Appendix D:

Draft Appraisal Assumptions
RESTRICTED APPRAISAL REPORT

This is a Restricted Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP) for a Restricted Appraisal Report. As such, it does not present discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

CLIENT: Ms. Dena Harris, D. Ed
Head of School and Executive Director
The Winston School
215 9th Street
Del Mar, CA 92014

APPRAISER:

SUBJECT: Appraisal – The Winston School – Land Only
215 9th Street
Del Mar, CA 92014

TYPE OF VALUE AND DEFINITION: This is a market value appraisal as defined by the Uniform Standards of Professional Appraisal Practice (USPAP) of the fee simple interest in 1.975 gross and 1.847 net acres of land being used as The Winston School, located at 215 9th Street, Del Mar, CA, 92014. Also included is an estimate of market ground rental terms.

Market value is defined as follows:

"Market Value" means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) buyer and seller are typically motivated;
both parties are well informed or well advised, and each acting in what they consider their own best interest;

a reasonable time is allowed for exposure in the open market;

payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market rent is defined in *The Dictionary of Real Estate Appraisal, 6th Edition*, as follows:

“The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs); the lessee and lessor each acting prudently knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor are typically motivated.

2. Both parties are well informed or well advised, and acting in what they consider their best interests.

3. A reasonable time is allowed for exposure in the open market.

4. The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.

5. The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.”

**INTENDED USE / INTENDED USER OF REPORT:** For exclusive use of the client for internal purposes.

**INTEREST VALUED:** Fee simple estate