# Appraisal Report

Land Assemblage
11820 Cabrillo Highway and
Avenue Alhambra
El Granada, San Mateo County, California 94018

Report Date: July 31, 2023


FOR:

San Mateo County Harbor District
Mr. James B. Pruett
P.O. Box 1449
El Granada, CA 94018

**Valbridge Property Advisors | Northern California**

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CA02-23-0273-001

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July 31, 2023

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Mr. James B. Pruett
San Mateo County Harbor District
P.O. Box 1449
El Granada, CA 94018

RE: Appraisal Report
Land Assemblage
11820 Cabrillo Highway
Avenue Alhambra
El Granada, San Mateo County, California 94018

Dear Mr. Pruett:

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

The subject property, as referenced above, is located north and south of Cabrillo Highway in El Granada, a census-designated place near Half Moon Bay in San Mateo County. The property consists of eight parcels and is further identified as tax parcel numbers 047-252-390, -360, -220, -230, -240, and 047-251-040, -120, -140.

The eight parcels form two distinct properties that are ideally suited and proposed for an assemblage to enable potential development. One of the two properties contains five contiguous commercial land parcels located south of the Cabrillo Highway, facing the coastline. These parcels are referred to as the "Oceanside Parcels" throughout this report. Four of the Oceanside Parcels consist of vacant land, and one parcel (APN 047-252-390) is improved with a vacation rental home. The Oceanside Parcels total 3.03 acres or 131,881 square feet and have the greatest development potential based on zoning. Specifically, this portion of the site has a zoning of Coastside Commercial Recreation (CCR), which permits marine-related recreation and trade uses as well as resort/ hotel facilities and restaurants. The Public Recreation land use designation is more limiting, however, and development on these parcels, is subject to design review by the County and would requires a Coast Development Permit.

The other portion of the property includes three contiguous land parcels located inland along Avenue Alhambra, north of the Cabrillo Highway. These parcels are referred to as the "Mountainside Parcels" and consist entirely of vacant land in raw land condition. The Mountainside Parcels total 1.43 acres or 62,189 square feet and have limited development potential due to the El Granada Gateway zoning and General Open Space land use designation, which permit low-intensity public uses such as parks, community centers, outdoor recreation areas, and public parking for Surfer's Beach.

The land areas, ownership, zoning, and land use for each parcel are listed in the following tables, grouped by property and location.

**Property Profile of Oceanside Parcels**

| | | Gross Land Area | | | | | |
|---|---|---|---|---|---|---|---|
| APN | Street Address | Acres | SF | Ownership | Description | Zoning | Land Use |
| 047-252-220 | Cabrillo Hwy | 0.51 | 22,033 | James J. Viso Trust/Viso Trust | Vacant Land | CCR/DR/CD | PR |
| 047-252-230 | Cabrillo Hwy | 0.97 | 42,447 | Charles J. Viso Trust / Cherry L. Viso Trust | Vacant Land | CCR/DR/CD | PR |
| 047-252-240 | Cabrillo Hwy | 0.61 | 26,651 | Prafulaben &Prafula Patel | Vacant Land | CCR/DR/CD | PR |
| 047-252-360 | Cabrillo Hwy | 0.50 | 21,755 | James J. Viso Trust/Viso Trust | Vacant Land | CCR/DR/CD | PR |
| 047-252-390 | 11820 Cabrillo Hwy | 0.44 | 18,995 | Joe Amaral, LLC | SFR (Rental Home) | CCR/DR/CD | PR |
| | | 3.03 | 131,881 | | | | |

**Property Profile of Mountainside Parcels**

| | | Gross Land Area | | | | | |
|---|---|---|---|---|---|---|---|
| APN | Street Address | Acres | SF | Ownership | Description | Zoning | Land Use |
| 047-251-040 | Ave Alhambra | 0.91 | 39,772 | Charles J. Viso Trust / Cherry L. Viso Trust | Vacant Land | EG/DR | OS |
| 047-251-120 | Ave Alhambra | 0.37 | 16,090 | Amy J. & Steven C. Caron | Vacant Land | EG/DR | OS |
| 047-251-140 | Ave Alhambra | 0.15 | 6,327 | Joe Amaral, LLC | Vacant Land | EG/DR | OS |
| | | 1.43 | 62,189 | | | | |

As will be demonstrated in the balance of this appraisal, the subject property is unique and very desirable due to its location. While it has good development potential, it also has significant development issues, which are discussed in more detail in the balance of this summary report. Significant among them are the subject's location along the coastline, an area where California Coastal Commission approval is required for development; the incompatibility between zoning and land use designation which creates speculation as to likely development; and the lack of water rights for some of the individual parcels comprising the assemblage. The summary format of this report includes a brief discussion of these issues to demonstrate that the subject property is a challenging property to appraise and there is speculation on the type of development and the length of the approval period. These issues could dramatically affect the value of the property and have been take into consideration in our analysis.

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

The client in this assignment and the sole intended user of this report is James B. Pruett with the San Mateo County Harbor District. The intended use is for decision-making purposes regarding the purchase of the property and for purchase price negotiation with the property owners. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

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

## Extraordinary Assumptions:

- Information regarding the size and condition of the improvements was obtained from the offering memorandum, as well as from the listing agent/ owners` representative of the subject property. We assume that this information is correct, and we have based our analysis on this information. If at a later time it is found that this information is incorrect, our appraisal will require revisiting.

## Hypothetical Conditions:

- None

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

**Value Conclusions**

| Component | Oceanside Site | Mountainside Site | Total Value |
|---|---|---|---|
| Value Type | Market Value | Market Value | Market Value |
| Real Property Interest | Fee Simple | Fee Simple | Fee Simple |
| Effective Date of Value | July 3, 2023 | July 3, 2023 | July 3, 2023 |
| **Value Conclusion** | **$7,810,000** | **$340,000** | **$8,150,000** |
| | **$59.22 PSF** | **$5.50 psf** | |

Respectfully submitted,
Valbridge Property Advisors | Northern California

Maria Aji, Ph.D.
Director
California Certified License #AG027130

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Senior Managing Director
California Certified License #AG003413

# Table of Contents

# Summary of Salient Facts – Oceanside Parcels

## Property Identification

| | |
|---|---|
| Property Name | Commercial Land |
| Property Address | 11820 Cabrillo Highway<br>Half Moon Bay, San Mateo County, California 94018 |
| Latitude & Longitude | 37.502941, -122.476659 |
| Tax Parcel Number | 047-252-390, -360, -220, -230, -240 |
| Property Owner | James J. Viso Trust |

## Site

| | |
|---|---|
| Zoning | Commercial - Visitor Serving (C-VS) |
| FEMA Flood Map No. | 06081C0138F |
| Flood Zone | X (unshaded) |
| Gross Land Area | 3.028 acres |
| Usable Land Area | 3.028 acres |

## Existing Improvements

| | |
|---|---|
| Property Use | SFR |
| Gross Building Area (GBA) | 1,526 sf |
| Net Rentable Area (NRA) | 1,526 sf |
| Number of Buildings | 1 |
| Number of Stories | 1 |
| Year Built | 1950s |
| Condition | Average |

## Valuation Opinions

| | |
|---|---|
| Highest & Best Use - As Vacant | Commercial development with a visitor-serving use |
| Reasonable Exposure Time | 12 months |
| Reasonable Marketing Time | 12 months |

### Value Conclusions

| Component | Oceanside Site |
|---|---|
| Value Type | Market Value |
| Real Property Interest | Fee Simple |
| Effective Date of Value | July 3, 2023 |
| **Value Conclusion** | **$7,810,000** |
| | **$59.22 PSF** |

# Summary of Salient Facts – Mountainside Parcels

## Property Identification

| | |
|---|---|
| Property Name | Mountainside Parcels (Open Space) |
| Property Address | Avenue Alhambra<br>El Granada, San Mateo County, California 94018 |
| Latitude & Longitude | 37.502941, -122.476659 |
| Tax Parcel Numbers | 047-251-040, -120, -140 |
| Property Owners | Charles J. Viso Trust / Cherry L. Viso Trust (047-251-040)<br>Amy J. and Steven C. Caron (047-251-120)<br>Joe Amaral, LLC (047-251-140) |

## Site

| | |
|---|---|
| Zoning | El Granada Gateway with Design Review (EG/DR) and Open Space, Park, Scenic Corridor, and Prime Agricultural Land overlays |
| FEMA Flood Map No. | 06081C0138F |
| Flood Zone | X (unshaded) |
| Gross Land Area | 1.42 |
| Usable Land Area | 1.42 |

## Valuation Opinions

| | |
|---|---|
| Highest & Best Use - As Vacant | Park/ Open Space |
| Reasonable Exposure Time | Nine months |
| Reasonable Marketing Time | Nine months |

### Value Conclusions

| Component | Mountainside Site |
|---|---:|
| Value Type | Market Value |
| Real Property Interest | Fee Simple |
| Effective Date of Value | July 3, 2023 |
| **Value Conclusion** | **$340,000** |
| | **$5.50 psf** |

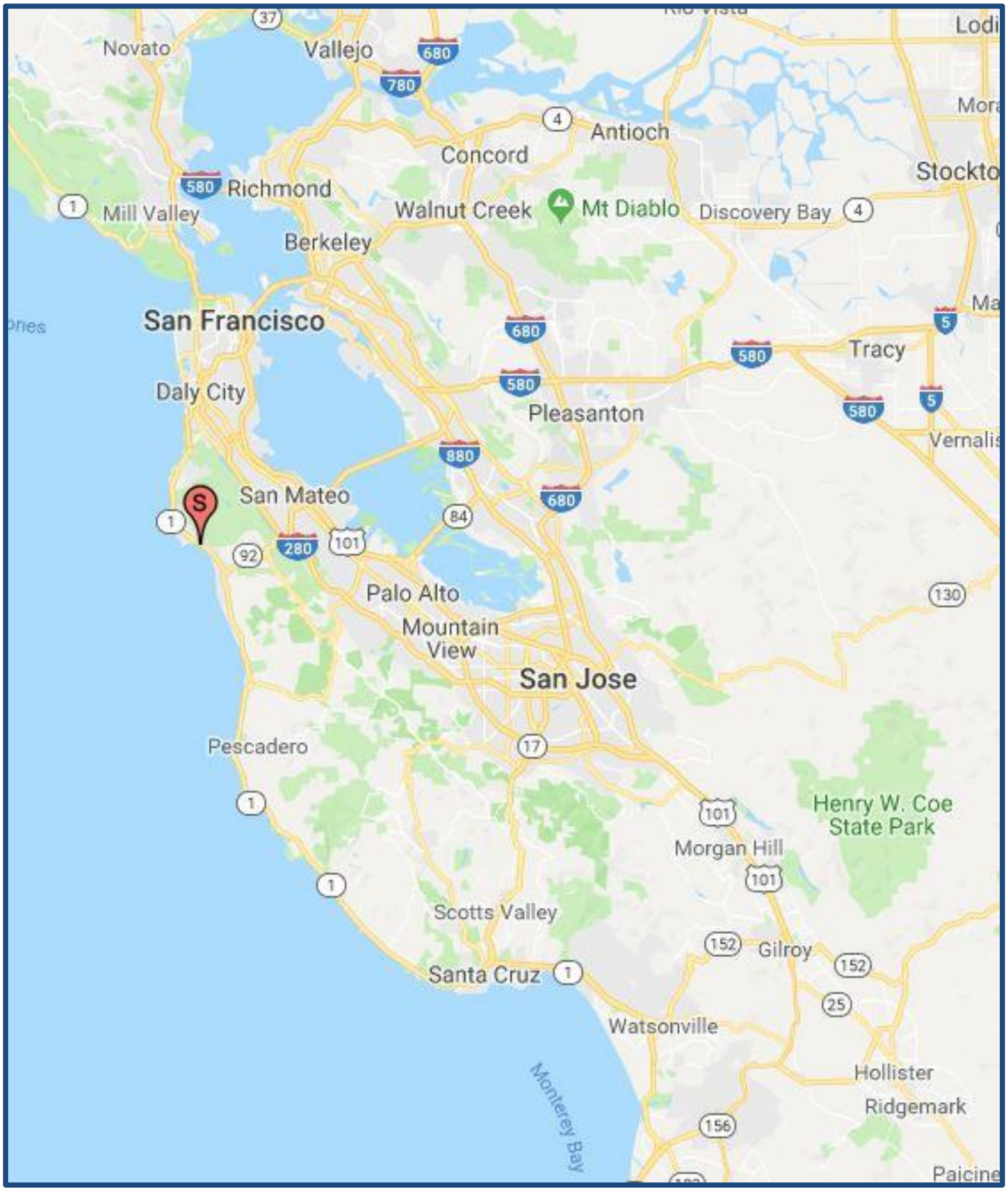
# Aerial and Front Views

**AERIAL VIEW**

**FRONT VIEW OF OCEANSIDE PARCELS**

**FRONT VIEW OF MOUNTAINSIDE PARCELS**

# Location Map



# Introduction

## Client and Intended Users of the Appraisal

The client in this assignment and the sole intended user of this report is James B. Pruett with San Mateo County Harbor District.

## Intended Use of the Appraisal

The intended use of this report is for decision-making purposes regarding the purchase of the property and for purchase price negotiation with the property owners.

## Real Estate Identification

The Oceanside property (portion of the subject) is located at 11820 Cabrillo Highway, El Granada, San Mateo County, California 94018. The property is further identified by the tax parcel numbers 047-252-390, -360, -220, -230, -240. The mountainside property is located along Alhambra Avenue and is identified by parcel numbers 047-251-040, -120, -140.

## Legal Description

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

## Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the Oceanside Parcels south of Cabrillo Highway were developable commercial land, and the Mountainside Parcels were vacant land to be preserved as park/ open space.

## Use of Real Estate as Reflected in this Appraisal

The as is opinion of value for the subject reflects use as commercial land and open space as referenced above.

## Ownership of the Property

According to public records, title to the Cabrillo property is vested in multiple owners as listed in the table below by parcel.

**Ownership of Oceanside Parcels**

| APN | Street Address | Ownership |
|---|---|---|
| 047-252-220 | Cabrillo Hwy | James J. Viso Trust/Viso Trust |
| 047-252-230 | Cabrillo Hwy | Charles J. Viso Trust / Cherry L. Viso Trust |
| 047-252-240 | Cabrillo Hwy | Prafulaben &Prafula Patel |
| 047-252-360 | Cabrillo Hwy | James J. Viso Trust/Viso Trust |
| 047-252-390 | 11820 Cabrillo Hwy | Joe Amaral, LLC |

**Ownership of Mountainside Parcels**

| APN | Street Address | Ownership |
|---|---|---|
| 047-251-040 | Ave Alhambra | Charles J. Viso Trust / Cherry L. Viso Trust |
| 047-251-120 | Ave Alhambra | Amy J. & Steven C. Caron |
| 047-251-140 | Ave Alhambra | Joe Amaral, LLC |

## History of the Property

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

## Analysis of Listings/Offers/Contracts

As of the date of value, both the Oceanside and the Mountainside parcels had been listed on the market for sale. The majority of the parcels were listed by James Viso with Kidder Mathews while one of the oceanside parcels (owned by a different owners) is listed by Moe Rosenberg. Mr. Viso has listed the entire property as a potential assemblage, ideally for one buyer that would acquire both the oceanside and mountainside parcels. The property has been on the market for approximately one month at an asking price of $10,029,557 for the Oceanside parcel and $310,945 for the mountain side parcel. Mr. Viso indicates that the property has been offered to selected prospective buyers, including the San Mateo County Harbor District (District) and to establish a preliminary level of interest for assemblage and potential development.

| Parcel # | Owners | Acres | Square feet | PSF | Asking Price | House |
|---|---|---|---|---|---|---|
| MOUNTAIN SIDE | | | | | | |
| 047-151-140 | Joe Amaral, LLC | 0.14 | 6,327 | $5 | $31,635 | 0 |
| 047-251-120 | Amy & Steven Caron | 0.37 | 16,090 | N/A | Unpriced | 0 |
| 047-251-040 | Charles & Cherry Viso | 0.91 | 39,772 | $5 | $198,860 | 0 |
| **Total** | | **1.42** | **62,189** | **$5** | **$310,945** | **0** |
| OCEAN SIDE | | | | | | |
| 047-252-390 (Resi House) | Joe Amaral, LLC | 0.44 | 18,995 | $184 | $3,500,000 | 1,526 |
| 047-252-360 | The Viso 1990 Revocable Trust | 0.5 | 21,755 | $57 | $1,250,000 | 0 |
| 047-252-220 | The Viso 1990 Revocable Trust | 0.51 | 22,033 | $57 | $1,250,000 | 0 |
| 047-252-230 | Charles & Cherry Viso | 0.97 | 42,447 | $59 | $2,500,000 | 0 |
| 047-252-240 | Rita Patel | 0.61 | 26,687 | $59 | $1,574,533 | 0 |
| **Total** | | **3.03** | **131,881** | **$76** | **$10,029,557** | **1,526** |

Our client, James Pruett, indicated that the San Mateo Harbor District is interested in potentially purchasing the property, to use it for marine related uses such as fishermen parking, RV hookups and crab pot storage. Mr. Pruett indicated that the District has no particular use for the house on the site, they are, however, interested in this parcel as well as it provides the connection to adjacent property they own.

As it will be demonstrated in the balance of this appraisal, the asking price is slightly below market for the mountainside parcel but above market for the oceanside parcel.

## Type and Definition of Value

The purpose of this appraisal is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."[1] Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

The "as is" value is the value of the property in its present condition under market conditions prevalent on the date of the appraisal. Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

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

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

| Valuation Scenario | Effective Date of Value |
|---|---|
| As Is Market Value of the Fee Simple Interest | July 3, 2023 |

## Date of Report

The date of this report is July 31, 2023.

## List of Items Requested but Not Provided

- Preliminary title report

## Assumptions and Conditions of the Appraisal

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

### Extraordinary Assumptions

- Information regarding the size and condition of the improvements was obtained from the offering memorandum, as well as from the listing agent/ owners` representative of the subject property. We assume that this information is correct, and we have based our analysis on this information. If at a later time it is found that this information is incorrect, our appraisal will require revisiting

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

Hypothetical Conditions

- None

# Scope of Work

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

## Extent to Which the Property Was Identified

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

- Legal Characteristics - The subject was legally identified via assessor parcel numbers, plat maps, site visit, Google Earth, public records, and client-provided information.
- Economic Characteristics - The subject's economic characteristics were identified via information provided by the client, discussion with active market participants, as well as comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The subject's physical characteristics were identified via a property inspection.

## Extent to Which the Property Was Inspected

An appraisal inspection of the property was completed on July 3, 2023 by Maria Aji, PhD. The interior of the improvements of parcel with APN 047-252-029 were not inspected or measured during the property inspection.

## Type and Extent of Data Researched

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

## Type and Extent of Analysis Applied (Valuation Methodology)

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

There are four primary methods available to develop a land value estimate: (1) sales comparison, (2) land residual method, (3) ground rent capitalization, and (4) subdivision development method (discounted cash flow). While other methods, such as extraction and allocation, are applicable under limited conditions, one or more of these approaches are used in most circumstances to derive an indication of land value.

- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.

- Direct Capitalization: Land Residual Method - The land residual methodology involves estimating the residual net income to the land by deducting from total potential income the portion attributable to the improvements, assuming development of the site at its highest and best use. The residual income is capitalized at an appropriate rate, resulting in an indication of land value.
- Direct Capitalization: Ground Rent Capitalization – A market derived capitalization rate is applied to the net income resulting from a ground lease. This can represent the leased fee or fee simple interest, depending on whether the income potential is reflective of a lease in place or market rental rates.
- Yield Capitalization: Subdivision Development Method – Also known as discounted cash flow analysis (DCF), the methodology is most appropriate for land having multiple lot development in the near term as the highest and best use. The current site value is represented by discounting the anticipated cash flow to a present value, taking into consideration all necessary costs of development, maintenance, administration, and sales throughout the absorption period.

All of these approaches to value were considered. The availability of data and applicability of each approach to value within the context of the characteristics of the subject property, along with the needs and requirements of the client, were assessed. Based on this assessment, the sales comparison approach was developed. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

## Appraisal Conformity and Report Type

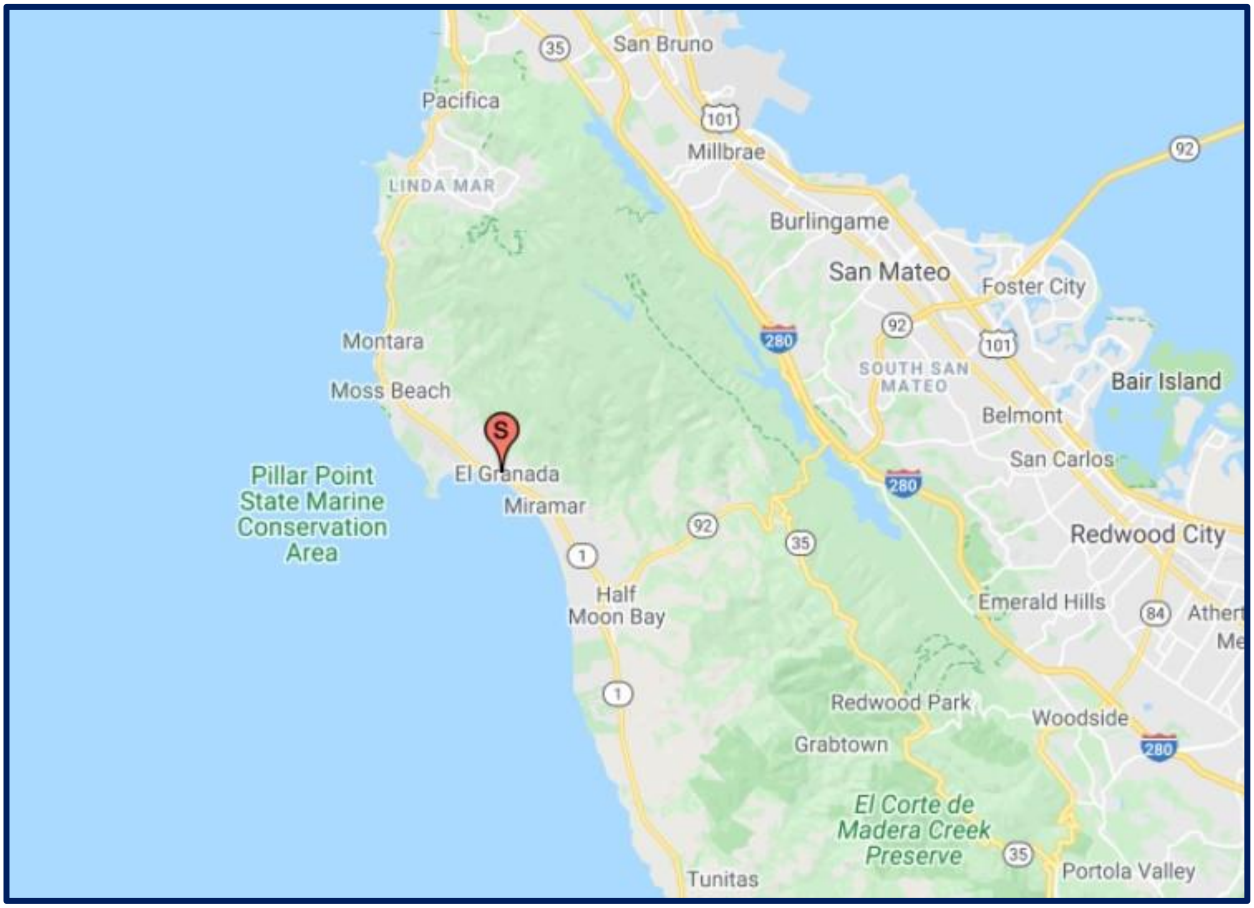
The analyses, opinions, and conclusions were developed, and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; and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

## Personal Property/FF&E

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

# Regional and Market Area Analysis

**REGIONAL MAP**




## Overview

The Cabrillo Highway property is located in the San Francisco Bay Region, an area which is comprised of the nine counties bordering the San Francisco Bay. According to the State of California Department of Finance, the area had a combined population of approximately 7.54 million as of January 1, 2023. The Department of Finance characterizes the San Francisco Bay Area by a moderate climate, diversified economy and one of the highest standards of living in the United States.

San Mateo County is just south of San Francisco in the western portion of the region. Geographically, the county forms a peninsula, which leads from San Francisco southward to Santa Clara County, defining the westerly land boundary of the Bay. Growth along the Peninsula is constrained by its geography: ocean, bay, watershed, and mountains.

Most development in San Mateo County is located along the eastern side of the Peninsula, fronting San Francisco Bay. The central portion of the peninsula mainly consists of the coastal mountain range, associated watershed, and fish and game refuge. The westerly portion fronts the Pacific Ocean and is agriculturally and recreationally oriented. Development to the west has been limited by transportation availability, weather, environmental concerns, and water and sewer constraints.

## Population

San Mateo County is the Bay Area's fourth largest county behind Santa Clara, Alameda, Contra Costa, and San Francisco. San Mateo County's population grew by 11% during the 1980s, and even during the economic downturn of 1990s, its population grew rather than declined. According to the State of California Department of Finance, as of January 2023, the population in San Mateo County was 737,644, which is a 0.4% decrease from the previous year.

According to the Site to Do Business projections, presented below, the county's population is expected to increase annually 0.2% between 2022 and 2027. As of the 2020 Census, the California Department of Finance reported a population of 5,481 for El Granada. Since this population is extremely small, we look to neighboring Half Moon Bay for statistically meaningful data on population trends. The City of Half Moon Bay will decrease approximately 0.3% annually between 2022 to 2027.

**Population**

| Area | 2020 | Estimated 2022 | Annual Δ 2020 - 22 | Projected 2027 | Annual Δ 2022 - 27 |
|---|---|---|---|---|---|
| United States | 331,449,281 | 335,707,897 | 0.6% | 339,902,796 | 0.2% |
| California | 37,253,956 | 39,877,642 | 3.5% | 40,140,276 | 0.1% |
| San Mateo County | 718,478 | 773,404 | 3.8% | 782,595 | 0.2% |
| Half Moon Bay CCD | 28,894 | 29,213 | 0.6% | 28,735 | -0.3% |

*Source: ESRI (ArcGIS)*

## Transportation

Transportation has been and will continue to be the key to the attractiveness of San Mateo County. Interstate 280 runs generally north/south along the ridge of the coastal mountains through the county. Highway 101 takes generally the same bearing but is in the flatlands near the Bay. Highway 101 is the original north/south highway in the area. Interstate 280 was constructed at a later date. This freeway is often termed the "Most Beautiful" freeway in the state.

State Highways 84 and 92 are major east/west routes connecting the coastal communities centered in San Gregorio and Half Moon Bay, respectively with the north/south highway networks. Both these routes continue over bridges across the Bay into the East Bay. The Dumbarton Bridge (Highway 84) connects Palo Alto with Fremont to the east. Highway 92 connects San Mateo and Foster City with Hayward to the east.

Highway 1 is a north/south route which serves the coastal communities running along the Pacific Ocean, including El Granada. State Highway 82 is synonymous with El Camino Real, the original north/south route in the state. El Camino Real is a major arterial, which defines most of the commercial districts in the county and generally acts as a geographic dividing line between the residential communities to the west and the commercial and industrial services and businesses to the east, adjoining the Bay.

Air, rail, and water transportation access is also very good. San Francisco International Airport (SFO), which provides scheduled airfreight and passenger services, is located in north central San Mateo County between Millbrae and San Bruno next to the Bay. This airport is one of the busiest in the world in terms of air passenger volume, air cargo, and scheduled arrivals and departures. As of May 2023, the airport had received over 42.3 million passengers year-to-date, according to SFO's Comparative

Traffic Report. Amtrak and the Union Pacific main line run in the flatlands just east of El Camino Real. Commuter service to San Francisco to the north and San Jose to the south is provided by Caltrain, now a division of Amtrak. Both Redwood City and San Francisco have deep-water ports.

The Bay Area Rapid Transit (BART) system is a regional system of high-speed commuter trains with stations in San Francisco, San Mateo, Contra Costa, Alameda, and Santa Clara counties. San Mateo County has six BART stations, including an extension to the San Francisco International Airport, which features a light rail system linking the terminal complex and outlining airport facilities.

In addition to BART, San Mateo County is served by the SamTrans bus system, which operates 29 routes throughout San Mateo County and into parts of San Francisco and Palo Alto. As of the fiscal year 2020, SamTrans served more than 8.78 million passengers over a 446-square-mile area.

All this public transportation, however, is not enough to prevent the gridlock on the freeways that has been felt throughout the Bay Area. Additionally, as cost of living prices push more people to live farther and farther from where they work, this broadens congestion. In its yearly analysis of Bay Area traffic congestion, the Metropolitan Transportation Commission (MTC) reported the amount of time the average commuter spends in congestion each weekday has increased by nearly 30% from 24 minutes in 1980 to 31 minutes in 2018. Fifteen percent (15%) of Bay Area residents spend more than one hour commuting to work. For a densely settled area such as San Mateo County, traffic congestion is a critical factor for the county's economy as well as its quality of life. However, this can be said for almost every county in the Bay Area.

## Employment

Significant employment sectors within San Mateo County include manufacturing, transportation, retail trade, finance, insurance, real estate, and professional services. The largest employers are associated with the airport, local government, hospitals, and technology. Top employers within the county including Youtube LLC, Genentech Inc., Kaiser Permanente, Visa Inc., SRI International, and the County of San Mateo itself.

**Employment by Industry - San Francisco-Oakland-Berkeley, CA (MSA)**

| Industry | 2022 Estimate | Percent of Employment |
|---|---|---|
| Agriculture/Forestry/Fishing/Hunting | 8,579 | 0.33% |
| Mining/Quarrying/Oil & Gas Extraction | 1,278 | 0.05% |
| Construction | 147,477 | 5.65% |
| Manufacturing | 195,657 | 7.50% |
| Wholesale Trade | 41,152 | 1.58% |
| Retail Trade | 217,572 | 8.34% |
| Transportation/Warehousing | 138,200 | 5.30% |
| Utilities | 18,157 | 0.70% |
| Information | 112,594 | 4.32% |
| Finance/Insurance | 130,043 | 4.99% |
| Real Estate/Rental/Leasing | 52,195 | 2.00% |
| Professional/Scientific/Tech Services | 460,022 | 17.64% |
| Management of Companies/Enterprises | 3,561 | 0.14% |
| Admin/Support/Waste Management Services | 114,905 | 4.41% |
| Educational Services | 215,660 | 8.27% |
| Health Care/Social Assistance | 334,234 | 12.81% |
| Arts/entertainment/Recreation | 57,286 | 2.20% |
| Accommodation/Food Services | 154,782 | 5.93% |
| Other Services (excl Public Administration) | 109,585 | 4.20% |
| Public Administration | 95,549 | 3.66% |
| Total | 2,608,488 | 100.0% |

*Source: ESRI (ArcGIS)*

## Unemployment

The unemployment rate in San Mateo County is currently less than the state-wide and national rates. The County unemployment rate was 2.7% as of May 2023 (most recent available). The State of California was at 4.5% while the nation was at 3.4% for the same period.

**Unemployment Rates**

| Area | YE 2018 | YE 2019 | YE 2020 | YE 2021 | YE 2022 | 2023[1] |
|---|---|---|---|---|---|---|
| United States | 3.9% | 3.7% | 8.1% | 5.3% | 3.6% | 3.4% |
| California | 4.2% | 4.1% | 10.1% | 7.3% | 4.2% | 4.5% |
| San Mateo County | 2.2% | 2.1% | 6.9% | 4.6% | 2.4% | 2.7% |

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

### National Economic Overview

Economic growth surged through 2021, partially because of lower interest rates and about $6.4 trillion in government borrowing/spending, in addition to an increase in consumer spending. As the national economy bounced back from an initial COVID shock, demand for employment (labor) increased, and wages were growing.

Economic growth continued throughout 2022, in spite of rising inflation and higher interest rates, severe supply chain issues related to China's COVID-Zero lockdown policies and increasing energy prices stemming from the Russian invasion of Ukraine. The Federal Reserve ("Fed") raised the Federal Funds Rate seven times during 2022 in an effort to lower the rate of inflation. At year-end, the national unemployment rate was at 3.5%. The Gross Domestic Product (GDP) increased at rates of 3.2% in Q3 2022 and 2.7% in Q4 2022, according to the Bureau of Economic Analysis.

Economic indicators still point to modest growth, despite an expectation for a slowdown or a recession. GDP increased by 1.1% in the first quarter of 2023 and is forecast to overall increase by 0.7% by the end of the year. Unemployment continues to be low, despite layoffs and turmoil in the (small regional) banking sector. The Consumer Price Index (CPI) increased by 0.4% in April 2023 from the previous month, and by 4.9% from one year ago.

The Fed raised interest rates by 25 basis points on each occasion in February, March, and May 2023 in an effort to bring the rate of inflation to 2.0% over the long run.

Prior to the collapses of Silicon Valley Bank and Signature Bank, it was anticipated that the Fed would raise interest rates in March 2023 by 50 basis points because of still-elevated inflation rates, strong consumer confidence and retail spending, and a tight labor market. The banks' collapses have led to an industry-wide tightening of credit (i.e., borrowing money), which was viewed by the Fed as "being equivalent of a rate hike."

As stated, the Fed raised the benchmark interest rate in May 2023 by 25 basis points, in the aftermath of the First Republic Bank collapse – the third regional bank failure of the year. Following their 25-basis point increase, Chairman Powell stated that the Fed would monitor several factors, including instability in the banking sector, before deciding on its next moves.

At their most recent meeting, in June 2023, a decision was made to leave the benchmark interest rate unchanged, at 5.00% to 5.25%, for the time being.

The economic outlook for the second half of 2023 is "cautious optimism." Job growth continues to be strong (except for the technology sector), and the rate of inflation is moderating. Corporate profitability is still strong. But anytime the Fed goes from increasing the money supply to decreasing it within a short span, there is bound to be a disruption.

Some economists are forecasting a recession, while others are predicting a "soft landing." For the reader's reference, a recession is defined as two consecutive quarters of declining GDP. Either no growth (recession) or slow growth ("soft landing") is expected in the latter half of the year before a rebound in 2024. In either scenario, it is recognized that the current pause in interest rate increases is temporary and that future rate increases may occur in 2023. It is also recognized that the Fed's aggressive interest rate hikes could push the economy into a mild recession.

Also in June 2023, legislation was passed to suspend "the debt ceiling." The debt ceiling, or debt limit, is the maximum amount of money that the Federal government is allowed to borrow to meet its financial obligations, such as Social Security and Medicare payments, interest payments to holders of government bonds, military salaries, tax refunds, and more. The current debt limit, set at $31.4 trillion, was reached in January 2023. The recently passed legislative bill suspends the borrowing limit until January 2025. The new debt limit, or "ceiling," will be set at whatever level it has reached when the suspension expires.

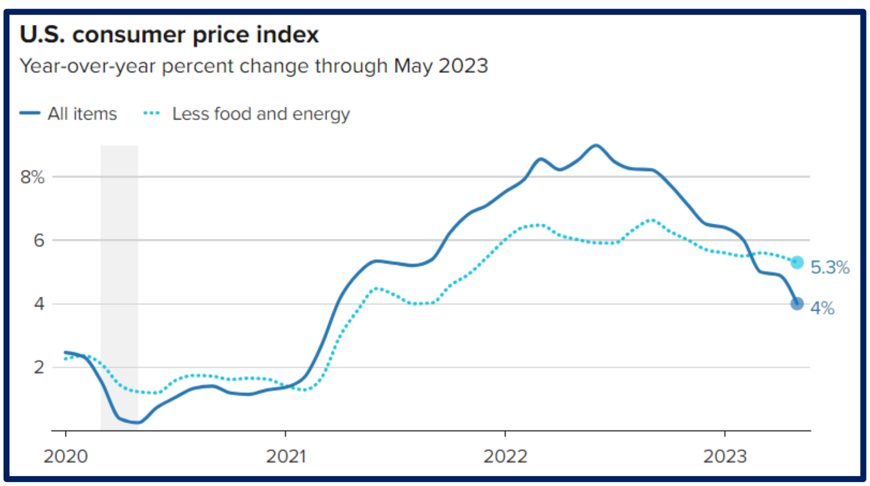
**Federal Funds Rate**

| Date | Target Range (%) | Basis Point Change |
|---|---|---|
| Mar-20 | 1.00% - 1.25% | -50 |
| Mar-20 | 0.00% - 0.25% | -100 |
| Apr-20 | 0.00% - 0.25% | 0 |
| Mar-22 | 0.25% - 0.50% | +25 |
| May-22 | 0.75% - 1.00% | +50 |
| Jun-22 | 1.50% - 1.75% | +75 |
| Jul-22 | 2.25% - 2.50% | +75 |
| Sep-22 | 3.00% -3.25% | +75 |
| Nov-22 | 3.75% - 4.00% | +75 |
| Dec-22 | 4.25% - 4.50% | +50 |
| Feb-23 | 4.50% - 4.75% | +25 |
| Mar-23 | 4.75% - 5.00% | +25 |
| May-23 | 5.00% - 5.25% | +25 |
| Jun-23 | 5.00% - 5.25% | 0 |

## Inflation Rate

Consumer demand surged following the "reopening of the economy" and from government stimulus payments in 2021 and 2022, and the rate of inflation accelerated beginning in Fall 2021. According to the Bureau of Labor Statistics, the Consumer Price Index (CPI) increased by 6.5% in total during 2022. Price increases were observed in all areas – including gasoline, grocery, restaurant, and automobile prices. Businesses were also reporting higher labor costs, including vendor prices and costs for raw materials.

The rate of inflation, through May 2023, was reported at 4.0%. Excluding food and energy prices, inflation was reported at 5.3%. While still elevated, and far from the Fed's targeted 2.0% range, the inflation rate appears to be falling as a result of the aggressive interest rate increases made throughout 2022 and into 2023. Reference is made to the following graph illustrating the year-over-year percent changes to consumer price indexes from January 2020 through May 2023.




*Source: U.S. Bureau of Labor Statistics; CNBC*

## Federal Funds Rate

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

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

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

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

Beginning March 2022, the Fed began raising the interest rate, for the first time in three years, to temper the rapid inflation growth. Their initial rate increase was 25 basis points. Further rate increases followed: by 50 basis points in May 2022, by 75 basis points on each occasion, in June, July, September and November 2022, by 50 basis points in December 2022, and most recently 25 basis points on each occasion in February, March, and May 2023. The benchmark interest rate currently is at 5.00% to 5.25%, which is the highest it has been since August 2007.

At their latest meeting, the Fed made the decision to temporarily pause the interest rate increases; the benchmark interest rate remains unchanged from May 2023.

Supplemental Comments on Inflation and Interest Rates

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

The Fed has pursued the action of raising the interest rate at the fastest pace in 40 years, with seven rate increases throughout 2022, including four consecutive increases by 75 basis points on each occasion. Now in 2023, the Fed continues its rate hikes, with more anticipated until inflation returns to its target range of 2%. The underlying theory is that as interest rates increase, the cost of borrowing increases – which, in turn, diminishes the available credit to the market, causing downward pressure on asset prices, including real estate. Increasing rates, historically, have also placed upward pressure on capitalization rates, albeit not immediately.

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

### Silicon Valley Bank, Signature Bank, First Republic Bank Collapses

On March 10 and 12, respectively, Silicon Valley Bank and Signature Bank were placed into Federal government (FDIC) receivership. In a joint statement, the FDIC and the Fed, along with Secretary Yellen, guaranteed that all bank account holders would have access to their money.

Silicon Valley Bank was mostly tied to the tech sector. Because tech demand was high during the post pandemic period, numerous start-up companies received huge cash investment from venture capital firms and used the banks' services to hold their influx of funds. But with the mass layoffs and uncertainty in the tech sector, account holders began to withdraw funds from the bank.

The collapse happened for multiple reasons, with the main one being a lack of diversification of the bank's investments, which largely consisted of long-term U.S. Treasury bonds and mortgage-backed securities. To help fund the mass withdrawals, Silicon Valley Bank prematurely sold a $21 billion bond portfolio, at a $1.8 billion loss – due to a result of rising interest rates. [*When interest rate rises, the value of the bond decreases on for-sale secondary markets*. *This is because the existing bond competes with newer bonds with higher interest rates*.] To cover these losses, the bank tried to sell $2.25 billion in equity and stock – which, in turn, scared additional clients to withdraw funds from the bank and panicked investors into selling the bank's parent company stock shares.

Signature Bank was shut down by federal regulators two days after the collapse of Silicon Valley Bank. Its failure resulted after bank customers withdrew billions of dollars in the aftermath of SVB's collapse.

First Republic Bank, a San Francisco-based regional bank that focused on high-net-worth clients, failed on May 1, 2023. Most of its business was sold to JP Morgan Chase after federal regulators shut down the bank. The reason for its failure was for many of the same reasons that Silicon Valley Bank and Signature Bank collapsed, including: (1) uninsured deposits (i.e., at amounts greater than the $250,000 that is FDIC-insured); (2) lack of liquidity – with net interest income coming from real estate mortgage loans and municipal bonds; and (3) credit rating downgrades.

According to an investigative report by the Fed, the failure of Silicon Valley Bank is attributed to poor management, watered-down regulations, and lax oversight. As SVB grew, banking supervisors were slow to recognize the problems that contributed to its downfall – including an increasing number of uninsured deposits and inadequate investment portfolios to protect against rapidly changing interest rates. Once identified, supervisors appeared to be unwilling to address the issues, partly due to lightened banking standards issued by Congress and the Fed in 2018 and 2019.

We note that the collapse of these banks appears to be isolated and not indicative of the beginning of a wider event. Most other banks that have a diversified holding of investments appear to be secure for account holders and investors. It is anticipated that the sale of First Republic Bank to JP Morgan Chase should stabilize the banking sector. And while federal regulators have tried to reassure investors that "the worst is over," there exists a mistrust of smaller regional banks.

### The California Forecast

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

Like the nation, California is at an economic crossroad. One path leads toward a soft landing, where the statewide economy would continue to grow (and at a faster rate than the national growth rate), or a recession where the statewide economy would shrink at a lower percentage than the U.S. overall. California fares better than the nation due to employment growth projected in green tech, aerospace and construction sectors fueled by the infrastructure and defense budgets.

### Concluding Remarks

Between March 2022 and May 2023, in an effort to combat inflation the Fed raised the benchmark interest rate ten times. As stated, a decision to keep the interest rate steady was made in June 2023. The rate currently is at 5.00% to 5.25%. Further rate increases are anticipated throughout 2023 as the Fed continues to bring down the rate of inflation to its targeted 2.0% rate. In addition, the collapses of Silicon Valley Bank, Signature Bank, and First Republic Bank has led to an overall industry-wide credit tightening. The combination of stricter lending standards and higher interest rates will have an effect on the national, statewide, and local real estate markets.

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

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

## Median Household Income

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

**Median Household Income**

| Area | Estimated 2022 | Projected 2027 | Annual Δ 2022 - 27 |
|---|---|---|---|
| United States | $62,203 | $67,325 | 1.6% |
| California | $89,455 | $103,466 | 3.0% |
| San Mateo County | $138,438 | $158,559 | 2.8% |
| Half Moon Bay CCD | $150,664 | $169,227 | 2.4% |

*Source: ESRI (ArcGIS)*

## Conclusions

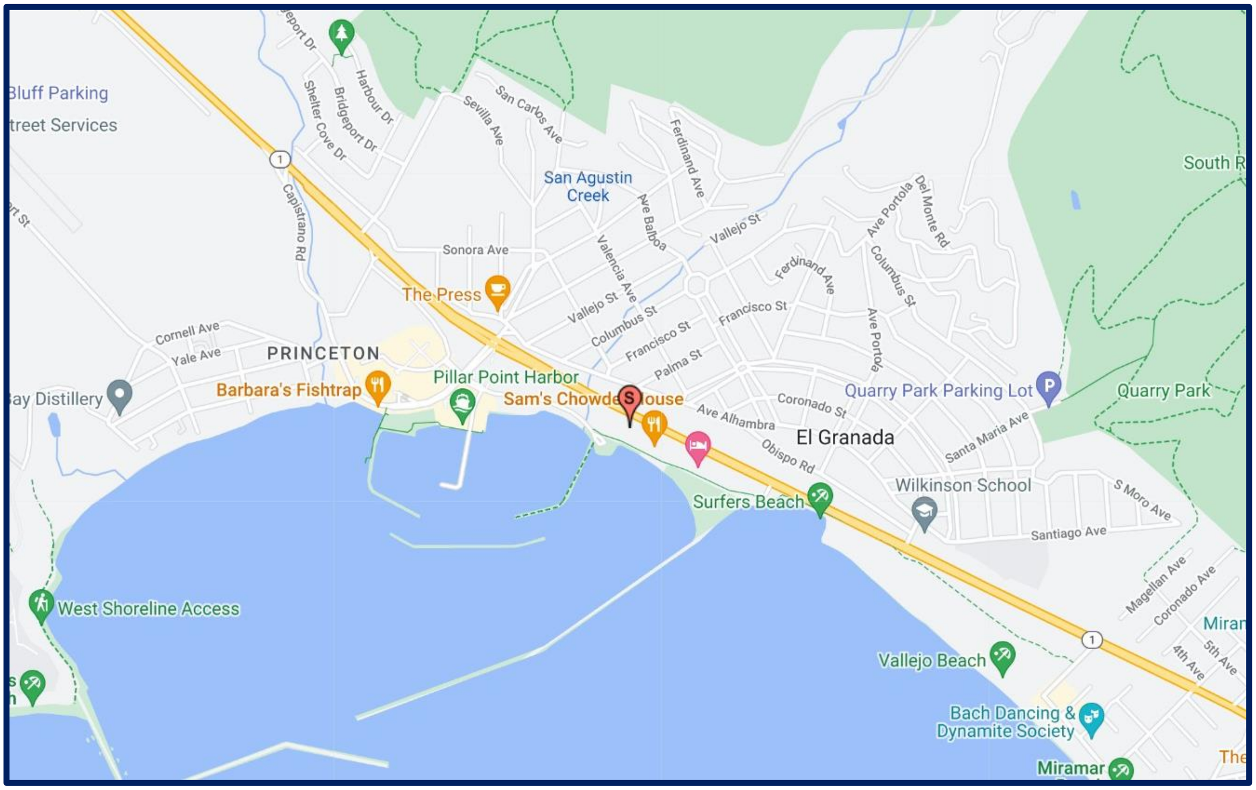
Historically, the Bay Area has been considered a desirable place to both live and work. Physical features and a strong local economy attract both businesses and residents. It is a worldwide leader in technology and a regional employment center, with an increasingly diversified economy. While traffic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

The regional outlook includes declining populations in most counties, although San Mateo County reports modest growth. Out-migration during the pandemic coupled with continued increases in housing costs are trends that are likely to continue to keep local populations from growing. Household incomes are increasing at the fastest pace since the 1980s; however, inflation is outpacing those gains, leaving households with increasing debt in order to keep pace. On the more positive side, inflation has subsided in early 2023, and the Federal Reserve has indicated that they are unlikely to raise the federal funds rate again at their next meeting in June. While business travel and conventions have yet to recover from the pandemic, personal travel has normalized, and the travel industry is regaining strength. Supply chain disruptions continue to impact various sectors of the economy, but many businesses are recovering.

With respect to commercial and residential real estate, increasing interest rates began to stifle transaction volumes in mid-2022, a trend that has continued without much change into mid-2023. Banks and institutional lenders have not been active for some time, leaving financing to private money lenders and cash buyers. Loan interest rates, where loans are available, have essentially doubled, leaving buyers to demand higher rates of return. While some distress is emerging, particularly in the office segment, sellers are mostly unwilling to transact at lower prices, keeping market participants in a wait-and-see posture. Reports indicate that once inflation has stabilized and interest rates can be projected with more certainty, that transaction volumes will likely increase. In any case, the historic reasons for growth in the region remain the same, and thus the expectation is that normal growth will resume over time.

# City and Neighborhood Analysis

**NEIGHBORHOOD MAP**




## Overview

The town of El Granada is on the Pacific Coast about 25 miles south of San Francisco and 45 miles north of Santa Cruz. It sits inland from both the ocean and Cabrillo Highway (Highway One), along the western edge of San Mateo County. Neighboring towns include Montara and Moss Beach to the north and Half Moon Bay to the south.

El Granada is a quiet unincorporated town of approximately 5.4 square miles and not typical of most small towns. It has no main “downtown” street. Only a few resident-serving businesses are staggered along Avenue Alhambra, which is considered the town’s main thoroughfare. Travelers on Cabrillo Highway bypass El Granada in their search of shops and restaurants. Most residents work elsewhere: north in San Francisco, east “over the hill,” south in Half Moon Bay, or west in Princeton-by-the-Sea. Residents value El Granada for being off the beaten path, for its banana-belt climate with spring winds and summer fogs, for its eclectic mix of traditional and contemporary homes, and for its tranquil hills, mature trees, and breathtaking ocean views. The year-round average temperature is 62 degrees and average rainfall is 23 inches. The elevation is just 39 feet above sea level.

El Granada is located approximately three miles north of Half Moon Bay in an unincorporated area of San Mateo County. However, the City of Half Moon Bay is the dominant cultural and economic entity in the area, so an analysis of its characteristics is warranted. The City of Half Moon Bay lies west of the coastal mountain range and is a seaport situated on the San Francisco Peninsula, midway between San

Francisco and San Jose. Named after the crescent-shaped bay just north of town, Half Moon Bay is the floriculture center of San Mateo County.

Main Street is the commercial center of Half Moon Bay. There are a variety of quaint shops, historical sites and buildings, inclusive of a country store, lumberyard, feed and fuel, farm supply, and a grower's association. First settled by the Spanish in the 1860s, the Half Moon Bay area has evolved as a cultural melting pot, with local street names honoring early residents from Italy, Scotland, France, Portugal, and Ireland. Maintaining the town's historical character and preserving the natural Pacific coastline has often placed the city and its residents at odds with land developers. It is safe to say that the environment protection movement is alive and well in Half Moon Bay.

The two main access routes to Half Moon Bay and El Granada are Highway 1, which passes north/south along the coast, and Highway 92, which is the main east/west linkage. Despite extensive recent repairs to Highway 92, these are relatively narrow, two-lane roads, which necessarily wind through the coastal mountain range.

Half Moon Bay's temperate climate, soil, and oceanside location lend themselves to both the agricultural and floriculture industry, as well as a flourishing fishing industry and recreational boating from Pillar Point Harbor, which is northwest of the Cabrillo property. The coastside is home to San Mateo County's most prosperous agriculture region. Products include flower and nursery crops, artichokes and Brussels sprouts, snap beans, peas, and pumpkins (for which Half Moon Bay is famous), Christmas trees and lumber. The coastside is an expanding recreational destination, and tourism is a big part of the local economy as well.

There is an increasing number of local events that attract visitors to the area for special weekends. The Half Moon Bay Art and Pumpkin Festival is internationally renowned and attracts more than 30,000 people. Portuguese cultural events, and golf charity classics are also big draws. The Half Moon Bay Golf Links at Ocean Colony is the Number 1 rated course in the Bay Area.

Of course, a primary attraction of the area is its natural beauty. Beautiful beaches line the coast from Montara to the south. Camping, horseback riding, historical walks, hiking, and fishing are a few of the recreational possibilities. Of special interest are the tide pools at the Fitzgerald Marin Reserve, the Pescadero Marsh Natural Preserve, Pillar Point Harbor, Ano Nuevo State Reserve (where the elephant seals migrate each year), Butano State Park, and Purissima Creek Redwoods. According to the State Department of Parks and Recreation, there are approximately 1.5 million visitors annually.

Half Moon Bay has a council/manager-type of government, a full-time police department and fire protection through the Half Moon Bay Fire Protection District, which also serves El Granada and Princeton. Public utility services are provided by Pacific Gas & Electric Company, Pacific Bell, Coastside County Water District, and Browning-Ferris Industries for waste disposal.

## Neighborhood Location and Boundaries

The subject neighborhood is located near Downtown El Granada. The area is suburban in nature and bounded by Capistrano Road and Denniston Creek to the north, the Montara Mountain range to the east,  to the south, and the  to the west.

## Transportation Access

Within the immediate area of the Cabrillo property, transportation access helps define the character of its development. Major travel and commuter routes within the area of the subject include Cabrillo Highway and Avenue Alhambra. Of note, on the Mountainside Parcels, a bus stop is centrally located for SamTrans Routes 17 and 18. Access to the area is considered good.

## Land Use Trends

El Granada is not experiencing a major change in land use due to the implementation of the Local Coastal Program, which began in 1981. The Local Coastal Program defines the Mid-Coast Land Use Plan Area and confines new development to existing urban areas and rural service centers to avoid urban sprawl, maximize efficiency of public facilities, protect the natural environment, and revitalize existing development. As such, new development within the subject's immediate area is limited to infilling of existing residential subdivisions and commercial areas. Therefore, even as new projects serve to modernize El Granada, these projects will be limited in scope and preserve the existing small-town character.

## Demographics

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

**Neighborhood Demographics**

| Radius (Miles) | 1 Mile | 3 Mile | 5 Mile |
|---|---|---|---|
| **Population Summary** | | | |
| 2020 Population | 4,031 | 12,038 | 21,630 |
| 2022 Population Estimate | 3,924 | 11,923 | 21,604 |
| 2027 Population Projection | 3,852 | 11,754 | 21,261 |
| Annual % Change (2022 - 2027) | -0.4% | -0.3% | -0.3% |
| **Housing Unit Summary** | | | |
| 2020 Housing Units | 1,585 | 4,586 | 8,194 |
| % Owner Occupied | 69.1% | 72.2% | 69.6% |
| % Renter Occupied | 26.0% | 22.1% | 25.1% |
| 2022 Housing Units | 1,634 | 4,719 | 8,525 |
| % Owner Occupied | 75.1% | 73.5% | 69.5% |
| % Renter Occupied | 18.9% | 20.8% | 25.0% |
| 2027 Housing Units | 1,634 | 4,726 | 8,533 |
| % Owner Occupied | 74.5% | 72.9% | 69.0% |
| % Renter Occupied | 17.7% | 19.8% | 23.9% |
| Annual % Change (2022 - 2027) | 0.1% | 0.1% | 0.0% |
| **Income Summary** | | | |
| 2022 Median Household Income Estimate | $159,181 | $157,516 | $146,782 |
| 2027 Median Household Income Projection | $181,190 | $177,726 | $167,635 |
| Annual % Change | 2.6% | 2.4% | 2.7% |
| 2022 Per Capita Income Estimate | $84,886 | $78,783 | $75,781 |
| 2027 Per Capita Income Projection | $97,405 | $89,447 | $85,614 |
| Annual % Change | 2.8% | 2.6% | 2.5% |

*Source: ESRI (ArcGIS)* *(Lat: 37.502941, Lon: -122.476659)*

Within a three-mile radius, the reported population is 11,923 with a projected growth rate of approximately -0.3% annually. There are 4,719 housing units within that three-mile radius. The growth rate is expected to be 0.1% annually. Most of the housing is owner-occupied.

Within a three-mile radius, the median household income is **$157,516**. Looking ahead, annual household income growth is projected at **2.4%** per year. The average income figures suggest that the inhabitants are within the middle-income bracket.

## Nuisances & External Obsolescence

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

## Neighborhood Life Cycle

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

## Immediate Area Uses

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

**IMMEDIATE AREA USES**


*Source: Google Earth*

The two subject parcels are located on either side of Highway 1 (Cabrillo Highway) and have good visibility. In addition, the Mountainside Parcels are located along Avenue Alhambra, El Granada's main corridor. This portion of the property is flanked by a strip of open space to the west and a single-family residence to the east.

The area to the north of the subject is mostly residential and served by a mix of local retailers along Avenue Alhambra. Directly north of the Mountainside Parcels is a market, an Indian restaurant, and a multi-tenant building with a chiropractor's office and a Yoga studio. Further northwest is a commercial cluster with a gas station and convenience store, a pizzeria, beauty salon, and a two-star, 16-room hotel known as the Harbor View Inn. Southeast of the subject is another commercial cluster that includes a U.S. post office, BBQ restaurant, hardware store, surf school, and the offices of the San Mateo County Harbor District. The Coastside Fire Protection District is located further down the street.

South of the Oceanside Parcels, along the coastline, are commercial and recreational uses that cater to residents and visitors. Pillar Point Harbor is the main attraction. The harbor includes a protected refuge and 369 berths for commercial fishing, sport fishing, and leisure boating. Visitors can also enjoy kayaking, whale watching, and surfing. The Pillar Point Launch Ramp is located just south of the Oceanside Parcels, and an elongated parking area that serves the harbor is directly west of the subject. Pillar Point Beach curves south of the Cabrillo Highway, terminating at a jetty. Northwest of the harbor is the Shoppes at Harbor Village, a shopping mall that has boutique shops, restaurants, and studios for art, Yoga, and fitness. Adjacent to the mall is the Oceano Hotel & Spa Half Moon Bay, a four-star hotel with 95 suites that also operates an 11-room inn.

Directly east of the Oceanside Parcels is Sam's Chowder House, a popular restaurant that was recognized by San Francisco Magazine as the one of the "Top Three Outdoor Dining Spots in the Bay Area." Adjacent to the restaurant is the three-star Beach House Hotel. The hotel features 54 junior suites and is rated the top hotel in Half Moon Bay by Tripadvisor. Further southeast is Pillar Point RV Park and Surfer's Beach.

## Analysis and Conclusions

El Granada is a seaside community known for quaint small-town charm and scenic beauty. Tourism, agriculture, and fisheries provide the principal economic base. However, many retirees and executives choose to locate here due to the oceanside appeal. Residents, workers, and visitors enjoy access to multiple beaches, abundant recreation, and the tranquil setting.

The subject is located near Downtown El Granada, on the fringe of single-family residential neighborhoods with frontage along Cabrillo Highway (Highway 1) and the town's main thoroughfare, Avenue Alhambra. All the parcels benefit from sweeping ocean views as well as proximity to daily conveniences and a range of marine activities. The Oceanside Parcels are within walking distance of beaches, Pillar Point Harbor, shopping, and dining.

While the subject area is desirable, new development is and has historically been challenging due to infrastructure issues such as availability of water and sewer, the proximity to the ocean and required approval from the Coastal Commission, and relatively small market area. Further, the community and San Mateo County have strong intentions to preserve El Granada's small-town character and coastal views.

# Site Description

The Cabrillo Highway property consists of two sets of parcels located in El Granada, a census-designated place near Half Moon Bay in San Mateo County. Five parcels are located along the coast, just south of Cabrillo Highway (Highway 1), and they are referred to as the Oceanside parcels. Three parcels are located inland, set back from the highway and just south of Avenue Alhambra. These parcels are referenced as the Mountainside Parcels. The two sets of parcels have different characteristics, zoning, and land use designations. As such, we present separate site descriptions specific to each portion of the property.

## Oceanside Parcels

The five Oceanside Parcels are contiguous and located north of the Pillar Point Harbor and Beach. The parcels contain mostly vacant land with westernmost parcel improved with a single-family residence used as a vacation rental home. The site characteristics of these parcels are summarized as follows:

## Site Characteristics

| | |
|---|---|
| Gross Land Area: | 3.03 Acres or 131,881 SF |
| Usable Land Area: | Approximately 2.5 acres |
| Usable Land %: | Approximately 80% |

**Property Profile of Oceanside Parcels**

| | | Gross Land Area | | | | |
|---|---|---|---|---|---|---|
| **APN** | **Street Address** | **Acres** | **SF** | **Description** | **Zoning** | **Land Use** |
| 047-252-220 | Cabrillo Hwy | 0.51 | 22,033 | Vacant Land | CCR/DR/CD | PR |
| 047-252-230 | Cabrillo Hwy | 0.97 | 42,447 | Vacant Land | CCR/DR/CD | PR |
| 047-252-240 | Cabrillo Hwy | 0.61 | 26,651 | Vacant Land | CCR/DR/CD | PR |
| 047-252-360 | Cabrillo Hwy | 0.50 | 21,755 | Vacant Land | CCR/DR/CD | PR |
| 047-252-390 | 11820 Cabrillo Hwy | 0.44 | 18,995 | SFR (Rental Home) | CCR/DR/CD | PR |
| | | 3.03 | 131,881 | | | |

| | |
|---|---|
| Shape: | Rectangular |
| Average Depth: | 229 feet |
| Topography: | Level to steep sloping |
| Drainage: | Assumed adequate |
| Grade: | Above grade |
| Utilities: | All utilities are available to the southwest parcel (APN 047-252-390) to serve the vacation rental home onsite.<br>According to the client's records, one 5/8" (20gpm) pre-crystal springs water service connection was installed circa 1980 on the westernmost parcel that is improved with the vacation rental home (APN 047-252-390). There are no uninstalled |

water connections on this parcel. There is also one 1” (50 gpm) uninstalled pre-crystal springs water service connection assigned to the easternmost parcel (APN047-252-240). The remaining three parcels have no uninstalled or installed water rights assigned to them.

With regard to acquiring additional water rights for future development, Cathleen Brennan of Coastside County Water District explained that water connections on the San Mateo coastside are classified as either priority or non-priority. Priority land uses are agriculturally related development, public/private recreation, affordable housing, and visitor-serving commercial uses consistent with Land Use Plan policies. A visitor-related development on the site would be considered a priority use, and thus would be easier to acquire. The cost of a priority water connection is in the range of $16,000-$17,000 each, according to information shared with us by various real estate agents in the area. require a non-priority water connection.

The Coastside County Water District <u>does not</u> have any non-priority capacity available to sell. The District maintains a list of landowners who have non-priority water connections to sell and can provide this list to landowners in need of such capacity. This would be a private transaction between the seller and buyer, and it must transfer (assigned to an APN) by the District and be reviewed by the District’s attorney.

We spoke with several brokers (Dan Oliphant, James Viso, Randy Kinghorn) who specialize in properties in Half Moon Bay and El Granada. Both Mr. Kinghorn and Mr. Oliphant indicated that water connections usually run between $75,000 and $90,000 each. We have also spoken with Joyce Yamagiwa at Keenan Land (an owner of excess non-priority 5/8” water connections). Ms. Yamagiwa would sell such a connection for $85,000 plus an additional $1,800 for Coastside County Water District application, legal/escrow fees, and out of pocket costs. There are other potential sellers of water connections on the secondary market.

Overall, for a visitor related/ recreational use, which is the typical type of development expected on the Oceanside parcels, we consider it to be reasonably probable that an owner-user or developer of the subject could obtain a priority water connection(s) to support a new commercial visitor-serving or recreational development on the Oceanside Parcels.

| | |
|---|---|
| Off-Site Improvements: | The Cabrillo Highway frontage is typical of coastal area with no sidewalk, curbing or streetlights. A paved trail lines the southern boundary of the parcels facing the coastline. The trail stems from the Pillar Point Harbor parking area and extends south, providing access to the beach. |
| Interior or Corner: | Interior |
| Signalized Intersection: | No |

## Street Frontage / Access

| **Frontage Road** | |
|---|---|
| Street Name: | Cabrillo Highway |
| Street Type: | Arterial |
| Frontage (Linear Ft.): | 582 |
| Number of Curb Cuts: | 1 |
| Traffic Count (Cars/Day): | 21,031 |

## Additional Access

| | |
|---|---|
| Alley Access: | No |
| Water or Port Access: | Yes – The Pillar Point Launch Ramp is directly south of the property. |
| Rail Access: | No |

## Flood Zone Data

| | |
|---|---|
| Flood Map Panel/Number: | 06081C0138F |
| Flood Map Date: | 08-02-2017 |
| Portion in Flood Hazard Area: | 0.00% |
| Flood Zone: | X (unshaded) |
| | Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Flood insurance is not required. |

## Other Site Conditions

| | |
|---|---|
| Soil Type: | We have not been provided a geotechnical report for the subject property. Based on our physical inspection, soil conditions appear stable. |
| Environmental Issues: | A Phase I Environmental Site Report was not provided for review. We make no representations as to the presence of toxins and hazardous materials on the subject site. We are appraising the site as if clean. If this is of concern to any reader of this report, it is our recommendation that an environmental report be obtained from the appropriate professionals qualified to issue such opinions. |
| Easements/Encroachments: | A Preliminary Title Report was not provided to the appraiser for review. We assume that there are no easements, agreements, or |

encumbrances that would materially affect the value of the subject, either positively or negatively.

Earthquake Zone: The property is not located in an Alquist-Priolo Special Studies Zone for earthquake hazard. However, earthquake hazard is typical for the overall area, and the property is approximately 0.75 miles from the San Gregorio Fault Zone. The entire site also falls within a liquefaction zone.

Tsunami Zone: The California Emergency Management Agency (Cal-EMA) 2009 Tsunami Inundation Map for Evacuation Planning shows the subject site within the Inundation Zone, the County considers that map to be for Evacuation Planning (only) as stipulated on the map and confirmed by Cal-EMA, and not for land use purposes. Currently, the County relies on the U.S. Geological Survey: Science Application for Risk Reduction (SAFRR) model, which shows the site outside of the Tsunami Inundation Area.

Nonetheless, the property is near the Tsunami Inundation Area per the County's LCP map, and, therefore, would require a site-specific tsunami study to determine if it is indeed within a tsunami inundation area. If found within a Tsunami Inundation Area, permitted uses would be restricted to park or recreational facilities or resorts. A resort development would require a report by an authorized source estimating the probable maximum wave height, wave force, run-up angle, and level of inundation of the site. A resort facility would be subject to the Tsunami Inundation Area Criteria as specified in Section 6326.2(b. 2-4) of the San Mateo County Zoning Regulations. Essentially, a resort development could not be included within the portion of the site where the projected wave height and force is 50% or more of the projected maximum unless the highest projected wave is less than six feet, the residential floor level is at least two feet above the wave height, and the resort development is structurally sufficient to withstand the projected wave force.

## Adjacent Land Uses

North: Cabrillo Highway (Highway 1), open space, assorted retail, and residential

South: Pillar Point Launch Ramp and Pacific Ocean

East: Sam's Chowder House, Beach House Hotel, Pillar Point RV Park

West: Parking lot, Pillar Point Harbor, Oceano Hotel & Spa, and Shoppes at Harbor Village shopping mall

## Site Ratings

| | |
|---|---|
| Access: | Good |
| Visibility: | Good |

## Zoning Designation

| | |
|---|---|
| Zoning Jurisdiction: | County of San Mateo |
| Zoning Classification: | CCR/DR/CD, Coastside Commercial Recreation with Design Review and Coastal Development permit |
| General Plan Designation: | Public Recreation |
| Permitted Uses: | A variety of marine-related recreational and trade uses, resort facilities and hotels, restaurants, parks, and mixed-use, multi-family/commercial buildings are permitted based on zoning. |

Zoning Comments:

The Oceanside Parcels have a zoning of Coastside Commercial Recreation (CCR) combined with Design Review (DR) and Coastal Development Permit (CD) under the jurisdiction of San Mateo County. The site has a land use designation of Public Recreation as delineated by the Local Coastal Program Mid-Coast Land Use policies.

### Coastside Commercial Recreation (CCR)

The Coastside Commercial Recreation (CCR) District is intended to limit and control development of land designated as commercial recreation in the Local Coastal Program to establish areas that are oriented toward meeting the service and recreational needs of visitors, boat users, and Coastside residents. Characteristics of the CCR district include an intimate scale, unified, coastal design theme, a balanced diversity of uses, public access to the beach, and protection of coastal resources. These areas should also accommodate both pedestrian access and efficient vehicular access and parking.

Development standards within the CCR district include the following:

- Coastal Access – Development on the property must comply with the Requirements of the Local Coastal Program Shoreline Access Component. In addition, all new development would require easements or dedicated rights-of-way for trails or pathways that connect upland areas to established shoreline access points.

- Protection of Coastal Resources – Development must be located and designed to provide the maximum feasible protection of coastal resources, including marine views, significant natural landforms, and riparian habitats. Specifically, development would need to comply with the requirements of the Local Coastal Program Sensitive Habitats and Visual Resources Components, which may specify increased setbacks, reduced height limits, and reduced lot coverage.

- Design Review Compliance – All development is subject to the design guidelines and criteria of the Community Design Manual and the Local Coastal Program Visual Resources and Special Communities Component.

The general development standards specify a maximum building height of two stories, or 28 feet from the natural or finished grade, whichever is lower, for properties such as the subject that are located east of Denniston Creek. The maximum lot coverage is 50%. Side yard setbacks shall total 15 feet with a minimum of five feet on any side.

### Coastal Development District

Generally, under the subject's CD overlay designation, a new project on the property must be granted a Coastal Development Permit to ensure that any construction complies with the plans, policies, requirements, and standards of the Local Coastal Program. The Local Coastal Program is the document containing San Mateo County's policies for development in the Coastal Zone which lies under the purview of the California Coastal Act of 1976. Therefore, the issuance of a Coastal Development Permit (CDP) would likely be required for any new project that is on the Oceanside Parcels.

Finally, the "DR" designation is an "overlay" zoning district indicating that any development on the property must be approved by the County's Design Review Administrator.

### Development Potential and Timeframe

Overall, according to Summer Burlison, the representatives of the planning department, with whom we spoke, there is an inconsistency between the zoning and the general plan with the parcels having a split General Plan designation of Coastal Commercial Recreation and Public Recreation. In order to proceed with development of the subject a General Plan amendment is required. However, the County has larger plans for the area, Plan Princeton, which includes correcting the General Plan to be consistent with the zoning. The Plan Princeton is expected to be completed by next year at which point a General Plan amendment by the owner will not be required. If, however, a proposal is brought in before this approval of Plan Princeton then the owner would complete the General Plan amendment on their own.

Still, however, there is a lot of speculation and uncertainty of what can be permitted on the subject site is speculative at present. The first step for any prospective buyer of the property, towards developing the site, would be to submit a pre-application to the County of San Mateo's planning department. As part of the pre-application the developer can provide some site plans and preliminary drawings of the proposed development. It would take approximately 30-45 days for a landowner to hear back from the Planning Department, given that a variety of agencies would need to review the conceptual drawing submittal, such as Caltrans, Coastal Commission, City of Half Moon Bay (sphere of influence). After the pre-application stage, a formal application will be the next step towards entitling the site. During the formal application stage, the property should receive clearance from the Coastal Commission, the Design Review Committee, A certificate of Compliance, grading permit etc…It is not uncommon during the application review stage, that the developer would be required to go through several review/ resubmittal rounds, as it may take a few rounds for all reviewing agencies to sign off the proposed proposal. A realistic time frame for this step would be four to five months, depending on the Department's workload and how quickly the developer works through resubmittals.

For a project like the subject, a Mitigated Negative Declarations (MND) will be required at a minimum and possibly an Environmental Impact Report (EIR). Because the project might require a permit from a State Agency, Caltrans, for a driveway encroachment permit off of Highway 1, the MND or EIR must be filed with the State Clearinghouse for a 30-day public review period.

Once the application is complete it might take up to four months to get an approval from the County. However, if the proposed development is appealed to the Coastal Commission or by the Coastal Commission, the project approval shifts from the County jurisdiction to the Coastal Commission jurisdiction and the County fades out until the Coastal Commission renders a decision. Once at the Coastal Commission level projects could take up a significant amount of time to get approved, up to a maximum of 10 years.

We are aware of two redevelopment proposals in Montara that did not proceed forward due to significant opposition from the neighbors. Anything that increases traffic or blocks a view corridor will trigger neighborhood opposition.

Overall, for a property such as the subject, in El Granada or surrounding area, it can take years for an owner to obtain land use approvals from the Coastal Commission. The subject's zoning allows a variety of visitor related and recreational uses, but any owner would still likely face intense scrutiny, and go through a discretionary process that requires Planning Commisions approval. And there is always the potential for an approved land use at the County level to be appealed to the Coastal Commission.

## Analysis/Comments on Site

The Oceanside subject site consist of five contiguous parcels with approximately 582 feet of frontage along Cabrillo Highway in El Granada. Combined, the parcels have an area of 3.03 acres and a generally rectangular shape, suitable for development. The highway frontage offers good access and visibility. In addition, the property benefits from panoramic ocean views and convenient coastal access. The lots have an interior configuration but also border a paved trail that provides access at multiple points to Pillar Point Harbor Beach. Access from Cabrillo Highway is currently provided via a driveway entrance to a vacation residence situated on the western parcel (APN 047-252-390).

The Coast Commercial Recreation zoning and Commercial – Visitor Serving land use permit a variety of marine recreational and trade uses as well as a resort facility, which has been proposed for the site. However, any development onsite is subject to design review by the County and the requirements of the Local Coastal Program. Given the property's location east of Denniston Creek, the maximum height is restricted to two stories.

In comparison to the Mountainside Parcels (discussed next), the Oceanside Parcels offer the greatest development potential due to the zoning and land use designation. However, with regard to utilities, four of the parcels that form the 3.03-acre assemblage do not have water rights, as of the date of value. A priority water connection(s) would need to be obtained for visitor related/ recreational development which is affordable and more immediately available. There are, however, land use risks in obtaining future entitlements as it relates to a future proposed land use. A low scale visitor related use, however, will not trigger Coastal Commission Appeal and is expected to be easier and more straightforward. Also, the subject's location near a Tsunami Inundation Area (TIA) would necessitate a site-specific study prior to project approval. If the Oceanside Parcels were found to be within a TIA, a resort development, as proposed for the property, could be approved but would be subject to TIA criteria as mandated by the County.

Overall, the site conforms to the area and is well suited to commercial recreational and visitor-serving uses. The property overlooks the ocean, is adjacent to a popular restaurant, and is within walking distance of Pillar Point Harbor, a main attraction of the area that offers a variety of recreational, shopping, and dining options. However, gaining development approvals is and has historically been challenging in El Granada. This is considered in our valuation of the Oceanside Parcels.

## Mountainside Parcels

The three Mountainside Parcels are set back north from Cabrillo Highway with direct frontage along Avenue Alhambra. This portion of the property consists entirely of open space. The characteristics of these parcels is summarized as follows:

## Site Characteristics

| | |
|---|---|
| Gross Land Area: | 1.43 Acres or 62,189 SF |
| Usable Land Area: | 1.43 Acres or 62,189 SF |
| Usable Land %: | 100.0% |

**Property Profile of Mountainside Parcels**

| | | Gross Land Area | | | | |
|---|---|---|---|---|---|---|
| APN | Street Address | Acres | SF | Description | Zoning | Land Use |
| 047-251-040 | Ave Alhambra | 0.91 | 39,772 | Vacant Land | EG/DR | OS |
| 047-251-120 | Ave Alhambra | 0.37 | 16,090 | Vacant Land | EG/DR | OS |
| 047-251-140 | Ave Alhambra | 0.15 | 6,327 | Vacant Land | EG/DR | OS |
| | | 1.43 | 62,189 | | | |

| | |
|---|---|
| Shape: | Trapezoidal |
| Average Depth: | 103 feet |
| Topography: | Gently sloping |
| Drainage: | Assumed adequate |
| Grade: | At grade |
| Utilities: | Electricity is available at the street. The client provided information that one 5/8” (20gpm) uninstalled, non-priority crystal springs water service connection was assigned to the central parcel with APN 047-251-120. The other two parcels have no uninstalled or installed water rights assigned. |
| Off-Site Improvements: | The Avenue Alhambra frontage is improved with curbing, utility poles, and streetlights. A bus stop is located on the central parcel frontage and also across the street. Avenue Alhambra is a two-lane arterial with sidewalk, curbing, and gutters along the northern line that borders a commercial cluster and residential neighborhood. |
| Interior or Corner: | Interior |
| Signalized Intersection: | No |

## Street Frontage / Access

| Frontage Road | |
|---|---|
| Street Name: | Avenue Alhambra |
| Street Type: | Arterial |
| Frontage (Linear Ft.): | 567 |
| Number of Curb Cuts: | 0 |
| Traffic Count (Cars/Day): | 3,934 |

## Flood Zone Data

| | |
|---|---|
| Flood Map Panel/Number: | 06081C0138F |

| | |
|---|---|
| Flood Map Date: | 08-02-2017 |
| Portion in Flood Hazard Area: | 0.00% |
| Flood Zone: | X (unshaded) |
| | Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Flood insurance is not required. |

## Other Site Conditions

| | |
|---|---|
| Soil Type: | We have not been provided a geotechnical report for the subject property. Based on our physical inspection, soil conditions appear stable. |
| Environmental Issues: | A Phase I Environmental Site Report was not provided for review. We make no representations as to the presence of toxins and hazardous materials on the subject site. We are appraising the site as if clean. If this is of concern to any reader of this report, it is our recommendation that an environmental report be obtained from the appropriate professionals qualified to issue such opinions. |
| Easements/Encroachments: | A Preliminary Title Report was not provided to the appraiser for review. However, the Assessor's plat map shows a 70-foot-wide easement that traverses the western border of the site (APN 047-251-140). This easement appears to be a utility pole line easement, which would be typical for the property. We assume that there are no additional easements, agreements, or encumbrances that would materially affect the value of the Mountainside Parcels, either positively or negatively. |
| Earthquake Zone: | The property is not located in an Alquist-Priolo Special Studies Zone for earthquake hazard. However, earthquake hazard is typical for the overall area, and the property is approximately 0.75 miles from the San Gregorio Fault Zone. The entire site also falls within a liquefaction zone. |
| Tsunami Zone: | As previously stated, the property would require a site-specific tsunami study to determine if the parcels are within a tsunami inundation area. If found within a Tsunami Inundation Area, permitted uses would be restricted to the existing uses permitted on the park or recreational facilities. |

## Adjacent Land Uses

| | |
|---|---|
| North: | Cabrillo Highway (Highway 1), open space, assorted retail, and residential |
| South: | Pillar Point Harbor, Sam's Chowder House, Beach House Hotel, Pillar Point RV Park |
| East: | Open space and residential |

| | |
|---|---|
| West: | Open space |

## Site Ratings

| | |
|---|---|
| Access: | Good |
| Visibility: | Good |

## Zoning Designation

| | |
|---|---|
| Zoning Jurisdiction: | County of San Mateo |
| Zoning Classification: | El Granada Gateway (EG) |
| General Plan Designation: | General Open Space |
| Permitted Uses: | A variety of public and recreational facilities, including community centers, libraries, parks, and public parking for Surfers Beach. |

Zoning Comments:

The Oceanside Parcels have a zoning of El Granada Gateway combined with Design Review and a land use designation of Open Space as delineated by San Mateo County.

### El Granada Gateway (EG)

The purpose of the El Granada Gateway district is to provide for low-intensity development within what is known as the "Burnham Strip" of El Granada, where the property is located. The zoning aims to preserve to the greatest degree possible, the visual and open space characteristics of the land. As such, a variety of public recreational uses are permitted with a use permit.

In our discussion with County Planner Randall Cohen, even a parking lot would not be suitable on the subject site unless it incorporated a park or trail to coastal access. If a proposal for a parking lot were submitted, it would need to include a conceptual plan to show how a park or open space element would maintain the existing character and ocean views. It will also have to demonstrate save crossing along Cabrillo Highway.

### General Open Space Land Use

The General Open Space land use designation is reserved for resource management and production uses, including agriculture. While recreation and service uses are permitted under the General Plan designation, along with residential uses, such uses could not be permitted under the current EG zoning.

### Analysis/Comments on Site

The Mountainside Parcels consist of three contiguous parcels with approximately 567 feet of frontage along Avenue Alhambra in El Granada. The lots have an interior configuration with a setback from Cabrillo Highway. The site has good access and visibility compared to other properties within the area as Avenue Alhambra is the main thoroughfare of the town, and the property is visible from the highway. In addition, the property benefits from panoramic ocean views and beaches within proximity.

The three parcels form a generally trapezoidal shape with 1.43 acres of gross land area. A portion of this area is encumbered by a 70-foot-wide utility pole easement located along the western boundary of the site. Given the small size of the property, and the zoning and land use designation, the Mountainside Parcels would be most suited to a public park use or open space, as permitted by The El Granada zoning and General Open Space land use designation. A parking lot to accommodate Surfers Beach nearby or a prospective hotel on or resort on the Oceanside parcel, is much less probable but might be considered if conceptual plans were to clearly demonstrate safe crossing across Cabrillo Highway and how open space elements, such as a trail or park, would be incorporated into the design and thereby preserve the existing open space character and promote enjoyment of the scenic views.

Overall, the site conforms to the area and is most suited to a park or open space use. The property has expansive ocean views and is within walking distance of local retailers and the residential neighborhood. At present, Avenue Alhambra did not feature a crosswalk even when a bus stop is onsite. A crosswalk would greatly enhance pedestrian safety and appeal. A trail and crosswalk to the Oceanside Parcels would also improve access and provide coastal access. Between the two portions of the Cabrillo property, the Mountainside Parcels have the least development potential but could possibly offer a supportive parkland or parking use and also likely have leverage value for the County to approve proposed development on the Oceanside parcels. It could also provide leverage value to obtain entitlements on the Oceanside parcels.

## Subject's Development Challenges

The unincorporated San Mateo County area is a difficult market to develop property. Also, coast side property within the purview of the Coastal Commission are subject to enhanced scrutiny; any coastal development permit can be appealed to the Coastal Commission, adding to the land use risk for the subject site.

Development potential in the Half Moon Bay area has historically been restricted by four factors: water and sewer capacity, access, and the environment. The sewer capacity issue has largely been resolved with the expansion of the sewage treatment plant located in north Half Moon Bay which was completed in 1999. Public sewer service is available through the Sewer Authority Mid-Coastside, which governs the Half Moon Bay, Montara and Granada sewer districts.

The Coastside County Water District serves the Half Moon Bay area. However, there is a limited surplus water supply available to serve new development. The District has some capacity remaining for priority land uses such as commercial and tourist related land uses, as defined under the Local Coastal Program (LCP). However, according to Cathleen Brennan of the Coastside Water District, increasing the water supply is not a priority. Instead, the District is focusing on increasing reliability. Ms. Brennan explains that reliability includes disaster preparedness to ensure the water system can still function following a catastrophic event as well as improving the existing water supply to maximize use. The LCP is the governing planning document for physical development within its jurisdiction and constrains the development of water capacity to that needed to serve LCP built-out needs. The LCP limits residential development to 125 units per year between El Granada and Montara, or up to 200 units based on a decision and finding of sufficient public facility capacity by the County Board of Supervisors.

One should also not underestimate the immediate neighborhood. The El Granada area in Half Moon Bay represents a sophisticated community of individuals who are concerned with open space preservation, the environment and civic affairs. It is likely that proposed development on the subject would need to be approved by the County as well as the Coastal Commission, and the entitlement period is expected to be lengthy and costly given that the neighbors will likely appeal the proposed development and take the approval process to the next level, delaying project approval further.

Developers in the subject's area have historically faced substantial opposition and/or required substantial additional studies and review that prolonged the development timeline and required significant expense. While the subject zoning does allow commercial recreational or visitor related development, even a low intensity use would likely cause some members of the public to protest and potentially appeal a project to the Coastal Commission.

As of the date of value, there is speculation as of the type of development that could eventually be permitted on the subject. Development entitlements for intense hotel use are not guaranteed and could be conditioned on a lengthy and costly entitlement period.

## Subject's Development Potential / Scenarios

The subject benefits from many factors. It has an extraordinary location along Cabrillo Highway with panoramic views of the Bay. There are no other sites like the subject in the immediate El Granada vicinity. Thus, while the subject presents significant development risks, it also has significant development potential.

In the past, property owners have investigated the subject's development potential through various feasibility sites. Along with the likely uses, a hotel and RV site were the most prominent ones. Additionally, based on location, the subject might appeal to an owner-user as a commercial property, perhaps a water-related activity center, a restaurant etc. Its location in proximity to the beach, and the Downtown El Granada opens a wide range of use opportunities for the subject.

Overall, we believe the subject is unique and very desirable. Demand for a site like the subject is expected to be good in the short and the long term. However, due to the development risks associated with the subject property, a developer buyer will need to have experience and skill in working with a variety of commissions, a budget for the various professional studies and consulting fees required to put all the required documentation in line, as well as patience. Recognizing the significant development potential of the subject property but also the risks discussed earlier, a buyer looking for a development opportunity will cautiously price the subject property, as is, based on all the uncertainty.

In conclusion, while the subject represents a high-risk development property, it is also extremely desirable and would likely receive good demand once the economy improves and purchase financing becomes easier.

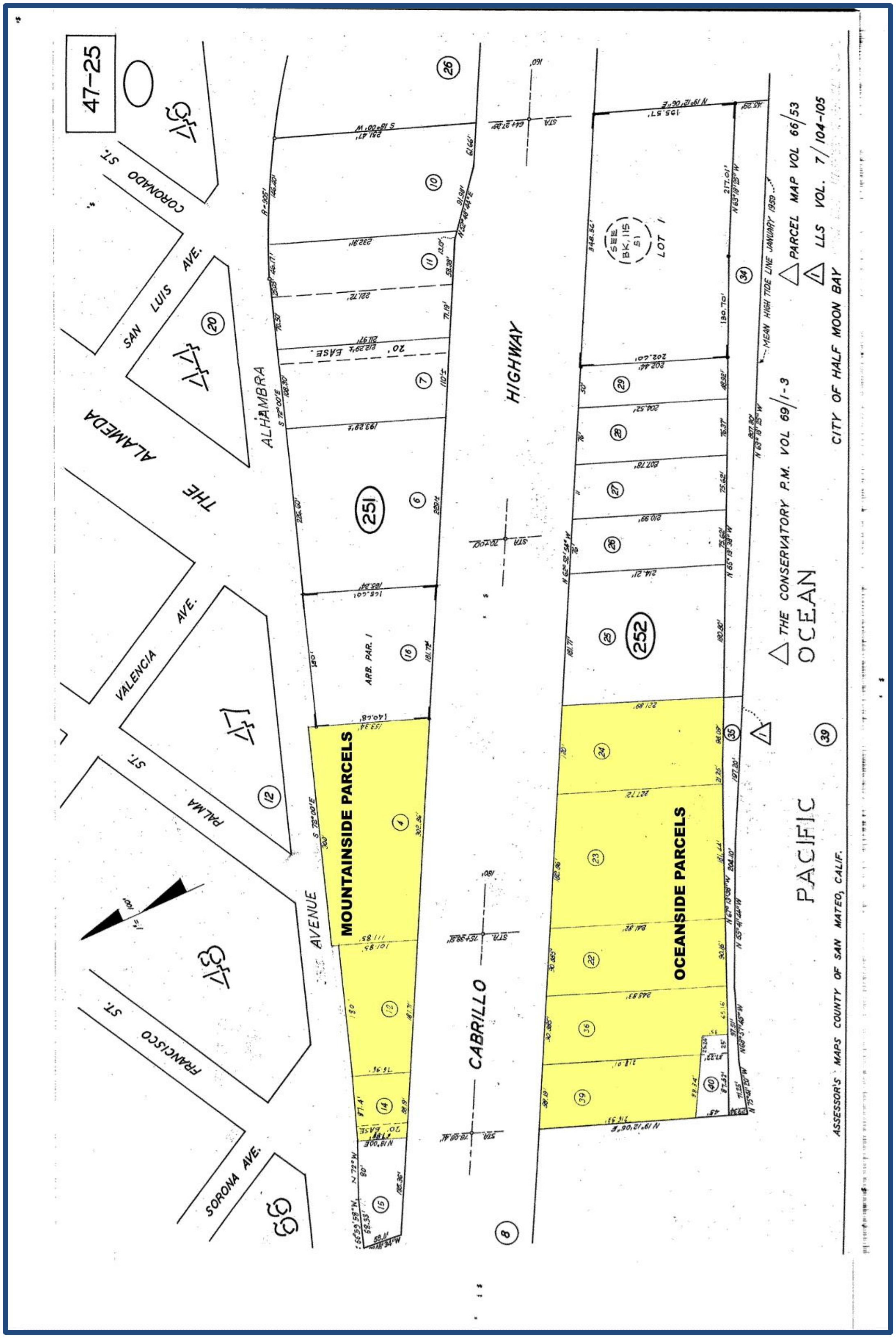
## Subject Improvements

The subject is improved with a single-family residence. The improvements were built in the 1950s and contain a living area of 1,526 square feet, according to information provided to us by the current owners. The interior of the improvements was not made available to us at the time of inspection, and it is our understanding that this is a one bedroom and one bath home, on a larger 0.44 acre site.

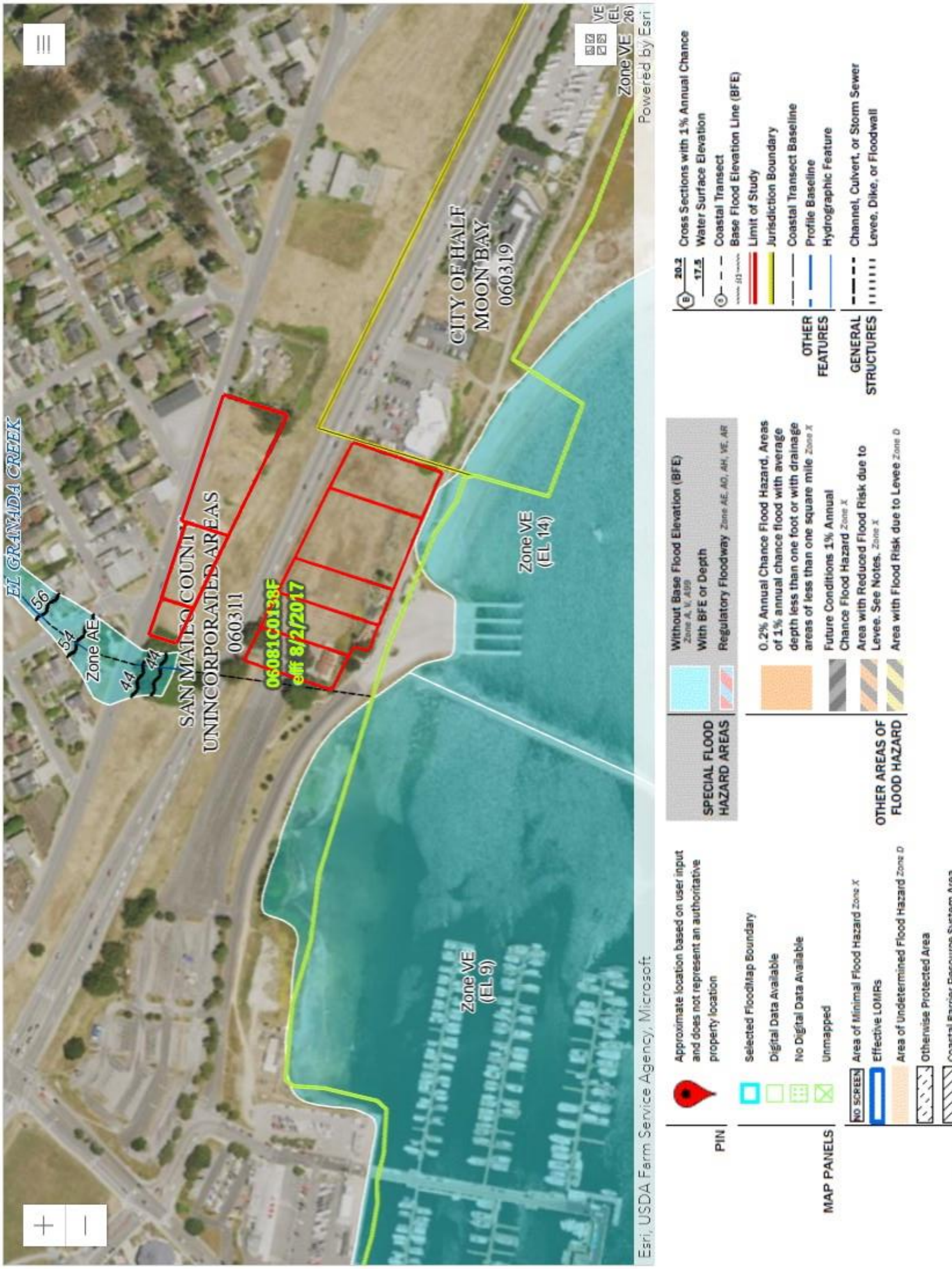
From the exterior the improvements appear in average condition and of rather modest construction, with the panoramic views of the bay making this property unique and being the selling point of this home. There is a built-in pizza oven and a hot tub in the property. Access to the property is provided via a driveway off of Cabrillo Highway. Direct access to the waterfront is not provided though the site, but through the adjacent public parking lot.

We estimate the effective age of the improvements to 40 years, with a remaining economic life of 25 years.

**TAX PLAT**


47-25
MOUNTAINSIDE PARCELS
OCEANSIDE PARCELS
CABRILLO HIGHWAY
ALHAMBRA AVENUE
THE ALAMEDA
CORONADO ST.
SAN LUIS AVE.
VALENCIA AVE.
PALMA ST.
FRANCISCO ST.
SORONA AVE.
PACIFIC OCEAN
THE CONSERVATORY P.M. VOL 69/1-3
PARCEL MAP VOL 66/53
LLS VOL. 7/104-105
CITY OF HALF MOON BAY
ASSESSOR'S MAPS COUNTY OF SAN MATEO, CALIF.

## FLOOD MAP


EL GRANADA CREEK
Zone AE
SAN MATEO COUNTY
UNINCORPORATED AREAS
060311
06081C0138F
eff 8/2/2017
CITY OF HALF
MOON BAY
060319
Zone VE
(EL 14)
Zone VE
(EL 9)
Zone VE
Esri, USDA Farm Service Agency, Microsoft
Powered by Esri
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE)
With BFE or Depth
Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile
Future Conditions 1% Annual Chance Flood Hazard
Area with Reduced Flood Risk due to Levee. See Notes.
Area with Flood Risk due to Levee
OTHER AREAS
NO SCREEN Area of Minimal Flood Hazard
Effective LOMRs
Area of Undetermined Flood Hazard
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall
OTHER FEATURES
Cross Sections with 1% Annual Chance
Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
Profile Baseline
Hydrographic Feature
MAP PANELS
Digital Data Available
No Digital Data Available
Unmapped
Selected FloodMap Boundary
PIN
Approximate location based on user input and does not represent an authoritative property location
Otherwise Protected Area
Coastal Barrier Resource System Area

# Subject Photographs – Oceanside Parcels

View of APN -390 with view of the house improvements

Subject view

View of subject land

View of subject land

# Subject Photographs – Mountainside Parcels

Closer View of Subject Property

Subject property as viewed from Avenue Alhambra

Street View Facing South on Avenue Alhambra

Subject Street View, facing North on Avenue Alhambra

# Assessment and Tax Data

## Assessment Methodology

The appraised value for the Cabrillo Highway parcels is determined by the San Mateo County assessor. The basis for the property assessment, or taxable value, in the jurisdiction is 100.0% of appraised or market value. The property is currently under multiple ownership as shown in the following tables, grouped by parcel set.

**Ownership of Oceanside Parcels**

| APN | Street Address | Ownership |
|---|---|---|
| 047-252-220 | Cabrillo Hwy | James J. Viso Trust/Viso Trust |
| 047-252-230 | Cabrillo Hwy | Charles J. Viso Trust / Cherry L. Viso Trust |
| 047-252-240 | Cabrillo Hwy | Prafulaben &Prafula Patel |
| 047-252-360 | Cabrillo Hwy | James J. Viso Trust/Viso Trust |
| 047-252-390 | 11820 Cabrillo Hwy | Joe Amaral, LLC |

**Ownership of Mountainside Parcels**

| APN | Street Address | Ownership |
|---|---|---|
| 047-251-040 | Ave Alhambra | Charles J. Viso Trust / Cherry L. Viso Trust |
| 047-251-120 | Ave Alhambra | Amy J. & Steven C. Caron |
| 047-251-140 | Ave Alhambra | Joe Amaral, LLC |

As privately-owned land, Cabrillo Highway parcels are subject to property taxes. The effective tax rate for the immediate area is 1.099700%. A tax schedule for each set of parcels is provided below and on the following page.

**Tax Schedule – Oceanside Parcels**

| | Tax Year | Parcel Number | Assessor's Appraised Value - Land | Assessor's Appraised Value - Imp. | Assessed Value | Effective Tax Rate | Special Assessments | Tax Expense |
|---|---|---|---|---|---|---|---|---|
| 1 | 2023 | 047-252-220 | $353,659 | $0 | $353,659 | 1.099700% | $181 | $4,070 |
| 2 | 2023 | 047-252-230 | $1,050,850 | $0 | $1,050,850 | 1.099700% | $181 | $11,737 |
| 3 | 2023 | 047-252-240 | $910,714 | $0 | $910,714 | 1.099700% | $181 | $10,196 |
| 4 | 2023 | 047-252-360 | $165,935 | $0 | $165,935 | 1.099700% | $181 | $2,006 |
| 5 | 2023 | 047-252-390 | $40,257 | $33,938 | $74,195 | 1.099700% | $884 | $1,700 |
| Total | | | **$2,521,415** | **$33,938** | **$2,555,353** | | **$1,608** | **$29,709** |

**Tax Schedule - Mountainside Parcels**

| | Tax Year | Parcel Number | Assessor's Appraised Value - Land | Assessor's Appraised Value - Imp. | Assessed Value | Effective Tax Rate | Special Assessments | Tax Expense |
|---|---|---|---|---|---|---|---|---|
| 1 | 2023 | 047-251-040 | $164,616 | $0 | $164,616 | 1.099700% | $181 | $1,991 |
| 2 | 2023 | 047-251-120 | $84,398 | $0 | $84,398 | 1.099700% | $998 | $1,926 |
| 3 | 2023 | 047-251-140 | $8,098 | $0 | $8,098 | 1.099700% | $181 | $270 |
| Total | | | **$257,112** | **$0** | **$257,112** | | **$1,359** | **$4,187** |

Current and Future Taxes

Proposition 13 was passed by voters in June 1978 and substantially changed the taxation of real estate in California. This constitutional amendment rolled back the base year for assessment purposes to the tax year 1975-1976. Annual increases in assessed value are limited to 2% per year, regardless of the rate of inflation. Real estate is subject to re-appraisal to current market value upon a change in ownership or new construction. Property assessments in years subsequent to a change of ownership or new construction are referred to as factored base values.

Proposition 8, which passed in November 1978, states that the Assessor shall lower tax roll values to fair market value whenever the assessed value exceeds fair market value. It mandates that the lower of fair market value or factored base value be placed on the assessment roll. When fair market values are enrolled, the Assessor reassesses the property annually until such time as fair market value again equals or exceeds the factored base year value. For properties that have been owned for several years, the assessed value may not reflect the current fair market value. Furthermore, due to adjustments following a Prop 8 reduction, increases in assessed value can increase substantially more than 2% per year until the assessment again matches the factored base year value.

## Conclusions

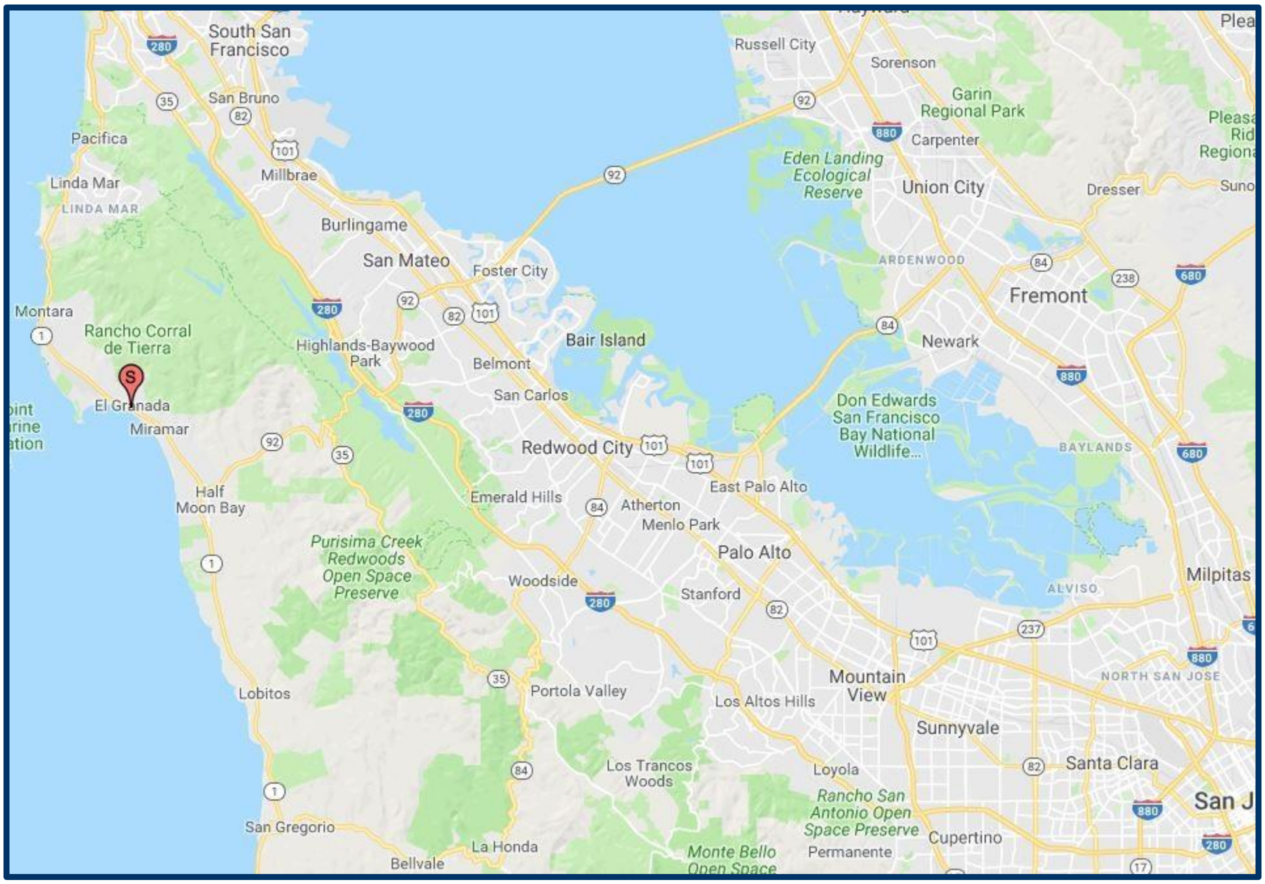
According to the San Mateo County Tax Assessor, the subject’s property taxes are paid as of the date of value. The assessed value of the subject is less than the market value of the subject. An appeal of the assessed value is not recommended.

# Market Analysis

## Local Market Performance

The Cabrillo Highway parcels consists of mostly vacant land that is split into a set of Oceanside Parcels zoned for commercial recreation and visitor-serving uses and a second set of Mountainside Parcels best suited for a park or recreational use. As such, we provide market analysis of the land market within the Half Moon Bay area. We have also briefly discussed the single family residential market.

**MARKET MAP**




## Land Market Overview

After years of strong market conditions throughout the Bay Area, rising interest rates produced a dramatic shift in the market during the second half of 2022. Higher interest rates have removed some buyers from the market due to lack of affordability and shifted some of this demand to for-rental housing rather than for sale.

With respect to commercial land, there has been very limited activity, mostly due to the lack of supply rather than inadequate demand. However, small owner-user sites have continued to be in demand within the El Granada area with properties selling near asking prices and fairly quickly.

Underlying employment conditions are a barometer of the health of the economy. The chart below from the U.S. Bureau of Labor Statistics shows improvements to the employment market until a steep drop in 2020 corresponding to the Coronavirus pandemic and shelter in place orders. As of the valuation date, employment was on the rise and unemployment was near an all-time low, though inflation was present in the market.


In the subject's submarket of El Granada, land values have been typically driven by the residential component. Although land markets across San Mateo County are very supply-constrained, commercial development on a stand-alone basis is typically not financially feasible in the near term in the Bay area, and in the El Granada area, based on our analysis, due to high soft and hard costs of construction and relatively lower rent levels.

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

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

Along the San Mateo County coastline, we typically see the smaller developers, land bankers, and land speculators most active in buying land. Recent demand from small local buyers has been for well-located, small sites for owner-use. If a property has easy access, no topography or geologic issues, has infrastructure available and allows for a mixed-use or medium-density residential use, the property will be in higher demand.

Land bankers and land speculators are buyers which typically have deep pockets and a long holding timeframe and recognize the inherent development risks in a property. These buyers do exist, even in today's weaker market conditions, but are few and far between, which is why unentitled properties can take a long time to sell. A land banker/speculator may also be someone who buys land for the future and intends to hold the property to realize future price appreciation and may or may not attempt to secure entitlements. Developers are also active in the subject market area.

The unincorporated San Mateo County area is a difficult market to develop property. Also, coast side property within the purview of the Coastal Commission are subject to enhanced scrutiny. The subject property requires a CDP, and any coastal development permit can be appealed to the Coastal Commission, adding to the land use risk for the subject site.

As discussed earlier, development potential in the Half Moon Bay area has historically been restricted by four factors: water and sewer capacity, access, and the environment. The sewer capacity issue has largely been resolved with the expansion of the sewage treatment plant located in north Half Moon Bay which was completed in 1999. Public sewer service is available through the Sewer Authority Mid-Coastside, which governs the Half Moon Bay, Montara and Granada sewer districts.

Land values for small commercial/ mixed-use sites sell between $55 and $75+ per square foot depending on a number of variables such as location, views, topography, water connections, and entitlements. These sites are mostly purchased by owner-users, with specific use ideas in mind.

Larger property sales are far-and-between and there is very limited information from which one could draw value conclusions. However, the subject would compete at the upper end of the range, between $35-$50 per square foot. We would expect good demand for the subject site if placed on the market for sale based on its central location, spectacular views and topography.

Overall, the subject property is located in a generally desirable area. Nonetheless, any development, even a low intensity one, would likely receive intense scrutiny from the local constituency. These factors are considered in the analysis. While commercial development might be easier to be approved on the subject site based on underlying zoning and lack of water rights, it may not be financially feasible at present. Mixed-use development is considered to be financially feasible but more difficult due to water capacity constraints.

## El Granada/Half Moon Bay Single-Family Housing Market

Historically, the Bay Area and San Mateo County have experienced explosive growth, in large part due to the various tech companies located in the area, and thus, these areas command some of the highest home prices in the nation.

The pandemic created challenges within the home building industry that had an impact on housing prices and demand. Production cuts, labor losses, and global supply chain interruptions resulted in material shortages and cost increases. Construction obstacles combined with an already low housing inventory drove home prices upward. Price increases intensified in 2021 as shelter-in-place policies were lifted and record low interest rates unleashed pent-up demand. In 2022, the housing boom was tempered by rising inflation and a return to higher interest rates that persists in 2023. As reported by Multiple Listing Service (MLS Listings), national year-over-year price growth dropped in 2023 for the first time in more than 10 years, ending the longest price growth streak. Month-to-month, however, housing prices have continued to increase in 2023 as of July.

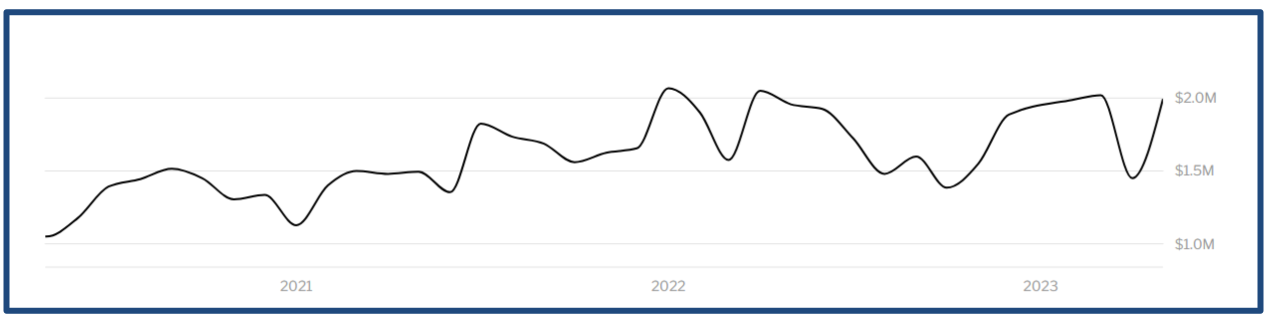
The following table highlights median prices for single-family housing within San Mateo County and the cities of El Granada and Half Moon Bay, as recorded by MLS. Since housing sales within El Granada alone are too few to provide statistically meaningful data, we combined the data for El Granada and Half Moon Bay.

**Single-Family Housing Median Sale Prices**
**El Granada, Half Moon Bay, and San Mateo County**

| | 2020 | % Change | 2021 | % Change | 2022 | % Change | 2023 YTD | % Change |
|---|---|---|---|---|---|---|---|---|
| El Granada/ Half Moon Bay | $1,477,000 | 12.3% | $1,685,000 | 14.1% | $1,795,000 | 6.5% | $1,711,000 | -4.7% |
| San Mateo County | $1,600,000 | 12.3% | $1,880,000 | 17.5% | $1,905,000 | 1.3% | $1,825,000 | -4.2% |

The preceding table echoes the nationwide trend for housing prices. Specifically, median sale prices increased in El Granada/Half Moon Bay as well as the county from 2020 to 2022 before dropping in 2023. Median sale prices peaked in 2021 with the county posting the highest increase of 17.5%. Price growth was more modest in 2022, but El Granada/Half Moon Bay surpassed the county with a 6.5% price increase. In 2023, demand cooled slightly with prices falling less than 5%.

The median listing home price in El Granada was $1.7M in June 2023, trending down -10.4% year-over-year. The median listing home price per square foot was $781. As of July, the median list price was $2,123,875 with 8 new listings on the market. This was a 43% increase in listings.




We note that only five homes were sold in the past month after being exposed on the market at an average of 47 days. Average marketing times in this market were 29 days and Homes in El Granada sold for approximately the asking price on average in June 2023.

Overall, the Half Moon Gay and El Granada Market cooled in 2023. The decline is expected as elevated mortgage rates (double from 2022) and recessionary fears dampen homebuyer interest. However, Lisa Sturtevant, Bright MLS Chief Economist, opines that the national housing market is not anticipated to crash. For a crash to occur, there would need to be a substantial drop in demand combined with a high surge of supply, she explains. With limited housing inventory and enduring demand, housing prices will remain high enough to insulate the market from a collapse.

The historical strength of the Bay Area housing market positions San Mateo County and Half Moon Bay to withstand variability. The El Granada/Half Moon Bay area has commanded healthy price growth over the last few years, and overall, we envision a positive long-term outlook for housing in the area.

## Conclusion

Investment and owner-user demand for commercial land in San Mateo County has historically been considered good. The pandemic placed some pressure on the market and the recent uncertainty with financing having introduced a pause in the market. However, there is limited supply of this type of product in the marketplace. Overall, the subject is a challenging site, in terms of development potential and ease of development and would likely only appeal to a limited market pool that was looking for land in this particular market area.

# Highest and Best Use Analysis

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The primary determinants of the highest and best use are (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

## Legally Permissible

The Oceanside subject site is zoned CCR/DR/CD, Coastside Commercial Recreation with Design Review and Coastal Development, which controls the general nature of permissible uses and is appropriate for the location and physical elements of the subject property, providing for a consistency of use with the general neighborhood.

The zoning allows for a variety of uses including recreational as well as visitor serving uses. Because of its waterfront location, development of the site will likely require Coastal Commission approval in addition to San Mateo County approval.

Legally permitted uses based on zoning for the Mountainside parcel are limited, mostly associated to parks and open space or a small-scale public use such as a community center, athletic fields etc. Certain supportive uses such as surfers parking may be permitted as well.

A preliminary title report was not provided to us, and we assume that there are no known easements, covenants or other use restrictions that would unduly limit or impede development. We note an easement on recorded for one of the Mountainside parcels. Its impact to the development of the subject and, therefore, its market value is not expected to be significant.

## Physically Possible

The physical characteristics of the subject site are presented in the Site Description and allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences were considered.

The subject site consists of two developable parcels of land that are nearly rectangular in shape. The Oceanside parcel consists of four APNs containing an area of 3.03 acres. The parcel has significant water frontage along with significant street frontage. The subject has some water rights in place for development, which is a significant benefit, however, additional water rights will be required for most of the proposed or likely to be developed uses. The subject is located in a very desirable location and has views of the bay. The subject site is adaptable to a number of uses. There are no significant adverse site factors.

The parcel along Avenue Alhambra consists of three APNs, with a combined area of 1.42 acres. It has a rectangular configuration with adequate street frontage. The site has inferior zoning, permitting only a park or public use. It also lacks water, and, therefore, it has limited development potential, on a standalone basis, mainly as a park and open space or possibly as a supporting parking lot.

While the two subject sites are physically separated, development under one project or proposal is possible and is typical in the subject submarket. In fact, the Mountainside parcel could be used as valet parking area to support development across the street or as leverage to ger approvals for development on the oceanside parcel.

### Financially Feasible

The financial feasibility of a development can generally be estimated by comparing the current cost of the developed property, including current land value and developer's profit, to current market value of the completed property, as indicated by the sales comparison and income approaches to value.

Properties along the San Mateo Coast in Half Moon Bay are extremely valuable, and properties within walking distance to the beach and with unobstructed view of the bay are the most desirable location in the City. Overall, surrounding land use patterns support hotel/ restaurant or an RV camp development.

After narrowing potential uses to the most probable use(s) based on legal and physical limitations, financial feasibility is determined based on the ability of a particular use to produce an adequate return on investment. Feasibility is initially tested through market observation of supply/demand trends and market values, with a cost/benefit analysis required if market observations are inconclusive. Market data associated with the most probable use(s), but also based on information provided to us by the current owners of the subject property and the listing agent, was analyzed and the findings and conclusions are presented in the following table:

**ANALYSIS OF PROBABLE USES**

| **Probable Use** | **Hospitality** | **RV Camp** | **Restaurants** |
|---|---|---|---|
| **Demand** | Strong | Strong | Strong |
| **Supply** | Balanced | Undersupplied | Undersupplied |
| **Value Trend** | Stable | Stable | Stable |
| **Financial Feasibility** | Hold for future development | Immediate development | Hold for Future Development |

The financial feasibility of a hotel or restaurant of the property is unquestionable in the future, based on the location attributes of the property, its view element and proximity to the beach. However, the current economic climate has created some uncertainty in the market and there is difficulty in obtaining financing for new development, especially construction financing. Therefore, such development is not likely feasible in the short term.

On the other hand, RV Camp or low scale recreational use would be financially feasible at present.

### Maximally Productive

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

Based on location, the subject is ideally suited for visitor-serving retail or water-related commercial use. The oceanside site has superior development potential however, development is not likely financially feasible at present. It is also uncertain if such use will eventually be approved on the site.

An RV use or other water related recreational use may have more immediate development potential and higher certainty of approval.

Considering these factors, the maximally productive use as though vacant is to hold the site for a future visitor related use. A potential buyer of the subject should not, however, seek to maximize the site's development potential because this will trigger Coastal Commission involvement in final approvals which would likely introduce significant delay in the entitlement process.

It will be maximally productive that the two subject sites are sold and developed together. The site along Avenue Alhambra, which has limited development potential on its own, could serve as support parking for the development that will take place on the Oceanside parcel, but safe crossing of Cabrillo Highway will be necessitated. Additionally, the mountainside parcels can be used as leverage to the County and larger community to get favorable approvals for the development of the rest of the property.

### Highest and Best Use Conclusion

The conclusion of the highest and best use is to hold the site for future visitor serving related development. Ideally both the oceanside and mountain side parcels should be sold together.

## Analysis of Highest and Best Use as Improved

In determining the highest and best use of the property as improved, the focus is on three possibilities for the property: 1) continuation of the existing use, 2) modification of the existing use, or 3) demolition and redevelopment of the land.

We note that there are improvements associated with the oceanside parcel. The existing improvements have been grandfathered in and are considered a legal and nonconforming use of the site. Based on the age and condition of the improvements, they represent a low FAR and an underutilization of the subject site. However, the location of the single-family improvements is exceptional which generates significant value. It is questionable, however, if a potential buyer of the subject property would be able to expand the improvements on site, given their legal, non-conforming use.

As we discussed, the improvements are situated on a 0.44-acre portion of the larger Oceanside parcel, which is larger than the typical 5,000-9,000 square foot home sites. The minimal lot requirement for a SFR is 5,000 square feet. As we will see later in the report, the improvements are valued at $2,060,000, which suggests a value for the improved site of $107 per square foot of site area. The assembled land is valued later in our appraisal at a much lower value, of $47 per square foot, suggesting a value for the improved site of $900,820. Therefore, the improvements add value to the subject property, which is above the value of the land.

Based on the typical home sites in the subject market area of 5,000-9,000 square feet, the subject, at 0.44 acres or 18,995 square feet, is certainly a large home site, offering excess land to a potential buyer. We also point to the reader's attention that access to the larger 3.03-acre oceanside assemblage (of which the home is part) is currently offered through the improved parcel. It would be maximally productive for a future buyer of the improved site to subdivide the parcel and pursue a lot line adjustment that would allow the house to be sold separately than the rest of the site. In fact, the current property owners have completed work towards such a lot line adjustment, creating a 9,583 square foot site for the existing home and selling the rest of the site as part of the land assemblage. Easement access has been plotted, as shown in the image below, that would allow access to the home site from the larger land assemblage.


Overall, the existing improvements add value to the subject site and should be maintained. Retaining the improvements as they exist meets the tests for physical possibility, legal permissibility and financial feasibility. The improvements are modest but offer an exceptional location and view element and could be ideal for the right buyer. While the improvements add limited value, at present, they can be renovated/ rehabilitated and put into a new use.

The highest and best use of the two subject properties, as improved, is to subdivide the home site and sell the single-family residence separately from the land. A potential buyer of the subject site could, at a future day, perform the required lot line adjustment to sell the home separately from the land.

Subdividing the home site and selling the portion of APN -390 as part of the larger assemblage (2.8-acre site) enhances the oceanside site's development potential, as it taps into the existing access.

## Conclusion of Highest and Best Use As Improved

The highest and best use of the subject property, as improved, is to perform a lot line adjustment that would allow the single-family home to be sold separately from the rest of the land, and then sell the remaining 2.80-acre land (3.03 acres – 0.22-acre home site) assemblage for redevelopment. This would require that shared easement access would be provided to the house as well as to the land from the existing access point.

## Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is a developer. Due to the risk associated with the type of development eventually approved on the subject site, as well as the significant time and cost for a potential buyer in order to process entitlements, an owner-user sale might represent an alternative highest and best use, as if vacant. This buyer might be an individual who would live in the house while pursuing a marine related recreational or visitor related opportunity to the rest of the site.

# Appraisal Methodology

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

The process of developing the sales comparison approach consists of the following analyses: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject site.

The subject property consists of two separate sites, referenced as the Mountainside site and the Oceanside site. As discussed, these two sites have separate Highest and Best use and development potential. Specifically, an approximate 1.42-acre portion of the subject property, identified as the mountain side site does not have development potential. As discussed, this portion of the subject site adds leverage value to a potential buyer, to incentivize the city to approve development proposals associated with the developable portion of the site. The rest of the site, identified as the Oceanside site has future but speculative with respect to the type, as of the date of value, development potential.

In addition, the Oceanside site contains some improvements that add value to the property. More specifically the highest and best use of the Oceanside site is to maintain the existing home and redevelop the rest of the site with the uses permitted by municipal guidelines.

As discussed, the improvements are located on an approximately 9,583 square foot portion of the larger site. Upon a lot line adjustment, and excluding the area associated with the improvements on site, the rest of the ocean side property contains a total of 2.81 acres.

In this appraisal we will value the 2.81-acre developable portion of the subject site first using a variety of comparable land sales, mostly from the immediate market and the larger San Mateo County coast area, that bracket the subject's zoning and development potential. We will first value the undeveloped portion, as redevelopment land and we will then value the improve portion (vacation rental). The value of the improved portion of APN -390 will be added to the rest of the site.

We point to the reader's attention that both the improved portion as well as the redevelopment land portion of the Oceanside site are not the typical types of properties that transact in the subject market. In addition, the El Granada area of Half Moon Bay does not easily compete with other seaside areas such as Santa Cruz or Monterey. It does not also compare well with other San Mateo County locations. The most meaningful sales are those from other coastal locations in San Mateo County, such as Half Moon Bay, Moss Beach or Montara. In all, these types of properties are difficult to value as there are very few directly comparable sales in the market. In the absence of the ideal comparable sale, we have used a variety of comparables in our analysis in order to bracket the subject's characteristics, the likely development potential and the anticipated time frame to obtain entitlements.

The mountain side site will be valued last. We have considered this site's limited development potential in our valuation. As discussed in the highest and best us, this property could be purchased as part of the larger oceanside parcel, to serve as leverage for development of the oceanside parcel or to serve as overflow parking for future development of the oceanside land. Based on zoning and land use designation, an alternative buyer of this portion of the subject would be either a public agency as open space, or a land speculator. As such, we have used a cross-check to our value conclusions by applying a remnant discount to the estimated land value for the subject's remnant characteristics. Depending on the physical characteristics of the remnant parcel, and the site to which it would be assembled, as well as the number of contiguous owners and their motivations for purchase, the discount can be nominal to substantial. This is also a valid approach to value land remnants, when land when comparable land sales with speculative stand-alone development potential are non-existent.

# Land Valuation—Oceanside Site Sales Comparison Approach

## Methodology

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

The process of developing the sales comparison approach consists of the following: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject.

### Unit of Comparison

The primary unit of comparison selected depends on the appraisal problem and nature of the property. The primary unit of comparison in the market for vacant land such as the subject is price per square foot of site area.

### Elements of Comparison

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

### Comparable Sales Data

In this section of the appraisal we will value the 2.81-acre developable portion of the subject site.  The portion that is improved with the SFR will be valued separately.  To value the subject site, we will use a variety of comparable land sales, mostly from the immediate market and the larger San Mateo County coast area, that bracket the subject’s zoning and development potential.

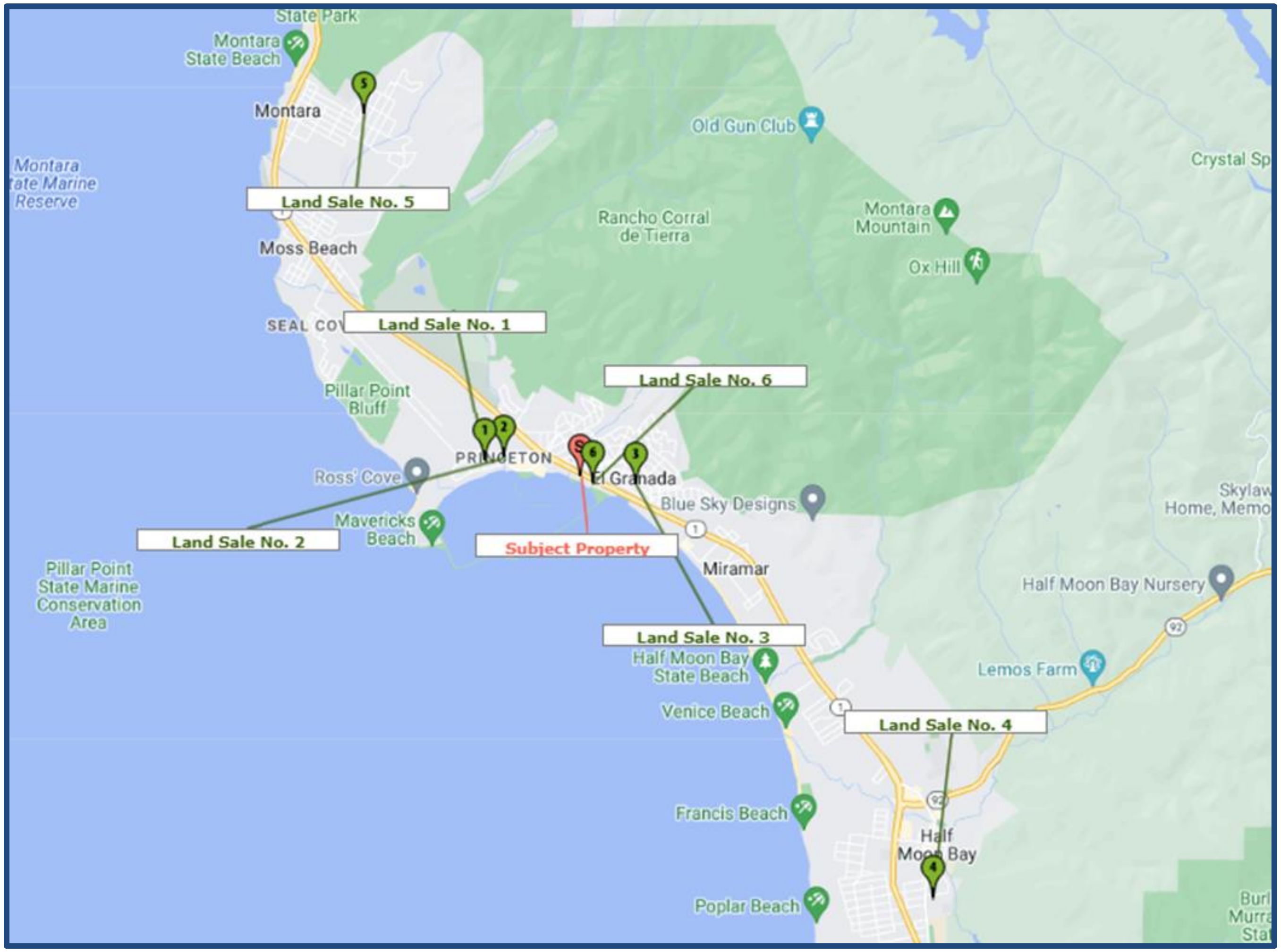
To obtain and verify comparable sales and listings of vacant land properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, as well as a review of our internal database.

We included several sales in our analysis, as these sales were judged to be the most comparable to develop an indication of market value for the subject property. The following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Details of each comparable follow the location map.

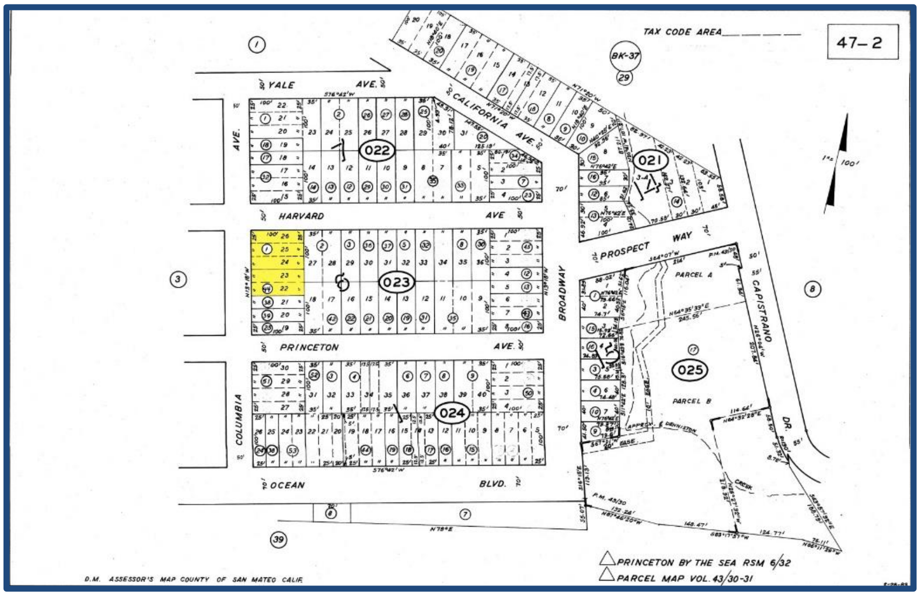
**Land Sales Summary - Ocean Side Site**

| Comp. No. | Date of Sale | Usable Acres | Location | | Zoning | Proposed Use | Sales Price Actual | Per Sq. Ft. |
|---|---|---|---|---|---|---|---|---|
| 1 | March-23 | 0.287 | 158 Columbus Avenue | Princeton by the Sea, California | CCR/ DR | Commercial | $975,000 | $77.99 |
| 2 | August-22 | 0.450 | Cornell Avenue and Regent Street | Princeton by the Sea, California | W/DR/AO | Commercial | $1,200,000 | $61.22 |
| 3 | August-21 | 0.519 | 570 Avenue Alhambra | El Granada, California | C-1/S-3/DR/CD | Mixed use redevelopment | $2,270,000 | $100.40 |
| 4 | April-19 | 0.506 | 700 Monte Vista Lane | Half Moon Bay, California | C-R | Hold for future redevelopment | $1,750,000 | $79.39 |
| 5 | July-17 | 0.861 | 1185 Acacia Street | Montara, California | R10000 | Hotel | $2,200,000 | $58.67 |
| 6 | October-18 | 0.590 | Cabrillo Highway | El Granada, California | C-VS | Hold for Investment | $875,000 | $34.05 |

## COMPARABLE SALES MAP



## COMPARABLE LAND SALE 1




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11325302/1652713 |
| **Property Type** | Commercial |
| **Address** | 158 Columbus Avenue |
| **City, State Zip** | Princeton by the Sea, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.504643/-122.489497 |
| **Tax ID** | 047-023-010, 440 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | March 24, 2023 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 13338 |
| **Grantor** | TPM Ventures LLC | **Sale Price** | $975,000 |
| **Grantee** | Andrew R Turner (AST Ventures LLC) | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.29 | **Use Designation** | General Industrial |
| **Usable SF** | 12,502 | **Zoning Jurisdiction** | San Mateo County |
| **Proposed Use** | Commercial | **Zoning Code** | CCR |
| **Visibility** | Average | **Zoning Description** | Coastside Commercial Recreation |
| **Corner/Interior** | Corner | | |

### Indicators

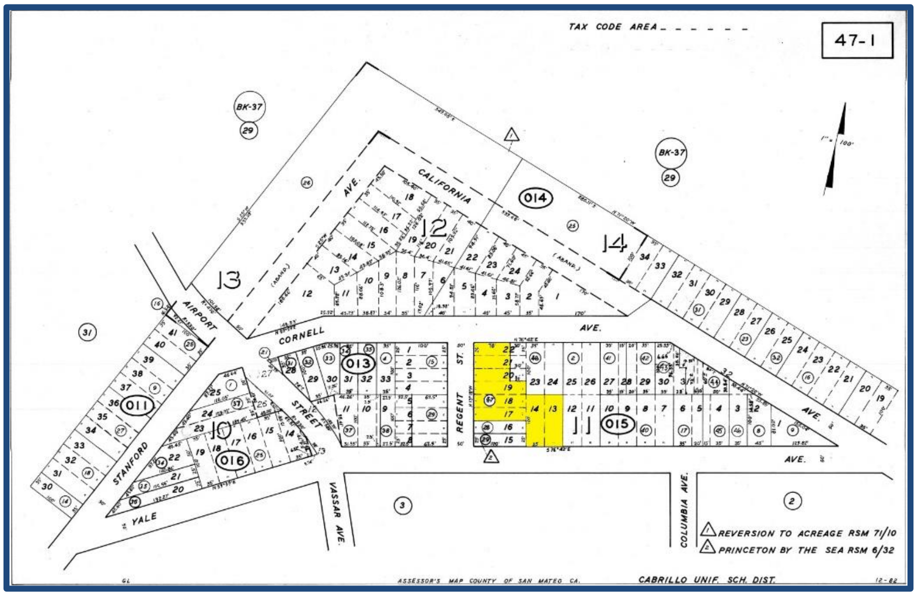
| | |
|---|---|
| **$/Usable SF** | $77.99 |

## Remarks

The property consists of +/-12,500 sf of development land one block from the waterfront at Pillar Point Harbor/Princeton by the Sea. APN: 047-023-010 is located on the corner of Harvard Avenue and Columbia Avenue. The parcel is approximately 7,500 sf and has one installed 5/8-inch water connection as well as its own temporary power pole installed on site. The adjacent parcel, APN: 047-023-440, is located on Columbia Avenue and is approximately 5,000 sf.

The property sold to an owner-user. At the time of sale, the site was occupied by various month-to-month occupants providing passive income. We are unaware of the plans of the new owners.

## Comparable Land Sale 2




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11325305/1652714 |
| **Property Type** | Commercial |
| **Address** | 218 Cornell Avenue |
| **City, State Zip** | Princeton by the Sea, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.504941/-122.486922 |
| **Tax ID** | 047-015-470 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | August 10, 2022 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 59910 |
| **Grantor** | Elizabeth Broderick Trust | **Sale Price** | $1,200,000 |
| **Grantee** | Vaughan-Reno Investments LLC | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.45 | **Zoning Jurisdiction** | San Mateo County (Plan Princeton) |
| **Usable SF** | 19,602 | | |
| **Proposed Use** | Commercial | **Zoning Code** | W/AO |
| **Visibility** | Average | **Zoning Description** | Waterfront and Airport Overlay Zone |
| **Corner/Interior** | Through Lot | | |
| **Use Designation** | General Industrial | | |

### Indicators

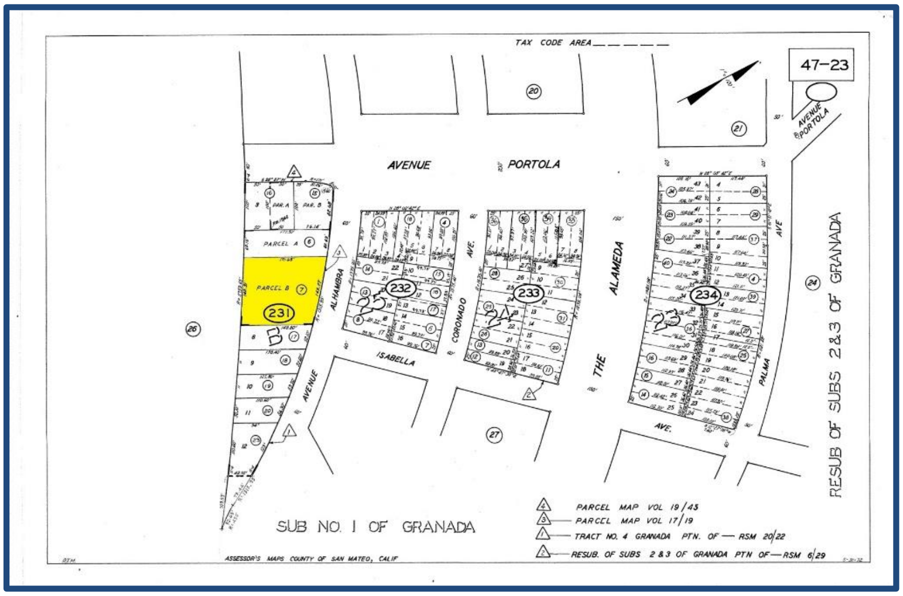
| | |
|---|---|
| **$/Usable SF** | $61.22 |

## Remarks

Large commercial/ industrial lot off of Cornell Avenue and Regent Street in Half Moon Bay. The site has a through-lot configuration and is accessed from three streets. The site consists of eight lots totaling 0.45 acres, or 19,602 square feet. The site is under the jurisdiction of San Mateo County and is zoned W/AO, Waterfront and Airport Overlay Zone and the land use designation is General Industrial.

The land was not entitled at sale. The new owner is an owner-user who intends to use the land for storage. As of the date of sale it operated as a boatyard with maritime related storage in high demand.

## COMPARABLE LAND SALE 3




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11213596/1576020 |
| **Property Type** | Mixed Use Land |
| **Address** | 570 Avenue Alhambra |
| **City, State Zip** | El Granada, California 94018 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.502048/-122.469126 |
| **Tax ID** | 047-231-070 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | August 27, 2021 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 23303 |
| **Grantor** | Thomas J. McCafrey | **Sale Price** | $2,270,000 |
| **Grantee** | Monica Marie Orrell | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.52 | **Corner/Interior** | Interior |
| **Usable SF** | 22,610 | **Use Designation** | Neighborhood Commercial |
| **No. of Units** | 15 | **Zoning Jurisdiction** | City of El Granada |
| **Density (Units/Ac)** | 28.90 | **Zoning Code** | C-1/S-3/DR/CD |
| **Proposed Use** | Mixed use redevelopment | **Zoning Description** | Neighborhood Business District |
| **Street Access** | Average | | |
| **Visibility** | Good | | |

### Indicators

| | |
|---|---|
| **$/Usable SF** | $100.40 |

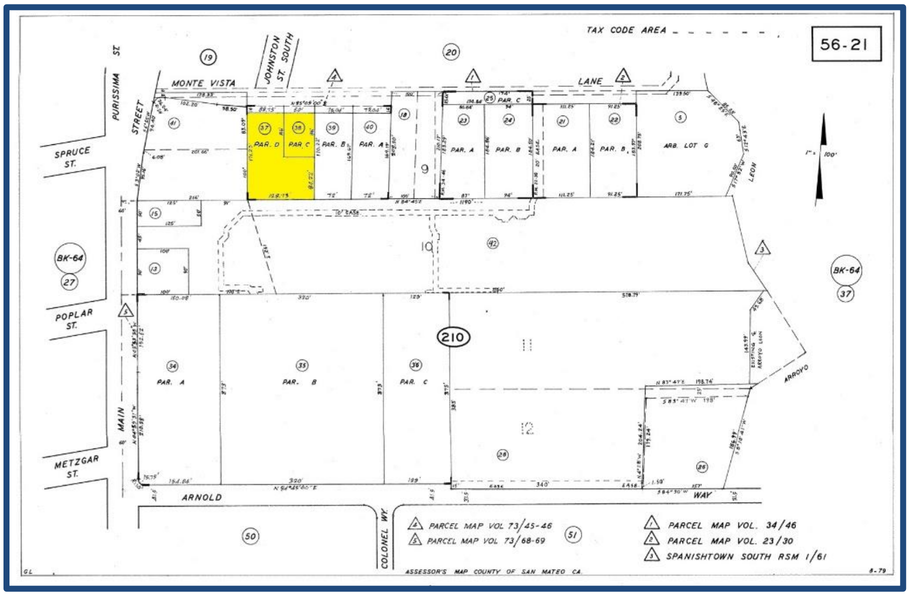
## Remarks

This property consists of a single parcel improved with an older single-family residence located along the south side of Avenue Alhambra in downtown El Granada. The site has a generally trapezoid shape and an interior lot configuration two parcels east of Avenue Portola. The site has approximately 160 feet of frontage along Avenue Alhambra and an average depth of 160 feet. The property has ocean views. Utilities are onsite for the existing residence.

The underlying site contains 22,610 square feet or 0.52 acres. The existing home contains 1,690 square feet and was originally constructed circa 1945. The property is zoned Neighborhood Business District (C-1), Design Review (DR), and Coastal Development Permit (CD) Overlay and is within the Mid-Coast Land Use Plan Area and has a land use of Neighborhood Commercial.

This property sold to an investor/developer. The sale price is $2,3370,000 or $100.00 per square foot of land. The broker stated that the existing home does add interim value and opined the buyer will live in the home for a short time while he secures entitlements. The seller had spent several years working with the county planning department to entitle the site for 15 residential units and 5 retail units. There were no approvals in place at the time of sale. However, the broker opined that the seller will approach the county with his own proposal for redevelopment. The property has one water connection in place.

## COMPARABLE LAND SALE 4




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11129492/1523302 |
| **Property Type** | Mixed Use Land |
| **Property Name** | Commercial Land |
| **Address** | 700 Monte Vista Lane |
| **City, State Zip** | Half Moon Bay, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.457863/-122.429087 |
| **Tax ID** | 056-210-370, 056-210-380 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | April 1, 2019 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 26159 |
| **Grantor** | Monte Vista Lane LLC | **Sale Price** | $1,750,000 |
| **Grantee** | Robert Williamson | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.51 | **Corner/Interior** | Interior |
| **Usable SF** | 22,042 | **Use Designation** | General Commercial |
| **Proposed Use** | Hold for future redevelopment | **Zoning Jurisdiction** | City of Half Moon Bay |
| | | **Zoning Code** | C-R |
| **Street Access** | Average | **Zoning Description** | Commercial, Residential |
| **Visibility** | Average | | |

### Indicators

| | |
|---|---|
| **$/Usable SF** | $79.39 |

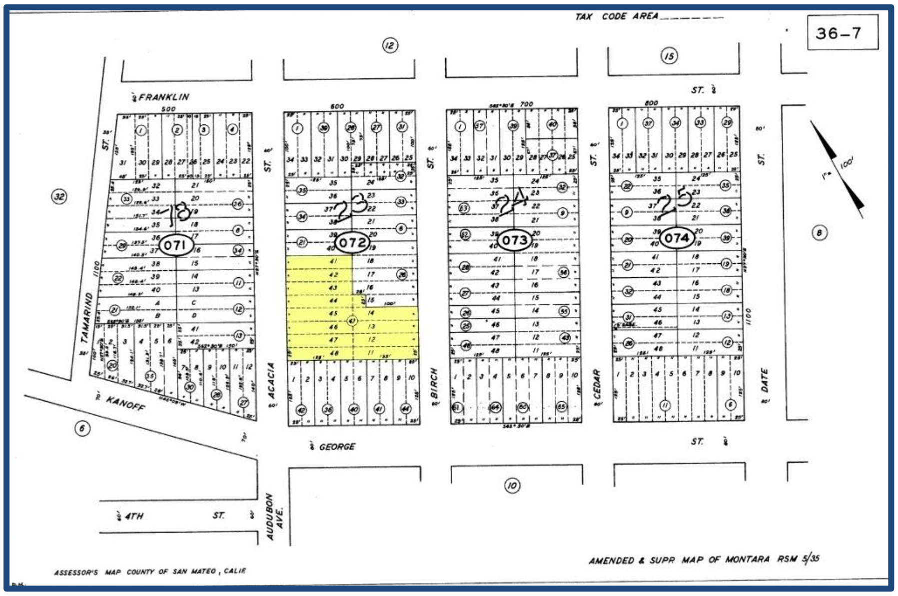
## Remarks

This is an improved property, however, the value is in the land. The improvements add interim value. The structures on site consist of a 5,800-square-foot single story office building, ideally suited to a single tenant. The improvements were reported in average condition.

The site has a rectangular shape and an interior block location just off of Main Street, in downtown Half Moon Bay. The site has approximately 128 feet of frontage along Monte Vista Lane. Access to the site is average and visibility is good. The property zoning is Commercial Residential and the General Plan land use designation is General Commercial.

Robert Williamson purchased this property in April 2019 from Monte Vista Lane LLC. The property sold below the asking price of $1,790,000. The sale price was $1,750,000 or $79.39 per square foot of land. It was reported that the buyer was a previous owner of the property. In fact, he had developed and then sold this property in 2001. He is interested in owner-occupying the property in the short-term for his business and eventually redeveloping the site. The value of this property is in the potential, given the large land component.

## Comparable Land Sale 5




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11326785/1653745 |
| **Property Type** | Commercial |
| **Property Name** | Commercial Land |
| **Address** | 1185 Acacia Street |
| **City, State Zip** | Montara, California 94037 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.541661/-122.505853 |
| **Tax ID** | 036-072-430 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | July 19, 2017 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 61606 |
| **Grantor** | Olympian Gulf Properties | **Sale Price** | $2,200,000 |
| **Grantee** | KN Resorts LLC | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.86 | **Zoning Jurisdiction** | San Mateo County |
| **Usable SF** | 37,501 | **Zoning Code** | R-1/S-17/DR/CD |
| **Proposed Use** | Hotel | **Zoning Description** | One-Family Residential - District 17 combined with Design Review and Coastal Development |
| **Street Access** | Good | | |
| **Visibility** | Average | | |
| **Corner/Interior** | Through Lot | | |
| **Use Designation** | Medium Density Residential | | |

### Indicators

| | |
|---|---|
| **$/Usable SF** | $58.67 |

## Remarks

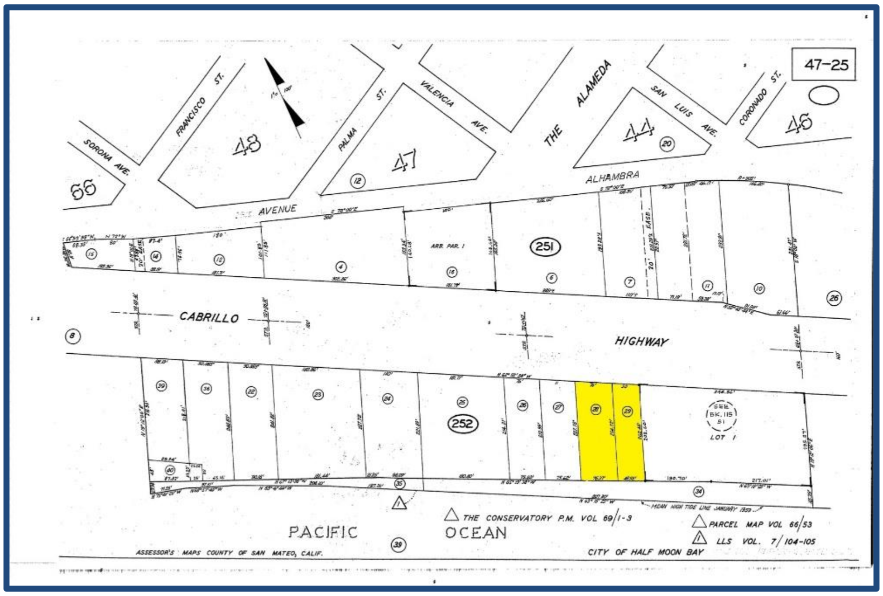
The property consists of a 12-lot site, located in a residential neighborhood of Montara. The site has a through-lot configuration with 200 feet of frontage along Acacia Street and 100 feet of frontage along Birch Street. At 0.86 acres, the property benefits from being among the largest sites in the immediate area with good access from two frontages.

The property was improved with a 38-bed, assisted living facility known as The Chalet Montara. The improvements included the main living quarters and a second building that totaled a reported 12,500 square feet. The floor area ratio was 0.33 on the 0.86-acre site.

The property has a zoning of R-1, One-Family Residential combined with the S-17, which generally permits single-family homes, public parks, and day care facilities. Churches, schools, libraries, and fire stations are allowed with a use permit. Development is also subject to the regulations of the Design Review District and the Coastal Development overlay.

The asking price was $2,850,000. Escrow lasted for approximately 75 days. The buyer was Keef Nerhan of KN Resorts, LLC. Mr. Nerhan paid cash for the acquisition with plans to redevelop the property with a hotel. As of the close of escrow, the improvements were vacant. Since it could potentially take an extended amount of time working with the Coastal Commission for approvals, the owner is considering a quick rehabilitation to generate some income in the meantime. However, the value was definitely in the land for redevelopment.

## COMPARABLE LAND SALE 6




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 10707463/1395918 |
| **Property Type** | Commercial |
| **Property Name** | Commercial Land |
| **Address** | Cabrillo Highway |
| **City, State Zip** | El Granada, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.502228/-122.474894 |
| **Tax ID** | 047-252-280 and 047-252-290 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | October 7, 2018 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 06561 |
| **Grantor** | Shiau Trust | **Sale Price** | $875,000 |
| **Grantee** | Miramar Beach LLC | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.59 | **Use Designation** | Commercial - Visitor Serving |
| **Usable SF** | 25,700 | | |
| **Proposed Use** | Hold for Investment | **Zoning Jurisdiction** | City of Half Moon Bay |
| **Street Access** | Average | **Zoning Code** | C-VS |
| **Visibility** | Good | **Zoning Description** | Commercial - Visitor Serving |
| **Corner/Interior** | Interior | | |

### Indicators

| | |
|---|---|
| **$/Usable SF** | $34.05 |

## Remarks

This property consists of two contiguous parcels of vacant commercial land located along the south side of Cabrillo Highway in Half Moon Bay. The site has a generally rectangular shape and an interior lot configuration with approximately 125 feet of frontage along Cabrillo Highway. The site has level topography and fantastic ocean views as it fronts the ocean. According to 2017 MPSI estimates, average daily vehicle traffic counts along Cabrillo Highway were 20,400 in the vicinity of the property.

The underlying site contains 25,700 gross square feet or 0.59 gross acres. The property zoning and General Plan land use designation are Commercial - Visitor Serving.

Miramar Beach LLC purchased this property in January 2019 from Shiau Trust. The property sold below the asking price of $1,100,000. The sale price was $875,000 or $34.05 per square foot of land. The buyer reportedly purchased the property to hold for investment. A 1" water connection from CCWD was assigned to this property, as of the sale date.

## Land Sales Comparison Analysis

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

### Transaction Adjustments

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

### Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a sale comparable. The appraised value and all of the sale comparables reflect the fee simple interest with no adjustments required.

### Financing Terms

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

All of the sale comparables involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

### Conditions of Sale

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

Comparable 4 was purchased by a motivated buyer and a downward adjustment was warranted. The remaining comparables have typical conditions of sale and do not warrant adjustment.

## Market Conditions Adjustment

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

Property values have increased over the past three years despite the pandemic. However, the recent economic crisis, as of the second half of 2022 has created difficulty in obtaining mortgage financing. This has a flattening effect. In our analysis, we have made a 3% annual adjustment for all the comparable sales up to July 2022 and no adjustment was made after that.

## Property Adjustments

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

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

### Location

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

The subject has a corner lot configuration and panoramic harbor and ocean views. Upon closer examination, we adjusted the location of Comparables 4 and 5 upwards.

### Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject areas. Typically, a larger parcel commands a lower price per unit than a smaller parcel. This is due to economies of scale. Oftentimes, however, larger properties offer greater flexibility, while smaller sites cannot be developed at the highest density or FAR permitted by municipal guidelines.

The subject site (portion valued as undeveloped land) contains 2.81 acres, it has, however, the potential to be sold as smaller, 0.50-acre to 1-acre parcels. The comparables range in size between 0.287 and 0.861 acres. A downward adjustment was made to Comparable 1, a much smaller property. No adjustment was warranted to the rest of the comparables in this category.

### Utilities

As discussed earlier in the appraisal, a necessity for any development project on the coastal area of Half Moon Bay is a water connection, which gives the owner the rights to a certain amount of water capacity from the Coastside County Water District.

It is our understanding that the subject (all parcels combined) has one water rights as of the date of value. If sold separately, the three parcels are inferior as there is currently no water connection associated with them.

All of the comparables had some water connections and required an adjustment. We have based our adjustment on the cost of receiving a connection in relation to the sale price. As discussed earlier in the appraisal, water connections for visitor related use are considered priority use and they run for approximately $17,000 each. The cost for non -priority uses in the secondary market range between $75,000 and $95,000. Along these lines we have made a 5% adjustment to the comparables.

Topography

Approximately 2/3 of the site have level topography with good development potential. Overall, the site is very similar to Comparable 6. The rest of the comparables are flat and fully useable and a downward adjustment was made.

Zoning/ Development Potential

The subject is located within an area that permits visitor related and recreational type of development. However, the land use designation of coastal recreational is a bit restricting and adds some element of risk in what would be approved at the subject.

Upon closer examination we determined that some of the comparables had lower development risk based on zoning and required a small adjustment. Along these lines, Comparables 2, 3 and 4 received a negative adjustment. No adjustment was made to the rest of the comparable in this category.

Improvements

The subject property (oceanside site) represents vacant land, with no improvements in place; we remind the reader that the portion of this site that has the SFR improvements is valued separately. In this section we are valuing the remaining 2.8-acre portion of the site, or in other words the 3.0- acre larger site after removing the 0.22-acre home site.

Three of the comparables were also vacant sites and required no adjustment in this category. Comparables 3, 4 and 5 had improvements in place that added value to the buyer, more than the value of the land. A downward adjustment was made to the comparable.

Other

A small downward adjustment was made to Comparables 1 and 2, to account for the interim income associated with yard leases at the site.

## Summary of Adjustments

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

## Land Sales Adjustment Grid -

| | Subject - | Sale # 1 | Sale # 2 | Sale # 3 | Sale # 4 | Sale # 5 | Sale # 6 |
|---|---|---|---|---|---|---|---|
| Sale ID | | 1652713 | 1652714 | 1576020 | 1523302 | 1653745 | 1395918 |
| Date of Value & Sale | July-23 | March-23 | August-22 | August-21 | April-19 | July-17 | October-18 |
| Unadjusted Sales Price | | $975,000 | $1,200,000 | $2,270,000 | $1,750,000 | $2,200,000 | $875,000 |
| Usable Acres | 2.81 acres | 0.287 | 0.450 | 0.519 | 0.506 | 0.861 | 0.590 |
| **Unadjusted Sales Price per Usable Sq. Ft.** | | **$77.99** | **$61.22** | **$100.40** | **$79.39** | **$58.67** | **$34.05** |
| **Transactional Adjustments** | | | | | | | |
| **Property Rights Conveyed** | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* |
| Adjustment | | - | - | - | - | - | - |
| Adjusted Sales Price | | $77.99 | $61.22 | $100.40 | $79.39 | $58.67 | $34.05 |
| **Financing Terms** | *Cash to Seller* | *Cash* | *Cash* | *Conventional* | *Cash* | *Conventional* | *Cash* |
| Adjustment | | - | - | - | - | - | - |
| Adjusted Sales Price | | $77.99 | $61.22 | $100.40 | $79.39 | $58.67 | $34.05 |
| **Conditions of Sale** | *Typical* | *None* | *Typical* | *Typical* | *Motivated* | *Typical* | *Typical* |
| Adjustment | | - | - | - | -5.0% | - | - |
| Adjusted Sales Price | | $77.99 | $61.22 | $100.40 | $75.42 | $58.67 | $34.05 |
| **Expenditures after Sale** | | | | | | | |
| Adjustment | | - | - | - | - | - | - |
| **Adjusted Sales Price** | | **$77.99** | **$61.22** | **$100.40** | **$75.42** | **$58.67** | **$34.05** |
| **Market Conditions Adjustments** | | | | | | | |
| **Elapsed Time from Date of Value** | | *0.28 years* | *0.90 years* | *1.85 years* | *4.26 years* | *5.96 years* | *4.74 years* |
| Market Trend Through | July-22 | - | - | 2.5% | 9.8% | 14.9% | 11.2% |
| Subsequent Trend Ending | July-23 | - | - | - | - | - | - |
| **Analyzed Sales Price** | | **$77.99** | **$61.22** | **$102.94** | **$82.78** | **$67.38** | **$37.86** |
| **Physical Adjustments** | | | | | | | |
| **Location** | *11820 Cabrillo Highway* | *158 Columbia Avenue* | *Cornell Avenue and Regent Street* | *570 Avenue Alhambra* | *700 Monte Vista Lane* | *1185 Acacia Street* | *Cabrillo Highway* |
| | *Half Moon Bay,* | *Princeton by* | *Princeton by* | *El Granada,* | *Half Moon Bay,* | *Montara,* | *El Granada,* |
| Adjustment | | - | - | - | 10.0% | 10.0% | - |
| **Size** | *2.81 acres* | *0.287 acres* | *0.450 acres* | *0.519 acres* | *0.506 acres* | *0.861 acres* | *0.590 acres* |
| Adjustment | | -10.0% | - | - | - | - | - |
| **Utilities** | *Stwo of the parcels* | *1 Water Connection* | *No Water* | *1 water connection* | *1.5 water connections* | *1 connection* | *1 water connection* |
| Adjustment | | -5.0% | 5.0% | -5.0% | -5.0% | 5.0% | -5.0% |
| **Topography** | *Rolling* | *Level* | *Level* | *Level* | *Level* | *Level* | *Rolling* |
| Adjustment | | -10.0% | -10.0% | -10.0% | -10.0% | -10.0% | - |
| **Floodplain** | *X (unshaded)* | *X* | *X* | *X* | *X* | *X* | *Zone X (unshaded)* |
| Adjustment | | - | - | - | - | - | - |
| **Zoning** | *CCR* | *CCR/ DR* | *W/DR/AO* | *C-1/S-3/DR/CD* | *C-R* | *R10000* | *CCR* |
| Adjustment | | - | -10.0% | -10.0% | -10.0% | - | - |
| **Improvements** | *No* | *No* | *No* | *Yes* | *Yes* | *Yes* | *No* |
| Adjustment | | - | | -30.0% | -30.0% | -30.0% | - |
| **Other** | | *Interim Income* | *Interim income* | | | | |
| Adjustment | | -5.0% | -5.0% | - | - | - | - |
| Net Physical Adjustment | | -30.0% | -20.0% | -55.0% | -45.0% | -25.0% | -5.0% |
| **Adjusted Sales Price per Usable Square Foot** | | **$54.59** | **$48.97** | **$46.32** | **$45.53** | **$50.54** | **$35.97** |

## Conclusion

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

**Land Sale Statistics -**

| Metric | Unadjusted | Adjusted |
|---|---|---|
| Minimum Sales Price per Usable Square Foot | $34.05 | $35.97 |
| Maximum Sales Price per Usable Square Foot | $100.40 | $54.59 |
| Median Sales Price per Usable Square Foot | $69.60 | $47.65 |
| Mean Sales Price per Usable Square Foot | $68.62 | $46.99 |

The comparables form an adjusted range of $36 to $55 per square foot of land area with an average of $47 and median of $48. They bracket the subject in terms of development potential and physical characteristics.

Comparables 1 and 2 are the most recent sales, while Comparable 6 is the most similar in terms of location and zoning. Great consideration was given to these three comparables, with secondary weight placed on the average and median of the comparable sales. We have concluded to a value of $47 per square foot of site area.

At the concluded value of $47 per square foot, the value indication of the subject is estimated at **$5,750,000** (rounded).

| Land Value Indication - | | | | |
|---|---|---|---|---|
| Reasonable Adjusted Comparable Range | | | | |
| 2.808 acres | x | $40.00 psf | = | $4,892,659 |
| 2.808 acres | x | $50.00 psf | = | $6,115,824 |
| **Market Value Opinion -** | | | | |
| 2.808 acres | x | **$47.00 psf** | = | **$5,750,000** |

# Improved Site - Sales Comparison Approach

Unit of Comparison

The primary unit of comparison selected depends on the appraisal problem and nature of the property. We considered various units of comparison with which to analyze the comparables with the subject. Ultimately, we have determined that utilizing the price per square foot of building area yields a credible conclusion. For the most part, the comparables in this analysis are of relatively similar size to the subject in terms of building area, although adjustments were made as appropriate.

Elements of Comparison

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

Comparable Sales Data

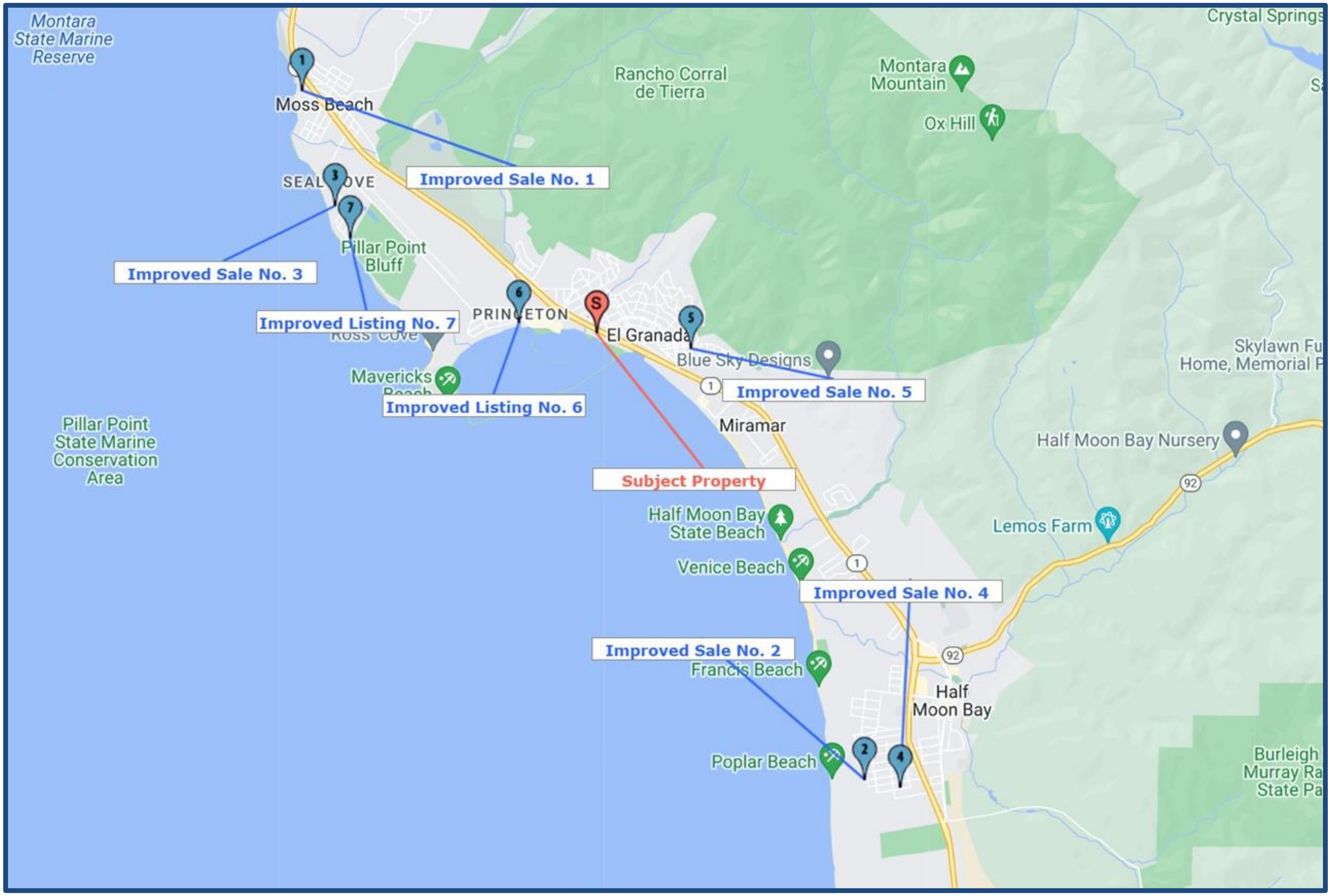
A search of data sources and public records, a field survey, interviews with knowledgeable real estate professionals in the area, as well as a review of our internal database was also conducted to obtain and verify comparable sales and listings of comparable properties. From the numerous sales and listings investigated, a total of eight sales were selected as the most relevant. The sales are outlined in the table on the following page, followed by a location map, and detailed sales write-ups with photographs.

The comparables we have selected bracket the subject's appeal in the marketplace and provide a good indicator of market value for the subject. The following table summarizes each of the sale comparables and is followed by a map displaying the location of each comparable in relation to the subject. Summary sheets detailing each comparable follow the location map.

## SFR Sales

| Sale# | Address | City | Sale Date | Living Area SF | Bedroom / Bath | Site Area | Sale Price | Price/SF of Living Area | Comments |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 11 Julianna Avenue | Moss Beach | 7/20/2022 | 2,450 | 3B/3b | 5,644 | $2,975,000.00 | $1,214.29 | Updated home with breathtaking ocean views |
| 2 | 930 Railroad Avenue | Half Moon Bay | 5/31/2023 | 2,460 | 4B/3b | 6,100 | $3,025,000.00 | $1,229.67 | Unobstructed views of the ocean; updated home, walk to the beach |
| 3 | 127 La Grande Avenue | Moss Beach | 3/16/2023 | 930 | 2B/1b | 6,500 | $1,335,000.00 | $1,435.48 | Beach house in Seal Cove. Expansive Ocean views |
| 4 | 429 Magnolia Street | Half Moon Bay | 4/12/2023 | 1,560 | 3B/2b | 5,376 | $1,500,000.00 | $961.54 | Walt to the beach; remodeled house with detached backyard cottage |
| 6 | 900 Francisco Street | El Granada | 3/24/2022 | 990 | 2B/1b | 3,104 | $1,285,000.00 | $1,297.98 | Located near the harbor, the trails etc. |
| 7 | 114 Broadway Street | Princeton by the Sea | Listing | 2,600 | 3B/3b | 9,000 | $2,950,000.00 | $1,134.62 | Ocean front property with studio guest quarters that offers income opportunity |
| 8 | 1001 Ocean Boulevard | Moss Beach | Listing | 4,110 | 4B/3b | 14,443 | $3,999,000.00 | $972.99 | Sweeping 360 degree views. By famous Maverick's big wave. |
| | **Average** | | | **2,157** | | **7,167** | | **$1,178.08** | |

## IMPROVED COMPARABLE SALES MAP



## IMPROVED COMPARABLE 1

### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11327555/1654262 |
| **Property Type** | Single Family Residential |
| **Address** | 11 Julianna Avenue |
| **City, State Zip** | Moss Beach, California 94038 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.528988/-122.516438 |
| **Tax ID** | 037-093-030 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | July 15, 2022 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 55709 |
| **Grantor** | Ronald S Lanz | **Days on Market** | 6 |
| **Grantee** | Itamar, Arel & Ortal, Arel | **Sale Price** | $2,975,000 |

### Property Description

| | | | |
|---|---|---|---|
| **Gross Building SF** | 2,450 | **Gross SF** | 5,644 |
| **Year Built** | 1988 | | |

### Physical Indicators

| | |
|---|---|
| **$/SF GBA** | $1,214.29 |

## Remarks

This property consists of a two-story single-family residence in Moss Beach. The improvements contain 2,450 square feet and were constructed circa 1988. The improvements feature three bedrooms and three bathrooms and were recently updated. The kitchen has new stainless steel kitchen appliances, new quartz counter tops, new paint, and new windows. The property has excellent views of the beach. The property is 30 minutes from downtown San Francisco and SFO International Airport.

The underlying site measures 0.13 acres, or 5,644 square feet. The site has a corner location and generally rectangular shape. The site has good access to Cabrillo Highway.

This property was purchased in July 2022 for $2,975,000 or $1,214.29 per square foot. The property was on the market for six days and sold slightly above the original asking price of $2,900,000.

## IMPROVED COMPARABLE 2

### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11327566/1654272 |
| **Property Type** | Single Family Residential |
| **Address** | 930 Railroad Avenue |
| **City, State Zip** | Half Moon Bay, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.455163/-122.440376 |
| **Tax ID** | 064-192-080 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | May 23, 2023 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 25614 |
| **Grantor** | Susan Joy Schnebly | **Days on Market** | 24 |
| **Grantee** | Guo, Haitao/Hu, Jun | **Sale Price** | $3,025,000 |

### Property Description

| | | | |
|---|---|---|---|
| **Gross Building SF** | 2,460 | **Gross SF** | 6,100 |
| **Year Built** | 2011 | | |

### Physical Indicators

| | |
|---|---|
| **$/SF GBA** | $1,229.67 |

## Remarks

This property is a custom built, updated, two-story, single-family residence with unobstructed views of grassland. The home has four bedrooms and three bathrooms. The fourth “bedroom” has no closet. The property is a short walk to the Coastal Trail and Poplar Beach. The home measures 2,460 square feet and has a reverse floor plan. The upper floor features an open chef’s kitchen, dining room, open dining and living room with a gas fireplace, outdoor deck, full bath, and den/bedroom. The main floor features the primary suite, two bathrooms and two bedrooms, grand entry, full size laundry room, and access to the outdoors. The home also has a pizza oven and outdoor fireplace.

The underlying site measures 0.14 acres, or 6,100 square feet. The site has a mid-block location and is L-shaped. The home is located in a private location.

This property was purchased for $3,025,000 or $1,229.67 per square foot in May 2023. The property was on the market for 24 days and sold slightly above the asking price of $3,000,000.

## IMPROVED COMPARABLE 3

### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11327580/1654281 |
| **Property Type** | Single Family Residential |
| **Address** | 127 La Grande Avenue |
| **City, State Zip** | Moss Beach, California 94038 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.516502/-122.511970 |
| **Tax ID** | 037-255-160 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | March 15, 2023 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 11596 |
| **Grantor** | Norman Meister | **Days on Market** | 8 |
| **Grantee** | Vaccari, Sergio/Torcia, Simona | **Sale Price** | $1,335,000 |

### Property Description

| | | | |
|---|---|---|---|
| **Gross Building SF** | 930 | **Gross SF** | 6,500 |
| **Year Built** | 1959 | | |

### Physical Indicators

| | |
|---|---|
| **$/SF GBA** | $1,435.48 |

## Remarks

This property is a single-story beach house in Seal Cove containing 930 square feet and was constructed circa 1959. The home has two bedrooms and one bathroom and was in fair condition. The interior finishes consist of wood floors, beamed ceilings, and wood windows throughout. The underlying site measures 0.15 acres, or 6,500 square feet. The site has a corner location and trapezoidal shape. The property has excellent views of the ocean and good foliage. The property is also proximate to Moss Beach Distillery.

This property sold in March 2023 for $1,335,000 or $1,435.48 per square foot. The property was on the market for eight days and sold 67% above the original asking price of $799,000.

## IMPROVED COMPARABLE 4

### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11327592/1654290 |
| **Property Type** | Single Family Residential |
| **Address** | 429 Magnolia Street |
| **City, State Zip** | Half Moon Bay, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.454261/-122.435643 |
| **Tax ID** | 064-331-140 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | March 31, 2023 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 13609 |
| **Grantor** | Ryan Rllis Whelen | **Days on Market** | 113 |
| **Grantee** | Pesch, Elizabeth M/Elizabeth Pesch Revocable Trust | **Sale Price** | $1,500,000 |

### Property Description

| | | | |
|---|---|---|---|
| **Gross Building SF** | 1,560 | **Gross SF** | 5,376 |
| **Year Built** | 1963 | | |

### Physical Indicators

| | |
|---|---|
| **$/SF GBA** | $961.54 |

## Remarks

This property consists of a one-story, single-family residence measuring 1,560 square feet. The home has three bedrooms and two bathrooms, was built circa 1963, and has been completely remodeled with modern finishes. The home features a living room with a fireplace, chef's kitchen, vaulted ceilings connecting the living and dining room areas, two guest bedrooms, guest bathroom, and a master bedroom with its own bathroom. The home also features a large custom deck, detached cottage, and turf lawn in the backyard.

The underlying site measures 0.12 acres, or 5,376 square feet. The site has a mid-block location and rectangular shape. The home is a short walk to the Coastal Trail and the beach. The property also has good access to Highway 92, Highway 1, and downtown Half Moon Bay.

This property sold in March 2023 for $1,500,000 or $961.54 per square foot. The property was on the market for 113 days and sold slightly below the asking price of $1,549,000.

## IMPROVED COMPARABLE 5

900 Francisco Street

### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11327644/1654313 |
| **Property Type** | Single Family Residential |
| **Address** | 900 Francisco Street |
| **City, State Zip** | El Granada, California 94018 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.501312/-122.463863 |
| **Tax ID** | 047-287-070 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | March 15, 2022 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 25426 |
| **Grantor** | Julie A Fought | **Days on Market** | 16 |
| **Grantee** | Cheryl Brennan Nashir | **Sale Price** | $1,285,000 |

### Property Description

| | | | |
|---|---|---|---|
| **Gross Building SF** | 990 | **Gross SF** | 3,104 |
| **Year Built** | 1953 | | |

### Physical Indicators

| | |
|---|---|
| **$/SF GBA** | $1,297.98 |

## Remarks

This property is a single-story, single-family home featuring two bedrooms and one bathroom. The home measures 990 square feet and was constructed circa 1953; the bathrooms are updated, and the rest of the home has been well maintained. The property is landscaped with a private hedge and fruit trees. The home has a 2-car garage, two side yards, and a large deck. The property is a few blocks from the Harbor, Coastal trail, and restaurants. The underlying site measures 0.07 acres, or 3,104 square feet. The site has a rectangular shape and corner location.

This property sold in March 2022 for $1,285,000 or $1,297.98 per square foot. The property was on the market for 16 days and sold 29% above the asking price of $998,000.

## IMPROVED COMPARABLE 6

### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11327652/1654316 |
| **Property Type** | Single Family Residential |
| **Address** | 114 Broadway |
| **City, State Zip** | El Granada, California 94018 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.504022/-122.487123 |
| **Tax ID** | 047-025-040; -030; -100 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Status** | Listing | **Property Rights** | Fee Simple |
| **Grantor** | Segelcke Harriet M Trust | **Asking Price** | $2,950,000 |
| **Grantee** | N/A | | |

### Property Description

| | | | |
|---|---|---|---|
| **Gross Building SF** | 2,600 | **Gross SF** | 9,148 |
| **Year Built** | 1952 | | |

### Physical Indicators

| | |
|---|---|
| **$/SF GBA** | $1,134.62 |

## Remarks

This property is a two-story, single-family residence featuring three bedrooms and three bathrooms. The home measures 2,600 square feet and was constructed circa 1952. The home fronts the ocean and has an open floor plan kitchen and living room. The property also features a studio guest quarters that has income potential. The property is close to the Harbor, Old Princeton Landing, and Mavericks House. The underlying site is comprised of three parcels totaling 0.21 acres, or 9,148 square feet. The overall site has a rectangular shape and is located at the terminus of Broadway.

This property is listed for sale at $2,950,000 or $1,134.62 per square foot.

## IMPROVED COMPARABLE 7

### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11327685/1654345 |
| **Property Type** | Single Family Residential |
| **Address** | 1001 Ocean Boulevard |
| **City, State Zip** | Moss Beach, California 94038 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.513110/-122.509892 |
| **Tax ID** | 037-279-070 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | April 10, 2023 | **Grantee** | N/A |
| **Sale Status** | Listing | **Property Rights** | Fee Simple |
| **Grantor** | T J Glauthier | **Asking Price** | $3,999,000 |

### Property Description

| | | | |
|---|---|---|---|
| **Gross Building SF** | 4,110 | **Gross SF** | 14,375 |
| **Year Built** | 1985 | | |

### Physical Indicators

| | |
|---|---|
| **$/SF GBA** | $972.99 |

## Remarks

This property is a three-story single-family residence featuring four bedrooms and three bathrooms. The home measures 4,110 square feet and was constructed circa 1985. The home fronts the ocean and has excellent unobstructed 180-degree views of the ocean. It's also the closest house to the famous Maverick's big wave surf break. The home is adjacent to the Pillar Point Bluff open space, which offers walking trails and views of the ocean, hills, Pillar Point Harbor, and Half Moon Bay. The home features a two-story solarium, open floor plan, high-beamed ceilings, a wraparound deck with a fire pit, and a landscaped and fenced yard. The underlying site measures 0.33 acres, or 14,375 square feet. The site has a corner location and a generally rectangular shape.

This property is listed for sale at $3,999,000 or $972.99 per square foot.

## Sales Comparison Analysis and Summary of Adjustments

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

## Summary of Adjustments

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

All of the comparable sales represent single family homes. Comparables 6 and 7 represent listings and the indicated price indicates the asking price. Based on discussions with brokers, most properties sell around the asking price and we were inclined to not make an adjustment for listings versus sales.

All of the sales are recent, having taken place within a year from the date of value. Comparable 5 is a slightly older sale having taken place at a slightly superior economic climate, and a small downward adjustment was warranted to this comparable.

The subject is a smaller sized home, containing 1,526 square feet. In all the comparables bracket the subject size and bedroom and bathroom counts but some adjustments are required. Comparables 1, 2, 6 and 7 are much larger properties and we have adjusted the comparables upward. Comparables 3 and 5 are smaller houses, under 1,000 square feet and required a downward adjustment in this category.

The comparables are also older properties, although some of them have been updated or renovated.

While not all of the comparables have the subject's panoramic view element and proximity to the beach and harbor, they are all selected for their views and proximity to the beach. The subject is an older property.

To the most part, the improvements are situated on smaller lots and some adjustment was required. Specifically, comparables 1, 4 and 5 are situated on smaller, under 6,000 square foot lots and received an upward adjustment. A downward adjustment was made for Comparable Listing's 7 larger site.

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

**Improved Sales Comparison Approach Adjustment Grid**

| | Subject | Sale # 1 | Sale # 2 | Sale # 3 | Sale # 4 | Sale # 5 | Sale # 6 | Sale # 7 |
|---|---|---|---|---|---|---|---|---|
| Sale ID | | 1654262 | 1654272 | 1654281 | 1654290 | 1654313 | 1654316 | 1654345 |
| Date of Value & Sale | July-23 | July-22 | May-23 | March-23 | March-23 | March-22 | N/A | Listing |
| Net Rentable Area | 1,526 sf | 2,450 | 2,460 | 930 | 1,560 | 990 | 2,600 | 4,110 |
| Land Area (acres) | 0.2200 | 0.1300 | 0.1400 | 0.1500 | 0.1230 | 0.0700 | 0.2100 | 0.3300 |
| Unadjusted Sales Price | | $2,975,000 | $3,025,000 | $1,335,000 | $1,500,000 | $1,285,000 | $2,950,000 | $3,999,000 |
| **Unadjusted Sales Price PSF of NRA** | | **$1,214.29** | **$1,229.67** | **$1,435.48** | **$961.54** | **$1,297.98** | **$1,134.62** | **$972.99** |
| **Transactional Adjustments** | | | | | | | | |
| **Property Rights Conveyed** | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* | *Fee Simple* |
| Adjustment | | - | - | - | - | - | - | - |
| Adjusted Sales Price | | $1,214.29 | $1,229.67 | $1,435.48 | $961.54 | $1,297.98 | $1,134.62 | $972.99 |
| **Financing Terms** | *Cash to Seller* | *Conventional* | *Conventional* | *Conventional* | *Conventional* | *Conventional* | *N/A* | *N/A* |
| Adjustment | | - | - | - | - | - | - | - |
| Adjusted Sales Price | | $1,214.29 | $1,229.67 | $1,435.48 | $961.54 | $1,297.98 | $1,134.62 | $972.99 |
| **Conditions of Sale** | *Typical* | *None* | *None* | *None* | *None* | *None* | *Listing* | *Listing* |
| Adjustment | | - | - | - | - | - | - | - |
| Adjusted Sales Price | | $1,214.29 | $1,229.67 | $1,435.48 | $961.54 | $1,297.98 | $1,134.62 | $972.99 |
| **Expenditures after Sale** | | | | | | | | |
| Adjustment | | - | - | - | - | - | - | - |
| **Adjusted Sales Price** | | **$1,214.29** | **$1,229.67** | **$1,435.48** | **$961.54** | **$1,297.98** | **$1,134.62** | **$972.99** |
| **Market Conditions Adjustments** | | | | | | | | |
| **Elapsed Time from Date of Value** | | *0.97 years* | *0.11 years* | *0.30 years* | *0.26 years* | *1.30 years* | *0.00 years* | *0.00 years* |
| Market Trend Through | July-23 | - | - | - | - | -3.0% | - | - |
| **Analyzed Sales Price** | | **$1,214.29** | **$1,229.67** | **$1,435.48** | **$961.54** | **$1,259.04** | **$1,134.62** | **$972.99** |
| **Property Adjustments** | | | | | | | | |
| **Location** | *11820 Cabrillo Highway El Granada* | *11 Julianna Avenue Moss Beach, California* | *930 Railroad Avenue Half Moon Bay, California* | *127 La Grande Avenue Moss Beach, California* | *429 Magnolia Street Half Moon Bay, California* | *900 Francisco Street El Granada, California* | *114 Broadway El Granada, California* | *1001 Ocean Boulevard Moss Beach, California* |
| Adjustment | | - | - | - | - | - | - | - |
| **Size** | *1,526 sf* | *2,450 sf* | *2,460 sf* | *930 sf* | *1,560 sf* | *990 sf* | *2,600 sf* | *4,110 sf* |
| Adjustment | | 10.0% | 10.0% | -10.0% | - | -10.0% | 10.0% | 20.0% |
| **Age/Condition** Year Built | *1950s* | *1988* | *2011* | *1959* | *1963* | *1953* | *1952* | *1985* |
| Condition | *Average* | *Updated* | *Updated* | *Fair to average* | *Remodeled* | *Average* | *Average* | *Average* |
| Adjustment | | -5.0% | -5.0% | 5.0% | -10.0% | - | - | - |
| **View/ Beach access** | *Excellent* | *Excellent* | *Excellent* | *Excellent* | *Inferior* | *Inferior* | *Excellent* | *Excellent* |
| Adjustment | | - | - | - | 20.0% | 10.0% | - | - |
| **Site Size** | *9,583* | *5,644* | *6,100* | *6,500* | *5,376* | *3,104* | *9,000* | *14,443* |
| Adjustment | | 10.0% | - | - | 10.0% | 10.0% | - | -10.0% |
| Net Physical Adjustment | | 15.0% | 5.0% | -5.0% | 20.0% | 10.0% | 10.0% | 10.0% |
| Gross Physical Adjustment | | 25.0% | 15.0% | 15.0% | 40.0% | 30.0% | 10.0% | 30.0% |
| **Adjusted Sales Price PSF of NRA** | | **$1,396.43** | **$1,291.16** | **$1,363.71** | **$1,153.85** | **$1,384.94** | **$1,248.08** | **$1,070.29** |

## Sales Comparison Approach Value Indication

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

**Improved Sales Statistics**

| Metric | Unadjusted | Adjusted |
|---|---|---|
| Minimum Sale Price per Sq. Ft. | $961.54 | $1,070.29 |
| Maximum Sale Price per Sq. Ft. | $1,435.48 | $1,396.43 |
| Median Sale Price per Sq. Ft. | $1,214.29 | $1,291.16 |
| Mean Sale Price per Sq. Ft. | $1,178.08 | $1,272.64 |

The comparables range in adjusted prices between $1,070 and $1,396 with an average of $1,273 and a median of $1,291. The comparables bracket the subject characteristics, especially the size, location and views, and are considered good comparables for the subject.

Comparables 2 and 3 are the most recent sales, with Comparable 3 being a very similar property in terms of location. Upon analysis of each of the comparables, and considering location, size, site area and view, the estimated value of the subject property is at the upper end of the square foot range, of $1,350 per square foot.

Based on this analysis, the sales comparison approach indicates a value of the subject property summarized as follows:

| Improved Sales Comparison Approach Value Indication | | | | |
|---|---|---|---|---|
| Reasonable Adjusted Comparable Range | | | | |
| 1,626 sf | x | $1250.00 | = | $2,032,500 |
| 1,526 sf | x | $1500.00 | = | $2,289,000 |
| 1,526 sf | x | **$1350.00** | = | **$2,060,000** |

# Land Valuation - Mountainside Site
# Sales Comparison Approach

Comparable Sales Data

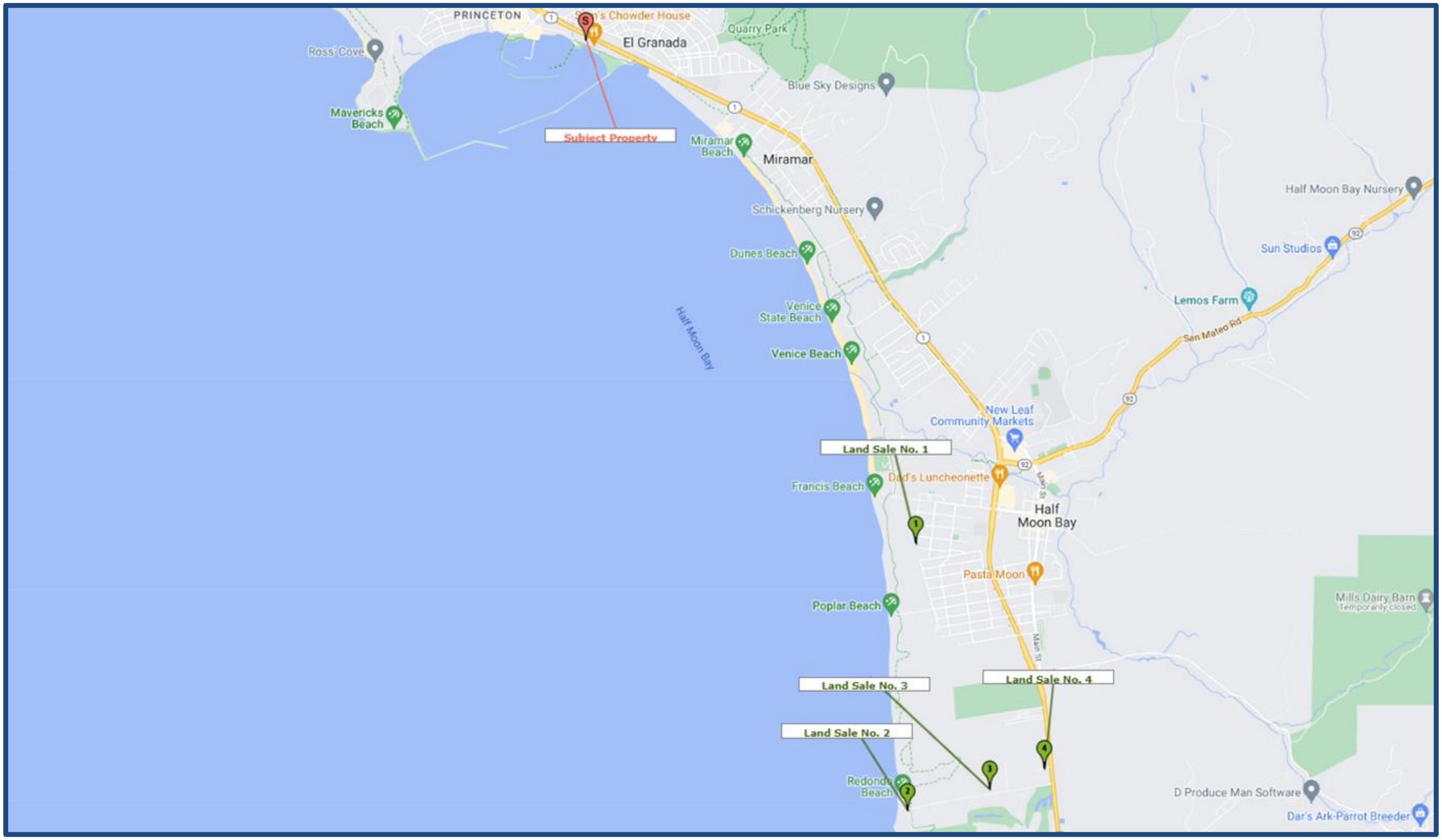
To obtain and verify comparable sales and listings of vacant land properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, as well as a review of our internal database.

We included several sales in our analysis, as these sales were judged to be the most comparable to develop an indication of market value for the subject property. The following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Details of each comparable follow the location map.

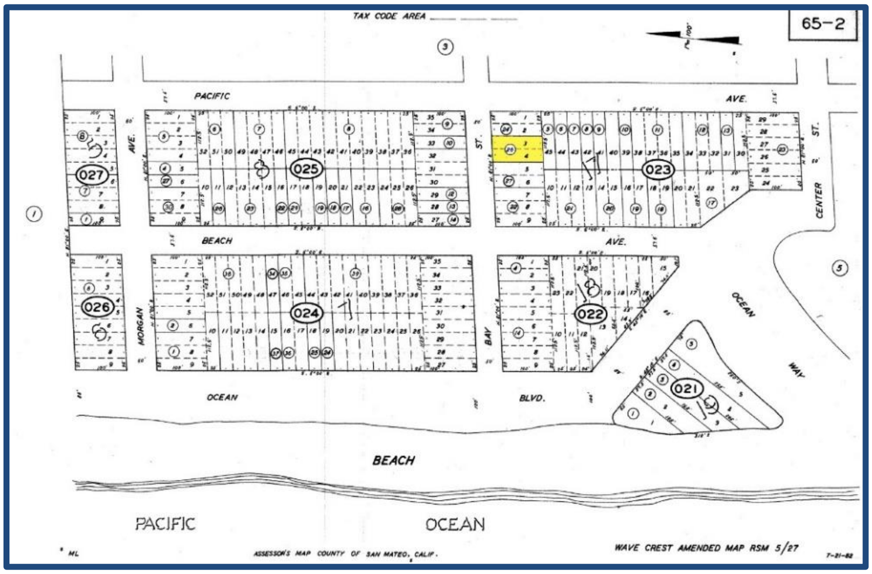
**Land Sales Summary - Open Space/ Park**

| Comp. No. | Date of Sale | Usable Acres | Location | | Zoning | Proposed Use | Sales Price Actual | Per Sq. Ft. |
|---|---|---|---|---|---|---|---|---|
| 1 | May-23 | 0.115 | Bay Street | Half Moon Bay, California | PUD | Open Space | $30,000 | $6.00 |
| 2 | April-23 | 0.152 | Rose Avenue | Half Moon Bay, California | PUD | Open Space | $34,000 | $5.15 |
| 3 | August-22 | 0.117 | SEC of Bontta Ave and Seville Ct | Half Moon Bay, California | PUD | Residential | $48,000 | $9.39 |
| 4 | May-22 | 0.115 | Dolores Avenue | Half Moon Bay, California | PUC | Open space | $10,000 | $2.00 |

## COMPARABLE SALES MAP



## COMPARABLE LAND SALE 1




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11326639/1653623 |
| **Property Type** | Land Other |
| **Address** | Bay Street |
| **City, State Zip** | Half Moon Bay, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.461244/-122.442223 |
| **Tax ID** | 065-023-260 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | May 10, 2023 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Deed Book/Page** | 24372 |
| **Grantor** | Robert Curtis | **Sale Price** | $30,000 |
| **Grantee** | Coastside Land Trust | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.11 | **Use Designation** | Planned Development |
| **Usable SF** | 5,000 | **Zoning Jurisdiction** | City of Half Moon Bay |
| **Visibility** | Average | **Zoning Code** | PUD |
| **Corner/Interior** | Mid-Block | **Zoning Description** | Planned Unit Development |

### Indicators

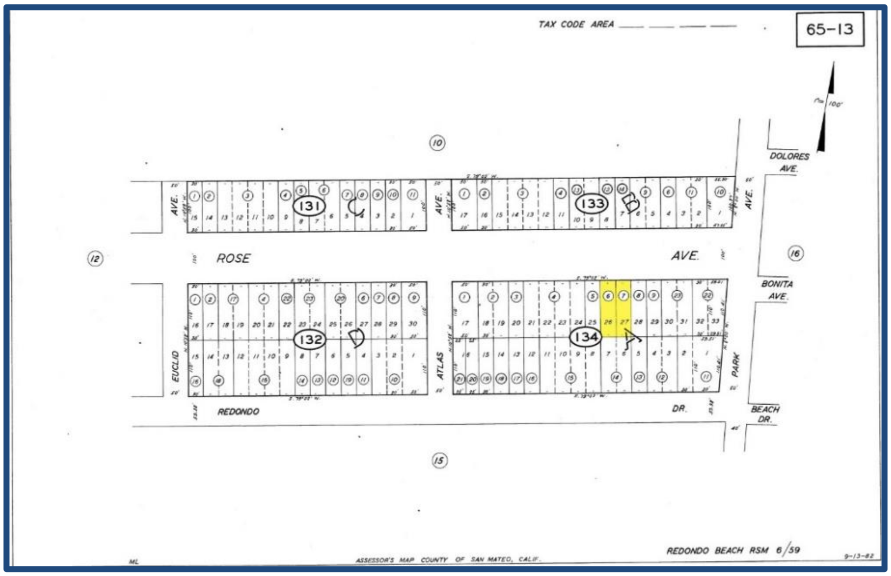
| | |
|---|---|
| **$/Usable SF** | $6.00 |

## Remarks

Rectangular parcel of raw land with 5,000 sf of area, or 0.11 acres. The property has 50 feet of frontage and a depth of 100 feet. The site has a mid-block location along Bay Street (paper street). The property is under the jurisdiction of the City of Half Moon Bay and is zoned PUD, Planned Unit Development and the General Plan land use designation is Planned Development.

Property was purchased by the Coastside Trust Land for $30,000 or $6 per square foot.

## Comparable Land Sale 2




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11326623/1653615 |
| **Address** | Rose Avenue |
| **City, State Zip** | Half Moon Bay, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.439086/-122.443077 |
| **Tax ID** | 065-134-060 and 070 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | April 14, 2023 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 16698 |
| **Grantor** | Kenneth Williamson | **Sale Price** | $34,000 |
| **Grantee** | Coastside Land Trust | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.15 | **Use Designation** | Planned Development |
| **Usable SF** | 6,600 | **Zoning Jurisdiction** | City of Half Moon Bay |
| **Visibility** | Average | **Zoning Code** | PUD |
| **Corner/Interior** | Mid-Block | **Zoning Description** | Planned Unit Development |

### Indicators

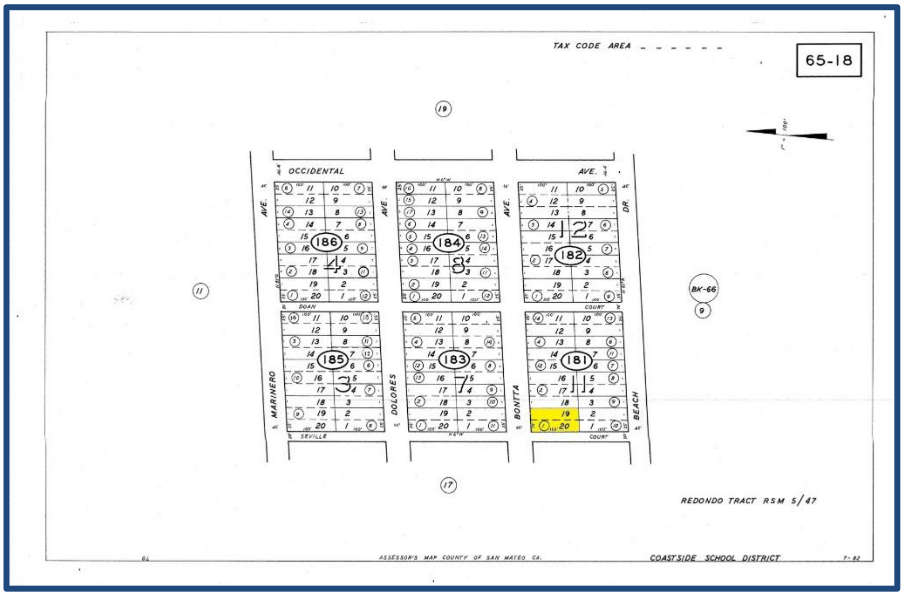
| | |
|---|---|
| **$/Usable SF** | $5.15 |

## Remarks

The property consists of two parcels of raw land, with an area of 3,300 square feet each. The property has 60 feet of frontage and a depth of 110 feet. The site had a mid-block location along Rose Avenue (paper street). The property is under the jurisdiction of the City of Half Moon Bay and is zoned PUD, Planned Unit Development and the General Plan land use designation is Planned Development. The site has a rectangular shape.

The property was purchased by the Coastal Land Trust for $34,000 or $5.15 per square foot of land area.

## COMPARABLE LAND SALE 3




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11276607/1618701 |
| **Property Type** | Park, Open Space |
| **Address** | Southeast Corner of Bontta Avenue and Seville Court |
| **City, State Zip** | Half Moon Bay, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.440934/-122.434529 |
| **Tax ID** | 065-181-010 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | August 17, 2022 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 61295 |
| **Grantor** | Kenneth Williamson | **Sale Price** | $48,000 |
| **Grantee** | Zengming Shen and Qian Cao | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.12 | **Use Designation** | Planned Development |
| **Usable SF** | 5,112 | **Zoning Jurisdiction** | City of Half Moon Bay |
| **Visibility** | Average | **Zoning Code** | PUD |
| **Corner/Interior** | Corner | **Zoning Description** | Planned Unit Development |

### Indicators

| | |
|---|---|
| **$/Usable SF** | $9.39 |

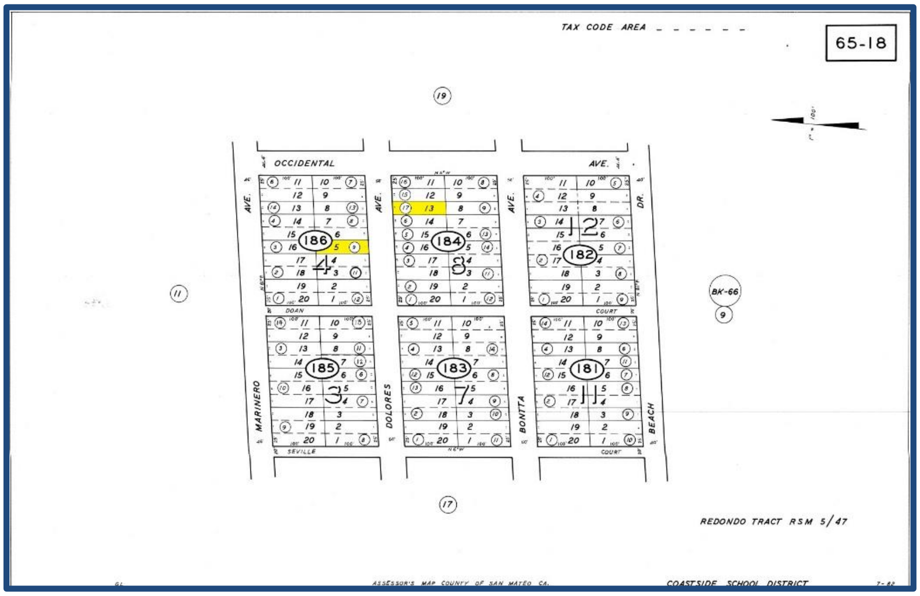
## Remarks

The property consists of a single parcel located at the southeast corner of Bontta Avenue and Seville Court in the Wavecrest area of Half Moon Bay. The site has a rectangular shape and a corner lot configuration at the intersection of Bontta Avenue and Seville Court. The site has approximately 50 feet of frontage along Bontta Avenue and 100 feet of frontage along Seville Court. Both Bontta Avenue and Seville Court are paper streets.

The underlying site contains 5,112 square feet or 0.12 acres. The property zoning is Planned Unit Development and the General Plan land use designation is Planned Development.

Zengming Shen and Qian Cao purchased this property in August 2022 from Kenneth Williamson. The property sold at the asking price of $48,000 or $9.39 per square foot of land.

## COMPARABLE LAND SALE 4




### Property Identification

| | |
|---|---|
| **Property/Sale ID** | 11326791/1653748 |
| **Property Type** | Park, Open Space |
| **Address** | Dolores Avenue |
| **City, State Zip** | Half Moon Bay, California 94019 |
| **County** | San Mateo |
| **Latitude/Longitude** | 37.442601/-122.428781 |
| **Tax ID** | 065-184-170 and 065-186-090 |

### Transaction Data

| | | | |
|---|---|---|---|
| **Sale Date** | May 19, 2022 | **Property Rights** | Fee Simple |
| **Sale Status** | Recorded | **Recording Number** | 41716 |
| **Grantor** | Coastside Estates LLC | **Sale Price** | $10,000 |
| **Grantee** | Coastside Land Trust | | |

### Property Description

| | | | |
|---|---|---|---|
| **Usable Acres** | 0.11 | **Use Designation** | Planned Development |
| **Usable SF** | 4,997 | **Zoning Jurisdiction** | City of Half Moon Bay |
| **Visibility** | Average | **Zoning Code** | PUD |
| **Corner/Interior** | Mid-Block | **Zoning Description** | Planned Unit Development |

### Indicators

| | |
|---|---|
| **$/Usable SF** | $2.00 |

## Remarks

Two parcels of raw land with an approximate area of 2,500 each; they are not contiguous. Each parcel has a rectangular shape. The sites are located east of Occidental Avenue along Dolores Avenue; Occidental Avenue and Dolores Avenue are paper streets. The property is under the jurisdiction of the City of Half Moon Bay and is zoned PUD, Planned Unit Development and the General Plan land use designation is Planned Development.

The Coastside Land Trust purchased these properties for $10,000 or $2.00 per square foot from Coastside Estates LLC.

## Land Sales Comparison Analysis

All of the comparables refer to small parcels with limited to no development potential. They were either purchased by the Coastside Land Trust for open space use or from land speculators.

These comparables range in price between $2.00 and $9.39 per square foot. We note, however, that these comparables are mostly paper lots. At the upper end of the range, Comparable 3 has slightly superior development potential. At the low end of the range is Comparable 4 which is the oldest sale of two detached sites. This is an inferior in configuration property.

We also noted that the subject is listed at $5.00 per square foot. Moreover, it is a larger piece, and even though it does not currently have development potential it could be used in the future either as overflow parking or as recreational open space and could have incentive value to the buyer of the Ocean side property in order to develop the Ocean side piece. We recognize that the highest and best use of this portion of the subject is to be sold along with the ocean side property.

## Conclusion

From the market data available, we used four sales of properties with limited development potential. The majority of these properties was purchased for open space uses. The comparables form an unadjusted range of $2.00 to $9.39 per square foot of land area with an average of $5.64 and median of $5.58. They bracket the subject in terms of development potential and physical characteristics.

**Land Sale Statistics -**

| Metric | Unadjusted |
|---|---|
| Minimum Sales Price per Usable Square Foot | $2.00 |
| Maximum Sales Price per Usable Square Foot | $9.39 |
| Median Sales Price per Usable Square Foot | $5.58 |
| Mean Sales Price per Usable Square Foot | $5.64 |

Comparables 1, 2 and 3 are the most recent sales. Overall, we have concluded to a value near the average and median of the five comparables, as well as near the asking price, at $5.50 per square foot.

At the concluded value of $5.50 per square foot, the value indication of the subject is estimated at **$340,000** (rounded).

| Land Value Indication - | | | | |
|---|---|---|---|---|
| Reasonable Adjusted Comparable Range | | | | |
| 1.420 acres | x | $5.00 psf | = | $309,276 |
| 1.420 acres | x | $6.00 psf | = | $371,131 |
| **Market Value Opinion** | | | | (Rounded) |
| 1.420 acres | x | **$5.50 psf** | = | **$340,000** |

## Cross Check- Remnant Valuation

It is apparent throughout this appraisal that this portion of the subject property does not have standalone development potential due to its zoning and development potential. As such, it has limited overall marketability and represents a land remnant. As discussed, it might have leverage value for the buyer of the Ocean side site.

In the previous section we estimated the value of the subject property, as if it had standalone development potential, at $47 per square foot. This value reflects a typical site in the area. Again, this value incorporates the value for a property with zoning that permits development.

We can now apply a remnant discount to the estimated land value for the subject's remnant characteristics. Depending on the physical characteristics of the remnant parcel, and the site to which it would be assembled, as well as the number of contiguous owners and their motivations for purchase, the discount can be nominal to substantial.

This is also a valid approach to value land remnants, when land when comparable land remnant sales are non-existent.

### Remnant Discount

Next, a remnant discount is estimated. Our analysis and experience with remnant sales concludes that these parcels typically fall into four major headings, numbered below in declining order (reflecting value characteristics), starting with Type I and ending with Type IV. In addition, we have found examples of what we characterize as subcategories of Types III and IV, and run-ons between II-III and III-IV. While this may argue for additional delineation among the types, we find that the actions and expectations of the marketplace participants are best explained in the four types outlined below. Type I is the most easily developable on its own; Type IV is the least independently developable:

I The parcel has development potential on its own, sometimes arguable (speculative) until development plans are approved by the jurisdictional agency, i.e., planning department. It has shape allowing full or partial use without being assembled to an adjoining parcel, though gains a higher potential density, or less debatable development potential, when it is assembled.

II The remnant is readily assembled with an adjoining parcel, and when combined, the two parcels make one developable parcel where neither was developable individually before combining the two.

III The remnant is readily assembled to the adjoining parcel. The assemblage improves (to varying degrees) the development potential and use of the larger adjacent property.

IV The remnant can be assembled, but there is very limited, or nominal, improvement to the adjacent or contiguous property. Often the adjacent property is already developed, and the remnant minimally affects the overall property value and utility. Examples of Type IV are typically parcels that would be plotted to an existing, improved property. It is not necessarily a contiguous parcel along all of its boundaries, but it provides at least a partial integrated use to a portion of the site. The integrated use, nonetheless, has a nominal to modest effect on the utility or value of the site to which it would be joined.

Upon closer examination, we have determined that the subject City portion (0.59 acres) is a Type I remnant, while the portion within the County limits is a Type IV remnant, as it has no standalone development potential. This portion of the site is too small to be independently developed. Also, this portion of the subject site does not significantly improve the usability of the adjoining properties and the adjoining properties could be developed without the benefit of assembling the subject. However, assembling it with the adjacent property slightly improves frontage and street access. For this portion of the site, there is only one potential buyer for the subject property, an adjacent owner. While the subject site improves the usability of the adjoining property, the adjoining property could be developed without the benefit of assembling the subject.

The investigation into comparable sales focused on public agencies and public companies that typically have inventories of surplus lands from which they sell remnant lands. These are most commonly lands left out from, or vacated, public project needs. Additionally, public records have been investigated.

Of the many sales of excess rights-of-way or remnants investigated and analyzed, we have concluded that the most appropriate discount for Type I remnants is 10-25%. We have applied a 15% for the subject property given that it has speculative stand-alone development potential.

The appropriate discount for tyle IV remnants is 75-90%. These sales are summarized on the table that follows, and support a discount of 90% for the subject County remnant.

| Comp. No. | Date of Sale | Gross Acres | Gross Sq. Ft. | Location | | Zoning | Remnant Type | Remnant Discount |
|---|---|---|---|---|---|---|---|---|
| 1 | May-18 | 0.038 | 1,650 | Terraine Street | San Jose, California | DC | III-IV | **60% to 92%** |
| 2 | April-15 | 0.830 | 36,155 | Saddlebrook Drive | San Jose, California | R-MH | IV | **75%** |
| 3 | September-14 | 0.259 | 11,283 | 125 V Paul Avenue | San Francisco, California | I | II-III | **45%** |
| 4 | June-14 | 0.051 | 2,236 | Apricot Lane | Mountain View, California | R1-8 | IV | **78%** |
| 5 | August-13 | 0.072 | 3,121 | Montebello Ave/N Rengstorff | Mountain View, California | R3 | IV | **75%** |
| 6 | February-10 | 0.050 | 2,199 | SEC S 9th and Keyes Streets | San Jose, California | CP | IV | **76%** |
| 7 | October-07 | 0.142 | 6,167 | End Of Plymouth Street | Mountain View, California | MM and R3 | IV | **90%** |

Therefore, the indicated value of the subject via this approach is between $4.70 and $7.05 per square foot, or $290,719 and $436,079, summarized in the table below. It provides support to the value estimated earlier of $340,000.

**Mountain Site Value- 1.42 acres**

| | | |
|---|---|---|
| Value of the Land As If Developable | $2,907,194 | $2,907,194 |
| Remnant Type | IV | IV |
| Appropriate Remnant Discount | 85% | 90% |
| Less Remnant Discount | $2,471,115 | $2,616,475 |
| **As Is Value of the Site** | **$436,079** | **$290,719** |
| **Price/SF** | **$7.05** | **$4.70** |

Based on this analysis presented in this cross-check, we conclude to a market value of the subject Mountain side site property of $340,000.

# Reconciliation

## Summary of Value Indications

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

**Value Conclusions**

| Component | Oceanside Site | Mountainside Site | Total Value |
|---|---|---|---|
| Value Type | Market Value | Market Value | Market Value |
| Real Property Interest | Fee Simple | Fee Simple | Fee Simple |
| Effective Date of Value | July 3, 2023 | July 3, 2023 | July 3, 2023 |
| **Value Conclusion** | **$7,810,000** | **$340,000** | **$8,150,000** |
| | **$59.22 PSF** | **$5.50 psf** | |

As discussed earlier, the subject property has been on the market for approximately one month at an asking price of $10,029,557 for the Oceanside parcel and $310,945 for the mountain side parcel. The estimated market value of the Oceanside parcel is approximately 22 percent below the asking price, while the estimated market value of the mountain side parcel is slightly above the asking price. It is typical that the sale prices are commonly less than listing prices. In the case of the subject, comparable sales do not support the listed prices.

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

## Extraordinary Assumptions:

- Information regarding the size and condition of the improvements was obtained from the offering memorandum, as well as from the listing agent/ owners` representative of the subject property. We assume that this information is correct, and we have based our analysis on this information. If at a later time it is found that this information is incorrect, our appraisal will require revisiting

## Hypothetical Conditions:

- None

## Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 12 months and 12 months, respectively, are considered reasonable and appropriate for the subject.

# General Assumptions and Limiting Conditions

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

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

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Northern California and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Northern California.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Northern California both agree that any dispute over matters in excess of $5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Northern California and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Northern California or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Northern California for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Northern California shall have no obligation, liability, or accountability to any third party. Any party who is not the “client” or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Northern California. “Client” shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Northern California and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Northern California harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Northern California in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by San Francisco Bay Area | Silicon Valley | San Jose. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
41. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

# Certification – Maria Aji, PhD

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

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

Maria Aji, Ph.D.
Director
California Certified License #AG027130

# Certification – Walter D. Carney, MAI

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

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

Walter D. Carney, MAI
Senior Managing Director
California Certified License #AG003413

# Addenda

# Glossary

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

## Absolute Net Lease

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

## Amortization

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

## As Is Market Value

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

## Base Rent

The minimum rent stipulated in a lease. (Dictionary)

## Base Year

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

## Building Common Area

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

## Building Rentable Area

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

## Bulk Value

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

## Certificate of Occupancy (COO)

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

## Common Area Maintenance (CAM)

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

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

## Condominium

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

## Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

## Contributory Value

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

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

## Debt Coverage Ratio (DCR)

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

## Deed Restriction

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

## Depreciation

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

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

## Disposition Value

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

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

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

## Double Net (Net Net) Lease

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

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

## Easement

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

## EIFS

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

## Effective Date

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

## Effective Gross Income (EGI)

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

## Effective Rent

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

## EPDM

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

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

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

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

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

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

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

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

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

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

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

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

### Furniture, Fixtures, and Equipment (FF&E)
Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

See also Positive Leasehold and Negative Leasehold.

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

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

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

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

## Loan to Value Ratio (LTV)
The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

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

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

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

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

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

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

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

### Master Lease

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

### Modified Gross Lease

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

### Negative Leasehold

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

### Operating Expense Ratio

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

### Option

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

### Partial Interest

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

### Pass Through

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

### Percentage Lease

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

### Positive Leasehold

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

### Potential Gross Income (PGI)

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

### Prospective Opinion of Value

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

### Replacement Cost

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

### Reproduction Cost

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

### Retrospective Value Opinion

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

### Sandwich Leasehold Estate

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

### Sublease

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

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

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

### TPO
Thermoplastic polyolefin, a resilient synthetic roof covering.

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

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

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

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

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

## Qualifications

Valbridge
PROPERTY ADVISORS

**INDEPENDENT VALUATIONS FOR A VARIABLE WORLD**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## STATE CERTIFICATION

California

## EDUCATION

PhD, Urban and Regional Planning
University of Southern California

Master of Community Planning
University of Cincinnati

Bachelor of Arts in Economics
National & Kapodistrian University of Athens

**www.valbridge.com**

# Maria Aji, PhD

Director
**Valbridge Property Advisors | Northern California**

## MEMBERSHIPS & AFFILIATIONS

Appraisal Institute

- Membership Associate

Greek American Professional Women's Society

- Vice President

Valbridge Women's Council

- Member

## APPRAISAL INSTITUTE & RELATED COURSES

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

## SPEAKING ENGAGEMENTS

Valbridge Women's Council

- *Professional Journeys in Appraisal*
- *Valuing Retail Properties*

## EXPERIENCE

**Valbridge Property Advisors | Northern California**

- Director, 2023-Present
- Senior Appraiser, 2015-2023
- Appraiser, 2013-2014

**Hulberg & Associates, Inc.**

- Appraiser, 2001-2013

**The Property Sciences Group**

- Associate Appraiser, 1998-2001

**Nanyang Technological University, Business School**

- Researcher, 1994-1995

**Grubb & Ellis Company**

- Market Research Director, 1993-1994

Ms. Aji has expertise in a diverse range of complex appraisals, including fair market rent estimates, easement valuations, ground leases, leaseholds, and estate portfolios.

**Appraisal/valuation and consulting assignments include:** Office (professional medical); Shopping Centers; Retail (gas stations, oil-changing facilities, daycare centers, and restaurants); Residential (subdivisions, condominiums, apartments, and mixed-use commercial/residential development); and Industrial (manufacturing, warehouses, research and development, mini-storage facilities, contractor yards and industrial parks); as well as vacant land and special use properties (wedding venues, recreational facilities, golf courses, places of worship and schools/ universities).

Valbridge
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**MARIA AJI, PhD**
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Direct: 408-722-9127
Fax: 408.279.3428


## STATE CERTIFICATION

California

## EDUCATION

PhD, Urban and Regional Planning
University of Southern California

Master of Community Planning
University of Cincinnati

Bachelor of Arts in Economics
National & Kapodistrian University of Athens

**www.valbridge.com**

# Maria Aji, PhD

Director
**Valbridge Property Advisors | Northern California**

## CERTIFICATION

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

**Maria Aji**

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 027130

Effective Date: September 15, 2021
Date Expires: September 14, 2023

I certify, under penalty of perjury, that this is a true and correct copy of my original license or certificate.

Signature: ____

Date: 8/5/21

Loretta Dillon, Deputy Bureau Chief, BREA

3059720

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

Valbridge
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**WALTER D. CARNEY, MAI**
**Valbridge Property Advisors | Northern California**
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## STATE CERTIFICATION
California

## EDUCATION
A.B., Economics
A.B., International Relations
University of Southern California

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# Walter D. Carney, MAI

Senior Managing Director
**Valbridge Property Advisors | Northern California**

## MEMBERSHIPS & AFFILIATIONS

Appraisal Institute, Member

- MAI Designation, 1992

International Right of Way Association (IRWA)

- President, Chapter 42, 2000
- Board of Directors, Chapter 42, 1998-2001

## APPRAISAL INSTITUTE & RELATED COURSES

Continuing education courses taken through the Appraisal Institute, other real estate organizations, and the American Bar Association.

## EXPERIENCE

**Valbridge Property Advisors | Northern California**

- Senior Managing Director, 2013-Present

**Hulberg & Associates, Inc.**

- Executive Vice President, 1984-2013

**Home Federal Savings and Loan of San Diego**

- Senior Commercial Appraiser, 1983-1984

Mr. Carney has provided valuation services in a wide variety of complex civil litigation including real estate, land-use cases, eminent domain, inverse condemnation, estate matters, property taxation, contract disputes, partnership and corporate disputes, environmental lawsuits, professional negligence cases, construction defects, bankruptcy/creditors matters, failure to maintain, and fraud.

He is qualified as an expert witness in various California State Superior Courts; in U.S. District Court, San Francisco; and, in U.S. Bankruptcy Court U.S. District Court, San Jose. He is a highly experienced forensic appraiser, having provided testimony in jury and bench trials in state and federal courts. He has also testified in major arbitrations and mediations.

He is a frequent lecturer and speaker on real estate appraisal matters, including on topics presented for education and continuing education credits to professional organizations, such as the Appraisal Institute – the National Conference; Appraisal Institute – San Francisco Bay Area and Los Angeles Area chapters; International Right of Way (IRWA); the American Bar Association's Continuing Legal Education (CLE) and Eminent Domain Institute; the American Law Institute/American Bar Association (ALI-ABA); Lorman Education Services; Valbridge Property Advisors.

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A.B., International Relations
University of Southern California

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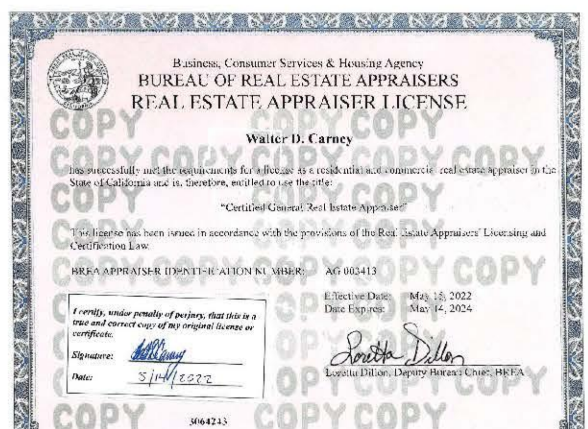
# Walter D. Carney, MAI

Senior Managing Director
**Valbridge Property Advisors | Northern California**

## EXPERIENCE, continued

**Appraisal/valuation and consulting assignments include:** Commercial (office buildings, medical/dental buildings, retail buildings, shopping centers, C-stores, restaurants, hotels/lodgings, service stations, mixed-use projects, banks, auto dealerships, vacant land). Industrial (light industrial; warehouse; R&D buildings; refuse and recycling facilities; asphalt and concrete mixing plants; food processing and cold storage facilities; maritime leases, maritime ship, and boat building and repair; vacant land). Single-family and multi-family (condominiums, apartments, subdivisions, mobile home parks, trailer parks, RV parks, vacant land). Agricultural (livestock, ranching, farming, permanent plantings, field and row crops, farmland). Various easements and rights (surface, subsurface, air, conservation, wetlands, historic-façade-preservation, TDR's (Transfer Density Rights). Various special-purpose properties (worship facilities, telecommunications, cell towers, communications facilities, truck stops, public and private schools, airport fixed base operators, chemical/metal plating). Railroad and public utility corridors; trails; various right-of-way uses. Remnant ("plottage") parcels. Wetlands and Waters of the U.S.; private and public reservoirs; open space; endangered and protected habitats; abandoned public streets. Other (fractional interest valuations, contaminated properties, feasibility studies, market studies, litigation support, mediations, arbitrations, and review appraisals).

## CERTIFICATION



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

**Walter D. Carney**

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 003413

Effective Date: May 15, 2022
Date Expires: May 14, 2024

*I certify, under penalty of perjury, that this is a true and correct copy of my original license or certificate.*
*Signature:*
*Date:* 5/14/2022

Loretta Dillon, Deputy Bureau Chief, BREA

3064243

# Valbridge
## PROPERTY ADVISORS


# FAST FACTS
## COMPANY INFORMATION

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

**Valbridge Property Advisors, Inc.**
3033 Riviera Drive, Suite 106
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Phone: 888.981.2029

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Valbridge PROPERTY ADVISORS

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4732 Woodmere Blvd.
Montgomery, AL 36106
(334) 277-5077

### CALIFORNIA

3160 Crow Canyon Pl.
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(925) 327-1660

825 Colorado Blvd., Ste. 243
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Louisville, KY 40222
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224 Avalon Cir.
Brandon, MS 39047
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Starkville, MS 39759
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Cary, NC 27511
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1422 Euclid Ave., Ste. 1160
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King of Prussia, PA 19406
(215) 545-1900

4701 Baptist Rd., Ste. 304
Pittsburgh, PA 15227
(412) 881-6080

### SOUTH CAROLINA
1250 Fairmont Ave.
Mt. Pleasant, SC 29464
(843) 884-1266

11 Cleveland Ct.
Greenville, SC 29607
(864) 233-6277

920 Bay St., Ste. 26
Beaufort, SC 29902
(843) 884-1266

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213 Fox Rd.
Knoxville, TN 37922
(865) 522-2424

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Memphis, TN 38120
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Brentwood, TN 37027
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Dallas, TX 75231
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Houston, TX 77024
(713) 467-5858

2731 81st St.
Lubbock, TX 79423
(806) 744-1188

9901 IH-10 West, Ste. 1035
San Antonio, TX 78230
(210) 227-6229

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(801) 262-3388

20 North Main St.
St. George, UT 84770
(435) 773-6300

321 N. County Blvd., Ste. D
American Fork, UT 84003
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(757) 410-1222

1231 Alverser Dr.
Midlothian, VA 23113
(757) 345-0010

5107 Center St., Ste. 2B
Williamsburg, VA 23188
(757) 345-0010

### WASHINGTON
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(509) 221-1540

324 N. Mullan Rd.
Spokane Valley, WA 99206
(509) 747-0999

### WISCONSIN
12660 W. North Ave.
Brookfield, WI 53005
(262) 782-7990

**NATIONAL COVERAGE. LOCAL KNOWLEDGE. TRUE VALUATION INDEPENDENCE.**

Valbridge
PROPERTY ADVISORS

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San Jose, CA 95126
408-279-1520 phone
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August 9, 2023

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Walter D. Carney, MAI
408-279-1520 ext. 7145
wcarney@valbridge.com

**VIA E-Mail Only**
Mr. James B. Pruett
San Mateo County Harbor District
P.O. Box 1449
El Granada, CA 94018

RE: Appraisal Report
Land Assemblage
11820 Cabrillo Highway
Avenue Alhambra
El Granada, San Mateo County, California 94018

Dear Mr. Pruett:

This letter is an addendum to our appraisal of the above-mentioned property, valued as of January 24, 2022. By reference, this supplemental valuation is incorporated into the July 3, 2023, appraisal. Please refer to the original appraisal, our file number CA02-23-0273-001.

The subject property, as referenced above, is located north and south of Cabrillo Highway in El Granada, a census-designated place near Half Moon Bay in San Mateo County. The property consists of eight parcels and is further identified as tax parcel numbers 047-252-390, -360, -220, -230, -240, and 047-251-040, -120, -140.

The eight parcels form two distinct properties that are ideally suited and proposed for an assemblage to enable potential development. One of the two properties contains five contiguous commercial land parcels located south of the Cabrillo Highway, facing the coastline. These parcels are referred to as the "Oceanside Parcels" throughout this report. Four of the Oceanside Parcels consist of vacant land, and one parcel (APN 047-252-390) is improved with a vacation rental home. The Oceanside Parcels total 3.03 acres or 131,881 square feet and have the greatest development potential based on zoning.

The other portion of the property includes three contiguous land parcels located inland along Avenue Alhambra, north of the Cabrillo Highway. These parcels are referred to as the "Mountainside Parcels" and consist entirely of vacant land in raw land condition. The Mountainside Parcels total 1.43 acres or 62,189 square feet and have limited development potential due to the El Granada Gateway zoning and General Open Space land use designation, which permit low-intensity public uses such as parks, community centers, outdoor recreation areas, and public parking for Surfer's Beach.

We remind the reader that the highest and best use of the larger property is to be sold as part of an assemblage for redevelopment, with future visitor-serving related development. It will be maximally productive that all of the eight subject APN forming are developed as an assemblage. Furthermore, it is the highest and best use of the property that the two subject sites (Oceanside and mountain side) are sold and developed together. The site along Avenue Alhambra, which has limited development potential on its own, could serve as support parking for the development that will take place on the Oceanside parcel, but safe crossing of Cabrillo Highway will be necessitated. Additionally, the mountainside parcels can be used as leverage to the County and larger community to get favorable approvals for the development of the rest of the property.

The In our original appraisal, we estimated the fair market value of the subject property rights appraised, as assembled as follows:

**Value Conclusions**

| Component | Oceanside Site | Mountainside Site | Total Value |
|---|---|---|---|
| Value Type | Market Value | Market Value | Market Value |
| Real Property Interest | Fee Simple | Fee Simple | Fee Simple |
| Effective Date of Value | July 3, 2023 | July 3, 2023 | July 3, 2023 |
| **Value Conclusion** | **$7,810,000** | **$340,000** | **$8,150,000** |
| | **$59.22 PSF** | **$5.50 psf** | |

You have now requested an allocation of value among each parcel forming this larger assemblage. This supplement will be used for negotiation purposes with each of the subject property owners. It is an allocation of the value of the subject property using the information and conclusions presented in our original appraisal among the various APNs.

The allocated price for each of the subject parcels, based on a pro-rata share of the whole, and considering the subject improvements, with a value estimated at $2,060,000 is shown in the table below.

**Value Allocation- Ocean Side Parcels**

| Ocean Site | Acres | SF | Land Value/ SF | Land Value | Improvements | Total |
|---|---|---|---|---|---|---|
| 047-252-220 | 0.51 | 22,033 | $47.00 | $1,035,551 | $0 | $1,035,551 |
| 047-252-230 | 0.97 | 42,447 | $47.00 | $1,995,009 | $0 | $1,995,009 |
| 047-252-240 | 0.61 | 26,651 | $47.00 | $1,252,597 | $0 | $1,252,597 |
| 047-252-360 | 0.50 | 21,755 | $47.00 | $1,022,485 | $0 | $1,022,485 |
| 047-252-390 | 0.22 | 9,583 | $47.00 | $450,410 | $2,060,000 | $2,510,410 |
| | 2.81 | | | $5,756,052 | $2,060,000 | $7,816,052 |

**Value Allocation- Mountain Side Parcels**

| APN Mountain Site | Gross Land Area Acres | SF | Value/SF | Market Value | Rounded |
|---|---|---|---|---|---|
| 047-251-140 | 0.14 | 6,098 | $5.50 | $33,541 | $33,500 |
| 047-251-040 | 0.91 | 39,772 | $5.50 | $218,746 | $218,500 |
| 047-251-120 | 0.37 | 16,090 | $5.50 | $88,495 | $88,500 |
| | | | | $340,782 | $340,500 |

All other assumptions related to our fair market value conclusions are outlined in the original appraisal.

Respectfully submitted,
Valbridge Property Advisors | Northern California

Maria Aji, Ph.D.
Director
California Certified License #AG027130

Walter D. Carney, MAI
Senior Managing Director
California Certified License #AG003413

# General Assumptions and Limiting Conditions

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

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

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | .
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | both agree that any dispute over matters in excess of $5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | shall have no obligation, liability, or accountability to any third party. Any party who is not the “client” or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | . “Client” shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by San Francisco Bay Area | Silicon Valley | San Jose. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
41. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

# Certification – Maria Aji, PhD

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

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

Maria Aji, Ph.D.
Director
California Certified License #AG027130

# Certification – Walter D. Carney, MAI

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

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

Walter D. Carney, MAI
Senior Managing Director
California Certified License #AG003413

# Addenda

Qualifications

- Maria Aji, Director
- Walter D. Carney, Senior Managing Director

Information on Valbridge Property Advisors

Office Locations

# Qualifications

Valbridge
PROPERTY ADVISORS

**INDEPENDENT VALUATIONS FOR A VARIABLE WORLD**

**MARIA AJI, PhD**
**Valbridge Property Advisors | Northern California**
maji@valbridge.com

1530 The Alameda, Suite 100
San Jose, California 95126

Main: 408.279.1520 x7120
Direct: 408-722-9127
Fax: 408.279.3428

## STATE CERTIFICATION

California

## EDUCATION

PhD, Urban and Regional Planning
University of Southern California

Master of Community Planning
University of Cincinnati

Bachelor of Arts in Economics
National & Kapodistrian University of Athens

**www.valbridge.com**

# Maria Aji, PhD

Director
**Valbridge Property Advisors | Northern California**

## MEMBERSHIPS & AFFILIATIONS

Appraisal Institute

- Membership Associate

Greek American Professional Women's Society

- Vice President

Valbridge Women's Council

- Member

## APPRAISAL INSTITUTE & RELATED COURSES

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

## SPEAKING ENGAGEMENTS

Valbridge Women's Council

- *Professional Journeys in Appraisal*
- *Valuing Retail Properties*

## EXPERIENCE

**Valbridge Property Advisors | Northern California**

- Director, 2023-Present
- Senior Appraiser, 2015-2023
- Appraiser, 2013-2014

**Hulberg & Associates, Inc.**

- Appraiser, 2001-2013

**The Property Sciences Group**

- Associate Appraiser, 1998-2001

**Nanyang Technological University, Business School**

- Researcher, 1994-1995

**Grubb & Ellis Company**

- Market Research Director, 1993-1994

Ms. Aji has expertise in a diverse range of complex appraisals, including fair market rent estimates, easement valuations, ground leases, leaseholds, and estate portfolios.

**Appraisal/valuation and consulting assignments include:** Office (professional medical); Shopping Centers; Retail (gas stations, oil-changing facilities, daycare centers, and restaurants); Residential (subdivisions, condominiums, apartments, and mixed-use commercial/residential development); and Industrial (manufacturing, warehouses, research and development, mini-storage facilities, contractor yards and industrial parks); as well as vacant land and special use properties (wedding venues, recreational facilities, golf courses, places of worship and schools/ universities).

**Valbridge**
**PROPERTY ADVISORS**

## INDEPENDENT VALUATIONS FOR A VARIABLE WORLD


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maji@valbridge.com

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### STATE CERTIFICATION

California

### EDUCATION

PhD, Urban and Regional Planning
University of Southern California

Master of Community Planning
University of Cincinnati

Bachelor of Arts in Economics
National & Kapodistrian University of Athens

**www.valbridge.com**

# Maria Aji, PhD

Director
**Valbridge Property Advisors | Northern California**

### CERTIFICATION

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

**Maria Aji**

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 027130

Effective Date: September 15, 2021
Date Expires: September 14, 2023

I certify, under penalty of perjury, that this is a true and correct copy of my original license or certificate.

Signature:

Date: 8/5/21

Loretta Dillon, Deputy Bureau Chief, BREA

3059720

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

Valbridge
PROPERTY ADVISORS

**INDEPENDENT VALUATIONS FOR A VARIABLE WORLD**


**WALTER D. CARNEY, MAI**
**Valbridge Property Advisors | Northern California**
wcarney@valbridge.com

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San Jose, California 95126

Main: 408.279.1520 x7145
Direct: 408-722-9125
Fax: 408.279.3428


## STATE CERTIFICATION
California

## EDUCATION
A.B., Economics
A.B., International Relations
University of Southern California

**www.valbridge.com**

# Walter D. Carney, MAI

Senior Managing Director
**Valbridge Property Advisors | Northern California**

## MEMBERSHIPS & AFFILIATIONS

Appraisal Institute, Member

- MAI Designation, 1992

International Right of Way Association (IRWA)

- President, Chapter 42, 2000
- Board of Directors, Chapter 42, 1998-2001

## APPRAISAL INSTITUTE & RELATED COURSES

Continuing education courses taken through the Appraisal Institute, other real estate organizations, and the American Bar Association.

## EXPERIENCE

**Valbridge Property Advisors | Northern California**

- Senior Managing Director, 2013-Present

**Hulberg & Associates, Inc.**

- Executive Vice President, 1984-2013

**Home Federal Savings and Loan of San Diego**

- Senior Commercial Appraiser, 1983-1984

Mr. Carney has provided valuation services in a wide variety of complex civil litigation including real estate, land-use cases, eminent domain, inverse condemnation, estate matters, property taxation, contract disputes, partnership and corporate disputes, environmental lawsuits, professional negligence cases, construction defects, bankruptcy/creditors matters, failure to maintain, and fraud.

He is qualified as an expert witness in various California State Superior Courts; in U.S. District Court, San Francisco; and, in U.S. Bankruptcy Court U.S. District Court, San Jose. He is a highly experienced forensic appraiser, having provided testimony in jury and bench trials in state and federal courts. He has also testified in major arbitrations and mediations.

He is a frequent lecturer and speaker on real estate appraisal matters, including on topics presented for education and continuing education credits to professional organizations, such as the Appraisal Institute – the National Conference; Appraisal Institute – San Francisco Bay Area and Los Angeles Area chapters; International Right of Way (IRWA); the American Bar Association's Continuing Legal Education (CLE) and Eminent Domain Institute; the American Law Institute/American Bar Association (ALI-ABA); Lorman Education Services; Valbridge Property Advisors.

# Walter D. Carney, MAI

Senior Managing Director

**Valbridge Property Advisors | Northern California**

## EXPERIENCE, continued

**Appraisal/valuation and consulting assignments include:** Commercial (office buildings, medical/dental buildings, retail buildings, shopping centers, C-stores, restaurants, hotels/lodgings, service stations, mixed-use projects, banks, auto dealerships, vacant land). Industrial (light industrial; warehouse; R&D buildings; refuse and recycling facilities; asphalt and concrete mixing plants; food processing and cold storage facilities; maritime leases, maritime ship, and boat building and repair; vacant land). Single-family and multi-family (condominiums, apartments, subdivisions, mobile home parks, trailer parks, RV parks, vacant land). Agricultural (livestock, ranching, farming, permanent plantings, field and row crops, farmland). Various easements and rights (surface, subsurface, air, conservation, wetlands, historic-façade-preservation, TDR's (Transfer Density Rights). Various special-purpose properties (worship facilities, telecommunications, cell towers, communications facilities, truck stops, public and private schools, airport fixed base operators, chemical/metal plating). Railroad and public utility corridors; trails; various right-of-way uses. Remnant ("plottage") parcels. Wetlands and Waters of the U.S.; private and public reservoirs; open space; endangered and protected habitats; abandoned public streets. Other (fractional interest valuations, contaminated properties, feasibility studies, market studies, litigation support, mediations, arbitrations, and review appraisals).

## CERTIFICATION

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

**Walter D. Carney**

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 003413

Effective Date: May 15, 2022
Date Expires: May 14, 2024

*I certify, under penalty of perjury, that this is a true and correct copy of my original license or certificate.*

Signature:
Date: 5/14/2022

Loretta Dillon, Deputy Bureau Chief, BREA

3064243

COPY

## INDEPENDENT VALUATIONS FOR A VARIABLE WORLD


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## STATE CERTIFICATION

California

## EDUCATION

A.B., Economics
A.B., International Relations
University of Southern California

**www.valbridge.com**

# Valbridge
PROPERTY ADVISORS


# FAST FACTS
## COMPANY INFORMATION

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


**Valbridge Property Advisors, Inc.**
3033 Riviera Drive, Suite 106
Naples, FL 34103
Phone: 888.981.2029


valbridge.com

# Valbridge PROPERTY ADVISORS

## VALBRIDGE PROPERTY ADVISORS OFFICE LOCATIONS

### ALABAMA
26241 Equity Dr., Ste. 101
Daphne, AL 36526
(251) 929-9090

3100 Lorna Rd., Ste. 201
Birmingham, AL 35216
(205) 440-2998

4732 Woodmere Blvd.
Montgomery, AL 36106
(334) 277-5077

### CALIFORNIA
4915 Calloway Dr., Ste. 101
Bakersfield, CA 93312
(661) 587-1010

1306 Higuera St.
San Luis Obispo, CA 93401
(805) 544-2472

3160 Crow Canyon Pl.
San Ramon, CA 94583
(925) 327-1660

825 Colorado Blvd., Ste. 243
Los Angeles, CA 90041
(626) 486-9327

17822 17th St., Ste. 211
Tustin, CA 92780
(714) 449-0852

775 Sunrise Ave., Ste. 260
Roseville, CA 95661
(916) 361-2509

1530 The Alameda, Ste. 100
San Jose, CA 95126
(408) 279-1520

### COLORADO
23272 Two Rivers Rd., Ste. 101
Basalt, CO 81621
(970) 340-1016

5345 Arapahoe Ave., Ste. 7
Boulder, CO 80303
(303) 867-1935

7445 E. Peakview Ave.
Centennial, CO 80111
(303) 867-1933

### COLORADO (CONT'D)
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### CONNECTICUT
17 Covewood Dr.
Norwalk, CT 06853
(860) 246-4606

15 Concord St.
Glastonbury, CT 06033
(860) 246-4606

### FLORIDA
10950 San Jose Blvd.
Jacksonville, FL 32223
(904) 608-2948

301 Almeria Ave., Ste. 350
Coral Gables, FL 33134
(305) 639-8029

734 Rugby St.
Orlando, FL 32804
(407) 493-6426

2711 Poinsettia Ave.
West Palm Beach, FL 33407
(561) 833-5331

3033 Riviera Dr., Ste. 106
Naples, FL 34103
(239) 514-4646

2601 West Horatio St. Unit 6
Tampa, FL 33609
(321) 228-6488

### GEORGIA
2675 Paces Ferry Rd., Ste. 425
Atlanta, GA 30339
(404) 354-2331

### IDAHO
1875 N. Lakewood Dr., Ste. 100
Coeur d'Alene, ID 83814
(208) 292-2965

### ILLINOIS
566 W. Lake St., Ste. 240
Chicago, IL 60661
(312) 429-0132

### INDIANA
6801 Lake Plaza Dr., Ste. C-301
Indianapolis, IN 46220
(317) 687-2747

### KANSAS
10990 Quivira Rd., Ste. 100
Overland Park, KS 66210
(913) 451-1451

### KENTUCKY
1890 Star Shoot Pkwy.
Lexington, KY 40509
(502) 585-3651

9401 Williamsburg Plaza, Ste. 204
Louisville, KY 40222
(502) 585-3651

### LOUISIANA
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(504) 541-5100

### MARYLAND
11100 Dovedale Ct.
Marriottsville, MD 21104
(443) 333-5525

### MASSACHUSETTS
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Waltham, MA 02451
(781) 790-5645

### MICHIGAN
1420 Washington Blvd.
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(313) 986-3313

2127 University Park Dr.
Okemos, MI 48864
(517) 336-0001

### MINNESOTA
255 E. Kellogg Blvd., Ste. 102A
St. Paul, MN 55101
(651) 370-1475

### MISSISSIPPI
1010 Ford St.
Gulfport, MS 39507
(228) 604-1900

### CORPORATE OFFICE
3033 Riviera Drive, Suite 106, Naples, FL 34103 | Phone: (239) 325-8234 | Fax: (239) 325-8356

*Each Valbridge office is independently owned and operated.*

### MISSISSIPPI (CONT'D)

224 Avalon Cir.
Brandon, MS 39047
(601) 853-0736

501 Highway 12 W., Ste. 150-M
Starkville, MS 39759
(662) 617-2350

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1118 Hampton Ave., Ste. 208
St. Louis, MO 63139
(314) 255-1323

### NEVADA

3034 S. Durango Dr., Ste. 100
Las Vegas, NV 89117
(702) 242-9369

6490 S. McCarran Blvd., Ste. 51
Reno, NV 89509
(775) 204-4100

### NEW JERSEY

2740 Route 10 West, Ste. 204
Morris Plains, NJ 07950
(973) 970-9333

3500 Route 9 South, Ste. 202
Howell, NJ 07731
(732) 807-3113

### NEW MEXICO

7000 Prospect Pl. NE, Ste. B
Albuquerque, NM 87110
(505) 884-4721

### NEW YORK

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(212) 268-1113

### NORTH CAROLINA

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(704) 376-5400

412 E. Chatham St.
Cary, NC 27511
(919) 859-2666

### OHIO

1655 W. Market St., Ste. 130
Akron, OH 44313
(330) 899-9900

8291 Beechmont Ave., Ste. B
Cincinnati, OH 45255
(513) 785-0820

### OHIO (CONT'D)

1422 Euclid Ave., Ste. 1160
Cleveland, OH 44115
(216) 367-9690

### OKLAHOMA

6666 S. Sheridan Rd., Ste. 104
Tulsa, OK 74133
(918) 712-9992

3121 Quail Springs Pkwy., Ste. 150
Oklahoma City, OK 73134
(405) 603-1553

### PENNSYLVANIA

150 S. Warner Rd., Ste. 440
King of Prussia, PA 19406
(215) 545-1900

4701 Baptist Rd., Ste. 304
Pittsburgh, PA 15227
(412) 881-6080

### SOUTH CAROLINA

1250 Fairmont Ave.
Mt. Pleasant, SC 29464
(843) 884-1266

11 Cleveland Ct.
Greenville, SC 29607
(864) 233-6277

920 Bay St., Ste. 26
Beaufort, SC 29902
(843) 884-1266

### TENNESSEE

3500 Ringgold Rd., Ste. 3
Chattanooga, TN 37412
(423) 206-2677

213 Fox Rd.
Knoxville, TN 37922
(865) 522-2424

756 Ridge Lake Blvd., Ste. 225
Memphis, TN 38120
(901) 753-6977

5205 Maryland Way, Ste. 300
Brentwood, TN 37027
(615) 369-0670

### TEXAS

901 Mopac Expy. S., Bldg. 1, Ste. 300
Austin, TX 78746
(737) 242-8585

10210 North Central Expy., Ste. 115
Dallas, TX 75231
(214) 446-1611

### TEXAS (CONT'D)

974 Campbell Rd., Ste. 204
Houston, TX 77024
(713) 467-5858

2731 81st St.
Lubbock, TX 79423
(806) 744-1188

9901 IH-10 West, Ste. 1035
San Antonio, TX 78230
(210) 227-6229

### UTAH

527 E. Pioneer Rd., Ste. 240
Draper, Utah 84020
(801) 262-3388

20 North Main St.
St. George, UT 84770
(435) 773-6300

321 N. County Blvd., Ste. D
American Fork, UT 84003
(801) 492-0000

### VIRGINIA

656 Independence Pkwy., Ste. 220
Chesapeake, VA 23320
(757) 410-1222

1231 Alverser Dr.
Midlothian, VA 23113
(757) 345-0010

5107 Center St., Ste. 2B
Williamsburg, VA 23188
(757) 345-0010

### WASHINGTON

8378 W. Grandridge Blvd., Ste. 110-D
Kennewick, WA 99336
(509) 221-1540

324 N. Mullan Rd.
Spokane Valley, WA 99206
(509) 747-0999

### WISCONSIN

12660 W. North Ave.
Brookfield, WI 53005
(262) 782-7990

**NATIONAL COVERAGE. LOCAL KNOWLEDGE. TRUE VALUATION INDEPENDENCE.**

Valbridge
PROPERTY ADVISORS

valbridge.com