

**Integra Realty Resources**  
**San Francisco**

**Appraisal of Real Property**

**City of South San Francisco CFD No. 2021-1 (Public Facilities and Services)**

Office Property  
379 Oyster Point Blvd.  
South San Francisco, San Mateo County, California 94080

**Prepared For:**

City of South San Francisco

**Effective Date of the Appraisal:**

November 2, 2021

**Report Format:**

Appraisal Report – Standard Format

**IRR - San Francisco**

File Number: 193-2021-0475





**City of South San Francisco CFD No. 2021-1 (Public Facilities and Services)**  
379 Oyster Point Blvd.  
South San Francisco, California



March 11, 2022

Ms. Janet Salisbury  
Finance Director  
City of South San Francisco  
400 Grand Ave  
South San Francisco, CA 94080

SUBJECT: Market Value Appraisal  
City of South San Francisco CFD No. 2021-1 (Public Facilities and Services)  
379 Oyster Point Blvd.  
South San Francisco, San Mateo County, California 94080  
IRR - San Francisco File No. 193-2021-0475

Dear Ms. Salisbury:

Integra Realty Resources – San Francisco is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value, subject to a hypothetical condition, pertaining to the fee simple interest in the property. The client for the assignment is City of South San Francisco, and the intended use is for bond underwriting purposes. The appraisers understand and agree this Appraisal Report is expected to be, and may be, utilized by the City of South San Francisco and Community Facilities District No. 2021-1 in the marketing of the Special Tax Bonds of the Community Facilities District No. 2021-1 (Public Facilities and Services) and to satisfy certain legal requirements in connection with issuing the Bonds.

The subject currently comprises five parcels and 44.23 acres of land within the proposed and under construction Kilroy Oyster Point life sciences campus. At completion of build out, the subject will include 2,520,892 square feet of rentable area within four phases. In addition to life sciences space, the area within the District will also include open space and walking paths, various amenities for the project's life science users, and three parking garages; it is noted not all land uses within the District are taxable. Horizontal and vertical construction of Phase I, which is 100% pre-leased to two tenants, is nearly complete, and backbone infrastructure of Phase II has commenced. Phases III and IV are expected to be finished in 2025/26, as market demand dictates. The subject's assessor parcels are expected

to be reconfigured as development progresses, with each Phase eventually having its own parcel.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of City of South San Francisco. The appraisal is also prepared in accordance with the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

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#### Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value, Subject to a Hypothetical Condition	Fee Simple	November 2, 2021	\$1,248,200,000

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#### Extraordinary Assumptions and Hypothetical Conditions

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

None.

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

1. We have been requested to provide an opinion of market value of the subject property as of November 2, 2021. It is a hypothetical condition of the Appraisal that proceeds from the Bonds are available for public improvements.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

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March 11, 2022

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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

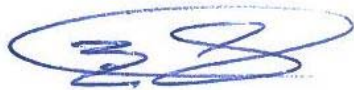
**Integra Realty Resources - San Francisco**



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## Executive Summary

Property Name	City of South San Francisco CFD No. 2021-1 (Public Facilities and Services)
Address	379 Oyster Point Blvd. South San Francisco, San Mateo County, California 94080
Property Type	Office - Life Sciences
Owner of Record	Kilroy Oyster Point I, LLC ("Kilroy OP I"), Kilroy Oyster Point II, LLC ("Kilroy OP II"), Kilroy Oyster Point III, LLC ("Kilroy OP III"), and KR Crescent Beach, LLC
Tax ID	015-010-240, 015-010-910, 015-010-930, 015-010-940 and 015-010-950
Land Area	44.23 acres; 1,926,698 SF
Gross Building Area	2,520,892 SF
Rentable Area	2,206,690 SF
Percent Leased	Phase I - 100% / Phases II - IV - Proposed
Year Built	Phase I - 2021 / Phases II - IV - Proposed
Zoning Designation	OPSPD, Oyster Point Specific Plan District
Highest and Best Use - As if Vacant	Life sciences use
Highest and Best Use - As Improved	Continued development for life sciences use
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	November 2, 2021
Date of the Report	March 11, 2022
Property Interest Appraised	Fee Simple

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of South San Francisco and its associated finance team may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

### Extraordinary Assumptions and Hypothetical Conditions

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

None.

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

1. We have been requested to provide an opinion of market value of the subject property as of November 2, 2021. It is a hypothetical condition of the Appraisal that proceeds from the Bonds are available for public improvements.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

## General Information

### Identification of Subject

The subject currently comprises five parcels and 44.23 acres of land within the proposed and under construction Kilroy Oyster Point life sciences campus. At completion of build out, the subject will include 2,520,892 square feet of rentable area within four phases. In addition to life sciences space, the area within the District will also include open space and walking paths, various amenities for the project's life science users, and three parking garages; it is noted not all land uses within the District are taxable. Horizontal and vertical construction of Phase I, which is 100% pre-leased to two tenants, is nearly complete, and backbone infrastructure of Phase II has commenced. Phases III and IV are expected to be finished in 2025/26, as market demand dictates. The subject's assessor parcels are expected to be reconfigured as development progresses, with each Phase eventually having its own parcel. A legal description of the property is in the addenda.

#### Property Identification

Property Name	City of South San Francisco CFD No. 2021-1 (Public Facilities and Services)
Address	379 Oyster Point Blvd. South San Francisco, California 94080
Tax ID	015-010-240, 015-010-910, 015-010-930, 015-010-940 and 015-010-950
Owner of Record	Kilroy Oyster Point I, LLC ("Kilroy OP I"), Kilroy Oyster Point II, LLC ("Kilroy OP II"), Kilroy Oyster Point III, LLC ("Kilroy OP III"), and KR Crescent Beach, LLC

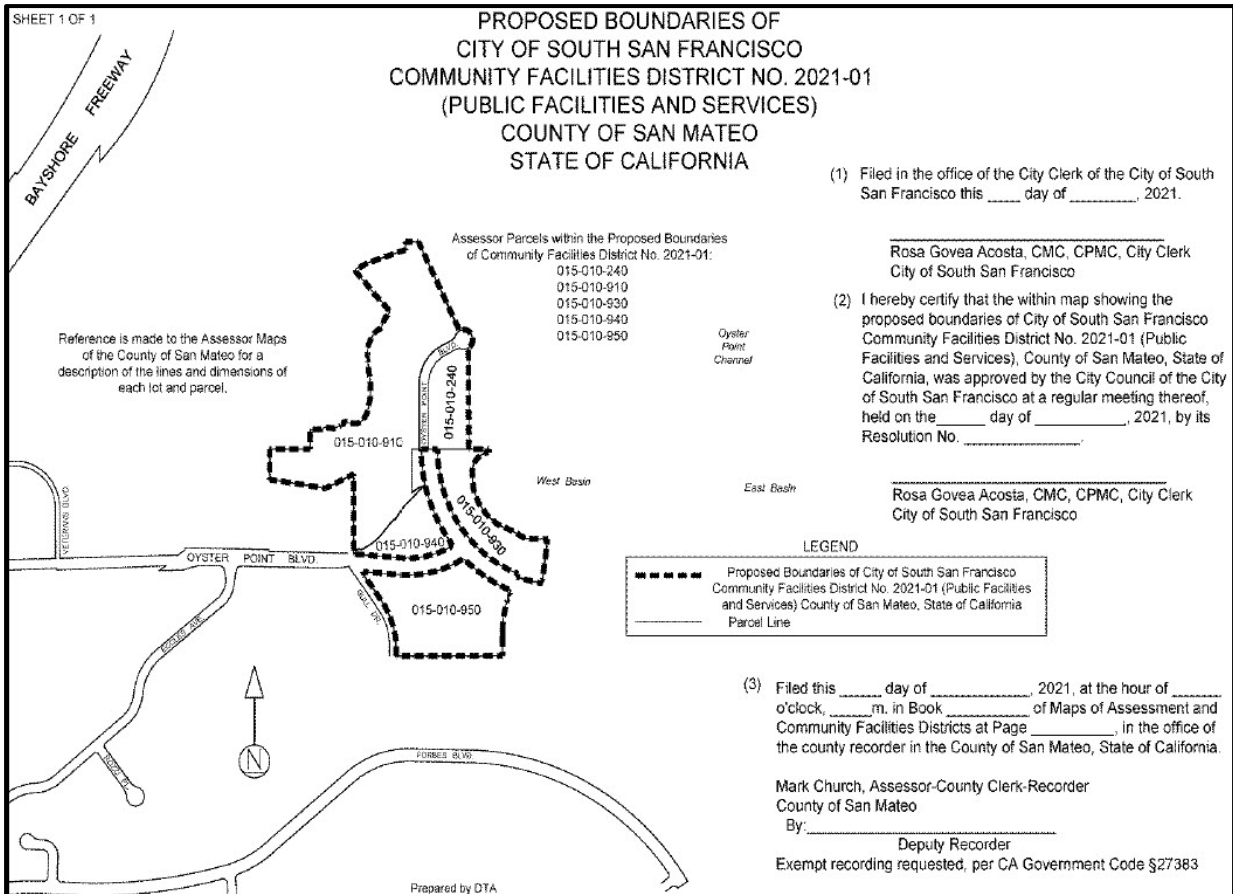
#### Land Area Summary

Tax ID	Address	SF	Acres
015-010-240	379 Oyster Point Blvd	165,001	3.79
015-010-910	385 Oyster Point Blvd	921,076	21.14
015-010-930	-	238,883	5.48
015-010-940	-	163,045	3.74
015-010-950	348 Oyster Point Blvd	438,693	10.07
Total		1,926,698	44.23

Source: Public Records

The above table reflects the current subject assessor parcels. Lot lines are expected to be adjusted throughout the development process, and the upcoming analysis allocates acreage to each of the four Phases. The following page depicts the subject parcels within the District boundary.





**Sale History**

The most recent closed sale of the subject is summarized as follows:

Sale Date	June 5, 2018
Seller	Oyster Point Development, LLC
Buyer	KR Oyster Point I, LLC, KR Oyster Point II, LLC, KR Oyster Point III, LLC, KR Crescent Beach, LLC
Sale Price	\$308,203,000
Recording Instrument Number	2018.43303, 43304, 43305, 43307

The above transaction was recorded on four separate deeds in June of 2018. Our market value conclusion differs significantly from the sale price due to the strengthening life sciences market, the current entitlement status of the property, and infrastructure/site development costs which have been incurred to date. To the best of our knowledge, no other arm’s length sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.



## Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

## Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value, subject to a hypothetical condition, pertaining to the fee simple interest in the property as of the effective date of the appraisal, November 2, 2021. The date of the report is March 11, 2022. The appraisal is valid only as of the stated effective date.

## Definition of Market Value

Market value is defined as:

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

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

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

## Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

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

## Intended Use and User

The intended use of the appraisal is for bond underwriting purposes. The client is the City of South San Francisco. The intended users are the City of South San Francisco and its associated finance team. The appraisal is not intended for any other use or user. No party or parties other than the City of South San

Francisco and its associated finance team may use or rely on the information, opinions, and conclusions contained in this report.

## Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004);

## Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

## Scope of Work

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

## Valuation Methodology

This appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an “appraisal assignment,” as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the subject property were researched and documented. A physical inspection of the property was completed and serves as the basis for the site description contained in this report. The sales history was verified by consulting public records. Numerous documents were provided for the appraisal, including: the developer’s budget, project renderings,

marketing materials, Phase I lease/tenant information, development timeline, and entitled land uses. The zoning, earthquake zone, flood zone and utilities were verified with applicable public agencies. Property tax information for the current tax year was obtained from the San Mateo County Assessor's office online resource.

Data relating to the subject's neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area, newspaper articles, and interviews with various market participants, including property owners, property managers, brokers, developers and local government agencies.

In this appraisal, the highest and best use of the subject property as though vacant was determined based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity).

It is not uncommon for appraisers to be asked to appraise properties at atypical times, relative to when market participants most often transfer properties. The market recognizes typical points during the development process when master planned projects often transfer, such as upon obtaining entitlements, completion of spinal infrastructure and/or recordation of final maps, for example. In valuation assignments that involve value scenarios that do not coincide with the typical transaction points along the development timeline, the appraiser must apply market logic to the particular stage of the project. Since the subject is at one of these atypical points, we have employed market logic in the valuation of the subject in its hypothetical condition.

In the valuation of the subject property, which comprises the taxable land within the boundaries of the City of South San Francisco Community Facilities District No. 2021-1 (Public Facilities and Services), subject to the Lien of the Special Tax securing the Bonds, the market value of the taxable components comprising Community Facilities District No. 2021-1 were estimated using multiple approaches to value.

The valuation begins with employing extraction analyses to estimate of the market value for each of the subject Phases. This analysis considers the direct and indirect construction costs, lease up costs, and entrepreneurial profit associated with each Phase and deducts these costs from the market value as if stabilized to arrive at the value of the underlying land. Direct capitalization analyses are utilized to determine the market value of the proposed vertical improvements as if stabilized. As a test of reasonableness, we also consider improved life sciences sales. Because Phase I improvements are nearly complete, remaining costs are deducted from the as if stabilized value to arrive at an indication of value. No further discounting is required, as the disposition period for this Phase is expected to be under 12 months. The extraction analyses for Phases II through IV, however, result in the market value of the underlying land for these Phases which must be further discounted.

After the market value of the various land use components comprising Phases II through IV is determined, the subdivision development method to value is also employed in the estimate of market value of the City of South San Francisco Community Facilities District No. 2021-1 (Public Facilities and Services) Special Tax Bonds. The subdivision development method is a form of discounted cash flow analysis (DCF) in which the expected revenue, absorption period, expenses, and internal rate of return associated with the development and sell-off of the various land use components to end users are considered.

Under the subdivision development method to value, it is common for surveys of market participants to reveal different estimations of anticipated absorption periods for the sell-off of multiple components comprising a master planned development, with some developers preferring to hasten the holding period in favor of mitigating exposures to fluctuations in market conditions; whereas, other developers prefer to manage the sell-off of the property over an extended period of time so as to minimize direct competition of product within the master planned project. The estimates of market values for the various land use components serve as the revenue component of the subdivision development method (DCF analysis). In addition to the expected revenue, the absorption period, expenses, and discount rate associated with the development and sell-off of the land components comprising the subject property to vertical life sciences developers are utilized, the results of which provided an estimate of market value of the subject property.

### **Research and Analysis**

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

### **Inspection**

Kevin Ziegenmeyer, MAI, and Laura Diaz conducted a interior and exterior inspections of the property on November 2, 2021.

# Economic Analysis

## Area Analysis – San Mateo County

### Introduction

San Mateo County is located between San Francisco and Santa Clara Counties on the San Francisco Bay. The County covers 531 square miles and boasts 54 miles of spectacular coastline bluffs and beaches. About three-fourths of its land is in agricultural use, watershed, open space, wetlands or parks. Mild climate, abundant natural resources, picturesque foothills, creeks and old redwoods best describe San Mateo County, making it an attractive community for residents and businesses.

As one of several counties significantly contributing to the economy of the San Francisco Bay Area, San Mateo County is strategically located in proximity to world-renowned research universities – University of California at Berkeley and San Francisco and Stanford University. As a result, many leading industry employers, such as medical therapeutic leader Genentech, Fortune 500 Oracle Corporation, gaming leader Electronic Arts, and Academy Award winner PDI DreamWorks, all call San Mateo County home. Consistently, San Mateo County boasts among the highest incomes and among the lowest unemployment rates in both the state and the nation.

### Population

The county has a population of 765,000 and, on average, has had no annual growth over the past five years. The vast majority of county residents live in incorporated areas, the largest of which are Daly City, San Mateo and Redwood City. The following table illustrates population trends for areas within San Mateo County over the past five years.

<b>Population Trends</b>							
City	2016	2017	2018	2019	2020	2021	%/Yr
Atherton	6,927	6,945	6,948	6,950	6,942	6,896	-0.1%
Belmont	26,963	26,951	26,898	26,808	26,669	26,470	-0.4%
Brisbane	4,648	4,653	4,654	4,642	4,621	4,579	-0.3%
Burlingame	30,377	30,355	30,318	30,224	30,068	29,746	-0.4%
Colma	1,495	1,493	1,476	1,496	1,678	1,659	2.2%
Daly City	108,421	108,599	109,088	109,102	108,767	108,599	0.0%
East Palo Alto	30,571	30,641	30,747	30,716	30,630	30,350	-0.1%
Foster City	32,624	32,741	32,746	33,221	33,025	32,842	0.1%
Half Moon Bay	12,373	12,391	12,423	12,444	12,404	12,309	-0.1%
Hillsborough	11,418	11,455	11,486	11,444	11,442	11,391	0.0%
Menlo Park	33,478	35,195	35,398	35,279	35,120	34,825	0.8%
Millbrae	23,000	22,986	22,975	22,874	22,742	22,509	-0.4%
Pacifica	38,802	38,673	38,632	38,470	38,267	37,890	-0.5%
Portola Valley	4,615	4,611	4,614	4,607	4,598	4,560	-0.2%
Redwood City	84,697	84,779	84,943	85,686	86,444	85,182	0.1%
San Bruno	45,408	45,423	45,442	45,391	45,392	44,936	-0.2%
San Carlos	29,684	29,689	29,713	29,644	30,067	29,814	0.1%
San Mateo	102,877	103,038	103,412	103,140	102,766	103,045	0.0%
South San Francisco	67,182	67,156	67,193	67,070	67,730	67,135	0.0%
Woodside	5,659	5,665	5,670	5,647	5,670	5,628	-0.1%
Unincorporated	65,880	65,962	66,151	66,305	66,019	64,880	-0.3%
<b>Total</b>	<b>767,099</b>	<b>769,401</b>	<b>770,927</b>	<b>771,160</b>	<b>771,061</b>	<b>765,245</b>	<b>0.0%</b>

Source: California Department of Finance

The Bay Area consistently has among the highest housing costs in the state and nation and the lack of affordable housing is one impediment to further growth in the region. Since 2014, San Mateo County has typically had the second highest median home prices in the Bay Area, surpassed only by San Francisco.

## Employment & Economy

The California Employment Development Department has reported the following employment data for San Mateo County over the past five years.

<b>Employment Trends</b>						
	2015	2016	2017	2018	2019	2020
Labor Force	434,300	441,800	445,500	449,500	460,000	433,900
Employment	419,400	428,300	433,400	439,300	450,600	404,100
Job Growth	10,500	8,900	5,100	5,900	11,300	(46,500)
Unemployment Rate	3.4%	3.1%	2.7%	2.3%	2.0%	6.9%

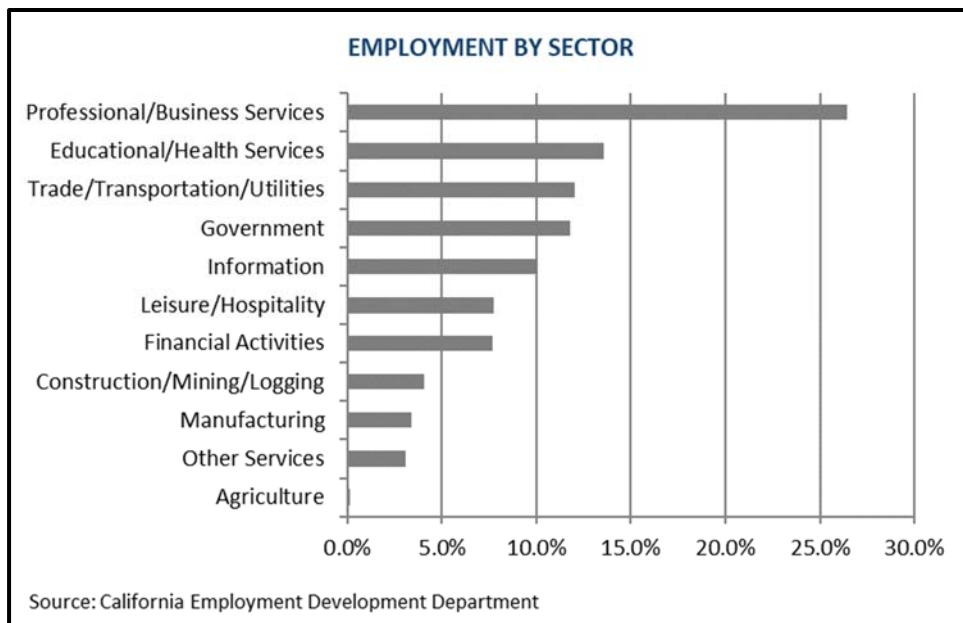
Source: California Employment Development Department

Most areas within the state and nation, including San Mateo County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines between 2011 and 2019. However, this downward trend has shifted as a result of the COVID-19 crisis. In an effort to prevent the spread and impact of the virus, statewide public health stay-at-home orders were issued in March 2020, which directed residents to stay at home except to perform essential activities necessary for the health and safety of individuals and their families. These unprecedented measures left just "essential"

businesses open. The closure of non-essential businesses has had a significant impact on employment, with some sectors of the workforce impacted more significantly than others.

The average annual unemployment rate in San Mateo County was 2.0% in 2019 and remained in the 2.1% to 2.5% range in the first quarter of 2020, spiking up to 11.8% in April 2020. The average annual unemployment rate was 6.9% in 2020. As of April 2021, the rate has dropped to 4.8%, which is above the year ago estimate of 11.8%. This compares to rates of 8.1% for California and 5.7% for the nation in April 2021.

The California Employment Development Department reports the following allocation of total employment for each sector within the San Francisco-Redwood City- South San Francisco Metropolitan Division, which includes San Francisco and San Mateo Counties. Current employment by sector for just San Mateo County was not available as of the date of this report.



The metro’s largest employment sector is Professional and Business Services, followed by Educational/Health Services, and Trade/Transportation/Utilities (including retail and wholesale trade). Combined, these sectors account for 52% of all employment in the metro. In San Mateo County, the Information and Leisure/Hospitality sectors historically rank just below these sectors.

As of April 2021, it was reported a total of 57,300 jobs were gained in the metro year-over-year, after having lost nearly 170,000 jobs in April 2020 in response to the coronavirus economic shutdown. Consistent with the metro and other counties in the Bay Area, the Leisure/Hospitality and Trade/Transportation/Utilities sectors have experienced the strongest impact from the policies enacted to slow the spread of COVID-19.

The county’s largest employers are presented on the following page.





<b>Largest Employers</b>			
	Employer	Industry	Employees
1	Facebook, Inc.	Social Network	15,407
2	Genentech Inc.	Biotechnology	10,023
3	Oracle Corp.	Computer Hardware/Software	7,656
4	County of San Mateo	Government	5,640
5	Gilead Sciences Inc.	Biotechnology	4,000
6	YouTube LLC	Online Video Streaming Platform	2,384
7	Sony Interactive Entertainment	Interactive Entertainment	1,650
8	Robert Half International, Inc.	Professional Staffing Services	1,642
9	Electronic Arts Inc.	Interactive Entertainment	1,478
10	SRI International	Nonprofit Research Institute	1,418

Source: County of San Mateo, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2020

### Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. According to the U.S. Census Bureau, the median household income for San Mateo County in 2019 dollars was \$122,641, which was significantly higher than the state of California's median income of \$75,235. The county's income is the second highest among all California counties.

### Transportation

The San Mateo County area is well served by State Highway 101. This freeway runs in a north-south direction and travels through the center of the county. It provides access to the city and county of San Francisco to the north. To the south, State Highway 101 provides access to San Jose and other areas of Santa Clara County. Further south, State Highway 101 travels through Salinas and then onto the Central Coast of California. Another major arterial in the County is Interstate 280, which commences in San Francisco near the San Francisco-Oakland Bay Bridge at Highway 101, and then bisects the County and the peninsula before terminating at Interstate 880 in San Jose. The Pacific Coast Highway (Highway 1) also travels through San Mateo County; specifically, through Daly City, Pacifica, and Half Moon Bay. To the north of the County, Highway 1 eventually crosses the Golden Gate Bridge, providing access to Marin County to the north of San Francisco. The East Bay Area is most proximately accessible via the San Mateo-Hayward Bridge in Foster City and the Dumbarton Bridge (Highway 84) in the Menlo Park/East Palo Alto area, both of which connect to Interstate 880 across the bay.

San Mateo County offers extensive public transportation, the most notable of which is the Bay Area Rapid Transit (BART). There are currently six stations in the county. In June 2003, BART opened the Millbrae/SFO extension, which included four new stations – South San Francisco, San Bruno, San Francisco International Airport (SFO) and Millbrae. In June 2004, Caltrain launched the Baby Bullet

train service, which provides express service including travel between San Francisco and San Jose in less than an hour. In 2005, Caltrain doubled the number of Baby Bullet trains (from 10 to 22).

San Francisco International Airport (SFO) is located in an unincorporated area of the county. According to the Airports Council International of North America, SFO is consistently one of the top 15 busiest airports in the nation in terms of both passenger and cargo volume. The airport is accessed along State Highway 101, between the cities of Millbrae and San Bruno.

The Redwood City Port is also located in the county. The Port has a deep-water channel and handles bulk and specialty cargo including lumber, scrap metal and liquid cargos. Each year, the Port handles about two million metric tons of cargo.

### **Recreation & Culture**

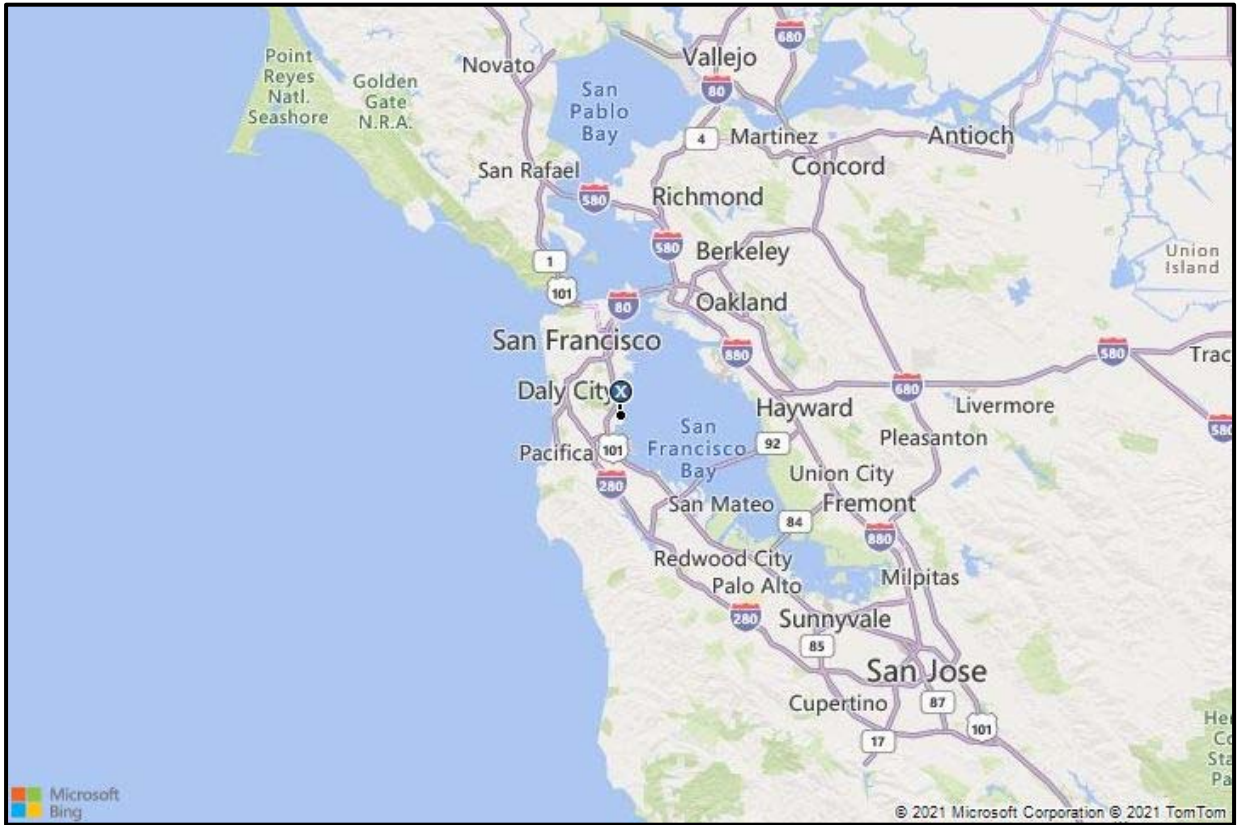
The County operates 17 regional parks in a wide variety of natural settings, including a coastal marine reserve, a bayside recreational area, coastal mountain woodland areas, and urban sites. Northern San Mateo County is home to eight parks including Coyote Point, Coyote Point Marina, Crystal Springs, Fitzgerald Marine Reserve, Junipero Serra, San Bruno Mountain, San Mateo Fishing Pier, and San Pedro Valley Park. Mid- and southern county parks include Edgewood Park, Flood Park, Huddart Park, Wunderlich Park, Heritage Grove, Memorial Park, Pescadero Creek, and Sam McDonald Park. The county is also known for its extensive trail system. San Mateo County hosts an annual County Fair each summer, located near the intersection of U.S. Highway 101 and State Highway 92.

### **Conclusion**

San Mateo County is one of California's most affluent regions, with income and home prices nearly the highest in the state. Among the county's most notable advantages are its central location in the San Francisco Bay Area, picturesque surroundings, mild climate and diverse employment opportunities. The area also boasts extensive transportation routes, strong schools and an abundance of shopping centers, public services and recreational activities.

In recent years, market and economic conditions have been strong, with unemployment rates falling to historical lows. However, employment conditions declined sharply in April 2020 following stay-at-home mandates and business closures in response to the COVID-19 pandemic. Market and economic conditions have since improved, but some uncertainty remains in the near term as policies aimed at financial relief and resuming business operations continue to be developed and implemented. The historical stability of the local economy bodes well for the long-term outlook for the region.

### Area Map



## Surrounding Area

### Location

The subject is located in the Oyster Point community in South San Francisco. The neighborhood is characterized by a high concentration of life sciences users. The following table summarizes the boundaries of the larger neighborhood.

<b>Boundaries &amp; Delineation</b>	
<b>Boundaries</b>	
Market Area	San Francisco Bay Area
Submarket	Northern San Mateo
Area Type	Suburban
<b>Delineation</b>	
North	San Francisco Bay
South	South Francisco International Airport
East	San Francisco Bay
West	Highway 101

### Access and Linkages

Primary highway access to the area is via Highway 101 and Interstate 280. Highway 101, also known as the Bayshore Freeway, runs north/south through San Mateo County before connecting to San Francisco and Marin County to the north and Santa Clara County to the south. Interstate 280 generally runs parallel to Highway 101, but along the eastern edge of the Peninsula's various open space preserves. Interstate 280 travels north into San Francisco where it intersects with Highway 101 before terminating just before Interstate 80. To the south, Interstate 280 runs through San Jose before connecting with Interstates 880 and 680. California State Route 82, or El Camino Real, is a major commercial thoroughfare which provides local access throughout the Peninsula. CA-82 runs somewhat parallel to Highway 101 before joining Interstate 280 in San Francisco and intersecting with Interstate 880 to the south in San Jose.

Caltrain provides rail access throughout the Peninsula and runs from San Francisco to Gilroy. The subject property is approximately 1.9 miles east from the nearest Caltrain station, South San Francisco. There is a free shuttle which runs from the nearest Caltrain station to Oyster Point. Bay Area Rapid Transit (BART) provides regional commuter rail service, and the South San Francisco station is also approximately 4.2 miles from the subject property. SamTrans provides bus service throughout San Mateo County. The overall primary mode of transportation in the area is the automobile.

Additional details on the area's access and linkages are provided in the following table, including the distance between the subject and the three primary regional airports.

### Access & Linkages

#### Vehicular Access

Major Highways	Highway 101 / Interstate 280
Primary Corridors	Oyster Point Boulevard / Gateway Boulevard
Vehicular Access Rating	Good

#### Public Transit

Providers	Caltrain / BART / samTrans
Transit Access Rating	Good

#### Airport(s)

Airport	San Francisco International / Oakland International / San Jose International
Distance	4.4 miles / 27.6 miles / 37.9 miles
Driving Time	10 minutes / 35 minutes / 45 minutes

Primary Transportation Mode	Automobile
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### Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

#### Surrounding Area Demographics

2021 Estimates	5-Minute Drive Time	10-Minute Drive Time	15-Minute Drive Time	San Mateo County
Population 2010	2,408	87,046	527,258	718,451
Population 2021	2,746	96,727	581,965	770,038
Population 2026	2,855	99,632	597,805	791,123
Compound % Change 2010-2021	1.2%	1.0%	0.9%	0.6%
Compound % Change 2021-2026	0.8%	0.6%	0.5%	0.5%
Households 2010	779	28,276	180,754	257,837
Households 2021	891	31,293	202,624	275,845
Households 2026	927	32,214	208,527	283,183
Compound % Change 2010-2021	1.2%	0.9%	1.0%	0.6%
Compound % Change 2021-2026	0.8%	0.6%	0.6%	0.5%
Median Household Income 2021	\$103,052	\$109,307	\$130,086	\$136,043
Average Household Size	3.0	3.1	2.8	2.8
College Graduate %	29%	35%	46%	52%
Median Age	38	39	39	41
Owner Occupied %	42%	53%	52%	59%
Renter Occupied %	58%	47%	48%	41%
Median Owner Occupied Housing Value	\$1,077,721	\$1,015,002	\$1,173,401	\$1,381,998
Median Year Structure Built	1974	1970	1964	1967
Average Travel Time to Work in Minutes	32	34	36	33

Source: Claritas

As shown above, the current population within a 10-minute drive time of the subject is 96,727, and the average household size is 3.1. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to San Mateo County overall, the population within a 10-minute drive time is projected to grow at a faster rate.

Median household income is \$109,307, which is lower than the household income for San Mateo County. Residents within a 10-minute drive time have a considerably lower level of educational attainment than those of San Mateo County, while median owner occupied home values are considerably lower.

### Land Use

South San Francisco is generally suburban in character, and densely developed with housing; however, given its proximity to San Francisco and convenience to major transit options (SFO, U.S. Highway 101), there is also a prevalence of industrial and life science uses in the area. The subject’s specific neighborhood is characterized by life science, research and development, and technology uses. The map on the following page is from the subject’s marketing brochure and demonstrates the heavy concentration of life science users in the immediate area. Overall, the area is 99% developed, with the only opportunities for new construction being limited to infill and redevelopment sites.



Land uses east of Highway 101 are primarily commercial and industrial in nature, with some retail uses. Residential use is concentrated west of Highway 101. The following table summarizes land uses in the subject's neighborhood.

### Surrounding Area Land Uses

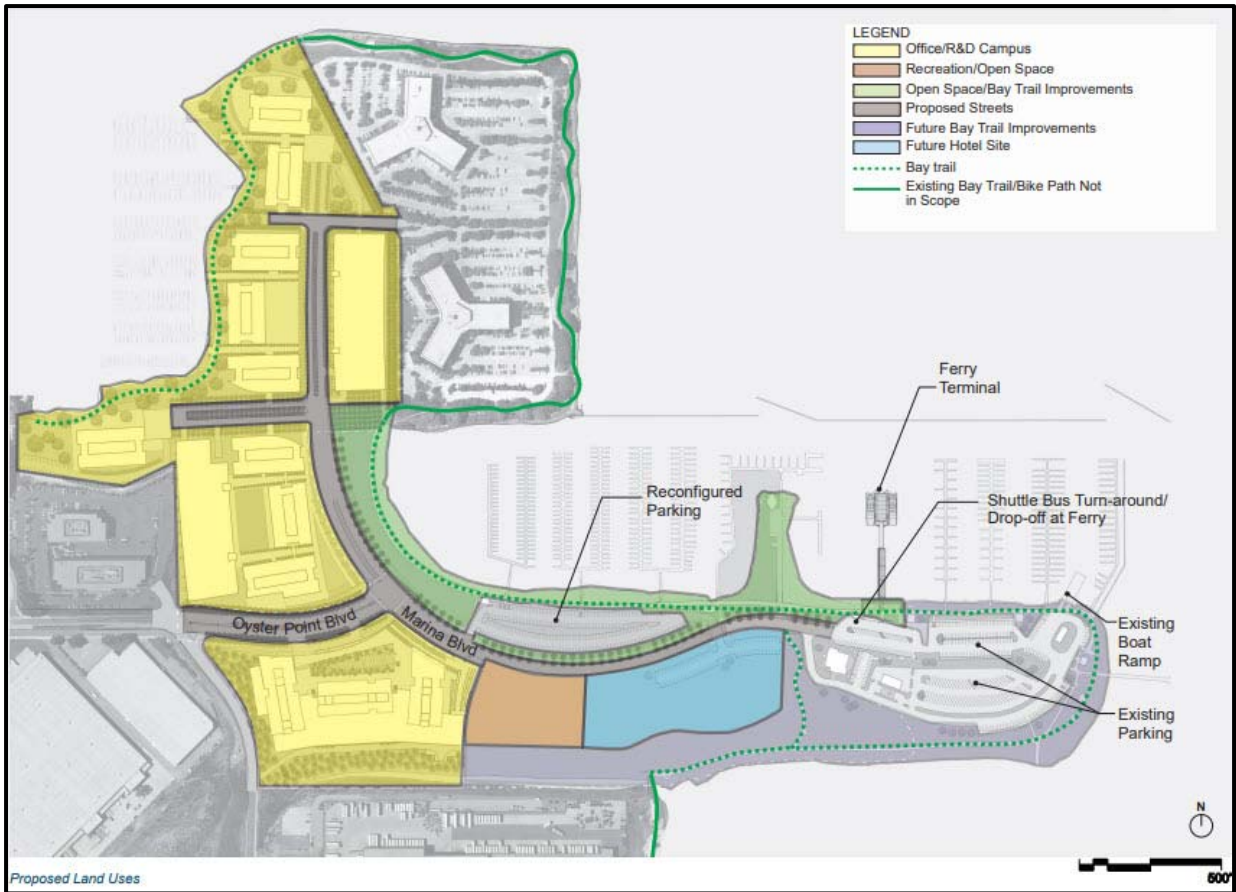
Character of Area	Suburban
Predominant Age of Improvements (Years)	New to 40+ years
Predominant Quality and Condition	Average to Excellent
Approximate Percent Developed	99%
Land Use Allocation	
Single-Family	0%
Multifamily	0%
Retail	15%
Office	45%
Industrial	40%
Vacant Land	Less than 1%
Infrastructure and Planning	Average
Predominant Location of Undeveloped Land	Infill redevelopment
Prevailing Direction of Growth	Infill redevelopment

The following table summarizes the availability of public services proximate to the subject. In addition, South San Francisco's City hall and public library are located two miles west of the subject.

### Public Services

Service	Name/Station	Distance (Miles)	Direction
Police Department	South San Francisco	4	West
Fire Department	South San Francisco	2.6	West
Hospital	Kaiser Permanente South San Francisco	4.1	West
Elementary School	9 Elementary Schools in SSF Unified District	1.9 (closest)	West
Middle/Junior High School	3 Middle Schools in SSF Unified District	3.2 (closest)	West
High School	3 High Schools in SSF Unified District	3.6 (closest)	West

The following map depicts land uses proposed for the Kilroy Oyster Point project, of which the subject is a part. The subject property is shaded yellow, and also includes a portion of the open space/Bay Trail improvements.





Land uses immediately surrounding the subject are as follows:

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### Immediate Surroundings

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North	San Francisco Bay
South	Light Industrial
East	San Francisco Bay / Office
West	San Francisco Bay / Office

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### Outlook and Conclusions

The area is in the stable stage of its life cycle. Recent development activity has been limited to infill uses due to the lack of available land. The Bay Area life sciences market has been strengthening since the onset of the COVID-19 pandemic, as the public health crisis spurred additional interest in the biotechnology and health sciences sectors. As will be demonstrated, life sciences inventory is constrained; there are multiple new life science campuses under construction along the Peninsula, and many investors are converting general office space to life science use. Given the history of the area and the growth trends, it is anticipated that property values will continue to increase in the near future.

In comparison to other areas in the region, the area is rated as follows:

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### Surrounding Area Ratings

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Highway Access	Good
Demand Generators	Excellent
Convenience to Support Services	Average
Convenience to Public Transit	Average
Employment Stability	Above Average
Neighborhood Amenities	Average
Police and Fire Protection	Average
Barriers to Competitive Entry	Average

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The following section includes an overview of the office market in San Mateo County, which includes life sciences space. This will be followed by an analysis of the Bay Area life sciences market specifically.

### Surrounding Area Map



The “x” symbol designates Phase I of the subject. Subsequent Phases are located north of Phase I, along Oyster Point Boulevard.

## Office Market Analysis

The subject is located in the San Francisco Peninsula office market, as defined by Cushman and Wakefield's research report, which is relied upon in this analysis. It is noted this research report includes both office and R&D space. The San Francisco Peninsula encompasses San Mateo County.

The San Francisco Peninsula office market experienced steady growth in recent years, with the technology and life science sectors driving demand. The market is desirable due to its lower cost compared to San Francisco to the north and Silicon Valley to the south. The region had positive job growth and steadily declining unemployment. New construction was very active, delivering significantly pre-leased to large tech and life science tenants. San Mateo County has one of the largest life science markets in the nation.

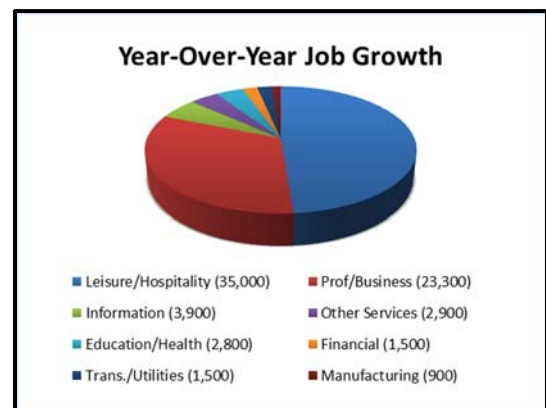
The year 2020 began with sustained demand for good quality office space, with positive leasing activity and net absorption in the first quarter, but the second quarter reflected declining conditions from the impact of the COVID-19 pandemic. Office touring and leasing activity declined significantly as a result of shelter-in-place mandates, and leasing activity continued to be subdued the balance of the year as uncertainty kept businesses in a holding pattern as to what operations and space needs would look like post-COVID-19. Market activity improved in the first half of 2021 as restrictions eased, with positive net absorption in both the first and second quarters. Leasing activity, particularly for life science tenants, has remained robust, currently driving demand for both office and R&D space.

Local market research reports prepared by real estate professional services firms highlight the likelihood that companies' recovery from the economic disruption will likely include a re-organization to a new operating environment which may involve reducing real estate footprint and working remote or striking a balance by use of creative/flexible work schedules. A return to the workplace was expected in September 2021, following the termination of COVID-19 restrictions but the emergence of the delta variant posed additional challenges, delaying that return.

## Employment

Employment conditions in the San Francisco-Redwood City-South San Francisco Metropolitan Division (San Francisco and San Mateo Counties) had been steadily improving since 2011, reaching near full employment in recent years. Conditions remained healthy through much of the first quarter 2020 but declined sharply in April 2020 as a result of the coronavirus outbreak and the subsequent policies enacted to slow the spread.

According to data from the California Employment Development Department (EDD), as of September 2021, total employment in the metro had grown 8.6% year-over-year and total jobs increased by 6.6% year-over-year, with 68,400 jobs gained. Every employment sector, except Government and Construction, experienced job growth. Government jobs declined by 2,900 and Construction jobs declined by 500. The largest gain in jobs was in the Leisure/Hospitality sector with 35,000 jobs gained, followed by the



Professional/Business Services sector with 23,300 jobs gained. The chart to on the previous page illustrates year-over-year job growth by sector.

The unemployment rate in the metro was 4.0% as of September 2021, down from 8.4% a year ago. The unemployment rate for San Mateo County alone was 3.8%. By comparison, the unemployment rates for California and the U.S. were 6.4% and 4.6%, respectively, for the same period.

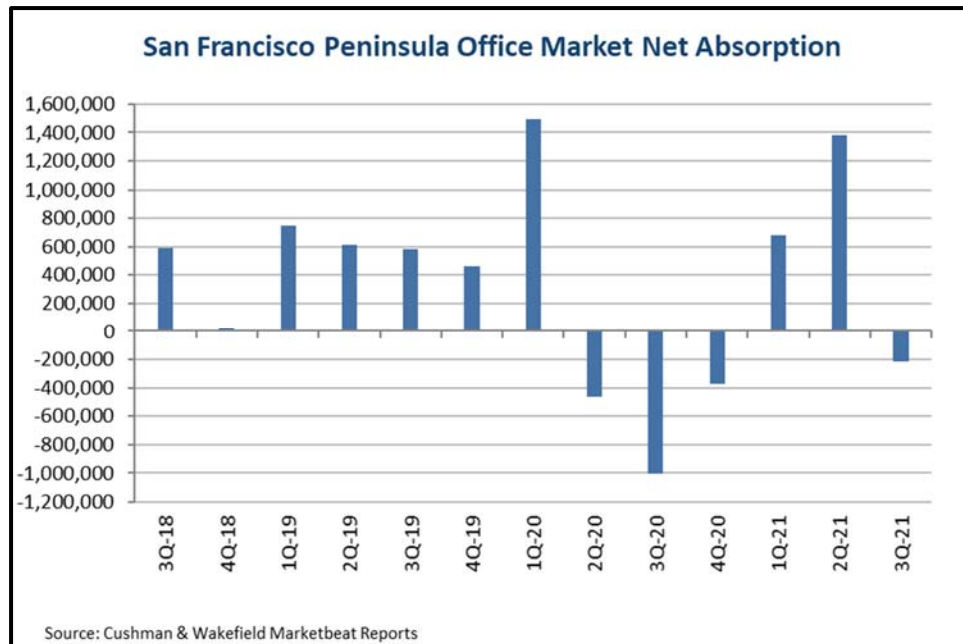
### Vacancy and Absorption

Vacancy in the San Francisco Peninsula office market was on a steady decline from roughly 2013 through 2015, at which point it increased into the mid-7% range until 2017, then into the mid-to-high 8% range until 2019, where it gradually declined from 8.2% to 7.7%. While the first quarter 2020 vacancy held steady, it increased 120 basis points in the second quarter, beginning an upward trend for the remainder of the year and into 2021. The following chart illustrates vacancy trends in the region over the past three years.



The third quarter 2021 closed out with an overall vacancy of 11.1%, which is 50 basis points higher than the previous quarter and 130 basis points higher than the previous year. The office components had a higher increase in vacancy, increasing from 14.5% in the second quarter to 15.0% in the third, compared to R&D product, which closed out the quarter at 4.9%, up from 4.6% in the second quarter. Office product makes up 82% of the total vacancy in the market. Sublease availability declined from 33.0% of all vacant space in the first quarter, to 24.5% in the third quarter 2021.

Net absorption in the market was positive for seven quarters prior to the coronavirus outbreak. The second, third and fourth quarters of 2020 posted negative net absorption as a result of decreased leasing activity. Activity improved as restrictions eased and the first half of 2021 posted positive net absorption. The following chart highlights net absorption activity over the past three years.



Net absorption in the first and second quarters 2021 is primarily attributed to strong demand in the life science industry. Cushman & Wakefield reports also cite occupancy of recently completed buildings, which were preleased, as a source for the positive net absorption. The third quarter, however, again posted negative net absorption, with an occupancy loss of 212,341 square feet as more space was vacated and fewer major tenants took occupancy.

The following table summarizes current vacancy and absorption data by submarket.

<b>San Francisco Peninsula Office Market Summary</b>				
Submarket	Total SF (millions)	Vacancy 3Q 2021	Net Absorption 3Q 2021	Net Absorption YTD
Daly City	0.97	4.3%	(1,463)	54,974
Brisbane	1.62	6.7%	55,868	605,294
South San Francisco	14.86	6.2%	(101,360)	1,597,509
San Bruno / Millbrae	1.82	1.9%	(7,155)	(54)
Burlingame	3.48	14.9%	(963)	(46,173)
<b>North County Totals</b>	<b>22.74</b>	<b>7.3%</b>	<b>(55,073)</b>	<b>2,211,550</b>
San Mateo	8.01	21.3%	(128,898)	(345,044)
Foster City	5.11	9.9%	28,802	12,285
Redwood Shores	6.34	17.3%	(33,479)	(116,514)
<b>Central County Totals</b>	<b>19.47</b>	<b>17.0%</b>	<b>(133,575)</b>	<b>(449,273)</b>
Belmont / San Carlos	3.05	12.1%	(7,160)	497,107
Redwood City	7.35	8.6%	(41,176)	(245,181)
Menlo Park	10.12	9.9%	24,643	13,436
<b>South County Totals</b>	<b>20.52</b>	<b>9.7%</b>	<b>(23,693)</b>	<b>265,362</b>
<b>San Francisco Peninsula Total</b>	<b>62.73</b>	<b>11.1%</b>	<b>(212,341)</b>	<b>2,027,639</b>

Source: Cushman & Wakefield Marketbeat Reports

The North County region closed the quarter with negative 55,073 square feet of net absorption and an average vacancy of 7.3%, the lowest of the three regions. San Bruno/Millbrae had the lowest vacancy rate in the region, and in the market overall, at 1.9%. This submarket is among the smallest in terms of inventory.

The Central County region experienced the greatest occupancy loss this quarter, with 133,575 square feet of negative net absorption. The submarkets in this region have vacancy rates ranging from 9.9% to 21.3%, with an average of 17.0%, the highest of the three regions.

The South County region closed out the quarter with an average vacancy rate of 9.7% and 23,693 square feet of negative net absorption. Vacancy rates within the submarkets in the South County region ranged from 8.6% in Redwood City to 12.1% in Belmont/San Carlos.

Leasing activity slowed significantly after the first quarter 2020 as a result of the shelter-in-place order in effect during the bulk of the second quarter and subsequent operating restrictions. It was reported new leases totaled just under 381,000 square feet in the fourth quarter 2020, 569,000 square feet in the third quarter, 911,000 square feet in the second quarter, and 1.4 million square feet in the first quarter 2020. The annual gross absorption in 2020 was 3.5 million square feet, compared to 7.9 million square feet in 2019.

The first half of 2021 saw improvement in leasing activity with gross leasing of 2.8 million square feet and an additional 1.9 million square feet were leased in the third quarter. Some of the more significant leases signed this quarter are highlighted below. Three of the below leases are to life sciences users (Freenome, Altos Labs, and Nkarta).

- 335,419 square feet were preleased to Freenome at 3000-3300 Marina Blvd, Brisbane
- C3.ai leased 283,015 square feet at 1400 Seaport Blvd, Redwood City
- Altos Labs leased 232,987 square feet at Redwood LIFE in Redwood Shores
- Roblox leased 122,630 square feet at 1 Franklin Parkway, San Mateo
- Nkarta leased 88,106 square feet at 1150 Veterans Blvd, South San Francisco

## Rental Rates

This section discusses average asking rental rates. The reader should note these rates provide only a snapshot of activity at a specific point in time, which is influenced by the quality and quantity of space available at that time. Guarded reliance should be placed on average asking rates given the number of variables impacting these figures.

According to market research reports, the average asking rental rate for office space in the San Francisco Peninsula market has trended upward slowly since 2010. As of the third quarter 2021, the region's average asking rate was \$5.94 psf/month (full service), down \$0.08 psf/month from the second quarter and up \$0.34 psf/month year-over-year (6.1% increase). The average asking rate for Class A office was \$6.56 psf/month, down from \$6.63 psf/month in the second quarter and up from \$5.55 psf/month a year ago. The average asking rate for R&D office was \$5.39 psf/month (triple net), up from \$4.73 psf/month in the second quarter. The highest rents in the market are achieved in downtown, mixed-use projects, life science complexes and projects accessible to Caltrain stations.

## New Construction

Over the most recent expansionary cycle, the San Francisco Peninsula office and R&D market had high demand for new construction. It is reported that 90% of projects built since 2012 have had pre-leasing activity. Projects that were not pre-leased were typically fully leased within 90 days of delivery. Pre-leasing has slowed in the wake of the economic disruption from the pandemic. Cushman & Wakefield reports there are 2.7 million square feet of new, speculative office and R&D space under construction as of the third quarter 2021, with 30.3% of that preleased. The following table highlights some of the notable office and R&D (life sciences) projects recently completed and under construction.

Significant New Construction Office Projects				
Project	Product Type	Submarket	Size (SF)	Status
The Alexandria District / 825 Industrial Rd	Office R&D	Belmont/San Carlos	299,508	Completed Q1 2021
The Alexandria District / 835 Industrial Rd	Office R&D	Belmont/San Carlos	243,988	Completed Q1 2021
Shore at Sierra Point / 1400-1600 Sierra Point Pkwy	Office R&D	Brisbane	269,185	Completed Q1 2021
201 Haskins Way	Office R&D	South San Francisco	350,000	Completed Q1 2021
Gateway of Pacific Phase II	Office R&D	South San Francisco	441,000	Completed Q2 2021
Kilroy Oyster Point Phase I / N1 Inception - Oyster Point Blvd	Office R&D	South San Francisco	655,765	Completed Q2 2021
Gateway of Pacific Phase III	Office R&D	South San Francisco	350,000	Delivery Q4 2021
Station 1 / 2750 S Delaware St	Class A Office	San Mateo	219,000	Delivery Q4 2021
Station 5 / 3150 S Delaware St	Class A Office	San Mateo	213,999	Delivery Q4 2021
Springline (formerly Station 1300) / 1300-1302 El Camino Real	Class A Office	Menlo Park	236,037	Delivery Q1 2022
MPK 22 / 301-309 Constitution Drive	Class A Office	Menlo Park	449,500	Delivery Q2 2022
Gateway at Millbrae Station	Class A Office	Millbrae	157,694	Delivery Q3 2022
500 El Camino Real	Class A Office	Menlo Park	154,000	Delivery Q3 2022
220 Park Road	Class A Office	Burlingame	185,000	Delivery Q2 2023
San Mateo County Offices / 617 Hamilton Street	Class A Office	Redwood City	121,000	Delivery Q3 2023

Source: CoStar; Cushman & Wakefield; Colliers International; Kidder Mathews

Prior to the coronavirus outbreak, absorption of new space kept pace with new deliveries and vacancy remained steady. However, growth plans for tech companies have largely been put on hold and it is expected that general office projects under construction will deliver without being fully pre-leased. This is in contrast to life science/R&D properties, which continue to be consistently pre-leased prior to delivery due to supply constraints. Vacancy rates are expected to increase initially in submarkets where new construction is active, though, as will be demonstrated in the following section, life sciences vacancy rates remain very low. Likewise, as new buildings are delivered, there is the risk of an increase in vacancy as second and third generation spaces are left vacant when tenants relocate to more desirable new spaces.

## Conclusion

The San Francisco Peninsula remains a sought-after market for technology and life science users and tenants looking for a Bay Area location. New office and R&D developments have increased in the past several years, and leasing and absorption have likewise been strong, fueled by these industries, with most new construction projects delivering pre-leased. Market activity declined, particularly for office product, following the onset of the pandemic as employers implemented remote working solutions and companies put growth plans on hold. Demand for R&D product has been less impacted than office product, sustained by the thriving life science industry. The market has had strong leasing activity over the past three quarters. However, vacancy is expected to continue to increase into the fourth quarter, as over 900,000 square feet of new construction is scheduled to be completed, with only 38% of that preleased. Likewise, occupancy losses in older buildings will continue to impact net absorption.

Improvement in the market was anticipated in the second half of 2021, with the projected return to work in person following a reopening of the economy in June 2021, but additional COVID challenges have delayed that return, particularly in the tech sector, where companies have been the first to announce longer-term mobile working options. Recovery in the office market is expected to be gradual as companies continue to define their remote working policies, space needs and growth projections. The following section discusses the life sciences market specifically, which has been strengthening since the onset of the pandemic.



## Life Sciences Market Analysis

### National Life Science Market Overview

Life science space is qualitatively different from office space requiring structural characteristics and strict environmental and safety restrictions coupled with the hybrid nature of space required by hospitals and lab tenants. New construction is highly specialized and is an integral part of the clinical delivery and scientific discovery process. The additional amenities and physical characteristics required dictates that these buildings generally command a much higher price per square foot than office space. According to a 2018 report by brokerage firm JLL, construction costs can range from \$350 to \$1,325 per square foot. Tenant improvement costs from shell typically range from \$150 to \$200 per square foot in the Bay Area. The following describes some of the characteristics that differentiate life science facilities from general commercial properties.

**Lab to Office Space Ratios** - The majority of lab facilities include a split of 50% lab and 50% office use on a floor by floor basis. New life science facilities typically offer multiple common areas such as lounges and cafes where researchers can meet, discuss, and collaborate.

**Building Services** - Special consideration must be made for the proposed research in each respective building, including the evaluation of the chemicals that will be stored and transported and how biological waste will be disposed.

**HVAC** – Sufficient air circulation is critical to life science users and required ventilation systems must be worked into the base building upgrades.

**Electrical** – The electrical design criteria for a state-of-the-art research facility have skyrocketed as science and technology have become interdependent. The power grid must be capable of supplying the appropriate electrical capacity for augmenting HVAC requirements, research data, and scientific analysis tools.

**Clear Height and Structure** – Sufficient clear height for fume hoods and exhaust is essential. The concentrated equipment and workbench areas in lab buildings require heavy loading.

**Vertical Shafts** – A life science building must contain ample vertical space for supplying sufficient air and removing the exhaust fumes of any biotech user without overburdening cost or compromising the function of the space.

**Lab Module** – Any efficient lab planner must identify critical lab space requirements such as bench layouts.

**Acoustics, Air Quality, and Vibration** – The potential for vibration from equipment and the street environment to effect sensitive lab experiments is a key factor. Building adjustments must be made to prevent such vibrations from occurring.

**Zoning** – Zoning restrictions and other state and federal regulations can inhibit or prevent use changes, the handling of hazardous materials, and the ability to local equipment or systems on tops of buildings.

**Flexibility** – The only certain thing in the life science industry is change. Every floor of each building should be built with its own infrastructure so that all air, electric wiring, and plumbing can be easily modified and office space turned into lab space or clinical space if necessary.

**Biosafety Levels** – In addition to the characteristics described above, each life science facility must meet certain standards for biosafety depending upon the type of research being conducted. Regulations as to safety and security requirements and licenses for buildings vary depending upon the research.

### **Impact of COVID-19 on the Life Sciences Market**

In contrast to the general office market, the pandemic has increased demand for life sciences space. The following is an excerpt from *Newark's 2021 Mid-Year Life Science Overview & Market Clusters* report which summarizes the impact of COVID-19 on the life sciences market:

“Life science real estate in 2021 continues to benefit from unprecedented levels of institutional investor demand across the major cluster markets and secular growth from expanding venture capital-backed biotechnology, medical device and pharmaceutical tenants. One of the early realities responsible for the acceleration of demand during the pandemic was that many life science lab workers could not do vital research and development from home, and therefore circumvented the lockdowns and work-from-home mandates that impacted other property types. While lockdowns and government-mandated restrictions largely ended in most of the United States early in the summer of 2021, concerns are once again rising with the prevalence of the Delta variant of COVID-19. This sentiment continues to feed into investor psychology and impact demand for conventional office space, which in turn is heightening the interest in life science and laboratory properties. Additionally, the global push for the creation of multiple COVID-19 vaccines has galvanized US government support for on-shoring of biomanufacturing and research and development efforts, particularly for pharmaceutical and drug companies that ran short of supplies early into the pandemic.”

The following table depicts the top ten life science owners in the United States, many of which are active in the Bay Area market.

Top 10 Life Science Owners					
Company	HQ Location	Investor Type	Number of Properties	Featured Markets Exposure Count	Square Feet*
Alexandria RE Equities	Pasadena, CA	Public REIT	381	9	40,100,000
BioMed Realty	New York, NY	Institutional	106	9	16,000,000
Healthpeak Properties	Irvine, CA	Public REIT	72	4	11,300,000
Ventas	Chicago, IL	Public REIT	43	4	9,000,000
Longfellow RE Partners	Boston, MA	Private / Developer	45	4	6,500,000
Diversified Healthcare Trust	Newton, MA	Public REIT	33	6	4,300,000
Boston Properties	Boston, MA	Public REIT	47	3	3,400,000
IQHQ	Solana Beach, CA	Private REIT	17	3	3,200,000
King Street Properties	Boston, MA	Private / Developer	24	3	3,100,000
Wareham Development	San Francisco, CA	Private / Developer	45	1	2,700,000

Other Prominent Owners			
Company	HQ Location	Investor Type	Square Feet*
Alloy Properties (TPG)	San Francisco, CA	Institutional	2,600,000
Nuveen	New York, NY	Institutional	2,500,000
Pacific Coast Capital Partners (PCCP)	Los Angeles, LA	Institutional	2,400,000
Phase 3 RE Partners	San Diego, CA	Private/Developer	2,300,000
DivcoWest	San Francisco, CA	Institutional	2,100,000
Clarion Partners	New York, NY	Institutional	2,000,000
Kilroy Realty Corporation	Los Angeles, LA	Public REIT	2,000,000
Harrison Street	Chicago, IL	Institutional	1,900,000
Karlin Real Estate	Los Angeles, LA	Private/Developer	1,800,000
Starwood Capital Group	Miami Beach, FL	Institutional	1,600,000

**100,000,000**



**100 Million Square Feet**

The total approximate estimated life science wet laboratory space owned by the top ten owners, 72% of which is owned by public or private REITs.

\* Includes properties under construction

Source: Newark's 2021 Mid-Year Life Science Overview & Market Clusters

The table on the following page reflects the 30 largest transactions since 2020.



### 30 Largest Transactions: Private Equity and Public Offerings

While the number of transactions and total amount raised in the private equity market eclipses that of the public market, the largest transactions have tended to be public offerings, with all four of the deals raising more than \$1 billion. All but one of the largest 30 transactions occurred in regions covered by this report.

COMPANY NAME	SIZE MM	DATE	TYPE	CUSHMAN & WAKEFIELD MARKET
Royalty Pharma	\$2,180	Jun 2020	Public	New York City
Pharmaceutical Product Development	\$1,863	Feb 2020	Public	Other
Maravai Life Sciences	\$1,620	Nov 2020	Public	San Diego
Moderna Therapeutics	\$1,338	May 2020	Public	Boston
Resilience	\$755	Oct 2020	VC	San Diego
Certara	\$668	Dec 2020	Public	New Jersey
Sana Biotechnology	\$588	Feb 2021	Public	Seattle
EQRx	\$570	Jan 2021	VC	Boston
MyoKardia	\$551	May 2020	Public	San Francisco Bay Area
Catalent	\$548	Jun 2020	Public	New Jersey
ElevateBio	\$525	Mar 2021	VC	Boston
Iovance Biotherapeutics	\$525	May 2020	Public	San Francisco Bay Area
10x Genomics	\$506	Sep 2020	Public	San Francisco Bay Area
Indigo Agriculture	\$500	Jun 2020	VC	Boston
Insulet	\$500	May 2020	Public	Boston
Bluebird Bio	\$500	May 2020	Public	Boston
Lyell	\$493	Mar 2020	VC	San Francisco Bay Area
AbCellera	\$483	Dec 2020	Public	Vancouver
Everest Medicines	\$451	Oct 2020	Public	New York City
Recursion	\$436	Apr 2021	Public	Salt Lake City
Legend Biotech	\$424	Jun 2020	Public	New Jersey
Immunomedics	\$420	Apr 2020	Public	New Jersey
Relay Therapeutics	\$400	Jul 2020	Public	Boston
GRAIL	\$390	May 2020	VC	San Francisco Bay Area
Instil Bio	\$368	Mar 2021	Public	Dallas
Zymergen	\$350	Jul 2020	VC	San Francisco Bay Area
RBNC Therapeutics	\$340	Sep 2020	VC	San Francisco Bay Area
Adagio Therapeutics	\$336	Apr 2021	VC	Boston
Schrödinger	\$330	Aug 2020	Public	New York City
Blueprint Medicines	\$325	Jan 2020	Public	Boston

Source: Newark's 2021 Mid-Year Life Science Overview & Market Clusters

## Life Sciences in the Bay Area

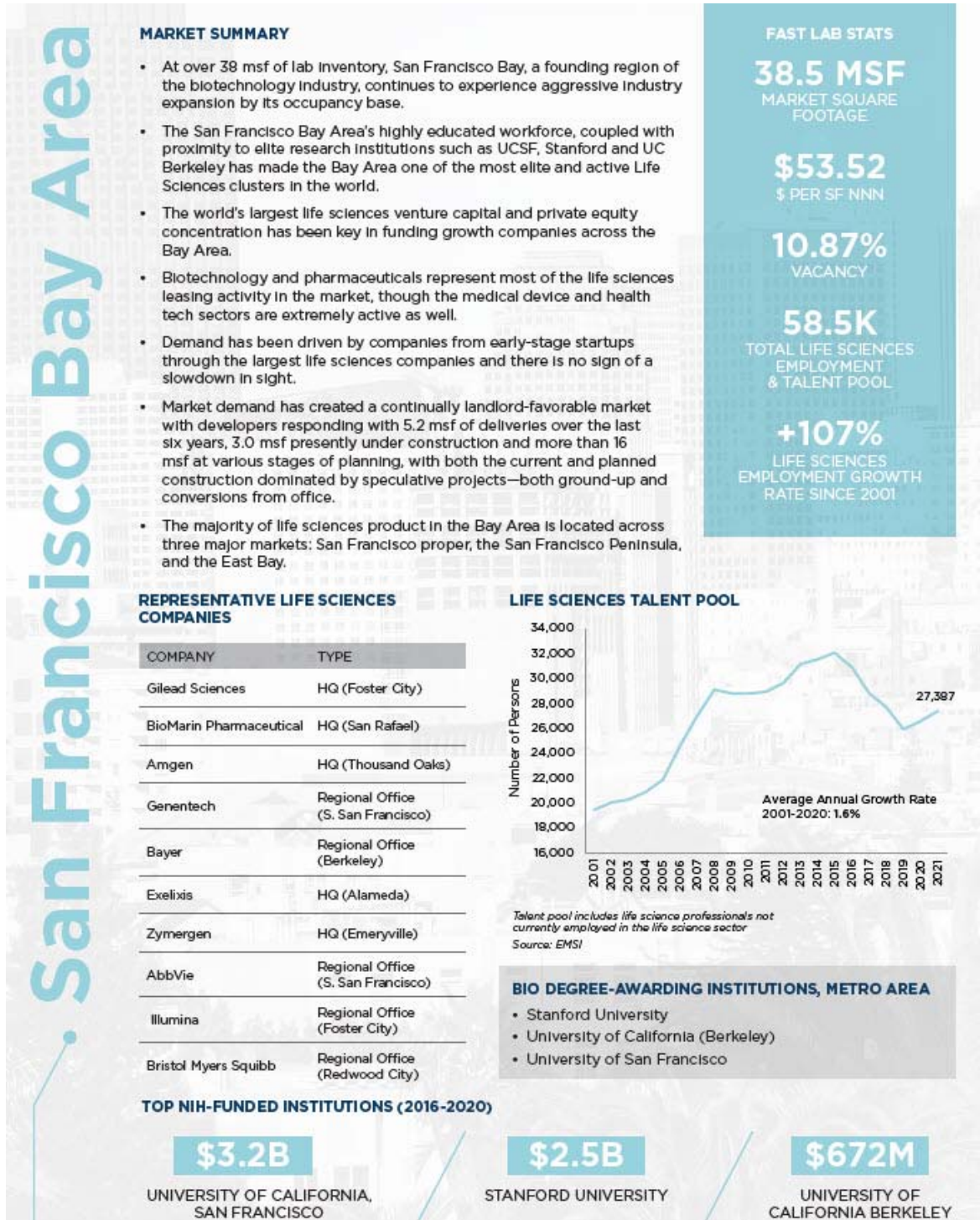
The San Francisco Bay Area is considered a prominent life science cluster, second to only the Cambridge/Boston market and above the San Diego cluster (ranked third in the United States). Newmark reports the Bay Area market has the largest lab market by size in the U.S. with over 30 million square feet of space. The region also benefits from a robust venture capital network, with \$5.4 billion in venture capital funding raised midway through 2021. In addition, the Bay Area also benefits from three major research universities: Stanford, UCSCF, and UC Berkeley.



SAN FRANCISCO BAY AREA						
	Total Market	South San Francisco	Palo Alto	San Carlos	Menlo Park	Emeryville
Market Size (SF)	31,030,265	10,763,569	1,987,730	1,171,934	953,183	2,030,482
Rent (PSF)	\$63 - \$81	\$66 - \$80	\$72 - \$83	\$63 - \$81	\$69 - \$75	\$63 - \$71
Vacancy Rate	5.6%	3.6%	17.7%	4.0%	0.0%	0.0%
Under Construction (SF)	3,826,312	2,070,008	–	173,757	–	–
Under Renovation (SF)	1,781,529	–	298,036	–	–	439,818
Proposed (SF)	17,859,592	5,594,613	576,847	1,931,332	380,000	706,010
New/Expanding Tenants	Adverum Biotechnologies, Alexza Pharmaceuticals, Arcus Biosciences, Eat Just, Plexxikon, Senti Bio, SmartLabs, TrueBinding	Calico, Dice Molecules, Nkarta	Delfi Diagnostics	Iovance Biotherapeutics, Nautilus Biotechnology, Vaxcyte	Boost Neuroscience	Geltor, Finless Foods, Zymergen
VC Funding (12-month total)	\$10.5 B					
VC 5-Year Annual Average	\$8.1 B					
Emerging Life Science Developers/ Investors	Angelo Gordon, Blue Vista Capital, Cannae Partners, Graymark Capital, KKR					
Sales Volume (12-month total)	\$3.3 B					
Sales Volume PSF (12-month average)	\$793					

Source: Newark's 2021 Mid-Year Life Science Overview & Market Clusters

As evidenced on the previous page, vacancy rates in the South San Francisco market are at 3.6%. The following chart is courtesy of Cushman & Wakefield’s 2021 report *Life Sciences on the Rise*. Vacancy and rental rates are reported for the overall market, rather than by submarket.



Source: C&W’s 2021 *Life Sciences on the Rise*

**PUBLIC & PRIVATE FUNDING (2020-2021)**

COMPANY	DEAL TYPE	COMPLETED	TYPE	\$ RAISED (MM)
MyoKardia	Public Investment 2nd Offering	May 2020	Public	\$551.3
Iovance Biotherapeutics	Public Investment 2nd Offering	May 2020	Public	\$525.0
10x Genomics	Public Investment 2nd Offering	Sep 2020	Public	\$506.0
Lyell	Later Stage	Mar 2020	VC	\$493.0
GRAIL	Later Stage	May 2020	VC	\$390.0
Zymergen	Later Stage	Jul 2020	VC	\$350.0
RBNC Therapeutics	Early Stage	Sep 2020	VC	\$340.0
Twist Bioscience	Public Investment 2nd Offering	Dec 2020	Public	\$308.3
Vir	Public Investment 2nd Offering	Jul 2020	Public	\$300.2
Freenome	Later Stage	Jul 2020	VC	\$270.0

**RENT VS. VACANCY COMPARISON**

Source: CoStar, Cushman & Wakefield Research

**REPRESENTATIVE INVESTMENT SALE TRANSACTIONS (2019-2021)**

ADDRESS	TYPE	\$ MM	RBA SF	DATE	BUYER
Genesis, S San Francisco	Office, Lab	\$1.0B	786,433	Oct 2020	Ventas Life Science and Healthcare Real Estate Fund, LP
Redwood LIFE, Redwood Shores	Office, Lab	\$661.0	997,292	Feb 2019	Longfellow Real Estate Partners
Palo Alto Labs, Palo Alto	Office, Lab	\$205.0	259,586	Jul 2019	Longfellow Real Estate Partners
3380-3420 Central Expy, Santa Clara	Office, Lab	\$172.3	368,707	May 2019	Gemini Rosemont Commercial Real Estate
500 Forbes Blvd, S San Francisco	Office, Lab	\$139.5	155,685	Oct 2019	Clarion Partners
5300 Chiron Way, Emeryville	Office, Lab	\$135.0	203,308	Mar 2019	Biomed Realty LP
150 Industrial Rd, San Carlos	cGMP	\$99.0	229,640	Dec 2019	Graymark Capital Inc

**REPRESENTATIVE LEASE TRANSACTIONS (2020)**

COMPANY	ADDRESS	SIZE (SF)	NEW/RENEWAL	TYPE	QUARTER	LANDLORD
Guardant Health	3000 Hanover St, Palo Alto	249,549	New	Lab	Q3	Sand Hill Property Company
Kodiak Sciences	1050 Page Mill Rd, Palo Alto	155,474	New	Lab	Q2	Sand Hill Property Company
Janssen	1600 Sierra Point Pkwy, Brisbane	135,202	New	Lab	Q1	Healthpeak (Formerly HCP)
Vir Biotechnology	1800 Owens St, S San Francisco	133,896	New	Lab	Q4	Kilroy Realty
Sutro Biopharma	111 Oyster Point Blvd, S San Francisco	115,466	New	Lab	Q3	HCP Life Science Estates
Perfect Day	740 Heinz Ave, Berkeley	112,000	New	Lab	Q3	Wareham Development
Arcus Biosciences	1800 Sierra Point Pkwy, Brisbane	105,562	New	Lab	Q4	Healthpeak (Formerly HCP)
Allakos	825 Industrial Rd, San Carlos	99,000	New	Lab	Q1	Alexandria Real Estate Equities
Ascend Clinical LLC	435 Oakmead Pkwy, Sunnyvale	92,820	New	Lab	Q4	The Irvine Company
Verseon	47071 Bayside Pkwy, Fremont	87,544	New	Lab	Q1	47071 Bayside LLC
Agenus	6455 Christie Ave, Emeryville	83,620	New	Lab	Q1	Harvest Properties

Source: C&W's 2021 Life Sciences on the Rise

The previous graphics are useful for identifying prominent Bay Area sale and lease transactions. Please note, Longfellow, the buyer of the Redwood LIFE property, is proposing to demolish the existing 20 buildings on the site and construct a new 84-acre life science campus with over three million square feet of space.

Within the larger Bay Area market, different types of life science and technology users tend to congregate in specific submarkets. For example, South San Francisco is known for its concentration of biotechnology and chemical technology users; the mid and south Peninsula also attract biotechnology users. The South Bay has a high concentration of medical technology and device companies. The area from Sunnyvale to Fremont also has a cluster of auto-technology companies. Food technology companies are located in the East Bay, and the Northeast Bay and Emeryville includes a high number of chemical technology users.

We discussed the local market with a broker with CBRE who is active in the life sciences arena. He stated there is very little space available in the Bay Area and the space is subdivided into three categories: new construction, conversion space, older life sciences buildings (the vast majority of which are leased). The broker was of the opinion that even if all life sciences space within the development pipeline is constructed until 2025, demand would still not be entirely satisfied. He also noted strong preleasing activity at an under-construction life sciences campus he is involved with.

On October 13, 2021, CoStar reported three firms proposed adding over 1.25 million square feet of biotechnology space within a two week span. A representative with Healthpeak, a prominent life sciences developer involved in the proposal, stated:

“In the Bay Area, we are seeing record levels of demand...Everything that is coming between now and the end of 2022, early 2023, is 60% preleased, and the balance of that 40% has a significant amount of interest. We feel really good about the supply and demand characteristics in the Bay Area and looking forward.”

In addition, a Business First article dated November 12, 2021 discusses the robust life sciences market in the Bay Area. The article reports 2021 has surpassed 2019's record for lab leasing. The article also states asking rents are 27% higher for life sciences space than this time last year.

## **Outlook and Conclusions**

Both nationally and locally, demand for life sciences space has been strong since the onset of the pandemic. Supply in the Bay Area remains constrained, particularly in the desirable South San Francisco submarket, and there are multiple new construction and conversion proposal in the development pipeline over the next several years. Rents have also been increasing in the South San Francisco submarket, and the majority of new construction is preleased prior to delivery. These trends are expected to continue in the near future, and the long term outlook for the life sciences industry remains positive.



# Property Analysis

## Land Description and Analysis

### Location

The property is located along Oyster Point Boulevard, east of Highway 101 and north of Forbes Boulevard.

### Land Area

The following table summarizes the subject's land area.

#### Land Area Summary

Tax ID	Address	SF	Acres
015-010-240	379 Oyster Point Blvd	165,001	3.79
015-010-910	385 Oyster Point Blvd	921,076	21.14
015-010-930	-	238,883	5.48
015-010-940	-	163,045	3.74
015-010-950	348 Oyster Point Blvd	438,693	10.07
Total		1,926,698	44.23

Source: Public Records

As noted, the above table reflects the current configuration of assessor parcels within the District. These are expected to be adjusted as development progresses, with each of the four Phases within the District having its own parcel. As will be shown in the following section, approximately 40 acres of land are associated with the proposed improvements within the four phases. The remaining land will reflect open space and infrastructure.

### Shape and Dimensions

The site is irregular in shape, though site utility based on shape and dimensions is average.

### Topography

The site is generally level and at street grade. The topography does not result in any particular development limitations.

### Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

## Flood Hazard Status

The following table provides flood hazard information.

Flood Hazard Status	
Community Panel Number	06081C0042F
Date	April 5, 2019
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

The Developer has raised portions of the open space/Bay Trail along the Marina out of the flood zone. The elevation range of the District is above special flood hazard areas, typical tidal elevations, and the 100-year extreme water level in the San Francisco Bay, as defined by the Federal Emergency Management Agency (FEMA).

Mid-century sea level rise (“SLR”, in the year 2050) is expected to be between 11 inches (most likely) to 24 inches (the upper end of the range. End of century sea level rise (year 2100) is expected to be between 36 inches (most likely) to 66 inches (upper range). The following information was provided by the subject Developer and details the steps taken to design the project to accommodate future sea level rise.

“The design basis for flood protection for the project is to accommodate extreme high tides (100-yr tide) plus upper range, end-of-century SLR projections for proposed buildings, and upper range, mid-century SLR projections (at a minimum) for the roadways and open space areas.

The extreme high tide in the vicinity of the project (Base Flood Elevation, BFE) as estimated by the Federal Emergency Management Agency (FEMA), is 13.0 feet, NAVD. Therefore, the project site will be elevated such that it accommodates the BFE.

Buildings – All buildings are recommended to be resilient to the maximum expected sea level rise at the year 2100. The National Research Council of the National Academies published a range of the anticipated sea level rise for the California coast, and we understand that San Francisco Bay Conservation and Development Commission (BCDC) and the City of South San Francisco recommend using the upper end of the range (66”) for designing buildings to accommodate the expected sea level rise for the year 2100. This would require the ground floors to be at, or above elevation 16.5 feet, NAVD.

Parking Lots and the Bay Trail – Parking lots and the Bay trail are recommended to be resilient to sea level rise at the year 2050, and adaptable to sea level rise for the year 2100. Consistent with the approach for buildings, BCDC and the City of South San Francisco recommend using the upper end of the range (24”) for designing improvements to accommodate the expected sea level rise for the year 2050. Therefore, the lowest elevation of these improvements would be at or above elevation 13.0 feet, NAVD.”

### **Environmental Hazards**

A portion of the District was formerly used as a municipal landfill, which required remediation work prior to development of Phase I. Ongoing monitoring for water leachate and methane release is also required. The Developer reports they are unaware of any hazardous substance condition of the property within the District that has not been remediated to allow for the continued proposed development. As part of the environmental remediation of the site, the Developer off-hauled significant quantities of refuse and repaired/replaced the clay cap. The Developer reports the environmental remediation process has been closely observed by regulators and developer has achieved closure.

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

### **Seismic Hazards**

All properties in California are subject to some degree of seismic risk. The Alquist-Priolo Earthquake Fault Zoning Act was enacted by the State of California in 1972 to regulate development near active earthquake faults. The Act required the State Geologist to delineate "Earthquake Fault Zones" (formerly known as "Special Studies Zones") along known active faults in California. Cities and counties affected by the identified zones must limit certain development projects within the zones unless geologic investigations demonstrate that the sites are not threatened by surface displacement from future faulting.

According to information from the California Geological Survey (formerly known as the Division of Mines and Geology), the subject is not located within an Alquist-Priolo Special Studies Zone. However, portions of the subject are located in a liquefaction zone. (California Division of Mines and Geology, Official Map of Alquist-Priolo Earthquake Fault Zones, San Francisco South Quadrangle (2021)).

### **Ground Stability**

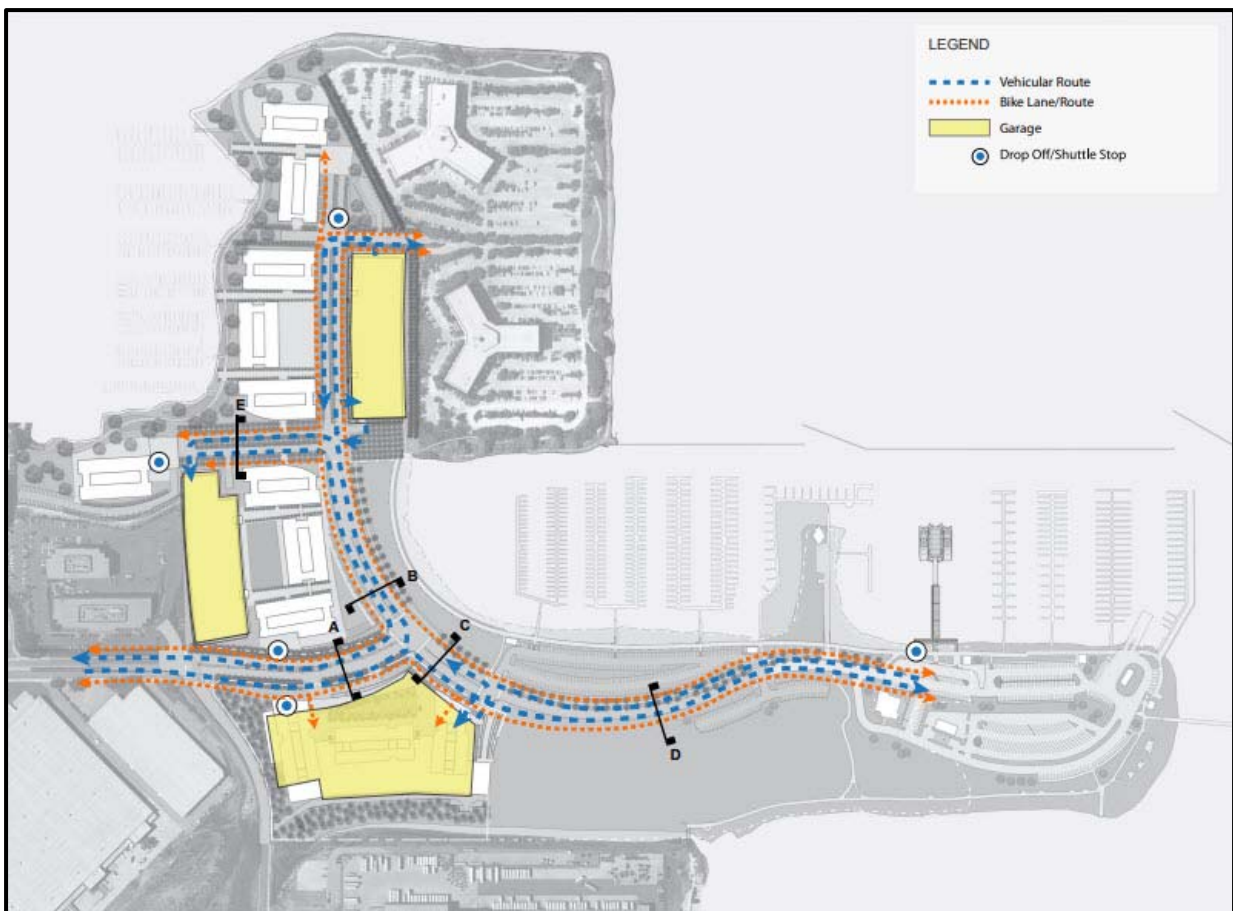
A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing improvements.

### Streets, Access and Frontage

Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage	
Street	Oyster Point Blvd
Frontage Feet	2,160
Curbs	Yes
Sidewalks	Yes
Lanes	2 way, 1 lane each way
Condition	Good/New
Traffic Levels	Low
Visibility	Good

The following map depicts the proposed improvements to Oyster Point Boulevard, including vehicular and bike routes, as well as proposed parking structures.



## Utilities

The availability of utilities to the subject is summarized in the following table.

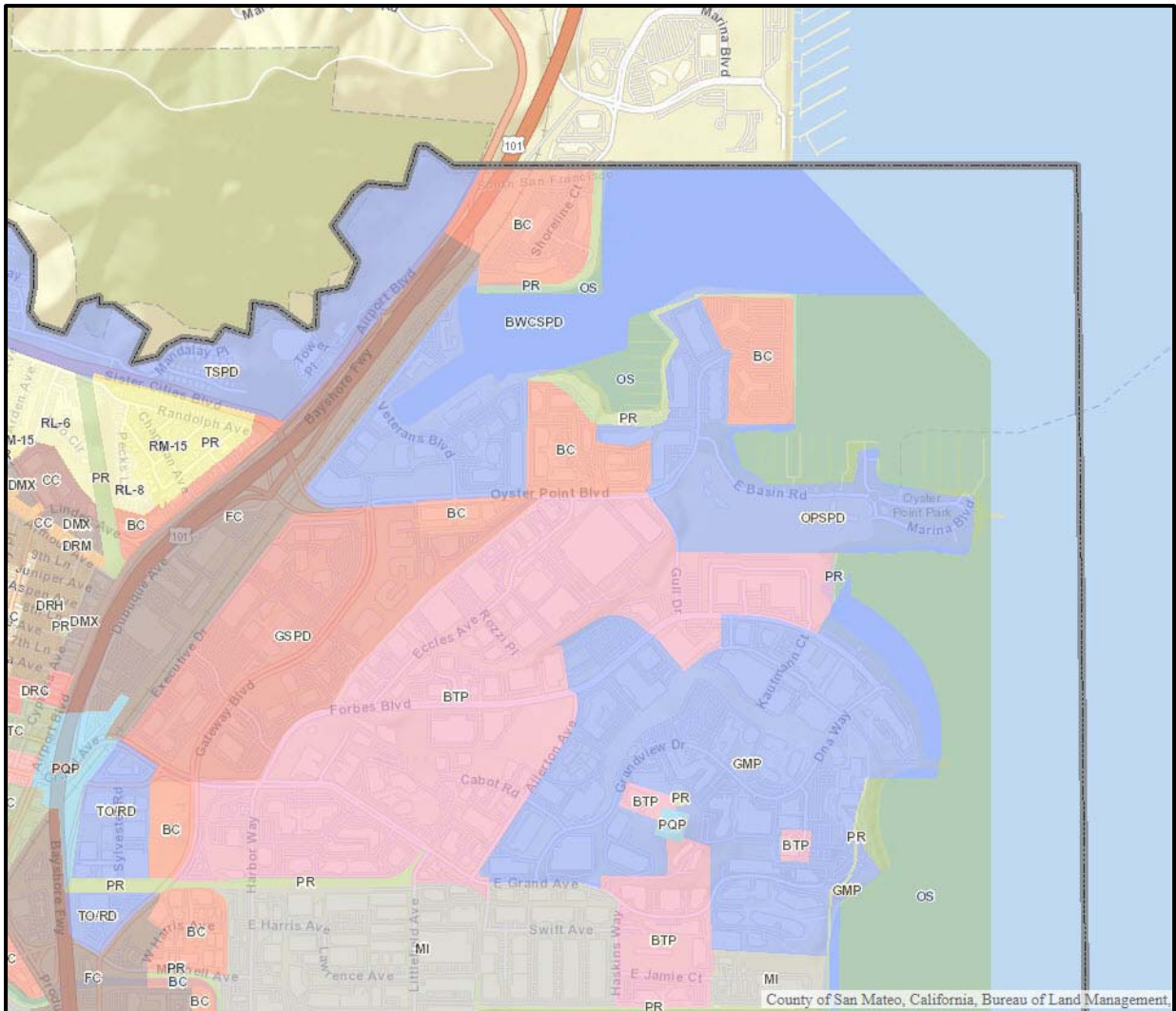
Utilities	
Service	Provider
Water	City of South San Francisco
Sewer	City of South San Francisco
Electricity	Pacific Gas & Electric
Natural Gas	Pacific Gas & Electric
Local Phone	Various Providers

## Zoning

The subject is zoned OPSPD, Oyster Point Specific Plan District, by City of South San Francisco. This district is specific to the subject's proposed development. The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

Zoning Summary	
Zoning Jurisdiction	City of South San Francisco
Zoning Designation	OPSPD
Description	Oyster Point Specific Plan District
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Various commercial uses
Category	Phase I
Minimum Lot Area	PH I - 43,560 SF / PH II - 10,000 SF
Maximum Site Coverage	60%
Maximum Floor Area Ratio	1
Parking Requirement	Not to exceed 2.5 spaces per 1,000 gross SF of floor area

According to the local planning department, there are no pending or prospective zoning changes. It appears that the proposed use of the site is a legally conforming use. We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required. A zoning map is provided on the following page.



### Other Land Use Regulations

We are not aware of any other land use regulations that would affect the property.

### Easements, Encroachments and Restrictions

We have reviewed a preliminary title report prepared by Fidelity National Title Company and dated March 11, 2021. The report identifies exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

### Timeline

Backbone infrastructure work for Phase I is expected to be complete by the end of 2021, and infrastructure for Phase II recently commenced. Backbone infrastructure for Phases III and IV is expected to be completed somewhat concurrently with vertical development these Phases, which is

projected to be around 2025 to 2026. The following table depicts the developer's infrastructure budget, including costs spent to date. The below costs include rough grading, erosion control, wet and dry utilities, traffic signals and roadway improvements, landscaping and irrigation, new sewer pump station, and soft costs associated with infrastructure improvements.

<b>Backbone Infrastructure Costs</b>			
	Budget	Incurred	Remaining
Phase I	\$47,112,589	\$44,062,881	\$3,049,708
Phases II - IV	\$21,801,872	\$0	\$21,801,872
<b>Total Budget</b>	<b>\$68,914,461</b>	<b>\$44,062,881</b>	<b>\$24,851,580</b>
<b>Phases II - IV Pro-rata Allocation</b>			
	Acreage	Pro-Rata Share	Allocation
Phase II	9.80	32.8%	\$7,145,764
Phase III	10.05	33.6%	\$7,328,054
Phase IV	10.05	33.6%	\$7,328,054
<b>Total</b>	<b>29.90</b>	<b>100%</b>	<b>\$21,801,872</b>

In addition, vertical construction of Phases I and II is expected to be complete by the end of 2021 and early 2024, respectively.

### Conclusion of Site Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include various commercial uses. We are not aware of any other particular restrictions on development.

### Assessor Aerial





## Developer Aerials



Above: From Left to Right: Building C, Building B, Building A



Above: Facing Building C

## Developer Aerials



Above: From Left to Right: Building A, Building B, Building C

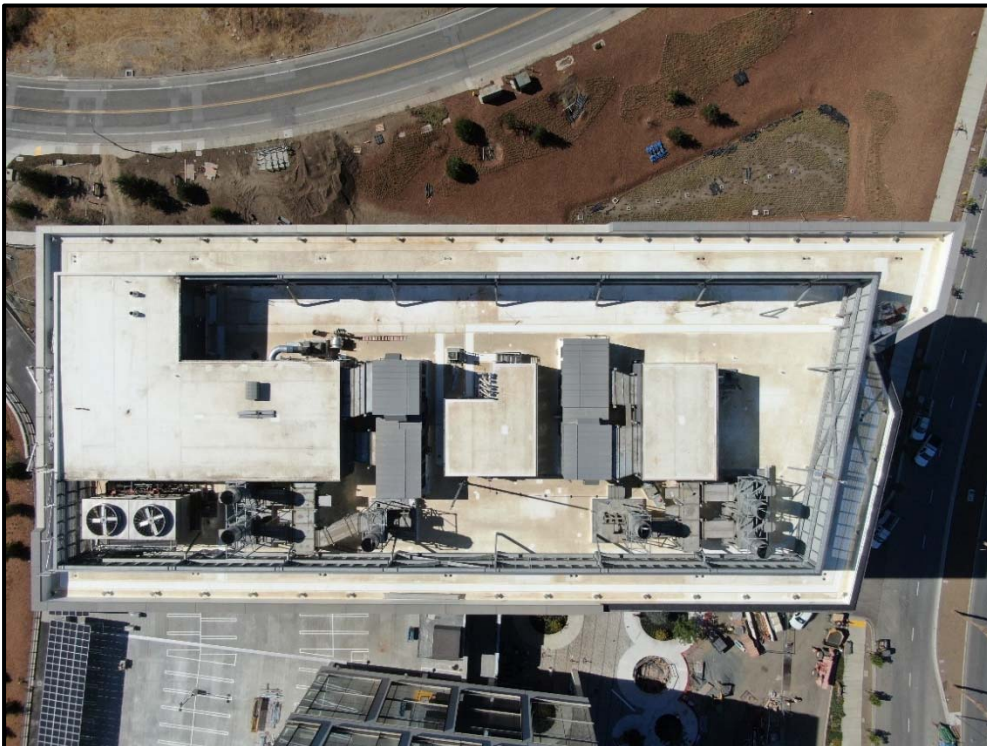


Above: From Left to Right: Building A, Building B, Building C

### Developer Aerials

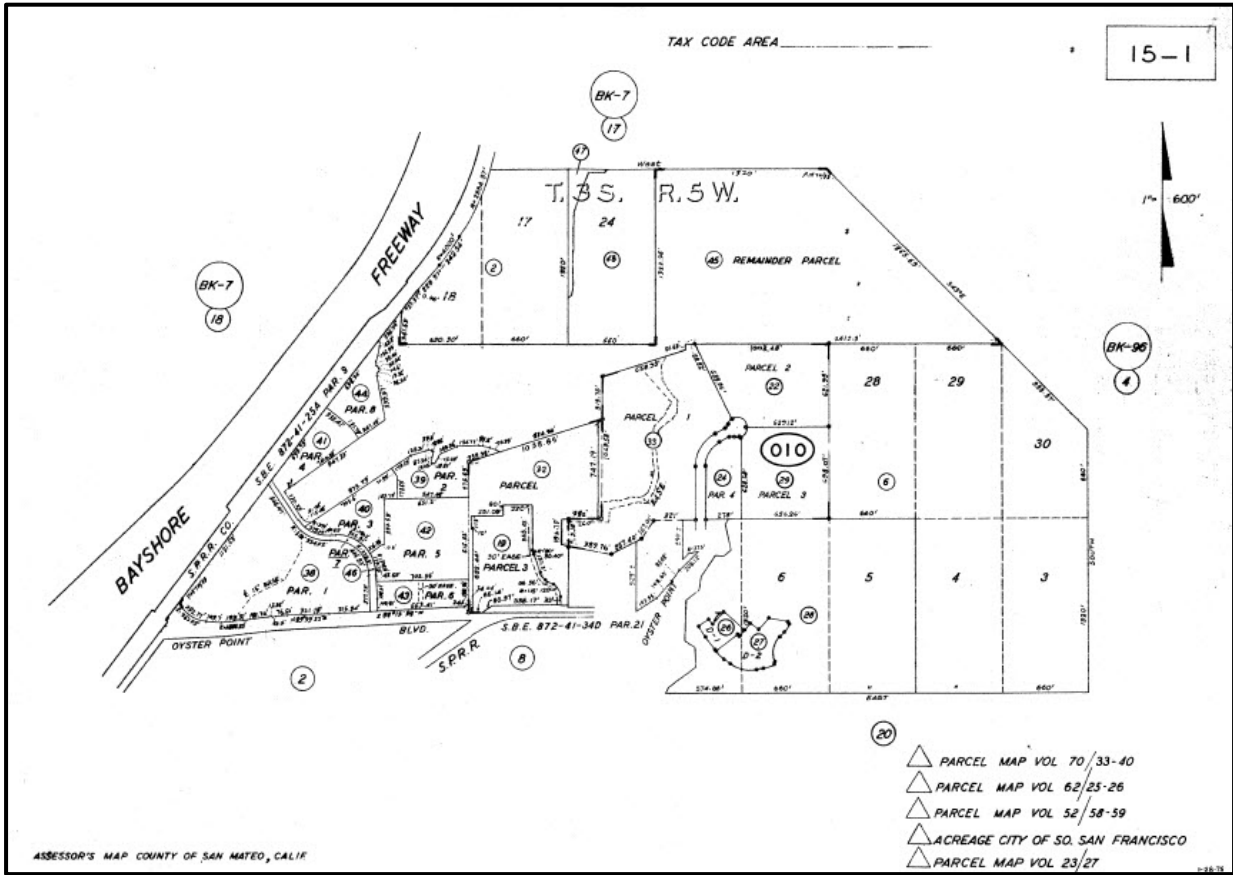


Above: Site Development Work

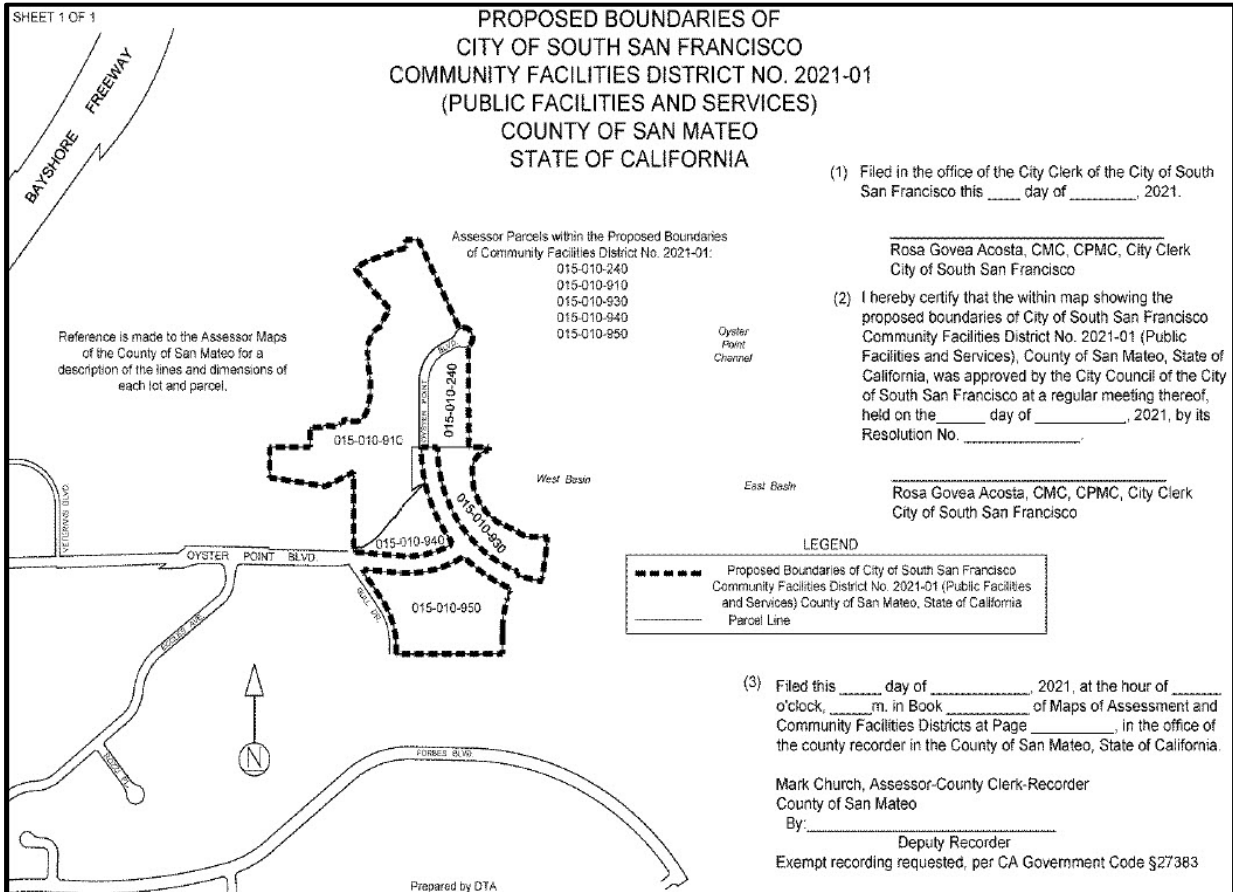


Above: Building C

### Plat Map



**CFD No. 2020-1 Boundary Map**



## Improvements Description and Analysis

The subject currently comprises five parcels and 44.23 acres of land within the proposed and under construction Kilroy Oyster Point life sciences campus. At completion of build out, the subject will include 2,520,892 square feet of rentable area within four phases. In addition to life sciences space, the area within the District will also include open space and walking paths, various amenities for the project's life science users, and three parking garages; it is noted not all land uses within the District are taxable. Horizontal and vertical construction of Phase I, which is 100% pre-leased to two tenants, is nearly complete, and backbone infrastructure of Phase II has commenced. Phases III and IV are expected to be finished in 2025/26, as market demand dictates. The subject's assessor parcels are expected to be reconfigured as development progresses, with each Phase eventually having its own parcel.

The following table depicts the proposed improvements, by Phase.

Proposed Improvements								
Building	Phase	Rentable SF <sup>1</sup>	Gross SF	Stories	No. of Spaces	Completion Date <sup>2</sup>	Tenant	Acreage <sup>3</sup>
A (354 Oyster Point Blvd)	1	421,000	147,070	5	-	End of 2021	Stripe Cytokinetics	10.07
B (352 Oyster Point Blvd)		179,524	6	-				
C (350 Oyster Point Blvd)		234,892	220,007	7	-			
Parking Structure		-	-	4	1,190			
<b>Total Phase 1</b>		<b>655,892</b>	<b>546,601</b>					
D	2	315,000	282,164	8	-	Early 2024	-	9.80
E		275,000	247,409	7	-			
F		275,000	247,409	7	-			
Parking Structure		-	-	10	2,016			
<b>Total Phase 2</b>		<b>865,000</b>	<b>776,982</b>					
G	3	250,000	215,229	6	-	2025/2026	-	10.05
H		250,000	212,654	6	-			
Parking Structure		-	-	9	2,356			
<b>Total Phase 3</b>		<b>500,000</b>	<b>427,883</b>					
I	4	250,000	205,762	6	-	2025/2026	-	10.05
J		250,000	249,462	7	-			
<b>Total Phase 4</b>		<b>500,000</b>	<b>455,224</b>					

<sup>1</sup> Total Phase II, III, and IV divided evenly over number of buildings, in-lieu of more specific calculations.

<sup>2</sup> Phases III & IV are dependent on market demand; anticipated delivery 2025 or 2026.

<sup>3</sup> Phase III & IV acreage is approximate and may vary in final lot-line adjustments.

Buildings A, B, and C are constructed over a shared four-level parking structure. Building C is 100% pre-leased to Cytokinetics, while Buildings A and B are 100% pre-leased to Stripe. In each Phase, rentable area exceeds gross building area. This is due to two factors: first, some outdoor common areas are included in the rentable area (this is not uncommon for new, Class A space in the area); second, life sciences buildings include significant mechanical areas which are included in rentable area, but not the gross square footage measurement (which reflects what the City considers taxable square footage).

The subject project will also include multiple amenities. In Phase I, Building C will offer a ground floor restaurant (open to the public), fitness center, and auditorium. Buildings A and B will include a cafeteria and café, and all Phase I buildings will share outdoor meeting space. Phase II improvements

will include outdoor meeting space, a fitness center, juice bar, food and beverage area, conference area, and amphitheater.

The following table provides further detail on the under-construction Phase I buildings.

### Improvements Description - Phase 1

Name of Property	City of South San Francisco CFD No. 2021-1 (Public Facilities and Services)
General Property Type	Office
Property Sub Type	Life Sciences
Competitive Property Class	A
Occupancy Type	Single Tenant
Percent Leased	100%
Number of Tenants	2
Tenant Size Range (SF)	234,892 - 421,000
Number of Buildings	3
Stories	5 to 7
Construction Class	A
Construction Type	Steel frame
LEED Certification	Gold
Construction Quality	Good
Condition	New
Gross Building Area (SF)	546,601
Rentable Area (SF)	655,892
Land Area (SF)	438,649
Floor Area Ratio (RA/Land SF)	1.50
Floor Area Ratio (GBA/Land SF)	1.25
Building Area Source	Owner
Year Built	2021
Actual Age (Yrs.)	0

In addition, compared to general office, life sciences space general includes higher ceiling heights, additional duct work, significantly more HVAC and power capacity, and high floor load capacity designed to reduce/minimize vibrations.

## Proposed Improvements Analysis

### Quality and Condition

The quality and condition of the subject is considered to be consistent with that of newly constructed, competing life sciences properties.

### Functional Utility

The improvements appear to be adequately suited to their proposed use, and there do not appear to be any significant items of functional obsolescence.

### Conclusion of Improvements Analysis

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

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#### Proposed Improvements Ratings

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Visibility/Exposure	Average
Design and Appearance	Above Average
Age/Condition	Above Average
% Sprinklered	Average
Lobby	Average
Interior Amenities	Average for New Life Science Properties
Floor to ceiling heights	Average
Elevators	Average
Parking Ratios	Average
Distance of Parking to Building Access	Average
Landscaping	Average to Above Average

---

Overall, the quality, condition, and functional utility of the improvements are average to above average for their age and location. For the reader's reference, renderings and schematics for the subject proposed improvements are shown on the following pages.



## Proposed Improvements – Phase II

### PHASE 2 OVERVIEW

Designed for Work & Play

 <b>~900,000 SF</b> 3 Buildings 7-8 Stories	 <b>~40,000 SF</b> Large, Open Floor Plates
 <b>16' HEIGHT</b> Typical Floor-to-Floor Height	 <b>125 LBS / SF</b> Significant Floor Load Capacity
 <b>22' x 33'</b> Typical Column Spacing	 <b>~70:30</b> Lab/Office Life Science Warm Up
 <b>LEED</b> Gold Target Designation	 <b>2.5 / 1,000</b> Parking Ratio



## Proposed Improvements – Phase II



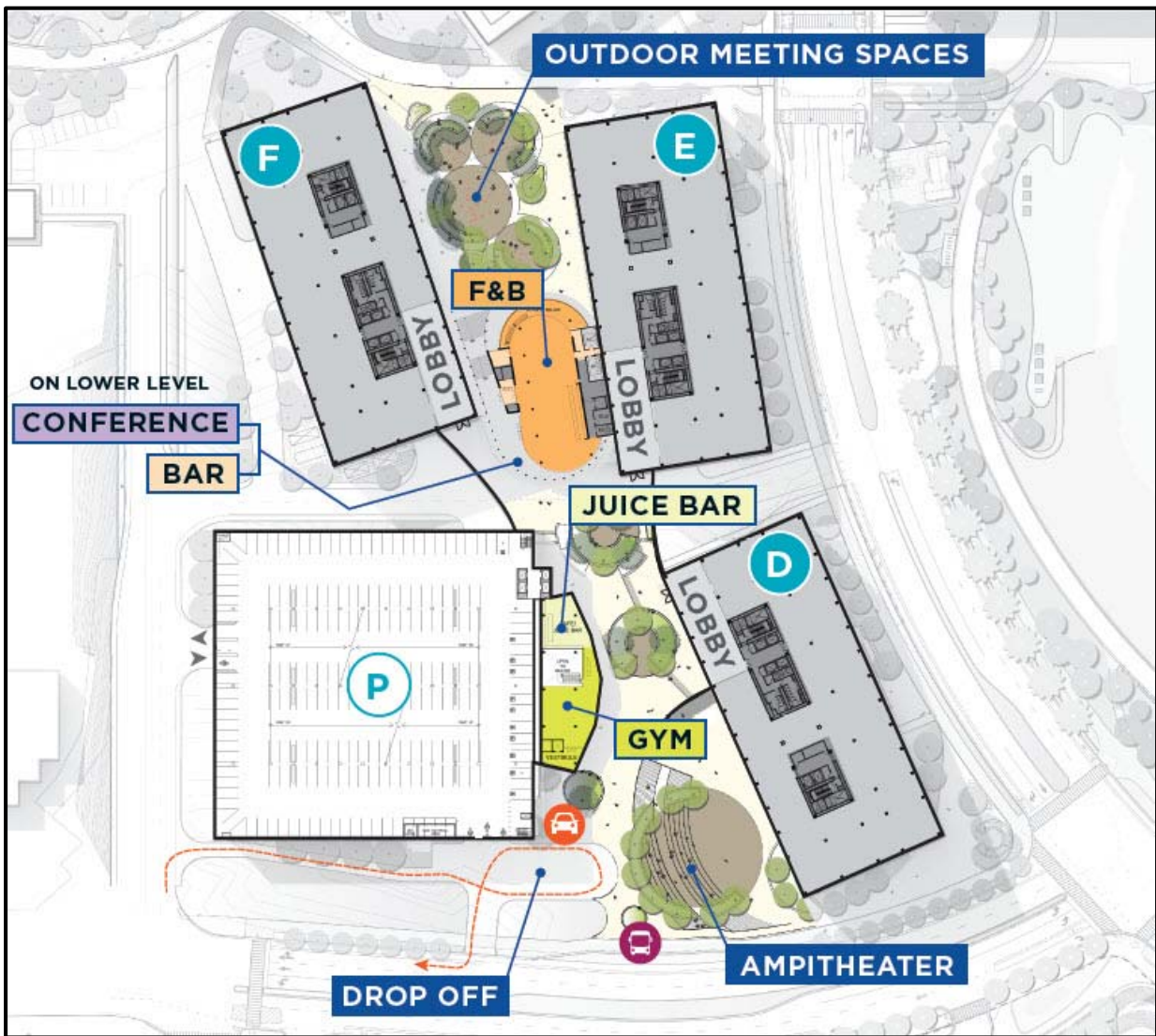
## Proposed Improvements – Phase II Building D



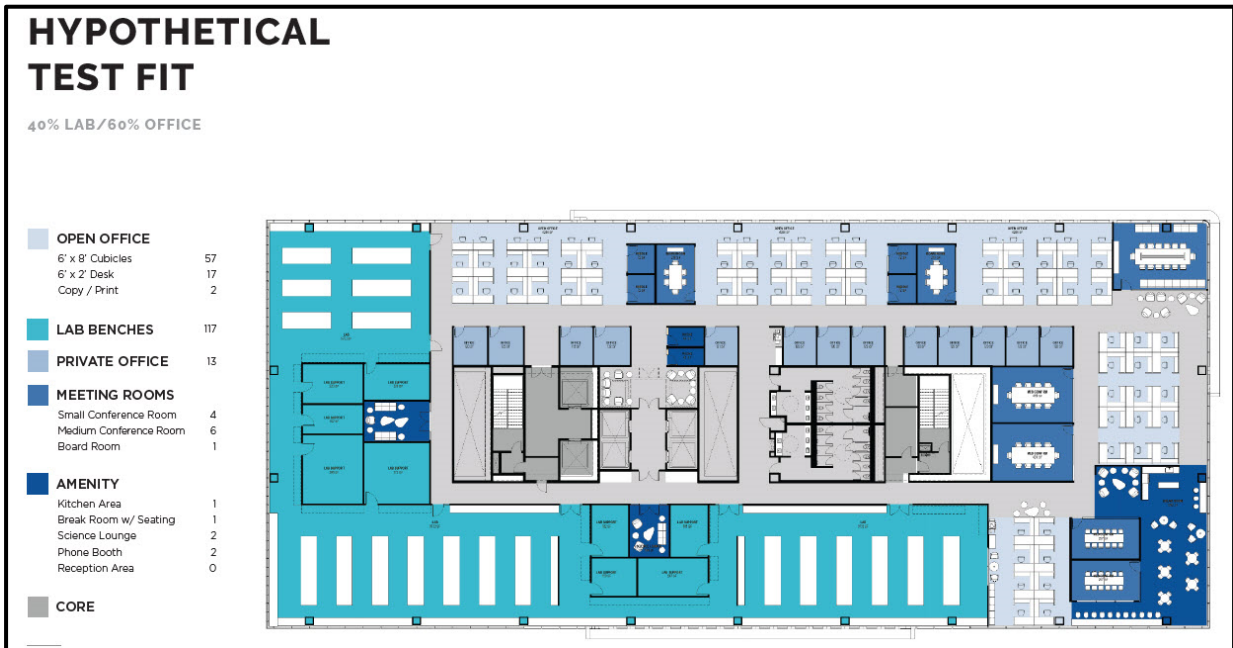
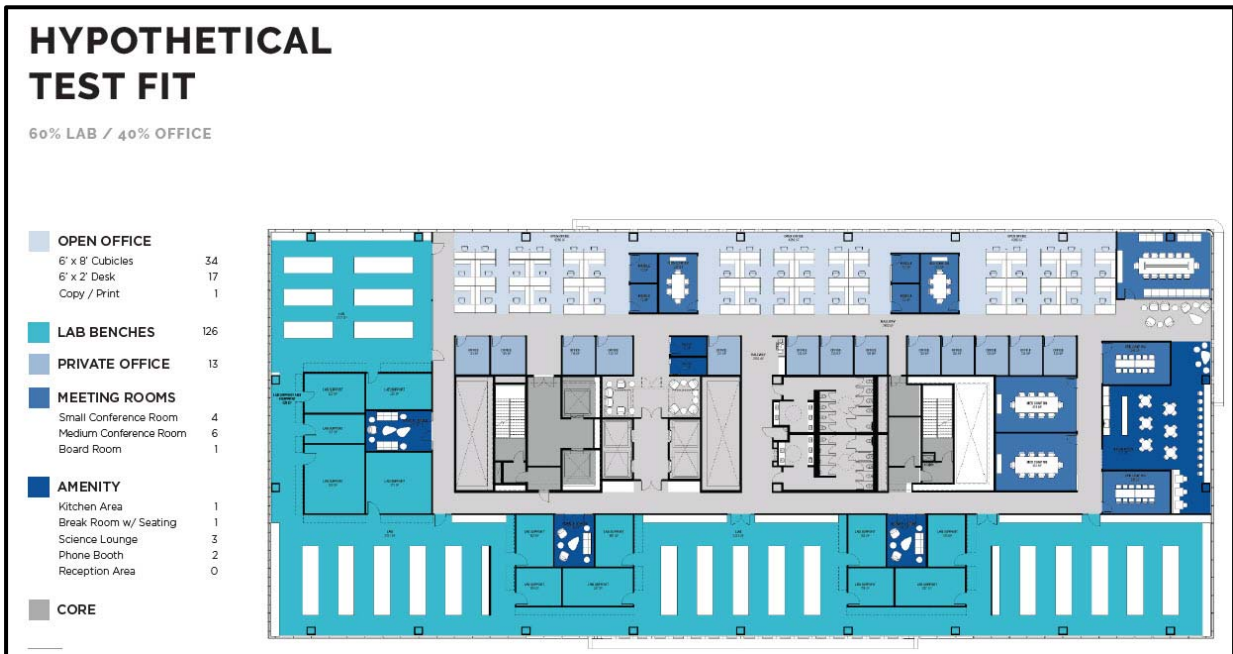
## Proposed Open Space



### Proposed Amenities – Phase II



## Proposed Floor Plan – Phase II





Phase I – Buildings B & C



Phase I – Building B



Phase I – Building A



Phase I – Building A & Outdoor Meeting Space



Stripe



Stripe



Stripe



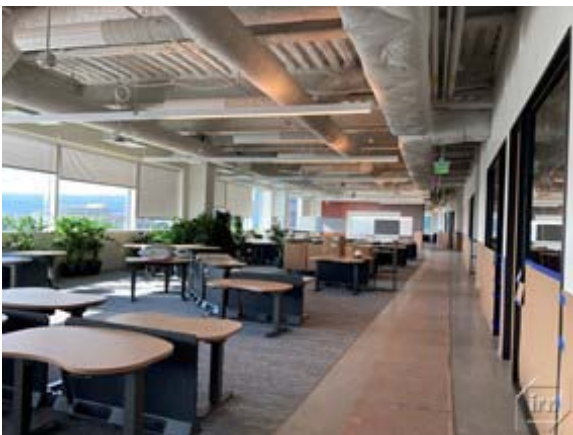
Stripe



Stripe



Stripe



Stripe



Stripe





Stripe



Breezeway



Stripe



View from Stripe Space



Flatwork



Cytokinetics



Cytokinetics



Cytokinetics



Cytokinetics



Cytokinetics



Cytokinetics



Shared Lobby



Parking Garage (shared by PH I buildings)



Open Space along Marina



Sewer Pump Station



Future Phase (improvements to be demolished)



Oyster Point Boulevard



Oyster Point Boulevard

## Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted as subdivision and development continues. According to the San Mateo County Treasurer-Tax Collector's Office, the appraised properties have a cumulative annual tax rate of 1.05790%. This tax rate does not include the Community Facilities District Special Tax, which is discussed below.

According to the Rate and Method of Apportionment, the assigned Special Tax for Developed Property within the District is presented in the following table (for the Fiscal Year 2021-22). We have calculated the Special Tax obligation of each Phase based upon gross building area.

<b>City of South San Francisco CFD No. 2021-1 Special Taxes</b>				
Special Tax A (facilities)		\$2.00	psf of non-residential floor area; developed land	
Special Tax B (services)		\$0.35	psf of non-residential floor area; developed land	
Phase	Building Area	Special Tax A	Special Tax B	Total
Phase I	546,601	\$1,093,202	\$191,310	\$1,284,512
Phase II	776,982	\$1,553,964	\$271,944	\$1,825,908
Phase III	427,883	\$855,766	\$149,759	\$1,005,525
Phase IV	455,224	\$910,448	\$159,328	\$1,069,776

It is noted, "Developed Property" is defined in the Rate and Method of Apportionment as, "all Assessor's Parcels of Taxable Property for which a Certificate of Occupancy was issued after January 1, 2021 an on or before May 1 of the Fiscal year preceding the Fiscal year for which the Special Taxes are being levied."

## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As If Vacant

#### Legally Permissible

The site is zoned OPSPD, Oyster Point Specific Plan District. Permitted uses include various commercial uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. The subject is entitled for development of a life sciences campus, and the present entitlements are the result of significant planning and review; any rezone or land use different than currently approved is unlikely. Given prevailing land use patterns in the area, and the subject entitlements, only life sciences use is given further consideration in determining highest and best use of the site, as though vacant.

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses, including those permitted by zoning.

#### Financially Feasible

Based on our analysis of the market, there is currently adequate demand for life sciences use in the subject's area. The life sciences market has strengthened since the onset of the pandemic, and vacancy rates remain low. In addition, rental rates have been increasing over the past year, and nearly all new construction is delivered pre-leased. As will be demonstrated in the upcoming extraction analyses, the land values for the subject's various Phases are positive, which demonstrates that office development is financially feasible. It appears that a newly developed life sciences use on the site would have a value commensurate with its cost. Therefore, life sciences use is considered to be financially feasible.

#### Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than life sciences use. Accordingly, it is our opinion that life sciences use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

**Conclusion**

Development of the site for life sciences use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

**As Improved (Proposed)**

As of the effective appraisal date, backbone infrastructure and vertical construction is nearly complete for Phase I, and Phase II construction recently commenced. The planned infrastructure improvements are necessary for development of future Phases. The proposed improvements are planned in accordance with the subject entitlements and are consistent with the highest and best use of the subject property as if vacant.

**Most Probable Buyer**

Taking into account the size, complexity, and characteristics of the property, there are two separate probable buyers associated with the subject. The most probable buyer of Phase I, given its current construction status, is a regional or national investor. The most probable buyer of Phases II, III, and IV is a sophisticated land developer with highly specialized knowledge of the local life sciences market.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Additional analyses often undertaken in the valuation of subdivisions include **extraction, land residual analysis**, and the **subdivision development method**.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

This analysis begins with income capitalization approaches to determine the market value of the subject Phases as if complete and stabilized. A summary of sales of life sciences improvements is then presented as a test of reasonableness. Next, extraction analyses are employed to determine the value of Phase I, which will require no additional discounting, and of the underlying land for Phases II through IV. Finally, the subdivision development method is used to estimate the market value of the land components associated with Phases II through IV in bulk. The subdivision development method is a form of discounted cash flow analysis (DCF) in which the expected revenue, absorption period, expenses and internal rate of return associated with the development and sell-off of the various land use components comprising the subject property to end users are considered.

## Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method, either direct capitalization or discounted cash flow analysis, or both, to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization to determine the market value as if stabilized of the proposed improvements for the subject's taxable land. A direct capitalization analysis will be presented for each of the four phases within the District. Sales of newly constructed life science properties are somewhat scarce, but it is not uncommon for multiple buildings to be included in one transaction (often representing all or a portion of a campus) when transfers occur. A summary of the subject's existing and proposed improvements is recreated on the following page; the analysis for Phase I will be presented first.



<b>Proposed Improvements</b>								
Building	Phase	Rentable SF <sup>1</sup>	Gross SF	Stories	No. of Spaces	Completion Date <sup>2</sup>	Tenant	Acreage <sup>3</sup>
A (354 Oyster Point Blvd)	1	421,000	147,070	5	-	End of 2021	Stripe Cytokinetics	10.07
B (352 Oyster Point Blvd)		179,524	6	-				
C (350 Oyster Point Blvd)		234,892	220,007	7	-			
Parking Structure		-	-	4	1,190			
<b>Total Phase 1</b>		<b>655,892</b>	<b>546,601</b>					
D	2	315,000	282,164	8	-	Early 2024	-	9.80
E		275,000	247,409	7	-			
F		275,000	247,409	7	-			
Parking Structure		-	-	10	2,016			
<b>Total Phase 2</b>		<b>865,000</b>	<b>776,982</b>					
G	3	250,000	215,229	6	-	2025/2026	-	10.05
H		250,000	212,654	6	-			
Parking Structure		-	-	9	2,356			
<b>Total Phase 3</b>		<b>500,000</b>	<b>427,883</b>					
I	4	250,000	205,762	6	-	2025/2026	-	10.05
J		250,000	249,462	7	-			
<b>Total Phase 4</b>		<b>500,000</b>	<b>455,224</b>					

<sup>1</sup> Total Phase II, III, and IV divided evenly over number of buildings, in-lieu of more specific calculations.

<sup>2</sup> Phases III & IV are dependent on market demand; anticipated delivery 2025 or 2026.

<sup>3</sup> Phase III & IV acreage is approximate and may vary in final lot-line adjustments.

### Leased Status of Property – Phase I

Phase I includes three buildings leased to two tenants. The rent roll for Phase I is provided below. Please note, the lease commencement date is somewhat of an estimate, as it is contingent on delivery of the improvements. However, Stripe is began occupying Level 2 of Building B at the end of October 2021 and is expected to occupy another floor every two weeks. Stripe will also occupy Building A in February 2022. Cytokinetics is projected to occupy Building C in January 2022.

#### Rent Roll

Suite	Tenant	SF	Lease Start	Lease End	Term (Mos.)	Lease Type	Income Type	Contract Rent	Contract Rent/SF/Mo.
Bldg C	Cytokinetics	234,892	1/1/2022	12/31/2033	144	Triple Net	\$/SF/Mo.	\$15,502,872	\$5.50
Bldg A & B	Stripe	421,000	1/1/2022	12/31/2033	144	Triple Net	\$/SF/Mo.	\$27,533,400	\$5.45
Total/Average*		655,892						\$43,036,272	\$5.47
Vacant SF		0	0%						
Leased SF		655,892	100%						

\*Average contract rent is based on leased square feet.

Both leases have annual escalations of 3.5%.

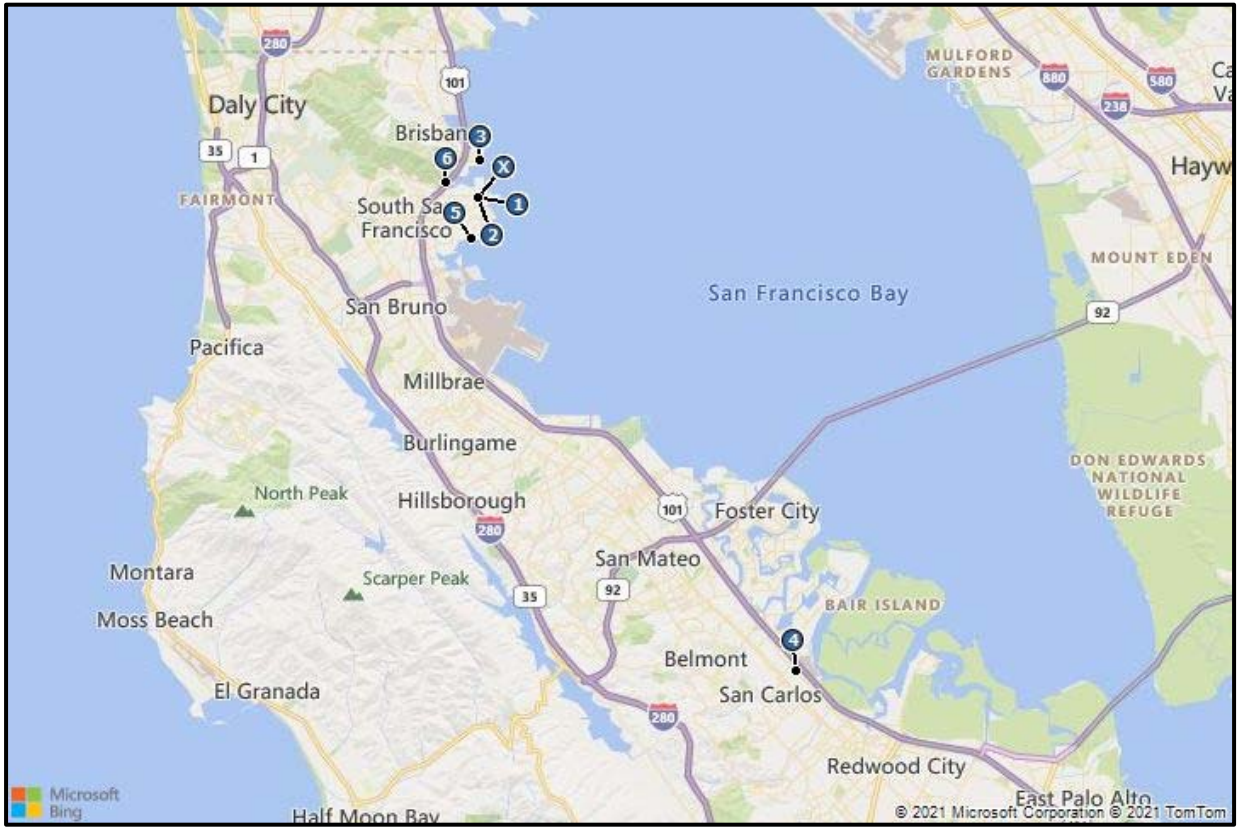
### Market Rent Analysis – Phase I

Contract rents typically establish income for leased space, while market rent is the basis for estimating income for current vacant space and future speculative re-leasing of space due to expired leases. To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type, size, and transaction date. Comparables used in our analysis are summarized in the following table. Comparables 1 and 2 reflect the subject leases

## Summary of Comparable Rentals - Life Science

No.	Property Information	Description	Tenant	SF	Contract Date	Lease Start	Term (Mos.)	Rent/SF	Escalations	Free Rent (Months)	TI/SF	Lease Type	
1	Kilroy Oyster Point 379 Oyster Point Blvd. South San Francisco San Mateo County CA	Yr Blt. Stories: RA:	2021 – 421,000	Stripe	421,000	Oct-19	Jan-22	144	\$5.50	Fixed Percentage	–	–	Triple Net
<i>Comments: Lease of two newly constructed buildings (352 and 354 Oyster Point Boulevard) to tech tenant Stripe, which focuses on payment processing. The commencement date is an estimate, as the lease begins upon completion of the landlord's work; the lease was negotiated in 2019.</i>													
2	Kilroy Oyster Point 379 Oyster Point Blvd. South San Francisco San Mateo County CA	Yr Blt. Stories: RA:	2021 – 234,892	Cytokinetics, Inc	234,892	Jul-19	Jan-22	144	\$5.45	Fixed Percentage	2	\$145.00	Triple Net
<i>Comments: Twelve year lease of newly constructed space in Oyster Point to a life sciences user. Lease was negotiated in 2019; the commencement date is approximate, as the lease will begin when the landlord's work is complete. The improvements will include an auditorium, fitness center, food and beverage space. The tenant received two months of free rent and a \$145 psf TI allowance.</i>													
3	The Shore at Sierra Point 1400 Sierra Point Pky. Brisbane San Mateo County CA	Yr Blt. Stories: RA:	2021 – 616,000	Annexon, Inc.	65,818	Dec-20	Nov-21	120	\$5.75	Fixed Percentage	3	\$165.00	Triple Net
<i>Comments: Lease of newly constructed life sciences space within Building C at The Shore at Sierra Point campus to a biosciences tenant. Commencement date is an estimate, as occupancy is dependent on completion of construction. The tenant received 3 months of free rent and a \$165 psf TI allowance.</i>													
4	Alexandria District for 825-835 Industrial Rd. San Carlos San Mateo County CA	Yr Blt. Stories: RA:	2021 6 282,190	Allakos	93,332	Feb-20	Jul-21	124	\$5.75	Fixed Percentage	6	\$150.00	Triple Net
<i>Comments: Lease of life science/biotech space at the Alexandria District for Science and Technology, a two building development nearing completion in San Carlos. Lease includes TI allowance of \$150/SF plus additional TIs to be amortized at 8%.</i>													
5	201 Haskins Way 201 Haskins Way South San Francisco San Mateo County CA	Yr Blt. Stories: RA:	2021 – 315,000	Lyell	105,000	Feb-20	Feb-21	120	\$5.50	Fixed Percentage	–	–	Triple Net
<i>Comments: Lease within newly constructed life sciences building in South San Francisco to Lyell Pharmaceuticals. Lease was signed in February 2020 but commenced in February 2021.</i>													
6	Genesis North Tower 2 Tower Pl. South San Francisco San Mateo County CA	Yr Blt. Stories: RA:	2019 21 375,000	Fluidigm	77,929	Mar-19	Jan-20	123	\$5.60	Fixed Percentage	2	\$176.00	Triple Net
<i>Comments: New 123-month lease to biotech tenant within the Genesis life sciences campus. The tenant received a \$176 psf TI allowance and the equivalent of 2 months of free rent. The free rent was structured as a rent abatement on a portion of the space over the first 8 month of the lease.</i>													

### Comparable Rentals Map





Lease 1  
Kilroy Oyster Point



Lease 2  
Kilroy Oyster Point



Lease 3  
The Shore at Sierra Point



Lease 4  
Alexandria District for Science & Technology



Lease 5  
201 Haskins Way



Lease 6  
Genesis North Tower

### Rental Analysis Factors

The following elements of comparison are considered in our analysis of the comparable rentals.

Rental Analysis Factors	
Expense Structure	Division of expense responsibilities between landlord and tenants.
Conditions of Lease	Extraordinary motivations of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Variations in rental rate attributable to such factors as free rent or other concessions, pattern of rent changes over lease term, or tenant improvement allowances.

Each of the comparables reflect a triple net expense structure, which is common for life sciences leases. A summary of expense responsibilities is presented below.

### Subject Expense Structures

Space Type Lease Type	Life Science	
	Triple Net	
	Owner	Tenant
Real Estate Taxes		x
Insurance		x
Utilities		x
Repairs/Maintenance		x
Cleaning/Janitorial		x
General/Administrative		x
Management	x	

### Analysis of Comparable Rentals – Phase I

The comparable rentals are compared to the subject and adjusted to account for material differences that affect market rental value. The following table summarizes our analysis of each comparable.

#### Rental Analysis Summary - Life Science

No.	Property Name; Tenant	Leased SF	Rent/SF	Overall Comparison to Subject	Comments
1	Kilroy Oyster Point Stripe	421,000	\$5.50	Similar	Lease was negotiated in October 2019 and includes two buildings.
2	Kilroy Oyster Point Cytokinetics, Inc	234,892	\$5.45	Similar	Lease was negotiated in July 2019.
3	The Shore at Sierra Point Annexon, Inc.	65,818	\$5.75	Similar	Contract date is December 2020; lease commences upon completion of construction.
4	Alexandria District for Allakos	93,332	\$5.75	Similar	Space is located in San Carlos. Contract date is February 2020 and improvements are nearing completion.
5	201 Haskins Way Lyell	105,000	\$5.50	Similar	Lease commenced in February 2021 and was negotiated in February 2020.
6	Genesis North Tower Fluidigm	77,929	\$5.60	Similar	Space is located within a high-rise (21-story) life sciences building. The lease was negotiated in March 2019.

Market rent is the rental income that a property would most probably command in the marketplace. A number of comparable life sciences properties within the subject's market area were surveyed in order to determine market rent. The comparable properties presented above are considered the most similar to the subject that we could accurately confirm.

In addition to expense structure, factors considered when adjusting the comparables consisted of lease conditions, market conditions, and differences in physical characteristics. In equating the comparables to the subject, all are considered reasonable indicators of market rent.

With the exception of Comparable 1 (the subject lease to Stripe, a technology tenant), each of the above comparables reflect leases to life sciences users. The comparables are located in South San Francisco, Brisbane, and San Carlos, and all leases reflect new construction. It is common for newly constructed life sciences properties to be pre-leased prior to completion of construction, meaning leases for properties coming to market in 2021 were negotiated in 2019 and 2020.

Demand for life sciences space has only increased in 2021 and the second half of 2020; this is partly due to supply constraints and the lack of available space, as well as increased interest in the life

sciences sector due to the onset of the COVID-19 pandemic. A paired analysis of leases located at comparable life science campuses suggest rental rates have increased between 4% and 8% from 2020 to 2021. In addition, we are aware of two confidential proposed leases (one executed lease and one letter of intent) for under construction space (over 100,000 square feet) at a life sciences campus competitive with the subject. The rental rates range from \$6.65 to \$7.75 per square foot, triple net with 3.5% annual increases; the TI allowance is slightly above the range indicated by the previous comparables. These rates for leases with future commencement dates reflect an increase over the rental rates indicated by the previous comparable set. Given strengthening market conditions, and continued strong pre-leasing activity, we conclude to different rental rates for the subject's existing (nearly complete) Phase I buildings and the proposed Phases II through IV buildings.

After analysis, the comparables indicate that a rental rate of \$5.65 per square foot per month, triple net, is applicable to the subject's Phase I space. We estimate market rent for Phases II through IV at \$6.00 per square foot, per month, triple net. This reflects an increase of approximately 6% over Phase I rates. As sustained growth multiple years in the future remains somewhat speculative, we have elected not to trend rents for Phases III and IV over the market rent conclusion for Phase II.

### Market Rent Conclusion

Based on the preceding analysis of comparable rentals and trends evident in the market, we conclude market lease terms for the subject as follows:

#### Concluded Market Lease Terms - Phase I

Space Type	Market		Rent		Lease Term (Mos.)	Free Rent (Mos.)	TI/SF New
	Rent	Measure	Escalations	Lease Type			
Life Science	\$5.65	\$/SF/Mo.	3.5% annually	Triple Net	120	3	\$165.00

#### Concluded Market Lease Terms - Phases II, III, & IV

Space Type	Market		Rent		Lease Term (Mos.)	Free Rent (Mos.)	TI/SF New
	Rent	Measure	Escalations	Lease Type			
Life Science	\$6.00	\$/SF/Mo.	3.5% annually	Triple Net	120	3	\$165.00

Annual escalations of 3.5% are common among comparable properties in the local market. Free rent and TI allowances range from two to six months and \$145 to \$176 per square foot, respectively. Conversations with local brokers indicate TI allowances between \$175 to \$200 per square foot are also becoming common for new life science space.

## Stabilized Income and Expenses

### Potential Gross Rent

Potential gross rent is typically based on contract rent from the existing leases in place and market rent for vacant space. As indicated in the following table, contract rent for Phase I is generally consistent with our market rent conclusion. It is our opinion the subject's Phase I rental rates (and corresponding TI allowances) are consistent with the local market and contract rent will be utilized in the upcoming Phase I analysis. The previously concluded market rent will be used to calculate potential gross rent for Phases II, III, and IV. Potential gross rent for these phases is reported below.

Income is projected for the 12-month period following the effective date of the appraisal.

#### Potential Gross Rent - Phase I

Space Type	SF	Potential Rent at Contract		Potential Rent at Market		Contract as % of Market
		Annual	\$/SF/Mo.	\$/SF/Mo.	Annual	
Life Science	655,892	\$43,036,272	\$5.47	\$5.65	\$44,469,478	97%
Total Subject	655,892	\$43,036,272	\$5.47	\$5.65	\$44,469,478	97%

#### Potential Gross Rent - Phase II

Space Type	SF	Potential Rent at Market	
		\$/SF/Mo.	Annual
Total Subject	865,000	\$6.00	\$62,280,000

#### Potential Gross Rent - Phase III & IV

Space Type	SF	Potential Rent at Market	
		\$/SF/Mo.	Annual
Total Subject	500,000	\$6.00	\$36,000,000

### Expense Reimbursements

Reimbursement income is based upon a triple net expense structure that requires tenants to reimburse the owner for all operating expenses except management.

### Vacancy & Collection Loss

Please refer to the *Life Sciences Market Overview* section for a detailed discussion of market and/or submarket vacancy factors. Space within the life sciences market remains severely constrained and there is limited available space. Conversations with market participants indicate there is strong demand for life sciences space within the development pipeline through at least 2025. As discussed, new construction typically comes online preleased. Therefore, stabilized vacancy and collection loss is estimated at 3.0% for all Phases.



### Effective Gross Income – Phase I

Effective gross income for Phase I is calculated at \$59,467,616, or \$90.67 per square foot.

### Expenses

To estimate pro forma operating expenses for the subject property, we considered expense data from comparable life sciences properties throughout the Bay Area. Due to the somewhat limited availability of data, we have supplemented Bay Area expense data with Class A, recently constructed, life sciences data in coastal markets across the United States. Note that a replacement reserve expense has not been estimated for the subject property, since the overall capitalization rates extracted from the sales data did not include this as an expense. Management is estimated at 2% of effective gross income.

Additionally, property taxes have been calculated by applying the subject's tax rate to the market value estimate via the income capitalization approach. The premise is that taxes would be reassessed upon the sale of the property.

As previously described herein, the subject is encumbered with special taxes due to the City of South San Francisco CFD No. 2021-1 (Public Facilities and Services); tenants are expected to reimburse for this expense, consistent with a triple net expense structure. Operating projections for Phase I are reported below.

### Operating Projections - Phase I

	IRR Projection
<b>Income</b>	
Base Rent	\$43,036,272
Expense Reimbursements	18,759,885
Potential Gross Income*	\$61,796,157
Vacancy & Collection Loss @ 3.0%	-1,853,885
Effective Gross Income	\$59,942,273
<b>Expenses</b>	
Real Estate Taxes	\$9,407,901
CFD 2021-1 Special Tax	1,284,512
Insurance	655,892
Utilities	3,607,406
Repairs/Maintenance	1,967,676
Cleaning/Janitorial	852,660
General/Administrative	983,838
Management	1,198,845
Total Expenses	\$19,958,731
<b>Net Operating Income</b>	<b>\$39,983,542</b>
Operating Expense Ratio	33.3%

\*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss.

The following table reflects life science comparables in San Mateo and Alameda Counties.

**Expense Analysis per Square Foot - Bay Area**

	Comp Data*				Subject
	Comp 1	Comp 2	Comp 3	Comp 4	Projected Expenses
Year Built	2000		1998		2021
SF	176,955	183,344	92,250	81,569	655,892
Prevailing Lease Type	Triple Net	Triple Net	Triple Net	–	Triple Net
Operating Data Type	In Place	In Place	In Place	In Place	
Year	2019	2019	2019	2019	IRR Projection
Real Estate Taxes	\$7.89	\$5.98	\$3.11	\$8.23	\$14.34
CFD 2021-1 Special Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$1.96
Insurance	\$1.29	\$0.63	\$0.55	\$0.41	\$1.00
Utilities	\$6.76	\$5.38	\$0.15	\$0.01	\$5.50
Repairs/Maintenance	\$4.36	\$2.33	\$1.42	\$0.45	\$3.00
Cleaning/Janitorial	\$0.29	\$0.33	\$0.00	\$0.00	\$1.30
General/Administrative	\$0.39	\$0.79	\$0.07	\$1.50	\$1.50
Management	\$2.23	\$1.78	\$0.60	\$3.00	\$1.83
<b>Total</b>	<b>\$23.20</b>	<b>\$17.22</b>	<b>\$5.90</b>	<b>\$13.60</b>	<b>\$30.43</b>
Operating Expense Ratio	31.2%	29.0%	20.2%	19.0%	33.3%

Life science properties often have higher utility costs than traditional office properties. For additional support, we consider the following Class A comparables in Cambridge and Boston, Massachusetts, and Seattle, Washington.

**Expense Analysis per Square Foot - Coastal Markets**

	Comp Data*				
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Year Built	2006	2018	2018	2015	2004
SF	128,601	224,252	160,035	123,838	127,537
Prevailing Lease Type	Triple Net	Triple Net	Triple Net	–	–
Operating Data Type	Pro-forma	Pro-forma	Pro-forma	In Place	In Place
Year	2019	2021	2019	2019	2019
Real Estate Taxes	\$7.82	\$10.56	\$7.79	\$4.74	\$1.15
CFD 2021-1 Special Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance	\$0.32	\$0.20	\$0.56	\$0.42	\$0.36
Utilities	\$1.36	\$3.82	\$1.62	\$3.27	\$5.03
Repairs/Maintenance	\$2.05	\$3.82	\$1.36	\$3.77	\$3.86
Cleaning/Janitorial	\$0.68	\$2.73	\$1.13	\$0.77	\$0.40
Grounds	\$0.00	\$1.37	\$0.06	\$0.00	\$0.00
Security	\$0.78	\$0.00	\$2.08	\$0.00	\$0.00
General/Administrative	\$4.74	\$0.82	\$0.95	\$2.47	\$3.12
Management	\$3.36	\$1.89	\$1.69	\$1.64	\$1.87
<b>Total</b>	<b>\$21.11</b>	<b>\$25.21</b>	<b>\$17.24</b>	<b>\$17.09</b>	<b>\$15.80</b>
Operating Expense Ratio	35.5%	27.8%	27.8%	22.2%	25.3%

## Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject. The first table includes Bay Area life sciences properties; however, due to the age of the majority of the comparables, we also consider Class A trophy life sciences properties in other national markets in the second table.

### Capitalization Rate Comparables - Bay Area

No.	Property Name	Year Built	Sale Date	Rentable Area	% Occup.	Effective Price/SF	Cap Rate
1	Genesis South San Francisco	N/A	10/15/2020	784,088	96%	\$1,294.50	4.80%
2	130-150 Shoreline Dr.	1986	4/23/2020	81,569	100%	\$993.02	5.80%
3	7000 Marina Blvd.	1986	6/27/2019	90,000	100%	\$855.56	4.40%
4	75-125 Shoreway Rd.	1978	1/11/2019	82,462	100%	\$887.68	4.90%
5	500 Forbes Blvd	2001	8/6/2019	155,685	100%	\$995.60	4.20%
Indicated Cap Rate Range:						4.20% - 5.80%	
Average (Mean) Cap Rate:						4.82%	

### Capitalization Rate Comparables - National Life Science Properties

No.	Property Name	City	Sale Date	Rentable Area	Effective Price/SF	Cap Rate	
1	Cambridge Discovery Park	Boston	12/1/2020	604,064	\$1,191.93	4.30%	
2	Project Genome	Cambridge	3/1/2021	1,729,376	\$1,994.94	4.00%	
3	One Memorial	Cambridge	8/1/2021	409,422	\$2,015.28	3.90%	
Indicated Cap Rate Range:						3.90% - 4.30%	
Average (Mean) Cap Rate:						4.07%	

The overall capitalization rate is the rate at which an investor of an income-producing property will see a return on capital used to buy a particular property/investment. Thus, the capitalization rate can reasonably be viewed as a function of risk. A high risk implies a high possibility of investment loss; a property with high risk will have a high capitalization rate causing a lower selling price or value than one with a relatively low risk factor, all else being equal.

Attributes such as location, building area, visibility/accessibility, condition, effective age and overall quality were taken into account when equating sales and rent comparables to the subject in order to determine market value. The same is true when determining a capitalization rate for the subject property. Also considered when deriving a capitalization rate for an income-producing property is deferred maintenance, security of the income stream (terms of leases and strength of tenants), as well as general economic conditions and local market conditions.

The subject improvements will reflect new construction; given the ages of the comparables, this would apply downward pressure to the average reported cap rate. In addition, we also discussed the local Bay Area life sciences market with a broker with CBRE active in the space; he stated life sciences

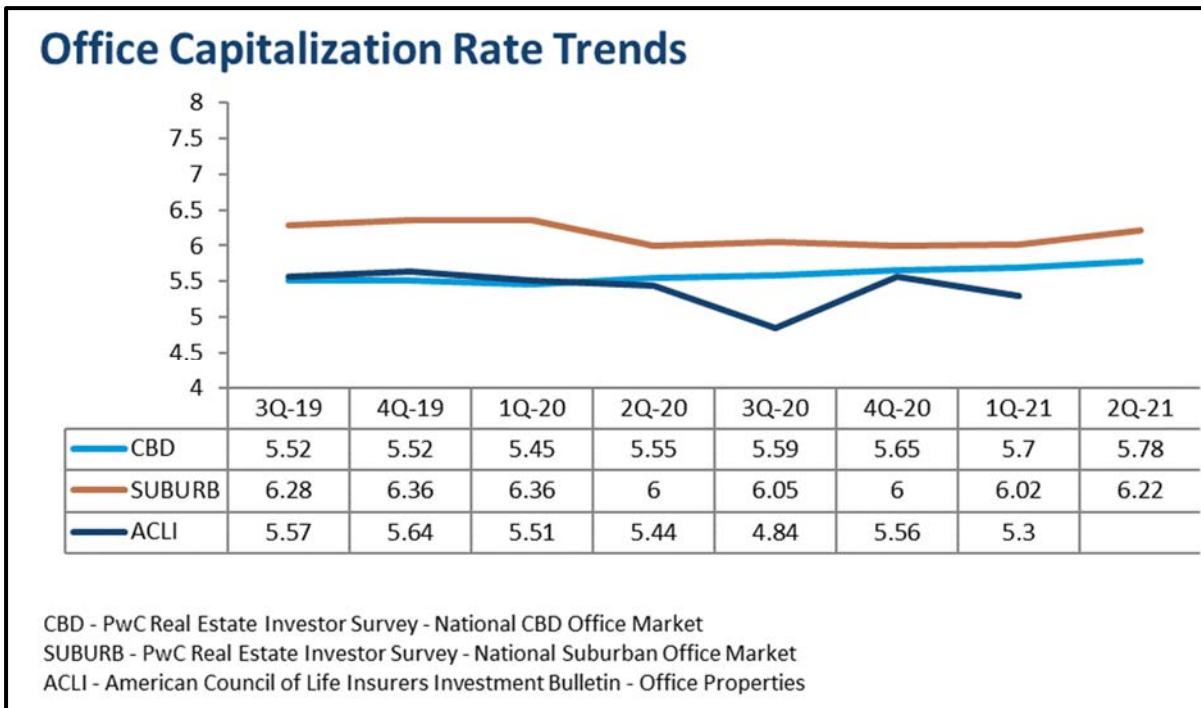
cap rates for new product are currently between 4.00% and 4.50%. We are also aware of an under construction life sciences building in San Francisco which has a forecasted cap rate of 4.75 for modeling purposes.

To determine a capitalization rate for the subject we have also examined capitalization rate information published in national surveys, presented on the following page.

**Capitalization Rate Surveys – Office Properties**

	IRR-ViewPoint National CBD Office	IRR-ViewPoint National Suburban Office	PwC 2Q-21 National CBD Office	PwC 2Q-21 National Suburban Office	ACLI 1Q-21 National Office
Range	5.00% - 11.00%	5.50% - 9.75%	4.25% - 8.00%	4.00% - 9.00%	NA
Average	7.31%	7.54%	5.78%	6.22%	5.30%

Source: IRR-Viewpoint 2021; PwC Real Estate Investor Survey; American Council of Life Insurers Investment



It should be noted, the above rates reflect all types of office space and therefore tend to be higher than what would be expected for newly constructed, Class A, life sciences space in the Bay Area market.

**Capitalization Rate Conclusion**

Based on an analysis of the preceding data, a going-in capitalization rate for the subject is indicated within a range of 4.00% to 5.00%. To reach a capitalization rate conclusion, we consider each of the



following investment risk factors to gauge its impact on the rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral influence of each factor.

<b>Risk Factor</b>	<b>Issues</b>	<b>Impact on Rate</b>
Income Characteristics	Credit strength of tenant, escalation pattern, above/below market rent, rollover risk. Phase I is leased at market, and market rent utilized in the analyses for Phases II, III, and IV.	↔
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility. The subject will reflect new, Class A construction in a highly desirable life sciences submarket.	↓
Location	Market area demographics and life cycle trends; proximity issues; access and support services. The subject has good interstate access and reasonably good access to public transit. In addition, the subject is located within a cluster of other life sciences users.	↓
Market	Vacancy rates and trends; rental rate trends; supply and demand. Life sciences supply remains constrained, and rental rates have increased over the past year.	↓
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion. The subject proposal is consistent with the highest and use of the property.	↔
Overall Impact		↓

Phase I reflects a fully pre-leased property which is expected to be completely occupied early in 2022. Construction of Phases II, III, and IV have longer timelines, with construction of Phase II just now commencing. Considering the development size of Phases II through IV, and future timelines associated with development, we conclude capitalization rates for Phase I and Phases II through IV as follows:

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**Capitalization Rate Conclusion - PH I**

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Method	Capitalization Rate Indication
Analysis of Comparable Sales	4.20% - 5.80%
National Investor Surveys	5.50% - 6.00%
Market Participant Interviews	4.00% - 4.50%
Primary Weight	Comparable Sales
Secondary Weight	Market Participant Interviews
Conclusion	4.50%

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**Capitalization Rate Conclusion Phases II - IV**

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Conclusion	4.75%
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### Direct Capitalization Analysis – Phase I

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the following table.

<b>Direct Capitalization Analysis - Phase I</b>						
	SF	Space Type	Rent Applied	\$/SF	Annual	\$/SF Bldg.
<b>Income</b>						
Base Rent						
Cytokinetics	234,892	Life Science	Contract	\$66.00	\$15,502,872	–
Stripe	421,000	Life Science	Contract	\$65.40	\$27,533,400	–
Potential Gross Rent	655,892				\$43,036,272	\$65.61
Expense Reimbursements					\$18,759,885	\$28.60
Net Parking Income					\$0	\$0.00
Potential Gross Income					\$61,796,157	\$94.22
Vacancy & Collection Loss	3.00%				-\$1,853,885	-\$2.83
Other Income					\$0	\$0.00
Effective Gross Income					\$59,942,273	\$91.39
<b>Expenses</b>						
Real Estate Taxes					\$9,407,901	\$14.34
CFD 2021-1 Special Tax					\$1,284,512	\$1.96
Insurance					\$655,892	\$1.00
Utilities					\$3,607,406	\$5.50
Repairs/Maintenance					\$1,967,676	\$3.00
Cleaning/Janitorial					\$852,660	\$1.30
General/Administrative					\$983,838	\$1.50
Management	2.00%				\$1,198,845	\$1.83
Total Expenses					\$19,958,731	\$30.43
<b>Net Operating Income</b>					<b>\$39,983,542</b>	<b>\$60.96</b>
Capitalization Rate					4.50%	
<b>Indicated Value</b>					<b>\$888,523,152</b>	<b>\$1,354.68</b>
<b>Rounded</b>					<b>\$888,500,000</b>	<b>\$1,354.64</b>

Phase I is currently 100% leased. Lease up costs for the subject's remaining Phases will be considered in the upcoming extraction analyses.

### Direct Capitalization Analysis – Phases II, III, & IV

The same methodology is utilized in the valuation of the proposed improvements, as if stabilized, for Phases II, III, and IV. A separate direct capitalization analysis is provided for each Phase.

Consistent with Phase I, a 3% vacancy and collection loss is assumed for the remaining improvements. As noted, market rent is concluded to be \$6.00 per square foot, per month, triple net. However, as will be demonstrated, construction costs are also projected to increase for future phases.

#### Direct Capitalization Analysis - Phase II

	SF	Space Type	Rent Applied	\$/SF	Annual	\$/SF Bldg.
<b>Income</b>						
Base Rent						
Vacant	315,000	Life Science	Market	\$72.00	\$22,680,000	–
Vacant	275,000	Life Science	Market	\$72.00	\$19,800,000	–
Vacant	275,000	Life Science	Market	\$72.00	\$19,800,000	–
Potential Gross Rent	865,000				\$62,280,000	\$72.00
Expense Reimbursements					\$25,379,914	\$29.34
Net Parking Income					\$0	\$0.00
Potential Gross Income					\$87,659,914	\$101.34
Vacancy & Collection Loss	3.00%				-\$2,629,797	-\$3.04
Other Income					\$0	\$0.00
Effective Gross Income					\$85,030,117	\$98.30
<b>Expenses</b>						
Real Estate Taxes					\$12,914,506	\$14.93
CFD 2021-1 Special Tax					\$1,825,908	\$2.11
Insurance					\$865,000	\$1.00
Utilities					\$4,757,500	\$5.50
Repairs/Maintenance					\$2,595,000	\$3.00
Cleaning/Janitorial					\$1,124,500	\$1.30
General/Administrative					\$1,297,500	\$1.50
Management	2.00%				\$1,700,602	\$1.97
Total Expenses					\$27,080,516	\$31.31
<b>Net Operating Income</b>					<b>\$57,949,600</b>	<b>\$66.99</b>
Capitalization Rate					4.75%	
<b>Indicated Value</b>					<b>\$1,219,991,584</b>	<b>\$1,410.39</b>
<b>Rounded</b>					<b>\$1,220,000,000</b>	<b>\$1,410.40</b>



**Direct Capitalization Analysis - Phase III**

	SF	Space Type	Rent Applied	\$/SF	Annual	\$/SF Bldg.
<b>Income</b>						
Base Rent						
Vacant	250,000	Life Science	Market	\$72.00	\$18,000,000	–
Vacant	250,000	Life Science	Market	\$72.00	\$18,000,000	–
Potential Gross Rent	500,000				\$36,000,000	\$72.00
Expense Reimbursements					\$14,624,529	\$29.25
Net Parking Income					\$0	\$0.00
Potential Gross Income					\$50,624,529	\$101.25
Vacancy & Collection Loss	3.00%				-\$1,518,736	-\$3.04
Other Income					\$0	\$0.00
Effective Gross Income					\$49,105,793	\$98.21
<b>Expenses</b>						
Real Estate Taxes					\$7,469,004	\$14.94
CFD 2021-1 Special Tax					\$1,005,525	\$2.01
Insurance					\$500,000	\$1.00
Utilities					\$2,750,000	\$5.50
Repairs/Maintenance					\$1,500,000	\$3.00
Cleaning/Janitorial					\$650,000	\$1.30
General/Administrative Management	2.00%				\$750,000	\$1.50
					\$982,116	\$1.96
Total Expenses					\$15,606,645	\$31.21
<b>Net Operating Income</b>					<b>\$33,499,148</b>	<b>\$67.00</b>
Capitalization Rate					4.75%	
<b>Indicated Value</b>					<b>\$705,245,226</b>	<b>\$1,410.49</b>
<b>Rounded</b>					<b>\$705,200,000</b>	<b>\$1,410.40</b>

**Direct Capitalization Analysis - Phase IV**

	SF	Space Type	Rent Applied	\$/SF	Annual	\$/SF Bldg.
<b>Income</b>						
Base Rent						
Vacant	250,000	Life Science	Market	\$72.00	\$18,000,000	–
Vacant	250,000	Life Science	Market	\$72.00	\$18,000,000	–
Potential Gross Rent	500,000				\$36,000,000	\$72.00
Expense Reimbursements					\$14,688,081	\$29.38
Net Parking Income					\$0	\$0.00
Potential Gross Income					\$50,688,081	\$101.38
Vacancy & Collection Loss	3.00%				-\$1,520,642	-\$3.04
Other Income					\$0	\$0.00
Effective Gross Income					\$49,167,439	\$98.33
<b>Expenses</b>						
Real Estate Taxes					\$7,468,305	\$14.94
CFD 2021-1 Special Tax					\$1,069,776	\$2.14
Insurance					\$500,000	\$1.00
Utilities					\$2,750,000	\$5.50
Repairs/Maintenance					\$1,500,000	\$3.00
Cleaning/Janitorial					\$650,000	\$1.30
General/Administrative					\$750,000	\$1.50
Management	2.00%				\$983,349	\$1.97
Total Expenses					\$15,671,430	\$31.34
<b>Net Operating Income</b>					<b>\$33,496,009</b>	<b>\$66.99</b>
Capitalization Rate					4.75%	
<b>Indicated Value</b>					<b>\$705,179,133</b>	<b>\$1,410.36</b>
<b>Rounded</b>					<b>\$705,200,000</b>	<b>\$1,410.40</b>

As rentable area for Phases III and IV is proposed to be 500,000 square feet for both phases, the direct capitalization values are consistent. A summary of the market value, as if stabilized, of the subject improvements via the direct capitalization analyses is provided below.

**Summary of Direct Capitalization Values**

	Conclusion	Rentable SF	Per Rentable SF
Phase I	\$888,500,000	655,892	\$1,354.64
Phase II	\$1,220,000,000	865,000	\$1,410.40
Phase III	\$705,200,000	500,000	\$1,410.40
Phase IV	\$705,200,000	500,000	\$1,410.40

As further support for our improved value conclusions, we have arrayed a series of office sales in San Mateo County. The transactions occurred between January 2019 and October 2020.

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**Summary of Comparable Improved Sales**


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No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	Prop Class; Const Type; Prop Rights	Effective Sale Price	Rentable SF	\$/Rentable SF	Cap Rate
1	Genesis South San Francisco 2 Tower Pl South San Francisco San Mateo County CA	Oct-20 Closed	– – 96%	20.15 – 2.61/1,000	A Steel Leased Fee	\$1,015,000,000	784,088	\$1,294.50	4.80%
<p><i>Comments: Sale of three life sciences buildings totaling nearly 800,000 square feet in South San Francisco. The improvements include 1 Tower Place (340,000 square feet), 2 Tower Place (374,433 square feet), and 4000 Shoreline Court (72,000 square feet). The sale price calculates to approximately \$1,295 per square foot, and the buyer reports a cap rate of 4.8%.</i></p>									
2	130-150 Shoreline Dr. 130-150 Shoreline Dr. Redwood City San Mateo County CA	Apr-20 Closed	1986 – 100%	5.01 0.37 3.05/1,000	B CTU Leased Fee	\$81,000,000	81,569	\$993.02	5.80%
<p><i>Comments: Sale of an office/R&amp;D building located along Shoreline Dr. in Redwood City. The building was 100% occupied at the time of sale by Auris Health, a subsidiary of Johnson and Johnson developing bronchoscopy diagnostic and therapeutic procedures. The buyers reportedly paid \$42.7 million in cash, and also assumed the existing interest only loan. The debt assumption did not appear to have any impact on the purchase price, but representatives of Eastdil Secured did not respond to requests for additional information. The property was reportedly renovated in 2017 with state of the art lab and manufacturing space. The cap rate is based on income in place at the time of sale. The contract rents appear to be near market rates.</i></p>									
3	7000 Marina Blvd. 7000 Marina Blvd. Brisbane San Mateo County CA	Jun-19 Closed	1986 – 100%	4.56 0.45 2.92/1,000	A 0 Leased Fee	\$77,000,000	90,000	\$855.56	4.40%
<p><i>Comments: Sale of a recently renovated multi-story biotech building located at Sierra Point in Brisbane. Seller verified sale details and indicated that the interior of the building had "very heavy" life science lab build-out at a cost of more than \$500/SF over warm shell. NOI and OAR are based on actual income at the time of sale.</i></p>									
4	75-125 Shoreway Rd. 75-125 Shoreway Rd. San Carlos San Mateo County CA	Jan-19 Closed	1978 1 100%	2.76 0.69 3.20/1,000	B CTU Leased Fee	\$73,200,000	82,462	\$887.68	4.90%
<p><i>Comments: Sale of two R&amp;D/biotech buildings located along Shoreway Rd. in San Carlos. The buildings were reportedly at stabilized occupancy at the time of sale with multiple biotech tenants including BioCardia and Alkahest. No brokers were listed on the transaction and none of the participants responded to requests for additional information. The in place capitalization rate of 4.9% was reported by a broker active in the Bay Area life science property sector, but was uninvolved in this transaction.</i></p> <hr/>									

The comparables range from \$855.56 to \$1,294.50 per square foot. Comparable 1, at the high end of the range, is most similar to the subject, as it reflects a large transaction (784,088 square feet of life sciences space for \$1,015,000,000) of life sciences space. It includes three buildings built in 2009, 2019, and 2001. The remaining comparables reflect older construction. The subject conclusions range from \$1,355 to \$1,410 per square foot of rentable area. Phase I is approximately 5% above the comparable range, while Phases II through IV are approximately 9% above the high end of the range. However, this is considered reasonable because the subject will reflect new construction and market conditions have strengthened since January 2019 through October 2020.

## Extraction Analysis

Extraction (residual) analyses are employed to determine the market value of Phase I and of the land associated with Phases II through IV. An extraction (residual) analysis takes into account revenue, direct and indirect construction costs, accrued depreciation, and developer's incentive in order to arrive at an estimate of land value. An extraction analysis will be conducted for each of the subject's taxable Phases. The elements of the extraction technique are discussed below.

### Revenue

The market value as if stabilized was provided in the previous sections for each of the subject Phases. A summary of the market value conclusions is provided below.

#### Summary of Direct Capitalization Values

	Conclusion	Rentable SF	Per Rentable SF
Phase I	\$888,500,000	655,892	\$1,354.64
Phase II	\$1,220,000,000	865,000	\$1,410.40
Phase III	\$705,200,000	500,000	\$1,410.40
Phase IV	\$705,200,000	500,000	\$1,410.40

### Direct and Indirect Construction Costs

The next step in the extraction technique is to estimate typical costs associated with the construction of life sciences improvements.

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle. Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs. Recent conversations with builders confirm construction costs have increased over the last several years.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies;
- Appraisal, consulting, accounting and legal fees;
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered;
- All-risk insurance;
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved.

Indirect costs can vary widely as a percentage of the direct costs, as indicated in the comparable expense table below.

The subject reflects a master planned life sciences campus. The similarities between Bay Area office construction cost comparables and the subject improvements are limited. The developer's budget best considers the intricacies of the subject proposal. Bay Area cost comparables will be presented for comparison purposes, followed by the developer's budget.

Office Cost Comparables						
Location	Size (Gross SF)	Direct Costs	Indirect Costs	% of Direct Costs	Total Cost	Product Type
San Francisco	360,000 - 369,999	\$310	NA	NA	-	General Office
Walnut Creek	5,000 - 9,999	\$440	\$153	35%	\$593	Mixed Use Retail/Office
Menlo Park	40,000 - 49,999	\$825	\$262	32%	\$1,087	Mixed Use Retail/Office/Residential
Sunnyvale	880,000 - 889,999	\$380	\$87	23%	\$467	General Office
San Jose	570,000 - 579,999	\$565	\$109	19%	\$674	General Office

In 2018, brokerage firm JLL reported direct costs for life sciences space can range from \$350 to \$1,325 per square foot, depending on the market and the percentage of lab or other specialized build out. In addition, compared to general office, life sciences space typically includes higher ceiling heights, additional duct work, significantly more HVAC and power capacity, and construction designed to reduce/minimize vibrations. This suggests a life sciences costs typically fall above the direct costs for the office comparables listed above, which range from \$310 to \$825 per square foot. The comparables indicate indirect costs range from 19% to 35% of direct costs.

The developer's budget was provided by Phases I and II. While the details of the budget are confidential, direct costs generally range from \$725 to \$825 per square foot. This falls toward the high end of the Bay Area office comparable range, but is squarely within the comparable range provided by JLL. Based on the comparable and market data previously available, and our review of the developer's budget, we have selected a market driven direct cost of **\$735** per square foot for the subject's Phase I space (which is nearly complete), and **\$810** per square foot for the subject's Phase II, III, and IV.

The developer's estimate of indirect costs as a percentage of direct costs also varies by Phase, with Phase I soft costs estimated at **25%** of directs and Phase II estimated at **30%** of directs. As construction costs continue to rise, and the developer's indirect costs both fall within the comparable range, we estimate indirect costs consistent with the developer's budget. It is our understanding the developer's budget also includes lease up costs, with TI allowances included in hard costs and leasing commissions included in soft costs. Therefore, these costs are not allocated separately in the upcoming analysis.

### Accrued Depreciation

For new construction on the subject, an allocation for depreciation (physical, functional, or economic) is not applicable.

## Developer's Incentive

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period, or the product type is considered weak or untested.

Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new subdivisions in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

Positive attributes of the subject property include:

- Approved entitlements;
- Phase I is 100% preleased to a tech tenant and life sciences tenant
- Life sciences market conditions are strong, with very little available supply. The COVID-19 pandemic increased demand for life sciences/lab space. Rental rates are continuing to increase.
- New life sciences improvements are almost always preleased prior to completion of construction. Many office buildings are being converted to life sciences use in response to pent up demand.
- The subject is located in a biotech and chemtech hub and is surrounded by notable life sciences users.

There are generally few "negative" attributes associated with the subject property, other than the potential for deterioration in market conditions in the life sciences sector that would result from a change in macroeconomic factors (e.g., unemployment rates, interest rates, etc.). In addition, construction costs have recently increasing. Based on the characteristics of the subject property, we estimate incentive at **10.0%** of costs for Phases II, III, and IV. Because Phase I is nearly complete, a lower incentive of **3.0%** is used for this Phase, as a buyer would only need to manage the completion of construction prior to the tenants occupying the entirety of the space in early 2022.

## Conclusion

Our estimates of land value for the subject's Phases via the extraction analysis are presented below and on the following page.

<b>Cost Analysis - Phase I</b>				
Direct Costs <sup>1</sup>	546,601 SF	at	\$735 /SF	\$401,751,735
Indirect Costs		at	25% of directs	<u>\$100,437,934</u>
<b>Total Direct &amp; Indirect Costs</b>				<b>\$502,189,669</b>
Less: Costs Spent to Date		at	97% of costs	<u>\$487,123,979</u>
<b>Remaining Direct &amp; Indirect Costs</b>				<b>\$15,065,690</b>
Plus: Remaining Infrastructure Costs				<u>\$3,049,708</u>
<b>Remaining Costs</b>				<b>\$18,115,398</b>
Developer's Incentive		at	3% of costs	\$543,462
Total Remaining Costs				\$18,658,860
<b>Rounded</b>				<b>\$18,700,000</b>

*1 Direct costs are divided over gross building area. Costs include parking structures and site work.*

The Phase I analysis is unique from the other Phases because construction of the vertical improvements is nearly complete. The most likely buyer associated with Phase I would be a life sciences investor, looking to hold the property long term; whereas, the most likely buyer of the land use components associated with Phases II through IV is a developer familiar with the local and national market for life sciences development. Because the disposition period associated with Phase I is expected to be under 12 months, no further discounting is required.

In the above table, remaining direct and indirect costs are calculated by deducting an estimate of costs spent to date from total direct and indirect costs. Remaining infrastructure costs are also considered. Because the improvements are nearly complete, a lower incentive of 3.0% is utilized (versus 10.0% for future phases); this is because a buyer would need to only manage the completion of construction through the end of the year and prior to the occupancy of the tenants (pre-leased) in early 2022. The market value conclusion for Phase I is presented below.

<b>Extraction Analysis - Phase I</b>	
Market Value as if Stabilized	\$888,500,000
Less: Remaining Costs to Complete	<u>(\$18,700,000)</u>
<b>Indicated PH I Value</b>	<b>\$869,800,000</b>

The following pages include extraction analyses to value the land use components associated with Phases, II, III, and IV. Further discounting of these components will be required.

**Cost Analysis - Phase II**

Direct Costs <sup>1</sup>	776,982 SF	at	\$810 /SF	\$629,355,420
Indirect Costs		at	30% of directs	\$188,806,626
<b>Total Direct &amp; Indirect Costs</b>				<b>\$818,162,046</b>
Developer's Incentive		at	10%	\$81,816,205
<b>Total Projects Costs</b>				<b>\$899,978,251</b>
<b>Rounded</b>				<b>\$900,000,000</b>

<sup>1</sup> Direct costs are divided over gross building area. Costs include parking structures and site work.

**Extraction Analysis - Phase II**

Market Value as if Stabilized	\$1,220,000,000
Less: Construction & Lease Up Costs	<u>(\$900,000,000)</u>
<b>Indicated Land Value</b>	<b>\$320,000,000</b>

**Cost Analysis - Phase III**

Direct Costs <sup>1</sup>	427,883 SF	at	\$810 /SF	\$346,585,230
Indirect Costs		at	30% of directs	\$103,975,569
<b>Total Direct &amp; Indirect Costs</b>				<b>\$450,560,799</b>
Developer's Incentive		at	10%	\$45,056,080
<b>Total Projects Costs</b>				<b>\$495,616,879</b>
<b>Rounded</b>				<b>\$495,600,000</b>

<sup>1</sup> Direct costs are divided over gross building area. Costs include parking structures and site work.

**Extraction Analysis - Phase III**

Market Value as if Stabilized	\$705,200,000
Less: Construction & Lease Up Costs	<u>(\$495,600,000)</u>
<b>Indicated Land Value</b>	<b>\$209,600,000</b>



<b>Cost Analysis - Phase IV</b>				
Direct Costs <sup>1</sup>	455,224 SF	at	\$810 /SF	\$368,731,440
Indirect Costs		at	30% of directs	\$110,619,432
<b>Total Direct &amp; Indirect Costs</b>				<b>\$479,350,872</b>
Developer's Incentive		at	10%	\$47,935,087
<b>Total Projects Costs</b>				<b>\$527,285,959</b>
<b>Rounded</b>				<b>\$527,300,000</b>

*1 Direct costs are divided over gross building area. Costs include parking structures and site work.*

<b>Extraction Analysis - Phase IV</b>	
Market Value as if Stabilized	\$705,200,000
Less: Construction & Lease Up Costs	<u>(\$527,300,000)</u>
<b>Indicated Land Value</b>	<b>\$177,900,000</b>

A summary of our land value conclusions is provided below.

<b>Summary of Extraction Analyses</b>			
<b>Phase</b>	<b>Land Residual</b>	<b>Rentable SF</b>	<b>Per Rentable SF</b>
Phase I*	\$869,800,000	655,892	\$1,326.13
Phase II	\$320,000,000	865,000	\$369.94
Phase III	\$209,600,000	500,000	\$419.20
Phase IV	\$177,900,000	500,000	\$355.80
<b>Total - Phases II - IV</b>	<b>\$707,500,000</b>		

*\*Phase I improvements are nearly complete.*

The above table reflects the market value of the land use components in a state that is generally inconsistent with market transactions. There is little vacant land in the area, and market-wide life science land sales generally reflect improved land purchased for redevelopment. As such, our search for land sales did not return any transactions of life sciences land truly comparable in scope and scale to the subject.

## Subdivision Development Method – Phases II-IV

In order to estimate the market value of Phases II, III, and IV, in bulk, a discounted cash flow analysis will be employed; the expected revenue, absorption period, expenses and discount rate associated with the sell-off of the holdings will be taken into account. A discounted cash flow analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser/analyst specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate.

As a discounted cash flow analysis, the subdivision development method consists of four primary components summarized as follows:

**Revenue** – the gross income is based on the individual component values previously derived.

**Absorption Analysis** – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).

**Expenses** – the expenses associated with the sell-off are calculated in this section – including infrastructure costs, administration, marketing and commission costs, as well as taxes and special taxes.

**Discount Rate** – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts follows below, with the discounted cash flow analysis offered at the end of this section.

### Revenue

The revenue component associated with the subject includes the concluded values for the various land use components derived in the previous analyses, which are summarized below.

<b>Summary of Extraction Analyses</b>			
<b>Phase</b>	<b>Land Residual</b>	<b>Rentable SF</b>	<b>Per Rentable SF</b>
Phase II	\$320,000,000	865,000	\$369.94
Phase III	\$209,600,000	500,000	\$419.20
Phase IV	\$177,900,000	500,000	\$355.80
<b>Total - Phases II - IV</b>	<b>\$707,500,000</b>		

## **Absorption**

Absorption rates are best measured by looking at historic absorption rates for similar properties in the region. In developing an appropriate absorption period for the disposition of the parcels, we have considered historic absorption rates for similar properties and also attempted to consider the impacts of present market conditions, as well as the anticipated changes in the market. Real estate is cyclical in nature, and it is difficult to accurately forecast specific demand over a projected absorption period.

A number of assumptions are made in the discounted cash flow analysis, not the least of which is the forecast of absorption, or disposition, of the various land use components comprising the subject properties. It is common for surveys of market participants to reveal different estimations of anticipated absorption periods for the sell-off of multiple components comprising a master planned development, or large land holding, with some developers preferring to hasten the holding period in favor of mitigating exposures to fluctuations in market conditions; whereas, other developers prefer to manage the sell-off of the property over an extended period of time so as to minimize direct competition of product within the master planned project.

At build out, the subject will include approximately 1,865,000 square feet of rentable area within Phases II through IV. The boundaries of the Special Tax District will also open space, and multiple parking garages; these components are excluded from the valuation because they are not subject to the Lien of the Special Tax. Backbone infrastructure for Phase II is expected to be complete in 2023, and Phases III and IV will be developed commensurate market demand and will likely be complete in 2025/26.

## **Expense Projections**

### **Changes in Expenses (Expense Increases or Decreases)**

Market participants widely expect expenses to increase either from inflation or labor increases. General and administrative and marketing and sale expenses are calculated in this section as a fixed percentage of revenue. Property tax expenses are trended upward, as will be discussed in a later section.

### **General and Administrative**

General and administrative expenses would include management of project entitlements and Community Facility District financing, as well as coordination with others. This expense category typically ranges from 2.0% to 4.0%, depending on length of the project and if all of the categories are included in a builder's budget. Given the complexity of the proposed development and the holding period of the subject, we have estimated this expense at 3.0% of revenue, which is spread evenly over the sell-off period.

### **Marketing and Sale**

The costs associated with marketing, commissions and closing costs relative to the disposition of the subjects' components are estimated at 3% of the total gross sale proceeds. Although this rate is somewhat negotiable, it is consistent with current industry trends. Larger transactions, such as the subject, typically have a lower sales commission as a percentage of sale price. For the sell-off of individual Phases to builders, marketing costs would be negligible, since master developers often contact builders directly and indicate lots are available, rather than openly list properties and have marketing costs.

### Property Taxes (Ad Valorem and Special Taxes)

This appraisal is predicated on, and assumes, a sale of the appraised property in bulk. Interim ad valorem real estate taxes are based on a tax rate of 1.05790%. This rate is applied to the estimated market value (in bulk) and divided by the total acreage to yield an estimate of ad valorem taxes/acreage/year. The ad valorem taxes are appreciated by 2% per year and the total tax expense is gradually reduced over the absorption period, as the land components are sold off.

The appraised properties are within the boundary of the City of South San Francisco Community Facilities District No. 2021-1 (Public Facilities and Services). However, the subject's Special Taxes are only applicable to "developed property", which is defined in the Rate and Method of Apportionment as "all Assessor's Parcels of Taxable Property for which a Certificate of Occupancy was issued after January 1, 2021 on or before May 1 of the Fiscal year preceding the Fiscal year for which the Special Taxes are being levied." As developed property requires a certificate of occupancy, and this analysis is concerned with the sell-off of the land components, the Special Tax will likely be levied after the sale of the land. Therefore, Special Taxes are not included in the subdivision development method.

### Backbone Infrastructure

According to the master developer, total remaining infrastructure costs are presented below.

<b>Backbone Infrastructure Costs</b>			
	Budget	Incurred	Remaining
Phase I	\$47,112,589	\$44,062,881	\$3,049,708
Phases II - IV	\$21,801,872	\$0	\$21,801,872
<b>Total Budget</b>	<b>\$68,914,461</b>	<b>\$44,062,881</b>	<b>\$24,851,580</b>

<b>Phases II - IV Pro-rata Allocation</b>	Acreage	Pro-Rata Share	Allocation
Phase II	9.80	32.8%	\$7,145,764
Phase III	10.05	33.6%	\$7,328,054
Phase IV	10.05	33.6%	\$7,328,054
<b>Total</b>	<b>29.90</b>	<b>100%</b>	<b>\$21,801,872</b>

As discussed, Phase I infrastructure is nearly complete and has already been considered in the Phase I extraction analysis. This portion of the analysis is concerned with the costs associated with Phases II, III, and IV. The costs cited above will be disbursed during the development and sell-off period commensurate with the development timeline provided.

### Internal Rate of Return

The project yield rate is the rate of return on the total un-leveraged investment in a development, including both equity and debt. The leveraged yield rate is the rate of return to the "base" equity position when a portion of the development is financed. The "base" equity position represents the total equity contribution. The developer/builder may have funded all of the equity contribution, or a consortium of investors/builders as in a joint venture may fund it. Most surveys indicate that the threshold project yield requirement is about 20% to 30% for production home type projects. Instances

in which project yields may be less than 20% often involve profit participation arrangements in master planned communities where the master developer limits the number of competing tracts.

According to a leading publication within the appraisal industry, the PwC Real Estate Investor Survey<sup>[1]</sup>, discount rates for land development projects ranged from 10.00% to 25.00%, with an average of 16.70% during the Second Quarter 2021, which is 110 basis points higher than the average reported in the Fourth Quarter 2020, the last time the survey was conducted and 150 basis points higher than a year ago. Without entitlements in place, certain investors will increase the discount rate of 188 basis points. These rates are free-and-clear of financing, are inclusive of developer's profit, and assume entitlements are in place.

According to the data presented in the survey prepared by PwC, the majority of those respondents who use the discounted cash flow (DCF) method do so free and clear of financing. Additionally, the participants reflect a preference in including the developer's profit in the discount rate, versus a separate line item for this factor. As such, the range of rates presented above is inclusive of the developer's profit projection.

The discount rates are based on a survey that includes residential, office, retail and industrial developments. Participants in the survey indicate the highest expected returns are on large-scale, unapproved developments. The low end of the range was extracted from projects where certain development risks had been lessened or eliminated. Several respondents indicate they expect slightly lower returns when approvals/entitlements are already in place.

Excerpts from recent PwC surveys are copied below.

"2020 revealed that where people work and where people live can be very far apart," says a development land participant. This philosophy is a driving force behind a resurgence of new-home construction in the United States. In the nonresidential sector, each segment reported year-over-year declines in spending as of March 2021. Over the next 12 months, surveyed investors are most optimistic regarding value trends for the national development land market. Their expectations range from a decline of 5.0% to growth of 25.0% with an average expected value change of +5.8%. This average is better than where it was six months ago (+4.9%), as well as a year ago (-6.9%). (Second Quarter 2021)

For 2021, most *Emerging Trends* respondents (53.0%) believe that debt capital for development and redevelopment will be undersupplied. This percentage is more than twice the figure from last year's report and is likely due to the uncertainty tied to the pandemic. Interestingly, the percentage of respondents that feel debt capital for such projects will be "in balance" drops this year to 35.0% – down from 57.0% in 2020. (Fourth Quarter 2020)

Amid the COVID-19 crisis, participants in the national development land market are looking to reduce leverage, lessen their holding costs, and preserve cash flow. "These are highly uncertain times, and we are moving in a direction no one thought we'd be headed a few months ago,"

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[1] [PwC Real Estate Investor Survey](#), PricewaterhouseCoopers, 2<sup>nd</sup> Quarter 2021, Volume 34, Number 2.

shares a participant. Although some investors are looking to acquire distressed properties, it is difficult to ascertain pricing amid such uncertainty. For now, most investors are content to wait on the sidelines for a clearer path to emerge before they formulate new strategies for the rest of 2020 and beyond. (Second Quarter 2020)

While investors are more optimistic about development opportunities for the year ahead in the apartment, office, warehouse, and even retail sectors, they are less enthusiastic about the hotel sector, where the annual score drops from 3.21 to 2.94 (on a scale of 1 being abysmal and 5 being excellent). (Fourth Quarter 2019)

Over the next 12 months, surveyed investors hold mixed opinions regarding value trends for the national development land market. Their expectations range from -5.0% to +10.0% with an average expected value change of +3.2%. This average is slightly below where it was six months ago (+3.8%), but ahead of the rate from a year ago (+1.2%). (Second Quarter 2019)

Project Yield Rate Survey	
Data Source	Yield / IRR Expectations (Inclusive of Profit)
PwC Real Estate Investor Survey - Second Quarter 2021 (updated semi-annually)	Range of 10.0% to 25.0%, with an average of 16.7%, on an unleveraged basis, for land development (national average)
National Builder	20% to 25% for entitled lots
Regional Builder	18% to 25%. Longer term, higher risk projects on higher side of the range, shorter term, lower risk projects on the lower side of the range. Long term speculation properties (10 to 20 years out) often closer to 30%.
National Builder	18% minimum, 20% target
Developer	Minimum IRR of 20-25%; for an 8 to 10 year cash flow, mid to upper 20% range
Developer	25% IRR for land development is typical (no entitlements); slightly higher for properties with significant infrastructure costs
Land Management Company	20% to 30% IRR for land development deals on an unleveraged basis
Land Developer	35% for large land deals from raw unentitled to tentative map stage, unleveraged or leveraged. 25% to 30% from tentative map to pad sales to merchant builders, unleveraged
Land Developer	18% to 22% for land with some entitlements, unleveraged. 30% for raw unentitled land
Real Estate Consulting Firm	Low 20% range yield rate required to attract capital to longer-term land holdings
Land Developer	Merchant builder yield requirements in the 20% range for traditionally financed tract developments. Larger land holdings would require 25% to 30%. Environmentally challenged or politically risky development could well run in excess of 35%.
Regional Builder	10% discount rate excluding profit for single-family subdivisions
National Builder	10% to 40% for single-family residential subdivisions with 1-2 year development timelines
Regional Builder	15% to 20% IRR
Regional Builder	No less than 20% IRR for land development, either entitled or unentitled
Land Developer	20% to 30% for an unentitled property; the lower end of the range would reflect those properties close to tentative maps
Regional Builder	No less than 30% when typical entitlement risk exists

We recently conducted a survey of market participants familiar with land development in both urban and suburban locations through California. Over the past two years, the Port of San Francisco has solicited proposals for future public/private partnerships for Piers 30-32 and SWL 330; the proposals were submitted to the Port in 2020, during the COVID-19 pandemic. Three respondents, including Strada TCC Partners, LLC, a joint venture between Strada Investment Group and Trammell Crow Company, Tishman Speyer, and Vornado Realty each provided proposals with internal rates of return ranging from below 10% to 23%, and with income projections associated with future land uses based on pre-pandemic market rents. While these proposals are for properties located in San Francisco and include both commercial and residential land uses, they provide examples of internal rate of return forecasts by sophisticated developers with large redevelopment project experience.

There are several positive attributes associated with the subject property that we consider in our selection of a discount rate. Positive attributes of the subject property include:

- Approved entitlements;
- Phase I is 100% preleased to a tech tenant and life sciences tenant.
- Life sciences market conditions are strong, with very little available supply. The COVID-19 pandemic increased demand for life sciences/lab space. Rental rates are continuing to increase.
- New life sciences improvements are almost always preleased prior to completion of construction. Many office buildings are being converted to life sciences use in response to pent up demand.
- The subject is located in a biotech and chem-tech hub and is surrounded by notable life sciences users.

Considering these factors, the anticipated sell-off period of the subject project, and the positive and negative characteristics previously described, a discount rate of **14%** is estimated for the subject property.

## **Conclusion**

The subdivision development method is presented on the following page.

**Subdivision Development Method - Phases II - IV**

## Inputs

<b>Revenue &amp; Expenses</b>		<b>Ad Valorem Tax Table</b>	
Taxable Land Acreage - PH II - IV	29.90	Annual Increase in Property Taxes	2.0%
Total Land Revenue	\$577,600,000	First Year Annual Taxes/Acre	\$134,157
Total Revenue per Acre	\$19,317,726		
<b>Phase II</b>		<b>Max Special Assessments - City of South San Francisco CFD No. 2021-1</b>	
Phase II Land Acreage	9.80	<b>Special Tax A - Developed Property</b>	
Phase II Revenue	\$320,000,000	CFD No. 2021-01	\$2.00 per SF
<b>Phase III</b>		<b>Special Tax B - Developed Property</b>	
Phase III Land Acreage	10.05	CFD No. 2021-01	\$0.35 per SF
Phase III Revenue	\$209,600,000		
<b>Phase IV</b>			
Phase IV Land Acreage	10.05		
Phase IV Revenue	\$177,900,000		
Annual Revenue Appreciation	1.00%		
General & Administrative	3.0%		
Marketing & Commissions	3.0%		
Infrastructure Costs - PH II - IV	\$21,801,872		
Phase II	\$7,145,764		
Phase III	\$7,328,054		
Phase IV	\$7,328,054		

**Revenue, Expenses and Valuation**

Revenue	Period (1 year)	2022	2023	2024	2025	2026	Total
		1	2	3	4	5	
Sales (Acreage):							
Phase II		0.00	0.00	9.80	0.00	0.00	9.80
Phase III		0.00	0.00	0.00	10.05	0.00	10.05
Phase IV		0.00	0.00	0.00	0.00	10.05	10.05
Total Sales		0.00	0.00	9.80	10.05	10.05	29.90
End of Period Inventory		29.90	29.90	20.10	10.05	0.00	
Total Period Inventory (acres)		29.90	29.90	29.90	20.10	10.05	
Land Sales Revenue Unappreciated							
Phase II		\$0	\$0	\$320,000,000	\$0	\$0	\$320,000,000
Phase III		\$0	\$0	\$0	\$209,600,000	\$0	\$209,600,000
Phase IV		\$0	\$0	\$0	\$0	\$177,900,000	\$177,900,000
Total Revenue		\$0	\$0	\$320,000,000	\$209,600,000	\$177,900,000	\$707,500,000
Revenue Appreciated		\$0	\$0	\$320,000,000	\$209,600,000	\$177,900,000	\$707,500,000
<b>Total Revenue</b>		\$0	\$0	\$320,000,000	\$209,600,000	\$177,900,000	\$707,500,000
<b>Expenses</b>	<b>All Categories</b>						
General & Administrative		(\$4,245,000)	(\$4,245,000)	(\$4,245,000)	(\$4,245,000)	(\$4,245,000)	(\$21,225,000)
Marketing/Commissions		\$0	\$0	(\$9,600,000)	(\$6,288,000)	(\$5,337,000)	(\$21,225,000)
Backbone Infrastructure							
Phase II		(\$3,572,882)	(\$3,572,882)	\$0	\$0	\$0	(\$7,145,764)
Phase III		\$0	\$0	(\$3,664,027)	(\$3,664,027)	\$0	(\$7,328,054)
Phase IV		\$0	\$0	\$0	(\$3,664,027)	(\$3,664,027)	(\$7,328,054)
Total Infrastructure		(\$3,572,882)	(\$3,572,882)	(\$3,664,027)	(\$7,328,054)	(\$3,664,027)	(\$21,801,872)
Ad Valorem Taxes		(\$4,011,309)	(\$4,091,535)	(\$4,173,365)	(\$2,861,617)	(\$1,459,425)	(\$16,597,250)
City of SSF CFD No. 2021-01		\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>		<b>(\$11,829,191)</b>	<b>(\$11,909,417)</b>	<b>(\$21,682,392)</b>	<b>(\$20,722,671)</b>	<b>(\$14,705,451)</b>	<b>(\$80,849,122)</b>
<b>Net Income</b>		<b>(\$11,829,191)</b>	<b>(\$11,909,417)</b>	\$298,317,608	\$188,877,329	\$163,194,549	\$626,650,878
<b>Internal Rate of Return</b>	<b>14.00%</b>	0.87719	0.76947	0.67497	0.59208	0.51937	
<b>Discounted Cash Flow</b>		<b>(\$10,376,483)</b>	<b>(\$9,163,910)</b>	\$201,355,888	\$111,830,542	\$84,758,135	\$378,404,172
<b>Net Present Value</b>		\$378,404,172					
<b>Conclusion of Market Value, in Bulk (Rd.)</b>							<b>\$378,400,000</b>



## Conclusion of Value

The following table summarizes the value conclusions for Phase I and Phases II, III, and IV. As noted, the most probable buyer for Phase I is different for than the most probable buyer for the remaining Phases (an investor versus a land developer).

### Summary of Value Conclusions

Phase I	\$869,800,000
Phases II, III, & IV	\$378,400,000
<b>Total Indicated Value</b>	<b>\$1,248,200,000</b>

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of market value of the appraised properties, subject to the hypothetical condition cited herein, is as follows:

### Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value, Subject to a Hypothetical Condition	Fee Simple	November 2, 2021	\$1,248,200,000

### Extraordinary Assumptions and Hypothetical Conditions

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

None.

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

1. We have been requested to provide an opinion of market value of the subject property as of November 2, 2021. It is a hypothetical condition of the Appraisal that proceeds from the Bonds are available for public improvements.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

### Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local development site market, it is our opinion that the probable exposure time is 12 months.

### Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 12 months.

## Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Kevin Ziegenmeyer, MAI, made a personal inspection of the property that is the subject of this report. Laura Diaz has also personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Kevin Ziegenmeyer, MAI, has the continuing education program for Designated Members of the Appraisal Institute.

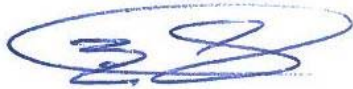
15. As of the date of this report, Laura Diaz, has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



Kevin Ziegenmeyer, MAI  
 Certified General Real Estate Appraiser  
 California Certificate # AG013567



Laura Diaz  
 Certified General Real Estate Appraiser  
 California Certificate # 3005037



Eric Segal, MAI  
 Certified General Real Estate Appraiser  
 California Certificate # AG026558

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
  19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
  20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - San Francisco, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
  21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
  22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
  23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
  24. **IRR - San Francisco is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - San Francisco. In addition, it is expressly agreed that in**

- any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - San Francisco is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

---

**Extraordinary Assumptions and Hypothetical Conditions**

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

None.

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

1. We have been requested to provide an opinion of market value of the subject property as of November 2, 2021. It is a hypothetical condition of the Appraisal that proceeds from the Bonds are available for public improvements.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

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# **Addendum A**

## **Appraiser Qualifications**



# Kevin Ziegenmeyer, MAI

## Experience

Mr. Ziegenmeyer is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the state of California, and Northern Nevada. Mr. Ziegenmeyer handles many of the firm's master-planned property appraisals and over the past two decades has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In fact, Mr. Ziegenmeyer was one of five appraisers to collaborate with other professionals in developing the appraisal guidelines for the California Debt and Investment Advisory Commission (Recommended Practices in the Appraisal of Real Estate for Land-Secured Financing - 2004). He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities and counties of San Francisco, Dublin, Monterey, Newport Beach, Alameda, Napa and San Mateo. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation. Kevin is currently Senior Managing Director of the Integra-San Francisco office and Managing Director of the Integra-Sacramento office.

## Licenses

California, Certified General Real Estate Appraiser, AG013567, Expires June 2023

## Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions

2008 Economic Update

Valuation of Conservation Easements

Subdivision Valuation

2005 Annual Fall Conference

Integra Realty Resources -  
Sacramento

590 Menlo Drive  
Suite 1  
Rocklin, CA 95765

T 916-435-3883  
F 916-435-4774

irr.com



## Kevin Ziegenmeyer, MAI

### Education (Cont'd)

General Comprehensive Exam Module I, II, III & IV  
Advanced Income Capitalization  
Advanced Sales Comparison & Cost Approaches  
2004 Central CA Market Update  
Computer-Enhanced Cash Flow Modeling  
Forecast 2000, 2001, 2002, 2003 & 2004  
Land Valuation Assignments  
Land Valuation Adjustment Procedures  
Highest & Best Use and Market Analysis  
Entitlements, Land Subdivision & Valuation  
Real Estate Value Cycles  
El Dorado Hills Housing Symposium  
Federal Land Exchanges  
M & S Computer Cost-Estimating, Nonresidential

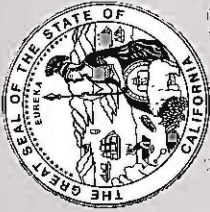
### Integra Realty Resources - Sacramento

590 Menlo Drive  
Suite 1  
Rocklin, CA 95765

T 916-435-3883  
F 916-435-4774

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

**Kevin K. Ziegenmeyer**

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

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date: June 5, 2021  
Date Expires: June 4, 2023

*Loretta Dillon*

Loretta Dillon, Deputy Bureau Chief, BREA

3057527

# Laura Diaz

## Experience

Ms. Diaz is a Certified General real estate appraiser. She began her career in real estate as a research analyst with Integra - Kentucky-Southern Indiana as she pursued her Master of Urban Planning degree. Since graduating in 2013, Ms. Diaz has been writing narrative appraisal reports for a variety of property types, including office, retail, industrial, multifamily housing, and commercial and agricultural land. She has also worked with special-purpose properties, including self-storage facilities, religious facilities, student housing projects, hotels, and data centers. In addition, Ms. Diaz has experience in multifamily market analysis, including development and analysis of survey techniques and models of demand for proposed multifamily projects. In 2017, Ms. Diaz relocated to the San Francisco Bay Area and joined the Integra - San Francisco office.

## Licenses

California, Certified General Real Estate Appraiser, 3005037, Expires January 2022

## Education

Academic:

Bachelor of Arts in English, University of Louisville

Master of Urban Planning, University of Louisville

Graduate Certificate in Real Estate Development, University of Louisville

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Basic Appraisal Principles

Basic Appraisal Procedures

Real Estate Finance Statistics and Valuation Modeling

Site Valuation and Cost Approach

General Market Analysis and Highest and Best Use

Sales Comparison Approach

Income Capitalization Approach Part I

Income Capitalization Approach Part II

General Appraiser Report Writing and Case Studies

Expert Witness for Commercial Appraisers

Basic Hotel Appraising – Limited Service Hotels

**Integra Realty Resources**  
**San Francisco**

555 Meridian Avenue  
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Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Laura B. Diaz**

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

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: 3005037

Effective Date: January 3, 2022  
Date Expires: January 2, 2024



Loretta Dillon, Deputy Bureau Chief, BREAA

3061654

# Eric Segal, MAI

## Experience

Mr. Segal is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for Richard Seevers and Associates. By 1999, he began writing narrative appraisal reports covering a variety of commercial properties, with an emphasis on residential master planned communities and subdivisions. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, and specializes in the appraisal of Mello-Roos Community Facilities Districts and Assessment Districts for land-secured municipal financings, as well as multifamily developments under the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (MAP) Guide. He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities of San Francisco, Monterey, Alameda and San Mateo. He has developed the experience and background necessary to deal with complex assignments covering an array of property types. Eric is currently Managing Director of the Integra-San Francisco office as well as Integra-Sacramento office.

## Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute, January 2016

## Licenses

California, Certified General, AG026558, Expires February 2023

Nevada, Certified General, A.0207666-CG, Expires January 2023

Arizona, Certified General, CGA - 1006422, Expires January 2024

Washington, Certified General, 20100611, Expires June 2023

## Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self-Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

Advanced Applications

Supervisor-Trainee Course for California

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

**Eric A. Segal**

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

“Certified General Real Estate Appraiser”

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

**BREA APPRAISER IDENTIFICATION NUMBER: AG 026558**

Effective Date: February 19, 2021  
Date Expires: February 18, 2023

*Loretta Dillon*

Loretta Dillon, Deputy Bureau Chief, BREA

3055248



## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

*Local Expertise...Nationally!*

# irr.com



## **Addendum B**

### **Financials and Property Information**





# Fidelity National Title Company

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

Issuing Policies of Fidelity National Title Insurance Company

Title Officer: Kevin Davis  
Escrow Officer: Major Accounts OAC

Order No.: 991-30065165-KD9

TO:

Wilsey Ham  
3130 La Selva Street, Suite 100  
San Mateo, CA 94403

ATTN: **Eric Cohen**  
YOUR REFERENCE: **Oyster Point-91**

**PROPERTY ADDRESS: 377, 385 and 389 Oyster Point Boulevard, South San Francisco, CA**

## PRELIMINARY REPORT

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

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

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

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

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

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

Countersigned by:

Authorized Signature



## Fidelity National Title Company

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

### PRELIMINARY REPORT

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**EFFECTIVE DATE:** March 11, 2021 at 7:30 a.m.

**ORDER NO.:** 991-30065165-KD9

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

**ALTA Standard Owners Policy (6-17-06)**

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

**Fee Estate**

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS [VESTED IN:](#)

**KR Oyster Point III, LLC, a Delaware limited liability company**

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

**See Exhibit A attached hereto and made a part hereof.**

## EXHIBIT A LEGAL DESCRIPTION

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

ALL THAT REAL PROPERTY IN THE CITY OF SOUTH SAN FRANCISCO, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, BEING A PORTION OF THE LANDS AS DESCRIBED IN [DOCUMENT NUMBER 2016-082620](#), [OFFICIAL RECORDS](#) OF SAN MATEO COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCING AT THE SECTION CORNER COMMON TO SECTIONS 15, 14, 22, & 23 AS SHOWN ON THAT CERTAIN PARCEL MAP TITLED "OYSTER POINT BUSINESS PARK" RECORDED IN [VOL 52 OF PARCEL MAPS AT PAGE 59](#), OFFICIAL RECORDS OF SAN MATEO COUNTY; THENCE FROM SAID SECTION CORNER N 89° 59' 05" E ALONG THE NORTHERLY LINE OF PARCEL 1 AS SHOWN ON SAID MAP, A DISTANCE OF 260.00 FEET TO AN ANGLE POINT ON THE WESTERLY LINE OF PARCEL B AS DESCRIBED ON THAT CERTAIN LOT LINE ADJUSTMENT RECORDED AS [DOCUMENT NUMBER 92141612](#), [OFFICIAL RECORDS](#) OF SAN MATEO COUNTY; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL B N 00° 00' 55" W A DISTANCE OF 123.88 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION:

THENCE FROM SAID POINT OF BEGINNING LEAVING SAID WESTERLY LINE; N 89° 59' 05" E A DISTANCE OF 66.62 FEET TO THE BEGINNING OF A TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 40° 28' 59", HAVING A RADIUS OF 30.00 FEET A DISTANCE OF 21.20 FEET TO THE BEGINNING OF A REVERSE CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 44° 53' 11", HAVING A RADIUS OF 30.00 FEET A DISTANCE OF 23.50 FEET;

THENCE S 85° 36' 43.0" E A DISTANCE OF 32.50 FEET;

THENCE S 77° 44' 32" E A DISTANCE OF 11.08 FEET TO THE BEGINNING OF A TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 40° 27' 50", HAVING A RADIUS OF 40.00 FEET A DISTANCE OF 28.25 FEET TO THE BEGINNING OF A REVERSE CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 18° 03' 33", HAVING A RADIUS OF 52.00 FEET A DISTANCE OF 16.39 FEET TO THE BEGINNING OF A TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 17° 09' 52", HAVING A RADIUS OF 40.00 FEET A DISTANCE OF 11.98 FEET;

THENCE N 62° 41' 20" E A DISTANCE OF 18.28 FEET TO THE BEGINNING OF A TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 48° 44' 36", HAVING A RADIUS OF 10.00 FEET, A DISTANCE OF 8.51 FEET TO THE BEGINNING OF A REVERSE CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 126° 33' 21", HAVING A RADIUS OF 18.00 FEET, A DISTANCE OF 39.76 FEET TO THE BEGINNING OF A REVERSE CURVE;

THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 48° 51' 12", HAVING A RADIUS OF 10.00 FEET, A DISTANCE OF 8.53 FEET;

THENCE S 88° 21' 08" E A DISTANCE OF 44.42 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

**EXHIBIT A**  
**(Continued)**

THENCE ALONG SAID CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N 08° 02' 23" W THROUGH A CENTRAL ANGLE OF 24° 17' 21", HAVING A RADIUS OF 176.33 FEET, A DISTANCE OF 74.75 FEET;

THENCE N 16° 48' 02" E A DISTANCE OF 54.90 FEET;

THENCE N 13° 58' 47" E A DISTANCE OF 28.56 FEET;

THENCE N 16° 06' 38" E A DISTANCE OF 36.60 FEET;

THENCE N 03° 37' 19" E A DISTANCE OF 55.79 FEET;

THENCE N 01° 38' 46" W A DISTANCE OF 68.96 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS N 08° 30' 16" E THROUGH A CENTRAL ANGLE OF 143° 57' 53", HAVING A RADIUS OF 6.50 FEET, A DISTANCE OF 16.33 FEET;

THENCE NON-TANGENT TO SAID CURVE N 09° 20' 30" W A DISTANCE OF 18.28 FEET;

THENCE N 07° 35' 49" W A DISTANCE OF 25.94 FEET;

THENCE N 06° 19' 36" W A DISTANCE OF 28.59 FEET;

THENCE N 05° 04' 01" W A DISTANCE OF 76.77 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS S 82° 53' 01" E THROUGH A CENTRAL ANGLE OF 25° 45' 49", HAVING A RADIUS OF 380.06 FEET, A DISTANCE OF 170.90 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS S 44° 56' 11" E THROUGH A CENTRAL ANGLE OF 21° 53' 56", HAVING A RADIUS OF 30.00 FEET, A DISTANCE OF 11.47 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N 23° 11' 48" W THROUGH A CENTRAL ANGLE OF 53° 11' 40", HAVING A RADIUS OF 67.79 FEET, A DISTANCE OF 62.94 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS S 74° 52' 24" E THROUGH A CENTRAL ANGLE OF 17° 17' 38", HAVING A RADIUS OF 87.32 FEET, A DISTANCE OF 26.36 FEET;

THENCE NON-TANGENT TO SAID CURVE N 38° 02' 09" E A DISTANCE OF 49.24 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE LEFT WHOSE RADIUS POINT BEARS N 50° 27' 28" W THROUGH A CENTRAL ANGLE OF 80° 53' 32", HAVING A RADIUS OF 14.00 FEET, A DISTANCE OF 19.77 FEET;

THENCE N 41° 20' 59" W A DISTANCE OF 52.69 FEET;

THENCE N 42° 33' 46" W A DISTANCE OF 23.84 FEET;

THENCE N 46° 49' 36" W A DISTANCE OF 28.16 FEET;

THENCE N 43° 03' 14" W A DISTANCE OF 17.21 FEET;

THENCE N 51° 21' 09" W A DISTANCE OF 16.15 FEET;

**EXHIBIT A**  
**(Continued)**

THENCE N 40° 56' 18" W A DISTANCE OF 100.84 FEET;

THENCE N 43° 55' 08" W A DISTANCE OF 66.91 FEET;

THENCE N 40° 34' 17" W A DISTANCE OF 28.09 FEET TO THE BEGINNING OF A TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 116° 33' 28", HAVING A RADIUS OF 16.00 FEET, A DISTANCE OF 32.55 FEET TO THE BEGINNING OF A TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 20° 23' 50", HAVING A RADIUS OF 218.00 FEET, A DISTANCE OF 77.61 FEET;

THENCE NON-TANGENT TO SAID CURVE N 72° 25' 37" E A DISTANCE OF 276.02 FEET;

THENCE N 00° 00' 55" W A DISTANCE OF 51.63 FEET;

THENCE N 89° 59' 05" E A DISTANCE OF 88.82 FEET;

THENCE S 26° 41' 01" E A DISTANCE OF 633.96 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE LEFT WHOSE RADIUS POINT BEARS S 26° 41' 01" E THROUGH A CENTRAL ANGLE OF 42° 56' 01", HAVING A RADIUS OF 62.00 FEET, A DISTANCE OF 46.46 FEET TO THE BEGINNING OF A REVERSE CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 42° 56' 01", HAVING A RADIUS OF 50.00 FEET, A DISTANCE OF 37.47 FEET;

THENCE S 63° 18' 59" W A DISTANCE OF 81.73 FEET TO THE BEGINNING OF A TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 63° 19' 54", HAVING A RADIUS OF 275.00 FEET, A DISTANCE OF 303.97 FEET;

THENCE S 00° 00' 55" E A DISTANCE OF 410.00 FEET;

THENCE S 89° 59' 05" W A DISTANCE OF 50.42 FEET;

THENCE S 00° 00' 55" E A DISTANCE OF 278.18 FEET TO THE BEGINNING OF A NON-TANGENT CURVE,

THENCE ALONG SAID CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS S 41° 58' 57" E THROUGH A CENTRAL ANGLE OF 26° 37' 38", HAVING A RADIUS OF 205.00 FEET, A DISTANCE OF 95.27 FEET;

THENCE NON-TANGENT TO SAID CURVE S 46° 03' 05" W FOR A DISTANCE OF 208.12 FEET;

THENCE S 34° 49' 05" W A DISTANCE OF 89.36 FEET;

THENCE N 54° 47' 39" W A DISTANCE OF 8.46 FEET;

THENCE S 41° 38' 09" W A DISTANCE OF 122.56 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

THENCE ALONG SAID CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS N 48° 21' 49" W THROUGH A CENTRAL ANGLE OF 25° 59' 03", HAVING A RADIUS OF 395.67 FEET, A DISTANCE OF 179.44 FEET;  
THENCE NON-TANGENT TO SAID CURVE N 63° 09' 48" W A DISTANCE OF 13.12 FEET;

**EXHIBIT A**  
**(Continued)**

THENCE S 72° 13' 32" W A DISTANCE OF 40.37 FEET;  
THENCE N 00° 02' 28" W A DISTANCE OF 489.65 FEET;  
THENCE S 64° 44' 05" W A DISTANCE OF 214.80 FEET;  
THENCE N 81° 45' 55" W A DISTANCE OF 389.76 FEET;  
THENCE N 00° 00' 55" W A DISTANCE OF 192.73 FEET;  
THENCE N 89° 59' 05" E A DISTANCE OF 280.00 FEET;  
THENCE N 00° 00' 55" W A DISTANCE OF 123.88 FEET TO THE POINT OF BEGINNING.

BEING ADJUSTED PARCEL A, AS DESCRIBED IN THAT CERTAIN CERTIFICATE OF LOT LINE ADJUSTMENT RECORDED SEPTEMBER 26, 2017, AS [INSTRUMENT NO. 2017-084368, OF OFFICIAL RECORDS.](#)

[APN: 015-010-910](#)



## EXCEPTIONS

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

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 2021-2022.
2. Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.
3. Any liens or other assessments, bonds, or special district liens including without limitation, Community Facility Districts, that arise by reason of any local, City, Municipal or County Project or Special District.
4. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring on or after the Date of Policy.
5. Water rights, claims or title to water, whether or not disclosed by the public records.
6. Any rights and easements for commerce, navigation and fishery based upon the assertion that some portion of said land is tide or submerged land that is not filled in accordance with the California Supreme Court decision, entered February 22, 1980, (26 Cal 3rd 515), Santa Fe Land Improvement Co., et al., vs. City of Berkeley, or presently lies beneath the waters of San Francisco Bay.
7. Any easements or lessor rights of the Public, City, County and/or Public Utilities for roadway, pedestrian and vehicular ingress and egress and/or utilities as to those portions of the Land lying within the areas commonly known as Oyster Point Boulevard.

**EXCEPTIONS  
(Continued)**

8. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
- Granted to: Pacific Gas and Electric Company, a California corporation  
Purpose: Electrical transmission lines and gas conveyances facilities and all appurtenances thereto  
Recording Date: March 6, 1912  
Recording No: [Book 206 of Deeds, Page 487](#)  
Affects: The exact location and extent of said easement is not defined of record
- A portion of said easement has been quitclaimed by instrument recorded February 23, 1926, in [Book 197, Page 467](#), of Official Records.
9. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
- Granted to: Pacific Gas and Electric Company and The Pacific Telephone and Telegraph Company  
Purpose: Electrical and communication facilities and all appurtenances thereto  
Recording Date: November 12, 1946  
Recording No: [Book 1317, Page 78](#) of Official Records  
Affects: Portion of said land
10. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
- Granted to: Pacific Gas and Electric Company, a California corporation  
Purpose: Erection, maintenance and use of poles and wires and all appurtenances thereto  
Recording Date: February 14, 1951  
Recording No: [Book 2023, Page 83](#), of Official Records  
Affects: Portion of said land
11. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
- Granted to: Pacific Gas and Electric Company, a California corporation  
Purpose: Pole lines and all appurtenances thereto  
Recording Date: February 14, 1961  
Recording No: [Book 2023, Page 91](#), of Official Records  
Affects: Portion of said land
12. Covenants and Agreement, and Easements, but excluding any rights of repurchase as mentioned therein, dated October 28, 1974, executed by Cabot, Cabot & Forbes California Properties, Inc., a Delaware corporation, and between R.W.L. Investments, Inc., a California corporation recorded October 31, 1974, [Book 6728, Page 241](#), Instrument No. 96718AH, Official Records.
- Terms, covenants and conditions contained in the certain instrument referred to above, reserving easements to Cabot, Cabot & Forbes California Properties, Inc., a Delaware Corporation:
- Purpose: Storm drain easement  
Affects: 10 foot strip over a portion of Parcel One, lying within Parcel 4, as shown on Parcel Map, filed January 15, 1974, in [Book 23 of Parcel Maps, at Page 27](#)
- Purpose: Anchor easement  
Affects: 5 feet over a portion of Parcel One, lying within Parcel 4, as shown on Parcel Map filed January 15, 1974, in [Book 23 of Parcel Maps, at Page 27](#)
- Purpose: Slope easement  
Affects: Portion of Parcel 1, lying within Parcel 4, as shown on Parcel Map filed January 15, 1974, in [Book 23 of Parcel Maps, at Page 27](#), Official Records of San Mateo County

**EXCEPTIONS  
(Continued)**

13. An easement for Ship Channel (250 feet wide), as established by the San Francisco Harbor Line Board, on December 4, 1936, as shown on Parcel Map, filed April 12, 1982, in [Book 52 of Parcel Maps, at Page 58](#).

14. BCDC Jurisdiction as shown on the map entitled, "Parcel Map Oyster Point Business Park", filed April 12, 1982, in [Book 52 of Parcel Maps at Pages 58 and 59](#), Official Records, San Mateo County.

(Affects a strip of land 100 feet wide running southerly and westerly through subject lands, as shown on the Parcel Map, filed January 15, 1974, in [Book 23 of Parcel Maps, Page 27](#))

As and to the extent relocated as disclosed of record by Resolution No. 2314 of the South San Francisco Planning Commission supporting the relocation of the BCDC Park Priority Area from the South to the West side of the Oyster Point Business Park, adopted by the Planning Commission of the City of South San Francisco, on July 22, 1982, recorded July 10, 1987, [Instrument No. 87108115, Official Records](#).

15. Terms, conditions and provisions in Permit No. 4-82, dated June 21, 1982, issued by the San Francisco Bay Conservation and Development Commission to Richard Diodati, recorded September 14, 1982, [Series No. 82078523](#), San Mateo County Records.

As amended by amendment to Permit Number 4-82(B) and terms and conditions contained therein, dated January 25, 1989, recorded February 8, 1989, [Instrument No. 89017808, Official Records](#).

Together with an agreement imposing restrictions and easements of the use of real property, dated July 22, 1987, executed by Rich Diodati and between San Francisco Bay Conservation and Development Commission, recorded July 22, 1987, [Instrument No. 87114139, Official Records](#).

As amended by amendment to agreement imposing restrictions of the use of real property, dated January 19, 1990, executed by Martha Diodati and Richard Diodati, and between the San Francisco Bay Conservation and Development Commission, recorded January 26, 1990, [Instrument No. 90012360, Official Records](#).

As amended by agreement amending Permit No. 4-82 (B) recorded October 16, 1992, [Instrument No. 92169322, Official Records](#).

Amendment recorded January 8, 2003, [Instrument No. 2003-5277, Official Records](#).

Amendment recorded January 8, 2003, [Instrument No. 2003-5278, Official Records](#).

Amendment recorded July 24, 2003, [Instrument No. 2003-205194, Official Records](#).

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

Granted to:	City of South San Francisco, a municipal corporation of the State of California
Purpose:	Ingress and egress and replacing sanitary sewers
Recorded:	November 16, 1982, <a href="#">Instrument No. 82099998, of Official Records</a>
Affects:	A portion of said land

**EXCEPTIONS  
(Continued)**

17. An Easement for benefit of Pacific Gas and Electric Company as reserved in the Resolution vacating portion of Oyster Point Boulevard dated February 2, 1983, executed by the City and County of South San Francisco recorded March 10, 1983, as [Instrument No. 83022834, of Official Records](#).

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

Granted to: Pacific Telephone and Telegraph Company  
Purpose: To construct and maintain (place, operate, inspect, repair, replace and remove) such underground communication facilities, as grantee may from time to time require (including ingress thereto and egress therefrom) consisting of wires, cables, conduits, manholes, handholes and aboveground markers, pedestals, terminal equipment cabinets, other associated electrical conductors and necessary fixtures and appurtenances  
Recorded: September 15, 1983, [Instrument No. 83099596, of Official Records](#)  
Affects: The easterly (5) feet of the southerly 480 feet of the northerly 633.96 feet

19. Terms and conditions of Permit 8-74 disclosed by information received by this company, affects that portion,s lying within Parcel 4, as shown on Parcel Map, filed January 15, 1974, in [Book 23 of Parcel Maps at Page 27](#).

Together with an Agreement for Imposing Restriction on Use of Real Property

Dated: February 25, 1986  
Executed By: R.W.L. Investments, Inc., a California corporation  
And Between: San Francisco Bay Conservation and Development Commission

Upon the terms, provisions, covenants and conditions contained therein,

Recorded: March 10, 1986, [Instrument No. 86025166, Official Records](#)

Including the terms and conditions contained in the agreement last above mentioned providing for easements, for public access, for fishing, walking, picnicking, sitting and other related purposes over portions of premises.

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

Granted to: TC Northern California, Inc., a Delaware corporation  
Purpose: Storm drainage purposes  
Recorded: August 1, 1997, [Instrument No. 97-093545, of Official Records](#)  
Affects: Parcel One-A, as shown on the Parcel Map, filed January 15, 1974, in [Book 23 of Parcel Maps, Page 27](#)

**EXCEPTIONS  
(Continued)**

21. Matters contained in that certain document

Entitled: Development Agreement by and between City of South Francisco and Oyster Point Ventures, LLC  
Dated: March 23, 2011  
Executed by: City of South San Francisco and Oyster Point Ventures, LLC  
Recording Date: March 24, 2011  
Recording No.: [2011-034324, of Official Records](#)

Reference is hereby made to said document for full particulars.

An Assignment and Assumption dated August 17, 2016, recorded August 18, 2016, as [Instrument No. 2016-082622, of Official Records](#).

A Consent, Assignment and Assumption of Development Agreement dated June 1, 2018, recorded June 5, 2018, as [Instrument No. 2018-043311, of Official Records](#).

22. Any rights, interests, or claims which may exist or arise by reason of the following matters disclosed by surveys,  
Job No.: 1025-002  
Dated: May 18, 2018  
Prepared by: Wilsey Ham Engineering, Surveying & Planning  
Matters shown: As follows:

a) The "shoreline meander" circa February 22, 1980 ("Berkeley date") is plotted hereon per Wilsey Ham record of survey, San Mateo records [Volume 42 Page 44](#).

23. The search did not disclose any open mortgages or deeds of trust of record, therefore the Company reserves the right to require further evidence to confirm that the property is unencumbered, and further reserves the right to make additional requirements or add additional items or exceptions upon receipt of the requested evidence.
24. Any lien or right to a lien for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.
25. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

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

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

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

**EXCEPTIONS  
(Continued)**

27. Information in the possession of the Company indicates that a division of land has occurred or is contemplated in the current transaction involving the Land described in this report. Such contemplated division of land appears to fall within the guidelines necessitating approval by the City, County or other applicable government agency. As a prerequisite to the issuance of any title insurance under this application, at least one of the following requirements must be accomplished to the Company's satisfaction:

A Final Map has been recorded in compliance with City of South San Francisco related ordinances/requirements.

Evidence of compliance or waiver from the City of South San Francisco.

Other evidence, satisfactory to the Company, indicating compliance or non-violation must be furnished.

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

28. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: KR Oyster Point III, LLC, a Delaware limited liability company

- a) A copy of its operating agreement, if any, and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member.
- b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps.
- c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member.
- d) A current dated certificate of good standing from the proper governmental authority of the state in which the entity is currently domiciled.
- e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.
- f) If Limited Liability Company is a Single Member Entity, a Statement of Information for the Single Member will be required.
- g) Each member and manager of the LLC without an Operating Agreement must execute in the presence of a notary public the Certificate of California LLC (Without an Operating Agreement) Status and Authority form.

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

Party(s): KR Oyster Point III, LLC, a Delaware limited liability company

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

**EXCEPTIONS  
(Continued)**

30. This transaction requires high liability approval prior to close of escrow together with an inspection of the subject property.
- Please advise title department with an estimated date that your transaction will close so we can schedule the necessary approvals and inspections.
31. Prior to the close of escrow and the issuance of an ALTA Coverage Policy, an inspection of the property will be required.
32. The transaction contemplated in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company reserves the right to add additional items or make further requirements after such review.

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

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**END OF EXCEPTIONS**

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## REQUIREMENTS SECTION

NONE

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**END OF REQUIREMENTS**

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## INFORMATIONAL NOTES SECTION

1. Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land a commercial building(s), known as 377, 385 and 389 Oyster Point Boulevard, South San Francisco, CA, to an Extended Coverage Loan Policy.
2. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
3. Note: The charge for a policy of title insurance, when issued through this application for title insurance, will be based on the Short Term Rate.
4. Note: If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.
5. Note: Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of a Company agent, an authorized employee of the insured lender, or by using Bancserv or other Company-approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.
6. Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.
7. The application for title insurance was placed by reference to only a street address or tax identification number. The proposed Insured must confirm that the legal description in this report covers the parcel(s) of Land requested to be insured. If the legal description is incorrect, the proposed Insured must notify the Company and/or the settlement company in order to prevent errors and to be certain that the legal description for the intended parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.
8. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
9. Pursuant to Government Code Section 27388.1, as amended and effective as of 1-1-2018, a Documentary Transfer Tax (DTT) Affidavit may be required to be completed and submitted with each document when DTT is being paid or when an exemption is being claimed from paying the tax. If a governmental agency is a party to the document, the form will not be required. DTT Affidavits may be available at a Tax Assessor-County Clerk-Recorder.

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**END OF INFORMATIONAL NOTES**

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Kevin Davis/bd1

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## Wire Fraud Alert

This Notice is not intended to provide legal or professional advice. If you have any questions, please consult with a lawyer.

All parties to a real estate transaction are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email, without further verification. **If funds are to be wired in conjunction with this real estate transaction, we strongly recommend verbal verification of wire instructions through a known, trusted phone number prior to sending funds.**

In addition, the following non-exclusive self-protection strategies are recommended to minimize exposure to possible wire fraud.

- **NEVER RELY** on emails purporting to change wire instructions. Parties to a transaction rarely change wire instructions in the course of a transaction.
- **ALWAYS VERIFY** wire instructions, specifically the ABA routing number and account number, by calling the party who sent the instructions to you. **DO NOT** use the phone number provided in the email containing the instructions, use phone numbers you have called before or can otherwise verify. **Obtain the phone number of relevant parties to the transaction as soon as an escrow account is opened.** **DO NOT** send an email to verify as the email address may be incorrect or the email may be intercepted by the fraudster.
- **USE COMPLEX EMAIL PASSWORDS** that employ a combination of mixed case, numbers, and symbols. Make your passwords greater than eight (8) characters. Also, change your password often and do **NOT** reuse the same password for other online accounts.
- **USE MULTI-FACTOR AUTHENTICATION** for email accounts. Your email provider or IT staff may have specific instructions on how to implement this feature.

For more information on wire-fraud scams or to report an incident, please refer to the following links:

**Federal Bureau of Investigation:**  
<http://www.fbi.gov>

**Internet Crime Complaint Center:**  
<http://www.ic3.gov>



# Fidelity National Title Company

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

## 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.

Not all discounts are offered by every FNF Company. The discount will only be applicable to the FNF Company as indicated by the named discount.

### FNF Underwritten Title Company

- CTC – Chicago Title company
- CLTC – Commonwealth Land Title Company
- FNTC – Fidelity National Title Company of California
- FNTCCA - Fidelity National Title Company of California
- TICOR – Ticor Title Company of California
- LTC – Lawyer's Title Company
- SLTC – ServiceLink Title Company

### Underwritten by FNF Underwriters

- CTIC – Chicago Title Insurance Company
- CLTIC - Commonwealth Land Title Insurance Company
- FNTIC – Fidelity National Title Insurance Company
- FNTIC - Fidelity National Title Insurance Company
- CTIC – Chicago Title Insurance Company
- CLTIC – Commonwealth Land Title Insurance Company
- CTIC – Chicago Title Insurance Company

### Available Discounts

#### **DISASTER LOANS (CTIC, CLTIC, FNTIC)**

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within twenty-four (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 fifty percent (50%) of the appropriate title insurance rate.

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

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

# FIDELITY NATIONAL FINANCIAL, INC. PRIVACY NOTICE

Effective January 1, 2021

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

A limited number of FNF subsidiaries have their own privacy notices. If a subsidiary has its own privacy notice, the privacy notice will be available on the subsidiary’s website and this Privacy Notice does not apply.

## **Collection of Personal Information**

FNF may collect the following categories of Personal Information:

- contact information (e.g., name, address, phone number, email address);
- demographic information (e.g., date of birth, gender, marital status);
- identity information (e.g. Social Security Number, driver’s license, passport, or other government ID number);
- financial account information (e.g. loan or bank account information); and
- other personal information necessary to provide products or services to you.

We may collect Personal Information about you from:

- information we receive from you or your agent;
- information about your transactions with FNF, our affiliates, or others; and
- information we receive from consumer reporting agencies and/or governmental entities, either directly from these entities or through others.

## **Collection of Browsing Information**

FNF automatically collects the following types of Browsing Information when you access an FNF website, online service, or application (each an “FNF Website”) from your Internet browser, computer, and/or device:

- Internet Protocol (IP) address and operating system;
- browser version, language, and type;
- domain name system requests; and
- browsing history on the FNF Website, such as date and time of your visit to the FNF Website and visits to the pages within the FNF Website.

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

## **Other Online Specifics**

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

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

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

**Links to Other Sites.** FNF Websites may contain links to unaffiliated third-party websites. FNF is not responsible for the privacy practices or content of those websites. We recommend that you read the privacy policy of every website you visit.

## **Use of Personal Information**

FNF uses Personal Information for three main purposes:

- To provide products and services to you or in connection with a transaction involving you.
- To improve our products and services.
- To communicate with you about our, our affiliates’, and others’ products and services, jointly or independently.

## **When Information Is Disclosed**

We may disclose your Personal Information and Browsing Information in the following circumstances:

- to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to nonaffiliated service providers who provide or perform services or functions on our behalf and who agree to use the information only to provide such services or functions;

- to nonaffiliated third party service providers with whom we perform joint marketing, pursuant to an agreement with them to jointly market financial products or services to you;
- to law enforcement or authorities in connection with an investigation, or in response to a subpoena or court order; or
- in the good-faith belief that such disclosure is necessary to comply with legal process or applicable laws, or to protect the rights, property, or safety of FNF, its customers, or the public.

The law does not require your prior authorization and does not allow you to restrict the disclosures described above. Additionally, we may disclose your information to third parties for whom you have given us authorization or consent to make such disclosure. We do not otherwise share your Personal Information or Browsing Information with nonaffiliated third parties, except as required or permitted by law. We may share your Personal Information with affiliates (other companies owned by FNF) to directly market to you. Please see "Choices with Your Information" to learn how to restrict that sharing.

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

### **Security of Your Information**

We maintain physical, electronic, and procedural safeguards to protect your Personal Information.

### **Choices With Your Information**

If you do not want FNF to share your information among our affiliates to directly market to you, you may send an "opt out" request as directed at the end of this Privacy Notice. We do not share your Personal Information with nonaffiliates for their use to direct market to you without your consent.

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

For California Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties, except as permitted by California law. For additional information about your California privacy rights, please visit the "California Privacy" link on our website (<https://fnf.com/pages/californiaprivacy.aspx>) or call (888) 413-1748.

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

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

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

### **Information From Children**

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

### **International Users**

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

### **FNF Website Services for Mortgage Loans**

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

**Your Consent To This Privacy Notice; Notice Changes; Use of Comments or Feedback**

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information in accordance with this Privacy Notice. We may change this Privacy Notice at any time. The Privacy Notice's effective date will show the last date changes were made. If you provide information to us following any change of the Privacy Notice, that signifies your assent to and acceptance of the changes to the Privacy Notice.

**Accessing and Correcting Information; Contact Us**

If you have questions, would like to correct your Personal Information, or want to opt-out of information sharing for affiliate marketing, visit FNF's [Opt Out Page](#) or contact us by phone at (888) 934-3354 or by mail to:

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

# ATTACHMENT ONE (Revised 05-06-16)

## CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990

### EXCLUSIONS FROM COVERAGE

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

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

### EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

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

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

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

### EXCLUSIONS

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

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building;
  - b. zoning;
  - c. land use;
  - d. improvements on the Land;
  - e. land division; and
  - f. environmental protection.This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and

b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

### LIMITATIONS ON COVERED RISKS

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

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

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

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

### 2006 ALTA LOAN POLICY (06-17-06)

#### EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

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

#### EXCEPTIONS FROM COVERAGE

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

#### {PART I

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

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.



5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.}

## PART II

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

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

#### EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

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

#### EXCEPTIONS FROM COVERAGE

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

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

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

### ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY – ASSESSMENTS PRIORITY (04-02-15)

#### EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

## **Addendum C**

### **Comparable Data**



## **Lease Comparables**



## Location & Property Identification

Property Name:	Kilroy Oyster Point
Sub-Property Type:	Office/Business Park
Address:	379 Oyster Point Blvd.
City/State/Zip:	South San Francisco, CA 94080
County:	San Mateo
Submarket:	Northern San Mateo
Market Orientation:	Suburban
IRR Event ID:	2729204



## Space Information

Space Type:	Office
Full Building Lease:	Yes
Leased Area:	421,000

NRA-SF:	1
Acres(Gross):	0.00
Land-SF(Gross):	1
Property Class:	A
Bldg. to Land Ratio FAR:	1.00
Source of Land Info.:	Public Records

## Lease Information

Lease Status:	Signed Lease
Lessee:	Stripe
Lease Signed Date:	10/01/2019
Start/Available Date:	01/01/2022
Term of Lease:	144 months
Lease Measure:	\$/SF/Mo
Face Rental Rate:	\$5.50
Effective Rental Rate:	\$6.69
Escalation Type:	Fixed Percentage
Escalation Desc.:	3.5% annually

## Comments

Lease of two newly constructed buildings (352 and 354 Oyster Point Boulevard) to tech tenant Stripe, which focuses on payment processing. The commencement date is an estimate, as the lease begins upon completion of the landlord's work; the lease was negotiated in 2019.

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

GBA-SF:	1
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## Location & Property Identification

Property Name:	Kilroy Oyster Point
Sub-Property Type:	Office/Business Park
Address:	379 Oyster Point Blvd.
City/State/Zip:	South San Francisco, CA 94080
County:	San Mateo
Submarket:	Northern San Mateo
Market Orientation:	Suburban
IRR Event ID:	2729046



## Space Information

Space Type:	R&D/Life Science Technology
Full Building Lease:	Yes
Leased Area:	234,892

## Lease Information

Lease Status:	Asking Rent
Lessor:	KR Oyster Point 1, LLC
Lessee:	Cytokinetics, Inc
Lease Signed Date:	07/24/2019
Start/Available Date:	01/01/2022
Term of Lease:	144 months
Lease Measure:	\$/SF/Mo
Face Rental Rate:	\$5.45
Effective Rental Rate:	\$6.55
Escalation Type:	Fixed Percentage
Escalation Desc.:	3.5% annually
TI Allowance (\$/SF):	\$145.00
TI Type:	New Tenant
Free Rent (Months):	2.00
Renewal Options:	Yes
Desc. of Options:	Two 5-year options

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

GBA-SF:	1
NRA-SF:	1
Acres(Gross):	0.00
Land-SF(Gross):	1
Property Class:	A
Bldg. to Land Ratio FAR:	1.00
Source of Land Info.:	Public Records

## Comments

Twelve year lease of newly constructed space in Oyster Point to a life sciences user. Lease was negotiated in 2019; the commencement date is approximate, as the lease will begin when the landlord's work is complete. The improvements will include an auditorium, fitness center, food and beverage space. The tenant received two months of free rent and a \$145 psf TI allowance.

## Location & Property Identification

Property Name:	The Shore at Sierra Point
Sub-Property Type:	R&D - Life Science Technology
Address:	1400 Sierra Point Pky.
City/State/Zip:	Brisbane, CA 94005
County:	San Mateo
Submarket:	Northern San Mateo
Market Orientation:	Suburban
Property Location:	East of Highway 101, south of Sierra Point Pky
IRR Event ID:	2729922



## Space Information

Space Type:	R&D/Life Science Technology
Full Building Lease:	No
Leased Area:	65,818

## Lease Information

Lease Status:	Signed Lease
Lessor:	HCP LS Brisbane, LLC
Lessee:	Annexon, Inc.
Lease Signed Date:	12/18/2020
Start/Available Date:	11/01/2021
Term of Lease:	120 months
Lease Measure:	\$/SF/Mo
Face Rental Rate:	\$5.75
Effective Rental Rate:	\$6.60
Escalation Type:	Fixed Percentage
Escalation Desc.:	3.5% annually
TI Allowance (\$/SF):	\$165.00
TI Type:	New Tenant
Free Rent (Months):	3.00
Renewal Options:	Yes
Desc. of Options:	One 10-year option

Transaction Reliability: Confirmed

## Lease Expense Information

Reimbursement Method: Triple Net

## Improvement and Site Data

MSA:	San Francisco-Oakland-Hayward, CA
Legal/Tax/Parcel ID:	007-165-150, 007-165-140, 007-165-130
GBA-SF:	616,000
NRA-SF:	616,000
Acres(Usable/Gross):	22.84/22.84
Land-SF(Usable/Gross):	995,004/995,004
Usable/Gross Ratio:	1.00
Year Built:	2021
Property Class:	A
M&S Class:	A
Construction Quality:	Good
Bldg. to Land Ratio FAR:	0.62
Source of Land Info.:	Public Records

## Comments

Five building life sciences campus currently under construction by Healthpeak. The campus will include a restaurant/bar, fitness center, retail space, and 4.5 level parking garage. The buildings range from approximately

## Comments (Cont'd)

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106,000 to 160,000 square feet.

Lease of newly constructed life sciences space within Building C at The Shore at Sierra Point campus to a biosciences tenant. Commencement date is an estimate, as occupancy is dependent on completion of construction. The tenant received 3 months of free rent and a \$165 psf TI allowance.



## Location & Property Identification

Property Name:	Alexandria District for Science & Technology
Sub-Property Type:	R&D - Life Science Technology
Address:	825-835 Industrial Rd.
City/State/Zip:	San Carlos, CA 94070
County:	San Mateo
Submarket:	Southern San Mateo County
Market Orientation:	Suburban
IRR Event ID:	2558038



## Space Information

Space Type:	R&D/Life Science Technology
Full Building Lease:	No
Leased Area:	93,332

## Lease Information

Lease Status:	Signed Lease
Lessor:	Alexandria Real Estate Equities, Inc.
Lessee:	Allakos
Lease Signed Date:	02/01/2020
Start/Available Date:	07/01/2021
Expiration Date:	10/31/2031
Term of Lease:	124 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$69.00
Effective Rental Rate:	\$69.00
Escalation Type:	Fixed Percentage
Escalation Desc.:	3% Annual
Percentage Rent:	No
TI Allowance (\$/SF):	\$150.00
TI Type:	New Tenant
Free Rent (Months):	6.00
Renewal Options:	Yes
Desc. of Options:	1 option for 5 years at FMR

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	San Francisco-Oakland-Hayward, CA
Legal/Tax/Parcel ID:	046-100-350
GBA-SF:	282,190
NRA-SF:	282,190
Acres(Gross):	7.96
Land-SF(Gross):	346,738
Year Built:	2021
Property Class:	A
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Concrete Precast
No. of Buildings/Stories:	1/6
Total Parking Spaces:	847
Park. Ratio 1000 SF GLA:	3.00
Park. Ratio 1000 SF GBA:	3.00
Elevators Count:	Yes
Fire Sprinkler Type:	Wet

## Improvement and Site Data (Cont'd)

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Air-Conditioning Type:	Central
Bldg. to Land Ratio FAR:	0.81
Bldg. Phy. Info. Source:	Other
Source of Land Info.:	Public Records

## Comments

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Lease of life science/biotech space at the Alexandria District for Science and Technology, a two building development nearing completion in San Carlos. Lease includes TI allowance of \$150/SF plus additional TIs to be amortized at 8%.

## Location & Property Identification

Property Name: 201 Haskins Way  
 Sub-Property Type: R&D - Life Science Technology  
 Address: 201 Haskins Way  
 City/State/Zip: South San Francisco, CA 94080  
 County: San Mateo  
 Submarket: Northern San Mateo  
 Market Orientation: Suburban

IRR Event ID: 2730024



## Space Information

Space Type: R&D/Life Science Technology  
 Leased Area: 105,000

GBA-SF: 315,000  
 NRA-SF: 315,000  
 Acres(Usable/Gross): 6.44/6.44  
 Land-SF(Usable/Gross): 280,439/280,439  
 Usable/Gross Ratio: 1.00  
 Year Built: 2021  
 Property Class: A  
 M&S Class: A  
 Total Parking Spaces: 733  
 Park. Ratio 1000 SF GLA: 2.33  
 Park. Ratio 1000 SF GBA: 2.33  
 Bldg. to Land Ratio FAR: 1.12  
 Source of Land Info.: Public Records

## Lease Information

Lease Status: Asking Rent  
 Lessee: Lyell  
 Lease Signed Date: 02/01/2020  
 Start/Available Date: 02/01/2021  
 Term of Lease: 120 months  
 Lease Measure: \$/SF/Mo  
 Face Rental Rate: \$5.50  
 Escalation Type: Fixed Percentage

## Comments

Property includes two new life science buildings constructed in 2021 and developed by Alexandria. Amenities include a cafe, fitness center, conference center, and roof top deck.

Lease within newly constructed life sciences building in South San Francisco to Lyell Pharmaceuticals. Lease was signed in February 2020 but commenced in February 2021.

## Lease Expense Information

Reimbursement Method: Triple Net

## Improvement and Site Data

MSA: San Francisco-Oakland-Hayward, CA  
 Legal/Tax/Parcel ID: 015-102-230

## Location & Property Identification

Property Name:	Genesis North Tower
Sub-Property Type:	R&D - Life Science Technology
Address:	2 Tower Pl.
City/State/Zip:	South San Francisco, CA 94080
County:	San Mateo
Submarket:	Northern San Mateo
Market Orientation:	Suburban
IRR Event ID:	2730055



## Space Information

Space Type:	R&D/Life Science Technology
Full Building Lease:	No
Leased Area:	77,929

## Lease Information

Lease Status:	Signed Lease
Lessor:	AP3-SF3 CT North, LLC
Lessee:	Fluidigm
Lease Signed Date:	03/20/2019
Start/Available Date:	01/17/2020
Term of Lease:	123 months
Lease Measure:	\$/SF/Mo
Face Rental Rate:	\$5.60
Effective Rental Rate:	\$5.52
Escalation Type:	Fixed Percentage
Escalation Desc.:	3.5% annually
TI Allowance (\$/SF):	\$176.00
TI Type:	New Tenant
Free Rent (Months):	2.00
Concessions:	Tenant received rent abatement on 19,508 SF of space over first 8 months; this calculates to approximately the equivalent of 2 months free rent

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	San Francisco-Oakland-Hayward, CA
Legal/Tax/Parcel ID:	007-650-190
GBA-SF:	375,000
NRA-SF:	375,000
Acres(Usable/Gross):	2.91/2.91
Land-SF(Usable/Gross):	126,732/126,732
Usable/Gross Ratio:	1.00
Year Built:	2019
Property Class:	A
M&S Class:	A
No. of Buildings/Stories:	1/21
Elevators Count:	Yes/7
Bldg. to Land Ratio FAR:	2.96
Zoning Desc.:	Research & Development/Office
Source of Land Info.:	Public Records

## Comments

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High rise life sciences building in South San Francisco constructed in 2019. This is part of the Genesis life sciences campus. Amenities include a fitness center, bakery, restaurant, meeting/event space, and 7-story parking garage.

New 123-month lease to biotech tenant within the Genesis life sciences campus. The tenant received a \$176 psf TI allowance and the equivalent of 2 months of free rent. The free rent was structured as a rent abatement on a portion of the space over the first 8 month of the lease.