RESOLUTION NO. 24-9383

A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA, TO ESTABLISH THE AVERAGE PER-ACRE LAND VALUES, THE PARK DEVELOPMENT COST PER CAPITA VALUE, AND THE AVERAGE NUMBER OF PERSONS PER HOUSEHOLD IN ORDER TO SET THE PARKLAND IN LIEU FEE SCHEDULE IN ACCORDANCE WITH CHAPTER 17.35 ("PARK AND RECREATIONAL LAND") OF TITLE 17 ("DEVELOPMENT") OF THE CODE OF THE CITY OF SANTA CLARA

WHEREAS, the City of Santa Clara is the government entity responsible for providing public parks, recreation and open space facilities within the City of Santa Clara;

WHEREAS, the 2010-2035 General Plan includes a goal that new parks, open space and recreation be provided with new development so that existing facilities are not over-burdened;

WHEREAS, the report entitled "Public Facilities Impact Fee Study" dated June 25, 2014 ("Nexus Study"), was prepared and approved by Council in June 2014;

WHEREAS, on July 15, 2014, the City Council adopted Ordinance No. 1928, which added Chapter 17.35 to the City Code, and requires new residential developments to provide adequate community and neighborhood park land for active recreational uses, and/or under certain conditions to pay a fee in lieu of parkland dedication;

WHEREAS, on August 27, 2019, Council approved Resolution No. 19-8749 which included the statutory findings required pursuant to the California Quimby Act (Quimby) and Mitigation Fee Act (MFA), including the report entitled "Santa Clara Park and Recreational Facilities Impact Fee Update Study" dated April 2019 ("Nexus Study Update") and the professional land valuation appraisal report with a valuation date of December 31, 2017, and the park improvements replacement costs with values as of 2017;

WHEREAS, SCCC 17.35.030 provides the formula for determining a developer's parkland dedication acreage requirement as follows: the average density for the specific dwelling unit category (single family/multi-family); multiplied by the parkland dedication standard; divided by one thousand (1,000) population;

WHEREAS, the methodology for calculating fees in-lieu of parkland dedication is based on the average cost to purchase lands for parks in Santa Clara, the average cost per capita to develop the land into a useable park facility, and the cost to administer the program;

WHEREAS, the City desires to update the average density standard for single family and multi-family dwelling units as used to determine a developer's parkland dedication requirement with the most recently available Federal census data and, in addition, update the average per-acre land values and park development costs as used in setting the park in-lieu fee; and

WHEREAS, the City has surveyed land values and sales records, and has conducted a professional appraisal with a valuation date of December 31, 2023, to determine the fair market value of property in the City and made available to the public for review and comment the appraisal report as posted on the City website on October 1, 2024.

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. Land Valuation Appraisal.

A. An independent real estate-appraisal firm, Frank Schmidt & Associates, was retained to provide a "Fair Market Value" opinion (valuation date of December 31, 2023) conforming to Uniform Standards of Professional Appraisal Practice and using the City's Supplemental Instructions for an average acre of land (hypothetical, rectangular, useable site) for property in each of the three existing City of Santa Clara Zip Codes 95050, 95051, 95054. The data set included all property types: Single Family (low and very low density), High Density Residential, Medium Density Residential, Commercial/Retail, Industrial, Lots and Land. Excluded were transactions considered not "arms-length", having encumbered or clouded title, environmentally impaired sites, or more than three (3) years old. An inflation factor was computed and applied to comparable sales over one year old based on reasonable and rational considerations such as sales and rental trends or other appropriate methods. The weighted average of each property type was based on the percentage of land area in the sales transactions.

B. Based on the findings of the appraisal report, the City Council hereby sets the average per acre land value for each ZIP Code as of December 31, 2023, as: $5.455 million per acre in 95050; $5.650 million per acre in 95051; and $5.255 million per acre in 95054. If a developer objects to this determination of fair market value, the developer may elect to have the value established by appraisal, in conformance with SCCC 17.35.040(b)(2).

2. Park Improvement Cost.

A. The cost to construct the park improvements (landscape, furnishings, buildings, etc.) is based on an average cost per capita for the City's existing park system improvements and recovers no more than 100% of the actual cost to develop new park assets and features to serve new residents at the same standard as existing residents. A cost analysis was conducted, including a review of recent/actual City park improvement project costs and a review of increases/decreases in the State of California, Department of General Services Construction Cost Index reported by the Real Estate Services Division of the Bay Area. In accordance with Resolution No. 23-9220, annual changes (increases/decreases) in the park improvement value used in calculation of In-Lieu Fees shall be indexed to changes in CCCI for the previous calendar year as reported by the Real Estate Services Division for the Bay Area, not to exceed a change of more than 10%.

B. The 2023 Santa Clara average park improvement value per capita is $3,818. From 2022 to 2023, construction costs have increased by $9.4% according to the State of California, Department of General Services Construction Cost Index reported by the Real Estate Services Division for the Bay Area, such that the park improvement value of $3,818 per capita would be $4,177 per capita as of January 1, 2024. The Council hereby sets for use in the Park in-Lieu Fee calculations a park improvement value of $4,177 per capita (20223 base value plus 10% for cost escalation recovery) for use in the FY 2024/2025 fees.

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3. Average Density.

A. On September 12, 2024, the U.S. Census Bureau released the 2023 American Community Survey (ACS) data. The ACS contains two relevant data points in determining average density by dwelling unit—total population by units in structure (Table B25033) and units in structure (Table B25024). The average density of single-family dwelling units was derived by dividing the total population of residents in single family units by the total amount of single-family dwelling units in the City. Similarly, the average density of multi-family dwelling units was derived by dividing the total population of residents in multi-family units by the total amount of multi-family units in the City.

B. In calculation of parkland dedication or fees due in-lieu, the types of dwelling units and average density factors (2023 American Community Survey) shall be as follows: (1) Single-Family Dwelling equals 2.84 persons per household; and (2) Multi-Family Dwelling equals 1.92 persons per household.

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4. Implementation Schedule. For development projects subject to the Quimby Act, the proposed fees will become effective immediately. For development projects subject to the Mitigation Fee Act, the proposed fees will become effective 60 days after the effective date of this resolution.

5. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A SPECIAL MEETING THEREOF HELD ON THE 29TH DAY OF OCTOBER, 2024, BY THE FOLLOWING VOTE:

AYES:	COUNCILORS:	Becker, Chahal, Hardy, Jain, Park, and Watanabe
NOES:	COUNCILORS:	None
ABSENT:	COUNCILORS:	Mayor Gillmor
ABSTAINED:	COUNCILORS:	None

ATTEST: _____
NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:
1. Santa Clara Land Valuation Appraisal Report 12-31-2023
2. Fee Calculation Tables A, B, C

ANNUAL LAND VALUATION APPRAISAL REPORT

VALUATION OF

The Average per Acre Land Value of High-Density Residential, Medium-Density Residential, Low-Density Residential, Very Low-Density Residential, Commercial, &Industrial Properties Located in Three Zip Codes (95050, 95051, and 95054)
City of Santa Clara, California
Santa Clara County

PREPARED FOR

Ms. Cynthia Bojorquez, Acting Director of Parks and Recreation
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

PREPARED BY

Frank E. Schmidt, MAI, SRA
Frank Schmidt & Associates

EFFECTIVE DATE OF VALUE OPINION

December 31, 2023

March1, 2024

Ms. Cynthia Bojorquez, Acting Director of Parks and Recreation
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: Annual Land Valuation Appraisal Report
Average Value of Three Hypothetical 1-Acre Lots,
One for Each Zip Code Comprising 95050, 95051, and 95054
Santa Clara, California, U.S.A.

Ms. Cynthia Bojorquez:

Pursuant to your request, I have completed the annual land valuation appraisal to aid the City of Santa Clara in establishing park impact fees. Following this letter of transmittal is my appraisal and analysis opining the value of a hypothetical 1-acre lot in each of the City's three zip codes.

In June 2016 the City of Santa Clara City Council approved Supplemental Instructions for the Appraisal of the Fair Market Value of land used in the Parkland Dedication In-Lieu Fee. These supplemental instructions and guidelines for the Appraisal are displayed in the Addenda. One of the supplemental instructions was that the valuation date occurs each year on December 31. Since the date of my opinion of value, December 31, 2023 precedes the date I wrote and transmitted this appraisal by about 2months, this is considered a retrospective appraisal as defined by the Uniform Standards of Professional Appraisal Practice. Since this is a retrospective value, it is important to note that I only considered data that was available and/or public as of the date of value. The exception to this was the 2023 land area data provided by Old Republic Title Company which was not available until February 2024, and some brokerage reports published in January and February 2024, but containing 2023 data.

I have appraised the subject of this appraisal numerous times since 2014, and most recently with a date of opinion of December 31, 2023. Based on land area, in 2021, approximately 42% of all transactions sold were industrial and commercial, while 58% were categorized as residential. In 2022, commercial/industrial sales accounted for about 27.06% of the total while residential sales accounted for about 72.94% of the total. In 2023, approximately 50% of all transactions sold were industrial and commercial, while the remaining 50% were categorized as residential.Data provided by Old Republic Title Company shows only 386 single family home sales in 2023

compared to 516 single family home sales in 2022. However, the median residential selling price in 2023 in the city of Santa Clara was generally increasing throughout the first half of 2023 and generally trending downwards in the last half of 2023. This resulted in slightly higherresidential unit values for 2023.Industrial and commercial land values were unchanged in both 2022and 2023. In 2023, the combination of higher interest ratesand expected slower economic growth has impacted the market. All these factors resulted in only slight changes to the 2023 values for the hypothetical one-acre lots for each zip codecompared to 2022.

To complete this appraisal, I conducted an investigation, gathered data, and made the analyses necessary to enable me to fulfill the purpose of this assignment, which was to estimate the fair market value of a hypothetical 1-acre lot comprising components of high-density residential, medium-density residential, low-density residential, very low-density residential, commercial, and industrial, to form and report the average value per acre of land in the three existing Zip Codes in the City of Santa Clara consisting of 95050, 95051, and 95054. The average value was established using the weighted average of these different property types, based on the percentage of total land area associated with the different property types that sold in the City of Santa Clara in the 12 months prior to the date of value and based on land area data provided by Old Republic Title Company.

I understand that this Appraisal Report is intended for use by the Client, the City of Santa Clara, for assistance in determining park impact fees.

Hypothetical Conditions, Extraordinary Assumptions, and Contingencies

Hypothetical Condition is defined as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis."[1]Isupposed the following hypothetical conditions:

- The fair market value was estimated based on different land value components applied to a hypothetical lot. It was a hypothetical condition of this appraisal that the subject lot was a finished lot and rated average in all other physical, locational, and legal aspects.

- Since the hypothetical lot will be comprised of different land value components and it is unlikely the City's land use ordinances would allow the different property types on the same lot, it was necessary to apply a hypothetical condition that each of the following uses would be permitted on the subject lot: high-density residential, medium-density residential, low and very low-density residential, commercial, and industrial.

[1] *2020-2021Uniform Standards of Professional Appraisal Practice* (USA, The Appraisal Foundation,2020)

Extraordinary Assumption is defined as "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions."[2]

- In this appraisal, land areas provided by Old Republic Title Company were used to estimate the weighted average of all the sale transactions that occurred in the City of Santa Clara in 2023. It was an extraordinary assumption of this appraisal that the land areas provided by Old Republic were accurate.

The use of these hypothetical conditions and extraordinary assumption might have affected the assignment results.

There are general assumptions and limiting conditions set forth in this report.

Based on the investigation and analyses undertaken, I formed the opinion that the average value per acre on December 31, 2023, the effective date of opinion, for each zip code was:

Zip Code	2023 Average Value per Acre
95050	$5,455,000
95051	$5,650,000
95054	$5,255,000

Sincerely,

Frank E. Schmidt, MAI, SRA

[2] *2020-2021Uniform Standards of Professional Appraisal Practice* (USA, The Appraisal Foundation,2020)

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EXECUTIVE SUMMARY

CLIENT : City of Santa Clara

LOCATION : City of Santa Clara, California

PROPERTY TYPES : Very Low-Density Residential, Low-Density Residential, Medium-Density Residential, High-Density Residential, Commercial, and Industrial Land

SITE AREA : Each Hypothetical Lot is OneAcre

FLOOD HAZARD STATUS : Zone X; the hypothetical lots are outside any flood zones

EARTHQUAKE FAULT ZONE : The hypothetical lots are not located in an Earthquake Fault Zone as designated under the Alquist-Priolo Earthquake Fault Zoning Act.

GENERAL PLAN, &
HIGHEST AND BEST USE :

Use of Hypothetical Lot	General Plan	Highest & Best Use
Very Low Density Residential	Very Low Density Residential	Very Low Density Residential
Low Density Residential	Low Density Residential	Low Density Residential
Medium Density Residential	Medium Density Residential	Medium Density Residential
High Density Residential	High Density Residential	High Density Residential
Commercial	Regional Commercial	Hold for Development of a Commercial Building
Industrial	Light Industrial	Industrial Building

EFFECTIVE DATE OF VALUE : December 31, 2023

PROPERTY RIGHTS APPRAISED : Fee Simple Estate

AVERAGE VALUE CONCLUSIONS :

Zip Code	2023 Average Value per Acre
95050	**$5,455,000**
95051	**$5,650,000**
95054	**$5,255,000**

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal and report were made applying these **general assumptions**:

1. No responsibility was assumed for the legal description or for matters including legal or title considerations. Title to the hypothetical properties was assumed to be good and marketable and free and clear of all liens, encumbrances, easements, and restrictions except those specifically addressed in this report;

3. Responsible ownership and competent property management were assumed;

4. The information furnished by the Client and others was believed to be reliable. However, no warranty is given for its accuracy;

5. All engineering was assumed correct. Plot plans or any other illustrative material in this report were included only to assist the reader in visualizing the property;

6. It was assumed that there are no hidden or unapparent conditions in the hypothetical properties that render them more or less marketable or valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them;

7. Unless otherwise stated in this report, the existence of hazardous material, toxic waste, and/or other environmental impairments which may or may not be present on or in the hypothetical properties, was not investigated by this consultant.

   As real estate consultants, we are not qualified to properly investigate this property for any discharge, spillage, uncontrolled loss, seepage, filtration, or storage of hazardous substances which may adversely affect the value of this property. Neither are we qualified to detect the presence of substances such as asbestos, urea-formaldehyde foam insulation, nor other materials that could create an environmental impairment to the subject property or to other property caused by conditions present at the subject property. Our opinion(s) were predicated on the assumption that there is no such material on or in the property that would affect market value. No responsibility was assumed for any such conditions or for any expertise or engineering knowledge required to discover and/or correct them;

8. It was assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report;

9. It was assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal and reported in the report; and

10. It was assumed that all required licenses, certificates of occupancy, consents, 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 estimate or other opinion contained in this report are based;

This report has been made with the following **limiting conditions**:

1. Possession of the report, or a copy thereof, does not carry with it the right of publication or use. It may not be used for any purpose by any person other than the Client(s), for the Intended Use specified in the engagement agreement and/or report;

2. The consultant is not required to give further consultation, testimony, or attend court for matters involving the subject property unless arrangements have been previously made; and

3. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the Consultant, or the firm with which the Consultant is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the Consultant.

Reader Note:

There may be other appropriate and more specific limitations on our opinions or conclusions identified in the coverletter or report as *Hypothetical Conditions, Extraordinary Assumptions, or Contingencies.*

CERTIFICATION

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. I previously appraised the subject of this report for the same Client on several occasions, most recently in an appraisal report transmitted March 1, 2023 and having a date of value of December 31, 2022.

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 the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP).

9. I have not inspected the property that is the subject of this report since the subject lots are hypothetical.

10. Under my direction, Mr. Dennis Moredock verified the comparable data, performed analysis, and wrote the first draft of the appraisal report.

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 & Standards of Professional 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, I have completed the continuing education program for Designated Members of the Appraisal Institute.

Frank E. Schmidt, MAI, SRA

March1, 2024
Date

SCOPE OF THE ASSIGNMENT

Information Provided to the Appraisers

The Client provided excerpts from the Parks and Recreation Facilities Fee Study completed by Willdan Financial Services. Old Republic Title Company provided Santa Clara sales statistics of land areas to assist us in estimating the weighted land average of all the sale transactions that occurred in the City of Santa Clara in the 12 months preceding the date of value. We were also provided the "Supplemental Instructions for Appraisal" approved by Santa Clara City Council on June 7, 2016, which are displayed in the Addenda. Lastly, in previous appraisals, City Parks provided us the Park Impact Fee Ordinance (No. 1928).

Extent of Research into Physical Factors

We drove several streets throughout Santa Clara over the past several years including various times in 2016, 2017, 2020, 2021, 2022 and 2023. We note changes that are occurring or have occurred, particularly regarding new development. We gathered data about land use ordinances for each hypothetical lot and the comparables from the websites of the appropriate municipalities.

Extent of Research Into Economic Factors

We gathered, analyzed, and applied macro-economic information gleaned from many sources, including:

- The Wall Street Journal
- 12th District Beige Book
- GlobeSt.com
- CoStar News
- The Kiplinger Letter
- DQ News/CoreLogic

We gathered, analyzed, and applied data about market conditions and other micro-economic information from:

- Websites of Commercial Brokerages
- Commercial and/or residential multiple listing services
- Silicon Valley Business Journal
- San Jose Mercury News

- Discussions with agents active in the subject market

We talked to the buyers, sellers, and agents whose names we discovered on signage in the neighborhood and during comparable verification. We learned about additional market data from these people.

Extent of Comparable Data Research

We used a variety of sources and subscription services to gather comparable data, including:

- Verified Data Files from Other Appraisals
- CoStar Group
- DataTree
- MLSlistings.com
- LoopNet
- Commercial Real Estate Brokerage Websites

Verification

The most appropriate data that we discovered was verified with a party to the transaction. When that was not possible, we discuss and/or state the verification source(s), using public record data, subscription services, MLS, etc. in the Analysis section.

Among the comparables selected we studied copies of the assessor's parcel maps, public record summary, aerial maps, records of survey, and other data such as structural, geological, or environmental reports, subdivision maps, title reports, etc. We also reviewed planning proposals/approvals and permit histories where appropriate.

Type and Extent of Analysis Applied

The data is summarized on spreadsheets displayed in the Analysis sections following. The analysis was comparative, iterative, qualitative, and quantitative.

Compliance

It was the intent of this appraisal to comply with the requirements of:

- The Uniform Standards of Professional Appraisal Practice (USPAP) including the Ethics and Competency Provisions as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

- The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

- The City of Santa Clara's "Supplemental Instructions for Appraisal"

DEFINITIONS

According to the California Code of Civil Procedure, Section 1263.320 defines **Fair Market Value** as:

> "(a) the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.
>
> (b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable."

Revised federal definitions in the Uniform Act identify the definitions of "market value" and "fair market value" as one and the same. These terms are used interchangeably in this report.

Weighted Average means an average resulting from the multiplication of each component by a factor reflecting its importance or contribution.

Average Value means a value that is calculated by adding values together and then dividing the total by the number of values.

Fee Simple Estatemeans absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."[3]

REAL PROPERTY, REAL ESTATE, AND PERSONAL PROPERTY APPRAISED

Real Property is defined as all of the interests, benefits, and rights in the ownership of the physical real estate, that is, the bundle of rights with which the ownership of the real estate is endowed. Real estate is defined as physical land and appurtenances attached to the land.

Real Property Rights Appraised

The subject properties are hypothetical unimproved lots and the fee simple estate is appraised.

Real Estate Appraised

It is an assumption of this appraisal that the subject's hypothetical finished lot is graded and level, all utilities and services are stubbed to the site, is ready for building improvement, and defined as follows:

Area	:	One acre
Shape & Frontage	:	Shape is rectangular with typical frontage along one street.
Topography	:	Level, at street grade
Drainage	:	Adequate
Utilities & Services	:	The municipality provides water, electrical, and sewer service. A private contractor provides garbage service. Local utility companies provide telephone and cable. All utilities are piped and wired onto the hypothetical lot.
Easements	:	Typical public utility easements along frontage presumed.
Soil Conditions	:	It is a general assumption of this appraisal that the hypothetical site is suitable for any legally permissible and physically possible use.

[3] Appraisal Institute,*The Dictionary of Real Estate Appraisal*, 6th ed., (Chicago: Appraisal Institute, 2015)

Environmental Impairment Issues	:	It is a general assumption of this appraisal that there are no environmental issues that affect the market value of the hypothetical lots.
Off-Site Improvements	:	Street is fully improved and maintained by the City; it is asphalt paved with streetlights, curbs, gutters, and sidewalks.
Street Access	:	Rates average in comparison to competing properties.
Exposure/Visibility	:	Rates average in comparison to competing properties for each hypothetical use.
Flood Hazard Status	:	Hypothetical lot is presumed to be within Zone X, which denotes areas of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level.
Earthquake Fault Zone	:	The hypothetical lot is not located in an Earthquake Fault Zone as designated under the Alquist-Priolo Earthquake Fault Zoning Act.
Improvements	:	None

Personal Property Appraised

Wedid not appraise any personal property.

PREVIOUS APPRAISALS

The author previously appraised the subject(s) of this report for the City of Santa Clara on several occasions, most recently in an Appraisal Report transmitted March 1, 2023 with an effective date of opinion of December 31, 2022. The next most recent appraisal of the subject was transmitted April 1, 2022 with an effective date of opinion of December 31, 2021. The intended use of all appraisals was the same: to assist the City in determining park impact fees.

REGION & CITY DESCRIPTION

The County of Santa Clara is located at the southern end of San Francisco Bay. It encompasses about 1,304 square miles of land with 15 incorporated cities and towns. According to the California Department of Finance (CDF) Population and Housing Estimates (E-1) last released May 1, 2023, on January 1, 2023, the county had a population of 1,886,079, a decrease of 3.0 percent from the January 2022 estimate. Over the past several years, Santa Clara County had been experiencing strong employment conditions. Prior to the COVID-19 pandemic, unemployment was at historical lows and essentially reflected full employment conditions. According to statistics published by the State of California Employment Development Department (EDD), the Santa Clara County unemployment rate was 3.9% in December 2023, based on a labor force of 1,046,800. This is anincrease from the March 2020 unemployment rate of 3.4%, prior to COVID-19. It is alsohigher compared with the one-year prior unemployment rate (December 2022) of 2.3%, based on a labor force of 1,059,200 jobs.

Santa Clara County, which makes up the bulk of Silicon Valley, is highly dependent on technology employment, including Adobe, Apple, Applied Materials, Cisco, eBay, Flextronics, Google (Alphabet), HP, Intel, Intuitive Surgical, Lockheed Martin Space Systems, Microsoft, Netapp, Oracle, PayPal, and Tesla.

The City of Santa Clara covers about 18.4 square miles and is surrounded by San Jose on the north, east, and south, and is adjacent to Sunnyvale and Cupertino on the west. The City of Santa Clara's population estimate was 132,476 as of January 1, 2023 (released on May 1, 2023), according to the CDF, about 1.5% higher than 12 months earlier. Employment conditions in Santa Clara followed a similar trend as seen in Santa Clara County. Unemployment, according to the EDD, was reported at a rate of 3.5% in the city of Santa Clara as of December 2023, based on a labor force of 73,300. The unemployment rate has generally followed a downward trend since peaking in April 2020 at 9.5%. Still, the current rate is above the rate of 2.1% reported in December 2022.

An aerial of the City of Santa Clara (outlined in red) and surrounding areas is shown below:

The two largest employers in the City of Santa Clara are Intel and Applied Materials. Other high-tech companies, such as AMD, Nvidia, Oracle, Ericsson, Palo Alto Networks, Sun Microsystems, ServiceNow, and Agilent Technologies have headquarters in the City. Other large employers include California's Great America Theme Park, Levi's Stadium, Santa Clara City Hall, EMC Corporation, Macy's, Mission College and Santa Clara University. The City of Santa Clara is the supplier for the City's water and electric power, which it claims can save small industries almost 50% on their utility costs.

Levi's Stadium, the home of the San Francisco 49ers, opened over the summer of 2014 in the northern portion of the city, adjacent to Great America Theme Park and the existing 49ers practice facility. The Santa Clara Convention Centeris also nearby and offers about 302,000 square feet of meeting space.

The opening of Levi'sStadium spurred an increase in demand for nearby properties. There are several projects under construction throughout the city and several proposals in progress that are anticipated to add thousands of square feet of new retail, office and residential. The largest proposal is from Related California and is named Related Santa Clara (5155 Stars & Stripes Drive). The project is a 240-acre mixed use development located across from the street from Levi's Stadium. It would include 9.16 million gross SF of office, residential units, retail and entertainment facilities, hotel rooms, and surface and structured parking facilities. The first development phase was approved and was slated to open to the public in 2023 but was delayed by the pandemic. Currently there is an application to amend the Master Community Plan (MCP) to accommodate a new alternative development scheme with a different

mix of land uses. The Kylli mixed use development project Mission Point is currently pending review and is located at 3005 Democracy Way. This project is a 46 acresite that proposes 3,000,000+- SF of commercial office/lab space, 100,000+- SF of neighborhood retail, 1,800+- new multi-family residential, a child care facility, and indoor and outdoor community spaces. A 190-room hotel on a 1.96 acre site is currently under construction at 2900 Lakeside Drive (Cambria Hotel project). The Agrihood Mixed-Use Development Project located at 1834 Worthington Circle and 90 N. Winchester Blvd. is a residential mixed-use development on a 5.8 acre site consisting of up to 160 mixed-income apartments, 165 affordable senior apartments, 36 townhomes and approximately 1.5 acres of agricultural open space.Gateway Crossings (Hunter/Storm) at 1205 Coleman Avenue is the construction of a phased, mixed-use development on 23.8 acres consisting of 1,565 residential units, a 152,000 square foot, 225 room, full-service hotel, 45,000 square feet of supporting retail, a 2.1 acre park, and structured parking facilities. The Santa Clara dual-branded hotel project is located at 1290 Coleman Avenue. This is a 396 room, 6-story hotel, totaling 204,444 square feet. The hotel will feature 5 stories over 1 parking level with 284 stacked parking stalls.Laguna Clara II Development Project (Equity) at 3131 Homestead Roadis a residential development involving the demolition of three two-story apartment buildings and one-half of a two-story apartment building (removing 42 dwelling units and retaining 222 dwelling units), two accessory buildings (central boiler room and a clubroom/leasing office) and four carport structures to construct a four-story apartment building with 225 units over a partially subgrade parking garage for a total of 447 dwelling units on the site.Villa Bella residential projectat 1890 El Camino Real is the construction of 56 condominium units over a podium parking structure on 1.51 acres.Civic Center Drive Family Housing projectat 1601 Civic Center Drive is a five-story affordable housing development with 106 rental units at a density of 75 dwelling units per acre.Additional development in the City includes both smaller residential and commercial developments and continued residential build-out of the Tasman East and Lawrence Station areas.

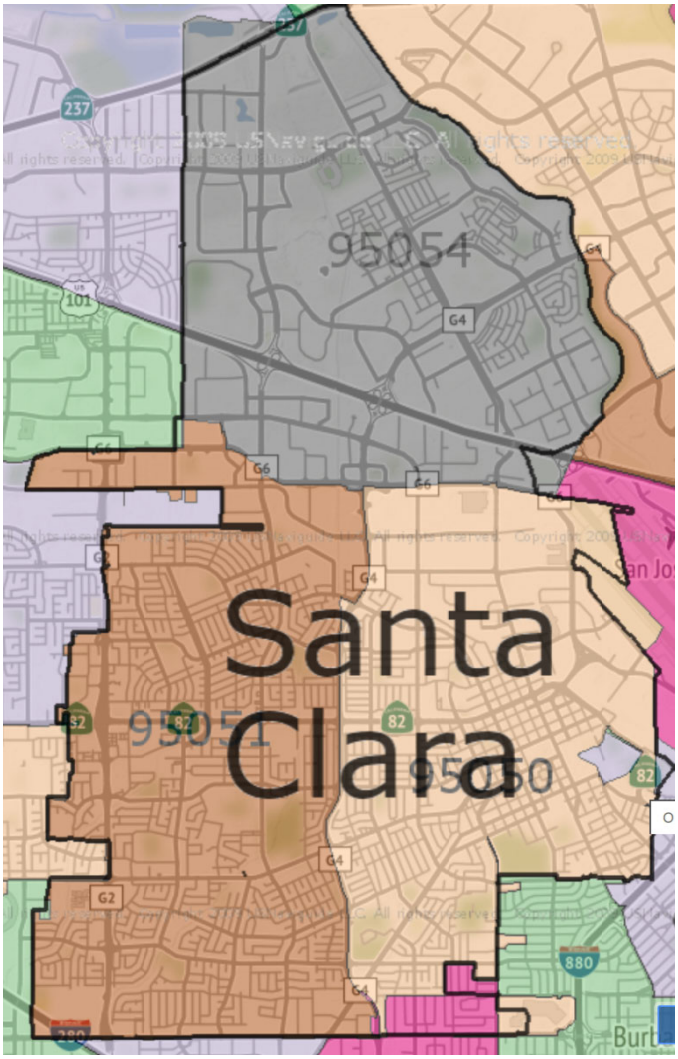
The City's median household income was estimated by the U.S. Census Bureau at$165,352 in 2022 and the per capita income was about $78,084. The United States Census Quick Facts for 2018-2022 indicated the following demographics in Santa Clara:

Total Households	47,434
Owner Occupied Housing Unit Rate	41.9%
Average Household Size	2.60
Bachelor's Degree or Higher	64.6%
In Civilian Labor Force	71.4%

The City is home to Santa Clara University, Mission College, a public community college, and Golden State Baptist College. The City is primarily served by Santa Clara Unified School District, which includes 19 schools spanning transitional kindergarten through high school. The southwest corner of the City is served by Cupertino schools.

The City of Santa Clara and Santa Clara County benefit from a number of freeways, arterials, and expressways that provide access to most areas of the region, including three interstate highways, I-280, I-880, and I-680 in addition to several federal and state highways, US-101, CA-85, CA-87, CA-17, and CA-237. Caltrain, Amtrak, and ACE rail transportation, light rail, and VTA bus services provide mass transit for the city, connecting Santa Clara to the greater Bay Area. Located adjacent the City's eastern border is the Norman Y Mineta San Jose International Airport, with service to about 30 destinations.

There are three primary zip codes within the city, which are shown on the following map as the color-coded areas within the black-outlined city limit boundaries. Note that the 95053 zip code applies to Santa Clara University, which is located within the Santa Clara city limits, but was not included as part of this appraisal.



Source: zipmap.net

Conclusion

All locations within Santa Clara are proximate to nearby job centers, retail, housing, and linkages, contributing to the long-term demand for sites within the city.

MARKET CONDITIONS

The *Winter 2024 Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey*"reflects both overall optimism and a mixed picture in the composition making up the aggregate numbers. Even though there is more optimism in many sectors, particularly retail, the Winter 2024 Survey panelists across all types of commercial real estate and regions of California indicated they are facing a more challenging financial landscape as required equity percentages and required investment return hurdle rates (IRR) are expected to increase over the coming three years."

In the following narrative wepresent some statistics and comments regarding the market conditions for each land use we are appraising. Land market conditions for each of these uses are not typically tracked by any firms that we are aware of; it has been my experience and historically as reported by market participants that the land market for these uses typically trend with the improved properties, oftentimes leading. We report on the sale, rental, and construction trends of the respective markets, in estimating the appropriate market conditions adjustments used in our following analysis.

Regional Economic Conditions

Integra Realty Resources (IRR)reported in their 2024 Viewpoint, "Despite the oft-cited predictions from 2022 that interest rates would stabilize in 2023, and even decline by Q3 of 2023, the economic impact of 11 continuous interest rate hikes from 2022 through 2023 began to destabilize the trading market for real estate early in the year. As we close out the year, the current lack of lending capital is now affecting holding strategies. Of course, there are some who predict interest rates will decline in 2024, and that suchchanges will help asset values recover. This misses the fundamental point. Post-COVID values were driven up by cheap money, but they were also driven up because capital was being deployed to offset rising inflation expectations. This arbitrage only works if inflation can't be tamed and capital remains plentiful. The sharp rise in rates brought inflation expectation down, and crippled exit pricing since buyers no longer had access to cheap long-term capital. Values had to reset, in light of these market forces."

Commercial Market Conditions

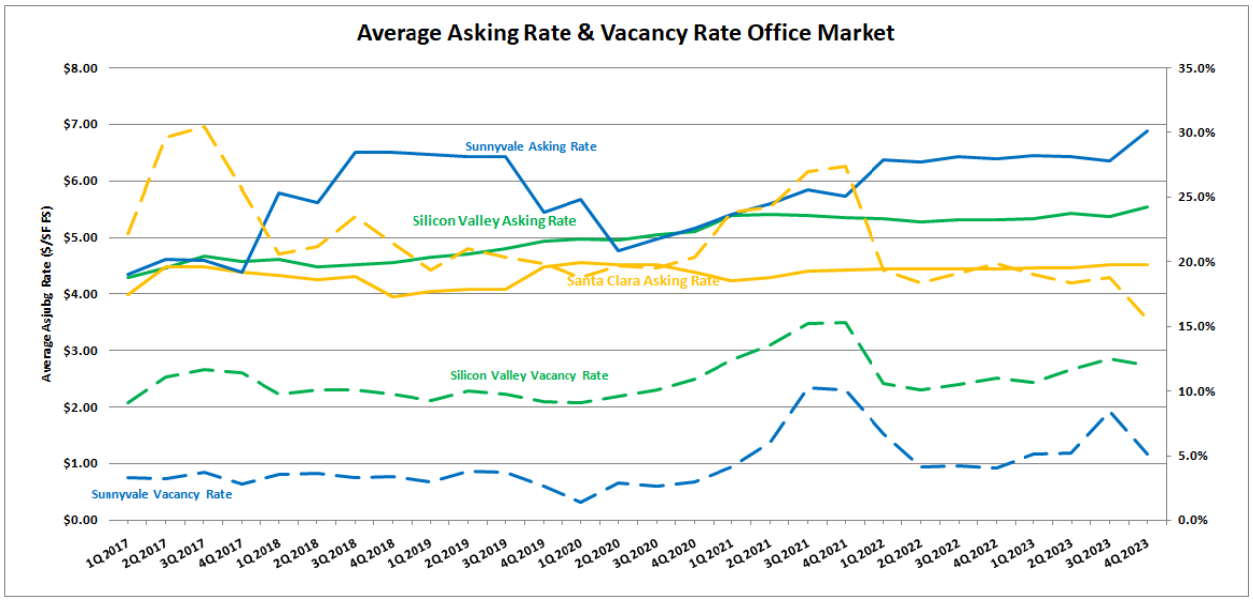
Commercial properties typically include office and retail uses. We discovered that office properties are generally being built in the central business districts and in light industrial locations. Research and development (R&D) properties have historically been a subcategory of industrial. However, R&D can rival office space in terms of finishes and quality and we elected to include a discussion of the R&D submarket as part of the commercial market. Many of the traditional retail corridors in this region, El Camino Real in particular, have land use ordinances that allow for residential mixed-uses.

In this market, real estate brokerages track office and retail statistics by city or submarket; they are not broken out by zip code. Following we present the relevant statistics pertaining to the Santa Clara market and provide comments from market participants regarding the perceived differences in each of the Santa Clara zip codes that the three hypothetical lots being appraised are located.

Office Market

The Silicon Valley office market from early 2017 through 4Q-2023 was generally characterized by increasing vacancy rates, negative net absorption, and overall flat to slightly increasing average asking rental rates. The next table displays data from the Colliers International's 4Q-2023 Silicon Valley R&D Market Snapshot and its predecessor reports. The table includes statistics from the Silicon Valley market, the subject's submarket (Santa Clara), and the adjacent Sunnyvale submarket.

OFFICE STATISTICS



Sources: Colliers Market Reports

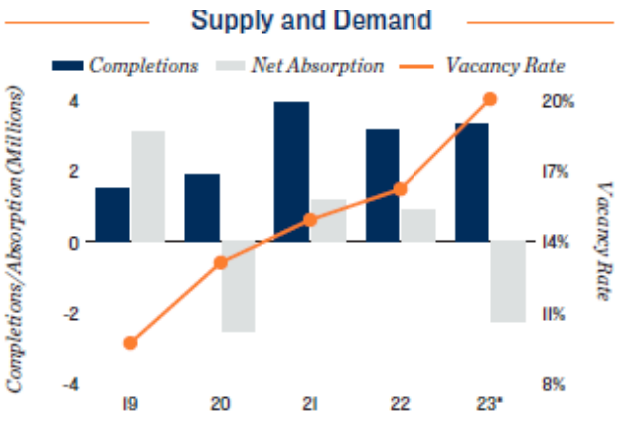
The data indicates that the office vacancy rate in Santa Clara generally decreased slightly from Q1-2023 through Q4-2023. The Silicon Valley market has been overall more stable with vacancy reported at 12.0% for Q4-2023,slightly down from the 12.5% rate in the third quarter 2023. The region's availability represents 20.8 million square feet of vacancy in 4Q-2023.

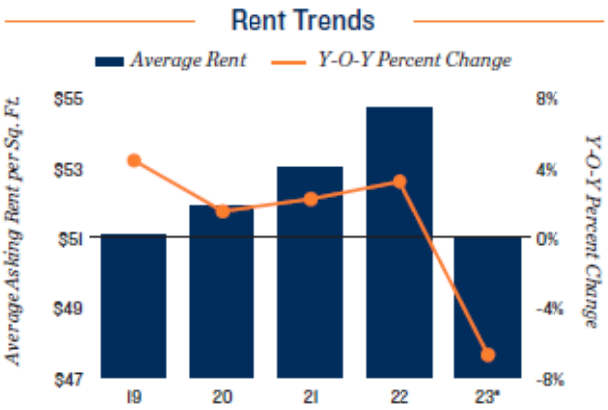
Cushman & Wakefield reported key 2023 lease transactions in the City of Santa Clara's included a new lease of 205,774 feet at 4555 Great America Parkway, Cambridge Industries lease renewal of 61,457 square feet at 2445 Augustine Drive, Arista Networks lease renewal of 149,608 square feet at 5453 Great America Parkway, and a lease renewal of 59,384 square feet at 5425 Stevens Creek Boulevard.

The average office asking rent in 4Q-2023 for the City of Santa Clara was $4.53/SF/Month on a Full Service expense basis, whereby taxes, insurance, maintenance, utilities, and janitorial expenses are bundled into the base rent. This is slightly more than the $4.45/SF/Month asking rate from one year ago.

Marcus & Millichap's 4Q-2023 Market Report shows that in the San Jose Metro area, which includes Santa Clara, office vacancyincreased. "A sizable increase in space available for sublease and several speculative deliveries placed upward pressure on vacancy."

Marcus & Millichap reported the following trends in the San Jose Metro:

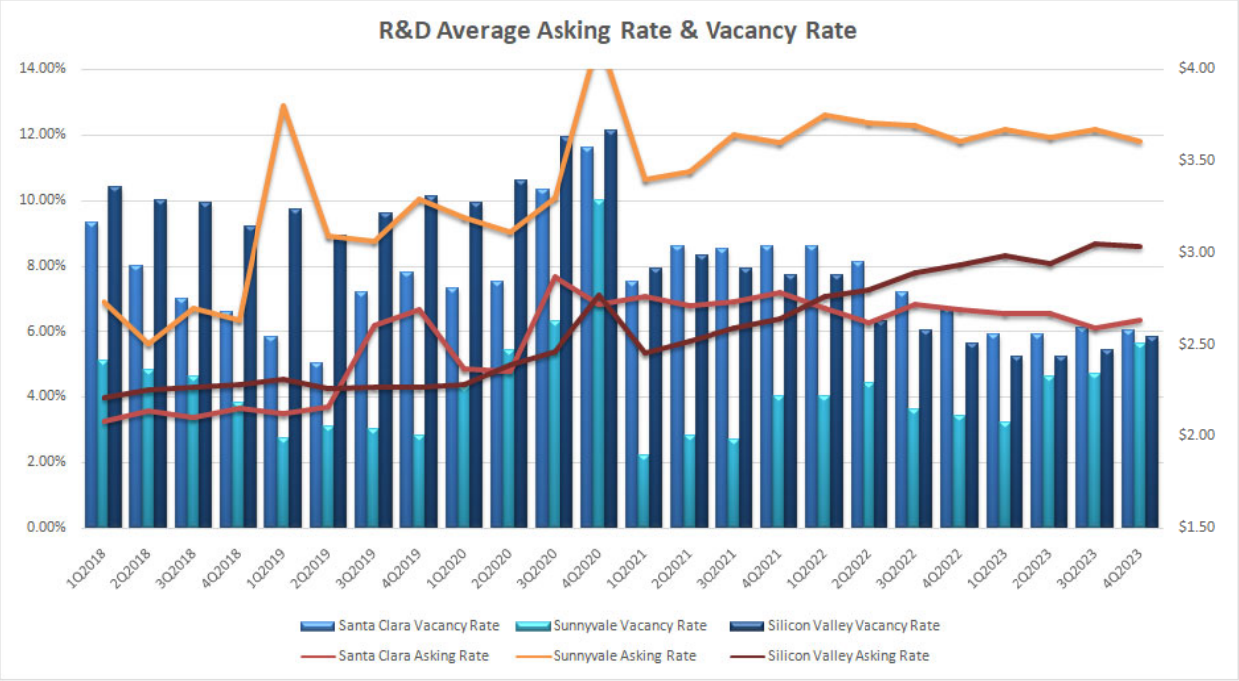




There are several office developments under construction in Silicon Valley and Santa Clara. Notable developments previously discussed in the City of Santa Clara include: Related California,and Kylli.

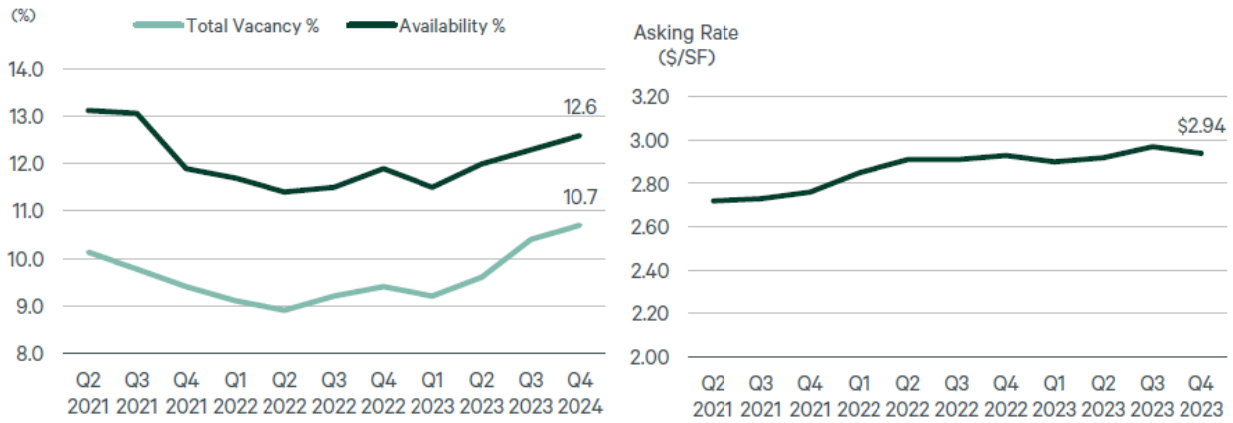
Research and Development (R&D) Market

The next table displays data from Colliers International's 4Q-2023 Silicon Valley R&D Market Snapshot and its predecessor reports.The table includes statistics from the Silicon Valley market, the subject's submarket (Santa Clara), and the adjacent Sunnyvale submarket.



Source: Colliers Market Reports

The next tables display data from CBRE's 4Q-2023 Silicon Valley R&D Market:



Source: CBRE

As shown above, Silicon Valley's R&D market experienced an overall increasing vacancy rate in 4Q-2023. Meanwhile, asking rents in Santa Clara have remained relatively stable from $2.67/SF/month in 1Q-2023 to $2.63/SF/month in 4Q-2023 on a NNN expense basis. A NNN expense basis in this market means the landlord is only paying for management of the account and reserves for replacement, while the tenant typically pays all other operating expenses.

CBRE reported in their 4Q-2023 Silicon Valley R&D Market that "The overall net absorption for the Silicon Valley R&D market closed Q4 2023 at negative 373,617square feet (sq. ft.) compared to negative 350,444 sq. ft. in Q4 2022. This marks the sixth consecutive quarter with negative net absorption, and a total of negative 2.42 million sq. ft. through 2023."

Retail Market

Cushman & Wakefield is a brokerage firm that publishes quarterly reports for the retail market in the San Jose metro area. They reported in their Q4-2023 *Marketbeat Silicon Valley Retail* that: As a result of the rise in layoffs at tech companies, Silicon Valley experienced an increase in unemployment rate from 2.6% in 2022 to 3.6% at the close of 2023. Despite this uptick, the number of jobs still saw a year-over-year (YOY) increase of 11,800, mainly fueled by growth in private education and health services, leisure and hospitality, and food services and drinking places. Inaddition, the median income households in Silicon Valley remains the highest in the country at $156,700, reflecting a 3.0% increase from the previous year. The population also showed a steady growth rate at 0.6%.

Spending Patterns

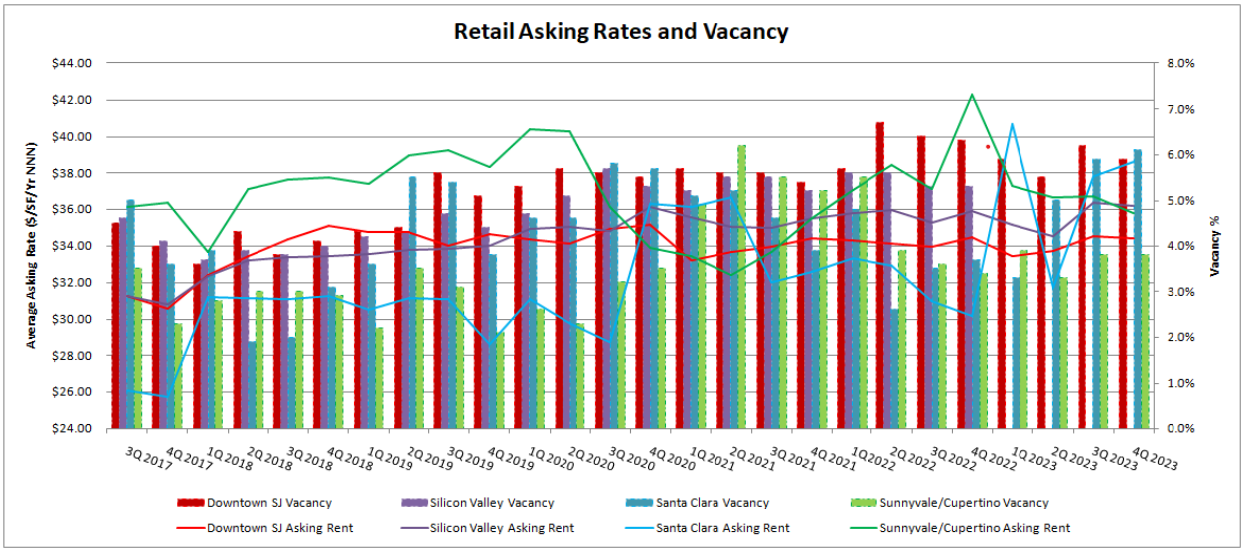
General market conditions for the retail real estate segment can be indicated by taxable retail sales. Typically, a market where taxable retail sales are increasing would be supportive of

additional retail development as existing retailers are willing to expand and new retailers are interested in entering the market. The converse is true when taxable retail sales are declining.

Average Asking Retail Rental Rates and Vacancy Rates

The Cushman & Wakefield Q4-2023*Marketbeat Silicon Valley Retail*reported that:The Silicon Valley retail market closed the year with the vacancy rate of 5.3%, down 20 basis points (bps) from 5.5% rate last quarter though the same as last year's figure. The total retail inventory in Silicon Valley remained at 37.5 million square feet (msf) at the end of 2023, leaving almost 2.0 msfof vacant retail space, which consisted of approximately 1.9 msf(96.1%) of direct space and approximately 77,900 sf (3.9%) of sublease space.

The chart below displays the average asking rental rate and vacancy for the Santa Clara submarket, Sunnyvale/Cupertino submarket, Downtown San Jose submarket and Santa Clara County (Silicon Valley Total) taken from Cushman Wakefield and its predecessor retail reports from 3Q-2017 onwards:



As indicated in the table above, the Santa Clara County retail market had an average asking rent of $3.01/SF/Mo NNN in 4Q-2023 which is a slight increase compared to $2.99/SF/Mo NNN in 4Q-2022. Neighborhood and community centers account for most of the vacancies in the market.In 4Q-2023 asking rents averaged $3.22/SF/Mo NNN in the subject's Santa Clara submarket which is a decrease compared to $3.39/SF/Mo NNN in 1Q-2023. In 4Q-2023 the retail vacancy rate in Santa Clara was reported at 6.1%. As discussed previously, several new projects in the city of Santa Clara include new supporting retail development.Subject's Santa Clara retail submarket inventory increased slightly from 2,544,591sq.ft. in 1Q-2023 to 2,570,471sq.ft. in 4Q-2023. Key lease transactions in 2023 include a new lease of 12,900sq.ft. at

1285 Homestead Road and a new lease of 40,000sq.ft. at 5201 Stevens Creek Boulevard (Stevens Creek Plaza).

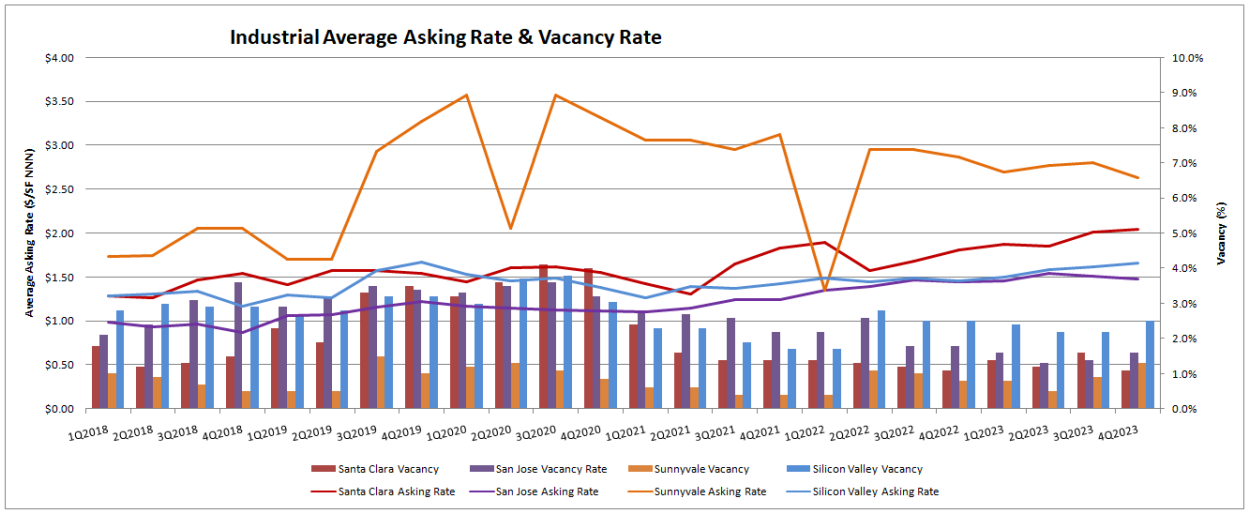
According to Marcus & Millichap's Hospitality Report for Midyear 2023 - *San Francisco Metro Area (which includes Santa Clara)*, "Over the near term, local room demand and revenue metrics are expected to remain well below their pre-pandemic marks in San Francisco due to the sector's reliance on tech-driven business travel and conventions, which have yet to return in full force. Still, the metro should record some improvements over the near term, albeit moderate. Across the international and domestic segments, more than 23 million visitors are expected to visit the area this year, a 5 percent increase over 2022."

Industrial Market Conditions

We referenced industrial (manufacturing) and warehouse market data from brokerages Cushman & Wakefield and Colliers International; we also interviewed local market participants for this report. Cushman & Wakefield reported in its *Marketbeat Silicon Valley Industrial Q4-2023*, that "The Bay Area has struggled to return to its pre-pandemic economic strength. Technology companies have been both a blessing and curse for the region, though more of the latter recently, with layoffs prevalent among Big Tech and startups. One bright spot is the recent push of many companies to mandate a hybrid work situation with at least some time during the week spent in office. All this fluidity in the workforce has caused tenants and landlords alike to pause and reassess space needs moving forward."

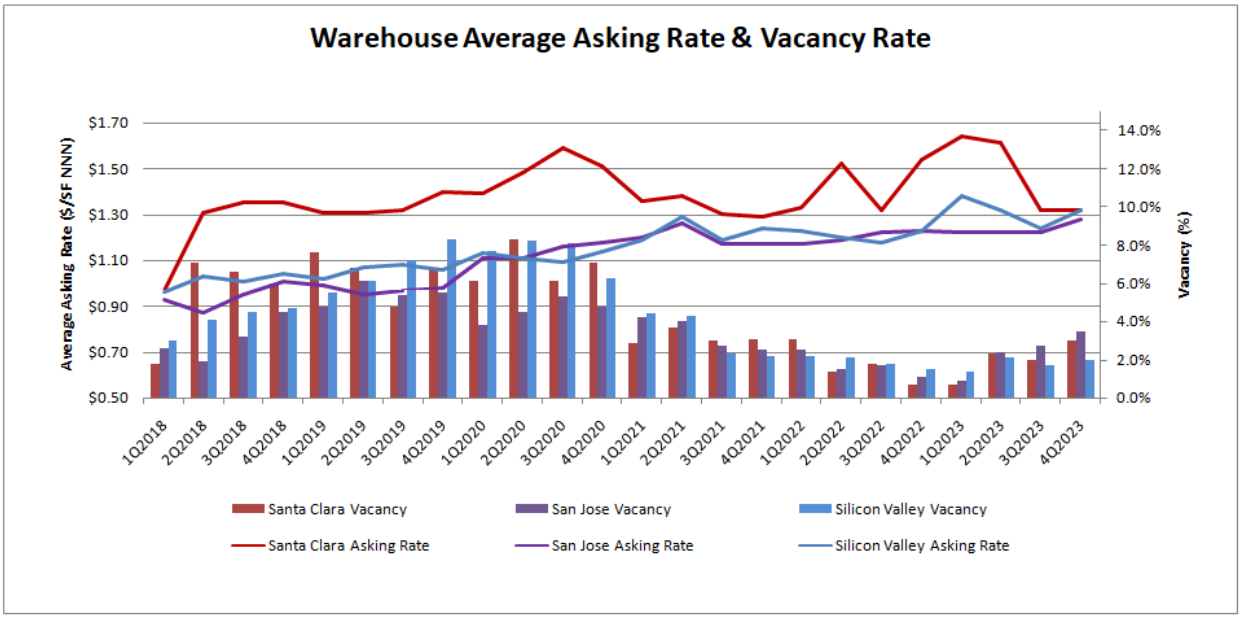
In their *Q4 2023 San Jose Silicon Valley Market Report* for industrial/warehouse properties, Collier's International reported "Silicon Valley's industrial market continued to see healthy leasing activity in Q42023. Gross absorption, the measure of the total volume of non-renewal lease and user-sales, recorded 593,138 square feet in the fourth quarter, down 40.8% from the previous quarter, but up 2.3% year-over-year."

The next chart shows industrial rental rate and vacancy trends since 1Q-2018 based on data from Colliers International. The chart shows generally stable to decreasing vacancy rates and slightly increasing asking rental rates in Santa Clara.



Vacancy rates for manufacturing were generally stable in Silicon Valley in 2023. A similar trend has played out in the Santa Clara submarket with some fluctuation, but a generally decreasing vacancy rate to the 1.1% range in both 4Q-2022 and 4Q-2023. However, manufacturing rental rates in Santa Clara continue to increase; the asking rental rate rose from $1.81/SF/month NNN in 4Q-2022 to $2.05/SF/month in 4Q-2023. Within Silicon Valley, the average asking rate for warehouse was$1.66/SF/month in 4Q-2023 compared to last year's rate of$1.46/SF/month.

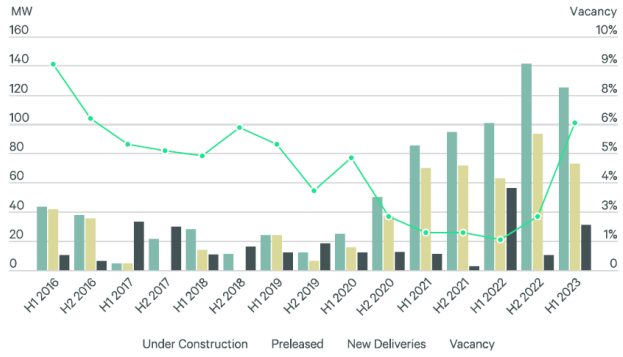
Warehouse data collected from Colliers International's *Silicon Valley Research & Forecast Report Q4 2023*and its predecessor reports are displayed in the next chart:

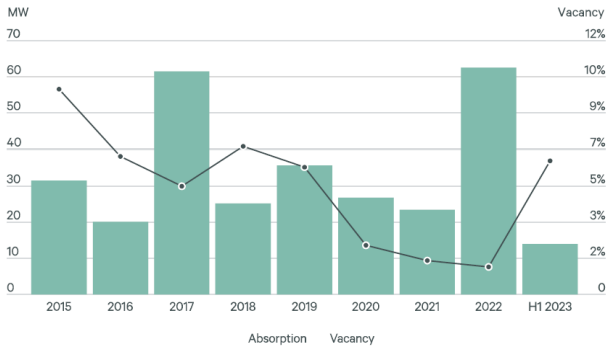


Warehouse vacancy rates in Silicon Valley have been fluctuating for several years with a slightlyincreasing vacancy rate of 2% in the 4Q-2023 compared to 1.5% in Q4-2022.Warehouse rental rates in Santa Clara are reported to havedecreased; the asking rental rate decreased from $1.54/SF/month in 4Q-2022 to $1.32/SF/month in 4Q-2023. Within Silicon Valley, the average asking rate for warehouse generally increased to $1.32/SF/month in 4Q-2023compared to last year's rate of $1.23/SF/month.

Data centers are one of the largest industrial occupancy groups in Santa Clara, due mostly to Silicon Valley Power, which has lower rates than elsewhere in the Bay Area. The rise of remote working reinforced the need and demand for data centers. We discovered several expansion plans and construction occurring on existing sites. There have been several land sales in recent years in Santa Clara that are proposed for new data centers. Market participants report that data center operators will pay a premium for a larger site in Santa Clara.Two (data center) sites in Santa Clara were sold in 2021 (see Industrial Land Comparables I-1 and I-2, these are the most recent industrial sales that we uncovered and confirmed).One additional transaction at 2315 Mission College Boulevard in Santa Clara (not included in the sales grid) is also a data center land sale that was reported to have been purchased by Amazon Data Services Inc. The 7.04 acre site reportedly sold for $51,817,500 or $168.97sq.ft. of land area. This sale could not be fully confirmed but was reported to have closed escrow on January 4, 2022.

CBRE's U.S. Data Center Trends report for the 1H 2023(September 2023) indicated the following market changes in Silicon Valley's data center market:





Limited land and ability to deliver power has caused some providers to explore options beyond Santa Clara in neighboring markets like San Jose and the East Bay Area. The city of Santa Clara is power constrained. Developers have been land-banking available sites while waiting for power delivery. Some of the current projects in the city of Santa Clara include the following: 2805 Bowers Avenue is currently pending review. The project requires a General Plan Amendment, Use Permit and Architectural Review to demolish the existing approximately 104,000 square foot 2-story building and construct a new 4-story 244,068 square foot data center with a substation. The proposal also involves a lot line adjustment.3060 Raymond Street is currently

pending review. The proposal is to convert an existing 24,422 square foot, two-story industrial building to a 9 megawatt data center. The project requires a Use Permit and Architectural Review to allow for the change in use and alterations to the building, surface parking area, site landscaping. The project includes interior and exterior improvements to the building, the installation of five 2,000 kilowatt back-up diesel generator and six closed-circuit cooling towers, and frontage improvements.2905 Stender Way is currently under construction. The project required rezoning from Planned Development (PD) to Light Industrial (ML), Architectural Review and Minor Modification to increase the height to 85' and reduce the parking space requirements of a 3.8-acre project site. The site is bounded by Central Expressway to the south, Stender Way to the west, adjacent buildings to the north, and San Tomas Aquino Creek to the east. Project includes demolition of the existing single-story buildings, and construction of a four-story, 246,660 square-foot data center building.1200 Memorex Drive Data Center is currently under construction. The project is the development of a four-story 472,920 square foot data center building with an attached six-story 87,520 square foot ancillary use office and storage component, for a combined square footage of 560,440, along with the associated electrical substation, paved parking areas and landscaping. The data center building would be approximately 85 feet in height, with additional screening features extending to a height of 99 feet. The data center portion of the building would house computer servers for private clients in a secure and environmentally controlled structure and would be designed to provide 60 megawatts (MW) of information technology (IT) power.2600 De La Cruz Blvd - Sequoia Data Center Project is currently pending review to construct a 703,450 square-foot, four-story data center, backup generating facility with a generation capacity up to 96.5 megawatts (MW), surface parking, landscaping and site improvements. There is a Modification to increase the maximum building height from 70 feet to 85 feet and decrease parking requirement to one space per 5,000 square feet of gross floor area. The site was previously developed with a one-story recycled paperboard mill and warehouse. The site is currently vacant and unpaved.

Residential Market Conditions

The National Association of Home Builders, reported;Mortgage rates well under 7% over the past month have led to a sharp increase in builder confidence to begin the new year.

Builder confidence in the market for newly built single-family homes climbed seven points to 44 in January, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released today. This second consecutive monthly increase in builder confidence closely tracks with a period of falling interest rates.

"Lower interest rates improved housing affordability conditions this past month, bringing some buyers back into the market after being sidelined in the fall by higher borrowing costs," said NAHB Chairman Alicia Huey, a custom home builder and developer from Birmingham, Ala. "Single-family starts are expected to grow in 2024, adding much needed inventory to the market.

However, builders will face growing challenges with building material cost and availability, as well as lot supply."

"Mortgage rates have decreased by more than 110 basis points since late October per Freddie Mac, lifting the future sales expectation component in the HMI into positive territory for the first time since August," said NAHB Chief Economist Robert Dietz. "As home building expands in 2024, the market will see growing supply-side challenges in the form of higher prices and/or shortages of lumber, lots and labor."

The California Association of Realtors (C.A.R.) published their December Home Sales and Price Report in mid-January 2023. The report notes that closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 224,000 in December, according to information collected by C.A.R. from more than 90 local REALTOR® associations and MLSs statewide. The statewide annualized sales figure represents what would be the total number of homes sold during 2023 if sales maintained the December pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.

December's sales pace was essentially unchanged from the revised 223,940 homes sold in November and was down 7.1 percent from a year ago, when a revised 241,070 homes were sold on an annualized basis. Sales of existing single-family homes in California have been below the 300,000 threshold since September 2022 and will likely stay below that level in the first quarter of 2024. While the deceleration in the year-over-year loss was due primarily to the low level of pending sales recorded a year ago, the slowdown could be a sign that the market is turning the corner, especially since rates in the past couple of weeks have remained well-below the recent peak recorded in late October. For the year as a whole, the state recorded an annual sales level of 257,630, a decline of 24.8 percent from the revised sales level of 342,530 reported in 2022. The annual sales decline in 2023 was the biggest drop in existing home sales in California since 2007.

"The housing market had a tough year in 2023 as a shortage of homes for sale and high costs of borrowing continued to have a negative impact on housing inventory and demand," said 2024 C.A.R. President Melanie Barker, a Yosemite REALTOR®. "With mortgage rates expected to come down in the next 12 months, home sales will bounce back as buyers and sellers return to a more favorable housing market. Home prices should see a moderate increase in 2024 as well."

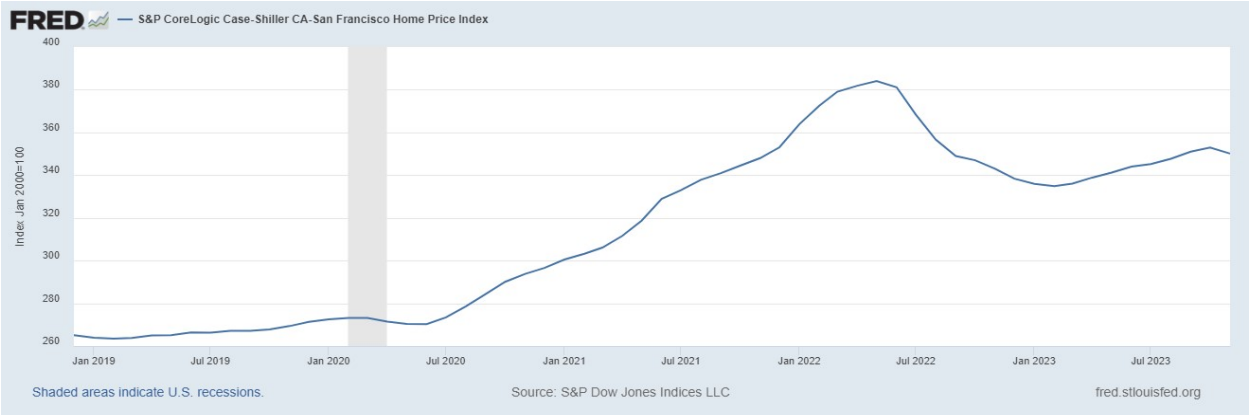
While California's statewide median price dipped 0.3 percent from November's $822,200 to $819,740 in December, it posted its largest year-over-year gain since May 2022. The December median home price rose 6.4 percent from a revised $770,490 recorded a year ago. With mortgage rates softening since mid-October, home prices will likely maintain their upward momentum, and the market should continue to observe a mid- to single-digit, year-over-year growth rate in California's median price in at least the early part of 2024. For 2023 as a whole, California's

median home price slipped 0.6 percent to $813,980 from 2022's $818,900 figure but is expected to climb to $860,300 in 2024.

"Easing inflationary pressure and a soft economic outlook suggest that we will see some interest rate cuts in the upcoming year, which bode well for a housing market recovery," said C.A.R. Senior Vice President and Chief Economist Jordan Levine. "With rates declining to a 7-month low in late 2023, Americans are feeling more positive about the market, and we could begin to see some increase in market activity at the start of the year. The improvement is expected to be gradual as tight housing supply will remain the norm in 2024."

Regional Housing Market

The Standard & Poor/Case-Shiller Home Price Index measures the average change in value of residential real estate given a constant level of quality and reflects single-family housing. It is sometimes referred to as a repeat sale index. The next chart indicates that the index for the subject's San Francisco Metropolitan Area increased about 2.0% from 342.977 in November 2022 to 350.092 in November 2023, or about 0.17%/month, echoing the builder sentiment evident in the Housing Market Index.



Source: S&P Dow Jones Indices LLC

The State of California Department of Finance (DOF) compiles statistics on total housing units in both the cities and counties of California. Based on DOF statistics, Santa Clara County had a total housing supply of 701,539units as of January 1, 2023. This represents an increase of housing units over the 696,489 units as of January 1, 2022.

According to the Association of Bay Area Governments (ABAG)[4] Projections 2040 report (most recent report), in 2015, Santa Clara County had a total of 648,900 households. ABAG projects that in 2030, the number of Santa Clara County households will have increased by a compounded annual increase of 1.04 percent, to 757,690 or an average of 7,253 households per year. As such, the demand for housing (i.e. households) is projected to increase at a considerably higher pace than that of housing supply.

In the City of Santa Clara, the DOF reported a total of 53,370housing units as of January 2023. This represents an increase of housing units from the 52,000housing units as of January 2022.

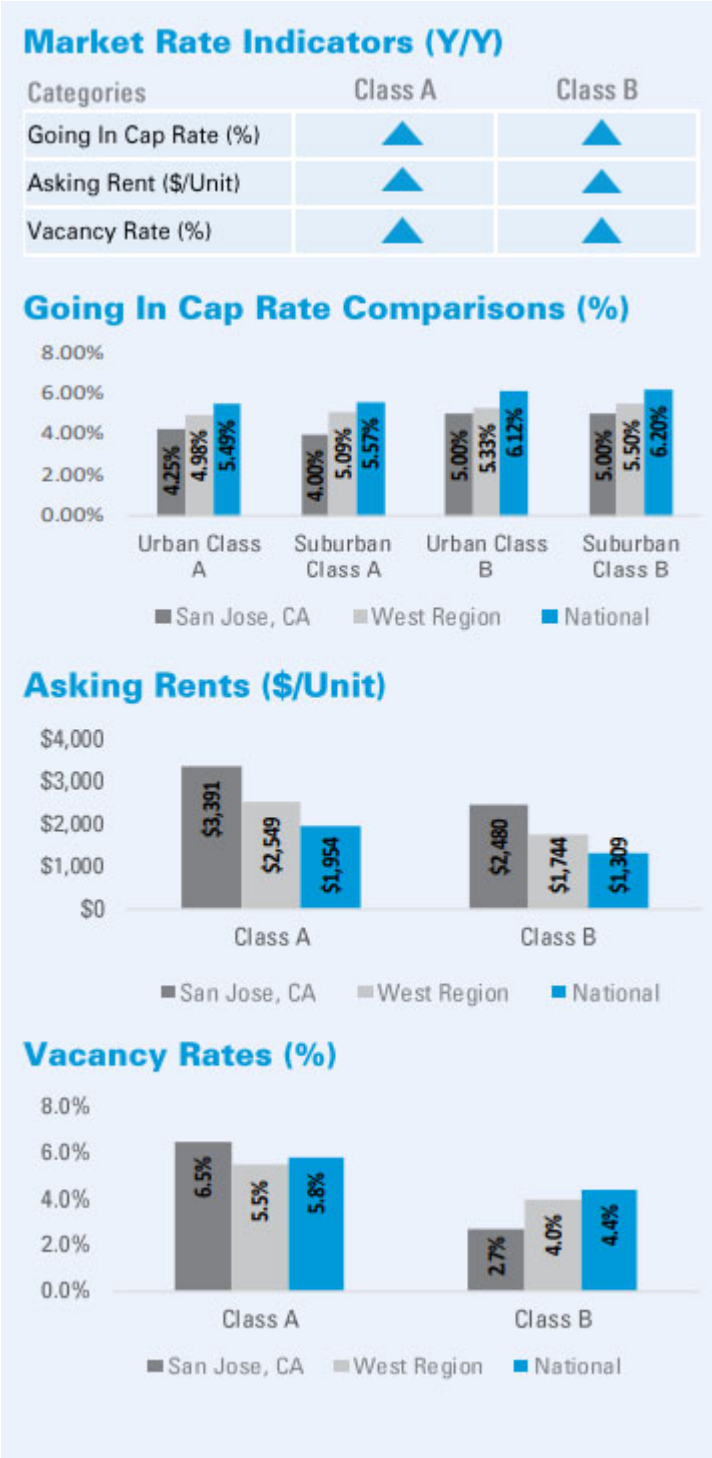
According to ABAG's Projections 2040 report, in 2015, the City of Santa Clara had a total of 49,685 housing units. This statistic is projected to increase to 52,675 housing units by 2030, a compounded annual rate of 0.39%, or an average increase of 199 housing units per year. Based on the most recent two year and 10-year periods, the City has exceeded ABAG's projections.

Local Multifamily Market

According to Integra Realty Resources Viewpoint 2024 San Jose Multifamily Annual Report, "The Silicon Valley is a hub for tech employment in the nation, and despite some recent layoffs, a dominant tech presence is expected to be maintained. Tech giants such as Google and Apple continue to expand in the region, creating high-income job growth and additional demand for housing. The region is one of the highest-priced housing markets in the nation, both for renters and homeowners, and though there is a significant gap in affordability between the two, forcing most new households to rent rather than purchase a home. The market experienced a slowdown during the pandemic as remote working environments allowed renters to relocate to more affordable markets. The most expensive submarkets experienced the greatest occupancy loss and rent decline. However, improvement began in 2021 and conditions reached pre-pandemic levels by mid -20022. Strong demand prompted developers towards new construction activity with roughly 8,000 units reported to be underway. This represents among the highest volume in over a decade. Activity is concentrated in Sunnyvale, Mountain View, Downtown San Jose and Santa Clara."

Integra Realty Resources Viewpoint 2024 San Jose Multifamily Annual Report summary is displayed in the following charts:

[4] Association of Bay Area Governments is the official comprehensive planning agency for the San Francisco Bay Area region.



Source: Integra Realty Resources Viewpoint 2024 San Jose Multifamily Annual Report

According to a CoStar report on the local multifamily market, "Heading into 2024, demand in San Jose's multifamilymarket is softening, as evidenced by falling totals of netabsorption in the second half of 2023. High interest ratesand economic uncertainty in the face of tech layoffs

andbank failures have reduced tenant demand, and whilevacancy has stayed relatively low, rent growth hasslowed, as landlords focus on tenant retention over rentincreases.

The structure and characteristics of the San Josemultifamily market derive from the success and growth ofthe technology-based economy of Silicon Valley. Theimpressive growth of this sector over the past 30 yearshas driven large increases in employment and incomeand generated strong growth in housing demand. Oneconsequence of the region's success is that housing inSan Jose is among the costliest in the nation. Apartmentrents are the third highest, after San Francisco and New York, while for-sale housing is out of the reach of many residents."

Local Single-Family Market

According to the City of Santa Clara General Plan, an estimated 28,500 new jobs will be created and the population will grow by 32,135 people in the City between 2010 and 2035. The General Plan forecasts that 13,222 new housing units will be needed during that same period, based on an estimated household size of 2.5 people. The General Plan also states that household growth in the City has been much slower than the rest of Santa Clara County due to the lack of vacant residential land. Therefore, in order to meet future housing needs, construction of new housing will primarily occur through the redevelopment of existing sites.

Among the 53,370 housing units (January 2023) in Santa Clara, as reported by the DOF, the single-family(attached and detached) market represents about 24,760 or about 46% of the totalhousing units in Santa Clara.

CoreLogic is a national real estate, mortgage, consumer, and specialized business data provider. DQ Newshas in the past tracked theannual median home price for all homes (single-family, condo, and townhouse), including new construction, in the City's three ZIP code areas through 2021. As the DQ News reports are no longer available, all of 2022 and 2023year end summary data was obtained from MLS Listings and does not include all new construction.

	2018 Year End Summary Sales							
Community	**Zip**	**Sales**	**% Chg**	**Median Price**	**% Chg**	**High Price**	**$/SqFt**	**% Chg**
Santa Clara	95050	380	-0.5%	$1,184,500	24.4%	$2,609,000	$887	25.0%
Santa Clara	95051	484	-16.6%	$1,358,000	17.0%	$2,800,000	$934	14.7%
Santa Clara	95054	185	-25.4%	$1,250,000	23.3%	$2,400,000	$799	13.9%

	2019 Year End Summary Sales							
Community	**Zip**	**Sales**	**% Chg**	**Median Price**	**% Chg**	**High Price**	**$/SqFt**	**% Chg**
Santa Clara	95050	332	-12.6%	$1,200,000	1.3%	$2,350,000	$837	-5.6%
Santa Clara	95051	461	-4.8%	$1,300,000	-4.3%	$2,400,000	$860	-7.9%
Santa Clara	95054	162	-12.4%	$1,140,000	-8.8%	$2,450,000	$748	-6.3%

	2020 Year End Summary Sales							
Community	**Zip**	**Sales**	**% Chg**	**Median Price**	**% Chg**	**High Price**	**$/SqFt**	**% Chg**
Santa Clara	95050	301	-9.3%	$1,200,000	0.0%	$2,780,000	$834	-0.4%
Santa Clara	95051	614	33.2%	$1,400,000	7.7%	$2,200,000	$869	1.0%
Santa Clara	95054	160	-1.2%	$1,175,000	3.1%	$2,090,000	$774	3.5%

	2021 Year End Summary Sales							
Community	**Zip**	**Sales**	**% Chg**	**Median Price**	**% Chg**	**High Price**	**$/SqFt**	**% Chg**
Santa Clara	95050	441	46.5%	$1,289,500	7.5%	$3,218,500	$858	2.9%
Santa Clara	95051	855	39.3%	$1,490,000	6.4%	$3,180,000	$912	5.0%
Santa Clara	95054	242	51.3%	$1,255,000	6.8%	$2,900,000	$794	2.6%

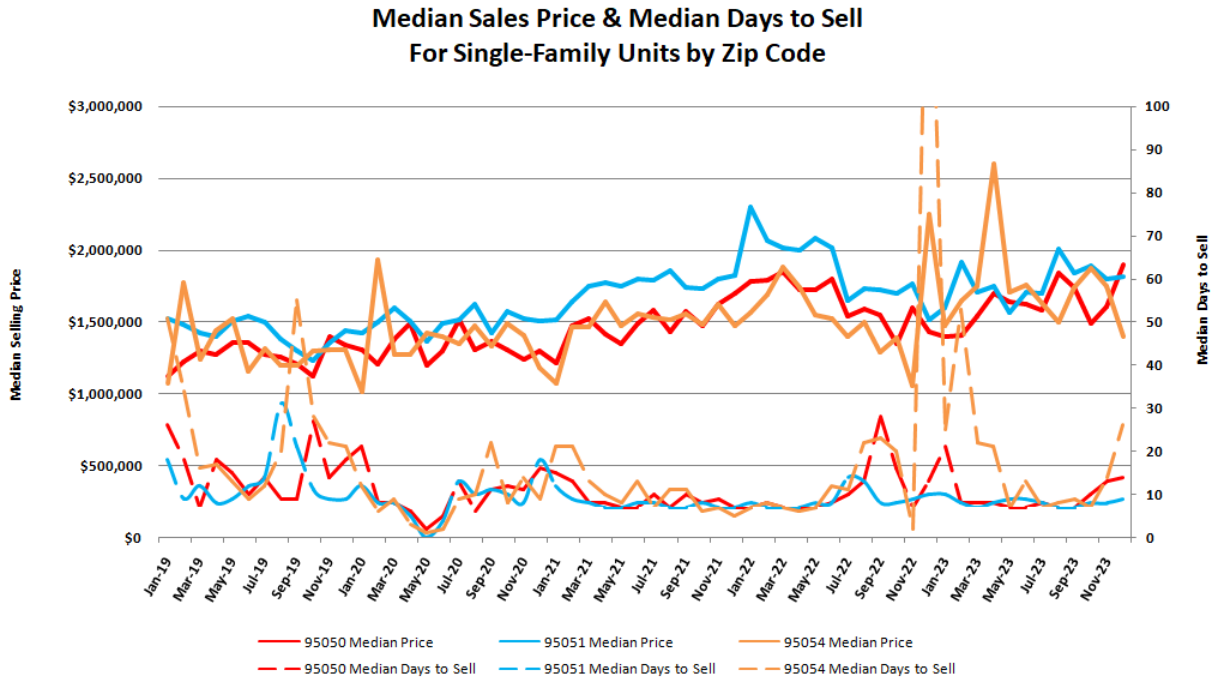
	2022 Year End Summary Sales							
Community	**Zip**	**Sales**	**% Chg**	**Median Price**	**% Chg**	**High Price**	**$/SqFt**	**% Chg**
Santa Clara	95050	258	-41.5%	$1,472,500	14.2%	$3,650,000	$1,024	19.4%
Santa Clara	95051	483	-43.5%	$1,630,000	9.4%	$3,500,000	$1,119	22.7%
Santa Clara	95054	138	-43.0%	$1,278,044	1.8%	$3,330,000	$887	11.7%

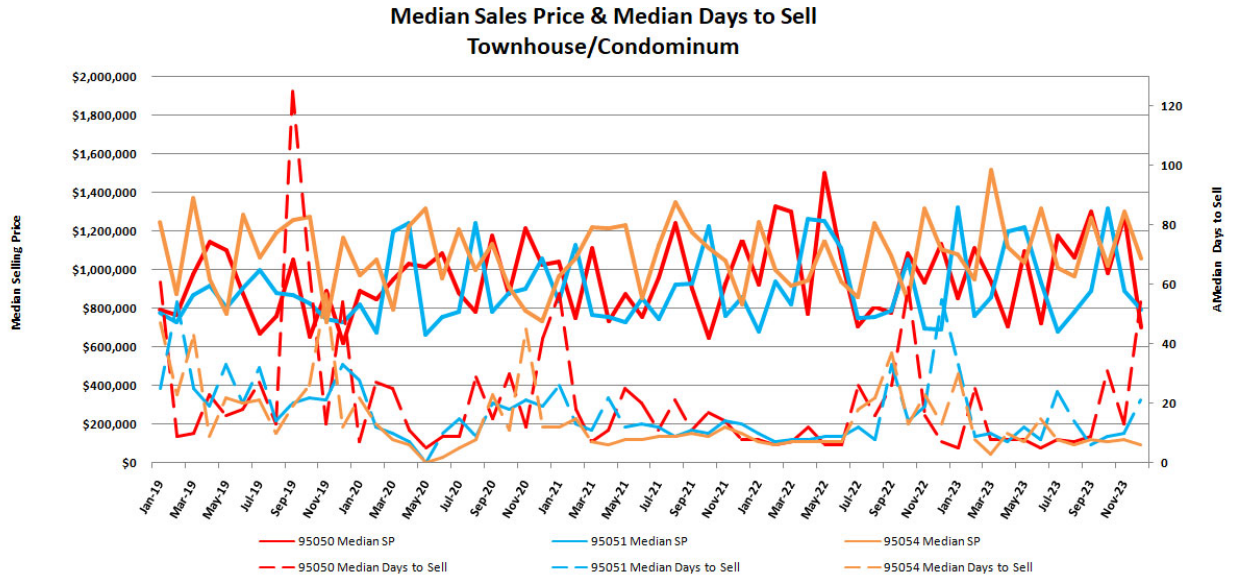
	2023 Year End Summary Sales							
Community	**Zip**	**Sales**	**% Chg**	**Median Price**	**% Chg**	**High Price**	**$/SqFt**	**% Chg**
Santa Clara	95050	204	-20.9%	$1,472,500	0.0%	$3,600,000	$1,007	-1.7%
Santa Clara	95051	299	-38.1%	$1,600,000	-1.8%	$3,030,000	$1,102	-1.5%
Santa Clara	95054	94	-31.9%	$1,377,500	7.8%	$3,180,000	$888	0.1%

The data above indicates that zip code 95051 consistently has the highest median price among Santa Clara's zip codes. Zip code 95050 had the second highest median in most years. The $/SF indicator shows that 95051 has higher prices than 95050, which both have higher prices than 95054. The data indicates that median prices were increasing in 2018, stabilizing in 2019 and 2020, increasing in both 2021 and 2022, and relatively stable to slightly increasing in 2023. By the end of 2023, compared to the previous year, median prices had increased about 0.0% per year in 95050, decreased about -1.8% per year in 95051 and increased about 7.8% per year in 95054.

The $/SF indicators showed an overallincreasing trend from 2020 to 2023. The total number of sales indicator showed an overall decreasing rate from 2022 to 2023 in all three zip codes.

The following tables depict the median price trend by zip code over the 60 months ending December 2023 for single family homes and common interest developments (townhouse/condos) in the three zip codes of the City of Santa Clara using closed sale data obtained by MLSlistings.com:





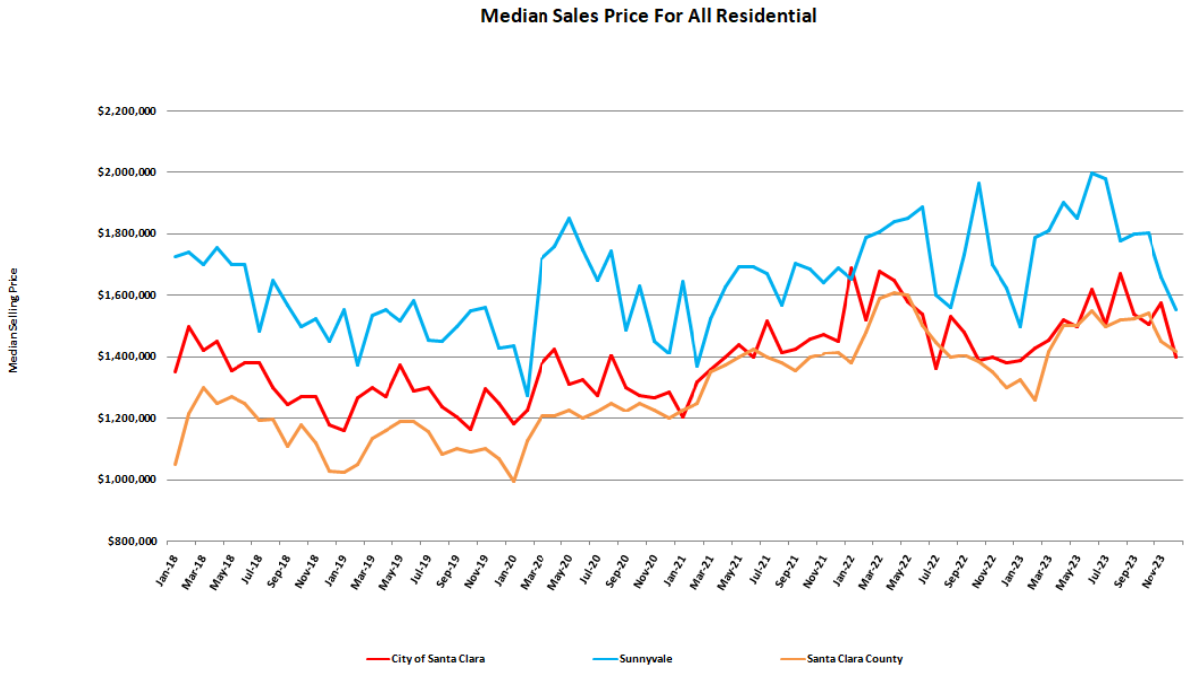
As shown above, market data derived from the local MLS shows that prices were oscillatingup and down over the 60 months ending December 2023. However, prices for single family homes were generally relatively stable to slightly increasing in 2023. In addition, the median days to sell increased in the last half of 2023.

We note that DQ News/CoreLogic data includes resales and new construction, while MLS typically does not include all new construction. This is because builders often do not use MLS to market their homes, using their in-house marketing efforts instead. The following tables show the annual and 2-year change for all housing types over the last three Decembers, according to the MLS:

Median Sales Price						
Housing Type	**Zip Code**	**2021**	**2022**	**2023**	**% Change per Month Last 12**	**% Change per Month Last 2 Years**
SFR, Condo, & Townhouse	95050	$1,350,000	$1,472,500	$1,472,500	0.00%	0.38%
	95051	$1,550,000	$1,650,000	$1,600,000	-0.25%	0.13%
	95054	$1,290,000	$1,278,044	$1,377,500	0.65%	0.28%
Source: Local MLS						

The data in the above table supports the opinion that 95050 and 95054 generally rate inferior to 95051. The data also indicates that median selling prices are higher in all three zip codes compared to 2021, but stablein 95050, slightly lower in 95051, and slightly higher in 95054 over the last 12 months.

The next table using MLS statistics shows the monthly median change in selling prices in Santa Clara, adjacent Sunnyvale, and the larger Santa Clara County market since the start of 2018:



As the table above indicates, median selling prices were rising in the spring of 2018, receded until early 2019, were more stable through the end of 2019, but then increased sharply in the

early part of 2020 through the spring of 2020. Prices were generally stable over remainder of 2020 in Santa Clara and Santa Clara County but declined in Sunnyvale. The median selling prices for each of these three areas generally increased throughout 2021 and the first half of 2022. Prices were generally trending downwards in last half of 2023, as a result of higher interest rates.

Conclusions

The *Winter 2024 Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey*reports "For developers in the office sector, the rationalization of existingoffice space and a return-to-the-office are going to bekey elements in deciding where and when to invest.""The forecast is for at least three more years of declining rents and occupancy rates."

Commercial (retail and office) properties exhibitedmixed indications due to the pandemic in 2021. Some retail is doing fine, butthe hospitality/leisure/entertainment industries remain depressed. Office demand appears in limbo as many employees may or may not fully return to offices, particularly among tech companies. Based on discussions with market participants, general market conditions and the sales data we analyzed, we applied a market conditions rate of change to the commercial land sale comparables usedofnegative 0.75% per month from the start of 1Q-2020 through 4Q-2021. For the year2022 and 2023 prices were more stable for commercial and did not warrant adjustment.

In prior years, industrial(and warehouse) market statistics indicated that rental rates had been trending upwards, whilevacancy rates generally stabilized near5%. Market participants opined that selling prices werealso increasing, especially for large sites suitable for data centers.The increase in industrial value is supported by an improved paired sale at 3600 Peterson Way in Santa Clara that sold in October 2016 for $30 million and again in June 2019 for $37 million, which indicates a straight-line increase of about 0.72% per month for this 75,800 square foot building on an approximate 5.42-acre site. 1623 S 10th Street in San Jose sold for $3,000,000 in August 2018 and again for $3,801,000 in October 2020, indicating a straight-line increase of about 1.0% per month. Based on changing rents and prices, we concluded that competing industrial land prices were increasing at the rate of about 0.75% per month from the date of sale of the comparablesthrough Q4-2020, with no additional adjustment in 2021, 2022 or 2023.

Santa Clara (and the Bay Area in general) is an undersupplied housing market. Demand for housing is expected to continue in the long-term, with increased demand for higher density housing options, a result of the scarcity of developable land and the more affordable nature for prospective buyers/renters.

Market data and market participants report that residential prices declined in the latter part of 2018 and were stable overall during 2019. In 2020, the residential market showed different

trends depending on property type. The residential market generally saw greater demand for detached residential over the course of 2020 and 2021 as buyers looked to have more indoor/outdoor space since they began spending a greater proportion of time at home. Meanwhile, condominiums and apartments experienced a slower market during 2021. Comparing just the December 2022 city of Santa Clara overall median residential sales price to the December 2021 overall median residential sales price, MLS Listings shows a decline of 4.83% year or a decreasing rate of change of about .40% per month. However, comparing just the December 2023 city of Santa Clara overall median residential sales price ($1,400,000) to the November 2022 overall median residential sales price ($1,400,000) indicates that no adjustment is necessary for 2023. Based on the market reports cited above, sales data analyzed, and market participant interviews, for the very low-density residential land sales used in the following analysiswe applied an increasing rate of change of 0.25% per month from the start of 2020 through the fourth quarter 2020, an increasing rate of change of 1.00% per month from the start of 2021 through the fourth quarter 2021, and an decreasing rate of change of 0.40% per month from the start of 2022 through the fourth quarter 2022. We conclude no market change is warranted during 2023 for this property type.

For the high-density land sales, median sale prices oscillated somewhat and multifamily rents stagnated or declined during 2021. Rent growth picked back up in the first half of 2022. However, CoStar's Santa Clara Multi-Family report showed stagnating rent growth in the second half of 2022. CoStar reported; "Challenging economic conditions over the past 12 months, including high inflation, rising interest rates, and layoff concerns, have dampened tenant demand." "While expensive in comparison to most other areas of the country, many renters in San Jose have few alternative options for housing. Median home prices have more than doubled over the past decade, and with mortgage rates at around 7%, the monthly cost of homeownership is substantially more expensive than renting.As the metro area is geographically constrained, commutes to areas with lower-priced homes are time consuming and arduous. As a result, many Silicon Valley workers are willing to pay high rental rates for lower grade multifamily units near suburban office campuses." Over the longer term, rent growth in Santa Clara has averaged 3.6% annually over the past decade. We conclude no market change is warranted during 2019, 2020 and 2021.A 3.6% annual market change is applied during 2022. We conclude no market change is warranted during 2023 for this property type.

LAND USE ORDINANCES

Since we are analyzing hypothetical lots, we supposed that each use would be based on its appropriate General Plan designation. The appropriate zoning category for each hypothetical use was not a critical factor as the General Plan is the long-term planning tool used by the City. Furthermore, comparable land sale transactions typically sell based on their intended use, which is supported by the General Plan in almost all cases. The City's Phase II Land Use map is in

effect and is intended to guide land uses for the years 2015-2025.Compared to Phase I, it expands the areas within the city where mixed-uses and higher-density residential is allowed.We supposed the following General Plan designations for each hypothetical use:

Use of Hypothetical Lot	General Plan
Very Low Density Residential	Very Low Density Residential
Low Density Residential	Low Density Residential
Medium Density Residential	Medium Density Residential
High Density Residential	High Density Residential
Commercial	Regional Commercial
Industrial	Light Industrial

HIGHEST AND BEST USE

Westudied the legally permissible, physically possible, financially feasible, and maximally productive uses of each hypothetical lot. We considered prevailing market conditions and recent development trends.As indicated in the market conditions section, except for retail/hospitality/office, each product type is generally experiencing increasing or stable prices and stabilizing vacancy rates. These are indications that the highest and best use is to construct the legally permissible product for each respective property type. However, forthe commercial use, since many retail and office projects are on hold, construction would not likely be undertaken until the market improves, unless preleased or a build-to-suit is procured. Therefore, the highest and best use for the hypothetical commercial use would be to hold for future development of a commercial building until the market improves, unless preleased or a build-to-suit. We concluded to the following components of property uses for the highest and best use of the hypothetical lot based on the overall market and the instruction of the Client:

Use of Hypothetical Lot	Highest & Best Use
Very Low Density Residential	Very Low Density Residential
Low Density Residential	Low Density Residential
Medium Density Residential	Medium Density Residential
High Density Residential	High Density Residential
Commercial	Hold for Development of a Commercial Building
Industrial	Industrial Building

Weapplied a hypothetical condition that each of these uses was allowed on the hypothetical subject lot.

For this analysis and based on the marketand the City's General Plan, we concluded the most reasonable density to support the residential uses was about the midpoint or nearer the high end of the allowed density ranges (based on ever-increasing density proposals/approvals):

- 10 dwelling units per gross acre (DU/AC) for Very Low-Density Residential;
- 13 dwelling units per gross acre (DU/AC) for Low-Density Residential;
- 30 DU/AC for Medium-Density Residential; and
- 45 DU/AC for High-Density Residential.

For Very Low-Density Residential, which allows up to 10 DU/AC, we concluded that the most likely subdivision for a hypothetical one acre of land would support a subdivision at the high of this range, or 10 DU/AC. This is because the scarcity of land requires ever increasing densities to make projects financially feasible.

The likely commercial use would be an office building, but only if preleased or a build-to-suit. The likely industrial use would be a data center, flex, light industrial building or some type of interim contractor storage yard with minimal building improvements.

APPRAISAL PROCESS

The appraisal profession has generally relied upon three traditional approaches in estimating the market value of real property.These are the *Income Capitalization Approach*, the *Sales Comparison Approach*, and the *Cost Approach*.While all three approaches are always considered in a valuation assignment, all three are not always applied.The quantity and quality of available data and the applicability of each approach relative to the value being sought are important factors in reconciling to an opinion of value.

Market value was estimated using the sales comparison approach.The income capitalization approach is seldom used when valuing land. The cost approach did not offer substantial insight into this estimate of market value since there are no building improvements.Sellers, buyers, and our peers in this market rarely rely on the cost and income capitalization approaches when offering, purchasing, or valuing properties similar to the hypothetical subjectlots.Therefore, we did not undertake a cost or income capitalization approach.

Following we estimated the value of a hypothetical one-acre lot under each use scenario described above, as if located within the 95050 zip code, since the most data was discovered in this zip code. Next, we applied the weighted average of the highest and best land use component,

based on the percentage of total land area associated with the different property types (as described above) that sold in the City of Santa Clara in the 12 months prior to the date of value (as reported by Old Republic Title Company). Lastly, we applied any necessary locational differences from the 95050 zip code conclusion to arrive at the appropriate average lot value in the 95051 and 95054 zip codes.

AVERAGE VALUE ESTIMATE IN 95050 ZIP CODE

Very Low-Density Land Value

The writers examined data that was discovered by: talking to brokers, agents, property owners, and market participants from within the subject market; reviewing DataTree.com, MLSlistings.com, and CoStar.com databases for recent sales; and searching Loopnet.com and broker databases for current listings. We also reviewed development reports provided by the planning departments of Santa Clara and other nearby cities.

As stated above, for the very low-density value component, we assumed a density of 10 dwelling units per acre, at the high end of the allowed range under the Very Low-Density General Plan designation, which allows up to 10 dwelling units per acre. We searched for competing sales and listings of properties throughout Santa Clara and adjacent cities which were intended for development with residential densities less than 25 dwelling units per acre and that closed escrow over the last three years. We first analyze the subject hypothetical one-acre site located in zip code 95050 since more appropriate sales from this zip code were discovered. The sales we found most comparable are displayed on the following adjustment grid. The adjustment grid serves two purposes. First, it presents data, analysis, and conclusions about the subject and comparables in a way that facilitates comparison. Second, it presents the data in a format whereby the reader can follow the writers' adjustment process.

A parcel map for each comparable sale is displayed in the Addenda. Selling prices were verified using our summary transcript of the public record and conversations with selling and listing brokers/agents, sellers, and/or buyers when possible. A map showing the location of these comparables is displayed in the Addenda.

VERY LOW DENSITY COMPARABLE LAND SALES								
ELEMENT OF ADJUSTMENT	**SUBJECT**	**COMPARABLE VLD-1**	**COMPARABLE VLD-2**	**COMPARABLE VLD-3**	**COMPARABLE VLD-4**	**COMPARABLE VLD-5**	**COMPARABLE VLD-6**	**COMPARABLE VLD-7**
ADDRESS	Average Street	2303 Gianera Street	159 Brookside Avenue	3159 Butte Street	Fillmore Street	20860 McClellan Road	4249 Cheeney Street	Hanson Avenue
	Santa Clara	Santa Clara	Santa Clara	Santa Clara	Santa Clara	Cupertino	Santa Clara	San Jose
APN		104-06-037	303-22-028	290-04-044	104-10-077	359-20-030	104-12-025 & 026	303-41-018
SELLER		Jose Trinidad Nuno	Domingo 1992 Revocable Trust	Wallis 1983 Family Trust	Manisha Kamal Sitlani	District McClellan LLC	Marlene Munson Rebello	RROCA LLC
BUYER		Gianeral ST Estate LLC	Ranjan Trust, et al	Cheng C & Tsai L Chen	Vnus Investment Group LLC	Alphamcclellan LLC	Maruti Builders LLC	Bakhtiari Family Trust
DOCUMENT NUMBER		25354706	24597855	24420940	25490941	25525850	25297169	25326305
VERIFICATION SOURCE		Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, MLS, Public Record	Broker, Subscription Svcs, Public Record	Broker, MLS, Public Record
ASSESSMENT BONDS		None	None	None	None	None	None	None
NUMBER OF UNITS	10	4	2	2	4	6	8	4
SALE / *LISTING* PRICE		$2,443,000	**$1,325,000**	**$1,600,000**	**$1,190,000**	**$9,300,000**	**$2,650,500**	**$1,800,000**
SALE / OFFERING PRICE PER SF		**$145.42**	**$96.72**	**$110.92**	**$126.93**	**$168.11**	**$119.31**	**$119.05**
TRANSACTIONAL ADJUSTMENTS								
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING TERMS		Conventional	Conventional	All Cash	All Cash	All Cash	All Cash	All Cash
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE		Arm's-Length	Arm's-Length	Arm's-Length/Improvement Value	Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length
ADJUSTMENT		0.00%	0.00%	-9.38%	0.00%	0.00%	0.00%	0.00%
EXPENDITURES AFTER SALE		Demolition Offset	Demolition Offset	None	None	None	None	None
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CLOSE OF ESCROW		August 8, 2022	September 2, 2020	March 4, 2020	June 21, 2023	September 1, 2023	May 5, 2022	June 27, 2022
TIME OF SALE / MARKET CONDITION	December 31, 2023	June 2022	August 2020	February 2020	June 2023	April 2023	April 2022	June 2022
MONTHS FROM START 1Q-2020 THROUGH 4Q-2020		0	4	10	0	0	0	0
ADJUSTMENT @ % PER MONTH	0.25%	0.00%	1.00%	2.50%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2021 THROUGH 4Q-2021		0	12	12	0	0	0	0
ADJUSTMENT @ % PER MONTH	1.00%	0.00%	12.00%	12.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		6	12	12	0	0	8	6
ADJUSTMENT @ % PER MONTH	-0.40%	-2.40%	-4.80%	-4.80%	0.00%	0.00%	-3.20%	-2.40%
MONTHS FROM START Q1-2023 THROUGH 4Q-2023		12	12	12	6	8	12	12
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADJ PRICE PER SF AFTER TRANSACTIONAL ADJS		**$141.93**	**$104.15**	**$109.86**	**$126.93**	**$168.11**	**$115.49**	**$116.19**
LOCATIONAL ADJUSTMENTS								
EXPOSURE / VISIBILITY	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
ACCESS	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
APPEAL/SITE INFLUENCES	Average	Similar	Inferior/San Tomas Expy	Similar	Inferior	Similar	Inferior	Similar
ZIP CODE	95050	95054	95050	95051	95054	95014	95054	95117
OVERALL LOCATIONAL RATING	Average	Inferior	Inferior	Similar	Inferior	Superior	Inferior	Similar
PHYSICAL ADJUSTMENTS								
SITE SIZE (ACRES)	1.00	0.386	0.31	0.33	0.22	1.27	0.51	0.35
SITE SIZE (SF)	43,560	16,800	13,700	14,425	9,375	55,321	22,216	15,120
UTILITY/TOPOGRAPHY	Rectangular / 1 Street Front	Rectangular / 1 Street Front	Rectangular / 1 Street Front	Inferior / SI Irregular / 1 Street Front	Irregular Rectangular Corner / 2 Frontage	Rectangular / 1 Street Front	Rectangular / 1 Street Front	SI Irregular / 1 Street Front
USE/ZONING ADJUSTMENTS								
ZONING		R1-6L	R1-8L	R1-6L	R1-6L	R1-10	R1-6L	R1-8
GENERAL PLAN	Very Low Density Res	Low Density Res	Very Low Density Res	Very Low Density Res	Very Low Density Res	Residential Low Density	Very Low Density Res	Residential Neighborhood
ALLOWED DENSITY (dwelling units per acre)	up to 10	8 to 19	up to 10	up to 10	up to 10	up to 5	up to 10	up to 10
NUMBER OF UNITS	10	6	2.0	2.0	4.0	6.0	8.0	4.0
ESTIMATED / PROPOSED DU/ACRE	*10.0*	*15.6*	*6.4*	*6.0*	*18.6*	*4.7*	*15.7*	*11.5*
INTENDED USE	Residential	4 Residential Units	SFD + ADU	Residential + ADU	4 Residential Units	6 Residential Units	8 or 9 units	4 Residential Units
ENTITLEMENT STATUS	Has Zoning & GP	Has Zoning & GP	Had Zoning and GP	Had Zoning and GP	Had Zoning and GP - No Approvals	Had Zoning and GP-With Approvals	Had Zoning and GP - No Approvals	Had Zoning and GP - No Approvals
OVERALL PHYSICAL & USE/ZONING RATING		Superior	Inferior	Similar	Inferior	Superior	Inferior	Similar
OVERALL RATING-SUBJECT SHOULD SELL FOR		**Less**	**More**	**Similar**	**Slightly More**	**Less**	**Slightly More**	**Similar**

Adjustment Process

Transactional adjustments were made sequentially for property rights conveyed, financing terms, conditions of sale/motivation of participants, expenditures incurred by the buyer after the sale, i.e. demolition costs, and market conditions since the sale date. Market conditions adjustments are applied from the start of the first quarter 2020 through December 2023, based on trending sales data and our observations.

Comparable Sale VLD-1 is the sale of single-family lot improved with an older home. The buyer of Comparable 1 is an investor and intends to demolish the existing home and improvements. The lot was reported to have been approved for six single family units in the past, however that transaction never consummated. Although the lot was most recently marketed with the potential of being subdivided to provide four multiple guaranteed units without city approval, we depicted 6 units on the sales grid due to its reported pre-approval. The property was reported to have been owner occupied at the time of sale. This sale has a R1-6L zoning and a low density residential general plan that allows 8 to 19 dwelling units per gross acre compared to subject's very low density residential general plan that allows up to ten units per gross acre.

Comparable Sale VLD-2 is the sale of residential lot improved with an older home. The buyer of Comparable VLD-2 intends to demolish the home and construct a new two-story dwelling and add a 748 square foot detached additional dwelling unit (ADU). This comparable will not pay park impact fees since it already had a home improved on it and ADU's are exempt under the Santa Clara City Code (17.35.090).

Comparable Sale VLD-3 was the sale of an improved lot that could support two lots or a SFD and an ADU. The listing broker opined that the existing improvements needed a lot of work, but the buyer intended to move into the home, which dated from the 1940s. Based on the expected utilization of the improvements, we concluded that a downward adjustment was warranted for their contributory value. The amount of adjustment was estimated based on our observations, input from the listing broker, and a good fit for the data. A downward adjustment of $150,000 for this element of comparison was applied to the comparable on the Conditions of Sale line.

Comparable Sale VLD-4 was the sale of a vacant corner parcel. This property was originally listed for $1,498,900 in July 2022. The listing price was reduced in September 2022 to $1,398,900. The price was again reduced in October 2022 to $1,298,900. The lot was marketed as having the potential for a duplex or fourplex.

Comparable Sale VLD-5 is the sale of a 1.27 acre parcel with an approved tentative map and a plan to build six single-family homes with ADU's. This was an all-cash sale. The buyer is

reported to be a developer. The older single family home and garage are to be demolished by the buyer. This Cupertino location is considered to be superior, based on higher median prices and generally superior schools.

Comparable Sale VLD-6 was the sale of two vacant lots that could support a reported 8 or 9 unit development. The seller had previously applied for a tentative map to allow for an 8-unit townhouse development. The proposed development was not approved and the lots currently do not have any pending approvals. The lots were not listed on the MLS but were reported to have been actively marketed for six months. The property was listed at $2,700,000 and was reported to have had four offers. This was an all cash-sale.

Comparable Sale VLD-7 was the sale of a vacant lot that could support a reported 4 unit development. No pending approvals at the time of sale. Buyer was not sure if they will develop the lot for single family or multi-family use. The comparable had only one offer and it was an all cash-sale.

Comparable Sale VLD-1 was reported to have been owner occupied at the time of sale and could be rented. The cost of demolition was offset by the rents that could potentially be received. The seller of Comparable Sale VLD-2 was given some time to lease back following close of escrow; again, we concluded that the cost of demolition would be offset by the interim rental income.

Locational adjustments were broken into elements that reflect the property's identity to potential tenants or buyers (exposure, visibility), access (to freeways and amenities), and overall desirability of the location based on neighborhood factors such as age and condition of nearby properties, proximity to enhancing or detrimental factors, or an identifiable valuation element relating to address (locational appeal, zip code). As will be discussed in the following material, residential land values in the 95050 zip code rated superior to the 95054 zip code but inferior to the 95051 zip code; thus, the 95054 comparable located in 95054 is adjusted upward and the comparable located in 95051 is adjusted downward.

Locational adjustments were warranted for the elements of comparison as summarized on the grid. Although Comparable VLD-2 backs to a public park, beyond the park is San Tomas Expressway, which is within about 200 feet of this comparable and is not separated by a sound wall, rating inferior to the subject; an overall upward adjustment is concluded for this element of comparison.

Physical and Use/Zoning adjustments were broken into elements that reflect property size, utility/topography, allowed land uses and density, intended use/development density, affordable housing component, and entitlement status.

Comparable VLD-3 is located at the elbow of two streets and thus has an irregular pie-slice shape; an upward adjustment is concluded for inferior utility. For this analysis, upward adjustments were warranted for the lower densities of Comparables VLD-2 and VLD-3, rating inferior for this element of comparison.

As discussed in the preceding material, market conditions adjustments are applied from the start of the first quarter 2020 through the end of the fourth quarter 2023.

Conclusion

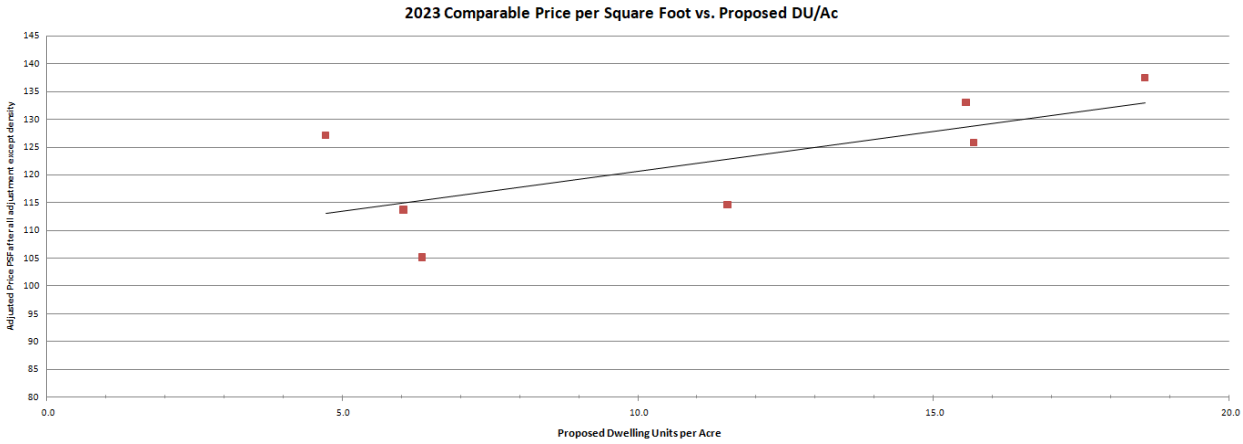
Following adjustment for the elements summarized on the grid, we concluded to the overall ratings displayed at the bottom of the sales grid. Bracketed by the comparable ratings, giving most weight to the sale comparableslocated in Santa Clara, we concluded to the following unit value of unentitled very low-density residential land in the 95050 zip code:

Unit $/SF	x	Land Area (SF)	=	Indicated Value
$120	x	43,560	=	$5,227,200

Estimated Market Value of a 1-Acre
Very Low-Density Residential Lot in 95050 Zip Code: $5,227,200

<u>Low Density Land Value</u>

For the low-density value component, the City's land use classification cites a low-density range of 8-18 dwelling units/acre (DU/Acre), which is greater than the maximum 10 DU/Acre allowed in the very low-density classification. We assumed a density of 13 DU/Acre, about the mid-point of the density range. In the market, the primary value difference between very low and low-density land relates to density. The density adjustment was estimated based on the relationship between price per SF and density, as evidenced by the comparables. In the chart below, we plotted the preceding very-low density land comparables used in the following low-density value scenario.



As shown in the chart above, the price per square foot of land increases with increasing density. This is congruent with our observations in the market that as density increases, price per SF of land typically increases. The difference in pricing for changing densities is clear when comparing the lowest to the higher densities. Similarly, the price/SF difference is less when compared to the median or higher densities. We concluded that there is a difference in value/SF between the preceding very low density and the low-density residential which has a higher density. The trendline in the chart above indicates that the appropriate unit value based on a density of 13 dwelling units per acre would be about $125 per square foot. Historically, there has been a 5% to 10% price differencebetween the preceding very low density and low-density residential.Based on the comparable data, with a density of 13 dwelling units per acre for the low-density residential land use, we concluded to **$125/SF**.

Conclusion

We concluded to the following Low-Density residential value in the 95050 zip code for 1-acre of land:

Unit $/SF	x	Land Area (SF)	=	Indicated Value
$125	**x**	43,560	=	$5,445,000

Estimated Market Value of a 1-Acre
Low-Density Residential Lot in 95050 Zip Code: $5,445,000

<u>High Density Land Value</u>

Similar to the preceding very low-density land search, we searched data sources for high and medium-high density residential land transactions and examined data that was discovered by

talking to brokers, agents, property owners, and market participants from within the subject market. We also reviewed development reports provided by the planning departments of Santa Clara and other nearby cities.

As stated above, for the high-density value component, we assumed a density of 45 dwelling units per acre, aboutthe midpoint of the allowed range under the High Density General Plan designation, which allows 37-50 dwelling units per acre.The sales we found most comparable are displayed on the next grid. A map showing the location of these comparables is displayed in the Addenda.A parcel map for each comparable sale is also displayed in the Addenda.Selling prices were verified using our summary transcript of the public record and conversations with selling and listing brokers/agents, sellers, and buyers.We were unable to confirm the details of Comparable HD-2 with a party to the transaction. We relied on published data, city records, subscription service data, news articles, and information available from a summary transcript of the public record for transaction details regarding these comparables.

HIGH DENSITY COMPARABLE LAND SALES							
ELEMENT OF ADJUSTMENT	**SUBJECT**	**COMPARABLE HD-1**	**COMPARABLE HD-2**	**COMPARABLE HD-3**	**COMPARABLE HD-4**	**COMPARABLE HD-5**	**COMPARABLE HD-6 LISTING**
ADDRESS	Average Street	950 Monroe St	1601 Civic Center Drive	3941 Stevens Creek Blvd.	2303-2319 Calle Del Mundo	2221-2251 Calle De Luna 2232-2246 Calle Del Mundo	2301-2317 Calle De Luna
	Santa Clara	Santa Clara	Santa Clara	Santa Clara	Santa Clara	Santa Clara	Santa Clara
APN		269-20-086	224-49-006	294-39-010	097-05-060 & 061	097-46-020 & 027	097-46-007, 008, 009
SELLER		Von Raesfeld Family Partnership	K & K Outdoor Advertising LLC	MB Exclusively Properties LLC	Beta & Properties LLC	Laison LLC/2232 Calle Del Mundo LLC	TGR Associates LLC
BUYER		Lamb Partners LLC	CIVIC Center LP	CRP The Meridian LP	2263 Calle Del Mundo LLC	GS Tasman East Subsidiary, LLC	Listing
DOCUMENT NUMBER		24395084	24380714	25233709	24840021	25062330/25062315	Listing
VERIFICATION SOURCE		Broker, Public Record	Subscription Svcs, Public Record	Subscription Svcs, Public Record	Subscription Svcs, Public Record	Subscription Svcs, Public Record	Broker, Subscription Svcs, Public Record
EXPOSURE TO MARKET		12 Months	12 Months	12 Months	12 Months	12 Months	36 Months
NUMBER OF UNITS	45	*36 (Pro Rata)*	*124*	*27*	*27*	*27*	*235*
SALE / *LISTING* PRICE		**$4,700,000**	**$12,100,000**	**$5,075,000**	**$8,000,000**	**$21,995,000**	**$15,000,000**
SALE / OFFERING PRICE PER SF		**$207.73**	**$197.03**	**$197.47**	**$181.83**	**$235.95**	**$249.53**
TRANSACTIONAL ADJUSTMENTS							
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple (Short Term Leases)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING TERMS		Conventional	Conventional	Conventional	Conventional	Conventional	Listing
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE		Assemblage	Arm's-Length	Arm's-Length	Assemblage	Assemblage	Listing
ADJUSTMENT		-5.00%	0.00%	0.00%	-5.00%	-5.00%	-10.00%
EXPENDITURES AFTER SALE		Demolition Offset	Demolition of 30k SF Office Building	Demolition Offset	Demolition Offset	Demolition Offset	Solvent contamination in soil and ground water
ADJUSTMENT		0.00%	1.65%	0.00%	0.00%	0.00%	-15.00%
CLOSE OF ESCROW		February 3, 2020	January 15, 2020	February 03, 2022	February 19, 2021	August 11, 2021	Listing
TIME OF SALE / MARKET CONDITION	December 31, 2023	December 2018	Est. Sept 2019	April 2021	Est. April 2019	Est. Feb. 2020	December 2023
MONTHS FROM START 1Q-2019 THROUGH 4Q-2019		12	3	0	8	0	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2020 THROUGH 4Q-2020		12	12	0	12	10	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2021 THROUGH 4Q-2021		12	12	8	12	12	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START Q1-2022 THROUGH 4Q-2022		12	12	12	12	12	0
ADJUSTMENT @ % PER MONTH	0.30%	3.60%	3.60%	3.60%	3.60%	3.60%	0.00%
MONTHS FROM START Q1-2023 THROUGH 4Q-2023		12	12	12	12	12	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADJ PRICE/SF AFTER TRANSACTIONAL ADJS		**$204.45**	**$207.50**	**$204.58**	**$178.96**	**$232.22**	**$190.89**
LOCATIONAL ADJUSTMENTS							
EXPOSURE / VISIBILITY	Average	Similar/Corner	Similar	Similar	Similar	Similar	Similar
ACCESS	Average	Similar	Similar	Similar	Similar	Similar	Similar
APPEAL/SITE INFLUENCES	Average	Similar	Similar	Similar	Similar	Similar	Similar
ZIP CODE	95050	95050	95050	95051	95054	95054	95054
OVERALL LOCATIONAL RATING		Similar	Similar	Similar	Similar	Similar	Similar
PHYSICAL ADJUSTMENTS							
SITE SIZE (ACRES)	1.00	0.52	1.41	0.59	1.01	2.14	1.38
SITE SIZE (SF)	43,560	22,625	61,411	25,700	43,996	93,218	60,114
UTILITY/TOPOGRAPHY	Rectangular / 1 Street Front	Mostly Rectangular/2 Frontages	Mostly Rectangular/Deed Rest	Rectangular / 2 Street Fronts	Rectangular / 1 Street Front	Mostly Rectangular / 3 Street Fronts	Rectangular / 1 Street Front
USE/ZONING ADJUSTMENTS							
ZONING		CC (Community Commercial)	OG	CT	TN (Transit Neighborhood)	TN (Transit Neighborhood)	TN (Transit Neighborhood)
GENERAL PLAN	High Density Residential	Community Mixed Use	Community Commercial	Community Mixed Use	Transit Neighborhood	Transit Neighborhood	Transit Neighborhood
ALLOWED DENSITY (dwelling units per acre)	37-50	N/A	N/A	20-36	Minimum 100, Up to 350 du/acre	Minimum 100, Up to 350 du/acre	Minimum 100, Up to 350 du/acre
NUMBER OF UNITS	45	36 (Pro Rata)	119	59	303	371	235
ESTIMATED / PROPOSED DU/ACRE	*45.0*	*63.3*	*84.4*	*100.0*	*156.0*	*173.4*	*170.0*
INTENDED USE	Residential	Mixed-Use Condos and Retail	Affordable Housing	Affordable Housing	Residential	Residential	Residential
AFFORDABLE HOUSING COMPONENT	10% or in-lieu	10% or in-lieu	Yes / 100%	Yes / 100%	In-lieu Fee	In-lieu Fee	10% or in-lieu
ENTITLEMENT STATUS	Has Zoning & GP	Had General Plan	Needs Zoning and General Plan	Had General Plan	Has Zoning & GP	Has Zoning & GP	Has Zoning & GP
OVERALL PHYSICAL & USE/ZONING RATING		Slightly Superior	Slightly Superior	Slightly Superior	Slightly Inferior	Slightly Superior	Slightly Inferior
OVERALL RATING - SUBJECT SHOULD SELL FOR		**LESS**	**LESS**	**LESS**	**MORE**	**LESS**	**Slightly MORE**

Adjustment Process

Transactional adjustments were made sequentially for property rights conveyed, financing terms, conditions of sale/motivation of participants, expenditures incurred by the buyer after the sale, i.e. demolition costs, and market conditions since the sale date.

Comparable HD-1 was purchased as part of an assemblage—the buyer had recently purchased two adjacent properties. Similarly, Comparables HD-4, and HD-5 were also purchased as part of an assemblage. Based on the data, a downward adjustment is warranted for motivation on the part of the buyer due to the assemblage.

HD-6 is a current listing that has been on the market for approximately 36 months and a downward adjustment is warranted for conditions of sale. The adjustment we used was a good fit for the data.

ComparablesHD-1, HD-3, HD-4, and HD-5 required the demolition of existing improvements before their new, intended use could be realized. We concluded this expense was offset by the interim income from the improvements. So, no additional adjustment was warranted for this element of comparison. Similarly Listing HD-6 will require the demolition of three industrial buildings which can be offset by the current rental income. Currently the buildings are reported to be leased at $2.00 sq.ft./month on a NNN basis. The leases give the owner a right for early termination. In 2001, solvent contamination in soil and ground water near a sump was reported within the former metal shavings storage enclosure located on one of the parcels (2301 Calle De Luna). In September 2016, the property owner submitted a Voluntary Cleanup Program application and entered into a Voluntary Cleanup Agreement with the DEH for oversight of future property assessment activities and mitigation activities, if required, to facilitate redevelopment of the property. The listing broker stated that the current cost to clean up the site is unknown. A downward adjustment is warranted for this risk of uncertainty. The adjustment we applied was a good fit for the data.

Comparable HD-2 is a closed transaction of an infill site improved with a vacant 30,000 square foot office building. This building will require demolition prior to redevelopment, estimated at $200,000, based on our observation and cost data. This element of comparison is shown as an upward adjustment on the Expenditures After Sale line.

Locational adjustmentswere broken into elements that reflect the property's identity to potential tenants or buyers (exposure, visibility), access (to freeways and amenities), and overall desirability of the location based on neighborhood factors such as age and condition of nearby properties, proximity to enhancing or detrimental factors, or an identifiable valuation element

relating to address (locational appeal, zip code).Locational adjustments were warrantedfor the elements of comparison summarized on the grid.

Physical and Use/Zoning adjustments were broken into elements that reflect property size, utility/topography, allowed land uses and density, intended use/development density, affordable housing component,park fees, and entitlement status.Physical and use/zoning adjustments were warranted as summarized on the grid.

Comparable HD-1 and HD-3 both had two street frontages, allowing for greater design flexibility, rating superior utility, and warranting downward adjustment.Comparables HD-4, HD-5, and HD-6 are zoned Transit Neighborhood and have a minimum density of 100 dwelling units per acre. Comparable HD-3 will have 100% affordable housing and was given a 15% credit on the park fees. Comparable HD-4 has been given a credit of $1,290,000 for park fees in exchange for 14,000 square feet of dedicated park space and private amenities. The comparablesproposed building densities/acre bracket the subject; the highest densities warrant downward adjustment and the lower densities warrant an upward adjustment. Comparables HD-1 and HD-2 will require a zoning changeor general plan amendment to allow for residential and an upward adjustment is warranted for this element of comparison. The comparables with approved entitlements rated superior to the subject's unentitled status and are adjusted downward. Park impact fees varied somewhat based upon the use and timing of the fee.

Conclusion

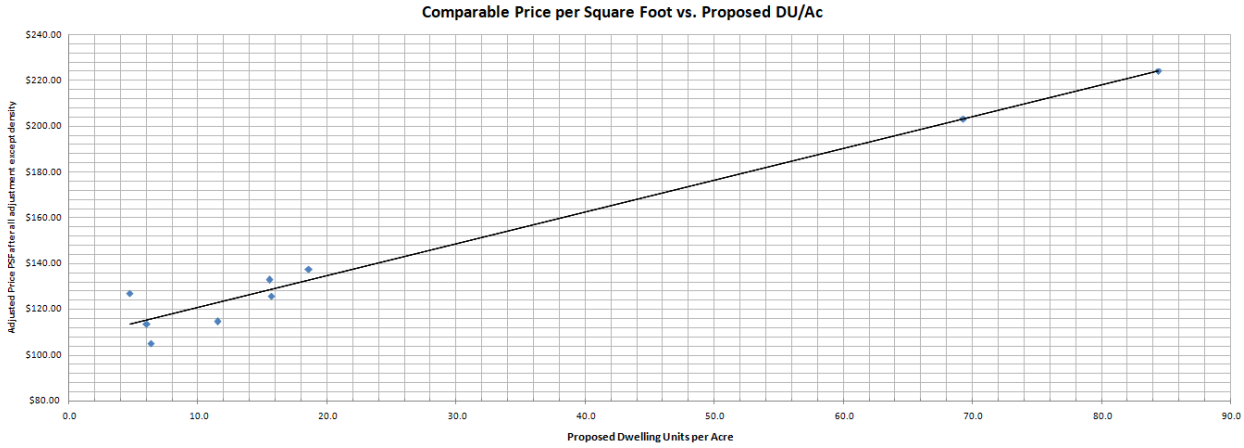
Following adjustment for the elements summarized on the grid, we concluded to the overall ratings displayed at the bottom of the grid. The comparables were analyzed based on a price per square foot and a price per unit units of comparison. The range of adjusted valuesis more consistent on a price/SF basis rather than a price/density unit basis;therefore, the price/SF is utilized as the primary comparison of value. Bracketed by the comparable ratings, the following value of unentitled high-density 45 DU/Acreresidential land in the 95050 zip code is concluded:

Unit $/SF	x	Land Area (SF)	=	Indicated Value
$190	x	43,560	=	$8,276,400

Estimated Market Value of a 1-Acre
High-Density Residential Lot in 95050 Zip Code: $8,276,400

Medium Density Land Value

For the medium-density value component, a density of 30dwelling units per acre is assumed, slightly above the midpoint of the allowed range under the Medium Density General Plan designation, which allows 19-36 dwelling units per acre.In the market, the primary difference between the medium-density land value and high-density land value relates to density. The density adjustment was estimated based on the relationship between price per SF and density, as evidenced by the comparables. In the chart below, we plotted the preceding high-density comparablesthat were less than 90 DU/acre and the very-low density comparables used in the preceding low-density value scenario. We graphed the change in land value per square foot versus the change in density.



As stated in the preceding material, the data shows the price per square foot of land increases with increasing density, which is congruent with our observations in the market. The difference in pricing for changing densities is clear when comparing the lowest to the higher densities. The chart above indicates that at a density of about 30 dwelling units per acre, the indicated price per square foot is about $150, but is somewhat skewed by the cluster of low density sales. Historically, there has been a 10% to 20% difference between the medium density residential and the preceding high density.Based on the comparable data, with a density of 30 DU/acre for the medium-density land use, a unit value of**$150/SF** is concluded.

Conclusion

We concluded to the following medium-density value in the 95050-zip code for 1-acre of land:

Unit $/SF	X	Land Area (SF)	=	Indicated Value
$150	x	43,560	=	$6,534,000

Estimated Market Value of a 1-Acre

Medium -Density Residential Lot in 95050 Zip Code: $6,534,000

Commercial Land Value

Like the search for residential land sales data, we searched similar data sources and examined data that was discovered by talking to brokers, agents, property owners, and market participants from within the subject market. We searched for recent sales of competing retail and office properties throughout Santa Clara and nearby cities. Those we found most comparable are displayed on the grid on afollowing page. A map showing the location of these comparables is displayed in the Addenda.

COMMERCIAL LAND COMPARABLE SALES							
ELEMENT OF ADJUSTMENT	**SUBJECT**	**Comparable C-1**	**Comparable C-2**	**Comparable C-3**	**Comparable C-4**	**Comparable C-5**	**Comparable C-6**
ADDRESS	Average Street	3375 El Camino Real	3378 El Camino Real	2035 White Oak Lane	855 E Homestead Road	1220 Oakmead Pky.	160 Saratoga Avenu
	Santa Clara	Santa Clara	Santa Clara	Santa Clara	Sunnyvale	Sunnyvale	Santa Clara
APN		220-02-049	290-02-102	213-30-053	309-51-005	216-44-048	294-38-010 & 013
SELLER		Norma E Rice, Trustee	An S Shin	Sordello Family Trust	Sundby Living Trust	Princeton Garden Properties LLC	Bonasera Trust
BUYER		3375 Camino City Square LLC	Veguard USA LLC	Shell Oil Products US	SST Investments LLC	BPR Properties UCSC LLC	In Escrow
SALE PRICE / *LISTING PRICE*		$9,925,000	$5,340,000	$3,700,000	$6,400,000	$4,450,000	$7,000,000
PARCEL SIZE (Acres)	1.00	1.630	0.877	0.716	1.130	0.970	1.210
PARCEL SIZE (SF)	43,560	71,003	38,211	31,173	49,223	42,240	52,707
SALES PRICE/SQUARE FOOT		**$139.78**	**$139.75**	**$118.69**	**$130.02**	**$105.35**	
DOCUMENT NUMBER		24595053	24569843	25575802	24998730	25091522	In Escrow
EXPOSURE TIME		2 Months	Off Market (6 Months in 2019)	103 Days	2 Months	1 Month	500+- Days
TRANSACTIONAL ADJUSTMENTS							
REAL PROP. RIGHTS CONVEYED	Fee Simple	F. Simple (Short-term Leases)	F. Simple (Short-term Leases)	Fee Simple	Fee Simple	Fee Simple	Fee Simple
FINANCING TERMS $		All Cash	All Cash	All Cash	All Cash	Conventional	Conventional
CONDITIONS OF SALE		Arm's-Length/Improved	Arm's-Length/Improved	Motivated Buyer	Arm's-Length/Improved	Arm's-Length/Improved	In Escrow
ADJUSTMENT		-15.0%	-11.0%	-10.0%	0.0%	0.0%	
EXPENDITURES AFTER PURCHASE		None	None	None	Demolition Offset by Income	Demolition Offset by Income	None
ADJUSTMENT		0.0%	0.0%	0.0%	0.0%	0.0%	
CONTRACT DATE / MKT CONDITIONS	December 31, 2023	July 2020	June 2020	November 2023	March 2021	August 2021	December 2023
RECORDING DATE		August 31, 2020	August 10, 2020	December 15, 2023	June 17, 2021	September 08, 2021	In Escrow
MONTHS FROM END 1Q-20 THROUGH 4Q-21		17	18	0	9	3	0
ADJUSTMENT @ % PER MONTH	-0.75%	-12.75%	-13.50%	0.00%	-6.75%	-2.25%	
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		12	12	0	12	12	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
MONTHS FROM START Q1-2023 THROUGH 4Q-2023		12	12	0	12	12	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
ADJ. PRICE/SF WITH TRANS. ADJ.		**$103.67**	**$107.59**	**$106.82**	**$121.24**	**$102.98**	
LOCATIONAL ADJUSTMENTS							
EXPOSURE	Average	Superior/Corner	Similar	Superior	Similar	Similar	Similar
APPEAL/SITE INFLUENCES/ACCESS	Average	Similar	Similar	Similar	Similar	Similar	Similar
ZIP CODE	95050	95051	95051	95051	94087	94085	95051
LOCATIONAL COMPARISON		Superior	Similar	Superior	Similar	Similar	Similar
PHYSICAL & USE/ZONING ADJUSTMENTS							
PARCEL SIZE (Acres)	1.000	1.630	0.877	0.716	1.130	0.970	1.210
UTILITY	Average	Similar	Similar	Similar	Similar	Similar	Similar
OFF-SITE IMPROVEMENTS	Finished Lot	Similar	Similar	Similar	Similar	Similar	Similar
ZONING/GENERAL PLAN	CT / Regional Commercial	CT / Community Mixed-Use	CT / Community Mixed-Use	Neighborhood Commercial / Neighborhood Commercial	O/PD / Commercial	MS / Industrial	OG / Community Mixe
PROPOSED USE(S)	Commercial	Retail in Near-Term	Retail in Near-Term	Charging Stations	Office or Preschool	Hotel	Not Disclosed
PHYSICAL & USE/ZONING COMPARISON		Superior	Sl Superior	Superior	Superior	Superior	Sl Superior
SUBJECT SHOULD SELL FOR:		**Less**	**Sl Less**	**Less**	**Less**	**Less**	**Sl Less**

Adjustment Process

The adjustment methodologywas similar as above for the residential land sales.

Transactional adjustments were warranted.As described above, due to a lack of commercial land sales, some improved sales were utilized for which the improvements contributed little to the overall selling price. Comparables C-1, C-2, C-4, andC-5 were improved at the time of sale.

ComparableC-1 was marketed as a development site; the eventual buyer planned to continue the retail uses. Based on a discussion with the listing broker, our observations, and the age and condition of these improvements, which comprised about 25,150 SF,the contributory value was estimated at about $60 per square foot of building area, or about 15% of the selling price as shown on the adjustment grid. This is shown as a conditions of sale downward adjustment.

Similarly, the sale of Comparable C-2 included about 7,800 square feet of improvements dating from the late 1950s;which contributed to the overall selling prices. Based on our observations and discussions with the broker, the contributory value for the buildingwas estimated at about $75 per square foot of building area, or about 11% of the selling price as shown on the adjustment grid. This is shown as a conditions of sale downward adjustment.

Comparable C-3 was previously improved with an older retail center that was completely destroyed by fire prior to the listing. The 0.716 acre site was reported to be vacantat the time of sale with only old asphalt paving remaining. The buyer will reportedly develop the property and install charging stations.

Comparable C-4 included a 6,295 square foot restaurant building originally constructed in 1972. This site was being sold for land value and the restaurant was leased month-to-month. We concluded that the cost of demolition would be offset by rental income.

Comparable C-5included a 5,515 square foot restaurant building. The building was vacant at the time of sale, but could have been leased on a month-to-month basis. We concluded that the cost of demolition would be offset by rental income.

Comparable C-6 at 160 Saratoga Avenue in Santa Clara is in escrow and was previously improved with a 15,814 sq.ft. office building that was completely destroyed by fire prior to the listing. The 1.21 acre site is currently reported to be vacant. This property was reportedly listed at $7,000,000 ($132.81/sq.ft. of land area unadjusted) and went into escrow in December of 2023 at an undisclosed price.

Market conditions adjustments were applied from the contract date through the date of opinionusing the degree of adjustment(s) discussed in the Market Conditions section.

Locational adjustmentswere broken into elements that reflect the hypothetical property's identity to potential tenants, buyers, or occupants (exposure, visibility), access (to freeways and amenities), and overall desirability of the location based on neighborhood factors such as age and condition of nearby properties, proximity to enhancing or detrimental factors, or an identifiable valuation element relating to address (locational appeal). Locational adjustments were warranted as summarized on the grid.

Physical and Use/Zoning adjustments were consideredfor size, utility, off-site improvements, zoning/General Plan, and planning/entitlement status. Within the range of the comparables, largerComparablesC-1 warrantedan upward adjustment per square foot.Among the differences in land use ordinances, those of ComparablesC-1 and C-2 were more favorable, rating superior and warranted a downward adjustment.

Conclusion

Bracketed by the comparables, weconcluded to the following for commercial land in zip code 95050:

Unit $/SF	x	Land Area (SF)	=	Indicated Value
$95		43,560		$4,138,000

Estimated Market Value of a 1-Acre Commercial Lot in Zip Code 95050: $4,138,000

<u>Industrial Land Value</u>

We searched the same databases listed above and reviewed other data discovered by talking to brokers, agents, property owners, and market participants from within the industrial market. We searched for recent sales of competingindustrial properties throughout Santa Clara and nearby cities with similar industrial markets. We also searched for recent improved sales with improvements that were nearing the end of their economic lives or that contributed little to the overall sale price. Those we found most comparable are displayed on the following grid. A map showing the location of these comparables is displayed in the Addenda.

INDUSTRIAL LAND COMPARABLE SALES						
ELEMENT OF ADJUSTMENT	**SUBJECT**	**COMPARABLE I-1**	**COMPARABLE I-2**	**COMPARABLE I-3**	**COMPARABLE I-4**	**COMPARABLE I-5**
ADDRESS	Average Street	2225 Martin Ave	2175 Martin Ave	1535 & 1575 Industrial Ave	365 Reed St	Doyle Road & Lawrence Expressway
	Santa Clara	Santa Clara	Santa Clara	San Jose	Santa Clara	San Jose
APN		224-10-119	224-10-115	237-30-020 & 025	230-47-105	381-19-015
SELLER		Project 38 LLC	LVP Martin Ave Assoc LLC	Frank J. & Leslie A. Mangione	Reed Street Associates	Vop Ref Doyle LLC
BUYER		2225 Martin Property LLC	2175 Martin Property LLC	LBA RVI Company XLIV LLC	Prosperous Corgi Holdings 1 LLC	Harker School
SALE PRICE		$28,250,000	$13,900,000	$12,800,000	$5,358,000	$5,100,000
DOCUMENT NUMBER		25195861	25020411	24902328	24721853	25577414
BONDS ASSUMED / SF		$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL COST TO BUYER / SF		**$157.03**	**$189.94**	**$81.17**	**$104.70**	**$114.38**
TRANSACTIONAL ADJUSTMENTS						
REAL PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING TERMS		Conventional	All Cash	Conventional	All Cash	All Cash
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE		Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%
ADDITIONAL COSTS TO BUYER		Demolition Offset	Demolition Offset	Demolition Offset	None	None
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%
CONTRIBUTORY VALUE OF IMPROVEMENTS		None	None	None	Yes/24,145 SF	None
ADJUSTMENT		0.00%	0.00%	0.00%	-22.53%	0.00%
CLOSE OF ESCROW		12/15/2021	7/7/2021	4/1/2021	11/24/2020	12/20/2023
TIME OF SALE / MARKET CONDITION	December 31, 2023	ND	June 2021	September 2020	September 2020	Unknown
MO'S FROM SALE THROUGH Dec. 31, 2020		0	0	3	3	0
ADJUSTMENT @ % PER MONTH	0.75%	0.00%	0.00%	2.25%	2.25%	0.00%
MONTHS FROM START 1Q-2021 THROUGH 4Q-2021		0	6	12	12	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START 1Q-2022 THROUGH 4Q-2022		12	12	12	12	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MONTHS FROM START Q1-2023 THROUGH 4Q-2023		12	12	12	12	0
ADJUSTMENT @ % PER MONTH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADJUSTED PRICE / SF		**$157.03**	**$189.94**	**$83.00**	**$82.94**	**$114.38**
LOCATIONAL ADJUSTMENTS						
EXPOSURE/VISIBILITY	Average	Similar	Similar	Sup/Fwy	Similar	Similar
ACCESS	Average	Similar	Similar	Similar	Similar	Similar
NEIGHBORHOOD APPEAL	Average	Similar	Similar	Inferior	Similar	Inferior
ZIP CODE	95050	95050	95050	95112	95050	95129
OVERALL LOCATIONAL RATING		Similar	Similar	Inferior	Similar	Inferior
PHYSICAL & USE/ZONING ADJUSTMENTS						
PARCEL SIZE (ACRES)	1.00	4.13	1.68	3.62	1.17	1.02
PARCEL SIZE (SF)	43,560	179,903	73,181	157,687	51,174	44,590
UTILITY	Average	Similar	Similar	Similar	Similar	Similar
OFF-SITES	Finished Lot	Similar	Similar	Similar	Similar	Similar
INTENDED USE		Industrial	Industrial	Industrial	Industrial	Parking for School Vehicles
ZONING	Heavy Industrial	Light Industrial	Light Industrial	Heavy Industrial	Light Industrial	Light Industrial
GENERAL PLAN	Light Industrial	Low Intensity Office/R&D	Low Intensity Office/R&D	Heavy Industrial	Light Industrial	Light Industrial
OVERALL PHYSICAL & USE/ZONING RATING		Similar	Superior	Inferior	Inferior	Inferior
OVERALL RATING-SUBJECT SHOULD SELL FOR		**SIMILAR**	**LESS**	**MORE**	**MORE**	**MORE**

Adjustment Process

Adjustments were considered for and applied in a similar manner as above for the commercial sales.Because there are few industrial land sales in this market, we used one sale that was improved with a building that contributed value to the selling price:ComparableI-4. To estimate the residual land value of these transactions, we estimated and deducted the contributory value of the building improvements based on our observations, feedback from the verifying broker(s), and the adjustment that was a good fit for the data. Additionally, most of the recent industrial land transactions we uncovered were intended for data center (see Industrial Land Comparables I-1 and I-2). A transaction at 2315 Mission College Boulevard in Santa Clara (not included in the sales grid) is also a data center land sale that was reported to have been purchased by Amazon Data Services Inc. The 7.04 acre site reportedly sold for $51,817,500 or $168.97sq.ft. of land area (unadjusted), which is high and out of the pattern. This sale could not be fully confirmed but was reported to have closed escrow on January 4, 2022.

Market conditions adjustments were applied at the rate concluded to in the Market Conditions section.Like the commercial sales grid, locational adjustments were considered for exposure, visibility, access (to freeways and amenities), and overall desirability of the location, including zip code.Sale I-3 was adjusted downward for its inferior San Jose location. Locational adjustments are warranted as summarized on the grid.

Physical and use/zoning adjustments were considered for size, utility, intended use, zoning, general plan land use designation, and off-site improvements. Both I-1 and I-2 were purchased by Prime Data Centers. For I-1 the buyer plans to develop a 207,000 square foot data center with a 32MW capacity.For I-2 the buyer plans to develop a three story 80,000 square foot data center with a reported 9MW capacity. The selling agent reported that the property sold entitled and has a “will serve letter’ from Silicon Valley Power. These sales were adjusted downward for the entitlements. Any other warranted adjustments are summarized on the grid.

Conclusion

Following the adjustments discussed above and considering the overall rating comparison for each comparable, the unit values of the most recent comparablessuggested a land value in the $130 per square foot range.

We concluded to the following for industrial land in the 95050 zip code:

Unit $/SF	x	Land Area (SF)	=	Indicated Value
$130		43,560		$5,662,800

Estimated Market Value of a 1-Acre Industrial Lot in Zip Code 95050: $5,662,800

<u>Average Value Estimate in 95050 Zip Code</u>

The average value was estimated by applying a weighted average based on the land area of the total sales in Santa Clara in 2023 by property type. The information was obtained from Old Republic Title Company (ORTC). *It was an extraordinary assumption of this appraisal that the land areas provided by Old Republic Title Company were accurate.*

ORTCreported a total of 686sale transactions in the city of Santa Clara in the calendar year 2023. The 2023 salesincluded 24 commercial sales, 15 industrial sales, 386 residential single-family sales, 25 2-4 residential unit sales, 5 vacant sales, and 231medium to high-density residential sales which comprised residential unit sales greater than 5 units, condominiums, and townhomes. The 2023 sales volume shows a decline when compared to the1,064 total sale transactions in 2022 and the 1,442total sale transactions in 2021.

Residential transactions included single family, townhomes, and condominiums, 2 to 4 unit, and residential units greater than 5 units. Historically, the total residential sales component comprised the majority of the land area sold. However, as shown in the next table thecommercial and industrial sales increased comprisingabout half of the total land area sold in the city in 2023. This is due primarily to the purchase of the former Owens Corning factory by Amazon. This improved property at 960 Central Expressway is a 41.9 acre industrial complex that was used for more than 70 years by the maker of fiberglass insulation and roofing products.The median residential selling price in 2023 in the city of Santa Clara was generally increasing throughout the first half of 2023 and generally trending downwards in the last half of 2023. This resulted in slightly higher residential unit values for 2023.Industrial and commercial land values were unchanged in both 2022 and 2023. In 2023, the combination of higher interest rates and expected slower economic growth has impacted the market. All these factors resulted in only slight

changes to the 2023 values for the hypothetical one-acre lots for each zip code compared to 2022.This is congruent with overall market trends over the last year.

The total number of land square feet (SF) sales (broken out by property type) is reflected in the next table:

2023 City of Santa Clara Sales		
Sale Type	**Land SF**	**Total Percent**
Commercial	1,032,134	13.93%
Industrial	2,676,581	36.11%
Very Low Density Residential	2,778,344	37.48%
Low Density Residential	186,371	2.51%
Medium to High Density Residential	738,928	9.97%
Total	**7,412,358**	**100.00%**

Source: Old Republic Title Company

Old Republic Title Company provided the data depicted in the preceding 2023 City of Santa Clara Sales table, segregated by property type. The single-family sales were grouped into very low density, 2-4 residential sales were grouped into low-density, the townhome and condominium data were grouped into the medium to high-density residential, retail and office was grouped into commercial, and industrial, R&D, and manufacturing was designated industrial.As shown in the table, within the city limits of Santa Clara, commercial/industrial sales accounted for about 50.04% of the total while residential sales accounted for about 49.96% of the total.

Conclusion

The Total Percent in the previous table was applied to the appropriate categories for each property type. Since the data provided by the title company did not segregate medium and high-density residential, we split the total percentage evenly between the two densities (9.97% /2 = 4.985% to each). As shown in the next table, the appropriate weighted values are summed to produce the average valueof a hypothetical 1-acre lot in the 95050 zip code:

2023 VALUES FOR 95050 ZIP CODE SUMMARY						
Land Use	**Price per SF**	**Price per Acre**	**x**	**Weighted Average**	**=**	**Weighted Value**
Very Low Density Residential	$120.00	$5,227,200	x	37.48%	=	$1,959,155
Low Density Residential	$125.00	$5,445,000	x	2.51%	=	$136,670
Medium Density Residential	$150.00	$6,534,000	x	4.985%	=	$325,720
High Density Residential	$190.00	$8,276,400	x	4.985%	=	$412,579
Commercial	$95.00	$4,138,200	x	13.93%	=	$576,451
Industrial	$130.00	$5,662,800	x	36.11%	=	$2,044,837
		TOTAL AVERAGE VALUE PER ACRE				**$5,455,412**

Average Value of a Hypothetical 1-Acre Lot in the 95050 Zip Code: $5,455,000 (Rounded)

AVERAGE VALUE ESTIMATE IN 95051 ZIP CODE

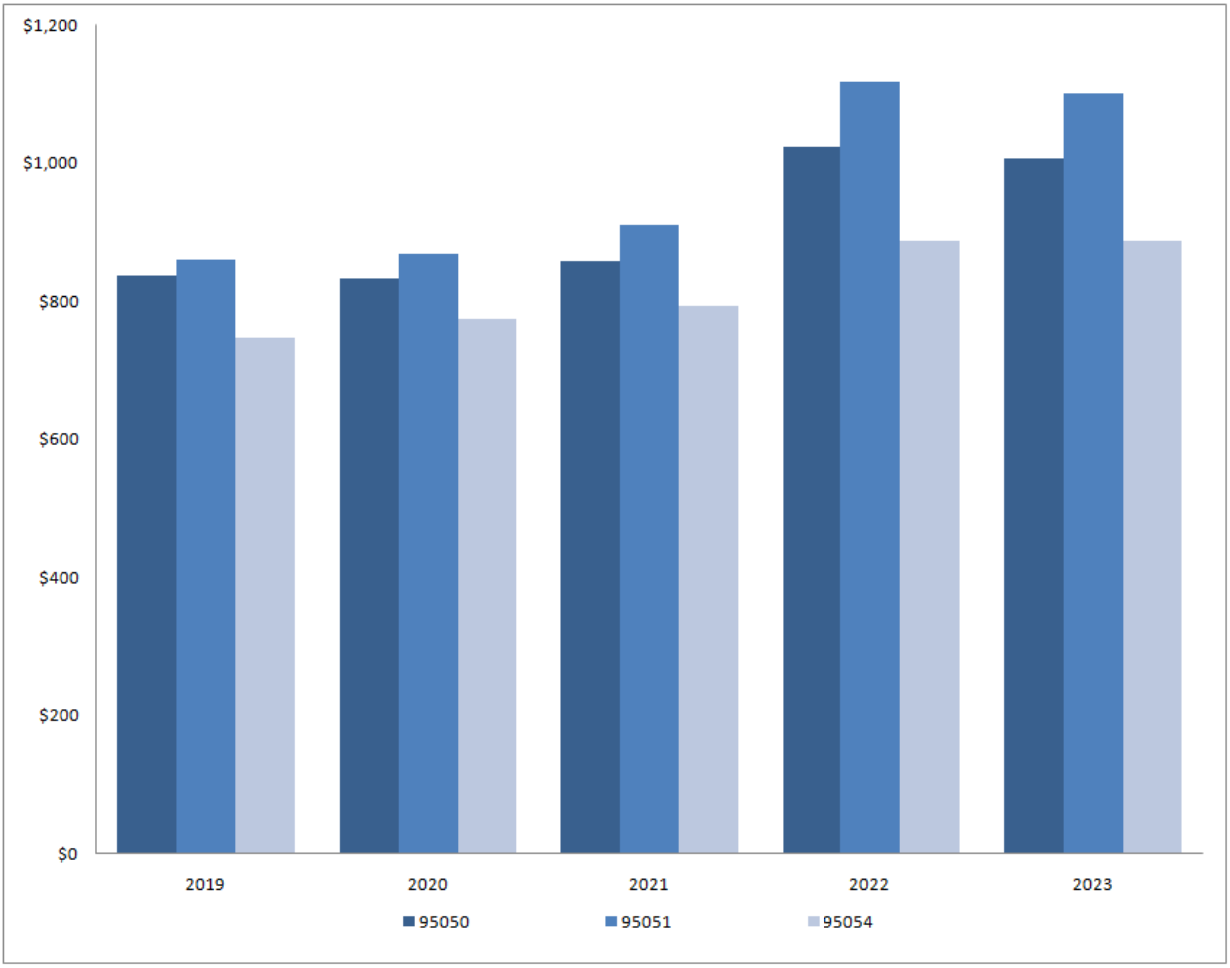
We estimated the value of 1 acre of land for zip code 95050 above. Following we apply any differences in value between the 95051and 95050 zip codes to estimate the average value of one acre of land in 95051.

Estimating Differences Between Zip Codes

Differences between the 95050 and 95051 zip code for each use was based upon market feedback and anecdotal information. We also considered differences in values/rents for the commercial and industrial uses, and comparedmedian selling prices and rents for the residential uses.

Residential Difference

Market participants and selling prices provided support that residential prices in the 95051 zip code are generally highercompared to the 95050 zip code. Some brokers believed that the 95050 area was slightly better due to Santa Clara University and a larger upper-middle class. Others pointed to the fact that the 95051 includes an area of the city close to Apple's headquarters and also within the Cupertino Union School District, a higher rated school district, which commands residential price premiums. Several brokers reported that some of the nicest neighborhoods in the City are in and around San Tomas Expressway, which bisects 95050 and 95051.One market participant opined that the neighborhoods in 95051 were generally safer and that insurance premiums were lower rendering 95051 to be more desirable. Recent residential yearly-summarymedian prices/SFand Year End 2023median prices/SFbetween the 95050 and 95051 zip codes, as reported by DQ News /CoreLogic and MLS Listings, indicated the following:



The chart above indicates that the median selling price/SFhas historically been higher in zip code 95051, corroborating the general consensus among market participants. This data supports the opinions of market participants that 95050 rates inferior to 95051.

In the next table, based on data reported by the MLS the median price in 95051 has historically been higher than zip code 95050. In the most recent year the 2023 median price for 95051 was about 10% higher than 95050.However, unlike DQ News/CoreLogic which reports all recorded sales transaction, MLS only reports listings marketed on MLS, which often does not include all new construction. This is because builders, in the current market environment, oftenmarket their product in-house without using MLS, which is probably more cost effective and garners more marketing control to the builder.

Median Sales Price						
Housing Type	Zip Code	2021	2022	2023	% Change per Month Last 12	% Change per Month Last 2 Years
SFR, Condo, & Townhouse	95050	$1,350,000	$1,472,500	$1,472,500	0.00%	0.38%
	95051	$1,550,000	$1,650,000	$1,600,000	-0.25%	0.13%
	95054	$1,290,000	$1,278,044	$1,377,500	0.65%	0.28%
Source: Local MLS						

Based on market feedback,historical norms, and giving more weight to the MLS data,supported by historic DQ News/CoreLogic data, we concluded 2023 residential prices in zip code 95051 were 10.0% higher than zip code 95050.

Commercial Difference

We discovered that commercial land values are generally similar amongcommercial uses located along El Camino Real and Stevens Creek Blvd. within the 95050 and 95051 zip codes, which are the primary commercial corridors in Santa Clara. CoStar reported that the 4Q 2023average asking rents for retail between these zip codes were $2.43/SF/Month in 95050 vs. $3.14/SF/Month in 95051. CoStar reported that the 4Q 2023 average asking rents for office properties was $4.44/SF/Month in 95050 vs. $3.87/SF/Month in 95051. The 4Q 2022 average rents for office only between these zip codes were $4.75/SF/Month in 95050 vs. $4.08/SF/Month in 95051.Based on market data, rental rates differences, historic selling price differences, and vacancy rate differences we concluded that commercial land values in 95051 rated 15% inferiorto 95050.

Industrial Difference

Among industrial properties, much of the product in the 95051 zip code is built as, or allows for R&D and higher intensity office uses, and greater floor area ratios, rating superior to 95050. Furthermore, about65 acresof industrial lands in the 95051 zip code, around Kifer Rd and Lawrence Expressway, are converting to residential uses, reducing the supply of industrial properties, and pushing increasing demand and value for industrial at the same time. A comparison of the average rental rate per SF, as compiled by CoStar, showed that the average rental rates were equal in 95051 during 2022 ($2.33/SF in 95050 vs. $2.33/SF in 95051) and about equal and relatively unchanged in 2023 ($2.27/SF in 95050 vs. $2.31/SF in 95051). After consideration for differences in asking rents, historic selling price differences, and the opinions of the market, we concluded that industrial land prices rated about equal in the95051 zip code compared to 95050.

Conclusion of Value in 95051 Zip Code

Based on the above, we concluded residential uses in zip code 95051 rated 10.0% superior, while commercial values rated 15% inferior, and industrial values rated similar. In the next table, the adjusted price per acre for each land use in the 95051 zip code was adjusted and the appropriate weighted values are summed to produce the average value of a hypothetical 1-acre lot in the 95051 zip code:

95051 ZIP CODE LAND USE VALUES & AVERAGE 2023 VALUE PER ACRE					
Land Use	95050 Average Price/Acre Weighted	x	Adjustment Factor	=	95051 Average Price per Acre
Very Low Density Residential	$1,959,155	x	110.0%	=	$2,155,071
Low Density Residential	$136,670	x	110.0%	=	$150,337
Medium Density Residential	$325,720	x	110.0%	=	$358,292
High Density Residential	$412,579	x	110.0%	=	$453,837
Commercial	$576,451	x	85.0%	=	$489,983
Industrial	$2,044,837	x	100.0%	=	$2,044,837
	TOTAL AVERAGE VALUE PER ACRE				$5,652,357

Average Value of Hypothetical 1-Acre
Lotin the 95051 Zip Code: $5,650,000 (Rounded)

AVERAGE VALUE ESTIMATE IN 95054 ZIP CODE

We utilize the same weighted land values from zip code 95050 and apply any differences in value between the 95054 and 95050 zip codes.

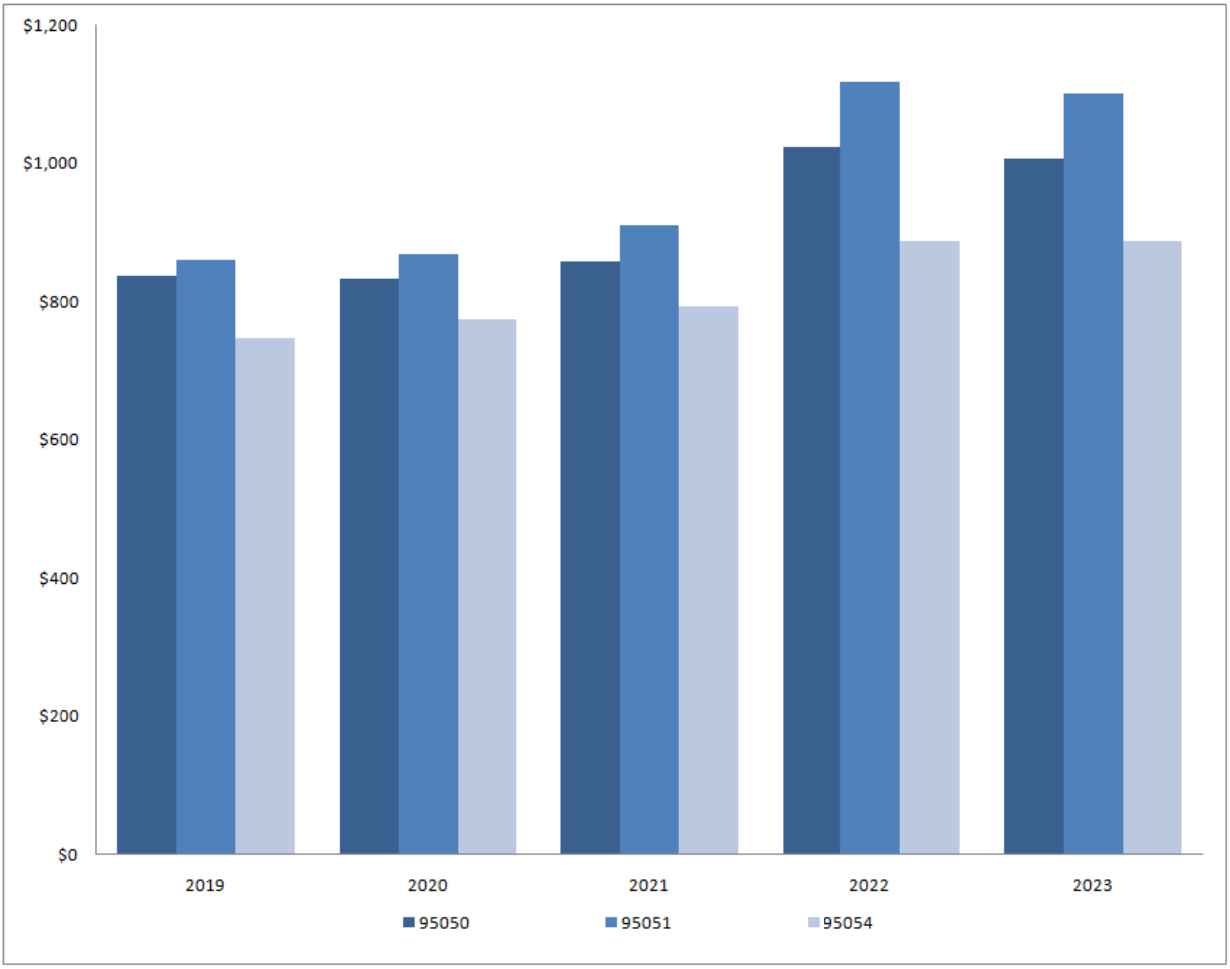
Estimating Differences Between Zip Codes

For 95054 value conclusions, we applied the same methodology used above to estimate the value differences between the 95050 and 95051 zip codes.

Residential Difference

Median and average selling prices provided support that the residential pricesin the 95054 zip code were generally similaror a little inferior when compared to the 95050 zip code. Brokers active in the market reported a range of opinions, that generally these two zip codes are not much different, but that 95054 tends to rate a little inferior. The 95054 zip code is affected by airport noise and has a higher concentration of higher-density housing units; there is less detached

single-family selection and therefore fewer traditional residential neighborhoods with detached units. Recent yearly-summary median prices/SFfor the 95050 and 95054 zip codes, as reported by DQ News /CoreLogic and MLS Listings, indicated the following:



The median selling prices/SFhas been historically higher in the 95050 zip code. The historic DQ News/CoreLogic data indicated that the aggregate median price in 95054 was 5.0% *lower* in 2019 and about 2.1% *lower* in 2020. In 2021 the difference was about 2.7% *lower*. In 2022 the difference was about 15% *lower*. In 2023 the 95054 zip code was about 7% *lower*. This data supports the opinions of market participants that 95054 generally rates inferior to 95050.

The next table is the same MLS data displayed above in the previous section.

Median Sales Price						
Housing Type	Zip Code	2021	2022	2023	% Change per Month Last 12	% Change per Month Last 2 Years
SFR, Condo, & Townhouse	95050	$1,350,000	$1,472,500	$1,472,500	0.00%	0.38%
	95051	$1,550,000	$1,650,000	$1,600,000	-0.25%	0.13%
	95054	$1,290,000	$1,278,044	$1,377,500	0.65%	0.28%
Source: Local MLS						

Based on market data, historical norms, the opinions of market participants, and giving more weight to the historical norms, supported by historic DQ News/CoreLogic data (which includes new and resale residential construction), we concluded that residential land prices in zip code 95054 werehistorically lower than zip code95050, on the order of 5%.

Commercial Difference

Most of the new commercial planned or proposed for the 95054 zip code comprises office and hotel uses, however, there are several mixed-use projects in process, notably Related Santa Clara. This area of Silicon Valley includes the Golden Triangle and has historically supported higher intensity uses and properties offering freeway visibility (U.S. 101 and CA-237). The addition of Levi's Stadium and the draw of Great America theme park and the Santa Clara Convention Center create additional synergies for this zip code. The greatest concentration of Class A office is located within this zip code and more is planned. As noted above, there are several mixed-use projects in process, which if built-out, will add both retail and new residential customers.

A comparison of the historic 3-year average rental rate (2018-2020)compiled by CoStar, revealed that the average rents between these zip codes was slightly lower in 95054, $4.33/SFvs. $4.53/SFin 95050, a difference of about 4.4% based on office and retail uses.The 4Q 2022 average rents for office only between these zip codes were lower in 95054, $4.25/SF vs. $4.75/SF in 95050. This pattern was repeated in the 4Q 2023 with the average rents for office only between these zip codes being about 8% *lower* in 95054, $4.13/SF vs. $4.44/SF in 95050. The 95050 rental rate is influenced by newer retail constructionwhich typically commands higher rental rates. Based on the data, including broker estimates and rental rate differences in each zip code, and considering that there is a greater proportion of office uses compared to retail uses, we concluded that a downwardadjustment of 10% was warranted for 95054for commercial land value.

Industrial Difference

Among industrial properties, much of the product in the 95054 zip code is built as, or allows for R&D and higher intensity office uses, rating superior to 95050. This also allows for greater floor area ratios in 95054. Most market participants reported higher prices in 95054 due primarily to

superior freeway access and fewer heavy-industrial uses. A comparison of the average rental rate per SF, as compiled by CoStar, showed that the average rental rates were equal in 95054 during 2022 ($2.33/SF in 95050vs. $2.33/SF in 95054) and only slightly different in 2023($2.27/SF in 95050 vs. $2.19/SF in 95054). After consideration for differences in asking rents, historic selling price differences, and the opinions of the market, we concluded that industrial land prices rated about equal to the 95054 zip code compared to 95050.

Conclusion of Value in 95054 Zip Code

Based on the above data and analysis, the adjusted price per acre for each land use in the 95054 zip code was adjusted and the appropriate weighted values are summed to produce the average value of a hypothetical 1-acre lot in the 95054 zip code:

95054 ZIP CODE LAND USE VALUES & AVERAGE 2023 VALUE PER ACRE					
Land Use	95050 Average Price/Acre Weighted	x	Adjustment Factor	=	95054 Average Price per Acre
Very Low Density Residential	$1,959,155	x	95.0%	=	$1,861,197
Low Density Residential	$136,670	x	95.0%	=	$129,837
High Density Residential	$325,720	x	95.0%	=	$309,434
Medium Density Residential	$412,579	x	95.0%	=	$391,950
Commercial	$576,451	x	90.0%	=	$518,806
Industrial	$2,044,837	x	100.0%	=	$2,044,837
	TOTAL AVERAGE VALUE PER ACRE				$5,256,061

Average Value of a Hypothetical 1-Acre Lotin the 95054 Zip Code: $5,255,000 (Rounded)

RECONCILIATION AND OPINION OF AVERAGE VALUES

The sales comparison approach was the appropriate value approach for each land use. Total sales statistics in 2023 revealed that about 50.04% of the total sales in the city by land area were commercial and industrial transactions and the other 49.96% were residential. This represents a greater percentage of commercial and industrial transactions by land area than in prior years. Data provided by Old Republic Title Company shows only 386 single family home sales in 2023 compared to 516 single family home sales in 2022. However, the median residential selling price in 2023 in the city of Santa Clara was generally increasing throughout the first half of 2023 and generally trending downwards in the last half of 2023. This resulted in slightly higher residential unit values for 2023.Industrial and commercial land values were unchanged in both 2022 and 2023. In 2023, the combination of higher interest rates and expected slower economic growth has

impacted the market. All these factors resulted in only slight changes to the 2023 values for the hypothetical one-acre lots for each zip code compared to 2022.

We concluded to the following average value for each zip code on December 31, 2023, the effective date of value opinion:

Opinion of Average Value of a 1-Acre
Lot in the 95050 Zip Code: $5,455,000 (Rounded)

(Five Million FourHundredFifty FiveThousand Dollars)

Opinion of Average Value of a 1-Acre
Lot in the 95051 Zip Code: $5,650,000 (Rounded)

(Five Million Six Hundred Fifty Thousand Dollars)

Opinion of Average Value of a1-Acre
Lot in the 95054 Zip Code: $5,255,000 (Rounded)

(FiveMillion Two Hundred Fifty FiveThousand Dollars)

ADDENDA

- Old Republic Title Company 2022 Sales data in City of Santa Clara (on file)
- City of Santa Clara Supplemental Instructions for the Appraisal of the Fair Market Value of Land
- Maps of the Sale Comparables
- Land Sale Comparable Parcel Maps
- Brokerage Reports (on file)
- Qualifications of Appraiser

Attachment A
Supplemental Instructions
for the Appraisal of the Fair Market Value of Land

The following information and instructions will be used by the City when setting the land value used in the formula for determining the impact fees due in lieu of park and recreational land dedication pursuant to Santa Clara City Code 17.35. *(Approved by Santa Clara City Council—June 7, 2016)*

Background.

On July 15, 2014, Council added Chapter 17.35 "Park and Recreational Land" to the Santa Clara City Code to ensure that new residential development provides adequate community and neighborhood park land for active recreational uses and/or pays a fee in-lieu of parkland dedication to mitigate the impacts of the new growth pursuant to the California Quimby Act and/or Mitigation Fee Act.

17.35.040 Formula for calculation of fee in lieu of land dedication.

(a) When a fee is required to be paid in lieu of parkland dedication, the maximum amount of such fee shall be determined by the fair market value of the amount of land that would otherwise be required to be dedicated pursuant to SCCC 17.35.030, as set forth below. The date of valuation of the property for in-lieu fee purposes shall be the date that the City determines that the developer's application for a parcel map or tentative subdivision map, or application for projects not involving a subdivision, is complete.

(b) Fair Market Value.

(1) The City shall determine the fair market value of the property by using the average per acre land value for property in the City of Santa Clara, based upon a survey of land values and sale records in the City. The City Council shall set a minimum of three such average values, one for each of the three existing Zip Codes in the City (95050, 95051, 95054). The City Council may, at its discretion, set average values for additional subregions of the City. The City Council shall review the fair market values not less than annually and set the values in a Council resolution.

(2) If the developer objects to this determination of fair market value, the developer may elect to have the value established by appraisal. If the developer chooses this option, the developer shall deposit with the City an amount sufficient to cover the cost of an appraisal, which the City shall conduct. The appraisal shall be completed prior to approval of the tentative or parcel map or, for developments not involving a subdivision, prior to the issuance of a building permit.

(c) Based on the determination of fair market value set forth in subsection (b)(1) of this section, for each of the dwelling unit categories, the City Council shall set the amount of fees to be paid in lieu of parkland dedication in a Council resolution, which the Council shall review annually. (Ord. 1928 § 3, 7-15-14).

Guidelines for Appraiser:

a. *Appraiser is to provide a "Fair Market Value" for an average acre of land (hypothetical, rectangular, useable site) for property in each of the three existing City of Santa Clara Zip Codes 95050, 95051, 95054. The opinion will conform to Uniform Standards of Professional Appraisal Practice.*

b. **Valuation Date:** *December 31 of each year.*

c. **Location & Property Sales Data Set Boundaries**: *Data set will begin with sales data from within Santa Clara City limits.*

d. **Data Set Date Range:** *Use data from January 1st to December 31st of each year. Example: January 1, 2015 to December 31, 2015 for "December 31, 2015 Valuation Date." See contingencies below.*

e. **Property Types:** *Use all of the following property types: Single Family (low and very low density), High Density Residential, Medium Density Residential, Commercial, Industrial, Lots and Land.*

f. **Contingencies for Limited Data Set of each Property Type**: *If there are insufficient, credible data points or sales of a particular property type, then appraiser will explore and use comparable sales from the local competitive market area, adjacent to City of Santa Clara. A fixed distance from City of Santa Clara city limit is not given, however a compelling, rational basis for the selection of the competitive market area must be given by the appraiser in the report. Preference is for closer, more recent, and comparable; discretion is given to the appraiser.*

g. **Sales Transactions Data not to be used:** *Do not use transactions if they are not an arms-length transaction, have encumbered/clouded title, are environmentally impaired site, or are more than three (3) years old.*

h. **Inflation factors for Comparable between 1 and 3 years:** *An inflation factor will be computed and applied to comparable sales over one year based on reasonable and rational considerations such as sales and rental trends or other appropriate methods.*

i. **Sales Transactions Data that may be included:** *May use real estate sales transactions by the City of Santa Clara for additional neighborhood or community parkland.*

j. **Data Values excluded:** *No values or set of values at the high or low end of the data set are to be excluded from consideration in the average values on the sole basis of being relatively high or low; however, a check for consistency among comparable values will be done, and a rational basis should be provided for credible comparable transactions if not used.*

k. **Research Factors to be considered for Comparable sales:** *The factors to be used to compare property values include, but are not limited to physical factors, economic factors, market conditions verification to parcel maps, public records, CoStar data bank. Additional factors may be used provided there is a rational basis for doing so.*

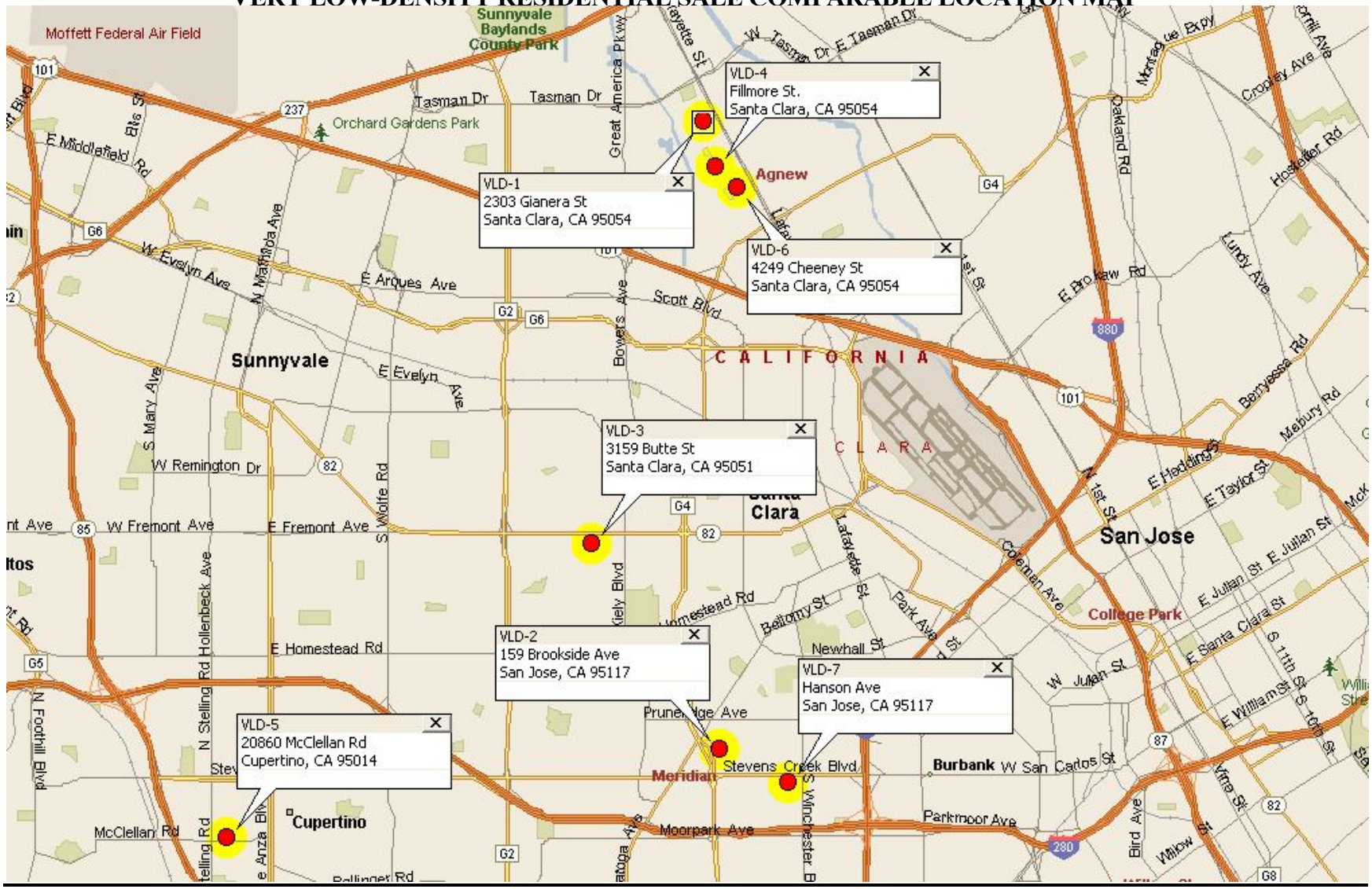
l. **Reconciliation of value differences**: *The approach will be comparative, iterative, qualitative and quantitative, and will be made at the appraiser's discretion.*

m. **Weight to be applied to Property Types:** *The weighted average of each property type will be based on the percentage of land area in the sales transactions, for example, if 25% of total acreage is high density residential, then the relative weight of that property type will be 25%. (The weight will not be done by the quantity of sales of each type or the percent of value of sales of each type).*

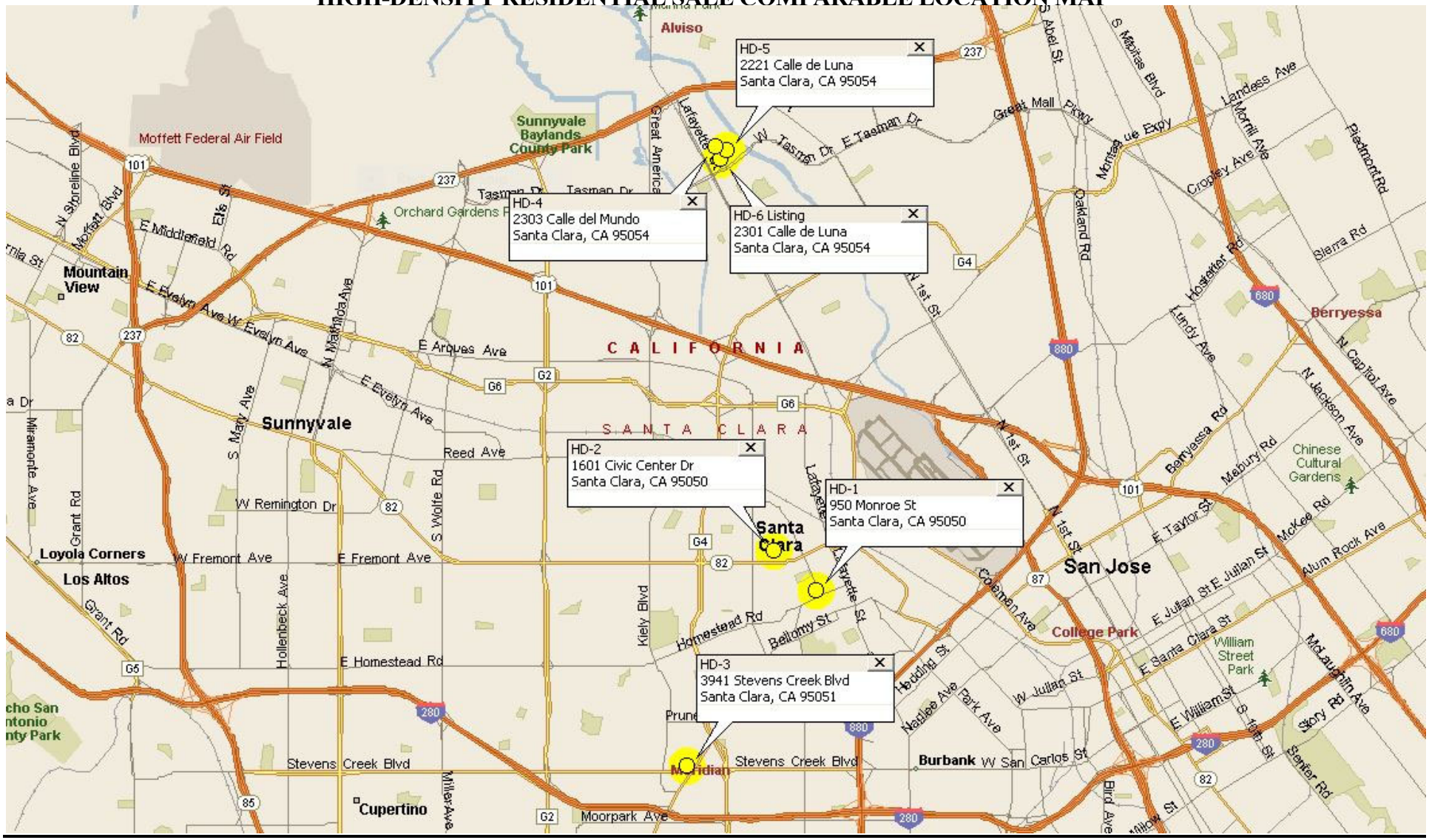
n. **Reporting:** *A draft valuation report will be generated by March 15. City will provide for a two week circulation and comment period. The valuations included the final valuation report will be used in the calculation formula for fees prepared by staff to be reviewed by Council as part of the annual City budget process and Municipal Fee Schedule adoption by June 30. Fees will be implemented on or after July 1 depending upon Quimby Act or Mitigation Fee Act provisions of the Council resolution.*

Attachment A-Supplemental Instructions for Parkland Dedication In Lieu Fee Process and Schedule 2016

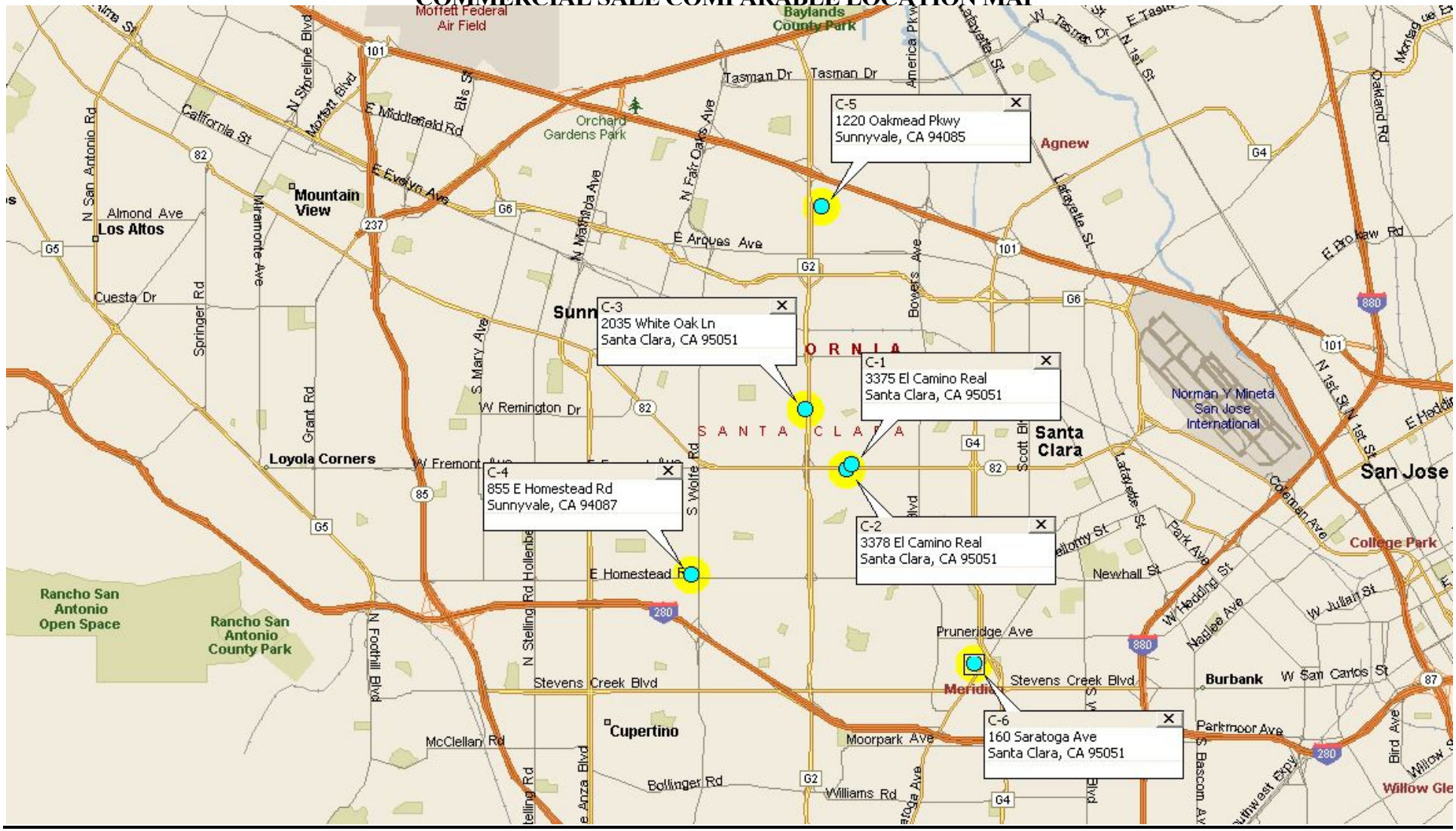
VERY LOW-DENSITY RESIDENTIAL SALE COMPARABLE LOCATION MAP



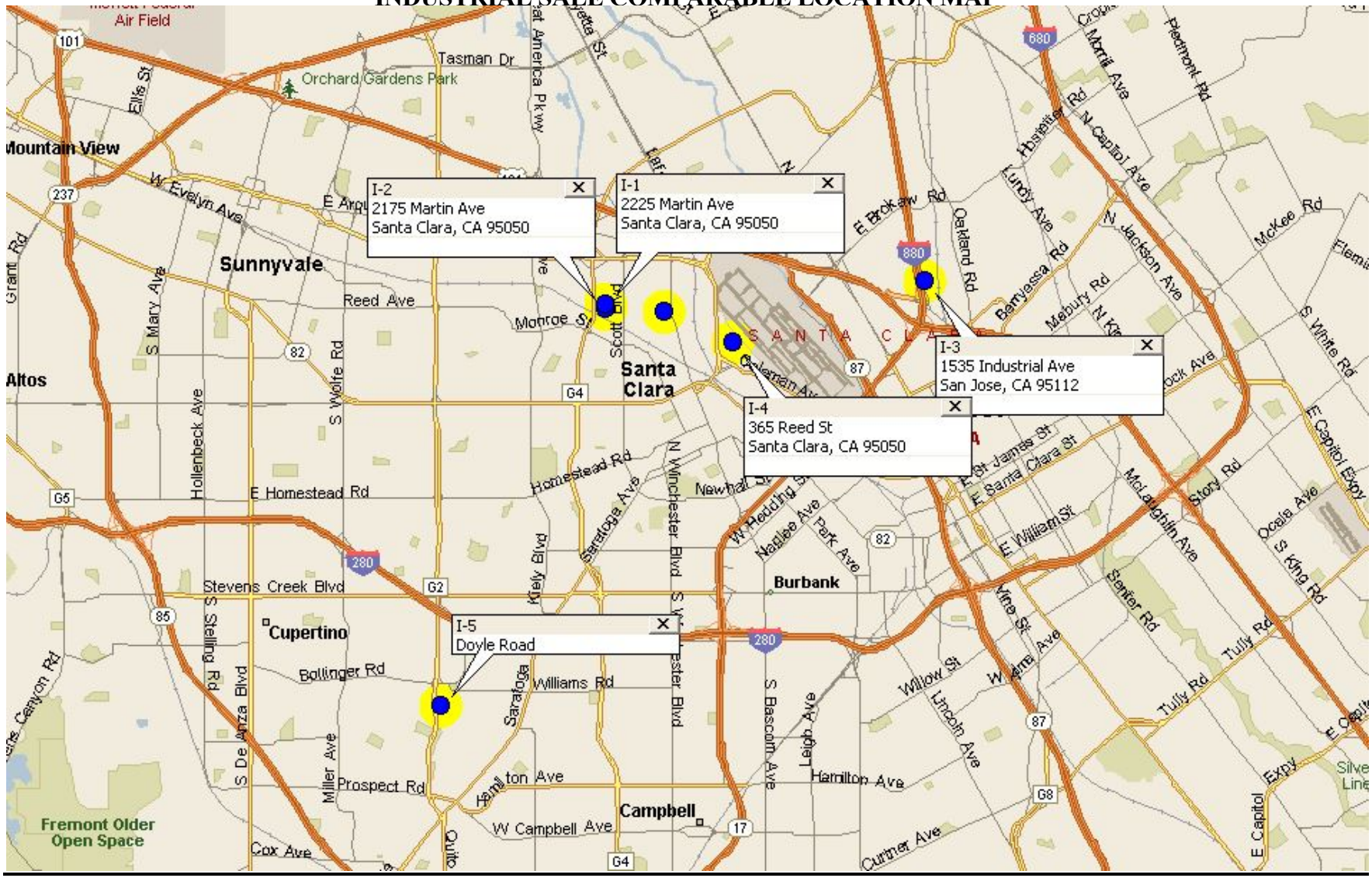
HIGH-DENSITY RESIDENTIAL SALE COMPARABLE LOCATION MAP



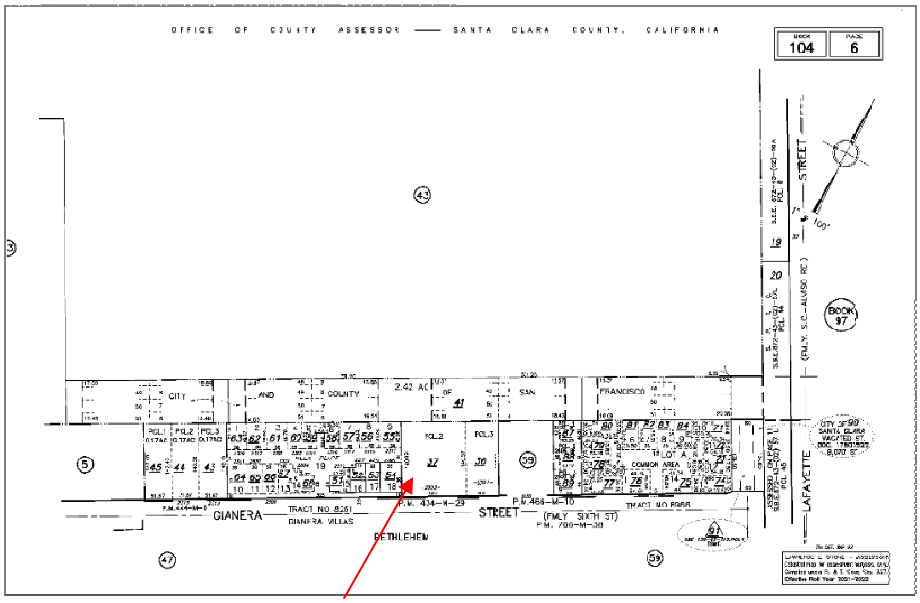
COMMERCIAL SALE COMPARABLE LOCATION MAP



INDUSTRIAL SALE COMPARABLE LOCATION MAP



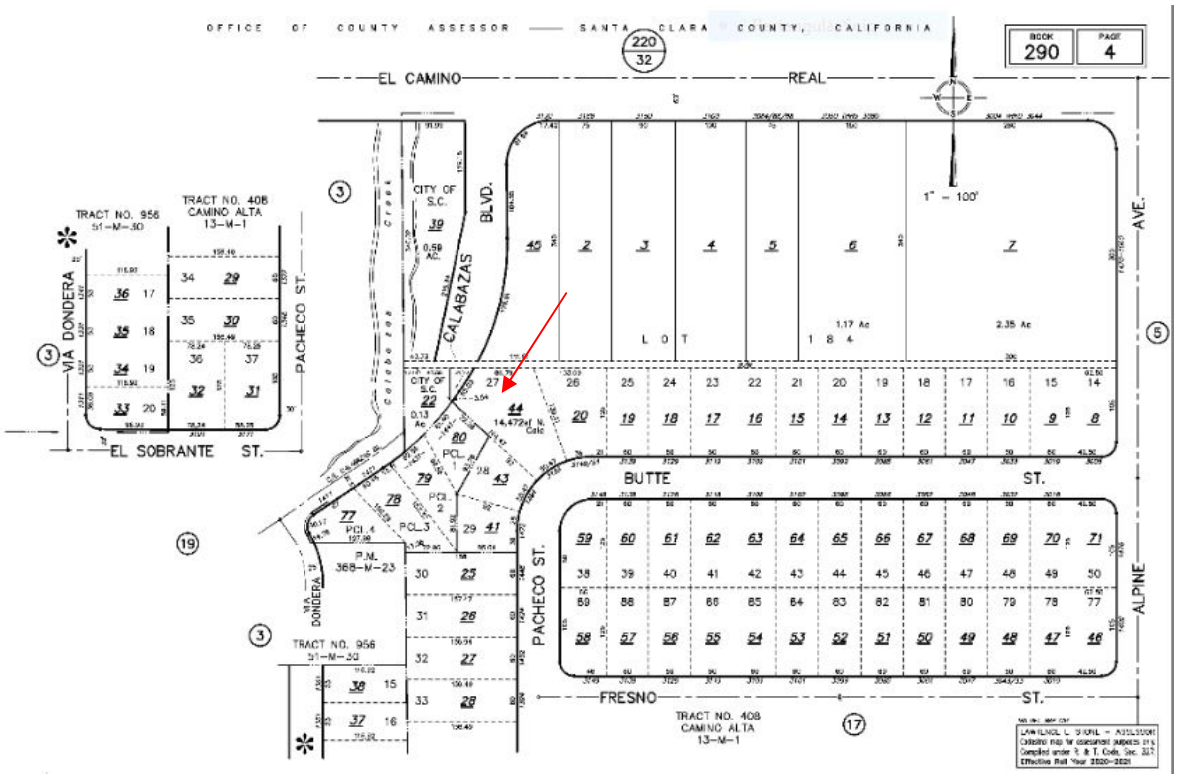
COMPARABLE LAND SALE PARCEL MAPS



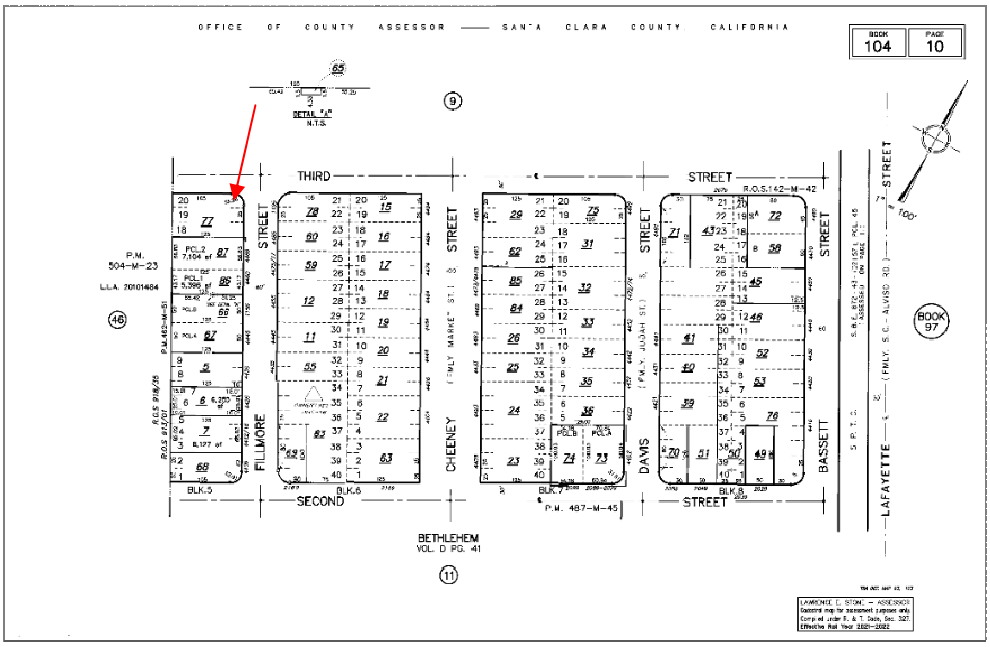
Very Low Density Land Comparable Sale VLD1

Very Low Density Land Comparable Sale VLD 2

COMPARABLE LAND SALE PARCEL MAPS

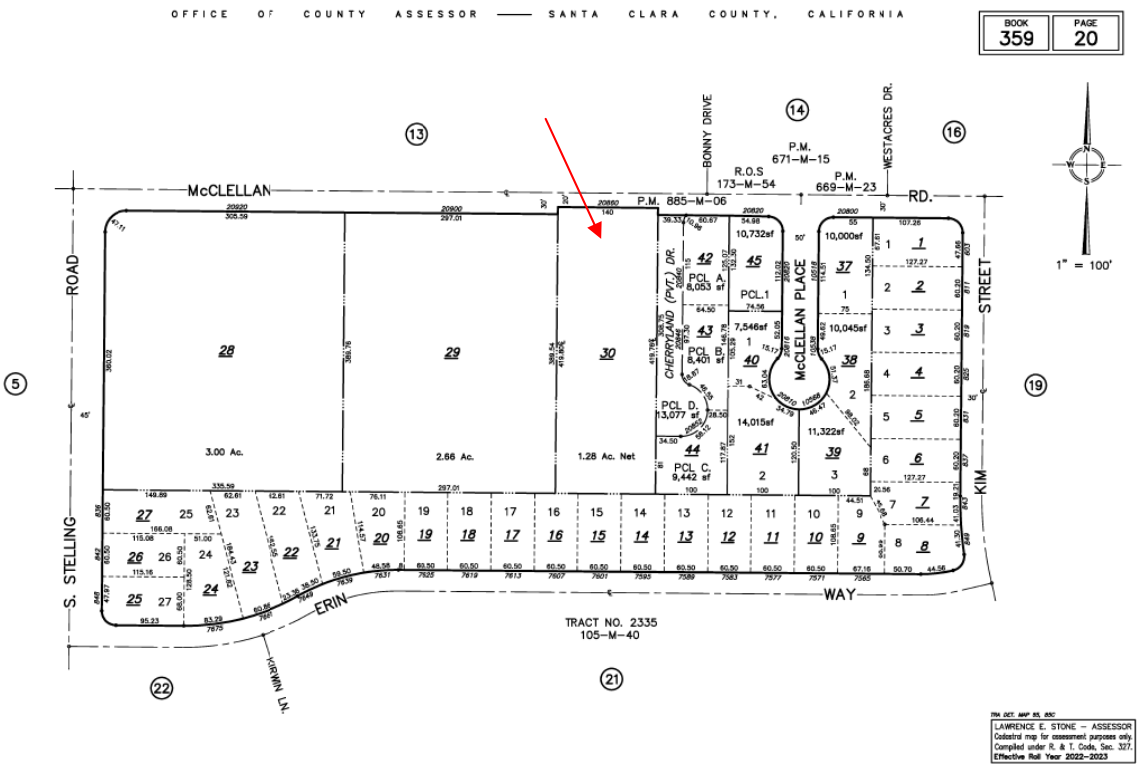


Very Low Density Land Comparable Sale VLD 3

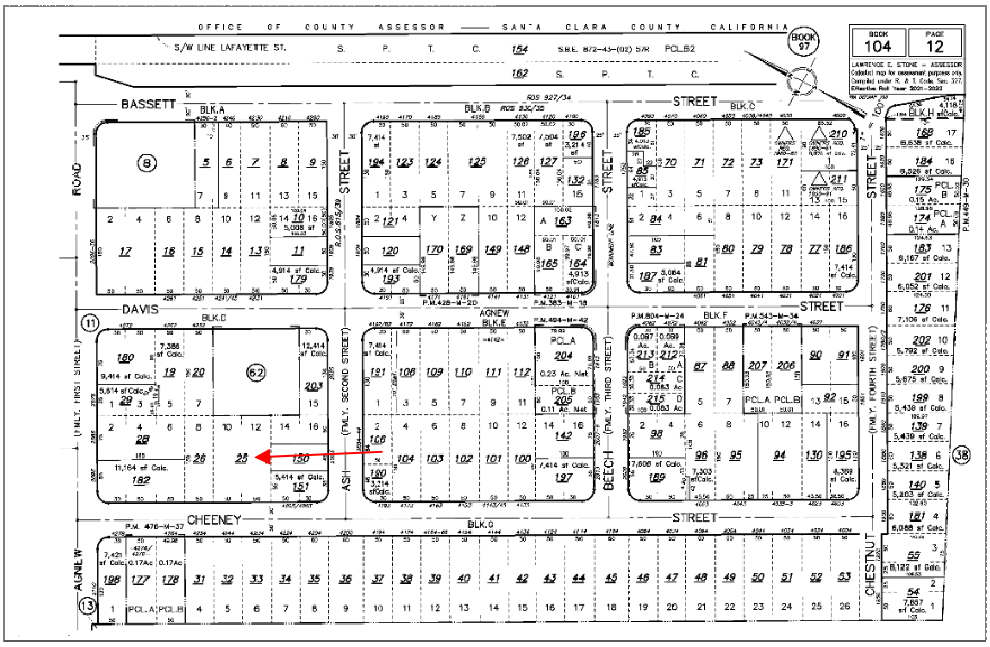


Very Low Density Land Comparable Sale VLD 4

COMPARABLE LAND SALE PARCEL MAPS



Very Low Density Land Comparable Sale VLD 5



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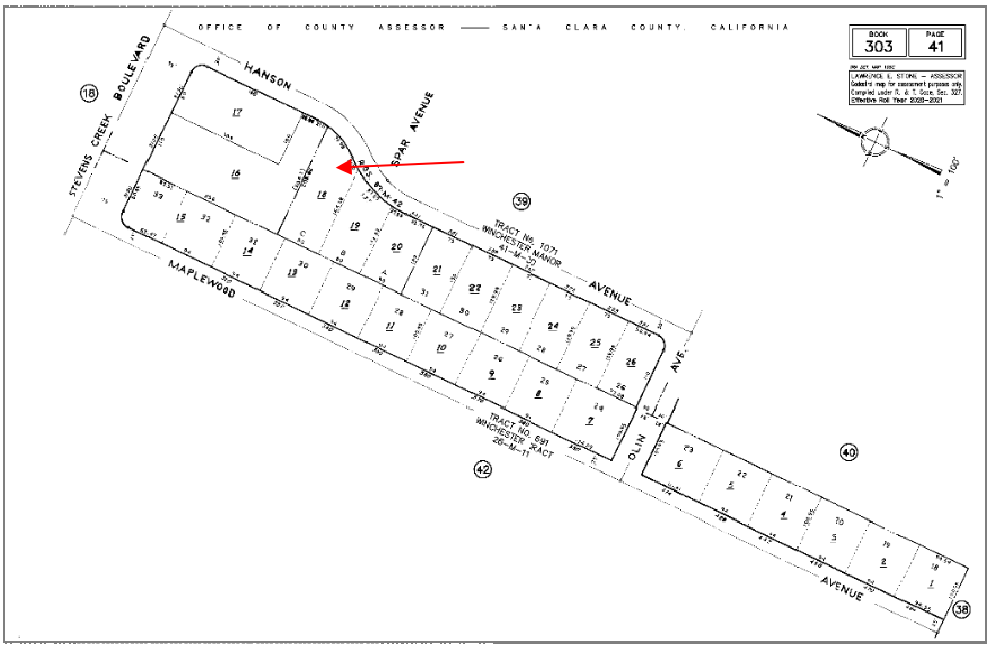
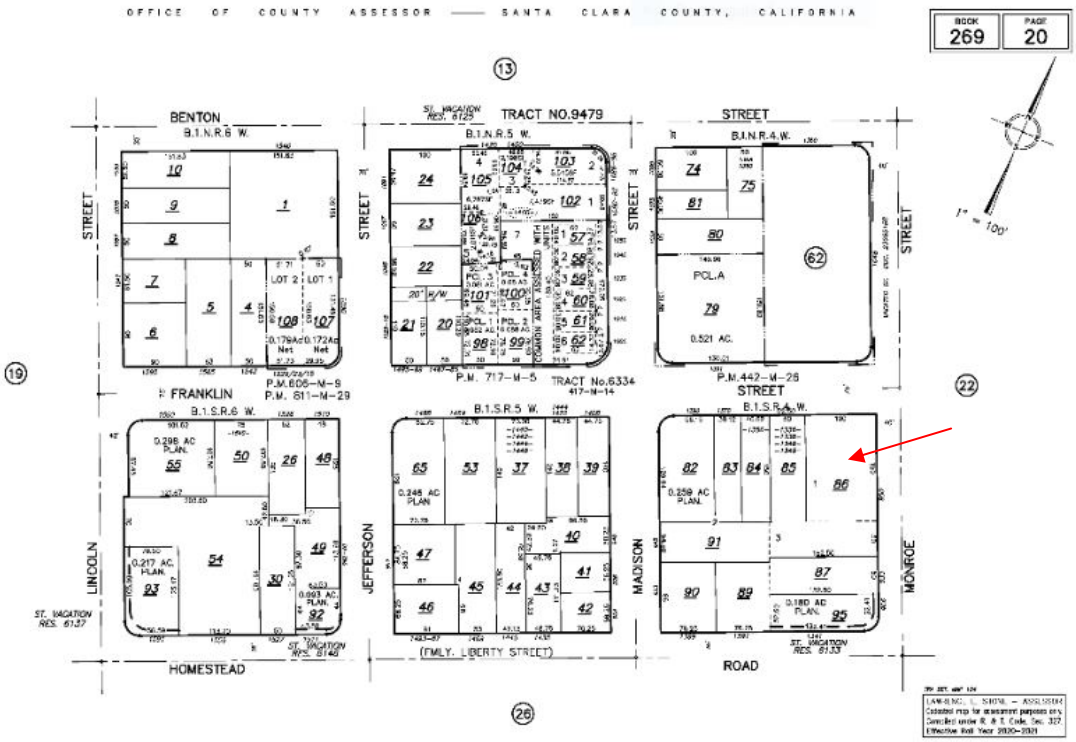


Very Low Density Land Comparable Sale VLD 7

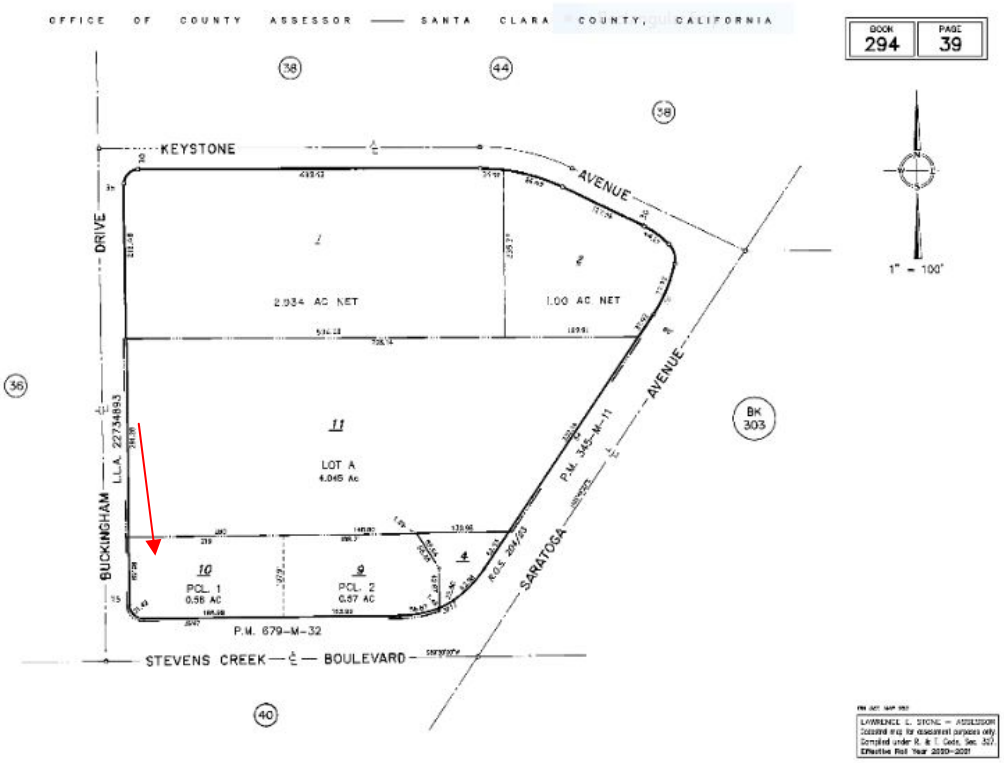
COMPARABLE LAND SALE PARCEL MAPS



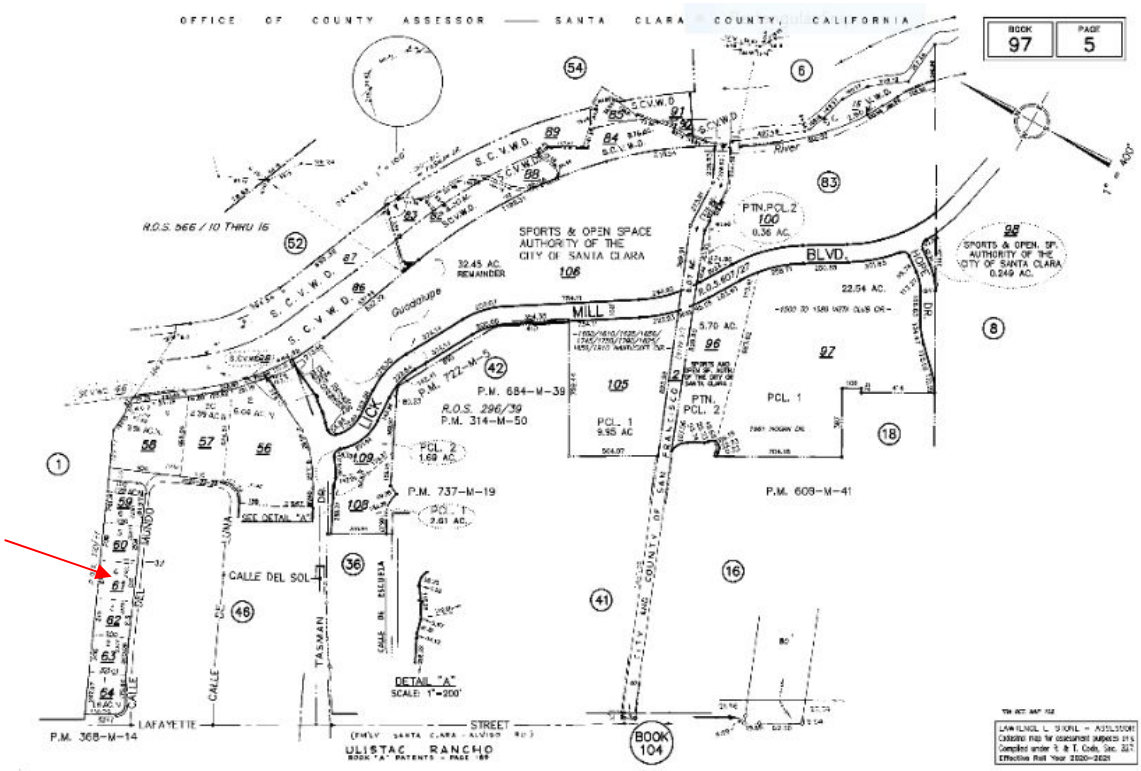
High Density Land Comparable Sale HD 1

High Density Land Comparable Sale HD 2

COMPARABLE LAND SALE PARCEL MAPS



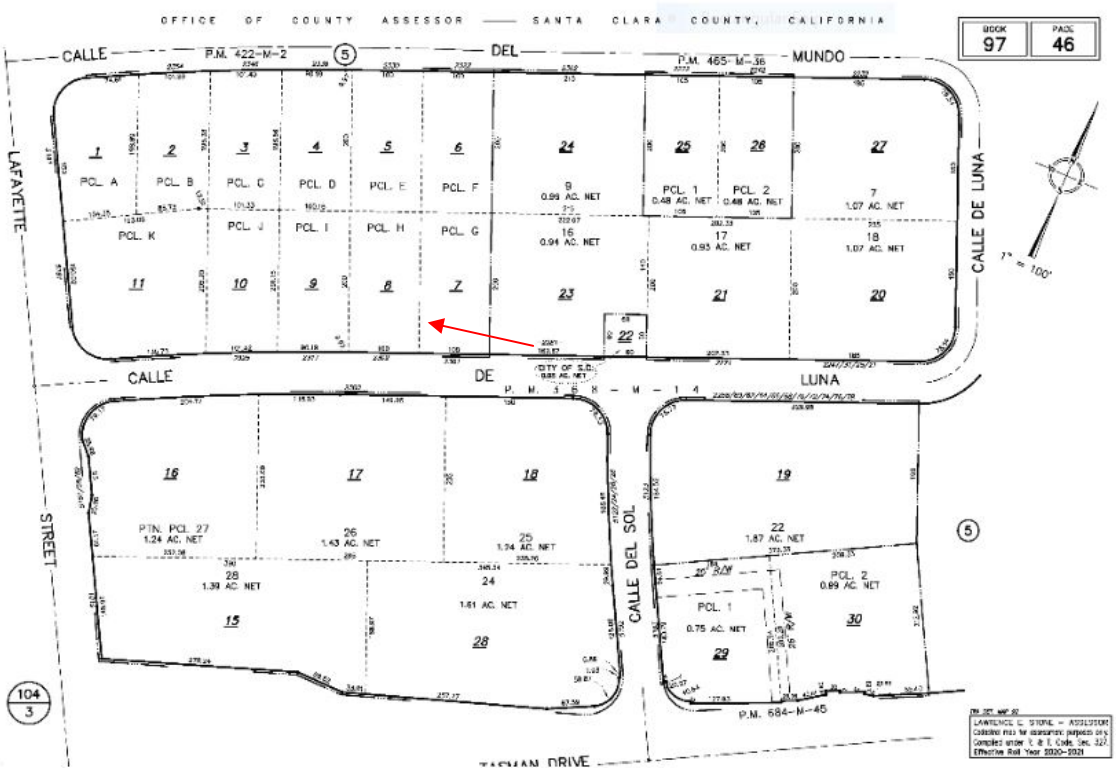
High Density Land Comparable Sale HD 3



High Density Land Comparable Sale HD 4

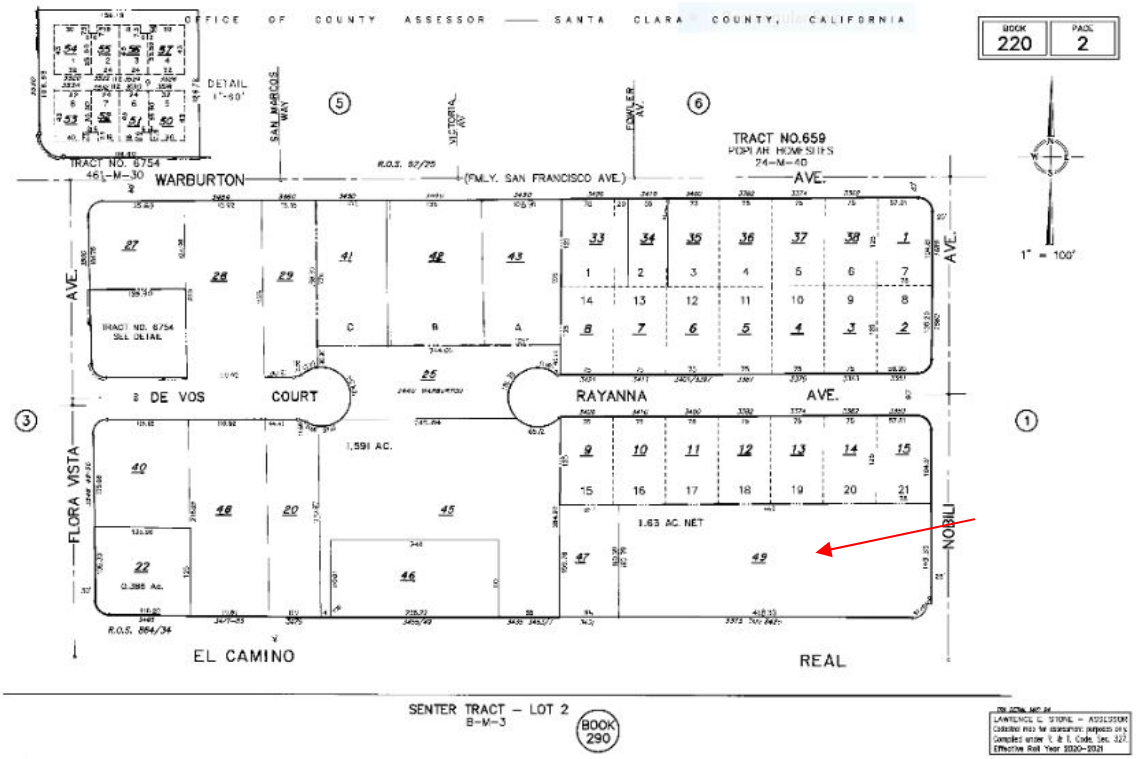
COMPARABLE LAND SALE PARCEL MAPS

High Density Land Comparable Sale HD 5

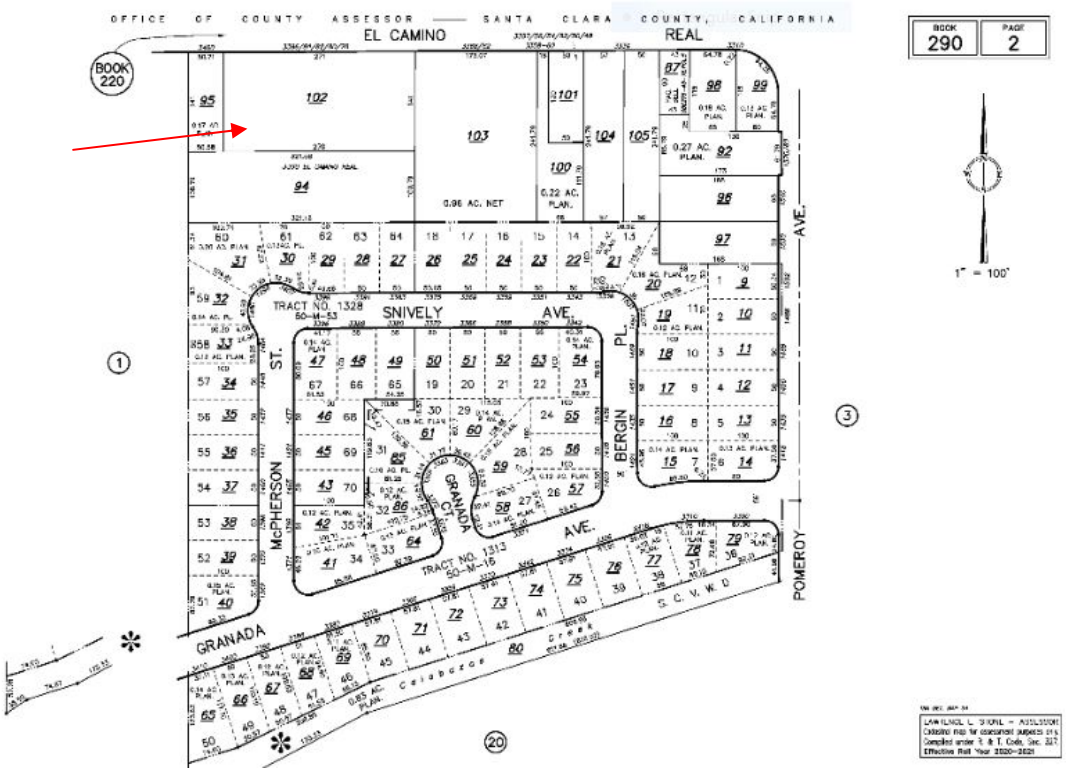


High Density Land Comparable Listing HD 6

COMPARABLE LAND SALE PARCEL MAPS

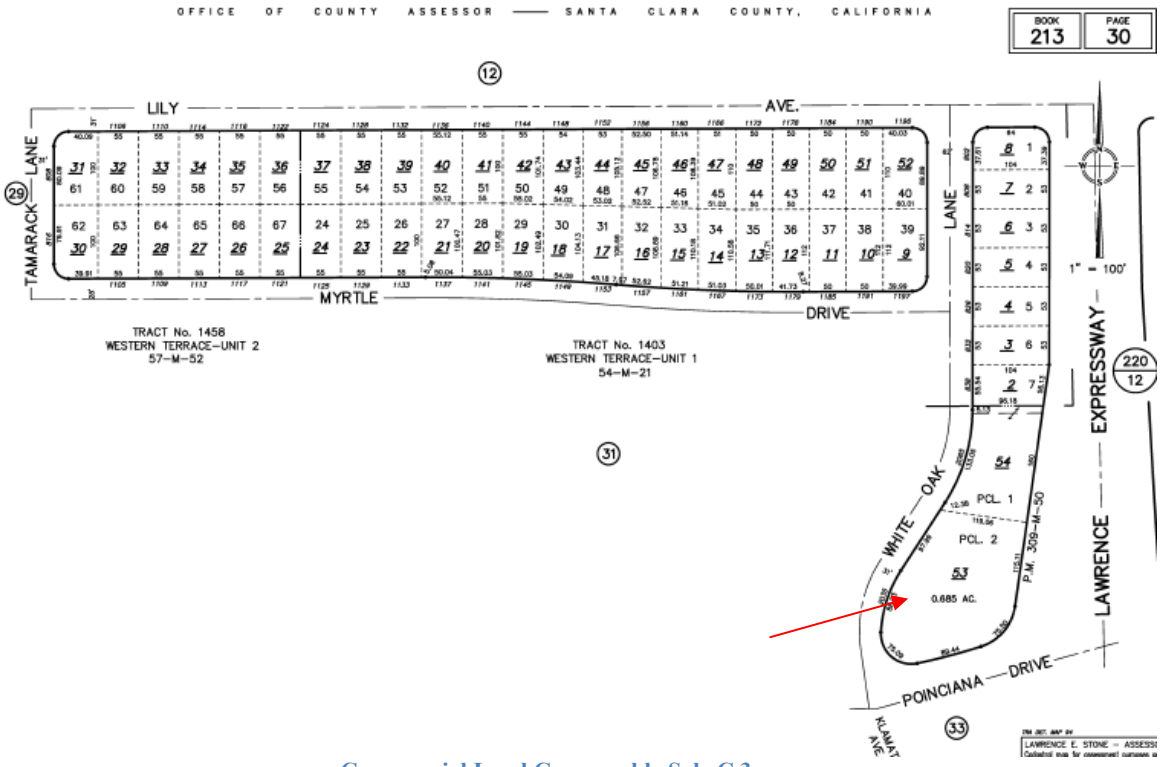


Commercial Land Comparable Sale C 1



Commercial Land Comparable Sale C 2

COMPARABLE LAND SALE PARCEL MAPS



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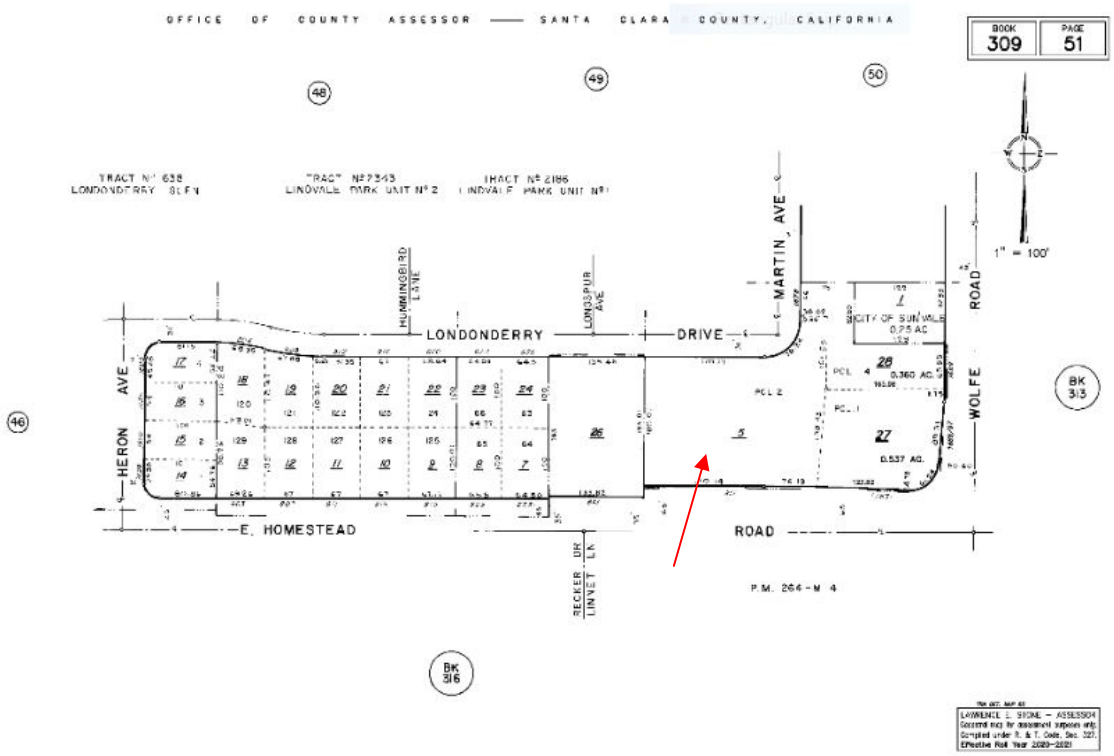
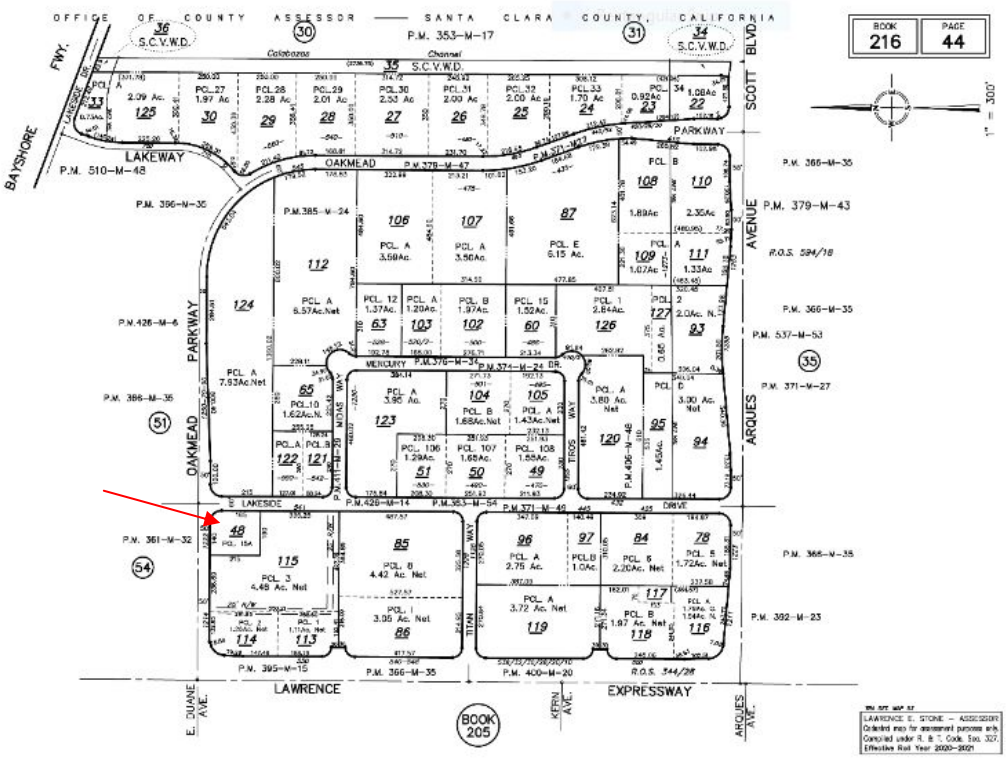


Commercial Land Comparable Sale C 4

COMPARABLE LAND SALE PARCEL MAPS



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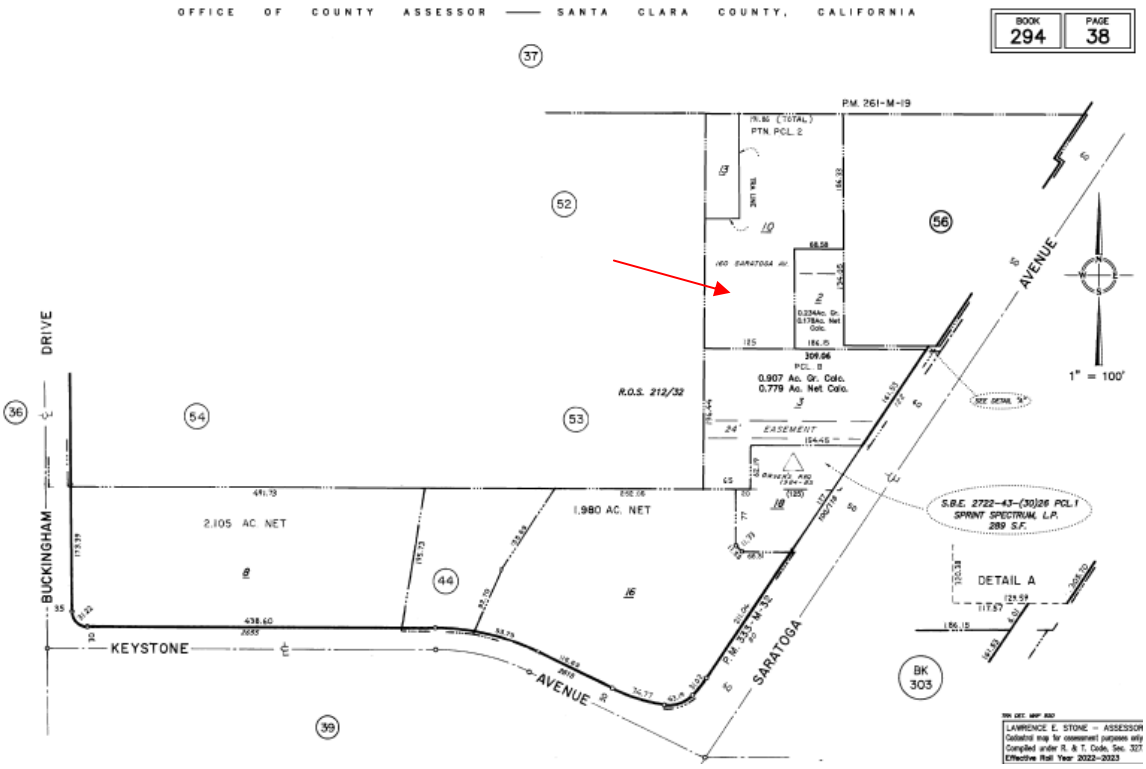


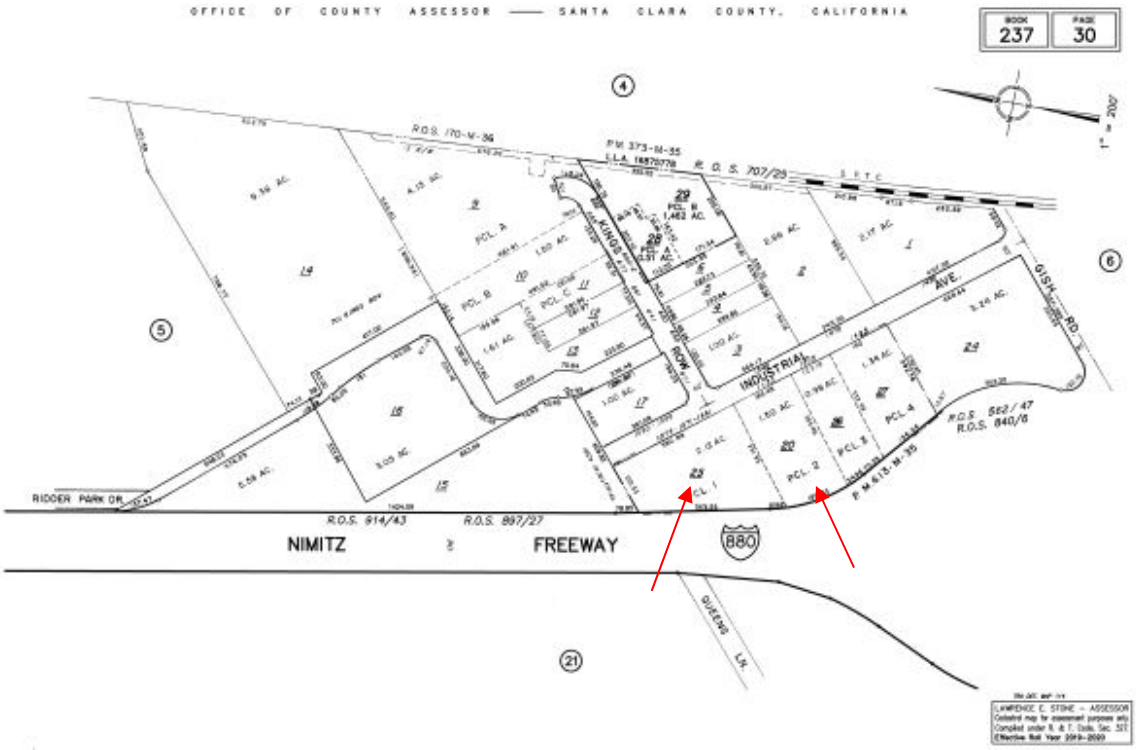
Commercial Land Comparable Sale C 6

COMPARABLE LAND SALE PARCEL MAPS

Industrial Land Comparable Sale I 1

Industrial Land Comparable Sale I 2

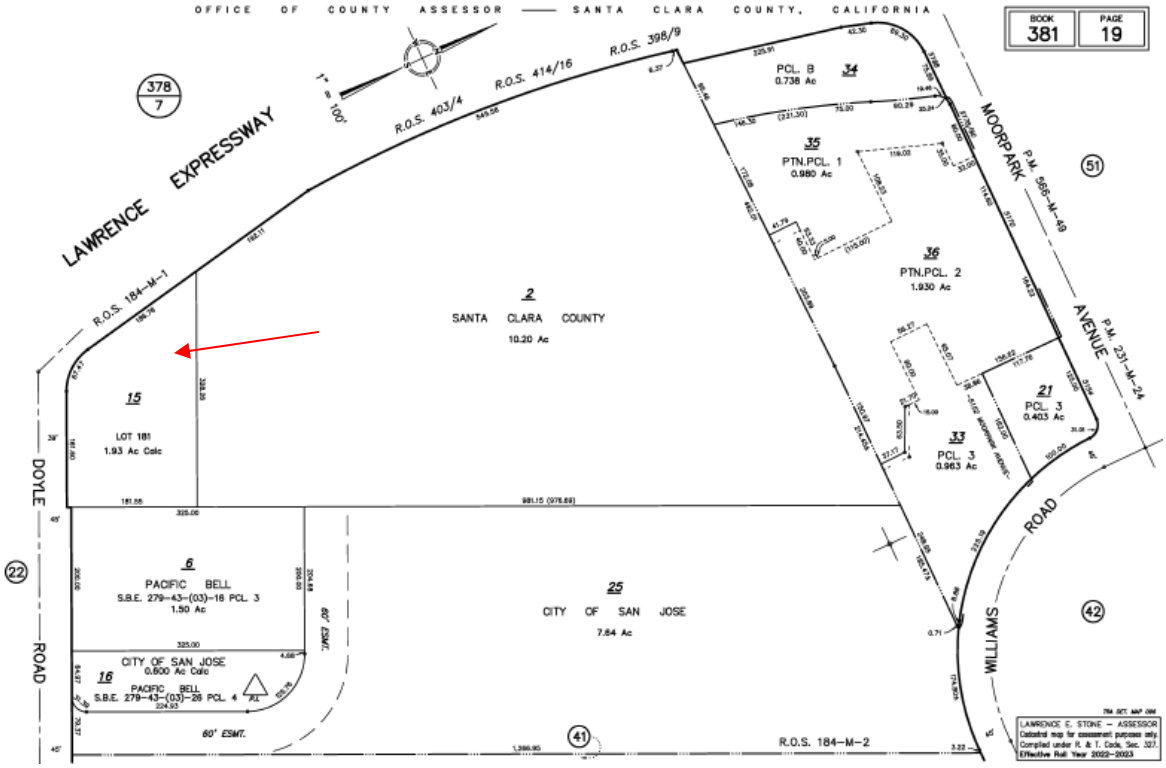
COMPARABLE LAND SALE PARCEL MAPS



Industrial Land Comparable Sale I 3

Industrial Land Comparable Sale I 4

COMPARABLE LAND SALE PARCEL MAPS



Industrial Land Comparable Sale I 5

FRANK E. SCHMIDT, MAI, SRA
CURRICULUM VITAE, January 2024

Valuation Consulting, Forensic and General Appraisal, Expert Testimony
MAI and SRA MEMBER of the APPRAISAL INSTITUTE, No. 11933
fschmidt@valuationconsultant.net (510) 468-9219
San Francisco Bay Area

For more than four decades, Mr. Schmidt has been a real estate appraiser and consultant with a practice primarily in Northern California and the San Francisco Bay Area. He began his career as a residential appraiser, earning the coveted SRA designation from the Appraisal Institute in 1989, and the prestigious MAI designation in 2002. In 1995, he partnered with Wayne Prescott to form the Schmidt-Prescott Group, a commercial appraisal firm of which he was president until its dissolution in 2017.

During his career, Mr. Schmidt has appraised a wide variety of real estate including residential, commercial, industrial, raw land, and special purpose properties for various property rights. His experience includes litigation support and testifying as an expert witness for both plaintiffs and defendants. Mr. Schmidt's client list includes attorneys, municipalities, private entities, lenders, and publicly traded companies. He was engaged as a diminution in value consultant on PG&E cases involving the destruction of thirty-eight homes in the 2010 San Bruno gas-line rupture fires. Mr. Schmidt was recently retained by the City of Santa Clara as an expert to assist the city's task force in the process of setting Parkland Dedication fees.

Mr. Schmidt has served on several professional committees throughout his career, including the International Right-of-Way Association and the Appraisal Institute. He currently serves on the Santa Clara County Assessment Appeals Board, of which he was elected Chairperson in 2017.

Expert Witness Testimony
U.S. District Court, Santa Clara County Superior Court, San Joaquin County Superior Court,
San Francisco County Superior Court, Public Utility Commission of the State of CA,
American Arbitration Association, Standard of Care, Eminent Domain

Professional Affiliations
Membership in: Appraisal Institute [MAI (2002) and SRA Member (1989)]

Work Experience

1/2019 to Present:	Frank Schmidt & Associates, President San Francisco Bay Area
2018	Carneghi-Nakasako, Appraiser Consultant San Jose, CA
2/95 to 12/2017:	The Schmidt-Prescott Group, President San Jose, California
4/78 to 2/95:	Schmidt & Associates, Inc., President San Jose and Fremont, CA
6/76 to 4/78:	Senior Supervising Appraiser, Mercury Savings & Loan Cupertino, CA
1/76 to 6/76:	Staff Appraiser, American Savings & Loan San Jose, CA
2/75 to 12/75:	Real Estate Appraiser and Consultant, B.A. Ericson Appraisal Co., San Jose, CA

Formal Education

B.S. Business Management, 1997 Graduated with Honors	University of Phoenix San Jose, CA

Attachment 2

Table A Proposed Parkland Dedication In Lieu Fee Schedule - FY2024-25 95050			
Applicable Fee Type	*Calculation*	**MFA**	**Quimby**
$/Acre (valuation date 12-31-2023)	*A*	$5,455,000	$5,455,000
Park Acres/1000 Pop. LOS Standard	*B*	2.6	3
Total Cost per 1,000	*C = A x B*	$14,183,000	$16,365,000
Cost per capita	*D = C/1000*	$14,183	$16,365
Density Single Family (Census)	*D x 2.84*	$40,280	$46,477
Improvement value (2023: $3,818 + 9.4%)	*$4,177 x 2.84*	$11,863	$11,863
Admin Charge	*0.02*	$1,043	$1,167
Total Single Family (SF) Dwelling Fee		**$53,186**	**$59,507**
Density Multi Family (Census)	*D x 1.92*	$27,231	$31,421
Improvement value (2023: $3,818 + 9.4%)	*$4,177 x 1.92*	$8,020	$8,020
Admin Charge	*0.02*	$705	$789
Total Multi Family (MF) Dwelling Fee		**$35,956**	**$40,230**

Table B Proposed Parkland Dedication In Lieu Fee Schedule - FY2024-25 95051			
Applicable Fee Type	*Calculation*	**MFA**	**Quimby**
$/Acre (valuation date 12-31-2023)	*A*	$5,650,000	$5,650,000
Park Acres/1000 Pop. LOS Standard	*B*	2.6	3
Total Cost per 1,000	*C = A x B*	$14,690,000	$16,950,000
Cost per capita	*D = C/1000*	$14,690	$16,950
Density Single Family (Census)	*D x 2.84*	$41,720	$48,138
Improvement value (2023: $3,818 + 9.4%)	*$4,177 x 2.84*	$11,863	$11,863
Admin Charge	*0.02*	$1,072	$1,200
Total Single Family (SF) Dwelling Fee		**$54,655**	**$61,201**
Density Multi Family (Census)	*D x 1.92*	$28,205	$32,544
Improvement value (2023: $3,818 + 9.4%)	*$4,177 x 1.92*	$8,020	$8,020
Admin Charge	*0.02*	$724	$811
Total Multi Family (MF) Dwelling Fee		**$36,949**	**$41,375**

Table C Proposed Parkland Dedication In Lieu Fee Schedule - FY2024-25 95054			
Applicable Fee Type	*Calculation*	**MFA**	**Quimby**
$/Acre (valuation date 12-31-2023)	*A*	$5,255,000	$5,255,000
Park Acres/1000 Pop. LOS Standard	*B*	2.6	3
Total Cost per 1,000	*C = A x B*	$13,663,000	$15,765,000
Cost per capita	*D = C/1000*	$13,663	$15,765
Density Single Family (Census)	*D x 2.84*	$38,803	$44,773
Improvement value (2023: $3,818 + 9.4%)	*$4,177x2.84*	$11,863	$11,863
Admin Charge	*0.02*	$1,013	$1,133
Total Single Family (SF) Dwelling Fee		**$51,679**	**$57,769**
Density Multi Family (Census)	*D x 1.92*	$26,233	$30,269
Improvement value (2023: $3,818 + 9.4%)	*$4,177x1.92*	$8,020	$8,020
Admin Charge	*0.02*	$685	$766
Total Multi Family (MF) Dwelling Fee		**$34,938**	**$39,055**