Proposed Apartment/Townhouse Development Site

123 Independence Drive
Menlo Park, San Mateo County, CA 94025

NKF Job No.: 21-0132828-1

Appraisal Report Prepared For:

Sierra Sousa
Development Associate
The Sobrato Organization
599 Castro Street
Mountain View, CA 94041

Prepared By:

Newmark Knight Frank
Valuation & Advisory, LLC
2950 S. Delaware Street, Suite 125
San Mateo, CA 94403

November 23, 2022

Sierra Sousa
Development Associate
The Sobrato Organization
599 Castro Street
Mountain View, CA 94041

RE: Appraisal of Land located at 123 Independence Drive, Menlo Park, San Mateo County, CA 94025, prepared by Newmark Knight Frank Valuation & Advisory, LLC (herein “Firm” or “NKF”)

NKF Job No.: 21-0132828-1

Dear Ms. Sousa:

The “Subject Property” is an 8.15-acre development site. The parcel numbers for the subject site are 055-236-140, 180, 240, 280 & 300. A tentative map describing the site is included the addenda of this report. This report provides a value of the community amenities under bonus level zoning for this site. The appraisal instructions for determining this value are included in the addenda of this report.

A total of 116 townhomes (for sale condominiums) and 316 apartments (for rent) are planned for the site. The City of Menlo Park indicates that 476,962 square feet of building area is planned for the site. A detailed summary of the site and development plans follows:

The Sobrato Organization is pleased to propose 123 Independence, a mixed-residential project, which will deliver 116 townhomes and 316 residential apartment units to the R-MU (Residential Mixed-use) Zoning District within the ConnectMenlo General Plan. 123 Independence will deliver a vibrant community bringing essential housing to the area.

123 Independence spans over five existing connected parcels at Highway 101 and Highway 84, bounded by Chrysler, Independence, and Constitution Drives. The project proposes to demolish five existing office/industrial buildings (approximately 103,000 SF) to create five new Lots: 1 & A, B, C, and D. Lot 1 is a public paseo running north to south, as well as a public park of approximately 0.3-acre size. Lot A is a 5-story apartment building with stoops along Constitution Drive and pedestrian walkways. Lots B, C, and D are 3-story townhome communities that will be subdivided via condominium mapping and will be oriented to the public streets, the neighborhood park, the paseo, and other common green spaces. As designed, there will be a variety of product types and contemporary architectural designs. The proposed site design accommodates sea-level rise, and all proposed ground-level residential units are raised 2 feet above the FEMA floodplain.

123 Independence includes an on-site public connection, Lot 1, that establishes a pedestrian walkway to the greater neighborhood network. This paseo leads to a centrally located public park, which provides a central recreation and gathering space. Public frontages on Independence Drive and Constitution Drive are activated with residential stoops, lobbies, leasing office, and residential amenities.

The architectural language of the apartments and townhomes is warm and modern to meet both residential use and fit within the context of the surrounding commercial buildings. The building composition creates a very urban relationship to the street, as envisioned in the General Plan, with over 60% of built-to area for all street frontages. Lot A is Type V-A/I-A construction over podium parking. Lots B, C, and D are designed as Type V-A construction with private tuck-under 2-car garages.

In compliance with Municipal Code Ordinance No.1026, Bonus-level development is being proposed. Maximum height of the apartments is well under 85-ft above existing grade, and the average height of all buildings is well below 62.5-ft. Floor Area Ratio (FAR) is being calculated across the contiguous Parcels 1 & A, B, C, and D, and correlates with the sliding scale requirements for residential density. Fifteen percent (15%) of the total units onsite will be affordable housing units for Moderate, Low, and Very-Low income households.

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TOTAL (432 UNITS)						8.15 ac	
Parcel	BD	BA	SF / Unit	NSF	GSF	Units	% Total
Lot A	361	361	713	225,299	287,230	316	73.1%
Lot B	86	102	1,553	49,681	53,714	32	7.4%
Lot C	60	40	1,165	20,966	23,214	18	4.2%
Lot D	176	209	1,537	101,460	109,520	66	15.3%
Total/Average	**683**	**712**	**920**	**397,406**	**473,678**	**432**	**26.9%**

Parking Provided		Building Information	
Resident Parking	543	Density (DU/AC)	**53**
Guest Parking	47	Total units	**432**
Total Parking	590	FAR	**133%**
Parking/DU	1.37	Total Residential GSF (AC x FAR)	**473,678**
Parking/BD	0.86	GSF/Unit	**1,096**

Bicycle Parking Provided / Apartments		Bicycle Parking Provided / Townhomes	
Long Term Bike parking	474	Long Term Bike parking	174
Short-term Bike Parking	48	Short-term Bike Parking	18
Total Parking	522	Total Parking	192
Parking/DU	1.65	Parking/DU	1.66

R-MU FAR gradient linked to Density				
Density (DU/AC)	30	40	50	**53**
Total units allowed (DU x site area (AC))	245	326	408	**432**
FAR allowed at given Density (per 16.XX.050)	90%	109%	129%	**134%**
Total Residential GSF allowed (AC x FAR)	319,513	387,980	456,447	**476,987**
GSF/Unit allowed	1,307	1,190	1,120	**1,104**

COVID-19 Pandemic

The COVID-19 Pandemic has had a significant impact on the economy and, by extension, real estate markets. Commercial real estate is transforming and adapting with some similarities and some differences to previous crises. As the Pandemic has progressed, there has been greater clarity about the effects through metric and transactional data as well as market participant information and expectations. Although transactional data is hard to come by, month over month sales volumes are turning positive – they are just still significantly depressed as evidenced by 2nd Quarter U.S. sales volume decreasing 68% from the same period last year according to Real Capital Analytics. Available data and analyses are contained within this appraisal report and are a foundation to the appraisal. Effects and projections related to COVID-19 will be addressed throughout the report.

Based on the analysis contained in the following report, the opinions of value for the subject are:

Value Conclusions			
Appraisal Premise	**Interest Appraised**	**Date of Value**	**Value Conclusion**
Land Value at the Bonus Level	Fee Simple	1/8/2022	$88,200,000
Land Value at the Base Level	Fee Simple	1/8/2022	$81,500,000
Value of the Additional GFA Proposed	Fee Simple	1/8/2022	$6,700,000
Value of the Amenity	Fee Simple	1/8/2022	$3,350,000

Compiled by NKF

Extraordinary Assumptions

An extraordinary assumption is defined in USPAP as 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. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. None

Hypothetical Conditions

A hypothetical condition is defined in USPAP as 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. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. We are not giving consideration to the improvements on the site as per the City of Menlo Park Appraisal Instructions
2. The bonus level land value conclusion does not consider the community amenities requirement per the City of Menlo Park Appraisal Instructions
3. The value conclusions under each scenario are based on the hypothetical assumption that the project is fully entitled at the stated development density per the City of Menlo Park Appraisal Instructions

The use of these hypothetical conditions might have affected assignment results.

The appraisal was developed based on, and this report has been prepared in conformance with the Client's appraisal requirements, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Certification

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

1. The statements of fact contained in this report are true and correct.
2. 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.
3. 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.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of California.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, John Walsh, MAI, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute.
12. John Walsh, MAI, MRICS made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the person(s) signing this certification.
14. The Firm operates as an independent economic entity. Although employees of other service lines or affiliates of the Firm may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
15. Within this report, "Newmark Knight Frank", "NKF Valuation & Advisory", "NKF, Inc.", and similar forms of reference refer only to the appraiser(s) who have signed this certification and any persons noted above as having provided significant real property appraisal assistance to the persons signing this report.
16. John Walsh, MAI, MRICS has prepared two appraisals of the subject property for the current client within the three-year period immediately preceding the agreement to perform this assignment. John Walsh, MAI, MRICS has performed no other services, as an appraiser or in any other capacity, regarding the subject property during this time period.

John Walsh, MAI, MRICS
Senior Vice President
Certified General Real Estate Appraiser
California # AG003248
Telephone: 650.358.5263
Email: John.Walsh@nmrk.com

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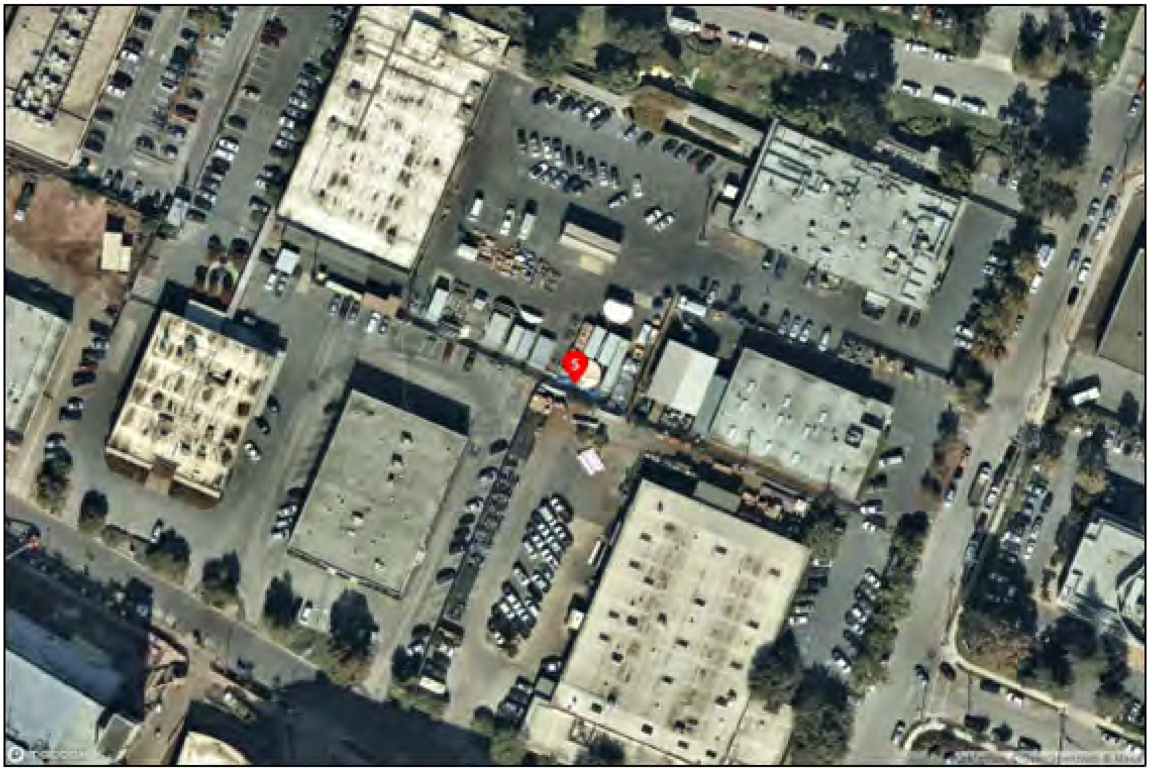
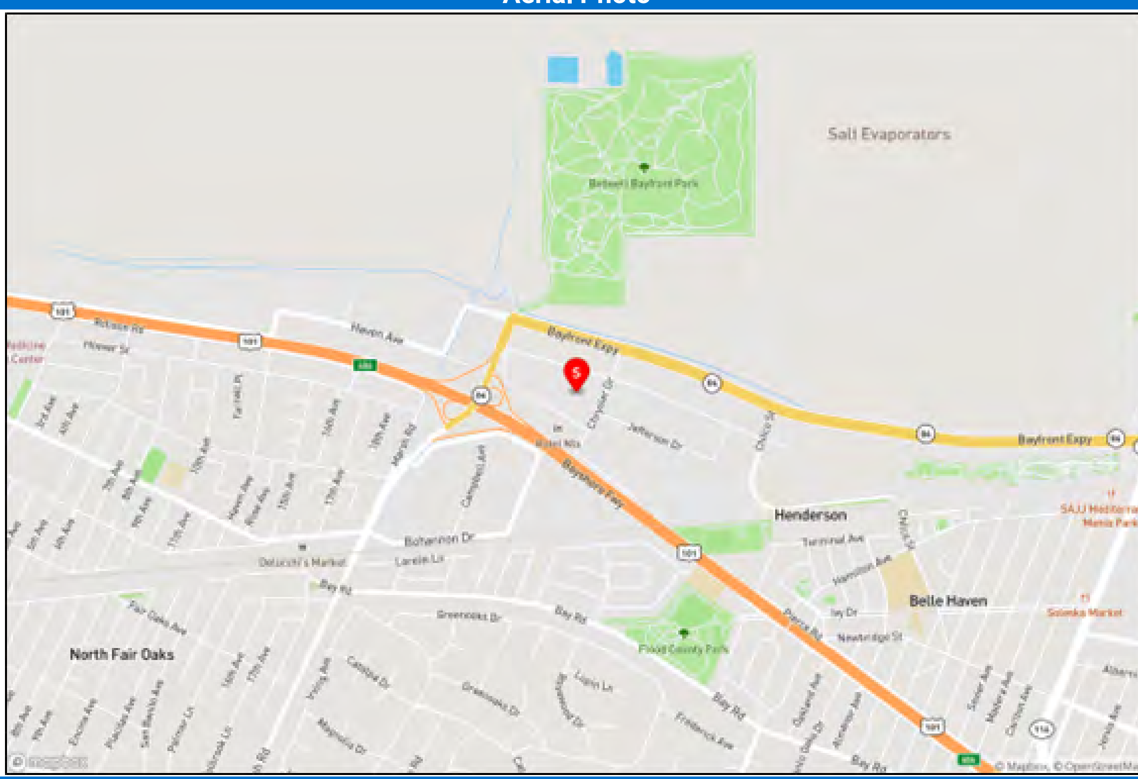


Aerial Photo



Location Map

Property Photo

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Executive Summary

Proposed Apartment/Townhouse Development Site	
Property Type:	Land-MF Residential
Street Address:	123 Independence Drive
City, State & Zip:	Menlo Park, San Mateo County, CA 94025
Number of Units:	432
Land Area:	8.150 acres; 355,014 SF
Zoning:	R-MU-B
Highest and Best Use - As Vacant:	A Multifamily Use
Analysis Details	
Valuation Dates:	
Land Value at the Bonus Level	January 8, 2022
Land Value at the Base Level	January 8, 2022
Value of the Additional GFA Proposed	January 8, 2022
Value of the Amenity	January 8, 2022
Inspection Date and Date of Photos:	January 8, 2022
Report Date:	November 23, 2022
Report Type:	Appraisal Report
Client:	The Sobrato Organization
Intended Use:	Internal Business Decisions
Intended User:	The Sobrato Organization and the City of Menlo Park
Appraisal Premise:	Land Value at the Bonus Level, Land Value at the Base Level
Intended Use and User:	The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark Knight Frank will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
Interest Appraised:	Fee Simple
Exposure Time (Marketing Period) Estimate:	6 Months (6 Months)

Compiled by NKF

Valuation Summary	
Value of the Amenity	**$3,350,000**

Compiled by NKF

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as 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. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. None

A hypothetical condition is defined in USPAP as 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. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. We are not giving consideration to the improvements on the site as per the City of Menlo Park Appraisal Instructions
2. The bonus level land value conclusion does not consider the community amenities requirement per the City of Menlo Park Appraisal Instructions
3. The value conclusions under each scenario are based on the hypothetical assumption that the project is fully entitled at the stated development density per the City of Menlo Park Appraisal Instructions

The use of these hypothetical conditions might have affected assignment results.

Compiled by NKF

Introduction

Ownership History

The current owner is The Sobrato Organization. The following summarizes a three-year history of ownership, the current listing status, and pending transactions for the subject property (as applicable).

Ownership History	
To the best of our knowledge, no sale or transfer of ownership has taken place within the three-year period prior to the effective date of the appraisal.	
Listing Status:	Not Listed For Sale
Current or Pending Contract:	None Reported
Sales in the Previous Three Years:	None

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To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective date of the appraisal.

Intended Use and User

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark Knight Frank will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

- The intended use of the appraisal is for Internal Business Decisions related to obtaining development approvals with the City of Menlo Park and no other use is permitted.
- The client is The Sobrato Organization.
- The intended user is The Sobrato Organization and the City of Menlo Park and no other user is permitted by any other party for any other purpose.

Definition of Value

Market value is defined as:

"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 is 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."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Interest Appraised

The appraisal is of the Fee Simple interest.[1]

- ***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.

Appraisal Report

This appraisal is presented in the form of an appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. This report incorporates sufficient information regarding the data, reasoning and analysis that were used to develop the opinion of value in accordance with the intended use and user.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the Value of the Amenity of the Fee Simple Interest in the property.

[1] The Dictionary of Real Estate, 6th Edition, Appraisal Institute

Purpose of the Appraisal		
Appraisal Premise	**Interest Appraised**	**Date of Value**
Land Value at the Bonus Level	Fee Simple	1/8/2022
Land Value at the Base Level	Fee Simple	1/8/2022
Value of the Additional GFA Proposed	Fee Simple	1/8/2022
Value of the Amenity	Fee Simple	1/8/2022

Compiled by NKF

Scope of Work

Extent to Which the Property is Identified

- Physical characteristics
- Legal characteristics
- Economic characteristics

Extent to Which the Property is Inspected

NKF inspected the subject property on January 8, 2022 as per the defined scope of work. John Walsh, MAI, MRICS made a personal inspection of the property that is the subject of this report.

Type and Extent of the Data Researched

- Exposure and marking time;
- Neighborhood and land use trends;
- Demographic trends;
- Market trends relative to the subject property type;
- Physical characteristics of the site and applicable improvements;
- Flood zone status;
- Zoning requirements and compliance;
- Real estate tax data;
- Relevant applicable comparable data; and
- Investment rates

Type and Extent of Analysis Applied

We analyzed the property and market data gathered through the use of appropriate, relevant, and accepted market-derived methods and procedures. Further, we employed the appropriate and relevant approaches to value, and correlated and reconciled the results into an estimate of market value, as demonstrated within the appraisal report.

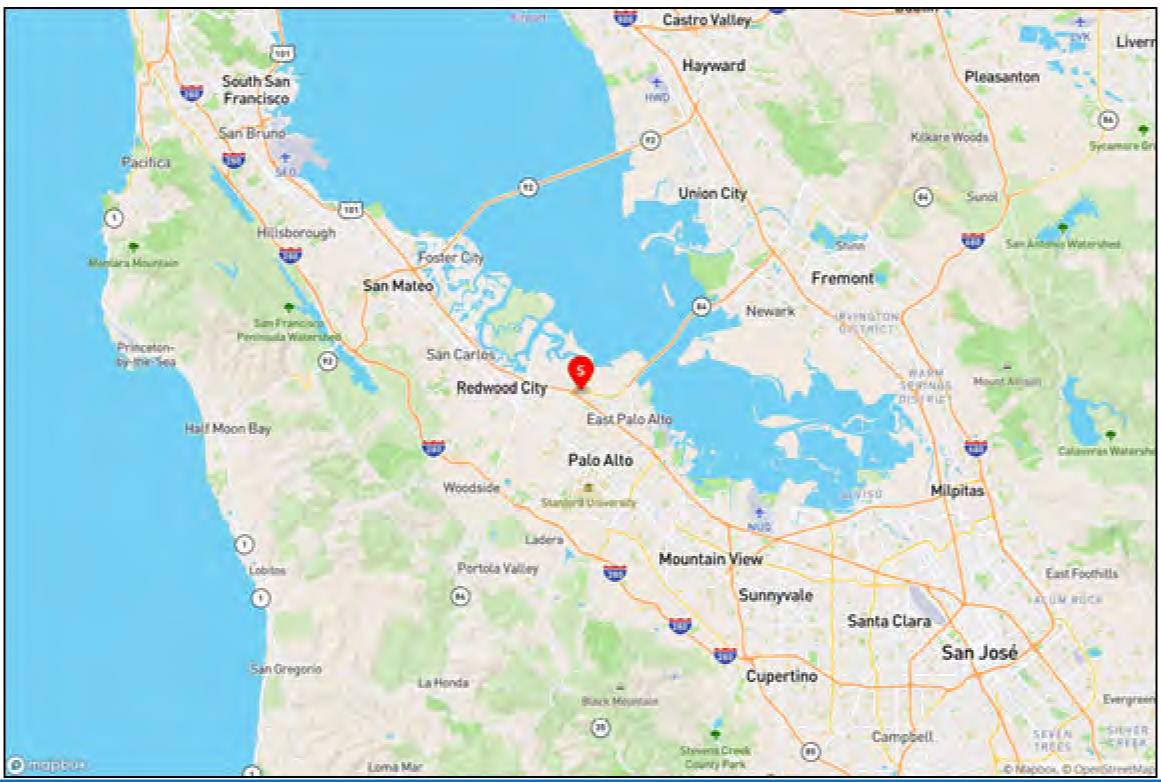
Economic Analysis

The Impact of COVID-19

It is well known that the past several months have been volatile. Real estate market volatility has resulted from the COVID-19 pandemic as well as other events such as oil price declines. Every day, there is greater clarity about the effects and expectations as evidenced by transaction activity, various data sources, and market participants. We have continuously reached out to brokers and other market participants to understand how the market is reacting.

Most of our major data sources, such as Moody's economy.com, include both COVID-19 pandemic period data and projections inclusive of its effects. This data is included within this section as well as throughout this report and is a central foundation of our analysis. There are an increasing number of transactions occurring and these are providing indications of trends.

Area Analysis



Area Map

The subject is located within Menlo Park and San Mateo County, California. It is part of the San Francisco-Redwood City-South San Francisco metro area (San Francisco MSA).

Moody's Analytics' Economy.com provides the following economic summary for the San Francisco MSA as of March, 2021.

Moody's Analytics Précis® Metro Indicators: San Francisco Metro

2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
187.2	200.5	216.0	229.9	246.0	236.4	Gross metro product (C12$ bil)	249.9	270.8	280.6	289.4	296.6	303.5
8.0	7.1	7.8	6.4	7.0	-3.9	% change	5.7	8.3	3.6	3.1	2.5	2.3
1,038.5	1,080.2	1,104.4	1,136.8	1,177.8	1,072.7	Total employment (ths)	1,077.7	1,140.6	1,170.9	1,188.2	1,198.2	1,206.6
4.8	4.0	2.2	2.9	3.6	-8.9	% change	0.5	5.8	2.7	1.5	0.8	0.7
3.5	3.2	2.8	2.4	2.1	7.2	Unemployment rate (%)	4.8	2.4	1.7	1.8	2.2	2.3
10.1	6.6	8.3	8.8	4.5	-0.2	Personal income growth (%)	7.6	4.6	7.1	7.1	6.1	6.0
98.3	105.2	112.1	120.3	130.4	131.4	Median household income ($ ths)	137.6	142.2	149.6	157.6	165.1	172.9
1,628.1	1,639.4	1,646.9	1,649.4	1,648.1	1,657.3	Population (ths)	1,668.7	1,679.7	1,690.8	1,701.8	1,712.4	1,722.8
1.3	0.7	0.5	0.1	-0.1	0.6	% change	0.7	0.7	0.7	0.7	0.6	0.6
12.3	3.7	0.4	-3.7	-6.9	3.1	Net migration (ths)	5.4	4.9	5.1	5.2	5.0	4.9
626	550	405	348	376	366	Single-family permits (#)	671	1,082	1,339	1,341	1,332	1,258
4,659	5,512	5,211	5,946	4,176	2,408	Multifamily permits (#)	2,973	2,772	3,519	3,720	3,751	3,539
357	389	408	446	444	427	FHFA house price (1995Q1=100)	420	452	501	570	639	703

Source: Moody's Analytics Précis® US Metro

Moody's summarizes the area's economic performance in recent months as follows:

Recent Performance

San Francisco MSA is down but not out. Barely a quarter of lost jobs have been recovered, well below the state average, which is itself a laggard. However, key drivers such as professional services and information are adding jobs. The metro division has recently moved into the third stage of the state's four-tier reopening process, and its share of vaccinated residents is among the highest in the country. Multifamily housing permits have bounced back to near their pre-pandemic pace, and single-family permits have been on an upward trajectory for several months.

Market Comparison

The following table illustrates key economic indicators and a comparison of the San Francisco MSA to the regional grouping as a whole. As indicated, San Francisco is projected to outperform the West Region Metros in seven of eight performance categories shown over the next five years.

Comparison of Key Economic Indicators - San Francisco Metro Metro to West Region

	San Francisco Metro			Annual Growth		West Region Metros			Annual Growth	
Indicator	2015	2020	2025	2015 - 2020	2020 - 2025	2015	2020	2025	2015 - 2020	2020 - 2025
Gross metro product (C12$ bil)	200.5	249.9	303.5	4.5%	4.0%	4,314	4,844	5,814	2.3%	3.7%
Total employment (ths)	1,080.2	1,077.7	1,206.6	0.0%	2.3%	32,023	32,850	35,894	0.5%	1.8%
Unemployment rate (%)	3.2%	4.8%	2.3%			5.7%	9.2%	4.8%		
Personal income growth (%)	6.6%	7.6%	6.0%			6.8%	6.0%	5.1%		
Population (ths)	1,639.4	1,668.7	1,722.8	0.4%	0.6%	75,743	78,939	81,916	0.8%	0.7%
Single-family permits (#)	550	671	1,258	4.0%	13.4%	160,707	221,687	333,584	6.6%	8.5%
Multifamily permits (#)	5,512	2,973	3,539	-11.6%	3.5%	116,528	128,243	142,057	1.9%	2.1%
FHFA house price (1995Q1=100)	389	420	703	1.6%	10.8%	452	612	719	6.2%	3.3%

San Francisco Metro outperforming West Region Metros

San Francisco Metro underperforming West Region Metros

Source: Moody's Analytics Précis® US Metro; Compiled by NKF

Employment Sectors and Trends

Employment data by occupation and business/industry sectors provides an indication of the amount of diversification and stability in the local economy. Job sector composition also gives an indication of the predominant drivers of current and future demand for supporting commercial real estate sectors. The following tables display employment data by occupation sector and by business/industry sector for the area and region.

Current Employment by Occupation Sector

Occupation Sector	94025		Menlo Park City		San Mateo County		San Francisco-Oakland-Berkeley, CA MSA		California	
White Collar	**18,810**	**82.7%**	**15,071**	**84.1%**	**297,855**	**72.9%**	**1,758,920**	**73.1%**	**11,580,421**	**64.0%**
Administrative Support	1,269	5.6%	920	5.1%	40,057	9.8%	225,260	9.4%	1,955,983	10.8%
Management/Business/Financial	6,311	27.8%	4,963	27.7%	98,245	24.0%	569,889	23.7%	3,318,432	18.3%
Professional	9,532	41.9%	7,870	43.9%	123,887	30.3%	758,471	31.5%	4,611,876	25.5%
Sales and Sales Related	1,698	7.5%	1,318	7.4%	35,666	8.7%	205,300	8.5%	1,694,130	9.4%
Services	**2,184**	**9.6%**	**1,658**	**9.3%**	**54,704**	**13.4%**	**316,086**	**13.1%**	**2,768,509**	**15.3%**
Blue Collar	**1,741**	**7.7%**	**1,194**	**6.7%**	**56,039**	**13.7%**	**329,972**	**13.7%**	**3,746,712**	**20.7%**
Construction/Extraction	826	3.6%	505	2.8%	15,218	3.7%	93,582	3.9%	901,454	5.0%
Farming/Fishing/Forestry	17	0.1%	13	0.1%	1,072	0.3%	4,505	0.2%	266,802	1.5%
Installation/Maintenance/Repair	148	0.7%	106	0.6%	7,274	1.8%	40,815	1.7%	437,054	2.4%
Production	270	1.2%	190	1.1%	9,727	2.4%	62,106	2.6%	768,621	4.2%
Transportation/Material Moving	480	2.1%	380	2.1%	22,748	5.6%	128,964	5.4%	1,372,781	7.6%
Total Employees (16+ Occupation Base)	**22,735**	**100.0%**	**17,923**	**100.0%**	**408,598**	**100.0%**	**2,404,978**	**100.0%**	**18,095,642**	**100.0%**

Source: ESRI; Compiled by NKF

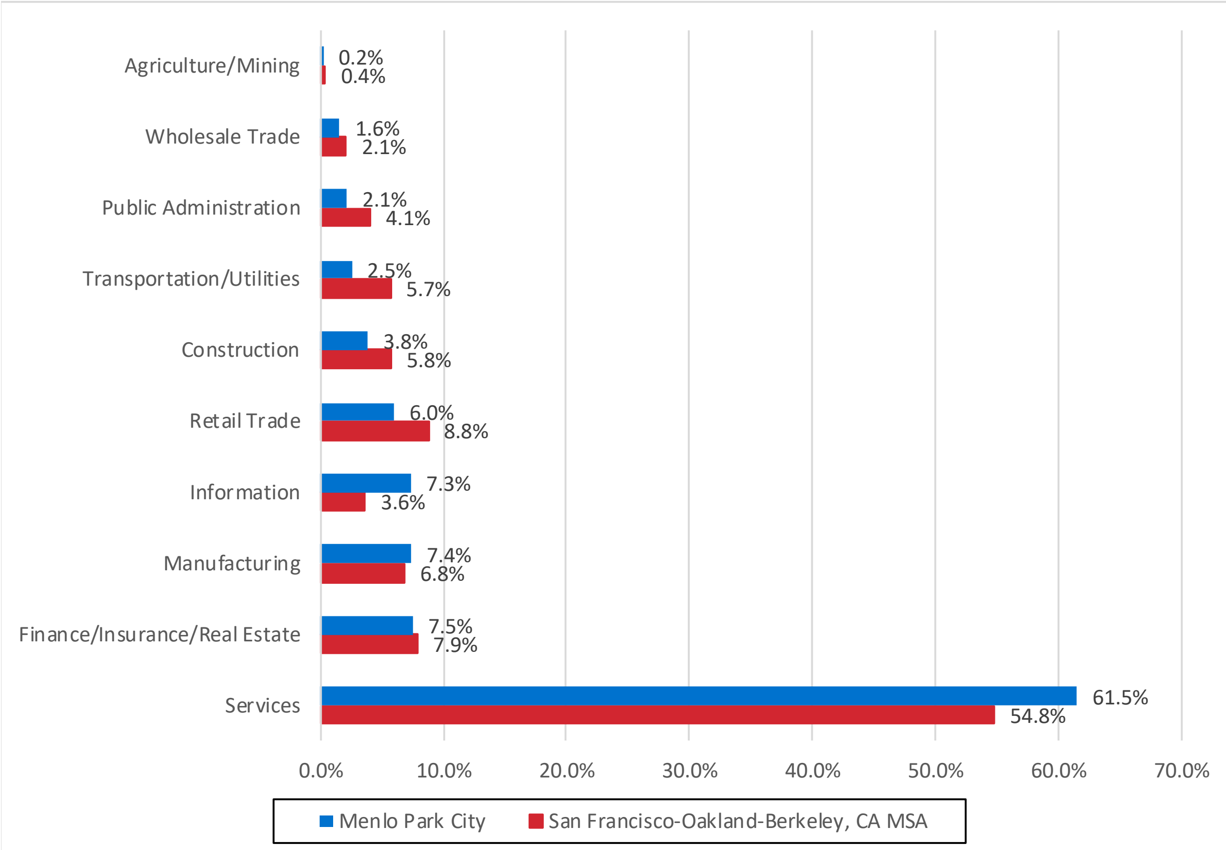
Current Employment by Industry Sector

Industry Sector	94025		Menlo Park City		San Mateo County		San Francisco-Oakland-Berkeley, CA MSA		California	
Agriculture/Mining	57	0.3%	39	0.2%	2,052	0.5%	9,885	0.4%	402,905	2.2%
Construction	1,038	4.6%	689	3.8%	22,692	5.6%	138,300	5.8%	1,236,406	6.8%
Manufacturing	1,706	7.5%	1,323	7.4%	28,371	6.9%	164,545	6.8%	1,567,303	8.7%
Wholesale Trade	351	1.5%	281	1.6%	8,443	2.1%	50,494	2.1%	487,645	2.7%
Retail Trade	1,365	6.0%	1,072	6.0%	36,835	9.0%	210,847	8.8%	1,818,261	10.0%
Transportation/Utilities	578	2.5%	455	2.5%	28,088	6.9%	137,473	5.7%	1,093,654	6.0%
Information	1,552	6.8%	1,315	7.3%	15,983	3.9%	87,751	3.6%	495,228	2.7%
Finance/Insurance/Real Estate	1,667	7.3%	1,342	7.5%	31,908	7.8%	190,040	7.9%	1,155,716	6.4%
Services	13,919	61.2%	11,024	61.5%	218,646	53.5%	1,318,051	54.8%	8,900,763	49.2%
Public Administration	502	2.2%	384	2.1%	15,580	3.8%	97,592	4.1%	937,761	5.2%
Total Employees (16+ Occupation Base)	**22,735**	**100.0%**	**17,923**	**100.0%**	**408,598**	**100.0%**	**2,404,978**	**100.0%**	**18,095,642**	**100.0%**

Source: ESRI; Compiled by NKF

Comparing the industry sectors for the local market area (Menlo Park City) to San Francisco-Oakland-Berkeley, CA MSA indicates the local market area is somewhat more heavily weighted toward the Services, Information, and Manufacturing sectors. By contrast, the industry employment totals for San Francisco-Oakland-Berkeley, CA MSA indicate somewhat higher proportions within the Transportation/Utilities, Retail Trade, Public Administration, Construction, Wholesale Trade, Finance/Insurance/Real Estate, and Agriculture/Mining sectors. The following graphic further illustrates this comparison.

Employment Comparison

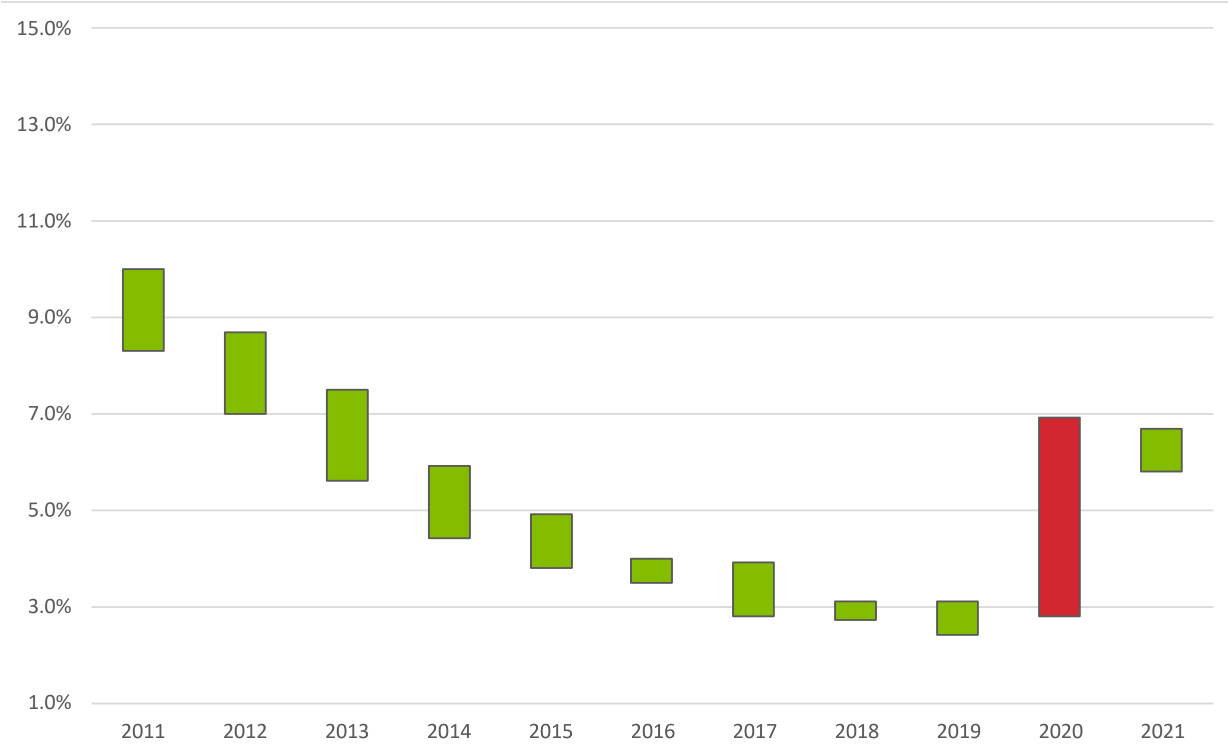


Source: ESRI; Compiled by NKF

Unemployment

The following table displays the historical unemployment data for the area derived from the US Department of Commerce, Bureau of Labor Statistics. The most recent reported unemployment rate for the San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area is 5.8% (April 2021).

Unemployment Rate: San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area



Bars represent beginning to end range of unemployment rates in each year
Red bars denote increasing unemployment from beginning to end of year
Green bars are declining unemployment from beginning to end of year
Compiled by NKF

Major Employers

The following table lists a number of major employers with the San Francisco MSA as reported by Moody's. While not all-encompassing, this list provides further indication of the types of economic sectors that are drivers for the area.

Selected Major Employers: San Francisco Metro		
Rank	**Employer**	**Employees**
1	University of California, San Francisco	34,690
2	Salesforce.com Inc.	9,100
3	Wells Fargo	7,296
4	Kaiser Permanente	6,659
5	United Airlines	6,153
6	Sutter Health	6,134
7	Uber Technologies Inc.	5,500
8	Oracle Corp.	5000-9999
9	Lucile Packard Health Care System	5000-9999
10	Gap Inc.	4,000
11	PG&E Corp.	3,800
12	Gilead Sciences Inc.	1000-4999
13	Facebook Inc.	1000-4999
14	Williams-Sonoma Inc.	1000-4999
15	Visa USA	1000-4999
16	California Pacific Medical Center	1000-4999
17	Genentech Inc.	1000-4999
18	SS&C Advent	1000-4999
19	Ernst & Young LLP	1000-4999
20	San Francisco Marriott	1000-4999

Source: Moody's Analytics Précis® US Metro

Analysis

Further economic analysis from Moody's is detailed as follows:

Tech

Tech weathered the past year relatively well and will remain the economy's driving force. Even as some firms, both large and small, opt to relocate to cheaper locales, workforce quality, abundant venture capital, and an entrepreneurial culture will have lasting appeal. California remains the clear national leader in venture capital funding, both in terms of deals and dollars. San Francisco's high-tech employment barely stumbled last year and has already expanded beyond the old peak. Growth has stalled so far in 2021, but lingering weakness will fade as the broader recovery gains steam and confidence improves. Although high costs are undoubtedly a deterrent to some firms, plenty of others are willing to pay a premium for the advantages of doing business in the Bay Area.

Office Space

Commercial real estate faces headwinds in the aftermath of the pandemic. Stay-at-home orders and working from home have hit demand for office space, and according to CBRE, office vacancy rates are up to 13.3%, more than double the year-ago rate. San Francisco has the highest concentration of office-using employment in the nation, so if working from home remains commonplace after the pandemic, demand for office space could nosedive. Pair this with the years-long trend of firms leaving the Bay Area for cheaper locales and commercial real estate is in for a rough ride. However, all is not lost. In the first quarter, tenant demand in square feet reached its highest level in a year, an improvement, even if it pales in comparison to demand seen in the last business cycle. Diminished demand may prevent some of the overheating seen at the end of the last business cycle. As vaccination rates rise, more firms will return to the office. So far, several leading employers have already announced plans to do just that, including Wells Fargo, Salesforce and Uber.

Services

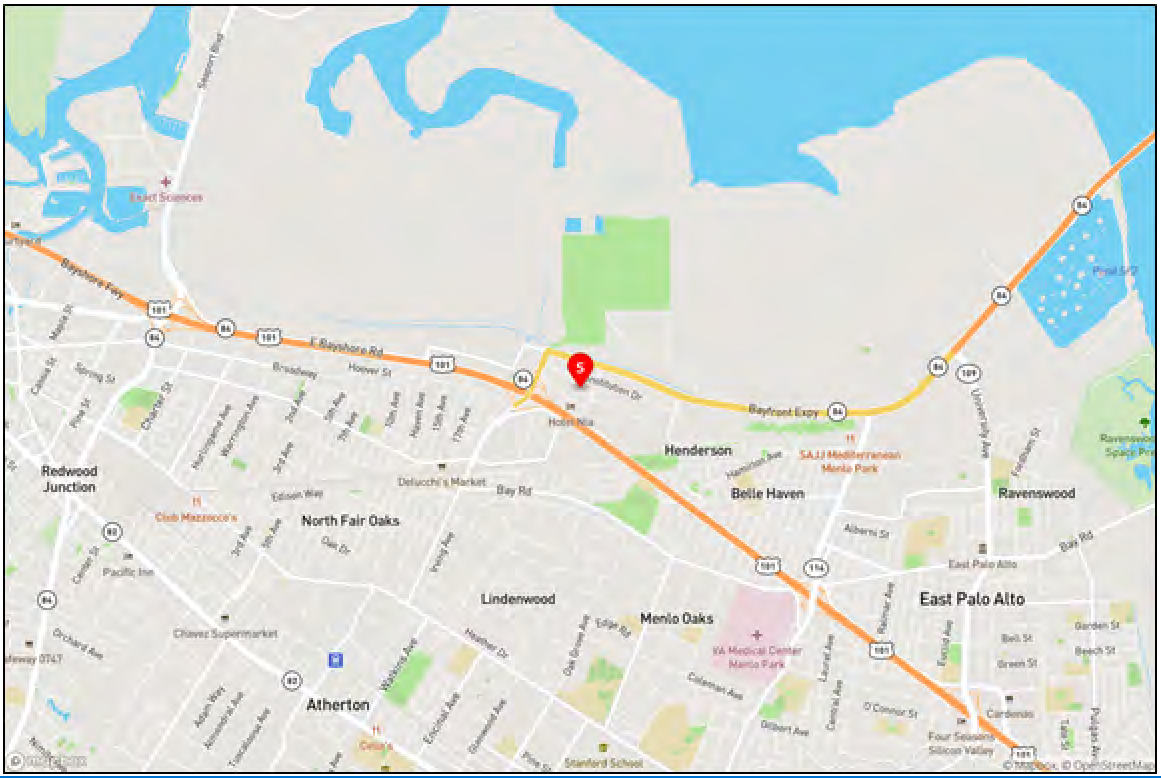
A full recovery of consumer industries will take years. Leisure/hospitality and personal services employment is barely off the mat, whereas nationally, those industries have recouped upwards of 60% of jobs lost. Some businesses will never reopen, and according to the Quarterly Census of Employment and Wages, the rebound in the number of restaurants in San Francisco has yet to begin, in stark contrast with the national recovery. While the broader reopening is underway, there is a lot of ground to recover. Community mobility data from Google show that activity at retail and recreation establishments is still down, more so than the state average and well below the national average. This year will prove better for services, but uncertainty of the timing of herd immunity obscures the outlook.

Conclusion

Positive Attributes	Negative Attributes
Highly educated and skilled workforce. Very high incomes. Expanding cluster of internet and other tech-service companies.	High costs, including housing, office rents and energy. Land constraints and regulations limit construction.

San Francisco MSA's recovery will pick up in the second half of the year. The reopening is barely underway, but once herd immunity is reached, business activity and spending will resume. A legacy of entrepreneurship and tech agglomeration ensures a bright future for San Francisco over the forecast horizon.

Neighborhood Analysis



Area Map

Boundaries

Menlo Park is a city located at the eastern edge of San Mateo County within the San Francisco Bay Area of California in the United States. It is bordered by San Francisco Bay on the north and east; East Palo Alto, Palo Alto, and Stanford to the south; and Atherton, North Fair Oaks, and Redwood City to the west.

Surrounding Area of Influence Trends

Description

The City of Menlo Park is located in San Mateo County, midway between the cities of San Francisco and San Jose. It is an area of comparatively high property values and is a vital part of the region commonly referred to as the Silicon Valley. One of its noteworthy neighbors is Stanford University. Many venture capital firms are located in Menlo Park.

The City maintains a healthy balance of residential, commercial and industrial uses. Residential home prices are still among the highest in the area, reflecting the desirability of living in the community. Home to the headquarters of social networking giant Facebook, other major companies that have facilities in Menlo Park include the Rosewood Hotel, Pacific Biosciences, and SRI International. Menlo Park is also home to a major Veterans Affairs medical facility, and the U.S. Department of Energy-funded SLAC National Accelerator Laboratory.

Nuisances or Hazards

Our observation of the area revealed no evidence of significant nuisances or hazards.

Access

Primary Access

Regional vehicular access to the project site is provided by US Highway 101 (US 101), via the Marsh Road on- and off-ramps located to the west and State Route 84 (SR 84 or the Bayfront Expressway) located to the north. Direct local access is via Independence Drive and Constitution Drive which border the site immediately to the north, west, and south. The Menlo Park and Palo Alto Caltrain stations are located within 3 miles of the site to the south, providing weekday service from San Francisco to Gilroy and weekend service from San Francisco to San Jose.

Transportation

Willow Road and Marsh Road Caltrain shuttle service is available free of charge thanks to efforts by the city, the Peninsula Joint Powers Board, and grant funding. Many commuters use the shuttle service to get to their trains in the morning and evening. The shuttle service also takes commuters through the area's business parks and areas around Highway 101.

SamTrans is the countywide bus system in San Mateo County. Many SamTrans routes connect with Caltrain and/or BART. SamTrans provides service to Downtown San Francisco and San Francisco International Airport as well as connects with VTA at Palo Alto Station.

Distance from Key Locations

Located in the central Peninsula the subject is minutes away from major downtown markets and driving distance to all major transit hubs including the following:

San Francisco Airport (SFO) – 17.5 miles (22-minute drive)

San Jose Airport (SJC) – 18.7 miles (23-minute drive)

The following illustrates the 10-minute drive time from the subject.

Drive Time Map

Demographics

A demographic summary for the defined area is illustrated as follows:

Demographic Analysis	1-Mile Radius	3-Miles Radius	5-Miles Radius	94025	Menlo Park City	San Mateo County	San Francisco-Oakland-Berkeley, CA MSA	California
Population								
2010 Total Population	9,051	107,593	228,021	41,489	32,038	718,451	4,335,391	37,253,956
2021 Total Population	10,003	114,794	238,353	43,844	34,431	741,360	4,641,032	39,476,705
2026 Total Population	10,073	118,240	242,764	44,598	35,192	753,560	4,789,448	40,507,842
Projected Annual Growth %	0.1%	0.6%	0.4%	0.3%	0.4%	0.3%	0.6%	0.5%
Households								
2010 Total Households	2,756	35,645	80,062	15,698	12,352	257,837	1,627,360	12,577,498
2021 Total Households	3,206	38,461	83,779	16,367	13,053	265,976	1,735,591	13,283,432
2026 Total Households	3,236	39,738	85,330	16,630	13,320	270,343	1,790,031	13,615,954
Projected Annual Growth %	0.2%	0.7%	0.4%	0.3%	0.4%	0.3%	0.6%	0.5%
Income								
2021 Median Household Income	$125,130	$109,599	$139,625	$176,845	$176,453	$132,440	$112,557	$80,044
2021 Average Household Income	$192,231	$171,135	$196,507	$231,810	$232,235	$177,991	$158,125	$113,468
2021 Per Capita Income	$62,293	$56,842	$69,241	$86,583	$88,787	$63,900	$59,204	$38,272
Housing								
2021 Owner Occupied Housing Units	50.8%	38.4%	47.8%	53.3%	50.6%	55.8%	51.5%	51.3%
2021 Renter Occupied Housing Units	44.3%	55.1%	46.4%	40.4%	43.5%	38.9%	42.6%	40.8%
2021 Median Home Value	$1,353,635	$1,491,085	$1,784,766	$2,000,001	$2,000,001	$1,260,277	$952,431	$625,650
Median Year Structure Built	1957	1963	1961	1959	1959	1965	1966	1975
Miscellaneous Data Items								
2021 Bachelor's Degree	21.1%	20.8%	25.9%	27.7%	28.9%	30.2%	30.5%	22.3%
2021 Grad/Professional Degree	27.0%	26.4%	34.1%	41.0%	41.9%	23.0%	21.3%	13.4%
2021 College Graduate %	48.1%	47.2%	60.0%	68.6%	70.7%	53.1%	51.8%	35.6%
2021 Average Household Size	3.08	2.91	2.73	2.62	2.60	2.75	2.62	2.91
2021 Median Age	35.9	35.3	36.7	39.5	39.2	41.0	39.8	36.6

Source: ESRI; Compiled by NKF

- The total population within a 3-mile radius of the subject is 116,116, and the average household size is 2.95. Compared to San Mateo County overall, the population within a 3-mile radius is projected to grow at a similar rate.
- The percentage of renter occupied housing units (55.2%) within 3-mile of the subject is greater than compared to San Mateo County, supporting the need for multifamily housing.

Demand Generators

The subject neighborhood is surrounded by Facebook's global headquarters which is expected to grow from 12,000 employees in 2018 to 35,000 employees in 2028 in Menlo Park alone. In a show of strength since COVID 19 Facebook paid all full-time employees an extra bonus and announced plans to hire 10,000 more employees in 2020. Facebook achieved this milestone in only 9 months hiring 11,711 employees and increasing their total headcount from 44,942 in Q4 2019 to 56,653 in Q3 2020. Facebook currently owns or operates approximate 4.1 million square feet of office space in the immediately surrounding the subject property.

Conclusion

- Although the pandemic has caused unemployment levels to rise over the past year, we have a positive future outlook for San Mateo County due to its proximity to some of the largest employment centers in the world that continue to see unprecedented growth from the Technology/Bioscience sectors. Moreover, San Mateo County benefits from being part of the San Francisco MSA, which exhibits both a higher rate of GDP growth and a higher level of GDP per capita than the nation overall. We anticipate that the San Mateo County economy will improve, and employment will continue to grow, strengthening the demand for real estate.

Multifamily Market Analysis

Demographic Analysis

Population and Household Formation

Demographic Growth Rate Analysis

	1-Mile Radius	3-Miles Radius	5-Miles Radius	94025	Menlo Park City	San Mateo County	San Francisco-Oakland-Berkeley, CA MSA	California
Population								
2010 Total Population	9,051	107,593	228,021	41,489	32,038	718,451	4,335,391	37,253,956
2021 Total Population	10,003	114,794	238,353	43,844	34,431	741,360	4,641,032	39,476,705
2026 Total Population	10,073	118,240	242,764	44,598	35,192	753,560	4,789,448	40,507,842
Annual Growth - Past Period	0.9%	0.6%	0.4%	0.5%	0.7%	0.3%	0.6%	0.5%
Annual Growth - Future Period	0.1%	0.6%	0.4%	0.3%	0.4%	0.3%	0.6%	0.5%
Households								
2010 Total Households	2,756	35,645	80,062	15,698	12,352	257,837	1,627,360	12,577,498
2021 Total Households	3,206	38,461	83,779	16,367	13,053	265,976	1,735,591	13,283,432
2026 Total Households	3,236	39,738	85,330	16,630	13,320	270,343	1,790,031	13,615,954
Annual Growth - Past Period	1.4%	0.7%	0.4%	0.4%	0.5%	0.3%	0.6%	0.5%
Annual Growth - Future Period	0.2%	0.7%	0.4%	0.3%	0.4%	0.3%	0.6%	0.5%

Source: ESRI; Compiled by NKF

Income Distributions

Household Income Analysis

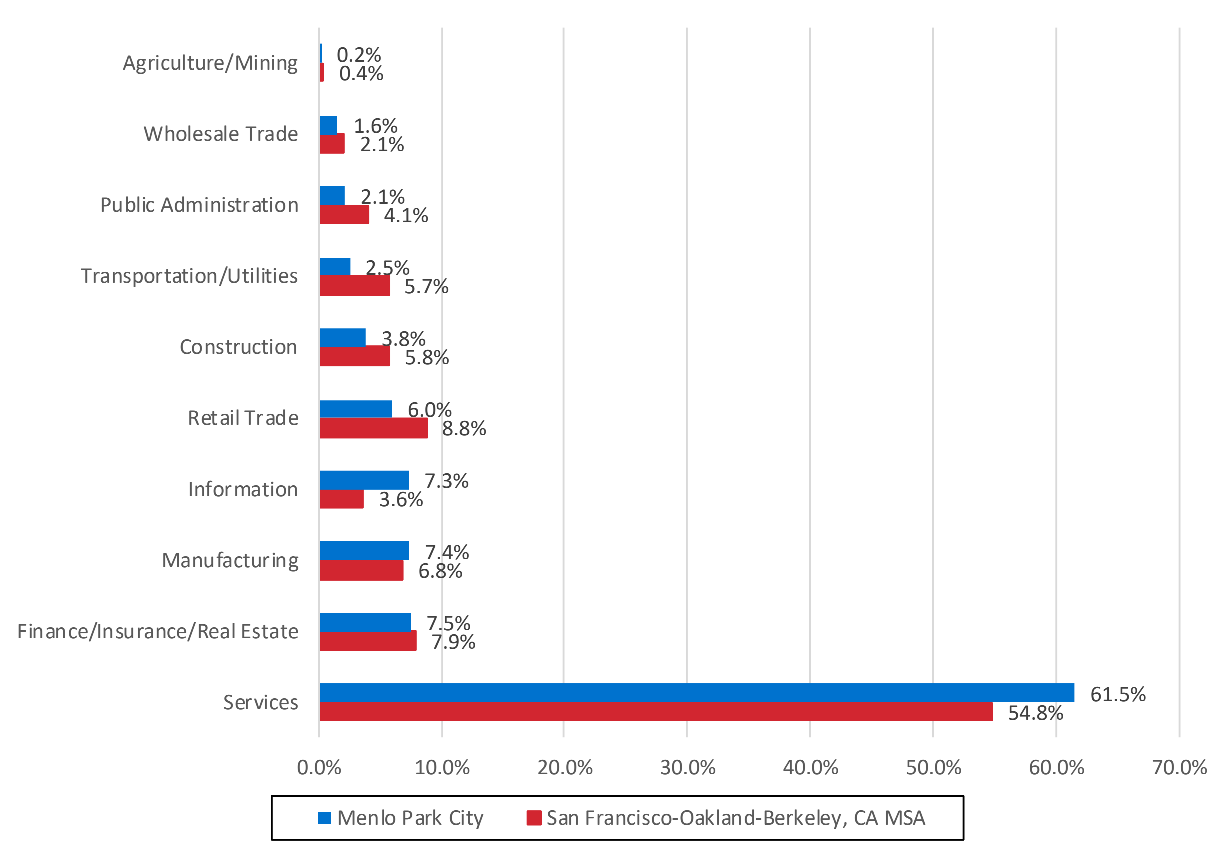
2021	1-Mile Radius		3-Miles Radius		5-Miles Radius		94025		Menlo Park City		San Mateo County		San Francisco-Oakland-Berkeley, CA MSA		California	
Household Income <$15,000	151	4.7%	2,464	6.4%	4,687	5.6%	781	4.8%	645	4.9%	11,386	4.3%	121,592	7.0%	1,099,178	8.3%
Household Income $15,000-$24,999	107	3.3%	2,261	5.9%	3,819	4.6%	660	4.0%	458	3.5%	11,026	4.1%	81,967	4.7%	880,890	6.6%
Household Income $25,000-$34,999	174	5.4%	1,836	4.8%	3,426	4.1%	386	2.4%	284	2.2%	9,664	3.6%	79,117	4.6%	904,722	6.8%
Household Income $35,000-$49,999	222	6.9%	3,406	8.9%	6,010	7.2%	964	5.9%	714	5.5%	17,889	6.7%	121,170	7.0%	1,315,538	9.9%
Household Income $50,000-$74,999	508	15.8%	5,322	13.8%	9,450	11.3%	1,594	9.7%	1,343	10.3%	29,051	10.9%	201,369	11.6%	2,026,222	15.3%
Household Income $75,000-$99,999	185	5.8%	2,655	6.9%	5,854	7.0%	816	5.0%	671	5.1%	22,702	8.5%	170,451	9.8%	1,658,500	12.5%
Household Income $100,000-$149,999	437	13.6%	5,114	13.3%	10,298	12.3%	1,840	11.2%	1,505	11.5%	43,151	16.2%	280,646	16.2%	2,314,442	17.4%
Household Income $150,000-$199,999	291	9.1%	3,945	10.3%	9,133	10.9%	1,904	11.6%	1,531	11.7%	35,775	13.5%	219,929	12.7%	1,263,639	9.5%
Household Income $200,000+	1,131	35.3%	11,460	29.8%	31,103	37.1%	7,422	45.3%	5,904	45.2%	85,332	32.1%	459,329	26.5%	1,820,086	13.7%
Median Household Income	$125,130		$109,599		$139,625		$176,845		$176,453		$132,440		$112,557		$80,044	
Average Household Income	$192,231		$171,135		$196,507		$231,810		$232,235		$177,991		$158,125		$113,468	
Per Capita Income	$62,293		$56,842		$69,241		$86,583		$88,787		$63,900		$59,204		$38,272	

Source: ESRI; Compiled by NKF

Employment

The following graph was presented previously but is also given below given its relevance to Multifamily demand. Comparing the industry sectors for the local market area (Menlo Park City) to San Francisco-Oakland-Berkeley, CA MSA indicates the local market area is somewhat more heavily weighted toward the Services, Information, and Manufacturing sectors. The following graphic further illustrates this comparison.

Employment Comparison



Source: ESRI; Compiled by NKF

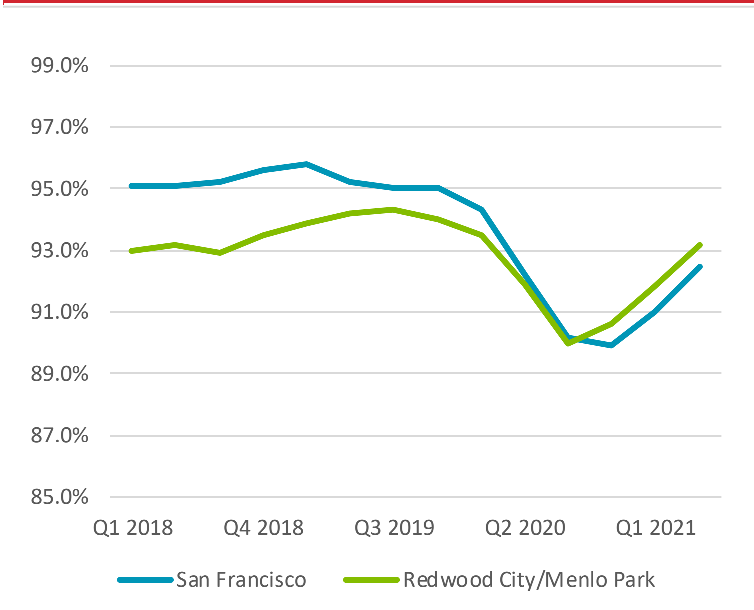
Demographic Analysis Conclusion

- Population growth in the surrounding area has been increasing with income levels increasing. This is due to the proximity to some of the largest employment centers in the world. This has a positive effect on manufacturing and services related real estate demand. This trend is projected to continue into the foreseeable future.

Multifamily Market Overview

The following discussion outlines overall market performance in the surrounding Multifamily market using Costar market metric data. Presented first are market statistics of the San Francisco area and the subject Redwood City/Menlo Park submarket overall. The analysis is then further refined to focus on demand for the subject and the properties considered to be primary competition.

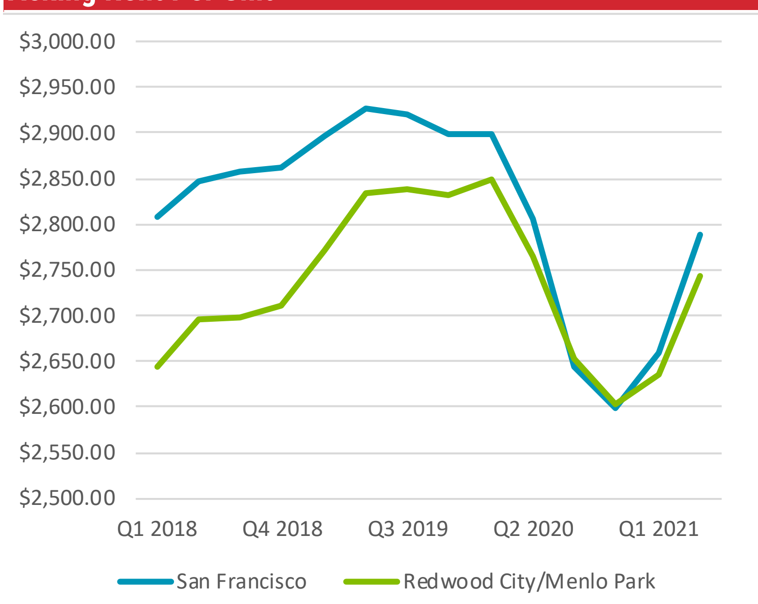
Occupancy Rate



Period	San Francisco	Redwood City/Menlo
Q1 2018	95.1%	93.0%
Q2 2018	95.1%	93.2%
Q3 2018	95.2%	92.9%
Q4 2018	95.6%	93.5%
Q1 2019	95.8%	93.9%
Q2 2019	95.2%	94.2%
Q3 2019	95.0%	94.3%
Q4 2019	95.0%	94.0%
Q1 2020	94.3%	93.5%
Q2 2020	92.2%	91.9%
Q3 2020	90.2%	90.0%
Q4 2020	89.9%	90.6%
Q1 2021	91.0%	91.8%
Q2 2021	92.5%	93.2%

Source: Costar; Compiled by NKF Valuation & Advisory

Asking Rent Per Unit



Period	San Francisco	Redwood City/Menlo
Q1 2018	$2,808	$2,645
Q2 2018	$2,847	$2,696
Q3 2018	$2,857	$2,698
Q4 2018	$2,863	$2,711
Q1 2019	$2,897	$2,771
Q2 2019	$2,927	$2,834
Q3 2019	$2,920	$2,839
Q4 2019	$2,898	$2,833
Q1 2020	$2,898	$2,849
Q2 2020	$2,807	$2,766
Q3 2020	$2,644	$2,653
Q4 2020	$2,598	$2,604
Q1 2021	$2,659	$2,636
Q2 2021	$2,788	$2,744

Source: Costar; Compiled by NKF Valuation & Advisory

Multifamily Market Statistics						
Trailing Four Quarters Ended Q2 2021						
Market / Submarket	Inventory (Unit)	Completions (Unit)	Vacancy (%)	Net Absorption (Unit)	Asking Rent Per Unit	Effective Rent Per Unit
San Francisco	232,235	2,682	7.50%	3,023	$2,788	$2,750
Redwood City/Menlo Park	20,042	67	6.80%	315	$2,744	$2,716

Source: Costar; Compiled by NKF Valuation & Advisory

Market and Submarket Trends

Multifamily Market Trends	San Francisco				Redwood City/Menlo Park			
	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit	Inventory (Unit)	Completions (Unit)	Vacancy %	Asking Rent Per Unit
Q2 2019	227,040	1,507	4.8%	$2,927	19,799	0	5.8%	$2,834
Q3 2019	227,804	763	5.0%	$2,920	19,800	0	5.7%	$2,839
Q4 2019	227,922	121	5.0%	$2,898	19,800	0	6.0%	$2,833
Q1 2020	228,594	672	5.7%	$2,898	19,975	175	6.5%	$2,849
Q2 2020	229,553	959	7.8%	$2,807	19,975	0	8.1%	$2,766
Q3 2020	230,509	956	9.8%	$2,644	19,975	0	10.0%	$2,653
Q4 2020	231,475	966	10.1%	$2,598	20,042	67	9.4%	$2,604
Q1 2021	231,569	94	9.0%	$2,659	20,042	0	8.2%	$2,636
Q2 2021	232,235	666	7.5%	$2,788	20,042	0	6.8%	$2,744

** Forecast*

Source: Costar; Compiled by NKF Valuation & Advisory

- While employment opportunities are abundant in the submarket, the current economic downturn, increased remote working trends, and job losses have cut into demand. The data showed sharp increases in the submarket vacancy rate to 10.0% in 3Q 2020. With more freedom to look further afield to meet housing needs, residents in Menlo Park may be taking the short-term opportunity to find more affordability, as social distancing has left offices mostly empty since March 2020. The market has since recovered.
- Rent growth was strong into 2017 and 2018, with rent growth of over 3% each year, respectively. Furthermore, while the metro as a whole experienced a slowdown in rent growth in 2019, rent growth in Redwood City/Menlo Park still managed a 4% rise. However, even landlords in the hot submarket succumbed to the reality of an economic recession and an outflow of rental demand during the pandemic. Rents appear to have found a bottoming at the close of 2020 and are on an upward trajectory in 2021, which is picking up pace as the year progresses.

Long Term Redwood City/Menlo Park Submarket Metrics

The following provides a longer-term view of the market.

Redwood City/Menlo Park Submarket Metrics						
Period	Inventory (Units)	Vacancy %	Net Absorption (Units)	Completions (Units)	Asking Rent Per Unit	Effective Rent Per Unit
Q4 2018	19,707	6.5%	107	0	$2,711	$2,666
Q1 2019	19,799	6.1%	167	92	$2,771	$2,731
Q2 2019	19,799	5.8%	61	0	$2,834	$2,809
Q3 2019	19,800	5.7%	20	0	$2,839	$2,822
Q4 2019	19,800	6.0%	-53	0	$2,833	$2,819
Q1 2020	19,975	6.5%	-93	175	$2,849	$2,834
Q2 2020	19,975	8.1%	-324	0	$2,766	$2,725
Q3 2020	19,975	10.0%	-372	0	$2,653	$2,586
Q4 2020	20,042	9.4%	187	67	$2,604	$2,533
Q1 2021	20,042	8.2%	239	0	$2,636	$2,597
Q2 2021	20,042	6.8%	261	0	$2,744	$2,716
Y 2001	15,970	3.5%	-80	129	$2,137	$2,124
Y 2002	16,180	5.4%	-95	210	$1,895	$1,883
Y 2003	16,133	5.4%	-52	0	$1,724	$1,712
Y 2004	16,169	4.7%	145	36	$1,700	$1,690
Y 2005	16,172	3.0%	281	3	$1,755	$1,745
Y 2006	16,249	3.1%	58	77	$1,934	$1,923
Y 2007	16,307	3.4%	8	58	$2,056	$2,044
Y 2008	16,310	3.8%	-59	3	$2,167	$2,152
Y 2009	16,322	4.9%	-168	12	$1,983	$1,968
Y 2010	16,333	6.6%	-267	42	$2,040	$2,022
Y 2011	16,333	4.1%	410	0	$2,079	$2,067
Y 2012	16,363	4.4%	-27	30	$2,167	$2,155
Y 2013	16,363	4.6%	-26	0	$2,264	$2,251
Y 2014	16,611	4.0%	328	248	$2,351	$2,339
Y 2015	17,363	5.4%	351	775	$2,474	$2,451
Y 2016	18,155	4.6%	891	792	$2,562	$2,518
Y 2017	19,423	7.9%	583	1,268	$2,607	$2,541
Y 2018	19,707	6.5%	523	284	$2,711	$2,666
Y 2019	19,800	6.0%	195	92	$2,833	$2,819
Y 2020	20,042	9.4%	-602	242	$2,604	$2,533
5 Year Average	19,425	6.9%	318	536	$2,663	$2,615
10 Year Average	18,016	5.8%	214	343	$2,427	$2,397
15 Year Average	17,445	5.2%	147	262	$2,322	$2,297

Source: Costar; Compiled by NKF Valuation & Advisory

Supply & Demand

Supply Additions

- Two high-end apartment projects have been developed next to the Menlo Gateway office development, which was leased to Facebook and will effectively function as a western expansion of their headquarter campus. According to news outlets, Facebook was involved in the financing and planning of one of the highly amenitized apartment projects. The 394-unit Anton Menlo, and 146-unit Elan Menlo Park Luxury Apartments, both 5-Star mid-rise apartments were developed on Haven Ave. in 2017 and leased-up briskly at premium rental rates.

- While several housing projects have been developed around Facebook's campus on the Bayfront, the majority of recent multifamily development in the submarket has been clustered in Downtown Redwood City. With a 15-minute walk of Redwood City's Downtown Caltrain Station, a total of 11 housing projects have been developed over the past 10 years, adding 2,400 units to the city, most of which are market-rate. Greystar's 350-unit complex at 1409 El Camino Real, Highwater, is currently underway, continuing the trend.

- There are four substantial projects under construction currently, two in Redwood City and two in Menlo Park, which will add an additional 870 units to the submarkets total inventory stock, which represents a lofty 5.7% addition to its existing inventory. Following historical precedence, all of the development projects in Redwood City/Menlo Park are either mid-rise or low-rise properties. This trend reflects city-imposed zoning restrictions, which in Redwood City, for example, limits high-density multifamily and mixed-use development to a few corridors in the city's downtown core, and limits building heights to a maximum of 12 floors / 136 feet.

Demand Generators

- An influx of tech workers and a revitalized downtown boosted organic demand for housing in Redwood City/Menlo Park during the 2010s expansion cycle. Google acquired a large portion of the Pacific Shores Center back in 2014, and Facebook's ongoing expansion in their hometown headquarters has bolstered apartment demand in the area. Considering the social media giant's outsized impact on nearby housing, Facebook is planning to build around 1,500 rental apartments themselves, near their Willow Village campus expansion.

- Mega tech firms have maintained their long-term growth plans in the area, but apartment demand evaporated during the coronavirus pandemic downturn. Newer properties that stabilized quickly in the expansion have suffered substantial occupancy losses. Facebook is providing a significant percentage of its local employee's the option to relocate and work remotely as a result of the coronavirus outbreak, and presumably, some have done so on a permanent basis, while others are now returning as the pandemic subsides. Due to the pandemic renter outflow, vacancy increased from below 7% in 2019 to a peak of 11.2% last year. Demand has returned to a moderately positive trajectory in 2021 though, with vacancy in the submarket hedging back to 6.8% today.

- As new developments came online to meet demand from Facebook employees over the past decade, owners had little trouble leasing apartment units to young, well-paid tech workers. Vacancy jumped in 2017 due to the simultaneous completion of over 1,300 units in the first half of the year, but the projects leased quickly, and vacancy receded into 2019. Young workers, who have a high propensity to rent, may continue to flock to the area over the long term as Facebook expands.

Construction Versus Absorption

Construction/Absorption Change

Market / Submarket	Prior Calendar Years History								
	Prior Calendar Year History			Prior Three Year History			Prior Five Year History		
	Units Built	Units Absorbed	Const. / Abs. Ratio	Units Built	Units Absorbed	Const. / Abs. Ratio	Units Built	Units Absorbed	Const. / Abs. Ratio
San Francisco	3,553	-8,565	-0.4	9,218	-4,141	-2.2	17,722	2,820	6.3
Redwood City/Menlo Park	242	-602	-0.4	618	116	5.3	2,678	1,590	1.7

Source: Costar; Compiled by NKF Valuation & Advisory

Trends and Projections

Subject and Market Historical and Forecast Trends

Market Vacancy Rate Indicators

	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
San Francisco	7.50%	10.10%	4.40%	4.50%	4.20%
Redwood City/Menlo Park	6.80%	9.40%	6.50%	4.60%	4.10%

Source: Costar, NKF Valuation & Advisory

Conclusion

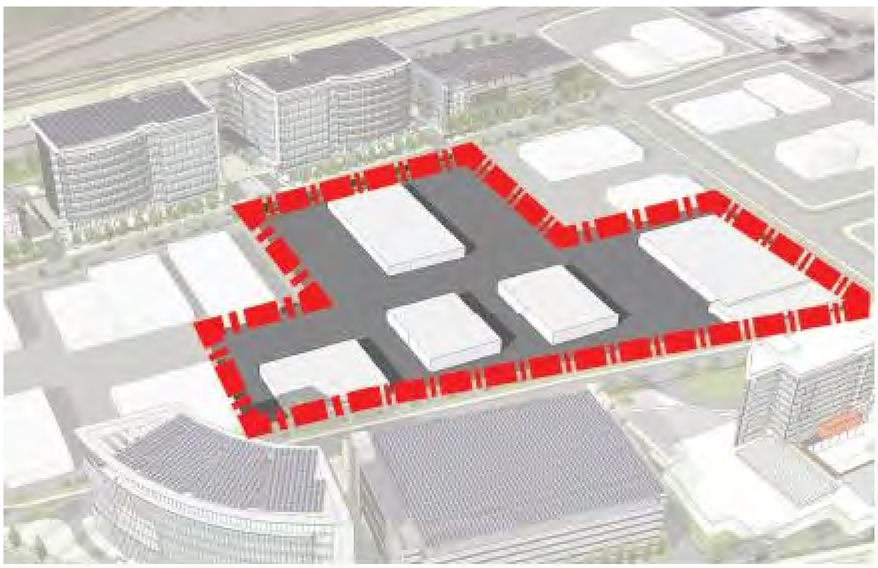
Occupancy Conclusions

Costar	
San Francisco	92.50%
Redwood City/Menlo Park	93.20%

Source: Costar, NKF Valuation & Advisory

- Redwood City/Menlo Park is already home to a plethora of noteworthy tech firms, with Google joining the fray in 2016. Facebook's continual expansion and development in the area has fueled demand for nearby housing and catalyzed an effort to enhance public transit options. In 2014, 2016, and 2018, Google and Facebook ran pilots for ferries out of Redwood City for employees, and the city initiated a study in 2019 to see if running a ferry service to the port would be feasible. Demand for a wealth of new high-end apartments developed in the 2010s expansion cycle was adequate, but occupancy levels deteriorated significantly in response to the coronavirus pandemic. The submarket and market are rebounding now, but it may take some time to regain pre-COVID occupancy and rental rates.
- The economic recession temporarily slowed digital ad sales and in turn, the pace of hiring at Facebook and Google. More consequentially, local tech workers left the area amid the pandemic, provided the opportunity to work remotely on a temporary and sometimes permanent basis, to live in cheaper destinations.
- However, with billions of dollars on hand and dominant market share positions, the world's largest tech giants have navigated the pandemic extremely well with revenues eventually soaring to new highs. Nevertheless, housing demand in Redwood City/Menlo Park has not been immune to the coronavirus recession's job losses and the work from home movement. Landlords responded to the recent reversal in demand trends by lowering asking rents and increasing concessions, with the downturn finally abating as 2020 came to a close, and rents rebounding in 2021.

Land and Site Analysis



Site Plan


M-2
R-4-S(AHO)
H
O-B
HAVEN
R-MU
O-B
Site
M-3-X
PF
R-MU
CONSTITUTION DR
R-MU
JEFFERSON DR
H
H
M-3-X
PF
O-B
O-B
O
O
O
MARSH RD
LORELEI MANOR
SUBURBAN PARK
101
N
ZONING
O Office/ O-B (-B= Bonus Available)
H Optional Hotel
M-2 Light Industrial/M-3-X Business Park
PF Public Facilities
R-4-S(AHO) High Density Residential, Special/ R-MU Residential Mixed Use

Site Plan

Land Description	
Total Land Area	8.1500 Acres; 355,014 SF
Usable Land Area	8.1500 Acres; 355,014 SF
Excess Land Area	None
Surplus Land Area	None
Source of Land Area	Plans
Site Characteristics	
Traffic Flow	Moderate
Accessibility Rating	Above Average
Visibility Rating	Average
Shape	Rectangular
Corner	Yes
Rail Access	No
Topography	Level
Site Vegetation	Typical
Other Site Characteristics	None Noted
Easements / Encroachments	None Noted
Environmental Hazards	None Noted
Flood Zone Analysis	
Flood Area Panel Number	06081C0306F
Date	4/5/2019
Zone	Zone AE
Description	Special Flood Hazard Area where base flood elevations are provided.
Insurance Required?	No
Utilities	
Utility Services	Cable TV, Electricity, Gas, Sewer, Water

Compiled by NKF

Easements, Encroachments and Restrictions

We were not provided a current title report to review. Further, we are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Environmental Issues

No environmental issues were observed or reported. NKF is not qualified to detect the existence of potentially hazardous issues such as soil contaminants, the presence of abandoned underground tanks, or other below-ground sources of potential site contamination. The existence of such substances may affect the value of the property. For this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

Zoning and Legal Restrictions

Zoning Summary	
Category	**Description**
Zoning Jurisdiction	City of Menlo Park
Zoning Designation	R-MU-B
Description	Residential Mixed-Use Bonus
Legally Conforming?	Yes
Zoning Change Likely?	Unlikely
Permitted Uses	Permitted uses in the residential mixed use district include the following: Multiple dwellings, Administrative and professional offices, Banks and other financial institutions, Retail sales establishments, Eating establishments, Personal services, Recreational facilities privately operated & Community education/training center that provides free or lowcost educational and vocational programs to help prepare local youth and adults for entry into college and/or the local job market.
Minimum Lot Area	25,000 SF
Maximum Density (units per acre)	30 (base) 100 (bonus)
Allowable Building Units	245 (base) 432 (proposed)
Maximum Floor Area Ratio (proposed)	1.34
Allowable Building Area (square feet)	476,986
Front	0 feet
Side	10 feet
Rear	10 feet
Building Height Restrictions	70 feet
Parking Requirement	Residential units require a minimum of 1 space per unit (per unit or 1,000 SF) and a maximum space of 1.5 per unit (per unit or 1,000 SF)
Other	None noted

Compiled by NKF

We are not experts in the interpretation of zoning ordinances. A qualified land use/zoning expert should be engaged if there are any zoning concerns or if a determination of compliance with zoning is required.

Highest and Best Use

As Vacant

Legally Permissible

The site is zoned R-MU-B which allows for permitted uses in the residential mixed use district include the following: multiple dwellings, administrative and professional offices, banks and other financial institutions, retail sales establishments, eating establishments, personal services, recreational facilities privately operated & community education/training center that provides free or lowcost educational and vocational programs to help prepare local youth and adults for entry into college and/or the local job market.. Based on available data and analysis, no other legal restrictions such as easements or deed covenants are present which would impair the utility of the site. Given that surrounding properties have similar zoning and the future land use plan is focused on similar uses as well, it is unlikely that there would be a change of zoning classification. Further information and analysis about the legal restrictions to the subject property is included in the Site Analysis and Zoning and Legal Restrictions sections of this report.

Physically Possible

The subject site contains 355,014 square feet (8.150 acres), has favorable topography, adequate access, and all necessary utilities to support the range of legally permissible uses. No significant physical limitations were noted. The size of the site is typical for the categories of uses allowed under zoning. In total, the site is physically capable of supporting the legally permissible uses.

Financially Feasible

Of the legally permissible and physically possible uses, research and development uses appear most probable based on observation of surrounding properties as well as the location.

Given the underlying market conditions and activity, it appears that a multifamily development would have a sufficient degree of feasibility.

Maximally Productive

The test of maximum productivity is to determine the actual use of the property that results in the highest land value and/or the highest return to the land. It is important to consider the risk of potential uses as a use that may generate the highest returns in cash could also be the riskiest and thus not as likely for a developer to consider. In this case, the maximally productive use is a multifamily development. The associated risk is typical and market conditions appear to be supportive.

Highest and Best Use Conclusion – As Vacant

The highest and best use of the subject as though vacant is the development of a multifamily use.

Most Probable Buyer

The most likely buyer would be a developer.

As Improved

The subject site is improved with older industrial buildings. We are not giving consideration to the improvements per the appraisal instructions.

Appraisal Methodology

Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the property units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

Income Capitalization Approach

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Application of Approaches to Value

Approach	Comments
Cost Approach	The Cost Approach is not applicable and is not utilized in this appraisal.
Sales Comparison Approach	The Sales Comparison Approach is applicable and is utilized in this appraisal.
Income Capitalization Approach	The Income Capitalization Approach is not applicable and is not utilized in this appraisal.

Compiled by NKF

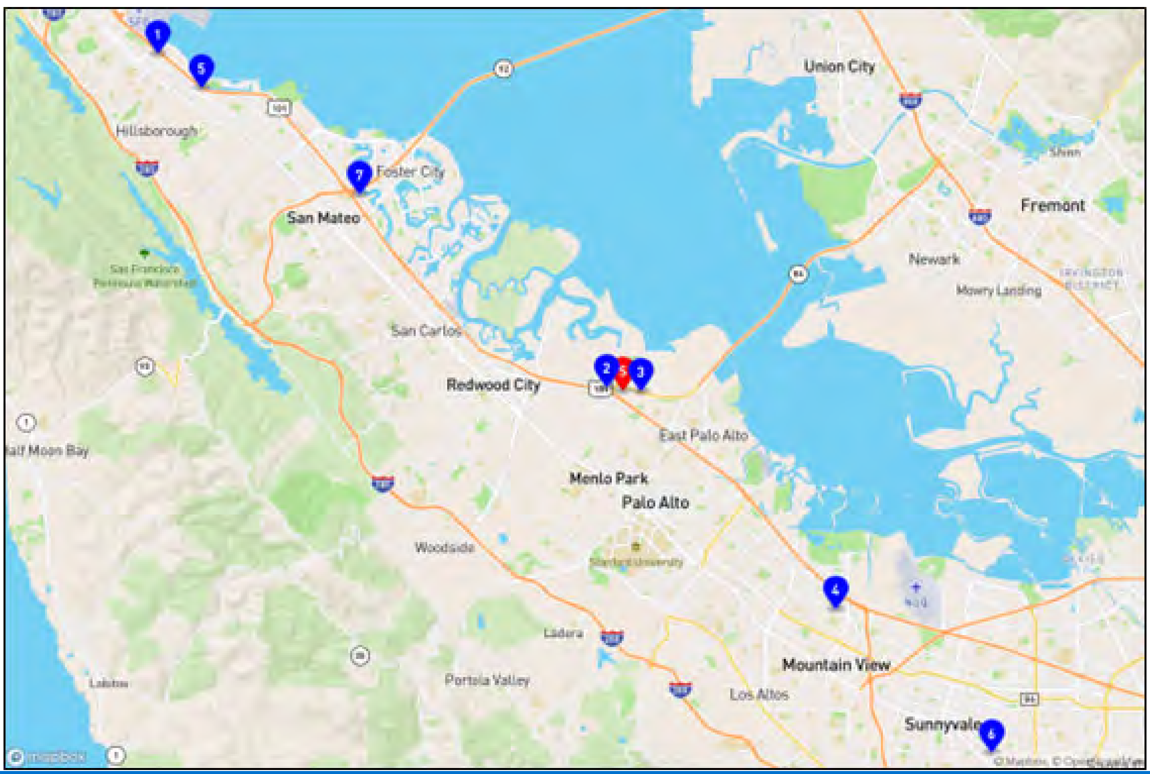
The subject property is a development site. In the absence of ground leases, subdivision, or other income sources, the sales comparison approach is viewed as most applicable in the valuation of land parcels. It is also the only approach allowed under the Menlo Park Appraisal Instructions. Therefore, the sales comparison approach is the sole approach to value utilized in this appraisal. The exclusion of the other two approaches does not impact the reliability of the appraisal.

Sales Comparison Approach

Land value can be developed from a number of different methodologies. In this case, we have employed the sales comparison as sufficient comparable data exists from which to derive a reliable indication of value. Sales comparison includes the following steps.

- Research and verify information on properties in the market that are similar to the subject and that have recently sold, are listed for sale, or are under contract.
- Select the most relevant units of comparison in the market and develop a comparative analysis.
- Examine and quantify via adjustments differences between the comparable sales and the subject property using all appropriate elements of comparison.
- Reconcile the various value indications to a value indication.

Based on a review of market activity, the appropriate unit of comparison is price per far.



Land Comparables Map

Comparable Land Sales Summary

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Address	123 Independence Drive	1 & 45 Adrian Court	110 Constitution Drive	141 Jefferson Drive	1555 West Middlefield	1095 Rollins Road	925 South Wolfe Road	1-3 Waters Park Drive
City, State	Menlo Park, CA	Burlingame, CA	Menlo Park, CA	Menlo Park, CA	Mountain View, CA	Burlingame, CA	Sunnyvale, CA	San Mateo, CA
Proposed Use	Multifamily	MF Residential	MF Residential	MF Residential	MF Residential	MF Residential	MF Residential	MF Residential
Gross Land SF	355,014 SF	123,275 SF	84,942 SF	210,395 SF	236,972 SF	46,827 SF	232,610 SF	484,638 SF
Useable Acres	8.15 Acres	2.83 Acres	1.95 Acres	4.83 Acres	5.44 Acres	1.08 Acres	5.34 Acres	11.13 Acres
Useable Land SF	355,014 SF	123,275 SF	84,942 SF	210,395 SF	236,972 SF	46,827 SF	232,610 SF	484,638 SF
Allowable Bldg Units	245 (base) 432 (proposed)	265	335	483	115	150	128	190
Allowable Bldg Area (Base Level)	319,513 SF	223,128 SF	326,816 SF	469,046 SF	246,451 SF	193,864 SF	223,306 SF	436,174 SF
FAR	0.90	1.81	3.85	2.23	1.04	4.14	0.96	0.90
Approvals	Approved	Approved	Not Approved	Nearing Approvals	Approved	Approved	Approved	Approved
BMR Requirements	15%	14%	15%	15%	0%	10%	16%	10%
Zoning	R-MU-B	North Rollins Mixed-Use	R-MU-B	R-MU-B	R3-2 Multiple Family	R-4 - High Density	R3	R3
Transaction Type		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Buyer		Carmel	GS MP Portal Owner LLC	Greystar	Summer Hill Housing	Prometheus	Landsea	Pulte
Seller		Summerhill	Coyne Patrick Living Trust & Studio RED	Ragno & Assoc, B Battagin & InfoIMAGE, Inc.	Calson Properties Inc.	Hanover	Summerhill	Strada
Interest Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Date		Sep-21	Jan-21	Dec-20	Dec-20	Nov-20	Nov-20	Jun-20
Price		$33,112,500	$29,700,000	$75,100,000	$81,000,000	$18,750,000	$68,500,000	$106,000,000
Adj. Sale Price		$33,112,500	$38,250,000	$84,000,000	$81,000,000	$18,750,000	$68,500,000	$106,000,000
Price per Gross Land Acre		$11,700,511	$19,615,385	$17,391,304	$14,889,354	$17,441,860	$12,827,737	$9,527,441
Price Per Gross Land SF		$268.61	$450.31	$399.25	$341.81	$400.41	$294.48	$218.72
Price per Usable Land Acre		$11,700,511	$19,615,385	$17,391,304	$14,889,354	$17,441,860	$12,827,737	$9,527,441
Price Per Usable Land SF		$268.61	$450.31	$399.25	$341.81	$400.41	$294.48	$218.72
Price per Unit		$124,953	$114,179	$173,913	$704,348	$125,000	$535,156	$557,895
Price per FAR		$148.40	$117.04	$179.09	$328.67	$96.72	$306.75	$243.02

Compiled by NKF

Analysis of Land Comparables

The following paragraphs analyze the most relevant comparable data against the subject property.

Comparable One

Sale Comparable One represents the September 2021 sale of 2.830 acres of land located at 1 & 45 Adrian Court, Burlingame, California. The subject site has 2.83 acres of land zoned for mixed-use development. Carmel purchased the property from Summerhill for a total consideration of $33,112,500 (approximately $125,000/ unit) in September of 2021. The City of Burlingame approved the application in September 2019 for construction of a new seven-story, 265-unit mixed-use development at 1 and 45 Adrian Court, within the North Rollins Road Mixed Use area. The project consists of two parcels that currently include two commercial buildings, surface parking, and landscaping. The project entails the demolition of these features and the merging of the two parcels to create a 2.83-acre site for a seven-story, 265-unit mixed use development. Approximately 14.3 percent of the residential units (38 units) would be designated for low income households. The project would include 3,701 square feet of commercial/office space on the ground floor and a publicly accessible private park. Parking would be provided in an at-grade garage, containing two levels of parking for a total of 314 parking spaces.

No transaction adjustments were warranted.

An upward adjustment was applied for location due to its inferior location in Burlingame with historically lower rental rates and sale prices. An upward adjustment was applied for density (far) due to a higher density planned development with higher construction costs plus longer development and absorption times. Combining transaction and physical adjustments, overall net upward adjustment is indicated resulting in a price per FAR indication of $207.76.

Comparable Two

Sale Comparable Two represents the January 2021 sale of 1.950 acres of land located at 110 Constitution Drive, Menlo Park, California. This is a sale of land proposed for redevelopment with a multifamily use containing a total of 335 units, of which 48 (15%) will be comprised of affordable housing units. The total site area is 1.95 acres or 84,942 square feet, spanning across 2 neighboring parcels. Menlo Portal Apartments is located at 110 Constitution Drive & 115 Independence Drive in Menlo Park, two miles from the Facebook campus. Nearby major employers include Evernote, Google and Stanford University. The property is located about 3 miles from the Menlo Park downtown, 0.1 miles from access to U.S. Route 101 and just over 3 miles from the Menlo Park Caltrain station. Entitlements for Menlo Portal have been in process since 2017 and were anticipated to be fully approved by mid-year 2021. The leases at the existing industrial buildings have been extended on a month-to-month basis while the developer secures permits. The multifamily parcels were part of an assemblage purchase comprised of three parcels - (104 Constitution Drive: $16,500,000; 110 Constitution Drive: $16,000,000; 115 Independence Drive: $13,700,000). 104 Constitution Drive is part of the larger Menlo Portal development and will be redeveloped with an office building. Buyer paid a $8,550,000 Community Amenities Fee to attain bonus density.

No transaction adjustments were warranted.

An upward adjustment was applied for density (far) due to a much higher density planned development with higher construction costs plus longer development and absorption times. . An upward adjustment was applied for approvals due to the buyer spending approximately $6 million on design and other costs prior to closing. Combining transaction and physical adjustments, overall net upward adjustment is indicated resulting in a price per FAR indication of $210.67.

Comparable Three

Sale Comparable Three represents the December 2020 sale of 4.830 acres of land located at 141 Jefferson Drive, Menlo Park, California. The subject site has 4.83 acres of land zoned R-MU-B. Greystar purchased the land from Ragno & Assoc, B Battagin & InfoIMAGE, Inc. for a total consideration of $75,100,000. This was an assemblage of three parcels that will be part of the proposed Menlo Uptown project. The proposal is to demolish three existing office and industrial buildings and redevelop the three-parcel site with 483 multi-family dwelling units, comprised of 441 rental units split between two seven-story apartment buildings and approximately 2,940 square feet of office uses located on the ground floor of one of the proposed buildings, and 42 for-sale townhome-style condominium units, located in the R-MU-B (Residential Mixed Use, Bonus) zoning district. 73 units (15%) will be designated as affordable units. The buyer paid an $8,900,000 Community Amenities Fee in order to obtain bonus density.

No transaction adjustments were warranted.

An upward adjustment was applied for density (far) due to a higher density planned development with higher construction costs plus longer development and absorption times. . An upward adjustment was applied for approvals due to the project not being fully approved at the time of sale. Combining transaction and physical adjustments, overall net upward adjustment is indicated resulting in a price per FAR indication of $259.68.

Comparable Four

Sale Comparable Four represents the December 2020 sale of 5.440 acres of land located at 1555 West Middlefield Road, Mountain View, California. The project site is located on the west side of W. Middlefield Road, between Burgoyne Street and San Pierre Way, on a 5.44-acre site. The project would demolish the existing apartment buildings/structures and construct 20 rowhouse buildings with 115 for-sale residential units with vehicle access via two full-access driveways on San Ramon Avenue. This area contains a mix of multi-family, single-family residential and office and Crittenden Middle School across W. Middlefield Road. The site currently contains 13 two-story apartment buildings with 116 existing apartment units. The proposed project is a three-story, 115 rowhouse development, in 20 separate buildings. The project proposes three and four bedroom units, with an average living area of 1,659 square feet. Materials include stucco, tile roofs, metal railings, balconies in a “Spanish California” style. The site was fully entitled at the time of sale.

No transaction adjustments were warranted.

A downward adjustment was applied for affordable requirement due to the absence of required affordable units. Combining transaction and physical adjustments, overall net downward adjustment is indicated resulting in a price per FAR indication of $279.37.

Comparable Five

Sale Comparable Five represents the November 2020 sale of 1.075 acres of land located at 1095 Rollins Road, Burlingame, California. Prometheus Real Estate Group acquired this fully entitled multifamily development site located at 1095 Rollins Rd., in Burlingame, CA from Hanover Company for $18.75 million or about $400 psf. The City of Burlingame has approved an application for the construction that includes merging two parcels to create a 46,827 square foot site, demolishing the existing structures and constructing a new 6-story, 150-unit apartment building. The project would include a subterranean garage containing surface, tandem and stacked parking for 195 off-street parking spaces, with approximately 175 of the spaces provided in stackers. The units would include studio, one-bedroom, two-bedroom and three-bedroom units, with 10% (15 units) designated affordable for moderate income households, and therefore the project includes a request to use the State Density Bonus, including waivers and incentives.

No transaction adjustments were warranted.

An upward adjustment was applied for location due to its inferior location in Burlingame with historically lower rental rates and sale prices. An upward adjustment was applied for density (far) due to a higher density planned development with higher construction costs plus longer development and absorption times. A downward adjustment was applied for affordable requirement due to a lower affordable requirement. Combining transaction and physical adjustments, overall net upward adjustment is indicated resulting in a price per FAR indication of $159.59.

Comparable Six

This comparable was purchased to construct 123 townhomes. This property was sold with full development approvals. The price per FAR was $306.75. This property is similar to the subject in location and density at the base level. There will be 16% below market rate units at this development.

Comparable Seven

This comparable was purchased to construct 190 total residential units with 28 detached single family homes. This property was sold with full development approvals. The price per FAR was $243.02. This comparable is adjusted upward for its inferior location in San Mateo. A downward adjustment is applied to reflect the lower (10%) affordable requirement. The adjusted price per FAR is $255.17.

Comparable Land Sales Adjustment Grid - Base Level Density								
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Address	123 Independence Drive	1 & 45 Adrian Court	110 Constitution Drive	141 Jefferson Drive	1555 West Middlefield	1095 Rollins Road	925 South Wolfe Road	1-3 Waters Park Drive
City, State	Menlo Park, CA	Burlingame, CA	Menlo Park, CA	Menlo Park, CA	Mountain View, CA	Burlingame, CA	Sunnyvale, CA	San Mateo, CA
Gross Land SF	355,014 SF	123,275 SF	84,942 SF	210,395 SF	236,972 SF	46,827 SF	232,610 SF	484,638 SF
Usable Land Area (Acres)	8.15 Acres	2.83 Acres	1.95 Acres	4.83 Acres	5.44 Acres	1.08 Acres	5.34 Acres	11.13 Acres
Usable Land Area (SF)	355,014 SF	123,275 SF	84,942 SF	210,395 SF	236,972 SF	46,827 SF	232,610 SF	484,638 SF
Units	245 (base) 432 (proposed)	265	335	483	115	150	128	190
Allowable Bldg Area	319,513	223,128	326,816	469,046	246,451	193,864	223,306	436,174
FAR	0.90	1.81	3.85	2.23	1.04	4.14	0.96	0.90
Transaction Date	--	Sep-21	Jan-21	Dec-20	Dec-20	Nov-20	Nov-20	Jun-20
Price per FAR		$148.40	$117.04	$179.09	$328.67	$96.72	$306.75	$243.02
Transaction Adjustments								
Property Rights		0%	0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%	0%
Market Conditions (Time)		0%	0%	0%	0%	0%	0%	0%
Subtotal (adjustments are multiplied)		0%	0%	0%	0%	0%	0%	0%
Transaction Adjusted Price per FAR		$148.40	$117.04	$179.09	$328.67	$96.72	$306.75	$243.02
Physical Adjustments								
Location		10%	0%	0%	0%	10%	0%	10%
Corner		0%	0%	0%	0%	0%	0%	0%
Frontage		0%	0%	0%	0%	0%	0%	0%
Size		0%	0%	0%	0%	0%	0%	0%
Shape		0%	0%	0%	0%	0%	0%	0%
Topography		0%	0%	0%	0%	0%	0%	0%
Utilities		0%	0%	0%	0%	0%	0%	0%
Zoning		0%	0%	0%	0%	0%	0%	0%
Density (FAR)		30%	60%	40%	0%	60%	0%	0%
Approvals		0%	20%	5%	0%	0%	0%	0%
Affordable Requirement		0%	0%	0%	-15%	-5%	0%	-5%
Subtotal (adjustments are summed)		40%	80%	45%	-15%	65%	0%	5%
Gross Adjustment		40%	80%	45%	15%	75%	0%	15%
Overall Adjustment		40.0%	80.0%	45.0%	-15.0%	65.0%	0%	5.0%
Indicated Price per FAR		**$207.76**	**$210.67**	**$259.68**	**$279.37**	**$159.59**	**$306.75**	**$255.17**

Compiled by NKF

Base Level Land Value Conclusion

- Prior to adjustments, the sales reflect a range of $96.72 to $328.67 per FAR.
- After adjustment, the range is narrowed to $159.59 to $306.75 per FAR, with an average of $239.86 per FAR.
- Comparables 4, 6, and 7 with adjusted values of $255.17 to $306.75 per FAR are most similar to the subject in base level density and are given greater weight in our reconciliation.

Land Value Conclusion - Base Level		
Allowable Bldg Area (Base Level)		319,513
Comparable Sales Indications	**Range**	**Average**
Unadjusted Price per FAR	$96.72 - $328.67	$202.81
Adjusted Price per FAR	$159.59 - $306.75	$239.86
Reconciled Value per FAR		$255.00
Total Indicated Value		$81,475,815
	Rounded	$81,500,000

Compiled by NKF

Bonus Level Land Value Conclusion

- As stated earlier, higher density developments tend to sell for a lower price per FAR due to higher development costs plus longer development and absorption times.

Comparable Sale 5 with the highest FAR of 4.14 sold for the lowest price per FAR ($96.72). Comparable 2 with the second highest FAR of 3.85 sold for the second lowest price per FAR ($117.04). Comparable Sales 4, 6, and 7 with the lowest densities of 1.04, 0.96, and 0.90 sold for the highest prices per FAR of $328.67, $306.75 and $243.02.

- The studied base level development project would consist of 194 apartments in a 5-story apartment building (Type VA) that includes an above grade parking structure. The base project would also include 51 townhomes units. These townhomes would be 3 stories and include a tuck under garage containing two parking spaces. The base project includes a total of 319,513 residential square footage with density at 30 DU/acre. While there are some fixed costs that remain relatively the same between the base and bonus level projects such as site work and soft costs, other costs such as hard costs for the building and garage will increase for the bonus project. The building hard cost for the bonus level project will increase by approximately 35% due to more materials and labor for the increase in residential square footage. The garage hard cost for the bonus level project will increase by approximately 26% due to the bonus project requiring a below grade parking structure. This estimate is consistent with Marshall Valuation Service (Section 14 Page 34) cost estimates of $96.50/SF for above grade parking structures versus $121.00/SF for underground parking structures. The overall cost increase for the bonus project is approximately 25% more than the base level project.
- Achievable prices per square foot tend to decline with increasing density. Consumers in this market generally prefer living in lower density environments. Significant view premiums from the proposed upper floor units are not anticipated due to the heights of surrounding buildings. The bonus level development will have 187 units (76%) more units than the base level. The holding costs will be much higher due to a longer development and absorption time.
- The density adjustments on the following worksheet are based on the factors discussed above. Comparables 1, 4, 6, and 7 with adjusted values of $170.66 to $214.73 are most similar to the subject in density under the bonus scenario and are given greater weight in our reconciliation. The concluded value of $185 per FAR is 27% less than the base value of $255 per FAR. This conclusion is reasonable based on the estimated 25% higher construction costs plus substantially longer construction and absorption times under the bonus scenario.

Comparable Land Sales Adjustment Grid - Bonus Level								
	Subject	**Sale 1**	**Sale 2**	**Sale 3**	**Sale 4**	**Sale 5**	**Sale 6**	**Sale 7**
Address	123 Independence	1 & 45 Adrian Court	110 Constitution Drive	141 Jefferson Drive	1555 West Middlefield	1095 Rollins Road	925 South Wolfe Road	1-3 Waters Park Drive
City, State	Menlo Park, CA	Burlingame, CA	Menlo Park, CA	Menlo Park, CA	Mountain View, CA	Burlingame, CA	Sunnyvale, CA	San Mateo, CA
Gross Land SF	355,014 SF	123,275 SF	84,942 SF	210,395 SF	236,972 SF	46,827 SF	232,610 SF	484,638 SF
Usable Land Area (Acres)	8.15 Acres	2.83 Acres	1.95 Acres	4.83 Acres	5.44 Acres	1.08 Acres	5.34 Acres	11.13 Acres
Usable Land Area (SF)	355,014 SF	123,275 SF	84,942 SF	210,395 SF	236,972 SF	46,827 SF	232,610 SF	484,638 SF
Land Units	432	265	335	483	115	150	128	190
Allowable Bldg Area	476,962	223,128	326,816	469,046	246,451	193,864	223,306	436,174
FAR	1.34	1.81	3.85	2.23	1.04	4.14	0.96	0.90
Transaction Date	--	Sep-21	Jan-21	Dec-20	Dec-20	Nov-20	Nov-20	Jun-20
Price per FAR		$148.40	$117.04	$179.09	$328.67	$96.72	$306.75	$243.02
Transaction Adjustments								
Property Rights		0%	0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%	0%
Market Conditions (Time)		0%	0%	0%	0%	0%	0%	0%
Subtotal (adjustments are multiplied)		0%	0%	0%	0%	0%	0%	0%
Transaction Adjusted Price per FAR		$148.40	$117.04	$179.09	$328.67	$96.72	$306.75	$243.02
Physical Adjustments								
Location/Access		10%	0%	0%	0%	10%	0%	10%
Corner		0%	0%	0%	0%	0%	0%	0%
Frontage		0%	0%	0%	0%	0%	0%	0%
Size		0%	0%	0%	0%	0%	0%	0%
Shape		0%	0%	0%	0%	0%	0%	0%
Topography		0%	0%	0%	0%	0%	0%	0%
Utilities		0%	0%	0%	0%	0%	0%	0%
Zoning		0%	0%	0%	0%	0%	0%	0%
Density (FAR)		5%	35%	10%	-30%	40%	-30%	-30%
Approvals		0%	20%	5%	0%	0%	0%	0%
Affordable requirement		0%	0%	0%	-15%	-5%	0%	-5%
Subtotal (adjustments are summed)		15%	55%	15%	-45%	45%	-30%	-25%
Gross Adjustment		15%	55%	15%	45%	55%	30%	45%
Overall Adjustment		15.0%	55.0%	15.0%	-45.0%	45.0%	-30.0%	-25.0%
Indicated Price per FAR		**$170.66**	**$181.41**	**$205.95**	**$180.77**	**$140.24**	**$214.73**	**$182.27**

Compiled by NKF

Land Value Conclusion - Bonus Level		
Allowable Bldg Area		476,962
Comparable Sales Indications	**Range**	**Average**
Unadjusted Price per FAR	$96.72 - $328.67	$202.81
Adjusted Price per FAR	$140.24 - $214.73	$182.29
Reconciled Value per FAR		$185.00
Total Indicated Value		$88,237,970
	Rounded	$88,200,000

Compiled by NKF

Adjustments to Derive the Value of the Amenity

According to the appraisal instructions, 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. Calculations are provided below:

Land Value Conclusions		
Land Value at the Bonus Level	476,962 SF	$88,200,000
Land Value at the Base Level	319,513 SF	$81,500,000
Value of the Additional GFA Proposed	(Bonus Level less Base)	$6,700,000
50% Discount		$3,350,000
Value of the Amenity		$3,350,000

Compiled by NKF

Reconciliation of Value

The values indicated by our analyses are as follows:

Land Value Conclusions		
Land Value at the Bonus Level	476,962 SF	$88,200,000
Land Value at the Base Level	319,513 SF	$81,500,000
Value of the Additional GFA Proposed	(Bonus Level less Base)	$6,700,000
50% Discount		$3,350,000
Value of the Amenity		$3,350,000

Compiled by NKF

Cost Approach

As previously discussed, the Cost Approach was not utilized for valuation of the subject property as it is land.

Sales Comparison Approach

The Sales Comparison Approach is focused on comparing the subject to sale and other market transactions with the aim to develop an indication of value that is founded on the theory of substitution. Basically, the intention is to determine value through considering the prices of properties which would be a substitute property to the subject. In this case, a selection of reasonably similar sales were obtained and the adjustment process was well founded by reasoning and direct evidence. In the absence of ground leases, subdivision, or other income sources, the sales comparison approach is viewed as most applicable in the valuation of land parcels. Therefore, the sales comparison approach is the sole approach to value utilized in this appraisal.

Income Capitalization Approach

As the subject property is a development site and is not leased (or has any other reasonable income source), the Income Capitalization Approach was not applicable and not utilized.

Value Conclusions			
Appraisal Premise	**Interest Appraised**	**Date of Value**	**Value Conclusion**
Land Value at the Bonus Level	Fee Simple	1/8/2022	$88,200,000
Land Value at the Base Level	Fee Simple	1/8/2022	$81,500,000
Value of the Additional GFA Proposed	Fee Simple	1/8/2022	$6,700,000
Value of the Amenity	Fee Simple	1/8/2022	$3,350,000

Compiled by NKF

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as 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. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. None

A hypothetical condition is defined in USPAP as 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. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. We are not giving consideration to the improvements on the site as per the City of Menlo Park Appraisal Instructions
2. The bonus level land value conclusion does not consider the community amenities requirement per the City of Menlo Park Appraisal Instructions
3. The value conclusions under each scenario are based on the hypothetical assumption that the project is fully entitled at the stated development density per the City of Menlo Park Appraisal Instructions

The use of these hypothetical conditions might have affected assignment results.

Compiled by NKF

Exposure Time

Exposure time is the estimated length of time the subject property 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. It is a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Recent sales transaction data for similar properties, supply and demand characteristics for the local land market, and the opinions of local market participants were reviewed and analyzed. Based on this data and analysis, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously is 6 months.

Marketing Time

Marketing time is 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. As no significant changes in market conditions are foreseen in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 months.

Assumptions and Limiting Conditions

The Appraisal contained in this Report (herein "Report") is subject to the following assumptions and limiting conditions:

1. Unless otherwise stated in this report, title to the property which is the subject of this report (herein "Property") is assumed to be good and marketable and free and clear of all liens and encumbrances and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. No responsibility is assumed for the legal description, zoning, condition of title or any matters which are legal in nature or otherwise require expertise other than that of a professional real estate appraiser. This report shall not constitute a survey of the Property.
2. Unless otherwise stated in this report, it is assumed: that the improvements on the Property are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the Property and improvements conform to all applicable local, state, and federal laws, codes, ordinances and regulations including environmental laws and regulations. No responsibility is assumed for soil or subsoil conditions or engineering or structural matters. The Property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated. The physical condition of the Property reflected in this report is solely based on a visual inspection as typically conducted by a professional appraiser not someone with engineering expertise. Responsible ownership and competent property management are assumed.
3. Unless otherwise stated in this report, this report did not take into consideration the existence of asbestos, PCB transformers or other toxic, hazardous, or contaminated substances or underground storage tanks, or the cost of encapsulation, removal or remediation thereof. Real estate appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials and substances may adversely affect the value of the Property. Unless otherwise stated in this report, the opinion of value is predicated on the assumption that there is no such material or substances at, on or in the Property.
4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a

substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.

5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective, and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.

6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.

8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.

10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.

11. Client and any other Intended User identified herein should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and

underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.

12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.

13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property's compliance with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare this report and full acceptance of any limitation of liability or claims contained therein.

Addendum A

Glossary of Terms

The following definitions are derived from The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

- ***Absorption Period:*** The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.

- ***Absorption Rate:*** 1) Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time. 2) In subdivision analysis, the rate of sales of lots or units in a subdivision.

- ***Ad Valorem Tax:*** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax. (International Association of Assessing Officers [IAAO])

- ***Assessed Value:*** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value or based on an assessment ratio that is a percentage of market value.

- ***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 or its equivalent.

- ***Contract Rent:*** The actual rental income specified in a lease.

- ***Disposition Value:*** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. ***3)*** Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.

- ***Effective Rent:*** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.

- ***Excess Land:*** Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. See also ***surplus land.***

- ***Excess Rent:*** The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.

- ***Exposure Time:*** 1) The time a property remains on the market. 2) [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

- ***Extraordinary Assumption:*** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. See also ***hypothetical condition.***

- ***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.

- ***Floor Area Ratio (FAR):*** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

- ***Frictional Vacancy:*** The amount of vacant space needed in a market for its orderly operation. Frictional vacancy allows for move-ins and move-outs.

- ***Full-Service Lease:*** See ***gross lease.***

- ***General Vacancy:*** A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.

- ***Going-Concern Premise:*** One of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely).

- ***Going Concern Value:*** An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business.

- ***Gross Building Area (GBA):*** 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically, does not include garage space.

- ***Gross Lease:*** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.

- ***Hypothetical Condition:*** 1) A condition that is presumed to be true when it is known to be false. (Appraisal Institute: The Standards of Valuation Practice [SVP]) 2) 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. See also ***extraordinary assumption.***

- ***Intended Users:*** 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.)

- ***Investment Value:*** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. ***2)*** The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (International Valuation Standards [IVS])

- ***Land-to-Building Ratio:*** The proportion of land area to gross building area; one of the factors determining comparability of properties.

- ***Lease:*** A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

- ***Leased Fee Interest:*** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

- ***Leasehold Interest:*** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

- ***Lessee:*** One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.

- ***Lessor:*** One who conveys the rights of occupancy and use to others under a lease agreement.

- ***Liquidation Value:*** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a short time period. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under extreme compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.

- ***Market Rent:*** The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

- ***Market Value:*** A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following. 1) The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. 2) Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. [2]

- ***Market Value of the Going Concern:*** The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.

- ***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.

- ***Modified Gross Lease:*** A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease.

- ***Net Lease:*** A lease in which the landlord passes on all expenses to the tenant. See also ***gross lease; modified gross lease.***

- ***Net Net Net Lease:*** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN lease, triple net lease, or fully net lease.

[2] The actual definition of value used for this appraisal is contained within the body of the report. The definition of market value given above is general in viewpoint and is only provided for amplification.

- ***Occupancy Rate:*** 1) The relationship or ratio between the potential income from the currently rented units in a property and the income that would be received if all the units were occupied. 2) The ratio of occupied space to total rentable space in a building.

- ***Overage Rent:*** The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.

- ***Percentage Rent:*** Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.

- ***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.

- ***Rentable Area:*** For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

- ***Retrospective Value Opinion:*** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."

- ***Shell Rent:*** The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish or white wall finish in some areas). Usually, the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes, mechanical systems, interior electricity, and plumbing. Typically, these are long-term leases with tenants paying all or most property expenses.

- ***Surplus Land:*** Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. See also ***excess land.***

- ***Turnover Vacancy:*** A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to release the space is considered.

- ***Usable Area:*** 1) For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.

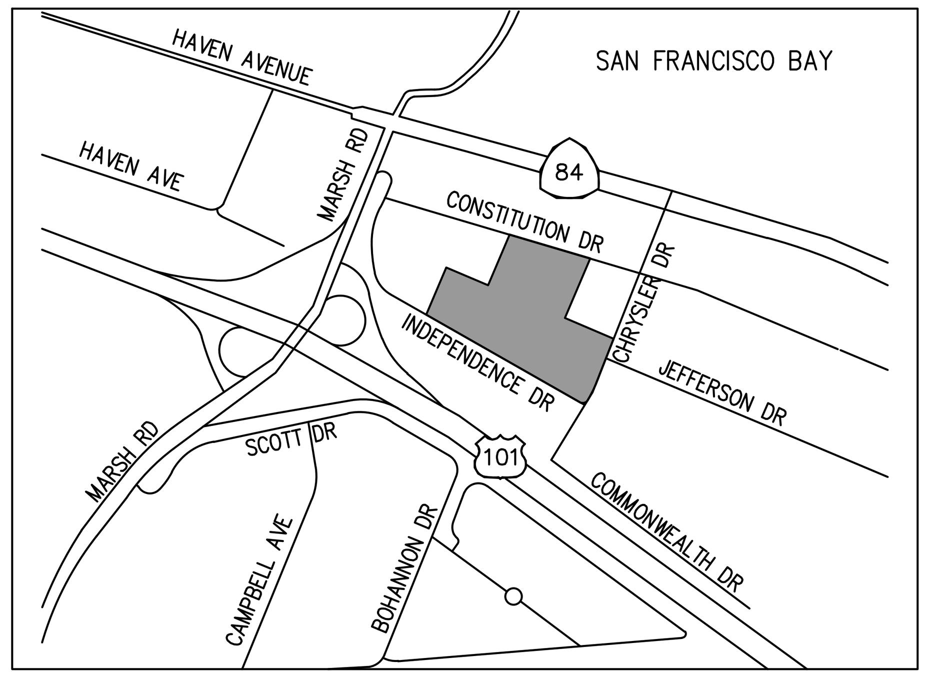
- ***Use Value:*** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually. See also ***value in use.***

- ***Value In Use:*** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. See also ***use value.***

- ***Value Indication:*** A valuer's conclusion of value resulting from the application of an approach to value, e.g., the value indication by the sales comparison approach.

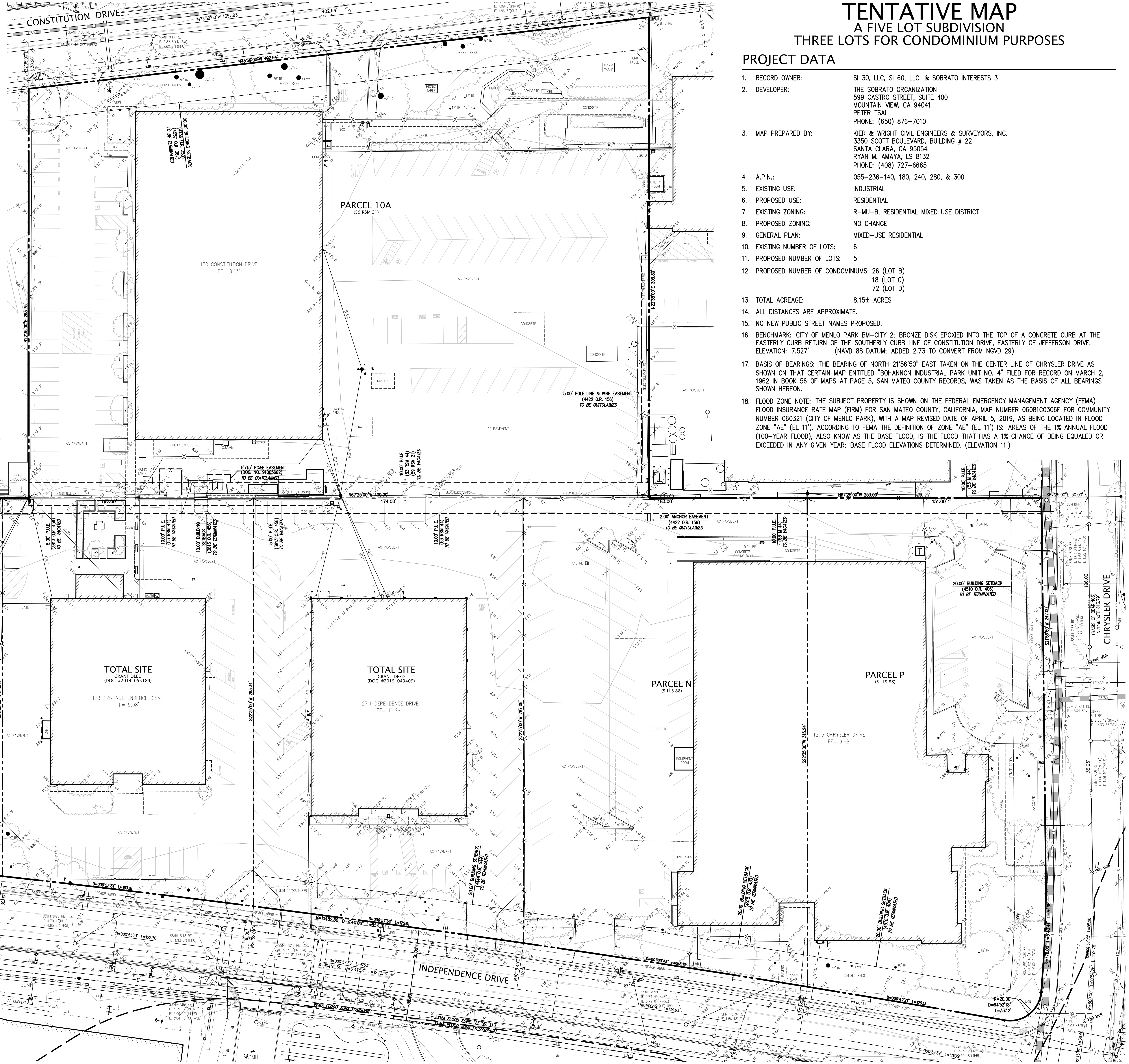
Addendum B

Property Information



VICINITY MAP

NOT TO SCALE



TENTATIVE MAP

A FIVE LOT SUBDIVISION
THREE LOTS FOR CONDOMINIUM PURPOSES

PROJECT DATA

1. RECORD OWNER: SI 30, LLC, SI 60, LLC, & SOBRATO INTERESTS 3
2. DEVELOPER: THE SOBRATO ORGANIZATION
   599 CASTRO STREET, SUITE 400
   MOUNTAIN VIEW, CA 94041
   PETER TSAI
   PHONE: (650) 876-7010
3. MAP PREPARED BY: KIER & WRIGHT CIVIL ENGINEERS & SURVEYORS, INC.
   3350 SCOTT BOULEVARD, BUILDING # 22
   SANTA CLARA, CA 95054
   RYAN M. AMAYA, LS 8132
   PHONE: (408) 727-6665
4. A.P.N.: 055-236-140, 180, 240, 280, & 300
5. EXISTING USE: INDUSTRIAL
6. PROPOSED USE: RESIDENTIAL
7. EXISTING ZONING: R-MU-B, RESIDENTIAL MIXED USE DISTRICT
8. PROPOSED ZONING: NO CHANGE
9. GENERAL PLAN: MIXED-USE RESIDENTIAL
10. EXISTING NUMBER OF LOTS: 6
11. PROPOSED NUMBER OF LOTS: 5
12. PROPOSED NUMBER OF CONDOMINIUMS: 26 (LOT B)
    18 (LOT C)
    72 (LOT D)
13. TOTAL ACREAGE: 8.15± ACRES
14. ALL DISTANCES ARE APPROXIMATE.
15. NO NEW PUBLIC STREET NAMES PROPOSED.
16. BENCHMARK: CITY OF MENLO PARK BM-CITY 2; BRONZE DISK EPOXIED INTO THE TOP OF A CONCRETE CURB AT THE EASTERLY CURB RETURN OF THE SOUTHERLY CURB LINE OF CONSTITUTION DRIVE, EASTERLY OF JEFFERSON DRIVE. ELEVATION: 7.527' (NAVD 88 DATUM; ADDED 2.73 TO CONVERT FROM NGVD 29)
17. BASIS OF BEARINGS: THE BEARING OF NORTH 21°56'50" EAST TAKEN ON THE CENTER LINE OF CHRYSLER DRIVE AS SHOWN ON THAT CERTAIN MAP ENTITLED "BOHANNON INDUSTRIAL PARK UNIT NO. 4" FILED FOR RECORD ON MARCH 2, 1962 IN BOOK 56 OF MAPS AT PAGE 5, SAN MATEO COUNTY RECORDS, WAS TAKEN AS THE BASIS OF ALL BEARINGS SHOWN HEREON.
18. FLOOD ZONE NOTE: THE SUBJECT PROPERTY IS SHOWN ON THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FLOOD INSURANCE RATE MAP (FIRM) FOR SAN MATEO COUNTY, CALIFORNIA, MAP NUMBER 06081C0306F FOR COMMUNITY NUMBER 060321 (CITY OF MENLO PARK), WITH A MAP REVISED DATE OF APRIL 5, 2019, AS BEING LOCATED IN FLOOD ZONE "AE" (EL 11'). ACCORDING TO FEMA THE DEFINITION OF ZONE "AE" (EL 11') IS: AREAS OF THE 1% ANNUAL FLOOD (100-YEAR FLOOD), ALSO KNOW AS THE BASE FLOOD, IS THE FLOOD THAT HAS A 1% CHANCE OF BEING EQUALED OR EXCEEDED IN ANY GIVEN YEAR; BASE FLOOD ELEVATIONS DETERMINED. (ELEVATION 11')

PROJECT DATA CONTINUED

19. THIS PLOT WAS PREPARED FROM INFORMATION FURNISHED IN A PRELIMINARY TITLE REPORT, PREPARED BY FIRST AMERICAN TITLE INSURANCE COMPANY, DATED MAY 27, 2020, ORDER NUMBER NCS-720714-M-SC. NO LIABILITY IS ASSUMED FOR MATTERS OF RECORD NOT STATED IN SAID PRELIMINARY TITLE REPORT THAT MAY AFFECT THE TITLE LINES, OR EXCEPTIONS, OR EASEMENTS OF THE PROPERTY.
20. ADDITIONAL EASEMENTS MAY BE NECESSARY. ANY ADDITIONAL EASEMENT REQUIREMENTS WILL BE DETERMINED AS THE PROJECT EVOLVES.
21. UTILITIES:

STORM DRAINAGE	CITY OF MENLO PARK
SANITARY SEWER	WEST BAY SANITARY DISTRICT
WATER	MENLO PARK MUNICIPAL WATER
GAS	PACIFIC GAS & ELECTRIC
ELECTRIC	PACIFIC GAS & ELECTRIC
TELEPHONE	AT&T
CABLE	COMCAST
FIRE	MENLO PARK FIRE PROTECTION DISTRICT

LEGEND & ABBREVIATIONS

PROPERTY LINE
ADJACENT PROPERTY LINE
LOT LINE
EXISTING EASEMENT LINE
P.U.E. PUBLIC UTILITY EASEMENT

KIER+WRIGHT
3350 Scott Boulevard, Building 22
Santa Clara, California 95054
Phone: (408) 727-6665
www.kierwright.com

123 Independence
Menlo Park, CA

The Sobrato Organization
599 Castro Street, Suite 400
Mountain View, CA

Sheet Title:

EXISTING CONDITIONS

Job No.	20004
Date:	09/07/2022
Scale:	AS SHOWN
Drawn By:	MC

Sheet No:

TM1

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.

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 ÷ 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 x 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.

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 ÷ 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 x 150,000).

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	-$20,000,000
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

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.

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 ÷ 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 x 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.

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 ÷ 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 x 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

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	-$20,000,000
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.

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 C

Comparable Data

Land Sales

Land Sale Comparable 1

Adrian Court

Location Data	
Location	1 & 45 Adrian Court
City, State	Burlingame, CA
Market	CA - San Mateo
Submarket	San Mateo Metro
County	San Mateo
APN	025-169-340, 025-169-999

Physical Data	
Property Type	Land (MF Residential)
Use at Sale	Proposed
Proposed Use	MF Residential
Acres	2.83 Acres
Land SF	123,275 SF
Useable Acres	2.83 Acres
Useable Land SF	123,275 SF
Frontage	0
Visibility	Good
Topography	Generally Level
Shape	Rectangular
Corner/Interior Location	Corner
Flood Zone	0 Feet (Avg.)
Utilities	Electricity, Gas, Sewer, Water
Offsite/Onsite Costs	0
Zoning	North Rollins Mixed-Use
Allowable Bldg Area	223,128 SF
Allowable Bldg Units	265
Verification	Confirmed-Seller Broker

Sale Data		
Transaction Type	Closed	
Date	September 15, 2021	
Marketing Time	N/A	
Grantor	Summerhill	
Grantee	Carmel	
Document No.	0	
Price		$33,112,500
Financing Terms		
Price Adjustments For:		
Financing		$0
Conditions of Sale		$0
Other		$0
Adjusted Price		$33,112,500

Analysis	
Price per Acre	$11,700,511
Price Per SF	$268.61
Price per Unit	$124,953
Price per FAR	$148.40

Comments

The subject site has 2.83 acres of land zoned for mixed-use development. Carmel purchased the property from Summerhill for a total consideration of $33,112,500 (approximately $125,000/ unit) in September of 2021. The City of Burlingame approved the application in September 2019 for construction of a new seven-story, 265-unit mixed-use development at 1 and 45 Adrian Court, within the North Rollins Road Mixed Use area. The project consists of two parcels that currently include two commercial buildings, surface parking, and landscaping. The project entails the demolition of these features and the merging of the two parcels to create a 2.83-acre site for a seven-story, 265-unit mixed use development. Approximately 14.3 percent of the residential units (38 units) would be designated for low income households. The project would include 3,701 square feet of commercial/office space on the ground floor and a publicly accessible private park. Parking would be provided in an at-grade garage, containing two levels of parking for a total of 314 parking spaces.

Land Sale Comparable 2

Menlo Portal (MF)

Location Data	
Location	110 Constitution Drive
City, State	Menlo Park, CA
Market	CA - San Mateo
Submarket	San Mateo Metro
County	San Mateo
APN	055-236-019 and -020

Physical Data	
Property Type	Land (MF Residential)
Use at Sale	Proposed
Proposed Use	MF Residential
Acres	1.95 Acres
Land SF	84,942 SF
Useable Acres	1.95 Acres
Useable Land SF	84,942 SF
Frontage	0
Visibility	Average
Topography	Level
Shape	Generally Rectangular
Corner/Interior Location	Interior
Flood Zone	0 Feet (Avg.)
Utilities	0
Offsite/Onsite Costs	8550000
Zoning	R-MU-B
Allowable Bldg Area	326,816 SF
Allowable Bldg Units	335
Verification	Confirmed-Buyer

Sale Data	
Transaction Type	Closed
Date	January 29, 2021
Marketing Time	N/A
Grantor	Coyne Patrick Living Trust & Studio RED
Grantee	GS MP Portal Owner LLC
Document No.	14735
Price	$29,700,000
Financing Terms	
Price Adjustments For:	
Financing	$0
Conditions of Sale	$0
Other	$8,550,000
Adjusted Price	$38,250,000

Analysis	
Price per Acre	$19,615,385
Price Per SF	$450.31
Price per Unit	$114,179
Price per FAR	$117.04

Comments

This is a sale of land proposed for redevelopment with a multifamily use containing a total of 335 units, of which 48 (15%) will be comprised of affordable housing units. The total site area is 1.95 acres or 84,942 square feet, spanning across 2 neighboring parcels. Menlo Portal Apartments is located at 110 Constitution Drive & 115 Independence Drive in Menlo Park, two miles from the Facebook campus. Nearby major employers include Evernote, Google and Stanford University. The property is located about 3 miles from the Menlo Park downtown, 0.1 miles from access to U.S. Route 101 and just over 3 miles from the Menlo Park Caltrain station. Entitlements for Menlo Portal have been in process since 2017 and were anticipated to be fully approved by mid-year 2021. The leases at the existing industrial buildings have been extended on a month-to-month basis while the developer secures permits. The multifamily parcels were part of an assemblage purchase comprised of three parcels - (104 Constitution Drive: $16,500,000; 110 Constitution Drive: $16,000,000; 115 Independence Drive: $13,700,000). 104 Constitution Drive is part of the larger Menlo Portal development and will be redeveloped with an office building. Buyer paid a $8,550,000 Community Amenities Fee to attain bonus density.

Land Sale Comparable 3

Uptown Menlo Park

Location Data	
Location	141 Jefferson Drive
City, State	Menlo Park, CA
Market	CA - San Mateo
Submarket	San Mateo Metro
County	San Mateo
APN	055-242-140, 055-242-030, and 055-242-04

Physical Data	
Property Type	Land (MF Residential)
Use at Sale	Proposed
Proposed Use	MF Residential
Acres	4.83 Acres
Land SF	210,395 SF
Useable Acres	4.83 Acres
Useable Land SF	210,395 SF
Frontage	0
Visibility	Average
Topography	Generally Level
Shape	Irregular
Corner/Interior Location	Interior
Flood Zone	0 Feet (Avg.)
Utilities	Electricity, Gas, Sewer, Water
Offsite/Onsite Costs	8900000
Zoning	R-MU-B
Allowable Bldg Area	469,046 SF
Allowable Bldg Units	483
Verification	Confirmed-Other

Sale Data	
Transaction Type	Closed
Date	December 10, 2020
Marketing Time	N/A
Grantor	Ragno & Assoc, B Battagin & InfoIMAGE, Inc.
Grantee	Greystar
Document No.	142860
Price	$75,100,000
Financing Terms	
Price Adjustments For:	
Financing	$0
Conditions of Sale	$0
Other	$8,900,000
Adjusted Price	$84,000,000

Analysis	
Price per Acre	$17,391,304
Price Per SF	$399.25
Price per Unit	$173,913
Price per FAR	$179.09

Comments

The subject site has 4.83 acres of land zoned R-MU-B. Greystar purchased the land from Ragno & Assoc, B Battagin & InfoIMAGE, Inc. for a total consideration of $75,100,000. This was an assemblage of three parcels that will be part of the proposed Menlo Uptown project. The proposal is to demolish three existing office and industrial buildings and redevelop the three-parcel site with 483 multi-family dwelling units, comprised of 441 rental units split between two seven-story apartment buildings and approximately 2,940 square feet of office uses located on the ground floor of one of the proposed buildings, and 42 for-sale townhome-style condominium units, located in the R-MU-B (Residential Mixed Use, Bonus) zoning district. 73 units (15%) will be designated as affordable units. The buyer paid an $8,900,000 Community Amenities Fee in order to obtain bonus density.

Land Sale Comparable 4

1555 W Middlefield Rd

Location Data	
Location	1555 West Middlefield Road
City, State	Mountain View, CA
Market	CA - San Jose/Silicon Valley
Submarket	San Jose/Silicon Valley
County	Santa Clara
APN	150-15-006

Physical Data	
Property Type	Land (MF Residential)
Use at Sale	Proposed
Proposed Use	MF Residential
Acres	5.44 Acres
Land SF	236,972 SF
Useable Acres	5.44 Acres
Useable Land SF	236,972 SF
Frontage	0
Visibility	Good
Topography	Level
Shape	Rectangular
Corner/Interior Location	Interior
Flood Zone	0 Feet (Avg.)
Utilities	0
Offsite/Onsite Costs	0
Zoning	R3-2 Multiple Family Residential
Allowable Bldg Area	246,451 SF
Allowable Bldg Units	115
Verification	Confirmed-Seller Broker

Sale Data	
Transaction Type	Closed
Date	December 10, 2020
Marketing Time	N/A
Grantor	Calson Properties Inc.
Grantee	Summer Hill Housing Group
Document No.	0
Price	$81,000,000
Financing Terms	
Price Adjustments For:	
Financing	$0
Conditions of Sale	$0
Other	$0
Adjusted Price	$81,000,000

Analysis	
Price per Acre	$14,889,354
Price Per SF	$341.81
Price per Unit	$704,348
Price per FAR	$328.67

Comments

The project site is located on the west side of W. Middlefield Road, between Burgoyne Street and San Pierre Way, on a 5.44-acre site. The project would demolish the existing apartment buildings/structures and construct 20 rowhouse buildings with 115 for-sale residential units with vehicle access via two full-access driveways on San Ramon Avenue. This area contains a mix of multi-family, single-family residential and office and Crittenden Middle School across W. Middlefield Road. The site currently contains 13 two-story apartment buildings with 116 existing apartment units. The proposed project is a three-story, 115 rowhouse development, in 20 separate buildings. The project proposes three and four bedroom units, with an average living area of 1,659 square feet. Materials include stucco, tile roofs, metal railings, balconies in a “Spanish California” style. The site was fully entitled at the time of sale.

Land Sale Comparable 5

Proposed Apartment Complex

Location Data	
Location	1095 Rollins Road
City, State	Burlingame, CA
Market	CA - San Mateo
Submarket	San Mateo Metro
County	San Mateo
APN	026-231-250

Physical Data	
Property Type	Land (MF Residential)
Use at Sale	Proposed
Proposed Use	MF Residential
Acres	1.08 Acres
Land SF	46,827 SF
Useable Acres	1.08 Acres
Useable Land SF	46,827 SF
Frontage	0
Visibility	Good
Topography	Level
Shape	Rectangular
Corner/Interior Location	Interior
Flood Zone	0 Feet (Avg.)
Utilities	0
Offsite/Onsite Costs	0
Zoning	R-4 - High Density Residential
Allowable Bldg Area	193,864 SF
Allowable Bldg Units	150
Verification	Confirmed-Buyer Broker

Sale Data	
Transaction Type	Closed
Date	November 2, 2020
Marketing Time	N/A
Grantor	Hanover
Grantee	Prometheus
Document No.	122571
Price	$18,750,000
Financing Terms	
Price Adjustments For:	
Financing	$0
Conditions of Sale	$0
Other	$0
Adjusted Price	$18,750,000

Analysis	
Price per Acre	$17,441,860
Price Per SF	$400.41
Price per Unit	$125,000
Price per FAR	$96.72

Comments

Prometheus Real Estate Group acquired this fully entitled multifamily development site located at 1095 Rollins Rd., in Burlingame, CA from Hanover Company for $18.75 million or about $400 psf. The City of Burlingame has approved an application for the construction that includes merging two parcels to create a 46,827 square foot site, demolishing the existing structures and constructing a new 6-story, 150-unit apartment building. The project would include a subterranean garage containing surface, tandem and stacked parking for 195 off-street parking spaces, with approximately 175 of the spaces provided in stackers. The units would include studio, one-bedroom, two-bedroom and three-bedroom units, with 10% (15 units) designated affordable for moderate income households, and therefore the project includes a request to use the State Density Bonus, including waivers and incentives.

Land Sale Comparable 6

The Landmark

Location Data	
Location	925 South Wolfe Road
City, State	Sunnyvale, CA
Market	CA - San Jose/Silicon Valley
Submarket	San Jose/Silicon Valley
County	Santa Clara
APN	211-14-034

Physical Data	
Property Type	Land (MF Residential)
Use at Sale	Under Construction
Proposed Use	MF Residential
Acres	5.34 Acres
Land SF	232,610 SF
Useable Acres	5.34 Acres
Useable Land SF	232,610 SF
Frontage	0
Visibility	Average
Topography	Level
Shape	Rectangular
Corner/Interior Location	Interior
Flood Zone	0 Feet (Avg.)
Utilities	0
Offsite/Onsite Costs	0
Zoning	R3
Allowable Bldg Area	223,306 SF
Allowable Bldg Units	128
Verification	Secondary Verification

Sale Data	
Transaction Type	Closed
Date	November 25, 2020
Marketing Time	N/A
Grantor	Summerhill
Grantee	Landsea
Document No.	24725875
Price	$68,500,000
Financing Terms	
Price Adjustments For:	
Financing	$0
Conditions of Sale	$0
Other	$0
Adjusted Price	$68,500,000

Analysis	
Price per Acre	$12,827,737
Price Per SF	$294.48
Price per Unit	$535,156
Price per FAR	$306.75

Comments

In October 2020, SummerHill purchased a Sunnyvale apartment complex slated for redevelopment. The Landmark, a 130-unit complex, sold for $58 million, or about $446,000 per unit. The seller was Palo Alto, Calif.-based Pacific Urban Residential. Located at 925 S. Wolfe Road, The Landmark was originally constructed in 1974 and is comprised of seven, two-story buildings on a 5.47-acre lot. The existing structures would be demolished to make way for SummerHill's new project, which was approved by the Sunnyvale officials in the fall of 2019. Units will be a mix of two-, three- and four-bedroom homes ranging in size from about 1,100 square feet to just over 2,000 square feet. In November 2020, Summerhill quickly re-sold the entitled condominium site to Landsea for $68.5M. The Landsea project will include 128 townhomes with 20 (16%) below market rate units.

Land Sale Comparable 7

Waters Park

Location Data	
Location	1-3 Waters Park Drive
City, State	San Mateo, CA
Market	CA - San Mateo
Submarket	San Mateo Metro
County	San Mateo
APN	0

Physical Data	
Property Type	Land (MF Residential)
Use at Sale	Planned
Proposed Use	MF Residential
Acres	11.13 Acres
Land SF	484,638 SF
Useable Acres	11.13 Acres
Useable Land SF	484,638 SF
Frontage	0
Visibility	Good
Topography	Level
Shape	Rectangular
Corner/Interior Location	Interior
Flood Zone	0 Feet (Avg.)
Utilities	0
Offsite/Onsite Costs	0
Zoning	R3
Allowable Bldg Area	436,174 SF
Allowable Bldg Units	190
Verification	Secondary Verification

Sale Data		
Transaction Type	Closed	
Date	June 5, 2020	
Marketing Time	N/A	
Grantor	Strada	
Grantee	Pulte	
Document No.	51757	
Price		$106,000,000
Financing Terms		
Price Adjustments For:		
Financing		$0
Conditions of Sale		$0
Other		$0
Adjusted Price		$106,000,000

Analysis	
Price per Acre	$9,527,441
Price Per SF	$218.72
Price per Unit	$557,895
Price per FAR	$243.02

Comments

This property was purchased with final map approvals in place. There are 190 total units planned for the site with 28 detached single family homes. Ten percent of the units will be designated affordable.

Addendum D

Appraiser Qualifications and Licenses

John P. Walsh

MAI, MRICS

Senior Vice President

CA Appraiser License #AG003248

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YEARS OF EXPERIENCE

30+

AREAS OF SPECIALTY

Valuation & Advisory

Industrial

Office

Multifamily

Life Science

Complex Mixed-Use Assets

John P. Walsh, MAI, MRICS, is a Senior Vice President at Newmark Valuation & Advisory in the San Mateo office. John brings to his position more than 30 years of experience valuing and advising on institutional and corporate real estate throughout Northern California.

Prior to joining Newmark in 2017, John worked for 10 years in the Cushman & Wakefield Valuation & Advisory Services Group, where he served in a variety of professional roles. Most recently, he was a Senior Director in the San Francisco office. In this role, he was responsible for appraisal and consulting services for most types of income-producing and commercial properties, including affordable housing, development land, educational facilities, hotels and motels, industrial, multifamily, mixed-use, office, residential subdivisions, retail, senior housing and special-use properties. The intended use of these assignments included mortgage lending, corporate advisory, disposition and acquisition, tax appeal, litigation and rent arbitration.

John has been appraising commercial real estate since 1988 and has valued over $50 billion in real estate. He previously held professional and managerial positions with Hamilton, Ricci & Associates, Security Pacific Bank (acquired by Bank of America), First Deposit Bank (acquired by Wells Fargo) and The Pacific Bank (acquired by City National Bank).

Partial List of Significant Assignments

– 23-acre urban mixed-use redevelopment site (San Francisco, CA)
– 1.25 million SF trophy office building (San Francisco, CA)
– 1.0 million SF trophy office building (San Francisco, CA)
– 750,000 SF trophy office building (San Francisco, CA)
– 656-unit high-rise condominium complex (San Francisco, CA)
– 250,000 SF urban retail center (San Francisco, CA)
– 85,000 SF urban retail center (San Francisco, CA)
– Proposed 800,000 SF office complex (Burlingame, CA)
– 320,000 SF adaptive reuse project (San Francisco, CA)
– 105,000 SF historic landmark (San Francisco, CA)

Licenses and Designations

– Member, Appraisal Institute (MAI)
– Member, Royal Institution of Charter Surveyors (MRICS)
– Certified general real estate appraiser, state of California

Education

John earned a Master of Business Administration degree in management from Golden Gate University and a Bachelor of Science degree in finance from Santa Clara University. He has also completed the requirements of the Appraisal Institute's continuing education program.

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

John P. Walsh

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

"Certified General Real Estate Appraiser"

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 003248

Effective Date: October 17, 2022
Date Expires: October 16, 2024

Loretta Dillon, Deputy Bureau Chief, BREA

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