

# ALL BAY VALUATION

*Appraisers & Consultants*

*Prepared for  
City of San Bruno*

## APPRAISAL REPORT



***"CROSSING HOTEL SITE"***  
***SAN BRUNO***  
***(APN: 020-013-250 & 260)***

*September 30, 2015*

*Prepared by  
Pete Doherty, MAI*

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## TABLE OF CONTENTS

	<u>Page</u>
<b><u>INTRODUCTION</u></b>	
Letter of Transmittal	
Assumptions & Limiting Conditions	
Certification of Value	
Certification & Restrictions Upon Disclosure & Use	
Subject Photographs	
<b><u>DESCRIPTION</u></b>	
Nature of the Assignment	1
Property Identification	3
Regional Location Map	
San Mateo County Description	5
Area Map	
Aerial Map	
Neighborhood Description	7
Market Overview	9
Plat Map	
Site Description	13
Flood Map Report	
Zoning Map	
<b><u>ANALYSIS</u></b>	
Analysis & Valuation Introduction	17
Highest & Best Use Analysis	18
Market Approach – Land	20
Sales Map & Photographs	
Sales Analysis	21
Land Sales Valuation Analysis	23
<b><u>Addendum</u></b>	
❖ Property Detail Reports	
❖ Title Report	
❖ Qualifications	

# All Bay Valuation

Appraisers & Consultants

Larry Lumpkins

John Egan

Pete Doherty, MAI

October 12, 2015

**Mr. Mark Sullivan**

City of San Bruno  
567 El Camino Real  
San Bruno, CA 94066

Dear Mr. Sullivan:

In response to your request to prepare an appraisal of the "**Crossing Hotel Site**" (APN: **020-013-250 & 260**) located in San Bruno, CA., I have personally made an inspection of that property. This inspection was made for the purpose of estimating the "as is" market value as of September 30, 2015.

**"Market Value"** is defined as:

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

- a. buyer and seller are typically motivated;
- b. both parties are well-informed or well-advised, and acting in what they consider their best interests;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. the price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *Uniform Standards of Professional Appraisal Practice (USPAP), 2014 Edition*

**P.O. Box 1021, San Carlos, CA 94070**  
**Tel: (650) 568-5780**  
**allbay@pacbell.net**  
**www.allbayvaluation.com**

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**Mr. Mark Sullivan**

October 12, 2015

Page 2

This appraisal assignment is an **appraisal report** (under Standards Rule 2-2, as defined in the Uniform Standards of Professional Appraisal Practice, USPAP). Please note the assumptions and limiting conditions that follow. These assumptions and limiting conditions are an integral part of this valuation.

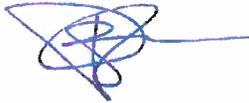
Based upon my investigation and analysis of the data gathered with respect to this assignment, I have formed the opinion that the “as is” market value of the subject property, as of September 30, 2015 is:

**THREE MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS**  
**(\$3,970,000)**

***It is an extraordinary assumption of this report that the subject property can only be marketed as a hotel site and not as a mixed-use or retail development.***

If the subject was listed for sale, it is my opinion that the “as is” value could be achieved within a 9-12 month marketing and exposure period based on the marketing and exposure periods of the comparable sales and discussions with brokers.

Respectfully submitted,



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Pete Doherty, MAI  
State Certification #AG011067  
Expiration Date: 9/28/2016

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## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

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## ASSUMPTIONS AND LIMITING CONDITIONS (cont'd)

11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. 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, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
12. Any proposed improvements are assumed to have been completed unless otherwise stipulated; any construction is assumed to conform to the building plans referenced in the report.
13. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
14. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

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## **ASSUMPTIONS AND LIMITING CONDITIONS (cont'd)**

This appraisal report has been made with the following general limiting conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

### **EXTRAORDINARY ASSUMPTION**

It is an extraordinary assumption of this report that the subject property can only be marketed as a hotel site and not as a mixed-use or retail development.

### **HYPOTHETICAL CONDITIONS**

None

### **COMPETENCY PROVISION**

The appraiser possesses the necessary knowledge and experience to complete this assignment.

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## CERTIFICATION OF VALUE

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, 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 I have no personal interest or bias with respect to the parties involved.
4. I have 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 the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional assistance to the person signing this certification.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

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**CERTIFICATION OF VALUE (cont'd)**

12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.



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Pete Doherty, MAI  
State Certificate # AG011067  
Expiration Date: 9/28/2016

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10-12-2015

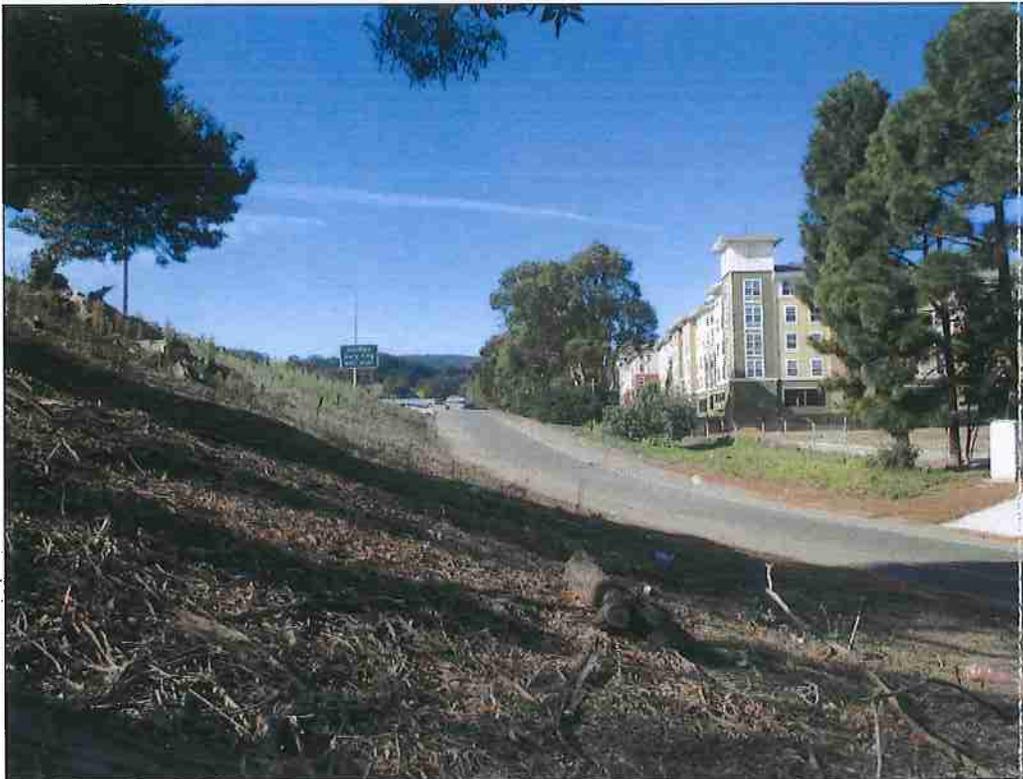
Date

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**VIEW LOOKING NORTHWEST FROM JUST BELOW THE I-380 OVERPASS**



**VIEW OF ON-RAMP TO I-380**



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**ENTRANCE TO SUBJECT SITE FROM ADMIRAL COURT**



**OVERFLOW PARKING AREA FOR JACK'S RESTAURANT**



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**SUBJECT SITE**



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**STREET SCENE ALONG EL CAMINO REAL  
(SUBJECT ON THE RIGHT)**



**STREET SCENE ALONG ADMIRAL COURT  
(SUBJECT ON THE LEFT)**



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## NATURE OF THE ASSIGNMENT

### PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the "As Is" Market Value of the subject property as of September 30, 2015, the most recent date of inspection.

### INTENDED USE/USERS OF THE APPRAISAL

The intended use of this appraisal is for internal planning purposes. Users of this appraisal are the City of San Bruno. It is not intended for any other use and there are no other intended users.

### SCOPE OF THE APPRAISAL

The scope of the appraisal required investigating sufficient data relative to the subject property to derive an opinion of value. The depth of the analysis was intended to be appropriate in relation to the significance of the appraisal problem. The appraiser has attempted to analyze the subject property as seen through the eyes of the hypothetical, "most probable" buyer.

Pete Doherty, MAI inspected the subject property on September 30, 2015. The appraiser was accompanied by Mr. Mark Sullivan. At the time of inspection, the subject property consisted of vacant land. The majority of the site was fenced with the exception of the northwest corner. This small area has a gravel surface and is currently used as surplus parking for Jack's Restaurant.

The appraiser has researched public records, reviewed a preliminary title report, talked with the planning and zoning departments, confirmed taxes and assessments, and inspected the subject neighborhood. The subject's market area was also examined to determine existing and proposed inventory, demand and supply factors. The appraiser has researched, confirmed and analyzed the comparables within this report.

The appraisal report is intended to be an "appraisal assignment." That is, the intention was that the appraisal service was performed in such a manner that the results of the analysis, opinion or conclusion be that of a disinterested third party.

**NATURE OF THE ASSIGNMENT (cont'd)**

**DATE OF THE REPORT**

October 12, 2015

**DATE OF THE "AS IS" VALUE**

September 30, 2015

**PROPERTY INTEREST APPRAISED**

Fee Simple

**DEFINITIONS OF VALUE**

*"As Is" Market Value* means an estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal's effective date.

## PROPERTY IDENTIFICATION

### SUMMARY DESCRIPTION OF REAL ESTATE APPRAISED

<b>Subject Property: "Crossing Hotel Site"</b> <b>San Bruno, CA.</b>	
Combined Site Area (Sq. Ft.)	66,125
Acres	1.52
<b>Improvements</b>	
Present Use	Vacant Land
Zoning	P-D, Planned Development
Land Use Designation	Visitor Services

### ASSESSOR PARCEL NUMBER

The subject property is identified as San Mateo County Assessor Parcel Nos. 020-013-250 & 260.

### LEGAL DESCRIPTION

A legal description can be seen in the Preliminary Title Report, a copy of which is included in the Addenda of the report.

### OWNER OF RECORD

According to the RealQuest Property Detail Report (see Addenda), the fee title is currently vested in:

#### *City of San Bruno*

### RECENT HISTORY

The subject property was originally part of the EFA West Naval Facility, which was located on approximately 20 acres of land at the northwest quadrant of Interstate 380 and El Camino Real in San Bruno. In 2000, The Martin Group purchased the entire facility. In 2001, the City of San Bruno prepared the U.S. Navy Site and Its Environs Specific Plan, designating the land uses and development standards for redevelopment of the entire facility. In 2001, the entire facility was demolished to make way for "The Crossing". Between 2002 and 2011, approximately 1,063 apartments and 12,250 square feet of commercial space were constructed. As part of the original plan, the subject property and adjoining area was slated for hotel development (up to 500 rooms with parking located in a separate, shared parking garage) but was never constructed. Because the garage was not built, and the hotel site must accommodate parking on site, the 1.52-acre subject property has the capacity for a hotel with a maximum of 152 rooms. The City of San Bruno purchased the site from the developer in August of 2012 for approximately \$1,450,000.

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**PROPERTY IDENTIFICATION (cont'd)**

Subsequent to the 2012 escrow, the City of San Bruno issued an "RFP" for a hotel development and received five proposals, all of which included requests for City financial assistance. Due to changing economic circumstances during development of The Crossing, the parking garage originally envisioned in the Specific Plan was not built, and the hotel parking must now be accommodated on the site itself. In 2015, the City completed a Specific Plan Amendment and Supplemental Environmental Impact Report to address the changed circumstances of the site. Most recently, the City has entered into an exclusive negotiating agreement to sell the site to one of the developers in order to build a 152-room hotel with five floors of hotel rooms plus a lobby level for services over two levels of underground parking.

The subject property is not currently on the market, nor is the appraiser aware of any outstanding offers or options. In addition, the subject property has not transferred in the last 3 years preceding my valuation date.



MICROSOFT AUTOMAP  
**Streets Plus**  
 Regional Map

## SAN MATEO COUNTY DESCRIPTION

### SAN MATEO COUNTY OVERVIEW

The subject property is located in the northern portion of San Mateo County. San Mateo County is one of the nine counties comprising the San Francisco Bay Area. It is bordered by San Francisco County (north), the Pacific Ocean (west), Santa Clara County (south) and Alameda County (east). Alameda County is located across from San Mateo County, separated by the San Francisco Bay.

### POPULATION

San Mateo County is the Bay Area's fifth largest County, behind Santa Clara, Alameda, Contra Costa and San Francisco Counties. According to the U.S. Department of Commerce, the population of San Mateo County as of 2013 is 747,373. This represents an increase of 1.2% over the 2012 figure of 738,681. San Mateo County's population has increased 4% since 2010, which represents an average of approximately 1.3% per year.

### EMPLOYMENT

San Mateo County, unlike some of the other counties in the Bay Area, is not dependent on any one industry for economic stability. The County has an upscale employment profile and a higher than average percentage of skilled and technical workers. Shown below are the top employers in San Mateo County.

<b>SAN MATEO'S TOP EMPLOYERS</b> (with number of employees)	
<i>United Airlines, San Francisco Airport</i>	11,500
<i>Oracle Corp.</i>	5,800
<i>Genentech</i>	4,500
<i>San Mateo County Government</i>	4,200
<i>U.S. Postal Service</i>	2,937
<i>Raychem Corp., Menlo Park</i>	2,850
<i>American Airlines</i>	2,400

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## **AREA DESCRIPTION** (cont'd)

The unemployment rate for San Mateo County as of August of 2015 was 3.3%, compared to the State average of 6.1% for the same time period. The unemployment rate for San Mateo County has decreased 240 basis points over the July 2013 figure (5.7%). San Mateo County currently has the lowest unemployment rate of the 58 California Counties.

## **HOUSING**

According to the County of San Mateo, the median price of a home (March 2012) was \$675,000. In addition, approximately 60% of the homes in San Mateo County are owner occupied. The median home prices have increased over the last two years (2012-2014) with the most recent figure for San Mateo County at \$980,000.

## **CONCLUSION**

The long-term outlook for San Mateo County is positive. The opportunities for continued stable growth are strong and the constraints on growth are unlikely to slow economic expansion in the County from its present rate. Several characteristics of the San Mateo County economy make it extremely resistant to any economic downturn in the foreseeable future. First, the location of the County between the urban centers of San Francisco and Santa Clara County means that the pressures for business and individuals to locate in the County will remain strong. Second, the County is one of the wealthiest in the United States. This suggests that income and job prospects for County residents are relatively secure and that levels of consumption will remain stable, even in a general recession. Finally, the mix of industries throughout the County has the area poised to perform quite well through the 21st Century.

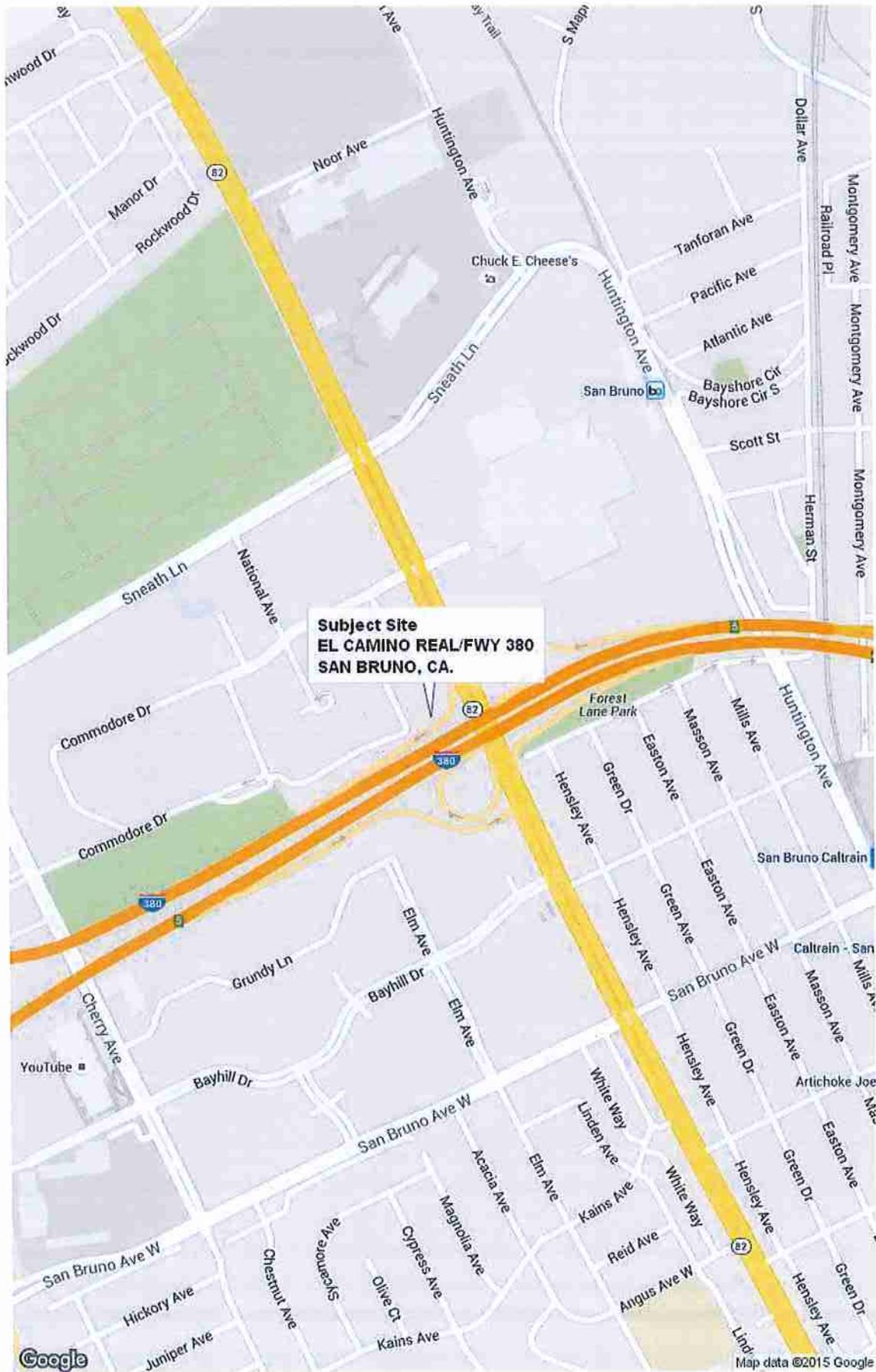
## **CITY OF SAN BRUNO**

The subject property is located in the northern portion of San Bruno. The San Francisco International Airport and San Francisco Bay (east); South San Francisco (north); Pacifica and Open Space (west); and Millbrae (south) border San Bruno. The January 2013 population of San Bruno was 42,443, an increase of 3.4% over the 2010 figure of 41,053.

San Bruno is centrally located between the cities of San Francisco and San Mateo. The city is well served by transportation corridors, including Highway 101, Interstates 280 and 380. Commercial uses can be found along El Camino Real and San Bruno Avenue. The residential uses can be found west and east of El Camino Real. Industrial and automotive type uses are typically located on San Mateo Avenue, north of San Bruno Avenue.

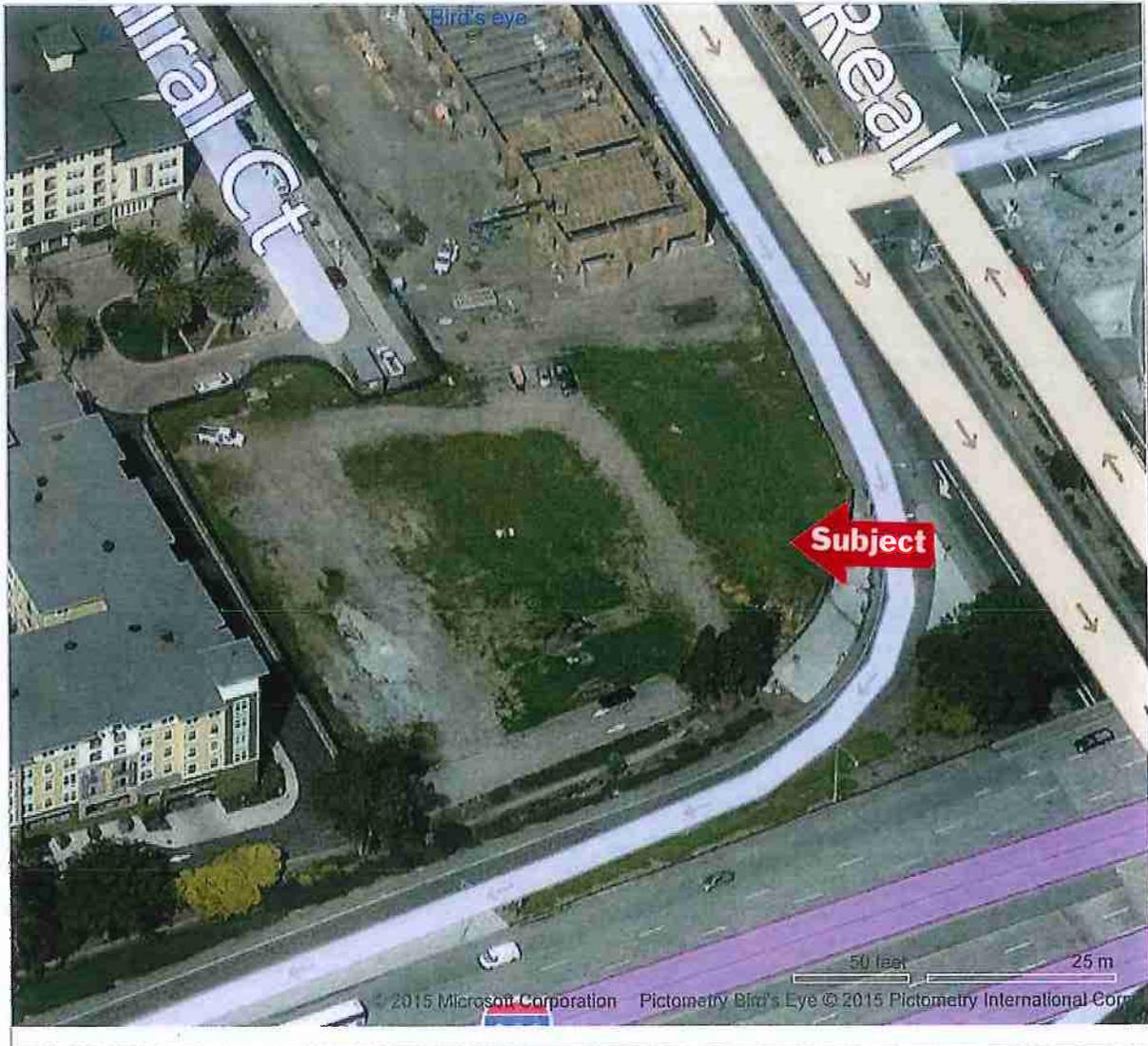
LOCATION MAP

Borrower: \_\_\_\_\_ File No.: \_\_\_\_\_  
Property Address: EL CAMINO REAL/FREEWAY 380 \_\_\_\_\_ Case No.: \_\_\_\_\_  
City: SAN BRUNO \_\_\_\_\_ State: CA. \_\_\_\_\_ Zip: \_\_\_\_\_  
Lender: \_\_\_\_\_



# Street Map Plus Report

For Property Located At



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## NEIGHBORHOOD DESCRIPTION

### GENERAL OVERVIEW

The subject property is located in the northern portion of San Bruno, near the northwest quadrant of El Camino Real and Interstate 380. The borders of the subject neighborhood are considered to be Sneath Lane (north), Interstate 280 (west), San Bruno Avenue (south) and Huntington Avenue (east).

Primary access to the subject neighborhood is obtained by El Camino Real, San Bruno Avenue, Interstates 280 and 380, with secondary access from Sneath Lane and Huntington Avenue. El Camino Real is the primary commercial thoroughfare in San Bruno that runs in a north to south direction through several Peninsula cities. Downtown San Bruno is located approximately 1/2 mile southeast of the subject property.

### IMMEDIATE ENVIRONS

Directly north of the subject property on the western line of El Camino Real is a five-tenant retail building. The building was constructed in 2011 and is occupied by Jack's Restaurant, Scottrade, Supercuts, European Wax Center and Patelco Credit Union. Further north is a two-story dental building and the primary access road (Commodore Drive) from El Camino Real to "The Crossing". Directly west of the subject property are the 1,063 apartments which were constructed between 2002 and 2011. Directly south of the subject property is Interstate 380, an elevated freeway that connects Highway 101 with Interstate 280. East of the subject property along the opposite side of El Camino Real is the onramp to Interstate 380. Directly north of this onramp is "The Shops at Tanforan", anchored by Sears, Target and JC Penney.

### LAND USES

Land uses in the subject neighborhood are mixed-use in nature and primarily include commercial (retail, office) and multi-family residential, and to a limited extent, single-family homes. Commercial uses are generally found in close proximity to El Camino Real as well as south of Interstate 380, from Interstate 280 to El Camino Real. The multi-family uses tend to be located north of Interstate 380 and west of El Camino Real. The single-family homes make up a relatively small portion of the subject neighborhood in the southeast quadrant of Interstate 380 and El Camino Real.

Additional land uses located just outside of the subject neighborhood include the Golden Gate National Cemetery (north of Sneath Lane) and the San Francisco International Airport, one of the busiest airports in the world with over 47 million passengers in 2014. The airport is within approximately one mile of the subject property.

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## **NEIGHBORHOOD DESCRIPTION (cont'd)**

### **TRANSPORTATION**

Public transportation is readily available in the subject neighborhood by way of either BART, SamTrans or CalTrain. The nearest BART station can be found in the northeast portion of the subject neighborhood, within walking distance of the subject property. The nearest CalTrain Station was recently relocated to the intersection of San Bruno and Huntington Avenues in the southeastern portion of the subject neighborhood. SamTrans is a citywide bus service that runs along El Camino Real and provides service throughout San Mateo County.

### **CONCLUSION**

The subject property is located in the northern portion of San Bruno within the U.S. Navy Site and Its Environs Specific Plan area, at the northwest quadrant of Interstate 380 and El Camino Real. The subject neighborhood is generally defined as a mature mixed-use neighborhood primarily built out with commercial and multi-family uses. The subject property is the last undeveloped site within The Crossing master planned development, which was a former Navy Base that has been redeveloped with multi-family uses in the last ten years. Positive aspects of the subject neighborhood include "The Shops at Tanforan", BART and access to the major freeways that service the Bay Area. In addition, the subject neighborhood is located in close proximity to the San Francisco International Airport. The short and long-term outlook for the subject neighborhood is positive due to the redevelopment of the former Navy Base, nearby retail services and the existing infrastructure in place.

## MARKET OVERVIEW

### INTRODUCTION

The subject property was originally part of the EFA West Naval Facility, which was located on approximately 20 acres of land at the northwest quadrant of Interstate 380 and El Camino Real in San Bruno. In 2001, the entire facility was demolished to make way for "The Crossing". Between 2002 and 2011, approximately 1,063 apartments in five buildings and 12,250 square feet of commercial space were developed by The Martin Group. As part of the original plan, the subject property was slated for a hotel development but was never constructed.

The City of San Bruno has taken steps to facilitate development of a hotel on this site consistent with the vision of the Specific Plan by purchasing it from the developer in 2012 and issuing an RFP for development of a hotel on the site. The City has also adopted a Specific Plan amendment to update the development standards for a hotel on the subject property and completed a Subsequent Environmental Impact Report, which will streamline the entitlement process.

The following market overview is based on the September-November 2015 Edition of Hotel Horizons developed by the PKF Hospitality Research Group.

### SUPPLY

The following table summarizes the supply of upper-priced and lower-priced hotels for the five submarkets that make up the San Francisco Hotel Market. The subject property is situated in the Airport submarket.

<i>Submarket</i>	<i>Upper-Priced</i>			<i>Lower-Priced</i>			<i>Totals</i>		
	<i>Properties</i>	<i>Rooms</i>	<i>% of Market</i>	<i>Properties</i>	<i>Rooms</i>	<i>% of Market</i>	<i>Properties</i>	<i>Rooms</i>	<i>% of Market</i>
<i>Airport</i>	20	5,107	10.0%	42	3,706	7.2%	62	8,813	17.2%
Market Street	52	15,342	29.9%	36	2,972	5.8%	88	18,314	35.7%
Nob Hill/ Wharf	52	10,023	19.6%	76	5,088	9.9%	128	15,111	29.5%
San Mateo Redwood City	15	2,679	5.2%	33	2,141	4.2%	48	4,820	9.4%
Extended Area	31	2,518	4.9%	36	1,681	3.3%	67	4,199	8.2%
Totals	170	35,669	69.6%	223	15,588	30.4%	393	51,257	100.0%

As expected, the two submarkets that make up San Francisco, Market Street and Nob Hill/Wharf, account for approximately 65% of the total number of rooms for the market. The subject's submarket (Airport) is the next highest in terms of number of rooms with 17.2% of the overall total. The subject's submarket (Airport) consists of approximately 5,100 rooms in the Upper-Priced tier and 3,700 rooms in the Lower-Priced tier.

## MARKET OVERVIEW (cont'd)

### SUBMARKET PROFILE: AIRPORT

The San Francisco Airport submarket consists of the hotels located near the San Francisco International Airport in San Mateo County. The hotels in this lodging submarket are located in such cities as Burlingame, Millbrae, San Bruno and South San Francisco. The following table summarizes the inventory and representative brands in the subject's submarket.

<i>Upper-Priced</i>	<i>Properties</i>	<i>Rooms</i>	<i>% of Submarket</i>	<i>Lower-Priced</i>	<i>Properties</i>	<i>Rooms</i>	<i>% of Submarket</i>
Inventory	20	5,107	57.9%	Inventory	42	3,706	42.1%
<i>Upper-Priced Brands by Share</i>	<i>Properties</i>	<i>Rooms</i>	<i>% of Submarket</i>	<i>Lower-Price Brands by Share</i>	<i>Properties</i>	<i>Rooms</i>	<i>% of Submarket</i>
Hyatt Regency	1	789	9.0%	Best Western Plus	2	425	4.8%
Marriott	1	688	7.8%	Holiday Inn	2	334	3.8%
Embassy Suites	2	652	7.4%	La Quinta Inns & Suites	2	271	3.1%

Given the proximity and draw from the San Francisco International Airport, it is reasonable to see a combination of upper-priced and lower-priced rooms in this market. The Hyatt Regency, Marriott and Embassy Suites tend to dominate the upper-priced rooms, while the Best Western Plus tends to dominate the lower-priced rooms.

### SUBMARKET PROFILE: HISTORICAL ADR'S & OCCUPANCY RATES

The tables below summarize the historical ADR's and Occupancy Rates for Upper-Priced and Lower-Priced Hotels in the San Francisco Airport submarket.

<i>Airport Performance: Upper-Priced Hotels</i>						
<i>Year</i>	<i>Occupancy</i>	<i>Change Occ</i>	<i>ADR</i>	<i>Change ADR</i>	<i>RevPAR</i>	<i>Change RevPAR</i>
2010	76.9%		\$108.38		\$83.29	
2011	82.2%	6.9%	\$120.47	11.2%	\$99.02	18.9%
2012	81.5%	-0.8%	\$139.64	15.9%	\$113.80	14.9%
2013	83.8%	2.9%	\$152.72	9.4%	\$128.01	12.5%
2014	84.5%	0.8%	\$173.52	13.6%	\$146.66	14.6%
2Q14 YTD	81.8%	0.8%	\$164.45	15.7%	\$134.51	16.6%
2Q15 YTD	84.8%	3.7%	\$186.44	13.4%	\$158.14	17.6%

<i>Airport Performance: Lower-Priced Hotels</i>						
<i>Year</i>	<i>Occupancy</i>	<i>Change Occ</i>	<i>ADR</i>	<i>Change ADR</i>	<i>RevPAR</i>	<i>Change RevPAR</i>
2010	70.5%		\$74.47		\$52.47	
2011	77.3%	9.7%	\$84.85	13.9%	\$65.56	25.0%
2012	82.7%	7.1%	\$98.46	16.0%	\$81.45	24.2%
2013	83.6%	1.0%	\$105.13	6.8%	\$87.86	7.9%
2014	85.1%	1.9%	\$119.08	13.3%	\$101.37	15.4%
2Q14 YTD	83.8%	3.3%	\$109.55	16.6%	\$91.85	20.5%
2Q15 YTD	85.8%	2.3%	\$122.61	11.9%	\$105.20	14.5%

## MARKET OVERVIEW (cont'd)

Data from the previous two tables indicate that the market for both upper-priced and lower-priced hotels in the San Francisco Airport submarket has continuously improved each year from 2012 through 2014. As of the second quarter of 2015, both the upper-priced and lower-priced tiers illustrate near 85% occupancy and ADR's of \$186 and \$123 per night, respectively. The revenue per available room (RevPAR) indicator has also peaked as of the second quarter of 2015 compared to any period since 2010. The San Francisco Airport submarket is ranked 1st out of the five submarkets that make up the San Francisco hotel market area.

### SUBMARKET PROFILE: AIRPORT CONSTRUCTION PIPELINE

The table below summarizes the current pipeline for new product entering the subject's submarket.

Phase	Upper Priced			Lower Priced			Independent		
	Properties	Rooms	% of Submarket	Properties	Rooms	% of Submarket	Properties	Rooms	% of Submarket
Unconfirmed	0	0	0.0%	0	0	0.0%	0	0	0.0%
Planning	0	0	0.0%	0	0	0.0%	1	403	4.6%
Final Planning	1	148	1.7%	1	128	1.5%	0	0	0.0%
In Construction	0	0	0.0%	0	0	0.0%	0	0	0.0%
Total	1	148	1.7%	1	128	1.5%	1	403	4.6%

### SUPPLY: SAN BRUNO

The table below summarizes the characteristics of the existing supply of hotels and motels in San Bruno as of the effective date of the appraisal.

Name/Location	# Rooms	Advertised Rate	Amenities
Super 8 Motel 421 El Camino Real	54	\$180	Microwave, refrigerator, wi-fi, continental breakfast, television.
Gateway Inn & Suites 516 El Camino Real	32	\$160	Microwave, refrigerator, business center, television.
Regency Inn 411 San Bruno Avenue	31	\$129	Microwave, refrigerator, wi-fi, continental breakfast, television.
Howard Johnson 190 El Camino Real	49	\$190	Microwave, refrigerator, wi-fi, television.
Budget Motel 850 El Camino Real	29	\$125	Microwave, refrigerator, television.
Ritz Inn 151 El Camino Real	50	\$159	Microwave, refrigerator, VCR, wi-fi, television.
Bayhill Inn 950 El Camino Real	24	\$130	Microwave, refrigerator, television.
Courtyard by Marriott 1051 Bayhill Drive	147	\$250	Microwave, refrigerator, wi-fi, indoor pool, spa, gym, business center, television.

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## **MARKET OVERVIEW (cont'd)**

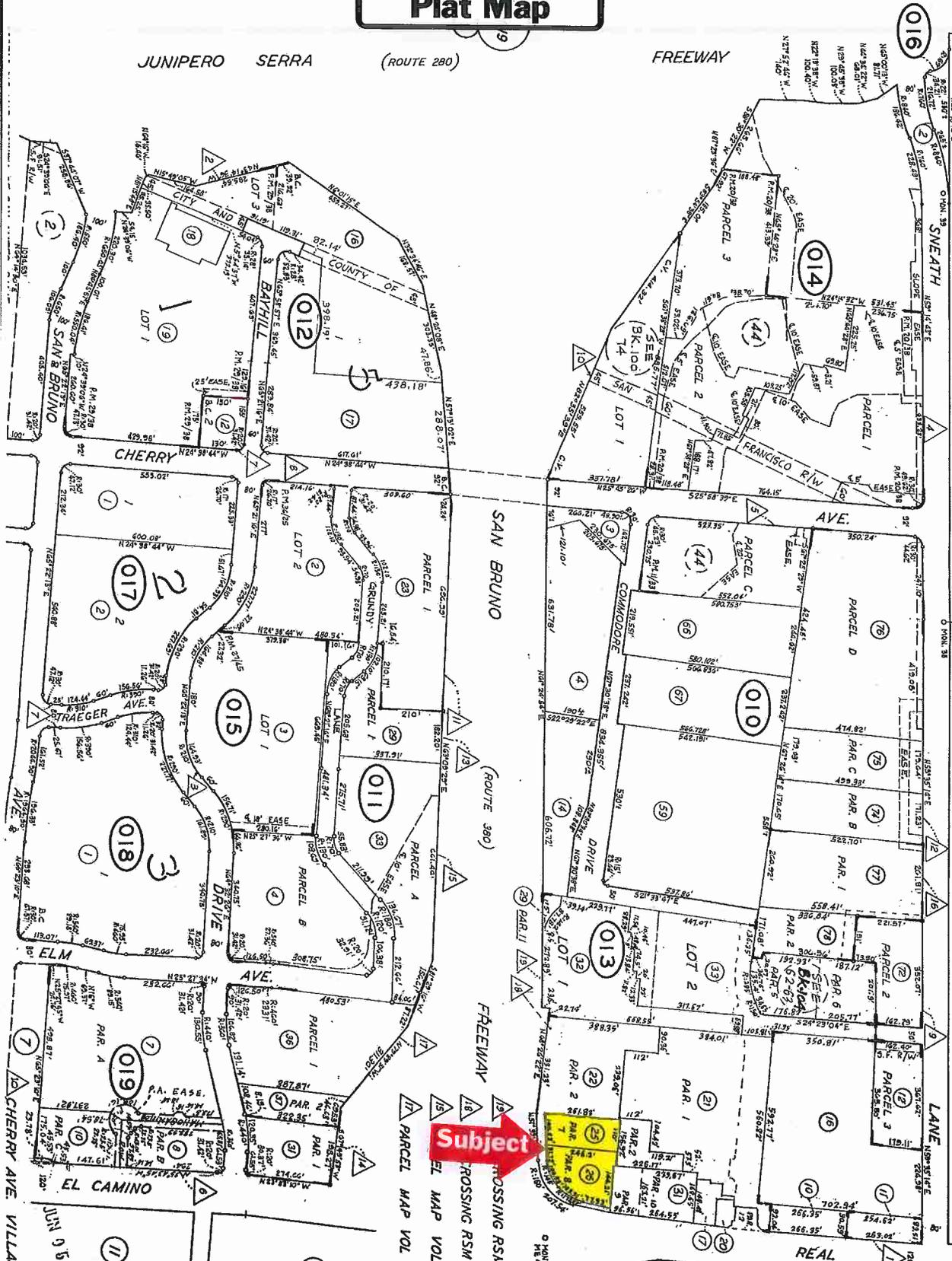
### **HOTEL MARKET SUMMARY**

By year-end 2015, San Francisco hotels are forecast to see a RevPAR increase of 9.4%. This is the result of an estimated increase in occupancy of 1.1% and an 8.3% gain in average daily room rates (ADR). The 9.4% boost in San Francisco RevPAR is better than the national projection of a 7.2% increase.

Leading the way in 2015 RevPAR growth is the lower-priced segment of San Francisco. The properties in this category are forecast to achieve a 9.6% gain in ADR and see a 2.7% increase in occupancy, resulting in a 12.6% RevPAR increase. Upper-priced hotels are projected to experience an ADR growth rate of 8.2%, along with a 0.4% gain in occupancy, resulting in an 8.6% RevPAR increase.

Looking towards 2016, San Francisco RevPAR is expected to grow 6.0%. This is less than the rate of growth in 2015. Prospects for RevPAR growth in the lower-priced segment (positive 7.3%) are better than in the upper-priced segment (positive 6.0%). San Francisco market occupancy levels are expected to trend downward over the next five years to 80.6%. However, the ADR's and RevPAR over the next five years are expected to increase 22% and 16% from the 2015 figures, respectively.

# Plat Map



- 1 REVERSION TO ACREAGE PARCEL MAP VOL. 38/26
- 2 PARCEL MAP VOL. 29/38
- 3 PARCEL MAP VOL. 27/45
- 4 PARCEL MAP VOL. 20/38
- 5 PARCEL MAP VOL. 11/33
- 6 PARCEL MAP VOL. 61/6-8

- 11 PARCEL MAP VOL 44/35
- 12 PARCEL MAP VOL 40/28/16
- 13 PARCEL MAP VOL 57/82-83

- 14 PARCEL MAP VOL 48/83-84
- 15 PARCEL MAP VOL 49/2-3

MAR 06 2012

20-1

## SITE DESCRIPTION

### BRIEF OVERVIEW

The subject site consists of two contiguous parcels of land located at the end of Admiral Court, south of Commodore Drive in San Bruno. According to the Plat Map, the subject parcels are landlocked from El Camino Real by an adjacent strip of land that follows the contour of the corner and is approximately 20 to 25 feet in width. This strip of land is part of "The Crossing " and is owned by ASN Tanforan Crossing II LLC. Even if this strip of land were assembled with the subject property, there could be no access from El Camino Real since this is actually the beginning of the onramp to Interstate 380. However, the subject parcels are afforded good exposure to vehicular traffic along El Camino Real. Based on Public Records, the combined site area of both parcels is 66,125 square feet or 1.52 acres. The table below summarizes key statistics for each parcel.

APN	020-013-250	020-013-260
Shape	Rectangular	Irregular
Frontage	110 feet on Admiral Court	47 feet on Admiral Court
Approximate Depth	251 feet	180-246 feet
Size	27,966 Sq. Ft.	38,159 Sq. Ft.

### SOIL CONDITIONS

The appraiser did not review any environmental report for the subject property. The reported value within this report assumes the soils are clear of any contamination. Please see the Assumptions and Limiting Conditions at the beginning of this report.

### PUBLIC IMPROVEMENTS

The subject site along Admiral Court is improved with curbs, gutters, streets, storm sewers, streetlights and above ground utilities. There are no sidewalks in place. Admiral Court is a two-lane, two-way private street that provides circulation around the perimeter of the apartments that make up "The Crossing". Parking is not allowed on Admiral Court in front of the subject site, however other portions of Admiral Court do have parking. The subject site is level and at street grade with Admiral Court.

# Flood Map Report

For Property Located At



CoreLogic

RealQuest Professional

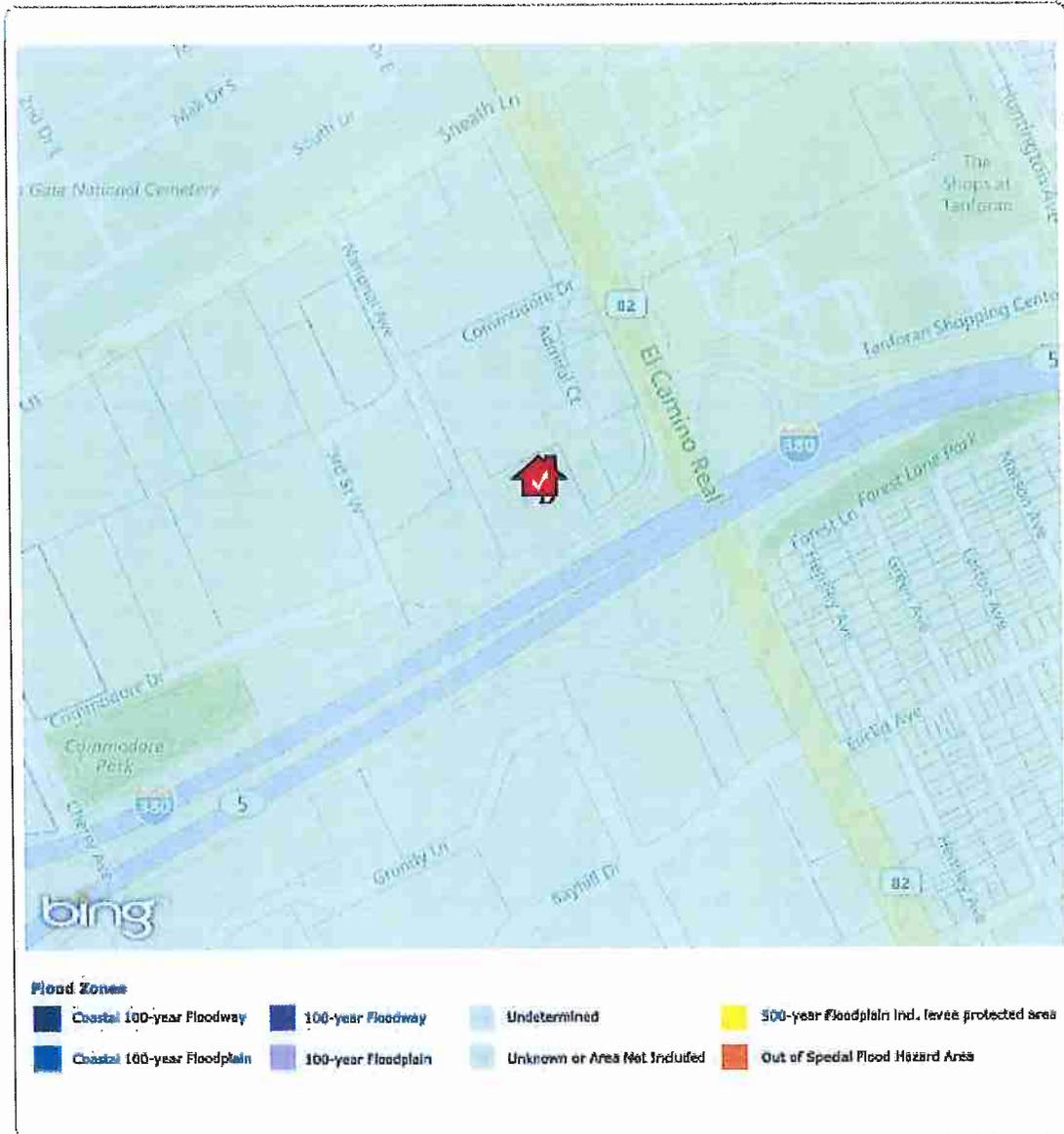
Report Date: 10/05/2015

County: SAN MATEO, CA

Flood Zone Code	Flood Zone Panel	Panel Date
D	060326 - 06081C0043E	10/16/2012
Special Flood Hazard Area (SFHA)	Within 250 ft. of multiple flood zones?	Community Name
Out	No	SAN BRUNO

### Flood Zone Description:

Zone D-An area of undetermined but possible flood hazards.



### Disclaimer of Use

This map/report was produced using multiple sources. It is provided for informational purposes only. This map/report should not be relied upon by any third parties. It is not intended to satisfy any regulatory guidelines and should not be used for this or any other purpose.

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**SITE DESCRIPTION (cont'd)****INGRESS/EGRESS**

Presently, there is a curb cut located on Admiral Court that provides ingress/egress to the parking area at the northeast portion of the site that is used by Jack's Restaurant. The remainder of the site is fenced.

**UTILITIES**

All utilities necessary for the subject's current use are located along Admiral Court. These utilities include gas, electric, water, sanitary sewer and telephone.

**FLOOD ZONE**

The subject property is not located in a flood zone. The source of this information is from Community Panel Number 060326-06081C0043E, dated October 16, 2012.

**EASEMENTS AND ENCROACHMENTS**

Based on a review of a 2012 Preliminary Title Report (see Addenda), there are two recorded easements (Item Nos. 6 & 10) for a variety of reasons including utilities, emergency vehicle access and aviation. These easements are assumed not to impact the subject's marketability. In addition, no encroachments were noted at the time of inspection.

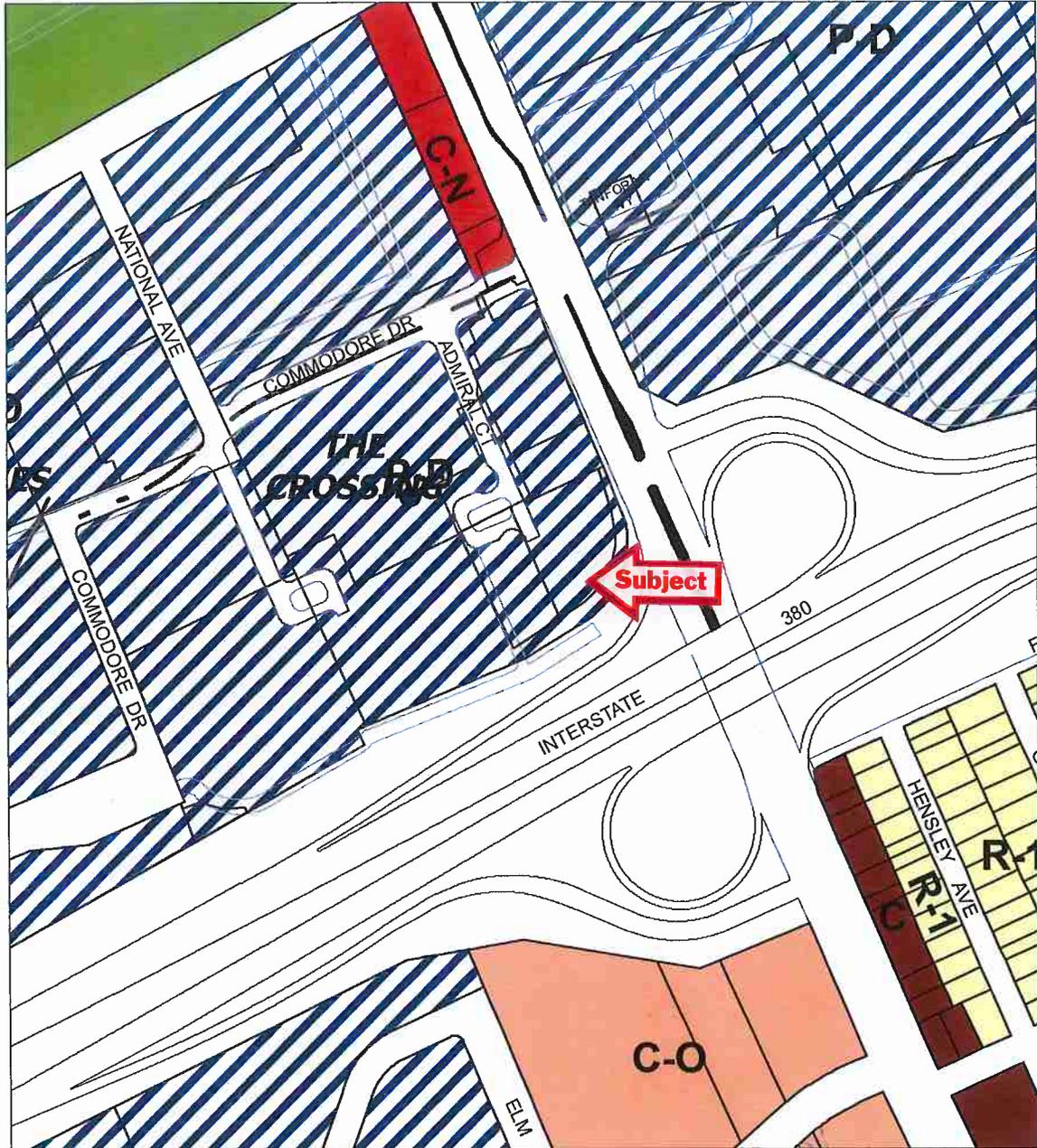
**EARTHQUAKE & FAULT LINES**

Pursuant to the Alquist-Priolo Act, the subject property is not within a special studies zone for earthquakes.

# Zoning Map

## Vacant Parcels

APN: 020-013-250 & 260, San Bruno



P-D, Planned Development

## SITE DESCRIPTION (cont'd)

### ZONING

According to the City of San Bruno, the subject property is zoned P-D, Planned Development with a land use designation of Visitor Services. The City of San Bruno originally adopted the Specific Plan for the U.S. Navy Site in January of 2001. The Plan has been amended twice with the most recent draft dated August 11, 2015. The subject site, identified as Parcels 9 & 10, is identified as the Crossing Hotel Site. Development regulations associated with the subject site are summarized on the following table.

<i>Development Regulations: Crossing Hotel Site</i>	
Maximum Height	5 Stories
Maximum Number of Rooms	152
Building Setbacks	New buildings should be brought to the sidewalk's edge, except that along El Camino Real a minimum 10-foot wide landscaping area is required.
Landscaping Requirement	15% of the total site
Parking Requirement	1 space per room with a 15% reduction for transit oriented development and shared parking. Plus, one space for each 100 square feet of meeting space.
Approvals	Any proposed hotel development will require the following planning approvals from the City of San Bruno: Architectural Review Permit, Planned Development Permit, Use Permit (for alcohol sales), Sign Permit, and CEQA clearance.

### CURRENT ASSESSED VALUES AND REAL ESTATE TAXES

The subject's two parcels (city owned) are exempt from any real estate taxes or assessments. Any transfer of the subject property to a non-exempt entity would be reassessed at market value.

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**SITE DESCRIPTION (cont'd)****SUMMARY**

The subject site consists of two contiguous parcels of vacant land that total 1.52 acres located at the end of Admiral Court, south of Commodore Drive in San Bruno. The subject site represents the last unimproved site of the redeveloped U.S. Navy site. The subject parcels do not have any direct frontage on El Camino Real due to an adjacent strip of land (different ownership) that is approximately 20 to 25 feet in width. However, the subject site does have good exposure to vehicular traffic along El Camino Real. The subject site can only be accessed by Admiral Court, a private street that circulates around and through the perimeter of The Crossing Development. Generally speaking, the two combined parcels are rectangular shaped with dimensions of 160 by 250 feet. The functional utility of the site is felt to be average for the market due to its rectangular shape. However, given the fact that there is no access from El Camino Real, this would be a negative since the access is rerouted via Commodore Drive and Admiral Way.

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## ANALYSIS & VALUATION INTRODUCTION

Analysis and valuation of the subject property involves determining the highest and best use of the site, estimating the value of the subject by current appraisal theory, and reconciling to a final estimate of value. The first step in valuation and analysis of the subject is determining the highest and best use of the site. Two types of analyses were made in determining the highest and best use. The first is highest and best use of the site as vacant; the second is highest and best use as improved.

Three approaches to value form the foundation for current appraisal theory: The Cost Approach, The Sales Comparison Approach and The Income Approach.

***The Cost Approach*** - is based upon the principle that the informed purchaser would pay no more than the cost to produce a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and which no comparable properties exist on the market.

***The Sales Comparison Approach*** - utilizes the prices paid in actual market transactions of similar properties to estimate the value of the subject. This appraisal technique is dependent upon utilizing truly comparable sales data, which have occurred near enough in time to reflect market conditions relative to the time period of the subject appraisal.

***The Income Capitalization Approach*** - is widely applied in appraising income-producing properties. Anticipated present and future net operating income, as well as any future reversions, are discounted to a present worth figure through the capitalization process. This approach also relies upon market data to establish current market rents and expense levels to arrive at an expected net operating income.

The resulting indications of value from the three approaches are correlated into a final estimate of value for the subject property. It is not always possible or practical to use all three approaches to value. In arriving at the estimated market value, the Sales Comparison Approach will be utilized to estimate the subject's land value. The Cost and Income Approaches were not utilized.

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## **HIGHEST & BEST USE ANALYSIS**

### **DEFINITION**

The term "*Highest and Best Use*" as used in this report, is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

Source: "*The Appraisal of Real Estate*," Eleventh Edition, 1996, pg. 297.

### **HIGHEST AND BEST USE AS VACANT**

**PHYSICALLY POSSIBLE:** From a physical perspective, the subject site consists of two contiguous parcels of vacant land that total 1.52 acres located at the end of Admiral Court, south of Commodore Drive in San Bruno. The subject parcels do not have any direct access from El Camino Real due to an adjacent strip of land (different ownership) that is situated between the subject site and El Camino Real. The subject site does have frontage on Admiral Court, a private street that circulates around and through the perimeter of The Crossing Development. Generally speaking, the two combined parcels are rectangular shaped with dimensions of 160 by 250 feet. All utilities are available to the subject site.

**LEGALLY PERMISSIBLE:** The subject site is zoned P-D, Planned Development with a land use designation of Visitor Services. The City of San Bruno originally adopted the Specific Plan for the U.S. Navy Site in January of 2001. The Plan has been amended twice with the most recent draft dated August 11, 2015. The subject site, identified as Parcels 9 & 10, is identified as the Crossing Hotel Site. Any hotel development would require several layers of approvals before permits are issued.

**FINANCIALLY FEASIBLE AND MAXIMALLY PRODUCTIVE:** The use that passes the first two tests appears to be a hotel use since it has been identified in the Specific Plan. Based on the information presented in the Market Overview Section of this report, the hotel market in the San Francisco Area has seen a steady improvement over the last three years with the short-term outlook being positive. In addition, there are several proposals to add 679 rooms to the market that are in various stages of planning. Based on the fact that these projects are in the planning stages and likely appear to be moving forward, it appears that a hotel use is financially feasible and maximally productive at this time.

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**HIGHEST AND BEST USE (cont'd)**

**CONCLUSION:** The highest and best use of the site as vacant is for a hotel development. The most likely development would be a 3 to 5 story building built at grade given the fact that underground parking tends to add significant costs to the overall project. Parking would be provided at grade or incorporated into the first two levels of the structure. Unit amenities would include a refrigerator, microwave, television and wi-fi services. Project amenities would include a conference room and/or business center, continental breakfast, pool, exercise room, spa and transportation service to and from the airport.

### MARKET APPROACH - LAND

The Market Approach, also known as the Direct Sales Comparison Approach, is considered an excellent, and even the best, valuation method in the event that sufficiently similar and recent transactions may be found and verified accurately. In such an event, market value may be derived directly since all complexities involved are properly weighed according to their significance to actual buyers and sellers.

The following sales are considered to be the best available comparables to offer a good indication of the subject's land value. Further information on each comparable can be found on the following pages.

No.	Location/APN	Sale Date	Sales Price	Land Area (Ac)	PSF	Comments
1	901 Airport Boulevard South San Francisco 012-080-710	8/14	\$1,800,000	0.52	\$79	Vacant land purchased for hotel development. Located on the frontage road directly west of Highway 101 in South San Francisco. No approvals.
2	127 West Harris Avenue South San Francisco 015-123-600	7/14	\$3,250,000	1.47	\$51	Vacant land purchased for hotel development. Located on the east side of Highway 101, adjacent to the Motel 8 in South San Francisco. No approvals.
3.	595 Industrial Road & 850 East San Carlos Avenue San Carlos 046-090-210, 290	6/14	\$10,190,000 +\$300,000* \$10,490,000	3.06	\$79	Two existing warehouse buildings purchased by the City for an eventual hotel. Located near the Holly/101 interchange. No approvals.
4	699 Oceana Boulevard Pacifica 009-253-280	1/14	\$900,000 +\$15,000* \$915,000	0.64	\$33	Existing retail building located on the frontage road east of Highway 1 in Pacifica. Buyer plans on developing a hotel. No approvals.
5.	180 South Airport Boulevard South San Francisco 015-122-050	8/13	\$2,200,000 +\$32,500* \$2,232,500	0.79	\$65	Former restaurant building located at Highway 101/South Airport Boulevard. Buyer has demolished the building and originally was planning a 90-room hotel. No approvals.
Sub	Crossing Hotel Site San Bruno 020-013-250 & 260			1.52		

\* Represents Demolition Costs of \$5.00 per square foot of building area



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**LAND SALE NO. 1**



**LAND SALE NO. 2**



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**LAND SALE NO. 3**



**LAND SALE NO. 4**



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**LAND SALE NO. 5**



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## SALES ANALYSIS

**Comparable No. 1** - is located at the northeast corner of Airport Boulevard and Linden Avenue, approximately three miles northwest of the subject property in South San Francisco. The site is directly opposite from Highway 101, which is situated below the street grade of Airport Boulevard. The corner parcel has 230 feet of frontage and a depth of approximately 150 feet. The site is vacant and is zoned for commercial use. All utilities and offsite improvements were in place.

The site was exposed to the market for 3 years with an initial asking price of \$1,950,000. The fee simple interest transferred on August 12, 2014 for \$1,800,000. Terms of the sale were all cash to the seller. There were no approvals at the time of sale. The buyer plans on developing a hotel but has not submitted any application to the City as of the effective date of the appraisal.

**Comparable No. 2** - is located on West Harris Avenue, north of Mitchell Avenue in South San Francisco, approximately two miles northwest of the subject property. The site is directly adjacent to an existing hotel but does not have any exposure to Highway 101. The interior parcel has 305 feet of frontage and a depth of approximately 210 feet. The site is vacant and is zoned for commercial use. All utilities and offsite improvements were in place.

The site was originally exposed to the market in 2012 for \$4,480,000. The fee simple interest transferred on July 3, 2014 for \$3,250,000. Terms of the sale were all cash to the seller. There were no approvals at the time of sale. The buyer just received entitlements in the 2nd half of 2015 for a 5-story, 128-room above grade hotel (Fairfield Inn Hotel).

**Comparable No. 3** - is located at the northwest corner of Industrial Road and East San Carlos Avenue, fifteen miles south of the subject property. This 3.06-acre combined site was purchased by the City of San Carlos for the purpose of developing a hotel. The parcels are both rectangular in shape and have 235 feet of frontage on Industrial Road and 450 feet of frontage on East San Carlos Avenue. The site is level and improved with two light industrial buildings totaling approximately 60,000 square feet. The site is one parcel removed from the onramp to Highway 101 at Holly Street, but does not have any Highway 101 exposure. The site is zoned PM-2.

The site was never marketed for sale and was purchased by the City for assemblage purposes. The City already owned the 0.85 acre parcel directly east of these parcels, which actually backs up to Highway 101. Both parcels closed escrow on June 20, 2014 for a combined price of \$10,190,000. Terms of the sale were all cash to the seller.

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**SALES ANALYSIS (cont'd)**

**Comparable No. 4** - is located on Oceana Boulevard, south of Manor Avenue in Pacifica, approximately five miles west of the subject property. The site is relatively close to the Manor off ramp from Highway 1. The interior parcel has 148 feet of frontage and a depth ranging from 150 to 198 feet. The site is improved with a 3,000 square foot retail building and is zoned for commercial use. All utilities and offsite improvements were in place.

The site was originally exposed to the market in 2012 for \$1,195,000. The fee simple interest transferred on January 23, 2014 for \$900,000. Terms of the sale were a down payment of \$200,000 (22%) and a first deed of trust with the seller for \$700,000 (78%). There were no approvals at the time of sale. The buyer purchased the site for redevelopment of a hotel, however no formal application has been submitted to the City as of the effective date of the appraisal.

**Comparable No. 5** - is located at the intersection of South Airport Boulevard and Mitchell Avenue, directly adjacent to Highway 101 in South San Francisco, approximately two miles northwest of the subject property. The corner parcel has 435 feet of frontage and a depth ranging from none to 150 feet. The site was improved with a 6,500 square foot restaurant, but was basically purchased for redevelopment. The site is zoned for commercial use. All utilities and offsite improvements were in place.

The site was exposed to the market in early-2013 for \$2,925,000. The fee simple interest transferred on August 23, 2013 for \$2,200,000. Terms of the sale were all cash to the seller. Subsequent to the close of escrow, the buyer demolished the existing building. The buyer originally planned on developing a 90-room hotel, but has recently submitted plans to the City (2015) for a new retail building. There were no approvals at the time of sale.

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## **LAND SALES VALUATION ANALYSIS**

I have researched commercial land sales that are felt to be comparable to the subject property. The economic indicator illustrates a range of value from \$33 to \$79 per square foot.

Each comparable sale will be adjusted and compared to the subject utilizing the sequence of adjustments suggested in the twelfth edition of *The Appraisal of Real Estate*, a textbook published by the Appraisal Institute. Common elements of adjustment considered in this appraisal include real property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, demolition costs and approvals.

### **PROPERTY RIGHTS ADJUSTMENT**

This adjustment considers any difference between the legal estate that was transferred. The fee simple interest was transferred in all the closed sales. Since I am valuing the fee simple interest of the subject, no adjustment is necessary for property rights to any of the comparables.

### **FINANCING TERMS**

Cash equivalency analysis is a procedure in which the sale prices of comparable properties that were sold with atypical financing terms are adjusted to reflect typical market terms. The comparables presented were typical of the market with cash or seller financing at market terms. Therefore, no adjustment is necessary for financing terms to any of the comparables.

### **CONDITIONS OF SALE**

This adjustment reflects the motivations of the buyer when a transaction is not arms-length due to a number of reasons. All of the comparables presented were arms-length transactions requiring no adjustment. No adjustment is necessary.

### **MARKET CONDITIONS**

This adjustment reflects a change in market conditions (time adjustment) which may be caused by inflation, deflation, fluctuation in supply and demand, or other factors. All of the comparables sold between August of 2013 and August of 2014. There have been no sales of hotel sites in the northern portion of San Mateo County in 2015. Based on my Market Overview, the hotel market has improved over the last three years and appears well positioned for new development. Although there is no evidence that prices for hotel sites have appreciated since the comparables closed escrow, it is generally acknowledged that the economy has improved. Without any firm data to support a market conditions adjustment, none will be made to the comparables. Rather, I will tend to rely on the more recent sales in my analysis.

## LAND VALUATION ANALYSIS (cont'd)

### LOCATION

An adjustment for location may be required when locational characteristics of a comparable property are different from those of the subject property. In summary, the subject site is located near the intersection of El Camino Real and Interstate 380 in San Bruno and is a part of "The Crossing Development". The subject is felt to have a good location for a hotel development due to its close proximity to the San Francisco International Airport, retail services and freeway access.

Nos. 1, 3 and 5 are all felt to be similar to the subject in terms of location with offsetting factors. No adjustment will be made to these comparables. No. 2 is inferior due to its poor exposure and distance to commercial services. This comparable has been adjusted upward 10% for location. No. 4 is located just off Highway 1 in Pacifica. Overall, Pacifica illustrates much inferior commercial land values, primarily due to its remote location in the western portion of the County. Overall, an upward adjustment of 25% will be made to this comparable for its inferior location.

### PHYSICAL CHARACTERISTICS

If the physical characteristics of a comparable property and the subject property differ in many ways, each of these differences may require comparison and adjustment to the comparable. Physical differences may include lot size, shape, orientation, exposure, topography and zoning.

The subject site consists of a 1.52 acre parcel that is located at the end of Admiral Court in the "Crossing Project". The subject site is basically rectangular in shape. The orientation is an interior lot with frontage on Admiral Court and good exposure to El Camino Real. The topography is level. The zoning is PD, Planned Development with a Visitor Services land use designation. The table below summarizes the physical characteristics of the subject and the comparables.

	<b>Subject</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Lot Size (Acres)</b>	1.52	0.52 Smaller	1.47 Similar	3.06 Larger	0.64 Smaller	0.79 Smaller
<b>Shape</b>	Bas. Rect.	Similar	Superior	Similar	Similar	Inferior
<b>Orientation</b>	Interior	Superior	Similar	Superior	Similar	Superior
<b>Exposure</b>	Good	Similar	Inferior	Inferior	Inferior	Superior
<b>Topography</b>	Level	Similar	Similar	Similar	Similar	Similar
<b>Zoning</b>	PD	Similar	Similar	Similar	Similar	Similar
<b>Overall</b>		-20%	-0-	-0-	-5%	-20%

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## LAND VALUATION ANALYSIS (cont'd)

### ENTITLEMENTS

Value typically progresses from a point of being raw land through construction of improvements to the point where an optimum level of occupancy or stabilization is reached. The following summarizes the three stages of value, which generally correspond to the land development process:

- Stage I:**      Raw land, no development approvals
  - a. no development approvals
  - b. approved for development
  
- Stage II:**     Improved land, which passes through two substages
  - a. improved with roads, sewers and utilities
  - b. complete with structures
  
- Stage III:**    Land and structures at optimum occupancy

Proceeding through each development stages takes time and costs money. The market significantly increases as the land progresses through the development stages. The difference between the value with and without approvals in Stage I depends on many factors, including the local agencies' concern with respect to processing development applications, the projected costs associated with conditions of approval (i.e., road or intersection approvals, parks, etc.) and the timing of receipt of required approvals.

Passing through Stage II, which includes completing site and structural improvements, involves incurring the expenses and risks of construction. Achieving Stage III involves incurring marketing risks during the absorption period.

The subject site is at Stage 1A with no entitlements. All of the comparables were similar in this regard and do not require any adjustments.

### LAND VALUATION ANALYSIS (cont'd)

The adjustment grid below summarizes the adjustments made to the comparables.

<i>Comparable</i>	<b>No. 1</b>	<b>No. 2</b>	<b>No. 3</b>	<b>No. 4</b>	<b>No. 5</b>
<i>Price/SF (Rounded)</i>	\$79	\$51	\$79	\$33	\$65
<i>Prop. Rights</i>	FS	FS	FS	FS	FS
<i>Financing</i>	Cash	Cash	Cash	Seller	Cash
<i>Cond. of Sale</i>	AL	AL	AL	AL	AL
<i>Close of Escrow</i>	8/14	7/14	6/14	1/14	8/13
<i>Adjustment</i>	-0-	-0-	-0-	-0-	-0-
<i>Adj. Price/SF</i>	\$79	\$51	\$79	\$33	\$65
<i>Location</i>	-0-	+10%	-0-	+25%	-0-
<i>Physical Characteristics</i>	-20%	-0-	-0-	-5%	-20%
<i>Entitlements</i>	-0-	-0-	-0-	-0-	-0-
<i>Overall Adjustment</i>	-20%	+10%	-0-	+20%	-20%
<i>Price/SF (Rounded)</i>	\$63	\$56	\$79	\$40	\$52

### PRICE PER SQUARE FOOT CONCLUSION

After adjustments, the comparables illustrate a range of value from \$40 to \$79 per square foot. Of these comparables, Nos. 3 and 4 will be given limited consideration due to their location outside of the subject's immediate market area. These comparables due tend to represent the low and high end of the adjusted range.

The remaining comparables are given primary consideration in my analysis and illustrate an adjusted range of value from \$52 to \$63 per square foot, with an average of \$57 per square foot. In view of the above and giving primary consideration to Nos. 1 and 2 due to their recent sales date, a value of \$60 per square foot will be concluded. Based on a site area of 66,125 square feet, this translates into a value of \$3,970,000.

**THREE MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS**  
**(\$3,970,000)**

***It is an extraordinary assumption of this report that the subject property can only be marketed as a hotel site and not as a mixed-use or retail development.***

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## **LAND VALUATION ANALYSIS (cont'd)**

### **EXPOSURE & MARKETING PERIOD**

The term exposure period means the amount of time necessary to achieve an open market sale of the property under current market conditions, assuming normal market exposure and the consummation of a sale consistent with the terms and conditions of our definition of market value. Exposure period is a retrospective period associated with the consummation of a hypothetical transaction at the appraised value as of the valuation date.

Marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal. Marketing time is the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

The comparable sales data had marketing and exposure periods ranging from 6 to 36 months. Based on our analysis of market conditions, we estimate both the exposure and marketing times for the subject to be 9-12 months.

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# ADDENDUM

# Property Detail Report

For Property Located At :  
 , SAN BRUNO, CA 94066



## Owner Information

Owner Name: **SAN BRUNO CITY OF**  
 Mailing Address: **567 EL CAMINO REAL, SAN BRUNO CA 94066-4247 C032 C/O CITY HALL**  
 Vesting Codes: **//**

## Location Information

Legal Description: **0.642 AC MOL PAR 7 THE CROSSING RSM 132/54-60**  
 County: **SAN MATEO, CA** APN: **020-013-250** ✓  
 Census Tract / Block: **6041.02 /** Alternate APN:  
 Township-Range-Sect: Subdivision:  
 Legal Book/Page: Map Reference: **/**  
 Legal Lot: Tract #: **/**  
 Legal Block: School District: **SAN MATEO UN**  
 Market Area: **507** School District Name:  
 Neighbor Code: Munic/Township:

## Owner Transfer Information

Recording/Sale Date: **08/15/2012 / 08/13/2012** Deed Type: **GRANT DEED**  
 Sale Price: 1st Mtg Document #:  
 Document #: **115686**

## Last Market Sale Information

Recording/Sale Date: **/** 1st Mtg Amount/Type: **/**  
 Sale Price: 1st Mtg Int. Rate/Type: **/**  
 Sale Type: 1st Mtg Document #: **/**  
 Document #: 2nd Mtg Amount/Type: **/**  
 Deed Type: 2nd Mtg Int. Rate/Type: **/**  
 Transfer Document #: Price Per SqFt:  
 New Construction: Multi/Split Sale:  
 Title Company:  
 Lender:  
 Seller Name:

## Prior Sale Information

Prior Rec/Sale Date: **/** Prior Lender:  
 Prior Sale Price: Prior 1st Mtg Amt/Type: **/**  
 Prior Doc Number: Prior 1st Mtg Rate/Type: **/**  
 Prior Deed Type:

## Property Characteristics

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

## Site Information

Zoning: <b>27,966</b> ✓	Acres: <b>0.64</b>	County Use: <b>VACANT LAND (00)</b>
Lot Area: <b>VACANT LAND (NEC)</b>	Lot Width/Depth: <b>x</b>	State Use:
Land Use:	Commercial Units:	Water Type:
Site Influence:	Sewer Type:	Building Class:

## Tax Information

Total Value:	Assessed Year:	Property Tax: <b>\$8.62</b>
Land Value:	Improved %:	Tax Area: <b>010024</b>
Improvement Value:	Tax Year: <b>2014</b>	Tax Exemption: <b>170</b>
Total Taxable Value:		

# Property Detail Report

For Property Located At :  
 , SAN BRUNO, CA 94066



## Owner Information

Owner Name: **SAN BRUNO CITY OF**  
 Mailing Address: **567 EL CAMINO REAL, SAN BRUNO CA 94066-4247 C032 C/O CITY HALL**  
 Vesting Codes: **//**

## Location Information

Legal Description: **0.876 AC MOL PAR 8 THE CROSSING RSM 132/54-68**  
 County: **SAN MATEO, CA** APN: **020-013-260** ✓  
 Census Tract / Block: **6041.02 /** Alternate APN:  
 Township-Range-Sect: Subdivision:  
 Legal Book/Page: Map Reference: **/**  
 Legal Lot: Tract #: **/**  
 Legal Block: School District: **SAN MATEO UN**  
 Market Area: **507** School District Name:  
 Neighbor Code: Munic/Township:

## Owner Transfer Information

Recording/Sale Date: **08/15/2012 / 08/13/2012** Deed Type: **GRANT DEED**  
 Sale Price: 1st Mtg Document #:  
 Document #: **115686**

## Last Market Sale Information

Recording/Sale Date: **/** 1st Mtg Amount/Type: **/**  
 Sale Price: 1st Mtg Int. Rate/Type: **/**  
 Sale Type: 1st Mtg Document #: **/**  
 Document #: 2nd Mtg Amount/Type: **/**  
 Deed Type: 2nd Mtg Int. Rate/Type: **/**  
 Transfer Document #: Price Per SqFt:  
 New Construction: Multi/Split Sale:  
 Title Company:  
 Lender:  
 Seller Name:

## Prior Sale Information

Prior Rec/Sale Date: **/** Prior Lender:  
 Prior Sale Price: Prior 1st Mtg Amt/Type: **/**  
 Prior Doc Number: Prior 1st Mtg Rate/Type: **/**  
 Prior Deed Type:

## Property Characteristics

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

## Site Information

Zoning: Acres: **0.88** County Use: **VACANT LAND (00)**  
 Lot Area: **38,159** ✓ Lot Width/Depth: **x** State Use:  
 Land Use: **VACANT LAND (NEC)** Commercial Units: Water Type:  
 Site Influence: Sewer Type: Building Class:

## Tax Information

Total Value: Assessed Year: Property Tax: **\$8.62**  
 Land Value: Improved %: Tax Area: **010024**  
 Improvement Value: Tax Year: **2014** Tax Exemption: **170**  
 Total Taxable Value:



CHICAGO TITLE COMPANY

PRELIMINARY REPORT

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

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

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

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company, a Nebraska corporation.

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

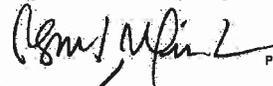
**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.**

  
Countersigned



Chicago Title Company

BY



President

ATTEST



Secretary



# Chicago Title Company

**ISSUING OFFICE:** 2150 John Glenn Drive, Suite 300 • Concord, CA 94520

**FOR SETTLEMENT INQUIRIES, CONTACT:** Chicago Title Company - Oakland  
1 Kaiser Plaza, Suite 745 • Oakland, CA 94612  
510 451-8888 • FAX 510 465-0738

## PRELIMINARY REPORT

**Amended**

Title Officer: Mark Goodrich  
Escrow Officer: Laurie Edwards  
Escrow No.: 09-**58202790**-LE

Title No.: 09-**40701708**-B-MG  
Locate No.: CACTI7741-7701-5582-0040701708

TO: TMG Partners  
100 Bush Street, 26th Floor  
San Francisco, CA 94104

ATTN: David Cropper

SHORT TERM RATE: No

**PROPERTY ADDRESS:** Parcels 7 and 8 of The Crossings, San Bruno, California

**EFFECTIVE DATE:** May 25, 2012, 07:30 A.M. ✓

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

CLTA Standard Coverage Policy - 1990

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

A FEE as to Parcel(s) A;  
AN EASEMENT more fully described below as to Parcel(s) B and C

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

**Martin/Regis San Bruno Associates, L.P., a Delaware limited partnership** ✓

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

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

MG\MG 04/21/2009

**LEGAL DESCRIPTION**

**EXHIBIT "A"**

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

**Parcel A:**

Parcel 7 and Parcel 8 as shown on the map entitled, "The Crossing", filed in the Office of the Recorder of San Mateo County, California on December 9, 2002 in Book 132 of Maps at Pages 54 through 60. ✓

**Parcel B:**

Easements for ingress and egress and private utility service over those portions of Parcel 1 and Parcel 2 as shown on the map entitled, "The Crossing", filed in the Office of the Recorder of San Mateo County, California on December 9, 2002 in Book 132 of Maps at Pages 54 through 60, designated thereon as "Reservation of Private Roadway Easement for the Benefit of Parcels 1, 2, 7, 8, 9 & 10, and Private Utility Easement".

**Parcel C:**

An easement for storm drain purposes over those portions of Parcel 2 as shown on the map entitled, "The Crossing", filed in the Office of the Recorder of San Mateo County, California on December 9, 2002 in Book 132 of Maps at Pages 54 through 60, designated thereon as "10' Private Storm Drain Easement".

JPN: 132-054-000-0007T, 132-054-000-0008T

APN: 020-013-250 (Parcel 7), 020-013-260 (Parcel 8)

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

1. **Property taxes**, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2012-2013.
2. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.
3. **Waiver of any claims for damages** to said property by reason of the location, construction, landscaping or maintenance of the freeway adjoining said property, as contained in the deed to the State of California, recorded November 30, 1944, Book 1144, Page 413, of Official Records.
4. **Covenants, conditions and restrictions** in the declaration of restrictions but omitting any covenants or restrictions, if any, including, but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

Recorded: March 27, 2001, Instrument No. 2001-040281, of Official Records

5. **Matters** contained in that certain document entitled "Development Agreement" dated February 7, 2002, executed by The City of San Bruno and Martin/Regis San Bruno Associates, L.P. recorded January 24, 2002, Instrument No. 2002-013306, of Official Records.

Reference is hereby made to said document for full particulars.

An agreement to modify the terms and provisions of said Development Agreement as therein provided

Executed by: The City of San Bruno, Martin/Regis San Bruno Associates, L.P., and The Crossing Apartment Associates I LLC  
Recorded: March 23, 2004, Instrument No. 2004-052559, of Official Records

An agreement to modify the terms and provisions of said Development Agreement as therein provided

Executed by: The City of San Bruno, Martin/Regis San Bruno Associates, L.P., and The Crossing Apartment Associates I LLC  
Recorded: March 18, 2005, Instrument No. 2005-043350, of Official Records

An agreement to modify the terms and provisions of said Development Agreement as therein provided

Executed by: The City of San Bruno and Martin/Regis San Bruno Associates, L.P.  
Recorded: October 14, 2005, Instrument No. 2005-180034, of Official Records

An agreement to modify the terms and provisions of said Development Agreement as therein provided

Executed by: The City of San Bruno, Martin/Regis San Bruno Associates, L.P., The Crossing Apartment Associates I LLC and The Crossing Apartment Associates II LLC  
Recorded: October 14, 2005, Instrument No. 2005-180035, of Official Records

An agreement to modify the terms and provisions of said Development Agreement as therein provided

Executed by: The City of San Bruno, The Crossings Phase I, L.P. and The Crossings Phase II, L.P.  
Recorded: July 9, 2007, Instrument No. 2007-103301, of Official Records

6.

**Easement(s)** for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the map of The Crossing, Book 132 of Maps, Page 54.

Purpose: Private utility  
Affects: The southwesterly 20 feet of Parcel 7

Purpose: Emergency vehicle access  
Affects: The southwesterly 20 feet of Parcel 7

7. **Matters** contained in that certain document entitled "Improvement Agreement" dated December 4, 2002, executed by The City of San Bruno and Martin/Regis San Bruno Associates, L.P. recorded December 9, 2002, Instrument No. 2002-258604, of Official Records.

Reference is hereby made to said document for full particulars.

8. **Matters** contained in that certain document entitled "Maintenance Agreement" dated December 4, 2002, executed by The City of San Bruno and Martin/Regis San Bruno Associates, L.P. recorded December 9, 2002, Instrument No. 2002-258605, of Official Records.

Reference is hereby made to said document for full particulars.

9. **Covenants, conditions and restrictions** in the declaration of restrictions but omitting any covenants or restrictions, if any, including, but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

Recorded: December 17, 2002, Instrument No. 2002-267962, of Official Records

Modification(s) of said covenants, conditions and restrictions

Recorded: March 18, 2005, Instrument No. 2005-043348, of Official Records

**10.** **An easement** in favor of the City and County of San Francisco for avigation and to permit imposition upon the property of vibration, discomfort, inconvenience, interference with the use and enjoyment, and any consequent reduction in market value, all due to the excessive noise resulting from aircraft to and from San Francisco Airport by document

Recorded: August 5, 2003, Instrument No. 2003-218363, of Official Records

**11.** **The fact** that said land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document.

Redevelopment

Agency: City of San Bruno Redevelopment Project

Recorded: September 5, 2007, Instrument No. 2007-132337, of Official Records

**12.** **If extended coverage title insurance** is requested, or if this report was issued to facilitate a request for extended coverage title insurance, the following will also be exceptions to coverage:

**A.** **Any claims for mechanics' liens** that may be recorded by reason of a recent work of improvement under construction and/or completed at the date hereof.

**B.** **Matters** which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said land that is satisfactory to this Company, and/or by inquiry of the parties in possession thereof.

**C.** **Any rights of the parties in possession** of a portion of, or all of, said land, which rights are not disclosed by the public record.

This Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage. The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

**D.** **This Company will require** an Owner's Affidavit to be completed by the party(ies) named below before any title assurance requested under this application will be issued.

Party(ies): Martin/Regis San Bruno Associates, L.P.

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

**END OF ITEMS**

**Note 1.** The name(s) of the buyer(s) furnished with this application for Title Insurance is/are:

City of San Bruno

If these names are incorrect, incomplete or misspelled, please notify the Company.

**Note 2.** Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

Tax Identification No.: 020-013-250  
Fiscal Year: 2011 - 2012  
1st Installment: \$5,226.27  
2nd Installment: \$5,226.27  
Exemption: None  
Land: \$951,840.00  
Improvements: \$0.00  
Personal Property: None  
Code Area: None

Affects: Parcel 7

**Note 3.** Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

Tax Identification No.: 020-013-260  
Fiscal Year: 2011 - 2012  
1st Installment: \$7,118.65  
2nd Installment: \$7,118.65  
Exemption: None  
Land: \$1,298,779.00  
Improvements: \$0.00  
Personal Property: None  
Code Area: None

Affects: Parcel 8

**Note 4.** There are NO deeds affecting said land, recorded within twenty-four (24) months of the date of this report.

**Note 5.** If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

**Note 6.** Wiring instructions for Chicago Title Company, Oakland, CA, are as follows:

Receiving Bank: Wells Fargo  
707 Wilshire Blvd., 13th Floor  
Los Angeles, CA 90017  
ABA Routing No.: 121000248  
Credit Account Name: Chicago Title Company - Oakland  
1 Kaiser Plaza, Suite 745, Oakland, CA 94612  
Credit Account No.: 4121555106  
Escrow No.: 09-**58202790**-LE

These wiring instructions are for this specific transaction involving the Title Department of the Concord office of Chicago Title Company. These instructions therefore should not be used in other transactions without first verifying the information with our accounting department. It is imperative that the wire text be exactly as indicated. Any extraneous information may cause unnecessary delays in confirming the receipt of funds.

**Note 7.** Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirements cannot be met, please call the company at the number provided in this report.

**END OF NOTES**

**ATTACHMENT ONE**  
**AMERICAN LAND TITLE ASSOCIATION**  
**RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS**

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
  - land use
  - improvements on the land
  - land division
  - environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at policy date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
  - a notice of exercising the right appears in the public records on the Policy Date
  - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowledge of the taking

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and the expenses resulting from:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.

3. Title Risks:
  - that are created, allowed, or agreed to by you
  - that are known to you, but not to us, on the Policy Date- unless they appeared in the public records
  - that result in no loss to you
  - that first affect your title after the Policy Date – this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
  - to any land outside the area specifically described and referred to in Item 3 of Schedule A
  - or
  - in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.
4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

**ATTACHMENT ONE  
(CONTINUED)**

**CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990  
EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:

- (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
- (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
- (c) resulting in no loss or damage to the insured claimant;
- (d) attaching or created subsequent to Date of Policy; or
- (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**SCHEDULE B, PART I  
EXCEPTIONS FROM COVERAGE**

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

**PART I**

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

**ATTACHMENT ONE  
(CONTINUED)**

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH A.L.T.A. ENDORSEMENT-FORM 1 COVERAGE  
EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:  
(a) created, suffered, assumed or agreed to by the insured claimant;  
(b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;  
(c) resulting in no loss or damage to the insured claimant;  
(d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or

material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or  
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.

4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:  
(i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or  
(ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or  
(iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:  
(a) to timely record the instrument of transfer; or  
(b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

**EXCEPTIONS FROM COVERAGE**

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

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

## **Notice**

You may be entitled to receive a \$20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19, 1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is subject of your current transaction, you must - prior to the close of the current transaction - inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provide the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount which is subject to other terms and conditions.

Fidelity National Financial, Inc.  
**Privacy Statement**

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

**Personal Information Collected**

We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

**Disclosure of Personal Information**

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.

Disclosure to Affiliated Companies - We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties - We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

#### **Confidentiality and Security of Personal Information**

We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

#### **Access To Personal Information/**

##### **Requests for Correction, Amendment, or Deletion of Personal Information**

As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims.

For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer  
Fidelity National Financial, Inc.  
601 Riverside Avenue  
Jacksonville, FL 32204

#### **Changes to this Privacy Statement**

This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.

## Notice of Available Discounts

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

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

### **FNF Underwritten Title Company**

CTC – Chicago Title Company

### **FNF Underwriter**

CTIC – Chicago Title Insurance Company

### **Available Discounts**

#### **CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (CTIC)**

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

#### **FEE REDUCTION SETTLEMENT PROGRAM (CTC and CTIC)**

Eligible customers shall receive a \$20.00 reduction in their title and/or escrow fees charged by the Company for each eligible transaction in accordance with the terms of the Final Judgments entered in *The People of the State of California et al. v. Fidelity National Title Insurance Company et al.*, Sacramento Superior Court Case No. 99AS02793, and related cases.

#### **DISASTER LOANS (CTIC)**

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

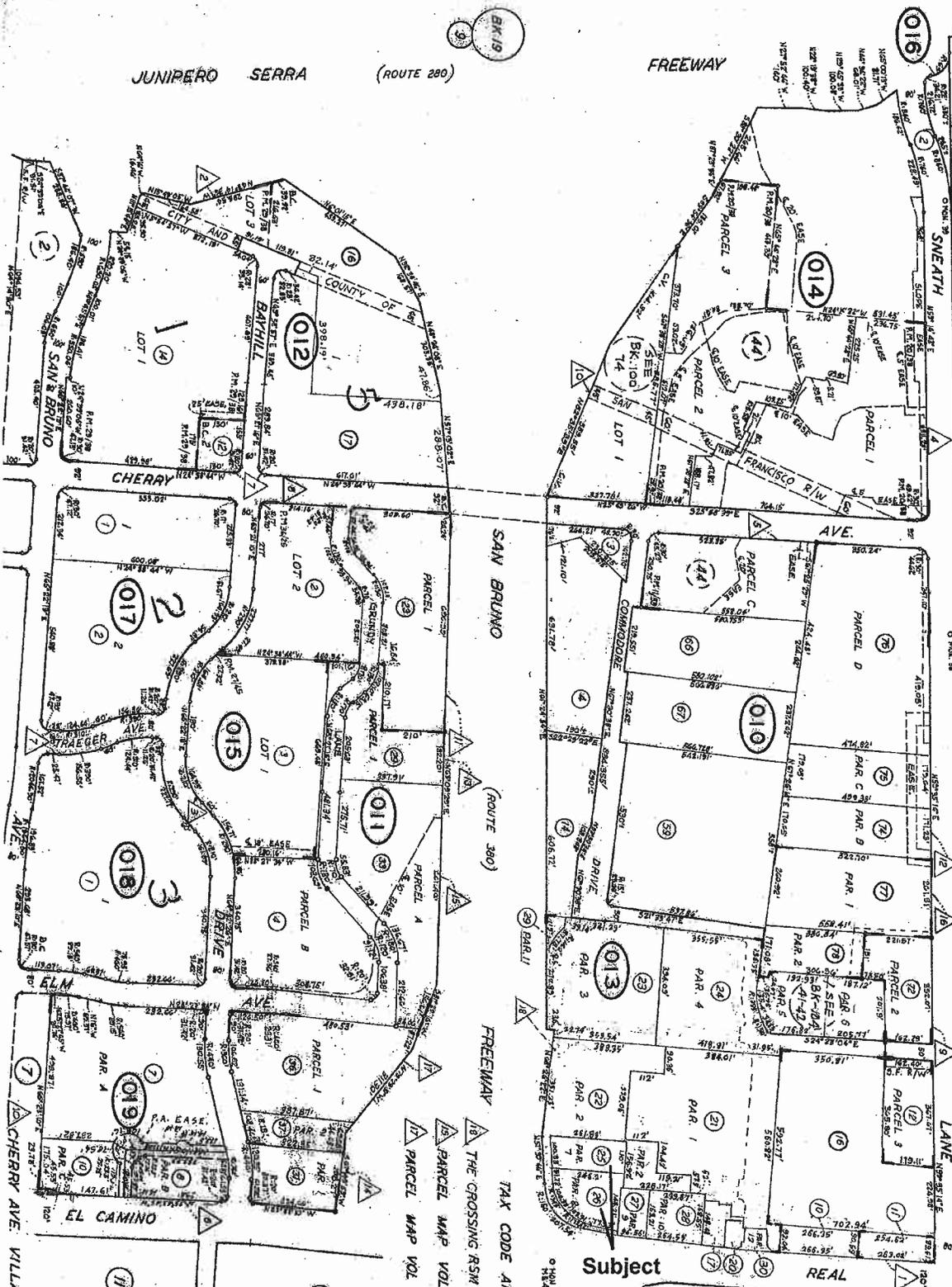
#### **CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC)**

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% or 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 32% or 50% of the appropriate title insurance rate, depending on the type of coverage selected.

JUNIPERO SERRA

(ROUTE 280)

FREEWAY



- 1 REVERSION TO ACREAGE PARCEL MAP VOL. 38/26
- 2 PARCEL MAP VOL. 29/38
- 3 PARCEL MAP VOL. 27/45
- 4 PARCEL MAP VOL. 20/38
- 5 PARCEL MAP VOL. 11/33
- 6 PARCEL MAP VOL. 61/6-8

SEP 27 2005

- 7 THE CROSSING RSM 182/34-60
- 8 PARCEL MAP VOL. 52/2-3
- 9 PARCEL MAP VOL. 57/92-93
- 10 PARCEL MAP VOL. 44/35
- 11 PARCEL MAP VOL. 40/28
- 12 PARCEL MAP VOL. 57/82-83
- 13 PARCEL MAP VOL. 48/83-84
- 14 PARCEL MAP VOL. 49/2-3

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# QUALIFICATIONS OF PETE DOHERTY, MAI

## EDUCATION & PROFESSIONAL AFFILIATIONS

**Graduate:** St. Martins College, Lacey, Washington  
- *Bachelor of Arts – 1981*  
- *Business Management (Major)*  
- *Economics (Minor)*

Appraisal Institute Courses:

- *Comprehensive Appraisal Workshop*
- *Report Writing*
- *Case Studies*
  
- *Capitalization Theory & Techniques A&B*
- *Standards of Professional Practice A&B*

CCIM Courses:

- *CI 101*
- *CI 102*
- *CI 103*
- *CI 104*

**Affiliations:** Member – Appraisal Institute (#11550)  
Certified Commercial Investment Member - CCIM #14103  
Certified General Appraiser, State of California - #AG011067  
Belden & Olympic Clubs, San Francisco

## EXPERIENCE

**1998 - Present** Independent Appraiser  
All Bay Valuation  
Redwood City, CA.

**1996 - 1998** Staff Appraiser  
Washington Mutual Bank  
San Bruno, CA.

**1992 - 1996** Staff Appraiser  
Bank of America  
Pleasant Hill, CA.

**1988 - 1992** Fee Appraiser  
Charles D. Bailey & Associates  
San Francisco, CA.

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## QUALIFICATIONS OF PETE DOHERTY, MAI (cont'd)

### TYPES OF APPRAISALS

I have a wide variety of experience in appraising all types of properties, including but not limited to apartments, office, retail, industrial and commercial buildings. Complex assignments included bond-financed apartments, leasehold analysis and major mixed-use properties in excess of \$20,000,000.

### CLIENTS INCLUDE

All California Mortgage	Imperial Thrift & Loan
Aspire Funding	Luther Burbank Savings & Loan
Bankers Preferred	MD Mortgage Direct, Inc.
Bay View Bank	P.W. Funding Corp.
Berkshire Mortgage	Pacific Guaranty Mortgage
Borel Private Bank & Trust Pacific	Premier Bank
Cal-Fed	Peninsula Bank
Carr McClellan Ingersoll Thompson & Horn	Quaker Federal
Commercial Capital Bank	RPM Mortgage
First National Bank	ServiCentre Mortgage
Financial Institutional Partners	St. Paul Federal Bank
Fremont Investments & Loan	Washington Mutual Bank
GMAC Commercial Mortgage	West American Mortgage Corporation

### LITIGATION WORK

I have been involved with two cases over the last 4 years as briefly described below:

- (1) 2002: Gossamer Isle Subdivision, Redwood Shores. I was hired by Mr. Merrill Emerick and Mr. Robert Desky of Anderlini, Finklestein & Emerick to testify as an expert witness concerning the impact on value to the subdivision caused by public access.
- (2) 2003: Pescadero Land. I was hired by Mr. Merrill Emerick of Anderlini, Finkelstein & Emerick to testify as an expert witness concerning a possible fraud in a previous real estate transaction.