



SPECIAL AND REGULAR MEETING AGENDA

Date: 6/11/2024
Time: 5:30 p.m.
Location: [Zoom.us/join](https://zoom.us/join) – ID# 832 1285 7140
City Council Chambers
751 Laurel St., Menlo Park, CA 94025

EARLY STAFF REPORT RELEASE NOTICE

The following staff report is being released eight days in advance of the City Council meeting:

Consider a resolution affirming a proposed in-lieu payment satisfies the requirement to provide community amenities for a proposed bonus-level development project of approximately 228,398 square feet in the LS-B (Life Science – Bonus) zoning district located at 985-1005 O'Brien Dr. and 1320 Willow Rd.
([Staff Report #24-098-CC](#))

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STAFF REPORT

City Council

Meeting Date:

6/11/2024

Staff Report Number:

24-098-CC

Public Hearing:

Consider a resolution affirming a proposed in-lieu payment satisfies the requirement to provide community amenities for a proposed bonus-level development project of approximately 228,398 square feet in the LS-B (Life Science – Bonus) zoning district located at 985-1005 O’Brien Dr. and 1320 Willow Rd.

Recommendation

Staff recommends the City Council consider the community amenity proposal for a new bonus-level life science research and development (“R&D”) project and whether the proposed in-lieu payment bears a reasonable relationship to the increased intensity of development and increased effects on the surrounding community, and whether the community amenities in-lieu payment addresses community needs. A draft resolution affirming that the in-lieu payment satisfies the community amenity requirement for the proposed project is included in Attachment A.

Policy Issues

The ConnectMenlo General Plan update (“General Plan”) included a guiding principle for Corporate Contribution. This principle identified that in exchange for added development potential, development projects will provide physical benefits in the adjacent neighborhoods (e.g., Belle Haven and the area north of US 101). Policy LU-4.4 (Community amenities) and Program LU-4.C (Community amenity requirements) implement this guiding principle by requiring developments at the bonus level to contribute to programs that benefit the community (e.g., education, transportation infrastructure, neighborhood-serving amenities/services, housing, and job training and employment). These contributions are ensured through zoning ordinance and other implementing regulations and memorialized in a list that may be modified over time to reflect changes in community priorities and desired amenities. Applicants may also satisfy the community amenity requirement for a project by paying an in-lieu payment calculated at 110% of the required community amenity value. In-lieu payments are deposited in the Bayfront Community Amenity Fund and used by the City to provide community amenities in the area between US 101 and the San Francisco Bay. The City Council will need to consider whether the in-lieu payment is appropriate for the proposed project or if on- or off-site community amenities are preferred.

Background

Project history

On June 25, 2021, the applicant submitted an application for a new bonus-level project to construct two new R&D buildings and a parking structure located at 985-1005 O’Brien Dr. and 1320 Willow Rd. Since the application date, staff has been reviewing the proposed project to confirm compliance with applicable development standards and preparing environmental documents for the project. The City published a notice of preparation (NOP) of an environmental impact report (EIR) June 2, 2023, and staff is working with its

environmental consultant to analyze the potential environmental impacts of the project. The draft EIR is anticipated to be released for public review in summer 2024.

Community amenities procedures

In August 2023, the City Council adopted updated community amenity implementing regulations and community amenity appraisal instructions, included as hyperlinks as Attachments B and C, respectively. The implementing regulations and appraisal instructions were updated to clarify the process by which a final community amenity value is determined when a bonus-level project is proposed, and to allow for initial feedback from the City Council as to the appropriateness of the proposed community amenity through a screening meeting. A hyperlink to the staff report detailing the updates to the community amenity regulations is included as Attachment D.

Generally, the applicant and the City prepare appraisals that analyze the value of bonus gross floor area (GFA) in a bonus-level project. The appraisals are compared, and if necessary, either adjustments to the appraisals are made or a third party appraisal is conducted to ensure an accurate value for the bonus GFA is determined. Once the value of the bonus GFA is determined, the applicant submits an initial community amenity proposal detailing their strategy to provide the required community amenity at a value equal to 50% of the value of the bonus GFA. The City Council has the opportunity to discuss whether the proposed community amenity is appropriate for the project. Per the implementing regulations, the applicant is considered an “existing applicant” and is exempt from the implementing regulations since the community amenity proposal was submitted before adoption of the implementing regulations. However, the applicant has opted into the process to receive early feedback on their community amenity proposal.

Updated community amenities list

In July 2023, the City Council adopted an updated community amenity list to replace the list that was originally adopted in 2016 as part of the ConnectMenlo process. A hyperlink to the updated amenity list is included as Attachment E. The updated community amenity list was created through a robust public outreach and input process which sought to develop a list of community amenities that would more accurately reflect the community’s current needs. The updated community amenities list includes the following list of four broad categories of community amenities:

- Carbon-free transit and enhanced transportation;
- Community-serving retail;
- Energy, technology, utilities, and communication infrastructure in the Belle Haven neighborhood; and
- Enhanced quality of life.

The list offers examples of potential community amenities that would fall under each category. In addition to the amenities included in the list, applicants have the option to propose an alternate community amenity, not included on the list, through a negotiated development agreement (DA). Finally, applicants have the option to propose an in-lieu payment instead of providing physical amenities. The in-lieu payment would be equal to 110% of the required value of the community amenity.

Analysis

Project description

The applicant is proposing to demolish three existing buildings and construct two new R&D buildings with a total of 228,398 square feet of GFA and a parking structure. The project site consists of three parcels in the LS-B zoning district, two along O'Brien Drive and one along Willow Road, which would be reconfigured to accommodate the proposed project. Properties to the west are also located in the LS-B zoning district and are developed with a mix of R&D and light industrial uses. Mid Peninsula High School abuts the project site

to the north, with the recently approved Willow Village project site further north. Properties to the south are in the LS district (Life Science district without the bonus designation) and are also developed with a mix of R&D and light industrial uses. Properties to the east across Willow Road are in multifamily and mixed use zoning districts. The project site is near the intersection of Willow Road and Ivy Drive, which serves as a main route into the Belle Haven Neighborhood west of Willow Road. A location map is included as Attachment F.

The project would be developed in two phases with the first phase (“Phase 1”) beginning immediately after entitlement. The applicant states that they intend to begin the second phase (“Phase 2”) immediately after Phase 1; however, existing lease agreements may require the Phase 2 to begin up to 10 years after completion of the Phase 1. The applicant has indicated their interest in entering into a DA with the City in order to extend the life of the entitlements to account for the potential gap between phases. Staff will analyze the request and return to City Council with more information at a later date.

Phase 1 would consist of demolition of the two buildings along O’Brien Drive and a portion of the 1320 Willow Rd. building, and construction of the new 154,381-square-foot building (“Building 1”) located at 1005 O’Brien Dr., and partial construction of the parking structure. The Phase 2 would consist of demolition of the remainder of the 1320 Willow Rd. building, construction of the new 73,617-square-foot building (Building 2) located at 1320 Willow Rd., and construction of two additional stories on the parking structure. Each building would have an associated chemical storage building of 200 square feet. The applicant’s project description letter is included as Attachment G, and the project plans are included as Attachment H. When built out, the proposed project would consist of approximately 228,400 square feet for R&D uses. The proposed R&D use is permitted in the Life Sciences (LS) zoning district and is consistent with the project site land use designation from the general plan. The applicant is proposing to develop the building utilizing the bonus level provisions permitted by Menlo Park Municipal Code (MPMC) Chapter 16.44 which permits developments to obtain an increase in FAR and/or height in the LS-B zoning district, in exchange for providing community amenities. Table 1 below summarizes the proposed project data.

Table 1: Proposed project floor area ratio				
	Existing	Proposed project	Zoning Ordinance bonus level standards (maximums)	Zoning Ordinance base level standards (maximums)
R&D square footage	90,600	228,398	229,520	100,998
R&D floor area ratio	0.49	1.24	1.25	0.55

Site layout

The proposed R&D buildings and parking structure would all be constructed in an east-west orientation. Building 1 would face O’Brien Drive and would be connected to the street by a landscaped entry plaza. The Willow Road frontage is the narrower of the two street frontages. Due to the east-west orientation of Building 2, this building would have a narrower profile at the Willow Road frontage. The main entrance for this building would be located along Willow Road and would have a similar entrance plaza to Building 1. The parking structure would be located behind the buildings, to the north of Building 1 and to the east of Building 2. The site plan is included as Attachment I.

Height

The two proposed buildings and the parking structure would vary in height. Table 2 details the height and the weighted average height of the proposed buildings. The average height would be approximately 74.1

feet which would be compliant with the allowed height of 77.5 feet.

Table 2: Proposed building height			
	1005 O'Brien Dr.	1320 Willow Rd.	Parking structure
Height* (maximum)	101 feet	74 feet	74 feet
Height**	74.1 feet		

* Maximum height does not include roof-mounted equipment, utilities and, parapets used to screen mechanical equipment.

** Height is calculated as a weighted average height of the three proposed buildings, detailed on Sheet A11.7 of the project plans

Community amenity appraisal and proposal

On Aug. 14, 2023, the applicant submitted the Applicant’s Appraisal (Attachment A, Exhibit A). The City determined that the form and content of the Applicant’s Appraisal was consistent with the appraisal instructions and conducted the City’s Appraisal (Attachment A, Exhibit B). The appraised values differed by more than 10% of the lower appraisal (Applicant’s Appraisal). In lieu of conducting a third-party appraisal, the applicant opted to adjust their appraisal value so the City’s Appraisal was within 10% of the Applicant’s Appraisal, and submitted an adjusted appraisal (Attachment A, Exhibit C). The results of the appraisals are summarized in Table 3 below.

Table 3: Adjusted applicant community amenity appraisal			
Appraisal	Value of base level development	Value of bonus level development	Difference (value of the bonus GFA)
Applicant’s Adjusted Appraisal	\$27,545,455	\$56,000,000	\$28,454,545
City’s Appraisal	\$30,300,000	\$61,600,000	\$31,300,000

Since the applicant adjusted their appraisal, the Final Appraised Value, per the Community Amenity Implementing Regulations and Appraisal Instructions, is the midpoint of the adjusted appraisal value and the City Appraisal value. The Final Appraised Value (also referred to as the Bonus Level Development Value) is \$29,877,000 (rounded to the nearest \$1,000). Per the implementing regulations, the required community amenity value is \$14,939,000, which is 50% of the Bonus Level Development Value.

The applicant proposes to meet the community amenity requirement by paying the in-lieu payment (Attachment A, Exhibit D). In lieu payments are calculated at 110% of the required amenity value. The applicant proposes to pay an in-lieu payment of \$16,432,900, which would satisfy the community amenity requirement. Per the City’s standard practice, the in-lieu payment is anticipated to be paid in full before issuance of building permits for the first building.

Conclusion

The applicant’s community amenities proposal to provide an in-lieu payment of approximately \$16.4 Million would comply with the minimum required community amenity based on the Final Appraised Value of the bonus level development. The City Council has the ability to review and provide feedback on the applicant’s proposed community amenities. The City Council should consider the proposal and determine whether the proposed in-lieu payment is appropriate for this site. If the City Council determines the payment is appropriate, a draft resolution affirming the proposed community amenity has been provided as Attachment A. If an in-lieu payment is determined to not be appropriate for the site, the City Council should direct staff to return with an amended resolution recommending modifications to the community amenities proposal.

Impact on City Resources

As stated in the community amenities implementing regulations, the in-lieu payment revenues shall be deposited in a restricted community amenities fund to be used to implement the community amenities identified in the community amenities list adopted by City Council resolution. If the project is approved and an in-lieu payment is deemed appropriate to satisfy the requirement to provide community amenities, the City would receive approximately \$16,432,900 from the applicant to be used to implement the community amenities identified in the list. The applicant is required to pay planning, building and public works permit fees, based on the City's Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project. The applicant is also required to fully cover the cost of work by consultants performing environmental review and additional analyses to evaluate potential impacts of the project.

Environmental Review

Determination of appropriateness of community amenities is not a California Environmental Quality Act (CEQA) project. An EIR is being prepared for the proposed project. The draft EIR is anticipated to be released for public review in summer 2024.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. Public notification also consisted of publishing a notice in the local newspaper and notification by mail of owners and occupants within a ¼-mile radius of the subject property.

Attachments

- A. Draft City Council resolution affirming community amenities proposal
Exhibits to Attachment A
 - A. Applicant's Community Amenity Appraisal (Original)
 - B. City's Community Amenity Appraisal
 - C. Applicant's Community Amenity Appraisal (Amended)
 - D. Applicant's Initial Community Amenity Proposal
- B. Hyperlink – Current Community Amenity Implementing Regulations:
menlopark.gov/files/sharedassets/public/v/1/community-development/documents/community-amenities-implementing-regulations-2023-update.pdf
- C. Hyperlink – Community Amenity Appraisal Instructions:
menlopark.gov/files/sharedassets/public/v/1/community-development/documents/general-plan/appraisal-instructions-to-determine-the-value-of-community-amenities-2023-update.pdf
- D. Hyperlink – Aug. 15, 2023 Staff Report #23-182-CC:
menlopark.gov/files/sharedassets/public/v/2/agendas-and-minutes/city-council/2023-meetings/agendas/20230815-city-council-agenda-packet-w-pres.pdf#page=345
- E. Hyperlink – Community Amenities List: menlopark.gov/files/sharedassets/public/v/1/community-development/documents/6849-community-amenities-list-adopted-july-2023.pdf
- F. Location map
- G. Project description letter
- H. Hyperlink – Project Plans: menlopark.gov/files/sharedassets/public/v/1/community-development/documents/projects/under-review/1005-o%e2%80%99brien-drive-and-1320-willow-road/feb.-2023-plans.pdf
- I. Plan set excerpt – site plan

Staff Report #: 24-098-CC

Report prepared by:
Chris Turner, Senior Planner

Report Reviewed by:
Kyle Perata, Assistant Community Development Director

RESOLUTION NO. XXXX**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
AFFIRMING THE INITIAL COMMUNITY AMENITY PROPOSAL OF AN IN LIEU
PAYMENT SATISFIES THE COMMUNITY AMENITY REQUIREMENT FOR A
PROPOSED BONUS-LEVEL DEVELOPMENT LIFE SCIENCES PROJECT
LOCATED AT 985-1005 O'BRIEN DRIVE AND 1320 WILLOW ROAD**

WHEREAS, on June 25, 2021, the City received an application from Tarlton Properties, Inc ("Applicant") for a use permit, architectural control permit, Below Market Rate (BMR) Housing agreement, and environmental review to demolish three existing, one-story commercial buildings on three parcels and construct one new five-story building for research and development (R&D) and office uses, one new four-story building for R&D and office uses, with a total of approximately 228,400 square feet, and one new seven-story parking structure on two parcels located in the Life Science, Bonus (LS-B) zoning district ("Proposed Project"); and

WHEREAS, the Proposed Project would be developed utilizing the City's bonus-level development provisions which would include additional floor area ratio (FAR) and height in return for the applicant providing community amenities; and

WHEREAS, on July 13, 2023, the City Council adopted an updated list of approved community amenities that reflect the community's current needs and which could be provided in order to meet the requirement to provide community amenities for a bonus-level development; and

WHEREAS, in lieu of providing amenities from the adopted list Applicant may provide amenities not on the list through a negotiated development agreement or payment of an in-lieu payment; and

WHEREAS, on August 15, 2023, the City Council amended Section 16.44.070 of the Menlo Park Municipal Code in order to clarify the process for determining the required value of the community amenities to be provided by an applicant; and

WHEREAS, on August 15, 2023, the City Council adopted by resolution community amenities implementing regulations ("Implementing Regulations") and community amenities appraisal instructions ("Appraisal Instructions") detailing the process by which the value of the required community amenity would be determined; and

WHEREAS, the applicant provided a community amenity appraisal ("Applicant's Appraisal"), attached hereto as Exhibit A, which met the requirements as to the form and content of the appraisal detailed in the Appraisal Instructions, and which identified the bonus level development value of the proposed project; and

WHEREAS, the City conducted a subsequent community amenity appraisal ("City's Appraisal"), attached hereto as Exhibit B, pursuant to the Appraisal Instructions; and

WHEREAS, the City's Appraisal and Applicant's Appraisal identified bonus level development values that were more than 10 percent apart; and

WHEREAS, pursuant to the Implementing Regulations, the Applicant revised the Applicant Appraisal, attached hereto as Exhibit C, to bring its bonus level development value to within 10 percent of the City Appraisal for bonus level development value; and

WHEREAS, pursuant to the Implementing Regulations, the Final Appraised Value of the bonus level development value is determined to be the midpoint between the Applicant's Appraisal and the City's Appraisal; and

WHEREAS, The Final Appraised Value of the bonus level development value is determined to be \$29,877,000; and

WHEREAS, the Applicant is required to provide a community amenity valued at a minimum of 50 percent of the Final Appraised Value, and

WHEREAS, the value of the community amenity required to be provided by the applicant is \$14,939,000, and

WHEREAS, pursuant to Section 16.44.070 (B), in lieu of providing physical community amenities, applicants may elect to pay an in-lieu payment equal to 110 percent of the required value of the community amenity; and

WHEREAS, the Applicant provided an Initial Community Amenity Proposal, attached hereto as Exhibit D, to pay an in-lieu payment in the amount of \$16,432,900, which is 110 percent of the required community amenity value and satisfies the required value of the community amenity; and

WHEREAS, pursuant to the Implementing Regulations, the City Council conducted a hearing where they considered the proposed community amenity in-lieu payment, and after taking public comment and deliberating on the proposal, found that the proposed in-lieu payment bears a reasonable relationship to the increased intensity of the development and its increased effects to the surrounding community.

NOW, THEREFORE BE IT RESOLVED, that the City of Menlo Park, acting by and through its City Council, having considered and been fully advised in the matter and good cause appearing therefore do hereby affirms the proposed community amenity in-lieu payment is appropriate for the bonus level development project to construct two new R&D buildings and associated parking structure at 985-1005 O'Brien and 1320 Willow Road.

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I, Judi A. Herren, City Clerk of Menlo Park, do hereby certify that the above and foregoing City Council Resolution was duly and regularly passed and adopted at a meeting by said City Council on the eleventh day of June, 2024, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this __ day of June, 2024.

Judi A. Herren, City Clerk

Exhibits

- A. Applicant's Appraisal
- B. City's Appraisal
- C. Applicant's Appraisal (Amended)
- D. Initial Community Amenity Proposal

NEWMARK VALUATION & ADVISORY

985-1001 O'Brien Dr.,
1320 Willow Rd.

985-1001 O'Brien Drive, 1320 Willow Road
Menlo Park, San Mateo County, CA 94025

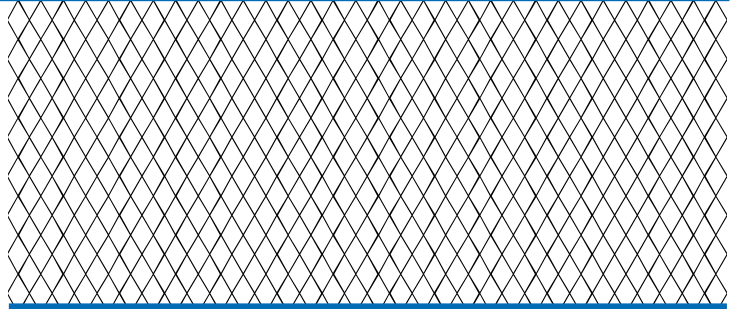
Newmark Job No.: 22-0160779-2

Appraisal Report Prepared For:

Mr. John Tarlton
O'Brien Drive Portfolio II, LLC
1530 O'Brien Drive, Suite C
Menlo Park, CA 94025

Prepared By:

Newmark Valuation & Advisory
3055 Olin Avenue, Suite 2200
San Jose, CA 95128



NEWMARK VALUATION & ADVISORY

August 19, 2022

Mr. John Tarlton
O'Brien Drive Portfolio II, LLC
1530 O'Brien Drive, Suite C
Menlo Park, CA 94025

Menlo Park, CA 94025RE: Appraisal of Land located at 985-1001 O'Brien Drive, 1320 Willow Road, Menlo Park, San Mateo County, CA 94025, prepared by Newmark Valuation & Advisory, LLC (herein "Firm" or "Newmark")

Newmark Job No.: 22-0160779-2

Dear Mr. Tarlton:

The purpose of this appraisal is to help determine the value of the community amenities, Amenity Value, under the bonus level zoning. The subject site is zoned LS-B which reflects the Life Science zoning and the B representing the bonus in obtaining higher FAR, (Floor Area Ratio) for the subject site.

Under the current zoning the FAR is 55% (Base Level). In other words a site with 100,000 square feet could legally support a building with 55,000 "gross floor area" square feet. Under the bonus level zoning the permitted FAR is up to 125% (Bonus Level). Therefore, in the above example, under the Bonus Level, the site would be eligible for a building area of up to 125,000 "gross floor area" square feet.

In the above examples, the Bonus Level is 70,000 square feet. Typically, developers will pay a premium for sites that provide a higher FAR or "gross floor area". It is this premium which are to determine in the following appraisal report. Following the conclusion of the Bonus Level Value, per the city appraisal instructions, Bonus Level Value will then be reduced by 50% to reach the Value of the Amenity.

The City of Menlo Park has specific instructions for the appraiser when determining the value of the bonus FAR. The formula which they have dictated in their instructions is based solely on the sales comparison approach. They have eliminated the use of the land residual approach.

Land sales are most commonly compared on a price per square foot of useable land area or on the price per square foot of permitted building area or "Gross Floor Area". Their instructions are specific in describing the use of the price per building area or price per "Gross Floor Area".

We will employ this methodology in the following report.

Key Value Considerations

Site Area

The subject is comprised of three assessor parcels, 055-421-050, 060, 160. Combined they reflect a total site area of 183,616 square feet or 4.2152 acres. The parcels wrap around the corner of O'Brien Drive and Willow Road. A lot line adjustment is requested to adjust lot lines between 1001 O'Brien and the neighboring 1035 O'Brien property in order to make the lot lines perpendicular to the right of way, as well as to merge lots on the project site.

Existing Buildings

The three existing building addresses are 985 and 1001 O'Brien drive, and 1320 Willow Road. The existing buildings are located on three parcels.

- Building use is storage, office, R&D
- Total 90,600 sq. ft. (0.49 FAR)
- 114 uncovered stalls on the surface parking lots
- Minimal landscaping at the front entry of 1320 Willow; no sensitive habitat

Proposed Buildings

Tarlton Properties has proposed a phased project to replace three existing single-story buildings with one 5-story new building, one 4-story new building, a parking garage, a sport court and an open space accessible to the community.

- One 4-story and one 5-story R&D building
- Total 228,398 sq. ft. (1.24 FAR) of R&D, office Life Science
- (154,581 sq. ft. (1.25 FAR) in Phase 1; 73,817 sq. ft. (1.24 FAR) in Phase 2)
- 545 Parking stalls (511 in parking garage and 34 surface parking spaces)
- All buildings to be elevated 24" above BFE (12.8')
- New entry lobbies facing O'Brien Drive and Willow Road
- High performance bird friendly glazing with aluminum mullions
- Mechanical equipment located within roof screen
- Environmentally sensitive and pedestrian friendly landscaping along three sides of property, including facing the public right of way and Peninsula High School

The two R&D buildings are designed to accommodate life science tenants with anticipated ratios ranging from 30-45% office and 55-70% lab areas. Tarlton Properties has supported a variety of tenants over the last 36 years. In the last 15 years the tenants have predominantly been R&D type facilities. These have included companies that design medical devices and services, develop clean technology products, and engineer environmentally sustainable foods. All tenants require lab-related, clean manufacturing environments. The open office areas adjacent to the labs provide technical working areas for scientists, lab technicians and researchers. The open office

areas also provide working space for sales, marketing and office support staff. Since these companies are in the development stages of their products, their R&D staff is proportionately larger than their support staff.

This project will be phased between Phase 1 and Phase 2. Up to ten years may be required due to existing lease agreements. The anticipated tenants are R&D/ office or Life Science.

Open Space

Public open space is provided in multiple locations for Phase 1 and 2 of the project.

In Phase 1, 15% of the publicly accessible open space is located along O'Brien Drive adjacent to the street/sidewalk. 85% of the publicly accessible open space is located adjacent to existing open space and proximate to proposed publicly accessible open spaces on three neighboring and nearby properties: playing fields for the Mid-Peninsula High School, Greenspace at 20 Kelly Court, Willow Village public park and community space. The publicly accessible open space will also provide community access to the sports court and will also provide pedestrian access to the facility which is located close to the Belle Haven neighborhood.

The developer, Tarlton Properties, has designed the publicly accessible open space for this project in response to community comments that asked for public open space to be aggregated with other proposed and existing open space, and to provide connections with that space from public rights of way. It is anticipated that these contiguous open spaces could eventually be linked to more publicly accessible spaces proposed along the Hetch Hetchy corridor. Additionally, publicly accessible open space leads from public rights of way. It is anticipated that the publicly accessible open space will work in conjunction with the building to extend public indoor/outdoor space. In Phase 1 and 2 combined, 38% of the publicly accessible open space on the project directly fronts either Willow Road or O'Brien Drive, with the remaining open space is directly accessible from those public rights of way and connecting to other existing and proposed publicly accessible open space. Phase 2 connection to the Public open space along the Hetch Hetchy corridor is directly connected to and visible from Willow Road as well as to O'Brien Drive via a pathway that is accessible to the public but is not counted towards project totals. Directional signage for phase 1 could be added if required to clarify that areas are open to the public.

Environmentally sensitive and pedestrian friendly landscaping will be planted along three sides of property, including facing the public right of way and Peninsula High School.

Utilities

The existing site is served by all required utilities and public services including a 4" water line for fire sprinklers.

Proposed project will provide:

- New fire department connection (FDC) and backflow preventer.
- All new electrical connected underground from existing service on O'Brien Drive.
- Two new sprinkler risers for each of the building and parking garage

Given the above, the subject site which comprises a total of 4.2152 acres or 183,616 square feet of R&D or Life Science has the base level capacity of 100,989 gross floor area (183,616 X 55%). The project sponsor is proposing 228,398 square feet of Gross Floor Area which reflects an FAR of approximately 124% coverage and is within the Bonus Level permitted FAR of 125%.

Based on the analysis contained in the following report, the opinion of value for the subject is:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Phase 1			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$34,800,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$17,000,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$17,800,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$8,900,000
Value of the Amenity	Fee Simple	5/26/2022	\$8,900,000
Phase 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$16,600,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$8,200,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$8,400,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$4,200,000
Value of the Amenity	Fee Simple	5/26/2022	\$4,200,000
Combined Phases 1 & 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$51,400,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$25,200,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$26,200,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$13,100,000
Value of the Amenity	Fee Simple	5/26/2022	\$13,100,000

Extraordinary Assumptions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. None

Hypothetical Conditions

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. At least one of the buildings on the subject site is leased. We have used the hypothetical condition that the subject buildings are unencumbered by leases and thus we are appraising the fee simple interest.
2. In order to comply with the City's instructions, we have employed the Hypthetical Condition that the subject has entitlements to build the development as proposed.

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

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

Certification

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

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



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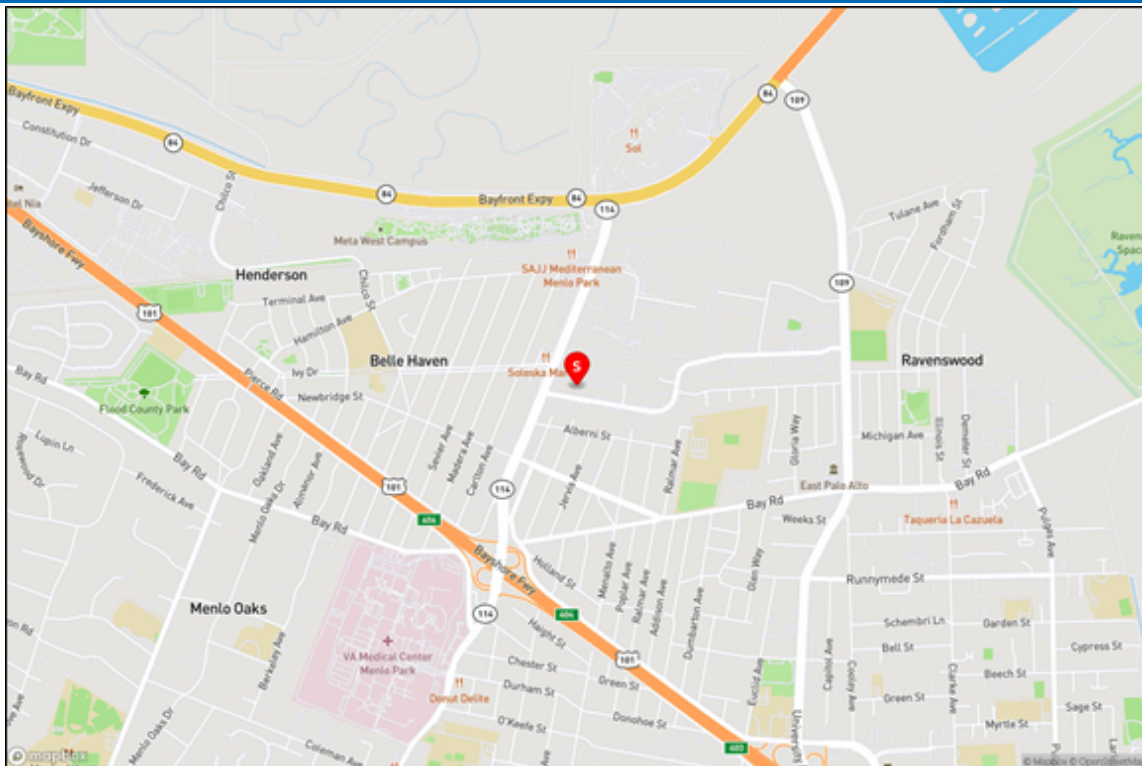
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Addenda

- A. Glossary of Terms
- B. Engagement Letter
- C. Legal Description



Aerial Photo



Location Map



Front (Westerly) View of 985 O'Brien Drive



Rear (Easterly Elevation) of 985 O'Brien Drive



Side (Southerly) Elevation of 985 O'Brien Drive



Front (Westerly) Elevation of 1001 O'Brien Drive



Rear (Easterly) Elevation of 1001 O'Brien Drive



Side (Southerly) Elevation of 1001 O'Brien Drive



Front View of 1320 Willow Road



Rear (Easterly) Elevation of 1320 Willow Road



Side (Westerly) Elevation of 1320 Willow Road



Southerly View Along O'Brien Drive



Northerly View Along O'Brien Drive



Looking West Along Willow Road



Looking East Along Willow Road

Executive Summary

985-1001 O'Brien Dr., 1320 Willow Rd.

Property Type:	Land-Industrial
Street Address:	985-1001 O'Brien Drive, 1320 Willow Road
City, State & Zip:	Menlo Park, San Mateo County, CA 94025
MSA Name:	San Francisco
Market Name:	CA - San Mateo
Submarket Name:	Menlo Park
Proposed Gross Building Area LS/Office Area (SF):	228,398
Proposed Net Rentable Area LS/Office Area (SF):	228,398
Land Area:	4.215 acres; 183,616 SF
Zoning:	LS-B
Highest and Best Use - As Vacant:	A Land Use
Highest and Best Use - As Improved:	Land Use

Analysis Details

Valuation Date:	May 26, 2022
Inspection Date and Date of Photos:	May 26, 2022
Report Date:	August 19, 2022
Report Type:	Appraisal Report
Client:	Monchamp Meldrum, LLP & O'Brien Drive Portfolio II, LLC
Intended Use:	Internal Business Decisions
Intended User:	Monchamp Meldrum, LLP & O'Brien Drive Portfolio II, LLC
Appraisal Premise:	Value of Community Amenity
Intended Use and User:	The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
Interest Appraised:	Fee Simple
Exposure Time (Marketing Period) Estimate:	6 Months (6 Months)

Compiled by Newmark

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Phase 1			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$34,800,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$17,000,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$17,800,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$8,900,000
Value of the Amenity	Fee Simple	5/26/2022	\$8,900,000
Phase 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$16,600,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$8,200,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$8,400,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$4,200,000
Value of the Amenity	Fee Simple	5/26/2022	\$4,200,000
Combined Phases 1 & 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$51,400,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$25,200,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$26,200,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$13,100,000
Value of the Amenity	Fee Simple	5/26/2022	\$13,100,000

Concluded Exposure Time	6 Months or Less
Concluded Marketing Time	6 Months or Less

Compiled by Newmark

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. None

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment

1. At least one of the buildings on the subject site is leased. We have used the hypothetical condition that the subject buildings are unencumbered by leases and thus we are appraising the fee simple interest.
2. In order to comply with the City's instructions, we have employed the Hypothetical Condition that the subject has entitlements to build the development as proposed.

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

Compiled by Newmark

Introduction

OWNERSHIP HISTORY

The current owner is O'Brien Drive Portfolio, LLC.

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

INTENDED USE AND USER

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

- The intended use of the appraisal is for Internal Business Decisions and no other use is permitted.
- The client is Monchamp Meldrum LLP and O'Brien Drive Portfolio II, LLC.
- The intended users are Monchamp Meldrum LLP, O'Brien Drive Portfolio II, LLC and no other user is permitted by any other party for any other purpose.

DEFINITION OF VALUE

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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

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

INTEREST APPRAISED

The appraisal is of the Fee Simple interest.¹

- ◆ **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

APPRAISAL REPORT

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

PURPOSE OF THE APPRAISAL

The primary purpose of the appraisal is to develop an opinion of the 0 of the Fee Simple interest in the property.

Purpose of the Appraisal		
Appraisal Premise	Interest Appraised	Date of Value
Value of Community Amenity	Fee Simple	5/26/2022

Compiled by Newmark

SCOPE OF WORK

Extent to Which the Property is Identified

- Physical characteristics
- Legal characteristics
- Economic characteristics

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

Extent to Which the Property is Inspected

Newmark inspected the subject property on May 26, 2022 as per the defined scope of work. Kenneth Matlin, MAI, AI-GRS, SRA, ASA made a personal inspection of the property that is the subject of this report. Kenneth Matlin, MAI, AI-GRS, SRA, ASA has not personally inspected the subject.

Type and Extent of the Data Researched

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

Type and Extent of Analysis Applied

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

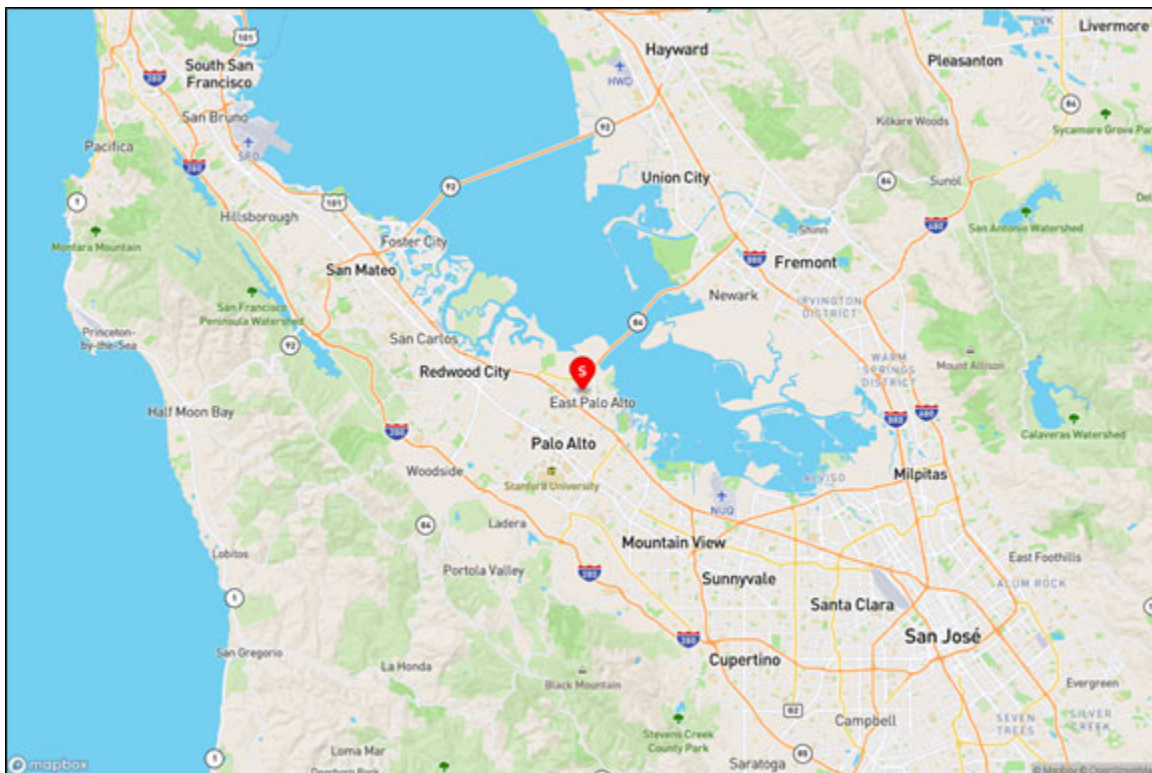
Economic Analysis

THE IMPACT OF COVID-19

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

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

AREA ANALYSIS



Area Map

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

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

Moody's Analytics Précis® Metro Indicators: San Francisco MSA												
2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
187.1	200.1	215.8	229.6	245.8	247.1	Gross metro product (C12\$ bil)	269.3	288.3	297.7	308.0	317.5	325.9
7.9	7.0	7.8	6.4	7.0		0.5 % change	9.0	7.1	3.3	3.5	3.1	2.6
1,038.5	1,080.2	1,104.4	1,136.8	1,177.8	1,072.7	Total employment (ths)	1,082.2	1,146.5	1,176.7	1,195.3	1,207.7	1,217.2
4.8	4.0	2.2	2.9	3.6		-8.9 % change	0.9	5.9	2.6	1.6	1.0	0.8
3.6	3.2	2.9	2.4	2.2		7.5 Unemployment rate (%)	4.2	1.6	1.1	1.5	2.0	2.3
10.1	6.6	8.3	8.8	4.5		-0.5 Personal income growth (%)	5.6	3.5	6.7	7.1	6.4	6.2
98.3	105.2	112.1	120.3	130.4	133.8	Median household income (\$ ths)	138.4	138.8	143.9	149.7	155.4	161.2
1,628.1	1,639.4	1,646.9	1,649.4	1,648.1	1,656.2	Population (ths)	1,666.5	1,677.3	1,688.6	1,699.3	1,709.3	1,719.1
1.3	0.7	0.5	0.1	-0.1		0.5 % change	0.6	0.6	0.7	0.6	0.6	0.6
12.3	3.7	0.4	-3.7	-6.9		3.6 Net migration (ths)	6.9	5.7	6.3	5.9	5.4	5.4
626	550	405	348	376		365 Single-family permits (#)	661	988	1,397	1,333	1,244	1,131
4,659	5,512	5,211	5,946	4,176		2,713 Multifamily permits (#)	2,982	3,215	4,221	4,166	3,758	3,165
357	389	407	444	442		428 FHFA house price (1995Q1=100)	431	465	508	563	616	665

Source: Moody's Analytics Précis® US Metro

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

Recent Performance

San Francisco MSA's recovery is in its infancy. Less than half of jobs lost last year have come back. The public sector is still shedding jobs and leisure/hospitality is barely off the mat. At 4.7%, the unemployment rate is still twice the pre-pandemic rate, but the labor force is edging forward.

Market Comparison

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

Comparison of Key Economic Indicators - San Francisco MSA Metro to West Region										
Indicator	San Francisco MSA			Annual Growth		West Region Metros			Annual Growth	
	2015	2020	2025	2015 - 2020	2020 - 2025	2015	2020	2025	2015 - 2020	2020 - 2025
Gross metro product (C12\$ bil)	200.1	269.3	325.9	6.1%	3.9%	4,314	4,844	5,814	2.3%	3.7%
Total employment (ths)	1,080.2	1,082.2	1,217.2	0.0%	2.4%	32,023	32,850	35,894	0.5%	1.8%
Unemployment rate (%)	3.2%	4.2%	2.3%			5.7%	9.2%	4.8%		
Personal income growth (%)	6.6%	5.6%	6.2%			6.8%	6.0%	5.1%		
Population (ths)	1,639.4	1,666.5	1,719.1	0.3%	0.6%	75,743	78,939	81,916	0.8%	0.7%
Single-family permits (#)	550	661	1,131	3.8%	11.3%	160,707	221,687	333,584	6.6%	8.5%
Multifamily permits (#)	5,512	2,982	3,165	-11.6%	1.2%	116,528	128,243	142,057	1.9%	2.1%
FHFA house price (1995Q1=100)	389	431	665	2.0%	9.1%	452	612	719	6.2%	3.3%
San Francisco MSA outperforming West Region Metros										
San Francisco MSA underperforming West Region Metros										

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

Employment Sectors and Trends

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

estate sectors. The following tables display employment data by occupation sector and by business/industry sector for the area and region.

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

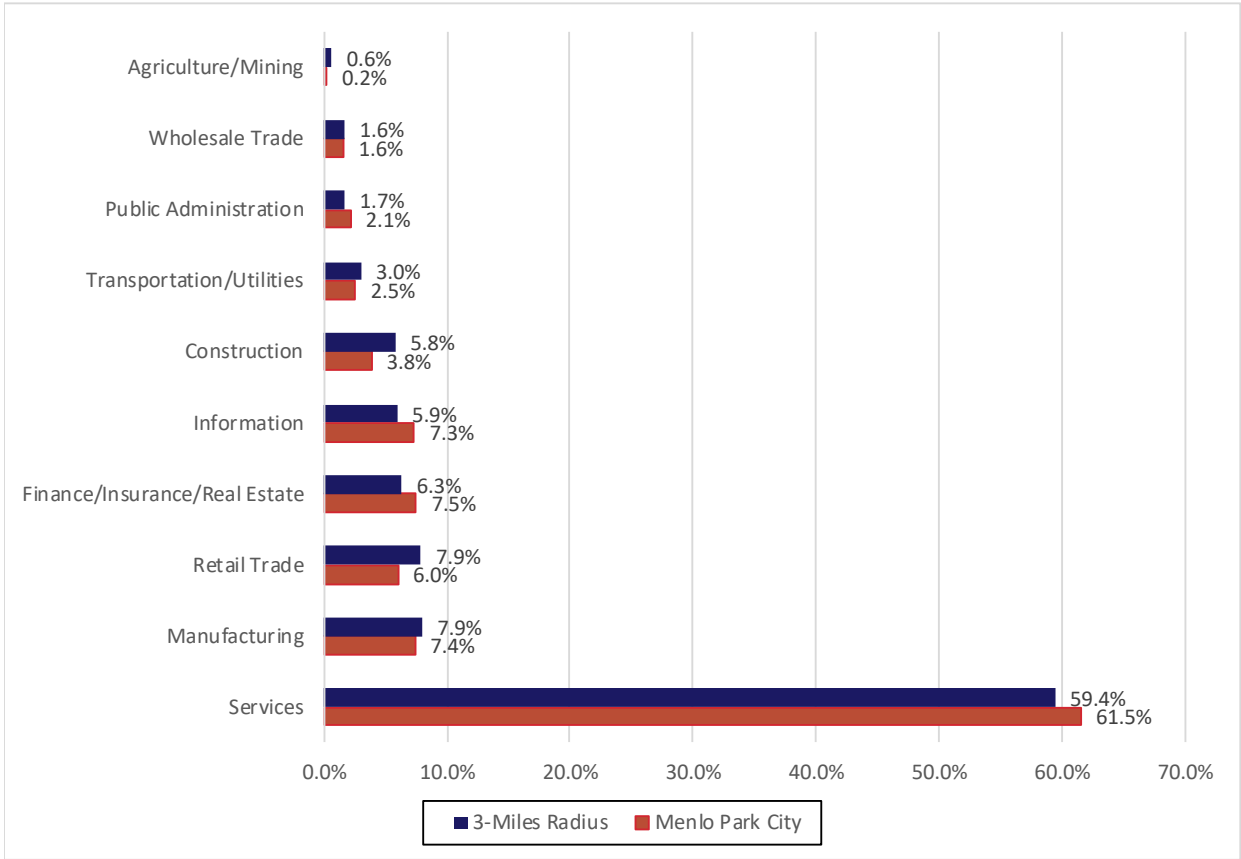
Source: ESRI; Compiled by Newmark

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

Source: ESRI; Compiled by Newmark

Comparing the industry sectors for the local market area (3-Miles Radius) to Menlo Park City indicates the local market area is somewhat more heavily weighted toward the Construction, Retail Trade, Manufacturing, Transportation/Utilities, Agriculture/Mining, and Wholesale Trade sectors. By contrast, the industry employment totals for Menlo Park City indicate somewhat higher proportions within the Services, Information, Finance/Insurance/Real Estate, and Public Administration sectors. The following graphic further illustrates this comparison.

Employment Comparison

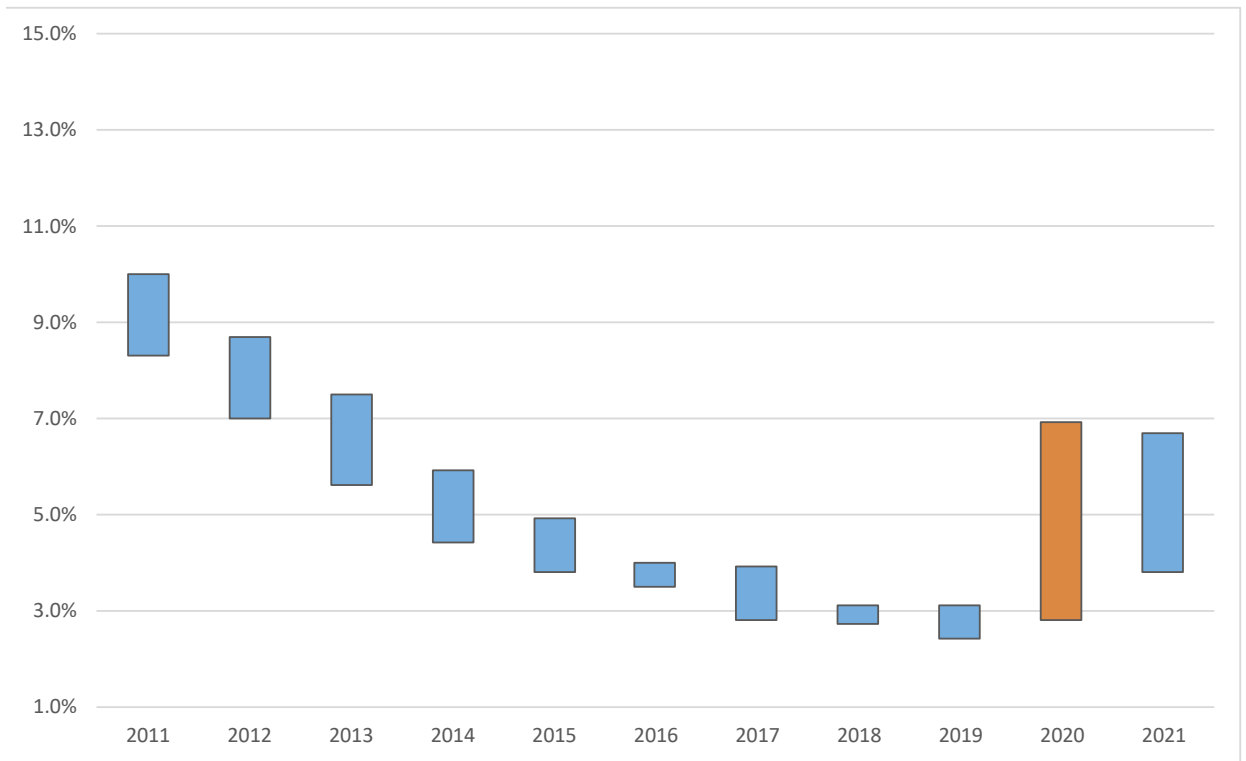


Source: ESRI; Compiled by Newmark

Unemployment

The following table displays the historical unemployment data for the area derived from the US Department of Commerce, Bureau of Labor Statistics. The most recent reported unemployment rate for the San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area is 3.8% (November 2021).

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



Bars represent beginning to end range of unemployment rates in each year
Orange bars denote increasing unemployment from beginning to end of year
Blue bars are declining unemployment from beginning to end of year

Compiled by Newmark

Major Employers

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

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

Source: Moody's Analytics Précis® US Metro

Analysis

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

Tech

Tech's direct contribution to the jobs recovery will fade this year but will remain the key driver. Tech barely missed a beat during the recession, with minimal job losses and full recovery before the end of last year. The industry will keep expanding, but high costs will limit employment gains as firms increasingly look to lower-cost venues. The Bay Area's deep talent pool and innovative culture will keep some relocations within the broader region, however. While some firms are relocating entirely, others are merely downsizing their office space and allowing flexible working arrangements. Many employees taking advantage of this option are staying in the Bay Area-just not in the San Francisco MSA urban core.

Services

Even as tech-employment growth decelerates, the high salaries of tech workers will prove vital in the recovery of consumer industries. It will take years for this sector to fully recover, but since the

economy has reopened, leisure/hospitality and personal services payrolls are finally rebounding. Gains will accelerate through early next year as residents renew spending on services that were off-limits during the pandemic. Given that most of the San Francisco MSA office workers have kept their jobs in the last year and already have high incomes, the local consumer base is better-equipped than most to fuel a rapid uptick in spending. However, business travel will be slower to recover because of the transition to videoconferencing and firms departing the Bay Area. Establishments that cater to business travelers will face an especially long slog.

Priced out? Low housing affordability will persist as a hurdle for the San Francisco MSA residents. Though recent house price appreciation pales compared with the state and national pace, any increase in the region's already-high prices will weigh on potential buyers. Affordability is no worse than at the end of the last business cycle because both prices and incomes are high, and the San Francisco MSA high-wage earners were largely insulated from the recession. Price hikes will hasten the out-migration of low- and mid-wage earners, however.

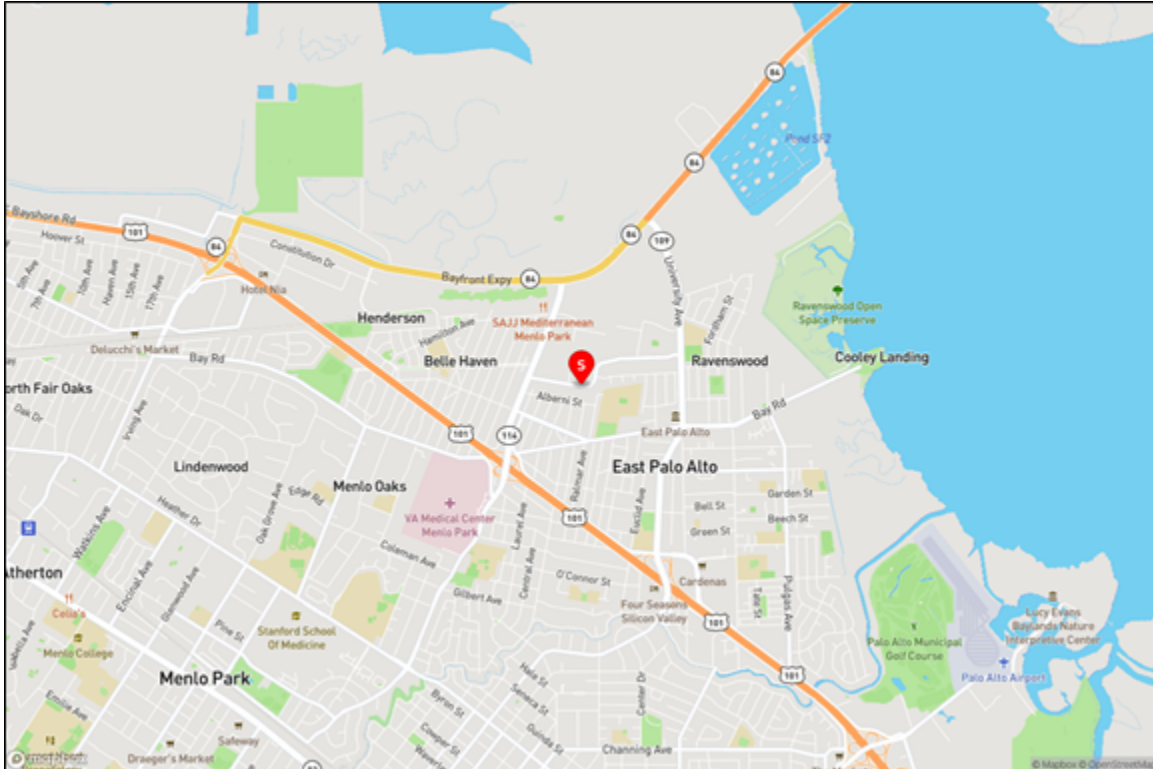
Home sales are soaring at record highs as low interest rates stoke demand. Inventories are low but little changed from recent years, likely because rising prices and high demand are motivating sellers and builders. While single-family housing permits are rising for the first time in four years, capacity and zoning restrictions will limit how many units builders can add. Supply constraints will persist. Domestic out-migration will ease demand but only slightly, and immigration will pick up after several weak years as President Biden eases the Trump administration's restrictive immigration policies. Price pressures will endure.

Conclusion

Positive Attributes	Negative Attributes
<ul style="list-style-type: none"> – Highly educated and skilled workforce. – Very high incomes. – Robust cluster of internet and other tech-service companies. 	<ul style="list-style-type: none"> – High costs, including housing, office rents and energy. – Land constraints and regulations limit construction.

Recovery in San Francisco MSA has a long way to go. Job growth will gain steam this year, but a full recovery will lag the nation. The Bay Area will endure as the world's tech capital, but job growth will moderate as lower-cost tech hubs farther inland gain prominence. Still, a legacy of entrepreneurship and tech agglomeration ensures a bright future for the San Francisco MSA on the forecast horizon.

NEIGHBORHOOD ANALYSIS



Area Map

Boundaries

The subject is located in the suburban area of Menlo Park City. This area is part of the Menlo Park submarket as defined by Costar and is generally delineated as follows:

North	State Highway 84
South	Bay Road
East	San Francisco Bay
West	US Highway 101

Surrounding Area of Influence Trends

Description

The subject's surrounding area is viewed as suburban with commercial and residential developments. The immediate area around the subject can be described as mixed with both commercial and residential uses.

Characteristics

- Good access to the US Highway 101, and State Highway 84.

- The subject property is surrounded by many residential and commercial developments in the neighborhood.

Fundamental Real Estate Cycle

The surrounding area is considered to be within the expansion stage of its real estate cycle.

Access

Primary Access

US Highway 101, State Highway 114, State Highway 109, and State Highway 84.

Major Thoroughfares

State Highway 114 (State Route 114), better known by its street name Willow Road, is a short, unsigned state highway in the U.S. state of California. It runs in San Mateo County from U.S. Route 101 in East Palo Alto to State Route 84 in Menlo Park west of the Dumbarton Bridge.

US Highway 101 is a north–south US Highway that runs through the states of California, Oregon, and Washington, in Northern California it is a primary coastal route providing motorists access in and out of the San Francisco Bay Area, as well as the primary commuter route between San Francisco and the North Bay. It is one of two major freeway routes connecting San Jose and Silicon Valley with San Francisco and the North Bay. It serves as a more urban alternative to the rural I-280, as US 101 runs through Peninsula cities closer to the Bay. Urban portions of the route in the Bay Area are called the James Lick Freeway, Bayshore Freeway, and Central Freeway.

Transportation

The City of Menlo Park offers free shuttle service for local community destinations and for commuters working in business parks. SamTrans provides bus service throughout San Mateo County and into parts of San Francisco and Palo Alto. The nearest bus stop is Laurel Street & Sherwood Way, it is situated within a half a mile of subject. The local market perceives public transportation as good compared to other areas in the region.

Distance from Key Locations

The commute to the Downtown Menlo Park is about 16 minutes and the drive to San Francisco International Airport is about 27 minutes, depending upon the traffic conditions

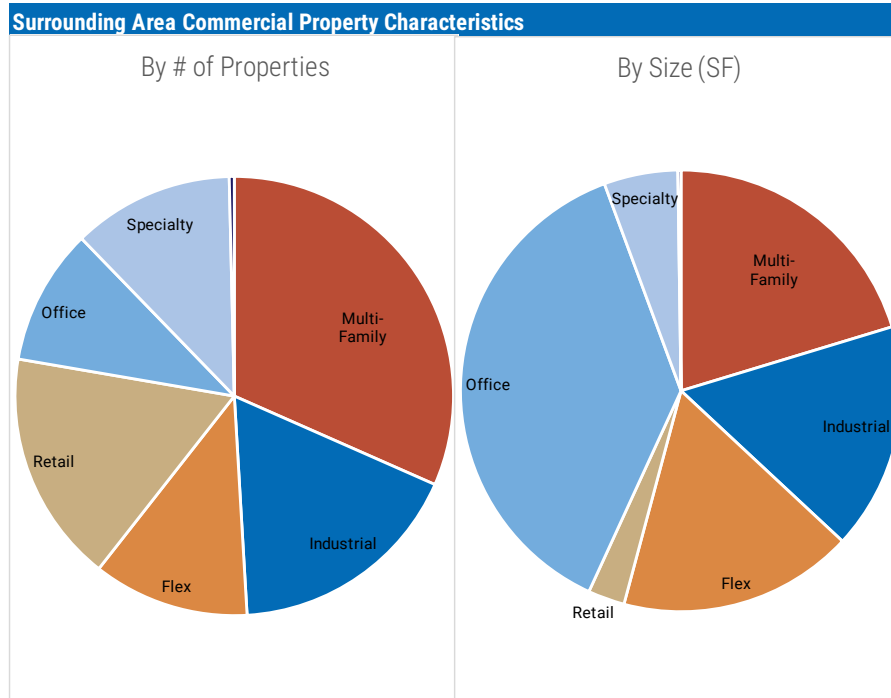
The following illustrates the 10-minute drive time from the subject.



Drive Time Map

Land Use

The following was developed from Costar data for the major property types in the surrounding 1.0 mile radius around the subject.



Source: Costar; Compiled by Newmark

Within the immediate area of the subject, property uses include the following:

- The subject's immediate area is a mix of property types including office, multifamily, industrial, flex and retail developments, within the vicinity of the subject there are a total of 184 commercial properties. Based on square footage and the number of properties, the area is majorly occupied by office, multifamily, industrial and flex properties.
- There are 27 office properties occupying a total area of 2,923,591 SF within a mile radius from the subject.

Demographics

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

Demographic Analysis								
	1-Mile Radius	3-Miles Radius	5-Miles Radius	94025	Menlo Park City	San Mateo County	San Francisco-Oakland-Berkeley, CA MSA	California
Population								
2010 Total Population	25,388	94,310	214,030	41,489	32,038	718,451	4,335,391	37,253,956
2021 Total Population	26,777	98,245	225,941	43,844	34,431	741,360	4,641,032	39,476,705
2026 Total Population	27,228	99,644	231,100	44,598	35,192	753,560	4,789,448	40,507,842
Projected Annual Growth %	0.3%	0.3%	0.5%	0.3%	0.4%	0.3%	0.6%	0.5%
Households								
2010 Total Households	6,105	32,185	74,757	15,698	12,352	257,837	1,627,360	12,577,498
2021 Total Households	6,476	33,325	79,014	16,367	13,053	265,976	1,735,591	13,283,432
2026 Total Households	6,582	33,801	80,806	16,630	13,320	270,343	1,790,031	13,615,954
Projected Annual Growth %	0.3%	0.3%	0.4%	0.3%	0.4%	0.3%	0.6%	0.5%
Income								
2021 Median Household Income	\$71,612	\$143,147	\$134,254	\$176,845	\$176,453	\$132,440	\$112,557	\$80,044
2021 Average Household Income	\$122,260	\$204,378	\$195,059	\$231,810	\$232,235	\$177,991	\$158,125	\$113,468
2021 Per Capita Income	\$29,754	\$69,499	\$68,464	\$86,583	\$88,787	\$63,900	\$59,204	\$38,272
Housing								
2021 Owner Occupied Housing Units	45.5%	47.5%	44.8%	53.3%	50.6%	55.8%	51.5%	51.3%
2021 Renter Occupied Housing Units	47.3%	45.7%	49.2%	40.4%	43.5%	38.9%	42.6%	40.8%
2021 Median Home Value	\$1,090,513	\$1,915,825	\$1,926,280	\$2,000,001	\$2,000,001	\$1,260,277	\$952,431	\$625,650
Median Year Structure Built	1958	1959	1963	1959	1959	1965	1966	1975
Miscellaneous Data Items								
2021 Bachelor's Degree	12.7%	23.5%	25.0%	27.7%	28.9%	30.2%	30.5%	22.3%
2021 Grad/Professional Degree	10.6%	34.0%	36.6%	41.0%	41.9%	23.0%	21.3%	13.4%
2021 College Graduate %	23.3%	57.5%	61.6%	68.6%	70.7%	53.1%	51.8%	35.6%
2021 Average Household Size	4.08	2.90	2.74	2.62	2.60	2.75	2.62	2.91
2021 Median Age	30.7	36.8	36.3	39.5	39.2	41.0	39.8	36.6

Source: ESRI; Compiled by Newmark

Demand Generators

The primary demand generator for the subject is its proximity to Downtown, Menlo Park, subject is located 3.3 miles northeast of Downtown. Downtown Menlo Park is the major retail destination for the City featuring unique and upscale retail shops and restaurants surrounded by tree lined streets.

Stanford Shopping Center is an upscale open-air shopping mall located on Route 82 (El Camino Real) at Sand Hill Road in Palo Alto, California, 3.7 miles south of subject. it takes eight minutes' drive to reach the shopping center from the subject. The shopping mall has 1,347,935 square feet of retail space. Anchor stores are Bloomingdale's, Macy's, Neiman Marcus, and Nordstrom.

Stanford University is located 3 miles from the subject, the university offers undergraduate and graduate studies. The university enrolled 6,996 undergraduate and 10,253 graduate students as of the 2019–2020 school year.

Major employers include University of California, San Francisco, Salesforce.com Inc, Wells Fargo, Kaiser Permanente, United Airlines, and Sutter Health.

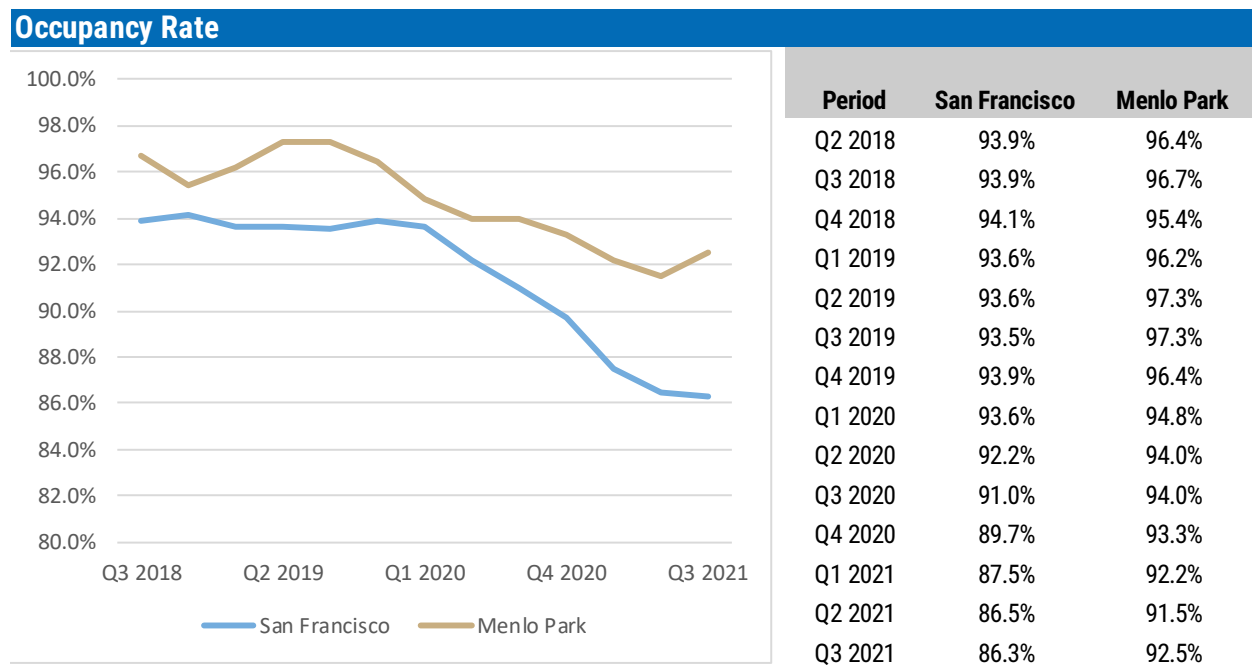
OFFICE MARKET ANALYSIS

Classification

The subject is in the Menlo Park submarket of the San Francisco market. The property is considered a Class C Warehouse building in this market.

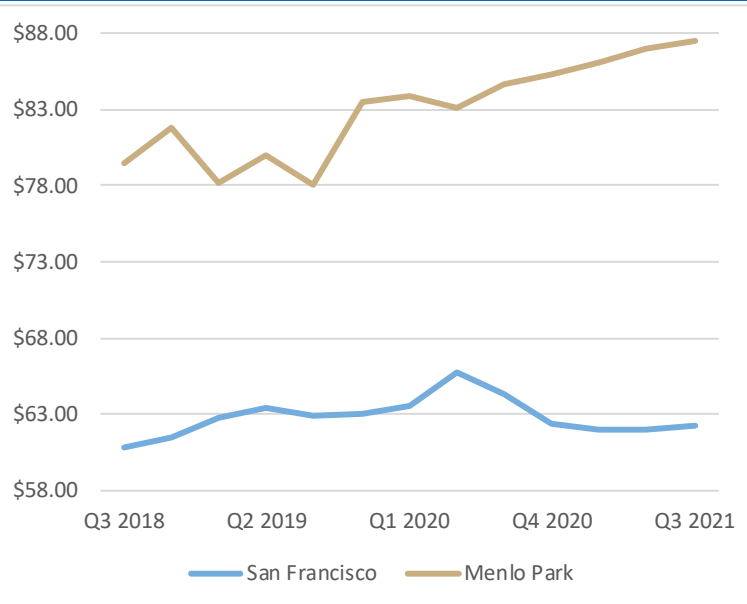
Office Market Overview

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



Source: Costar; Compiled by Newmark Valuation & Advisory

Asking Rent Per SF



Period	San Francisco	Menlo Park
Q2 2018	\$59.38	\$77.95
Q3 2018	\$60.82	\$79.49
Q4 2018	\$61.53	\$81.77
Q1 2019	\$62.72	\$78.18
Q2 2019	\$63.42	\$79.95
Q3 2019	\$62.88	\$78.02
Q4 2019	\$63.08	\$83.52
Q1 2020	\$63.51	\$83.91
Q2 2020	\$65.76	\$83.07
Q3 2020	\$64.33	\$84.68
Q4 2020	\$62.39	\$85.28
Q1 2021	\$61.92	\$86.04
Q2 2021	\$61.92	\$87.03
Q3 2021	\$62.25	\$87.44

Source: Costar; Compiled by Newmark Valuation & Advisory

Office Market Statistics

Trailing Four Quarters Ended Q3 2021

Market / Submarket	Inventory (SF)	Completions (SF)	Vacancy (%)	Net Absorption (SF)	Office Gross Rent Overall / SF	Office Base Rent Overall / SF
San Francisco	186,538,775	4,409,181	13.70%	-4,899,076	\$62.25	\$57.68
Menlo Park	10,444,161	1,109,782	7.50%	876,898	\$87.44	\$79.47

Source: Costar; Compiled by Newmark Valuation & Advisory

- The average vacancy rate for the subject submarket is lower than that of the overall market area.
- The average rental rate for the submarket is higher than the overall San Francisco market.
- The overall San Francisco office market and Menlo Park submarket contains 186,538,775 SF and 10,444,161 SF of inventory as of Q3 2021 respectively.

Market and Submarket Trends

Office Market Trends								
	San Francisco				Menlo Park			
	Inventory (SF)	Completions (SF)	Vacancy %	Office Gross Rent Overall / SF	Inventory (SF)	Completions (SF)	Vacancy %	Office Gross Rent Overall / SF
Q3 2019	181,590,996	1,969,087	6.5%	\$62.88	9,265,010	0	2.7%	\$78.02
Q4 2019	182,123,348	501,934	6.1%	\$63.08	9,290,430	25,420	3.6%	\$83.52
Q1 2020	182,068,251	134,273	6.4%	\$63.51	9,290,430	0	5.2%	\$83.91
Q2 2020	182,119,251	58,000	7.8%	\$65.76	9,345,430	55,000	6.0%	\$83.07
Q3 2020	182,317,827	481,658	9.0%	\$64.33	9,345,430	0	6.0%	\$84.68
Q4 2020	182,394,719	99,561	10.3%	\$62.39	9,355,081	9,651	6.7%	\$85.28
Q1 2021	183,256,262	862,454	12.5%	\$61.92	9,376,037	20,956	7.8%	\$86.04
Q2 2021	185,954,420	2,698,158	13.5%	\$61.92	10,005,712	629,675	8.5%	\$87.03
Q3 2021	186,538,775	749,008	13.7%	\$62.25	10,444,161	449,500	7.5%	\$87.44

* Forecast

Source: Costar; Compiled by Newmark Valuation & Advisory

- The overall market and submarket area have been following a decreasing trend with respect to occupancy over the past year but increased in submarket in Q3 2021.
- Over the past several years, effective rental rates have been following a fluctuating trend in the overall market and submarket areas but has increased within the submarket in the past 12 months.

Long Term San Francisco Market Metrics

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

San Francisco Market Metrics						
Period	Inventory (SF)	Vacancy %	Net Absorption (SF)	Completions (SF)	Office Gross Rent Overall	Office Base Rent Overall
Q1 2019	179,124,807	6.4%	-117,506	807,581	\$62.72	\$59.58
Q2 2019	179,638,147	6.4%	399,209	583,703	\$63.42	\$60.16
Q3 2019	181,590,996	6.5%	1,693,365	1,969,087	\$62.88	\$59.47
Q4 2019	182,123,348	6.1%	1,122,613	501,934	\$63.08	\$61.57
Q1 2020	182,068,251	6.4%	-482,055	134,273	\$63.51	\$61.70
Q2 2020	182,119,251	7.8%	-2,597,732	58,000	\$65.76	\$62.44
Q3 2020	182,317,827	9.0%	-1,920,425	481,658	\$64.33	\$61.15
Q4 2020	182,394,719	10.3%	-2,379,142	99,561	\$62.39	\$59.48
Q1 2021	183,256,262	12.5%	-3,185,441	862,454	\$61.92	\$58.58
Q2 2021	185,954,420	13.5%	417,332	2,698,158	\$61.92	\$57.88
Q3 2021	186,538,775	13.7%	248,175	749,008	\$62.25	\$57.68
Y 2001	160,126,037	13.1%	-9,297,914	5,914,203	\$33.47	\$31.36
Y 2002	163,933,988	15.0%	175,151	3,878,027	\$26.04	\$24.15
Y 2003	166,358,467	15.8%	857,192	2,652,351	\$23.28	\$21.53
Y 2004	166,646,170	13.9%	3,312,216	341,551	\$23.26	\$21.42
Y 2005	167,231,398	11.9%	3,899,041	920,027	\$24.58	\$22.83
Y 2006	167,405,096	10.5%	2,449,833	365,962	\$28.53	\$26.10
Y 2007	168,006,439	9.0%	3,139,133	683,495	\$35.17	\$32.22
Y 2008	169,877,074	9.9%	219,169	2,483,515	\$34.10	\$31.84
Y 2009	170,177,793	12.7%	-4,529,052	575,560	\$28.25	\$26.29
Y 2010	170,217,138	13.1%	-659,481	402,421	\$28.76	\$26.31
Y 2011	169,598,162	11.0%	3,067,338	155,505	\$33.66	\$31.25
Y 2012	169,885,371	10.3%	1,322,946	646,153	\$38.57	\$36.17
Y 2013	169,301,163	8.7%	2,186,477	506,916	\$42.17	\$39.67
Y 2014	169,460,903	6.8%	3,493,020	693,028	\$45.99	\$43.38
Y 2015	171,480,009	6.2%	2,921,335	2,204,577	\$52.02	\$48.89
Y 2016	173,919,920	6.3%	1,945,865	2,701,043	\$56.19	\$53.48
Y 2017	174,532,462	6.6%	216,476	898,598	\$58.47	\$55.48
Y 2018	178,410,195	5.9%	4,700,822	4,387,576	\$61.53	\$58.45
Y 2019	182,123,348	6.1%	3,097,681	3,862,305	\$63.08	\$61.57
Y 2020	182,394,719	10.3%	-7,379,354	773,492	\$62.39	\$59.48
5 Year Average	178,276,129	7.0%	516,298	2,524,603	\$60.33	\$57.69
10 Year Average	174,110,625	8.3%	1,355,739	1,566,510	\$49.35	\$46.74
15 Year Average	172,452,653	8.9%	1,079,481	1,422,676	\$44.59	\$42.04

Source: Costar; Compiled by Newmark Valuation & Advisory

Supply & Demand

Demand Generators

- The subject Menlo Park submarket is within one of the expanding segments of the San Francisco area.

Construction Versus Absorption

Construction/Absorption Change									
Market / Submarket	Prior Calendar Years History								
	Prior Calendar Year History			Prior Three Year History			Prior Five Year History		
	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio
San Francisco	773,492	-7,379,354	-0.1	9,023,373	419,149	21.5	12,623,014	2,581,490	4.9
Menlo Park	64,651	-234,656	-0.3	880,122	351,141	2.5	1,544,073	995,564	1.6

Source: Costar; Compiled by Newmark Valuation & Advisory

- Absorption in the Menlo Park submarket has fallen behind construction over the past three years.

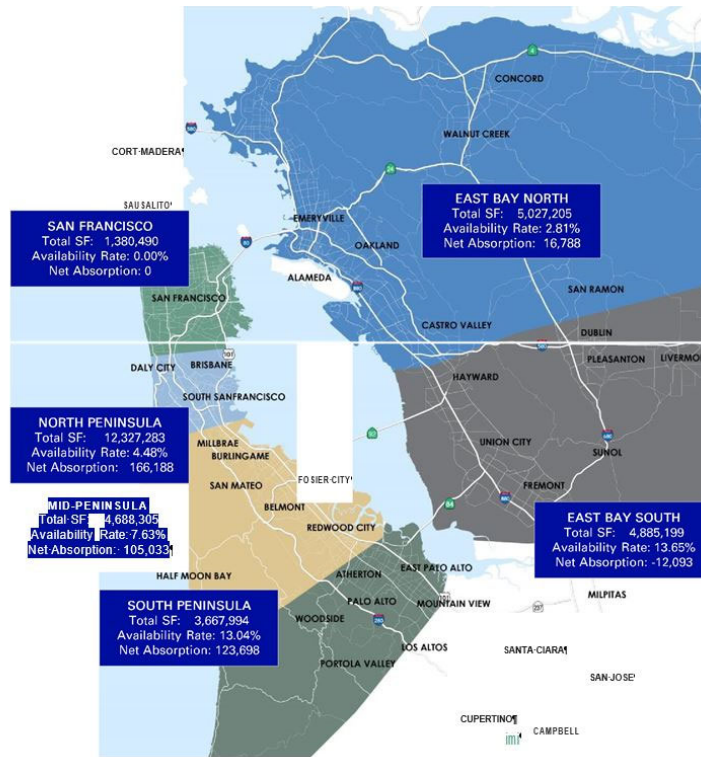
Trends and Projections

Subject and Market Historical and Forecast Trends

Market Vacancy Rate Indicators					
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
San Francisco	13.70%	10.30%	5.90%	6.30%	11.00%
Menlo Park	7.50%	6.70%	4.60%	7.80%	9.30%
Subject					
Subject	N/A				
Concluded Subject Vacancy Rate	7.50%				

Source: Costar, Newmark Valuation & Advisory

SAN FRANCISCO BAY AREA LIFE SCIENCE MARKET ANALYSIS



Recording its fifth consecutive quarter of positive net absorption at 399,614 square feet, the San Francisco Bay Area life science bull market shows no signs of subsiding, with average rates across all markets steadily rising and demand continuing to remain at all-time highs. Already the nation’s second-largest biotech hub with 32.0 million square feet of inventory, current tenant demand was recorded at 4.3 million square feet this quarter, continuing to outpace supply levels that were recorded at 1.8 million square feet (6.8% availability down from 7.3% in the previous quarter). With the heightened sense of uncertainty witnessed in the last 18 months in virtually every non-biotech related sector, investors and developers continue to actively look for opportunities to capitalize on in the thriving life science market.

Demand for life science product in the Bay Area continued to fuel office to lab conversions in the third quarter; the most notable acquisition for life science repositioning this quarter being BioMed Realty’s purchase of the three Oracle owned office buildings located at 301,401, and 501 Island Parkway in Belmont for \$160.0 million. Market activity in the life science sector was absolutely blistering this quarter, as there was a total of 24 leases greater than 20,000 square feet executed, compared with 10 in the previous quarter and 6 one year ago. Cancer diagnostics company Freenome completed the largest deal of the quarter, pre-leasing 335,460 square feet at the Genesis Marina project in Brisbane, which is expected to be delivered in the first half of 2023.

Overall-Submarket-Statistics						
	Total Inventory (SF)	Total-Lab Vacancy (SF)	Total-Lab Vacancy Rate	Total-Lab Availability (SF)	Total-Lab Availability Rate	Qtr-Net Absorption (SF)
San Francisco	1,380,490	0	0.00%	0	0.00%	0
North Peninsula	12,327,283	473,132	3.84%	552,850	4.48%	166,188
Brisbane	997,793	71,878	7.18%	90,004	9.02%	-54,075
South-San Francisco	11,329,490	401,454	3.54%	462,846	4.09%	220,283
Mid-Peninsula	4,688,305	96,178	2.05%	357,758	7.63%	105,033
Burlingame	127,861	0	0.00%	0	0.00%	0
San Mateo	113,285	33,008	29.14%	72,530	29.14%	52,818
Foster City	1,817,173	0	0.00%	0	0.00%	0
San Carlos	1,171,980	41,089	3.50%	302,649	25.82%	0
Redwood City	1,458,206	22,101	1.52%	22,101	1.52%	52,215
South Peninsula	3,667,994	448,572	12.23%	478,391	13.04%	123,698
Menlo Park	954,197	2,500	0.26%	2,500	0.26%	-1,488
Palo Alto	2,089,814	348,043	16.65%	377,862	18.08%	120,895
Mountain View	623,983	98,029	15.71%	98,029	15.71%	4,289
East Bay North	5,027,205	141,296	2.81%	141,296	2.81%	16,788
Richmond	562,008	0	0.00%	0	0.00%	0
Berkeley	965,498	30,995	3.21%	30,995	3.21%	0
Emeryville	2,030,482	30,121	1.48%	30,121	1.48%	0
Alameda	1,469,217	80,180	5.46%	80,180	5.46%	16,788
East Bay South	4,885,199	666,586	13.65%	666,586	13.65%	-12,093
San Leandro	589,893	48,326	8.19%	48,326	8.19%	0
Hayward	1,210,931	529,779	43.75%	529,779	43.75%	-188,799
Union City	195,000	0	0.00%	0	0.00%	0
Newark	813,789	0	0.00%	0	0.00%	0
Ardenwood	1,191,538	0	0.00%	0	0.00%	88,864
Central/South-Fremont	884,048	88,481	10.01%	88,481	10.01%	8,504
SAN FRANCISCO BAY-AREA	31,976,476	1,825,764	5.71%	2,196,881	6.87%	399,614

The largest sale recorded this quarter was made by the Florida State Board of Administration, which purchased the BrittanWest project located at 1091 Industrial Road in San Carlos from Premia Capital for \$177.0 million, or \$1,018/SF.

The 173,757- square-foot life science development is currently under construction with an estimated delivery of June 2023. The life science market is expected to continue to be one of the most heavily sought-after sectors well into the next quarter and beyond 2021 as the market fundamentals remain stronger than ever.

Peninsula Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Freenome	3000 & 3300 Marina Blvd	Brisbane	Direct Lease	335,460
Altos Labs	Redwood LIFE	Redwood Shores	Direct Lease	233,500
Impossible Foods	1500 Seaport Blvd	Redwood City	Direct Lease	164,732
Arastradero Research	3181 Porter Dr	Palo Alto	Sublease	99,415
Nkart	1150 Veterans Blvd	South San Francisco	Direct Lease	88,106

East Bay Select Lease/User Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Personalis	6600 Dumbarton Circle	Fremont	Direct Lease	100,808
Ardelyx	34175 Ardenwood Blvd	Fremont	Lease Renewal	72,500
Novo Nordisk Research Center	6300 Dumbarton Circle	Fremont	Lease Renewal	44,000
New Age Meats	1125 Atlantic Ave	Alameda	Direct Lease	22,905
Science Corporation	1010 Atlantic Ave	Alameda	Sublease	21,697

Peninsula & East Bay Select Investment Sale Transactions

Building(s)	Market	Sale Price	\$/SF	Square Feet
1091 Industrial Rd	San Carlos	\$177,000,000	\$1,019	173,757
600-630 Bancroft Way	Berkeley	\$40,000,000	\$833	48,038

Asking Rents

North and Mid-Peninsula asking rates continue to stand in the \$5.50/SF and \$6.50/SF triple net range.

South Peninsula asking rates remained steady this quarter and continue to range between \$4.95/SF and \$6.85/SF.

Asking rates continue to range between \$4.25/SF and \$5.25/SF in the northern part of the East Bay and between \$1.75/SF and \$4.50/SF in the Southern East Bay submarkets.

Construction Pipeline

At over 3.0 million square feet of inventory awaiting completion coupled with surging demand for quality lab space, developers continue to wager on the Bay Area's life science boom as a significant portion of the region's current construction pipeline is already 22.0% preleased or currently in negotiations to be leased. Phase 1 of Tishman Speyer's Mission Rock development in San Francisco broke ground this quarter and will feature a 300,000 square foot life science and office building with an anticipated delivery date in early 2023. On the delivery front, Phase 2 and 3 of BioMed's Gateway of Pacific project were completed this quarter, delivering 441,00 and 350,000 square feet, respectively. Invesco's 91,910-square-foot office and lab building at 1430 Harbor Bay Parkway in Alameda, which was preleased to Senti Biosciences in the previous quarter, was also delivered.

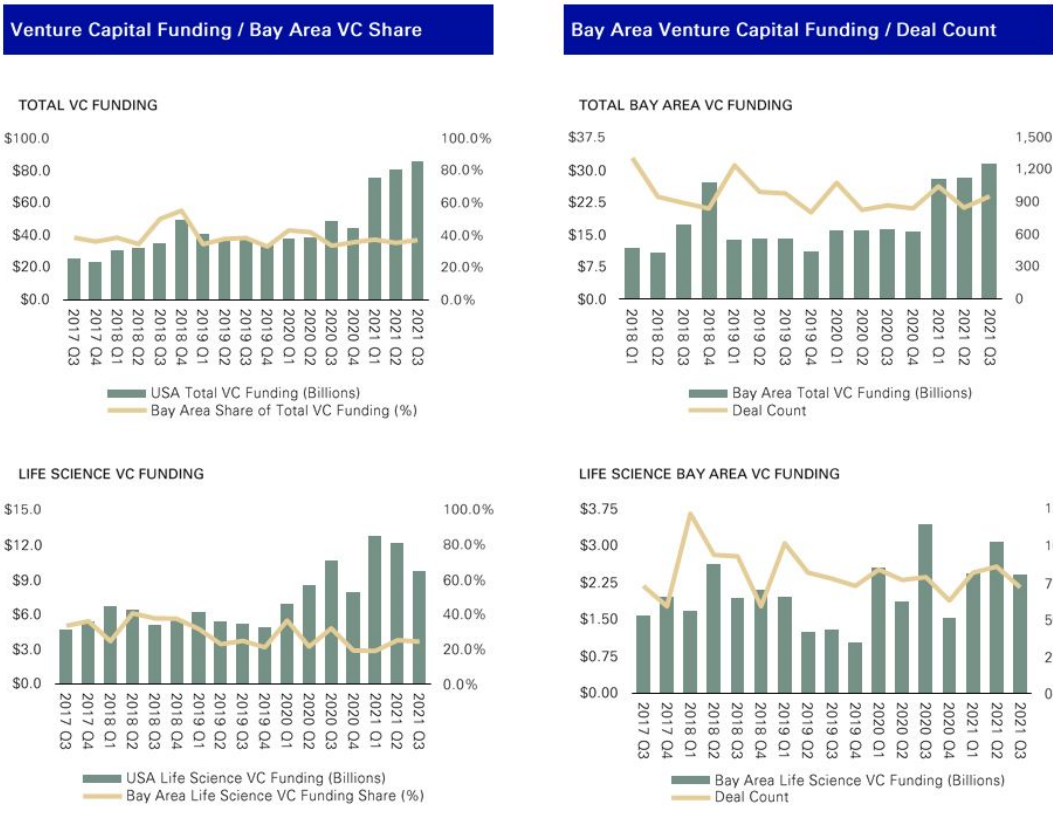
VC Funding

Venture capital funding continued to surge during the third quarter of 2021; over \$86.1 billion was invested throughout the United States. The Bay Area accounted for 36.8% of that total, or \$31.7 billion. This follows a second quarter in which more than \$80.3 billion was raised; the Bay Area captured 35.3% of that total.

The life sciences sector accounted for 11.4%, or over \$9.8 billion, of all U.S. VC investment in the third quarter. The Bay

Area landed \$2.41 billion, or 24.5%, of that total, surpassing all other major U.S. life sciences hubs. There were 72 completed life science deals Bay Area-wide this quarter, bringing the total to 250 deals executed year-to-date.

Large amounts of funding continue to be injected into companies involved in healthcare-related research development, particularly ones that emphasize the development of COVID-19 treatments.



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Land and Site Analysis

Site Area

The subject is comprised of three assessor parcels, 055-421-050, 060, 160. Combined they reflect a total site area of 183,616 square feet or 4.2152 acres. The parcels wrap around the corner of O'Brien Drive and Willow Road. A lot line adjustment is requested to adjust lot lines between 1001 O'Brien and the neighboring 1035 O'Brien property in order to make the lot lines perpendicular to the right of way, as well as to merge lots on the project site.

Existing Buildings

The three existing building addresses are 985 and 1001 O'Brien drive, and 1320 Willow Road. The existing buildings are located on three parcels.

- Building use is storage, office, R&D
- Total 90,600 sq. ft. (0.49 FAR)
- 114 uncovered stalls on the surface parking lots
- Minimal landscaping at the front entry of 1320 Willow; no sensitive habitat

Proposed Buildings

Tarlton Properties has proposed a phased project to replace three existing single-story buildings with one 5-story new building, one 4-story new building, a parking garage and a sport court.

- One 4-story and one 5-story R&D building
- Total 228,398 sq. ft. (1.24 FAR) of R&D, office Life Science
- (154,581 sq. ft. (1.25 FAR) in Phase 1; 73,817 sq. ft. (1.24 FAR) in Phase 2)
- 545 Parking stalls (511 in parking garage and 34 surface parking spaces)
- All buildings to be elevated 24" above BFE (12.8')
- New entry lobbies facing O'Brien Drive and Willow Road
- High performance bird friendly glazing with aluminum mullions
- Mechanical equipment located within roof screen
- Environmentally sensitive and pedestrian friendly landscaping along three sides of property, including facing the public right of way and Peninsula High School

The two R&D buildings are designed to accommodate life science tenants with anticipated ratios ranging from 30-45% office and 55-70% lab areas. Tarlton Properties has supported a variety of tenants over the last 36 years. In the last 15 years the tenants have predominantly been R&D type facilities. These have included companies that design medical devices and services, develop clean technology products, and engineer environmentally sustainable foods. All tenants require lab-related, clean manufacturing environments. The open office areas adjacent to the labs provide technical working areas for scientists, lab technicians and researchers. The open office areas also provide working space for sales, marketing and office support staff. Since these companies are in the development stages of their products, their R&D staff is proportionately larger than their support staff.

This project will be phased between Phase 1 and Phase 2. Up to ten years may be required due to existing lease agreements. The anticipated tenants are R&D/ office or Life Science.

Open Space

Public open space is provided in multiple locations for Phase 1 and 2 of the project.

In Phase 1, 15% of the publicly accessible open space is located along O'Brien Drive adjacent to the street/ sidewalk. 85% of the publicly accessible open space is located adjacent to existing open space and proximate to proposed publicly accessible open spaces on three neighboring and nearby properties: playing fields for the Mid-Peninsula High School, Greenspace at 20 Kelly Court, Willow Village public park and Community space. The publicly accessible open space will also provide community access to the community to the sports court and will also provide pedestrian access to the facility which is located close to the Belle Haven neighborhood.

The developer, Tarlton Properties, has designed the publicly accessible open space for this project in response to community comments that asked for public open space to be aggregated with other proposed and existing open space, and to provide connections with that space from public rights of way. It is anticipated that these contiguous open spaces could eventually be linked to more publicly accessible spaces proposed along the Hetch Hetchy corridor. Additionally, publicly accessible open space leads from public rights of way to the commercial building. Since this building will provide community and meeting space for non-profits and members of the surrounding community, it is anticipated that the publicly accessible open space will work in conjunction with the building to extend public indoor/outdoor space. In Phase 1 and 2 combined, 38% of the publicly accessible open space on the project directly fronts either Willow Road or O'Brien Drive, with the remaining open space is directly accessible from those public rights of way and connecting to other existing and proposed publicly accessible open space. Phase 2 connection to the Public open space along the Hetch Hetchy corridor is directly connected to and visible from Willow Road as well as to O'Brien Drive via a pathway that is accessible to the public but is not counted towards project totals. Directional signage for phase 1 could be added if required to clarify that areas are open to the public.

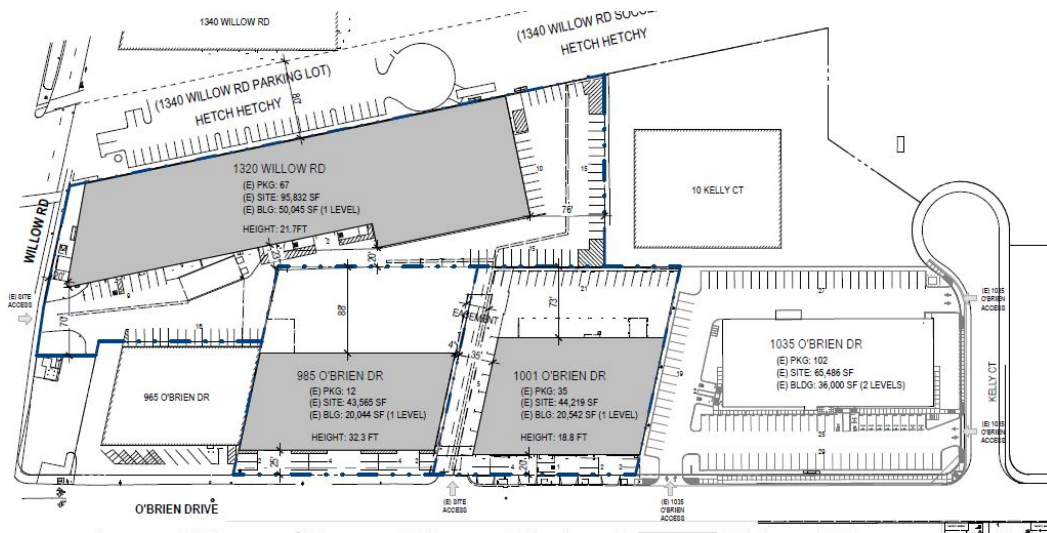
Environmentally sensitive and pedestrian friendly landscaping will be planted along three sides of property, including facing the public right of way and Peninsula High School.

Utilities

The existing site is served by all required utilities and public services including a 4" water line for fire sprinklers.

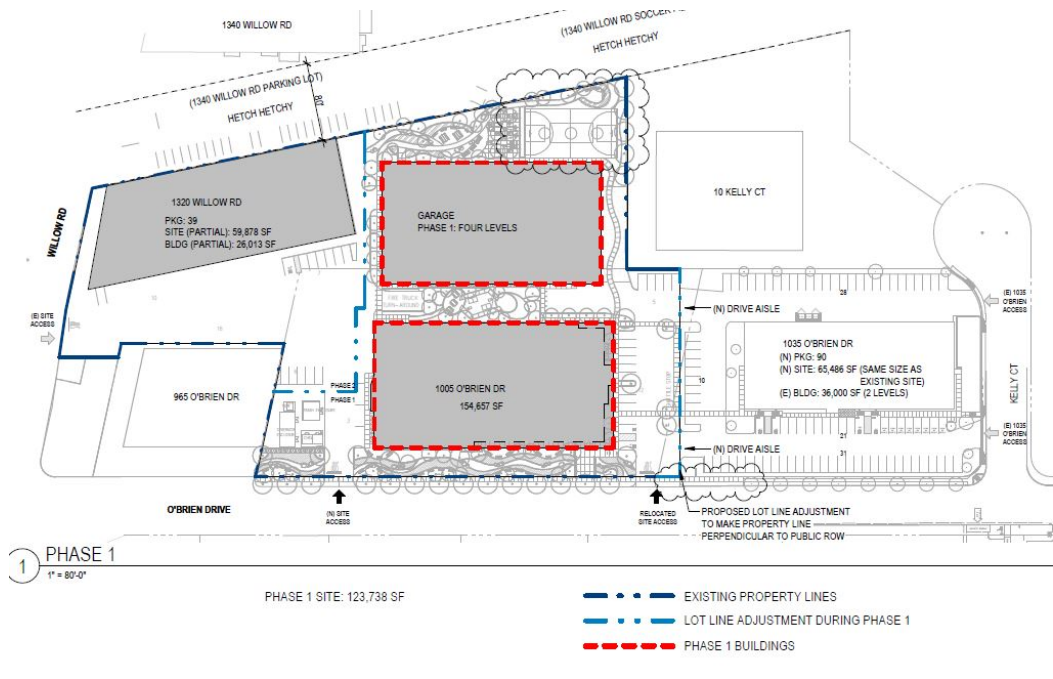
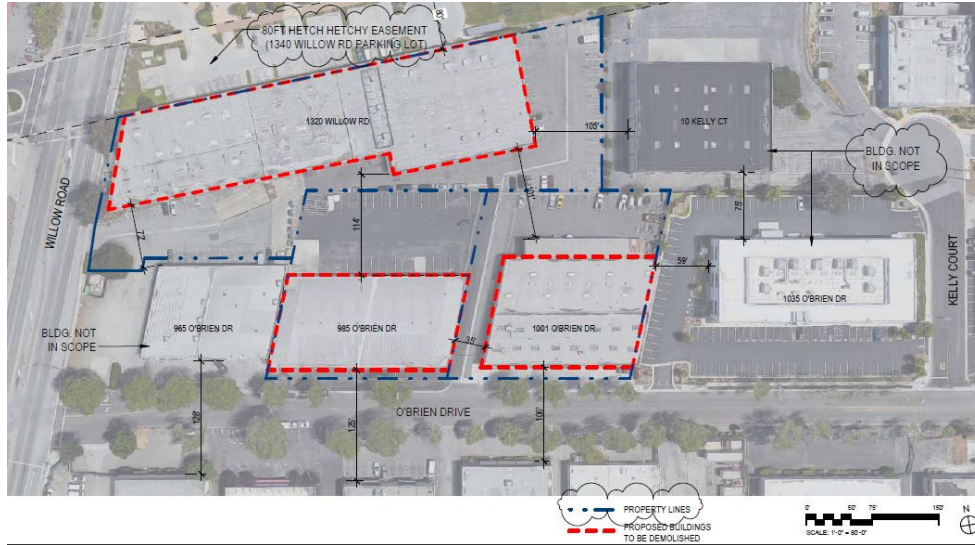
Proposed project will provide:

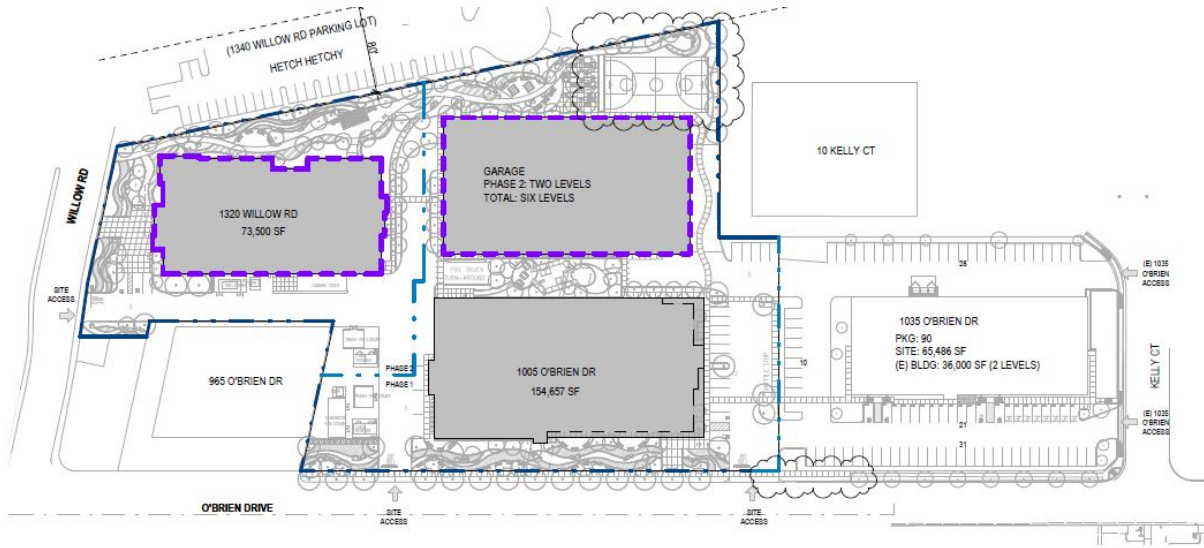
- New fire department connection (FDC) and backflow preventer.
- All new electrical connected underground from existing service on O'Brien Drive.
- Two new sprinkler risers for each of the building and parking garage



1 EXISTING SITE PLAN
 1" = 80'-0"

--- EXISTING PROPERTY LINES
 - - - 20.42' INGRESS EGRESS EASEMENT & NON-EXCLUSIVE DRAINAGE FOR RAIN WATER (TO BE REMOVED)





1 PHASE 2
 1" = 80'-0"

PHASE 2 SITE: 59,878 SF

- EXISTING PROPERTY LINES
- .-.- LOT LINE ADJUSTMENT DURING PHASE 1
- PHASE 2 BUILDINGS



Land Parcels

Parcel Summary	Associated APN(s)	Land Area (SF)	Land Area (Acres)
Combined Site	055-421-050, 060, 160	183,616	4.2152
Total Gross Land Area		183,616	4.2152
Total Usable Land Area		183,616	4.2152
Total Surplus Land Area		0	0.0000
Total Excess Land Area		0	0.0000

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Land Description

Total Land Area	4.2152 Acres; 183,616 SF
Usable Land Area	4.2152 Acres; 183,616 SF
Excess Land Area	None
Surplus Land Area	None
Source of Land Area	DES Architects & Engineers

Site Characteristics

Traffic Control at Entry	Traffic light
Traffic Flow	Moderate
Accessibility Rating	Above Average
Visibility Rating	Above Average
Shape	Irregualr
Corner	No
Rail Access	No
Topography	Level
Site Vegetation	None
Other Site Characteristics	None noted
Easement/Encroachments	None Noted
Environmental Issue	None Noted

Flood Zone Analysis

Flood Area Panel Number	06081C0307F
Date	4/5/2019
Zone	Zone AE
Description	Special Flood Hazard Area where base flood elevations are
Insurance Required?	Yes

Utilities

Utility Services	Electricity, gas, sewer, telephone, water
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Compiled by Newmark

EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

We were not provided a current title report to review. Further, there are identified exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

ENVIRONMENTAL ISSUES

No environmental issues were observed or reported. Newmark is not qualified to detect the existence of potentially hazardous issues such as soil contaminants, the presence of abandoned underground tanks, or other below-ground sources of potential site contamination. The existence

of such substances may affect the value of the property. For this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

SEISMIC HAZARDS

All properties in California are subject to some degree of seismic risk. The Alquist-Priolo Special Studies Zone Act of 1972 was enacted by the State of California to regulate development near active earthquake faults. The Act required the State Geologist to delineate “special studies zones” along known active faults in California. Cities and Counties affected by the identified zones must limit certain development projects within the zones unless geologic investigation demonstrates that the sites are not threatened by surface displacement from future faulting. According to “Fault-Rupture Hazard Zones in California” published in 1992 by the California Department of Conservation, Department of Mines and Geology, the subject is not located within an Alquist-Priolo Special Studies Zone Boundary. While most properties on the Peninsula have some level of seismic risk, related development limitations do not apply as it is not located within an Alquist-Priolo Special Studies Zone Boundary.

IMPROVEMENTS

Existing Buildings

The three existing building addresses are 985 and 1001 O’Brien drive, and 1320 Willow Road. The existing buildings are located on three parcels.

- Building use is storage, office, R&D
- Total 90,600 sq. ft. (0.49 FAR)
- 114 uncovered stalls on the surface parking lots
- Minimal landscaping at the front entry of 1320 Willow; no sensitive habitat

CONCLUSION

- The subject site appears functional for the proposed development.
- The subject site has access on to two roadways and is convenient to Highway 101 and Highway 84.
- The subject site is in the midst of the Tarleton Properties life science business park.

Zoning and Legal Restrictions

Zoning Summary	
Category	Description
Zoning Jurisdiction	City of Menlo Park
Zoning Designation	LS-B
Description	Life Science with a Density Bonus
Legally Conforming?	Yes
Zoning Change Likely?	Unlikely
Permitted Uses	Office, Retail, Specialty
Maximum Floor Area Ratio	1.24
Allowable Building Area	227,684
Other	None noted

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

According to the current Menlo Park zoning, the purpose and intent of the life sciences district is to:

- Attract research and development and light industrial uses, particularly those that support bioscience and biomedical product development and manufacturing and/or are potentially revenue generating businesses;
- Allow administrative and professional office uses and other services that support light industrial and research and development sites nearby;
- Provide opportunities for quality employment and development of emerging technology, entrepreneurship, and innovation;
- Facilitate the creation of a thriving business environment with goods and services that support adjacent neighborhoods as well as the employment base.

Permitted uses in the life science district are as follows:

- Light industrial and research and development and accessory uses, except when requiring hazardous material review;
- Administrative and professional offices in buildings, twenty thousand (20,000) or less square feet of gross floor area;
- Retail sales establishments, excluding the sale of beer, wine and alcohol;

-
- Eating establishments, excluding the sale of beer, wine, and alcohol or live entertainment, and/or establishments that are portable. For the purpose of this chapter, an eating establishment is primarily engaged in serving prepared food for consumption on or off the premises;
 - Personal services, excluding tattooing, piercing, palm-reading, or similar services;
 - Recreational facilities privately operated, twenty thousand (20,000) or less square feet of gross floor area;
 - Community education/training center that provides free or low-cost educational and vocational programs to help prepare local youth and adults for entry into college and/or the local job market.
 - Conditional uses allowed in the life sciences district, subject to obtaining a use permit.
 - Administrative and professional offices and accessory uses, greater than twenty thousand (20,000) square feet of gross floor area;
 - Eating establishments, including alcohol, and/or establishments that are portable;
 - Drinking establishments, including beer, wine and alcohol. For purposes of this chapter, a drinking establishment is a business serving beverages for consumption on the premises as a primary use;
 - Retail sales establishments, including the sale of beer, wine and alcohol;
 - Recreational facilities, privately operated, greater than twenty thousand (20,000) square feet of gross floor area;
 - Special uses, in accordance with Chapter 16.78
 - Uses identified in Sections 16.44.020 and 16.44.030 and this section proposing bonus level development, in accordance with Section 16.44.060;
 - Public utilities

Real Estate Taxes

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

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

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

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

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

Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments								
Tax Year 2022	Assessor's Market Value			Assessment	Tax Rates		Taxes and Assessments	
Tax ID	Land	Improvements	Total	Ratio	Land & Improvements	Ad Valorem Taxes	Direct Assessments	Total
055-421-050	\$5,686,958	\$546,822	\$6,233,780	100.0%	1.0938%	\$68,185	\$2,275	\$70,460
055-421-060	\$6,015,052	\$546,822	\$6,561,874	100.0%	1.0938%	\$71,774	\$2,278	\$74,052
055-421-160	\$9,842,814	\$3,280,937	\$13,123,751	100.0%	1.0938%	\$143,548	\$2,326	\$145,874
	\$21,544,824	\$4,374,581	\$25,919,405	100.0%	1.0938%	\$283,506	\$6,879	\$290,385

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Highest and Best Use

AS VACANT

Legally Permissible

The site is zoned LS-B which allows for office, retail, specialty . Based on available data and analysis, no other legal restrictions such as easements or deed covenants are present which would impair the utility of the site. Given that surrounding properties have similar zoning and the future land use plan is focused on similar uses as well, it is unlikely that there would be a change of zoning classification. Further information and analysis about the legal restrictions to the subject property is included in the Site Analysis and Zoning and Legal Restrictions sections of this report.

Physically Possible

The subject site contains 183,616 square feet (4.215 acres), has favorable topography, adequate access, and all necessary utilities to support the range of legally permissible uses. No significant physical limitations were noted. The size of the site is typical for the categories of uses allowed under zoning. In total, the site is physically capable of supporting the legally permissible uses.

Financially Feasible

Of the legally permissible and physically possible uses, research and development and life science uses appear most probable based on observation of surrounding properties as well as the location. These uses are more fully analyzed for their financial feasibility.

The following are relevant points related to the subject's market segment:

- The subject submarket has high occupancy and rents are increasing at a pace faster than inflation.
- Market metrics indicate that concessions are basically nonexistent.

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

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

Highest and Best Use Conclusion – As Vacant

The highest and best use of the subject as though vacant is the development of a research and development or life science complex.

Most Probable Buyer

The most likely buyer would be a developer.

AS IMPROVED

The highest and best use as improved is for the removal of the existing improvements to be replaced by a new life science development which is consistent with other nearby new development.

Appraisal Methodology

COST APPROACH

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

SALES COMPARISON APPROACH

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

INCOME CAPITALIZATION APPROACH

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

Application of Approaches to Value	
Approach	Comments
Cost Approach	The Cost Approach is not applicable and is not utilized in this appraisal.
Sales Comparison Approach	The Sales Comparison Approach is applicable and is utilized in this appraisal.
Income Capitalization Approach	The Income Capitalization Approach is not applicable and is not utilized in this appraisal.

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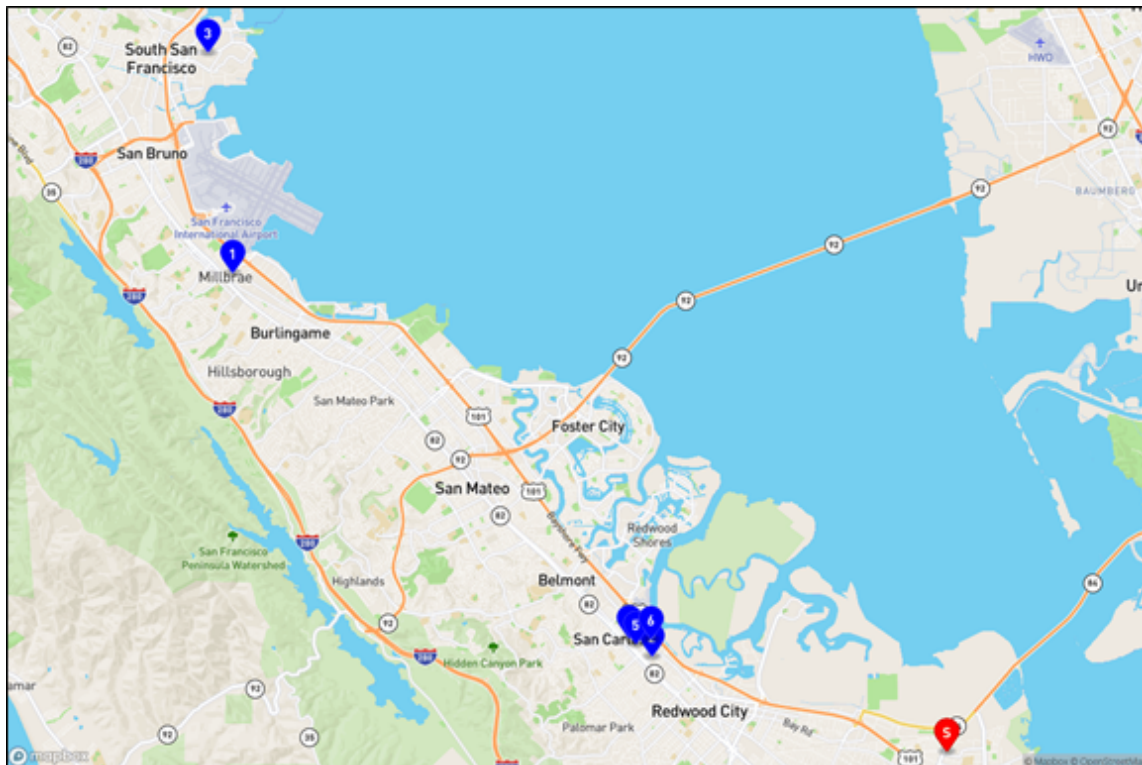
The subject property is a tract of land. In the absence of ground leases, subdivision, or other income sources, the sales comparison approach is viewed as most applicable in the valuation of land parcels. Therefore, the sales comparison approach is the sole approach to value utilized in this appraisal. The exclusion of the other two approaches does not impact the reliability of the appraisal.

Sales Comparison Approach

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

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

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



Comparable Land Sales Summary									
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8
Address	985-1001 O'Brien Drive, 1320 Willow Road	1 Casey Court	240 Twin Dolphin Drive	1030 Brittan Ave.	210 Adrian Road	1360 Bayport Avenue	440 Forbes Boulevard	803, 833 and 841 Old County Road	1091 Industrial Road
City, State	Menlo Park, CA	Menlo Park, CA	Redwood City, CA	San Carlos, CA	Millbrae, CA	San Carlos, CA	South San Francisco, CA	San Carlos, CA	San Carlos, CA
Use at Sale	Vacant	Proposed	Planned	Proposed	Planned	Planned	Planned	Proposed	Proposed
Proposed Use	Land	Industrial	Office Commercial	Office Commercial	Office Commercial	Office Commercial	Office Commercial	Industrial	Office Commercial
Gross Land SF	183,616 SF	73,007 SF	207,685 SF	87,991 SF	89,951 SF	94,961 SF	225,654 SF	151,687 SF	68,331 SF
Useable Acres	4.22 Acres	1.68 Acres	4.77 Acres	2.02 Acres	2.06 Acres	2.18 Acres	5.18 Acres	3.48 Acres	1.57 Acres
Useable Land SF	183,616 SF	73,007 SF	207,685 SF	87,991 SF	89,951 SF	94,961 SF	225,654 SF	151,687 SF	68,331 SF
Allowable Bldg Area	228,398 SF	91,259 SF	205,608 SF	95,910 SF	262,657 SF	189,922 SF	225,654 SF	320,060 SF	138,712 SF
Shape/Topography	Irregular/Level	Irregular/Level	Irregular/Level	Rectangular/Level	Rectangular/Level	Rectangular/Level	Rectangular /Level	Irregular/Level	Irregular Site/Generally level
Utilities Available	All Urban Utilities	All Urban Utilities	All Urban Utilities	All Urban Utilities	All Urban Utilities	All Urban Utilities	All Urban Utilities	Electricity, Gas, Sewer, Telephone, Water	Electricity, Gas, Sewer, Telephone, Water
Zoning	LS-B	LS-B (Life Science Bonus)	CP	GCI	ML	GCI	MH00M2	IH (Heavy Industrial)	GCI
Transaction Type		Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Buyer		Tarlton Properties	200-240 Twin Dolphin LLC	MBC Bio Labs 1030	Longfellow	1021 Howard Owner LLC	Ls Forbes	SI 74 LLC	Premia Capital
Seller		Clayton Patterson/Grek Trust	SHP Westshore LLC	Robert Williamson Trust	Finn Capital	Hamilton Investors	Jem Capital	1031 EP4 Inc., Patricia Renn	Swenson
Interest Conveyed	Fee Simple	Leased Fee	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Leased Fee	Fee Simple	Fee Simple
Transaction Date		Mar-22	Jan-22	Dec-21	Oct-21	Jul-21	Apr-21	Aug-20	Jun-19
Price		\$8,712,500	\$64,875,000	\$20,000,000	\$80,000,000	\$33,000,000	\$60,506,000	\$26,900,000	\$15,000,000
Adj. Sale Price		\$11,812,500	\$64,875,000	\$20,000,000	\$80,427,500	\$33,230,000	\$61,346,000	\$27,400,000	\$15,200,000
Price per Gross Land Acre		\$7,048,031	\$13,606,929	\$9,901,013	\$38,947,942	\$15,243,087	\$11,842,164	\$7,868,466	\$9,689,775
Price per Gross Land SF		\$161.80	\$312.37	\$227.30	\$894.13	\$349.93	\$271.86	\$180.64	\$222.45
Price per Usable Land Acre		\$7,048,031	\$13,606,929	\$9,901,013	\$38,947,942	\$15,243,087	\$11,842,164	\$7,868,466	\$9,689,775
Price per Usable Land SF		\$161.80	\$312.37	\$227.30	\$894.13	\$349.93	\$271.86	\$180.64	\$222.45
Price per FAR		\$129.44	\$315.53	\$208.53	\$306.21	\$174.97	\$271.86	\$85.61	\$109.58

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ANALYSIS OF LAND COMPARABLES

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

Comparable One

Sale Comparable One represents the March 2022 sale of 1.676 acres of land located at 1 Casey Court, Menlo Park, California. The sale price is \$8,712,500. However, there is an adjustment for tenant buy-out of \$3,000,000 and demolition of \$100,000 for a total purchase price of \$11,812,500. The sale is to closed in March of 2022.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 5.0% is applicable. We used the date of the contract to make this adjustment. We made an adjustment for Conditions of Sale as the site was purchased by a developer who will add this site to their neighboring development.

The site was not yet entitled for LS land use. We have found that developers will pay a premium for sites already entitled as there are both time and cost savings had by acquiring an already entitled parcel. Combining transaction and physical adjustments, an overall net upward adjustment is indicated resulting in a price per FAR indication of \$141.19.

Comparable Two

Sale Comparable Two represents the January 2022 sale of 4.768 acres of land located at 240 Twin Dolphin Drive, Redwood City, California. The is the sale of an entitled building site overlooking the Redwood Shores Lagoon.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 5.0% is applicable.

A downward adjustment was applied for location since the site is on the Redwood Shores Lagoon which is viewed as an amenity and higher rents can be achieved. Combining transaction and physical adjustments, an overall net upward adjustment is indicated resulting in a price per FAR indication of \$354.02.

Comparable Three

Sale Comparable Three represents the December 2021 sale of 2.020 acres of land located at 1030 Brittan Ave., San Carlos, California. This surface parking lot sold with approvals to construct a 96,175 square foot life-science building.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 5.0% is applicable.

The transaction and physical adjustments indicate an overall net upward adjustment resulting in a price per FAR indication of \$255.24.

Comparable Four

Sale Comparable Four represents the October 2021 sale of 2.065 acres of land located at 210 Adrian Road, Millbrae, California. The buyer plans to demolish the self storage facility on this site and construct a 263,042 square foot, 5-story, life-science facility with below and above grade parking. The building will be designed to support a future research lab or office tenant improvement build-out. The project requires a Conditional Use Permit to allow a bioscience use within the Transit-Oriented Development (TOD) zone of the Millbrae Station Area Specific Plan (MSASP) and is under review by the city. Demolition costs estimated at \$5 per square foot.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 5.0% is applicable.

A downward adjustment was applied for location as we have found that Millbrae can achieve higher rents than Menlo Park with all other factors equal. We have found that developers will pay a premium for sites already entitled as there are both time and cost savings had by acquiring an already entitled parcel. The seller of this parcel had already begun the entitlement process so the adjustment is less than other unentitled sites. Combining transaction and physical adjustments, an overall net downward adjustment is indicated resulting in a price per FAR indication of \$283.86.

Comparable Five

Sale Comparable Five represents the July 2021 sale of 2.180 acres of land located at 1360 Bayport Avenue, San Carlos, California. This is the sale of three adjacent properties (1021-1045 Howard, 1360-1370 Bayport, and 1390 Bayport). The buyer of this property has submitted plans to develop a three story building with 190,000 square feet of space for life science. It would also include 13,000 square feet of public open space, including a plaza and an interior courtyard, as well as two levels of underground parking. Demolition costs for the 45,800 square feet of industrial buildings on the site estimated at \$5 per square foot or \$230,000.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 5.0% is applicable.

An upward adjustment was applied for entitlements. The site was not yet entitled for LS land use. We have found that developers will pay a premium for sites already entitled as there are both time and cost savings had by acquiring an already entitled parcel. Combining transaction and physical adjustments, an overall net upward adjustment is indicated resulting in a price per FAR indication of \$218.36.

Comparable Six

Sale Comparable Six represents the April 2021 sale of 5.180 acres of land located at 440 Forbes Boulevard, South San Francisco, California. This property sold with a short term lease in place to a beverage distributor. Demolition costs for the 105,000 square foot warehouse estimated at \$8 per square foot. Immediate development plans for this site are not available. Buyer is currently developing life-science properties in South San Francisco.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 5.0% is applicable.

A downward adjustment was applied for location South San Francisco generally has higher rents than Menlo Park. The site was not yet entitled for LS land use. We have found that developers will pay a premium for sites already entitled as there are both time and cost savings had by acquiring an already entitled parcel. Combining transaction and physical adjustments, an overall net upward adjustment is indicated resulting in a price per FAR indication of \$285.45.

Comparable Seven

Sale Comparable Seven represents the August 2020 sale of 3.482 acres of land located at 803, 833 and 841 Old County Road, San Carlos, California. The sale site is located along the east side of Old County Road between Commercial Street and Bransten Road in San Carlos. The site

comprises 10 assessor parcels including an abandoned rail spur. The site is zoned for heavy industrial but was acquired for the development of life science or Class A office space. The grantee, Sobrato, is looking to develop 320,000 SF of space which is an FAR of 2.11. At the time of the sale the site was developed with a mixture of industrial buildings including a dog boarding facility and a garden supply store with yard storage. The previous owners have leased the property back. The leases range from month to month to a longer term which expires in October of 2022. The interim rent is \$432,000 per year. The demolition has been estimated at \$500,000. SI 74 LLC acquired the site from 1031 EP4 Inc for a total consideration of \$27,400,000 or \$86 per FAR.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 5.0% is applicable.

An upward adjustment was applied for entitlements as we have found that developers will pay more for a site that is already entitled since there both time and cost savings. Combining transaction and physical adjustments, an overall net upward adjustment is indicated resulting in a price per FAR indication of \$111.98.

Comparable Eight

Sale Comparable Eight represents the June 2019 sale of 1.569 acres of land located at 1091 Industrial Road, San Carlos, California. A joint venture with Swenson Development had plans to develop this land into a hotel before selling the asset to Premia Capital for \$15,000,000 or \$219.52 per square foot of land or \$109 per FAR. The City Council had approved zoning for the hotel but the developer decided not to proceed with the project and sold the 1091 Industrial Road property, a city staff report said. Planning commissioners in March 2020 rezoned the site back to general commercial and industrial at the request of the new property owner. Premia Capital is currently going through the entitlement process to redevelop the property into a three story life science building that would total 139,200 square feet. Currently, the development is under review with the city. There will be two levels parking below the building. The site currently has improvements totaling 40,067 net rentable square feet.

An upward adjustment was applied for market conditions (time) due to increasing value trends in the local market. Recent listing and closed transaction data indicates an annualized rate of 5.0% is applicable.

An upward adjustment was applied for entitlements. Since the site was not yet entitled for LS land use we have adjusted the comparable upward. We have found that developers will pay a premium for sites already entitled as there are both time and cost savings had by acquiring an already

entitled parcel. Combining transaction and physical adjustments, an overall net upward adjustment is indicated resulting in a price per FAR indication of \$152.54.

Comparable Land Sales Adjustment Grid										
Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8		
Address	985-1001 O'Brien Drive, 1320 Willow Road	1 Casey Court	240 Twin Dolphin Drive	1030 Brittan Ave.	210 Adrian Road	1360 Bayport Avenue	440 Forbes Boulevard	803, 833 and 841 Old County Road	1091 Industrial Road	
City, State	Menlo Park, CA	Menlo Park, CA	Redwood City, CA	San Carlos, CA	Millbrae, CA	San Carlos, CA	South San Francisco, CA	San Carlos, CA	San Carlos, CA	
Gross Land SF	183,616 SF	73,007 SF	207,685 SF	87,991 SF	89,951 SF	94,961 SF	225,654 SF	151,687 SF	68,331 SF	
Usable Land Area (Acres)	4.22 Acres	1.68 Acres	4.77 Acres	2.02 Acres	2.06 Acres	2.18 Acres	5.18 Acres	3.48 Acres	1.57 Acres	
Usable Land Area (SF)	183,616 SF	73,007 SF	207,685 SF	87,991 SF	89,951 SF	94,961 SF	225,654 SF	151,687 SF	68,331 SF	
Allowable Bldg Area	228,398	91,259	205,608	95,910	262,657	189,922	225,654	320,060	138,712	
Transaction Type	--	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	
Transaction Date	--	Mar-22	Jan-22	Dec-21	Oct-21	Jul-21	Apr-21	Aug-20	Jun-19	
Price per FAR		\$129.44	\$315.53	\$208.53	\$306.21	\$174.97	\$271.86	\$85.61	\$109.58	
Transaction Adjustments										
Property Rights	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Conditions of Sale (Assemblage)	-10%	0%	0%	0%	0%	0%	0%	0%	0%	
Market Conditions (Time)	1%	2%	2%	2%	3%	4%	5%	9%	16%	
Subtotal (adjustments are multiplied)	-9.1%	2.0%	2.0%	2.0%	3.0%	4.0%	5.0%	9.0%	16.0%	
Transaction Adjusted Price per FAR		\$117.66	\$321.84	\$212.70	\$315.40	\$181.97	\$285.45	\$93.31	\$127.11	
Physical Adjustments										
Location	0%	-10%	0%	-20%	0%	-20%	0%	0%	0%	
Corner	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Frontage	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Size	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Shape	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Topography	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Utilities	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Entitlements	20%	20%	20%	10%	20%	20%	20%	20%	20%	
Subtotal (adjustments are summed)	20%	10%	20%	-10%	20%	0%	20%	20%	20%	
Gross Adjustment	31%	32%	22%	33%	24%	45%	29%	36%	36%	
Overall Adjustment	9.08%	12.2%	22.4%	-7.3%	24.8%	5.0%	30.8%	39.2%	39.2%	
Indicated Price per FAR		\$141.19	\$354.02	\$255.24	\$283.86	\$218.36	\$285.45	\$111.98	\$152.54	

LAND VALUE CONCLUSION

- Market participants have indicated land value trends have been on an upward trend because of continuing demand for land that would be appropriate for the development of life science properties.
- Prior to adjustments, the sales reflect a range of \$85.61 to \$315.53 per FAR.
- After adjustment, the range changed to \$111.98 to \$354.02 per FAR, with an average of \$225.33 per FAR.
- We conclude to a unit value of \$225.00 per FAR foot.
- The above analysis is for the Bonus Density of up to 125%. As part of the following analysis to estimate the Community Benefits, we must also provide a value for the FAR Base Value of 55%. There is insufficient data to make adjustments for this level of FAR. We have valued the lower Base Value of 55% at a slightly higher value as the cost of construction and development is lower. We have concluded to an FAR unit value of \$250.00 per FAR foot for the Base level density which will be presented in the calculations of the Base Value density in the next section of the report.

Land Value Conclusion		
Allowable Bldg Area		228,398
Comparable Sales Indications	Range	Average
Unadjusted Price per FAR	\$85.61 - \$315.53	\$200.22
Adjusted Price per FAR	\$111.98 - \$354.02	\$225.33
Reconciled Value per FAR		\$225.00
Total Indicated Value		\$51,389,550
	Rounded	\$51,400,000

Compiled by Newmark

CALCULATION & CONCLUSION OF AMENITY VALUE

Per the instructions provided by the city of Menlo Park, the value of the amenity is calculated by subtracting the value conclusion of the Base Level from the value conclusion of the Bonus Level. The final value is based on 50% of the market value of the additional gross floor area proposed at the Bonus Level. The calculations are shown below broken down between Phase 1 and Phase 2:

Phase 1

Useable Land Area SF	FAR	Proposed Bldg. Area SF
123,738	125%	154,581

Proposed Bldg. Area SF	Value/FAR	Bonus Level Land Value
154,581	\$225.00	\$34,780,725
	Rounded:	\$34,800,000

Useable Land Area SF	Base FAR	Base Bldg. Area SF
123,738	55.00%	68,056

Base Bldg. Area SF	Value/FAR	Base Level Land Value
68,056	\$250.00	\$17,014,000
	Rounded:	\$17,000,000

Phase 1

Value Conclusion at Bonus Level	\$34,800,000
Less: Value Conclusion at Base Level	\$17,000,000
Value of Additional Gross Floor Area:	17,800,000
Less: 50% of the Value of Additional Floor Area:	\$8,900,000
Value of the Amenity:	\$8,900,000

Phase 2

Useable Land Area SF	FAR	Proposed Bldg. Area SF
59,878	123%	73,817

Proposed Bldg. Area SF	Value/FAR	Bonus Level Land Value
73,817	\$225.00	\$16,608,825
	Rounded:	\$16,600,000

Useable Land Area SF	Base FAR	Base Bldg. Area SF
59,878	55.00%	32,933

Base Bldg. Area SF	Value/FAR	Base Level Land Value
32,933	\$250.00	\$8,233,225
	Rounded:	\$8,200,000

Phase 2

Value Conclusion at Bonus Level	\$16,600,000
Less: Value Conclusion at Base Level	\$8,200,000
Value of Additional Gross Floor Area:	8,400,000
Less: 50% of the Value of Additional Floor Area:	\$4,200,000
Value of the Amenity:	\$4,200,000

ALTERNATE DATE OF VALUE – 6/25/2021

There appears to be an inconsistency between the City's Community Amenity Ordinance (Section 16.44.070) and the City's Appraisal Instructions regarding the applicable date of value. While the Instructions state that the appraisal must use a date of value no more than 90 days from the date of submission of the report, the Community Amenity ordinance states that the appraisal must be within 90 days of the application date, which places the date of value at the date of application. This appraisal follows the City's published instruction, however we note in this section the value at the date of application, June 25, 2021.

Comparable Land Sales Adjustment Grid							
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Address	985-1001 O'Brien Drive, 1320 Willow Road	210 Adrian Road	1360 Bayport Avenue	440 Forbes Boulevard	803, 833 and 841 Old County Road	915 Old County Rd, 1015 Commercial St, 1063 Old	1091 Industrial Road
City, State	Menlo Park, CA	Millbrae, CA	San Carlos, CA	South San Francisco, CA	San Carlos, CA	San Carlos, CA	San Carlos, CA
Gross Land SF	183,616 SF	89,951 SF	94,961 SF	225,654 SF	151,687 SF	542,322 SF	68,331 SF
Usable Land Area (Acres)	4.22 Acres	2.06 Acres	2.18 Acres	5.18 Acres	3.48 Acres	12.45 Acres	1.57 Acres
Usable Land Area (SF)	183,616 SF	89,951 SF	94,961 SF	225,654 SF	151,687 SF	542,322 SF	68,331 SF
Allowable Bldg Area	228,262	262,657	189,922	225,654	320,060	813,483	138,712
Transaction Type	-	Closed	Closed	Closed	Closed	Closed	Closed
Transaction Date	-	Oct-21	Jul-21	Apr-21	Aug-20	Apr-20	Jun-19
Price per FAR		\$306.21	\$174.97	\$271.86	\$85.61	\$139.22	\$109.58
Transaction Adjustments							
Property Rights		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Market Conditions (Time)		2%	4%	6%	11%	14%	22%
Subtotal (adjustments are multiplied)		2.0%	4.0%	6.0%	11.0%	14.0%	22.0%
Transaction Adjusted Price per FAR		\$312.33	\$181.97	\$288.17	\$95.03	\$158.71	\$133.69
Physical Adjustments							
Location		-10%	0%	-10%	0%	0%	0%
Corner		0%	0%	0%	0%	0%	0%
Frontage		0%	0%	0%	0%	0%	0%
Size		0%	0%	0%	0%	0%	0%
Shape		0%	0%	0%	0%	0%	0%
Topography		0%	0%	0%	0%	0%	0%
Utilities		0%	0%	0%	0%	0%	0%
Zoning		20%	20%	20%	20%	20%	20%
Subtotal (adjustments are summed)		10%	20%	10%	20%	20%	20%
Gross Adjustment		32%	24%	36%	31%	34%	42%
Overall Adjustment		12.2%	24.8%	16.6%	33.2%	36.8%	46.4%
Indicated Price per FAR		\$343.57	\$218.36	\$316.99	\$114.03	\$190.45	\$160.43

Compiled by Newmark

Land Value Conclusion

Allowable Bldg Area		228,262
Comparable Sales Indications	Range	Average
Unadjusted Price per FAR	\$85.61 - \$306.21	\$181.24
Adjusted Price per FAR	\$109.92 - \$330.09	\$214.59
Reconciled Value per FAR		\$215.00
Total Indicated Value		\$49,076,330
	Rounded	\$49,100,000

Compiled by Newmark

- The above analysis is for the Bonus Density of up to 125%. As part of the following analysis to estimate the Community Benefits, we must also provide a value for the FAR Base Value of 55%. There is insufficient data to make adjustments for this level

of FAR. We have valued the lower Base Value of 55% at a slightly higher value as the cost of construction and development is lower. We have concluded to an FAR unit value of \$235.00 per FAR foot for the Base level density.

Phase 1

Useable Land Area SF	FAR	Proposed Bldg. Area SF
123,738	125%	154,581

Proposed Bldg. Area SF	Value/FAR	Bonus Level Land Value
154,581	\$215.00	\$33,234,915
	Rounded:	\$33,200,000

Useable Land Area SF	Base FAR	Base Bldg. Area SF
123,738	55.00%	68,056

Base Bldg. Area SF	Value/FAR	Base Level Land Value
68,056	\$235.00	\$15,993,137
	Rounded:	\$16,000,000

Phase 1

Value Conclusion at Bonus Level	\$33,200,000
Less: Value Conclusion at Base Level	\$16,000,000
Value of Additional Gross Floor Area:	17,200,000
Less: 50% of the Value of Additional Floor Area:	\$8,600,000
Alternate Value of the Amenity as of Date of Application:	\$8,600,000

Phase 2

Useable Land Area SF	FAR	Proposed Bldg. Area SF
59,878	123%	73,817

Proposed Bldg. Area SF	Value/FAR	Bonus Level Land Value
73,817	\$215.00	\$15,870,655
	Rounded:	\$15,900,000

Useable Land Area SF	Base FAR	Base Bldg. Area SF
59,878	55.00%	32,933

Base Bldg. Area SF	Value/FAR	Base Level Land Value
32,933	\$235.00	\$7,739,255
	Rounded:	\$7,700,000

Phase 2

Value Conclusion at Bonus Level	\$15,900,000
Less: Value Conclusion at Base Level	\$7,700,000
Value of Additional Gross Floor Area:	\$8,200,000
Less: 50% of the Value of Additional Floor Area:	\$4,100,000
Alternate Value of the Amenity as of Date of Application:	\$4,100,000

Combined Phases 1 & 2 (Alternate Date)	Interest Appraised	Date of Value	Value Conclusion
Site Value of Proposed Gross Floor Area	Fee Simple	6/25/2021	\$49,100,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	6/25/2021	\$23,700,000
Value of Additional (Bonus) Floor Area	Fee Simple	6/25/2021	\$25,400,000
Less: 50% Deduction	Fee Simple	6/25/2021	\$12,700,000
Value of the Amenity	Fee Simple	6/25/2021	\$12,700,000

Reconciliation of Value

Cost Approach

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

Sales Comparison Approach

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

Income Capitalization Approach

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

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Phase 1			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$34,800,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$17,000,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$17,800,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$8,900,000
Value of the Amenity	Fee Simple	5/26/2022	\$8,900,000
Phase 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$16,600,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$8,200,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$8,400,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$4,200,000
Value of the Amenity	Fee Simple	5/26/2022	\$4,200,000
Combined Phases 1 & 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$51,400,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$25,200,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$26,200,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$13,100,000
Value of the Amenity	Fee Simple	5/26/2022	\$13,100,000

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. None

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment

1. At least one of the buildings on the subject site is leased. We have used the hypothetical condition that the subject buildings are unencumbered by leases and thus we are appraising the fee simple interest.
2. In order to comply with the City's instructions, we have employed the Hypothetical Condition that the subject has entitlements to build the development as proposed.

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

Compiled by Newmark

EXPOSURE TIME

Exposure time is the estimated length of time the subject property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based on an analysis of past events assuming a competitive and open market.

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

MARKETING TIME

Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. As no significant changes in market conditions are foreseen in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 months.

Assumptions and Limiting Conditions

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

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

4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.
5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.
6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.
8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes

in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.
11. Client and any other Intended User identified herein should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.
12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property's compliance with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

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

Addendum A

Glossary of Terms

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

- ◆ **Absorption Period:** The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.
- ◆ **Absorption Rate:** 1) Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time. 2) In subdivision analysis, the rate of sales of lots or units in a subdivision.
- ◆ **Ad Valorem Tax:** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax. (International Association of Assessing Officers [IAAO])
- ◆ **Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- ◆ **Cash Equivalency:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.
- ◆ **Contract Rent:** The actual rental income specified in a lease.
- ◆ **Disposition Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.

- ◆ **Excess Land:** Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. See also *surplus land*.
- ◆ **Excess Rent:** The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.
- ◆ **Exposure Time:** 1) The time a property remains on the market. 2) [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.
- ◆ **Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. See also *hypothetical condition*.
- ◆ **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
- ◆ **Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.
- ◆ **Frictional Vacancy:** The amount of vacant space needed in a market for its orderly operation. Frictional vacancy allows for move-ins and move-outs.
- ◆ **Full Service Lease:** See *gross lease*.
- ◆ **General Vacancy:** A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.
- ◆ **Going-Concern Premise:** One of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely).
- ◆ **Going Concern Value:** An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold

in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business.

- ◆ **Gross Building Area (GBA):** 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.
- ◆ **Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.
- ◆ **Hypothetical Condition:** 1) A condition that is presumed to be true when it is known to be false. (Appraisal Institute: The Standards of Valuation Practice [SVP]) 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. See also **extraordinary assumption**.
- ◆ **Intended Users:** 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)
- ◆ **Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (International Valuation Standards [IVS])
- ◆ **Land-to-Building Ratio:** The proportion of land area to gross building area; one of the factors determining comparability of properties.
- ◆ **Lease:** A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.
- ◆ **Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
- ◆ **Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

- ◆ **Lessee:** One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.
- ◆ **Lessor:** One who conveys the rights of occupancy and use to others under a lease agreement.
- ◆ **Liquidation Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a short time period. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under extreme compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Market Rent:** The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
- ◆ **Market Value:** A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following. 1) The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. 2) Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.²

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

- ◆ **Market Value of the Going Concern:** The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.
- ◆ **Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.
- ◆ **Modified Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease.
- ◆ **Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also **gross lease; modified gross lease.**
- ◆ **Net Net Net Lease:** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN lease, triple net lease, or fully net lease.
- ◆ **Occupancy Rate:** 1) The relationship or ratio between the potential income from the currently rented units in a property and the income that would be received if all the units were occupied.
2) The ratio of occupied space to total rentable space in a building.
- ◆ **Overage Rent:** The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.
- ◆ **Percentage Rent:** Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.
- ◆ **Prospective Opinion of Value:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

- ◆ **Rentable Area:** For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
- ◆ **Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."
- ◆ **Shell Rent:** The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish or white wall finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes, mechanical systems, interior electricity, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.
- ◆ **Surplus Land:** Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. See also **excess land**.
- ◆ **Turnover Vacancy:** A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to release the space is considered.
- ◆ **Usable Area:** 1) For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
- ◆ **Use Value:** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually. See also **value in use**.

- ◆ **Value In Use:** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. See also **use value**.
- ◆ **Value Indication:** A valuer's conclusion of value resulting from the application of an approach to value, e.g., the value indication by the sales comparison approach.

Addendum B

Legal

Descriptions

RECORDING REQUESTED BY

First American Title Company National Commercial Services

AND WHEN RECORDED MAIL DOCUMENT TO:

Campbell Avenue Portfolio, LLC
1530 O'Brien Drive, Suite C
Menlo Park, CA 94025

2013-172713

9:52 am 12/30/13 DE Fee: 18.00

Count of Pages 2 non-dis
Recorded in Official Records
County of San Mateo

Mark Church

Assessor-County Clerk-Recorder



Space Above This Line for Recorder's Use Only

A.P.N.: 055-421-050

File No.: NCS-632987A-SM (eb)

GRANT DEED

The undersigned Grantor(s) declare(s) that Documentary Transfer Tax shall be shown on a separate Declaration or Statement of Tax Due and not of public record pursuant to revenue & taxation code 11932-11933.

SURVEY MONUMENT FEE \$ _____

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **FRE 565, LLC, a California limited liability company**

hereby GRANTS to **Campbell Avenue Portfolio, LLC, a California limited liability company**

the following described property in the City of **Menlo Park**, County of **San Mateo**, State of **California**:

PARCEL ONE:

LOT 9 AS SHOWN ON THAT CERTAIN MAP ENTITLED "KAVANAUGH INDUSTRIAL PARK UNIT NO. 1, MENLO PARK - CALIFORNIA", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA ON NOVEMBER 7, 1958 IN BOOK 50 OF MAPS AT PAGE 4 AND 5.

PARCEL TWO:

NON-EXCLUSIVE EASEMENTS FOR VEHICULAR AND PEDESTRIAN INGRESS AND EGRESS AND FOR RAIN WATER DRAINAGE, AS SET FORTH IN THAT CERTAIN "EASEMENT AGREEMENT" RECORDED MAY 16, 2012 AS INSTRUMENT NO. 2012-068378 OF OFFICIAL RECORDS.

Transfer Tax Declared and Paid Pursuant to
Section 2.93.090 of Ord. 4324

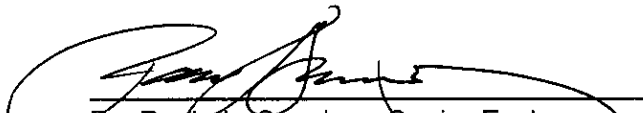
A.P.N.: 055-421-050

File No.: NCS-632987A-SM (eb)

Dated: 12/26/2013

FRE 565, LLC, a California limited liability company

By: First American Exchange Company, LLC, a Delaware limited liability company, its Sole Member


By: Paulo L. Sanchez, Senior Exchange Officer

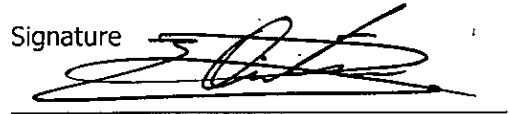
STATE OF California)SS
COUNTY OF Santa Clara)

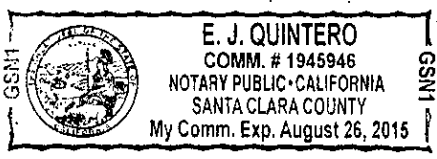
On December 26th, 2013, before me, EJ Quintero, Notary Public, personally appeared Paulo L. Sanchez

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 



My Commission Expires: Aug 26, 2015

This area for official notarial seal

Notary Name: EJ Quintero
Notary Registration Number: 1945946

Notary Phone: (408) 499-6635
County of Principal Place of Business: Santa Clara

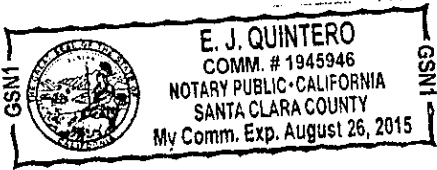


EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

LOT 8 AS SHOWN ON THAT CERTAIN MAP ENTITLED "KAVANAUGH INDUSTRIAL PARK, UNIT NO. 1, MENLO PARK, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON NOVEMBER 7, 1958 IN BOOK 50 OF MAPS AT PAGES 4 AND 5.

PARCEL TWO:

A NONEXCLUSIVE EASEMENT FOR VEHICULAR AND PEDESTRIAN INGRESS AND EGRESS OVER UPON AND ACROSS LOT 9 AS SHOWN ON THAT CERTAIN MAP ENTITLED KAVANAUGH INDUSTRIAL PARK, UNIT NO. 1, MENLO PARK, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED FOR RECORD ON NOVEMBER 7, 1958 IN BOOK 50 OF MAPS AT PAGES 4 AND 5 ACROSS THE FOLLOWING STRIP OF LAND:

A 3.58 FOOT WIDE STRIP OF LAND ALONG THE EASTERLY LINE OF SAID LOT 9 HEREINABOVE AND EXTENDING FROM THE PROPERTY LINE FRONTING O'BRIEN DRIVE TO A POINT 28.5 FEET FROM THE NORTHERLY PROPERTY LINE OF SAID LOT 9 HEREINABOVE, AS SET FORTH IN THAT CERTAIN EASEMENT AGREEMENT BY AND BETWEEN VELA CORPORATION, A CALIFORNIA CORPORATION AND LIVE OAK PROPERTIES, A CALIFORNIA CORPORATION FILED RECORD MAY 16, 2012, INSTRUMENT NO. 2012-068378, OFFICIAL RECORDS OF SAN MATEO COUNTY.

APN: 055-421-060

PROPERTY ADDRESS: 1001 O'BRIEN DRIVE, MENLO PARK, CA

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

PARCEL 1, AS SHOWN ON THAT CERTAIN PARCEL MAP, FILED JUNE 28, 1972, IN BOOK 17 OF PARCEL MAPS AT PAGE 2, SAN MATEO COUNTY RECORDS. EXCEPTING THEREFROM, ALL THAT PORTION THEREOF CONVEYED TO THE STATE OF CALIFORNIA IN THAT CERTAIN GRANT DEED RECORDED MARCH 13, 1984, AS INSTRUMENT NO. 84026759, OF OFFICIAL RECORDS.

PARCEL TWO:

A NON-EXCLUSIVE RIGHT-OF-WAY FOR INGRESS AND EGRESS OVER THE NORTHWESTERLY 24.53 FEET OF THE SOUTHWESTERLY 139.65 FEET OF LOT 11 AS SHOWN ON THE MAP ENTITLED "KAVANAUGH INDUSTRIAL PARK, UNIT NO. 1, MENLO PARK, CALIFORNIA", FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON NOVEMBER 7, 1958, IN BOOK 50 OF MAPS AT PAGES 4 AND 5.

APN: 055-421-160

JPN: 055-042-421-06A, 055-042-421-12A and 055-042-421-12.01A

PROPERTY ADDRESS: 1320 WILLOW ROAD, MENLO PARK, CA

Addendum C

Property Information

Property Detail Report

For Property Located At :
985 OBRIEN DR, MENLO PARK, CA 94025-1460



Owner Information

Owner Name: **OBRIEN DRIVE PORTFOLIO LLC**
 Mailing Address: **1530 OBRIEN DR #C, MENLO PARK CA 94025-1454 C051**
 Vesting Codes: **//**

Location Information

Legal Description: **LOT 9 KAVANAUGH INDUSTRIAL PARK UNIT NO 1 RSM 50/4 5 CITY OF MENLO PARK**
 County: **SAN MATEO, CA** APN: **055-421-050**
 Census Tract / Block: **6118.00 / 1** Alternate APN:
 Township-Range-Sect: Subdivision: **KAVANAUGH INDUST PARK 01**
 Legal Book/Page: Map Reference: **38-A3 /**
 Legal Lot: **9** Tract #:
 Legal Block: School District: **SEQUOIA UN**
 Market Area: **310** School District Name: **SEQUOIA UN**
 Neighbor Code: Munic/Township:

Owner Transfer Information

Recording/Sale Date: **01/15/2016 / 01/11/2016** Deed Type: **GRANT DEED**
 Sale Price: **\$5,700,000** 1st Mtg Document #:
 Document #: **4129**

Last Market Sale Information

Recording/Sale Date: **12/30/2013 / 12/26/2013** 1st Mtg Amount/Type: **/**
 Sale Price: **\$1,338,500** 1st Mtg Int. Rate/Type: **/**
 Sale Type: **FULL** 1st Mtg Document #: **/**
 Document #: **172713** 2nd Mtg Amount/Type: **/**
 Deed Type: **GRANT DEED** 2nd Mtg Int. Rate/Type: **/**
 Transfer Document #: Price Per SqFt: **\$66.92**
 New Construction: Multi/Split Sale:
 Title Company: **FIRST AMERICAN TITLE**
 Lender:
 Seller Name: **FRE 565 LLC**

Prior Sale Information

Prior Rec/Sale Date: **11/14/2013 / 11/14/2013** Prior Lender: **PRIVATE INDIVIDUAL**
 Prior Sale Price: **\$3,060,000** Prior 1st Mtg Amt/Type: **\$1,725,000 / PRIVATE PARTY**
 Prior Doc Number: **156727** Prior 1st Mtg Rate/Type: **/**
 Prior Deed Type: **GRANT DEED**

Property Characteristics

Year Built / Eff: **1955 /** Total Rooms/Offices
 Gross Area: **20,000** Total Restrooms:
 Building Area: **20,000** Roof Type:
 Tot Adj Area: Roof Material:
 Above Grade: Construction:
 # of Stories: **1** Foundation:
 Other Improvements: **Building Permit** Exterior wall:
 Basement Area:
 Garage Area:
 Garage Capacity:
 Parking Spaces:
 Heat Type:
 Air Cond:
 Pool:
 Quality: **AVERAGE**
 Condition:

Site Information

Zoning: **MH00M2** Acres: **1.00** County Use: **WAREHOUSING (38)**
 Lot Area: **43,561** Lot Width/Depth: **x** State Use:
 Land Use: **WAREHOUSE** Commercial Units: Water Type:
 Site Influence: Sewer Type: Building Class:

Tax Information

Total Value: **\$6,233,780** Assessed Year: **2021** Property Tax: **\$70,459.56**
 Land Value: **\$5,686,958** Improved %: **9%** Tax Area: **008039**
 Improvement Value: **\$546,822** Tax Year: **2021** Tax Exemption:
 Total Taxable Value: **\$6,233,780**

Property Detail Report

For Property Located At :
 1001 OBRIEN DR, MENLO PARK, CA 94025-1408



Owner Information

Owner Name: OBRIEN DRIVE PORTFOLIO LLC/KAVANAUGH CLARENCE I JR
 Mailing Address: 1530 OBRIEN DR #C, MENLO PARK CA 94025-1454 C051
 Vesting Codes: / A /

Location Information

Legal Description: LOT 8 KAVANAUGH INDUSTRIAL PARK UNIT NO 1 RSM 50/4 5 CITY OF MENLO PARK
 County: SAN MATEO, CA APN: 055-421-060
 Census Tract / Block: 6118.00 / 1 Alternate APN:
 Township-Range-Sect: Subdivision: KAVANAUGH INDUST PARK 01
 Legal Book/Page: Map Reference: 38-A3 /
 Legal Lot: 8 Tract #:
 Legal Block: School District: SEQUOIA UN
 Market Area: 310 School District Name: SEQUOIA UN
 Neighbor Code: Munic/Township:

Owner Transfer Information

Recording/Sale Date: / Deed Type:
 Sale Price: 1st Mtg Document #:
 Document #:

Last Market Sale Information

Recording/Sale Date: 12/03/2015 / 12/02/2015 1st Mtg Amount/Type: /
 Sale Price: \$6,000,000 1st Mtg Int. Rate/Type: /
 Sale Type: FULL 1st Mtg Document #: /
 Document #: 127688 2nd Mtg Amount/Type: /
 Deed Type: GRANT DEED 2nd Mtg Int. Rate/Type: /
 Transfer Document #: Price Per SqFt: \$292.40
 New Construction: Multi/Split Sale:
 Title Company: FIRST AMERICAN TITLE
 Lender:
 Seller Name: BALCO PROPERTIES LTD LLC

Prior Sale Information

Prior Rec/Sale Date: 06/15/2012 / 06/12/2012 Prior Lender:
 Prior Sale Price: \$2,580,000 Prior 1st Mtg Amt/Type: /
 Prior Doc Number: 84369 Prior 1st Mtg Rate/Type: /
 Prior Deed Type: GRANT DEED

Property Characteristics

Year Built / Eff:	1956 /	Total Rooms/Offices	Garage Area:
Gross Area:	20,520	Total Restrooms:	Garage Capacity:
Building Area:	20,520	Roof Type:	Parking Spaces:
Tot Adj Area:		Roof Material:	Heat Type:
Above Grade:		Construction:	Air Cond:
# of Stories:	1	Foundation:	Pool:
Other Improvements:	Building Permit	Exterior wall:	Quality:
		Basement Area:	Condition:

Site Information

Zoning:	MH00M2	Acres:	1.02	County Use:	LIGHT MANUFACTURING (31)
Lot Area:	44,223	Lot Width/Depth:	x	State Use:	
Land Use:	LIGHT INDUSTRIAL	Commercial Units:		Water Type:	
Site Influence:		Sewer Type:		Building Class:	

Tax Information

Total Value:	\$6,561,874	Assessed Year:	2021	Property Tax:	\$74,052.56
Land Value:	\$6,015,052	Improved %:	8%	Tax Area:	008039
Improvement Value:	\$546,822	Tax Year:	2021	Tax Exemption:	
Total Taxable Value:	\$6,561,874				

Property Detail Report

For Property Located At :
 1320 WILLOW RD, MENLO PARK, CA 94025-1516



Owner Information

Owner Name: OBRIEN DRIVE PORTFOLIO LLC
 Mailing Address: 1530 OBRIEN DR #C, MENLO PARK CA 94025-1454 C051 C/O TARLTON PROPERTIES INC
 Vesting Codes: //

Location Information

Legal Description: 2.201 AC MOL PTN OF PARCEL 1 PARCEL MAP VOL 17/2
 County: SAN MATEO, CA APN: 055-421-160
 Census Tract / Block: 6118.00 / 1 Alternate APN:
 Township-Range-Sect: Subdivision:
 Legal Book/Page: Map Reference: 38-A3 /
 Legal Lot: Tract #:
 Legal Block: School District: SEQUOIA UN
 Market Area: 310 School District Name: SEQUOIA UN
 Neighbor Code: Munic/Township:

Owner Transfer Information

Recording/Sale Date: / Deed Type:
 Sale Price: 1st Mtg Document #:
 Document #:

Last Market Sale Information

Recording/Sale Date: 12/03/2015 / 12/02/2015 1st Mtg Amount/Type: /
 Sale Price: \$12,000,000 1st Mtg Int. Rate/Type: /
 Sale Type: FULL 1st Mtg Document #: /
 Document #: 127689 2nd Mtg Amount/Type: /
 Deed Type: GRANT DEED 2nd Mtg Int. Rate/Type: /
 Transfer Document #: Price Per SqFt: \$240.00
 New Construction: Multi/Split Sale:
 Title Company: FIRST AMERICAN TITLE
 Lender:
 Seller Name: BALCO PROPERTIES LTD LLC

Prior Sale Information

Prior Rec/Sale Date: 06/24/2014 / 06/20/2014 Prior Lender:
 Prior Sale Price: \$8,200,000 Prior 1st Mtg Amt/Type: /
 Prior Doc Number: 55185 Prior 1st Mtg Rate/Type: /
 Prior Deed Type: GRANT DEED

Property Characteristics

Year Built / Eff: 1963 / Total Rooms/Offices
 Gross Area: 50,000 Total Restrooms:
 Building Area: 50,000 Roof Type:
 Tot Adj Area: Roof Material:
 Above Grade: Construction:
 # of Stories: Foundation:
 Other Improvements: Building Permit Exterior wall:
 Basement Area:

Garage Area:
 Garage Capacity:
 Parking Spaces:
 Heat Type:
 Air Cond:
 Pool:
 Quality:
 Condition:

Site Information

Zoning: M20000 Acres: 2.20 County Use: WAREHOUSING (38)
 Lot Area: 95,876 Lot Width/Depth: x State Use:
 Land Use: WAREHOUSE Commercial Units:
 Site Influence: Sewer Type: Building Class:

Tax Information

Total Value: \$13,123,751 Assessed Year: 2021 Property Tax: \$145,873.76
 Land Value: \$9,842,814 Improved %: 25% Tax Area: 008039
 Improvement Value: \$3,280,937 Tax Year: 2021 Tax Exemption:
 Total Taxable Value: \$13,123,751

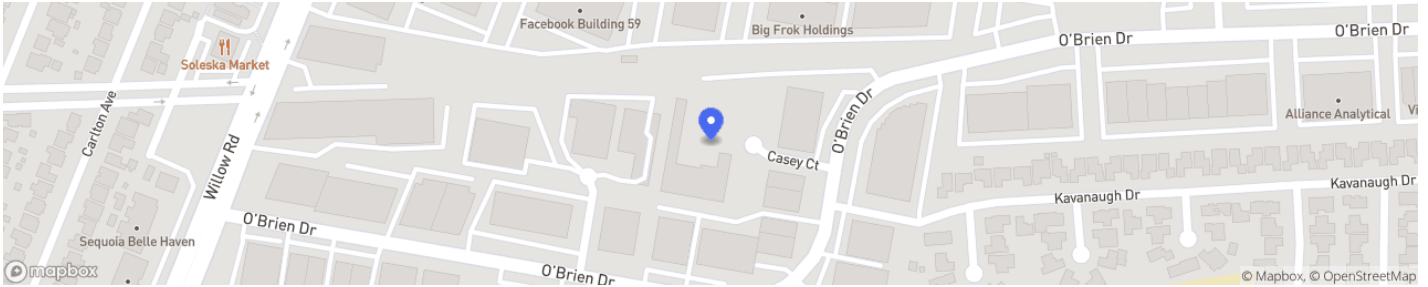
Addendum D

Comparable Data

Land Sales

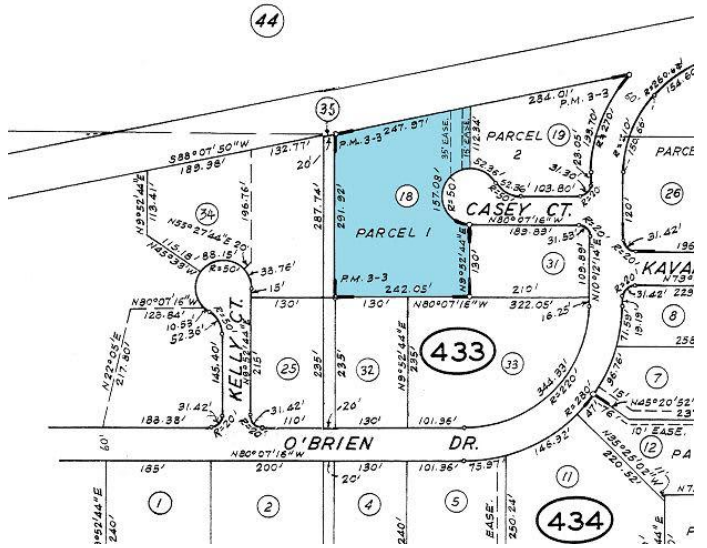
1 Casey Court

1 Casey Court



Location & Property Info

Property Name	1 Casey Court
Property Type	Land
Sub Type	Industrial
Major Market	CA - San Mateo
Sub Market	San Mateo Metro
Address	1 Casey Court, Menlo Park, CA 94025
County	San Mateo
Country	USA
Latitude	37.47569300
Longitude	-122.14841700
Legal/Tax/Parcel ID	055-433-180
Market Orientation	Industrial Park
Verification Type	Confirmed-Buyer
Verification Source	Buyer
Event ID	520542



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	73,007
Gross Land Area Acres	1.6760
Usable/Gross Ratio	1.00
Usable Land Area SF	73,007
Usable Land Area Acres	1.6760
Zoning Designation	LS-B (Life Science Bonus)
Potential Bldg To Land Ratio FAR	1.25
Site Shape	Irregular
Site Topography	Level
Flood Zone Designation	X
Vegetation	None
Traffic Control At Entry	Stop Sign
Traffic Flow	Low
Utilities	Electricity, Gas, Sewer, Telephone, Water
Corner Lot	No
Accessibility Rating	Above Average
Visibility Rating	Average

Rentable Area SF	91,259
Gross Building Area	91,259
Demised Unit Of Comparison	Approved FAR
Construction Status	Proposed
Construction Purpose	Speculative
Land To Building Ratio	0.80

Sale Information

Sale Status	Closed
Sale Date	03/29/2022
Sale Price	\$8,712,500
Grantor (Seller)	Clayton Patterson/Grek Trust
Grantee (Buyer)	Tarlton Properties
Contract Date	07/07/2020
Property Rights	Leased Fee
Financing Type	Cash to seller
Other Adjustment	\$3,100,000
Effective Sales Price	\$11,812,500.00
Price Per SF GBA	\$129.44
Price Per SF NRA	\$129.44
Price Per Potential FAR	\$129.44
Price Per Land SF (Gross)	\$161.80
Price Per Acre (Gross)	\$7,048,031.03
Price Per Land SF (Usable)	\$161.80
Price Per Acre (Usable)	\$7,048,031.03

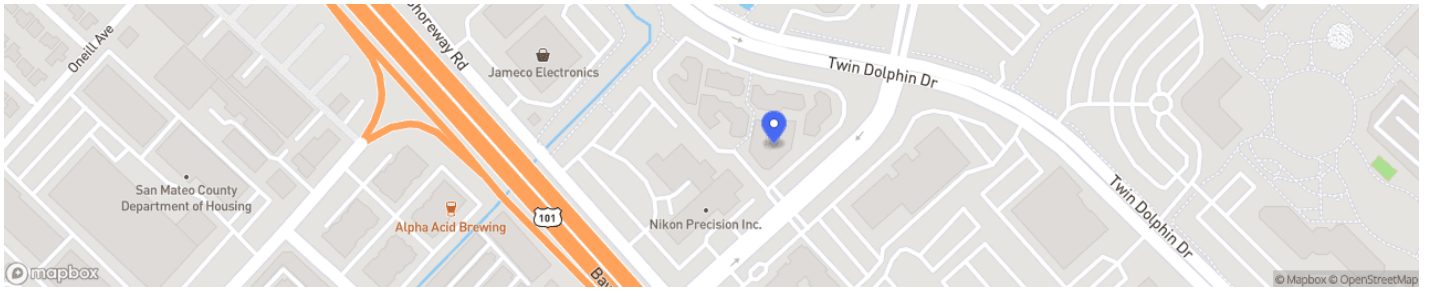
Comments

Tarlton Properties purchased the site as it is adjacent to their other Life Science proposed developments. Therefore, the land is subject to assemblage as it is more valuable to Tarlton Properties than other developers. The underlying zoning is LS-B or Life Science-Bonus. The bonus entitles the owner to develop up to 125% FAR if they meet the requirements of the city of Menlo Park's for this FAR. It requires the developer to pay a percentage of the excess development rights to the city in exchange for permission to exceed the current FAR of 55%. The cost will be determined by appraisal. The cost will be 50% of the difference in value between the 55% currently legal FAR and the proposed FAR up to 125%. The site is at the end the cul-de-sac and backs to a flood control channel. However, this parcel will be added to the proposed development at 1125 O'Brien Drive. In total the proposed project, which includes 1 Casey Court, will feature 131,284 square feet of Life Science building area. Based on the overall development, the proposed FAR would be .73. Therefore, using the .73 FAR the prorata building area for 1 Casey Court would be 53,422 square feet of building area. The site is improved with a 15,500 SF metal clad industrial building that adds no value to the land.

The sale price is \$8,712,500. However, there is an adjustment for tenant buy-out of \$3,000,000 and demolition of \$100,000 for a total purchase price of \$11,812,500. The sale is to close between June of 2021 and October of 2022. The current owner will collect the rents, if any, until the transaction closes.

240 Twin Dolphin Drive

Life Science Development Site



Location & Property Info

Property Name	Life Science Development Site
Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Mateo
Sub Market	San Mateo Metro
Address	240 Twin Dolphin Drive, Redwood City, CA 94065
County	San Mateo
Country	USA
Latitude	37.52177000
Longitude	-122.26200900
Legal/Tax/Parcel ID	111-910-010
Market Orientation	Suburban
Verification Type	Confirmed-Other
Verification Source	Broker/Public Records
Event ID	736984



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	207,685
Gross Land Area Acres	4.7678
Usable/Gross Ratio	1.00
Usable Land Area SF	207,685
Usable Land Area Acres	4.7678
Zoning Designation	CP
Zoning Description	Office Professional
Potential Bldg To Land Ratio FAR	0.99
Site Shape	Irregular
Site Topography	Level
Corner Lot	Yes
Accessibility Rating	Above Average
Visibility Rating	Good

Improvement Details

Rentable Area SF	202,010
Gross Building Area	202,010
Demised Unit Of Comparison	Approved FAR
Construction Status	Planned
Construction Purpose	Speculative
Number Of Stories/Floors	5.00
Parking Description	Structured
Total Parking Spaces	680
Spaces/1,000 SF NRA Ratio	3.37
Land To Building Ratio	1.03

Sale Information

Sale Status	Closed
Sale Date	01/22/2022
Sale Price	\$64,875,000
Grantor (Seller)	SHP Westshore LLC
Grantee (Buyer)	200-240 Twin Dolphin LLC
Property Rights	Fee Simple
Document Type	Grant deed
Recording Number	3113
Effective Sales Price	\$64,875,000.00
Price Per SF GBA	\$321.15
Price Per SF NRA	\$321.15

Price Per Potential FAR	\$315.53
Price Per Land SF (Gross)	\$312.37
Price Per Acre (Gross)	\$13,606,928.62
Price Per Land SF (Usable)	\$312.37
Price Per Acre (Usable)	\$13,606,928.62

Comments

The is the sale of an entitled building site overlooking the Redwood Shores Lagoon.

1030 Brittan Ave.
 Development Site

Location & Property Info

Property Name	Development Site
Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Mateo
Sub Market	San Mateo Metro
Address	1030 Brittan Ave. , San Carlos, CA 94070
County	San Mateo
Country	USA
Latitude	37.50297000
Longitude	-122.25027000
MSA	San Francisco-Oakland-Hayward, CA
Legal/Tax/Parcel ID	046-162-060, 070
Market Orientation	Suburban
Verification Type	Confirmed-Buyer Broker
Event ID	741199



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	87,991
Gross Land Area Acres	2.0200
Usable/Gross Ratio	1.00
Usable Land Area SF	87,991
Usable Land Area Acres	2.0200
Zoning Designation	GCI
Zoning Description	General Commercial Industrial
Flood Map	06081C0188F
Flood Map Date	04/05/2019
Flood Insurance Required	Yes
Potential Bldg To Land Ratio FAR	1.09
Site Shape	Rectangular
Site Topography	Level
Flood Zone Designation	AE
Traffic Flow	Moderate
Utilities	Electricity, Gas, Sewer, Water
Accessibility Rating	Above Average
Visibility Rating	Good

Improvement Details

Rentable Area SF	96,175
Gross Building Area	96,175
Construction Status	Proposed
Construction Purpose	Speculative
Land To Building Ratio	0.91

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
			1.00								
Total/Average			1.00		0.00	100 %	0.00		\$0.00		

Sale Information

Resolution No. XXXX
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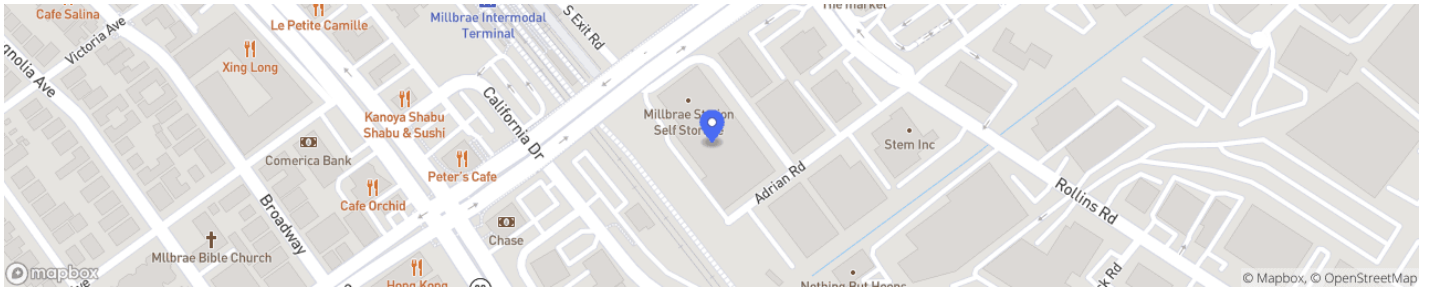
Sale Status	Closed
Sale Date	12/21/2021
Sale Price	\$20,000,000
Grantor (Seller)	Robert Williamson Trust
Grantee (Buyer)	MBC Bio Labs 1030
Property Rights	Fee Simple
Document Type	Grant deed
Recording Number	8508
Effective Sales Price	\$20,000,000.00
Price Per SF GBA	\$207.95
Price Per SF NRA	\$207.95
Price Per Potential FAR	\$208.53
Price Per Land SF (Gross)	\$227.30
Price Per Acre (Gross)	\$9,901,012.65
Price Per Land SF (Usable)	\$227.30
Price Per Acre (Usable)	\$9,901,012.65

Comments

This surface parking lot sold with approvals to construct a 96,175 square foot life-science building.

210 Adrian Road

Life-Science Development Site



Location & Property Info

Property Name	Life-Science Development Site
Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Mateo
Sub Market	San Mateo Metro
Address	210 Adrian Road, Millbrae, CA 94030
County	San Mateo
Country	USA
Latitude	37.59899100
Longitude	-122.38484200
MSA	San Francisco-Oakland-Hayward, CA
Legal/Tax/Parcel ID	024-353-180
Market Orientation	Suburban
Verification Type	Confirmed-Seller Broker
Verification Source	Broker
Event ID	667836



2/ VIEW FROM MILLBRAE AVE. LOOKING SOUTH EAST

Site Details

Source Of Land Info	Broker
Gross Land Area SF	89,951
Gross Land Area Acres	2.0650
Usable/Gross Ratio	1.00
Usable Land Area SF	89,951
Usable Land Area Acres	2.0650
Zoning Designation	ML
Potential Bldg To Land Ratio FAR	2.92
Site Shape	Rectangular
Site Topography	Level
Corner Lot	Yes
Accessibility Rating	Above Average
Visibility Rating	Good

Improvement Details

Rentable Area SF	263,042
Demised Unit Of Comparison	Potential FAR
Number Of Demised Units	263,042
Average Unit Size (SF)	1
Construction Status	Planned
Construction Purpose	Speculative
Year Built	2023
Density	127,382

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
Total/Average			0.00		0.00		0.00		\$0.00		

Sale Information

Sale Status	Closed
Sale Date	10/04/2021
Sale Price	\$80,000,000
Grantor (Seller)	Finn Capital
Grantee (Buyer)	Longfellow
Property Rights	Fee Simple
Document Type	Grant deed
Recording Number	140980
Other Adjustment	\$427,500
Effective Sales Price	\$80,427,500.00
Price Per SF NRA	\$305.76
Effective Price Per Unit	\$305.76
Price Per Potential FAR	\$306.21
Price Per Land SF (Gross)	\$894.13
Price Per Acre (Gross)	\$38,947,941.89
Price Per Land SF (Usable)	\$894.13
Price Per Acre (Usable)	\$38,947,941.89

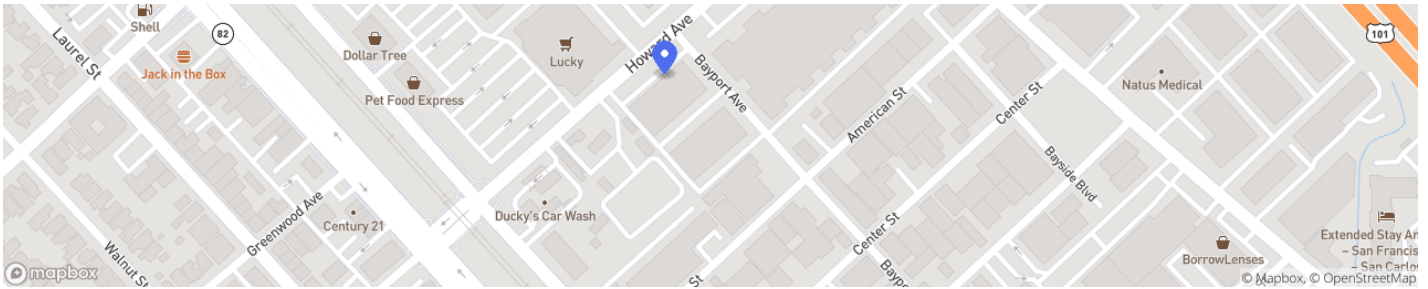
Comments

The buyer proposes to demolish all existing structures and construct a new five-story, 263,042 square foot life sciences building with below and above grade parking. The project entitlement applications include a Design Review Permit, Conditional Use Permit, Parcel Map, Site Development Plan, and Minor Modification to the MSASP. The Conditional Use Permit would allow a biosafety level 2 use within the Transit-Oriented Development (TOD) zone of the Millbrae Station Area Specific Plan (MSASP).

The buyer plans to demolish the self storage facility on this site and construct a 263,042 square foot, 5-story, life-science facility with below and above grade parking. The building will be designed to support a future research lab or office tenant improvement build-out. The project requires a Conditional Use Permit to allow a bioscience use within the Transit-Oriented Development (TOD) zone of the Millbrae Station Area Specific Plan (MSASP) and is under review by the city. Demolition costs estimated at \$5 per square foot.

1360 Bayport Avenue

1021 Howard Development Site



Location & Property Info

Property Name	1021 Howard Development Site
Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Mateo
Sub Market	San Mateo Metro
Address	1360 Bayport Avenue, San Carlos, CA 94070
County	San Mateo
Country	USA
Latitude	37.50005470
Longitude	-122.24791420
Market Orientation	Suburban
Verification Type	Confirmed-Buyer
Verification Source	Broker
Event ID	680088



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	94,961
Gross Land Area Acres	2.1800
Usable/Gross Ratio	1.00
Usable Land Area SF	94,961
Usable Land Area Acres	2.1800
Zoning Designation	GCI
Potential Bldg To Land Ratio FAR	2.00
Site Shape	Rectangular
Site Topography	Level
Traffic Flow	Moderate
Utilities	Cable TV, Electricity, Gas, Sewer, Water
Corner Lot	Yes
Accessibility Rating	Above Average
Visibility Rating	Good

Improvement Details

Rentable Area SF	190,000
Demised Unit Of Comparison	Potential FAR
Construction Status	Planned
Construction Purpose	Speculative

Sale Information

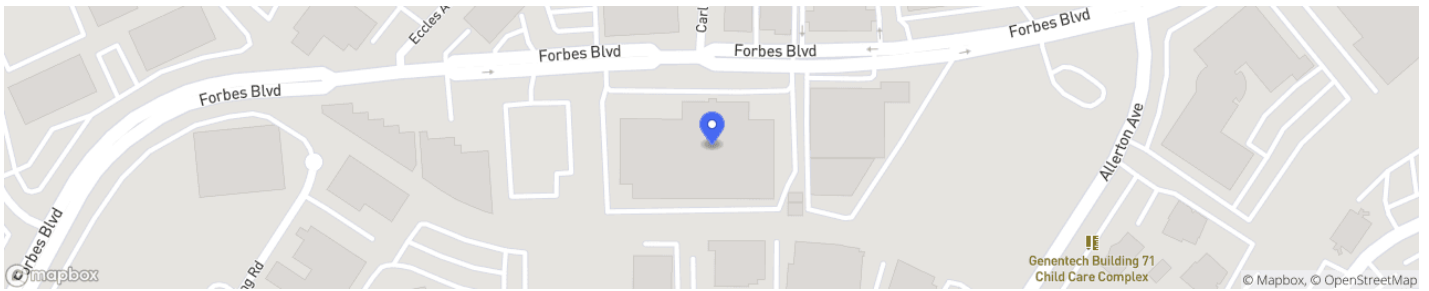
Sale Status	Closed
Sale Date	07/20/2021
Sale Price	\$33,000,000
Grantor (Seller)	Hamilton Investors
Grantee (Buyer)	1021 Howard Owner LLC
Property Rights	Leased Fee
Document Type	Grant deed
Recording Number	107662

Other Adjustment	\$230,000
Effective Sales Price	\$33,230,000.00
Price Per SF NRA	\$174.89
Price Per Potential FAR	\$174.97
Price Per Land SF (Gross)	\$349.93
Price Per Acre (Gross)	\$15,243,087.10
Price Per Land SF (Usable)	\$349.93
Price Per Acre (Usable)	\$15,243,087.10

Comments

This is the sale of three adjacent properties (1021-1045 Howard, 1360-1370 Bayport, and 1390 Bayport). The buyer of this property has submitted plans to develop a three story building with 190,000 square feet of space for life science. It would also include 13,000 square feet of public open space, including a plaza and an interior courtyard, as well as two levels of underground parking. Demolition costs for the 45,800 square feet of industrial buildings on the site estimated at \$5 per square foot or \$230,000.

440 Forbes Boulevard Healthpeak Development Site



Location & Property Info

Property Name	Healthpeak Development Site
Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Mateo
Sub Market	San Mateo Metro
Address	440 Forbes Boulevard, South San Francisco, CA 94080
County	San Mateo
Country	USA
Latitude	37.65601400
Longitude	-122.39291100
MSA	San Francisco
Legal/Tax/Parcel ID	015-050-230
Market Orientation	Suburban
Verification Type	Confirmed-Other
Event ID	628576



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	225,654
Gross Land Area Acres	5.1803
Usable/Gross Ratio	1.00
Usable Land Area SF	225,654
Usable Land Area Acres	5.1803
Zoning Designation	MH00M2
Potential Bldg To Land Ratio FAR	1.00
Site Shape	Rectangular
Site Topography	Level
Vegetation	Typical
Traffic Control At Entry	None
Traffic Flow	Moderate
Corner Lot	No
Accessibility Rating	Above Average
Visibility Rating	Good

Improvement Details

Rentable Area SF	225,000
Construction Status	Planned

Sale Information

Sale Status	Closed
Sale Date	04/30/2021
Sale Price	\$60,506,000
Grantor (Seller)	Jem Capital
Grantee (Buyer)	Ls Forbes
Property Rights	Leased Fee

Document Type	Grant deed
Recording Number	069127
Other Adjustment	\$840,000
Effective Sales Price	\$61,346,000.00
Price Per SF NRA	\$272.65
Price Per Potential FAR	\$271.86
Price Per Land SF (Gross)	\$271.86
Price Per Acre (Gross)	\$11,842,164.44
Price Per Land SF (Usable)	\$271.86
Price Per Acre (Usable)	\$11,842,164.44

Operations at Date of Sale

Operations Status Type	Stabilized Operations
Actuals Occupancy	100.00 %

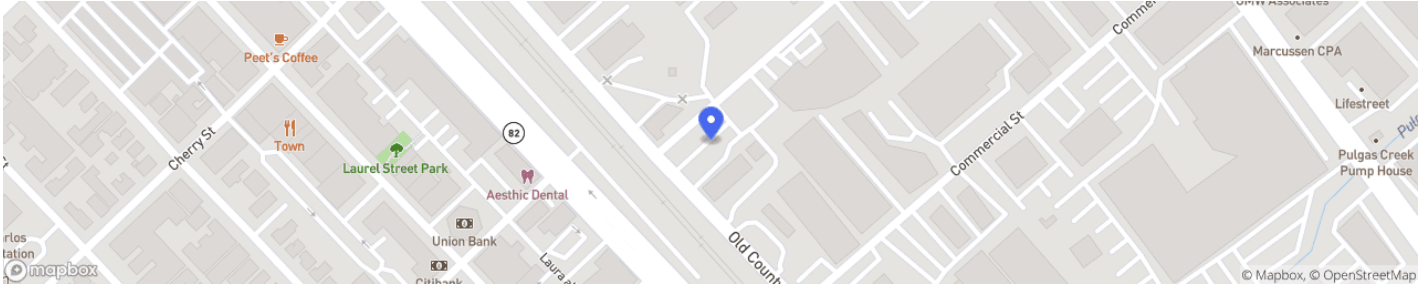
Comments

No information was available for determining the size of the proposed development. However, we based our estimate on the nearby project at 494 Forbes Boulevard which has been entitled for 326,020 square feet on a 7.48 acre parcel. The FAR is very nearly 1/1 which we assigned to the sale parcel. The nearby parcel is being developed by Healthpeak Properties.

This property sold with a short term lease in place to a beverage distributor. Demolition costs for the 105,000 square foot warehouse estimated at \$8 per square foot. Immediate development plans for this site are not available. Buyer is currently developing life-science properties in South San Francisco.

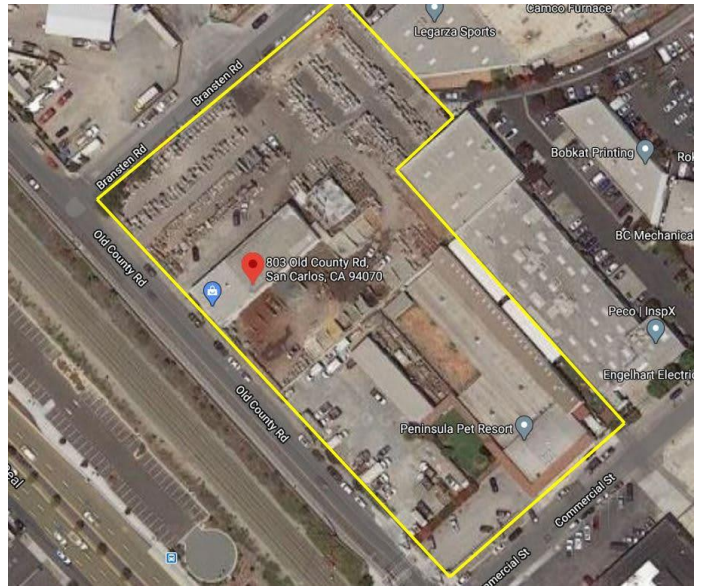
803, 833 and 841 Old County Road

Old County Road



Location & Property Info

Property Name	Old County Road
Property Type	Land
Sub Type	Industrial
Major Market	CA - San Mateo
Sub Market	San Mateo Metro
Address	803, 833 and 841 Old County Road, San Carlos, CA 94070
County	San Mateo
Country	USA
Latitude	37.50468000
Longitude	-122.25545400
Legal/Tax/Parcel ID	046-133-160, 046-134-050, 046-134-060, 046-135-010, 046-135-020, 046-135-030, 046-135-040, 046-182-100, 046-182-110, 046-182-150 539877
Event ID	



Site Details

Source Of Land Info	ALTA
Gross Land Area SF	151,687
Gross Land Area Acres	3.4823
Usable/Gross Ratio	1.00
Usable Land Area SF	151,687
Usable Land Area Acres	3.4823
Zoning Designation	IH (Heavy Industrial)
Potential Bldg To Land Ratio FAR	2.11
Site Shape	Irregular
Site Topography	Level
Flood Zone Designation	X
Vegetation	None
Traffic Control At Entry	Stop Sign
Traffic Flow	Moderate
Utilities	Electricity, Gas, Sewer, Telephone, Water Yes
Corner Lot	
Accessibility Rating	Average
Visibility Rating	Average

Improvement Details

Rentable Area SF	320,000
Gross Building Area	320,000
Construction Status	Proposed
Land To Building Ratio	0.47

Sale Information

Specialty Sale Type	Assemblage Transaction
Sale Status	Closed
Sale Date	08/21/2020
Sale Price	\$26,900,000
Grantor (Seller)	1031 EP4 Inc., Patricia Renn
Grantee (Buyer)	SI 74 LLC
Recording Date	08/21/2020
Property Rights	Fee Simple
Document Type	Deed
Recording Number	38385, 39263
Financing Type	Cash to seller
Other Adjustment	\$500,000
Effective Sales Price	\$27,400,000.00

Price Per SF GBA	\$85.63
Price Per SF NRA	\$85.63
Price Per Potential FAR	\$85.61
Price Per Land SF (Gross)	\$180.64
Price Per Acre (Gross)	\$7,868,465.90
Price Per Land SF (Usable)	\$180.64
Price Per Acre (Usable)	\$7,868,465.90

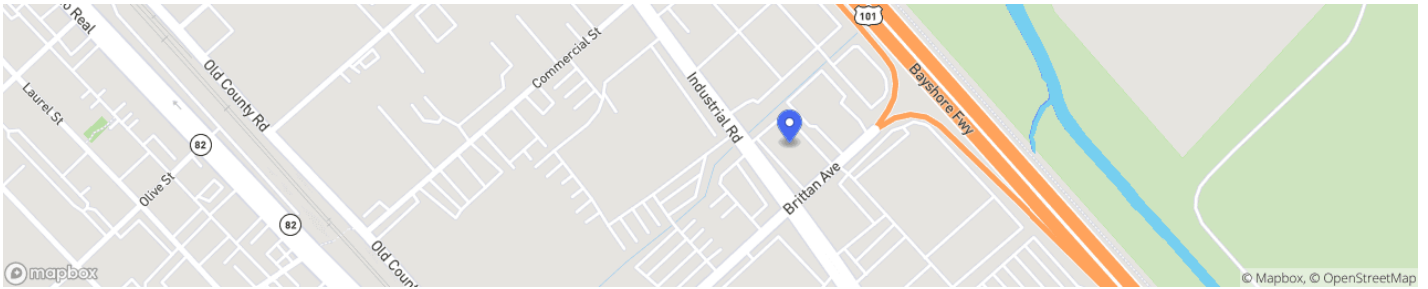
Comments

The sale site is located along the east side of Old County Road between Commercial Street and Bransten Road in San Carlos. The site comprises 10 assessor parcels including an abandoned rail spur. The site is zoned for heavy industrial but was acquired for the development of life science or Class A office space. The grantee, Sobrato, is looking to develop 320,000 SF of space which is an FAR of 2.11. At the the time of the sale the site was developed with a mixture of industrial buildings including a dog boarding facility and a garden supply store with yard storage.

The sale site is located along the east side of Old County Road between Commercial Street and Bransten Road in San Carlos. The site comprises 10 assessor parcels including an abandoned rail spur. The site is zoned for heavy industrial but was acquired for the development of life science or Class A office space. The grantee, Sobrato, is looking to develop 320,000 SF of space which is an FAR of 2.11. At the the time of the sale the site was developed with a mixture of industrial buildings including a dog boarding facility and a garden supply store with yard storage. The previous owners have leased the property back. The leases range from month to month to a longer term which expires in October of 2022. The interim rent is \$432,000 per year. The demolition has been estimated at \$500,000. SI 74 LLC acquired the site from 1031 EP4 Inc for a total consideration of \$27,400,000 or \$86 per FAR.

1091 Industrial Road

1091 Industrial Rd



Location & Property Info

Property Name	1091 Industrial Rd
Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Francisco
Sub Market	Outside Metro Area
Address	1091 Industrial Road, San Carlos, CA 94070
County	San Mateo
Country	USA
Latitude	37.50442900
Longitude	-122.24839000
MSA	San Francisco MSA
Legal/Tax/Parcel ID	046-151-060
Event ID	340666



Site Details

Source Of Land Info	Public Record
Gross Land Area SF	68,331
Gross Land Area Acres	1.5687
Usable/Gross Ratio	1.00
Usable Land Area SF	68,331
Usable Land Area Acres	1.5687
Zoning Designation	GCI
Potential Bldg To Land Ratio FAR	2.03
Site Shape	Irregular Site
Site Topography	Generally level
Vegetation	None
Traffic Control At Entry	Traffic Light
Traffic Flow	Moderate
Utilities	Electricity, Gas, Sewer, Telephone, Water
Corner Lot	Yes
Accessibility Rating	Above Average
Visibility Rating	Good

Improvement Details

Rentable Area SF	139,200
Gross Building Area	139,200
Demised Unit Of Comparison	Potential FAR
Construction Status	Proposed
Construction Purpose	Speculative
Investment Class	Class A
Land To Building Ratio	0.49

Sale Information

Sale Status	Closed
Sale Date	06/05/2019
Sale Price	\$15,000,000
Grantor (Seller)	Swenson
Grantee (Buyer)	Premia Capital
Property Rights	Fee Simple
Other Adjustment	\$200,000
Effective Sales Price	\$15,200,000.00

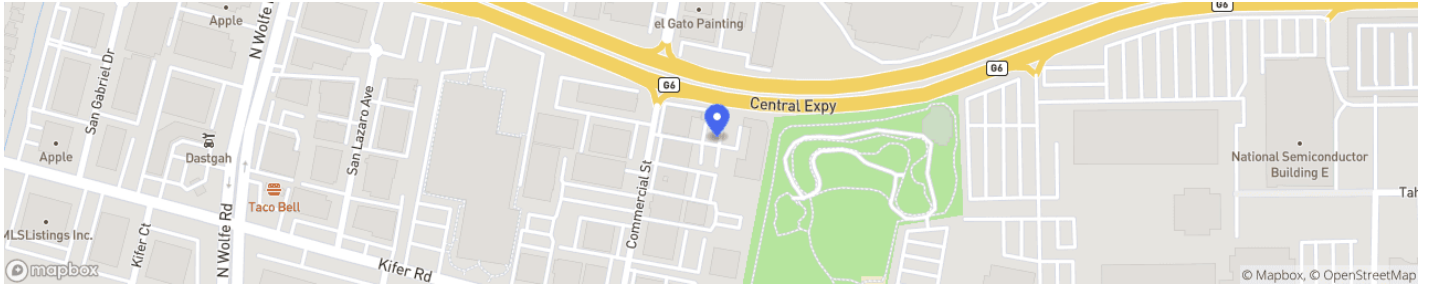
Price Per SF GBA	\$109.20
Price Per SF NRA	\$109.20
Price Per Potential FAR	\$109.58
Price Per Land SF (Gross)	\$222.45
Price Per Acre (Gross)	\$9,689,774.85
Price Per Land SF (Usable)	\$222.45
Price Per Acre (Usable)	\$9,689,774.85

Comments

A joint venture with Swenson Development had plans to develop this land into a hotel before selling the asset to Premia Capital for \$15,000,000 or \$219.52 per square foot of land or \$109 per FAR. The City Council had approved zoning for the hotel but the developer decided not to proceed with the project and sold the 1091 Industrial Road property, a city staff report said. Planning commissioners in March 2020 rezoned the site back to general commercial and industrial at the request of the new property owner. Premia Capital is currently going through the entitlement process to redevelop the property into a three story life science building that would total 139,200 square feet. Currently, the development is under review with the city. There will be two levels parking below the building. The site currently has improvements totaling 40,067 net rentable square feet.

Alternate Date of Value 3/18/2018 Land Sales

164 Commercial Street 164-174 Commercial Street



Location & Property Info

Property Name	164-174 Commercial Street
Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Jose/Silicon Valley
Sub Market	San Jose/Silicon Valley
Address	164 Commercial Street, Sunnyvale, CA 94086
County	Santa Clara
Country	USA
Latitude	37.37612620
Longitude	-122.00757630
MSA	San Jose-Sunnyvale-Santa Clara, CA
Legal/Tax/Parcel ID	205-41-009, -010
Verification Type	Confirmed-Other
Event ID	485712



Site Details

Gross Land Area SF	98,881
Gross Land Area Acres	2.2700
Usable/Gross Ratio	1.00
Usable Land Area SF	98,881
Usable Land Area Acres	2.2700
Zoning Designation	MS
Potential Bldg To Land Ratio FAR	1.00
Site Shape	Rectangular
Site Topography	Level
Accessibility Rating	Average
Visibility Rating	Average

Improvement Details

Rentable Area SF	98,881
Gross Building Area	98,881
Demised Unit Of Comparison	Potential FAR
Construction Status	Planned
Construction Purpose	TBD
Investment Class	Class C
Condition	Average
Construction Type	Concrete

Construction Quality	Average
Res Quality No. XXXX	
Page 110 of 175	
Number Of Buildings	3
Number Of Stories/Floors	1.00
Land To Building Ratio	1.00

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
Total/Average			0.00		0.00		0.00		\$0.00		

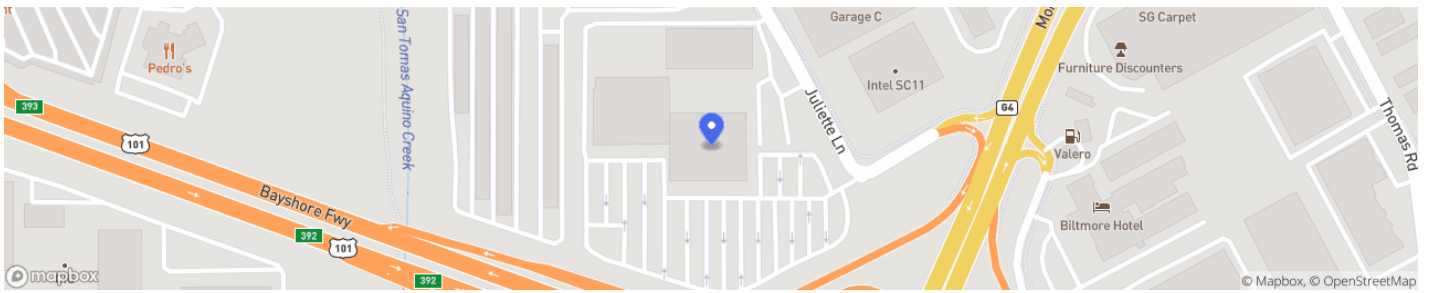
Sale Information

Sale Status	Closed
Sale Date	04/30/2019
Sale Price	\$15,100,000
Grantor (Seller)	Rice Family JL Associates LLC
Grantee (Buyer)	Intuitive Surgical, Inc.
Property Rights	Leased Fee
Recording Number	24167356
Effective Sales Price	\$15,100,000.00
Price Per SF GBA	\$152.71
Price Per SF NRA	\$152.71
Price Per Potential FAR	\$152.71
Price Per Land SF (Gross)	\$152.71
Price Per Acre (Gross)	\$6,651,995.86
Price Per Land SF (Usable)	\$152.71
Price Per Acre (Usable)	\$6,651,995.86

Comments

The property is zoned M-S, which provides for a variety of potential uses including manufacturing, office/R&D, hospitality, warehouse and commercial storage. The zoning further suggests that FAR up to 0.7 to 1.0 is achievable with a use permit. This includes a height limit of 8 stories and 75-100 feet. The possibility of increased FAR density provides the value enhancement for this property. The property is immediately contiguous to the Lawrence Station Area Plan (LSAP). The buyer, Intuitive Surgical, has a large presence in the area and has been acquiring sites so assemble for future expansion. The sale is comprised of three buildings, located on two parcels, at 164 - 174 Commercial Street in Sunnyvale. The project is currently 100% occupied by four separate tenants. The buyer, Intuitive Surgical, plans to redevelop the property when the tenants' leases expire. One tenant has an expiration in 2020, while the other three are set to expire in 2022. The short term lease income is expected to offset future demolition costs.

2201 Laurelwood Rd



Location & Property Info

Property Type	Land
Sub Type	Industrial
Major Market	CA - San Jose/Silicon Valley
Sub Market	San Jose/Silicon Valley
Address	2201 Laurelwood Rd, Santa Clara, CA 95054
County	Santa Clara
Country	USA
Latitude	37.38418190
Longitude	-121.96563700
MSA	San Jose
Legal/Tax/Parcel ID	104-39-023 & 024
Verification Type	Confirmed-Buyer Broker
Verification Source	NKF
Event ID	487989



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	521,849
Gross Land Area Acres	11.9800
Usable/Gross Ratio	1.00
Usable Land Area SF	521,849
Usable Land Area Acres	11.9800
Zoning Designation	MP
Potential Bldg To Land Ratio FAR	1.00
Site Shape	Irregular, but usable
Site Topography	Generally level
Traffic Control At Entry	Turn Lane
Frontage Street Name	Laurelwood
Frontage Type	2 lanes, 1 each way
Corner Lot	No
Accessibility Rating	Average
Visibility Rating	Average

Sale Information

Sale Status	Closed
Sale Date	12/20/2018
Sale Price	\$45,500,000
Grantor (Seller)	Sliconix (Vishay Intertechnology)
Grantee (Buyer)	

Recording Date	12/20/2018
Property Rights	Fee Simple
Document Type	Deed
Recording Number	24084828
Financing Type	Cash to seller
Conditions Of Sale Adjustment	\$2,000,000
Effective Sales Price	\$47,500,000.00
Price Per Potential FAR	\$91.02
Price Per Land SF (Gross)	\$91.02
Price Per Acre (Gross)	\$3,964,940.05
Price Per Land SF (Usable)	\$91.02
Price Per Acre (Usable)	\$3,964,940.05

Comments

The property has U.S. Highway 101 frontage and is accessed via Laurelwood Road. It is zoned for light industrial uses and has utilities from Silicon Valley Power.

The property sold for redevelopment to a data center buyer. existing buildings were given no value and the buyer paid for the demolition of these buildings. It sold for \$45.5 million plus demolition. Demolitions was estimated at approximately \$10.00 per square foot of building area, or \$2 million as rounded (201,529 times \$10.00 PSF GBA). Thus, the total consideration paid by the buyer was \$47.5 million.

333 W. San Fernando Street

Location & Property Info

Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Jose/Silicon Valley
Sub Market	San Jose/Silicon Valley
Address	333 W. San Fernando Street , San Jose, CA 95113
County	Santa Clara
Country	USA
Latitude	37.33184000
Longitude	-121.89511000
MSA	San Jose-Sunnyvale-Santa Clara, CA
Legal/Tax/Parcel ID	259-39-116, -118, and -123
Market Orientation	CBD
Verification Type	Secondary Verification
Event ID	58995



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	108,900
Gross Land Area Acres	2.5000
Usable/Gross Ratio	1.00
Usable Land Area SF	108,900
Usable Land Area Acres	2.5000
Zoning Designation	DC, Downtown Commercial
Potential Bldg To Land Ratio FAR	6.41
Site Shape	Rectangular
Site Topography	Level
Corner Lot	Yes

Improvement Details

Rentable Area SF	698,460
Gross Building Area	698,460
Demised Unit Of Comparison	Potential FAR
Construction Status	Proposed
Construction Purpose	Speculative
Land To Building Ratio	0.16

Leasing Details

Owner Tenant Status	Owner-occupied
Occupant Type	Owner Occupant

Sale Information

Sale Status	Closed
Sale Date	01/10/2018
Sale Price	\$68,000,000
Grantor (Seller)	Lewis & Jean Wolff 2002 Trust
Grantee (Buyer)	Adobe Systems Incorporated
Property Rights	Fee Simple
Financing Type	Cash to seller
Other Adjustment	\$180,000
Effective Sales Price	\$68,180,000.00
Price Per SF GBA	\$97.61
Price Per SF NRA	\$97.61
Price Per Potential FAR	\$97.67
Price Per Land SF (Gross)	\$626.08
Price Per Acre (Gross)	\$27,272,000.00

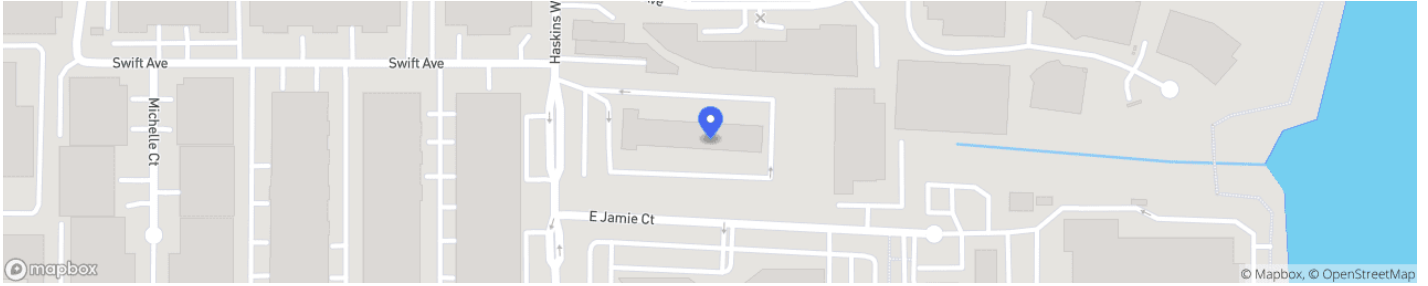
Comments

The property consists of three, contiguous parcels located on the north side of West San Fernando Street, immediately east of State Highway 87 (Guadalupe Parkway, in downtown San Jose.

At the time of sale, the site was improved with a 30,000-square foot, two-story, commercial building and a surface parking lot. The site is zoned DC, Downtown Commercial. The buyer is an owner-user who purchased the site for the development and occupancy of an 18-story, office tower with ground floor retail and an integrated parking structure. The office tower is to include 8,132 square feet of ground floor retail space and 690,328 square feet of office space, for a total gross building area of 698,460 square feet. The buyer owns and occupies two, class "A" office buildings directly across the street from the comparable site, along Almaden Boulevard and Park Avenue.

201 Haskins Way

201 Haskins Way



Location & Property Info

Property Name	201 Haskins Way
Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Mateo
Sub Market	San Mateo Metro
Address	201 Haskins Way, South San Francisco, CA 94080
County	San Mateo
Country	USA
Latitude	37.64972970
Longitude	-122.38578950
MSA	San Francisco
Legal/Tax/Parcel ID	015-102-230
Market Orientation	Industrial Park
Verification Type	Confirmed-Seller
Verification Source	Michael Davis by, Peter Brennan, ProLogis, 2017-10-19 12:00:00
Event ID	102900



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	280,439
Gross Land Area Acres	6.4380
Usable/Gross Ratio	1.00
Usable Land Area SF	280,439
Usable Land Area Acres	6.4380
Zoning Designation	Mixed Industrial, MI, Mixed Industrial
Potential Bldg To Land Ratio FAR	1.00
Site Shape	Rectangular
Site Topography	Level
Flood Zone Designation	X
Vegetation	None
Traffic Control At Entry	Traffic Light
Traffic Flow	Moderate
Utilities	Electricity, Gas, Sewer, Telephone, Water
Corner Lot	Yes

Improvement Details

Rentable Area SF	280,000
Gross Building Area	280,000
Demised Unit Of Comparison	Approved FAR
Number Of Demised Units	280,000
Average Unit Size (SF)	1
Construction Status	TBD

Leasing Details

Occupant Type	None - To be sold
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Construction No. XXXX	TBD
Land To Building Ratio	1.00
Density	43,492

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
			1.00			100 %					
Total/Average			1.00		0.00	100 %	0.00		\$0.00		

Commercial Space Summary

SPACE TYPE	INPLACE TENANTS	TOTAL SF	OCCUPANCY	COMMENTS
Other	YRC, Inc.			
Subtotal				

Sale Information

Sale Status	Closed
Sale Date	09/11/2017
Sale Price	\$33,000,000
Grantor (Seller)	ProLogis US Logistics Fund
Grantee (Buyer)	Alexandria Real Estate Equities
Contract Date	09/11/2017
Recording Date	09/11/2017
Property Rights	Fee Simple
Document Type	Deed
Recording Number	79860
Financing Type	All cash
Other Adjustment	\$119,200
Effective Sales Price	\$33,119,200.00
Price Per SF GBA	\$118.28
Price Per SF NRA	\$118.28
Effective Price Per Unit	\$118.28
Price Per Potential FAR	\$118.33
Price Per Land SF (Gross)	\$118.10
Price Per Acre (Gross)	\$5,144,335.65
Price Per Land SF (Usable)	\$118.10
Price Per Acre (Usable)	\$5,144,335.65

Operations at Date of Sale

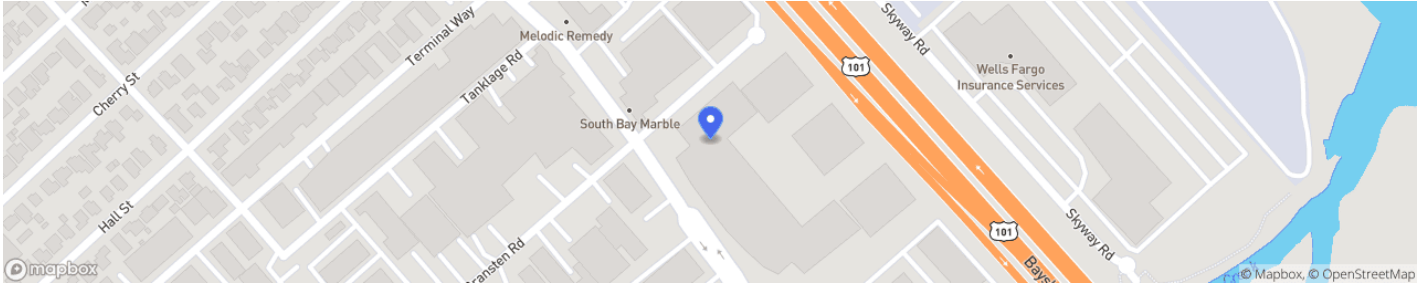
Actuals Occupancy	100.00 %
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Comments

Demolition @ \$5 psf x 23,840 Property Remarks: The property is located on the northeast corner of Haskins Way and E. Jamie Court. At the time of sale, the site was improved with a 23,840-square foot, truck terminal building with 54, cross-dock loading doors. The building was built in the 1960s and was leased to YRC Inc. at sale. The lease was scheduled to expire on May 31, 2020. The buyer purchased the property for the development of an office/lab development to contain 280,000 square feet of net rentable area. Reportedly, the buyer bought out YRC's lease. YRC will vacate the site in late-2017.

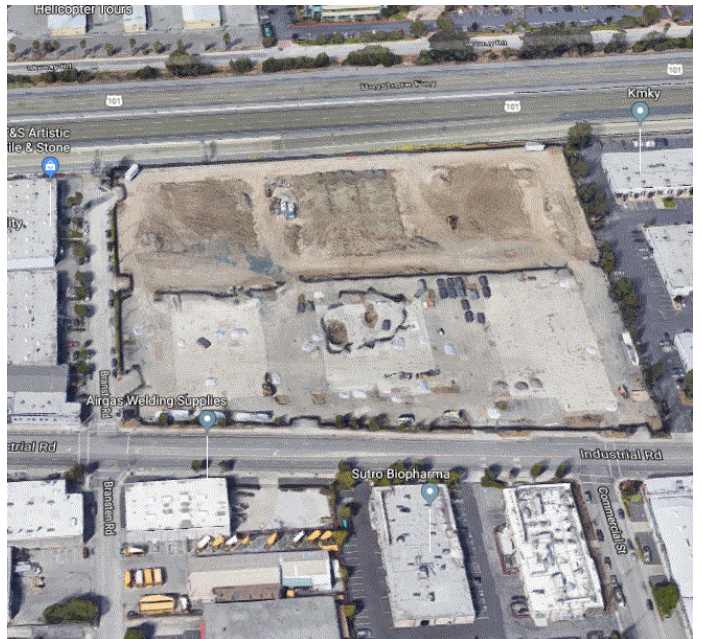
The property is located on the northeast corner of Haskins Way and E. Jamie Court. At the time of sale, the site was improved with a 23,840-square foot, truck terminal building with 54, cross-dock loading doors. The building was built in the 1960s and was leased to YRC, Inc. at sale. The lease was scheduled to expire on May 31, 2020. However, the tenant was expected to vacate the property by then end of 2017. The buyer purchased the property for redevelopment of a life science facility. The new owner of the property has future development plans for the location, although the details about the redevelopment have not been revealed at this time. Alexandria stated in the earnings report that it plans to turn the property into a 280,000 square foot project in the future, but there is no indication about the total cost of this project going forward or when this new development would be started or completed. Demolition costs of \$5 per square foot were added to the sale price of \$33,000,000 to arrive at a price for the vacant site.

821 Industrial Rd.
Meridian 25



Location & Property Info

Property Name	Meridian 25
Property Type	Land
Sub Type	Office Commercial
Major Market	CA - San Mateo
Sub Market	San Mateo Metro
Address	821 Industrial Rd., San Carlos, CA 94070
County	San Mateo
Country	USA
Latitude	37.50748000
Longitude	-122.25107000
Legal/Tax/Parcel ID	046-140-019, 020, 021
Market Orientation	Suburban
Verification Type	Confirmed-Seller
Verification Source	John Walsh, MAI, MRICS by, Jamie D'Alessandro, 650-847-1170, 2017-06-01 12:00:00
Event ID	141018



Site Details

Source Of Land Info	Public Records
Gross Land Area SF	349,786
Gross Land Area Acres	8.0300
Usable/Gross Ratio	1.00
Usable Land Area SF	349,786
Usable Land Area Acres	8.0300
Zoning Designation	GCI, General Commercial Industrial
Potential Bldg To Land Ratio FAR	1.51
Site Shape	Rectangular
Site Topography	Level
Flood Zone Designation	X
Vegetation	None
Traffic Control At Entry	Stop Sign
Traffic Flow	Moderate
Utilities	Electricity, Gas, Sewer, Telephone, Water
Frontage Street Name	Industrial Road
Corner Lot	Yes
Accessibility Rating	Above Average

Improvement Details

Rentable Area SF	528,520
Gross Building Area	528,520
Demised Unit Of Comparison	Approved FAR
Number Of Demised Units	528,520
Average Unit Size (SF)	1
Construction Status	TBD
Construction Purpose	TBD
Land To Building Ratio	0.66
Density	65,818

Unit Mix

UNIT DESCRIPTION	BR	BA	UNITS	UNIT SF	TOTAL SF	% OF UNITS	VACANT UNITS	BASE RENT	TOTAL RENT	BASE RENT PER SF	COMMENTS
			1.00			100 %					
Total/Average			1.00		0.00	100 %	0.00		\$0.00		

Sale Information

Sale Status	Closed
Sale Date	06/01/2017
Sale Price	\$85,000,000
Grantor (Seller)	Windy Hill Property Ventures
Grantee (Buyer)	Alexandria Real Estate Equities
Property Rights	Fee Simple
Recording Number	047459
Effective Sales Price	\$85,000,000.00
Price Per SF GBA	\$160.83
Price Per SF NRA	\$160.83
Effective Price Per Unit	\$160.83
Price Per Potential FAR	\$160.93
Price Per Land SF (Gross)	\$243.01
Price Per Acre (Gross)	\$10,585,329.36
Price Per Land SF (Usable)	\$243.01
Price Per Acre (Usable)	\$10,585,329.36

Operations at Date of Sale

Actuals Occupancy	57.00 %
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Comments

The property is located at the southeast corner of Bransten Road and Industrial Road with frontage along Highway 101.

This is the sale of an industrial business park that was 57% occupied at the time of sale. Buyer obtained entitlements in 2016 for a 528,520 SF Class A office project. Since that time, the project use was changed to life science use. Reportedly, the change to life science use did not cost the developer much time or other expenses as the basic work had been approved under the Class A development proposal. At the time of our inspection, the property was under construction. It should be noted that under the Menlo Park definition of gross floor area, the gross floor area is 553,890 square feet.

Addendum E

Appraiser Qualifications and Licenses



Kenneth E. Matlin

MAI, AI-GRS, ASA,
SRA

Senior Vice President

CA Appraiser License #AG002022

t 408-982-8419

kenneth.matlin@ngkf.com

**YEARS OF
EXPERIENCE**

46+

**AREAS OF
SPECIALTY**

Litigation Support

Tenant Representation

Landlord Representation

Office Appraisals

Industrial Appraisals

Land Appraisals

Kenneth E. Matlin, MAI, ASA, SRA, serves as a senior vice president in the San Jose office of Newmark Valuation & Advisory. Kenneth joined NKF in 2017, after founding his own appraisal firm, Kenneth E. Matlin & Associates.

As an appraiser, Kenneth has successfully completed assignments involving a range of property types, including vacant land, office buildings, industrial properties and residential housing. These assignments have been used for mortgage lending, corporate advisory, off-balance sheet financing, disposition, acquisition, assessment districts, tax appeals, litigation and rent arbitration.

Kenneth founded his appraisal firm and joined Newmark after serving as an appraiser and manager at Cushman & Wakefield for 33 years. As a senior director of Valuation & Advisory in the San Jose office, Kenneth was responsible for completing appraisals for clients ranging from private investors to local and international banks and pension fund advisors. Kenneth was also responsible for client relationships and managing the appraisal of portfolios of properties.

Prior to returning to appraising in 1999, Kenneth managed Cushman & Wakefield's Valuation & Advisory offices in San Francisco and Walnut Creek as well as San Jose. In this role, he was responsible for interfacing with clients, directing personnel, maintaining quality control and providing litigation support.

Licenses and Designations

- Accredited Senior Appraiser, American Society of Appraisers
- MAI designation, Appraisal Institute
- SRA designation, Appraisal Institute
- Certified general real estate appraiser, state of California

In addition, Kenneth has qualified as an expert before the U.S. Bankruptcy Court in San Jose, San Francisco Los Angeles, Las Vegas and Santa Rosa; and before the Superior Court of California in Santa Clara and San Mateo counties.

Education

Kenneth earned a Bachelor of Science degree in real estate from San Diego State University. He has also met the requirements for the continuing education programs of the Appraisal Institute, American Society of Appraisers and he has met the continuing education requirements for the State of California.



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Kenneth E. Matlin

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

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 002022

Effective Date: March 15, 2022

Date Expires: March 14, 2024

Loretta Dillon, Deputy Bureau Chief, BREA

3061049

COMMUNITY AMENITIES

APPRAISAL OF:

985 AND 1001 O'BRIEN DRIVE AND

1320 WILLOW ROAD

MENLO PARK, CALIFORNIA

PREPARED FOR:

CITY OF MENLO PARK

MENLO PARK, CALIFORNIA

23-RBA-042

NOVEMBER 2023

November 16, 2023

Mr. Christopher R. Turner
Associate Planner
City Hall – 1st Floor
701 Laurel Street
Menlo Park, CA 94025

Re: 23-RBA-042, Community Amenities
Appraisal
985 & 1001 O'Brien Drive and 1320
Willow Road
Menlo Park, California

Dear Mr. Turner:

At your request and authorization, R. Blum and Associates has prepared an appraisal of the above referenced property.

The subject property appraised consists of three contiguous assessor's parcels which are irregular in shape and have frontage on O'Brien Drive and Willow Road in the City of Menlo Park, California. The parcels have the street addresses of 985 and 1001 O'Brien Drive and 1320 Willow Road. They are identified by the San Mateo County Assessor as Parcel Numbers 055-421-050, -060, and -160. Total site area is 183,616 square feet, or 4.22 acres. The parcels are currently improved with three single-story industrial buildings totaling approximately 90,600 square feet. The properties are proposed to be redeveloped in two phases with two R&D / life sciences buildings, five and four stories, with a freestanding 7-story parking garage. The proposed addresses are 985 and 1001 O'Brien Drive and 1320 Willow Road. Total proposed building area is 228,081 square feet. A total of 527 parking stalls are proposed of which 504 will be in the parking garage. A total of 59,344 square feet of open space will be provided, of which 31,535 square feet will be publically accessible and will apparently connect to the adjacent Hetch Hetchy corridor which adjoins the site. The developer is Tarlton Properties.

This appraisal addresses the Bonus Level Development Value (Value of the Amenity) based on instructions provided by the City of Menlo Park. The Bonus Level Development Value (Value of the Amenity) is to be based on 50 percent of the difference between the hypothetical market value of the land without improvements assuming it is entitled under the base level density (55 percent FAR) and the hypothetical market value of the land without improvements assuming it is entitled for the proposed project under the bonus level density (1.242 percent based on 228,081 SF

Proposed / 183,616 SF Land) percent. The base density is concluded to be 100,989 square feet (183,616 SF Land X .55).

This appraisal was requested by Mr. Christopher Turner, Associate Planner with the City of Menlo Park. The client for this report is the City of Menlo Park. The intended users are the City of Menlo Park and the applicant as part of the appraisal process to establish the value of the Bonus Level Development Value (Value of the Amenity) for the proposed project under the appraisal instructions. ***This report should not be used or relied upon by any other parties for any reason.***

HYPOTHETICAL CONDITIONS AND EXTRAORDINARY ASSUMPTIONS

Hypothetical Conditions

1. The concluded market land values under both density scenarios assume that the subject site is cleared of all improvements and are based on the fee simple interest.
2. The concluded market land values under both density scenarios assume that the property is fully entitled to build a life sciences project at the concluded densities.

There are no extraordinary assumptions associated with this appraisal.

The use of any hypothetical conditions or extraordinary assumptions in this report might have affected the assignment results.

VALUE CONCLUSIONS

Based on the research and analysis contained in the attached report, and subject to the assumptions and limiting conditions contained therein, it is the opinion of the appraiser that the concluded hypothetical fee simple market land values and Bonus Level Development Value, as of May 26, 2022, are as follows:

Hypothetical Market Value as if Vacant at Bonus Level Density:	\$61,600,000
Hypothetical Market Value as if Vacant at Base Level Density:	<u>\$30,300,000</u>
Differential (Value of Bonus Floor Area):	\$31,300,000
Bonus Level Development Value (50% of Value of Bonus Floor Area):	\$15,650,000

It is concluded that the above market land values could be achieved within a 12-month exposure period.

CERTIFICATION

I, the undersigned, hereby certify that, to the best of my knowledge and belief: the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions

are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions; I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved; I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; my engagement in this assignment was not contingent upon developing or reporting predetermined results, my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan; my analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice, Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and is in compliance with FIRREA; I have made a personal inspection of the property that is the subject of this report; Robert Dawson provided significant professional research assistance to the person signing this report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report Ronald Blum has completed the requirements under the continuing education program of the Appraisal Institute. In accordance with the Competency Provision in the USPAP, I certify that my education, experience and knowledge are sufficient to appraise the type of property being valued in this report. We previously provided appraisal review services for this property for the same client in 2023. Otherwise we have not provided any appraisal or valuation services related to this property in the last three years.

I am pleased to have had this opportunity to be of service. Please contact me if there are any questions regarding this appraisal.

Sincerely,

R. BLUM AND ASSOCIATES



Ronald Blum, MAI
Certified General Real Estate Appraiser
State of California No. AG009958

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ADDENDA

**Comparable Photographs
Qualifications and License of Appraiser**

I. REPORT SUMMARY

A. Property Appraised

The subject property appraised consists of three contiguous assessor's parcels which are irregular in shape and have frontage on O'Brien Drive and Willow Road in the City of Menlo Park, California. The parcels have the street addresses of 985 and 1001 O'Brien Drive and 1320 Willow Road. They are identified by the San Mateo County Assessor as Parcel Numbers 055-421-050, -060, and -160. Total site area is 183,616 square feet, or 4.22 acres. The parcels are currently improved with three single-story industrial buildings totaling approximately 90,600 square feet. The properties are proposed to be redeveloped in two phases with two R&D / life sciences buildings, five and four stories, with a freestanding 7-story parking garage. The proposed addresses are 985 and 1001 O'Brien Drive and 1320 Willow Road. Total proposed building area is 228,081 square feet. A total of 527 parking stalls are proposed of which 504 will be in the parking garage. A total of 59,344 square feet of open space will be provided, of which 31,535 square feet will be publically accessible and will apparently connect to the adjacent Hetch Hetchy corridor which adjoins the site. The developer is Tarlton Properties.

This appraisal addresses the Bonus Level Development Value (Value of the Amenity) based on instructions provided by the City of Menlo Park. The Bonus Level Development Value (Value of the Amenity) is to be based on 50 percent of the difference between the hypothetical market value of the land without improvements assuming it is entitled under the base level density (55 percent FAR) and the hypothetical market value of the land without improvements assuming it is entitled for the proposed project under the bonus level density (1.242 percent based on 228,081 SF Proposed / 183,616 SF Land) percent. The base density is concluded to be 100,989 square feet (183,616 SF Land X .55).

B. Client, Intended Use and Intended User

This appraisal was requested by Mr. Christopher Turner, Associate Planner with the City of Menlo Park. The client for this report is the City of Menlo Park. The intended users are the City of Menlo Park and the applicant as part of the appraisal process to establish the value of the Bonus Level Development Value (Value of the Amenity) for the proposed project under the appraisal instructions. ***This report should not be used or relied upon by any other parties for any reason.***

C. Reporting Format

This appraisal is presented in a narrative report.

D. Scope of Appraisal

The scope of work for this appraisal assignment report is to utilize the appropriate approaches to value in accordance with Uniform Standards of Professional Appraisal Practice (USPAP) to arrive at a market value conclusion. Specific steps include the inspection of the subject property (exterior) and the research, analysis and verification of comparable data to arrive at value indication as put forth in this report. The market values of the property under the appraisal instructions are based on the hypothetical condition that the improvements do not exist and the site is fully entitled under the base and bonus level densities. Land value is based on a Sales Comparison Approach only. The Income and Cost Approaches are not considered relevant and would not be consistent with the appraisal instructions. They are not included.

E. Effective Date of Appraisal, Date of Inspection and Report Date

The effective date of the appraised value is May 26, 2022.

The date of this report is November 16, 2023.

Definition of Terms

I. Market Value (OCC 12 CFR 34.42 (f)) (OTS 12 CFR, Part 564.2 (f))

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

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

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interest;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and

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

2. Leased Fee Interest (The Dictionary of Real Estate Appraisal, 7th Edition, 2022, p. 105)

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

3. Fee Simple Estate (Interest), (The Dictionary of Real Estate Appraisal, 7th Edition, 2022, p. 73)

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

F. Value Conclusions

Based on the research and analysis contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraiser that the concluded hypothetical fee simple market land values and bonus level development value, as of May 26, 2022, are as follows:

Hypothetical Market Value as if Vacant at Bonus Level Density:	\$61,600,000
Hypothetical Market Value as if Vacant at Base Level Density:	<u>\$30,300,000</u>
Differential (Value of Bonus Floor Area):	\$31,300,000
Bonus Level Development Value (50% of Value of Bonus Floor Area):	\$15,650,000

It is concluded that the above market land values could be achieved within a 12-month exposure period.

G. Assumptions and Limiting Conditions

This appraisal report and all of the appraiser's work in connection with the appraisal assignment are subject to the limiting conditions and other terms stated in the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting condition and terms.

Hypothetical Conditions

- 1.** The concluded market land values under both density scenarios assume that the subject site is cleared of all improvements and are based on the fee simple interest.
- 2.** The concluded market land values under both density scenarios assume that the property is fully entitled to build a life sciences project at the concluded densities.

There are no extraordinary assumptions associated with this appraisal. The use of any hypothetical conditions or extraordinary assumptions in this report might have affected the assignment results.

Standard Limiting Conditions

3. No responsibility is assumed for legal matters. It is assumed that title of the property is marketable and it is free and clear of liens, encumbrances and special assessments other than as stated in this report. The property is appraised assuming responsible ownership and competent management.
4. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for their accuracy can be assumed by the appraiser.
5. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.
6. No survey of the property has been made or reviewed by the appraiser unless noted in this report. No responsibility is assumed in connection with such matters. Illustrative material, including maps and plot plans are included only to assist the reader in visualizing the property.
7. The appraiser assumes that there are no hidden or unapparent physical deficiencies or adverse conditions of the property, including soil contamination, which would make it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
8. This appraisal report is not a contractor inspection report and the appraiser is not a contractor. It does not guarantee or imply that the property is free of defects or property condition problems. It is suggested that a professional inspection be secured if a detailed analyses of the structural and building systems is desired.
9. In this assignment, the existence (if any) of potentially hazardous materials used in the construction or maintenance of the improvements or disposed of on the site, or affecting it from off site, has not been considered except as noted within the report. The appraiser is not qualified to detect such substances and this report should not be considered as an environmental assessment of the property; the client is advised to retain an expert in this field.
10. Any projections of income and expenses in this report are not predictions of the future. Rather, they are an estimate of current market thinking of what future income and expenses will be. No warranty or representation is made that these projects will materialize.

- 11.* The appraiser is not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.
- 12.* The appraiser has not identified any purchaser, borrower or seller as an intended user of this appraisal and such parties should not rely on the appraisal for their own purposes. Neither payment for the appraisal nor receipt of a copy of the appraisal by such a party or any other third party means that the party is an intended user of the appraisal. Such parties are advised to obtain an appraisal from an appraiser of their own choosing if they require an appraisal for their own use. This appraisal report should not serve as the basis for any property purchase decision or any appraisal contingency in a purchase agreement relating to the property.
- 13.* Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the proper written qualification, only in its entirety, and only for the contracted intended use.
- 14.* Neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser. The appraiser, client, firm, and any reference to the Appraisal Institute or the MAI designation shall be identified without written consent of the appraiser.

II. AREA AND NEIGHBORHOOD DESCRIPTION

A. County of San Mateo

San Mateo County is one of the nine counties comprising the San Francisco Bay Area. It totals approximately 450 square miles of land extending from the Pacific Ocean on the west to San Francisco Bay on the east, and benefits from its proximity to both San Francisco and the Silicon Valley. The county is geographically divided into eastern and western portions by the Santa Cruz foothills, with most development traditionally having taken place along the more accessible eastern portion, facing San Francisco Bay.

The county is characterized by a ribbon of manufacturing, engineering and technical products firms closest to the bay, with business and residential areas stretching westward into the foothills. Land available for development is in short supply. Consequently, population expansion has slowed considerably following the fast growing decades of the 1950s and 1960s. As of January 1, 2023, the State Department of Finance (DOF) estimated the county's population at 737,644, a 0.4 percent decrease from the year earlier.

In terms of employment, San Mateo County has a diversified economy. Its unemployment has historically been below state and national levels and is currently very strong.

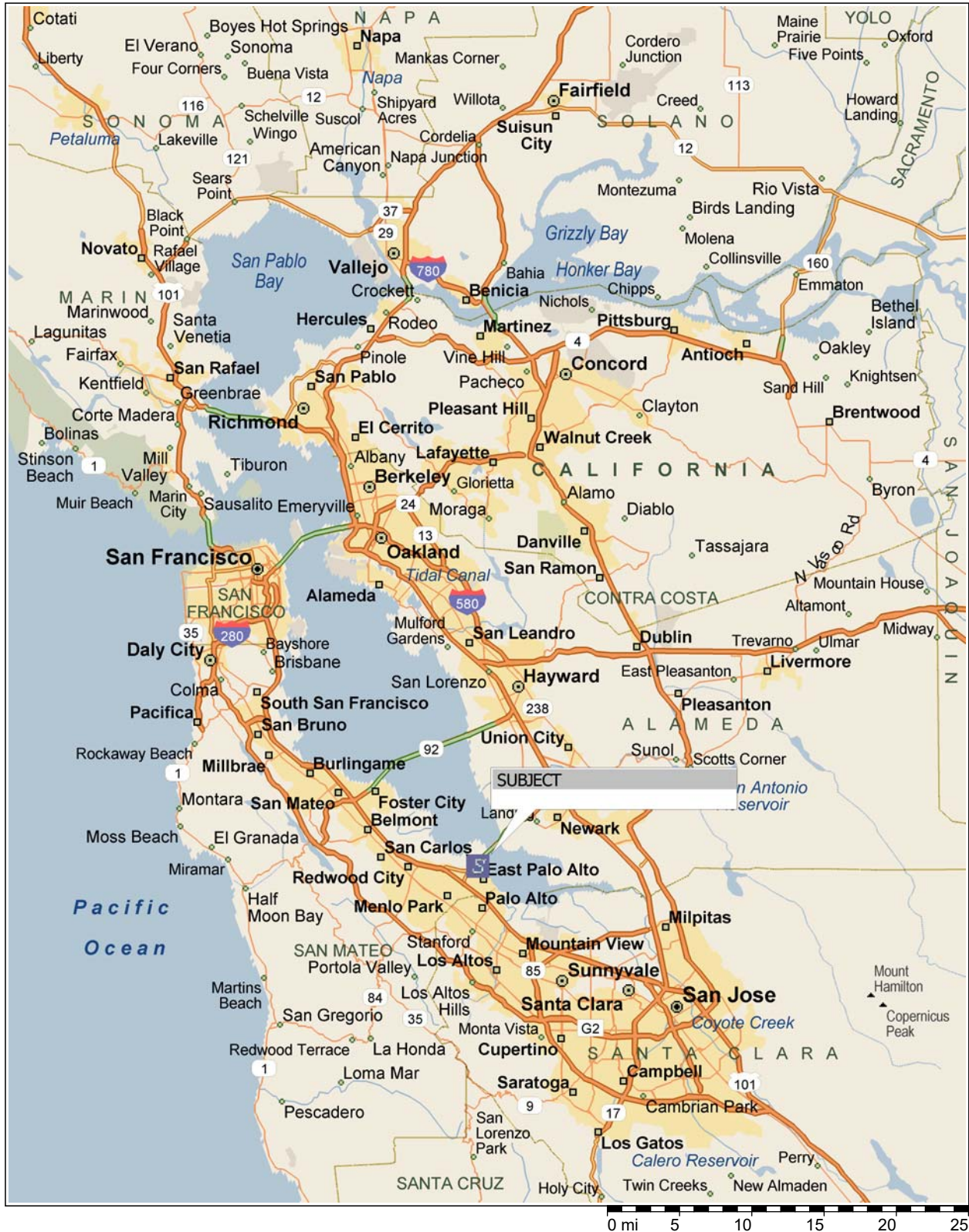
County residents' household earnings, average education levels, and spending power are all above average for the region. Both rents and home sale prices are high in San Mateo County, and there is a generally recognized dearth of affordable housing for area residents. Consequently, many workers commute from other counties and cities, adding to traffic congestion throughout the area.

Transportation systems serving the County are well established and heavily used by area residents and workers. Two primary freeways running north/south through the area are the Bayshore Freeway (Highway 101) and Interstate 280. Highways 92 and 380 connect these arteries in the central and north/central portions of the county. El Camino Real is the main, commercially developed surface street on the San Francisco Peninsula. CalTrain passenger trains and limited rail freight serve the area, and SamTrans bus service is also available. The San Francisco International Airport is the region's main airport.

B. Neighborhood Description and Immediate Environs

The subject property is located in the City of Menlo Park which is bordered by San Francisco Bay to the north and east, Palo Alto and East Palo Alto to the south, and Atherton and Redwood City to the west. Largely residential in nature, the City has industrial uses adjacent to San Francisco Bay including the headquarters of Meta, formerly Facebook. As of January 1, 2023, the population was estimated at 32,478, down 0.8 percent from the prior year.

REGIONAL MAP



The subject property is located in an industrial and mixed-use area in the northern portion of Menlo Park adjoining the City of East Palo Alto. This largely industrial area directly adjoins the access to the Dumbarton Bridget to the East Bay and houses the main Facebook campus. The general subject neighborhood boundaries can be defined as Willow Road to the west, the Bayfront Expressway (Highway 84) to the north, O'Brien Drive and the Menlo Park City limits to the south and University Avenue and the Menlo Park City limits to the east. The site is within the Kavanaugh Industrial Park in the Bayfront area of the City.

The immediate environs of the site include the right-of-way for the Hetch-Hetchy water line and Mid-Peninsula High School to the north, Willow Road to the west, and industrial properties to the east and west on O'Brien Drive. There is an industrial building currently used as a church to the southwest on O'Brien Drive at Willow Road. Across Willow Road are residential and other industrial uses.

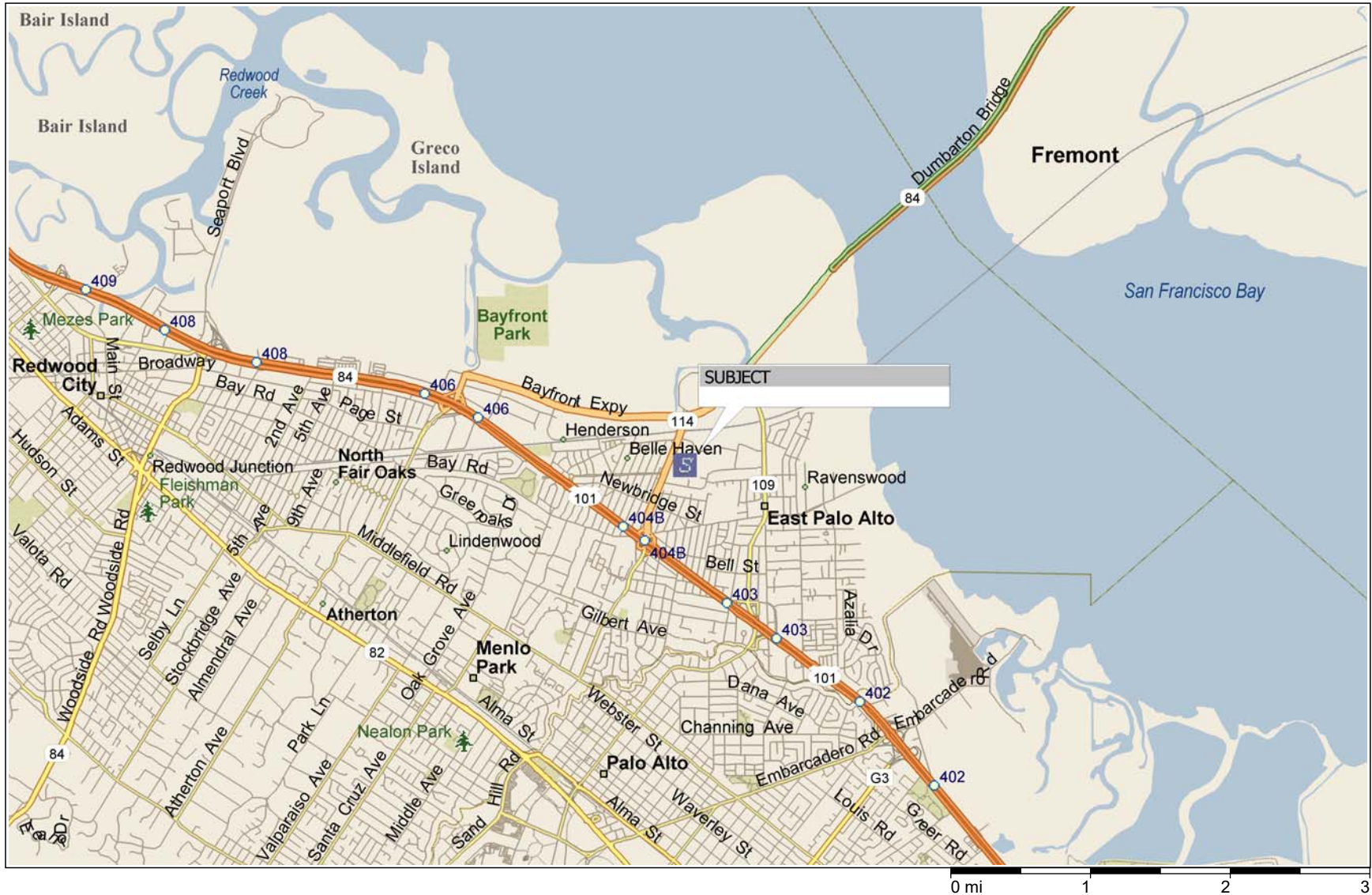
The subject site is at approximately 12 feet above mean sea level with relatively level topography. Groundwater flow slightly to the north toward the Bay. Based on a Phase II report from 2021, groundwater is approximately 15 feet below the surface.

Access to the property is very good, approximately one half mile from the interchange of Willow Road and State Highway 101 to the south, and with proximate access Highway 84 and the Dumbarton Bridge.

C. Conclusion

San Mateo County and Menlo Park are each developed with diversified economic bases. As developable land in the area is mostly improved, future growth in both the County and City will likely be comprised primarily of infill and redevelopment. The subject property is located within an older industrial area, has good vehicular access, and is proposed for development with a higher density industrial / life sciences use. The outlook for the neighborhood and area are positive.

AREA MAP



III. MARKET OVERVIEW

A. Life Sciences Market Overview

As of the May 2022 appraisal date, the life science market in the San Francisco Bay Area was enjoying very strong conditions and had been considered one of the strongest markets nationwide. Life science space is generally comprised of a combination of laboratory and office space, once found in traditional one-story industrial buildings, and now often found in high quality multi-story steel frame buildings with interior improvement buildouts in the range of \$200 to \$300 per square foot. The proximity to elite research institutions, venture capital funding and existing pharmaceutical companies along with the recent global pandemic has led to the expansion of the region's life science industry.

According to Newmark's San Francisco Bay Area Life Science Market Overview for the second quarter 2022, the market-wide life science availability rate (direct plus sublease available space) for the San Francisco Bay Area was 7.7 percent, up from 6.6 percent in the first quarter 2022 and 7.3 percent in the second quarter 2021. Total available space for the second quarter 2022 was 2.6 million square feet. The reported net absorption was 284,363 square feet for the second quarter 2022, up from negative 225,000 in the first quarter 2022 and 212,000 in the second quarter 2021. Tenant demand was reported at 4.4 million square feet for the second quarter, similar to the previous quarter, but down from 5.4 million square feet in the second quarter 2021. As of the second quarter 2022, there was 5.6 million square feet under construction, up from 3.4 million in the first quarter 2022 and 3.3 million in the second quarter 2021. Asking rents continued to increase and were reported to be in the range of \$6.50 to \$7.50 per square foot, triple net for the North Peninsula, \$5.75 to \$7.75 per square foot for the Mid-to-South Peninsula, \$4.50 to \$7.25 for the North East Bay and \$3.75 to \$4.95 for the South East Bay.

The subject property is located in Menlo Park which is in the South Peninsula submarket (Menlo Park, Palo Alto and Mountain View) which according to Newmark has a total inventory of approximately 3.57 million square feet of life science space. As of the second quarter 2022, the availability rate was 10.1 percent, or 359,930 square feet. There was no available sublease space in the South Peninsula submarket. According to the report, Menlo Park has a total inventory of approximately 954,197 square feet of life science space. As of the second quarter 2022, the availability rate for Menlo Park was 0.7 percent, or 6,252 square feet. Average asking rent was not reported for the South Peninsula submarket, but was reported to be in the range of \$5.75 to \$7.75 per square foot for the Mid-to-South Peninsula submarkets which includes the area from Millbrae to the north to Mountain View to the south.

Overall, market conditions were considered to be very strong in the Bay Area life science market in the second quarter 2022. According to the Newmark report, the San Francisco Bay Area life science market continued to experience unprecedented growth heading into the second half of 2022 and interest in premium life science space showed no signs of

abating across the Bay Area in the second quarter of 2022. The overall outlook for the subject market area and subject property was considered positive.

B. Marketing and Exposure Period Analysis

The exposure period is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Thus it is assumed to have occurred prior to the appraisal date. In contrast the marketing period is the estimated time that it would take to consummate the sale after the appraisal date.

Based on the attributes of the subject property an exposure period is concluded at 12 months. The required marketing period is also estimated to be 12 months. These estimates are applicable to the hypothetical land values under both valuation scenarios. The value of the amenity conclusion is not considered to be an estimate of market value.

IV. PROPERTY DESCRIPTION

A. Site Description

The subject property currently consists of three assessor's parcels comprised of approximately 183,616 square feet, or 4.22 acres. The parcels have the street addresses of 985 and 1001 O'Brien Drive and 1320 Willow Road. They are identified by the San Mateo County Assessor as Parcel Numbers 055-421-050, -060, and -160. The pending development is proposing a lot-line adjustment and the site will be divided into two assessor parcels in the future.

The topography of the subject site is generally level and at street grade. The precise nature and condition of subsurface soils is not known; however, judging from the condition and appearance of the subject improvements and adjacent properties, it is assumed that soil conditions are satisfactory for the construction of conventional building improvements.

The subject property currently does not have a known underground storm drain system and it appears current drainage is currently on overland flow to discharge storm water to an off-site inlet near the northeast corner of the property with no treatment or detention. New storm drainage improvements will be made when the property is developed.

All streets adjacent to the subject are fully paved and contain sidewalks, curbs, gutters and street lighting. The property is serviced with all typical urban utilities, including public water and sewer systems. Local companies supply electricity, gas, and telephone service.

B. Ownership and Sales History

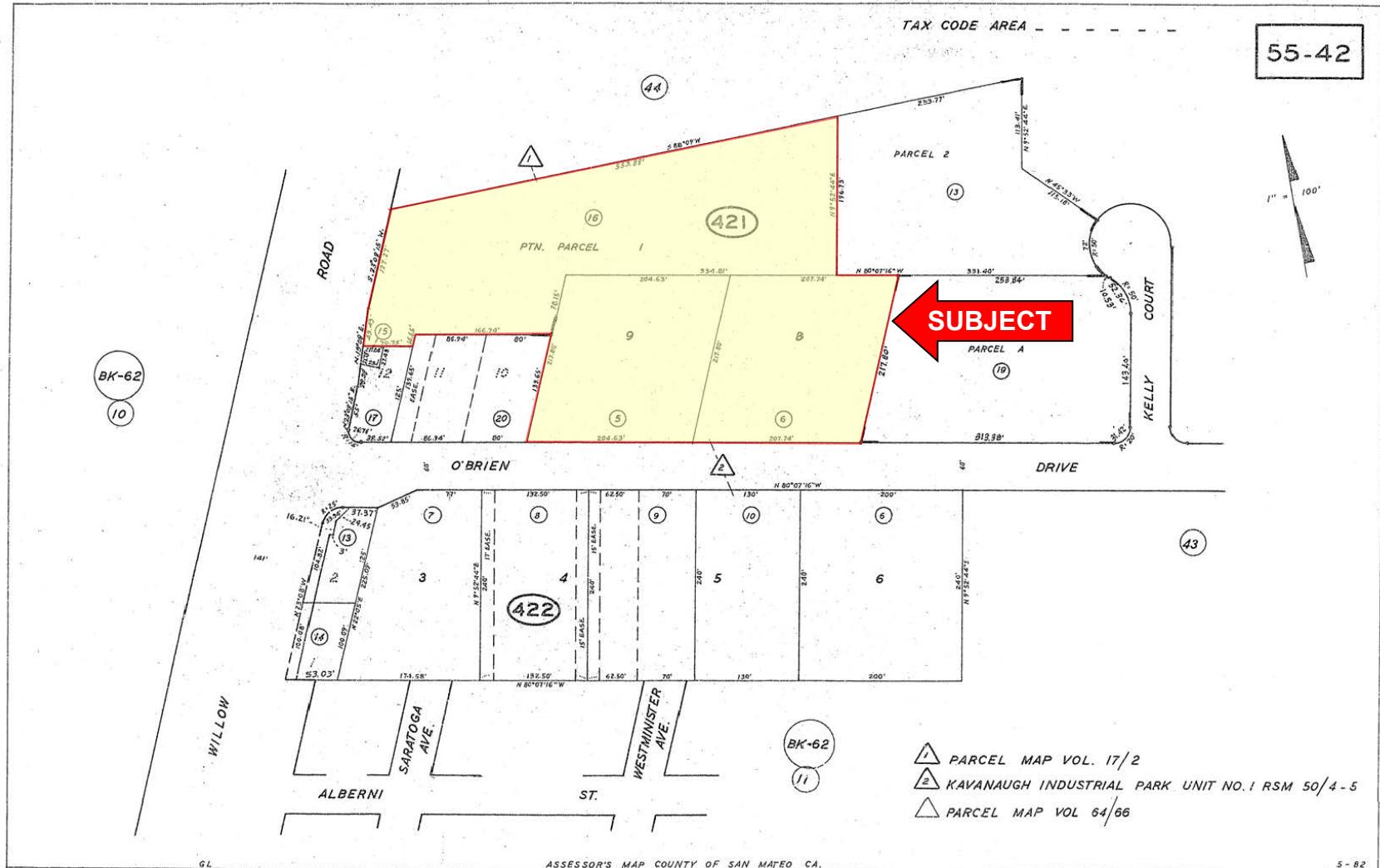
According to the public record, fee title to the subject property is held by Obrien Drive Portfolio LLC. Based on public records, the sites were acquired in 2013 and 2015 and no transfers have occurred in the last three years. The sites are not known to be currently marketed or in escrow to be sold.

C. Easements and Restrictions

A preliminary title report was not provided. However, legal descriptions were reviewed. It appears that there are non-exclusive easements for pedestrian ingress and egress and rain water drainage. The specific locations of these easements are not known but they may be in part by and between the subject parcels. It is likely that any issues regarding these easements will be incorporated into the design of the proposed buildings.

It is assumed that there are no easements or restrictions which would negatively impact the utility or marketability of title to the subject property. No specific exceptions to title were observed based on physical inspection of the property.

ASSESSOR'S MAP



D. Environmental Observations

Phase I and II environmental reports were prepared by Farallon for the subject property and a combined report dated September 10, 2021 was reviewed. The reports did not identify any recognized environmental conditions in connection with the site.

Site inspection revealed no evidence of toxic contamination although some hazardous substances are reportedly stored on site. The reader is directed to the limiting condition regarding environmental issues.

E. Flood Zone and Seismic Information

According to Flood Insurance Rate Map, Community Panel 06081C-0307F, Participating Community, Regular Program, dated April 5, 2019, the subject property is located in Flood Zone AE. Zone AE is a flood hazard area and flood insurance is mandatory.

The subject property is not located within an Alquist-Priolo earthquake special studies zone.

F. Assessed Valuation and Real Estate Taxes

The subject property is currently comprised of three assessor parcels which are currently assessed for the 2023 – 2024 tax year at approximately \$26.97 million, of which \$22.42 million is for land and \$4.55 million is for improvements. The current tax rate in Menlo Park is 1.1329 percent plus special assessments. Total current taxes are approximately \$313,542 with approximately \$8,037 for special assessments.

In California real property is assessed at full market value as determined by the County assessor. A property assessed value increases by a maximum of 2 percent annually, as mandated by Proposition 13, until the property transfers or is improved. Upon sale, a property is taxed on the basis of 1 percent of purchase price plus existing bonded indebtedness.

G. Zoning and Status of Entitlements

The subject site is designated under the Menlo Park General Plan as LS or Life Sciences and is zoned LS-B, or Live Sciences / Bonus Available. The purpose of this zoning designation is to provide opportunity for new life science and R&D uses, and high-tech offices with supportive sales and personal services. Base building height is 35 feet and up to 110 feet with Bonus Level designation. The maximum FAR is 55 percent for life sciences use up to 125 percent with Bonus Level designation and a minimum open space of 20 percent.

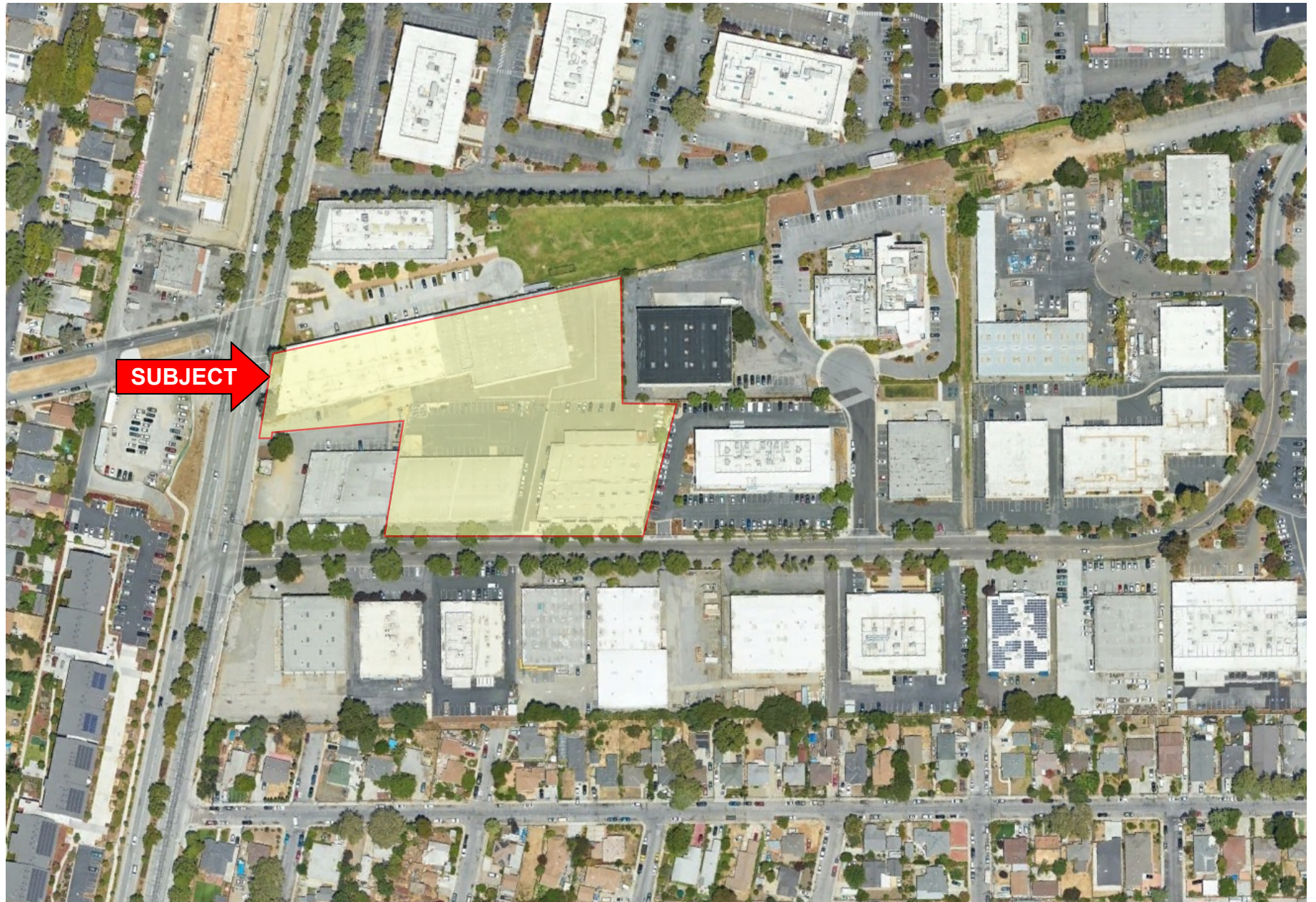
The proposed project is still in the entitlement stage and an EIR is underway. The concluded hypothetical land values in this appraisal assume that the site is fully entitled for

the proposed life sciences use under the two distinct development densities. Both of these scenarios are considered to be consistent with zoning and General Plan requirements.

H. Improvements Description

The subject property is currently improved with three single-story industrial buildings which were built between 1955 and 1963. The values concluded in this appraisal re subject to the hypothetical condition that the existing improvements have been removed. They are therefore are not relevant and are not considered in in this appraisal.

AERIAL VIEW



SUBJECT PHOTOGRAPHS



Northeasterly View of Subject from O'Brien Drive



Easterly View Along O'Brien Drive



Northwesterly View of Subject from O'Brien Drive



Westerly View Along O'Brien Drive

SUBJECT PHOTOGRAPHS



Northerly View Along Willow Road



View of Subject from Willow Road



Southerly View Along Willow Road

V. HIGHEST AND BEST USE AND VALUATION METHODOLOGY

A. Highest and Best Use

The highest and best use is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.

1. As-If Vacant

In determining the highest and best use of the subject site as if vacant, the four tests are applied to the subject. These include: legal permissibility, physical possibility, financial feasibility and maximum productivity.

The physical parameters of the site allow a wide variety of development, although the flood zone will mandate some design issues and flood insurance will be required. The subject property is zoned for life science and other R&D and office uses with density bonus available. Those uses remain in some demand in the Menlo Park area although demand is lower than in recent years. Development is likely still feasible as evidenced by the current developers plans. The highest and best use as if vacant is for development in accordance with existing zoning, with the use of the density bonus.

2. As Improved

The concluded value in this appraisal assumes the existing improvements have been removed so the highest and best use as improved would be consistent with the highest and best use as if vacant. The existing one-story industrial buildings are at or near the end of their economic lives and even considering the existing improvements, the highest and best use is for interim use of the existing buildings until development is entitled and the development market stabilizes at which time redevelopment in accordance with the highest and best use as if vacant would be undertaken.

B. Methodology

The valuation of any parcel of real estate is derived principally through three approaches to market value. From the indications of these analyses and the weight accorded to each, an opinion of value is reached. Each approach is more particularly described below.

1. Cost Approach

This approach is the summation of the estimated value of the land, as if vacant, and the reproduction or replacement cost of the improvements. From these are deducted the appraiser's estimate of physical deterioration, functional obsolescence and economic obsolescence, as observed during inspection of the property and its

environs. The Cost Approach is based on the premise that, except most unusual circumstances, the value of a property cannot be greater than the cost of constructing a similar building on a comparable site.

2. Sales Comparison Approach

This approach is based on the principal of substitution, i.e., the value of a property is governed by the prices generally obtained for similar properties. In analyzing the market data, it is essential that the sale prices be reduced to common denominators to relate the degree of comparability to the property under appraisal. The difficulty in this approach is that two properties are never exactly alike.

3. Income Approach

An investment property is typically valued in proportion to its ability to produce income. Hence, the Income Approach involves an analysis of the property in terms of its ability to provide a net annual operating income. This estimated income is then capitalized at a rate commensurate with the risks inherent in ownership of the property, relative to the rate of return offered by other investments. In this analysis, a direct capitalization analysis is utilized.

This appraisal is being prepared in conformance with appraisal instructions provided by the client, the City of Menlo Park. This document, entitled Appraisal Instructions to Determine the Value of Community Amenities Under Bonus Level Zoning was recently updated. The base and bonus levels of zoning are determined by the City of Menlo Park and are stated on a Gross Floor Area basis as defined. The values under both scenarios are based on the assumption that the site is fully entitled. Market value is defined. The date of value is to be no more than 90 days of submission of the appraisal report to the City of Menlo Park. The only allowed methodology is the Sales Comparison Approach. The comparables are to be located in or as close to Menlo Park, as current, and as physically similar as reasonably available data allows and are to have similar intended uses. After reasonable adjustment for differences, the appraisal is to conclude the GFA per square foot value under both scenarios with analysis and explanation of any adjustments. The comparables under both analyses are to be the same. The Value of the Amenity is to be calculated by taking the difference between the two value conclusions which results in the Value of the Additional GFA Proposed and multiplying that amount by 50 percent.

Given the instructions, the Cost and Income Approaches are not used. This would generally be the case, even without the specific instruction, as the Sales Comparison Approach is considered to be the primary methodology for valuing vacant entitled land.

VI. LAND VALUATION – BOTH DEVELOPMENT SCENARIOS

Fee simple land value is estimated using the Sales Comparison Approach. The table on the following page presents five comparable land transaction used to estimate the market land value under both development density scenarios, base and bonus. Unless otherwise noted, these properties transferred on an all cash basis or in terms reflecting a cash equivalent price. The comparable sales are discussed in the following paragraphs. The comparables are discussed in detail in the following section.

A. Comparable Land Sales

Comparable 1 is the sale of the generally rectangular shaped site located at 1 Casey Court in Menlo Park. The property is improved with a 20,955 square foot industrial building built in 1965. Total site area is 73,180 square feet, or 1.68 acres. The site is zoned LS-B, or Life Science - Bonus. This site is within a flood zone.

In March 2022, O'Brien Drive Portfolio, LLC (Tarlton Properties, Inc.) purchased this property from Grek Decedents Trust for \$8,712,500. Reportedly, the buyer paid \$3,000,000 to buyout the existing tenant which increases the price to \$11,712,500, or \$160 per square foot of land area. The buyer intends to assemble this site with three other parcels the buyer acquired between 2007 and 2019. The total assembled site area is 179,538 square feet, or 4.12 acres. The site is planned for a five story, 131,642 square foot life science development with 229 surface parking spaces. The overall floor area ratio (FAR) for the development is 73.3 percent. The comparable parcel will be used for 147 surface parking spaces. However, the site was purchased without entitlements and the maximum FAR allowed under zoning without the density bonus is 55 percent. That is equivalent to 40,249 square feet which indicates a price per square foot of FAR / gross building area of \$291.

Comparable 2 is the sale of the Westshore Office Park located at 200 Twin Dolphin Drive in Redwood City. The property is improved with six, one-story office buildings that were built in 1984 and contain 61,366 square feet. According to the broker, the property was vacant at the time of sale. Total site area is 204,045 square feet, or 4.68 acres. The site is zoned CP, or Commercial Park District and was entitled by the seller in March 2021 for a 202,010 square foot, 5-story office building with a separate five level parking garage. The indicated floor area ratio (FAR) is 99 percent. The project will include 655 garage spaces and 35 surface spaces for a total of 690 parking spaces. The garage area will be 232,595 square feet, or 355 square feet per parking space. This site is not in a flood zone.

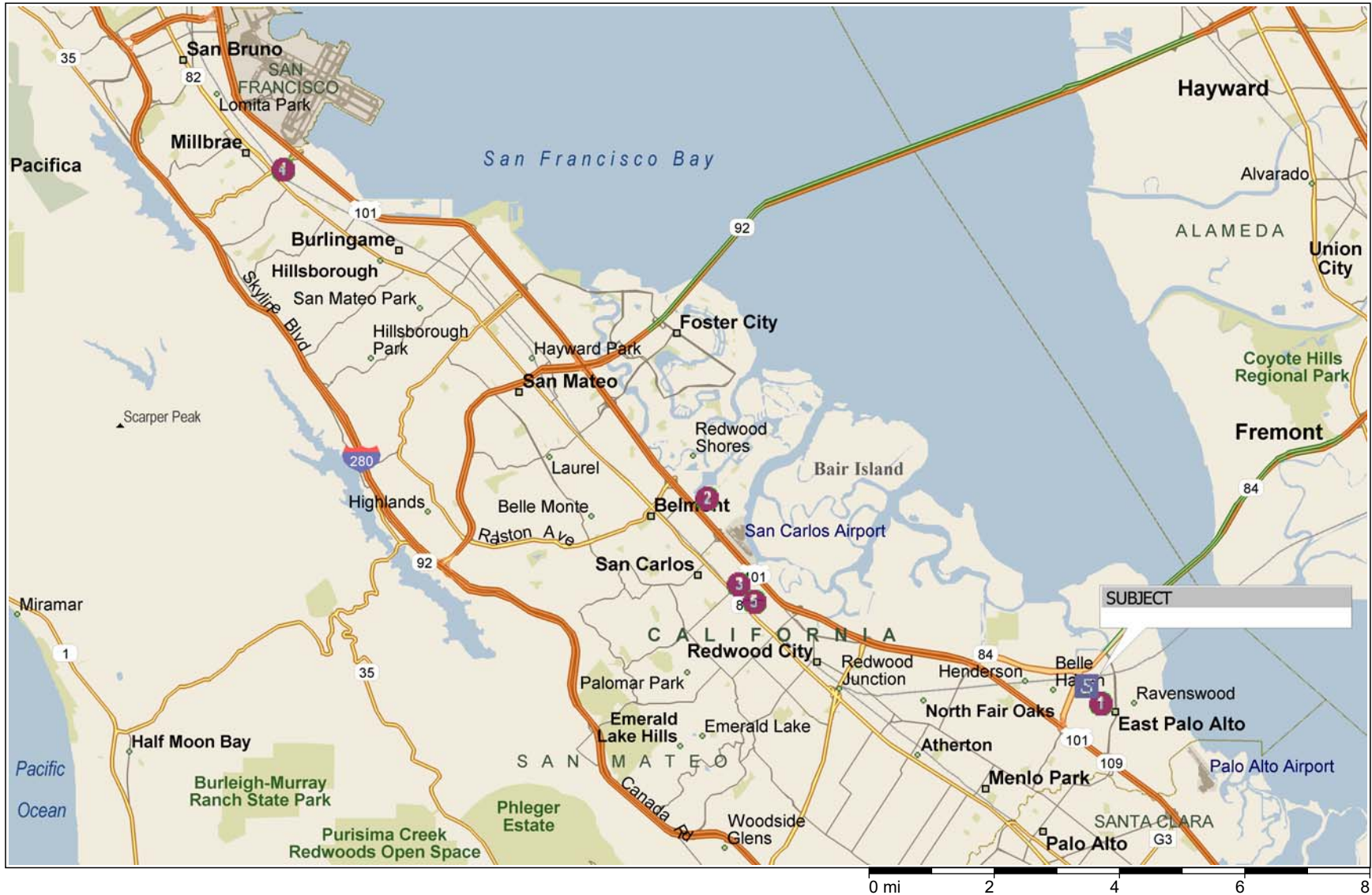
In January 2022, 200-240 Twin Dolphin, LLC (Trammell Crow Company) purchased this property from SHP Westshore, LLC (Sand Hill Property Company) for \$64,875,000, or \$318 per square foot of land area and \$321 per square foot of proposed building area. According to the broker, the buyer intends to build the approved building for life science use. Reportedly, converting the approved project from office to life science use was not an issue. The buyer started construction in July 2023 and anticipates a late 2024 completion date.

COMPARABLE LAND SALES
Appraisal of 1005 O'Brien and 1320 Willow Road
Menlo Park, California

No. Location	Sale Date	Land Area Prop. FAR	Sale Price	Price Per SF/FAR	Planned Development	Zoning	Grantor/Grantee/Document No.
1 1 Casey Ct. Menlo Park APN: 055-433-180	3/22	73,180 SF 1.68 AC 40,249 SF 0.55 FAR(1)	\$8,712,500 <u>\$3,000,000</u> (2) \$11,712,500 (unentitled)	\$160 \$291	Site improved with a 20,955 SF industria building built in 1965. Comparable parcel is part of a larger 179,538 SF (4.12 AC) site proposed for a 5-story, 131,642 SF Life Science development with surface parking.	LS-B (Life Science - Bonus) Flood Zone AE	GreK Decedent's Trust/ O'Brien Drive Portfolio, LLC #026942
2 200 Twin Dolphin Dr. Redwood City APN: 111-910-010 thru -250 (25 Parcels)	1/22	204,045 SF 4.68 AC 202,010 SF 0.99 FAR	\$64,875,000 (entitled by seller)	\$318 \$321	Site improved with a 61,366 SF office park. Site was entitled in March 2021 for a 5-story 202,010 SF office development with a 5-level parking garage. Buyer to develop approved building for Life Science use.	CP (Commercial Park District) Not in Flood Zone	SHP Westshore, LLC/ 200-240 Twin Dolphin, LLC #003113
3 1030 Brittan Ave. San Carlos APN: 046-162-300 (former 046-162-060 & -070)	1/22	87,990 SF 2.02 AC 88,054 SF (3) 1.00 FAR	\$20,000,000 (entitled by buyer)	\$227 \$227	Site improved with a surface parking lot. Site entitled for a 3-story building with ground level and below grade parking garage. Proposed use is Life Science.	GCI (General Commercial Industrial Zone) Flood Zone AO	Robert A. Williamson Tr./ MBC BioLabs 1030, LP #008508
4 210 Adrian Rd. Millbrae APN: 024-353-300 (former 024-353-180)	10/21	89,951 SF 2.06 AC 263,042 SF (3) 2.92 FAR	\$80,000,000 (partially entitled by seller)	\$889 \$304	Site improved with an 85,500 SF industria building built in 1946 and 1956. Site proposec for a 6-story, 263,042 SF Life Science building with above and below grade parking garage	TOD (Transit Oriented Development) Not in Flood Zone	Real Property Storage, LLC/ Millbrae Adrain Science Park, LLC #140980
5 1021 Howard Ave. San Carlos APN: 046-191-020, -070 & -080	7/21	95,519 SF 2.19 AC 190,869 SF (3) 2.00 FAR	\$33,000,000 (unentitled)	\$345 \$173	Site improved with three, one-story industria buildings (44,774 SF) built in 1958 and 1965 Site proposed for a 3-story, 190,869 SF building plus two levels of below grade parking Proposed use is Life Science.	GCI (General Commercial Industrial Zone) Not in Flood Zone	Hamilton Investors Bayport, LLC/ 1021 Howard Owner, LLC #107662
SUBJECT		183,616 SF 4.22 AC 228,081 SF 1.24 FAR				LS-B (Life Science - Bonus)	
		100,989 GBA at Base Density of 55%					

(1) Maximum allowed under zoning without bonus payment, proposed FAR of larger project is 73.3%
(2) Tenant buyout.
(3) Excludes ground level and lower level parking garage

COMPARABLE LAND SALES MAP



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Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.

Comparable 3 is the sale of a surface parking lot located at 1030 Brittan Avenue in San Carlos. The rectangular shaped site contains approximately 87,990 square feet, or 2.02 acres. The site is zoned GCI, or General Commercial / Industrial Zone. The buyer entitled the site during escrow for an 88,054 square foot, 3-story life science building with an above grade and below grade parking garage. The indicated floor area ratio (FAR) is 100 percent. The project will include 221 garage spaces and 17 surface spaces for a total of 238 parking spaces. The planning application for the project was submitted in approximately October 2020. This site is in Flood Zone AO.

In January 2022, BMC BioLabs, 1030, LP (MBC BioLabs) purchased this property from Robert A. Williamson Trust for \$20,000,000, or \$227 per square foot of land area and \$227 per square foot of proposed building area. According to the buyer, the price was established in approximately 2020. The proposed development is under construction with an expected completion date of early 2025.

The buyer also owns the adjacent property at 930 Britton Avenue which was purchased in 2018 from the same seller and redeveloped with a life science project which was completed in 2020.

Comparable 4 is the sale of a self-storage facility located at 210 Adrian Road in Millbrae. The property is improved with a one-story industrial buildings that that contains 85,500 square feet and was built in 1946 and 1956 and was later converted to a self-storage facility. According to the listing broker, the property was vacant at the time of sale. Total site area is 89,951 square feet, or 2.06 acres. The site is zoned TOD, or Transit Oriented Development and was approximately 80 percent entitled by the seller for a life science development. The seller had spent approximately 18 months on entitlements and the property was then marketed for sale with a potential of approximately 290,000 square feet of life science space. After the sale the buyer redesigned the existing project to include 263,042 square feet of life science space in a 6-story building with two levels of above grade parking and two levels of below grade parking. The indicated floor area ratio (FAR) is 292 percent. The project will include approximately 459 garage parking spaces. This site is not in a flood zone.

In October 2021, Millbrae Adrian Science Park, LLC (Longfellow Real Estate Partners) purchased this property from Real Property Storage, LLC (Finn Capital) for \$80,000,000, or \$889 per square foot of land area and \$304 per square foot of proposed building area. According to the listing agent, the property was actively marketed with multiple offers received. The property was in escrow for approximately three months and the price paid was equivalent to a fully entitled sale. According to the broker, this sale represented the peak on a price per FAR basis for the market cycle. The broker estimated prices declined 20 to 30 percent between the contract date and May 2023 due to the increase in interest rates.

Comparable 5 is the sale of the property located at 1021 Howard Avenue, at the southwest corner of Bayport Avenue in San Carlos. The property is improved with three, one-story

industrial buildings containing 44,774 square feet. The buildings were built in 1958 and 1965. Total site area is 95,519 square feet, or 2.19 acres. The site is zoned CGI, or General Commercial / Industrial Zone. This site is not in a flood zone.

In July 2021, 1021 Howard Owner, LLC (Premia Capital) purchased this property from Hamilton Investors Bayport, LLC (R&M Properties) for \$33,000,000, or \$345 per square foot of land area and \$173 per square foot of proposed building area. After the sale the buyer filed an application for a three story, 190,869 square foot life science development with two levels of below grade parking. The indicated floor area ratio (FAR) is 200 percent. The project will include approximately 465 garage parking spaces.

B. Analysis and Land Value Conclusion – Base Density

The comparables indicate a range of sale prices between \$173 and \$321 per square foot of allowed or proposed gross building area. After further analysis, an appropriate unit value can be concluded for the subject site assuming it is entitled under the base development density of 55 percent. As shown, the comparables indicate allowed / proposed densities ranging from 0.55 to 2.92. The allowed subject base development density is below the low end of the range.

The adjustments are summarized on the grid on the following page. It should be emphasized that although the adjustment process is a mechanical one, the analysis applied by the appraiser is actually less mechanical and more intuitive in nature. Specific adjustments are intended to represent the appraiser’s best judgment concerning the differential between each comparable and the subject. Any specific adjustment should be considered general in nature and the overall process is intended to narrow the pattern indicated by the comparable data.

For adjustment purposes, the cost to provide structured, surface and underground parking is estimated. Marshall Valuation Cost Estimation Manual is used to provide baseline adjustments. These approximate costs for adjustment purposes are estimated as follows:

Structured Parking

Class A: \$96.50 / SF + \$5.00 Sprinklers X 1.01 Height X 1.34 Local X 1.19 Current X 1.05 Addl. Indirect =	\$171.64
Rounded to:	\$170.00 / SF
Per Parking Space Based on 350 SF / Space:	\$59,500 /Space

Below Grade Parking

Class A Excellent, \$132.00 / SF + \$5.00 Sprinklers X 1.01 Height X 1.34 Local X 1.24 Current X 1.05 Addl. Indirect =	\$241.41
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COMPARABLE LAND SALE ADJUSTMENT GRID - BASE DEVELOPMENT DENSITY
Appraisal of 1005 O'Brien and 1320 Willow Road
Menlo Park, California

Characteristics:	Comparable Sales				
	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address:	1 Casey Ct.	200 Twin Dolphin Dr.	1030 Brittan Ave.	210 Adrian Rd.	1021 Howard Ave.
City:	Menlo Park	Redwood City	San Carlos	Millbrae	San Carlos
Land Area	73,180	204,045	87,990	89,951	95,519
Allowed / Proposed Bldg. Area	40,249	202,010	88,054	263,042	190,869
FAR	55%	99%	100%	292%	200%
Sale Date:	3/22	1/22	1/22	10/21	7/21
Transaction Price:	\$11,712,500	\$64,875,000	\$20,000,000	\$80,000,000	\$33,000,000
Price Per Sq.Ft. of GBA	\$291	\$321	\$227	\$304	\$173
Property Rights Conveyed	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price/Sq. Ft.:	\$291	\$321	\$227	\$304	\$173
Financing Terms:	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price/Sq. Ft.:	\$291	\$321	\$227	\$304	\$173
Conditions of Sale:	-10.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price/Sq. Ft.:	\$262	\$321	\$227	\$304	\$173
Expenditures After Purchase	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price/Sq. Ft.:	\$262	\$321	\$227	\$304	\$173
Market Conditions:	0.0%	0.0%	0.0%	-10.0%	-10.0%
Price Adj. For Mkt. Cond.	\$262	\$321	\$227	\$274	\$156
Location	0.0%	-20.0%	0.0%	-10.0%	0.0%
Status of Entitlements	10.0%	0.0%	5.0%	5.0%	10.0%
Zoning	0.0%	0.0%	0.0%	0.0%	0.0%
Flood Zone	0.0%	-5.0%	0.0%	-5.0%	-5.0%
Size	0.0%	0.0%	5.0%	0.0%	0.0%
Shape	0.0%	0.0%	0.0%	0.0%	0.0%
Density - Other	0.0%	5.0%	0.0%	5.0%	0.0%
Density - Parking	0.0%	19.4%	38.0%	28.0%	59.5%
Improvements	2.0%	2.0%	0.0%	2.0%	2.0%
Other	-5.0%	0.0%	0.0%	0.0%	0.0%
Frontage / Visibility / Access	5.0%	0.0%	0.0%	0.0%	0.0%
Net Adjustment	12.0%	1.4%	48.0%	25.0%	66.5%
Adjusted Unit Value for the Subject:	\$293	\$326	\$336	\$342	\$259

Estimated Parking Cost / SF	\$9.46	\$124.56	\$172.77	\$153.22	\$185.07
PRICE PER SQ.FT. RANGE			\$259	-	\$326

VALUE CONCLUSION	\$300		/ SQ.FT.	
	100,989 SF X		\$300 /SF = \$30,296,640	
ROUNDED			\$30,300,000	

Parking Adjustments	\$955,300	\$0	\$38,972,500	\$18,564,000	\$32,933,250	\$39,060,000
			\$143,500	\$69,700	\$0	\$0
		\$39,116,000	\$18,633,700	\$32,933,250	\$39,060,000	Total Est. Cost
	\$9.46	\$193.63	\$211.62	\$125.20	\$204.64	Per SF / FAR
		\$184.17	\$202.16	\$115.74	\$195.18	Differential
	2.31	3.42	2.70	1.74	2.44	Parking Ratio
		0.676	0.85	1.32	0.95	Multiplier
		\$124.56	\$172.77	\$153.22	\$185.07	Adjustment Adj. for Ratio

Rounded to: \$240.00 / SF
 Per Parking Space Based on 350 SF / Space: \$84,000 / Space

Surface Parking

Excellent Cost Per Space \$2,925 X Local 1.34 X 1.05 Addl. Indirect: \$4,115 / Space

Rounded: \$4,100 / Space

Under the base level density, the subject property would have only surface parking which has a maximum of 2.5 spaces per 1,000 sf for R&D and 3.0 per 1,000 sf for office. The proposed parking for the subject property is 527 spaces of which 23 are open spaces and 504 are in a garage. The parking density proposed is 2.31 spaces per 1,000 square feet. For comparative purposes, an equivalent density of 2.31 spaces per 1,000 square feet is used for both scenarios. An estimate for parking cost for the two subject development scenarios are estimated as follows:

Base Scenario:

100,989 SF / 1,000 X 2.31 / Spaces per 1,000 Gross SF = 233 Spaces
 233 Spaces X \$4,100 / Space = \$955,300
 Per SF of GBA: \$9.46

Bonus Scenario:

504 Structured Spaces X \$59,500 / Space = \$29,988,000
 23 Open Spaces X \$4,100 / Space = \$ 94,300
 Total: \$30,082,300
 Per SF of GBA (228,081) = \$131.89

The parking cost on a per square foot of gross building area basis for each of the comparable properties is estimated as shown at the bottom of the adjustment grid. The difference between that cost and the subject cost is estimated. That difference is further adjusted to reflect the subject's parking ratio. The differential is then multiplied by an adjustment factor of 50 percent to reflect the fact that a garage space has more value to the owner than an open space which could be reflected in slightly higher rent and a slightly lower capitalization rate. A discount of 50 percent of cost is considered to reasonable to account for the potential benefit of garage parking over surface parking.

Comparable 1 indicated the lowest FAR. It is the only sale in Menlo Park and was purchased for assemblage with two other parcels and the indicated density is based on the base allowed density of 55 percent. Negative adjustment is warranted for conditions of sale due to the motivations of the buyer. Negative adjustment is also warranted for the potential for the comparable to increase development density with the use of the density bonus. Positive adjustment is warranted for the assumed entitlements for the subject property and the lack of improvements which will have to be demolished on the comparable property. A slight positive adjustment is warranted for the subject's superior frontage. A similar price per square foot of FAR is concluded assuming the subject property is entitled at the base development density.

Comparable 2 is the January 2022 sale of a large site in Redwood City which was entitled at the time of sale and sold for \$321 per square foot of entitled FAR / gross building area. The proposed development density is 99 percent. The proposed building is five-stories in height and will include a five-story parking structure to include 655 parking spaces plus 35 surface spaces. Total estimated cost for parking based on the figures above is approximately $(655 \times \$59,500 + 35 \times \$4,100 / 202,010)$ \$193.63 per square foot of FAR / gross building area indicating a per square foot differential of \$184.17. However, this cost is for parking at a ratio of 3.42 spaces per 1,000 square feet. The per square foot cost is therefore adjusted to the subject's parking ratio by multiplying it by $2.31 / 3.42$, which brings the cost per square foot down to \$124.56 per square foot of FAR / gross building area. Negative adjustment is warranted for location due to the comparable's more established business park / waterfront location. Positive adjustment is made for density – parking as well as density – other due to the taller proposed building for this site. Positive adjustment is also warranted for the existing improvements on the comparable site which will require demolition. Negative adjustment is warranted for the subject's flood zone status. No other adjustments are made. A similar unit value is indicated by this sale.

Comparable 3 is the January 2022 sale of a site in San Carlos that was entitled by the buyer with a proposed life sciences use. The sale price was \$227 per square foot of gross building area / FAR. Positive adjustment is warranted for status of entitlements. The parking cost for this comparable is estimated at $(221 \text{ below grade spaces} \times \$84,000 / \text{space} + 17 \text{ surface spaces} \times \$4,100 / \text{space} / 88,054 \text{ sf})$ is equal to \$211.62 per square foot. Adjusting for the cost difference and parking ratio reduces the total to \$172.77 per square foot. Positive adjustment is warranted for status of entitlements (buyer entitled during escrow) and density – parking. A much higher unit value is concluded based on this sale.

Comparable 4 is the October 2021 sale of a partially entitled site in Millbrae which sold for \$304 per square foot of FAR / gross building area. The cost for parking, which is approximately 50 percent below grade and 50 percent above grade in a garage is approximately \$125.20 per square foot of building area, but at a lower ratio of 1.74 spaces per 1,000 square feet. Adjusting for the cost differential and parking ratio, the parking adjustment is approximately \$153.22 per square foot of building area. Negative adjustment is warranted for market conditions, flood zone, and location. This is more than offset by positive adjustment for status of entitlements (buyer re-entitled), density-other, density – parking and improvements. A higher unit value is concluded based on this sale.

Comparable 5 is the July 2021 sale of an unentitled site in San Carlos for \$173 per square foot of FAR / gross building area. Negative adjustment is warranted for market conditions due to interest rate increases and flood zone. This is more than offset by positive adjustment for status of entitlements, density- parking (\$185.07), and improvements which will require demolition. A higher unit value is concluded based on this sale.

As shown on the adjustment grid, the comparables indicate an adjusted range of \$259 to \$342 per square foot of FAR / gross building area. The biggest adjustment is for density, mainly the cost of structured parking. Comparable 1 sold with a similar density, although a slightly higher density is proposed with use of the density bonus. That site is the closest in terms of proximity but differs due to the assemblage issue and the lack of entitlements. The remaining comparables had higher densities and required significant adjustment for that factor. In considering the value of the subject property at base density, a unit value in the middle to low end of the adjusted range is concluded. A unit value of \$300 per square foot of FAR is concluded at the base density which is toward the upper end of the unadjusted range. The indicated value at base density is as follows:

100,989 SF	X	\$300 / SF	=	\$30,296,700
Rounded Value Conclusion at Base Density:				\$30,300,000

C. Analysis and Land Value Conclusion – Bonus Density

Under this scenario, the property is valued assuming it is entitled at the proposed density of 228,081 square feet, or an FAR of 1.24. A new adjustment grid is shown on the table on the following page.

Similar adjustments are made to Comparable 1 with a downward adjustment for density – parking due to the requirement to add structured parking at the higher density. A negative density – other adjustment is also made for higher construction costs due to building height. A lower unit value is concluded based on this sale.

Comparable 2 is adjusted slightly upward for density- parking, and no adjustment is made for density – other. Otherwise the adjustments are the same. A lower unit value is concluded.

Comparable 3 is adjusted up for density – parking and downward for density – other due to construction height. Otherwise the adjustments are the same. A higher unit value is concluded based on this sale.

Comparable 4 has a very small downward adjustment for density – parking. Otherwise the adjustments are the same with no adjustment made for density – other. A slightly lower unit value is concluded.

COMPARABLE LAND SALE ADJUSTMENT GRID - BONUS DEVELOPMENT DENSITY
Appraisal of 1005 O'Brien and 1320 Willow Road
Menlo Park, California

Characteristics:	Comparable Sales				
	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address:	1 Casey Ct.	200 Twin Dolphin Dr.	1030 Brittan Ave.	210 Adrian Rd.	1021 Howard Ave.
City:	Menlo Park	Redwood City	San Carlos	Millbrae	San Carlos
Land Area	73,180	204,045	87,990	89,951	95,519
Allowed / Proposed Bldg. Area	40,249	202,010	88,054	263,042	190,869
FAR	55%	99%	100%	292%	200%
Sale Date:	3/22	1/22	1/22	10/21	7/21
Transaction Price:	\$11,712,500	\$64,875,000	\$20,000,000	\$80,000,000	\$33,000,000
Price Per Sq.Ft. of GBA	\$291	\$321	\$227	\$304	\$173
Property Rights Conveyed	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price/Sq. Ft.:	\$291	\$321	\$227	\$304	\$173
Financing Terms:	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price/Sq. Ft.:	\$291	\$321	\$227	\$304	\$173
Conditions of Sale:	-10.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price/Sq. Ft.:	\$262	\$321	\$227	\$304	\$173
Expenditures After Purchase	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price/Sq. Ft.:	\$262	\$321	\$227	\$304	\$173
Market Conditions:	0.0%	0.0%	0.0%	-10.0%	-10.0%
Price Adj. For Mkt. Cond.	\$262	\$321	\$227	\$274	\$156
Location	0.0%	-20.0%	0.0%	-10.0%	0.0%
Status of Entitlements	10.0%	0.0%	5.0%	5.0%	10.0%
Zoning	0.0%	0.0%	0.0%	0.0%	0.0%
Flood Zone	0.0%	-5.0%	0.0%	-5.0%	-5.0%
Size	0.0%	0.0%	5.0%	0.0%	0.0%
Shape	0.0%	0.0%	0.0%	0.0%	0.0%
Density - Other	-5.0%	0.0%	-5.0%	0.0%	-5.0%
Density - Parking	-23.4%	6.5%	15.0%	-1.6%	22.2%
Improvements	2.0%	2.0%	0.0%	2.0%	2.0%
Other	-5.0%	0.0%	0.0%	0.0%	0.0%
Frontage / Visibility / Access	5.0%	0.0%	0.0%	0.0%	0.0%
Net Adjustment	-16.4%	-16.5%	20.0%	-9.6%	24.2%
Adjusted Unit Value for the Subject:	\$219	\$268	\$273	\$247	\$193

Estimated Parking Cost / SF	\$9.46	\$41.76	\$68.14	-\$8.86	\$68.98
PRICE PER SQ.FT. RANGE			\$193	-	\$273

VALUE CONCLUSION	\$270		/ SQ.FT.	
	228,081 SF X	\$270 /SF =	\$61,581,870	
ROUNDED			\$61,600,000	

Parking Adjustments	\$30,082,300	\$0	\$38,972,500	\$18,564,000	\$32,933,250	\$39,060,000
			\$143,500	\$69,700	\$0	\$0
			\$39,116,000	\$18,633,700	\$32,933,250	\$39,060,000 Total Est. Cost
	\$131.89	9.46	\$193.63	\$211.62	\$125.20	\$204.64 Per SF / FAR
		-\$122.43	\$61.74	\$79.72	-\$6.69	\$72.75 Differential
	2.31	2.31	3.42	2.70	1.74	2.44 Parking Ratio
		1	0.68	0.85	1.32	0.95 Multiplier
		-\$122.43	\$41.76	\$68.14	-\$8.86	\$68.98 Adjustment Adj. for Ratio

Comparable 5 is adjusted up for density – parking and down for density - other. Otherwise similar adjustments are made. A higher unit value is concluded.

At the bonus level development density, the adjusted range is \$193 to \$273 per square foot of gross building area / FAR. The density is most similar to Comparables 2 and 3 which are given the greatest weight. Some consideration is given to the other sales which are slightly lower. A unit value at the bonus density level is concluded at \$270 per square foot of FAR / GBA. The concluded value at the bonus density is as follows:

228,081 Square Feet X	\$270 / SF	=	\$61,581,870
Rounded:			\$61,600,000

D. Bonus Level Development Value Conclusion

The value of the amenity is concluded by taking the difference between the bonus and base value conclusions and multiplying by 50 percent. This calculation is shown as follows:

Hypothetical Land Value Conclusion at Bonus Level Density:	\$61,600,000
Hypothetical Land Value Conclusion at Base Level Density:	<u>\$30,300,000</u>
Difference (Value of Bonus Floor Area):	\$31,300,000
Bonus Level Development Value (Multiplied by 50%):	\$15,650,000

E. Final Value Conclusions

Based on the research and analysis contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraiser that the concluded hypothetical fee simple market land values and bonus level development value, as of May 26, 2022, are as follows:

Hypothetical Market Value as if Vacant at Bonus Level Density:	\$61,600,000
Hypothetical Market Value as if Vacant at Base Level Density:	<u>\$30,300,000</u>
Differential (Value of Bonus Floor Area):	\$31,300,000
Bonus Level Development Value (50% of Value of Bonus Floor Area):	\$15,650,000

It is concluded that the above market land values could be achieved within a 12-month exposure period.

ADDENDA

COMPARABLE LAND SALES



Comparable 1 - 1 Casey Court



Comparable 2 - 200 Twin Dolphin Drive



Comparable 3 - 1030 Brittan Avenue



Comparable 4 - 210 Adrian Road

COMPARABLE LAND SALES



Comparable 5 - 1021 Howard Avenue

QUALIFICATIONS OF RONALD BLUM, MAI, AI-GRS
California Certified General Real Estate Appraiser No. AG009958

EXPERIENCE

Mr. Blum is the Principal and Founder of R. Blum and Associates (RBA), a firm providing commercial real estate appraisal and consulting services since 2014. From 1986 to 2014, he worked for the of Carneghi-Blum & Partners, Inc. and was Vice President and Managing Partner of their San Francisco office. His responsibilities included supervising a staff of 10 appraisers and researchers. Clients include financial institutions, government agencies, law firms, development companies and individuals.

Mr. Blum has completed a wide variety of valuation and evaluation analyses. He has appraised most urban property types including office buildings, retail centers, hotels, residential projects, industrial parks and a variety of development sites. Mr. Blum also specializes in unusual urban properties. Appraisal assignments have included performing arts theaters, former military bases, college dormitories, schools, live/work lofts, churches, athletic clubs, ship-repair facilities, medical offices and mortuaries. Market feasibility, value impact and highest and best use studies have also been completed for a variety of property types and geographic locations.

In the course of his real estate appraisal practice, Mr. Blum has provided litigation support and served as an expert witness in various courts. He also acts as an arbitrator in resolving matters of real estate values, rents and related issues and has testified as an expert in arbitration hearings. He has been qualified as a real estate expert and provided testimony in the Superior Courts of San Francisco and Contra Costa Counties, United States Bankruptcy Court, and United States Tax Court.

EDUCATION

Master of Science Degree in Real Estate Appraisal and Investment Analysis
University of Wisconsin - Madison, 1986

Bachelor of Business Administration Degree in Finance
University of Wisconsin - Madison, 1984

Successful completion of all professional appraisal courses offered by the Appraisal Institute as a requirement of membership

Continued attendance at professional real estate lectures and seminars

SPEAKING ENGAGEMENTS

“Market Rent Arbitration Principles for Real Estate Leasing Professionals.” Presentation to San Francisco office of CRESA, commercial real estate brokerage specializing in tenant representation, 2015.

Qualifications of Ronald Blum, MAI, AI-GRS

Page 2

“San Francisco Commercial and Multi-family Market Overview.” Presentation to Board of Directors of First Republic Bank, 2014

“The Definition of Market Value and Its Implication for Corporate Real Estate Acquisition.” Presentation to national meeting of Kaiser Permanente Real Estate Executives, Sonoma California, 2004

Organized and Moderated the panel discussion: **Unreinforced Masonry Buildings (UMBs) and the Americans with Disabilities Act (ADA)**, Appraisal Institute San Francisco Bay Area Fall Conference, 1992

PROFESSIONAL AFFILIATION

Appraisal Institute - MAI Designation No. 10381,
Appraisal Institute - AI-GRS Designation
Continuing Education Requirements Complete

STATE CERTIFICATION

State of California Certified General Real Estate Appraiser No. AG009958
Certified through October 30, 2024



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Ronald E. Blum

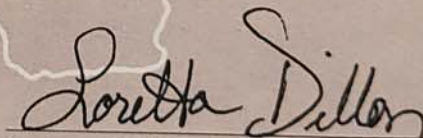
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 009958

Effective Date: October 31, 2022
Date Expires: October 30, 2024


Loretta Dillon, Deputy Bureau Chief, BREA

3065509

NEWMARK VALUATION & ADVISORY

March 16, 2024

Mr. John Tarlton
O'Brien Drive Portfolio II, LLC
1530 O'Brien Drive, Suite C
Menlo Park, CA 94025

Menlo Park, CA 94025RE: Appraisal of Land located at 985-1001 O'Brien Drive, 1320 Willow Road, Menlo Park, San Mateo County, CA 94025, prepared by Newmark Valuation & Advisory, LLC (herein "Firm" or "Newmark")

Newmark Job No.: 22-0160779-2

Dear Mr. Tarlton:

The purpose of this letter is to adjust our market values reached in our appraisal of the Community Amenities we estimated in our appraisal dated May 26, 2022. This letter should not be construed as a new appraisal subject to USPAP Standards but an adjustment to the applicant's appraisal in compliance with Section III(B)(1)(b)(3)(c)(ii) of Community Amenity Implementing Regulations For The Application, Review, And Appraisal, Of Proposed Community Amenities In Exchange For Bonus Level Development In R-MU, O, And L-S Zoning Districts ("Appraisal Instructions") approved by resolution of the City Council of the City of Menlo Park on August 15, 2023.

The following appears on page L-2.22 of Exhibit B to the Resolution.

A pertinent section of the Resolution is copied below:

(ii) Ten (10) percent or greater than the value of the lower of the two appraisals, the Applicant shall have the option of revising the Applicant's Appraisal to state a value that is within ten (10) percent of the value of the lower of the two appraisals and accepting a Final Appraised Value that is the midpoint between the two appraisals as set forth in Section III-B-1-(b)-(3)-(c)-(i). If the Applicant chooses not to revise the Applicant's Appraisal, then the Applicant may submit a written request to the City that the Applicant's appraiser and the City's appraiser agree upon and appoint a third appraiser, who shall be a Qualified Appraiser. The Applicant's appraiser and the City's appraiser must agree upon and select a third appraiser within 30 days of the Applicant's written request. If the Applicant's appraiser and City's appraiser fail to agree on the appointment of a third party appraiser, then each party may submit the names of two appraisers, within 10 days after

NEWMARK

Newmark Valuation & Advisory
3055 Olin Avenue, Suite 2200
San Jose, CA 95128
www.nmrk.com/valuation

the deadline for the parties' appraisers to select a third appraiser, and a third party appraiser will be selected, at random, by the City Manager, from the names of the submitted appraisers. The Applicant will be notified of the date, time, and place where the selection will occur and will have the opportunity to be present and observe the selection process.

The City of Menlo Park has specific instructions for the appraiser when determining the value of the bonus FAR. The formula which they have dictated in their instructions is based solely on the sales comparison approach. They have eliminated the use of the land residual approach.

Land sales are most commonly compared on a price per square foot of useable land area or on the price per square foot of permitted building area or "Gross Floor Area". Their instructions are specific in describing the use of the price per building area or price per "Gross Floor Area".

Key Value Considerations of the May 26, 2022 Applicant's Appraisal

Site Area

The subject is comprised of three assessor parcels, 055-421-050, 060, 160. Combined they reflect a total site area of 183,616 square feet or 4.2152 acres. The parcels wrap around the corner of O'Brien Drive and Willow Road. A lot line adjustment is requested to adjust lot lines between 1001 O'Brien and the neighboring 1035 O'Brien property in order to make the lot lines perpendicular to the right of way, as well as to merge lots on the project site.

Existing Buildings

The three existing building addresses are 985 and 1001 O'Brien drive, and 1320 Willow Road. The existing buildings are located on three parcels.

- Building use is storage, office, R&D
- Total 90,600 sq. ft. (0.49 FAR)
- 114 uncovered stalls on the surface parking lots
- Minimal landscaping at the front entry of 1320 Willow; no sensitive habitat

Proposed Buildings

Tarlton Properties has proposed a phased project to replace three existing single-story buildings with one 5-story new building, one 4-story new building, a parking garage, a sport court and an open space accessible to the community.

- One 4-story and one 5-story R&D building
- Total 228,398 sq. ft. (1.24 FAR) of R&D, office Life Science
- (154,581 sq. ft. (1.25 FAR) in Phase 1; 73,817 sq. ft. (1.24 FAR) in Phase 2)
- 545 Parking stalls (511 in parking garage and 34 surface parking spaces)

- All buildings to be elevated 24" above BFE (12.8')
- New entry lobbies facing O'Brien Drive and Willow Road
- High performance bird friendly glazing with aluminum mullions
- Mechanical equipment to be located within the roof screen
- Environmentally sensitive and pedestrian friendly landscaping along three sides of property, including facing the public right of way and Peninsula High School

The two R&D buildings are designed to accommodate life science tenants with anticipated ratios ranging from 30-45% office and 55-70% lab areas. Tarlton Properties has supported a variety of tenants over the last 36 years. In the last 15 years the tenants have predominantly been R&D type facilities. These have included companies that design medical devices and services, develop clean technology products, and engineer environmentally sustainable foods. All tenants require lab-related, clean manufacturing environments. The open office areas adjacent to the labs provide technical working areas for scientists, lab technicians and researchers. The open office areas also provide working space for sales, marketing and office support staff. Since these companies are in the development stages of their products, their R&D staff is proportionately larger than their support staff.

This project will be phased between Phase 1 and Phase 2. Up to ten years may be required due to existing lease agreements. The anticipated tenants are R&D/ office or Life Science.

Open Space

Public open space is provided in multiple locations for Phase 1 and 2 of the project.

In Phase 1, 15% of the publicly accessible open space is located along O'Brien Drive adjacent to the street/sidewalk. 85% of the publicly accessible open space is located adjacent to existing open space and proximate to proposed publicly accessible open spaces on three neighboring and nearby properties: playing fields for the Mid-Peninsula High School, Greenspace at 20 Kelly Court, Willow Village public park and community space. The publicly accessible open space will also provide community access to the sports court and will also provide pedestrian access to the facility which is located close to the Belle Haven neighborhood.

The developer, Tarlton Properties, has designed the publicly accessible open space for this project in response to community comments that asked for public open space to be aggregated with other proposed and existing open space, and to provide connections with that space from public rights of way. It is anticipated that these contiguous open spaces could eventually be linked to more publicly accessible spaces proposed along the Hetch Hetchy corridor. Additionally, publicly accessible open space leads from public rights of way. It is anticipated that the publicly

accessible open space will work in conjunction with the building to extend public indoor/outdoor space. In Phase 1 and 2 combined, 38% of the publicly accessible open space on the project directly fronts either Willow Road or O'Brien Drive, with the remaining open space is directly accessible from those public rights of way and connecting to other existing and proposed publicly accessible open space. Phase 2 connection to the Public open space along the Hetch Hetchy corridor is directly connected to and visible from Willow Road as well as to O'Brien Drive via a pathway that is accessible to the public but is not counted towards project totals. Directional signage for phase 1 could be added if required to clarify that areas are open to the public.

Environmentally sensitive and pedestrian friendly landscaping will be planted along three sides of property, including facing the public right of way and Peninsula High School.

Utilities

The existing site is served by all required utilities and public services including a 4" water line for fire sprinklers.

Proposed project will provide:

- New fire department connection (FDC) and backflow preventer.
- All new electrical connected underground from existing service on O'Brien Drive.
- Two new sprinkler risers for each of the building and parking garage

Given the above, the subject site which comprises a total of 4.2152 acres or 183,616 square feet of R&D or Life Science has the base level capacity of 100,989 gross floor area (183,616 X 55%). The project sponsor is proposing 228,398 square feet of Gross Floor Area which reflects an FAR of approximately 124% coverage and is within the Bonus Level FAR of 125%.

Based on the appraisal dated 5/22/2022, our opinion of market values for the subject were:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Phase 1			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$34,800,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$17,000,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$17,800,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$8,900,000
Value of the Amenity	Fee Simple	5/26/2022	\$8,900,000
Phase 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$16,600,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$8,200,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$8,400,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$4,200,000
Value of the Amenity	Fee Simple	5/26/2022	\$4,200,000
Combined Phases 1 & 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$51,400,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$25,200,000
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$26,200,000
Less: 50% Deduction	Fee Simple	5/26/2022	\$13,100,000
Value of the Amenity	Fee Simple	5/26/2022	\$13,100,000

Value Conclusions of the May 26, 2022 City Appraisal

On November 16, 2023 Ron Blum of RBA issued an appraisal authorized by the City which analyzed the Property and Project. Based on the research and analysis contained in that report, and subject to the assumptions and limiting conditions contained therein, Mr. Blum concluded the fee simple market land values and Bonus Level Development Value, as of May 26, 2022. The City Appraisal’s conclusions are as follows:

Hypothetical As If Vacant at Bonus Level Density:	\$61,600,000
Hypothetical As If Vacant at Base Level Density:	\$30,300,000
Differential (Value of Bonus Floor Area):	\$31,300,000
Bonus Level Development Value (50% of Value of Bonus Floor Area):	\$15,650,000

Revised Value of Applicant's Appraisal

Since the values from the City's appraiser and our values are more than 10% apart, the client has requested that we adjust the value conclusions of the Applicant's Appraisal, as understood by Appraisal Instruction Section III(B)(1)(b)(3)(c)(ii), to state a value that is within ten (10) percent of the value of the lower of the two appraisals. Further, to accept a Final Value that is the midpoint between the two appraisals as set forth in Section III-B-1-(b)-(3)-(c)-(i).

This mathematical adjustment and value statement is shown below:

	City's Appraiser's Values	Adjusted Applicant's Values
Hypothetical As If Vacant at Bonus Level Density:	\$61,600,000 / 110%	\$56,000,000
Hypothetical As If Vacant at Base Level Density:	\$30,300,000 / 110%	\$27,545,455
Differential (Value of Bonus Floor Area):	\$31,300,000 / 110%	\$28,454,545
Bonus Level Development Value (50% of Value of Bonus Floor Area):	\$15,650,000 / 110%	\$14,227,273

Broken down by Phase 1 & 2 the adjusted values are:

Adjusted Value Conclusions per the Resolution			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Phase 1			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$37,900,800
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$18,642,764
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$19,258,036
Less: 50% Deduction	Fee Simple	5/26/2022	\$9,629,018
Value of the Amenity	Fee Simple	5/26/2022	\$9,629,018
Phase 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$18,099,200
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$8,902,691
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$9,196,509
Less: 50% Deduction	Fee Simple	5/26/2022	\$4,598,255
Value of the Amenity	Fee Simple	5/26/2022	\$4,598,255
Combined Phases 1 & 2			
Site Value of Proposed Gross Floor Area	Fee Simple	5/26/2022	\$56,000,000
Site Value of Base Gross Floor Area (55%)	Fee Simple	5/26/2022	\$27,545,455
Value of Additional (Bonus) Floor Area	Fee Simple	5/26/2022	\$28,454,545
Less: 50% Deduction	Fee Simple	5/26/2022	\$14,227,273
Value of the Amenity	Fee Simple	5/26/2022	\$14,227,273

Compiled by Newmark

Please note that breakdown by Phase is based on the square footage contributed to the whole by each Phase.

Per the Resolution the following reflects the averages between the City appraiser's values and the applicant's values:

Average Between the City's Appraiser's Values and the Revised Applicant's Values	
Hypothetical As If Vacant at Bonus Level Density:	\$58,800,000
Hypothetical As If Vacant at Base Level Density:	\$28,922,727
Differential (Value of Bonus Floor Area):	\$29,877,273
Bonus Level Development Value (50% of Value of Bonus Floor Area):	\$14,938,636

Extraordinary Assumptions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. None

Hypothetical Conditions

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. At least one of the buildings on the subject site is leased. We have used the hypothetical condition that the subject buildings are unencumbered by leases and thus we are appraising the fee simple interest.
2. In order to comply with the City's instructions, we have employed the Hypthetical Condition that the subject has entitlements to build the development as proposed.

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

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

Certification

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

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

MR. JOHN TARLTON



Kenneth Matlin, MAI, AI-GRS, SRA, ASA
Senior Vice president
Certified General Real Estate Appraiser
California # AG0022
Telephone: 408.982.8419
Email: Ken.Matlin@nmrk.com

March 26, 2024

Chris Turner
Senior Planner
Planning Division
Community Development Department
City Hall, First Floor
701 Laurel Street
Menlo Park, CA 94025

Update to the Community Amenities Proposal for 985-1005 O'Brien Drive

Dear Mr. Turner:

Tarlton Properties is pleased to provide this letter updating its Communities Amenities Proposal for the proposed project at 985-1005 O'Brien Drive, Menlo Park, CA 94025 (the "Project"), in the Life Science-Bonus District. This letter supplements the Community Amenities Proposal for 985-1005 O'Brien Drive that was sent to the City on Aug. 26, 2023 and confirms the Applicant's proposal to pay the in-lieu fee for the Project, as previously proposed in our Aug. 26, 2023 letter.

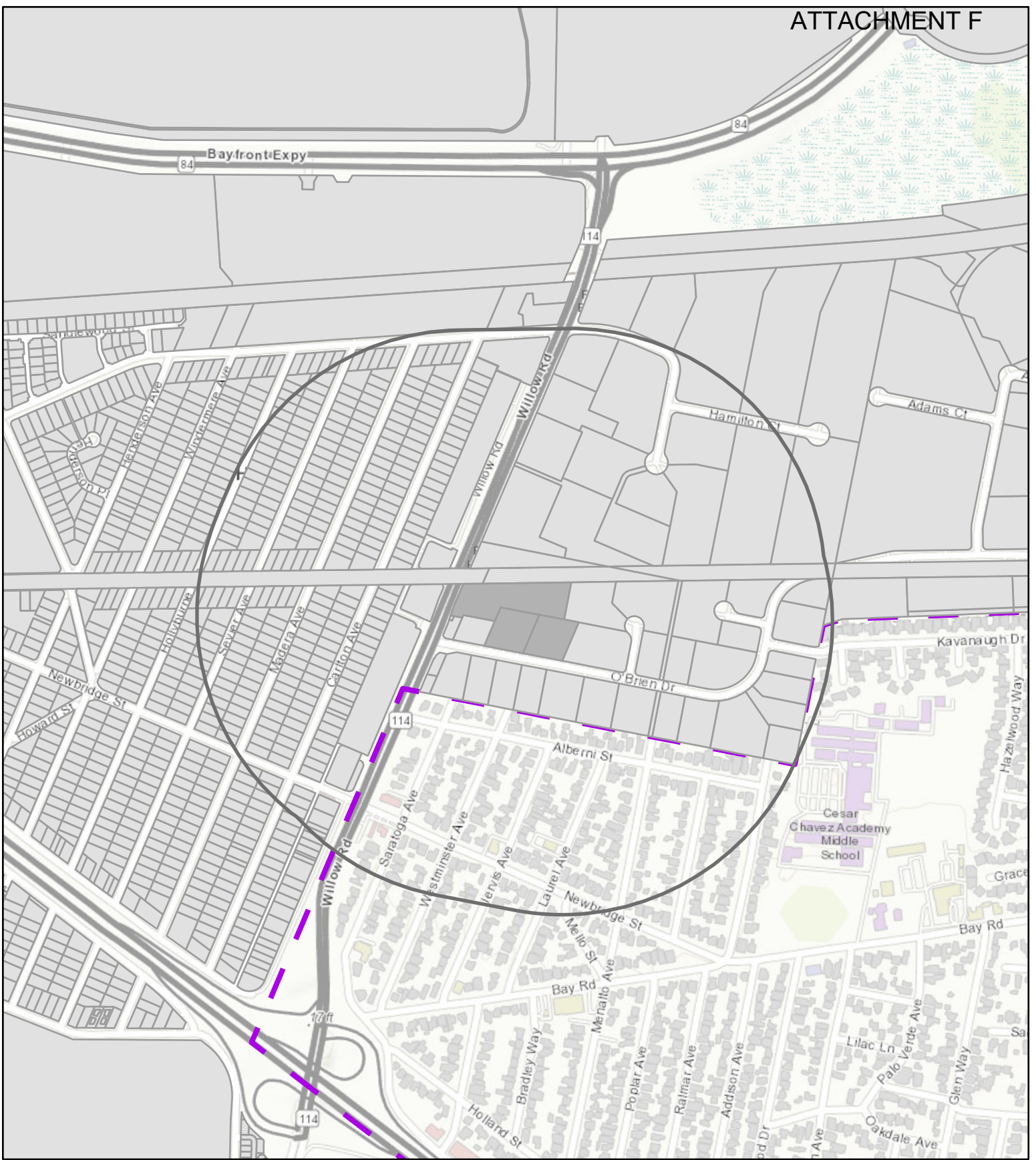
Pursuant to subsection (3) of Section 16.44.070, the value of the community amenities to be provided must equal fifty percent (50%) of the fair market value of the additional gross floor area of the bonus level development (rounded to the nearest thousand) as determined when appraised in accordance with the Community Amenity Implementing Regulations For The Application, Review, And Appraisal, Of Proposed Community Amenities In Exchange For Bonus Level Development In R-MU, O, And L-S Zoning Districts (the "Appraisal Instructions"). As described in the March 16, 2024 letter from Kenneth E. Matlin of Newmark Knight Frank, CA Appraiser License # AG002022, which is submitted to the City concurrently with this letter, Tarlton Properties has adjusted the Applicant's Appraisal for the Project to be within 10% of the City's Appraisal consistent with Section III(B)(1)(b)(3)(c)(ii) of Appraisal Instructions. Section III(B)(1)(b)(3)(c)(i) of the Appraisal Instructions provides that where the Applicant's Appraisal and the City Appraisal are within 10% of each other, the Project's final community amenity value is the 50% of the average of the two appraisals. Here, that average Bonus Level Development Value of the Project is \$29,878,000, which results in a final Project community amenity value of \$14,939,000.

Tarlton is pleased to propose payment of 110% of the community amenity value, consistent with the requirements of Section 16.44.070 (4)(B), being \$16,432,900.

Sincerely,



John Tarlton,
President and CEO
Tarlton Properties, Inc.



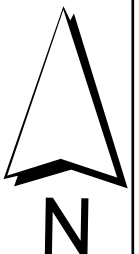
CITY OF MENLO PARK

LOCATION MAP

985-1005 O'BRIEN DRIVE AND 1320 WILLOW ROAD



Scale: 1:8,000 Drawn By: CRT Checked By: KTP Date: 6/11/2024



CUP PROJECT DESCRIPTION ■

Project Background:

Tarlton Properties proposes a phased project to replace three existing single-story buildings with one 5-story new research and development (R&D) building, one 4-story new R&D building, and a parking garage. An outdoor sports court and extensive public open spaces will surround the new buildings. The three existing building addresses are 985 and 1001 O'Brien drive, and 1320 Willow Road. The existing buildings are located on three parcels. A lot line adjustment is requested to adjust lot lines between 1001 O'Brien and the neighboring 1035 O'Brien property, to create perpendicular lots to the right of way, as well as to merge lots on the project site. This project will be phased; the applicant intends to move quickly from completion of Phase 1 to the commencement of Phase 2, however up to ten years may be required between Phase I and Phase 2 to honor existing lease agreements. Therefore, a development agreement is requested to extend the life of the use permit and Architectural Control for Phase 2 of the development. The anticipated tenants are R&D/life science.

Existing buildings

- Building use is storage, office, R&D
- Total 90,600 sq. ft. (0.49 FAR)
- 114 uncovered stalls on the surface parking lots
- Minimal landscaping at the front entry of 1320 Willow; no sensitive habitat

Proposed buildings

- One 4-story and one 5-story R&D building
- Total 227,998 sq. ft. (1.24 FAR) of R&D
- 527 Parking stalls
- All buildings to be elevated 24" above BFE (12.8')
- New entry lobbies facing O'Brien Drive and Willow Road
- High performance bird friendly glazing with aluminum mullions.
- Mechanical equipment located within roof screen.
- Environmentally sensitive and pedestrian friendly landscaping along three sides of property, including facing the public right of way and Peninsula High School.

Site, Utilities:

Public open space is provided in multiple locations for Phase 1 and 2 of the project. In Phase 1, 30% of the publicly accessible open space is located along O'Brien Drive adjacent to the street/ sidewalk. 70% of the publicly accessible open space is located adjacent to existing open space and proximate to proposed publicly accessible open spaces on three neighboring and nearby properties: playing fields for the Mid-Peninsula High School, Greenspace at 20 Kelly Court, Willow Village public park and Community space. The publicly accessible open space will also provide community access to the sports court and pedestrian proximity to the Belle Haven neighborhood on the west.

The Applicant has designed the publicly accessible open space for this project in response to community comments that asked for public open space to be aggregated with other proposed and existing open space, and to provide connections with that space from public rights of way. It is anticipated that these contiguous open spaces could eventually be linked to more publicly accessible spaces proposed along the Hetch Hetchy corridor. Additionally, publicly accessible open space leads from public rights of way to the sports court. Since this court will be used by the surrounding community, it is anticipated that the publicly accessible open space will work in conjunction with this outdoor space. In Phase 1 and 2 combined, 30% of the publicly accessible open space on the project directly fronts either Willow Road or O'Brien Drive, with the remaining open space directly accessible from those public rights of way and connecting to other existing and proposed publicly accessible open spaces. Phase 2 connection to the Public open space along the Hetch Hetchy corridor is directly connected to and visible from Willow Road as well as to O'Brien Drive via a pathway that is accessible to the public but is not counted towards project totals. Directional signage for phase 1 could be added if required to clarify that areas are open to the public.

The existing site is served by all required utilities and public services including a 4" water line for fire sprinklers. Proposed project will provide:

- New fire department connection (FDC) and backflow preventer.
- All new electrical connected underground from existing service on O'Brien Drive.
- Two new sprinkler risers for each of the building and parking garage.

Allocation of Uses:

The two R&D buildings are designed to accommodate life science tenants with anticipated ratios ranging from 30-45% office and 55-70% lab areas. Tarlton Properties has supported a variety of tenants over the last 36 years. In the last 15 years the tenants have predominantly been R&D type facilities. These have included companies that design medical devices and services, develop clean technology products, and engineer environmentally sustainable foods. All tenants require lab-related, clean manufacturing environments. The open office areas adjacent to the labs provide technical working areas for scientists, lab technicians and researchers. The open office areas also provide working space for sales, marketing and office support staff. Since these companies are in the development stages of their products, their R&D staff is proportionately larger than their support staff.

Phase 1 of this project is anticipated to be initiated immediately after entitlement. During Phase 1 it is anticipated that the Wine Bank (or tenant) in the western side of 1320 Willow will remain operational. Phase 2 will follow in or before 2035.

Project Phasing:

Phase I

- Removal of 985 and 1001 O'Brien Drive buildings as well as east half of 1320 Willow building.
- New 5 story building on O'Brien Drive
- New 5 story parking garage (4 active floors, 1 floor inactive for Phase 1)

Phase II

- Removal of west half of 1320 Willow building.
- New 4 story building on Willow Road
- Addition of 1.5 stories to parking garage

Parking and EV to Support Uses:

Required:

- R&D: 343 – 573 spaces (1.5 -2.5 / 1000 SF)

Provided:

- R&D: 527 (2.4 / 1000 SF)

From parking provided:

- 23 are surface parking spaces and 504 are garage parking spaces.
- Accessible spaces are located near the building front door and on the ground floor of the garage.
- Additional stalls will be designated for EV charging stations including EV accessible parking stalls

The applicant owns and operates numerous life science facilities in Menlo Park and is continually monitoring parking needs for life science users in Menlo Park. The proposed parking is based on the applicant's assessment of needs at the time the project will be operational, and considers a TDM program that includes carpool, vanpool, and participation in carshare, bike share, and a district wide shuttle program that is timed for common commute lines on BART and CalTrain. The project TDM is designed to reduce project trips by at least 20%.

Garage Phase 1 will be built as a 5-level structure in order to provide staging space for Phase 2 and eliminate the need of reshoring of Level 3 and Level 4. During Phase 1, parking will be only available from Level 1 to Level 4. Vehicular access to Level 5 will be blocked by bollards that could be removed for fire department access only. During Phase 2 construction, Level 6 and Level 7 will be completed. Staging will be on the existing Level 5.

Flood Elevation: This site has a B.F.E. of 12.5 and 12.8 per the FEMA map indicated on the topo. The Public Works Department has advised to use 12.8 for the overall site. The building slab will be elevated 24" above BFE.

Landscaping and Project Site Amenities: Proposed site amenities and plants complement fourteen other Tarlton buildings along O'Brien Drive.

Community Amenities: Community amenities will be met through payment of the in-lieu fee, consistent with Section 16.44.070 (4)(B).

Base Height Modulation Standard – Modification

The applicant is requesting to modify the 45ft height modulation required by LS zoning to support a typical R&D office/laboratory building. The 45ft height modulation is designed to work with typical office heights.

Labs typically require 17ft floors to accommodate the increased ventilation and process pipping to support these technology heavy spaces.

We propose a building height modulation at 34ft to incorporate two 17ft stories.

This design was presented to the Planning Commission on 02/24/2022. Staff expressed favorable comments regarding this modulation.

Hazardous Materials – Generator

The project will include a new generator for each building to be provided at the corresponding project Phase. At Phase 1 for 1005 O'Brien Bldg and at Phase 2 for the 1320 Willow Bldg.

The Generators to be in stand-by only – 24 hrs and used for life-safety and continuous operation in the event of a power outage.

Generators to be in an enclosure which finishes match the adjacent building and hidden from street view with landscaping such as hedges and trees.

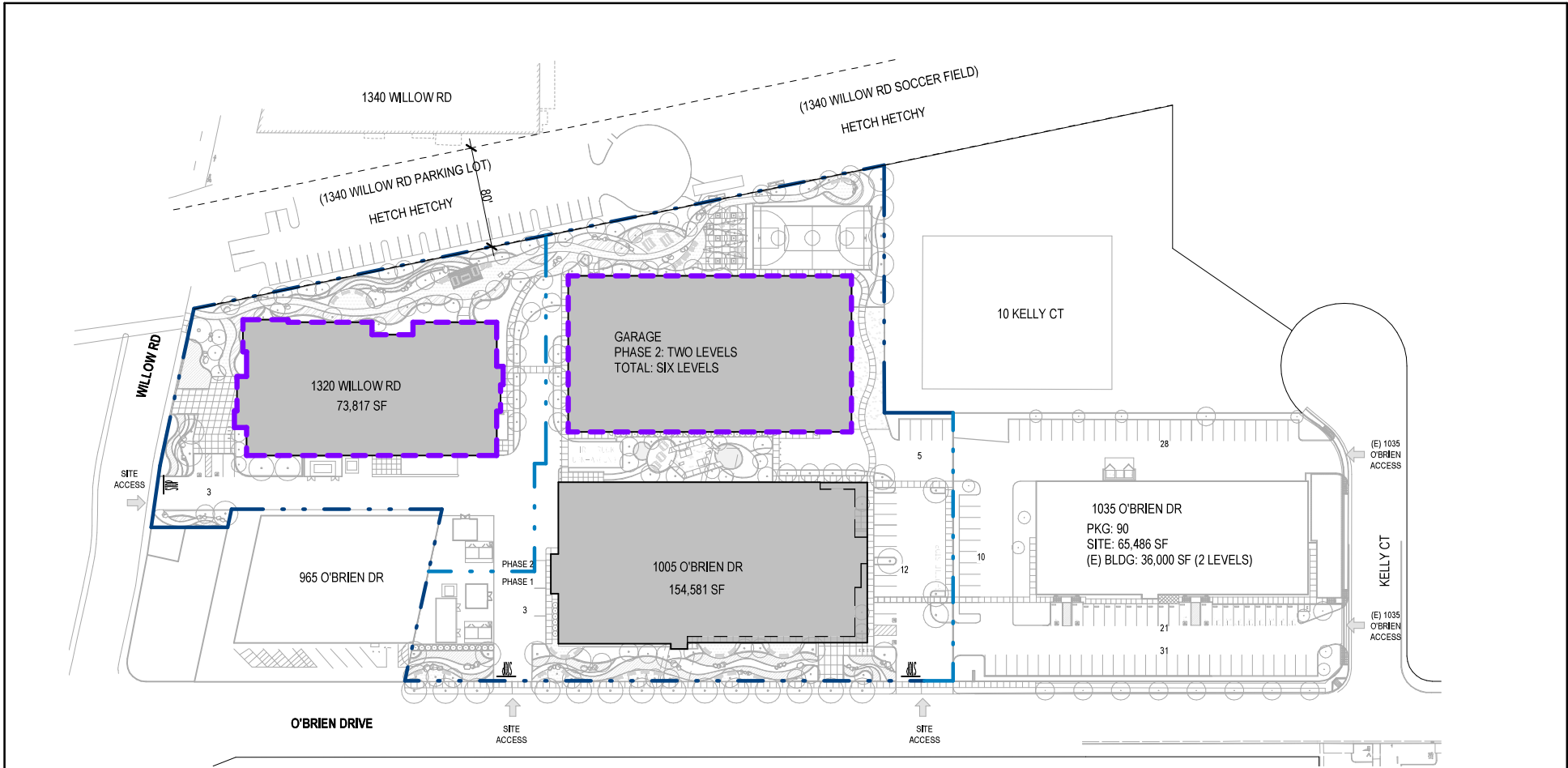
Monthly testing, monitoring and alarms are to be included. The diesel fuel tank has a Power Armor Plust textured epoxy-based rubberized coating. Both the inner and the outer tanks have UL-listed emergency relief vents. The containment tank's construction protects against fuel leaks or ruptures.

The inner (primary) tank is sealed inside the outer (secondary) tank. The outer tank contains the fuel if the inner tank leaks or ruptures.

Any hazardous waste removed from the site to be manifested and transported to a licensed hazardous waste disposal site or a licensed treatment, storage, and disposal facility (TSDF) by a licensed hazardous waste transporter, subject to all applicable government regulations.

Employee training is required for all employees and/or contractors handling hazardous materials and/or hazardous wastes during normal and/or emergency operations.

Site Specific Training Plan Provided.



1 PHASE 2
1" = 80'-0"

PHASE 2 SITE: 59,878 SF

- · · — EXISTING PROPERTY LINES
- · · — LOT LINE ADJUSTMENT DURING PHASE 1
- - - - - PHASE 2 BUILDINGS



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985 & 1001 O'BRIEN DR
1320 WILLOW RD
MENLO PARK, CA 94025

10-28-2021 C.U.P. RESPONSE 1
06-22-2022 C.U.P. RESPONSE 2
10-28-2022 C.U.P. RESPONSE 3
02-17-2023 C.U.P. RESPONSE 4
07-12-2023 C.U.P. RESPONSE 5
09-29-2023 C.U.P. RESPONSE 6

PHASING PLAN - PHASE 2

