

October 14, 2020

Planning Division
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Menlo Uptown: Updated Community Amenity Proposal

Dear Menlo Park Planning Division:

Section 16.45.070 of the Menlo Park Municipal code states that an applicant shall provide one or more community amenities in exchange for bonus level development in the R-MU district. To comply, Greystar provides this updated proposal to 1) describe the amount of bonus development sought, 2) summarize the value of the amenity as determined through the City’s and Greystar’s respective appraisal processes and finally, 3) to describe two proposed alternatives for our community amenity for Menlo Uptown and detail the value breakdown for these community amenity proposals.

We further note that since 2018, our team has conducted extensive community outreach in developing this proposal including three formal community open houses and numerous other informal meetings with members of the Belle Haven community. We intend the proposals described herein to reflect the desires, ideas and suggestions of these community discussions.

Bonus Level Development

The Menlo Uptown project proposed at 141 Jefferson Drive and 180-186 Constitution Drive comprises development of a 4.83-acre site at the bonus level. As such, the project has been designed to comply with the following design allowances:

- Maximum residential floor area ratio (FAR): 225%
- Maximum density: 100 dwelling units per acre
- Maximum height: 85 feet (Jefferson Drive, Constitution Drive or Independence Drive)

In addition to the above, Menlo Uptown has been designed to comply with the bonus level requirements for open space, setbacks and other design parameters.

Amenity Value

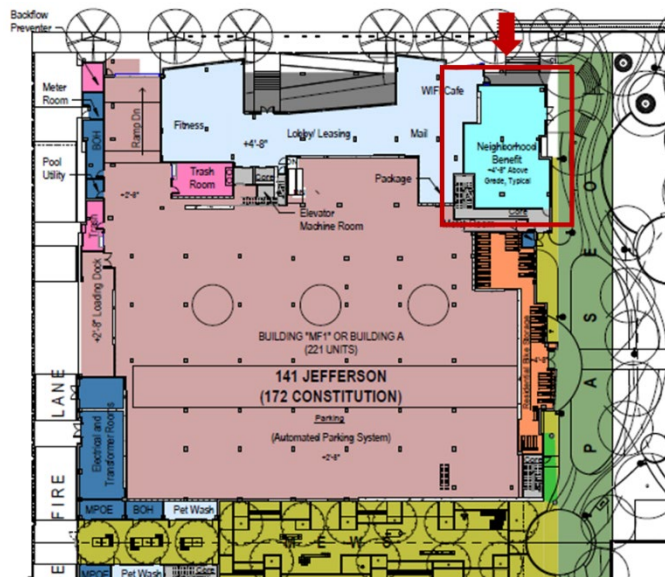
In accordance with the requirements of Section 16.45.070 (3), Greystar commissioned an appraisal by a licensed appraisal firm to establish fair market value of the gross floor area of the bonus level development. On August 1, 2019, Cushman & Wakefield prepared the appraisal included in Exhibit A and determined the fair market value of the Menlo Uptown bonus level development to be (\$10,700,000). On the basis of this appraisal, the required community amenity value per City guidelines is fifty percent of the fair market value or (\$5,350,000).

Subsequent to Greystar’s submittal of the Cushman & Wakefield appraisal, the City engaged Fabbro, Moore & Associates, Inc. (“Fabbro”) to prepare another independent appraisal to determine the Menlo Uptown community amenity value. In a report sent to Greystar on August 4, 2020, Fabbro determined that the fair market value of the Menlo Uptown bonus level development was \$17,800,000 which translates to a required community amenity value of \$8,900,000.

Proposed Community Amenity

In an August 24, 2020 email, Greystar expressed its disagreement with the Fabbro appraisal on several points. However, our team has moved forward with revisions to the project’s community amenity appraisal at the City’s urging in order to avoid any delays to City staff or EIR consultant review.

In the following section, we have expanded our original community amenity proposal to describe two different alternatives. Both of these alternatives incorporate the dedication of ~2,940 square feet of ground-floor space to a community-based organization. Our team has located this space along Constitution Drive (as shown below) in response to City comments. The plan below shows the general location of the proposed “amenity” space – however please note that this space has been up-sized since the production of this drawing. An updated floor plan depicting the latest neighborhood benefit space can be found in the attached Exhibit B.



Alternative 1 – Building Space and Contribution for Valley Community Land Trust

Alternative 1 of this community amenity proposal contemplates the dedication of the ~2,940 square foot ground-floor amenity space for use by the Valley Community Land Trust (“VCLT”) as well as a lump-sum financial contribution to VCLT. Greystar’s funding of VCLT in Menlo Park would work to promote housing stabilization in Belle Haven on an ongoing basis. VCLT is structured to focus on increasing the supply of affordable housing and is targeted to deliver permanently affordable housing for low, very low and extremely-low income families in perpetuity. Homes on community land trust land will remain affordable in perpetuity to ensure affordability for future families.

Community wealth is built through a public and private partnership where the subsidy is retained forever. The mission of VCLT promotes housing stabilization in Belle Haven on an ongoing basis. VCLT brings the capacity of adjunct staff to support the City's goals and works with developers as a team member to ensure obligations are met.

VCLT's mission is to preserve affordable housing, prevent displacement and increase the stock of affordable housing. VCLT provides stewardship on an on-going basis to support families. This is done to ensure support is provided when it is needed, in the way they need it. Certified housing counselors provide pre-purchase, post-purchase, rental and loss-mitigation information.

Under our proposal, the VCLT would occupy the space with all typical rental costs fully subsidized by Greystar including the use of six on-site parking spaces. As outlined in Exhibit C, the estimated value of this neighborhood benefit space may be broken into three components: 1) a \$300,000 allowance (~\$102 / sq. ft.) for tenant improvement of the space, 2) a \$60,000 allowance (or ~\$20 / sq. ft.) for leasing commissions and 3) the discounted present value of the net operating cash flows based on similarly located commercial spaces in the Menlo Park. This also includes the discounted present value of rental income that would accrue as a benefit to VCLT who may in turn sublease up to 2,000 sq. ft. of the space to one or more of its program participants or other non-profit organizations. The total of these valuation components is approximately \$6,082,311.

Exhibit C outlines the discounted cash flow valuation method used to determine the intrinsic value of the commercial space at highest alternate use. In brief, four sources of income are estimated – commercial net operating income, parking income, net expenses (includes taxes, insurance and common area maintenance) – and VCLT rental income (under presumed sub-lease agreement) and projected over a ten-year time horizon assuming a 3.0% annual growth rate. A discount factor of 7.5% is then applied to these future cash flows as well as a terminal cash flow in order to calculate a net present value for the operating commercial space. This calculation is further detailed in Exhibit C.

Under this proposal the remaining balance of the amenity value due (i.e. \$2,817,689) would be contributed as a lump-sum financial donation to VCLT to help increase preservation and creation of affordable housing opportunities in Menlo Park.

Our team has had a number of productive discussions with VCLT leadership to-date and have outlined draft terms for a potential partnership (Exhibit D) that could be finalized and executed in fulfillment of the Menlo Park community amenity process.

Alternative 2 – Building Space for Local Non-Profit / Community Center Contribution

Under Alternative 2, our team proposes dedicating the 2,940 square foot community amenity space in the multifamily building to be used for a community-serving non-profit use (non-VCLT) and making a financial contribution towards the Menlo Park Community Campus project.

Similar to Alternative 1, our team has also heard strong support for this idea in the course of its community outreach. Our team is currently in conversations with various non-profit organizations that support Menlo Park / Belle Haven who we could see as potential candidates to occupy the space. Under this alternative, the selected non-profit would occupy the space with all typical rental costs fully subsidized by Greystar including the use of six on-site parking spaces.

As outlined in Exhibit E, the estimated value of this neighborhood benefit space may be broken into three components: 1) a \$300,000 allowance (~\$102 / sq. ft.) for tenant improvement of the space, 2) a \$60,000 allowance (or ~\$20 / sq. ft.)

for leasing commissions and 3) the discounted present value of the net operating cash flows based on similarly located commercial spaces in the Menlo Park. The total of these valuation components is approximately \$5,168,839.

Exhibit E outlines the discounted cash flow valuation method used to determine the intrinsic value of the commercial space at highest alternate use. In brief, three sources of income are estimated – commercial net operating income, parking income and net expenses (includes taxes, insurance and common area maintenance) – and projected over a ten-year time horizon assuming a 3.0% annual growth rate. A discount factor of 7.5% is then applied to these future cash flows as well as a terminal cash flow in order to calculate a net present value for the operating commercial space. This calculation is further detailed in Exhibit E.

Under this proposal the remaining balance of the amenity value due (i.e. \$3,731,161) would be contributed to help fund “additional work” items proposed as part of the Menlo Park Community Campus project at 100 Terminal Ave which is scheduled for approval in January 2021. According to the 10/13/20 staff report prepared on this project (file:///C:/Users/timothy.racine/OneDrive%20-%20Greystar/Desktop/H1-20201013%20CC-MPCC%20facility_202010091855058455.pdf), the “additional work” items could include the following:

- Red Cross evacuation center (\$750K)
- Solar carports (\$750K)
- LEED platinum upgrade (\$350K)
- Building deconstruction instead of demolition (\$400K)
- Water main replacement (\$800K)
- Recycled water connection from Chilco (\$414K)
- Undergrounding utilities (\$250K)
- **Approx. total cost: \$3.7M**

Any excess funds remaining could be allocated to help offset design fees or other soft costs for the project. Greystar is an enthusiastic supporter of the proposed Menlo Park Community Campus and would be glad to contribute towards the creation of a facility that will serve the Belle Haven Community for generations to come.

We thank you for the opportunity to submit these community amenity proposal alternatives for consideration and look forward to discussing further with City staff.

Sincerely,

Andrew Morcos
Senior Development Director
Greystar

Exhibit A

EXHIBIT A



APPRAISAL OF REAL PROPERTY

A Redevelopment Site
141 Jefferson Dr., 180 & 186 Constitution Dr.
Menlo Park, San Mateo County, CA 94025

IN AN APPRAISAL REPORT

As of August 1, 2019

Prepared For:

Uptown Menlo Park Venture, LLC
450 Sansome Street, Suite 500
San Francisco, CA 94111

Prepared By:

Cushman & Wakefield Western, Inc.
Valuation & Advisory
300 Santana Row, 2nd Floor
San Jose, CA 95128
Cushman & Wakefield File ID: 19-38010-900019-001



A Redevelopment Site
141 Jefferson Dr., 180 & 186 Constitution Dr.
Menlo Park, San Mateo County, CA 94025



300 Santana Row, 2nd Floor
San Jose, CA 95128
Tel +1 (408) 615-3400
cushmanwakefield.com

August 02, 2019

Andrew Morcos
Senior Vice President
Uptown Menlo Park Venture, LLC
450 Sansome Street, Suite 500
San Francisco, CA 94111

Re: Appraisal Report

A Redevelopment Site
141 Jefferson Dr., 180 & 186 Constitution Dr.
Menlo Park, San Mateo County, CA 94025

Cushman & Wakefield File ID: 19-38010-900019-001

Dear Mr. Morcos:

In fulfillment of our agreement as outlined in the Letter of Engagement copied in the Addenda, we are pleased to transmit our appraisal of the above referenced property in the following Appraisal Report.

This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. Additionally, this appraisal has been prepared in accordance with, and is intended to comply with the City of Menlo Park's "Appraisal Instructions to Determine the Value of Community Amenities Under Bonus Level Zoning." A copy of this document as well as the City's January 10, 2019 letter of clarification regarding these instructions is included in the Addenda of this report.

To be consistent with the Appraisal Instructions, and for purposes of outlining our intent to comply with each of the instructions, this document incorporates references to specific instructions, with our indicated compliance. The following instructions and our responses relate to Part A of the instructions that are for the Base Level Density valuation.

Instruction III. A (1.) The subject of the appraisal is the parcel or parcels of land identified in the project application for the proposed project, which is also generally referred to as the project site. The subject of the appraisal is hereinafter referred to as the "Subject Property."

The subject property consists of three contiguous parcels of land totaling 4.83 acres. The sites are located in a business park environment, just east of Highway 101 in Menlo Park. The City has changed the General Plan and Zoning designations for the subject properties (as well as some other surrounding properties) and the existing improvements are now considered to be legal, non-conforming uses ("grandfathered") of the sites. Consistent with the City's Appraisal Instructions, the subject property is appraised as if currently

vacant and fully entitled for development. The existing General Plan and Zoning allow for mixed-use development, primarily consisting of residential uses, up to a maximum of 30 units per acre. The Client has proposed redevelopment of the sites at an average of 100 units per acre (483 units).

Instruction III. A (2.) The appraiser identifies the proposed project as either a for sale condominium or a rental project or a combination thereof. This determination needs to be consistent with the application for the proposed project.

The proposed project is a combination thereof.

Instruction III. A (3.) The City of Menlo Park shall determine the “Base Level” of development permitted on the Subject Property in accordance with the City’s zoning and provide that information to the appraiser. This determination will include identification of both the percentage and the number and the income level of required Below Market Rate (“BMR”) dwelling units required for the Subject Property at the Base Level pursuant to the City’s Below Market Rate Housing Program.

This appraisal takes into consideration the Base Level of development permitted on the subject property as well as City’s 15% BMR requirement and accompanying income level requirements.

Instruction III. A (4.) The Base Level of development permitted on the Subject Property shall be stated on a Gross Floor Area basis.

At the Base Level Density of 30 units per acre and based on our calculations, the Gross Floor Area in this valuation scenario is equal to 189,355 square feet. This information was not provided by the City of Menlo Park. It is based on the land area of 4.83 acres * 43,560 SF * 0.90 Max. FAR.

Instruction III. A (5.) Gross Floor Area (“GFA”) is defined as the sum of the horizontal areas of all habitable floors including basements and mechanical areas within the surrounding exterior walls of a building covered by a roof measured to the outside surfaces of exterior walls or portions thereof on the Subject Property, excluding parking structures. For purposes of these instructions, City staff shall determine GFA based on this definition.

Our calculations take the parameters described above into consideration. Again, the GFA for the Base Level Density valuation scenario was not provided by the City of Menlo Park.

Instruction III. A (6.) The appraiser shall determine the Market Value of the Subject Property, assuming it is fully entitled for the Base Level of development. “Market Value” is the most probable price that 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.

The Base Level Density and Bonus Level Density valuation scenarios presented in this appraisal reflect the hypothetical condition that the subject property is fully entitled for the density of development under analysis. The Market Value definition shown in the instructions is considered to be consistent with the Market Value definition exhibited later in this report.

Instruction III. A (7.) For the Base Level, “entitled” means the Subject Property has all of the approvals necessary to immediately proceed with construction of the maximum GFA allowed by the zoning at the Base Level.

As stated above, it is a hypothetical condition of this appraisal that the subject site is fully entitled for development under each of the valuation scenarios.

Instruction III. A (8.) The “GFA Per Square Foot Unit Value” is defined as the sale price of the comparable divided by the GFA of the buildings proposed to be constructed on the property, or if there is no proposal, then the maximum

GFA allowed by the zoning. The comparable sale prices shall be measured on a GFA Per Square Foot Unit Value basis.

The GFA Per Square Foot Unit Value for each of the comparable sales is exhibited in the table summarizing the comparable data.

Instruction III. A (9.) The appraisal report shall include a "Date of Value" that is no more than 90 days from the date of the submission of the appraisal report to the City of Menlo Park.

The date of value of this report complies with this requirement.

Instruction III. A (10.) The only allowed methodology is the sales comparison approach. A land residual analysis is not acceptable.

This appraisal complies with this instruction.

Instruction III. A (11.) The selected comparable sales used in valuing the Subject Property should be located in or as close to Menlo Park as reasonably available data allows.

Our research includes the most recent and reliable comparables that are located as close to Menlo Park as possible.

Instruction III. A (12.) The comparable sales should be as close to the Date of Value as reasonably available data allows.

Again, the most recent comparables are utilized in our analyses.

Instruction III. A (13.) The comparable land sales should be as physically similar as reasonably available data allows.

The comparables were selected based on location and date of sale as well as size and similarities regarding developable densities.

Instruction III. A (14.) The intended use of the comparable sales by the buyer should be the same as the proposed project, for use as a multi-family residential development.

Each of the comparable sales was purchased under the intent to development multi-family housing.

Instruction III. A (15.) Where a comparable sale is not fully entitled, the appraiser may make an upward adjustment to the comparable sale's GFA Per Square Foot Unit Value.

This appraisal complies with this requirement.

Instruction III. A (16.) Additional analysis of the comparable sales on a per dwelling unit basis is also acceptable. The final conclusion shall be stated on a GFA Per Square Foot Unit Value basis.

Our analysis reflects the price per dwelling unit basis. However, the final conclusion is stated on a GFA Per Square Foot Unit Value basis.

Instruction III. A (17.) The BMR requirement at the Base Level for the Subject Property versus the comparable sales may be a basis for adjustment.

We have considered differences between the BMR requirements for the sale comparables as they compare to the subject property.

Instruction III. A (18.) After reasonable adjustment for differences between the comparable sales and the Subject Property, the appraiser shall conclude a GFA Per Square Foot Unit Value most reflective of the Subject Property assuming the Subject Property is fully entitled for a building or buildings at the Base Level of development.

After analysis, our value conclusion reflects the GFA Per Square Foot Unit Value most reflective of the Subject Property assuming the Subject Property is fully entitled for a building or buildings at the Base Level of development.

Instruction III. A (19.) The appraiser shall include sufficient analysis and explanation of any adjustments made to the comparable sales such that the reader can follow the logic in arriving at the appraiser's conclusion regarding the GFA Per Square Foot Unit Value of the Subject Property.

This appraisal includes analysis regarding the individual adjustments utilized to determine the concluded value that is written so that a reader can understand the value conclusion.

Instruction III. A (20.) The resulting value conclusion for the Subject Property at the Base Level is the GFA Per Square Foot Unit Value times the maximum GFA allowed at the Base Level.

Our value conclusion statement is consistent with this requirement.

The following outlines the instructions and our responses regarding Part B, which pertains to the Bonus Level Density valuation scenario:

Instruction III. B (1.) The Subject Property at the Bonus Level must be identical to the Subject Property at the Base Level. The Subject Property must remain identical.

The subject property analyzed under the Base Level Density is identical to the subject property analyzed under the Bonus Level Density.

Instruction III. B (2.) The City of Menlo Park shall determine the "Bonus Level" of development permitted on the Subject Property in accordance with the City's zoning and provide that information to the appraiser. The BMR requirement, stated in both percentage and number and income level, at the Bonus Level shall be determined pursuant to the City's Below Market Rate Housing Program.

The City of Menlo Park has not provided the appraiser with the Bonus Level density. However, it is assumed that because a project has been proposed by the Client, that the density of the proposed project will be utilized for purposes of this analysis.

Instruction III. B (3.) The Bonus Level of development permitted on the Subject Property shall be stated on a GFA basis.

The Bonus Level Density for the subject is based on the proposed plans, which indicate a total GFA of 472,918.

Instruction III. B (4.) The appraiser shall determine the Market Value of the Subject Property assuming it is fully entitled for the Bonus Level of development.

The appraisal complies with this requirement.

Instruction III. B (5.) For the Bonus Level, "entitled" means the Subject Property has all of the approvals necessary to immediately proceed with construction of the proposed project at the Bonus Level.

The appraisal complies with this requirement.

Instruction III. B (6.) The Date of Value for the Bonus Level is to be the same as the Date of Value for the Base Level.

The appraisal complies with this requirement.

Instruction III. B (7.) The only allowed methodology is the sales comparison approach. A land residual analysis is not acceptable.

The appraisal complies with this requirement.

Instruction III. B (8.) The selected comparable sales used in valuing the Subject Property for the Bonus Level must be the same comparable sales previously used in valuing the Subject Property at the Base Level. Different comparable sales are not allowed. The comparable sale prices shall be measured on a GFA Per Square Foot Unit Value basis.

The appraisal complies with this requirement.

Instruction III. B (9.) Additional analysis of the comparable sales on a per dwelling unit basis is also acceptable. The final conclusion shall be stated on a GFA Per Square Foot Unit Value basis.

The appraisal complies with this requirement.

Instruction III. B (10.) The appraiser shall not consider the community amenities requirement established under Menlo Park Municipal Code Section 16.45.070 in determining the Market Value of the Subject Property at the Bonus Level of development.

The appraisal complies with this requirement.

Instruction III. B (11.) Where a comparable sale is not fully entitled, the appraiser may make an upward adjustment to the comparable sale's GFA Per Square Foot Unit Value.

The appraisal complies with this requirement.

Instruction III. B (12.) After reasonable adjustments for differences between the comparable sales and the Subject Property, the appraiser shall conclude a GFA Per Square Foot Unit Value most reflective of the Subject Property assuming the Subject Property is fully entitled for the proposed project at the Bonus Level, including the required percentage/number of BMR units pursuant to the to the City's Below Market Rate Housing Program.

The appraisal complies with this requirement.

Instruction III. B (13.) The appraiser shall include sufficient analysis and explanation of any adjustments made to the comparable sales such that the reader can follow the logic in arriving at the appraiser's conclusion regarding the GFA Per Square Foot Unit Value of the Subject Property.

The appraisal complies with this requirement.

Instruction III. B (14.) The resulting value conclusion for the Subject Property under the Bonus Level is the GFA Per Square Foot Unit Value times the GFA of the proposed project at the Bonus Level.

The appraisal complies with this requirement.

Subject to the City's Appraisal Instructions and at the direction of the Client, we have compiled comparable Land Sales and completed analysis to estimate the Market Value of the subject site, assuming it is vacant and fully entitled for development, under the "Base Level" of development allowed under the existing zoning for the subject

sites (as a single economic unit). This valuation scenario is considered to be hypothetical as the site is not presently vacant or entitled for development. Additionally, this scenario reflects a maximum developable density of 30 units per acre, or 275,500 square feet of Gross Floor Area (“GFA”), as defined in the Appraisal Instructions.

Also, consistent with the City’s Appraisal Instructions, we have estimated the value of the subject site assuming that it is vacant and fully entitled for development at the “Bonus Level” of density, which in this case and consistent with the plans submitted by the Client, is equal to 100 units per acre, or 472,918 square feet of Gross Floor Area (“GFA”). In accordance with the City’s Appraisal Instructions, this analysis is based on the comparable Land Sales utilized in our analysis of the Base Level of development density.

In accordance with the Appraisal Instructions, the value conclusion at the Base Level is subtracted from the value conclusion at the Bonus Level. The result is the “Value of the Amenity” which is to be reported at 50 percent of the difference between these two values.

It appears that the intention of the City’s Appraisal Instructions is to reach a value under the Bonus Level of analysis that is in excess of the value of the Base Level of analysis, in order to calculate the Value of the Amenity. However, as a result of lower prices per square foot for higher density development combined with higher construction costs per square foot for higher-density projects, our analysis indicates that the value of the subject site is higher under the Base Level of density. Therefore, the concluded Value of the Amenity reflects a negative number.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions:

Value Conclusions			
Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion
Hypothetical Market Value - Base Level Density	Fee Simple	August 1, 2019	\$71,100,000
Hypothetical Market Value - Bonus Level Density	Fee Simple	August 1, 2019	\$60,400,000
Value of the Amenity	Fee Simple	August 1, 2019	(\$5,350,000)

Compiled by Cushman & Wakefield Western, Inc.

The value opinions in this report are qualified by certain assumptions, limiting conditions, certifications, and definitions, as well as the following extraordinary assumptions and hypothetical conditions.

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The Hypothetical Market Values and the Value of the Amenity are reported on a prospective basis given that the date of inspection is prior to the date of value. The value conclusions are based upon market participant attitudes and perceptions existing as of the effective date of our appraisal. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

The Land Valuations presented herein are based on the hypothetical condition that the site is vacant and fully entitled for development at the given density. As this is contrary to the fact that the sites are presently improved and entitlements have not been obtained, these values are considered hypothetical. Additionally, the land

valuations are presented under the City of Menlo Park's "Appraisal Instructions to Determine the Value of Community Amenities Under Bonus Level Zoning" which is a specific condition of this assignment.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD WESTERN, INC.



Gene Williams, MAI, CCIM, MRICS
Senior Director
California Certified General Appraiser
License No. AG015954
gene.williams@cushwake.com
(408) 436-3681 Office Direct



Dan Schmidt
Director
California Certified General Appraiser
License No. AG3000770
dan.schmidt@cushwake.com
(408) 436-3684 Office Direct

Client Satisfaction Survey

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We'd appreciate your help in completing a short survey pertaining to this report and the level of service you received. Rest assured, any feedback will be treated with proper discretion and is not shared with executive management. If you prefer to limit who receives the survey response, the distribution can be altered at your request.

Simply click <https://www.surveymonkey.com/r/LQKCGLF?c=19-38010-900019-001> to respond or print out the survey in the Addenda to submit a hard copy.

Contact our Quality Control Committee with any questions or comments:

Scott Schafer, MAI, MRICS

Senior Managing Director
National Quality Control
Valuation & Advisory
T +1 716 200 0171
F +1 716 852 0890
scott.schafer@cushwake.com

Rick Zbranek, MAI

Senior Managing Director
National Quality Control
Valuation & Advisory
T +1 713 963 2863
F +1 716 852 0890
Rick.Zbranek@cushwake.com

Clarke Lewis, MAI

Senior Managing Director
Appraisal Management
Valuation & Advisory
T +1 631 234 5140
F +1 716 852 0890
clarke.lewis@cushwake.com

Steve Henry, MAI

Managing Director
Client Relations and Quality Assurance
Valuation & Advisory
T +1 949 930 9211
F +1 716 852 0890
Steve.Henry@cushwake.com

Sid Womack, MAI, AI-GRS, FRICS

Senior Managing Director
Regional Leader
Valuation & Advisory
T +1 972 663 9659
F +1 716 852 0890
sid.womack@cushwake.com

Steve Saunders, MAI, AI GRS, FRICS

Executive Managing Director
Florida Valuation & Advisory Market Leader
Valuation & Advisory
T +1 407 541 4384
F +1 716 852 0890
Steve.Saunders@cushwake.com

Summary of Salient Facts and Conclusions

Client:	Uptown Menlo Park Venture, LLC
Intended Use:	This appraisal is intended to provide an opinion of the Market Value of the Leased Fee interest in the property for the use of the client in evaluating potential financing. This report is not intended for any other use.
Intended User:	This Appraisal Report was prepared for the exclusive use of Uptown Menlo Park Venture, LLC. Use of this report by others is not intended by the appraiser.
Identification of Real Estate:	A Redevelopment Site 141 Jefferson Dr., 180 & 186 Constitution Dr. Menlo Park, San Mateo County, California 94025
Current Use:	The subject property consists of a multi-tenant industrial office/r&d with a gross building area of 110,773 square feet and a net rentable area of 110,773 square feet.
Highest & Best Use (As if Vacant)	A residential project built to its maximum feasible building area.
Highest & Best Use (As Improved)	Redevelopment with a residential project .
Type of Value	Market Value (defined later in this report)
Real Property Interest Valued:	Fee Simple
Current Ownership:	LYF Investment Group, LLC (APN -140); Carol Wren & Susan Volpe, et al (APN --030); DMR Properties (APN -040)
Sale History:	To the best of our knowledge, the property has not transferred within the past three years.
Current Disposition:	According to information provided by the Client who is purchasing the property, the subject property is currently under contract to sell. The Client has declined to provide the pending sale price. The sale is contingent upon the Client's ability to gain entitlements for the proposed project. Reportedly, the buyer approached the sellers, directly, and the properties were not exposed to the open market.
Personal Property:	Personal property was excluded from our valuation.
Date of Inspection:	January 25, 2019
Effective Date(s) of Valuation:	
As Is:	August 01, 2019
Date of Report:	August 02, 2019

Extraordinary Assumptions:

The Hypothetical Market Values and the Value of the Amenity are reported on a prospective basis given that the date of inspection is prior to the date of value. The value conclusions are based upon market participant attitudes and perceptions existing as of the effective date of our appraisal. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

Hypothetical Conditions:

The Land Valuations presented herein are based on the hypothetical condition that the site is vacant and fully entitled for development at the given density. As this is contrary to the fact that the sites are presently improved and entitlements have not been obtained, these values are considered hypothetical. Additionally, the land valuations are presented under the City of Menlo Park's "Appraisal Instructions to Determine the Value of Community Amenities Under Bonus Level Zoning" which is a specific condition of this assignment.

Property Photographs

AERIAL PHOTOGRAPH



EXTERIOR VIEW



EXTERIOR VIEW





Exterior view



Exterior view



Typical warehouse space



Typical R&D finish



Typical R&D finish



Typical warehouse space

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Scope of Work

Overview

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report:

Research

- We inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines and the Uniform Standards of Professional Appraisal Practice (USPAP).

Cushman & Wakefield Western, Inc. has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by Donna Whitaker, MAI, AI-GRS.

Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms "describe," "summarize," and "state" connote different levels of detail, with "describe" as the most comprehensive approach and "state" as the

least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Summarizes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Summarizes the Scope of Work used to develop the appraisal
- Summarizes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Summarizes the rationale for the Highest and Best Use opinion (if included)

Valuation Process

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches should be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value. The exclusion of these approaches to value does not reduce the credibility of the assignment results.

Property Analysis

Site Description

Shape:	Irregularly shaped				
Topography:	Level at street grade				
Land Area:	4.83 acres / 210,262 square feet				
Total Land Area:	4.83 acres / 210,262 square feet				
Frontage/Access/Visibility:	The subject property has frontage on the following streets: <table border="0" style="margin-left: 40px;"> <tr> <td>Jefferson Drive</td> <td>267 feet</td> </tr> <tr> <td>Constitution Drive</td> <td>660 feet</td> </tr> </table>	Jefferson Drive	267 feet	Constitution Drive	660 feet
Jefferson Drive	267 feet				
Constitution Drive	660 feet				
Site Improvements:	Site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.				
Land Use Restrictions:	We reviewed a title report prepared by First American Title dated February 2, 2018. The report indicates that the subject sites are encumbered by a variety of easements, most of which appear to be for purposes of infrastructure maintenance. However, the sites are encumbered by CC&Rs that were recorded in the early 1960s. We have not reviewed any of the underlying exception documents and assume that there are no encumbrances that would have an impact on market value. The Client is referred to qualified counsel if further analysis is desired as the appraisers are not experts in title matters.				
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.				
Wetlands:	We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.				
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.				
Seismic Risk:	The subject property is not located within an Alquist-Priolo special studies zone.				

Flood Zone Description: The subject property is located in flood zone AE (Special flood hazard areas subject to inundation by the 100-year flood determined in a Flood Insurance Study by detailed methods. Base flood elevations are shown within these zones. Mandatory flood insurance purchase requirements apply) as indicated by FEMA Map 06081C0306E, dated October 16, 2012.

The flood zone determination and other related data are provided by a third party vendor deemed to be reliable. If further details are required, additional research is required that is beyond the scope of this analysis.

Flood Zone Determinations (Non-Guaranteed)

SFHA Within 250 feet of multiple flood zones?

In No

Map Number
06081C0306E

Community	Community_Name	Zone	Panel	Panel_Dte
060321	MENLO PARK, CITY OF	AE	0306E	October 16, 2012

FIPS CensusTract
06081 6117.00



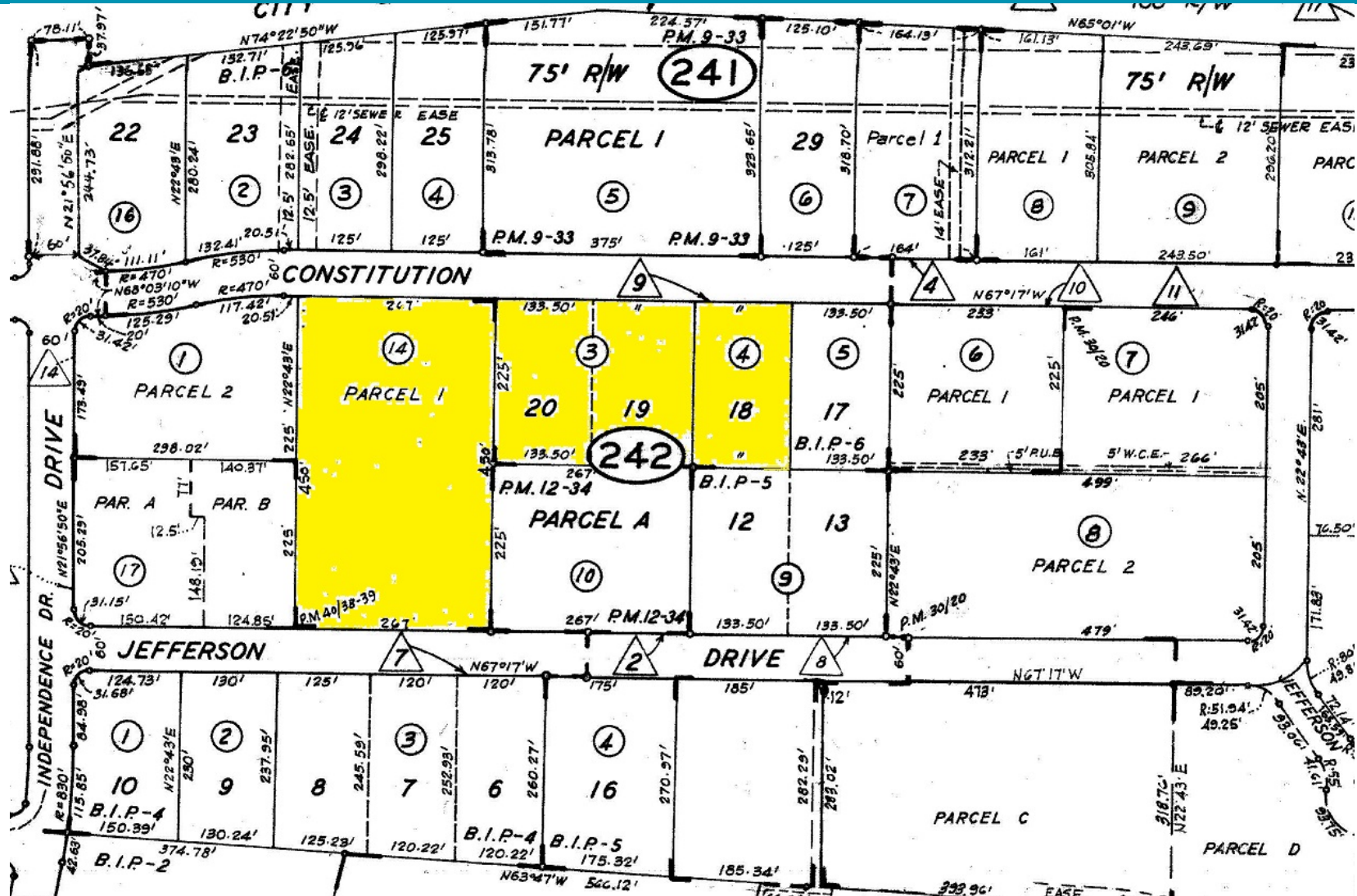
FloodMap Legend

- Flood Zones
- Areas inundated by 500-year flooding
 - Areas outside of the 100- and 500-year floodplains
 - Areas inundated by 100-year flooding
 - Areas inundated by 100-year flooding with velocity hazard
 - Floodway areas
 - Floodway areas with velocity hazard
 - Areas of undetermined but possible flood hazards
 - Areas not mapped on any published FIRI
- Copyright 2012, CDE Business Mapping. All rights reserved

Overall Site Utility: The subject site is functional for its current use.

Location Rating: Good

TAX MAP



Real Property Taxes and Assessments

Current Property Taxes

The subject property is located in the taxing jurisdiction of San Mateo County. The assessor's parcel identification numbers are 055-242-140, -030 & -040. According to the local assessor's office, taxes are current. The assessment and taxes for the property are presented in the following table:

CALIFORNIA ASSESSMENT AND TAX ANALYSIS				
Assessor's Parcel Number:	055-242-140	055-242-030	055-242-040	TOTALS
Assessing Authority:				San Mateo County
Current Tax Year:				2018/2019
Are taxes current?				Taxes are current
Is there a grievance underway?				Not to our knowledge
The subject's assessment and taxes are:				Below market level
ASSESSMENT INFORMATION				
	2018/2019	2018/2019	2018/2019	2018/2019
Assessed Value				
Land:	\$5,104,450	\$779,697	\$1,441,251	\$17,202,300
Improvements:	3,182,774	750,204	720,622	41,763,555
Total:	\$8,287,224	\$1,529,901	\$2,161,873	\$58,965,855
TAX LIABILITY				
Taxable Assessment	\$8,287,224	\$1,529,901	\$2,161,873	\$11,978,998
Tax Rate	1.12470%	1.12470%	1.12470%	1.12470%
Direct Assessments	\$93,206	\$17,207	\$24,315	\$134,728
Special Assessments	\$5,664	\$2,388	\$3,428	\$11,480
Total Property Taxes	\$98,870	\$19,595	\$27,743	\$146,208
Building Area (SF)				110,773
Property Taxes per Square Foot				\$1.32

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Total taxes for the property are \$146,208, or \$1.32 per square foot.

Under the provisions of Article XIII A of the California Tax and Revenue Code (Proposition 13), properties are assessed their market value as of March 1, 1975, the base year lien date, or a later date, such as when a property was last sold or substantial renovation/construction occurred. Under Proposition 13 the base tax rate is limited to 1.0 percent plus any additional increase subject to a two-thirds voter approval (55% approval in the case of educational districts). Because of the required voter approval ratio, the tax rate is usually stable.

The assessed value may be increased for inflation a maximum of 2.0 percent per year until the property is again sold, substantial new construction occurs, or the property's use changes significantly. In no event should a property be assessed above its current market value.

Reassessment due to new construction is usually based on the additional construction costs. Should the property sell, it would be reassessed according to the Assessor's opinion of market value. Generally, market value for reassessment after transfer of ownership is based on the sale price.

Thus, assessed value typically only relates to market value as of a particular sale date. As a result, comparison of assessed value with other properties in the market is not material to this analysis. Therefore, tax comparables are not pertinent and not included herein.

This analysis assumes taxes are current to the date of value. The tax amount used in the analysis assumes taxes based on a market sale as of the appraisal date (assessed at the estimated market value of the property and based on the current tax rate) plus any special assessments.

Zoning

General Information

The property is zoned R-MU-B, Residential Mixed-Use Bonus by the City of Menlo Park. A summary of the subject's zoning is provided in the following table:

ZONING	
Municipality Governing Zoning:	City of Menlo Park
Current Zoning:	R-MU-B, Residential Mixed-Use Bonus
Current General Plan Designation:	Mixed-Use Residential
Current Use:	Office/R&D
Is Current Use Permitted?	No
Proposed Use:	Mixed-Use Residential
Is Proposed Use Permitted?	Yes
Change in Zone Likely:	No
Permitted Uses:	This district is Intended to provide high-density housing to complement nearby employment, plus associated retail/service and office uses.

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We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the existing improvements at the subject property area a pre-existing, non-complying use. Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

This appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment

Valuation

Highest and Best Use

Highest and Best Use of Site as though Vacant

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is for development with a residential project built to its maximum feasible building area, as demands warrants.

Most Likely Buyer

The existing improvements at the subject are near the end of their economic lives and do not contribute significantly to the value of the underlying land. Given the recent re-zoning of the subject property and in consideration of strong housing demand in the region, the most likely buyer of the subject site is believed to be a regional or national developer who would redevelop the subject site with a residential or a mixed-use project. A developer would rely on the Land Sales Comparison approach for purposes of determining the value of the underlying land.

Land Valuation – Base Level Density

Methodology

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. A summary chart of the comparables as well as our analysis of the sales is presented on the following pages.

Comparable land sale data sheets are presented in the Addenda of this report.

Analysis of Comparable Data

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, except for Sale 2, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, the only adjustment required in our analysis is for Sale 2. This property was purchased by an affordable housing developer in an off-market transaction, where neither party was represented by a broker. In consideration of this as well as the seller's comment that he believed the transaction was for a "good cause" significant positive adjustment is supported. The adjustment is based on a rough pairing of the sales following adjustments for other factors prior to considering the conditions of sale.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Market Conditions

The comparable data analyzed occurred between March 2015 and November 2018. As the market has improved over this time period, we applied an annual adjustment of 6.00 percent. As noted in the Market Analysis section included in the Addenda of this report, multi-family rental rates have increased by over 6% during the past year in Southern San Mateo County. While construction costs have also increased since 2015, capitalization rates have declined. Generally, the Class A apartment market has experienced appreciating land values, albeit at a much slower pace than the townhome land market. Based on MLS data, median townhome sale prices in Menlo Park have increased by 6.5% over the past year. As compared to the average sale price during 2017 of \$1,821,764, prices increased 6.5% year-over-year to \$1,941,618 during 2018.

Location

Adjustments were made as follows:

- The subject is located in Menlo Park, where real estate prices and rental rates are among the highest in the region. However, the location of the subject property east of the Bayshore Freeway does not command the same prices and rates as properties located to the west, especially those located near CalTrain or the downtown area of Menlo Park. Sale 1 is mostly similar in terms of location. Sales 3, 4, 5, 6, and 8 are considered to be the most superior in comparison with the subject as they are located west of Highway 85 in Mountain View, where higher unit prices and/or rental rates are achievable, and these locations are significantly superior in comparison with the subject. Sales 2 and 7 are inferior in terms of location and positive adjustments are indicated.

Size

In this instance, the following adjustments were applied:

- As smaller sites typically reflect higher prices on a per-unit basis, negative adjustments are indicated for Sales 2, 4 and 5, which are smaller than the subject. Given the larger sizes of Sales 7 and 9, positive adjustments are indicated. The remaining comparables are generally similar in terms of size and no further adjustments are necessary for this factor.

Density

In this instance, the following adjustments were applied:

- The subject is valued in this analysis based on its Base Level Density, which equates to 30 units per acre. As properties with lower approved densities typically reflect higher prices on a \$/unit basis, negative adjustments are applied to Sales 1, 3 and 5. Conversely, significant positive adjustments are indicated for Sales 2, 6, 7, 8 and 9, which reflect significantly higher densities. The magnitude of these adjustments is based on a rough pairing of the data, which takes into account adjustments for other factors prior to the adjustments for density. Significant adjustments are warranted under the assignment conditions imposed by the City's appraisal instructions, as sale comparables with significantly different densities are not typically used for purposes of direct comparison. Sale 4 generally reflects similar approved development density, and no further adjustments are indicated.

Utility

All of the comparables were similar in this regard, requiring no adjustments.

BMR Requirements

The City of Menlo Park requires a 15% affordable housing component (below-market rent, or "BMR"). Surrounding cities require affordable housing at 10% to 20% of the total number of units. Generally, higher BMR requirements indicate lower land values. Five of the comparable sales are located in Mountain View, where BMR requirements are lower, at 10% (indicating that sale prices would be higher based on this factor). The BMR requirement in Sunnyvale is 12%, while it is 15% in Santa Clara. The requirement in San Mateo ranges from 10% to 15%. Based on our analysis of the sales, and based on a rough pairing of the data following adjustments for other factors, we did not identify this is a factor that has a material impact on value. After thorough analysis, this factor does not appear to have any meaningful impact on prices, and no adjustments are indicated in our analysis.

Entitlements

In this instance, the following adjustments were applied:

- The subject is assumed to be fully entitled for purposes of this analysis. Sale 4 was not fully entitled, and in consideration of the buyer's risk of obtaining entitlements, slight positive adjustment is indicated in comparison with the subject. The remaining sale comparables were entitled at the time of sale and no further adjustment are necessary.

Other

Sales 8 and 9 include other project components that add value. As a result, these sales are considered to be superior and downward adjustments are applied. The remaining sales are similar in terms of other factors and no further adjustments are indicated.

SUMMARY OF LAND SALE COMPARABLES												
PROPERTY INFORMATION							TRANSACTION INFORMATION					
No.	Location	Size (SF)	Size (Acres)	No. Of Units	GFA	Units/Acre	Grantor	Grantee	Sale Date	Sale Price	\$/Unit	\$/GFA
S	Subject Property	210,262	4.83	145	145	30.0						
1	Redevelopment Site 728-814 San Aleso Ave Sunnyvale, CA	285,754	6.56	118	204,598	18.0	CalAtlantic Group, Inc.	Taylor Morrison, Inc.	11/18	\$71,000,000	\$601,695	\$347
2	A Redevelopment Site 3323-3329 Kifer Rd Santa Clara, CA	47,045	1.08	108	88,252	100.0	L'Heureux Real Estate LLC	Allied Housing Inc.	9/18	\$9,500,000	\$87,963	\$108
3	A Redevelopment Site 2044-2054 Montecito Ave. Mountain View, CA	121,096	2.78	52	109,048	18.7	Strategic Capital Funds	Summerhill Homes	8/18	\$37,450,000	\$720,192	\$343
4	A Redevelopment Site 2483-2491 Whitney Dr. Mountain View, CA	65,776	1.51	39	N/A	25.8	-	Confidential	6/18	\$24,000,000	\$615,385	N/A
5	Trio 333 N Rengstorff Avenue Mountain View, CA	79,188	1.82	31	67,484	17.1	Michael & Barbara Ruder	Summerhill Homes	5/18	\$22,500,000	\$725,806	\$333
6	2700 W El Camino Real Mountain View, CA	98,933	2.27	211	227,390	92.9	The Torres Enterprises LP	SummerHill Housing Group	4/18	\$30,105,000	\$142,678	\$132
7	Redevelopment Site 1120-1130 Kifer Road Sunnyvale, CA	348,044	7.99	520	978,619	65.1	Greystar	Greystar / Clarion Partners	8/17	\$68,730,000	\$132,173	\$70
8	The Dean Development Site 400 San Antonio Road Mountain View, CA	249,163	5.72	582	625,958	101.7	San Carlos Group, LLC	San Antonio Apartments LLC	6/16	\$68,640,600	\$117,939	\$109.66
9	Station Park Green 1700-1790 S. Delaware St. San Mateo, CA	521,413	11.97	599	483,733	50.0	ARJAX Railroad Assoc. II, LLC	Essex Portfolio, LP	3/15	\$67,850,000	\$113,272	\$140
STATISTICS												
Low		47,045	1.08	31	67,484				3/15	\$9,500,000	\$87,963	\$70
High		521,413	11.97	599	978,619				11/18	\$71,000,000	\$725,806	\$347
Average		201,824	4.63	251	348,135				11/17	\$44,419,511	\$361,900	\$198

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LAND SALE ADJUSTMENT GRID: BASE LEVEL DENSITY															
Economic Adjustments (Cumulative)							Property Characteristic Adjustments (Additive)								
No.	Price Per Unit	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	Per Unit Subtotal	Location	Size	Density	Utility ⁽²⁾	BMR Req't	Entitlements	Other	Adj. Price Per Unit	Overall
1	\$601,695 11/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.9%	\$607,110 0.9%	Similar 0.0%	Similar 0.0%	Superior -15.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$516,044 -15.0%	Superior
2	\$87,963 9/18	Fee Simple 0.0%	Off Market 40.0%	None 0.0%	Inferior 2.3%	\$125,981 43.2%	Inferior 30.0%	Smaller -5.0%	Inferior 250.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$472,427 275.0%	Inferior
3	\$720,192 8/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 2.7%	\$739,638 2.7%	Superior -20.0%	Similar 0.0%	Superior -15.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$480,764 -35.0%	Superior
4	\$615,385 6/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 3.4%	\$636,308 3.4%	Superior -20.0%	Smaller -5.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Inferior 5.0%	Similar 0.0%	\$509,046 -20.0%	Superior
5	\$725,806 5/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 4.3%	\$757,016 4.3%	Superior -20.0%	Smaller -5.0%	Superior -15.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$454,210 -40.0%	Superior
6	\$142,678 4/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 4.6%	\$149,241 4.6%	Superior -20.0%	Similar 0.0%	Inferior 250.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$492,495 230.0%	Inferior
7	\$132,173 8/17	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.7%	\$143,672 8.7%	Inferior 30.0%	Larger 5.0%	Inferior 200.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$481,302 235.0%	Inferior
8	\$117,939 6/16	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 16.7%	\$137,635 16.7%	Superior -20.0%	Similar 0.0%	Inferior 250.0%	Similar 0.0%	Similar 0.0%	Inferior 10.0%	Superior -3.0%	\$463,830 237.0%	Inferior
9	\$113,272 3/15	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 25.3%	\$141,930 25.3%	Superior -20.0%	Larger 5.0%	Inferior 250.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Superior -10.0%	\$461,272 225.0%	Inferior
												\$87,963 - Low	\$454,210		
												\$725,806 - High	\$516,044		
												\$392,396 - Average	\$483,445		

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(1) Market Conditions Adjustment Footnote

Compound annual change in market conditions: 6.00%
Date of Value (for adjustment calculations): 1/25/19

(2) Utility Footnote

Utility includes shape, access, frontage and visibility.

Conclusion of Site Value – Base Level Density

The adjustments applied to the comparable sales in the Land Sale Adjustment Chart reflect what we determined is appropriate in the marketplace.

Despite the subjectivity, the adjustments were considered reasonable and were applied consistently.

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from \$468,145 per unit to \$531,898 per unit, with an average of \$498,200 per unit.

We placed greatest reliance on Sales 1, 3, 4 and 5, which are the most comparable in terms of developable density. These sales indicated an average adjusted value of \$490,016 per unit. Therefore, we concluded that the indicated land value by the Sales Comparison Approach was:

BASE LEVEL DENSITY LAND VALUE	Value Per Unit
Indicated Value	\$490,000
Unit Measure	x 145
Indicated Value	\$71,050,000
Rounded to nearest \$100,000	\$71,100,000
\$/Unit Basis	\$490,345
Value Per GFA	
Indicated Value	\$375.50
Gross Floor Area:	189,355
Indicated Value	\$71,102,803
Rounded to nearest \$100,000	\$71,100,000
\$/SF Basis	\$375.49
BASE LEVEL DENSITY LAND VALUE	\$71,100,000
\$/Unit Basis	\$490,345

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As the City of Menlo Park’s “Appraisal Instructions to Determine the Value of Community Amenities Under Bonus Level Zoning” require that the value be stated on the basis of the Gross Floor Area (“GFA”), the conclusion of this analysis is converted to allow GFA as the basis for the final statement of value.

2014 Greystar Land Acquisition

Greystar closed the acquisition of “Elon Menlo Park” located at 3645 Haven Ave. in Menlo Park in December 2014. According to the Client, Greystar, the sale was negotiated in April 2013, and the sale price was \$16,700,000 for the 4.89-acre site. Greystar gained entitlements for the 146-unit project during the contract period, indicating an approved density of 29.8 units per acre. The sale closed at a price of \$114,384 per unit with entitlements. The sale is not included in our analysis due to the fact that market conditions have changed so dramatically since 2013, when this price was negotiated. Clearly, our data set for townhome-density sales indicates that prices are well over \$500,000 per unit for well-located, transit-oriented projects. While this sale property is similar in terms of its location and transit orientation, townhome prices and land values have increased dramatically during this time period, and the sale price indicator is not considered to be reliable under current market conditions.

Land Valuation – Bonus Level Density

Methodology

According to City of Menlo Park’s “Appraisal Instructions to Determine the Value of Community Amenities Under Bonus Level Zoning” the value of the subject site at the Bonus Level Density must be determined using the same comparable sales utilized in determining the value of the property at the Base Level Density.

As a result, adjustments for all factors, except Density, are the same as shown in the preceding analysis. Adjustments for Density are based on our analysis of the comparables based on a rough pairing of the data, after adjusting for other factors.

Analysis of Comparable Data

Density

The proposed development density for the subject at the Bonus Level is equal to 100 units per acre. Sales 2, 6, 7, 8 and 9 reflect similar densities as compared to the subject under this scenario. These sales indicate an average sale price per unit of \$118,805 prior to considering any adjustments. After adjusting these sales for differences in location, size and other factors, including density, the sales indicate an average adjusted value of \$138,227 per unit. Sales 3, 4, 5, 7 and 9 reflect somewhat lower densities, and the average adjusted value reflects negative adjustments for density between these sales and the proposed density of the subject.

Using the average adjusted value indication from the preceding analysis, significant negative adjustments are applied to each of the sales in this analysis. Adjustments are based on a rough pairing of the data in order to achieve adjusted results that are reliable for purposes of this analysis.

The adjustments are detailed in the following table:

LAND SALE ADJUSTMENT GRID: BONUS LEVEL DENSITY															
Economic Adjustments (Cumulative)							Property Characteristic Adjustments (Additive)								
No.	Price Per Unit	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	Per Unit Subtotal	Location	Size	Density	Utility ⁽²⁾	BMR Req't	Entitlements	Other	Adj. Price Per Unit	Overall
1	\$601,695 11/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.2%	\$608,915 1.2%	Similar 0.0%	Similar 0.0%	Superior -80.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$121,783 -80.0%	Superior
2	\$87,963 9/18	Fee Simple 0.0%	Off Market 40.0%	None 0.0%	Inferior 3.5%	\$125,981 43.2%	Inferior 30.0%	Smaller -5.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$157,476 25.0%	Inferior
3	\$720,192 8/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 4.5%	\$745,399 3.5%	Superior -20.0%	Similar 0.0%	Superior -60.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$149,080 -80.0%	Superior
4	\$615,385 6/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 5.7%	\$643,077 4.5%	Superior -20.0%	Smaller -5.0%	Superior -60.0%	Similar 0.0%	Similar 0.0%	Inferior 5.0%	Similar 0.0%	\$128,615 -80.0%	Superior
5	\$725,806 5/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 8.1%	\$767,177 5.7%	Superior -20.0%	Smaller -5.0%	Superior -55.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$153,435 -80.0%	Superior
6	\$142,678 4/18	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 15.0%	\$151,381 6.1%	Superior -20.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$121,105 -20.0%	Superior
7	\$132,173 8/17	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 15.8%	\$147,505 11.6%	Inferior 20.0%	Larger 5.0%	Superior -3.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$179,956 22.0%	Inferior
8	\$117,939 6/16	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 25.3%	\$144,593 22.6%	Superior -20.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Inferior 10.0%	Superior -3.0%	\$125,796 -13.0%	Superior
9	\$113,272 3/15	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 25.3%	\$152,578 34.7%	Superior -20.0%	Larger 5.0%	Superior -5.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Superior -10.0%	\$106,804 -30.0%	Superior
	\$87,963	- Low											Low -	\$106,804	
	\$725,806	- High											High -	\$179,956	
	\$392,396	- Average											Average -	\$139,782	

Compiled by Cushman & Wakefield Western, Inc.

(1) Market Conditions Adjustment Footnote

Compound annual change in market conditions: 6.00%
Date of Value (for adjustment calculations): 1/25/19

(2) Utility Footnote

Utility includes shape, access, frontage and visibility.

Conclusion of Land Value – Bonus Level Density

The adjustments applied to the comparable sales in the Land Sale Adjustment Chart reflect what we determined is appropriate in the marketplace. Despite the subjectivity, the adjustments were considered reasonable and were applied consistently.

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from \$106,804 per unit to \$179,956 per unit, with an average adjusted value of \$139.782 per unit. We placed greatest reliance on Sales 2, 6, 8 and 9, which are the most comparable in terms of developable density. These sales indicated an average adjusted value of \$127,795 per unit.

As the City of Menlo Park’s “Appraisal Instructions to Determine the Value of Community Amenities Under Bonus Level Zoning” require that the value be stated on the basis of the Gross Floor Area (“GFA”), the conclusion of this analysis is converted to allow GFA as the basis for the final statement of value.

BONUS LEVEL DENSITY LAND VALUE	Value Per Unit
Indicated Value	\$125,000
Unit Measure	x 483
Indicated Value	\$60,375,000
Rounded to nearest \$100,000	\$60,400,000
\$/Unit Basis	\$125,052
	Value Per GFA
Indicated Value	\$127.75
Gross Floor Area:	472,918
Indicated Value	\$60,415,275
Rounded to nearest \$100,000	\$60,400,000
\$/SF Basis	\$127.72
BONUS LEVEL DENSITY LAND VALUE	\$60,400,000
\$/Unit Basis	\$125,052

Compiled by Cushman & Wakefield Western, Inc.

Reconciliation and Final Value Opinion

Valuation Methodology Review and Reconciliation

This appraisal employs the Sales Comparison Approach (Land) Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach is typically utilized by market participants. The approaches indicated the following:

FINAL VALUE RECONCILIATION		
	Market Value	PSF
Date of Value	August 1, 2019	
Hypothetical Land Valuation - Base Level Density		
Land Value	\$71,100,000	
Land Value Per GFA		\$375.49
Hypothetical Land Valuation - Bonus Level Density		
Land Value	\$60,400,000	
Land Value Per GFA		\$127.72
Value of the Amenity		
(Bonus Level - Base Level) * 50%	(\$5,350,000)	

Compiled by Cushman & Wakefield Western, Inc.

We gave sole weight to the Land Sales Comparison Approach for purposes of valuing the underlying land. This methodology mirrors that which is used by purchasers of this property type.

Value Conclusions			
Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion
Hypothetical Market Value - Base Level Density	Fee Simple	August 1, 2019	\$71,100,000
Hypothetical Market Value - Bonus Level Density	Fee Simple	August 1, 2019	\$60,400,000
Value of the Amenity	Fee Simple	August 1, 2019	(\$5,350,000)

Compiled by Cushman & Wakefield Western, Inc.

Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against Cushman & Wakefield or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by Cushman & Wakefield or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Dan Schmidt did make a personal inspection of the property that is the subject of this report. Gene Williams, MAI, CCIM, MRICS did not make a personal inspection of the property that is the subject of this report.
- Gene Williams, MAI, CCIM, MRICS has not provided prior services within the three-year period immediately preceding acceptance of this assignment.
- Dan Schmidt has not provided prior services within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Gene Williams, MAI, CCIM, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Dan Schmidt has completed all the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



Gene Williams, MAI, CCIM, MRICS
Senior Director
California Certified General Appraiser
License No. AG015954
gene.williams@cushwake.com
(408) 436-3681 Office Direct



Dan Schmidt
Director
California Certified General Appraiser
License No. AG3000770
dan.schmidt@cushwake.com
(408) 436-3684 Office Direct

Addenda Contents

- Addendum A: Glossary of Terms & Definitions
- Addendum B: Client Satisfaction Survey
- Addendum C: Comparable Land Sale Data Sheets
- Addendum D: Preliminary Title Reports
- Addendum E: Qualifications of the Appraiser
- Addendum F: City of Menlo Park's "Appraisal Instructions to Determine the Value of Community Amenities Under Bonus Level Zoning"
- Addendum G: San Francisco Apartment Market Analysis

Addendum A:

Glossary of Terms & Definitions

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), published by the Appraisal Institute, Chicago, IL, as well as other sources.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

Cash Equivalency

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

Depreciation

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

Disposition Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- 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.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. In the case of Disposition value, the seller would be acting under compulsion within a limited future marketing period.

Ellwood Formula

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is

$$RO = [YE - M (YE + P / S^{n-1} - RM) - \Delta O / S^{n-1}] / [1 + \Delta I / J]$$

where

RO = Overall Capitalization Rate

YE = Equity Yield Rate

M = Loan-to-Value Ratio

P = Percentage of Loan Paid Off

$1/S^{n-1}$ = Sinking Fund Factor at the Equity Yield Rate

RM = Mortgage Capitalization Rate

ΔO = Change in Total Property Value

ΔI = Total Ratio Change in Income

J = J Factor

Also called mortgage-equity formula.

Exposure Time

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

Extraordinary Assumption

An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

Fee Simple Estate

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

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Hypothetical Conditions

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

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Insurable Replacement Cost/Insurable Value

A type of value for insurance purposes.

Intended Use

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

Leasehold Interest

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

Liquidation Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- 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.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. Under market value, the seller would be acting in his or her own best interests. The seller would be acting prudently and knowledgeably, assuming the price is not affected by undue stimulus or atypical motivation. In the case of liquidation value, the seller would be acting under extreme compulsion within a severely limited future marketing period.

Market Rent

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).

Market Value

As defined in the Agencies' appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- 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.¹

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

Mortgage-Equity Analysis

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

Prospective Opinion of Value

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

Prospective Value upon Reaching Stabilized Occupancy

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

¹ "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

Special, Unusual, or Extraordinary Assumptions

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

Addendum B: Client Satisfaction Survey

Survey Link: <https://www.surveymonkey.com/r/LQKCGLF?c=19-38010-900019-001>

Cushman & Wakefield File ID: 19-38010-900019-001

Fax Option: (716) 852-0890

1. Based on the scope and complexity of the assignment, please rate the development of the appraisal relative to the adequacy and relevance of the data, the appropriateness of the techniques used, and the reasonableness of the analyses, opinions, and conclusions:

- Excellent
- Good
- Average
- Below Average
- Poor

Comments: _____

2. Please rate the appraisal report on clarity, attention to detail, and the extent to which it was presentable to your internal/external users without revisions:

- Excellent
- Good
- Average
- Below Average
- Poor

Comments: _____

3. The appraiser communicated effectively by listening to your concerns, showed a sense of urgency in responding, and provided convincing support of his/her conclusions:

- Not Applicable
- Excellent
- Good
- Average
- Below Average
- Poor

Comments: _____

4. The report was on time as agreed, or was received within an acceptable time frame if unforeseen factors occurred after the engagement:

- Yes
- No

Comments: _____

5. Please rate your overall satisfaction relative to cost, timing, and quality:

- Excellent
- Good
- Average
- Below Average
- Poor

Comments: _____

6. Any additional comments or suggestions you feel our National Quality Control Committee should know?

7. Would you like a representative of our National Quality Control Committee to contact you?

Yes

No

Name & Phone (if contact is desired):

Contact Information: Scott Schafer
 Senior Managing Director, National Quality Control
 (716) 852-7500, ext. 121

Addendum C: Comparable Land Sale Data Sheets



Redevelopment Site
 728-814 San Aleso Ave
 740 San Aleso Ave
 Sunnyvale CA 94085
 MSA: San Jose
 Santa Clara County
 Submarket: N/A
 Property Type: Land
 Property Subtype: Residential (Multi-Family) For Rent
 Classification: N/A
 ID: 446841
 Tax Number(s): N/A

PROPERTY INFORMATION

Site Area (Acres):	6.5600	Public Utilities:	N/A
Site Area (Sq.Ft.):	285,754	Electricity:	N/A
Zoning:	PPSP	Water:	N/A
Utility:	N/A	Sewer:	N/A
Access:	N/A	Gas:	N/A
Frontage:	N/A	Proposed Use:	N/A
Visibility:	N/A	Maximum FAR:	0.71
Shape:	N/A	Potential Building Area:	203,784
Topography:	N/A	Potential Units:	118

SALE INFORMATION

Status:	Recorded Sale	Price per Sq.Ft.:	\$248.47
Sale Date:	11/2018	Price per Acre:	\$10,823,171
Sale Price:	\$71,000,000	Sale Price per Potential Building Area:	\$348.41
Value Interest:	Fee Simple	Price per Potential Units:	\$601,695.00
Grantor:	CalAtlantic Group, Inc.		
Grantee:	Taylor Morrison, Inc.		
Financing:	N/A		
Condition of Sale:	N/A		

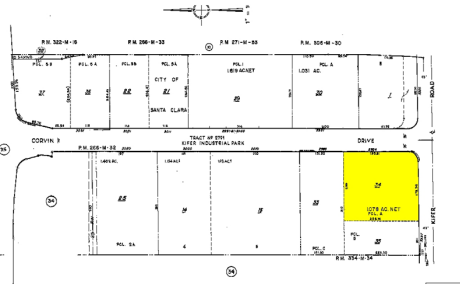
VERIFICATION COMMENTS

N/A

COMMENTS

The buyer plans to commence demolition in January 2019 and begin delivering units in April 2020. City documents note that the site will comply with 12.5% BMR units to reflect 14.75 below market rent. Previous documents show the build will consist of 20 two story duets, 2 two story SFRs, and 96 three story condos. The site is zoned PPSP (Peery Park Specific Plan).

A Redevelopment Site
 3323-3329 Kifer Rd
 Santa Clara CA 95051
 MSA: San Jose
 Santa Clara County
 Submarket: N/A
 Property Type: Land
 Property Subtype: Residential (Multi-Family) For Rent
 Classification: N/A
 ID: 429253
 Tax Number(s): N/A



PROPERTY INFORMATION

Site Area (Acres):	1.0800	Public Utilities:	All Available
Site Area (Sq.Ft.):	47,045	Electricity:	Yes
Zoning:	LSAP-Lawrence Station Area Plan	Water:	Yes
Utility:	Average	Sewer:	Yes
Access:	Average	Gas:	Yes
Frontage:	Average	Proposed Use:	Residential-Multi-Family
Visibility:	Average	Maximum FAR:	N/A
Shape:	Rectangular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	108

SALE INFORMATION

Status:	Recorded Sale	Price per Sq.Ft.:	\$201.93
Sale Date:	9/2018	Price per Acre:	\$8,796,296
Sale Price:	\$9,500,000	Sale Price per Potential Building Area:	N/A
Value Interest:	Fee Simple	Price per Potential Units:	\$87,963.00
Grantor:	L'Heureux Real Estate LLC		
Grantee:	Allied Housing Inc.		
Financing:	Market		
Condition of Sale:	None		

VERIFICATION COMMENTS

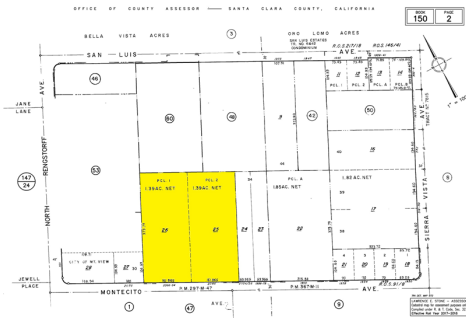
Verified from buyer, Abode Services, Jon White 510-657-7409

COMMENTS

Buyer plans to raze the existing structure and redevelop the site to an affordable housing community aimed at ending homelessness. Site is part of the Lawrence Station Area Plan and the General Plan designated the site for very high density residential of 51-100 units/acre.

This was an off-market transaction, with no brokers involved. The seller had purchased 11 years previous, at one third of the selling price, and was ready to sell, as he felt it was a going to a good cause.

A Redevelopment Site
 2044-2054 Montecito Ave.
 Mountain View CA 94043
 MSA: San Jose
 Santa Clara County
 Submarket: N/A
 Property Type: Land
 Property Subtype: Residential (Multi-Family) For Rent
 Classification: N/A
 ID: 419836
 Tax Number(s): N/A



PROPERTY INFORMATION

Site Area (Acres):	2.7800	Public Utilities:	All Available
Site Area (Sq.Ft.):	121,096	Electricity:	N/A
Zoning:	N/A	Water:	N/A
Utility:	Average	Sewer:	N/A
Access:	Average	Gas:	N/A
Frontage:	N/A	Proposed Use:	Residential-Condo/PUD
Visibility:	Average	Maximum FAR:	N/A
Shape:	Rectangular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	52

SALE INFORMATION

Status:	Recorded Sale	Price per Sq.Ft.:	\$309.26
Sale Date:	8/2018	Price per Acre:	\$13,471,312
Sale Price:	\$37,450,000	Sale Price per Potential Building Area:	N/A
Value Interest:	Fee Simple	Price per Potential Units:	\$720,192.31
Grantor:	Strategic Capital Funds		
Grantee:	Summerhill Homes		
Financing:			
Condition of Sale:	None		

VERIFICATION COMMENTS

Buyer; Public Records Doc #24001809

COMMENTS

Sale of an existing 52 unit apartment property. Buyer is a developer who will redevelop with 52 for-sale townhomes. Property had tentative map approval at the time of sale. City of Mountain View has a 10% BMR requirement. The existing improvements that were built in 1963 and include 52 apartment units do not add any value to that of the underlying land.

A Redevelopment Site
 2483-2491 Whitney Dr.
 Mountain View CA 94043
 MSA: San Jose
 Santa Clara County
 Submarket: N/A
 Property Type: Land
 Property Subtype: Residential (Multi-Family) For Sale
 Classification: N/A
 ID: 409748
 Master Plan: N/A
 Tract/Plat Map: 147-09-033, -032, -030, -029
 Planning Area: Medium-High Density Residential
 Tax Number(s): N/A



SITE INFORMATION

Gross Site Area (Acres / Sq.Ft.):	1.5100	65,776	Public Utilities:	All Available
Net Residential Area (Acres / Sq.Ft.):	1.5100	65,776	Electricity:	Yes
Zoning:		R3 Multifamily	Water:	Yes
Utility:		Average	Sewer:	Yes
Access:		Average	Gas:	Yes
Frontage:		N/A	Proposed Use:	Residential-Multi-Family
Visibility:		Average	Maximum FAR:	N/A
Shape:		Rectangular	Potential Building Area:	N/A
Topography:		Level	Number of Units:	39
Physical Condition:		Average	Units per Acre (Gross / Net):	25.83 25.83
Entitlements:		No	Tax Rate/Special Assessments:	N/A
Premium Potential:		N/A		

IMPROVEMENT INFORMATION

Product Type:		Apartments	HOA Dues (per Month/per Year):	N/A	N/A
Retail Pricing (Min,Avg,Max):	N/A	N/A	Amenities:		N/A
Home Size (Min,Avg,Max):	N/A	N/A	Tax Rate/Special Assessments:		N/A
Commercial Space (SqFt):		N/A			

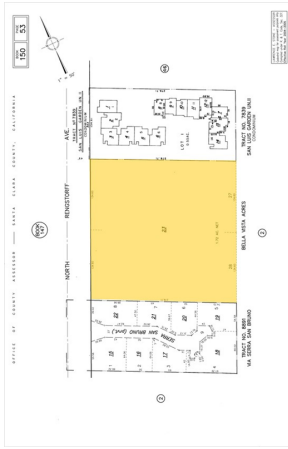
SALE INFORMATION

Status:	In-Contract	Price per Sq.Ft.:	\$364.87
Sale Date:	6/2018	Price per Acre:	\$15,893,943
DOM / Exposure Time:	N/A	Sale Price per Potential Building Area:	N/A
Sale Price:	\$24,000,000	Price per Unit:	\$615,385
Grantor:	N/A	Cost to Finished Lot (per Unit):	N/A
Grantee:	Confidential	Price per Finished Lot:	\$615,385
Financing:	Market Terms	Finished Lot to Home Price Ratio:	N/A
Document No:	N/A		
Value Interest:	Fee Simple		
Buyer Intention:	N/A		
Rolling Options:	N/A		
Ground Lease:	No		

VERIFICATION COMMENTS

COMMENTS

Pending sale of a redevelopment site located within walking distance of Light Rail and Google near the San Antonio shopping center. The most likely development of the site will consist of townhomes at the lowest possible density (under the General Plan designation) of 26 units per acre, indicating development of about 39 units. This indicates a price per unit of just over \$615,000. The existing improvements that were built in 1960 and include 40 apartment units do not add any value to that of the underlying land.



Trio
 333 N Rengstorff Avenue
 Mountain View CA
 Santa Clara County
 Submarket: N/A
 Property Type: Land
 Property Subtype: Residential (Multi-Family) For Sale
 Classification: N/A
 ID: 419921
 Master Plan: N/A
 Tract/Plat Map: N/A
 Planning Area: N/A
 Tax Number(s): N/A

SITE INFORMATION

Gross Site Area (Acres / Sq.Ft.):	1.8179	79,188	Public Utilities:	All Available
Net Residential Area (Acres / Sq.Ft.):	1.8179	79,188	Electricity:	N/A
Zoning:		N/A	Water:	N/A
Utility:		Average	Sewer:	N/A
Access:		Good	Gas:	N/A
Frontage:		N/A	Proposed Use:	Residential-Condo/PUD
Visibility:		Good	Maximum FAR:	N/A
Shape:		Rectangular	Potential Building Area:	N/A
Topography:		Level	Number of Units:	31
Physical Condition:		N/A	Units per Acre (Gross / Net):	17.05 / 17.05
Entitlements:		No	Tax Rate/Special Assessments:	N/A
Premium Potential:		N/A		

IMPROVEMENT INFORMATION

Product Type:		N/A	HOA Dues (per Month/per Year):	N/A	N/A
Retail Pricing (Min,Avg,Max):	N/A	N/A	Amenities:		N/A
Home Size (Min,Avg,Max):	N/A	N/A	Tax Rate/Special Assessments:		N/A
Commercial Space (SqFt):		N/A			

SALE INFORMATION

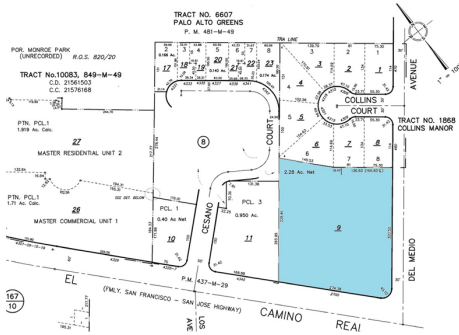
Status:	Recorded Sale	Price per Sq.Ft.:	\$284.13
Sale Date:	5/2018	Price per Acre:	\$12,376,875
DOM / Exposure Time:	N/A	Sale Price per Potential Building Area:	N/A
Sale Price:	\$22,500,000	Price per Unit:	\$725,806
Grantor:	Michael & Barbara Ruder	Cost to Finished Lot (per Unit):	N/A
Grantee:	Summerhill Homes	Price per Finished Lot:	\$725,806
Financing:	N/A	Finished Lot to Home Price Ratio:	N/A
Document No:	23926241		
Value Interest:	Fee Simple		
Buyer Intention:	Investor		
Rolling Options:	N/A		
Ground Lease:	No		

VERIFICATION COMMENTS

COMMENTS

Sale of an existing 32 unit apartment complex built in 1965. The buyer is a developer with plans to redevelop the site with 31 for-sale row houses. The site was fully-entitled and vacant at the time of sale. The City of Mountain View has a 10% BMR requirement. The existing improvements did not contribute any value to the sale.

2700 W El Camino Real
 Mountain View CA 94040
 MSA: San Jose
 Santa Clara County
 Submarket: N/A
 Property Type: Land
 Property Subtype: Residential (Multi-Family) For Rent
 Classification: N/A
 ID: 433876
 Tax Number(s): N/A



PROPERTY INFORMATION

Site Area (Acres):	2.2712	Public Utilities:	All Available
Site Area (Sq.Ft.):	98,933	Electricity:	Yes
Zoning:	P(38)-El Camino Specific Plan	Water:	Yes
Utility:	Average	Sewer:	Yes
Access:	Average	Gas:	Yes
Frontage:	Average	Proposed Use:	Residential-Multi-Family
Visibility:	Average	Maximum FAR:	N/A
Shape:	Rectangular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	211

SALE INFORMATION

Status:	Recorded Sale	Price per Sq.Ft.:	\$304.30
Sale Date:	4/2018	Price per Acre:	\$13,255,107
Sale Price:	\$30,105,000	Sale Price per Potential Building Area:	N/A
Value Interest:	Fee Simple	Price per Potential Units:	\$142,678.00
Grantor:	The Torres Enterprises LP		
Grantee:	SummerHill Housing Group		
Financing:	Market		
Condition of Sale:	None		

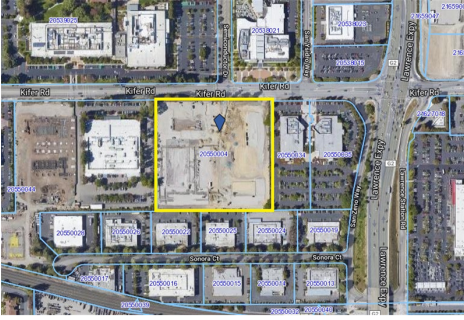
VERIFICATION COMMENTS

Verified from listing broker with Colliers.

COMMENTS

On June 27, 2017 the City Council approved a Planned Community Permit and Development Review Permit to construct 211 apartment units and 2,000 square feet of ground floor commercial space with underground parking to replace an existing motel and vacant restaurant buildings. Demolition costs were deducted from the actual sale price of \$30,511,000.

Redevelopment Site
 1120-1130 Kifer Road
 Sunnyvale CA 94086
 MSA: San Jose
 Santa Clara County
 Submarket: N/A
 Property Type: Land
 Property Subtype: Residential (Multi-Family) For Rent
 Classification: N/A
 ID: 380287
 Tax Number(s): N/A



PROPERTY INFORMATION

Site Area (Acres):	7.9900	Public Utilities:	All Available
Site Area (Sq.Ft.):	348,044	Electricity:	Yes
Zoning:	M-1	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	Yes
Frontage:	598 Feet Kifer	Proposed Use:	Residential-Multi-Family
Visibility:	Good	Maximum FAR:	N/A
Shape:	Rectangular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	520

SALE INFORMATION

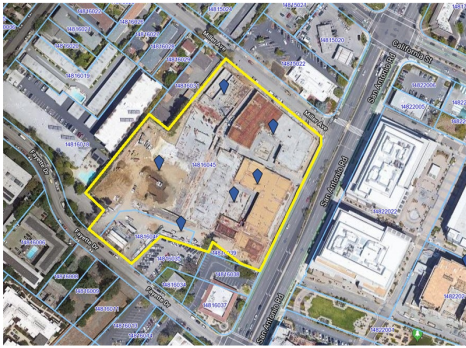
Status:	Recorded Sale	Price per Sq.Ft.:	\$197.48
Sale Date:	8/2017	Price per Acre:	\$8,602,003
Sale Price:	\$68,730,000	Sale Price per Potential Building Area:	N/A
Value Interest:	Fee Simple	Price per Potential Units:	\$132,173.00
Grantor:	Greystar		
Grantee:	Greystar / Clarion Partners		
Financing:	N/A		
Condition of Sale:	None		

VERIFICATION COMMENTS

Seller / City of Sunnyvale Planning Division

COMMENTS

This site will be redeveloped with a mixed-use structure, including 7,400 square feet of retail and 520 apartment units. The site was fully entitled prior to the sale. Demolition cost of \$5.00 per square foot were added to the purchase price. Units will range in size from 600 to 1,250 square feet. The property will include a publicly accessible park. Greystar and Clarion formed a new JV, acquiring the site as CLPF GRP Sunnyvale Kifer, LLC.



The Dean Development Site
 400 San Antonio Road
 Mountain View CA 94040-5302
 MSA: San Jose
 Santa Clara County
 Submarket: N/A
 Property Type: Land
 Property Subtype: Residential (Multi-Family) For Rent
 Classification: N/A
 ID: 282289
 Tax Number(s): 148-16-032, 040, 041, 042, and 043

PROPERTY INFORMATION

Site Area (Acres):	5.7200	Public Utilities:	All Available
Site Area (Sq.Ft.):	249,163	Electricity:	N/A
Zoning:	P-40	Water:	N/A
Utility:	Good	Sewer:	N/A
Access:	Good	Gas:	N/A
Frontage:	Good	Proposed Use:	Residential-Multi-Family
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	582

SALE INFORMATION

Status:	Recorded Sale	Price per Sq.Ft.:	\$275.48
Sale Date:	6/2016	Price per Acre:	\$12,000,105
Sale Price:	\$68,640,600	Sale Price per Potential Building Area:	N/A
Value Interest:	Fee Simple	Price per Potential Units:	\$117,939.18
Grantor:	San Carlos Group, LLC		
Grantee:	San Antonio Apartments LLC		
Financing:	N/A		
Condition of Sale:	None		

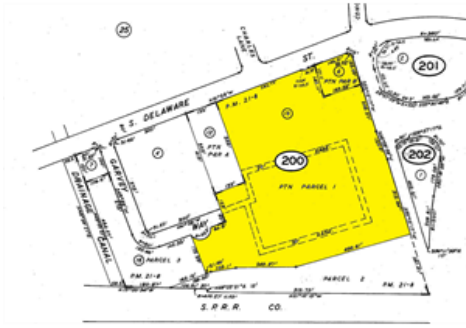
VERIFICATION COMMENTS

Source: CoStar; Confirmed Doc. # 23195742 and 23352534

COMMENTS

These parcels are located near the intersection of San Antonio Road and El Camino Real. This was a two-part acquisition with parcels 41 through 43 acquired in January 2016 for \$33,679,100, and the remaining parcels purchased in June 2016 for \$34,521,500. The buyer is an affiliate of Prometheus Real Estate Group and the seller was an affiliate of The Pillar Group LLC. The buyer is in the process of gaining entitlements for a 582-unit apartment complex with about 11,162 square feet of ground floor commercial space. At the time of sale, the sites were improved with various office, light industrial and commercial buildings with a total area of about 88,000 square feet. Demolition costs for these improvements were not available, thus estimated at \$5/square foot and added to the purchase price.

Station Park Green Project
 1700-1790 S. Delaware Street
 San Mateo CA 94402-2651
 MSA: San Francisco
 San Mateo County
 Submarket: N/A
 Property Type: Land
 Property Subtype: Residential (Multi-Family) For Rent
 Classification: N/A
 ID: 139383
 Tax Number(s): 035-200-060 and 180



PROPERTY INFORMATION

Site Area (Acres):	11.9700	Public Utilities:	All Available
Site Area (Sq.Ft.):	521,413	Electricity:	N/A
Zoning:	TOD	Water:	N/A
Utility:	Good	Sewer:	N/A
Access:	Good	Gas:	N/A
Frontage:	Good	Proposed Use:	Residential-Multi-Family
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Potential Building Area:	N/A
Topography:	Level	Potential Units:	599

SALE INFORMATION

Status:	Recorded Sale	Price per Sq.Ft.:	\$130.13
Sale Date:	3/2015	Price per Acre:	\$5,668,338
Sale Price:	\$67,850,000	Sale Price per Potential Building Area:	N/A
Value Interest:	Fee Simple	Price per Potential Units:	\$113,272.12
Grantor:	ARJAX Railroad Assoc. II, LLC		
Grantee:	Essex Portfolio, LP		
Financing:	N/A		
Condition of Sale:	None		

VERIFICATION COMMENTS

Doc. #018958; SVBJ Article

COMMENTS

The buyer had this site under an option to purchase since 2013. The sites were originally entitled in 2011 for about 600 apartment units, 45,000 square feet of office, and 35,000 square feet of retail. During the escrow period, the seller and buyer obtained City approvals to build 599 apartment units, 10,000 square feet of office and 25,000 square feet of retail contained within four buildings. At the time of sale, the site was improved with two retail buildings containing 170,000 square feet and a service station which were all vacant. Demolition costs for these improvements were not reported, thus estimated at \$5 per square foot and added to the purchase price of \$67 million.

Addendum D: Preliminary Title Reports

Updated to February
2, 2018



First American Title Insurance Company
National Commercial Services
2755 Campus Dr. Suite 125
San Mateo, CA 94403

Ali Warner
Greystar
450 Sansome Street, Suite 500
San Francisco , CA 94111
Phone: (415)524-0992

Escrow Officer: Shelly Siegman
Phone: (650)356-1732
Email: ssiegman@firstam.com
Title Officer: Mike D. Hickey
Phone: (408)451-7905

Property: 141 Jefferson Drive, Menlo Park, CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of February 2, 2018 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

ALTA Extended Loan Policy and
ALTA Standard Owner Policy

A specific request should be made if another form or additional coverage is desired.

[Title to said estate or interest at the date hereof is vested in:](#)

LYF Investment Group LLC, a California limited liability company

The estate or interest in the land hereinafter described or referred to covered by this Report is:

FEE

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

- 1a. General and special taxes and assessments for the fiscal year 2018-2019, a lien not yet due and payable.
1. General and special taxes and assessments for the fiscal year 2017-2018.

First Installment:	\$48,500.66, PAID
Penalty:	\$0.00
Second Installment:	\$48,500.66, OPEN
Penalty:	\$0.00
Tax Rate Area:	08-063
A. P. No.:	055-242-140
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. Covenants, conditions, restrictions and easements in the document recorded May 16, 1962 as Instrument No. 71230-U, [Book/Reel 4208, Page/Image 244](#) of Official Records, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

4. Covenants, conditions, restrictions and easements in the document recorded August 9, 1963 as Instrument No. 25899-W, [Book/Reel 4522, Page/Image 375](#) of Official Records, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.
5. Covenants, conditions, restrictions and easements in the document recorded August 9, 1963 as Instrument No. 25904-W, [Book/Reel 4522, Page/Image 386](#) of Official Records, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.
6. Easement over the herein described property, as reserved in Deed:

From: David D. Bohannon and Ophelia E. Bohannon, his wife as joint tenants
To: Charles T. Darney and Jane R. Draney, his wife, as joint tenants Dated: December 20, 1963
Recorded: December 31, 1963
Instrument No.: 75323-W
[Book/Reel 4619 of Official Records at Page/Image 158](#), Records of San Mateo County, California.

Said Reservation recites as follows: There is hereby reserved a public storm water drainage easement five feet wide for the purpose of installing and maintaining storm drainage facilities across all of that certain of the above described Lot 21 being a strip of land five feet in width lying Northeasterly and adjacent and contiguous to the Southwesterly boundary of the above described Lot 20 and 21 of Bohannon Industrial Park Unit #6 above referred to.

The above described easement, except as to that portion of said 5 foot easement lying contiguous to and Northwesterly of the common between said Lots 20 and 21 has been Quitclaimed by the following Deed:

From: David D. Bohannon, et ux
To: Royco Instruments Inc., a California corporation
Dated: November 21, 1977
Recorded: December 1, 1977
Instrument No.: 4041-AM
[Book/Reel 7676 of Official Records at Page/Image 529](#), Records of San Mateo County, California.

The Grantors further reserve the right to file with the proper authorities of the County of San Mateo, a Subdivision Map including the property described in this Deed, together with other property, and the Grantees by the acceptance of this Deed, agree to execute any and all documents or maps required to executed to accomplish this purpose.

7. Covenants, conditions, restrictions and easements in the document recorded December 31, 1963 as Instrument No. 75323-W, [Book/Reel 4619, Page/Image 158](#) of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.
8. An easement shown or dedicated on the map of Parcel Map recorded January 17, 1978 and on file in [Book 40, Page 38 and 39](#), of Parcel Maps.
For: Public utilities and incidental purposes.
9. An unrecorded lease dated December 6, 2006, executed by LYF Investment Group LLC as lessor and Infolmage of California, Inc. as lessee, as disclosed by a Memorandum of Lease recorded July 5, 2006 as Document No. [2006-099708](#) of Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records are not shown herein.
10. A Deed of Trust to secure an original indebtedness of \$6,920,000.00 recorded December 15, 2011 as Instrument No. [2011-155332](#) of Official Records.
Dated: December 13, 2011
Trustor: LYF Investment Group LLC, a California limited liability company
Trustee: American Securities Company, a Corporation
Beneficiary: Wells Fargo Bank, National Association
11. Rights of parties in possession.

INFORMATIONAL NOTES

1. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 141 JEFFERSON DRIVE, MENLO PARK, CA.
2. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None
3. This preliminary report/commitment was prepared based upon an application for a policy of title insurance that identified land by street address or assessor's parcel number only. It is the responsibility of the applicant to determine whether the land referred to herein is in fact the land that is to be described in the policy or policies to be issued.
4. Should this report be used to facilitate your transaction, we must be provided with the following prior to the issuance of the policy:
 - A. WITH RESPECT TO A CORPORATION:
 1. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
 2. A certificate copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
 3. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 4. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
 - B. WITH RESPECT TO A CALIFORNIA LIMITED PARTNERSHIP:
 1. A certified copy of the certificate of limited partnership (form LP-1) and any amendments thereto (form LP-2) to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendments;
 3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 4. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 5. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
 - C. WITH RESPECT TO A FOREIGN LIMITED PARTNERSHIP:
 1. A certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendment;
 3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;

4. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 5. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
- D. WITH RESPECT TO A GENERAL PARTNERSHIP:
1. A certified copy of a statement of partnership authority pursuant to Section 16303 of the California Corporation Code (form GP-1), executed by at least two partners, and a certified copy of any amendments to such statement (form GP-7), to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendments;
 3. Requirements which the Company may impose following its review of the above material required herein and other information which the Company may require.
- E. WITH RESPECT TO A LIMITED LIABILITY COMPANY:
1. A copy of its operating agreement and any amendments thereto;
 2. If it is a California limited liability company, a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) to be recorded in the public records;
 3. If it is a foreign limited liability company, a certified copy of its application for registration (LLC-5) to be recorded in the public records;
 4. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, such document or instrument must be executed in accordance with one of the following, as appropriate:
 - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such documents must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
 - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
 5. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 6. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
- F. WITH RESPECT TO A TRUST:
1. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
 2. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
 3. Other requirements which the Company may impose following its review of the material require herein and other information which the Company may require.
- G. WITH RESPECT TO INDIVIDUALS:
1. A statement of information.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American Title Insurance Company expressly disclaims any liability for loss or damage which may result from reliance

on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the City of Menlo Park, County of San Mateo, State of California, described as follows:

PARCEL 1, AS SHOWN ON THAT CERTAIN MAP ENTITLED "PARCEL MAP RESUBDIVIDING LOTS 3 & 4, BOHANNON INDUSTRIAL PARK UNIT NO. 4 ([56 MAPS 5](#)), LOT 21, BOHANNON INDUSTRIAL PARK UNIT NO. 6 ([59 MAPS 11](#)) & LANDS SHOWN IN RECORD OF SURVEY 5 L.L.S. 28 MENLO PARK, SAN MATEO COUNTY, CALIFORNIA," FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON JANUARY 17, 1978 IN [BOOK 40 OF PARCEL MAPS AT PAGE\(S\) 38 AND 39](#).

APN: 055-242-140

JPN : 055-024-000-62A and 055-024-000-67A

NOTICE I

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local First American Office for more details.

NOTICE II

As of January 1, 1991, if the transaction which is the subject of this report will be a sale, you as a party to the transaction, may have certain tax reporting and withholding obligations pursuant to the state law referred to below:

In accordance with Sections 18662 and 18668 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to three and one-third percent of the sales price in the case of the disposition of California real property interest by either:

1. A seller who is an individual with a last known street address outside of California or when the disbursement instructions authorize the proceeds be sent to a financial intermediary of the seller, OR
2. A corporate seller which has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000), OR
2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a resident of California, or if a corporation, has a permanent place of business in California, OR
3. The seller, who is an individual, executes a written certificate, under the penalty of perjury, that the California real property being conveyed is the seller's principal residence (as defined in Section 1034 of the Internal Revenue Code).

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis.

The parties to this transaction should seek an attorney's, accountant's, or other tax specialist's opinion concerning the effect of this law on this transaction and should not act on any statements made or omitted by the escrow or closing officer.

The Seller May Request a Waiver by Contacting:

Franchise Tax Board
Withhold at Source Unit
P.O. Box 651
Sacramento, CA 95812-0651
(916) 845-4900

Privacy Policy

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's *Fair Information Values*. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

**CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- 1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - (a) building; (d) improvements on the Land;
 - (b) zoning; (e) land division; and
 - (c) land use; (f) environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
- 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
- 4. Risks:
 - (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - (c) that result in no loss to You; or
 - (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
- 5. Failure to pay value for Your Title.
- 6. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - (b) in streets, alleys, or waterways that touch the Land.
 This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
- 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

**ALTA RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- 1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - (a) and use
 - (b) improvements on the land
 - (c) and division
 - (d) environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

- 2. The right to take the land by condemning it, unless:
 - (a) a notice of exercising the right appears in the public records on the Policy Date

- (b) the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
 - (a) that are created, allowed, or agreed to by you
 - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - (c) that result in no loss to you
 - (d) that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
 4. Failure to pay value for your title.
 5. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
 - (b) in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.



First American Title Insurance Company
National Commercial Services
2755 Campus Dr. Suite 125
San Mateo, CA 94403

Scott Foster
Greystar
450 Sansome Street, Suite 500
San Francisco , CA 94111

Escrow Officer: Shelly Siegman
Phone: (650)356-1732
Email: ssiegman@firstam.com
Title Officer: Jan Nguyen
Phone: (408)451-7816
Email: JanNguyen@firstam.com

Property: 186 Constitution Drive, Menlo Park, CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of December 13, 2017 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

ALTA Extended Loan Policy and
ALTA Standard Owner Policy

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

DMR Properties, a California General Partnership

The estate or interest in the land hereinafter described or referred to covered by this Report is:

FEE

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2018-2019, a lien not yet due or payable.
2. General and special taxes and assessments for the fiscal year 2017-2018.

First Installment:	\$13,094.54, PAID
Penalty:	\$0.00
Second Installment:	\$13,094.54, OPEN
Penalty:	\$0.00
Tax Rate Area:	08-063
A. P. No.:	055-242-040
3. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
4. An easement shown or dedicated on the map of Bohannon Industrial Park Unit No. 6, Menlo Park recorded October 22, 1963 on file in [book 59, page 11](#), of Tract Maps.
For: public utilities, Wire clearance and incidental purposes.

5. Covenants, conditions, restrictions and easements in the document recorded December 31, 1963 as Instrument No. 75095W, [Book 4618, Page 579](#) of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition, or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, sexual orientation, familial status, disability, handicap, national origin, genetic information, gender, gender identity, gender expression, source of income (as defined in California Government Code § 12955(p)) or ancestry, to the extent such covenants, conditions or restrictions violation 42 U.S.C. § 3604(c) or California Government Code § 12955. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.
6. A deed of trust to secure an original indebtedness of \$1,000,000.00 recorded October 07, 2005 as Instrument No. [2005-175738](#) of Official Records.
- Dated: October 03, 2005
Trustor: DMR Properties
Trustee: Greater Bay Bank N.A.
Beneficiary: Greater Bay Bank N.A.

A document entitled "Assignment of Rents" recorded October 07, 2005 as Instrument No. [2005-175739](#) of Official Records, as additional security for the payment of the indebtedness secured by the deed of trust.

The terms and provisions contained in the document entitled "Hazardous Substances Certificate and Indemnity Agreement" recorded October 07, 2005 as Instrument No. [2005-175741](#) of Official Records.

7. A deed of trust to secure an original indebtedness of \$824,000.00 recorded February 22, 2007 as Instrument No. [2007-027948](#) of Official Records.
- Dated: February 08, 2007
Trustor: DMR Properties, a California General Partnership
Trustee: Chicago Title Company, a Corporation
Beneficiary: Capital Access Group, Inc.

According to the public records, the beneficial interest under the deed of trust was assigned to Small Business Administration, an Agency of the United States Government by assignment recorded February 22, 2007 as Instrument No. [2007-027949](#) of Official Records.

8. Terms and provisions of an unrecorded lease dated October 07, 2005, by and between DMR Properties, a California General Partnership as lessor and Martin Ragno & Associates, Inc. as lessee, as disclosed by a Memorandum of Lease recorded February 22, 2007 as Instrument No. [2007-027950](#) of Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records are not shown herein.

9. A federal tax lien in favor of the United States of America, recorded April 16, 2015 as Instrument No. [2015-037828](#) of Official Records.
Serial No.: 151066315
Debtor: Douglas W Ross & E A Bellock
Amount: \$40491.52, and any other amounts due thereunder.

10. Rights of parties in possession.

INFORMATIONAL NOTES

ALERT - CA Senate Bill 2 imposes an additional fee of \$75 up to \$225 at the time of recording on certain transactions effective January 1, 2018. Please contact your First American Title representative for more information on how this may affect your closing.

1. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 186 Constitution Drive, Menlo Park, CA.
2. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None
3. This preliminary report/commitment was prepared based upon an application for a policy of title insurance that identified land by street address or assessor's parcel number only. It is the responsibility of the applicant to determine whether the land referred to herein is in fact the land that is to be described in the policy or policies to be issued.
4. Should this report be used to facilitate your transaction, we must be provided with the following prior to the issuance of the policy:
 - A. WITH RESPECT TO A CORPORATION:
 1. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
 2. A certificate copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
 3. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 4. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
 - B. WITH RESPECT TO A CALIFORNIA LIMITED PARTNERSHIP:
 1. A certified copy of the certificate of limited partnership (form LP-1) and any amendments thereto (form LP-2) to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendments;
 3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 4. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 5. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
 - C. WITH RESPECT TO A FOREIGN LIMITED PARTNERSHIP:

1. A certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendment;
 3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 4. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 5. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
- D. WITH RESPECT TO A GENERAL PARTNERSHIP:
1. A certified copy of a statement of partnership authority pursuant to Section 16303 of the California Corporation Code (form GP-1), executed by at least two partners, and a certified copy of any amendments to such statement (form GP-7), to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendments;
 3. Requirements which the Company may impose following its review of the above material required herein and other information which the Company may require.
- E. WITH RESPECT TO A LIMITED LIABILITY COMPANY:
1. A copy of its operating agreement and any amendments thereto;
 2. If it is a California limited liability company, a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) to be recorded in the public records;
 3. If it is a foreign limited liability company, a certified copy of its application for registration (LLC-5) to be recorded in the public records;
 4. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, such document or instrument must be executed in accordance with one of the following, as appropriate:
 - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such documents must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
 - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
 5. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 6. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
- F. WITH RESPECT TO A TRUST:
1. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
 2. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
 3. Other requirements which the Company may impose following its review of the material require herein and other information which the Company may require.
- G. WITH RESPECT TO INDIVIDUALS:

1. A statement of information.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American Title Insurance Company expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the City of Menlo Park, County of San Mateo, State of California, described as follows:

LOT 18 AS SHOWN ON THAT CERTAIN MAP ENTITLED, "BOHANNON INDUSTRIAL PARK UNIT NO. 6, MENLO PARK, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY ON OCTOBER 22, 1963 IN [BOOK 59 OF MAPS AT PAGE 11](#).

APN: 055-242-040

JPN: 055-024-000-38A

NOTICE I

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local First American Office for more details.

NOTICE II

As of January 1, 1991, if the transaction which is the subject of this report will be a sale, you as a party to the transaction, may have certain tax reporting and withholding obligations pursuant to the state law referred to below:

In accordance with Sections 18662 and 18668 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to three and one-third percent of the sales price in the case of the disposition of California real property interest by either:

1. A seller who is an individual with a last known street address outside of California or when the disbursement instructions authorize the proceeds be sent to a financial intermediary of the seller, OR
2. A corporate seller which has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000), OR
2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a resident of California, or if a corporation, has a permanent place of business in California, OR
3. The seller, who is an individual, executes a written certificate, under the penalty of perjury, that the California real property being conveyed is the seller's principal residence (as defined in Section 1034 of the Internal Revenue Code).

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis.

The parties to this transaction should seek an attorney's, accountant's, or other tax specialist's opinion concerning the effect of this law on this transaction and should not act on any statements made or omitted by the escrow or closing officer.

The Seller May Request a Waiver by Contacting:

Franchise Tax Board
Withhold at Source Unit
P.O. Box 651
Sacramento, CA 95812-0651
(916) 845-4900

Privacy Policy

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's *Fair Information Values*. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

**CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- 1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - (a) building;
 - (b) zoning;
 - (c) land use;
 - (d) improvements on the Land;
 - (e) land division; and
 - (f) environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
- 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
- 4. Risks:
 - (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - (c) that result in no loss to You; or
 - (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
- 5. Failure to pay value for Your Title.
- 6. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - (b) in streets, alleys, or waterways that touch the Land.
 This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
- 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

**ALTA RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- 1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - (a) and use
 - (b) improvements on the land
 - (c) and division
 - (d) environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

- 2. The right to take the land by condemning it, unless:
 - (a) a notice of exercising the right appears in the public records on the Policy Date

- (b) the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
- (a) that are created, allowed, or agreed to by you
 - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - (c) that result in no loss to you
 - (d) that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
- (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
 - (b) in streets, alleys, or waterways that touch your land
- This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**2006 ALTA OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - a. a fraudulent conveyance or fraudulent transfer; or
 - b. a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.

January 11, 2018
Update



First American Title Insurance Company
National Commercial Services
2755 Campus Dr. Suite 125
San Mateo, CA 94403

John Weatherby
Newmark Cornish & Carey
901 Mariners Island Blvd Ste 125
San Mateo , CA 94404-5024

Escrow Officer: Shelly Siegman
Phone: (650)356-1732
Email: ssiegman@firstam.com
Title Officer: Jan Nguyen
Phone: (408)451-7816
Property: 180 Constitution Drive, Menlo Park, CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of December 20, 2017 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

ALTA Extended Owners Policy

A specific request should be made if another form or additional coverage is desired.

[Title to said estate or interest at the date hereof is vested in:](#)

Robert L. Battagin, as Trustee of the Robert L. Battagin 2015 Trust dated September 17, 2015, James M. Battagin, a single man and M. Susan Volpe, a married woman, as her sole and separate property, each as to an undivided one-third interest of 50%;

Mary Jane Thompson, as Trustee of the Marital Trust Portion of the Richard Claire & Mary Jane Thompson Trust dated October 31, 1985, an undivided 3.2% interest of 25%, and Mary Jane Thompson, as Trustee of the Bypass Trust Portion of the Richard Claire & Mary Jane Thompson Trust dated October 31, 1985, an undivided 21.8% interest of 25%; and

Richard McCarty Thompson, Carol Thompson Wren and Susan C. Thompson, each as to undivided 1/12 interest

The estate or interest in the land hereinafter described or referred to covered by this Report is:

FEE

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2018-2019, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. An easement shown or dedicated on the map of Bohannon Industrial Park Unit No. 6 recorded October 22, 1963 on file in [book 59, page 11](#), of Tract Maps.
For: Public utilities, wire clearance and incidental purposes.
4. Easements, Covenants and Conditions contained in the deed from David D. Bohannon and Ophelia E. Bohannon, his wife, as Grantor, to Dr. Gino Battagin and Mary L. Battagin, his wife, an undivided one-half interest, and Dr. Richard Thompson and Henrietta M. Thompson his wife an

undivided one-half interest, as Grantee, recorded December 26, 1963 Instrument No. 73750W, [Book 4616, Page 139](#) . Reference being made to the document for full particulars.

5. This item has been intentionally deleted.
6. This item has been intentionally deleted.
7. This item has been intentionally deleted.
8. This item has been intentionally deleted.
9. The requirement that an ALTA/NSPS survey of recent date which complies with the current minimum standard detail requirements for ALTA/NSPS land title surveys be provided to the company prior to closing.
10. Any facts, rights, interests or claims which would be disclosed by a correct ALTA/NSPS survey.
11. Rights of parties in possession.

INFORMATIONAL NOTES

ALERT: CA Senate Bill 2 imposes an additional fee of \$75 up to \$225 at the time of recording on certain transactions effective January 1, 2018. Please contact your First American Title representative for more information on how this may affect your closing.

1. Taxes for proration purposes only for the fiscal year 2017-2018.

First Installment:	\$11,027.81, PAID
Second Installment:	\$11,027.82, PAID
Tax Rate Area:	08-063
APN:	055-242-030

2. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 180 Constitution Drive, Menlo Park, California.

3. According to the public records, there has been no conveyance of the land within a period of twenty four months prior to the date of this report, except as follows:

A document recorded March 23, 2016 as Instrument No. [2016-025423](#) of Official Records.

From:	Robert L. Battagin, an unmarried man who took title to his property as a married man as his sole and separate property
To:	Robert L. Battagin, as Trustee of the Robert L. Battagin 2015 Trust dated September 17, 2015

4. This preliminary report/commitment was prepared based upon an application for a policy of title insurance that identified land by street address or assessor's parcel number only. It is the responsibility of the applicant to determine whether the land referred to herein is in fact the land that is to be described in the policy or policies to be issued.

5. Should this report be used to facilitate your transaction, we must be provided with the following prior to the issuance of the policy:

A. WITH RESPECT TO A CORPORATION:

1. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
2. A certificate copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
3. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
4. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

B. WITH RESPECT TO A CALIFORNIA LIMITED PARTNERSHIP:

1. A certified copy of the certificate of limited partnership (form LP-1) and any amendments thereto (form LP-2) to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendments;
 3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 4. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 5. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
- C. WITH RESPECT TO A FOREIGN LIMITED PARTNERSHIP:
1. A certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendment;
 3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 4. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 5. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
- D. WITH RESPECT TO A GENERAL PARTNERSHIP:
1. A certified copy of a statement of partnership authority pursuant to Section 16303 of the California Corporation Code (form GP-1), executed by at least two partners, and a certified copy of any amendments to such statement (form GP-7), to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendments;
 3. Requirements which the Company may impose following its review of the above material required herein and other information which the Company may require.
- E. WITH RESPECT TO A LIMITED LIABILITY COMPANY:
1. A copy of its operating agreement and any amendments thereto;
 2. If it is a California limited liability company, a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) to be recorded in the public records;
 3. If it is a foreign limited liability company, a certified copy of its application for registration (LLC-5) to be recorded in the public records;
 4. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, such document or instrument must be executed in accordance with one of the following, as appropriate:
 - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such documents must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
 - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
 5. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.

6. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
- F. WITH RESPECT TO A TRUST:
1. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
 2. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
 3. Other requirements which the Company may impose following its review of the material require herein and other information which the Company may require.
- G. WITH RESPECT TO INDIVIDUALS:
1. A statement of information.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American Title Insurance Company expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the City of Menlo Park, County of San Mateo, State of California, described as follows:

LOTS 19 AND 20 AS SHOWN ON THAT CERTAIN MAP ENTITLED "BOHANNON INDUSTRIAL PARK UNIT NO. 6, MENLO PARK, SAN MATEO COUNTY, CALIFORNIA," FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA ON OCTOBER 22, 1963 IN [VOLUME 59 OF MAPS AT PAGE 11](#).

APN: 055-242-030; JPN 055-024-000-60A

NOTICE I

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local First American Office for more details.

NOTICE II

As of January 1, 1991, if the transaction which is the subject of this report will be a sale, you as a party to the transaction, may have certain tax reporting and withholding obligations pursuant to the state law referred to below:

In accordance with Sections 18662 and 18668 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to three and one-third percent of the sales price in the case of the disposition of California real property interest by either:

1. A seller who is an individual with a last known street address outside of California or when the disbursement instructions authorize the proceeds be sent to a financial intermediary of the seller, OR
2. A corporate seller which has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000), OR
2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a resident of California, or if a corporation, has a permanent place of business in California, OR
3. The seller, who is an individual, executes a written certificate, under the penalty of perjury, that the California real property being conveyed is the seller's principal residence (as defined in Section 1034 of the Internal Revenue Code).

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis.

The parties to this transaction should seek an attorney's, accountant's, or other tax specialist's opinion concerning the effect of this law on this transaction and should not act on any statements made or omitted by the escrow or closing officer.

The Seller May Request a Waiver by Contacting:

Franchise Tax Board
Withhold at Source Unit
P.O. Box 651
Sacramento, CA 95812-0651
(916) 845-4900

Privacy Policy

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's *Fair Information Values*. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

**CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- 1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - (a) building;
 - (b) zoning;
 - (c) land use;
 - (d) improvements on the Land;
 - (e) land division; and
 - (f) environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
- 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
- 4. Risks:
 - (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - (c) that result in no loss to You; or
 - (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
- 5. Failure to pay value for Your Title.
- 6. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - (b) in streets, alleys, or waterways that touch the Land.
 This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
- 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

**ALTA RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- 1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - (a) and use
 - (b) improvements on the land
 - (c) and division
 - (d) environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

- 2. The right to take the land by condemning it, unless:
 - (a) a notice of exercising the right appears in the public records on the Policy Date

- (b) the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
- (a) that are created, allowed, or agreed to by you
 - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - (c) that result in no loss to you
 - (d) that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
- (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
 - (b) in streets, alleys, or waterways that touch your land
- This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.

Addendum E: Qualifications of the Appraiser



Gene Williams, MAI Senior Director

Valuation & Advisory
Cushman & Wakefield Western, Inc.
Lic #AG015954

Professional Expertise

Gene Williams is a senior commercial real estate professional with a background in finance, underwriting and appraisal. Mr. Williams has performed commercial property appraisals since 1988 and has been a member of the Appraisal Institute since 1994. Mr. Williams has made investments on behalf of a national credit company, advised clients regarding investments in value-added properties, construction projects, loan workouts, loan dispositions and portfolio acquisitions. Experience also includes occupancy cost analysis, rent arbitrations and expert witness/litigation support. Mr. Williams has been qualified as an expert witness in a variety of venues.

Appraisal and consulting services have been provided for unencumbered, leased fee, leasehold and partial interests. Mr. Williams has valued billions of dollars in commercial property in the Silicon Valley area and his experience includes all types of properties, including high-density mixed-use projects, office buildings, retail developments, industrial and R&D projects, data centers and apartments ranging across the full spectrum of asset classes.

Mr. Williams provides partial interest valuations for a wide variety of clientele and purposes. As a former joint venture equity investor, Mr. Williams' experience is sought after in determining partial interest values for a wide variety of ownership structures.

Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute, as of the current date, Gene Williams, MAI has completed the requirements of the continuing education program of the Appraisal Institute
- Certified General Real Estate Appraiser in the following state:
 - California – AG015954
- Bachelor of Business Administration, Baylor University
- Author/Instructor: "Return on Cost and Entrepreneurial Profit" (2008). This seminar is approved for two hours of continuing education by the State of California OREA and the Appraisal Institute.
- Author/Instructor: "Partial Interest Valuation" (2010). This seminar is approved for two hours of continuing education by the State of California OREA and the Appraisal Institute.





Dan Schmidt Director

Valuation & Advisory
Cushman & Wakefield Western, Inc.
CA Lic #AG3000770

Professional Expertise

Dan Schmidt joined Cushman & Wakefield, Inc. in April of 2017 after working for CBRE, Inc. since early 2013. Prior to beginning his career in Commercial Real Estate Appraisal, Mr. Schmidt worked for various companies in the insurance, investment, hospitality and real estate industries.

Mr. Schmidt's professional experience has been in the preparation of real estate appraisals and market studies of commercial real estate properties. Appraisal experience includes the valuation of high-density mixed-use projects, office buildings, retail developments, industrial and R&D projects, and apartments ranging across the full spectrum of asset classes. Appraisal experience includes assignments in the San Francisco Bay Area, as well as within the Santa Cruz and Monterey Counties.

Memberships, Licenses, Professional Affiliations and Education

- Candidate for Designation, Appraisal Institute
- Certified General Real Estate Appraiser in the following states:
 - California – AG3000770
- Bachelor of Science: Business Administration (Finance, Real Estate & Law), California State University, Long Beach

Addendum F:
City of Menlo Park’s “Appraisal Instructions to Determine the
Value of Community Amenities Under Bonus Level Zoning”



January 10, 2019

RE: Bayfront Area – Appraisal Instructions for Bonus Level Development

Dear Interested Parties:

Thank you for your thoughtful review and consideration of the City of Menlo Park's draft appraisal instructions to determine the value of community amenities under bonus level zoning. We appreciate and have carefully considered the comments that were submitted in the summer/fall of 2018. City staff, in consultation with a professional appraiser, have made some changes in response to those comments; however, there were some comments we felt did not warrant revisions to the appraisal instructions. Below is a discussion of the City's response to the main issues that were raised by multiple commenters; it is not intended to be an exhaustive response to comments. The City also made some additional changes to the appraisal instructions for organization, clarity and consistency. We will soon be posting these instructions to the City's website at the below link and, as a courtesy, are providing them to you in advance.

<https://www.menlopark.org/1148/Approved-documents>

Response to Comments

1. The appraisal instructions have been revised to indicate that adjustments should be made to the comparable properties, not the subject property.
2. The appraisal will remain limited to the sales comparison approach. Use of the land residual technique would require a significant number of assumptions, including, but not limited to rent, operating expenses, investment capitalization rate, construction cost and soft costs. The value conclusion would depend on the assumptions used and is legally recognized as speculative. The value conclusion reached using this technique would at best be the price a particular developer might be willing to pay for land planned for a particular project and it may not be market value. The ultimate buyer of a site is the measure of market value measured on a price per square foot basis of the land, which distills down to a single unit value all of the assumptions that go into the land residual technique.
3. The highest and best use must remain the same because the intent of the instructions is to measure the value differential. Highest and best use in this context is quite broad and if it could be changed it introduces an element of 'comparing apples to oranges', which undermines the intent of the analysis.
4. The appraiser will continue to be required to use the same comparable properties for both the base and bonus valuations. The intent is to keep the comparison

consistent and appraisers routinely make adjustments to account for differences in density.

5. The value of a mixed-use property will be determined by combining the office/commercial portion and the residential portion without discount. A mixed-use project is most accurately valued by the component parts. Office space in a mixed-use project would not be expected to rent for less than office space in a single-use project. In fact, development trends in the last decade demonstrate mixed-use projects have greater appeal.
6. The appraisal instructions allow for valuing on a per dwelling unit basis; however, the final conclusion must be stated on a per square foot basis. This avoids the issue of differing residential unit sizes. The definition of gross floor area in the appraisal instructions allows the appraiser to iterate between per unit and gross floor area and state the conclusion on a per square foot basis.

The City appreciates your participation in the process to arrive at these final instructions. While we do not anticipate making further changes, if you have any questions or wish to discuss this matter further, please contact your planner/project manager and/or Assistant City Attorney Leigh Prince at lfp@jsmf.com.

Sincerely,

Mark E. Muenzer
Community Development Director

cc: Bill McClure, City Attorney
Deanna Chow, Assistant Community Development Director

**CITY OF MENLO PARK - APPRAISAL INSTRUCTIONS
TO DETERMINE THE VALUE OF COMMUNITY AMENITIES
UNDER BONUS LEVEL ZONING**

I. Required Appraiser Qualifications

1. California State Certified General Real Estate Appraiser.
2. Member of the Appraisal Institute (MAI) designation.
3. At least five years' experience appraising commercial and multi-family development land in the San Francisco Bay Area.

II. Methodology for Life Science (LS) and Office (O) Districts

A. Base Level Value

1. The subject of the appraisal is the parcel or parcels of land identified in the project application for the proposed project, which is also generally referred to as the project site. The subject of the appraisal is hereinafter referred to as the **"Subject Property."**
2. The City of Menlo Park shall determine the **"Base Level"** of development permitted on the Subject Property in accordance with the City's zoning and provide that information to the appraiser.
3. The Base Level of development permitted on the Subject Property shall be stated on a Gross Floor Area basis.
4. Gross Floor Area (**"GFA"**) is defined as the sum of the horizontal areas of all habitable floors including basements and mechanical areas within the surrounding exterior walls of a building covered by a roof measured to the outside surfaces of exterior walls or portions thereof on the Subject Property, excluding parking structures. For purposes of these instructions, City staff shall determine GFA based on this definition.
5. The appraiser shall determine the Market Value of the Subject Property, assuming it is fully entitled for the Base Level of development. **"Market Value"** is the most probable price that 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.
6. For the Base Level, **"entitled"** means the Subject Property has all of the approvals necessary to immediately proceed with construction of the maximum GFA allowed by the zoning at the Base Level.
7. The **"GFA Per Square Foot Unit Value"** is defined as the sale price of the comparable divided by the GFA of the buildings proposed to be constructed on the property, or if there is no proposal, then the maximum GFA allowed by the zoning. The comparable sale prices shall be measured on a GFA Per Square Foot Unit Value basis.
8. The appraisal report shall include a **"Date of Value"** that is no more than 90 days from the date of the submission of the appraisal report to the City of Menlo Park.
9. The only allowed methodology is the sales comparison approach. A land residual analysis is not acceptable.

**CITY OF MENLO PARK - APPRAISAL INSTRUCTIONS
TO DETERMINE THE VALUE OF COMMUNITY AMENITIES
UNDER BONUS LEVEL ZONING**

10. The selected comparable sales used in valuing the Subject Property should be located in or as close to Menlo Park as reasonably available data allows.
11. The comparable sales should be as close to the Date of Value as reasonably available data allows.
12. The comparable sales should be as physically similar to the Subject Property as reasonably available data allows.
13. The intended use of the comparable sales by the buyer should be for mixed-use, commercial, office, life science or other similar non-residential uses.
14. Where a comparable sale is not fully entitled, the appraiser may make an upward adjustment to the comparable sale's GFA Per Square Foot Unit Value.
15. After reasonable adjustment for differences between the comparable sales and the Subject Property, the appraiser shall conclude a GFA Per Square Foot Unit Value most reflective of the Subject Property assuming the Subject Property is fully entitled for a building or buildings at the Base Level of development.
16. The appraiser shall include sufficient analysis and explanation of any adjustments made to the comparable sales such that the reader can follow the logic in arriving at the appraiser's conclusion regarding the GFA Per Square Foot Unit Value of the Subject Property.
17. The resulting value conclusion for the Subject Property at the Base Level is the GFA Per Square Foot Unit Value times the maximum GFA allowed at the Base Level.
18. For example, assume Comparable Sale 1 sold for \$40,000,000 and it has approvals (or if no approvals, then the GFA identified in an existing application or the maximum GFA zoning would allow) for a building with 200,000 square feet of GFA. The GFA Per Square Foot Unit Value of the comparable is thus \$200 ($\$40,000,000 \div 200,000$). With respect to the Subject Property, the City of Menlo Park has determined that the Subject Property at the Base Level has an allowed maximum GFA of 100,000 square feet. Applying the comparable sale GFA Per Square Foot Unit Value to the Subject Property GFA results in a Market Value of the Subject Property of \$20,000,000 ($\$200 \times 100,000$).
19. The above is a simple hypothetical example to illustrate the required methodology. It is not intended to imply the appraiser should rely on a single comparable. Also, if a comparable sale does not yet have a proposed project application or approvals, the GFA should be based on the maximum GFA allowed by the zoning. Further, the appraiser is allowed to make reasonable adjustments to the comparable sale GFA Per Square Foot Unit Value data in comparison to the Subject Property in arriving at the appropriate GFA Per Square Foot Unit Value of the Subject Property, provided the appraiser provides sufficient analysis and explanation of any adjustments.

B. Bonus Level Value

1. The Subject Property at the Bonus Level must be identical to the Subject Property at the Base Level. The Subject Property must remain identical.

**CITY OF MENLO PARK - APPRAISAL INSTRUCTIONS
TO DETERMINE THE VALUE OF COMMUNITY AMENITIES
UNDER BONUS LEVEL ZONING**

2. The City of Menlo Park determines the “**Bonus Level**” of development permitted on the Subject Property in accordance with the City’s zoning and provides that information to the appraiser. The Bonus Level of development permitted on the Subject Property shall be stated on a GFA basis.
3. The appraiser shall determine the Market Value of the Subject Property assuming it is fully entitled for the Bonus Level of development.
4. For the Bonus Level, “**entitled**” means the Subject Property has all of the approvals necessary to immediately proceed with construction of the proposed project at the Bonus Level.
5. The Date of Value for the Bonus Level must be the same as the Date of Value for the Base Level.
6. The only allowed methodology is the sales comparison approach. A land residual analysis is not acceptable.
7. The selected comparable sales used in valuing the Subject Property at the Bonus Level must be the same comparable sales previously used in valuing the Subject Property at the Base Level. Different comparable sales are not allowed. The comparable sale prices shall be measured on a GFA Per Square Foot Unit Value basis.
8. The appraiser shall not consider the community amenities requirement established under Menlo Park Municipal Code Section 16.43.070 or Section 16.44.070, as applicable, in determining the Market Value of the Subject Property under the Bonus Level of development.
9. Where a comparable sale is not fully entitled, the appraiser may make an upward adjustment to the comparable sale’s GFA Per Square Foot Unit Value.
10. After reasonable adjustment for differences between the comparable sales and the Subject Property, the appraiser shall conclude a GFA Per Square Foot Unit Value most reflective of the Subject Property assuming the Subject Property is fully entitled for a building or buildings at the Bonus Level of development.
11. The appraiser shall include sufficient analysis and explanation of any adjustments made to the comparable sales such that the reader can follow the logic in arriving at the appraiser’s conclusion regarding the GFA Per Square Foot Unit Value of the Subject Property.
12. The resulting value conclusion for the Subject Property at the Bonus Level is the GFA Per Square Foot Unit Value times the GFA of the proposed project at the Bonus Level.
13. For example, assume Comparable Sale 1 sold for \$40,000,000 and it has approvals (or if no approvals, then the GFA identified in an existing application or the maximum GFA zoning would allow) for a building with 200,000 square feet of GFA. The GFA Per Square Foot Unit Value of the comparable is thus \$200 ($\$40,000,000 \div 200,000$). The proposed project on the Subject Property at the Bonus Level has a GFA of 150,000 square feet. Applying the comparable sale GFA Per Square Foot Unit Value to the Subject Property results in a Market Value of the Subject Property of \$30,000,000 ($\$200 \times 150,000$).

**CITY OF MENLO PARK - APPRAISAL INSTRUCTIONS
TO DETERMINE THE VALUE OF COMMUNITY AMENITIES
UNDER BONUS LEVEL ZONING**

14. The above is a simple hypothetical example to illustrate the required methodology. It is not intended to imply the appraiser should rely on a single comparable. Also, if a comparable sale does not yet have a proposed project application or approvals the GFA should be based on the maximum GFA allowed by the zoning. Further, the appraiser is allowed to make reasonable adjustments to the comparable sale GFA Per Square Foot Unit Value data in comparison to the Subject Property in arriving at the appropriate GFA Per Square Foot Unit Value of the Subject Property, provided the appraiser provides sufficient analysis and explanation of any adjustments.

C. Value of the Amenity Conclusion

1. The Market Value of the additional GFA proposed at the Bonus Level of development is calculated based on the Subject Property values as determined through the process outlined above.
2. The value conclusion at the Base Level is subtracted from the value conclusion at the Bonus Level. The result is the Market Value of the additional GFA proposed at the Bonus Level. The “**Value of the Amenity**” is 50 percent of the Market Value of the additional GFA proposed at the Bonus Level.
3. Using the above examples, the Value of Amenity calculation would be as follows:

Value conclusion at the Bonus Level	\$30,000,000
Value conclusion at the Base Level	<u>-\$20,000,000</u>
Value of the Additional GFA Proposed	\$10,000,000
Value of the Amenity	\$5,000,000

III. Methodology for Residential Mixed-Use (R-MU) District

A. Base Level Value for a Residential Development or the Residential Component of a Mixed-Use Project

1. The subject of the appraisal is the parcel or parcels of land identified in the project application for the proposed project, which is also generally referred to as the project site. The subject of the appraisal is hereinafter referred to as the “**Subject Property**.”
2. The appraiser identifies the proposed project as either a for sale condominium or a rental project or a combination thereof. This determination needs to be consistent with the application for the proposed project.
3. The City of Menlo Park shall determine the “**Base Level**” of development permitted on the Subject Property in accordance with the City’s zoning and provide that information to the appraiser. This determination will include identification of both

**CITY OF MENLO PARK - APPRAISAL INSTRUCTIONS
TO DETERMINE THE VALUE OF COMMUNITY AMENITIES
UNDER BONUS LEVEL ZONING**

the percentage and the number and the income level of required Below Market Rate (“**BMR**”) dwelling units required for the Subject Property at the Base Level pursuant to the City’s Below Market Rate Housing Program.

4. The Base Level of development permitted on the Subject Property shall be stated on a Gross Floor Area basis.
5. Gross Floor Area (“**GFA**”) is defined as the sum of the horizontal areas of all habitable floors including basements and mechanical areas within the surrounding exterior walls of a building covered by a roof measured to the outside surfaces of exterior walls or portions thereof on the Subject Property, excluding parking structures. For purposes of these instructions, City staff shall determine GFA based on this definition.
6. The appraiser shall determine the Market Value of the Subject Property, assuming it is fully entitled for the Base Level of development. “**Market Value**” is the most probable price that 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.
7. For the Base Level, “**entitled**” means the Subject Property has all of the approvals necessary to immediately proceed with construction of the maximum GFA allowed by the zoning at the Base Level.
8. The “**GFA Per Square Foot Unit Value**” is defined as the sale price of the comparable divided by the GFA of the buildings proposed to be constructed on the property, or if there is no proposal, then the maximum GFA allowed by the zoning. The comparable sale prices shall be measured on a GFA Per Square Foot Unit Value basis.
9. The appraisal report shall include a “**Date of Value**” that is no more than 90 days from the date of the submission of the appraisal report to the City of Menlo Park.
10. The only allowed methodology is the sales comparison approach. A land residual analysis is not acceptable.
11. The selected comparable sales used in valuing the Subject Property should be located in or as close to Menlo Park as reasonably available data allows.
12. The comparable sales should be as close to the Date of Value as reasonably available data allows.
13. The comparable land sales should be as physically similar as reasonably available data allows.
14. The intended use of the comparable sales by the buyer should be the same as the proposed project, for use as a multi-family residential development.
15. Where a comparable sale is not fully entitled, the appraiser may make an upward adjustment to the comparable sale’s GFA Per Square Foot Unit Value.
16. Additional analysis of the comparable sales on a per dwelling unit basis is also acceptable. The final conclusion shall be stated on a GFA Per Square Foot Unit Value basis.
17. The BMR requirement at the Base Level for the Subject Property versus the comparable sales may be a basis for adjustment.

**CITY OF MENLO PARK - APPRAISAL INSTRUCTIONS
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18. After reasonable adjustment for differences between the comparable sales and the Subject Property, the appraiser shall conclude a GFA Per Square Foot Unit Value most reflective of the Subject Property assuming the Subject Property is fully entitled for a building or buildings at the Base Level of development.
19. The appraiser shall include sufficient analysis and explanation of any adjustments made to the comparable sales such that the reader can follow the logic in arriving at the appraiser's conclusion regarding the GFA Per Square Foot Unit Value of the Subject Property.
20. The resulting value conclusion for the Subject Property at the Base Level is the GFA Per Square Foot Unit Value times the maximum GFA allowed at the Base Level.
21. For example, assume Comparable Sale 1 sold for \$40,000,000 and it has approvals (or if no approvals, then the GFA identified in an existing application or the maximum GFA zoning would allow) for a building with 200,000 square foot of GFA. The GFA Per Square Foot Unit Value of the comparable is thus \$200 ($\$40,000,000 \div 200,000$). With respect to the Subject Property, the City of Menlo Park has determined that the Subject Property at the Base Level has an allowed maximum GFA of 100,000 square feet. Applying the comparable sale GFA Per Square Foot Unit Value to the Subject Property results in a Market Value of the Subject Property of \$20,000,000 ($\$200 \times 100,000$).
22. The above is a simple hypothetical example to illustrate the required methodology. It is not intended to imply the appraiser should rely on a single comparable. Also, if a comparable sale does not yet have a proposed project application or approvals the GFA should be based on the maximum GFA allowed by the zoning. Further, the appraiser is allowed to make reasonable adjustments to the comparable sale GFA Per Square Foot Unit Value data in comparison to the Subject Property in arriving at the appropriate Subject Property GFA Per Square Foot Unit Value, provided the appraiser provides sufficient analysis and explanation of any adjustments.

B. Bonus Level Value for a Residential Development or the Residential Component of a Mixed-Use Project

1. The Subject Property at the Bonus Level must be identical to the Subject Property at the Base Level. The Subject Property must remain identical.
2. The City of Menlo Park shall determine the "**Bonus Level**" of development permitted on the Subject Property in accordance with the City's zoning and provide that information to the appraiser. The BMR requirement, stated in both percentage and number and income level, at the Bonus Level shall be determined pursuant to the City's Below Market Rate Housing Program.
3. The Bonus Level of development permitted on the Subject Property shall be stated on a GFA basis.
4. The appraiser shall determine the Market Value of the Subject Property assuming it is fully entitled for the Bonus Level of development.

**CITY OF MENLO PARK - APPRAISAL INSTRUCTIONS
TO DETERMINE THE VALUE OF COMMUNITY AMENITIES
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5. For the Bonus Level, “**entitled**” means the Subject Property has all of the approvals necessary to immediately proceed with construction of the proposed project at the Bonus Level.
6. The Date of Value for the Bonus Level is to be the same as the Date of Value for the Base Level.
7. The only allowed methodology is the sales comparison approach. A land residual analysis is not acceptable.
8. The selected comparable sales used in valuing the Subject Property for the Bonus Level must be the same comparable sales previously used in valuing the Subject Property at the Base Level. Different comparable sales are not allowed. The comparable sale prices shall be measured on a GFA Per Square Foot Unit Value basis.
9. Additional analysis of the comparable sales on a per dwelling unit basis is also acceptable. The final conclusion shall be stated on a GFA Per Square Foot Unit Value basis.
10. The appraiser shall not consider the community amenities requirement established under Menlo Park Municipal Code Section 16.45.070 in determining the Market Value of the Subject Property at the Bonus Level of development.
11. Where a comparable sale is not fully entitled, the appraiser may make an upward adjustment to the comparable sale’s GFA Per Square Foot Unit Value.
12. After reasonable adjustments for differences between the comparable sales and the Subject Property, the appraiser shall conclude a GFA Per Square Foot Unit Value most reflective of the Subject Property assuming the Subject Property is fully entitled for the proposed project at the Bonus Level, including the required percentage/number of BMR units pursuant to the to the City’s Below Market Rate Housing Program.
13. The appraiser shall include sufficient analysis and explanation of any adjustments made to the comparable sales such that the reader can follow the logic in arriving at the appraiser’s conclusion regarding the GFA Per Square Foot Unit Value of the Subject Property.
14. The resulting value conclusion for the Subject Property under the Bonus Level is the GFA Per Square Foot Unit Value times the GFA of the proposed project at the Bonus Level.
15. For example, assume Comparable Sale 1 sold for \$40,000,000 and it has approvals (or if no approvals, then the GFA identified in an existing application or the maximum GFA zoning would allow) for a building with 200,000 square feet of GFA. The GFA Per Square Foot Unit Value of the comparable is thus \$200 ($\$40,000,000 \div 200,000$). The proposed project on the Subject Property at the Bonus Level has a GFA of 150,000 square feet. Applying the comparable sale GFA Per Square Foot Unit Value to the Subject Property results in a Market Value of the Subject Property of \$30,000,000 ($\$200 \times 150,000$).
16. The above is a simple hypothetical example to illustrate the required methodology. It is not intended to imply the appraiser should rely on a single comparable. Also, if a comparable sale does not yet have a proposed project application or approvals

**CITY OF MENLO PARK - APPRAISAL INSTRUCTIONS
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the GFA should be based on the maximum GFA allowed by the zoning. Further, the appraiser is allowed to make reasonable adjustments to the comparable sale GFA Per Square Foot Unit Value data in comparison to the Subject Property in arriving at the appropriate GFA Per Square Foot Unit Value of the Subject Property, provided the appraiser provides sufficient analysis and explanation of any adjustments.

C. Value of Amenity Conclusion for a Residential Development or the Residential Component of a Mixed-Use Project

1. The Market Value of the additional GFA proposed at the Bonus Level of development is calculated based on the Subject Property values as determined through the process outlined above.
2. The value conclusion at the Base Level is subtracted from the value conclusion at the Bonus Level. The result is the Market Value of the additional GFA proposed at the Bonus Level. The **“Value of the Amenity”** is 50 percent of the Market Value of the additional GFA proposed at the Bonus Level.
3. Using the above examples, the Value of Amenity calculation would be as follows:

Value conclusion at the Bonus Level	\$30,000,000
Value conclusion at the Base Level	<u>-\$20,000,000</u>
Value of the Additional GFA Proposed	\$10,000,000
Value of the Amenity	\$5,000,000

D. For Non-Residential Component of Mixed-Use Project

1. This step is not applicable to Residential Developments.
2. For the non-residential portion of a mixed-use project in the R-MU District, the appraiser shall follow the methodology above for the Office (O) District in reaching a Value of the Amenity conclusion.

E. Value of Amenity Conclusion R-MU District Combined Residential and Non-Residential Component of Mixed-Use Project

1. The resulting Value of the Amenity conclusion for the non-residential component of a mixed-use project shall be added to the Value of the Amenity conclusion for the residential portion of the mixed-use project, without discount to either value conclusions, to determine the total Value of the Amenity to be provided.

**CITY OF MENLO PARK - APPRAISAL INSTRUCTIONS
TO DETERMINE THE VALUE OF COMMUNITY AMENITIES
UNDER BONUS LEVEL ZONING**

IV. Methodology for Projects That Include Multiple Zoning Districts

1. For master planned projects that include multiple zonings of R-MU, LS and/or O Districts the appraiser shall follow the methodology above for each separate component. The resulting value conclusions shall be added together without discount resulting in the defined Market Value for the entire Subject Property.

Addendum G: San Francisco Apartment Market Analysis

San Francisco Apartment Market Overview

Overview

A variety of factors influence the performance of a property in the market. In this section we provide an in-depth analysis of both the market in which the subject property competes and its position within that market.

- We begin our analysis with a discussion of current market statistics such as supply, absorption, vacancy, effective rental rates and new and proposed construction.
- Next we provide analysis of competing local properties to determine the competitive inventory, occupancy rates, rent levels and concessions that might impact the market.
- We finish our analysis with an examination of the underlying demographic indices. Comparisons are made to larger study areas such as the CBSA, state and U.S. as a whole in order to place the historical and prospective performance of the subject trade area in context.

Introduction

Data for the analysis of the San Francisco Apartment market is provided by Reis, Inc., a leading provider of multifamily and commercial real estate market information since 1980. Their proprietary database includes trends, forecasts, news and analyses for approximately 200,000 multifamily and commercial properties in 232 metropolitan markets (4 property types multiplied by 58 metropolitan areas) and roughly 2,500 submarkets.

Current and historical figures are compiled by highly qualified industry analysts. Surveyors, as they are called, are responsible for gathering information on property availabilities, rents and lease terms, etc. by directly contacting owners, managers and leasing agents. Projected data is calculated using a suite of economic forecasting models developed by The Economic Research Group, a team led by Ph.D. economists.

Reis' data are released on a quarterly basis, and is widely recognized as a fundamental tool for appraisers throughout the country.

Submarket Snapshot

As of year-end 2018 the San Francisco Apartment market contains 151,248 rental units in 1,578 buildings, located in eleven submarkets. South Of Market is the largest submarket, with 15.0 percent of the region's total inventory. South Marin is the smallest submarket, comprising 4.8 percent of total inventory.

The following table presents the geographic distribution of inventory in the area, along with other statistical information for the most recent quarter.

Geographic Distribution of Inventory						
Submarket	No. Bldgs	Inventory (Units)	% Total	Vacancy Rate (%)	Free Rent (Months)	Asking Rent (\$/Month)
North Marin	115	8,364	5.5%	2.2	0.0	\$2,323
South Marin	55	7,288	4.8%	4.4	0.3	\$2,679
North San Mateo	82	14,669	9.7%	2.8	0.3	\$2,474
Central San Mateo	127	15,720	10.4%	5.5	0.3	\$3,183
South San Mateo	183	13,392	8.9%	5.5	0.6	\$3,005
South Of Market	127	22,671	15.0%	6.0	1.0	\$4,295
Russian Hill/Embarcadero	88	9,853	6.5%	4.2	0.4	\$3,136
West San Francisco	130	19,525	12.9%	1.4	0.6	\$2,837
Civic Center/Downtown	235	17,273	11.4%	4.7	0.2	\$2,757
Marina/Pacific Heights	220	8,105	5.4%	4.6	0.0	\$3,208
Haight Ashbury/Western Addition	216	14,388	9.5%	7.8	0.7	\$3,497
Market Total	1,578	151,248	100.0%	4.5	0.4	\$3,128

Source:

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As of year-end 2018, the overall vacancy rate for the region was 4.5 percent. Haight Ashbury/Western Addition has the highest vacancy rate of 7.8 percent, while West San Francisco has the lowest vacancy rate of 1.4 percent. The subject's South San Mateo submarket has a current vacancy rate of 5.5 percent.

The average quoted rental rate for all types of space within the region is \$3,128 per month. South Of Market has the highest average rent of \$4,295 per month. Conversely, the lowest rents are achieved in North Marin at \$2,323 per month. The subject's South San Mateo submarket has an average asking rental rate of \$3,005 per month. In addition, free rent concessions are prevalent within the market and range from 0.0 to 1.0 months.

Supply Analysis

Vacancy Rates

The vacancy rate for the San Francisco region currently stands at 4.5 percent for year-end 2018, which is up from year-end 2017 when vacancy was 4.4 percent. Reis projects that vacancy rates will increase over the near term from an average of 4.4 in 2019 to 4.6 in 2023.

The subject submarket is underperforming the market as a whole, with a current vacancy rate of 5.5 percent. Vacancy rates are projected to increase over the next few years from 6.1 in 2019 to 6.2 in 2023.

The following table presents historical vacancy for the region and subject submarket.

Historical and Projected Vacancy Rates						
Year	San Francisco			South San Mateo		
	Class A	Class B/C	Total	Class A	Class B/C	Total
2014	5.5	1.7	3.5	4.6	1.2	3.0
2015	7.0	2.5	4.7	11.8	5.3	8.8
2016	6.5	3.2	4.8	5.7	4.4	5.2
2017	5.1	3.7	4.4	5.0	3.3	4.3
2018	5.1	4.0	4.5	6.7	3.6	5.5
2019	---	---	4.4	---	---	6.1
2020	---	---	4.5	---	---	5.8
2021	---	---	4.7	---	---	6.8
2022	---	---	4.6	---	---	6.4
2023	---	---	4.6	---	---	6.2

Source: Reis, Inc.

Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease. Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis' standards.

As shown, Class A properties within the region are experiencing higher vacancies than the market as a whole at 5.1 percent, and Class B/C properties are experiencing lower vacancies of 4.0 percent. Within the South San Mateo submarket, Class A properties are experiencing higher vacancies than Class B/C properties.

Construction Completions

The San Francisco Apartment market experienced an annual average of 13,112 units completed between 2014 and 2018 or an average of 2,622 units per year. Over the next five years, Reis projects that an additional 8,994 units will be added to the San Francisco market.

Between 2014 and 2018, the South San Mateo submarket experienced new construction of 2,638 units, or an average of 528 units per year. This accounts for approximately 20.1 percent of the region's total completions. Over the next five years, Reis projects that an additional 1,518 units will be added to the San Francisco submarket.

The following table presents historical inventory for the region and subject submarket, as well as future projections.

Historical & Projected Inventory (Units)					
Year	San Francisco		South San Mateo		
	Inventory	Completions	Inventory	Completions	% Total
2014	140,432	2,237	11,109	355	15.9%
2015	142,829	2,397	11,410	301	12.6%
2016	146,291	3,521	12,156	746	21.2%
2017	148,474	2,183	12,496	340	15.6%
2018	151,248	2,774	13,392	896	32.3%
2019	153,538	2,290	13,873	481	21.0%
2020	156,051	2,513	14,056	183	7.3%
2021	158,247	2,196	14,586	530	24.1%
2022	159,292	1,045	14,756	170	16.3%
2023	160,242	950	14,910	154	16.2%
2014-2018					
Total Completions		13,112		2,638	20.1%
Annual Average		2,622		528	

Source: Reis, Inc.

Demand Analysis

Rental Rates

As shown in the following chart, average asking rents for the region have been trending upward, from an average of \$2,613 per month in 2014 to an average of \$3,128 per month in 2018, indicating a compound average growth rate (CAGR) of 4.6 percent. As of year-end 2018, average asking rents increased to \$3,128 per month. Over the past few years, concessions have been rising and currently stand at 4.3 percent of face rents. Over the next five years, average asking rents are expected to increase from \$3,219 per month in 2019 to \$3,517 per month in 2023.

Average asking rental rates in the South San Mateo submarket ranged from an average of \$2,346 per month in 2014 to an average of \$3,005 per month in 2018, demonstrating a CAGR of 6.4 percent. As of year-end 2018, average rents increased to \$3,005 per month. Over the next five years, average asking rents are projected to increase from \$3,089 per month in 2019 to \$3,252 per month in 2023. Concessions currently stand at 4.7 percent of face rents.

The following table presents historical and projected average asking rental rates for the region and submarket.

Historical and Projected Average Asking Rental Rates												
Year	San Francisco						South San Mateo					
	Asking Rent \$/Month			Eff Rent	Change	Concessions % Face Rent	Asking Rent \$/Month			Eff Rent	Change	Concessions % Face Rent
	Class A	Class B/C	Total				Class A	Class B/C	Total			
2014	\$3,138	\$2,145	\$2,613	\$2,542	10.3	2.7	\$2,857	\$1,765	\$2,346	\$2,302	13.1	1.9
2015	\$3,606	\$2,328	\$2,942	\$2,867	12.8	2.5	\$3,111	\$1,913	\$2,566	\$2,528	9.8	1.5
2016	\$3,596	\$2,309	\$2,943	\$2,837	-1.0	3.6	\$3,234	\$2,085	\$2,743	\$2,707	7.1	1.3
2017	\$3,749	\$2,350	\$3,049	\$2,915	2.8	4.4	\$3,435	\$2,104	\$2,882	\$2,787	3.0	3.3
2018	\$3,850	\$2,381	\$3,128	\$2,995	2.8	4.3	\$3,524	\$2,196	\$3,005	\$2,865	2.8	4.7
2019	---	---	\$3,219	\$3,092	3.2	3.9	---	---	\$3,089	\$2,939	2.6	4.9
2020	---	---	\$3,307	\$3,168	2.5	4.2	---	---	\$3,147	\$2,986	1.6	5.1
2021	---	---	\$3,373	\$3,223	1.7	4.4	---	---	\$3,182	\$3,013	0.9	5.3
2022	---	---	\$3,439	\$3,278	1.7	4.7	---	---	\$3,220	\$3,037	0.8	5.7
2023	---	---	\$3,517	\$3,346	2.1	4.9	---	---	\$3,252	\$3,068	1.0	5.7
CAGR	5.25%	2.64%	4.60%	4.19%			5.39%	5.61%	6.38%	5.62%		

Absorption

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Over the past few years, new construction within the region has outpaced absorption levels. As shown in the following table, an annual average of 13,112 new units were completed in the San Francisco region between 2014 and 2018, while 10,704 new units were absorbed. As of year-end 2018, a total of 2,774 new units were completed, while 2,457 new units were absorbed. This resulted in a rise in vacancy from 4.4 percent in 2018 to the current vacancy rate of 4.5 percent. Over the next five years, Reis projects that construction figures will outpace absorption (new construction will total 8,994 units, and absorption will total 8,568 units).

New construction within the South San Mateo submarket has outpaced absorption levels, resulting in increased vacancy rates. Between 2014 and 2018, a total of 2,638 new units were completed, while 2,246 new units were absorbed. Over the next five years, Reis projects that 1,518 units will be added to the market, while 1,331 will be absorbed.

The following table presents historical and projected absorption levels for the region and subject submarket.

Historical and Projected Net Absorption (units)								
Year	San Francisco				South San Mateo			
	Class A	Class B/C	Total	Completions	Class A	Class B/C	Total	Completions
2014	1,466	367	1,833	2,237	267	99	366	355
2015	1,212	(596)	616	2,397	(158)	(213)	(371)	301
2016	3,630	(468)	3,162	3,521	1,080	46	1,126	746
2017	3,074	(438)	2,636	2,183	371	57	428	340
2018	2,549	(92)	2,457	2,774	712	(15)	697	896
2019	---	---	2,395	2,290	---	---	372	481
2020	---	---	2,263	2,513	---	---	214	183
2021	---	---	1,753	2,196	---	---	346	530
2022	---	---	1,199	1,045	---	---	225	170
2023	---	---	958	950	---	---	174	154
2014-2018								
Total Absorption	11,931	-1,227	10,704	13,112	2,272	-26	2,246	2,638
Annual Average	2,386	-245	2,141	2,622	454	-5	449	528

Source: Reis, Inc.

New Construction Activity

According to Reis, 7,023 units were completed within the San Francisco region over the past few years in a total of 50 projects. There are currently 6,876 units under construction within 42 projects. An additional 32,466 units are planned within 128 projects for potential delivery in the next few years, along with 179 proposed buildings which would add another 43,137 units.

The following tables present new and proposed construction activity for the region.

New Construction Activity - Complete							
Name	Location	City	Submarket	No. Units	Status	Completion	
The Russell	3098 Kyne Street	San Mateo	Central San Mateo	158	Complete	February 2017	
777 Hamilton Apartments Homes	777-821 Hamilton Ave	Menlo Park	South San Mateo	196	Complete	February 2017	
Quimbay Bay Meadows	3068 Kyne Street W	San Mateo	Central San Mateo	68	Complete	March 2017	
33 8Th At Trinity Place	33 8Th St	San Francisco	Civic Center/Downtown	540	Complete	March 2017	
Duboce	181 Sanchez St	San Francisco	Haight Ashbury/Western Addition	87	Complete	April 2017	
1601 Larkin	1601-1603 Larkin St	San Francisco	Russian Hill/Embarcadero	27	Complete	May 2017	
600 South Van Ness	600 S Van Ness Ave	San Francisco	South Of Market	27	Complete	May 2017	
1868 Van Ness	1868 Van Ness Ave	San Francisco	Marina/Pacific Heights	35	Complete	June 2017	
Elan Menlo Park	3645 Haven Ave	Menlo Park	South San Mateo	146	Complete	June 2017	
O&M Indiana Street Dog Patch	680 Indiana St	San Francisco	South Of Market	116	Complete	August 2017	
La Maison Soma	241 10Th St	San Francisco	South Of Market	28	Complete	August 2017	
Abaca	2660 3Rd St	San Francisco	South Of Market	263	Complete	August 2017	
Tam Ridge	195-205 Tamal Vista Blvd	Corte Madera	South Marin	162	Complete	September 2017	
570 Jessie At Sixth	570 Jessie St	San Francisco	South Of Market	47	Complete	September 2017	
Knox	1300 22Nd St	San Francisco	South Of Market	91	Complete	September 2017	
L Seven Apartments	1222 Harrison St	San Francisco	South Of Market	410	Complete	October 2017	
923 Folsom	923 Folsom St	San Francisco	South Of Market	115	Complete	November 2017	
Stage 1075	1075 Market St	San Francisco	Civic Center/Downtown	90	Complete	December 2017	
The Austin	1545 Pine St	San Francisco	South Of Market	100	Complete	December 2017	
The Village At Garden Valley Phase 1	6 Rosebud Ct	Daly City	North San Mateo	25	Complete	December 2017	
1450 15Th Street	1450 15Th St	San Francisco	South Of Market	23	Complete	December 2017	
99 Rausch Street	99 Rausch St	San Francisco	South Of Market	112	Complete	December 2017	
The Martin	2051 3Rd St	San Francisco	South Of Market	94	Complete	December 2017	
The Triton	55 Triton Park Lane	Foster City	Central San Mateo	220	Complete	January 2018	
Meadow Walk	405 Neves Road	San Mateo	Central San Mateo	105	Complete	January 2018	
855 Brannan Apartments	855 Brannan St	San Francisco	South Of Market	434	Complete	February 2018	
Meadow Walk II	3109 South Delaware Street	San Mateo	Central San Mateo	31	Complete	March 2018	
33 Tehama	33 Tehama St	San Francisco	South Of Market	403	Complete	March 2018	
Park 181	181 Fremont St	San Francisco	South Of Market	67	Complete	March 2018	
Laguna Hayes	580 Hayes St	San Francisco	Haight Ashbury/Western Addition	29	Complete	April 2018	
288 Pacific	288 Pacific Ave	San Francisco	Russian Hill/Embarcadero	33	Complete	April 2018	
1188 Valencia	1198 Valencia St	San Francisco	South Of Market	49	Complete	April 2018	
815 Tennessee	815 Tennessee St	San Francisco	South Of Market	69	Complete	April 2018	
One Stanyan	1 Stanyan St	San Francisco	West San Francisco	13	Complete	April 2018	
Anton Menlo	3639 Haven Ave	Menlo Park	South San Mateo	394	Complete	May 2018	
Blu Harbor	1 Blu Harbor Blvd	Redwood City	South San Mateo	402	Complete	May 2018	
Avalon Motel Redevelopment	220 Bayshore Blvd	San Mateo	Central San Mateo	42	Complete	June 2018	
5050 Mission	5050 Mission St	San Francisco	South Of Market	61	Complete	June 2018	
1238 Sutter Apartments	1238 Sutter St	San Francisco	Haight Ashbury/Western Addition	37	Complete	July 2018	
Marina Condos	1598 Bay St	San Francisco	Marina/Pacific Heights	28	Complete	July 2018	
Pinefino Apartment Building	100 Baden Ave	South San Francisco	North San Mateo	69	Complete	July 2018	
750 Harrison	750 Harrison St	San Francisco	South Of Market	77	Complete	July 2018	
Avalon Dogpatch	800 Indiana St	San Francisco	South Of Market	326	Complete	July 2018	
South City Place	1256 Mission Rd	South San Francisco	North San Mateo	36	Complete	August 2018	
150 Van Ness Ave	150 Van Ness Ave	San Francisco	Haight Ashbury/Western Addition	470	Complete	September 2018	
Huxley	1305 El Camino Real	Redwood City	South San Mateo	137	Complete	September 2018	
22 Franklin	22 Franklin St	San Francisco	Haight Ashbury/Western Addition	35	Complete	October 2018	
Fulton 555	555 Fulton St	San Francisco	Haight Ashbury/Western Addition	139	Complete	November 2018	
One Mission Bay	110 Channel St & 1000 3Rd Street	San Francisco	South Of Market	350	Complete	November 2018	
Encore @ 849	849 Veterans Blvd	Redwood City	South San Mateo	7	Complete	January 2019	
Total Complete				7,023			

New Construction Activity - Under Construction							
Name	Location	City	Submarket	No. Units	Status	Completion	
1008-1028 Carolan Ave	1008-1028 Carolan Ave	Burlingame	Central San Mateo	268	Under Constr.	---	---
405 Fourth Apartments	405 E 4Th Ave	San Mateo	Central San Mateo	15	Under Constr.	---	---
875 California	875 California St	San Francisco	Civic Center/Downtown	44	Under Constr.	---	---
1433 Bush Street Apartments	1433 Bush St	San Francisco	Haight Ashbury/Western Addition	47	Under Constr.	---	---
2100 Market St	2100 Market St	San Francisco	Haight Ashbury/Western Addition	60	Under Constr.	---	---
Cadence Apartments	405 Cypress Ave	South San Francisco	North San Mateo	260	Under Constr.	---	---
595 Mariposa	595 Mariposa St	San Francisco	South Of Market	20	Under Constr.	---	---
777 Tennessee St	777 Tennessee St	San Francisco	South Of Market	60	Under Constr.	---	---
Alta Potrero Hill	1301 16Th St	San Francisco	South Of Market	172	Under Constr.	---	---
345-363 Sixth Street	345-363 6Th St	San Francisco	South Of Market	104	Under Constr.	---	---
Bryant + 18Th	2000 Bryant	San Francisco	South Of Market	194	Under Constr.	---	---
502 7Th Condos	502 7Th St	San Francisco	South Of Market	16	Under Constr.	---	---
The Aston	400 El Camino Real	Belmont	South San Mateo	73	Under Constr.	---	---
133 Encinal Apartments	133 Encinal Ave	Menlo Park	South San Mateo	24	Under Constr.	---	---
The Towns At Avondale	150 El Camino Real	Redwood City	South San Mateo	12	Under Constr.	---	---
Wheeler Plaza	Lauren St @ San Carlos Ave	San Carlos	South San Mateo	109	Under Constr.	---	---
San Bruno Plaza	406 San Mateo Ave	San Bruno	North San Mateo	83	Under Constr.	February	2019
Potrero Hill Terrace Apartments Ph 1	1101 Connecticut St	San Francisco	South Of Market	71	Under Constr.	February	2019
1283-1295 El Camino Real Aparments	1295 El Camino Real	Menlo Park	South San Mateo	15	Under Constr.	February	2019
Trestle Apartments	333 El Camino Real	San Carlos	South San Mateo	202	Under Constr.	February	2019
Greystar 2	103 Wilson St	Redwood City	South San Mateo	175	Under Constr.	March	2019
Transbay Block 9	Folsom St & 1St St	San Francisco	South Of Market	570	Under Constr.	April	2019
The Avery	488 Folsom St	San Francisco	South Of Market	548	Under Constr.	April	2019
119 7Th Street	119 7Th St	San Francisco	South Of Market	39	Under Constr.	April	2019
2600 Harrison St	2600 Harrison St	San Francisco	South Of Market	19	Under Constr.	April	2019
576 El Camino Real	576 El Camino Real	Belmont	South San Mateo	32	Under Constr.	April	2019
606 Capp Street Apartments	606 Capp St	San Francisco	South Of Market	20	Under Constr.	May	2019
650-660 Live Oak Apartments	660 Live Oak Ave	Menlo Park	South San Mateo	15	Under Constr.	May	2019
1501 San Carlos Apartments	1501 San Carlos Ave	San Carlos	South San Mateo	18	Under Constr.	May	2019
Ocean Park Condos	2800 Sloat Blvd	San Francisco	West San Francisco	59	Under Constr.	May	2019
1699 Market St	1699 Market St	San Francisco	Haight Ashbury/Western Addition	160	Under Constr.	June	2019
Eagle Plaza- Residential	1532 Harrison St	San Francisco	South Of Market	136	Under Constr.	June	2019
1395 22Nd Street Apartments	1395 22Nd Street	San Francisco	South Of Market	263	Under Constr.	September	2019
Mira	160 Folsom St	San Francisco	South Of Market	392	Under Constr.	October	2019
1601 Mariposa St	1601 Mariposa St	San Francisco	South Of Market	299	Under Constr.	November	2019
Station Park Green	1700 S Delaware St	San Mateo	Central San Mateo	599	Under Constr.	December	2019
Trans World Assurance Development	885 S El Camino Real	San Mateo	Central San Mateo	60	Under Constr.	January	2020
1500 Mission Apartments	1500 Mission St	San Francisco	South Of Market	550	Under Constr.	March	2020
1066 Market St	1066 Market St	San Francisco	Civic Center/Downtown	304	Under Constr.	April	2020
Four Seasons Residences At 706 Mission	706 Mission St	San Francisco	South Of Market	146	Under Constr.	June	2020
One Steuart Lane	75 Howard St	San Francisco	South Of Market	120	Under Constr.	February	2021
Trinity Place Ph 4	1177 Market St	San Francisco	Civic Center/Downtown	503	Under Constr.	June	2021
Total Under Construction				6,876			

New Construction Activity - Planned							
Name	Location	City	Submarket	No. Units	Status	Completion	
920 Bayswater Avenue	920 Bayswater Ave	Burlingame	Central San Mateo	128	Planned	---	---
1509 El Comino Real Condos	1509 El Camino Real	Burlingame	Central San Mateo	11	Planned	---	---
Gateway At Millbrae Station Apartments	E Millbrae Ave @ N Rollins Rd	Millbrae	Central San Mateo	400	Planned	---	---
Passage At San Mateo	Ca-92 & Us-101	San Mateo	Central San Mateo	972	Planned	---	---
The Essex At Central Park	157 E 5Th Ave	San Mateo	Central San Mateo	80	Planned	---	---
477 E Hillsdale Blvd	477 E Hillsdale Blvd	San Mateo	Central San Mateo	151	Planned	---	---
210 Fremont Condos	210 S Fremont St	San Mateo	Central San Mateo	15	Planned	---	---
1650 S Delaware Apartments	1650 S Delaware St	San Mateo	Central San Mateo	73	Planned	---	---
Eddy Street Apartments	430 Eddy St	San Francisco	Civic Center/Downtown	23	Planned	---	---
1028 Market St	1028 Market St	San Francisco	Civic Center/Downtown	186	Planned	---	---
135 Hyde Street Apartments	135 Hyde St	San Francisco	Civic Center/Downtown	69	Planned	---	---
651 Gearyn Street Condos	651 Geary St	San Francisco	Civic Center/Downtown	52	Planned	---	---
450-480 O'Farrell Apartments	450-480 O'Farrell St	San Francisco	Civic Center/Downtown	115	Planned	---	---
950-974 Market St	950-974 Market St	San Francisco	Civic Center/Downtown	247	Planned	---	---
Polk Gulch Tower	921 O'Farrell St	San Francisco	Civic Center/Downtown	51	Planned	---	---
25 Mason St	25 Mason St	San Francisco	Civic Center/Downtown	110	Planned	---	---
1567 California St	1567 California St	San Francisco	Civic Center/Downtown	100	Planned	---	---
469 Eddy St	469 Eddy St	San Francisco	Civic Center/Downtown	28	Planned	---	---
The Tenderloin 351 Turk Apartments	351 Turk St	San Francisco	Civic Center/Downtown	146	Planned	---	---
807 Franklin Apartments	807 Franklin St	San Francisco	Haight Ashbury/Western Addition	51	Planned	---	---
1629 Market St	1621 Market St	San Francisco	Haight Ashbury/Western Addition	584	Planned	---	---
1001 Van Ness Avenue Apartments Ph 1	1001 Van Ness Ave	San Francisco	Haight Ashbury/Western Addition	239	Planned	---	---
One Oak	1500 Market St	San Francisco	Haight Ashbury/Western Addition	318	Planned	---	---
2240 Market St	2240 Market St	San Francisco	Haight Ashbury/Western Addition	45	Planned	---	---
1700 Market Street	1700 Market St	San Francisco	Haight Ashbury/Western Addition	42	Planned	---	---
Market Street Apartments	1740-1772 Market St	San Francisco	Haight Ashbury/Western Addition	100	Planned	---	---
1554 Market	1554 Market St	San Francisco	Haight Ashbury/Western Addition	109	Planned	---	---
5M Market Rate Apartments	930 Mission St	San Francisco	Haight Ashbury/Western Addition	400	Planned	---	---
350 Octavia	350 Octavia St	San Francisco	Haight Ashbury/Western Addition	24	Planned	---	---
Post St Condo Tower	1481 Post St	San Francisco	Haight Ashbury/Western Addition	262	Planned	---	---
98 Franklin Apartments	98 Franklin St	San Francisco	Haight Ashbury/Western Addition	301	Planned	---	---
Octavia Blvd & Page St	Octavia Blvd @ Page St	San Francisco	Haight Ashbury/Western Addition	60	Planned	---	---
1355 Fulton Street Apartments	1355 Fulton St	San Francisco	Haight Ashbury/Western Addition	75	Planned	---	---
Octavia & Page	Octavia Blvd @ Page St	San Francisco	Haight Ashbury/Western Addition	26	Planned	---	---
830 Eddy Street Apartments	830 Eddy St	San Francisco	Haight Ashbury/Western Addition	137	Planned	---	---
5M Mixed Income Apartments	930 Mission St	San Francisco	Haight Ashbury/Western Addition	288	Planned	---	---
555 Golden Gate	555 Golden Gate Ave	San Francisco	Haight Ashbury/Western Addition	55	Planned	---	---
Uptown Tower Apartments	1900-1944 Broadway	San Francisco	Marina/Pacific Heights	345	Planned	---	---
2444 Lombard Apartments	2444 Lombard St	San Francisco	Marina/Pacific Heights	44	Planned	---	---
2465 Van Ness	2465 Van Ness Ave	San Francisco	Marina/Pacific Heights	41	Planned	---	---
1675 Pacific Avenue	1675 Pacific Ave	San Francisco	Marina/Pacific Heights	44	Planned	---	---
Atherton Place Townhomes	7533 & 7537 Redwood Blvd	Novato	North Marin	20	Planned	---	---
Hamilton Square	970 C St	Novato	North Marin	31	Planned	---	---
2Nd & B	815 B St	San Rafael	North Marin	43	Planned	---	---
3750-3780 Bayshore Blvd	3750-3780 Bayshore Blvd	Brisbane	North San Mateo	30	Planned	---	---
Brisbane Baylands Apartments	132 Visitacion Ave	Brisbane	North San Mateo	3,916	Planned	---	---
111 San Bruno	111 San Bruno Ave W	San Bruno	North San Mateo	60	Planned	---	---
Mills Park Plaza Apartments	715 El Camino Real	San Bruno	North San Mateo	398	Planned	---	---
Brisbane Baylands Townhomes	Bayshore Blvd @ Geneva Ave	San Francisco	North San Mateo	484	Planned	---	---
201-219 Grand Avenue	201-219 Grand Avenue	South San Francisco	North San Mateo	46	Planned	---	---

New Construction Activity - Planned (Continued)							
Name	Location	City	Submarket	No. Units	Status	Completion	
Linden And Baden Condos	200 Linden Ave	South San Francisco	North San Mateo	97	Planned	---	---
988 El Camino Apartments	988 El Camino Real	South San Francisco	North San Mateo	172	Planned	---	---
40 Airport Blvd Apartments	40 Airport Blvd	South San Francisco	North San Mateo	283	Planned	---	---
418 Linden	418 Linden Avenue	South San Francisco	North San Mateo	38	Planned	---	---
200 Airport Blvd Apartments	200 Airport Blvd	South San Francisco	North San Mateo	108	Planned	---	---
Mission & Mclellan	1309 Mission Rd	South San Francisco	North San Mateo	20	Planned	---	---
150 Airport Apartments	150 Airport Blvd	South San Francisco	North San Mateo	157	Planned	---	---
2293-2299 Powell Street Apartments	2293 Powell St	San Francisco	Russian Hill/Embarcadero	17	Planned	---	---
The Preserve At Marin Ph 3 + 4	300-700 Robin Dr	Corte Madera	South Marin	54	Planned	---	---
1298 Howard St Apartments	1298 Howard St	San Francisco	South Of Market	129	Planned	---	---
230 7Th Apartments	230 7Th St	San Francisco	South Of Market	44	Planned	---	---
Oceanwide Center - Tower 2	50 1St St	San Francisco	South Of Market	110	Planned	---	---
Oceanwide Center - Tower 1	50 1St St	San Francisco	South Of Market	106	Planned	---	---
1270 Mission St	1270 Mission St	San Francisco	South Of Market	299	Planned	---	---
555 Howard	555 Howard St	San Francisco	South Of Market	69	Planned	---	---
Mission Rock Apartments	Pier 48 @ Terry A Francios St	San Francisco	South Of Market	1,500	Planned	---	---
30 Van Ness Avenue Apartments	30 Van Ness Ave	San Francisco	South Of Market	600	Planned	---	---
Pier 70 Residential	Illinois St & 22Nd St	San Francisco	South Of Market	2,150	Planned	---	---
1228 Folsom Apartments	1228 Folsom St	San Francisco	South Of Market	24	Planned	---	---
120 Hawthorne St	120 Hawthorne St	San Francisco	South Of Market	230	Planned	---	---
95 Hawthorne	95 Hawthorne St	San Francisco	South Of Market	330	Planned	---	---
1200 17Th Street	1200 17Th St	San Francisco	South Of Market	395	Planned	---	---
Potrero Hill Terrace Apartments Ph 2 Block A	25Th & Connecticut St	San Francisco	South Of Market	102	Planned	---	---
Rincon Hill Tower	525 Harrison St	San Francisco	South Of Market	200	Planned	---	---
799 S Van Ness	793 S Van Ness Ave	San Francisco	South Of Market	54	Planned	---	---
344 14Th St	344 14Th St	San Francisco	South Of Market	69	Planned	---	---
1052-1060 Folsom Apartments	1060 Folsom Street	San Francisco	South Of Market	63	Planned	---	---
901 Tennessee	901 Tennessee St	San Francisco	South Of Market	44	Planned	---	---
Schlage Lock Project Ph 1	Bayshore Blvd & Tunnel Ave	San Francisco	South Of Market	574	Planned	---	---
88 Arkansas	88 Arkansas	San Francisco	South Of Market	127	Planned	---	---
1726-1730 Mission Street Apartments	1730 Mission Street	San Francisco	South Of Market	40	Planned	---	---
1450 Howard St Apartments	1450 Howard St	San Francisco	South Of Market	15	Planned	---	---
Potrero Hill Terrace Apartments Ph 2 Block B	25Th St & Connecticut St	San Francisco	South Of Market	214	Planned	---	---
6424 3Rd Street Apartments	6424 3Rd St	San Francisco	South Of Market	17	Planned	---	---
Western Soma Building	1140 Harrison St	San Francisco	South Of Market	371	Planned	---	---
1560 Folsom St Apartments	1560 Folsom St	San Francisco	South Of Market	214	Planned	---	---
901 16Th St	901 16Th St	San Francisco	South Of Market	395	Planned	---	---
2588 Mission St Apartments	2588 Mission St	San Francisco	South Of Market	129	Planned	---	---
988 Harrison Street	988 Harrison St	San Francisco	South Of Market	90	Planned	---	---
655 Folsom Street	655 Folsom St	San Francisco	South Of Market	89	Planned	---	---
Mission Street Condominium Building	1601 Mission St	San Francisco	South Of Market	220	Planned	---	---
Candlestick Point-Resi	Gilman Ave & Hunters Point Expy	San Francisco	South Of Market	3,940	Planned	---	---
Illinois Street Condominiums	888 Illinois St	San Francisco	South Of Market	24	Planned	---	---
524 Howard	524 Howard St	San Francisco	South Of Market	350	Planned	---	---
Mission District Apartments	2435-2445 16Th St	San Francisco	South Of Market	53	Planned	---	---
Harrison Street Micro-Unit Apartments	1394 Harrison St	San Francisco	South Of Market	67	Planned	---	---
655 4Th St	655 4Th St	San Francisco	South Of Market	907	Planned	---	---
Pennsylvania Avenue Residential	249 Pennsylvania Ave	San Francisco	South Of Market	59	Planned	---	---
950 Tennessee Condos	950 Tennessee St	San Francisco	South Of Market	100	Planned	---	---
2177 Third Apartments	2177 3Rd St	San Francisco	South Of Market	109	Planned	---	---
325 Fremont St	325 Fremont St	San Francisco	South Of Market	118	Planned	---	---

New Construction Activity - Planned (Continued)							
Name	Location	City	Submarket	No. Units	Status	Completion	
Executive Park	Executive Park Blvd @ Hwy 101	San Francisco	South Of Market	1,100	Planned	---	---
1900 Mission Apartments	1900 Mission St	San Francisco	South Of Market	11	Planned	---	---
2632 Mission Apartments	2632 Mission St	San Francisco	South Of Market	16	Planned	---	---
198 Valencia St	198 Valencia St	San Francisco	South Of Market	28	Planned	---	---
2675 Folsom	2675 Folsom St	San Francisco	South Of Market	117	Planned	---	---
Soma Tower	330 Townsend St	San Francisco	South Of Market	374	Planned	---	---
540 Howard St Residential	540 Howard St	San Francisco	South Of Market	149	Planned	---	---
University Corner Mixed Use Development	2398 University Ave	East Palo Alto	South San Mateo	115	Planned	---	---
1540 El Camino Apartments	1540 El Camino Real	Menlo Park	South San Mateo	27	Planned	---	---
Woodland Park Communities Redevelopment	Manhattan Ave & Oconnor St	Palo Alto	South San Mateo	605	Planned	---	---
204 Franklin Street Apartments	204 Franklin St	Redwood City	South San Mateo	91	Planned	---	---
150 Charter St Apartments	150 Charter St	Redwood City	South San Mateo	72	Planned	---	---
Maple Street Townhomes	1548 Maple St	Redwood City	South San Mateo	131	Planned	---	---
910 Woodside Condos	910 Woodside Rd	Redwood City	South San Mateo	10	Planned	---	---
Broadway Plaza Residential	1401 Broadway	Redwood City	South San Mateo	520	Planned	---	---
3601 Lawton Street Condos	3601 Lawton St	San Francisco	West San Francisco	15	Planned	---	---
Overlook	Crestmont Dr @ Devonshire Way	San Francisco	West San Francisco	29	Planned	---	---
3701 Noriega Condos	3701 Noriega St	San Francisco	West San Francisco	14	Planned	---	---
2670 Geary Apartments	2670 Geary Blvd	San Francisco	West San Francisco	95	Planned	---	---
1601-1633 Ocean Ave	1601-1633 Ocean Ave	San Francisco	West San Francisco	60	Planned	---	---
Station 1300 Apartments	1300 El Camino Real	Menlo Park	South San Mateo	183	Planned	November	2020
The Morgan At Bay Meadows	J Arthur Younger Fwy & Bayshore Fwy	San Mateo	Central San Mateo	82	Planned	December	2020
Millbrae Serra Station Apartments	150 Serra Ave	Millbrae	Central San Mateo	444	Planned	April	2021
One Oak	1 Van Ness Ave	San Francisco	Haight Ashbury/Western Addition	304	Planned	May	2021
Middle Plaza - Apartments	300-550 El Camino Real	Menlo Park	South San Mateo	215	Planned	July	2021
Greystar 4	1409 El Camino Real	Redwood City	South San Mateo	350	Planned	August	2021
18Th St & Mission St Affordable Condos	18Th St & Mission St	San Francisco	South Of Market	48	Planned	December	2022
Total Planned				32,466			

New Construction Activity - Proposed							
Name	Location	City	Submarket	No. Units	Status	Completion	
1128-1132 Douglas Avenue Apartments	1128-1132 Douglas Ave	Burlingame	Central San Mateo	27	Proposed	---	---
619-625 California Apartments	625 California Drive	Burlingame	Central San Mateo	26	Proposed	---	---
1491-1493 Oak Grove Condos	1493 Oak Grove Avenue	Burlingame	Central San Mateo	10	Proposed	---	---
556 El Camino Real	556 El Camino Real	Burlingame	Central San Mateo	21	Proposed	---	---
Foster City Marina	Beach Park Blvd @ Swordfish St	Foster City	Central San Mateo	273	Proposed	---	---
Pilgrim Triton Phase C	565 Pilgrim Drive	Foster City	Central San Mateo	92	Proposed	---	---
Marina Center	Park Blvd @ Swordfish St	Foster City	Central San Mateo	160	Proposed	---	---
West Santa Inez Condominiums	4 W Santa Inez Ave	San Mateo	Central San Mateo	10	Proposed	---	---
Two West 3Rd Avenue Apartments	2 W 3Rd Ave	San Mateo	Central San Mateo	10	Proposed	---	---
303 Baldwin Apartments	303 Baldwin Ave	San Mateo	Central San Mateo	64	Proposed	---	---
The Crown	Sec Landing Ave & Kyne St	San Mateo	Central San Mateo	54	Proposed	---	---
Hawthorne	Swc S Delaware St & Derby Ave	San Mateo	Central San Mateo	76	Proposed	---	---
Hayward Park Apartments	Concar Dr & Pacific Blvd	San Mateo	Central San Mateo	189	Proposed	---	---
Pageantry	Sec Derby Ave & Kyne St	San Mateo	Central San Mateo	71	Proposed	---	---
Jones And Taylor Apartments	Jones St And Taylor St	San Francisco	Civic Center/Downtown	193	Proposed	---	---
105 Turk Street	105 Turk St	San Francisco	Civic Center/Downtown	70	Proposed	---	---
820 Post Apartments	820 Post St	San Francisco	Civic Center/Downtown	12	Proposed	---	---
101 Hyde Street Apartments	101 Hyde St	San Francisco	Civic Center/Downtown	85	Proposed	---	---
1033 Polk Apartments Addition	1033 Polk St	San Francisco	Civic Center/Downtown	19	Proposed	---	---
955 Post	955 Post St	San Francisco	Civic Center/Downtown	106	Proposed	---	---
469 Stevenson Apartments	469 Stevenson St	San Francisco	Civic Center/Downtown	454	Proposed	---	---
550 O'Farrell Apartments	550 O'Farrell St	San Francisco	Civic Center/Downtown	115	Proposed	---	---
519 Ellis Apartments	519 Ellis St	San Francisco	Civic Center/Downtown	21	Proposed	---	---
Bush Street Apartments	850 Bush St	San Francisco	Civic Center/Downtown	20	Proposed	---	---
719 Larkin Condos	719 Larkin St	San Francisco	Civic Center/Downtown	42	Proposed	---	---
The Jones	611 Jones St	San Francisco	Civic Center/Downtown	12	Proposed	---	---
Polk Street Redevelopment	1177 Polk Street	San Francisco	Civic Center/Downtown	54	Proposed	---	---
One Montgomery Apartments	1 Montgomery St	San Francisco	Civic Center/Downtown	52	Proposed	---	---
600 Mcallister St Apartments	600 Mcallister St	San Francisco	Haight Ashbury/Western Addition	146	Proposed	---	---
---	444 Divisadero St	San Francisco	Haight Ashbury/Western Addition	158	Proposed	---	---
1200 Van Ness Apartments	1200 Van Ness Ave	San Francisco	Haight Ashbury/Western Addition	95	Proposed	---	---
600 Van Ness	600 Van Ness Ave	San Francisco	Haight Ashbury/Western Addition	168	Proposed	---	---
1870 Market Condos	1870 Market St	San Francisco	Haight Ashbury/Western Addition	10	Proposed	---	---
Geary Street Apartments	1055 Geary St	San Francisco	Haight Ashbury/Western Addition	120	Proposed	---	---
950 Gough Street	950 Gough St	San Francisco	Haight Ashbury/Western Addition	95	Proposed	---	---
10 South Van Ness	10 S Van Ness	San Francisco	Haight Ashbury/Western Addition	980	Proposed	---	---
---	376 Castro St	San Francisco	Haight Ashbury/Western Addition	45	Proposed	---	---
650 Divisadero Apartments	650 Divisadero St	San Francisco	Haight Ashbury/Western Addition	66	Proposed	---	---
1965 Market St	1965 Market St	San Francisco	Haight Ashbury/Western Addition	96	Proposed	---	---
2140-2144 Market Apartments	2140-2144 Market St	San Francisco	Haight Ashbury/Western Addition	27	Proposed	---	---
540 Van Ness Apartments	540 Van Ness Ave	San Francisco	Haight Ashbury/Western Addition	103	Proposed	---	---
1048-1050 Oak Apartments	1048 Oak St	San Francisco	Haight Ashbury/Western Addition	177	Proposed	---	---
554 Fillmore Apartments	554 Fillmore St	San Francisco	Haight Ashbury/Western Addition	33	Proposed	---	---
55 Belcher Condos	55 Belcher St	San Francisco	Haight Ashbury/Western Addition	24	Proposed	---	---
2101 Van Ness Apartments	2101 Van Ness Ave	San Francisco	Marina/Pacific Heights	35	Proposed	---	---
2525 Van Ness Condos	2525 Van Ness Ave	San Francisco	Marina/Pacific Heights	27	Proposed	---	---
2601 Van Ness Ave	2601 Van Ness Ave	San Francisco	Marina/Pacific Heights	27	Proposed	---	---
2055 Chestnut St Apartments	2055 Chestnut St	San Francisco	Marina/Pacific Heights	49	Proposed	---	---
Pierce & Lombard Condos	2301 Lombard St	San Francisco	Marina/Pacific Heights	22	Proposed	---	---
Treasure Island Residential Ph 1	California Ave @ Avenue C	San Francisco	Non-Submarketed Areas	2,100	Proposed	---	---

New Construction Activity - Proposed (Continued)							
Name	Location	City	Submarket	No. Units	Status	Completion	
Treasure Island Residential Future Phases	California Ave @ Avenue C	San Francisco	Non-Submarketed Areas	5,900	Proposed	---	---
Buck Institute Apartment Complex	8001 Redwood Blvd	Novato	North Marin	130	Proposed	---	---
703-723 Third Street Apartments	723 3Rd Street	San Rafael	North Marin	138	Proposed	---	---
23 Club & Apartments	23 Visitacion Ave	Brisbane	North San Mateo	26	Proposed	---	---
1590 Bryant Street Apartments	1590 Bryant St	Daly City	North San Mateo	27	Proposed	---	---
Junipero Serra Transit Village	3601 Juniperra Serra Blvd	Daly City	North San Mateo	525	Proposed	---	---
493 Eastmoor Condos	493 Eastmoor Ave	Daly City	North San Mateo	35	Proposed	---	---
Westlake Shopping Center Apartments	10 Park Plaza Dr	Daly City	North San Mateo	179	Proposed	---	---
Woods Family Homes	89 2Nd Ave	Daly City	North San Mateo	20	Proposed	---	---
Serramonte Terraces Ph 1	239 Serramonte Blvd	Daly City	North San Mateo	200	Proposed	---	---
801 Fassler Avenue	801 Fassler Ave	Pacifica	North San Mateo	24	Proposed	---	---
Skyline College Residential	3300 College Dr	San Bruno	North San Mateo	30	Proposed	---	---
255 Cypress Avenue Apartments	255 Cypress Ave	South San Francisco	North San Mateo	46	Proposed	---	---
The Landing At Oyster Point Apartments Phase 3 And 4	425 Marina Blvd	South San Francisco	North San Mateo	1,200	Proposed	---	---
7 S Linden Ave Apartments	7 S Linden Ave	South San Francisco	North San Mateo	445	Proposed	---	---
8 Washington	8 Washington St	San Francisco	Russian Hill/Embarcadero	134	Proposed	---	---
1324-1326 Powell Apartments	1324 Powell St	San Francisco	Russian Hill/Embarcadero	14	Proposed	---	---
Blithedale Terrace	E Blithedale Ave @ Camino Alto	Mill Valley	South Marin	20	Proposed	---	---
Candlestick Point Block D	900 Hunters Point Expressway	San Francisco	South Of Market	47	Proposed	---	---
1500 15Th Street Apartments	1500 15Th St	San Francisco	South Of Market	184	Proposed	---	---
828 Brannan	828 Brannan St	San Francisco	South Of Market	60	Proposed	---	---
Candlestick Point Block 2A	900 Hunters Point Expressway	San Francisco	South Of Market	12	Proposed	---	---
Candlestick Point Block 8A	900 Hunters Point Expressway	San Francisco	South Of Market	115	Proposed	---	---
950 Peralta Condos	950 Peralta Ave	San Francisco	South Of Market	49	Proposed	---	---
Moderia Rincon Hill	390 1St St	San Francisco	South Of Market	180	Proposed	---	---
---	636 4Th St	San Francisco	South Of Market	427	Proposed	---	---
Candlestick Point Block A	900 Hunters Point Expressway	San Francisco	South Of Market	55	Proposed	---	---
30 Otis Street	30 Otis St	San Francisco	South Of Market	423	Proposed	---	---
Block 48 Ph 3B	Griffith St @ Crisp Rd	San Francisco	South Of Market	51	Proposed	---	---
2092 3Rd Street Apartments	2092 3Rd St	San Francisco	South Of Market	19	Proposed	---	---
Block 48 Ph 1B	Navy Rd @ Griffith St	San Francisco	South Of Market	50	Proposed	---	---
Transbay Block 4	388 Beale Street	San Francisco	South Of Market	500	Proposed	---	---
Potrero Hill Terrace Apartments Ph 5C Block E	25Th St & Texas St	San Francisco	South Of Market	125	Proposed	---	---
Candlestick Point Block B	900 Hunters Point Expressway	San Francisco	South Of Market	56	Proposed	---	---
5 Thomas Mellon Circle Apartments Redevelopment	5 Thomas Mellon Cir	San Francisco	South Of Market	586	Proposed	---	---
Block 48 Ph 2B	Griffith St @ Oakdale Ave	San Francisco	South Of Market	52	Proposed	---	---
33 Gough Street Apartments	33 Gough St	San Francisco	South Of Market	533	Proposed	---	---
Mission Apartments - Lennar	1515 S Van Ness Ave	San Francisco	South Of Market	157	Proposed	---	---
Western Soma Apartments	915 Minna St & 944 Natoma St	San Francisco	South Of Market	38	Proposed	---	---
2750 19Th Street Condos	2750 19Th St	San Francisco	South Of Market	60	Proposed	---	---
1245 Folsom Apartments	1245 Folsom St	San Francisco	South Of Market	37	Proposed	---	---
Potrero Hill Terrace Apartments Ph 3 Block N	22Nd St & Missouri St	San Francisco	South Of Market	110	Proposed	---	---
206 5Th Apartments	206 5Th St	San Francisco	South Of Market	205	Proposed	---	---
Schlage Lock Project Ph 3	Tunnel Ave & Bayshore Blvd	San Francisco	South Of Market	553	Proposed	---	---
430 Main	430 Main St	San Francisco	South Of Market	144	Proposed	---	---
300 De Haro St Redevelopment Apartments	300 De Haro St	San Francisco	South Of Market	118	Proposed	---	---
Potrero Hill Terrace Apartments Ph 5A Block L	23Rd St & Missouri St	San Francisco	South Of Market	130	Proposed	---	---
5Th Street Apartments	360 5Th St	San Francisco	South Of Market	128	Proposed	---	---
7Th Street Condos	280 7Th St	San Francisco	South Of Market	23	Proposed	---	---
Block 46 Ph 2A	Reardon Rd @ Kiska Rd	San Francisco	South Of Market	164	Proposed	---	---
1201 Illinois Apartments	1201 Illinois St	San Francisco	South Of Market	2,682	Proposed	---	---

New Construction Activity - Proposed (Continued)							
Name	Location	City	Submarket	No. Units	Status	Completion	
Candlestick Point Block 6A	900 Hunters Point Expressway	San Francisco	South Of Market	112	Proposed	---	---
Candlestick Point Block 1A	900 Hunters Point Expressway	San Francisco	South Of Market	100	Proposed	---	---
Cambridge Estates	495 Cambridge St	San Francisco	South Of Market	54	Proposed	---	---
475 Minna Apartments	475 Minna St	San Francisco	South Of Market	15	Proposed	---	---
1979 Mission St	1979 Mission St	San Francisco	South Of Market	331	Proposed	---	---
Block 48 Ph 1A	Earl St & La Salle Ave	San Francisco	South Of Market	47	Proposed	---	---
222 Dore St Residences	222 Dore St	San Francisco	South Of Market	33	Proposed	---	---
Candlestick Point Block E	900 Hunters Point Expressway	San Francisco	South Of Market	46	Proposed	---	---
755 Brannan Apartments	755 Brannan St	San Francisco	South Of Market	55	Proposed	---	---
201 2Nd St Apartments	201 2Nd St	San Francisco	South Of Market	103	Proposed	---	---
1335 Folsom Street Residences	1335-1339 Folsom St	San Francisco	South Of Market	57	Proposed	---	---
India Basin	700 Innes Ave	San Francisco	South Of Market	1,575	Proposed	---	---
625 Mariposa Apartments	625 Mariposa St	San Francisco	South Of Market	35	Proposed	---	---
Potrero Hill Terrace Apartments Ph 3 Block P	22Nd St & Missouri St	San Francisco	South Of Market	45	Proposed	---	---
1145 Mission Condominiums	1145 Mission St	San Francisco	South Of Market	25	Proposed	---	---
552 Brannan Street Apartments	552 Brannan St	San Francisco	South Of Market	77	Proposed	---	---
Calle 24 Apartments	3236 24Th St	San Francisco	South Of Market	21	Proposed	---	---
650 Harrison Apartments	650 Harrison St	San Francisco	South Of Market	118	Proposed	---	---
33 Norfolk Street Apartments	33 Norfolk St	San Francisco	South Of Market	11	Proposed	---	---
3314 Cesar Chavez Apartments	3314 Cesar Chavez St	San Francisco	South Of Market	58	Proposed	---	---
975 Bryant Apartments	975 Bryant St	San Francisco	South Of Market	184	Proposed	---	---
Block 48 Ph 3A	Griffith St @ Crisp Rd	San Francisco	South Of Market	40	Proposed	---	---
955 Folsom Apartments	955 Folsom St	San Francisco	South Of Market	18	Proposed	---	---
Potrero Hill Terrace Apartments Ph 3 Block O	22Nd St & Missouri St	San Francisco	South Of Market	100	Proposed	---	---
235 Valencia	235 Valencia St	San Francisco	South Of Market	50	Proposed	---	---
220 9Th Apartments	220 9Th St	San Francisco	South Of Market	52	Proposed	---	---
1001 Texas Apartments	1000 Mississippi St	San Francisco	South Of Market	28	Proposed	---	---
888 Tennessee Apartments	888 Tennessee St	San Francisco	South Of Market	110	Proposed	---	---
768 Harrison St	768 Harrison St	San Francisco	South Of Market	26	Proposed	---	---
1298 Valencia Street Condos	1298 Valencia St	San Francisco	South Of Market	35	Proposed	---	---
980 Folsom Apartments	980 Folsom St	San Francisco	South Of Market	34	Proposed	---	---
2918 Mission St Apartments	2918 Mission St	San Francisco	South Of Market	75	Proposed	---	---
4101 Third Street	4101 3Rd St	San Francisco	South Of Market	46	Proposed	---	---
1337 Mission Apartments	1337 Mission St	San Francisco	South Of Market	23	Proposed	---	---
Harrison Street Residential Tower	645-665 Harrison St	San Francisco	South Of Market	400	Proposed	---	---
17 Grace Apartments	17 Grace St	San Francisco	South Of Market	11	Proposed	---	---
Executive Park Condos	250 Executive Park Blvd	San Francisco	South Of Market	1,600	Proposed	---	---
Candlestick Point Block 11A	900 Hunters Point Expressway	San Francisco	South Of Market	330	Proposed	---	---
Schlage Lock Project Ph 2	Bayshore Blvd & Tunnel Ave	San Francisco	South Of Market	552	Proposed	---	---
1001 S Van Ness Apartments	1001 S Van Ness Ave	San Francisco	South Of Market	239	Proposed	---	---
Potrero Hill Terrace Apartments Ph 5A Block K	Arkansas St & 23Rd St	San Francisco	South Of Market	125	Proposed	---	---
Candlestick Point Block 9A	900 Hunters Point Expressway	San Francisco	South Of Market	126	Proposed	---	---
Candlestick Point Block C	900 Hunters Point Expressway	San Francisco	South Of Market	61	Proposed	---	---
603 Tennessee Condos	603 Tennessee St	San Francisco	South Of Market	24	Proposed	---	---
Transbay Condos	546 Howard St	San Francisco	South Of Market	200	Proposed	---	---
65 Ocean Avenue	65 Ocean Ave	San Francisco	South Of Market	105	Proposed	---	---
1021 Valencia Apartments	1021 Valencia St	San Francisco	South Of Market	24	Proposed	---	---
999 Folsom Apartments	301 6Th St	San Francisco	South Of Market	84	Proposed	---	---
1350 Civic Apartments	1350 Civic Ln	Belmont	South San Mateo	81	Proposed	---	---
Willow Campus Residential Ph 2	Bayfront Expy & University Ave	Menlo Park	South San Mateo	500	Proposed	---	---
111 Independence Dr Apartment Redevelopment	111 Independence Dr	Menlo Park	South San Mateo	94	Proposed	---	---

Demographic Profile

Understanding the demographics of a region helps to ascertain the underlying fundamentals of real estate supply and demand. The foundation of our analysis in the delineation of the subject's profile area may be summarized as follows:

- Highway accessibility, including area traffic patterns, and geographical constraints;
- The position and nature of the area's residential structure, including its location within a heavily developed apartment area, which adds competition for the subject and at the same time adds strength and composition to the appeal for tenants; and
- The project and unit amenity composition of the subject property as compared to its competition

Given all of the above, we believe that a primary market for the subject property would likely span an area encompassing about three miles. The subject's secondary market might span up to five miles from the site given its regional accessibility and location of competitive properties.

Based on these observations, we analyzed a primary demographic profile for the subject based upon a radius of approximately three miles from the property. To add perspective to this analysis, we segregated our survey into one, three, and five mile concentric circles with a comparison to the CBSA, state, and the United States. The report on the following page presents this data.

Population

Having established the subject's trade area, our analysis focuses on the trade area's population. Experian Marketing Solutions, Inc., provides historical, current and forecasted population estimates for the total area. Patterns of development density and migration are reflected in the current levels of population estimates.

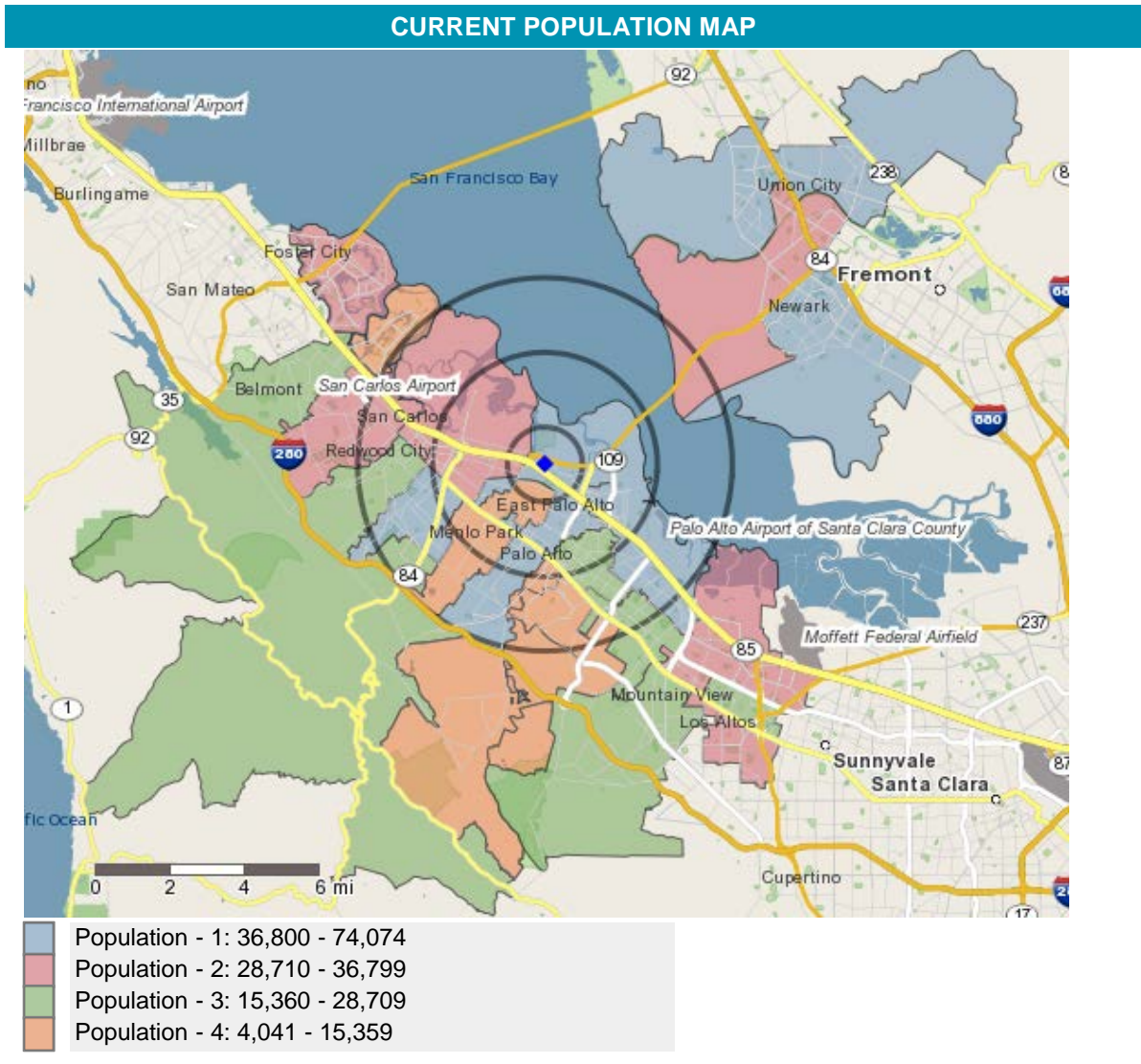
Between 2000 and 2018, Experian Marketing Solutions, Inc., reports that the population within the primary trade area (3.0-mile radius) increased at a compound annual rate of 0.47 percent. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area (5.0-mile radius), population is expected to increase 0.2 percent per annum over the next five years.

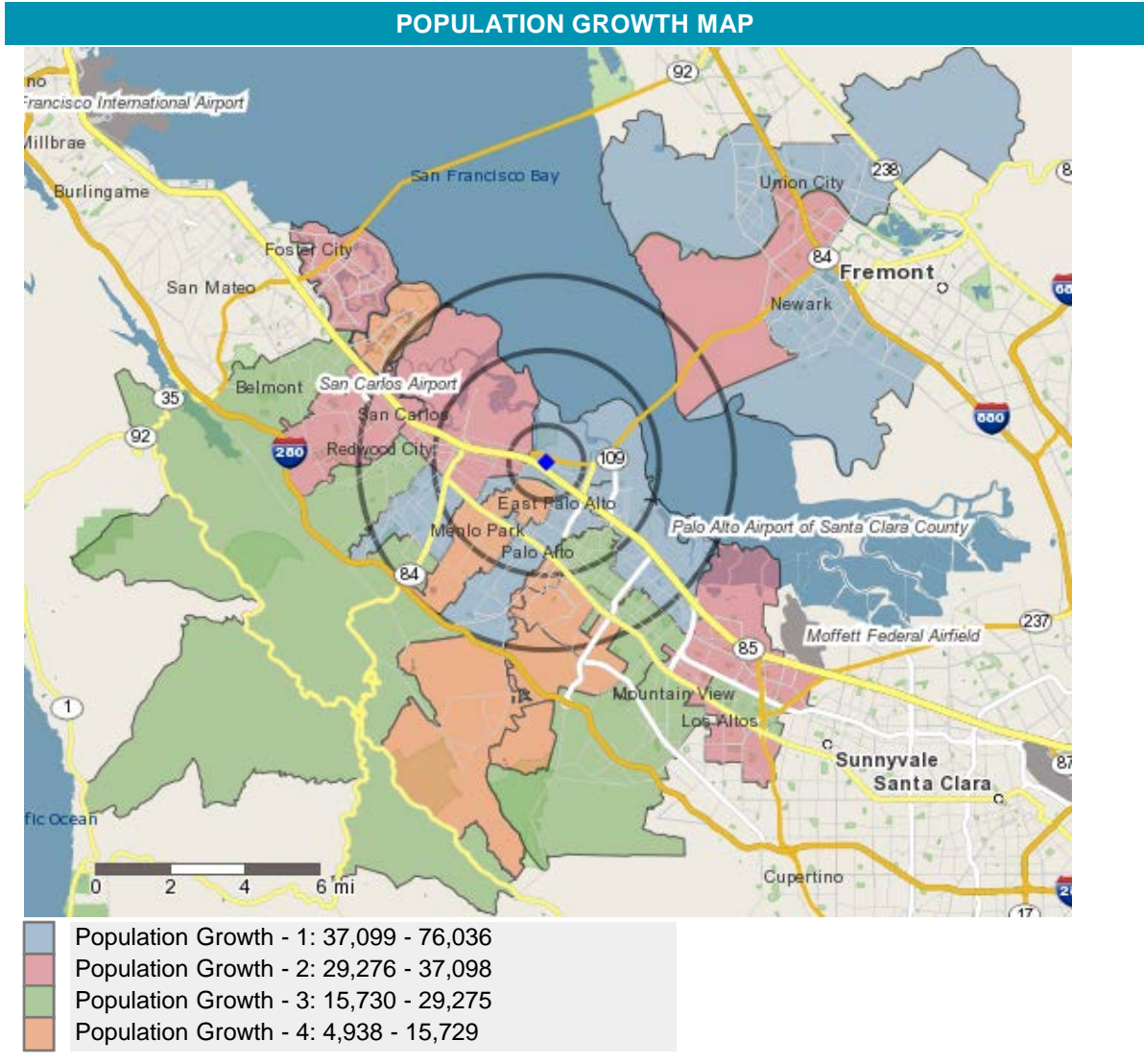
The following page contains a graphic representation of the current population distribution within the subject's region.

The graphic on the second following page illustrates projected population growth within the trade area over the next five years (2018 - 2023). The trade area is clearly characterized by various levels of growth.

DEMOGRAPHIC SUMMARY						
	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	San Francisco- O CBSA	State of California	United States
POPULATION STATISTICS						
2000	8,732	109,081	221,181	4,121,082	33,859,654	281,422,025
2018	9,835	118,769	241,532	4,657,917	39,489,707	326,573,050
2023	9,811	119,496	243,992	4,767,894	40,673,022	339,560,400
Compound Annual Change						
2000 - 2018	0.66%	0.47%	0.49%	0.68%	0.86%	0.83%
2018 - 2023	-0.05%	0.12%	0.20%	0.47%	0.59%	0.78%
HOUSEHOLD STATISTICS						
2000	2,462	35,802	77,961	1,550,881	11,498,168	105,480,443
2018	2,874	39,226	85,855	1,769,977	13,456,058	123,611,231
2023	2,916	39,882	87,603	1,834,288	14,067,157	130,100,346
Compound Annual Change						
2000 - 2018	0.86%	0.51%	0.54%	0.74%	0.88%	0.89%
2018 - 2023	0.29%	0.33%	0.40%	0.72%	0.89%	1.03%
AVERAGE HOUSEHOLD INCOME						
2000	\$115,641	\$100,292	\$110,952	\$83,412	\$65,671	\$56,675
2018	\$154,214	\$156,562	\$176,355	\$140,931	\$102,133	\$84,609
2023	\$180,828	\$186,777	\$209,020	\$164,433	\$117,775	\$97,196
Compound Annual Change						
2000 - 2018	1.61%	2.51%	2.61%	2.96%	2.48%	2.25%
2018 - 2023	3.24%	3.59%	3.46%	3.13%	2.89%	2.81%
OCCUPANCY						
Owner Occupied	60.53%	43.41%	51.14%	53.00%	53.94%	63.50%
Renter Occupied	39.47%	56.59%	48.86%	47.00%	46.06%	36.50%

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Households

A household consists of a person or group of people occupying a single housing unit, and is not necessarily a family unit. When an individual purchases goods and services, these purchases are a reflection of the entire household’s needs and decisions, making the household a critical unit to be considered when reviewing market data and forming conclusions about the trade area as it impacts the subject property.

Figures provided by Experian Marketing Solutions, Inc., indicate that the number of households is increasing at a faster rate than the growth of the population. Several changes in the way households are being formed have caused this acceleration, specifically:

- The population is living longer on average. This results in an increase of single- and two-person households;
- Higher divorce rates have resulted in an increase in single-person households; and
- Many individuals have postponed marriage, also resulting in more single-person households.

According to Experian Marketing Solutions, Inc., the Primary Trade Area grew at a compound annual rate of 0.51 percent between 2000 and 2018. Consistent with national trends the trade area is experiencing household changes

at a rate that varies from population changes. That pace is expected to continue through 2023, and is estimated at 0.33 percent.

Correspondingly, a greater number of smaller households with fewer children generally indicates more disposable income. In 2000, there were 2.98 persons per household in the Primary Trade Area and by 2018, this number is estimated to have decreased to 2.87 persons. Through 2023, the average number of persons per household is forecasted to decline to 2.87 persons.

Average Household Income

A significant statistic driving the success of an apartment market is the income potential of the area's population. Income levels, either on a per capita, per family or household basis, indicate the economic level of the residents of the market area and form an important component of this total analysis.

Trade area income figures for the subject support the profile of a broad middle-income market. According to Experian Marketing Solutions, Inc., average household income within the primary trade area in 2018 was approximately \$156,562, 111.09 percent of the CBSA average (\$140,931) and 153.29 percent of the state average (\$102,133).

Further analysis shows a relatively broad-based distribution of income, although skewed toward the lower income brackets similar to the distribution within the larger CBSA. This information is summarized as follows:

DISTRIBUTION OF HOUSEHOLD INCOME						
Category	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	San Francisco-O CBSA	State of California	United States
\$150,000 or more	30.26%	32.00%	38.52%	29.39%	17.07%	11.55%
\$125,000 to \$149,999	7.44%	6.55%	7.11%	8.46%	6.45%	5.34%
\$100,000 to \$124,999	11.03%	9.03%	8.99%	11.52%	9.92%	8.94%
\$75,000 to \$99,999	12.07%	9.09%	8.58%	11.24%	12.71%	12.87%
\$50,000 to \$74,999	13.67%	12.62%	11.10%	12.32%	16.26%	18.12%
\$35,000 to \$49,999	6.61%	8.78%	7.40%	7.98%	11.11%	12.72%
\$25,000 to \$34,999	4.07%	6.60%	5.65%	5.52%	8.04%	9.33%
\$15,000 to \$24,999	6.96%	7.27%	5.88%	5.81%	8.57%	9.71%
Under \$15,000	7.90%	8.06%	6.79%	7.77%	9.86%	11.42%

SOURCE: © 2018 Experian Marketing Solutions, Inc. •All rights reserved

The previous chart makes it clear that the distribution of higher income level households increases as distance from the subject increases.

The following is a graphic presentation of the household income distribution throughout the trade area that clearly shows the area surrounding the subject to be characterized by lower to middle income households. Higher income areas are located in surrounding suburban communities.

Housing Occupancy

As illustrated on the Demographic Summary Table presented earlier, there are 2,874 occupied housing units in the subject’s one-mile radius, 39,226 occupied housing units in the primary trade area (3.0-mile), and 85,856 in the total five-mile trade area.

The depth of the rental housing market can be measured by these demographic statistics. The percentage of occupied housing units that are renter occupied is an indicator of demand within an area. Markets that have a high percentage of renter units are indicative of a more transient population. For reference, we note that the United States has 36.50 percent of its occupied housing stock occupied by renters, while the subject’s State and CBSA have 46.06 and 47.00 percent of this same stock occupied by renters. This compares to the local statistics, which reflect renter occupied ratios of 39.47 percent, 56.59 percent and 48.86 percent in the 1.0-, 3.0- and 5.0-mile trade areas, respectively.

Local Area Housing

Menlo Park is a well-established community within San Mateo County. Residential development comprises mostly older single-family detached and multi-family residences and apartment complexes within planned communities throughout the local area. Residential growth is mostly taking place near or around mass transit (CalTrain) and typically reflects redevelopment of older land uses, as there is very little vacant land available for development.

According to Experian Marketing Solutions, Inc., there are 39,856 housing units within a three-mile radius of the subject property. The median year built of the existing housing stock is 1961. The median home price within a three-mile radius of the subject property as of 2018 was \$885,824. There is a large proportion of owner-occupied housing, comprising about 43 percent of total occupied housing units within a three-mile radius of the subject. The following table reflects a housing summary including the total number of housing units, median housing price and median year built in the local area, as well as the San Francisco region, State of California and U.S. for comparative analysis.

HOUSING SUMMARY						
	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	San Francisco-O CBSA	State of California	United States
HOUSING STATISTICS						
2018 Est. Total Housing Units	2,876	39,856	86,720	1,802,951	14,115,749	136,917,922
2018 Est. Median Housing Price	\$864,131	\$885,824	\$1,000,000	\$704,242	\$437,241	\$201,842
2018 Est. Median Year Built	1955	1961	1960	1966	1975	1978

SOURCE: © 2018 Experian Marketing Solutions, Inc. •All rights reserved

Conclusion

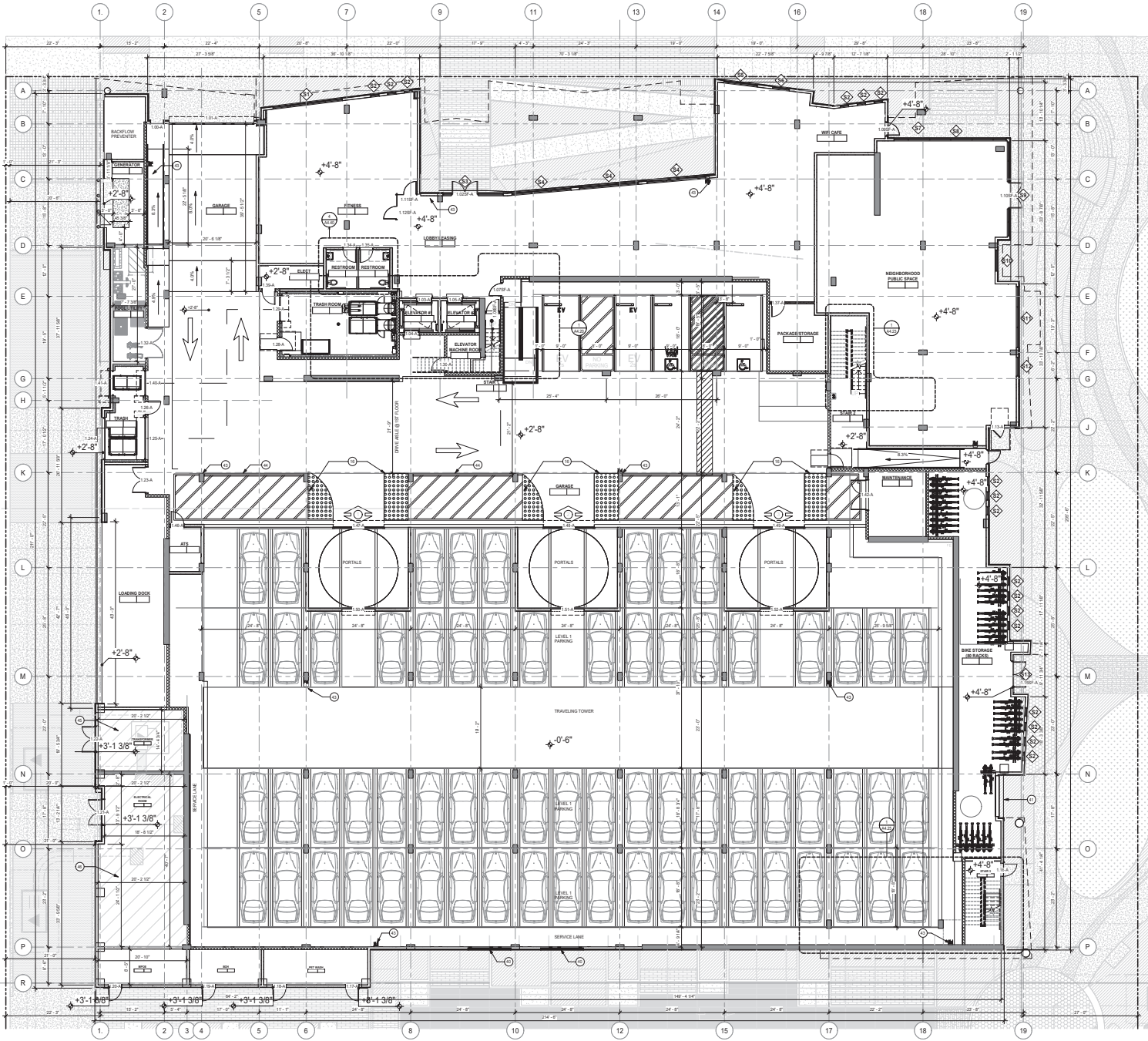
We analyzed the profile of the subject's region in order to make reasonable assumptions as to the continued performance of the property.

A regional and local overview was presented which highlighted important points about the study area. Demographic and economic data specific to the residential market were also presented. Demographic information relating to these sectors was presented and analyzed in order to determine patterns of change and growth as it impacts the subject property. The data quantifies the dimensions of the total trade area, while our comments provide qualitative insight into this market. A compilation of this data forms the basis for our projections and forecasts for the subject property. The following are our key conclusions.

- Vacancy levels for the San Francisco Apartment market are up over last year and are expected to increase from 4.4 percent next year to 4.6 percent in 2023. Reis forecasts that construction will outpace absorption in the near future, and that rental rates should increase over the same period. In South San Mateo vacancy levels are expected to increase to 6.2 percent by 2023, and rental rates are forecast to increase from \$3,089 per month in 2019 to \$3,252 per month during the same period.
- The subject property most directly competes with the other apartment complexes in the vicinity. These properties are generally well maintained and have high occupancy rates.
- As such we believe the property will serve a market encompassing a radius of 5.0-miles. Over the next five years, both the population and number of households in the subject's trade area are projected to remain fairly stable. Household income levels in the area are lower than the state or CBSA both significantly above national levels.
- The subject has very good accessibility via the regional Interstate network and local arterials that provide linkages throughout the San Francisco CBSA.
- Based on our analysis we concluded that the subject is well positioned within its market area and the prospect for net appreciation in real estate values is expected to be good.

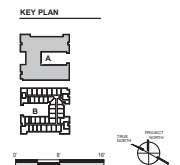
Exhibit B

EXHIBIT B - Revised Community Amenity Space Layout



- GENERAL NOTES**
- A. U.O.N. DIMENSIONS ARE TO FACE OF STUD OR FOUNDATION WALL TOP.
 - B. SEE GENERAL SHEETS AND GENERAL NOTES, BUILDING AREA CALCULATIONS, ACCESSIBILITY & SAFETY REQUIREMENTS, ADA STORAGE REQUIREMENTS AND EGRESS CALCULATIONS & DRAWINGS.
 - C. UNIT PLANS SHOWN HERE ARE DIAGNOSTIC. REFER TO U/P UNIT PLANS AND DRAWINGS FOR ANY ADDITIONAL INFORMATION NOT SHOWN HERE.
 - D. SEE SHEET A-01 FOR WALL ASSEMBLY SCHEDULE.
 - E. SEE ARCHITECT DRAWINGS FOR INFORMATION REGARDING THE GRADING OF ALL EXTERIOR AREAS.
 - F. SPOT ELEVATIONS ARE NOTED FROM CIVIL DRAWINGS. #4-PT = 4'-0".
 - G. ALL EXTERIOR WALLS TO RECEIVE FLUVED SHEATHING.
 - H. REFER TO STAIR DRAWINGS FOR R/O, NOT SHOWN HERE.
 - I. G.C. TO COORDINATE AND INSTALL VENTING FOR WALL CONCEALED ROOF MEANS AND OTHER EXTERIOR METAL FRAMED VOIDS.
 - J. ALL GIB FLASHING SHALL BE PAINTED OR RECEIVE COATINGS TO MATCH SURROUNDING MATERIALS.
 - K. DRAFT STOPS REQUIRED BETWEEN UNITS SHALL BE 1" DEEP TO RECEIVE 2" X 4" S.F. TYPE 'X' GIB CARBON TO SURROUNDING ROOF.
 - L. G.C. TO INCLUDE GIB CONCRETE ROOF CHANGES IN FIELD FOR PROPER DRAINAGE.
 - M. WINDERS WALL FINISHES DO NOT ALSO DUE TO CHANGE IN WALL TYPE. G.C. TO PROVIDE BRACKETS TO SECURE A FLUSH FINISH TO WALL.
- WALL TYPE NOTES**
- A. REFER TO EXTERIOR ELEVATIONS FOR TYPICAL EXTERIOR WALLS TO BE TYPE #1 @ TYPE #A AND #1 @ TYPE #A.
 - B. TYPICAL CONCRE WALLS TO BE TYPE #1 U.O.N.
 - C. TYPICAL CMU WALLS TO BE TYPE #2 U.O.N.
 - D. TYPICAL INT. 1-R CORRIDOR WALLS TO BE TYPE #11 @ TYPE #A AND #1 @ TYPE #A U.O.N.
 - E. TYPICAL 1-R INT. SEPARATION WALLS TO BE TYPE #11 @ TYPE #A AND #1 @ TYPE #A U.O.N. (S.D. FOR STUD AND SEAM COMPATIBILITY).
 - F. TYPICAL EXTERIOR UNIT WALLS TO BE TYPE #1E1 @ TYPE #A AND TYPE #1E1 @ TYPE #A U.O.N.
 - G. TYPICAL 2-R INTERIOR SHAF/WALL TO BE #1 @ TYPE #A & #2 U.O.N.
- LEGEND**
- NOTE: SEE WALL FOR SPECIFIC WALL TYPES
- PARTIAL HEIGHT WALL
 - FULL HEIGHT WALL
 - CMU WALL S.D.
 - CONCRETE WALL/CLADDING S.D.
 - 1-HOUR FIRE BARRIER (30 MIN OPENING PROTECTION EXCEPT FOR MUR-B)
 - 2-HOUR FIRE BARRIER (30 MIN OPENING PROTECTION)
 - 1-HOUR FIRE BARRIER
 - INDICATES 2'-MIN. VERT. CLEARANCE FOR ACCESSIBLE PARKING SPOT
 - INDICATES SOLAR READY AREA
- SHEET NOTES**
- NOTE: NOT ALL NOTES ARE USED ON EVERY SHEET.
- 1 PROPERTY LINE
 - 2 CONCRETE CURB & SIDEWALK, S.C.D. & S.L.D.
 - 3 LANDSCAPED AREA, S.L.D.
 - 4 BACKLASH PREVENTER, S.P.D. & S.C.D.
 - 5 SAND & DL INTERCEPTOR, S.P.D.
 - 6 TRANSFORMER, S.C.D. & S.E.D.
 - 7 BELOW TRANSFORMER, S.C.D. & S.E.D.
 - 8 ELECTRICAL PANELS TO EQUIPMENT, S.L.D.
 - 9 AIR CONDENSING UNITS MOUNTED ON ISOLATION PADS, S.M.D.
 - 10 FRAC EQUIPMENT, S.M.D.
 - 11 SECURITY GATE
 - 12 VEHICULAR CLEARANCE BAR LOCATION
 - 13 PARKING SPACE, TYP.
 - 14 DISABLED ACCESSIBLE PARKING SPACE
 - 15 BIKE RACKS
 - 16 ADA STRIPING AND DETECTABLE WARNING; TRANSCATED CONCRETE PAVEMENT (15" X 15" X 2" AND 18" X 18" X 2" BOLLARD). SEE SHEET 21
 - 17 TRASH CHUTE ACCESS. SEE XWOOD FOR ACoustICAL MITIGATION & CONTROL
 - 18 TRASH CHUTE DRAINAGE W/BUSSIBLE LINK
 - 19 TRASH CHUTE VENTS. SEE 10A-10B
 - 20 HOSE BIB
 - 21 FLOOR/AREA DRAIN, S.P.D.
 - 22 TRENCH DRAIN, S.P.D.
 - 23 LINE OF LEVEL OR FLOOR BELOW
 - 24 LINE OF LEVEL OR STRUCTURE ABOVE
 - 25 LINE OF ROOF BELOW
 - 26 4" HIGH GUARD RAIL
 - 27 SEMI-RECESSED FIRE EXTINGUISHER CABINET EXCEPT AT CONCRETE ASSEMBLY
 - 28 EXHAUST IN 2-R SH/WALL TO ROOF, S.M.D.
 - 29 FRESH AIR SUPPLY IN 2-R SH/WALL TO ROOF, S.M.D.
 - 30 ELEVATOR PENTHOUSE
 - 31 PARAPET WALL
 - 32 WALK PADS
 - 33 ROOF DRAIN & CHECK/LOW DRAIN
 - 34 SCUPPER WITH CONDUCTOR TO DOWN SPOT
 - 35 ROOF ANCHOR. REFER TO EBMG DRAWINGS FOR MORE INFORMATION
 - 36 PRIVACY SCREEN
 - 37 2-R SH/WALL SH/WALL IN SEAM ACCESS PANEL
 - 38 HOOK KEY HOLD LOCATIONS TO BE CONFIRM BY FLD
 - 39 MECHANICAL INTAKE
 - 40 MECHANICAL EXHAUST
 - 41 MECHANICAL SCREEN
 - 42 FIRE EXTINGUISHER CABINET
 - 43 CONCRETE CURB
 - 44 CONCRETE CEILING LED BELOW 3RD FLOOR PLUMBING LINES & TRANSFORMER ROOM, S.P.D.
 - 45 METAL DRAIN PIPE UNDER PLUMBING LINES S.P.D.

BUILDING PLAN - FLOOR 1 - BLDG A 1
 (P1 PARKING) 1/8" = 1'-0"



NO.	DATE	DESCRIPTION
A	08/26/10	ISSUE FOR PERMITS
B	09/05/10	ISSUE FOR PERMITS
C	10/12/10	ISSUE FOR PERMITS
D	11/12/10	ISSUE FOR PERMITS
E	01/20/11	ISSUE FOR PERMITS
F	05/07/11	ISSUE FOR PERMITS
G	09/21/11	ISSUE FOR PERMITS

Exhibit C

Exhibit C: Valuation of Neighborhood Benefit Space - Alternative 1

Assumptions

Rent (NNN) / SF / month ¹	\$6.00
Neighborhood Benefit Space SF	2,940
Annual Growth Rate	3.0%
Assumed Discount Factor	7.5%
Start of Operations	2023
Assumed Commercial Parking Spaces	6
Assumed monthly parking rent per stall	\$75
Net Expenses / SF / month ²	\$1.00
CLT Rental Income / SF / month	\$2.00

Year	1 2023	2 2024	3 2025	4 2026	5 2027	6 2028	7 2029	8 2030	9 2031	10 2032	Terminal 11 2033
Less: Commercial Net Operating Income	\$211,680	\$218,030	\$224,571	\$231,308	\$238,248	\$245,395	\$252,757	\$260,340	\$268,150	\$276,194	\$284,480
Less: Commercial Parking Income	5,729	5,901	6,078	6,260	6,448	6,641	6,841	7,046	7,257	7,475	7,699
Plus: Net Expenses (Taxes, Insurance, CAM)	35,280	36,338	37,429	38,551	39,708	40,899	42,126	43,390	44,692	46,032	47,413
Plus: Rental Income Accrual to CLT Operator	48,000	49,440	50,923	52,451	54,024	55,645	57,315	59,034	60,805	62,629	64,508
Net Cash Flows (Unlevered)	\$300,689	\$309,710	\$319,001	\$328,571	\$338,428	\$348,581	\$359,038	\$369,809	\$380,904	\$392,331	\$404,101
PV factor	0.83	0.78	0.72	0.67	0.62	0.58	0.54	0.50	0.47	0.44	0.40
Present Value Rental Cash Flows	\$250,955	\$240,450	\$230,385	\$220,741	\$211,500	\$202,647	\$194,164	\$186,036	\$178,249	\$170,787	
Terminal Value											\$3,636,397
NPV of Benefit Space Rental Cash Flow	\$5,722,311										
Tenant Improvement Allowance	\$300,000										
Leasing Commission Allowance	\$60,000										
Total Value of Neighborhood Benefit Space	\$6,082,311										

¹ Based on commercial rents for Mento Park

² Estimated expenses; typically includes pro rata share of contract services (fire alarm, fire protection/life safety, intrusion alarm, landscape maintenance, patrol officer, pest control and trash removal), taxes, insurance, repairs / maintenance and utilities

Exhibit D

**Memorandum of Understanding
between
Greystar Real Estate Partners, City of Menlo Park & Valley Community Land Trust**

The purpose of this MOU is to memorialize the collaboration between Greystar, the City of Menlo Park and Valley Community Land Trust (VCLT) to increase preservation and creation of affordable housing opportunities in Menlo Park, in particular, (a) acquiring and holding property for permanently affordable housing for rental and ownership, (b) developing accessory dwelling units on acquired parcels if possible, (c) developing, supporting and/or strengthening VCLT's ability to get and keep affordable, tenancy-secure local housing for community members. Representatives and staff of the organizations will treat as confidential, information the other parties has identified as intellectual property and/or competitive information, and not disclose such information outside of the group unless approved.

Acting on behalf of Greystar, Sr. Development Director, Andrew Morcos has and/or will:

1. Provide a financial donation for community benefit for Menlo Uptown Development of _____ units to VCLT of \$xx. **When _____**
2. Provide 2,900 sf of office space in the Menlo Uptown Development to be used as VCLT offices and/or rental income generating space. The extra space can be rented to other Menlo Park serving non-profits at a below-market rate. **When _____**

Acting on behalf of the City of Menlo Park, _____, has or will:

3. Represent the City of Menlo Park's interest to ensure that the public benefit is executed in a forthright and timely manner.

Acting on behalf of VCLT, Pam Dorr, Executive Director, has or will:

4. Represent VCLT in accepting the donation from Greystar on behalf of the City of Menlo Park for public benefit. This initial donation will be used to acquire and develop rental housing. **(When _____)**
5. Apply the City of Menlo Park's Local Preference to the fullest extent legally possible.
6. Apply for Welfare Property Tax Exemption to decrease the cost of the acquired and developed properties.
7. Develop each property acquired with ADU's or JADU's to create additional rental units.
8. Use the rental properties acquired and developed as an income stream to ensure the financial sustainability of the organization.

Exhibit E: Valuation of Neighborhood Benefit Space - Alternative 2

Assumptions

Rent (NNN) / SF / month ¹	\$6.00
Neighborhood Benefit Space SF	2,940
Annual Growth Rate	3.0%
Assumed Discount Factor	7.5%
Start of Operations	2023
Assumed Commercial Parking Spaces	6
Assumed monthly parking rent per stall	\$75
Net Expenses / SF / month ²	\$1.00

	1	2	3	4	5	6	7	8	9	10	Terminal
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Completion											
Less: Commercial Net Operating Income	\$211,680	\$218,030	\$224,571	\$231,308	\$238,248	\$245,395	\$252,757	\$260,340	\$268,150	\$276,194	\$284,480
Less: Commercial Parking Income	5,729	5,901	6,078	6,260	6,448	6,641	6,841	7,046	7,257	7,475	7,699
Plus: Net Expenses (Taxes, Insurance, CAM)	35,280	36,338	37,429	38,551	39,708	40,899	42,126	43,390	44,692	46,032	47,413
Net Cash Flows (Unlevered)	\$252,689	\$260,270	\$268,078	\$276,120	\$284,404	\$292,936	\$301,724	\$310,775	\$320,099	\$329,702	\$339,593
PV factor	0.83	0.78	0.72	0.67	0.62	0.58	0.54	0.50	0.47	0.44	0.40
Present Value Rental Cash Flows	\$210,894	\$202,066	\$193,608	\$185,503	\$177,738	\$170,298	\$163,169	\$156,339	\$149,794	\$143,524	
Terminal Value											\$3,055,906
NPV of Benefit Space Rental Cash Flow	\$4,808,839										
Tenant Improvement Allowance	\$300,000										
Leasing Commission Allowance	\$60,000										
Total Value of Neighborhood Benefit Space	\$5,168,839										

¹ Based on commercial rents for Menlo Park

² Estimated expenses; typically includes pro rata share of contract services (fire alarm, fire protection/life safety, intrusion alarm, landscape maintenance, patrol officer, pest control and trash removal), taxes, insurance, repairs / maintenance and utilities