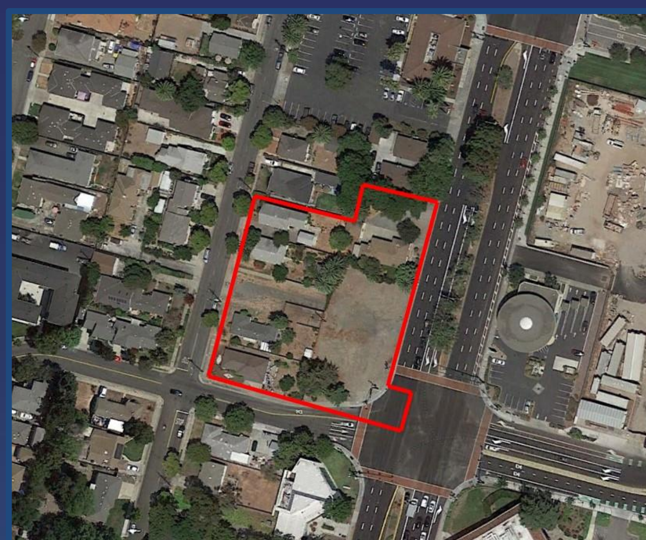
Appraisal Report

A Portion of Block 15, Downtown Sunnyvale
South Mathilda Avenue north of West Iowa Avenue
Sunnyvale, Santa Clara County, California 94086

Report Date: August 20, 2020



FOR:

Ms. Sherine Nafie
City of Sunnyvale Department of Public Works
456 West Olive Avenue
Sunnyvale, CA 94086

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August 20, 2020

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Ms. Sherine Nafie
City of Sunnyvale Department of Public Works
456 West Olive Avenue
Sunnyvale, CA 94086

RE: Appraisal Report
A Portion of Block 15, Downtown Sunnyvale
South Mathilda Avenue north of West Iowa Avenue
Sunnyvale, Santa Clara County, California 94086

Dear Ms. Nafie:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal does not constitute an appraisal report and the rationale behind the value opinion(s) reported cannot be adequately understood without the accompanying appraisal report.

The subject property, as referenced above, is located along South Mathilda Avenue with frontage on West Iowa Avenue and Charles Street and is further identified as tax parcel numbers (APNs) 165-13-045, 165-13-046, 165-13-068, 165-13-069, 165-13-073, and 165-13-074. The subject site is a 62,533-square-foot or 1.44-acre property. The net land size (according to planning application submittal documents) is 53,270 square feet, or 1.23 acres. The property is improved with several structures that add interim value to the subject property. The site is proposed for redevelopment with four multifamily buildings containing a total of 90 units (62.7 dwelling units per acre). The proposed project is an affordable project and received planning approval by the City of Sunnyvale in April of 2020.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.

The client in this assignment is the City of Sunnyvale Department of Public Works and the intended user of this report is Sherine Nafie of the City of Sunnyvale, Department of Public Works and no others. The sole intended use is for internal transfer to the Housing Mitigation Fund. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- The six parcels are appraised as if assembled. However, the six parcels were not assembled, albeit were under one ownership, as of the date of value. This valuation scenario, therefore, represents a hypothetical condition, assumed for purposes of analysis, as requested by the client.
- The subject site represents a municipality's surplus land, and the City requires affordable development on the site. More specifically, the City Council designated the property to be for affordable housing, which represents a burden to a future buyer/ developer of the subject property. The client has requested that we appraise the subject at its highest and best use, for market rate or other, less restrictive, affordable type of development, without a deed restriction in place limiting the subject solely to affordable type of development. With the current restriction in place, the value of the subject land would be less.

Based on the analysis contained in the following report, our value conclusions are summarized as follows:

Value Conclusion

Component	Hypothetical
Value Type	Market Value of the Land
Property Rights Appraised	Fee Simple
Effective Date of Value	August 13, 2020
Value Conclusion	**$15,300,000**
	$243.92 psf
	$170,000 per unit

Respectfully submitted,
Valbridge Property Advisors | Northern California

Maria Aji, Ph.D.
Senior Appraiser
California Certified License #AG027130

Yvonne J. Broszus, MAI
Managing Director
California Certified License #AG019587

Table of Contents

Summary of Salient Facts

Summary of Salient Facts	
Property Identification	
Property Name	A Portion of Block 15, Downtown Sunnyvale
Property Address	South Mathilda Avenue north of West Iowa Avenue Sunnyvale, Santa Clara County, California 94086
Latitude & Longitude	37.373895, -122.035934
Census Tract	5086.01
Tax Parcel Numbers	165-13-045, 165-13-046, 165-13-068, 165-13-069, 165-13-073, and 165-13-074
Property Owners	City of Sunnyvale, a charter city as to Tract 1, City of Sunnyvale, a municipal corporation as to Tracts 2 and 3
Site	
Zoning	Downtown Specific Plan (DSP)
FEMA Flood Map No.	06085C0206H
Flood Zone	Zone X (unshaded)
Gross Land Area	62,533 square feet
Net Land Area	53,270 square feet
Proposed Improvements	
Property Use	Multi-family Residential
Number of Proposed Units	90
Density	62.50 du/ac
Valuation Opinions	
Highest & Best Use - As Vacant	The proposed affordable project
Highest & Best Use - As Improved	Demolition of the improvements for redevelopment as proposed
Reasonable Exposure Time	Six Months
Reasonable Marketing Time	Six Months

Value Indications

Approach to Value	Hypothetical
Sales Comparison	$15,300,000
Cost	Not Developed
Income Capitalization	Not Developed

Value Conclusion

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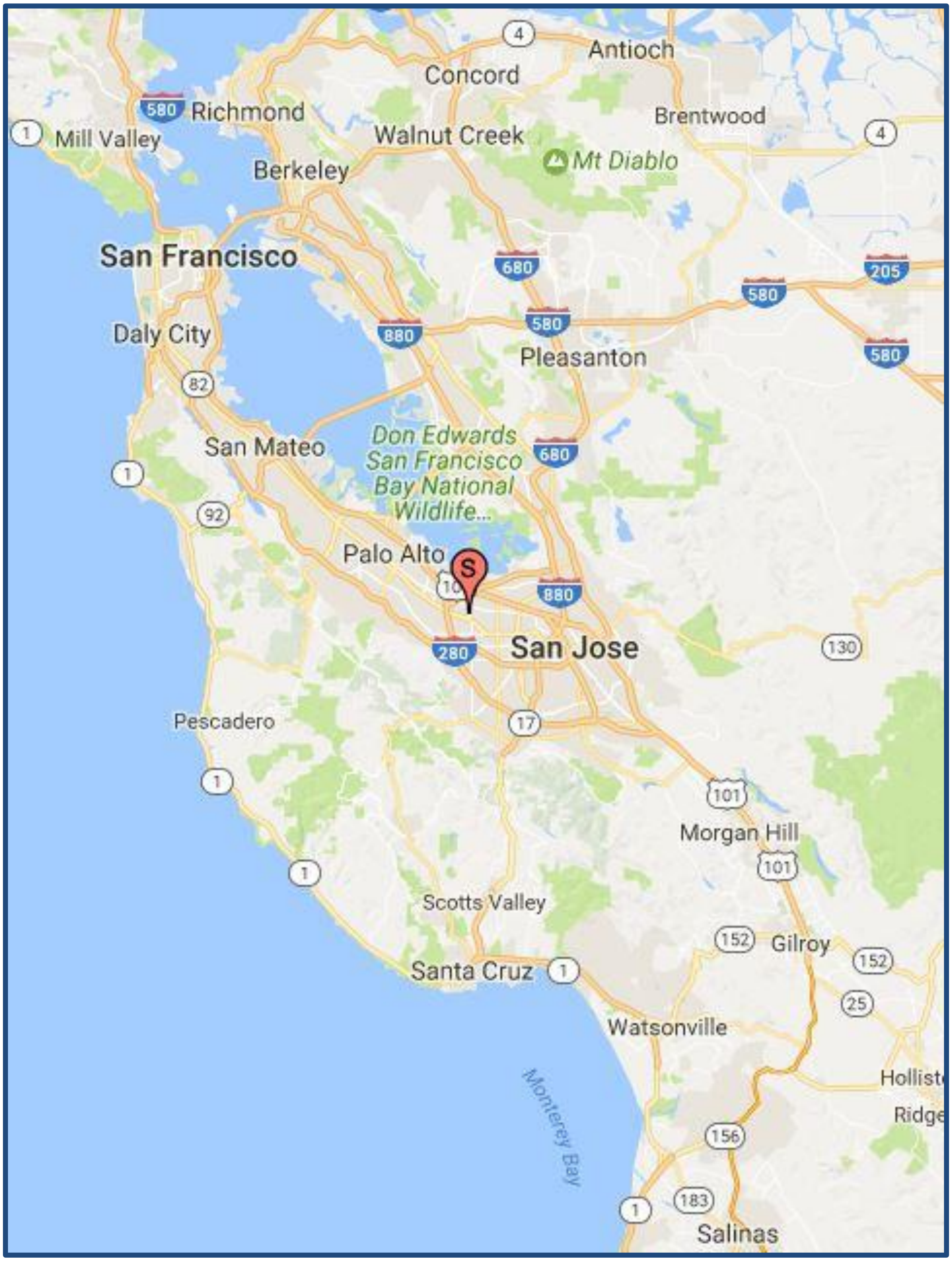
Property Rights Appraised	Fee Simple
Effective Date of Value	August 13, 2020
Value Conclusion	**$15,300,000**
	$243.92 psf
	$170,000 per unit

Aerial and Front Views

AERIAL VIEW

FRONT VIEW

Location Map



Introduction

Client and Intended Users of the Appraisal

The client in this assignment is City of Sunnyvale Department of Public Works and the sole intended user of this report is Sherine Nafie of the City of Sunnyvale, Department of Public Works. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

i. The borrower(s) on any loans or financing relating to or secured by the subject property,

ii. Any guarantor(s) of such loans or financing; or

iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The sole intended use of this report is for internal transfer to the Housing Mitigation Fund.

Real Estate Identification

The subject is located at South Mathilda Avenue north of West Iowa Avenue, Sunnyvale, Santa Clara County, California 94086. It is further identified by the tax parcel numbers (APNs) 165-13-045, 165-13-046, 165-13-068, 165-13-069, 165-13-073, and 165-13-074.

Legal Description

Please see the addendum for a copy of the legal description.

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was improved with several single family residences, used by various tenants/ occupants.

Use of Real Estate as Reflected in this Appraisal

The opinion of value for the subject as is reflects use as a multi-family land with entitlements for a proposed 90-unit affordable development.

Ownership of the Property

According to the Preliminary Title Report, title to the subject property is vested in City of Sunnyvale, a charter city as to Tract 1, City of Sunnyvale, a municipal corporation as to Tracts 2 and 3.

History of the Property

Ownership of the subject has not changed within the past three years.

Analysis of Listings/Offers/Contracts

The subject is not currently listed for sale or under contract for sale. We are unaware of any offers to purchase the subject property. We note, however, that Related California will lease the subject site, with the intention to develop the approved affordable housing project. It is our understanding that the rental rate for the land has not yet been established.

Type and Definition of Value

The purpose of this appraisal is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "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."[1] 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, each 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 sale concessions granted by anyone associated with the sale."*

The value conclusions apply to the value of the subject under the market conditions presumed on the effective date of value. Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of our assignment we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Effective Date of Value
Market Value of the Land (Hypothetical)	August 13, 2020

We completed an appraisal inspection of the subject site on August 13, 2020.

Date of Report

The date of this report is August 20, 2020.

List of Items Requested but Not Provided

- None

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

[1] *The Dictionary of Real Estate Appraisal*, Sixth Edition, (Appraisal Institute, 2015), 141

Extraordinary Assumptions

- None

Hypothetical Conditions

- The six parcels are appraised as if assembled. However, the six parcels were not assembled, albeit were under one ownership, as of the date of value. This valuation scenario, therefore, represents a hypothetical condition, assumed for purposes of analysis, as requested by the client.

- The subject site represents a municipality's surplus land, and the City requires affordable development on the site. More specifically, the City Council designated the property to be for affordable housing, which represents a burden to a future buyer/ developer of the subject property. The client has requested that we appraise the subject at its highest and best use, for market rate or other, less restrictive, affordable type of development, without a deed restriction in place limiting the subject solely to affordable type of development. With the current restriction in place, the value of the subject land would be less.

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via addresses, Assessor Parcel Number (APN)s, and Preliminary Title Report provided by our client and public records.
- Economic Characteristics - Economic characteristics of the subject were identified via information provided by our client, market data, and discussion with active market participants, as well as a comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The subject was physically identified via an appraisal inspection consisting of exterior observations only completed by Maria Aji, PhD.

Extent to Which the Property Was Inspected

We inspected the subject on August 13, 2020.

Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. We also interviewed people familiar with the subject market/property type.

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. One or more of these approaches are used in all estimations of value.

- Sales Comparison Approach - In the Sales Comparison Approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Direct Capitalization: Land Residual Method - The Land Residual Methodology involves estimating the residual net income to the land by deducting from total potential income the portion attributable to the improvements, assuming development of the site at its highest and

best use. The residual income is capitalized at an appropriate rate, resulting in an indication of land value.

- Direct Capitalization: Ground Rent Capitalization – A market derived capitalization rate is applied to the net income resulting from a ground lease. This can represent the leased fee or fee simple interest, depending on whether the income potential is reflective of a lease in place or market rental rates.

- Yield Capitalization: Subdivision Development Method – Also known as Discounted Cash Flow Analysis (DCF), the methodology is most appropriate for land having multiple lot development in the near term as the highest and best use. The current site value is represented by discounting the anticipated cash flow to a present value, taking into consideration all necessary costs of development, maintenance, administration, and sales throughout the absorption period.

All of these approaches to value were considered. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment, we relied upon the Sales Comparison Approach. The Cost Approach was not used because it is not a method employed by appraisers to value redevelopment land. The Income Capitalization Approach was not used because it is not a relevant valuation method for properties considered for redevelopment either. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

Appraisal Conformity and Report Type

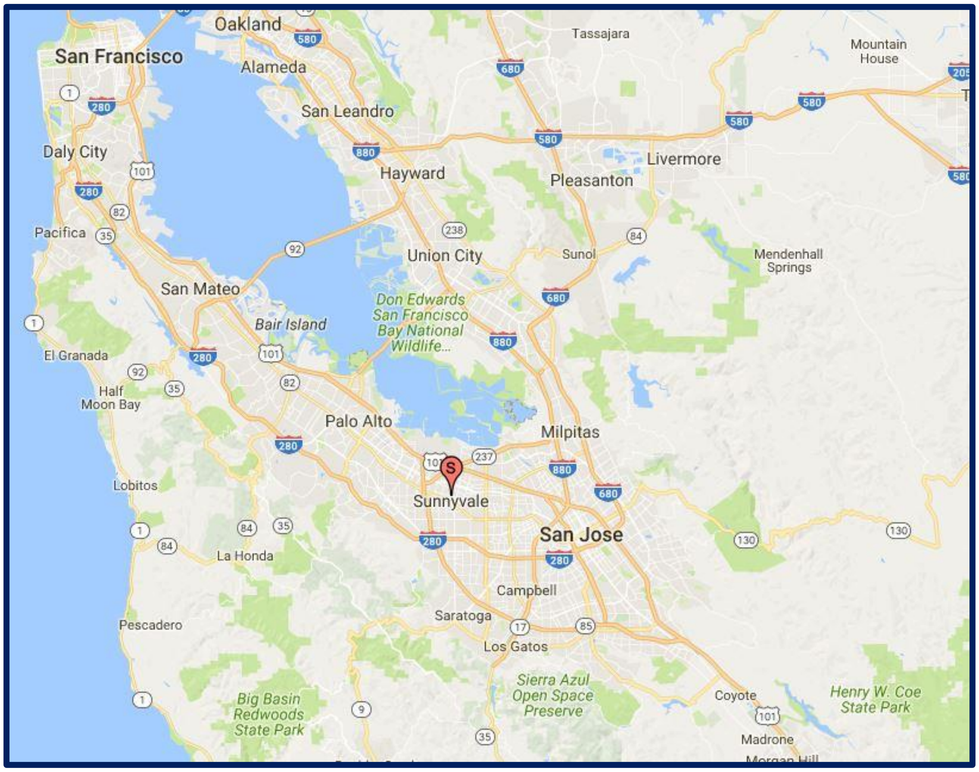
We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject property is located in the San Francisco Bay Region, an area which is comprised of the nine counties bordering the San Francisco Bay. According to the State of California Department of Finance, the area had a combined population of approximately 7.79 million as of January 1, 2020. The Department of Finance characterizes the San Francisco Bay Area by a moderate climate, diversified economy and one of the highest standards of living in the United States.

Population

Santa Clara County is the most populous of the nine counties comprising the San Francisco Bay Region, with an estimated 1,961,969 residents as of January 1, 2020 according to the State of California Department of Finance. This was an increase of 0.37% from the previous year. San Jose is the largest city in the county and the third largest in California, surpassing San Francisco.

According to the Site to Do Business projections, presented below, the county's population is expected to increase annually 0.9% between 2020 and 2025, while Sunnyvale will increase approximately 0.9% annually over the same period.

Population

Area	2010	Estimated 2020	Annual % Change 2010 - 20	Projected 2025	Annual % Change 2020 - 25
United States	308,745,538	333,793,107	0.8%	346,021,282	0.7%
California	37,253,956	39,648,525	0.6%	40,742,448	0.6%
Santa Clara County	1,781,642	1,920,646	0.8%	1,984,503	0.7%
Sunnyvale	140,035	153,894	1.0%	160,962	0.9%

Source: Site-to-Do-Business (STDB Online)

Transportation

Excellent transportation routes and linkages to all major cities within the region and throughout the state are primary reasons for the advancement of business activity in the Bay Area, including Santa Clara County.

Air service in the area is provided by Norman Y. Mineta San Jose International Airport, which accommodated over 14.3 million passengers in 2018. San Francisco and Oakland airports are also within an hour's drive from most portions of the county. In 2010, San Jose International Airport completed the first phase of a two-phase expansion with the goal of increasing service to 17.3 million travelers a year, at a cost of $1.3 billion. Planning for the second phase, nine additional gates and a new concourse extension at the south end of Terminal B, began early in 2018.

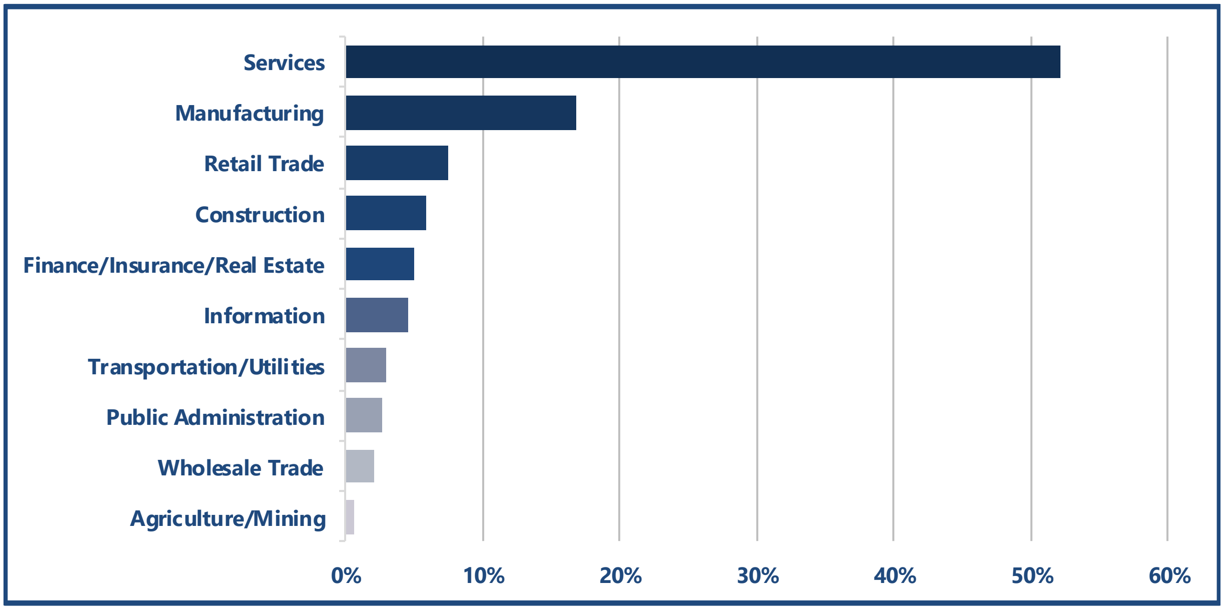
The area has a well-developed freeway system although traffic congestion is unquestionably one of the negative aspects. The county's transportation network also includes multiple expressways, which provide streamlined access to most interior locations. Lawrence Expressway, San Tomas Expressway and Foothill Expressway run north-south, while Central Expressway and Montague Expressway run roughly east-west.

Employment

High-technology employment and a skilled workforce translate into relatively high-income levels, and Santa Clara County is one of the most affluent metropolitan regions in the nation. Silicon Valley's economy is stable, although its narrow range of driving industries has kept recent growth very slow.

Significant employment sectors within Santa Clara County include manufacturing; professional, scientific, and technical services; health care; retail; and educational services. Some of the largest employers are associated with the computer industry such as Adobe, Apple, AMD, and Hewlett-Packard; hospitals such as the VA Medical Center, Kaiser Permanente, and the San Jose Medical Center;

space and aerotech including NASA and Lockheed Martin; and educational facilities such as San Jose State University and Stanford University School of Medicine.



Source: Site-to-Do-Business (STDB Online)

Unemployment

The unemployment rate in Santa Clara County is currently less than the rates of the state and nation. The County unemployment rate was 10.7% as of June 2020 (most recent available). The State of California was at 14.9% while the Nation was at 11.1% for the same time period.

Unemployment rates locally and nationwide had been on a decreasing trend over the last several years and more recently have increased as a result of the coronavirus pandemic and the efforts in place to contain it; these trends are shown in the following table. California experienced one of the largest employment declines in the country, with a loss of 2.3 million jobs. [2]

Unemployment Rates

Area	2015	2016	2017	2018	2019	Jun-20
United States	6.7%	4.7%	4.1%	3.9%	3.5%	11.1%
California	5.7%	5.3%	4.4%	4.3%	3.9%	14.9%
Santa Clara County	3.7%	3.4%	2.7%	2.5%	2.2%	10.7%
Sunnyvale	3.3%	2.8%	2.3%	2.0%	1.7%	7.6%

Source: Bureau of Labor Statistics - Year End - National & State Seasonally Adjusted

National Economic Overview

In an unusual move, UCLA Anderson revised its economic forecast on March 12 again on April 10, and again on April 29 marking the first time in its 68-year history that the UCLA Anderson Forecast has published an updated forecast between its regularly scheduled quarterly releases. In these revised UCLA Anderson Forecasts, economists say the U.S. economy has entered a recession, ending the

[2] "Jobless Rate Rose in All 50 States in April, Labor Department Says," *Wall Street Journal*, May 22, 2020.

expansion that began in July 2009. The forecast for the rapidly changing economy is for the recession to last through the end of September 2020.

The latest revised forecast says that although the economy had experienced a solid start on the year, the effects of the COVID-19 pandemic require downgrading the near-term outlook in response to the rapid decline of the U.S. economy amid the coronavirus pandemic. Real GDP declined at a 4.8% annual rate in the first quarter and is forecast to decline at an annual rate of 30-40% in the second quarter, with the free-fall only being abated as the economy begins to reopen when the public health restrictions are gradually lifted.

As of March UCLA predicted that this contraction would push the official unemployment rate to a peak of around 13% in the fourth quarter – the US reached that rate in May - and total job loss to approximately 17 million. The economy is forecast to rebound by 1% in the fourth quarter (an annual rate of 4%). This is significantly lower than the 2%-plus originally forecast prior to the COVID-19 revisions.

Assuming an end to the pandemic and a return to normal supply chains by this summer, the UCLA economists predict the resumption of normal activity in the fourth quarter of 2020 and a GDP growth rate of 4.0%.

Looking further forward into 2021, with the abatement of governmental pandemic expenditures and the continued contraction of residential and commercial construction, the economy is forecast to grow at 1.5%. The full recovery is forecast for 2022.

Economic Relief Packages

Since March, Congress has passed several economic-relief packages which are expected to inject up to $5 trillion into the national economy. The "Coronavirus Aid, Relief, and Economic Security"(CARES) Act, a $2.2 trillion stimulus package, was signed into law on March 27, 2020.

Key components of the CARES Act include: (1) a one-time payment of $1,200 per individual, and an additional $500 per child, with certain income requirements; (2) an extended unemployment insurance program which expands eligibility and offers applicants an additional $600 per week for four months, in addition to local State programs; (3) a "Payroll Protection Program" (PPP) available to qualifying small businesses to provide funds for up to eight weeks of payroll costs, interests on mortgages, rent, and utilities, with the caveat that borrows must use 75% of the loan for payroll expenses.

On May 15, 2020, the House of Representatives passed the "Health and Economic Recovery Omnibus Emergency Solutions" (HEROES) Act. The legislation as proposed consists of the following: (1) a second round of relief payments to individuals; (2) an extension of the weekly $600 booster to all eligible unemployed workers until the end of January 2021; (3) an allocation of $875 million for state and local governments, earmarked for hazard pay for certain essential workers, child and family care assistance for essential workers, funding for COVID-19 testing, and rental assistance – among others. As of the end of June 2020, the legislation has yet to be voted in the Senate.

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Federal Funds Rate

To maximize employment and stabilize inflation, the Federal Reserve Bank raised the federal funds rate nine times from 2015, when interest rates were almost zero, to 2018. The table to the right summarizes the previous rate changes occurring over the past several years. The Fed had consistently been increasing the rate by 25 basis points. Then in August 2019, the Fed lowered its rate for the first time in a decade. Two more decreases came in September and October.

Federal Funds Rate

Date	Target Range (%)	Basis Point Change
Dec-2015	0.25% - 0.50%	+25
Dec-2016	0.50% - 0.75%	+25
Mar-2017	0.75% - 1.00%	+25
Jun-2017	1.00% - 1.25%	+25
Dec-2017	1.25% -1.50%	+25
Mar-2018	1.50% - 1.75%	+25
Jun-2018	1.75% - 2.00%	+25
Sep-2018	2.00% - 2.25%	+25
Dec-2018	2.25% - 2.50%	+25
Aug-2019	2.00% - 2.25%	-25
Sep-2019	1.75% - 2.00%	-25
Oct-2019	1.50% - 1.75%	-25
Mar-2020	1.00% - 1.25%	-25
Mar-2020	0.00% - 0.25%	-100
Apr-2020	0.00% - 0.25%	0

Most recently, in March 2020, the Fed lowered the target range for the federal funds rate by 50 basis points, and then, in what is being called a bold, emergency action to support the economy during the coronavirus pandemic, the Federal Reserve Bank cut rates again by 100 basis points on March 15.

At their April 29 policy meeting, the Federal Reserve made the decision to hold the funds rate at near zero until inflation reaches their targeted rate at 2% and for the national unemployment rate to return to the lower levels of recent years. In June, they announced that they see interest rates staying near zero through 2022, with the GDP tumbling 6.5% in 2020 but making a 5% gain in 2021.

The US stock market turned into a bear market since the March 3 rate cut, the first in 11 years, and there are concerns about a worldwide recession. "I don't think they would have done this unless they felt the financial markets were at significant risk of freezing up tomorrow," said Mark Zandi, chief economist at Moody's Analytics. "They're very concerned the financial markets won't work." On Monday, March 16th, the markets tumbled, with the Dow dropping almost 13%, closing at its lowest level since May 2017, and the S&P dropping 12%, its worst day since 1987. The stock markets continue to be down significantly from their all-time highs.

The California Forecast

As California has a larger proportion of economic activity in tourism and trans-Pacific transportation, the economic downturn for California is forecast by the UCLA economists to be somewhat more severe than the rest of the nation. They predict the California unemployment rate will rise to more than 16% with 2.2 million jobs lost. A sharp contraction in income and taxable sales will cause increased stress for state and local government at a time when the demands on them are increasing. As with the U.S., employment in California will not return to its previous peak levels until late 2022.

The UCLA Anderson Forecast includes an important caveat: If the pandemic is much worse than assumed, this forecast will be too optimistic. If the pandemic abates quickly because of the extraordinary measures being put into place to address it, an outcome that the medical community thinks unlikely but possible, then the forecast will be too pessimistic and economic growth in the third and fourth quarters of the year will be higher.

Median Household Income

In Santa Clara County, San Jose, the county seat, ranks first out of the entire nation in terms of median household income for major metropolitan areas. San Francisco, about 50 miles to the north of San Jose, also ranked as one of the wealthiest cities in the nation: it holds the number two spot with a median household income of about 9% less than San Jose.

Total median household income for the region is presented in the following table. Overall, the subject compares favorably to the state and the country.

Median Household Income

Area	Estimated 2020	Projected 2025	Annual % Change 2020 - 25
United States	$62,203	$67,325	1.6%
California	$77,500	$84,782	1.9%
Santa Clara County	$128,034	$143,752	2.5%
Sunnyvale	$144,026	$156,548	1.7%

Source: Site-to-Do-Business (STDB Online)

Conclusions

Historically, the Santa Clara County region has been considered a desirable place to both live and work. Physical features and a strong local economy attract both businesses and residents. It is a worldwide leader in technology and a regional employment center, with an increasingly diversified economy. While traffic congestion will continue to be a problem, residents remain among the most affluent in the country.

In the near term, the outlook for 2020 is clouded by the unknowns associated with the new coronavirus. There are increasing impacts on many businesses as people curb their activity, and certain industries are already being severely affected. The outlook is for a market softening, but as is the case for other disasters, any extended marketing times or negative impacts on values will subsequently tend to wane and return to some degree of normalcy. The timeline remains unknown.

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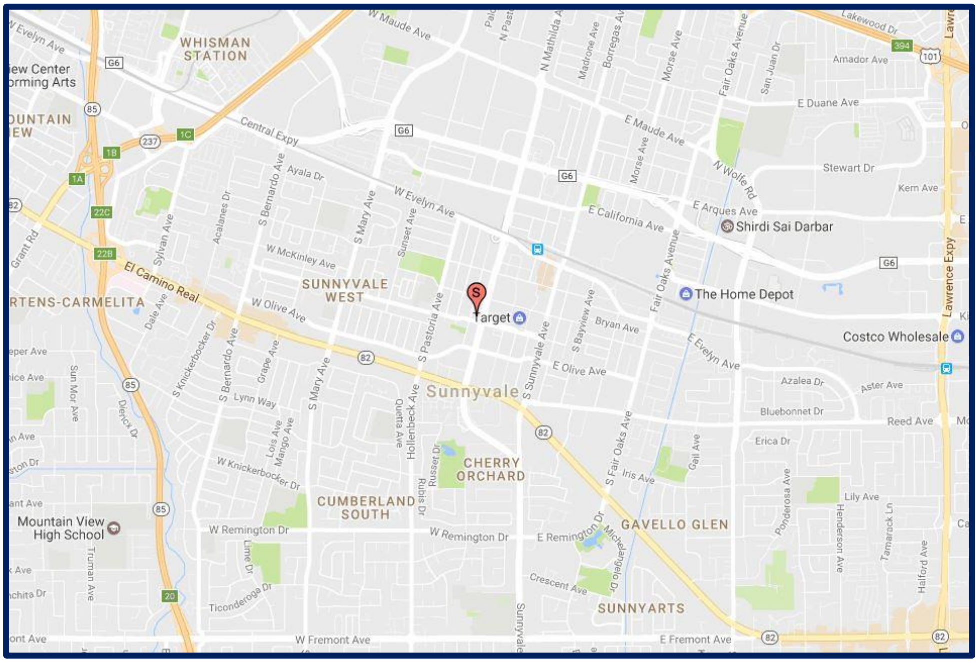
City and Neighborhood Analysis

NEIGHBORHOOD MAP



The subject is located in the City of Sunnyvale. Sunnyvale is a progressive community, known for low crime rates, the quality of municipal services and proximity to a large number of high-technology employers. Sunnyvale is located in the "heart" of Silicon Valley and is home to many of the valley's leading high-technology companies. The community lies 45 miles south of San Francisco and seven miles north of San Jose. Sunnyvale is bounded by San Francisco Bay to the north, Mountain View and Los Altos to the west, Santa Clara to the east and Cupertino to the south.

The city encompasses 24 square miles. There are numerous parks, shopping malls and an attractive community center. Sunnyvale has a reputation as a particularly desirable place to live and work. The city has one of the lowest crime rates in the nation and has long been acknowledged as one of the best-managed cities in the country. In fact, Sunnyvale has been recognized by the White House as a model for effective government.

The community enjoys convenient access from nearby freeways. Highways 101 and 280 provide ready access to the San Francisco Peninsula and other Silicon Valley communities. Highway 85 links Highways 101 and 280, continuing through the West Valley. Highway 237, which was recently upgraded to a full freeway, provides a direct route to the East Bay. Finally, San Jose International Airport is within a few minutes' drive, and San Francisco International Airport is less than an hour to the northwest.

The Valley Transportation Authority completed construction on the westerly extension of the Tasman Light Rail Transit (LRT) line in 1999. This portion of the LRT extends westward from the station at Tasman Drive and Great America Parkway in Santa Clara. It travels east-west along Tasman Drive, and then it travels in a northwesterly direction through Sunnyvale's Moffett Park area and along the southern perimeter of Moffett Federal Airfield, before reaching its downtown Mountain View terminus. The addition of the LRT to Sunnyvale was extremely positive, spurring significant redevelopment with higher density projects, particularly on former Lockheed-Martin land east of Moffett Field where Yahoo and Juniper Networks have their headquarters.

High-technology firms include industry leaders in fields ranging from advanced satellite construction to bio-technology. However, the most important sector of the local economy is related to semiconductor research, design and manufacturing. The city's workforce consists of a significant number of employees commuting from outlying areas. A high ratio of jobs-to-households and low unemployment translates to exceptionally strong demand for housing. According to the Association of Bay Area Governments (ABAG)'s 2009 forecast, the City of Sunnyvale is expected to add 12,810 households between 2010 and 2035. The workforce is relatively young, well-educated and relatively affluent. Approximately half the workforce holds college degrees.

Sunnyvale has earned a strong reputation as a positive place to do business. As a result, the city is expected to add a large number of jobs: 32,010, between 2010 and 2035 according to the same ABAG 2009 forecast cited above.

Recreational opportunities within Sunnyvale include Baylands County Park and Sunnyvale Municipal Golf Course. Shoreline Park offers a network of trails, an 18-hole championship golf course and saltwater lake for sailing and windsurfing. Shoreline Amphitheater is the region's premiere outdoor entertainment center with 20,000 seats and draws hundreds of thousands annually to concerts and special performances.

The largest and most recent development in the city is the Sunnyvale Town Center. This redevelopment area is located within the downtown core and encompasses an area between Mathilda Avenue to the west, Washington Avenue to the north, Iowa Avenue to the south and Sunnyvale Avenue to the east. This rectangular section of the downtown is being transformed with new and redeveloped retail, office, and residential uses. The project is anchored by Macy's (177,000 s.f.) and Target (180,656 s.f.) with an additional 576,525 square feet of retail shop space and 275,000 square feet of office space. There are plans for a 2,624-seat Cinema and 292 residential units. Construction is ongoing at this time, and completion is several years away. Some legal hurdles still remain, which could delay the project even further. However, once built, the project should significantly boost the vitality of the Downtown Core.

The newest addition to Sunnyvale is Pathline Park, a 42-acre office campus containing 1.3 million square feet. With 11 buildings total, this new development is bounded by Maude, Benicia, Almanor, Palomar, North Mary, Del Ray, North Pastoria Avenues and Maude Court. The Sunnyvale Golf Course borders the project to the north. Pathline Park is the first development following the newly adopted Peery Park Specific Plan, which outlines new standards for modernized office and R&D space, complete with innovative architecture, higher FARs, and greater transit orientation and walkability. This project is to be completed in phases, with final completion projected for October 2020. High-profile tech giants have already begun pre-leased space in the office development, including Synopsys and Proofpoint.

Neighborhood Location and Boundaries
The subject neighborhood is located in the Downtown section of Sunnyvale. The area is urban in nature. The neighborhood is bounded by Central Expressway to the north, Wolfe Road to the east, El Camino Real to the south, and Highway 85 to the west.

Transportation Access
Within the immediate area of the subject property, transportation access helps define the character of its development. Major travel and commuter routes within the area of the subject property include Central Expressway and Mathilda Avenue. Several regional routes provide access to and from the area, including Highways 85 and 101, Route 237, El Camino Real, and Lawrence Expressway. Access to the area is considered good.

Land Use Trends
The neighborhood is experiencing change in land use. The area is dominated by residential land uses, with some supporting commercial/retail properties especially to the east and northeast. There are several new developments or redevelopments happening in the area; most of these projects have a high-density residential component.

To the north of the subject site are a mix of single-family and multifamily residential properties. Most of the housing product in this area is older and in fair to average condition. On the northern portion of Block 15, two parcels to the north of the subject parcels, is the site of new construction of a mixed-use project to contain 5,000 square feet of restaurant space (Denny's) on the ground floor, plus 75 apartment units. This five-story tower will utilize the State Density Bonus and Green Building Incentive to achieve a density bonus. To the west of Block 15 are more single-family and multifamily properties, plus two schools, the Sunnyvale School District office, and a community park.

South of Block 15 is a greater mix of property types. There are a small handful of older multifamily residential properties and a larger new multifamily project. There are many public amenities to the immediate south of the subject as well, including the Sunnyvale Public Library, NOVA Job Center, Sunnyvale City Hall, and the Sunnyvale Police Department. Further south along the El Camino Real thoroughfare are a myriad of vehicle-oriented retail properties.

Finally, to the immediate east of the subject directly across Mathilda Avenue are a bank and the Cityline mixed-use development. Phase One of Cityline is nearly complete, Phase Two is under construction, and Phase Three is still in pursuit of entitlements. To date, 198 apartment units (including 24 affordable units) and 85,000 square feet of retail space have been completed. Retail space includes high-draw tenants such as Target, Whole Foods, and AMC Theaters. Phase Two will add 75 more apartment units, plus additional townhomes.

Further east of the subject beyond Cityline at Evelyn and Britton Avenue is an additional under construction project, where the former Blue Bonnet Mobile Home park is being redeveloped into a 62-unit for-sale townhome project. There are several other projects within the vicinity of the subject which are under planning review.

Northeast of Block 15 is Downtown Sunnyvale, a small but vibrant downtown area with shops and restaurants. Downtown Sunnyvale is essentially a two-block pedestrian-oriented area which straddles

Murphy Avenue. There is also a CalTrain station in this area, just across the street from the core downtown zone.

Sunnyvale is also home to numerous world-famous tech giants, however, most office and R&D related land uses are fairly far north of Block 15, near Route 237 between Highway 101 and Central Expressway. Some of these headquarters include LinkedIn, Synopsis, Symantec and 23andMe.

Demographics

The following table depicts the area demographics in Sunnyvale within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics

Radius	1 mile	3 miles	5 miles
Population Summary			
2010 Population	30,826	203,463	417,486
2020 Population Estimate	34,343	226,085	456,524
2025 Population Projection	35,981	237,269	476,703
Annual % Change (2020 - 2025)	0.9%	1.0%	0.9%
Housing Unit Summary			
2010 Housing Units	13,448	83,221	166,419
% Owner Occupied	34.3%	45.3%	49.0%
% Renter Occupied	60.8%	49.9%	46.4%
2020 Housing Units	14,777	91,227	180,440
% Owner Occupied	32.4%	42.8%	46.2%
% Renter Occupied	63.3%	52.1%	48.9%
2025 Housing Units	15,407	95,342	187,771
% Owner Occupied	32.4%	42.3%	45.8%
% Renter Occupied	63.7%	52.7%	49.4%
Annual % Change (2020 - 2025)	0.8%	0.9%	0.8%
Income Summary			
2020 Median Household Income Estimate	$142,991	$150,074	$150,228
2025 Median Household Income Projection	$157,308	$161,361	$161,527
Annual % Change	1.9%	1.5%	1.5%
2020 Per Capita Income Estimate	$72,008	$72,503	$71,596
2025 Per Capita Income Projection	$79,999	$79,448	$78,358
Annual % Change	2.1%	1.8%	1.8%

Source: Site-to-Do-Business (STDB Online)

Within a three-mile radius, the reported population is 226,085 with a projected growth rate of approximately 1.0% annually. There are 91,227 housing units within that three-mile radius. The growth rate is expected to be 0.9% annually. Most of the housing is tenant-occupied, though by a small margin. Our research indicates that property values in the area are stable to increasing.

Within a three-mile radius, the median household income is $150,074. Looking ahead, annual household income growth is projected at 1.5% per year. The average income figures suggest that the inhabitants are within the middle-income brackets.

Nuisances & External Obsolescence

Neighborhood properties have adequate levels of maintenance. No adverse or unfavorable factors were observed.

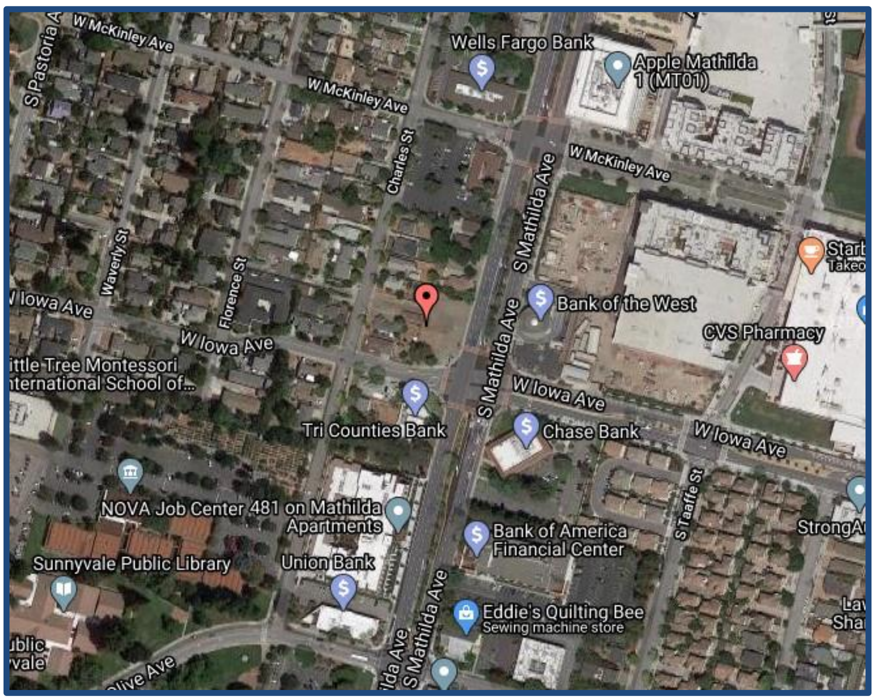
Neighborhood Life Cycle

Most neighborhoods are classified as being in four stages: growth, stability, decline, and renewal. Overall, the subject neighborhood is in the stable stage of its life cycle.

Immediate Area Uses

The below aerial photo exhibits the uses located in the subject's immediate vicinity.

IMMEDIATE AREA USES



Source: Google Maps

Uses along South Mathilda Avenue in the vicinity of the subject are primarily residential in nature along the west frontage and primarily commercial along the east frontage. Recognized uses in the immediate area of the subject include single-family residential, multi-family residential, and retail. As shown above, the density of uses in the area is relatively high with few vacant parcels available.

A drive of the neighborhood revealed that occupancies in the area are relatively high. The area was developed many years ago but has maintained a reasonable level of demand.

Analysis and Conclusions

The neighborhood is characterized by older residential in-fill, with several new developments occurring in the vicinity. The Cityline mixed-use development is the largest new development to occur in Sunnyvale, and it is conveniently across the street from the subject. There is also a new high-density residential tower going in on the northern portion of Block 15, two parcels away from the subject site. The area is in proximity to many employment centers throughout Silicon Valley. The outlook for the subject's neighborhood is good.

Site Description

The subject site is located along South Mathilda Avenue with frontage on West Iowa Avenue and Charles Street. The characteristics of the site are summarized as follows:

Site Characteristics

Gross Land Area:	1.44 Acres or 62,533 SF (based on architectural drawings)
Usable Land Area:	1.22 Acres or 53,270 SF (based on architectural drawings)
Usable Land %:	85.2%
Shape:	Irregular
Topography:	Generally level
Drainage:	Assumed adequate
Grade:	At street grade
Utilities:	All available to the site
Off-Site Improvements:	South Mathilda Avenue is a fully improved arterial roadway with sidewalks, curbs, gutters, streetlights, and landscaping. This roadway carries four lanes of traffic in each direction, north and south. West Iowa Avenue is a fully improved major collector roadway which carries two lanes of traffic in each direction, east and west.
Interior or Corner:	Double Corner
Signalized Intersection:	Yes: - Traffic signal at the site that enhances access
Excess or Surplus Land:	None

Street Frontage / Access

Frontage Road	Primary	Secondary
Street Name:	South Mathilda Avenue	West Iowa Avenue
Street Type:	Arterial	Collector
Frontage (Linear Ft.):	295	230
Traffic Count (Cars/Day):	10,850	N/A

Flood Zone Data

Flood Map Panel/Number:	06085C0206H
Flood Map Date:	05-18-2009
Portion in Flood Hazard Area:	0.00%
Flood Zone:	Zone X (unshaded)
	Areas outside the 1-percent annual chance floodplain, areas of 1-percent annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1-percent annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1-percent annual chance flood

	by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required.

Other Site Conditions

Soil Type:	We have not been provided a geotechnical report for the subject property. Based on our physical inspection, soil conditions appear stable.
Environmental Issues:	We make no representations as to the presence of toxins and hazardous materials on the subject site. We are appraising the site as if clean. If this is of concern to any reader of this report, it is our recommendation that an environmental report be obtained from the appropriate professionals qualified to issue such opinions.
Easements/Encroachments:	We were provided with a Preliminary Title Report from Fidelity National Title Company (document #991-25002844-A-SL0) dated May 23, 2019. We did not identify any easements or encumbrances which would affect the value of the property, either positively or negatively.
Earthquake Zone:	The property is not located in an Alquist-Priolo Special Studies Zone for earthquake hazard. Earthquake hazard is typical for the overall area.

Adjacent Land Uses

North:	Single-family residential and retail
South:	Office and multifamily
East:	Office and retail
West:	Single-family and multifamily residential

Site Ratings

Access:	Good
Visibility:	Good

Zoning Designation

Zoning Jurisdiction:	City of Sunnyvale
Zoning Classification:	DSP, Downtown Specific Plan
General Plan Designation:	Transit Mixed Use
Permitted Uses:	Office, retail, mixed-use and very high-density residential uses
Zoning Comments:	See below

Zoning Comments

The subject is within the jurisdiction of the City of Sunnyvale. The zoning designation is Downtown Specific Plan (DSP) and the General Plan land use designation is Transit Mixed Use.

The purpose of the DSP district is to protect and promote the public health, safety, peace, comfort and general welfare; establish the procedure for adoption of the orderly physical development of the district; conserve property values and maintain the historic architectural and cultural qualities of properties within the district; and protect the character and stability of adjacent residential neighborhoods.

This district is divided into sub-districts, referred to as blocks. The subject makes up a portion of Block 15. Block 15 is designated mostly for residential development at a very high density. A total of 152 units are approved for Block 15 or an approved density of 54 dwelling units per acre. Additional ground level retail is also possible.

Development Standards for West of Mathilda are as follows:

	Blocks 15
Primary uses allowed	High-density residential retail
Minimum development area	0.75 acre
Maximum residential units	Block 15 - 152 units
Approximate maximum density	51, 54, 58 du/acre
Maximum lot coverage	100%
Maximum height	50 ft. (4 stories) on Mathilda and 30 ft. (3 stories) along Charles
Required right-of-way dedications	33 ft. along Mathilda Avenue
Mathilda	0 ft. (after 33 ft. dedication)
Charles Ave.	10 ft.
Side	6 ft.
Rear	10 ft.
Minimum landscaped area	Minimum 20% of lot area
Minimum useable open space	50 sq. ft./unit
Type of parking	Below-grade structures or podium parking if structure is completely hidden from public view. Parking requirements vary by use as specified in the DSP.
Special design features	Neighborhood Gateway at Iowa/Mathilda, McKinley /Mathilda and Washington/Mathilda

Based on these development guidelines, namely the setback requirements and the height restrictions that will impact development of the subject property, it is likely that a maximum of 77 units might eventually be approved on the subject property, based on underlying zoning.

We also note that a density bonus of 35% is awarded for a 100% affordable project, along with a 5% density bonus for a green building. Therefore, the maximum number of units that could potentially be approved on the subject property based on an all affordable, green project is 109 units, or a density of 75.8 du/ac.

The subject is owned by the City of Sunnyvale. As a city property, if the City of Sunnyvale were to surplus it to any buyer, rather than going through the affordable housing process itself (what the city is currently doing with Related California), the Surplus Lands Act requirements would apply at a minimum. The California Surplus Land Act requires that when cities, counties, transit agencies and other local agencies sell or lease their land, they must prioritize it for affordable housing development. As such, development of the subject property as vacant land to be transacted by the City of Sunnyvale, is subject to the Surplus Lands Act and requires that 25% of the units must be affordable to lower income families – at or below 80% AMI. This BMR requirement is double that of properties not owned by public agencies (12.5%) and has been considered in our valuation of the subject.

Analysis/Comments on Site

The subject property is a generally rectangular piece of land with a gross land area of 62,533 square feet, and a net land area of 53,270 square feet, according to public records and architectural drawings. The property has a corner location with frontage along three city streets, South Mathilda Avenue, Charles Street, and West Iowa Ave. The site is level and has good site utility. All urban utilities are in place. We note that the assembled parcel represents individual parcels some of which have improvements, as will be discussed next. When combining all the sites together, the highest value of the subject property is for redevelopment.

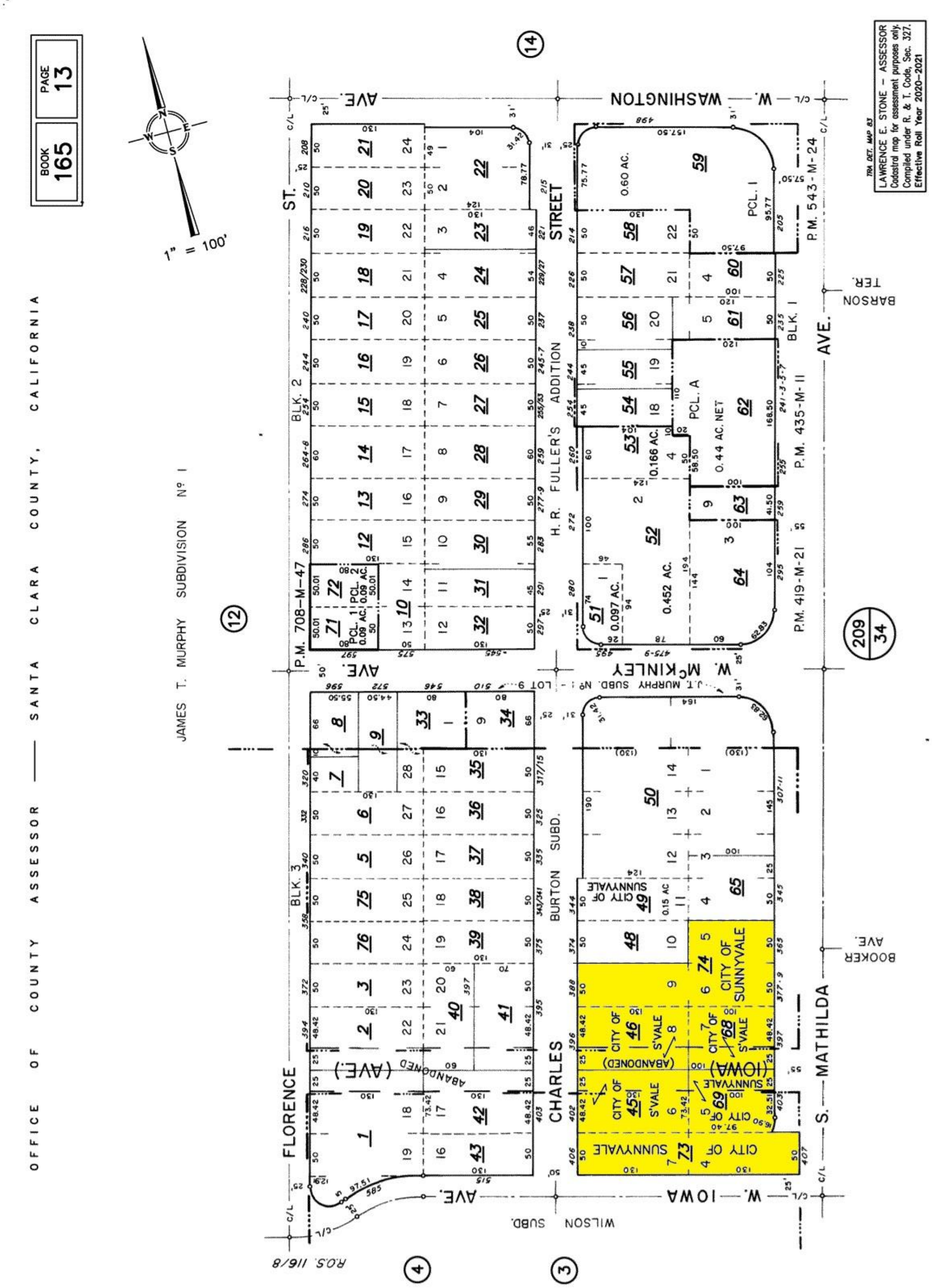
The zoning encourages high-density-residential development or mixed-use retail/residential uses. A maximum of 77 units can be developed on the subject, based on its size and approved density for the subject's block (Block 15). A density bonus of 35% is awarded for a 100% affordable project, therefore 101 units could potentially be approved on the subject property based on affordable project.

We note that a below-market component of 12.5% is required for any for-sale project with nine of more units in Sunnyvale. The requirement is 10% for rental properties. The subject is surplus City land and has a higher BMR requirement of 25%. In other words, 25% of the units would need to be affordable, above those of other comparable projects. The subject is currently fully entitled for a 90-unit affordable project, at a density of 62.5 du/ acre.

Overall, the subject is suitable for a variety of uses, including residential and mixed-use. We note that while the City Council has designated the property to be for affordable housing site, we are appraising the subject without this restriction in place, at its Highest and Best Use, per client’s request (see hypothetical condition of the appraisal).

Next we will briefly discuss the improvements currently onsite and the proposed project.

TAX/PLAT MAP


OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA
BOOK 165
PAGE 13
1" = 100'
JAMES T. MURPHY SUBDIVISION No 1
H. R. FULLER'S ADDITION
BURTON SUBD.
WILSON SUBD.
FLORENCE ST.
CHARLES STREET
W. WASHINGTON AVE.
W. McKINLEY AVE.
W. IOWA AVE.
S. MATHILDA AVE.
BARSON TER.
BOOKER AVE.
BLK. 2
BLK. 3
CITY OF SUNNYVALE
LAWRENCE E. STONE - ASSESSOR
Cadastral map for assessment purposes only.
Compiled under R. & T. Code, Sec. 327.
Effective Roll Year 2020-2021

Improvements Description

Existing Improvements

Inspection of the improvements was beyond the scope of this assignment, as the improvements will soon be demolished for redevelopment. Thus, only a brief description of the improvements is included in the paragraphs that follow.

The subject is improved with five single-family residences. The structures are located on four of the six APNs. More specifically APN 165-13-045 is improved with a two-bedroom and one-bathroom, single-family residence, constructed in 1948 with a living area of 917 square feet. APN 165-13-046 is improved with a three-bedroom and two-bathroom single-family residence, constructed in 1930, with a living area of 1,292 square feet. APN 165-13-073 is improved with a three-bedroom and one-bathroom single-story home with a living area of 1,151 square feet. Finally, APN 165-13-074 is improved with two residences, the area of which was unknown. Some small auxiliary structures were noted as well.

The improvements appeared partially occupied as of the date of value. They are in fair to average condition and add no value to the subject property, other than interim value. It is likely that the improved parcels could be worth slightly more with the existing improvements on a standalone basis, but the unimproved parcels would be worth substantially less; their small size prevents development at the 62.5 du/ac intended density. So, when combining all the sites together, the highest value of the subject property is for redevelopment.

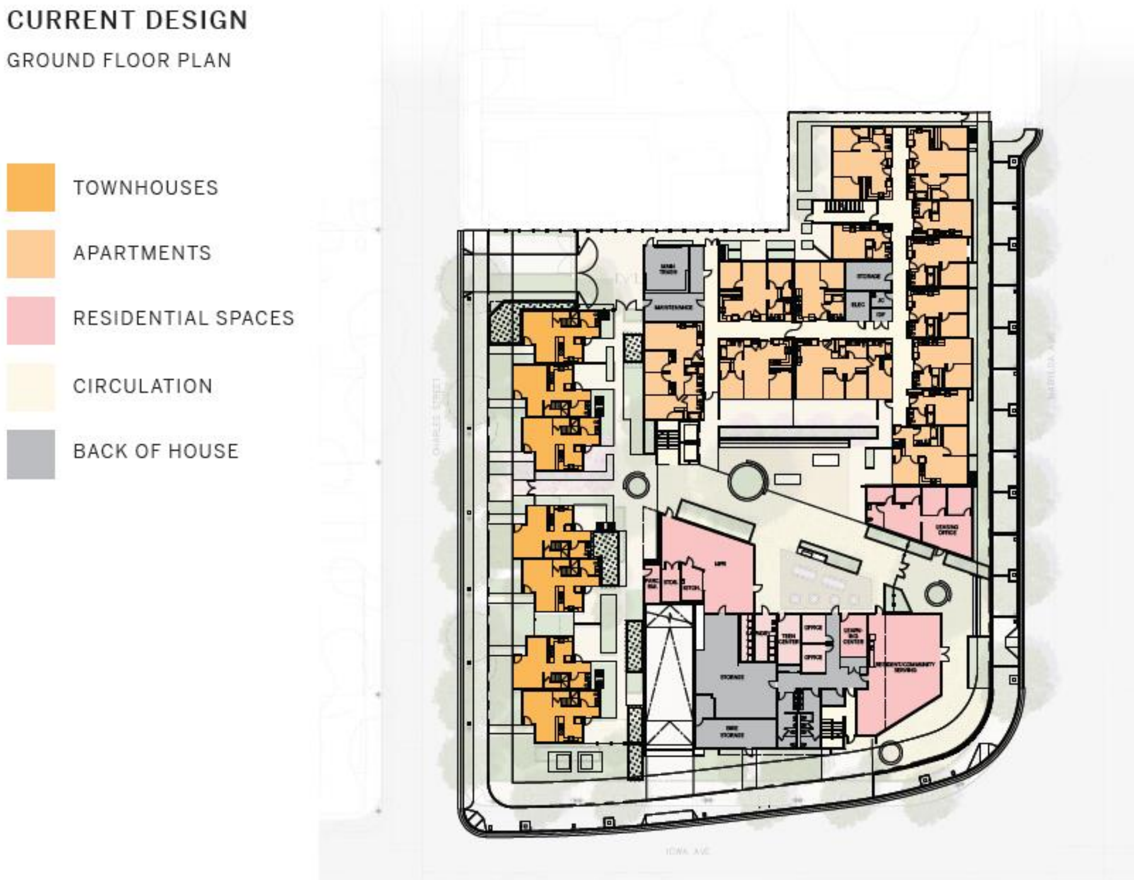
Proposed Project

The subject is approved to be developed with an affordable housing project with a total of 90 units, at a density of 62.5 dwelling units per acre. There will be four-story apartments consisting of 83 units along South Mathilda Avenue and West Iowa Avenue, and seven (7) two-story townhouse style units along Charles Street. The project includes one (1) manager unit, which has been included in the total unit count.

The proposed project includes 12 studio, 32 one-bedroom, 23 two-bedroom, 16 three-bedroom, and seven (7) three-bedroom townhouse style units. The gross floor area is 124,833 square feet with apartment units that range in size from 400 square feet to 1,319 square feet. The footprint of the proposed building will occupy 52% of the lot with ample private open spaces, and the massing will range from two stories on Charles Street to match the single-family residential neighborhood increasing to four stories on South Mathilda Avenue above one level of subterranean parking.

The affordable housing project is targeted to individuals earning 30% and 60% of the AMI. Approximately 25% of the units will be set-aside for special-needs households, which may include seniors, the developmentally disabled or other at-risk households. The term of the affordability will be 55 years. The project will also include a small commercial component of 5,000 square feet of retail space along the Mathilda Avenue frontage.

The project design is anticipated to be attractive, compatible with the surrounding neighborhood and the improvements will incorporate Green Building and energy efficiency requirements. The project will also incorporate appropriate community spaces, amenities and services for the target population, such as a multipurpose room and kitchen, teen center, learning center, resident/community room and kitchen, laundry room, and leasing office.



The project will be constructed by Related California Companies on a long-term ground lease with the City. The City received 10 proposals and wound up interviewing the top 4 scoring teams. They then had a second round of interviews with the top two teams, before they finally selected the Related team. Terms such as lease price and city funding request was part of one of the scoring categories, but not the determinative scoring criteria. Other categories included capacity and relevant experience of the development team, local knowledge, depth of affordability of proposed project, project concept and design quality, etc. Construction will likely begin in 2021, with a targeted completion date in 2023.

Subject Photographs – Taken on 8/13/2020

Subject Front View

Improvements Onsite

Vacant Lot

Typical Street View

Assessment and Tax Data

Assessment Methodology

The State of California has provided for a unified system to assess real estate for property taxes. Assessment Districts are established on a county basis to assess real estate within the county. The appraised property falls under the taxing jurisdiction of Santa Clara County; however, due to its ownership by a government entity, it is subject to neither general taxes nor direct assessments.

Assessed Values and Property Taxes

The subject's assessed values, applicable tax rates and total taxes including direct assessments are shown in the following table. Because the property is owned by a government entity, there are no taxes or direct assessments levied against the parcel.

General Taxes

The amount of General Taxes due is quantified by multiplying the assessed value by the tax rate. In the State of California, real estate is assessed at 100% of market value as determined by the County Assessor's Office. The tax rate consists of a base rate of 1% plus any bonds or fees approved by the voters. The County Tax Rate for the subject area is 1.1746%.

Direct Assessments

Direct assessments are tax levies that are not dependent upon the assessed value of the property. They are levied regardless of assessment. Because the subject property is owned by a government entity, however, there are no direct assessments applied.

Conclusions

The property is not subject to real property taxes given that it is owned by a government entity. A future owner may be subject to property taxes.

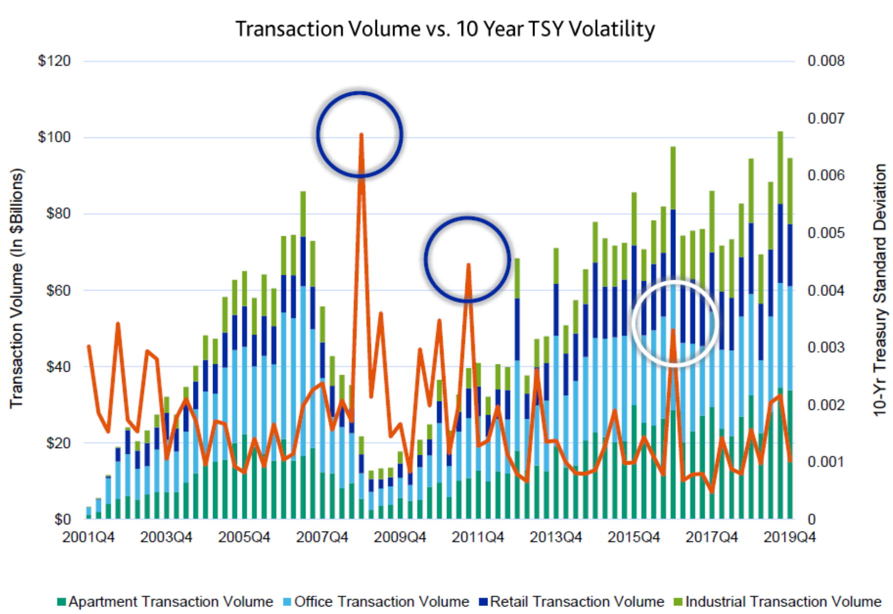
Market Analysis

Financial markets are seeing dramatic impacts due to the novel coronavirus pandemic, and while the pandemic continues to be fought, no metric will be reliable to predict with certainty what value impacts will be. However, using trusted analytics resources we can better understand the ways in which past economic shocks have progressed which will help us better assess true risk associated with a particular CRE asset.

This economic crisis is unique from others in that there have been shocks to both the supply and demand side. This worry is exacerbated by record corporate debt in place. According to the Federal Reserve, American non-financial corporate debt has risen to 49% of GDP. In 2009 it was 43%. Two-thirds of non-financial corporate bonds in the US are rated "BBB" or lower.

The United States has posted a 4.8% decrease in GDP for the first quarter of 2020. China's Q1 GDP contracted 6.8% year over year, then rebounded for a 3.2% growth in Q2, year over year. An annualized drop of 32.9% was reported at the end of July, with a quarter contraction of 9.5% from April through June. Real GDP is expected to decline 12% from peak to trough between Q419 and Q220, and contract by 6.6% in all of 2020. Unemployment as of late July was 11% nationwide, and expected to remain in double digits through the early Fall, according to Moody's Analytics.

CRE markets have been reporting drops in transaction volumes due to travel restriction, quarantines and "stay at home" orders. Movements in the stock market and interest rates as well as stimulus packages and legislation have caused many deals in progress to be put on hold while participants reconstruct return expectations and yield estimates. Moody's recorded a 47% drop in transaction activity by dollar volume in the first quarter. The end date of this period of volatility is impossible to foresee, but a historical picture of the relationship between volatility (as measured by deviations in the 10-Yr Treasury prices) and the transaction volume of commercial real estate from the end of 2001 to the end of 2019 may provide some insight.

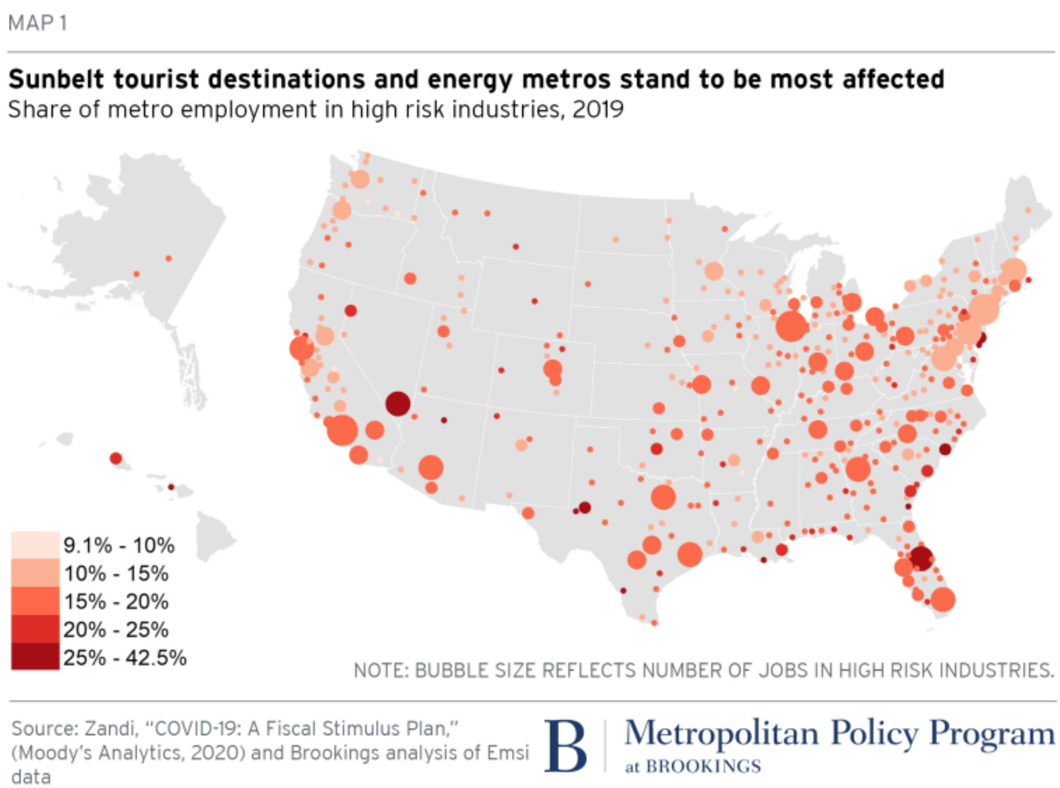


Source: Moody's Analytics REIS

The preceding graph shows that transactional volume may drop anywhere from 20 to 40% during periods of extreme volatility.

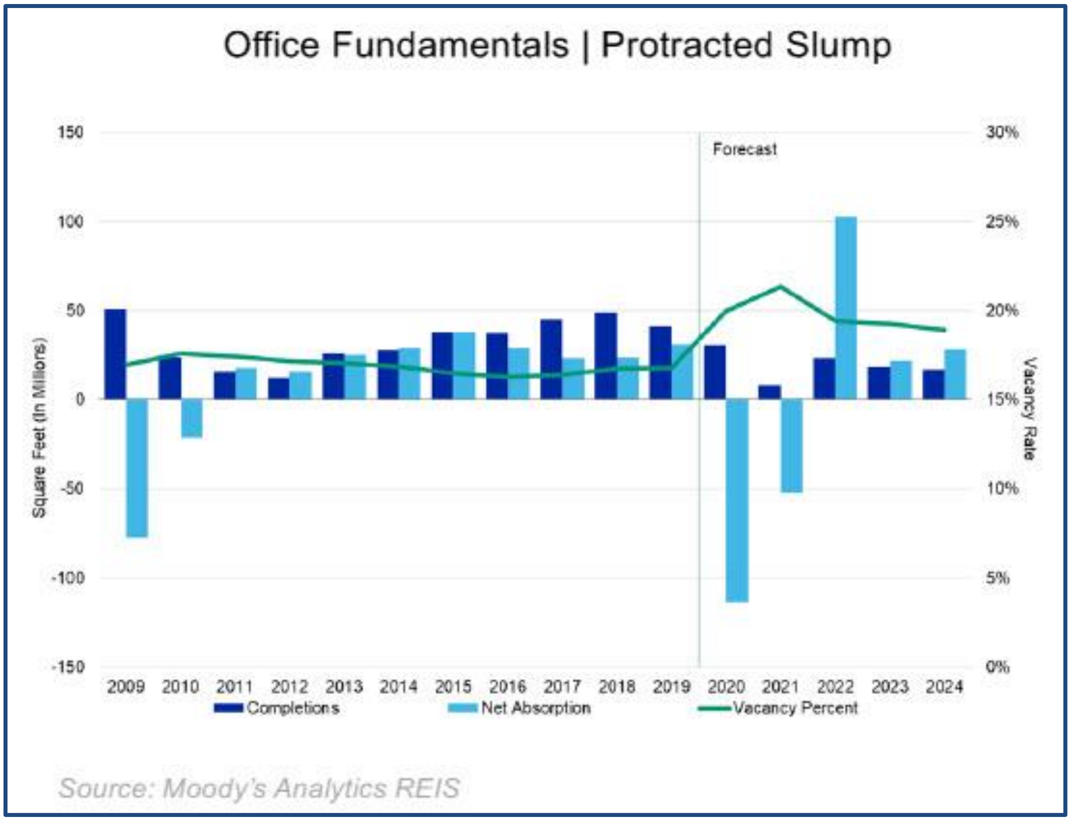
The National Council of Real Estate Investment Fiduciaries (NCREIF) tracks the values and returns for institutionally owned commercial real estate. NCREIF compared the recession in the early 1990's to the financial crisis that began in 2007-08. They found a 27% decline in values across 40,000 individual office, industrial, retail, multi-family and hotel properties for the 2007-08 period. While this was slightly higher than the 25% value drop during the recession of the early 1990's, the recovery was much quicker. The NCREIF study attributes the faster recovery in values to better data for valuation being available and a desire by investment managers to get the properties in their funds marked to market quickly. The addition of more frequent outside appraisals likely also helped. In the current crisis, we have even more data available (now nearly in real time), as well as stronger analytic models and the benefit of a financial stimulus playbook from which to act more quickly to respond to systemic shocks. The strong federal response has been well received and has kept many markets solvent. The second half of 2020 may see increased volatility again as legislators argue over additional stimulus options, eviction moratoria ends and the additional unemployment benefit from the federal government of $600 per week is no longer being sent to affected households.

Impacts to values have not been consistent across sectors, asset classes and markets. Study and analysis on micro levels is critical. Moreover, the analysis of markets and properties prior to the downturn is important as is the market's vulnerability to recession. The Brookings Institution used Moody's Analytics to identify "most at risk" industry groups, from which it compiled a list of five particularly vulnerable sectors: mining/oil and gas, transportation, employment services, travel arrangements, and leisure/hospitality. The following map illustrates areas most affected by employment in these sectors.

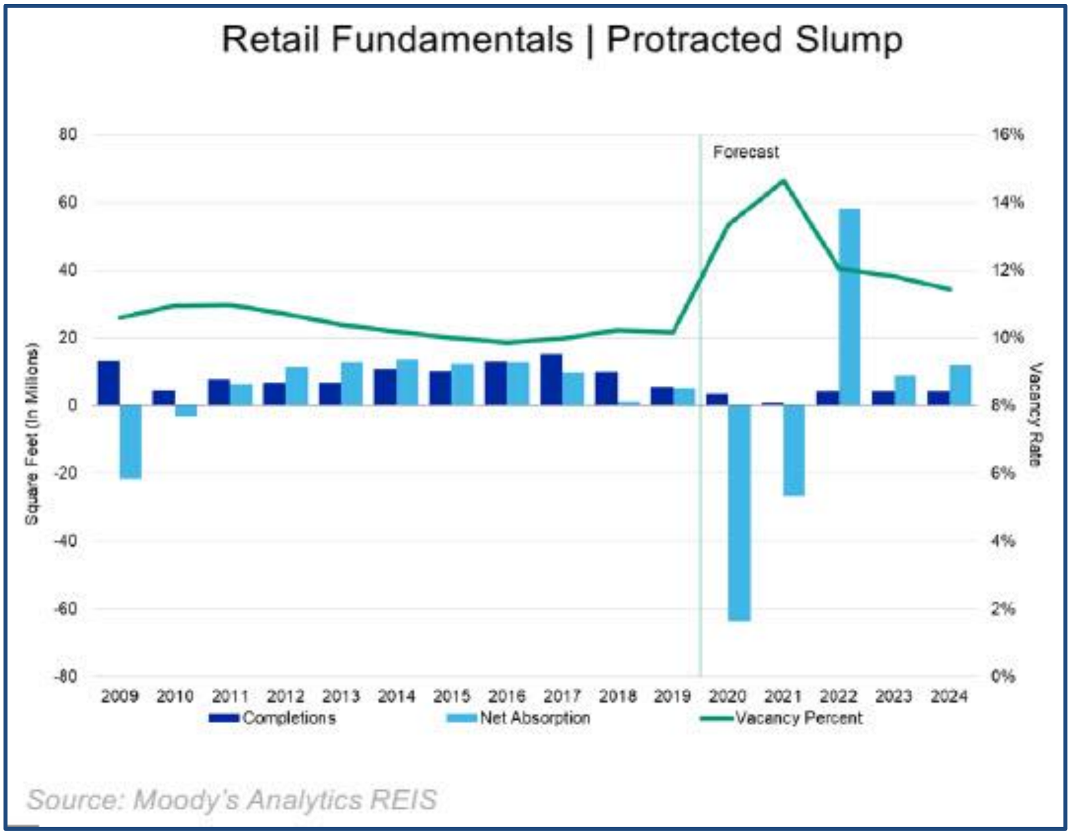


Property types will also be asymmetrically affected. In the multi-family sector, markets that are oversupplied, or which have a history of rising vacancy or low to flat rent growth are indications of areas that may be harder hit by the new crisis. Markets with volatility in rent growth are still vulnerable, even if vacancy was stable in the past 12 months.

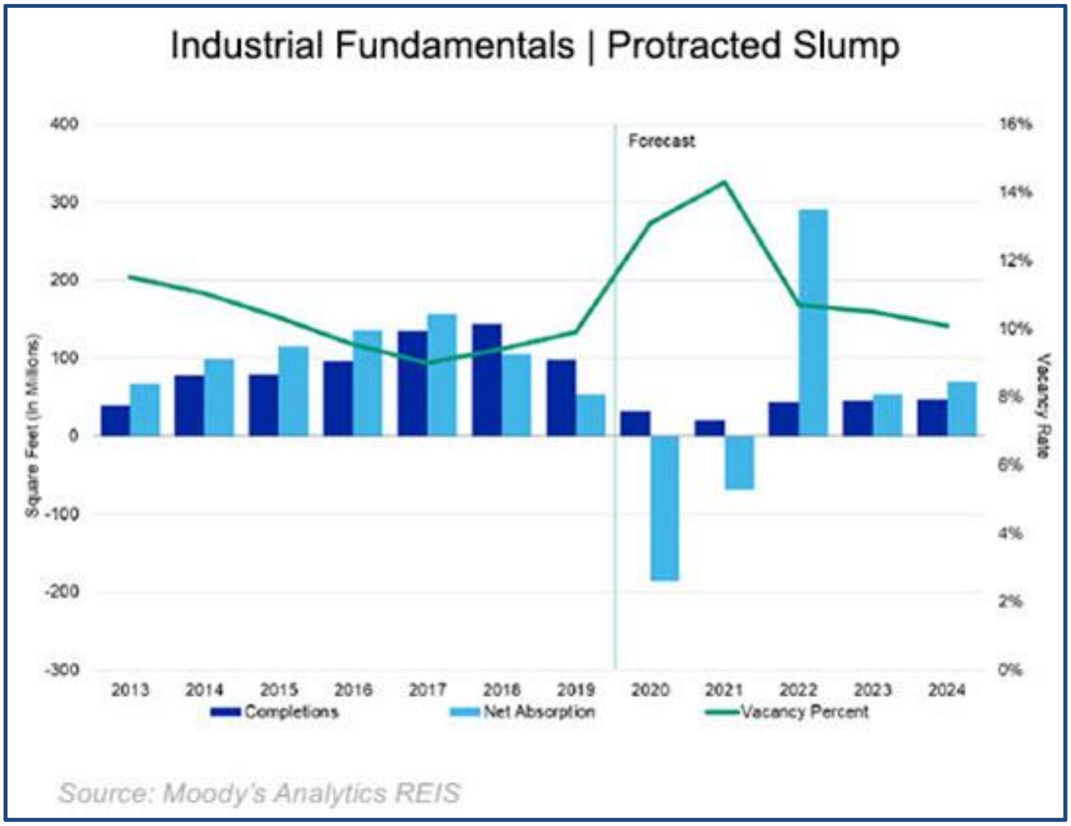
For office and retail properties, Moody's predicts a protracted slump.



Moody's expects office vacancy to peak at 21% in 2021 and remain close to 20% through 2024. This is an historic high, but long term leases in place will help the sector overall weather some of the short term shock. Systemic change to office space use remains a variable. Remote working is likely to reduce overall footprints, and workers used to saving commuting times may press for smaller suburban office locations over large unified spaces in city centers.



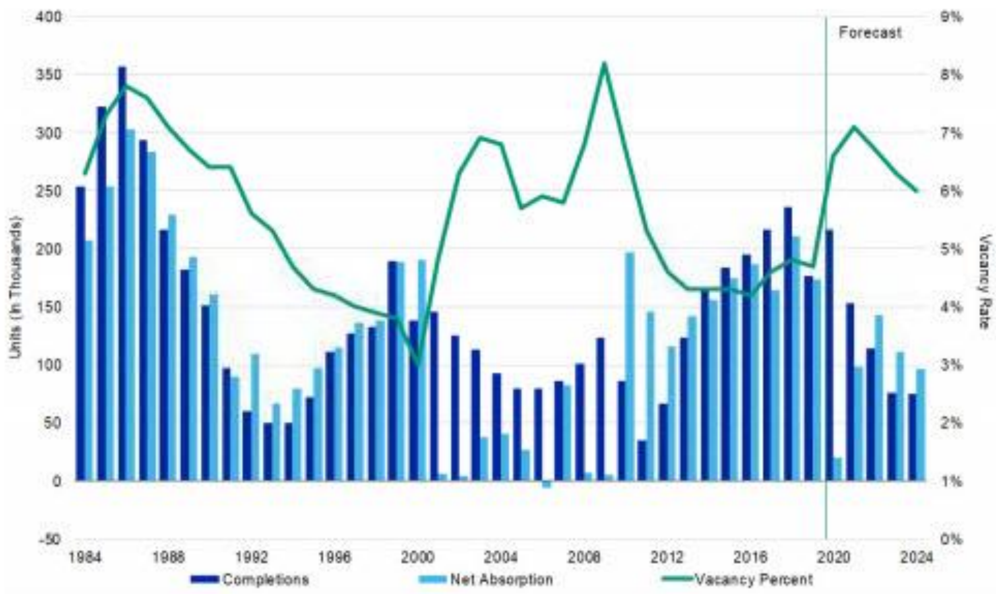
Retail, according to the models, will top out in 2021 at just under 15% vacancy and gradually improve to 11.5% by 2024. Net absorption drops precipitously in 2020 and 2021 in both sectors and begins to recover after that. It's important to note that rents and vacancies in both office and retail are expected to track with GDP performance, so the model is sensitive to future changes in that metric. Retail must also be considered in its specific iteration. Grocery stores and pharmacies have not seen impacts to their business, nor is one expected. Tenants concentrated in malls, however, are experiencing high bankruptcies. This sector especially necessitates more granular identification when looking for trends. Location also plays a role in performance as surges in infection have and may still cause additional shutdowns to retailers such as bars, restaurants, theaters and gyms creating a longer recovery arc for the sector.



Industrial follows the same pattern. Absorption drops in the next 24 months, through 2021, vacancy peaks at just over 14%, and improves to 10% by 2024. This trends higher than in 2019, but is less severe than impacts to retail and office.

Multi-family has yet to see a significant impact to vacancies and rents. It is unclear to what extent this will continue through the year. As we enter into the period where the CARES Act's eviction moratorium has ended (as of July 24) and 12 states have no protections in place for renters outside of the federal programs, we may see vacancies begin to rise. As of July 20, the National Multifamily Housing Council (NMHC) reported that 91.3% of apartment households paid full or partial rent. The end of federal unemployment benefits may impact this number in Q3. Vacancies are expected to peak at 7% in 2021, and asking and effective rents to drop 4 to 5% between 2020 and 2021. For comparison, this is a less dramatic impact than what was seen in 2008 and 2009.

Figure 3 National Apartment Market
Completions, Net Absorption, and Vacancy

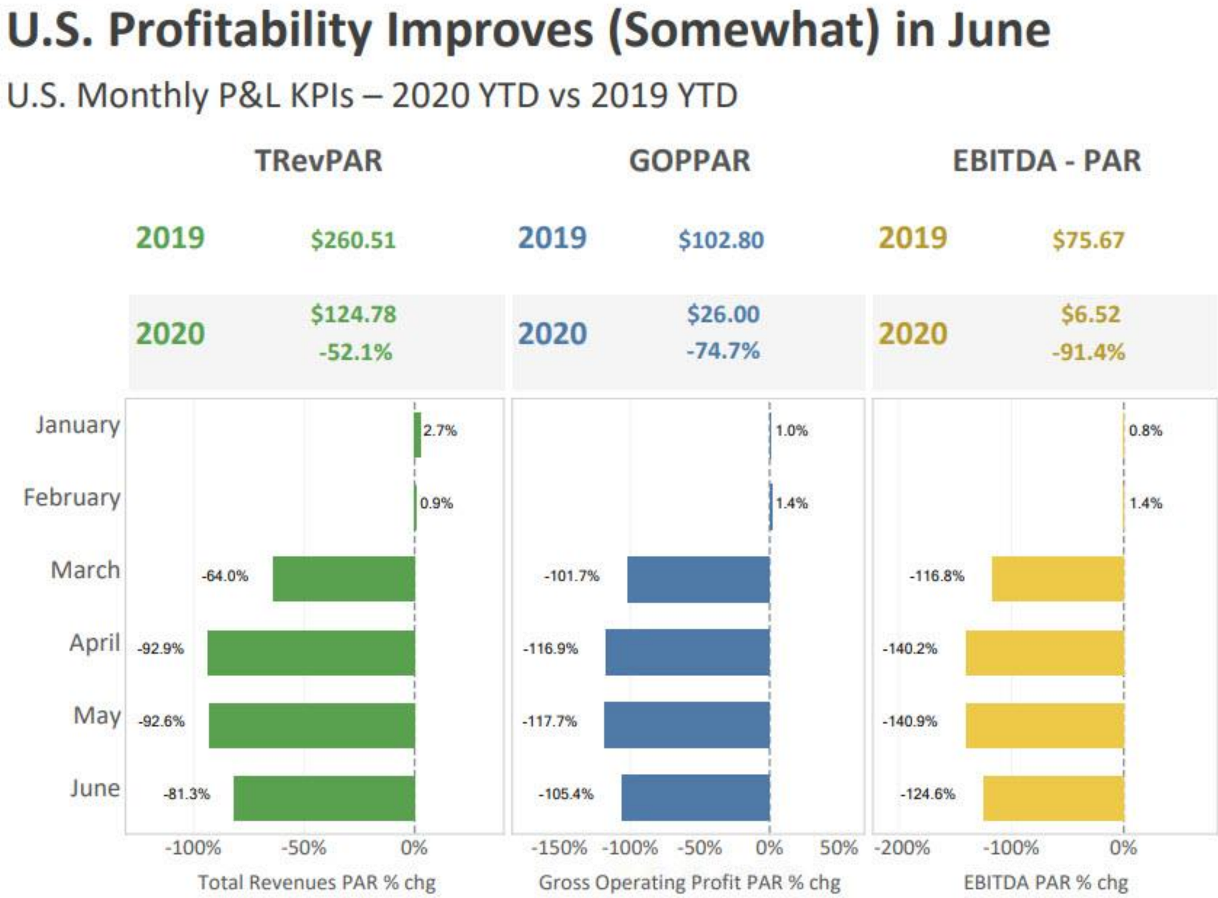


Source: Moody's Analytics REIS

Secondary property types are also being impacted by the pandemic. Occupancy for self-storage properties dropped in the first quarter by 40 basis points and rents fell by 3.9% year over year for 10 by 10 foot non-climate controlled units. Student housing is in flux as schools are making final decisions about whether to offer in person instruction for the fall and possibly spring semesters. Moody's is predicting a 220 basis point increase for rent-by-the-bed properties and 100 basis point vacancy increases for rent-by-the-unit. Rents will drop 4 to 6% over the fall.

Senior housing has seen a dramatic impact. This is not surprising given the disproportional impact of the virus on elderly populations. Vacancies in the sector rose to 10.1% in the first quarter of 2020. Rates for Q2 are not available at this time but are expected to continue to rise. The property type will have substantial challenges both creating safe environments for residents and staff and then convincing residents and their families of that safety.

Affordable housing, on the other hand, does not appear to have been impacted by the downturn. Vacancies in the sector are only at 2.4% and asking rents increased by 0.6% in Q1. As families continue to feel the employment strain the demand is unlikely to slacken, however, investors are watching closely as there is talk of issuing rent waivers in certain locales and/or extending eviction moratoria.

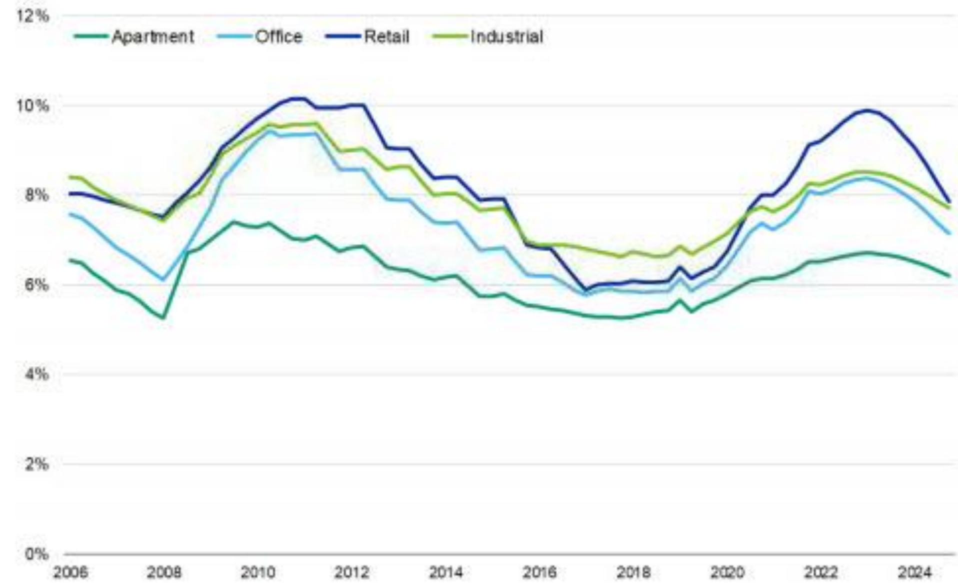


Source: STR. 2020 © CoStar Realty Information, Inc.

Hospitality is second only to retail in its severe impact from the pandemic. A July 24, 2020 release from STR reports a GOPPAR (gross operating profit per available room) down 105.4% year-over-year in June. This was a slight improvement over April and May, down -116.9% and -110.1%, respectively. Occupancy is predictably down 42.5% as well, to 42.5% across all room types. ADR for June is at $92.15, down -31.5.%.

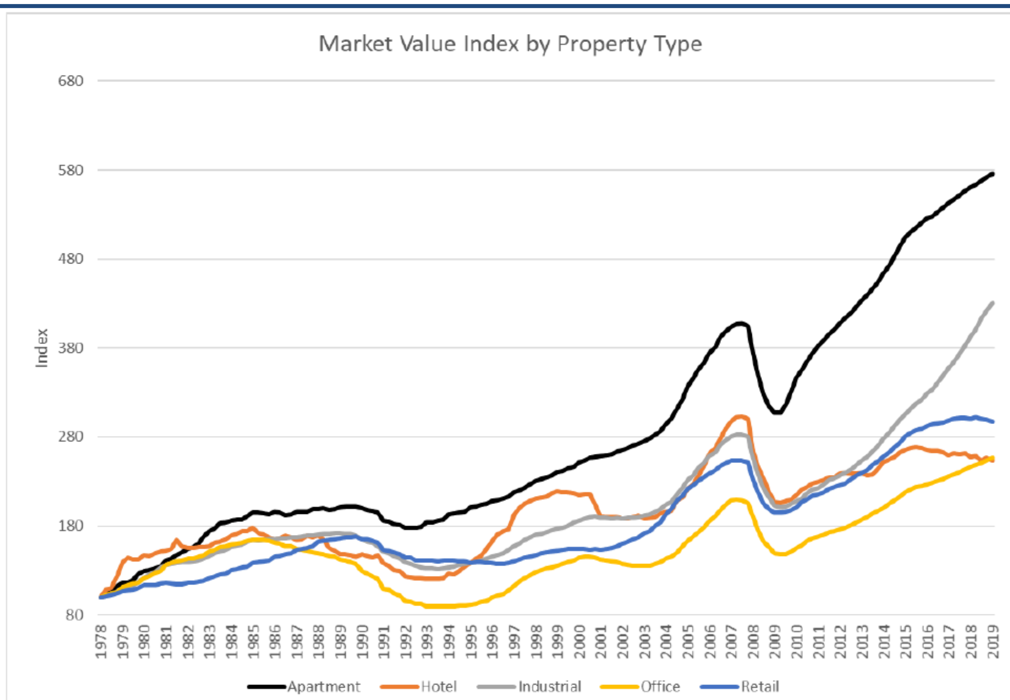
Across all asset classes, investors are also watching the interest rate landscape closely. Rates are expected to remain low for the foreseeable future. Conversely, cap rates are expected to rise over the next couple of years before trending back down in 2023 and 2024. Retail rates are the highest, expected to peak near 10% in 2023, and multifamily is steadier, staying below 7% for the duration of the period forecasted.

Figure 12 Cap Rate Forecasts (Near Term)



Source: Moody's Analytics REIS

To complement the Moody's predictive modeling, NCREIF published a breakdown of impact on market value by property sector, tracking from 1978 to the end of Q4 2019.

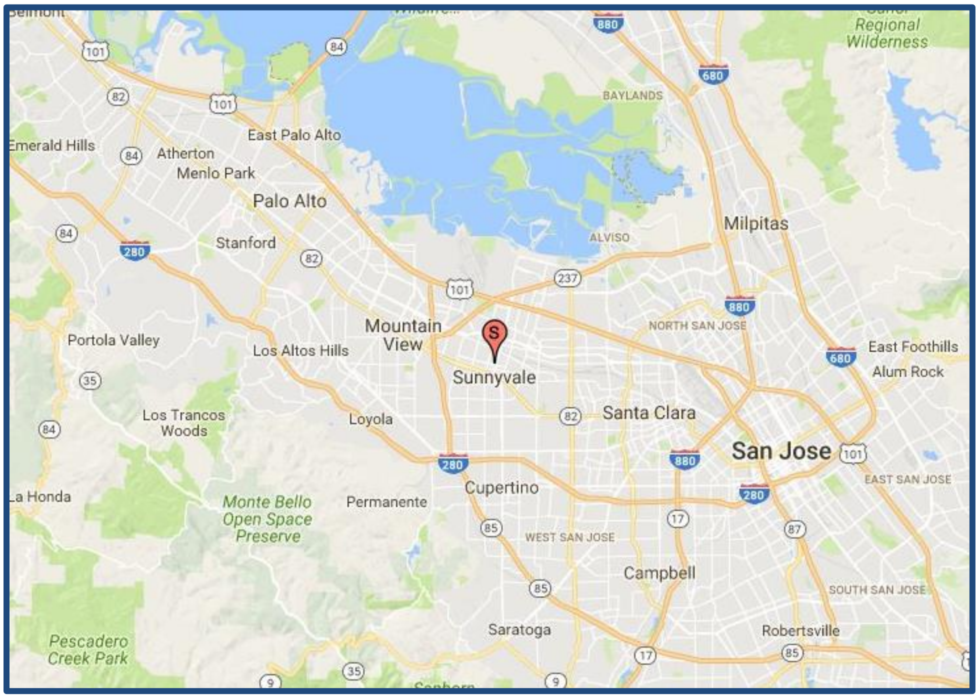


As the graph illustrates, multi-family saw one of the largest value drops in 2007-09, but was also the first to recover, and that recovery was the largest and fastest.

Industrial followed the curve, even surging in recent years. Hotels never returned to their pre-recession peak, even as the economy as a whole was growing. Office and retail both recovered around seven years after the low point. Office however, had the second most dramatic drop in value and was last to recover (after hotels). This is likely to repeat in the recovery from this crisis as firms may discover that their employees and clients can be served by work-from-home models, allowing them to consolidate square footage.

Local Market Conditions

MARKET AREA MAP



As previously stated, the subject property consists of land that is slated for multifamily development, and is currently approved for an affordable housing project. As such, we will discuss apartment trends for the San Francisco Bay Area as a whole before drilling down into specifics of the Sunnyvale multifamily market. We have included market data and excerpts from CoStar in this market analysis.

Bay Area Residential Market

The Bay Area residential market has historically experienced demand and value levels amongst the strongest in the nation. Consistent growth experienced in 1985 to 1989 was followed by recession from 1990 through 1994, and in 1996, as capital became available, the first signs of growth appeared with the strengthening residential market yielding heavy sales and significant value increases through 1999. The first three quarters of 2000 were characterized by short marketing periods and sales prices well in excess of listing prices. By March 2001 the demand for residential space had declined, and the attacks of September 11th pushed the economy into recession. Declines in demand for both "for sale" and "for rent" products continued until December 2003. What followed is a three-year period of appreciation whereby median and average home price increases of 20% per year or more were not unusual. Stabilization occurred in mid-2005, and in 2007 single-family construction fell to the lowest point in 25 years. Increased affordability due to price decreases and the historically low mortgage rates have helped to spur the local housing market in 2012. From 2012 to 2018, prices have steadily increased as the economy has fully recovered from the recession and tech companies in the Bay Area continue to pay top dollar for top talent. In late 2018 and early 2019, some cooling in the housing market was noted. In early 2020, the Bay Area residential market suffered steep declines in deal activity due to COVID-19, but appears show signs of beginning its rebound.

Silicon Valley Multi-Family Market Overview

In the wake of the economic shocks due to the spread of the coronavirus, the recent strength of the Silicon Valley/South Bay economy is facing significant uncertainty. As Santa Clara County's economy expanded in recent years, the metro's multifamily market showcased its strength. New inventory was absorbed at a rapid pace, preventing a sustained rise in vacancy. In response, landlords were able to maintain moderate increases in rental rates, but rent growth has been slowing even at the end of 2019.

Until recently, high-quality and robust job growth has bolstered population gains, and in turn, demand for housing. Housing supply growth, however, has not kept pace with demand. Relatively few single-family homes have been constructed in the development cycle. As a result, the majority of new households formed throughout the expansion became renters rather than owners. Many of these highly-paid renters would have purchased homes in previous expansion periods, but the metro's lack of single-family home construction has led to massive price escalation and declining homeownership affordability.

While single-family home development has lagged, multifamily properties have dominated the metro's housing construction activity. Developers have focused on luxury product, which provide higher returns required to recoup sharply rising construction costs. The delivery of new multifamily properties exerted upward pressure on vacancy, starting in the second half of 2016, a trend that has continued into 2020. Construction activity has remained robust, as over 7,400 units are under construction around the metro. These projects will be delivering into a more uncertain economic environment, potentially changing what had been quick project lease-up timelines post-delivery.

Inventory growth is expected to remain strong in the coming years as developers respond to growing demand and rapid absorption. Since 2012, more than 22,000 units were completed, representing an 18% growth rate in total inventory supply. The mid-2010s marked a record period for inventory growth with completion of 4,900 units in 2015. In 2018, inventory dropped 36.7% to 3,100 units delivered, but to date, an estimated 10,000 units are under construction, promising a steady supply growth. Even despite the pandemic, inventory continues to grow; as of the first quarter of 2020 7,925 multifamily units were under construction. Bye the end of 2021 the Santa Clara County market is expected to have over 151,000 total units in inventory, an increase of over 10,000 units within the last three years.

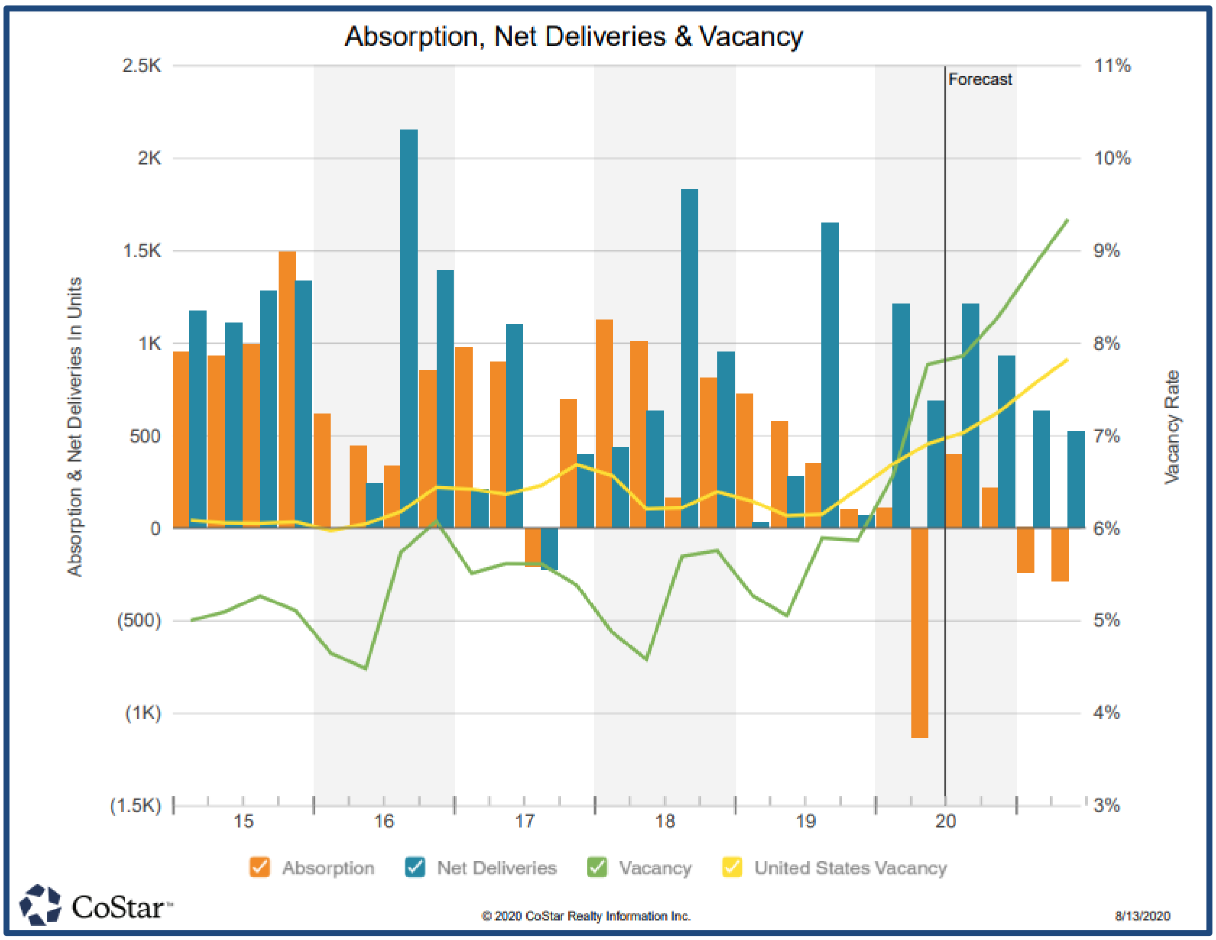
The largest development project under construction is the Santa Clara Square Apartment District, which will feature nearly 2,000 units over 26 acres and encompasses commercial and open space. However, Downtown San Jose ranks first in new construction with a total of 10 buildings and 2,323 units under construction. The MIRO complex at 167 East Santa Clara Street is the most notable with a two-tower, 28-story residential complex offering 630 units over 1.4 acres. This project is approximately half a mile from the subject. Once completed in 2020, the MIRO will be the tallest mixed-use residential complex in the city.

Although developers are targeting higher-end renters, affordable housing developments are in the pipeline to meet the City's goal of providing 10,000 affordable homes by 2022. The *San Jose Mercury News* reports there are currently 21,000 affordable housing units in San Jose, but demand requires a surge in construction. Additional new affordable housing units are becoming available in Sunnyvale, Mountain View, and other progressive cities which are major job centers.

Given the high demand for multifamily housing, investment demand is strong as well. The San Jose metro area has the second lowest cap rate in the nation at 3.8%, second only to San Francisco. Rent growth is projected to remain healthy. Prices have increased by 30% over in the past 5 years, until multifamily transactions peaked in 2019.

Absorption

In addition to the rental rate growth, the Q2 2020 CoStar report also discussed historical and forecasted apartment absorption for the Silicon Valley region.



In the San Jose metro, vacancy has increased to 7.8% as of Q2 2020, an increase from 6.6% in the quarter prior and an increase again from 5.1% one year ago. Demand has shrunken significantly in the wake of the pandemic, as renters lose jobs and face economic uncertainty. Multifamily vacancy in the San Jose metro is expected to peak at the end of 2021 and may not fully recover until 2025.

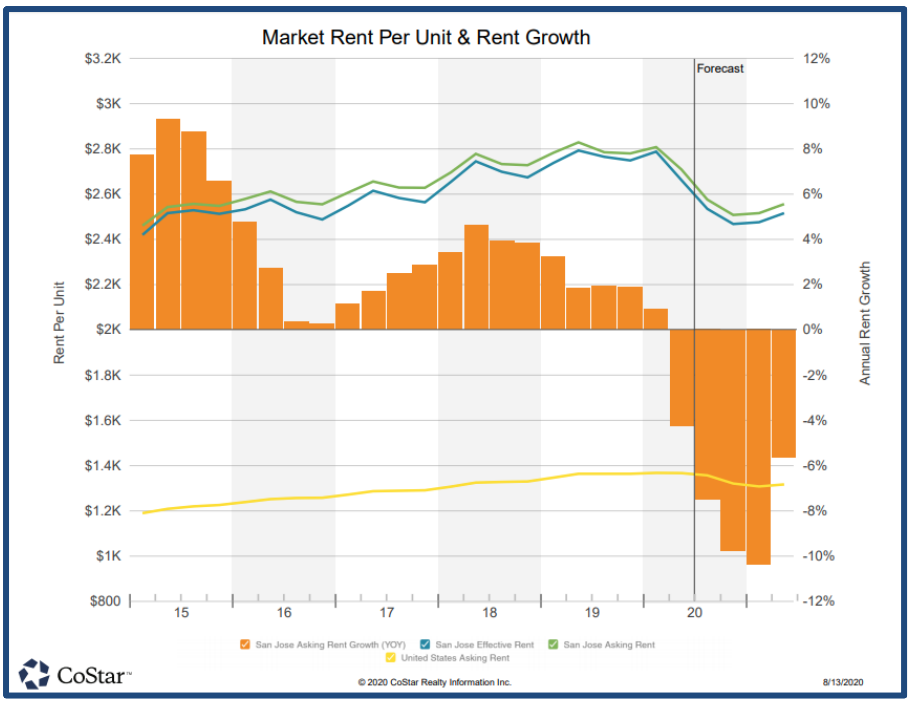
Net absorption in 2018 surpassed 2017's level as residents move into a multitude of recently completed buildings. Multifamily occupancy was exceptional in the economic expansion period, thanks to Silicon Valley's outstanding employment growth. The metro's pace of job and population growth have slowed as of late and pent-up demand for housing has softened.

Vacancy has historically been higher among 4- and 5-Star multifamily inventory in Silicon Valley. Vacancy among 1- and 2-Star inventory registers the lowest. Demand for affordable housing is extremely strong, and developers have not been able to provide ample workforce housing due to rising construction costs and a lack of public funding.

San Jose Market Apartment Inventory & Development Trends

According to CoStar, the San Jose market contains an inventory of 148,084 multifamily residential units. In the last year, approximately 3,300 new units have been completed; 2020 has kept pace with last year's deliveries so far, with approximately 2,400 new units already delivered in the first half of 2020..

Net absorption has been positive within the last year, though at lower levels than in years past. 83 net units were absorbed from Q2 2019 to Q2 2020. Vacancy for multifamily rental units has increased, ranging from 5.1% to 7.8% for the last year. In addition, market rent per unit remains strong. The stable vacancy rate and positive net absorption are indicative of a strong local apartment market in San Jose.



The average market rent per unit ranged from $2,660 to $2,791 in the last year. Rents have decreased for the first time in two years Rent growth is shrinking at a greater rate each quarter; at the end of last year it was 1.9% and by Q2 2020 it was negative by 4.2%. As of Q2 2020, average rent for a studio was $2,041, a one-bedroom apartment was $2,433, a two-bedroom apartment was $2,996, and a three-bedroom apartment was $3,717. Compared with the national average, San Jose rents were 37-56% greater than average rents across the rest of the United States.

Even before the pandemic brought economic uncertainty, market activity was softening. Residential activity has slowed and prices have slumped, for now. Despite the slowdown, new multifamily construction continues as projects can take many years to complete and the Bay Area still struggles to keep up with high demand and soaring costs of living. The area has many opportunities for redevelopment as existing stock becomes out of date and new zoning and housing initiatives are introduced and applied. Future development will be strongly influenced by available space, costs, and political pressure from neighbors who find affordable housing uses less than desirable. Despite the current market, demand for housing the Bay Area remains strong as highly paid tech workers continue to flock to the region, displacing lower-income individuals who must to seek affordable housing or move entirely out of the area.

Affordable Housing Market

While the continued economic downturn has led to rent stabilization in the Bay Area, the supply of affordable housing continues to be extremely limited. Rental prices in the Bay Area are still among the highest in the country. Unfortunately, the supply of non-profit affordable housing is limited, and many developments' waiting lists are difficult for people to access. They either require a wait that can be as long as a couple of years, or they are closed to any individuals just beginning their housing search.

There are two major types of affordable housing projects: non-profit housing developments and Section 8 Voucher housing projects. Non-profit housing developments are high-quality facilities that are well-designed and well-managed. Tenants are carefully screened and asked to meet a standard set of requirements to be accepted as residents. Rents are usually set at 30% of the resident's income and are often affordable to a range of income levels, including those on a very limited budget. Many developments are built specifically for seniors, persons with disabilities or families, and they are designed to accommodate the specific needs of their target population. Non-profits also offer social services on-site, including youth activities, job training and medical consultations for seniors.
The Housing Choice Voucher Program (Section 8) is funded by the U.S. Department of Housing and Urban Development. More and more Bay Area landlords are finding that this program is a valuable resource that allows competitive rents and offers prompt rental payments. Although Housing Choice Voucher programs are government funded, tenant selection is the landlord's responsibility. People seeking Section 8 housing must qualify based on income requirements and pay a portion of the rent. The balance is subsidized by the government.

Policymakers say that housing is affordable when a family pays no more than 30% of its total income on rent and utilities, or if they own their own home, no more than 30% on their mortgage payment, insurance, taxes and utilities. This definition is widely used by local, state and federal governments and recognizes that households have other essential expenses including food, clothing, health care, child care and transportation. Housing is affordable if it meets this 30% test.

When we use the term affordable housing, we also mean housing that is affordable to people with low or moderate incomes. The definition of "low Rent" is rent established by the US Department of Housing and Urban Development (HUD) as 30% of the Area Median Income (AMI) at the Very Low Income limit for Santa Clara County, adjusted for family size, less tenant paid utilities.

Out of Reach 2019, a report published by the National Low Income Housing Coalition, estimates the Housing Wage for each State. Housing Wage is the hourly wage a full-time worker must earn to afford a two-bedroom rental home at HUD estimated rent, while spending no more than 30% of income on housing cost. According to the report, in California, the FMR for a two-bedroom apartment is $1,804. In order to afford this level of rent and utilities- without paying more than 30% of the income, a household must earn $6,014 per month, or $72,165 annually. This level of income translates to an hourly wage of $34.69. The minimum wage in California is $12 and the average renter's wage is $22.79.

FACTS ABOUT **CALIFORNIA:**

STATE FACTS	
Minimum Wage	$12.00
Average Renter Wage	$22.79
2-Bedroom Housing Wage	$34.69
Number of Renter Households	5863813
Percent Renters	45%

MOST EXPENSIVE AREAS	HOUSING WAGE
San Francisco, CA HUD Metro FMR Area	$60.96
San Jose-Sunnyvale-Santa Clara, CA HUD Metro FMR Area	$54.60
Santa Cruz-Watsonville, CA MSA	$46.90
Oakland-Fremont, CA HUD Metro FMR Area	$40.88
San Diego-Carlsbad, CA MSA	$39.77

Although raising the federal minimum wage and combating income inequality will be part of the solution, expanding the supply of affordable rental homes is critical. Finding an affordable home is a challenge for all renters, but for those of extremely low income there are very few options. Extremely low-income households include people with disabilities who rely on Supplemental Security Income (SSI). As demand for rental housing grew significantly during the past decade, new rental construction has been largely geared towards the high end of the rental market, due to increasingly high development costs. Most low-income renters rely on older units that become affordable over time. However, when rents reach the level that is affordable to extremely low-income households, landlords in strong housing markets have an economic incentive to redevelop the units for higher rents. This is the process known as filtering, which does not produce enough rental homes for extremely low-income households.

In terms of financial feasibility, financial modeling of a potential project involves calculations of the total value of the project versus the cost of development and a required return on investment. The return on investment is determined by each developer based on market, product type, available capital and assessment of project risk. Since affordable projects generate lower income while construction cost is relatively stable across products, it is expected that affordable developers would pay less for land. However, land owners, especially those not under pressure to sell, are typically unwilling to reduce their sale price. In a strong market, an affordable developer is expected to pay fair market value in order to be able to compete with market rate developers.

Again, among the 50 states, California has the highest fraction of working renters who spend half or more of their income on housing. In response to these concerns federal, state and local governments have developed programs to provide affordable housing for low income renters. In 2018, Congress provided a 10% increase to HUD's budget for fiscal year 2018. However, funding for many of these programs remain below the fiscal year 2010 levels and it is insufficient to meet the nation's needs. At the federal level, Low Income Housing Tax Credit and vouchers for low income renters are used.

Affordability for the most vulnerable group, the seniors, has reached crisis proportions, especially for senior women. In fact the average renter would need to work 3.0 full-time jobs at minimum wage in order to afford the average rent for a two-bedroom unit. As a result, seniors who may be physically active, mentally sharp and independent-minded are forced into nursing homes since that is the only option they can afford. With positive annual demand noted previously, coupled with the growing elderly population base, the demand for available senior housing remains strong.

LIHTC Program Overview

The Low Income Housing Tax Credit (LIHTC) program is currently the country's most extensive affordable housing program. The program was added to Section 42 of the Internal Revenue Code in 1986 in order to provide private owners with an incentive to create and maintain affordable housing.

Each state has a housing finance or other agency (HFA) that assumes responsibility for allocating tax credits to developers. The process by which the HFA allocates the credits is competitive and uses criteria enumerated in the state's Qualified Allocation Plan.

During the initial 15-year compliance period, in which tax credits are subject to recapture, a developer (a corporation, nonprofit, or individual) will usually enter into a limited partnership with investors (generally a corporation or individual) so that it can sell the tax credits to the investors in exchange for cash. The investors, usually the limited partners, benefit from the tax credits while the developer, usually the general partner, benefits from the cash infusion it receives from selling the credits to the investors. The investors generally sell to the general partner at the end of the initial 15-year compliance period.

LIHTC-assisted rental housing must comply with certain rent limitations. LIHTC rent limits are published each year by HUD. The program also establishes maximum per unit subsidy limits and maximum purchase-price limits. The 2018 LIHTC maximum per subsidy limits vary based on state and county.

Under the federal law, credit projects must remain affordable for at least 30 years; however, California law generally requires a 55-year extended use period for 9% tax credit projects.

According to a recent article by Bendix Anderson in National Real Estate Investor, dated January 29, 2019 investors pay more than anticipated for LIHTCs. In 2018, prices were anticipated to drop due to the tax reform of the federal tax code passed by Congress that cut corporate taxes more than anyone projected. Instead, pricing has remained stable with investors paying 91 cents for a dollar in LIHTCs in December 2018. In many cases, yields investors are willing to accept have fallen, averaging 4.75 percent at the end of 2018. The expectation is that LIHTC prices will remain stable in 2019.

California Rent Control

The City of Sunnyvale lacks its own rent control laws. There are some protections for renters at the state level. The affordable housing crisis has spurred California State Assembly to pass AB1482, which limits annual rent increases to seven percent plus inflation, exempting landlords with 10 or fewer single family homes or new housing. The legislation is set to expire in 2023 but would need to pass through the Senate and be signed by Governor Newsom before being enshrined into law.

Tax Exempt Bonds Overview

Tax –exempt bonds are debt obligations issued by state or local government agencies for multi-family rental housing, infrastructure improvements and other qualified municipal endeavors having a public purpose. The IRS Code (Section 103) allows the purchased of the bonds to deduct the interest income from the bonds from their federal gross income taxes. Thus, the interest rate on tax-exempt bonds is lower than conventional bank financing (typically by 2%) and these savings can promote housing affordability.

In all states, the Housing Finance Agency is authorized to issue tax-exempt bonds for multifamily rental projects. However, affordable housing competes directly with other infrastructure and public facilities projects for the funds.

Residential Land Market

Residential land values are directly tied to supply and demand of current housing product. Land values vary depending on location, size, permitted uses, and allowable density. Unfortunately, there are no meaningful statistics for residential land values in Santa Clara County and the subject's submarket of Sunnyvale. However, with the prices of homes going up, land prices have also experienced a notable upward trend over the past years. The Bay Area and Santa Clara County are both experiencing explosive growth, and demand far outstrips supply. This is in large part due to the various tech companies located in the area, and thus, these areas command some of the highest home prices in the region. While home prices appear to be stabilizing at present, they are expected to continue to increase over the next year, which puts upward pressure on land values.

Residential land is typically purchased contingent on project approval or with entitlements (tentative or final map) in place. When contingent upon approvals, the risk to a developer is significantly reduced, putting upward pressure on the price. Prices for land purchased without this contingency are typically lower than for land purchased on a contingency. The price differential is especially large as the risk increases. We note that citizen participation in planning activities is very high in certain municipalities; thus, the approval process for residential projects can become political, long and arduous. It is not uncommon for new projects to take three to four years for development approval. However, thanks to new California law SB 35 (signed in 2017), local municipalities are required to streamline the approval process for housing construction projects that include below market rate units. Although this law applies only to multifamily projects, it is expected to help ease the housing shortage by delivering new residential product faster.

The Bay Area and Santa Clara County residential land market has been very active over the past two years. Several land transactions took place, many of which had short escrows without a tentative map approval contingency. The real estate brokers we spoke with indicated that marketing periods for these sales were short, and some properties had multiple offers, which resulted in contract prices that were at or above the asking rate. However, most of the sales that are currently taking place are for medium- and high-density land, suitable either for condo or apartment development.

Buyer types in Sunnyvale range from the individual developer to the large scale national housing developer, depending on the size of the site. Well-located, small sites are still in demand from small local buyers, while national builders are very actively seeking land sites that are over five acres in size. If a property has easy access, no topography or geologic issues, and has infrastructure available and medium-density residential zoning, the property will be in better demand. In addition, higher density land for affordable development of mixed-use sites is exhibiting better demand than for-sale housing in certain submarkets.

Land values in the area range between $100 to $400+ per square foot, depending on the intensity of development (FAR) permitted by zoning/municipal guidelines. Residential land and land that can accommodate mixed use development is towards the upper end of the range, and often higher than commercial land. The upper end of the range is indicated by urban markets such as downtown San Jose or in markets with major high-technology employers such as Menlo Park (headquarters of Facebook), Cupertino (headquarters of Apple), and Mountain View (headquarters of Google). These markets benefit from excellent access and are proximate to both demand as well as employment generators.

The subject's Sunnyvale location falls within the mid to upper end of the land range due to historically high property values in the area, and the proximity to local employment. Amenities such as restaurants and entertainment are proximate to the subject as well.

Land that sells with entitlements (as opposed to being contingent on receipt of entitlements) normally commands a substantial premium, at least for projects that are immediately buildable. But when a project will not be built for some time or the developer chooses to build a different project, entitlements have little or no value. However, the Palo Alto Housing property does not have entitlements or even approvals at this phase, therefore, there was no premium added. These factors as well as location and development potential are reflected in our opinion of market value.

We recently spoke with broker specializing in redevelopment land in the Bay Area, such as Chris Twardus from Colliers and Lloyd Bakan of Avison Young. Both brokers indicated that the value for medium to high density residential or mixed-use land is holding steady post-Covid and that there is good demand for it.

Mr. Bakan indicated that he had a San Bruno property in escrow pre-Covid at $220-$230 per square foot. The property fell out of escrow due to buyer's exchange property in San Jose falling out of escrow. Mr. Bakan put the property up for sale again in March/April and is currently getting offers in the same price range, with a one-year escrow period. According to Mr. Bakan buyers/developers recognize that there is still a shortage of housing in the area, and any piece of land will take at least two years to obtain entitlements and develop. So, Covid is a non-issue for these types of properties.

Both Mr. Bakan and Mr. Twardus think that redevelopment land is probably the only property type that is not affected by Covid market conditions.

Overall, there is strong demand from homebuilders for land sites, and there is very limited supply of residential land sites that are for sale. These factors bode well for the subject.

Affordable Land Market

In the Bay Area, affordable builders compete with other market rate land buyers, and as a result, they are forced to pay top dollars for land that will be used for affordable development. However, land deed restricted for affordable development could transact to a nominal price as well. There is, however, undoubtedly competition even among affordable developers to acquire and develop sites designated for affordable development, especially in areas like Sunnyvale and surrounding Mountain View and Cupertino, where affordable housing is very much in need.

According to Mr. Nagraj, given that the average median income (AMI) in most bay area communities is high, the effects of "low" BMR rent can result in discounts to land value that range from 0% to over 20%, with variances based on the length of the regulatory period, the required levels of rent based on AMI and the availability of bonus densities and special financing, if available.

Diane Nowak reviews a large number of appraisals of affordable housing development funding with Citi Community Capital. She feels that there are evident discounts to land value merited for the effects of BMR restrictions. However, she feels that some of the adverse effects are offset by higher occupancy, shorter absorption periods, and term of regulatory agreements. Additionally, in cities like Sunnyvale, Mountain View or Palo Alto, with high average median income, the bonus densities typically provided, coupled with the corresponding high "restricted" rents, can still allow for relatively high potential gross income which provides a reasonable return on cost. To that effect, some properties may have nominal adjustment. Overall, she felt that an adverse value impact to the land is reasonable but feels that it can range from nominal up to 30% of land value, depending on the circumstance.

According to Mr. Hardy, the costs of affordable housing development, which includes supporting meeting rooms, leasing offices and other amenities are significantly higher than market rate development. As such, the restricted rents, along with the higher construction costs associated with affordable housing development, generally do not provide adequate NOI to support cost of development. As such, he feels that the residual effect to land value is necessary. He felt that only a land residual analysis can account for the development risks associated with building the affordable housing project and consider the effects of restricted rents and the higher costs of development. From his experience, a reasonable range could be from 10% to 30%.

Ms. Gonzalez, previously with Palo Alto Housing Corporation and now with Sandhill Advisors indicated that affordable builders have to compete with other land buyers and often times they buy sites not at discounts but at a premium, or in other words at prices that are above market. This is because affordable land is limited or non-existent. The development might still pencil out because of the sources of funding and other subsidies.

We also talked to Rob Wilkins, Director of Development at Palo Alto Housing Corporation. He indicated that while they have never bought land that has been deed restricted for affordable housing development, they have run into the problem of estimating land value of a 100% affordable project when they want to rehabilitate a project after construction, 15-20 years down the line. As a rule of thumb, they estimate the value of the affordable land at 10% of the market value of the land, unrestricted, to account for the affordability encumbrance.

We note that the City of Sunnyvale received 10 proposals from affordable developers for the subject site. According to Suzanne Ise, scoring categories included capacity and relevant experience of the development team, local knowledge, depth of affordability of proposed project, project concept and design quality, etc. Terms such as lease price and city funding requests were also part of one of the scoring categories, although not by itself the determinative scoring criteria.

The above information suggests that demand for affordable development, such as the subject land, would be high, likely close to the value of the land for market rate development. The subject's entitlements would certainly add value over and above unentitled land. In all, we expect that the premium of entitlements and the higher density due to an all affordable project would offset the wider appeal of market rate land.

Conclusion

The demand for housing in the entire Bay Area remains high despite the pandemic, and demand still exceeds supply. Local brokers anticipate positive market trends over the next several years, though at a more modest pace than during the economic expansion. Likely, we will continue to see positive trends for the Santa Clara County single family and multi-family market.

The City of Sunnyvale has limited land available for development. We expect the market to continue this pattern until the availability of unimproved land is depleted. In addition, demand for affordable housing remains extremely strong, and supply is limited. Overall, the short and long-term outlooks for the subject property are good for both market rate or affordable development.

Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As Though Vacant

The primary determinants of the highest and best use of the property As Though Vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject site is zoned DSP, Downtown Specific Plan, which controls the general nature of permissible uses but is appropriate for the location and physical elements of the subject, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

As noted in the zoning section of this report, the subject has entitlements for a 90-unit affordable project, or a development density of 62.5 du/acre. Any other development is currently not legally permitted and would require Planning Department and potentially City Council approval.

Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. There are no items of a physical nature which would adversely impact development with the legal permitted uses.

Financially Feasible

The probable use of the site for multifamily development conforms to the pattern of land use in the market area. A review of published yield, rental and occupancy rates suggest that there is an undersupply and demand is sufficient to support construction costs and ensure timely absorption of additional inventory in this market. There is limited land available for new development in Sunnyvale at present, and the City encourages higher-density projects, close to the downtown area as well as to public transportation, to accommodate population growth. In the past three to four years, the City has approved a large number of residential projects, including several high-density, mixed-use projects, in excess of 30 dwelling units per acre. A large number of these projects are in the final stages of the entitlement process or currently under construction.

Considering the number of projects currently into construction, as well as forecasted strong demand, it appears that residential construction is financially feasible now and will continue to be so in the next two to three years. Pent up demand exists, with most homes selling at or above the asking price, often with multiple offers in place. Therefore, residential development of the subject site, both market rate and affordable, is financially feasible.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use.

As we discussed throughout this report, as of the date of value there was momentum in Santa Clara County and cities are encouraging very-high-density development, especially in the downtown areas or around transit corridors. The subject is located in Sunnyvale, a desirable area due to its proximity to freeways, Caltrain, City Center, as well as its proximity to major employment centers in the Bay Area. These are desirable characteristics of the subject site and would support medium/ high-density residential development.

As discussed in the Zoning section of this report, the California Surplus Land Act requires that when cities, counties, transit agencies and other local agencies sell or lease their land, they must prioritize it for affordable housing development. To incentivize affordable housing development and to offset the value impact associated with the restricted rents, municipalities and agencies provide various benefits in the form of tax exemption, bonus densities, an option to opt out by paying in-lieu fees, grant monies, etc.

The subject is currently entitled for a 90-unit affordable project, at a density of 62.5 dwelling units per acre. As we will see later in the report, the subject is valued at $15,300,000 as is (with entitlements in place).

We have also considered market rate development of the subject. Towards this end, we valued the subject land for the most likely density/ type of development permitted for the subject, and without entitlements. Unentitled land is typically valued on a price per square foot basis and not on a price per lot. This is because the exact number of units is not known. Upon adjustment, the comparable sales result to an unentitled as is value for the subject property of $210 to $240 per square foot.

Considering the higher than typical BMR requirement for the subject of 25% versus the typical 10-12.5% of other sites in the Sunnyvale area, we have concluded to a value towards the lower end of the land value range of $210 to $220 per square foot, resulting to a subject value for market rate type of development of $13,170,000 to $13,800,000.

This value is below the as entitled value of the subject property for the affordable project, estimated later in the report, of $15,300,000. Therefore, the maximally productive use of the subject site as though vacant, is for a 90-unit affordable project, as entitled.

Conclusion of Highest and Best Use As Though Vacant

The conclusion of the highest and best use As Though Vacant is for a 90-unit affordable project, as proposed.

Analysis of Highest and Best Use as Improved

An analysis of the highest and best use as improved is beyond the scope of this assignment. It appears, however, that the improvements are dated and with low FAR, and as such, they add interim value to the land; they can continue to generate interim income until entitlements are received. The highest and best use of the subject property as assembled is for demolition of the improvements and redevelopment of the land as proposed.

Most Probable Buyer

As of the date of value, the most probable buyer of the subject is an affordable developer. The most likely users will be a number of apartment tenants.

Land Valuation

Methodology

Site Value is most often estimated using the sales comparison approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

We remind the reader that the highest and best use of the subject property is the proposed and currently approved 90-unit affordable project. Per client's request *we have not valued the subject with a deed restriction for solely affordable type of development*.

Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is price per square foot of land area or price per proposed unit. The price per proposed unit is very common for sites selling with entitlements in place, where the exact number of units to be constructed on site is known. This is the case for the subject and for this reason the price per unit was used in our analysis.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) market conditions, (5) location, and (6) physical characteristics.

Comparable Sales Data

We have searched comparable land sales from the Sunnyvale submarket. We note that the Sunnyvale land market had been very active over the past two years, in 2018 and 2019, but is showing signs that is slowing down recently. We were able, however, to find several sales of properties selling for redevelopment. The table below summarizes the sales that were considered more similar to the subject. Detailed sale sheets are provided in the addenda.

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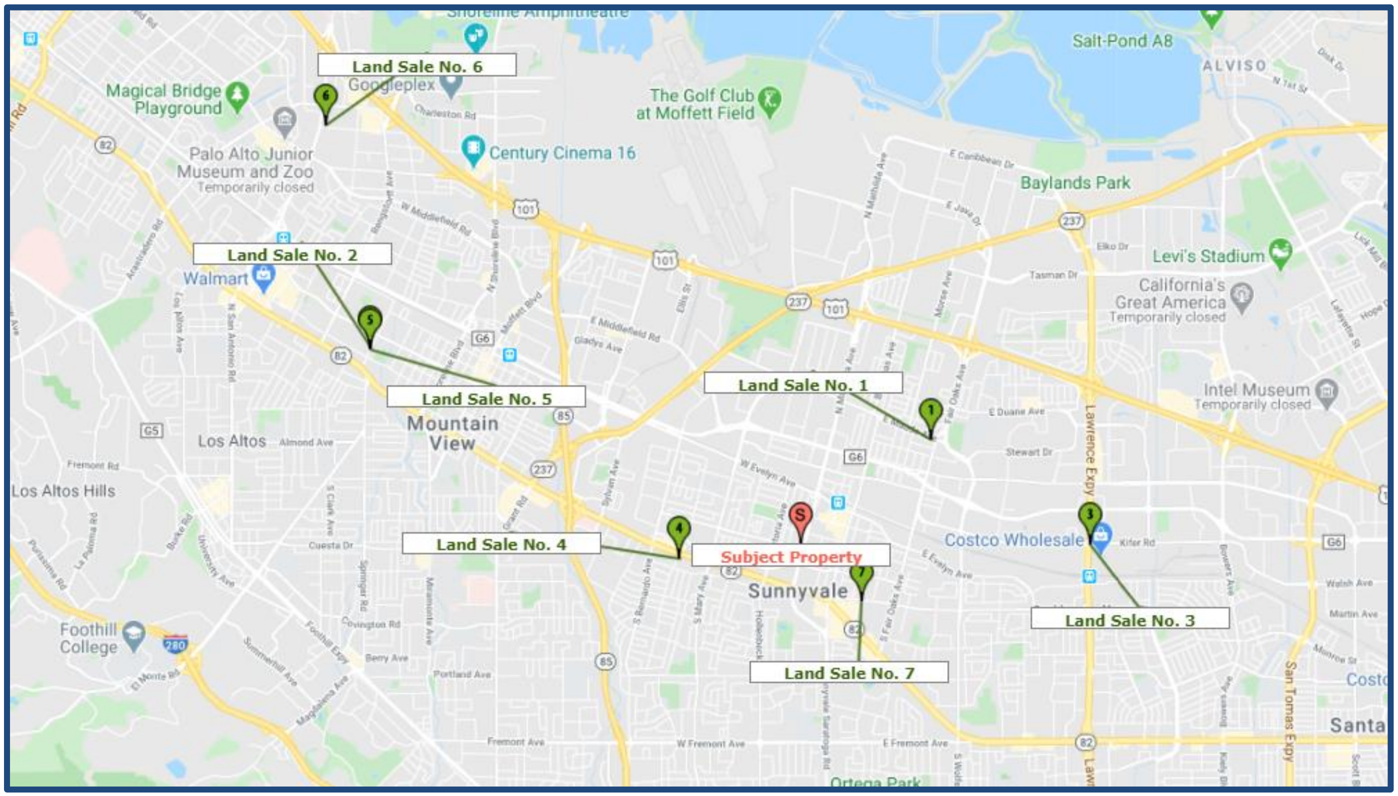
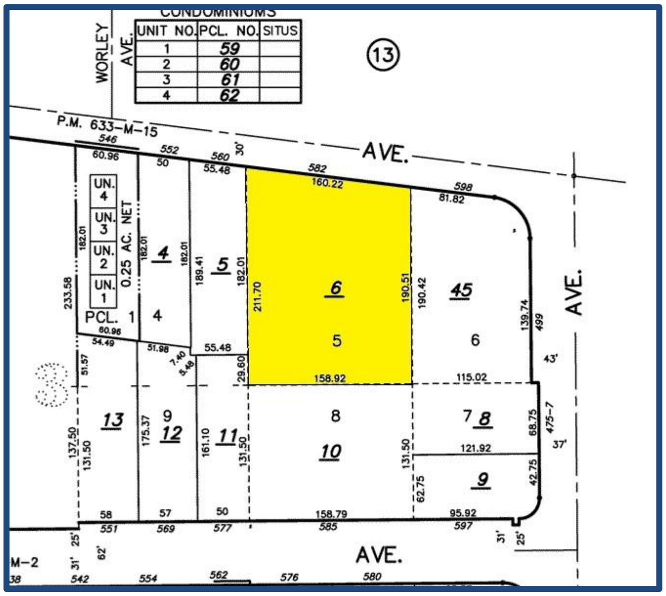
Land Sales Summary

Comp. No.	Date of Sale	Gross Acres	Proposed Units	Location		Zoning	Proposed Use	Density du/ac	Sales Price Actual	Per Sq. Ft.	Per Unit
1	May-19	0.728	15	582 East Maude Avenue	Sunnyvale, California	R3	Residential Development	20.60	$4,875,000	$153.71	$325,000
2	January-19	0.654	18	1926-1938 Gamel Way	Mountain View, California	R3	Codnominium Development	27.53	$6,830,000	$239.79	$379,444
3	August-17	8.005	520	1120-1130 Kifer Road	Sunnyvale, California	MXD-I	Mixed Use	64.96	$68,230,500	$195.67	$131,213
4	February-18	2.280	108	1088 West El Camino Real and 610-620 Grape Av	Sunnyvale, California	C2-ECR	Mixed-Use Development	47.37	$16,250,000	$163.62	$150,463
5	August-18	1.193	53	Gamel Way and Escuela Avenue	Mountain View, California	R4	Condominium Development	44.41	$11,950,000	$229.88	$225,472
6	May-18	1.010	48	788-796 San Antonio Road	Palo Alto, California	CS	Multi-Family Redevelopment	47.52	$11,550,000	$262.52	$240,625
7	October-19	0.427	15	444 Old San Francisco Road	Sunnyvale, California	R4PD	Multifamily development	35.15	$3,518,000	$189.24	$234,533

LAND SALES MAP



COMPARABLE LAND SALE 1



Property Identification

Property/Sale ID	10782835/1321624
Property Type	Planned Development (PUD)
Property Name	Residential Land
Address	582 East Maude Avenue
City, State Zip	Sunnyvale, California 94085
County	Santa Clara
Latitude/Longitude	37.385272/-122.018014
Tax ID	204-38-006

Transaction Data

Sale Date	May 23, 2019	**Grantee**	Arete Silicon Valley LLC
Sale Status	Recorded	**Recording Number**	24198635
Grantor	Berkshire Hathaway Home Services	**Sale Price**	$4,875,000

Property Description

Gross Acres	0.73	**Use Designation**	Residential Medium Density
Gross SF	31,716		
No. of Units	15	**Zoning Jurisdiction**	City of Sunnyvale
Density (Units/Ac)	20.60	**Zoning Code**	R3
Proposed Use	Residential Development	**Zoning Description**	Medium Density Residential
Street Access	Good		
Corner/Interior	Interior		

Indicators

$/Gross SF	$153.71	**$/Unit**	$325,000

Remarks

This property consists of a single parcel located along East Maude Avenue in Sunnyvale. The site has a generally rectangular shape and an interior lot configuration one parcel west of Fair Oaks Avenue. The site has approximately 160 feet of frontage along East Maude Avenue, and an average depth of 200 feet. The property has good access to local commuter routes.

The underlying site contains 31,716 square feet or 0.73 acres. There is an older home on the property that is of no value. The property has been identified by the City of Sunnyvale as an underutilized site and represents a good infill project. The property has a zoning designation of Medium Density Residential which has a minimum lot size of 8,000 square feet and an allowable density of 24 units per acre. The General Plan land use designation is Residential Medium Density.

Berkshire Hathaway Home Services listed this property for sale for $4,915,825 and received seven offers in less than three months. According to the listing agent all of the offers were cash offers and above asking price. The property is in contract to a developer who intends to develop the property with condos. There is a due diligence period of two months, in which the buyer will find out from the planning department the likelihood of approval of the proposed project. However, according to the listing agent, the buyer plans development of 15 townhomes in accordance with the current zoning and general plan lines so he does not feel that the developer will back out.

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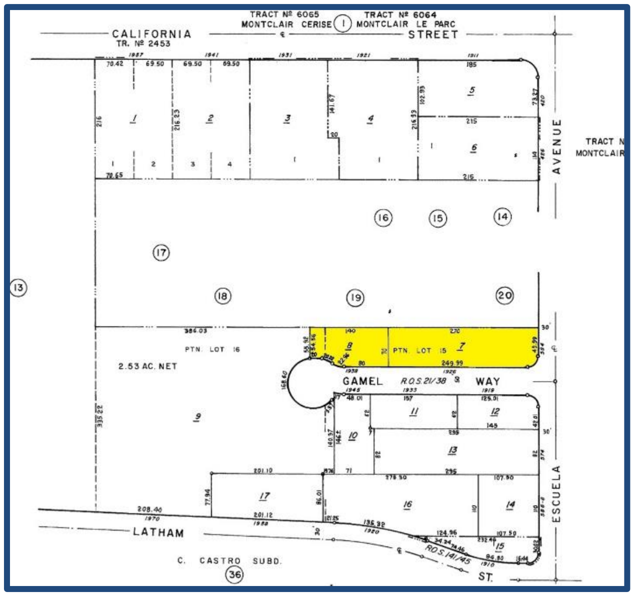
COMPARABLE LAND SALE 2



Property Identification

Property/Sale ID	10925578/1400280
Property Type	Planned Development (PUD)
Property Name	Assemblage
Address	1926-1938 Gamel Way
City, State Zip	Mountain View, California 94040
County	Santa Clara
Latitude/Longitude	37.395354/-122.095204
Tax ID	154-21-007 and 154-21-008

Transaction Data

Sale Date	January 4, 2019	**Grantee**	D & S Gamel Way LLC
Sale Status	Recorded	**Recording Number**	24098337 and 24098324
Grantor	Karen M Lusk and Lam Family LLC	**Sale Price**	$6,830,000

Property Description

Gross Acres	0.65	**Use Designation**	Medium High-Density Residential
Gross SF	28,483		
No. of Units	18	**Zoning Jurisdiction**	City of Mountain View
Density (Units/Ac)	27.53	**Zoning Code**	R3
Corner/Interior	Corner	**Zoning Description**	Multifamily Residential

Indicators

$/Gross SF	$239.79	**$/Unit**	$379,444

Remarks

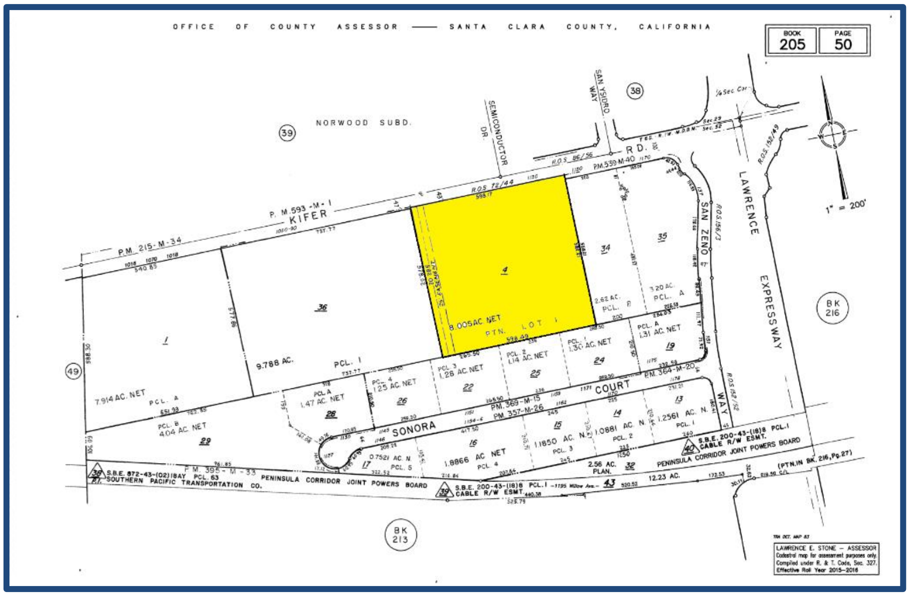
This property consists of two parcels located at the northwest corner of Gamel Way at Escuela Avenue in Mountain View. The parcel contains 28,483 square feet, or 0.65 acres. The property zoning is Residential Multifamily and the General Plan land use designation is Medium High-Density Residential, which allows up to 26-35 dwelling units per acre.

The site is improved with four low-rise apartment buildings in fair condition and occupied by a number of tenants. The total square footage of the buildings onsite is 7,337 square feet. The improvements were in fair condition and added interim value to the property.

D & S Gamel Way LLC purchased these properties from two different sellers (Karen M Lusk and Lam Family LLC) in two separate transactions in January 2019. Parcel -007 sold for $4,150,000 or $220 per square foot of land area, while parcel -008 sold for $2,680,000 or $280 per square foot of land area. The combined sale price of the properties was $6,830,000, or $239.79 per square foot of gross land area. There were no entitlements at the time of sale. The buyer had purchased additional land in the area, across the street, where he was planning a condo project in the assembled site. He was very motivated to acquire this additional property. Based on current zoning and General Plan development guidelines, up to 18 units (27 du/ac) can be developed on these two parcels as-is.

Subsequent to the purchase the buyer approached the city to vacate Gamel Way, so that this right-of-way is incorporated into the private development. DeNardi Group will then develop the larger 2.3-acre site as one development, with a total of 118 units, or at a density of 51.3 du/ac. This is a significantly larger number of units that is permitted by zoning and is based on density bonus for affordable housing. As of the date of this writing it is unknown as to whether abandonment of the Gamel Way cul-de-sac will occur. There is significant uncertainty as to whether this proposal will be approved by the City.

COMPARABLE LAND SALE 3



Property Identification

Property/Sale ID	10779270/1319567
Property Type	Mixed Use Land
Property Name	Mixed-Use Land
Address	1120-1130 Kifer Road
City, State Zip	Sunnyvale, California 94086
County	Santa Clara
Latitude/Longitude	37.373800/-121.996000
Tax ID	205-50-004

Transaction Data

Sale Date	August 23, 2017	**Grantee**	CLPF GRP Sunnyvale Kifer LLC
Sale Status	Recorded		
Grantor	1130 Kifer Property Owner LLC	**Recording Number**	23735854
		Sale Price	$68,230,500

Property Description

Gross Acres	8.01	**Visibility**	Average
Gross SF	348,698	**Corner/Interior**	Interior
No. of Units	520	**Use Designation**	Transit Mixed Use
Density (Units/Ac)	64.96	**Zoning Jurisdiction**	City of Sunnyvale
Proposed Bldg SF	100,400	**Zoning Code**	MXD-I
Street Access	Average	**Zoning Description**	Flexible Mixed Use I

Indicators

$/Gross SF	$195.67	**$/Unit**	$131,212

Remarks

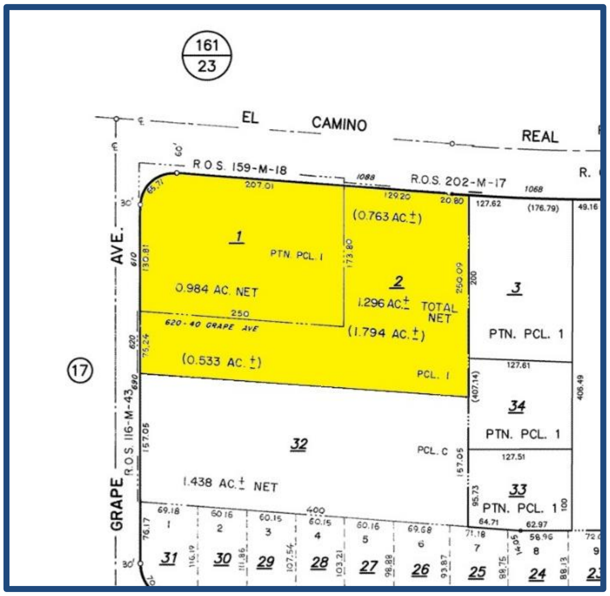
This property consists of a single parcel of land currently improved with a 100,400-square-foot industrial R&D building in Sunnyvale. The site is square in shape and has an interior lot parcel configuration two parcels west of Lawrence Expressway. There is approximately 598 feet of frontage along Kifer Road and a depth of 582 feet with a 25-foot easement located on the western site of the property. The property is in proximity to the Lawrence Caltrain station.

The underlying site contains approximately 348,480 gross square feet or 8.0 gross acres. The property falls under the Lawrence Station Area Plan. The zoning is Flexible Mixed-Use I and the General Plan land use designation is Transit Mixed Use.

Greystar Real Estate Partners deeded an approximately 8-acre redevelopment site located at 1120 Kifer Road in Sunnyvale, CA to an affiliate of Clarion Partners in August 2017. According to the deed, the real estate was valued at $68,230,500 or approximately $196.00 per square foot of land area. The site was transferred with entitlements for a proposed redevelopment project, a mixed-use project consisting of 520 apartment units and 7,400 square feet of retail space on a 7.99-acre site. The price per unit is $131,212. Approximately 7.7% of the units, or a total of 40 units, will be BMR.

Greystar will develop this site together with its new partner, Clarion Partners. The two formed a new joint venture, which is the entity that acquired the fully entitled site. Greystar is the managing partner of the new joint venture as well as the developer. The owners will break ground on this project during the first quarter of 2018. This was considered an arm's length market transaction.

Comparable Land Sale 4



Property Identification

Property/Sale ID	10782836/1321625
Property Type	Mixed Use Land
Property Name	Former Lozano Car Wash
Address	1088 West El Camino Real and 610-620 Grape Avenue
City, State Zip	Sunnyvale, California 94087
County	Santa Clara
Latitude/Longitude	37.372355/-122.052538
Tax ID	198-26-001 and 198-26-002

Transaction Data

Sale Date	February 15, 2018	**Grantee**	LMT Home Corporation
Sale Status	Recorded	**Recording Number**	23868354
Grantor	Lozano Properties LLC	**Sale Price**	$16,250,000

Property Description

Gross Acres	2.28	**Visibility**	Good
Gross SF	99,317	**Corner/Interior**	Corner
No. of Units	108	**Use Designation**	ECR Precise Plan
Density (Units/Ac)	47.37	**Zoning Jurisdiction**	City of Sunnyvale
Proposed Use	Mixed-Use Development	**Zoning Code**	C2-ECR
Street Access	Good	**Zoning Description**	Highway Business

Indicators

$/Gross SF	$163.62	**$/Unit**	$150,463

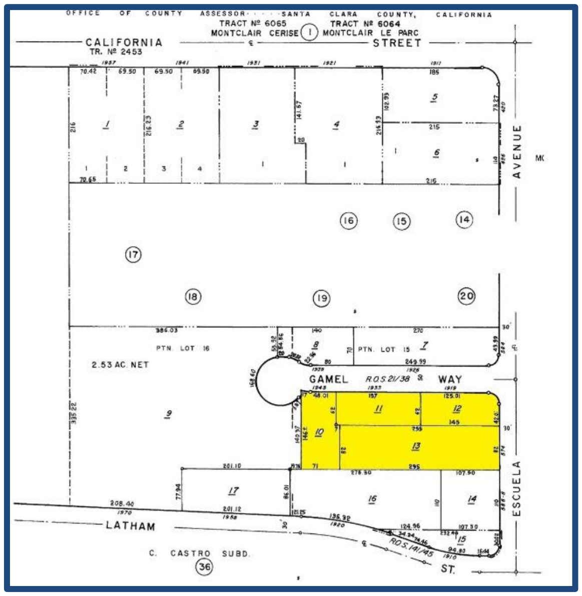
Remarks

This is a 2.28-acre corner site consisting of two contiguous parcels located along the south side of El Camino Real in Sunnyvale. As of the date of sale, the property was leased and generated interim income. Tenants included the Lozano's Car Wash (owner), Patio World and a multi-tenant auto-repair building. The Patio World lease expires in October of 2019. The rest of the leases expire between 2018 and 2021, but the tenants can vacate sooner if needed.

The property has 403 feet of frontage along El Camino Real and a depth of 250 feet. Access is provided via five access points. The site has good access to local commuter routes and Highways 85 and 237. The site is zoned C2-ECR/ Highway Business and is located within the El Camino Real Precise Plan. This plan was established in 2007, and the City has recently begun the process of updating it. The subject is located just outside the Western Node. The site has a clean Phase I environmental report; however, if the property is to be considered for redevelopment, ENGEO recommended a Phase II assessment.

LMT Home Corporation purchased this property from Lozano Properties LLC in February 2018. The site sold for $16,250,000 or $163.61 per square foot of land. The property sold as is, without entitlements for development. The buyer will develop a mixed-use project consisting of 108 residential units and 19,422 square feet of commercial space.

COMPARABLE LAND SALE 5



Property Identification

Property/Sale ID	10931222/1403912
Property Type	Multi-Family
Property Name	Residential Land
Address	Gamel Way and Escuela Avenue
City, State Zip	Mountain View, California 94040
County	Santa Clara
Latitude/Longitude	37.395186/-122.095104
Tax ID	154-21-010, 154-21-011, 154-21-012, and 154-21-013

Transaction Data

Sale Date	August 31, 2018	**Grantee**	The De Nardi Group (D&S Gamel Way LLC)
Sale Status	Recorded		
Grantor	Various	**Recording Number**	Various
		Sale Price	$11,950,000

Property Description

Gross Acres	1.19	**Use Designation**	Medium High-Density Residential (26 to 35 DU/ac)
Gross SF	51,984		
No. of Units	53		
Density (Units/Ac)	44.41	**Zoning Jurisdiction**	City of Mountain View
Street Access	Average	**Zoning Code**	R4
Visibility	Average	**Zoning Description**	Multiple Family
Corner/Interior	Corner		

Indicators

$/Gross SF	$229.88	**$/Unit**	$225,472

Remarks

This property consists of four separate parcels forming a 51,984-square-foot site. The total improvements total to 14,263 square feet of gross living area. It is located at the southwest corner of Gamel Way and Escuela Avenue. The site has approximately 124 feet of frontage along Escuela Avenue (with one curb cut) and approximately 347 feet of frontage along Gamel Way (with soft curbs throughout). The site has a rectangular shape with average access and visibility. The property is zoned Multiple Family Residential (R3-1), and the General Plan land use designation is Medium High-Density Residential. This district allows for 26 to 35 dwelling units per acre; however, density bonuses may be obtained with addition of a larger number of below-market rate housing.

One of the parcels was vacant and the rest of the parcels improved with a variety of rental properties in fair condition. The improvements add interim value to the land until it is ready to be developed.

The buyer (The De Nardi Group) assembled the property over a period of six months from various sellers. The assembled site was purchased for $11,950,000 or $225 per square foot of land area. The individual sites were purchased as follows:

-013 was purchased from 574 Escuela Terrace in November of 2017 for $4,700,000 or $194 per square foot.

-012 was purchased from Luke Bi in March of 2018 for $2,900,000 or $370 per square foot.

-011 was purchased from Patrick Ryan in May of 2018 for $2,200,000 or $226 per square foot.

-010 was purchased from Johnson Family Trust in May of 2018 for $2,150,000 or $210 per square foot.

APN -013 had been purchased first, where the buyer intended to build a senior/affordable housing project. When an adjacent owner offered to sell, the developer approached the rest of the owners to sell to his assemblage.

None of the properties had any entitlements or sold with any approvals in place. Upon purchase, The De Nardi Group began to process the entitlements for a 53-unit condominium project with underground parking and a Heritage Tree Removal Permit to remove seven trees. At least 15% of the units are planned to be BMR units.

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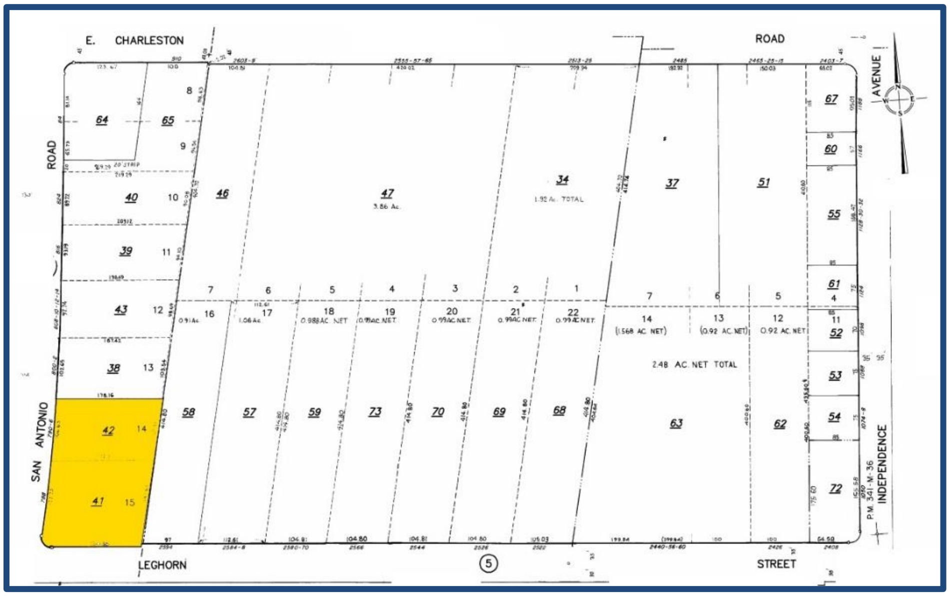
COMPARABLE LAND SALE 6



Property Identification

Property/Sale ID	10782881/1321656
Property Type	Multi-Family
Property Name	Condominium Project
Address	788-796 San Antonio Road
City, State Zip	Palo Alto, California 94303
County	Santa Clara
Latitude/Longitude	37.419629/-122.101362
Tax ID	147-03-041 and -042

Transaction Data

Sale Date	May 30, 2018	**Grantee**	788sapa Land LLC
Sale Status	Recorded	**Recording Number**	23943765
Grantor	California Flower Market LLC	**Sale Price**	$11,550,000

Property Description

Gross Acres	1.01	**Street Access**	Good
Gross SF	43,996	**Visibility**	Good
No. of Units	48	**Corner/Interior**	Corner
Density (Units/Ac)	47.52	**Use Designation**	Service Commercial
Proposed Use	Multi-Family Redevelopment	**Zoning Jurisdiction**	City of Palo Alto
		Zoning Code	CS
Proposed Bldg SF	45,075	**Zoning Description**	Service Commercial

Indicators

$/Gross SF	$262.53	**$/Unit**	$240,625

Remarks

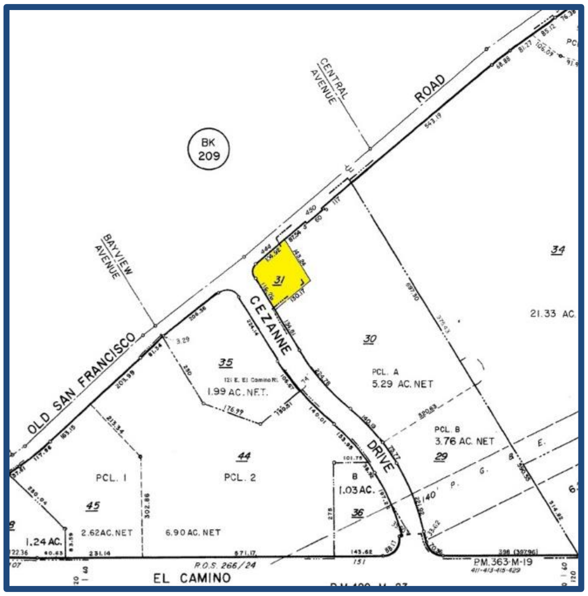
This property consists of two parcels that have a rectangular configuration at the northeast corner of San Antonio Road and Leghorn Street. The underlying site contains 43,996 gross square feet, or 1 acre. The property zoning and General Plan land use designation are Service Commercial. These designations allow mixed-use development of up to 100% FAR. The property is also in Palo Alto's Housing Element, which signals the potential for redevelopment.

The site is presently improved with two industrial buildings containing about 18,000 square feet, built circa 1970. The properties are leased on short-term leases.

788sapa Land LLC purchased this property from California Flower Market LLC in May 2018. The sale price was $11,550,000, or $262.52 per gross square foot of land.

The buyer purchased the property for redevelopment with a 4-story condominium project containing 48 one- and two-bedroom units. At this density, the sale price per unit is $240,625. Parking is planned underground with 115 spaces, or at 2.4 spaces per apartment. The building would include 5 affordable units. The property was purchased unentitled; the buyer is pursuing entitlements.

COMPARABLE LAND SALE 7



Property Identification

Property/Sale ID	10919280/1396457
Property Type	Multi-Family
Property Name	Residential Land
Address	444 Old San Francisco Road
City, State Zip	Sunnyvale, California 94086
County	Santa Clara
Latitude/Longitude	37.367553/-122.027606
Tax ID	211-01-031

Transaction Data

Sale Date	October 17, 2019	**Grantee**	Silicon Vly WZRedwood Cap LLC
Sale Status	Recorded		
Grantor	Raymond & Jacqueline Tikvica Tr	**Recording Number**	0024310500
		Sale Price	$3,518,000

Property Description

Gross Acres	0.43	**Street Access**	Average
Gross SF	18,590	**Visibility**	Good
No. of Units	15	**Corner/Interior**	Corner
Density (Units/Ac)	35.15	**Zoning Jurisdiction**	City of Sunnyvale
Proposed Use	Multifamily development	**Zoning Code**	R4PD

Indicators

$/Gross SF	$189.24	**$/Unit**	$234,533

Remarks

This property consists of a single parcel located at the corner of Old San Francisco Road and Cezanne Drive in Sunnyvale. The site is just one block away from El Camino Real. The underlying site contains 18,590 square feet, or 0.42 acres. The property has approximately 135 feet of frontage along Old San Francisco Road (with one curb cut) and approximately 116 feet of frontage along Cezanne Drive (with no curb cuts). The site is currently improved with a large custom single-family residence containing 2,035 square feet. The residence also has a pool, pool house, sport court, and extra storage. The zoning on this site is R4PD, which allows for multifamily development of up to 36 dwelling units per acre. The owner has proposed 20 units to be developed on this lot.

This property sold contingent on entitlements. The buyer plans to develop the site with 15 townhomes. The sale price was $3,518,000, or $234,533 per unit.

Land Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments

Transaction adjustments include (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a sale comparable. The appraised value reflects the fee simple interest. The sale comparables reflect either the fee simple or the leased fee interest, they were all, however, purchased for demolition of the improvements and redevelopment and not for their income generating ability. Thus, no adjustments were required.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All of the sale comparables involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value.

Comparables 2 and 5 were purchased by a motivated buyer who was assembling properties in the area. A small downward adjustment is warranted. The remaining sale comparables do not indicate any condition of sale adjustments were warranted for atypical conditions or for-sale listing.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, and/or costs to remediate environmental contamination.

The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller. Unless the sales involved expenditures anticipated upon the purchase date, no adjustments to the comparable sales are required for this element of comparison.

The parties to the transactions did not anticipate expenditures were required immediately after purchase; therefore, no adjustments were warranted to the comparables.

Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions.

Historically, market conditions for land in general have been improving for several years. Based on our discussions with market participants and a review of market data, as well as sales and resales of Santa Clara County properties, we estimate that land values have been increasing at 5% or more annually for the past two years. However, as a result of COVID-19 some of the gains made will be lost. The magnitude of the loss is not known at present and will not be known for a while. In light of this uncertainty, we were inclined to perform a 5% upward adjustment until March of 2020, while no adjustment was made after March.

Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after transaction and market conditions adjustments.

Our reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

Location

Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject. These characteristics can include general neighborhood characteristics, freeway accessibility, street exposure, corner- versus interior-lot location, neighboring properties, view amenities, and other factors.

The subject site is located along South Mathilda Avenue with average access and good visibility. We rate the Mountain View and Palo Alto location of three of the comparable sales as superior and a downward adjustment was made as appropriate. We have used sales prices of condominiums as our guide for this adjustment. No adjustment was made to the rest of the comparables, as their Sunnyvale location is rated as overall similar to the subject's.

Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. This inverse relationship is due, in part, to the principle of "economies of scale."

The subject site consists of 1.44 acres and is planned to be developed with 90 units. Comparables 1, 2 and 7 were smaller sites, proposed to be developed with a small number of units (15 and 18). These three comparables were downward adjusted for the lower risk of development under size. Comparable 3, a much larger project, required a significant upward adjustment for its larger size/ higher number of proposed units. The rest of the comparables are overall similar to the subject and warrant no adjustment in this category.

Topography

The subject has a generally level topography. All of the comparables are similar in this respect and no adjustment for topography is warranted.

Zoning

The highest and best use of sale comparables should be very similar to that of the subject property. When comparables with the same zoning as the subject are lacking or scarce, parcels with slightly different zoning, but a highest and best use similar to that of the subject may be used as comparables. These comparables may require an adjustment for differences in utility if the market supports such adjustment.

The subject site has zoning is place that permits high density residential development. All of the comparables had zoning that permitted multi-family residential or mixed-use development, albeit at varying densities. While no adjustment was made under zoning, an adjustment for density was warranted and this is discussed next.

Density

The subject has a current approved density of 62.5 dwelling units per acre. Comparables 1, 2, 4, 5, 6 and 7 had lower densities and required an adjustment in this category. Since we are valuing the subject on a price per unit basis, the adjustment is downward; an upward adjustment would have been made if we were analyzing the subject on a price per square foot of land area.

Entitlements

Land sold with approvals typically command a higher price than comparable land sold without approvals. The project was approved by the Planning Commission on 4/27/2020. Thus, as of the date of value, the subject land is entitled. The approvals reduce risk for the developer; this should be considered in our analysis.

Like the subject, Comparable 3 was also entitled and warrant no adjustment in this category. Comparable 7 sold contingent on entitlements and warrants an adjustment as well, albeit a lower one. The rest of the comparables sold as unentitled land, and required an upward adjustment. The adjustment made is 20% and is towards the low end of the range of entitlement premium, as many of the comparable projects were proposed to be approved at the density envisioned by municipal guidelines or at the City’s pre-approved density, which typically reduces risk and makes project approval less risky.

Summary of Adjustments

Presented on the following page is a summary of the adjustments made to the sale comparables. As noted earlier, these quantitative adjustments were based on our market research, best judgment, and experience in the appraisal of similar properties.

Land Sales Adjustment Grid

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6	Sale # 7
Sale ID		1321624	1400280	1319567	1321625	1403912	1321656	1396457
Date of Value & Sale	August-20	May-19	January-19	August-17	February-18	August-18	May-18	October-19
Unadjusted Sales Price		$4,875,000	$6,830,000	$68,230,500	$16,250,000	$11,950,000	$11,550,000	$3,518,000
Proposed Units	90	15	18	520	108	53	48	15
Unadjusted Sales Price per Proposed Unit		**$325,000**	**$379,444**	**$131,213**	**$150,463**	**$225,472**	**$240,625**	**$234,533**
Transactional Adjustments								
Property Rights Conveyed	*Fee Simple*	*Fee Simple*	*Leased Fee*	*Fee Simple*	*Leased Fee*	*Leased Fee*	*Leased Fee*	
Adjustment		-	-	-	-	-	-	-
Adjusted Sales Price		$325,000	$379,444	$131,213	$150,463	$225,472	$240,625	$234,533
Financing Terms	*Cash to Seller*	*Cash to Seller*	*Cash*	*Typical*	*Cash*	*Conventional*	*Cash to Seller*	*Cash*
Adjustment		-	-	-	-	-	-	-
Adjusted Sales Price		$325,000	$379,444	$131,213	$150,463	$225,472	$240,625	$234,533
Conditions of Sale	*Typical*	*Typical*	*Motivated Buyer*	*Typical*			*Typical*	
Adjustment		-	-5.0%	-	-	-5.0%	-	-
Adjusted Sales Price		$325,000	$360,472	$131,213	$150,463	$214,198	$240,625	$234,533
Expenditures after Sale								
Adjustment		-	-	-	-	-	-	-
Adjusted Sales Price		**$325,000**	**$360,472**	**$131,213**	**$150,463**	**$214,198**	**$240,625**	**$234,533**
Market Conditions Adjustments								
Elapsed Time from Date of Value		*1.23 years*	*1.61 years*	*2.98 years*	*2.50 years*	*1.96 years*	*2.21 years*	*0.83 years*
Market Trend Through	March-20	3.9%	5.8%	12.6%	10.2%	7.5%	8.8%	1.9%
Subsequent Trend Ending	August-20	-	-	-	-	-	-	-
Analyzed Sales Price		**$337,599**	**$381,310**	**$147,767**	**$165,818**	**$230,278**	**$261,754**	**$238,903**
Physical Adjustments								
Location	*Mathilda / W. Iowa*	*582 East Maude Avenue*	*1926-1938 Gamel Way*	*1120-1130 Kifer Road*	*1088 West El Camino Real and 610-620 Grape Avenue*	*Gamel Way and Escuela Avenue*	*788-796 San Antonio Road*	*444 Old San Francisco Road*
	Sunnyvale, California	*Sunnyvale, California*	*Mountain View, California*	*Sunnyvale, California*	*Sunnyvale, California*	*Mountain View, California*	*Palo Alto, California*	*Sunnyvale, California*
Adjustment		-	-20.0%	-	-	-20.0%	-30.0%	-
Size	*90*	*15 units*	*18 units*	*520 units*	*108 units*	*53 units*	*48 units*	*15 units*
Adjustment		-20.0%	-20.0%	30.0%	-	-	-	-20.0%
Shape/Depth	*Irregular*	*Generally Rectangular*	*Elongated*	*Square*	*Rectangular*	*Rectangular*	*Rectangular*	*Trapezoidal*
Adjustment		-	-	-	-	-	-	-
Floodplain	*Zone X (unshaded)*	*Zone X (unshaded)*	*Zone D*	*Zone X (unshaded)*	*Zone X (unshaded)*	*Zone X (unshaded)*	*X*	*D*
Adjustment		-	-	-	-	-	-	-
Zoning	*DSP*	*R3*	*R3*	*MXD-I*	*C2-ECR*	*R4*	*CS*	*R4PD*
Adjustment		-	-	-	-	-	-	-
Density	*62.5*	*20.6*	*27.53*	*64.96*	*47.37*	*44.41*	*47.52*	*35*
Adjustment		-30.0%	-30.0%	-	-10.0%	-10.0%	-10.0%	-20.0%
Entitlements	*Yes*	*No*	*No*	*Yes*	*No*	*No*	*No*	*Contingent*
Adjustment		20.0%	20.0%	-	20.0%	20.0%	20.0%	10.0%
Net Physical Adjustment		-30.0%	-50.0%	30.0%	10.0%	-10.0%	-20.0%	-30.0%
Adjusted Sales Price per Proposed Unit		**$236,320**	**$190,655**	**$192,097**	**$182,400**	**$207,250**	**$209,403**	**$167,232**

Conclusion

From the market data available, we used several land sales in competitive market areas which were adjusted based on pertinent elements of comparison. The following table summarizes the unadjusted and adjusted unit prices:

Land Sale Statistics

Metric	Unadjusted	Adjusted
Min. Sales Price per Proposed Unit	$131,213	$167,232
Max. Sales Price per Proposed Unit	$379,444	$236,320
Median Sales Price per Proposed Unit	$234,533	$192,097
Mean Sales Price per Proposed Unit	$240,964	$197,908

The comparables form an adjusted range of $167,232 to $236,320 per unit, with an average of $198,000 and a median of $192,000 per unit. They bracket the subject in terms of development potential and physical characteristics.

Comparable 7 is the most recent sale, also drawn from Sunnyvale. The sale has a lower density and closed contingent on entitlements. Comparables 3 and 4 are also drawn from Sunnyvale, and they have similar overall density as the subject. Great consideration was given to these three Sunnyvale sales.

Based on the adjusted prices and the best comparable sales, and giving additional consideration to the size of the subject units, based on the affordable nature of the project, a price towards the low end of the comparable range, of $170,000 per unit is considered reasonable and appropriate for the subject site.

At the concluded value of $170,000 per unit, the value indication of the fee simple value of the subject land, is estimated at **$15,300,000** (rounded).

Land Value Conclusion				
Reasonable Adjusted Comparable Range				
90 proposed units	x	$180,000 per proposed unit	=	$16,200,000
90 proposed units	x	$200,000 per proposed unit	=	$18,000,000
Market Value of the Land for Affordable Project				(Rounded)
90 proposed units	x	**$170,000 per proposed unit**	=	**$15,300,000**

The concluded value of $15,300,000 results to a price of $244 per square foot of land area, and is well supported by the adjusted comparable range of $205 to $276 per square foot of site area.

Valbridge PROPERTY ADVISORS

Reconciliation

Summary of Value Indications

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

Value Indications

Approach to Value	Hypothetical
Sales Comparison	$15,300,000
Cost	Not Developed
Income Capitalization	Not Developed

Value Conclusion

Component	Hypothetical
Value Type	Market Value of the Land
Property Rights Appraised	Fee Simple
Effective Date of Value	August 13, 2020
Value Conclusion	**$15,300,000**
	$243.92 psf
	$170,000 per unit

Our findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- The six parcels are appraised as if assembled. However, the six parcels were not assembled, albeit were under one ownership, as of the date of value. This valuation scenario, therefore, represents a hypothetical condition, assumed for purposes of analysis, as requested by the client.
- The subject site represents a municipality's surplus land, and the City requires affordable development on the site. More specifically, the City Council designated the property to be for affordable housing, which represents a burden to a future buyer/ developer of the subject property. The client has requested that we appraise the subject at its highest and best use, for market rate or other, less restrictive, affordable type of development, without a deed restriction in place limiting the subject solely to affordable type of development. With the current restriction in place, the value of the subject land would be less.

Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of six months each are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Northern California will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Northern California is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Northern California and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Northern California.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
21. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.

22. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
23. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
24. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
25. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.
27. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
28. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.

29. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.

30. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.

31. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

32. You and Valbridge Property Advisors | Northern California both agree that any dispute over matters in excess of $5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Northern California and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Northern California or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Northern California for this assignment, and under no circumstances shall any claim for consequential damages be made.

33. Valbridge Property Advisors | Northern California shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Northern California. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Northern California and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Northern California harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Northern California in such action, regardless of its outcome.

34. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | Hulberg & Associates, Inc. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

35. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.

36. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
37. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
38. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what full effect this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

Certification – Maria Aji, PhD

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I 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. The undersigned has performed 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 acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Maria Aji has personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the Standards and Ethics Education Requirement for Candidates/Practicing Affiliates of the Appraisal Institute.

Maria Aji, Ph.D.
Senior Appraiser
California Certified License #AG027130

Certification – Yvonne J. Broszus, MAI

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I 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. The undersigned has performed 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 acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Yvonne J. Broszus did not personally inspect the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

Yvonne J. Broszus, MAI
Managing Director
California Certified License #AG019587

Addenda

Preliminary Title Report

Fidelity National Title Company
100 Pine Street, Suite 2460, San Francisco, CA 94111
Phone: (415) 276-0220• Fax:

Issuing Policies of Fidelity National Title Insurance Company

Title Officer: Shannon Lipsey (MA Bay - NoCal)
Escrow Officer: Major Accounts OAC

Order No.: 991-**25002844**-A-SL0

TO:

Fidelity National Title Company
1300 Dove Street, Suite 310
Newport Beach, CA 92660

ATTN: .**Mike Brinkman**
YOUR REFERENCE: **25002843-MB**

PROPERTY ADDRESS: **365, 397, 403 Mathilda Avenue, Sunnyvale, CA**

AMENDED **PRELIMINARY REPORT**

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

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

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

The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.

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

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

Countersigned by:

Authorized Signature

Fidelity National Title Company
100 Pine Street, Suite 2460, San Francisco, CA 94111
Phone: (415) 276-0220• Fax:

AMENDED **PRELIMINARY REPORT**

EFFECTIVE DATE: **May 17, 2019 at 7:30 a.m., Amended: May 23, 2019, Amendment No. A**

ORDER NO.: 991-25002844-A-SL0

The form of policy or policies of title insurance contemplated by this report is:

ALTA Standard Loan Policy (6-17-06)

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

   Fee

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

   City of Sunnyvale, a charter city as to Tract 1, City of Sunnyvale, a municipal corporation as to Tracts 2 and 3

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

   See Exhibit A attached hereto and made a part hereof.

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SUNNYVALE, IN THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

TRACT 1:

PARCEL ONE:

LOT 6, AS LAID DOWN, DESIGNATED AND DELINEATED UPON THAT CERTAIN MAP ENTITLED "MAP OF THE WILSON SUBDIVISION, BEING THE EASTERLY PORTION OF LOT 7, OF THE J.T. MURPHY SUB. NO. 1, IN THE RANCHO PASTORIA DE LAS BORREGAS", WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON MARCH 4, 1907, IN BOOK L OF MAPS, AT PAGE 67.

PARCEL TWO:

A PORTION OF IOWA AVENUE, AS ABANDONED BY THE CITY OF SUNNYVALE, RESOLUTION NO. 3901, DATED MARCH 15, 1960, AND RECORDED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON APRIL 12, 1960, IN BOOK 4761 OF OFFICIAL RECORDS, AT PAGE 118, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTHEASTERLY LINE OF CHARLES STREET, WITH THE SOUTHWESTERLY LINE OF IOWA AVENUE, SAID POINT OF BEGINNING ALSO BEING THE NORTHWESTERLY CORNER OF LOT 6, AS SAID STREET, AVENUE AND LOT ARE SHOWN UPON THAT CERTAIN MAP ENTITLED, "MAP OF THE WILSON SUBDIVISION", WHICH MAP WAS FILED FOR RECORD ON MARCH 4, 1907, IN BOOK L OF MAPS, AT PAGE 67, SANTA CLARA COUNTY RECORDS; THENCE FROM SAID POINT OF BEGINNING SOUTHEASTERLY AND ALONG THE SOUTHWESTERLY LINE OF SAID IOWA AVENUE AND THE NORTHEASTERLY LINE OF LOT 6, 130.00 FEET TO THE NORTHEASTERLY CORNER OF SAID LOT 6; THENCE NORTHEASTERLY ALONG THE NORTHEASTERLY PROLONGATION OF THE SOUTHEASTERLY LINE OF SAID LOT 6, 25.00 FEET TO A POINT ON THE CENTER LINE OF SAID IOWA AVENUE; THENCE NORTHWESTERLY ALONG LAST SAID LINE, 130.00 FEET TO THE INTERSECTION THEREOF WITH THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID LOT 6; THENCE SOUTHWESTERLY ALONG LAST SAID PROLONGED LINE, 25.00 FEET TO THE POINT OF BEGINNING.

PARCEL THREE:

LOT 8 AS LAID DOWN, DESIGNATED AND DELINEATED UPON THAT CERTAIN MAP ENTITLED, "MAP OF THE BURTON SUBDIVISION BEING THE EASTERLY PORTION OF LOT 8 OF THE J. T. MURPHY SUB. NO. 1 IN THE RANCHO PASTORIA DE LAS BORREGAS", AND WHICH SAID MAP WAS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, IN BOOK "L" OF MAPS, PAGE 66.

PARCEL FOUR:

BEGINNING AT THE POINT OF INTERSECTION OF THE EASTERLY LINE OF CHARLES STREET, WITH THE NORTHERLY LINE OF IOWA AVENUE, SAID ST. AND AVE. ARE SHOWN UPON THE MAP ABOVE REFERRED TO; THENCE FROM SAID POINT OF BEGINNING, EASTERLY ALONG THE NORTHERLY LINE OF SAID IOWA AVENUE, 130.00 FEET TO THE SOUTHEASTERLY CORNER OF THE ABOVE DESCRIBED LOT 8; THENCE LEAVING SAID NORTHERLY LINE AND RUNNING SOUTHERLY ALONG THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID LOT, 25.00 FEET TO THE INTERSECTION THEREOF WITH THE CENTERLINE OF SAID AVENUE, SAID CENTERLINE IS SHOWN UPON THE MAP ABOVE REFERRED TO; THENCE WESTERLY ALONG

EXHIBIT A
(Continued)

SAID CENTERLINE 130.00 FEET TO THE INTERSECTION THEREOF WITH THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF SAID CHARLES STREET; THENCE NORTHERLY ALONG SAID PROLONGATION, 25.00 FEET TO THE POINT OF BEGINNING. BEING A PORTION OF IOWA STREET, AS ABANDONED BY THAT CERTAIN DOCUMENT RECORDED APRIL 12, 1960 IN BOOK 4761 OF OFFICIAL RECORDS, PAGE 118, SANTA CLARA COUNTY RECORDS.

PARCEL FIVE:

LOT 7, AS LAID DOWN, DESIGNATED AND DELINEATED UPON THAT CERTAIN MAP ENTITLED, 'MAP OF THE BURTON SUBDIVISION, BEING THE EASTERLY PORTION OF LOT 8 OF THE J.T. MURPHY SUB. NO. 1 IN THE RANCHO PASTORIA DE LAS BORREGAS", AND WHICH SAID MAP WAS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, IN BOOK "L" OF MAPS, AT PAGE 66.

EXCEPTING THEREFROM THAT PORTION THEREOF CONDEMNED TO THE CITY OF SUNNYVALE BY INSTRUMENT RECORDED DECEMBER 22, 1969 IN BOOK 8778 OF OFFICIAL RECORDS, PAGE 8, DESCRIBED AS FOLLOWS:

A STRIP OF LAND 30.00 FEET IN WIDTH, MEASURED AT RIGHT ANGLES, LYING WESTERLY OF AND CONTIGUOUS TO THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE INTERSECTION OF THE SOUTHERLY LINE OF LOT 7 WITH THE WESTERLY LINE OF MATHILDA AVENUE, AS SAID LOT AND AVENUE ARE SHOWN UPON THAT CERTAIN MAP ENTITLED, "MAP OF THE BURTON SUBDIVISION", AS SAID MAP IS RECORDED IN BOOK L OF MAPS AT PAGE 66 IN THE OFFICE OF THE RECORDER OF SAID COUNTY; THENCE NORTHERLY ALONG SAID WESTERLY LINE 48,42 FEET TO THE NORTHERLY LINE OF SAID LOT 7.

PARCEL SIX:

BEGINNING ON THE NORTHERLY LINE OF IOWA AVENUE, ALSO BEING ON THE SOUTHERLY LINE OF LOT 7, AS SAID AVENUE AND LOT ARE SHOWN UPON THAT CERTAIN MAP ENTITLED, "MAP OF THE BARTON SUBDIVISION", WHICH MAP WAS FILED FOR RECORD IN THE RECORDER'S OFFICE OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON MARCH 4, 1907 IN BOOK "L' OF MAPS, AT PAGE 66; SAID POINT OF BEGINNING BEING DISTANT WESTERLY 30.0 FEET ALONG THE NORTHERLY LINE OF SAID IOWA AVENUE FROM THE SOUTHEASTERLY CORNER OF SAID LOT 7, AT THE INTERSECTION OF SAID NORTHERLY LINE OF IOWA AVENUE WITH THE WESTERLY LINE OF MATHILDA AVENUE, AS SHOWN ON THE AFOREMENTIONED MAP; THENCE FROM SAID POINT OF BEGINNING ALONG THE NORTHERLY LINE OF SAID IOWA AVENUE WESTERLY 100.00 FEET TO THE SOUTHWESTERLY CORNER OF SAID LOT 7; THENCE LEAVING SAID NORTHERLY LINE OF IOWA AVENUE AND ALONG THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID LOT 7, SOUTHERLY 25.0 FEET TO THE CENTER LINE OF SAID IOWA AVENUE: THENCE ALONG SAID LAST MENTIONED CENTER LINE, PARALLEL TO AND DISTANT SOUTHERLY 25.0 FEET FROM THE SOUTHERLY LINE OF SAID LOT 7, EASTERLY 100.00 FEET TO A POINT THAT IS DISTANT WESTERLY 30.00 FEET, MEASURED AT RIGHT ANGLES FROM THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF MATHILDA AVENUE, AFORESAID; THENCE NORTHERLY PARALLEL TO AND 30.00 FEET DISTANT WESTERLY, AT RIGHT ANGLES, TO THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID MATHILDA AVENUE, 25.00 FEET TO THE POINT OF BEGINNING, AND BEING A PORTION OF IOWA AVENUE, AS SHOWN ON THE ABOVE MENTIONED MAP THAT WAS ABANDONED BY THE CITY OF SUNNYVALE BY THAT CERTAIN RESOLUTION VACATING PORTIONS OF IOWA AVENUE, IN THE CITY OF SUNNYVALE, CALIFORNIA, RESOLUTION NO. 3901, A CERTIFIED COPY OF WHICH WAS RECORDED IN THE RECORDER'S OFFICE OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON APRIL 12, 1960 IN BOOK 4761 OF OFFICIAL RECORDS, PAGE 118.

PARCEL SEVEN:

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Your Reference: 25002843-MB

Fidelity National Title Company
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EXHIBIT A
(Continued)

LOT 5, AS DELINEATED UPON THAT CERTAIN MAP ENTITLED "THE WILSON SUBDIVISION", FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON MAY 4TH, 1907 IN BOOK L OF MAPS, AT PAGE 67.

EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE CITY OF SUNNYVALE, BY INSTRUMENT RECORDED NOVEMBER 28, 1969 IN BOOK 8753 OF OFFICIAL RECORDS, PAGE 349, AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE WESTERLY LINE OF MATHILDA AVENUE, 50 FEET WIDE WITH THE SOUTHERLY LINE OF SAID LOT 5, AS SAID AVENUE AND LOT ARE SHOWN ON SAID MAP; THENCE NORTH 75° 08' WEST ALONG SAID SOUTHERLY LINE 32.599 FEET TO THE POINT OF INTERSECTION WITH A CURVE TO THE LEFT HAVING A RADIUS OF 50 FEET; THENCE FROM A TANGENT BEARING OF NORTH 33° 25' 15" EAST, NORTHEASTERLY AND NORTHERLY, THROUGH A CENTRAL ANGLE OF 18° 33' 15', A DISTANCE OF 16.19 FEET TO THE POINT OF TANGENCY WITH A LINE PARALLEL WITH AND DISTANT WESTERLY, MEASURED AT RIGHT ANGLES 30.00 FEET FROM SAID WESTERLY LINE OF MATHILDA AVENUE; THENCE NORTH 14° 52' EAST ALONG SAID PARALLEL LINE, 32.51 FEET TO THE NORTHERLY LINE OF SAID LOT 5; THENCE SOUTH 75° 08' EAST ALONG SAID NORTHERLY LINE, 30,00 FEET TO SAID WESTERLY LINE OF MATHILDA AVENUE; THENCE SOUTH 14° 52' WEST ALONG S4ID WESTERLY LINE, 48.42 FEET TO THE POINT OF BEGINNING.

PARCEL EIGHT:

BEGINNING ON THE SOUTHERLY LINE OF IOWA AVENUE, ALSO BEING ON THE NORTHERLY LINE OF LOT 5, AS SAID AVENUE AND LOT ARE SHOWN UPON THAT CERTAIN MAP ENTITLED, "MAP OF THE WILSON SUBDIVISION", WHICH MAP WAS FILED FOR RECORD IN THE RECORDER'S OFFICE OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON MARCH 4, 1907 IN BOOK L OF MAPS AT PAGE 67; SAID POINT OF BEGINNING BEING DISTANT WESTERLY 30.0 FEET ALONG THE NORTHERLY LINE OF SAID IOWA AVENUE FROM THE NORTHEASTERLY CORNER OF SAID LOT 5 AT THE INTERSECTION OF SAID SOUTHERLY LINE OF IOWA AVENUE WITH THE WESTERLY LINE OF MATHILDA AVENUE, AS SHOWN ON THE AFOREMENTIONED MAP; THENCE FROM SAID POINT OF BEGINNING ALONG THE SOUTHERLY LINE OF SAID IOWA AVENUE, WESTERLY 100.00 FEET TO THE NORTHWESTERLY CORNER OF SAID LOT 5; THENCE LEAVING SAID SOUTHERLY LINE OF IOWA AVENUE AND ALONG THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID LOT 5, NORTHERLY 25,0 FEET TO THE CENTER LINE OF SAID IOWA AVENUE; THENCE ALONG SAID LAST MENTIONED CENTER LINE, PARALLEL TO AND DISTANT NORTHERLY 25.0 FEET FROM THE NORTHERLY LINE OF SAID LOT 5, EASTERLY 100.00 FEET TO A POINT THAT IS DISTANT WESTERLY 30.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF MATHILDA AVENUE AFORESAID; THENCE SOUTHERLY PARALLEL TO AND 30.00 FEET DISTANT WESTERLY, AT RIGHT ANGLES TO THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID MATHILDA AVENUE, 25.00 FEET TO THE POINT OF BEGINNING AND BEING A PORTION OF IOWA AVENUE, AS SHOWN ON THE ABOVE MENTIONED MAP THAT WAS ABANDONED BY THE CITY OF SUNNYVALE BY THAT CERTAIN "RESOLUTION VACATING PORTIONS OF IOWA AVENUE IN THE CITY OF SUNNYVALE, CALIFORNIA", RESOLUTION NO. 3901; A CERTIFIED COPY OF WHICH WAS RECORDED IN THE RECORDER'S OFFICE OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON APRIL 12, 1960 IN BOOK 4761 OF OFFICIAL RECORDS, PAGE 118.

APN: 165-13-045 (Affects: Parcels One and Two), 165-13-046 (Affects: Parcels Three and Four), 165-13-068 (Affects: Parcels Five and Six) and 165-13-069 (Affects: Parcels Seven and Eight)

TRACT 2:

LOTS 4 AND 7, AS DELINEATED UPON THAT CERTAIN MAP ENTITLED "MAP OF THE WILSON SUBDIVISION BEING THE EASTERLY PORTION OF LOT 7 OF THE J.T, MURPHY SUB. NO. 1 IN THE PANCHO PASTORIA DE

CLTA Preliminary Report Form – Modified (11/17/06)

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EXHIBIT A
(Continued)

LAS BORREGAS", FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON MARCH 4TH, 1907 IN BOOK L, OF MAPS, AT PAGE 67.

APN: 165-13-073

TRACT 3:

PARCEL ONE:

LOT 9, AS DELINEATED UPON THAT CERTAIN MAP ENTITLED "MAP OF THE BURTON SUBDIVISION BEING THE EASTERLY PORTION OF LOT 8 OF THE J.T. MURPHY SUBDIVISION, NUMBER 1 IN THE RANCHO PASTORIA DE LAS BORREGAS", FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON MARCH 4TH, 1887 IN BOOK "L" OF MAPS, AT PAGE 66.

PARCEL TWO:

LOT 5, AS DELINEATED UPON THAT CERTAIN MAP ENTITLED "MAP OF THE BURTON SUBDIVISION BEING THE EASTERLY PORTION OF LOT 8 OF THE J.T. MURPHY SUB. NO. 1 IN THE RANCHO PASTORIA DE LAS BORREGAS", FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON MARCH 4TH, 1907 IN BOOK L OF MAPS, AT PAGE 66,

EXCEPTING THEREFROM THE SOUTHEASTERLY 30 FEET THEREOF, AS CONDEMNED BY THE CITY OF SUNNYVALE, A MUNICIPAL CORPORATION, BY FINAL JUDGMENT OF CONDEMNATION AS TO PARCEL 10, A CERTIFIED COPY OF WHICH WAS RECORDED DECEMBER 31, 1969 IN BOOK 8787, OF OFFICIAL RECORDS OF SANTA CLARA COUNTY AT PAGE 354.

PARCEL THREE:

LOT 6, AS DELINEATED UPON THAT CERTAIN MAP ENTITLED "MAP OF THE BURTON SUBDIVISION BEING THE EASTERN PORTION OF LOT 8 OF THE J.T. MURPHY SUB NO. 1 IN THE RANCHO PASTORIA DE LAS BORREGAS", FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, ON MARCH 4TH, 1907 IN BOOK L OF MAPS, AT PAGE 66.

EXCEPTING THEREFROM THE SOUTHEASTERLY 30 FEET, AS CONDEMNED FOR STREET PURPOSES BY FINAL JUDGMENT OF CONDEMNATION, A CERTIFIED COPY OF WHICH RECORDED NOVEMBER 25, 1969 IN BOOK 8749 OF OFFICIAL RECORDS, PAGE 714.

APN: 165-13-074

PRELIMINARY REPORT
Your Reference: 25002843-MB

Fidelity National Title Company
Order No.: 991-**25002844**-A-SL0

EXCEPTIONS

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2019-2020.

1. There were no taxes levied for the fiscal year 2018-2019 as the property was vested in a public entity.

2. Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

3. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

4. The rights, if any, of a city, public utility or special district, pursuant to Section 8345 et seq. of the California Streets and Highways Code, to preserve a public easement in IOWA AVENUE as the same was vacated by the document recorded APRIL 12, 1960 as BOOK 4761, PAGE 118, INSTRUMENT NO. 1799336 of Official Records.

5. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to:	City of Sunnyvale
Purpose:	fire hydrant
Recording Date:	November 28, 1969
Recording No:	Book 8753, Page 349 of Official Records
Affects:	Parcels Seven and Eight of Tract 1

6. The terms and provisions contained in the document entitled "Grant Deed" recorded September 29, 2015 as Instrument No. 23092948 of Official Records.

7. The fact that the land lies within the boundaries of the CENTRAL CORE Redevelopment Project Area, as disclosed by various documents of record.

8. Water rights, claims or title to water, whether or not disclosed by the public records.

9. The Company will require that an Owner's Affidavit be completed by the party(s) named below before the issuance of any policy of title insurance.

   Party(s): Vestee

   The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit.

10. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

    The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

    The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

PRELIMINARY REPORT
Your Reference: 25002843-MB

Fidelity National Title Company
Order No.: 991-**25002844**-A-SL0

EXCEPTIONS
(Continued)

11. The transaction contemplated in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company reserves the right to add additional items or make further requirements after such review.

PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.

END OF EXCEPTIONS

REQUIREMENTS SECTION

END OF REQUIREMENTS

INFORMATIONAL NOTES SECTION

1. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

2. Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the seller/borrower must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.

3. Note: If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

4. Note: Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.

5. Note: The charge for a policy of title insurance, when issued through this title order, will be based on the Basic Title Insurance Rate.

6. None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an Extended Coverage Loan Policy, when issued.

7. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.

END OF INFORMATIONAL NOTES

FIDELITY NATIONAL FINANCIAL, INC.
PRIVACY NOTICE

Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, "FNF," "our," or "we") respect and are committed to protecting your privacy. This Privacy Notice explains how we collect, use, and protect personal information, when and to whom we disclose such information, and the choices you have about the use and disclosure of that information.

Types of Information Collected
We may collect two types of information from you: Personal Information and Browsing Information.

Personal Information. FNF may collect the following categories of Personal Information:
- contact information (*e.g.*, name, address, phone number, email address);
- demographic information (*e.g.*, date of birth, gender, marital status);
- identity information (*e.g.*, Social Security Number, driver's license, passport, or other government ID number);
- financial account information (*e.g.*, loan or bank account information); and
- other personal information necessary to provide products or services to you.

Browsing Information. FNF may automatically collect the following types of Browsing Information when you access an FNF website, online service, or application (each an "FNF Website") from your Internet browser, computer, and/or mobile device:
- Internet Protocol (IP) address and operating system;
- browser version, language, and type;
- domain name system requests; and
- browsing history on the FNF Website, such as date and time of your visit to the FNF Website and visits to the pages within the FNF Website

How Personal Information is Collected
We may collect Personal Information about you from:
- information we receive from you on applications or other forms;
- information about your transactions with FNF, our affiliates, or others; and
- information we receive from consumer reporting agencies and/or governmental entities, either directly from these entities or through others.

How Browsing Information is Collected
If you visit or use an FNF Website, Browsing Information may be collected during your visit. Like most websites, our servers automatically log each visitor to the FNF Website and may collect the Browsing Information described above. We use Browsing Information for system administration, troubleshooting, fraud investigation, and to improve our websites. Browsing Information generally does not reveal anything personal about you, though if you have created a user account for an FNF Website and are logged into that account, the FNF Website may be able to link certain browsing activity to your user account.

Other Online Specifics
Cookies. When you visit an FNF Website, a "cookie" may be sent to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. Information gathered using cookies helps us improve your user experience. For example, a cookie can help the website load properly or can customize the display page based on your browser type and user preferences. You can choose whether or not to accept cookies by changing your Internet browser settings. Be aware that doing so may impair or limit some functionality of the FNF Website.

Web Beacons. We use web beacons to determine when and how many times a page has been viewed. This information is used to improve our websites.

Do Not Track. Currently our FNF Websites do not respond to "Do Not Track" features enabled through your browser.

Links to Other Sites. FNF Websites may contain links to other websites. FNF is not responsible for the privacy practices or the content of any of those other websites. We advise you to read the privacy policy of every website you visit.

Use of Personal Information
FNF uses Personal Information for three main purposes:
- To provide products and services to you or in connection with a transaction involving you.
- To improve our products and services.
- To communicate with you about our, our affiliates', and third parties' products and services, jointly or independently.

When Information Is Disclosed
We may make disclosures of your Personal Information and Browsing Information in the following circumstances:
- to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to nonaffiliated service providers who provide or perform services or functions on our behalf and who agree to use the information only to provide such services or functions;
- to nonaffiliated third party service providers with whom we perform joint marketing, pursuant to an agreement with them to jointly market financial products or services to you;
- to law enforcement or authorities in connection with an investigation, or in response to a subpoena or court order; or

- in the good-faith belief that such disclosure is necessary to comply with legal process or applicable laws, or to protect the rights, property, or safety of FNF, its customers, or the public.

The law does not require your prior authorization and does not allow you to restrict the disclosures described above. Additionally, we may disclose your information to third parties for whom you have given us authorization or consent to make such disclosure. We do not otherwise share your Personal Information or Browsing Information with nonaffiliated third parties, except as required or permitted by law.

We reserve the right to transfer your Personal Information, Browsing Information, and any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of bankruptcy, reorganization, insolvency, receivership, or an assignment for the benefit of creditors. By submitting Personal Information and/or Browsing Information to FNF, you expressly agree and consent to the use and/or transfer of the foregoing information in connection with any of the above described proceedings.

Please see "**Choices With Your Information**" to learn the disclosures you can restrict.

Security of Your Information
We maintain physical, electronic, and procedural safeguards to guard your Personal Information. We limit access to nonpublic personal information about you to employees who need to know that information to do their job. When we provide Personal Information to others as discussed in this Privacy Notice, we expect that they process such information in compliance with our Privacy Notice and in compliance with applicable privacy laws.

Choices With Your Information
If you do not want FNF to share your information with our affiliates to directly market to you, you may send an "opt out" request by email, phone, or physical mail as directed at the end of this Privacy Notice. We do not share your Personal Information with nonaffiliates for their use to direct market to you.

Whether you submit Personal Information or Browsing Information to FNF is entirely up to you. If you decide not to submit Personal Information or Browsing Information, FNF may not be able to provide certain services or products to you.

For California Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties, except as permitted by California law.

For Nevada Residents: You may be placed on our internal Do Not Call List by calling (888) 934-3354 or by contacting us via the information set forth at the end of this Privacy Notice. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: (702) 486-3132; email: BCPINFO@ag.state.nv.us.

For Oregon Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties for marketing purposes, except after you have been informed by us of such sharing and had an opportunity to indicate that you do not want a disclosure made for marketing purposes.

For Vermont Residents: We will not share information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures.

Information From Children
The FNF Websites are meant for adults and are not intended or designed to attract persons under the age of eighteen (18).We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

International Users
FNF's headquarters is located within the United States. If you reside outside the United States and choose to provide Personal Information or Browsing Information to us, please note that we may transfer that information outside of your country of residence for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information and/or Browsing Information, you consent to our collection, transfer, and use of such information in accordance with this Privacy Notice.

FNF Website Services for Mortgage Loans
Certain FNF companies provide services to mortgage loan servicers, including hosting websites that collect customer information on behalf of mortgage loan servicers (the "Service Websites"). The Service Websites may contain links to both this Privacy Notice and the mortgage loan servicer or lender's privacy notice. The sections of this Privacy Notice titled When Information is Disclosed, Choices with Your Information, and Accessing and Correcting Information do not apply to the Service Websites. The mortgage loan servicer or lender's privacy notice governs use, disclosure, and access to your Personal Information. FNF does not share Personal Information collected through the Service Websites, except (1) as required or authorized by contract with the mortgage loan servicer or lender, or (2) as required by law or in the good-faith belief that such disclosure is necessary to comply with a legal process or applicable law, to enforce this Privacy Notice, or to protect the rights, property, or safety of FNF or the public.

Your Consent To This Privacy Notice; Notice Changes
By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information in accordance with this Privacy Notice. We may change this Privacy Notice at any time. The revised Privacy Notice, showing the new revision date, will be posted on the FNF Website. Each time you provide information to us following any amendment of this Privacy Notice, your provision of information to us

will signify your assent to and acceptance of the terms of the revised Privacy Notice for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you submit to us in any manner that we may choose without notice or compensation to you.

Accessing and Correcting Information; Contact Us

If you have questions, would like to access or correct your Personal Information, or want to opt-out of information sharing for affiliate marketing, send your requests via email to privacy@fnf.com, by phone to (888) 934-3354, or by mail to:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Company
FNTC - Fidelity National Title Company
FNTCCA –Fidelity National Title Company of California

FNF Underwriter
FNTIC - Fidelity National Title Insurance Company

Available Discounts

CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)
Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

DISASTER LOANS (FNTIC)
The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)
On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

CA Discount Notice Effective Date: 12/02/2014

Valbridge PROPERTY ADVISORS

ATTACHMENT ONE

CALIFORNIA LAND TITLE ASSOCIATION

STANDARD COVERAGE POLICY – 1990

EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy; or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
   Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE

EXCLUSIONS

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

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
   a. building;
   b. zoning;
   c. land use;

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d. improvements on the Land;
e. land division; and
f. environmental protection.

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

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

   This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% % of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$ 10,000.00
Covered Risk 18:	1.00% % of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$ 5,000.00

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

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

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

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

   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;

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(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
(c) resulting in no loss or damage to the Insured Claimant;
(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

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

EXCEPTIONS FROM COVERAGE

(Except as provided in Schedule B - Part II,(t(or T)his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

(PART I

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

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

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:)

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
      (i) the occupancy, use, or enjoyment of the Land;
      (ii) the character, dimensions, or location of any improvement erected on the Land;
      (iii) the subdivision of land; or
      (iv) environmental protection;
      or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or

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(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

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

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: (The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

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

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (04-02-15)

EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
      (i) the occupancy, use, or enjoyment of the Land;
      (ii) the character, dimensions, or location of any improvement erected on the Land;
      (iii) the subdivision of land; or
      (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.

Attachment One (6-5-14) CA & NV

8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

Attachment One (6-5-14) CA & NV

Qualifications

Qualifications of Maria Aji, PhD
Senior Appraiser
Valbridge Property Advisors | Northern California

Independent Valuations for a Variable World

State Certifications

Certified General
State of California

Education

Ph.D.
Urban and Regional Planning
University of Southern California,
Los Angeles, CA,

Master of Community Planning
University of Cincinnati

Diploma in Economics
National University of Greece
Athens, Greece

Certificate in International
Marketing and Export Techniques
Organization for the Promotion of
Exports
Athens, Greece

Contact Details

408-279-1520 ext. 7120 (p)
408-279-3428 (f)
maji@valbridge.com (e)

Valbridge Property Advisors |
Northern California
55 S. Market Street
Suite 1210
San Jose, CA 95113

www.valbridge.com

Experience

Senior Appraiser
Valbridge Property Advisors | Northern California
(2015-Present)

Appraiser
Valbridge Property Advisors | Northern California
(2013-2014)

Hulberg & Associates, Inc. (2001-2013)
(joined to create Valbridge in 2013)
San Jose, CA

Associate Appraiser
The Property Sciences Group, Inc. (1998-2001)
San Jose, CA

Researcher
Nanyang Technological University, Business School
(1994-1995)
Singapore

Market Research Director
Grubb & Ellis Company (1993-1994)
San Jose, CA

Economic/Planning Consultant
Gruen Gruen & Associates (1992-1993)
San Francisco, CA

Research Associate
Practical Research for Planning, Inc., Pasadena, CA
(1991-1992)
Pasadena, CA

Appraisal/valuation and consulting assignments include: professional/ medical offices, shopping centers, mixed-use projects, gas stations, oil-changing facilities, vacant land, single family homes, apartments, condominiums, vacant land, light industrial, manufacturing, and research and development buildings, condominiums, warehouses, industrial parks, mini-storage facilities, vacant land, and special purpose properties.

Qualifications of Yvonne J. Broszus, MAI
Managing Director

Valbridge Property Advisors | Northern California

Independent Valuations for a Variable World

State Certifications

Certified General
State of California

Education

Bachelor of Science, Marketing
Santa Clara University

Contact Details

408-279-1520 ext. 7135 (p)
408-279-3428 (f)
ybroszus@valbridge.com (e)

Valbridge Property Advisors | Northern California
55 South Market, Suite 1210
San Jose, CA 95113

www.valbridge.com

Membership/Affiliations

Member:	Appraisal Institute MAI Designation
Chairman:	AI Fall Conference Committee (2006) AI Spring Litigation Conference (2017)
Committee Member:	AI Spring Litigation Conference (2014-current) AI Silicon Valley Subchapter (2006-07) AI Fall Conference (2004, 2005)
Award:	AI Claudia B. Carleton Leadership Award

Appraisal Institute & Related Courses

Continuing education courses taken through the Appraisal Institute and other real estate organizations.

Experience

Managing Director
Valbridge Property Advisors | Northern California (2018-Present)

Director
Valbridge Property Advisors | Northern California (2013-2018)

Vice President
Hulberg & Associates, Inc. (1988-2013)
(joined to create Valbridge in 2013)

Appraisal/valuation and consulting assignments include: retail buildings (community, specialty, neighborhood and strip), office buildings (professional and medical/dental), vacant and agricultural land, warehouses, manufacturing, light industrial, research and development, apartments, single-family, condominiums, subdivisions, mobile home parks, auto dealerships, service stations, worship facilities, truck stops, food processing and cold storage facilities, fixed base operators at airports, and other special purpose properties.

Ms. Broszus has provided valuation services in a wide variety of complex civil litigation cases involving real estate. These matters have included condemnation issues, contract disputes, bankruptcy/creditors matters, and environmental lawsuits, among other issues. She also specializes in property tax appeals, having helped clients recover millions of dollars in property tax refunds.

Qualified as an expert witness, Ms. Broszus has testified in state and federal courts, major arbitrations, and at Assessment Appeal Board hearings. She is a highly experienced forensic appraiser.

Valbridge
PROPERTY ADVISORS

FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent national commercial real estate valuation and advisory services firm in North America.
    - Total number of MAI-designated appraisers: 200+ on staff
    - Total number of office locations: 70+ across U.S.
    - Total number of staff: 675+ strong
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.

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