

File No. 211155

Committee Item No. 9

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date November 17, 2021

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Draft Purchase and Sale Agreement</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Draft Assignment Agreement</u>        |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>General Plan Referral 11/10/21</u>    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____                                    |

Completed by: Brent Jalipa Date November 12, 2021

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Conveyance of Real Property - CH Acquisitions 2, LLC - 1979 Mission Street - Mayor's Office  
2 of Housing and Community Development - In Lieu Land Dedication]

3 **Resolution approving and authorizing an agreement for the conveyance and**  
4 **acceptance by the Director of Property, on behalf of the Mayor's Office of Housing and**  
5 **Community Development ("MOHCD") and CH Acquisitions 2, LLC, of a parcel of real**  
6 **estate consisting of approximately 57,325 square feet in land area ("Property"), located**  
7 **at 1979 Mission Street, pursuant to a land dedication permitted under Planning Code,**  
8 **Section 249.33, to satisfy affordable housing obligations under Planning Code,**  
9 **Sections 415 et seq.; placing the Property under the jurisdiction of MOHCD for future**  
10 **100% affordable housing development consisting of approximately 200-338 dwelling**  
11 **units; adopting findings that the conveyance is consistent with the General Plan, and**  
12 **the eight priority policies of Planning Code, Section 101.1; and authorizing the Director**  
13 **of Property to execute documents, make certain modifications and take certain actions**  
14 **in furtherance of this Resolution, as defined herein, including assuming certain leases.**

15  
16 WHEREAS, CH Acquisitions 2, LLC, ("Developer") has finalized a Purchase and Sale  
17 Agreement by and between MAXIMUS-BP 1979 MISSION STREET LLC ("Seller") and  
18 Developer ("Purchase Agreement") to purchase Assessor's Parcel Block No. 3553, Lot No.  
19 052, located at 1979 Mission Street in the City and County of San Francisco containing  
20 approximately 57,325 square feet of land area (the "Property"), a copy of the form of Purchase  
21 Agreement is on file with the Clerk of the Board of Supervisors under File No. 211155 and is  
22 incorporated herein by reference; and

23 WHEREAS, Developer is also the owner of Assessor's Parcel Block No. 3506, Lot Nos.  
24 003A and 004, located at 10 South Van Ness in the City and County of San Francisco  
25 containing approximately 51,150 square foot of land with an approved Downtown Project

1 Authorization for the development of approximately 966 dwelling unit multi-family residential  
2 development project with 29,443 square feet of retail sales and service space (the “Principal  
3 Site”); and

4 WHEREAS, Planning Code, Section 249.33 allows the Developer to fully satisfy the  
5 affordable housing obligations of the Principal Site under Planning Code, Section 415 *et seq.*  
6 through a land dedication to the City by way of causing the Property to be deeded directly to  
7 the City and County of San Francisco from Seller and subsequently assuming, by way of an  
8 assignment and assumption agreement (the “Assignment Agreement”), the Purchase  
9 Agreement, and such dedication shall allow City to obtain ownership of the Property for  
10 development on the Property of a 100% affordable residential development consisting of  
11 approximately 200-338 dwelling units; and

12 WHEREAS, The Planning Department determined that the Property could  
13 accommodate up to 338 dwelling units (35% of the proposed total dwelling units of the  
14 Principal Site) under the Planning Code and state law under a letter dated September 1,  
15 2020, which letter is on file with the Clerk of the Board of Supervisors under File No. 211155  
16 and is incorporated herein by reference; and

17 WHEREAS, MOHCD determined that the Property is suitable for development of a  
18 100% affordable housing project as required under Planning Code, Section 419.5(a)(2), and  
19 such project could consist of approximately 200-273 affordable housing dwelling units; and

20 WHEREAS, The terms and conditions of Developer’s assignment of the Purchase  
21 Agreement and the conveyance of the Property from Seller to the City have been negotiated,  
22 as further outlined in the Assignment Agreement, a copy of the form of Assignment  
23 Agreement is on file with the Clerk of the Board of Supervisors under File No. 211155 and is  
24 incorporated herein by reference; and

1           WHEREAS, Because the Property is being conveyed to the City through the land  
2 dedication process permitted under Planning Code, Section 249.33, the purchase price to be  
3 paid by the City to Developer under the Assignment Agreement is \$0, and in exchange, the  
4 Developer’s affordable housing obligations for the Principal Site under Planning Code, Section  
5 415 *et seq.* will be deemed fully satisfied upon the completed conveyance of the Property to  
6 the City; and

7           WHEREAS, There exists certain leases (the “Leases”) between the Seller and other  
8 tenants that the City will assume; and

9           WHEREAS, The Property will be delivered vacant except for the Leases at close of  
10 sale; and

11           WHEREAS, The Planning Department, through the General Plan Referral letter dated  
12 November 10, 2021, found that the acquisition of the Property is not considered a project  
13 under the California Environmental Quality Act (“CEQA”, Pub. Resources Code, Section  
14 21000 *et seq.*) pursuant to CEQA Guidelines, Section 15060 and Chapter 31 of the City’s  
15 Administrative Code, and is consistent with the General Plan, and the eight priority policies of  
16 Planning Code, Section 101.1, which letter is on file with the Clerk of the Board of Supervisors  
17 in File No. 211155, and incorporated herein by this reference; now, therefore, be it

18           RESOLVED, That the Board of Supervisors hereby finds that the conveyance of the  
19 Property is consistent with the General Plan, and with the eight priority policies of Planning  
20 Code, Section 101.1, for the same reasons as set forth in the Planning Department General  
21 Plan Referral Letter, and hereby incorporates such findings by reference as though fully set  
22 forth in this Resolution; and, be it

23           FURTHER RESOLVED, That in accordance with the recommendation of the Director  
24 of MOHCD and Director of Property, the Board of Supervisors hereby approves the  
25 conveyance of the Property to the City, and the transaction contemplated thereby in

1 substantially the form of such Purchase Agreement and Assignment Agreement presented to  
2 the Board and authorizes the Director of Property to execute the Assignment Agreement, and  
3 any such other documents that are necessary or advisable to complete the conveyance  
4 contemplated by the Purchase Agreement and Assignment, and to effectuate the purpose and  
5 intent of this Resolution; and, be it

6           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
7 Property to enter into any amendments or modifications to the Purchase Agreement,  
8 Assignment Agreement, and any other documents or instruments necessary in connection  
9 therewith (including, without limitation, preparation and attachment, or changes to, any of the  
10 exhibits and ancillary agreements) that the Director of Property determines, in consultation  
11 with the City Attorney and Director of MOHCD, are in the best interest of the City, do not  
12 otherwise materially increase the obligations or liabilities of the City, are necessary or  
13 advisable to effectuate the purposes of the Purchase Agreement and Assignment Agreement  
14 and are in compliance with all applicable laws, including City's Charter; and, be it

15           FURTHER RESOLVED, That the Director of Property is hereby authorized, in the  
16 name and on behalf of the City and County, to accept the deed to the Property from the Seller  
17 upon the closing in accordance with the terms and conditions of the Purchase Agreement and  
18 the Assignment Agreement, place the Property under the jurisdiction of MOHCD, and to take  
19 any and all steps (including, but not limited to, the execution and delivery of any and all  
20 certificates, agreements, notices, consents, escrow instructions, closing documents,  
21 assumption of Leases and other instruments or documents) as the Director of Property deems  
22 necessary or appropriate in order to consummate the conveyance of the Property pursuant to  
23 the Purchase Agreement and Assignment Agreement, or to otherwise effectuate the purpose  
24 and intent of this Resolution, such determination to be conclusively evidenced by the  
25 execution and delivery by the Director of Property of any such documents; and, be it

1           FURTHER RESOLVED, That all actions authorized and directed by this Resolution and  
2 heretofore taken and hereby ratified, approved and confirmed by this Board of Supervisors;  
3 and, be it

4           FURTHER RESOLVED, That the Director of Property shall provide the Clerk of the  
5 Board of Supervisors a fully executed copy of the Assignment Agreement within forty-five (45)  
6 days of signature of same.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 Recommended:

1

2

/s/ \_\_\_\_\_

3

Director  
Mayor's Office of Housing and Community Development

4

5

/s/ \_\_\_\_\_

6

Director of Property

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

**PURCHASE AND SALE AGREEMENT**

by and between

**CH ACQUISITIONS 2, LLC,**

as Purchaser,

and

**MAXIMUS-BP 1979 MISSION STREET LLC,**

as Seller

[•], 2021



Table of Contents

	<u>Page</u>
ARTICLE 1 DEFINITIONS.....	1
1.1 Capitalized Terms .....	1
ARTICLE 2 PURCHASE AND SALE; CLOSING.....	6
2.1 Purchase and Sale .....	6
2.2 Closing .....	6
2.3 Purchase Price.....	6
2.4 Duties of Escrow Agent.....	7
ARTICLE 3 DILIGENCE, ETC.....	8
3.1 Inspections .....	8
3.2 Title and Survey Matters.....	9
3.3 Violations.....	12
3.4 No Liens; Restoration of Property; Indemnity.....	11
3.5 Required Insurance .....	11
3.6 Third Party Reports.....	12
3.7 Confidentiality. ....	12
3.8 Reporting.....	13
3.9 Operation of the Property; Leases; Service Contracts .....	13
3.10 Termination of Service Contracts .....	13
ARTICLE 4 CONDITIONS TO THE PURCHASER’S OBLIGATION TO CLOSE .....	14
4.1 Closing Documents.....	14
4.2 Representations and Warranties.....	15
4.3 Covenants.....	15
ARTICLE 5 CONDITIONS TO SELLER’S OBLIGATION TO CLOSE .....	16
5.1 Purchase Price.....	16
5.2 Closing Documents.....	16
5.3 Representations and Warranties.....	17
5.4 Covenants.....	17
ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF SELLER .....	17
6.1 Seller’s Representations and Warranties .....	17
6.2 Seller’s Knowledge.....	20
6.3 Survival.....	20
6.4 Limitations on Liability .....	21
6.5 “AS IS” .....	21
6.6 Release and Waiver.....	24
6.7 Survival.....	26
ARTICLE 7 REPRESENTATIONS AND WARRANTIES OF PURCHASER.....	26
7.1 Purchaser’s Representations and Warranties .....	26
7.2 Survival.....	27
ARTICLE 8 APPORTIONMENTS AND CLOSING COSTS .....	28
8.1 Real Property Apportionments. ....	28

8.2 Transaction Costs.....	29
ARTICLE 9 DAMAGE TO OR CONDEMNATION OF PROPERTY .....	30
9.1 Casualty and Condemnation .....	30
ARTICLE 10 DEFAULT .....	30
10.1 Default by the Seller .....	30
10.2 Default by the Purchaser .....	31
ARTICLE 11 MISCELLANEOUS .....	31
11.1 Brokers.....	31
11.2 Publicity .....	32
11.3 Notices. ....	32
11.4 Waivers, Etc.....	34
11.5 Assignment; Successors and Assigns .....	34
11.6 Intentionally Omitted.....	34
11.7 Severability .....	34
11.8 Counterparts, Etc.....	35
11.9 Performance on Business Days.....	35
11.10 Attorneys' Fees .....	35
11.11 Section and Other Headings.....	35
11.12 No Construction Against Drafter .....	35
11.13 Time of Essence.....	35
11.14 Governing Law .....	35
11.15 No Recording .....	36
11.16 WAIVER OF JURY TRIAL.....	36
11.17 Intentionally Omitted.....	<b>Error! Bookmark not defined.</b>
11.18 Survival.....	36

## **PURCHASE AND SALE AGREEMENT**

**THIS PURCHASE AND SALE AGREEMENT** is made and entered into as of [•], 2021 (the “Effective Date”), by and between **CH Acquisitions 2, LLC**, a Delaware limited liability company, and any of its successors and assigns as expressly permitted hereunder, as purchaser (the “Purchaser”), and **Maximus-BP 1979 Mission Street LLC**, a Delaware limited liability company, as seller (the “Seller”), and, for the limited purposes set forth herein, is joined by Old Republic National Title Insurance Company, as escrow agent (the “Escrow Agent”).

### **WITNESSETH:**

**WHEREAS**, the Purchaser desires to purchase the Property (this and other capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in Article 1) from the Seller, and the Seller desires to sell the Property to the Purchaser, subject to and upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the covenants herein contained and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the Purchaser and the Seller hereby agree as follows:

### **ARTICLE 1 DEFINITIONS**

**1.1 Capitalized Terms.** Capitalized terms used in this Agreement shall have the meanings set forth below or in the section of this Agreement referred to below and such definitions shall apply equally to the singular and plural forms, and to the masculine and feminine forms, of such words:

“**Agreement**” shall mean this Purchase and Sale Agreement, together with all exhibits and schedules attached hereto, as it and they may be amended from time to time as herein provided.

“**Assignment and Assumption Agreement**” shall have the meaning given such term in Section 4.1(b).

“**Broker**” shall mean Colliers International.

“**Business Day**” shall mean any day other than (a) Saturday, (b) Sunday, (c) a day on which banks are closed in Boston, Massachusetts, New York, New York or San Francisco, California, or (d) one of the following Jewish holidays: the first two days and last two days of Passover, two days of Shavuot, two days of Rosh Hashanah, one day of Yom Kippur, and the first two days and last two days of Sukkot.

“**City**” shall mean the City and County of San Francisco, a municipal corporation, acting by and through its Real Estate Division and the Mayor’s Office of Housing and Community Development.

“**Closing**” shall mean the consummation of the transactions contemplated by this Agreement.

“**Closing Date**” shall mean January 17, 2022, or such earlier date as is mutually agreed upon in writing by the Purchaser and the Seller or as the same may be extended in accordance with any express provision of this Agreement; provided, however, if Purchaser delivers written notice to Seller (which notice shall have been executed by the City) prior to January 17, 2022 providing that the City is unable to assume in writing of all of Purchaser’s obligations under this Agreement pursuant to Section 11.5 or consummate the Closing on January 17, 2022, Purchaser shall have a one-time right (but not the obligation) to extend the Closing Date to a date mutually agreed upon in writing, provided that in no event shall such agreed date be later than March 1, 2022.

“**Confidential Information**” shall mean (a) all studies, reports, test results, brochures, offering materials, photographs, surveys, legal documents, financial statements and financial information, computer output and other materials and information relating to the Property or the Seller and all analyses, compilations, forecasts, projections and other documents prepared based upon such materials and information, whether the same are in electronic, pictorial, written or other form and (b) any information contained herein, in Seller’s Due Diligence Documents or otherwise provided to Purchaser concerning the identity of any of the Seller Parties. Notwithstanding the foregoing, the term “Confidential Information” shall be deemed to exclude information which (a) is or becomes a matter of public record or is contained in other sources readily available to the public, in each case, through no fault of the party hereto to which such information was disclosed (the “Non-Disclosing Party”), (b) was in the possession of Non-Disclosing Party prior to execution of this Agreement and was not subject to a confidentiality agreement, (c) is independently developed by the Non-Disclosing Party without reference to, and not on the basis of, the Confidential Information or (d) becomes known to the Non-Disclosing Party, without restriction, from a source other than the other party hereto, after due inquiry, without breach of this Agreement by the Non-Disclosing Party.

“**Deposit**” shall have the meaning given such term in Section 2.3.

“**Disclosure Report**” shall have the meaning given such term in Section 6.6(c).

“**Effective Date**” shall have the meaning given such term in the preamble to this Agreement.

“**Escrow Agent**” shall have the meaning given such term in the preamble to this Agreement and shall include any successor thereto who is appointed and approved in accordance with Section 2.4.

“**Exception Matters**” shall have the meaning given such term in Section 6.1.

“**Executive Order**” shall have the meaning given such term in Section 7.1(e).

“**Existing Survey**” shall mean that certain survey of the Premises prepared by BKF Engineers dated as of October 31, 2012.

**“Hazardous Materials”** shall mean any substance which is or contains: (i) any “hazardous substance” as now or hereafter defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.) or any regulations promulgated thereunder (“CERCLA”); (ii) any “hazardous waste” as now or hereafter defined in the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.) or regulations promulgated thereunder; (iii) any substance regulated by the Toxic Substances Control Act (15 U.S.C. Section 2601 et. seq.); (iv) gasoline, diesel fuel or other petroleum hydrocarbons; (v) asbestos and asbestos containing materials, in any form, whether friable or nonfriable; (vi) polychlorinated biphenyls; (vii) radon gas; (viii) mold, mildew, fungus or other potentially dangerous organisms; (ix) any putrescible or nonputrescible solid, semisolid, liquid or gaseous waste of any type; and (x) any additional substances or materials which are now or hereafter classified or considered to be hazardous or toxic under any laws, ordinances, statutes, codes, rules, regulations, agreements, judgments, orders and decrees now or hereafter enacted, promulgated, or amended, of the United States, the states, the counties, the cities or any other political subdivisions in which the Property is located and any other political subdivision, agency or instrumentality exercising jurisdiction over the owner of the Property, the Property or the use of the Property relating to pollution, the protection or regulation of human health, natural resources or the environment, or the emission, discharge, release or threatened release of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or waste into the environment (including ambient air, surface water, ground water or land or soil).

**“Improvements”** shall mean, collectively, all of the Seller’s right, title and interest in and to the existing buildings, improvements, fixtures and other structures situated on, or affixed to, the Land.

**“Independent Consideration”** shall have the meaning given such term in Section 2.3(e).

**“Intangible Property”** shall mean, collectively, to the extent the same is freely transferable, all of the Seller’s right, title and interest in and to any intangible property used in connection with the ownership, use, operation or maintenance of the Land or Improvements, if any, including without limitation, all (i) approvals, permits, licenses, entitlements, certificates (including, without limitation, certificates of occupancy) and other authorizations issued by any governmental authority, (ii) studies, reports, analysis and assessments (including, without limitation, those pertaining to traffic, soil, geotechnical, environmental, architectural, engineering, structural and entitlements), (iii) surveys, maps, plats, subdivisions and site plans, (iv) architectural, engineering, mechanical, construction and landscaping plans, specifications and drawings, (v) warranties and guarantees, and (vi) development, water, sewer and drainage rights, whether vested or not vested, and whether current, pending or expired; provided, however, that Seller makes no representation or warranty to Purchaser that Seller has provided a complete list of such documents or items to Purchaser.

**“Land”** shall mean, collectively, all of the Seller’s right, title and interest in and to the parcel or parcels of land described in Exhibit A attached hereto and more commonly known as 1979 Mission Street, San Francisco, California, and all easements and appurtenances with respect thereto.

“**Leases**” shall mean, collectively, to the extent the same is freely transferable, all of the Seller’s right, title and interest in and to all leases, licenses and occupancy agreements covering all or a portion of the Land and Improvements as of the Effective Date, as the same may be executed, amended, modified and/or terminated in accordance with the terms of this Agreement.

“**Liability Cap**” shall have the meaning given such term in Section 6.4(a).

“**Mandatory Cure Items**” shall have the meaning given such term in Section 3.2(d).

“**OFAC**” shall have the meaning given such term in Section 7.1(e).

“**Owner’s Title Policy**” shall have the meaning given such term in Section 4.4.

“**Permitted Exceptions**” shall mean, collectively, the following: (a) applicable zoning, subdivision, building and other land use laws and regulations; (b) liens for taxes, assessments and governmental charges not yet due and payable; (c) all matters, whether or not of record, that arise out of the actions of the Purchaser or the Purchaser’s Representatives; (d) all matters that the Title Company is willing to insure over without additional premium or indemnity from the Purchaser and that, in the exercise of the Purchaser’s reasonable business judgment, do not have a material adverse impact on the ownership, operation or value of the applicable Property; (e) all matters shown on or referenced in the Title Commitment or otherwise of record; (f) all matters shown on the Existing Survey or such state of facts as would be disclosed by a physical inspection of the Property or an ALTA “as-built” survey of the Property; (g) the Service Contracts which are not terminated pursuant to Section 3.10; (h) the Leases; (j) any and all violations of law, rules, regulations, ordinances, orders or requirements noted in or issued by any Federal, state, county, municipal or other department or governmental agency having jurisdiction against or affecting the Property whenever noted or issued (“**Violations**”), (k) liens, encumbrances, Violations and defects (including, without limitation, any mechanics and/or materialmen’s lien or any judgment arising as a result thereof), removal of which is an obligation of a tenant under the Leases; (j) the standard printed exceptions which appear in the Owner’s Title Policy, (k) all procedural and laws, moratoria, initiatives, referenda, ordinances, rules, regulations, standards, orders and other governmental requirements, licenses, permits and approvals (including those relating to the environment, health and safety, or handicapped persons), applicable to the Property or ownership, use and operation thereof (including the Executive Order N-33-20 issued on March 19, 2020 by the Governor of the State of California, regarding a mandatory shelter in place, any extensions or modifications thereof, and any other applicable law, rule, ordinance, or regulation issued by a national, federal, state, local or other government or political subdivision with jurisdiction over the Property relating to the COVID-19 pandemic the “**COVID-19 Rules**”) issued by the United States, the State of California, the County of Santa Clara, the City of San Jose or any agency, department, commission, bureau or instrumentality of any of the foregoing having jurisdiction over the Property; and (l) all other matters affecting title to the Property as to which Purchaser has knowledge or is deemed to know as of the Effective Date; provided, however, the Permitted Exceptions shall not include any Mandatory Cure Items.

“**Personal Property**” shall mean, collectively, all of the Seller’s right, title and interest in and to the fixtures, machinery, systems, equipment and items of personal property attached or

appurtenant to, located on and used in connection with the ownership, use, operation or maintenance of the Land or Improvements, if any, excluding, however, any such fixtures, machinery, equipment, furniture, furnishings, fittings, articles of personal property and improvements in the nature of personal property belonging to any tenant under the Leases, any public utility or any other person or entity except Seller.

“**Premises**” shall mean the Land and the Improvements.

“**Property**” shall mean the Land, the Improvements, the Intangible Property, the Personal Property, the Leases and the Service Contracts.

“**Purchase Price**” shall mean the amount of Thirty-Nine Million Seven Hundred Sixty Thousand and 00/100 Dollars (\$39,760,000.00).

“**Purchaser**” shall have the meaning given such term in the preamble to this Agreement.

“**Purchaser’s Condition Precedent**” shall have the meaning given such term in Article 4.

“**Purchaser’s Costs**” shall have the meaning given such term in Section 10.1.

“**Purchaser’s Diligence Parties**” shall mean, collectively, each of the Purchaser, the City and any lenders, advisors, agents, consultants or counsel who are hired by the Purchaser or who otherwise act on the Purchaser’s behalf.

“**Purchaser’s Representatives**” shall mean, collectively, each of the Purchaser and any officers, directors, shareholders, managers, members, partners, trustees, beneficiaries, employees, lenders, investors, advisors, agents, consultants or counsel who are hired by the Purchaser or who otherwise act on the Purchaser’s behalf.

“**Seller**” shall have the meaning given such term in the preamble to this Agreement.

“**Seller Closing Deliverables**” shall have the meaning given to such term in Section 4.1.

“**Seller Parties**” shall mean, collectively, each of the Seller and its respective direct and indirect owners, agents, officers, directors, shareholders, trustees, partners, advisors, managers, members, agents, employees and counsel.

“**Seller’s Condition Precedent**” and “**Seller’s Conditions Precedent**” shall each have the meaning given such term in Article 5.

“**Seller’s Due Diligence Documents**” shall have the meaning given such term in Section 3.1.

“**Service Contracts**” shall mean, collectively, to the extent the same is freely transferable, all of the Seller’s right, title and interest in and to those service contracts related to the operation, management, maintenance and repair of the Land and Improvements, in effect as

of the Effective Date, as the same may be executed, amended, modified and/or terminated in accordance with the terms of this Agreement.

“**Settlement Statement**” shall have the meaning given such term in Section 4.1(f).

“**Survey**” shall have the meaning given such term in Section 3.2(b).

“**Surviving Obligations**” shall mean, collectively, those obligations and liabilities of the parties hereunder which expressly survive the Closing or earlier termination of the Agreement.

“**Title Commitment**” shall have the meaning given such term in Section 3.2(a).

“**Title Company**” shall mean Old Republic National Title Insurance Company or such other national title company as shall be reasonably acceptable to the Seller.

“**Title Cure Notice**” shall have the meaning given such term in Section 3.2(c).

“**Title Objection Letter**” shall have the meaning given such term in Section 3.2(c).

“**Transfer Taxes**” shall have the meaning given such term in Section 8.2.

## ARTICLE 2 PURCHASE AND SALE; CLOSING

**2.1 Purchase and Sale.** In consideration of the payment of the Purchase Price by the Purchaser to the Seller as herein provided and for other good and valuable consideration, the Seller shall sell the Property to the Purchaser, and the Purchaser shall purchase the Property from the Seller, subject to and in accordance with the terms and conditions of this Agreement.

**2.2 Closing.** The purchase and sale of the Property shall be consummated at the Closing which shall be held through an escrow established at the offices of the Title Company, or at such other location as the Seller and the Purchaser may agree, at 10:00 a.m., local time at the Property, on the Closing Date, time being of the essence. The parties shall conduct an escrow-style closing through the Title Company so that it will not be necessary for any party to attend the Closing in person.

**2.3 Purchase Price.** The Purchase Price shall be paid as follows:

(a) **Deposit.** Within one (1) Business Day after the Effective Date, the Purchaser shall deposit directly with the Seller a deposit in the amount of Three Million and 00/100 Dollars (\$3,000,000.00) (such amount, together with all interest earned thereon, the “Deposit”). The Deposit shall not be refundable to Purchaser, except as otherwise expressly provided in this Agreement. The Deposit shall be payable in immediately available federal funds by wire transfer to the account set forth on **Schedule I** attached hereto, shall be non-refundable and shall be applied against the Purchase Price at the Closing, except as otherwise expressly set forth in this Agreement.



(b) **Balance of Purchase Price.** The balance of the Purchase Price, subject to adjustment as provided in Article 8, shall be paid by the Purchaser to or at the direction of the Seller at the Closing.

(c) **Federal Funds.** The Purchase Price shall be payable in immediately available federal funds by wire transfer to an account or accounts to be designated by the Seller at the Closing.

(d) **Independent Consideration.** The Purchaser and the Seller acknowledge and agree that if the Deposit is to be returned to the Purchaser pursuant to any of the provisions of this Agreement, the Seller shall retain One Hundred and 00/100 Dollars (\$100.00) (“Independent Consideration”) from the Deposit as independent consideration paid by the Purchaser to the Seller for the Seller’s execution and delivery of this Agreement.

#### 2.4 **Duties of Escrow Agent.**

(a) **Duties of Escrow Agent.** The acceptance by the Escrow Agent of its duties as such under this Agreement is subject to the following terms and conditions, which all parties to this Agreement hereby agree shall govern and control with respect to the rights, duties, liabilities and immunities of the Escrow Agent:

(i) The Escrow Agent acts hereunder as a depositary only, and is not responsible or liable in any manner for the sufficiency of any amounts deposited with it.

(ii) The Escrow Agent shall not be liable for acting upon any notice, request, waiver, consent, receipt or other instrument or document which the Escrow Agent in good faith believes to be genuine and what it purports to be. Without limiting the foregoing, the Escrow Agent shall not incur any liability by reason of any action or non-action taken by it in good faith or pursuant to the judgment or order of a court of competent jurisdiction.

(iii) The Escrow Agent in its absolute and sole discretion may retain counsel at any time to defend itself in connection with this Agreement or may interplead the deposited funds into court and retain counsel in connection therewith and is authorized to disburse from sums held hereunder any such funds necessary to pay counsel, court fees, cost and expenses in connection therewith.

(iv) The Seller and the Purchaser each hereby release the Escrow Agent from any act done or omitted to be done by the Escrow Agent in good faith in the performance of its duties hereunder.

(b) **Removal of Escrow Agent.** The Seller and the Purchaser may remove the Escrow Agent at any time upon not less than five (5) Business Days’ prior notice to the Escrow Agent; in such case, the Seller, by notice to the Purchaser, shall appoint a successor Escrow Agent, reasonably satisfactory to the Purchaser, who shall accept such appointment and agree in writing to be bound by the terms of this Agreement, at which point the Escrow Agent shall be released and discharged from all further obligations hereunder.

(c) **IRS Real Estate Sales Reporting.** The Escrow Agent shall act as “the person responsible for closing” the transaction which is the subject of this Agreement pursuant to Section 6045(e) of the Internal Revenue Code and shall prepare and file all informational returns, including IRS Form 1099-S, and shall otherwise comply with the provisions of Section 6045(e) of the Internal Revenue Code.

**ARTICLE 3**  
**ACCESS, DUE DILIGENCE AND TITLE MATTERS.**

**3.1 Seller’s Due Diligence Documents; Access.**

(a) **Seller’s Due Diligence Documents.** As of the Effective Date, Seller has delivered to Purchaser (which delivery has been in the form of access to an on-line dataroom established by Seller or the Broker), subject to Section 6.5 of this Agreement, copies of (i) Seller’s financial statements pertaining to the Property for [2019, 2020 and year-to-date 2021]<sup>1</sup>, (ii) copies of all Leases and Service Contracts, (iii) copies of certain articles of Intangible Property identified on **Exhibit G** attached hereto and made a part hereof, (iv) copies of all of Seller’s existing title insurance policies and, to the extent in Seller’s possession, surveys pertaining to the Property or any portion thereof and (v) all other documents identified on **Exhibit G** attached hereto and made a part hereof (the foregoing items (i) thru (v) collectively, “Seller’s Due Diligence Documents”). Purchaser acknowledges receipt of Seller’s Due Diligence Documents.

(b) **Access.** Subject to Section 6.5, the other terms and provisions of this Agreement and the rights of tenants under the Leases, following the Effective Date, the Seller shall permit the Purchaser and the Purchaser’s Diligence Parties to perform any and all tests, inspections and investigations of the Property that Purchaser deems necessary, including, without limitation, surveys, environmental assessments and structural condition inspections, in each case at such reasonable times as the Purchaser or the Purchaser’s Diligence Parties may request; provided, however, Purchaser shall at all times remain liable under this Agreement with respect to any tests, inspections or investigations conducted by any and all of Purchaser’s Diligence Parties. The Seller reserves the right to reasonably approve the scope and timing of any such tests, inspections or investigations and to have a representative present during the same. The Purchaser shall notify the Seller not less than two (2) Business Days in advance of the Purchaser or any of the Purchaser’s Diligence Parties making any such tests, inspections or investigations. All such tests, inspections and investigations shall be noninvasive in nature and, specifically, shall not include any invasive or physically intrusive testing (including, without limitation, any soil boring or roof coring) without the Seller’s prior written consent, which consent may be granted or withheld in the Seller’s sole discretion. All such tests, inspections and investigations shall be at the Purchaser’s sole cost and expense. If the Purchaser or any Purchaser Diligence Party takes any sample from the Property in connection with any approved testing, the Purchaser or such Purchaser Diligence Party shall provide to the Seller, if the Seller so chooses, a portion of such sample being tested to allow the Seller to perform its own testing. Purchaser (but not any other Purchase Diligence Party) shall be permitted to conduct tenant interviews with the tenants

---

<sup>1</sup> To be confirmed.

of the Property, provided that (i) Seller shall contact the tenants to arrange any interviews, (ii) Purchaser shall not contact any tenant directly without Seller's prior express written consent, and (iii) at Seller's election, a representative of Seller shall be present during any such interview. Notwithstanding anything to the contrary contained in the foregoing, the Seller may impose such restrictions upon the Purchaser's and Purchaser's Diligence Parties' ability to access the Property as the Seller may from time to time reasonably determine necessary in order to operate and maintain the Property as described in Section 3.9. Without limiting the generality of the foregoing, Purchaser acknowledges and agrees that any and all investigations of the Property shall strictly comply with the COVID-19 Rules and shall be limited by Seller's internal policies reasonably required to implement the COVID-19 Rules.

(c) Notwithstanding anything to the contrary set forth in this Section 3.1 or this Agreement, Purchaser has had full and adequate opportunity to perform the due diligence activities contemplated in this Section 3.2 prior to the full execution and delivery of this Agreement and making of the non-refundable Deposit, and Purchaser has determined in its sole discretion that it desires to proceed with the purchase of the Property pursuant to this Agreement.

### **3.2 Title and Survey Matters.**

(a) **Title Commitment.** Purchaser acknowledges receipt of the ALTA Commitment for Title Insurance issued by Title Company on [•] under Title No. [•] (the "Title Commitment") and has provided a copy of the same to the Seller before the Effective Date.

(b) **Survey.** Promptly following the Effective Date, the Purchaser may arrange, at Purchaser's sole cost and expense, for the preparation of an ALTA survey with respect to the Premises (the "Survey"). The Purchaser shall direct the surveyor to send a copy of the Survey to the Seller and the Title Company.

#### **(c) Title Objections.**

(i) If exceptions to title appear on any update or continuation of or supplement to the Title Commitment (each a "Continuation") which are not Permitted Exceptions, Purchaser shall, within the earlier of five (5) Business Days after Purchaser receives such Continuation and the last business day prior to the Closing Date, give the Seller written notice (the "Title Objection Letter") of any matters (other than Permitted Exceptions) identified on the Continuation, if any, which adversely affect the Property or the intended use thereof in any material respect and as to which the Purchaser reasonably objects. If, for any reason, in its sole and absolute discretion, the Seller is willing and able to take such actions as may be required to remedy such matters, the Seller shall give the Purchaser written notice thereof (the "Title Cure Notice"); it being understood and agreed that the failure of the Seller to give such notice within four (4) Business Days after receiving the Purchaser's notice shall be deemed an election by the Seller not to remedy any such matters. If the Seller shall (or shall be deemed to) be unable or unwilling to remedy any matters that are not Permitted Exception as to which the Purchaser has objected in accordance with this Section 3.2(c)(i), the Purchaser may elect (i) to terminate this Agreement by written notice given within five (5) days of Seller's failure to timely deliver its Title Cure Notice to Purchaser or Seller's refusal to satisfy and cure the objections set forth in Purchaser's Title Objection Letter (to the extent Seller is obligated to cure such objections),

whereupon, provided that Purchaser is not then in breach of any of its obligations under this Agreement and has satisfied all of Purchaser's requirements under this Agreement (including, without limitation, to the extent applicable at such time, all of Seller's Conditions Precedent) and is, at such time, ready, willing and able to close, in each case except as a result of a default by Seller under this Agreement, the Deposit (less the Independent Consideration) will be returned to Purchaser or (ii) to proceed to Closing, notwithstanding such matter, without any abatement or reduction in the Purchase Price on account thereof. Failure of the Purchaser to give such notice shall be deemed an election by the Purchaser to proceed to the Closing. If necessary, the Closing Date shall be extended to accommodate the foregoing review, objection, response and termination process.

(ii) If Seller elects to cure or delete as exceptions any objections raised by Purchaser in a Title Objection Notice delivered pursuant to Section 3.2(c)(i), the Closing Date shall be automatically extended by a reasonable additional time not to exceed thirty (30) days, to effect such a cure. If Seller fails to cure or delete as exceptions any objections which Seller agreed to cure by the Closing Date pursuant to a Title Cure Notice, Purchaser may elect on the scheduled Closing Date to (i) terminate this Agreement and, provided that Purchaser is not then in breach of any of its obligations under this Agreement and has satisfied all of Purchaser's requirements under this Agreement (including, without limitation, to the extent applicable at such time, all of Seller's Conditions Precedent) and is, at such time, ready, willing and able to close, in each case except as a result of a default by Seller under this Agreement, receive a refund of the Deposit (less the Independent Consideration) in which case neither party shall have any further rights, obligations or liabilities under this Agreement except under provisions of this Agreement which are expressly stated to survive the termination of this Agreement; or (ii) waive the uncured objections and proceed to Closing without any abatement or reduction in the Purchase Price on account thereof.

(d) **Mandatory Cure Items**. Notwithstanding anything to the contrary contained in this Agreement or in any Title Cure Notice, and in addition to those matters that Seller expressly agrees to satisfy and cure in its Title Cure Notice, Seller shall be obligated to have taken on or before Closing the necessary actions to satisfy and cure the following matters and otherwise cause the removal of the same from the Owner's Title Policy whether or not objected to by Purchaser in any Title Objection Letter: (i) any mortgages, deeds of trust or similar security instruments executed or consented to, or joined in by, Seller that encumber the Property; (ii) any monetary liens, judgments, tax warrants or other monetary encumbrances of record against Seller, expressly consented to in writing by Seller, or arising by or through affirmative actions taken by Seller, which affect the Property (other than liens for taxes, assessments and governmental charges not yet due and payable), but in no event any items described in the foregoing clauses (i) and (ii) to the extent removal of the same is the obligation of any tenant under a Lease; and (iii) title matters (other than Permitted Exceptions) created or consented to by Seller after the Effective Date without the express written consent of Purchaser. As used in this Agreement, the term "**Mandatory Cure Items**" shall mean those matters referenced in (i) through (iii) above.

(e) Notwithstanding anything in this Agreement to the contrary, if the Title Company shall not be prepared at Closing to issue an Owner's Title Policy in accordance with

the terms of this Agreement, then, if a nationally recognized title insurance company selected by Seller shall be prepared to issue such an Owner's Title Policy, Purchaser (at Purchaser's sole cost and expense) shall be required to obtain its Owner's Title Policy from such title insurance company selected by Seller.

(f) Notwithstanding anything in this Section 3.2 or any other provision of this Agreement to the contrary, Purchaser may at any time accept such title as Seller can convey, without reduction of the Purchase Price or any credit or allowance on account thereof or any claim against Seller. The acceptance of the Deed by Purchaser shall be deemed to be full performance of, and discharge of, every agreement and obligation on Seller's part to be performed under this Agreement, except for the documents delivered at Closing and such matters which are expressly stated in this Agreement to survive the Closing, to the limit of such survival.

**3.3 Violations.** Notwithstanding anything herein to the contrary, the Property is sold, and Purchaser shall accept same, subject to any and all Violations and any conditions which could give rise to any Violations.

**3.4 No Liens; Restoration of Property; Indemnity.** The Purchaser shall not suffer or permit any lien, claim or charge of any kind whatsoever which arises out of activities of the Purchaser or the Purchaser's Diligence Parties to attach to the Property or any part thereof. To the extent that the Purchaser or the Purchaser's Diligence Parties damage or disturb the Property, or any portion thereof, the Purchaser shall return the same to substantially the same condition which existed immediately prior to such damage or disturbance. The Purchaser shall indemnify, defend and hold harmless the Seller and the Seller Parties and their respective heirs, successors, personal representatives and assigns, from and against any and all expense, loss or damage which the Seller or any Seller Party may incur as a result of any act or omission of the Purchaser or the Purchaser's Diligence Parties or their respective representatives, agents or contractors in the exercise of their rights hereunder. Notwithstanding the foregoing, Purchaser's indemnity and restoration obligations hereunder shall not include and hereby expressly exclude any claims, demands, causes of action, liens, losses, injuries, damages, liabilities, fees, costs and expenses that (i) result from the mere discovery of any pre-existing condition of the Property, or (ii) are solely caused by any gross negligence or willful misconduct of Seller or any Seller Party. The Purchaser's obligations under this Section 3.4 shall survive the Closing or the earlier termination of this Agreement.

**3.5 Required Insurance.** The Purchaser shall maintain (and shall cause Purchaser's Diligence Parties to maintain) public liability and property damage insurance insuring the Seller, the Purchaser, the applicable Purchaser's Diligence Party and the Seller's property manager, Maximus Real Estate Partners Ltd., against all liability arising out of any inspections of the Property. Each such insurance policy shall (a) be in an amount at least equal to Two Million and 00/100 Dollars (\$2,000,000.00) combined single limit for injury to or death of one or more persons or property per occurrence, (b) name the Seller and the Seller's property manager as additional insureds, (c) contain a provision that the insurance provided thereunder shall be primary and noncontributing with any other insurance available to the Seller or the Seller's property manager, and (d) otherwise be in a form and substance reasonably satisfactory to the Seller. The Purchaser shall provide the Seller with evidence of such insurance coverage prior to

any entry onto or inspection of the Property by the Purchaser or the Purchaser's Diligence Parties.

**3.6 Third Party Reports.** If the Closing is not consummated hereunder for any reason other than a default by Seller, the Purchaser shall promptly deliver to the Seller (at no cost to Seller), without any representation or warranty whatsoever, copies of all reports, surveys and other information furnished to or obtained by the Purchaser hereunder. The Purchaser's obligations under this Section 3.6 shall survive the Closing or the earlier termination of this Agreement.

**3.7 Confidentiality.**

(a) **Nondisclosure.** Each of the Seller and the Purchaser will, and will instruct its respective affiliates and advisors, including, without limitation, the Seller Parties and Purchaser's Representatives, to keep the existence, and the terms, of this Agreement and all of Seller's Due Diligence Documents confidential. The Purchaser will, and will instruct its respective affiliates and advisors, including, without limitation, Purchaser's Representatives, to not disclose any Confidential Information, including the existence and the terms of this Agreement, to any third party; provided that Purchaser may disclose Confidential Information to the City in connection with the City's potential acquisition of the Property; provided further that Purchaser shall advise the City of the confidential nature of such Confidential Information and the requirements under this Section 3.7 and shall remain liable for any breach of this Section 3.7 by the City.

(b) **Required Disclosure.** Notwithstanding the above terms, each of the Seller and the Purchaser, and their respective affiliates and advisors, including, without limitation the Seller Parties and Purchaser's Representatives, may disclose those items described in Section 3.7(a) (i) if required by any governmental or regulatory authority or pursuant to any law, regulation or legal process or (ii) to the extent that such disclosing party determines that disclosure is required in any reports to security holders, investors, shareholders, partners or members, or in reports or other filings with any governmental or regulatory authority, or to comply with the rules of, or any listing agreement with, any securities exchange. In addition, the parties acknowledge that the City must comply with all applicable public records disclosure laws. If no protective order or similar relief is obtained, each disclosing party shall (i) disclose only that portion of those items described in Section 3.7(a) that it is legally obligated to disclose, (ii) exercise reasonable efforts to obtain reliable assurances that the disclosed information will be kept confidential and (iii) exercise reasonable efforts to provide the other party with a copy of the information to be disclosed before the same is given to any third party.

(c) **Return of Confidential Information.** If this Agreement is terminated, (i) the Purchaser shall promptly return and deliver to the Seller all the Confidential Information which is in tangible form, including any copies the Purchaser has made and other embodiments thereof, and (ii) the Purchaser shall destroy all extracts, summaries and compilations thereof and references thereto which are in the Purchaser's notes, documents, databases or other records (whether prepared by the Purchaser or by the Seller), and (iii) in either case the Purchaser will certify to the Seller by written affidavit that it has done so. Notwithstanding the foregoing, Purchaser (i) may retain Confidential Information for the purpose of defending Purchaser's rights

and obligations under the Agreement and to ensure compliance with legal and regulatory requirements, (ii) shall not be obligated to return or destroy any information or data that is created or saved as a result of customary computer or other electronic or archival backup procedures in place as of the Effective Date and (iii) shall not be obligated to return or destroy any proprietary financial analyses or models or attorney work product prepared by or on behalf of Purchaser.

(d) **Injunctive Relief.** The Purchaser acknowledges and agrees that money damages may not be a sufficient remedy for any breach of Section 3.7 by it and that, in addition to all other remedies available at law or in equity, the Seller shall be entitled to seek specific performance or injunctive or other equitable relief as a remedy for any breach or potential breach by the Purchaser or the City of Section 3.7 and further agrees to waive any requirement for the security or posting of any bond in connection with such remedy.

(e) **Survival.** The provisions of this Section 3.7 shall survive the termination of this Agreement for a period of one (1) year.

**3.8 Reporting.** If the Purchaser's inspections reveal any condition at the Property that requires disclosure to any governmental agency or authority, the Purchaser shall immediately notify the Seller thereof. In such event, the Seller, and not the Purchaser or anyone acting on the Purchaser's behalf, shall make such disclosures as the Seller deems appropriate. The provisions of this Section 3.8 shall survive the termination of this Agreement.

**3.9 Operation of the Property; Leases; Service Contracts.** From and after the Effective Date, Seller shall not amend, extend or materially modify any of the terms, covenants or conditions of any Leases or any material Service Contracts, or enter into new leases or any other material service contracts, which affect the Property from and after the Closing Date without the prior written consent of Purchaser, which consent may be granted or withheld in Purchaser's sole and absolute discretion. The Purchaser's consent shall be deemed granted unless withheld by written notice to the Seller within three (3) Business Days after delivery of the Seller's written request for consent to the Purchaser. During the term of this Agreement, Seller shall otherwise carry on its business and activities relating to, and shall continue to insure, the Property in its ordinary course of business and substantially in the same manner as it currently does, subject to such deviation as Seller may determine necessary in order to comply with any applicable law or other legal requirement, in a manner consistent with local practice of similar owners of properties located in San Francisco, California or in connection with the protection of health and human safety.

**3.10 Termination of Service Contracts.** Prior to the Closing Date, the Purchaser may elect, in its sole and absolute discretion, to provide the Seller with a written notice identifying any Service Contracts to be terminated by the Seller; provided, however, that such Service Contracts are terminable on not more than thirty (30) days prior written notice without any termination fee or other payment or compensation payable by the Seller. At Closing, the Seller shall issue termination notices to the applicable service providers terminating the Service Contracts identified in the Purchaser's notice; provided, however, the Purchaser shall assume such Service Contracts until such terminations become effective. Any Service Contracts not

terminated hereunder shall be assumed by Purchaser at Closing pursuant to the Assignment and Assumption Agreement.

**ARTICLE 4**  
**CONDITIONS TO THE PURCHASER'S OBLIGATION TO CLOSE**

The obligation of the Purchaser to acquire the Property shall be subject to the satisfaction of the following conditions precedent on and as of the Closing Date (each, a "Purchaser's Condition Precedent"):

**4.1 Closing Documents.** The Seller shall have delivered to the Escrow Agent (or shall have caused to be delivered to the Escrow Agent) and shall have authorized and directed the Escrow Agent to record or release to the Purchaser (as applicable) the following (the "Seller Closing Deliverables"):

(a) A grant deed in the form attached hereto as Exhibit C ("Deed") with respect to the Land and Improvements of the Seller.

(b) An assignment by the Seller and an assumption by the Purchaser, substantially in the form attached hereto as Exhibit D, duly executed by the Seller, with respect to the Leases, the Service Contracts and the Intangible Property (the "Assignment and Assumption Agreement");

(c) A bill of sale, without warranty of any kind, substantially in the form attached hereto as Exhibit E, with respect to the Personal Property (it being understood and agreed that no portion of the Purchase Price is allocated to personal property);

(d) A certificate of non-foreign status, pursuant to Section 1445 of the Internal Revenue Code, substantially in the form attached hereto as Exhibit F;

(e) A settlement statement showing the Purchase Price and all adjustments thereto in accordance with the terms and conditions of this Agreement, which settlement statement shall be in a form and substance reasonably satisfactory to the Seller and the Purchaser, duly executed by the Seller (the "Settlement Statement");

(f) A notice executed by Seller to each tenant in form reasonably acceptable to Purchaser, advising each tenant of the sale of the Property to Purchaser and directing that all future rent payments and other charges, and all notices, under the applicable Lease be forwarded to Purchaser to the address supplied by Purchaser;

(g) To the extent the same are in the Seller's possession or control, original executed counterparts of the Leases and the Service Contracts and all other material documents and agreements, plans and specifications and contracts, licenses and permits pertaining to the Property (architectural, engineering, mechanical, construction and otherwise), which documents shall be deemed delivered if left at the management office at the Property;

(h) An owner's affidavit (the "Owner's Affidavit") in the form attached hereto as Exhibit K;



(i) An original California Form 593 and executed counterparts of any transfer tax forms or declarations required in connection with the sale of the Property by the applicable governmental authorities; and

(j) Such other documents, certificates, forms and other instruments as the Purchaser, the Seller or the Title Company may reasonably require to carry out the transactions contemplated by this Agreement and as are customary in like transactions in the area in which the Property is located.

**4.2 Representations and Warranties.** All representations and warranties of the Seller herein shall be true, correct and complete in all material respects on and as of the Closing Date.

**4.3 Covenants.** The Seller shall have performed all material covenants and obligations required to be performed by the Seller hereunder on or before the Closing Date.

**4.4 Owner's Title Policy.** Title Company shall have issued to Purchaser at Closing, or shall have unconditionally committed at Closing to issue, an ALTA owner's extended coverage policy of title insurance issued by the Title Company in the amount of the Purchase Price insuring Purchaser's title to the Property subject only to the Permitted Exceptions in the form attached hereto as **Exhibit I** (the "Owner's Title Policy"), provided that Purchaser shall have (i) paid all standard premiums and charges required by Title Company to be paid by Purchaser in connection with the issuance of such Owner's Title Policy (other than costs required to cure Mandatory Cure Items and other matters encumbrances that Seller is obligated or has elected to cure) and (ii) satisfied all of Title Company's reasonable and customary conditions imposed on Purchaser in connection with the issuance of the Owner's Title Policy ((i) and (ii) being collectively, "Purchaser's Title Obligations"), and provided further, that in the event Purchaser fails to perform and satisfy Purchaser's Title Obligations in accordance with this Agreement, Purchaser shall be deemed to have waived the condition contained in this Section 4.4 without the need, notwithstanding anything in this Agreement to the contrary, for any further writing to evidence such waiver.

**4.5 Tenant Estoppel Certificates.** No later than five (5) Business Days prior to the Closing Date, Seller shall have delivered to Purchaser acceptable tenant estoppel certificates in substantially the form attached hereto as **Exhibit L** ("Tenant Estoppel Certificates") executed by all tenants under the Leases, provided that any such Tenant Estoppel Certificate shall only be deemed "acceptable" as long as it does not (i) differ substantially from the form delivered to each tenant, (ii) indicate the continuing existence of an actual material default of Seller as landlord under the applicable Lease or (iii) disclose material adverse terms of the applicable Lease that were not disclosed to Purchaser with the delivery of the Lease documents to Purchaser as part of the Due Diligence Documents. [As of the Effective Date, Purchaser and Seller acknowledge and agree that all required Tenant Estoppel Certificates have been delivered

to Purchaser in form acceptable to Purchaser such that the Purchaser's Condition Precedent set forth in this Section 4.5 is deemed to have been satisfied in all respects.]]<sup>2</sup>

If there is a failure of a Purchaser's Condition Precedent as of the Closing Date for any reason other than a default by Purchaser, then Purchaser shall have the right (in addition to and not in lieu of any other right or remedy Purchaser may have as the result of such failure also being a default by Seller under this Agreement as expressly set forth in Section 10.1) in its sole and absolute discretion to: (i) terminate this Agreement by delivering a written notice of termination to Seller on the Closing Date, whereupon this Agreement shall terminate, and, provided that Purchaser is not then in breach of any of its obligations under this Agreement and has satisfied all of Purchaser's requirements under this Agreement (including, without limitation, all of Seller's Conditions Precedent) and is, at such time, ready, willing and able to close, in each case except as a result of a default by Seller under this Agreement, the Seller shall promptly return the Deposit (less the Independent Consideration) to Purchaser, and the parties shall be released from all terms, provisions, obligations and liabilities of this Agreement, except for the Surviving Obligations; or (ii) waive the Purchaser's Condition Precedent and close the transaction contemplated by this Agreement on the Closing Date.

## **ARTICLE 5**

### **CONDITIONS TO SELLER'S OBLIGATION TO CLOSE**

The obligation of the Seller to convey the Property to the Purchaser is subject to the satisfaction of the following conditions precedent on and as of the Closing Date (each, a "Seller's Condition Precedent" and collectively, "Seller's Conditions Precedent"):

**5.1 Purchase Price.** The Escrow Agent and the Purchaser shall have delivered the entire Purchase Price to the Seller.

**5.2 Closing Documents.** The Purchaser shall have delivered to the Escrow Agent (or shall have caused to be delivered to the Escrow Agent) and shall have authorized and directed the Escrow Agent to record or release to the Seller:

(a) duly executed and acknowledged counterparts of the Assignment and Assumption Agreement and the Settlement Statement; and

(b) such other documents, certificates, forms and other instruments as the Purchaser, the Seller or the Title Company may reasonably require to carry out the transactions contemplated by this Agreement and as are customary in like transactions in the area where the Property is located.

---

<sup>2</sup> Requirement to deliver Tenant Estoppel Certificates remains open, subject to confirmation from Seller as to existence Leases.

**5.3 Representations and Warranties.** All representations and warranties of the Purchaser herein shall be true, correct and complete in all material respects on and as of the Closing Date.

**5.4 Covenants.** The Purchaser shall have performed all material covenants and obligations required to be performed by the Purchaser hereunder on or before the Closing Date.

If there is a failure of a Seller's Condition Precedent as of the Closing Date for any reason other than a default by Seller, then Seller shall have the right in its sole and absolute discretion to: (i) exercise its rights and remedies under Section 10.2; or (ii) waive the Seller's Condition Precedent and close the transaction contemplated by this Agreement on the Closing Date.

## **ARTICLE 6**

### **REPRESENTATIONS AND WARRANTIES OF SELLER**

**6.1 Seller's Representations and Warranties.**<sup>3</sup> Subject to all matters disclosed in any Seller's Due Diligence Documents or any other document delivered by Seller to Purchaser (including by electronic means or any dataroom), or any exhibit attached hereto, and subject to any information discovered by the Purchaser or other information disclosed to the Purchaser in writing by the Seller or any other person, as well as any matters actually known to the Purchaser as of the Closing Date (all such matters being referred to herein collectively as "Exception Matters"), the Seller represents and warrants to the Purchaser as follows:

(a) **Status and Authority of the Seller, Etc.** The Seller is a limited liability company duly organized, validly existing and in good standing under the laws of its state of formation, is duly authorized to conduct and transact business in the State of California, and has all requisite power and authority under the laws of such state and its charter documents to enter into and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The person executing this Agreement on behalf of Seller is duly authorized to execute and bind Seller to this Agreement and all other Seller Closing Deliverables.

(b) **Action of the Seller, Etc.** The Seller has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and upon the execution and delivery of this Agreement and any document to be delivered by the Seller on or prior to the Closing Date, this Agreement and such document shall constitute the valid and binding obligation and agreement of the Seller, enforceable against the Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors.

(c) **No Violations of Agreements.** To the Seller's knowledge, neither the execution, delivery or performance of this Agreement by the Seller, nor compliance with the terms and provisions hereof, will (i) result in any breach of the terms, conditions or provisions of, or conflict with or constitute a default under, or result in the creation of any lien, charge or encumbrance upon the Property pursuant to the terms of (A) any of Seller's formation or

---

<sup>3</sup> Representations (including related Exhibits) remain subject to ongoing review and update by Seller.

governance documents, or (B) any agreement, document or instrument to which Seller is a party or by which Seller or the Property is subject or bound, including, but not limited to, any indenture, mortgage, deed of trust, note, evidence of indebtedness or any other agreement or instrument by which the Seller is bound, or (C) any judgment, order, writ, injunction or decree issued against or imposed upon Seller or the Property; or (ii) result in the violation of any law, rule, regulation, ordinance or order promulgated or issued by any governmental authority or court of competent jurisdiction that is applicable to Seller or the Property.

(d) **Litigation.** Except as otherwise set forth on Exhibit B-3 attached hereto and any personal injury, property damage or other matters covered by Seller's insurance policies for the Property which may arise after the Effective Date and/or exist as of the Closing Date and, in each case, which have been disclosed to Purchaser on or prior to the Closing Date, to the Seller's knowledge, the Seller has received no written notice that any investigation, action or proceeding is pending or threatened, in any court or before or by any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality which (i) questions the validity of this Agreement or any action taken or to be taken pursuant hereto, (ii) involves condemnation or eminent domain proceedings against the Property or any material portion thereof or (iii) relates to any of the Leases, Service Contracts or the ownership, management or operation of the Property, which would have any material adverse effect on the ability of Seller to consummate the transactions contemplated by this Agreement.

(e) **Not a Foreign Person.** The Seller is not a "foreign person" within the meaning of Section 1445 of the United States Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(f) **Leases.** Except for the Leases listed on Exhibit B-1 attached hereto, together with those leases entered into in accordance with Section 3.9, to the Seller's knowledge, there are no other leases, licenses, tenancies or other rights of use or occupancy for any portion which would be binding upon the Property from and after the Closing Date. To the Seller's knowledge: (i) the copies of the Leases delivered by or on behalf of the Seller to the Purchaser prior to the Effective Date are true, correct and complete in all material respects; and (ii) the Seller has not received notice of any material default by Seller under any Leases that remains uncured.

(g) **Service Contracts.** Except for the Service Contracts listed on Exhibit B-2 attached hereto, together with those contracts entered into in accordance with Section 3.9 and the other Permitted Exceptions, to the Seller's knowledge, there are no other contracts which would be binding upon the Property from and after the Closing Date. To the Seller's knowledge: (i) the copies of the Service Contracts delivered by or on behalf of the Seller to the Purchaser prior to the Effective Date are true, correct and complete in all material respects; and (ii) the Seller is not in material default under such Service Contract that remains uncured.

(h) **Compliance With Law.** The Seller has not received any written notice from any governmental authority (i) except as disclosed in Seller's Due Diligence Documents or on Exhibit J attached hereto, Seller has not received written notice alleging that the Property violates in any material respect any federal, state, municipal and other governmental statutes, ordinances, by-laws, rules, regulations or any other legal requirements, including, without

limitation, those relating to construction, occupancy, zoning, adequacy of parking, occupational health and safety and fire safety applicable thereto or (ii) of any pending special assessment or other types of lien against all or any portion of the Property for public or private improvements.

(i) **No Bankruptcy.** To the Seller's actual knowledge, no petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under federal or state bankruptcy laws has been filed or commenced or is pending against Seller or the Property.

(j) **[Intentionally Omitted].**

(k) **Patriot Act.** Neither the Seller nor, after making due inquiry, any person or entity that owns, directly or indirectly, an equity interest in or otherwise controls the Seller, nor any of its officers, directors or managers, is (i) a person or entity with whom U.S. Persons are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List or any similar list) or under any statute, executive order (including Executive Order 13224 (the "Executive Order") signed on September 24, 2001 and entitled "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism"), or other governmental action, (ii) currently subject to any U.S. sanctions administered by OFAC, or (iii) in violation of the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders promulgated thereunder, as amended from time to time.

(l) **No Commitments.** Seller has not made any commitments to any governmental authority, utility company, school board, church or other religious body, property owner's association, or any other organization, group or individual relating to the Property which would impose an obligation upon Purchaser to make any contribution or dedications of money or land or to construct, install or maintain any improvements of a public or private nature on or off the Property; and, to Seller's knowledge no governmental authority has imposed any specific or special requirement that is not set forth in any law, rule, regulation, ordinance or other information made generally available to the public by governmental authorities with jurisdiction over the Property that the owner of the Property pay directly or indirectly any special fees or special contributions or incur any special obligations in connection with any development of the Property or any part thereof.

(m) **Intentionally Omitted.**

(n) **Personal Property.** Seller is, to Seller's knowledge, the owner of the Personal Property listed on Exhibit H and Seller's right, title and interest in and to the Personal Property is free from all encumbrances, and Seller has the right to sell and convey such right, title and interest in and to the Personal Property to Purchaser.

Prior to the Closing Date, Seller shall promptly provide Purchaser with written notice of any event or circumstance of which Seller obtains knowledge and which causes any of the representations or warranties of Seller in this Section to become untrue, inaccurate or misleading in any material respect. Purchaser may elect within five (5) Business Days after the receipt of

any such notice (and, if applicable, the Closing Date shall be automatically extended for five (5) Business Days) to terminate this Agreement and, provided that Purchaser is not then in breach of any of its obligations under this Agreement and has satisfied all of Purchaser's requirements under this Agreement (including, without limitation, to the extent applicable at such time, all of Seller's Conditions Precedent) and is, at such time, ready, willing and able to close, in each case except as a result of a default by Seller under this Agreement, receive a refund of the Deposit (less the Independent Consideration) in which case neither party shall have any further rights, obligations or liabilities under this Agreement except under provisions of this Agreement which are expressly stated to survive the termination of this Agreement; provided, however, in the event any such notice was the result of Seller's acts or omissions in violation of this Agreement (as distinguished from, for example but not limited to, a change in circumstances occurring through no fault of Seller), Purchaser shall be entitled to its remedies more particularly set forth in Section 10.1. Following the Effective Date, Seller shall have the right from time to time and as of the Closing Date, (x) to amend or supplement **Exhibit B-3** attached hereto to disclose the existence of any personal injury, property damage or other matters covered by Seller's insurance policies for the Property which have arisen and/or exist as of the Closing Date, and (y) to amend or supplement **Exhibit J** attached hereto to disclose the existence of Violations which have arisen and/or exist as of the Closing Date, and in no event shall Purchaser have the right to terminate this Agreement as a result of any such amendments or supplements or the existence or disclosure of any such matters. Notwithstanding anything to the contrary contained in this Agreement, but subject to, and without limiting, Purchaser's rights under Section 4.5 above, (i) Seller does not represent or warrant that any Lease will be in force or effect at Closing, that any Tenant will have performed its obligations under its Lease or that any tenant will not be the subject of bankruptcy proceedings and (ii) the existence of any default by a tenant, the failure by a tenant to perform its obligations under its Lease, the termination of any Lease prior to Closing by reason of the tenant's default (if in accordance with the other provisions of this Agreement) or the existence of bankruptcy proceedings pertaining to any tenant shall not affect Purchaser's obligations hereunder in any manner or entitle Purchaser to an abatement of or credit against the Purchase Price or give rise to any other claim on the part of Purchaser. Notwithstanding anything herein to the contrary, the representation set forth in Section 6.1(h) is subject to Section 3.3.

**6.2 Seller's Knowledge.** All representations and warranties made in this Agreement "to the Seller's knowledge" or words of similar import shall mean and refer to the actual knowledge, without any duty of inquiry or investigation, of each of Robert Rosania, Matthew Myzak and Seth Mallen; provided, however, in no event shall any of Robert Rosania, Matthew Myzak or Seth Mallen have any personal liability for the breach of any representation or warranty made to the Seller's knowledge hereunder.

**6.3 Survival.** Seller's liability for the representations and warranties in this Section 6.3 shall survive the Closing for a period of six (6) months and no action may be commenced against Seller for a breach of any such representations or warranties after the expiration of such six (6) month period.

#### **6.4 Limitations on Liability.**

(a) Notwithstanding anything to the contrary contained in this Agreement, the Seller shall have no liability to the Purchaser for any Surviving Obligation in this Agreement or in any document executed and delivered by the Seller in connection herewith unless the loss resulting from the Seller's breach of such Surviving Obligation exceeds, in the aggregate, One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00), in which event the Seller shall be liable for the full amount of such loss back to the first dollar of such loss, but in no event shall the Seller's total liability for any such breach or breaches exceed, in the aggregate, Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) (the "Liability Cap"); provided, however, the Liability Cap shall not apply to or limit Seller's liability under Section 11.10 below. In no event shall the Seller be liable to the Purchaser for any Exception Matters. In no event shall the Seller be liable for, nor shall the Purchaser seek or be entitled to receive, any consequential, indirect or punitive damages.

(b) Notwithstanding anything to the contrary contained in this Agreement, Seller shall not be liable for any representation, warranty, covenant or obligation made in this Agreement or in any document executed and delivered by the Seller in connection herewith if Purchaser (or any of Purchaser's Representatives) had actual knowledge of the facts, events or conditions constituting or resulting in such breach on or prior to the Closing Date. Purchaser shall be deemed to have actual knowledge if Purchaser and/or its affiliates and their respective officers, employees, agents, representatives or consultants had knowledge of the fact in issue prior to Closing or if such information is available in any Lease, Service Contract, any Seller's Due Diligence Document, or any other document or information with respect to the Property identified in the Exhibits hereto or otherwise provided to Purchaser.

**6.5 "AS IS". EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT OR IN ANY DOCUMENTS TO BE EXECUTED AND DELIVERED BY THE SELLER TO THE PURCHASER AT THE CLOSING, THE SELLER HAS NOT MADE, AND THE PURCHASER HAS NOT RELIED ON, ANY INFORMATION, PROMISE, REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING THE PROPERTY (WHETHER MADE BY THE SELLER, ON THE SELLER'S BEHALF OR OTHERWISE) INCLUDING, WITHOUT LIMITATION, THE PHYSICAL CONDITION OF THE PROPERTY, TITLE TO OR THE BOUNDARIES OF THE PROPERTY, PEST CONTROL MATTERS, SOIL CONDITIONS, THE PRESENCE, EXISTENCE OR ABSENCE OF HAZARDOUS MATERIALS, TOXIC SUBSTANCES OR OTHER ENVIRONMENTAL MATTERS, COMPLIANCE WITH BUILDING, HEALTH, SAFETY, LAND USE AND ZONING LAWS, REGULATIONS AND ORDERS, STRUCTURAL AND OTHER ENGINEERING CHARACTERISTICS, TRAFFIC PATTERNS, MARKET DATA, ECONOMIC CONDITIONS OR PROJECTIONS, THE ADEQUACY OF THE PROPERTY FOR THE PURCHASER'S INTENDED USE, AND ANY OTHER INFORMATION PERTAINING TO THE PROPERTY OR THE MARKET AND PHYSICAL ENVIRONMENTS IN WHICH IT IS LOCATED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PURCHASER HAS NOT RELIED ON ANY REPRESENTATIONS OR WARRANTIES, AND SELLER AND THE SELLER PARTIES HAVE NOT MADE ANY REPRESENTATIONS OR WARRANTIES, OTHER THAN AS**

EXPRESSLY SET FORTH HEREIN, IN EITHER CASE EXPRESS OR IMPLIED, REGARDING THE PROPERTY OR THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, AS TO (A) THE CURRENT OR FUTURE REAL ESTATE TAX LIABILITY, ASSESSMENT OR VALUATION OF THE PROPERTY, (B) THE POTENTIAL QUALIFICATION OF THE PROPERTY FOR ANY AND ALL BENEFITS CONFERRED BY FEDERAL, STATE OR MUNICIPAL LAWS, WHETHER FOR SUBSIDIES, SPECIAL REAL ESTATE TAX TREATMENT, INSURANCE, MORTGAGES, OR ANY OTHER BENEFITS, WHETHER SIMILAR OR DISSIMILAR TO THOSE ENUMERATED, (C) THE AVAILABILITY OF ANY FINANCING FOR THE ALTERATION, REHABILITATION OR OPERATION OF THE PROPERTY FROM ANY SOURCE, INCLUDING, WITHOUT LIMITATION, ANY STATE, CITY OR FEDERAL GOVERNMENT OR ANY INSTITUTIONAL LENDER, (D) THE CURRENT OR FUTURE USE OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE PROPERTY'S USE FOR RESIDENTIAL OR COMMERCIAL PURPOSES, (E) THE PRESENT AND FUTURE CONDITION AND OPERATING STATE OF ANY AND ALL MACHINERY OR EQUIPMENT ON THE PROPERTY AND THE PRESENT OR FUTURE STRUCTURAL AND PHYSICAL CONDITION OF ANY BUILDING OR ITS SUITABILITY FOR REHABILITATION OR RENOVATION, (F) THE OWNERSHIP OR STATE OF TITLE OF ANY PERSONAL PROPERTY ON THE PROPERTY, (G) THE PRESENCE OR ABSENCE OF ANY LAWS AND REGULATIONS OR ANY VIOLATIONS, (H) THE COMPLIANCE OF THE PROPERTY WITH ANY RENT CONTROL OR SIMILAR LAW OR REGULATION, (I) THE LAYOUT, INCOME, EXPENSES, OPERATION, AGREEMENTS, LICENSES, EASEMENTS, INSTRUMENTS OR DOCUMENTS OF OR IN ANY WAY AFFECTING THE PROPERTY, AND (J) THE EXISTENCE OR CONTINUED OR FUTURE AVAILABILITY OF ANY UTILITY SERVICES AT OR TO THE PROPERTY FOR ITS CURRENT OR ANY FUTURE USE INCLUDING, BUT NOT LIMITED TO, WATER AND SEWER SERVICE. FURTHER, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER SELLER NOR ANY OF THE SELLER PARTIES ARE LIABLE FOR OR BOUND BY (AND PURCHASER HAS NOT RELIED UPON) ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR ANY OTHER INFORMATION RESPECTING THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY REPORTS, STUDIES, DOCUMENTS AND INSTRUMENTS) FURNISHED BY SELLER, ANY OF THE SELLER PARTIES OR ANY BROKER, EMPLOYEE, AGENT, CONSULTANT OR OTHER PERSON REPRESENTING OR PURPORTEDLY REPRESENTING SELLER OR ANY OF THE SELLER PARTIES.

THE PURCHASER ACKNOWLEDGES THAT (I) IT IS EXPERIENCED AND SOPHISTICATED IN THE ACQUISITION, DEVELOPMENT, MANAGEMENT, LEASING, OWNERSHIP AND OPERATION OF COMMERCIAL REAL ESTATE PROJECTS SUCH AS THE PROPERTY AND THAT, PRIOR TO THE EFFECTIVE DATE, IT HAS HAD A FULL AND COMPLETE OPPORTUNITY TO CONDUCT SUCH INVESTIGATIONS, EXAMINATIONS, INSPECTIONS AND ANALYSES OF THE PROPERTY AS THE PURCHASER, IN ITS SOLE AND ABSOLUTE DISCRETION, DEEMED APPROPRIATE, (II) THE PURCHASER HAS ENTERED INTO THIS AGREEMENT WITH THE INTENTION OF MAKING AND RELYING UPON ITS OWN INVESTIGATION OR THAT OF THIRD PARTIES WITH RESPECT TO THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND



LEGAL CONDITION OF THE PROPERTY AND (III) THE PURCHASER IS NOT RELYING UPON ANY STATEMENTS, REPRESENTATIONS OR WARRANTIES OF ANY KIND, OTHER THAN THOSE SPECIFICALLY SET FORTH IN THIS AGREEMENT OR IN ANY DOCUMENT TO BE DELIVERED TO THE PURCHASER AT THE CLOSING, MADE (OR PURPORTED TO BE MADE) BY THE SELLER OR ANYONE ACTING OR CLAIMING TO ACT ON THE SELLER'S BEHALF. PURCHASER ACKNOWLEDGES AND AGREES THAT ANY SELLER'S DUE DILIGENCE DOCUMENTS DELIVERED OR TO BE DELIVERED BY ANY SELLER PARTY OF ANY OF THEIR AGENTS OR CONSULTANTS TO PURCHASER ARE BEING MADE AVAILABLE SOLELY AS AN ACCOMMODATION TO PURCHASER AND WITHOUT ANY REPRESENTATION OR WARRANTY (EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT) OF ANY SELLER PARTY OR ANY OF THEIR AGENTS OR CONSULTANTS AS TO THEIR ACCURACY OR COMPLETENESS OF FACTS OR OPINIONS SET FORTH IN SELLER'S DOCUMENT AND THAT ANY RELIANCE BY PURCHASER ON SUCH REPORTS OR OTHER DOCUMENTS INCLUDED IN THE SELLER'S DUE DILIGENCE DOCUMENTS IN CONNECTION WITH THE PURCHASE OF THE PROPERTY IS UNDERTAKEN AT PURCHASER'S SOLE RISK. PURCHASER AGREES THAT NO SELLER PARTY NOR ANY OF THEIR AGENTS OR CONSULTANTS HAVE ANY LIABILITY OR OBLIGATION WHATSOEVER FOR ANY INACCURACY IN OR OMISSION FROM ANY MATERIALS PREPARED IN CONNECTION WITH THE SALE OF THE PROPERTY OR ANY REPORT OR OTHER DOCUMENTS MADE AVAILABLE TO PURCHASER OR ITS REPRESENTATIVES, EXCEPT FOR ANY LIABILITY OF SELLER PURSUANT TO AN EXPRESS PROVISION OF THIS AGREEMENT. BY AND UPON THE EXECUTION AND DELIVERY OF THIS AGREEMENT PURCHASER ACKNOWLEDGES THAT PURCHASER HAS BEEN PROVIDED THE OPPORTUNITY TO MAKE INSPECTIONS AND THAT PURCHASER HAS CONDUCTED ITS OWN INVESTIGATION OF THE CONDITION OF THE PROPERTY TO THE EXTENT PURCHASER DEEMS SUCH AN INVESTIGATION TO BE NECESSARY OR APPROPRIATE (BUT WITHOUT LIMITING ANY ADDITIONAL INVESTIGATION PURCHASER MAY BE ENTITLED TO CONDUCT OR OTHER RIGHTS OF PURCHASER PURSUANT TO THIS AGREEMENT THAT EXIST OR CONTINUE TO EXIST FOLLOWING THE EFFECTIVE DATE). WITHOUT LIMITING THE EFFECT OF THE FOREGOING, AND EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, (I) SELLER MAKES NO REPRESENTATION OR WARRANTY AS TO THE TRUTH, ACCURACY OR COMPLETENESS OF THE SELLER'S DUE DILIGENCE DOCUMENTS, (II) PURCHASER ACKNOWLEDGES AND AGREES THAT THE SELLER'S DUE DILIGENCE DOCUMENTS ARE PROVIDED TO PURCHASER AS A CONVENIENCE ONLY AND THAT ANY RELIANCE ON OR USE OF THE SELLER'S DUE DILIGENCE DOCUMENTS SHALL BE AT THE SOLE RISK OF PURCHASER, AND (III) NO SELLER PARTY OR ANY RESPECTIVE AFFILIATE THEREOF, NOR THE PERSON OR ENTITY WHICH PREPARED ANY OF THE SELLER'S DUE DILIGENCE DOCUMENTS DELIVERED OR MADE AVAILABLE BY SELLER TO PURCHASER SHALL HAVE ANY LIABILITY TO PURCHASER FOR ANY INACCURACY IN OR OMISSION FROM ANY SUCH SELLER'S DUE DILIGENCE DOCUMENTS. PURCHASER WILL BE RELYING ONLY ON ITS OWN DUE DILIGENCE AND INSPECTIONS OF THE PROPERTY AND THE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY SELLER IN THIS AGREEMENT IN PURCHASING THE PROPERTY. THE

PURCHASER SHALL PURCHASE THE PROPERTY IN ITS “AS IS, WHERE IS” CONDITION ON THE CLOSING DATE WITH ALL FAULTS AND WITH NO RIGHT OF SETOFF OR REDUCTION IN THE PURCHASE PRICE.

**Disclosure of California Civil Code Section 1101.5.** In accordance with the requirements of California Civil Code Section 1101.5(e), Seller hereby discloses the following: (1) California Civil Code Section 1101.5(a) provides as follows: “(a) On or before January 1, 2019, all noncompliant plumbing fixtures in any multifamily residential real property and in any commercial real property shall be replaced with water-conserving plumbing fixtures”; and (2) Purchaser acknowledges and agrees that it will perform its own inspection to determine compliance with Section 1101.5 and Purchaser agrees to assume sole responsibility for the cost of such inspections and, following Closing, the performance of any and all remediation, at Purchaser’s sole cost and expense, of any conditions disclosed by such inspections in accordance with any applicable law, rule, code or regulation of any applicable governmental or regulatory authority. THE PURCHASER SHALL PURCHASE THE PROPERTY IN ITS “AS IS, WHERE IS” CONDITION ON THE CLOSING DATE WITH ALL FAULTS AND WITH NO RIGHT OF SETOFF OR REDUCTION IN THE PURCHASE PRICE.

## **6.6 Release and Waiver.**

(a) **Release and Waiver of Claims.** Except as expressly provided below in this Section 6.6, upon the Closing, the Purchaser, on its own behalf and on behalf of each of its successors and assigns and each and all of its and their respective members, officers, directors, employees, parents, affiliates or subsidiaries and each of their respective successors and assigns, hereby releases the Seller and the Seller Parties from, and irrevocably and unconditionally waives all claims and liability against the Seller and each of the other Seller Parties for or attributable to, the following: (i) any and all statements or opinions heretofore or hereafter made, or information furnished, by or on behalf of the Seller Parties to the Purchaser or any of the Purchaser’s Representatives; and (ii) any and all losses, costs, claims, liabilities, expenses, demands or obligations of any kind or nature whatsoever, whether known or unknown and foreseen or unforeseen, attributable to the Property, whether arising or accruing before, on or after the Closing and whether attributable to events or circumstances which have heretofore or may hereafter occur, including, without limitation, all losses, costs, claims, liabilities, expenses, demands and obligations with respect to the structural, physical, or environmental condition of the Property including, without limitation, claims or liabilities relating to the presence, discovery or removal of any Hazardous Materials in, at, under or about the Property; provided, however, that the release and waiver set forth in this Section 6.6 is not intended and shall not be construed to affect or impair any rights or remedies that the Purchaser may have against the Seller as a result of (i) a breach of any of the representations or warranties made by the Seller or of any covenant of the Seller expressly set forth in this Agreement that expressly survives Closing, or (ii) any fraud by Seller, subject to the terms and limitations on the Seller’s liability as set forth elsewhere in this Agreement. Without limiting the foregoing, the Purchaser hereby agrees that, if at any time after the Closing, any third party or governmental agency seeks to hold the Purchaser responsible for the presence of, or any loss, cost or damage associated with, Hazardous Materials in, on, above or beneath the Property or emanating therefrom, then the Purchaser waives any rights it may have against the Seller in connection therewith, including,

without limitation, under CERCLA, and the Purchaser agrees that it shall not (1) implead the Seller, (2) bring a contribution action or similar action against the Seller or (3) otherwise attempt in any way to hold the Seller responsible with respect to any such matter. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT THE RELEASE CONTAINED IN THIS SECTION 6.6(A) SHALL APPLY TO ALL UNKNOWN OR UNANTICIPATED CLAIMS, AS WELL AS THOSE KNOWN AND ANTICIPATED, AND PURCHASER DOES HEREBY WAIVE ANY AND ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH SECTION HAS BEEN DULY EXPLAINED AND READS AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

---

Purchaser's Initials

**(b) Acknowledgment of Scope of Waiver and Release.** The Purchaser acknowledges and agrees that (i) the Purchaser may hereinafter discover facts different from or in addition to those now (or at the Closing) known to the Purchaser, (ii) the Purchaser's agreement in this Section 6.6 to release, acquit and discharge the Seller and the other Seller Parties as set forth herein shall remain in full force and effect notwithstanding the existence or discovery of any such additional or different facts, (iii) the Purchaser knowingly waives any rights, privileges and benefits under any federal, state or local law which may negatively impact the validity or enforceability of any part of the releases set forth in this Agreement, (iv) upon the completion of the Closing, the Seller shall be deemed to have satisfied all of the Seller's obligations, covenants and liabilities in this Agreement and in any documents executed by the Seller in connection herewith other than those obligations of the Seller that, by the express terms of this Agreement, survive the Closing (in which case such survival shall be subject to the limitations set forth in this Agreement), and (v) the Purchaser irrevocably covenants never to commence or prosecute, or to collude with others to commence or prosecute, against the Seller or any other Seller Party any action or proceeding based upon any claim covered by the foregoing release. The Purchaser understands the legal significance of the foregoing provisions and acknowledges and agrees that the inclusion of such provisions were a material factor in the Seller's acceptance of the Purchase Price and that the Seller would be unwilling to sell the Property without such releases.

**(c) Natural Hazard Disclosure Statement.** Seller has made a property disclosure report (the "Disclosure Report") available to Purchaser prior to the Effective Date. The Disclosure Report fully and completely discharges Seller from its disclosure obligations, if any, which may be required under the Natural Hazard Disclosure Act, California Government Code Sections 8589.3, 8589.4, and 51183.5, California Public Resources Code Sections 2621.9, 2694, and 4136, and California Civil Code Sections 1102.6 and 1103.2, and any successor law, and, for the purposes of this Agreement, the provisions of Civil Code Section 1102.4 regarding the non-liability of Seller for errors and/or omissions not within its personal knowledge shall be deemed to apply and the preparer of the Disclosure Report shall be deemed to be an expert, dealing with matters within the scope of its expertise with respect to the examination and

Disclosure Report. Nothing set forth in the Disclosure Report shall (A) require Seller to remediate any matter referred to in the Disclosure Report or (B) create any liability by Seller to Purchaser therefor and Seller shall in no event be required to expend funds to remediate any matters disclosed in the Disclosure Report. Notwithstanding Purchaser's receipt and review of the Disclosure Report, Purchaser hereby knowingly, voluntarily and intentionally waives its right to disclosure by Seller of natural hazards found in Natural Hazard Disclosure Act, California Government Code Sections 8589.3, 8589.4, and 51183.5, California Public Resources Code Sections 2621.9, 2694, and 4136, and California Civil Code Sections 1102.6 and 1103.2, and any similar or successor law. Purchaser represents and warrants that it has obtained the Disclosure Report from an expert satisfying the requirements of California Civil Code Section 1103.4, and has waived any objection to such Disclosure Report. Purchaser acknowledges and agrees that the matters set forth in the Disclosure Report may change on or prior to the Closing and that Seller has no obligation to update, modify, or supplement the Disclosure Report. Following the Closing, Purchaser shall be solely responsible for preparing and delivering its own disclosure report to any subsequent prospective buyers of the Property.

(d) **Seller's Environmental Inquiry**. Purchaser acknowledges and agrees that Seller has indicated that the sole inquiry and investigation that Seller has conducted in connection with the environmental condition of the Property is to obtain the environmental report(s) made available to Purchaser as part of the Seller's Due Diligence Documents, and that, for all purposes, including California Health and Safety Code Section 25359.7, Seller has acted reasonably in solely relying upon said inquiry and investigation. Purchaser further acknowledges and agrees that Seller's making available to Purchaser any environmental report(s) as part of the Seller's Due Diligence Documents shall constitute notice to Purchaser of any environmental condition disclosed therein, which shall be deemed to satisfy the notice requirements under California Health and Safety Code Section 25359.7.

6.7 **Survival**. Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 6.4, 6.5 and 6.6 shall survive the Closing.

## **ARTICLE 7** **REPRESENTATIONS AND WARRANTIES OF PURCHASER**

7.1 **Purchaser's Representations and Warranties**. To induce the Seller to enter into this Agreement, the Purchaser represents and warrants to the Seller as follows:

(a) **Status and Authority of the Purchaser**. The Purchaser is a [limited liability company] duly organized and validly existing under the laws of its state of formation and has all requisite power and authority under its charter documents to enter into and perform its obligations under this Agreement and to consummate the transactions contemplated hereby.

(b) **Action of the Purchaser**. The Purchaser has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and upon the execution and delivery of any document to be delivered by the Purchaser on or prior to the Closing Date, this Agreement and such document shall constitute the valid and binding obligation and agreement of the Purchaser, enforceable against the Purchaser in accordance with its terms,

except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors.

(c) **No Violations of Agreements.** To Purchaser's knowledge, neither the execution, delivery or performance of this Agreement by the Purchaser, nor compliance with the terms and provisions hereof, will (i) result in any breach of the terms, conditions or provisions of, or conflict with or constitute a default under, or result in the creation of any lien, charge or encumbrance upon any property or assets of the Purchaser pursuant to the terms of (A) any of Purchaser's formation or governance documents, or (B) any agreement, document or instrument to which Purchaser is a party or by which Purchaser is subject or bound, including, but not limited to, any indenture, mortgage, deed of trust, note, evidence of indebtedness or any other agreement or instrument by which the Purchaser is bound, or (C) any judgment, order, writ, injunction or decree issued against or imposed upon Purchaser; or (ii) result in the violation of any law, rule, regulation, ordinance or order promulgated or issued by any governmental authority or court of competent jurisdiction that is applicable to Purchaser.

(d) **Litigation.** The Purchaser has received no written notice that any investigation, action or proceeding is pending or threatened which questions the validity of this Agreement or any action taken or to be taken pursuant hereto.

(e) **Patriot Act.** Neither the Purchaser nor, after making due inquiry, any person or entity that owns, directly or indirectly, an equity interest in or otherwise controls the Purchaser, nor any of its officers, directors or managers, is (i) a person or entity with whom U.S. Persons are restricted from doing business under regulations of the OFAC of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List or any similar list) or under any statute, executive order (including the Executive Order), or other governmental action, (ii) currently subject to any U.S. sanctions administered by OFAC, or (iii) in violation of the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders promulgated thereunder, as amended from time to time.

(f) **Seller Statements.** Purchaser does not have any actual knowledge that any representation, warranty, statement or certification made by Seller or any of the Seller Parties under or in connection with this Agreement or the transactions contemplated hereby is false, untrue or misleading in any material respect, or that Seller is in breach of any of its material covenants under or in connection with this Agreement or the transactions contemplated hereby, except as disclosed in writing to Seller prior to the Closing.

**7.2 Survival.** All representations and warranties made in this Agreement by the Purchaser shall survive the Closing for a period of twelve (12) months and no action may be commenced against the Purchaser for a breach of any such representation or warranty after such 12<sup>th</sup> month has expired.

**ARTICLE 8**  
**APPORTIONMENTS AND CLOSING COSTS**

**8.1 Real Property Apportionments.**

(a) **Items to be Apportioned.** The following items shall be apportioned on a per diem basis at the Closing as of 12:00:01 a.m., local time, on the Closing Date:

(i) Real estate taxes, personal property taxes, and assessments other than special assessments, based on the then current taxes and the special assessments due and owing prior to Closing; provided, however, for the avoidance of doubt, Seller shall not be liable for any supplemental or escape taxes or assessments arising from the transfer of the Property pursuant to this Agreement or any other events triggering reassessment occurring on or after the Closing.

(ii) Fuel, electric, water and other utility costs, subject to Section 8.1(c) below.

(iii) Municipal assessments and governmental license and permit fees.

(iv) All rental income (including, without limitation, base rents, additional rents, maintenance charges, charges for utilities, and storage fees) to the extent collected under the Leases.

(v) Amounts paid or payable under any Permitted Exceptions or Service Contracts.

(vi) All other items of income and expense normally apportioned in sales of property in similar situations in the county in which the Land is located.

(b) **Estimates.** On or before the date which is five (5) Business Days prior to the scheduled Closing, Seller shall determine the amounts of the apportionments in accordance with this Agreement and notify Purchaser thereof. Purchaser shall review and approve such determination promptly and prior to the Closing, such approval not to be unreasonably withheld or delayed. To the extent Purchaser shall reasonably disapprove Seller's determination of the apportionments, Seller and Purchaser shall work in good faith to resolve any disputed issues with respect thereto prior to the Closing Date. If any of the foregoing items cannot be apportioned at the Closing because of the unavailability of the amounts which are to be apportioned, such items shall be apportioned on the basis of a good faith estimate by the parties. Once agreed to by Seller and Purchaser such apportionments shall be sent to the Escrow Agent for preparation of the Settlement Statement. All apportionments agreed to by Seller and Purchaser on the Settlement Statement be binding and determinative for all intents and purposes, and the parties agree that there shall be no post-Closing reconciliation.

(c) **Meter Readings.** If there are water, gas or electric meters located at the Property, the Seller shall obtain readings thereof as of a date not more than fifteen (15) days prior to the Closing Date and the unfixed water rates and charges, sewer taxes and rents and gas and

electricity charges, if any, based thereon for the intervening time shall be apportioned on the basis of such last readings. If such readings are not obtainable by the Closing Date, then, at the Closing, any water rates and charges, sewer taxes and rents and gas and electricity charges which are based on such readings shall be prorated based upon the per diem charges obtained by using the most recent period for which such readings shall then be available.

(d) **Tax Refunds.** If any refunds of real property taxes or assessments, water rates and charges or sewer taxes and rents shall be made after the Closing, the same shall be held in trust by the Seller or the Purchaser, as the case may be, and shall first be applied to the unreimbursed costs incurred in obtaining the same, and the balance, if any, shall be paid to the Seller (for the period prior to the Closing Date) and to the Purchaser (for the period commencing with the Closing Date). The parties acknowledge and agree that the Seller shall retain the responsibility for, and prosecute the institution and completion of, appeals of real property taxes and assessments for the Property for tax years 2020-2021, and in connection therewith, shall take all such action as is reasonably necessary to favorably complete such appeals (except that in no event shall the Seller settle any such appeals without the prior written consent of the Purchaser, which shall not be unreasonably withheld, conditioned or delayed). The Purchaser shall have the sole right and power to file, prosecute and settle appeals (if any) of the real property tax assessments of all or any portion of the Property for the 2021-2022 tax year and any subsequent tax years.

(e) **Insurance Premiums.** No insurance policies of the Seller are to be transferred to the Purchaser, and no apportionment of the premiums therefor shall be made.

(f) **Security Deposits.** Purchaser shall be credited, and Seller shall be charged with, any security deposits made by tenants under the Leases, except to the extent Seller was entitled to use the same to offset any tenant obligations under any Lease.

(g) **Adjustments.** If a net amount is owed by the Seller to the Purchaser pursuant to Section 8.1, such amount shall be credited against the Purchase Price. If a net amount is owed by the Purchaser to the Seller pursuant to Section 8.1, such amount shall be added to the Purchase Price.

(h) **Survival.** The provisions of this Section 8.1 shall survive the Closing.

**8.2 Transaction Costs.** The Seller shall be responsible for (a) the Seller's attorneys' fees and (b) all fees, costs, expenses and other charges required to satisfy and/or cure the Mandatory Cure Items and/or remove or insure over any title exceptions which Seller has agreed to remove from title to the Property at Seller's expense. The Purchaser shall be responsible for (i) the Purchaser's attorney's fees; (ii) the costs, fees and premium for the Title Commitment and a Standard ALTA owner's title insurance policy with respect to the Property in the amount of the Purchase Price; (iii) the costs of the Survey; (iv) the costs of any endorsements or other special or extended coverage to the title insurance policy (other than as provided in clause (c) above); (v) the costs, fees and premium for an ALTA lender's title insurance policy with respect to the Property and any endorsements or other special or extended coverage thereto, if any; (vi) the costs of recording any closing documents, including, without limitation, the deed; (vii) any transfer taxes and similar impositions applicable to the recording of the deed or transfer of the

Land and Improvements (collectively, “Transfer Taxes”); and (viii) the costs of any escrow services performed by the Escrow Agent. Otherwise, the Purchaser shall pay for all costs which the Purchaser may incur in connection with this Agreement and the Closing and the Seller shall pay for all costs which the Seller may incur in connection with this Agreement and the Closing. The provisions of this Section 8.2 shall survive the Closing or earlier termination of this Agreement.

## **ARTICLE 9**

### **DAMAGE TO OR CONDEMNATION OF PROPERTY**

**9.1 Casualty and Condemnation.** Seller agrees between the date hereof and the date of Closing to give Purchaser reasonably prompt notice of any fire or other casualty occurring at the Premises of which Seller obtains knowledge, between the date hereof and the date of the Closing, or of any actual or threatened condemnation of all or any part of the Property of which Seller obtains actual knowledge, provided, however, that the occurrence of any such event shall have no effect upon the obligations of either party under this Agreement to consummate the transactions contemplated hereby and there shall be no abatement of the Purchase Price as a result of any such occurrence, other than Seller shall assign to Purchaser at the Closing the rights of Seller to any casualty insurance proceeds and/or condemnation awards with respect to any casualty or condemnation, as applicable, but only up to an amount sufficient to cover the costs necessary for Purchaser to restore the Property site to a safe, secured and development-ready condition following such casualty or condemnation. Under no circumstance shall Seller have any obligation to repair any damage or destruction caused by fire or other casualty or condemnation.

## **ARTICLE 10**

### **DEFAULT**

**10.1 Default by the Seller.** If the Seller shall have made any representation or warranty herein which shall be intentionally untrue or misleading in any material respect when made, or if the Seller shall fail to perform any of the material covenants and agreements to be performed by it at or prior to the Closing, in each case except as a result of a default by the Purchaser under this Agreement, and such default or breach by Seller is not cured within thirty (30) days after written notice from the Purchaser, the Purchaser may, as its sole and exclusive remedy, either (a) terminate this Agreement and receive a refund of the Deposit, and Seller shall promptly reimburse Purchaser for all actual, documented, out-of-pocket fees, costs and expenses paid by Purchaser in connection with this Agreement in an amount not to exceed \$150,000.00 (the “Purchaser’s Costs”) or (b) pursue a suit for specific performance within thirty (30) days following the occurrence of such default, and the Purchaser hereby waives any other rights or remedies which it might have, at law or in equity, on account of any such breach or default; provided however, if the remedy of specific performance is rendered unavailable, impossible or impractical as a result of (1) any intentional breach by Seller of any term, covenant, condition, representation, warranty or other provision of this Agreement, (2) Seller’s conveyance of the Property to a party other than the Purchaser in violation of the terms of this Agreement, or (3) Seller’s bankruptcy, then Purchaser shall have the right to terminate this Agreement by delivering a written notice of termination to Seller, whereupon this Agreement shall terminate, the Seller shall promptly return the Deposit to Purchaser and Seller shall promptly reimburse



Purchaser for all Purchaser's Costs. For the avoidance of doubt, at all times while the Purchaser is pursuing specific performance pursuant to clause (b) above, and if the Purchaser is successful in its suit for specific performance, in no event shall Purchaser be entitled to receive a refund of the Deposit or reimbursement of Purchaser's Costs.

Notwithstanding the foregoing, following Closing the Purchaser shall, subject to the terms and conditions of this Agreement including, without, limitation, Section 6.3 and Section 6.4, retain all of its rights and remedies, at law or in equity, if the Seller fails to perform any of its Surviving Obligations. The provisions of this Section 10.1 shall survive the Closing or any termination of this Agreement.

**10.2 DEFAULT BY THE PURCHASER.** IF THE PURCHASER SHALL FAIL TO PERFORM ANY OF THE MATERIAL COVENANTS AND AGREEMENTS TO BE PERFORMED BY IT AT OR PRIOR TO THE CLOSING DATE OR OTHERWISE FAILS TO CLOSE THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT ON THE CLOSING DATE IN BREACH OF THIS AGREEMENT, IN EACH CASE EXCEPT AS A RESULT OF A DEFAULT BY THE SELLER UNDER THIS AGREEMENT, AND SUCH DEFAULT OR BREACH BY PURCHASER IS NOT CURED WITHIN THIRTY (30) DAYS AFTER WRITTEN NOTICE FROM THE SELLER, THE SELLER MAY AS ITS SOLE AND EXCLUSIVE REMEDY TERMINATE THIS AGREEMENT AND RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES AND NOT AS A PENALTY, AND THE SELLER HEREBY WAIVES ANY OTHER RIGHTS OR REMEDIES WHICH IT MIGHT HAVE, AT LAW OR IN EQUITY, ON ACCOUNT OF ANY SUCH BREACH, EXCEPT ON ACCOUNT OF A BREACH OF ANY SURVIVING OBLIGATIONS. THE PARTIES AGREE THAT THE AMOUNT OF ACTUAL DAMAGES THAT THE SELLER WOULD SUFFER AS A RESULT OF THE PURCHASER'S DEFAULT WOULD BE EXTREMELY DIFFICULT TO DETERMINE AND HAVE AGREED, AFTER SPECIFIC NEGOTIATION, THAT THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF THE SELLER'S DAMAGES AND IS INTENDED TO CONSTITUTE A FIXED AMOUNT OF LIQUIDATED DAMAGES IN LIEU OF OTHER REMEDIES AVAILABLE TO THE SELLER AND IS NOT INTENDED TO CONSTITUTE A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTION 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. NOTWITHSTANDING THE FOREGOING, NOTHING HEREIN SHALL LIMIT THE SURVIVING OBLIGATIONS OF THE PURCHASER OR THE SELLER'S ABILITY TO PURSUE ITS REMEDIES AT LAW OR IN EQUITY AGAINST THE PURCHASER AS A RESULT OF SUCH SURVIVING OBLIGATIONS. THE PROVISIONS OF THIS SECTION 10.2 SHALL SURVIVE THE CLOSING OR ANY TERMINATION OF THIS AGREEMENT.

---

Purchaser's Initials

**ARTICLE 11**  
**MISCELLANEOUS**

**11.1 Brokers.** Each of the parties hereto represents to the other party that it dealt with no broker, finder or like agent in connection with this Agreement or the transactions

contemplated hereby other than the Broker. The Seller shall be responsible for paying the Broker at the Closing (but only if the Closing shall actually occur hereunder and not otherwise) in accordance with a separate agreement between the Seller and the Broker. Each party shall indemnify and hold harmless the other and its respective legal representatives, heirs, successors and assigns from and against any loss, liability or expense, including, without limitation, reasonable attorneys' fees, arising out of any claim or claims for commissions or other compensation for bringing about this Agreement or the transactions contemplated hereby made by any broker, finder or like agent, if such claim or claims are based in whole or in part on dealings with the indemnifying party.

**11.2 Publicity.** Prior to Closing, the Purchaser shall not, with respect to this Agreement and the transactions contemplated hereby, contact or conduct negotiations with public officials (other than, subject to Section 3.7, the City in connection with the City's potential acquisition of the Property), make any public pronouncements, issue press releases or otherwise furnish information regarding this Agreement or the transactions contemplated to any third party (each, a "Release") without the consent of the Seller, which consent shall not be unreasonably withheld; provided, however, the Purchaser shall not disclose the identity of the Seller, any Seller Party, or any of their respective affiliates, in connection with the transactions contemplated by this Agreement without the prior written consent of the Seller, which consent may be withheld in the Seller's sole discretion. After Closing, any Release issued by Seller or Purchaser that provides more information than would be available in the public records as a result of the Closing shall be subject to the review and approval of the other party (which approval may be withheld, conditioned or delayed in such other party's sole discretion). Notwithstanding any provision of this Section 11.2 to the contrary, the Purchaser shall not be required to first obtain the Seller's consent before the Purchaser or its agents contact public officials in connection with obtaining a so-called Phase I environmental site assessment report or for ordinary contacts with any public officials normally associated with routine due diligence examinations that do not involve any discussions such public officials.

**11.3 Notices.**

(a) **Means of Delivery.** Any and all notices, demands, consents, approvals, offers, elections and other communications required or permitted under this Agreement shall be deemed adequately given if in writing and the same shall be delivered either in hand, by e-mail (in a .PDF attachment), or by mail or Federal Express or similar expedited commercial carrier, addressed to the recipient of the notice, postpaid and registered or certified with return receipt requested (if by mail), or with all freight charges prepaid (if by Federal Express or similar carrier). Notices by any party may be given by the attorneys for such party.

(b) **Timing of Delivery.** All notices required or permitted to be sent hereunder shall be deemed to have been given for all purposes of this Agreement upon the date of transmission of such notice, in the case of a notice by e-mail, and, in all other cases, upon the date of receipt or refusal, except that whenever under this Agreement a notice is either received on a day which is not a Business Day or is required to be delivered on or before a specific day which is not a Business Day, the day of receipt or required delivery shall automatically be extended to the next Business Day.

(c) **Addresses.** All such notices shall be addressed,

if to the Seller, to: Maximus-BP 1979 Mission Street LLC  
c/o Maximus Real Estate Partners  
One Maritime Place, Suite 900  
San Francisco, California 94111  
Attn: Rob Rosania, Matthew Myzak, Seth J. Mallen  
e-mail: [robrosania@maximusrepartners.com](mailto:robrosania@maximusrepartners.com),  
[mmyzak@maximusrepartners.com](mailto:mmyzak@maximusrepartners.com) and  
[sethjmallen@maximusrepartners.com](mailto:sethjmallen@maximusrepartners.com)

with a copy to: The Baupost Group, L.L.C.  
10 St. James Avenue, Suite 1700  
Boston, Massachusetts 02116  
With separate copies to the attention of each of:  
Attn: Mr. George Rizk, Mr. James E. Lenhart, and  
Collin J. Beecroft, Esq.  
e-mail: [jel@baupost.com](mailto:jel@baupost.com), [grizk@baupost.com](mailto:grizk@baupost.com),  
[cjb@baupost.com](mailto:cjb@baupost.com)

with a copy to: Ropes and Gray LLP  
1211 Avenue of the Americas  
New York, New York 10036  
Attn: Daniel L. Stanco, Esq.  
e-mail: [Daniel.Stanco@ropesgray.com](mailto:Daniel.Stanco@ropesgray.com)

with a copy to : Greenberg Traurig, LLP  
MetLife Building  
200 Park Avenue  
New York, New York 10166  
Attn: Stephen L. Rabinowitz  
e-mail: [rabinowitzs@gtlaw.com](mailto:rabinowitzs@gtlaw.com)

if to the Purchaser, to: CH Acquisitions 2, LLC  
2200 Biscayne Blvd.  
Miami, FL 33137  
Attn: Legal Department  
email: [legalmiami@crescentheights.com](mailto:legalmiami@crescentheights.com) and [jbuchberg@crescentheights.com](mailto:jbuchberg@crescentheights.com)

with a copy to: Raines Feldman LLP  
1800 Avenue of the Stars, 12<sup>th</sup> Floor  
Los Angeles, California 90067  
Attn: Eric Blum  
Telephone No.: (424) 239-2516  
e-mail: [eblum@raineslaw.com](mailto:eblum@raineslaw.com)

If to the Escrow Agent, to: Old Republic National Title Insurance Company  
521 Fifth Avenue, 23<sup>rd</sup> Floor  
New York, NY 10175  
Attn: Erin Parker  
Telephone: (212) 599-1300  
e-mail: [eparker@OldRepublicTitle.com](mailto:eparker@OldRepublicTitle.com)

(d) **Change of Address.** By notice given as herein provided, the parties hereto and their respective successors and assigns shall have the right from time to time and at any time during the term of this Agreement to change their respective addresses effective upon receipt by the other parties of such notice and each shall have the right to specify as its address any other address within the United States of America.

**11.4 Waivers, Etc.** Any waiver of any term or condition of this Agreement, or of the breach of any covenant, representation or warranty contained herein, in any one instance, shall not operate as or be deemed to be or construed as a further or continuing waiver of any other breach of such term, condition, covenant, representation or warranty or any other term, condition, covenant, representation or warranty, nor shall any failure at any time or times to enforce or require performance of any provision hereof operate as a waiver of or affect in any manner such party's right at a later time to enforce or require performance of such provision or any other provision hereof. This Agreement may not be amended, nor shall any waiver, change, modification, consent or discharge be effected, except by an instrument in writing executed by or on behalf of the party against whom enforcement of any amendment, waiver, change, modification, consent or discharge is sought.

**11.5 Assignment; Successors and Assigns.** This Agreement and all rights and obligations hereunder shall not be assignable by either party without the written consent of the other party, which consent may be withheld in such other party's sole discretion. Notwithstanding the foregoing, the Seller agrees that, provided that the Purchaser delivers written notice of such assignment or designation to the Seller no later than five (5) Business Days prior to the Closing Date, the Purchaser shall have the right to assign this Agreement to (i) any entity or entities which are affiliates of Purchaser or (ii) the City (each, a "Permitted Assignee"), provided, however, that in the event this Agreement shall be so assigned, such Permitted Assignee shall assume in writing all of Purchaser's obligations under this Agreement, provided further, however, that the Purchaser named herein shall not be released and shall remain liable for the obligation of the "Purchaser" hereunder. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. This Agreement is not intended and shall not be construed to create any rights in or to be enforceable in any part by any other persons.

**11.6 [Intentionally Omitted.]**

**11.7 Severability.** If any provision of this Agreement shall be held or deemed to be, or shall in fact be, invalid, inoperative or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases, because of the conflict of any

provision with any constitution or statute or rule of public policy or for any other reason, such circumstance shall not have the effect of rendering the provision or provisions in question invalid, inoperative or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to the extent that such other provisions are not themselves actually in conflict with such constitution, statute or rule of public policy, but this Agreement shall be reformed and construed in any such jurisdiction or case as if such invalid, inoperative or unenforceable provision had never been contained herein and such provision reformed so that it would be valid, operative and enforceable to the maximum extent permitted in such jurisdiction or in such case.

**11.8 Counterparts, Etc.** This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and shall supersede and take the place of any other instruments purporting to be an agreement of the parties hereto relating to the subject matter hereof. Any such counterparts or signatures may be delivered by e-mail (in .pdf format), and any counterparts or signatures so delivered shall be deemed an original counterpart or signature for all purposes related to this Agreement.

**11.9 Performance on Business Days.** In the event the date on which performance or payment of any obligation of a party required hereunder (including, without limitation, the Closing Date) is other than a Business Day, the time for payment or performance shall automatically be extended to the first Business Day following such date.

**11.10 Attorneys' Fees.** Notwithstanding anything contained herein to the contrary, if any lawsuit or arbitration or other legal proceeding arises in connection with the interpretation or enforcement of this Agreement, the prevailing party therein shall be entitled to receive from the other party the prevailing party's costs and expenses, including reasonable attorneys' fees incurred in connection therewith, in preparation therefor and on appeal therefrom, which amounts shall be included in any judgment therein.

**11.11 Section and Other Headings.** The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

**11.12 No Construction Against Drafter.** This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that the Agreement may have been prepared primarily by counsel for one of the parties, it being recognized that both the Purchaser and the Seller have contributed substantially and materially to the preparation of this Agreement.

**11.13 Time of Essence.** Time shall be of the essence with respect to the performance of each and every covenant and obligation, and the giving of all notices, under this Agreement.

**11.14 Governing Law.** This Agreement shall be interpreted, construed, applied and enforced in accordance with the laws of the State in which the Property is located. Each of the

Parties hereby consents to the exclusive jurisdiction of the courts of San Francisco, California in any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement.

**11.15 No Recording.** The provisions of this Agreement shall not constitute a lien on the Property. Neither the Purchaser nor the Purchaser's Representatives shall record or file this Agreement or any notice or memorandum hereof in any public records. If the Purchaser breaches the foregoing provision, at the Seller's election this Agreement shall terminate, and the Seller shall retain the Deposit in accordance with Section 10.2. The Purchaser hereby irrevocably appoints the Seller as its true and lawful attorney-in-fact, coupled with an interest, for the purpose of executing and recording such documents and performing such other acts as may be necessary to terminate any recording or filing of this Agreement in violation of this provision.

**11.16 WAIVER OF JURY TRIAL.** TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY UNCONDITIONALLY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE DOCUMENTS RELATED HERETO, ANY DEALINGS BETWEEN OR AMONG THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN AND AMONG THE PARTIES HEREUNDER.

**11.17 Survival.** The provisions of this Article 11 shall survive the Closing or earlier termination of this Agreement.

**[Remainder of Page Intentionally Left Blank; Signature Page Follows]**

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as a sealed instrument as of the date first above written.

**PURCHASER:**

**CH ACQUISITIONS 2, LLC**, a Delaware limited liability company

By: \_\_\_\_\_

Name:

Title:

**[Signature Pages Continue On Next Page]**

**SELLER:**

**MAXIMUS-BP 1979 MISSION STREET LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**[Signature Pages Continue On Next Page]**



THE UNDERSIGNED HEREBY ACKNOWLEDGES AND  
AGREES TO BE BOUND BY THE PROVISIONS OF  
SECTION 2.4 OF THE FOREGOING AGREEMENT.

**ESCROW AGENT:**

Old Republic National Title Insurance Company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**[End of Signatures]**

**EXHIBIT A**

**LAND**

**[See Attached]**

**EXHIBIT B-1**

**LEASES**

1. 2960 16<sup>th</sup> Ave, San Francisco – Lease dated April 1, 1987 to Bing Chu Wong and Lai Mei Cheng.
2. 2970 16<sup>th</sup> Ave, San Francisco – Commercial Lease dated August 1, 1997 to Cung Duong.

**EXHIBIT B-2**

**SERVICE CONTRACTS**

None.

**EXHIBIT B-3**

**LITIGATION**

Matter of J.Winn v. BK Food Services, Inc., CGC-19-576955

**EXHIBIT C**

**FORM OF GRANT DEED**

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL TO:

---

(Above Space for Recorder's Use Only)

**GRANT DEED**

The Undersigned Grantor(s) Declare(s): DOCUMENTARY TRANSFER TAX is \$[●], computed on full value of the property conveyed; City and County of San Francisco, State of California;

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Maximus-BP 1979 Mission Street LLC, a Delaware limited liability company ("Grantor"), hereby GRANTS to [●], a [●], the following described real property (the "Property") located in the City and County of San Francisco, State of California: See Exhibit "A" attached hereto.

TOGETHER WITH all of Grantor's right, title and interest in and to any and all rights, privileges and easements incidental or appurtenant to the Property and SUBJECT TO those certain encumbrances set forth on Exhibit "B" attached hereto.

*[Remainder of Page Intentionally Left Blank; Signature Page Follows]*

IN WITNESS WHEREOF, Grantor has caused this Grant Deed to be executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 202[2].

GRANTOR:

**MAXIMUS-BP 1979 MISSION STREET LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**[ADD NOTARY BLOCK]**

**EXHIBIT A**  
**(To Grant Deed)**  
**[To be inserted]**



**EXHIBIT B**

**(To Grant Deed)**

**Permitted Exceptions**

1. [All covenants, conditions, restrictions, reservations, rights, rights of way, easements, encumbrances, liens and title matters of public record on the date this Grant Deed is recorded in the Official Records of the City and County of San Francisco.]<sup>4</sup>

---

<sup>4</sup> **Note to Purchaser:** This Exhibit will be populated to list all permitted exceptions per the PSA.

## EXHIBIT D

### ASSIGNMENT AND ASSUMPTION AGREEMENT

**THIS ASSIGNMENT AND ASSUMPTION AGREEMENT** (this “Assignment”) is made and entered into as of [●] by and between Maximus-BP 1979 Mission Street LLC, a Delaware limited liability company (the “Assignor”), and [●], a [●] (the “Assignee”).

#### WITNESSETH:

**WHEREAS**, the Assignor and the Assignee are parties to that certain Purchase and Sale Agreement, dated as of [●] (as so amended, the “Purchase Agreement”), pursuant to which the Assignor agreed to sell, and the Assignee agreed to purchase, certain real property interests and other property, including, without limitation, the real property having an address at 1979 Mission Street, San Francisco, California (the “Property”); and

**WHEREAS**, the Assignor and the Assignee are entering into this Assignment in connection with the closing of the transactions contemplated by the Purchase Agreement;

**NOW, THEREFORE**, in accordance with the terms and provisions of the Purchase Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Assignor and the Assignee hereby agree as follows:

1. Capitalized Terms. Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the Purchase Agreement.

2. Assignment and Assumption of Leases, Service Contracts and Intangible Property. The Assignor hereby assigns to the Assignee all of the Assignor’s right, title and interest in and to the Leases listed on Exhibit A attached hereto (the “Leases”), the Service Contracts listed on Exhibit B attached hereto (the “Service Contracts”) and the Intangible Property. The Assignee hereby assumes all of the Assignor’s obligations under the Leases, the Service Contracts and the Intangible Property to the extent arising from and after the date hereof. The Assignee hereby agrees to perform all of the Assignor’s obligations arising under the Leases, the Service Contracts and the Intangible Property to the extent arising from and after the date hereof.

3. Limitation on Liability. The terms and conditions of this Assignment shall be subject to the limitations contained in the Purchase Agreement, including, without limitation, pursuant to Section 6.3 and 6.4 of the Purchase Agreement.

4. Successors and Assigns. This Assignment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors in interest and assigns.

5. Counterparts. This Assignment may be executed in two or more counterparts, all of which shall be construed together as a single instrument.

6. Governing Law. This Assignment shall be governed by, and construed in accordance with, the laws of the State in which the Property is located.

*[Signature page follows.]*

**IN WITNESS WHEREOF**, the Assignor and the Assignee have executed this Assignment as a sealed instrument as of the day and year first hereinabove written.

**ASSIGNOR:**

**MAXIMUS-BP 1979 MISSION STREET LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ASSIGNEE:**

[•],  
a [•]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**(To Assignment and Assumption Agreement)**

**LEASES**

**EXHIBIT B**

**(To Assignment and Assumption Agreement)**

**SERVICE CONTRACTS**

**EXHIBIT E**

**BILL OF SALE**

[●], 202[2]

Maximus-BP 1979 Mission Street LLC, a Delaware limited liability company (“Seller”), in consideration of the sum of Ten and 00/100 Dollars (\$10.00), in hand paid, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, does hereby sell, assign, transfer, and set over to [●], a [●] (“Purchaser”), all of Seller’s right, title and interest, if any, in and to the fixtures, machinery, systems, equipment and items of personal property attached or appurtenant to, located on and used in connection with the ownership, use, operation or maintenance of the land and improvements located at 1979 Mission Street, San Francisco, California (collectively, the “Personal Property”).

SELLER HEREBY DISCLAIMS, AND PURCHASER HEREBY WAIVES, ANY AND ALL WARRANTIES WITH RESPECT TO THE PERSONAL PROPERTY CONVEYED HEREBY, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY OR WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, AND THE SAME IS SOLD IN AN “AS IS, WHERE IS” CONDITION, WITH ALL FAULTS.

[Signature page follows]

IN WITNESS WHEREOF, this Bill of Sale has been duly executed as a sealed instrument effective as of the date first written above.

**SELLER:**

**MAXIMUS-BP 1979 MISSION STREET LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## **EXHIBIT F**

### **FORM OF FIRPTA CERTIFICATE**

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by [●], a [●] ("Transferor"), pursuant to the Purchase and Sale Agreement, dated as of [●], 2021, by and between Maximus-BP 1979 Mission Street LLC and [●], the undersigned hereby certifies the following on behalf of Maximus-BP 1979 Mission Street LLC and Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and income tax regulations thereunder);
2. Transferor is not a disregarded entity as defined in Treasury Regulation Section 1.1445-2(b)(2)(iii);
3. Maximus-BP 1979 Mission Street LLC is disregarded as an entity separate from Transferor for U.S. federal income tax purposes;
4. Transferor's U.S. employer identification number is [\_\_\_\_\_]; and
5. Transferor's office address is [c/o Maximus Real Estate Partners, One Maritime Place, Suite 1900, San Francisco, California, 94111].

Transferor understands that this certificate may be disclosed to the Internal Revenue Service by any transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

**[Signature Appears on Following Page.]**

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have the authority to sign this document on behalf of Transferor.

[•], a [•]

---

Name: \_\_\_\_\_

Title: \_\_\_\_\_

---

Date: [•]

**EXHIBIT G**

**Seller's Due Diligence Documents**

*[See Attached]<sup>5</sup>*

---

<sup>5</sup> **Note to Purchaser:** Final inventory posted to the data room as of the Effective Date to be attached.

**EXHIBIT H**

**Personal Property Inventory**

<b>Personal Property</b>
--------------------------

**Electronics**

	<b>Model</b>	<b>Serial #</b>
<b>Chrome Books:</b>		
	<b>Model</b>	<b>Serial #</b>
White Chrome Book #1	Google Chrome Book	<b>NXG54AA0128190D7F076 00</b>
White Chrome Book #2	Google Chrome Book	<b>NXG54AA01282016268760 0</b>

<b>iPhones:</b>		
	<b>Model</b>	<b>Serial #</b>
415-909-9509	iphone6	<b>DNVPT1BAG5MC</b>
415-656-9967	iphone6	<b>DNRS43J0HFLR</b>
415-656-7568	iphone6	<b>F1DS4V6MHFLR</b>
415- 656-5542	iphone6	<b>DNRS48H2HFLR</b>

**Furniture:**

Grey plastic tables	x15
Grey wall partitions	x20
Small black 2 drawer stand	x1
Small black 2 drawer file cabinet	x1
Large grey 5 drawer file cabinet	x1
Large Black storage cabinet	x1
Black swivel chairs	x15
White fold down MFA chairs	x20
Refrigerator	x1
Coffee Mate coffee maker	x1
Black and Decker Toaster	x1

**EXHIBIT I**

**Owner's Title Policy**

**[See Attached]**

**EXHIBIT J**

**Notices of Violation**

1. Department of Building Inspection Complaint Data Sheet – Complaint Number 202042166
2. Department of Building Inspection - Notice to Comply with Accessible Business Entrance Program Compliance Deadline of December 1, 2019
3. Department of Building Inspection Complaint Data Sheet – Complaint Number 201958951
4. Department of Building Inspection Complaint Data Sheet – Complaint Number 201999481

**EXHIBIT K**

**Form of Owner's Affidavit<sup>6</sup>**

TITLE NO. [•]

***AFFIDAVIT OF TITLE***

State of \_\_\_\_\_ }

}SS:

County of \_\_\_\_\_ }

I, \_\_\_\_\_ not in my individual capacity but in my capacity as Authorized Signatory of Maximus-BP 1979 Mission Street LLC ("Owner"), being duly sworn, deposes and says:

- 1) That I am the Authorized Signatory of Owner, the owner in fee simple of premises commonly known as 1979 Mission Street and 2970 16th Street, San Francisco, CA 94103 (the "Premises") and more particularly described in Schedule A of (a) that certain Commitment CA[•] prepared by [•] ("Title Company") effective as of [•] ("Commitment") and (b) that certain Proforma Owner's Policy of Title Insurance CA[•] prepared by Title Company (the "Proforma") with an effective date of [•], and am (c) involved with the management and operation of the Premises and Owner and (d) familiar with the facts herein set forth.
- 2) Said Premises have been continuously owned by Owner since June 30, 2016; that Owner's ownership of the Premises (which are subject to certain Leases, as hereinafter defined) and the possession Owner enjoys to any portion thereof that is not subject to any Leases has been, to my knowledge, peaceable and undisturbed, and that Owner's fee title to the Premises has never been disputed, challenged or rejected in any proceeding, nor the insurance thereof refused, as far as I know;
- 3) That at no times have I been notified or obtained knowledge of any facts by reason of which said ownership or title might be reasonably called into question, or by reason of which any valid claim to any part of said Premises or any interest therein adverse to Owner's ownership might be credibly established, subject to the rights of tenants under the leases identified on Schedule I attached hereto ("Leases");
- 4) That I have no knowledge of, nor has Owner created or received notice of, any violations of any covenants, restrictions, agreement, conditions or zoning ordinances

---

<sup>6</sup> Form of Affidavit (including relevant Schedules) remains subject to ongoing review and update by Seller.

affecting said Premises which have not been cured as of the date hereof or which are not the responsibility of a tenant under a Lease, except for any matters identified and as applicable that are disclosed on Schedule II attached hereto;

- 5) Owner has not entered into any written, nor, to my knowledge, oral outstanding contracts to which Owner is a party for the furnishing of labor or material to the property or the improvements thereon to the Owner, with no statement whatsoever being made with respect to the existence of any such agreements or contracts to which any tenant may be party;
- 6) All labor, materials, or services contracted for by Owner, if any, were furnished, completed and in place not less than 90 days prior to the date of this affidavit, except for the completion of the obligations under the contracts identified on Schedule III (“Sidewalk Repair Agreements”) in connection with the resolution of Department of Building Inspection Complaint No. 201999481 (Sidewalk Repair), completed prior to July 15, 2020, and all charges for any material, or labor whenever furnished have been paid in full (including the Sidewalk Repair Agreements), and the undersigned has not received notice of default from any materialman, laborer, subcontractor, pursuant to the provisions of applicable law, as to Owner;
- 7) Except as disclosed in the Commitment, there are no Federal Tax claims, warrants or liens assessed or filed against the Owner in this or any other State;
- 8) Except as disclosed in the Commitment, there are no State Tax claims, warrants or liens assessed or filed against the Owner in this or any other state;
- 9) Except as disclosed in the Commitment, to my knowledge, there are no Judgments or actions pending against the Owner in any court in this or any other state;
- 10) There are no proceedings in bankruptcy filed by the Owner, nor has Owner received notice of any such proceeding filed against the Owner in any Court or before any officer of any state or of the United States, nor has the Owner at any time made an assignment for the benefit of creditors;
- 11) There is no Assignment of Rents of said Premises or any part thereof now in effect other than that, if any, set forth in the Commitment;
- 12) There are no tenants in possession of the Premises nor are there any recorded or unrecorded leases or agreements upon the property, other than the Leases and/or as set forth in the Commitment and/or the Policies;
- 13) Owner has not granted any options to purchase or rights of first refusal in favor of tenants or any other persons or entities other than those, if any, set forth in the Commitment;
- 14) There are no commissions or fees, or agreements with any brokers for services which would result in commissions or fees, except for the brokerage fee payable to Colliers International in connection with the conveyance by Owner of the Premises on or about the date hereof;
- 15) I have no knowledge of any acts suffered or permitted to be taken by Owner to create any unrecorded deeds, liens or encumbrances affecting title to any of the Property, other than as set forth Proforma and the agreements relating to the transaction in connection with which this Affidavit of Title is being executed, including, without



limitation, that certain Purchase and Sale Agreement, dated as of [•], 2021, by and between Owner and [•] ("Purchase Agreement") as of the date hereof and all other matters expressly disclosed herein;

- 16) Owner further agrees to hold harmless and indemnify Title Company, its successors and assigns against all losses, expenses, costs and fees (including but not limited to attorneys fees) occasioned by reason of its or their reliance on the statements made herein;
- 17) That this affidavit is given to induce Title Company to issue its policy of title insurance in the knowledge that it is relying on the accuracy of the statements herein contained;
- 18) To my knowledge, there is no current mezzanine financing;
- 19) That except as to Title Company's successors and assigns, no third party shall have any right to rely upon or be a third party beneficiary with respect to the subject matter of this Affidavit of Title;
- 20) That I make these statements based upon my knowledge. As used herein, the words "to my knowledge", "to the undersigned's knowledge" or words of similar import, shall mean the present actual knowledge, without taking into account any constructive or imputed knowledge, of the undersigned individual,. No direct or indirect stockholder, officer, director, partner, agent, affiliate or employee of the Owner (including, but not limited to, the undersigned) shall have any personal liability in connection with this Affidavit of Title; and
- 21) By my execution and delivery of this affidavit, Owner is bound by the statements and covenants made herein.

Maximus-BP 1979 Mission Street, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_,  
not in his individual capacity, but solely in his  
capacity as authorized signatory of the Owner

Sworn to before me, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

Notary Public

Schedule I

Leases

1. 2960 16<sup>th</sup> Ave, San Francisco – Lease dated April 1, 1987 to Bing Chu Wong and Lai Mei Cheng.
2. 2970 16<sup>th</sup> Ave, San Francisco – Commercial Lease dated August 1, 1997 to Cung Duong.

Schedule II

Notices of Violation

1. Department of Building Inspection Complaint Data Sheet – Complaint Number 202042166
2. Department of Building Inspection - Notice to Comply with Accessible Business Entrance Program Compliance Deadline of December 1, 2019
3. Department of Building Inspection Complaint Data Sheet – Complaint Number 201958951
4. Department of Building Inspection Complaint Data Sheet – Complaint Number 201999481 (Case Closed as of July 15, 2020).

### Schedule III

#### Sidewalk Repair Agreements

1. Agreement between Murphy Burr Curry, Inc. and Owner for Structural Engineering Services, dated as of June 3, 2020.
2. Short Form Contractor Agreement between Owner and Northern Sun Associates, Inc. (Sidewalk & Walkway Repair), dated as of June 4, 2020.

**EXHIBIT L**

**Form of Tenant Estoppel Certificate**

**TENANT ESTOPPEL CERTIFICATE**

TO: \_\_\_\_\_ ("Landlord"), and  
\_\_\_\_\_, its successors and assigns ("Purchaser")

TENANT: \_\_\_\_\_

PREMISES: \_\_\_\_\_

The undersigned, as Tenant under that certain [DESCRIBE LEASE AND AMENDMENTS] (collectively, as amended and modified, the "Lease"), by and between Landlord, as landlord, and the undersigned, as Tenant, for certain premises (the "Premises") located at 1979 Mission Street, San Francisco, California (the "Property"), certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises.

2. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.

3. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows: None.

4. The current base rent under the Lease is \$\_\_\_\_\_ per month. The amount of the monthly additional rent under the Lease is currently \$\_\_\_\_\_. Such base rent and additional rent are current as of the date hereof. No rent has been paid more than one month in advance.

5. The Lease term will expire on \_\_\_\_\_. Tenant has no extension or renewal rights except as follows: None.

6. No security has been deposited with Landlord except the security deposit in the amount of \$\_\_\_\_\_.

7. As of the date hereof, Tenant has not no existing claims or defenses against Landlord nor against rental due or to become due under the Lease, and there are no defaults by Landlord or Tenant under the Lease.

8. Landlord has satisfied all of Landlord's current obligations under the Lease in the nature of inducements to Tenant's occupancy, and all improvements required by the terms of the Lease to be made by Landlord have been satisfactorily completed. Tenant is not entitled to any concession, rebate, allowance or free rent for any period after the date of this Estoppel Certificate, nor is Landlord obligated to construct or install any additional improvements in the Premises.

9. To the best of Tenant's knowledge and belief, no commission or other payment is due to any real estate broker in connection with the leasing of the Premises to Tenant, and there are no agreements, oral or written, under which any real estate broker is entitled to any future payment or commission in connection with the leasing of the Premises to Tenant or any extension or renewal of the Lease.

10. Tenant has no options for acquisition, rights of refusal, or rights of first offer with respect to the acquisition of the Property from Landlord.

11. There are no voluntary actions or, to Tenant's best knowledge, involuntary actions pending against Tenant under the bankruptcy laws of the United States or any state thereof.

12. The undersigned acknowledges that this Estoppel Certificate is required in connection with a potential sale and financing of the Property, and Tenant agrees that Purchaser and any lender, and their respective successors and assigns, will, and shall be entitled to, rely on the truth of this Estoppel Certificate.

13. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the state in which the Premises is located and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

Executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

"Tenant":

---

Exhibit A to Tenant Estoppel Certificate

The Lease

(Copy attached)

**SCHEDULE I**

**Seller Wiring Instructions**

[To Be Attached]



**ASSIGNMENT AGREEMENT  
(1979 Mission)**

This Assignment Agreement (the “**Agreement**”) is entered into as of \_\_\_\_\_, 2021, by and between **CH Acquisitions 2, LLC**, a Delaware limited liability company, and any of its successors and assigns (“**Assignor**”) and the City and County of San Francisco, a municipal corporation (“**Assignee**” or “**City**”), with reference to the following facts:

A. Assignor is the owner of certain real property located at 10 South Van Ness in San Francisco, California, and intends to construct a residential project thereon (the “**Principal Project**”).

B. San Francisco Planning Code (“**Planning Code**”) Section 415 *et seq.* requires residential projects to comply with certain requirements to create affordable housing in San Francisco (“**Affordability Requirement**”). Development projects within the Van Ness & Market Residential Special Use District may satisfy all or a portion of the Affordability Requirement by dedication of land to the City for the purpose of constructing affordable housing. Assignor desires to satisfy the Affordability Requirement for the Principal Project through a land dedication pursuant to Planning Code Section 249.33 (b)(16) (“**Land Dedication Option**”).

C. Assignor, as Buyer, and **Maximus-BP 1979 Mission Street LLC**, a Delaware limited liability company (“**Seller**”), as Seller, entered into that certain Purchase and Sale Agreement dated as of \_\_\_\_\_, 2021 (the “**Purchase Agreement**”) pursuant to which Assignor agreed to purchase from Seller certain real and personal property located at 1979 Mission Street, San Francisco, California, as more particularly described in the Purchase Agreement (the “**Property**”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Purchase Agreement.

D. By a letter dated September 1, 2020 (the “**MOHCD Letter**”), from the Mayor’s Office of Housing and Community Development (“**MOHCD**”), the City verified the Property as acceptable for dedication pursuant to the Land Dedication Option described above. Assignor and Assignee are entering into this Agreement in order to facilitate partial satisfaction of the Affordability Requirement for the Principal Project under the Land Dedication Option through a transfer to the City of the Property, which will be under the jurisdiction of MOHCD. The City acknowledges that Assignee’s acceptance of the Land Dedication Option has induced Assignor to purchase the Property and, absent such acceptance, Assignor would not have otherwise entered into the Purchase Agreement.

E. Assignor and Seller are prepared to close escrow pursuant to the Purchase Agreement (“**Closing**”). At Closing, Assignor shall designate Assignee as Permitted Assignee pursuant to Section 11.5 of the Purchase Agreement and Seller shall transfer title to the Property to Assignee pursuant to the Deed and the other Seller Closing Deliverables.

F. Assignor desires to assign, and Assignee desires to assume, as Permitted Assignee under Section 11.5 of the Purchase Agreement, all of Assignor’s rights, interest and obligations under the Purchase Agreement that relate to the period from and after the Closing or survive the Closing including, but not limited to, the right to be named in the Deed and the other Seller Closing

Deliverables, and the obligation to execute and deliver the Assignment and Assumption Agreement, but expressly excluding the obligation of Assignor to deliver the balance of the Purchase Price or pay any other closing costs at Closing, which shall remain the obligation of Assignor (the “**Assigned Rights and Obligations**”), effective as of the Closing Date (the “**Effective Date**”).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

- 1. Assignment and Assumption.** As of the Effective Date, Assignor hereby assigns and delegates to Assignee the Assigned Rights and Obligations. As of the Effective Date, Assignee hereby accepts and assumes such Assigned Rights and Obligations.
- 2. City Commitment to Take Title.** If Assignor and Seller have each satisfied all conditions to consummate the purchase and sale of the Property required under the Purchase Agreement, and Assignor and Seller are prepared to proceed with the Closing, the City hereby covenants and agrees that it will accept title to the Property pursuant to recordation of the Grant Deed in substantially the form attached to the Purchase Agreement upon authorization of the Closing by Assignor and Seller. Notwithstanding the foregoing, the City shall not be obligated to accept title to the Property at Closing solely if the City is prohibited from accepting title to the Property as a result of an order issued by a court of law which prohibits Seller’s ability to convey title or the City’s ability to accept title to the Property due to a lawsuit filed by an unrelated third-party. For purposes of clarity, the City shall not be permitted to refuse acceptance of title to the Property simply because there is litigation seeking to prevent Seller’s ability to convey or the City’s ability to accept title to the Property; rather, there must be an order issued by a court of law which expressly prevents such transfer to or acceptance by the City.

To the extent the City is in default of its obligation to accept title to the Property as provided herein, Assignor shall have all rights and remedies available to it at law or in equity including, without limitation, the right to seek specific performance and/or the right to bring an action against the City seeking any and all damages, liabilities and expenses incurred by Assignor as a result of the City’s breach of its obligations set forth in this Agreement.

- 2. Indemnity.** Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys’ fees), arising out of Assignor’s obligations under the Purchase Agreement prior to the Effective Date.
- 3. Notices.** All notices, consents, directions, approvals, instructions, requests and other communications regarding this Agreement or the Purchase Agreement shall be in writing, shall be addressed to the person and address set forth below and shall be (a) sent via electronic mail (if e-mail address is provided below) and deposited in the U.S. mail, first class, certified with return receipt requested and with appropriate postage, or (b) hand delivered. All communications sent in accordance with this Section shall become effective on the date of receipt. From time to time Assignor and Assignee may designate a new address for purposes of this Section by notice to the other signatories to this Agreement.

If to Assignor:

CH Acquisitions 2, LLC  
c/o Jonathan Newberg  
2200 Biscayne Blvd.  
Miami, FL 33137  
E-Mail: [jnewberg@crescentheights.com](mailto:jnewberg@crescentheights.com); [jbuchberg@crescentheights.com](mailto:jbuchberg@crescentheights.com);  
[eblum@rainesfeldman.com](mailto:eblum@rainesfeldman.com)

If to Assignee:

City and County of San Francisco  
Real Estate Division  
25 Van Ness, #400  
San Francisco, CA 94102  
Attn: Director  
E-Mail: [andrico.penick@sfgov.org](mailto:andrico.penick@sfgov.org)

With Copy to:

Mayor's Office of Housing and Community Development  
1 South Van Ness, Fifth Floor  
San Francisco, CA 94103  
Attn: Director  
E-Mail: [eric.shaw@sfgov.org](mailto:eric.shaw@sfgov.org)

## **5. Government Requirements.**

A. Assignor understands and agrees that under the City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder are public records subject to public disclosure. Assignor hereby acknowledges that the City may disclose any records, information and materials submitted to the City in connection with this Agreement.

B. Through its execution of this Agreement, Assignor acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Assignor becomes aware of any such fact during the term of this Agreement, Assignor shall immediately notify City.

C. Through its execution of this Agreement Assignor acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from any department of the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by

such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or twelve (12) months after the date the contract is approved. Assignor acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Assignor further acknowledges that the (i) prohibition on contributions applies to Assignor; each member of Assignor's board of directors, and Assignor's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Assignor; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Assignor; and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department with whom Assignor is contracting is obligated to submit to the Ethics Commission the parties to the contract and any subcontractor. Additionally, Assignor certifies that Assignor has informed each of the persons described in the preceding sentence of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

**6. Unconditional Approval of the Affordability Requirement.** Notwithstanding anything to the contrary in the MOHCD Letter, the City hereby acknowledges and agrees that the transfer of title to the Property to the City in accordance with this Agreement shall be deemed to be the unconditional acceptance of the dedication of the Property pursuant to the Land Dedication Option and full satisfaction of the Affordability Requirement with respect to the Principal Project.

**7. Miscellaneous.**

A. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

B. This Agreement contains the entire agreement between the parties pertaining to the terms hereof and all prior written or oral negotiations, understandings and agreements are merged herein.

C. Subject to the terms of the Purchase Agreement, this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. Except as otherwise provided herein, nothing in this Agreement shall be construed to give any person or entity (other than Assignor and Assignee and their respective successors and assigns) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

D. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument. This Agreement may be executed by facsimile or email, and a copy distributed by facsimile or by email as a pdf shall be deemed an original.

**[SIGNATURES ON THE NEXT PAGE]**

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement as of the date first written above.

**“ASSIGNOR”**

**“ASSIGNEE”**

CH Acquisitions 2, LLC, a Delaware limited liability company

City and County of San Francisco, a municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Andrico Q. Penick  
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Deputy City Attorney



September 1, 2020

Jim Abrams  
J. Abrams Law, P.C.  
One Maritime Plaza, Suite 1900  
San Francisco, CA 94111

Re: **Dedication of Land at APN 3553/052 (1979 Mission)**  
Planning Department File No. 2015-004568PRJ – 10 South Van Ness

To Whom It May Concern:

The project at 10 South Van Ness (10 SVN) has proposed to satisfy the Inclusionary Affordable Housing Program through the Land Dedication Option set forth in the Market and Octavia Area Plan Amendment. Pursuant to Planning Code Section 249.33(b)(16)(A),

...projects may satisfy the requirements of Section 415.5 by dedicating land for affordable housing if the dedicated land could accommodate a total amount of units that is equal to or greater than 35% of the units that are being provided on the principal development project site, as determined by the Planning Department.

The Project Sponsor must demonstrate that the dedicated parcel can accommodate 35% of the 966 units approved at 10 SVN, or 338 units.

The Project Sponsor is seeking to dedicate Parcel No. 3553/052 (1979 Mission Street) to satisfy their Inclusionary obligation. Currently, there is a mixed-income project proposed at 1979 Mission which includes 331 total units (Planning Project No. 2013.1543). The project is further described in the Project Synopses of the Draft Environmental Impact Report:

The 57,312-square-foot project site is in the Inner Mission neighborhood and forms the northern and eastern boundaries of the street-level plaza and northeast entrance to the 16th Street Mission Bay Area Rapid Transit District (BART) Station. The proposed project would demolish the two existing commercial buildings and surface parking lot on the site, and construct an up to 10-story, 105-foot (121 feet with elevator penthouse) mixed-use residential building with ground floor retail. [...]

The proposed building would have a total of 388,912 gross square feet (gsf), which would include 291,027 gsf of residential uses (331 dwelling units); 34,198 gsf of commercial space; and 63,687 gsf of parking (163 off-street parking spaces and 162 Class I bicycle parking spaces), and loading and

building services. [...] The project would require authorization for a Planned Unit Development (Planning Code Section 304) and conditional use authorization (Planning Code Section 303) for the following exceptions: lot size limit (Planning Code Section 121.1); use size limit (Planning Code Sections 121.2 and 121.6); rear yard size and location (Planning Code Section 134); bay window width and separation (Planning Code Section 136[c][2]); bulk limitations (Planning Code Section 270); streetscape and pedestrian improvements pursuant to the City's Better Streets Policy and Plan (Planning Code Section 138.1); and dwelling unit exposure to open space (Planning Code Section 140).<sup>1</sup>

The mixed-income project at 1979 Mission proposed the following dwelling unit mix:

- 4-Bedroom: 1 unit
- 3-Bedroom: 11 units
- 2-Bedroom: 122 units
- 1-Bedroom: 43 units
- Junior 1-Bedroom: 32 units
- Studio: 114 units
- Micro unit: 8 units

The proposed unit mix is compliant with Planning Code Section 207.6(c)(1) which requires at least 40% of the dwelling units contain at least two bedrooms.

The Planning Department has determined that a project with 338 units could be developed at 1979 Mission using the State Density Bonus Program (CA Govt. Code 65915). The Planning Department determined the development capacity of the site by applying a similar methodology that is used to review State Density Bonus Projects, as set forth in Planning Director Bulletin 6. The Department applied all of the objective standards of the code to the development lot to create a base density study, then estimated the amount of residential floor area that could be provided in that base density study.

The estimated development capacity of the site is approximately 303,323 residential square feet, which exceeds the residential square footage of the proposed mixed-income project by approximately 12,296 square feet. While the proposed mixed-income project assumes a variety of discretionary exceptions, these exceptions could all reasonably be available as either waivers or incentives/concessions under the State Density Bonus Program. Furthermore, an affordable project would not be subject to the unit mix requirements of Section 207.6 and may be able to achieve a greater number of units than provided in the 1979 Mission project by providing more studio and one-bedroom units instead of two-bedroom units. A project with 100% affordable units would also be eligible for a density bonus of up to 35%, which would be awarded as 35% additional residential floor area, or up to 106,163 additional residential square feet.

Therefore, in accordance with 249.33(b)(16)(A), the Planning Department confirms that 1979 Mission can accommodate 338 units.

<sup>1</sup> Draft Environmental Impact Report: 1979 Mission Street Mixed-Use Project, page S-1. San Francisco Planning Department, May 4, 2016. [https://sfmea.sfplanning.org/2013.1543E\\_1979%20Mission%20Street%20Draft%20EIR.pdf](https://sfmea.sfplanning.org/2013.1543E_1979%20Mission%20Street%20Draft%20EIR.pdf)

If you have any questions, please call me at (628) 652-7532.

Sincerely,

*Carly Grob*  
Carly Grob

Copy: Eric Shaw, Mayor's Office of Housing and Community Development  
Mara Blitzler, Mayor's Office of Housing and Community Development  
Anne Taupier, Office of Economic and Workforce Development





## GENERAL PLAN REFERRAL

November 10, 2021

**Case No.:** 2021-010989GPR  
**Address:** 1979 Mission Street  
**Block/Lot No.:** 3553/052  
**Project Sponsor:** City and County of San Francisco - Real Estate Division  
**Applicant:** Claudia Gorham 415-554-9859  
Claudia.Gorham@sfgov.org  
City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102

**Staff Contact:** Sheila Nickolopoulos – (628) 652-7442  
Sheila.Nickolopoulos@sfgov.org

**Recommended By:**   
AnMarie Rogers, Director of Citywide Policy, for Rich Hillis, Director of Planning

**Recommendation:** Finding the project, on balance, is **in conformity** with the General Plan

### Project Description

The City and County of San Francisco, acting through the City's Real Estate Division, anticipates securing approval from the Board of Supervisors for site acquisition in late November 2021 and closing on the purchase by the end of 2021. The site is being purchased by CH Acquisitions 2, LLC, which will be assign the property to the City. The site will eventually be used for the construction of affordable housing. Acting on behalf of the City, the Mayor's Office of Housing and Community Development (MOHCD) will select a developer for the site through a Requests for Qualifications (RFQ) process when funding for the development becomes available.

### Environmental Review

This is a real estate transaction and not defined as a project under CEQA Guidelines Sections 15060(c) and 15378 because it would not result in a direct or indirect physical change in the environment.

## General Plan Compliance and Basis for Recommendation

As described below, the proposed acquisition of the site at 1979 Mission Street for the development of affordable housing is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with Objectives and Policies of the General Plan.

### 2014 Housing Element

#### OBJECTIVE 2.1

ENSURE THAT A SIGNIFICANT PERCENTAGE OF NEW HOUSING CREATED IN THE MISSION IS AFFORDABLE TO PEOPLE WITH A WIDE RANGE OF INCOMES

#### POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing.

*The site acquisition will lead to the production of permanently affordable housing.*

#### POLICY 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking, and bicycling for the majority of daily trips.

*The site acquisition will lead to the production of permanently affordable housing adjacent to a major transportation stop, a neighborhood commercial corridor, and schools and other community facilities.*

### Mission Area Plan

#### OBJECTIVE 2.1

ENSURE THAT A SIGNIFICANT PERCENTAGE OF NEW HOUSING CREATED IN THE MISSION IS AFFORDABLE TO PEOPLE WITH A WIDE RANGE OF INCOMES.

#### POLICY 2.1.2

Provide land and funding for the construction of new housing affordable to very low- and low-income households.

#### POLICY 2.1.3

Provide units that are affordable to households at moderate and “middle incomes” – working households earning above traditional below-market-rate thresholds but still well below what is needed to buy a market-priced home, with restrictions to ensure affordability continues.

*The site acquisition will lead to the production of new housing affordable to a range of incomes.*

**Planning Code Section 101 Findings**

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

*The site acquisition will eventually lead to the construction of a new affordable-housing project and likely demolition of the existing structure that contains retail spaces. However, the construction of affordable housing at the site, not anticipated until after 2025, would likely contain retail and other community-serving uses on the ground floor, thereby continuing opportunities for resident employment in and ownership of such businesses.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

*The site acquisition would not have a negative effect on housing or neighborhood character in San Francisco County. The construction of affordable housing at the site, not anticipated until after 2025, would increase neighborhood affordable housing in conformance with requirements in effect at that time.*

3. That the City’s supply of affordable housing be preserved and enhanced;

*The site acquisition would not have an adverse effect on the City’s supply of affordable housing. The construction of affordable housing at the site, not anticipated until after 2025, would produce additional affordable housing.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

*The site acquisition would not have an adverse effect on MUNI transit service or overburden the streets or neighborhood. The construction of affordable housing at the site, not anticipated until after 2025, will include the required analysis to ensure that commuter traffic will not impede MUNI transit service or overburden local streets and neighborhood parking.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

*The site acquisition would not have an adverse effect on the city’s industrial or service sectors, nor on opportunities for resident employment and ownership. The construction of affordable housing at the site, not anticipated until after 2025, will increase the amount of housing in proximity to employment opportunities.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an

earthquake;

*The site acquisition would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake. The construction of affordable housing at the site, not anticipated until after 2025, will be in compliance with all health and safety codes.*

7. That the landmarks and historic buildings be preserved;

*The site acquisition would not have an adverse effect on the City's Landmarks and historic buildings. The construction of affordable housing at the site, not anticipated until after 2025, will be in accordance with all requirements, including any historic preservation rules.*

8. That our parks and open space and their access to sunlight and vistas be protected from development;

*The site acquisition would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas. The impacts of future construction of affordable housing at the site, not anticipated until after 2025, will be addressed in the entitlement process with the Planning Department.*

**Recommendation: Finding the project, on balance, is in conformity with the General Plan**