

APPRAISAL OF:

772 PACIFIC AVENUE

SAN FRANCISCO, CALIFORNIA

PREPARED FOR:

CITY AND COUNTY OF SAN FRANCISCO

REAL ESTATE DIVISION

SAN FRANCISCO, CALIFORNIA

17-RBA-027

APRIL 2017

April 19, 2017

Mr. John Updike
Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Re: 17-RBA-027, Appraisal
772 Pacific Avenue
San Francisco, California

Dear Mr. Updike:

At your request and authorization, R. Blum and Associates has prepared an appraisal of the above referenced property. The subject property is located on the north side of Pacific Avenue between Stockton Street and Grant Avenue in the Chinatown neighborhood of San Francisco. The property consists of a single parcel of land totaling 9,219 square feet. The site is improved with a one-story plus mezzanine building which was built in 1919 and is currently operated as the New Asia restaurant. Total building area is approximately 13,271 square feet. The improvements cover the entire site. The existing improvements are leased through December 31, 2021. The property interest appraised is leased fee.

The client for this appraisal is Mr. John Updike, Director of Property with the City and County of San Francisco Real Estate Division. The intended user of the appraisal is the City and County of San Francisco. The intended use is for internal analysis in connection with existing or future real estate negotiations. The purpose of this appraisal is to conclude the current as-is market value of the leased fee interest in the property. ***This report should not be used or relied upon by any other parties for any reason.***

EXTRAORDINARY ASSUMPTION

- I.** The subject property is impacted by an underground storage tank. No testing of the tank or soils has occurred to determine whether it has leaked. The concluded value in this report assumes that there is no soil remediation required and that the cost of removal of the tank is fairly nominal as part of the demolition of the larger improvements on the site.

The use of any hypothetical conditions or extraordinary assumptions in this report might have affected the assignment results.

VALUE CONCLUSION

Based on the research and analysis contained in the attached report, and subject to the limiting conditions and assumptions contained therein, it is the opinion of the undersigned that the market value of the leased fee interest in the subject property, in its present as-is condition, as of April 12, 2017, is:

FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS

(\$5,400,000)

It is our opinion that the above values could be achieved within a 12-month exposure period.

The property is currently under contract to be purchased by the City and County of San Francisco for a price of \$5.0 million. This is slightly lower than the concluded value above. The property was not formally marketed and the buyer is taking on the risk of removal of an underground tank and possible remediation of any contaminated soils. The concluded value in this report assumes that there is no remediation required.

CERTIFICATION

I, the undersigned, hereby certify that, to the best of my knowledge and belief: the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions; I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved; I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; my engagement in this assignment was not contingent upon developing or reporting predetermined results, my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan; my analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice, Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and is in compliance with FIRREA; I have made a personal inspection of the property that is the subject of this report; Robert Dawson provided significant professional research assistance to the person signing this report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report Ronald Blum has completed the requirements under the continuing education program of the Appraisal Institute. In accordance with the Competency Provision in the USPAP, I certify that my education, experience and knowledge are sufficient to appraise the type of property being valued in this report.

We have not previously appraised or provided any other valuation services regarding this property within the past three years.

I am pleased to have had this opportunity to be of service. Please contact me if there are any questions regarding this appraisal.

Sincerely,

R. BLUM AND ASSOCIATES

A handwritten signature in blue ink, appearing to read 'R. Blum', is positioned above the printed name and title.

Ronald Blum, MAI
Certified General Real Estate Appraiser
State of California No. AG009958

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Qualifications and License of Appraiser

I. REPORT SUMMARY

A. Property Appraised

The subject property is located on the north side of Pacific Avenue between Stockton Street and Grant Avenue in the Chinatown neighborhood of San Francisco. The property consists of a single parcel of land totaling 9,219 square feet. The site is improved with a one-story plus mezzanine building which was built in 1919 and is currently operated as the New Asia restaurant. Total building area is approximately 13,271 square feet. The improvements cover the entire site. The existing improvements are leased through December 31, 2021. The property interest appraised is leased fee.

B. Client, Intended Use and Intended User

The client for this appraisal is Mr. John Updike, Director of Property with the City and County of San Francisco Real Estate Division. The intended user of the appraisal is the City and County of San Francisco. The intended use is for internal analysis in connection with existing or future real estate negotiations. The purpose of this appraisal is to conclude the current as-is market value of the leased fee interest in the property. ***This report should not be used or relied upon by any other parties for any reason.***

C. Reporting Format

This appraisal is presented in a narrative report.

D. Scope of Appraisal

The scope of work for this summary appraisal assignment report is to utilize the appropriate approaches to value in accordance with Uniform Standards of Professional Appraisal Practice to arrive at a market value conclusion. Specific steps include the inspection of the subject property (interior and exterior) and the research, analysis and verification of comparable data to arrive at value indication as put forth in this report. The Sales Comparison and Income Approaches are considered to be the best indicators for the subject property and are utilized. Land value is also concluded using a Sales Comparison Approach.

E. Effective Date of Appraisal and Report Date

The effective date of the appraised value is April 12, 2017.

The date of this report is April 19, 2017.

F. Definition of Terms**1. Market Value (OCC 12 CFR 34.42 (f)) (OTS 12 CFR, Part 564.2 (f))**

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

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interest;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and

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

2. Fee Simple Interest (The Appraisal of Real Estate, 13th Edition, 2008, p.114)

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.

3. Leased Fee Interest (The Appraisal of Real Estate, 14th Ed., 2013, p.72)

The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.

G. Value Conclusions

Based on the research and analysis contained in this report, and subject to the limiting conditions and assumptions contained herein, it is the opinion of the appraiser that the market value of the leased fee interest in the subject property, in its present as-is condition, as of April 12, 2017, is:

FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS**(\$5,400,000)**

It is our opinion that the above values could be achieved within a 12-month exposure period.

H. Assumptions and Limiting Conditions

This appraisal report and all of the appraiser's work in connection with this appraisal assignment are subject to the limiting conditions below. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms.

Extraordinary Assumption

1. The subject property is impacted by an underground storage tank. No testing of the tank or soils has occurred to determine whether it has leaked. The concluded value in this report assumes that there is no soil remediation required and that the cost of removal of the tank is fairly nominal as part of the demolition of the larger improvements on the site.

The use of any hypothetical conditions or extraordinary assumptions in this report might have affected the assignment results.

Standard Limiting Conditions

2. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which he/she is aware prior to utilizing this report or making it available to any third party.
3. No responsibility is assumed for legal matters. It is assumed that title of the property is marketable and it is free and clear of liens, encumbrances and special assessments other than as stated in this report. The property is appraised assuming responsible ownership and competent management.
4. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for their accuracy can be assumed by the appraiser.
5. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.
6. No survey of the property has been made or reviewed by the appraiser unless noted in this report. No responsibility is assumed in connection with such matters.

Illustrative material, including maps and plot plans are included only to assist the reader in visualizing the property.

7. The appraiser assumes that there are no hidden or unapparent physical deficiencies or adverse conditions of the property, including soil contamination, which would make it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
8. In this assignment, the existence (if any) of potentially hazardous materials used in the construction or maintenance of the improvements or disposed of on the site, or affecting it from off site, has not been considered except as noted within the report. The appraiser is not qualified to detect such substances and this report should not be considered as an environmental assessment of the property; the client is advised to retain an expert in this field.
9. Any projections of income and expenses in this report are not predictions of the future. Rather, they are an estimate of current market thinking of what future income and expenses will be. No warranty or representation is made that these projects will materialize.
10. The appraiser is not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.
11. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the proper written qualification, only in its entirety, and only for the contracted intended use.
12. Neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser. The appraiser, client, firm, and any reference to the Appraisal Institute or the MAI designation shall be identified without written consent of the appraiser.

II. AREA AND NEIGHBORHOOD DESCRIPTION

A. San Francisco and the Bay Area

While San Francisco covers a relatively small land area of approximately 45 square miles, it is the geographic center of a major metropolitan area consisting of nine counties surrounding San Francisco Bay. The Bay Area is the fifth largest metropolitan center in the United States with a population exceeding 7,200,000. It has a relatively stable economic base which will likely expand in the future. Principal economic activities include finance, high technology, manufacturing, and transportation. The population within San Francisco proper was approximately 866,583 as of January 1, 2016, according to estimates prepared by the California Department of Finance, a 1.1 percent increase of one year earlier.

The economic outlook for San Francisco and the Bay Area is positive. According to the Association of Bay Area Governments (ABAG) Projections 2009, San Francisco will have 606,540 jobs by 2015, up from an estimated 568,730 jobs in 2010. The largest employment sectors in 2010 in San Francisco were financial and professional services (181,680 jobs) and health, educational and recreational services (198,800 jobs). These sectors comprise approximately 67 percent of total jobs in San Francisco. Also according to ABAG's 2009 Projections, San Francisco's mean household income was \$102,000 as of 2010, up from \$97,400 in 2005. ABAG projects income will rise to \$107,900 by 2015, and \$113,800 by 2020.

The California Employment Development Department reports San Francisco unemployment at 3.3 percent as of September 2016, the same rate as one year prior. The State unemployment rate was 5.3 percent in September 2016, down from approximately 5.6 percent in September 2015.

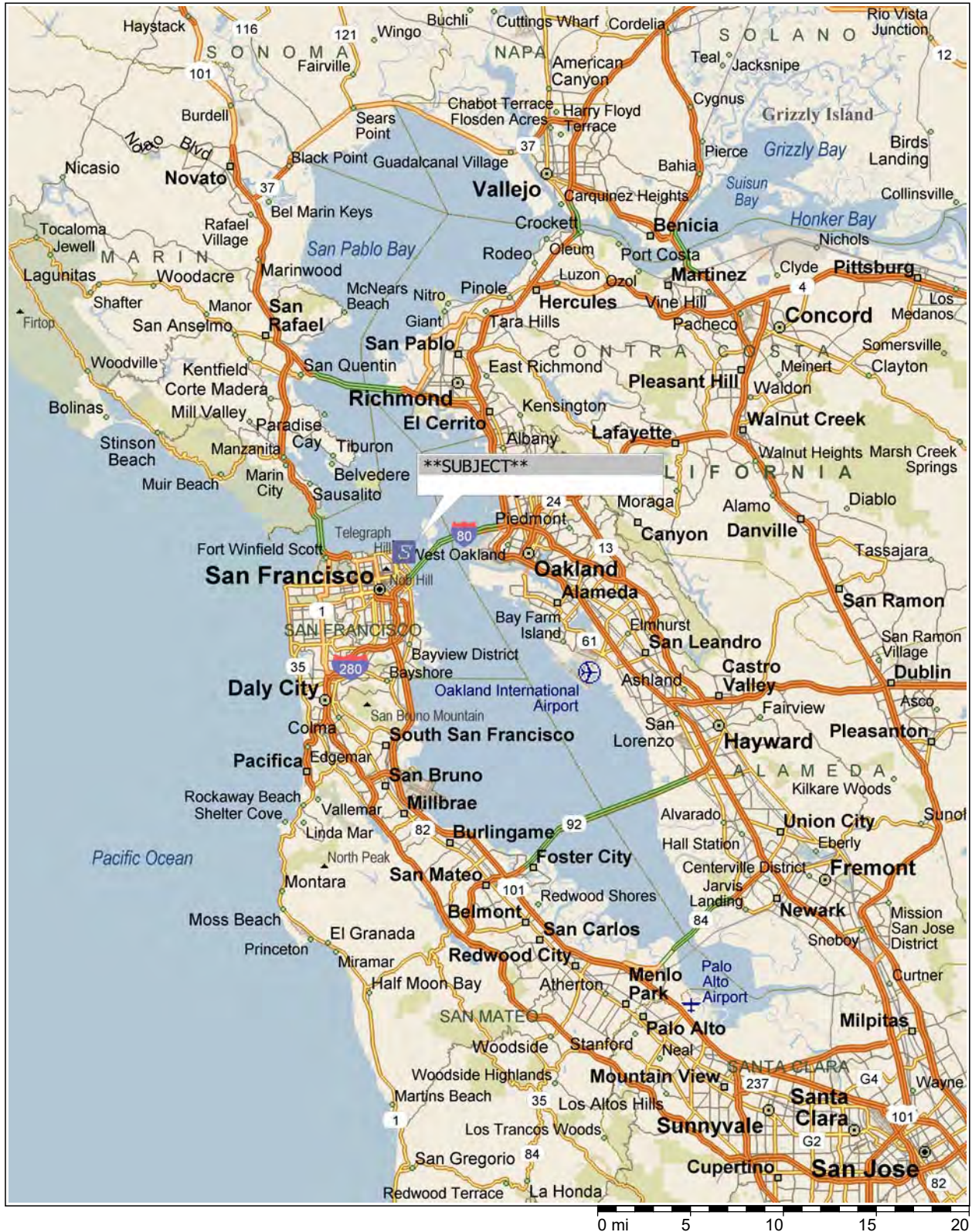
According to ABAG's 2009 Projections, San Francisco's mean household income was \$102,000 as of 2010, up from \$97,400 in 2005. ABAG projects income will rise to \$107,900 as of 2015, and \$113,800 in 2020.

The economic outlook for San Francisco and the Bay Area is favorable. On a regional basis, the Bay Area has a diversified economic base which helps insulate it from national economic fluctuations. Employment patterns within San Francisco are generally oriented toward office activities. These activities, as opposed to functions such as heavy industry, have traditionally been less vulnerable to changes in the business cycle.

B. Neighborhood Description and Immediate Environs

The subject property is located in the Chinatown neighborhood of downtown San Francisco. Chinatown is situated in the northeast section of San Francisco, adjacent and generally south, of the residential communities of North Beach, Nob Hill, Russian Hill, and Telegraph Hill. San Francisco's Financial District is generally

REGIONAL MAP



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 Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.

located to the south and south/east of Chinatown. The historic boundaries between Chinatown and the adjacent neighborhoods of Nob Hill, Russian Hill, and particularly North Beach, have become blurred over the past 30 years as Chinatown residents, property owners, and store keepers move into the surrounding areas around the central core of Chinatown. This central core is generally bounded by Powell Street to the west, Kearny Street to the east, Bush Street to the south, and Broadway to the north.

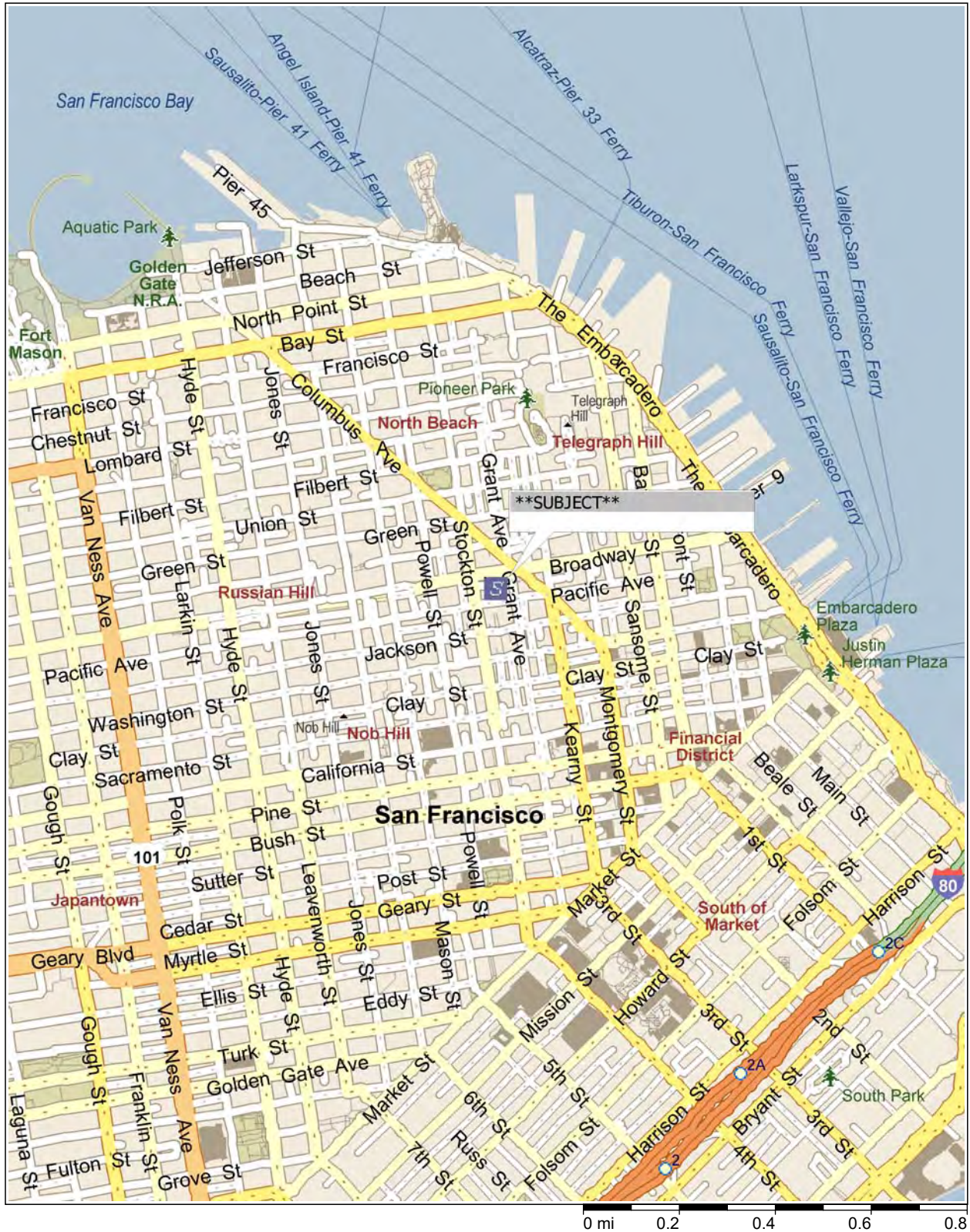
The Chinatown District is an intensely developed and populated district that functions as a community center, as well as a residential neighborhood and a major tourist attraction. The San Francisco Financial District also began to expand westward towards Chinatown. The increase in commercial activity in Chinatown due to both internal growth and the expansion of the Financial District has put pressure on existing housing and commercial spaces in Chinatown, fueling the expansion of Chinatown northward into North Beach and westward to Russian Hill.

Chinatown is one of the most densely populated neighborhoods in the United States. The housing stock generally consists of older, relatively less expensive apartments and hotels. Approximately 20 percent of the population is reported to live in group quarters, while the citywide rate is just over three percent. Group quarters refers to residential hotels, hospitals, convalescent facilities, dormitories and housing other than traditional apartments, condominiums or single family homes. The neighborhood is served by MUNI bus lines and a new underground MNI subway line known as the Central Subway project which will extend the T Third line to provide a direct link between the Bayshore and Mission Bay neighborhoods, through downtown, to Chinatown.

The subject property is located toward the northern edge of the Chinatown district, on the north side of Pacific Avenue between Stockton Street and Grant Avenue in the heart of the district. Grant Avenue and Stockton Streets are both active commercial streets with a variety of restaurants, retail stores, and food shops. The subject's block of Pacific Avenue is commercial on the north side of the street, and has higher density residential uses on the south side. This property, identified as 795 Pacific Avenue is part of the Ping Yuen complex, a public housing development serving the Chinatown area which is managed by the Chinatown Community Development Center. These properties are undergoing upgrading renovations between 2016 and 2019.

Pacific Avenue in the vicinity of the subject property is a two-lane, westbound, one-way street with metered street parking on the south side. Immediate environs of the subject property include a two-story commercial building followed by a three-story building with commercial uses on the ground floor and residential uses above. Further east is a six-story building housing medical offices and the Mirawa Shopping Center on the ground floor, and below-grade parking on the lower level. To the west of the subject property is a three-story building with retail uses on the

AREA MAP



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 Certain mapping and direction data © 2012 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2012 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2012 by Applied Geographic Solutions. All rights reserved. Portions © Copyright 2012 by Woodall Publications Corp. All rights reserved.

ground floor and residential uses above. This property is located on the northeast corner of Stockton Street and Pacific Avenue, and is within the busy Stockton Street shopping district which is comprised primarily of food stores. The Ping Yuen residential building on the subject's block is five-stories and covers most of the city block to the south of the subject. The northeast corner of the site adjoins a parking lot for the Royal Pacific Motor Inn which fronts Broadway north of the subject property.

The subject property has a good location within the Chinatown district, on a mixed block which houses both residential and commercial uses. The overall outlook for the neighborhood and immediate environs is positive.

III. MARKET OVERVIEW

A. Residential Market Overview

The City of San Francisco has traditionally been one of the most expensive housing in the country, and although it was impacted by the downturn following the financial crisis, the market has since recovered strongly. This was largely fueled by the migration of technology companies to San Francisco. As a result, several developers have brought formerly rented units back to the for sale market as many of the newer projects have sold out and there is very limited net inventory remaining. In addition, an unprecedented amount of speculative residential construction is now underway in many areas of San Francisco.

Sales Trends

According to the Real Estate Report, a real estate data provider which culls data from the MLS, the median price for a single family home in San Francisco in January of 2017 was \$1,015,000. This represents a decrease of 13.1 percent as compared to January 2016. The average price was \$1,301,460 in January 2017, down 17.1 percent as compared to January 2016. In terms of sales volume, 179 single family homes were sold in San Francisco during the month of January 2017, up from 104 homes sold in January 2016.

For condominium, loft and TIC units, the city-wide median price for January 2017 was \$935,000. This represents a decrease of 11.8 percent as compared to January 2016. The average price was \$1,107,383 in January 2017, down 5.3 percent as compared to January 2016. A total of 157 attached housing units were sold in San Francisco in January 2017, up from 149 attached units sold in January 2016. The average sale/list price ratio for condominiums, lofts and TICs in San Francisco for January 2017 was 101.0 percent, down from 103.3 percent in January 2016. The average time on market for attached housing in January 2017 was 58 days, up from 50 days in January 2016.

Supply Trends

According to The San Francisco Planning Department's 2015 Q4 Development Pipeline Summary (most recent available), there are approximately 8,691 housing units currently under construction. A total of 26,063 housing units are approved for construction, although many of these will not be built in the near future. An additional 27,760 housing units within 712 projects are currently under planning review. Many of the new condominium projects are located in Bayview/Hunter's Point/Candlestick (where the Bayview Waterfront Project is predominantly located), Treasure Island and Park Merced, areas which have land available for new development. Most of the buildings which are under construction are in the South of Market / Mission Bay, Mid-Market, Upper Market, the Mission, and Hayes Valley. Approximately 80 percent of these units are rentals and will likely impact the high end rental market when they are completed. Construction financing is currently available for these projects. The condominium market is expected to remain strong as the future

supply is much more limited than apartments. Changes in economic conditions or interest rates could affect future demand.

Apartment Trends

According to Cushman & Wakefield's Bay Area Multi-Family Market Report for the third quarter of 2016 (most recent available), the vacancy rate for San Francisco was 4.3 percent, up from 4.1 percent in the third quarter 2015. The overall average asking rent was \$3,499 per unit per month, down from \$3,623 in the third quarter 2015. The average rent based on unit type was \$2,809 for studios, \$3,317 for one-bedroom units, \$3,459 for two-bedroom, one-bath units, \$4,650 for two-bedroom, two-bath units, and \$4,556 for three-bedroom, two-bath units. According to Cushman & Wakefield, San Francisco is the most expensive market in the region and rivals Manhattan as the priciest market in the United States. Verbal reports indicate that rents are stabilizing, and may moderate due to new supply coming on line. Many projects recently started offering concessions as vacancy has increased.

Conclusion

Overall, the San Francisco for-sale housing and rental markets are extremely strong but there is some moderation of both for-sale prices and rents. The dramatic increases in prices and rental rates over the last several years appear to be ending. Vacancy is expected to increase as a result of new projects being completed. The underlying fundamentals in San Francisco, including strong demand and high barriers to development, should help San Francisco perform better than other parts of the country. The outlook remains positive due to very high prices and rents, but there is continued risk due to the current position in the market cycle. Some additional reduction in rental rates and sale prices is likely.

B. Marketing and Exposure Period Analysis

The exposure period is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Thus it is assumed to have occurred prior to the appraisal date. In contrast the marketing period is the estimated time that it would take to consummate the sale after the appraisal date.

The subject property is a leased restaurant building / future development site in the heart of the Chinatown district. There would be significant demand if the property were offered for sale, both from investors and developers. Considering the attributes of the property, an exposure period of 12 months to allow for marketing, due diligence, and close of escrow. The marketing period is also concluded at 12 months.

IV. PROPERTY DESCRIPTION

A. Site Description

The current subject property is a largely rectangular parcel, missing a small portion of the northeast corner of the site and a small notch in the northwest corner. The site has 69.5 feet of frontage on Pacific Avenue and a depth ranging from 117.5 to 137.5 feet. Total site area is approximately 9,219 square feet, or 0.21 acres. Topography of the site slopes down to the east somewhat. The property is identified by the San Francisco County Assessor as Block 0161, Lot 015.

The precise nature and condition of subsurface soils is not known; however, judging from the condition and appearance of the subject improvements and the adjacent properties, it is assumed that soil conditions are satisfactory for the construction of conventional office building improvements. All streets adjacent to the subject are fully paved and contain curbs, sidewalks, gutters and street lighting. The property is served with typical urban utilities, including public water and sewer systems. Local companies supply electricity, gas, and telephone service.

B. Ownership and Sales History

According to a preliminary title report prepared by Stewart Title Guaranty Company, ownership of the subject property is currently vested in Robert Calvin Yick and Andy Ting, trustees of Shew Yick Trust One, under agreement dated October 13, 1980, as to an undivided 50 percent interest; Richard Tong Surviving Trustee of the Robert Yick Non-Exempt Assets Trust under agreement dated October 13, 1980, as to an undivided 39 percent interest; and Richard Tong Surviving Trustee of the Robert Yick Trust Two under agreement dated October 13, 1980, as to an undivided 11 percent interest. This property has been owned by related entities since prior to 1988. The property subject to a purchase and sale agreement between the ownership and the City and County of San Francisco. That document, dated March 23, 2017, was reviewed. The purchase price is \$5,000,000. The property is being sold in as-is condition. With regards to any contamination from hazardous material, the City may request that the seller cleanup the property or terminate the agreement. If the City requires the seller to remediate, the seller has the option to terminate the contract. Close of escrow was to be by May 8, 2017. According to the broker and a representative of the City, they intend to purchase the property in as-is condition and will take on the potential for any future remediation related to the tank and its removal. The property was not formally marketed, although brokers are acting in a consulting capacity.

The pending purchase price is slightly lower than the concluded value in this report. The property was not formally marketed and the buyer is taking on the risk of removal of an underground tank and possible remediation of any contaminated soils. The concluded value in this report assumes that there is no remediation required. The comparables support the concluded value and for the reasons discussed herein, a concluded value above the negotiated purchase price is considered reasonable.

ASSESSOR'S MAP

ASSESSOR-RECORDER'S OFFICE

SHEET 1 **161**

50 VARA BLK. 110

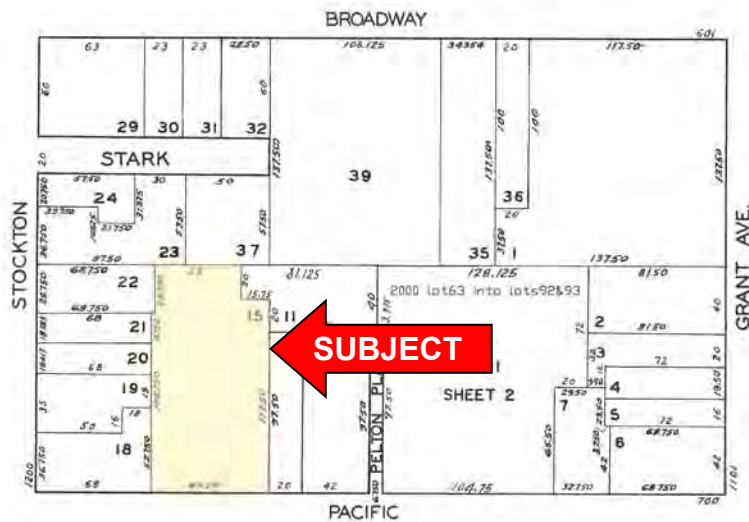
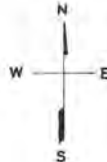
LOT	LOTS	MERGED
20	104	110
21	105	111
22	106	112
23	107	113
24	108	114
25	109	115
26	110	116

REVISED	'57
1	'66
2	'80
3	'86

Revised 2000

© COPYRIGHT SAN FRANCISCO
CITY & COUNTY ASSESSOR 1995

lot63 into lots92&93 for 2000 roll



728 PACIFIC AVE.
A CONDOMINIUM
UNIT & COMM. AREA

92	408	0.70
93	407	0.96

ASSESSED 110,030
BLK TOTAL 110,030 SQ. FT.

There have been no transfers of the property, other than between related entities, in the last three years.

C. Easements and Restrictions

According to the preliminary title report referenced above, the subject property is impacted by a parapet agreement from 1985, and a minor sidewalk encroachment from 2008 which relates to out-swinging doors. These items are not considered significant. A deed of trust from 2012 in the amount of \$200,000 is also noted. None of these items are considered to impact the utility or market value of the property.

D. Environmental Observations

A Phase I Environmental Site Assessment was prepared by EBI Consulting on November 21, 2016. A copy of that report was reviewed. The consultants discovered records from the San Francisco Fire Department that permits were granted in 1953 and 1965 for an underground storage tank (UST) beneath the sidewalk at the subject property. There is no visual evidence of a UST at the property according to the report, and no records of the tank having been removed. They also found some possible asbestos-containing materials in the form of spray applied ceiling texture, joint compounds and other materials. The consultant recommended a geophysical survey with radar or magnetometer to determine whether the UST remains on site. An asbestos operations and maintenance plan is also recommended for some suspect asbestos containing materials they found on site.

A subsequent investigation by TR&A Inc. was performed and a letter dated March 15, 2017 was reviewed. This consultant discovered a hinged fuel tank fill which suggests that a UST on the site was abandoned in place. This is located on the eastern portion of the subject sidewalk. No additional information was provided regarding this tank or the possible cost of its removal. It is also possible that there could be some additional costs related to contaminated soil if the tank exists and leaked. The City intends to purchase the property in as-is condition and will take on the liability of any remediation in the future when the site gets developed.

The reader is referred to the Limiting Conditions in Chapter I of this report which assumes the site and building are clean of any toxic contaminants. The value considers the cost to remove the tank as part of the demolition of the improvements, not assumes there is no soil remediation required.

No wetlands were observed on the subject property.

E. Flood Zone and Seismic Information

In 2013, the City of San Francisco began to participate in the National Flood Insurance Program. As of the appraisal date, maps have not yet been published. These are not expected until 2015 or later. Because San Francisco does not currently have maps, no federally sponsored flood insurance is available and is not required by law. Officials at the

local office of the Federal Emergency Management Agency (FEMA) have indicated that, if San Francisco were a participant in the federal program, the majority of the city, including the subject property, would be designated Flood Zone D, which identifies areas of undetermined flooding. This will likely change in the future.

According to governmental geological evaluations, the entire San Francisco Bay Area is located in a seismic zone. No active faults, however, are known to exist on the subject property. Inasmuch as similar seismic conditions generally affect competitive properties, no adverse impact on the subject property is considered. The subject is not located in an Alquist Priolo earthquake zone.

F. Assessed Valuation and Real Estate Taxes

The subject property is currently assessed for ad valorem taxes in the amount of \$3,010,588, of which \$1,474,249 is for land, and \$1,536,339 is for improvements.

Under California law, real property assessment can only be increased a maximum of 2 percent per year. Reassessment is permitted upon a change of ownership typically based on the estimated market value multiplied by a tax rate of one percent plus any outstanding bond assessment payments. The 2016 – 2017 tax rate for the subject property is 1.1792 percent plus special assessments. Total 2016-2017 taxes are \$35,852.88 which includes special assessments of \$352.04.

G. Zoning

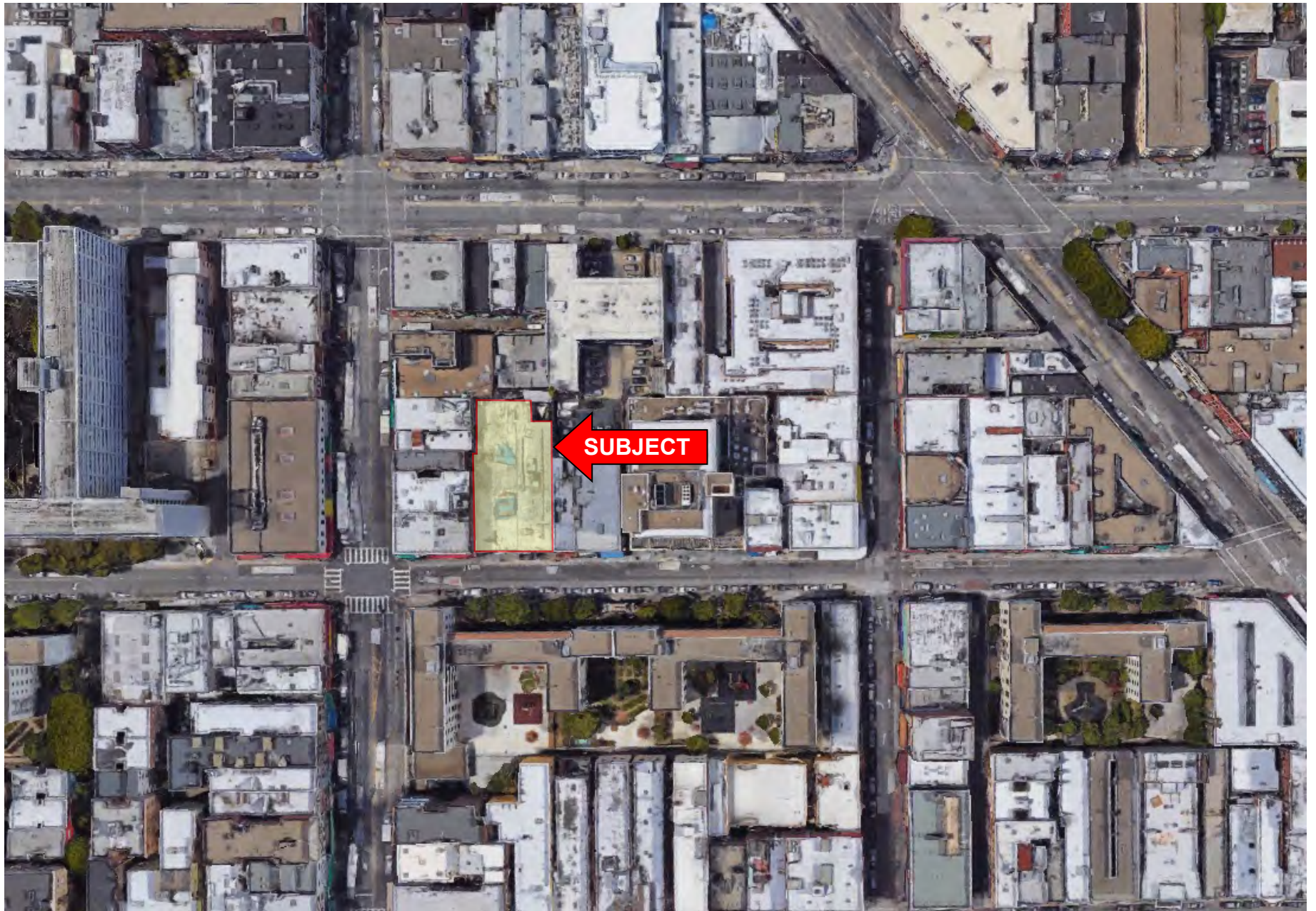
The subject property is zoned CRNC, or Chinatown-Residential – Neighborhood Commercial District. Properties in this zone allow for a variety of retail sales and restaurant uses with other commercial uses allowed with conditional approval. The subject property has a 65 foot height limit. Commercial uses are allowed up to a 2.0 to 1 FAR with conditional uses required for uses over 2,500 square feet (or 5,000 square feet for restaurants). No parking is required and is allowed up to one car for each two units. Residential development is allowed on all floors up to a density of one space per 200 square feet of lot area (up to 46 units). Group housing is allowed at up to one bedroom per 140 square feet of lot area.

The subject property has a historical rating of B according to the Planning Department and a Survey Rating of D by the Foundation for San Francisco Architectural Heritage, which stands for Minor or No Importance. Demolition of the improvements would likely be legally allowed.

H. Improvements Description

The subject property is currently improved with a one-story, plus mezzanine building which is currently improved as the New Asia restaurant. The construction type was not visible. Public records indicate that it is wood or steel frame, but visible bolting on the front of the building suggests that it might be at least in part brick or masonry. That would

AERIAL VIEW



SUBJECT PHOTOGRAPHS



Northeasterly View of Subject



Northwesterly View of Subject



Westerly View Along Pacific Avenue



Interior View - Ground Level

SUBJECT PHOTOGRAPHS



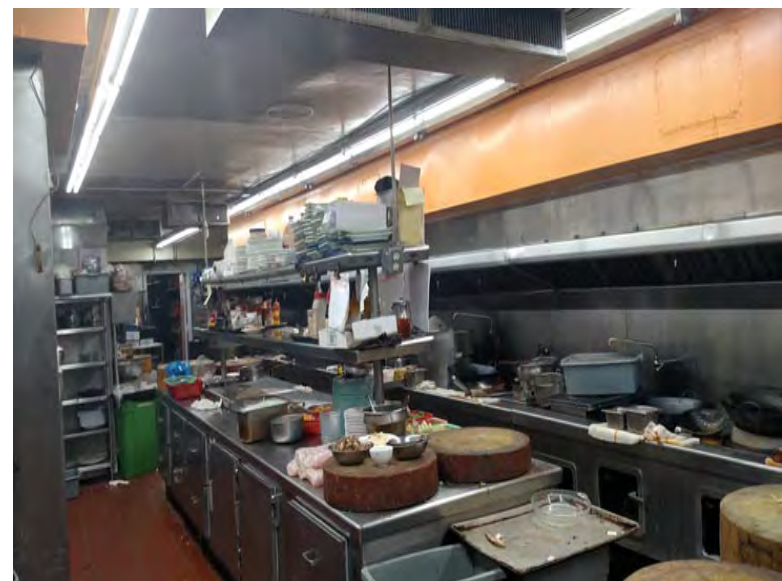
Interior View - Ground Level



Interior View - Ground Level



Interior View - Mezzanine



Interior View - Kitchen

be consistent with the age of the building. The mezzanine structure appears to be wood frame.

The improvements were built in 1919 and was once used as an automotive repair garage and a cab company until 1958, and as a contractor's shop / storage use after 1958. It was reportedly converted into a restaurant in 1971. The exterior is painted ceramic and stone tile. There are four separate man doors leading onto Pacific Avenue. Two have tiled decorative circular openings for guests, one of which is covered by an awning, and both are recessed. The westernmost door leads to a hallway used for loading to the kitchen and storage of trash receptacles. The easternmost door provides ADA accessibility.

The ground level is improved as a large banquet room with dance floor and raised stage. The commercial kitchen is located on the west side of the space and at the back of the space. A U-shaped mezzanine provides additional banquet space at the back and east side of the building, which is open to the main level. The west side mezzanine houses two restrooms, and some storage space. There are two closed rooms at the back of the main mezzanine which are used for storage and not available for inspection. Some management offices are located at the front of the building on the eastern mezzanine.

The interior finishes include terrazzo flooring on the main level. The ground floor has 18 foot ceilings (except for area covered by the mezzanine). The ceilings have affixed acoustical tiles, with HVAC ductwork above the ceiling. The roof was not inspected but no leaks were observed. Other floor coverings include ceramic tile in the kitchen, wall-to-wall carpeting and vinyl. The kitchen includes a number of wok and cooking stations with hoods, prep areas, walk-in cooler and freezer, and dishwashing area. There is a single restroom on the ground floor, apparently to satisfy ADA requirements and two restrooms on the mezzanine. There is no elevator so the mezzanine is not handicap accessible. There are two stairways leading to this level.

Based on public records, total building area is approximately 13,271 square feet. The building has full site coverage, which suggests the mezzanine is approximately 4,052 square feet. Based on measurements made on site, this may understate the mezzanine slightly which may be due to the exclusion of some of the office, storage or utility areas. For valuation purposes, the mezzanine area per public records is considered reasonable and is used.

The subject property is improved as a large restaurant / banquet facility. The interior improvements are older and in average to below average condition. They are currently functional but any alternate user would likely anticipate a significant renovation to include new ADA restrooms, new interior finishes, an elevator leading to the mezzanine and significant upgrades to the kitchen.

The building has a chronological age of 98 years. The effective life is concluded to be 45 years. The effective age is concluded to be 40 years. The remaining economic life is concluded to be 5 years which could be extended with ongoing maintenance. As

demonstrated in this report, based on land value the building could be at the end of its economic life with the existing restaurant facility an interim use until redevelopment occurs.

I. Leased Status

The subject property is currently the subject of a lease which dates from 2002. The lessee is Hon So, Inc., and Hon Keung So, an individual, and Candy Mei-Yiu So, an individual. Each party was jointly and severally liable for all terms and conditions of the lease. The premises are comprised of the entire building. The original lease term expired on December 31, 2011, and the tenant is within their 10 year renewal option period which expires on December 31, 2021. The space was leased in as-is condition with all renovation costs to be paid by the tenant. The landlord shall be under no obligation to make any repairs to the premises, except for the roof and foundations. If the sewer lines leading to the premises need repair, the landlord and tenant shall share the expenses equally. The lessee is responsible for property taxes, including any increase due to sale, and building insurance.

The rent for the renewal option was to be based on \$20,000 per month increased by the CPI rate from January 1, 2004 through December 31, 2011, with continued annual CPI increases over the option term, not to exceed 5 percent in any one year. The current lease rate, which initiated on January 1, 2017 at \$22,500 per month, was apparently the result of a negotiation between the parties in November 2016. The future rent for the balance of the term was apparently subject to further negotiation so it appears that the CPI increase referenced in the lease is no longer valid.

V. HIGHEST AND BEST USE AND VALUATION METHODOLOGY

The highest and best use is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.

A. As If Vacant

In determining the highest and best use of the entire subject site as if vacant, the four tests are applied to the subject. These include: legal permissibility, physical possibility, financial feasibility and maximum productivity.

1. Legal Permissibility

The zoning for the subject property allows for development of commercial and residential uses, or mixed uses with a height limit of 65 feet. The maximum residential density allows up to 46 units, although it is possible that this could be increased as a result of affordability or other approval.

2. Physical Possibility

The subject property has a single street frontage. The physical characteristics do not limit legally allowed development.

3. Financial Feasibility

The site is located in a central Chinatown location. Residential development with ground floor commercial use would be financially feasible. Construction of affordable housing would also be feasible with public subsidy. There is strong demand for affordable housing in this location.

4. Maximum Productivity and Conclusion

The maximally productive use of the subject site if vacant would be to develop a residential building, most likely as affordable housing, possibly with ground floor commercial use.

B. As Improved

In considering the highest and best use of the subject property as improved, the same tests are considered.

The subject property is improved with a one-story, plus mezzanine, restaurant building. As demonstrated in this report, the market value as a development site is higher than the market value as improved, so future demolition and redevelopment is considered to be the

highest and best use of the property as improved. The improvements are currently leased through 2021, or slightly more than four years. This period would allow for the redevelopment of the site to be entitled and this rental income is considered to provide interim carrying income until redevelopment occurs.

C. Methodology

The valuation of any parcel of real estate is derived principally through three approaches to market value. From the indications of these analyses and the weight accorded to each, an opinion of value is reached. Each approach is more particularly described below.

1. Cost Approach

This approach is the summation of the estimated value of the land, as if vacant, and the reproduction of replacement cost of the improvements. From these are deducted the appraiser's estimate of physical deterioration, functional obsolescence and economic obsolescence, as observed during inspection of the property and its environs. The Cost Approach is based on the premise that, except most unusual circumstances, the value of a property cannot be greater than the cost of constructing a similar building on a comparable site (principal of substitution). The.

2. Sales Comparison Approach

This approach is again based on the principal of substitution, i.e., the value of a property is governed by the prices generally obtained for similar properties. In analyzing the market data, it is essential that the sale prices be reduced to common denominators to insure, as far as possible, that comparable units are being used for comparison. The difficulty in this approach is that two commercial properties are very rarely exactly alike.

3. Income Approach

An investment property is typically valued in proportion to its ability to produce income. Hence, the Income Approach involves an analysis of the property in terms of its ability to provide a net annual income. This estimated income is then capitalized at a rate commensurate with the risks inherent in ownership of the property, relative to the rate of return offered by other investments.

The subject property is valued using the Sales Comparison Approach as improved. Land is also valued using a Sales Comparison Approach. The Cost Approach is not considered relevant in valuing the subject property. The Income Approach is considered to be a secondary indicator and a rudimentary Income Approach analysis is included in the reconciliation chapter. The valuation analysis is further discussed in the following chapter.

VI. LAND VALUATION

Land is valued using a Sales Comparison Approach. Details of transactions considered most comparable to the subject were researched and analyzed to extract unit prices which, when applied to the subject, provide a value indication. The sales are described in the following paragraphs and are presented in tabular form on the following page.

A. Comparable Land Sales

Comparable 1 is the property located at 500 Turk Street, at the northwest corner of Larkin Street, in San Francisco. Site area is 18,906 square feet, or 0.43 acres. The site is partially improved with a one-story, 6,177 square foot, tire and auto service facility that was built in 1935. The property is zoned RC-4 and is within the North of Market Residential Special Use District. The height limit of 80 feet. According to the listing agent, the property was fully leased to one tenant at \$10,000 per month on an industrial gross basis. Reportedly, the lease had approximately five years remaining and the buyer paid the tenant \$76,000 to terminate the lease after three years.

In December 2016, Turk 500 Associates, LP (Tenderloin Neighborhood Development) purchased this property from Frederick S. Rolandi, III for \$12,250,000. Adding the reported real estate commissions and lease buyout paid by purchaser increases the price to \$12,571,000, or \$665 per square foot of land area and \$103,893 per proposed unit. The buyer intends to redevelop the site with an affordable residential development to include 121 residential units over ground level retail space and no onsite parking. According to the listing agent, the property was not marketed and the price was negotiated in May 2016. Reportedly, it will take approximately two years to obtain approvals for the proposed development.

Comparable 2 is the property located at 838 Grant Avenue in San Francisco. The property also has frontage along Walter U. Lum Place. The improvements consist of a six-story plus lower level and mezzanine, reinforced concrete building that was built in 1966. The building contains approximately 63,126 rentable square feet, including lower level which is at street level along Walter U. Lum Place. The improvements are situated on an 8,250 square foot site, indicating a floor area ratio of 765 percent. The property is zoned CVR, or Chinatown Visitor Retail and has a height limit of 50 feet. According to the listing agent, the seller had previously owner occupied the lower level and second floor of the building. In addition, the fifth and sixth floors, which were previously leased as a restaurant/banquet facility, were vacant at the time of sale. The ground level was leased to various retail tenants and the third and fourth floors were leased to various office tenants. All the leases were reportedly on month-to-month lease terms.

In August 2016, JL Realty Partners, LLC purchased this property from Chong Investments, Inc. for \$17,250,000 million. Deducting the contributory value of the existing improvements, estimated at \$200 per square foot of building area, indicates a land allocation of \$561 per square foot of land area. The buyer is an investor that intends to renovate and possibly convert portions of the building to hotel and/or office use.

COMPARABLE LAND SALES

Appraisal of 772 Pacific Avenue
San Francisco, California

No. Location	Sale Date	Land Area	Sale Price	Price Per SF Per Unit	Planned Development	Zoning Height Limit Res. Density	Grantor/ Grantee/ Document No.
1 500 Turk St. San Francisco APN: 0741-002	12/16	18,906 SF 0.43 AC	\$12,250,000 \$245,000 (1) <u>\$76,000</u> (2) \$12,571,000 (unentitled)	\$665 \$103,893	Site proposed for an 8-story building with 121 residential units over retail. Project to be 100% affordable.	RC-4 / North of Market Residential SUD 80' 279 DU/AC (proposed)	Frederick S. Rolandi, III/ Turk 500 Assoc., LP #377413
2 838 Grant Ave. San Francisco APN: 0209-005	8/16	8,250 SF 0.19 AC	\$17,250,000 <u>(\$12,625,200)</u> (3) \$4,624,800 (unentitled)	\$561 \$112,800	Site improved with a 6-story, partially vacant, 63,126 SF building leased to various office and retail tenants on month-to-month lease terms.	CVR 50' 218 DU/AC (allowed)	Chong Investments, Inc./ JL Realty Partners, LLC #305638
3 2525 Van Ness Ave. San Francisco APN: 0527-004	2/16	11,025 SF 0.25 AC	\$5,750,000 <u>\$1,000,000</u> (4) \$6,750,000 (unentitled)	\$612 \$250,000	Site improved with a two-story, office building. Buyer to redevelop site with a 7-story, mixed-used project to include 27 residential units over 1,484 SF retail and parking garage.	RC-3 65' 109 DU/AC (proposed)	Eddie & Simon Wong/ Van Ness Homes, LLC #196872
4 824 Hyde St. San Francisco APN: 0280-017	8/15	2,812 SF 0.06 AC	\$1,800,000 (unentitled)	\$640 \$120,000	Proposed for a 5-story building with 15 residential units.	RC-4 80' 232 DU/AC (proposed)	Owen & Mildred Conley/ 824 Hyde St. Inv., LLC #125671
5 1024 Pacific Ave. San Francisco APN: 0158-010 & -010A	10/14	2,380 SF 0.05 AC	\$1,475,000 (unentitled)	\$620 \$245,833	Site improved with a vacant, one-story plus basement building built in 1921.	RC-3 65' 109 DU/AC (allowed)	Joe Murray/ Jeffrey & Jen Eng Tr. #960350
6 644 Broadway San Francisco APN: 0146-006	6/13	9,453 SF 0.22 AC	\$8,500,000 <u>(\$4,500,000)</u> (5) \$4,000,000 (unentitled)	\$423 \$85,106	Site improved with a vacant, 4-story plus basement, 45,000 SF building. Buyer to renovate and lease the bldg. to various office and retail tenants.	CCB 65' 218 DU/AC (allowed)	Goldman Holdings, Inc./ 644 Broadway, LLC #673206
SUBJECT	Escrow	9,219 SF 0.21 AC	\$5,000,000 (unentitled)	\$542 \$108,696		CRNC 65' 218 DU/AC (allowed)	

(1) Real estate commission paid by buyer.

(2) Lease buyout paid by buyer.

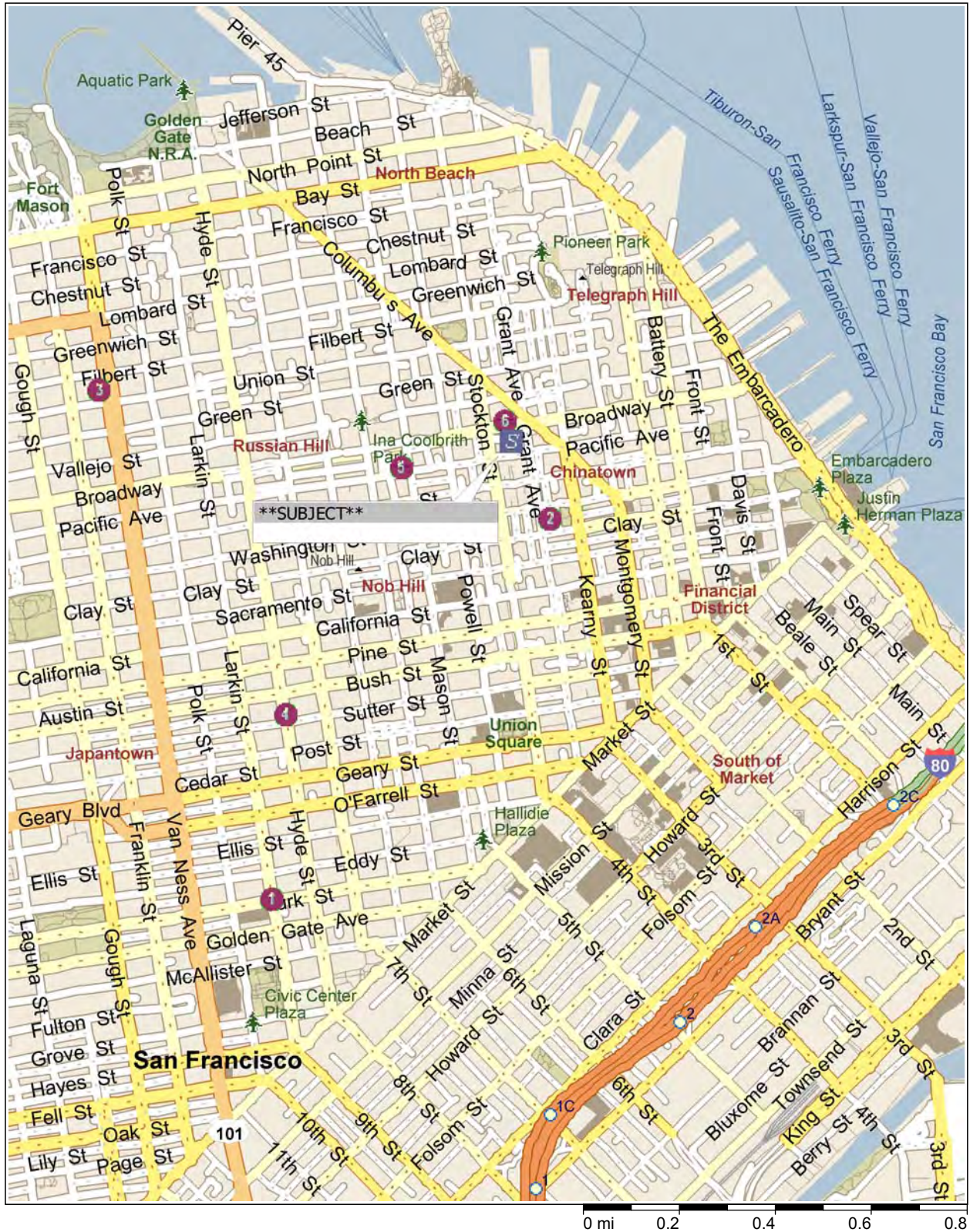
(3) Contributory value of existing improvements estimated at \$200/SF of existing building area.

(4) Reported estimated soil remediation costs.

(5) Contributory value of existing improvements estimated at \$100/SF of existing building area.

Source: R.Blum and Associates., 17-RBA-027, April 2017

COMPARABLE LAND SALES MAP



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Comparable 3 is the property located at 2525 Van Ness Avenue in San Francisco. Site area is 11,025 square feet, or 0.25 acres. The site is improved with a two-story, 9,980 square foot, office building that was built in 1942. The property is zoned RC-3 and has a height limit of 65 feet. According to the listing agent, the property was leased to several office tenants with short remaining lease terms.

In February 2016, Van Ness Homes, LLC purchased this property from Eddie and Simon Wong for \$5,750,000. According to the selling agent, contaminated fill, likely dating from the 1906 earthquake, was discovered during escrow. The buyer has assumed the soil remediation cost which was estimated at approximately \$1.0 million. Adding this amount increases the price to \$6,750,000, or \$612 per square foot land area and \$250,000 per proposed unit. The buyer intends to redevelop the site with a seven story, mixed-use development to include 27 residential units over 1,484 square feet of retail space and underground parking garage with 27 parking spaces. The property was unentitled at the time of sale but appears to have got their environmental application in prior the passage of Proposition C which increased the affordability requirement. The proposed BMR allocation for this property is 12 percent.

Land Sale 4 is located at 824 Hyde Street, between Sutter and Bush Streets, in San Francisco. The rectangular shaped parcel contains 2,812 square feet of land area and is unimproved. The property is zoned RC-4 and has a height limit of 80 feet. The seller has started the entitlement process for a proposed 5-story, 15 unit apartment building with no onsite parking. The sale included plans for the proposed development, but the site was not entitled at the time of sale.

In August 2015, 824 Hyde Street Investments, LLC purchased this property from Owen and Mildred Conley for \$1.8 million, or \$640 per square foot of land area and \$120,000 per proposed unit. According to the listing agent, the buyer intends to develop the site with 15 residential units. Reportedly, it will take approximately six months to obtain approvals for the proposed development.

Comparable 5 is the property located at 1024 Pacific Avenue in San Francisco. This property is improved with an approximately 2,200 square foot, excluding basement, one story plus basement, wood frame building that was built in 1921. The rectangular shaped site contains two parcels totaling 2,380 square feet of land area, indicating a floor area ratio of 90 percent. Reportedly, the building was formerly used as medical office and delivered vacant at the time of sale. The property is zoned RC-3 and has a height limit of 65 feet.

In October 2014, Jeffrey and Jen Eng Tr. purchased this property from Joe Murray for \$1,475,000, or \$620 per square foot of land area. The buyer's intended use of the property was not disclosed.

Comparable 6 is the property located at 644 Broadway in San Francisco. The property is improved with a four-story, reinforced concrete building that was built in 1984. The

building contains approximately 45,000 square feet, including usable basement. The improvements are situated on a 9,453 square foot site, indicating a floor area ratio of 476 percent. According to the listing agent, the seller had previously owner occupied the property. At the time of sale the building was improved with a 437 seat movie theater in the basement, a large restaurant occupying the ground, second and third floors, and office space on the fourth floor. The building was vacant at the time of sale. The property is zoned CCB, or Chinatown Community Business and has a height limit of 65 feet.

In June 2013, 644 Broadway, LLC purchased this property from Goldman Holdings, Inc. for \$8.5 million. Deducting the contributory value of the existing improvements, estimated at \$100 per square foot of building area, indicates a land allocation of \$423 per square foot of land area. The buyer intends to renovate and lease the building to various retail, restaurant, theater and office tenants. Renovation costs and lease terms were not disclosed.

B. Analysis and Land Value Conclusions

The subject property is a 9,219 square foot site with a single street frontage. The site has a 65 foot height limit and allows a density of approximately 218 dwelling units per acre (46 units). For unentitled sites, the price per square foot of land area is typically considered to be the best indicator. The price per allowed residential unit is also considered in this analysis.

The comparables indicate a range of price per square foot of between \$423 and \$665 per square foot of land area. After further analysis, an appropriate unit value can be concluded for the subject.

Comparable 1 is an 18,906 square foot site on Turk Street near Civic Center which is proposed for an 8-story building which will be 100 percent affordable. The subject property has a superior location for retail use, and a similar location for residential use. A slight positive adjustment for that factor is offset by negative adjustment for the subject's lower FAR and allowed density. A lower unit value is concluded based on this sale.

Comparable 2 is the mid-2016 sale of a site in Chinatown which is improved with a six-story, partially vacant building. The buyer plans to renovate the existing structure. Applying an estimate of \$200 per square foot to the existing building, the residual land value is \$561 per square foot. The subject has a higher allowed height limit, but a slightly inferior location for retail use. A slightly higher unit value is concluded for the subject based on this sale and allocation.

Comparable 3 is the February 2016 is the sale of a mid-block site on Van Ness Avenue which is planned for redevelopment with a 7-story mixed use building. The height limit is similar to the subject, although the proposed residential density is much lower. Negative adjustment is warranted for location and the affordability requirement, which are offset by the subject's higher allowed density. These adjustments are considered to be largely offsetting, and a similar or slightly lower unit value is concluded for the subject based on this sale.

Comparable 4 is a small site located at 824 Hyde Street which sold for \$640 per square foot in August 2015. Negative adjustment is warranted for location and the comparable's higher height limit as well as the lower affordability requirement as of the date of sale. The subject site is much larger, which allows for a more efficient development density. A lower unit value is concluded for the subject based on this sale.

Comparable 5 is the October 2014 sale of a very small site at 1024 Pacific Avenue in the Nob Hill neighborhood, west of Chinatown, which sold for \$620 per square foot. The height limit is similar to the subject, although the allowed density is much lower. Positive adjustment is warranted for allowed density which is offset by negative adjustment for location. The subject site is much larger, which allows for a more efficient development density. A lower unit value is concluded based on this sale.

Comparable 6 is the 2013 sale of the 644 Broadway which was also discussed as a building sale. Based on an allocation of \$100 per square foot of building area for the improvements, the residual land value would be \$423 per square foot. Positive adjustment is warranted for date of sale. The zoning and allowed density are similar to the subject. The subject location is also considered slightly superior. A higher unit value is concluded based on this sale.

The subject property is a rarely available Chinatown site with a single street frontage. It has a fairly good location for Chinatown commercial use, and a good location within Chinatown for residential use, particularly for an affordable project. The existing improvements are considered to provide interim rental value until development occurs.

Negative adjustment is warranted based on Comparables 1, 3, 4 and 5. A higher unit value is concluded based on Comparable 6. A slightly higher unit value is concluded based on Comparable 2. Based on the comparables, a unit value of \$580 to \$600 per square foot is concluded. A mid-range unit value of \$590 per square foot is selected. This unit value is approximately \$48 per square foot, or 8.9 percent higher than the pending purchase price for the subject property. The purchase contract was negotiated off market and the City is accepting the risk of removal of the underground storage tank, while the value concluded in this report assumes that the site is clean of any contamination and that the cost to remove the tank is nominal as part of the overall demolition.

The concluded market value for the subject property is as follows:

9,219 Square Feet	X	\$590 / SF	=	\$5,439,210
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Rounded:				\$5,400,000
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This value is equivalent to approximately \$117,391 per allowed residential unit based on 46 units. This price per unit is well below Comparables 3 and 5 which have very low allowed densities. It is above Comparable 6 which is an old sale and inferior in terms of

location. It is generally supported by Comparables 1, 2 and 4. The price per unit generally supports the above conclusion.

VII. VALUE AS IMPROVED BY SALES COMPARISON APPROACH

The most appropriate unit of comparison for commercial properties is price per square foot of gross building area, as this indicator is most often utilized by market participants. Adjustments are typically required for various differences between the subject property and the comparables, such as location, quality and condition of improvements, floor area ratio, and changes in market conditions since the date of sale. The comparable sales are adjusted and weighed accordingly to estimate the as-is market value of the subject property. Gross building area of 13,271 square feet, which includes the mezzanine area, is used for valuation.

The table on the following page lists the recent sales of properties considered similar to the subject. The comparables are further discussed in the following paragraphs.

A. Comparable Building Sales

Comparable 1 is the partial two-story building located at 544 Bryant Street in San Francisco. The wood frame building contains approximately 5,200 square feet and was built in 1906. The building is divided and fully leased to two tenants. Black Hammer Brewing occupies 3,200 square feet of ground level space. Jumbo Shrimp Inc., a full service advertising and marketing agency, occupies 2,000 square feet of ground floor and second floor space which is built out as office. Both leases expire in 2019 and have one option remaining. Total site area is 4,800 square feet, indicating a floor area ratio of 110 percent.

In February 2017, 888 Bryant, LLC purchased this property from Luk Shao Lanm Lun for \$3.4 million, or \$654 per square foot of building area. Based on reported contract rent, less vacancy and reported expenses, the indicated capitalization rate was 3.4 percent. Reportedly, the contract rents were below market.

Comparable 2 is the one-story plus mezzanine building located at 1101 Geary Boulevard, at the southwest corner of Van Ness Avenue, in San Francisco. The building contains approximately 6,000 gross square feet, including mezzanine area used for restaurant seating. The wood frame building was built in 1900. The building is improved and operated as Tommy's Joynt restaurant. Total site area is 4,118 square feet, indicating a floor area ratio of 150 percent.

In August 2015, Apple Annie, LLC purchased this property from Tommy's Joynt, LLC for \$3,968,000, or \$661 per square foot of gross building area. The price excludes the reported allocation of \$266,000 paid for the business. According to the listing agent, the buyer intends to continue operating the existing restaurant. Based on estimated market rent for the building, less vacancy and typical expenses, the indicated capitalization rate is 5.0 percent.

Comparable 3 is the sale of the building located at 508 4th Street in San Francisco. The property is improved with a one-story plus mezzanine, concrete building that was built in

COMPARABLE BUILDING SALES

Appraisal of 772 Pacific Avenue
San Francisco, California

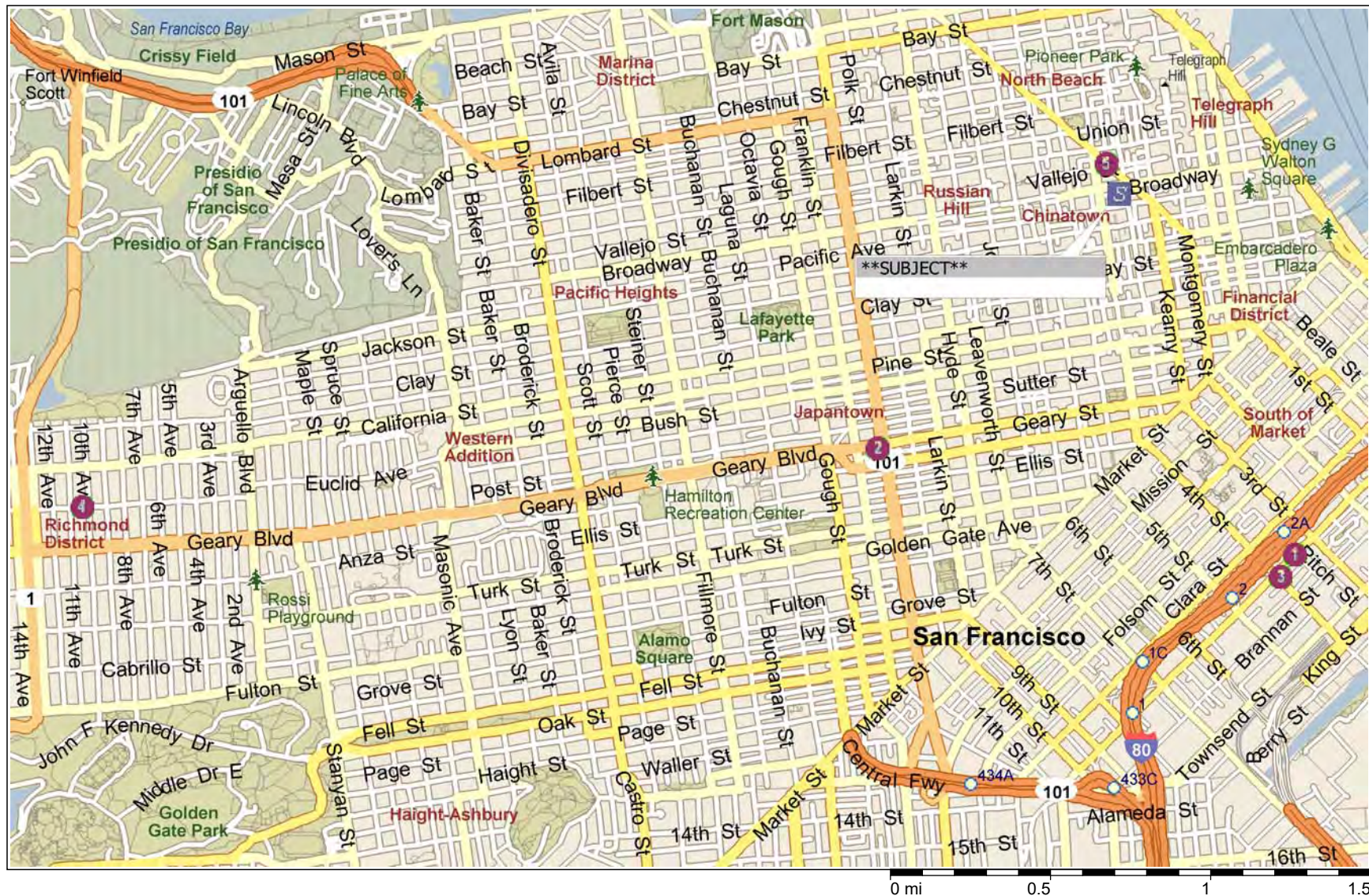
No. Location	Sale Date	Bldg SF Land SF FAR	Sale Price	Price per Sq.Ft Bldg Area	NOI NOI/SF OAR	Cons. Type Year Built Stories Parking	Grantor/ Grantee Doc #
1 544 Bryant St. San Francisco APN: 3762-018	2/17	5,200 SF 4,800 SF 1.1 FAR	\$3,400,000	\$654	\$116,297 \$22.36 3.4%	Wood Frame 1906 Partial 2 Story No Parking	Luk Shao Lanm Lun/ 888 Bryant, LLC #404106
2 1101 Geary Blvd San Francisco APN: 0714-001	8/15	6,000 SF 4,118 SF 1.5 FAR (inc. mezz.)	\$3,968,000 (1)	\$661	\$199,044 \$33.17 5.0%	Wood Frame 1900 1 Story + Mezz. No Parking	Tommy's Joynt, LLC/ Apple Annie, LLC #105565
3 508 4th St. San Francisco APN: 3777-002	3/14	9,900 SF 5,700 SF 1.7 FAR	\$4,300,000	\$434	\$276,450 (2) \$27.92 6.4%	Reinf. Concrete 1925 / Renov. 2008 1 Story + Mezz. No Parking	Paul Hume, LLC (et al)/ 508 Fourth Street, LLC #858395
4 933 Clement St. San Francisco APN: 1442-048	1/14	9,000 SF 4,500 SF 2.0 FAR	\$2,350,000	\$261	\$149,283 (2) \$16.59 6.4%	Wood Frame 1982 2 Story No Parking	Byron Chew/ Chinese Community Health Plan #825900
5 644 Broadway San Francisco APN: 0146-006	6/13	45,000 SF 9,453 SF 4.8 FAR (inc. bsmt.)	\$8,500,000	\$189	N/A Vacant	Reinf. Concrete 1984 4 Story + Bsmt. No Parking	Goldman Holdings, Inc./ 644 Broadway, LLC #673206
SUBJECT	Escrow	13,271 SF 9,219 SF 1.4 FAR	\$5,000,000	\$377		Reinf. Brick 1919 1 Story + Mezz. No Parking	

(1) Excludes reported allocation of \$266,000 for business.

(2) NOI includes market rent for vacant space.

Source: R.Blum and Associates., 17-RBA-027, April 2017

COMPARABLE BUILDING SALES MAP



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1925 as a warehouse and converted to a restaurant in 2008. Total building area at the time of sale was 9,900 square feet. Total site area is 5,700 square feet, indicating a floor area ratio of 174 percent. The building is T-shaped and has entrances along 4th Street and Bryant Street. The building was renovated and owner occupied by the seller as Orson restaurant. The building includes vaulted ceilings with skylights, two kitchens on upper and lower floors, dry storage, offices, bar and seating areas. Reportedly, the mezzanine area is 4,200 square feet and includes seating, bar area and kitchen. The building has an elevator.

In March 2014, 508 Fourth Street, LLC purchased this property from Paul Hume, LLC (et al) for \$4,300,000, or \$434 per square foot of building area. According to the listing agent, the buyer negotiated the sale price in 2012 as part of a lease option to facilitate SBA financing. The lease term was two years and the broker could not recall the lease rate. The asking lease rate during the marketing of the property was \$300,000, triple net, or \$30.30 per square foot per year. Reportedly, the buyer remodeled the space for their restaurant known as Drake Lounge, Bar and Restaurant. Based on the reported asking rent, less vacancy and typical expenses, the indicated capitalization rate is 6.4 percent. According to the listing agent, the buyer was trying to lease the property at an asking rent of \$75.00 per square foot, industrial gross.

Comparable 4 is the sale of the building located at 933 Clement Street in San Francisco. The property is improved with a two-story, wood frame building that was built in 1982 and improved as a restaurant. Total gross building area is 9,000 square feet. Total site area is 4,500 square feet, indicating a floor area ratio of 200 percent. The building is leased to a restaurant on a month to month basis at below market rent.

In January 2014, Chinese Community Health Plan purchased this property from Byron Chew for \$2,350,000, or \$261 per square foot of building area. According to the listing agent, the buyer intends to renovate and convert the building to a health clinic. Reported renovation costs were estimated to be \$250 per square foot, excluding equipment. Based on estimated market rent, less vacancy and typical expenses, the indicated capitalization rate is 6.4 percent. According to the listing agent, the value of the property has increased since this sale due to improving market conditions. The buyer will continue leasing the property to the restaurant during the entitlement process.

Comparable 5 is the property located at 644 Broadway in San Francisco. The improvements consist of a four-story, reinforced concrete building that was built in 1984. The building contains approximately 45,000 square feet, including usable basement. The improvements are situated on a 9,453 square foot site, indicating a floor area ratio of 476 percent. According to the listing agent, the seller had previously owner occupied the property. At the time of sale the building was improved with a 437 seat movie theater in the basement, a large restaurant occupying the ground, second and third floors, and office space on the fourth floor. The building was vacant at the time of sale.

In June 2013, 644 Broadway, LLC purchased this property from Goldman Holdings, Inc. for \$8.5 million, or \$189 per square foot of building area, including usable basement. The

buyer has renovated the building into the China Live complex, which is a marketplace which houses several retail, restaurant, theater and office tenants. Renovation costs and lease terms were not disclosed.

B. Analysis and Value Conclusion

The comparables indicate a range of unit values between \$189 and \$654 per square foot of building area. After adjustment, an appropriate unit value can be concluded for the subject property.

Comparables 1 and 2 indicated the highest prices at \$654 and \$661 per square foot. Comparable 1 is a one- and partial two-story building which houses a brewery and an advertising agency. Negative adjustment is warranted for condition, size, and the comparable's slightly lower FAR. No adjustment is made for location.

Comparable 2 is the mid-2015 sale of a one-story plus mezzanine restaurant building located on the corner of Van Ness Avenue and Geary Street. The sale price purportedly excluded the existing business. Negative adjustment is warranted for the subject's larger size and inferior location. The condition of the comparable is fairly similar. A lower unit value is concluded for the subject based on this sale.

The low end of the range was indicated by Comparables 4 and 5 at \$261 and \$189 per square foot.

Comparable 4 is the sale of a large two-story restaurant building on Clement Street which was purchased for conversion to an office use. The price in 2014 was \$261 per square foot. Positive adjustment is warranted for location, market conditions, and the subject's lower FAR. This is in spite of its larger size. A higher unit value is concluded based on this sale.

Comparable 5 is the 2013 sale of a large multi-story on Broadway at the border of Chinatown which was purchased for \$189 per square foot of building area. This property has been renovated into the China Live complex. Positive adjustment is warranted for location, FAR, market conditions and functional utility. A much higher unit value is concluded for the subject based on this sale.

Comparable 3 is the sale of a one-story plus mezzanine building on 4th Street which sold in early 2014 for \$434 per square foot. The property was superior in terms of condition at the time of sale. Negative adjustment for condition is partially offset by positive adjustment for the subject's lower FAR and market conditions. These factors are largely offsetting but a lower unit value is concluded for the subject based on this sale.

The subject property is a very large restaurant on two levels. It is in average to below average condition and is fully leased for several more years. At the end of the lease term, it is likely that significant renovations will be required, particularly if the current tenant vacates. A higher unit value is concluded based on Comparables 4 and 5. A much lower

unit value is concluded based on Comparables 1 and 2. A lower unit value is concluded based on Comparable 3.

Based on the comparables, and considering the attributes of the subject property, a unit value of \$350 per square foot of total building area, including mezzanine, is concluded.

$$13,271 \text{ Square Feet} \times \$350 / \text{SF} = \$4,644,850$$

Rounded: \$4,600,000

VIII. RECONCILIATION AND FINAL VALUE CONCLUSION

The market values indicated by the approaches used in this assignment are as follows:

Land Value: \$5,400,000

Sales Comparison Approach: \$4,600,000

The land value was based on recent land sale activity. Most of the sales were not located in the Chinatown area. There is minimal land available in this neighborhood as it is fully built out and many historic buildings would preclude demolition. This approach is considered reliable and given the size of the subject site and the condition and utility of the existing building, redevelopment of the site is considered to be highly probable in the foreseeable future.

The Sales Comparison Approach used recent building sales in the area and drew comparisons to the subject property. The comparables were related to the subject on a price per square foot basis with adjustments made for various factors. This approach is considered a reliable indicator for the property as improved.

Although a formal Income Approach is not completed, the property is also considered informally on an Income basis. As discussed earlier in this report, the current rental income from the property is \$22,500 per month, or \$270,000 per year. This rental rate is equivalent to \$20.35 per square foot per year. This rate is fairly low as compared to smaller restaurants in the Chinatown area. However, given the large size of the restaurant, and the mezzanine area which lacks ADA accessibility, as well as the condition of the building, it is considered to be reasonably market-oriented. It is also considered to be only sustainable long term with a significant investment in the improvements, some of which would likely have to be funded by the lessor.

The lease is essentially triple net with the lessor having only some structural maintenance responsibilities. Applying a five percent vacancy factor and four percent for non-reimbursable expenses and reserves, the net operating income is approximately \$246,240 per year. Based on the concluded land value above, which is the final concluded value of the property, this is equivalent to a capitalization rate of 4.6 percent. This is a high return on land value, and is considered to be excellent carrying income until the property is redeveloped. It is toward the low to middle of the range indicated by the Comparable sales at 3.4 to 6.4 percent. If a capitalization rate were to be derived from the comparables, considering the attributes of the property a higher capitalization rate would be concluded which would indicate a lower value most likely in line with the Sales Comparison Approach conclusion (implied 5.4 percent rate). This rate of return is considered to add support to the concluded value from this appraisal.

The land value is approximately 17.4 percent higher than the value as improved by the Sales Comparison Approach. The land value is given more weight, and is further supported by the additional Income Approach analysis above. A final value at the land value indicator is concluded. No deduction is made for the demolition cost of the improvements. Most land sales have older

buildings which will require demolition, and the subject improvements are generating rent which will offset much of the demolition cost.

Based on the research and analysis contained in this report and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraiser that the market value of the leased fee interest in the subject property, as of April 12, 2017, is:

FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS

(\$5,400,000)

It is our opinion that the above value could be achieved within a 12-month exposure period.

ADDENDA



Michi A. Perkins
Commercial Unit
Supervisor, Underwriter

Stewart Title Guaranty Company
Commercial Services (SF)
2850 Cordelia Road, Suite 100
Fairfield, CA 94534
(707) 439-7500 Phone
(916) 313-3284 Fax
mperkins@stewart.com

PRELIMINARY REPORT

Order No. : 17000300056
Title Unit No. : 30
Your File No. :
Buyer/Borrower Name : City and County of San Francisco
Seller Name : Shew Family Trust

Property Address: 772 Pacific Avenue, San Francisco, CA 94133

In response to the above referenced application for a Policy of Title Insurance, Stewart Title Guaranty Company Commercial Services (SF) hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Stewart Title Guaranty Company Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

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

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

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

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

Dated as of February 13, 2017 at 7:30 a.m.

Michi A. Perkins, Title Officer

When replying, please contact: Leticia Colon, Escrow Officer

Stewart Title Guaranty Company - Commercial Services
100 Pine Street, Suite 450
San Francisco, CA 94111-5106
(800) 366-7839

PRELIMINARY REPORT

The form of Policy of Title Insurance contemplated by this report is:

- ☒ CLTA Standard Coverage Policy
- ☐ CLTA/ALTA Homeowners Policy
- ☐ 2006 ALTA Owner's Policy
- ☐ 2006 ALTA Loan Policy
- ☐ ALTA Short Form Residential Loan Policy
- ☐

SCHEDULE A

The estate or interest in the land hereinafter described or referred to covered by this report is:

Fee Simple

Title to said estate or interest at the date hereof is vested in:

[Robert Calvin Yick and Andy Ting, trustees of the Shew Yick Trust One under agreement dated October 13, 1980, as to an undivided 50% interest; Richard Tong Surviving Trustee of the Robert Yick Non-Exempt Assets Trust under agreement dated October 13, 1980, as to an undivided 39% interest; and Richard Tong Surviving Trustee of the Robert Yick Trust Two under agreement dated October 13, 1980, as to an undivided 11% interest.](#)

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of San Francisco, City of San Francisco and described as follows:

Commencing at a point on the Northerly line of Pacific Avenue, distant thereon 68 feet Easterly from the Easterly line of Stockton Street; running thence Easterly and along said line of Pacific Avenue 69 feet 5-1/2 inches; thence at a right angle Northerly 117 feet 6 inches; thence at a right angle Westerly 15 feet 8-1/2 inches; thence at a right angle Northerly 20 feet; thence at a right angle Westerly 53 feet; thence at a right angle Southerly 28 feet 9 inches; thence at a right angle Westerly 9 inches; thence at a right angle Southerly 108 feet 9 inches to the point of commencement.

Being a part of 50 Vara Lot No. 89.

[Assessor's Lot 015 Block 0161](#)

(End of Legal Description)

SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

Taxes:

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes, to be levied for the fiscal year 2017 – 2018.
- B. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the revenue and taxation code of the State of California.
- C. Supplementing Notice of Special Tax Lien of Community Facilities District No. 90-1 of the San Francisco Unified School District as recorded July 5, 1990, giving notice of a Special Assessment to be paid with the property taxes.

Further information may be obtained by contacting: San Francisco Unified School District, 135 Van Ness Avenue, San Francisco, CA 94102 Attn: Hilda Green Phone: (415) 241-6480

Exceptions:

1. Matters contained in that certain document entitled "Parapet Agreement" dated April 16, 1985, executed by and between Robert & Shaw Yick Trust and City and County of San Francisco, Dept. of Public Works recorded April 16, 1985, [Instrument No. D632546](#), Book D821, Page 557, of Official Records.

Reference is hereby made to said document for full particulars

2. Conditions and restrictions as set forth in a document recorded by the City and County of San Francisco, Department of Public Works.

Type of Permit: Minor Sidewalk Encroachment
Recorded: October 23, 2008, [Instrument No. 2008-l670276-00](#), Reel J753,
Image 0158, of Official Records

Reference is made to said document for full particulars.

3. Trust Deed, Security Agreement and Assignment of Rents and Leases (Including Fixture Filing Under Uniform Commercial Code) California Real Estate, to secure an indebtedness in the amount shown below, and any other obligations secured thereby:

Amount	: \$200,000.00
Dated	: September 19, 2012
Trustor	: Shew Yick Trust One Under Agreement dated October 13, 1980 a(an) California Revocable Trust; Robert Yick Non-Exempt Assets Trust Under Agreement dated October 13, 1980 a(an) California Irrevocable Trust; and Robert Yick Trust Two Under Agreement dated October 13, 1980 a(an) California Irrevocable Trust
Trustee	: U.S. Bank Trust Company, N.A.
Beneficiary	: U.S. Bank N.A.
Recorded	: October 03, 2013 as Instrument No. 2012-J515352-00 , of Official Records
Loan No.	: 6517500964

4. Any lien or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

5. Any and all unrecorded leases.
6. Any facts, rights, interests or claims which are not disclosed by the public records but which could be ascertained by making inquiry of the parties in possession of the herein described land.
7. Any easements, liens (including but not limited to any Statutory Liens for labor or materials arising from any on-going or recently completed works of improvement), encumbrances, facts, rights, interest or claims which are not shown by the public records but which could be ascertained by an inspection of the herein described land.
8. Discrepancies, conflicts in boundary lines, shortages in area, encroachments or any other facts which a correct survey of the herein described land would disclose which are not shown by the public records and the requirement that said survey meets with the minimum standards for ALTA/ NSPS land title surveys.

If ALTA Survey is obtained, said ALTA survey needs to be certified to Stewart Title Guaranty Company.

9. The requirement that this Company be provided with a suitable Owner's Affidavit.
10. The Company reserves the right to make additional exceptions and/or requirements upon review of the Owner's Affidavit.

(End of Exceptions)

NOTES AND REQUIREMENTS

- A. Property taxes for the fiscal year 2016 - 2017 shown below are paid. For proration purposes the amounts are:
- | | |
|---------------------|----------------------|
| 1st Installment | : \$17,926.44 |
| 2nd Installment | : \$17,926.44 |
| Assessors Lot/Block | : Lot 015 Block 0161 |
| Code Area | : 01-000 |
- B. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:
- none
- C. This report is preparatory to the issuance of an ALTA loan Policy. We have no knowledge of any fact which would preclude the issuance of the policy with CLTA Endorsement Forms 100 and 116 and if applicable, 115 and 116.2 attached.
- D. When issued, the CLTA Endorsement Form 116 or 116.2, if applicable will reference a(n)
- Commercial Property, 772 Pacific Avenue, San Francisco, CA 94133
- E. The charge for a policy of title insurance, when issued through this title order, will be based on the basic rate.
- F. The map attached, if any, may or may not be a survey of the land depicted hereon. Stewart Title expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.
- G. A Preliminary Change of Ownership Report must be completed by the transferee (buyer) prior to the transfer of property in accordance with the provisions of Section 480.3 of the Revenue and Taxation Code. The Preliminary Change of Ownership Report should be submitted to the recorder concurrent with the recordation of any document effecting a change of ownership. If a document evidencing a change of ownership (i.e. Deed, Affidavit-Death Joint Tenant) is presented to the recorder for recording without a preliminary change of ownership report, the recorder may charge an additional \$20.00
- H. If your property is in San Francisco, it is the requirement of the City and County of San Francisco that a Transfer Tax affidavit to be completed and signed by the Grantor for each deed submitted for recording. This is an addition to a Preliminary Change of Ownership Report.
- I. In addition to County Transfer Tax, any conveyance of the herein described property may be subject to a City Transfer and/or Conveyance Tax, as follows.

	Alameda	\$12.00 per thousand
	Albany	\$11.50 per thousand
	Berkeley	\$15.00 per thousand
	Culver City	\$4.50 per thousand
	Emeryville	\$12.00 per thousand
	Hayward	\$4.50 per thousand
	Los Angeles	\$4.50 per thousand
	Mountain View	\$3.30 per thousand
	Oakland	\$15.00 per thousand
J.	Palo Alto	\$3.30 per thousand

Petaluma	\$2.00 per thousand
Piedmont	\$13.00 per thousand
Pomona	\$2.20 per thousand
Redondo Beach	\$2.20 per thousand
Richmond	\$7.00 per thousand
Riverside	\$1.10 per thousand
Sacramento	\$2.75 per thousand
San Leandro	\$6.00 per thousand
City and County of San Francisco	Up to \$250,000 = \$5.00 per thousand \$250,000 to \$1,000,000 = \$6.80 per thousand \$1,000,000 to \$5,000,000 = \$7.50 per thousand \$5,000,000 to 10,000,000 = \$20.00 per thousand Above \$10,000,000 = \$25.00 per thousand (Do not add the additional \$1.10 for County Tax, it is included)
San Jose	\$3.30 per thousand
San Mateo	\$5.00 per thousand
San Rafael	\$2.00 per thousand
Santa Monica	\$3.00 per thousand
Santa Rosa	\$2.00 per thousand
Vallejo	\$3.30 per thousand
Woodland	\$1.10 per thousand

Additional Requirements for "Short Sale" Transactions in which a lender will accept less than the outstanding balance of its loan as full satisfaction of the obligation:

The Company will require, prior to the issuance of a policy of title insurance, evidence that the first position trust deed holder has received and acknowledged all payments to be made to subordinate position lien holders, regardless of whether such payments are to be made from proceeds or from contributions by real estate brokers and/or buyers in the subject transaction, or from other third-party sources. Evidence shall include but not be limited to: (a) a written demand from the first-position deed holder acknowledging and approving payments to subordinate-position lien holders from proceeds and otherwise; or (b) a supplemental letter or amended demand from the first-position lien holder acknowledging payments to be made to subordinate lien holders from sources other than proceeds (including broker commissions and additional buyer deposits).

K.

CALIFORNIA "GOOD FUNDS" LAW

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds received by Stewart Title Guaranty Company Commercial Services (SF) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title Guaranty Company Commercial Services (SF). Stewart Title Guaranty Company Commercial Services (SF) may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title Guaranty Company Commercial Services (SF) shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by Stewart Title Guaranty Company Commercial Services (SF). Such benefits shall be deemed additional compensation to Stewart Title Guaranty Company Commercial Services (SF) for its services in connection with the escrow or sub-escrow.

If any check submitted is dishonored upon presentation for payment, you are authorized to notify all principals and/or their respective agents of such nonpayment.

EXHIBIT "A"
LEGAL DESCRIPTION

Order No.: 17000300056
Escrow No.: 17000300056

The land referred to herein is situated in the State of California, County of San Francisco, City of San Francisco and described as follows:

Commencing at a point on the Northerly line of Pacific Avenue, distant thereon 68 feet Easterly from the Easterly line of Stockton Street; running thence Easterly and along said line of Pacific Avenue 69 feet 5-1/2 inches; thence at a right angle Northerly 117 feet 6 inches; thence at a right angle Westerly 15 feet 8-1/2 inches; thence at a right angle Northerly 20 feet; thence at a right angle Westerly 53 feet; thence at a right angle Southerly 28 feet 9 inches; thence at a right angle Westerly 9 inches; thence at a right angle Southerly 108 feet 9 inches to the point of commencement.

Being a part of 50 Vara Lot No. 89.

[Assessor's Lot 015 Block 0161](#)

(End of Legal Description)

COMPARABLE BUILDING SALES



Comparable 1 - 544 Bryant Street



Comparable 2 - 1101 Geary Boulevard



Comparable 3 - 508 4th Street



Comparable 4 - 933 Clement Street

COMPARABLE BUILDING SALES



Comparable 5 - 644 Broadway

QUALIFICATIONS OF RONALD BLUM, MAI, AI-GRS

California Certified General Real Estate Appraiser No. AG009958

EXPERIENCE

Mr. Blum is the Principal and Founder of R. Blum and Associates (RBA), a new firm providing commercial real estate appraisal and consulting services. From 1986 to 2014, he worked for the firm of Carneghi-Blum & Partners, Inc. and was Vice President and Managing Partner of their San Francisco office. His responsibilities included supervising a staff of 10 appraisers and researchers. Clients include financial institutions, government agencies, law firms, development companies and individuals.

Mr. Blum has completed a wide variety of valuation and evaluation analyses. He has appraised most urban property types including office buildings, retail centers, hotels, residential projects, industrial parks and a variety of development sites. Mr. Blum also specializes in unusual urban properties. Appraisal assignments have included performing arts theaters, former military bases, college dormitories, schools, live/work lofts, churches, athletic clubs, ship-repair facilities, medical offices and mortuaries. Market feasibility, value impact and highest and best use studies have also been completed for a variety of property types and geographic locations.

In the course of his real estate appraisal practice, Mr. Blum has provided litigation support and served as an expert witness in various courts. He also acts as an arbitrator in resolving matters of real estate values, rents and related issues and has testified as an expert in arbitration hearings. He has been qualified as a real estate expert and provided testimony in the Superior Courts of San Francisco and Contra Costa Counties, United States Bankruptcy Court, and United States Tax Court.

EDUCATION

Master of Science Degree in Real Estate Appraisal and Investment Analysis
University of Wisconsin - Madison, 1986

Bachelor of Business Administration Degree in Finance
University of Wisconsin - Madison, 1984

Successful completion of all professional appraisal courses offered by the Appraisal Institute as a requirement of membership

Continued attendance at professional real estate lectures and seminars

SPEAKING ENGAGEMENTS

“Market Rent Arbitration Principles for Real Estate Leasing Professionals.” Presentation to San Francisco office of CRESA, commercial real estate brokerage specializing in tenant representation, 2015.

“San Francisco Commercial and Multi-family Market Overview.” Presentation to Board of Directors of First Republic Bank, 2014

“The Definition of Market Value and Its Implication for Corporate Real Estate Acquisition.” Presentation to national meeting of Kaiser Permanente Real Estate Executives, Sonoma California, 2004

Organized and Moderated the panel discussion: **Unreinforced Masonry Buildings (UMBs) and the Americans with Disabilities Act (ADA)**, Appraisal Institute San Francisco Bay Area Fall Conference, 1992

PROFESSIONAL AFFILIATION

Appraisal Institute - MAI Designation No. 10381,
Appraisal Institute - AI-GRS Designation
Continuing Education Requirements Complete

STATE CERTIFICATION

State of California Certified General Real Estate Appraiser No. AG009958
Certified through October 30, 2018



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

Ronald E. Blum


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 009958

Effective Date: October 31, 2016
Date Expires: October 30, 2018


Jim Martin, Bureau Chief, BREA

3027739