

APPRAISAL OF:
VACANT LAND, NORTH SIDE OF TILDEN WAY
RAILROAD RIGHT-OF-WAY
ALAMEDA, CALIFORNIA

PREPARED FOR:
HOUSING AUTHORITY OF THE CITY OF ALAMEDA
ALAMEDA, CALIFORNIA

MARCH 2015
15-ASF-056A

March 13, 2015

Ms. Victoria Johnson
Director of Housing and Community Development
Housing Authority of the City of Alameda
701 Atlantic Avenue
Alameda, CA 94501

Re: 15-ASF-056A, Appraisal
Vacant Land, North Side of Tilden Way,
Railroad Right-of-Way
Alameda, California

Dear Ms. Johnson:

At your request and authorization, Carneghi and Partners, Inc. has made an appraisal of the above referenced property. The subject of this appraisal is an unused railroad right-of-way located along the north side of Tilden Way on either side of Blanding Avenue in the City of Alameda, Alameda County, California. The subject consists of two parcels which do not have a street address. The subject property is further identified by the Alameda County Assessor's office as APNs: 070-0196-027-02 and 070-0196-042.

The two subject properties contain a total of approximately 62,201 square feet, or 1.43 acres. The parcels represent unused railroad right-of-ways. The eastern parcel identified as APN: 070-0196-027-02 is located on the east side of Blanding Avenue, and contains 32,798 square feet, or 0.75 acres. This portion of the subject site is long and narrow and contains approximately 709 feet of frontage along Tilden Way and an average depth of approximately 60 feet. The vacant site is at street grade is fully improved with sidewalks, curbs and gutters. The vacant site has railroad tracks which are currently unused and is located adjacent to the Alameda Bridgeside Shopping Center. This parcel is General Planned as Community Commercial and is zoned (C2, PD) Central Business, Planned Development.

The western parcel is identified as APN: 070-0196-042 and is located on the west side of Blanding Avenue. It contains 29,403 square feet or 0.68 acres. This portion of the subject property is also long and narrow and contains approximately 521 feet of frontage along Tilden Way and a depth of between approximately 52 to 158 feet. The vacant site is at street grade and is improved with sidewalks, curbs and gutters as well as a concrete loading platform at the western edge of the site. The vacant site has railroad tracks which are currently unused. This portion of the subject property has two General Plan designations the western portion is Medium Density Residential and the eastern portion is Community Commercial. The parcel is zoned (M2) General Industrial.

This appraisal addresses the fee simple interest in the property. The purpose of this appraisal is to estimate the as-is fee simple fair market value of the subject property, assuming that it is free and

clear of any toxic site contamination. It is our understanding that the intended use/user of this appraisal is for the exclusive use of the City of Alameda Planning Department in the possible acquisition of the property for road or sidewalk expansion. ***This report should not be used or relied upon by any other parties for any reason.***

A more complete description of the subject property appraised, as well as the research and analyses leading to our opinion of value, is contained in the attached summary narrative report. Chapter I provides a basic summary of salient facts and conditions upon which this appraisal is based and reviews the value conclusion.

EXTRAORDINARY LIMITING CONDITIONS

Hypothetical

1. Valuation of the subject property is based on the hypothetical condition that it is free and clear of any toxic site contamination. No environmental or soil study was submitted for review. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. It is assumed that no soil contamination exists as a result of chemical drainage or leakage in connection with any production/operation (current or historical) on or near the subject property.

Extraordinary Assumptions and Limiting Conditions

2. No preliminary title report for the subject property was available for review. It is an assumption of this report that no encumbrances or restrictions other than those shown in the title report adversely impact the utility or marketability of the appraised property. The measurements used in this appraisal are based on building plans provided by the client which appear to be accurate. This appraisal assumes that the information provided is accurate.

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

AS-IS VALUE CONCLUSION

Based on the research and analysis, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the fee simple fair market value of the subject property, assuming that it is free and clear of any toxic site contamination, as of February 28, 2015, is:

ONE MILLION TWO HUNDRED FORTY THOUSAND DOLLARS

(\$1,240,000)

Based on our research of comparable transactions and discussions with local real estate brokers as well as considering the current economic climate and real estate market, it is our opinion that the subject property will require a marketing/exposure period of approximately 12 months as of the date of valuation.

This letter must remain attached to the appraisal report, identified on the footer of each page as 15-ASF-056A, plus related exhibits, in order for the value opinion set forth to be considered valid.

Certification

We, the undersigned, hereby certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions; we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved; we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; our engagement in this assignment was not contingent upon developing or reporting predetermined results, our 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; our 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; we have made a personal inspection of the property that is the subject of this report; no one provided significant real property appraisal assistance to the persons signing this report. In accordance with the Competency Rule in the USPAP, we certify that our education, experience and knowledge are sufficient to appraise the type of property being valued in this report. We have provided services regarding the property that is the subject of this report in the 36 months prior to accepting this assignment.

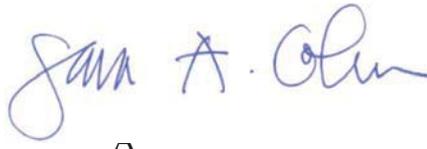
We are pleased to have had this opportunity to be of service. Please contact us if there are any questions regarding this appraisal.

Sincerely,

CARNEGHI AND PARTNERS, INC.



Chris Carneghi, MAI
Certified General Real Estate Appraiser
State of California No. AG001685



Sara A. Cohn, MAI
Certified General Real Estate Appraiser
State of California No AG014469

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ADDENDA

Qualifications of Appraisers

I. REPORT SUMMARY

A. Property Appraised

The subject of this appraisal is an unused railroad right-of-way located along the north side of Tilden Way on either side of Blanding Avenue in the City of Alameda, Alameda County, California. The subject consists of two parcels which do not have a street address. The subject property is further identified by the Alameda County Assessor's office as APNs: 070-0196-027-02 and 070-0196-042.

The two subject properties contain a total of approximately 62,201 square feet, or 1.43 acres. The parcels represent unused railroad right-of-ways. The eastern parcel identified as APN: 070-0196-027-02 is located on the east side of Blanding Avenue, and contains 32,798 square feet, or 0.75 acres. This portion of the subject site is long and narrow and contains approximately 709 feet of frontage along Tilden Way and an average depth of approximately 60 feet. The vacant site is at street grade is fully improved with sidewalks, curbs and gutters. The vacant site has railroad tracks which are currently unused and is located adjacent to the Alameda Bridgeside Shopping Center. This parcel is General Planned as Community Commercial and is zoned (C2, PD) Central Business, Planned Development.

The western parcel is identified as APN: 070-0196-042 and is located on the west side of Blanding Avenue. It contains 29,403 square feet or 0.68 acres. This portion of the subject property is also long and narrow and contains approximately 521 feet of frontage along Tilden Way and a depth of between approximately 52 to 158 feet. The vacant site is at street grade and is improved with sidewalks, curbs and gutters as well as a concrete loading platform on the western edge of the property. The vacant site has railroad tracks which are currently unused. This portion of the subject property has two General Plan designations the western portion is Medium Density Residential and the eastern portion is Community Commercial. The parcel is zoned (M2) General Industrial.

The property interest appraised is fee simple.

B. Client, Purpose, Intended Use and Intended User

The client for this appraisal is the Ms. Victoria Johnson, Director of Housing and Community Development with the Housing Authority of the City of Alameda. The purpose of this appraisal is to estimate the as-is fee simple fair market value of the subject property, assuming that it is free and clear of any toxic site contamination. It is our understanding that the intended use/user of this appraisal is for the exclusive use of the City of Alameda Planning Department in the possible acquisition of the

property for road or sidewalk expansion. *This report should not be used or relied upon by any other parties for any reason.*

C. Subject Property Identifications

| | | |
|-------------------------|----------------------|---|
| Assessor's Parcel Nos.: | 070-0196-027-02 | 070-0196-042 |
| Zoning: | C2-PD | M-2 |
| General Plan: | Community Commercial | Medium Density Residential & Community Commercial |
| Census Tract Number: | | 4279.00 |
| Zip Code | | 94501 |
| Earthquake Zone: | | No |
| Flood Zone: | | X |
| Thomas Map Reference: | | 11-E4 |

D. Type of Appraisal and Scope of Work

This is an Appraisal Report within a narrative format. The scope of work performed within this Appraisal Report is to utilize accepted valuation methodology in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) to arrive at the market value conclusion indicated as the purpose of this appraisal.

Specific steps include the inspection of the subject property and the research and analysis of comparable data to arrive at the value indications as put forth in the following report.

E. Property Rights Appraised

The property rights appraised are those of a fee simple interest.

A fee simple interest in valuation terms is defined as "...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." (The Appraisal of Real Estate, 13th Edition, 2008, p. 114)

F. Date of Inspection/Valuation/Report

The subject property was final inspected on, and has an effective date of valuation as of February 28, 2015.

The date of this appraisal report is March 13, 2015.

G. Definition of Market Value (OCC 12 CFR 34.42 (f)) & (OTS 12 CFR 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 specified date and the passing of title from seller to buyer under conditions whereby:

- 1) buyer and seller are typically motivated;
- 2) both parties are well informed or well advised, and acting in what they consider their own best interest;
- 3) a reasonable time is allowed for exposure in the open market;
- 4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

H. Value Conclusion

Based on the research and analysis, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the fee simple fair market value of the subject property, assuming that it is free and clear of any toxic site contamination, as of February 28, 2015, is:

ONE MILLION TWO HUNDRED FORTY THOUSAND DOLLARS

(\$1,240,000)

Based on our research of comparable transactions and discussions with local real estate brokers as well as considering the current economic climate and real estate market, it is our opinion that the subject property will require a marketing/exposure period of approximately 12 months as of the date of valuation.

I. Extraordinary and General Assumptions and Limiting Conditions

Hypothetical

1. Valuation of the subject property is based on the hypothetical condition that it is free and clear of any toxic site contamination. No environmental or soil study was submitted for review. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. It is assumed that no soil contamination exists as a result of chemical drainage or leakage in connection with any production/operation (current or historical) on or near the subject property.

Extraordinary Assumptions and Limiting Conditions

2. No preliminary title report for the subject property was available for review. It is an assumption of this report that no encumbrances or restrictions other than those shown in the title report adversely impact the utility or marketability of the appraised property.

General Assumptions and Limiting Conditions

3. 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.
4. Plot plans and maps are included to assist the reader in visualizing the property. Information, estimates, and opinions furnished for the appraiser, and contained in the report, were obtained from sources considered reliable and are believed to be true and correct. However, no responsibility for the accuracy of items furnished to the appraiser is 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. The appraiser is not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.
7. 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 (function) as stated herein.
8. 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. In particular, this includes the valuation conclusions, the identity of the appraiser, and any reference to the Appraisal Institute or the MAI designation.
9. Information regarding any earthquake and flood hazard zones for the subject property was provided by outside sources. Accurately reading flood hazard and earthquake maps, as well as tracking constant changes in the zone designations, is a specialized skill and outside the scope of the services provided in this appraisal assignment. No responsibility is assumed by the appraiser in the misinterpretation of these maps. It is strongly recommended that any lending institution reverify earthquake and flood hazard locations for any property for which they are providing a mortgage loan.

II. AREA AND NEIGHBORHOOD DESCRIPTION

A. Alameda County

Alameda County is one of the five counties of metropolitan San Francisco, also known as the San Francisco-Oakland Standard Metropolitan Statistical Area. The western portion of the county, which contains most of the population and economic activity, is situated on the flatland adjacent to San Francisco Bay. The northwestern cities of Alameda, including Berkeley, Oakland and San Leandro, are older. Most of the growth in the 1980s and 1990s occurred in the southern and central cities of Alameda County. The eastern portion of the county is mountainous and largely undeveloped.

Alameda County is the traditional manufacturing, transportation and warehousing center for the San Francisco Bay Area. The county has an advantageous location on the eastern side of San Francisco Bay. Transportation facilities include three transcontinental railroads, the Port of Oakland, extensive freeways, and the Bay Area Rapid Transit (BART) system. The county is linked to San Francisco and the west side of the bay by three bridges.

The population of Alameda County continues to grow. The 2010 Census reported the Alameda County population to be 1,510,271, an increase of four percent over the 2000 population. The California Department of Finance reported the population as of January 1, 2014 (most recent available), to be 1,573,254, which represents an increase of 1.5 percent from the previous year. The Association of Bay Area Governments projects a population increase in Alameda County from 1,510,271 in 2010 to 1,654,200 inhabitants by 2020, a 9.5 percent increase.

Total employment in Alameda County has grown steadily in recent years. According to ABAG, the fastest growing employment sector in the County is 'Service'. Between 2000 and 2015, the number of jobs in the 'Health, Educational, and Recreational Service' sector is projected to increase by 28 percent. And the number of jobs in the 'Financial and Professional Services' sector is projected to increase by 24 percent. Alameda County unemployment rates have consistently been below those for the State of California and the nation. According to the California Employment Development Department, the unemployment rate for the state of California was 6.7 percent as of December 2014. Additionally, as of December 2014 the unemployment rate for Alameda County was 5.0 percent which is a decrease of 1.2 percent from a year prior.

B. City of Alameda

The city of Alameda is a community situated directly south and west of Oakland, approximately 12 miles east of San Francisco. The northern portion of Alameda is a large island, approximately 10 square miles in size, which is separated from Oakland by a deep water estuary. The southern portion of Alameda is the northern portion of a peninsula located south of the main island. This area, known as Bay Farm Island, is located directly north of the Oakland airport, and consists of residential uses and the Harbor Bay Isle Business Park Development.

Interstate Highway 880 (I-880) is directly across the estuary from Alameda and is accessible via three bridges and one underwater tunnel. Two of the bridges are in the southeastern portion of the island, at Park Street and at High Street. The southern crossing extends from Otis Drive in Alameda to the Metropolitan Oakland International Airport (Doolittle Drive) to the south. The Posey Tube and Webster Street Tunnel comprise a four-lane, two directional traffic arterial extending beneath the estuary at the northern end of Alameda.

Alameda is predominantly a residential community with commercial development along the major traffic arterials. Most of Alameda consists of older homes built in the first half of the 20th century, although the Bay Farm Island portion to the south is developed largely with modern townhouses, condominiums and single-family residential neighborhoods. In the 1980s, two office/R&D parks were developed; one along Webster Street in northern Alameda (Marina Village) and Harbor Bay Isle near the Oakland Airport. The former U.S. Naval Air Station occupies much of the northern portion of the island, while most industrial development is located along the estuary in the eastern section of Alameda. Except for the Harbor Bay Isle Business Park, there are few parcels of vacant land available for new development anywhere in Alameda.

The California Department of Finance reports a population of 75,988 inhabitants in the City of Alameda as of January 1, 2014, an increase of approximately 1.1 percent from the year prior. According to the United States Census, the median household income for the city of Alameda was \$74,606 as of 2013, which is slightly below the 2013 Alameda County median income of \$72,112. The Association of Bay Area Governments indicates an increase in population in the next several years for the City of Alameda. ABAG shows a population of 73,812 in 2010 for the City of Alameda, with an increase to 80,300 inhabitants by 2020, an 8.8 percent increase.

The major employer in the city was historically the Alameda City Air Station and Naval Air Re-Work Facility, followed by Del Monte Corporation, U.S. Steel and the Alameda Hospital. High industrial land values and labor costs have caused a shift in

REGIONAL MAP



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employment patterns towards light industrial and high-tech office uses and away from heavy industrial. The closure of the naval facility has adversely affected employment in Alameda. However, the continued trend toward high technology employment generated primarily by UC Berkeley and the prior resurgence of the Bay Area economy has mitigated the short-term effects of the Naval Base closure. Several technology companies are also creating a base of high technology manufacturing.

Interstate Highway 880 is directly across the estuary from Alameda and is accessible via three bridges and one underwater tunnel. The three bridges are in the southeastern portion of the island, at Park Street, and at High Street. The southern crossing extends from Otis Drive in Alameda to the Metropolitan Oakland International Airport (Doolittle Drive) to the south. The Posey Tube and Webster Street Tunnel comprise a four-lane, two directional traffic arterial extending beneath the estuary at the northern end of Alameda.

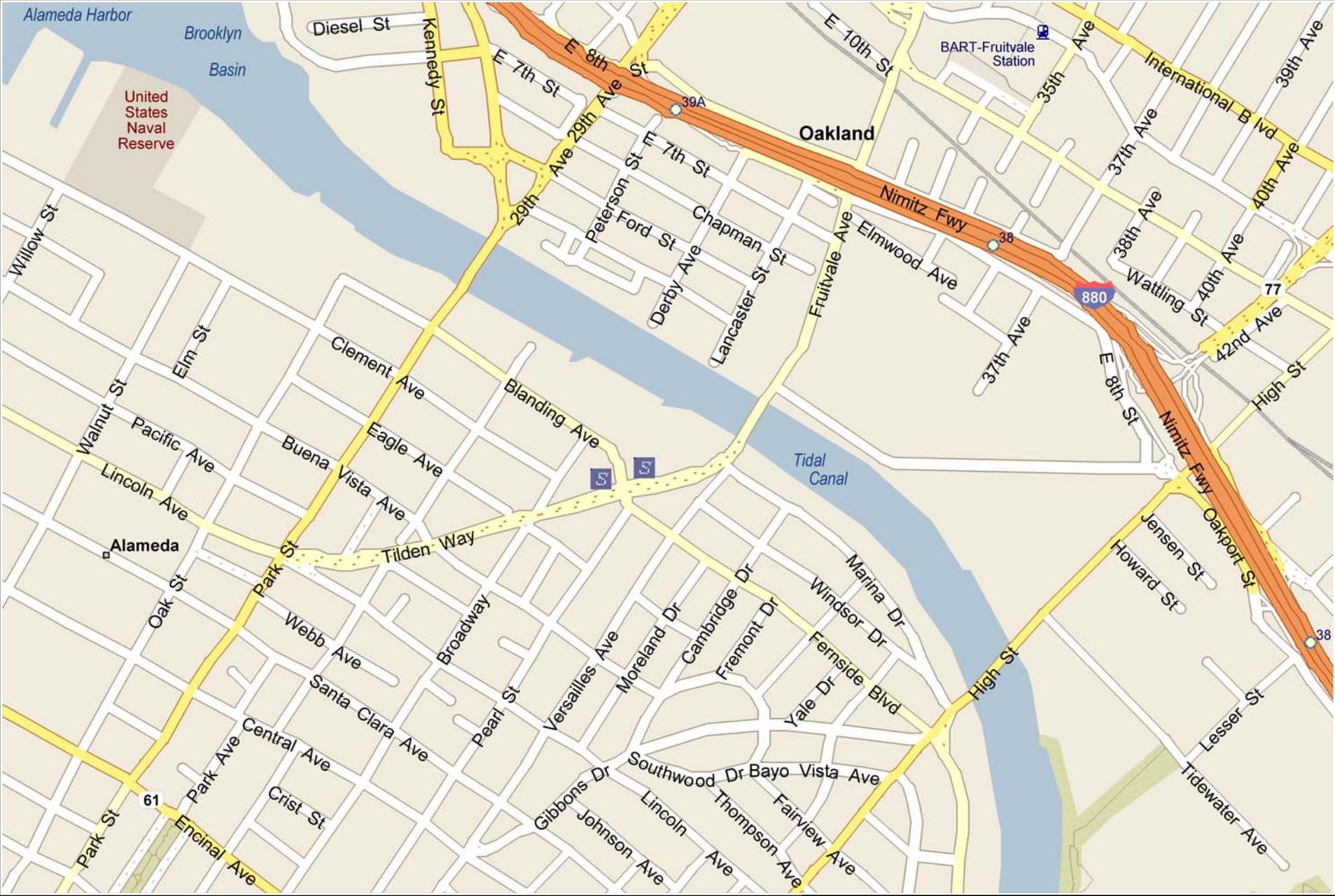
C. Neighborhood

The subject property is located in the eastern portion of the city of Alameda, along Tilden Way on either side of Blanding Avenue. The subject is located just west of the Fruitvale Bridge which provides access to the city of Oakland and Interstate 880. The Fruitvale Bridge was built in 1951 and includes an out-of service rail span which is currently elevated approximately 50 feet above the vehicle roadway. Southern Pacific Railroad/Union Pacific operated freight service across the bridge to serve shippers in Alameda until 2000.

The subject is located within the Central Alameda neighborhood. The neighborhood is bounded by Tilden Way to the southeast, the Oakland Estuary to the north, Lincoln Avenue to the south and Grand Avenue to the west. Located within these boundaries are a mixture of uses including single and multi-family residential, commercial, industrial, waterfront uses and open space.

Tilden Way is a major arterial that connects with Fruitvale Bridge and travels diagonally southwest to Park Street. At Park Street Tilden Way becomes Lincoln Avenue and travels west past Webster Street. Park Avenue is also a main commercial thoroughfare through the eastern part of the city and runs in a north-south direction. It connects with the 29th Avenue bridge to the north, which also provides access to the city of Oakland and Interstate 880. Park Street runs southward until it terminates at Shoreline Drive, which fronts the bay. Blanding Avenue is an east-west, neighborhood street that starts at Oak Street to the west and ends at Tilden Way to the east. Access to the city of Oakland and Interstate 880 is considered good, given the subject's close proximity to the Fruitvale Bridge, which connects to the freeway

NEIGHBORHOOD 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.

less than a quarter-mile to the north.

The immediate neighborhood is characterized by mostly a mixture of commercial, office and residential uses. Bridgeside Shopping Center anchored by Nob Hill Foods is located immediately adjacent to the north of the subject eastern parcel, at the northeast corner of Blanding Avenue and Tilden Way. Additional commercial stores in the center include a Starbucks, PetFood Express, and Round Table Pizza. The shopping center occupies approximately 8 acres along Blanding Avenue.

On the west side of Blanding Avenue is a mortuary and large parking lot. Improvements on Broadway include older Victorian style home which have been converted into office and service commercial uses. The west side of Broadway between Blanding Avenue and Clement Avenue contains older buildings which are occupied a café and home furnishing consignment shop. Farther west, are older single family homes, light industrial and auto service uses.

Across Tilden Way to the south of the subject is the Fernside neighborhood which consists of single family residential homes. The homes were built in the 1940s and are in average to good condition. According to Redfin Real Estate, the median sale prices of homes is \$1.11 million and \$515 per square foot based on the last 90 days and 6 home sales.

Homes in Central Alameda are reported to have a lower median sale price of \$667,000 and a median price per square foot of \$464 based on the last 90 days and 5 home sales, according to Redfin Real Estate Trends. The median home list prices are \$724,000 or \$698 per square foot.

In terms of accessibility, traffic flow in the subject neighborhood is considered good. The subject's Walkscore (www.walkscore.com) is 82 (very walkable) and a transit score of 46 (some transit). Walk Score uses a proprietary algorithm to measure the proximity of a property to basic services, while the Transit Score measures the proximity to public transit.

Overall, Alameda can be characterized as a predominantly residential municipality with a stable commercial base. The subject is located in a mixed-use neighborhood located near the Fruitvale Street bridge, with good access to the city of Oakland and Interstate 880 to the north. The overall outlook for the neighborhood is stable.

III. MARKET ANALYSIS

In this chapter a discussion of general economic conditions precedes a discussion of commercial market conditions. Although the subject western parcel has a zoning designation of M-2, the subject parcels are considered commercial properties given the adjacent uses and General Plan designations. The sites are also considered poor candidates for future residential development given their narrow configuration and access.

A. General Economic Conditions

UCLA Anderson Forecast's fourth quarter report for 2014 indicates that the real Gross Domestic Product for the United States will grow at about 3 percent over the next two years. This will be in part due to lower oil prices, and higher wages which will increase consumer spending. Unemployment rates will likely fall to 5 percent in the near future. Along with consumer spending, aggressive corporate spending in equipment and software will fuel growth as well. Steady gains in employment are anticipated through 2016 for California.

UCLA Anderson Senior Economist David Shulman anticipates that the weak growth rates of 2009-2014 are in the past, as the economy ramps up to a sustained period of 3 percent growth in real GDP. He notes "specifically, we are forecasting 2.8 percent growth in the current quarter and anticipate growth to average 3.1 percent in both 2015 and 2016." Additionally, Shulman states that this growth will bring "a sense of economic progress on Main Street." He goes on to say that the economy will generate 200,000 - 260,000 jobs monthly, reducing the unemployment rate to 5 percent by the end of 2016. Employment compensation will rise to 3.2 percent this year and next and 3.9 percent in 2016, besting an annual average of 1.8 percent between 2009 and 2013. Shulman also discusses how the recent drop in oil prices will have a significant impact on the national economy as well. After \$100 per barrel pricing for most of 2014, prices have dropped to \$75 per barrel. He states that "should the oil price remain at this level, and we expect it will, there will be huge benefits to consumers. For example, such a price reduction translates to at least 50 cents-a-gallon price cut for gasoline. With the U.S. consuming about 135 billion gallons of gasoline a year, that calibrates into a \$67 billion a year boon to consumers." However, there is a downside to the lower oil prices; more than half of the consumer benefit will be absorbed by U.S. oil producers which will affect incomes, employment, and capital spending in domestic oil producing regions.

In the California forecast for December 2014, UCLA Anderson Senior Economist Jerry Nickelsburg notes that the growth of housing starts has been slightly lower than expected, but this is likely due more to the difficulties associated with starting multi-family projects rather than a change in demand for such dwellings. However, he feels

that the state's forecast for 2015 will be similar to 2014 and a stronger 2016 growth rate will result in the unemployment rate dropping to 5.3%. He states that "our estimate for the 2014 total employment growth is 1.8 percent, and for 2015 and 2016 the forecast is for 2.1 percent and 2.2 percent." Additionally, "payrolls will grow at about the same rate in the three years. Real personal income growth is estimated to be 3.1 percent in 2014 and forecast to be 4.5 percent in both 2015 and 2016."

Nickelsburg states that unemployment will fall through 2015 and will average approximately 6.6 percent for California. In 2016, the unemployment rate is predicted to be approximately 5.6 percent, a half percent higher than the U.S. forecast. He goes on to say that "the real implication is that having the appropriate skills in the labor force is critical to keep the faster-than-the-U.S. economic growth going for the long-term. Because of this, the shame of immigration reform, the ability of California to attract highly-skilled labor from other parts of the U.S., and home-grown workforce development could derail or accelerate the forecast growth rates."

B. Commercial Real Estate Market Conditions

According to Terranomics, a commercial real estate brokerage specializing in retail, retail space in Alameda County totals approximately 2.6 million square feet in shopping centers over 30,000 square feet. Terranomics reports a retail vacancy rate in the East Bay of 5.3 percent for the fourth quarter of 2014 down from 5.8 percent recorded for the previous quarter and a significant drop from 6.5 percent one year prior. This survey considers only shopping centers over 30,000 square feet, and is not an accurate reflection of the overall market. In fact, the overall vacancy is likely in the 5 to 7 percent range if smaller stand-alone and non-anchored retail buildings are included. Asking rents in the Terranomics survey reportedly average \$20.93 per square foot on a triple net basis, which is up 4.1 percent from one year prior.

Local Retail Market

The subject's trade area is defined as the City of Alameda. Until recently, there had been no significant retail property development in the City of Alameda since the late 1980s. The overall demographic profile of the neighborhood is good, in terms of population and income. The neighborhood's abundant single family and multifamily residential developments predominately range in age from approximately 15 to 50 years. The retail market in the City is generally mature, with new construction typically occurring on older retail sites that are either renovated or redeveloped for modern uses.

The newest retail developments in Alameda consist of two centers constructed as part of master planned projects in the north and south portions of the City. Harbor

Bay Landing is on Bay Farm Island, and it is located at McCartney Road and Island Drive, surrounded by residential neighborhoods. This center contains 110,000 square feet. Anchor tenants include Safeway and CVS Pharmacy. Marina Village Center is at the north end of the North Island, on Marina Village Parkway, near Webster Street. This is a mixed commercial and residential master planned area. This 105,000 square foot center is anchored by Lucky Supermarket and CVS Pharmacy. Lastly, the South Shore Shopping Center, located at the southeast end of the North Island, completed a major renovation in 2008. An additional 120,000 rentable square feet was added to the existing 477,000 square feet of retail space.

A new retail center anchored by a Target store is currently under construction as part of the Alameda Landing waterfront development on former Navy land. Catellus is the developer, and when complete the development will include a 291,000 square foot center anchored by Target, Safeway and Michaels, 300,000 square feet of lifestyle retail and restaurants, a 35,000 square foot waterfront retail district. Target opened in 2013, and Safeway and Michaels opened in late 2014. An In-N-Out Burger, Chipotle, T-Mobile, Sprint and Chase Bank have signed leases at the center.

The Bridgeside Shopping Center is located adjacent to subject eastern parcel and to the northwest of the subject western parcel. The shopping center is anchored by Nob Hill Foods and has several national and regional tenants such as Pet Food Express, Taco Bell, Starbucks, AT&T Wireless. The center contains 105,118 gross square feet in four buildings. There is also a gas station. Asking rents for commercial spaces is currently approximately \$2.60 per square foot triple net. The shopping center also is situated along the Alameda Estuary waterfront.

The remaining retail space in the market consists of freestanding buildings, small unanchored strip centers, and retail storefronts in the downtown area and neighborhood commercial districts. While brokerage statistics are not available, our research indicates that the retail market for Alameda is relatively stable with limited vacancy.

The overall market for commercial/retail space in this area is considered stable and healthy.

C. Marketing / Exposure Period Conclusion

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.

Market sales and conversations with brokers have indicated that properly priced properties, which are actively marketed, can be sold within a 12 month marketing period. Therefore, it is the opinion of the appraisers that the subject property could be sold in its as-is condition in a 12 month active marketing and exposure period.

IV. PROPERTY DATA

A. Site Description

The subject site consists of the rail corridor section starting from the west side of the Fruitvale Bridge on the north side of Tilden Way and continuing in a westerly direction across Blanding Avenue terminating at Broadway in the City of Alameda, County of Alameda, California. The two parcels are unused railroad right-of-way with the tracks and are separated by Blanding Avenue. They are further identified by the Alameda County Assessor's office as parcel numbers 070-0196-027-2, and 070-0196-042. The parcels are irregular in shape as shown on the plat map on the following page. The subject property contains a total land area of approximately 1.43 acres, or 62,201 square feet according to public records.

The two long and narrow sites contains approximately 521 and 709 feet of frontage along Tilden Way. For the eastern parcel the depth ranges from approximately 48 to 60 feet. The depth of the western parcel ranges from 52 to 158 feet and there is also approximately 158 feet of frontage along Broadway. Based on the site's irregular elongated shape, its development utility is considered fair. Given the site's ample street frontage, visibility/exposure is considered good.

The topography of the subject site is generally level and at street grade. 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 building improvements.

All streets adjacent to the subject site are fully paved and generally contain sidewalks, curbs, gutters, and street lighting. There is a railroad crossing at Blanding Avenue which is not currently operational. The western parcel is surrounded by cyclone fencing. There is also a concrete loading platform located at the western edge of the property.

The subject property is served with typical urban utilities, including public water and sewer systems. Local companies supply electricity, gas and telephone service.

B. Preliminary Title Report, Easements, Encroachments, and Encumbrances

A preliminary title report was not provided to the appraisers. Public record indicates that title to the subject property is currently vested in Southern Pacific Railroad Company. Union Pacific Railroad Company is the successor company after they purchased Southern Pacific in approximately 1997.

This appraisal assumes a clear and marketable title, and further assumes no adverse easements or encumbrances exist that would affect utility or marketability of the title to the subject.

C. Assessed Valuation and Real Estate Taxes

The subject properties are owned by a public utility and as such are not assessed for ad valorem tax purposes. This appraisal assumes that the properties are sold to a taxable entity which would result in an assessed value equal to the market value of the property.

Under California property tax laws instituted by the passage of Proposition 13, property taxes can only be increased a maximum of two percent annually unless a property is sold or additional value is added through new construction or alteration. Upon sale, property is taxed on the basis of one percent of the reassessed value, most often equal to the purchase price, plus existing bond indebtedness.

D. Environmental Observations

No environmental or soil study was submitted for review. Reference should be made to the Extraordinary and General Assumptions and Limiting Conditions section of Chapter I which assumes that the subject property is free and clear of any building/site toxic contamination.

No wetlands were observed on the property.

E. Flood Hazard, Earthquake Information Census Tract and Map Page Grid Information

According to Flood Insurance Map Community Panel Number 060002-0069G, prepared for the city of Alameda and dated August 3, 2009 the subject property is located within Flood Zone X. Properties within this zone are not required to purchase flood insurance.

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.

The subject property is located in Census Tract 4279.00. The Map Reference is 11-E4.

AERIAL MAP



F. Ownership and Sale History

A preliminary title report was not provided to the appraisers. Public record indicates that title to the subject property is currently vested in Southern Pacific Railroad Company. Union Pacific Railroad Company is the successor company after they purchased Southern Pacific in approximately 1997.

None of the subject parcels were reported to be currently affected by a purchase contract or actively being marketed for sale. However, the City of Alameda is considering acquiring the property for road or sidewalk expansion.

G. General Plan and Zoning Designations

The subject eastern parcel has a General Plan land-use designation of Community Commercial. Uses include small retail stores, department stores, motels, automobile sales and service and offices depending on location. This parcel is zoned C-2, PD (Central Business District, Planned Development).

According to representatives of the City of Alameda, the western parcel has two General Plan designations. The eastern portion of the site has a General Plan designation of Community Commercial and the western portion of the site has a land use designation of Medium Density Residential, which allows for a residential density of 8.8 to 21.8 units per acre. Typical residential uses are one or two family units and residential densities are expressed on a net acre basis, exclusive of land used for public or private streets. A minimum of 2,000 square feet of site area is required per unit. This parcel has a zoning of M2 (General Industrial) which is a historical holdover and is considered superseded by the General Plan land uses of Community Commercial and Medium-Density Residential.

The subject eastern parcel is zoned C-2, Central Business District by the City of Alameda. Although the subject western parcel is zoned M2, for General Industrial development, development standards would likely be dictated by the General Plan, which allows for commercial and medium density residential uses.

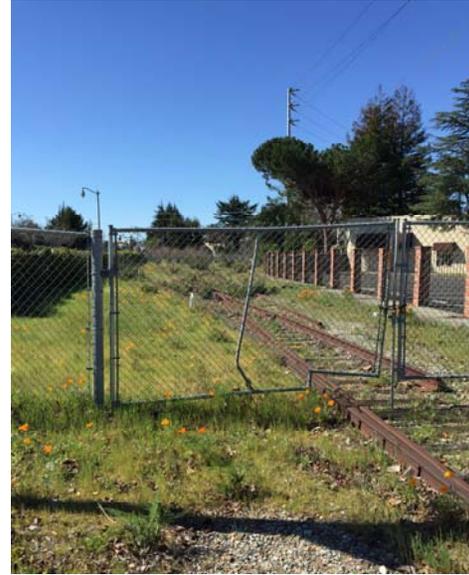
Permitted Uses for C-2

The Central Business Zoning District is intended for "central retail business and service uses to serve a residential community." Uses permitted in the C-2 District include general retail, personal services, hotels, and public or quasi-public uses. Automobile sales and services, pet clinics, gas stations, liquor stores and commercial marinas require use permits. Other uses requiring Use Permits in the C-2 District include uses that do business between the hours of 10 pm and 7 am. Residential uses

SUBJECT PHOTOGRAPHS



Subject Property facing east



Subject Property west of Blanding Avenue



Subject Property Rail Area



Western End of Subject Property

SUBJECT PHOTOGRAPHS



Concrete Platform on Subject Property



Adjacent Stores and Subject Property



Neighboring Improvements to the north



Neighboring Improvements on Broadway

SUBJECT PHOTOGRAPHS



Intersection of Tilden Way and Broadway



Tilden Way to the east



Tilden Way to the west



Blanding Avenue

are conditional uses.

Maximum Height, Bulk and Space Requirements

Lot Area - None

Front Yard Limit - None

Maximum Total Building Coverage - None

Building Height Limit - 8 stories- Not to exceed 100 feet

Floor to Lot Area Ratio (FAR) - 5:1

Lot Width - None

Side Yard - 5' required if lot abuts a residential district

Rear Yard - None required except that where the rear portion of the lot is accessible from a street, alley or parking lot, or combination thereof, the rear yard must be a minimum of 12 feet.

Off-Street Parking Requirements

The parking requirements for commercial uses is 1 spaces per 200 square feet of building area (Alameda Municipal Code, Section 30-7-6). Residential units located above ground-floor commercial uses require one space per unit with a maximum of two spaces per unit.

V. HIGHEST AND BEST USE AND VALUATION METHODOLOGY

A. Highest and Best Use

Highest and best use is the reasonably probable use of property that results in the highest value. (*The Appraisal of Real Estate, 14th Edition, 2013, p. 332*)

Implied in the definition of highest and best use is that the determination of highest and best use takes into account the contribution of a specific use to the community, and community development goals, as well as the benefits of that use to individual property owners.

1. As Vacant

For the highest and best use of land as though vacant, the use must meet the following four criteria: the highest and best use must be 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive. The following paragraphs discuss each of the four criteria and conclude the highest and best use of the subject site, as vacant.

Physical Possibility

The subject sites consist of two irregularly shaped long and narrow rail corridor parcels, with street frontage along Tilden Way. The two legal parcels are separated by Blanding Avenue. The eastern parcel contains approximately 0.75 acres or 32,798 square feet of land and the western parcel has 0.68 acres and 29,403 square feet. The total site area is 1.43 acres, or 62,201 square feet. The sites are generally level at street grade and fully improved with sidewalks, curbs and gutters. The long and narrow sites have between 521 and 709 feet of street frontage along Tilden Way. For the eastern parcel the depth ranges from approximately 48 to 60 feet. The depth of the western parcel ranges from approximately 52 to 158 feet and there is also approximately 158 feet of frontage along Broadway.

The long-narrow shape of the rail corridor limits the developability of the subject sites as a stand-alone development. The most probable use is for assemblage of the subject with adjacent parcels, which are commercial development.

Legally Permissible

The subject eastern parcel has a General Plan land-use designation of Community Commercial. Uses include small retail stores, department stores,

motels, automobile sales and service and offices depending on location. This parcel is zoned C-2 PD (Central Business District, Planned Development). The Bridgeside Shopping Center is located adjacent to the north of the subject.

The western parcel has two General Plan designations. The eastern portion of the site has a General Plan designation of Community Commercial (similar to the eastern parcel) and the western portion of the parcel has a land use designation of Medium-Density Residential. According to the City of Alameda General Plan, typical uses for Medium Density Residential are one or two family units. Residential densities are allowed 8.8 to 21.8 units per net acre. A minimum of 2,000 square feet of site area is required per unit. This parcel has a zoning of M2 (General Industrial) which is most likely a historical holdover and is considered superceded by the General Plan land uses of Community Commercial and Medium Density Residential. Existing uses adjacent to the north include a parking lot and mortuary, and there are Victorian homes on Broadway which have been converted to offices and mixed uses.

Based on the legal parameters, and considering the physically possible uses as well as surrounding uses, the highest and best use of the subject site, as vacant, appears to be assemblage with the adjacent properties to the north.

Financially Feasible

As described in the Market Analysis chapter of this report, the Alameda real estate market continues to recover from the recession. Recent stabilization and improvement in the commercial segment of the market has occurred following an extended period of general market weakness. In the commercial sector, market conditions appear to be improving over the past year and there has been new commercial construction in Alameda. Development of a commercial use which can take advantage of the visibility of the site is considered feasible in the current market.

Based on the physically possible, legally permissible, and financially feasible/maximally productive uses, and considering the current economic climate and real estate market, the highest and best use of the subject site, as vacant, is considered to be assemblage with the adjacent properties to the north. Because these adjacent properties are already developed, the acquisition of the subject land would be less immediately compelling although desirable for longer term redevelopment or expansion purposes.

Maximally Productive/Highest and Best Use Conclusion Conclusion

The maximally productive use is that use which results in the highest land value after deducting the costs of production and an estimate of developer's profit. Therefore, the highest and best use of the subject site is considered to be assemblage with the adjacent property owners to the north.

B. Valuation Methodology

The valuation of any parcel of real estate is derived principally through three approaches to the 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 under most unusual circumstances, the value of a property cannot be greater than the cost of constructing a similar building on a comparable site.

2. Sales Comparison Approach

This approach is 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 relate the degree of comparability to the property under appraisal. The difficulty in this approach is that two properties are never 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.

In the following chapter of this appraisal report, the market value of the subject property in its current condition, assuming no improvements exist and that the subject is clean of any toxic contamination, is estimated. As the subject property being valued is undeveloped land, the Cost and Income Approaches are not utilized. In the valuation of the subject in its as-is condition, only the Sales Comparison Approach is utilized.

VI. AS-IS LAND VALUATION BY THE SALES COMPARISON APPROACH

In land valuation, market value is best determined by the Sales Comparison Approach. This methodology studies the prices paid for similar commercial sites in the surrounding market area. The table on the following page outlines five properties in Alameda and Oakland which were purchased for commercial development and one sale in the City of Pleasanton of unused railroad right-of-way land. Sales with existing buildings planned for reuse have been adjusted for the estimated contributory value of the improvements. Pertinent information is presented concerning the comparables relative to location, sale date, sale price, planned number of units, density and zoning. The subject site's market value is estimated by analyzing each of the sales on a per square foot of land area basis.

The comparable sales have been substantiated with the principals involved in the transaction and verified by public record. They are all cash to seller transactions unless specified otherwise.

A. Comparable Land Sales

Land Sale 1 is the sale of a development site located at the northeast corner of Encinal Avenue and Oak Street in Alameda. The site consists of two parcels at 2301 Encinal Avenue and 1202 Oak Street and contains 9,600 square feet of land area. The property is located across the street from the Alameda High School and is situated in the Park Street Business District. The comparable is improved with three buildings containing a total of 2,370 square feet. The improvements consist of an older single family home and gas station/garage which had previously been used as a locksmith store. The gas station/store is on the City of Alameda Historical list. The property is zoned CC (Community Commercial). The listing broker indicated that the comparable is planned to be developed with a mixed use development.

The property was purchased for \$600,000 in January 2015. This is equal to \$62.50 per square foot. The broker indicated that there were environmental issues with the property and that the sale price reflected a discount for this factor.

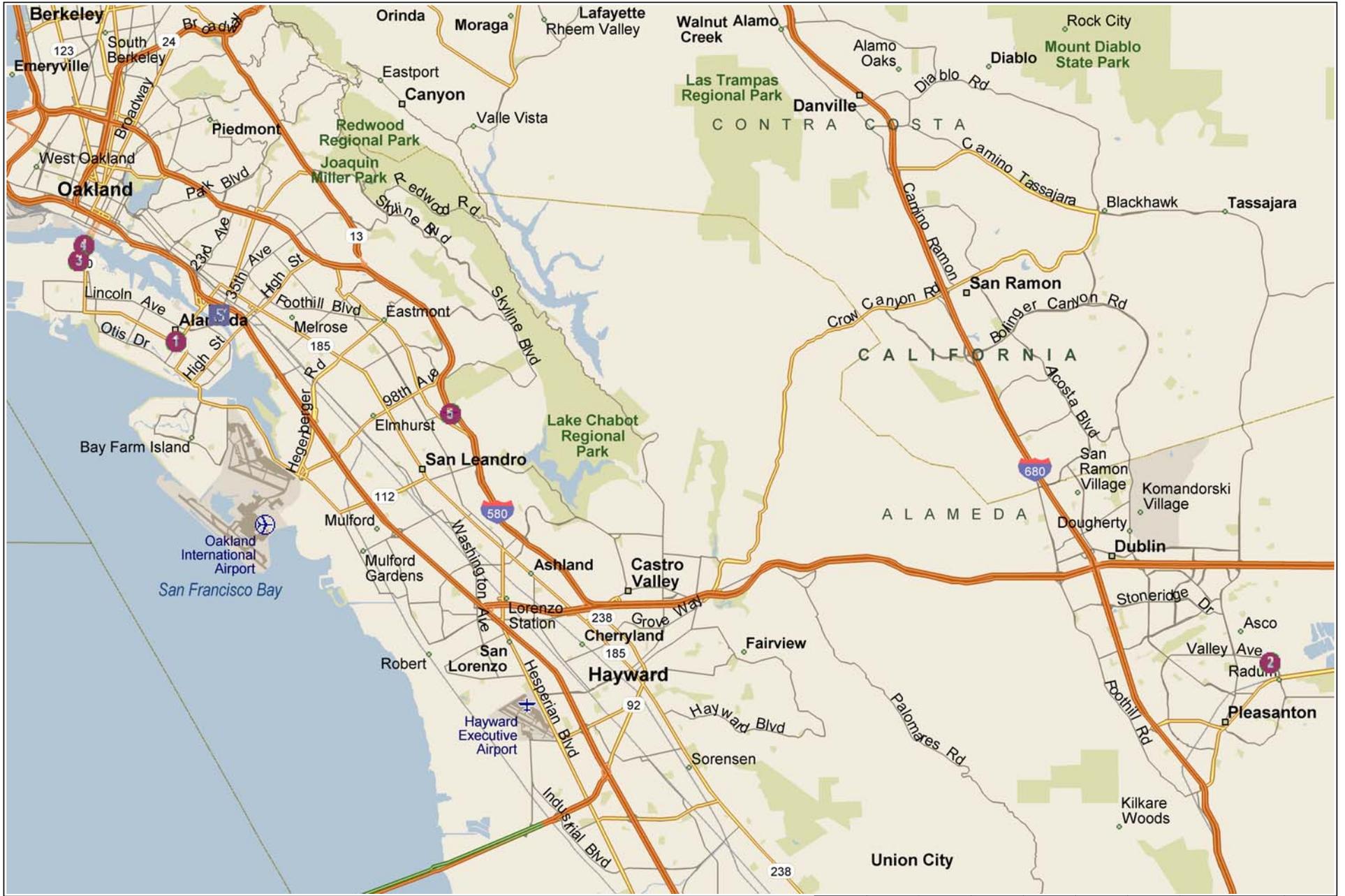
Land Sale 2 is located at 3100 Valley Avenue in the City of Pleasanton. This vacant property consists of a single legal parcel containing approximately 1.60 net acres or 69,696 square feet of land area. The site is part of the former San Ramon Branch railroad right-of-way with mostly surrounding industrial uses. The site is bordered on the north and east by Valley Avenue, on the south by the Union Pacific Railroad main line and on the northeast by a PG&E electrical substation. Access to the site is from an estimated 150 foot wide strip located at the northern tip of the site. The land is level with all utilities to site. The site has a zoning designation of PUD1 (Planned Unit Development).

COMPARABLE LAND SALES
Appraisal of Vacant UPRR Land, North Side of Tilden Way
Alameda, California

| # Location / APN | Sale Date | Land Area | Price | Price Per SF of Land | Zoning | Grantor/ Grantee (Document#) | Comments |
|--|----------------|------------------------|---|---------------------------|------------------------|--|---|
| 1 2301 Encinal Ave. & 1202 Oak St. Alameda APN: 071-0205-012-01, -02 | 1/15 | 9,600 SF 0.22 AC | \$600,000 | \$62.50 | CC | Ricki L Owens Trust/ Eric Leung #7328 | Site improved with a former gas station which is on the historic list. Buyers plan to develop with mixed use project. Sale price reduced due to environmental issues. |
| 2 3100 Valley Avenue Pleasanton APN: 071-0205-012-01, -02 | 5/14 | 69,696 SF 1.60 AC | \$767,839 | \$11.02 | PUD1 | Union Pacific Railroad Company/ Zone 7 Water Agency NA | Part of former San Ramon Branch railroad right-of-way. Adjacent properties are industrial in nature. |
| 3 2203 Mariner Square Loop Alameda APN: 074-0905-031 | 3/13 | 96,268 SF 2.21 AC | \$2,500,000 (\$614,760) (1) \$1,885,240 | \$25.97 \$19.58 | M-2 PD | Enterprise Landing Project, LLC/ Moore Communications.com LLC #116458 | Site improved with a 10,246 SF restaurant building built in 1980. Buyer to renovate and convert existing structure to a swim school. |
| 4 SWC Mariner Square Loop & Mitchell Ave. Alameda APN: 074-0905-043-02 (por.) | 9/12 | 448,755 SF 10.30 AC | \$12,279,362 | \$27.36 | M-X Mixed-Use PD | Catellus Alameda Dev., LLC/ Target Corporation #295653 | Proposed for a 140,000 SF Target store. |
| 5 Foothill Blvd at 108th Ave. Oakland APN: 047-5589-001-04 & 001-07 (por.) | 6/12 | 215,778 SF 4.95 AC | \$4,600,000 | \$21.32 | C-30/ S-4 | MacArthur Blvd. Assoc. LLC/ FAEC Holdings 411349, LLC #188348 | Portion of Foothill Shopping Center proposed for a 71,950 SF Foods Co. grocery store. |
| 6 1600 Park St. Alameda APN: 070-0191-032, -033, -034 & -035-01 | 9/11 & 5/11 | 77,903 SF 1.79 AC | \$2,276,000 (2) | \$29.22 | C-M | Good Chevrolet, Conroy Trust & Phua-Lee Family Living Trust/ Foley Street Investments, LLC #144640, #269364, #269366 & #269367 | Former auto dealership facility proposed for Alameda Station, a two building, 25,000 SF retail center anchored by Walgreens. |
| Subject Tilden Way at Blanding Avenue APN: 070-0196-027-02 & 0196-042 | | 62,201 SF 1.43 AC | | | C-2, PD M-2 | Union Pacific Railroad Company/ | Vacant unused railroad right-of-way. Property has frontage of Tilden Way on either side of Blanding Avenue |

(1) Contributory value of existing improvements estimated at \$60/SF.
(2) Total price for assembled development site.

COMPARABLE LAND SALES MAP



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In May 2014, the property transacted for a purchase price of \$767,839, equivalent to a unit value of \$11.02 per square foot of land area.

Land Sale 3 is the sale of a property located at 2203 Mariner Square Loop in Alameda. The property consists of a 96,268 square foot, or 2.21 acre parcel improved with a vacant, older 10,246 square foot restaurant building that was built in 1980. The zoning for the property is M-2, PD which allows for a variety of commercial uses, but does not allow residential. The site is proximate to a new Target store.

This property was purchased in March 2013 for \$2,500,000, or \$25.97 per square foot of land area. The buyer intends to renovate and convert the exiting building to a swim school. According to the seller, the property was actively marketed and several offers were received. The highest offer was \$3.2 million from a restaurant user. The seller decided to sell the property at a lower price to a swim school that has been a tenant in the adjacent building, also owned by the seller. Reportedly, the seller will also provide financing for the proposed improvements which are estimated to be in excess of \$1.0 million. The sale price net of the estimated contributory value of the improvements at \$60 per square foot of building area is \$19.58 per square foot.

Land Sale 4 is the sale of a development site at the southwest corner of Mariner Square Loop and Mitchell Avenue in Alameda. The property consists of a newly created parcel totaling 448,755 square feet, or 10.30 acres. The property is zoned M-X, or Mixed Use. In September 2012, Target Corporation purchased this property from Catellus Alameda Development, LLC for \$12,279,362, or \$27.36r square foot of land area. The buyer intends to develop the site with a new 140,000 square foot Target store. The site was entitled for the proposed development at the time of sale.

Land Sale 5 is the sale of a portion of the Foothill Shopping Center located at the corner of Foothill Boulevard and 108th Avenue in Oakland. The property consists of a newly created parcel totaling 215,778 square feet, or 4.95 acres. The property is zoned C-30 or Thoroughfare Commercial District. In June 2012, FAEC Holdings, 411349, LLC purchased this property from MacArthur Boulevard Associates, LLC for \$4.6 million, or \$21.32 per square foot of land area. The buyer intends to develop the site with a new 71,950 square foot grocery store.

Land Sale 6 is the assemblage of the development site located at 1600 Park Street in Alameda. The property consists of four parcels totaling 77,903 square foot, or 1.79 acres. The site is improved with a former auto dealership facility planned for demolition. The property is zoned C-M.

The assemblage included four transactions from three different sellers. Three parcels were purchased in September 2011 and one was purchased in May 2011. The total

sale price is \$2,276,000, or \$29.22 per square foot. The buyer intends to develop the site with two buildings totaling approximately 25,000 square feet. One building will be leased to Walgreens and the other building will be leased to various retail tenants. The property was not entitled for the development at the time of sale.

B. Analysis of Comparables

The selected comparables indicate an unadjusted range from \$11.02 to \$62.50 per square foot of land area. The sales occurred between September 2011 and January 2015. During that time frame, market conditions have improved. The table on the following page shows adjustments applied to each of the comparables in tabular form. In determining an appropriate unit value for the subject property, the comparable improved transactions are analyzed and adjusted based on their differences in physical/locational characteristics, financing terms, condition of sale, utility, size, zoning, access, and physical characteristics.

The subject property contain a total of 62,201 square feet and 1.43 acres. The subject is generally level and is located on the north side of Tilden Way on the east and west side of Blanding Avenue. The site has good visibility on Tilden Way, but is considered below average in terms of site utility/shape given its long narrow shape.

Land Sale 1 reflects the recent sale of a property located at Encinal and Oak Streets in Alameda. No adjustment is made for the conditions of sale, financing or market conditions. The property is similar to the subject in terms of location and commercial appeal. However, the comparable is significantly smaller in size and has superior site utility and shape. At the time of sale, the comparable had approximately 2,370 square feet of improvements, of which a portion will require demolition. An upward adjustment of five percent is warranted for the site work and demolition required to prepare the site for development. Overall, a lower unit value is concluded for the subject, based on this sale.

Land Sale 2 is the sale of a property located at 3100 Valley Avenue in Pleasanton. The property was purchased in May 2014 and no adjustment is made for market conditions. The property is located in the City of Pleasanton and an upward adjustment is made for the inferior general location. The site consists of an irregular but largely triangular shaped parcel and an upward adjustment for the site utility/shape is made. Access to the site is only from an estimated 150 foot wide strip located at the northern tip of the site. The remainder of the site is either land-locked or situated topographically above Valley Avenue which descends below-grade to underpass the Union Pacific Railroad Tracks abutting the southern end of the site. Much of the northern portion of the site can only be used for driveway and access purposes warranting an upward adjustment for accessibility. An upward adjustment is also made for the industrial zoning of the site. After adjustments a higher unit

COMPARABLE COMMERCIAL LAND SALE ADJUSTMENT GRID

Appraisal of Vacant UPRR Land, North Side of Tilden Way
Alameda, California

| | Comparable 1 2301 Encinal & 1202 Oak Alameda | Comparable 2 3100 Valley Avenue Pleasanton | Comparable 3 2203 Mariner Sq. Loop Alameda | Comparable 4 SWC Mariner Sq. Loop & Mitchell Alameda | Comparable 5 Foothill at 108th Oakland | Comparable 6 1600 Park St Alameda |
|---|---|--|--|---|--|---|
| Site Size (SF) | 9,600 | 69,696 | 96,268 | 448,755 | 215,778 | 77,903 |
| Sale Date: | 1/15 | 5/14 | 3/13 | 9/12 | 6/12 | 9/11 |
| Transaction Price: | \$600,000 | \$767,839 | \$1,885,240 | \$12,279,362 | \$4,600,000 | \$2,276,000 |
| Unadjusted Price/SF | \$62.50 | \$11.02 | \$19.58 | \$27.36 | \$21.32 | \$29.22 |
| Financing Terms: | 0% | 0% | 0% | 0% | 0% | 0% |
| Conditions of Sale: | 0% | 0% | 15% | 0% | -5% | 0% |
| Adjusted Sale Price: | \$600,000 | \$767,839 | \$2,168,026 | \$12,279,362 | \$4,370,000 | \$2,276,000 |
| Adjusted Price/SF | \$62.50 | \$11.02 | \$22.52 | \$27.36 | \$20.25 | \$29.22 |
| Market Conditions: | 0% | 0% | 5% | 5% | 5% | 10% |
| Price Adj. For Mkt. Cond. | \$62.50 | \$11.02 | \$23.65 | \$28.73 | \$21.26 | \$32.14 |
| Location/Comm'l Appeal | 0.0% | 15.0% | 0.0% | 0.0% | 10.0% | 0.0% |
| Size | -25.0% | 0.0% | 0.0% | 20.0% | 10.0% | 0.0% |
| Site Utility/Shape | -25.0% | 10.0% | -25.0% | -25.0% | -25.0% | -25.0% |
| Accessibility | 0.0% | 20.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Zoning/General Plan | 0.0% | 10.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Entitlements | 0.0% | 0.0% | 0.0% | -5.0% | 0.0% | 0.0% |
| Demolition / Site Work | 5.0% | 0.0% | 0.0% | -10.0% | 0.0% | 5.0% |
| Total Adjusted %: | -45.0% | 55.0% | -25.0% | -20.0% | -5.0% | -20.0% |
| Adjusted Unit Value for the Subject: | \$34.38 | \$17.08 | \$17.74 | \$22.99 | \$20.20 | \$25.71 |

ROUNDED PRICE PER SQ.FT. RANGE

| | | |
|----------------|---|----------------|
| \$17.00 | - | \$34.00 |
|----------------|---|----------------|

| | |
|------------------|----------------|
| VALUE CONCLUSION | \$20.00 |
|------------------|----------------|

Source: Carneghi and Partners, Inc., March 2015
15asf056ALand Grid

value is indicated for the subject.

Land Sale 3 is the sale of a 2.21 acre site located at 2203 Mariner Square Loop in northern Alameda. The property was purchased for \$19.58 per square foot after a deduction was made for the contribution of the existing improvements. The conditions of sale may have negatively impacted the sale price and an upward adjustment is indicated. A positive adjustment is also made for the date of sale, as market conditions have continued to improve. A negative adjustment is warranted for the superior shape/utility of this property. The location is similar. The zoning is different, but allows for a variety of commercial uses and no adjustment is indicated. Overall, a lower unit value is indicated for the subject.

Land Sale 4 is located at the southwest corner of Mariner Square Loop and Mitchell Avenue. The property was purchased by Target for \$27.36 per square foot in September 2012. An upward adjustment for market conditions is made. This sale represented a finished site so the buyer can immediately begin construction of their store and a downward adjustment is made for the site work. The property has a similar commercial location but is larger warranting an upward adjustment. However, considering the elongated and narrow shape of the subject, a negative adjustment is made for site utility. The site was also fully entitled for commercial development. A lower unit value is suggested for the subject property.

Land Sale 5 is the June 2012 of a portion of the Foothill Shopping Center in Oakland. This portion is proposed for development of a 71,950 square foot Foods Co. Store. The sale price was negotiated with the tenant already in place which affected the sale price and a downward adjustment is made for the conditions of sale. The property was purchased in June 2012 and an upward adjustment is made for the date of sale. The location in East Oakland is inferior to the subject and this parcel is larger. However, the site utility and shape are superior which is a partially offsetting factor. Overall, a slightly higher unit value is concluded for the subject.

Land Sale 6 is a former automobile dealership and adjacent parcel on Park Street which sold to a developer for \$29.22 per square foot. It is planned for development of a small retail center anchored by a Walgreens store. An upward adjustment is made for current stronger market conditions. The comparable has a good location on Park Street with similar visibility as the subject. No adjustment for location or commercial appeal is indicated. The comparable is similar in size, but is superior in terms of its shape and utility warranting a negative adjustment. The site was improved with a former auto dealership facility planned for demolition, and upward adjustment of five percent is warranted for the site work and demolition required. After adjustments a lower unit value is indicated for the subject.

Conclusions

The adjusted range indicated by the comparables is between approximately \$17 to \$34 per square foot. The subject contains 1.43 acres and is located on Tilden Way and is bisected by Blanding Avenue. The site is located in the City of Alameda to the west of the Fruitvale Bridge and adjacent to the Bridgeside Shopping Center and other commercial uses. Land Sales 1, 3, 4 and 6 are located in Alameda, Land Sale 2 is in the City of Pleasanton and Land Sale 5 is in Oakland.

Sale 1 is at the high end of the range at approximately \$34 per square foot and reflects a recent sale of a small commercial site which also contains an historic building. The investment magnitude of this sale is lower than the subject and less weight is placed on this comparable.

Land Sale 2 was at the low end of the range of \$17 per square foot and is the sale of an unused railroad right-of-way in the City of Pleasanton. The comparable required significant adjustments given its location, zoning and accessibility.

The remaining comparables range indicate a narrower range from approximately \$18 to \$26 per square foot and reflect commercial land sales in Alameda and Oakland.

After analysis of the comparable land sales and the physical and legal characteristics of the subject property, a unit value between \$18 and \$25 per square foot is estimated for the subject property. The property has good visibility and exposure on Tilden Way, but is relatively narrow which limits its functional utility and development potential. The most likely buyer would be the adjacent property owners for assemblage. Because these adjacent properties are already developed, the acquisition of the subject land would be less immediately compelling although desirable for longer term redevelopment or expansion purposes. Based on these factors a mid range unit value of \$20.00 per square foot is concluded. Applying this per square foot value to the subject property area results in a value as follows:

| | | | |
|-------------------------|---|--------------------|-------------|
| \$20.00 per square foot | x | 62,201 square feet | \$1,244,020 |
| Rounded | | | \$1,240,000 |

Based on the research and analysis, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the hypothetical

fee simple fair market value of the subject property, assuming the property is free and clear of any toxic site contamination, as of February 28, 2015, is:

ONE MILLION TWO HUNDRED FORTY THOUSAND DOLLARS

(\$1,240,000)

ADDENDA

QUALIFICATIONS OF CHRIS L. CARNEGHI, MAI

California Certified General Real Estate Appraiser No. AG001685

Chris Carneghi is the President of Carneghi and Partners, Inc., a California Corporation providing real estate appraisal and consulting services. The following is a summary resume of his background and experience.

EXPERIENCE

Mr. Carneghi has more than 30 years of experience as a real estate appraiser, arbitrator and consultant in the fields of real estate and urban economics. He has conducted numerous real estate appraisals of commercial properties including office buildings, research and development (R&D) buildings, industrial facilities, retail stores and shopping centers, hotels, apartments, condominiums and vacant land. Mr. Carneghi's real estate appraisal expertise is focused on urban/suburban buildings, development projects and land. He has extensive experience in appraising real estate for condemnations, rental and other appraisal arbitration matters, property tax assessment appeals, real estate loans, assessment districts, community facilities districts and similar public finance bond financing. Analysis and valuation of leasehold, leased fee and other real estate interests are standard areas of practice. Mr. Carneghi holds the MAI designation from the Appraisal Institute and is licensed as a California Certified General Real Estate appraiser.

Mr. Carneghi frequently provides litigation support and serves as an expert witness in court or in private arbitration proceedings. He also acts as either a neutral or party arbitrator in resolving matters of real estate values, rents and related issues. He has been qualified as a real estate appraisal expert and provided testimony in the California Superior Courts of San Francisco, Santa Clara, San Mateo, Marin, Contra Costa, Alameda, Sonoma, Napa and San Joaquin Counties and in the Federal United States Bankruptcy Courts in Oakland, San Francisco, San Jose, San Diego and Santa Rosa. He has been qualified as a real estate expert and testified in Federal Tax Court in San Francisco, in California Public Utilities Commission (PUC) hearings in San Francisco and in hearings conducted at the American Arbitration Association (AAA) and Judicial Arbitration and Mediation Service (JAMS) in various locations. He has also testified in Hawaii concerning ground lease issues.

Carneghi and Partners, Inc. is a real estate appraisal company. The firm has a staff of approximately 20 real estate appraisal and market research professionals and maintains offices in San Francisco and San Jose, California. Mr. Carneghi has overall management responsibility for the firm, as well as being the partner in charge of many specific appraisal, arbitration and consulting assignments.

After graduating with academic distinction from the University of California at Berkeley, he worked for several years with Paul Fullerton, MAI, on real estate market research with emphasis on downtown rejuvenation studies. He then spent two years with Kaiser-Aetna, a national real estate development partnership, managing market research and financial analysis for their special projects office. Following this, he was the project economist for the City of San Jose Economic Development and Redevelopment Program. In 1977, Mr. Carneghi established the firm of Urban Economics Corporation, a real estate consulting firm. In 1979, he merged Urban Economics

QUALIFICATIONS OF CHRIS L. CARNEGHI, MAI

California Certified General Real Estate Appraiser No. AG001685

with the firm of Fullerton-Mills, a real estate appraisal firm established in 1972. The merger resulted in Mills-Carneghi, Inc. since renamed Carneghi and Partners, Inc.

Other related experience includes teaching, speaking and publications on various facets of real estate appraisal, arbitration and market research which are listed below. Mr. Carneghi has served on the board of directors of a condominium project. He was a consultant to the San Jose City Council Jobs and Housing Committee, which was charged with investigating the fiscal impact of the imbalance between jobs and housing in that city, and a consultant to the Cupertino City Council concerning the feasibility of high density residential development in that city. He has also made numerous presentations to the rating agencies of Standard and Poor's and Moody's in connection with market studies concerning mortgage revenue bond programs.

PROFESSIONAL AFFILIATIONS & STATE CERTIFICATION

MAI Designation: (No. 6566) Appraisal Institute
Chairman Admissions Committee: AIREA Chapter 11, 1987
State of California Certified General Real Estate Appraiser No. AG001685

EDUCATION

Bachelor's Degree: Urban Studies, University of California at Berkeley
Master's Degree: Business Administration, San Jose State University

SPEAKING

Topic: Legal Pitfalls in Arbitration; Lambert v. Carneghi
Location: Appraisal Institute Northern California Chapter, Annual Spring Litigation Conference, Woodside, May 2011

Topic: Real Estate Appraisal Principals and Concepts
Location: City of San Jose, Office of Economic Development, May 2011

Topic: Real Estate Appraisal Principals and Concepts
Location: City of San Jose, General Services Department, Real Estate Services and Asset Management Division, August-September 2010

Topic: The Bankruptcy Process: Appraiser / Attorney Interaction
Location: Appraisal Institute Northern California Chapter, Annual Spring Litigation Conference, Woodside, May 2010

Topic: Property Tax Assessment Appeal & Procedures
Location: Appraisal Institute Northern California Chapter, Annual Spring Litigation Conference, Woodside, May 2009

QUALIFICATIONS OF CHRIS L. CARNEGHI, MAI
California Certified General Real Estate Appraiser No. AG001685

Topic: Appraisal Arbitration Workshop
Location: Appraisal Institute Northern California Chapter, Continuing Education Workshop, Pleasanton, September 2005

Topic: Before You Say Yes - Qualifying Appraisal Clients, Engaging Assignments, and Product Pricing
Location: Appraisal Institute Northern California Chapter, Fall Conference, San Francisco, October 2004

Topic: Exchange and Deposition - The Litigation Process Involving a Real Estate Appraiser as an Expert
Location: Appraisal Institute Northern California Chapter, Fall Conference, San Francisco, November 2003

Topic: The Issue of Specific Defendant Compensation for an Unrecorded Public Interest in a Condemned Parcel of Land
Location: Case Studies in Eminent Domain Seminar; Northern California Chapter of Appraisal Institute, Oakland, June 2003

Topic: Rent Arbitration in Volatile Market Conditions
Location: San Francisco Real Estate Roundtable, October 2002

Topic: Demolition and Toxic Contamination Problems in Real Estate Appraising
Location: Santa Clara County Assessor's Training Conference, September 2002

Topic: Appraisal Crossfire: Controversies in the Profession
Location: Appraisal Institute San Francisco Bay Area Fall Conference, October 1997

Topic: Reviewing the Reviewer in Real Estate Appraisal
Location: Appraisal Institute San Francisco Bay Area Fall Conference, October 1993

Topic: Property Acquisition Workshop - Nonprofit Housing
Location: San Francisco Redevelopment Agency, February 1993

Topic: Americans with Disabilities Act (ADA) & Unreinforced Masonry Buildings (UMB)
Location: Appraisal Institute San Francisco Bay Area Fall Conference, October 1992

Topic: Private Real Estate and Public Planning
Location: San Jose State University, Urban Planning 143 & 275F, April 1992

QUALIFICATIONS OF CHRIS L. CARNEGHI, MAI
California Certified General Real Estate Appraiser No. AG001685

Topic: Real Estate Appraising in a Changing Market
Location: Peat Marwick Real Estate Study Group, April 1989, Sept 1985 and June 1984

Topic: Capitalization of First Year Income for a Property in a Market Involving Rent Concessions
Location: AIREA Chapter 11 Meeting, February 1989

Topic: Appraised Values - Downtown Area
Location: City of San Jose Real Estate/Relocation/Appraisal Division, September 1988

Topic: Rent Concessions in the Appraisal Process
Location: AIREA Chapter 11 Meeting, March 1987

Topic: Appraising: Where Are We?
Location: AIREA Chapter 11 Meeting, 1985

Topic: Development Approach to Industrial Land Valuation in an Inflationary Period
Location: Society of Industrial Realtors Appraisal Committee, San Francisco, November 1982

Topic: Market-Feasibility Studies for Mortgage Revenue Bond Programs
Location: Seminar sponsored by Dean Witter Reynolds, St. Francis Hotel, San Francisco, August 1981

Topic: Feasibility Studies in Real Estate Valuation
Location: Valley Seminar sponsored by Sierra Chapter SREA, Modesto Jr College, April 1981

Topic: Economic Feasibility of Downtown Office Buildings
Location: Building Owners and Managers Association Northwest Regional Conference, Spokane, Washington, October 1979

TEACHING

Course: Real Estate Appraisal (RE 302), Instructor
Location: Golden Gate University, San Francisco, Spring 1989

Course: Topics in Real Estate (BA 296), Guest Lecturer
Location: University of California at Berkeley, Spring 1988

Course: Real Estate and Urban Planning (URB P 196H), Instructor
Location: San Jose State University, Spring 1981

QUALIFICATIONS OF CHRIS L. CARNEGHI, MAI
California Certified General Real Estate Appraiser No. AG001685

Course: Real Estate Appraisal Problems (BUS 104), Instructor
Location: San Jose State University, Fall 1980, Spring 1981

PUBLICATIONS

Article: Appraisal Arbitration: The Role of the Real Estate Appraiser in Resolving Value Disputes
Publication: The Appraisal Journal, April 1999

Article: Determining Ground-Lease Rental Rates
Publication: The Appraisal Journal, April 1994

Article: Real Estate Appraising Under R41c
Publication: San Jose Business Journal, March 1987

Article: Specialty Shopping Centers: Factors of Success and Failure
Publication: The Appraisal Journal, October 1981

Article: San Jose Office Market
Publication: Western Real Estate News, 1976

QUALIFICATIONS OF SARA A. COHN, MAI
California Certified General Real Estate Appraiser No. AG014469

EXPERIENCE

Sara A. Cohn is a Senior Appraiser and Project Manager with Carneghi and Partners, Inc., based in the San Francisco office. Carneghi and Partners provides real estate appraisal and consulting services in the San Francisco Bay Area. Clients include financial institutions, government agencies, law firms, development companies and individuals. Typical assignments include both valuation and evaluations of a broad variety of property types, uses and ownership considerations.

Ms. Cohn joined Carneghi and Partners, Inc. (then Mills-Carneghi-Bautovich) in 1988 and has over 26 years of appraisal experience. She has completed a wide variety of valuation and evaluation analyses. Ms. Cohn has extensive knowledge of the San Francisco Bay Area and has appraised many property types including office buildings, industrial properties, retail centers, hotels, residential projects, mixed-use properties and development sites. Recent work has involved the analysis of commercial buildings, residential subdivisions, valuation of affordable housing developments with bond financing and/or Low Income Housing Tax Credits (LIHTCs), assessment districts, as well as co-housing projects.

EDUCATION

Bachelor of Arts, University of California, Berkeley, 1978

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.

PROFESSIONAL AFFILIATION AND STATE CERTIFICATION

Appraisal Institute - MAI Designation (Member Appraisal Institute) No. 12017
Continuing Education Requirement Complete

State of California Certified General Real Estate Appraiser No. AG014469
Certified Through March 2017

State of California Licensed Landscape Architect No. 2102

Member, Board of Directors, Northern California Chapter of the Appraisal Institute,
2008-2010

Seminars Co-Chair, Northern California Chapter of the Appraisal Institute, 2005-2007