John C. Clifford, MAI

CLIFFORD ASSOCIATES
REAL ESTATE APPRAISAL • ADVISORY • ARBITRATION

April 1, 2010

Mr. James Morales
General Counsel
San Francisco Redevelopment Agency
One South Van Ness Avenue, Fifth Floor
San Francisco, CA 94103

RE: Hunters Point Shipyard
Candlestick Point
Redevelopment Project Site
San Francisco, California

Dear Mr. Morales,

Subsequent to your request and authorization, I have completed an appraisal to estimate the Market Value of the Fee Simple Interest in each of three major land use areas forming an integrated development area that is a part of the Hunters Point Shipyard redevelopment project area, and the Candlestick Point Project area that is part of the Bayview Hunters Point redevelopment project areas defined herein, and located in the City of San Francisco, California. The project represents a consolidation of two development areas; Hunters Point Shipyard ("HPS"), a former naval base; and Candlestick Point ("CP"), the current location for Candlestick Park stadium and Candlestick Point State Recreation Area ("CPSRA"), a state park. The project area is intended for development with the new San Francisco 49er football stadium, approximately 10,500 housing units, and up to 3.985 million square feet of commercial uses.

The purpose of the appraisal is to provide assistance to the public agencies and private development interests involved in the Public Trust Land Exchange, and CPSRA reconfiguration. A summary of the property value conclusions is presented on Table 1. The effective date of value is April 1, 2010[1].

The Hunters Point Shipyard / Candlestick Point Redevelopment Project comprises a large and complex land use project area totaling approximately 781 acres. For this analysis, the property is evaluated according to the physical and land use characteristics identified in the Hunters Point Shipyard Redevelopment Plan and the Bayview Hunters Point Redevelopment Plan. It is the appraiser's opinion, the use

[1] The project site valuation represents consolidated analyses prepared in 2009 and 2010. The valuation of PH 1 HPS Hilltop/Hillside residential district represents a current April 2010 update of findings prepared in July 2009. The valuation of the all other phases and components represents findings as of July 2009. Based on theses and prevailing market conditions, it is concluded these findings are reliable to satisfy the intended use of the report.

268 Bush Street #2300 • San Francisco, California 94104 • (415) 397-1308 • Fax 383-3211
E-mail: 4clifford@comcast.net

and development potential of the subject property as set forth by the Redevelopment Plans represents the highest and best use of the subject property. In addition, the analysis considers the San Francisco Board of Supervisors and Mayor's 2007-2008 approval of a resolution endorsing a development plan for the integrated redevelopment of Hunters Point Shipyard and Candlestick Point (the Conceptual Framework). The development plan was endorsed by San Francisco voters in June 2008 with the approval of Proposition G, which set forth guiding principles and a development plan for the site, consistent with Mayor and Board of Supervisor's approved Conceptual Framework. In furtherance of the Conceptual Framework and Proposition G, in December 2008, the Mayor and Board of Supervisors approved a project financing plan, which identified the public financing and private equity required to build the development plan and program endorsed by the Mayor, Board of Supervisors and San Francisco voters.

The Highest and Best use of the consolidated project and its components is impacted by its size and varying land uses, along with development cost, timing and risk factors including:

1. redevelopment based on reasonable and probable use and development alternatives set forth in the integrated development area that is a part of the Hunters Point Shipyard redevelopment project area, and the Candlestick Point Project area that is part of the Bayview Hunters Point redevelopment project;
2. additional planning and project review to obtain development entitlements;
3. market based development fees and extensive infrastructure and project construction costs;
4. known presence of hazmat contamination. For this analysis it is assumed on the HPS that the US Navy is responsible to pay the costs of clean-up and that no financial burden is placed on the ownership. Although the clean-up is completed at no cost to the ownership, the scheduled Navy clean-up impacts the project's development phasing and marketability;
5. the level of site improvements completed to date on HPS Phase I that in part is funded by a CFD;
6. Out-parcels must be acquired to assemble the CP project site as proposed;
7. The assumption that the project area is not encumbered by public trust land for commerce navigation and fisheries or state park restrictions.

From a market based perspective, the appraiser concludes there are three proposed land use categories responsible for attracting potential development interest and profit motivation include:

- Phase 1 HPS Hilltop/Hillside residential district - that sits atop the hillside topography maximizing the project areas view characteristics. Hilltop and Hillside are linked to existing residential uses to the west, as well as to an active and functional transportation infrastructure. This area is also the first to be cleaned up and available for redevelopment which is now in progress.

- Phase II HPS Mixed Use commercial and residential district - adjacent to the north shoreline and linked to the project areas primary access route and is suited for urban design potential, again featuring Bay and City views to the north. This area is third to be cleaned up and available for redevelopment.

- Phase II HPS Stadium site - designated as a potential alternative location for the future construction of the new San Francisco 49er's football stadium. Under the Board of Supervisors resolution approving the financing plan, the stadium site is granted to the team at no cost. Other area nearby the stadium is slated for development of light industrial research and development, and office uses. The area occupies the lower level terrain adjacent to the east shoreline. This area is second to be cleaned up and available for redevelopment.

- Candlestick Point Mixed Use commercial and residential district - is suited for urban development. It is home to the current location for Candlestick Park stadium and Candlestick Point State Recreation Area. The lease to the San Francisco 49er's and the preservation and enhancement of State Park improvements impacts its development. This component also requires the phased redevelopment of a large public housing and public housing replacement project that can also incorporate market rate units.

- Each of these districts includes categories of other land uses such as open space, recreation and public improvements. These non-economic land uses are typical components found in all development in San Francisco and elsewhere, but they are not direct sources of revenue. In a sense they are part of the necessary infrastructure required for all development. Their value is imbedded in the value associated with the developable components; the land parcels designated to support vertical construction.

The national and regional economy has entered a severe period of recession not seen since the Great Depression. Despite a community-based development program that includes an appropriate variety of land uses, due to economic forces (current market conditions impacting potential revenue sources and required development costs), it is not presently feasible to pursue development at HPS Phase II and Candlestick Point without reliance upon public financing programs to subsidize and close the feasibility gap. The fact that this area is in a redevelopment project area reflects the recognition that such mechanisms are necessary for this project to proceed. In the current economic climate, revenues from the sale of residential and commercial development land are significantly less than required horizontal development costs to put the land in service for such uses. In the case of HPS Phase 1, due to its current partially-improved condition, the remaining infrastructure and other horizontal development costs are not so excessive relative to the revenue potential from development, yielding a positive value that provides an economic

VALUATION SUMMARY **TABLE 1**

Project Area	Phase	Acres	Value $	$/AC
HILLTOP / HILLSIDE	Phase I	79	$30,500,000	$386,000
HPS	Phase II	250	$0	$0
CP		177.1[2]	$0	$0

incentive and potential profit. Here, the market reality is a condition where potential revenue sources exceed required development costs. A description of each of these components and the appraiser's findings are presented later.

The narrative summary report continues with a Summary of Salient Facts and Conclusions, and contains 147 pages, along with addenda. The valuation stated herein is subject to the conditions and assumptions stated on the following pages. In addition, the report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP). Further, the appraisal is subject to the requirements of the Code of Ethics and the Standards of Professional Conduct of the Appraisal Institute.

Respectfully submitted,

CLIFFORD ASSOCIATES

John C. Clifford, MAI
SCGREA Certificate No. AG007177

[2] Acreage does not include 153-acre State Park.

EXECUTIVE SUMMARY
Hunters Point Shipyard Phase 1

The developer has approval to develop 79 acres at Hunters Point Shipyard, in a development area known as Phase 1 (HPS Phase I). HPS Phase I includes two final residential subdivision maps identified as **Hilltop** - No. 4231, and **Hillside** – No. 5255. The approved development is deemed to reflect the Highest and Best Use of HPS Phase I. Both sites are under construction. The valuation presented herein estimates the *Bulk Value* of HPS Phase I. The *Bulk Value* is defined to represent the most probable price likely to be paid by a single purchaser to acquire the property in a single transaction.

Project Description

The two HPS Phase I subdivision maps are identified by their orientation sitting atop the hillside topography maximizing the project areas view characteristics. **Hilltop** and **Hillside** are linked to existing residential uses to the west, as well as to an active and functional transportation infrastructure. This area was also the first to be cleaned up and available for redevelopment that is now in progress.

Development in this area, like all the areas of Hunters Point Shipyard, requires extensive new construction of utility systems and roadway infrastructure. Grading included removal of the hilltop knoll, but which of course preserved the neighborhood's view characteristics. The developer reports $122.1 million has already been spent to complete horizontal infrastructure site improvements. The HPS Phase I project areas are summarized on **Table 2**.

The HPS Phase I housing blocks sit atop hillside terrain and feature view characteristics, and are naturally buffered from the lower-lying waterfront shipyard area by moderate and steep sloping terrain. These residential blocks are also separated from the Shipyard by the primary arterial street, Galvez Street. The **Hilltop** and **Hillside** subdivisions have a distinct setting that contributes to their appeal as a traditional residential neighborhood with superior bay view and privacy characteristics.

The entirety of the HPS Phase I project area consists of two subdivision maps. Overall, the two subdivisions contain 1,298 units[1], excluding land area slated to support San Francisco Redevelopment Agency ("SFRA") lots. The unit count is further divided between 101 attached SFR units and 1197 condominium units. The two maps indicate 283 units are programmed for SFRA use. Among the 1,298 units, a total of 1,103 units are proposed for market rate development and 195

[1] The number of units total 1,300. The housing unit count is 1,298, and excludes lot 32 in the Hilltop subdivision map #4231. That same map includes two lots that are deemed commercial (not residential), and occupy the NWC of Innes and Donahue adjacent to HPS Ph II. These are analyzed as part of HPS Ph II.

Table 2

VALUATION ZONE	Subject Property	Approval Status	Gross Acres	Gross SF	Streets Acres	Open Space Acres	Useable Acres	# of Units	# of Market Units	Density Units # / AC	# of Affordable Units (Excludes Agency Lots)	% of Affordable Units	COSTS EXPENDED TO DATE	COSTS REQUIRED TO COMPLETE	COMMENTS	
1	HPS PHASE 1															
1	HILLTOP / HILLSIDE		79	3,441,240	15.6	36	27.3	1298	1,103	40	195	15%	$122,102,211	$34,945,768	Hilltop lots graded and certifed	
													Cost are gross of CFD reimbursement		by Civil Engineer. Streets and Utilities	
			2.54	Located in NWQ of Innes / Donahue Streets				2					Project has received $23 million,		under construction.	
				(2) commercial lots adjacent to HPS Ph II									Project to receive $42 million		$94,070	/ Unit - spent
								1300	TOTAL UNITS				in CFD Reimbursement		$26,923	/ Unit - to spend to complete
															$120,992	/ Unit - total hard and soft costs
1	HILLTOP Housing	Map #4231	59.5	2,591,820	11.7	28.3	19.5	901	766	39.3	135	15%	$81,808,481	$23,413,665	$90,797	/ Unit - spent
							SFR	101	86		15				$25,986	/ Unit - to spend to complete
							Condos	800	680		120				$116,783	/ Unit - total hard and soft costs
						% of Total	Unit Count	Unit Type / Affordability								
							65	*SFR Lots - on perimeter of Hilltop neighborhood with Bay views*								
							36	*SFR Lots - within Hilltop neighborhood*								
							101	*SFR Lots - Total*	% of SFR's							
							15	*Affordable*	15%							
							86	*Market Rate*	85%							
									% of Condos							
							800	*Condominium Units*	100%							
							120	*Affordable*	15%							
							680	*Market Rate*	85%							
1	HILLSIDE Housing	Map #5255	19.5	849,420	3.9	7.7	7.8	397	337	43.21	60	15%	$40,293,730	$11,532,103	$101,496	/ Unit - spent
															$29,048	/ Unit - to spend to complete
									126	*Condominium Units - on upper slope with views*					$130,544	/ Unit - total hard and soft costs
									189	*Condominium Units - on lower slope with lesser views*						

units are slated for affordable housing development by the developer. The two subdivisions are known as Hillside and Hilltop, and further described as follows.

The **Hillside** project comprises an approved condominium site for 397 units, including 337 market rate units and 60 affordable units (15%). This excludes 92 units of the 283 units programmed for SFRA use.

Development standards are generally consistent on the lots that typically measure 27' to 32' wide by 75' to 83' deep. The development used a double-loaded street design with two streets – Navy Road and Oakdale Avenue traversing the neighborhood. The hillside topography provides an outlook south – southeast overlooking the lower shipyard area and the Bay. Most of the lots are slated for development of 2-3 unit buildings with others slated for 4 – 6 units. Approximately 58 of 126 lots on the upper level of the subdivision front Oakdale Street will likely have superior view characteristics. The overall Hillside density is approximately 20 units / acre. Excluding streets (utilizing 3.9 acres) and open space utilizing 7.7 acres), the development area of 7.8 acres reflects a density of 51 units / acre. The developer reports that approximately $40.294 million has been spent to date for hard and soft costs to complete partial infrastructure improvements on Hillside. The improvements completed to date include off-site improvements, demolition and deconstruction, and extensive grading and partial construction of utility systems. To facilitate completion of the infrastructure, a CFD was formed in 2004 by the Redevelopment Agency for the purpose of financing infrastructure that is being constructed by the developer. The developer has been reimbursed $23 million by the CFD to date (for both Hillside and Hilltop). The remaining infrastructure costs are reported to total $11.532 million excluding the anticipated CFD reimbursement. The appraised value estimated herein excludes any financial benefit or liability attributed to the CFD.[2] For the valuation, the remaining $11.532 million costs are is divided equally among the 397 units in **Hillside**, or $29,048 / unit, to estimate the "as-is" value of HPS Ph I[3].

The **Hilltop** project comprises 901 units including 766 market rate units and 135 affordable units (15%). This excludes 191 units of the 283 units programmed for SFRA use. Among the 901 units, 101 units are attached SFR units and the balance of the site supports 800 condominium units. Among the 101 attached single-family inventory there are 86 market rate units and 15 affordable units (15%). Among the 800 condominium unit inventory there are 680 market rate condominium units and 120 affordable units (15%). Development standards differ with the intent to maximize density within the middle of this district on Blocks 50, 51, 52, 53 and 54, situated on the hillside crest, with moderate density on Blocks 1, 48, 49, 56, and 57. Block 55 is divided east and west and incorporates single-

---

[2] The appraised value does not reflect the probable premium a buyer would pay for anticipated CFD reimbursement, and the probable discount a buyer would demand for assuming the CFD Special Taxes obligation.

[3] No allocation of remaining costs was provided for each subdivision. It is assumed the 283 affordable units are exempt from Special Taxes resulting from the CFD.

family density with lots ranging in size from 1,500 SF to 2,100 SF. The overall Hilltop density is approximately 15 units / acre. Excluding streets (utilizing 11.7 acres) and open space utilizing 28 acres), the development area of 19.5 acres reflects a density of 46 units / acre. This design provides and protects view corridors and logically provides for neighborhood recreation and open space to enhance the quality of this residential district. The developer reports that approximately $81.8 million has been spent to date for hard and soft costs to complete partial infrastructure improvements on Hilltop. The improvements completed to date include off-site improvements, demolition and deconstruction, and extensive grading and partial construction of utility systems. The remaining infrastructure costs are reported to total $34.95 million excluding the anticipated CFD reimbursement. For the valuation, the remaining $23.41 million costs are is divided equally among the 901 units in **Hilltop**, or $25,986 / unit, to estimate the "as-is" value of HPS Ph I.

Project Valuation

In the case of HPS Phase I, after spending a reported $122.1 million for the combined infrastructure improvements in both subdivisions, given the partially completed condition for the 1,298 unit residential project ($94,070/unit), that requires $34.9 million to complete the horizontal development ($26,923/unit), it is concluded its phased development contributes positive value, that is defined to represent a *Bulk Value*. Its valuation relies upon a Sales Comparison Approach to derive the project's potential gross revenue projection. Then a *Development Approach* using a discounted cash flow analysis technique is used to derive the As-Is value for HPS Phase I.

For purposes of deriving a *Bulk Value* for HPS Phase 1, a consolidated cash flow projection is utilized. A total of 1,298 units are analyzed. It is noted the 283 units are set-aside at no cost for Agency use and contribute no positive land value. The developer has no vertical development requirement and no further loss beyond horizontal infrastructure. The remaining 1,298 units are divided between 101 attached SFR lots and 1,197 condominium units.

For Hilltop, revenues are generated from the sale of SFR lots that provide neighborhood views as well as those that provide a variety of Bay and City views.

For purposes of valuation, the attached SFR lots are distinctly different from the condominium sites, appeal to different buyers and fetch altogether different land values. The gross revenues from this component, therefore, are estimated separately.

Among the 101 attached SFR lots, 65 are oriented around the perimeter of the subdivision and feature superior views than the 36 SFR lots that are oriented within the neighborhood interior. However, among the 101 attached single family units, the developer is also required to provide 15% or 15 units at affordable

prices, leaving only 86 that can fetch market-based price levels. Thus, their value contribution is segregated and is based on a comparison with lot sales that do not trigger any affordable requirement. However, the 15 affordable units represent a liability or burden and must be analyzed separately (since costs exceed affordable formulated pricing).

The market-rate neighborhood lots are assigned a value of $275,000/unit. The Bay and City view lots are assigned a value of $335,000/unit. Based on these two unit values, combined with the unit mix of lots with 65 view lots and 21 neighborhood lots (excluding the affordable units[4]), the aggregate sum of retail value approximates $27.5 million, and an overall average lot value of $320,000. The reported remaining costs to create the 101 SFR lots is based on a unit cost of $40,315/unit for a total of $4.07 million. These component values do not take into consideration of the time, costs and risk with developing these HPS Phase 1 units. The *Bulk Value* does however as discussed later.

For Hilltop and Hillside, revenues are also generated from the sale of land to support condominium development. Consideration is given to the location and design that include both neighborhood, or Bay and City view characteristics along with density.

Among the 1,197 condominium units, 1,017 are market rate and 180 are affordable (15%). The 180 affordable condominiums also contribute no positive land value but the developer has a vertical requirement and the development loss is greater. This is due to the fact that the vertical construction costs exceed the low-income formulaic prices yielding a substantial loss to the landowner/developer. However, this requirement is not atypical. The comparable condominium site sales are also subject to a similar affordable housing requirement. Currently the affordable housing requirement is 15% if units are developed on-site, and 20% if developed off-site. Therefore, as the land to support 1,017 condominium units is analyzed, the impact of the affordable requirement is imbedded in unit prices reflected by the comparable sales and requires no further adjustment.

The appraiser concludes the market value for the subdivision-mapped land that supports condominium units can be estimated at $65,000/unit. Based on the aforementioned unit value, the aggregate sum of retail value approximates $77.8

---

[4] The 15 affordable attached SFR neighborhood units are deemed to reflect a burden on the property and are accounted for in the final valuation of HPS Phase 1. The additional burden can be approximated by the estimated loss the developer will face when constructing and then selling the 15 affordable units. The affordable housing units will be conveyed as mix of type, to varying AMI income qualifiers (Low – Median - Moderate). Based on an assumption the 15 units will reflect an average 3-BR unit that is acquired by a 100% median income buyer, the formulaic maximum price is approximate $265,000. In contrast the vertical cost for such a unit (based on the developer's pro-forma for Grade level townhouse – see addenda item 4) approximates $305/SF. That cost for an average unit of 1,510 SF amounts to $460,000. The differential is approximately $195,000/unit, or $2.925 million (15 X $195K). This amount is deducted to derive a value for HPS Phase 1 for the burden attributed to the affordable housing requirement.

million. The reported cost to create the 1,298-unit development site is based on the aforementioned unit costs. These component values do not take into consideration of the time, other costs and risk with developing these HPS Phase 1 units. The *Bulk Value* does however as discussed below.

These valuation factors are considered along with a market-based absorption projection, and deductions for costs of sales, profit, and taxes to derive a *Bulk Value*. The net revenue projection is then discounted to reflect the time, costs and risks of proceeding with development to derive a present value estimate of **$30.5 million** for HPS Phase I.

EXECUTIVE SUMMARY
Hunters Point Shipyard – Phase II

The developer seeks approval to develop 250 acres at HPS Phase II for horizontal land development that can support vertical development of 2,660 housing units and up to 2.875 million SF of commercial development. No approvals exist at this time, but the intended future use is concluded to represent the Highest and Best Use of the subject property. This is based on important political and planning policy decisions to revitalize a blighted district. The appraiser's finding is based on the San Francisco Board of Supervisors and Mayor's 2007-2008 approval of a resolution endorsing a development plan for the integrated redevelopment of Hunters Point Shipyard and Candlestick Point (the Conceptual Framework). The development plan was endorsed by San Francisco voters in June 2008 with the approval of Proposition G, which set forth guiding principles and a development plan for the site, consistent with Mayor and Board of Supervisor's approved Conceptual Framework. In furtherance of the Conceptual Framework and Proposition G, in December 2008, the Mayor and Board of Supervisors approved a project financing plan, which identified the public financing and private equity required to build the development plan and program approved by the Mayor, Board of Supervisors and San Francisco voters.

Project Description

HPS Phase II includes a broad spectrum of land uses that is intended to create a compatible and feasible land use development program. The proposed land uses for HPS Phase II are summarized on **Table 3.** The project areas are named HPS North, HPS Village Center, Green R&D, and HPS South. The land use program reflects the legally permissible intentions of the City, and the endorsement of the Board of Supervisors to support a public financing plan. This is an important aspect for the valuation analysis since the appraiser concludes it is not feasible to pursue development at HPS Phase II without reliance upon public financing programs. Under current market conditions only public subsidy through financing programs can close the feasibility gap. In the current economic climate, projected revenues from the sale of residential and commercial development land units are significantly less than required horizontal development costs to put the land in service for such uses.

The development schedule for the project's residential and commercial components is dependent on the Navy's environmental remediation program slated for completion during 2012 – 2015. The schedule impacts phasing for residential and non-residential uses. Future development and uses for the HPS South area is dependent upon its selection for the future construction of the new San Francisco 49er's football stadium. The area near the stadium is slated for development of light industrial research and development, and office uses.

JNTERS POINT SHIPYARD CANDLESTICK PROJECT SUMMARY

TABLE 3

LUATION ZONE	Subject Property	Approval Status	Gross Acres	Gross SF	Streets Acres	Open Space Acres	Useable Acres	# of Units	# of Market Units	Density Units # / AC	# of Affordable Units	% of Affordable Units	# of Agency Lots	% of Agency Lots	# of Parking	Retail SF	Artist SF	R&D/Office SF
2	PHASE 2																	
2A	HPS - Housing	Pending	250	10,890,000	24	37	189.00	2,660	2,012	14.1	225	8%	423	16%	7,208			
2A	HPS North		38.25	1,666,170	10.95	13.8	13.50	2,099	1,451	155.5	225	8%	423	16%	2,161	25,000		
2A	HP Village Center		9.33	406,415	1.78	7.2	0.35	240	240	685.7	0	0	0	0	314	25,000	225,000	
2A	Green R&D		37.54	1,635,242	11.32	9.0	17.22	321	321	18.6	0	0	0	0	3,857	75,000		2,000,000
2B	HPS South		164.51	7,166,056	0	7.2	157.31	0	0	0.0	0	0	0	0	876			500,000

PHASE 2 Residential development comprises market rate, inclusionary affordable and unit set aside for agency use 2,237 225 10% unit mix excluding agency lots
PHASE 2 Commercial development inlcudes 2.85 million SF of commerical uses that includes 125K SF ground floor commercial retail, 225K artist, 2.5 million SF R&D/Office

In order to provide a variety of housing options the project incorporates 368 rental units to complement 1,644 for sale units, along with 225 for sale workforce units, and 423 Agency units. In anticipation of satisfying state and city inclusionary housing requirement and to qualify for public subsidy, in addition to the Agency units the project incorporates 225 inclusionary affordable units. Other components of Phase II incorporate a Village Center and a waterfront commercial district to support office or R&D development to respond to policy goals of providing permanent local jobs. Thus, both residential and commercial uses are designed to benefit from the project's waterfront and bay view orientation.

Project Valuation

The developer has completed an in-depth analysis that incorporates a detailed horizontal development budget in response to phased access for development based on Navy remediation schedule, physical characteristics, and all reasonable and contingent requirements to support large scale development. The total HPS Phase II infrastructure costs total approximately **$924 million** without consideration of inflation. These costs exceed the appraiser's projected sum of revenue proceeds that total (not more than) **$283 million** including both residential and commercial land use components. The feasibility deficit implies a negative value of over **$640 million**. The outline of the aforementioned revenues and costs are presented on **Table 20** (see page 141).

The developer's projections of land prices, assuming environmental and project approval, as well as horizontal land development costs, are derived by a residual model that yield land prices and absorption rates as follows. Residual land prices attributed to market rate for sale units ranges from $90,000 to over $100,000/unit for low-rise and high-rise flats or loft units, and $120,000/unit and higher for townhomes. Despite the waterfront orientation of the HPS project area, with some units offering Bay views, these land prices are not achievable. Generally these price levels have not been achieved in San Francisco except for preferred SOMA high-rise locations close to employment and the City's cultural and transportation assets, and featuring dramatic Bay and City views. For the most part these transactions occurred at the height of the market in 2005-2006, and vertical development for most have been shelved. Nor have these land values been achieved within competing locations in North San Mateo County. The absorption schedule assumes the sale of land units for development and marketing during a 4-year period from 2012 through 2015, at price levels that cannot be supported. In terms of the for sale product, the absorption is aggressively projected to sell between approximately 250 – 285 units per year. However in Year 2015, absorption of 658 units is projected that is attributed to the development of a tower structure. In the appraiser's opinion, the aforementioned absorption projection does not appear to be foreseeable under current market conditions.

HUNTERS POINT SHIPYARD PHASE II					CLIFFORD APPRAISAL VALUATION						TABLE 20	
									HUNTERS POINT SHIPYARD PHASE II			FEASIBILITY DEFICIT
COMPONENT	NET ACRES	RESIDENTIAL VALUE COMPONENT (1)			COMMERCIAL VALUE COMPONENT			TOTAL VALUE $ (2)	TOTAL $/AC	HPS COSTS PH II	HPS PH II COSTS	
		# of Units	$/Unit	$	SF	$/SF/FA	$	$		$		
TOTALS	188.38	2,012	$72,490	$145,850,000	2,850,000	0	$137,500,000	$283,350,000	$1,504,141	$923,898,534	TOTAL	-$640,548,534
										$8,908,456	PRE-DEV	
HPS North	13.50	1,451	$70,000	$101,570,000	25 K SF INCLUDED IN RESIDENTIAL		$0	$101,570,000	$7,523,704	$835,593,489	HARD	*REVENUES*
										$10,790,568	OTHER	*MINUS*
P Village Center	0.35	240	$77,500	$18,600,000	250,000	55	$13,750,000	$32,350,000	$92,428,571		Govt Fees	*COSTS*
					(Ret/Artist)					$19,190,568	Comm Benefits	*BEFORE*
Green R&D	17.22	321	$80,000	$25,680,000	2,075,000	50	$103,750,000	$129,430,000	$7,516,260	$6,600,000	G&A	*PROFIT*
					(Ret/R&D)					$25,067,805	Proj. Mgt.	
HPS South	157.31	0			500,000	40	$20,000,000	$20,000,000	$127,137	$7,470,467	Sales/Mkt	
					6,852,424	$3				$10,277,181	Taxes	
HP PH 1	3.21				279,614	50	13,980,700	13,980,700	4,355,358	unknown costs to put in service		< does not offset deficit >

(1) Value based on market rate units - affordable units yield no positive land value since formulated price is less than cost to produce

(2) Represents Sum of Retail Value, before time and risks are considered. Bulk Value is much less to account for time, risks.

(2) Value of Commercial Retail, Office & R&D based on $/SF/FA

Finally, with the December 2008 adoption of the zone changes for the Eastern Neighborhoods (EN) planning area that is proximate to the subject location, the developer's projected absorption may not appropriately consider the pent-up competition from the potential of hundreds of units within the EN pipeline. Thus, the appraiser cannot concur with either the projected land values or absorption rates that are the cornerstone of the developer's pro-forma.

Given that the viability of the project is dependent on bonding capacity and tax increment, the developer's projections are not supportable along with the developer's gap funding[1] to satisfy and fund the affordable housing requirement. A market-based projection would result in a larger capital requirement to fund this obligation, further eroding the developer's projection that already yields a negative return.

Under current market conditions, it is inconceivable any project could be supported without reliance upon public financing. However, according to USPAP and input from the California Debt and Investment Advisory Commission, reliance on public financing can only be considered to mitigate economic feasibility rather than to create or impact land value. Under prevailing market conditions, no profit-motivated buyer would be attracted to meet such a front-loaded negative cash flow to construct expensive infrastructure.

Therefore, the appraiser concludes it is not feasible to pursue development at HPS Phase II in the current market and economic context without reliance upon public financing programs to subsidize and close the feasibility gap. This is due to the fact that prevailing land prices and projected revenues from the sale of development sites units are significantly less than required horizontal development costs to put the land in service for such uses. Unless there is a significant increase in competitive pricing, demand and construction costs, (that are not anticipated), future uses and positive value can only be realized through feasibility gap closing measures such as TIF (tax increment financing) or CFD Mello-Roos instruments. The fact that this area is in a redevelopment project area reflects the recognition that such mechanisms are necessary for this project to proceed. Absent a redevelopment plan that provides such financing alternatives, there does not appear to be an positive value associated with HPS Phase II, but such financing mechanisms cannot to be considered in the valuation of the subject property reflecting its "as is" condition.

---

[1] Gap funding is the difference between the capital costs to produce affordable housing unit and the formulated price based on variable qualifying income levels.

EXECUTIVE SUMMARY
Candlestick Point

The developer seeks approval to develop 177 acres at Candlestick Point (CP) for horizontal land development that can support vertical construction of 7,840 housing units and up to 1.135 million SF of commercial development. No approvals exist at this time, but the intended use is concluded to represent the Highest and Best Use of the subject property. This is based on important political and planning policy decisions to revitalize a blighted district. The appraiser's finding is based on the San Francisco Board of Supervisors and Mayor's 2007-2008 approval of a resolution endorsing a development plan for the integrated redevelopment of Hunters Point Shipyard and Candlestick Point (the Conceptual Framework). The development plan was endorsed by San Francisco voters in June 2008 with the approval of Proposition G, which set forth guiding principles and a development plan for the site, consistent with Mayor and Board of Supervisor's approved Conceptual Framework. In furtherance of the Conceptual Framework and Proposition G, in December 2008, the Mayor and Board of Supervisors approved a project financing plan, which identified the public financing and private equity required to build the development plan and program approved by the Mayor, Board of Supervisors and San Francisco voters.

Project Description

CP includes a broad spectrum of land uses that is intended to create a compatible and feasible land use development program. The proposed land uses for CP are summarized on **Table 4.** The project sub-areas are named CP North, CP Center, CP South, Jamestown, and Alice Griffith. The project area is bordered by the existing Candlestick Point State Park that encompasses 153 acres along the bay shoreline. The land use program reflects the legally permissible intentions of the City, and the endorsement of the Board of Supervisors to support a public financing plan. This is an important aspect for the valuation analysis since the appraiser concludes it is not feasible to pursue development at CP without reliance upon public financing programs. In the current economic climate, projected revenues from the sale of residential and commercial development land units are significantly less than required horizontal development costs to put the land in service for such uses.

The development schedule is dependent on upon the current lease to, and the future construction of a new San Francisco 49er's football stadium. The current lease extends until 2013 with (2) 5-year options. However the lease term and the relocation of the team either to one of two locations are linked to future development plans at CP. The team is considering a move to Santa Clara, or to remain in San Francisco. The San Francisco alternative contemplates development of a new stadium in HPS South just across Yosemite Slough from the current Candlestick site. In either case, given the lead time and construction period for a new stadium, it is contemplated the team will remain at Candlestick

UNTERS POINT SHIPYARD CANDLESTICK PROJECT SUMMARY

TABLE 4

ALUATION ZONE	Subject Property	Approval Status	Gross Acres	Gross SF	Streets Acres	Open Space Acres	Useable Acres	# of Units	# of Market Units	Density Units # / AC	# of Affordable Units	% of Affordable Units	# of Agency Lots	% of Agency Lots	# of Parking	Retail SF	Artist SF	R&D/Office SF	OTHER Hot/Th/Arena SF
3	CP - Housing		177.1	7,714,476	52.91	13.8	110.39	7,840	5945	71.0	1,055	13.5%	840	11%	10,439				
	CP North		58.3	2,539,548	18.2	7.8	32.30	2,805	2287	86.8	181	6.5%	337	12%	3,020	70,000			
	Jamestown		6.9	300,564	0	0.0	6.90	321	0	46.5	95	29.6%	226	70%	322				
	CP Center		31.4	1,367,784	9.9	0.0	21.50	274	274	12.7	0	0.0%	0	0%	2,492	580,000		150,000	280,000
	CP South		46.5	2,025,540	14.5	2.1	29.90	3,222	2960	107.8	62	1.9%	180	6%	3,395	55,000			
	Alice Griffith		34.0	1,481,040	10.31	3.9	19.79	1,218	404	61.5	717	58.9%	97	8%	1,210	0			
	State Park		153.0	6,664,680	N/A														

PHASE 3 Residential development comprises market rate, inclusionary affordable and unit set aside for agency use 5,945 1,055 18% unit mix excluding agency lots

PHASE 3 Commercial development inlcudes 1.35 million SF of commerical uses that includes 125K SF ground floor commercial retail, 580K SF mall, 150K SF office, 150K SF hotel, 55K SF theatre, 75K SF arena

until at least 2018 because of the requirement to exercise their option to extend beyond 2013. Of course, negotiations with the City to remain in San Francisco could alter any number of terms that could impact the stadium project and the CP development schedule. If the HPS South site is selected for the stadium project, the CP area is slated for mixed-use commercial and residential development along with a large retail complex, redevelopment of the Alice Griffith housing project, and the potential development of an arena facility. State Park improvements are proposed as well that includes an exchange of park and potential development land to preserve and create a more accessible recreational asset.

In order to provide a variety of housing options the project incorporates 1,055 inclusionary affordable units and 840 lots set aside for pubic agency development. Other components of CP incorporate a Center district to support 150,000 SF offices, 150,000 SF hotel, 635,000 SF of retail development, approximately 110,000 SF of neighborhood retail (ground floor of residential structures) and an arena of 75,000 SF, along with a 15,000 SF police station. Several blocks of residential uses rely on mid-rise tower structures to benefit from the project's waterfront and bay view orientation.

Project Valuation

The developer has completed an in-depth analysis to prepare a reliable horizontal development budget in response to phased access for development based physical characteristics, and all reasonable and contingent requirements to support large scale development. The total CP costs total approximately **$873 million** without consideration of inflation. Among the costs, there are significant line items including $56 million in demolition and earthwork, a $100 million stadium contribution, and $20 million waterfront improvements. These costs exceed the appraiser's projection of the sum of revenue proceeds that total (not more than) **$524 million** including both residential and commercial land use components. The feasibility deficit implies a negative value of over **$349 million**. The outline of the aforementioned revenues and costs are presented on **Table 21** (see page 146).

The developer's projections of land prices, assuming environmental and project approval, as well as horizontal land development costs, are derived by a residual model that yield land prices and absorption rates as follows. Residual land prices attributed to market rate for sale units ranges from $96,000 to over $112,000/unit for low-rise and high-rise flats or loft units, and $130,000/unit and higher for townhomes. Despite the waterfront orientation of the CP project area, with some units offering Bay views, these land prices are not achievable. Generally these price levels have not been achieved in San Francisco except for preferred SOMA high-rise locations close to employment and the City's cultural and transportation assets, and featuring dramatic Bay and City views. For the most part these transactions occurred at the height of the market in 2005-2006, and vertical

development for most have been shelved. Nor have these land values been achieved within competing locations in North San Mateo County. The absorption schedule assumes the sale of land units for development and marketing during an 11-year period from 2015 through 2025, at price levels that cannot be supported. In terms of the for sale product, the absorption is aggressively projected to sell upwards of 1,000 to 1,400 units per year between 2018 and 2021. Absorption levels at 200 to 900 units per year are projected before and after this peak period. The aforementioned absorption projection does not appear to be achievable or sustainable. No projects have achieved such absorption levels even in the height of the recent market cycle. Finally, with the December 2008 adoption of the zone changes for the Eastern Neighborhoods (EN) planning area that is proximate to the subject location, the developer's projected absorption may not appropriately consider the pent-up competition from the potential of hundreds of units within the EN pipeline. However, it is difficult to project how this potential inventory would compete in the out years of 2015 – 2025.

The project incorporates a large commercial component for retail, office, hotel, movie-theatre and arena facility. The project incorporates neighborhood retail in the ground floor of residential buildings as well that is typical of San Francisco and other urban districts. However, the projected amount of destination or regional / community serving retail is abundant, and under current economic conditions where consumer confidence and spending has declined substantially, the prospect to secure lead tenants to finance the project appears unlikely for the foreseeable future. Like the other commercial uses, their viability could be tied to the stadium project to help establish the CP location for future development. The developer projects absorption of these uses in 10 – 11.5 years, following the stadium relocation and the peak years of projected residential absorption.

Finally, the CP project area includes the Candlestick Point State Park. While it represents an important recreation asset and amenity for CP, it is not an economic use that contributes positive value. Under the proposed exchange agreement, the developer is required to fund major shoreline and park improvements.

Thus, the appraiser cannot concur with either the projected land values or absorption rates that are the cornerstone of the developer's pro-forma.

Given that the viability of the project is dependent on bonding capacity and tax increment, the developer's projections are not supportable along with the developer's gap funding[1] to satisfy and fund the affordable housing requirement. A market-based projection would result in a larger capital requirement to fund this obligation.

---

[1] Gap funding is the difference between the capital costs to produce affordable housing unit and the formulated price based on variable qualifying income levels.

Under current market conditions, it is inconceivable any project could be supported without reliance upon public financing. However, according to USPAP and input from the California Debt and Investment Advisory Commission, reliance on public financing can only be considered to mitigate economic feasibility rather than to create or impact land value. Under prevailing market conditions, no profit-motivated buyer would be attracted to meet such a front-loaded negative cash flow to construct expensive infrastructure.

Therefore, the appraiser concludes it is not feasible to pursue development at CP in the current market and economic context without reliance upon public financing programs to subsidize and close the feasibility gap. This is due to the fact that prevailing land prices and projected revenues from the sale of development land units are significantly less than required horizontal development costs to put the land in service for such uses. Future uses and positive value can only be realized through feasibility gap closing measures such as TIF (tax increment financing) or CFD Mello-Roos instruments. The fact that this area is in a redevelopment area reflects the recognition that such mechanisms are necessary for this project to proceed. Absent a redevelopment plan that provides such financing alternatives, there does not appear to be a positive value associated with CP, but such financing mechanisms cannot to be considered in the valuation of the subject property reflecting its "as is" condition.

CANDLESTICK POINT					CLIFFORD APPRAISAL VALUATION							TABLE 21
									CANDLESTICK POINT			FEASIBILITY
COMPONENT	NET ACRES	RESIDENTIAL VALUE COMPONENT			COMMERCIAL VALUE COMPONENT			TOTAL VALUE $ (1)	TOTAL $/AC	CP	CP COSTS	DEFICIT
		# of Units (3)	$/Unit	$	SF	$/SF (2)	$	$		$		
TOTALS	90.6	6,188	$73,389	$454,130,000	1,135,000	0	$70,050,000	$524,180,000	$5,785,661	$872,944,091	TOTAL	-$348,764,091
CP North	32.30	2,468	$70,000	$172,760,000	70 K SF INCLUDED IN RESIDENTIAL		$0	$172,760,000	$5,348,607			
										$27,258,325	PRE-DEV	*REVENUES*
Jamestown	6.90	0	$0	$0	0	0	$0	$0	$0	$620,716,440	HARD	*MINUS*
										$16,922,366	Taxes	*COSTS*
CP Center	21.50	274	$65,000	$17,810,000	635,000	$80	$50,800,000	$68,610,000	$4,086,512	$100,000,000	STADIUM	*BEFORE*
					150,000	$53	$8,000,000	$8,000,000		$14,000,000	Govt Fees	*PROFIT*
					150,000	$50	$7,500,000	$7,500,000		$57,866,939	Comm Benefits	
					75,000	$50	$3,750,000	$3,750,000		$15,104,217	G&A	
CP South	29.90	3,042	$80,000	$243,360,000	55 K SF INCLUDED IN RESIDENTIAL		$0	$243,360,000	$8,139,130	$18,621,493	Proj. Mgt.	
										$2,454,311	Sales/Mkt	
Alice Griffith	19.79	404	$50,000	$20,200,000	0	0	$0	$20,200,000	$1,020,718			

(1) Value based on market rate units - affordable units yield no positive land value since formulated price is less than cost to produce

TABLE OF CONTENTS

I. INTRODUCTION 1

A. APPRAISAL PROBLEM 1
B. APPRAISAL STANDARDS 1
C. DEFINITION OF MARKET VALUE (USPAP) 1
D. REPORT FORMAT 2
E. SCOPE OF APPRAISAL DEVELOPMENT 2
F. COMPETENCY PROVISION 2
G. INTENDED USE AND USERS OF THE APPRAISAL REPORT 3

II. AREA DESCRIPTION 6

A. STATE OF CALIFORNIA 6
B. THE SAN FRANCISCO BAY AREA 6
C. CITY OF SAN FRANCISCO 11
D. NEIGHBORHOOD DESCRIPTION 15
E. ECONOMIC CRISIS - RECESSION 18

III. HUNTERS POINT SHIPYARD / CANDLESTICK POINT PROJECT DESCRIPTION 23

A. INTRODUCTION 23
B. HISTORY OF HUNTERS POINT SHIPYARD (HPS) 23
C. HISTORY OF CANDLESTICK POINT (CP) 24
D. HIGHEST AND BEST USE FINDING 24
E. MULTIPLE BUYERS AND TRANSACTIONS 27
F. ZONING AND LAND USE CONTROLS 28
Introduction 28
Residential District 29
HPS - Mixed Use District 29
Candlestick Point – Mixed Use District 30
Hunters Point Shipyard / Candlestick Point Land Use Plan 30
F. ZONES OF VALUE 30
HPS Phase I 31
HPS Phase II 44
Candlestick Point 54
G. PHYSICAL CHARACTERISTICS 70
Environmental Conditions 70
Utilities 71
Access and Streets 75
Topography, Flood and Seismic Characteristics 76
G. EXISTING DEVELOPMENT 77
H. PROPOSED DEVELOPMENT 80
Introduction 80
Land Development Costs 81

IV. HIGHEST AND BEST USE 83

Definition 83
Highest and Best Use As If Vacant 85
Highest and Best Use As Improved 88

IV. VALUATION ANALYSIS **90**

A. INTRODUCTION 90
B. RESIDENTIAL MARKET ANALYSIS 91
Historical Perspective *91*
Statistical Housing / Jobs Data *93*
Competitive Projects *99*
Conclusion *105*
C. COMMERCIAL MARKET ANALYSIS 106
Retail Uses *106*
Office Uses *108*
R&D Uses *110*
Hotel Use *112*
Impact on Land Value *112*
D. VALUATION – HPS PHASE I 114
Development Analysis and USPAP Appraisal Standards *115*
Discounted Cash Flow Analyses *116*
E. HPS PHASE II - CURRENT LAND VALUE COMPONENTS 133
F. HPS PHASE II LAND VALUE ESTIMATE 142
G. CP - CURRENT LAND VALUE COMPONENTS 142
H. CP LAND VALUE ESTIMATE 147

ADDENDA Table of Contents - see page 148 / Tab # 1

I. INTRODUCTION

A. Appraisal Problem

The appraisal assignment is to estimate the market value of the Hunters Point Shipyard / Candlestick Point Redevelopment project site based on the determination of its Highest and Best Use. The Hunters Point Shipyard / Candlestick Point Redevelopment comprises a large and complex land use project area totaling approximately 781 acres. The national and regional economy has entered a severe period of recession not seen since the Great Depression. Despite a community-based development program that includes an appropriate variety of land uses, due to economic forces, it is not presently feasible to pursue development without reliance upon public financing programs to subsidize and close the feasibility gap. The Highest and Best use is impacted by its size and varying land uses, along with development timing and risk factors including:

1. redevelopment based on reasonable and probable use and development alternatives set forth in Hunters Point Shipyard / Candlestick Point Redevelopment plan;
2. additional planning and project review to obtain development entitlements;
3. market based development fees and extensive infrastructure and project construction costs;
4. known presence of hazmat contamination. For this analysis it is assumed the US Navy is responsible to pay the costs of clean-up and that no financial burden is placed on the ownership. Although the clean-up is completed at no cost to the ownership, the scheduled Navy clean-up impacts the project's development phasing and marketability.
5. the assumption the project area is not encumbered by State of California public trust land use covenants or state park grants.

B. Appraisal Standards

The appraiser shall complete the appraisal in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics of the Appraisal Institute of which the appraiser is a member.

C. Definition of Market Value (USPAP)

Market Value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions in the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue

stimulus. Implicit in the definition is the consummation of a sale 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 each acting in what they consider their own best interest.

3. A reasonable time is allowed for exposure in the open market.

4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.

5. The price represents a normal consideration for the property sold unaffected by special financing or creative financing or sales concessions granted by anyone associated with the sale.

D. Report Format

This is a summary appraisal report that intends to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it provides a summary of the data, reasoning and analyses used in the appraisal process to develop the appraiser's opinion of value. The depth of discussion contained in this report is specific to the needs of the client and for the intended use. The appraiser is not responsible for unauthorized use of this report.

E. Scope of Appraisal Development

In preparing this appraisal, the appraiser inspected the subject site and the exterior of the improvements as well as partial interior improvements; gathered and confirmed competitive market area data for sale transactions and applied market data in a Sales Comparison Approach; gathered and confirmed competitive data for residential, commercial and industrial development trends and applied market data in a Cost Approach, and Income Approach (Discounted Cash Flow Analysis) for Phase 1 HPS.

F. Competency Provision

The appraiser possesses the knowledge and required ability to appraise the subject property, and has appraised this property type before both within its competitive market area and in other San Francisco Bay Area locations. Please refer to the Addenda for a summary of the appraiser's experience.

G. Intended Use and Users of the Appraisal Report

The contents and conclusions presented in this report are prepared for the exclusive use of the City and County of San Francisco. It is understood the report will be relied upon to provide assistance to the public agencies and private development interests involved in the Public Trust Land Exchange. It is understood the City and County of San Francisco, the California State Lands Commission, and the California State Parks agency may rely upon the report. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which the client is aware prior to utilizing this report or making it available to any third party. No duplication is permitted without the written authorization of John C. Clifford, MAI. Distribution of this report is the sole prerogative of the client and no distribution is allowed without specific direction of the client. Please refer to Item 18 of the Assumptions and Standard Limiting Conditions for further clarification.

LAND USE

LENNAR URBAN | IBI GROUP

II. AREA DESCRIPTION

A. State of California

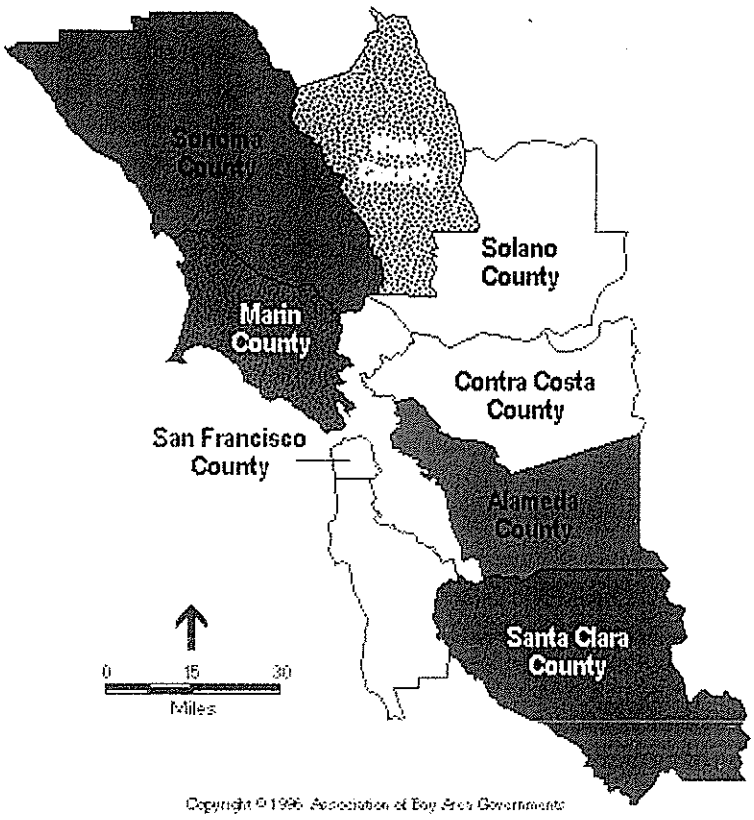
The subject property is located in San Francisco, California. California is ranked as the world's eighth largest economy with an estimated Gross State Product in excess of $1.6 trillion. Its 37.0 million people and 12.0 million households make California by far the nation's largest state economy, producing 13% of the gross domestic product. Its economy exceeds other world powers including England, France and South Korea.

The state of California is divided geographically and economically into three regions, each with a semi-autonomous economy. They include the urban Northern California region, the urban industrial Southern California region, and the Agrarian Central Valley area. The Northern California region includes the greater San Francisco Bay Area, Sacramento and San Jose areas where the economy is dominated by high tech research/manufacturing, financial services, bio-technology, multimedia production and governmental operations. California is the nation's leader in foreign trade, manufacturing, venture capital, agriculture and tourism not only in terms of size, but also in terms of innovation and new products. As of the effective date of the appraisal, economic growth and prosperity in California are linked to national trends.

B. The San Francisco Bay Area

Typically separated into six distinct areas, the real estate markets in the Bay Area include Alameda County, San Francisco, Silicon Valley, San Mateo County, Contra Costa County, and the North Bay.

San Francisco leads the region as the financial and cultural center, corporate headquarters location for major global companies and magnet for tourism. San Francisco is the hub of Bay Area finance, design, film, fashion, accounting, consulting, and advertising activities. It also offers a world-class amenity base, outstanding city and bay views, and convenient access to the entire Bay Area. Major regional transit systems are routed through San Francisco.



San Mateo County is a diverse economy with special strengths in biotechnology, communications, software development, electronics, agriculture, and finance. Located between Silicon Valley and San Francisco, San Mateo houses the largest concentration of venture capital firms in the world and shares with Silicon Valley the advantages of its proximity to Stanford University and the University of California at Berkeley. San Francisco International Airport is located in San Mateo County. As the epicenter for the technological boom of the past two decades, Silicon Valley led or leads the world in the evolution of the knowledge-based economy with an innovative and entrepreneurial spirit. Industry leaders in semiconductors, software, computer hardware, telecommunications, the Internet, and defense call Silicon Valley home. Its capital, San Jose (California's third-largest city), includes a diverse mix of financial and technological firms.

Alameda County is the region's most diverse industrial base, spanning the range from traditional manufacturing and food processing to high-tech and biotech. It includes the City of Oakland, with the region's busiest and fourth largest container port in the nation, an international airport with excellent cargo facilities and a fast-growing base of corporate headquarters and office activities. Its central East Bay location and proximity to the University of California, Berkeley attracts employers and employees from throughout the Bay Area.

Contra Costa County, while relatively new, thrives as a commercial center with major suburban office parks and a highly diverse economy. Strategically located at the confluence of major transportation corridors, Contra Costa attracted much of the Bay Area's recent growth in telecommunications, software, biotech, and health care. The proximity to various suburban communities where employees can enjoy more affordable housing with good schools and ample recreation helps sustain growth in the area.

In the North Bay, Marin is the most affluent Bay Area County, with an economy dominated by small and mid- sized businesses in technical, environmental, and pharmaceutical fields, as well as retail. Napa, renowned for being the center of the U.S. premium wine industry and one of the region's key tourist attractions, is also an active site for a variety of manufacturers, including specialty foods, medical products, pharmaceuticals, marine products and consumer goods. Companies, attracted by the area's lifestyle, have a wide variety of industrial and corporate parks and services at their disposal

The Bay Area continues to grow in population and enjoys a healthy and diverse economic base, an educated labor pool, extensive transportation systems, and an agreeable climate. It is notable that despite a booming Bay Area economy throughout much of the 1990's, population growth continued to be moderate. Moreover, growth during the decade was almost entirely experienced by Bay Area suburban communities, due to the availability of land and more affordable housing, with the highest rates of growth experienced in Sonoma, Contra Costa and Solano Counties. The already densely populated and fully developed urban centers experienced comparatively slow population growth during the decade.

The Bay Area's transportation infrastructure includes 1,500 miles of highways, eight toll bridges, 17,000 miles of local streets, six public ports and five commercial airports. Public transportation systems in the Bay Area include Bay Area Rapid Transit (BART), which serves major cities in San Francisco, Alameda and Contra Costa counties; San Francisco Muni, a network of buses, subway and cable car lines; SamTrans, whose buses serve San Mateo County on the Peninsula; Cal Train, whose trains serve Peninsula points; AC Transit, whose buses serve Alameda County; and Golden Gate Transit, whose buses serve Marin County.

The area is served by three international airports at San Francisco, Oakland, and San Jose. San Francisco International Airport is the fifth busiest in the nation, serving 85 domestic and 34 international destinations.

The Bay Area is also an international seaport with facilities in Oakland and San Francisco. Oakland is the third largest port in California after Los Angeles and Long Beach. Specialized Cargo Ports are located in Richmond, Redwood City, Alameda, and Benicia. The areas top international markets are Japan, Canada, Singapore, Taiwan, South Korea, Germany, and the United Kingdom.

The Bay Area quality of life is supported by unparalleled cultural and recreation opportunities, world-renowned art museums, opera, symphony, ballet and theater, technology centers, science museums. Community performing arts and cultural festivals are held throughout the region. The area features almost unlimited outdoor recreation – especially hiking, skiing, sailing, ocean windsurfing and golf. Major

League sports include football (San Francisco 49ers and Oakland Raiders); baseball (Oakland A's and San Francisco Giants); basketball (Golden State Warriors); and hockey (San Jose Sharks). There is world class shopping in Union Square, Embarcadero Center, North Beach and other major shopping centers throughout the Bay Area. The Bay Area, and San Francisco in particular, is home to many of the finest restaurants in the United States.

The Bay Area is known internationally for its famous educational institutions, such as the University of California at Berkeley, Stanford University and at least five major other universities.

The nine county San Francisco Bay Area is the fourth largest metropolitan area in the United States. It benefits from a diversified and dynamic economic base supported by a large, wealthy, well educated and growing population. Situated equidistant from Asia and Europe, the San Francisco Bay Area is strategically located at the center of global business and has always been a place where companies thrive. From this locale, companies can conduct business with both parts of the world in the same day. Business travelers have access to three major airports. San Francisco International, Oakland International, and San Jose International host nearly 27.0 million annual passenger arrivals and 2,500 flights daily to and from cities around the world. The San Francisco Bay Area has a quality of life that is the envy of the entire country and the world, as evidenced by Conde' Nast, the international travel magazine.

The Bay Area competes in the national and global economies and leads in knowledge-based industries. Its high productivity, global connections and strength in innovation afford a unique base for future growth. However, issues such as housing supply, transportation, and cost-of-living pose challenges that impact the Bay Area potential.

The Bay Area's economic base is concentrated in high tech manufacturing, information, and professional, scientific, technical and management services. There is a number of strong, long- term positives that will be the foundation for future job growth. These positives include: a large and highly skilled workforce; leading educational institutions with world-class programs in science and engineering; one of the nation's largest concentrations of technology-related venture capital firms; a leading position in the new growth sectors such as biotech, nanotech and applying technology to domestic security; a strong position in traditional technology markets; and a highly attractive quality of life. The Bay Area, considered the "birthplace of biotechnology," has a strong leadership position in biotechnology and bioscience. Genentech was founded here in 1976, and today, the Bay Area is home to more than 820 bioscience companies, employing more than 85,000 people who receive $5.8 billion in wages. Bay Area public bioscience companies (76) reported a total marketing capitalization of $92.2 billion.

More than a third of all US public biotechnology companies are based in Northern California and spend $4 billion on research each year. Employment growth in the biotechnology industry is expected to grow by 10 percent to 20 percent annually over the next several years. A critical factor in the development of biotechnology is the flow of venture capital; thirty four percent of all national venture capital spending goes to Bay Area firms. Combined with the country's most highly educated, productive, and well-paid workforce, the long-term future of the Bay Area looks bright.

The Bay Area has always been a place where companies thrive. The multi-faceted Bay Area economy and growing metropolitan area is home to nearly seven million people.

The Bay Area serves as corporate headquarters to 59 Fortune 500 firms including:

Headquarters	**Financial Services**	**Professional Services**
Bechtel	Aon Insurance	AAA
Charles Schwab	Bank of America	Accenture
ChevronTexaco	Bank of the West	Bingharn McCuthchen
Cisco Systems	Citicorp	Blue Cross Blue Shield
Clorox	Credit Sulsse First Boston	California Pacific Medical Center
Del Monte	Deloltte and Touche	Cnet
eBay	E*Trade	Cooley Godward
Google	Ernst &Young	Delta Dental
Gyrnboree	Federal Reserve Bank	Design Within Reach
Hewlett-Packard	Goldrnan Sachs	Farella Braun & Martel
Intel	JP Morgan	Gensler Architects
Lev! Strauss	KPMG	Goodby Silverstein
McKesson	Marsh & McLennan	Heller Ehrman
Oracle	Merrill Lynch	Howard Rice
PG&E	Moody's	IBM
Safeway	Morgan Stanley	Littler Mendelson
Sharper Image	Pacific Stock Exchange	Morrison & Foerster
The Gap	PriceWaterhouse Coopers	Omnicorn
Wells Fargo	Smith Barney	Orrick Herrington
Williams-Sonoma	Thompson Financial	Pillsbury Winthrop
Yahoo	Union Bank of California	Skidmore Owings & Merrill
	Visa	Travelocity
	Aegon	United Healthcare

C. City of San Francisco

The subject property is located within the City and County of San Francisco that serves as the retail and employment hub for the nine county Bay Area. The city of San Francisco is located at the northern tip of the San Francisco Peninsula. In 2006, over 15.1 million visitors came to San Francisco. Fortune Magazine's top 500 CEOs selected San Francisco as their "most admired" U.S. City. Money Magazine has selected San Francisco for its "Best Places to Live" for seven consecutive years (1997-2003).

The city is at the geographical center of the San Francisco Bay Area, as it covers the tip of a peninsula on the west side of San Francisco Bay. It encompasses approximately 47 square miles and has been fully developed since a post World War II building boom swallowed the last of its sand dunes in the western portion of the city. Virtually any new development requires re-use of existing parcels. The small geographic area of the city has resulted in a higher density of development in other portions of the Bay Area where development has, for the most part, been consistent with national suburban development patterns and land for additional development still exists. San Francisco's location at the tip of an arrow peninsula has resulted in limited access corridors to it. Basically, traffic can enter San Francisco by land from the south or by one of two bridges, the Golden Gate Bridge, providing access to the North Bay, and the Bay Bridge, which serves the East Bay.

San Francisco, the heart and soul of America's fifth-largest metropolitan area with seven million residents, has long been the financial center of the West Coast. San Francisco's dynamic and diverse economy is supported by one of the most highly educated populations in the country that enjoys a high quality of life in one of America's most desirable 24-hour cities. Businesses have long recognized these attributes and have established San Francisco as a popular headquarters location and, in recent years, established it as California's second largest high-technology center behind Silicon Valley. San Francisco is an important business, financial and cultural center for the nation's western region, with an influence that extends across the country and around the world. The characteristics of the City include the following:

Demographics	Education	Expertise
Resident labor force: 3.2 million	Highest number of top-ranked graduate programs in the nation for science math and engineering	Business Services: Consultants, Lawyers, Accountants, Managers
Number of Jobs: 3.5 million	37%college degrees or beyond	Financial Services: Banks, Brokerage, Securities
62% of population is between 18-64 years of age	14% graduate degrees or beyond	Media/Information Technology: Advertising, Marketing, Internet Publishing, Engineers
66% of population have no children under 18 living at home	Area universities produce more PhD scientists and engineers (850) than any other area in US	Tourism/Retail Trade: Artists, Entertainers, Hotel, Travel. Restaurants, Sales

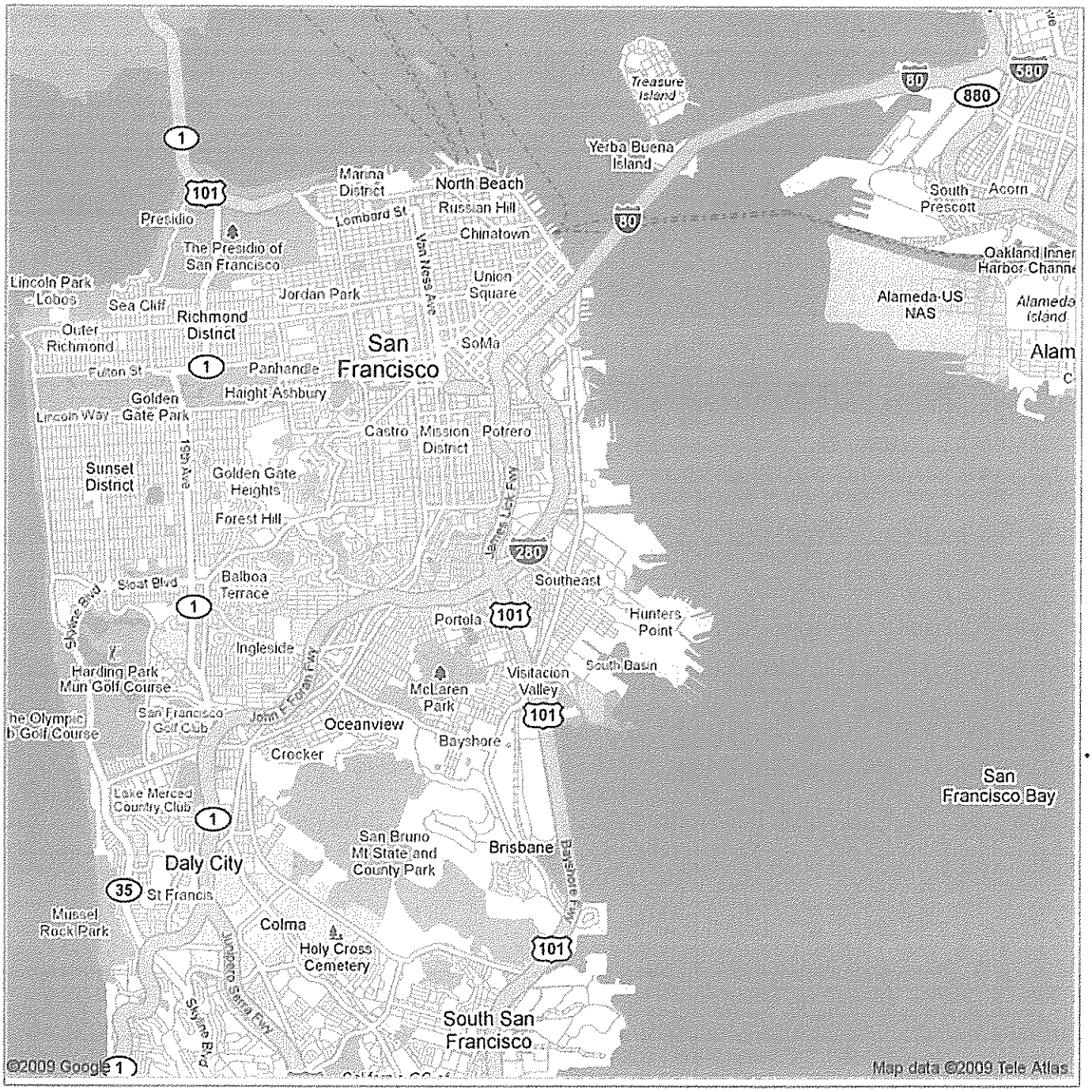
101
Lombard St
Van Ness
San Francisco (CBD)
Bayshore
King St
Hunters Point Shipyard
John F Fox Jr Hwy
Image © 2009 TerraMetrics
© 2009 Tele Atlas
1100 Carroll Ave, San Francisco, CA 94124
Google
Imagery Dates: Jun 2007 - Jul 2007
37°45'38.82" N 122°24'10.49" W
Eye alt 11.02 km

Indiana St
Cesar Chavez
Industrial St
Quint St
Alemany Blvd
Hunters Point Shipyard
1100 Carroll Ave, San Francisco, CA 94124
CANDLESTICK POINT
Image © 2009 TerraMetrics
© 2009 Tele Atlas
Google
Imagery Dates: Jun 2007 – Jul 2007
37°43'47.78" N 122°23'05.56" W
Eye alt 5.86 km

Candlestick Point >>>>>>
Hunters Point Hwy
Jamestown Ave
Ingalls St
Griffith St
Key Ave
Grant St
Hawes St
Hollister Ave
Fitzgerald Ave
Cameron Way
Fitch St
Executive Park Blvd
Bayview Par
101
Image © 2009 TerraMetrics
1100 Carroll Ave, San Fran 2009 Tele Atlas
Google
Imagery Date: Jul 2007
37°42'50.78" N 122°23'03.76" W
Eye alt 1.57 km

Google maps

Notes LOCATION MAP
HUNTERS POINT SHIPYARD
CANDLESTICK POINT
SAN FRANCISCO



D. Neighborhood Description

Hunters Point Shipyard (HPS) and Candlestick Point is located in the South Bayshore planning area of the City and County of San Francisco city limits. The area is surrounded on three sides by navigable waters of San Francisco Bay. The Hunters Point Shipyard / Candlestick Point Redevelopment Project area comprises a large and complex land use project area totaling approximately 781 acres. The Hunters Point Shipyard / Candlestick Point Redevelopment Project area ("HPSCP") represents a consolidation of two historic development areas; Hunters Point Shipyard ("HPS"), a former naval base; and Candlestick Point ("CP"), the current location for Candlestick Park stadium[3] and Candlestick Point State Park. The project area is intended for development with approximately 10,500 housing units, and up to 3.95 million square feet of commercial use.

Geographically the subject is well located conveniently between downtown San Francisco and the San Francisco International Airport, with views of and access to San Francisco Bay. It also has convenient access to freeways 101 and 280. The subject has a below average location relative to public transportation, shopping and residential centers, and below average visibility and exposure. As a closed Military Base, its current neighborhood exhibits a number of poorly maintained and unsightly buildings. With the proper redevelopment, infrastructure upgrade, demolition of all the unusable buildings, Hunters Point Naval Shipyard can become a viable neighborhood.

The subject property forms a peninsula located along San Francisco Bay between India Basin to the north and South Basin to the south. This area is also bordered by the India Basin Industrial Park and Potrero Hill to the north, Bernal Heights and the Excelsior to the west and south. The northern industrial area includes India Basin Industrial Park, the Port of San Francisco's South Container Terminal (Piers 92-94), the Port's container train yard, and a PG&E electrical generating plant. To the south across is South Basin is Candlestick Point State Recreation Area and formerly Candlestick Park Stadium, also once known as Monster Park. The central part of the South Bayshore area, a wide east-west band running from Highway 101 to the Shipyard, is predominantly residential and low-density in character. There are several prominent land uses at Candlestick Point; an office park and high-rise residential development at Executive Park, Candlestick Point State Park along the shoreline, and an undeveloped City park atop Bayview Hill. There are also undeveloped State-owned shoreline park lands at South Basin near the Access Road gate to the Shipyard.

---

[3] The long term identity of the stadium is known as Candlestick Park, however, the naming rights have been sold and currently is known as Monster Park to promote the identify of Monster.com, an on-line job search engine.

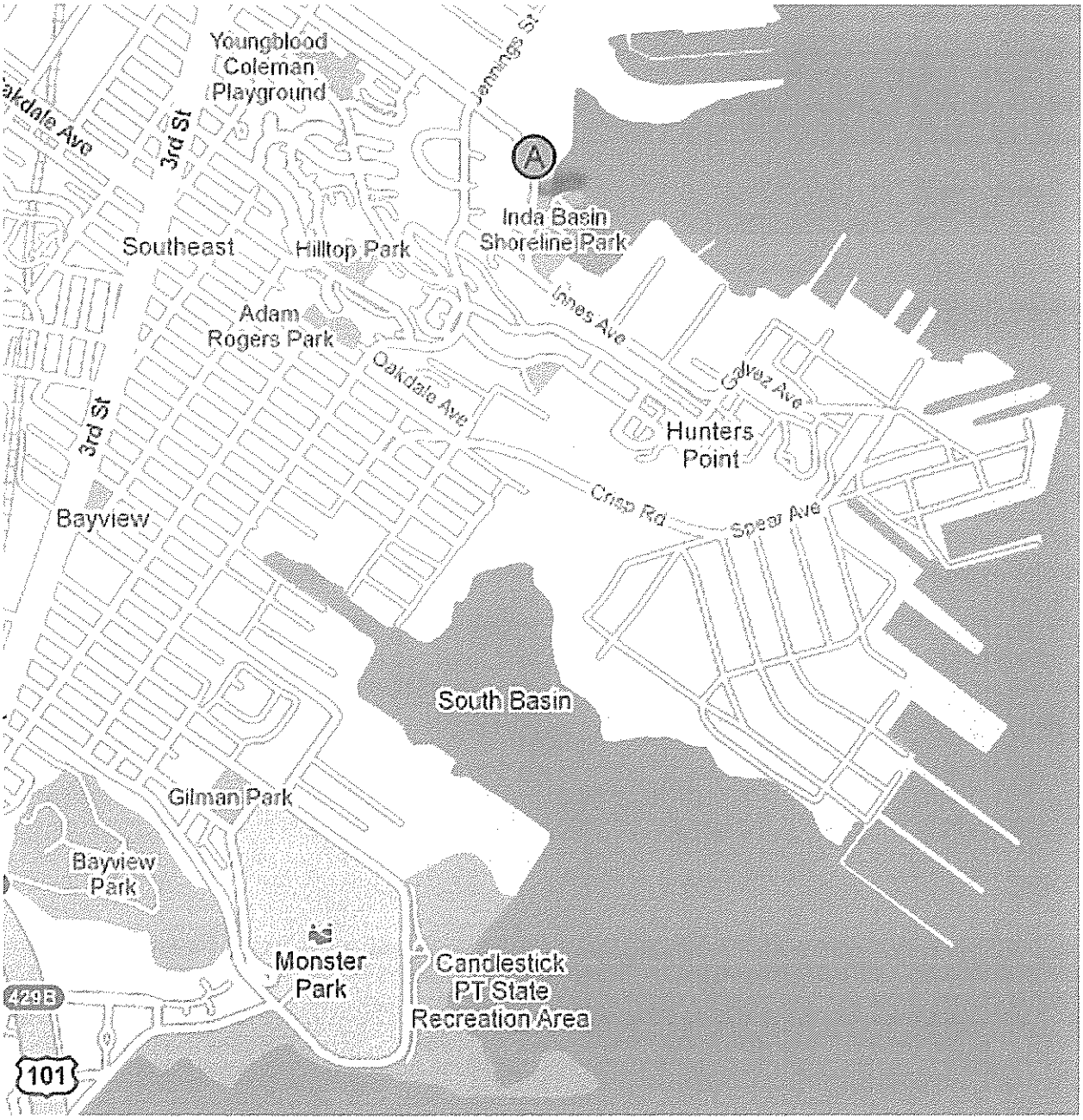
The subject property forms an integrated development area that is a part of the Hunters Point Shipyard redevelopment project area ("HPS"), and the Candlestick Point Project area ("CP") that is part of the Bayview Hunters Point redevelopment project areas. HPS is situated on the east side of Third Street, on a hill with views to the north of the San Francisco skyline, the San Francisco Bay to the east and southeast, and Potrero Hill and Twin Peaks to the west and southwest.

HPS is situated along the shoreline east of the Third Street Corridor (TSC). TSC is a commercial corridor running north-south through the neighborhood. Third Street provides good access to downtown San Francisco. Army Street intersects Third Street north of the neighborhood, providing access to Interstate 280 and U.S. Highway 101. TSC includes a low income residential and retail area, as well as an industrial area are located to the west. The area is bounded by the Hwy 101 and I-280 freeways. The area is now served by the new Third Street Light Rail Transit project (LRT). The project extends light rail into the southeastern quadrant of the City and link some of the downtown CBD, South of Market, Portrero Hill and Bayview Hunters Point. Development has been completed along Third Street near Innes Street which enters HPS. The project should enhance the appeal of the area and offer new development opportunities in the subject neighborhood.

The industrial area near South Basin contains a mix of small manufacturing, distribution, and warehouse uses and a University of California at San Francisco animal care facility. Neighborhood commercial uses are concentrated along a central stretch of Third Street and in small groups in diverse locations. Other commercial use areas include the Bayshore Boulevard retail area north of Industrial Way, the Jerrold Avenue produce market, and the Executive Park office park south of Bayview Hill.

The Bayview neighborhood generally has the most affordable single family housing in the City of San Francisco. The homes next to the Shipyard comprise the eastern neighborhood in this large, well built-out residential area. Generally low-density residential use typifies the area just north of Bayview Hill and Candlestick Point. The relatively low land prices has attracted new development and new residents from outside the neighborhood. In some areas, the existing housing stock is being renovated. It is expected that the redevelopment and improvement in the neighborhood will continue, with new, largely infill, residential development planned in several areas. The new residential units range from market rate view townhomes selling for over $325,000, to subsidized low income rental housing.

Primary access to HPS is from Innes Avenue which extends west to join Evans Avenue. These streets link the subject neighborhood to the Third Street transportation corridor by traversing the adjacent India Basin Industrial Park, and terminate at a secured gate entrance to HPS. Third Street is a major north-south


Youngblood
Coleman
Playground
Oakdale Ave
3rd St
Jennings St
A
Inda Basin
Shoreline Park
Southeast
Hilltop Park
Innes Ave
Adam
Rogers Park
Oakdale Ave
Galvez Ave
3rd St
Hunters
Point
Crisp Rd
Spear Ave
Bayview
South Basin
Gilman Park
Bayview
Park
Monster
Park
Candlestick
PT State
Recreation Area
429B
101

arterial route which links the Hunters Point area to the nearby freeway network including U.S. Highway 101 and Interstate 280.

Transportation assets have contributed to the historical uses in the Bayview. The subject property has nearby freeway access to Highway 101. Highway 101 is accessed from Bayshore Boulevard, via Third Street, approximately one mile southwest of the subject. Interstate 280 is accessed approximately two miles west of the subject. These freeways generally run parallel to each other providing access to downtown San Francisco and the Peninsula. Highway 101 intersects with the San Francisco-Oakland Bay Bridge and several freeways serving the East Bay area. Recent construction of new transportation assets will also serve redevelopment patterns in the Bayview. A new Municipal Railway line has been completed along Third Street. The Bayview District contains much of San Francisco's industrial base. Land uses consist primarily of older, single-story, industrial buildings, as well as open-air storage yards. Residential neighborhoods are interspersed among the industrial portions of the Bayview District. Much of the housing is in the form of single-family row houses, with significant variations in the condition of the structures. The Bayview is now slated for new housing opportunities particularly as the area is now very well served by the new light rail system (increasing its residential desirability) with easy commute access to Mission Bay and downtown San Francisco.

This area is a mix of older industrial and commercial uses, some newer residential developments, with some commercial uses along Third Street, and some residential uses are interspersed. BRIDGE Housing is developing a 260 unit subsidized residential project at 5600 Third Street (known as Armstrong Place). Other new market development has begun at 5800 Third St. and on Jamestown, although construction on both projects has been interrupted or halted due to loss of financing. These projects and other phases of development at Executive Park on Candlestick Point are discussed later.

In summary, the property is located in an area that combines industrial, commercial and residential uses. The new Third Street light rail line has led to significant planned development along the Third Street corridor, which is expected to continue. However, the current credit crisis, the state of the economy, and decreasing housing prices will slow this trend. Third Street is the principal commercial thoroughfare in this southeast portion of San Francisco. The planned redevelopment of the Hunters Point Shipyard, Candlestick Point, and the Schlage site will add thousands of residential units and additional commercial area to the southeast portion of San Francisco.

E. Economic Crisis - Recession

The United States and the Bay Area is in the midst of a serious economic downturn, one that will likely turn out to be the worst since the World War II era both in terms of

length and depth. The US experienced two quarters of considerable negative growth, negative 6.3% in Q4-2008 and negative 5.7% in first quarter of 2009. The most direct sign of being in a downturn - severe job losses and rising unemployment- are also those that lag other indicators. Job losses are the last to appear and reveal problems in the economy. It is projected that economic output will stabilize at the end this year. Unemployment in the nation is above 9% and climbing and in California it stands at 11%. Industrial production is off 13% from one year ago, and international trade, both imports and exports, continue to fall. This downturn has important cleansing elements to it and will burn some of the economic excesses out of the system. The US trade deficit will close as consumers save more of their income. The asset and debt bubbles that began back in the mid 1900s will be burned out of the financial system, allowing it to return to the basics of healthy lending and investing. The nation will be better able to face the myriad of long run issues - healthcare, social insurance, massive public debt, and environmental issues - that need to become a priority of public policy and debate in the coming decade.

As for California, it was ground zero for many of the biggest problems in the US economy, and for a variety of reasons the state is prone to feeling the ups and downs of the national economy more intensely.

The outlook for San Francisco is generally good. But like many major cities, it is subject to cyclical market changes. However, due to its unique appeal and diverse economy, it is well positioned to continue its success and importance as a world-class city. With an economy of almost $300 billion, the Bay Area ranks 24th in the world when compared to national economies. On a per capita basis, it ranks ahead of all national economies, including the US. The region is at the cutting edge of global technology, and is a leader in many key indicators of regional, global and national competitiveness. However, it too is suffering under the current economic climate.

In 2007 the nation and the region entered into declining economic and real estate market conditions unlike any other period in recent history. These trends became most pronounced in summer 2008, when national and regional economic and real estate market conditions began to change significantly. What happened? Briefly, the problems started with the CDO 'revolution' where bundles of otherwise risky debt (subprime mortgages) were packaged together and sold off as bonds. This process helped spread lending risks across a much broader base of investors and should have made financial markets more, not less, stable. The problem was one of incentives: Wall Street made a tidy profit on the securitization process and as such, ran the machine as fast and hard as possible to earn current profits-and large bonuses for investment bankers. As long as bond buyers believed that these assets were high-yield low-risk investments there was money to be made. As credit flooded the market, asset valuations went through the roof as borrowers used the cash to speculate on all sorts of fixed assets but particularly real estate. In the short run, the

real estate bubble seemed to vindicate the models used to price asset-backed securities. Foreclosures are rare when property prices are rising, and the ability to access home equity caused delinquencies on all sorts of consumer debt to fall. Then in March 2008 the market (here and nationally) took a more pronounced turn that was marked by the merger (forced takeover) of Bear Stearns by JP Morgan. Subsequently, credit markets began to tighten more severely during the Spring and Summer in response to the US subprime mortgage crisis. Then the wheels came off, as the crisis grew worse at other financial institutions. In September (on 9/15/08) Fannie Mae, Freddie Mac and AIG were bailed out by the Federal Reserve Bank, and Lehman Brothers filed for Chapter 11 bankruptcy protection - marking the largest bankruptcy in U.S. history. The implosion of Wall Street put an end to the investment banking industry as we know it, brought down two of the three largest financial institutions in the nation (Fannie Mae and Freddie Mac), toppled major banks including Wachovia and WaMu, and resulted in a severe reduction of credit availability. This led to one of the most audacious bailout packages ever conceived.

When the trouble first started the Fed was, logically, using this traditional system in order to stabilize the markets. But it did not work and there was a sudden change of course by U.S. Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke. In concert their policy shift was to take the government from being 'lender of last resort' to 'buyer of last resort'? They finally began to realize that the risk to the system was not just one of a panic-driven run on the bank. Rather there was a realization that the losses the banks are going to incur as a result of holding toxic assets will make the banks functionally insolvent when those losses are fully realized. If the failure of many banks in the US economy became a function of when, not if, then all the lending in the world through the discount window would not fix the situation. As soon as the Federal Reserve looked to be repaid, the organizations in question will become defunct leaving the Fed as one of the many creditors. And if the banks know this as well as anyone else, then they will continue to refuse to lend to each other until something is done. Consequently, Congress passed the largest bailout in U.S. history - a $700 billion fund - to buy distressed assets from the nation's financial sector. It represents a fund that is five percent of the size of the annual U.S. gross domestic product, and an amount that is one percent of the total value of all assets in the nation. It was designed to thaw the credit freeze that emerged, but the results have only begun to appear. There is some controversy over whether the bailout funds are being deployed to prop up the bank's balance sheets and reserves to strengthen stock value rather than to solve the initial problem – make credit available.

Typical recessions last approximately 2.25 years. In the 1991 recession, the loss of jobs peaked at 1.6 million. In the 2001 recession, the loss of jobs peaked at 2.7 million. Since the economy fell into recession in December 2007, 6.5 million nonfarm jobs have been lost and the unemployment rate has nearly doubled within approximately 18 months. Thus, a severe and steep loss is occurring and more is

expected. It is noted that the San Francisco Bay Area was ground zero for the 2001 recession that was driven by the collapse of the dot.com technology sector, but nonetheless the regional economy recovered more quickly than other regional employment centers. On the other hand, the current recession is linked to global conditions more so now than in previous economic cycles. Historically, San Francisco typically fares better than most local and regional economies and will again. However, it is simply too early to forecast if and when economic policies and local industries are able to stem the severity of the current cycle. No matter what, it is severe and distinguishes itself from other recessionary cycles.

As the economy heals and California regains its footing economic expansion in the state is expected to be robust. The same basic advantages the area enjoyed 5 years ago are still in place. And in the long run, growth will be the name of the game in California.

The near term outlook is negative by at least 3 to 1 in every aspect. Founded in 1945, the Bay Area Council develops and drives regional public policy initiatives and researches critical infrastructure issues. Led by CEOs, the Bay Area Council presents a voice for hundreds of major employers throughout the Bay Area region whom employ more than 500,000 workers, or 1 of every six private sector employees in the Bay Area. The January 2009 survey responses of the 505 CEOs and top executives in the nine Bay Area counties were pessimistic across the board. Looking ahead, 50% of Bay Area executives expect economic conditions in the Bay Area to worsen in six months, 29% think things will stay the same and 21% are optimistic that conditions will improve. "We clearly have not hit bottom," said Jim Wundermen, president and CEO of the Bay Area Council. "Unfortunately, significantly more layoffs and business failures seem inevitable in every industry and every corner of our region. Indeed, some of the regular survey participants were unable to respond because their company was now gone. Hopefully, the stimulus package can help turn this crisis of confidence around." No part of the economy was immune to layoffs this quarter. The worst layoffs were planned for San Francisco companies, with 51% of San Francisco respondents planning to decrease their workforces and only 7% are planning increases. Silicon Valley, represented by Santa Clara County, appears to be in the middle of overall Bay Area sentiments, with 39% planning layoffs and 11% predicting hires. While across the board, most industries in the Bay Area are planning more layoffs than new-hires, the hardest hit industries continue to be construction and retail. The industry appearing to weather the storm the most successfully is professional and business services. Larger Bay Area companies seem to be suffering the most. The smaller the Bay Area workforce, the less likely a company is to see layoffs - only 34% of businesses with 50 or less employees plan reductions and 14% are actually planning increases.

In conclusion, the US consumer, manufacturing and real estate economy has been quaked with limited credit availability, and worsening economic conditions have

III. Hunters Point Shipyard / Candlestick Point Project Description

A. Introduction

The Hunters Point Shipyard / Candlestick Point Redevelopment Project area comprises a large and complex land use project area totaling approximately 781 acres. The project represents a consolidation of two historic development areas; Hunters Point Shipyard, a former naval base; and Candlestick Point, the current location for Candlestick Park stadium and Candlestick Point State Park. The project area is intended for development with approximately 10,500 housing units, and up to 3.95 million square feet of commercial use. For this analysis, the property is evaluated according to the physical and land use characteristics identified in the Hunters Point Shipyard / Candlestick Point Redevelopment Plan. Please refer to the aerial photographs, and map for an illustration of the entire property.

B. History of Hunters Point Shipyard (HPS)

HPS encompasses 936 acres, of which 493 are dry land and 443 submerged land. The US Navy bought HPS in 1939 and was designated a US Naval Shipyard in 1945, providing logistics support, construction and maintenance for Navy ships. The property's geographical characteristics were considered very good for its historic ship harbor use due to its extensive shoreline frontage with well protected deep water access. These features include: the protected harbor afforded by San Francisco Bay; the unrestricted approach channel with minimum water depths of 60 feet leading up to the piers; the berthing depths which vary from 25 to 45 feet; and a large anchorage off the shipyard. It is situated directly across the bay from East Bay port facilities, and is midpoint among several major port facilities located on San Francisco Bay.

From 1869 until 1939 the Shipyard was operated as a drydock. In 1940, the United States Department of the Navy obtained ownership of the Shipyard and conducted ship building, repair and maintenance activities. After World War II activities shifted from ship repair to submarine servicing and testing. The shipyard was deactivated in 1974 and in 1976 was leased to a private ship repair firm. In 1986, the Navy reoccupied the property and commenced investigation and remediation of environmental contamination of the site. Under the 1991 and 1993 Defense Base Closure Realignment Act (DBCRA), HPS was slated for closure by the Navy and potential reuse by the community. Under BRAC. the Navy is required to work with affected local governmental entities to develop a plan to convey title the property to an appropriate local agency. In response, the Agency was designated as the appropriate "local redevelopment authority." In July 1997 the Agency Commission and the City's Board of Supervisors adopted the Hunters Point Shipyard Redevelopment Plan (the "Redevelopment Plan"). The Redevelopment Plan comprised the "local reuse plan" required under BRAC for the conversion of the Shipyard to civilian use. It provides for the development of (i) significant new

housing, (ii) mixed-use and commercial uses including retail, maritime, research and development and light industrial uses, (iii) education, training and cultural facilities, and (iv) over 100 acres for recreational and public open space uses.

In 1998 the San Francisco Redevelopment Agency issued an RFQ to solicit proposals from qualified developers for the conveyance, management and redevelopment of HPS. Subsequently in 1999, the SFRA Commission determined Lennar to be the most qualified of the developer teams that had submitted responses to the RFQ. Lennar is a large and successful housing development interest. They entered into an exclusive negotiating agreement (ENA) to negotiate transaction documents. In 2000, the San Francisco Redevelopment Agency (SFRA) endorsed Lennar's Preliminary Development Concept (PDC) to complete extensive infrastructure improvements and develop housing units. Development is phased to coordinate with the Navy's clean-up. Lennar's development plan is discussed later as it is believed to provide a viable development model on which the valuation of the subject property can be based. Lennar has completed partial land development for HPS Phase I residential development blocks.

C. History of Candlestick Point (CP)

Candlestick Point is a protected area located at the southeastern tip of the City facing San Francisco Bay, north of Sierra Point (in nearby Brisbane). Its name is derived from nineteenth century locals who thought the burning of nearby abandoned ships and their flaming masts in the bay resembled lighted candlesticks. This landfill area was going to be used by the United States Navy back in World War II as a shipyard. However, it was abandoned as the war ended. Without government controls, the area was used by nearby residences as a garbage dump. In 1973, the California State Legislature purchased the land and in 1977 designated Candlestick Point as the first urban recreation area in the state. Known as Candlestick Point State Recreation Area, it remains as a major recreation area in San Francisco, offering stunning views of the bay. The park features various picnic areas, two fishing piers, fitness courses as well as hiking trails. This park is also a popular area for windsurfing. Adjacent to the recreation area is Candlestick Park (now Monster Park). Candlestick Park is an outdoor sports and entertainment stadium originally built as the home of Major League Baseball's San Francisco Giants, who played there from 1960 until moving into Pacific Bell Park in 2000. Currently it is the home field of the San Francisco 49ers NFL team. Candlestick Park may be replaced by a new 49ers stadium. Currently, two location options include a site in HPS and another in Santa Clara.

D. Highest and Best Use Finding

The appraiser's Highest and Best Use analysis (presented later) of the consolidated project and its components is impacted by its size and varying land uses, along with development cost, timing and risk factors. Accordingly, the entire property is divided

into three components. The primary reasons three separate land use components are concluded to represent the Highest and Best Use of HPS include:

1. redevelopment based on reasonable and probable use and development alternatives set forth in the integrated development area that is a part of the Hunters Point Shipyard redevelopment project area, and the Candlestick Point Project area that is part of the Bayview Hunters Point redevelopment project;
2. additional planning and project review to obtain development entitlements;
3. market based development fees and extensive infrastructure and project construction costs;
4. known presence of hazmat contamination. For this analysis it is assumed on the HPS that the US Navy is responsible to pay the costs of clean-up and that no financial burden is placed on the ownership. Although the clean-up is completed at no cost to the ownership, the scheduled Navy clean-up impacts the project's development phasing and marketability;
5. the level of site improvements completed to date on HPS Phase I that in part is funded by a CFD;
6. Out-parcels must be acquired to assemble the CP project site as proposed;
7. The assumption that the project area is not encumbered by public trust land for commerce navigation and fisheries or state park restrictions.

From a market based perspective, the appraiser concludes there are three proposed land use categories responsible for attracting potential development interest and profit motivation include:

- Phase 1 HPS Hilltop/Hillside residential district - that sits atop the hillside topography maximizing the project areas view characteristics. Hilltop and Hillside are linked to existing residential uses to the west, as well as to an active and functional transportation infrastructure. This area is also the first to be cleaned up and available for redevelopment which is now in progress.

- Phase II HPS Mixed Use commercial and residential district - adjacent to the north shoreline and linked to the project areas primary access route and is suited for urban design potential, again featuring Bay and City views to the north. This area is third to be cleaned up and available for redevelopment.

- Phase II HPS Stadium site - designated as a potential alternative location for the future construction of the new San Francisco 49er's football stadium. Under the Board of Supervisors resolution approving the financing plan, the stadium site is granted to the team at no cost. Other area nearby the stadium is slated for development of light industrial research and development, and office uses. The area occupies the lower level terrain adjacent to the east shoreline. This area is second to be cleaned up and available for redevelopment.

- Candlestick Point Mixed Use commercial and residential district - is suited for urban design potential. It is home to the current location for Candlestick Park stadium and Candlestick Point State Park. The lease to the San Francisco 49er's and the preservation and enhancement of State Park improvements impacts its development. This component also requires the phased redevelopment of a large affordable housing project that can also incorporate market rate units.

- Each of these districts includes categories of other land uses such as open space, recreation and public improvements. These non-economic land uses are typical components found in all development in San Francisco and elsewhere, but they are not direct sources of revenue. In a sense they are part of the necessary infrastructure required for all development. Their value is imbedded in the value associated with the developable components; the land parcels designated to support vertical construction.

For purposes of description and analysis, the breakdown of acres by use in the Hunters Point Shipyard / Candlestick Point Project Area is presented on **Tables 2, 3, 4 and 5**.

The appraiser's Highest and Best Use analysis takes into consideration the land use categories, densities, and development criteria that form an integrated development area that is a part of the Hunters Point Shipyard redevelopment project area, and the Candlestick Point Project area that is part of the Bayview Hunters Point redevelopment project areas. Further consideration is given to the numerous conversations held with representatives of the Mayor's Office and its legal representatives, the developer and its legal representatives, and other public agency officials to clarify several issues related to the project's use and development potential.

The EIR identifies the potentially significant environmental impacts associated with the reuse of the Hunters Point Shipyard. The HPSBRP identifies community and agency goals, allowable uses and policies to implement the plan. The design objectives and contains the development standards and urban design guidelines which apply to the project. These documents have been prepared for, or by the San Francisco Redevelopment Agency (SFRA). The appraiser's analysis of these documents concludes there are three designated major land use categories, along with required street and public land uses such as neighborhood parks and open space generally associated with all forms of residential and commercial development.

Due to the presence of significant hazardous materials in the shipyard from the activities of the Navy, a Federal Facilities Agreement (FFA) was executed in 1992 which requires the Navy to remediate hazardous materials at the shipyard according

to a specific process and schedule. HPS was divided into 6 parcels (A-F) for purposes of clean-up. The valuation analysis presented herein generally corresponds to the anticipated clean-up schedule set forth by the FFA.

E. Multiple Buyers and Transactions

The project size, scale, orientation, topography, street patterns, phasing, linkage and cost to provide requisite infrastructure to support a variety of land uses. Combined with prevailing market forces, HPS Phase I entitlement approvals and others in progress, infrastructure and site preparation work completed to date, all these factors impact the highest and best use of the subject property.

In particular, these factors influence the marketability of the property at HPSCP, and therefore define the subject properties. As discussed later, the appraiser concludes the marketability to a single buyer in a single transaction, is unlikely. The number of qualified and motivated developers who would acquire the entirety of HPSCP, requiring development of such varied land uses and protracted development schedule, is few, if not non-existent. The anticipated environmental remediation scheduled at HPS also controls its availability for development within various districts. The presence of significant hazardous materials and the required Navy clean-up under the FFA process and schedule precludes transfer and development of the project as a single entity. Given the scale and known contamination of HPS, until clean-up is completed, the property at HPS is not marketable. Secondly, the level of the initial costs to construct new requisite infrastructure is great, and the orientation of the existing infrastructure and street patterns, establishes a phasing strategy which must be sequential, and of course, market driven.

Thus, it is concluded the marketability of Hunters Point is to <u>not less than three or more</u> buyers, in multiple transactions.

The most probable developer is one who can knowledgeably compete to buy that portion of the subject to maximize initial yield, providing both a return of the significant costs of development, as well as a return on these costs. In this case, there appears to be feasible market support for HPS Phase I subdivision development largely because significant infrastructure and grading improvement have already been completed, and its design best facilitates gradual vertical development. However, other higher density and other uses are not so well supported at this time. Eventually, it is most probable that a housing developer will emerge as the lead buyer, with only secondary or latent interest from those seeking commercial development opportunities. The disposition and development agreement with Lennar exemplifies this conclusion. It ties development to the remediation schedule, and like in any major transaction, the agreement calls for an option to acquire additional property if certain development thresholds are met. Nonetheless, it validates the acquisition would most likely occur in multiple transactions.

Based on these factors, the marketability of the subject property is deemed to be limited by varying physical characteristics and distinct land uses. The appraiser concludes Hunters Point Shipyard / Candlestick Point is marketable in not less than three components. These components are identified as:

- Phase 1 HPS Hilltop/Hillside residential district
- Phase II HPS Mixed Use commercial and residential district
- Candlestick Point Mixed Use commercial and residential district

F. Zoning and Land Use Controls

Introduction

The Hunters Point Shipyard and Candlestick Point redevelopment concept represents a significant opportunity for the citizens of the City and County of San Francisco, as well as to knowledgeable developers. The major land use areas form an integrated development area that is a part of the Hunters Point Shipyard redevelopment project area, and the Candlestick Point Project area (that is part of the Bayview Hunters Point redevelopment project areas). The project represents a consolidation of two development areas; Hunters Point Shipyard ("HPS"), a former naval base; and Candlestick Point ("CP"), the current location for Candlestick Park stadium and Candlestick Point State Recreation Area, a state park.

The appraiser's Highest and Best Use analysis takes into consideration the land use categories, densities, and development criteria and impacts outlined in the Hunters Point Shipyard Reuse Plan and Environmental Impact Report (EIR), the Hunters Point Redevelopment Plan (HPRP), and the Hunters Point Design for Development (D4D). Further consideration is given to the numerous conversations held with representatives of the Redevelopment Agency, the Mayor's Office of Economic Development, and the City Attorneys office to clarify several issues related to the project's use and development potential.

The plan identifies community and agency goals, allowable uses and policies to implement the plan. The design for development outlines the design objectives and contains the development standards and urban design guidelines which apply to the project. These documents have been prepared for, or by the San Francisco Redevelopment Agency (SFRA).

Exhibit G and Exhibit H identify the land use plan intended by the redevelopment plan. The design guidelines include density, bulk, height, massing, modulation, floor area ratio (FAR), frontage, façade, and articulation. These design characteristics are set to achieve the objectives of the Redevelopment Plan which also calls for

development of mixed-income housing, commercial and industrial development. These objectives specify the project-wide aggregate income-mix goal for persons and families of low or moderate income as defined by Section 50093 of the California Health and Safety Code.

The land use plan and development guidelines are particularly relevant to assess the improbability or extraordinary level of risk, time and costs with anticipating any reuse and development opportunity other than as presented in the plan. That is not to say that rigid application of these development standards is anticipated, as there is flexibility within the plan. However, the plan was developed after broad based community and agency review. Thus, it is not conceivable major revisions to the plan would be allowed without lengthy and costly efforts.

Residential District

The redevelopment plan identifies a prominent site as the Hill Housing Area now otherwise known as HPS Phase I. HPS Phase I occupies at the southern end of a hillside area once improved with dilapidated and vacant residential structures or undeveloped land. The Hill Housing area includes a total of 79 acres within 10 irregular and rectangular blocks along with a grid of existing streets, and moderate and steeply sloping hillside intended for open space. The Residential district includes categories of other land uses such as open space, and public street improvements.

The HPS Phase I straddles the hillside topography and is also identified as Parcel A within the Conceptual Framework for Phase 1 Development of the Hunters Point Shipyard. Portions of the Residential district were improved with a variety of residential building structures. All have been demolished to support new development.

The HPS Phase I has a distinct setting that contributes to its appeal as a traditional residential neighborhood with superior view and privacy characteristics. Based on its geographical and topographical characteristics, this district is best suited for residential development for many reasons. First it is proximate to and will represent and extension of the existing housing it borders to the north and west, it is proximate to existing access routes serving Hunters Point, and it features view and open space characteristics which maximize their contribution to value over other uses. Further, under current and projected market conditions, this use provides the best opportunity to implement development at Hunters Point, and increases the prospect to revitalize this important district in San Francisco.

HPS - Mixed Use District

The plan identifies the Mixed Use District which occupies the sloping and generally level terrain adjacent to the north and east shoreline. The Mixed Use district was

once identified as Lockwood Landing and will provide for primary mixed-uses including service retail and restaurants that are integrated with market rate and affordable residential units. These blocks are identified as blocks 1 – 11. At the corner of Galvez and Spear, and below the open space slope forming Phase 1, the project design includes the HP Village Center. It is slated for mixed uses that include a large component for artist's use in keeping with recent uses since the shipyard closed.

The Mixed Use district includes categories of other land uses such as open space, recreationa/cultural, public facilities and street improvements.

Candlestick Point – Mixed Use District

The developer seeks approval to develop 177 acres at Candlestick Point (CP) for horizontal land development that can support vertical construction of 7,840 housing units and up to 1.135 million SF of commercial development.

CP includes a broad spectrum of land uses that is intended to create a compatible and feasible land use development program. The project sub-areas are named CP North, CP Center, CP South, Jamestown, and Alice Griffith. The project area is bordered by the existing Candlestick Point State Park that encompasses 153 acres along the bay shoreline.

Hunters Point Shipyard / Candlestick Point Land Use Plan

Excluding the final subdivision maps approved for HPS Phase I, no development approvals exist at this time. However, the aforementioned intended use is concluded to represent the Highest and Best Use of the subject property. This is based on important political and planning policy decisions to revitalize a blighted district. The appraisers finding is based on the San Francisco Board of Supervisors and Mayor's 2007-2008 approval of a resolution endorsing a development plan for the integrated redevelopment of Hunters Point Shipyard and Candlestick Point (the Conceptual Framework). The development plan was endorsed by San Francisco voters in June 2008 with the approval of Proposition G, which set forth guiding principles and a development plan for the site, consistent with Mayor and Board of Supervisor's approved Conceptual Framework. In furtherance of the Conceptual Framework and Proposition G, in December 2008, the Mayor and Board of Supervisors approved a project financing plan, which identified the public financing and private equity required to build the development plan and program approved by the Mayor, Board of Supervisors and San Francisco voters.

F. Zones of Value

Based on varying environmental and physical characteristics, and distinct land uses, the appraiser concludes Hunters Point Shipyard / Candlestick Point contains three

distinct zones of use and value associated with residential, mixed use and commercial development. These components are identified as HPS Phase I, HPS Phase II and CP. Each is discussed below.

HPS Phase I

A summary of the land uses for HPS Phase I is presented on **Table 2**. HPS Phase I comprises two final subdivision mapped areas identified as residential subdivision maps identified as **Hilltop** - No. 4231, and **Hillside** – No. 5255. Both sites are under construction. The developer reports $122.1 million has already been spent to complete horizontal infrastructure site improvements. The two HPS Ph I subdivision maps are identified by their orientation sitting atop the hillside topography. The **Hilltop** and **Hillside** subdivisions have a distinct setting that contributes to their appeal as a traditional residential neighborhood with superior bay view and privacy characteristics. The HPS Ph I housing blocks are naturally buffered from the lower-lying waterfront shipyard area by moderate and steep sloping terrain. These residential blocks are also separated from the Shipyard by the primary arterial street, Galvez Street. **Hilltop** and **Hillside** are linked to existing residential uses to the west, as well as to an active and functional transportation infrastructure.

Hilltop subdivision #4231 comprises 901 units including 766 market rate units and 135 affordable units (15%). This excludes 191 units of the 283 units programmed for SFRA use. Among the 901 units, 101 units are attached SFR units and the balance of the site supports 800 condominium units. Among the 101 attached single-family inventory there are 86 market rate units and 15 affordable units (15%). Among the 800 condominium unit inventory there are 680 market rate condominium units and 120 affordable units (15%). Development standards differ with the intent to maximize density within the middle of this district on Blocks 50, 51, 52, 53 and 54, situated on the hillside crest, with moderate density on Blocks 1, 48, 49, 56, and 57. Block 55 is divided east and west and incorporates single-family density with lots ranging in size from 1,500 SF to 2,100 SF. The overall Hilltop density is approximately 15 units / acre. Excluding streets (utilizing 11.7 acres) and open space utilizing 28 acres), the development area of 19.5 acres reflects a density of 46 units / acre. This design provides and protects view corridors and logically provides for neighborhood recreation and open space to enhance the quality of this residential district. The developer reports that approximately $81.8 million has been spent to date for hard and soft costs to complete partial infrastructure improvements on Hilltop. The improvements completed to date include off-site improvements, demolition and deconstruction, and extensive grading and partial construction of utility systems. The remaining infrastructure costs are reported to total $34.95 million excluding the anticipated CFD reimbursement. For the valuation, the remaining $23.41 million costs are divided equally among the 901 units in **Hilltop**, or $25,986 / unit, to estimate the "as-is" value of HPS Ph I. The Hilltop lots have been graded and pads have been certified by a licensed civil engineer.

Table 2

VALUATION ZONE	Subject Property	Approval Status	Gross Acres	Gross SF	Streets Acres	Open Space Acres	Useable Acres	# of Units	# of Market Units	Density Units # / AC	# of Affordable Units (Excludes Agency Lots)	% of Affordable Units	COSTS EXPENDED TO DATE	COSTS REQUIRED TO COMPLETE	COMMENTS
1	HPS PHASE 1														
1	**HILLTOP / HILLSIDE**		79	3,441,240	15.6	36	27.3	1298	1,103	40	195	15%	**$122,102,211**	**$34,945,768**	Hilltop lots graded and certified by Civil Engineer. Streets and Utilities under construction.
			2.54	Located in NWQ of Innes / Donahue Streets (2) commercial lots adjacent to HPS Ph II				2					Cost are gross of CFD reimbursement Project has received $23 million, Project to receive $42 million in CFD Reimbursement		
								1300	TOTAL UNITS						$94,070 / Unit - spent $26,823 / Unit - to spend to complete $120,992 / Unit - total hard and soft costs
1	HILLTOP Housing	Map #4231	59.5	2,591,820	11.7	28.3	19.5	901	766	39.3	135	15%	**$81,808,481**	**$23,413,665**	$90,767 / Unit - spent $25,996 / Unit - to spend to complete $116,763 / Unit - total hard and soft costs
							SFR	101	86		15				
							Condos	800	680		120				
1	HILLSIDE Housing	Map #5255	19.5	849,420	3.9	7.7	7.8	397	337	43.21	60	15%	**$40,293,730**	**$11,532,103**	$101,496 / Unit - spent $29,048 / Unit - to spend to complete $130,544 / Unit - total hard and soft costs

% of Total	Unit Count	Unit Type / Affordability	
	65	*SFR Lots - on perimeter of Hilltop neighborhood with Bay views*	
	36	*SFR Lots - within Hilltop neighborhood*	
	101	*SFR Lots - Total*	% of SFR's
	15	*Affordable*	15%
	86	*Market Rate*	85%
			% of Condos
	800	*Condominium Units*	100%
	120	*Affordable*	15%
	680	*Market Rate*	85%

126	*Condominium Units - on upper slope with views*	
189	*Condominium Units - on lower slope with lesser views*	

N
HPS Phase I >>>>>>
Glen Rand Ln
Innes Ave
Hudson Ave
© 2009 Tele Atlas
Google
Imagery Date: Jul 2007
37°43'41.20" N 122°22'06.91" W
Eye alt 373 m

:ONDOMINIUM LOTS:

, CONDOMINIUM PLAN AS DESCRIBED IN
DUNT OF UNITS FOR THIS PROJECT
DO, 2 OF WHICH MAY BE COMMERCIAL
IN THE AMOUNT AND TYPE OF UNITS

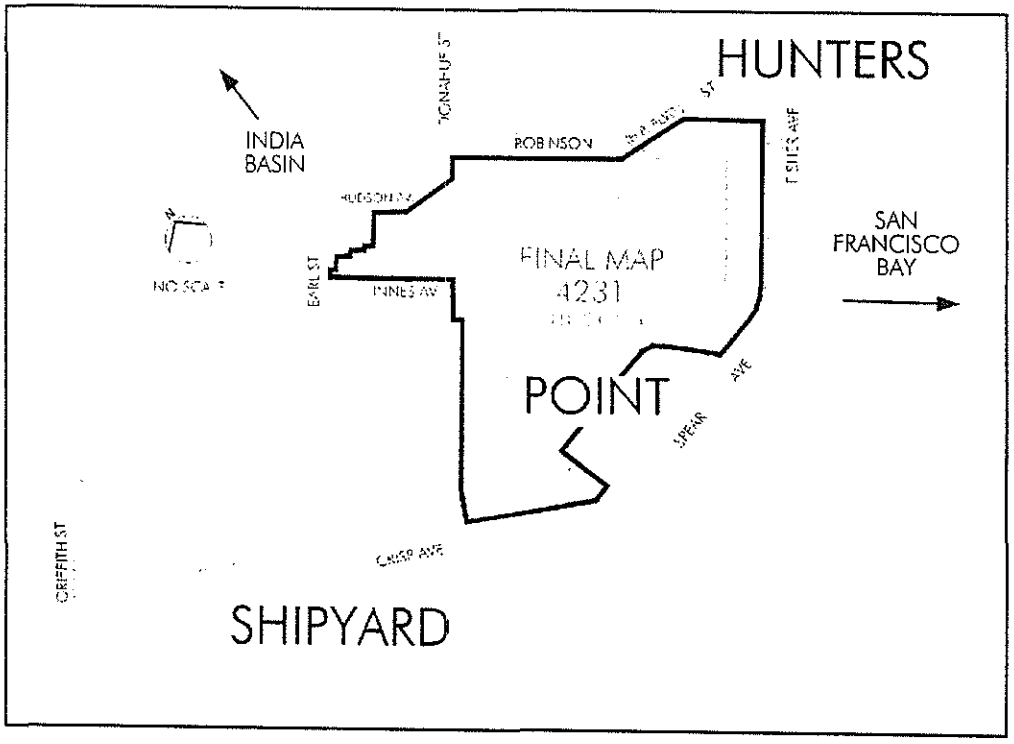
XIT(S) AND EXITING COMPONENTS, EXIT
R(S) AND COMMON USE ACCESSIBLE
OMMON USE SHALL BE HELD IN COMMON

NDOMINIUM HOMEOWNERS ASSOCIATION,
WNERS ASSOCIATION SHALL BE
LACEMENT OF:

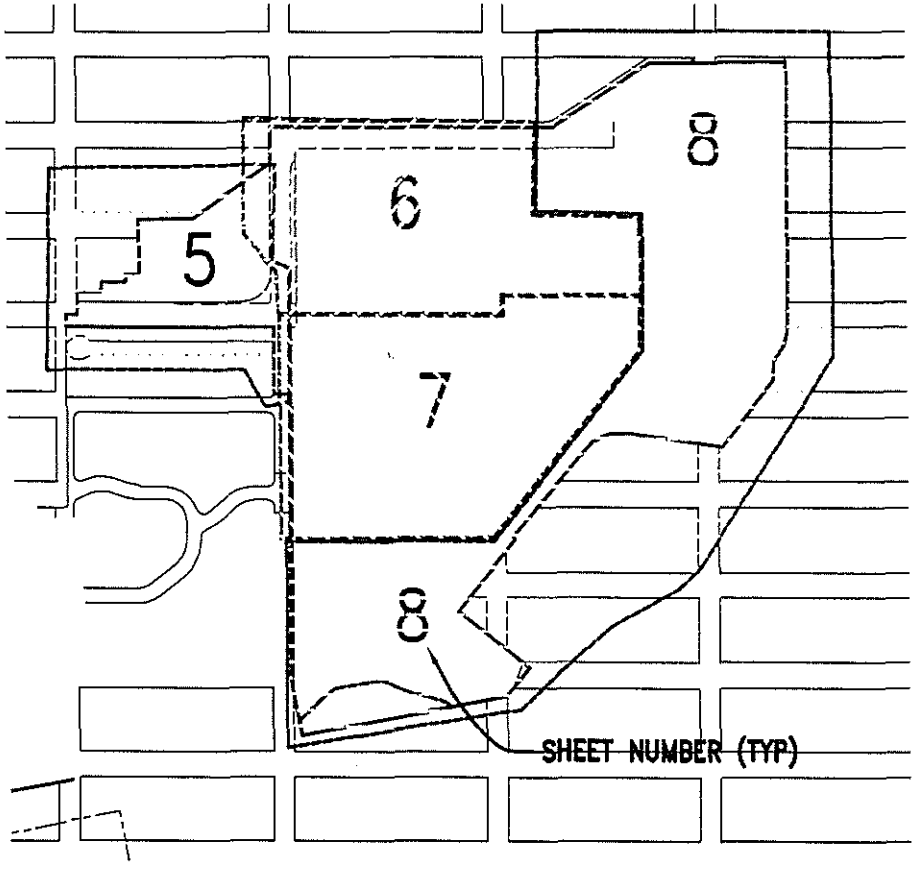
TE ENCROACHMENTS AND PRIVATELY
OBLIGATION IMPOSED ON PROPERTY
CODE OR OTHER APPLICABLE MUNICIPAL

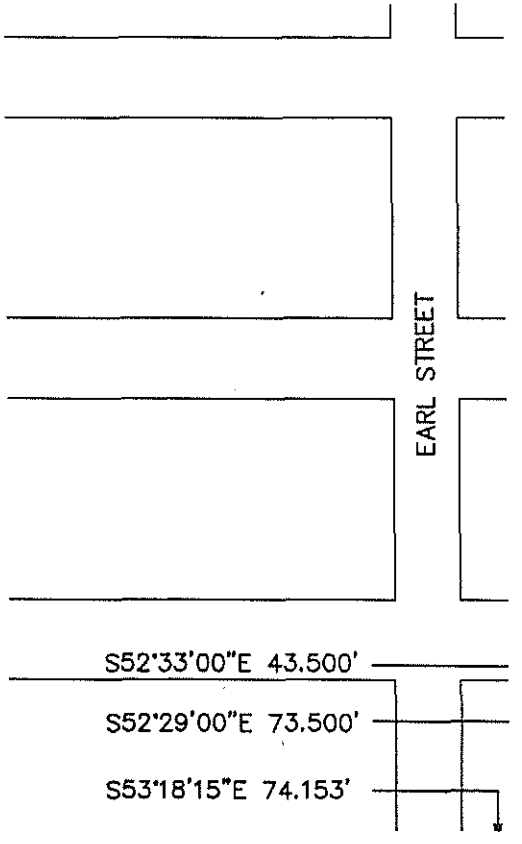
TAINED, REPAIRED, AND REPLACED
RESPONSIBLE TO THE EXTENT OF HIS/HER
E MAINTENANCE, REPAIR, AND
NANCE, REPAIR, AND REPLACEMENT MAY
HOMEOWNERS ASSOCIATION AND/OR THE
, IMPOSITION OF A LIEN AGAINST THE

SIGN, LOCATION, SIZE, DENSITY OR USE OF
ED WITH STRUCTURES, NEW OR EXISTING,
AGENCIES NOR SHALL SUCH APPROVAL
OUTSTANDING MUNICIPAL CODE
L OF THIS PARCEL/FINAL MAP SHALL



VICINITY MAP


5
6
7
8
8
SHEET NUMBER (TYP)


EARL STREET
S52°33'00"E 43.500'
S52°29'00"E 73.500'
S53°18'15"E 74.153'

Lot No.	Condo Unit	Planning Block (See Note A)	Assessor's Parcel Number (See Note B)
[illegible]		[illegible]	[illegible]

NOTES:

A. PLANNING BLOCKS ARE AS LISTED IN THE DEPARTMENT AND DEVELOPMENT AGREEMENT OF 2004 REVISED APRIL 5, 2006, AND SUBSEQUENT AMENDMENTS

FINAL MAP NO. 4231

AN 901 UNIT RESIDENTIAL CONDOMINIUM AND 2 UNIT COMMERCIAL CONDOMINIUM PROJECT WITHIN 154 INDIVIDUAL LOTS
THE MERGER AND RESUBDIVISION OF THAT REAL PROPERTY DESCRIBED IN THAT CERTAIN DEED RECORDED ON DECEMBER 3, 2004 IN REEL 1778 IMAGE 0207 AND CORRECTED IN DEED RECORDED ON MARCH 31, 2005 IN REEL 1858 IMAGE 0395 AND IN THAT CERTAIN DEED RECORDED ON AUGUST 29, 2008 AS DOCUMENT NUMBER 2008-I541085

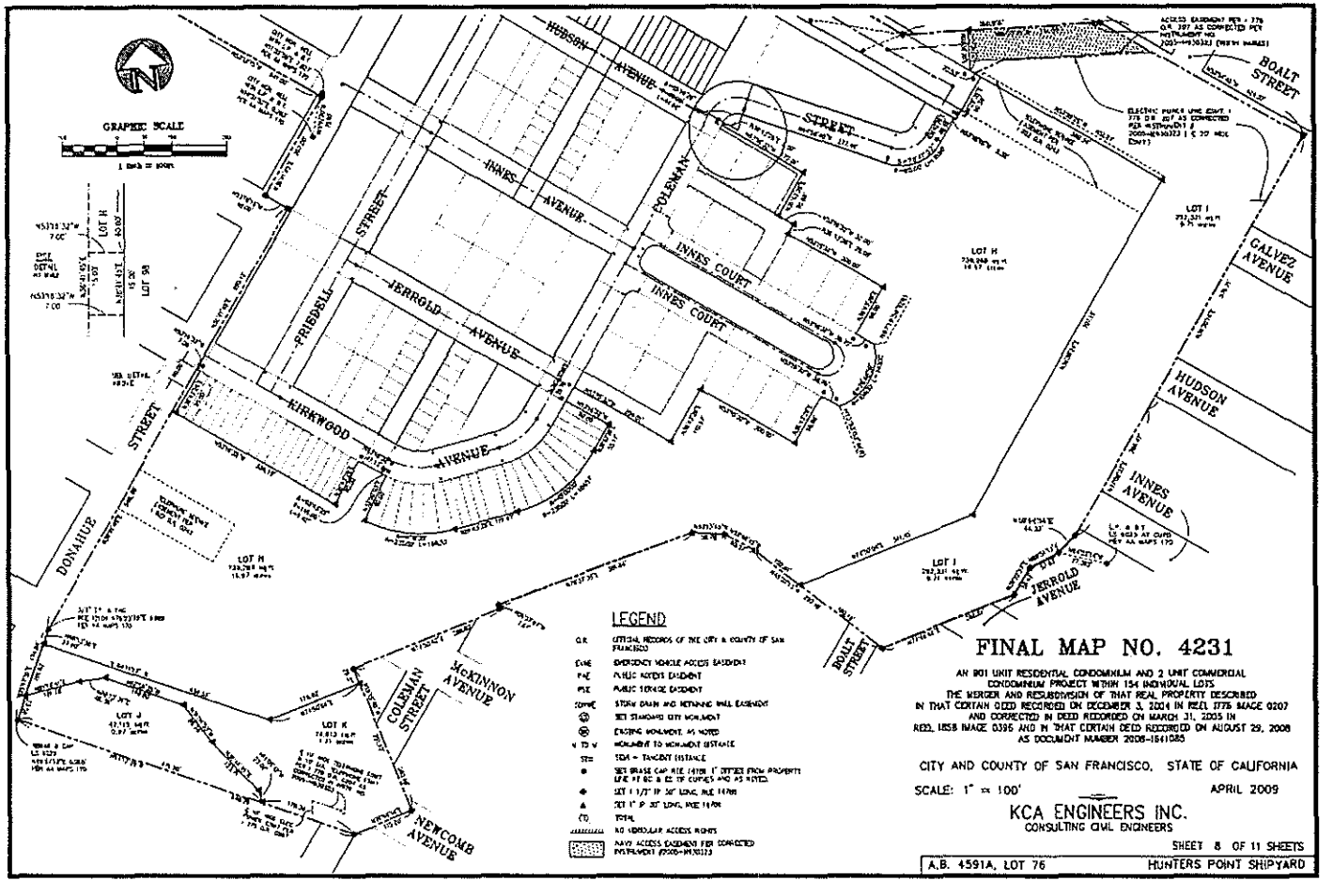
CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA

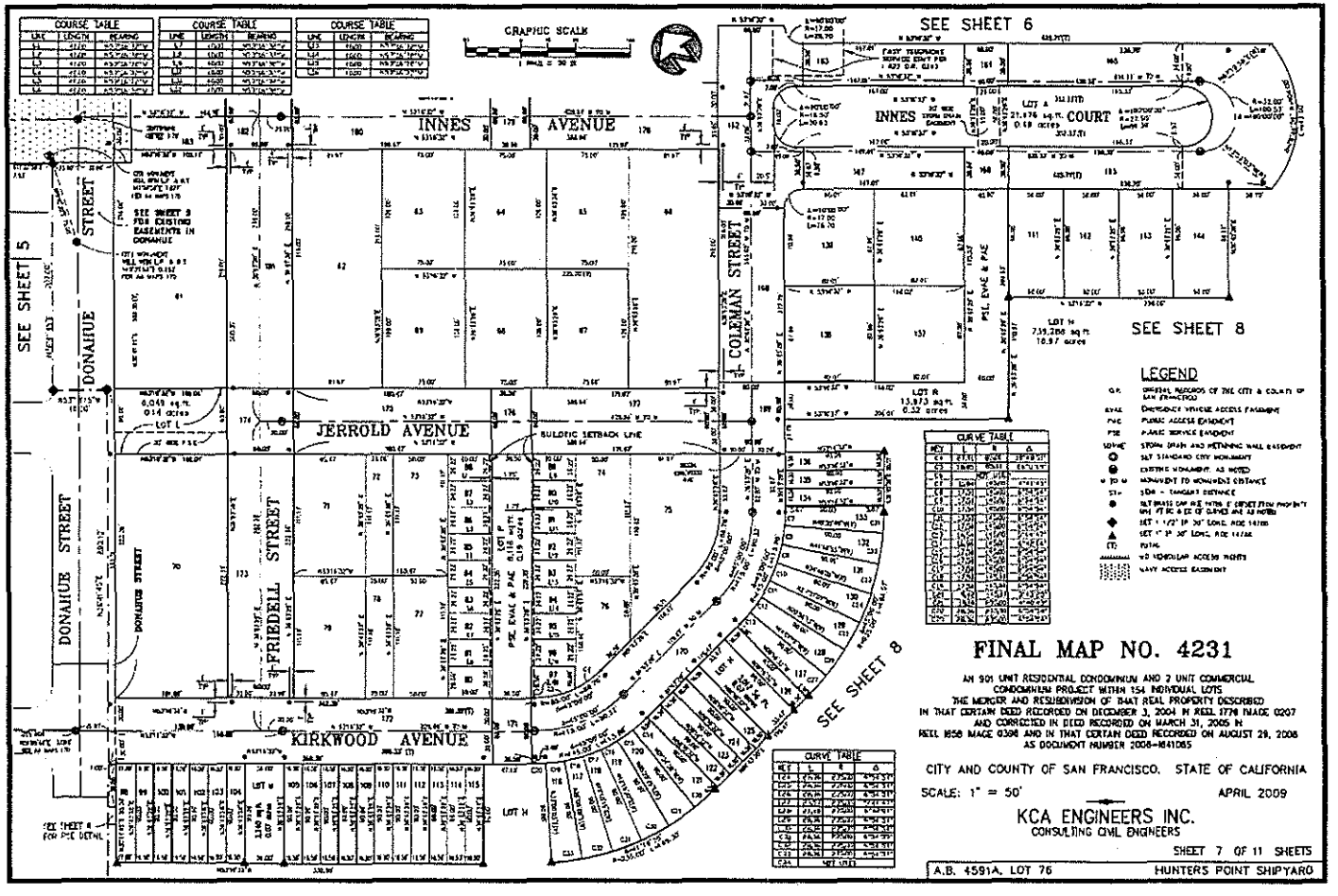
APRIL 2009

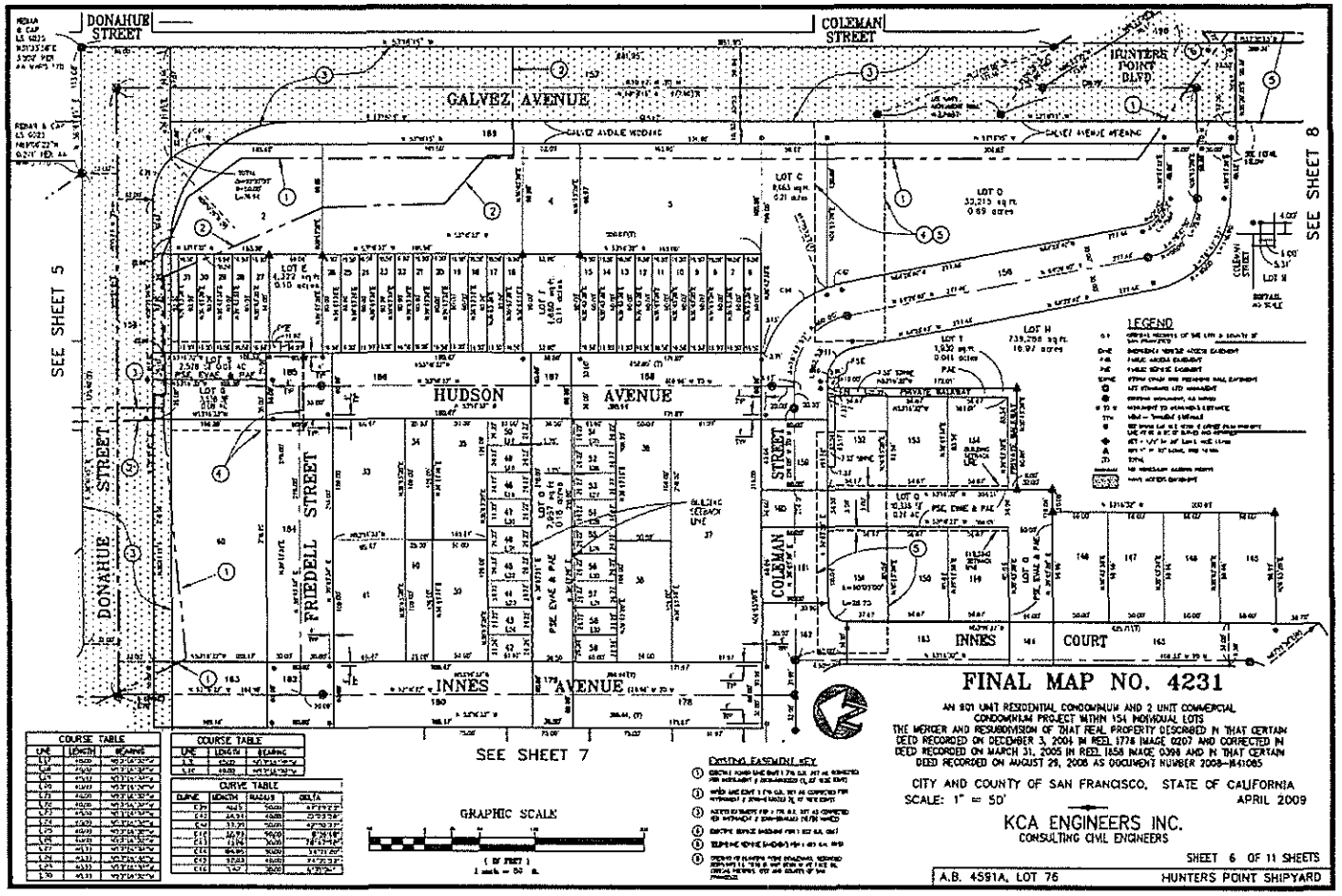
KCA ENGINEERS INC.
CONSULTING CIVIL ENGINEERS

SHEET 9 OF 11 SHEETS

A.B. 4591A, LOT 76 — HUNTERS POINT SHIPYARD


GRAPHIC SCALE
HUDSON AVENUE
INNES AVENUE
COLEMAN STREET
INNES COURT
INNES COURT
PRIDEAUX STREET
JERROLD AVENUE
KIRKWOOD AVENUE
DONAHUE STREET
BOALT STREET
CALVEZ AVENUE
HUDSON AVENUE
INNES AVENUE
JERROLD AVENUE
McKINNON AVENUE
NEWCOMB AVENUE
LOT H
LOT I
LOT J
LOT K
LEGEND
O.R. OFFICIAL RECORDS OF THE CITY & COUNTY OF SAN FRANCISCO
EVAE EMERGENCY VEHICLE ACCESS EASEMENT
PAE PUBLIC ACCESS EASEMENT
PSE PUBLIC SERVICE EASEMENT
SDWE STORM DRAIN AND RETAINING WALL EASEMENT
SET STANDARD CITY MONUMENT
EXISTING MONUMENT, AS NOTED
M TO M MONUMENT TO MONUMENT DISTANCE
TEA = TANGENT DISTANCE
SET BRASS CAP PER (4198) 1" BETWEEN FROM PROPERTY LINE AT BC & EC OF CURVES AND AS NOTED
SET 1 1/2" IP 30" LONG, PER 1198
SET 1" IP 30" LONG, PER 1198
TOTAL
NO VEHICULAR ACCESS RIGHTS
NAVD ACCESS EASEMENT PER CORRECTED INSTRUMENT #2005-H936323
FINAL MAP NO. 4231
AN 901 UNIT RESIDENTIAL CONDOMINIUM AND 2 UNIT COMMERCIAL CONDOMINIUM PROJECT WITHIN 154 INDIVIDUAL LOTS
THE MERGER AND RESUBDIVISION OF THAT REAL PROPERTY DESCRIBED IN THAT CERTAIN DEED RECORDED ON DECEMBER 3, 2004 IN REEL 1775 IMAGE 0207 AND CORRECTED IN DEED RECORDED ON MARCH 31, 2005 IN REEL 1858 IMAGE 0396 AND IN THAT CERTAIN DEED RECORDED ON AUGUST 29, 2008 AS DOCUMENT NUMBER 2008-I641085
CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA
SCALE: 1" = 100'
APRIL 2009
KCA ENGINEERS INC.
CONSULTING CIVIL ENGINEERS
SHEET 8 OF 11 SHEETS
A.B. 4591A, LOT 76
HUNTERS POINT SHIPYARD


SEE SHEET 6
SEE SHEET 5
SEE SHEET 8
SEE SHEET 8
GRAPHIC SCALE
INNES AVENUE
INNES COURT
DONAHUE STREET
COLEMAN STREET
JERROLD AVENUE
FRIEDELL STREET
KIRKWOOD AVENUE
LEGEND
FINAL MAP NO. 4231
AN 901 UNIT RESIDENTIAL CONDOMINIUM AND 2 UNIT COMMERCIAL CONDOMINIUM PROJECT WITHIN 154 INDIVIDUAL LOTS
THE MERGER AND RESUBDIVISION OF THAT REAL PROPERTY DESCRIBED IN THAT CERTAIN DEED RECORDED ON DECEMBER 3, 2004 IN REEL 1776 IMAGE 0207 AND CORRECTED IN DEED RECORDED ON MARCH 31, 2005 IN REEL 1858 IMAGE 0398 AND IN THAT CERTAIN DEED RECORDED ON AUGUST 29, 2008 AS DOCUMENT NUMBER 2008-H941065
CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA
SCALE: 1" = 50'
APRIL 2009
KCA ENGINEERS INC.
CONSULTING CIVIL ENGINEERS
SHEET 7 OF 11 SHEETS
A.B. 4591A, LOT 76
HUNTERS POINT SHIPYARD



FINAL MAP NO. 4231

AN 801 UNIT RESIDENTIAL CONDOMINIUM AND 2 UNIT COMMERCIAL CONDOMINIUM PROJECT WITHIN 154 INDIVIDUAL LOTS

THE MERGER AND RESUBDIVISION OF THAT REAL PROPERTY DESCRIBED IN THAT CERTAIN DEED RECORDED ON DECEMBER 3, 2004 IN REEL 1776 IMAGE 0207 AND CORRECTED IN DEED RECORDED ON MARCH 31, 2005 IN REEL 1858 IMAGE 0398 AND IN THAT CERTAIN DEED RECORDED ON AUGUST 29, 2008 AS DOCUMENT NUMBER 2008-I641085

CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA

SCALE: 1" = 50'

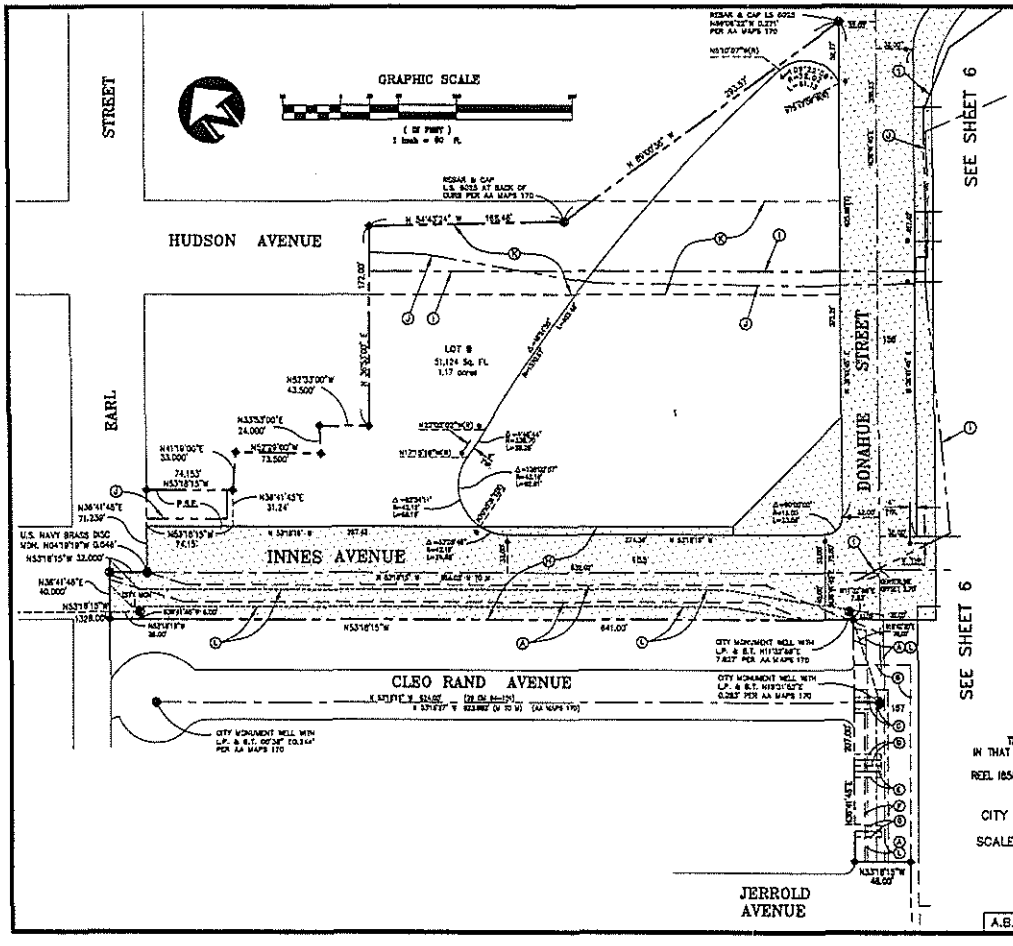
APRIL 2009

KCA ENGINEERS INC.
CONSULTING CIVIL ENGINEERS

SHEET 6 OF 11 SHEETS

A.B. 4591A, LOT 76

HUNTERS POINT SHIPYARD



LEGEND

O.R.	OFFICIAL RECORDS OF THE CITY & COUNTY OF SAN FRANCISCO
EVAE	EMERGENCY VEHICLE ACCESS EASEMENT
PAE	PUBLIC ACCESS EASEMENT
PSE	PUBLIC SERVICE EASEMENT
SDRME	STORM DRAIN AND RETAINING WALL EASEMENT
	SET STANDARD CITY MONUMENT
	EXISTING MONUMENT, AS NOTED
M TO M	MONUMENT TO MONUMENT DISTANCE
ST=	SEMI - TANGENT DISTANCE
	SET BRASS CAP RCE 14798 4' OFFSET FROM PROPERTY LINE AT BC & EC OF CURVES AND AS NOTED
	SET 1 1/2" IP 30" LONG, RCE 14798
	SET 1" IP 30" LONG, RCE 14798
(T)	TOTAL
	NO VEHICULAR ACCESS RIGHTS
	NAVY ACCESS EASEMENT PER CORRECTED INSTRUMENT (2005-H930323

EXISTING EASEMENT KEY

- (A) EXISTING SANITARY SEWER EASEMENT PER E848 O.R. 843
- (B) EXISTING ROADWAY & STREET EASEMENT PER E848 O.R. 849 AND F28 O.R. 1077
- (C) EXISTING 10' WIDE SANITARY SEWER & STORM DRAIN EASEMENT PER E819 O.R. 838 AND F28 O.R. 1066
- (D) EXISTING 10' WIDE SANITARY SEWER EASEMENT PER E819 O.R. 838 AND F28 O.R. 1066
- (E) EXISTING 10' WIDE STORM DRAIN EASEMENT PER E819 O.R. 838 AND F28 O.R. 1066
- (F) EXISTING 20' WIDE WATER LINE EASEMENT PER E819 O.R. 838 AND F28 O.R. 1066
- (G) EXISTING 10' WIDE SANITARY SEWER & STORM DRAIN EASEMENT PER E819 O.R. 838 AND F28 O.R. 1066
- (H) ACCESS EASEMENT PER I 778 O.R. 207 AS CORRECTED PER INSTRUMENT # 2005-H930323 (WIDTH VARIES)
- (I) ELECTRIC POWER LINE EMNT. I 778 O.R. 207 AS CORRECTED PER INSTRUMENT # 2005-H930323 (2' 30" WIDE EMNT)
- (J) WATER LINE EMNT. I 778 O.R. 207 AS CORRECTED PER INSTRUMENT # 2005-H930323 (8' 10" WIDE EMNT.)
- (K) POLE EMNT. I 832 O.R. 243 (ELECTRIC POWER)
- (L) EXISTING SANITARY SEWER EASEMENT PER 0157 O.R. 604

FINAL MAP NO. 4231

AN 901 UNIT RESIDENTIAL CONDOMINIUM AND 2 UNIT COMMERCIAL CONDOMINIUM PROJECT WITHIN 154 INDIVIDUAL LOTS
THE MERGER AND RESUBDIVISION OF THAT REAL PROPERTY DESCRIBED IN THAT CERTAIN DEED RECORDED ON DECEMBER 3, 2004 IN REEL 1778 IMAGE 0207 AND CORRECTED IN DEED RECORDED ON MARCH 31, 2005 IN REEL 1856 IMAGE 0396 AND IN THAT CERTAIN DEED RECORDED ON AUGUST 29, 2008 AS DOCUMENT NUMBER 2008-I841085

CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA

SCALE: 1" = 50' APRIL 2009

KCA ENGINEERS INC.
CONSULTING CIVIL ENGINEERS

SHEET 5 OF 11 SHEETS

A.B. 4591A, LOT 76 HUNTERS POINT SHIPYARD

HILLTOP MAP - AREAS PER LAND USE

Lot No.	Planning Block (See Note A)	Lot Area (SF)
1	Block 1	88,676
2	Block 55E (SFRA)	14,778
3	Block 55E (SFRA)	18,132
4	Block 55E (SFRA)	5,198
5	Block 55E (SFRA)	18,502
6	Block 55E	1,485
7	Block 55E	1,485
8	Block 55E	1,485
9	Block 55E	1,485
10	Block 55E	1,485
11	Block 55E	1,485
12	Block 55E	1,485
13	Block 55E	1,485
14	Block 55E	1,485
15	Block 55E	1,485
16	Block 55E	1,485
17	Block 55E	1,485
18	Block 55E	1,485
19	Block 55E	1,485
20	Block 55E	1,485
21	Block 55E	1,485
22	Block 55E	1,485
23	Block 55E	1,485
24	Block 55E	1,485
25	Block 55E	1,485
26	Block 55E	1,485
27	Block 55E	1,485
28	Block 55E	1,485
29	Block 55E	1,485
30	Block 55E	1,485
31	Block 55E	1,485
32	Block 55E	1,947
33	Block 54 (SFRA)	7,136
34	Block 54 (SFRA)	2,725
35	Block 54	5,450
39	Block 54	5,450
40	Block 54 (SFRA)	2,725
41	Block 54 (SFRA)	7,136
42	Block 54	970
43	Block 54	969
44	Block 54	969
45	Block 54	969
46	Block 54	969
47	Block 54	969
48	Block 54	969
60	Block 51	22,025
B	Block 1	51,131
C	Open Space (SFRA)	9,061
D	Open Space (SFRA)	30,322
E	Open Space (SFRA)	4,322
F	Open Space (SFRA)	4,680
G	Open Space (SFRA)	3,538
H	Open Space (SFRA)	737,528
I	Open Space (SFRA)	292,331
S	Private Street	2,528
Area - Square Feet		1,378,715

Lot No.	Planning Block (See Note A)	Lot Area (SF)
36	Block 54	5,450
37	Block 54	17,869
38	Block 54	5,450
49	Block 54	969
50	Block 54	969
51	Block 54	969
52	Block 54	969
53	Block 54	969
54	Block 54	969
55	Block 54	969
56	Block 54	969
57	Block 54	969
58	Block 54	969
59	Block 54	970
61	Block 50	22,256
62	Block 53	17,869
63	Block 53	8,175
64	Block 53	8,175
65	Block 53	8,175
66	Block 53	17,869
67	Block 53	8,175
68	Block 53	8,175
69	Block 53	8,175
70	Block 49	22,868
71	Block 52 (SFRA)	7,276
72	Block 52 (SFRA)	2,779
73	Block 52	5,558
77	Block 52	5,559
78	Block 52 (SFRA)	2,779
79	Block 52 (SFRA)	7,279
80	Block 52	1,177
137	Block 56 (SFRA)	7,213
138	Block 56 (SFRA)	7,213
139	Block 56 (SFRA)	7,151
140	Block 56 (SFRA)	7,213
141	Block 56 (SFRA)	4,948
142	Block 56 (SFRA)	4,948
143	Block 56 (SFRA)	4,948
144	Block 56 (SFRA)	4,948
145	Block 57	4,948
146	Block 57	4,948
147	Block 57	4,948
148	Block 57	4,948
149	Block 57	4,649
150	Block 57	4,649
151	Block 57	4,587
152	Block 57	4,587
153	Block 57	4,587
154	Block 57	4,587
A	Open Space (SFRA)	21,476
L	Open Space (SFRA)	6,121
O	Private Street	7,957
Q	Private Street	10,338
R	Private Street	13,973
T	Private Walkway	1,930
		359,305

Lot No.	Planning Block (See Note A)	Lot Area (SF)
74	Block 52	5,558
75	Block 52	10,424
76	Block 52	4,143
81	Block 52	969
82	Block 52	969
83	Block 52	969
84	Block 52	969
85	Block 52	969
86	Block 52	969
87	Block 52	969
88	Block 52	969
89	Block 52	969
90	Block 52	969
91	Block 52	969
92	Block 52	969
93	Block 52	969
94	Block 52	969
95	Block 52	969
96	Block 52	969
97	Block 52	1,037
105	Block 55W	1,485
106	Block 55W	1,485
107	Block 55W	1,485
108	Block 55W	1,485
109	Block 55W	1,485
110	Block 55W	1,485
111	Block 55W	1,485
112	Block 55W	1,485
113	Block 55W	1,485
114	Block 55W	1,485
115	Block 55W	1,485
116	Block 55W	2,064
117	Block 55W	2,064
118	Block 55W	2,064
119	Block 55W	2,064
120	Block 55W	2,064
121	Block 55W	2,049
122	Block 55W	1,485
123	Block 55W	1,485
124	Block 55W	1,485
125	Block 55W	1,485
126	Block 55W	1,485
127	Block 55W	1,981
128	Block 55W	2,064
129	Block 55W	2,064
130	Block 55W	2,064
131	Block 55W	2,064
132	Block 55W	2,064
133	Block 55W	1,906
134	Block 55W	1,485
135	Block 55W	1,485
136	Block 55W	1,485
M	Open Space (SFRA)	3,240
N	Open Space (SFRA)	3,012
P	Private Street	8,116
		105,825

Lot No.	Planning Block (See Note A)	Lot Area (SF)
98	Block 55W	1,591
99	Block 55W	1,485
100	Block 55W	1,485
101	Block 55W	1,485
102	Block 55W	1,485
103	Block 55W	1,485
104	Block 55W	1,485
J	Open Space (SFRA)	42,115
K	Open Space (SFRA)	74,613
		127,229

STREET LOTS:

155	Innes, Earl to Donahue	46,049
156	Donahue - Galvez to Innes	43,041
157	Donahue - Innes to Kirkwood	13,769
158	Coleman, Galvez to Hudson	31,159
159	Coleman, Hudson to Lot Q	3,762
160	Coleman at Lot Q	2,040
161	Coleman, Lot Q to Innes Ct	4,082
162	Coleman at Innes Ct	10,971
163	Innes Ct, Coleman to Lot Q	5,691
164	Innes Ct at Lot Q	1,540
165	Innes Ct, Lot Q to Lot R	23,744
166	Innes Ct at Lot R	1,540
167	Innes Ct, Lot R to Coleman	5,691
168	Colman, Innes Ct to Jerrold	9,536
169	Coleman at Jerrold	3,960
170	Kirkwood, Jerrold to Lot P	21,328
171	Kirkwood at Lot P	2,189
172	Kirkwood, Lot P to Donahue	20,542
173	Friedell, Kirkwood to Jerrold	13,341
174	Friedell at Jerrold	3,600
175	Jerrold, Friedell to Lot P	10,828
176	Jerrold at Lot P	2,190
177	Jerrold, Lot P to Coleman	10,318
178	Innes, Coleman to Lot O	10,318
179	Innes at Lot O	2,190
180	Innes, Lot O to Friedell	10,828
181	Freidell, Jerrold to Innes	13,080
182	Innes at Freidell	3,600
183	Innes, Freidell to Donahue	8,059
184	Freidell, Innes to Hudson	13,080
185	Freidell at Hudson	3,600
186	Hudson, Freidell to Lot O	10,828
187	Hudson at Lot O	2,190
188	Hudson, Lot O to Coleman	10,318
189	Galvez widening	19,020
190	Hunters Pt Blvd at Galvez	4,203
191	Galvez	65,316
		455,561

SUMMARY:

Acres	Land Use	Total SF
18.8	Developable Lots	819,473
11.7	Streets (incl. private streets)	510,465
28.3	Open Space	1,232,869
58.8	Total Hilltop Area	2,562,806
59.5	Developable Lot Density (945 homes)	

KCA Engineers 5009 3-31-09 Y:\...\Hilltop Lot Areas (Grant Application).xls

Hillside subdivision #5255 comprises an approved condominium site for 397 units, including 337 market rate units and 60 affordable units (15%). This excludes 92 units of the 283 units programmed for SFRA use. Development standards are generally consistent on the lots that typically measure 27' to 32' wide by 75' to 83' deep. The development used a double-loaded street design with two streets – Navy Road and Oakdale Avenue traversing the neighborhood. The hillside topography provides an outlook south – southeast overlooking the lower shipyard area and the Bay. Most of the lots are slated for development of 2-3 unit buildings with others slated for 4 – 6 units. Approximately 58 of 126 lots on the upper level of the subdivision front Oakdale Street will likely have superior view characteristics. The overall Hillside density is approximately 20 units / acre. Excluding streets (utilizing 3.9 acres) and open space utilizing 7.7 acres), the development area of 7.8 acres reflects a density of 51 units / acre. The developer reports that approximately $40.294 million has been spent to date for hard and soft costs to complete partial infrastructure improvements on Hillside. The improvements completed to date include off-site improvements, demolition and deconstruction, and extensive grading and partial construction of utility systems. To facilitate completion of the infrastructure, a CFD was formed in 2004 by the Redevelopment Agency for the purpose of financing infrastructure that is being constructed by the developer. The developer has been reimbursed $23 million by the CFD to date (for both Hillside and Hilltop). The remaining infrastructure costs are reported to total $11.532 million excluding the anticipated CFD reimbursement. The appraised value estimated herein excludes any financial benefit or liability attributed to the CFD.[4] For the valuation, the remaining $11.532 million costs are is divided equally among the 397 units in **Hillside**, or $29,048 / unit, to estimate the "as-is" value of HPS Ph I[5].

Based on this criteria, at HPS Phase I approximately 1,298 housing units of varying attached single family, townhouse and stacked design can be accommodated to match prevailing development trends noted throughout San Francisco and North San Mateo County.

[4] The appraised value does not reflect the probable premium a buyer would pay for anticipated CFD reimbursement, and the probable discount a buyer would demand for assuming the CFD Special Taxes obligation.

[5] No allocation of remaining costs was provided for each subdivision. It is assumed the 283 affordable units are exempt from Special Taxes resulting from the CFD.

Kirkwood Ave
McKinnon Ave
HPS Phase I
Crisp Rd
Fitch St
© 2009 Tele Atlas
Google
Imagery Date: Jul 2007
37°43'40.57" N 122°22'35.00" W
Eye alt 476 m

New Lot No	Condo Unit	Planning Block (See Note A)	Assessor's Parcel Number (See Note B)
1	4	Block 48	4591D - 001
2	4	Block 48	4591D - 002
3	4	Block 48	4591D - 003
4	3	Block 48	4591D - 004
5	3	Block 48	4591D - 005
6	3	Block 48	4591D - 006
7	6	Block 48	4591D - 007
8		Open Space (SFRA)	4591D - 008
9	6	Block 48	4591D - 009
10	3	Block 48	4591D - 010
11	3	Block 48	4591D - 011
12	3	Block 48	4591D - 012
13	3	Block 48	4591D - 013
14	3	Block 48	4591D - 014
15	3	Block 48	4591D - 015
16	3	Block 48	4591D - 016
17	3	Block 48	4591D - 017
18	6	Block 48	4591D - 018
19	3	Block 48	4591D - 019
20	3	Block 48	4591D - 020
21	3	Block 48	4591D - 021
22	3	Block 48	4591D - 022
23	3	Block 48	4591D - 023
24	3	Block 48	4591D - 024
25	3	Block 48	4591D - 025
26	3	Block 48	4591D - 026
27	3	Block 48	4591D - 027
28	3	Block 48	4591D - 028
29	3	Block 48	4591D - 029
30	3	Block 48	4591D - 030
31	3	Block 48	4591D - 031
32	3	Block 48	4591D - 032
33	3	Block 48	4591D - 033
34	3	Block 48	4591D - 034
35	3	Block 48	4591D - 035
36	3	Block 48	4591D - 036
37	3	Block 48	4591D - 037
38	3	Block 48	4591D - 038
39	6	Block 48	4591D - 039
40	4	Block 48	4591D - 040
41	4	Block 48	4591D - 041
42	4	Block 48	4591D - 042
43	4	Block 48	4591D - 043
44	4	Block 48	4591D - 044
45	4	Block 48	4591D - 045
46	4	Block 48	4591D - 046
47	4	Block 48	4591D - 047
C		Open Space (SFRA)	4591D - 048
48	4	Block 48	4591D - 049
49	4	Block 48	4591D - 050
50	4	Block 48	4591D - 051
51	4	Block 48	4591D - 052
52	4	Block 48	4591D - 053
53	4	Block 48	4591D - 054
54	4	Block 48	4591D - 055
55	4	Block 48	4591D - 056
56	4	Block 48	4591D - 057
57	4	Block 48	4591D - 058
58	4	Block 48	4591D - 059
59	4	Block 48	4591D - 060
A		Open Space (SFRA)	4591D - 061
60	3	Block 48	4591D - 062
61	3	Block 48	4591D - 063
62	3	Block 48	4591D - 064
63	3	Block 48	4591D - 065
64	3	Block 48	4591D - 066
65	3	Block 48	4591D - 067
66	3	Block 48	4591D - 068
67	3	Block 48	4591D - 069
68	3	Block 48	4591D - 070
69	3	Block 48	4591D - 071
70	6	Block 48	4591D - 072
71	3	Block 48	4591D - 073
72	3	Block 48	4591D - 074
73	3	Block 48	4591D - 075
74	3	Block 48	4591D - 076
75	3	Block 48	4591D - 077
76	3	Block 48	4591D - 078
77	3	Block 48	4591D - 079
78	3	Block 48	4591D - 080
79	3	Block 48	4591D - 081
80	3	Block 48	4591D - 082
81	3	Block 48	4591D - 083
82	3	Block 48	4591D - 084
83	3	Block 48	4591D - 085
84	3	Block 48	4591D - 086
85	3	Block 48	4591D - 087
86	3	Block 48	4591D - 088
87	3	Block 48	4591D - 089
88	3	Block 48	4591D - 090
89	3	Block 48	4591D - 091
90		Block 48 (SFRA)	4591D - 092
91		Block 48 (SFRA)	4591D - 093
92		Block 48 (SFRA)	4591D - 094
93	6	Block 48	4591D - 095
94	2	Block 48	4591D - 096
95	2	Block 48	4591D - 097
96	2	Block 48	4591D - 098
97	2	Block 48	4591D - 099
98	2	Block 48	4591D - 100
99	2	Block 48	4591D - 101
100	2	Block 48	4591D - 102
101	2	Block 48	4591D - 103
102	2	Block 48	4591D - 104
103	2	Block 48	4591D - 105
104	2	Block 48	4591D - 106
105	3	Block 48	4591D - 107
106	3	Block 48	4591D - 108
107	2	Block 48	4591D - 109
108	2	Block 48	4591D - 110
109	2	Block 48	4591D - 111
110	2	Block 48	4591D - 112
111	3	Block 48	4591D - 113
112	3	Block 48	4591D - 114
113	2	Block 48	4591D - 115
114	2	Block 48	4591D - 116
115	2	Block 48	4591D - 117
116	3	Block 48	4591D - 118
117	3	Block 48	4591D - 119
118	3	Block 48	4591D - 120
119	3	Block 48	4591D - 121
120	3	Block 48	4591D - 122
121	3	Block 48	4591D - 123
122	3	Block 48	4591D - 124
123	3	Block 48	4591D - 125
124	3	Block 48	4591D - 126
125	3	Block 48	4591D - 127
126	3	Block 48	4591D - 128
127	3	Block 48	4591D - 129
128		Block 48 (SFRA)	4591D - 130
129		Block 48 (SFRA)	4591D - 131
130		Block 48 (SFRA)	4591D - 132
131		Block 48 (SFRA)	4591D - 133
E		Open Space (SFRA)	4591D - 134
F		Open Space (SFRA)	4591D - 135

STREET LOTS:

132		Navy Rd, East to Lot D	4591D - 136
133		Navy Rd, Lot D to Griffith	4591D - 139
134		Former Griffith at Navy	4591D - 140
135		Griffith, Exist. Oakdale to Navy	4591D - 141
136		Oakdale, Griffith to Lot D	4591D - 142
137		Oakdale, Lot D to Navy Rd	4591D - 143

GRAND TOTALS (HPS Development)		Hilltop Final Map	Hillside Final Map
Residential	Commercial	4321	5266
1,296	2	903	397

NOTES

A. PLANNING BLOCKS ARE AS DEFINED IN THE DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) OR DDA, RECORDED APRIL 2, 2003, AND SUBSEQUENT AMENDMENTS.

B. ASSESSOR'S PARCEL NUMBERS WERE NOT AVAILABLE AT THE TIME OF RECORDING OF THIS MAP. IF ASSESSOR'S PARCEL NUMBERS ARE SHOWN IN THIS COLUMN, THEY ARE FOR INFORMATION PURPOSES ONLY AND SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE.

FINAL MAP NO. 5255

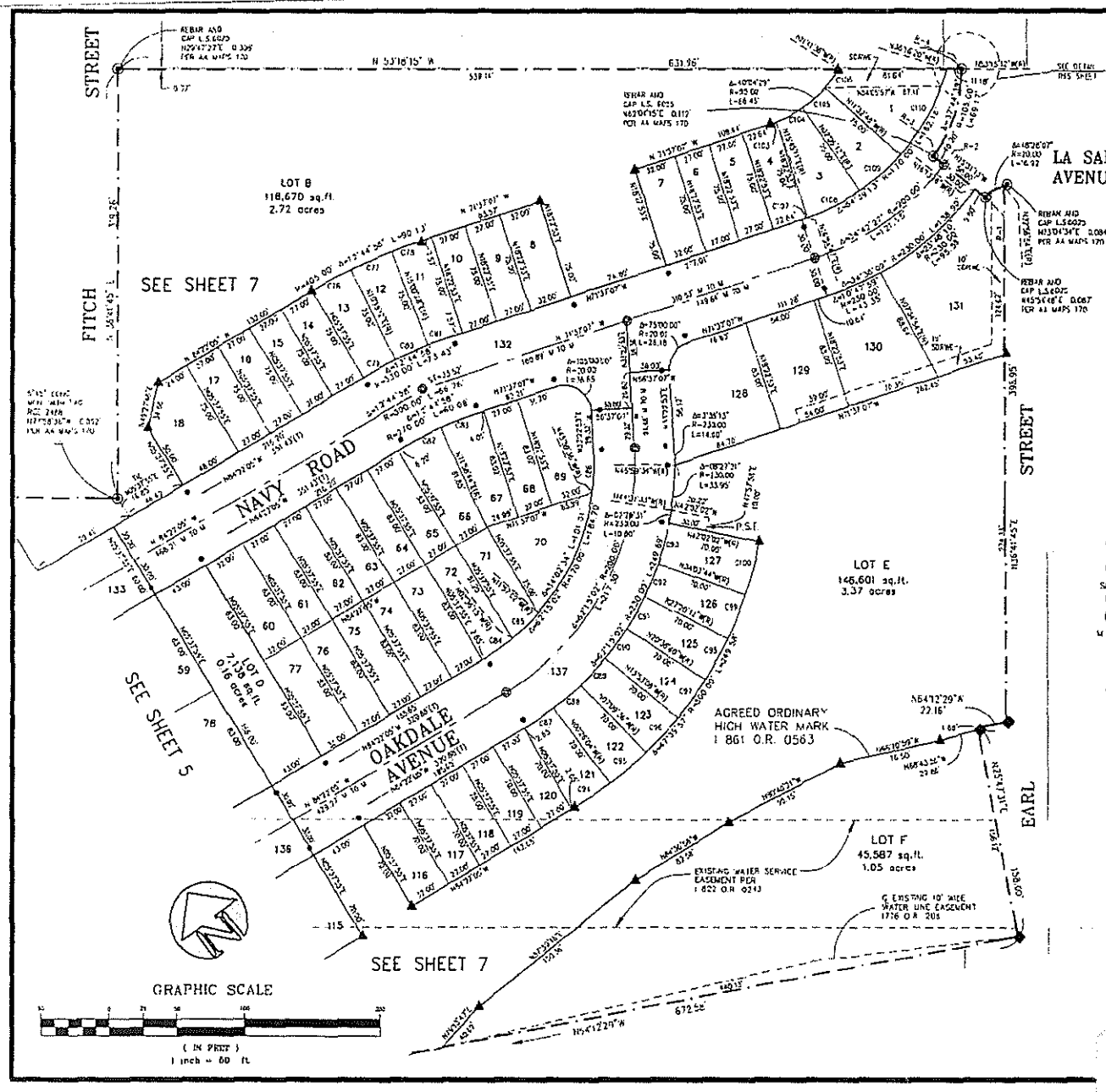
A 397 UNIT RESIDENTIAL CONDOMINIUM PROJECT WITHIN 131 INDIVIDUAL LOTS
THE MERGER AND RESUBDIVISION OF THAT REAL PROPERTY DESCRIBED
IN THAT CERTAIN DEED RECORDED ON DECEMBER 3, 2004 IN REEL 1776 IMAGE
0208 AND CORRECTED IN DEED RECORDED ON MARCH 31, 2005 IN
REEL 1858 IMAGE 0397 AND IN THAT CERTAIN DEED RECORDED ON AUGUST
29, 2008 AS DOCUMENT NUMBER 2008-I641085

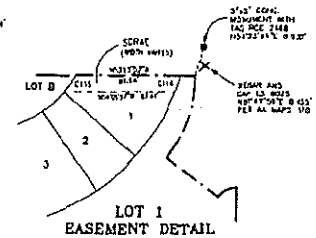
CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA

MARCH 2009

KCA ENGINEERS INC.
CONSULTING CIVIL ENGINEERS

A.B. 4591A, LOT 77 HUNTERS POINT SHIPYARD





CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA
C70	33.14	455.00	4°41'17"
C71	33.14	455.00	4°41'16"
C78	23.85	455.00	3°22'25"
C79	27.00	330.00	4°41'17"
C80	27.00	330.00	4°41'16"
C81	19.43	330.00	3°22'25"
C82	29.91	270.00	6°20'49"
C83	28.17	270.00	6°24'09"
C84	24.44	170.00	8°14'10"
C85	27.73	170.00	9°28'47"
C86	31.53	170.00	10°37'31"
C87	24.05	230.00	6°00'59"
C88	27.08	230.00	6°43'32"
C89	27.08	230.00	6°43'32"
C90	27.08	230.00	6°43'32"
C91	27.08	230.00	6°43'32"
C92	27.08	230.00	6°43'32"
C93	32.00	230.00	7°58'18"
C94	31.76	230.00	7°90'33"
C95	33.22	330.00	6°43'32"
C96	33.22	330.00	6°43'32"
C97	33.22	330.00	6°43'32"
C98	33.22	330.00	6°43'32"
C99	33.22	330.00	6°43'32"
C100	41.74	330.00	7°58'18"
C101	18.00	230.00	2°29'31"
C102	NOT USED		
C103	4.36	90.00	2°37'42"
C104	22.63	90.00	13°38'33"
C105	22.63	95.00	13°39'00"
C106	16.00	95.00	10°00'40"
C107	4.36	170.00	1°28'96"
C108	43.94	170.00	14°48'33"
C109	40.58	170.00	13°39'00"
C110	73.06	170.00	24°43'32"
C111	16.30	230.00	4°04'52"
C112	27.00	230.00	6°43'34"
C113	27.00	230.00	6°43'34"
C114	69.01	230.00	17°11'24"
C115	16.82	95.00	10°08'49"
C116	12.99	170.00	04°22'39"

RADIAL BEARING TABLE (THIS SHEET ONLY)		
RADIAL	BEARING	RADIUS
R-1	S15°31'13"E	60.00'
R-2	S16°19'34"E	200.00'
R-3	S15°31'13"E	105.00'
R-4	N53°15'52"W	105.00'

LEGEND

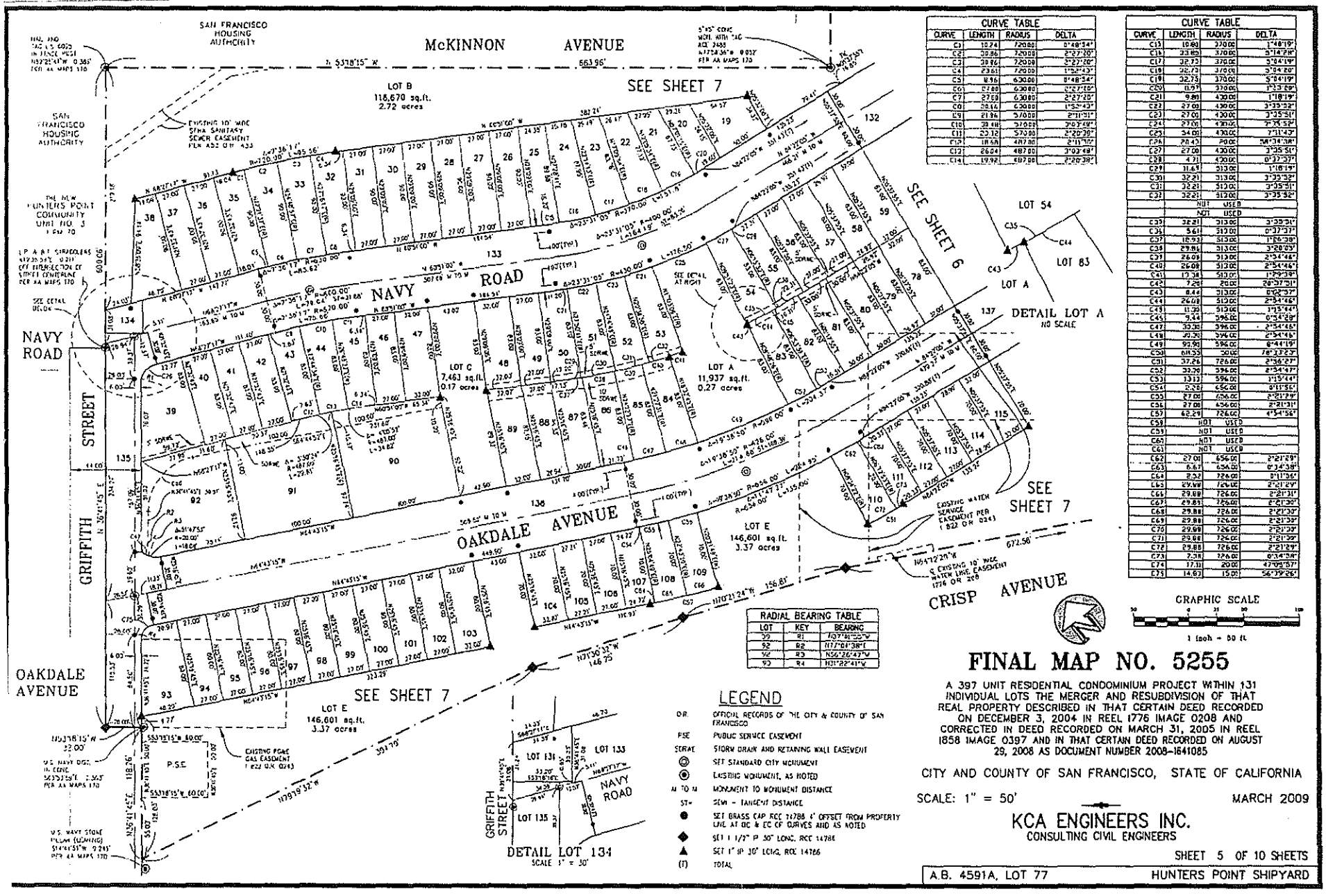
OR	OFFICIAL RECORDS OF THE CITY & COUNTY OF SAN FRANCISCO
PSE	PUBLIC SERVICE EASEMENT
SDRWE	STORM DRAIN AND RETAINING WALL EASEMENT
◎	SET STANDARD CITY MONUMENT
◉	EXISTING MONUMENT, AS NOTED
M TO M	MONUMENT TO MONUMENT DISTANCE
ST-	SEMI - TANGENT DISTANCE
●	SET BRASS CAP RCE 14786 4' OFFSET FROM PROPERTY LINE AT BC & EC OF CURVES AND AS NOTED
◆	SET 1 1/2" IP 30" LONG, RCE 14786
▲	SET 1" IP 20" LONG, RCE 14786
(T)	TOTAL

FINAL MAP NO. 5255

A 397 UNIT RESIDENTIAL CONDOMINIUM PROJECT WITHIN [illegible] INDIVIDUAL LOTS THE MERGER AND RESUBDIVISION OF [illegible] REAL PROPERTY DESCRIBED IN THAT CERTAIN DE[illegible] ON DECEMBER 3, 2004 IN REEL 1776 IMA[illegible] CORRECTED IN DEED RECORDED ON MARC[illegible] 1858 IMAGE 0397 AND IN THAT CERTAIN DE[illegible] 29, 2008 AS DOCUMENT NUM[illegible]

CITY AND CO[illegible]

SCALE: 1[illegible]



CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA
C1	10.74	720.00	0°48'54"
C2	20.86	720.00	2°27'20"
C3	28.86	720.00	2°27'20"
C4	23.61	720.00	1°52'43"
C5	8.96	630.00	0°48'54"
C6	27.00	630.00	2°27'20"
C7	27.00	630.00	2°27'20"
C8	20.14	630.00	1°52'43"
C9	21.94	570.00	2°11'51"
C10	39.48	570.00	3°57'49"
C11	20.12	570.00	2°20'26"
C12	18.58	487.00	2°11'10"
C13	26.04	487.00	3°03'49"
C14	19.92	487.00	2°20'38"

CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA
C15	10.80	370.00	1°48'19"
C16	22.85	370.00	3°14'29"
C17	32.75	370.00	5°04'19"
C18	32.75	370.00	5°04'20"
C19	32.75	370.00	5°04'19"
C20	11.97	370.00	1°53'09"
C21	9.81	430.00	1°18'19"
C22	27.00	430.00	3°35'52"
C23	27.00	430.00	3°35'51"
C24	27.00	430.00	3°35'52"
C25	54.00	430.00	7°11'43"
C26	28.43	70.00	58°04'08"
C27	27.00	430.00	3°35'51"
C28	4.71	430.00	0°37'37"
C29	31.47	513.00	3°18'19"
C30	32.21	513.00	3°35'52"
C31	32.21	513.00	3°35'51"
C32	32.21	513.00	3°35'52"
	NOT	USED	
	NOT	USED	
C35	32.21	513.00	3°35'51"
C36	5.61	513.00	0°37'37"
C37	18.93	513.00	1°56'38"
C38	29.86	513.00	3°28'03"
C39	26.04	513.00	2°54'46"
C40	26.08	513.00	2°54'46"
C41	17.38	513.00	1°99'39"
C42	7.26	20.00	20°37'31"
C43	8.44	513.00	0°02'37"
C44	26.08	513.00	2°54'46"
C45	11.39	513.00	1°15'44"
C46	9.44	596.00	0°54'28"
C47	30.38	596.00	2°54'46"
C48	30.38	596.00	2°54'46"
C49	10.90	596.00	0°44'19"
C50	60.53	50.00	78°13'23"
C51	37.26	726.00	2°56'27"
C52	33.96	596.00	2°34'47"
C53	13.13	596.00	1°15'44"
C54	2.26	656.00	0°11'56"
C55	27.00	656.00	2°21'29"
C56	27.00	656.00	2°21'31"
C57	62.29	726.00	4°54'56"
C58	NOT	USED	
C59	NOT	USED	
C60	NOT	USED	
C61	NOT	USED	
C62	27.00	656.00	2°21'29"
C63	6.67	656.00	0°34'38"
C64	8.52	726.00	0°11'56"
C65	29.88	726.00	2°21'29"
C66	29.88	726.00	2°21'31"
C67	29.88	726.00	2°21'30"
C68	29.88	726.00	2°21'30"
C69	29.88	726.00	2°21'30"
C70	29.88	726.00	2°21'30"
C71	29.88	726.00	2°21'30"
C72	29.88	726.00	2°21'29"
C73	7.38	726.00	0°34'38"
C74	17.31	20.00	47°09'57"
C75	14.83	15.00	56°19'26"

RADIAL BEARING TABLE		
LOT	KEY	BEARING
30	R1	N37°16'55"W
92	R2	N17°01'38"E
92	R3	N56°26'47"W
93	R4	N31°22'41"W

LEGEND

O.R.	OFFICIAL RECORDS OF THE CITY & COUNTY OF SAN FRANCISCO
PSE	PUBLIC SERVICE EASEMENT
SDRWE	STORM DRAIN AND RETAINING WALL EASEMENT
◎	SFE STANDARD CITY MONUMENT
◉	EXISTING MONUMENT, AS NOTED
M TO M	MONUMENT TO MONUMENT DISTANCE
ST-	SEMI - TANGENT DISTANCE
●	SET BRASS CAP RCE 14788 4' OFFSET FROM PROPERTY LINE AT BC & EC OF CURVES AND AS NOTED
◆	SET 1 1/2" IP 30" LONG, RCE 14788
▲	SET 1" IP 30" LONG, RCE 14766
(T)	TOTAL

FINAL MAP NO. 5255

A 397 UNIT RESIDENTIAL CONDOMINIUM PROJECT WITHIN 131 INDIVIDUAL LOTS THE MERGER AND RESUBDIVISION OF THAT REAL PROPERTY DESCRIBED IN THAT CERTAIN DEED RECORDED ON DECEMBER 3, 2004 IN REEL 1776 IMAGE 0208 AND CORRECTED IN DEED RECORDED ON MARCH 31, 2005 IN REEL 1858 IMAGE 0397 AND IN THAT CERTAIN DEED RECORDED ON AUGUST 29, 2008 AS DOCUMENT NUMBER 2008-1641085

CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA

SCALE: 1" = 50' MARCH 2009

KCA ENGINEERS INC.
CONSULTING CIVIL ENGINEERS

SHEET 5 OF 10 SHEETS

A.B. 4591A, LOT 77 HUNTERS POINT SHIPYARD

HILLSIDE MAP - LOT AREA & UNIT COUNT ANALYSIS - 1

New Lot No.	Planning Block (See Note A)	Lot Area (SF)
1	Block 48	3,375
2	Block 48	2,367
3	Block 48	2,497
4	Block 48	2,025
5	Block 48	2,025
6	Block 48	2,025
7	Block 48	2,400
B	Open Space (SFRA)	118,670
8	Block 48	2,400
9	Block 48	2,025
10	Block 48	2,025
11	Block 48	2,191
12	Block 48	2,255
13	Block 48	2,255
14	Block 48	2,025
15	Block 48	2,025
16	Block 48	2,025
17	Block 48	2,025
18	Block 48	3,300
19	Block 48	2,263
20	Block 48	1,721
21	Block 48	2,146
22	Block 48	2,354
23	Block 48	2,491
24	Block 48	2,653
25	Block 48	2,312
26	Block 48	2,430
27	Block 48	2,430
28	Block 48	2,430
29	Block 48	2,430
30	Block 48	2,430
31	Block 48	2,430
32	Block 48	2,563
33	Block 48	2,604
34	Block 48	2,604
35	Block 48	2,488
36	Block 48	2,430
37	Block 48	2,430
38	Block 48	3,072
39	Block 48	3,895
40	Block 48	2,241
41	Block 48	2,241
42	Block 48	2,241
43	Block 48	2,316
44	Block 48	2,345
45	Block 48	2,321
46	Block 48	2,241
47	Block 48	2,656
C	Open Space (SFRA)	7,463
48	Block 48	2,656
49	Block 48	2,241
Total SF		243,500
Total AC		5.590

HILLSIDE MAP - LOT AREA & UNIT COUNT ANALYSIS - 2

Lot No.	Planning Block (See Note A)	Lot Area (SF)
50	Block 48	2,320
51	Block 48	2,457
52	Block 48	2,457
53	Block 48	2,457
A	Open Space (SFRA)	11,933
54	Block 48	2,457
55	Block 48	2,280
56	Block 48	2,241
57	Block 48	2,241
58	Block 48	2,234
59	Block 48	2,656
D	Open Space (SFRA)	7,138
60	Block 48	2,656
61	Block 48	2,241
62	Block 48	2,241
63	Block 48	2,241
64	Block 48	2,241
65	Block 48	2,241
66	Block 48	2,608
67	Block 48	2,444
68	Block 48	2,242
69	Block 48	3,647
70	Block 48	3,571
71	Block 48	2,121
72	Block 48	2,227
73	Block 48	2,241
74	Block 48	2,241
75	Block 48	2,241
76	Block 48	2,241
77	Block 48	2,656
78	Block 48	2,656
79	Block 48	2,234
80	Block 48	2,490
81	Block 48	2,490
82	Block 48	2,368
83	Block 48	2,340
84	Block 48	2,340
85	Block 48	2,340
86	Block 48	2,536
87	Block 48	2,530
88	Block 48	2,323
89	Block 48	2,823
90	Block 48 (SFRA)	9,546
91	Block 48 (SFRA)	9,530
92	Block 48 (SFRA)	7,694
93	Block 48	3,106
94	Block 48	2,160
95	Block 48	2,160
96	Block 48	2,160
97	Block 48	2,160
98	Block 48	2,160
		157,356
		3.612

HILLSIDE MAP - LOT AREA & UNIT COUNT ANALYSIS - 3

Lot No.	Planning Block (See Note A)	Lot Area (SF)
99	Block 48	2,160
100	Block 48	2,160
101	Block 48	2,160
102	Block 48	2,160
103	Block 48	2,560
104	Block 48	2,240
105	Block 48	1,905
106	Block 48	1,890
107	Block 48	1,899
108	Block 48	1,991
109	Block 48	1,991
110	Block 48	1,991
111	Block 48	1,915
112	Block 48	1,890
113	Block 48	1,890
114	Block 48	2,023
115	Block 48	2,240
116	Block 48	2,240
117	Block 48	1,890
118	Block 48	1,890
119	Block 48	1,890
120	Block 48	1,890
121	Block 48	2,149
122	Block 48	2,177
123	Block 48	2,177
124	Block 48	2,177
125	Block 48	2,177
126	Block 48	2,177
127	Block 48	2,581
128	Block 48 (SFRA)	6,024
129	Block 48 (SFRA)	4,482
130	Block 48 (SFRA)	5,242
131	Block 48 (SFRA)	8,574
E	Open Space (SFRA)	146,697
F	Open Space (SFRA)	46,587
		277,088
		6.361

STREET LOTS:

132	Navy Rd, Earl to Lot D	43,396
133	Navy Rd, Lot D to Griffith	40,533
134	Former Griffith at Navy	854
135	Griffith, Exist. Oakdale to Navy	12,773
136	Oakdale, Griffith to Lot D	47,442
137	Oakdale, Lot D to Navy Rd	26,741
		171,739
		3.943

SUMMARY:

Acres	Land Use	Total SF
7.8	Developable Lots	340,457
3.9	Streets	171,739
7.7	Open Space	337,488
18.6	Total Hillside Site Area	849,684
58.6	Density (based on 466 homes)	

CA Engineers 5009 3-31-09
Y:\...\Hillside Lot Areas.xls

G. Physical Characteristics

The site description is based on a visual inspection of the property completed on many occasions during 2008 – 2009, and last on July 1, 2009. The appraiser also reviewed numerous planning documents and technical reports. Further consideration is given to the numerous conversations held with representatives of the Redevelopment Agency, Mayor's Office of Economic Development, and the City Attorneys office to clarify several issues related to the project's use and development potential.

Environmental Conditions

At Hunters Point Shipyard there is known presence of hazmat contamination. The concerns related to the Navy's historical use and development constraints are well documented and voluminous. Shipyard activities generated a variety of inorganic (e.g.. metals) and organic (e.g. petroleum) wastes. Due to the presence of significant hazardous materials in the Shipyard from the activities of the Navy and its contractors and tenants, the United States Environmental Protection Agency ("EPA) placed the Shipyard on the National Priorities List in 1989 as a "Superfund site. Pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). The Navy and the EPA and the State of California executed a Federal Facilities Agreement in 1992 (FFA), which requires the Navy to investigate and remediate hazardous materials at the Shipyard according to a specified process and schedule.

To facilitate the remediation of hazardous materials and reuse of the HPS under the Redevelopment Plan, the Navy and the federal and state regulatory agencies agreed that remediation of the Shipyard may be accomplished on a parcel-by-parcel basis. For those purposes, the Shipyard was divided into six (6) separate parcels identified as Parcels A, B, C, D E and F. Parcel A (HPS Phase I) was removed from the National Priorities Superfund list in 1999.

In April 2004 the Navy and the Agency entered into a Conveyance Agreement, setting forth the process for conveying Shipyard parcels to the Agency which requires certification by the federal and state regulators that the parcels are remediated to a level suitable for their intended uses and after independent confirmation by Agency and City.

For this analysis it is assumed the US Navy is responsible to pay the costs of clean-up and that no financial burden is placed on the ownership. Although the clean-up is completed at no cost to the ownership, the scheduled Navy clean-up impacts the project's development phasing and marketability. The presence of significant hazardous materials and the required Navy clean-up under the FFA process and schedule precludes transfer and development of the project as a single entity. Given the scale and known contamination of HPS, until clean-up is completed, the property

at HPS is not marketable. The Navy clean-up parcels and schedule are illustrated as item 2 in the addenda.

The Candlestick Point area is currently not involved in any investigation or remediation activities with regulatory oversight. Based on the results of investigations previously performed at the site by Geomatrix Consultants, various contaminants were identified in soil and groundwater at the site. However, the human health risk assessment performed for the site did not identify unacceptable risk to future workers at the site or visitors to the site, nearby residents or workers, or recreational users, and no remediation was required by regulatory agencies. The current understanding of environmental conditions at Candlestick Point Area is based on the Phase I Environmental Site Assessment, prepared by MACTEC in June 2006. MACTEC concluded that based on Lennar's final redevelopment plans additional subsurface investigation will likely be necessary to adequately evaluate human health risks. Redevelopment obstacles to comply with CCSF Article 20 requires sampling for the presence of various compounds for construction projects requiring disturbance of more than 50 cubic yards of soil in areas bayward of historical high-tide lilies. San Francisco Department of Public Health (SFDPH) is anticipated to provide regulatory oversight for future investigations at the Candlestick Point Area, but based on RWQCB and DTSC involvement in previous investigations performed at the site, and association of the Candlestick Point Area development with HP these agencies may become involved with future investigation activities at the site. Because of the use and storage of hazardous material at the existing 49er stadium, a regulatory closure will be required. MACTEC will provide oversight of this procedure to ensure that no environmental conditions remain at the stadium site that will affect development plans.

Utilities

In order to achieve the Redevelopment Plan for phased development, significant infrastructure improvements must be completed. Infrastructure includes utilities and roadway systems. The adequacy of existing and new utility systems to support the development has been evaluated, both on an interim and permanent basis, at both development sites (HPS and CP). Lennar's project engineer, MACTEC (MTC), prepared the scope for utility systems replacement. Development of the scope of work included utility analyses performed by Winzler & Kelly (W&K), grading and earthwork analysis performed by ENGEO Inc. (ENGEO) and W&K, transportation and road evaluations completed by DMJM Harris (DMJM), and landscape architecture work completed by Royston Hanamoto Alley & Abey (RHAA).

The scope for utility systems replacement is consistent with the level of costs budgeted by Lennar's project engineer, MACTEC. Based on the budget, MTC intends to deliver horizontally-developed land parcels ready for vertical development consistent with Lennar's current land use plan. MTC's plan for horizontal development includes permitting and design, site preparation work including

demolition, site grading, drainage, construction of master backbone utilities, transportation, and parks and open space improvements. The development schedule is highly dependent on the anticipated dates of access to project sites and the availability of land for development per the land transfer agreements between the City and County of San Francisco and the U.S. Navy, as well as other existing landowners.

Nearly all the utility infrastructure at Hunters Point Shipyard is near the end of its useful service life. The existing utility infrastructure does not appear to have the design-life or the configuration necessary to serve the proposed redevelopment. Only portions of the subject property are served by typical urban utilities including water, sewer, electricity, natural gas and telephone service. It has been reported that in some areas, these utility services were only intermittently functional and/or required constant maintenance. Underground electrical service has been interrupted or discontinued due to deteriorated underground conduit, and sewer and water lines. In addition, there are other areas of vacant land toward the southern perimeter of HPS Phase II that are not served by such urban utilities. Demolition at Hunters Point will be limited to surface improvements. The Navy is removing storm and sewer drains as part of their radiological program. Demolition of some existing infrastructure at the Candlestick Point site will be required to allow the construction of the new infrastructure. Construction of new utilities is anticipated for potable water, storm water, sanitary sewer, gas, electrical and telecommunication systems.

Water Supply

Fresh water is supplied to Hunters Point by the City of San Francisco Water Department via two water mains. A 16-inch main along Crisp Avenue provides the greater part of the fresh water needs of the shipyard. A smaller 8-inch main along Innes Avenue provides water for the housing area and administrative buildings located in the vicinity of the north entrance to the shipyard. Both water distribution systems are combined service systems providing water for both fire protection and domestic usage.

The fresh water system piping is about 40 years old, and was installed when the shipyard was constructed. Sections of the piping have been replaced over the years due to corrosion, leaks, or major breaks in the piping. Some sections have been replaced with nonmetallic pipes, notably PVC. Probably the greatest deterioration to the fresh water piping system has occurred at the waterfront, where salt water or a salty environment has accelerated the corrosion process.

System improvements will be required to accommodate the water demands and fire flows for proposed development.

The low-pressure water system will provide potable and fire protection water for the project site, which is currently served by the City's low pressure water system from

the University Mound Reservoir. The engineering analysis indicates the need for increased supply from the City's water distribution system to meet the maximum day plus fire flow demands. Additional large diameter pipelines must be constructed as a part of offsite improvements to convey flow from the University Mound pressure zone transmission mains on Third Street. A network of reclaimed water mains is also included in the planned infrastructure. The reclaimed water will be used for dual plumbing in buildings and for irrigation of landscaped areas.The Candlestick Point site currently is not served by the City's auxiliary water supply system (AWSS) although there is a planned extension of the AWSS on Gilman Street from Ingalls Street to the project site. For planning purposes, it was assumed the extension would be constructed and that a 20-inch diameter pipeline would be required. At the Hunters Point site, it is understood that the City's AWSS will be extended by the City to the limits of HP.

Electrical

PG&E presently provides electric service to the Shipyard. The existing I2kV distribution systems uses mostly over-head lines and power poles. Due to the age of the system, the entire existing overhead distribution systems must be removed and replaced with a new underground system.

Coincident demand is an estimate of the actual power consumption based upon building square footage, power usage per square foot, known motor loads at certain buildings, and demand and coincidence factors assigned to various building types. Based upon an evaluation of past and present demand, it was determined that the capacity of the system will not adequately serve future demand at Hunters Point. Major expansion of the electrical system is required to accommodate load growth.

Natural Gas

Natural gas is supplied by Pacific Gas and Electric Company at two service entrance locations; a 6-inch high pressure steel pipeline along Crisp Avenue and a 4-inch high pressure pipeline at Donahue and Galvez Streets. Currently natural gas usage is very limited on site. The primary use of gas is for space heating. Due to the age of the system, the entire natural gas distribution system must be removed and replaced with a new underground system.

Wastewater

The separated sanitary sewer system at Hunters Point will collect wastewater and pump it to the City main at Palou and Griffith Avenues. There are two separated sanitary pump stations on the Hunters Point site. The existing sanitary sewage collection system was designed and built as a combined storm and sanitary sewer system. It grew in sections from its origin in the 1940's to its maximum size in 1958 when it underwent the first of several separation projects. In the collection system there are many sags and dips in the alignments of the existing sewers, broken

joints, eroded pipe bottoms, infiltration points, damaged manholes, and construction deficiencies. The system currently in existence incorporates many large diameter sewers as well as other appurtenant structures of the old combined system which were not completely separated and which act as flow obstructions.

The separated sanitary sewer system at Hunters Point will collect wastewater and pump it to the City main at Palou and Griffith Avenues. The condition of all of the pump stations at Hunters Point can be described as very poor. The pump stations have exceeded their useful lives. For these reasons, the existing sewage collection system must be abandoned and a new system must be constructed.

The separated sanitary sewer system plan for Candlestick Point was developed based on the concept that the existing gravity combined sewer system along Gilman Avenue will be utilized to convey wastewater from the project site to the City's existing wastewater treatment facility.

Storm Water

The condition of storm sewers is similar to the sanitary sewers as most of the storm sewers originally served as combined sewers. The existing storm sewerage system is the result of an evolutionary process starting with the development of the yard in the 1940's. The system evidently grew in sections as dictated by the needs of the moment. Because of this, rather than one integrated sewer system with one single outfall, there are nine major and ten minor subsystems, each essentially with its own tributary drainage area and Bay outfall. In addition there may be other lesser drainage areas served by short drains throughout the yard.

The deficiencies affecting the adequacy of the storm sewer system are both physical and-hydraulic. The type of physical deficiencies encountered are those which would be expected in connection with aging sewer systems exposed to poor maintenance, hydraulic abuse and subsiding soil conditions. These include corroded pipe and manhole walls, leaky and broken joints. Hydraulically, except for isolated underground pockets, the system tested adequately for a two year San Francisco storm. The City of San Francisco designs its storm sewers for five year storms. With the existing storm sewer system, a five year storm would cause major flooding in the industrial area of the yard. A two year storm would cause minor and selective flooding. With the reuse of the existing storm sewers, there is the risk of infiltration of contaminated materials into the sewers that discharge into the Bay. A new storm sewer system is anticipated.

Telecommunications

Because of the rapid advance in telecommunications and computer technologies, it is anticipated that a new network of fiber-optic cables and computer HUBs will be constructed.

Other services

Other services such as fire protection and security are assumed to be provided by the City.

In conclusion, the existing utilities must be replaced with new utility infrastructure. The cost to construct new infrastructure is significant. Please refer to infrastructure cost presented later in this report for more detailed information.

Access and Streets

Indirect access to the Bayview Hunters Point neighborhood is provided by US 101, Cesar Chavez Street and Third Street. US 101 is an 8-lane freeway in the South Bayshore area. Third Street is a 6-lane major north-south arterial in the South Bayshore area. In 2007, the Third Street Light Rail Project was completed that expanded the Muni Metro system along the eastern side of the city. The new service, known as the T Third Street Metro line, runs south from the The Caltrain Depot at 4th Street and King Street, along Third Street and Bayshore Boulevard to the Bayshore Caltrain Station in the Visitacion Valley neighborhood.

Primary access to Hunters Point is from Innes Avenue that extends west to join Evans Avenue. Evans Avenue - Innes Avenue consist of 4-lane east-west collector street between Third Street and the Hunters Point Naval Shipyard. This roadway provides the primary access from Third Street to the Hunters Point Naval Shipyard main gate. These streets link the subject neighborhood to the Third Street transportation corridor by traversing the adjacent India Basin Industrial Park, and terminate at a secured gate entrance to the Hunters Point Development. Third Street is a major north-south arterial route which links the Hunters Point area to the nearby freeway network including U.S. Highway 101 and Interstate 280.

A network of streets traverses HPS. The existing street improvements reflect sub-standard design and aged conditions, and in some cases are in rough condition and/or consist of a gravel surface rather than asphalt. They will be reconstructed, but it is understood, the existing roadbeds will be utilized in the majority of the project area. The reconstruction will also include pedestrian improvements such as sidewalks and the extension of the Bay Trail, along with creation of active and passive open space.

In order to facilitate transportation needs for the project Lennar hired DMJM to evaluate the necessary on-site and offsite transit and roadway improvements. A roadway network for each development area is based on the architectural concept for the sites. It is assumed that the streets will have a structural section of 3 inches of asphalt concrete, 8 inches of Portland cement concrete base, 12-foot-wide sidewalks, landscaping, streetlights, streetscape furniture, parking lanes, landscaped medians, and pedestrian corridors/emergency vehicle access. DMJM presented these improvements as Phase I Improvements to be completed by 2012. Phase II Improvements to be completed by 2015. Lennar is primarily responsible for

implementation of the Phase I and 40 percent contribution on Phase II improvement that include all the onsite and near-site road and transit improvements for viability of the Integrated Project.

Phase II includes: Construction of a 4-to 6-lane road from the Harney/101 interchange to Crisp/Spear at Hunters Point to improve south access, 4 to 6 lanes from the Cesar Chevez/101 interchange to Hunters Point via Evans or Illinois to improve north access, and all associated improvements such as street lights. landscaping and property acquisitions. Other improvements include Carroll Avenue road widening; new roadway along the railroad right-of-way from Carroll/Ingalls to Crisp/Walker; bridge across Yosemite Slough; transit stops at Candlestick Point; and construction of HPS transit center and ferry terminal.

Topography, Flood and Seismic Characteristics

The topography of the Hunters Point District is generally level in those areas developed with marine and industrial uses. HPS Phase I sits atop a hillside knoll and features dramatic Bay views toward the downtown San Francisco skyline, Bay Bridge and East Bay. Between the HPS Phase I and the industrial shipyard district, there is downsloping terrain. Some is rather steep, particularly in the area forming the perimeter of HPS Phase I. Open space land use designations have been assigned in this terrain, but as well includes level area at the top of the hill for public use and enjoyment. The transitional slope area between the HPS Phase I and HPS Phase II is used by Galvez Avenue that meanders from the entrance gate to provide access to distinct land use areas in the shipyard area. It actually forms a shelf creating a natural and man-made boundary between HPS Phase I and Phase II.

No areas within the City of San Francisco, including the subject, are located within a flood hazard zone as designated by the federal government. However, flooding has been reported to occur in the southern undeveloped portion of the subject property during rainy and windy periods. Standing water has collected from rainfall and from offshore winds. The project areas associated with Candlestick Point, and in particular the Candlestick Point State Park Recreation area, are subject to the aforementioned inundation shoreline area. As part of the project improvements, the development plans to construct shoreline improvements to protect and preserve these public areas.

No soils report was provided to the appraiser. It is assumed soil conditions are adequate to support the existing development. It should be noted that due to portions of the subject site being comprised of Bay fill settlement could be anticipated. Proposed development anticipates extensive grading and soil remediation to adequately support vertical construction.

The subject property has been identified as a Special Geologic Study Area, and is designated by the city Planning Department as having very low stability during

seismic activity. This is also characteristic of Bay lands and fill where violent ground movement can occur.

Consequently, due to the areas potential for both ground failure and inundation hazards, collapse or severe damage to the existing building and site improvements could be anticipated. Proposed development anticipates extensive structural design to adequately support vertical construction.

G. Existing Development

The level of existing development is based on historic information only. At the time of the appraisal, limited access to HPS and CP was available due to remediation activity. It is conceivable some structures have been demolished. In any event none contribute any positive value excluding those referenced below.

According to historical records, there is approximately 2.75 million square feet of gross building area contained within approximately 84 wood and metal structures at HPS. HPS Phase II comprises the historic shipyard areas, which according to Navy records was divided into 4 zones. Zone 1 - 4 coincide with the industrial buildings numbered as a 100 to 400 series. The great majority of these structures is dilapidated and at the end of their economic lives. Only one building - Building 439 is considered to provide any functional utility at this time.

The description provided herein is based upon the appraiser's inspection of the property on several occasions. It is believed to represent the most accurate information available. It is combined with previous visits to Hunters Point when the appraiser was accompanied by Navy personnel, Mr. Don Brown and Bob Soares, and Triple A representative, Mr. Fred Stivender. These individuals were responsible for on-site management of the facilities both before, during and after the tenancy of Triple A. the former shipyard operator. They appeared extremely familiar and knowledgeable with the physical and operational features of the shipyard and industrial building improvements.

Apparently, in compliance with the Navy's WWII Controlled Materials Plan, due to the scarcity of steel, the Navy ordered the use of temporary wooden structures. This directive permitted a more rapid and larger development of the shipyard, for less money than for permanent structures. As such, many of the subject buildings reflect an aged condition, even including those metal and concrete buildings built under different controls than outlined above. For the most part, the buildings reflect actual ages of approximately 65 years.

Zone 1 is known as the industrial warehouse area which is bounded by Spear Avenue on the north, Manseau Street on the south, Moreell Street on the east, and "I" Street on the west, along with a small area *fronting* Crisp Avenue

extending west off Spear Avenue from Zone 1. This land area is almost fully improved with older industrial buildings.

Zone 2 is known as the industrial shipyard bounded by Fisher Avenue to the north, Morell Street, Drydock No. 4, and the South Pier on the west and southwest, and the west shoreline of San Francisco Bay on the south and east. This area is almost fully built-out with older industrial buildings along with the drydocks and berthing facilities.

Zone 3 is known as back-up land for lay down uses bounded by Piers 2 and 3 on the southeast, Mahan Street to the northwest, and the bay shoreline to the south and east.

Zone 4 is located at the eastern perimeter of the Hunters Point District near the former Crisp Avenue entrance. Its boundaries are Crisp Avenue on the north, the bay shoreline on the south, the Hunters Point boundaries on the west, and western perimeter of Zone 1 on the east. It is unimproved bay fill land (no utilities) which is reportedly subject to water saturation and poor drainage, and since it is rain soaked, muddy or flooded during most of the year, its utility is severely restricted.

The industrial buildings contain approximately 2 million rentable square feet; were built mostly during the mid 1940's, and vary substantially in terms of type of construction, size, quality and condition, functional utility, and remaining economic life.

There are three graving dry-docks and berthing areas which vary in terms of size, capacity and certification to accommodate commercial and naval ships, and approximately 1,000 lineal feet of piers.

Lastly there is approximately 80 acres of vacant land not supporting or allocated to building improvements. This vacant land also varies in terms of the level of site improvements (e.g. roads and utilities) that influence its utility. Also there have been studies completed that identify portions which contain hazardous materials and/or toxic waste.

In addition to the building structures, other components of industrial building utility likewise reflect poor condition. This refers to the condition of deteriorated apron areas adjacent to loading docks, deteriorated loading docks, the condition or lack of exterior lighting, buckled wood-block flooring or cracked concrete floor surfaces, the quality and condition of ancillary office areas within the building structures. Furthermore, it has been reported that several buildings were constructed with asbestos materials and may be subject to other considerations in terms of

continued utility and contributory or interim value. Lastly, the roads that serve these buildings in many cases are in rough condition.

In addition to the aged condition and functional design of many of the buildings, usable areas within several buildings require some comment.

Building No. 439 comprises a more modern concrete and metal structure which reflects a superior condition than the typical building in Zone 1. Considering the modern design, condition, and layout of this building, its utility is considered superior to other buildings.

For several years, but not recently the Navy and SFRA have rented various facilities at HPS. Its appeal and demand actually increased following the displacement of many industrial tenants when PacBell stadium was built and market trends supported conversion of many older SOMA industrial properties for multimedia or live work occupancy. Nonetheless, the industrial facilities at HPS are aging and only a few are useable. Only one may be designated for retention if physically and financially feasibly possible. Building 101,

Hunters Point was well known as an important drydock facility on the West Coast. Over its history, some seven graving drydocks had been operational, but none are now. Drydock No. 2 has a length of 750 feet, and at one time had a Navy certification rating. Drydock No. 3 has a length of 1,000 feet, but no Navy certification due to inadequate seismic requirements. Drydock No. 4 has a length of 1,092 feet, and at one time Navy certification. It comprised one of the largest drydock facilities on the West Coast with the capacity to handle the largest Navy vessels including battleships and aircraft carriers, including the USS Enterprise and USS Carl Vinson, among others. These facilities have been abandoned and no longer function.

Located within Zones 2 and 3, are several piers and berthing areas which were utilized for top side repair work and long-term ship layup. These berthing facilities were inherent and necessary to the shipyard operations conducted in Zone 2 and Zone 3. As discussed later, there is no effective demand present or anticipated to reuse these facilities for maritime use.

At Candlestick Point, there are two existing facilities. This includes Candlestick Park stadium and the Alice Griffith Park low-income housing project.

Candlestick was originally built as the home of Major League Baseball's San Francisco Giants, who played there from 1960 until moving into Pacific Bell Park (since renamed AT&T Park) in 2000. Due to its location next to the bay, strong winds often swirl down into the stadium, creating unusual playing conditions. At the time of its construction in the late 1950s, the stadium site was the cheapest plot of

land available in the city that was suitable for a sports stadium. Currently it is the home field of the San Francisco 49ers NFL team, who moved in for the 1971 season. Candlestick Park is the only NFL stadium that began as a baseball-only facility and underwent extensive reconstruction to accommodate football, as evidenced the stadium's unusual oblong design that leaves many seats on what was the right-field side of the stadium behind the eastern grandstand of the stadium during football games. Candlestick is also currently the only NFL football stadium in which upper-deck supports obstruct sight lines from the first-deck seating. The stadium is known for its irregular shaped field, sub-standard luxury box seats, and flooded parking area. Only two stadiums are older, Green Bay's Lambeau Field and Chicago's Soldier's Field, and both have recently undergone major renovations. Candlestick is likely to be near or at the end of its economic life.

Alice Griffith is a San Francisco Housing Authority low-income project. The project contains 256 units and was developed in 1960 and 1980. It currently uses approximately 17.84 acres developed to a density of 14 units / acre. The existing unit mix includes (8) 1 BR units, (130) 2 BR units, (24) 3 BR units, (78) 4 BR units and (16) 5 BR units. The project has controlled access and reflects a garden-style suburban design and aging condition.

H. Proposed Development

Introduction

The prior discussion indicates that significant residential, mixed use commercial, R&D, office, hotel, and stadium development is envisioned at Hunters Point Shipyard / Candlestick Point. This is the goal of the redevelopment plan to restore this very important San Francisco historical and real estate asset.

At this time, only residential development is approved since the subject HPS Phase I comprises the Navy cleanup Parcel A and is deemed suitable for development. Scheduled for cleanup and development, HPS Phase II is dependent on the Navy's environmental remediation program slated for completion during 2012 – 2015. The remediation is the subject of extensive analysis and advanced planning by Lennar, or would be by other housing developers.

Therefore, in the valuation analysis that follows, future revenues from the sale of residential units in HPS Phase I, HPS Phase II and CP are examined, as well projected net revenues from the sale of land parcels.

Land Development Costs

Based on the preceding physical condition and development constraints, the value of the subject properties are directly impacted by the costs required to implement the Hunters Point Shipyard / Candlestick Point redevelopment plans.

For this analysis, the appraiser relies upon actual and budgeted costs prepared for Lennar by their project engineer, MACTEC. A summary of these costs is included in the addenda.

For HPS Phase I the developer reports that approximately $133 million has been spent to date for hard and soft costs to complete partial infrastructure improvements. No site-specific budget for these expenditures was provided to the appraiser, but the improvements completed to date include off-site improvements, demolition and deconstruction, and extensive grading and partial construction of utility systems. The Hilltop lots have been graded and pads have been certified by a licensed civil engineer. To facilitate completion of the infrastructure, a CFD was formed in 2004 by the Redevelopment Agency for the purpose of financing infrastructure that is being constructed by the developer. The developer has been reimbursed $23 million by the CFD to date.

For HPS Phase I the remaining infrastructure costs are reported to total $42 million and the anticipated CFD reimbursement is $22 million. The appraised value estimated herein excludes any financial benefit or liability attributed to the CFD.[4] No site-specific budget of remaining land development costs was provided to the appraiser. For the valuation, the remaining $41 million costs are divided equally among the 1,279 rate units in **Hillside** and **Hilltop**, or $32,056 / unit, to estimate the "as-is" value of HPS Ph I[5].

For HPS Phase II the developer has completed an in-depth analysis to prepare a reliable horizontal development budget in response to phased access for development based on Navy remediation schedule, physical characteristics, and all reasonable and contingent requirements to support large scale development. The total HPS Phase II costs total approximately **$924 million** without consideration of inflation.

For CP the developer has completed an in-depth analysis to prepare a reliable horizontal development budget in response to phased access for development based on physical characteristics, and all reasonable and contingent requirements to

[4] The appraised value does not reflect the probable premium a buyer would pay for anticipated CFD reimbursement, and the probable discount a buyer would demand for assuming the CFD Special Taxes obligation.

[5] No allocation of remaining costs was provided for each subdivision. It is assumed the 266 affordable units are exempt from Special Taxes resulting from the CFD.

support large scale development. The total CP costs total approximately **$873 million** without consideration of inflation. Among the costs, there are significant line items including $56 million in demolition for the stadium and Alice Griffith apartment, and earthwork, a $100 million stadium contribution, and $20 million waterfront improvements. MACTEC costs for CP are included as item 4 of the addenda.

IV. HIGHEST AND BEST USE

Definition

According to the revised edition of Real Estate Appraisal Terminology, a joint publication of the Appraisal Institute the Highest and Best Use is defined as follows.

That reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.

The definition differs somewhat for improved property and vacant property; however, four criteria must in effect be met for both. The Highest and Best Use must (1) be physically possible, (2) be legally permitted, (3) be feasible, and (4) produce the highest return or value.

The Highest and Best Use is that use which is most likely to produce the greatest return over a given period of time. Net return refers to the residual of gross yield after all costs are met. Only those uses which are natural, probable, and legally permissible may be properly considered tenable. Thus, it may be defined as the available use and program of future utilization which produces the highest present value to the land.

Even when improvements are existing upon a site, it is possible that the current use does not represent the Highest and Best Use. An estimate of Highest and Best Use requires two separate analyses: the Highest and Best Use of the property as improved, and the Highest and Best Use of the property as if vacant. The purpose of the separate analyses is to ensure consistency of uses between the subject land and land sales used to value the subject site, as well as to determine if the existing improvements have contributory value which warrants their continuance. In other words, an existing use may not represent the Highest and Best Use of the site as if vacant unless the economic benefit (or value) contributed by the improvements exceeds the value of the site at its Highest and Best Use, less removal costs.

Since the subject property is currently improved, it is necessary to consider both the Highest and Best Use of the site as if vacant and as if improved. The Highest and Best Use for the property is analyzed within the following parameters.

There are five potential options as follows:

1) Demolish the existing improvements to obtain a vacant site
2) Expand the existing improvements (maintain the current use)
3) Remodel the existing improvements

4) Maintain the existing improvements (change to an alternate use)
5) Continue the current use

The analysis of the subject properties and its existing use components is concluded to utilize only 1 of the 5 options. This conclusion is largely set forth by the most probable options set forth in the redevelopment plan. These are briefly discussed below.

Demolish the Existing Improvements

Demolition of the existing improvements is both physically and legally possible (in some cases), however there are constraints to demolition. Demolition of the existing dilapidated residential, warehouse and industrial buildings is contemplated for the HPS Phase II and CP. Demolition reflects the most logical and market supported use of these land areas. The appraiser notes the redevelopment plans for retention of some buildings if physically and financially feasibly possible. Currently, at HPS Phase II this includes only Building 101. Building 439 now occupied by the City of San Francisco Police (and does have remaining economic life) is scheduled for demolition to accommodate the replacement stadium project. The others do not comply with current building and seismic code requirements, and would be more costly to upgrade than the value created if done so. In the appraiser's opinion all are not considered to add positive value to the property. At CP, the development plan calls for the demolition of Candlestick Park stadium and the Alice Griffith low-income housing development. Both facilities are at or near the end of the economic life. The stadium is under lease

Expand the Existing Improvements

The current size of the existing improvements on those blocks deemed to support that they be retained, indicates a high utilization of the site. Therefore, no expansion seems probable.

Remodel the Existing Improvements

The current uses are not reasonable and appropriate uses for the sites. The condition, size and utility of the improvements must enter into the analysis. The present improvements are in poor condition and rehabilitation may not be considered feasible.

Maintain the Existing Improvements

The redevelopment plan allows for change to alternate uses. However the existing uses are no longer considered to be consistent with the redevelopment plan.

Therefore, combined with the physical characteristics including degradation and contamination, maintaining the present uses is not a feasible use.

Continue the Present Use

The current uses are physically possible (they presently exist). However, in the case of the existing development at HPS, the majority of buildings have reached or are near the end of their economic lives, except as noted. This suggests that the present use of the property is not legally or financially feasible.

At CP the current uses are physically possible (they presently exist). However, in the case of the existing development at CP, the majority of buildings at the Alice Griffith project have reached or are near the end of their economic lives. In the case of Candlestick stadium, it too is near the end of its economic life. This is due to a number of considerations. Currently, Candlestick Park is the only NFL stadium that began as a baseball-only facility and underwent extensive reconstruction to accommodate football, as evidenced the stadium's unusual oblong design that leaves many seats on what was the right-field side of the stadium behind the eastern grandstand of the stadium during football games. Candlestick is also currently the only NFL football stadium in which upper-deck supports obstruct sight lines from the first-deck seating. Candlestick's reputation has been declining for years. Complaints of sub-standard luxury suites, rusty light towers, clogged drains in concession stands, broken escalators and elevators, and periodic parking lot flooding limit the competitive utility of the facility. There are only two older NFL stadiums, but Chicago's Soldier Field and Green Bay's Lambeau Field have recently had major renovations. Plans were underway to construct a new 68,000-seat stadium at Candlestick Point. However, in November 2006, the 49ers announced that they would abandon their search for a location in San Francisco and begin to actively pursue the idea of building a stadium in Santa Clara. As a result, San Francisco withdrew its bid for the 2016 Olympics in 2006 as its centerpiece stadium was lost. It is clear from a historic and competitive operational condition, the existing stadium is at or near the end of its economic life.

Highest and Best Use As If Vacant

Physically Possible

The physical characteristics of the Hunters Point Shipyard / Candlestick Point project site appears to have variable adequacies and inadequacies for future development.

HPS Phase I appears adequate in terms of shape, size, topography, environmental condition and available utilities as well as traffic transportation facilities, and consumer services for a variety of residential uses. Substantial infrastructure improvements have been completed and in part funded through the formation of a CFD. Future

development can be anticipated with phased expenditure of remaining horizontal land development costs that are also incentivized by the need to satisfy bond investment obligations.

HPS Phase II appears to be inadequate in terms environmental condition and available utilities for any variety of residential and commercial uses. Otherwise the project site is adequate in terms of shape, size, topography, area traffic transportation facilities, and consumer services for a variety of residential uses, commercial and industrial uses. However, without environmental clean-up and development of extensive new infrastructure facilities, the property will remain fallow.

CP appears to be adequate in terms of shape, size, and topography for a variety of residential uses, commercial and open space or park uses. However, without development of extensive new infrastructure facilities, area traffic transportation facilities, and supportive consumer services, the property will remain fallow.

In San Francisco there exists a scarcity of available development land. This condition contributes to a housing shortage and exacerbates housing costs, particular at affordable levels. In addition, but for the Mission Bay development area in San Francisco's SOMA China Basin district, there is limited available development land to support light industrial uses. Mission Bay is home to a University of California San Francisco biotechnology campus, and its surrounding commercial development land targets symbiotic development. This may include specialized R&D facilities, but it does not include light industrial uses. During the 1998-2000 economic cycle, most of the older industrial building stock was converted to support multimedia and live work development, and as well construction of the PacBell displaced a large segment of the city's historic industrial user base. Consequently, light industrial rental and investment price levels soared, negatively impacting the economic viability of local industries. Therefore, the opportunity to redevelop a large inventory of land to support a variety of uses is considered to be an important opportunity with many community benefits.

Excluding the environmental contamination and the obsolete infrastructure, the physical characteristics of HPS offers all the essential components of an extraordinary development opportunity. The same is true for CP. There are few opportunities in the urban community of San Francisco where a site can provide such flexible design characteristics for both residential and commercial forms of development. The development paradigm requires that all necessary public and private elements of use are satisfied in site planning. Development sites consist not only the building pads designated to support vertical construction, but as well the area required to provide access, parking, landscaping and open space, etc. A review of any municipal planning code sets forth this criteria when the municipal staff representatives and the developer work together to form a functional development program. The Hunters Point Shipyard / Candlestick Point project site provides an opportunity to create distinct development areas that can take advantage of their respective features.

Thus, the natural topography and separate orientation of these districts contributes to the appraiser's conclusion the project area is suitable for multiple uses. Finally, the overall size of the project area and the scheduled environmental clean-up also adds to the natural formation of differing land uses.

Legally Permissible

The Highest and Best Use of vacant land is typically that use (or uses) permitted by the existing zoning ordinance. One exception is when a zone change or use variance can likely be obtained.

Future development of an integrated development area that is a part of the Hunters Point Shipyard redevelopment project area, and the Candlestick Point Project area that is part of the Bayview Hunters Point redevelopment project areas has been set forth. The uses currently set establish three primary categories; residential, mixed use and commercial. The primary objective of the planning process was to develop a Plan that reflects community consensus through substantial public involvement. It should be noted these plans provide a blueprint of the community's goals for the residential and non-residential lands within the planning area. Based on discussion with City officials, it is concluded that any modification to the plan has little or no probability of succeeding. The planning process took years to accomplish and the variety of community groups could not likely reach a similar compromise without contention and incurring the substantial expenditure of time and money. There appears to be no other alternative land use plan that a USPAP compliant appraisal can consider. The proposed use of development property must be probable and reasonable.

The appraiser's finding is based on the San Francisco Board of Supervisors and Mayor's 2007-2008 approval of a resolution endorsing a development plan for the integrated redevelopment of Hunters Point Shipyard and Candlestick Point (the Conceptual Framework). The development plan was endorsed by San Francisco voters in June 2008 with the approval of Proposition G, which set forth guiding principles and a development plan for the site, consistent with Mayor and Board of Supervisor's approved Conceptual Framework. In furtherance of the Conceptual Framework and Proposition G, in December 2008, the Mayor and Board of Supervisors approved a project financing plan, which identified the public financing and private equity required to build the development plan and program approved by the Mayor, Board of Supervisors and San Francisco voters.

Any other development scenario and valuation analysis would require so many assumptions and uncertainties to otherwise render its value conclusion misleading or meaningless.

Economically Feasible

For each of the three project areas or zones of value, varying physical and market conditions impact their respective feasibility analysis. The project size and cost to provide requisite infrastructure to support future land uses, combined with prevailing market forces, impact the highest and best use of each zone.

For HPS Phase II the level of the initial costs to construct new requisite infrastructure is great in response to phased access for development based on Navy remediation schedule, physical characteristics, and all reasonable and contingent requirements to support large scale development. The total HPS Phase II costs total approximately **$924 million** without consideration of inflation. These costs exceed the appraiser's projection of the sum of revenue proceeds that total (not more than) **$283 million** including both residential and commercial land use components. The feasibility deficit approximates **$640 million**. Therefore, the current highest and best use suggests that due to economic forces, it is not feasible to pursue development at HPS Phase II without reliance upon public financing programs to subsidize and close the feasibility gap. The market reality is that prevailing land prices and projected revenues from the sale of development land units are significantly less than required horizontal development costs to put the land in service for such uses.

For CP the level of the initial costs to construct new requisite infrastructure is great in response to physical characteristics, and all reasonable and contingent requirements to support large scale development. The total CP costs total approximately **$873 million** without consideration of inflation. Among the costs, there are significant line items including $29 million in demolition and earthwork, a $100 million stadium contribution, and $20 million waterfront improvements. These costs exceed the appraiser's projection of the sum of revenue proceeds that total (not more than) **$516 million** including both residential and commercial land use components. The feasibility deficit approximates **$357 million**.

For HPS Phase I, if vacant and undeveloped, current market conditions would suggest a mid-term hold before horizontal and vertical development would appear feasible. However, considerable costs have already been expending to complete horizontal site improvements. These improvements and the condition of the property are considered separately in the *Highest and Best Use As Improved.*

Highest and Best Use As Improved

On HPS Phase II and CP, there does exist building improvements that must be considered. At HPS Phase II, there are 9 aged building structures that are reportedly partly occupied. At CP there is the 256-unit Alice Griffith low-income housing project and Candlestick Park (Monster Park). Please refer to item 8 of the addenda for an exhibit that presents the data provide to the appraiser. Some of these improvements generate rental income that may continue. However, the condition and functional

continue. However, the condition and functional utility of these improvements are at or near the end of the economic life and provide no positive cash flow that is concluded to add positive value to either HPS Phase II or CP.

At HPS Phase II, Lennar reports approximately $13,520/mo in rental income, or $162,240/year. No operating expenses were provided to the appraiser for these facilities. Even assuming these uses (and rental income) were to continue for 5 years, a total gross income of $811,200 could be anticipated. Estimated management costs of 5% must be deducted along with utilities and maintenance to derive a net income stream. Given the design for single Navy use, not all of the aged improvements at HPS Phase II are separately metered and historical practices has been for owner payment of maintenance – although minimal costs have been expended since redevelopment has been anticipated for some time. Assuming an allowance of 15% for utilities and maintenance costs, the aforementioned gross income is reduced to a net income of approximately $131,000 / year. At 8%, the net present value of the projected interim income stream is estimated to be $523,000. The net present value of the interim income stream is further offset by anticipated demolition costs. Total demolition costs at HPS Phase II approximate $53 million, a portion of which is attributed to the buildings generating interim rental income. It should be noted the level of demolition costs of HPS Phase II buildings is impacted by environmental conditions requiring asbestos abatement or containment. It is concluded that no potential investor in HPS Phase II would ascribe any positive value contribution attributed to interim rent given the level of projected income, anticipated demolition costs, and the overall feasibility gap in the project as a whole.

At CP, the San Francisco Housing Authority reports approximately $864,000 / year in rental income from the Alice Griffith project. This equates to approximately $3,375 - $4,075/unit/year (depending on the calculation using the 212 units reporting income, or 256 units contained in the project). No operating expenses were provided to the appraiser for the AG project, but according to IREM, 2008 operating expenses for garden-type apartment units in San Francisco approximate $6,654/unit/year. Please refer to the IREM survey presented in item 8 of the addenda. Thus, a negative cash flow is indicated even before considering extraordinary costs associated with the aged condition of the improvements and the higher level of security costs anticipated at AG. Further offsetting income is a demolition cost estimate of $8.34 million that was prepared by Derek Adams, P.E. of the City Engineers Hunters Point Task Force[6].

At CP, the City reports approximately $5 million / year in total rental income from stadium and parking operations. Item 8 in the addenda only provides limited

[6] Lennar estimates a combined total of approximately $29 million for demolition of Candlestick Park stadium and Alice Griffith apartments. The Mayor's Office requested the City's engineering department to prepare a separate demolition budget for each. The City's engineering estimate was $8.34 million for Alice Griffith and $23.6 million for Candlestick Park stadium.

historical data from but it may be most appropriate given it captures or reflects recent stadium attendance and concession revenues as the team is under new management. In addition, some of the revenue is generated by non-realty operations such as food concessions and naming rights, as well as the appeal of the franchise enterprise. Deducting the food concessions and naming rights (that amount to approximately $1.5 million of the total rental), an income of approximately $3.5 is indicated. Assuming this income could continue until 2018, or 9 years hence, it yields a present value contribution of approximately $20 million. In this case, a 10% discount rate is considered appropriate due to the special purpose use and operation of an aging football and special events venue. The net present value of the interim income stream is further offset by anticipated demolition costs. Total demolition costs at CP approximate $23.6 million.

Based on the following discussion, it appears reasonable to assume the existing uses at HPS Phase II and CP will continue. However, neither interim income stream is likely to contribute positive income, given the short-term remaining economic and physical life of the existing improvements and the anticipated demolition costs required to prepare the site for alternative development.

IV. VALUATION ANALYSIS

A. Introduction

The Hunters Point Shipyard / Candlestick Point Redevelopment Project area comprises a large and complex land use project area totaling approximately 781 acres. The project represents a consolidation of two historic development areas; Hunters Point Shipyard, a former naval base; and Candlestick Point, the current location for Candlestick Park stadium and Candlestick Point State Park. The project area is intended for development with approximately 10,500 housing units, and up to 3.95 million square feet of commercial uses.

The valuation of the subject property is based on its Highest and Best use. In the description section of the report, the appraiser concludes the Highest and Best Use for HPS Phase II and CP is to hold for future development. This is due to the fact that the national and regional economy has entered a severe period of recession not seen since the Great Depression. Despite a community-based development program that includes an appropriate variety of land uses, due to economic forces (current market conditions impacting potential revenue sources and required development costs), it is not presently feasible to pursue development at HPS Phase II and Candlestick Point without reliance upon public financing programs to subsidize and close the feasibility gap. The fact that this area is in a redevelopment project area reflects the recognition that such mechanisms are necessary for this project to proceed. In the current economic climate, revenues from the sale of residential and commercial development land are significantly less than required horizontal development costs to put the land in service for such uses. The valuation section of the report presents the competitive appeal for the intended uses at Hunters Point Shipyard / Candlestick Point, and the current market demand and the prevailing price levels associated with those uses.

In the case of HPS Phase I, after spending a reported $122.1 million for infrastructure improvements, given the partially completed condition for the 1,298 unit residential project ($94,070/unit), that requires $34.95 million to complete the horizontal development ($26,923/unit), it is concluded its phased development contributes positive value. Its valuation relies upon a Sales Comparison Approach to derive the project's potential gross revenue projection. Then a *Development Approach* using a discounted cash flow analysis technique is used to derive the As-Is value for HPS Phase I.

B. Residential Market Analysis

The project's land use and ultimate success is dependent on its appeal for housing development. Demand for development land is directly linked to economic and development trends and the related risks and probability of achieving potential profits. Thus, a discussion of historical and recent trends for market rate and affordable housing is presented.

Historical Perspective

The San Francisco housing market has consistently been one of the tightest in the nation, with demand exceeding supply, due to the shortage of available land, with purchase prices and rental rates that are some of the highest in the nation.

From the mid 1990s through the fourth quarter of 2000, the Bay Area experienced a record run-up in real estate values in both housing and commercial property markets. A strong economy contributed to increased demand for all categories of commercial and residential real estate as businesses expanded and invested. Consequently, the low unemployment rate and rising wages pushed demand for housing. Supply of new housing in the Bay Area has always been constrained by strict land use controls, high construction costs, and a rapidly dwindling supply of land for development. In the 1990s, the fastest population growth rates in the Bay Area occurred in outlying communities of Contra Costa, Sonoma and Solano Counties, where land was available and relatively affordable. In the San Francisco Bay Area, which has historically had a housing shortage, increased personal income quickly translated into housing price inflation. Other factors influencing San Francisco's housing market has been restricted supply due to decreasing available land suitable for development, traffic congestion, lack of affordable housing, etc. The sharp increase in prices for housing and rental apartments in the late 1990s and 2000 were steep even by historical standards, yielding double-digit annual percentage growth rates.

In San Francisco, where new housing is generally only possible on infill sites or redevelopment of existing structures, the supply constraints were even more acute. As a result, the median home price in San Francisco increased by an astounding 100% between 1999 and 2005, from $369,230 to $737,500, as shown on **Table 5**.

During this same period rent levels fluctuated due to jobs and the availability to obtain mortgages to purchase homes. Home price increases paused in 2001 but resumed their climb on year later. The for sale housing and apartment rental market increases were fueled by a combination of strong market fundamentals and a

TABLE 5

Year	Rental		For Sale	
	2 Bedroom Apartment		2 Bedroom House	
	San Francisco	Bay Area	San Francisco	Bay Area
1999	$2,500	N/A	$369,230	$284,500
2000	$2,750	N/A	$468,330	$355,280
2001	$2,331	N/A	$467,500	$384,480
2002	$2,089	N/A	$523,300	$427,270
2003	$2,023	N/A	$607,140	$455,390
2004	$2,068	N/A	$670,450	$538,550
2005	$2,229	N/A	$737,500	$621,790
2006	$2,400	N/A	$660,970	$635,820
2007	$2,750	N/A	$664,060	$642,910
2008	$2,650	$1,810	$603,570	$387,500

speculative bubble in the dot.com business sector. The 2001 downturn was triggered by the collapse of the dot.com era in 2000-01 that ended Wall Street's Technology Bubble that resulted in job losses. Nonetheless strong demand continued especially for home ownership and San Francisco again typically fared better than most local and regional economies after 2001. This was facilitated by historically low mortgage interest rates and easy access to available financing. During this period rapid development occurred on approved sites as developers could achieve the needed velocity to build and sell housing units at profitable margins. In late 2005 market activity began to decline in the Greater Bay Area. The median home price in San Francisco decreased by 10% between 2005 and 2007, from $737,500 to $664,060. This trend held consistent for the subject's location according to San Francisco Association of Realtors MLS statistics, where market pricing in HPSCP's MLS District 10 began to show evidence of even greater weakness where new units (built in the year 2000 or after) declined in value during the same 2005 – 2007 period from $603,000 to $412,000. These trends were a response to the eventual concern over the sustainability of price increases and the availability and price of home financing declined and increased, respectively. By 2007 the subprime[1] real estate was the first to collapse and then problems quickly

[1] Subprime lending involves financial institutions lending to borrowers who do not meet prime underwriting guidelines. Subprime mortgage loans are riskier loans in that they are made to borrowers unable to qualify under traditional, more stringent criteria due to a limited or blemished credit history. Subprime is defined by the financial and credit profile of the consumers to which they are marketed. Subprime borrowers are generally defined as

spread across the credit markets. Home prices began to decline precipitously, even collapse in some markets, and delinquencies on almost every type of debt started to rise and liquidity, once abundant, suddenly disappeared. By 2008 the financial markets woke up and collectively realized that they were holding trillions of dollars in assets that were worth a fraction of their face prices. And the deeper the economy tipped into recession the lower the value of these assets. By 2010 the median home price in San Francisco decreased another 5.3% between 2007 and 2010, from $664,060 to $629,000. In HPSCP's MLS District 10 a 9.5% decline in value is noted during the same period from $412,000 to $373,000. During this same period rent levels began to increase due to the lack of available mortgage financing and before the local economy began to shed jobs. Prevailing monthly rent levels climbed from $2,229 in 2005 to $ $2,750 in 2007. As the economy weakened with precipitous job losses rent levels began to further erode with the average rent level falling to $1,729 by 2010.

Statistical Housing / Jobs Data

The housing stock in San Francisco is reported by the San Francisco Planning Department to total 363,663 units. The summary is presented on **Table 6**.

TABLE 6

Building Type	Single Family	2 to 4 Units	5 to 9 Units	10 to 19 Units	20 + Units	Total
2000 Census count, April 2000	111,125	80,168	38,940	34,996	79,469	**344,698**
Added April 2000 to 2007	117	1,147	857	1,314	12,266	**15,701**
2008	21	155	52	134	2,901	**3,263**
Total	**111,263**	**81,470**	**39,849**	**36,444**	**94,636**	**363,662**

Sources: U.S. Census Bureau; Planning Department

Housing demand is measured by job and population growth and location appeal. As one of the region's major employment centers, the City of San Francisco has long been characterized by a strong housing market. This is particularly due to its small physical size, but as well, its high ratio of jobs relative to the number of housing units. In 1990, San Francisco had an estimated 1.90 jobs for every household. Therefore it relies upon suburban commuters to fill jobs within the City. This ratio declined somewhat to 1.72 during the subsequent five years until 1995 as jobs were lost in a recessed economy and limited additional housing was constructed. Nevertheless, given a general desire of employees to live close to work, the difficulty

individuals with limited income or having FICO credit scores below 620 on a scale that ranges from 300 to 850. Subprime mortgage loans have a much higher rate of default than prime mortgage loans and are priced based on the risk assumed by the lender.

and expense of commuting, and the overall desirability of San Francisco as a residential location, the jobs/housing imbalance indicates that long-term demand for additional housing in the City is assured. This can be demonstrated by ABAG statistics outlined on **Table 7**.

TABLE 7

YEAR	HOUSEHOLDS	JOBS	JOBS/HH %
1990	305,584	566,640	1.85
1995	311,430	534,610	1.72
2000	317,730	567,920	1.79
2005	325,600	600,130	1.84
2010	333,200	623,100	1.87
2015	338,390	638,670	1.89

Despite San Francisco's relatively expensive housing market, over recent years demand continued to be comparatively strong. This is primarily due to the jobs and housing balance, combined with its unique attraction as a diverse cultural and academic center anchored by its natural beauty. In response to strong demand (and the availability of financing during 2004 -2007), development in the San Francisco soared to unprecedented levels with the mid-decade market momentum resulting in record unit production in 2007 – 2008.

Based on historical data presented on **Table 8**, the 20-year average approximates construction of 1,577 units / year. The last 10-year average is 2,085 units / year. However, recent development over the past 5- years approximates 2,217 units / year or 40% greater than the long term 20-year average and 6% greater than the 10-year average. Such development appeared to be consistent with job growth trends. Prior to the cataclysmic economic downturn, the Association of Bay Area Governments' (ABAG) Regional Housing Needs Determination (RHND) forecasted that San Francisco must produce over 31,000 new units in the next five years, or over 6,000 new units of housing annually, to meet projected needs. That amount almost equals the 20-year total. However, within the last 1.5 years severe and steep job loss has occurred. Consequently, ABAG has announced the demand figures must be revised particularly as unemployment has now exceeded 10% in San Francisco.

The near term employment outlook is negative by at least 3 to 1 in every aspect. Founded in 1945, the Bay Area Council develops and drives regional public policy initiatives and researches critical infrastructure issues. Led by CEOs, the Bay Area

TABLE 8
San Francisco Housing Construction Trends

Year	Units Authorized For Construction	Units Completed From New Construction	Units Demolished	Units Gained or Lost from Alterations	Net Change In Number of Units
1989	1,508	2,573	228	-	2,345
1990	1,332	2,065	433	105	1,737
1991	987	1,882	90	(60)	1,732
1992	629	767	76	34	725
1993	1,001	379	26	(65)	288
1994	948	1,234	25	(23)	1,186
1995	525	532	55	(76)	401
1996	1,228	909	278	52	683
1997	1,666	906	344	163	725
1998	2,336	909	54	19	874
1999	3,360	1,225	98	158	1,285
2000	2,897	1,859	61	(1)	1,797
2001	2,380	1,619	99	259	1,779
2002	1,478	2,260	73	221	2,408
2003	1,845	2,730	286	52	2,496
2004	2,318	1,780	355	62	1,487
2005	5,571	1,872	174	157	1,855
2006	2,332	1,675	41	280	1,914
2007	3,281	2,197	81	451	2,567
2008	2,346	3,019	29	273	3,263
Total	**39,968**	**32,392**	**2,906**	**2,061**	**31,547**

Council presents a voice for hundreds of major employers throughout the Bay Area region whom employ more than 500,000 workers, or 1 of every six private sector employees in the Bay Area. The January 2009 survey responses of the 505 CEOs and top executives in the nine Bay Area counties were pessimistic across the board. Looking ahead, 50% of Bay Area executives expect economic conditions in the Bay Area to worsen in six months. No part of the economy was immune to layoffs this quarter. These sentiments are reflected in San Francisco's Monthly Economic Barometer report for May 2009.

Creating jobs should be paramount in a City with over 10% unemployment. As the City's economic condition has worsened the Mayor devised a stimulus program announced as the "Strategy for Supporting San Francisco's Economy". It details the City's efforts to implement key strategies and launch a number of major new initiatives, including expediting billions of dollars for already funded local infrastructure projects; expanding the Neighborhood Marketplace Initiative to support even more neighborhood commercial corridors, granting a new jobs payroll tax credit

City and County of San Francisco
Office of the Controller
Monthly Economic Barometer - January 2010

	Most Recent Month/Quarter	Value	Adjusted Recent Change	Year-to-Year Change	Five-Year Position	Trend
Economy-Wide						
San Francisco Unemployment Rate[1]	January-10	10.3%	-0.8%	2.6%	**Weak**	**Negative**
Number of Unemployed, San Francisco County[1]	January-10	46,900	4,500	11,200	**Weak**	**Negative**
Consumer Price Index (CPI-U), San Francisco MSA[2]	December-09	224.2	0.3%	2.6%	**Strong**	**Neutral**
County Adult Assistance Program (CAAP) Caseload[3]	January-10	7,320	-3.1%	7.6%	**Neutral**	**Neutral**
Total Employment, San Francisco MD[1]	January-10	915,200	0.7%	-5.1%	**Weak**	**Negative**
Temporary employment, San Francisco MD[1]	January-10	13,200	0.7%	-2.2%	**Weak**	**Neutral**
Real Estate						
Median Home Sales Price[4]	January-10	$629,000	-3.8%	12.1%	**Weak**	**Neutral**
Average 1BR Asking Rent[5]	January-10	$1,729	-3.3%	-13.2%	**Weak**	**Negative**
Tourism						
Domestic Air Passengers[6]	January-10	2,121,484	-0.1%	8.1%	**Strong**	**Neutral**
International Air Passengers[6]	January-10	652,882	-1.5%	-2.8%	**Strong**	**Negative**
Hotel Average Daily Rate[7]	December-09	$132.81	-7.4%	-20.6%	**Weak**	**Negative**
Hotel Occupancy Rate[7]	December-09	64.8%	3.1%	-6.2%	**Neutral**	**Neutral**
Retail						
Average Daily Parking Garage Customers[8]	January-10	10,668	-0.1%	-5.0%	**Neutral**	**Neutral**
Powell St. BART Average Saturday Exits[9]	January-10	21,291	-1.3%	-4.4%	**Neutral**	**Negative**

Adjusted recent change is a seasonally-adjusted percentage change to the most recent month or period from the prior one.
Temporary employment refers to employment in the "Employment Services" industry.
Year-to-Year change is the percentage change from a given month or quarter to the same one last year.
Five-year position is a relative measure of how strong or weak the indicator is compared to the average over the last five years.
Unemployment and hotel occupancy rate changes are shown as a percentage point difference, not a percentage change.
Parking garages include Union Square, Fifth-Mission, Sutter-Stockton, and Ellis-O'Farrell.

for two years, and others. In response to his announcement, one of the City's leading developers, Oz Erickson of the Emerald Fund, called for a 3-year moratorium on residential building permit fees that have increased from approximately $6,300/unit in 2003 to a current level he estimated at $90,000/unit. The moratorium is still under consideration by the City.

Not until jobs are forecast to increase more rapidly than housing is built, is there likely to be significant housing demand and the land that supports it. Despite the limited availability of development land in San Francisco, combined with its restrictive development controls, the current deep and potentially long economic recession, makes it is difficult to project that new development could average more than approximately 1,500 – 2000 units / year (consistent with the long-term averages).

It is noted that the San Francisco Bay Area was ground zero for the 2001 recession that was driven by the collapse of the dot.com technology sector, but nonetheless the regional economy recovered more quickly than other regional employment centers. On the other hand, the current recession is linked to global conditions more

so now than in previous economic cycles. Historically, San Francisco typically fares better than most local and regional economies and will again. However, it is simply too early to forecast if and when economic policies and local industries are able to stem the severity of the current cycle. There are a few good signs to consider. Projects at San Francisco General Hospital and the San Francisco International Airport will improve the city's infrastructure. The Port of San Francisco is pushing forward with plans to build a new cruise ship terminal at Pier 27 and the Port also is moving to relocate the Exploratorium to Piers 15 and 17 from its Marina neighborhood home.

However, recent market news illustrated prevailing development and new condominium sales trends. The market data reveals declining market activity and demand to pursue vertical development opportunities, both characteristics that impact the current and future land market in San Francisco.

The historic and prevailing market trends, combined with the current collapse of the US and Global credit markets, have effectively halted further development prospects in San Francisco. Even the best locations - where the highest level of development success has been achieved - is suffering. This is best reported in a SF Business Times article published in November 2008.

As noted many of the residential development projects listed in the article are located in superior and more expensive locations that heretofore were considered a preferred location for residential development. Even for these sites investment activity in acquiring potential development land parcels is at low ebb, a level not seen in years. This is due to current market conditions that reflect a for-sale condominium market in retreat with declining activity and price reductions.

SF BUSINESS TIMES | OCTOBER 31 – NOVEMBER 6, 2008 sanfranciscobusinesstimes.com THE NEWS 5

Credit freeze puts major S.F. projects on ice

BY J.K. DINEEN
San Francisco Business Times

The building explosion that transformed large swaths of the central San Francisco skyline over the past four years has come to a screeching halt as nervous lenders and developers mothball active construction sites and place long-awaited ground breakings on hold.

The frigid environment is affecting not only condo towers but also office buildings and even government projects, and likely spells the start of a two-year drought for major new construction jobs.

At 535 Mission St., Beacon Capital Partners has directed contractor Swinerton Builders to stop work on a 27-story building that represented the only downtown office highrise under construction.

In Mission Bay, Bosa Development is not going forward with the 318-unit phase two of the Radiance until lenders are comfortable with sales in the 99-unit first building.

At One Rincon Hill, developer Mike Kriozere has delayed construction of the second, 42-story tower as his sales staff struggles to sell the remaining 100 units in the building's first 60-story highrise.

"We own the land, we have the financing and our construction plans and contracts are in place," said Kriozere of Urban West Associates. "Like others, our team is watching the economy for the proper time to recommence construction."

At 680 Folsom St., TMG Partners and Rreef are reevaluating the timing of plans to start a $200 million renovation and expansion of the old AT&T building, recast as Folsom Place.

The anxiety has seeped into the public sector as well: The Public Utilities Commission has shelved plans for a $188 million super-sustainable headquarters building at 525 Golden Gate Ave.

"Everything is on hold because there is no money to finance anything," said Chris Foley of Polaris Group. "It looks like there may be some money in the second quarter of next year."

The combination of tight credit and a likely recession are dampening whatever new plans exist. Some projects that can get financing don't make economic sense any more, said Michael Joseph, a principal with Kearny Capital.

Condos that could sell for $800 a square foot 18 months ago have dropped in some cases by 20 percent and more, putting values on par with still-high construction costs. Two condo projects, Symphony Towers and the Hayes, are offering at least 20 percent markdowns for some units.

"If you have product that makes economic sense to build, you could get a loan for it," said Joseph. "The difficult part is finding a project that makes enough sense."

But with office rents on the decline and condo values dipping, it's hard to make a compelling case for new condominiums or office towers.

"You are hard pressed to build in the Bay Area for much better than 6 percent return on cost," said Joseph. "So why would you take all that risk and end up with no profit?"

Apartments and biotech seem to be the two bright spots in the development landscape, said Joseph.

Elaine Forbes, finance director for the San Francisco Planning Department, said the pipeline of new projects of more 25,000 square feet has also dropped precipitously. The first three months of the current fiscal year saw 2.9 million square feet in applications for eight new projects of 25,000 square feet or more; during the same period last year, applications came in for 13 million square feet of major projects.

"We're seeing revenues lower than we project, but we're not seeing a dramatic downturn yet," said Forbes. "We have seen the end of a strong housing cycle in favor of office development and now we're wondering if that cycle is ending as well."

jkdineen@bizjournals.com / (415) 288-4971

ON HOLD

Five major office development projects that have been halted in San Francisco.

350 Bush St.: 350,000 square feet.

535 Mission St.: 293,000 square feet.

500 Pine St.: 44,500 square feet.

680 Folsom St.: 508,000 square feet.

PUC HQ: 150,000 square feet.

Six large residential developments have been put on hiatus.

One Rincon Hill Phase II: 292 units.

The Radiance Phase II: 318 units.

1401 Market St.: 720 units.

45 Lansing St.: 227 units.

375-399 Fremont St.: 393 units.

340-350 Fremont St.: 332 units.

535 Mission St. is among S.F. projects recently put on hold.

Other market news is presented in the February 2010 Polaris, one of the premiere new housing marketing firms that closely tracks development and sales activity.

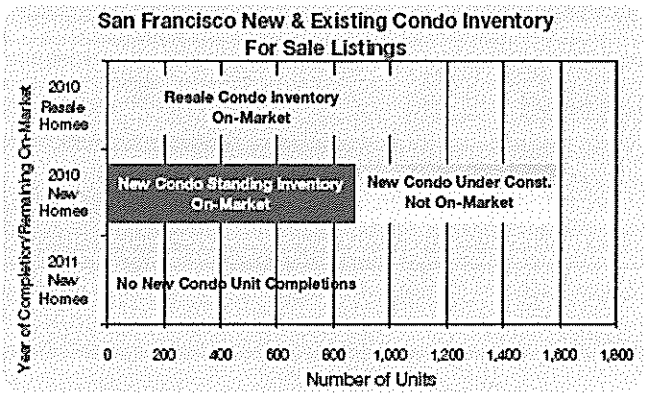
It indicates that market-wide sales activity relies on drastic cuts in asking prices are required to motivate buyers. It is apparent there is limited probability new development is likely until the market achieves a balance with pricing, development costs, market demand and feasible absorption.

Demand for housing development will likely return but at lower activity levels. It is uncertain when credit, employment and a robust economy will return to support housing demand. There are many factors and hurdles to overcome. The historical and projected growth of demand in San Francisco has always been strong and

POLARIS GROUP

days. Additionally, notices of default increased by 21.1 percent in the November-to-January period compared to the prior year.

New condominium projects are experiencing sales success due to historically low prices and interest rates, however, the market environment remains fluid as does the depth of the current buyer pool. At present, there are 20 projects offering homes for sale with a standing inventory of 875 units. An additional 719 units are under construction and are unavailable for sale; they will be brought to market in 2010. One year ago, there were 2,778 units either on the market or under construction. As the new condominium development pipeline empties and minimal amounts are added in the years ahead, the stage is being set for stabilization in 2010.



with the scarcity of available sites, and the difficulty in obtaining development approvals, those preferred sites capable of supporting development are still seen as sound investments over the long term.

Competitive Projects

The appraiser has investigated recent market activity and reviewed various market reports prepared by the City of San Francisco Planning Department *Pipeline Report*, San Francisco Association of Realtors Multiple Listing Service, The Market Report, DataQuick, Polaris Group, and others.

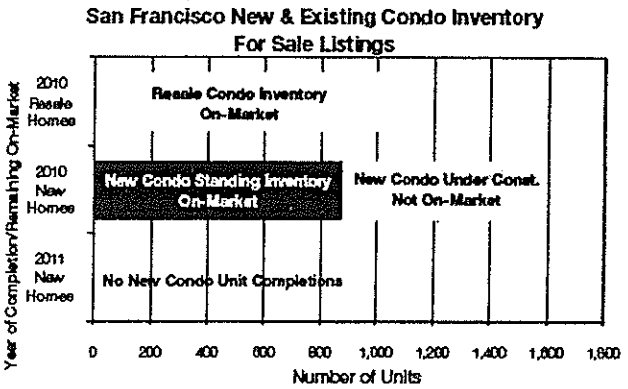
Over the past several years approximately 30 projects containing 4,000 units were actively marketing new units throughout the City. About 27 projects containing 3,900 units have sold out. The strength of the market in many of the City's sub-districts, but in particular in SOMA and portions of the Eastern Neighborhoods planning areas, market success has led to expanding residential development in the Third Street Corridor. The Hunters Point / Bayview Districts represent one of the most affordable areas of the City that is also attractive due to its transportation link to downtown.

According to the City of San Francisco's development *Pipeline Report,* the overall competition in San Francisco includes 758 for sale units and 1,556 rental units under construction. Among these 255 for sale units are slated for affordable housing, and all the rental inventory is slated for affordable housing. Excluding Treasure Island that is approved for 6,000 housing units and the potential inventory at Hunters Point

POLARIS GROUP

days. Additionally, notices of default increased by 21.1 percent in the November-to-January period compared to the prior year.

New condominium projects are experiencing sales success due to historically low prices and interest rates, however, the market environment remains fluid as does the depth of the current buyer pool. At present, there are 20 projects offering homes for sale with a standing inventory of 875 units. An additional 719 units are under construction and are unavailable for sale; they will be brought to market in 2010. One year ago, there were 2,778 units either on the market or under construction. As the new condominium development pipeline empties and minimal amounts are added in the years ahead, the stage is being set for stabilization in 2010.



with the scarcity of available sites, and the difficulty in obtaining development approvals, those preferred sites capable of supporting development are still seen as sound investments over the long term.

Competitive Projects

The appraiser has investigated recent market activity and reviewed various market reports prepared by the City of San Francisco Planning Department *Pipeline Report*, San Francisco Association of Realtors Multiple Listing Service, The Market Report, DataQuick, Polaris Group, and others.

Over the past several years approximately 30 projects containing 4,000 units were actively marketing new units throughout the City. About 27 projects containing 3,900 units have sold out. The strength of the market in many of the City's sub-districts, but in particular in SOMA and portions of the Eastern Neighborhoods planning areas, market success has led to expanding residential development in the Third Street Corridor. The Hunters Point / Bayview Districts represent one of the most affordable areas of the City that is also attractive due to its transportation link to downtown.

According to the City of San Francisco's development *Pipeline Report,* the overall competition in San Francisco includes 758 for sale units and 1,556 rental units under construction. Among these 255 for sale units are slated for affordable housing, and all the rental inventory is slated for affordable housing. Excluding Treasure Island that is approved for 6,000 housing units and the potential inventory at Hunters Point

Shipyard / Candlestick Point, there is another 5,170 rental units approved, and 5,615 for sale units approved. Other inventory categorized as in planning, design or conceptual totals over 25,000 units. However, the primary competition for the subject development is located in the aforementioned Third Street Corridor, and a few projects located in the North San Mateo County communities of Daly City, South San Francisco and San Bruno. The summary of competing projects is presented on **Table 9 and 10**. The summary is divided between those projects currently selling units, as well as those under construction and approved or proposed. Also summarized are projects slated for rental occupancy.

Except for HPS Phase I, given the lead-time before environmental remediation is complete, development approvals are obtained and construction is underway, none of the existing inventory poses significant future competition for HPS Phase II or CP. However, the current design, costs, pricing and absorption of these comparable units serve to identify the overall appeal, and financial feasibility that may be relied upon by developers, their financiers, and consumers to identify the prospects of short and long term success for the subject. For a project the scale of the subject, the short and long-term view is relevant. However, the burst in the real estate bubble weakens the reliability on the price and absorption trends from 2005 – 2007 that were affected by the atypical availability of financing. Therefore, the long-term jobs and housing trends are considered more important.

Table 9 indicates that currently there are approximately 390 units existing in San Francisco within 3 projects, reporting 214 sales over the past 3 years since 2006. The success of these projects has contributed to the initial construction stages at HPS Phase I. Among others, the relative initial success of sales in **The Cove Project at Candlestick Point** is noted. At Candlestick Point, Top Vision's initial Phase 2 containing 176 units was completed in 2006. Approximately 168 units have sold ranging in size from 800 SF to 1,400 SF. The reported absorption rate is 3.9 units/month.These include an array of 1, 2 and 3 BR units that feature 24-hour security, fitness center, dedicated parking, and many units have Bay views. Reported sales prices range from $425,000 to $668,000. The current inventory of competing projects at Candlestick Point by Top Vision is priced from $399,000 to $739,000 or $477 - 595/SF for comparatively smaller units ranging in size from 787 SF – 1,443 SF. Activity has slowed in the past 5 months with 6 units closing (or in contract) at The Cove.

Nearby Signature properties is developing **Candlestick Cove**, a 150-unit project with initial completion in 2008. Approximately 34 sales have been reported for these units that are

TABLE 9 - Hunters Point Shipyard / Candlestick Point Project Site - Competitive Housing Inventory - San FRANCISCO

Comp No.	Project Name	Project Address	Project Type	# of Units	# of Units Sold	Date Offered	Completion Date	Comments
CURRENTLY SELLING- SF								
1	The Cove at CP	301-501 Crescent Way	For Sale	176	168	07/2006	1Q/2007	Top Vision Development
2	Candlestick Cove	101 Executive Park Blvd	For Sale	150	34	10/2007	2Q/2009	Signature properties- 450 units proposed in 3 phases
3	BaySide Vista	188 Mary Teresa St	For Sale	64	12	06/2009	2Q/2009	+ 16 units in contract
UNDER CONSTRUCTION- SF								
4	5800 3rd St	5800 3rd St	For Sale	360			2012	Goldman Sachs/ Holladay Development- Phase 1 contains 140 units
5	Candlestick Heights	833 Jamestown Ave.	For Sale	198			2010	Goldman Sachs- Project halted
APPROVED- SF								
6	Schlage Lock Site		For Sale	1250			2011+	Universal Paragon Corp.- 25% Affordable requirement
7	601 Crescent Ave	601 Crescent Ave	For Sale	453				Top Vision Development - unable to secure construction loan
8	Executive Park Blvd	Executive Park Blvd	For Sale	110				Futureplex associates- demo existing office building
PLANNED AND PROPOSED- SF								
9	150 & 250 Executive Blvd	150 & 250 Executive Blvd	For Sale	1100			2014	Universal Paragon Corp.
10	900 Innes Ave	900 Innes Ave	For Sale	128				City of San Fran Site
11	Hunter's View		For Sale	800				John Stewart Company
UNDER CONSTRUCTION- SF (RENTAL)								
12	Armstong Place	5600 3rd St	For Rent	132			2009	Bridge Housing- Affordable Senior Porject
PLANNED & PROPOSED- SF (RENTAL)								
13	75 Arelious Walker Dr.	75 Arelious Walker Dr.	For Rent	75			Unknown	
14	6600 3rd St.	6600 3rd St.	For Rent	73			Unknown	Patel- 100% Affordable Housing

TABLE 10 - Hunters Point Shipyard / Candlestick Point Project Site - Competitive Housing Inventory - North San Mateo County

Comp No.	Project Name	Project Address	Project Type	# of Units	# of Units Sold	Date Offered	Completion Date	Comments
CURRENTLY SELLING- NORTH SAN MATEO COUNTY								
15	South City Lights	2200 Gellert Blvd (SSF)	For Sale	280	228	01/2006	1Q/2009	Watt Communities
16	Park Station Lofts	1410 El Camino Real (SSF)	For Sale	99	99	09/2008	1Q/2009	Summerhill Homes
17	Landmark Plaza	88 Hillside Blvd (DC)	Withdrawn 12/09	95	7	10/2008	2Q/2008	CHS Group- 42 townhomes and 53 lofts
UNDER CONSTRUCTION- NORTH SAN MATEO COUNTY								
18	The Crossings (Parcel#4)	I-380/El Camion Real (SB)	For Sale	187			2010	SNK Development- MacFarlane Partners
19	2665 Geneva	2665 Geneva (DC)	Withdrawn 12/09	72			2009	2665 Geneva LLC (O'Sullivan)
APPROVED- NORTH SAN MATEO COUNTY								
20	Serramonte Vista	Serramonte Blvd (DC)	For Sale	200			2010	Hansen PSC Inc.
21	Mission/ Westlake Condominiums	6800 Mission St. (DC)	For Sale	36			2010	Alpha Real Estate Development
PLANNED & PROPOSED- NORTH SAN MATEO COUNTY								
22	60 Christopher Columbus Court	60 Christopher Columbus Court (DC)	-	200			2010+	Intracorp- DC 3 acre school site
23	23 Hill St	23 Hill St (DC)	-	120			2010+	DC 1.8 acre school site
24	211 Eastmoor	211 Eastmoor	For Sale	21			2010+	

somewhat larger than Candlestick Point units. They range in size from 1,297 SF to 1,930 SF with asking prices from approximately $499,000 to $599,000. The current inventory of competing projects at Candlestick Cove by Signature is priced from $499,000 to 599,000 or $310 - 396/SF for comparatively larger townhouse units ranging in size from 1,297 SF – 1,930 SF. Activity has been moderately strong in the past 6 months with 18 units closing (or in contract) at Candlestick Cove.

Bayside Vista is just completed with 64 units featuring Bay and hillside views priced between The current inventory is priced from $449,000 to 630,000 or $316 - 372/SF for comparatively townhouse units ranging in size from 1,208 SF – 1,889 SF. The recent activity has fetched prices from $457,000 to $550,000 or $291 - 430/SF. Activity has been moderate in the past 6 months with 9 units closing (or in contract) at Candlestick Cove.

However, there are other discouraging trends such as that involving the 5800 Third Street project and nearby at Candlestick Heights. These are lesser locations than the subject project site, but they are nonetheless illustrative of prevailing market conditions in the immediate and surrounding market area. Again **Table 9** indicates that currently there are approximately 548 units <u>under construction</u> in San Francisco within 2 projects at 5800 Third and Candlestick Heights. The initial failure to successfully launch these projects is primarily attributed to the lack of experience by a non-local developer, Noteware Development. Goldman Sachs, the current owner, assumed control of the 5800 Third Street project. The 5800 Third Street project now known as Carroll Station contains a total of 5.79 acres. It has full development approval for construction of 360 residential units along with 20,420 SF of ground floor commercial retail space. The project is designed within (4) Buildings that is 5 and 6–story structures. Building #1 and #2 front Third Street and are now under construction. It is understood the ground floor commercial retail condominium unit in Building 2 containing 14,675 SF will be acquired for owner occupancy and use as the Fresh and Easy Grocery store. Building #3 and #4 are situated behind Building #1 and #2, and are approved and partly finished pads. The current owner, identified as SF Third Street Equity Partners, LLC, and the San Francisco Redevelopment Agency (SFRA), have entered in a Purchase and Sale Agreement for Building #4. It is reported this transaction is being re-priced and has not yet closed. The initial price set in 2008 was approximately $95,000/unit. The pending price is reportedly based on a land value of $53,000/unit. The Candlestick Heights project on Jamestown comprises a surplus parking lot serving Candlestick Park that is similarly located in the subject Bayview Hunters Point neighborhood, but inferior in terms of surrounding influences and view amenities. Its construction has been halted and the project is likely to be acquired by the San Francisco Redevelopment Agency (SFRA) for conversion to an affordable housing development.

Table 9 indicates that currently there are approximately 3,800 units that are <u>planned and proposed</u> in San Francisco within 3 projects. Among these, two are located

nearby in Candlestick Point representing another 411-unit phase by Top Vision and another developer (Futureplex Associates) proposes to demolish an existing office building to support 110 units. The third project comprises the proposed 1,250-unit 4 and 5-story development of the former 20-acre Schlage lock factory site in Visitacion Valley. The Planning Commission approved the project's environmental review in July 2008, after years of delay due to environmental contamination and blight. A redevelopment plan is now approved that will also provide tax-exempt public financing. It also benefits from proximity to the new Muni light rail. Finally, future redevelopment at Hunters View is considered. Hunters View currently consists of 267 severely dilapidated public housing units on approximately 20 acres of land. Constructed in 1957 on the foundations of World War II Navy shipyard workforce housing, the units were never intended to be permanent and due to both their poor initial construction and years of deferred maintenance resulting from inadequate HUD funding, the property has deteriorated beyond repair. The revitalization of Hunters View will include the demolition of all existing public housing units and other facilities on the site and result in a mixed-income community of up to 800 new residential units (with one-for-one replacement of the existing 267 public housing units). Incomes in the new development will range of resident incomes from less than 10% to well over 120% of AMI. All new roads and walkways will be built to maximize the site's development capacity and enhance resident safety and community connectivity; infrastructure improvements will ensure all residents are adequately served; positioning of buildings and open spaces will maximize the site's Bay views for all residents; new community facilities will include a teen center, a computer learning facility, a childcare/Head Start center and children's play areas; and comprehensive supportive service programming will assist residents through every stage of their life cycle. The project will be broken into three phases for several reasons. Creating three smaller, self-sufficient projects within the overall development will allow the development team to maximize the subsidy financing required to reconstruct Hunters View. Additionally, multiple phases will allow the project's market rate units to come onto the market over a longer period of time, maximizing sales proceeds and generating a greater "cross-subsidy" to the costs of the replacement public housing units.

Other planned and proposed inventory is substantial including the nearby redevelopment plans of Executive Park and at 900 Innes, a site that was given to the City. Future plans for these projects is uncertain at this time. Rental competition is either under construction or proposed as well within the Bayview District, including Bridge Housing's new affordable development that nearing completion.

Finally, another factor in terms of potential competitive inventory is the recent adoption of zone changes for the Eastern Neighborhoods (EN) planning area. This includes several districts nearby including the Central Waterfront, Mission and Potrero Hill neighborhoods. After many years of an effective moratorium on development, the City passed zoning code changes that preserve PDR uses,

increase affordable housing requirements, and establishes a new impact fee, among other changes. A large pipeline for EN exists but as yet few have proceeded subsequent to the November 2008 adoption primarily due to weakened economic and real estate market conditions.

Other competitive projects are located in North San Mateo County in South San Francisco, Daly City and San Bruno. These are summarized on **Table 10**. In total the inventory includes approximately 1,300 units in various stages of development and planning. Currently, among the existing inventory approximately 334 of 474 units have sold since 2006. This includes the South City Lights project and Park Station Lofts. The South City Lights project reports an absorption rate of 5.4 units per month. The Park Station Lofts project just sold out in January 2010 reporting an absorption rate of 6.1 units per month. Another 187 units remain under construction, and two projects have been withdrawn from the "for-sale" market.

The North San Mateo County inventory excludes the 16-story 112-unit Peninsula Mandalay project in South San Francisco that sold out in June 2006. It is representative of mid-rise tower development like that proposed in HPS Phase II and CP. Recent 2008 re-sale activity indicates price levels from $360,000 to $475,000.

Conclusion

In conclusion, the State of California and the City of San Francisco face extraordinary challenges not seen before that impacts the demand for residential housing. It's all about employment and employment growth. As the economy heals and California regains its footing economic expansion in the state is likely to be robust. The same basic advantages the area enjoyed 5 years ago are still in place. And in the long run, growth will return. Housing market cycles rarely succeed with buyer's confidence in their jobs and income potential. The State and the City are known for their resilience in re-shaping themselves to provide jobs and housing.

Nonetheless, there is no lack of potential mid-long term development inventory that will compete with Hunters Point Shipyard / Candlestick Point project. The potential inventory of some 1,300 units at HPS Phase I and another 10,500 at HPS Phase II and CP represents nearly 37% of the 31,500 unit inventory built in San Francisco over the past 20 years.

Another measure of the project's potential development scale is to note that San Francisco Association of Realtors MLS (SFARMLS) statistics show that Citywide between 2000 and 2009, a total of 26,995 condominium housing units were sold, or approximately 2,699 units / year. The number of newer condominium units sold – those built after 1994 – total 8,127, or 812 units / year. This is believed to somewhat understate the number of new condominium units sold as the marketing of new projects is not always done so through an affiliation with SFARMLS.

While the attractiveness of the project area should have strong competitive appeal due to its new identity, self-contained geographic setting, Bay and City views, the project area must also compete with other existing and potential inventory at competitive prices in order to capture an appropriate market share. Therefore, long-term phased development is anticipated. Such a development program is often difficult to finance (and provide adequate profit margins) due to the extensive front-end costly infrastructure requirements. Hence, the policy decision to rely on public financing to transform this dilapidated and environmentally damaged area into an important housing and employment resource for the City.

C. Commercial Market Analysis

A variety of land uses are proposed throughout the Hunters Point Shipyard / Candlestick Point project area. All uses in HPS Phase I are residential. A variety of uses are slated for HPS Phase II. A large non-residential component of the HPS Phase II project is linked and depends on the success of the residential uses. Components of HPS Phase II incorporate a Village Center and a waterfront commercial district to support retail, office or R&D development to respond to planning area and neighborhood goals of job creation. These include 125,000 SF of retail located in the ground floor of the residential structures that constitute mixed-use buildings. Another 2 million SF of commercial office and R&D utilize the waterfront orientation of the former industrial shipyard area, and an additional 500,000 SF is slated for HPS South if it is not developed with the replacement football stadium project.

Other components of CP incorporate a Center district to support 150,000 SF offices, 150,000 SF hotel, 635,000 SF of retail development, approximately 110,000 SF of neighborhood retail (ground floor of residential structures) and an arena of 75,000 SF, along with a 15,000 SF police station.

Currently, the commercial demand for retail and office uses is virtually absent. This is in response to the economic recession that has curtailed consumer spending and the unprecedented loss of jobs in San Francisco and the Bay Area. Throughout San Francisco there is a plethora of available retail storefront units, as well as high vacancy in shopping centers. Office vacancy in San Francisco and North San Mateo County is at record high levels as well.

Retail Uses

Hunters Point Shipyard / Candlestick Point is targeted to contain neighborhood serving retail and community and destination retail shopping facilities.

For this valuation the appraiser reviewed a retail market analysis prepared by Irwin Development Group in 2007 for Kimco Developers in conjunction with Lennar. It primarily examined the prospect for community and destination shopping center

development. The report acknowledged the difficulty with accurately assessing success that at the time was assumed to be six years hence or 2014 when approximately 3,200 residents would be living at Candlestick, and the stadium would be completed by 2019. The study was also completed prior to the severe downturn in the economy that is earmarked by a precipitous decline in consumer spending and demand for retail merchandise. Consequently, the validity of the findings is limited at best under current market conditions. However, the study indicates the appeal for future retail development is dependent on the creation of a new large housing population, along with the destination identity of the stadium project.

Based on the appraiser's residential market analysis, development and absorption is likely to be slowly phased and the stadium project delayed before adequate demand support for retail will emerge. The one exception to the limited demand for retail is the need for a grocery market that is sorely lacking in the Third Street corridor. However, this could be accommodated within the ground floor of a mixed used residential / commercial building.

The subject location will not likely compete with retail development in downtown San Francisco's Union Square and Market Street corridor. The subject location is most likely to compete with retail development in North San Mateo County or the extreme southern limits of the City of San Francisco. Currently there are four shopping centers serving the subject's primary trade market area. These include Stonestown Galleria, Westlake Shopping Center, Serramonte Center and the Tanforan Mall. All but one of these centers has undergone major renovation. New retail development has been limited in San Francisco due to the lack of available land. The Hunters Point Shipyard / Candlestick Point project area can meet such requisite capacity and stem the retail leakage that occurs to North San Mateo County. However, prevailing economic and foreseeable market conditions do not support such development. According to retail market statistical data for 2Q09, demand is low and vacancies have doubled. For the North San Mateo County retail submarket, the current inventory of 3.86 million SF is 6.1% vacant. The current vacancy level is 100% higher than one year ago. Among anchor tenant space, the 184,696 SF that is available is 180% higher than one year ago. The loss of anchor tenants at these competing facilities speaks to the dearth of demand for retail facilities. Among storefront units, the 232,521 SF that is available is 31% higher than one year ago. These market statistics combined with dire economic conditions cast a pall on accurately forecasting demand for retail development. Please refer to **item 9** of the addenda for the broker's statistical reports prepared by NAIBT Commercial.

It is recognized that conceptual and development planning for such a large inventory of potential retail development requires a long-term view, but it can only be seen as viable once adequate residential density emerges or a destination attraction can parallel its development. For years the prospect of developing retail uses at Candlestick has been considered. However, the concept has failed to attract the

requisite lead tenant(s) as far back as 1997 and during the height of the dot.com boom and the consumer boom to support such a project. Therefore, the appraiser concludes that demand for retail development is highly speculative under current and foreseeable market conditions.

In terms of neighborhood serving retail, there is generally good support for such uses throughout the high-density areas of the City. Given the geographic separation of Hunters Point Shipyard / Candlestick Point from competing facilities, adequate demand is likely to emerge following the initial stages of residential development. However, initially there will probably be a lack of demand until significant development occurs. The lack of such service retail and other traditional neighborhood businesses are concluded to have a lowering affect on the prices for these residential use components that are based on land sales for project sites that include ground floor retail usage in mature neighborhoods.

Office Uses

For this valuation the appraiser reviewed numerous statistical office market surveys over the past ten years, and investigated development trends in San Francisco and North San Mateo County to assess the prospects for successful office development at Hunters Point Shipyard / Candlestick Point. The HPS Phase II and CP project areas represent a pioneering location for office development in San Francisco. However, the office orientation along the waterfront sites is attractive with Bay and City views that can add to its appeal and potential rental and investment value. The Hunters Point Shipyard / Candlestick Point location sits between San Francisco's SOMA and Mission Bay office (and R&D district) and Executive Park at Candlestick Park, San Francisco's southernmost city address for office development. In addition the location competes with the North San Mateo County sub-market office district.

Mission Bay has emerged as a biotechnology R&D sub-market spawned by the development of the UCSF campus, and Executive Park has performed cyclically over the years as a professional office location. Development and land use trends for Mission Bay are discussed later as part of the R&D discussion for the project analysis.

The San Francisco Central Business District ("CBD") consists of two sub-markets, the South and North Financial Districts. Combined, these two submarkets contain approximately 45 million SF of office space. There exists approximately another 9.6 million SF in two adjacent office sub-markets identified as the North Waterfront and SOMA. Hunters Point Shipyard / Candlestick Point is located at the southern perimeter of the San Francisco but would be most affiliated with the SOMA office sub-market. Due to its perimeter location in the City, it more proximate to the North San Mateo County sub-market of Brisbane and South San Francisco. Both sub-markets are briefly discussed.

Development is limited in San Francisco by both the small number of feasible developable office sites in the city, the impact of San Francisco's Downtown Plan, (adopted in 1985), a new subset of the City's Master Plan brought about by the rapid growth of commercial development in the 1960s and 1970s in the City, as well as Proposition M, an anti-growth initiative adopted by voters in 1986 in response to criticism from anti-growth activists. It created a 15-18 month approval process for new projects and limits new office development to 875,000 square feet per year for large office buildings. Its restriction impacts office development throughout the entire city, not just the downtown area.

The current vacancy level for the South and North Financial Districts is over 13%, while the North Waterfront and SOMA Districts report vacancy levels of nearly 15% and 24%, respectively. These latter districts compete at lower rental price levels $32/SF/YR - nearly 20% below the $39/SF/YR average full service rental rates for CBD locations. For a longer term perspective, these same vacancy metrics for 2005 were 11%-12% in the CBD, and 10% to 22% for the N. Waterfront and SOMA, respectively. SOMA was competing at full service rent levels approximating $22/SF/YR. For 2002 vacancy levels were 20% in the CBD, and 20% to 42% for the N. Waterfront and SOMA, respectively. SOMA was competing at full service rent levels approximating $22/SF/YR. Please refer to Addenda item 8 of the addenda for the broker's statistical reports prepared by NAIBT Commercial and CAC Commercial.

Until 2006 the San Francisco office market experienced an unprecedented period of investment activity. In part this was due to a significant turnaround in vacancy that peaked in early 2003. Vacancy levels in the Central Business District declined over 50%, from 20.7% to 10.2% by the end of the third quarter of 2006. During this period average asking rental rates have risen by 44% since the fourth quarter of 2003, from $26.50/SF/YR to $38.06/SF/YR. Contributing to the market's expectation for lower vacancy and increasing rental rates was the combination of higher demand and a lack of new construction. Investment activity for office projects slowed from the height of activity in 2004 and 2005 but continued at healthy levels. Approximately 5.5 million SF traded ownership during the first half of 2006. Then in 2007 investment activity soared to unprecedented levels, typically fetching price levels from $600/SF to $700/SF for CBD Class A projects. Please refer to Addenda item 8 for more information. In June 2009, Goldman Sachs sold a $43 million note it held on 250 Montgomery, a prime CBD office project. The project was acquired in 2006 for $400/SF. The note reportedly sold for less than $200/SF demonstrating the precipitous decline in CBD office property values.

It is within this context the most recent activity for acquisition of CBD development sites became available for sale drawing interest from a wide variety of buyers and development interests. The most recent CBD land sales fetched a range of price levels from $1,535 to $1,881/SF, and $85/SF to $104/SF of potential gross floor area.

However, rental and investment market conditions turned abruptly downward in 2008 when the economy began to shed jobs and it became clear the market's momentum shifted and ownership interests realized their purchases based on the prospect of increasing rental rates (from the top down) to improve investment returns could be realized anytime soon (as market user demand from the bottom up faltered). Referring to Addenda Item 8, office rental rates and occupancy levels have precipitously declined to levels not seen since 2001 following the dot.com implosion and before that in 1993 as the market began to recover from one of the market's deepest recessionary periods.

The San Mateo County is subdivided into three sub-districts – North, Central and South. Hunters Point Shipyard / Candlestick Point is proximate the North sub-district that includes Daly City, Brisbane and South San Francisco along with San Bruno, Millbrae and Burlingame. According to NAIBT Commercial market statistics the market contains approximately 7.5 million SF with S. San Francisco containing 2.3 million SF. The current overall vacancy is 20% with S. San Francisco reporting nearly 30%. CAC Commercial reports a different metric that segregates the North County/Airport sub-market containing 4.4 million SF and reports a vacancy of 12% in 2009. For a longer-term perspective, the North County/Airport sub-market contained 4.3 million SF and reported a vacancy of 15.5% in 2005, and 30% in 2002. Developer Jack Myers has stopped construction on the second tower of his $300 million Centennial Towers project in South San Francisco. The move comes as Myers Development nears completion of the first building, a 330,000-square-foot speculative structure at the foot of San Bruno Mountain that has no leases signed so far. Please refer to item 8 of the addenda for the broker's statistical reports prepared by NAIBT Commercial and CAC Commercial.

Office development trends are not supported at this time based on prevailing rent and occupancy levels that cannot provide and adequate return of construction costs.

R&D Uses

R&D uses are proposed for HPS Phase II. In San Francisco and North San Mateo County, R&D refers to the biotechnology industry. In fact HPS Phase II is just a few miles from South San Francisco - home to Genentech, one of the world's largest biotech companies, and who has declared this location as the "Birthplace of Biotechnology". Many other biotech companies have also moved to South San Francisco to be in proximity to the UCSF, Stanford University, and UC Berkeley; all are within a one hour's drive. Within 10 minutes from HPS Phase II is San Francisco's Mission Bay. Mission Bay is development includes a new 43-acre 2.5 million SF UCSF campus, and the area is slated for phased development of approximately 5.5 million SF of office and R&D. Until recently the market demand for R&D building increased as biotech research and manufacturing has reached a sustained level of maturity. Northern San Mateo County and San Francisco provides

several features that are attractive to R&D and biotech companies: the proximity of an international airport, a stable and good quality workforce, and proximity to major universities (Stanford and the University of California). Bioscience firms prefer locations close to the major universities that are involved in biotechnology research. In addition, the employee pool is typically drawn from the universities and many of these employees prefer to work close to the rich cultural centers of the nearby urban areas.

Most of the development for bioscience users in San Mateo County is located in South San Francisco in and near the Cabot Cabot and Forbes Industrial Park. In 1999 South San Francisco modified its General Plan to exclude warehouse and distribution use in certain areas historically supporting manufacturing and distribution businesses, reserving this area for business technology uses. Consequently, from a location perspective, HPS Phase II is well positioned to capture future R&D uses, but it represents a secondary choice to the available options at Mission Bay.

However, the industry is now impacted by a sluggish economy combined with industry mergers such as Roche's proposed takeover of Genentech to produce a lot of uncertainties that loom over the industry. The bioscience industry held up through much of 2008, but companies in this industry are now conserving cash and not making commitments to expand. Vacancy rates have jumped for bioscience buildings. These buildings are a commercial real estate subset of properties that have research, laboratory, clean rooms, offices or other facilities geared towards the biotech and medical devices industries. Developers started building in response to a tight market a few years ago but a substantial inventory came on line at a time when the economy began to decline. About 1.8 million SF of new life sciences construction was added to the Bay Area market during 2007 and 2008. The supply of both new construction and sublease space has increased. San Mateo County has 2 million SF of available space. Vacancy levels in San Mateo County have risen from 12.5% in 2008 to 14.5% in 2009. Vacancy levels have almost doubled since 2005. Vacancy levels in San Francisco County have risen from 9.7% in 2007 to 21.8% in 2008. In a transaction that once showed great promise for Mission Bay's biotechnology future, in July Pfizer, Inc. canceled its deal with Alexandria Real Estate Equities Inc. for a planned 100-person research center.

As an alternative, the project developer is exploring how alternative energy could create jobs and future development opportunities. The world is in the process of changing from a petroleum-based economy to some form of renewable or non-petroleum-based economy. As national and local economies adopt sustainability and green development options, it is anticipated there will be massive changes across all sectors, including manufacturing and services. Research and development for these changes may emerge as a growth industry. San Francisco and nearby Silicon Valley is seen as a natural birthplace for such opportunities, and HPS Phase II could provide a viable location for its emergence and growth.

Hotel Use

Hotel development is proposed at CP. It is part of the CP Central district where the developer proposes 150,000 SF. Using a typical room size that includes common area and hotel meeting facilities, the project would contain approximately 175 – 200 rooms. There has been limited new hotel development in San Francisco for many years, other than in the vicinity of the Moscone Convention Center. Currently, the San Francisco and national hotel market is in turmoil, even for the best quality projects in San Francisco's best locations (e.g. Moscone and Union Square). In the past two months, both the 277-room Four Seasons Hotel and the 393-room Renaissance Stanford Court Hotel in Nob Hill have defaulted on loans and face foreclosure. In another example, Starwood sold its San Francisco W hotel across from Moscone for $200,000/unit. Starwood, which opened the upscale 423-room hotel at the crest of the dot-com boom in 1999 continues to operate it as a W Hotel under a long-term management agreement. The high-water mark for San Francisco hotel sales was set around April 2007, when Taj Hotels Resorts and Palaces based in Mumbai, India, bought Campton Place from Kor Hotel Group of Los Angeles for about $58 million. That amounted to more than $500,000 per room, nearly 60% more than the W's price. Until substantial commercial and stadium development emerges at CP, a hotel use is not considered viable. Those requisite uses are not foreseeable for many years.

Impact on Land Value

Price declines and reduced market activity prevail in all the residential and commercial markets. That being said, it must be acknowledged that the market for development land does not necessarily move in sync with the market for finished product. Further, the devastating affect of the subprime mortgage crisis across the country is less serious in San Francisco because of its high median income and fewer subprime borrowers. Unfortunately, the highest level of foreclosure rates in San Francisco are located in the subject's Bayview Hunters Point competitive market area.

Nonetheless, while there is no evidence of collapsing land values, the San Francisco land market has not escaped the economic downturn. In particular, the turmoil in the credit sector is now, and will continue to impact demand for ownership housing (and the land parcels that can support new development). However, the diversity of San Francisco's economy and its fundamental assets of infrastructure, human capital and technology make it extremely competitive in the long run. Its resilience has been tested before and it has recovered. It is the near term that poses greater uncertainty.

The lack of recent sales of development sites, as well as the pause in commencing new construction, suggests weak demand for available development sites. Consequently, it appears land development and investment risk is being re-priced.

This is demonstrated by the fact that many of the comparable land sales occurring in the past 2 – 3 years, that were slated to commence construction, have been shelved. This is due to competing supply of new units, slower absorption, and buyer resistance to current and prospective economic conditions.

Secondly, from an investment perspective global, US and local economic conditions that emerged in 2008 have had a significant impact on the value of all asset classes including real estate. These conditions have modified all investment expectations whether it be equities or real estate, and there is fear everywhere with few safe havens for investment. As a result there is little direct evidence of market value by recent land sales. The fact is that unless there is a compelling reason to sell, such as hardship or duress, no knowledgeable seller would sell under current market conditions. The market activity is limited to "unwilling" rather than "willing" sellers.

Developers typically take into consideration many factors in pricing competitive development sites. These factors include local market activity levels, time and risks associated with obtaining requisite development approvals, the cost and availability of financing, prevailing construction costs, the amount and level of competition and its retail price levels, the prospect for price appreciation and demand over time, and the velocity to proceed through each of these development stages under current and prospective economic conditions. Currently, the majority of these factors negatively impact the land purchase decision. For the subject, its appeal is further complicated by its scale and expensive infrastructure requirements. In the other hand, the dearth of development activity will likely result in declining construction costs. This may be the one of the few optimistic perspectives to consider. Other favorable prospective market conditions include:

1. the City's general scarcity of land,
2. long term economic performance and demand continues to support the City's housing marketplace (consistent with ABAG's Regional Housing Needs Determination (RHND) forecast),

The positive factors tend to relate only to mid and long term prospects for development of the subject. The current perspective of value for the subject is severely dampened when the market is currently re-pricing land development and investment risk.

D. Valuation – HPS Phase I

In order to estimate a *Bulk Value* for the subject property, the three standard valuation approaches are utilized. Each valuation approach is defined in the addenda, and includes the *Income Approach, the Sales Comparison Approach and the Cost Approach.* Due to the current condition, and scale of residential uses at HPS Phase I, each of the above techniques is included in a Development Analysis (Discounted Cash Flow Analysis). This technique is otherwise known as the Land Residual technique.

For this analysis, the market value represents the most probable price likely to be paid by a single purchaser to acquire the property. This is otherwise identified as a *Bulk Value.* Due to the lack of truly comparable sales, the logical market based valuation approach utilizes a Development Analysis.

The Development Analysis or Land Residual technique provides an estimated value for the subject property based upon the revenue generated by the sale of development units projected to occur over an estimated absorption and marketing period, once development approval is granted and construction is completed. Therefore, the analysis includes an analysis of projected revenues from the sale of development units, and deductions for the time, and remaining horizontal costs and risks associated with the current condition of HPS Phase I. The developer has prepared horizontal development design and construction budget analyses deemed to be reliable. The projection of unit sales revenue is tied to market demand and absorption.

Development expertise, costs, and entrepreneurial risks are required for a project to proceed through each development stage. Accordingly, the market value of land and development projects generally increases through each successive development stage. These stages begin with raw land, which is followed by the planning and entitlement process, and then land development and construction of improvements, until the optimum level of utilization and occupancy is achieved.

For projects like HPS Phase I suited for new development, such a technique is valid as well. This method also provides the detail and depth of analysis that reflects the complexity of the HPS Phase I property. The relative difference or enhancement of value for such properties with and without use and development approvals is impacted by many variables including:

1. Local agency and community concerns;
2. Projected duration or time required to satisfy concerns and obtain approvals;
3. Projected time and costs associated with meeting conditions of approval and developing the project.

Development Analysis and USPAP Appraisal Standards

A review of the Uniform Standards of Professional Appraisal Practices (USPAP) identifies numerous appraisal development requirements which are met by the Development Analysis to reach a constructive and reliable valuation perspective for HPS Phase I.

The underlying premise of USPAP Standard 1 is to assure that an opinion of value is credible and developed in a competent manner, considering all pertinent factors that could influence value. Among other provisions presented below Standard Rule 1-4g requires the appraisal to consider the appropriate procedures and market information required to perform the appraisal including all physical, functional, and external market factors as they may affect the appraisal.

Other relevant USPAP standards include (but may not be limited to):

1. Standard Rule 1-3(a) requires the market value be based upon a highest and best use analysis (and its provision to consider legally permitted uses). The appraiser concludes the HPS redevelopment plans sets forth the most probable land utilization and development potential of the subject property. Though it is permissible to consider reasonably probable modifications of such land use regulations, given the extensive community input and physical constraints influencing the property's potential, combined with the historic land use planning process in San Francisco, the Hunters Point Shipyard and Bayview Redevelopment Plan forms the basis for any meaningful highest and best use and valuation analysis.

2. Standard Rule 1-3a requires the appraisal to consider the effect on use and value based on the physical adaptability of the real estate.

3. Standard Rule 1-4f requires the appraisal to consider and analyze the effect on value, if any, of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the effective appraisal date.

4. In order to satisfy Standard Rule 1, given the scale and complexity of the HPS Phase I appraisal, it is necessary and appropriate to utilize accurate cost factors, and that all costs be considered that are related to maintaining or establishing a level of service to support new development. As discussed previously, such cost data was recently developed for the entire project area by a local and knowledgeable developer, Lennar. This information is believed to be accurate and reliable.

Discounted Cash Flow Analyses

In the Development Analysis that follows, it is necessary to estimate the market value and absorption of land to support both single-family residential lots and sites for condominium development. Then horizontal infrastructure costs and a profit allowance are deducted to estimate the contribution of value attributed to the As-Is condition of the subject property. In the case of the affordable units, it is noted these units are contained within the condominium land inventory only. There is no requirement imposed on those lots deemed to support single-family residences (SFR). An analysis of their impact on condominium land value is analyzed as part of the selection of an appropriate unit price $ / unit) for a condominium site.

Gross Revenues – HPS Phase I

The gross revenues are generated by the sale proceeds (market value) from the absorption of SFR lots and sites that support attached condominium housing development at HPS Phase I. Referring to the HPS Phase I project summary, under Subdivision Map #4231, **Hilltop** contains 901 units. Among these, 101 units are attached SFR lots; and the balance of the site supports 800 condominium units (and 191 set-aside Agency units). **Hillside** contains 397 units (92 set-aside Agency units). Among the condominium inventory in both subdivisions there are 1197 units, including 1,017 market rate condominium units; and 180 affordable units (15%). Among the attached single family inventory there are 101 units, including 86 market rate units; and 15 affordable units (15%).

For purposes of valuation, a consolidated cash flow projection is utilized. A total of 1,298 units are analyzed. It is noted the 283 units are set-aside at no cost for Agency use and contribute no positive land value. The developer has no vertical development requirement and no further loss beyond horizontal infrastructure. The 180 affordable condominiums also contribute no positive land value but the developer has a vertical requirement and the development loss is greater. This is due to the fact that the vertical construction costs exceed the low-income formulaic prices yielding a substantial loss to the landowner/developer. However, this requirement is not atypical. The comparable condominium site sales are also subject to a similar affordable housing requirement. Currently the affordable housing requirement is 15% if units are developed on-site, and 20% if developed off-site. Therefore, as the land to support 1,197 condominium units is analyzed, the impact of the affordable requirement is imbedded in unit prices reflected by the comparable sales and requires no further adjustment.

For the 101 lots slated for attached single family development, they are distinctly different, appeal to different buyers and fetch altogether different land values. The gross revenues from this component, therefore, are estimated separately. However, among the 101 attached single family units, the developer is also required to provide 15% or 15 units at affordable prices, leaving only 86 that can fetch market-based price levels. Thus, their value contribution is segregated and is based on lot sales that do not trigger any affordable requirement. However, the 15 affordable units represent a liability or burden and must be analyzed separately (since costs exceed formulated pricing).

The additional burden can be approximated by the estimated loss the developer will face when selling the 15 affordable units. The affordable housing units will be conveyed as mix of type, to varying AMI income qualifiers (Low – Median - Moderate). Based on an assumption the 15 units will reflect an average 3-BR unit that is acquired by a 100% median income buyer, the formulaic maximum price is approximate $265,000.

Median Income *(100% of HUD Median Income)*	1	Studio	$66,000	$1,815	$181,193
	2	1 Bedroom	$75,450	$2,075	$209,030
	3	2 Bedroom	$84,850	$2,333	$237,072
	4	3 Bedroom	$94,300	$2,593	$265,114
	5	4 Bedroom	$101,850	$2,801	$286,397

In contrast the vertical cost for such a unit (based on the developer's pro-forma for Grade level townhouse – see addenda item 4) approximates $305/SF. That cost for an average unit of 1,510 SF amounts to $460,000. The differential is approximately $195,000/unit, or $2.925 million (15 X $195K). This amount is deducted in the cash flow projection for the burden attributed to the affordable housing requirement.

a) Market Value – Attached SFR Lots

The subject is located in District 10 of the Multiple Listing Service in San Francisco. It is also surrounded by District 9, comprising a large area that forms the southeast submarket of San Francisco. **Table11** identifies comparable SFR lot sales utilized to value the 101 Hilltop lots. Among the 101 SFR lots, 65 are oriented around the perimeter of the subdivision and feature superior views than the 36 SFR lots that are oriented within the neighborhood interior. The appraiser assumes the 15 affordable units will be among these 36 units. The transactions indicate lot values ranging from $175,000/lot to $462,500/lot. Varying neighborhood appeal and view characteristics strongly influence value. Declining lot values are where those transactions in late 2008 and early 2009 indicate values ranging from $210,000 to $335,000. Lots providing a variety of views reflect a value range from $225,000 to $462,500.

RESIDENTIAL LOT SALES

TABLE 11

	DISTRICT / LOCATION	APN	ZONING	SIZE SF	# of UNITS	View Orientation	DENSITY	DATE SOLD	SALES PRICE	$/SF	$/UNIT
	BAYVIEW										
1	6625 Third St.	5016-018	RM-1	5,097	2	Nghd	17.09	02/05/07	$475,000	$93	$237,500
	1 Egbert	4918-023, -24	M-1	10,019	storage site only	Hunters Point		10/24/08	$300,000	$30	
	1506 Revere	5340-024	RH-2	1,873	2	Nghd	46.51	8/22/07	$367,900	$196	$183,950
	1500 Revere	5340-025	RH-2	1,873	2	Nghd	46.51	2/9/07	$370,000	$198	$185,000
	EXCELSIOR										
	192 Ney	5891-001	RH-1	2,004	1	Nghd	21.74	1/12/09	$250,000	$125	$250,000
	643 Lisbon	6343-037		2,483	1	Nghd	17.54	3/13/07	$338,000	$136	$338,000
	VISITACION VALLEY										
	515 Cambell	6209-047	RH-1	2,483	1	Nghd	17.54	10/15/07	$275,000	$111	$275,000
	55 Waterville	5379029	RH-1	2,483	1	Nghd	17.54	9/13/07	$300,000	$121	$300,000
	157 Apollo	5405-023	RH-1	2,483	1	Nghd - Level	17.54	7/17/07	$350,000	$141	$350,000
	INNER MISSION										
	876 Capp	3642-045	RH-3	4,286	3	Nghd	30.49	6/22/09	$630,000	$147	$210,000
	OUTER MISSION										
	5646-48 Mission	7098-009	NC-2	2,875	4	Nghd	54.45	11/28/07	$500,000	$174	$139,132
	5640-42 Mission	7098-00	NC-2	2,352	3	Nghd	54.45	11/28/07	$550,000	$234	$187,056
	COMBINED			5,227	6				$1,050,000	$201	$175,000
	BERNAL HEIGHTS										
	200 Putnam	5730-	RH-1	2,222	1	View	19.61	05/12/08	$225,000	$101	$225,000
	285 Nevada	5687-022	RH-1	2,178	1	Tear-down	20.00	3/11/08	$300,000	$138	$300,000
	162 Brewster	5556-019	RH-1	1,742	1	View-permit	25.00	09/26/07	$345,000	$198	$345,000
	346 Mullen	5535-005	RH-1	1,742	1	View	25.00	09/18/08	$335,000	$192	$335,000
	347 Mullen	5534-038	RH-1	3,136	1	Pano View	13.89	06/17/08	$399,000	$127	$399,000
	104 Bache	5826-002	RH-2	1,742	1	Nghd-plans	25.00	05/23/07	$359,000	$206	$359,000
	64 Prentiss	5628-017	RH-1	1,742	1	City and Bay View	25.00	4/30/08	$462,500	$265	$462,500
	52 Prentiss	5628-016	RH-1	1,742	1	City and Bay View	25.00	4/30/08	$462,500	$265	$462,500
	1530 York	5514-004	RH-2	2,483	2	East Bay View	35.09	2/6/07	$480,000	$193	$240,000
	POTRERO HILL										
	440 Kansas	3977-001H	RH-2	3,136	2	View	27.78	5/30/07	$775,000	$247	$387,500
	436 Kansas	3977-001G	RH-2	1,873	2	View	46.51	5/30/07	$775,000	$414	$387,500
	COMBINED			5,009	4				$1,550,000	$309	$387,500

Lots providing neighborhood views reflect a value range from $184,000 to $350,000. For the HPS Phase I neighborhood lots, consideration is given to the new project identity and appeal that HPS provides, although the lots are generally smaller. This is a superior characteristic given there will be greater homogeneity with the quality and condition of neighborhood development. Thus, the appraiser concludes an appropriate lot value near the upper end of the aforementioned range appears supported, tempered only by recent market conditions. Thus, the neighborhood lots are assigned a value of $275,000/unit.

Lots providing a variety of Bay and City views reflect a value range from $225,000 to $462,500. For the HPS Phase I view lots, consideration is given to the new project identity and appeal that HPS provides, although the lots are generally smaller. This is a superior characteristic given there will be greater homogeneity with the quality and condition of neighborhood development. Thus, the appraiser concludes an appropriate lot value near the upper end of the aforementioned range appears supported, tempered only by recent market conditions. Thus, the neighborhood lots are assigned a value of $335,000/unit.

Based on these two unit values, combined with the unit mix of lots with 65 market rate view lots and 21 market-rate neighborhood lots, the aggregate sum of retail value approximates $ 27.5 million, and an overall average lot value of $320,000. The reported costs to create the 101 attached SFR lots (including the affordable units) is based on a unit cost of $40,315/unit for a total of $4.07 million.

b) Market Value – Condominium Sites

Table 12 presents nearby residential development site sales as well as those in superior SOMA locations.

These include recent and historical land sales located in San Francisco's SOMA, Van Ness Corridor, and Eastern Neighborhoods districts, along with activity in North San Mateo County. These include 4 consummated transactions and two pending land sales. Overall, the development land prices range from $40,000/unit to $128,059/unit. Alternatively the land unit prices range from approximately $57 / SF to $1,253 / SF. Lesser consideration is given to the latter value indication ($ / SF), because it does not provide as direct an indication of value attributed to density.

The variation in land prices is attributed to several factors including date of transaction, location, impact fees, contributory value of commercial street frontage (if any), but in particular overall project size (# and density of units), project design characteristics impacted by site width, length, topography and the height of nearby development. Land values are strongly influenced by view potential as well. Further the affordable housing requirement impacts value, and most importantly, value is impacted by whether or not a project site has development approval. As noted market pricing recognizes variation in project density and project scale. Higher

TABLE 12 **COMPARABLE LAND SALES**

Comp No.	1	2	3	4	5
Address	833 Jamestown	Candlestick Cove	3400 Cesar Chavez	1888 Mission	165 Pierce St
City	San Francisco	San Francisco	San Francisco	San Francisco	Daly City
APN	4991-277	4991-24	6569-004	3457-002A,-003,-004,-029	008-082-179
Site SF	299,066	22,000	30,021	51,885	158,693
Site AC	6.87	1.50	0.69	1.19	3.64
Zoning	RH-2	RH-2	NC-3	CM / UMU	CL-C1
Max Height	40'	40'	50'	85'	N/A
FAR	1.8	1.8	4	4	N/A
# of Units	198	110	60	194	208
Density Units/AC	29	73	87	163	57
# Stories	3	3	4	N/A	N/A
Project SF	N/A	N/A	14,000	N/A	N/A
Commercial SF	0	0	0	0	15,400
Parking	N/A	N/A		N/A	N/A
# Affordable	24		7	39	
% Affordable	12%	15%	12%	20%	15%
Approval	Yes	Yes	Yes - by buyer	No	Yes
Sales Price $	$18,500,000	$8,800,000	$5,787,500	$12,250,000	$9,000,000
Incl. Other	$17,000,000	$8,800,000	$5,787,500	$12,250,000	$12,000,000
Sales Price $/SF	$62	$400	$193	$236	$57
Sales Price $/unit	$85,859	$80,000	$96,458	$63,144	$57,692
Sale Date	Jul-06	Mar-08	Aug-07	Escrow Pending	Feb-08
Seller	M 7 M Murphy et al	Signature Properties	Lanning Famiy Trust	Louis Roesch Co.	George Shenone
Buyer	Jamestown Equity Partners	Hanover	Seven Hills Properties	Undisclosed	WASL DC Inv. LLC
Document #	#479772	#H668594	#H668594	#790781	#843222
Confirmation	Richard Johnson	John Doll	John Doll	Tim Maas	Terry Sternberg 989-8846
Comments					Infinite U/C Parking Lot Buyer reduced project to 655 units in 35 & 41-story towers Avg unit size 1167 SF includes 37,000 SF retail and 5-level subparking Reduced project @ $78K/un

TABLE 12

Comp No.	6	7A	7B	8
Address	23 Hill St.	375 Fremont	399 Fremont	353 King
City	Daly City			
APN		3747-6	3747-1E,2,6	8705-006
Site SF	60,984	18,905	37,807	65,053
Site AC	1.40	0.43	0.87	1.49
Zoning	P	Rincon Hill	Rincon Hill	MBN-RD
Max Height	N/A			
FAR	N/A			
# of Units	120	225	391	260
Density Units/AC	86	518	450	174
# Stories	N/A	28	40	
Project SF	N/A		525,000	
Commercial SF	0			
Parking	N/A			
# Affordable				NONE
% Affordable	15%	12%	12%	0%
Approval	No	No	No	Yes
Sales Price $	$4,800,000	$23,000,000	$47,000,000	$36,000,000
Incl. Other	$4,800,000	$23,000,000	$47,000,000	$29,800,000
Sales Price $/SF	$79	$1,217	$1,243	$553
Sales Price $/unit	$40,000	$102,222	$120,205	$114,615
Sale Date	May-09	Mar-06	2006-07	3/1/2007
Seller	Jefferson School District	Brownbrew LLC		355 King Street LLC
Buyer	Hanson PCS	Comstock Owner LLC	Comstock Owner LLC	Avalon
Document #	I355827	I139558		J389-78
Confirmation	Roman Catholic Diocese	Comstock Owner LLC	Comstock Owner LLC	Luke Stewart
Comments	Approved but site to be merged with adjacent site previously acquired by Fifield for combined project of 391 units averaging 1,004 SF	See 18 C	The Californian project combined site at 375-385 Fremont Project to contain 525,000 SF include sub. Parking Views above 24th Floor Units size range 455 - 1,975 SF averaging 1,004 SF.	Sales Price net of $6.2 Million for design work and piles.

TABLE 12

Comp No.	9	10
Address	72 Townsend	Parcel 5 - Mission Bay
City		
APN	3789-003	
Site SF	29,098	79,279
Site AC	0.67	1.82
Zoning	M-2	MBS-RD
Max Height		
FAR		
# of Units	75	164
Density Units/AC	112	90
# Stories	9	16
Project SF		
Commercial SF		
Parking		
# Affordable	16% set aside	NONE
% Affordable		
Approval	Yes	Yes
Sales Price $	$9,324,000	$21,000,000
Incl. Other	$9,324,000	$21,000,000
Sales Price $/SF	$320	$265
Sales Price $/unit	$124,320	$128,049
Sale Date	6/29/2007	11/19/07
Seller	Northshore Resources	Catellus
Buyer	72 Townsend LLC	BOSA Dev Catellus II
Document #	J423-204	J520-31
Confirmation	Thompson	Weir
Comments	Mid-rise project built over 28,175 SF historic structure.	Price agreed in 2005 Next to Park

density projects typically fetch lower unit prices as do large-scale projects that face greater exposure to market risk. In some cases, the larger the projects, while dense, often are high-rise structures that provide more valuable and dramatic view amenities. However, they tend to require longer construction cycles and are exposed to greater market risk. Finally, consideration is given to the conveyance of sites with and without approvals. Again, sites like HPS Phase I that have development approvals, do not face planning and market risks and costs greater than those without approvals. These have a direct impact on land value. In this case, 5 of the 6 transactions includes site conveyed with development approvals like the subject.

Sale 1 comprises a surplus parking lot serving Candlestick Park that is similarly located in the subject Bayview Hunters Point neighborhood. This location is considered inferior to the subject although partial views are available from some units. In this mid-2006 transaction, permits and plans were conveyed that contributed a value of approximately $1.5 million, yielding a value to the approved site of $17 million. The indicated unit price of $85,869/unit reflects prevailing price levels at or just after the peak of the recent housing cycle in San Francisco, prior to the onset of prevailing market conditions with limited activity and available credit, and overall pessimism in terms of development velocity. Thus, overall a significant downward adjustment is warranted.

Sale 2 is similarly located in the subject Bayview Hunters Point neighborhood. This location is considered superior to the subject as at sits within a private enclave of development including Candlestick Point and Signature Properties' Candlestick Cove. Limited confirmation of this transaction could be obtained but it was reported to include a price holdback until a finished development pad is prepared. The site was approved for development of 110 units with many units afforded upper level views to the south. The indicated unit price of $80,000/unit reflects prevailing price levels prior to the onset of prevailing market conditions with limited activity and available credit, and overall pessimism in terms of development velocity. Thus, significant downward adjustments are warranted.

Sale 3 and 4 are located in San Francisco's Mission District, a superior and popular residential community.

Sale 3 is located at the corner of two arterial streets occupying the northwest corner of Mission and Cesar Chavez. Formerly the location of a paint store, the site has approvals for mixed-use development including 15,400 SF of retail (with Walgreens slated to occupy 14,000 SF). The purchase price reflects an agreement made in 2004 along with option payments until the transaction closed in 2007. During this period as approvals were processed, the market continued to escalate. These factors and location rank the property superior to the subject property. The indicated unit price of $96,458/unit reflects prevailing price levels prior to the onset of prevailing market conditions with limited activity and available credit, and overall

pessimism in terms of development velocity. Thus, significant downward adjustments are warranted.

Sale 4 occupies the northwest corner of Mission and 15th Street. The transaction began in early 2008 but pending litigation has delayed closing now anticipated for mid-year end 2009. The site has development approval but requires satisfying a 20% affordable housing requirement at 80% AMI. The indicated unit price of $63,144/unit reflects a more restrictive affordable housing covenant, but it features a superior location and occurred prior to the onset of prevailing market conditions with limited activity and available credit, and overall pessimism in terms of development velocity. Thus, significant downward adjustments are warranted.

Sale 5 and 6 are located in the North San Mateo County community of Daly City, just a few miles south from the subject. This is a market area that competes for buyers that would consider the subject and Daly City locations as viable alternatives. Both properties are located within a block of Hwy 280 that links these neighborhoods to San Francisco and other area employers.

Sale 5 is approved for development of a former hospital parking lot. It is slated to include a 208-unit senior living community that also includes a 14,000 SF retail unit for Walgreens. The transaction was negotiated in 2004, but closed in 2008 after the buyer negotiated a $3 million lease buy-out and a zone change was processed. The acquisition reflects a land price of $43,269 / unit and an overall transaction cost of $57,692 / unit. This location is considered to be superior in comparison to the subject and features a ground floor commercial component. Further it occurred prior to the onset of prevailing market conditions with limited activity and available credit, and overall pessimism in terms of development velocity. Thus, significant downward adjustments are warranted.

Sale 6 is located just blocks north of Sale 5. It recently closed in May 2009 and the buyer is seeking approvals to develop 120 units. The acquisition reflects a land price of $40,000 / unit and although it lacks approvals, the buyer is highly confident development approval for this surplus school property is achievable. This location is considered to be superior in comparison to the subject. It is one of the few transactions that is occurring in the midst of prevailing market conditions with limited activity and available credit, and overall pessimism in terms of development velocity. Though superior in terms of location, an upward adjustment is warranted for the approval status of the subject site.

Sales 7 – 10 are presented for information only to illustrate the price levels fetched for premiere high-rise development sites in Mission Bay and other SOMA locations.

In the final analysis, the appraiser notes the following factors in deriving a conclusion of value for the subject.

1. The current recession is linked to global conditions more so now than in previous economic cycles. Historically, San Francisco typically fares better than most local and regional economies and will again. However, it is simply too early to forecast if and when economic policies and local industries are able to stem the severity of the current cycle.
2. Market expectations in 2004 – 2007, (when the majority of comparable land sales occurred), were based on more favorable economic conditions and employment prospects, yielding greater buyer confidence, superior financing alternatives, modest price appreciation, and lower market risk from greater development velocity. The inverse is true today for all these factors.
3. Real estate market activity and consumer confidence has declined precipitously and no truly comparable land sales could be located that occurred subsequent to the onset of prevailing market conditions.
4. It appears land development and investment risk is being re-priced.
5. Development of the subject may not likely to occur for several years based on the time, costs and risks associated with generating sufficient revenues to provide profit and offset development costs.

In the final analysis, consideration is given to the subject's location and design with both neighborhood and Bay and City view characteristics along with density. Thus, the appraiser concludes the market value for the subdivision-mapped land that supports condominium units can be estimated at $65,000/unit.

Based on the aforementioned unit value, the aggregate sum of retail value approximates $77.8 million. The reported cost to create the 1,197-unit development site is based on a unit cost of $26,923/unit for a total of $34.95 million.

c) Absorption

The projection of the aforementioned gross revenues is based upon the absorption outlined below. It is noted that developing land units has not been the development model, as completing vertical units has more often been the intent. However, the scale and size of HPS Phase I is atypical and it would be the intent of the developer to do both – complete horizontal development and sell off portions of the project area to other builders, and also to complete vertical development. The appraiser concludes the only reliable manner in which to project absorption is to base it on the probable success of vertical development and pace of finished unit sales. This appears reasonable since developers and builders base their decision on the take down of land as it tracks the build-out and sell-out of competing units. While absorption of land and even units can occur in an irregular pattern with certain spikes concurrent with economic cycles, it is impossible and unreliable to speculate an irregular market pattern of activity. This is especially true of a large project similar in scale to the subject. Further, the investment and lending community would not

consider any such speculation but rather look to an overall average. Therefore, absorption is projected based on long-term perspective and includes activity noted by MLS statistical data as well as within other projects noting that few are of comparable size to the subject.

HPS is no doubt one of the largest projects to become available in some time in San Francisco. Its development is long awaited in San Francisco as it features a very good location and micro-climate and as well features views of the City with many orientations. While the attractiveness of the project area should have strong competitive appeal due to its new identity, self-contained geographic setting, Bay and City views, the project area must also compete with other existing and potential inventory at competitive prices in order to capture an appropriate market share. Therefore, long-term phased development is anticipated.

A major factor influencing absorption is competitive pricing and the appeal of the subject to a wide range of buyers (i.e. entry level and move-up). As noted previously, by 2009 the median home price in San Francisco decreased by 5% between 2007 and 2009, from $664,060 to $629,000. In HPSCP's MLS District 10 another 7% decline in value is noted during the same period from $412,000 to $382,000. The HPS Phase I units will be new and reflect a superior quality and condition, as will offer extraordinary value in comparison to the appeal of its sub-district. Nonetheless, the appraiser's projected absorption is based on prudent and reasonable and competitive pricing and marketing efforts. Secondary consideration is given to the scale of the project and the long-term absorption that is anticipated that will require aggressive pricing.

One measure of the project's potential development scale and absorption potential is to note San Francisco Association of Realtors MLS statistics. This is due to the dramatic shift in market activity that has recently occurred in the past 12 – 24 months. Recent absorption, both prior to and after the 2008 market collapse, are not reliable indicators. So a longer-term view is considered appropriate.

Citywide between 2000 and 2009, a total of 27,368 <u>condominium</u> housing units were sold, or approximately 2,734 units / year. The number of <u>newer condominium</u> units sold – those built after 1994 – total 8,279, or 828 units / year. This is believed to somewhat understate the number of new condominium units sold as the marketing of new projects is not always done so through an affiliation with SFARMLS. However, if understated, the number of new condominium units that have been sold (outside of MLS) are those located in SOMA where there has been a preponderance and preference for new mid-rise and high-rise condominium investment. These project locations are not competitive with the HPS Phase I. There has been other new non-MLS development and successful sales activity at other non-SOMA locations that may not reflected in the stats as well. However, even if the record was understated by approximately 25%, the long-term level of activity suggest that no

more than approximately 1,000 units per year could be anticipated. The actual record or approximate record of units sold ranges from 828 / year to 2,734 / year. This a broad range. However, based on it and the anticipated delivery of new inventory in the southeast neighborhoods (including Eastern Neighborhoods, Bayview-Hunters Point), the appraiser concludes it is reasonable to assume long range absorption from 1,000 to 1,500 / units per year is reliable to form the basis for projecting HPS Phase I revenues.

Given the competitive price levels for new units at HPS Phase 1, and the project's overall appeal, the appraiser concludes that a capture rate of 10% to 20% for HPS is a reasonable basis to project absorption. The projected level is generally consistent with activity levels occurring during the period from 2000 – 2007 acknowledging HPS Phase I contains a minor mix of units with not all types competing with each other. In the cash flow projection, the 86 attached single family market-rate units are segregated in the projection, noting the 15 affordable units, and their impact on the valuation is allocated separately. However, in the case of the 1,197 condominium units, 15% or 180 units are affordable that are in high-demand and rapid absorption is anticipated. The absorption rate for the subject is projected at 5 units / month for the attached market rate SFR units, and 13 units / month for the market rate and affordable condominium units. However, effectively this condominium absorption projection equates to approximately 11 market rate units per month since 15% of its inventory is affordable.

The projected absorption reflects a construction and marketing period with revenues flowing in 2013 to 2019, that almost spans the next 9 years. That period includes a hold of 1.5 – 2 years to insure the market can return to a better balance.

For purposes of projection, aforementioned revenues are projected to increase at a 0% for years 1 – 4, and then at 3% for years 5 – 10. This is considered to be a very conservative estimate, especially given the level of appreciation noted over the previous 6 years, but as well the recent and abrupt market decline. However, this conservatism is also reflected in the selection of an appropriate discount rate discussed later. Please refer to the cash flow projection for each of the subject neighborhoods for specific revenue projections.

d) Development Costs and Deductions – HPS Phase I

Selling Costs

Selling costs include sales commissions, and other miscellaneous costs such as escrow fees, etc. An allowance of 5% of gross sales proceeds is projected for the analysis of the HPS units.

Profit

A developer's profit allowance is deducted to compensate or reward the developer

for the risk and entrepreneurial effort related to development of the project. The estimate of an appropriate profit margin allowance is based upon the appraiser's interviews with local and knowledgeable builders competitively successful under current market conditions, as well as relying on the Korpacz Investor Yield Survey. In their responses, target profit margins ranged depending upon regional location, market, segment (i.e. entry level tract housing units to custom homes). Based upon the analysis presented herein, and under current market conditions, it is believed that a profit allowance of 8% appears reasonable for the HPS Phase I subdivision component.

Development Costs

Next, the costs to produce the projected revenues are deducted to analyze the appraisal condition of the subject property. These costs include completion of horizontal land development costs.

For this analysis, the appraiser relies upon budgets prepared for Lennar by their project engineer, MACTEC. A summary of these costs is included in the addenda as Item 3. The remaining HPS Phase I infrastructure costs total $34,935,768 to put in service the land infrastructure for 1,298 units (that also serves the 283 set-aside units). However, these land development cost projection is based on the absorption of market rate units that trigger the requirement to provide affordable housing units. The analysis identifies the remaining overall costs of $26,923 / unit. The remaining infrastructure costs are projected to run concurrent with the aforementioned absorption, but approximately 3 months prior to revenue projections and then accelerate so the land development process is completed by mid-2017.

After deducting the aforementioned development costs to derive net proceeds, a net present value analysis is completed by discounting the projected income stream.

e) Income Capitalization - Discounted Cash Flow Analysis (DCF) - HPS Phase I

The indicated Market Value utilizing the DCF capitalization method represents the sum of the present worth of each projected annual net income stream (before depreciation and taxes); and the present worth of the reversion (if any). The appraiser's Discounted Cash Flow Analysis model is completed on Argus.

Most investors price real estate on their outlook for the income and their judgment of the risks involved. The analysis seeks to reflect the most likely actions of buyers and sellers who would consider properties such as the subject.

One major consideration in the selection of an appropriate discount rate is the appraisal condition regarding the issuance of required development approvals. HPS Phase I has an approved Final Subdivision Map and extensive infrastructure ahs been completed. No approval risk exists. However, consideration is also given to the level of risk associated with income, absorption and costs projected in the analysis. The more aggressive the projection, the higher the risk of realizing the potential revenue. In the appraiser's opinion, all factors are considered to be reasonable and neither reflects an aggressive approach nor one too conservative. Therefore, the choice of appropriate discount rate must be viewed within this context.

For this analysis, the appraiser also interviewed major developers capable of managing the HPS Phase I project. In the final analysis, the selection of an appropriate discount rate is influenced by many factors. These include:

1. The current and long term market support for residential development. Currently, the market is experiencing limited demand. However, long term job and population growth is projected for San Francisco.

2. The reasonableness of the cash flow projection using market based unit prices and market supported absorption rates developed from the long-term development patterns in San Francisco.

As noted, HPS Phase I targets a variety of market segments. **Table 14** provides the result of the DCF showing their present value contribution estimate based upon a discount rate of 10%. Other supporting cash flow projection tables are presented in the addenda item 3. Based on the characteristics of the property, a mid-point discount rate is considered to appropriately reflect the anticipated risk and development factors discussed herein. Thus, based on a 10% discount rate, the indicated value for the subject property is $34,650,000. However, two final adjustments are required. The first is attributed to the burden a developer will face in satisfying the affordable requirement for the 15 attached single family lots. This has been estimated to be $2.925 million. When deducted it indicates an adjusted value of $31,725,000. The second adjustment is attributed to real estate taxes that will accrue each year until the project is sold out. The analysis is presented on **Table 15.** The tax liability is attributed to unsold units based on prospective assessed value that increases at 2% per year. The estimated value of $31,725,000 before taxes is used to derive the future liability of unsold inventory. The prospective tax liability each year must be discounted to derive the present value of this carrying expense. The analysis indicates a present value of $1,229,000. When deducted, the current value of HPS Phase I is estimated to be **$30,500,000** (Rounded).

Table 13

ioftware : ARGUS Ver. ARGUS 2007 (Build: 13000-G)
'ile : Hunters Point Phase I
'roperty Type : Unit Sales
'ortfolio :

HPS Phase I
San Francisco, CA

Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 4/1/2010

ıssumes Public Infratructure Improvements are Complete

'or the Years Ending	Year 1 Mar-2011	Year 2 Mar-2012	Year 3 Mar-2013	Year 4 Mar-2014	Year 5 Mar-2015	Year 6 Mar-2016	Year 7 Mar-2017	Year 8 Mar-2018	Year 9 Mar-2019	Year 10 Mar-2020	Year 11 Mar-2021
Init Sales Revenue											
Sales Revenue			$26,055,000	$18,780,000	$12,480,000	$12,854,400	$13,240,032	$13,637,233	$9,676,340		
Selling Costs			(1,302,750)	(939,000)	(624,000)	(642,720)	(662,002)	(681,862)	(493,817)		
let Sales Revenue			24,752,250	17,841,000	11,856,000	12,211,680	12,578,030	12,955,371	9,382,523		
'otal Potential Revenue			24,752,250	17,841,000	11,856,000	12,211,680	12,578,030	12,955,371	9,382,523		
liscellaneous Expenses											
Profit			2,084,400	1,502,400	998,400	1,028,352	1,059,203	1,090,979	790,107		
'otal Miscellaneous Expenses			2,084,400	1,502,400	998,400	1,028,352	1,059,203	1,090,979	790,107		
'otal Revenue Before Costs			22,667,850	16,338,600	10,857,600	11,183,328	11,518,827	11,864,392	8,592,416		
levelopment Costs											
Init Construction Costs			6,353,828	6,730,750	6,461,520	6,639,212	6,838,388	2,248,163			
'otal Development Costs			6,353,828	6,730,750	6,461,520	6,639,212	6,838,388	2,248,163			
'ash Flow Before Debt Service			$16,314,022	$9,607,850	$4,396,080	$4,544,116	$4,680,439	$9,616,229	$8,592,416		
ı INCOME TAX											

Software : ARGUS Ver. ARGUS 2007 (Build: 13000-G)
File : Hunters Point Phase I
Property Type : Unit Sales
Portfolio :

Table 14

HPS Phase I
San Francisco, CA

Prospective Present Value
Cash Flow Before Debt Service
Discounted Annually (Endpoint on Cash Flow) over a 14-Year Period

Assumes Public Infratructure Improvements are Complete

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 10.00%
Year 1	Mar-2011		
Year 2	Mar-2012		
Year 3	Mar-2013	16,314,022	12,256,966
Year 4	Mar-2014	9,607,850	6,562,291
Year 5	Mar-2015	4,396,080	2,729,620
Year 6	Mar-2016	4,544,116	2,565,035
Year 7	Mar-2017	4,680,439	2,401,805
Year 8	Mar-2018	9,616,229	4,486,042
Year 9	Mar-2019	8,592,416	3,644,023
Year 10	Mar-2020		
Year 11	Mar-2021		
Year 12	Mar-2022		
Year 13	Mar-2023		
Year 14	Mar-2024		
Total Cash Flow		57,751,152	34,645,782
Total Property Present Value			$34,645,782
Rounded to Thousands			$34,646,000
Per Unit			27,003.73

TABLE 15

TAX EXPENSE CALCULATION	Year Current	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
ESTIMATED ASSESSED VALUE	$31,725,000									
PROJECTED ASSESSED VALUE before taxes	$31,725,000	$32,359,500	$33,006,690	$33,666,824	$34,340,160	$35,026,963	$35,727,502	$36,442,052	$37,170,893	$37,914,311
VALUE / UNIT	$24,441	$24,930	$25,429	$25,937	$26,456	$26,985	$27,525	$28,076	$28,637	$29,210
CONSTRUCTION COST $/UNIT	$40,918	$42,146	$43,410	$44,712	$46,053	$47,435	$48,858	$50,324	$51,834	$53,389
TOTAL INVENTORY	1298	1298	1298	1298	1298	1298	1298	1298	1298	1298
COMPLETED INVENTORY / YR	0	0	226	235	260	240	240	97	0	0
CUMULATIVE INVENTORY	0	0	226	461	721	961	1201	1298	1298	1298
UNBUILT / UNSOLD INVENTORY	1298	1298	1072	837	577	337	97	0	0	0
TAXABLE VALUE	$31,724,418	$32,359,140	$27,259,888	$21,709,269	$15,265,112	$9,093,945	$2,669,925	$0	$0	$0
TAX RATE	1.150%	1.150%	1.150%	1.150%	1.150%	1.150%	1.150%	1.150%	1.150%	1.150%
TAXES / YR	$364,831	$372,130	$313,489	$249,657	$175,549	$104,580	$30,704	$0	$0	$0
PV TAXES @ 10%	$1,229,000									

E. HPS Phase II - Current Land Value Components

HPS Phase II includes a broad spectrum of land uses that is intended to create a compatible and feasible land use development program. The proposed land uses for HPS Phase II are summarized on **Table 3.** In the current economic climate, projected revenues from the sale of residential and commercial development land units are significantly less than required horizontal development costs to put the land in service for such uses. Under current market conditions only public subsidy through financing programs can close the feasibility gap. However, according to USPAP and input from the California Debt and Investment Advisory Commission, reliance on public financing can only be considered to mitigate economic feasibility rather than to create or impact land value.

The development schedule for the project's residential and commercial components is dependent on the Navy's environmental remediation program slated for completion during 2012 – 2015. The schedule impacts phasing for residential and non-residential uses. Future development and uses for the HPS South area is dependent upon its selection for the future construction of the new San Francisco 49er's football stadium. If the site is not selected for the stadium project, the area is slated for development of light industrial research and development, and office uses.

The initial test of market feasibility (and land value determination) considers the static comparison between aggregate revenue and horizontal development costs. Feasibility is lacking if all revenues (that in theory could be realized on the date of value) are less than the costs to bring the land into service. When such a deficit is apparent, and particularly noting that 1) extraordinary costs must be expended first, and 2) the deficit does not even account for a required profit incentive to take on such a large scale and long term project; project feasibility and positive land value is absent.

Table 3 presents a summary of maximum retail values for development land to support the respective uses. The projected unit values are based on prevailing land

prices presented on **Tables 15, 16, 17, and 18.** These are tabulated as item 7 in the Addenda.

Table 12 presents nearby residential development site sales as well as those in superior SOMA locations. These were discussed previously in the valuation of HPS Phase I. **Table 15** includes residential development site sales located in the San Francisco Mission District. **Table 16** includes major office development site sales in the SOMA Financial District. **Table 17** includes R&D development site sales in San Francisco's Mission Bay district. **Table 18** includes commercial development site sales in San Francisco's Mission, Central Waterfront and Bayview districts along with those located in the North San Mateo County communities of South San Francisco. **Table 19** includes hotel development site sales in San Francisco and the East Bay.

Referring to **Table 15,** recent and historical transactions are presented along with several current listings that may reflect market optimism rather than realism. The indicated unit value ($/unit) is considered relevant given the market's emphasis on understanding land values expressed as a component or contribution to the completed development unit value. Excluding the outliers, these transactions indicate land price levels typically ranging from $60,000/unit to approximately $126,000/unit.

In the Mission, 13 land sales were located. These vary with respect to parcel size, and density and thus project size. These factors contribute to market risk, design characteristics, affordable requirement, and tend to have an impact on land values. The appraiser concludes the Highest and Best Use for the subject is for development reflecting a density up to 77 units / acre of net development area (excluding open space). Referring to **Table 15**, comparable density is segmented for those projects developed (or intended) at density levels of approximately 50 – 75 units / acre, 90 – 130 units / acre, and above 150 units / acre. The subject best compares to the first two lower density segment levels. Overall, the data tends to reflect residential land price levels ranging between $40,000/unit to $90,000/unit, with one notable exception as high as $270,000/unit.

Sale 1A and 1B comprise the historical sale and current listing of a small corner site at Mission and 14th Street that offers a maximum 65' building height. It is across from the Armory and reflects a high density proposal. It fetched a price of $43,333/unit in 2003 and now is available at $69,444/unit.

Sale 2A, 2B and 2C comprise the current listing of two adjoining mid-block parcels (just south of Sale 1) that are under the same ownership. Each is advertised for sale but Sale 2C represents the combined marketing effort if acquired in a single transaction. The combined development potential proposal offers a maximum 65' building height reflects a high density plan for a mid-size project. These reflect unit

prices from $59,000/unit to $125,000/unit. Overall, the available property reflects an asking price of $98,000/unit.

Sale 3 is a pending transaction located across the street from Sale 2. It is a larger site capable of supporting a large high-density project that offers a maximum 65' building height. The project also has approvals. Both factors are considered superior to the subject. The pending purchase price reflects a unit value of $67,000/unit. While the transaction is held up in litigation, it may provide the most recent indication of competitive land pricing in the Mission.

Sale 4 – 9 comprise older transactions and recent listings that reflect unit prices from $63,333/unit to $120,000/unit.

Sale 4 located at the corner of Mission and 15th Street provides a 65' building height that fetched a land price of $82,125/unit (in 2004). It is a smaller 24-unit project that at the time of sale it was conveyed with development approvals. It has been now been developed and marketing efforts are nearly complete.

Sale 5 is an older transaction located at the confluence of Valencia and Mission. It represents the purchase price for an assemblage of two parcels that have been developed with a lower density project.

Sale 6 is a current listing for a corner parcel at Mission and San Jose now improved with a Shell service station. It features broad frontage and is zoned NC with a 40' building height limit. The $120,000/unit price is an asking price for a site similar in size to the subject offering a low density project.

Sale 7 is the 2006 sale of a generally smaller site offering a high-density opportunity. It is also one of the more recent sales indicating a unit price of $63,333/unit. The immediate vicinity of Harrison is now developing with a host of small desireable condominium projects.

Sale 8 is the 2006 sale of higher-density mid-size project site on the north side of 14th Street between Valencia and Stevenson. It sold in 2006 for $98,750/unit. Its value is also impacted by an interim billboard sign usage that generates considerable income.

Sale 9 is an older 2004 transaction for a small lower density project at the NEC of Valencia and 20th Street. The site was a former Shell service station that was contaminated and required clean-up at seller's expenses. This transaction was one of two sites acquired simultaneously. The other site was located at 1898 Van Ness.

Sales 10 – 12 are also located in the Mission but comprise generally smaller project sites of 3 – 13 units reflecting lower density (and hence higher unit prices ranging from

$152,000/unit - $270,000/unit). Consequently lesser emphasis is placed on these transactions for comparison to the subject

Sale 13 is a recent transaction for a large site at the corner of Mission and Cesar Chavez. It is a large very high-density project that reflects a commensurate low unit price.

Sales 14 – 20 are generally recent land sales transactions that are located in competitive Eastern Neighborhood districts including Potrero/Showplace and the Central Waterfront, along with a couple of sales in West SOMA. Sale 14 and 16 are affordable housing site and consequently do not directly compare to the subject. Sale 15 is similar in terms of project size but is a small high-density project. Sale 17 at $116,000/unit features a hillside setting that will provide dramatic Bay and SOMA view characteristics. Sale 18 is a larger high-density project that is very well located in the Showplace Square neighborhood. Sale 19 is an older transaction. Sale 20, at $126,250/unit is located adjacent to Mission Bay where significant new institutional and biotech development has been completed or is under construction. Its' price is impacted by having satisfied it affordable housing requirement by payment of an in-lieu fee.

Table 16 includes 4 tabulated sales indicate an unadjusted range of value from $1,535 to $1,881/SF, and $85/SF to $104/SF of gross floor area. These transactions represent premier high-rise office development sites in SOMA.

Table 17 includes the few land sales acquired for the type of R&D bio-tech development like that allowed at Mission Bay in San Francisco. Similar development has occurred in South San Francisco, but that location varies from San Francisco in many ways ranging from proximity to UCSF and the opportunity to identify with the Mission Bay culture, prevailing wages, and employment taxes, among others.

The primary unit of comparison is expressed as the sales price per square foot of floor area ($/SF/FA). In comparing market data to the subject property, adjustments are typically required for property rights conveyed, financing terms, condition of sale, date of sale, location, physical and other characteristics.

The 3 tabulated sales, indicate an unadjusted range of value from $41/SF/FA to $71/SF/FA. Each of these transactions is located in Mission Bay, or on the perimeter as in the case of Sale 3. Sale 1 was one of the initial 2004 sales transacted for such a use in Mission Bay and is believed to represent a price point set to initiate R&D development that was pioneering in San Francisco. It also constitutes a large capacity to support nearly 760,000 SF of floor area. This price also reflects the location of the site adjacent to I-280 and although it can command views of the Mission Bay project area and the UCSF campus, it is not as dramatic as the location of Sale 2 and 3, more proximate to the Bay. This site has been partly

developed with a life science project and the Gladstone Institute research facility. Sale 2 was the second wave of land acquisition by Alexandria Real Estate Equities, occurring in 2005. This site remains undeveloped. It comprises the west block area fronting Illinois Street. Adjacent to the east of Sale 2 and the Illinois Street is Sale 3, acquired by Shorenstein in 2005. At the time of sale it was approved to support 450,000 SF of R&D. This 2-buidling project is now completed. It is believed the price level reflected the approval and the pre-construction commitment for occupancy by Fibrogen reducing the risk associated with developing such a large project. It also will benefit from dramatic views north and east to San Francisco's skyline and the Bay.

Given the adjoining Block areas were both acquired in 2005, the overall price may be of interest. The combined development supports construction of 950,000 SF of R&D floor area. The combined price was $60,440,506. This reflects a unit price of $63.62/SF/FA. While land prices for professional office site have escalated significantly in the past 2 – 3 years, there has been less demand and investment appeal for R&D inventory. Currently, there is an abundance of available bio-tech space in the San Francisco and Peninsula market area, reported at nearly 1.7 million SF.

Table 18 presents 12 sales that indicate an unadjusted range of value from $36 to $181/SF. The appraiser acknowledges this is an extreme broad range but it includes the competitive price levels for varying uses as noted above. The analysis that follows focuses on those local transactions considered most meaningful. Sale 1A and 1B represents the land acquired to support the re-positioning and potential expansion of the San Francisco Logistics Center at 1070-1080 San Mateo Avenue in South San Francisco. These two transactions represent the 2006 sale and 2008 resale of the same property, serving as an off-site SFO parking facility – a 5.23 acre fenced and paved parking lot. The historic price of $38/SF is considered to reflect market value levels consistent with industrial uses, while the recent price of $55/SF may reflect an atypical motivation given the intended (and necessary) motivation of the buyer needing to acquire additional land to improve parking and circulation for a large industrial distribution warehouse facility. Then there is the Sale 3 transaction at Oyster Point, a modern and superior developed business park location with superior HWY 101 access intended for development by Kaiser Foundation. It indicates a unit price of $52/SF that in a sense helps provide some perspective on Sale 1A, given its smaller size, location and date of sale as it correlates with Sale 1B occurring at the same time. Sales 3 – 12 are located in San Francisco, and for the most part represent industrial land prices noting some exceptions such as Sale 3 that was developed with mid-rise self storage by maximizing its orientation with HWY 101 frontage and exposure. In addition, Sale 12 reflects the price level associated with the purchase of a Mission May biotech development site.

Table 19 presents historic land sales data to support hotel development in San Francisco, with more recent evidence for hotel development sites in the East Bay.

The appraiser's projected sum of revenue is based on current maximum supportable unit prices based on the aforementioned market data transactions. This is to establish the best case for the projects financial feasibility. Further, under current market conditions the appraiser concludes there is no basis to support price appreciation for these uses for several years.

For the valuation of the residential component, a unit price of range from $70,000 / unit to $80,000 / unit is selected for the market rate units depending on their orientation in HPS Phase II. The valuation relies only upon the market rate units only that include 10% apartments, 29% townhouses, and 71% flats. The affordable units (that constitute 423 agency lots) and 225 affordable work-force units create no positive value for the land. The developer is required to expend land development costs to convey finished lots for Agency use, and either one or two bedroom workforce units must be sold to qualified income buyers at formulated prices using 150% AMI prices (or less) ranging from approximately $353,000/unit. This revenue approximates a value of $353/SF. The developer's pro-forma[3] and residual analysis indicates these units cost $414/SF to construct and an overall negative value of -$89,500/unit. Thus, they yield a loss and represent a developer gap-funding obligation to satisfy the affordable requirement. The units at HPS North are considered to offer a superior location in a larger mixed-use neighborhood nearest the waterfront. The overall inventory in this area reflects an overall density of 76 units / acre. Primarily development is located within 4-story structures that incorporate townhouses and low-rise flats, along with a tower 8-story structure that offers flats with superior view characteristics from the upper floor levels. For the HPV

[3] The developer's projections of land prices, assuming environmental and project approval, as well as horizontal land development costs, are derived by a residual model. The developer's residual land prices attributed to market rate for sale units ranges from $90,000 to over $100,000/unit for low-rise and high-rise flats or loft units, and $120,000/unit and higher for townhomes. Despite the waterfront orientation of the HPS project area, with some units offering Bay views, the appraiser concludes thee land prices are now not achievable. Generally these price levels have not been achieved in San Francisco except for preferred SOMA high-rise locations close to employment and the City's cultural and transportation assets, and featuring dramatic Bay and City views. For the most part these transactions occurred at the height of the market in 2005-2006, and vertical development for most have been shelved. Nor have these land values been achieved within competing locations in North San Mateo County. The absorption schedule assumes the sale of land units for development and marketing during a 4-year period from 2012 through 2015, at price levels that cannot be supported. In terms of the for sale product, the overall absorption is aggressively projected to sell between approximately 250 – 285 units per year. However in Year 2015, absorption of 658 units is projected that is attributed to the development of a tower structure. Absorption levels at 250 units and more per year imply at least 20 sales / month and 1 sale / day. It is recognized the overall absorption metric may appear to overstate the required success of the project. The master plan project includes a variety of unit types that appeal to different buyer segments that would not necessarily compete with each other. Nonetheless, the aforementioned absorption projection does not appear to be achievable or sustainable. Thus, the appraiser cannot concur with either the projected land values or absorption rates that are presented in the developer's pro-forma.

and Green R&D, those residential components have no affordable requirement and thus support higher land unit prices. Finally, the unit price range takes into consideration the lack of development approvals.

For the valuation of the commercial retail component, only that retail area in the HPV is calculated to derive its component value. This is due to the fact that the ground floor commercial area located in HP North and the Green R&D blocks (that are developed with housing units) is valued based on the metric of per (development) unit. This is due to the fact that the majority of the comparable residential land sales also include ground floor commercial areas. Stated another way, it is noted that few commercial (retail) land sales could be located in San Francisco. That is attributed to the fact that the vast majority of commercial retail facilities are located (or imbedded) within the ground floor of multi-story vertical development projects that includes upper floor housing units. Thus, there is little recent evidence of pure retail land value. The developer's pro-forma for neighborhood retail is derived by a land residual technique that concludes a unit price of $125/SF/FA. Such a technique segregates value by use. The appraiser's valuation technique relying on comparable land sales that in include ground floor retail makes no such allocation or segregation. However, for HPV where there is limited housing density (only 240 units) and 25,000 of neighborhood retail and 225,000 SF of artist commercial, a separate value component is appropriately considered. The artist commercial use is considered to require an affordable basis to support the historical and prospective artist community at HPS. The valuation relies on a unit price of $50/SF/FA that falls below the land value for commercial office development sites with which this use sometimes competes. Alternatively, given a typical suburban site coverage of 25% to 30%, the FA value corresponds to a land based unit price of $150/SF to $200/SF.

For the valuation of R&D and office land, reliance on San Francisco Mission Bay comparable sales data is referenced as well as the peaks sales activity for SOMA high-rise development sites. The indicated R&D land value range is from approximately $40/SF/FA - $70/SF/FA. The indicated office land value range is from approximately $85/SF/FA - $11/SF/FA. The developer's pro-forma for office is derived by a land residual technique that concludes a unit price of $75/SF/FA. Mission Bay and SOMA are certainly preferred locations proximate to urban assets (transportation, labor pool, supporting services) and offer prestigious identity and premium view characteristics. The value for the low-mid-rise office development at HPS Phase II, although on are near the waterfront with views to the north would command a much lower rental and investment value. These factors lead to the selection of the low end of this range for HPS Phase II, or $50/SF/FA.

For the valuation of HPS South, this 165-acre site may support the new 49er football stadium and R&D or office development. The negotiation between the 49ers and the City is on-going. Under the Board of Supervisors resolution approving the financing plan, the stadium site is granted to the team at no cost. Other area nearby the

stadium is slated for development of light industrial research and development, and office uses. At this time it is just unknown what concessions either party may grant or require to successfully structure a deal. For the 500,000 SF R&D / office area, given its size and use potential consideration is placed on (non-residential) commercial development land sales in San Francisco and North San Mateo County. Other East Bay land sales are referenced as well since there are no land comparables in San Francisco similar in terms of size to this HPS South land use component. These are summarized in the addenda as Item 7. These factors lead to the selection of a maximum unit price of $40/SF/FA. Expressed as an SF value, it equates to $3/SF for the entire land area (but that includes the stadium land area).

The initial test of market feasibility (and land value determination) considers the estimated land value components. Based on the aforementioned discussion **Table 20** presents a summary of maximum retail values for development land to support the respective uses. Projected unit values and component revenues total **$283 million.**

Next, these revenues are compared to the required land development costs to serve these uses.

The developer has completed an in-depth analysis that incorporates a detailed horizontal development budget in response to phased access for development based on Navy remediation schedule, physical characteristics, and all reasonable and contingent requirements to support large scale development. The total HPS Phase II infrastructure costs total approximately **$924 million** without consideration of inflation. A copy of the detailed cost estimate prepared by MTC is presented in the Addenda Item 4. These costs are site-specific and are concluded to provide a reliable basis for the valuation of HPS Phase II.

These **$924 million** costs exceed the appraiser's projected sum of revenue proceeds that total (not more than) **$283 million** including both residential and commercial land use components. The feasibility deficit implies a negative value of over **$640 million**. The outline of the aforementioned revenues and costs are presented on **Table 20**[4].

[4] The HPS Phase I Hilltop subdivision map #4231 includes two commercial lots identified as Lot 1 -Block 1 and Lot 60 Block 51. The parcels are adjacent to each other occupying a total of 3.21 acres at the northwest corner of Innes and Donahue across from the residential subdivision and proximate to HPS Phase II. They are designated for commercial use but with no designated floor area. Although they are part of a HPS Phase I subdivision map, the land area remains undeveloped and is more closely associated with future development of HPS Phase II. The land development improvements in progress as part of subdivision map #4231 and $#5255 do not serve these commercial lots that remain in an undeveloped condition. No site development costs were provided for this analysis but these sites will likely benefit from the land development and infrastructure of HPS Phase II. Consequently the valuation considers this land component as part of HPS Phase II. For this analysis its valuation is based on an FAR of 2.0 yielding a potential land use of approximately 280,000 SF that could support a maximum unit value of $50/SF/FA. When added to the aggregate sum of value for HPS Phase II, it does not serve to close the HPS Phase II feasibility gap that otherwise indicates no positive value.

HUNTERS POINT SHIPYARD PHASE II					CLIFFORD APPRAISAL VALUATION							TABLE 20
										HUNTERS POINT SHIPYARD PHASE II		FEASIBILITY DEFICIT
COMPONENT	NET ACRES	RESIDENTIAL VALUE COMPONENT (1)			COMMERCIAL VALUE COMPONENT			TOTAL VALUE $ (2)	TOTAL $/AC	HPS COSTS PH II	HPS PH II COSTS	
		# of Units	$/Unit	$	SF	$/SF/FA	$	$		$		
TOTALS	**188.38**	**2,012**	**$72,490**	**$145,850,000**	**2,850,000**	**0**	**$137,500,000**	**$283,350,000**	**$1,504,141**	**$923,898,534**	**TOTAL**	**-$640,548,534**
										$8,908,456	PRE-DEV	
HPS North	13.50	1,451	$70,000	$101,570,000	25 K SF INCLUDED IN RESIDENTIAL		$0	$101,570,000	$7,523,704	$835,593,489	HARD	*REVENUES*
										$10,790,568	OTHER	*MINUS*
HP Village Center	0.35	240	$77,500	$18,600,000	**250,000**	55	$13,750,000	$32,350,000	$92,428,571		Govt Fees	*COSTS*
					(Ret/Artist)					$19,190,568	Comm Benefits	*BEFORE*
Green R&D	17.22	321	$80,000	$25,680,000	**2,075,000**	50	$103,750,000	$129,430,000	$7,516,260	$6,600,000	G&A	*PROFIT*
					(Ret/R&D)					$25,067,805	Proj. Mgt.	
HPS South	157.31	0			**500,000**	40	$20,000,000	$20,000,000	$127,137	$7,470,467	Sales/Mkt	
					6,852,424	$3				$10,277,181	Taxes	
HP PH 1	3.21				279,614	50	13,980,700	13,980,700	4,355,358	unknown costs to put in service		< does not offset deficit >

(1) Value based on market rate units - affordable units yield no positive land value since formulated price is less than cost to produce

(2) Represents Sum of Retail Value, before time and risks are considered. Bulk Value is much less to account for time, risks.

(2) Value of Commercial Retail, Office & R&D based on $/SF/FA

Under current market conditions, it is inconceivable the HPS Phase II project could be supported without reliance upon public financing.

Therefore, the appraiser concludes it is not feasible to pursue development at HPS Phase II in the current market and economic context without reliance upon public financing programs to subsidize and close the feasibility gap. Future uses can only be realized through feasibility gap closing measures such as TIF (tax increment financing) or CFD Mello-Roos instruments. The fact that this area is in a redevelopment project area reflects the recognition that such mechanisms are necessary for this project to proceed. But absent a redevelopment plan that provides such financing alternatives, the current market values appear to be zero, or less, but in any event such financing mechanisms are not to be considered in the valuation of the subject property reflecting its "as is" condition.

F. HPS Phase II Land Value Estimate

The aggregate horizontal land development costs for HPS Phase II greatly exceeds the projected retail revenues for the land use components crafted by the local planning authority, a knowledgeable and experienced developer, and endorsed by the San Francisco Board of Supervisors. Despite these efforts the project lacks financially feasibility, and provides no profit incentive. Without relying upon public financing programs, HPS Phase II cannot be developed at this time. This leads the appraiser to conclude the property possesses no positive land value, and in fact may be negative without the public subsidy. Thus, a value of $0 is estimated for HPS Phase II.

G. CP - Current Land Value Components

CP includes a broad spectrum of land uses that is intended to create a compatible and feasible land use development program. The proposed land uses for CP are summarized on **Table 4.** In the current economic climate, projected revenues from the sale of residential and commercial development land units are significantly less than required horizontal development costs to put the land in service for such uses. Under current market conditions only public subsidy through financing programs can close the feasibility gap. However, according to USPAP and input from the California Debt and Investment Advisory Commission, reliance on public financing can only be considered to mitigate economic feasibility rather than to create or impact land value.

Significant existing land use conditions are present that impact the time, costs and risks of realizing the development potential of Candlestick Point. The Candlestick Park stadium, the Alice Griffith low-income housing development and Candlestick Point State Park impact the development potential of the CP project area. In addition, the CP project area is also dependent on the developer acquiring several other privately owned parcels to create the intended development site.

The initial test of market feasibility (and land value determination) considers the static comparison between aggregate revenue and horizontal development costs. Feasibility is lacking if all revenues (that in theory could be realized on the date of value) are less than the costs to bring the land into service. When such a deficit is apparent, and particularly noting that 1) extraordinary costs must be expended first, and 2) the deficit does not even account for a required profit incentive to take on such a large scale and long term project; project feasibility and positive land value is absent.

Table 21 presents a summary of maximum retail values for development land to support the respective uses. The projected unit values are based on prevailing land prices presented on **Tables 15, 16, 17, and 18.** This market data has been introduced in the valuation for HPS Phase II.

Referring to **Table 15,** recent and historical transactions are presented along with several current listings that may reflect market optimism rather than realism. The indicated unit value ($/unit) is considered relevant given the market's emphasis on understanding land values expressed as a component or contribution to the completed development unit value. Excluding the outliers, these transactions indicate land price levels typically ranging from $60,000/unit to approximately $126,000/unit.

In the Mission, 13 land sales were located. Overall, the data tends to reflect residential land price levels ranging between $40,000/unit to $90,000/unit, with one notable exception as high as $270,000/unit.

Table 16 includes 4 tabulated office sales that indicate an unadjusted range of value from $1,535 to $1,881/SF, and $85/SF to $104/SF of gross floor area. These transactions represent premier high-rise office development sites in SOMA.

Table 17 includes the few land sales acquired for the type of R&D bio-tech development like that allowed at Mission Bay in San Francisco. The 3 tabulated sales, indicate an unadjusted range of value from $41/SF/FA to $71/SF/FA.

Table 18 presents 12 (non-residential) commercial land sales that indicate an unadjusted range of value from $36 to $181/SF.

Table 19 presents historic land sales data to support hotel development in San Francisco, with more recent evidence for hotel development sites in the East Bay. There has been limited hotel development in San Francisco, excluding a few at its best locations in the CBD. The data suggests that prevailing price levels range from approximately $22,000/room to $53,000/room for hotel locations near Moscone Center. In addition to the historic data, one other more recent hotel site transaction has emerged for consideration. It involves the buy-out of a ground lease supporting the 131-unit Bay Landing hotel site at 1550 Bayshore Hwy in Burlingame. It comprises a 2.18 acre site that was developed with this SFO airport-serving facility. The transaction only conveyed the site that had previously been ground leased. Limited confirmation was available but the buyers confirmed a $5.5 million price for the land, or approximately $42,000/room and $58/SF of land area.

The appraiser's projected sum of revenue is based on current maximum supportable unit prices based on the aforementioned market data transactions. This is to establish the best case for the projects financial feasibility. Further, under current market conditions the appraiser concludes there is no basis to support price appreciation for these uses for several years.

For the valuation of the residential components, a unit price of range from $50,000 / unit to $80,000 / unit is selected for the market rate units depending on their orientation in CP. The valuation relies only upon the market rate units only that include 19% apartments, and 21% townhouses. The affordable units (that constitute 840 agency lots) and 1,055 affordable units create no positive value for the land. The developer is required to expend land development costs to convey finished lots for Agency use, and either one or two bedroom affordable units must be sold to qualified income buyers or renters at formulated prices using 80% AMI prices (or less). Based on qualified income formulaic rent and price levels, these units yield a loss and represent a developer gap-funding obligation to satisfy the affordable requirement. The units at CP South are considered to offer a superior location in a larger mixed-use neighborhood nearest the waterfront. The overall inventory in this area reflects an overall density of 108 units / acre. Primarily development is located within 4-story structures that incorporate townhouses and low-rise flats, along with a

tower 30-story structure that offers flats with superior view characteristics. The units at CP North are considered to offer an appealing location as well. The overall inventory in this area reflects an overall density of 87 units / acre. Primarily development is located within 4-story structures that incorporate townhouses and low-rise flats. The market rate units at Alice Griffith are considered to offer an appealing but lesser location more distant from the waterfront and more proximate to older less quality residential and industrial Bayview neighborhood. The inventory in this area reflects an overall density of 62 units / acre. Primarily development is located within 4-story structures that incorporate townhouses and low-rise flats. Finally, the unit price range takes into consideration the lack of development approvals.

For the valuation of the commercial retail component, only that retail area in CP Center is calculated to derive its component value. This is due to the fact that the ground floor commercial area located in CP North and CP South (that are developed with housing units) is valued based on the metric of per (development) unit. This is due to the fact that the majority of the comparable residential land sales also include ground floor commercial areas. Stated another way, it is noted that few commercial (retail) land sales could be located in San Francisco. That is attributed to the fact that the vast majority of commercial retail facilities are located (or imbedded) within the ground floor of multi-story vertical development projects that includes upper floor housing units. Thus, there is little recent evidence of pure retail land value. The developer's pro-forma for regional retail is derived by a land residual technique that concludes a unit price of $100/SF/FA. Such a technique segregates value by use. The appraiser's valuation technique relying on comparable land sales that in include ground floor retail makes no such allocation or segregation. However, for CP Center where there is limited housing density (only 274 units) and 580,000 of regional retail and 375,000 SF of other commercial uses (theatre, hotel, office, arena), a separate value component is appropriately considered. The regional retail relies on a unit price of $80/SF/FA that falls below the land value for prime commercial office development sites with which this use sometimes competes. The estimated land value for the regional retail approximates $46 million. Alternatively, given a typical suburban site coverage of 25% to 30%, the FA value corresponds to a land based unit price of $20/SF to $26/SF for a 40 to 53 acre site. Office development land is based on a unit price of $50/SF/FA. Hotel land area of 150,000 SF equates to approximately 200 units valued at $40,000/room, and $53/SF/FA. There exists land area for a 75,000 SF arena at CP Center. The appraiser concludes this is a highly speculative use that can depend on the success of the 49er stadium relocation to HPS Phase II. Until such time as that relocation is secured the appraiser concludes there is limited probability of realizing such a use. Thus, a commercial land value is assigned to this land use component.

For the valuation of office land, reliance on San Francisco Mission Bay comparable sales data is referenced as well as the peaks sales activity for SOMA high-rise

development sites. The indicated R&D land value range is from approximately $40/SF/FA - $70/SF/FA. The indicated office land value range is from approximately $85/SF/FA - $104/SF/FA. The developer's pro-forma for office is derived by a land residual technique that concludes a unit price of $75/SF/FA. Mission Bay and SOMA are certainly preferred locations proximate to urban assets (transportation, labor pool, supporting services) and offer prestigious identity and premium view characteristics. The value for the low-mid-rise office development at CP North, although on are near the waterfront with views to the north would command a much lower rental and investment value. These factors lead to the selection of the low end of this range for CP North, or $50/SF/FA.

The initial test of market feasibility (and land value determination) considers the estimated land value components. Based on the aforementioned discussion **Table 21** presents a summary of maximum retail values for development land to support the respective uses. Projected unit values and component revenues total **$284 million.**

Next, these revenues are compared to the required land development costs to serve these uses.

The developer has completed an in-depth analysis that incorporates a detailed horizontal development budget in response physical characteristics, and all reasonable and contingent requirements to support large scale development. The total CP infrastructure costs total approximately **$873 million** without consideration of inflation. A copy of the detailed cost estimate prepared by MTC is presented in the Addenda Item 5. These costs are site-specific and are concluded to provide a reliable basis for the valuation of CP.

These **$873 million** costs exceed the appraiser's projected sum of revenue proceeds that total (not more than) **$524 million** including both residential and commercial land use components. The feasibility deficit implies a negative value of over **$349 million**. The outline of the aforementioned revenues and costs are presented on **Table 21**.

Under current market conditions, it is inconceivable the CP project could be supported without reliance upon public financing.

Therefore, the appraiser concludes it is not feasible to pursue development at CP in the current market and economic context without reliance upon public financing programs to subsidize and close the feasibility gap. Future uses can only be realized through feasibility gap closing measures such as TIF (tax increment financing) or CFD Mello-Roos instruments. The fact that this area is in a redevelopment project area reflects the recognition that such mechanisms are necessary for this project to proceed. But absent a redevelopment plan that provides such financing alternatives,

CANDLESTICK POINT					CLIFFORD APPRAISAL VALUATION						TABLE 21	
									CANDLESTICK POINT			FEASIBILITY DEFICIT
COMPONENT	NET ACRES	RESIDENTIAL VALUE COMPONENT			COMMERCIAL VALUE COMPONENT			TOTAL VALUE $ (1)	TOTAL $/AC	CP	CP COSTS	
		# of Units (3)	$/Unit	$	SF	$/SF (2)	$	$		$		
TOTALS	90.6	6,188	$73,389	$454,130,000	1,135,000	0	$70,050,000	$524,180,000	$5,785,651	$872,944,091	TOTAL	-$348,764,091
CP North	32.30	2,468	$70,000	$172,760,000	70 K SF INCLUDED IN RESIDENTIAL		$0	$172,760,000	$5,348,607			
										$27,258,325	PRE-DEV	*REVENUES*
Jamestown	6.90	0	$0	$0	0	0	$0	$0	$0	$620,716,440	HARD	*MINUS*
										$16,922,366	Taxes	*COSTS*
CP Center	21.50	274	$65,000	$17,810,000	635,000	$80	$50,800,000	$68,610,000	$4,086,512	$100,000,000	STADIUM	*BEFORE*
					150,000	$53	$8,000,000	$8,000,000		$14,000,000	Govt Fees	*PROFIT*
					150,000	$50	$7,500,000	$7,500,000		$57,866,939	Comm Benefits	
					75,000	$50	$3,750,000	$3,750,000		$15,104,217	G&A	
CP South	29.90	3,042	$80,000	$243,360,000	55 K SF INCLUDED IN RESIDENTIAL		$0	$243,360,000	$8,139,130	$18,621,493	Proj. Mgt.	
										$2,454,311	Sales/Mkt	
Alice Griffith	19.79	404	$50,000	$20,200,000	0	0	$0	$20,200,000	$1,020,718			

(1) Value based on market rate units - affordable units yield no positive land value since formulated price is less than cost to produce

the current market values appear to be zero, or less, but in any event such financing mechanisms are not to be considered in the valuation of the subject property reflecting its "as is" condition.

H. CP Land Value Estimate

The aggregate horizontal land development costs for CP greatly exceeds the projected retail revenues for the land use components crafted by the local planning authority, a knowledgeable and experienced developer, and endorsed by the San Francisco Board of Supervisors. Despite these efforts the project lacks financially feasibility, and provides no profit incentive. Without relying upon public financing programs, CP cannot be developed at this time. This leads the appraiser to conclude the property possesses no positive land value, and in fact may be negative without the public subsidy. Thus, a value of $0 is estimated for CP.

Appraisal Certification
Assumptions and Limiting Conditions
Appraiser Qualifications
1

Environmental Remediation
Schedule
2

HPS Phase I
Land Development Costs
3

HPS Phase II
Land Development Costs
4

Candlestick Point
Land Development Costs
5

Proposition G- C/C San Francisco
B of S Financing Plan
6

Other Land Sales
East Bay Commercial Sites
7

Interim Rental Data
HPS Phase II
Candlestick Point
8

Broker Statistical Surveys
Office, Life Science, R&D, & Retail
9

Miscellaneous Documents
CP Out-Parcels
Recent Articles
10

CERTIFICATE OF APPRAISAL

The undersigned does hereby certify as follows:

I have inspected the subject property.

I have the knowledge and experience to complete the appraisal assignment and have appraised this property type before. Please refer to the Addenda for a summary of the appraiser's experience.

I have no present or prospective future interest in the real estate that is the subject of this appraisal report.

I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

This appraisal report sets forth all of the limiting conditions imposed by the terms of the assignment affecting the analyses, opinions, and conclusions contained in this report.

This appraisal report containing my analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

The undersigned hereby acknowledges that he has the appropriate education and experience to complete the assignment in a competent manner. The reader is referred to the appraiser's Statement of Qualifications.

The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

No one other than the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report.

I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAI's who meet the minimum standards of this program are awarded periodic educational certification. As of the date of this report, John C. Clifford, MAI, has completed the requirements of the continuing education program, and is currently certified under this program.

CLIFFORD ASSOCIATES

John C. Clifford, MAI
SCGREA - Certificate No. AG007177

Assumptions and Standard Limiting Conditions

This appraisal is subject to the following limiting conditions.

1. The legal description and area dimensions furnished the appraiser is assumed to be correct. No survey of the boundaries of the property was completed.

2. No responsibility for matters legal in character is assumed, nor is any opinion as to title rendered, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, except where noted, and the property is appraised as though free and clear, under responsible ownership and competent management. It is specifically noted the appraisal assumes the property will be competently managed, leased and maintained by financially sound owners over a reasonable period of ownership.

3. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.

4. No opinion is intended to be expressed on matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.

5. The exhibits in this report are included to assist the reader in visualizing the property. No survey of the property has been made and no responsibility in connection with such matters is assumed.

6. The distribution or allocation, if any, of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

7. The statements of value and all conclusions shall apply as of the date shown herein.

8. No responsibility for economic or physical factors is assumed which may affect the opinions herein stated, which may be present or occur at some date after the date of value.

9. An inspection, as far as possible, by observation, the land has been made; however, it was impossible to personally inspect conditions beneath the soil; therefore, no representations are made as to these matters unless specifically

considered in the appraisal. Further, no opinion is expressed as to the value of sub-surface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

10. This appraisal is predicated on the assumption that the existence of hazardous material, which may or may not be present in, on or near the property, was not observed by the appraiser, unless otherwise stated. The appraiser has no knowledge of the existence of such materials in, on or near the property. The appraiser, however, is not qualified to detect such substances, and assumes no responsibility for such conditions, or for engineering or other inspections which might be required to discover such factors. The presence of asbestos or other potentially hazardous materials may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or knowledge required to discover them.

11. No engineering survey has been made by us. Except as specifically stated, data relative to size and area were taken from sources considered reliable. Furthermore, no warranty is implied with regard to physical or structural or operational deficiencies which are not disclosed to the appraiser and noted herein.

12. The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. The appraiser assumes that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. The appraiser assumes that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

13. Information, estimates, and opinions contained in this report are obtained from sources considered reliable and where feasible, has been verified. However, no liability can be assumed for information supplied by others.

14. The right to make such adjustments to the valuation herein reported is reserved, as may be required by the consideration of additional data or more reliable data that may become available.

15. All projections of income and expenses in this report are estimates of current market expectations, not predictions of the future. No warranty or representation is

made that these projections will materialize. Where Discounted Cash Flow Analyses have been completed, the discount rates utilized to bring forecast future revenues back to estimates of present value, reflect both the appraiser's market investigations of yield anticipations and judgement as to the risks and uncertainties in the subject property and the consequential rates of return required to attract an investor under such risk conditions.

16. The appraiser may not be required to give testimony or to appear in court or any governmental or other hearing by reason of this appraisal, unless prior arrangements have been made.

17. The liability of John C. Clifford, MAI and CLIFFORD ASSOCIATES is limited to the Client only and to the amount of fee actually paid for services rendered, as liquidated damages, if any related dispute arises. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of any one other than the Client, the Client shall make such party aware of all assumptions and limiting conditions of the assignment and related discussions. John C. Clifford, MAI and CLIFFORD ASSOCIATES is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, physical, financially and/or legally. Any claims or damages made against the Appraiser by the Client will be limited to the amount paid by the Client to the Appraiser for the appraisal report or services. Client waives all other claims to consequential or special damages arising from the use of the report, and agrees to hold harmless CLIFFORD ASSOCIATES from any liability, loss, or expense incurred by the client in such action, regardless of its outcome.

18. The appraiser has no present or contemplated future interest in the property which is not specifically disclosed in this report.

19. This report shall be used for its intended purpose only and by the parties to whom it is addressed as of the current date of valuation. Possession of this report does not carry with it the right of publication, or duplication. One of the signatories of this appraisal is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member or candidate to control the use and distribution of each appraisal signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal was prepared may distribute copies of this report, in its entirety, to such third parties as may be selected by the party for whom this report was prepared; however, selected portions of this appraisal shall not be given to third parties without the prior written consent of the signatories of this report. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm

with which is connected, and any reference to the Appraisal Institute, or MAI designation.

20. Unreinforced masonry buildings (UMBs) are known to be hazardous in earthquakes. With the approval of Senate Bill 547 in 1986, the California Legislature enacted the Unreinforced Masonry Law. This act requires cities and counties in Seismic Zone 4 to inventory UMBs, to notify their owners that their buildings are potentially hazardous and to develop programs to mitigate this hazard.

    As of the date of valuation, the subject properties are included on the list of unreinforced masonry brick (UMB) buildings in San Francisco. It is assumed no such conditions impact the utility, occupancy, marketability and value of the subject property.

    San Francisco's Bureau of Building Inspection prepared an inventory of San Francisco UMBs in 1988, showing 2,000 of these buildings. In July 1992 the Board of Supervisors passed legislation establishing a program to reduce hazards in UMBs. This program sets building standards for the retrofit of UMBs and establishes procedures to be followed by building owners and city agencies. It also sets deadlines for the work. In November 1992 San Francisco voters passed a $350 million bond issue to establish a loan fund to assist owners to complete this work.

    Secondly, no studies have been completed to determine the property's "PML," Probable Maximum Loss, during a seismic event. Should such a study be made available, the appraiser reserves the right to make appropriate adjustments to value.

21. Information regarding any earthquake and flood hazard zones for the subject property was provided by outside sources. Accurately reading flood hazard and earthquake maps, as well as tracking constant changes in the zone designations, is a specialized skill and outside the scope of the services provided by this appraisal assignment. No responsibility is assumed by the appraisers in the misinterpretation of these maps. It is strongly recommended that any lending institution reverify earthquake and flood hazard locations for any property for which they are providing a mortgage loan.

22. Unless otherwise noted in the body of the report, it is assumed that the property is structurally sound; that all building systems (mechanical/electrical, HVAC, elevators) are, or will be upon completion, in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property is seismically sound and that the continued use of the structure would not require any seismic

bracing or seismic upgrading; that there are no potential asbestos, toxic waste or other types of environmental problems; that the property has been engineered in such a manner that it will withstand any known elements such as windstorm, hurricane, tornado, flooding, or similar natural occurrences; and that the improvements, as currently constituted, conform to all applicable local, state and federal building codes and ordinances. CLIFFORD ASSOCIATES, has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal, and therefore, makes no representations relative to building condition. No such problems were brought to the attention of CLIFFORD ASSOCIATES, by ownership or management. Unless otherwise noted, CLIFFORD ASSOCIATES, inspected less than 100% of the entire exterior and interior portions of the improvements. Unless otherwise noted, CLIFFORD ASSOCIATES, was not furnished any engineering reports by the owners and/or by the party retaining this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. If engineering consultants retained should report negative factors, of a material nature, or if such are later discovered, relative to building condition, such negative information could have a substantial negative impact on the values reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CLIFFORD ASSOCIATES, reserves the right to amend the values reported herein.

23. The value estimate herein is subject to project completion as planned within a reasonable period of time. "If material changes in the plans or specifications could significantly reduce the estimated collateral value after a loan or investment decision has been made, management should take steps to ensure that a current estimate of value is established based on the final plans and specifications for the project. This may be satisfied by having the original appraiser recertify his value or by obtaining a new appraisal based on the final plans and specifications."

24. The subject buildings were constructed prior to 1972. At that time asbestos was commonly utilized in insulation, ceiling tiles and floor coverings. For this reason it is considered possible that asbestos may have been used in the building construction. Determination of the presence of asbestos and the cost to remove or cure is a specialized field and is beyond the scope of this appraisal. The presence of asbestos or other toxic substance may affect the value of the property. For the purpose of this analysis, the appraiser is relying upon evaluation reports prepared by experts qualified to detect if such conditions exist. In the absence of such reports, the appraiser believes, and otherwise assumes, no such conditions exist, unless otherwise noted herein.

25. CLIFFORD ASSOCIATES, has inspected less than 100% of the project area. Other than noted, no information was provided concerning the structural integrity or possible deferred maintenance of the subject property. It is assumed that the

property is in good working order with no major deferred maintenance or repairs required.

Extraordinary Assumptions and Limited Conditions

The appraisal is also based on the following extraordinary assumptions and limiting conditions.

1. redevelopment based on reasonable and probable use and development alternatives set forth in the integrated development area that is a part of the Hunters Point Shipyard redevelopment project area, and the Candlestick Point Project area that is part of the Bayview Hunters Point redevelopment project;
2. additional planning and project review to obtain development entitlements;
3. market based development fees and extensive infrastructure and project construction costs;
4. known presence of hazmat contamination. For this analysis it is assumed on the HPS that the US Navy is responsible to pay the costs of clean-up and that no financial burden is placed on the ownership. Although the clean-up is completed at no cost to the ownership, the scheduled Navy clean-up impacts the project's development phasing and marketability;
5. the level of site improvements completed to date on HPS Phase I that in part is funded by a CFD;
6. Out-parcels must be acquired to assemble the CP project site as proposed;
7. The assumption that the project area is not encumbered by public trust land for commerce navigation and fisheries or state park restrictions.

QUALIFICATIONS
OF
JOHN C. CLIFFORD, MAI

Mr. John C. Clifford is a designated member of the Appraisal Institute (MAI) and is qualified by the State of California as a Certified General Appraiser. The following is a brief resume of his background and experience.

Experience

Mr. Clifford is the principal of CLIFFORD ASSOCIATES and has provided real estate appraisal, arbitration and consultation services since 1982. He has performed a wide variety of appraisal and valuation consulting assignments.

Based in San Francisco, Mr. Clifford has benefited from the unique opportunity to analyze many complex properties including:

Complex Properties

- **San Francisco Giants AT&T Baseball Stadium**
- **Treasure Island**
- **Mission Bay MXU Development Project**
- **Hamilton Army Air Field (HAAF)**
- **Hunters Point Naval Shipyard**
- **Ferry Building - Embarcadero**
- **Fisherman's Wharf Restaurants**
- **United Airlines Maintenance Facility**

Arbitration

- **400,000 SF - Pacific Bell**
  370 Third Street, SOMA
- **200,000 SF - Heller Ehrman**
  333 Bush Street, Financial District
- **500,000 SF - Nordstroms Centre**
  Union Square District
- **Pier 41 - Fisherman's Wharf**

Valuation property types include major high-rise office and mixed-use retail/office projects, retail projects, biotech facilities, medical office buildings, regional malls, neighborhood shopping centers, hotels and restaurants, industrial and manufacturing buildings and facilities, high-rise and suburban multi-family residential projects, subdivision analysis, special purpose properties, recreational properties and vacant land.

Mr. Clifford has provided litigation support in numerous condemnation valuation assignments, and has testified as a qualified expert witness in the Superior Court of the State of California, U.S. Bankruptcy Court, and before various quasi-judicial and municipal hearings.

Condemnation	Client
Moscone West Convention Center Site	City of San Francisco
Transbay Terminal Project Sites	City of San Francisco
San Francisco Cable Car Line	City of San Francisco
The Rock	City of San Francisco
Richmond Parkway	Property Owner
Golden Gate Ministorage vs. The State of California	Property Owner

Mr. Clifford participated in a landmark inverse condemnation land use case which upheld the use of public agency purchases as comparables following the 1987 revision to the State's evidence code (*City and County of San Francisco v. Golden Gate Heights Inv.* (1993) 14 Cal.App.4th 1203).

Other major assignments demonstrating the extent of his experience are listed as follows:

- **Genentech Research Facility**
- **Biorad Research Facility**
- **Port Sonoma-Marin Marina**
- **Marin County Civic Center**
- **Sea Cliff Sinkhole Properties**
- **Hamilton Airfield Reuse Plan**
- **Wal-Mart Distribution Facility**
- **Silverado Country Club**
- **Renaissance Estates Golf & SFR Community**
- **Fountaingrove Ranch Golf & SFR Community**
- **Northeast Ridge Subdivision**
- **Lagoon Valley MXU Golf, SFR, Business Park**
- **Bel Marin Keys Unit 5**
- **AT&T Cable Franchise – Possessory Interest**

After earning his MAI designation in 1983, he established an appraisal and consulting practice. As his practice and reputation has grown, he now maintains offices in San Francisco and Mill Valley, California.

Development Consulting

Mr. Clifford is a specialist in evaluating real estate economic feasibility, completing land use entitlement processes, and formulating development strategies. He successfully processed tentative and final subdivision maps, secured development financing and acted as project manager in the construction and marketing of the 100-unit Cotati Station project in Sonoma County.

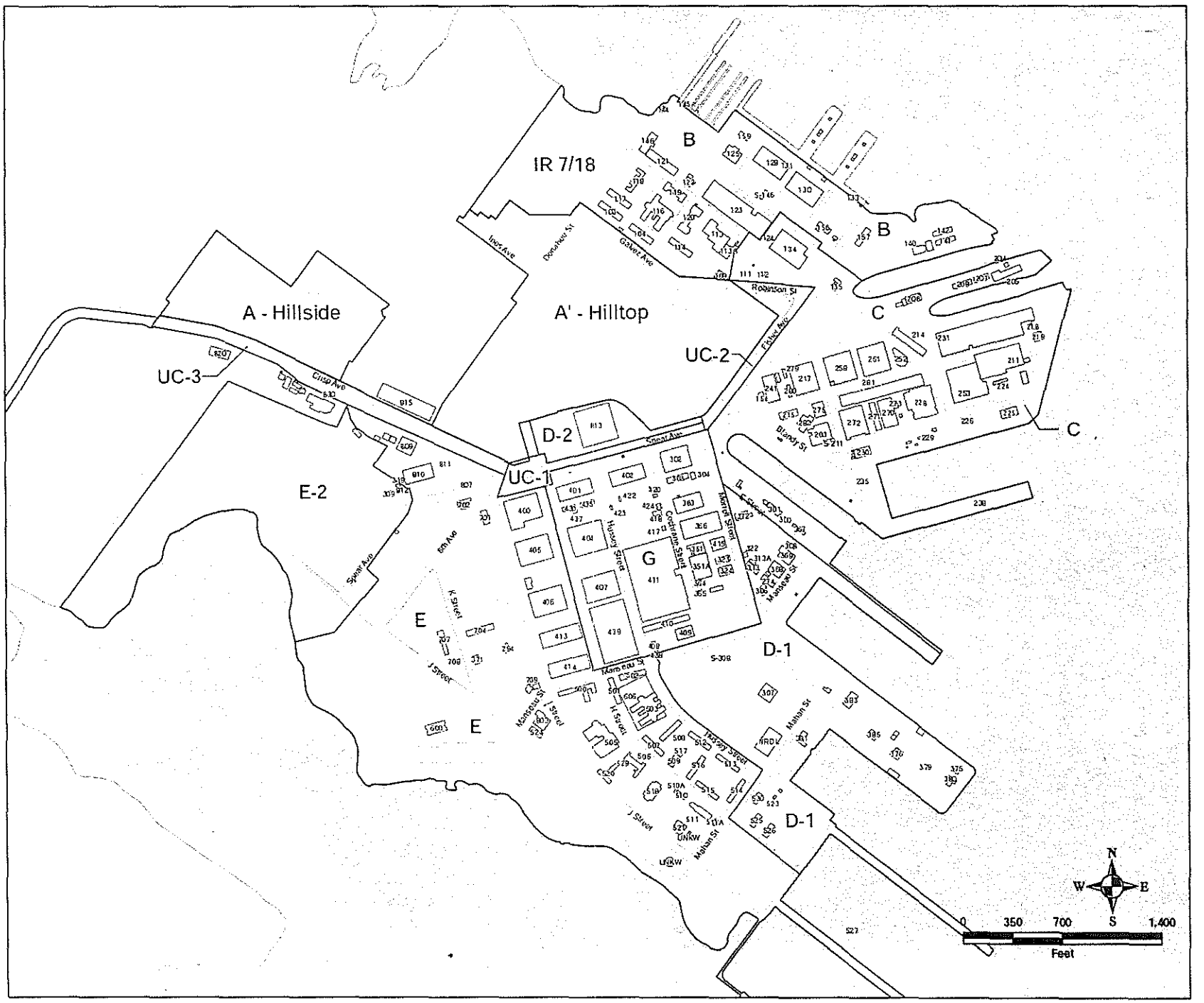
Education and Professional Affiliation

Mr. Clifford graduated from Indiana University in 1974, Bloomington, Indiana, with a Bachelor of Arts degree.

During the years 1979 through 1983, Mr. Clifford completed a curriculum of study in the understanding and application of the theory and practice of appraisal principles. The course subjects include appraisal and economic theory, real property law, finance, and professional ethics, and are presented by the Appraisal Institute, which ultimately awards the MAI (Member of the Appraisal Institute) designation. After satisfying the additional five years of experience requirements, demonstration reports, and successfully completing a Comprehensive Exam, he was awarded the MAI designation in 1983.

The Appraisal Institute conducts a mandatory program of continuing education for its designated members. MAI's who meet the minimum standards of this program are awarded periodic educational certification. Mr. Clifford is certified under the program which enables him to provide the most current techniques and expertise in analyzing real estate.

Mr. Clifford has served on the National Ethics Administration Division Committee, the Regional Chapter Admissions Committee, and was a member of the local chapter Board of Directors Admissions Committee.


IR 7/18
A - Hillside
A' - Hilltop
B
B
C
C
D-1
D-1
D-2
E
E
E-2
G
UC-1
UC-2
UC-3
Ivex Ave
Donohan St
Galvez Ave
Robinson St
Crisp Ave
Spear Ave
Stout Ave
Bigelow St
Husky Street
Cochrane Street
Mahan St
Mansfield St
Mansfield Street
Mansfield St
Mansfield Street
Mahan St
Mahan St
Mahan St
Mahan St
Mahan Rd St
6th Ave
K Street
J Street
I Street
H Street
J Street
L Street
WRDL
UNKW
UNKW
0
350
700
1,400
Feet
N
W
E
S

Hunter Point Shipyard
Transfer Schedule Summary

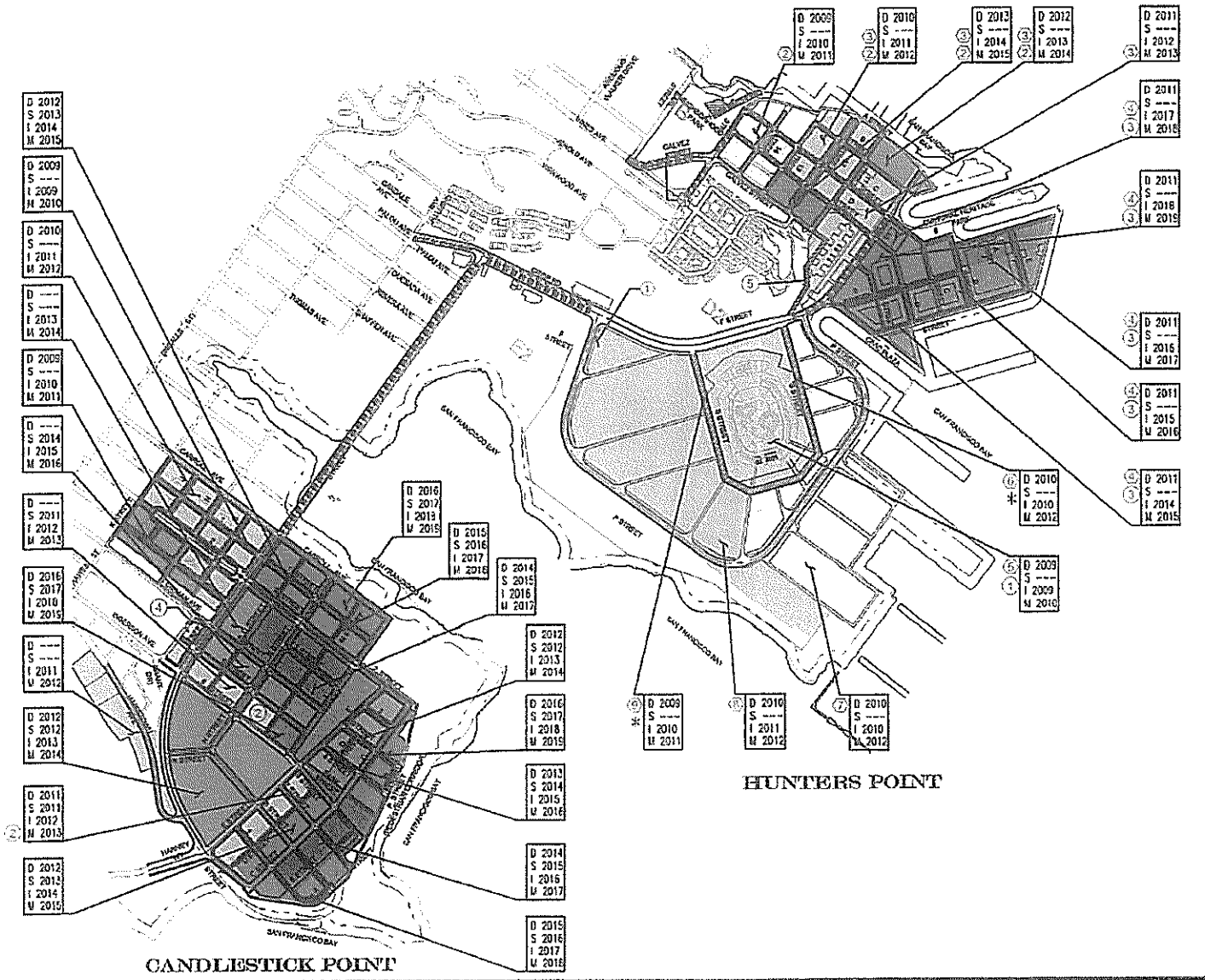
ates from Navy March 2 Schedule - Month and Year

UBJECT LAND USE COMPONENT	PH II - MXU B	PH II - MXU C	PH II - STAD D-1	PH II - STAD D-2	PH II - STAD E	PH II - STAD E-2	F	PH II - STAD G	PH II - STAD UC-1	PH II - MXU UC-2	PH II - STAD UC-3
roposed Plan - Draft	Mar-08	Sep-08			Feb-10	Mar-09	Sep-10				
roposed Plan - Draft Final	Jun-08	Jan-09			May-10	Jun-09	Jan-11				
OD - Draft	Aug-08	Mar-09	Feb-09	Aug-08	Jul-10	Aug-09	Feb-11	Aug-08	Feb-09	Jan-09	Aug-10
OD - Draft Final	Nov-08	Jun-09	May-09	Jan-09	Oct-10	Nov-09	May-11	Nov-08	May-09	Apr-09	Nov-10
OD - Final	Jan-09	Aug-09	Jul-09	May-09	Jan-11	Feb-10	Jul-11	Feb-09	Jul-09	Jul-09	Jan-11
OSL Draft	May-09	Aug-09	Aug-09	May-09	Oct-09	Aug-09		May-09			
OSL Final	Oct-09	Nov-09	Nov-09		Jan-10	Nov-09		Oct-09			
ease/LIFOC	Jan-10	Jul-10	Jul-10		Sep-10	Jul-10		Jan-10			
inish Rad - Building Survey	Sep-09	Aug-10	Mar-10	Apr-08	Feb-12			May-09	Apr-08		
ad - Survey Unit Reports	Mar-09	Mar-11	Feb-11	Aug-08	Feb-13			Mar-09	Dec-09	Nov-09	Feb-11
ACR	Aug-09	Nov-10	Sep-11	Jan-09	Oct-13			Apr-10	May-10	May-10	Sep-11
R-07/18 - RD & Surface Survey Done	Nov-09										
OST/FOSET - Draft	Jun-09	Mar-11	Mar-11	May-09	Feb-13	Mar-11	Jun-12	Jun-09	Mar-10	Mar-10	Feb-13
OST/FOSET - Final	Apr-10	Sep-11	Sep-11	Jan-10	Oct-13	Sep-11	Oct-12	Apr-10	Jul-10	Jul-10	Oct-13
DR to Gov(start of 30 day)	Jul-10	Nov-11	Nov-11		Dec-13	Nov-11	Nov-12	Jul-10	Aug-10	Aug-10	Dec-13
uitclaim Deed	Aug-10	Feb-12	Feb-12	Apr-10	Mar-14	Feb-12	Feb-13	Aug-10	Nov-10	Nov-10	Mar-14
R7/18 - RACR	Jan-10										

ates taken from Navy's March 2009 schedule.

Summary of Environmental Conditions – Hunters Point

Parcel	Regulatory Status	Anticipated Environmental Status/Concerns/Assumptions
49	Revised Groundwater Treatability Study Work plan expected 4/08	Only continuation of long-term groundwater monitoring is expected at time of transfer.
B	• Final Technical Memorandum in Support of a Record of Decision (ROD) Amendment (TMSRA) • Draft Proposed Plan • Final TMSRA – Radiological Amendment	Proposed Plan describes selected soil and groundwater remedial options; the groundwater remediation is anticipated to be implemented by Lennar following early transfer. A soil gas survey, which may not be performed until after early transfer, is needed to identify areas where soil vapor barriers will be needed to prevent indoor air quality concerns. The potential exists that localized, previously unidentified areas of contamination may be identified during the soil gas survey.
C	Draft Final Feasibility Study (FS)	Status of groundwater remedy implementation at time of transfer is currently unknown. Previously identified soil contamination may remain beneath some buildings and will require excavation during demolition activities.
D	Revised Groundwater Treatability Study Work plan expected May 2008	Parcel D is expected to transfer "clean"; only long-term groundwater monitoring will be required.
D2	Navy is awaiting approval of Building 813 and 819 radiological clearances	A No Further Action ROD is expected for this parcel within the next several months. DTSC recently expressed concern regarding a separate ROD and Finding of Suitability to Transfer (FOST) for this parcel (instead of including it in the later Parcel D FOST), but we have assumed an August 2009 transfer date as originally planned.
E	Draft Final Remedial Investigation (RI)	Portions of the site are expected to have radiological restrictions. Use of the site for parking has not yet been approved by regulators.
E2	Draft Final RI/FS expected 7/08	Former landfill. The site is expected to have radiological restrictions. Engineered landfill cover will be required. Use of the site for roadways or parking has not yet been approved by regulators.
Site wide	Soil cover	Due to the presence of naturally-occurring ubiquitous metals in soils, a soil cover will be required throughout HP. The cover will be achieved by clean soil, hardscape or buildings. Breaching of the cover will be allowed following procedures described in a Risk Management Plan (RMP).
	Radiological Clearances	Storm and sewer drains will be removed from the site prior to transfer. Regulatory approval of all drain removal and building clearances will be obtained by the Navy prior to transfer.


CANDLESTICK POINT
HUNTERS POINT
D 2012 S 2013 I 2014 M 2015
D 2009 S ---- I 2009 M 2010
D 2010 S ---- I 2011 M 2012
D ---- S ---- I 2013 M 2014
D 2009 S ---- I 2010 M 2011
D ---- S 2014 I 2015 M 2016
D ---- S 2011 I 2012 M 2013
D 2016 S 2017 I 2018 M 2019
D ---- S ---- I 2011 M 2012
D 2012 S 2012 I 2013 M 2014
D 2011 S 2011 I 2012 M 2013
D 2012 S 2013 I 2014 M 2015
D 2016 S 2017 I 2018 M 2019
D 2015 S 2016 I 2017 M 2018
D 2014 S 2015 I 2016 M 2017
D 2013 S 2014 I 2015 M 2016
D 2012 S 2012 I 2013 M 2014
D 2015 S 2016 I 2017 M 2018
D 2014 S 2015 I 2016 M 2017
D 2011 S ---- I 2012 M 2013
D 2011 S ---- I 2017 M 2018
D 2011 S ---- I 2018 M 2019
D 2011 S ---- I 2016 M 2017
D 2011 S ---- I 2015 M 2016
D 2011 S ---- I 2015 M 2016
D 2010 S ---- I 2010 M 2012
D 2009 S ---- I 2009 M 2010
D 2009 S ---- I 2010 M 2011
D 2010 S ---- I 2011 M 2012
D 2010 S ---- I 2010 M 2012
D 2009 S ---- I 2010 M 2011
D 2012 S ---- I 2014 M 2015
D 2012 S ---- I 2013 M 2014
D 2011 S ---- I 2012 M 2013
D 2010 S ---- I 2011 M 2012
D 2009 S ---- I 2010 M 2011
D 2010 S ---- I 2011 M 2012
D 2010 S ---- I 2010

Lennar BVHP
Proforma Cash Flow
Phase I

	TOTAL INFRASTRUCTURE BUDGET			ACTUALS INCURRED THRU JAN 2010			REMAINING COSTS		
	Total	Hilltop	Hillside	Total	Hilltop	Hillside	Total	Hilltop	Hillside
COSTS									
Qualifying Project Costs									
Backbone Infrastructure Costs	84,158,237	56,548,429	27,609,807	61,906,832	41,597,046	20,309,785	22,251,405	14,951,383	7,300,022
Indirect Costs Capitalized	33,288,082	22,367,255	10,920,827	29,590,618	19,882,819	9,707,799	3,697,464	2,484,436	1,213,028
Indirect Costs Expensed	6,532,676	4,389,500	2,143,176	4,881,269	3,279,870	1,601,399	1,651,407	1,109,629	541,777
Total Project Costs	157,047,979	105,525,221	51,522,758	122,102,211	82,044,117	40,058,094	34,945,768	23,481,103	11,464,664

National Development Land Market

THE FOLLOWING WAS EXTRACTED FROM *EMERGING TRENDS IN REAL ESTATE® 2010*, PUBLISHED IN NOVEMBER 2009 BY PRICEWATERHOUSECOOPERS LLP AND ULI - THE URBAN LAND INSTITUTE.

OPPORTUNITIES

Write Off the Year, as Well as 2011 and Probably 2012

You can close up shop, hit the links, convert operations to asset and property management, or become a workout specialist like everyone else. Forget about construction financing – that's a pipe dream. Some bigger players take over half-completed condos and still-born office projects in receivership from defaulting competitors. At least prospects for homebuilders can only improve, but that is not saying much.

Dream about the Future

Next-generation projects will orient to infill, urbanizing suburbs, and transit-oriented development. Smaller housing units – close to mass transit, work, and 24-hour amenities – gain favor over large houses on big lots at the suburban edge. People will continue to seek greater convenience and want to reduce energy expenses. Shorter commutes and smaller heating bills make up for higher infill real estate costs. "You'll be stupid not to build green." Operating efficiencies and competitive advantage will be more than worth "the minimal extra cost."

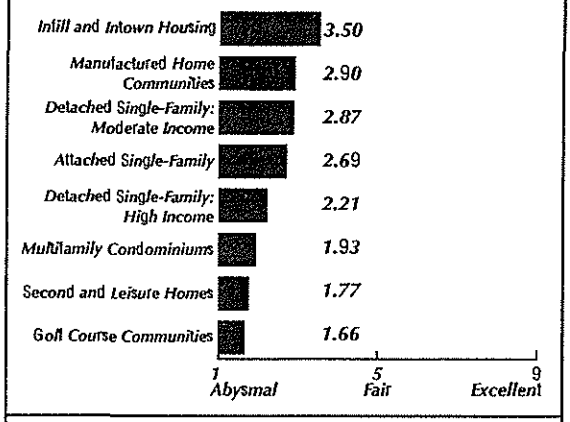
Single-Family Housing Development

When homebuilding does finally resume, housing and development patterns will become more urban focused – incorporating smaller lots, townhomes, and town-center mixed-use projects, which include single-family housing and condominium buildings (see Exhibit DL-2). Developers will also construct more affordable housing options – European-scale layouts with smaller kitchens and bathrooms. More-frugal Americans realize they don't need all that space, especially if it saves energy and taxes. "The extra bedroom, family room, recreation room, and three-car garages go by the boards."

Exhibit DL-2

2010 DEVELOPMENT PROSPECTS

For-Sale Housing Market



Source: Emerging Trends in Real Estate® 2010

DISCOUNT RATES

Free-and-clear discount rates including developer's profit range from 12.00% to 30.00% and average 19.67% this quarter (see Exhibit DL-1). This average is down slightly (41 basis points) from the second quarter and assumes that entitlements are in place. Without entitlements in place, certain investors increase the discount rate between 400 and 1,500 basis points.

An insufficient number of responses prevent us from reporting discount rates subject to financing.

GROWTH RATE ASSUMPTIONS

Growth rates for development expenses, such as real estate taxes, advertising, and administration, range up to 5.0% and average 2.4%. For lot pricing, investors indicate a range up to 3.0% and an average of 1.50%.

ABSORPTION PERIOD

The absorption period required to sell a project varies significantly depending on such factors as location, size, and property type. This quarter, preferred absorption periods for participants range from six to 240 months. The mean absorption period is 84 months.

FORECAST VALUE CHANGE

"All property values are in collapse due to total lack of financing," remarks a participant. Over the next 12 months, Survey participants expect development land property values to decline an average of 20.0%.

Exhibit DL-1

DISCOUNT RATES (IRRS)[a]

Fourth Quarter 2009

	CURRENT QUARTER	SECOND QUARTER 2009
FREE & CLEAR		
Range	*12.00% – 30.00%*	*12.00% – 30.00%*
Average	*19.67%*	*20.08%*
Change		*– 41*

a. Rate on unleveraged, all-cash transactions; including developer's profit

Software : ARGUS Ver. ARGUS 2007 (Build: 13000-G)
: Hunters Point Phase I
perty Type : Unit Sales
ortfolio :

HPS Phase I
San Francisco, CA

Input Assumptions

General Inflation
Inflation Method: Fiscal

Overall Inflation Rates

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
General Inflation		0	0	0	0	3	3	3	3	3	3	3
Miscellaneous Revenues		0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Expenses		3	3	3	3	3	3	3	3	3	3	3
Land Costs		3	3	3	3	3	3	3	3	3	3	3
Hard Costs		3	3	3	3	3	3	3	3	3	3	3
Soft Costs												

Software : ARGUS Ver. ARGUS 2007 (Build: 13000-G)
File : Hunters Point Phase I
Property Type : Unit Sales
Portfolio :

HPS Phase I
San Francisco, CA

Input Assumptions

Property Timing
Analysis Start Date: 4/10
First Year Ends: 3/11
Years of Analysis: 14

ware : ARGUS Ver. ARGUS 2007 (Build: 13000-G)
e : Hunters Point Phase I
Property Type : Unit Sales
Portfolio :

HPS Phase I
San Francisco, CA

Input Assumptions

Reference Dates
Reference Date Category: Analysis Start
Date: 4/10

Reference Date Category: Remaining Infrastructure Const
Date: Analysis Start
Offset: 24 Month(s)

Reference Date Category: Lot Sales 7/1/12
Date: Remaining Infrastructure Const
Offset: 3 Month(s)

vare : ARGUS r. ARGUS 2007 (Build: 13000-G)
: Hunter Phase I
erty Type : Unit Sa
olio :

San Fran CA

Supporting Schedule -- Units Started Schedule

imes Public Infratructure Improvements are Complete

he Months	Month 23 Feb-2012	Month 24 Mar-2012	Month 25 Apr-2012	Month 26 May-2012	Month 27 Jun-2012	Month 28 Jul-2012	Month 29 Aug-2012	Month 30 Sep-2012	Month 31 Oct-2012	Month 32 Nov-2012	Month 33 Dec-2012
Type											
top SFR - Views			5	5	5	5	5	5	5	5	5
top SFR - Nghd			3	3	3	3	3	3	3		
top Hillside Condos			10	10	10	10	10	10	20	20	20
l			18	18	18	18	18	18	28	25	25
ulative Total			18	36	54	72	90	108	136	161	186

Percentage Of Total Units

umes Public Infratructure Improvements are Complete

the Months	Month 23 Feb-2012	Month 24 Mar-2012	Month 25 Apr-2012	Month 26 May-2012	Month 27 Jun-2012	Month 28 Jul-2012	Month 29 Aug-2012	Month 30 Sep-2012	Month 31 Oct-2012	Month 32 Nov-2012	Month 33 Dec-2012
Type											
ltop SFR - Views			7.69%	7.69%	7.69%	7.69%	7.69%	7.69%	7.69%	7.69%	7.69%
ltop SFR - Nghd			14.29%	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%		
ltop Hillside Condos			0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	1.67%	1.67%	1.67%
al			1.40%	1.40%	1.40%	1.40%	1.40%	1.40%	2.18%	1.95%	1.95%
nulative Total			1.40%	2.81%	4.21%	5.61%	7.01%	8.42%	10.60%	12.55%	14.50%

: Hunte[illegible]nt Phase I
perty Type : Unit S
folio :

San Fra[illegible]o, CA

Supporting Schedule -- Units Started Schedule

umes Public Infratructure Improvements are Complete

the Months	Month 34 Jan-2013	Month 35 Feb-2013	Month 36 Mar-2013	Month 37 Apr-2013	Month 38 May-2013	Month 39 Jun-2013	Month 40 Jul-2013	Month 41 Aug-2013	Month 42 Sep-2013	Month 43 Oct-2013	Month 44 Nov-2013
: Type											
iltop SFR - Views	5	5	5	5							
lltop SFR - Nghd											
lltop Hillside Condos	20	20	20	20	20	20	20	20	20	20	20
al	25	25	25	25	20	20	20	20	20	20	20
nulative Total	211	236	261	286	306	326	346	366	386	406	426

Percentage Of Total Units

umes Public Infratructure Improvements are Complete

the Months	Month 34 Jan-2013	Month 35 Feb-2013	Month 36 Mar-2013	Month 37 Apr-2013	Month 38 May-2013	Month 39 Jun-2013	Month 40 Jul-2013	Month 41 Aug-2013	Month 42 Sep-2013	Month 43 Oct-2013	Month 44 Nov-2013
t Type											
iltop SFR - Views	7.69%	7.69%	7.69%	7.69%							
iltop SFR - Nghd											
iltop Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
al	1.95%	1.95%	1.95%	1.95%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%
mulative Total	16.45%	18.39%	20.34%	22.29%	23.85%	25.41%	26.97%	28.53%	30.09%	31.64%	33.20%

ware : ARGUS Value: ARGUS 2007 (Build: [illegible])
: Hunte[illegible]nt Phase I
San Fra[illegible]o, CA
perty Type : Unit S
folio :

Supporting Schedule -- Units Started Schedule

umes Public Infratructure Improvements are Complete

the Months	Month 45 Dec-2013	Month 46 Jan-2014	Month 47 Feb-2014	Month 48 Mar-2014	Month 49 Apr-2014	Month 50 May-2014	Month 51 Jun-2014	Month 52 Jul-2014	Month 53 Aug-2014	Month 54 Sep-2014	Month 55 Oct-2014
: Type											
ltop SFR - Views											
ltop SFR - Nghd											
ltop Hillside Condos	20	20	20	20	20	20	20	20	20	20	20
al	20	20	20	20	20	20	20	20	20	20	20
nulative Total	446	466	486	506	526	546	566	586	606	626	646

Percentage Of Total Units

umes Public Infratructure Improvements are Complete

the Months	Month 45 Dec-2013	Month 46 Jan-2014	Month 47 Feb-2014	Month 48 Mar-2014	Month 49 Apr-2014	Month 50 May-2014	Month 51 Jun-2014	Month 52 Jul-2014	Month 53 Aug-2014	Month 54 Sep-2014	Month 55 Oct-2014
t Type											
lltop SFR - Views											
lltop SFR - Nghd											
lltop Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
al	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%
mulative Total	34.76%	36.32%	37.88%	39.44%	41.00%	42.56%	44.12%	45.67%	47.23%	48.79%	50.35%

: Hunte[illegible]nt Phase I
perty Type : Unit S
folio :

San Fra[illegible], CA

Supporting Schedule -- Units Started Schedule

umes Public Infratructure Improvements are Complete

the Months	Month 56 Nov-2014	Month 57 Dec-2014	Month 58 Jan-2015	Month 59 Feb-2015	Month 60 Mar-2015	Month 61 Apr-2015	Month 62 May-2015	Month 63 Jun-2015	Month 64 Jul-2015	Month 65 Aug-2015	Month 66 Sep-2015
: Type											
ltop SFR - Views											
itop SFR - Nghd											
ltop Hillside Condos	20	20	20	20	20	20	20	20	20	20	20
al	20	20	20	20	20	20	20	20	20	20	20
nulative Total	666	686	706	726	746	766	786	806	826	846	866

Percentage Of Total Units

umes Public Infratructure Improvements are Complete

the Months	Month 56 Nov-2014	Month 57 Dec-2014	Month 58 Jan-2015	Month 59 Feb-2015	Month 60 Mar-2015	Month 61 Apr-2015	Month 62 May-2015	Month 63 Jun-2015	Month 64 Jul-2015	Month 65 Aug-2015	Month 66 Sep-2015
t Type											
lltop SFR - Views											
lltop SFR - Nghd											
lltop Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
al	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%
nulative Total	51.91%	53.47%	55.03%	56.59%	58.14%	59.70%	61.26%	62.82%	64.38%	65.94%	67.50%

: Hunte nt Phase I
perty Type : Unit S
tfolio :

San Fra o, CA

Supporting Schedule -- Units Started Schedule

umes Public Infratructure Improvements are Complete

the Months	Month 67 Oct-2015	Month 68 Nov-2015	Month 69 Dec-2015	Month 70 Jan-2016	Month 71 Feb-2016	Month 72 Mar-2016	Month 73 Apr-2016	Month 74 May-2016	Month 75 Jun-2016	Month 76 Jul-2016	Month 77 Aug-2016
t Type											
lltop SFR - Views											
lltop SFR - Nghd											
lltop Hillside Condos	20	20	20	20	20	20	20	20	20	20	20
al	20	20	20	20	20	20	20	20	20	20	20
nulative Total	886	906	926	946	966	986	1,006	1,026	1,046	1,066	1,086

Percentage Of Total Units

umes Public Infratructure Improvements are Complete

the Months	Month 67 Oct-2015	Month 68 Nov-2015	Month 69 Dec-2015	Month 70 Jan-2016	Month 71 Feb-2016	Month 72 Mar-2016	Month 73 Apr-2016	Month 74 May-2016	Month 75 Jun-2016	Month 76 Jul-2016	Month 77 Aug-2016
t Type											
illtop SFR - Views											
illtop SFR - Nghd											
illtop Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
al	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%
mulative Total	69.06%	70.62%	72.17%	73.73%	75.29%	76.85%	78.41%	79.97%	81.53%	83.09%	84.65%

: Hunters t Phase I
erty Type : Unit Sa
olio :

San Fran CA

Supporting Schedule -- Units Started Schedule

imes Public Infratructure Improvements are Complete

he Months	Month 78 Sep-2016	Month 79 Oct-2016	Month 80 Nov-2016	Month 81 Dec-2016	Month 82 Jan-2017	Month 83 Feb-2017	Month 84 Mar-2017	Month 85 Apr-2017	Month 86 May-2017	Month 87 Jun-2017	Month 88 Jul-2017
Type											
top SFR - Views											
top SFR - Nghd											
top Hillside Condos	20	20	20	20	20	20	20	20	20	17	
l	20	20	20	20	20	20	20	20	20	17	
ulative Total	1,106	1,126	1,146	1,166	1,186	1,206	1,226	1,246	1,266	1,283	1,283

Percentage Of Total Units

imes Public Infratructure Improvements are Complete

he Months	Month 78 Sep-2016	Month 79 Oct-2016	Month 80 Nov-2016	Month 81 Dec-2016	Month 82 Jan-2017	Month 83 Feb-2017	Month 84 Mar-2017	Month 85 Apr-2017	Month 86 May-2017	Month 87 Jun-2017	Month 88 Jul-2017
Type											
top SFR - Views											
top SFR - Nghd											
top Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.42%	
l	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.33%	
ulative Total	86.20%	87.76%	89.32%	90.88%	92.44%	94.00%	95.56%	97.12%	98.67%	100.00%	100.00%

are : ARGUS ARGUS 2007 (Build: [illegible])
: Hunters Phase I San Franc CA
erty Type : Unit Sal.
olio :

Supporting Schedule -- Units Completed Schedule

mes Public Infratructure Improvements are Complete

he Months	Month 23 Feb-2012	Month 24 Mar-2012	Month 25 Apr-2012	Month 26 May-2012	Month 27 Jun-2012	Month 28 Jul-2012	Month 29 Aug-2012	Month 30 Sep-2012	Month 31 Oct-2012	Month 32 Nov-2012	Month 33 Dec-2012
Type											
op SFR - Views					5	5	5	5	5	5	5
op SFR - Nghd					3	3	3	3	3	3	3
op Hillside Condos					10	10	10	10	10	10	20
					18	18	18	18	18	18	28
ulative Total					18	36	54	72	90	108	136

Percentage Of Total Units

mes Public Infratructure Improvements are Complete

he Months	Month 23 Feb-2012	Month 24 Mar-2012	Month 25 Apr-2012	Month 26 May-2012	Month 27 Jun-2012	Month 28 Jul-2012	Month 29 Aug-2012	Month 30 Sep-2012	Month 31 Oct-2012	Month 32 Nov-2012	Month 33 Dec-2012
Type											
lop SFR - Views					7.69%	7.69%	7.69%	7.69%	7.69%	7.69%	7.69%
top SFR - Nghd					14.29%	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%
top Hillside Condos					0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	1.67%
l					1.40%	1.40%	1.40%	1.40%	1.40%	1.40%	2.18%
ulative Total					1.40%	2.81%	4.21%	5.61%	7.01%	8.42%	10.60%

tware : ARGUS Ver. ARGUS 2007 (Build: 13000-G)
: Hunte nt Phase I
perty Type : Unit S
tfolio :

HPS Phase I
San Fr o, CA

Supporting Schedule -- Units Completed Schedule

umes Public Infratructure Improvements are Complete

the Months	Month 34 Jan-2013	Month 35 Feb-2013	Month 36 Mar-2013	Month 37 Apr-2013	Month 38 May-2013	Month 39 Jun-2013	Month 40 Jul-2013	Month 41 Aug-2013	Month 42 Sep-2013	Month 43 Oct-2013	Month 44 Nov-2013
t Type											
lltop SFR - Views	5	5	5	5	5	5					
lltop SFR - Nghd											
lltop Hillside Condos	20	20	20	20	20	20	20	20	20	20	20
al	25	25	25	25	25	25	20	20	20	20	20
mulative Total	161	186	211	236	261	286	306	326	346	366	386

Percentage Of Total Units

sumes Public Infratructure Improvements are Complete

r the Months	Month 34 Jan-2013	Month 35 Feb-2013	Month 36 Mar-2013	Month 37 Apr-2013	Month 38 May-2013	Month 39 Jun-2013	Month 40 Jul-2013	Month 41 Aug-2013	Month 42 Sep-2013	Month 43 Oct-2013	Month 44 Nov-2013
it Type											
illtop SFR - Views	7.69%	7.69%	7.69%	7.69%	7.69%	7.69%					
illtop SFR - Nghd											
illtop Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
tal	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.56%	1.56%	1.56%	1.56%	1.56%
imulative Total	12.55%	14.50%	16.45%	18.39%	20.34%	22.29%	23.85%	25.41%	26.97%	28.53%	30.09%

ware : ARGU[illegible]r. ARGUS 2007 (Build: 13000-G)
: Hunte[illegible]nt Phase I
perty Type : Unit Sa[illegible]
folio :

San Fr[illegible], CA

Supporting Schedule -- Units Completed Schedule

umes Public Infratructure Improvements are Complete

the Months	Month 45 Dec-2013	Month 46 Jan-2014	Month 47 Feb-2014	Month 48 Mar-2014	Month 49 Apr-2014	Month 50 May-2014	Month 51 Jun-2014	Month 52 Jul-2014	Month 53 Aug-2014	Month 54 Sep-2014	Month 55 Oct-2014
t Type											
lltop SFR - Views											
lltop SFR - Nghd											
lltop Hillside Condos	20	20	20	20	20	20	20	20	20	20	20
al	20	20	20	20	20	20	20	20	20	20	20
mulative Total	406	426	446	466	486	506	526	546	566	586	606

Percentage Of Total Units

sumes Public Infratructure Improvements are Complete

r the Months	Month 45 Dec-2013	Month 46 Jan-2014	Month 47 Feb-2014	Month 48 Mar-2014	Month 49 Apr-2014	Month 50 May-2014	Month 51 Jun-2014	Month 52 Jul-2014	Month 53 Aug-2014	Month 54 Sep-2014	Month 55 Oct-2014
it Type											
lilltop SFR - Views											
lilltop SFR - Nghd											
lilltop Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
tal	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%
mulative Total	31.64%	33.20%	34.76%	36.32%	37.88%	39.44%	41.00%	42.56%	44.12%	45.67%	47.23%

vare : ARGUS ARGUS 2007 (Build: 13000-G)
: Hunters Phase I
erty Type : Unit Sa
olio :

San Fran CA

Supporting Schedule -- Units Completed Schedule

mes Public Infratructure Improvements are Complete

ne Months	Month 56 Nov-2014	Month 57 Dec-2014	Month 58 Jan-2015	Month 59 Feb-2015	Month 60 Mar-2015	Month 61 Apr-2015	Month 62 May-2015	Month 63 Jun-2015	Month 64 Jul-2015	Month 65 Aug-2015	Month 66 Sep-2015
Type											
op SFR - Views											
op SFR - Nghd											
op Hillside Condos	20	20	20	20	20	20	20	20	20	20	20
l	20	20	20	20	20	20	20	20	20	20	20
ulative Total	626	646	666	686	706	726	746	766	786	806	826

Percentage Of Total Units

imes Public Infratructure Improvements are Complete

he Months	Month 56 Nov-2014	Month 57 Dec-2014	Month 58 Jan-2015	Month 59 Feb-2015	Month 60 Mar-2015	Month 61 Apr-2015	Month 62 May-2015	Month 63 Jun-2015	Month 64 Jul-2015	Month 65 Aug-2015	Month 66 Sep-2015
Type											
top SFR - Views											
top SFR - Nghd											
top Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
l	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%
ulative Total	48.79%	50.35%	51.91%	53.47%	55.03%	56.59%	58.14%	59.70%	61.26%	62.82%	64.38%

are : ARGUS ARGUS 2007 (Build: 13000-G)
: Hunters Phase I
San Fran CA
erty Type : Unit Sai
olio :

Supporting Schedule -- Units Completed Schedule

mes Public Infratructure Improvements are Complete

he Months	Month 67 Oct-2015	Month 68 Nov-2015	Month 69 Dec-2015	Month 70 Jan-2016	Month 71 Feb-2016	Month 72 Mar-2016	Month 73 Apr-2016	Month 74 May-2016	Month 75 Jun-2016	Month 76 Jul-2016	Month 77 Aug-2016
Type											
op SFR - Views											
op SFR - Nghd											
op Hillside Condos	20	20	20	20	20	20	20	20	20	20	20
l	20	20	20	20	20	20	20	20	20	20	20
ulative Total	846	866	886	906	926	946	966	986	1,006	1,026	1,046

Percentage Of Total Units

mes Public Infratructure Improvements are Complete

he Months	Month 67 Oct-2015	Month 68 Nov-2015	Month 69 Dec-2015	Month 70 Jan-2016	Month 71 Feb-2016	Month 72 Mar-2016	Month 73 Apr-2016	Month 74 May-2016	Month 75 Jun-2016	Month 76 Jul-2016	Month 77 Aug-2016
Type											
top SFR - Views											
top SFR - Nghd											
top Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
l	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%
ulative Total	65.94%	67.50%	69.06%	70.62%	72.17%	73.73%	75.29%	76.85%	78.41%	79.97%	81.53%

'are : ARGUS ARGUS 2007 (Build: 13000-G)
: Hunters Phase I
erty Type : Unit Sal
ɔtio :

San Fran CA

Supporting Schedule -- Units Completed Schedule

mes Public Infratructure Improvements are Complete

ne Months	Month 78 Sep-2016	Month 79 Oct-2016	Month 80 Nov-2016	Month 81 Dec-2016	Month 82 Jan-2017	Month 83 Feb-2017	Month 84 Mar-2017	Month 85 Apr-2017	Month 86 May-2017	Month 87 Jun-2017	Month 88 Jul-2017
Type											
op SFR - Views											
op SFR - Nghd											
op Hillside Condos	20	20	20	20	20	20	20	20	20	20	20
.	20	20	20	20	20	20	20	20	20	20	20
ulative Total	1,066	1,086	1,106	1,126	1,146	1,166	1,186	1,206	1,226	1,246	1,266

Percentage Of Total Units

imes Public Infratructure Improvements are Complete

he Months	Month 78 Sep-2016	Month 79 Oct-2016	Month 80 Nov-2016	Month 81 Dec-2016	Month 82 Jan-2017	Month 83 Feb-2017	Month 84 Mar-2017	Month 85 Apr-2017	Month 86 May-2017	Month 87 Jun-2017	Month 88 Jul-2017
Type											
top SFR - Views											
top SFR - Nghd											
top Hillside Condos	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
l	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%	1.56%
ulative Total	83.09%	84.65%	86.20%	87.76%	89.32%	90.88%	92.44%	94.00%	95.56%	97.12%	98.67%

ware : ARGUS [illegible]r. ARGUS 2007 (Build: 13000-G)
: Hunte[illegible] t Phase I
perty Type : Unit S[illegible]
folio :

[illegible] Phase I
San Fra[illegible], CA

Supporting Schedule -- Units Completed Schedule

umes Public Infratructure Improvements are Complete

the Months	Month 89 Aug-2017	Month 90 Sep-2017	Month 91 Oct-2017	Month 92 Nov-2017	Month 93 Dec-2017	Month 94 Jan-2018	Month 95 Feb-2018	Month 96 Mar-2018	Month 97 Apr-2018	Month 98 May-2018	Month 99 Jun-2018
t Type											
lltop SFR - Views											
lltop SFR - Nghd											
lltop Hillside Condos	17										
al	17										
mulative Total	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,283

Percentage Of Total Units

sumes Public Infratructure Improvements are Complete

the Months	Month 89 Aug-2017	Month 90 Sep-2017	Month 91 Oct-2017	Month 92 Nov-2017	Month 93 Dec-2017	Month 94 Jan-2018	Month 95 Feb-2018	Month 96 Mar-2018	Month 97 Apr-2018	Month 98 May-2018	Month 99 Jun-2018
it Type											
illtop SFR - Views											
illtop SFR - Nghd											
illtop Hillside Condos	1.42%										
tal	1.33%										
mulative Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

/are : ARGUS [illegible], ARGUS 2007 (Build: 15000-G)
: Hunter [illegible] Phase I
erty Type : Unit Sa.
olio :

San Fran[illegible] CA

Supporting Schedule -- Units Sold Schedule

mes Public Infratructure Improvements are Complete

he Months	Month 23 Feb-2012	Month 24 Mar-2012	Month 25 Apr-2012	Month 26 May-2012	Month 27 Jun-2012	Month 28 Jul-2012	Month 29 Aug-2012	Month 30 Sep-2012	Month 31 Oct-2012	Month 32 Nov-2012	Month 33 Dec-2012
Type											
op SFR - Views						5	5	5	5	5	5
op SFR - Nghd						3	3	3	3	3	3
op Hillside Condos						10	10	10	10	10	10
l						18	18	18	18	18	18
ulative Total						18	36	54	72	90	108

Percentage Of Total Units

imes Public Infratructure Improvements are Complete

he Months	Month 23 Feb-2012	Month 24 Mar-2012	Month 25 Apr-2012	Month 26 May-2012	Month 27 Jun-2012	Month 28 Jul-2012	Month 29 Aug-2012	Month 30 Sep-2012	Month 31 Oct-2012	Month 32 Nov-2012	Month 33 Dec-2012
Type											
top SFR - Views						7.69%	7.69%	7.69%	7.69%	7.69%	7.69%
top SFR - Nghd						14.29%	14.29%	14.29%	14.29%	14.29%	14.29%
top Hillside Condos						0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
l						1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
ulative Total						1.40%	2.81%	4.21%	5.61%	7.01%	8.42%

ware : ARGU r. ARGUS 2007 (Build: 13000-G)
: Hunte it Phase I
erty Type : Unit Sa
folio :

HPS P se I
San Fra , CA

Supporting Schedule -- Units Sold Schedule

umes Public Infratructure Improvements are Complete

the Months	Month 34 Jan-2013	Month 35 Feb-2013	Month 36 Mar-2013	Month 37 Apr-2013	Month 38 May-2013	Month 39 Jun-2013	Month 40 Jul-2013	Month 41 Aug-2013	Month 42 Sep-2013	Month 43 Oct-2013	Month 44 Nov-2013
Type											
ltop SFR - Views	5	5	5	5	5	5	5				
ltop SFR - Nghd	3										
ltop Hillside Condos	10	16	16	16	16	16	16	16	16	16	16
al	18	21	21	21	21	21	21	16	16	16	16
nulative Total	126	147	168	189	210	231	252	268	284	300	316

Percentage Of Total Units

umes Public Infratructure Improvements are Complete

the Months	Month 34 Jan-2013	Month 35 Feb-2013	Month 36 Mar-2013	Month 37 Apr-2013	Month 38 May-2013	Month 39 Jun-2013	Month 40 Jul-2013	Month 41 Aug-2013	Month 42 Sep-2013	Month 43 Oct-2013	Month 44 Nov-2013
t Type											
lltop SFR - Views	7.69%	7.69%	7.69%	7.69%	7.69%	7.69%	7.69%				
lltop SFR - Nghd	14.29%										
lltop Hillside Condos	0.84%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%
ial	1.40%	1.64%	1.64%	1.64%	1.64%	1.64%	1.64%	1.25%	1.25%	1.25%	1.25%
mulative Total	9.82%	11.46%	13.09%	14.73%	16.37%	18.00%	19.64%	20.89%	22.14%	23.38%	24.63%

are : ARGUS ARGUS 2007 (Build: 13000-G)
: Hunters Phase I
rty Type : Unit Sal
lio :

HPS Phase I
San Fran CA

Supporting Schedule -- Units Sold Schedule

nes Public Infratructure Improvements are Complete

ie Months	Month 45 Dec-2013	Month 46 Jan-2014	Month 47 Feb-2014	Month 48 Mar-2014	Month 49 Apr-2014	Month 50 May-2014	Month 51 Jun-2014	Month 52 Jul-2014	Month 53 Aug-2014	Month 54 Sep-2014	Month 55 Oct-2014
ype											
op SFR - Views											
op SFR - Nghd											
op Hillside Condos	16	16	16	16	16	16	16	16	16	16	16
	16	16	16	16	16	16	16	16	16	16	16
ulative Total	332	348	364	380	396	412	428	444	460	476	492

Percentage Of Total Units

mes Public Infratructure Improvements are Complete

ne Months	Month 45 Dec-2013	Month 46 Jan-2014	Month 47 Feb-2014	Month 48 Mar-2014	Month 49 Apr-2014	Month 50 May-2014	Month 51 Jun-2014	Month 52 Jul-2014	Month 53 Aug-2014	Month 54 Sep-2014	Month 55 Oct-2014
Type											
op SFR - Views											
op SFR - Nghd											
op Hillside Condos	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%
	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
ulative Total	25.88%	27.12%	28.37%	29.62%	30.87%	32.11%	33.36%	34.61%	35.85%	37.10%	38.35%

ware : ARGUS ...er. ARGUS 2007 (Build: 13000-G)
: Hunte ...it Phase I
...perty Type : Unit S...
folio :

San Fra..., CA

Supporting Schedule -- Units Sold Schedule

...umes Public Infratructure Improvements are Complete

...the Months	Month 56 Nov-2014	Month 57 Dec-2014	Month 58 Jan-2015	Month 59 Feb-2015	Month 60 Mar-2015	Month 61 Apr-2015	Month 62 May-2015	Month 63 Jun-2015	Month 64 Jul-2015	Month 65 Aug-2015	Month 66 Sep-2015
...Type											
...ltop SFR - Views											
...ltop SFR - Nghd											
...ltop Hillside Condos	16	16	16	16	16	16	16	16	16	16	16
...al	16	16	16	16	16	16	16	16	16	16	16
...nulative Total	508	524	540	556	572	588	604	620	636	652	668

Percentage Of Total Units

...umes Public Infratructure Improvements are Complete

...the Months	Month 56 Nov-2014	Month 57 Dec-2014	Month 58 Jan-2015	Month 59 Feb-2015	Month 60 Mar-2015	Month 61 Apr-2015	Month 62 May-2015	Month 63 Jun-2015	Month 64 Jul-2015	Month 65 Aug-2015	Month 66 Sep-2015
...t Type											
...lltop SFR - Views											
...lltop SFR - Nghd											
...lltop Hillside Condos	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%
...al	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
...mulative Total	39.59%	40.84%	42.09%	43.34%	44.58%	45.83%	47.08%	48.32%	49.57%	50.82%	52.07%

tware : ARGUS Est. ARGUS 2007 (Build: 10000 S)
: Hunte nt Phase I
perty Type : Unit S
tfolio :

San Fra n, CA

Supporting Schedule -- Units Sold Schedule

sumes Public Infratructure Improvements are Complete

the Months	Month 67 Oct-2015	Month 68 Nov-2015	Month 69 Dec-2015	Month 70 Jan-2016	Month 71 Feb-2016	Month 72 Mar-2016	Month 73 Apr-2016	Month 74 May-2016	Month 75 Jun-2016	Month 76 Jul-2016	Month 77 Aug-2016
it Type											
illtop SFR - Views											
illtop SFR - Nghd											
illtop Hillside Condos	16	16	16	16	16	16	16	16	16	16	16
al	16	16	16	16	16	16	16	16	16	16	16
mulative Total	684	700	716	732	748	764	780	796	812	828	844

Percentage Of Total Units

sumes Public Infratructure Improvements are Complete

r the Months	Month 67 Oct-2015	Month 68 Nov-2015	Month 69 Dec-2015	Month 70 Jan-2016	Month 71 Feb-2016	Month 72 Mar-2016	Month 73 Apr-2016	Month 74 May-2016	Month 75 Jun-2016	Month 76 Jul-2016	Month 77 Aug-2016
it Type											
illtop SFR - Views											
illtop SFR - Nghd											
illtop Hillside Condos	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%
tal	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
mulative Total	53.31%	54.56%	55.81%	57.05%	58.30%	59.55%	60.80%	62.04%	63.29%	64.54%	65.78%

are : ARGUS ARGUS 2007 (Build: 13000-G)
: Hunters Phase I
rty Type : Unit Sale
olio :

HPS Phase I
San Fran CA

Supporting Schedule -- Units Sold Schedule

mes Public Infratructure Improvements are Complete

he Months	Month 78 Sep-2016	Month 79 Oct-2016	Month 80 Nov-2016	Month 81 Dec-2016	Month 82 Jan-2017	Month 83 Feb-2017	Month 84 Mar-2017	Month 85 Apr-2017	Month 86 May-2017	Month 87 Jun-2017	Month 88 Jul-2017
Type											
op SFR - Views											
op SFR - Nghd											
op Hillside Condos	16	16	16	16	16	16	16	16	16	16	16
	16	16	16	16	16	16	16	16	16	16	16
ulative Total	860	876	892	908	924	940	956	972	988	1,004	1,020

Percentage Of Total Units

imes Public Infratructure Improvements are Complete

he Months	Month 78 Sep-2016	Month 79 Oct-2016	Month 80 Nov-2016	Month 81 Dec-2016	Month 82 Jan-2017	Month 83 Feb-2017	Month 84 Mar-2017	Month 85 Apr-2017	Month 86 May-2017	Month 87 Jun-2017	Month 88 Jul-2017
Type											
top SFR - Views											
top SFR - Nghd											
top Hillside Condos	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%
l	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
ulative Total	67.03%	68.28%	69.52%	70.77%	72.02%	73.27%	74.51%	75.76%	77.01%	78.25%	79.50%

: Hunte nt Phase I
perty Type : Unit S
tfolio :

San Fra o, CA

Supporting Schedule -- Units Sold Schedule

umes Public Infratructure Improvements are Complete

the Months	Month 89 Aug-2017	Month 90 Sep-2017	Month 91 Oct-2017	Month 92 Nov-2017	Month 93 Dec-2017	Month 94 Jan-2018	Month 95 Feb-2018	Month 96 Mar-2018	Month 97 Apr-2018	Month 98 May-2018	Month 99 Jun-2018
t Type											
lltop SFR - Views											
lltop SFR - Nghd											
ltop Hillside Condos	16	16	16	16	16	16	16	16	16	16	16
al	16	16	16	16	16	16	16	16	16	16	16
mulative Total	1,036	1,052	1,068	1,084	1,100	1,116	1,132	1,148	1,164	1,180	1,196

Percentage Of Total Units

sumes Public Infratructure Improvements are Complete

r the Months	Month 89 Aug-2017	Month 90 Sep-2017	Month 91 Oct-2017	Month 92 Nov-2017	Month 93 Dec-2017	Month 94 Jan-2018	Month 95 Feb-2018	Month 96 Mar-2018	Month 97 Apr-2018	Month 98 May-2018	Month 99 Jun-2018
it Type											
illtop SFR - Views											
illtop SFR - Nghd											
illtop Hillside Condos	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%
tal	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
mulative Total	80.75%	82.00%	83.24%	84.49%	85.74%	86.98%	88.23%	89.48%	90.72%	91.97%	93.22%

: Hunter Phase I
erty Type : Unit Sa
olio :

San Fran CA

Supporting Schedule -- Units Sold Schedule

mes Public Infratructure Improvements are Complete

ne Months	Month 100 Jul-2018	Month 101 Aug-2018	Month 102 Sep-2018	Month 103 Oct-2018	Month 104 Nov-2018	Month 105 Dec-2018	Month 106 Jan-2019	Month 107 Feb-2019	Month 108 Mar-2019	Month 109 Apr-2019	Month 110 May-2019
Type											
op SFR - Views											
op SFR - Nghd											
op Hillside Condos	16	16	16	16	16	7					
	16	16	16	16	16	7					
ulative Total	1,212	1,228	1,244	1,260	1,276	1,283	1,283	1,283	1,283	1,283	1,283

Percentage Of Total Units

mes Public Infratructure Improvements are Complete

ne Months	Month 100 Jul-2018	Month 101 Aug-2018	Month 102 Sep-2018	Month 103 Oct-2018	Month 104 Nov-2018	Month 105 Dec-2018	Month 106 Jan-2019	Month 107 Feb-2019	Month 108 Mar-2019	Month 109 Apr-2019	Month 110 May-2019
Type											
op SFR - Views											
op SFR - Nghd											
op Hillside Condos	1.34%	1.34%	1.34%	1.34%	1.34%	0.58%					
	1.25%	1.25%	1.25%	1.25%	1.25%	0.55%					
ulative Total	94.47%	95.71%	96.96%	98.21%	99.45%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

ware : ARGU[illegible]r. ARGUS 2007 (Build: 13000-G)
: Hunte[illegible]t Phase I
perty Type : Unit Sa
folio :

San Fra[illegible], CA

Supporting Schedule -- Fixed Construction Costs

umes Public Infratructure Improvements are Complete

the Months	Month 23 Feb-2012	Month 24 Mar-2012	Month 25 Apr-2012	Month 26 May-2012	Month 27 Jun-2012	Month 28 Jul-2012	Month 29 Aug-2012	Month 30 Sep-2012	Month 31 Oct-2012	Month 32 Nov-2012	Month 33 Dec-2012
: Type											
iltop SFR - Views			44,872	89,743	134,615	134,615	134,615	134,615	134,615	134,615	134,615
iltop SFR - Nghd			26,923	53,846	80,769	80,769	80,769	80,769	80,769	53,846	26,923
iltop Hillside Condos			89,743	179,487	269,230	269,230	269,230	269,230	358,973	448,717	538,460
al			161,538	323,076	484,614	484,614	484,614	484,614	574,357	637,178	699,998
nulative Total			161,538	484,614	969,228	1,453,842	1,938,456	2,423,070	2,997,427	3,634,605	4,334,603

Percentage Of Total

umes Public Infratructure Improvements are Complete

the Months	Month 23 Feb-2012	Month 24 Mar-2012	Month 25 Apr-2012	Month 26 May-2012	Month 27 Jun-2012	Month 28 Jul-2012	Month 29 Aug-2012	Month 30 Sep-2012	Month 31 Oct-2012	Month 32 Nov-2012	Month 33 Dec-2012
it Type											
iltop SFR - Views			2.56%	5.13%	7.69%	7.69%	7.69%	7.69%	7.69%	7.69%	7.69%
iltop SFR - Nghd			4.76%	9.52%	14.29%	14.29%	14.29%	14.29%	14.29%	9.52%	4.76%
iltop Hillside Condos			0.27%	0.54%	0.82%	0.82%	0.82%	0.82%	1.09%	1.36%	1.63%
tal			0.46%	0.92%	1.37%	1.37%	1.37%	1.37%	1.63%	1.81%	1.98%
mulative Total			0.46%	1.37%	2.75%	4.12%	5.50%	6.87%	8.50%	10.30%	12.29%

ware : ARGU[illegible]. ARGUS 2007 (Build: 13000-G)
: Hunte[illegible] t Phase I
perty Type : Unit Sa[illegible]
folio :

San Fra[illegible] CA

Supporting Schedule -- Fixed Construction Costs

umes Public Infratructure Improvements are Complete

the Months	Month 34 Jan-2013	Month 35 Feb-2013	Month 36 Mar-2013	Month 37 Apr-2013	Month 38 May-2013	Month 39 Jun-2013	Month 40 Jul-2013	Month 41 Aug-2013	Month 42 Sep-2013	Month 43 Oct-2013	Month 44 Nov-2013
: Type											
lltop SFR - Views	134,615	134,615	134,615	134,615	89,743	44,872					
ltop SFR - Nghd											
lltop Hillside Condos	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460
al	673,075	673,075	673,075	673,075	628,203	583,332	538,460	538,460	538,460	538,460	538,460
nulative Total	5,007,678	5,680,753	6,353,828	7,026,903	7,655,106	8,238,438	8,776,898	9,315,358	9,853,818	10,392,278	10,930,738

Percentage Of Total

sumes Public Infratructure Improvements are Complete

the Months	Month 34 Jan-2013	Month 35 Feb-2013	Month 36 Mar-2013	Month 37 Apr-2013	Month 38 May-2013	Month 39 Jun-2013	Month 40 Jul-2013	Month 41 Aug-2013	Month 42 Sep-2013	Month 43 Oct-2013	Month 44 Nov-2013
it Type											
illtop SFR - Views	7.69%	7.69%	7.69%	7.69%	5.13%	2.56%					
illtop SFR - Nghd											
illtop Hillside Condos	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%
tal	1.91%	1.91%	1.91%	1.91%	1.78%	1.65%	1.53%	1.53%	1.53%	1.53%	1.53%
mulative Total	14.20%	16.11%	18.01%	19.92%	21.70%	23.36%	24.88%	26.41%	27.94%	29.46%	30.99%

: Hunter[illegible]t Phase I
perty Type : Unit S
folio :

San Fra[illegible] CA

Supporting Schedule -- Fixed Construction Costs

umes Public Infratructure Improvements are Complete

the Months	Month 45 Dec-2013	Month 46 Jan-2014	Month 47 Feb-2014	Month 48 Mar-2014	Month 49 Apr-2014	Month 50 May-2014	Month 51 Jun-2014	Month 52 Jul-2014	Month 53 Aug-2014	Month 54 Sep-2014	Month 55 Oct-2014
Type											
ltop SFR - Views											
ltop SFR - Nghd											
ltop Hillside Condos	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460
ıl	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460	538,460
ıulative Total	11,469,198	12,007,658	12,546,118	13,084,578	13,623,038	14,161,498	14,699,958	15,238,418	15,776,878	16,315,338	16,853,798

Percentage Of Total

ımes Public Infratructure Improvements are Complete

:he Months	Month 45 Dec-2013	Month 46 Jan-2014	Month 47 Feb-2014	Month 48 Mar-2014	Month 49 Apr-2014	Month 50 May-2014	Month 51 Jun-2014	Month 52 Jul-2014	Month 53 Aug-2014	Month 54 Sep-2014	Month 55 Oct-2014
Type											
top SFR - Views											
top SFR - Nghd											
top Hillside Condos	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%	1.63%
l	1.53%	1.53%	1.53%	1.53%	1.53%	1.53%	1.53%	1.53%	1.53%	1.53%	1.53%
ulative Total	32.52%	34.04%	35.57%	37.10%	38.62%	40.15%	41.68%	43.20%	44.73%	46.26%	47.78%

ware : ARGUS ARGUS 2007 (Build: 13000-G)
: Hunter Phase I
erty Type : Unit Sa.
folio :

San Fran CA

Supporting Schedule -- Fixed Construction Costs

umes Public Infratructure Improvements are Complete

the Months	Month 56 Nov-2014	Month 57 Dec-2014	Month 58 Jan-2015	Month 59 Feb-2015	Month 60 Mar-2015	Month 61 Apr-2015	Month 62 May-2015	Month 63 Jun-2015	Month 64 Jul-2015	Month 65 Aug-2015	Month 66 Sep-2015
Type											
ltop SFR - Views											
ltop SFR - Nghd											
ltop Hillside Condos	538,460	538,460	538,460	538,460	538,460	543,845	549,229	554,614	554,614	554,614	554,614
al	538,460	538,460	538,460	538,460	538,460	543,845	549,229	554,614	554,614	554,614	554,614
nulative Total	17,392,258	17,930,718	18,469,178	19,007,638	19,546,098	20,089,943	20,639,172	21,193,786	21,748,400	22,303,014	22,857,628

Percentage Of Total

umes Public Infratructure Improvements are Complete

the Months	Month 56 Nov-2014	Month 57 Dec-2014	Month 58 Jan-2015	Month 59 Feb-2015	Month 60 Mar-2015	Month 61 Apr-2015	Month 62 May-2015	Month 63 Jun-2015	Month 64 Jul-2015	Month 65 Aug-2015	Month 66 Sep-2015
t'Type											
iltop SFR - Views											
illtop SFR - Nghd											
illtop Hillside Condos	1.63%	1.63%	1.63%	1.63%	1.63%	1.65%	1.67%	1.68%	1.68%	1.68%	1.68%
al	1.53%	1.53%	1.53%	1.53%	1.53%	1.54%	1.56%	1.57%	1.57%	1.57%	1.57%
mulative Total	49.31%	50.84%	52.36%	53.89%	55.42%	56.96%	58.51%	60.09%	61.66%	63.23%	64.80%

ware : ARGUS [illegible]
: Hunter [illegible]t Phase I
erty Type : Unit S.
folio :

San Fran[illegible] CA

Supporting Schedule -- Fixed Construction Costs

umes Public Infratructure Improvements are Complete

the Months	Month 67 Oct-2015	Month 68 Nov-2015	Month 69 Dec-2015	Month 70 Jan-2016	Month 71 Feb-2016	Month 72 Mar-2016	Month 73 Apr-2016	Month 74 May-2016	Month 75 Jun-2016	Month 76 Jul-2016	Month 77 Aug-2016
Type											
ltop SFR - Views											
ltop SFR - Nghd											
ltop Hillside Condos	554,613	554,614	554,614	554,614	554,614	554,613	560,160	565,706	571,252	571,252	571,252
al	554,613	554,614	554,614	554,614	554,614	554,613	560,160	565,706	571,252	571,252	571,252
nulative Total	23,412,241	23,966,855	24,521,469	25,076,083	25,630,697	26,185,310	26,745,470	27,311,176	27,882,428	28,453,680	29,024,932

Percentage Of Total

umes Public Infratructure Improvements are Complete

the Months	Month 67 Oct-2015	Month 68 Nov-2015	Month 69 Dec-2015	Month 70 Jan-2016	Month 71 Feb-2016	Month 72 Mar-2016	Month 73 Apr-2016	Month 74 May-2016	Month 75 Jun-2016	Month 76 Jul-2016	Month 77 Aug-2016
: Type											
iltop SFR - Views											
iltop SFR - Nghd											
iltop Hillside Condos	1.68%	1.68%	1.68%	1.68%	1.68%	1.68%	1.70%	1.72%	1.73%	1.73%	1.73%
al	1.57%	1.57%	1.57%	1.57%	1.57%	1.57%	1.59%	1.60%	1.62%	1.62%	1.62%
nulative Total	66.38%	67.95%	69.52%	71.09%	72.67%	74.24%	75.83%	77.43%	79.05%	80.67%	82.29%

: Hunte nt Phase I
perty Type : Unit S
folio :

San Fran , CA

Supporting Schedule -- Fixed Construction Costs

umes Public Infratructure Improvements are Complete

the Months	Month 78 Sep-2016	Month 79 Oct-2016	Month 80 Nov-2016	Month 81 Dec-2016	Month 82 Jan-2017	Month 83 Feb-2017	Month 84 Mar-2017	Month 85 Apr-2017	Month 86 May-2017	Month 87 Jun-2017	Month 88 Jul-2017
: Type											
ltop SFR - Views											
ltop SFR - Nghd											
ltop Hillside Condos	571,252	571,253	571,252	571,252	571,252	571,252	571,253	576,965	582,677	558,970	362,840
al	571,252	571,253	571,252	571,252	571,252	571,252	571,253	576,965	582,677	558,970	362,840
nulative Total	29,596,184	30,167,437	30,738,689	31,309,941	31,881,193	32,452,445	33,023,698	33,600,663	34,183,340	34,742,310	35,105,150

Percentage Of Total

umes Public Infratructure Improvements are Complete

the Months	Month 78 Sep-2016	Month 79 Oct-2016	Month 80 Nov-2016	Month 81 Dec-2016	Month 82 Jan-2017	Month 83 Feb-2017	Month 84 Mar-2017	Month 85 Apr-2017	Month 86 May-2017	Month 87 Jun-2017	Month 88 Jul-2017
t Type											
litop SFR - Views											
lltop SFR - Nghd											
lltop Hillside Condos	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%	1.75%	1.77%	1.70%	1.10%
al	1.62%	1.62%	1.62%	1.62%	1.62%	1.62%	1.62%	1.64%	1.65%	1.58%	1.03%
nulative Total	83.91%	85.53%	87.15%	88.77%	90.39%	92.01%	93.63%	95.26%	96.91%	98.50%	99.53%

: Hunte 'nt Phase I
perty Type : Unit S
tfolio :

San Fra), CA

Supporting Schedule -- Fixed Construction Costs

umes Public Infratructure Improvements are Complete

the Months	Month 89 Aug-2017	Month 90 Sep-2017	Month 91 Oct-2017	Month 92 Nov-2017	Month 93 Dec-2017	Month 94 Jan-2018	Month 95 Feb-2018	Month 96 Mar-2018	Month 97 Apr-2018	Month 98 May-2018	Month 99 Jun-2018
t Type											
iltop SFR - Views											
iltop SFR - Nghd											
iltop Hillside Condos	166,711										
al	166,711										
nulative Total	35,271,861	35,271,861	35,271,861	35,271,861	35,271,861	35,271,861	35,271,861	35,271,861	35,271,861	35,271,861	35,271,861

Percentage Of Total

umes Public Infratructure Improvements are Complete

the Months	Month 89 Aug-2017	Month 90 Sep-2017	Month 91 Oct-2017	Month 92 Nov-2017	Month 93 Dec-2017	Month 94 Jan-2018	Month 95 Feb-2018	Month 96 Mar-2018	Month 97 Apr-2018	Month 98 May-2018	Month 99 Jun-2018
t Type											
iltop SFR - Views											
iltop SFR - Nghd											
iltop Hillside Condos	0.51%										
al	0.47%										
nulative Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

HUNTERS POINT PHASE II
Infrastructure Cost Estimate

		Total Budget	Total
Main Infrastructure			
			0%
Marina			-
			0%
Relocated Bayshore Caltrain Station/ Carrol Avenue Light Rail Extension			-
			0%
Inter Modal Facility			-
			0%
Harney Way/ 101 Interchange			-
			0%
Auxilliary Lanes- 101			-
			0%
Fixed Guideway			-
			0%
Carrol Avenue Extension			-
			0%
Carrol Avenue Improvements			-
			100%
Construction Support	MacTec	18,639,366	18,639,366
			100%
HP Transportation	MacTec	123,397,308	123,397,308
			0%
2011 Per Korve 6/6/07		-	-
			0%
2012 Per Korve 6/6/07		-	-
			0%
2020 Per Korve 6/6/07		-	-
			0%
Total Off-Site Transportation		142,036,674	[illegible]
			100%
Off-Site Water LP	MacTec	2,068,054	2,068,054
			0%
Off-Site Water HP			-
			0%
AWSS Offsite	MacTec	-	-
			0%
Total Off-Site Utilities		2,068,054	[illegible]
			0%
Police/ Fire Station			-
			0%
School			-
			0%
			-
			0%
Total Community District Services		-	
			100%
Hazmat	MacTec	3,000,100	3,000,100
			100%
Demolition & Abatement - Buildings	MacTec	52,699,985	52,699,985
			100%
Parcel E RAD	MacTec	14,500,000	14,500,000
			0%
GEOTECH COSTS			-
			100%
Earthwork	MacTec	67,700,554	67,700,554
			0%
Total Earthwork and Demolition		137,900,639	[illegible]
			0%
			-
			100%
Reclaimed Water System	MacTec	4,418,656	4,418,656
			100%
AWSS	MacTec	9,761,931	9,761,931
			100%
LPW	MacTec	22,134,905	22,134,905
			0%
Fire Hydrants			-
			0%
Total Water Systems		36,315,492	[illegible]
			100%
Storm Drainage System	MacTec	50,061,626	50,061,626

HUNTERS POINT PHASE II
Infrastructure Cost Estimate

		Total Budget	Total
			0%
Storm Drainage Biofiltration System			-
			0%
Treated Storm Drainage			-
			0%
			-
			0%
Total Storm Drain System		50,061,626	50,061,626
			0%
Gravity Sewers and Manholes			-
			0%
Sanitary Sewer Pump Station			-
			100%
Separated Sanitary Sewer	MacTec	9,209,484	9,209,484
			0%
Total Sanitary Sewer		9,209,484	9,209,484
			0%
Backbone Trench			-
			100%
Joint Trench	MacTec	30,139,201	30,139,201
			0%
			-
			0%
Pull Boxes and Vaults			-
			100%
Street Lights, Traffic Signals, Overhead Sip	MacTec	7,084,046	7,084,046
			0%
Total Joint Trench		37,223,247	37,223,247
			0%
Backbone Roadway (F Street)			-
			0%
			-
			0%
AC Paving			-
			0%
PCC - Street Structural Section			-
			0%
Reinforcing Fabric			-
			0%
			-
			100%
Sidewalk & Curb/gutter	MacTec	7,923,396	7,923,396
			0%
			-
			0%
Shuttle Road			-
			100%
Streets & Roads	MacTec	48,220,959	48,220,959
			0%
Signing and Striping			-
			0%
Total Roadways		56,144,355	56,144,355
			100%
Landscape and Irrigation	MacTec	13,814,053	13,814,053
			100%
Open Space/ Parks	MacTec	65,119,678	65,119,678
			0%
Street Scape			-
			0%
Total Landscape and Irrigation		78,933,731	78,933,731
			0%
Onsite Developers			-
			100%
Waterfront Improvements	MacTec	40,000,000	40,000,000
			0%
Bridges			-
			0%
			-
			0%
			-
			0%

HUNTERS POINT PHASE II
Infrastructure Cost Estimate

			Total Budget	Total
				-
				0%
				-
				0%
				-
				0%
				-
				0%
				-
				0%
				-
				0%
Total Waterfront Improvement			40,000,000	40,000,000
				0%
Yosemite Slough Pedestrian Bridge				-
				0%
Bridge Environmental Cost				-
				100%
Temporary Improvements	MacTec		7,104,868	7,104,868
				100%
Community Facilities TBD			5,000,000	5,000,000
				100%
Artist Replacement Studios (2012-2014)			21,000,000	21,000,000
A Tendel to provide estimate 7/22/08				0%
Parking Lot				-
Total Parking / Other Structures			33,104,868	33,104,868
Total Construction Cost			622,998,170	622,998,170
				100%
Hard Cost Contigency		15.0%	93,449,726	93,449,726
5.0% City & Third Party Costs	MacTec		31,149,909	31,149,909
				100%
HP Planning & Design	MacTec		59,738,480	59,738,480
2.0% Air Monitoring	MacTec		12,459,963	12,459,963
0.5% Insurance	MacTec		3,114,991	3,114,991
Engineering and Other Fees		17.1%	106,463,343	106,463,343
				100%
HP Pre-Term Costs	MacTec		480,000	480,000
				100%
HP Management	MacTec		12,202,251	12,202,251
Construction Management		2.0%	12,682,251	12,682,251
Total Construction Cost			835,593,489	835,593,489

HUNTERS POINT PHASE II
LOT RESIDUAL ANALYSIS

Description	Apartments	Affordable Apartments	TH	Affordable TH	SFA Embedded TH	Affordable SFA Embedded TH	Lowrise Flats + Lofts + Attached Townhomes: SFA Flats	Lowrise Flats + Lofts + Attached Townhomes: Affordable SFA Flats	Midrise Flats + Lowrise Flats + Lofts + Townhomes: Mid Rise	Midrise Flats + Lowrise Flats + Lofts + Townhomes: Affordable Mid Rise	Tower Units	Affordable Tower	Average/ For Sale Market
Number of Homes	331	37	24	6	554	62	457	51	0	0	444	49	1,480
Average SF	1,000	1,000	1,510	1,510	1,100	1,100	1,085	1,085	1,000	1,000	945	945	1,056
Living Square Footage %	85%	85%	107%	107%	85%	85%	81%	81%	80%	80%	80%	80%	83%
Gross Square Footage	1,176	1,176	1,510	1,510	1,294	1,294	1,340	1,340	1,250	1,250	1,181	1,181	1,278
Parking Square Footage	350	350	350	350	350	350	350	350	350	350	350	350	350
Cap Square Footage	0	0	0	0	0	0	0	0	0	0	0	0	0
Price/SF (Gross)	219	109	385	162	510	189	494	183	544	196	584	194	529
Price/SF (Net)	**$257**	**$129**	**$585**	**$162**	**$600**	**$223**	**$610**	**$226**	**$680**	**$245**	**$730**	**$242**	**$642**
Direct Construction Cost/SF (Gross)							$259.97	$259.97	$287.88	$287.88			$264.15
Cap Cost													$0.00
Parking Construction Cost/SF													$0.00
Revenue	Capped value	Capped value	$ 342,732,584	$ 819,503	$562.26	$ 618,480	$ 571.57	$ 620,151	#DIV/0!	#DIV/0!	$ 681.24	$ 643,774	
Base Home	$257,143	$128,571		$244,860		$244,860	$661,850	$244,860	$680,000	$244,860		$229,085	$673,191
Premium													$0
Price Adjustment													0
Home Price	257,143	128,571	833,350	244,860	660,000	244,860	661,850	244,860	680,000	244,860	689,850	229,085	673,191
Directs													
Parking Construction Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Cap Construction Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Construction Costs	0	0	250,843	250,843	325,280	325,280	348,227	348,227	359,850	359,850	340,625	340,625	336,407
Bldg. Permits			10,250	10,250	10,250	10,250	10,250	10,250	10,250	10,250	10,250	10,250	10,250
Closing Costs 1.0%			8,834	2,449	6,600	2,449	6,619	2,449	6,800	2,449	6,899	2,291	6,732
Total Directs	0	0	309,926	340,541	342,150	337,978	365,095	360,925	376,900	372,549	357,774	353,166	353,388
Gross Profit	257,143	128,571	573,424	(85,681)	317,871	(93,118)	296,755	(116,065)	303,100	(127,689)	332,076	(124,081)	319,803
Indirects													
Site Indirects 2.00%			17,667	17,667	13,200	13,200	13,237	13,237	13,600	13,600	13,797	13,797	13,464
Sales & Mktg. 5.00%			44,168	12,243	33,000	12,243	33,093	12,243	34,000	12,243	34,493	11,454	33,660
Warranty 2.00%			5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Insurance 2.50%			22,084	22,084	16,500	16,500	16,546	16,546	17,000	17,000	17,246	17,246	16,830
Overhead 2.50%			22,084	22,084	16,500	16,500	16,546	16,546	17,000	17,000	17,246	17,246	16,830
Total Indirects 14.00%	-	-	111,502	79,578	84,700	63,943	84,922	64,073	87,100	65,343	88,282	65,244	86,283
Cost of Funds 4.50% leverage			39,751	39,751	29,700	29,700	29,783	29,783	30,600	30,600	31,043	31,043	30,294
Margin %			10.0%	10.0%	12.5%	12.5%	12.5%	12.5%	14.0%	14.0%	16.0%	16.0%	13.5%
Margin			68,538	24,886	82,500	30,608	82,731	30,608	95,200	34,280	110,376	36,654	91,027
Finished Lot - Uninflated			$113,836	($202,496)	$120,971	($217,369)	$99,318	($240,529)	$90,200	($257,912)	$102,375	($257,022)	$112,200
As a Percentage of Home Price	*0.0%*	*0.0%*	*37.8%*	*-82.7%*	*18.3%*	*-88.8%*	*15.0%*	*-98.2%*	*13.3%*	*-105.3%*	*14.8%*	*-112.2%*	*16.7%*
Geotech/ Piling Foundations	0	0	0	0	0	0	0	0	0	0	0	0	0
Sustainability (Silver Lead Status)	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees													0
													Average for Sale Market
Blue-Top - Uninflated 100.0%	$60,000	$60,000	$333,836	($202,496)	$120,971	($217,369)	$99,318	($240,529)	$90,200	($257,912)	$102,375	($257,022)	112,200
As a Percentage of Home Price	*23.3%*	*46.7%*	*37.8%*	*-82.7%*	*18.3%*	*-88.8%*	*15.0%*	*-98.2%*	*13.3%*	*-105.3%*	*14.8%*	*-112.2%*	*16.7%*
Total Home Price	85,165,714	4,731,429	21,455,455	681,122	365,604,000	15,083,078	302,597,820	12,438,888	0	0	308,088,445	11,293,691	1,125,428,059
Average Land Sales Price Per Type		60,000		102,720	*	87,157		65,333		#DIV/0!		66,455	1,035,530,947

HUNTERS POINT PHASE II
LOT RESIDUAL ANALYSIS

Description		Average/ For Sale Affordable								Standalone WorkForce Housing Lowrise Flats + Lofts + Attached Townhomes SFA Flats	Affordable SFA Flats
Number of Homes		164		Apartments Affordable	37	$ 60,000.00	257,143				225
Average SF		1,056		Apartments Market Rate	331	$ 60,000.00	128,571				1,000
Living Square Footage %		83%					883,350				81%
Gross Square Footage		1,278		Townhouses Affordable	3	$ (202,495.60)	244,860				1,235
Parking Square Footage		350		Townhouses Market Rate	24	$ 333,836.00	661,850				350
Cap Square Footage		0					244,860				0
Price/SF (Gross)		188		SFATownhouses Affordable	62	$ (217,368.60)	689,850				286
Price/SF (Net)		**$229**		SFATownhouses Market Rate	554	$ 120,970.50	229,085				$353
Direct Construction Cost/SF (Gross)		$264.15									
Cap Cost		$0.00		Flats Affordable	51	$ (240,528.68)					
Parking Construction Cost/SF		$0.00		Flats Market	457	$ 99,318.18					
Revenue				Midrise Affordable	0	$ (257,912.00)					
Base Home		$240,129		Midrise Market Rate	0	$ 90,200.00					$353,250
Premium		$0									
Price Adjustment		0		Towers Affordable	49	$ (257,021.55)					
Home Price		240,129	629,885	Towers Market Rate	444	$ 102,375.15					353,250
Directs				Other 1 Affordable		0					
Parking Construction Costs		-		Other 1 Market Rate		0					-
Cap Construction Cost		-									-
Building Construction Costs		336,407		Public Housing Affordable	0	-					314,774
Bldg. Permits		10,250		Public Housing Market Rate	0	-					10,250
Closing Costs	1.0%	2,401									3,533
Total Directs		349,058		STANDALONE For Sale Affor	225	(85,179)					328,556
Gross Profit		(108,928)			2,237						24,694
				Agency	#VALUE!	(75,000)	Vertical Preformas Area Wide AMI Assumes $165K per door TIF allocation				
Indirects											
Site Indirects	2.00%	13,464			#VALUE!		Per C Effect 10 2/16				13,237
Sales & Mktg.	5.00%	12,006									-
Warranty	2.00%	5,500									5,500
Insurance	2.50%	16,830									16,546
Overhead	2.50%	16,830									16,546
Total Indirects	14.00%	64,630									51,830
Cost of Funds	4.50%	30,294									29,783
leverage											
Margin %		**13.5%**									8.0%
Margin		32,320									28,280
Finished Lot - Uninflated		($236,172)									($85,179)
As a Percentage of Home Price		*-98.4%*									*-24.1%*
Geotech/ Piling Foundations		0									0
Sustainability (Silver Lead Status)		0									0
Fees		0									
		Average for Sale Affordable	Avg Per Total								
Blue-Top - Uninflated	100.0%	(236,172)	77,362								($85,179)
As a Percentage of Home Price		*-98.4%*			$147,055,721						*-24.1%*
Total Home Price			684,567		($147,055,721)						79,481,250
Average Land Sales Price Per Type			629,885								(85,179)

HUNTERS POINT PHASE II
Commercial Land Residual

Tenant	NH Retail			NEW R&D/OFFICE			50% R&D SPACE Office - Class A			50% R&D SPACE R&D			Biotech II			Total
Gross sf																2,625,000
Net Leasable SF																2,493,750
Efficiency	95.0%			95.0%			95.0%			95.0%			#DIV/0!			95.0%
Vacancy %		5.0%			7.5%			7.5%			7.5%			7.5%		
Net Leasable SF	118,750			475,000			957,125			942,875			-			2,493,750
NOI Per Square Foot	$ 40.85			$ 36.40			$ 33.41			$ 41.99						
less CFD	(4.04)			(3.63)			(3.45)			(4.37)						
Adjusted NOI / sf	$ 36.81	NNN		$ 32.77	NNN		$ 29.96	NNN		$ 37.62	NNN			NNN		84,077,923
% Occupied	34.96	95.0%	of Base Rent	30.31	92.5%	of Base Rent	27.71	92.5%	of Base Rent	34.80	92.5%	of Base Rent		92.5%	of Base Rent	77,881,344
Capitalized Value	63,877,988	6.50%		239,938,098	6.00%		442,081,697	6.00%		546,801,447	6.00%		-	6.00%		1,292,699,230
Cap Value per NLSF	$ 537.92			$ 505.13			$ 461.89			$ 579.83			#DIV/0!			
Shell Construction Costs	15,625,000	125.00	PGSF	80,000,000	160.00	PGSF	161,200,000	160.00	PGSF	163,762,500	165.00	PGSF	-		PGSF	420,587,500
TI Costs	5,937,500	50.00	PNSF	35,625,000	75.00	PNSF	52,641,875	55.00	PNSF	103,716,250	110.00	PNSF	-		PNSF	197,920,625
Parking	7,500,000	60.00	PGSF	10,000,000	20.00	PGSF	20,150,000	20.00	PGSF	19,850,000	20.00	PGSF	-		PNSF	57,500,000
Total Hard Costs	29,062,500	235	3:1000	125,625,000	255		233,991,875	235	1:1000	287,328,750	295	1:1000	-	-		676,008,125
Soft Costs	5,812,500	20%	Of HC	25,125,000	20%	Of HC	46,798,375	20%	Of HC	57,465,750	20%	Of HC	-		Of HC	135,201,625
Financing Costs	2,325,000	8%		10,050,000	8%		18,719,350	8%		22,986,300	8%		-			54,080,650
Leasing Costs	437,060	10%		1,556,355	10%		2,867,557	10%		3,546,820	10%		-			8,407,792
Lease Subsidy	4,370,599	1	year	15,563,552	1	year	28,675,570	1	year	35,468,202	1	year	-		year	84,077,923
Developer Profit	6,387,799	10%		23,993,810	10%		44,208,170	10%		54,880,145	10%		-			129,269,923
Closing Costs	638,780	1.00%		2,399,381	1.00%		4,420,817	1.00%		5,468,014	1.00%		-			12,926,992
Total Soft Costs	19,971,738	69%	% of HC	78,688,098	63%	% of HC	145,689,838	62%	% of HC	179,615,231	63%	% of HC	-	#DIV/0!	% of HC	423,964,906
Land Value	14,843,750			35,625,000			62,399,984			79,857,466			-			192,726,200
Per Net Leasable SF	125.00			75.00			65.20			84.70			#DIV/0!			77.28
Estimated Cap Value	$ 54,000,000			$ 230,000,000			$ 440,000,000			$ 550,000,000						
CFD Costs	$ 4.04	0.75%		$ 3.63	0.75%		$ 3.45	0.75%		$ 4.37	0.75%		#DIV/0!	0.75%		

Candlestick Point
LOT RESIDUAL ANA

Description	Apartments	Affordable Apartments	TH	Affordable TH	SFA Embedded TH	Affordable SFA Embedded TH	Lowrise Flats + Lofts + Attached Townhomes: SFA Flats	Lowrise Flats + Lofts + Attached Townhomes: Affordable SFA Flats	Midrise Flats + Lowrise Flats + Lofts + Townhomes: Mid Rise	Midrise Flats + Lowrise Flats + Lofts + Townhomes: Affordable Mid Rise	Tower Units	Affordable Tower	Average/ For Sale Market
Number of Homes	1,040	116	124	14	1,294	144	457	51	169	19	2,265	252	4,310
Average SF	1,000	1,000	1,510	1,510	1,125	1,125	1,085	1,085	1,030	1,030	940	940	1,031
Living Square Footage %	85%	85%	100%	100%	82%	82%	81%	81%	81%	81%	80%	80%	81%
Gross Square Footage	1,176	1,176	1,510	1,510	1,372	1,372	1,340	1,340	1,272	1,272	1,175	1,175	1,265
Parking Square Footage	350	350	350	350	350	350	350	350	350	350	350	350	350
Cap Square Footage	0	0	0	0	0	0	0	0	0	0	0	0	0
Price/SF (Gross)	219	109	605	162	517	178	496	183	559	193	636	195	581
Price/SF (Net)	$257	$129	$805	$162	$630	$218	$612	$226	$690	$238	$795	$244	$716
Direct Construction Cost/SF (Gross)							$260.00	$260.00	$294.27	$294.27			$286.43
Cap Cost													
Parking Construction Cost/SF													
							$ 612.04						
Revenue	Capped value	Capped value	$ 569.72	$ 136,081	$588.77	$ 662,961	$ 573.41	$ 622,146	$ 644.77	$ 664,116	$ 739,87	$ 695,479	
Base Home	$257,143	$128,571		$244,860		$244,860	$664,067	$244,860	$710,700	$244,860		$229,085	$730,249
Premium													$0
Price Adjustment													0
Home Price	257,143	128,571	913,558	244,860	708,750	244,860	664,067	244,860	710,700	244,860	747,300	229,085	730,249
Directs													
Parking Construction Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Cap Construction Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Construction Costs	0	0	291,701	291,701	350,183	350,183	348,272	348,272	374,200	374,200	369,078	369,078	359,169
Bldg. Permits			10,250	10,250	10,250	10,250	10,250	10,250	10,250	10,250	10,250	10,250	10,250
Closing Costs 1.0%			9,136	2,449	7,088	2,449	6,641	2,449	7,107	2,449	7,473	2,291	7,302
Total Directs	0	0	311,086	304,400	367,521	362,882	365,162	360,970	391,557	386,898	386,801	381,619	376,721
Gross Profit	257,143	128,571	602,464	(59,540)	341,229	(118,022)	298,905	(116,110)	319,144	(142,038)	360,499	(152,534)	353,528
Indirects													
Site Indirects 2.00%			18,271	18,271	14,175	14,175	13,281	13,281	14,214	14,214	14,946	14,946	14,605
Sales & Mktg. 5.00%			45,678	12,243	35,438	12,243	33,203	12,243	35,535	12,243	37,365	11,454	36,512
Warranty 2.00%			5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Insurance 2.50%			22,839	22,839	17,719	17,719	16,602	16,602	17,768	17,768	18,683	18,683	18,256
Overhead 2.50%			22,839	22,839	17,719	17,719	16,602	16,602	17,768	17,768	18,683	18,683	18,256
Total Indirects 14.00%	-	-	115,126	81,692	90,550	67,356	85,188	64,228	90,784	67,492	95,176	69,265	93,130
Cost of Funds 4.50%	-	-	41,110	41,110	31,894	31,894	29,883	29,883	31,982	31,982	33,629	33,629	32,861
leverage													
Margin %			10.0%	10.0%	12.5%	12.5%	12.5%	12.5%	14.0%	14.0%	16.0%	16.0%	14.3%
Margin			91,555	24,485	88,594	30,608	83,008	30,608	99,498	34,280	119,568	36,654	104,788
Finished Lot - Uninflated			$354,875	($206,527)	$130,192	($247,878)	$100,825	($240,828)	$96,880	($275,792)	$112,126	($292,082)	$122,749
As a Percentage of Home Price	*0.0%*	*0.0%*	*38.8%*	*-84.3%*	*18.4%*	*-101.2%*	*15.2%*	*-98.4%*	*13.6%*	*-112.6%*	*15.0%*	*-127.5%*	*16.8%*
							10.7%		9.0%		10.7%		
Geotech/ Piling Foundations	0	0	0	0	0	0	0	0	0	0	0	0	0
Sustainability (Silver Lead Status)	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees													0
													Average for Sale Market
Blue-Top - Uninflated 100.0%	$63,250	$63,250	$354,875	($206,527)	$130,192	($247,878)	$100,825	($240,828)	$96,880	($275,792)	$112,126	($292,082)	122,749
As a Percentage of Home Price	*24.6%*	*49.2%*	*38.8%*	*-84.3%*	*18.4%*	*-101.2%*	*15.2%*	*-98.4%*	*13.6%*	*-112.6%*	*15.0%*	*-127.5%*	*16.8%*
Total Home Price	267,531,429	14,862,857	113,462,313	3,372,660	917,264,250	35,210,868	303,611,416	12,438,888	120,250,440	4,603,368	1,692,858,690	57,660,695	3,543,134,878
Average Land Sales Price Per Type		63,250		239,795		92,395		66,660		59,813		71,705	3,260,740,593

Candlestick Point
LOT RESIDUAL ANA.

Description		Average/ For Sale Affordable										Standalone WorkForce Housing Lowrise Flats + Lofts + Attached Townhomes SFA Flats	Affordable SFA Flats
Number of Homes		479		Apartments Affordable	116	$	63,250.00	257,143					671
Average SF		1,031		Apartments Market Rate	1,040	$	63,250.00	128,571					1,000
Living Square Footage %		81%						913,550					81%
Gross Square Footage		1,265		Townhouses Affordable	14	$	(206,826.80)	244,860					1,235
Parking Square Footage		350		Townhouses Market Rate	124	$	354,872.80	664,067					350
Cap Square Footage		0						244,860					0
Price/SF (Gross)		188		SFATownhouses Affordable	144	$	(247,878.48)	747,300					286
Price/SF (Net)		$231		SFATownhouses Market Rate	1,294	$	130,191.88	229,085					$353
Direct Construction Cost/SF (Gross)		$286.43											
Cap Cost				Flats Affordable	51	$	(240,828.41)						
Parking Construction Cost/SF				Flats Market	457	$	100,825.27						
Revenue				Midrise Affordable	19	$	(275,792.00)						
Base Home		$236,569		Midrise Market Rate	169	$	96,880.00						$353,250
Premium		$0											
Price Adjustment		0		Towers Affordable	252	$	(292,081.50)						
Home Price		236,569	680,881	Towers Market Rate	2,265	$	112,126.20						353,250
Directs				Other 1 Affordable			0						
Parking Construction Costs		-		Other 1 Market Rate			0						-
Cap Construction Cost		-						Vertical Proformas Area Wide AMI					-
Building Construction Costs		359,169		Alice Griffith Public Housing	384		(72,500)	L Scoffet 4 17 08 (64.6% subsidy on 1.9 bdrms)					318,837
Bldg. Permits		10,250		Alice Griffith Public Housing	0		(72,500)	C Elliot 10 7 08 (50% subsidy on 2.9 bdrms)					10,250
Closing Costs	1.0%	2,366						J Robertson 4 7 2009 $27.3M for 384 homes					3,533
Total Directs		371,785		Affordable Standalone For Sale	671		(89,497)						332,619
Gross Profit		(135,216)											20,631
				Agency	840		(95,000)	Vertical Proformas Area Wide AMI					
Indirects								Assumes $145K per door TIF allocation					
Site Indirects	2.00%	14,605			7,840			Per C Elliot 10 8 08					13,281
Sales & Mktg.	5.00%	11,828											-
Warranty	2.00%	5,500											5,500
Insurance	2.50%	18,256											16,602
Overhead	2.50%	18,256											16,602
Total Indirects	14.00%	68,446											51,985
Cost of Funds	4.50%	32,861											29,883
leverage													
Margin %		14.3%											8.0%
Margin		33,753											28,260
Finished Lot - Uninflated		($270,276)											($89,497)
As a Percentage of Home Price		*-114.2%*											*-25.3%*
Geotech/ Piling Foundations		0											0
Sustainability (Silver Lead Status)		0											0
Fees		0											
		Average for Sale Affordable	Avg Per Total										
Blue-Top - Uninflated	100.0%	(270,276)	83,446										($89,497)
As a Percentage of Home Price		*-114.2%*			$465,428,696								*-25.3%*
					($465,428,696)								
Total Home Price			739,849										237,030,750
Average Land Sales Price Per Type			680,881										(89,497)

CANDLESTICK POINT
Commercial Land Residual

Tenant	NH Retail			Regional Retail			Office - Class A			Hotel			Arena			Total
Gross sf																1,120,000
Net Leasable SF																1,064,000
Efficiency	95.0%			95.0%			95.0%			95.0%			95.0%			95.0%
Vacancy %		5.0%			5.0%			7.5%						0.0%		
Net Leasable SF	104,500			603,250			142,500			142,500			71,250			1,064,000
NOI Per Square Foot	$ 40.84			$ 38.50			$ 33.42			$ 159.08			$ 1,414			
less CFD	(3.30)			(3.79)			(3.47)			(1.18)			$ (11)			
Adjusted NOI / sf	$ 37.54	NNN		$ 34.71	NNN		$ 29.94	NNN		$ 157.89	NNN		$ 1,404	NNN		51,626,130
% Occupied	35.66	95.0%	of Base Rent	32.97	95.0%	of Base Rent	27.70	92.5%	of Base Rent	157.89	100.0%	of Base Rent	$ 1,404	100.0%	of Base Rent	50,063,150
Capitalized Value	57,333,142	6.50%		305,989,599	6.50%		65,784,632	6.00%		22,500,000	100.00%		$ 100,000,000	100.00%		551,607,373
Cap Value per NLSF	$ 548.64			$ 507.24			$ 461.65			$ 157.89			$ 1,404			
Shell Construction Costs	13,750,000	125.00	PGSF	79,375,000	125.00	PGSF	24,000,000	160.00	PGSF	15,000,000	100.00	PGSF	$ 90,000,000	1,200.00	PGSF	222,125,000
TI Costs	5,225,000	50.00	PNSF	30,162,500	50.00	PNSF	7,837,500	55.00	PNSF	-		PNSF	$ -		PNSF	43,225,000
Parking	6,600,000	60.00	PGSF	36,100,000	60.00	PGSF	3,000,000	20.00	PGSF	-		PGSF	$ -		PNSF	47,700,000
Total Hard Costs	25,575,000	235	3:1000	147,637,500	235	3:1000	34,837,500	235	1:1000	15,000,000	100	1:1000	$ 90,000,000	1,200		313,050,000
Soft Costs	5,115,000	20%	Of HC	29,527,500	20%	Of HC	6,967,500	20%	Of HC	-		Of HC	$ -		Of HC	41,610,000
Financing Costs	2,046,000	8%		11,811,000	8%		2,787,000	8%		-			$ -			16,644,000
Leasing Costs	392,279	10%		2,093,613	10%		426,711	10%		-			$ -			2,912,604
Lease Subsidy	3,922,794	1	year	20,936,130	1	year	4,267,111	1	year	-		year	$ -		year	29,126,036
Developer Profit	5,733,314	10%		30,598,960	10%		6,578,463	10%		-			$ -			42,910,737
Closing Costs	573,331	1.00%		3,059,896	1.00%		657,846	1.00%		-			$ -			4,291,074
Total Soft Costs	17,782,719	70%	% of HC	98,027,099	66%	% of HC	21,684,632	62%	% of HC	-	0%	% of HC	$ -	0%	% of HC	137,494,450
Land Value	13,975,423			60,325,000			9,262,500			7,500,000			$ 10,000,000			101,062,923
Per Net Leasable SF	133.74			100.00			65.00			52.63			$ 140			94.98
Estimated Cap Value	$ 46,000,000			$ 305,000,000			$ 66,000,000			$ 22,500,000			$ 100,000,000			
CFD Costs	$ 3.30	0.75%		$ 3.79	0.75%		$ 3.47	0.75%		$ 1.18	0.75%		$ 11	0.75%		

Candlestick Point
Infrastructure Cost Estimate

		Total Budget	Total	
Main Infrastructure				
				0%
Marina			-	
				0%
Relocated Bayshore Caltrain Station/ Carrol Avenue Light Rail Extension			-	
				0%
Inter Modal Facility			-	
				0%
Harney Way/ 101 Interchange			-	
				0%
Auxilliary Lanes- 101			-	
				0%
Fixed Guideway			-	
				0%
Carrol Avenue Extension			-	
				100%
Construction Support	MacTec	21,437,965	21,437,965	
				100%
CP Transportation	MacTec	116,550,544	116,550,544	
				0%
2011 Per Korve 6/7/07		-	-	
				0%
2012 Per Korve 6/7/07		-	-	
				0%
2015 Per Korve 6/7/07		-	-	
				0%
2020 Per Korve 6/7/07		-	-	
				0%
TotalOff-Site transportation		137,988,509	[illegible]	
				100%
Off-Site Water LP - LPW Offsite	MacTec	4,074,245	4,074,245	
				100%
Stadium Demolition		[illegible]	-	
				100%
AWSS Offsite	MacTec	491,734	491,734	
				0%
Total Off-Site Utilities		4,565,979	[illegible]	
				0%
Police/ Fire Station			-	
				0%
School			-	
				0%
			-	
				0%
Total Community District Services		-		
				100%
Abatement & Demolition	MacTec	29,808,956	29,808,956	
				100%
HAZMAT	MacTec	2,400,000	2,400,000	
				0%
GEOTECH COSTS		-	-	
				100%
Earthwork	MacTec	24,065,966	24,065,966	
				0%
Total Earthwork and Demolition		56,274,922	[illegible]	
				0%
			-	
				100%
Reclaimed Water System	MacTec	6,700,536	6,700,536	
				100%
AWSS	MacTec	7,899,209	7,899,209	
				100%
LPW	MacTec	20,047,261	20,047,261	
				0%
Fire Hydrants			-	
				0%
Total Water Systems		34,647,006	[illegible]	
				100%
Storm Drainage System	MacTec	52,586,635	52,586,635	
				0%
Storm Drainage Biofiltration System			-	

Candlestick Point
Infrastructure Cost Estimate

			Total Budget	Total	
				0%	
Treated Storm Drainage				-	
				0%	
				-	
				0%	
Total Storm Drain System			52,586,635	52,586,635	
				0%	
Gravity Sewers and Manholes				-	
				0%	
Sanitary Sewer Pump Station				-	
				100%	
Separated Sanitary Sewer	MacTec		10,383,909	10,383,909	
				0%	
Total Sanitary Sewer			10,383,909	10,383,909	
				0%	
Backbone Trench				-	
				100%	
Joint Trench	MacTec		22,775,853	22,775,853	
				0%	
				-	
				0%	
Pull Boxes and Vaults				-	
				100%	
Street Lights, Traffic Signals, Overhead Sig	MacTec		6,761,662	6,761,662	
				0%	
Total Joint Trench			29,537,515	29,537,515	
				0%	
Backbone Roadway (F Street)				-	
				100%	
Interim Improvements	MacTec		442,152	442,152	
				0%	
AC Paving				-	
				0%	
PCC - Street Structural Section				-	
				0%	
Adjust "F" Utility				-	
				0%	
Retaining Walls				-	
				100%	
Sidewalk & Curb & Gutter	MacTec		8,373,757	8,373,757	
				0%	
Curb and Gutter				-	
				100%	
Streets & Road	MacTec		12,054,036	12,054,036	
				0%	
				-	
				0%	
Signing and Striping				-	
				0%	
Total Roadways			20,869,945	20,869,945	
				100%	
Landscape and Irrigation	MacTec		11,826,825	11,826,825	
				100%	
Open Space/ Parks	MacTec		51,226,413	51,226,413	
				0%	
Total Landscape and Irrigation			63,053,238	63,053,238	
				0%	
Parking Structure		15,600		-	
		25,000		0%	
		0	-	-	
				100%	
Shoreline	MacTec		20,000,000	20,000,000	
				0%	
				-	
				0%	
				-	
				0%	
				-	
				0%	
				-	
				0%	

Candlestick Point
Infrastructure Cost Estimate

		Total Budget	Total	
			-	
			0%	
			-	
			0%	
			-	
			0%	
			-	
			0%	
			-	
			0%	
Total Waterfront Improvements		20,000,000	20,000,000	
			0%	
Yosemite Slough Pedestrian Bridge			-	
			0%	
Bridge Environmental Cost			-	
			100%	
Retail Parking Structure		10,000,000	10,000,000	
			100%	
Community Facilities TBD		20,000,000	20,000,000	
			0%	
Environmental Cost Parking		-	-	
			0%	
Parking Lot Asphalt (5000 Spaces)			-	
			0%	
Total Parcel E Parking		30,000,000	30,000,000	
Total Construction Cost		459,907,658	459,907,658	0
			100%	
Hard Cost Contigency	15.0%	68,986,149	68,986,149	
			0%	
5.0% City & Third Party Costs	MacTec	22,995,383	22,995,383	
			100%	
HP Planning & Design	MacTec	39,007,681	39,007,681	
			0%	
2.0% Air Monitoring	MacTec	9,198,153	9,198,153	
			0%	
0.5% Insurance	MacTec	2,299,538	2,299,538	
			0%	
			-	
			0%	
Engineering and Other Fees	16.0%	73,500,755	73,500,755	
			100%	
CP Pre-Term Costs	MacTec	320,000	320,000	
			100%	
CP Management	MacTec	18,001,878	18,001,878	
			0%	
			-	
			0%	
Construction Management	4.0%	18,321,878	18,321,878	
Total Construction Cost		620,716,440	620,716,440	0

CANDLESTICK POINT
ANNUAL FINANCIAL STATEMENTS
DRAFT FOR INTERNAL DISCUSSIC

	Total
REVENUES	
Real Estate Sales	
For Sale Homesite Sales	399,623,396
For Rent Homesite Sales	73,117,000
Commercial Acreage Sales	101,062,923
Alice Griffith Public Housing Replaceme	(27,840,000)
Affordable For Sale - Standalone Workf	(46,001,473)
Agency Homes	(70,490,000)
Marketing Revenue	24,455,554
Other Revenues	-
Plus: Inflation To Real Estate Sales	227,438,338
Total Real Estate Sales Revenue	681,365,738
Total Revenues	681,365,738
COST OF SALES	
Land	127,225,000
Predevelopment Costs	27,258,325
Backbone	(270,299,945)
Property Taxes	16,922,366
Interest & Fees	-
Inflation	63,975,401
Total Cost Of Sales	(34,918,853)
Net Margin on Real Estate Sales	716,284,591
%	105%
Net Margin on Total Revenues	716,284,591
%	105%
PERIOD COSTS	
Project Management & Overhead	18,621,493
Closing Costs	5,738,033
General & Administrative	15,104,217
Community Benefits	57,866,939
Marketing Costs	24,548,311
Total Period Costs	121,878,993
Net Pretax Income (Loss)	594,405,599
%	87%

Alice Griffith Demolition Total Demolition Costs

Abatement		$	1,000,000
Demolition		$	5,000,000
Subsurface		$	172,141
Hard Costs Subtotal		$	6,172,141
HAZMAT		$	500,000
HAZMAT Contingency	5%	$	308,607
Demolition Contingency	20%	$	1,234,428
Design		$	125,000
Total		**$**	**8,340,176**

Candlestick Park Stadium Total Demolition Costs

Abatement		$	2,150,000
Demolition		$	15,800,000
Subsurface		$	452,113
Hard Costs Subtotal		$	18,402,113
HAZMAT		$	500,000
HAZMAT Contingency	5%	$	920,106
Demolition Contingency	20%	$	3,680,423
Design		$	90,000
Total		**$**	**23,592,641**

Prepared by :

Derek Adams, P.E.
Hunters Point Task Force

CANDLESTICK POINT
Commercial Land Residual

Tenant	NH Retail			Regional Retail			Office - Class A			Hotel			Arena			Total
Gross sf	110,000			635,000			150,000			150,000			75,000			1,120,000
Net Leasable SF	104,500			603,250			142,500			142,500			71,250			1,064,000
Efficiency	95.0%			95.0%			95.0%			95.0%			95.0%			95.0%
Vacancy %		5.0%			5.0%			7.5%						0.0%		
Net Leasable SF	104,500			603,250			142,500			142,500			71,250			1,064,000
NOI Per Square Foot	$ 40.84			$ 38.50			$ 33.42			$ 159.08			$ 1,414			
less CFD	(3.30)			(3.79)			(3.47)			(1.18)			$ (11)			
Adjusted NOI / sf	$ 37.54	NNN		$ 34.71	NNN		$ 29.94	NNN		$ 157.89	NNN		$ 1,404	NNN		51,626,130
% Occupied	35.66	95.0%	of Base Rent	32.97	95.0%	of Base Rent	27.70	92.5%	of Base Rent	157.89	100.0%	of Base Rent	$ 1,404	100.0%	of Base Rent	50,063,150
Capitalized Value	57,333,142	6.50%		305,989,599	6.50%		65,784,632	6.00%		22,500,000	100.00%		$ 100,000,000	100.00%		551,607,373
Cap Value per NLSF	$ 548.64			$ 507.24			$ 461.65			$ 157.89			$ 1,404			
Shell Construction Costs	13,750,000	125.00	PGSF	79,375,000	125.00	PGSF	24,000,000	160.00	PGSF	15,000,000	100.00	PGSF	$ 90,000,000	1,200.00	PGSF	222,125,000
TI Costs	5,225,000	50.00	PNSF	30,162,500	50.00	PNSF	7,837,500	55.00	PNSF	-		PNSF	$ -		PNSF	43,225,000
Parking	6,600,000	60.00	PGSF	38,100,000	60.00	PGSF	3,000,000	20.00	PGSF	-		PGSF	$ -		PNSF	47,700,000
Total Hard Costs	25,575,000	235	3:1000	147,637,500	235	3:1000	34,837,500	235	1:1000	15,000,000	100	1:1000	$ 90,000,000	1,200		313,050,000
Soft Costs	5,115,000	20%	Of HC	29,527,500	20%	Of HC	6,967,500	20%	Of HC	-		Of HC	$ -		Of HC	41,610,000
Financing Costs	2,046,000	8%		11,811,000	8%		2,787,000	8%		-			$ -			16,644,000
Leasing Costs	392,279	10%		2,093,613	10%		426,711	10%		-			$ -			2,912,604
Lease Subsidy	3,922,794	1	year	20,936,130	1	year	4,267,111	1	year	-		year	$ -		year	29,126,036
Developer Profit	5,733,314	10%		30,598,960	10%		6,578,463	10%		-			$ -			42,910,737
Closing Costs	573,331	1.00%		3,059,896	1.00%		657,846	1.00%		-			$ -			4,291,074
Total Soft Costs	17,782,719	70%	% of HC	98,027,099	68%	% of HC	21,684,632	62%	% of HC	-	0%	% of HC	$ -	0%	% of HC	137,494,450
Land Value	13,975,423			60,325,000			9,262,500			7,500,000			$ 10,000,000			101,062,923
Per Net Leasable SF	133.74			100.00			65.00			52.63			$ 140			94.98
Estimated Cap Value	$ 46,000,000			$ 305,000,000			$ 66,000,000			$ 22,500,000			$ 100,000,000			
CFD Costs	$ 3.30	0.75%		$ 3.79	0.75%		$ 3.47	0.75%		$ 1.18	0.75%		$ 11	0.75%		

TABLE 15

CA Comp NO.	SUB-DISTRICT	Location	APN	Zoning	Size	Use # Units		Resid Density # / Ac		Resid Density Lot SF / Unit	Affordable	Date	Price	$ / Unit	$/ SF	Status
1A	MISS	1801 Mission	3548-039	C-M	3,600	18			218	200	12.00%	02/14/03	$780,000	**$43,333**	$217	No Approval
1B	MISS	1801 Mission	3548-039	C-M	3,600	18			218	200	12.00%	12/08 LISTING	$1,250,000	**$69,444**	$347	No Approval
2A	MISS	1863 Mission	3548-033	C-M	8,000		42		229	190	12.00%	12/08 LISTING	$2,500,000	**$59,524**	$313	No Approval
2B	MISS	1875 Mission	3548-032	C-M	11,200		60		233	187	12.00%	12/08 LISTING	$7,500,000	**$125,000**	$670	No Approval
2C	MISS	1863 - 75 Mission	3548-032 - 033	C-M	19,200		102		231	188	12.00%	12/08 LISTING	10,000,000	**$98,039**	$521	No Approval
3	MISS	1888 Mission St	3547-002A,03,04,029	C-M	51,885		194		163	267	13.00%	PEND 1/1/2008	$13,000,000	**$67,010**	$251	Approved / Lis Pendens
4	MISS	1911 Mission	-027,-028,-029,-030	NC	8,670	24		121		361	12.00%	06/29/04	$1,995,000	**$83,125**	$230	No Approvals
5	MISS	3184 Mission	6574-014, -015	NC	12,202	20		71		610	10.00%	1/6/03	$1,430,000	**$71,500**	$117	No Approval
6	MISS	3550 Mission	6660-058	NC	24,426		40	71		600	12.00%	12/08 LISTING	$4,800,000	**$120,000**	$197	No Approval
7	MISS	2652 Harrison	3639002	C-M	8,372		30		156	279	12.00%	03/20/06	$1,900,000	**$63,333**	$227	No Approval
8	MISS	299 Valencia Street	3532-014	C-M	11,025		40		158	276	12.00%	1/27/06	$3,950,000	**$98,750**	$358	No Approval
9	MISS	899 Valencia	3596-113	NC	10,925	18		72		607	12.00%	11/24/04	$1,850,000	**$102,778**	$169	No Approval
10A	MISS X	200 Dolores	3557-063	RM-2	7,423	12		70		619	12.00%	12/31/02	$1,820,000	**$151,667**	$245	No Approval
10B	MISS X	200 Dolores	3557-063	RM-2	7,423	13		76		571	12.00%	12/08 LISTING	$3,500,000	**$269,231**	$472	No Approval
11	MISS	2495 Harrison	4084-018	RH-3	2,600	3		50		867	N/A	12/08 LISTING	$680,000	**$226,667**	$262	No Approval
12A	MISS	1101 So. Van Ness	3638-34A	RH-3	10,000	12		52		833	12.00%	2/1/05	$2,501,000	**$208,417**	$250	No Approval
12B	MISS	1101 So. Van Ness	3638-34A	RH-3	10,000	12		52		833	12.00%	2/05 OFFER	$2,885,000	**$240,417**	$289	No Approval
13	MISS	3400 Cesar Chavez	6569-004	NC	30,021		194		281	155	12.00%	8/1/07	$5,787,500	**$29,832**	$193	Approved
14	WSO	275 10th St.	3518-014	SLR	20,473		135		287	152	**100.00%**	7/1/05	$4,934,000	**$36,548**	$241	Approved
15	WSO	24-34 Dore	3518-024A	SLR	8,500		42		215	202	12.00%	7/22/05	$1,855,000	**$44,167**	$218	Approved
16	POPLC	570 Townsend	3784-085	SLI	26,813		80	130		335	**100.00%**	12/29/06	$5,475,000	**$68,438**	$204	Assum. Approved
17	POPLC	901 Texas St./1000 M	4224-015,016,037-040	RH-3	23,300		28	52		832		8/21/06	$3,245,000	**$115,893**	$139	No Approvals
18	POPLC	1-25 Division	3912-003	M-1	31,999		148		201	216	10.00%	11/15/05	$9,459,999	**$63,919**	$296	No Approvals
19	POPLC	1717 17th	3980-007	M-1	25,469		41	70		621	12.00%	2/27/04	$3,750,000	**$91,463**	$147	No Approvals
20	CW	2051-65 3rd Street	3994-01B,01C,06	M-2	19,389		40		90	485	12.00%	12/05 and 4/06	$5,050,000	**$126,250**	$260	No Approvals
21	WSO	55 9th St.	3701-066	C-3-G	35802		260		316	138	15.00%	1/2008	$15,750,000	**$60,577**	$440	No Approvals
22	CC	149 Fell St.	0854-001	C-3-G	3297		28		370	118	15.00%	8/2007	$2,250,000	**$80,357**	$682	No Approvals

TABLE 16

Comparable Office Land Sales

Comp No.	1	2	3	4
Address	222 2nd St	535 Mission St.	524 Howard	185 Fremont
APN	3735-63	3721-068, -083	3721-013	3719-10,-11
Site SF	23,925	16,308	12,266	15,312
Site AC	0.55	0.37	0.28	0.35
Zoning	C-3-0 (SD)	C-3-O	C-3-0 (SD) / TB	C-3-0 (SD) / TB
Max Height		550'		
FAR	6:1 / 18:1	9.0:1	6:1 / 18:1	6:1 / 18:1
# of Units		0		N/A
Density Units/AC		0		N/A
# Stories	25	27	23	23
Project SF	430,632	293,760	203,000	275,616
Commercial SF	2,820 SF retail	3,700		
Parking		(1) sub level		
# Affordable	N/A	undetermined		N/A
% Affordable	N/A	17%		N/A
Approval	No	No	Yes	No
Sales Price $	$45,000,000	$30,000,000	$22,500,000	$23,500,000
Incl. Other	$51,943,200	$32,500,000	$22,500,000	$29,436,271
Sales Price $/SF	$1,881	$1,840	$1,834	$1,535
Sales Price $/unit	N/A	N/A	N/A	N/A
Sale Date	10/31/06	4/13/06	06/08/07	04/01/07
Seller	222 Second St, LLC	Shaw Capital Partners	Pritzker Realty Group	M. Davis
Buyer	222 Second St., L.P.	535 Mission St Prop LLC	524 Howard LLC	GLL Fremont Street Partners
Document #	I276601	15900229	0140000191	I242978
Confirmation	Confidential	Tim Maas	Pritzker Realty Group	Tony Crossley
Comments	Requires 210,400 TDR's @ $33/unit	acquired TDR's @ $2.5 M	Project approved for 191,950 SF NRA project Sold with TDR's	Requires 179,887 TDR's @ $33/unit
$ / SF FAR excl TDR	$104	$102		$85
$ / SF FAR incl TDR	$121	$111	$111	$107

TABLE 17

MISSION BAY R&D LAND SALES

Comp #	Location	Buyer	Acres	SF	Floor Area	FAR	Date	Price	$/SF	$/SF/FA
1	MB Block 41 - 43	Alexandria Real Estate Equities	4.36	189,922	759,810	4.00	9/04	$31,000,001	$163	$41
2	MB Block 33 - 34	Alexandria Real Estate Equities	3.73	162,479	500,000	3.08	11/05	$28,440,506	$175	$57
3	MB Block X4	Shorenstein	3.76	163,786	450,000	2.75	8/05	$32,000,000	$195	$71

MISSION BAY R&D LAND SALES

It is noted there have been few land sales acquired for the type of R&D bio-tech development like that allowed at Mission Bay in San Francisco. Similar development has occurred in South San Francisco, but that location varies from San Francisco in many ways ranging from proximity to UCSF and the opportunity to identify with the Mission Bay culture, prevailing wages, and employment taxes, among others.

The primary unit of comparison is expressed as the sales price per square foot of floor area ($/SF/FA). In comparing market data to the subject property, adjustments are typically required for property rights conveyed, financing terms, condition of sale, date of sale, location, physical and other characteristics.

The 3 tabulated sales, indicate an unadjusted range of value from $41/SF/FA to $71/SF/FA. Each of these transactions is located in Mission Bay, or on the perimeter as in the case of Sale 3. Sale 1 was one of the initial 2004 sales transacted for such a use in Mission Bay and is believed to represent a price point set to initiate R&D development that was pioneering in San Francisco. It also constitutes a large capacity to support nearly 760,000 SF of floor area. This price also reflects the location of the site adjacent to I-280 and although it can command views of the Mission Bay project area and the UCSF campus, it is not as dramatic as the location of Sale 2 and 3, more proximate to the Bay. This site has been partly developed with a life science project and the Gladstone Institute research facility. Sale 2 was the second wave of land acquisition by Alexandria Real Estate Equities, occurring in 2005. This site remains undeveloped. It comprises the west block area fronting Illinois Street that is served by the subject Exchange Parcel 2. Adjacent to the east of Sale 2 and the subject Illinois Street is Sale 3, acquired by Shorenstein in 2005. At the time of sale it was approved to support 450,000 SF of R&D. This 2-buidling project is now under construction and slated for completion in 2010. It is believed the price level reflected the approval and the pre-construction commitment for occupancy by Fibrogen reducing the risk associated with developing such a large project. It also will benefit from dramatic views north and east to San Francisco's skyline and the Bay.

Given the adjoining Block areas were both acquired in 2005, the overall price may be of interest. The combined development supports construction of 950,000 SF of R&D floor area. The combined price was $60,440,506. This reflects a unit price of $63.62/SF/FA. While land prices for professional office site have escalated significantly in the past 2 – 3 years, there has been less demand and investment appeal for R&D inventory. Currently, there is an abundance of available bio-tech space in the San Francisco and Peninsula market area, reported at nearly 1.7 million SF.

TABLE 18

Comp No.	1A	1B	2	3	4	5	6
Address	1080 San Mateo Ave.	1080 San Mateo Ave.	200 Oyster Point	2501 Cesar Chavez St.	1300 Cesar Chavez	849 Cesar Chavez	SEC 3rd / Cargo Way
APN	015-163-120	015-163-120	015-023-100	4339-001	4353-008	4357-005	5203-065
Site SF	227,819	227,819	70,959	30,745	36,000	8,862	25,969
Site AC	5.23	5.23	1.63	0.71	0.83	0.20	0.60
Zoning	M-1	M-1	M-2	M-2	M-1	M-2	M-2
Max Height	N/A	N/A	N/A	50'	40'	80'	IBRD - 50'
FAR				5:1	5:1	5:1	5:1
Approval	None	None	None	Obtained by buyer before COE	None	None	No
Sales Price $	$12,538,500	$8,280,000	$3,681,500	$4,100,000	$4,000,000	$600,000	$2,340,000
Incl. Other	$12,538,500	$8,280,000	$3,681,500	$4,150,000 Demolition $50,000	$4,000,000	$600,000	$2,340,000
Sales Price $/SF	**$55.04**	**$36.34**	**$51.88**	**$133**	**$111**	**$68**	**$90**
Sales Price $/FAR	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sale Date	7/22/08	9/1/06	9/21/05	3/12/03	10/18/05	06/01/07 escrow	11/29/06
Comments	Paved Parking Facility for off-site SFC 700 spaces, 800 SF Ofc Bldg drainage, fencing	Paved Parking Facility for off-site SFC 700 spaces, 800 SF Ofc Bldg drainage, fencing	Kaiser Health Site Finished pad	Improved with old wood industrial buildings @ 22,000 SF. Buyer razed structure for development of 160,000 SF mini-storage project	current lumber yard use serves adjacent furniture store	Former RR ROW encumbered by no-build easement purchased by adjoining owner	Buyer purchased 1/2 site as TIC until lot split
Seller	SPI Holdings	1070 Associates LLC	Malcolm Building LLC		Yang Properties LLC	City of San Francisco	Marlins Cove
Buyer	AG/Centrum	SPI Holdings	Kaiser Foundation		GLT InvestmentLLC	Gaehwiler 200 Trust	Carpenters Union Local #22
Document #	050689	127310	165165		I054325		I242978

TABLE 4

Comp No.	7	8	9	10	11	12
Address	1940 Evans	1945-95 Evans	125 Napolean	NWC Carroll / Hawes	1620-62 Innes	16th / Mariposa
APN	4347-004	5231-004,-005,006	5230-021	4877-001,-002,-003,-004	4339-001	8725-001,-004
Site SF	54,531	89,200	42,342	211,910	37,500	166,983
Site AC	1.25	2.05	0.97	4.86	0.86	3.83
Zoning	M-2 IPZ	M-2 IPZ	M-2 IPZ	M-2 IPZ	M-2 IPZ	MBCI
Max Height	50'	80'	65'	50'	50'	
FAR	0	0	0	0	0	
Approval	No	No	No	No	No	Yes
Sales Price $	$2,999,205	$7,200,000	$3,500,000	$8,190,000	$1,900,000	$30,250,000
Incl. Other	$2,999,205	$6,260,000	$3,200,000	$8,190,000	$1,900,000	$30,250,000
Sales Price $/SF	$55	$60 - $70	$83	$39	$51	$181
Sales Price $/FAR	N/A	N/A	N/A	N/A	N/A	$61
Sale Date	04/06	12/30/05	4/18/06	06/05/06	03/19/04 02/02/05	11/15/05 5/05
Comments	Towed vehicle storage yard fenced and paved Buyer is tenant	Improved with 47 K SF ind. Bldg. contrib value @ $20-40/SF Buyer renovated bldg and lease storage yard separately	Bus storage yard fenced and paved improved with billboard contrib value @ 6% of income	Vacant Site Restricted Light Industrial Special Use District	In escrow 1 year owner-occupied 2-story office & storage yard	In escrow 6 months Entitled for 500,000 SF ofc/lab bldg.
Seller	M. Davis	Interstate Brands	Michael Spaer	The Palisades Group LLC	Echeguren	FOCIL-MB
Buyer	GLL Fremont Street Partners	Spencer	TDSC	Carroll Avenue Properties LLC	1620-62 Innes LLC	Alexandria
Document #	I242976	I102848	I160724	I190469	H897677	

Hotel Land Sales

Comp No	Address	Zoning	Size SF	Date of Sale	Sale Price	Total $/SF	TABLE 19
1	SEC Third Street/Mission	YB	33,000	10/1/1998	$ 14,300,000	$ 433.33	
Comments	Corner rectangular site encumbered by 30,000 SF historically significant Williams building in San Francisco's Yerba Buena Center near the Moscone Convention Center. The developers are required to preserve façade of the existing UMB building. Project approval allows 410 hotel units with 95 housing units. In additon to sales price, buyer incurs approximately $12,496,000 in extraordinary development costs. This includes $7.5 million in entitlement fees and contributions. Acquisiton costs total $26,796,000. Transaction indicates unit price of $812/SF, $54.13/SF/FAR, and $53,061/unit.						
2	Market Street between 3rd &	SFRDA	68,038	4/1/1998	$ 31,800,000	$ 467.39	
Comments	Project site is now developed with new Four Seasons Millenium development. The site is located between Union Square and Moscone Convention Center. Site area excludes approximately 65,000 SF of common/public area space. Site was approved in 7/97 for development of (36) story 285-room hotel, 200 market rate condominiums, and 180,000 SF of retail, plus common / public areas and parking. Project to contain approximately 750,000 SF. Sales price includes 1) estimated cost of developers' maintenance of YBC common areas, 2) estimated present value for payments of portion of site subject to ground lease, 3) common area improvement construction costs, and 4) estimated present value of SFRDA's profit participation in project. Price excludes $2,750,000 entitlement costs.Transaction reflects unit prices of $42.40/SF/FAR, and $65,567/unit (hotel and condo). However, if approximate $50/SF/FAR value is allocated to retail area, residual value to hotel/condo project is $47,000/unit.						
	NEC 3rd & Howard St.	SFRDA	22,000	5/1/1997	$ 7,800,000	$ 354.55	
Comments	Sale comprises Starwood Hotel site. It has been developed with a 420-room hotel w/ restaurants and retail space. Tranaction reflects a unit price of $18,571/unit						
	222 Mason St.	C-3-G	32,884	6/1/1984	$ 14,600,900	$ 444.01	
Comments	Site is now developed with 522-room Hotel Nikko project. The project contains an estimated 575,000 SF and is located off of San Francisco's Union SquareSale price icluded approvals and preliminary architectual drawings. The tranaction refelcts a unit price of $27,971/unit..						
	500 Post St.	C-3-G	18,906	1/1/1982	$ 7,300,000	$ 386.12	
omments	Transaction represents land lease for the previous Olympic Garage Site, now developed with the 21-story 330 room Portman (Pan Pacific Hotel). The project was built in 1989 in San Francisco's Union Square District. Initial land rent was $600,000/YR. If capitalized at an OAR of 9.0%, the indicated value is $7,300,000. Ground lease included air rights from adjacent Olympic Club Building. Portman liable for percentage rent over threshold. The project contains 12,500 SF meeting space, four restaurants and lounges, and 220 sub-terranean parking spaces. Lease transaction reflects unit vaue of $22,121/unit.						
	Marina Village Parkway	M-X	125,017	10/1/1999	$ 3,282,000	$ 26.25	
omments	Site is located in Alameda's Marina Village, with waterfront proximity and close to existing Marina Village office development and restaurants. Parcel is identified a s a portion of Parcel C of the Marina Village Master Plan. An additional 0.8-acres are to be improved for public shoreline access. Project comprises a 4-story, 122 room hotel. Extended Stay obtained the development approvals from the city. The vacant near level site has a sub-surface soil condition ("marsh crust") which dates to 1900, but which does not materially affect development. Backbone infrastructure available as a part of Marina Village. The hotel will contain a gross building area of 56,840 SF, resulting in a .455 FAR. Sales price refelcts a unit value of $26,902/unit.						

TABLE 18, Continued

Comp No	Address	Zoning	Size SF	Date of Sale	Sale Price	Total $/SF
7	S. of Y. Buena/W. of Hollis	M-40	130,680	10/1/2000	$ 5,031,180	**$ 38.50**

Comments Site is located on the south side of Yerba Buena, west of Hollis, and adjacent to Expo (was K Mart at time of sale) and Toys R Us in Emeryville. This site has excellent freeway exposure near the confluence of Interstate 80, 580, and 880 where the freeway vehicle count reportedly is among the highest in Northern California, The price was based on a price of $23.50/SF and the acreage is approximately 7.95 acres. The property sold for approximately $8,237,000 or $23.79 per square foot, which included $100,000 in fees to extend the close of escrow to October 2000. The buyer indemnified the seller and was responsible for the first $750,000 for remediation. The buyer had obtained a comfort letter addressing the hazardous conditions, and later remediated the property at a cost close to $290,000, thereby increasing the effective price. In addition, the property reportedly had assessment bonds of approximately $45,000 and was subject to fees for the Shellmound flyover based on the future building area at reportedly $0. 10 per square foot for office and $0.60 for retail.

At the time of sale, the buyer concurrently negotiated to spin off 3.0 acres of the 7.95 acres at $38.50/SF ($5,031,180) for a 149-room hotel development, which closed simultaneously. The buyer had proposed a 17 story high rise office development on the remaining 4.95 acres, but the project stalled with the approval process and weakening market conditions. The seller then sold that parcel for a reported $42.22 per square foot for a Best Buy retail store. The hotel site transaction refelcts a unit price of $33,766/unit.

COMPARABLE LAND SALES

NO	PROJECT/LOCATION/APN GRANTOR/GRANTEE DOC #	SITE SIZE (AC) SITE SIZE (SF)	CURRENT LAND USE	INTENDED LAND USE	GENERAL PLAN DESIGNATION	ZONING	MAX FAR ALLOWED	APPROVALS	SALE DATE	SALE PRICE	$/AC	$/SF
1.	Future Site-Kaiser Permanente 1701 Marina Blvd / 2550 Merced Street San Leandro APN: 077A-0647-009-45, 42, 37, 27, 32, 35 Grantor: Lucky Stores, Inc. Grantee: Kaiser Foundation Hospitals OR #: 05-484977	62.93 2,741,231	Albertson's Distribution Center	Hospital Facilities/Retail 434,000 SF Hospital 400,000 SF Hosp. Support 35,000 SF Utility Plant 387,000 SF Retail + Mixed-use project w/ 250 Apts & 25,000 SF Retail	General Industrial	IG(S) Industrial General	1 to 1	No approvals, but tacit approval was granted prior to close of escrow	11/10/05	$94,500,000	$1,501,669	$34.47
2.	Former Ikea Site Martinelli Way Dublin APN: 986-0033-002 Grantor: Ikea Property, Inc. Grantee: Blake Hunt Ventures OR #: N/A	14.69 639,896	Vacant Land	"Lifestyle" Retail Land acquired to add 163,000 SF to the original 137,000 SF retail project. New project will be approx. 300,000 SF	General Commercial	C-2 General Commercial	None Must adhere to current set-back require-ments, and height limits	Not approved for additional retail SF, but new larger project would adhere to current zoning requirements.	10/17/07	$17,843,918	$1,214,698	$27.89
3.	Blake Hunt Ventures Development Site Martinelli Way Dublin APNs: 986-0033-003, 986-0034-12, 13, 14 Grantor: Ikea Property, Inc. Grantee: Blake Hunt Ventures OR #: N/A	36.7 1,598,652	Vacant Land (owned by Alamda county)	Mixed Use According to developer, intended project will be similar to "Park Place at Bay Meadows," a 315,000 SF mixed-use project.	Neighborhood Comm'l	C-2 General Commercial	None Must adhere to current set-back require-ments, and height limits	Approved for (2) Million SF office space. No approvals for mixed use project	In Contract	$75,000,000	$2,043,597	$46.91
4.	Pinole Point Business Park 2100-2900 Atlas Road Richmond APNs: 405-030-034-43, 405-590-001, 02, 03, 05, 06 Grantor: Pinole Point Properties, Inc. Grantee: Sares-Regis Group OR #08-97628	72.55 3,160,278	Industrial / Vacant	Industrial Plans & entitlements in place for 580,000 SF warehouse industrial project on 43 AC of excess land	Industrial	PA Planned Area	N/A Densities are established during the approval process.	Approved for 580,000 SF warehouse/indust. (FAR: 0.31 to 1)	5/6/08	$52,000,000	$716,747	$16.45
5.	Pardee Street Oakland APN: 42-4415-3-11, 13 Grantor: Arrowhead Marsh, LLC Grantee: RLR Investments LLC / Swan Terminal LLC OR #: 06-127900, 06-169875	16.82 732,679	Airport Parking Lot	Unknown	"Business Mix"	M-40 Heavy Industrial Recently rezoned to CIX-2 Comm'l Indust. Mix Zone, with max FAR of 4 to 1	None Must adhere to current set-back require-ments, and height limits	Unknown	3/31/06 4/23/06	$6,168,552 $6,168,552 $12,337,104	$733,478	$16.84
6.	191 Tunis Road Oakland APN: 044-5020-001-06, 19, 14 Grantor: Ratto Land Grantee: Balgit Singh / Dodg Corp. OR #: 05-419699	11.78 513,137	SFR / AG / Vacant	Unknown	"Business Mix"	C-36 "Gateway Blvd Service Commercial Zone"	2.5 to 1	Unknown	9/29/05	$9,830,000	$834,465	$19.16

Commercial Land Sales

Comp No	Address	Zoning	Size SF	Date of Sale	Sale Price	Total $/SF	TABLE 19
1	NWC Oakport & Hassler	M-40	174,240	4/2/2003	$ 3,833,280	**$ 22.00**	

Comments Site on northwest corner of Oakport Street and Hassler in Oakland. Site provides has excellent freeway exposure along I-880. This parcel is part of the subdivision that created Zhone office project site. The property sold in April 2002 for $22 per square foot for a 30,000 square foot Lexus dealership completed in November 2002. As part of the sale, the seller, the City of Oakland, leased back a small strip of land measuring 56' by 16' to accommodate a billboard. The lease is for $1 per year for approximately 35 years with a 20 year option. This strip is located at the property's northerly property line and does not significantly impact the site's visibility. The City wanted to retain the billboard on the site, which it leases to an affiliated entity, the Joint Powers Authority (JPA), at a rate that is significantly below market. JPA uses the billboard to promote the sports teams (Athletics-professional baseball) that play across the freeway. The seller stated the sale leaseback had no influence on land value.

2	Oakport & Edgewater	PD	914,760	6/1/2003	$ 14,589,896	**$ 18.41**	

Comments Site at Metroport in Oakland which contains 22.52 gross acres. Price initialy based on $18/SF @ 16.34 acres, and + $11.48/SF ($500,000/acre) for wetlands (+/- 4 acres). Price negotiated in mid-2000 with intention for multi-use retail, office, and hotel totaling 1.6 Million SF. Site is seperated by 1.2 acre Oakport St. In late 2003 buyer changed plan to 200,000 SF of retail. Buyer responsible for 2 signal lights and off-sites toatling +/- $750,000. Off-site wetland (2.4 acres) mitigation approximately $1.5 million according to buyer.

3	7001 Oakport St.	M-40	631,620	1/1/2000	$ 7,579,440	**$ 12.00**	

Comments Site features broad frontage on Oakport Street in Oakland with excellent freeway exposure along I-880. It is located in the Airport Business Park near the Oakland Airport The property sold in January 2000 based on a price of $12 per square foot, which translates to approximately $7,579,440 based on the seller's reported net acreage. The seller, the City of Oakland, reported the sale terms consisted of cash of approximately $9.50 per square foot plus $2.50 per square foot in stock warrants. The seller believed the warrants were worth at least $2.50 per square foot and wanted to participate in the upside when the company went public. The buyer, Zhone Technologies, acquired the site to relocate its corporate headquarters. The seller considered Zhone Technologies a desirable company for the image and economic benefits it would bring to Oakland.

4	Oakport & Edgewater	PD	544,500	2/1/2004	$ 11,979,000	**$ 22.00**	

Comments Transaction represents long-term ground lease to Wal-Mart at Metroport in Oakland. Transaction refelcts a fee ground value of $22/SF and a 10% annual return. Approximate lease terms: 30-years with (6) 5-yr renewal options.

5	S. of Y. Buena/W. of Hollis	M-40	215,535	3/1/2002	$ 9,100,000	**$ 42.22**	

Comments Site is located on the south side of Yerba Buena, west of Hollis, and adjacent to Expo (was K-Mart at time of sale) and Toys R Us in Emeryville. This site has excellent freeway exposure near the confluence of Interstate 80, 580, and 880 where the freeway vehicle count reportedly is among the highest in Northern California, The price was based on a price of $23.50 per square foot and the acreage is approximately 7.95 acres. The property sold for approximately $8,237,000 or $23.79 per square foot, which included $100,000 in fees to extend the close of escrow to October 2000. The buyer indemnified the seller and was responsible for the first $750,000 for remediation. The buyer had obtained a comfort letter addressing the hazardous conditions, and later remediated the property at a cost close to $290,000, thereby increasing the effective price. In addition, the property reportedly had assessment bonds of approximately $45,000 and was subject to fees for the Shellmound flyover based on the future building area at reportedly $0. 10 per square foot for office and $0.60 for retail.

At the time of sale, the buyer concurrently negotiated to spin off 3.0 acres of the 7.95 acres at $38.50/SF for a hotel development, which closed simultaneously. The buyer had proposed a 17 story high rise office development on the remaining 4.95 acres, but the project stalled with the approval process and weakening market conditions. The seller then sold that parcel for a reported $42.22 per square foot for a Best Buy retail store.

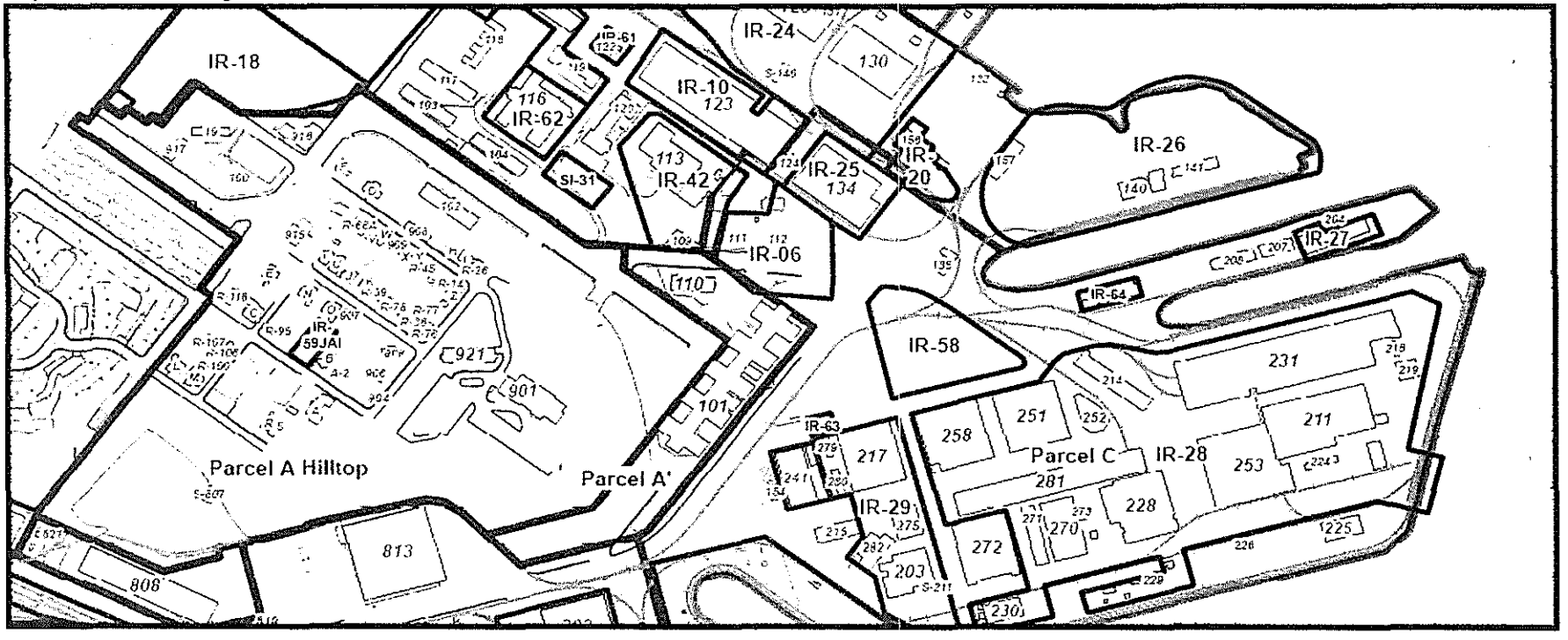
TABLE 19, Continued

Comp No	Address	Zoning	Size SF	Date of Sale	Sale Price	Total $/SF
6	1055 Eastshore Hwy.	ComSerLtInd	444,312	10/1/2003	$ 9,000,000	**$ 20.82**
Comments	Located on north side of Berkeley city limits in Albany. Site surrounded by industrial buildings, creeks, and railroad tracks. Purchased for Target store of +/- 170,000 SF including garden center. Off-site (signals) requirements by city total approx. $250,000. Narrow site (355' depth) located behond office/industrial businesses on street frontage. Approval required a conditional use permit. Site was fromerly approved for 225,000 SF 3-bldg office development. Some northbound I-80 visibility, limited southbound if at all; access is slightly awkward.					
7	5600 Cottle Rd.	M-1	815,750	2/1/2004	$ 17,968,500	**$ 23.25**
Comments	Site located in San Jose and was former IBM R&D building (+/- 167,000 SF). The building was ascribed no value to be demolished (est. by broker $1 million). Buyer plans to construct a Lowes store and other "box" buildings. Closing contingent upon retail rezoning. EIR currently being contested which is holding up closing. Near railroad tracks and Hwy 101 at the Silver Creek Valley Road interchange. Listed price was $20/SF.					
8	1515 Milpitas Alviso Rd.	A (PD) Lt. Ind.	2,378,812	6/1/2001	$ 48,126,956	**$ 18.43**
Comments	Site is located west across Coyote Creek (Flood Zone B) from McCarthy Ranch retail center in San Jose. Raw interior site improved with greenhouse provoding good Hwy 237 visibility. Price included option and additional costs for 2 houses, relocation costs, commission and attorney fees ($1.80/SF). Site is rectangular in shape. Site had limited access and infrastructure, no entitlements.					
9	2499 Whipple Rd.	Rezoned to use	476,982	2/1/2002	$ 10,732,095	**$ 25.00**
Comments	Site in Hayward which ross acreage was 11.2075 but there was a small wetland area. Target built a 128,700 SF store in 2002. Approx. $2-$3/SF was spent for off-site improvements. Site was rezoned to proposed bulk retail use prior to escrow.					
10	135 N. Access Rd.	C P	294,422		$ 12,500,000	**$ 42.46**
Comments	LISTING. Seller to remove existing building and buyer to develop retail center. Costco nearby. Site backs to bay channel, located in Flood Zone C. Near San Bruno Ave. interchange at Hwy 101 in South San Francisco. Proposed retail use (likely big box) will require rezoning and entitlements, reportedly not hard to obtain. Brokerstates list price as high, talking serioulsy in the $30/SF range to buyer.					

HUNTERS POINT SHIPYARD - Sublease Summary

Leased Building(s)	Name	Tenants	Term	Bldg (SF)	Rent (monthly)	Security Deposit	Use
116	Billotte	Julian and Louise Billotte	month-to-month	18,439	$3,708.31	no	sound and recording studios
125	Bridenthal	Tad and Laura Bridenthal	month-to-month	7,000	$1,072.50	no	wood cabinet shop and artist studio
115	Finishworks	Finishworks of San Francisco	month-to-month	13,684	$1,988.87	no	wood cabinet fabrication and plastic laminate
808	Precision	Precision Warehouse	month-to-month	37,000	$6,750.00	no	commercial storage
101, 110	The Point	Patterns Ltd, Inc.	month-to-month	140,300	N/Av.	$50,000.00	for occupancy by artists, caterers, and musicians
103, 104, 117	The Point	Patterns Ltd, Inc.	month-to-month	42,600	N/Av.	no	for occupancy by artists, caterers, and musicians

Map of Leased Buildings



FISCAL YEAR 2008-09
DEPARTMENT REVENUE SUMMARY REPORT AS OF MARCH 31, 2009

CANDLESTICK PARK

Revenue Sources	FY 08-09 Budget	FY 08-09 Annual Forecast	Variance	FY 08-09 Year to Date	FY 07-08 Year to Date
Admission Tax	**819,000**	**819,000**	**0**	**1,069,350**	**1,031,000**
49ers - Regular Games	819,000	819,000	0	1,069,350	1,031,000
Admission, Parking, Food, Luxury Concessions	**3,139,180**	**3,139,180**	**0**	**3,415,912**	**2,633,175**
Lot 6 Parking	6,180	6,180	0	7,030	6,500
Admissions/Rentals	1,600,000	1,600,000	0	1,957,953	1,047,600
Parking Concession	583,000	583,000	0	591,142	595,650
Food Concession	390,000	390,000	0	376,512	380,000
Luxury Suites Concession	560,000	560,000	0	483,275	603,425
Concession and Special Events	**543,000**	**543,000**	**0**	**46,770**	**423,310**
Scoreboards & Signage Advertising	300,000	300,000	0	0	343,750
Rental Fees (Special Events)	125,000	125,000	0	0	0
Lot/ Parking Concession (CT#195,195A,198,199,200)	118,000	118,000	0	46,770	79,560
Short Term Rental Permit (Car Shows)	**180,000**	**180,000**	0	**129,620**	**106,900**
Naming Right	**300,000**	**300,000**	0	**0**	**1,091,452**
TOTAL MONSTER PARK	**4,981,180**	**4,981,180**	**0**	**4,661,652**	**5,285,837**

	Unit	Rent Roll	Rent Chg Through	Last Stmt Rent Roll	Next Mo's Rent	Rent Change
1	160097	428	5/31/09	428	428	0
2	160098	155	5/31/09	155	155	0
3	160099	163	5/31/09	163	163	0
4	160100	329	5/31/09	329	329	0
5	160101	318	5/31/09	318	318	0
6	160103	158	5/31/09	158	158	0
7	160104	115	5/31/09	115	115	0
8	160105	139	5/31/09	139	139	0
9	160106	466	5/31/09	466	466	0
10	160107	396	5/31/09	396	396	0
11	160108	578	5/31/09	578	578	0
12	160109	316	5/31/09	316	316	0
13	160111	84	5/31/09	84	84	0
14	160112	690	5/31/09	690	690	0
15	160113	25	5/31/09	25	25	0
16	160114	260	5/31/09	260	260	0
17	160115	165	5/31/09	165	165	0
18	160116	222	5/31/09	222	222	0
19	160117	95	5/31/09	95	95	0
20	160118	251	5/31/09	251	251	0
21	160119	359	5/31/09	359	359	0
22	160120	238	5/31/09	238	238	0
23	160121	25	5/31/09	25	25	0
24	160122	267	5/31/09	267	267	0
25	160125	389	5/31/09	389	389	0
26	160126	251	5/31/09	251	251	0
27	160128	400	5/31/09	400	400	0
28	160129	67	5/31/09	67	67	0
29	160130	650	5/31/09	650	650	0
30	160131	151	5/31/09	151	151	0
31	160132	404	5/31/09	404	404	0
32	160133	103	5/31/09	103	103	0
33	160134	542	5/31/09	542	542	0
34	160135	378	5/31/09	378	378	0
35	160136	254	5/31/09	254	254	0
36	160137	258	5/31/09	258	884	626
37	160138	258	5/31/09	258	258	0
38	160139	573	5/31/09	573	573	0
39	160143	320	5/31/09	320	320	0
40	160144	228	5/31/09	228	228	0
41	160145	25	5/31/09	25	25	0
42	160146	492	5/31/09	492	492	0
43	160148	25	5/31/09	25	25	0
44	160149	1,065	5/31/09	1,065	1,065	0
45	160150	254	5/31/09	254	254	0
46	160151	151	5/31/09	151	151	0
47	160153	117	5/31/09	117	117	0
48	160154	262	5/31/09	262	262	0
49	160155	160	5/31/09	160	160	0
50	160157	313	5/31/09	313	313	0
51	160158	311	5/31/09	311	311	0
52	160159	289	5/31/09	289	289	0
53	160160	163	5/31/09	163	163	0
54	160161	1,034	5/31/09	1,034	1,034	0
55	160162	25	5/31/09	25	25	0
56	160163	378	5/31/09	378	378	0
57	160164	73	5/31/09	73	73	0
58	160165	461	5/31/09	461	651	190
59	160166	151	5/31/09	151	151	0
60	160167	67	5/31/09	67	67	0
61	160168	155	5/31/09	155	144	-11
62	160169	163	5/31/09	163	163	0
63	160170	48	5/31/09	48	48	0
64	160171	151	5/31/09	151	151	0
65	160174	854	5/31/09	854	854	0
66	160175	239	5/31/09	239	239	0
67	160176	1,127	5/31/09	1,127	1,127	0
68	160177	194	5/31/09	194	194	0
69	160178	2,500	5/31/09	2,500	2,500	0
70	160179	251	5/31/09	251	251	0
71	160180	167	5/31/09	167	167	0
72	160181	241	5/31/09	241	241	0
73	160182	269	5/31/09	269	269	0
74	160183	91	5/31/09	91	91	0
75	160184	96	5/31/09	96	96	0
76	160185	134	5/31/09	134	134	0
77	160186	193	5/31/09	193	205	12
78	160187	128	5/31/09	128	128	0
79	160188	653	5/31/09	653	653	0
80	160189	1,151	5/31/09	1,151	1,151	0
81	160191	837	5/31/09	837	837	0

82	160192	470	5/31/09	470	470	0
83	160193	25	5/31/09	25	25	0
84	160195	25	5/31/09	25	25	0
85	160196	1,152	5/31/09	1,152	1,152	0
86	160197	163	5/31/09	163	163	0
87	160200	902	5/31/09	902	902	0
88	160201	122	5/31/09	122	122	0
89	160202	96	5/31/09	96	96	0
90	160203	242	5/31/09	242	242	0
91	160204	704	5/31/09	704	704	0
92	160206	323	5/31/09	323	323	0
93	160207	182	5/31/09	182	182	0
94	160208	25	5/31/09	25	25	0
95	160209	235	5/31/09	235	235	0
96	160210	453	5/31/09	453	453	0
97	160211	417	5/31/09	417	417	0
98	160212	573	5/31/09	573	573	0
99	160213	262	5/31/09	262	262	0
100	160214	193	5/31/09	193	193	0
101	160215	401	5/31/09	401	401	0
102	160216	830	5/31/09	830	830	0
103	160217	129	5/31/09	129	129	0
104	160218	624	5/31/09	624	624	0
105	160219	435	5/31/09	435	435	0
106	160220	169	5/31/09	169	169	0
107	160222	401	5/31/09	401	401	0
108	160223	258	5/31/09	258	258	0
109	160225	309	5/31/09	309	309	0
110	160227	288	5/31/09	288	288	0
111	160228	25	5/31/09	25	25	0
112	160229	275	5/31/09	275	275	0
113	160230	163	5/31/09	163	163	0
114	160231	262	5/31/09	262	262	0
115	160232	257	5/31/09	257	257	0
116	160233	163	5/31/09	163	163	0
117	160234	118	5/31/09	118	118	0
118	160235	81	5/31/09	81	81	0
119	160236	67	5/31/09	67	67	0
120	160237	211	5/31/09	211	211	0
121	160239	127	5/31/09	127	127	0
122	160240	60	5/31/09	60	60	0
123	160241	523	5/31/09	523	523	0
124	160243	225	5/31/09	225	225	0
125	160244	251	5/31/09	251	25	-226
126	160245	127	5/31/09	127	127	0
127	160246	84	5/31/09	84	84	0
128	160247	257	5/31/09	257	257	0
129	160248	453	5/31/09	453	453	0
130	160249	159	5/31/09	159	159	0
131	160250	853	5/31/09	853	853	0
132	160251	165	5/31/09	165	165	0
133	160252	257	5/31/09	257	257	0
134	160255	25	5/31/09	25	25	0
135	160256	92	5/31/09	92	92	0
136	160257	225	5/31/09	225	225	0
137	160258	103	5/31/09	103	103	0
138	160260	1,529	5/31/09	1,529	1,529	0
139	160261	259	5/31/09	259	259	0
140	160263	151	5/31/09	151	151	0
141	160264	85	5/31/09	85	85	0
142	160265	630	5/31/09	630	630	0
143	160266	96	5/31/09	96	96	0
144	160268	72	5/31/09	72	72	0
145	160269	107	5/31/09	107	107	0
146	160271	91	5/31/09	91	91	0
147	160272	303	5/31/09	303	303	0
148	160273	1,556	5/31/09	1,556	1,556	0
149	160274	251	5/31/09	251	251	0
150	160277	771	5/31/09	771	771	0
151	160278	130	5/31/09	130	130	0
152	160279	1,028	5/31/09	1,028	1,028	0
153	160280	127	5/31/09	127	127	0
154	160281	475	5/31/09	475	475	0
155	160283	451	5/31/09	451	451	0
156	160285	131	5/31/09	131	131	0
157	160286	96	5/31/09	96	96	0
158	160287	358	5/31/09	358	358	0
159	160288	252	5/31/09	252	252	0
160	160289	235	5/31/09	235	235	0
161	160290	242	5/31/09	242	224	-18
162	160291	357	5/31/09	357	696	339
163	160293	476	5/31/09	476	476	0
164	160294	507	5/31/09	507	507	0
165	160295	339	5/31/09	339	339	0
166	160298	234	5/31/09	234	234	0
167	160299	245	5/31/09	245	245	0
168	160300	227	5/31/09	227	227	0
169	160301	952	5/31/09	952	952	0

170	160302	466	5/31/09	466	466	0
171	160304	350	5/31/09	350	350	0
172	160305	169	5/31/09	169	169	0
173	160306	173	5/31/09	173	173	0
174	160307	163	5/31/09	163	163	0
175	160308	127	5/31/09	127	127	0
176	160309	241	5/31/09	241	241	0
177	160310	335	5/31/09	335	351	16
178	160311	163	5/31/09	163	139	-24
179	160312	253	5/31/09	253	253	0
180	160313	588	5/31/09	588	588	0
181	160314	127	5/31/09	127	127	0
182	160316	25	5/31/09	25	25	0
183	160317	257	5/31/09	257	257	0
184	160318	372	5/31/09	372	372	0
185	160319	168	5/31/09	168	168	0
186	160320	266	5/31/09	266	266	0
187	160321	1,249	5/31/09	1,249	1,249	0
188	160322	25	5/31/09	25	25	0
189	160323	667	5/31/09	667	667	0
190	160324	512	5/31/09	512	512	0
191	160325	641	5/31/09	641	641	0
192	160326	645	5/31/09	645	645	0
193	160327	127	5/31/09	127	127	0
194	160328	163	5/31/09	163	163	0
195	160329	447	5/31/09	447	447	0
196	160330	365	5/31/09	365	365	0
197	160331	193	5/31/09	193	193	0
198	160332	84	5/31/09	84	84	0
199	160333	531	5/31/09	531	531	0
200	160334	440	5/31/09	440	440	0
201	160335	127	5/31/09	127	127	0
202	160336	449	5/31/09	449	449	0
203	160338	25	5/31/09	25	25	0
204	160339	236	5/31/09	236	236	0
205	160340	251	5/31/09	251	251	0
206	160341	352	5/31/09	352	352	0
207	160342	178	5/31/09	178	178	0
208	160343	164	5/31/09	164	164	0
209	160344	153	5/31/09	153	153	0
210	160345	101	5/31/09	101	101	0
211	160346	163	5/31/09	163	163	0
212	160347	320	5/31/09	320	320	0
213	160348	556	5/31/09	556	556	0
214	160349	1,329	5/31/09	1,329	1,329	0
215	160350	25	5/31/09	25	25	0
216	160352	78	5/31/09	78	78	0
217	160353	619	5/31/09	619	619	0
218	160354	232	5/31/09	232	232	0
		71,395		71,395	72,299	904
		71,395		71,395	72,299	904
		71,395		71,395	72,299	904
		71,39	5	71,395	72,299	904

sted

SELECTED METROPOLITAN AREAS - U.S.A. MEDIAN INCOME AND OPERATING COSTS BY BUILDING TYPE

	SAN DIEGO, CA GARDEN TYPE BUILDINGS								SAN FRANCISCO, CA ELEVATOR BUILDINGS				SAN FRANCISCO, CA GARDEN TYPE BUILDINGS			
	29 BUILDINGS 8,613 APARTMENTS 7,421,302 RENTABLE SQUARE FEET								3 BLGS. 515 APTS. 349,836 SQ. FT.				10 BLGS. 2,297 APTS. 2,026,230 SQ. FT.			
	BLDGS.	-----% OF GPI------			------$/SQ.FT.------			$/UNIT	BLDGS.	%GPI	$/SQFT	$/UNIT	BLDGS.	%GPI	$/SQFT	$/UNIT
		MED	LOW	HIGH	MED	LOW	HIGH	MED		MED	MED	MED		MED	MED	MED
INCOME																
RENTS-APARTMENTS	(29)	95.4 %	93.8 %	96.4 %	18.80	17.49	20.43	16357	(3)	95.9 %	41.51	20545	(10)	95.1 %	20.61	16195
RENTS-GARAGE/PARKING	(12)	.5	.2	.7	.13	.03	.15	90	(1)	3.6	1.59	832	(1)	.0	.00	1
RENTS-STORES/OFFICES	(2)	.0			.00			0	( )				(1)	.0	.00	0
GROSS POSSIBLE RENTS	(29)	96.2 %	94.4 %	96.5 %	19.15	17.49	20.43	16392	(3)	97.0 %	43.11	20545	(10)	95.1 %	20.61	16195
VACANCIES/RENT LOSS	(29)	6.7	4.9	8.2	1.22	.89	1.60	993	(3)	5.8	4.85	1232	(10)	6.9	1.34	1140
TOTAL RENTS COLLECTED	(29)	89.0	87.1	90.5	17.74	15.00	19.44	15149	(3)	90.2	38.25	19312	(10)	89.5	17.63	15465
OTHER INCOME	(28)	4.6	3.6	5.6	.77	.62	1.20	660	(2)	4.1	1.35	873	(10)	5.0	1.05	944
GROSS POSSIBLE INCOME	(29)	100.0 %	100.0 %	100.0 %	20.05	18.69	21.19	17233	(3)	100.0 %	44.45	21419	(10)	100.0 %	21.67	16341
TOTAL COLLECTIONS	(29)	93.3	91.8	95.1	18.63	15.90	19.93	15958	(3)	94.2	39.60	20186	(10)	94.4	18.69	15611
EXPENSES																
MANAGEMENT FEE	(28)	3.8	3.0	3.9	.72	.59	.79	626	(3)	2.8	.78	407	(10)	3.7	.81	769
OTHER ADMINISTRATIVE.**	(28)	4.7	3.1	5.5	.85	.58	1.29	719	(3)	4.7	4.89	1009	(10)	4.4	.91	895
SUBTOTAL ADMINIST.	(29)	8.0 %	6.8 %	9.2 %	1.57	1.12	2.08	1332	(3)	7.5 %	5.67	1613	(10)	8.3 %	1.73	1519
SUPPLIES	(26)	.1	.1	.3	.03	.02	.04	25	(3)	.4	.19	74	(10)	.2	.04	32
HEATING FUEL-CA ONLY*	(25)	1.2	.1	1.5	.22	.02	.30	190	(2)	.0	.00	0	(7)	2.6	.57	497
CA & APTS.*	(4)	3.3			.52			385	(1)	5.1	.00	470	(3)	3.7	.73	506
ELECTRICITY--CA ONLY*	(29)	.7	.5	.9	.12	.11	.17	111	(2)	2.1	.94	492	(10)	.8	.14	119
CA & APTS.*	( )								(1)	.8	.00	75	( )			
WATER/SEWER--CA ONLY*	(18)	2.4	1.5	2.7	.50	.31	.62	442	(2)	2.1	.43	452	(7)	2.2	.42	357
CA & APTS.*	(11)	4.0	3.0	4.4	.54	.42	.76	542	(1)	6.1	.00	562	(3)	2.9	.63	498
GAS---------CA ONLY*	(26)	.3	.2	1.0	.06	.04	.22	50	(2)	1.2	.27	256	(8)	.3	.06	57
CA & APTS.*	(1)	2.3			.45			390	( )				( )			
BUILDING SERVICES	(27)	1.0	.7	2.4	.21	.13	.33	177	(3)	1.3	.58	303	(10)	2.2	.43	299
OTHER OPERATING	(18)	1.1	.0	2.0	.21	.00	.28	187	(1)	.0	.00	0	(9)	.9	.16	142
SUBTOTAL OPERATING	(29)	6.5 %	5.1 %	9.2 %	1.21	.93	1.60	1028	(3)	5.6 %	2.40	1252	(10)	9.7 %	1.60	1486
SECURITY**	(17)	.2	.2	.3	.05	.03	.06	46	(2)	.7	.14	150	(6)	.4	.09	60
GROUNDS MAINTENANCE**	(29)	1.3	.8	1.6	.23	.16	.31	222	(2)	1.3	.27	276	(9)	1.1	.19	183
MAINTENANCE-REPAIRS	(29)	1.1	.7	1.8	.18	.12	.42	180	(3)	2.0	.46	327	(10)	.8	.15	112
PAINTING/DECORATING**	(29)	.9	.6	1.4	.16	.11	.27	148	(3)	.5	.39	41	(10)	1.4	.28	220
SUBTOTAL MAINTENANCE	(29)	3.6 %	2.6 %	5.0 %	.73	.48	.94	638	(3)	4.0 %	1.20	368	(10)	3.4 %	.70	671
REAL ESTATE TAXES	(28)	5.8	5.1	7.9	1.18	.84	1.62	888	(3)	6.1	2.71	1414	(10)	11.6	2.31	1613
OTHER TAX/FEE/PERMIT	(6)	.1			.03			17	(1)	.0	.00	2	( )			
INSURANCE	(28)	1.9	1.1	2.6	.28	.23	.45	235	(3)	1.8	.74	386	(10)	3.4	.71	627
SUBTOTAL TAX-INSURANCE	(28)	8.1 %	6.7 %	9.7 %	1.57	1.07	1.98	1295	(3)	7.8 %	3.45	1800	(10)	15.1 %	3.02	2348
RECREATNL/AMENITIES**	(21)	.2	.1	.3	.04	.02	.06	34	(2)	.3	.06	66	(7)	.1	.03	25
OTHER PAYROLL	(25)	3.7	3.2	6.5	.78	.71	1.09	688	(3)	8.0	3.56	877	(9)	5.3	1.05	788
TOTAL ALL EXPENSES	(29)	30.1 %	28.0 %	37.9 %	6.07	5.46	7.65	5050	(3)	36.0 %	15.69	7710	(10)	40.1 %	7.99	6654
NET OPERATING INCOME	(29)	62.9 %	53.3 %	66.8 %	11.91	10.86	13.60	10625	(3)	56.1 %	23.91	12475	(10)	54.0 %	10.26	8895
PAYROLL RECAP**	(27)	7.6	6.4	9.2	1.59	1.24	1.78	1237	(3)	11.6	6.59	1553	(9)	7.2	1.46	1402

FOOTNOTE: For a description of Utility Expense (*) and Payroll Cost (**) reporting and an explanation of the report layouts and method of data analysis, refer to the sections entitled *Guidelines for the Use of this Data and Interpretation of a Page of Data*. For definitions of the income and expense categories, refer to the Appendix. Copyright © 2008, Institute of Real Estate Management.

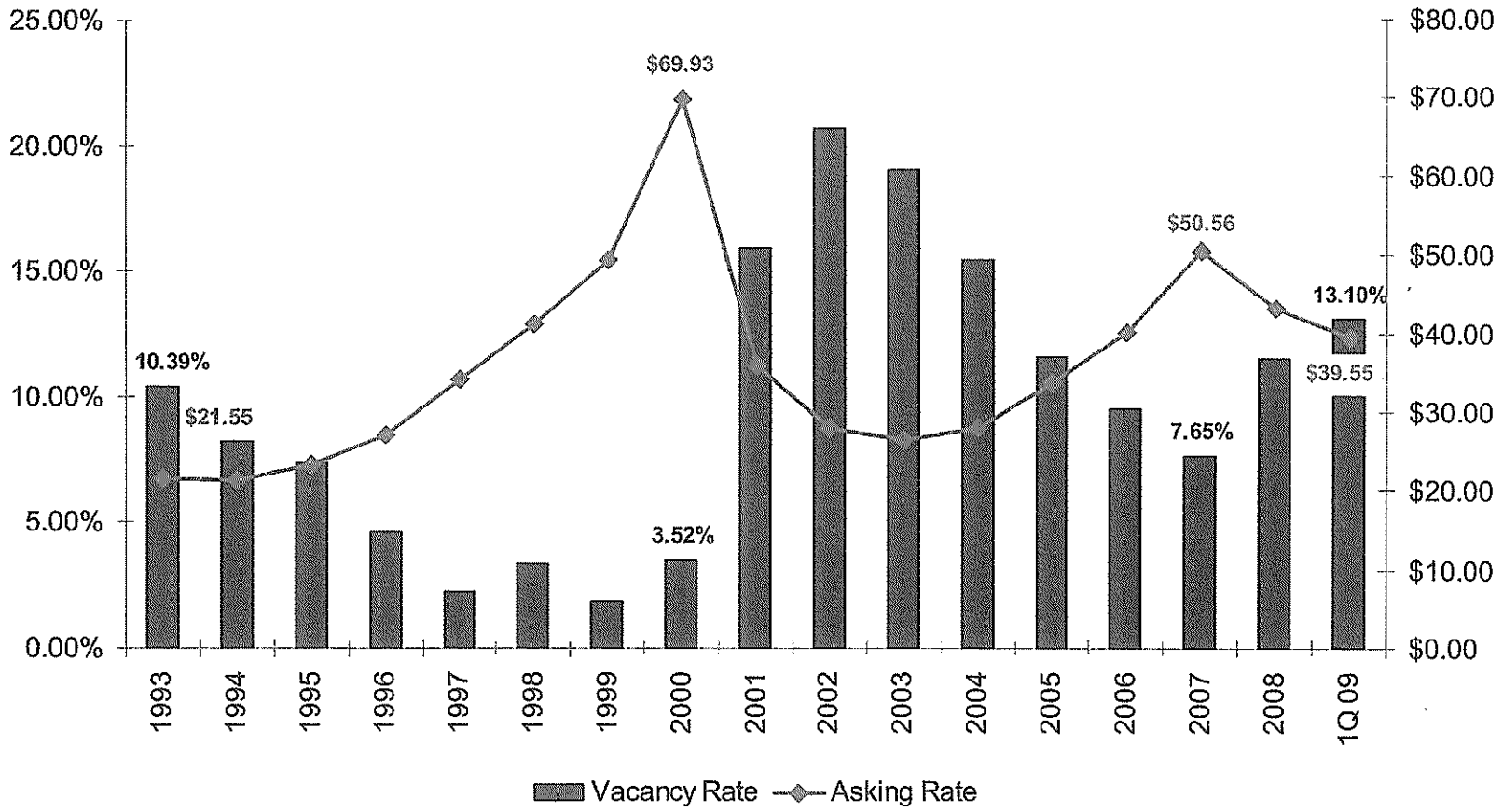
Historical Overview of San Francisco CBD Trends

4Q93
Vacancy: 10.39%
Average Asking Rate: $21.55

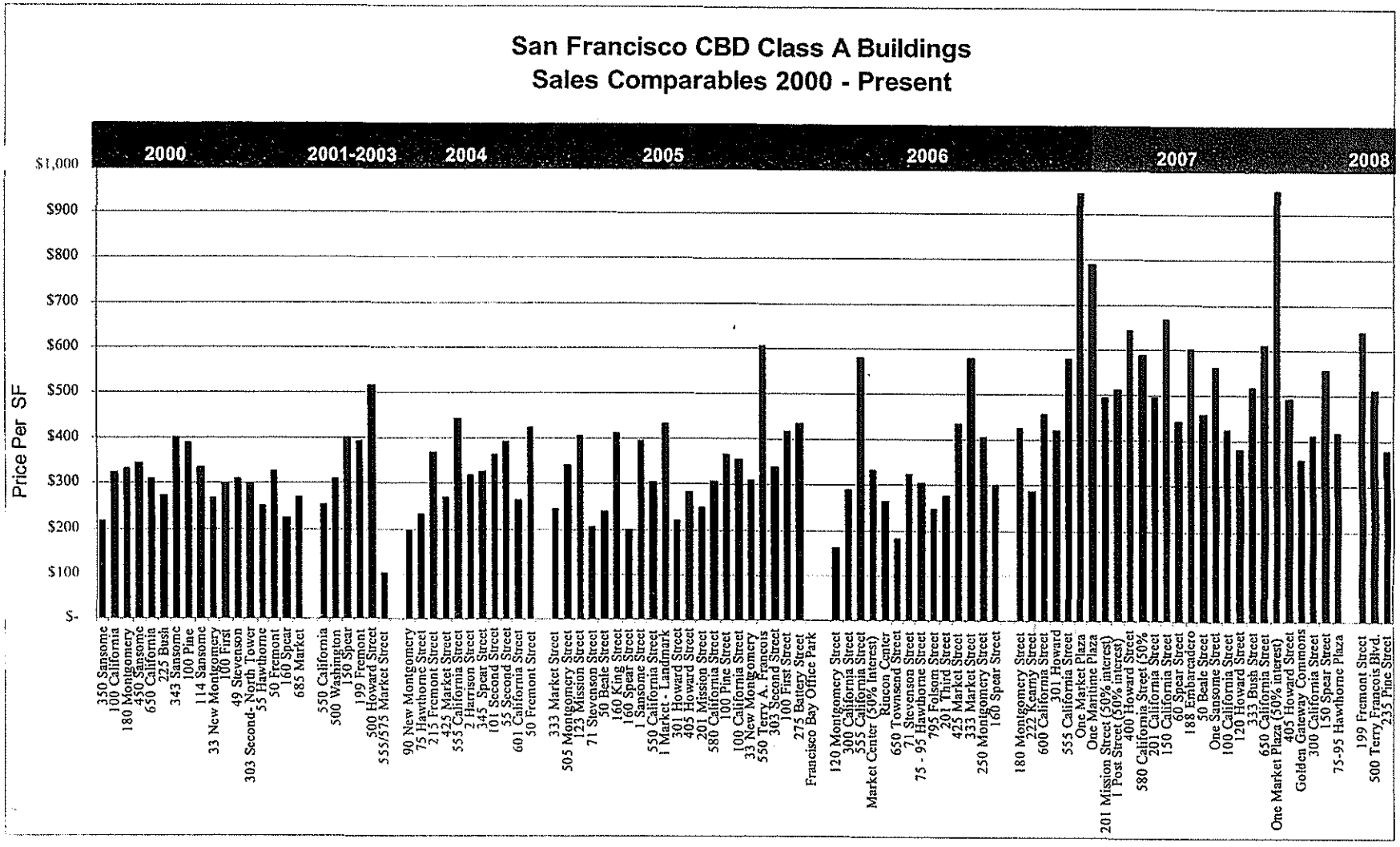
4Q00
Vacancy: 3.52%
Average Asking Rate: $69.93

4Q03
Vacancy: 18.98%
Average Asking Rate: $26.53

1Q09
Vacancy: 13.10%
Average Asking Rate: $39.55



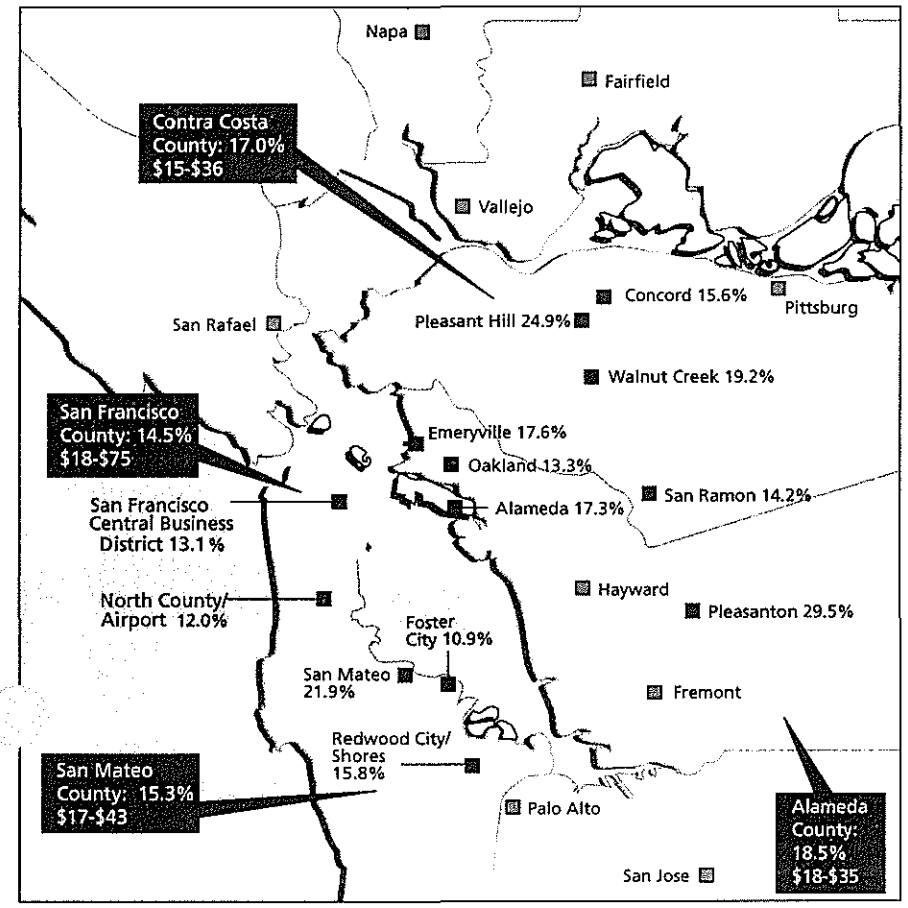
THE CAC GROUP
COMMERCIAL REAL ESTATE

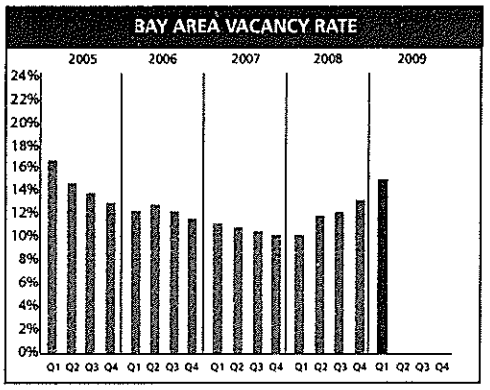


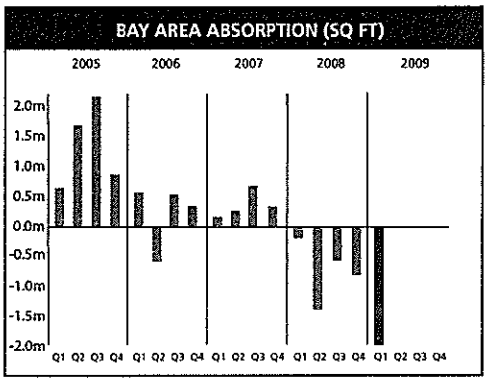
THE CAC GROUP
COMMERCIAL REAL ESTATE

Bay Area Office Market Overview

First Quarter 2009







SUBMARKET	# OF BLDGS	TOTAL SPACE	SPACE AVAIL.	VACANCY RATE	AVG. ASK RENT
San Francisco	224	54,535,674	7,913,876	14.5%	$37.97
North Financial District	71	23,661,640	3,080,588	13.0%	$39.97
South Financial District	58	21,219,590	2,783,182	13.1%	$39.08
N. Waterfront/Jackson Sq.	25	2,589,646	379,571	14.7%	$29.68
SOMA	70	7,064,798	1,670,535	23.6%	$34.30
Alameda	120	14,346,968	2,649,330	18.5%	$28.05
Alameda	52	2,272,125	394,004	17.3%	$26.81
Emeryville	13	2,191,655	386,290	17.6%	$28.43
Oakland - City Center	10	2,944,503	350,141	11.9%	$29.86
Oakland - Lake Merritt	11	3,515,974	507,950	14.4%	$30.71
Pleasanton	34	3,422,711	1,010,945	29.5%	$26.43
Contra Costa	73	10,407,269	1,767,732	17.0%	$28.99
Concord	10	2,306,615	360,042	15.6%	$24.50
Pleasant Hill	5	695,131	173,178	24.9%	$30.88
San Ramon	29	3,788,272	538,889	14.2%	$27.35
Walnut Creek	29	3,617,251	695,623	19.2%	$32.12
San Mateo	140	12,767,302	1,949,626	15.3%	$31.03
N. County/Airport	35	4,445,822	534,719	12.0%	$30.26
Foster City	36	2,305,864	250,675	10.9%	$34.92
Redwood City/Shores	33	2,513,976	396,486	15.8%	$33.49
San Mateo	36	3,501,640	767,746	21.9%	$29.02
Bay Area Total	557	92,057,213	14,280,564	15.5%	$34.07

Note: All data comprised of direct and sublease space.

BAY AREA LARGEST BLOCKS

1355 Market Street	SF County	565,000 sf
370 Third Street	SF County	357,500 sf
555 Mission Street	SF County	296,000 sf
650 Townsend Street*	SF County	286,500 sf
500 Terry Francois Blvd.	SF County	268,000 sf
185 Berry Street	SF County	175,000 sf

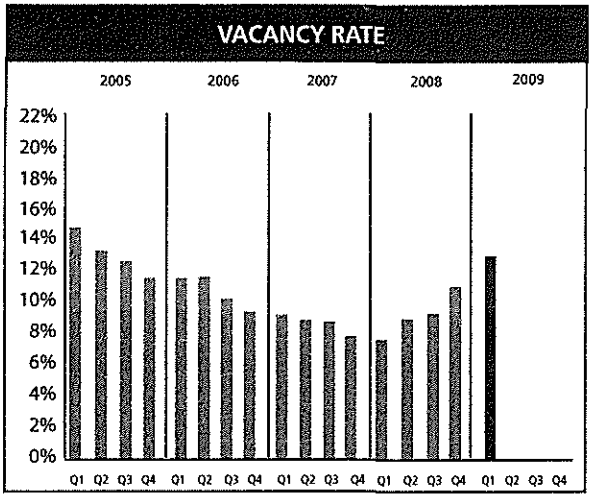
*Denotes a CAC Group transaction or building rep'd by The CAC Group

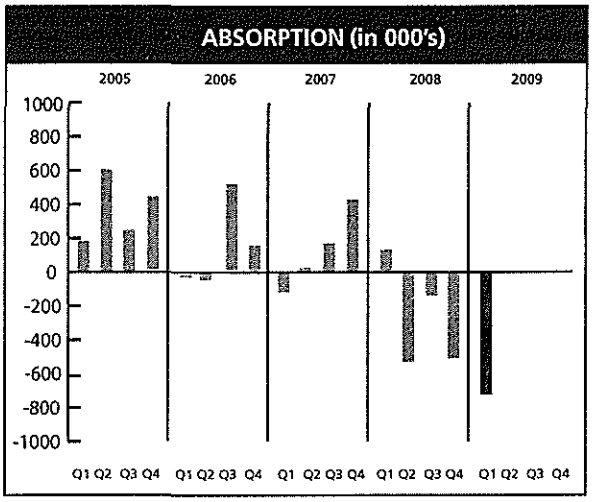
THE CAC GROUP

Gary Arabian	(415) 291-8881	garabian@cacre.com
John Cecconi	(415) 291-8883	jcecconi@cacre.com
William Cumbelich	(415) 291-8882	bcumbelich@cacre.com
Thomas Poggi	(415) 291-8884	tpoggi@cacre.com
Steven Anderson	(415) 291-8886	sanderson@cacre.com
David Terzolo	(415) 291-1732	dterzolo@cacre.com
Angus Scott	(415) 291-4922	ascott@cacre.com
Bruce Wilson	(415) 291-1717	bwilson@cacre.com
Josh Peterson	(415) 291-1712	jpeterson@cacre.com
Jim Ousman	(415) 291-4917	jousman@cacre.com
Bryan Ivie	(415) 291-1711	bivie@cacre.com
Christy McRoskey	(415) 291-1728	cmcroskey@cacre.com
Charlie Withers	(415) 291-1715	cwithers@cacre.com
Daphne Spieker	(415) 291-1739	dspieker@cacre.com
Jennifer Haeg	(415) 291-4916	jhaeg@cacre.com
Matt Kroger	(415) 291-8641	mkroger@cacre.com
Michael Iino	(415) 901-5182	miino@cacre.com
John Walsh	(415) 291-1714	jwalsh@cacre.com
Alison Sandman	(415) 291-8683	asandman@cacre.com
Kaitlin Ball	(415) 291-1713	kball@cacre.com
Kathryn Tom	(415) 291-8880	ktom@cacre.com
Mary Kate Banchero	(415) 291-4918	mbanchero@cacre.com

Historical Trends

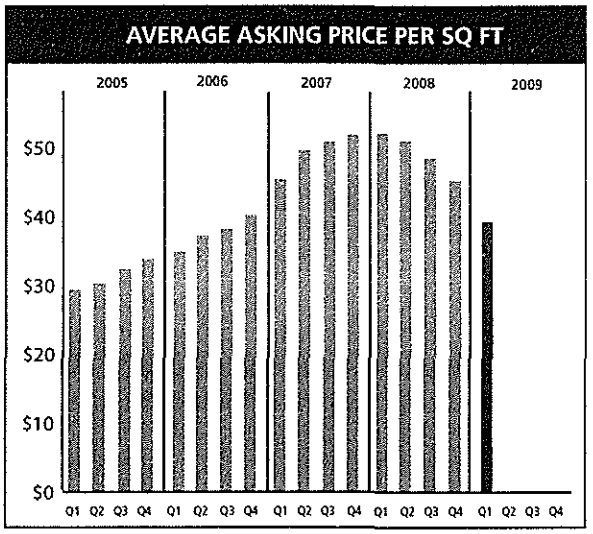
San Francisco Central Business District: 2005 - First Quarter 2009

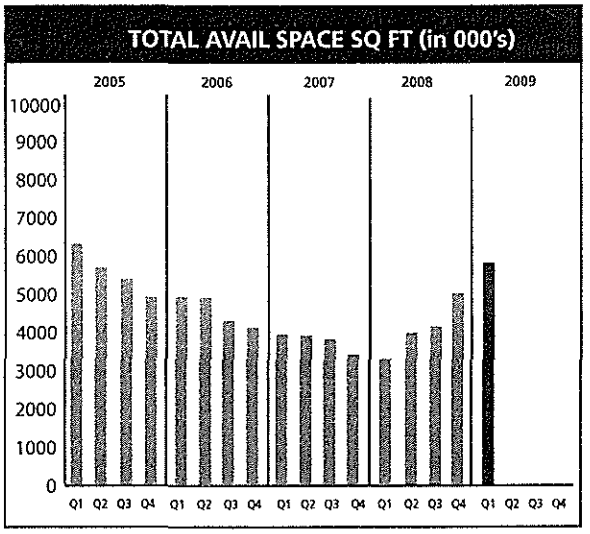




VACANCY RATE SUMMARY				
2005	2006	2007	2008	1Q 2009
11.5%	9.5%	7.7%	11.5%	13.1%

NET ABSORPTION				
2005	2006	2007	2008	2009 YTD
1,364,218	642,017	472,010	(1,054,443)	(750,889)





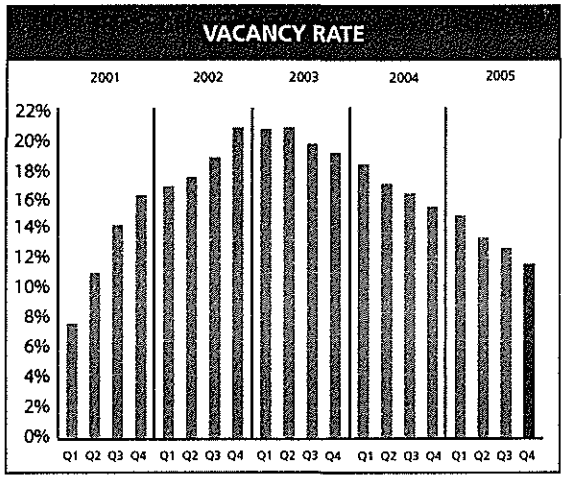
AVERAGE ASKING RATE SUMMARY				
2005	2006	2007	2008	1Q 2009
$33.73	$40.13	$50.56	$43.25	$39.55

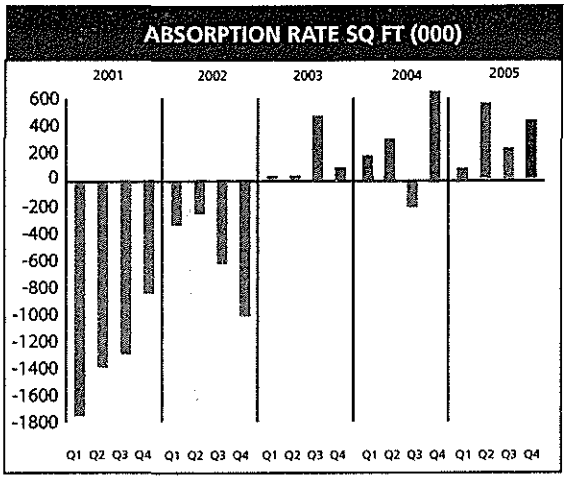
AVAILABLE SPACE SUMMARY				
2005	2006	2007	2008	1Q 2009
4,907,021	4,110,737	3,306,498	5,138,516	5,863,770

Prevailing market rates are indicated on the front-page map.
All data comprised of direct and sublease space.
Average asking rate reflects a full service rate.

Historical Trends

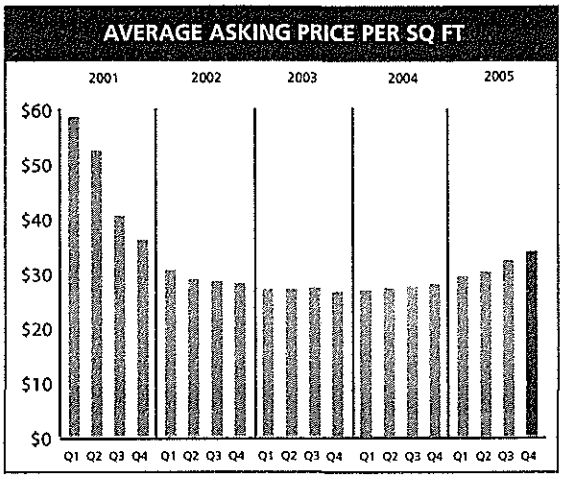
San Francisco Central Business District: 2001 - Fourth Quarter 2005

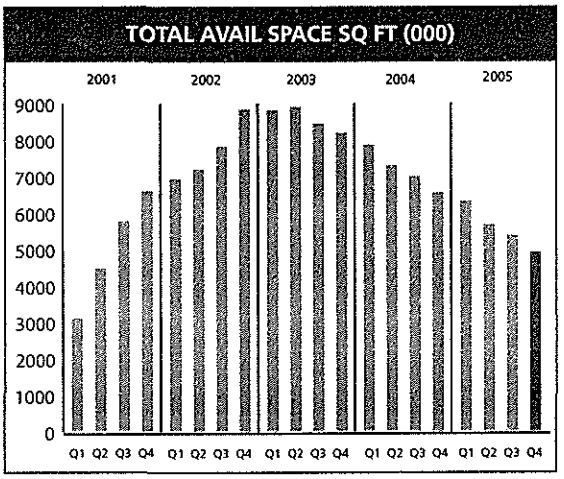




VACANCY RATE SUMMARY				
2001	2002	2003	2004	2005
16.2%	20.7%	18.9%	15.4%	11.5%

NET ABSORPTION				
2001	2002	2003	2004	2005
(5,235,547)	(2,225,938)	670,101	1,031,799	1,364,218





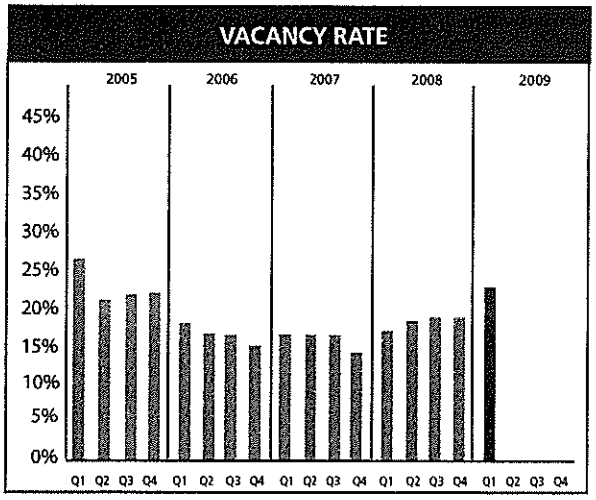
AVERAGE ASKING RATE SUMMARY				
2001	2002	2003	2004	2005
$35.93	$28.07	$26.53	$27.92	$33.73

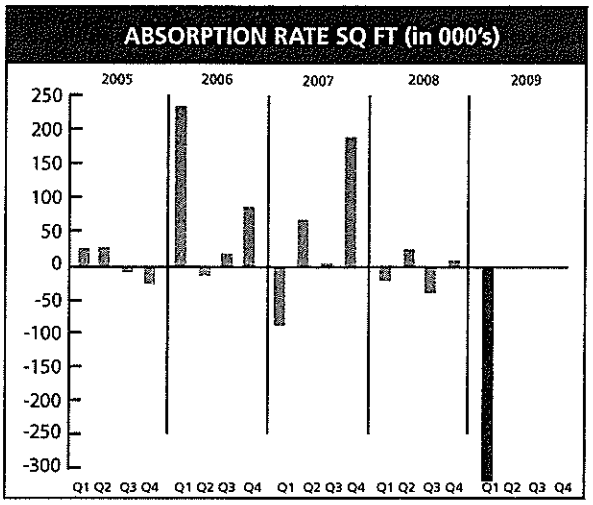
AVAILABLE SPACE SUMMARY				
2001	2002	2003	2004	2005
6,606,135	8,832,073	8,184,585	6,541,542	4,907,021

Additional reduction in space available due to residential conversions, owner/user purchases and space being taken off the market.
Prevailing market rates are indicated on the front-page map.
All data comprised of direct and sublease space.
Average asking rate reflects a full service rate.

Historical Trends

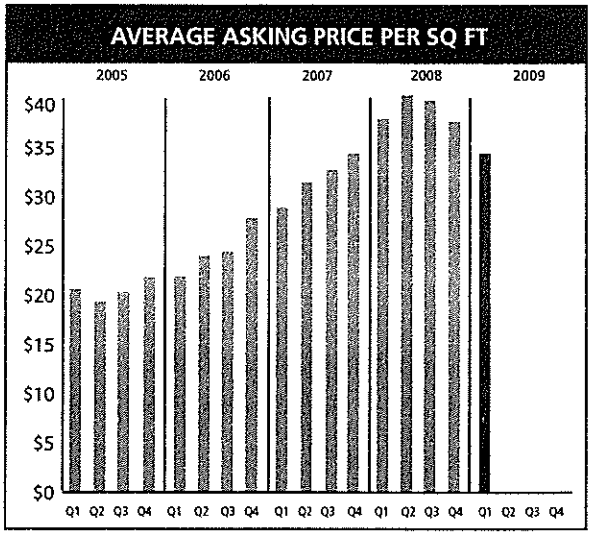
San Francisco - South of Market District: 2005 - First Quarter 2009

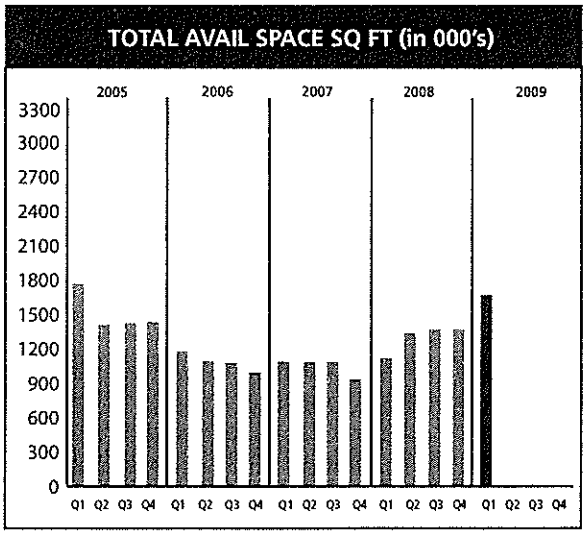




VACANCY RATE SUMMARY				
2005	2006	2007	2008	1Q 2009
22.0%	15.2%	13.4%	19.0%	23.6%

NET ABSORPTION				
2005	2006	2007	2008	2009 YTD
18,160	328,281	171,846	(20,685)	(325,249)





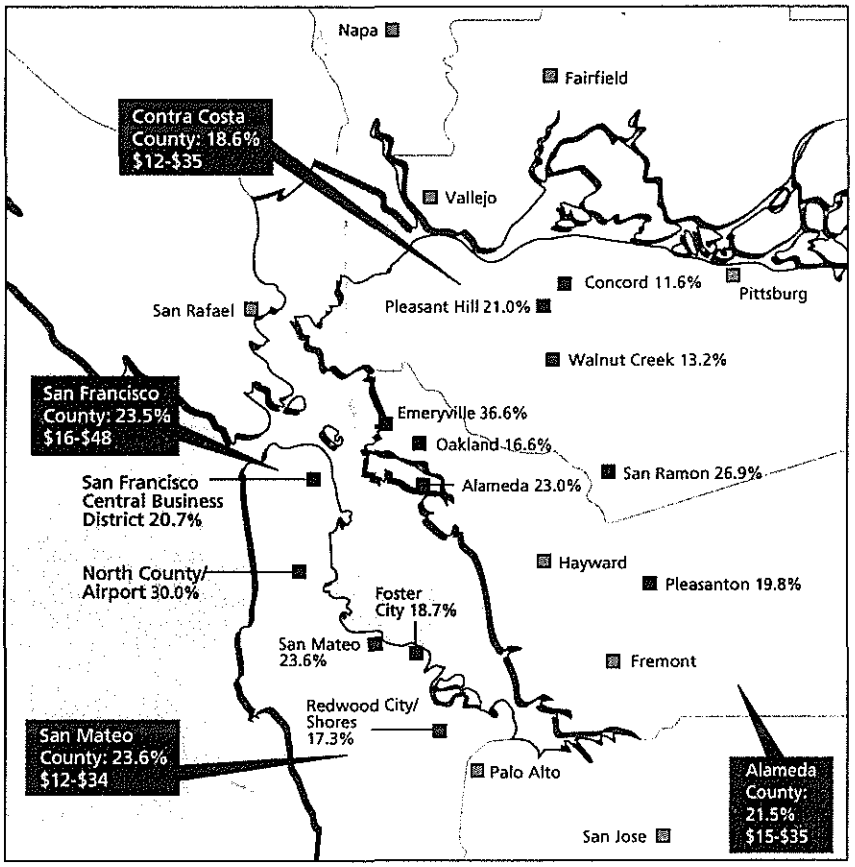
AVERAGE ASKING RATE SUMMARY				
2005	2006	2007	2008	1Q 2009
$21.73	$27.78	$33.38	$37.58	$34.30

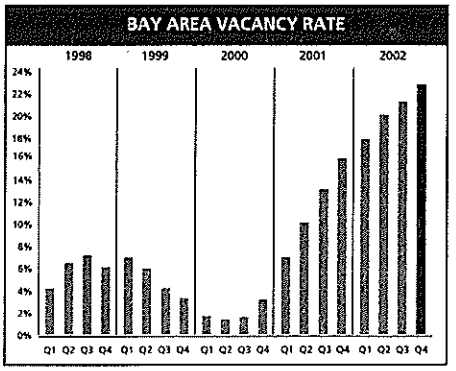
AVAILABLE SPACE SUMMARY				
2005	2006	2007	2008	1Q 2009
1,418,569	980,596	881,356	1,345,286	1,670,535

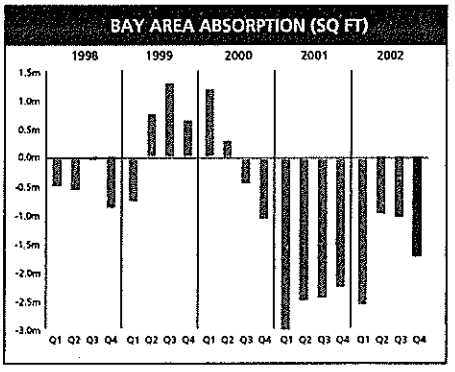
Additional reduction in space available due to residential conversions, owner/user purchases and space being taken off the market.
Prevailing market rates are indicated on the front-page map.
All data comprised of direct and sublease space.
Average asking rate reflects a full service rate.

Bay Area Office Market Overview

Fourth Quarter 2002







SUBMARKET	# OF BLDGS	TOTAL SPACE	SPACE AVAIL.	VACANCY RATE	AVG. RENT
San Francisco	**224**	**52,365,152**	**12,314,474**	**23.5%**	**$26.54**
North Financial District	72	23,722,730	4,860,833	20.5%	$27.99
South Financial District	53	19,010,370	3,971,240	20.9%	$28.16
N. Waterfront/Jackson Sq.	26	2,662,712	545,850	20.5%	$26.89
SOMA	73	6,969,340	2,936,551	42.1%	$21.88
Alameda	**110**	**13,943,361**	**3,002,469**	**21.5%**	**$26.50**
Alameda	49	2,272,125	523,241	23.0%	$22.31
Emeryville	12	2,191,655	801,999	36.6%	$28.24
Oakland - City Center	10	3,094,503	545,082	17.6%	$28.15
Oakland - Lake Merritt	9	3,173,974	497,402	15.7%	$26.57
Pleasanton	30	3,211,104	634,745	19.8%	$26.29
Contra Costa	**71**	**9,679,940**	**1,804,292**	**18.6%**	**$25.42**
Concord	10	1,905,007	220,875	11.6%	$23.06
Pleasant Hill	6	795,131	166,917	21.0%	$28.95
San Ramon	29	3,617,551	974,251	26.9%	$22.89
Walnut Creek	26	3,362,251	442,249	13.2%	$30.86
San Mateo	**145**	**12,454,583**	**2,934,371**	**23.6%**	**$25.31**
N. County/Airport	37	4,278,325	1,282,011	30.0%	$24.52
Foster City	37	2,412,862	451,618	18.7%	$26.88
Redwood City/Shores	34	2,513,976	434,046	17.3%	$25.65
San Mateo	37	3,249,420	766,696	23.6%	$25.50
Bay Area Total	**550**	**88,443,036**	**20,055,606**	**22.7%**	**$26.25**

Note: All data comprised of direct and sublease space.

BAY AREA LARGEST BLOCKS

Mission Bay (The Gap Bldg)	SF County	283,000 sf
Foundry Square 2	SF County	267,300 sf
350 Rhode Island Street	SF County	260,000 sf
611 Gateway Blvd	SM County	250,000 sf
Parkside Towers - East	SM County	216,000 sf
601 Townsend Street	SF County	210,000 sf
Towers at Shores Center	SM County	200,000 sf
555 Market Street	SF County	198,176 sf
1945 Broadway	AL County	196,000 sf
555 City Center	AL County	190,466 sf

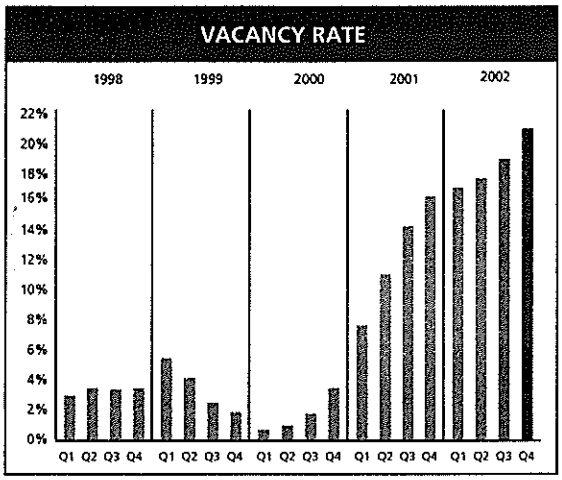
THE CAC GROUP

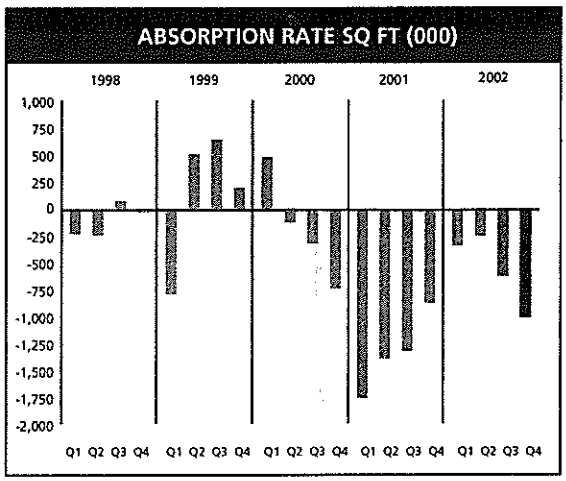
Gary Arabian	(415) 291-8881	garabian@cacre.com
John Cecconi	(415) 291-8883	jcecconi@cacre.com
William Cumbelich	(415) 291-8882	bcumbelich@cacre.com
Thomas Poggi	(415) 291-8884	tpoggi@cacre.com
Steven Anderson	(415) 291-8886	sanderson@cacre.com
Daron Craft	(415) 291-1737	craft@cacre.com
Bruce Wilson	(415) 291-1717	bwilson@cacre.com
David Terzolo	(415) 291-1732	dterzolo@cacre.com
Angus Scott	(415) 291-4922	ascott@cacre.com
David Ritchey	(415) 291-4916	dritchey@cacre.com
Bryan Ivie	(415) 291-1711	bivie@cacre.com
David Ditchman	(415) 291-1714	dditchman@cacre.com
Christy McRoskey	(415) 291-1728	cmcroskey@cacre.com
Veronica Stuzka	(415) 291-1713	vstuzka@cacre.com
Michael Trotter	(415) 291-1712	mtrotter@cacre.com
Maura McCauley	(415) 291-8683	mmccauley@cacre.com
Collin McCormick	(415) 291-4915	cmccormick@cacre.com

THE CAC GROUP
COMMERCIAL REAL ESTATE
www.thecacgroup.com

Historical Trends

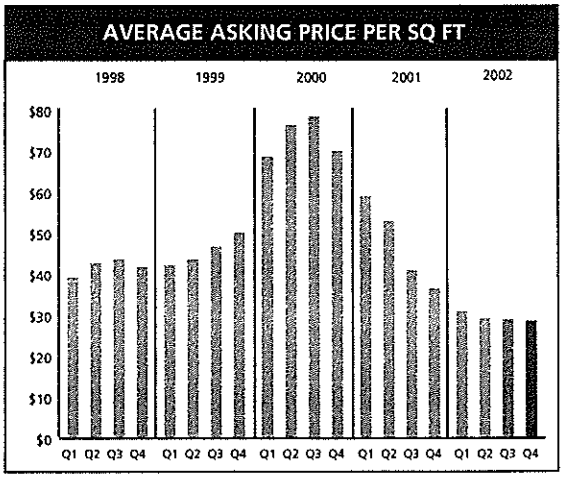
San Francisco Central Business District: 1998 - Fourth Quarter 2002

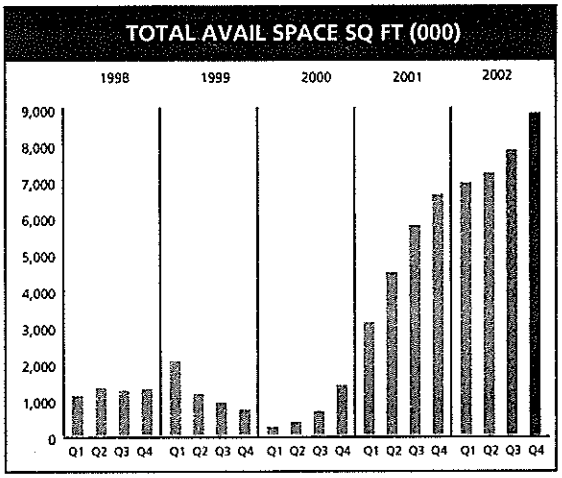




VACANCY RATE SUMMARY				
1998	1999	2000	2001	Q4 '02
3.4%	1.8%	3.4%	16.2%	20.7%

NET ABSORPTION				
1999	2000	2001	2002	Q4 '02
570,471	(664,127)	(5,235,547)	(2,225,938)	(1,018,423)





AVERAGE ASKING RATE SUMMARY				
1998	1999	2000	2001	Q4 '02
$41.21	$49.60	$69.58	$35.93	$28.07

AVAILABLE SPACE SUMMARY				
1998	1999	2000	2001	Q4 '02
1,276,932	706,461	1,370,588	6,606,135	8,832,073

THE CAC GROUP
COMMERCIAL REAL ESTATE
www.thecacgroup.com

Prevailing market rates are indicated on the front-page map.
All data comprised of direct and sublease space.
Average asking rate reflects a full service rate.

Leasing Activity

San Francisco Central Business District, Fourth Quarter 2002

SUBMARKET	NO. OF BLDGS	TOTAL NRA	TOTAL SPACE AVAIL	VACANCY RATE	ABSORPTION 2000	2001	2002	Q4 '02	ASKING RATE
North Financial District	72	23,722,730	4,860,833	20.5%	(129,124)	(3,064,412)	(1,158,768)	(423,013)	$27.99
South Financial District	53	19,010,370	3,971,240	20.9%	(535,003)	(2,171,135)	(1,067,170)	(595,410)	$28.16
Central Business District	125	42,733,100	8,832,073	20.7%	(664,127)	(5,235,547)	(2,225,938)	(1,018,423)	$28.07

LARGEST LEASES

	TENANT	SQ FT
*1.	Coblentz Patch Duffy & Bass	75,509
2.	Dodge & Cox	60,000
3.	Chevron (R)	51,000
*4.	Folger Levin & Kahn (R)	50,000
5.	Wells Fargo (R)	50,000
*6.	Stone & Youngberg	35,000
7.	Dain Rauscher	34,717
8.	United Way of the Bay Area	32,641
9.	PlanetOut Partners	30,000
10.	Gallagher Insurance	27,000

LARGEST NET ABSORPTION

	BUILDING	SQ FT
1.	345 California Street	40,611
2.	221 Main Street	23,796
3.	100 Spear Street	18,591
4.	1 Post Street	18,317
5.	333 Bush Street	17,267
6.	600 Harrison Street	15,191
7.	235 Montgomery Street	14,016
8.	101 Spear Street	13,851
9.	90 New Montgomery Street	10,606
10.	150 California Street	8,386

MOST VACANT BUILDINGS

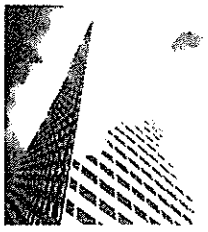
	BUILDING	% AVAIL	SQ FT
1.	275 Sacramento Street	100.0	60,458
2.	555 Market Street	92.9	225,011
3.	405 Howard Street	85.0	410,500
4.	300 California Street	73.6	76,167
5.	601 California Street	67.2	157,378
6.	601 Montgomery Street	63.5	146,118
7.	114 Sansome Street	56.3	96,851
8.	301 Howard Street	54.7	185,966
9.	600 Harrison Street	50.6	111,846
10.	111 Sutter Street	49.6	126,964

LARGEST CONTIGUOUS BLOCKS

	BUILDING	SQ FT
1.	Foundry Square 2 (Flrs 1-5)	244,800
2.	555 Market Street (Flrs 3-17)	187,845
3.	55 Second Street (Flrs 5-14)	158,500
4.	Foundry Square 2 (Flrs 7-10)	154,300
5.	560 Mission Street (Flrs 25-31)	144,990
6.	Foundry Square 4 (Flrs 6-10)	110,000
7.	201 Mission Street (Flrs 14-20)	106,564
8.	600 Harrison Street (Flrs 4-6)	106,431
9.	1 Front Street (Flrs 27-32)	106,021
10.	601 Montgomery St (Flrs 14-20)	99,931

(R) Renewal, (E) Expansion
*Denotes a CAC Group transaction.
Note: All data comprised of direct and sublease space.

San Francisco



The San Francisco office market remained plagued by rising vacancy and occupancy loss with the May 2009 preliminary unemployment rate reaching 9.1%. The market-wide vacancy rate climbed to 15% at the close of 2nd quarter 2009, a moderate increase of 70 basis points from the prior quarter's rate of 14.3%, and a 340 basis-point hike from a year ago when vacancy was 11.6%. This marked the fifth consecutive quarter of increased vacancy.

Both combined North and South Financial Districts and Non-Financial Districts experienced a moderate increase in vacancy, rising 80 basis points from the previous quarter by comparison. Significant increases in vacancy primarily occurred in several submarkets such as North Financial District Class A (160 basis points), Jackson Square/North Waterfront (160 basis points), and Yerba Buena (200 basis points). Major contributors to the increased vacancy in those submarkets were Charles Schwab's 357,359 square feet sublease space at One Montgomery Street; PlanetOut's 62,213 square feet sublease space at 1355 Sansome Street; and a combination of AT&T and Moderati's 42,428 square feet direct and sublease at 795 Folsom Street.

Sublease space has accelerated since 2008 as tenants continued to find efficiencies, downsize or close their doors. The overall sublease availability rate has nearly doubled over the last year. Sublease availability accounted for 2.64 million square feet, or 3.1%, of the total building inventory. This represented a 22% increase, representing 482,600 square feet, from previous quarter's 2.2 million square feet of sublease space, and a much more substantial 71% increase from the 1.5 million square feet reported a year ago. The North Financial District Class A and Jackson Square/North Waterfront submarkets posted the largest quarter-over-quarter increases in sublease availability, with growths of 322,130 square feet and 75,900 square feet, respectively. The largest contributors to the increased of sublease availability in the 2nd quarter 2009 included: Charles Schwab (357,359 square feet) and PlanetOut (62,213 square feet).

The market experienced its sixth consecutive quarter of occupancy loss. In 2nd quarter 2009, overall net activity recorded a negative 635,500 square feet. This amount brought the year-to-date total close to 1.5 million square feet of negative absorption, already surpassing last year's annual total of negative 1.3 million square feet. The market saw negative absorption in nearly all of the submarkets, except South Financial District Class A, which proved a slight 39,850 square feet of positive absorption. The North Financial District submarket was the largest contributor to occupancy loss in the 2nd quarter, posting 378,680 square feet of negative absorption, slightly above Non-Financial District of 257,210 square feet negative absorption. Overall leasing activity remained sluggish as the total gross absorption has dropped from about 1.7 million square feet a year ago to about 1.1 million square feet in 2nd quarter 2009. The highest amount of leasing activity of any submarket remained the combination of the North and South Financial District submarkets tallying 752,900 square feet, as the Non-Financial District submarkets recorded a total less than half that amount of 351,120 square feet of gross activity.

Asking rents continued to decline as demand slowed throughout all submarkets. The overall annual market rental rates dropped $1.03 to $36.77 per square foot full service, a 2.7% decrease. The average asking rate for Class A space in the North and South Financial District submarkets, combined, fell by $1.25 to $41.91 per square foot full service from a quarter ago. There was no new construction completed in the 2nd quarter 2009. There are only two approved speculative new life science projects at 1600 Owens Street (246,148 square feet) and 455 Mission Bay Boulevard South (210,000 square feet) that are scheduled to hit the market this year.

With high unemployment, rising commercial loan delinquencies, and limited access to capital, the San Francisco office leasing market is not expected to rebound anytime in the foreseeable future. Tenants looking for space will find plenty of choices and bargains from Landlords offering lower rents and more lease concessions to maintain occupancy.

TRENDS

Vacancy Rate ↑

Asking Rents ↓

Gross Absorption ↓

Net Absorption ↓

New Construction ↔

	Quarter-Over-Quarter			Year-Over-Year		Historical Annual			
Economic Indices	Q2-09	Q1-09	% Chg	Q2-08	% Chg	2008	2007	2006	2005
San Francisco Unemployment (5/09)	9.1%	8.3%	9.6%	5.3%	57%	6.6%	4.4%	3.8%	4.2%
California Unemployment (5/09)	11.2%	11.5%	-3%	7.0%	60%	8.0%	5.0%	4.6%	4.8%
U.S. Unemployment (6/09)	9.5%	8.5%	12%	5.6%	70%	7.2%	5.9%	4.5%	4.9%
DJIA	8,447	7,609		13,212		12,263	13,265	12,463	10,718
NASDAQ	1,835	1,528		2,326		2,279	2,652	2,415	2,205

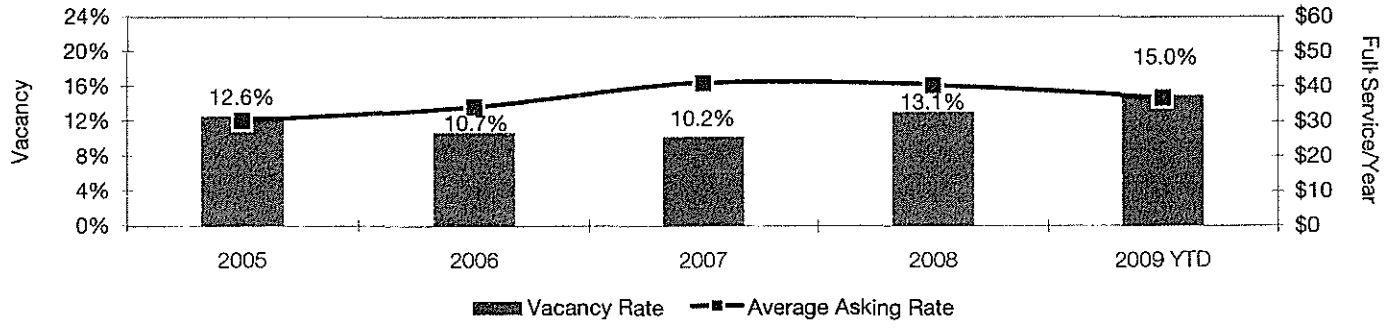
San Francisco

Office Report | Second Quarter 2009

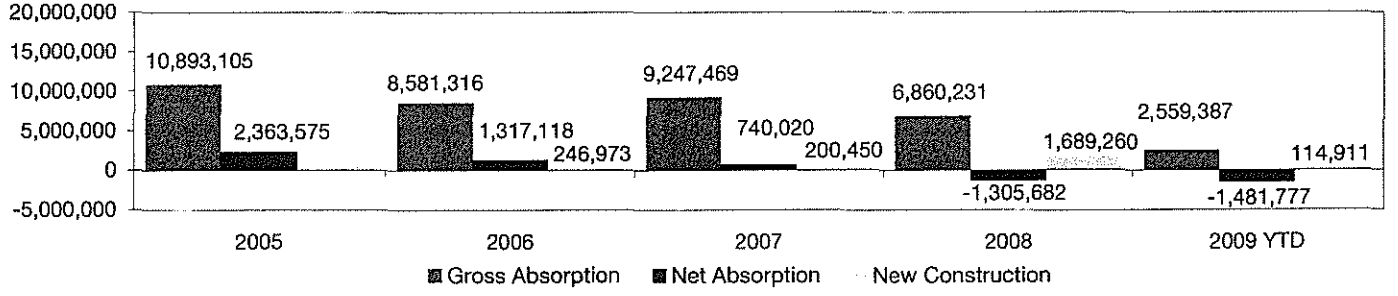
Historical Summary

San Francisco		2005	2006	2007	2008	2009 YTD
North Financial District (Class A & B)	Vacancy Rate	14.6%	12.0%	9.9%	14.0%	16.2%
	Avg. Asking Rate	$35.25	$39.79	$47.60	$45.44	$40.23
	Gross Absorption	3,960,275	3,915,139	3,694,206	2,019,174	981,598
	Net Absorption	52,892	579,016	482,443	-1,115,108	-601,225
	New Construction	0	60,000	0	0	0
South Financial District (Class A & B)	Vacancy Rate	10.9%	9.0%	8.7%	10.7%	12.0%
	Avg. Asking Rate	$33.27	$37.12	$46.31	$45.61	$40.51
	Gross Absorption	2,962,323	2,360,632	2,901,166	1,777,694	795,601
	Net Absorption	1,141,003	311,265	40,894	-93,331	-282,580
	New Construction	335,000	0	0	552,000	0
Non Financial Districts JSQ,NWF,SB/RH,SOMA MB/CB, SHWPL SQ USQ, YB	Vacancy Rate	12.2%	10.8%	11.5%	14.0%	16.1%
	Avg. Asking Rate	$23.21	$27.39	$33.57	$33.66	$32.06
	Gross Absorption	3,970,507	2,305,545	2,652,097	3,063,363	782,188
	Net Absorption	1,169,680	426,837	216,683	-97,243	-597,972
	New Construction	107,125	186,973	200,450	1,137,260	114,911
Total SF County	**Vacancy Rate**	**12.6%**	**10.7%**	**10.2%**	**13.1%**	**15.0%**
	Avg. Asking Rate	**$30.19**	**$34.22**	**$41.03**	**$40.42**	**$36.77**
	Gross Absorption	**10,893,105**	**8,581,316**	**9,247,469**	**6,860,231**	**2,559,387**
	Net Absorption	**2,363,575**	**1,317,118**	**740,020**	**-1,305,682**	**-1,481,777**
	New Construction	**442,125**	**246,973**	**200,450**	**1,689,260**	**114,911**

Vacancy & Asking Rate Trend



Absorption & New Construction



NAI BT Commercial

The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

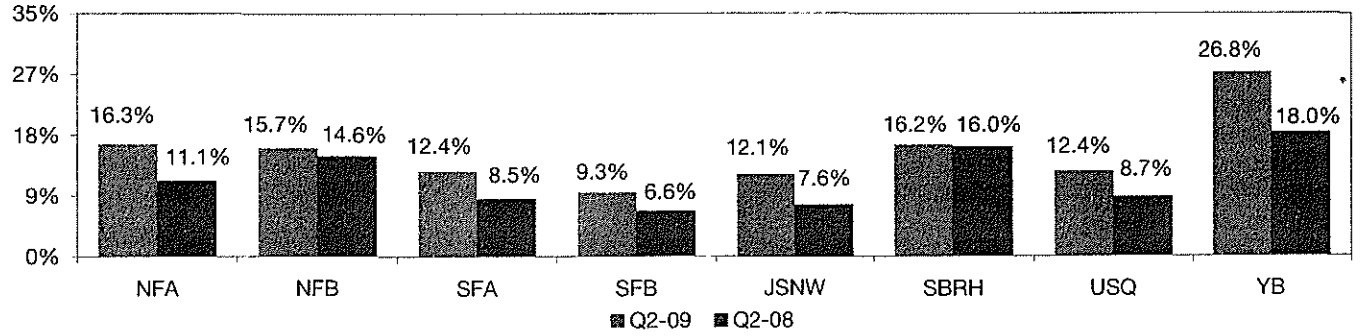
San Francisco

Office Report | Second Quarter 2009

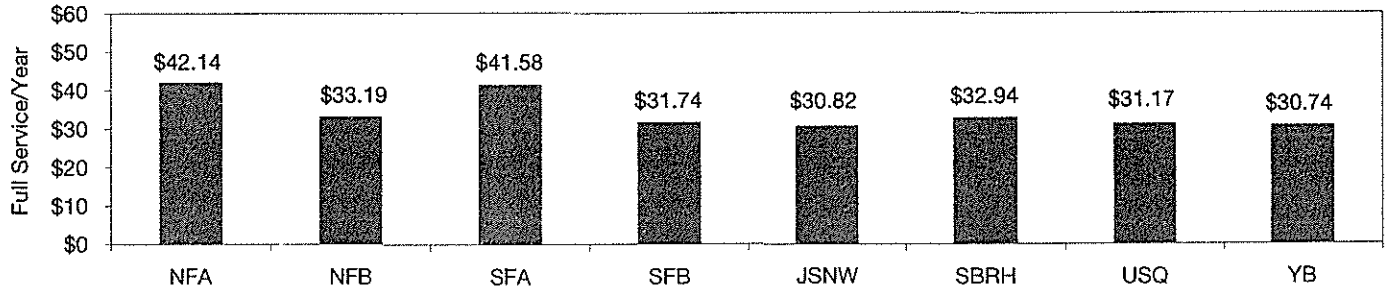
Market Summary

Submarket	Building Sq.Ft.	Available Space Direct	Available Space Sublease	Available Space Total	Vacancy Rate Q2-09	Vacancy Rate Q2-08	Avg. Asking Rate	Avg. Time on Mkt. in Months
North Financial Class A (NFA)	21,262,395	2,129,543	1,346,201	3,475,744	16.3%	11.1%	$42.14	19.81
North Financial Class B (NFB)	5,969,827	807,921	131,941	939,862	15.7%	14.6%	$33.19	21.80
North Financial Totals:	**27,232,222**	**2,937,464**	**1,478,142**	**4,415,606**	**16.2%**	**11.8%**	**$40.23**	**20.23**
South Financial Class A (SFA)	19,709,816	1,926,820	520,475	2,447,295	12.4%	8.5%	$41.58	19.84
South Financial Class B (SFB)	3,226,915	291,317	8,769	300,086	9.3%	6.6%	$31.74	18.64
South Financial Totals:	**22,936,731**	**2,218,137**	**529,244**	**2,747,381**	**12.0%**	**8.2%**	**$40.51**	**19.71**
Financial District Totals:	**50,168,953**	**5,155,601**	**2,007,386**	**7,162,987**	**14.3%**	**10.2%**	**$40.34**	**20.03**
Jackson Sq./N. Wtrfront (JSNW)	6,095,448	599,475	137,067	736,542	12.1%	7.6%	$30.82	15.37
S. Beach/Rincon Hill/Soma (SBRH)	19,312,821	2,875,060	260,531	3,135,591	16.2%	16.0%	$32.94	31.94
Union Square (USQ)	4,770,930	538,115	52,780	590,895	12.4%	8.7%	$31.17	22.41
Yerba Buena (YB)	3,665,685	799,419	182,667	982,086	26.8%	18.0%	$30.74	17.49
Non Financial Districts Totals:	**33,844,884**	**4,812,069**	**633,045**	**5,445,114**	**16.1%**	**13.6%**	**$32.06**	**26.06**
San Francisco CBD Totals:	**84,013,837**	**9,967,670**	**2,640,431**	**12,608,101**	**15.0%**	**11.6%**	**$36.77**	**22.63**

Vacancy by Area



Average Asking Rate by Area



NAI BT Commercial

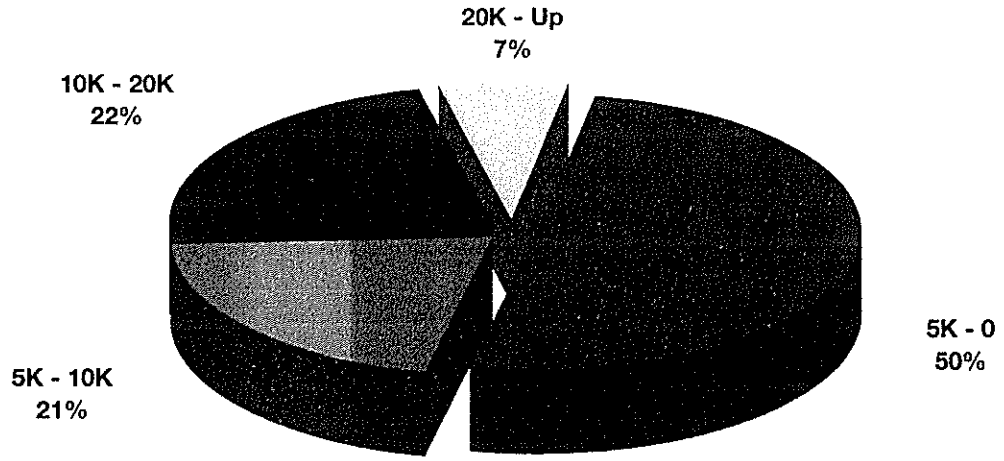
The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

San Francisco

Office Report | Second Quarter 2009

Available Number of Listings

Submarket	Number of Listings				
	0 - 5K	5K - 10K	10K - 20K	20K - Up	Totals
North Financial Class A (NFA)	184	94	115	21	414
North Financial Class B (NFB)	163	30	17	7	217
North Financial Totals:	**347**	**124**	**132**	**28**	**631**
South Financial Class A (SFA)	95	52	101	14	262
South Financial Class B (SFB)	33	15	8	0	56
South Financial Totals:	**128**	**67**	**109**	**14**	**318**
Financial Districts Totals:	**475**	**191**	**241**	**42**	**949**
Jackson Sq./N. Wtrfront (JSNW)	59	37	16	3	115
S. beach/Rincon Hill/Soma (SBRH)	117	37	50	39	243
Union Square (USQ)	76	35	14	0	125
Yerba Buena (YB)	38	17	15	15	85
Non Financial Districts Totals:	**290**	**126**	**95**	**57**	**568**
San Francisco CBD Totals:	**765**	**317**	**336**	**99**	**1,517**
Total Available Square Footage in San Francisco:			12,608,101		



The information contained herein while not guaranteed has been sourced by sources we deem reliable. All information should be verified prior to lease or sale.

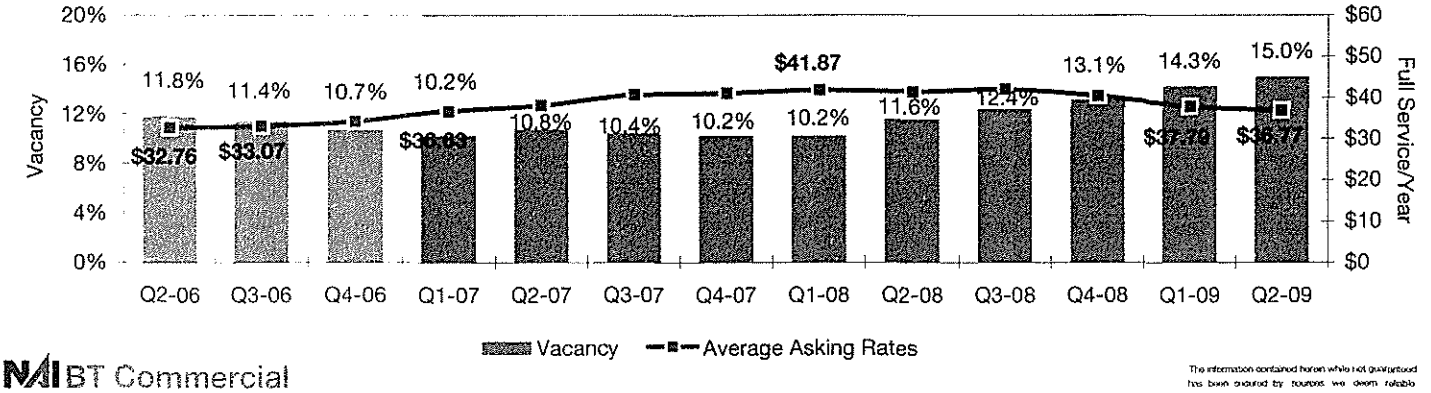
San Francisco

Office Report | Second Quarter 2009

San Francisco CBD

Quarter	Q2-2008	Q3-2008	Q4-2008	Q1-2009	Q2-2009
Rentable Building Sq.Ft.:	**83,225,647**	**83,740,997**	**83,898,926**	**84,013,837**	**84,013,837**
Class A	49,688,842	50,204,192	50,362,121	50,477,032	50,432,834
Class B	24,870,520	24,870,520	24,870,520	24,870,520	24,870,520
Direct Availables:	**8,089,313**	**8,817,441**	**9,161,805**	**9,814,771**	**9,967,670**
Class A	4,271,667	5,014,412	5,176,863	5,704,387	5,654,286
Class B	2,962,484	2,967,981	3,523,511	3,652,590	3,788,114
Sublease Availables:	**1,544,912**	**1,578,476**	**1,849,608**	**2,157,836**	**2,640,431**
Class A	1,140,010	1,178,934	1,496,219	1,885,944	2,254,827
Class B	382,778	370,452	326,326	222,451	325,700
Total Availables:	**9,634,225**	**10,395,917**	**11,011,413**	**11,972,607**	**12,608,101**
Class A	5,411,677	6,193,346	6,673,082	7,590,331	7,909,113
Class B	3,345,262	3,338,433	3,849,837	3,875,041	4,113,814
Vacancy Rate:	**11.6%**	**12.4%**	**13.1%**	**14.3%**	**15.0%**
Class A	10.9%	12.3%	13.3%	15.0%	15.7%
Class B	13.5%	13.4%	15.5%	15.6%	16.5%
Gross Absorption:	1,754,602	1,714,503	1,545,280	1,455,375	1,104,012
Net Absorption:	**-334,813**	**-351,342**	**-615,496**	**-846,283**	**-635,494**
Avg. Asking Rate (FS/Year):	**$41.44**	**$41.97**	**$40.42**	**$37.79**	**$36.77**
Class A	$47.87	$48.31	$45.79	$41.73	$40.72
Class B	$34.46	$35.25	$34.02	$33.17	$32.24
Avg. Time on Market in Months:	21.7	21.5	21.9	21.9	22.6
Completed New Construction:					
Build-To-Suit	0	105,000	0	0	0
Speculative	874,331	410,350	157,929	114,911	0
Total New Construction:	874,331	515,350	157,929	114,911	0
Availables by Size:					
0 - 5,000 SF	505	542	610	709	765
5,000 - 10,000 SF	240	257	266	297	317
10,000-20,000 SF	239	269	283	317	336
20,000 & Up	92	96	97	99	99
Total Availables:	**1,076**	**1,164**	**1,256**	**1,422**	**1,517**

Vacancy & Asking Rate Trend



NAI BT Commercial

The information contained herein while not guaranteed has been obtained by sources we deem reliable. All information should be verified prior to lease or sale.

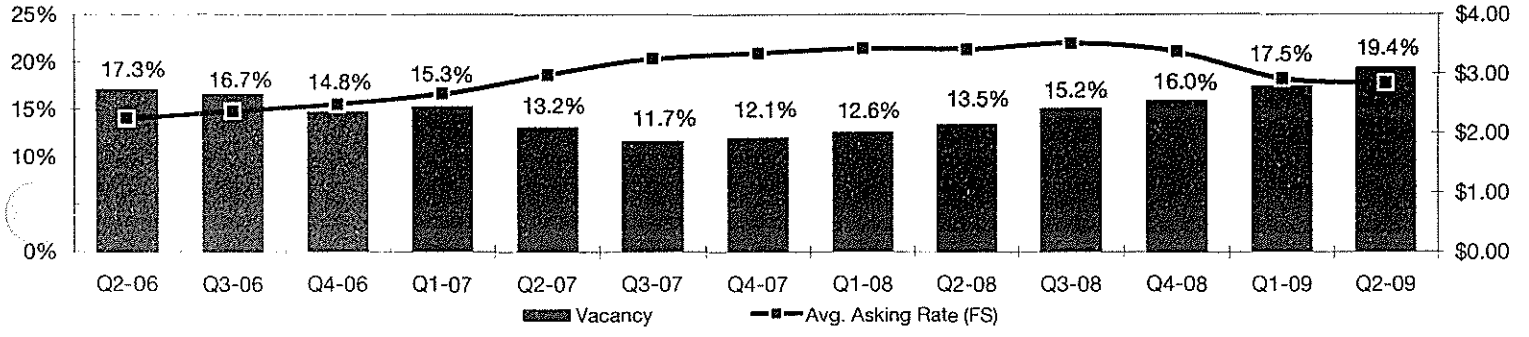
San Mateo County

Office Report | Second Quarter 2009

San Mateo County

Quarter	Q2-2008	Q3-2008	Q4-2008	Q1-2009	Q2-2009
Building Base:					
Class A	21,072,848	21,433,848	21,433,848	21,433,848	21,457,038
Class B	6,579,306	6,579,306	6,579,306	6,579,306	6,579,306
All Types	**31,199,564**	**31,560,564**	**31,560,564**	**31,560,564**	**31,583,754**
Direct Availablities:					
Class A	1,989,442	2,439,048	2,484,064	2,653,887	2,946,211
Class B	1,115,684	1,091,018	1,165,469	1,272,402	1,313,366
All Types	3,293,186	3,772,560	3,892,777	4,169,734	4,553,581
Sublease Availablities:					
Class A	776,139	823,976	962,945	1,110,170	1,302,291
Class B	124,047	172,148	185,672	227,707	260,790
All Types	915,179	1,010,139	1,162,154	1,350,015	1,574,003
Total Availablities:					
Class A	2,765,581	3,263,024	3,447,009	3,764,057	4,248,502
Class B	1,268,268	1,296,142	1,358,466	1,497,178	1,574,156
All Types	**4,208,365**	**4,782,699**	**5,054,931**	**5,519,749**	**6,127,584**
Vacancy:					
Class A	13.12%	15.22%	16.08%	17.56%	19.80%
Class B	19.28%	19.70%	20.65%	22.76%	23.93%
All Types	**13.49%**	**15.15%**	**16.02%**	**17.49%**	**19.40%**
Market Rent Range: (FS)	$1.35-$16.00	$1.00-$16.00	$1.00-$19.00	$0.99-$19.00	$0.95-$19.00
Avg. Asking Rate (FS)					
Class A	$3.69	$3.82	$3.64	$3.15	$3.11
Class B	$3.07	$3.04	$2.84	$2.40	$2.29
All Types	**$3.41**	**$3.52**	**$3.37**	**$2.92**	**$2.84**
Avg. Time on Mkt. in Months					
Class A	18.9	15.2	19.9	20.5	19.9
Class B	15.4	14.1	17.1	14.0	15.3
All Types	18.5	15.5	19.8	19.2	19.3
Build-To-Suit:	0	0	0	0	0
Speculative:	25,000	361,000	0	0	23,190
Total New Construction	25,000	361,000	0	0	23,190
Gross Absorption	1,080,025	671,355	391,923	674,526	1,147,016
Net Absorption	-244,677	-213,334	-272,232	-464,818	-584,645
Availabilities by Size:					
0 - 4,999 SF	343	355	377	473	535
5,000 SF - 9,999 SF	91	98	107	122	133
10,000 SF - 19,999 SF	61	59	67	69	83
20,000 SF & Up	41	48	52	55	59
Total Availabilites:	**536**	**560**	**603**	**719**	**810**

Vacancy & Average Asking Rate Trend



NAI BT Commercial

The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale

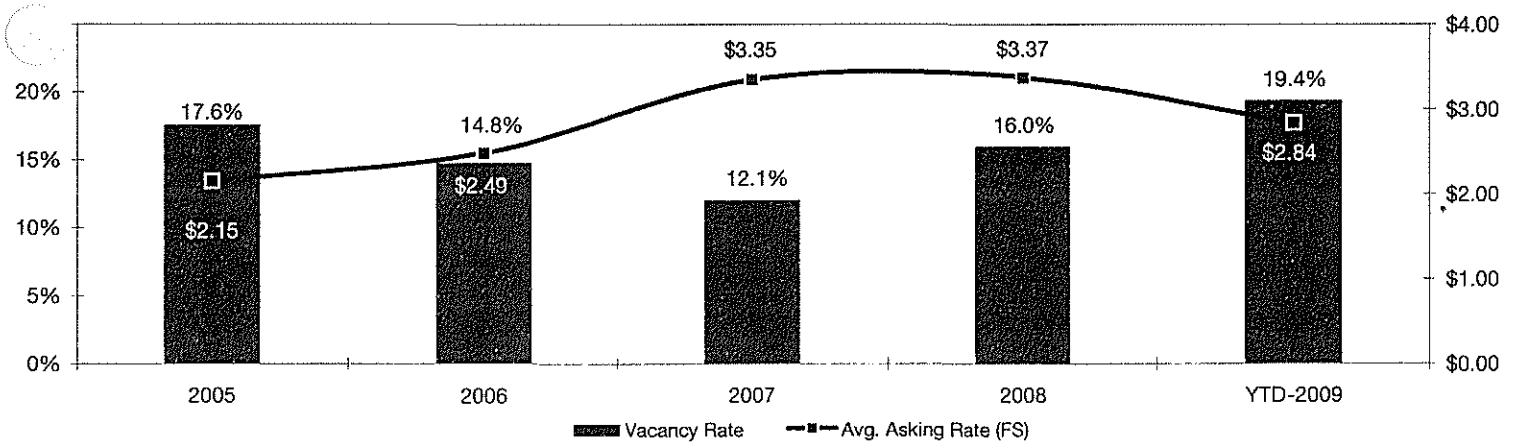
San Mateo County

Office Report | Second Quarter 2009

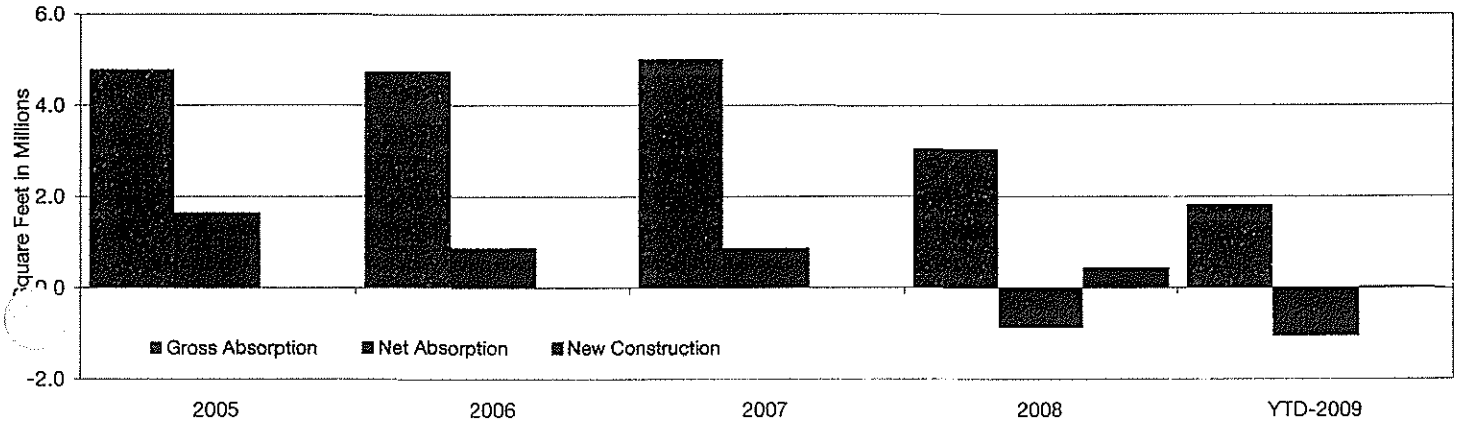
Historical Summary

Area		2005	2006	2007	2008	YTD-2009
	Vacancy Rate	12.7%	9.8%	12.1%	18.9%	20.6%
North San Mateo County	Avg. Asking Rate (FS)	$2.06	$2.34	$2.80	$3.25	$2.77
(DC- Bris- SSF- SB- Mill- Burl)	Gross Absorption	1,320,945	950,299	776,634	489,786	375,524
	Net Absorption	500,238	212,328	-162,271	-225,252	-127,943
	New Construction	0	0	0	319,000	0
	Vacancy Rate	16.5%	16.9%	11.1%	13.3%	18.5%
Central San Mateo County	Avg. Asking Rate (FS)	$2.14	$2.44	$3.73	$3.39	$2.50
(S. Mateo-Foster City-RWS)	Gross Absorption	2,153,433	2,545,472	3,246,493	1,430,986	897,690
	Net Absorption	484,280	-57,300	902,626	-359,652	-830,955
	New Construction	0	0	0	0	0
	Vacancy Rate	24.3%	15.2%	13.9%	18.7%	20.0%
South San Mateo County	Avg. Asking Rate (FS)	$2.21	$2.68	$3.17	$3.45	$3.52
(Blmt-SC-RWC-Menlo Park)	Gross Absorption	1,311,619	1,239,153	992,390	1,116,959	548,328
	Net Absorption	658,907	719,546	125,881	-283,277	-90,565
	New Construction	0	0	0	117,000	23,190
	Vacancy Rate	**17.6%**	**14.8%**	**12.1%**	**16.0%**	**19.4%**
	Avg. Asking Rate (FS)	**$2.15**	**$2.49**	**$3.35**	**$3.37**	**$2.84**
Totals San Mateo County	**Gross Absorption**	**4,785,997**	**4,734,924**	**5,015,517**	**3,037,731**	**1,821,542**
	Net Absorption	**1,643,425**	**874,574**	**866,237**	**-868,181**	**-1,049,463**
	New Construction	**0**	**0**	**0**	**436,000**	**23,190**

San Mateo County Vacancy & Asking Rate Trend



San Mateo County Absorption Trends



NAI BT Commercial

The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

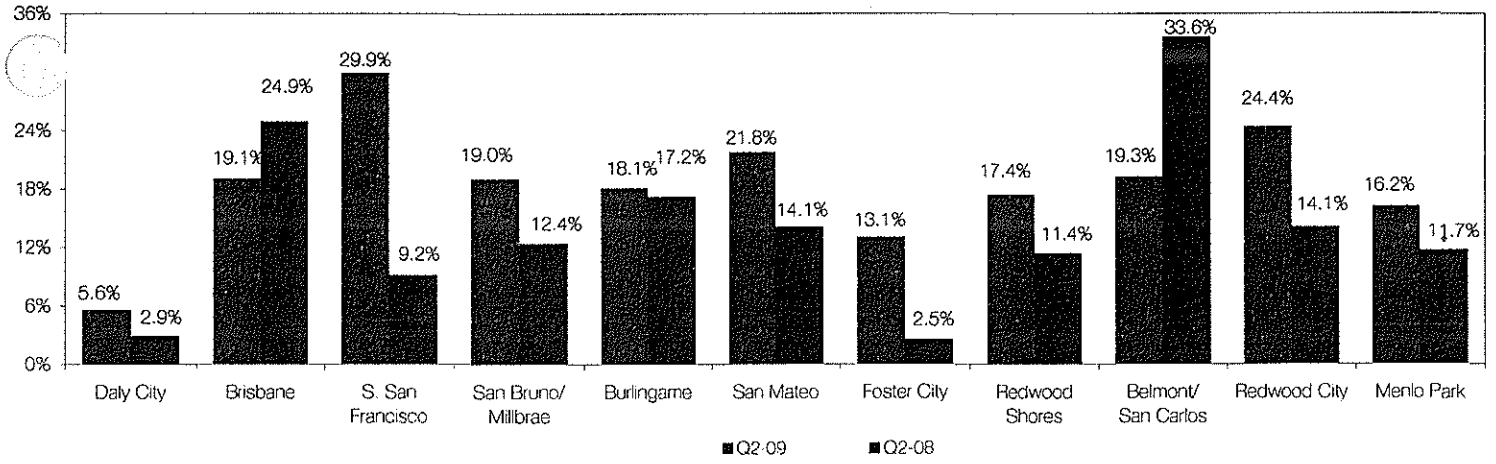
San Mateo County

Office Report | Second Quarter 2009

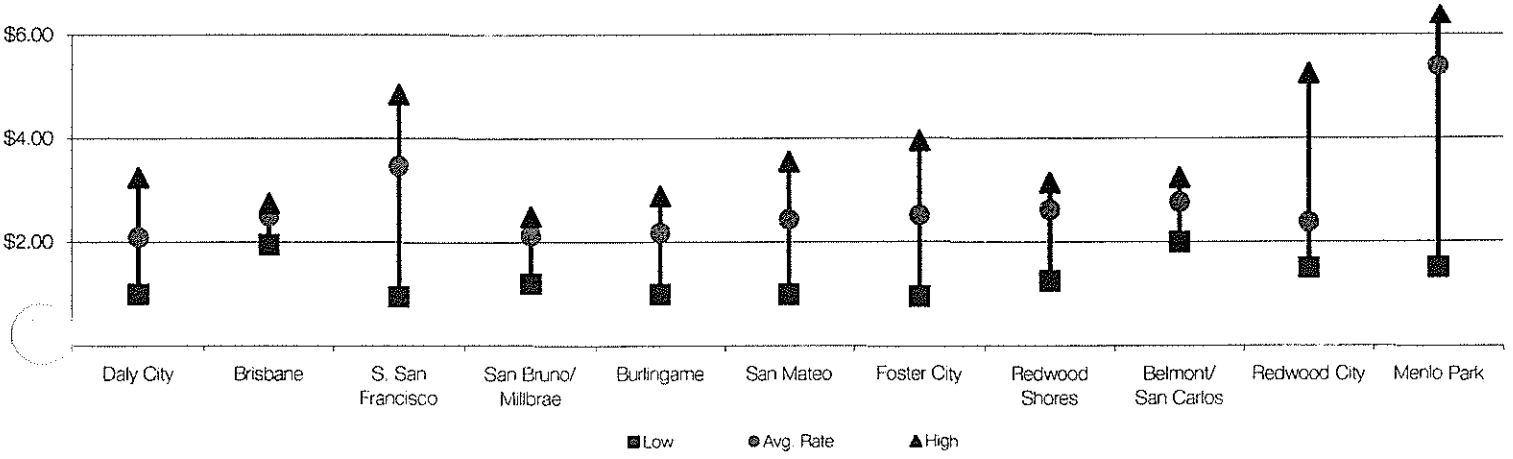
Market Summary

Cities	Building Base	Available Space Direct	Available Space Sublease	Available Space Total	Vacancy Rate Q2-09	Vacancy Rate Q2-08	Avg. Asking Rate (FS)	Avg. Time Market
Daly City	886,204	49,774	0	49,774	5.6%	2.9%	$2.09	16.5
Brisbane	775,211	145,638	2,153	147,791	19.1%	24.9%	$2.50	24.6
S. San Francisco	2,318,049	514,160	179,108	693,268	29.9%	9.2%	$3.46	12.1
San Bruno/Millbrae	1,441,673	171,663	102,756	274,419	19.0%	12.4%	$2.13	17.2
Burlingame	2,077,561	329,496	46,716	376,212	18.1%	17.2%	$2.17	14.5
NORTH COUNTY TOTALS:	**7,498,698**	**1,210,731**	**330,733**	**1,541,464**	**20.6%**	**13.1%**	**$2.77**	**14.4**
San Mateo	7,070,145	1,296,858	244,477	1,541,335	21.8%	14.1%	$2.43	13.4
Foster City	2,994,772	148,036	243,061	391,097	13.1%	2.5%	$2.50	6.9
Redwood Shores	5,942,110	899,725	134,787	1,034,512	17.4%	11.4%	$2.62	26.2
CENTRAL COUNTY TOTALS:	**16,007,027**	**2,344,619**	**622,325**	**2,966,944**	**18.5%**	**10.9%**	**$2.50**	**17.0**
Belmont/San Carlos	1,080,040	168,125	40,000	208,125	19.3%	33.6%	$2.77	54.8
Redwood City	3,374,452	417,065	406,028	823,093	24.4%	14.1%	$2.38	20.3
Menlo Park	3,623,537	413,041	174,917	587,958	16.2%	11.7%	$5.38	29.5
SOUTH COUNTY TOTALS:	**8,078,029**	**998,231**	**620,945**	**1,619,176**	**20.0%**	**15.6%**	**$3.52**	**28.1**
TOTALS	**31,583,754**	**4,553,581**	**1,574,003**	**6,127,584**	**19.4%**	**12.6%**	**$2.84**	**19.3**

Vacancy By Area



Rent Ranges & Average Asking Rate By Area (FS)



NAI BT Commercial

The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

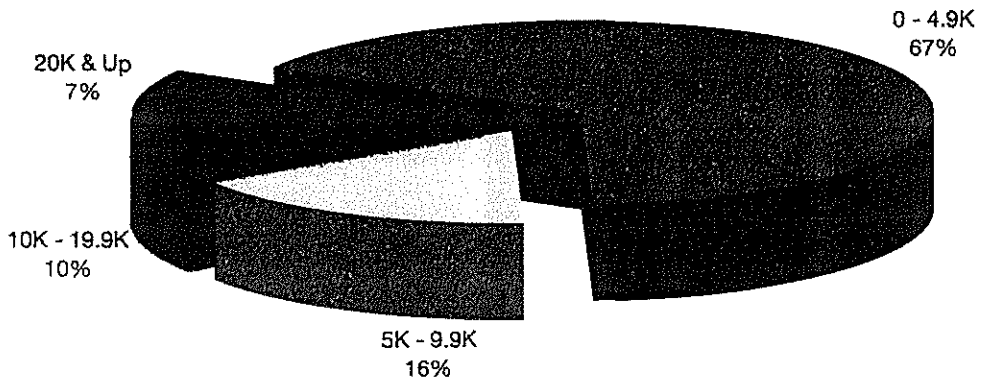
San Mateo County

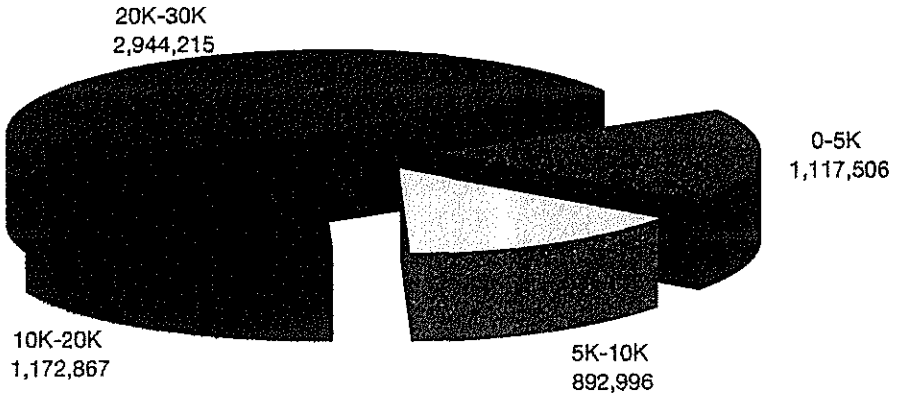
Office Report | Second Quarter 2009

Office Market Breakdown

Area	Number of Listings 0 - 4.9K	5K - 9.9K	10K - 19.9K	20K & Up	Totals
Daly City	33	0	0	0	33
Brisbane	6	4	7	0	17
S. San Francisco	26	7	5	6	44
San Bruno/Millbrae	33	11	4	2	50
Burlingame	100	10	8	0	118
NORTH COUNTY TOTALS:	**198**	**32**	**24**	**8**	**262**
San Mateo	176	50	25	10	261
Foster City	34	7	6	7	54
Redwood Shores	44	22	15	12	93
CENTRAL COUNTY TOTALS:	**254**	**79**	**46**	**29**	**408**
Belmont/San Carlos	4	0	1	3	8
Redwood City	48	14	4	10	76
Menlo Park	31	8	8	9	56
SOUTH COUNTY TOTALS:	**83**	**22**	**13**	**22**	**140**
SAN MATEO COUNTY TOTALS:	**535**	**133**	**83**	**59**	**810**

Total Available SF in San Mateo County: 6,127,584





NAI BT Commercial

The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

Bay Area

Life Science Report | Second Quarter 2009

NAI BT Commercial

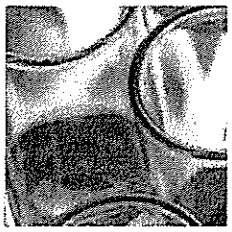
Commercial Real Estate Services, Worldwide.

Offices in Burlingame, Capitola, Monterey, Napa, Oakland, Pleasanton, Redwood City, Sacramento, Salinas, San Francisco, San Jose, San Rafael, Santa Rosa, Walnut Creek

www.naibtcommercial.com

Bay Area

Life Science Report | Second Quarter 2009



QUARTERLY TRENDS:

Vacancy Rate ↑

Asking Rents ↓

Gross Absorption ↑

Net Absorption ↓

New Construction ↔

Summary

The Bay Area Life Science market boasts some of the most renowned life science facilities in the world and houses marquis names in the life science industry. Owners and developers in this area are committed to providing the best possible facilities for these companies and the dedication to excellence has become a foundation to the astoundingly progressive and flourishing life science market. Currently, the Bay area is home to over 500 life science companies, which occupy over 22.5 million square feet of specialized lab and production facilities. The "hot bed" of this activity is centered in North San Mateo County, which is where life science "giant", Genentech is based in South San Francisco. The total size of life science specialized facilities in the Bay Area totals roughly 28.5 million square feet. 2006, 2007 and 2008 saw lots of added growth in new construction when the life sciences sector was booming; however, with the continued economic slump, a reduction in venture capital funding and severely relaxed leasing activity, some developers—including major Mission Bay developer Alexandria Real Estate—are now holding off on further new development projects until economic improvement.

Life science vacancy hit 20%, increasing substantially by over 300 basis points to 20.8% in the 2nd quarter of 2009, compared to 17.6% last quarter. Total availabilities ended this quarter with 5.9 million square feet, composed of 3.85 million square feet of direct and 2 million square feet, or 35%, of sublease space. Sublease space increased by nearly 720,000 square feet, or 54%, in the 2nd quarter of 2009. The overall average asking rate fell $0.23 to $2.19 per square foot NNN in 2nd quarter 2009, as many Landlords reduced their asking rates, particularly for larger vacant facilities.

Gross absorption totaled 622,700 square feet for the Bay Area Life Science market in the 2nd quarter 2009, which was higher than each of the two previous quarters. A large chunk of this activity came from a single transaction from Newport Corp. on a 139,479 square foot long-term sublease from Abbott Labs in Santa Clara. Gross activity year-to-date, however, is still extremely shy of the pace seen in previous years, as it has tallied just over 1.1 million square feet. Net absorption fell into very deep negative territory with more than 1 million square feet of negative net activity. This market has quickly returned more space to the market in the first two quarters of 2009 than it had positively absorbed from the market in the previous 16 quarters (2005 to 2008).

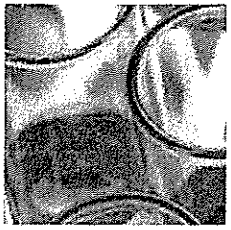
Bay Area life science has slipped substantially in terms of both dollar volume and number of deals. As of the 1st quarter 2009 (the most recent quarterly data), roughly $342 million in 30 deals transpired, compared to $465.5 million in 40 deals in the 4th quarter 2008 and more than $890 million in 51 deals in 3rd quarter 2008. Since peaking in 2007, as expected, funding has quickly fallen on an annual basis. The majority of funding in the 1st quarter 2009 went to biotechnology, with roughly 60% of the total dollar volume ($210 million) and 60% of the deals (18).

At the close of the 1st quarter of 2009, Swiss drug giant Roche completed its $46.8 billion takeover of Genentech. Given the current economic climate and with few dollars coming from venture capitalists, there are rumors of further takeovers in progress, which should play out through the remainder of the year. Additionally, Pfizer recently terminated its lease for a newly constructed 105,000 square foot building as its Biotherapeutics and Bioinnovation Center in Mission Bay, which, though a hitch in the Bay Area life science sector's momentum, is certainly not detrimental.

	Quarter-Over-Quarter			Year-Over-Year		Historical Annual			
Economic Indices	Q2-09	Q1-09	% Chg	Q2-08	% Chg	2008	2007	2006	2005
Bay Area Unemployment (5/09)	10.03%	9.98%	0.5%	5.8%	73%	7.3%	4.8%	3.9%	4.2%
California Unemployment (5/09)	11.2%	11.5%	-3%	7.0%	60%	8.0%	5.0%	4.6%	4.8%
U.S. Unemployment (6/09)	9.5%	8.5%	12%	5.6%	70%	7.2%	5.9%	4.5%	4.9%
DJIA	8,447	7,609	11%	13,212	-36%	12,263	13,265	12,463	10,718
NASDAQ	1,835	1,528	20%	2,326	-21%	2,279	2,652	2,415	2,205

NAI BT Commercial

Commercial Real Estate Services, Worldwide



Summary (continued)

Notable Lease Transactions in Q2-2009

	Tenant	Address	City	Rentable SF
1	Newport Corp.	3625 Peterson Way	Santa Clara	139,479
2	ProZyme	3832 Bay Center Pl	Hayward	44,280
3	AnaSpec, Inc.	34801 Campus Dr	Fremont	42,968
4	Kinemed	5980 Horton St	Emeryville	17,100
5	Artemis	1531 Industrial Rd	San Carlos	16,800
6	Voyager Medical	600 Galveston Dr	Redwood City	15,121
7	QLT Plug Delivery, Inc.	1050-1098 Hamilton Ct	Menlo Park	10,800

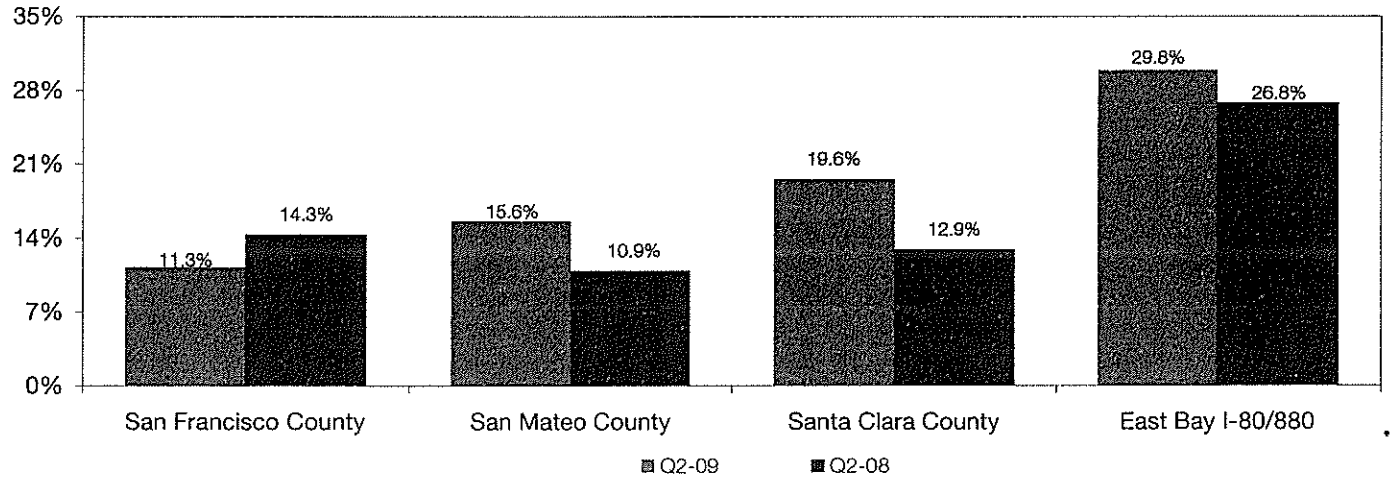
Bay Area

Life Science Report | Second Quarter 2009

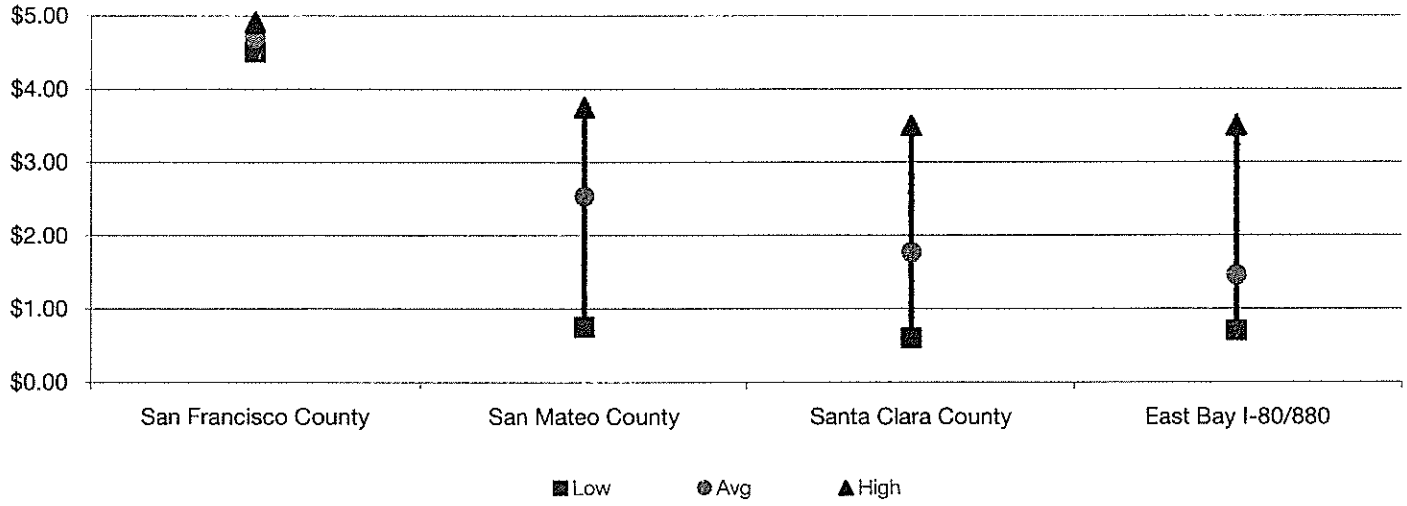
Market Summary

Submarket Cluster	Building Base	Available Square Feet Direct	Sublease	Total	Vacancy Q2-09	Q2-08	Avg. Asking Rate NNN	Market Rent Range
San Francisco County	1,552,929	175,000	0	175,000	11.3%	14.3%	$4.71	$4.50-$4.92
San Mateo County	12,620,116	956,855	1,012,786	1,969,641	15.6%	10.9%	$2.53	$0.75-$3.75
Santa Clara County	5,553,184	432,255	656,049	1,088,304	19.6%	12.9%	$1.76	$0.60-$3.50
East Bay I-80/880 Corridor	8,745,121	2,229,553	380,568	2,610,121	29.8%	26.8%	$1.46	$0.70-$3.50
Total Bay Area	**28,471,350**	**3,793,663**	**2,049,403**	**5,843,066**	**20.5%**	**16.4%**	**$2.17**	**$0.60-$4.92**

Vacancy by Submarket



Rent Ranges & Average Asking Rate Trend NNN



NAI BT Commercial

The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale

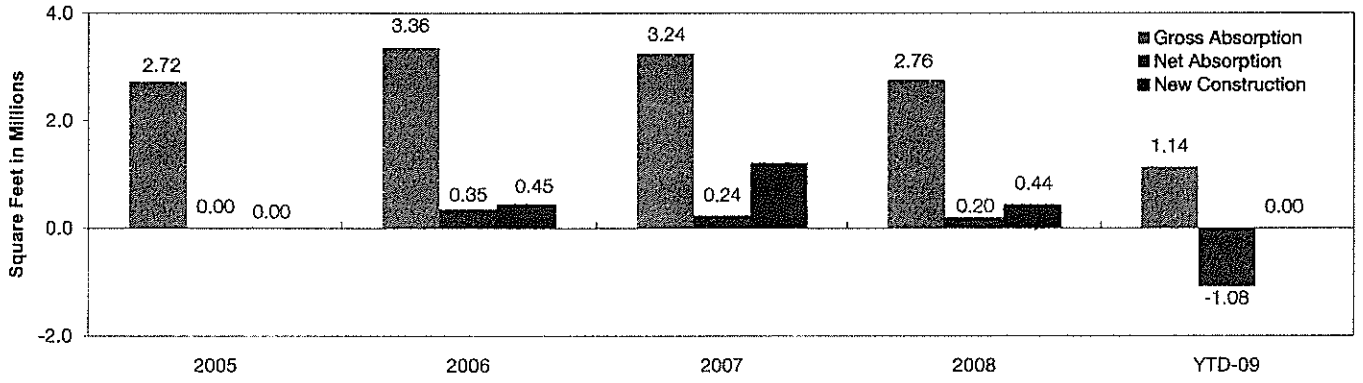
Bay Area

Life Science Report | Second Quarter 2009

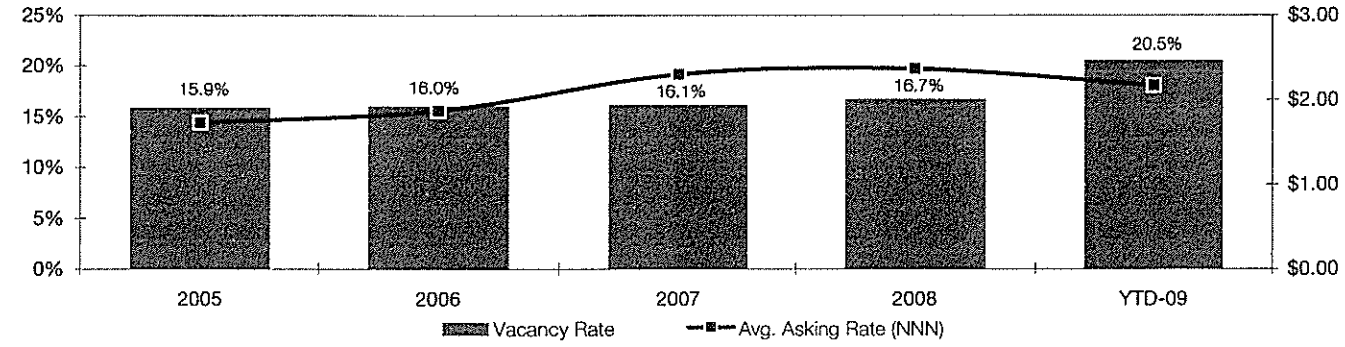
Historical Summary

Submarket		2005	2006	2007	2008	YTD-09
San Francisco County	Vacancy Rate	15.65%	11.68%	6.73%	11.27%	11.27%
	Avg. Asking Rate (NNN)	$4.71	$3.14	$5.83	$4.71	$4.71
	Gross Absorption	78,500	548,113	184,588	272,929	0
	Net Absorption	13,500	417,711	169,794	337,929	0
	New Construction	0	450,000	155,000	437,929	0
San Mateo County	Vacancy Rate	13.29%	9.42%	10.31%	10.93%	10.93%
	Avg. Asking Rate (NNN)	$2.00	$1.99	$2.67	$2.63	$2.63
	Gross Absorption	1,000,656	980,522	1,499,331	717,142	501,502
	Net Absorption	10,563	457,623	624,309	-78,307	-590,453
	New Construction	0	0	813,505	0	0
Santa Clara County	Vacancy Rate	21.42%	12.85%	8.49%	12.92%	12.92%
	Avg. Asking Rate (NNN)	$0.99	$1.32	$1.57	$1.77	$1.77
	Gross Absorption	877,991	1,232,933	708,924	848,041	314,480
	Net Absorption	259,931	475,547	242,363	-245,595	-370,993
	New Construction	0	0	0	0	0
East Bay I-80/880 Corridor	Vacancy Rate	15.97%	27.74%	30.62%	28.52%	28.52%
	Avg. Asking Rate (NNN)	$1.44	$1.51	$1.74	$1.70	$1.70
	Gross Absorption	763,299	600,157	526,323	917,765	320,970
	Net Absorption	-281,191	-1,000,908	148,818	183,155	-115,715
	New Construction	0	0	245,000	0	0
Total Bay Area	**Vacancy Rate**	**15.91%**	**16.02%**	**16.14%**	**16.74%**	**20.52%**
	Avg. Asking Rate (NNN)	**$1.73**	**$1.87**	**$2.30**	**$2.36**	**$2.17**
	Gross Absorption	**2,720,446**	**3,361,725**	**3,244,442**	**2,755,877**	**1,136,952**
	Net Absorption	**2,803**	**349,973**	**237,356**	**197,182**	**-1,077,161**
	New Construction	**0**	**450,000**	**1,213,505**	**437,929**	**0**

Total Market Absorption Trend



Total Market Vacancy & Asking Rate Trend



NAI BT Commercial

The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale

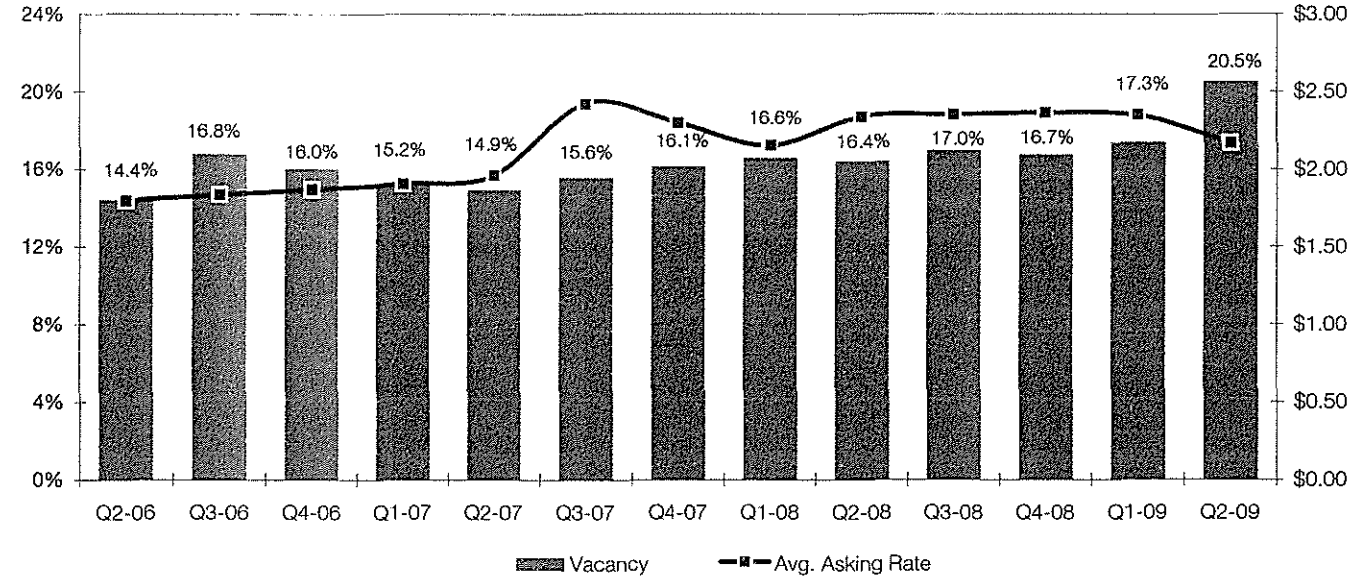
Bay Area

Life Science Report | Second Quarter 2009

Total Bay Area

Quarter	Q2-2008	Q3-2008	Q4-2008	Q1-2009	Q2-2009
Total Building Base:	**28,208,421**	**28,313,421**	**28,471,350**	**28,471,350**	**28,471,350**
Direct Availabilities:	3,376,332	3,464,240	3,430,498	3,608,004	3,793,663
Sublease Availabilities:	1,248,080	1,344,036	1,335,407	1,329,505	2,049,403
Total Availabilities:	**4,624,412**	**4,808,276**	**4,765,905**	**4,937,509**	**5,843,066**
Vacancy:	**16.39%**	**16.98%**	**16.74%**	**17.34%**	**20.52%**
Gross Absorption:	778,123	642,123	455,427	514,178	622,774
Net Absorption:	194,207	-78,864	200,300	-171,604	-905,557
Completed Build-To-Suit:	0	105,000	0	0	0
Completed Spec Construction:	175,000	0	157,929	0	0
Total Completed Construction:	175,000	105,000	157,929	0	0
Available Listings:					
Market Rent Range (NNN):	$0.75-$6.17	$0.75-$6.17	$0.75-$6.17	$0.70-$6.17	$0.60-$4.92
Avg Asking Rate (NNN):*	**$2.34**	**$2.35**	**$2.36**	**$2.35**	**$2.17**
# of Availables by Size					
100K SF +	9	9	9	10	9
50K SF - 99.9K SF	23	30	31	31	33
25K SF - 49.9K SF	42	41	43	45	42
10K SF - 24.9K SF	46	40	52	57	70
Total Availabilties	**120**	**120**	**135**	**143**	**154**

Vacancy & Average Asking Rate Trend



NAI BT Commercial

The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

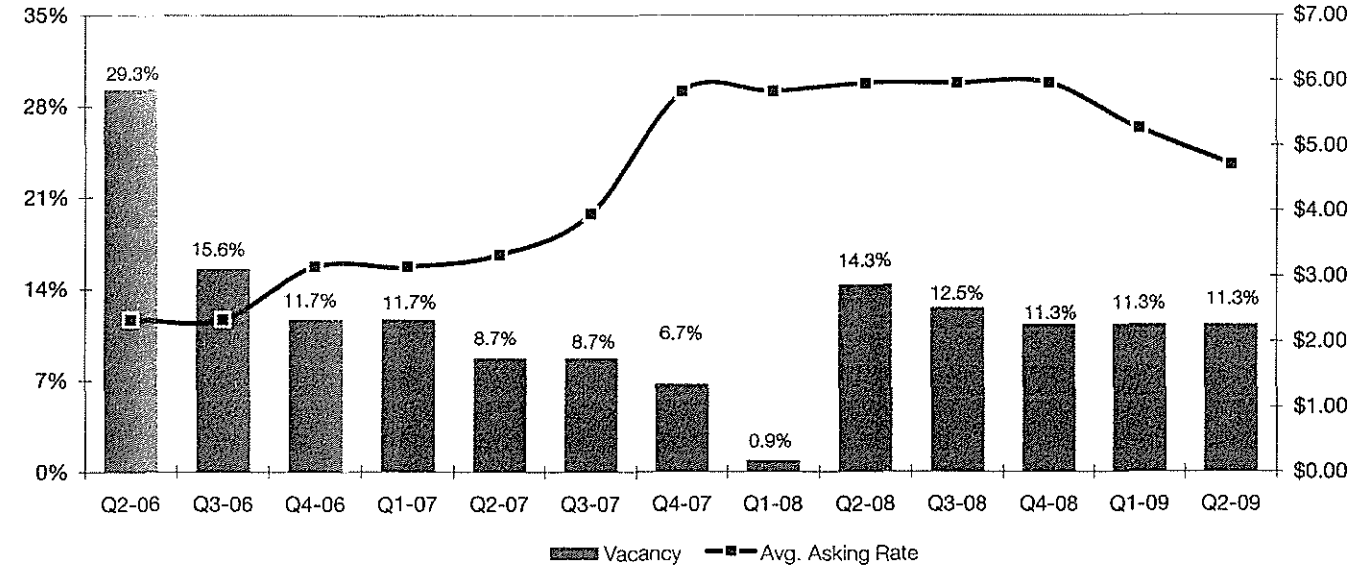
Bay Area

Life Science Report | Second Quarter 2009

San Francisco County

Quarter	Q2-2008	Q3-2008	Q4-2008	Q1-2009	Q2-2009
Total Building Base:	**1,290,000**	**1,395,000**	**1,552,929**	**1,552,929**	**1,552,929**
Direct Availabilities:	185,000	175,000	175,000	175,000	175,000
Sublease Availabilities:	0	0	0	0	0
Total Availabilities:	**185,000**	**175,000**	**175,000**	**175,000**	**175,000**
Vacancy:	**14.34%**	**12.54%**	**11.27%**	**11.27%**	**11.27%**
Gross Absorption:	0	115,000	157,929	0	0
Net Absorption:	0	115,000	157,929	0	0
Completed Build-To-Suit:	0	105,000	0	0	0
Completed Spec Construction:	175,000	0	157,929	0	0
Total Completed Construction:	175,000	105,000	157,929	0	0
Available Listings:					
Market Rent Range (NNN):	$5.75-$6.17	$5.75-$6.17	$5.75-$6.17	$5.00-$6.17	$4.50-$4.92
Avg Asking Rate (NNN):*	**$5.95**	**$5.96**	**$5.96**	**$5.26**	**$4.71**
# of Availables by Size					
100K SF +	0	0	0	0	0
50K SF - 99.9K SF	2	2	2	2	2
25K SF - 49.9K SF	2	2	2	2	0
10K SF - 24.9K SF	1	0	0	0	0
Total Availabilties	**5**	**4**	**4**	**4**	**2**

Vacancy & Average Asking Rate Trend



NAI BT Commercial

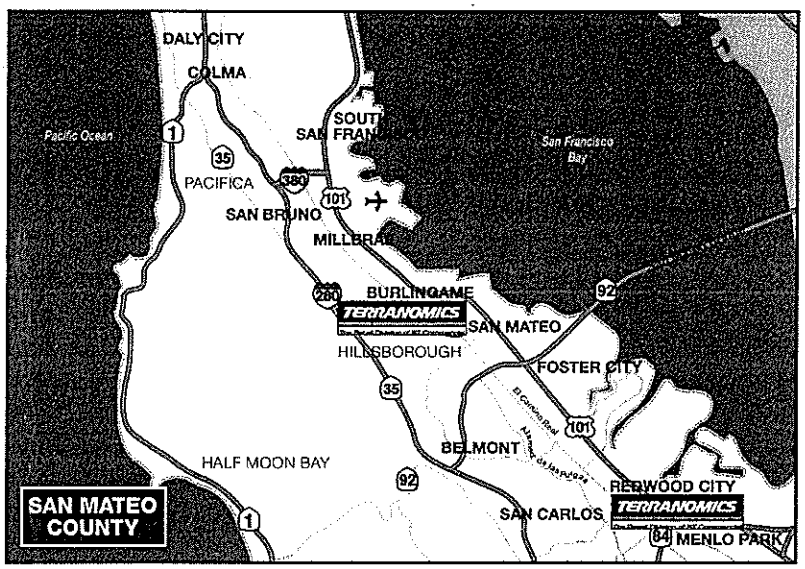
The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

TERRANOMICS

a Retail Division of BT Commercial

San Mateo County

Retail Report



Definitions

Shopping Center
A planned group of connected retail stores, usually with an attached parking area, specially developed on a parcel of private property and m[illegible]ed by a single organization.

Enclosed Mall
A shopping center entirely inside a roofed structure, so that entrance to the mall is controlled by a limited number of entrances and most stores are accessible only via interior corridors.

Open-Air Mall
A shopping center in which most of the stores are directly accessible from the outside, the exterior walkways may be covered, but the center is not enclosed under a single roof.

Regional Center
A shopping center with 30 to 100 stores, anchored by one or more department stores, and has 350,000 to 800,000 square feet of retail space.

Super-Regional Center
The largest variety of shopping center, usually an enclosed mall with more than 100 stores; includes several department stores, and greater than 800,000 square feet of retail space.

Neighborhood Center
A shopping center with fewer than 10 stores, anchored by a supermarket, and with 30,000 to 150,000 square feet of retail space; neighborhood centers are typically open-air c[illegible]

Community Center
A shopping center with 10 to 30 stores and 150,000 to 350,000 square feet of retail space, typically anchored by a discount department, drug, or home improvement store; they are commonly open, one-story, with stores arranged in a single strip, L- or U-shape.

Lifestyle Center
A shopping center or mall whose array of retail outlets are designed to appeal to a particular segment of the population; typically, lifestyle centers feature upscale specialty stores, services, and restaurants.

Power Center
A center dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or category killers. The center typically consists of several anchors, some of which may be freestanding and only a minimum amount of small specialty tenants.

Strip Center
An open-air neighborhood shopping center, smaller than 10,000 square feet and with at least three stores, typically arranged in a connected row facing a parking area; strip centers may also be L- or U-shaped.

Theme/Festival Centers
The centers typically employ a unifying theme that is carried out by the individual shops in their architectural design and, to an extent, in the merchandise. Entertainment is often a common element of such centers, and is targeted to tourists.

Outlet Mall
This center type consists of manufacturers' and retailers' outlet stores selling brand-name goods at a discount. These centers are typically not anchored, although certain brand-name stores may serve as "magnet" tenants.

Anchor Stores
The largest retail outlets, usually located at the ends or corners of shopping centers, and chosen in part for their potential to attract customers to the shopping center generally; department stores usually anchor regional and super-regional malls and supermarkets are typical anchors in community centers

Big Box
A large stand-alone store that specializes in a single line of products, such as home improvements, toys, or office supplies; no-frills discount stores that sell in volume and category killers are often big box stores.

Category Killer
A large national chain store specializing in one line of products, such as home improvements, office supplies, or toys, that can overwhelm both smaller and more diverse competitors because of its size, variety of merchandise, and prices.

Free-Standing Store
A retail outlet not associated with a shopping center, especially those at a distance from congested shopping areas and downtowns.

Gross Leaseable Area (GLA)
Total floor space available for retail sales, usually in square feet.

Anchor GLA
Total floor space available for anchor retail sales, usually in square feet.

Non-Anchor GLA
Total floor space available for non-anchor retail sales, usually in square feet.

Average Asking Rate
The rate is determined by multiplying the asking net lease rate for each building by its available square footage, summing the products, then dividing by the sum of the available square footage with net leases for all buildings.

Triple net (NNN)
Generally refers to the requirement for the lessee to pay for its share of the property's taxes, insurance and operating expenses.

CLIFFORD ASSOCIATES

REAL ESTATE APPRAISAL • ADVISORY • ARBITRATION

APPRAISAL REPORT

HUNTERS POINT SHIPYARD
CANDLESTICK POINT
Redevelopment Project Site

SAN FRANCISCO, CALIFORNIA

PREPARED FOR

City of San Francisco
Redevelopment Agency

APRIL 2010