

APPRAISAL REPORT

GROUND FLOOR SUITE

752 Vallejo Street

San Francisco, San Francisco County, California 94133

CBRE, Inc. File No. 16-231SF-1749-1

Client Reference No. 752 Vallejo Street FMR

John Updike

Director of Property

CITY AND COUNTY OF SAN FRANCISCO - SF

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San Francisco, California 94102

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CBRE



December 1, 2016

John Updike
Director of Property
CITY AND COUNTY OF SAN FRANCISCO - SF
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

RE: Appraisal of Ground Floor Suite
752 Vallejo Street
San Francisco, San Francisco County, California
CBRE, Inc. File No. 16-231SF-1749-1
Client Reference No. 752 Vallejo Street FMR

Dear Mr. Updike:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the fair market rent of the referenced property. Our analysis is presented in the following Appraisal Report. This version supercedes any previous versions that bear an earlier date.

The larger property is a three-story structure containing 10,686 square feet that includes ground floor commercial/retail units and SRO residential units on the upper levels. This appraisal includes only the 650 square foot storefront unit located on the ground floor at the corner of Vallejo Street and Emery Lane. The remainder of the property is specifically excluded from this fair market rent appraisal.

The subject leased premises have been utilized as retail/restaurant use in the past. The City applied and was approved by the Planning Department on June 14, 2016 for a conditional use permit to allow office occupancy by the San Francisco Police Department, Central Station, which is adjacent to the subject premises. Interior tenant improvements, under construction at the time of inspection, include the following: demolition of the existing interior buildout, installing level III ballistic glass behind the existing storefront, new paint, new carpet, and other minor repairs as-needed.

A Letter of Intent (LOI) was issued on November 25, 2015 from the City to lease the space for five years at a starting rent of \$3,600 per month, or \$57.60 per square foot. (The LOI references the space as 750 square feet, but subsequent measurement by the client and the appraiser indicates 650 square feet.) The rent escalates annually by the CPI, but no less than 3.0% or greater than 5.0% per year. The expense basis is triple net (NNN) and the TI allowance is \$15.00 per square foot. The LOI is non-binding.

Based on the analysis contained in the following report, the fair market rent of the subject is concluded as follows:

MARKET RENT CONCLUSIONS AS OF OCTOBER 17, 2016	
Category	Subject
NRA (SF)	650
Market Rent (\$/SF/Yr.)	\$53.50
Concessions	None
Reimbursements	NNN
Annual Escalation	3.0%
Tenant Improvements (\$/SF)	\$15.00
Average Lease Term	5 Years
Compiled by CBRE	

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



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Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of California.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Nancy H. Welsh, MAI, MRICS and Elizabeth Champagne, MAI, FRICS have completed the continuing education program for Designated Members of the Appraisal Institute.
11. Nancy H. Welsh, MAI, MRICS has and Elizabeth Champagne, MAI, FRICS has not made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Nancy H. Welsh, MAI, MRICS has not and Elizabeth Champagne, MAI, FRICS has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

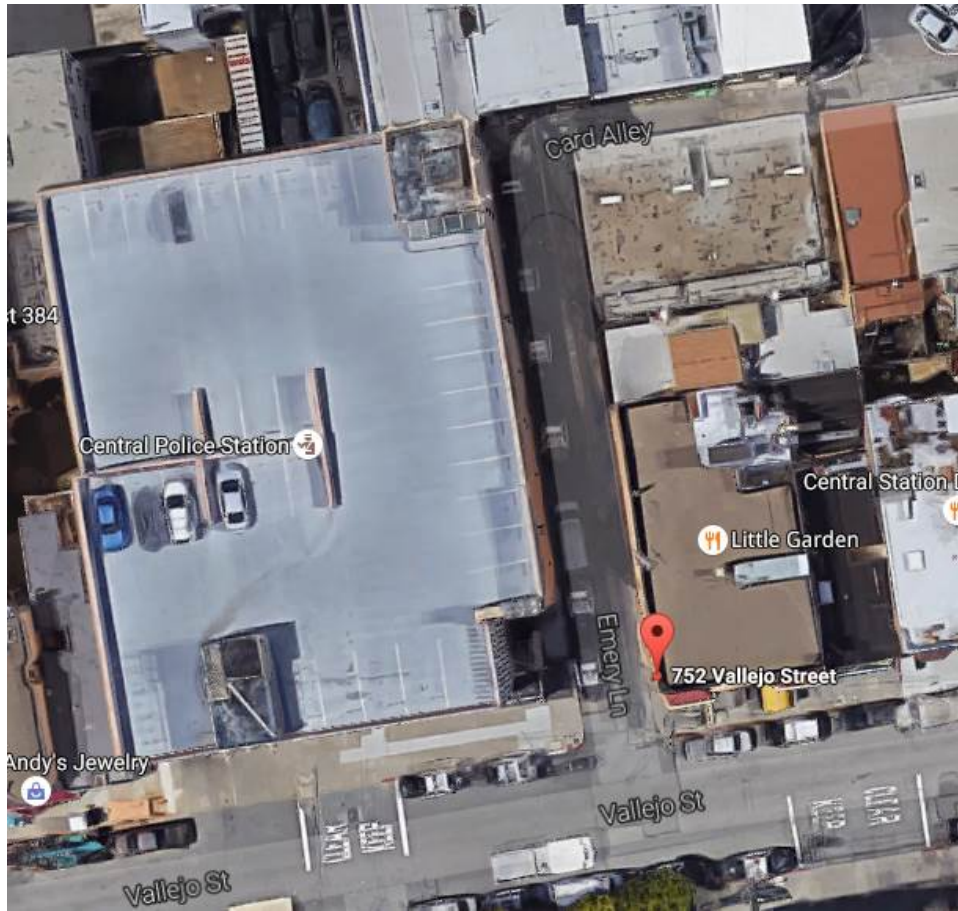


Nancy H. Welsh, MAI, MRICS
California Certification AG025705



Elizabeth Champagne, MAI, FRICS
California Certification AG025144

Subject Photographs



Aerial View –Subject and adjacent Central Station; subject detail



Ground floor subject space



Larger building with SRO units above



View of subject (behind police vehicle)



SFPD Central Station adjacent to subject



Looking east on Vallejo Street



Looking west on Vallejo Street



View from public parking garage



Subject space



Interior of exterior wall along Emery Lane



Interior wall



Dropped ceiling



Subject space

Executive Summary

Property Name	Ground Floor Suite		
Location	752 Vallejo Street, San Francisco, San Francisco County, California 94133		
Highest and Best Use			
As If Vacant	Development of a mixed-use building consistent with zoning and with surrounding properties.		
As Improved	Continued commercial use which could include retail or office		
Date of Report	December 1, 2016		
Date of Inspection	October 17, 2016		
Estimated Exposure Time	12 Months		
Land Area	0.09 AC		4,031 SF
Zoning	NCD - North Beach Neighborhood Commercial - Conditional Use Permit for Office Use by SFPD		
Improvements			
Property Type	Storefront with conditional use permit for office use		
Net Rentable Area - Entire Building	10,686 SF		
Leased Premises	650 SF		
Year Built	1907	Renovated:	2016
Condition	Average		
Major Tenants			
Proposed	SFPD Central Station		

MARKET RENT CONCLUSIONS AS OF OCTOBER 17, 2016

Category	Subject
NRA (SF)	650
Market Rent (\$/SF/Yr.)	\$53.50
Concessions	None
Reimbursements	NNN
Annual Escalation	3.0%
Tenant Improvements (\$/SF)	\$15.00
Average Lease Term	5 Years
Compiled by CBRE	

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths/ Opportunities

- The subject is located in North Beach, a neighborhood well known for its restaurants, retail, clubs, and diverse communities.
- The premises are located adjacent to the SFPD Central Station and proximate to two parking garages.

Weaknesses/ Threats

- There are numerous storefront properties available for lease in the immediate vicinity, perhaps indicating an imbalance between supply and demand.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assumption directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser’s opinions or conclusions.”¹

- None noted

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.”²

- None noted

¹ The Appraisal Foundation, *USPAP*, 2016-2017 ed., 3.

² The Appraisal Foundation, *USPAP*, 2016-2017 ed., 3.

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Introduction

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of Eric K. Chung and Twiggy Tang, who acquired title to the property in September 2015, as improved for \$4,982,833; the property had previously transferred in November 2013 and September 2004. No recording information was available.

The larger property is a three-story structure containing 10,686 square feet that includes ground floor commercial units and SRO residential units on the upper levels. This appraisal includes only the 650 square foot unit located on the ground floor. The City proposes to lease the currently vacant space for San Francisco Police Department's auxiliary offices for Central Station, which is located directly across Emery Lane from the subject. The remainder of the property is specifically excluded from this fair market rent appraisal.

The subject leased premises, addressed as 752 Vallejo Street, have been utilized as retail/restaurant use in the past. The City applied and was approved by the Planning Department on June 14, 2016 for a conditional use permit to allow office occupancy by the San Francisco Police Department.

A Letter of Intent (LOI) was issued on November 25, 2015 from the City to lease the space for five years at a starting rent of \$3,600 per month, or \$57.60 per square foot. (The LOI references the space as 750 square feet, but subsequent measurement by the client and the appraiser indicates 650 square feet.) The rent escalates annually by the CPI, but no less than 3.0% or greater than 5.0% per year. The expense basis is triple net (NNN) and the TI allowance is \$15.00 per square foot. The LOI is non-binding.

Interior tenant improvements include the following: demolition of existing interior buildout, installing level III ballistic glass behind the existing storefront, new paint, new carpet, and other minor repairs as-needed. The total cost to be contributed by landlord (capped at \$15.00 per square foot) and tenant is estimated to be \$35,613 and work was underway at the time of inspection.

INTENDED USE OF REPORT

This appraisal is to be used in connection with existing or future real estate negotiations, and no other use is permitted.

INTENDED USER OF REPORT

This appraisal is to be used by The City and County of San Francisco, and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.³

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the fair market rent of the subject property.

DEFINITION OF VALUE

Fair Market Rent is defined as follows:

The most probable price rent that a property should bring in a competitive and open market reflecting all conditions, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).⁴

INTEREST APPRAISED

The value estimated represents the fee simple interest, defined as follows:

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.⁵

SCOPE OF WORK

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied. CBRE, Inc. completed the following steps for this assignment:

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- floor plan
- legal description

³ Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

⁴ Appraisal Institute, *Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 121.

⁵ *Dictionary of Real Estate Appraisal*, 78.

Extent to Which the Property is Inspected

Nancy H. Welsh, MAI, MRICS inspected the subject leased premises on October 17, 2016, accompanied by Kester Koh of the SFPD Facilities Unit.

Type and Extent of the Data Researched

CBRE reviewed the following:

- LOI
- applicable tax data
- zoning requirements
- conditional use permit
- flood zone status
- comparable data

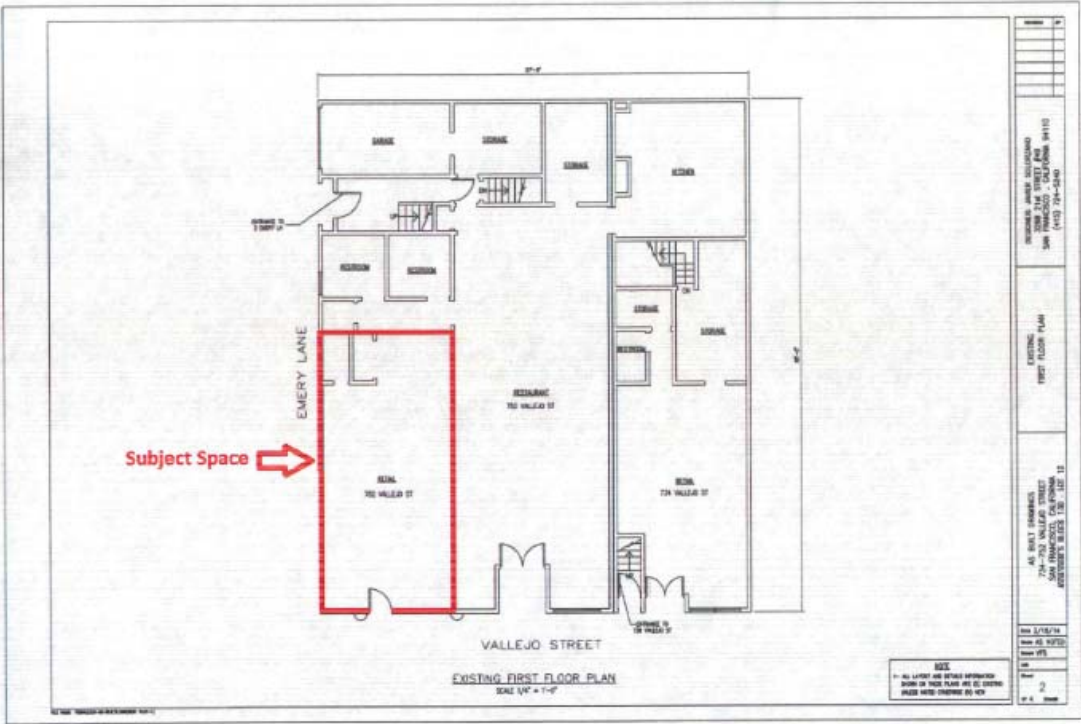
Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

Data Resources Utilized in the Analysis

DATA SOURCES	
<i>Item:</i>	<i>Source(s):</i>
Site Data	
Size	San Francisco Assessor's Office
Improved Data	
Building Area	Client and site tour. The CBRE appraisal engagement letter references 750 square feet, but the client has indicated that their measurements indicate 650 square feet. CBRE stepped off the space and agrees that the premises include approximately 650 square feet. Accordingly, that size has been utilized in this appraisal.
No. Bldgs.	Site tour
Parking Spaces	Site tour
Year Built/Developed	Public records
Other	
Letter of Intent	By Eric K. Chung and Twiggy Tang, landlord, and City and County of San Francisco, tenant, dated November 25, 2015.
Floor Plan	As Built Drawing, dated February 2, 2014
CU Approval	SF Planning Department staff report and Final Motion 19721, dated August 11, 2016
Compiled by CBRE	

Description of the Leased Premises



As shown above, the premises consist of a 650 square foot storefront space on the ground floor of a larger mixed-use building, originally constructed in 1907. The subject premises are addressed as 752 Vallejo Street and located on the corner of Vallejo Street and Emery Lane, adjacent to the SFPD Central Station.

The property is zoned NCD – North Beach Neighborhood Commercial, which allows most retail and residential uses. The City applied and was approved by the Planning Department on June 14, 2016 for a conditional use permit (CUP) to allow office occupancy by the San Francisco Police Department. The permit allows for interior alterations only with no changes to the exterior of the building.

The landlord is to demolish the existing interior buildout, which was underway at the date of inspection, and install the tenant requested improvements including: level III ballistic glass behind the existing storefront, new paint, new carpet, and other minor repairs as-needed. The estimated costs per the CUP is \$35,613, or \$47.48 per square foot, although the landlord’s portion is capped at \$15.00 per square foot. We note that the drywall on all walls had been demolished, so the improvements will necessarily also include replacement of the drywall and dropped ceiling.

Once the buildout is complete, the premises will be in average to good condition with good functionality for SFPD office use.

Market Overview

As defined by CoStar, the subject is in the SF Downtown North retail submarket, which includes North Beach, Jackson Square and the Waterfront. As of 3Q 2016, the average retail building in the SF Downtown North submarket is 10,484 square feet and no new buildings are under construction.

The following table summarizes data about the submarkets included in the broader San Francisco retail market.

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
San Mateo Central County	741	4,972,221	38,653	38,653	0.8%	18,277	0	45,000	\$40.57
San Mateo North County	1,066	6,824,726	86,853	248,251	3.6%	25,380	0	87,086	\$25.65
San Mateo South County	989	5,153,608	101,236	113,030	2.2%	9,859	47,000	0	\$37.74
San Mateo West County	131	1,553,224	10,699	10,699	0.7%	860	0	0	\$31.33
SF Downtown Core	87	755,944	26,081	26,081	3.5%	10,714	0	0	\$65.00
SF Downtown North	254	2,054,040	98,775	98,775	4.8%	(808)	0	0	\$51.05
SF Downtown South	306	3,612,304	117,976	125,102	3.5%	(79,772)	0	0	\$45.85
SF Downtown West	1,081	10,597,485	251,503	251,783	2.4%	36,297	0	0	\$48.92
SF Outer Areas	4,711	24,234,963	386,125	388,725	1.6%	(40,539)	0	0	\$44.35
SF Southeast	525	3,360,698	37,453	37,453	1.1%	9,986	0	550,000	\$37.90
Totals	9,891	63,119,213	1,155,354	1,338,552	2.1%	(9,746)	47,000	682,086	\$41.12

Source: CoStar Property®

As shown, the SF Downtown North submarket accounts for 3.2% of the total inventory. The bulk of the SF Downtown space is found in the West submarket, which includes Union Square. The current vacancy rate in the subject submarket is 3.5% and YTD absorption has been positive. There are no new buildings under construction and no new product has been delivered this year.

The average quoted rental rate in the SF Downtown North submarket is \$51.05 per square foot, triple net; only the SF Downtown Core has a higher average asking rent. The higher average asking rents in the subject area reflect the smaller size of retail spaces and the retail focus of North Beach and adjacent Chinatown. We note that many retail spaces in the subject neighborhood are ground floor units in SRO residential buildings, and are likely not included in the survey data.

The subject neighborhood is densely developed and very little vacant land is available for new construction. There are numerous storefront properties available for lease in the immediate vicinity, perhaps indicating an imbalance between supply and demand. Overall, however, the outlook for storefront leased premises in the North Beach submarket is considered positive.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

As improved, the subject is a storefront. The current use is legally permissible and physically possible, both for the former retail use and for the conditionally permitted use of offices for the SFPD. The improvements continue to contribute value and are very similar to surrounding improvements in the neighborhood. Based on our analysis, the existing use is financially feasible. Therefore, we conclude that the highest and best use of the subject premises, as improved, is for continued commercial use, which could include retail or office uses.

The subject premises are part of a larger building used for residential uses. It our opinion that the highest and best use of the subject as if vacant would be the development of a similar mixed-use building consistent with zoning and with surrounding improvements.

Appraisal Methodology

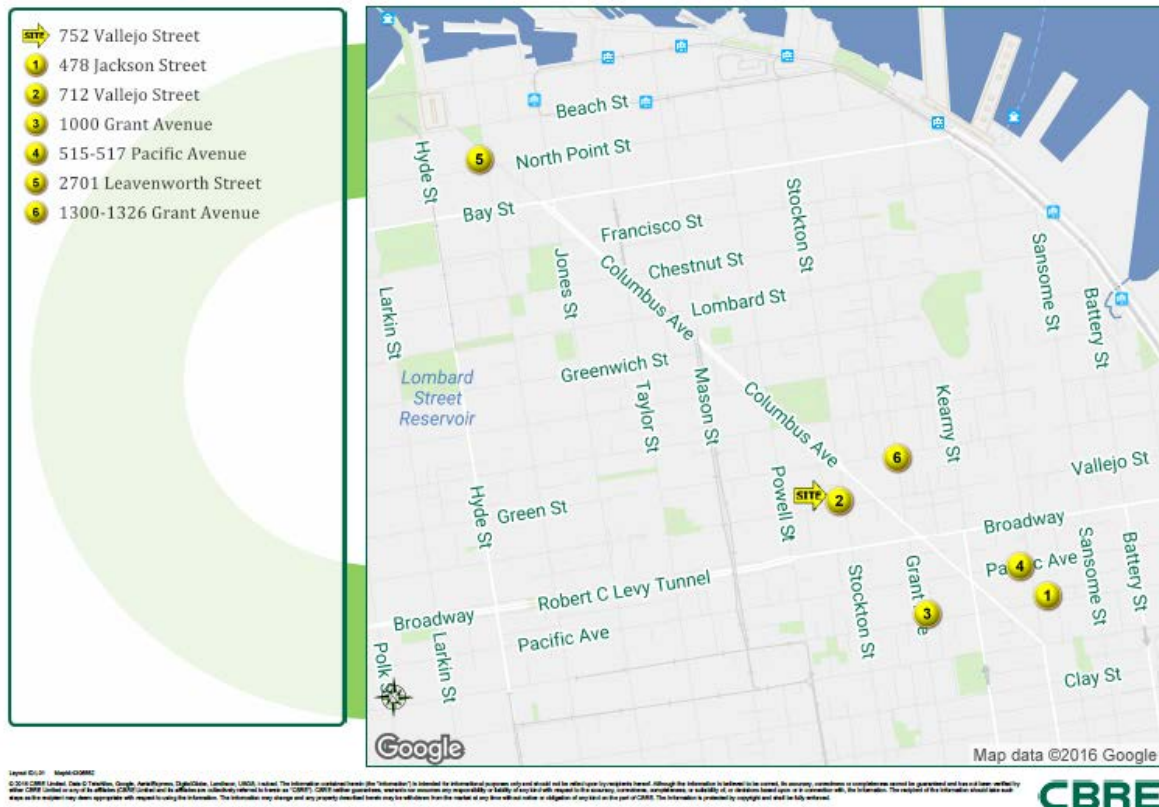
In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

In estimating fair market rent, only the analysis of comparable leases is applicable. The comparable lease methodology is specifically requested by the client and provides the most meaningful approach for fair market rent analysis.

Fair Market Rent Analysis

The following map and table summarize the primary comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.

Comparable Rents



The comparables were selected based on location in the subject's zip code (94133), an area which includes North Beach, Chinatown, Russian Hill, and Fisherman's Wharf, and adjacent Jackson Square neighborhood (94111). All of the buildings in which the leased and available premises are located were built between 1893 and 1913; the subject's building was originally constructed in 1907. All of the comparable premises are located on the ground floor and they include retail, office, and restaurant occupants. The size of the leased premises ranges from 510 to 1,300 square feet, bracketing the subject leased premises size of 650 square feet.

The comparable leases reflect industrial gross (IG) or triple net (NNN) terms. The subject LOI is stipulated to be NNN, specifically "the tenant pays directly for utilities, janitorial, refuse removal, security, and interior maintenance and the landlord is responsible for all other expenses (exterior maintenance, mechanical systems, roof, sidewalks)" and the LOI is silent on real estate taxes and insurance. That definition, however, is very similar to IG terms wherein the tenant and landlord share responsibilities. Based on typical operating expense data and brokers' opinions, a downward adjustment of \$4.00 per square foot has been made to make the IG terms equivalent to NNN; for the FSG office lease, the downward adjustment is \$8.00 per square foot.

SUMMARY OF COMPARABLE OFFICE RENTALS												
Comp. No.	Property Name and Location	YOC / Reno'd	NRA (SF)	Tenant Name	Lease Area (SF)	Lease Date	Lease Term	Base Rent	Reimburse ments	Tenant Improvements	Free Rent	Escalations
1	476-478 Jackson Street, San Francisco, CA 94111	1893	3,897	Simple Science	1,300	Sep-16	3.0 Yrs.	\$56.00 PSF	FSG	\$0.00 PSF	1 mo.	3%/yr.
2	712 Vallejo Street, San Francisco, CA 94133	1900	8,259	Available	681	Oct-16	1.0 Yrs.	\$56.40 PSF	NNN	\$0.00 PSF	None	3%/yr.
3	1000 Grant Avenue, San Francisco, CA 94133	1907	11,835	Red's Place	510	Oct-16	MTM	\$51.00 PSF	IG	\$0.00 PSF	None	CPI
4	515-517 Pacific Avenue, San Francisco CA 94133	1913	6,000	Available	605	Oct-16	3.0 Yrs.	\$69.42 PSF	IG	\$0.00 PSF	None	3%/yr.
5	2701 Leavenworth Street, San Francisco, CA 94133	1906	2,437	Cafe De Casa	850	Dec-15	5.0 Yrs.	\$62.40 PSF	IG	\$0.00 PSF	1 mo.	3%/yr.
6	1300-1326 Grant Avenue, San Francisco, CA 94133	1907	15,800	Dip Sandwich Shop	800	Jan-15	5.0 Yrs.	\$52.56 PSF	IG	\$0.00 PSF	6 mos.	3%/yr.
Subj.	Ground Floor Suite 752 Vallejo Street, San Francisco, California	1907	10,686					---	---			

Compiled by CBRE

DISCUSSION/ANALYSIS OF RENT COMPARABLES

Rent Comparable One

This comparable is a three-story brick building located in Jackson Square. The first floor is a retail use and the upper levels are offices. The Simple Science lease encompasses 1,300 square feet of office space, the entire 2nd floor of the building. It commenced in September 2016 for three years at a starting rent of \$56.00 per square foot per year, full service, with 3.0% annual increases. The deal included one month of free rent and the space was taken as is.

Rent Comparable Two

This comparable is a current listing for 681 square feet of ground floor retail space at 712 Vallejo Street in the same block as the subject. The space has been available for more than one year, and the price was reduced in September 2016. The asking rent is \$56.40 per square foot per year, triple net, for a 12-month term. The TI allowance and possible free rent were not available.

Rent Comparable Three

This comparable is a 510 square foot ground floor bar space at 1000 Grant Avenue at Jackson Street. Red's Place has leased the space for decades on a month-to-month basis. The current rent is \$51.00 per square foot per year with irregular increases; the expense basis could not be determined. There was no TI allowance (as is) and no free rent.

Rent Comparable Four

This comparable is a current listing of 605 square feet of ground floor commercial space at 515-517 Pacific Avenue at Montgomery Street. The asking rent is \$69.42 per square foot per year, industrial gross, for a 36-month term. The TI allowance and possible free rent were not available.

Rent Comparable Five

The comparable comprises an 850 square foot ground floor retail space in a two-story mixed-use retail/residential property located at the corner of North Point, Columbus Avenue and Leavenworth Street in North Beach. The space was leased to a café operator in December 2015 at an annual rate of \$62.40 per square foot per year for a 5-year term with 3% year rent bumps. The comparable space was in turn-key condition at the time of lease which included a small seating area, bar, prep/kitchen area with small walk-in cooler, two-fixture bathroom and storage area. The unit includes a small outdoor patio utilized for additional customer seating. This lease included one month of free rent with no TIs reported.

Rent Comparable Six

The comparable comprises a two-story mixed-use retail/residential property located at the corner of Grant Avenue and Vallejo Street in San Francisco's North Beach neighborhood. Most recently an 800 square foot ground-floor retail space was leased to a retail operator in January 2015 at

an annual rate of \$52.56, industrial gross, for a five-year term with 3.0% year rent bumps. The comparable space was vanilla shell condition at the time of lease with the landlord providing six months of free rent in lieu of a tenant improvement allowance. The lease includes a single, five-year renewal option.

ADJUSTMENTS

Prior to adjustments, the comparables reflect a rent range from \$51.00 to \$69.42 per square foot, with varying expense structures. While each comparable was selected due to certain characteristics considered similar to the subject and pertinent to this analysis, adjustments are required to narrow the rent range, as described below.

Expense Basis

Reimbursements at the subject are triple net with the tenant paying a pro rata share of all operating expenses. The office lease has full service gross terms whereby the landlord pays for all expenses, and has been adjusted downward by \$8.00 per square foot. Leases with industrial gross terms, where the expenses are shared, were adjusted downward \$4.00 per square foot.

After adjustments for expense basis, the range is \$47.00 to \$65.42 per square foot per year.

Conditions of Lease

No special conditions of the comparable leases were identified, except Comparable Two, which is a listing for a term of 12 months, considerably shorter than typical leases. Comparable Three is a month-to-month lease and although the tenant has been in place for many years, an upward adjustment was also warranted for lease term.

Market Conditions

To quantify this adjustment, we referenced the 3Q 2016 PwC Investor Survey which reports market rent increases of 2.0% to 6.0%, or an average of 3.9% for San Francisco office space and 0.0% to 1.3%, or an average of 1.9% for national retail properties (strip centers). These are forward looking estimates and apply to San Francisco investment-grade office space, making the retail range more applicable to the subject premises. Upward adjustment is indicated for improving market conditions in all leases that commenced prior to 2016 and we have quantified the adjustment at 2.0% per year. Downward adjustments were indicated for listed premises, because final negotiated rents are typically lower than asking rents.

Location

Similar to the subject, all of the comparables are within the 94133 zip code, except Comparable One, which is in the 94111 zip code in Jackson Square. Although Comparable One is only seven blocks from the subject, the Jackson Square area is considered superior to North Beach and, accordingly, this comparable is adjusted downward for superior location.

Size

If all other factors are equal, larger premises should lease at a lower unit rent. Only Comparable One, the office space, differed significantly in size and it has been adjusted upward.

Age and Condition

Similar to the subject, all of the comparable leases are located in small older buildings that are typical of this part of the San Francisco. None of the comparable deals included landlord paid TIs, although most of the comparables were delivered in warm shell, or the tenant accepted free rent in lieu of TIs. The subject includes a minor allowance of \$15.00 per square foot. Overall, no adjustments are warranted for age and condition.

Other

Similar to the subject, none of the comparables has on-site parking and all are storefront, ground level suites. The tenants are a mix of tenant types including sandwich shop, café, tavern, and office user. It was reported that the subject has been used as a retail shop and as a saloon. No adjustments are indicated for parking or tenancy.

The adjustments are shown on the grid on the next page.

OFFICE RENT ADJUSTMENT GRID							
Comparable Number	1	2	3	4	5	6	Subject
Building Information							
Year Built	1893	1900	1907	1913	1906	1907	1907
Property Type	Office	Retail	Retail	Retail	Retail	Retail	
NRA (SF)	3,897	8,259	11,835	6,000	2,437	15,800	10,686
Expense Basis	FSG	NNN	IG	IG	IG	IG	NNN
Lease Specific Information							
Tenant Name	Simple	Available	Red's Place	Available	Cafe De Casa	Dip Sandwich Shop	
Leased Area (SF)	1,300	681	510	605	850	800	650
Lease Date	Sep-16	Oct-16	Oct-16	Oct-16	Dec-15	Jan-15	
Lease Term (Yrs)	3.0	1.0	MTM	3.0	5.0	5.0	
Base Rent	\$56.00	\$56.40	\$51.00	\$69.42	\$62.40	\$52.56	
Tenant Improvements	\$0.00 PSF	\$0.00 PSF	\$0.00 PSF	\$0.00 PSF	\$0.00 PSF	\$0.00 PSF	
Escalations	3%/yr.	3%/yr.	CPI	3%/yr.	3%/yr.	3%/yr.	
Adj. Rent Per SF/NNN Terms	\$48.00	\$56.40	\$47.00	\$65.42	\$58.40	\$48.56	
Conditions of Lease	0%	5%	5%	0%	0%	0%	
Market Conditions (Time)	0.0%	-10.0%	0.0%	-10.0%	1.5%	3.5%	
Subtotal	\$48.00	\$53.30	\$49.35	\$58.88	\$59.28	\$50.26	
Location	-5%	0%	0%	0%	0%	0%	
Size	10%	0%	0%	0%	0%	0%	
Age/Condition	0%	0%	0%	0%	0%	0%	
Quality of Finish	0%	0%	0%	0%	0%	0%	
Parking	0%	0%	0%	0%	0%	0%	
Tenancy	0%	0%	0%	0%	0%	0%	
Other	0%	0%	0%	0%	0%	0%	
Total Other Adjustments	5%	0%	0%	0%	0%	0%	
Indicated Rent Per SF	\$50.40	\$53.30	\$49.35	\$58.88	\$59.28	\$50.26	

Source: CBRE

MARKET RENT CONCLUSIONS

Subsequent to adjustments, the comparables indicate a range of \$49.35 to \$59.28 per square foot, or an average of \$53.58 per square foot. Removing the high and low indications tightens the range to \$50.26 to \$58.88, and results in a similar mean of \$53.21 per square foot. Overall, the subject's concluded market rent should fall near the midpoint of the range, and we conclude to \$53.50 per square foot.

The LOI also incorporates annual escalations of 3.0% per year, which is entirely consistent with the comparables.

Two of the comparables included a free rent concession of one month and Comparable Six included six months free (in lieu of TIs), and no concession was given for three of the comparables. In general, rent concessions do not appear to be typical in the market.

The following chart shows the market rent conclusions for the subject:

MARKET RENT CONCLUSIONS AS OF OCTOBER 17, 2016	
Category	Subject
NRA (SF)	650
Market Rent (\$/SF/Yr.)	\$53.50
Concessions	None
Reimbursements	NNN
Annual Escalation	3.0%
Tenant Improvements (\$/SF)	\$15.00
Average Lease Term	5 Years
Compiled by CBRE	

RECONCILIATION OF VALUE

In estimating fair market rent, only the analysis of comparable leases is applicable. The comparable lease methodology is specifically requested by the client and provides the most meaningful approach for fair market rent analysis.

Based on the foregoing, the fair market rent of the subject has been concluded as follows:

MARKET RENT CONCLUSIONS AS OF OCTOBER 17, 2016	
Category	Subject
NRA (SF)	650
Market Rent (\$/SF/Yr.)	\$53.50
Concessions	None
Reimbursements	NNN
Annual Escalation	3.0%
Tenant Improvements (\$/SF)	\$15.00
Average Lease Term	5 Years
Compiled by CBRE	

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

RENT COMPARABLE DATA SHEETS

Property Name N/A
 Address 476-478 Jackson Street
 San Francisco, CA 94111
 United States

Government Tax Agency San Francisco
 Govt./Tax ID 0175 - 011

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.030	1,306
Land Area Gross	0.030	1,306

Site Development Status	Finished
Shape	Rectangular
Topography	Generally Level
Utilities	All available

Maximum Floor Area N/A
 Maximum FAR N/A
 Actual FAR 2.98

Zoning C-2 Community Business
 General Plan N/A



Improvements

Primary Building Area	N/A	Floor Count	3
Net Rentable Area (NRA)	3,897 sf	Parking Type	None
Usable Area	N/A	Parking Ratio	0.00/1,000 sf
Load Factor	N/A	Condition	N/A
Status	Existing	Exterior Finish	N/A
Occupancy Type	N/A	Investment Class	N/A
Year Built	1893	Number of Buildings	N/A
Year Renovated	N/A		
Amenities	N/A		

Contact

Recorded Owner	N/A	Leasing Agent	N/A
True Owner	N/A	Company	N/A

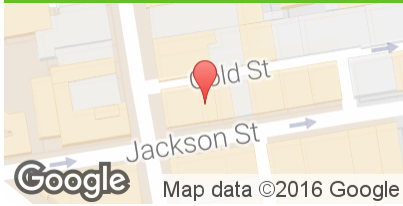
Rental Survey

Occupancy	100%	Tenant Size	N/A
Reimbursements	Other (See Comments)	Lease Term	N/A
Rent Changes/Steps	3%/yr.	Annual Base Rent	per sf
Survey Date	10/2016	Free Rent	N/A
Survey Notes	N/A	TI Allowance	N/A
		Reimbursement Amount	N/A
		Total Oper. & Fixed Exp.	N/A

Actual Leases

<u>Tenant Name</u>	<u>Tenancy Use Type</u>	<u>Size (sf)</u>	<u>Term (Mo.)</u>	<u>Type of Lease</u>	<u>Start Date</u>	<u>Annual Base Rate per sf</u>	<u>Reimbs.</u>	<u>Rent Changes / Steps</u>	<u>Free Rent (Mo.)</u>	<u>TI Allowance per sf</u>
Simple Science, Inc.	Office	1,300	36	New	9/1/2016	\$56.00	Full Service	3%/yr.	1	\$0.00

Map & Comments



This is a three-story brick building located in Jackson Square. The first floor is a retail use and the upper levels are offices. The Simple Science lease encompasses 1,300 square feet, the entire 2nd floor of the building. It commenced in September 2016 for three years at a starting rent of \$56.00 per square foot per year, full service, with 3.0% annual increases. The deal included one month of free rent and the space was taken as is.

Property Name N/A
 Address 712 Vallejo Street
 San Francisco, CA 94133
 United States

Government Tax Agency San Francisco
 Govt./Tax ID Block 0130, Lot 010

Site/Government Regulations

	Acres	Square feet
Land Area Net	4,356.000	189,747,360
Land Area Gross	4,356.000	189,747,360
Excess Land Area	N/A	N/A

Site Development Status	Finished
Shape	L Shaped
Topography	Level, At Street Grade
Utilities	All available

Maximum Floor Area	N/A
Maximum FAR	N/A
Actual FAR	0.00

Zoning NCD-North Beach Neighborhood Commercial
 General Plan N/A



Improvements

Gross Leasable Area (GLA)	7,267 sf	Floor Count	N/A
Status	N/A	Parking Type	N/A
Occupancy Type	N/A	Parking Ratio	0.00/1,000 sf
Year Built	1900	Condition	N/A
Year Renovated	N/A	Exterior Finish	N/A
Total Anchor Rentable Area	N/A	Number of Buildings	N/A
Total In Line Rentable Area	N/A		
Anchor	N/A		
Junior Anchor	N/A		
National	N/A		

Contact

Recorded Owner	N/A	Leasing Agent	N/A
True Owner	N/A	Company	N/A

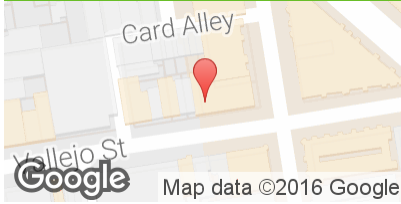
Rental Survey

Occupancy	N/A	Tenant Size	N/A
In Line Retail Occupancy	N/A	Lease Term	N/A
Reimbursements	N/A	Annual Base Rent	per sf
Rent Changes/Steps	None	Free Rent	N/A
Survey Date	10/2016	TI Allowance	N/A
Survey Notes	N/A	Reimbursement Amount	N/A
		Total Oper. & Fixed Exp.	N/A

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Annual Base Rate per sf	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf
Available	Retail	681	12	New	9/1/2016	\$56.40	NNN	N/A	N/A	N/A

Map & Comments



The unit is a part of a multi-use building for retail, office or a dance, yoga, or art studio. This property includes one small room in the back which can be used as an office, storage or changing room and has one large restrooms which can potentially be ADA accessible. This unit is located one block away from the police station and 2 major parking lots. Surrounded by restaurants, apartments, and many retail businesses, this property has great potential. The property is also being marketed as a studio apartment for \$3,200 per month.

Property Name 1000 Grant Ave.
 Address 1000 Grant Ave.
 San Francisco, CA 94133
 United States

Government Tax Agency San Francisco
 Govt./Tax ID 0177-012

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.087	3,794
Land Area Gross	N/A	N/A
Excess Land Area	N/A	N/A

Site Development Status	Finished
Shape	Rectangular
Topography	N/A
Utilities	All available

Maximum Floor Area	N/A
Maximum FAR	N/A
Actual FAR	3.12

Zoning CVR-Chinatown Visitor Retail
 General Plan N/A



Improvements

Gross Leasable Area (GLA)	11,835 sf	Floor Count	N/A
Status	N/A	Parking Type	None
Occupancy Type	N/A	Parking Ratio	0.00/1,000 sf
Year Built	1907	Condition	Average
Year Renovated	N/A	Exterior Finish	Poured Concrete
Total Anchor Rentable Area	N/A	Number of Buildings	N/A
Total In Line Rentable Area	N/A		
Anchor	N/A		
Junior Anchor	N/A		
National	N/A		

Contact

Recorded Owner	N/A	Leasing Agent	Owner
True Owner	N/A	Company	N/A

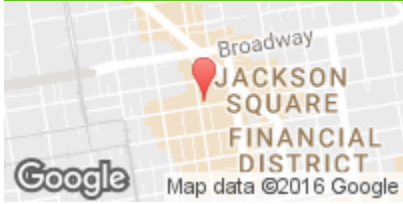
Rental Survey

Occupancy	98%	Tenant Size	1,000 sf
In Line Retail Occupancy	98%	Lease Term	60 Mo(s).
Reimbursements	N/A	Annual Base Rent	\$4.25 per sf
Rent Changes/Steps	CPI	Free Rent	0 Mo(s).
Survey Date	10/2016	TI Allowance	\$0.00 per sf
Survey Notes	Lease Type: MG;	Reimbursement Amount	N/A
		Total Oper. & Fixed Exp.	N/A

Actual Leases

<u>Tenant Name</u>	<u>Tenancy Use Type</u>	<u>Size (sf)</u>	<u>Term (Mo.)</u>	<u>Type of Lease</u>	<u>Start Date</u>	<u>Annual Base Rate per sf</u>	<u>Reimbs.</u>	<u>Rent Changes / Steps</u>	<u>Free Rent (Mo.)</u>	<u>TI Allowance per sf</u>
Red's Place	Other	510	N/A	N/A	1/1/2015	\$51.00	N/A	CPI	0	N/A

Map & Comments



This tenant has occupied this space for several years. The rent is on a month-to-month basis, with irregular rent increases. It is located at a site off the main retail areas of Grant Avenue, at a corner location along Beckett Alley. The space is older space that has not been updated.

Property Name Mixed-Use Office/Retail
 Address 515-517 Pacific Avenue
 San Francisco, CA 94133
 United States

Government Tax Agency San Francisco
 Govt./Tax ID 0176-023

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.018	792
Land Area Gross	0.018	792
Excess Land Area	N/A	N/A

Site Development Status	Finished
Shape	Rectangular
Topography	Generally Level
Utilities	All available

Maximum Floor Area	N/A
Maximum FAR	N/A
Actual FAR	2.89

Zoning C-2 Community Business
 General Plan N/A



Improvements

Gross Leasable Area (GLA)	2,285 sf	Floor Count	3
Status	Existing	Parking Type	None
Occupancy Type	Multi-tenant	Parking Ratio	0.00/1,000 sf
Year Built	1913	Condition	Average
Year Renovated	N/A	Exterior Finish	Masonry
Total Anchor Rentable Area	N/A	Number of Buildings	1
Total In Line Rentable Area	N/A		
Anchor	N/A		
Junior Anchor	N/A		
National	N/A		

Contact

Recorded Owner	N/A	Leasing Agent	N/A
True Owner	N/A	Company	N/A

Rental Survey

Occupancy	N/A	Tenant Size	605 sf
In Line Retail Occupancy	N/A	Lease Term	36 Mo(s).
Reimbursements	Industrial Gross	Annual Base Rent	\$69.42 per sf
Rent Changes/Steps	N/A	Free Rent	N/A
Survey Date	04/2016	TI Allowance	N/A
Survey Notes	N/A	Reimbursement Amount	N/A
		Total Oper. & Fixed Exp.	N/A

Actual Leases

<u>Tenant Name</u>	<u>Tenancy Use Type</u>	<u>Size (sf)</u>	<u>Term (Mo.)</u>	<u>Type of Lease</u>	<u>Start Date</u>	<u>Annual Base Rate per sf</u>	<u>Reimbs.</u>	<u>Rent Changes / Steps</u>	<u>Free Rent (Mo.)</u>	<u>TI Allowance per sf</u>
Available	Retail	605	36	New	N/A	\$69.42	Industrial Gross	3% Annually	N/A	N/A

Map & Comments



The comparable comprises a three-story mixed-use retail/office property located at 515-517 Pacific Avenue in San Francisco's Jackson Square neighborhood. Presently a +/- 605 SF ground-floor retail space is available at an annual asking rate of \$69.42/SF on an industrial gross basis. The comparable space is in turn-key condition and includes +/- 12 feet of exposure along Pacific Avenue, 15 ft. ceilings, in-suite two fixture restroom, sealed concrete floors. No T.I.s or free rent was reportedly being offered at present.

Property Name Mixed-Use Residential/Retail
 Address 2701 Leavenworth Street
 San Francisco, CA 94133
 United States

Government Tax Agency San Francisco
 Govt./Tax ID 0024-002

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.040	1,742
Land Area Gross	N/A	N/A
Excess Land Area	N/A	N/A

Site Development Status	Finished
Shape	Irregular
Topography	Moderate Slope
Utilities	N/A

Maximum Floor Area	N/A
Maximum FAR	N/A
Actual FAR	1.40

Zoning	C-2
General Plan	N/A



Improvements

Gross Leasable Area (GLA)	2,437 sf	Floor Count	2
Status	Existing	Parking Type	None
Occupancy Type	Multi-tenant	Parking Ratio	0.00/1,000 sf
Year Built	1906	Condition	Average
Year Renovated	N/A	Exterior Finish	Wood
Total Anchor Rentable Area	N/A	Number of Buildings	1
Total In Line Rentable Area	N/A		
Anchor	N/A		
Junior Anchor	N/A		
National	N/A		

Contact

Recorded Owner	N/A	Leasing Agent	N/A
True Owner	N/A	Company	N/A

Rental Survey

Occupancy	100%	Tenant Size	N/A
In Line Retail Occupancy	100%	Lease Term	60 Mo(s).
Reimbursements	Industrial Gross	Annual Base Rent	\$62.40 per sf
Rent Changes/Steps	3%/yr.	Free Rent	0 Mo(s).
Survey Date	11/2015	TI Allowance	\$0.00 per sf
Survey Notes	N/A	Reimbursement Amount	N/A
		Total Oper. & Fixed Exp.	N/A

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Annual Base Rate per sf	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf
Cafe De Casa	Retail	850	60	New	12/1/2015	\$62.40	Industrial Gross	3% Annually	1	\$0.00

Map & Comments



The comparable comprises a two-story mixed-use retail/residential property located at the corner of North Point, Columbus Avenue and Leavenworth Street in San Francisco's North Beach neighborhood. Most recently an +/- 850 SF ground-floor retail space was leased to a café operator in November 2015 at an annual rate of \$62.40/SF for a 5-year term with 3% year rent bumps. The comparable space was in turn-key condition at the time of lease which included a small seating area, bar, prep/kitchen area with small walk-in cooler, two-fixture bathroom and storage area. The unit includes a small outdoor patio utilized for additional customer seating. This lease included one month of free rent with no T.I.s reported.

Property Name Mixed-Use Residential/Retail
 Address 1300-1326 Grant Avenue
 San Francisco, CA 94133
 United States

Government Tax Agency San Francisco
 Govt./Tax ID 0132-028

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.290	12,632
Land Area Gross	N/A	N/A
Excess Land Area	N/A	N/A



Site Development Status	Finished
Shape	Rectangular
Topography	Moderate Slope
Utilities	All available

Maximum Floor Area	N/A
Maximum FAR	N/A
Actual FAR	1.25

Zoning NCD-North Beach Neighborhood Commercial
 General Plan N/A

Improvements

Gross Leasable Area (GLA)	15,800 sf	Floor Count	2
Status	Existing	Parking Type	None
Occupancy Type	Multi-tenant	Parking Ratio	0.00/1,000 sf
Year Built	1907	Condition	Average
Year Renovated	N/A	Exterior Finish	Wood
Total Anchor Rentable Area	N/A	Number of Buildings	1
Total In Line Rentable Area	N/A		
Anchor	N/A		
Junior Anchor	N/A		
National	N/A		

Contact

Recorded Owner	N/A	Leasing Agent	N/A
True Owner	N/A	Company	N/A

Rental Survey

Occupancy	100%	Tenant Size	800 sf
In Line Retail Occupancy	N/A	Lease Term	60 Mo(s).
Reimbursements	Industrial Gross	Annual Base Rent	per sf
Rent Changes/Steps	3% Annually	Free Rent	6 Mo(s).
Survey Date	01/2015	TI Allowance	\$0.00 per sf
Survey Notes	N/A	Reimbursement Amount	N/A
		Total Oper. & Fixed Exp.	N/A

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Annual Base Rate per sf	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf
DIP Sandwich Shop	Retail	800	60	New	1/5/2015	\$52.56	Industrial Gross	3%/yr.	6	\$0.00

Map & Comments



The comparable comprises a two-story mixed-use retail/residential property located at the corner of Grant Avenue and Vallejo Street in San Francisco's North Beach neighborhood. Most recently an +/- 800 SF ground-floor retail space was leased to a retail operator in January 2015 at an annual rate of \$52.56 for a 5-year term with 3% year rent bumps. The comparable space was vanilla shell condition at the time of lease with the landlord providing 6 months of free rent in lieu of a tenant improvement allowance. The lease includes a single, five-year renewal option.

Addendum B

CLIENT CONTRACT INFORMATION

AGREEMENT FOR INDEPENDENT APPRAISAL

**Property: 752 Vallejo Street
San Francisco, California**

Appraiser: CBRE Group, Inc.

Date: September 29th 2016

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LIST OF EXHIBITS

- Exhibit A – Description of Property
- Exhibit B – Form of Appraisal Report
- Exhibit C – Appraisal Certifications

AGREEMENT FOR INDEPENDENT APPRAISAL

This Agreement for Independent Appraisal (this "Agreement"), dated for reference purposes as of September 29th, 2016, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and CBRE Group, Inc., a Delaware corporation, ("Appraiser" or "Contractor").

The parties hereto agree as follows:

1. Employment of Appraiser

In connection with the Real Estate Division's appraiser panel program, City agrees to engage Appraiser, and Appraiser agrees to perform the services and work hereinafter described, on the terms and conditions set forth below.

2. Scope of Work

The scope of work to be performed by Appraiser under this Agreement is as follows:

(a) Determine fair market rental value for 752 Vallejo Street, comprised of approximately 750 square feet of retail space in the ground floor of the building located on APN 0130-012 containing approximately 10,686 sf in total.

(b) **Inspection of Property.** Appraiser shall make a personal inspection of the property, as more particularly shown in Exhibit A attached hereto (the "Property"), for the purpose of providing the appraisal. Appraiser shall contact the Division Real Estate before entering the Property to perform any work.

(c) **Valuation.** Appraiser shall use methodologies generally recognized by appraisers as necessary to produce credible appraisals and shall take into account any covenants, conditions and restrictions or easements benefiting or burdening the Property and any unusual characteristics of the Property. The appraised value shall be based on the value of fee title to the Property and shall address the highest fair market value of the site based on its highest and best use.

(d) **Reports.** Appraiser shall prepare a written report within three weeks of execution of this Agreement as follows: Appraiser shall provide the Director of Property with four (4) copies of a certified narrative appraisal report (the "Appraisal Report"). The Appraisal Report shall include a final opinion of the fair market value of the Property based on the parameters set forth herein. The final opinion of value must be a specific figure and shall assign specific values to the land. The Appraisal Report shall contain all pertinent information supporting the conclusions, including comparable sales data, photographs, area and property data, maps, plans, and other similar or pertinent documentation, as well as a clear and detailed description of the assumptions and any limiting conditions, qualifications or omissions, and of the method of analysis used in reaching the conclusions. The Appraisal Report shall be delivered in substantially the format outlined in Exhibit B attached hereto and contain duly executed certifications substantially in the form of Exhibit C attached hereto.

(e) **Standards.** Appraiser shall complete the appraisal in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics of the American Society of Appraisers.

3. Purpose of Appraisal

The purpose of the analysis and appraisal to be performed pursuant to this Agreement is to provide the City's Real Estate Division with the fair market rental value in support of a lease of the space as described in Section 2. Appraiser understands and agrees that City will rely fully on the appraisal for such purpose. The City intends to use the Appraisal Report in connection with existing or future real estate negotiations, and Appraiser agrees to keep the Appraisal Report and work product under this Agreement confidential, and not to release the Appraisal Report or work product to any person other than the City, except to the extent required by applicable law.

4. Compensation

(a) **Fees.** Appraiser shall receive Three Thousand and Five Hundred dollars (\$3,500.00) as full compensation for the work performed hereunder, payable after receipt by the Director of Property of the Appraisal Report in accordance with the terms of this Agreement. The above amount includes all of Appraiser's allowable costs and profits for the work to be performed hereunder. The above amount also includes the initial consultation, phone consultations during the preparation of the Appraisal Report and a final consultation upon completion of the Appraisal Report with the Director of Property or his designee.

(b) **Approval of Work.** City shall not incur any charges under this Agreement for the work nor shall any payments become due to Appraiser for the work until the Director of Property receives the Appraisal Report required under this Agreement and approves it as being in accordance with this Agreement.

(c) **No Interest or Late Charges.** In no event shall City be liable for interest or late charges for any late payments.

(d) **Independent Opinion.** The compensation to be paid to Appraiser for the performance of the work contemplated under this Agreement is not in any way contingent upon the opinions or value conclusions of Appraiser. Furthermore, Appraiser is specifically directed by City not to deliver any opinion of value other than its own independently determined opinions produced by its own investigation, using acceptable professional standards.

5. Method of Payment

Invoices furnished by Appraiser under this Agreement must be in a form acceptable to the City's Controller (the "Controller"). All amounts paid by City to Appraiser shall be subject to audit by City. Payment shall be made by City to Appraiser at the address for notices stated herein, or at such other address as Appraiser shall provide City with written notice of no less than fifteen days in advance.

6. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budgetary and fiscal provisions of the City's Charter. Charges will accrue only after the Controller has certified the availability of funds for payment under this Agreement. Any amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and the period stated in such advance certification.

7. Effective Date of Agreement; Term

This Agreement shall become effective when the parties have fully executed and delivered this Agreement and the Controller has certified to the availability of funds. The term

of this Agreement shall continue until Appraiser completes all work required hereunder or this Agreement is sooner terminated as provided herein.

8. Qualifications of Appraiser

Appraiser represents and warrants to City that Appraiser is qualified to make the independent appraisal of the Property contemplated hereunder and that it is familiar with recognized appraisal practices and with the standards required for determining values of real property.

9. Personnel

(a) All work performed under this Agreement shall be performed only by personnel under the supervision and in the employment of Appraiser. All personnel engaged in the work shall be fully qualified and shall be authorized, licensed and certified under State and local law to perform such work if authorization, licensing or certification is required.

(b) The responsible personnel for Appraiser shall be Elizabeth Champagne, MAI, FRICS, Any change in the responsible personnel must have the prior written approval of the Director of Property.

(c) Appraiser shall not subcontract any work to be performed under this Agreement unless Appraiser first obtains the written approval of the Director of Property.

10. Incomplete Work

Neither the performance of any work by Appraiser nor City's acceptance of the Appraisal Report shall relieve Appraiser from the obligation to correct any inaccurate or incomplete work. Appraiser shall promptly remedy all inaccurate or incomplete work, on demand, without cost to City.

11. Ownership of Documents

All documents and reports prepared by Appraiser pursuant to this Agreement, including the Appraisal Report, shall be and remain the property of City and shall be delivered by Appraiser to City upon completion of the work hereunder. Appraiser may retain and use copies of such reports for reference and as documentation of its experience and capabilities.

12. Changes in Scope of Work

City may, from time to time, require changes in the scope of the work to be performed by Appraiser hereunder. Such changes, including any increases or decreases in the amount of Appraiser's compensation that City and Appraiser may mutually agree to and shall be set forth in written amendments to this Agreement, are subject to the provisions of the City's Charter.

13. Termination

(a) City shall have the right, at its sole option, to terminate this Agreement at any time, with or without cause. Termination shall be effective immediately upon Appraiser's receipt of written notice of termination, and thereupon Appraiser shall have no further rights under this Agreement. In the event of such termination, Appraiser shall be paid for any work under this Agreement that has been performed to the satisfaction of the Director of Property, up to the effective date of termination. Any such payment shall be based upon the percentage of work completed multiplied by the total contract price.

(b) Upon termination of this Agreement, Appraiser shall submit an invoice to City for an amount which it believes to be due and owing to it based upon the formula set forth in subsection (a) above. Upon City's request, Appraiser shall provide any additional back-up information or documentation to support such invoice. Upon City's approval and payment of the invoice, City shall be under no further obligation to Appraiser monetarily or otherwise.

14. Bankruptcy

In the event that either party shall cease conducting business in the normal course, become insolvent, make a general assignment for the benefit of creditors, suffer or permit the appointment of a receiver for its business or assets or shall avail itself of, or become subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or the protection of rights of creditors, then at the option of the other party this Agreement shall terminate and be of no further force or effect, and any property or rights of such other party, tangible or otherwise, shall be immediately returned to it.

15. Indemnification

Contractor shall indemnify and hold harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise) arising from or in any way connected with any: (i) injury to or death of a person, including employees of City or Contractor; (ii) loss of or damage to property arising directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, Contractor's use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law, and except to the extent that such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City. In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter. Contractor shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons arising directly or indirectly from the receipt by City, or any of its officers or agents, of Contractor's Services.

16. Incidental and Consequential Damages

Appraiser shall be responsible for incidental and consequential damages resulting in whole or in part from Appraiser's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights which City may have under applicable law.

17. Liability of City

CITY'S OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 4 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF

WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

18. Insurance

(a) Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(i) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and

(ii) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(iii) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence, "Combined Single Limit" for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable; and

(iv) Professional liability insurance, applicable to Contractor's profession, with limits not less than \$1,000,000 each claim with respect to negligent acts, errors or omissions in connection with the Services.

(b) Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:

(i) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(ii) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

(c) All policies shall be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages and shall be mailed to the following addresses:

Director of Property
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

Risk Management
General Services Agency
City and County of San Francisco
25 Van Ness Avenue, Suite 750
San Francisco, California 94102

(d) Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

(e) Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

(f) Before commencing any Services, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Contractor's liability hereunder.

(g) The Workers' Compensation policy(ies) shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

(h) If Contractor will use any subcontractor(s) to provide Services, Contractor shall require the subcontractor(s) to provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and the Contractor as additional insureds.

19. Assignment

The services to be performed by Appraiser hereunder are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by Appraiser, unless first approved by City by written instrument executed and approved in the same manner as this Agreement.

20. Independent Contractor; Payment of Taxes and Other Expenses.

(a) **Independent Contractor.** Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor, its agents, and employees will not represent or hold themselves out to be employees of the City at any time. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not

as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement. Contractor agrees to maintain and make available to City, upon request and during regular business hours, accurate books and accounting records demonstrating Contractor's compliance with this section. Should City determine that Contractor, or any agent or employee of Contractor, is not performing in accordance with the requirements of this Agreement, City shall provide Contractor with written notice of such failure. Within five (5) business days of Contractor's receipt of such notice, and in accordance with Contractor policy and procedure, Contractor shall remedy the deficiency. Notwithstanding, if City believes that an action of Contractor, or any agent or employee of Contractor, warrants immediate remedial action by Contractor, City shall contact Contractor and provide Contractor in writing with the reason for requesting such immediate action.

(b) Payment of Taxes and Other Expenses. Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, Contractor agrees to indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all claims, losses, costs, damages, and expenses, including attorney's fees, arising from this section.

21. Conflicts of Interest

Through its execution of this Agreement, Appraiser acknowledges that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

22. Proprietary or Confidential Information of City

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Contractor agrees that all information disclosed by City to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

23. Copyright

No reports or other documents produced in whole or in part under this Agreement shall be the subject of any application for copyright by or on behalf of Appraiser.

24. Audit and Inspection of Records

Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this Section.

25. Appraisal Coordination

Appraiser shall coordinate its work hereunder with the Director of Property or any other agents or contractors of City.

26. Nondiscrimination; Penalties.

(a) Contractor Shall Not Discriminate. In the performance of this Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Nondiscrimination in Benefits. Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

(d) **Condition to Contract.** As a condition to this Agreement, Contractor shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contracts Monitoring Division (formerly ‘Human Rights Commission’).

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

27. Local Business Enterprise Utilization; Liquidated Damages

(a) The LBE Ordinance

Appraiser shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the “LBE Ordinance”), provided such amendments do not materially increase Appraiser's obligations or liabilities, or materially diminish Appraiser's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this Section. Appraiser's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Appraiser's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Appraiser shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

(b) Compliance and Enforcement

If Appraiser willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, Appraiser shall be liable for liquidated damages in an amount equal to Appraiser's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Contracts Monitoring Division or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the “Director of CMD”) may also impose other sanctions against Appraiser authorized in the LBE Ordinance, including declaring the Appraiser to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Appraiser's LBE certification. The Director of CMD will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code Section 14B.17.

By entering into this Agreement, Appraiser acknowledges and agrees that any liquidated damages assessed by the Director of the CMD shall be payable to City upon demand. Appraiser further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Appraiser on any contract with City.

Appraiser agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of CMD or the Controller upon request.

28. MacBride Principles - Northern Ireland

The provisions of San Francisco Administrative Code §12F are incorporated herein by this reference and made part of this Agreement. By signing this Agreement, Appraiser confirms that Appraiser has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

29. Tropical Hardwoods and Virgin Redwood Ban

The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwoods, tropical hardwoods wood product, virgin redwood or virgin redwood wood product except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code.

30. Drug-Free Workplace Policy

Appraiser acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City property. Appraiser agrees that any violation of this prohibition by Appraiser, its employees, agents or assigns will be deemed a material breach of this Agreement.

31. Resource Conservation Liquidated Damages

Chapter 5 of the San Francisco Environment Code is incorporated herein by reference. Failure by Appraiser to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

In the event Appraiser fails to comply in good faith with any of the provisions of Chapter 5, Appraiser will be liable for liquidated damages in an amount equal to Appraiser's net profit under this Agreement, or five percent (5%) of the total contract amount, whichever is greater. Appraiser acknowledges and agrees that the liquidated damages assessed shall be payable to City upon demand and may be offset against any monies due to Appraiser from any contract with City.

32. Sunshine Ordinance

In accordance with San Francisco Administrative Code Section 67.24(e), contracts, contractors' bids, responses to requests for proposals and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or an organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this Section will be made available to the public upon request.

33. Taxes

Payment of any taxes, including California Sales and Use Taxes, levied upon this Agreement or the services delivered pursuant hereto, shall be the obligation of Appraiser.

34. Notification of Limitations on Contributions

Through its execution of this Agreement, Appraiser 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 rendition of personal services, or for the furnishing of any materials, supplies, or equipment, or for selling or leasing of any land or building to or from 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 six months after the date the contract is approved. Appraiser 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 \$50,000 or more. Appraiser further acknowledges that the prohibition on contributions applies to each Appraiser; each member of Appraiser's board of directors, and Appraiser's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Appraiser; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Appraiser. Additionally, Appraiser acknowledges that Appraiser must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Appraiser further agrees to provide to City the names of each person, entity or committee described above.

35. Requiring Minimum Compensation for Covered Employees

(a) Appraiser agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of Appraiser's obligations under the MCO is set forth in this Section. Appraiser is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(b) The MCO requires Appraiser to pay Appraiser's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Appraiser is obligated to keep informed of the then-current requirements. Any subcontract entered into by Appraiser shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Appraiser's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Appraiser.

(c) Appraiser shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within ninety (90) days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(d) Appraiser shall maintain employee and payroll records as required by the MCO. If Appraiser fails to do so, it shall be presumed that the Appraiser paid no more than the minimum wage required under State law.

(e) The City is authorized to inspect Appraiser's job sites and conduct interviews with employees and conduct audits of Appraiser.

(f) Appraiser's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Appraiser fails to comply with these requirements. Appraiser agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Appraiser's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(g) Appraiser understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within thirty (30) days after receiving written notice of a breach of this Agreement for violating the MCO, Appraiser fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Appraiser fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(h) Appraiser represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(i) If Appraiser is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Appraiser later enters into an agreement or agreements that cause Appraiser to exceed that amount in a fiscal year, Appraiser shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Appraiser and this department to exceed \$25,000 in the fiscal year.

36. Requiring Health Benefits for Covered Employees

Unless exempt, Appraiser agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Appraiser shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Appraiser chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Appraiser is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with subsection a above.

(c) Appraiser's failure to comply with the HCAO shall constitute a material breach of this Agreement. City shall notify Appraiser if such a breach has occurred. If, within thirty (30)

days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Appraiser fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Appraiser fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

(d) Any Subcontract entered into by Appraiser shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Appraiser shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Appraiser shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Appraiser based on the Subcontractor's failure to comply, provided that City has first provided Appraiser with notice and an opportunity to obtain a cure of the violation.

(e) Appraiser shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Appraiser's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Appraiser represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Appraiser shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

(h) Appraiser shall keep itself informed of the current requirements of the HCAO.

(i) Appraiser shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(j) Appraiser shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten (10) business days to respond.

(k) Appraiser shall allow City to inspect Appraiser's job sites and have access to Appraiser's employees in order to monitor and determine compliance with HCAO.

(l) City may conduct random audits of Appraiser to ascertain its compliance with HCAO. Appraiser agrees to cooperate with City when it conducts such audits.

(m) If Appraiser is exempt from the HCAO when this Agreement is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) [Fifty Thousand Dollars (\$50,000) for nonprofits], but Appraiser later enters into an agreement or agreements that cause Appraiser's aggregate amount of all agreements with City to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Appraiser and the City to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

37. Notices

Except as otherwise expressly provided herein, any notices given under this Agreement shall be effective only if in writing and given by delivering the notice in person, by sending it first-class mail or certified mail with a return receipt requested, postage prepaid, or overnight courier, addressed as follows:

City: Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: **752 Vallejo Street, San Francisco, CA**

Appraiser: Elizabeth Champagne, MAI, FRICS
Senior Managing Director
CBRE Valuation and Advisory Services
350 Sansome Street, Suite 840, San Francisco, CA 94014
Re: **752 Vallejo Street, San Francisco, CA**

Notices herein shall be deemed given two (2) days after the date when it shall have been mailed if sent by first class, certified or overnight courier, or upon the date personal delivery is made.

38. Consideration of Criminal History in Hiring and Employment Decisions

(a) Appraiser (as “Contractor”) agrees to comply fully with and be bound by all of the provisions of Chapter 12T “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Administrative Code (Chapter 12T), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at www.sfgov.org/olse/fco. A partial listing of some of Contractor’s obligations under Chapter 12T is set forth in this Section. Contractor is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

(b) The requirements of Chapter 12T shall only apply to a Contractor’s or Subcontractor’s operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, shall apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

(c) Contractor shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. Contractor’s failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(d) Contractor or Subcontractor shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant’s or potential applicant for employment, or employee’s: (1) Arrest not leading to a Conviction, unless the Arrest is

undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(e) Contractor or Subcontractor shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection 32(d), above. Contractor or Subcontractor shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(f) Contractor or Subcontractor shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement, that the Contractor or Subcontractor will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(g) Contractor and Subcontractors shall post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Contractor or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

(h) Contractor understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Agreement.

39. Submitting False Claims; Monetary Penalties

Appraiser acknowledges and agrees that it is a "contractor" under and is subject to San Francisco Administrative Code Section 21.35. Under such Section 21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by City; (c) conspires to defraud City by getting a false claim allowed or paid by City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to City; or (e) is a beneficiary of an inadvertent submission of a false claim to City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to City within a reasonable time after discovery of the false claim.

40. Food Service Waste Reduction

Appraiser agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. This provision is a material term of this Agreement.

By entering into this Agreement, Appraiser agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Appraiser agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Appraiser's failure to comply with this provision.

41. Protection of Private Information

Contractor has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Contractor agrees that any failure of Contractor to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Contractor pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Contractor.

42. Severability

If any provision of this Agreement or the application thereof to any person, entity or circumstance shall be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

43. Cooperative Drafting

This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

44. Sugar-Sweetened Beverages Prohibition

Contractor agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Agreement.**45. General Provisions**

(a) This Agreement may be amended or modified only by a writing signed by City and Appraiser. (b) No waiver by any party of any of the provisions of this Agreement shall be effective unless in writing and signed by an officer of other authorized representative, and only to the extent expressly provided in such written waiver. (c) All approvals and determinations of City requested, required or permitted hereunder may be made in the sole and absolute discretion of the Director of Property, the Director's designated agent or other authorized City official. (d) This instrument (including the exhibits hereto) contains the entire agreement between the parties and all prior written or oral negotiations, discussions, understandings and agreements are

merged herein. (e) The section and other headings of this Agreement are for convenience of reference only and shall be disregarded in the interpretation of this Agreement. (f) Time is of the essence. (g) This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. (h) This Agreement shall be governed by California law and City's Charter. (i) If either party commences an action against the other or a dispute arises under this Agreement, the prevailing party shall be entitled to recover from the other reasonable attorneys' fees and costs. For purposes hereof, reasonable attorneys' fees of City shall be based on the fees regularly charged by private attorneys in San Francisco with comparable experience.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, City and Appraiser have executed this Agreement as of the date first above written.

APPRAISER:

CBRE GROUP, INC.,
a Delaware Corporation



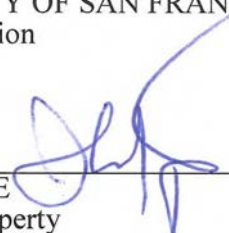
I have read and understood Section 28, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco to do business with corporations that abide by the MacBride Principles.

By: Elizabeth Champagne, MAI, FRICS
Its: Senior Managing Director

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
JOHN UPDIKE
Director of Property



APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By _____
Deputy City Attorney

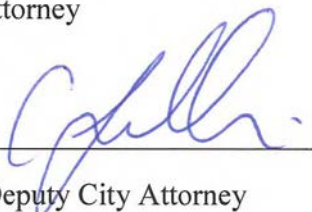
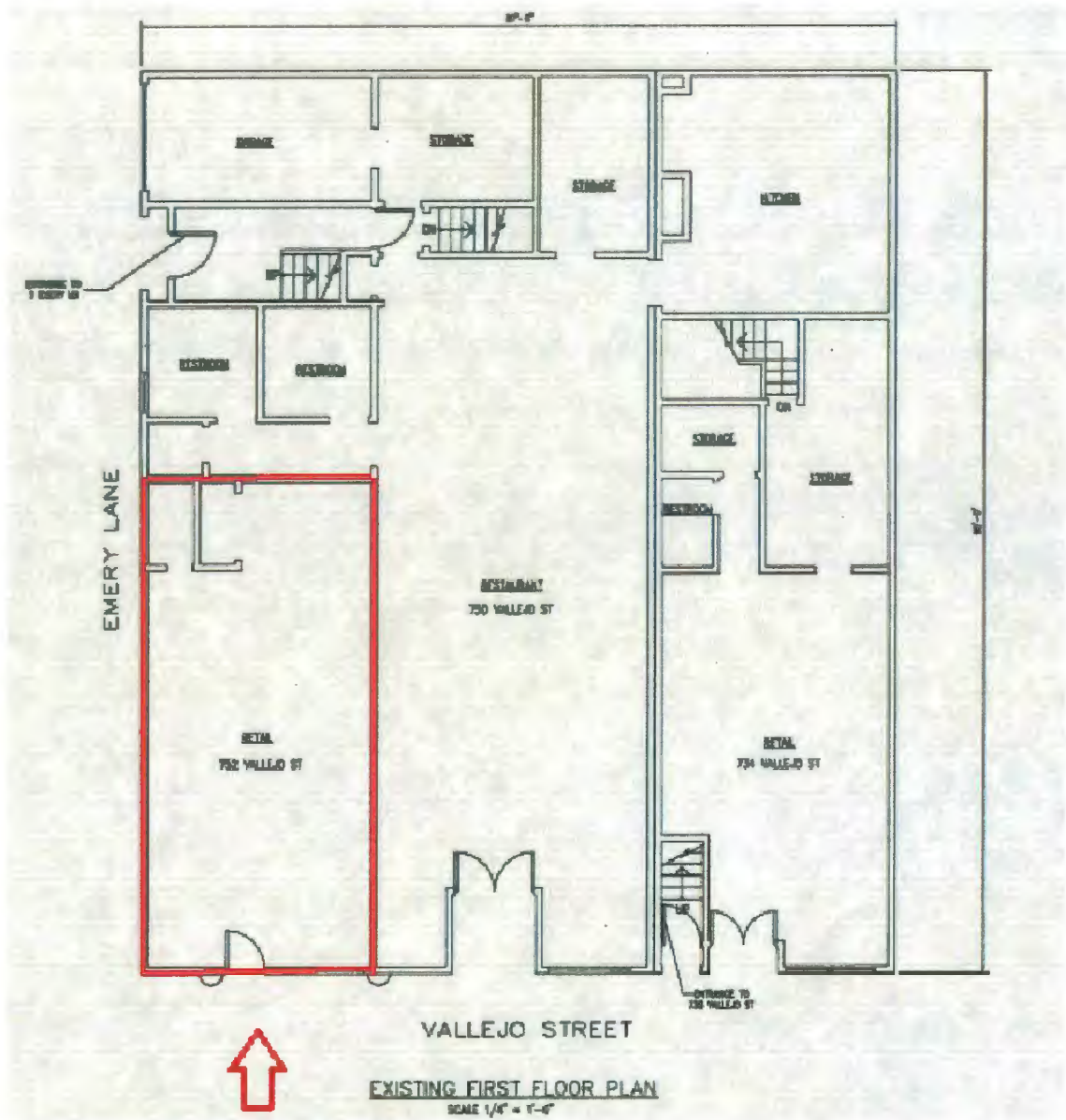


Exhibit A Property Description




Premises (in red)

Addendum C

QUALIFICATIONS

QUALIFICATIONS OF

ELIZABETH CHAMPAGNE, MAI, FRICS Senior Managing Director

CBRE, Inc., Valuation & Advisory Services
350 Sansome Street, Suite 840
San Francisco, California 94104
T: (415) 986-7395
F: (415) 986-6862
Elizabeth.Champagne@cbre.com

EDUCATIONAL

Bachelor of Science Degree, Horticulture, Washington State University, Pullman, Washington
Successfully completed all the necessary courses to qualify for the MAI designation, and to meet continuing education requirements.

LICENSE(S)/CERTIFICATION(S)

California BRE Certified General Real Estate Appraiser No. AG025144 Expires 11/17/16

PROFESSIONAL

Appraisal Institute

Designated Member (MAI), Certificate No. 9390

Royal Institution of Chartered Surveyors

Designated Fellow (FRICS), Certificate No. 1277002

EMPLOYMENT EXPERIENCE

Over 20 years of professional experience in the fee preparation/review of real estate appraisals, feasibility studies, rent analyses and market studies of commercial and residential properties. Primary experience encompasses a wide variety of property types including office, retail, industrial, multifamily, hotel, medical office, skilled nursing facility, residential care, restaurant, parking garage, car wash, residential subdivision, bank branch and special purpose.

1997-Present	CBRE, Inc. Senior Managing Director	San Francisco, CA
1994-1997	The Property Sciences Group Inc., Senior Vice President	Pleasant Hill, CA
1992-1994	I.J. Barkan, Inc., Director of Appraisal & Consulting	Boston, MA
1990-1992	The Codman Company, Senior Appraiser & Manager	Boston, MA
1985-1990	Hunneman Appraisal & Consulting Company, Staff Appraiser	Boston, MA
1983-1985	The Krupp Company, Acquisitions Analyst	Boston, MA
1982-1983	City of Newton, Assessor	Newton, MA
1977-1981	USDI Fish and Wildlife Service, Staff Appraiser	Newton, MA
1975-1977	USDA Farmers Home Admin. and HUD	Franklin, PA and Boston, MA



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

M. Elizabeth Champagne

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


“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 025144

Effective Date: November 18, 2016

Date Expires: November 17, 2018


Jim Martin, Bureau Chief, BREA

3029108

QUALIFICATIONS OF

NANCY H. WELSH, MAI, MRICS
Vice President

CBRE, Inc., Valuation & Advisory Services
350 Sansome Street, Suite 840
San Francisco, CA 94104
(415) 356-7251
nancy.welsh@cbre.com

EDUCATIONAL

Bachelor of Arts Degree, Urban Studies, University of Pennsylvania, Philadelphia, PA
Successfully completed all the necessary courses to qualify for the MAI and MRICS designations,
and to meet continuing education requirements.

LICENSE(S)/CERTIFICATION(S)

California BRE Certified General Real Estate Appraiser No. AG025705 Expires 06/13/18
Certified General Real Estate Appraiser in 8 other states

PROFESSIONAL

Appraisal Institute
Designated Member (MAI), Certificate No. 32567

Royal Institution of Chartered Surveyors
Designated Fellow (MRICS), Certificate No. 1232537

EMPLOYMENT EXPERIENCE

Over 35 years of professional experience in real estate valuation and consulting working with corporations, hospitals, institutional investors, REITs, developers, accounting firms, financial institutions, and government agencies. Experience encompasses a wide variety of property types including office, retail, industrial, multifamily, bank branches, and special purpose. Valuation specialties include land and ground leases, financial reporting, hospitals and healthcare facilities, market rent, and complex assignments.

2016-Present	CBRE, Inc., Vice President – VAS, Appraiser	San Francisco, CA
2011-2016	Navigant Consulting, Inc., Director	San Francisco, CA
2005-2011	American Appraisal Associates, Managing Director	San Francisco, CA
1999-2005	CBRE, Inc., Managing Director	San Francisco, CA
1996-1999	The Property Sciences Group Inc., Senior Appraiser	Pleasant Hill, CA
1973-1996	Jackson-Cross Company (now CBRE, Inc.), Appraiser Coyle-Lynch Company, Appraiser Sole Proprietor, Appraiser	Philadelphia, PA Sharon Hill, PA Philadelphia, PA



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

Nancy H. Welsh

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


“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 025705

Effective Date: June 14, 2016

Date Expires: June 13, 2018


Jim Martin, Bureau Chief, BREA

3026451