FABBRO, MOORE & ASSOCIATES, INC.

REAL ESTATE APPRAISERS · ANALYSTS · CONSULTANTS

July 31, 2021

Ms. Nira D. Doherty
Burke, Williams & Sorensen, LLP
181 Third Street, Suite 200
San Rafael, California 94901

Re: Update to a Community Amenities Appraisal Report Review
1350 Adams Court/1305 O'Brien Drive Site
Assessor's Parcel Number 055-472-030
Menlo Park, California 94025

Ms. Doherty:

As you know, in February of 2021 we completed a review of a community benefits appraisal report prepared by Newmark Knight Frank for the property located at 1350 Adams Court and 1305 O'Brien Drive in Menlo Park, California. The subject property has assessor's parcel number 055-472-030 in San Mateo County.

Under the terms of the original assignment we were asked to complete a compliance review and render opinions regarding whether the appraisal report by Newmark Knight Frank complied with the Uniform Standards of Professional Appraisal Practice and with the City of Menlo Park's appraisal instructions to determine the value of community amenities under bonus level zoning. As part of that process, we were asked to render an opinion regarding whether the appraisal report provided sufficient support for the value conclusions.

In addition, the client requested that the reviewers provide a supported opinion of value if the reviewers determined that Newmark Knight Frank's appraisal report did not have sufficient support for the value conclusion(s) and/or if the reviewers disagreed with the value conclusion(s) of the Newmark Knight Frank (NKF) appraisal report. In fact, we concluded that the NKF appraisal lacked adequate support for the community amenity value conclusion and

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therefore as part of the review we provided a supported value opinion within the review report document.

In May of 2021, we were provided with a copy of an April 21, 2021 letter written by NKF, in which NKF responded to comments made in our review of their appraisal report. Their response letter is titled as a "review." It is unclear under the Uniform Standards of Professional Appraisal Practice whether appraisers are allowed to review a review of their own appraisal report. Nevertheless, NKF are certainly entitled to respond to the review and to defend their work and conclusions. Normally, such a response/defense would be considered a supplement or addendum to the original appraisal report.

We will consider their April 21, 2021 letter as a supplement to NKF's original appraisal report, which was completed on October 30, 2020 and which had an effective date (valuation date) of September 18, 2020. We will also consider their April 21, 2021 letter to be a supplement to a response letter that they had previously written to Jorgenson, Siegel, McClure & Flegel, LLP on January 13, 2021, in which they attempted to defend their original appraisal report.

This letter should be viewed as a supplement to our February 12, 2021 review report. As such, by reference this letter presumes that the reader is familiar with the original NKF appraisal report completed in October of 2020, their January 2021 response letter, our February 2021 original review report, and NKF's April 2021 review report/response letter.

The intended use of our February 2021 review report was to assist the City of Menlo Park in evaluating the community amenities associated with the proposed development of the subject property. The City of Menlo Park and the contracting client, Jorgenson, Siegel, McClure & Flegel, LLP, were the sole intended users of that report.

For this supplemental work, the intended use of our response letter remains to assist the City of Menlo Park in evaluating the community amenities associated with the proposed development of the subject property. The City of Menlo Park and the contracting client, Burke, Williams & Sorensen, LLP are the intended users of this response letter. It is understood that Jorgenson, Siegel, McClure & Flegel may act in an advisory capacity related to the subject matters dealt with in this letter, and if they do so then Jorgenson, Siegel, McClure & Flegel, LLP also would be an intended user of this response letter.

In their April 21, 2021 review/letter, NKF provided some comments on our February 2021 appraisal review and valuation analysis. In addition, in their April 21, 2021 letter NKF provided a revised community amenity value opinion, which included the analysis of several sales that had not been included in their original appraisal report. The expression of a value opinion constitutes an appraisal under the Uniform Standards of Professional Appraisal Practice.

We will respond in this letter to the information contained in NKF's April 2021 review/letter. To the degree possible, we will try to avoid reiterating background information that was covered in detail in our February 2021 report.

As noted, this letter should be considered as a supplement to our original review report. The review report complies with the Uniform Standards of Professional Appraisal Practice and with the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice. In addition, the review report complies with client requirements for the assignment, including consideration of the City of Menlo Park's appraisal instructions to determine the value of community amenities under bonus level zoning.

Under Standard 3 of the Uniform Standards of Professional Appraisal Practice, a review appraiser is required to identify the date of the work under review and the effective date of the opinions or conclusions in the work under review. NKF's original appraisal report of the subject property had a report date of October 30, 2020. The effective date of the original NKF appraisal report was September 18, 2020.

We have also been provided with a two-page letter written by NKF on January 13, 2021, in which NKF responded to comments provided by Jorgenson, Siegel, McClure & Flegel, LLP to the prospective developer about NKF's appraisal report. In their January 13, 2021 letter NKF provided some additional information but did not make any changes to the value conclusions of their original appraisal report.

The client also provided us with NKF's April 21, 2021 review report/letter, as previously described. That letter included a significantly revised valuation analysis and significantly revised opinions of value for the subject property. As such, under the Uniform Standards of Professional of Appraisal Practice the appraiser was required to provide the date of the report and the effective date of the appraisal. However, NKF's April 21, 2021 review/letter failed to provide either of those required dates.

One could reasonably infer that the date of NKF's revised appraisal was April 21, 2021, which was the date shown on the transmittal letter. However, nowhere in the review/letter did NKF state the effective date of their revised value opinions. On page 15 of the letter, there is language that would suggest that the effective date was in April of 2021, since that page references a sale occurring in April of 2017 as being "four years old." However, when NKF analyzed sales data in their April 2021 letter, their stated adjustment rate for market conditions implied that that the effective date of the revised appraisal remains as of September of 2020.

It is impossible for any reader of NKF's April 21, 2021 response letter to determine with certainty the effective date of their revised value opinions. If in fact NKF was still using September of 2020 as the effective date of the appraisal, then NKF's appraisal report becomes invalid for community amenity valuation purposes for the reason summarized in the next paragraph.

Under the City of Menlo Park's appraisal instructions for the valuation of community amenities, Section II.A.8 states that "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." As noted, the original NKF appraisal report had an effective date (i.e., date of value) of September 18, 2020. By April 21, 2021, which was the date of their review/response letter, that valuation date was 215 days in the past. Since the April 2021 review/letter contained revised value opinions, those opinions were invalid for submittal if they were based on a September 2020 effective date. As will be noted later in this response letter, if the valuation date of the NKF review/letter was *not* September of 2020, then their analysis contained math errors in the adjustments applied to analyzed sales.

In our February 2021 review report, we provided summary descriptions of the subject property, the relevant planning guidelines, the development proposal for the subject site, and the appraisal instructions related to the valuation of community amenities in Menlo Park for properties in the LS-B zoning district. To the best of our knowledge, the subject site, the planning guidelines, the proposed development, and the appraisal instructions all are unchanged since the completion of our original review report.

At the time of our original review report, the subject property was unentitled for the proposed development. Entitlements still have not been obtained. Nevertheless, under the appraisal instructions we are required to presume that the property is fully entitled for both the base and bonus level development scenarios.

NKF's original appraisal report complied with most aspects of the Uniform Standards of Professional Appraisal Practice (USPAP) and the appraisal instructions for the assignment. However, there were some shortfalls and areas of non-compliance. As a result, in our view the value conclusions for the base and bonus level scenarios were not adequately supported. In our opinion, an objective review of available market data would indicate that the value conclusions for both scenarios were understated. As a result, based on the available market data we believe that NKF's conclusion for the value of the community amenity also was understated.

In their April 21, 2021 response letter/review, NKF provided revised analyses of the values for the subject property under the base level and bonus level scenarios. The revised analyses rely in the majority on different sales than had been analyzed in NKF's original report. In their April 2021 letter NKF reached higher value conclusions for both the base and bonus level scenarios than had been the case in their original appraisal.

Unfortunately, in our view the revised analyses still have some significant shortfalls. Moreover, even with consideration of the supplemental information in their April 21, 2021 response letter, the NKF appraisal does not comply with either USPAP or the appraisal instructions in our opinion. In our view, the revised NKF value estimate for the community amenity remains understated.

The reasoning behind our conclusions will be discussed in more detail subsequently in this supplement to our appraisal review report. We will also address comments made in NKF's April 2021 letter/review regarding our review of their original appraisal report.

Our response to NKF's comments related to our review may be found on pages 7-17 of this document. In our view, NKF raised no serious objections to our original review report.

We have concluded that NKF's revised appraisal lacks adequate support and we disagree with their conclusions. We completed our original review report, including the value opinions expressed therein, more than 90 days ago. The appraisal requirements indicate that any appraisal submitted to the city for community amenity valuation purposes must have a date of value (effective date) within 90 days of the submittal. However, the client has specifically requested that we do *not* update our community value opinion in this supplemental review letter, other than reporting whether or not we agree with the value conclusions of the revised NKF appraisal.

The checklist tables on pages 19-21 of this report summarize specific items of the revised NKF appraisal that we reviewed for compliance, adequacy, and credibility. Any areas of the revised appraisal that in our opinion remain inadequate are discussed on the pages following the tables.

The Uniform Standards of Appraisal Practice require a reviewer to state the date of the review report. The date of the review supplement (i.e., the date that the writing of the document was substantially completed) is July 31, 2021.

This letter is a supplement to our original review report, and is subject to the assumptions and limiting conditions summarized on pages 39-44 of this document. The cited extraordinary assumptions are necessary to produce credible opinions and conclusions. The cited hypothetical conditions are clearly required for legal purposes, for purposes of reasonable analysis, and/or for purposes of comparison, and are required primarily in order to comply with the City of Menlo Park's appraisal instructions applicable to appraisals for community amenities in the subject property's zoning district.

If you wish to discuss this letter further, please call.

Respectfully submitted,

FABBRO, MOORE & ASSOCIATES, INC.

Charles S. Moore, MAI
BREA Appraiser #AG009176

Frank J. Fabbro
BREA Appraiser #AG002322

Response to NKF Comments on Our Original Review Report

In their April 21, 2021 review/letter NKF included a number of objections to our original review report. The objections are wholly without merit in our view. We will address them in the order in which they appear in the April 2021 letter.

USPAP Compliance

Page 9 of the April 2021 NKF response indicated that the appraisal contained within our original review report does not "conform to USPAP or stricter underwriting standards." We would first point out that USPAP is in no way an underwriting standard and in fact no underwriting standards apply for this assignment. Secondly, our review report and appraisal opinions as stated in the original review report are compliant with USPAP in all respects. In point of fact, NKF listed no standards violations of our work in their letter except for one nonsense objection that will be dealt with next.

Notes and Explanatory Comments

In our review, we used February 12, 2021 as the effective date for our valuation analysis. In the "Notes and Explanatory Comments" section of their letter (page 10), NKF noted that the effective date of our community amenity valuation opinion differed from the date of NKF's opinion. They then said "This makes proper comparison difficult and an apparent violation of USPAP."

In fact, we could *not* have used the same valuation date as NKF. When we wrote our review report, NKF's effective appraisal date of September 18, 2020 was already out of compliance with the appraisal instruction requirements that the date of value be within 90 days of submission of an appraisal to the City of Menlo Park.

In any case, it is absolutely allowed under USPAP for a reviewer to provide an opinion of value with a different effective date than was used in an appraisal report under review. That is a fact of which NKF should be well aware. USPAP Standards Rule 3-3 (c) (iii) notes that when the review assignment also includes the reviewer developing his or her own value opinion then "The effective date of the reviewer's opinion may be the same or different from the effective date of the work under review."

Any reader of the English language can plainly see the falsity of the claim by NKF that the effective date of our original review report was a USPAP standards violation. As such, NKF's claim was misleading, which itself is a violation of USPAP.

Market Conditions Adjustments

Referring to the adjustments made to the analyzed sales in our review report, on page 10 of their letter NKF stated that "Using our best efforts, we found the following percentage adjustments for changes in market conditions for each sale." They then showed a table with purported adjustments for the seven sales respectively of 3.89%, 3.00%, 3.29%, 4.69%, 6.00%, 6.50%, and 4.94%.

First, the adjustments showed by NKF did not come close to matching the actual adjustments for market conditions as applied in our valuation. The actual adjustments were 2%, 18%, 6%, 18%, 5%, 2%, and 18%.

What NKF appears to have done, but inaccurately stated, is attempt to derive constant annualized compound adjustment rates for the analyzed sales. However, in real life the market does not change by constant annual (or monthly, or any other time frame) percentages. Therefore, the adjustment rates applied to two or more sales in any appraisal might have significantly different periodic compound adjustment rates even though the applied adjustment rates may well reflect actual market changes.

The issue of market conditions adjustments was explained in some detail on pages 36-38 of our original review report. Reviewing the table on page 37 of that report, we cited the following changes in R&D/life sciences property rental rates in the primary competitive market over the preceding several years.

Year	Avg. Base Rent/SF/Month	Year-over-Year Δ
2016	$4.37	+23.8%
2017	$4.65	+6.4%
2018	$5.06	+8.8%
2019	$5.21	+3.0%
2020	$5.43	+4.2%

As can be plainly seen, the market did not move smoothly over time. We also stressed in our review that in our opinion adjustments for changes in market conditions are more appropriately made from the *contract* dates of the analyzed sales rather than from the *closing* dates.

To illustrate the process for the sales analyzed in our original review report, three of the analyzed transactions occurred in 2017 (#s R2, R4, and R7). Those sales closed escrow in April, June, and September of that year. However, the actual contract dates all occurred very close together in early-2017. All three sales were adjusted at the same 18% rate, reflecting what we believe to be perhaps a relatively conservative application of the actual change in the life sciences development market during the interim between the contract dates and the date of value, which was February 12, 2021 for our original review report.

Sale #R1 was pending at the time of our review but reportedly had a July 2020 contract date. Sale #R6 had closed very recently but also represented a 2020 contract. Both of those sales were adjusted upward by very minor amounts (2%) for market conditions.

Sales #R3 and #R5 closed escrow in 2019 and 2020 respectively, but in the latter case the property had a long escrow period and the contract was well before the closing date. Those sales were adjusted by 6% and 5% respectively.

The adjustments for market conditions in our original review report are better supported, in our opinion, than those in the NKF report. The NKF report utilized a constant 3.0% annual compound rate for all sales, with the adjustments applied from the closing date in each case to their September 2020 date of value. They did not actually provide any evidentiary basis whatsoever for that adjustment rate. In any case, the effective compound adjustment rates in our analysis and NKF's analysis are minimally different after one takes into account the differences between contract and closing dates. The effects of the differing effective compound rates on the indicated values are very minor.

Entitlements/Approvals

As detailed in the original review report, a major criticism that we had of NKF's appraisal report was their complete failure to account for the effect of entitlements on property values. We have some developer clients who would not buy an unentitled potential development site under any circumstances. The impact of entitlements, or the lack thereof, on achievable prices for development sites is very well understood in the real estate development community and there is voluminous market evidence to show that entitled sites will tend to sell for a major premium, all else being equal, as long as the developer intends to build the entitled project. This issue is covered at length on pages 18-20 and 51-54 of our original review report.

The subject property is not entitled for either the base or bonus level development scenarios. However, the appraisal instructions *require* that an appraiser presume that the property is fully entitled for both scenarios. As we noted in our original review report, the appraisal instructions mandated the use of hypothetical conditions regarding the subject property's entitlement status. In appraisal jargon, a hypothetical condition is "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 purposes of analysis."

Neither NKF's original report nor their April 2021 review/letter included the necessary hypothetical conditions regarding entitlements for the base and bonus scenarios. That omission is a violation of appraisal standards.

Furthermore, the January 2021 response letter from NKF claimed that most of the analyzed sales had entitlements, when in fact their own October 2020 appraisal report (and reality) contradicted that claim.

More importantly, the original NKF report failed to adjust the sales for differences in entitlement status. Amazingly, that failure appears to have carried over into their April 2021 revised appraisal. Issues related to the April 2021 revised appraisal will be further discussed subsequently in this document.

In their April 2021 letter (pages 10-11), NKF stated that our original review report used the following adjustment rates for entitlements for the seven sales analyzed in that report: 21%, 24%, 21%, 2%, 12%, 12%, and 24%. They went on to say that the average was 16.57% and that "given the subjectivity of the adjustments, we find the range to erode the credibility of the appraisal results."

Of note, the actual adjustment rates applied in the appraisal report for entitlements respectively were 20%, 20%, 20%, 1½%, 11%, 11%, and 20%. Those adjustment ratios were applied to the adjusted base prices after the market conditions adjustments. The rationales for the differing rates were explained in the original review report.

The four properties with the largest adjustments (20%) were completely unentitled at the time of sale. For the properties with 11% adjustment rates, some of the background work needed for approvals had already been done prior to the close of escrow. As a result, the cost and time needed to complete the process was lessened, with a corresponding decline in the required adjustment ratio. The sale with only a 1.5% adjustment rate had entitlements in place for an office project when the sale occurred. Because only fairly minor changes were needed to change the proposal to accommodate the new owner's planned life sciences project for that property, the applicable adjustment in that case is minimal.

The NKF claim regarding subjectivity is without merit. We have analyzed hundreds of land sales over the years to derive the effect of entitlement status on achievable development site prices. As noted in our report, the adjustment rates can vary extremely widely depending on the specific conditions associated with a sale, including but not limited to the perceived complexity of obtaining entitlements, the anticipated time needed, the associated expense, market conditions, and motivations of the parties.

Consider a case where a developer anticipates that a proposal will require 18 months to go through the entitlement process. Required internal rates of return for development sites vary. For example, the most recent PricewaterhouseCoopers real estate investor survey indicates that annual discount rate/internal rate of return rate requirements for real estate developers ranged from about 10% to 25%, with an average of 15.6%. Using even the low end of the reported return rate would imply a 15.4% advantage (i.e., $[\{1 + 0.10\}^{1.5}]-1$) to an entitled project site versus an unentitled site over an 18-month holding period, even presuming that no expenses needed to be incurred for civil engineering, soils/geotechnical engineering, architect's fees, legal fees, CEQA processing, planning fees, and other costs normally associated with bringing a proposal through the approval/entitlement process. In reality, of course, such expenses are necessary to complete an entitlement process.

In contrast to the NKF claim, the entitlement adjustment ratios used in our review report are supported by logic and evidence. If anything, one could argue that the adjustment ratios might well be understated when considering evidence of the amount of time actually needed to obtain entitlements for applications in the subject's zoning district. NKF's failure to account for entitlement status was a major shortcoming in their original appraisal report and that problem largely carried over to their revised valuation as summarized in their April 2021 letter.

Land Use/Regulatory Issues

Regarding adjustments in the review report to sales for land use/regulatory issues, NKF's April 2021 letter stated (p. 11) that "In this variable the appraisers have indicated that 'Allowed development intensity has a major impact on achievable price of land area'. One cannot argue against this statement as it is true. However, I believe that the application of the premise may not be correct."

Bonus Scenario Appraisal Instruction #8

NKF then went on to discuss the Menlo Park community amenities appraisal instruction that states that "The appraiser shall not consider the community amenities requirement established under Menlo Park Municipal Code Section 16.43.070 or Section 16.44.070 in determining the Market Value of the Subject Property at the Bonus Level of development."

The noted appraisal instruction (bonus scenario instruction #8) was discussed in quite some detail in our original review report. We will not reiterate all of that discussion here. Because the instruction is contrary to what would be the normal methodology for appraising a potential development site, it required either the use of a hypothetical condition or jurisdictional exception under the Uniform Standards of Professional Appraisal Practice. Instead, NKF ignored the implications of the instruction in their original appraisal report. They have addressed it in their April 2021 letter but still failed to cite the required hypothetical condition or jurisdictional exception.

NKF went on to say that "The Fabro [sic] report assumes that community amenity value is not applied to the subject property, but that adjustments can still be made to comparable properties in the District. However, that is not what the City's instructions say. *Instruction 8 provides that the appraiser shall not consider the Menlo Park community amenities requirement in his or her determination of market value. T*hat language applies equally to the appraiser's consideration of comparable properties affected by the code as well as the subject property since both are used to determine the value of the subject property. This is as it should read, since interpreting that requirements to apply only to the subject property would improperly adjust the value of comparable properties as compared to the subject property, leading to falsely inflated conclusions of value."

Unlike NKF, we actually spent a considerable amount of time researching the noted appraisal instruction prior to completing any assignments involving the valuation of community amenities in Menlo Park. As part of that research, we spoke with individuals who actually were involved in drafting the language of the appraisal instructions. Among the issues that we discussed was the intent of bonus level instruction #8. As such, we did not have to guess at what the City meant by the instruction but rather had the information directly from primary sources.

The implication of bonus scenario instruction #8 is that the effect of the community amenity requirement is ignored when analyzing the subject property. However, that instruction neither states nor implies that the instruction would somehow be ignored when analyzing what effect the community amenity requirement might have had on the prices of any analyzed *sales*. Therefore, quite properly we made adjustments where warranted for the effect of bonus level instruction #8.

Ultimately, the effect of the instruction is to influence upward the value conclusion for the subject property under the bonus level scenario. That was noted in our review report and that is the clear intention of the instruction.

(We should also note that the City's instruction to presume that the subject property is entitled for the base level development scenario, when in fact no work whatsoever has been done toward obtaining entitlements for a project on base level zoning parameters at the subject site, results in the base level appraised value being artificially influenced significantly upward. That fact ultimately *reduces* the appraised value of the community amenity.)

The City of course has the right to set the community amenity valuation instructions as it wishes. Market participants can then take those instructions into account when making purchase and sale decisions. We already know from interviews that we have conducted that developers are well aware of the community amenity valuation guidelines and that those guidelines impact property values.

Sales #R1 and #R2 both are located in the same zoning district as the subject property. The methodology that we used to derive adjustments for those sales for the land use/regulatory issues factor is correct based on the information provided to us by parties who were involved in drafting the appraisal instruction language. Therefore, the speculation that our premise "may not be correct" is not supportable from the information available.

In simple terms, the prices agreed to for sales #R1 and #R2 reflected discounts to account for the need to provide or otherwise pay for community amenities. Since the buyers have knowledge of that requirement, the sale prices reflect that knowledge. However, bonus scenario appraisal instruction #8 requires that we overlook the community amenities requirement when analyzing the subject property's bonus level value. Therefore, in each case a compensating adjustment is needed. That is exactly what we did in our review report.

We will also note that we are aware that in 2021 NKF appraised the proposed CS Bio development site in Menlo Park for community amenity valuation purposes. In that report, NKF handled bonus scenario appraisal instruction #8 *exactly in the same way that we did in our analysis when analyzing a sale in Menlo Park for comparison with the subject property.* That is, an upward adjustment was applied for that factor by NKF in their appraisal of the CS Bio site. In fact, in *that* appraisal report NKF used a much *higher* adjustment rate than we did to account for the effect.

Other Land Use/Regulatory Factors

As a second part of their critique of adjustments for land use/regulatory factors, NKF objected to adjustments made for differences in factors such as required parking ratios and/or the type of parking needed. This issue is covered on page 12 of the April 2021 NKF letter.

NKF wrote that "For example, the report states that R3 is providing 3.0 spaces per 1000 sq. ft., and thus an adjustment of $35 is appropriate. Similar adjustments are made for R4, R5, and R6."

The actual adjustments per square foot applied to sales #R4, #R5, and #R6 were $15, $9, and zero. It is clearly incorrect that those figures are "similar" to $35 per square foot.

NKF went on to discuss the zoning code parking requirements in San Carlos. They noted that "Chapter 18.20 of the San Carlos code establishes minimum parking by use; Research and Development has a minimum parking requirement of 1.25 spaces per sq. ft. of lab and 3.3 spaces per sq. ft. of office. Additionally, any warehouse or manufacturing space in the project would be required to park at a minimum of .67 spaces per sq. ft. and 1.67 spaces per sq. ft." They failed to note that the San Carlos parking code was changed in late-2020 and again in early-2021.

NKF then went on to speculate, with zero evidentiary support, what a required parking ratio *might* be for a development in San Carlos with an even split of lab and office space. However, they made no apparent attempt to actually determine the actual proposed use mix for any of the analyzed sales. Moreover, they made no apparent attempt to determine what parking is required under any development proposal or entitlement process for the sites in question.

In contrast, we analyzed the properties based on what the developers were actually able to get approved or what the developers hope to achieve in terms of parking ratios. Moreover, we took into consideration whether excavation was needed to support the planned floor area ratio, and if so to what degree. Of course, the need to excavate to allow for sufficient parking underground will require a higher development cost than building parking spaces at or above grade.

The actual approved or proposed parking ratios for the analyzed sales were discussed in our original review report. We will not go over them again here except to say that any speculation that a development could have been approved with a lesser parking ratio for any of the analyzed sale properties is just that--speculation unsupported by evidence.

In the case of sale #R3, the project approvals *require* the project to have 3.0 parking spaces per 1,000 square feet of floor area, as noted in our report. Moreover, all of the parking spaces must be below grade. As such, the project has a significant comparative disadvantage versus the subject, which is proposed to have 2.15 parking spaces per 1,000 square feet of floor area, with the large majority of the spaces above grade and some being unstructured. All else being equal, the project with the higher ratio of parking spaces would have a higher development cost, especially when considering the need for excavation. The adjustment applied to that sale reflects the actual facts related to the development proposal and construction cost data that we have regarding the costs to develop parking structures.

For sales #R4 and #R5, which also are in San Carlos, the entitled or proposed parking ratios are 2.7 and 2.5 spaces per 1,000 square feet of floor area. In the former case, the spaces would be partly below and partly at or above grade. In the latter case, all would be at or above grade. The adjustment ratios for those sales are appropriately significantly lower than that applied to sale #R-3.

In the case of sale #R-6, the proposal was not far enough along when we wrote our original review report to know with any certainty what the required parking ratio would be. We did not apply an adjustment for that property.

Regarding sale #R-7, an upward adjustment was applied. The approved project needs 2.7 parking spaces per 1,000 square feet of floor area (under Menlo Park's floor area definition). The parking will be in a structure at and above grade.

NKF also stated (p. 12) that Menlo Park has additional requirements on development that "raise the construction cost in that City but that do not have a match in San Carlos." They imply that the same is true for Menlo Park vs. South San Francisco. They do not favor us on page 12 with a discussion of what these factors might be or why they failed to mention the issue in their original appraisal report. However, there is a summary on page 16 that appears to address these alleged cost factors.

On page 16, the appraiser lists the following requirements in Menlo Park:

- LEED Gold requirement
- Clean energy and water recycling requirements
- Sea level rise requirements
- 20% open space requirement, 50% of which must be publicly accessible
- Higher burdens/restrictions on setbacks and the percent of frontage that is allowed to be used for surface parking

Of note, all the reasonably competitive cities in the region have green building requirements and have policies dealing with projected sea level rise. We see nothing extraordinary in the noted list regarding those factors.

The LS-B zoning code does require an unusually high ratio of open space compared to most commercial and industrial zoning districts in the region. However, the cost of improving open space tends to be extremely minor relative to the cost of constructing building area. Moreover, it is also true that the subject's zoning district allows for taller buildings than most commercial and industrial zoning districts in the San Mateo County suburbs, including most of the analyzed sales. One could just as easily make an argument that the added height potential creates a comparative advantage for properties in Menlo Park.

Finally, Menlo Park has extremely minor required setbacks in the LS-B zoning district. We find it completely unconvincing that the setback requirements would have any significant impact on relative development costs.

We should note that our valuation analysis also took into account relative impacts from anticipated development fees for the subject property and all of the sales. NKF has given no indication that they did the same.

Conclusion

In our view, NKF's April 2021 letter raised no serious objections to our review report of February 12, 2021. There is no need for any change to our review report as a result of any information contained in NKF's April 2021 letter.

Review of NKF's Revised Appraisal

In their April 21, 2021 review/letter, NKF provided a revised appraisal of the subject property. The revised appraisal included analyses of seven sales. Of those seven sales, three had been used in NKF's original appraisal report, which was completed on October 30, 2020. The other four sales had not been included in NKF's original appraisal. For the April 2021 revision, NKF dropped five of the eight sales that had been analyzed in their original report.

The revised appraisal analysis has some different adjustment categories than the original appraisal. In addition, for the three sales used in both the original and revised appraisals the adjustments and adjusted values significantly differ.

In the original report, NKF concluded that the value of the community amenity amounted to $11,700,000. In the revised appraisal, they concluded that the community amenity value was $12,850,000.

The tables on the next three pages summarize specific items reviewed for compliance, adequacy, and credibility in the revised NKF appraisal. Any areas of the revised appraisal that in our opinion remain inadequate are discussed following the tables.

Review of an Appraisal Supplement Prepared by Newmark Knight Frank				
Revised Community Amenities Appraisal				
1305 O'Brien Drive/1350 Adams Court, Menlo Park, CA				
Assessor's Parcel Number 055-472-030				
Effective Date of Value for the Appraisal under Review:		Not stated in response letter		
Date of the Appraisal Report under Review:		April 21, 2021		
Date of the Review Report:		June 11, 2021		
APPRAISAL REVIEW CHECKLIST				
(Note: comments on any perceived inadequacies follow the checklist)				
SPECIFIC REGULATORY ISSUES		ADEQUATE	INADEQUATE	N/A
1	Date of Transmittal Identified	X		
2	Date Report Prepared Explicitly Stated		X	
3	Effective Date(s) of Value Explicitly Stated		X	
4	Client Identified	X		
5	Legal Description Included			X
6	Property Interest Identified	X		
7	Value Identified Correctly	X		
9	Value Defined Correctly/Adequately	*		
10	Appraiser Signature Included	X		
11	As-Is Value Conclusion Included			X
12	Prospective Value Limitations Described			X
13	Hypothetical Value Limitations Described		X	
14	Non-Realty Value Components Identified and Valued			X
15	Purpose of Appraisal Described	X		
16	Intended Use/User of the Report Described	X		
17	Scope of Work Described	X		
18	Standard Assumptions and Limiting Conditions	X		
19	Extraordinary Assumptions Described	X		
20	Hypothetical Conditions Described		X	
21	Exposure Time Cited, if Applicable	X		
22	Subject Property Sales and Listing History Adequately Reported	X		
23	Subject Property Agreements of Sale/Options Reported	X		
24	USPAP Certification Included and Adequate	X		
25	USPAP Reporting Option Identified and Appropriate	X		
	** The market value definition technically is incorrect under the assignment instructions, but that is immaterial; see the subsequent comments*			

	REGIONAL, LOCAL, AND TREND INFORMATION	ADEQUATE	INADEQUATE	N/A
26	Regional and City Data Adequate	X		
27	Neighborhood Description	X		
28	Regional/Local Market Trends Adequately Described	X		
29	Supply and Demand Adequately Addressed	X		
	SITE DESCRIPTION	**ADEQUATE**	**INADEQUATE**	**N/A**
30	Size, Shape and Location Accurately Described	X		
31	Ingress and Egress Issues Addressed	X		
32	Easements and Rights-of-Way Addressed	X		
33	Topography Accurately Described	X		
34	Views Accurately Described	X		
35	Utilities Accurately Described	X		
36	Zoning, General Plan, and/or Land Use Issues Adequately Described		X	
37	Relationship to Surrounding Land Uses Described	X		
38	Nuisances Identified and Described	X		
39	Adequate Flood, Seismic, and Geologic Hazard Data	X		
40	Soils and Drainage Conditions Addressed	X		
41	Environmental Hazard Issues Identified	X		
42	Environmental Hazard Issues Addressed	X		
43	External (Economic) Obsolescence Addressed	X		
	IMPROVEMENTS DESCRIPTION	**ADEQUATE**	**INADEQUATE**	**N/A**
44	Adequate Physical Description	X		
45	Age of Improvements Identified			X
46	Adequate Description of Condition			X
47	Design and Appeal Adequately Described			X
48	Functional Utility Described			X
49	Equipment and Fixtures and Described			X
50	Tangible Non-realty Value Segregated			X
51	Adequate Building Sketches or Floor Plans			X
	HIGHEST AND BEST USE ANALYSIS	**ADEQUATE**	**INADEQUATE**	**N/A**
52	Current Use Described			X
53	Highest and Best Use As If Vacant Identified	X		
54	Highest and Best Use As Improved Identified			X
55	Supply and Demand Factors Adequately Considered	X		
56	Physically Possible Uses Described	X		
57	Legally Permitted Uses Described	X		
58	Financially Feasible Uses Described	X		
59	Maximally Productive Use Described	X		
60	Adequate Argument in Support of Highest and Best Use	X		

	SALES COMPARISON APPROACH TO VALUE	ADEQUATE	INADEQUATE	N/A
61	Appropriate Methodology Used	X		
62	Appropriate Metric(s) Applied	X		
63	Adequate Selection of Sales Based on Subject Highest and Best Use	X		
64	Adequate Descriptions of Sales	X		
65	Adequate Sales Analyses		X	
66	Adjustments Made for Terms of Sales, Discounts, Unusual Factors	X		
67	If Land Value, Adjustments Made for Entitlements/Approvals		X	
68	Overall Use of Reasonable Adjustments		X	

	COST APPROACH TO VALUE	ADEQUATE	INADEQUATE	N/A
69	Adequate Site Valuation Methodology			X
70	Adequate Selection of Land Sales Based on Highest and Best Use			X
71	Adequate Description and Analysis of Land Sales			X
72	Unit Costs Identified and Sourced			X
73	Unit Costs Properly Applied			X
74	Physical Depreciation Identified and Quantified			X
75	Functional Depreciation Identified and Quantified			X
76	External Obsolescence Identified and Quantified			X
77	Method of Site Valuation Adequately Described			X
78	Contribution to Value from Site Improvements: Reasonable			X

	INCOME CAPITALIZATION APPROACH TO VALUE	ADEQUATE	INADEQUATE	N/A
79	Subject Rental History Described			X
80	Existing Leases Described and Analyzed			X
81	Market Trends Adequately Supported			X
82	Rent Comparables: Current and Comparable			X
83	Rent Comparables: Adequate Description			X
84	Rent Comparables: Adequate Analysis and/or Adjustments			X
85	Rent Comparables: Significant Elements of Comparison			X
86	Projected Income and Expenses Described and Analyzed Adequately			X
87	Vacancy and Collection Losses Described			X
88	Adequate Support for Overall Rate(s) and/or Discount Rate(s)			X

	RECONCILIATION AND VALUE CONCLUSION(S)	ADEQUATE	INADEQUATE	N/A
89	Adequate Cost Approach to Value			X
90	Adequate Sales Comparison Approach to Value		X	
91	Adequate Income Approach to Value			X
92	Adequate DCF Analysis			X
93	Adequate Justification for Omitting Any Approach to Value	X		
94	Adequate Basis for/Argument for Concluded Value(s)		X	
95	Detail Adequate for Assignment Complexity	X		
96	Value Conclusion Consistent with Cited Definition of Value	X		
97	Relevant Discount(s) Applied to Value Conclusion(s)			X
98	Qualifications of Appraiser Adequate	X		

Items #2 and #3--Date of the Report and Effective Date of the Appraisal

Standards Rule 2-2 (a) (vii) of the Uniform Standards of Professional Appraisal Practice (USPAP) requires an appraiser to state the date of the report and the effective date of the appraisal. The April 21, 2021 letter written by NKF includes a value opinion and thus constitutes an appraisal. As such, the author was required to state the date of the report and the effective date of the appraisal. The former is the date that the report was completed. The latter is equivalent to the date of value.

NKF's April 21, 2021 review/letter failed to provide either of the required dates. One could reasonably infer that the date of NKF's revised appraisal report was April 21, 2021, which was the date shown on the transmittal letter. However, nowhere in the review/letter did NKF state the effective date of their revised value opinions.

On page 15 of the letter, there is language that would suggest that the effective date was in April of 2021, since that page references a sale occurring in April of 2017 as being "four years old." However, when NKF analyzed sales data in their April 2021 letter, their stated adjustment rate for market conditions implies that the effective date of the revised appraisal remains as of September of 2020, as in their original appraisal report.

It is impossible for any reader of NKF's April 21, 2021 response letter to determine with certainty the effective date of their revised value opinions. If in fact NKF is still using September of 2020 as the effective date of the appraisal, then NKF's appraisal report becomes invalid for community amenity valuation purposes for the reason summarized in the next paragraph.

Under the City of Menlo Park's appraisal instructions for the valuation of community amenities, Section II.A.8 states that "The appraisal report shall include a 'Date of Value' that is no more than 90 days from the date of the submission of the appraisal report to the City of Menlo Park." The original NKF appraisal report had an effective date (i.e., date of value) of September 18, 2020. By April 21, 2021, which was the date of their review/response letter, that valuation date was 215 days in the past. Since the April 2021 review/letter contained revised value opinions, those opinions were invalid for submittal if they were based on a September of 2020 effective date. As will be noted later in this document, if the valuation date of the NKF review/letter was *not* September of 2020, then their analysis contained math errors in the adjustments applied to analyzed sales.

Under applicable appraisal standards guidelines, effective appraisal dates must be within one of three time categories, namely (1) retrospective, (2) current, or (3) prospective. These are reasonably self-explanatory. If September 18, 2020 was the effective date and the appraisal was completed in April of 2021, then NKF should have stated that they were providing a *retrospective* valuation (i.e., valuing the property as of a date in the past, significantly before the date of the report).

In any case, it is vital for a reader to know the effective date of the appraisal in order to understand the context of the valuation. It is not possible for a reader to deduce that information from NKF's April 21, 2021 review/letter.

Item #9--Definition of Value

Under USPAP Standards Rule 2-1 (a) (vi), an appraiser must state the type and definition of value and cite the source of the definition. NKF's original appraisal did provide a definition of market value (pages 19-20) and the report cited the source of that definition (12 CFR, Part 34, Subpart 34.42[g]). The revised appraisal in the April 2021 letter has a different definition of market value (see PDF page 34; numbered as page 0 in the document).

The appraisal instructions, however, have a specific definition of market value that applies in the case of community amenity appraisals. That definition does not match the CFR (Code of Federal Regulations) definition cited in the original appraisal report. (The noted CFR definition applies primarily in the case of appraisals done for federally-regulated lending purposes.) The City's definition also differs from that cited by NKF in their April 2021 letter.

In our view, it is highly unlikely that the differences in the market value definitions would have any impact on the valuation analyses or conclusions. Therefore, the issue is immaterial to this review other than as a matter of compliance.

Items #13 and #20--Hypothetical Conditions

A major criticism in our February 2021 review was NKF's failure to cite certain hypothetical conditions that were used in the assignment, with those conditions being necessitated by the appraisal instructions and some specific factors related to the subject property.

The original NKF appraisal report stated (page 4) that no hypothetical conditions were used in the appraisal. The April 2021 review/letter obliquely mentioned (page 14) that the original report "perhaps" should have included a hypothetical condition related to property rights but then does not actually list that hypothetical condition (or any others) in the Assumptions & Limiting Conditions section of the document.

Multiple additional hypothetical conditions were in fact *required* by the appraisal instructions. For example, hypothetical conditions were needed at minimum for the following issues.

- The appraisal instructions for the base level scenario require the appraiser to assume that the subject property is fully entitled for development at the maximum allowed base level of development intensity. In reality, no development proposal exists for anything like the base level development intensity and therefore of course there are no entitlements or approvals for such development. As a result, the appraisal requires a hypothetical condition.

- The appraisal instructions for the bonus level scenario require the appraiser to assume that the subject property is fully entitled for the development as proposed by the prospective developer of the subject property. Although that application is in the entitlement process, full entitlements are not yet in place. Again, a hypothetical condition is required.

- Bonus level appraisal instruction #8 requires that the appraiser ignore the community amenities requirement established under Menlo Park Municipal Code Section 16.43.070 or Section 16.44.070 in determining the market value of the subject property at the bonus level of development. That instruction is contrary to what would be the normal methodology for appraising a potential development site but it is a requirement for the appraisal assignment. The noted instruction constitutes the use of a hypothetical assumption that the bonus level value is unaffected by the community amenities requirement.

Item #36--Zoning and Land Use Issues

NKF's original appraisal report had a Zoning and Legal Restrictions section on pages 46-48, which we believed was inadequate in terms of covering important issues affecting development potential. That shortfall carried over into the highest and best use analysis of the subject property. The April 2021 review/letter did not provide any significant supplementary information on land use and zoning issues.

The April 2021 letter did clarify NKF's position on the potential to build ancillary commercial space at up to a 10% floor area ratio, which was one of our criticisms of their original appraisal report. In the April 2021 letter, NKF stated that "We also agree with Fabro [sic] Moore that the Highest and Best Use of the site would not include the 10% commercial use over the Base Level development. The development of such a large commercial/retail development would not be economically feasible." That clarification is particularly helpful in understanding NKF's valuation of the subject property under the base level scenario.

Items #65, #67, #68, #90, and #94--Sales Comparison Approach and Support for the Value Conclusions

NKF's April 21, 2021 review/letter included revised value opinions for the subject property under both the base level and bonus level development scenarios. It is unclear from the document what date of value applies to those opinions. The document did include a summary of the analyzed sales for the revised value opinion.

In the April 2021 letter, NKF focused on seven sales, three of which had been used in their original report and four of which had already occurred but were not included in their original appraisal in 2020. NKF stated that "We typically use a time frame of only two years for our data search" as a justification for now analyzing some sales that they had previously omitted. However, that reasoning is contradicted by NKF's original report, which included a sale that had occurred in 2017. We will briefly summarize the seven noted sales for the revised appraisal and NKF's analyses of the sales in the following paragraphs.

Sale #L-1 (803-841 Old County Road, San Carlos)

This sale had previously been mentioned by NKF in their January 13, 2021 response letter, in which they said they had rejected it for analysis in their original appraisal because the property sold without entitlements. (In point of fact, six of the eight sales used by NKF in their original report were unentitled.) NKF claimed that the buyer intends to develop the site with 320,000 square feet of "life science or Class A office space," for a 211% floor area ratio. On that basis, they wrote that the purchase price amounted to $86 per square foot of planned floor area.

As far as we can determine, no plans to develop the site have actually been officially submitted. It is certainly possible that some preliminary planning discussions have been held, but neither public officials nor public records provided us with any indication that there is an official development proposal for a life sciences project or any other type of project at the site.

One major problem with the NKF analysis of the sale is the fact that the property is zoned IH (Heavy Industrial District) by the City of San Carlos. The land use designation under the general plan is Planned Industrial. The zoning code allows for floor area ratios as high as 200% in the IH zone. However, for sites containing more than one acre, including the site of sale #1, the maximum allowed floor area declines to just 100%. As such, under the current planning guidelines the property could not support a development at anywhere near the 211% floor area ratio that NKF presumed, without evidentiary support, to be achievable at the property. If the achievable floor area ratio were 100%, and NKF correctly reported the sale price and land area, then the price per achievable square foot of floor area would be $181 rather than the $86 per square foot figure used by NKF in their analysis.

There are other issues with NKF's analysis of the sale but we will leave those aside because we do not believe that this is an appropriate sale for comparison. There are sales with known plans for life sciences development and where more reliable information is available regarding the approved or likely scale of achievable development.

Sale #L-2 (1 Casey Court, Menlo Park)

This transaction was included as sale #1 in NKF's original appraisal report. In that report, NKF applied adjustments for differences from the subject property. For the bonus development scenario, after making adjustments NKF concluded that the indicated value for the subject was $114.90 per square foot of floor area. In their April 21, 2021 review/letter, NKF analyzed the same sale and arrived at an indicated bonus scenario value indication for the subject of $139.09 per square foot of floor area.

In both appraisals, NKF made negative adjustments for conditions of sale. In neither case did they provide any convincing basis to support the adjustment.

Of particular note, since NKF is considering sale #L-2 as part of an assemblage, then it is highly questionable that they applied the allowed life sciences bonus level floor area ratio of 125% in calculating the effective contract price as $133 per square foot of potential floor area. The actual development application for the assemblage would have a floor area ratio of 73.1%, not 125%. Using the actual prorata planned floor area ratio, then the effective contract price per square foot of floor area for this sale would be $227 per square foot and not $133 per square foot. This issue was covered in detail in our original review report (see pages 28-31 of that report).

In both appraisals, NKF wrote that they made adjustments for market conditions (time) by applying a 3.0% annual compound rate. For this particular sale, in each appraisal they made an upward adjustment of 1% for market conditions.

Of note, if the revised appraisal were utilizing an April 2021 effective date, then the market conditions adjustments for all of the sales would be higher than the rates actually applied. (In the case of 1 Casey Court, for example, the adjustment would be 2% instead of 1%.) Instead, the market conditions adjustments for all of the sales appear to have been made to a September 2020 valuation date. As previously noted in this document, if the valuation date is as of September 2020, then NKF's revised appraisal is invalid for submittal to the City of Menlo Park, as the date of value would be more than 90 days prior to the appraisal submittal.

A major criticism of our original review was that NKF made no adjustments for entitlement status. The assignment requires that an appraiser presume that the subject property is fully entitled. Meanwhile, all of the analyzed sales lacked full entitlements at the time of the analyzed transaction. (In fairness, NKF's sale #L-6, which is our sale #R4, did have entitlements for an office project at the time of sale; only fairly minor changes were needed to accommodate the change to a life sciences development.)

In their revised appraisal, NKF still did not include an adjustment line for differences in entitlements. They did claim to make one adjustment for "development cost" as a result of entitlements (5%, in the case of sale #L-1). However, there was no mention of any adjustments for entitlements for the completely unentitled status of sale #L-2, or for the also completely unentitled sales #L-3, #L-4, #L-6, and #L-7.

For sale #L-2, the April 2021 letter noted (page 19) the need for an upward adjustment "for development cost for higher FAR due to higher development costs." However, the actual adjustment grid on page 23 did *not* include the described upward development cost adjustment.

The April 2021 letter stated (page 19) that "An upward adjustment was applied for regulatory issues/community benefits." Indeed, a positive 25% adjustment was included on page 23 for that factor. However, it is unexplained *why* there was such an adjustment, or what the basis or reasoning supporting it might have been. We suppose it is possible that the adjustment was meant for entitlements but it is unclear and appears unlikely based on language on page 17 of the document.

On page 17, NKF wrote that "Sales L-2 and L-7 are in Menlo Park and thus should share the same [regulatory/community benefits] issues" as the subject property. They went on to write that "However, we have made upward adjustments to both of these data to reflect that the regulatory issues and community benefits have been met at the subject property." As written, it is unclear what NKF meant to account for in the noted adjustment. It is possible that the adjustment is meant to take into account the effect of bonus level scenario appraisal instruction #8. But in the end there is no way to know exactly what NKF meant to account for in the 25% upward adjustment or what the support for that adjustment might have been.

Sale #L-3 (915 Old County Road, San Carlos, et al.)

This sale was not analyzed in NKF's original report but was discussed in our original review report. (In our review report, the address of the property is shown as 1075 Commercial Street, which is one of the relevant street addresses of the site.)

This property sold without entitlements and still is unentitled. NKF's analysis presumed that the property can support 810,499 square feet of floor area, which was speculation on their part. On that basis, they reported the sale price at $139 per square foot of floor area. The buyer actually estimated the floor area potential to be 700,000 square feet, which would indicate a price per square foot of $162. The buyer's estimate was contained in an SEC filing and it has not been amended. Therefore, with the information currently available in our opinion the property properly should be analyzed based on the buyer's anticipated level of development potential, which would indicate a sale price of $162 per square foot of floor area rather than $139 per square foot. (The sellers had done zero work toward obtaining any development approvals and expressed no opinion on the development potential.)

NKF adjusted the sale for market conditions, again apparently only to a September 2020 valuation date. They also applied the adjustment from the date that the sale closed rather than from the contract date, which was nearly a year earlier.

This property sold with no development entitlements or approvals whatsoever. As far as we can determine, no adjustment was made for that factor.

The NKF analysis applied a 15% upward adjustment for regulatory issues/community benefits. Page 17 of the letter stated that "Sales L-1, L-3, L-4 and L-6 are located in San Carlos. San Carlos does not have the Community Benefit requirement for increased densities. They use the zoning and PD permit process to address these issues. We again adjusted the San Carlos sales upward by between 15% and 25% to reflect our thought process on this variable."

What NKF's actual "thought process" was in arriving at those adjustment rates remains a mystery to us as readers of their April 21, 2021 letter. We have no idea what exactly is meant to be covered by the noted adjustments or what the support might be for the adjustment rates.

Sale #L-4 (1091 Industrial Road, San Carlos)

This property was included as sale #6 in NKF's original appraisal report. In that report, their analysis produced an indicated bonus level value indication for the subject of $102.57 per square foot of floor area. In the April 2021 letter, the bonus scenario value indication from the same sale has increased to $139.04 per square foot of floor area, for a 35.6% change.

In their revised appraisal, the adjustment for market conditions (time) was unchanged from the original report. Again, that would imply that the valuation date was unchanged in the updated appraisal from that of their original appraisal.

This property was unentitled for life sciences use at the time of sale. (It did have approvals for a hotel, but the sale contained a deed restriction forbidding the buyer from constructing a hotel at the site.) Again, it does not appear that any adjustment was made to account for that factor.

In the updated valuation, NKF made a 5% upward adjustment for a development cost factor. That adjustment appears to be related to the higher floor area ratio proposed for the sale property (203.0% for sale #L-4 according to NKF, or 199.3% according to the actual proposal) relative to the subject property. The adjustment factor appears inadequate based on our review of the building plans and the development proposals.

NKF again applied an adjustment (25% in this case) for the regulatory issues/community benefits category. Again, it is unclear exactly what was meant to be accounted for in that adjustment.

Sale #L-5 (201 Haskins Way, South San Francisco)

This transaction was included as sale #8 in NKF's original appraisal report. In that report, their analysis produced an indicated bonus level value indication for the subject of $128.93 per square foot of floor area. In the April 2021 letter, the value indication from the same sale increased to $141.23 per square foot of floor area.

The adjustment for market conditions in the revised appraisal remained the same as in the original appraisal. As in the original appraisal, no adjustment was made for entitlements, despite the fact that this property sold unentitled and with the property needing a change in the zoning designation to accommodate the proposed development.

Page 17 of the letter stated that "Sale L-5 is located in South San Francisco. We also adjust this comparable upward by 12.50% for the Regulatory Issues/Community Benefit variable." Again, the basis and support for the noted adjustment is not apparent from the actual document written by NKF.

Sale #L-6 (821 Industrial Road, San Carlos)

This sale was not a part of the original NKF appraisal but it was analyzed as sale #R4 in our original review report. In our review report, the address of the property was shown as 887 Industrial Road, which is the principal address used in the development application.

NKF's analysis of this sale is marred by the mysterious rationale for the regulatory issues/ community benefits adjustments. Nevertheless, the indicated value from the sale for the subject property under the bonus level scenario in NKF's appraisal was $202.69 per square foot of floor area. That figure was nearly identical to the indicated value ($201/SF) in our original review report valuation analysis. Of note, sale #L-6 was the only sale analyzed in NKF's April 2021 appraisal that was close to being fully entitled at the time of sale.

Sale #L-7 (1075 O'Brien Drive, Menlo Park)

This sale was not a part of the original NKF appraisal but it was analyzed as sale #R2 in our original review report. As with the other sales, NKF's market conditions adjustment (11%) was made only through a September 2020 valuation date. The adjustment would be 13% (from the closing date) if had been made through April 21, 2021 at the same 3.0% annual compound rate as NKF applied in their analysis.

This property sold without any development entitlements or approvals. NKF failed to adjust for that factor.

The sale was adjusted upward for "development cost for higher FAR" (5%) and for regulatory issues/community benefits (25%). It is unclear to us what the basis was for those adjustments. In the latter case, it is possible that the adjustment is meant to account for bonus level appraisal instruction #8 but there is no way to know for sure.

Review Conclusion--NKF Revised Appraisal

NKF's revised appraisal benefits from a much better selection of sales than their original report, as the revised appraisal focused mainly on sites approved for or proposed for life sciences developments. However, the revised appraisal still had some shortfalls and areas of non-compliance with USPAP. In our opinion, the value conclusions for the base and bonus level scenarios still were not adequately supported. In our view, an objective review of available market data still would indicate that the value conclusions for both scenarios were understated. As a result, based on the available market data we believe that NKF's revised conclusion for the value of the community amenity remained understated.

As discussed in our original review report, one major failure in the October 2020 NKF appraisal report was the omission of any analysis of the effect on value of entitlements. That failure appears to have carried over into the revised appraisal, which still omitted any stated adjustment for entitlement status except in the case of sale #L-1.

Even if we were to presume that every adjustment as presented in the revised NKF appraisal were supported and exactly correct, then the value conclusions would be understated if we were to make the obvious change to apply appropriate adjustments for entitlement status. The only indicated value that would remain nearly unchanged would be that of sale #L-6, which had by far the highest indicated value of the seven sales analyzed by NKF.

In the revised appraisal, for the bonus level scenario the adjusted value range per square foot of floor area for the sales was $94.00 to $202.69 per square foot, which obviously is a very wide adjusted range. From low to high, the spread is 115.6%. From high to low the spread is negative 53.6%. Those spreads would tend to indicate a low level of reliability in the analysis. (The spreads are nearly identical in the base level adjusted values.) The standard deviations for the adjusted values under the bonus and base scenarios respectively were about $34/SF and $35/SF, which are high numbers relative to the indicated values and would tend to indicate fairly weak support for the conclusions.

For the bonus scenario, the simple (not size-weighted) median and average adjusted values were $141.23 and $149.83 per square foot of gross floor area, respectively. For the base scenario, the median and average adjusted values respectively were $147.68 and $156.27 per square foot of floor area. If appropriate adjustments had been made to the unentitled sale properties, the median and average indicated values both would have significantly increased. Consequently, the $150 per square foot conclusion bonus scenario and $155 per square foot base scenario conclusions in the revised appraisal necessarily would have had to rise as well.

Scope of Work

The Uniform Standards of Professional Appraisal Practice require appraisal review reports to state the scope of work used to develop the appraisal review. This section serves that function. Data sources used for collection and verification of information relating to the subject property and the researched sales include but are not limited to the following.

Visual observation of the subject property from the fronting streets

Menlo Park Community Development Department

Menlo Park Planning Division

Menlo Park Building Division

Menlo Park Public Works Department

Menlo Park Zoning Ordinance

Menlo Park General Plan

Menlo Park appraisal instructions to determine the value of community amenities under bonus level zoning

Menlo Park Geographic Information Services Division

Various Menlo Park staff reports for the proposed subject development

Building plans for the proposed subject development, with the most recent set of plans reviewed being dated January 7, 2019 and drawn by DES

Various CEQA documents, including ICF's December 2018 initial study report for the proposed subject development

San Mateo County Geographic Information Services Division

San Mateo County Assessor's Office

San Mateo County Tax Collector

Santa Clara County Geographic Information Services Division

Santa Clara County Assessor's Office

Santa Clara County Tax Collector

Planning divisions of Santa Clara, Sunnyvale, Menlo Park, Redwood City, San Carlos, South San Francisco, and various other government entities that had data relevant to the analysis of sales data that could be considered reasonably comparable to the subject property or that were otherwise researched in the course of the review assignment

Appraisal report for the subject property, prepared by Newmark Knight Frank, effective as of September 18, 2020

January 13, 2021 response letter written by Newmark Knight Frank to John Tarlton

April 21, 2021 response letter/review report written by Newmark Knight Frank, which included a revised appraisal of the property at 1350 Adams Court/1305 O'Brien Drive

File records of Fabbro, Moore & Associates, Inc.

Building plans, CEQA documents, survey and other mapping records, staff reports, SEC filings, public company earnings reports, planning commission records, city council records, recorded deeds, public announcements, and various other information sources used to compile and verify data related to various sale properties researched in the course of the assignment

Real estate agents, market participants, CoStar database records, and other sources used to obtain and/or verify sales information contained within the NKF appraisal report, our original review report, the April 2021 NKF response letter/review, this document, or otherwise researched in the course of the assignment

The scope of this assignment encompasses the necessary research and analysis to satisfy its intended purpose. This report complies with the Uniform Standards of Professional Appraisal Practice (USPAP) and with the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice.

The review was completed in accordance with Standard 3 of USPAP. The review conclusions were expressed in the form of a review report in accordance with Standard 4 of USPAP and in this supplement to the original review report. The review report and the supplement present summarized discussions of the reasoning used in the review process to develop opinions regarding the appraisal report reviewed. Our original review report also included the expression of value opinions. The value opinions were formed and reported in accordance with Standards 1 and 2 of USPAP except that USPAP does not require that the reviewers comply with Standards Rule 2-3 (certification statement) in a review report, as the certification standard for a review report is expressed in Standards Rule 4-3.

Highest and Best Use Comments

"Highest and Best Use" or "Optimum Use" of the property is the most fundamental premise upon which the estimation of market value is based. The Appraisal Institute's *Dictionary of Real Estate Appraisal* defines highest and best use as "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."

An appraisal of a potential development site usually will include an analysis of the highest and best use of a property as if it were vacant and available for development. The highest and best use as if vacant normally is the use that produces the highest land value while being legally permissible, physically possible, and financially feasible.

Under the appraisal instructions applicable for the valuation of community amenities in Menlo Park, the appraiser is asked to opine on the land value of the subject property under only two development scenarios. As such, the appraisal instructions do not call for a normal highest and best use analysis, as the actual highest and best use may differ from either of the two scenarios.

In our view, if the subject property were vacant and available for development, the most productive use would not match either the base level scenario (presumed to be entitled for a 55% R&D/life sciences FAR and a 10% commercial FAR) or the planned development scenario (91.92% R&D/life sciences FAR). Assuming the subject site were vacant, the more supportable highest and best conclusion would be to develop an R&D/life sciences project of the maximum achievable intensity. In real life, of course, the subject property already is developed with 188,104 square feet of renovated life sciences space in a two-story building, which is encumbered by a lease. Largely as a result of that factor, the property most likely could not reasonably support a 125% floor area ratio while still complying with other aspects of the planning code.

The Uniform Standards of Appraisal Practice state that each appraisal review report must include a signed certification. In accordance with that requirement, the undersigned hereby certify that, to the best of our knowledge and belief and except as otherwise noted in the original appraisal review report or this supplement:

1. The statements of fact contained in our review report and supplement 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 our review and we have no personal interest with respect to the parties involved in this assignment.

4. We have no bias with respect to the property that is the subject of this assignment and have no bias with respect to the parties involved in this assignment.

5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. Our compensation in 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 attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.

7. The analyses, opinions, and conclusions were developed, and the report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics of the Appraisal Institute, and the Standards of Professional Appraisal Practice of the Appraisal Institute.

8. We have *not* inspected the subject property for this assignment except for observation of the property from the fronting streets.

9. In accordance with the Competency Provision in the USPAP, we certify that our education, experience and knowledge are sufficient to review an appraisal of the type of property being valued. No one has provided significant professional assistance to the persons completing the review.

10. The Office of Real Estate Appraisers and the Appraisal Institute have continuing education requirements for licensed appraisers and for their members, respectively. Both Charles S. Moore, MAI, and Frank J. Fabbro have completed their continuing education requirements.

11. The current version of the USPAP requires the reviewers to disclose each service that was completed by the reviewers within the past three years and involved the subject property. In February of 2021, we completed a review of an October 2020 appraisal of the subject property. This letter has been prepared as a supplement to our original review report and as such is considered to be a continuation of the original assignment. We have had no other assignments involving the subject property within the past three years.

Charles S. Moore, MAI, #AG009176

Frank J. Fabbro, #AG002322

The appraisal review report and this supplement are subject to the following conditions and to such other specific and limiting conditions as are set forth by the reviewer in the report and supplement:

Standard Limiting Conditions

1. The reviewers assume no responsibility for matters of a legal nature affecting the subject property or the title thereto, nor do the reviewers render any opinion as to the title, which is assumed to be good and marketable.

2. The reviewers have made no survey of the property. Secondary data relative to size and area were taken from sources considered reliable, but are not guaranteed as accurate. We advise interested parties to obtain the services of a surveyor and/or architect.

3. Unless otherwise noted, no soils studies or environmental tests were provided to the reviewers in the course of this assignment. The reviewers are not experts in determining the existence of environmental hazards. Sites can be affected by a wide range of hazardous materials. Toxic or hazardous materials may include items such as asbestos; petroleum-based products; paints and solvents; lead; cyanide; DDT; printing inks; acids; pesticides; ammonium compounds; PCBs and other chemical products present in metals; minerals; chemicals; hydrocarbons; and biological or radioactive materials in the soil, buildings or building components, in above ground or underground storage tanks, or elsewhere in the property. An expert in the field should be consulted if any interested party has questions on environmental factors. Unless otherwise noted, we have assumed that the subject property is not affected by any toxic materials, toxic soil conditions, or other adverse environmental conditions.

4. Unless otherwise noted, no mold, spores, or fungus tests were provided to the reviewers in the course of this assignment. The reviewers do not have the expertise necessary to determine the existence of potentially harmful molds, spores, or fungus. As used herein, the terms molds, spores, and fungus mean any molds, spores, and fungus that can cause or threaten harm to living organisms or can cause or threaten physical damage, deterioration, loss of use and/or loss of value or marketability to

any tangible property whatsoever. This includes, but is not limited to, any types of mold, spores, and/or fungus that are harmful or potentially harmful to health or welfare (such as Stachybotrys and others) or that are damaging or potentially damaging to tangible property (such as wet or dry rot, mildew, and others) or that can otherwise cause or threaten to cause damages of any kind whatsoever. An expert in the field should be consulted if any interested party has questions related to molds, spores, and/or fungus that may affect the appraised property. Unless otherwise noted, we have assumed that the property is not affected by any molds, spores, and/or fungus.

5. Unless otherwise noted, the reviewers have not been provided with a survey, topographic map, soils report, geologic report, engineering study, contractor's inspection, structural report, or pest inspection for the appraised property. The reviewers are not experts on soils, geologic, engineering, or construction issues except as to how known information about such issues might affect valuation, marketability, or other economic aspects of real estate. The reviewers assume that there are no hidden or inapparent conditions of the property, subsoil, or structures which would render the property more or less valuable. The reviewers assume no responsibility for such conditions, or for investigation, engineering, or testing that might be required to discover such factors. We advise interested parties to procure the services of a soils engineer, structural engineer, contractor, property inspector, and/or other experts if they want to obtain information regarding the soil characteristics, geology, and stability of the site as well as information regarding the structural integrity and condition of the improvements.

6. The review report and supplement should not be considered reports on the physical items that are a part of the subject property. Although the review report and supplement may contain some information about the physical items at the subject property, it should be clearly understood that this information is only to be used as a general guide for property description purposes and not as a complete or detailed physical report/inspection.

7. Except as otherwise noted, it is assumed that there are no encroachments, building violations, code violations, or zoning violations affecting the subject property. An examination of applicable zoning and land use regulations was performed for this

assignment, but a comprehensive examination of all laws and ordinances affecting the subject property was not performed.

8. Except as otherwise noted, information, estimates, and opinions furnished to the reviewers, and contained in the report and supplement, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for the accuracy of such items furnished the reviewers can be assumed by the reviewers.

9. Appraisal review reports are technical documents addressed to the specific needs of clients. Casual readers should understand that the review report and supplement do not contain all of the information we have concerning the subject property or the real estate market.

10. The Bylaws and Regulations of the professional appraisal organizations with which the reviewers are affiliated govern disclosure of the contents of the review report and supplement. Duly authorized representatives of said organizations have the right to review the report and supplement.

11. The reviewers are not required, by reason of this assignment to give testimony, appear in court, or appear as required by a subpoena with regard to the subject property, unless sufficient notice is given to allow adequate preparation and additional fees are paid by the client at our regular rates for such appearances and the preparation necessitated thereby.

12. Neither all, nor any part of the content of the report or supplement, or copy thereof (including conclusions, the identity of the reviewers, professional designations, reference to any professional appraisal organizations, or the firm with which the reviewers are connected), shall be used for any purposes by anyone but the client specified in the report or professional appraisal organizations, without the previous written consent of the reviewers; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the reviewers.

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a tangible means of expression. This document cannot be reproduced without the express written consent of Fabbro, Moore & Associates, Inc. Neither the reviewers nor Fabbro, Moore & Associates, Inc. assume any liability for harm caused by reliance upon a copy of the document produced without the consent of Fabbro, Moore & Associates, Inc.

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15. The effective date applicable for this assignment is expressed within this document. The reviewers take no responsibility for any events, conditions, economic factors, physical factors, or other circumstances occurring after the effective date that would affect the opinions expressed in this document.

Extraordinary Assumptions

The Uniform Standards of Professional Appraisal Practice (USPAP) require an appraiser to state any extraordinary assumptions used in an appraisal. USPAP defines an extraordinary assumption as "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." This appraisal review assignment includes the extraordinary assumptions described below.

1. We were not provided with and have not reviewed a current title report for the subject property. Because we have not reviewed a current title report, we may not have complete information regarding easements, encroachments, and/or other encumbrances of record. We have presumed that there are no inapparent

easements, encroachments, and/or other encumbrances that would have a significant effect on value or marketability. If that presumption were incorrect, there could be an effect on the assignment results.

2. One of the sales analyzed by Newmark Knight Frank in both of their appraisals of the subject property is a reported pending sale of a property located at 1 Casey Court in Menlo Park. The original appraisal report stated (page 54) that the sale is scheduled to close escrow between June of 2021 and October of 2022. The prospective buyer appears to be one of the owners of the subject property and was the client for Newmark Knight Frank's assignment. We have not confirmed the reported effective sale price of $12,145,000. For purposes of this analysis, we will use the extraordinary assumption that Newmark Knight Frank's stated effective sale price, contract date, and closing date range are accurate. If that assumption were incorrect, there could be an effect on the assignment results.

Hypothetical Conditions

The Uniform Standards of Professional Appraisal Practice require an appraiser to disclose any hypothetical conditions utilized in the appraisal. USPAP defines a hypothetical condition 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 purposes of analysis." This report uses the following hypothetical conditions.

1. A part of our review assignment involved estimating the value of community amenities for bonus level development for the subject property. As part of the appraisal instructions, an appraiser is required to presume that all development entitlements have been obtained for the base level development at the floor area ratio defined in the planning code, as described within our original review report. In reality, entitlements for a new project under base level parameters are not in place and there is no active proposal for such a project. The aforementioned hypothetical condition affects the assignment results.

2. As part of the appraisal instructions, an appraiser is required to presume that all development entitlements have been obtained for the bonus level development

proposed for the subject property. In reality, full development entitlements for a new project are not currently are in place. The aforementioned hypothetical condition affects the assignment results.

3. The appraisal instructions for community amenities valuation in Menlo Park state that "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." That instruction is contrary to what would be the normal methodology for appraising a potential development site but it is a requirement for the assignment. In essence, the noted instruction constitutes the use of a hypothetical assumption that the bonus level value is unaffected by the community amenities requirement. The use of that condition affects or should affect the assignment results.

4. The Uniform Standards of Professional Appraisal Practice require the reviewer to report the ownership interest in the property that is the subject of the work under review. At least part of the subject property is leased to Pacific Biosciences of California, Inc., who has their headquarters at the building at 1305 O'Brien Drive. Therefore, the property owners hold a leased fee interest in the subject property, while the lessee has a leasehold interest in the property.

   In our view the nature of the appraisal assignment requires that an appraiser presume that the subject property is unencumbered by leases, in order to value a fee simple interest in the land under the base and bonus level scenarios. In any analysis of the value of the subject property applicable for this assignment, we used the hypothetical presumption that no leases encumber the subject property.

ADDENDA

Charles S. Moore, MAI, has been appraising real estate on a full time basis since 1986

Education

Mr. Moore graduated Cum Laude with a Bachelor of Science degree in Business Administration from San Francisco State University, San Francisco, California

Real Estate Education Courses

Real Estate Law	Real Estate Practice
Real Estate Economics	Real Estate Appraisal
Real Estate Finance	Property Management
Standards of Professional Practice	Real Estate Appraisal Principles
Residential Valuation	Anatomy of Residential Property
Business Management and Contracts	Financial Statements
Safety and Housing	Equal Opportunity Employment
Licensing and Mechanics Liens	The Secondary Mortgage Market
Quantitative Analysis	Business Statistics
Business Writing	Multi-residential Update
Microcomputer Applications	Desktop Publishing
Ethics and Professional Conduct	Consumer Protection
Agency Relationships and Duties	Statistics, Capitalization,
Capitalization and Cash Flow	and Partial Interests
Narrative Report Writing	Advanced Capitalization
Demonstration Report Writing	Standards of Professional Practice
Advanced Applications	Cost Approach - Calculator Method
Fair Housing Laws	Title 24: California Energy Code
H.U.D./F.H.A. Appraisal Practices	State & Local Environmental
Federal Environmental Legislation	Environmental Disclosure
Non-residential Report Writing	Hotel/Motel Valuation
Retail and Industrial Markets	Fundamentals of Investment Analysis
Standards of Professional Practice	Office and Industrial Trends

Purpose of Assignments

Purchase	Refinance	Casualty Loss
Litigation	Dissolution	Proposed Construction
Feasibility Study	Foreclosure	Estate
Relocation	Rental survey	Portfolio

Representative List of Properties Appraised

Offices

101 California Street
1,194,314 SF 48-story office tower

Gateway I and II
601-651 Gateway Boulevard, S.S.F.
Two office towers totaling 485,789 SF

Quadrus Office Project
2400-2494 Sand Hill Road, Menlo Park
Seven office buildings totaling 177,236 SF

Robert F. Peckham Federal Building
280 South First Street, San Jose
Federal building totaling 240,572 SF

Warehouse/Industrial/R&D

1070 San Mateo Avenue, S.S.F.
571,274 SF warehouse facility

1000 Commodore Drive, San Bruno
223,201 SF National Archives

Redwood Junction
2682-2694 Middlefield Road, RWC
215,200 SF multi-tenant light industrial

Scott Creek Business Park
44870 Kato Road, Fremont
Proposed 301,800 SF R&D facility

Apartments

Elena Gardens
1902 Lakewood Drive, San Jose
168-unit apartment complex

Belmont Square
2200 Lake Road, Belmont
36-unit apartment complex

Oakwood Apartments
515-595 John Muir Drive, San Francisco
721-unit apartment complex

Retail/Wholesale/Office

Gift Center & Jewelry Mart
888 Brannan Street, San Francisco
447,732 SF wholesale mart

West Gate Center
1933 Davis Street, San Leandro
573,563 SF power center

Design Pavilion
200 Kansas Street, San Francisco
78,659 SF wholesale design and furniture showrooms

Other Properties

41-77 Van Ness Avenue, San Francisco
Proposed 52-unit residential mixed-use condominium project

Crescent Villa Care Home
147 Crescent Avenue, Sunnyvale
40-bed assisted living facility

Children’s World Learning Center
2875 Mitchell Drive, Walnut Creek
Childcare facility licensed for 123 children

Lok-n-Stor
190 Otis Street, San Francisco
Proposed 1,354-unit self storage facility

Tuscan Inn at Fisherman’s Wharf
425 North Point Street, San Francisco
221-room full service hotel

Company Information

Fabbro, Moore & Associates is a real estate appraisal and consulting firm. The firm and its predecessor companies have been active in the San Francisco Bay Area since 1956. Our firm has appraised virtually all property types, including residential, commercial, lodging, research & development, industrial, and special use properties.

Education

Mr. Fabbro graduated Magna Cum Laude with a Bachelor of Arts degree in History from Santa Clara University, Santa Clara, California. He was elected to membership in Phi Beta Kappa, and now is a member of the Pi Chapter of California.

Mr. Fabbro has taken more than 50 real estate education courses or seminars, covering an extensive variety of topics. The subjects covered in those courses and seminars include but are not limited to real estate valuation principles, appraisal procedures, real estate finance, market analysis, development feasibility, highest and best use analysis, capitalization theory and techniques, advanced capitalization theory and techniques, case studies in real estate valuation, report writing and valuation analysis, condemnation appraising, analyzing distressed real estate, construction evaluation, subdivision valuation, and standards of professional practice.

The Office of Real Estate Appraisers establishes continuing education policies for licensed and certified appraisers in the State of California. Mr. Fabbro has completed the continuing education requirement for his current certification term.

Professional Affiliations

Mr. Fabbro has been awarded the Certified-General Appraiser designation by the State of California (Certificate #AG002322). Certified-General is the highest level of certification available from the state.

Court Testimony

Mr. Fabbro has testified as an expert in real estate in San Francisco, San Mateo, Santa Clara, Alameda, Napa, and Solano counties. He has also testified in federal courts. He has provided litigation valuation analyses in over 200 cases, involving a wide array of property types and cases. Areas of expert testimony have included issues related to real estate valuation, standard of care for real estate appraisers, regulatory issues related to real estate appraisal, development feasibility, achievable development profits, value of development entitlements, and other issues related to real estate market economics. Clients have included public agencies, insurance companies, corporations, partnerships, and individuals. On several occasions, Mr. Fabbro has been appointed by the court or opposing sides to act as the sole real estate valuation expert or as a neutral party in real estate valuation disputes.

Property Types Appraised

Single-family residences	Residential condominiums
Subdivisions	Planned unit developments
Apartment buildings	Vacant land
Submerged land	Agricultural properties
Hotels	Motels
Marinas	Self-storage facilities
Warehouses	Industrial buildings
Auto repair facilities	Gas stations
Industrial condominiums	Research & development facilities
Office condominiums	Office buildings
Shopping centers	Commercial retail properties
Restaurants	Night clubs
Auto dealerships	Mortuaries
Medical buildings	Assisted living facilities
Senior housing	Properties affected by hazardous materials

Assignment Purposes

Purchase	Lending
Eminent domain	Litigation
Arbitration	Dissolution
Assessment appeal	Gift tax
Diminution in value	Detrimental conditions
Estate	Partial interest valuation
Foreclosure	Relocation
Leasehold interest	Rental survey
Land use planning	Feasibility study
Proposed construction	Subdivision analysis
Blockage discounts	Valuation of easements and rights-of-way

Geographic Area of Expertise

Our primary area of expertise is in the nine-county San Francisco Bay Area. The following table lists the California counties in which we have provided appraisals.

San Francisco	San Mateo
Santa Clara	Alameda
Contra Costa	Marin
Solano	Napa
Sonoma	Santa Cruz
Monterey	San Joaquin
Sacramento	Stanislaus
Yolo	Tuolumne
Merced	Fresno
Kern	Los Angeles
Orange	Riverside

Clients (Partial List)

AltaPacific Bank
Bank of America
Bank of Marin
Bank of the West
California Bank & Trust
First Bank
First Republic Bank
Heartland Capital
HSBC Private Bank
JP Morgan Chase
Luther Burbank Savings
Northern Trust Bank
US Bank
Avidbank
Bank of East Asia
Bank of Montreal
Boston Private Financial Holdings
Comerica Bank
First National Bank
Fremont Bank
Heritage Bank
Industrial and Commercial Bank of China
Liberty Bank
New Resource Bank
Union Bank
Wells Fargo Bank

Beneficial Standard Life Insurance Co.
Fireman's Fund Insurance
Lawyers Title Insurance Corp.
Farmers Insurance
Kemper Insurance
Ticor Title Insurance Company

City of Belmont
City of Daly City
City of Half Moon Bay
City of Oakland
City of Redwood City
City of San Carlos
City and County of San Francisco
Mid-Peninsula Regional Open Space District
California Department of Transportation
Federal Deposit Insurance Corp. (FDIC)
U.S. Dept. of Housing and Urban Dev. (HUD)
Small Business Administration (SBA)
City of Brisbane
City of Foster City
City of Millbrae
City of Pacifica
City of San Bruno
City of South San Francisco
County of San Mateo
Skyline County Water District
SamTrans
General Services Administration (GSA)
Resolution Trust Corp. (RTC)
Veterans Administration (VA)

Applied Materials
General Motors
Lockheed Martin
Nestle USA
Safeway
Doubletree Hotels
Seton Medical Center
E.I. DuPont Co.
Hewlett-Packard
Motorola
Procter & Gamble
Marriott Corp.
Dignity Health
ESOP Investment Bankers

Bancroft & McAlister
Bryant, Clohan, Ott & Baruh
Cooley, LLP
Flicker, Kerin, Kruger & Bissada
Hammer & Jacobs
Miller Starr Regalia
Morrison Foerster
Ropers Majeski Kohn Bentley
Sidley Austin
Tobin & Tobin
Berra, Stross & Wallacker
Chapman, Popik & White
Fenwick & West
Gordon & Rees
Howard Rome Martin & Ridley
Morgan Tidalgo Sukhodrev & Azzolino
Quinn, Emanuel, Urquhart & Sullivan
Shartsis Friese
Thoits Law
Wilson, Sonsini, Goodrich & Rosati

Representative List of Properties Appraised

Offices/R&D

333 Market Street, San Francisco
Eminent domain case involving a leasehold interest in a 33-story, 692,000-square foot high-rise office building

United States Geological Survey Campus
345 Middlefield Road, Menlo Park
381,284-square foot campus of the U.S.G.S.

United Defense Campus
1205 & 1450 Coleman Ave., Santa Clara and San Jose
295,750 SF campus of a major defense contractor

New San Francisco Federal Building
Innovative, energy-efficient, 605,000-sq. ft., 18-story office building designed by Morphosis

Ronald V. Dellums Federal Building
1301 Clay Street, Oakland
903,363-sq. ft. federal building and courthouse

Industrial

Federal Supply Warehouse
1070 San Mateo Avenue, South San Francisco
571,913-square foot warehouse

National Archives and Records Admin. Center
1000 Commodore Avenue, San Bruno
227,839-square foot data center and warehouse

Retail

Sequoia Station, Redwood City
170,000-square foot community shopping center

125 Geary Street, San Francisco
Re-use plan for an unreinforced masonry building in Union Square

400 Jefferson Street, San Francisco
Leasehold interest in a new restaurant project at Fisherman's Wharf

Apartments/Residential

One Embarcadero South, San Francisco
Development appraisal for a 14-story, 233-unit multi-family residential building

City Heights at Pellier Park
169 West Saint James Street, San Jose
Appraisal of the first proposed high-rise condominium project in downtown San Jose

Green City Lofts
1007 Forty-first St., Oakland and
4050 Adeline Street, Emeryville
Proposed 62-unit loft condominium project

North Fair Oaks Apartments
523 Oakside Avenue, Redwood City
60-unit low- to moderate-income apartment project with condominium conversion potential

Marina Gardens, San Mateo
Conversion of a 180-unit stock cooperative project to condominiums

Land/Other

Abbott Labs Site, Redwood City
Evaluation of various license and easement rights affecting a proposed 541,077-square foot R&D project to be developed on a 31.57-acre site located adjacent to the Port of Redwood City

James R. Browning U.S. Court of Appeals Building
95 Seventh Street, San Francisco
457,000-square foot historic federal courthouse

Federal Courthouse, San Jose
Consultation with the federal government on site selection, land use, condemnation, and valuation issues related to a potential new federal courthouse

500 Ocean Street, Santa Cruz
80-room hotel