Appraisal Report

Residential Site
2319 Gianera Street
Santa Clara, Santa Clara County, California 95054

Report Date: January 9, 2023

FOR:

Mr. Joseph Bruzzone
Senior Electric Utility Engineer
City of Santa Clara | Silicon Valley Power
1500 Warburton Avenue
Santa Clara, California 95050

Valbridge Property Advisors | Northern California

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January 9, 2023

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Mr. Joseph Bruzzone
Senior Electric Utility Engineer
City of Santa Clara
1500 Warburton Avenue
Santa Clara, California 95050

RE: Appraisal Report
Residential Site
2319 Gianera Street
Santa Clara, Santa Clara County, California 95054

Dear Mr. Bruzzone:

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

The property, as referenced above, is located at 2319 Gianera Street, Santa Clara, Santa Clara County, California 95054, and is further identified as Assessor Parcel Number (APN) 104-05-052. The site contains 12,478 square feet or 0.29 acres and is improved with a 1,140-square-foot single-family home. The existing improvements do not contribute value to the site and the highest and best use is for redevelopment with up to 19 units per acre.

The analyses, opinions, and conclusions were developed, and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; and the requirements of our client.

The City of Santa Clara/ Silicon Valley Power is our client in this assignment and is the sole intended user of the appraisal and the report and no others. The intended use is for due diligence on determining future actions regarding the property. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

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

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Extraordinary Assumptions:

- None

Hypothetical Conditions:

- None

The value conclusions are based on the analysis in the following report and presented in the following table:

Value Conclusion

Component	As Is	As Is
Value Type	Fair Market Value	Fair Market Rent
Property Rights Appraised	Fee Simple	
Effective Date of Value	December 14, 2022	December 14, 2022
Value Conclusion	**$1,590,000**	**$2,600**
	$127 psf of Site Area	**$2.28 psf of NLA**

Respectfully submitted,
Valbridge Property Advisors | Northern California

Chrisoula Kantiotou, PhD
Senior Appraiser
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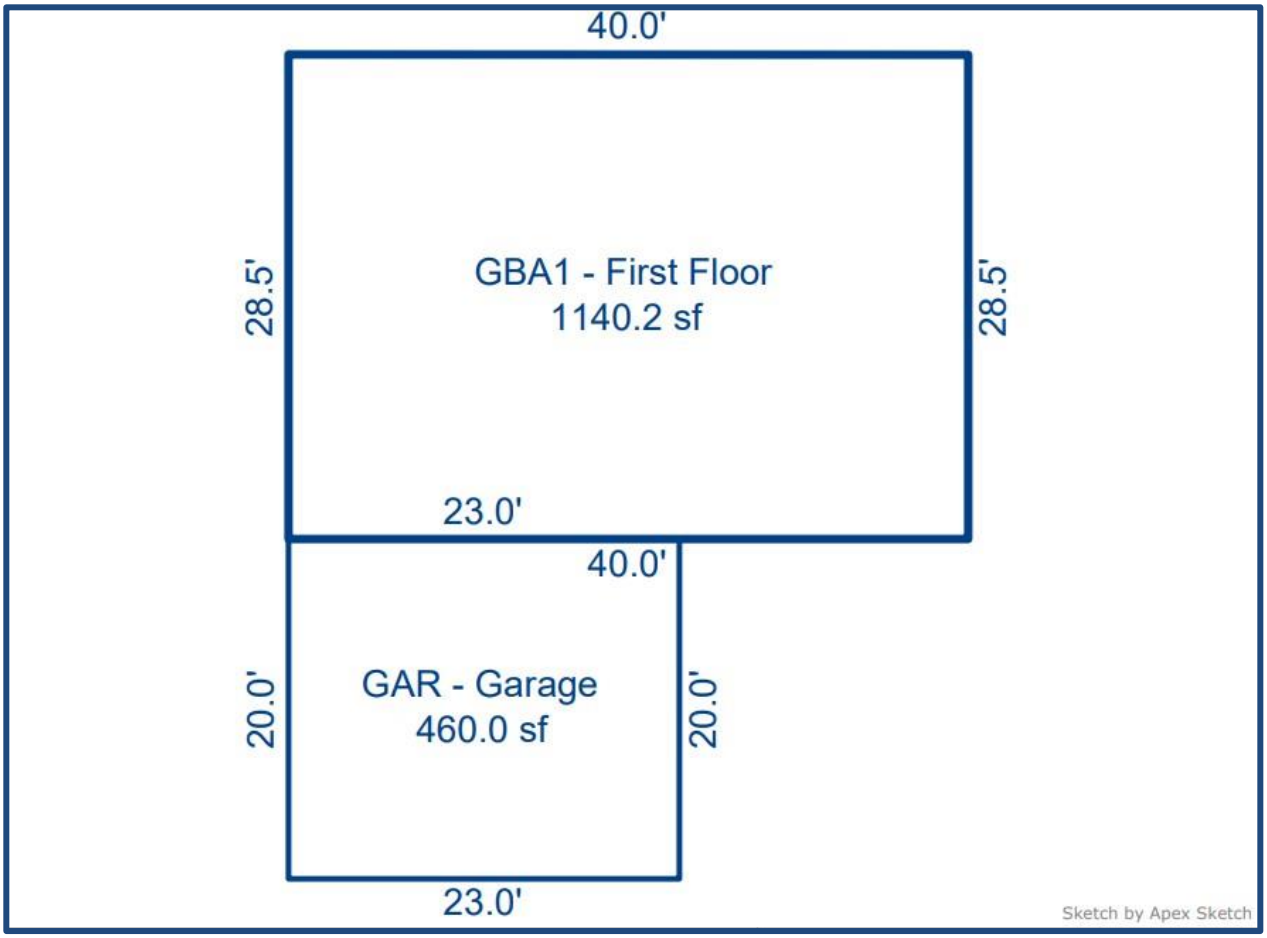

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Summary of Salient Facts

Property Identification

Property Name	Residential Site
Property Address	2319 Gianera Street Santa Clara, Santa Clara County, California 95054
Latitude & Longitude	37.400159, -121.967374
Census Tract	5050.1
Tax Parcel Number	104-05-052
Property Owner	City of Santa Clara

Site

Zoning	Single Family Residential (R1-6L)
FEMA Flood Map No.	06085C0064H
Flood Zone	X
Gross Land Area	12,478 square feet
Usable Land Area	12,478 square feet

Proposed Improvements

Property Use	Single Family Home
Gross Building Area (GBA)	1,140 sf
Net Rentable Area (NRA)	1,140 sf
Number of Units	1
Number of Buildings	1
Number of Stories	1
Year Built	1960's
Condition	Average
Construction Class	D - Wood Frame
Construction Quality	Average

Valuation Opinions

Highest & Best Use - As Vacant	Redevelopment with up to 19 units per acre
Highest & Best Use - As Improved	Redevelopment with up to 19 units per acre
Reasonable Exposure Time	6 to 9 months

Value Indications

Approach to Value	As Is
Cost	Not Developed
Sales Comparison	$1,590,000
Income Capitalization	Not Developed

Value Conclusion

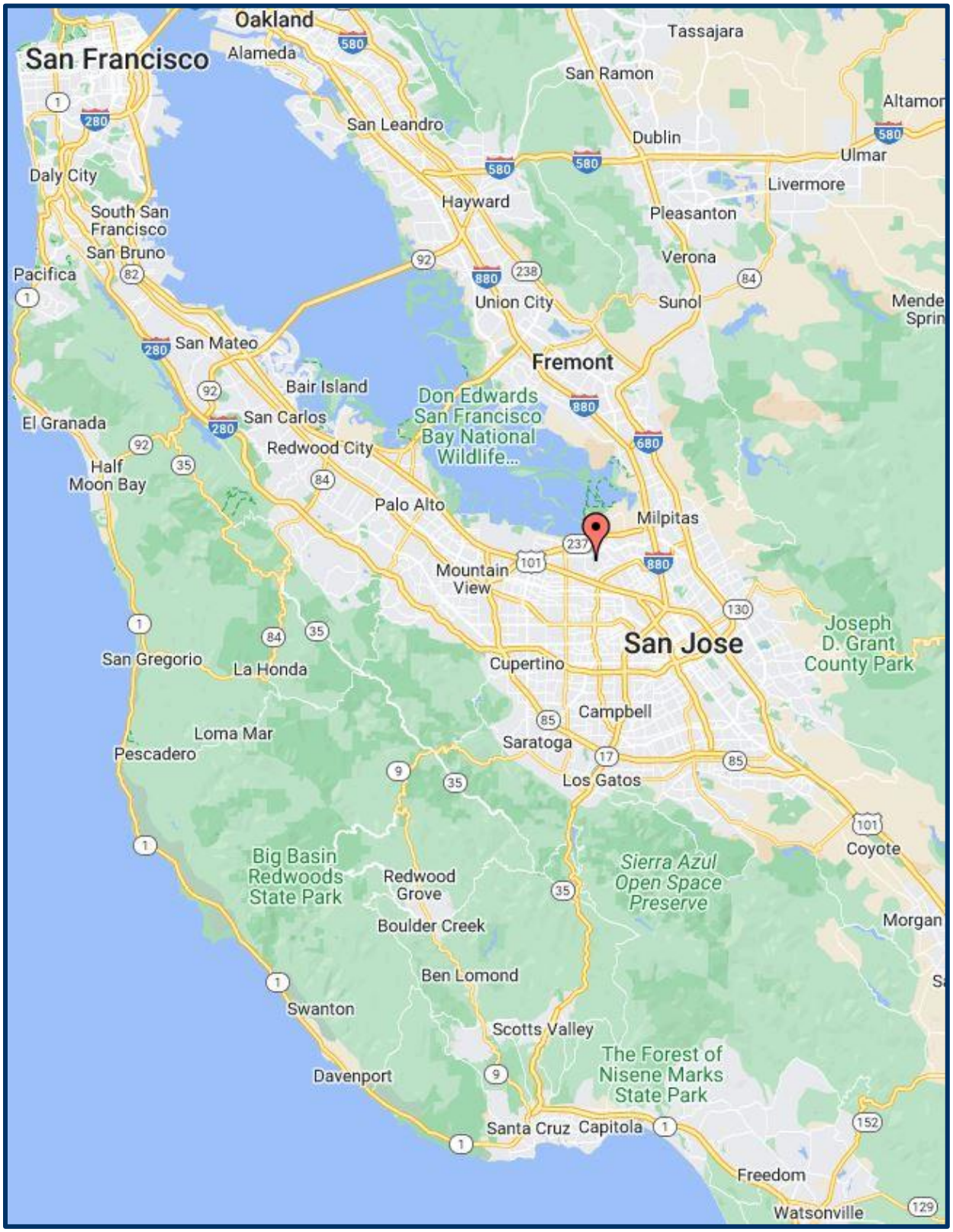
Component	As Is	As Is
Value Type	Fair Market Value	Fair Market Rent
Property Rights Appraised	Fee Simple	
Effective Date of Value	December 14, 2022	December 14, 2022
Value Conclusion	**$1,590,000**	**$2,600**
	$127 psf of Site Area	**$2.28 psf of NLA**

Aerial and Front Views

AERIAL VIEW

FRONT VIEW (DATED DECEMBER 14, 2022)

Location Map



Introduction

Client and Intended Users of the Appraisal

The City of Santa Clara/ Silicon Valley Power is our client in this assignment and is the sole intended user of the appraisal and the report. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

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

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

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

Intended Use of the Appraisal

The intended use of this report is for due diligence on determining future actions regarding the property.

Real Estate Identification

The property is located at 2319 Gianera Street, Santa Clara, Santa Clara County, California 95054. The site is further identified by the Assessor Parcel Number (APN) 104-05-052.

Legal Description

We were not provided with a legal description of the subject. We assume the legal description corresponds to its address and Assessor Parcel Number (APN).

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the property was a single-family home.

Use of Real Estate as Reflected in this Appraisal

The opinion of value for the property as is reflects use as a residential site.

Ownership of the Property

According to public records, title to the subject is vested in the City of Santa Clara.

History of the Property

We are unaware of sales, listings or offers for any portion of the subject within three years of the valuation date. When appropriate, we consider and analyze the known history of the property in the development of our opinions and conclusions.

Type and Definition of Value

The appraisal problem is to develop opinions of the market value and market rent of the property.

The purpose of this appraisal is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions

requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."[1] Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*

"Market rent," as used in this appraisal, is defined as "the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs)." (Source: *The Dictionary of Real Estate Appraisal,* Fifth Edition, pp 121-122)

We have estimated the fair market value and fair market rent for the subject "as is," under the market conditions as of the valuation date. Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

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

Opinions of value for the subject were developed under the following valuation scenarios:

Valuation Scenario	Effective Date of Value
Fair Market Rent	December 14, 2022
As Is Fair Market Value	December 14, 2022

Date of Report

The date of this report is January 9, 2023.

List of Items Requested but Not Provided

- Preliminary Title Report

Assumptions and Conditions of the Appraisal

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

[1] *THE DICTIONARY OF REAL ESTATE APPRAISAL*, SEVENTH EDITION, (APPRAISAL INSTITUTE, 2022), 118

Extraordinary Assumptions

- None

Hypothetical Conditions

- None

Scope of Work

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

Extent to Which the Property Was Identified

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

- Legal Characteristics – The property was legally identified via the Assessor Parcel Number (APN), plat map, site visit, Google Earth, public records, and client-provided information.
- Economic Characteristics - Economic characteristics of the property were identified via information provided by our client, market data, and discussion with active market participants, as well as a comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The property was physically identified via an interior and exterior inspection by Yulia Ferguson.

Extent to Which the Property Was Inspected

We inspected the property on December 14, 2022. The improvements were measured during the course of the inspection.

Type and Extent of Data Researched

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

This report was prepared with the assistance of full-time trainee/assistant Yulia Ferguson, who performed and assisted in many tasks of the report under the full appraiser's supervision, including research and data collection, assisted in writing regional and market analysis, city and neighborhood analysis, site and improvement description. In addition, Yulia searched and confirmed the comparable sales and rentals, completing the adjustment grid, determining the highest and best use, and reconciliation. The appraiser supervised and verified these steps.

Type and Extent of Analysis Applied (Valuation Methodology)

Surrounding land use trends, the condition of any improvements, demand for the property, and relevant legal limitations were observed in the process of concluding a highest and best use for the property. The subject was then valued based on the highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Cost Approach - In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Income Capitalization Approach - In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

All these approaches to value were considered. The availability of data and applicability of each approach to value within the context of the characteristics of the property, along with the needs and requirements of the client, were assessed. Based on this assessment, we relied upon the Sales Comparison Approach. Due to the age of the improvements and difficulty in estimating depreciation, the cost approach is not considered to be applicable. The Income Capitalization Approach was not used because single family homes are not typically purchased by investors for their income and therefore, the Income Approach to Value is not considered to be applicable. Per our client's request, the rent comparison approach is utilized to estimate the fair market rent for the home. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

Appraisal Conformity and Report Type

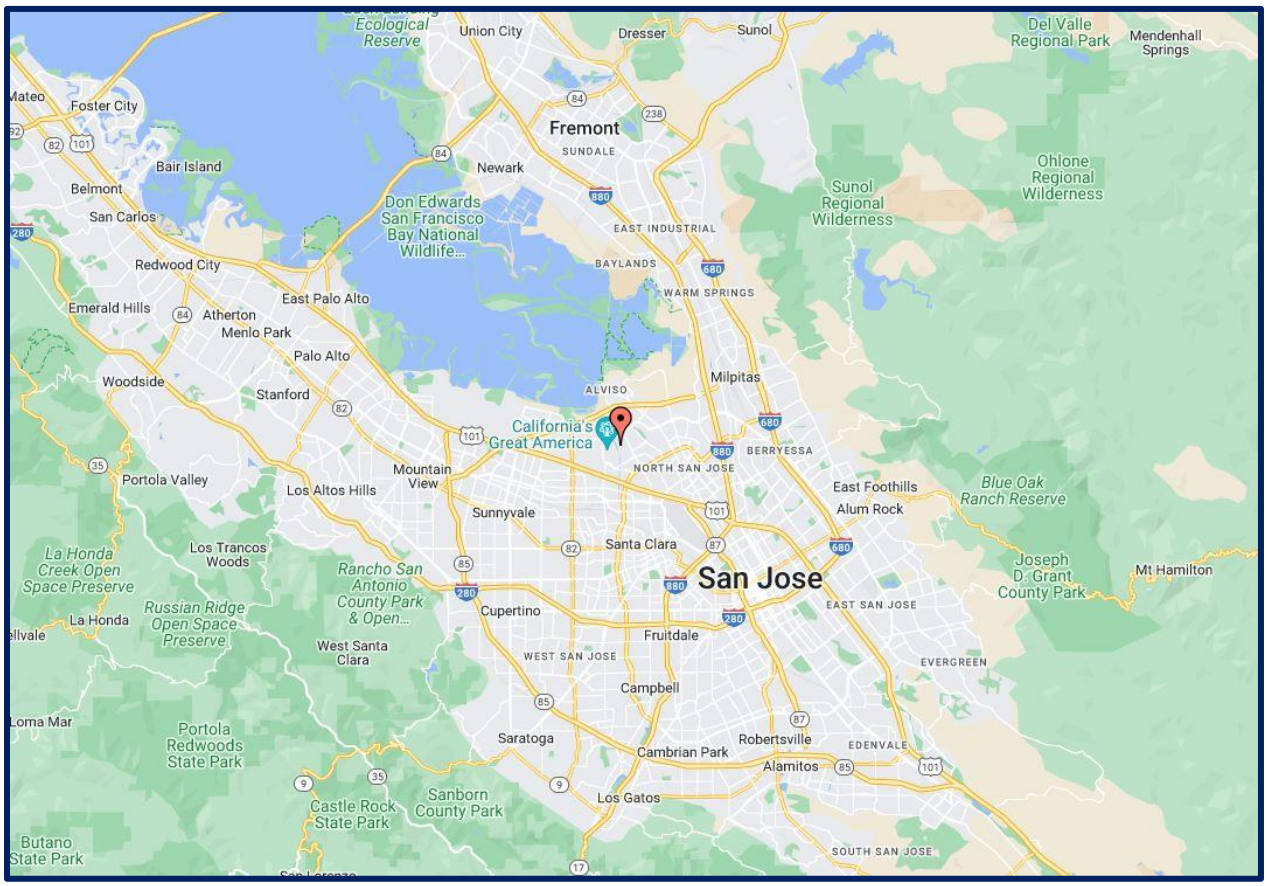
The analyses, opinions, and conclusions were developed, and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; and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

Personal Property/FF&E

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

Regional and Market Area Analysis

REGIONAL MAP



Overview

The property is located in the San Francisco Bay Region, an area which is comprised of the nine counties bordering the San Francisco Bay. According to the State of California Department of Finance, the area had a combined population of approximately 7.61 million as of January 1, 2022. The Department of Finance characterizes the San Francisco Bay Area by a moderate climate, diversified economy and one of the highest standards of living in the United States.

Population

Santa Clara County is the most populous of the nine counties comprising the San Francisco Bay Region, with an estimated 1,894,783 residents as of January 1, 2022, according to the State of California Department of Finance. This was a decrease of 2.04% from the previous year. San Jose is the largest city in the county and the third largest in California, surpassing San Francisco.

According to the Site to Do Business projections, presented below, the county's population is expected to decrease annually 0.3% between 2022 and 2027, while Santa Clara will increase approximately 0.1% annually over the same period.

Population

Area	2010	Estimated 2022	Annual Δ 2010 - 22	Projected 2027	Annual Δ 2022 - 27
United States	308,745,538	333,793,107	0.7%	333,934,112	0.0%
California	37,253,956	39,770,476	0.5%	39,648,278	-0.1%
Santa Clara County	1,781,642	1,957,605	0.8%	1,925,788	-0.3%
Santa Clara	116,610	130,983	1.0%	131,473	0.1%

Source: ESRI (ArcGIS)

Transportation

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

Air service in the area is provided by Norman Y. Mineta San Jose International Airport, which accommodated more than 15 million passengers from April 2019 to March 2020. San Francisco and Oakland airports are also within an hour's drive from most portions of the county. In 2010, San Jose International Airport completed the first phase of a two-phase expansion with the goal of increasing service to 17.3 million travelers a year, at a cost of $1.3 billion. Planning for the second phase, nine additional gates and a new concourse extension at the south end of Terminal B, began early in 2018.

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

Employment

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

Significant employment sectors within Santa Clara County include manufacturing; professional, scientific, and technical services; health care; retail; and educational services. Some of the largest employers are associated with the computer industry such as Adobe, Apple, AMD, and Hewlett-Packard; hospitals such as the VA Medical Center, Kaiser Permanente, and the San Jose Medical Center; space and aerotech including NASA and Lockheed Martin; and educational facilities such as San Jose State University and Stanford University School of Medicine.

Employment by Industry - San Jose-Sunnyvale-Santa Clara, CA (MSA)

Industry	2022 Estimate	Percent of Employment
Agriculture/Forestry/Fishing/Hunting	6,453	0.61%
Mining/Quarrying/Oil & Gas Extraction	308	0.03%
Construction	61,271	5.80%
Manufacturing	158,664	15.01%
Wholesale Trade	20,217	1.91%
Retail Trade	88,196	8.34%
Transportation/Warehousing	33,710	3.19%
Utilities	4,308	0.41%
Information	50,709	4.80%
Finance/Insurance	29,968	2.83%
Real Estate/Rental/Leasing	20,837	1.97%
Professional/Scientific/Tech Services	197,326	18.66%
Management of Companies/Enterprises	837	0.08%
Admin/Support/Waste Management Services	40,787	3.86%
Educational Services	81,755	7.73%
Health Care/Social Assistance	118,428	11.20%
Arts/entertainment/Recreation	15,993	1.51%
Accommodation/Food Services	57,512	5.44%
Other Services (excl Public Administration)	40,275	3.81%
Public Administration	29,674	2.81%
Total	1,057,228	100.0%

Source: ESRI (ArcGIS)

Unemployment

The unemployment rate in Santa Clara County is currently less than the rates of the state and nation. The County unemployment rate was 2.1% as of October 2022 (most recent available). The State of California was at 3.8% while the Nation was at 3.4% for the same time period.

Unemployment Rates

Area	YE 2017	YE 2018	YE 2019	YE 2020	YE 2021	2022[1]
United States	4.4%	3.9%	3.7%	8.1%	5.3%	3.4%
California	4.8%	4.3%	4.1%	10.2%	7.3%	3.8%
Santa Clara County	3.2%	2.7%	2.5%	7.2%	4.7%	2.1%
Santa Clara	3.1%	2.5%	2.3%	6.0%	4.0%	1.9%

Source: www.bls.gov *data not seasonally adjusted; [1]October - most recent for US, others lag by 1-2 mos.)*

National Economic Overview

The U.S. economy is in transition from a strong recovery following a brief COVID-related recession to a slowdown as persistently rising inflation and higher interest rates take their toll on consumers and businesses. In addition, China's continued COVID lockdowns has placed supply-related constraints on the national (and global) economy. And the Russian invasion of Ukraine has increased energy prices worldwide.

Economic growth had surged through 2021, partially because of lower interest rates and about $6.4 trillion in government borrowing/spending, as well as from an increase in consumer spending. Since then, real gross domestic product (GDP) declined by 1.6% and 0.9% in the First and Second Quarters of 2022.

While two consecutive quarters of falling GDP are typically viewed as harbingers of an upcoming recession, it is counterbalanced by a strong, tight national job market. The national unemployment rate is low, at 3.5%, as of the end of September 2022 – a rate that is in line with the pre-COVID record high. As the national economy bounced back from an initial COVID shock, demand for employment (labor) has increased, and wages have been growing.

The Federal Reserve lowered its forecast for the U.S. economy to grow 0.2% by the end of 2022, and by 1.2% in 2023 – especially as interest rate increases begin to impact consumer demand and business investment. These rates are down from its previous 1.7% and 1.7% growth rate predictions for 2022 and 2023, respectively.

Inflation Rate

The rate of inflation accelerated during Fall 2021 and has been picking up speed throughout 2022. Consumer demand surged following the "reopening of the economy" and from government stimulus payments.

According to the U.S. Labor Department, the Consumer Price Index (CPI) increased by 6.2% during Fall 2021 from the same one year ago. Price increases are observed in all areas – including gasoline, grocery, restaurant, and automobile prices. Businesses are also reporting higher labor costs, including vendor prices and costs for raw materials.

As of mid-year 2022, consumer spending increased by an adjusted annual rate of 1.1%. Consumer prices rose by 9.1%, according to Bureau of Labor Statistics, from the same time one year prior. Costs surged for gas, groceries, rent, and dental care.

In September 2022, the Labor Department reported that the rate of inflation was at 8.2%, largely due to a reduction in gasoline prices. The all-items index, minus the food and energy indices, was reported at 6.6% for the same period. By November 2022 (latest data available), the all-items index, minus the food and energy indices, was reported at 6.0%.

Federal Funds Rate

Inflation is currently at a level not seen since the early 1980's. There are two means by which inflation can be decreased: fiscal policy or monetary policy. The former is controlled by Congress; the latter is controlled by the Federal Reserve ("Fed"). The Fed can raise the federal funds rate, which is the U.S. benchmark for interest rates, to combat inflation.

To maximize employment and stabilize inflation, the Federal Reserve Bank raised the federal funds rate nine times from 2015, when interest rates were almost zero, through 2018. Incremental rate decreases were made up to March 2020. In response to the pandemic, the Fed began to aggressively lower the federal funds rate, first by 50 basis points, and then again by 100 basis points.

In addition, the Fed began purchasing $120 billion a month in U.S. Treasury bonds and mortgage-backed securities to hold long-term interest rates down and to stimulate the economy. By mid-year 2021, the rate was at near-zero.

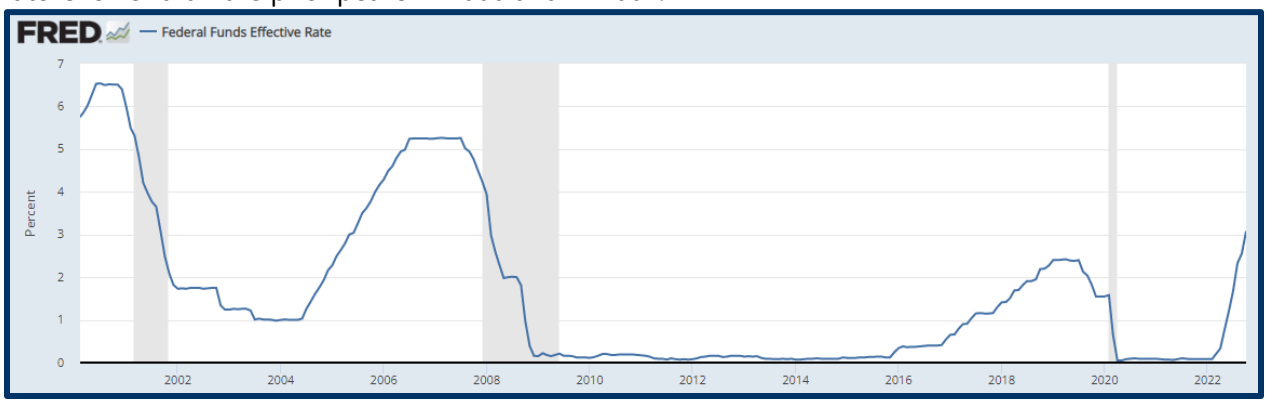
Fast forward to Fall/Winter 2021-2022, at a time when the inflation rate was rapidly climbing, the Fed agreed to taper their government bond purchases. Since then, government investment has decreased and been phased out.

Beginning March 2022, the Fed began raising the interest rate, for the first time in three years, to temper the rapid inflation growth. Their initial rate increase was 25 basis points. Further rate increases followed: by 50 basis points in May 2022, by 75 basis points on each occasion, in June, July, September and November 2022, and by 50 basis points in December 2022. The benchmark interest rate currently is at 4.25% to 4.50%.

Federal Funds Rate

Date	Target Range (%)	Basis Point Change
Dec-18	2.25% - 2.50%	+25
Aug-19	2.00% - 2.25%	-25
Sep-19	1.75% - 2.00%	-25
Oct-19	1.50% - 1.75%	-25
Mar-20	1.00% - 1.25%	-50
Mar-20	0.00% - 0.25%	-100
Apr-20	0.00% - 0.25%	0
Mar-22	0.25% - 0.50%	+25
May-22	0.75% - 1.00%	+50
Jun-22	1.50% - 1.75%	+75
Jul-22	2.25% - 2.50%	+75
Sep-22	3.00% -3.25%	+75
Nov-22	3.75% - 4.00%	+75
Dec-22	4.25% - 4.50%	+50

Reference is made to the following graph. The current (as of October 2022) benchmark (Federal Funds) rate is lower than the prior peaks in 2000 and in 2007.



Source*: Board of Governors of the Federal Reserve System (US); fred.stlouisfed.org*

Supplemental Comments on Inflation and Interest Rates

The cause of inflation is attributed to a combination of factors. One of the most significant factors is the increase in money supply because of the fiscal stimulus (such as the Payroll Protection Program and other COVID-related relief payments) and monetary stimulus (such as decreasing the benchmark interest rate to near zero for two years and Federal balance sheet increases). Other factors exacerbating inflation include China's COVID-Zero policy – resulting in numerous manufacturing shutdowns, and Russia's halt on natural gas supply to Europe.

The Fed has pursued the action of raising the interest rate at the fastest pace in 40 years, with five rate increases throughout 2022, including three consecutive increases by 75 basis points on each occasion. The underlying theory is that as interest rates increase, the cost of borrowing increases – which, in turn,

diminishes the available credit to the market, causing downward pressure on asset prices, including real estate. Increasing rates, historically, have also placed upward pressure on capitalization rates, albeit not immediately.

As the cost of borrowing increases, the amount of money that real estate purchasers can finance decreases. Additionally, investors are looking for a return on investment, or yield. As the Federal Funds Rate increases, so do coupon rates of U.S. Government bonds, which has historically been perceived as being "risk free," since it is assumed that the U.S. Government would not default on its debts. The result is a flight of capital to the perceived safety of bonds – and away from real estate investment.

The California Forecast

The state, previously on mandatory lockdown, officially "reopened" in June 2021 as a result of the mass vaccination efforts that were underway and, a then waning of the coronavirus pandemic. Other factors, such as higher energy costs, supply chain interruptions, and rising inflation and interest rates, are also influences contributing to a slower economic growth forecast for California.

The most recent UCLA Anderson forecast (September 2022) calls for employment gains over the next three years, primarily in the leisure and hospitality, health care, social services, technology, and construction sectors. Statewide unemployment rates forecast at the end(s) of 2022, 2023, and 2024 are expected to be at 4.5%, 4.1%, and 4.5%, respectively.

Concluding Remarks

As of year-end 2022, the Fed has raised the benchmark interest rates seven (7) times to combat inflation, with rate increases in March (+25 bps), May (+50 bps), June (+75 bps), July (+75 bps), September (+75 bps), November (+75 bps), and December (+50 bps).

In the near term, market participants will likely execute very few transactions into the early part of 2023. Debt rates are increasing rapidly; we have observed pending sale transactions of commercial real estate that have fallen out of escrow while buyers were seeking financing. We expect to see more creative financing, such as seller-carried financing, loan assumptions, and wrap mortgages – as examples, when deals do close.

It is likely that only the best properties will trade at the early 2023. High-quality tenancies with long-term leases remain the most sought-after investments. Lower-quality properties that can be assembled into development sites as large as one-acre, or greater, will likely reflect land value for other commercial real estate sectors, such as life sciences, multi-family residential, or mixed uses.

Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare favorably to the state and the country.

Median Household Income

Area	Estimated 2022	Projected 2027	Annual Δ 2022 - 27
United States	$62,203	$67,325	1.6%
California	$88,930	$106,150	3.6%
Santa Clara County	$148,530	$170,727	2.8%
Santa Clara	$146,845	$166,134	2.5%

Source: ESRI (ArcGIS)

Conclusions

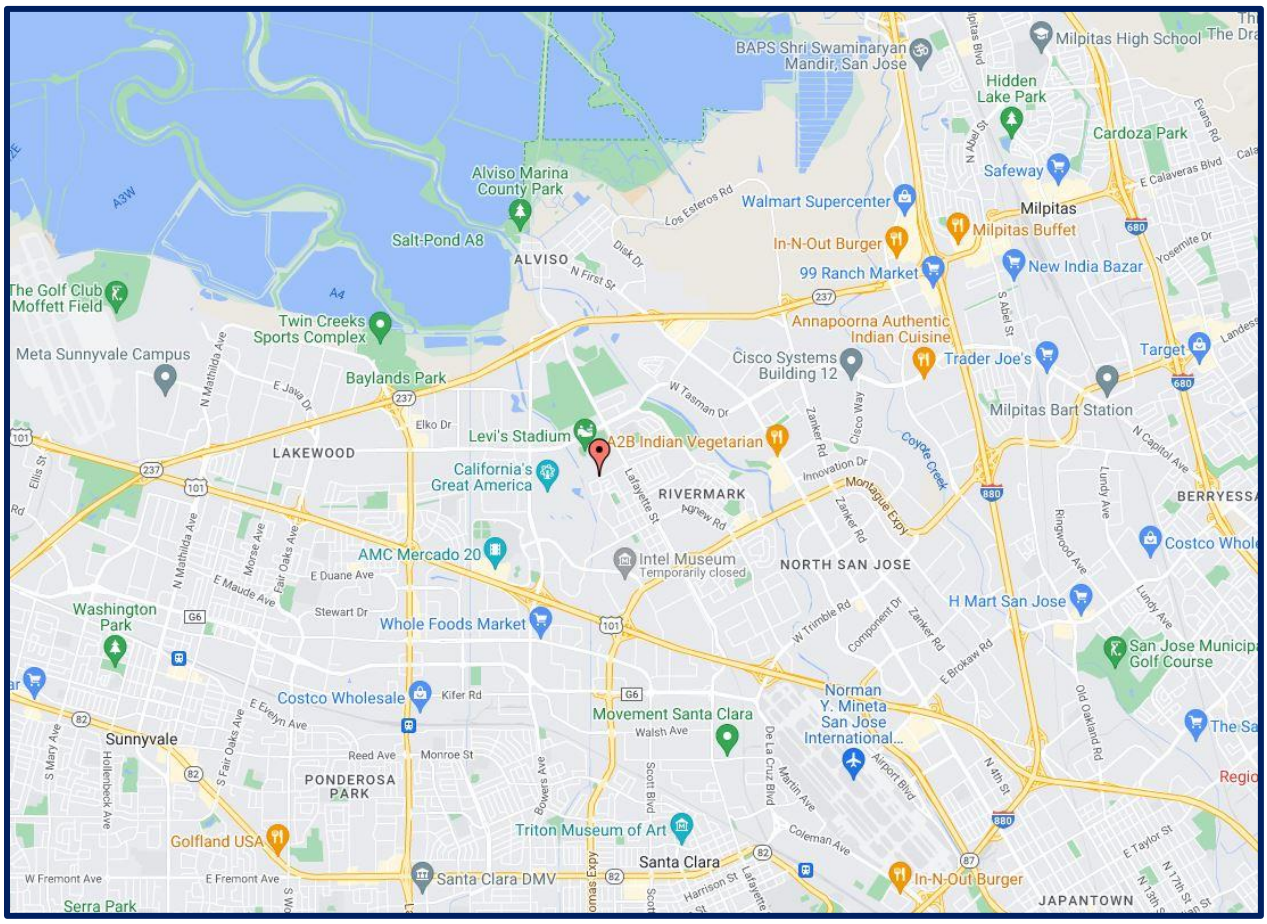
Historically, the Santa Clara County region has been considered a desirable place to both live and work. Physical features and a strong local economy attract both businesses and residents. It is a worldwide leader in technology and a regional employment center, with an increasingly diversified economy.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

The outlook is still somewhat clouded by the unknowns associated with the lingering effects of COVID-19, inflation rates, and the other economic indicators discussed earlier in this section. Some people continue to curb their activity, and certain industries in particular have been severely affected. California "re-opened for business" in June 2021, and the statewide mask mandate was lifted in February 2022.

Many market participants were becoming more optimistic, thanks in large part to the vaccination rollouts and the reopening of the state, however investors and consumers alike are proceeding with caution as we face headwinds. The timeline for a return to normalcy remains unknown, but the historic reasons for growth in the region remain the same, and thus the expectation is that normal growth will resume over time.

City and Neighborhood Analysis

NEIGHBORHOOD MAP



City Overview

The City of Santa Clara is located in the "heart" of Silicon Valley and is a progressive community, known for low crime rates and the quality of municipal services, as well as its proximity to a large number of high-technology employers. San Jose borders Santa Clara to the north, east, and south, while Sunnyvale borders it to the west.

Santa Clara is a progressive community which owns and operates its own electric, water and sewer utilities. The quality and reliability of utility services is excellent and service charges are the lowest in the entire Bay Area. Santa Clara has also been chosen by the Association of Bay Area Governments (ABAG) as the pilot city for implementation of an interactive regional on-line guide to government services.

Industrial development in Santa Clara is concentrated north of Central Expressway and most of the retail and residential development is located south of Highway 101. Because of the lack of available land for development, Santa Clara's population growth is expected to remain relatively low.

The city has good access to local and regional transportation. Highway 101 runs northwest/southeast through the center of Santa Clara providing excellent access to other "Silicon Valley" communities and the San Francisco Peninsula and San Francisco to the north. Interstate 280 also runs through Santa Clara providing an alternative route to San Francisco. Interstate 880 skirts Santa Clara to the east running in a north/south direction. This provides direct access to such East Bay cities as Fremont, Hayward and Oakland. Overall, the highway and local transportation systems in and around Santa Clara provides for excellent access to and from the city.

The major commercial thoroughfares include El Camino Real and Stevens Creek Boulevard, both running in an east/west direction and connecting Sunnyvale and San Jose. Major north/south thoroughfares include Lafayette Street, Scott Boulevard, San Tomas Expressway, Bowers Avenue and Lawrence Expressway.

The San Jose International Airport is minutes from anywhere in Santa Clara with service to most major U.S. cities.

Neighborhood Location and Boundaries

The subject neighborhood is located in the northern section of Santa Clara. The area is suburban in nature. The neighborhood is bounded by Highway 237 to the north, Zanker Road to the east, Highway 101 to the south, and Lawrence Expressway to the west.

Transportation Access

Within the immediate area, transportation access helps define the character of its development. Major travel and commuter routes within the immediate area include Tasman Drive and Lafayette Street. Access to the area is considered average.

Demographics

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

As shown in the table below, the total population and total households within a 1-mile radius are projected to increase at 0.6% between 2022 and 2027, while within 3- and 5-miles radius are projected to increase at 0.4% and 0.1%. Median household income is projected to increase at 2.4%, 2.1% and 2.6% within the 1-, 3-, and 5-mile radius from the property between 2022 and 2027. These demographics support a variety of single-family residential uses.

Neighborhood Demographics

Radius (Miles)	1 Mile	3 Mile	5 Mile
Population Summary			
2010 Population	15,588	92,928	306,849
2022 Population Estimate	16,825	122,811	374,351
2027 Population Projection	17,319	125,427	376,657
Annual % Change (2022 - 2027)	0.6%	0.4%	0.1%
Housing Unit Summary			
2010 Housing Units	6,093	36,122	117,789
% Owner Occupied	41.6%	44.6%	45.5%
% Renter Occupied	53.5%	50.8%	50.0%
2022 Housing Units	6,253	51,297	147,786
% Owner Occupied	34.7%	34.3%	39.7%
% Renter Occupied	62.4%	58.5%	53.7%
2027 Housing Units	6,607	53,799	153,091
% Owner Occupied	32.4%	33.0%	38.6%
% Renter Occupied	62.3%	58.3%	53.1%
Annual % Change (2022 - 2027)	1.1%	1.0%	0.7%
Income Summary			
2022 Median Household Income Estimate	$172,777	$155,454	$154,432
2027 Median Household Income Projection	$194,573	$172,348	$175,460
Annual % Change	2.4%	2.1%	2.6%
2022 Per Capita Income Estimate	$75,110	$74,636	$70,748
2027 Per Capita Income Projection	$85,994	$87,014	$83,290
Annual % Change	2.7%	3.1%	3.3%

Source: ESRI (ArcGIS) *(Lat: 37.400159, Lon: -121.967374)*

Within a three-mile radius, the reported population is 122,811 with a projected growth rate of approximately 0.4% annually. There are 51,297 housing units within that three-mile radius. The growth rate is expected to be 1.0% annually. Most of the housing is tenant-occupied. Within a three-mile radius, the median household income is $155,454. Looking ahead, annual household income growth is projected at 2.1% per year. The average income figures suggest that the inhabitants are within the middle income brackets.

Immediate Area Uses

The property is located along the north side of Gianera Street in Santa Clara. The focal point of the neighborhood is the $1.2 billion Levi's-49ers football stadium, which occupies a 17-acre site fronting the south line of Tasman Drive between the San Tomas Aquino Creek channel and Centennial Drive just north of the property. The stadium opened in July 2014 and has since hosted more than 100 events with an average of 20 events per year. In addition to 49er games, the stadium hosted the Super Bowl, Copa America Centenario in 2016. The below aerial photo exhibits the uses located in the immediate vicinity.

IMMEDIATE AREA USES

Source: Google Maps

The area is dominated by residential buildings to the east, south, and west. Directly to the north is a municipal service facility, known as Tasman Substation, including Northern Receiving Station and a parking lot.

Transportation to the area is good. Highway 101 runs northwest southeast through the center of Santa Clara providing excellent access to other "Silicon Valley" communities and the San Francisco Peninsula and San Francisco to the north.

The greater area, across San Tomas Aquino Creek Trail, is an area currently defined by exclusively commercial land uses. Great America Parkway is considered one of the more prestigious office corridors in Silicon Valley, and a number of high technology office and R&D users as well as luxury hotels are located along the thoroughfare.

Analysis and Conclusions

The property is located in the residential neighborhood in the City of Santa Clara, a progressive

community known the quality of municipal services, as well as its large number of high-technology employers. The city owns and operates its own electric, water and sewer utilities, which are considered to be of excellent quality and reliability with the lowest service charges in the entire Bay Area.

Overall, the highway and local transportation systems in and around Santa Clara provide for excellent access to and from the city. The property is located in a highly desirable section of Santa Clara. Levi's Stadium and California's Great American are prime attractions that draw large crowds from all over the Bay. Overall, the property neighborhood is appealing to a variety of residential users.

Site Description

The site is located 2319 Gianera Street, Santa Clara, Santa Clara County, California 95054. The characteristics of the site are summarized as follows:

Site Characteristics

Gross Land Area:	0.29 Acres or 12,478 SF
Usable Land Area:	0.29 Acres or 12,478 SF
Usable Land %:	100.0%
Shape:	Rectangular
Average Depth:	143 feet
Topography:	Level
Drainage:	Assumed adequate
Grade:	At street grade
Utilities:	All public utilities are available to the site
Off-Site Improvements:	Gianera Street is a fully improved roadway with sidewalks, curbs, gutters, streetlights, and landscaping. This roadway carries one lane of traffic in each direction, east-west.
Interior or Corner:	Interior
Signalized Intersection:	No traffic signal at the site

Street Frontage / Access

Frontage Road	Primary
Street Name:	Gianera Street
Street Type:	Local
Frontage (Linear Ft.):	85
Number of Curb Cuts:	1
Traffic Count (Cars/Day):	Minimal

Flood Zone Data

Flood Map Panel/Number:	06085C0064H
Flood Map Date:	05-18-2009
Flood Zone:	X
	Flood Zone X includes areas of minimal flood hazard, which are outside a Special Flood Hazard Area and higher than the elevation of the 0.2%-annual-chance flood. No flood insurance is required.
Portion in Flood Hazard Area:	0.00%

Other Site Conditions

Soil Type:	We have not been provided a geotechnical report for the property. Based on our physical inspection, soil conditions appear stable
Environmental Issues:	A Phase I Environmental Site Report was not provided for review. We make no representations as to the presence of toxins and hazardous materials on the subject site. We are appraising the site as if clean. If this is of concern to any reader of this report, it is our recommendation that an environmental report is obtained from the appropriate professionals qualified to issue such opinions.
Easements/Encroachments:	A Preliminary Title Report was not provided to the appraiser for review. We assume that there are no easements or encumbrances that would materially affect the value of the subject, either positively or negatively.
Earthquake Zone:	The property is not located in an Alquist-Priolo Special Studies Zone for earthquake hazard. Earthquake hazard is typical for the overall area.
Proximity to Power Lines:	The property is directly south from the Tasman Substation, a large, three bank distribution substation. Although electricity substations are an important part of power infrastructure, there are concerns about their safety as they emit electric and magnetic fields (EMFs). There are rumors that EMFs cause cancer, miscarriages, birth defects and other health issues. However, that is no conclusive evidence to support these claims. According to an OLD Research Report prepared in October 2004 by Kevin E. McCarthy, most of the research conducted on the potential health benefits of the EMFs has focused on transmission and distribution lines rather than substation. According to the National Institute of Environmental Health Sciences (NIEHS) most of the EMF that comes from a substation is produced by these lines, rather than the equipment at the substation itself. According to National Cancer Institute, although a study in 1979 pointed to a possible association between living near electric power lines and childhood leukemia, more recent studies have had mixed finding. An article published in The Appraisal Journal in Summer 2016 by Ted Tatos, Mark Glick, PhD, JD and Troy A. Lunt, MAI finds some negative effects from transmission lines, sub transmission lines and substation on property values. The effects differ by type of transmission line and the effect diminish with distance. However, they also find evidence of modest positive effect associated with the proximity, which may be related to greenways constructed beneath power lines.

These results are consistent with our own survey of active market participants, who report no impact due to the property's proximity to the substation. We spoke with Mike Strouf, the broker representing the seller of 2303 Genera Street, Ramada Reddy, the broker representing the landlord of 2233 Calle De Primavera and Mei Ling, the broker representing the seller of 2215 Gianera Street among others. They all agreed that proximity to the substation was not an issue of concern among buyers and/or tenants and had no impact on the value or rental rate of the real estate.

Adjacent Land Uses

North:	Municipal service facility
South:	Residential, across Gianera Street
East:	Residential
West:	Residential

Site Ratings

Access:	Average
Visibility:	Average

Zoning Designation

Zoning Jurisdiction:	City of Santa Clara
Zoning Classification:	R1-6L, Single Family Residential
General Plan Designation:	Low Density Residential
Permitted Uses:	A variety of single-family residential uses.
Zoning Comments:	The property is under the jurisdiction of the City of Santa Clara and is zoned Single-Family (R1-6L). The General Plan land use designation is Low Density Residential. The zoning is in conformance with the General Plan.

According to the City of Santa Clara Municipal Code, the intent of Single-Family zoning district is to stabilize and protect the residential characteristics of the district and to promote and encourage a suitable single-family residential environment.

Permitted uses include single-family dwellings, private garages and accessory buildings, accessory unit, supportive and transitional housing.

Each lot shall contain a minimum area of 6,000 square feet. The minimum lot width shall not be less than 60 feet. The maximum permitted height shall be two stories but not exceeding 25 feet. Each front yard setback shall not be less than 20 feet in depth. A

minimum of thirty-five percent (35%) of the front yard shall be permanently maintained as landscaped area. Each side yard shall not be less than 5 feet; rear yard shall not be less than 20 feet in depth.

Each single-family dwelling shall have two garage or carport parking spaces; these parking spaces shall be prohibited in required front yards or corner lot side yards. A minimum driveway length of twenty (20) feet is required between said parking and any street right-of-way line. Additional parking shall be permitted in required front yards or corner lot side yards, with motor vehicles, trailers, and boats parked in an orderly manner, generally perpendicular to the street. Such parking shall be prohibited in the thirty-five percent (35%) minimum landscaped area. Motor vehicles that do not comply with restrictions imposed by other sections of this title are prohibited.

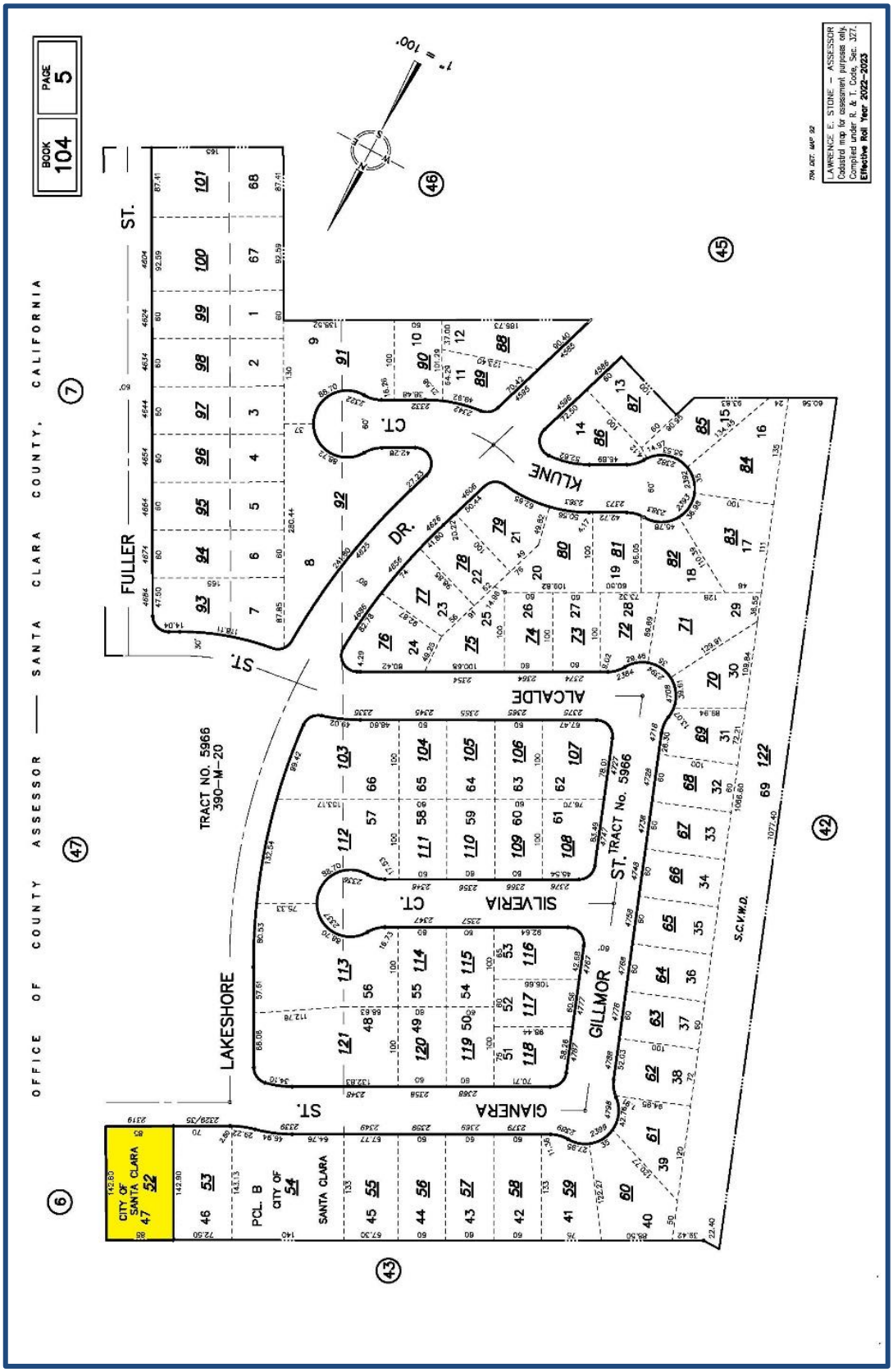
According to the City of Santa Clara General Plan, the Low-Density Residential land use designation is intended for residential densities of 8 to 19 units per gross acre. Building types may include detached or attached dwelling units. Low Density Residential development comes in the form of single-family dwelling units, townhomes, rowhouses and combinations of these development types.

Analysis/Comments on Site

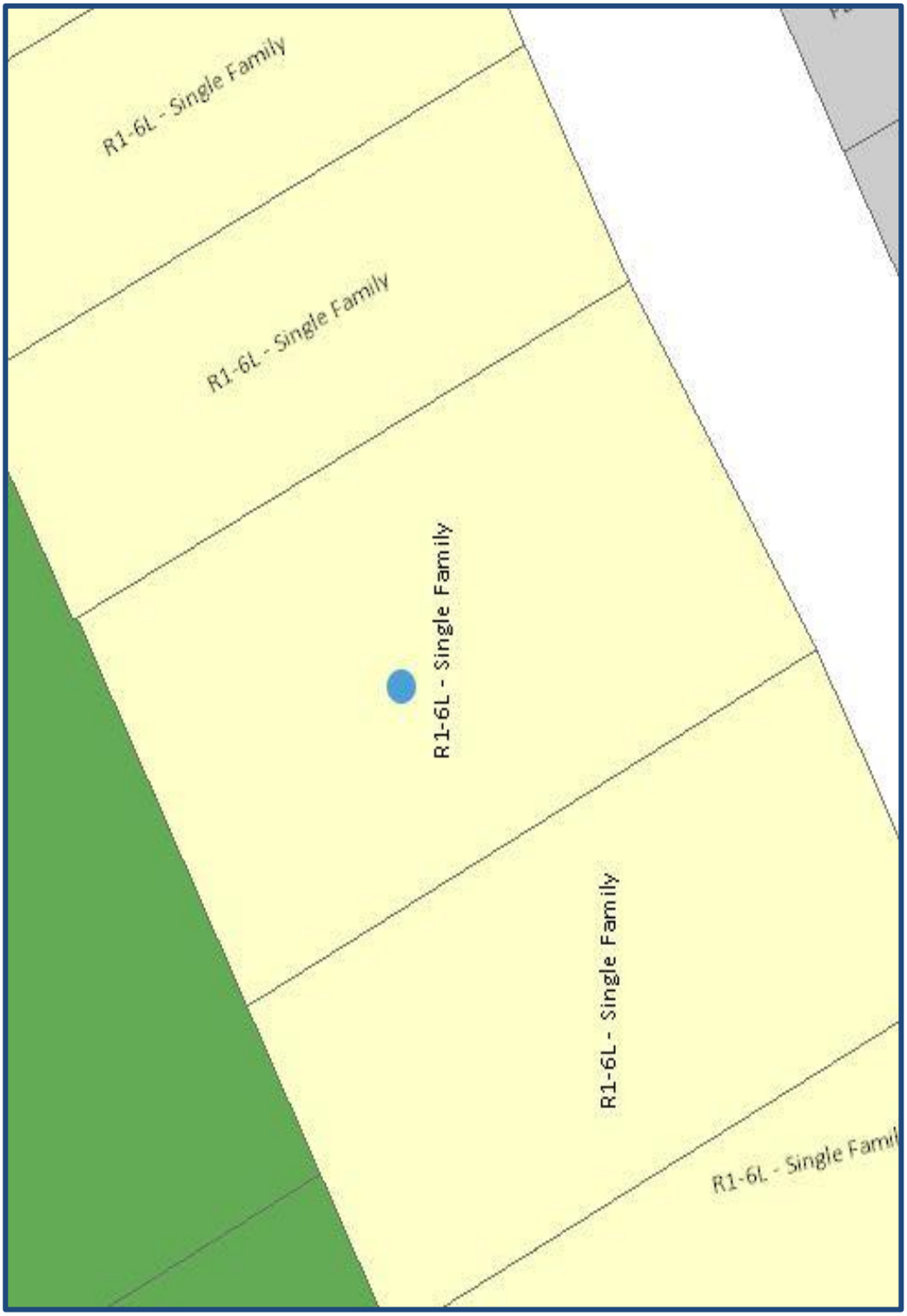
The site consists of a single parcel located along the north side of Gianera Street in Santa Clara. The site has a rectangular shape and an interior lot configuration with approximately 85.00 feet of frontage along Gianera Street (with one curb cut). The site has average visibility and access.

The underlying site contains approximately 12,478 square feet or 0.29 acres. The property zoning is Single-Family, and the General Plan land use designation is Low Density Residential. Overall, the site conforms to the area and is well suited to a variety of residential uses.

TAX PLAT


BOOK 104
PAGE 5
OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA
LAWRENCE E. STONE — ASSESSOR
Cadastral map for assessment purposes only.
Compiled under R. & T. Code, Sec. 327.
Effective Roll Year 2022–2023
1" = 100'
FULLER ST.
KLUNE CT.
ALCALDE DR.
SILVERIA CT.
GILLMOR ST.
GIANERA ST.
LAKESHORE ST.
TRACT NO. 5966
390–M–20
TRACT No. 5966
S.C.V.W.D.
PCL. B
CITY OF SANTA CLARA
CITY OF SANTA CLARA

ZONING MAP


R1-6L - Single Family
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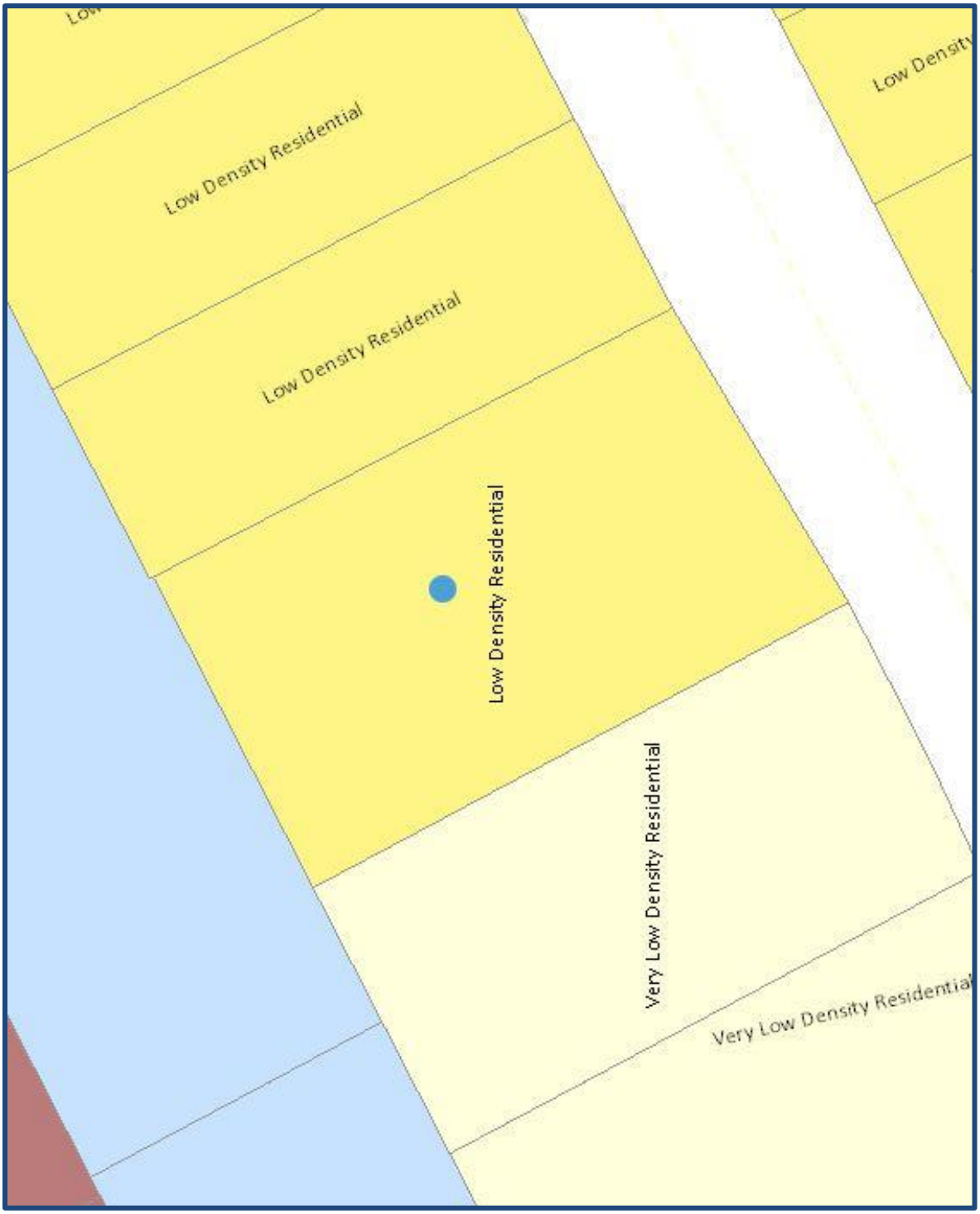
GENERAL PLAN MAP



Improvements Description

The following description is based on property inspection, assessor records, and information provided by the client.

Improvement Characteristics

Property Type:	Residential
Tenancy:	Single Family Residence
Number of Buildings:	1
Number of Stories	1
Construction Class:	D - Wood Frame per Marshall Valuation Service
Construction Quality:	Average
Gross Building Area (GBA):	1,140 SF (based on appraisal measurements and cross-checked with public records)

Ratios & Parking

Land-to-Building Ratio:	10.95 to 1 (Usable Land/GBA)
Floor Area Ratio (FAR):	0.09 (based on GBA)

Age / Life

Year Built:	1960's
Condition:	Below Average
Actual Age:	62 years
Effective Age:	50 years
Typical Building Life:	75 years
Remaining Economic Life:	25 years

Structural Characteristics

Foundation:	Concrete slab
Building Frame:	Wood frame
Exterior Walls:	Painted stucco
Roof Type / Material:	Composition shingle

Interior

Floors:	Carpet and linoleum
Walls:	Painted drywall
Ceilings:	Painted drywall
Lighting:	Standard

Site Improvements

Landscaping:	Average

Legal, Conforming Status

Legally Permitted Use:	Yes
Conformity Conclusion:	The existing improvements appear to meet the zoning requirements.

Deferred Maintenance

Deferred maintenance was noted within the structure. It consists of ceiling cracks, worn out flooring, peeling paint, etc. The house is vacant for a long time and all utilities are shut off.

Analysis/Comments on Improvements

The property is improved with a single-family home. The improvements contain 1,140 square feet based on the appraisal measurements and cross-checked with public records. The building was constructed circa 1960s. The residence is secured with a wood fence.

The building has a wood frame construction. The roof has a composition shingle covering. The interior of the building has painted drywall walls and ceilings. The flooring consists of carpet and linoleum. The property has a total of five rooms, including three bedrooms, two full bathrooms, one family room, one living room, a kitchen, and a two-car garage. The kitchen has wood cabinets, laminate countertop, appliances, painted drywalls and linoleum flooring. Each bedroom has painted drywalls, carpet flooring and closet. Each bathroom has a shower fixture, single sink vanity, and linoleum flooring. Additional features include fireplace in the living room, built-in cabinets in the hallway, a patio, a porch, landscaping, and an attached, two-car garage.

The interior was minimally maintained over the years, and it is in below average condition. Overall, the improvements conform to the area and are well suited to various residential uses, including the existing single-family use. The functional utility of the property is below average based upon a comparison of similar properties in the market area.

Subject Photographs (Dated December 14, 2022)

Typical exterior

Typical exterior

Typical interior view of kitchen

Typical interior view of bedroom

Additional photos are included in the Addendum

Assessment and Tax Data

The State of California has provided for a unified system to assess real estate for property taxes. Assessment Districts are established on a county basis to assess real estate within the county. The appraised property falls under the taxing jurisdiction of Santa Clara County and is subject to both general taxes and direct assessments. The property is City-owned, so exempt from tax. A buyer of the subject would need to consider the taxes that would be assessed at the current rate of 1.1753% plus all current special assessments.

Market Analysis

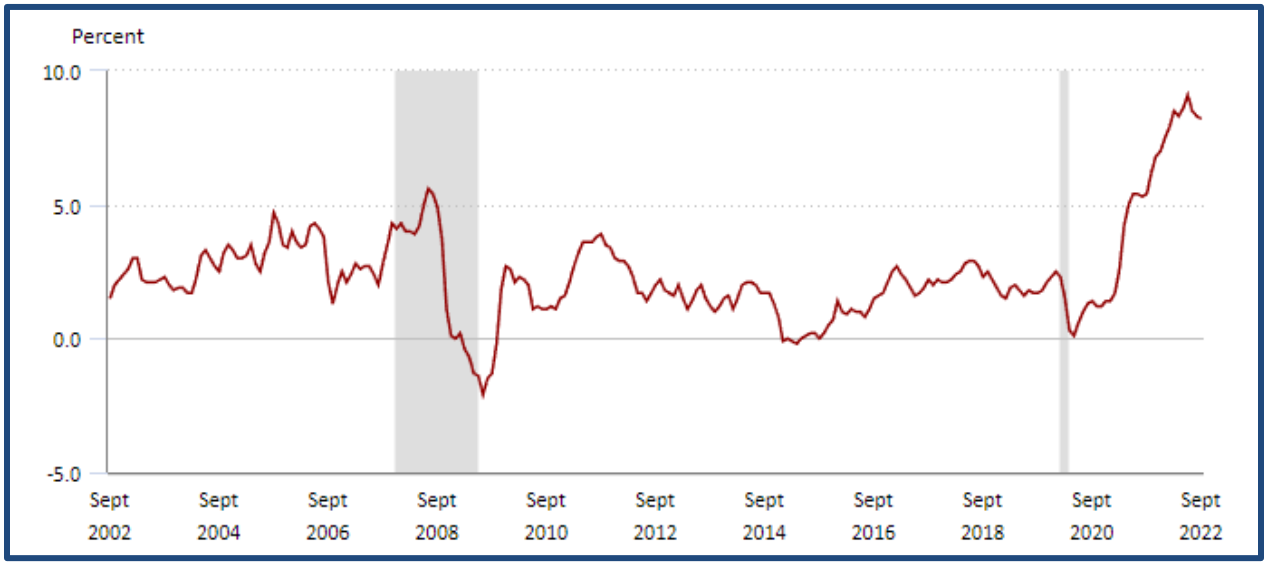
COVID-19 Pandemic

Market activity in all property sectors in 2021 and 2022 has shown little, if any, impact from COVID-19. Most markets have experienced growth, fueled by low lending rates and inflationary pressures. Demand for investment properties continues to be high in all markets and is expected to increase in secondary and tertiary markets as investors look for higher yields. Investors and owners are also expected to continue to watch federal involvement in business loans, as the government may need to intervene if inflation continues to grow. This will influence the decision of business owners to choose between buying or leasing their commercial space. Continued supply chain issues have the potential to impact both inflation and the ability to satisfy space demand. A shortage of supplies as well as labor continues to cause delays in construction across the country.

Inflation

Inflation is perhaps the biggest 2022 concern for CRE markets and investors. High inflation rates are being driven by both demand (stimulus, more businesses opening, high savings rates) and supply factors (labor shortages and supply chain disruptions). While at the highest rate in 30 years, inflation will likely stay high for the next year. The following table presents historical inflations rates:

ANNUAL CPI RATE OF CHANGE



Source: U.S. Bureau of Labor Statistics

The September 2022 CPI reading was an annual rate of 8.2%, down from the annual rate of 9.0% in June, which is a pace not seen since 1990. Because of the unique nature of the causes of this rate of inflation, the demand outlook does not point to accelerating inflation over the medium term, which is most important for the overall economic outlook and for decision makers at the Federal Reserve. Market participants anticipate that the Fed will continue to hike interest rates in through 2022 to combat inflation. The biggest risk is that unexpected runaway inflation would be damaging to the economy and negatively affect commercial property markets. However, this is not the expected scenario and elevated inflation can have a net positive impact on commercial property values.

Interest Rates

To combat inflation, the Federal Reserve raised the federal funds rate by 25 basis points in March 2022, reflecting the first increase since 2018. However, this increase had little impact to no impact in year over year inflation and the Federal Reserve raised rates by an additional 50 basis points in May 2022.

Interest rate increases affect capital-intensive industries like real estate. As credit becomes more expensive, investor return requirements increase, which can lead to higher capitalization rates expectations. As inflation persists and the market anticipates additional rate hikes by the Fed, slower growth in CRE pricing and transactions should be expected.

In general, nominal (non-inflation adjusted) real estate returns perform well under a variety of rate environments, while inflation-adjusted real estate returns are strongest during periods of stability, according to research done by Trepp. In a March 2022 report on interest rates and commercial real estate, moderate declines or slight increases (0 to 50 basis points) create the strongest returns, with median annual growth at 3.1%. Trepp outlined the following possible impacts of higher interest rates on major CRE sectors:

Multifamily

Issuance in this sector has surged in the low-interest-rate environment of the last two years. Sharply higher interest rates could put a dent in issuance in the near term, as higher borrowing costs could reduce demand for debt financing. In the long-term, issuance could rebound. Despite the current trend of declining unemployment and rising income, wage inflation is outpacing price inflation as of now. If this inflation trend continues, consumer demand could be pushed further toward rental properties.

However, the market is currently experiencing a shift away from renting. According to data from the United States Census Bureau, the homeownership rate increased to 65.5% in Q4 2021, a decline from the Q2 2020 peak of 67.9% (a rate height that has yet to be surpassed by those seen post-2008 financial crisis). Additionally, those between the ages of 25 to 29 have increased their homeownership share to 35.4%, up from 34.8% a year earlier, possibly suggesting that younger families are moving away from renting.

Office

The office sector also benefited from the low-interest-rate environment. However, rising interest rates could lead to an overall drag on growth in 2022 which may result in some companies reducing their projections for future office space needs. With that in mind, landlords may be more willing to lock in tenants at their current rates rather than risk losing them. However, firms are already in the midst of the debate over hybrid, in-person, and fully remote expectations from employees, and some are choosing to offload their excess office spaces and either downsize or do away with their in-person spaces for good.

Additionally, Trepp estimates that the CMBS market can expect to see $10.3 billion in office loan maturities for 2022, rising rates could be problematic when it comes to refinancing. The office market is already in turmoil and rising interest rates will likely not serve to alleviate the uncertainty in the market.

Retail

With rising interest rates and a slowing economy, retailers may curtail plans for growth in response to an up-and-coming potential drop in disposable consumer income. This curtailment may make it more

difficult to backfill vacant spaces and lead to consolidation by retailers. Investors could choose to approach 2022 with a more conservative view of retail occupancy going forward.

Lodging

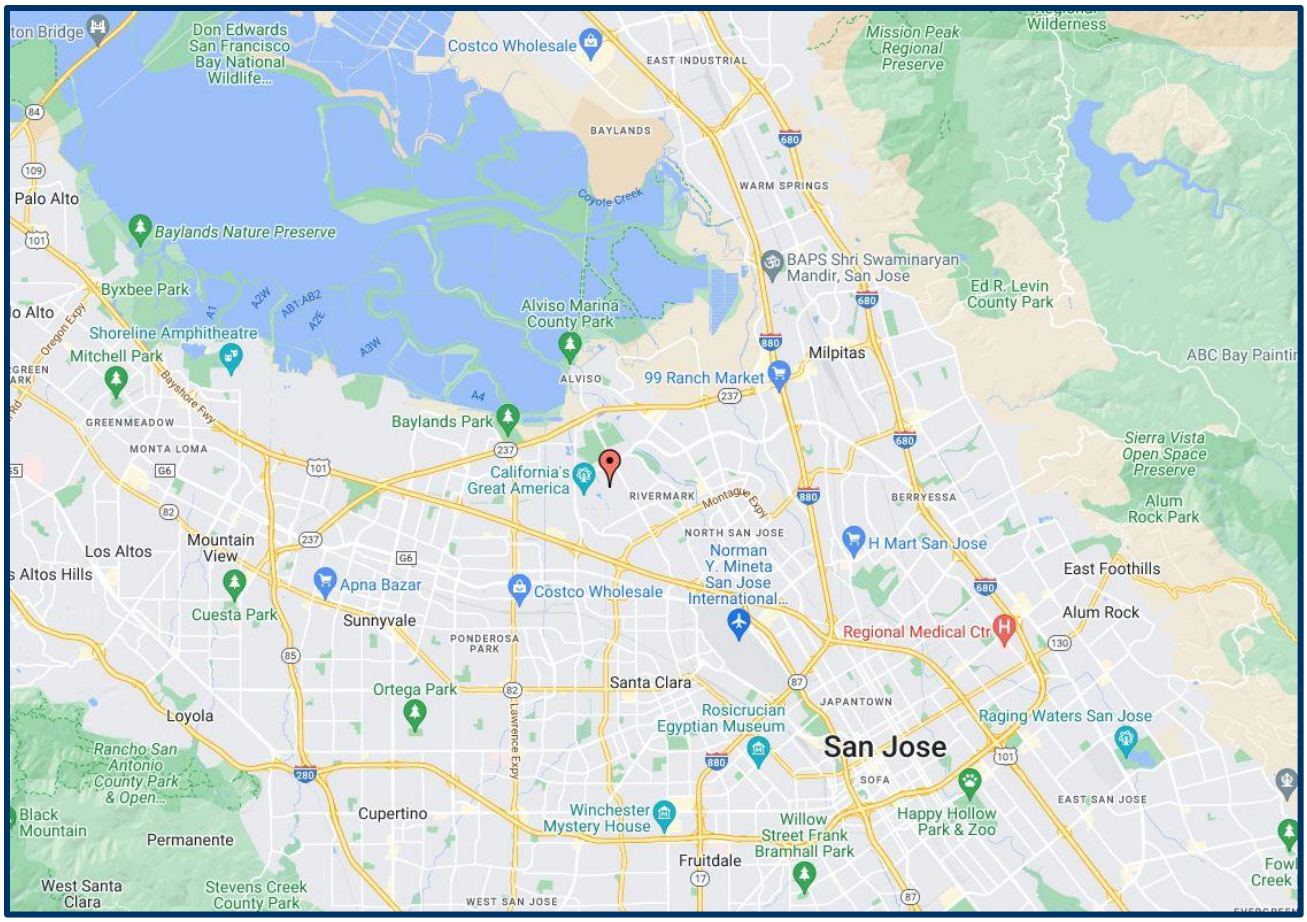
The hotel industry faces challenges from both a supply and demand perspective. CMBS lenders abruptly stopped funding loans when the pandemic took effect in 2020, but, since then lodging loan issuance has picked up. While this seems like good news, the uptick in issuance could prove too fast and there is a potential for the supply to outpace demand. There may not be enough demand to absorb the new supply if consumers and businesses maintain and reduce their levels of spending.

Conclusions

Various market participants will feel the effects of rising interest rates. As highlighted above, each sector of the CRE space will react differently to these rising rates. Ultimately there may be some near-term volatility in 2023 seen across all sectors of CRE, but higher rates should attract capital later in the year and beyond.

Local Market Performance

MARKET MAP



The property is a Single-Family Residence and competes within the Santa Clara submarket of the Santa Clara County metro, as shown in the market area map above. As such, we provide overviews of the local single-family submarket followed by a brief discussion on the residential land market.

Santa Clara Single-Family Housing Submarket

To assess market trends in housing sales for the City of Santa Clara and Santa Clara County, we relied on data provided by Multiple Listing Service (MLS). The following table highlights median prices for single-family housing within Santa Clara County as reported by MLS.

Historical Median Single-Family Residence (SFR) Prices in the City of Santa Clara and Santa Clara County

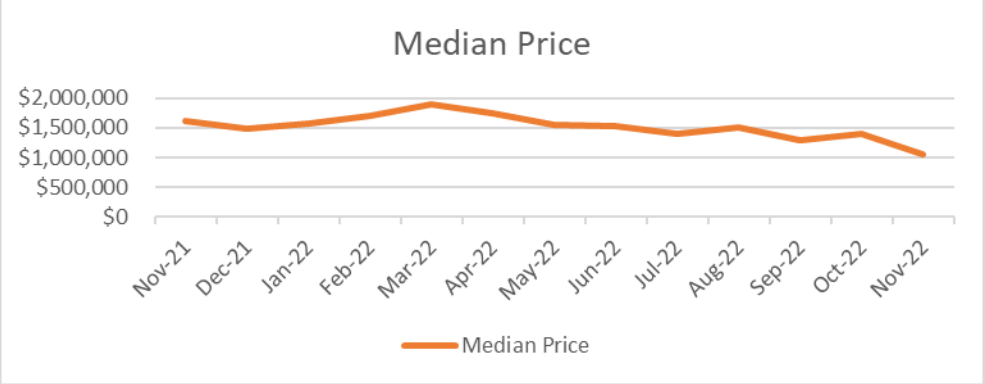
		YE 2019	YE 2020	YE 2021	2022 YTD	2019-2020 % Change	2020-2021 % Change	2021-2022 % Change
SFR	95054	$1,298,000	$1,375,000	$1,530,000	$1,565,000	5.9%	11.3%	2.3%
	City	$1,353,500	$1,426,000	$1,638,000	$1,810,000	5.4%	14.9%	10.5%
	County	$1,250,000	$1,370,000	$1,615,000	$1,766,500	9.6%	17.9%	9.4%

The preceding table shows value depreciation over the past three years for single-family homes in Santa Clara County. In the three-year timeframe, the demand drove prices upward within the neighborhood, the city of Santa Clara submarket and Santa Clara County.

The following table and graph illustrate monthly market activity of detached single-family homes in Santa Clara from November 2021 to November 2022.

Santa Clara - SFR Market

Month	Sale/List	Median Price	Change	DOM
Nov-21	111.9%	$1,621,750	9.4%	7
Dec-21	106.9%	$1,475,000	-9.0%	6
Jan-22	125.4%	$1,565,000	6.1%	7
Feb-22	113.9%	$1,690,000	8.0%	8
Mar-22	118.1%	$1,885,000	11.5%	7
Apr-22	115.3%	$1,740,000	-7.7%	6
May-22	112.9%	$1,550,000	-10.9%	7
Jun-22	103.9%	$1,525,000	-1.6%	12
Jul-22	101.6%	$1,400,000	-8.2%	11
Aug-22	102.0%	$1,500,000	7.1%	22
Sep-22	101.8%	$1,289,000	-14.1%	23
Oct-22	100.3%	$1,390,000	7.8%	20
Nov-22	100.0%	$1,056,000	-24.0%	2



The table illustrates the following trends:

- Marketing periods changed widely, ranging from 2 to 23 days and averaging 10 days. From November 2021 to May 2022 marketing periods became shorter, demonstrating healthy demand.
- Median sale prices wavered over the year. The larger increase is reported in March 2022 at 11.5% while the largest drop is recorded in November 2022 at 24.0% Overall median price decreased 0.6% since November 2021.
- The sale-to-list price ratio remained consistently robust throughout the year, ranging from 100.0% to 125.4%. Price ratios reached as high as 125.4% in January 2022.

Residential Land Submarket

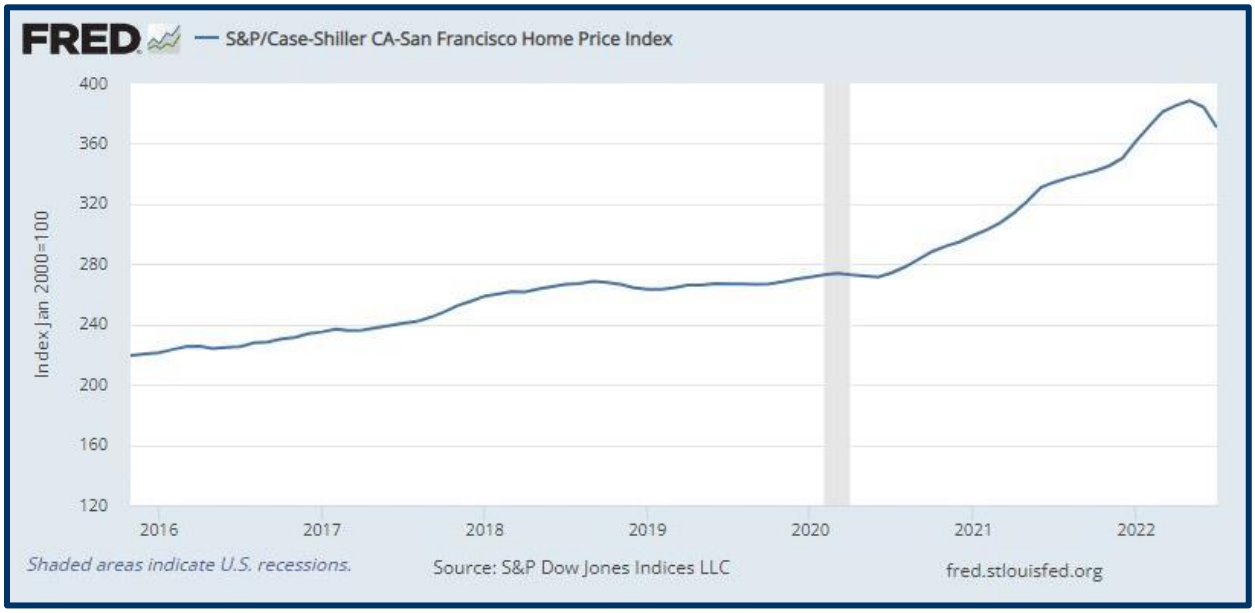
Residential land values are directly tied to supply and demand of current housing product. Land values vary depending on location, size, permitted uses, and allowable density. However, with the prices of homes elevated, land prices have also experienced a notable upward trend over the past years. The Bay Area and Santa Clara County are both experiencing growth, in large part due to the various tech companies located in the area, and thus these areas command some of the highest home prices in the region.

Residential land is typically purchased contingent on project approval or with entitlements (tentative or final map) in place. When contingent upon approvals, the risk to a developer is significantly reduced, putting upward pressure on the price. Prices for land purchased without this contingency are typically lower than for land purchased on a contingency. The price differential is especially large as the risk increases. We note that citizen participation in planning activities is very high in certain municipalities; thus, the approval process for residential projects can become political, long and arduous. It is not uncommon for new projects to take three to four years for development approval.

The site's R-1-6 zoning, and Low-Density Residential land use would permit low-density redevelopment. Therefore, the property would be less attractive as an investment to residential developers seeking a higher density. However, the property offers desirable location withing a good school district and will be attractive to homebuyers.

Low-density residential land values in Santa Clara and surrounding cities are in the $60 to $140+ per square foot range depending on location and entitlements. Oftentimes, residential land is valued on the basis of price per unit as opposed to price per square foot of site area, utilized in valuing unentitled sites.

The following graph for the S&P/Case-Shiller San Francisco Home Price Index shows an increasing trend in housing prices. Demand for housing has increased through the recent economic recession stemming from the Covid-19 pandemic which has led to an increase in demand for residential development land. However, prices have been trending downward since June 2022 which corresponds with the federal funds rate increases as the Fed initiates quantitative tightening to curb inflation.



Market Analysis Conclusions

As of the valuation date, the residential market was slowing down due to high interest rates. Investor and developer demand for residential land in the Bay Area was strong prior to the recent interest rate increases. Likely, we will continue to see a slowing trend for the Santa Clara County residential market in the near term.

Overall, the subject has a good general location in Santa Clara with good access to highway 101 and 237 and proximity to nearby amenities including Levi's Stadium, California's Great America, and VTA Light Rail. The improvements conform to the area, however, considering the large lot size, the property would also appeal to a local developer. The property would be well-received if placed on the market for sale.

Highest and Best Use Analysis

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

Highest and Best Use As Though Vacant

The primary determinants of the highest and best use as though vacant are (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The property's site is zoned R1-6L, Single Family Residential, which controls the general nature of permissible uses and is appropriate for the location and physical elements of the property. The General Plan land use designation of the site is Low Density Residential, which allows for redevelopment with up to 19 dwelling units per acre. The location of the property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. There are no items of a physical nature which would adversely impact development with the legal permitted uses. The most probable use of the site is for residential development at the highest allowed density, which conforms to the pattern of land use in the immediate area.

Financially Feasible

A review of sale prices, rental and occupancy rates suggests that there is an undersupply of residential properties and demand is sufficient to support construction costs and timely absorption of additional inventory in this market. Therefore, near-term speculative development of the site is financially feasible.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Redevelopment of the site at the highest allowed density if the most productive use.

Highest and Best Use As Though Vacant Conclusion

The conclusion of the highest and best use as though vacant is for residential development with up to 19 dwelling units per acre.

Highest and Best Use As Improved

The determination of the highest and best use of the subject property as improved is focused on three possible conditions that may represent the maximally productive use of the property: (1) continuation

of the existing use, (2) modification of the existing use, or (3) demolition and redevelopment of the land. In addition, the presence of surplus or excess land is identified.

As noted, the property is improved with 1,140-square-foot home with three bedrooms and two bathrooms. Improvements were completed in 1960s and, as of the date of value, were in below average condition.

Retaining the improvements meet the test for legally permissible and physically possible. However, it is unlikely they are economically feasible. As shown below, the market value of the property, As Is, does not exceed the value of the site as vacant plus the cost of demolition.

To determine the value of the property, As Is, we have selected five comparables sales located in the Santa Clara and Campbell. We searched for smaller homes located on larger sites with similar redevelopment potential. The following table summarizes the sales utilized.

Improved Sales Summary

Comp. No.	Date of Sale	Location		Year Built	GBA	Lot Size	Unadjusted Sale Price	per Unit
1	April-22	2159 Avenida De Las Flores	Santa Clara	1976	1,341	8,782	$1,550,000	$176.49
2	October-22	4472 Davis Street	Santa Clara	1956	2,166	9,716	$1,390,000	$143.06
3	February-22	1742 Jackson Street	Santa Clara	1900	1,432	12,066	$1,820,000	$150.84
4	July-21	93 Brookside Avenue	Santa Clara	1940	1,839	13,690	$1,700,000	$124.18
5	Offer Pending	115 Memory Lane	Campbell	1950	1,079	15,187	$1,698,000	$111.80

The high end of the range, Comparable Three is a recent sale of a larger three-bedroom home with one bathroom and similar in size lot. This comparable supports and indicator of $1,560,000. The low end of the range, Comparable Five is a pending sale of a property with superior location in Campbell. This is a smaller home on a larger lot with superior quality of improvements. This comparable supports an indicator of $1,160,000. Three of the five comparables range between $1,424,000 and $1,457,000. We estimate the market value of the property, As Is, at $1,430,000. The market value of the site as vacant redevelopment land is estimated at $1,620,000 as will be shown in the following section.

Therefore, demolition of the existing improvements and redevelopment of the site with up to 19 units per acre is the maximally productive use of the site, as improved.

Highest and Best Use As Improved Conclusion

The highest and best use of the property, as improved, is redevelopment with a residential complex, at the highest density allowed.

Most Probable Buyer

As of the date of value, the most probable buyer of the property is a local developer.

Appraisal Methodology

Three Approaches to Value

There are three traditional approaches typically available to develop indications of real property value: the cost, sales comparison, and income capitalization approaches.

Cost Approach

The cost approach is based upon the principle that a prudent purchaser would pay no more for a property than the cost to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or proposed, or when the improvements are so specialized that there are too few comparable sales to develop a credible Sales Comparison Approach analysis.

Sales Comparison Approach

In the sales comparison approach, the appraiser analyzes sales and listings of similar properties, adjusting for differences between the property and the comparable properties. This method can be useful for valuing general purpose properties or vacant land. For improved properties, it is particularly applicable when there is an active sales market for the property type being appraised – either by owner-users or investors.

Income Capitalization Approach

The income capitalization approach is based on the principle that a prudent investor will pay no more for the property than he or she would for another investment of similar risk and cash flow characteristics. The income capitalization approach is widely used and relied upon in appraising income-producing properties, especially those for which there is an active investment sales market.

Subject Valuation

As stated within the Scope of Work, we have relied upon the Sales Comparison Approach. Income and Cost Approaches are not utilized. When valuing vacant land, the Cost and Income approach to value are not applicable.

Sales Comparison Approach

Methodology

This approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. In the sales comparison approach, an indication of market value is developed by analyzing closed sales, listings, or pending sales of properties similar to the property, using the most relevant units of comparison. The comparative analysis focuses on the difference between the comparable sales and the subject property using all appropriate elements of comparison.

Unit of Comparison

The unit of comparison selected depends on the appraisal problem and nature of the property and is intended to explain or mirror market behavior. The primary unit of comparison in the market for unentitled land is price per square foot of site area.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location, (7) physical characteristics.

Comparable Sales Data

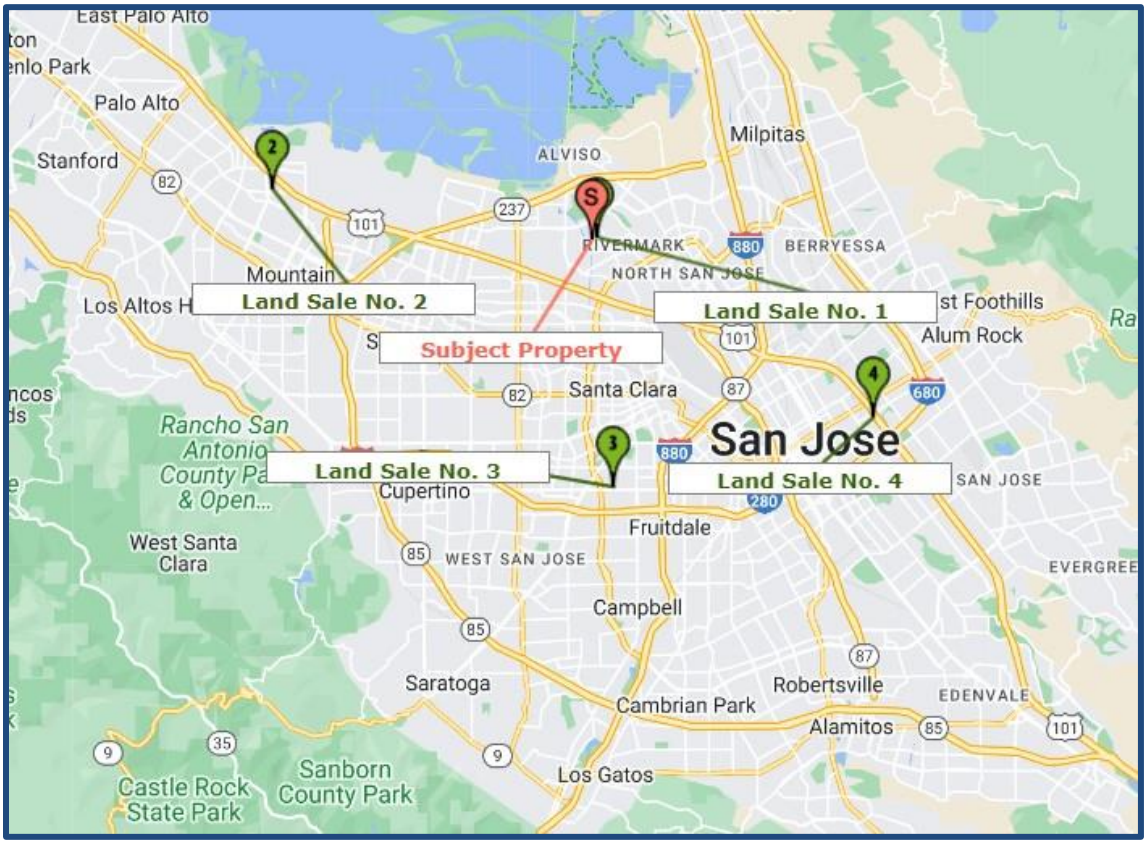
To obtain and verify comparable sales of vacant land properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, and a review of our internal database. We include five sales in our analysis, as these sales were judged to be the most comparable to develop an indication of market value for the property.

The following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the Gianera site. Details of each comparable follow the location map.

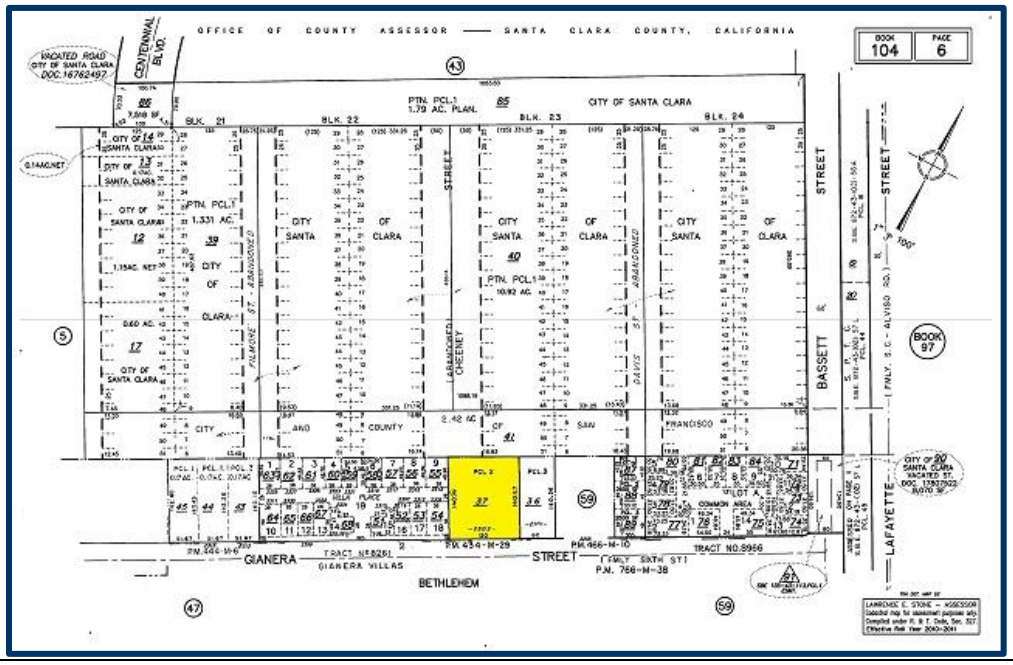
Land Sales Summary

Comp. No.	Date of Sale	Gross Acres	Gross Sq. Ft.	Location		Zoning	General Plan	Sales Price Actual	Per Sq. Ft.
1	June-22	0.386	16,800	2303 Gianera St	Santa Clara	R1-6L	Low Den. Resid.	$2,443,000	$145.42
2	January-21	0.471	20,504	1991 Colony St	Mountain View	R-3-2	Med. Den. Resid	$2,850,000	$139.00
3	March-19	0.201	8,775	3424 Cecil Av	Santa Clara	R1-6L	Very Low Den. Res.	$1,160,000	$132.19
4	February-22	0.312	13,605	272 Bonita Av	San Jose	R-1-8	Resid. Neighbor.	$825,000	$60.64

COMPARABLE SALES MAP



LAND COMPARABLE 1



Property Identification

Property/Sale ID	11287845/1626752
Address	2303 Gianera Street
City, State Zip	Santa Clara, California 95054
County	Santa Clara
Latitude/Longitude	37.400934/-121.965485
Tax ID	104-06-037

Transaction Data

Sale Date	June 17, 2022	**Property Rights**	Fee Simple
Sale Status	Recorded	**Recording Number**	0025354706
Grantor	Nuno & Jose Trinida	**Sale Price**	$2,443,000
Grantee	Gianeral St EST LLC		

Property Description

Gross Acres	0.39		Studies Zone for earthquake hazard. Earthquake hazard is typical for the overall area.
Gross SF	16,800		
Shape	Rectangular		
Topography	Level		
Utilities	All public utilities are available to the site	**Use Designation**	Low Density Residential
		Zoning Jurisdiction	City of Santa Clara
Flood Hazard Zone	X	**Zoning Code**	R1-6L
Earthquake Zone	The property is not located in an Alquist-Priolo Special	**Zoning Description**	Single Family Residential

Indicators

$/Gross Acre	$6,334,431.00	**$/Gross SF**	$145.42

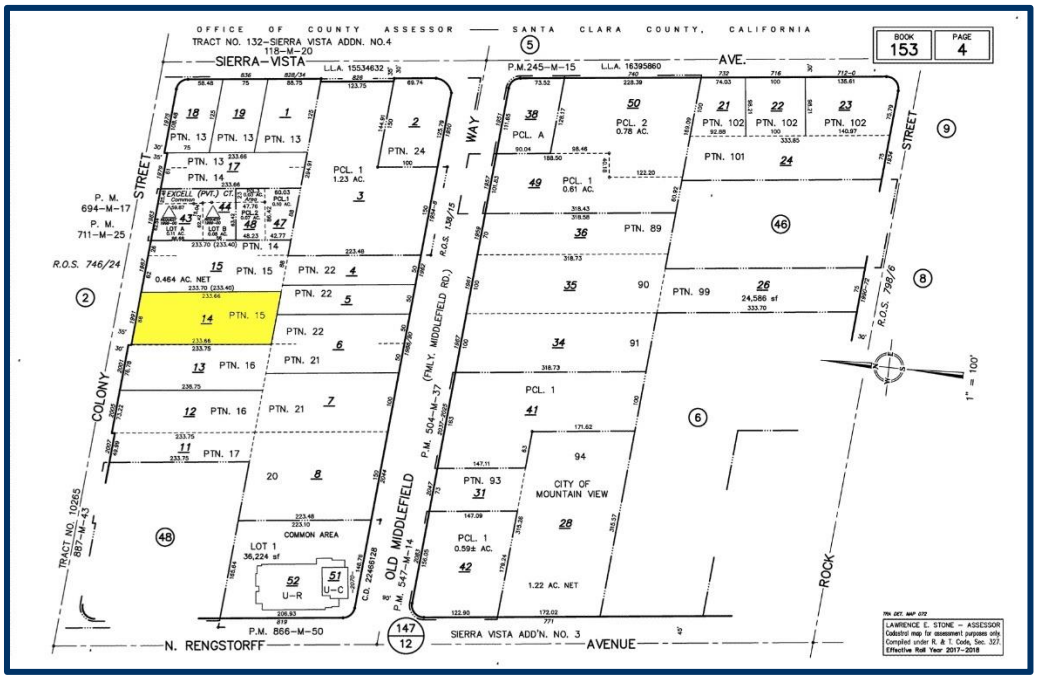
Remarks

The property consists of a single parcel located along the north side of Gianera Street in Santa Clara. The site has a rectangular shape and an interior lot configuration with approximately 120.00 feet of frontage along Gianera Street (with one curb cut).

The underlying site contains approximately16,800 square feet or 0.39 acres and is improved with an 1,812-square-foot single-family residence. The property is zoned Single Family Residential (R1-6L) and the General Plan designation is Low-Density Residential. According to MLS the property was previously approved for redevelopment with six single-family homes and although approvals may have expired, they support the subdivision potential of the site.

Gianeral St EST LLC purchased this property from Nuno & Jose Trinida in August 2022. The property was listed in May 2022 for $1,999,999 and sold in 17 days for $2,443,000 or 1,348.23 per square foot. This is approximately 22.2% above asking. The buyer's broker reported the property was purchased as an investment, however, given to low coverage and the high sales price it appears that the price reflects its future redevelopment potential.

LAND COMPARABLE 2



Property Identification

Property/Sale ID	11122215/1518918
Address	1991 Colony Street
City, State Zip	Mountain View, California 94043
County	Santa Clara
Latitude/Longitude	37.415685/-122.091049
Tax ID	153-04-014

Transaction Data

Sale Date	January 15, 2021	**Financing**	Cash
Sale Status	Recorded	**Conditions of Sale**	None
Grantor	Frank and Bruno Jr. Muzzi	**Recording Number**	0024811488
Grantee	Bei Jiang	**Sale Price**	$2,850,000
Property Rights	Fee Simple		

Property Description

Gross Acres	0.47	**Use Designation**	Medium-Density Residential (13 to 25 DU/acres)
Gross SF	20,504		
Shape	Rectangular		
Topography	Level	**Zoning Jurisdiction**	City of Mountain View
Utilities	All are available to site	**Zoning Code**	R-3-2
Flood Hazard Zone	AO	**Zoning Description**	Residential—Multiple-Family

Indicators

$/Gross Acre	$6,054,683.00	**$/Unit**	$950,000
$/Gross SF	$139.00		

Remarks

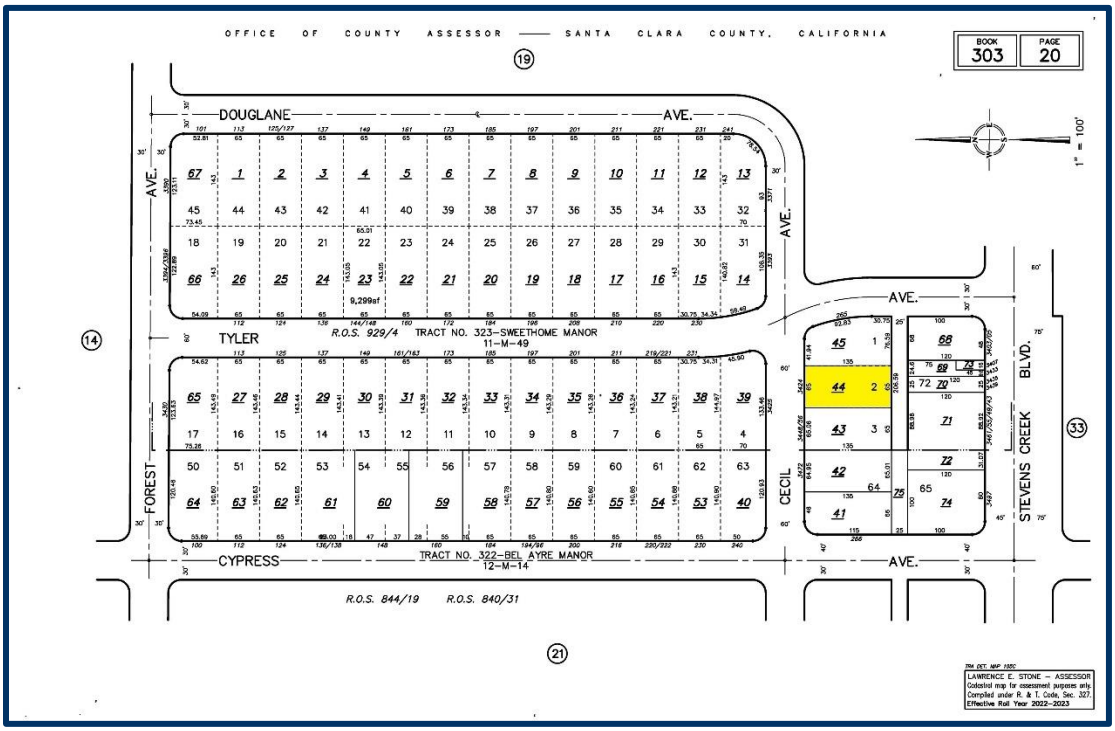
The property consists of one parcel of residential land located east of Rengstorff Avenue in Mountain View. The site measures 20,504 square feet, or 0.47 acres, with 88 feet of frontage along Colony Street (one curb cut). The parcel has an interior configuration with a depth of 233.66 feet. The property is tucked in a quiet residential neighborhood yet within one mile of Highway 101, providing good regional access. The site also benefits from proximity to Old Middlefield Way, a commercial corridor, as well as shopping centers and prominent employers, including Google headquarters.

The site is zoned R3-2: Residential--Multiple-Family, and the General Plan designation is Medium-Density Residential. The R3-2 zoning permits the construction of a variety of residential uses, including apartments, condominiums, rowhouses, townhomes, and single-family homes. Of note, the entire site lies within Flood Zone AO, which requires flood insurance.

This property was listed on and off the market for a year and in that timeframe, it went into escrow four times. While the zoning would permit up to six units, the City would not approve row housing on the site because its width is less than 100 feet. Also, there is a BMR requirement, which made some of the buyers drop out. The property was priced for an as is sale, and the sellers did not want to hold the property for 12-18 months until the buyer received approvals.

The buyer of the property is planning on subdividing into three lots with the intention of selling two of the lots and potentially keeping one. At the time of sale, the property was improved with a single-family home and other structures, but they were in fair condition and added no value to the property. The buyer purchased the property in an all-cash transaction with no contingencies. Close of escrow was very quick. This is reflected in the sale price, which was 14% below the asking price.

LAND COMPARABLE 3



Property Identification

Property/Sale ID	11024007/1472834
Address	3424 Cecil Avenue
City, State Zip	Santa Clara, California 95050
County	Santa Clara
Latitude/Longitude	37.324063/-121.958931
Tax ID	303-20-044

Transaction Data

Sale Date	March 26, 2019	**Financing**	Cash
Sale Status	Recorded	**Conditions of Sale**	Typical
Grantor	Dunn1 Family Trust	**Recording Number**	0024141709
Grantee	Kwong Cheng	**Days on Market**	7
Property Rights	Fee Simple	**Sale Price**	$1,160,000

Property Description

Gross Acres	0.20	**Use Designation**	Very Low Density Residential
Gross SF	8,775		
Shape	Rectangular	**Zoning Jurisdiction**	City of Santa Clara
Topography	Level	**Zoning Code**	R1-6L
Utilities	All utilities in place	**Zoning Description**	Single Family Residential
Flood Hazard Zone	D		

Indicators

$/Gross Acre	$5,758,253.00	**$/Gross SF**	$132.19

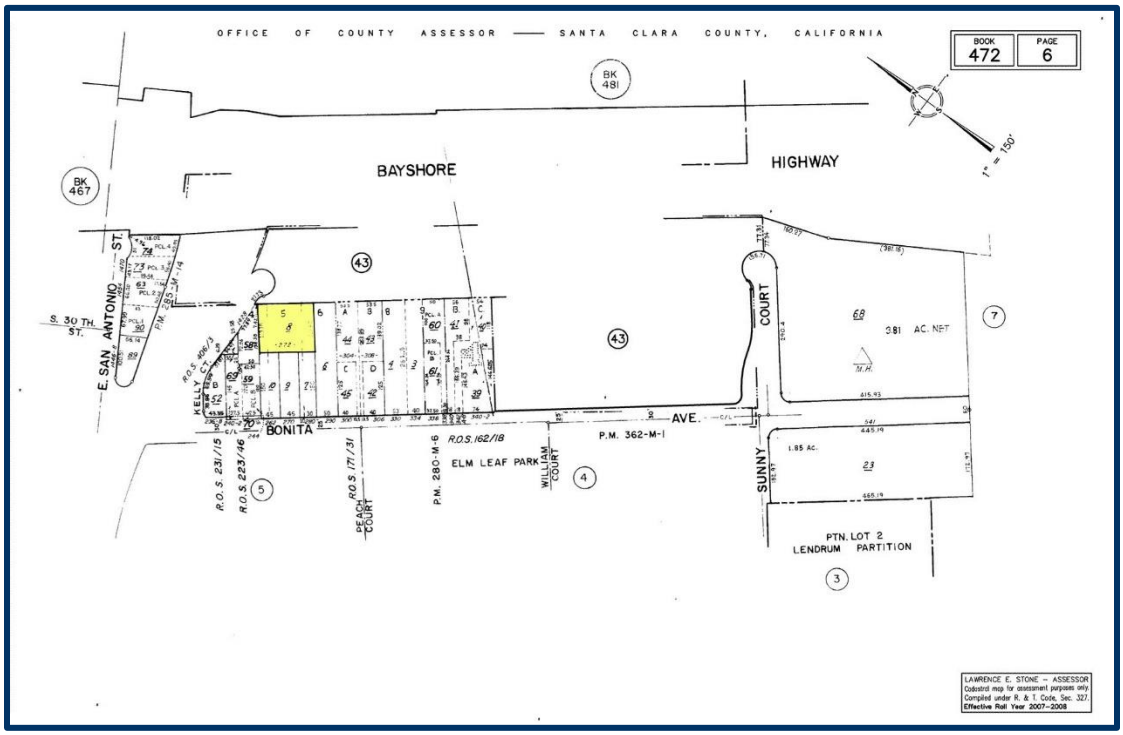
Remarks

The property consists of a single parcel located along the south side of Cecil Avenue in Santa Clara. The site has a rectangular shape and an interior lot configuration with approximately 65.00 feet of frontage along Cecil Avenue (with one curb cut).

The underlying site contains approximately 8,775 square feet or 0.20 acres and is improved with a 1,798-square-foot single-family residence completed in 1921 and updated in 1948. The property is zoned Single Family Residential (R1-6L) and the General Plan designation is Very Low-Density Residential.

Kwong Cheng purchased this property from Dunn1 Family Trust in March 2019. The property was listed on the market for seven days and sold above the asking price of $988,000. The sale price was $1,160,000. This is the sale of a home that was marketed as a "contractor's delight" with significant updating needed. There is also an un-permitted ADU. The property has the potential to be significantly updated and reconfigured or completely rebuilt with a larger home as well as an ADU.

LAND COMPARABLE 4



Property Identification

Property/Sale ID	11255925/1604301
Address	272 Bonita Avenue
City, State Zip	San Jose, California 95116
County	Santa Clara
Latitude/Longitude	37.345414/-121.859191
Tax ID	472-06-008

Transaction Data

Sale Date	February 7, 2022	**Financing**	Cash
Sale Status	Recorded	**Conditions of Sale**	None
Grantor	Elena Vizcarra	**Recording Number**	25265558
Grantee	Viam Bonita Partners LLC	**Sale Price**	$825,000
Property Rights	Fee Simple		

Property Description

Gross Acres	0.31	**Flood Hazard Zone**	X (unshaded)
Gross SF	13,605	**Use Designation**	Residential Neighborhood
Shape	Rectangular	**Zoning Jurisdiction**	City of San Jose
Topography	Level	**Zoning Code**	R-1-8
Utilities	Electricity available at the street.	**Zoning Description**	Single Family Residential

Indicators

$/Gross Acre	$2,641,437.00	**$/Gross SF**	$60.64

Remarks

The site consists of a parcel of vacant, residential land, located one parcel east of Bonita Avenue in San Jose. The subject benefits from a central location within a 10-minute drive of Downtown San Jose and within one mile of Highway 101, near the interchange with Interstate 280. The neighborhood is mostly a low-density, residential community that includes some mobile home parks.

The property contains 13,605 square feet, or 0.31, acres, and is one of the larger lots in the immediate neighborhood. It was previously used for operation of a demolition business. The site lacks street frontage. Instead, access to the property is provided via an adjacent parcel that fronts Kelly Court.

The property has zoning of R-1-8 zoning and a land use designation of Residential Neighborhood (RN) which permits up to eight dwelling units per acre. The site could therefore potentially be subdivided into two lots to accommodate two single-family homes.

The property was listed on the market for six months at an asking price of $995,000. It sold in February of 2021 for $825,000, approximately 17.1% below asking.

Land Sales Comparison Analysis

The data utilized are the best available at the time of this report. We analyzed the sales and made adjustments for differences in the elements of comparison previously listed. The comparable sales are adjusted to the Gianera property: if the comparable sale was superior, we applied a negative adjustment to the comparable sale. A positive adjustment to the comparable property was applied if it was inferior to the site.

Transaction Adjustments

These items are applied prior to the application of property adjustments. Transaction adjustments include:

1. Real Property Rights Conveyed
2. Financing Terms
3. Conditions of Sale
4. Expenditures Made Immediately After Purchase

The adjustments are discussed as follows:

Real Property Rights Conveyed

The sale comparables all reflect the fee simple interest; thus, no adjustments for property rights are required.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms.

All comparable sales are financed at market, or they are all-cash sales. No adjustments are applied.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. No adjustments for condition of sale are required.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include: (1) costs to demolish and remove any portion of the improvements, (2) costs to petition for a zoning change, and/or (3) costs to remediate environmental contamination.

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

Market Conditions Adjustment

Market conditions change over time as a result of inflation, deflation, fluctuations in supply and demand and other factors. Changing market conditions creates the need for adjustments to sale comparables that represent transactions during periods of dissimilar market conditions.

Discussions with market participants indicate the vacant land market was strong prior to interest rate increases. We applied a 5% upward adjustment until June 2022, based on MLS and our experience with similar properties.

Property Adjustments

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

We have summarized adjustments to the sale comparables below and on the following page as delineated in the adjustment grid at the end of this section. These adjustments are based on our market research, best judgment, and experience in the appraisal of similar properties. The adjustments are discussed as follows:

Location

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

The site is located along Gianera Street in Santa Clara. The location has average access and proximity to employment centers and it is located in an established residential neighborhood. Comparables Two and Three have superior locations within more desirable School Districts, and thus downward adjustments are applied. Comparable Four has an inferior location in East San Jose. An upward adjustment is justified. Comparable One is similar, thus no further adjustment is required.

Size

The size adjustment identifies variances in the physical size of the comparable sites. Typically, the larger a parcel, the higher the sale price per unit and the lower the price per square foot. In considering the size adjustment, both the physical size of the subject is considered, as well as the investment (price) size. Both these factors determine the buyer pool of a property.

Comparable Four with 13,605 square feet is similar to the subject's 12,478 square feet. No adjustment is required. Comparables One and Two with more than 16,000 square feet are inferior. Upward adjustments are applied. Comparable Three with less than 10,000 square feet is superior. A downward adjustment is justified.

Shape/Corner Exposure

All comparables have similar shape that does not impose any constraints in the development potential. They are all interior sites, similar to the Gianera property. No adjustments are required.

Utilities

Comparable Four is adjusted upwards since only electricity is available on-site. All other comparables are similar. No further adjustments are required.

Zoning/General Plan/Density

The Gianera property has General Plan designation of Low Density Residential that allows redevelopment with up to 19 units per acre. Comparable One is similar, thus no adjustment is supported. Comparable Two has superior development potential and is adjusted downwards. All other comparables have inferior development potential thus upward adjustments are required.

Demolition Cost

Comparables One, Two, and Three are previously improved sites that require demolition, similar to the Gianera site. No adjustments are required. Comparable Four is a vacant site. A downward adjustment is supported.

Entitlements

The Gianera site is an unentitled residential site. Comparable One was previously approved for redevelopment with multiple residences and although approvals have likely expired, it supports a discount for the low risk associated with the redevelopment potential of the site. All other comparables are similar unentitled sites. No further adjustments are warranted.

Proximity to Power lines

Comparable One is similar, located on Gianera Street with proximity to the power station and power lines. No adjustment is required. All other comparables are not located in proximity to a substation. However, based on our research and survey of active market participants, proximity to the power station has no impact on the value of the property. Therefore, no adjustments are justified.

Summary of Adjustments

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

COMPARABLE SALES ADJUSTMENT GRID

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4
Sale ID		1626752	1518918	1472834	1604301
Date of Value & Sale	December-22	June-22	January-21	March-19	February-22
Unadjusted Sales Price		$2,443,000	$2,850,000	$1,160,000	$825,000
Gross Square Feet	12,478	16,800	20,504	8,775	13,605
Unadjusted Sales Price per Gross Sq. Ft.		**$145.42**	**$139.00**	**$132.19**	**$60.64**
Transactional Adjustments					
Property Rights Conveyed	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*
Adjusted Sales Price		$145.42	$139.00	$132.19	$60.64
Financing Terms	*None*	*Cash*	*Cash*	*Cash*	*Cash*
Adjusted Sales Price		$145.42	$139.00	$132.19	$60.64
Conditions of Sale	*None*	*None*	*None*	*None*	*None*
Adjusted Sales Price		$145.42	$139.00	$132.19	$60.64
Expenditures after Sale	None				
Adjusted Sales Price		**$145.42**	**$139.00**	**$132.19**	**$60.64**
Market Conditions Adjustments					
Elapsed Time from Date of Value		*0.49 years*	*1.91 years*	*3.72 years*	*0.85 years*
Market Trend Through	June-22	-0.2%	6.9%	15.9%	1.6%
Analyzed Sales Price		**$145.10**	**$148.56**	**$153.25**	**$61.59**
Physical Adjustments					
Location	*2319 Gianera Santa Clara*	*2303 Gianera St Santa Clara*	*1991 Colony St Mountain View*	*3424 Cecil Ave Santa Clara*	*272 Bonita San Jose*
Adjustment		-	-20.0%	-10.0%	25.0%
Size	*12,478 sf*	*16,800 sf*	*20,504 sf*	*8,775 sf*	*13,605 sf*
Adjustment		10.00%	15.0%	-10.0%	
Shape	*Rectangular*	*Rectangular*	*Rectangular*	*Rectangular*	*Rectangular*
Adjustment		-	-	-	-
Corner Exposure/	*Interior*	*Interior*	*Interior*	*Interior*	*Interior*
Adjustment		-	-	-	-
Utilities	*To the site*	*Similar*	*Similar*	*Similar*	*Electricity only*
Adjustment		-	-	-	10.0%
Zoning	*R1-6L*	*R1-6L*	*R-3-2*	*R1-6L*	*R-1-8*
General Plan	*Low-Dens. Res.*	*Low-Dens. Res.*	*Med.-Dens. Res*	*Very Low-Dens.*	*Resid. Neighbor.*
Density	*8-19 DU/A*	*8-19 DU/A*	*13-25 DU/A*	*Up to 10 DU/A*	*Up to 8 DU/A*
Adjustment		-	-5.0%	5.0%	10.0%
Demolition Cost	*House/Garage*	*House*	*House*	*House*	*Vacant*
Adjustment		-	-	-	-1.0%
Entitlements	*None*	*Previously Approved*	*None*	*None*	*None*
Adjustment		-25.0%			
Proximity to Power Lines	*Yes*	*Similar*	*No*	*No*	*No*
Adjustment					
Net Physical Adjustment		-15.0%	-10.0%	-15.0%	44.0%
Adjusted Sales Price per Gross Square Foot		**$123.33**	**$133.70**	**$130.27**	**$88.68**

Sales Comparison Approach Value Indication

From the market data available, sales in competitive market areas were selected as most comparable to the property. We have adjusted the comparable sales based on pertinent elements of comparison as discussed earlier. The following table summarizes the unadjusted and adjusted sale prices:

Land Sale Statistics

Metric	Unadjusted	Analyzed	Adjusted
Min. Sales Price per Gross Square Foot	$60.64	$61.59	$88.68
Max. Sales Price per Gross Square Foot	$145.42	$153.25	$133.70
Median Sales Price per Gross Square Foot	$135.60	$146.83	$126.80
Mean Sales Price per Gross Square Foot	$119.31	$127.12	$119.00

Before adjustments the comparables indicate a range between approximately $61 and $145 square foot. The adjusted sale prices reflected a range from approximately $89 to $134 per square foot with an average of $119 per square foot and median of approximately $127 per square foot.

In the final market value estimate, we place greater weight on Comparables One for its location on Gianera in the immediate neighborhood. This comparable supports an indicator or $123 per square foot. Three of the four comparables range between $123 and $134 per square foot. Based on our analysis, the market value of the property "As Is" is $1,590,000 as follows:

Land Value Conclusion				
Reasonable Adjusted Comparable Range				
12,478 square feet	x	$125.00 psf	=	$1,559,750
12,478 square feet	x	$130.00 psf	=	$1,622,140
Fair Market Value Opinion				(Rounded)
12,478 square feet	x	**$127.50 psf**	=	**$1,590,000**

Estimate of Fair Market Rent

Per our client's request we also develop an opinion of market rent for the existing single-family home. We surveyed competitive properties in the local market area, focusing on single-family residences with similar locations, size and market appeal. As most single-family homes are purchased by owner/users we were unable to find many comparables located in the immediate neighborhood. Instead, we searched in a wider area and back in time. We looked for smaller properties located on larger sites, similar to the Gianera property.

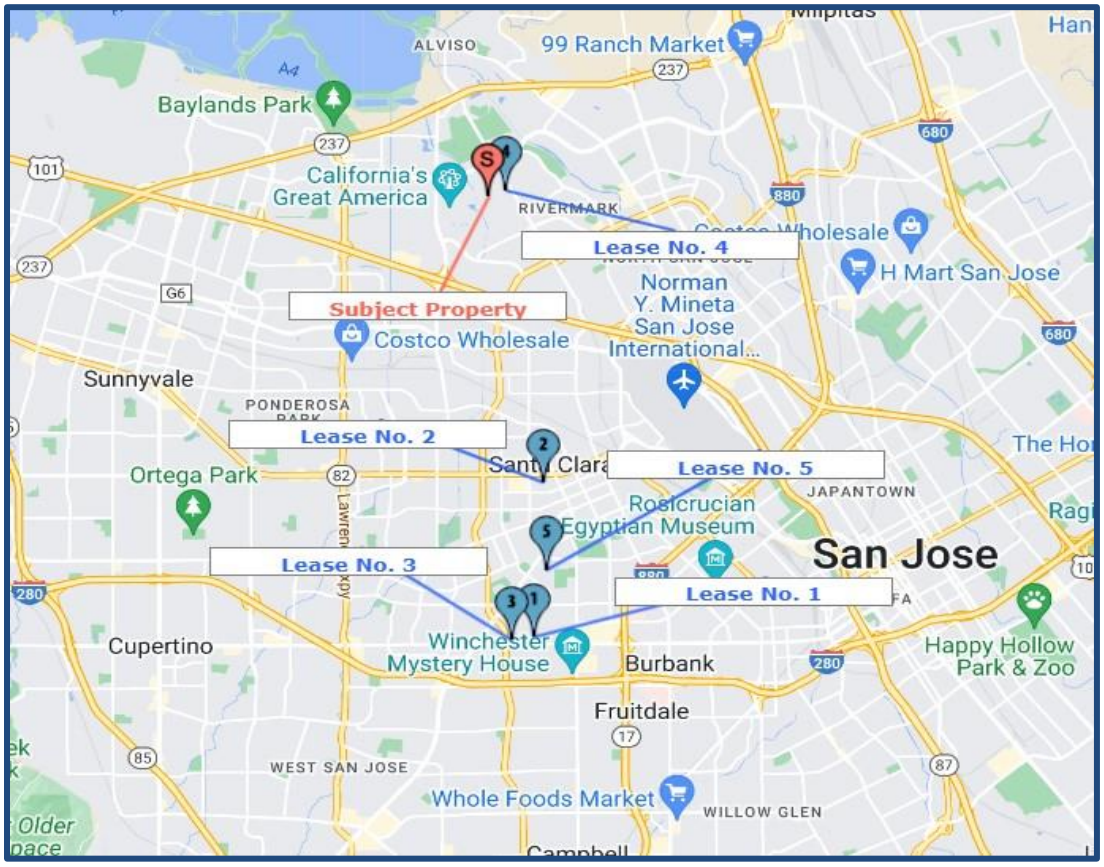
We used five rental comparables in the City of Santa Clara to derive an appropriate market rent for the property. The comparables utilized are the best available at the time of this report. Following is a table summarizing each rent comparable and a map illustrating the location of each comparable in relation to the Gianera home.

Market Rent Analysis

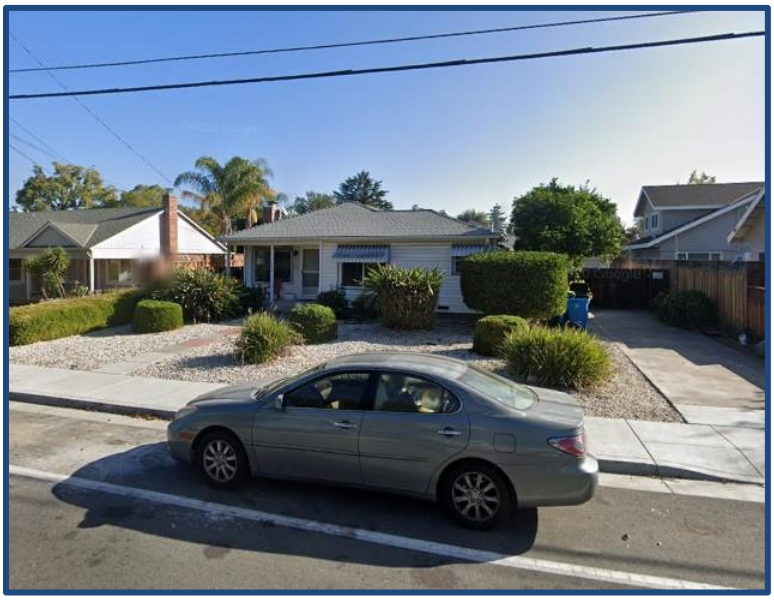
The property is located in the city of Santa Clara submarket. Rental comparables within the subject submarket were obtained, which reflect the average asking rents and occupancy rates for the selected comparables.

Rent Comparable Summary

Comp. No.	Lease Commences	Location		Year Built	NLA	Lot Size	Bed Bath	Rental Rate	Lease Rent / SF	Parking
1	April-22	230 Tyler Ave	Santa Clara	1949	1,264	9,295	3/2	$3,550	$2.93	Open
2	February-20	1818 Clay Str	Santa Clara	1946	1,915	9,113	3/2	$3,800	$1.98	2 Grg
3	August-19	22 Brookside Ave	Santa Clara	1940	1,704	13,689	3/1.5	$3,995	$2.34	2 Grg
4	August-21	2222 Gianera Str	Santa Clara	1998	1,667	1,979	3/2.5	$3,650	$2.24	2 Grg
5	November-22	2189 Bohannon Dr	Santa Clara	1952	1,165	10,903	3/2	$4,250	$3.65	2 Grg



RENT COMPARABLE 1



Property Identification

Property/Rent ID	11287836/639198
Property Type	Single Family Residential
Address	230 Tyler Avenue
City, State Zip	Santa Clara, California 95050
County	Santa Clara
Latitude/Longitude	37.324674/-121.958398
Tax ID	303-20-015

Transaction Data

Commencement	April 15, 2022

Rental Rates

Initial Rent/SF	$2.81

Property Description

Gross Building SF	1,264	**Building Condition**	Average
Net Rentable SF	1,264	**Gross Acres**	0.21
Year Built	1949		

Remarks

The property consists of a single parcel located along the east side of Tyler Avenue in Santa Clara. The site has a rectangular shape and an interior lot configuration with approximately 65.09 feet of frontage along Tyler Avenue.

The underlying site contains approximately 9,295 square feet or 0.21 acres and is improved with a 1,264-square-foot single-family residence. The house has three bathrooms and two bathrooms and is in average condition. Parking available for two cars on driveway. The property is zoned Single Family Residential (R1-6L), and the General Plan designation is Very Low-Density Residential.

RENT COMPARABLE 2

Property Identification

Property/Rent ID	11287837/639196
Property Type	Single Family Residential
Address	1818 Clay Street
City, State Zip	Santa Clara, California 95050
County	Santa Clara
Latitude/Longitude	37.351112/-121.956932
Tax ID	269-01-042

Transaction Data

Commencement	February 5, 2020

Rental Rates

Initial Rent/SF	$1.98

Property Description

Gross Building SF	1,915	**Building Condition**	Average
Net Rentable SF	1,915	**Gross Acres**	0.21
Year Built	1946		

Remarks

The property consists of a single parcel located along the south side of Clay Street in Santa Clara. The site has a generally triangular shape and a corner lot configuration.

The underlying site contains approximately 9,113 square feet or 0.21 acres and is improved with a 1,915-square-foot single-family residence. The house has three bathrooms, two bathrooms, a 2-car garage and is in below average condition. The property is zoned Single Family Residential (R1-6L), and the General Plan designation is Very Low-Density Residential.

RENT COMPARABLE 3

Property Identification

Property/Rent ID	11287838/639197
Property Type	Single Family Residential
Address	22 Brookside Avenue
City, State Zip	Santa Clara, California 95050
County	Santa Clara
Latitude/Longitude	37.323996/-121.963086
Tax ID	303-22-040

Transaction Data

Commencement	August 23, 2019

Rental Rates

Initial Rent/SF	$2.34

Property Description

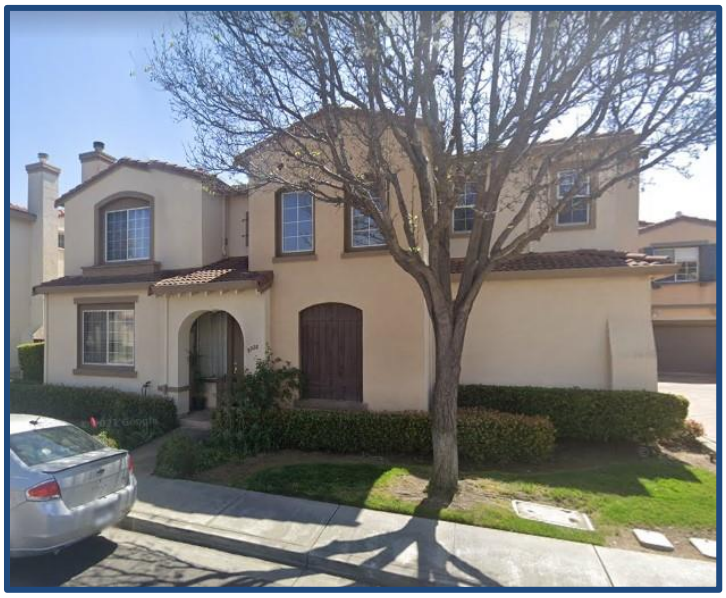
Gross Building SF	1,704	**Building Condition**	Average
Net Rentable SF	1,704	**Gross Acres**	0.31
Year Built	1940		

Remarks

The property consists of a single parcel located along the east side of Brookside Avenue in Santa Clara. The site has a rectangular shape and an interior lot configuration with approximately 100.00 feet of frontage along Brookside Avenue.

The underlying site contains approximately 13,689 square feet or 0.31 acres and is improved with a 1,704-square-foot single-family residence. The house has three bathrooms, one full and one half-bathrooms, a 4-car garage and is in average condition. The property is zoned Professional and Administrative Office (OA), and the General Plan designation is Very Low-Density Residential.

RENT COMPARABLE 4



Property Identification

Property/Rent ID	11287839/639199
Property Type	Single Family Residential
Address	2222 Gianera Street
City, State Zip	Santa Clara, California 95054
County	Santa Clara
Latitude/Longitude	37.401146/-121.964075
Tax ID	104-59-016

Transaction Data

Commencement	August 13, 2021

Rental Rates

Initial Rent/SF	$2.19

Property Description

Gross Building SF	1,667	**Building Condition**	Average
Net Rentable SF	1,667	**Gross Acres**	0.05
Year Built	1998		

Remarks

The property consists of a single parcel located along the south side of Gianera Street in Santa Clara. The site has a rectangular shape and an interior lot configuration with approximately 54.50 feet of frontage along Gianera Street.

The underlying site contains approximately 1,979 square feet or 0.05 acres and is improved with a 1,667-square-foot single-family residence. The house has three bathrooms, two full and a half bathroom, a 2-car garage and is in average condition. $80 HOA include a community pool, hot tub, and clubhouse. The property is proximate to Highway 101, 237, and 880. The property is zoned Planned Development (PD), and the General Plan designation is Low-Density Residential.

RENT COMPARABLE 5

Property Identification

Property/Rent ID	11287514/639018
Property Type	Single Family Residential
Address	2189 Bohannon Drive
City, State Zip	Santa Clara, California 95050
County	Santa Clara
Latitude/Longitude	37.336024/-121.956265
Tax ID	303-08-014

Transaction Data

Commencement	November 4, 2022

Rental Rates

Initial Rent/SF	$3.65

Property Description

Gross Building SF	1,165	**Building Condition**	Average
Net Rentable SF	1,165	**Gross Acres**	0.25
Year Built	1952		

Remarks

The property consists of a single parcel located along the north side of Bohannon Drive in Santa Clara. The site has a generally rectangular shape and an interior lot configuration with approximately 57.14 feet of frontage along Bohannon Drive. The underlying site contains approximately 10,903 square feet or 0.25 acres and is improved with a 1,165-square-foot single-family residence. The house has three bedrooms, two bathrooms, a 2-car garage, swimming pool and is in good condition.

Market Rent Analysis

When necessary, adjustments were made for differences in the various elements of comparison, including lease structure, market conditions, location, size and other relevant factors. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment is applied if inferior. A summary of the elements of comparison follows.

Property Adjustments

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

Location

The subject is located along the north side of Gianera Street in Santa Clara. Comparables One and Two have superior locations and downward adjustments are applied. All other comparables have similar locations in Santa Clara. No further adjustments are warranted.

Net Living Area

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

The subject's improvements contain 1,140 square feet. Comparables One and Five are similar. No adjustments are warranted for this element of comparison. Comparables Two, Three and Four are adjusted upwards for their larger living area.

Lot Size

Comparable Four with less than 2,000 square feet of site area is inferior. Upward adjustment is required. All other comparables are similar. No adjustments are applied.

Age/Condition

All else being equal, older properties typically command a lower price per square foot than newer properties. However, although a property may be physically older than another property, the effective age may be similar to a newer property and no adjustment may be indicated. This may be due to the older property being well maintained or a recent renovation.

The Gianera home was completed in the 1960's and is in need of renovation. Comparable Four was built in 1998 and is superior, thus a downward adjustment is applied. All other comparables are similar. No other adjustments are made for this element of comparison.

Bedroom/Bathroom

The property consists of three bedroom and two bathrooms. Comparable Three is adjusted upwards for its inferior bathroom count. Comparable Four is adjusted downwards for its superior bathroom count. No other adjustments are warranted for this element of comparison.

Garage/Pool

Comparable One has driveway parking for two cars inferior to the two-car garage parking available for the Gianera home. An upward adjustment is applied. Comparables Four and Five have swimming pool

and they are adjusted downwards for their superior amenities. All other comparables are similar. No other adjustments are required.

Proximity to Power Lines

As discussed earlier, and based on our discussion with market participants, there is no impact in the rental due to property's location in proximity to the substation and power lines. No adjustments are required.

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

Rent Comparable Adjustment Grid

		Rental # 1	Rental # 2	Rental # 3	Rental # 4	Rental # 5
Comparable ID		639198	639196	639197	639199	639018
Date of Value & Survey/Lease	December-22	April-22	February-20	August-19	July-21	November-22
Property Name	SFR	SFR	SFR	SFR	SFR	SFR
Net Rentable Area	1,140 sf	1,264 sf	1,915 sf	1,704 sf	1,667 sf	1,165 sf
Land Area (acres)	0.286	0.21338	0.20921	0.31426	0.04543	0.2503
Annual Rental Rate		**$2.81**	**$1.98**	**$2.34**	**$2.19**	**$3.65**
Transactional Adjustments						
Expense Structure	*Gross*	*Similar*	*Similar*	*Similar*	*Similar*	*Similar*
Effective Rental Rate		**$2.81**	**$1.98**	**$2.34**	**$2.19**	**$3.65**
Conditions of Lease		*Executed*	*Executed*	*Executed*	*Executed*	*Executed*
Adjustment						
Adjusted Rental Rate		**$2.81**	**$1.98**	**$2.34**	**$2.19**	**$3.65**
Market Conditions Adjustments						
Elapsed Time from Date of Value		*0.67 years*	*2.86 years*	*3.31 years*	*1.39 years*	*0.11 years*
Market Trend Through	June-22	0.7%	11.6%	13.9%	4.3%	
Analyzed Rental Rate		**$2.83**	**$2.21**	**$2.66**	**$2.28**	**$3.65**
Property Adjustments						
Location	*2319 Gianera Street*	*230 Tyler Avenue*	*1818 Clay Street*	*22 Brookside Avenue*	*2222 Gianera Street*	*2189 Bohannon Drive*
	Santa Clara	*Santa Clara*	*Santa Clara*	*Santa Clara*	*Santa Clara*	*Santa Clara*
Relative Comparison		(-)	(-)			
NLA	*1,140 sf*	*1,264 sf*	*1,915 sf*	*1,704 sf*	*1,667 sf*	*1,165 sf*
Relative Comparison		-	(+)	(+)	(+)	-
Lot size	0.286	0.21338	0.20921	0.31426	0.04543	0.2503
Relative Comparison					(+)	
Age/Condition Year Built	*1960's*	*1949*	*1946*	*1940*	*1998*	*1952*
Condition	*Below Average*	*Superior*	*Similar*	*Superior*	*Superior*	*Superior*
Relative Comparison					(-)	
Bedrooms/Baths	*3Bed/2Bath*	*3Bed/2Bath*	*3Bed/2Bath*	*3Bed/1.5Bath*	*3Bed/2.5Bath*	*3Bed/2Bath*
Relative Comparison				(+)	(-)	
Garage/Pool	*2-car garage*	*Driveway*	*2-car grg*	*2-car garage*	*2-car grg, pool*	*2-car grg, pool*
Relative Comparison		(+)			(-)	(-)
Proximity to Power Lines	*Yes*	*No*	*No*	*No*	*Yes*	*No*
Relative Comparison						
Overall Net Relative Comparison		**Similar to $2.83**	**Similar to $2.21**	**More than $2.66**	**Less than $2.28**	**Less than $3.65**

Conclusions

We adjusted the rent comparables based on pertinent elements of comparison as discussed earlier and summarized them in the preceding adjustment grid. The final analyzed rental rate range from $2.21 to $3.65 per square foot of NLA with an average of $2.73 and a median of $2.66 as shown below:

Rent Comparable Statistics

Metric	Unadjusted	Analyzed
Minimum Rental Rate	$1.98	$2.21
Maximum Rental Rate	$3.65	$3.65
Median Rental Rate	$2.34	$2.66
Mean Rental Rate	$2.59	$2.73

Comparable Four is given most weight for its location in the immediate neighborhood. The property supports a rental rate less than $2.28 per square foot of living area. The high end of the range, comparable Fine is a smaller home on a similar lot but offers superior amenities on-site. The low end of the range, Comparable Two is a larger home on a similar lot with superior location in Santa Clara. This comparable supports a rental rate of $2.21 per square foot of living area.

Based on our analysis, a rental rate of $2.25 per square foot of rentable are per month, gross, is supported for the Gianera home. The rental rate is based on a gross lease structure with the tenant being responsible for phone and electric while the landlord pays for most operating expenses including property taxes, insurance, water, trash, repairs and maintenance.

Fair Market Rent Conclusion			
1,140 square feet	$2.25 psf	=	$2,565
Rounded			**$2,600**

Reconciliation

Summary of Value Indications

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

Value Indications

Approach to Value	As Is
Cost	Not Developed
Sales Comparison	$1,590,000
Income Capitalization	Not Developed

Value Conclusion

Component	As Is	As Is
Value Type	Fair Market Value	Fair Market Rent
Property Rights Appraised	Fee Simple	
Effective Date of Value	December 14, 2022	December 14, 2022
Value Conclusion	**$1,590,000**	**$2,600**
	$127 psf of Site Area	**$2.28 psf of NLA**

To reach a final opinion of value, the reliability and relevance of each value indication was considered based upon the quality of the data and applicability of the assumptions underlying each approach. Given the availability and reliability of data within the Sales comparison Approach, this approach was given primary weight in reconciling to the final value conclusion.

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

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- None

Exposure Time

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, exposure time estimate of 6 to 9 months is considered reasonable and appropriate for the property.

National Quality Control

Valbridge's top priority is delivering a quality report. Valbridge requires all reports to be reviewed by an experienced director with the MAI designation. This quality control assessment consists of reading the report, checking calculations, and providing feedback on its quality and consistency prior to report delivery. All Valbridge reports are signed by an experienced appraiser with the MAI designation.

Valbridge values all clients' opinions, and any/all feedback is critical to the ongoing efforts to improve client servicing. Please feel free to contact the National Quality Control Director below with any feedback, questions, or comments.

Tye Neilson, MAI, SRA, MRICS, Esq.
Senior Managing Director
832.916.4608
tneilson@valbridge.com

General Assumptions and Limiting Conditions

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

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Northern California will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
5. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
6. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Northern California is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
7. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
8. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
9. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
10. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
11. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.

12. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Northern California and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
13. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
14. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Northern California.
15. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
16. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
17. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
18. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
19. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
20. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.

21. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
22. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
23. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.
24. You and Valbridge Property Advisors | Northern California both agree that any dispute over matters in excess of $5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Northern California and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Northern California or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Northern California for this assignment, and under no circumstances shall any claim for consequential damages be made.
25. Valbridge Property Advisors | Northern California shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Northern California. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Northern California and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Northern California harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Northern California in such action, regardless of its outcome.
26. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by San Francisco Bay Area | Silicon Valley | San Jose. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

27. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
28. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
29. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification – Norman C. Hulberg, MAI

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the properties that are the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned has not performed services regarding the properties that are the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Norman C. Hulberg, MAI has not personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

Norman C. Hulberg, MAI
Senior Managing Director
California Certified License #AG003542

Certification – Chrisoula Kantiotou, PhD

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned has not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Chrisoula Kantiotou did not personally inspect the subject property.
10. Yulia Ferguson provided significant real property appraisal assistance to the person signing this certification. Specific details as to the assistance provided is included in the Scope of Work section of this 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 and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the Standards and Ethics Education Requirement for Candidates/Practicing Affiliates of the Appraisal Institute.

Chrisoula Kantiotou, PhD
Senior Appraiser
California Certified License #AG027334

Addenda

Additional Subject Photographs

Sketch

Glossary

Qualifications

- Norman C. Hulberg, MAI
- Chrisoula Kantiotou, Senior Appraiser
- Yulia Ferguson, Appraisal Analyst

Information on Valbridge Property Advisors

Office Locations

Additional Subject Photographs (Dated December 14, 2022)

Interior of residential structure -living room

Interior of residential structure - bedroom

View of the property restroom

View of the property restroom

View of the kitchen

Typical interior of the garage

View of the back yard looking north

View of back yard looking south

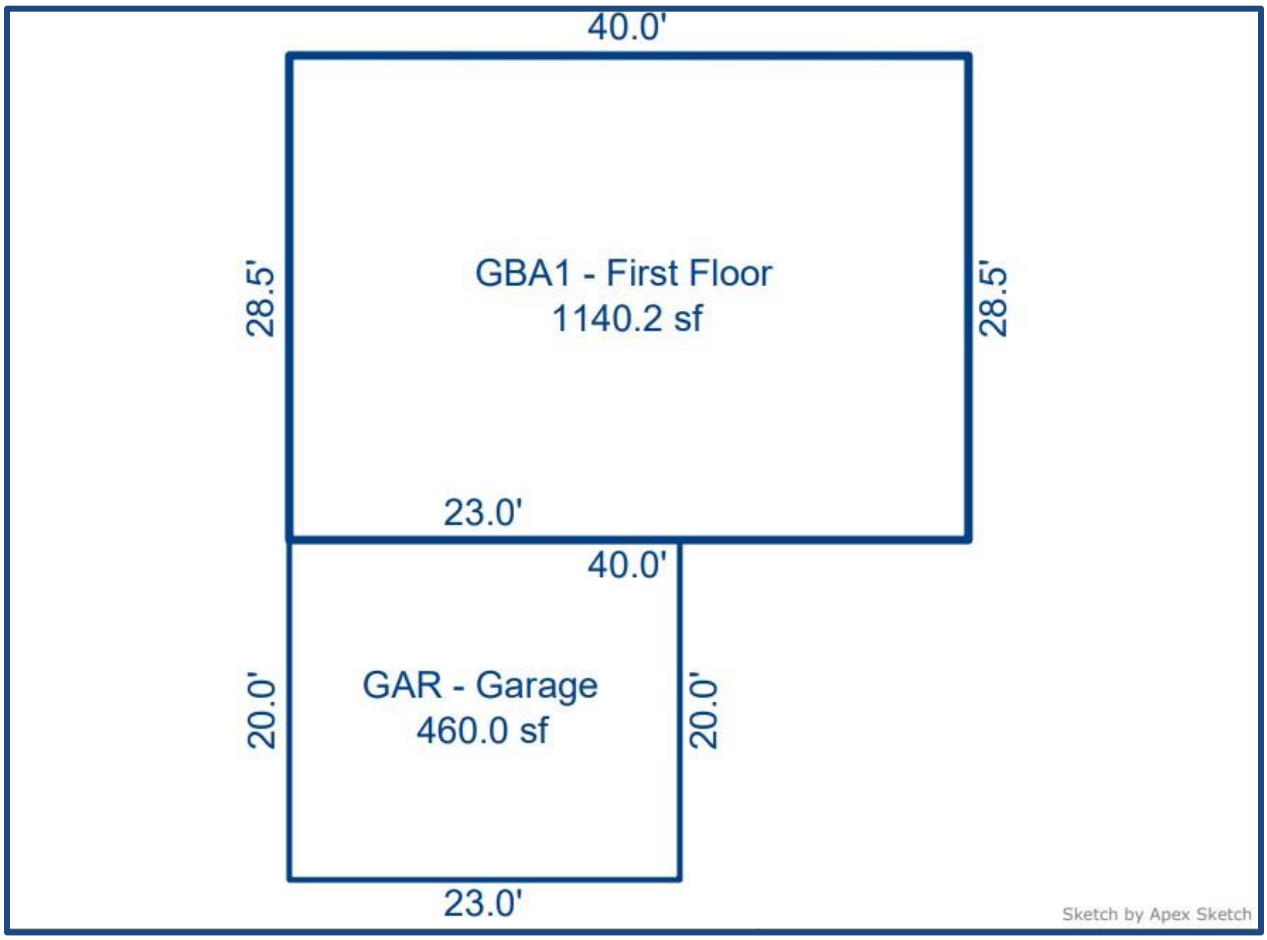
View of the front yard area

Rear of residential structure

Street scene looking west on Gianera Street, subject to the right

Street scene looking east on Gianera Street, subject to the left

Sketch


40.0'
28.5'
GBA1 - First Floor
1140.2 sf
28.5'
23.0'
40.0'
20.0'
GAR - Garage
460.0 sf
20.0'
23.0'
Sketch by Apex Sketch

Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 7th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an "as is" value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but that are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction. (Dictionary)

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security, [amenities,] and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

An attached, detached, or stacked unit within or attached to a structure with common areas that are held as tenants in common (an undivided interest) with other owners in the project. The units can be residential, commercial, industrial, or parking spaces or boat docks. These units are commonly defined by state laws in their locations. Because units can be stacked on top of other units, these units can be defined both vertically and horizontally. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may

permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI÷I_m), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR).* A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation;
3. Both the buyer and seller are acting prudently and knowledgeably;
4. The seller is under compulsion to sell;
5. The buyer is typically motivated;
6. Both parties are acting in what they consider to be their best interests;
7. An adequate marketing effort will be made during the exposure time;
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (Dictionary)

Double Net (Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net lease is defined as a lease in which the tenant is responsible to pay both property taxes and premiums for insuring the building(s). (Valbridge)

(The market definition of a double net lease varies depending on the market)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as date of value. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings.

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause, expense recovery clause or stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

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

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)

Extraordinary Assumption

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.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

Fee Simple Estate

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

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. In essence, floor common area represents all of the area on the floor that is common to that respective floor with the exception of those areas that penetrate through the floor, such as the elevator shaft and stairwell. The significant point to be made is that floor common area is not part of the tenant's usable area. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

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

Gross Building Area (GBA)

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

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is

generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Sellout Value (Sum of the Retail Values)

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values, aggregate retail selling price or sum of the retail values.* (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use of for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

1. A condition that is presumed to be true when it is known to be false. (SVP)
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

Insurable Value (Replacement Cost for Insurance Purposes)

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted). (Dictionary)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

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

Leasehold Interest (Leasehold Estate)

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

See also Positive Leasehold and Negative Leasehold.

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market under all the conditions requisite to a fair lease transaction, the lessee and the lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

1. Lessee and lessor are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
4. The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs). (Appraisal Institute)

Market Value

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary; 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede

the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

1. A lease in which a part or the entire property is leased to a single entity (the master lessee) in return for a stipulated rent. The master lessee then subleases the property to multiple tenants.
2. The first lease in a sandwich lease. (Dictionary)

Modified Gross Lease

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

Negative Leasehold

A lease situation in which the market rent is less than the contract rent. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (*TOE/EGI*); the complement of the net income ratio, i.e., *OER = 1 – NIR* (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common or easement. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Percentage Lease

A lease in which the rent or some portion of the rent represents a specified percentage of the volume of business, productivity, or use achieved by the tenant. (Dictionary)

Positive Leasehold

A lease situation in which the market rent is greater than the contract rent. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

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

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make that claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land

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

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease

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

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

1. The amount determined by discounting the future cash flows (including the ultimate proceeds of disposal) expected to be derived from the use of an asset at an appropriate rate that allows for the risk of the activities concerned. (FASB Accounting Standards Codification, Master Glossary)
2. Formerly used in valuation practice as a synonym for *contributory value* or *use value*. (Dictionary)

VTAB (Value of the Total Assets of a Business)

The total amount that the real property, tangible personal property, and intangible property assets of a business would sell for in an asset-based transaction. (Dictionary)

Qualifications

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PhD, Urban and Regional Planning
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Master of Community Planning
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Bachelor of Arts, Economics
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Chrisoula Kantiotou, PhD

Senior Appraiser
Valbridge Property Advisors | Northern California

MEMBERSHIPS & AFFILIATIONS

Appraisal Institute

- Member
- Candidate for MAI

Valbridge Women's Council

- Member

APPRAISAL INSTITUTE & RELATED COURSES

- Report Writing and Case Studies
- USPAP
- Capitalization Theory and Techniques

SPEAKING ENGAGEMENTS

Appraisal Institute 2022 Annual Spring Conference

- *Fractional Interest Valuation: Valuing a Piece of the Pie*

EXPERIENCE

Valbridge Property Advisors | Northern California

- Senior Appraiser, 2020-Present
- Appraiser, 2015-2019

The Fillmore Group

- Commercial Appraiser, 2003-2014

The Property Sciences Group, Inc.

- Staff Appraiser, 1999-2002
- Associate Appraiser, 1998-1999

With more than 20 years of experience, Ms. Kantiotou specializes in fractional interest valuations and complex appraisals, including estate portfolios. In her tenure at Valbridge Property Advisors, she has completed more than 280 fractional interest valuations.

Appraisal/valuation and consulting assignments include: Commercial (office buildings, community and strip retail centers, medical buildings, childcare centers, preschools, and vacant land); Industrial (light industrial, research and development, warehouses, condominiums, and vacant land); and Residential (apartments, condominiums, subdivisions, single-family dwellings, vacant land, mixed-use developments, and affordable housing).

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Senior Managing Director
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MEMBERSHIPS & AFFILIATIONS

Appraisal Institute, Member

- MAI Designation, 1982

Santa Clara County Estate Planning Council

- Director

Rotary Club of San Jose

- Member

APPRAISAL INSTITUTE & RELATED COURSES

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

EXPERIENCE

Valbridge Property Advisors | Northern California

- Senior Managing Director, 2013-Present

Valbridge Property Advisors, Inc.

- National Director, 2013-Present
- Member, Board of Directors, 2013-Present

Hulberg & Associates, Inc.

- President, 1976-2013

Mr. Hulberg has provided valuation services in a wide variety of complex civil litigation including real estate, land use cases, condemnation, estate matters, property taxation, contract disputes, partnership and corporate disputes, environmental lawsuits, professional negligence cases, construction defect, and bankruptcy/creditors matters.

He is qualified as an expert witness in most counties in the San Francisco Bay Area, Monterey Bay, and Central Valley regions, as well as and in the U.S. Tax Court in the U.S. District Courts in San Jose, San Francisco, Oakland, and Las Vegas. Mr. Hulberg is a highly experienced forensic appraiser, having provided testimony on over 300 occasions. This includes over 100 jury trials in state and federal courts in addition to numerous court trials. He has also testified in major arbitrations and before state and federal courts, as well as private arbitrations.

Appraisal/valuation and consulting assignments include: Residential (Single-family, condominium, apartments, land, mobile home parks), office buildings, hotels/motels, service stations, general retail, vacant land, industrial (plants, research and development, warehouses, data centers). Fractional interest valuations, contaminated properties, special purpose properties, feasibility studies, market studies, condemnation, construction defects, litigation support, mediations, arbitrations, and review appraisals.

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MEMBERSHIPS & AFFILIATIONS

Appraisal Institute

- Annually attend Fall and Spring conferences

APPRAISAL INSTITUTE & RELATED COURSES

Mbition

- Basic Appraisal Principles
- Basic Appraisal Procedures
- Residential Market Analysis and Highest & Best Use
- Residential Report Writing and Case Studies
- Residential Appraiser Site Valuation and Cost Approach
- Residential Sales Comparison and Income Approaches

McKissock Learning

- 15-Hour National USPAP Course

EXPERIENCE

Valbridge Property Advisors | Northern California

- Appraisal Analyst, 2021-Present

Real Estate Appraisal Professionals

- Real Estate Appraiser Trainee, 2020-2021

Ms. Ferguson has 10+ years of combined experience in real estate, business management, banking, accounting, and customer service. She also has extensive experience with researching, collecting, and analyzing financial data metrics.

Appraisal/valuation and consulting assignments include: Retail (automotive service and repair facilities, freestanding buildings, and street retail); Office (low-rise buildings and business parks); Industrial (condominium units, freestanding buildings, and contractor's yards); Land (agricultural, multi-family development, commercial, industrial, remnants, and open spaces); and Easements (view, access, underground, temporary construction, and permanent right-of-way); as well as Shopping Centers and Mixed-Use properties.

Valbridge
PROPERTY ADVISORS

FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent commercial property valuation and advisory service firm in North America.
  - Total number of MAI-designated appraisers (200+ on staff)
  - Total number of office locations (80+ across the U.S.)
  - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge specializes in appraising all types of real property.
- Valbridge provides independent valuation services. We are NOT owned by a brokerage firm or investment company.
- Every Valbridge office is overseen by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by local offices.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market, and other bulk-property engagements.

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