298	12.8%	101,427	0	3,820	$1.58
Class C	1,131,449	111,755	9.9%	15,870	0	0	$1.17
TOTAL:	**3,935,476**	**498,115**	**12.7%**	**92,398**	**0**	**3,820**	**$1.55**





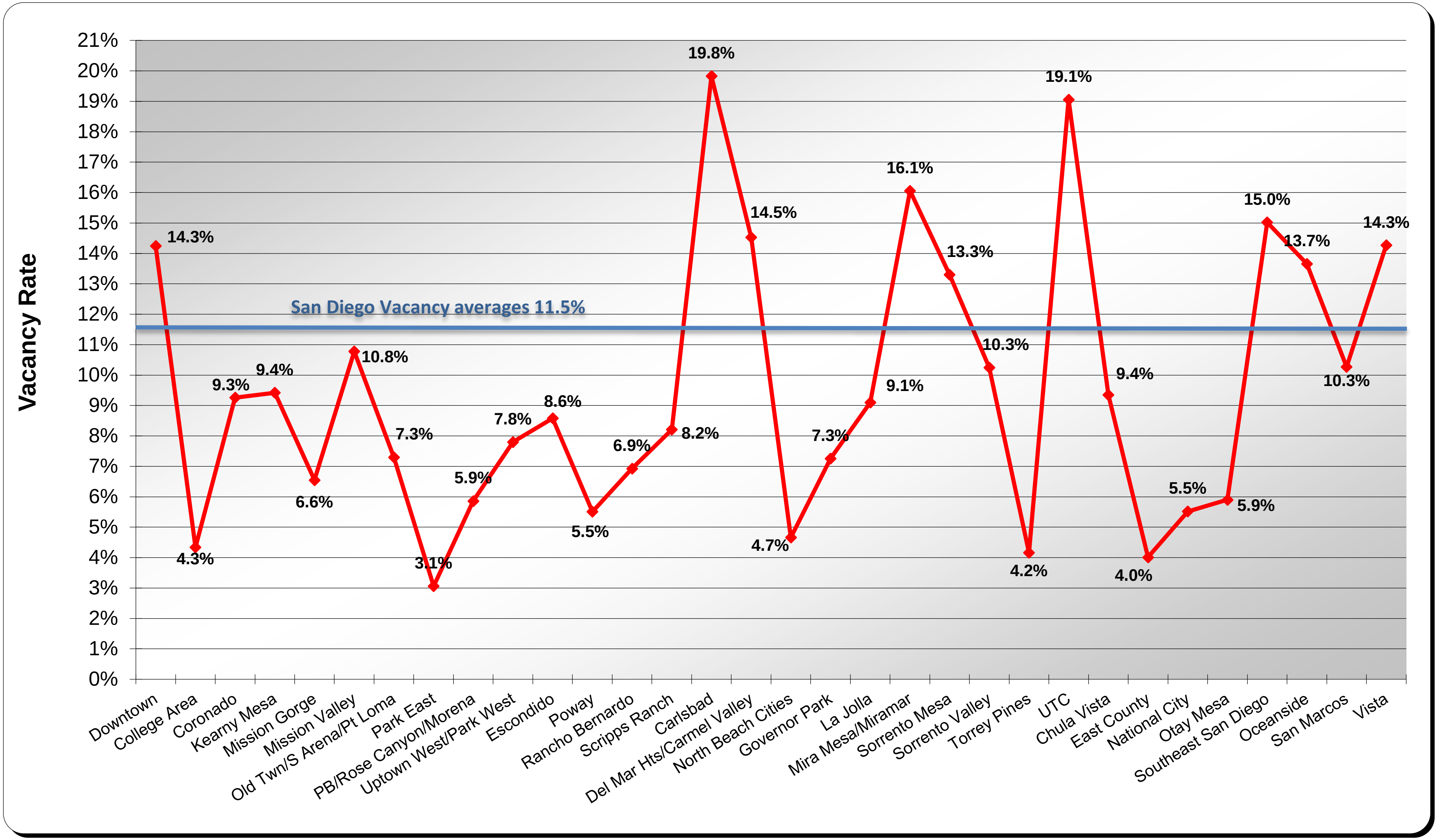
Source: CoStar, VOIT, Lee & Associates

San Marcos Office Submarket Has Lease Rates Slightly Below MSA Average



Source: CoStar, VOIT, Lee & Associates

San Marcos Office Submarket Has Vacancy Rate Below MSA Average



Source: CoStar, VOIT, Lee & Associates

San Marcos Submarket Comprises 1.3 Million SF, or 1.3% of San Diego MSA

Submarket	Total SF	Vacant SF	Vacancy Rate	Avg. Asking Rent ($/ SF/ Mo.)
Downtown	13,004,618	1,853,159	14.3%	$2.65
College Area	1,058,511	45,944	4.3%	$2.01
Coronado	124,831	11,561	9.3%	$2.25
Kearny Mesa	10,632,067	1,001,455	9.4%	$1.97
Mission Gorge	592,926	38,842	6.6%	$1.11
Mission Valley	6,909,392	745,032	10.8%	$2.69
Old Twn/S Arena/Pt Loma	2,131,808	155,598	7.3%	$1.85
Park East	155,884	4,766	3.1%	$2.30
PB/Rose Canyon/Morena	1,224,021	71,724	5.9%	$2.00
Uptown West/Park West	2,759,177	215,108	7.8%	$2.94
Escondido	1,888,816	162,085	8.6%	$1.86
Poway	1,303,653	71,777	5.5%	$1.65
Rancho Bernardo	6,727,761	466,060	6.9%	$2.30
Scripps Ranch	2,704,529	222,104	8.2%	$2.35
Carlsbad	6,323,837	1,254,152	19.8%	$2.36
Del Mar Hts/Carmel Valley	4,663,227	677,797	14.5%	$3.54
North Beach Cities	2,643,777	123,310	4.7%	$2.86
Governor Park	860,055	62,398	7.3%	$3.05
La Jolla	1,644,565	149,646	9.1%	$3.88
Mira Mesa/Miramar	1,641,840	263,610	16.1%	$1.43
Sorrento Mesa	9,617,550	1,279,329	13.3%	$2.37
Sorrento Valley	821,537	84,189	10.3%	$2.27
Torrey Pines	2,548,373	106,048	4.2%	$4.05
UTC	8,572,406	1,633,775	19.1%	$3.50
Chula Vista	2,787,619	260,646	9.4%	$2.03
East County	3,681,816	147,797	4.0%	$1.80
National City	508,388	28,088	5.5%	$1.46
Otay Mesa	288,004	16,986	5.9%	$1.30
Southeast San Diego	381,826	57,350	15.0%	$1.95
Oceanside	1,338,122	182,724	13.7%	$1.93
San Marcos	**1,332,912**	**136,956**	**10.3%**	**$2.24**
Vista	1,264,442	180,422	14.3%	$1.83
TOTAL:	**102,138,290**	**11,710,438**	**11.5%**	**$2.51**

Source: CoStar, VOIT, Lee & Associates

San Marcos Office Pricing

Rancho Coronado MU-4, San Marcos, California

New Construction Office Leases from Colliers Brokers

North City:
Medical lease transactions range up to $2.50 per square foot for a triple net lease, and the Pima medical group recently leased 2 of the three floors at 111 Campus Way. According to Colliers International, the upper floor is currently being offered for $3.20 excluding utilities.

Pima Medical Group, 111 Campus Way, Under Construction

Corner @ 2Oaks:
The new development at the corner of San Marcos Blvd and Twin Oaks Valley Road has 14,000 square feet of mixed use currently being leased. Colliers International is marketing the ground floor retail at $3.50 NNN, while the upper floor is retail/office and is leasing at $3.25 NNN.

Corner @ Twin Oaks: 7,000 SF of 2nd floor office space

Source: Broker representatives, CoStar, Loopnet

Key Office Comparable: Civic View Corporate Centre

The Civic View Corporate Centre is a Class A office building located at 300 Rancheros Drive in San Marcos. The 95,500 square foot building was built in 2008, and recently sold as part of a seven building portfolio for $113,000,000, or $226 per square foot. All other buildings in the portfolio are located in Carlsbad, and were built between 1986 and 2010. There are currently no available spaces for lease in this building. See Office Market Overview for additional retail listings and sales transactions.

Source: Broker representatives, CoStar, Loopnet

Key Office Comparable: 1 Civic Center Drive

1 Civic Center Drive is a Class A office building located at 300 Rancheros Drive in San Marcos. The 147,000 square foot building was built in 2005, and recently became available for lease at $2.55 NNN per square foot. See Office Market Overview for additional retail listings and sales transactions.

Source: Broker representatives, CoStar, Loopnet

Key Office Comparable: North County Corporate Center

North County Corporate Center is a Class A office building located at 277 Rancheros Drive in San Marcos. The 53,500 square foot building was built in 2000, and currently there are two spaces available (2,532 and 15,500 square feet) with asking lease rates of $2.40 per square foot plus utilities (vacancy rate of 35%). There is no recent sale transaction for this building. See Office Market Overview for additional retail listings and sales transactions.

Source: Broker representatives, CoStar, Loopnet

Key Office Comparable: 1760 Descanso Avenue

1760 Descanso Avenue is a Class A office re-development on 4.21 acres located at right off the 78 Freeway in San Marcos, on S. Rancho Santa Fe Drive, with excellent visibility. The two-story development is under construction, and will feature 73,460 total square feet of office and retail space, with an attractive outdoor courtyard, retail on the ground floor, and offices above on the second level. Current asking lease rates of $1.25 per square foot plus an allowance of $20/SF for tenant improvements. The building is also for sale at $125 per square foot.

Source: Broker representatives, CoStar, Loopnet

Appendix

Rancho Coronado MU-4, San Marcos, California

Competitive Market Property Floorplan Detail - Attached

COMMUNITY SPECIFICS AND SALES PACE				FLOORPLAN SUMMARY					COMPETITIVE MARKET PRICING SUMMARY														
Project Name / **Location** / Product Details		**Builder Name** / **Master Plan** / Sales Summary		Size SF	Bed	Bath	Level	Pkg	Base Price	Base Price/ Sq. Ft.	Current Incentives: Price Reduction	Current Incentives: Options / Upgrades	Current Incentives: Closing $ / Other	Net Base Price ($ Reduction)	Net Base Price/ Sq. Ft.	Typical: Options / Upgrades	Typical: Premiums	Total Price	Total Price/ SF	Monthly Payment Inputs: Monthly HOA	Base Tax	Addl Taxes	90.0% 4.5% Mo.Pmt.
Cottages at St. Cloud Triplex 2 ST		**Taylor Morrison**		1,470	2	2.0	2	2	$475,000	$323	$0	$0	($5,000)	$475,000	$323	$30,000	$0	$505,000	$344	$295	1.08%	0.19%	$3,403
Oceanside		**Ivey Ranch**		1,795	3	2.5	2	2	$545,000	$304	$0	$0	($5,000)	$545,000	$304	$30,000	$0	$575,000	$320	$295	1.08%	0.16%	$3,823
Product:	Townhomes	Total Units:	96	1,933	3	2.5	2	2	$560,000	$290	$0	$0	($5,000)	$560,000	$290	$30,000	$0	$590,000	$305	$295	1.08%	0.16%	$3,913
Configuration:	ATT	Units Sold:	50																				
		3 Months Sold:	6																				
Sales Open Date:	Apr-16	Units Remaining:	46																				
Overall Sales Rate:	4.0	% Remaining:	48%																				
3 Mon. Sales Rate:	2.0																						
			Totals/Averages:	1,733					$526,667	$304	$0	$0	($5,000)	$526,667	$304	$30,000	$0	$556,667	$321	$295	1.08%	0.17%	$3,713
Brisas at Pacific Ridge 2 ST		**Cornerstone Communities**		1,487	3	2.5	2	2	$452,990	$305	$0	$0	($7,000)	$452,990	$305	$15,000	$5,000	$472,990	$318	$314	1.09%	0.00%	$3,156
Oceanside		**Pacific Ridge**		1,626	3	2.5	2	2	$469,990	$289	$0	$0	($7,000)	$469,990	$289	$15,000	$5,000	$489,990	$301	$314	1.09%	0.00%	$3,258
Product:	Attached	Total Units:	117	1,817	4	2.5	2	2	$515,990	$284	$0	$0	($7,000)	$515,990	$284	$15,000	$5,000	$535,990	$295	$314	1.09%	0.00%	$3,534
Configuration:	ATT	Units Sold:	6																				
		3 Months Sold:	6																				
Sales Open Date:	Jan-17	Units Remaining:	111																				
Overall Sales Rate:	1.8	% Remaining:	95%																				
3 Mon. Sales Rate:	2.0																						
			Totals/Averages:	1,643					$479,657	$292	$0	$0	($7,000)	$479,657	$292	$15,000	$5,000	$499,657	$304	$314	1.09%	0.00%	$3,316
Lucero at Pacific Ridge 3 ST		**Cornerstone Communities**		1,563	3	3.5	3	2	$450,990	$289	$0	$0	($7,000)	$450,990	$289	$15,000	$5,000	$470,990	$301	$314	1.09%	0.00%	$3,144
Oceanside		**Pacific Ridge**		1,563	4	3.5	3	2	$452,990	$290	$0	$0	($7,000)	$452,990	$290	$15,000	$5,000	$472,990	$303	$314	1.09%	0.00%	$3,156
Product:	Attached	Total Units:	125	1,569	3	2.5	3	2	$444,990	$284	$0	$0	($7,000)	$444,990	$284	$15,000	$5,000	$464,990	$296	$314	1.09%	0.00%	$3,108
Configuration:	ATT	Units Sold:	1	1,824	4	3.5	3	2	$501,990	$275	$0	$0	($7,000)	$501,990	$275	$15,000	$5,000	$521,990	$286	$314	1.09%	0.00%	$3,450
Sales Open Date:	Apr-17	Units Remaining:	124																				
Overall Sales Rate:	1.1	% Remaining:	99%																				
3 Mon. Sales Rate:	Sold Out																						
			Totals/Averages:	1,630					$462,740	$284	$0	$0	($7,000)	$462,740	$284	$15,000	$5,000	$482,740	$296	$314	1.09%	0.00%	$3,215

Competitive Market Property Floorplan Detail - Attached

COMMUNITY SPECIFICS AND SALES PACE				FLOORPLAN SUMMARY					COMPETITIVE MARKET PRICING SUMMARY														
Project Name / Location / Product Details		Builder Name / Master Plan / Sales Summary		Size SF	Bed	Bath	Level	Pkg	Base Price	Base Price/ Sq. Ft.	Current Incentives: Price Reduction	Current Incentives: Options / Upgrades	Current Incentives: Closing $ / Other	Net Base Price ($ Reduction)	Net Base Price/ Sq. Ft.	Typical: Options / Upgrades	Typical: Premiums	Total Price	Total Price/ SF	Monthly Payment Inputs: Monthly HOA	Base Tax	Addl Taxes	90.0% 4.5% Mo.Pmt.
Mission Terraces 3 ST		**KB Home**		1,469	3	2.5	3	2	$462,510	$315	$0	$0	$0	$462,510	$315	$13,500	$8,000	$484,010	$329	$236	1.10%	0.10%	$3,189
San Marcos		**-**		1,536	3	2.5	3	2	$466,490	$304	$0	$0	$0	$466,490	$304	$13,500	$8,000	$487,990	$318	$236	1.10%	0.10%	$3,213
Product:	Attached	Total Units:	39	1,874	4	3.5	3	2	$532,465	$284	$0	$0	$0	$532,465	$284	$13,500	$8,000	$553,965	$296	$236	1.10%	0.10%	$3,615
Configuration:	ATT	Units Sold:	15																				
		3 Months Sold:	12																				
Sales Open Date:	Sep-16	Units Remaining:	24																				
Overall Sales Rate:	NEW	% Remaining:	62%																				
3 Mon. Sales Rate:	NEW																						
		Totals/Averages:		1,626					$487,155	$300	$0	$0	$0	$487,155	$300	$13,500	$8,000	$508,655	$313	$236	1.10%	0.10%	$3,339
Mission Villas 3 ST		**KB Home**		1,105	2	2.5	3	2	$428,995	$388	$0	$0	$0	$428,995	$388	$12,500	$10,000	$451,495	$409	$236	1.10%	0.10%	$2,990
San Marcos		**-**		1,331	3	2.5	3	2	$447,990	$337	$0	$0	$0	$447,990	$337	$12,500	$10,000	$470,490	$353	$236	1.10%	0.10%	$3,106
Product:	Attached	Total Units:	54	1,647	3	2.5	3	2	$494,990	$301	$0	$0	$0	$494,990	$301	$12,500	$10,000	$517,490	$314	$236	1.10%	0.10%	$3,393
Configuration:	ATT	Units Sold:	32																				
		3 Months Sold:	10																				
Sales Open Date:	Jul-16	Units Remaining:	22																				
Overall Sales Rate:	NEW	% Remaining:	41%																				
3 Mon. Sales Rate:	NEW																						
		Totals/Averages:		1,361					$457,325	$336	$0	$0	$0	$457,325	$336	$12,500	$10,000	$479,825	$353	$236	1.10%	0.10%	$3,163
Caprice 2&3 ST		**DR Horton**		1,851	3	2.5	2	2	$483,000	$261	$0	$0	($5,000)	$483,000	$261	$15,000	$0	$498,000	$269	$242	1.10%	0.18%	$3,312
San Marcos		**Mission Grove**		2,066	3	2.5	3	2	$486,000	$235	$0	$0	($5,000)	$486,000	$235	$15,000	$0	$501,000	$242	$242	1.10%	0.18%	$3,330
Product:	Townhomes	Total Units:	71	2,190	4	3.5	3	2	$488,000	$223	$0	$0	($5,000)	$488,000	$223	$15,000	$0	$503,000	$230	$242	1.10%	0.18%	$3,342
Configuration:	ATT	Units Sold:	71																				
	Row TH	3 Months Sold:	10																				
Sales Open Date:	Jun-15	Units Remaining:	0																				
Overall Sales Rate:	NEW	% Remaining:	0%																				
3 Mon. Sales Rate:	NEW																						
		Totals/Averages:		2,036					$485,667	$239	$0	$0	($5,000)	$485,667	$239	$15,000	$0	$500,667	$246	$242	1.10%	0.18%	$3,328
The Preserve/Agave 2 ST		**Cornerstone Communities**		1,420	3	2.5	2	2	$499,990	$352	$0	($5,000)	$0	$499,990	$352	$16,000	$0	$510,990	$360	$389	1.10%	0.20%	$3,549
Carlsbad		**The Preseve**		1,681	3	2.5	2	2	$539,990	$321	$0	($5,000)	$0	$539,990	$321	$16,000	$0	$550,990	$328	$389	1.10%	0.20%	$3,796
Product:	Townhomes	Total Units:	88																				
Configuration:	ATT	Units Sold:	12																				
		3 Months Sold:	12																				
Sales Open Date:	Jan-17	Units Remaining:	76																				
Overall Sales Rate:	3.1	% Remaining:	86%																				
3 Mon. Sales Rate:	4.0																						
		Totals/Averages:		1,551					$519,990	$335	$0	($5,000)	$0	$519,990	$335	$16,000	$0	$530,990	$342	$389	1.10%	0.20%	$3,672

PRICE POINT ANALYSIS

Rancho Coronado MU-4, San Marcos, California

October 2017 | City of San Marcos
MU-4, Rancho Coronado, San Diego County, CA

MEYERS RESEARCH
a Kennedy Wilson Company