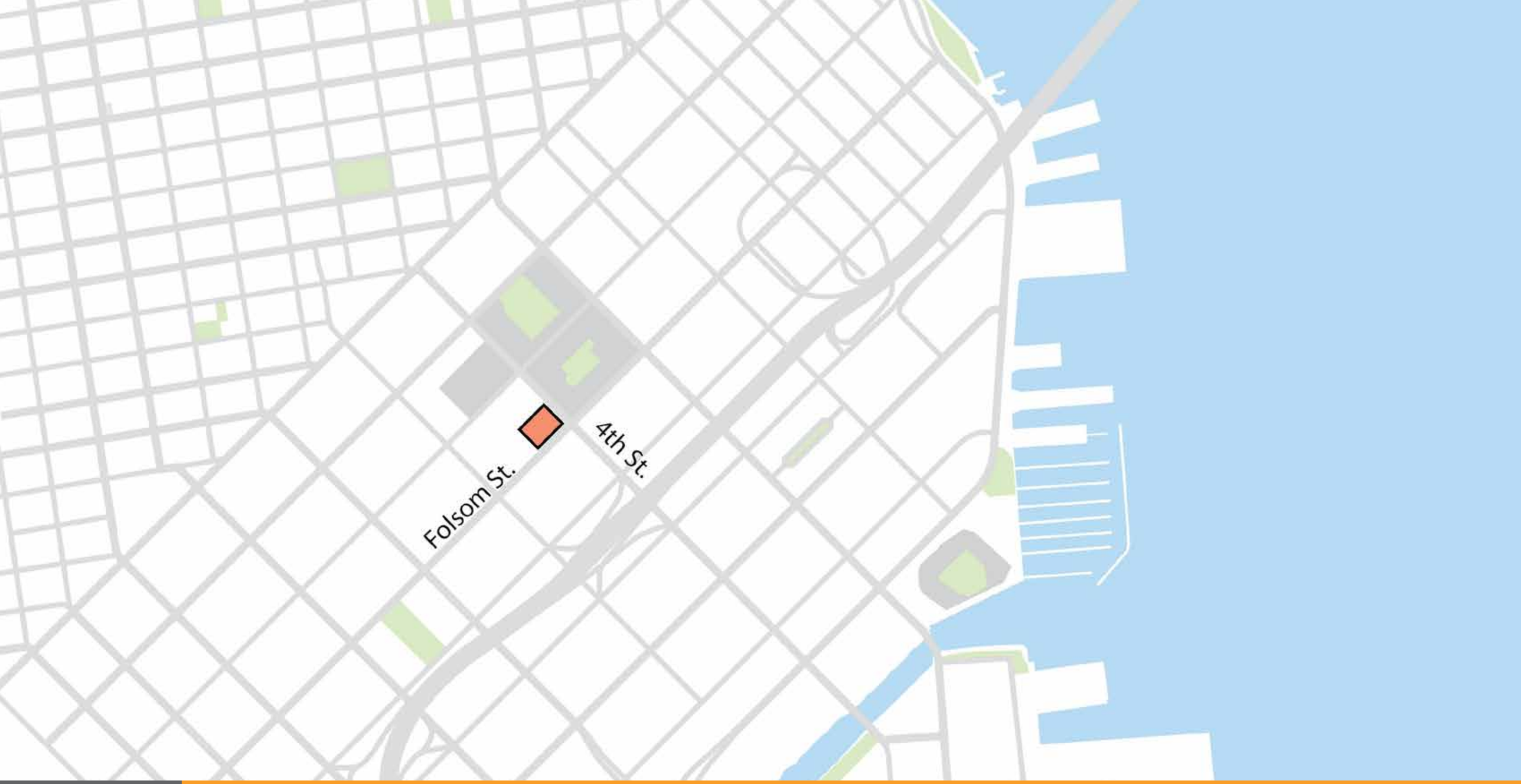

JANUARY 12, 2015

4th & Folsom – Development Analysis

mwa architects

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Executive Summary

PURPOSE OF THE DOCUMENT

The San Francisco Municipal Transportation Agency ("SFMTA") engaged the firm MWA Architects ("MWA"), on May 12, 2014 to determine the most appropriate uses of the SFMTA-owned site at 4th and Folsom Streets ("SFMTA site") in San Francisco, California. MWA in turn engaged two consultants: the real estate consulting firm LePatner Project Solutions LLP ("LePatner") to conduct a market analysis and provide estimated land values (market based and proforma based) and Nibbi Brothers General Contractors ("Nibbi") to conduct a conceptual construction cost analysis. In addition, SFMTA asked the team to consider the most appropriate uses of the site if the privately owned Adjacent Site ("Adjacent Site") were to be combined with the SFMTA site (together called the "Combined Site"), through a to-be-negotiated transaction.

The key components of this study include:

- Analysis of the current and future zoning restrictions of the two sites
- Conceptual building analyses, including conceptual building plans and construction cost estimate
- Market analyses of potential uses
- Estimated land value, and
- Recommendations and critical issues

This report provides SFMTA with a comprehensive summary of the intended objectives, methodology, summary findings, conceptual analyses of the three most viable uses for the site(s) (multi-family residential, hotel and office), and recommendations and issues for SFMTA to consider moving forward.

OBJECTIVES

The following details the objectives of the study that forms the basis of this report.

1. To review, discuss and recommend a baseline of assumptions for the analysis of potential uses of the site(s), including zoning regulations, real estate analysis information, and any ownership or partnership limitations for SFMTA.
2. To provide an evaluation of the current and future zoning restrictions of the SFMTA site and Adjacent Site
3. To provide SFMTA and the Project team with conceptual building plans based on proposed zoning restrictions, code and practical construction limitations;
4. To provide a conceptual construction cost analysis, based on conceptual building plans and current construction costs.
5. To provide a high–level development analysis, which enables an estimate of potential land values based on uses, current market underwriting, and on the combination of positive site characteristics.
6. To provide working, flexible proforma models, which can be utilized by the SFMTA over time for purposes of decision making, taking into account changing market conditions.
7. To allow for an analysis of the development potential of the SFMTA as: A) a stand-alone project, and B) a joint-site development with the adjacent parcel owner
8. To provide data, documentation and independent analyses that helps evaluate the optimal approach for the site's development in terms of market demand and value creation.

The work undertaken to meet these objectives is described in the Methodology Section. It is to be emphasized, however, that the work was carefully coordinated between the Project Team members to establish the physical parameters of potential development, zoning and constructability.

METHODOLOGY

To achieve the objectives detailed in the section above, the Project team undertook the following:

1. Conducted a series of site and area visits to examine the SFMTA site and Adjacent Site attributes and issues, including: (1) access to major places of employment, neighborhood retail and amenities via mass transit and automobile, as well as pedestrian / bike mobility; (2) visibility; (3) existing neighborhood characteristics; and (4) area development trends for residential, office, retail and cultural / entertainment uses, as they are identified – in place or planned.
2. Held internal meetings to discuss key issues, review critical information (such as zoning, affordable housing requirements, and how to account for potential zoning variances and other negotiable factors), and review initial findings, assumptions and approaches in an iterative process.
3. Conducted telephone interviews with major San Francisco developers and real estate industry leaders (for profit and not-for-profits such as CBRE, Tishman Speyer and BRIDGE Housing) to obtain both quantitative data, such as current residential, hotel and office values, underwriting assumptions, and qualitative information, and their views about the market trends in SoMa and the City of San Francisco for residential, hotel and office development.
4. Developed conceptual building plans that demonstrated maximum building envelope for each use based on zoning and code regulations. The conceptual building plans then provided the Project Team with overall potential gross and net areas, height, unit numbers, or leasable area, construction limitations and issues, and potential opportunities for increased value.
5. Developed market and conceptual construction costs for each use and site option, based on conceptual building plans and conceptual outline specifications.
6. Collected and analyzed relevant data from secondary sources on the San Francisco real estate market and general economic conditions.

   All sources used in the analysis are listed in the Appendix of this report.

SUMMARY FINDINGS

OVERALL

1. The real estate market in the City of San Francisco has rebounded quite strongly since the national recession in 2008. The City ranks as one of the strongest real estate markets in the country for residential, hotel, retail and office uses. Prices for these basic uses are the highest they have ever been, and developers believe that the market dynamics in terms of on-going demand, the diverse economy and the City's image will sustain and grow the key aspects of the market, such as values and returns.
2. Within the context of the City's real estate market, the SFMTA site and the Adjacent Site both have solid advantages as stand-alone sites or combined together as a single site. Located in the heart of the SoMa area, nearly equidistant from the Mission Bay developments and the Downtown Business / Financial District and atop a new subway connector, the site advantages are as follows:
    - It will be a major transit center, connecting CalTrain, the Market Street / BART Corridor, and Chinatown;
    - It is located within the South of Market Area (SoMa), which has an increasingly positive image;
    - There are substantial developments underway in and around the site, including a new limited service national hotel, the 200,000 square foot expansion of the nearby Moscone Convention Center, the upgrade and expansion on the San Francisco Museum of Modern Art, and the residential projects both recently completed and in development immediately south of the site; and
    - It is in close proximity to the Market Street improvements to the northwest and the expanded AT&T Park stadium developments to the east.
3. The key to generating land value in a strong market is through competition for a property. The combined site will offer greater development flexibility and may generate greater developer interest than either of the two sites going to market on their own. This will lead to a premium land value. Other sites in this market area have experienced competition for residential rental, for sale residential and hotel development on a single property. A similar competition is possible on this property.
4. The overall demand for residential uses (both market-rate and affordable) in the City and SoMa is high, as reflected in low vacancy rates for residential (3 - 4%), increasing rental rates and sales prices, and the rapid pace of sales, rentals and overall absorption.
5. The overall demand for office uses in the City and SoMa is also high, as indicated by the low vacancy rate (under 7%) and increasing lease rate. Issues concerning new supply and Proposition M may require careful determination of optimal times to enter the market.
6. The overall demand for hotel uses in the City and SoMa is also high, as indicated by increasing occupancy rates (over 80% in the City and almost 90% in SoMa) and the exceptionally limited supply coming to the market over the next three years.
7. Sources indicated that although the technology industry is a main driver of demand for residential, office and hotel uses, the San Francisco economy has returned to diversification. For example, there has been a growth of the service industry, tourism continues to increase, and the Moscone Convention Center is undergoing a significant expansion.
8. Land values for all major uses are increasing. It is worth noting that differentiation between land values for residential condominiums and rental units is virtually negligible. It is also important to note that hotel developers are currently competing against residential developers in select areas such as SoMa.
9. The demanding approval / entitlement process is not regarded as an impediment to development in the City, and SoMa represents a relatively new area in which to invest. For example, the new Central SoMa Plan is evidence that the City wants to continue building in SoMa, and developers indicate that current development is feasible, even when taking into account the City's impact fees for all development uses and the affordable housing requirements on residential development.
10. The tables within the Market Factors Summary summarize the estimated land values by site option (the SFMTA site and the combined site), potential use, and note key assumptions.

The estimated land values are based on the market analysis, cash flow projections, discussion among Project Team members and reviews of conceptual building plans. It is to be emphasized that although independent analysis has been conducted – and the results are presented in this document – the response by the market, as in any real estate transaction, will determine final values to be negotiated.

MARKET FACTORS SUMMARY

Based on the Market Analysis, the SFMTA site, the Adjacent Site, and the combined two sites together ("combined site") have strong potential for development of residential (market-rate and affordable), hotel and office uses, including first-floor neighborhood retail. Although there is a strong demand for retail along Market Street and throughout the City, the Project Team determined that the amount of ground floor retail would be too small to attract developers on its own, and a vertical mall would be a new, untested use for this area in general. An area retail survey showed only smaller retail facilities developing in the area. Industrial uses were not considered as having any reasonable basis for analysis as a potential use for the site.

The site characteristics of small footprint and aggressive setbacks will shape a development envelope that may limit the developer interest to those firms specializing in smaller and more boutique projects. Major developers normally seek large floor plates (+15,000 square feet of office, +250 units of hotel), but given the strength of the San Francisco market and the site's unique location, there will likely be substantial interest from the entire development community regardless of its limitations.

Physical and zoning constraints are a primary factor in determining the level of interest from developers in the property. Specifically, the amount and size of the number of residential units, hotel rooms or amount of office space which can be built on the site will factor into what uses are most feasible and profitable.

Other critical factors are developer- and use-specific criteria and platforms. We note, for example, that some major developers in San Francisco will only build rental residential properties. With respect to for-sale residential market, while strong on the user demand side, is still recovering in the investor / lending sector. Also note that the current and proposed requirements for affordable housing appear to have little effect on interest and anticipated returns by developers in the residential market, both rental and condominium development, but will affect the land value as developers meet their underwriting requirements.

Finally, as will be shown in the proformas, a combined development between the SFMTA and the privately-owned Adjacent Site will provide greater market / development potential by providing larger and more preferential floor plates. As a result, the combined properties will likely attract more developer interest, greater competition and higher land values than the SFMTA site alone.

Regardless of the proposed zoning that increases the current height limits significantly, there are setback requirements set forth by Planning regulations and height restrictions necessitated by the structural system of the subway station in construction directly below the SFMTA site. As a result, the development of the SFMTA site on a standalone basis may incur cost premiums to both the SFMTA site and the Adjacent Site. Consideration for combining sites to develop will lower the cost premiums and will likely result in a higher land value for both sites.

The proformas included in the residential, office and hotel sections of this report solve for a land value for each potential use. The SFMTA site may have financial restrictions like a land lease structure or operating constraints due to the subway station. These restrictions may dilute the land value and limit developer interest. Only a market-based competitive process will determine the extent, if any, of the solution.

SUMMARY OF ESTIMATED LAND VALUES BY USE AND SITE			
Potential Use	**SFMTA Site**	**Combined Site**	**Use Fit to Site**
Residential (Rental Market Rate with Required 15% Affordable Units)	$7,500,000 $72,115 / unit	$15,000,000 $59,289 / unit	Site size and zoning restrictions may affect design efficiencies
Office	$8,000,000 $102/ gba	$22,000,000 $143 / gba	Small but salable floor plates.
Hotel - Limited Service	$10,000,000 $62,112/room	$25,000,000 $65,963/room	Efficient design, good fit.
Source: LePatner Data Compilation and Analysis 2014			

KEY ASSUMPTIONS OF SIZE BY USE AND SITE			
Potential Use	**SFMTA Site**	**Combined Site**	**Use Fit to Site**
Residential (Rental)	104 units	253 units	+200 units is ideal size.
Office	78,239 gsf	153,715 gsf	+15,000 floor plates are ideal.
Hotel - Limited Service	161 rooms 48,388 gsf	379 rooms 110,600 gsf	+150 room is ideal size.
Source: MWA Plans and LePatner Compilation 2014			

NOTES:

1. The adjacent site is similar in size to the SFMTA site, but only has one street side (Folsom Street), unlike the SFMTA site, which is a corner site. If developed independently, the adjacent site will have greater zoning restrictions than the SFMTA site under the proposed Central SoMa Plan, due to the 15' setbacks required above 85' at all property lines (with exemptions for small corner lots). As a result, it is unlikely that the adjacent site will accommodate a profitable tower higher than 85' without variances or concessions. It should be noted however, the adjacent site will not have the height limitations that the SFMTA site will have due the the subway station below (currently under construction).

By combining the sites, the full 180' permitted building height can be utilized, increasing density and land value for both the SFMTA site and the adjacent site.

2. Conceptual building plans were developed on the basis of 1) zoning and code regulations; 2) maximum building envelope determined by zoning regulations (except where unfeasible); 3) an assumption of no variances or concessions from planning regulations; and 4) structural limitations due to the subway station below the SFMTA site. However, the dimensions of the site create inefficiencies at the upper floors once required setbacks are accounted for. Subsequent design studies, especially of residential uses, should consider a building with a more efficient and replicable floor plate, but narrower floor plate and fewer overall units. Such studies may show a lower overall construction cost and higher land value.

COMPARATIVE RETURNS FOR RESIDENTIAL, OFFICE AND HOTEL USES										
Use	**Land Value**	**Net Income at Stabilization**	**Total Project Cost**	**Levered Cash on Cost**	**CAP Rate**	**Sale Proceeds**	**Equity Invested**	**Profits at Sale with Stabilization**	**Profit-Equity Multiple**	**Year Sold Earliest Date**
SFMTA Site: Residential	$7,500,000	$2,219,000	$42,524,000	5.22%	4.0%	$55,477,000	$14,883,000	$27,836,000	1.87	End 3rd Year
SFMTA Site: Office	$8,000,000	$4,111,000	$51,633,000	7.96%	6.5%	$63,250,000	$18,692,000	$35,211,000	1.88	End 3th Year
SFMTA Site: Hotel	$10,000,000	$7,389,000	$75,311,000	9.81%	8.5%	$86,938,000	$27,340,000	$45,927,000	1.68	End 3rd Year
Combined Site: Residential	$15,000,000	$5,003,000	$97,947,000	5.11%	4.0%	$125,095,000	$34,281,000	$61,428,000	1.79	End 4th Year
Combined Site: Office	$22,000,000	$8,204,000	$102,571,000	8.00%	6.5%	$126,217,000	$37,301,000	$70,265,000	1.88	End 4th Year
Combined Site: Hotel	$25,000,000	$17,395,000	$176,416,000	9.86%	8.5%	$204,657,000	$63,187,000	$109,876,000	1.74	End 4th Year

Background

SITE DESCRIPTION : SFMTA SITE

The project site ("SFMTA Site") is located on the west corner of 4th Street and Folsom Street in San Francisco. The SFMTA site is part of a larger L-shaped site owned by SFMTA currently under construction as the Yerba Buena / Moscone ("YBM") subway station for the new Central Subway system. For the purposes of this study, the SFMTA site is 80' x 105' in dimension. The site was formerly a gas station. It is generally flat, with no unique site or environmental conditions. Once construction of the subway is complete, the site will remain flat and at grade with both the subway station and Adjacent Site.

The northwestern portion of the larger YBM site, along 4th Street, will consist of the entry to the YBM subway station, which is expected to begin operations in 2019. When the subway station is complete, the portion of the YBM site that is the subject of this report will include underground areas of the subway station, as shown in the diagram below. A lid to the subway station will be at or near grade on the SFMTA site, and has been designed to structurally accommodate a 10-story building of undefined use above.

SFMTA Site Prior to Construction of Subway Station

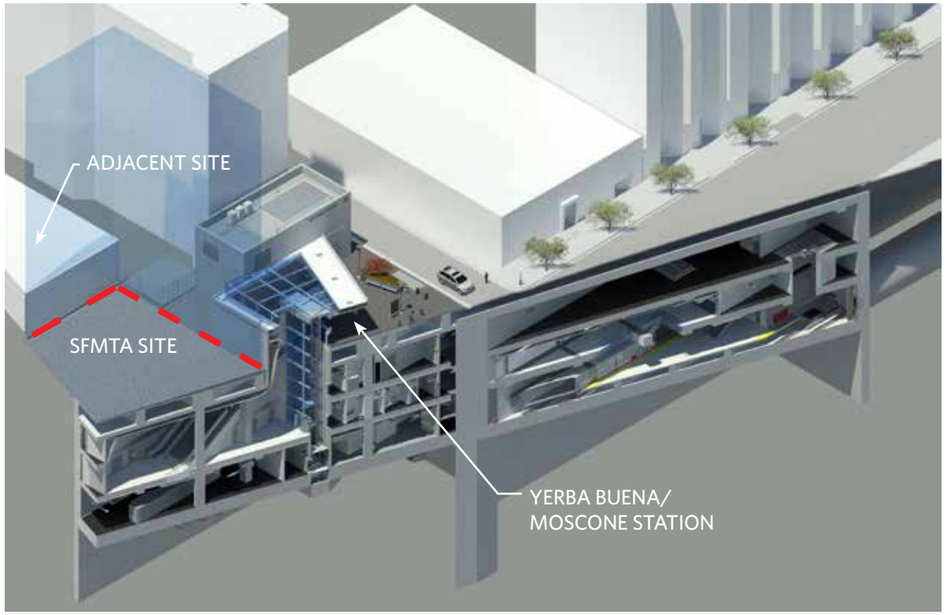
SFMTA Site During Construction of Subway Station

SITE DESCRIPTION : ADJACENT SITE

816 Folsom Street ("Adjacent Site") is located immediately to the southwest of the SFMTA Site. It is 80' x 100', and currently owned by a private landowner. The site consists of a single-story restaurant covering nearly all of the site. The site is generally flat, with no unique site or environmental conditions. The owner of the Adjacent Site also owns the site located at 826 Folsom Street, which is a 5-story structure with a ground floor restaurant and multiple floors of live-work space. 826 Folsom Street is not part of this report.

Adjacent Site with the SFMTA Site to the Right

SFMTA Site Prior to Construction of Yerba Buena / Moscone Station



Section Through SFMTA Site Showing the Subway Station Below

CODE AND ZONING SUMMARY

PARCEL LOCATION AND SIZE	SFMTA SITE	ADJACENT SITE
Address	266 4th Street	816 Folsom St
APN	Block 3733 Lot 093	Block 3733 Lot 014
Parcel Dimensions	105′ frontage on Folsom 160′ frontage on 4th 80′ frontage on Clementina 80′ deep	100′ frontage on Folsom 80′ deep
Total Parcel Area	14,797 sf	7,997 sf
Usable Parcel Area	8,400 sf	7,997 sf
Combined Parcel Area	22,794 sf	

NOTE

Under the Central SoMa Plan (formerly Central Corridor Plan), for which an Initial Study has been published on Feb 12, 2014, both parcels will be rezoned. The proposed zoning is used for this code analysis.

Proposed Rezoning under Central SoMa Plan		Both Parcels: Rezoned to Mixed Use Office (MUO) zone Rezoned to 180′ height
Source of regulation	Planning Regulation	Requirement or Limit
Central SoMa Plan Initial Study – p.9	Zoning	MUO – Mixed User Office Zone
Planning Code 842	Permitted uses in MUO zone	Residential Institutional Retail up to 25,000 gsf per lot Theater / assembly Office Light Industrial Tourist Hotel (requires CUP)
Central SoMa Plan Initial Study – p.15 & 18	Height	180′ max
Planning staff	Setbacks	15′ setback at all property lines for portion of building above 85′. Planning staff has indicated that setbacks can be waived for a building with a height of 97′-6″ on a corner site.
Zoning maps and Planning Code 270	Bulk limit	Maximum width of upper portion of building: 125 feet**

NOTE

**This restriction is for the current Planning Code, but has not been addressed in the proposed new code. However, it is assumed that for buildings whose width is over 125′ in length, design features that reduce the visual bulk of the building will be required.

NEIGHBORHOOD CONTEXT

The project site is located in a central location within the City of San Francisco. Directly to the north of the site is 4th Street and the southern corner of the Moscone Center (South), the city's primary convention center. Moscone Center spans 2 ½ blocks, consists of over 700,000 sf of event space, and includes the Childrens' Creativity Museum, Yerba Buena Center for the Arts, a movie theater and numerous other restaurants and amenities. Directly to the east of the site is the intersection of 4th Street and Folsom Street, with office buildings (6-story and 4-story) located at the corners. Along Folsom Street to the southwest is a combination of low and mid-rise office buildings, as well as new mid- and high-rise residential buildings. Directly to the west of the site, sharing a property line is a 9-story residential building, with a mix of retail, office, hotels, and new residential development in the immediate vicinity.

Map Showing Amenities within 1/2 Mile of SFMTA Site

Bird's Eye View of SFMTA Site and Neighborhood

View of SFMTA Site and Neighborhood to West

View from SFMTA Site Facing Moscone Center to North

View from SFMTA Site Towards East

View South on Folsom Street, SFMTA Site on the Right

Diagram of Proposed Central Subway (Provided by SFMTA)

Residential Analysis

MARKET POTENTIAL: RESIDENTIAL

1. The overall demand for residential development in San Francisco and SoMa is high and increasing, as indicated by the following:

    - In the SoMa area over the past 5 years (2009 - 2014), market rate residential condominium prices have increased from $650 per square foot (or $600,000 per unit) to $730 per square foot (or $770,000 per unit) for an average condo unit size of 1,000 square feet. This equates to a 12% increase over this 5-year span.

      Market-rate condominium prices in SoMa are projected to increase toward the prices achieved in the higher value neighborhoods as the area becomes more developed in coming years, thus increasing the value to broader city averages of $650 to $1,000 per square foot.

    - Market rate rental units in the SoMa are leasing at $4 - $6 per square foot, and are increasing.

    - Demand continues to exceed supply as vacancy rates have fallen to 3% (market-rate and affordable). Vacancy rates are declining at a higher rate on affordable housing developments.

    - San Francisco is in great need of affordable housing, with high demand and low vacancy rates. The challenge of providing affordable housing at rents equal to 30% of income at lower income levels is more difficult on this site, as the development costs require high-rise construction and incur site work premiums that mean additional public subsidy is necessary. From a market perspective, affordable units at the SFMTA site will attract high interest from developers and interested renters alike.

2. The exceptionally low vacancy rate for affordable units throughout the City, as indicated above, make the site a strong one for inclusion in development potential, or for the other options open to developers under new zoning regulations.

3. The current demand for either rental or condominium units is strong enough that developers will be able to choose what type to build depending on their preference, style and their internal projections of returns.

4. The short time periods for absorption in the SoMa, Yerba Buena, and Mission areas – less than six months for recently completed residential projects, are indicative of the lack of supply, as well as the increasing demand. Demand is pushing price increases throughout the City with aggressive pursuit of additional supply by the development community. In terms of absorption, the market exhibits strong preleasing/ pre-sale. For example, the 650-unit Infinity project was absorbed in a short six month period.

   Citywide, the relationship between supply and demand is illustrated by the Monthly Supply Index (MSI), which shows the number of months it would take to sell (or rent, as a relative indicator) the existing inventory under current rates of absorption. Under three to four months of inventory indicates a strong market ("a seller's market"); four to six months is considered balanced. Since early 2012, the San Francisco MSI has been below 2.2 months, and is currently approximately 1.5 months.

6. According to the City of San Francisco's September 2014 "Pipeline Report", approximately 5,900 units citywide are under construction; that is 4,600 have received building permits, and 1,300 have filed for building permits. SoMa has approximately 2,040 permits pending.

7. Developers in the SoMa, Yerba Buena / Mission areas are building and have filed plans to develop over 1,500 units in the area

8. Currently, housing demand in SoMa is primarily created by working professionals in the 25 – 40 year age range, who are seeking diversity, as well as cultural, retail, and entertainment amenities. This demand is primarily a result of the surge of office growth by the technology industry in San Francisco and the growth of the UC Mission Bay campus.

   Developers are building smaller units – under 400 square feet for studios – and a high percentage of one-bedrooms to attract those moving to SoMa.

9. A new transit stop (via the Yerba Buena / Moscone Muni station currently under construction below the SFMTA site) will increase the site's attractiveness to developers, demand sources, and investors.

CONCEPTUAL BUILDING ANALYSES: RESIDENTIAL

SUMMARY

The conceptual building analyses were developed through 1) research of the local zoning and building codes; 2) direction from LePatner on the current market in the SoMa area; 3) understanding of the site-specific constraints; and 4) development of conceptual floor plans, sections, massing, and outline specifications that reflect the information described above. The following are key points that the Project Team has found through the development of the Conceptual Building Analysis:

KEY RESIDENTIAL ASSUMPTIONS & NOTES

- Per the direction of SFMTA and the Planning Department, the analysis is based on the draft guildelines of the new Mixed Use Office (MUO) zoning district and the Central SoMa Plan. The current zoning for the area is M1 (SFMTA Site) and WMUG (Adjacent Site), but the new MUO district and guidelines for the Central SoMa Plan is expected to be approved and implemented in 2015.

- This analysis assumes no variances or other concessions from zoning codes. The analysis reflects what can feasibly be built within the required zoning and building codes; including restrictions anticipated by the new MUO zoning and Central SoMa Plan.

- Per LePatner's analysis of the market in SoMa, the baseline for the conceptual building analysis is small market-rate units (studios, 1-bedrooms, 2-bedrooms) with higher-end market-rate finishes, aimed at the technology workforce currently seeking housing in the City.

- Per Planning, and based on this report's baseline profile of market-rate rental housing with a small-unit mix as described above, onsite affordable housing is included in this conceptual building analysis. Per anticipated Central SoMa Plan requirements and input from Planning, the Project Team has assumed 15% of the total units are affordable. As allowed under existing Planning Code 207.6(d), because all affordable units are shown as 2-bedroom or larger, the project as a whole does not need to meet the minimum 40% 2-bedroom size requirement otherwise required by Section 207.6 (i.e. only 25% of units are 2-bedroom inclusive of affordable units). See Planning Code 207.6 and the draft Central SoMa Plan for additional information regarding affordable housing requirements and options.

- It should also be noted, that due to neighborhood context and planning requirements, it is assumed that there will be ground floor retail.

- The subway station below affects the construction of the site in a few different ways beyond the height restrictions (due to structural limitations). On one hand, it potentially reduces foundation costs, especially if substantial piers will otherwise be required. On the other hand, there may be significant costs and/ or staging implications in order to shore the subway station during specific periods of construction. Subsequent phases should further evaluate true structural limitations based on use and construction.

- Based on discussions with a Geotechnical Engineer, the foundation consists of 14" square 60' deep piers every 5' on center. This will likely affect conceptual cost estimates done in subsequent phases. Further study on the potential foundation system will be required.

- In-unit washer / dryer hook-ups are currently assumed in the conceptual cost estimate. The small units, combined with developer input, may suggest that these units actually be located in a central laundry facility, which will lower the construction costs through elimination of plumbing, ventilation, and actual appliances.

- Air conditioning is currently assumed only in the common spaces, based on comparable market-rate buildings currently in development or recently completed.

- Overall, while the small unit sizes are currently what is in demand in San Francisco and SoMa, and they increase the overall number of units in the development, they also create inefficiencies in cost that larger units mitigate. Therefore, the overall per unit conceptual construction cost, compared to the unit sizes, is higher than average.
- California's Green Building Code, which took effect in 2011 and is being implemented in phases, is likely to affect the cost of construction and development in the next 5-10 years. Cost increases include: annual increases in mandated energy and water-efficiency that will take time for products and engineers to fully implement and comply with, and potential increases due to evolving methods of compliance. Note, however, that, the increase in construction and development costs may be balanced by a decrease in operating and maintenance costs.

SFMTA SITE

- The small footprint of the site (approx. 8,000 sf), combined with a height restriction of 10 stories above the subway station, limits the development potential.
- There is a portion of the site that, by code and lack of structural limitations, can go up to 180'. However, as shown in a diagram on the following pages, that portion is too small to be feasibly built. The height of the overall building is therefore limited to the structural limitations of the subway station below.
- Per guidance from the Planning Department, the analysis assumes that the Project will be exempt from the proposed required setbacks above 85', at the property lines along 4th Street and Folsom Streets only. This exemption is specific to small corner sites, and is expected to be detailed in the new Central SoMa Plan.

COMBINED SITE

- Per guidance from the Planning Department, the analysis assumes that the Project will be not be exempt from the proposed required setbacks above 85'. The plans therefore show 15' required setbacks from all property lines, at 85' above grade. The setbacks are expected to be detailed in the new Central SoMa Plan.
- The long, narrow shape of the site, combined with the required setbacks, limit the development potential of the site, and do not enable an efficient and particularly feasible floor plate above 85'. Subsequent phases of development analysis should look further into alternative floor plans that are more efficient but lead to fewer units or potential planning variances or concessions. Further evaluation of potential designs may lead to lower construction costs and/ or higher land values.

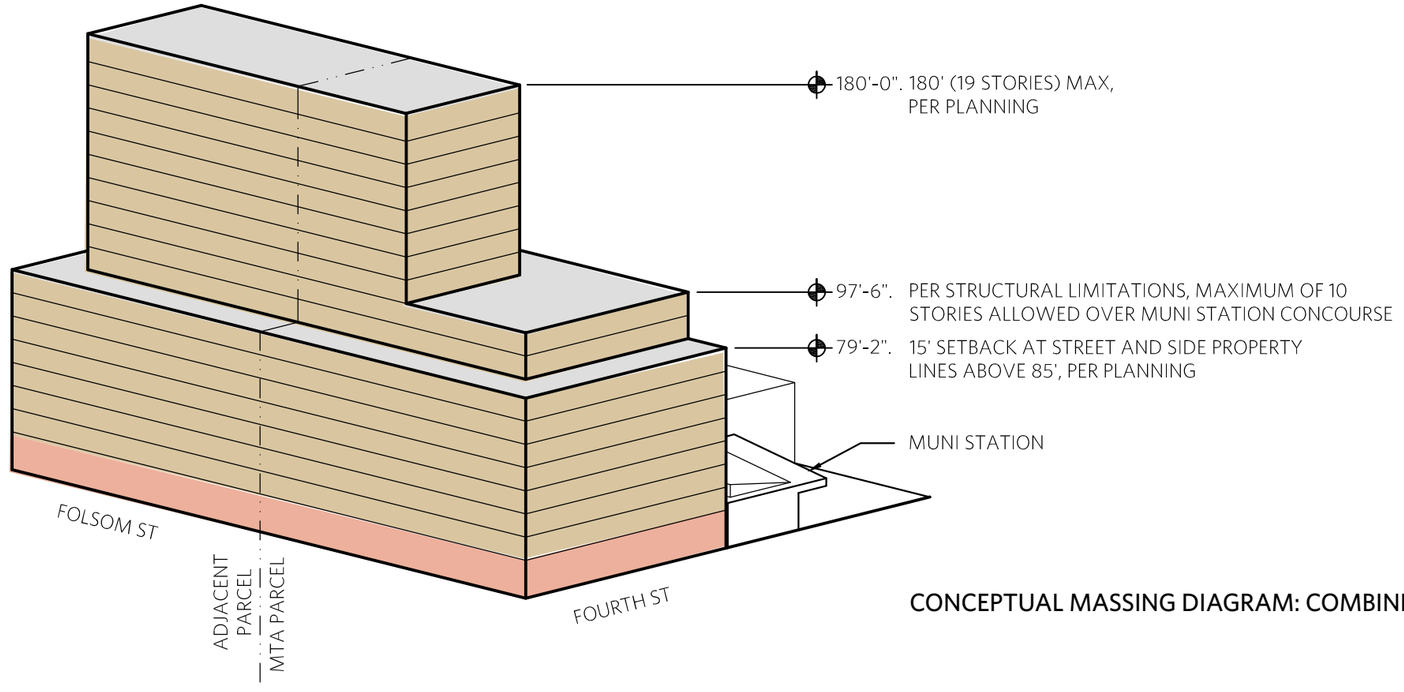
ZONING AND CODE ANALYSIS: RESIDENTIAL

Per SFMTA and Planning guidance, this analysis is based on zoning regulations expected to be implemented in 2015. Both the SFMTA Site and the Adjacent Site will be re-zoned to Mixed Office Use (MUO). Additionally, both sites will be overlaid with 1) the Central SoMa Plan, which integrates a community vision for the southern portion of the Central Subway rail corridor through a comprehensive neighborhood strategy; and 2) the Eastern Neighborhoods Program (located within the East SoMa Area Plan), which calls for transitioning the existing industrial areas in these four neighborhoods to mixed use zones that encourage new housing. The other remaining half would be reserved for Production, Distribution and Repair districts, where a wide variety of functions such as Muni vehicle yards, caterers, and performance spaces can continue to thrive.

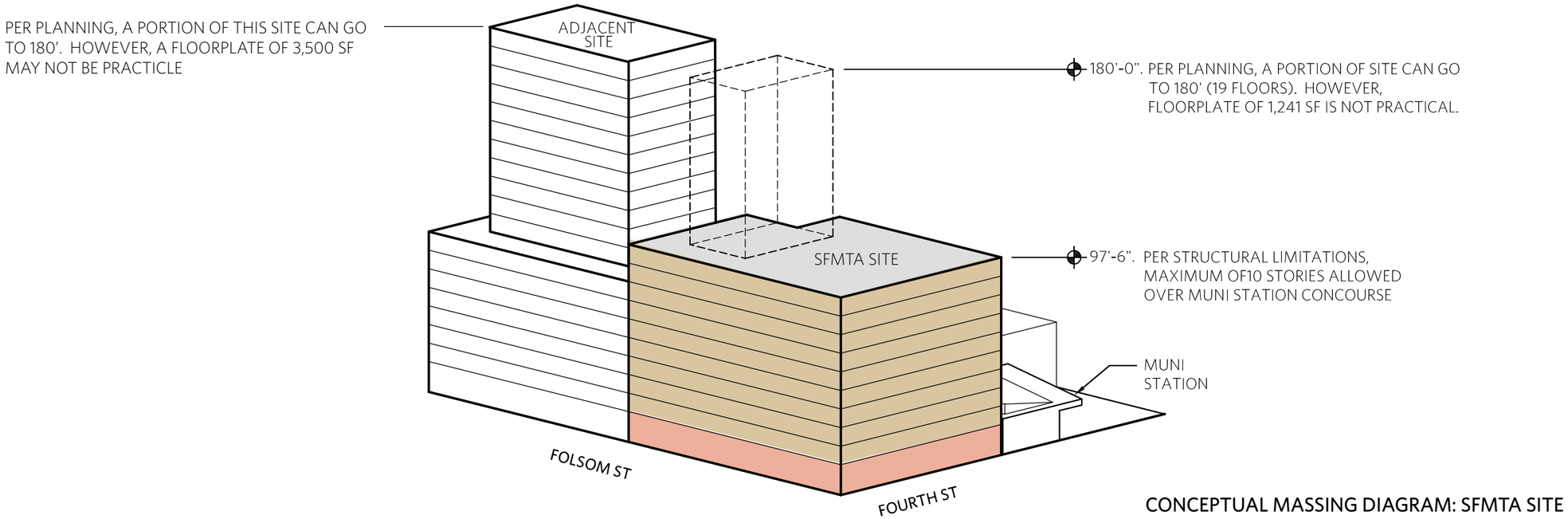
Proposed Rezoning under Central SoMa Plan		Both Parcels: Rezoned to Mixed Use Office (MUO) zone Rezoned to 180' height
Source of regulation	Planning Regulation	Requirement or Limit
Central SoMa Plan Initial Study – p.15 & 18	Height	180' max
Planning staff	Setbacks & bulk limit	15' setback at all property lines for portion of building above 85'. Planning has indicated that a building with a height of 97'-6" on a corner site will be exempt from this requirement.

Density & Open Space		Requirements
Source of regulation	Planning Regulation	Requirement or Limit
Planning Code Section 842.24	Housing density limit	No density limit 40% 2BR or 30% 3BR. Exemption to large unit requirement possible if 15% of on-site units are affordable units with 2 or more bedrooms.
Planning Code 134	Rear yards	20 feet (25% of lot depth at lowest story with a dwelling unit.)
Planning Code 842.11	Open space	80 sf per unit if private or common 54 sf per unit if accessible to the public. 1 sf per 90 sf of offices or 250 sf retail

Parking		Requirements
Source of regulation	Planning Regulation	Requirement or Limit
Planning Code Sections 842.08 and 842.10	Parking	None required
Planning Code 152.1	Loading	Housing: 1 for 100,001-200,000 sf 2 for 200,001-500,000 sf
Planning Code 155	Bike parking	1 per unit, for first 100 units 1 per 4 units over 100.



CONCEPTUAL MASSING DIAGRAM: COMBINED SITE



CONCEPTUAL MASSING DIAGRAM: SFMTA SITE

SITE AREA

SFMTA Site	14,797 gsf *(8,400 gsf usable)*
Total:	**14,797 gsf (0.34 acres)**

BUILDING AREA

Floors	2-10	7,773 gsf per floor
Floors	1	8,307 gsf per floor
Total:		**78,264 gsf**

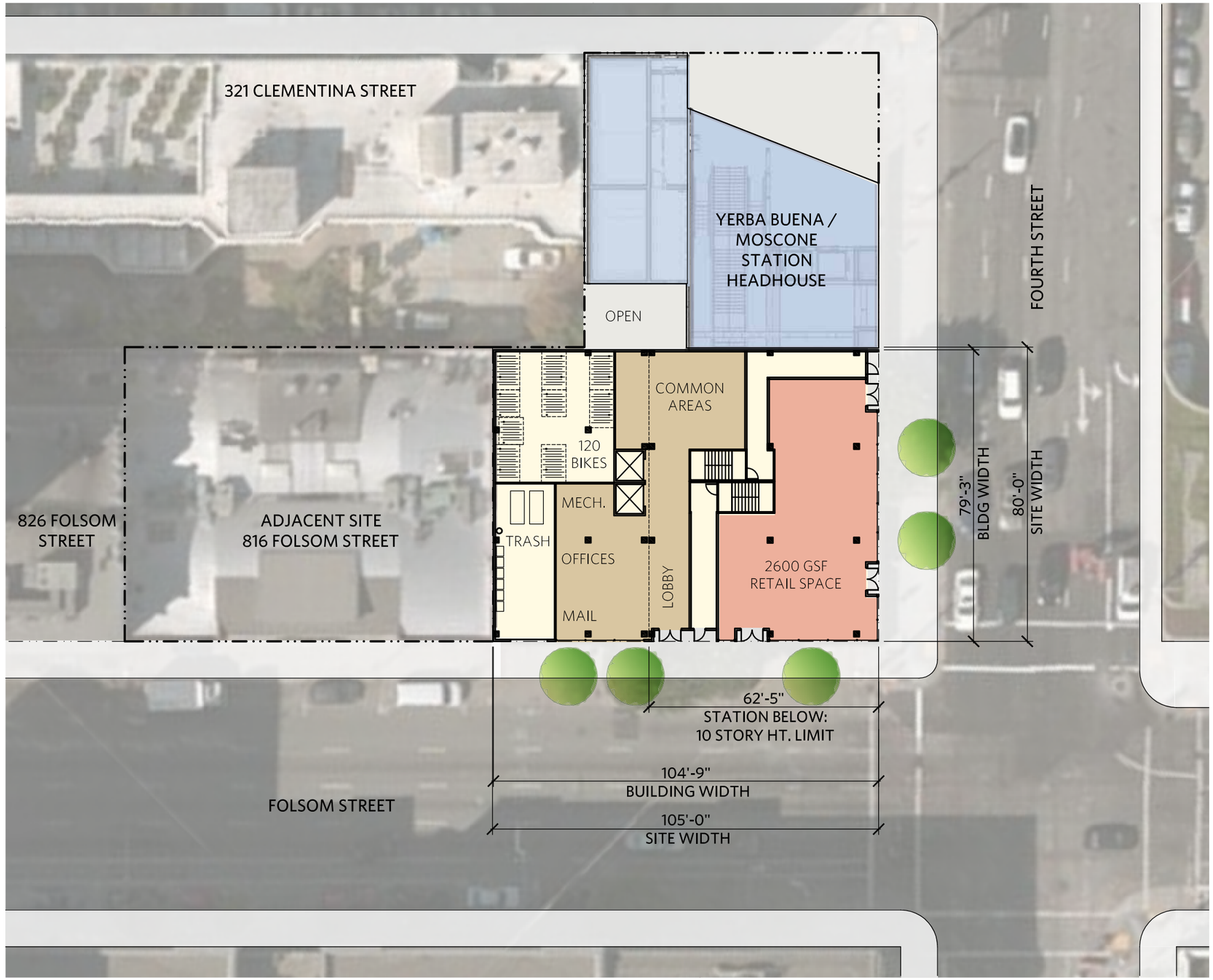
PROGRAM

Studios:	18	17.3%	325-371 gsf
1 Bedroom:	60	57.7%	441-517 gsf
2 Bedroom:	26	25.0%	630-685 gsf
Market Rate 2BR:	*10*	*9.6%*	
Affordable 2BR:	*16*	*15.4%*	
Total Units:	**104**		

Retail space:	2,600 gsf on first floor
Community space:	3,500 gsf
Utility space:	2,500 gsf
Bike parking:	120 Class 1 spaces
Loading:	None, on-street only
Car parking:	None, per planning code

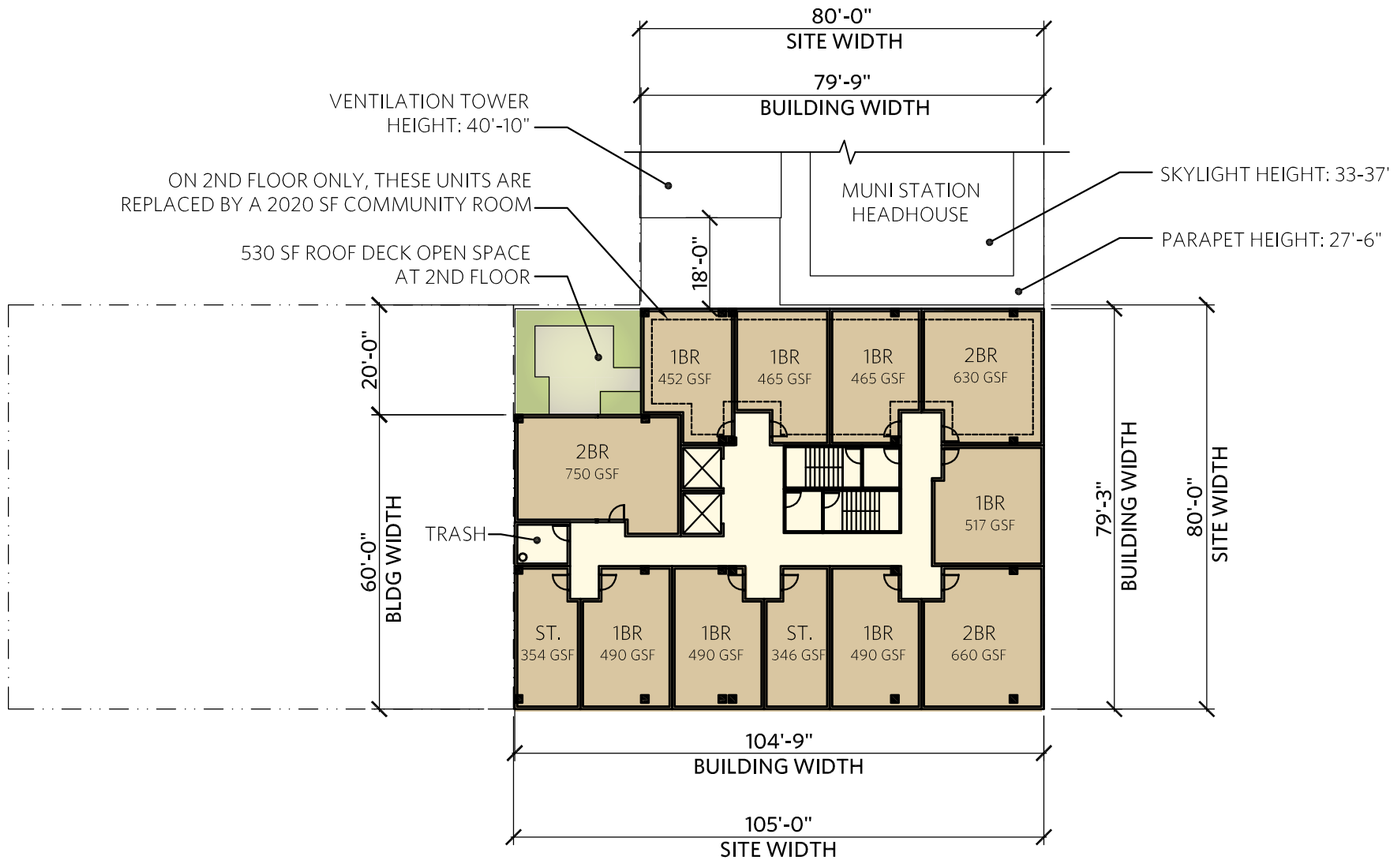
NOTES

- No loading spaces required for residential buildings under 100,000 gsf. No spaces provided (Planning Code 152.01)
- No parking required or provided (Planning Code 842.08)
- Per Planning, the 15′ setback above 85′ height will not be provided.
- Per Planning and this report's baseline profile, 15% of the total units in this conceptual building analysis are affordable. See "Key Residential Assumptions and Notes" at the beginning of this section for more information.



Ground Floor Plan

SFMTA SITE SCALE 1" = 30'-0"

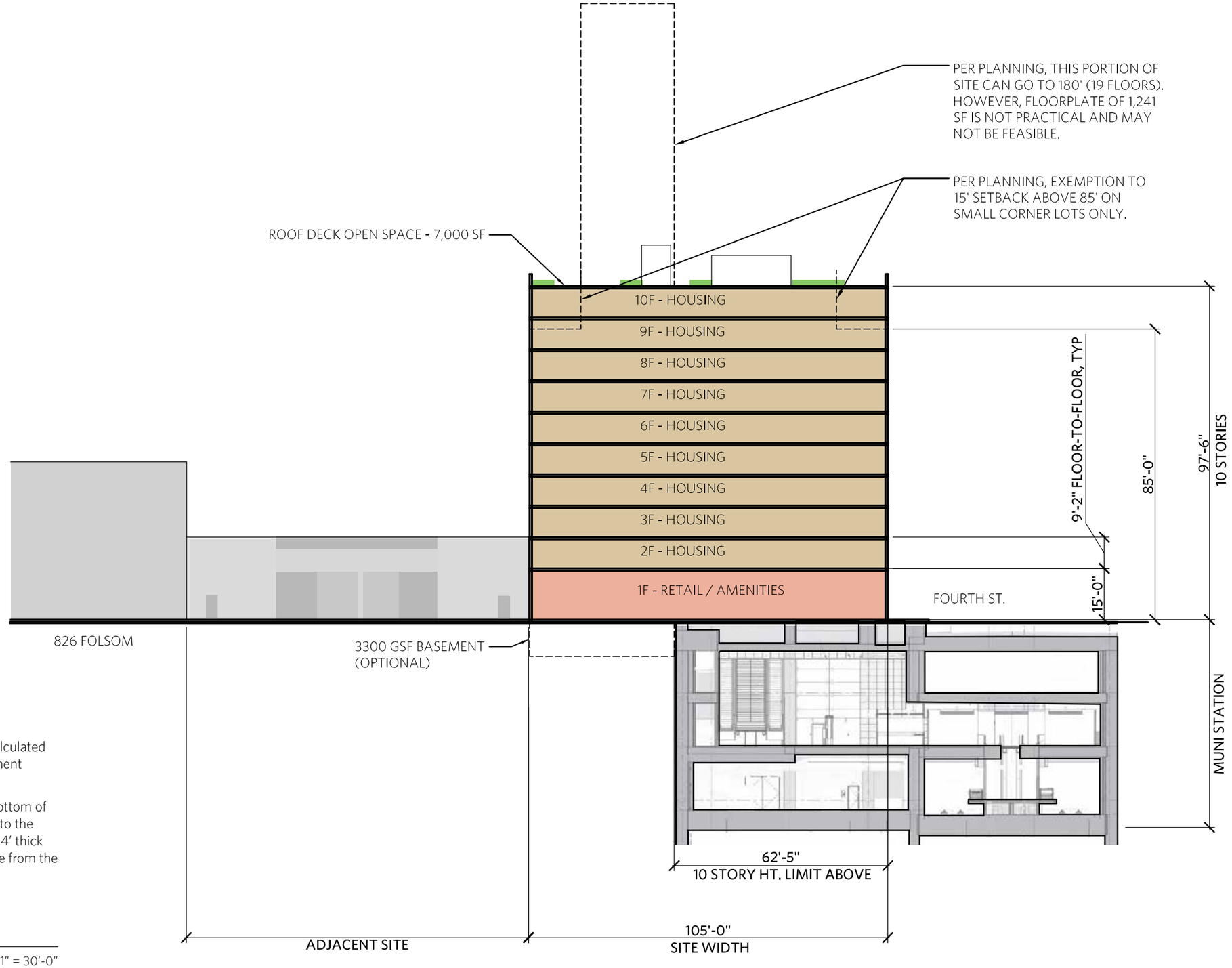


NOTES

- Per planning, the rear yard setback at the lowest story with a dwelling unit is 25% of the lot depth, or 20'-0" of the SFMTA site.
- Per planning, the 15'-0" setback required from all property lines at floors above 85' will be exempt on small corner lots.
- The parapet height of the Muni station headhouse limits windows along this façade on the 2nd floor.

Floor Plan – Floors 2-10

SFMTA-SITE SCALE 1" = 30'-0"



NOTES

- The optional basement shown is not calculated into construction costs or the development budget.
- The height of the Muni station to the bottom of the lowest slab is approx 56'. Adjacent to the walls of the station box is a continuous 4' thick slurry wall that extends 90' below grade from the top.

Building Section

SFMTA-SITE SCALE 1" = 30'-0"

CONCEPTUAL MASSING DIAGRAM: SFMTA SITE

SITE AREA

SFMTA Site	14,797 gsf *(8,400 gsf usable)*
Adjacent Site	7,997 gsf
Total:	**22,794 gsf (0.52 acres)**

BUILDING AREA

Floors	11-19	5,741 gsf per floor
Floors	9-10	8,832 gsf per floor
Floors	2-8	13,269 gsf per floor
Floor	1	16,127 gsf per floor
Total:		**178,343 gsf**

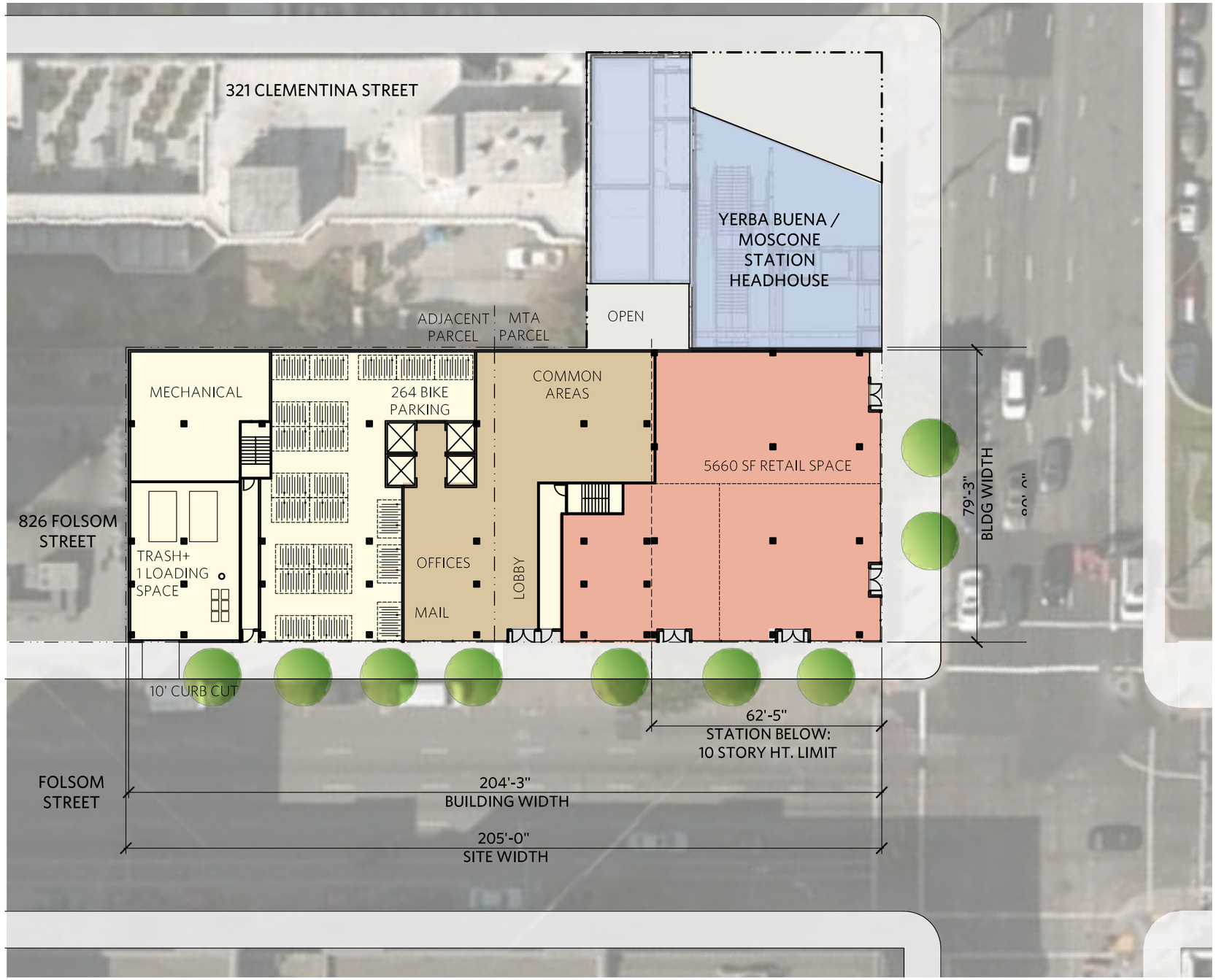
PROGRAM

Studios:	86	34.0%	333-370 gsf
1 Bedroom:	103	40.7%	430-523 gsf
2 Bedroom:	64	25.3%	640-720 gsf
Market Rate 2BR:	26	10.3%	
Affordable 2BR:	38	15.0%	
Total Units:	**253**		

Retail space:	5,660 gsf on first floor
Community space:	4,980 gsf
Utility space:	2,670 gsf
Bike parking:	264 Class 1 spaces
Loading:	1 space
Car parking:	None

NOTES

- One loading space required for residential buildings from 100,000 to 200,000 gsf. 1 space provided (Planning Code 152.01)
- No parking required or provided (Planning Code 842.08)
- Per Planning and this report's baseline profile, 15% of the total units in this conceptual building analysis are affordable. See "Key Residential Assumptions and Notes" at the beginning of this section for more information.



Ground Floor Plan

COMBINED SITE SCALE 1" = 30'-0"

NOTES

- Per planning, a 15'-0" setback is required from all property lines at floors above 85'. The Muni station is located on the same property as the SFMTA site, and therefore no setback is required at this location.
- The parapet height of the Muni station headhouse prohibits windows along this façade on the 2nd floor.

Floor Plan – Floors 9-10

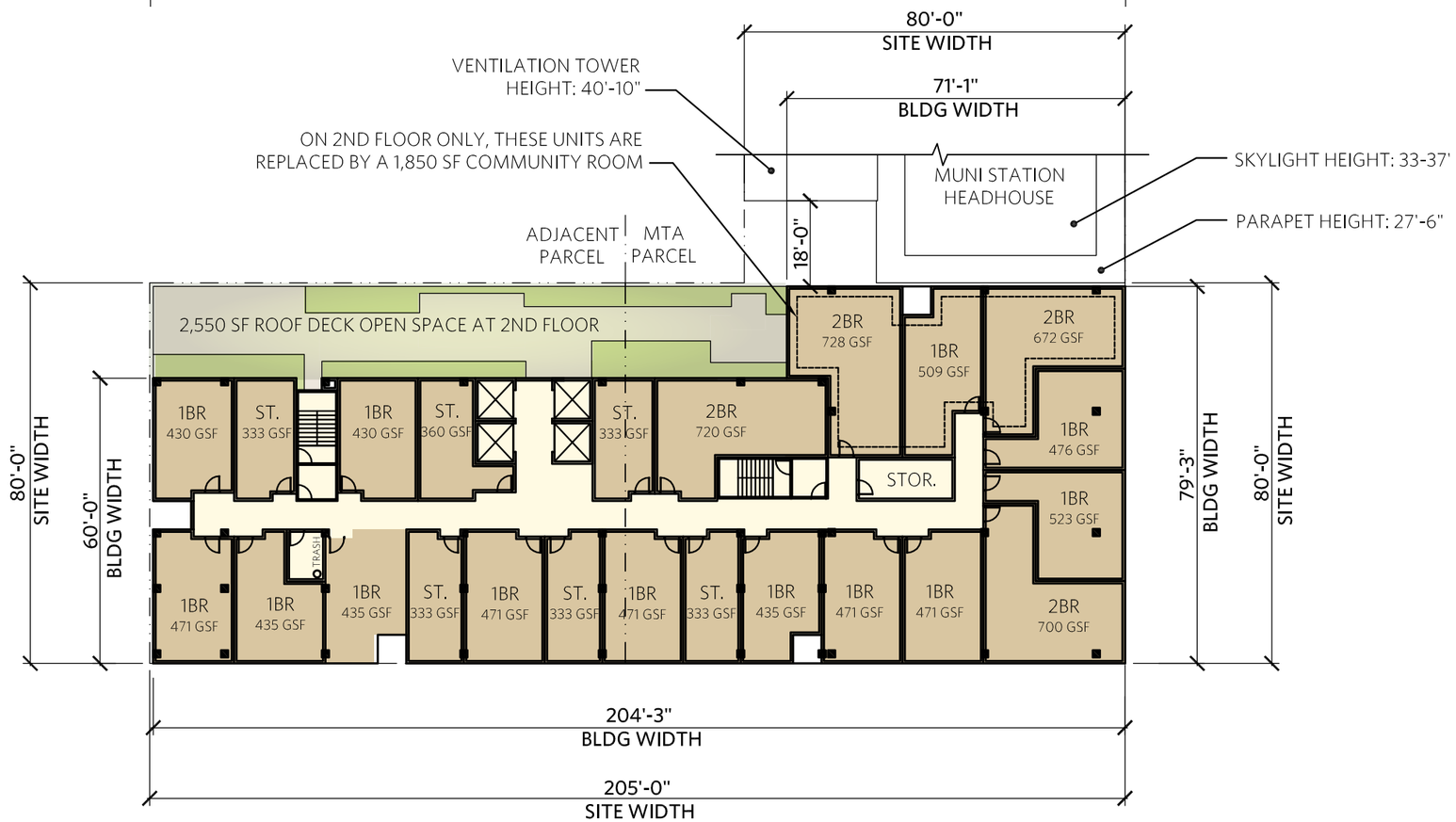
COMBINED SITE SCALE 1" = 30'-0"

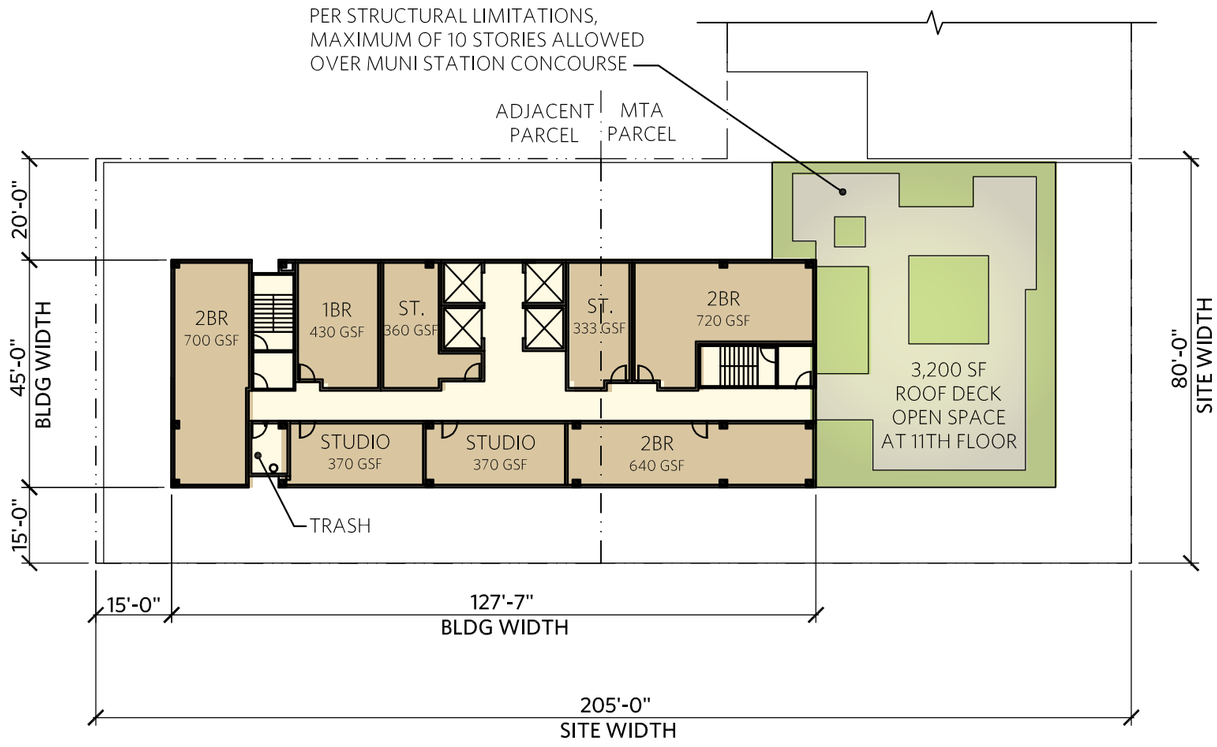
NOTES

- Per planning, the rear yard setback at the lowest story with a dwelling unit is 25% of the lot depth, or 20'-0" of the SFMTA site.
- The parapet height of the Muni station headhouse limits windows along this façade on the 2nd floor.

Floor Plan – Floors 2-8

COMBINED SITE SCALE 1" = 30'-0"



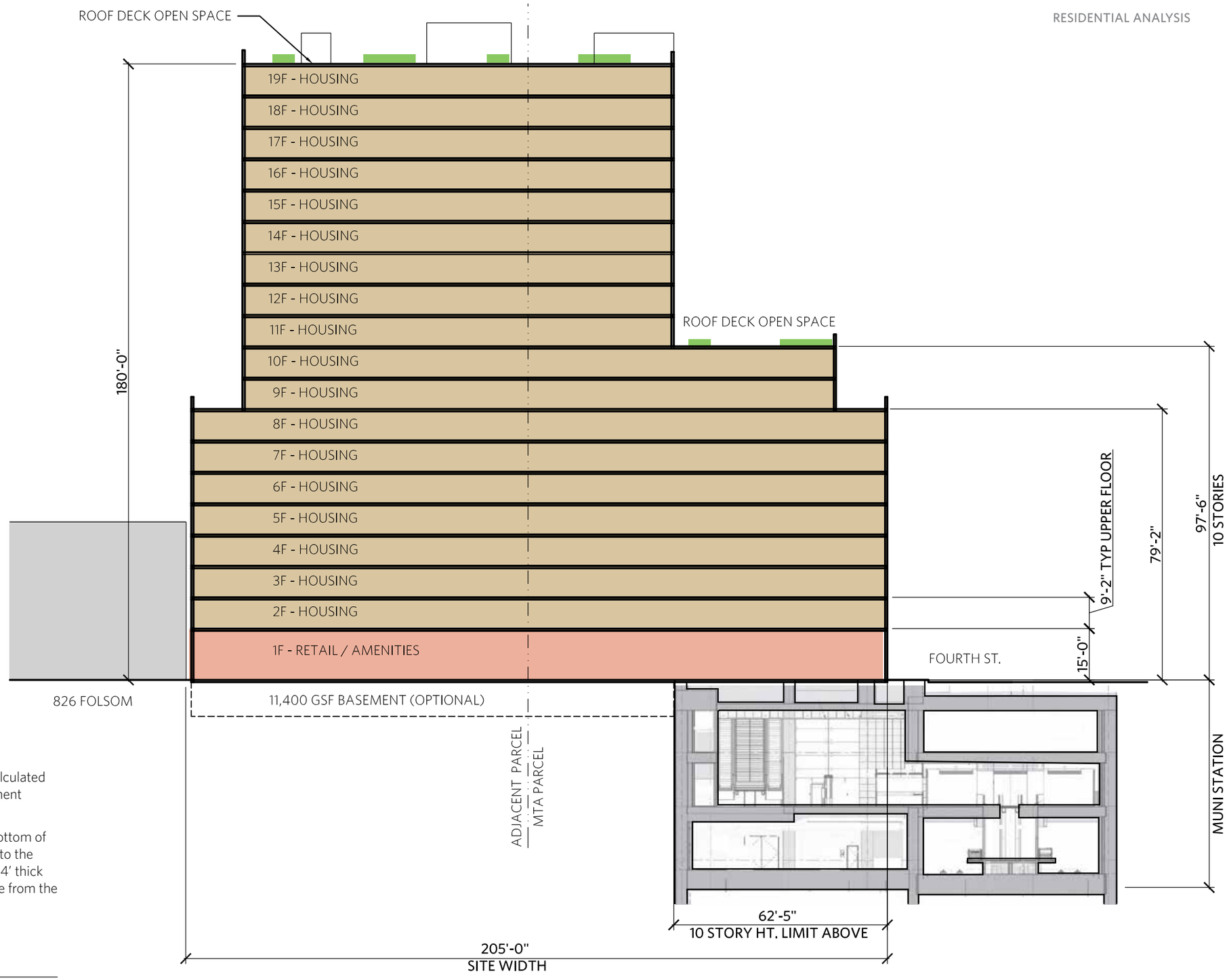


NOTES

- Per structural limitations, building above the Muni station is limited to 10 stories.

Floor Plan – Floors 11-19

COMBINED SITE SCALE 1" = 30'-0"



NOTE

- The optional basement shown is not calculated into construction costs or the development budget.
- The height of the Muni station to the bottom of the lowest slab is approx 56'. Adjacent to the walls of the station box is a continuous 4' thick slurry wall that extends 90' below grade from the top.

Building Section

COMBINED SITE SCALE 1" = 30'-0"

CONCEPTUAL MASSING DIAGRAM: COMBINED SITE

ESTIMATED LAND VALUE: RESIDENTIAL

Supported by the market based findings and financial assumptions, ten year cash flow proformas were developed to determine the Estimated Land Values for residential use. The estimated land values are for 1) the SFMTA Site and 2) for the Combined Site. Key financial assumptions are provided for each Estimated Land Value by type of use. Full financial proformas are provided on the following pages.

1. The estimated land value for the SFMTA Site, based on conceptual plans for 104 units, = $7,500,000 or $72,155 / unit.

   Average unit size is deemed to be 500 square feet and the average unit cost is $410,000. This results in a 5.51% Cash-on-Cost Yield – Unleveraged.

2. The estimated land value for the Combined Site, based on conceptual plans for 253 units, = $15,000,000 or $59,289 / unit.

   Average unit size is deemed to be 483 square feet and the average unit cost is $387,000. This results in a 5.55% Cash-On-Cost Yield – unleveraged.

3. The analysis notes that the current conceptual plans, based on a maximum zoning envelope, have a relatively large Loss Factor – approximately 29.5%. With a lower Loss Factor, more consistent with San Francisco development standards of approximately 25.0%, the building efficiency gives an estimated land value for the Combined Site of $19,000,000 or $86,000 / unit for 221 units. This can be accomplished in subsequent phases of looking at smaller footprints and fewer units, but more efficient construction.

KEY PROFORMA ASSUMPTIONS

- Projected Rents – Market rate: $6.25 per square foot for Studio Apartments; $6.00 per square foot for one bedrooms; and $5.50 per square foot for two bedrooms
- Affordable Units = City maximum of $1139 / month for a two bedroom unit
- Ground Floor Retail Rent = $60 per square foot net
- Construction Costs (Hard) = $350 square foot, or $250,000 for unit
- A&E Costs = 4% of hard costs
- Project Overhead = 3% of hard costs
- Closing Costs = 1.6% of hard costs
- Impact Fees = $10 per square foot (Source: San Francisco Citywide Development Impact Fee Register 2014)
- Marketing and Leasing Costs = 4% of hard costs
- Soft Cost Contingency = 5% of hard costs
- Developer Fee = 3% of project costs
- Parking Costs / Income = None
- Other Revenue = 1% of total project revenue
- Real Estate Taxes During Construction = None
- Real Estate Taxes after Completion = $4,000 per unit
- Operating Costs = $6,000 / unit
- Financing Costs = 65% debt at 5.5% interest
- Capitalization Rate = 4%
- Investor Underwriting = 5.5% cash-on-cost return
- Affordable Units on Site = 15%, all two bedrooms (or larger) as required

Although these Estimated Land Values are based on assumptions from the Market Analysis, they require refinement and verification. For example, different markets (such as large family units and/ or condominiums) may result in different guidelines and requirements for affordable housing inclusion. Such assumptions are not addressed in this report. Additionally, verification of certain costs and the building plans / configuration are needed and are on-going.

PROFORMAS: SFMTA SITE

REASONABLENESS ANALYSIS

Income	Unit Mix	# Units	# SF	Total SF	$ / SF / MO	$ / SF / YR	$ / Mo	$ / Yr	Total $
Market - Studio	17.31%	18	350	6,300	$6.25	$75.00	$2,188	$26,250	$472,500
Market - 1BR	57.69%	60	480	28,800	6.00	72.00	2,880	34,560	2,073,600
Market - 2BR	9.62%	10	660	6,600	5.50	66.00	3,630	43,560	435,600
Affordable	15.38%	16	660	10,560	1.73	20.71	1,139	13,669	218,698
Total Units	100.00%	104		52,260				118,039	$3,200,398
Ave sf per unit; $ per sf per month; $ per sf per year		104	503	52,260	$5.10	$61.24	All Units		
					$5.96	$71.50	Market Units		

Loss Factor *	29.4%
GSF	77,730
Hard Cost per GSF	$350.00
Total Cost per GSF	$547.08
Development Cost	
Cost Per Unit	$ 408,890
Total Cost	$42,524,603

Reasonableness Test of Development Cost:

		Unit Cost	%	$Cost/rsf	$Cost/gsf	
Land&Bldg	$7,500,000	$ 72,115	17.6%	$143.51	$96.49	
Soft Cost	$4,007,960	38,538	9.4%	76.69	51.56	11.55% Soft as % of Hard & Land
Hard Cost	$27,205,500	261,591	64.0%	520.58	350.00	
Aff. Housing Fee	$0	0	0.0%	0.00	0.00	$0 per Parking Space
Financing Costs	$2,572,562	24,736	6.0%	49.23	33.10	
Developer Fees	$1,238,581	11,909	2.9%	23.70	15.93	
Total	$42,524,603	$ 408,890	100.0%	$813.71	$547.08	

First Stabilized Year								
Gross Potential Income					$ 3,200,398			
Vacancy Credit at	4.00%				(128,016)			
Total Rental Income					3,072,382			
Parking Income at	0.00% of Total Rental Income; # parking spaces / unit =			0.0%	0	Average net monthly parking rate per space approximates		$0
Retail Income	2,600 square feet	$60.00 $ nnn psf		0	156,000			
Other Income at	1.00% of Total Rental Income				30,724			
Total Gross Income					3,259,106			
Oper Exps per Unit	$6,000				(624,000)	Oper Exp % of Gross 19.15%	Oper Exp / SF / Mo / Yr	$1.00 $11.94
RE Taxes Per Unit	$4,000				(416,000)	RE Taxes % of Gross 12.76%	RE Taxes / SF / Mo / Yr	$0.66 $7.96
Net Operating Income					$ 2,219,106			
Development Cost -- Levered / Unlevered				$ 42,524,603	$39,952,041			
Cash on Cost Return -- Levered / Unlevered				5.22%	5.55%			

Finance Cost Test	
Total Cost	$42,524,603
% Funded By Equity	35.00%
$ Funded By Equity	$14,883,611
Loan Requirement	$27,640,992
Loan Ave % Outstanding	50.00%
Loan Ave $ Outstanding	$13,820,496
Interest Rate	5.00%
Annual Interest	$691,025
# Months Const	30
Total Interest Cost	$1,727,562
Interest Cost Per Unit	$16,611
Total Finance Costs per Attached	$845,000
Finance Costs Per Unit	$8,125
Total Interest and Finance Costs Per Unit	$24,736

Developer Fees -- Acquisition and Development Fees:	
Cost less G&A	$41,286,022
G&A Rate	3.00%
G&A Recovery	$1,238,581
G&A Per Unit	$11,909.43
Soft and Hard Costs	$31,213,460
Acquisition Fee Rate	0.00%
Acquisition Fee	$0
Acquistion Fee Per Unit	$0
Total Acq / G&A per Unit	$11,909

OH Rcvry (Included in Soft Costs)	
Monthly Recovery	$40,000
Number of Months Rcvry	30
Total Recovery'	$1,200,000

Sensitivity Analysis----Target Levered Cash on Cost	
Target Levered Cash on Cost	5.50%
Required Annual NOI	$2,338,853
Required Change in Annual NOI	$119,748
Change in Monthly Rent prsf	$0.1909
Change in Annual Rent prsf	$2.29
Required Development Cost	$40,347,373
Required Change in Development Cost	($2,177,230)
% Change in Development Cost	-5.12%
Change in Development Cost pgsf	($28.01)
Change in Development Cost per Unit	($20,935)

Summary of Building Massing		
Garage	0	-
Retail		2,600
Units (RSF)		52,260
Loss Factor (1)	29.4%	22,870
Total GSF		77,730

* Factor includes common space, retail and parking sf; see Summary of Building Massing.

(1) Reflects % of Loss SF to sum of Residential and Loss.

SOFT COSTS					
Design Fees --4% of Hard	4%				$ 1,088,220
Architecture					
Structural / MEP					
Landscape					
Civil					
Traffic					
Environmental					
Interior Design					
Reimburseables (% of above design fees)					
Project Overhead --3% of Hard Costs	2.5%				680,138
Surveys & Testing (% of Hard Cost)					
Building Permits (% of Hard Cost)					
Project Management & Accounting ($ per month)					
Developer Reimbursables (% of Project Mgmt & Acctg)					
Approval Costs					
MAI Fee					
Construction Audit					
Temporary Utilities					
Pre-Construction GC					
Insurance					
Impact Fees--15% of Project Costs	$ 10.00				777,300
Closing Fees & Expenses	1.5%				408,083
Title Insurance (% of Assumed Development Budget)					
Legal					
Transfer Tax					
Ground Lease Payments					
Real Estate Taxes --	0%				0
Real Estate Taxes ($ per year during Const and Lease-up)					
Marketing --4% of Hard Costs	4%				1,088,220
All Marketing Costs ($ per unit)					
Rental Agent Commission ($ per unit)					
FF&E ($ per unit)					
Punchlist Reserve ($ per unit)					
O/S Leasing Commissions (% of 1 Month Rent)					
Subtotal Soft Costs Excluding Contingency					4,041,960
Soft Cost Contingency --	5.00%	2.57	1,832	3.65	200,000
Retail Leasing Comm. --	5.00%	1.00	714	30.00	78,000
Cash (Flow) / Deficit Per Draw Schedule ($ per unit)	($3,000)	(4.01)	(2,858)	(5.69)	($312,000)
TOTAL SOFT COSTS		**51.56**	**(311)**	**27.96**	**4,007,960**

$38,538 Total cost per residential unit

FINANCING COSTS (excluding interest)					
Interest Rate Cap (% of Loan Amount)	0.25%	0.90	641	1.28	70,000
Legal Fees -- Lender		1.29	916	1.82	100,000
Legal Fees -- Borrower		1.93	1,374	2.73	150,000
Bank Inspection and Admin Fee		2.25	1,603	3.19	175,000
Construction Loan Financing Fee --	0.75%	2.70	1,924	3.83	210,000
Mortgage Brokerage Fee --	0.50%	1.80	1,282	2.55	140,000
Mortgage Recording Tax -- (Paid by Seller, No MRT)	0.00%	0.00	0	0.00	0
TOTAL FINANCING COSTS (Excluding Interest)		**10.87**	**7,740**	**15.40**	**845,000**

Loan Amount per Summary	$27,640,992
Equity Investment per Summary	$14,883,611

Number of Apartment Units	104	
Number of Rentable Residential SF	52,260	67.23% 95.26%
Number of Retail SF	2,600	3.34% 4.74%
Number of Clubhouse Amenities / Common SF	22,870	29.42% 0.00%
Number of Building SF (Excluding Garage)	77,730	100.00% 100.00%
Number of Garage SF	0	
Number of Parking Spaces	0	
Total Number of SF Including Garage	77,730	

Assumed Hard Costs	$ 27,205,500
Assumed Development Budget	$42,000,000
Development Budget per W/P	$42,524,603

Real Estate Taxes --		
Absorption per Month	30	units per month
Absorption Period	3.00	Months
Land Value	7,500,000	
Tax Factor (see Below)		
Annual Tax During Development	$0	$0
FSY NOI	$2,219,106	
Value Cap Rate	4.00%	
Estimated Stabilized Value	$55,477,638	
Return on Equity	$27,836,646	
Equity Multiple	1.87	

PROFORMAS: COMBINED SITE

REASONABLENESS ANALYSIS

Income	Unit Mix	# Units	# SF	Total SF	$ / SF / MO	$ / SF / YR	$ / Mo	$ / Yr	Total $
Market - Studio	33.99%	86	350	30,100	$6.25	$75.00	$2,188	$26,250	$2,257,500
Market - 1BR	40.71%	103	470	48,410	6.00	72.00	2,820	33,840	3,485,520
Market - 2BR	10.28%	26	670	17,420	5.50	66.00	3,685	44,220	1,149,720
Affordable	15.02%	38	670	25,460	1.73	20.70	1,156	13,869	527,022
Total Units	100.00%	253		121,390				118,179	$7,419,762
Ave sf per unit; $ per sf per month; $ per sf per year		253	480	121,390	$5.09	$61.12	All Units		
					$5.99	$71.85	Market Units		

Loss Factor *	29.5%
GSF	180,339
Hard Cost per GSF	$350.00
Total Cost per GSF	$543.13
Development Cost	
Cost Per Unit	$ 387,146
Total Cost	$97,947,874

Reasonableness Test of Development Cost:

		Unit Cost	%	$Cost/rsf	$Cost/gsf	
Land&Bldg	$15,000,000	$ 59,289	15.3%	$123.57	$83.18	
Soft Cost	$9,258,428	36,595	9.5%	76.27	51.34	11.85% Soft as % of Hard & Land
Hard Cost	$63,118,650	249,481	64.4%	519.97	350.00	
Aff. Housing Fee	$0	0	0.0%	0.00	0.00	$0 per Parking Space
Financing Costs	$7,717,946	30,506	7.9%	63.58	42.80	
Developer Fees	$2,852,851	11,276	2.9%	23.50	15.82	
Total	$97,947,874	$ 387,146	100.0%	$806.89	$543.13	

First Stabilized Year					
Gross Potential Income				$ 7,419,762	
Vacancy Credit at	4.00%			(296,790)	
Total Rental Income				7,122,972	
Parking Income at	0.00% of Total Rental Income; # parking spaces / unit =		0.0%	0	Average net monthly parking rate per space approximates $0
Retail Income	5,660 square feet $60.00 $ nnn psf		0	339,600	
Other Income at	1.00% of Total Rental Income			71,230	
Total Gross Income				7,533,801	
Oper Exps per Unit	$6,000			(1,518,000)	Oper Exp % of Gross 20.15% Oper Exp / SF / Mo / Yr $1.04 $12.51
RE Taxes Per Unit	$4,000			(1,012,000)	RE Taxes % of Gross 13.43% RE Taxes / SF / Mo / Yr $0.69 $8.34
Net Operating Income				$ 5,003,801	
Development Cost -- Levered / Unlevered			$ 97,947,874	$90,229,929	
Cash on Cost Return -- Levered / Unlevered			5.11%	5.55%	

Finance Cost Test	
Total Cost	$97,947,874
% Funded By Equity	35.00%
$ Funded By Equity	$34,281,756
Loan Requirement	$63,666,118
Loan Ave % Outstanding	60.00%
Loan Ave $ Outstanding	$38,199,671
Interest Rate	5.50%
Annual Interest	$2,100,982
# Months Const	36
Total Interest Cost	$6,302,946
Interest Cost Per Unit	$24,913
Total Finance Costs per Attached	$1,415,000
Finance Costs Per Unit	$5,593
Total Interest and Finance Costs Per Unit	$30,506

Developer Fees -- Acquisition and Development Fees:	
Cost less G&A	$95,095,024
G&A Rate	3.00%
G&A Recovery	$2,852,851
G&A Per Unit	$11,276.09
Soft and Hard Costs	$72,377,078
Acquisition Fee Rate	0.00%
Acquisition Fee	$0
Acquisition Fee Per Unit	$0
Total Acq / G&A per Unit	$11,276

OH Rcvry (Included in Soft Costs)	
Monthly Recovery	$40,000
Number of Months Rcvry	36
Total Recovery'	$1,440,000

Sensitivity Analysis----Target Levered Cash on Cost	
Target Levered Cash on Cost	5.50%
Required Annual NOI	$5,387,133
Required Change in Annual NOI	$383,332
Change in Monthly Rent prsf	$0.2632
Change in Annual Rent prsf	$3.16
Required Development Cost	$90,978,204
Required Change in Development Cost	($6,969,670)
% Change in Development Cost	-7.12%
Change in Development Cost pgsf	($38.65)
Change in Development Cost per Unit	($27,548)

Summary of Building Massing		
Garage	0	-
Retail		5,660
Units (RSF)		121,390
Loss Factor (1)	29.5%	53,289
Total GSF		180,339

* Factor includes common space, retail and parking sf; see Summary of Building Massing.

(1) Reflects % of Loss SF to sum of Residential and Loss.

SOFT COSTS					
Design Fees --4% of Hard	4%				$ 2,524,746
Architecture					
Structural / MEP					
Landscape					
Civil					
Traffic					
Environmental					
Interior Design					
Reimburseables (% of above design fees)					
Project Overhead --3% of Hard Costs	2.5%				1,577,966
Surveys & Testing (% of Hard Cost)					
Building Permits (% of Hard Cost)					
Project Management & Accounting ($ per month)					
Developer Reimbursables (% of Project Mgmt & Acctg)					
Approval Costs					
MAI Fee					
Construction Audit					
Temporary Utilities					
Pre-Construction GC					
Insurance					
Impact Fees--15% of Project Costs	$ 10.00				1,803,390
Closing Fees & Expenses	1.5%				946,780
Title Insurance (% of Assumed Development Budget)					
Legal					
Transfer Tax					
Ground Lease Payments					
Real Estate Taxes --	0%				0
Real Estate Taxes ($ per year during Const and Lease-up)					
Marketing --4% of Hard Costs	4%				2,524,746
All Marketing Costs ($ per unit)					
Rental Agent Commission ($ per unit)					
FF&E ($ per unit)					
Punchlist Reserve ($ per unit)					
O/S Leasing Commissions (% of 1 Month Rent)					
Subtotal Soft Costs Excluding Contingency					9,377,628
Soft Cost Contingency --	5.00%	2.61	1,775	3.70	470,000
Retail Leasing Comm. --	5.00%	0.94	641	30.00	169,800
Cash (Flow) / Deficit Per Draw Schedule ($ per unit)	($3,000)	(4.21)	(2,866)	(5.97)	($759,000)
TOTAL SOFT COSTS		**51.34**	**(450)**	**27.73**	**9,258,428**

$36,595 Total cost per residential unit

FINANCING COSTS (excluding interest)					
Interest Rate Cap (% of Loan Amount)	0.25%	0.89	604	1.26	160,000
Legal Fees -- Lender		0.55	378	0.79	100,000
Legal Fees -- Borrower		0.83	566	1.18	150,000
Bank Inspection and Admin Fee		1.14	774	1.61	205,000
Construction Loan Financing Fee --	0.75%	2.66	1,813	3.78	480,000
Mortgage Brokerage Fee --	0.50%	1.77	1,208	2.52	320,000
Mortgage Recording Tax -- (Paid by Seller, No MRT)	0.00%	0.00	0	0.00	0
TOTAL FINANCING COSTS (Excluding Interest)		**7.85**	**5,344**	**11.14**	**1,415,000**

Loan Amount per Summary	$63,666,118
Equity Investment per Summary	$34,281,756

Number of Apartment Units	253		
Number of Rentable Residential SF	121,390	67.31%	95.55%
Number of Retail SF	5,660	3.14%	4.45%
Number of Clubhouse Amenities / Common SF	53,289	29.55%	0.00%
Number of Building SF (Excluding Garage)	180,339	100.00%	100.00%
Number of Garage SF	0		
Number of Parking Spaces	0		
Total Number of SF Including Garage	180,339		

Assumed Hard Costs	$ 63,118,650
Assumed Development Budget	$97,000,000
Development Budget per W/P	$97,947,874

Real Estate Taxes --		
Absorption per Month	30	units per month
Absorption Period	8.00	Months
Value of Building	15,000,000	
Tax Factor (see Below)		
Annual Tax During Development	$0	$0
FSY NOI	$5,003,801	
Value Cap Rate	4.00%	
Estimated Stabilized Value	$125,095,031	
Return on Equity	$61,428,912	
Equity Multiple	1.79	

Office Analysis

MARKET POTENTIAL: OFFICE

1. The San Francisco office market has rebounded strongly from the economic downturn of 2008. Vacancy rates, lease rates, and new development trends have all contributed to a solid market
2. Although the technology industries are the principal drivers of demand, the San Francisco economy has diversified with strong growth in health care, banking and service industries growing at a steady pace.
3. Demand indicators are positive, as lease rates have increased over the past three years. Lease rates are currently in the range of $60 - $70 per square foot (net). In the SoMa market specifically, lease rates are slightly higher at $70 - $75 psf (net), with taxes, utilities, and operating expenses adding approximately $15 psf to tenant costs.
4. Vacancy rates overall have fallen to 7% - 8%, and less in SoMa.
5. Lease terms remain in the 8 - 15 year range.
6. Land values, in the range of $150 - $200 per developable square foot are now on par with residential land values.
7. Small office space units, which the SFMTA site lends itself to, is in limited supply – both because of demand from tech industry start-ups / creative businesses and due to the limitations imposed on office space development by the City's Proposition M.
8. Proposition M, as it is known, effectively limits the amount of new office space that can be built within the City of San Francisco. At the present time (2014), the amount of annual new office space in buildings greater than 50,000 sf is limited to a citywide maximum of 875,000 gsf , although office space not allocated in a given year can be carried over. As of October of this year, the City had allocated approximately 2.2 million square feet, but has nearly 3 million square feet of space pending approval. Note that for Small Projects with under 50,000 gsf of office space, over 1.2 million gsf of availability remains unallocated, and only 236,000 gsf of projects are pending approval.

there are no limitations. With start-ups and new technology business growth there is increasing demand for smaller blocks of space.

9. The SFMTA site is considered an attractive potential site because of A) excellent transportation access (current and future); B) the close proximity to other new office building development; C) the proximity to the downtown and Market Street areas; and D) the changing image of SoMa as a desirable place to live and work.

CONCEPTUAL BUILDING ANALYSES: OFFICE

SUMMARY

The conceptual building analyses were developed through 1) research of the local zoning and building codes; 2) direction from LePatner on the current market / demand in the SoMa area; 3) understanding of the site-specific constraints; and 4) development of conceptual floor plans, sections, massing, and outline specifications that reflect the information described above.

KEY OFFICE ASSUMPTIONS & NOTES

The following are key points that the Project Team has found through the development of the Conceptual Building Analysis:

- Per the direction of SFMTA and the Planning Department, the analysis is based on the draft guidelines of the new Mixed Use Office (MUO) zoning district. The current zoning for the area is M1 (SFMTA Site) and WMUG (Lulu Site), but the new MUO district is expected to be approved and implemented in 2015.
- This analysis assumes no variances or other concessions from zoning codes. The analysis reflects what can feasibly be built within the required zoning and building codes, including restrictions anticipated by the new MUO and Central SoMa plans.
- Per LePatner's analysis of the market in SoMa, the baseline for the conceptual building analysis is an open floor plan with a central elevator and maintenance core. Typical tenants in this area include technology companies, and the current trends are to provide high, unfinished ceilings, and as much potential for tenants to design open spaces to the extent possible.
- It should also be noted, that due to neighborhood context and planning requirements, it is assumed that there will be ground floor retail.
- The subway station below affects the construction of the site in a few different ways beyond the height restrictions (due to structural limitations). On one hand, it potentially reduces foundation costs, especially if substantial piers will otherwise be required. On the other hand, there may be significant costs and/ or staging implications in order to shore the subway station during specific periods of construction. Subsequent phases should further evaluate true structural limitations based on use and construction.
- Based on discussions with a Geotechnical Engineer, the foundation consists of 14" square 60' deep piers every 5' on center. This will likely affect conceptual cost estimates done in subsequent phases. Further study on the potential foundation system will be required.
- Air conditioning is currently assumed in all office suites, as well as common spaces, as recommended by the Project Team.
- California's Green Building Code, which took effect in 2011 and is being implemented in phases, is likely to affect the cost of construction and development in the next 5-10 years. Cost increases include: annual increases in mandated energy and water-efficiency that will take time for products and engineers to fully implement and comply with, and potential increases due to evolving methods of compliance. Note, however, that, the increase in construction and development costs may be balanced by a decrease in operating and maintenance costs.

SFMTA-ONLY SITE

- The small footprint of the site (approx. 8,400 sf), combined with a height restriction of 10 stories above the subway station, limits the development potential. As demonstrated in the conceptual plans on the following pages, the elevator, egress and restroom core take up nearly 15% of the maximum floor plate.
- There is a portion of the site that, by code and lack of structural limitations, can go up to 180'. However, as shown in a diagram on the following pages, that portion is too small to be feasible. The height of the overall building is therefore limited to the structural limitations of the subway station below.
- Per guidance from the Planning Department, the analysis assumes that the Project will be exempt from the proposed required setbacks above 85', at the property lines along 4th Street and Folsom Streets only. This exemption is specific to small corner sites, and is expected to be detailed in the new Central SoMa plan.
- The SFMTA site's office capacity, as shown on the following pages, is just under 80,000 leasable space. Subsequent phases of development should explore opportunities to receive an exemption from Proposition M restrictions.

COMBINED SITE

- Per guidance from the Planning Department, the analysis assumes that the Project will be not be exempt from the proposed required setbacks above 85'. The plans therefore show 15' required setbacks from all property lines, at 85' above grade. The setbacks are expected to be detailed in the new Central SoMa plan.
- The changing setback requirements on the building, due to both structural limitations and planning setbacks, creates a limitation in efficiency of repeatable floor plates. Subsequent phases of development analyses should further evaluate alternate floor plans or potential Planning variances or concessions.

ZONING AND CODE ANALYSIS: OFFICE

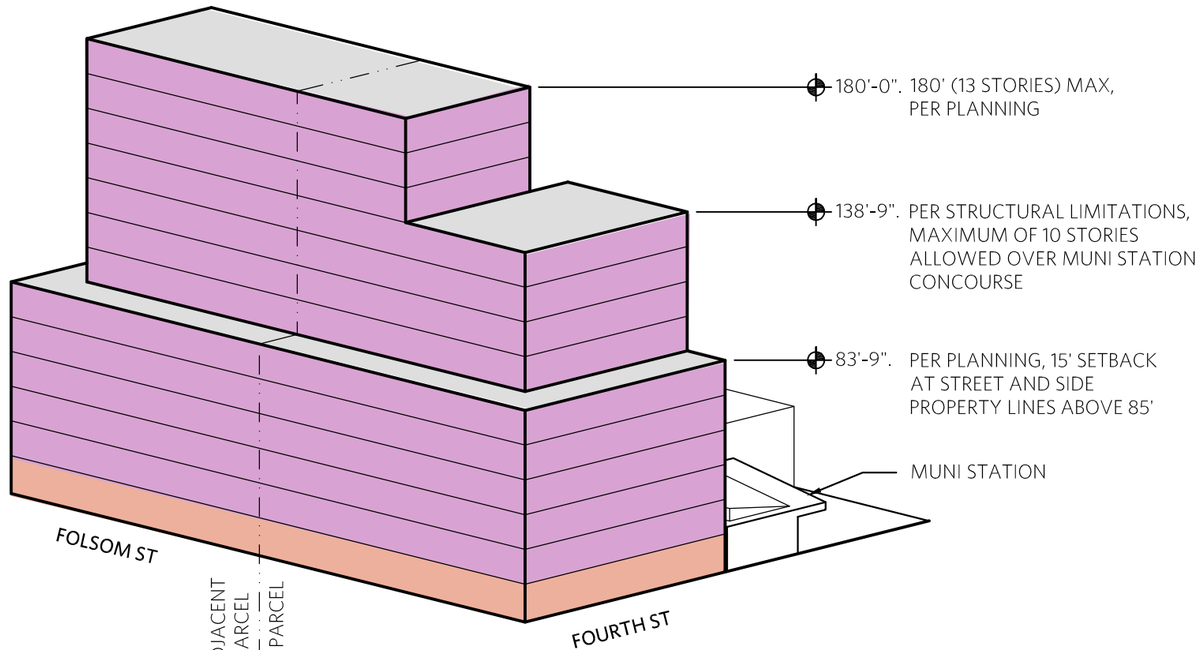
Per SFMTA and Planning guidance, this analysis is based on zoning regulations expected to be implemented in 2015. Both the SFMTA Site and the Adjacent Site will be re-zoned to Mixed Office Use (MUO). Additionally, both sites will be overlaid with 1) the Central SoMa Plan, which integrates a community vision for the southern portion of the Central Subway rail corridor through a comprehensive neighborhood strategy; and 2) the Eastern Neighborhoods Program (East SoMa neighborhood), which calls for transitioning the existing industrial areas in these four neighborhoods to mixed use zones that encourage new housing. The other remaining half would be reserved for Production, Distribution and Repair districts, where a wide variety of functions such as Muni vehicle yards, caterers, and performance spaces can continue to thrive.

Proposed Rezoning under Central SoMa Plan		Both Parcels: Rezoned to MUO – Mixed Use Office zone Rezoned to 180' height
Source of regulation	Planning Regulation	Requirement or Limit
Central SoMa Plan Initial Study – p.15 & 18	Height	180'
Planning staff	Setbacks & bulk limit	15' setback at all property lines for portion of building above 85'. Planning has indicated that a building with a height of 141'-0" on a corner site will be exempt from this requirement along the property lines adjacent to Folsom Street and Fourth Street only.

Density & Open Space		
Source of regulation	Planning Regulation	Requirement or Limit
Planning Code 842.24	Nonresidential density limit	7.5 to 1 nonresidential FAR (May be increased by the Central SoMa Plan)
Planning Code 134	Rear yards	None required for nonresidential uses.
Planning Code 842.12	Open space	1 sf per 90 sf of office or 1sf per 250 sf retail

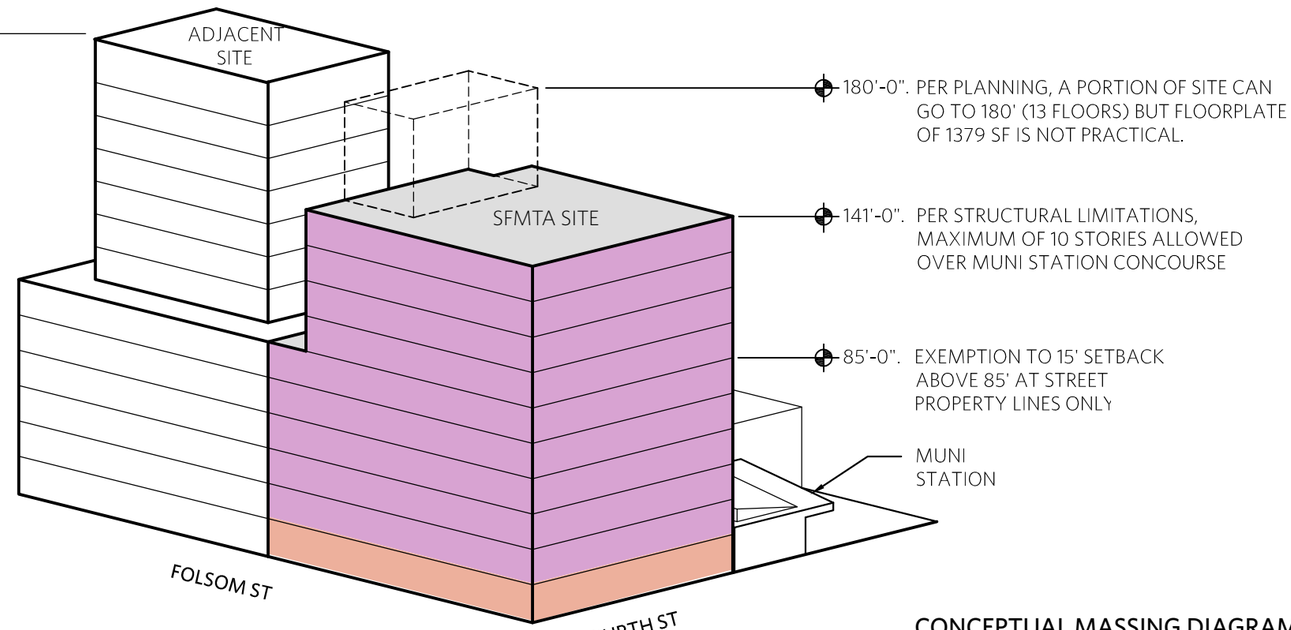
Parking		
Source of regulation	Planning Regulation	Requirement or Limit
Planning Code 842.08 and 842.10	Parking	None required
Planning Code 152.1	Loading	Office: 0.1 spaces per 10,000 sf (round to nearest number)
Planning Code 155	Bike parking	1 per 5,000 sf office.

Restrooms		
Source of regulation	Planning Regulation	Requirement or Limit
CPC 2013 Chapter 4, Table A	Restroom Occupant Load Factor	Group B (office): 1 occupant per 200 sf
SF Bldg Code Table 2902.1, Note 3	Restrooms required, occupant load under 10	For occupant loads under 10, one unisex restroom.
SF Bldg Code Table 2902.1	Restrooms required, occupant load over 10	Group B, toilets per gender: 1-15 people= 1 toilet; 16-35 people=2 toilet; 36-55 people= 3 toilet; 56+= add 1 toilet for every 50 people. 1 sink for every 2 toilets. No urinals required.



CONCEPTUAL MASSING DIAGRAM: COMBINED SITE

PER PLANNING, A PORTION OF THIS SITE CAN GO TO 180'. HOWEVER, A FLOORPLATE OF 3,500 SF MAY NOT BE PRACTICLE



CONCEPTUAL MASSING DIAGRAM: SFMTA SITE

SITE AREA

SFMTA Site	14,797 gsf *(8,400 gsf usable)*
Total:	**14,797gsf (0.34 acres)**

BUILDING AREA

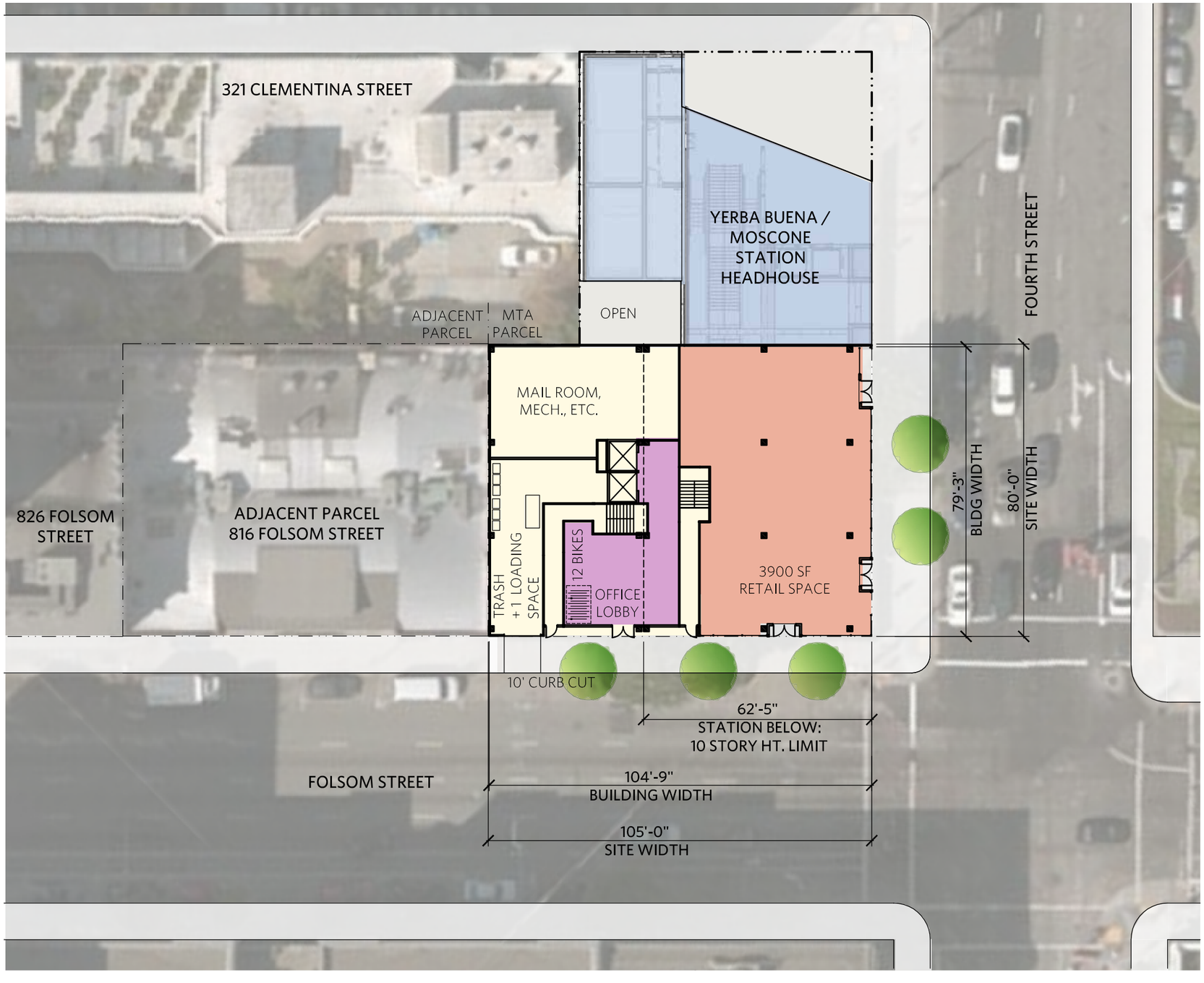
Floors	7-10	7,029 gsf per floor
Floors	1-6	8,353 gsf per floor
Total:		**78,234 gsf**

PROGRAM

Office space:	59,533 sf (85% average efficiency)
Retail space:	3,900 sf
Utility space:	5,900 gsf
Bike parking:	12 (1 per 5,000 sf office)
Loading:	1 space
Car parking:	None, per planning code

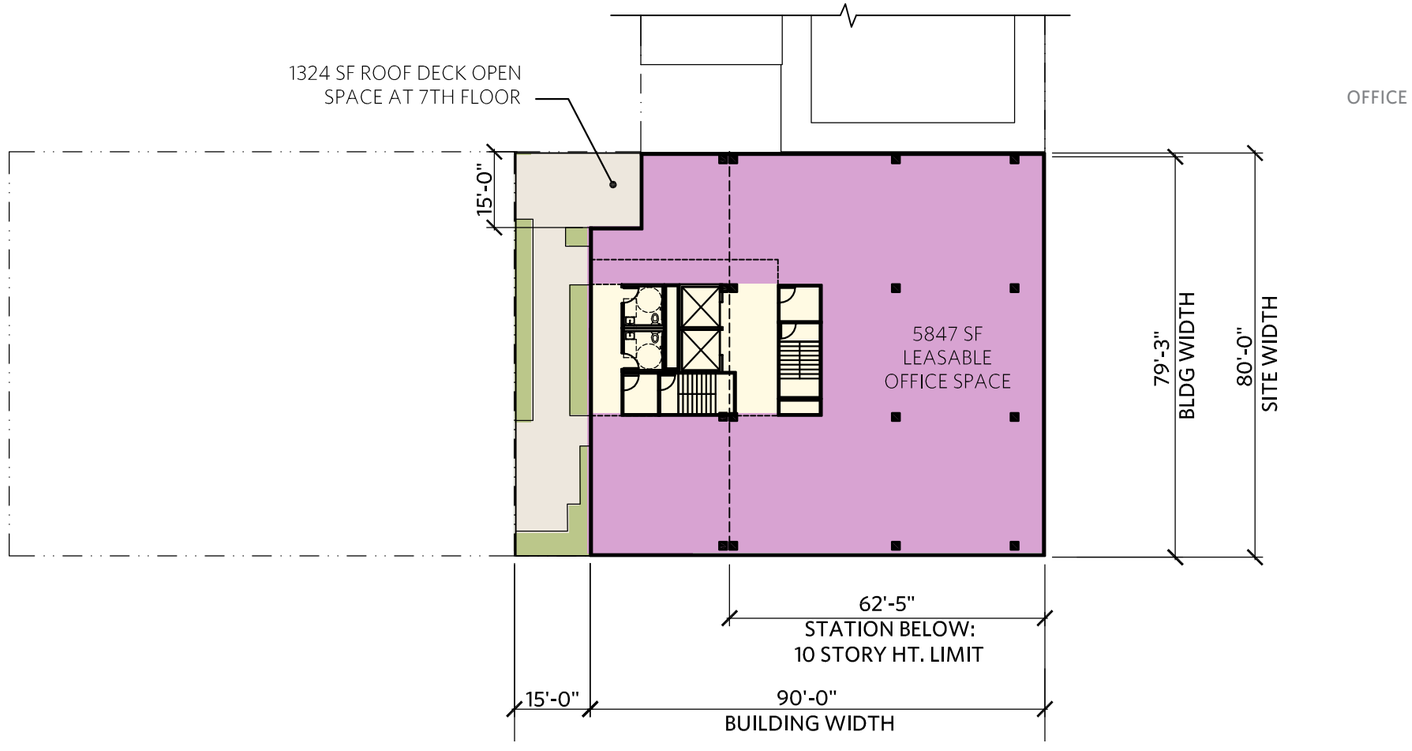
NOTES

- No parking required or provided (Planning Code 842.08)
- Per Planning, the 15' setback above 85' height will not be provided along the Folsom Street and Fourth Street property lines. Setback will be provided at rear and interior property lines.
- 2nd floor and portion of 3rd floor can be used as retail space instead of office to bring total office space under 50,000 sf and qualify the building as a Small Project under Proposition M.



Ground Floor Plan

SFMTA SITE SCALE 1" = 30'-0"

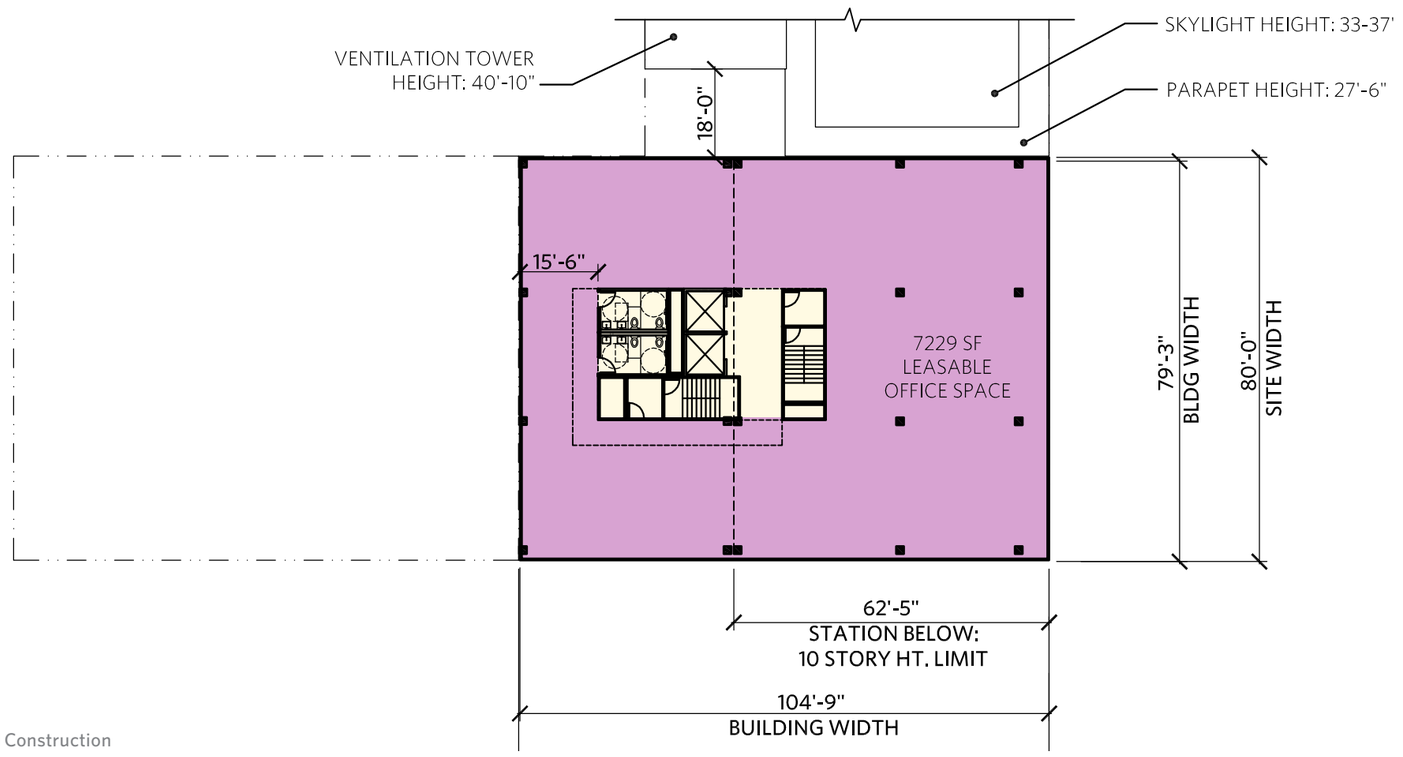


NOTES

- Per planning, the 15'-0" setback required from all property lines at floors above 85' will be exempt on small corner lots, at the street property lines only.

Floor Plans – Floors 7-10

SFMTA-ONLY SITE SCALE 1" = 30'-0"

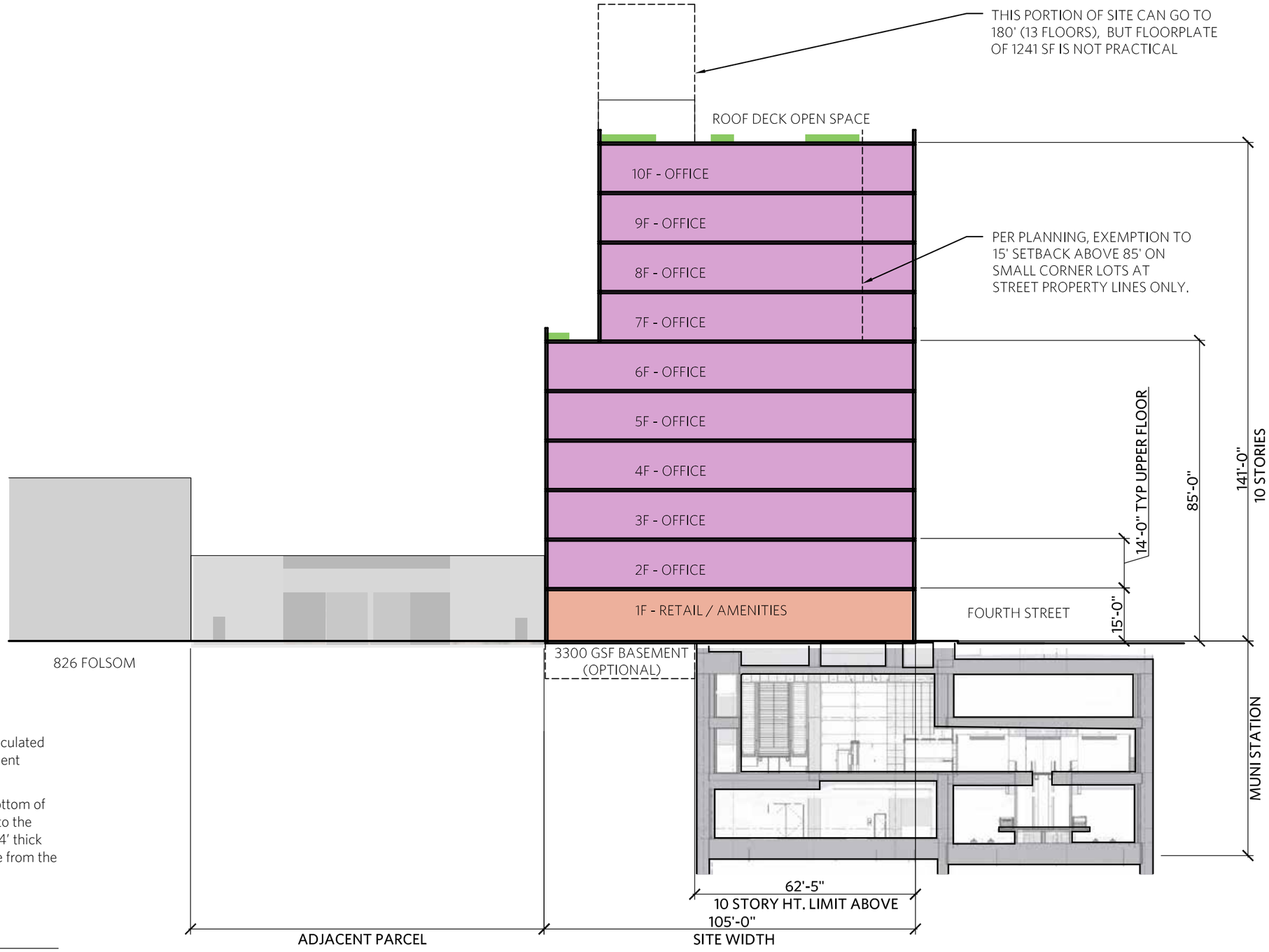


NOTES

- Per planning, no setbacks are required at lower levels.
- The parapet height of the Muni station headhouse limits windows along this façade on the 2nd floor.
- The columns shown in the diagram are in alignment with the columns of the Muni station below. Subsequent design phases should investigate alternatives.
- Elevators cannot be located above the Muni station.

Floor Plans – Floors 2-6

SFMTA-ONLY SITE SCALE 1" = 30'-0"



NOTES

- The optional basement shown is not calculated into construction costs or the development budget.
- The height of the Muni station to the bottom of the lowest slab is approx 56'. Adjacent to the walls of the station box is a continuous 4' thick slurry wall that extends 90' below grade from the top.

Building Section

SFMTA-SITE SCALE 1" = 30'-0"

CONCEPTUAL MASSING DIAGRAM: SFMTA SITE

SITE AREA

SFMTA Site	14,797 gsf *(8,400 gsf usable)*
Adjacent Site	7,997 gsf
Total:	**22,794 gsf (0.52 acres)**

BUILDING AREA

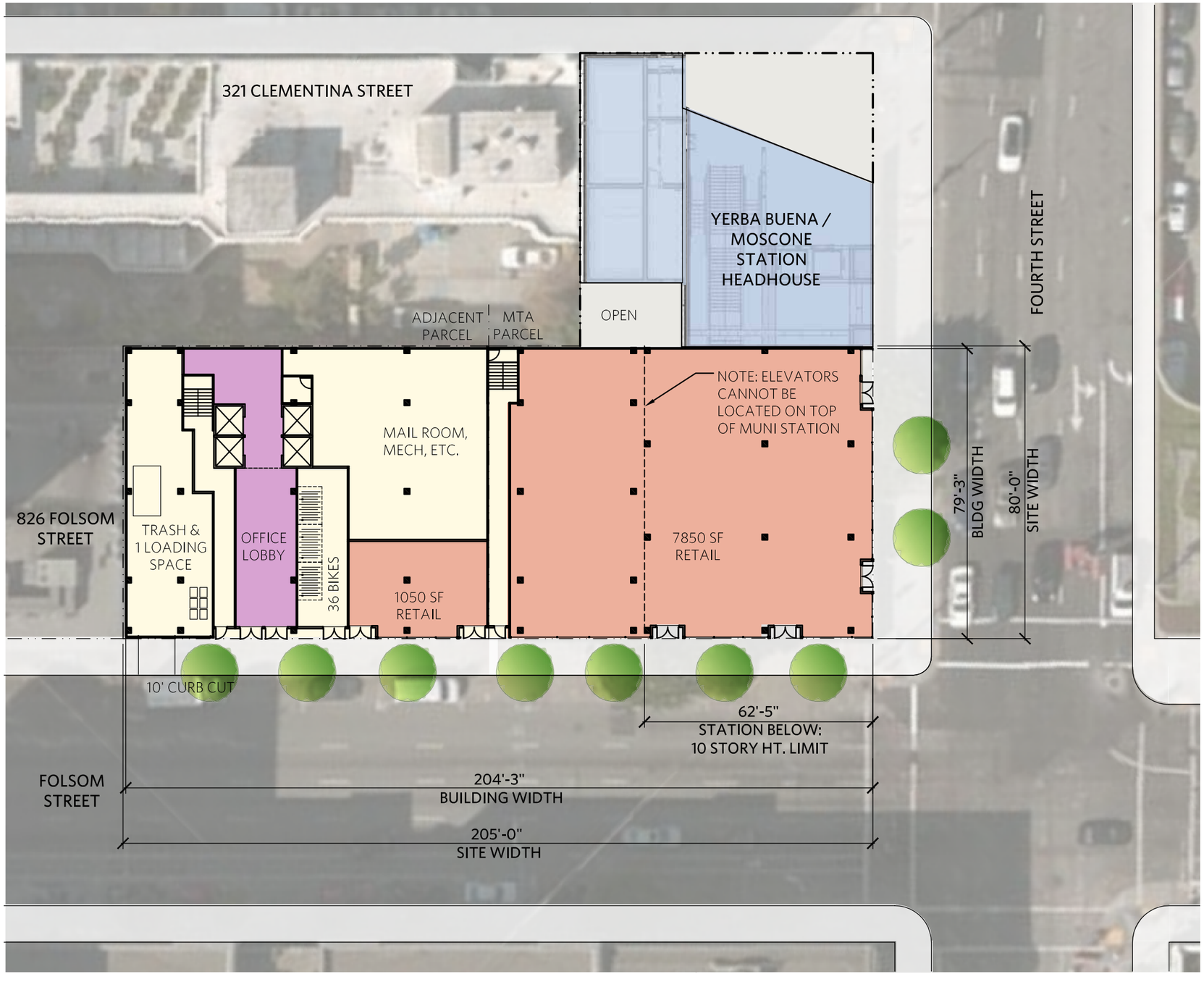
Floors	11-13	6,245 per floor
Floors	7-10	9,460 per floor
Floors	2-6	16,190 gsf per floor
Floor	1	16,190 gsf per floor
Total:		**153,715 gsf**

PROGRAM

Office space:	122,677 sf (89% average efficiency)
Retail space:	9,000 sf
Utility space:	3,200 gsf
Bike parking:	36 (1 per 5,000 sf office)
Loading:	1 space
Car parking:	None, per planning code

NOTES

- No parking required or provided (Planning Code 842.08)
- Elevators cannot be located on top of Muni Station



Ground Floor Plan

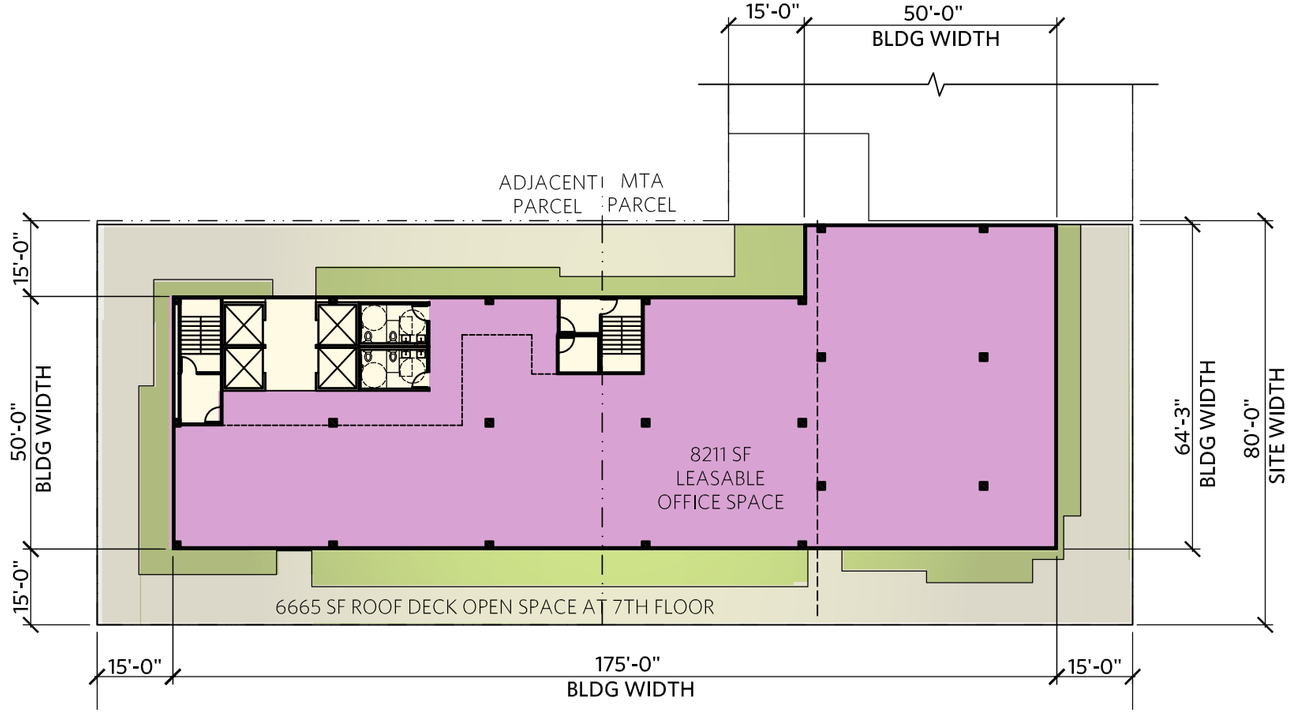
COMBINED SITE SCALE 1" = 30'-0"

NOTE

- Per planning, a 15'-0" setback is required from all property lines at floors above 85'. The Muni station is located on the same property as the SFMTA site, and therefore no setback is required at this location.

Floor Plans – Floors 7-10

COMBINED SITE SCALE 1" = 30'-0"

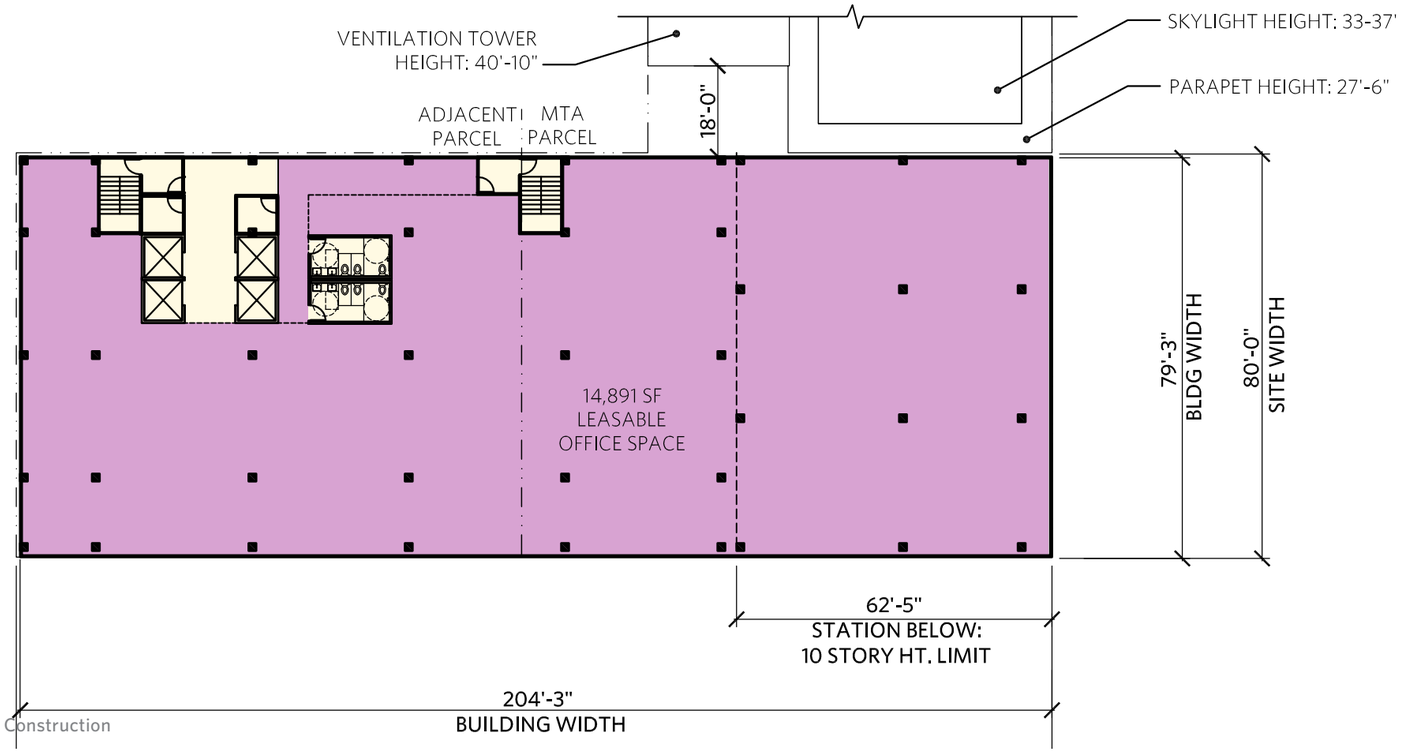


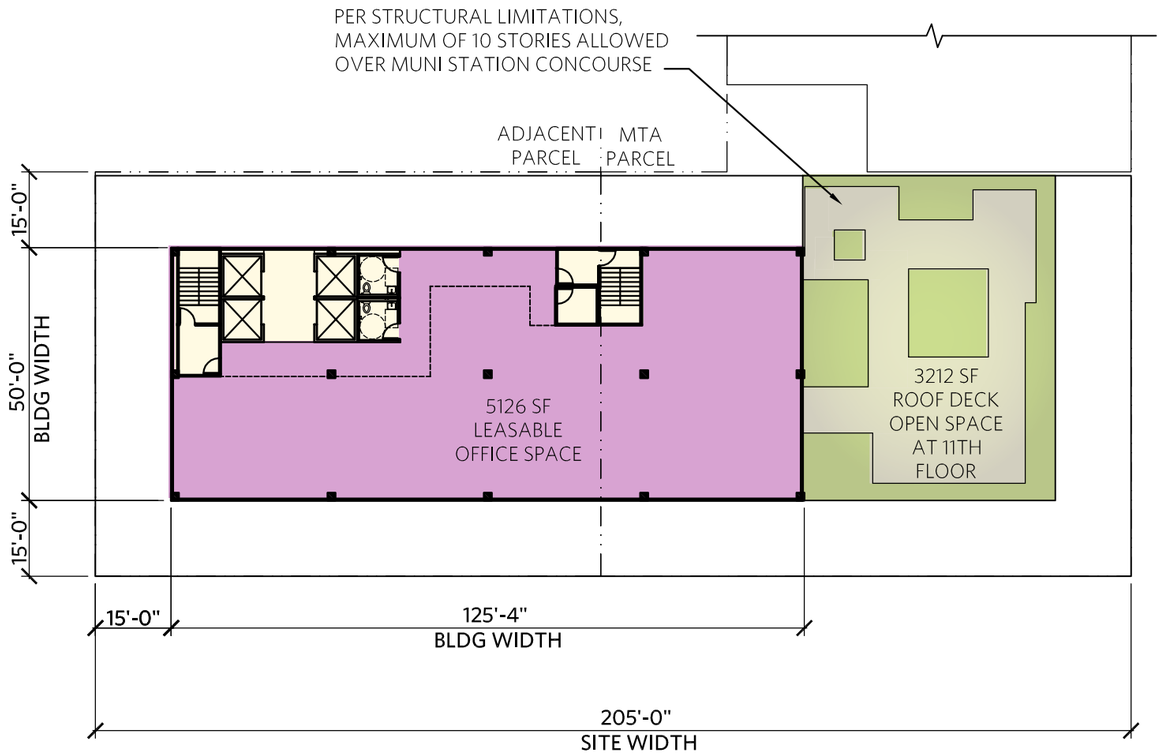
NOTE

- Per planning, no setbacks are required at lower levels.
- The parapet height of the Muni station headhouse limits windows along portions of this façade on the 2nd floor. The columns shown in the diagram are in alignment with the columns of the Muni station below. Subsequent design phases should investigate alternatives.
- Elevators cannot be located above the Muni station.

Floor Plans – Floors 2-6

COMBINED SITE SCALE 1" = 30'-0"



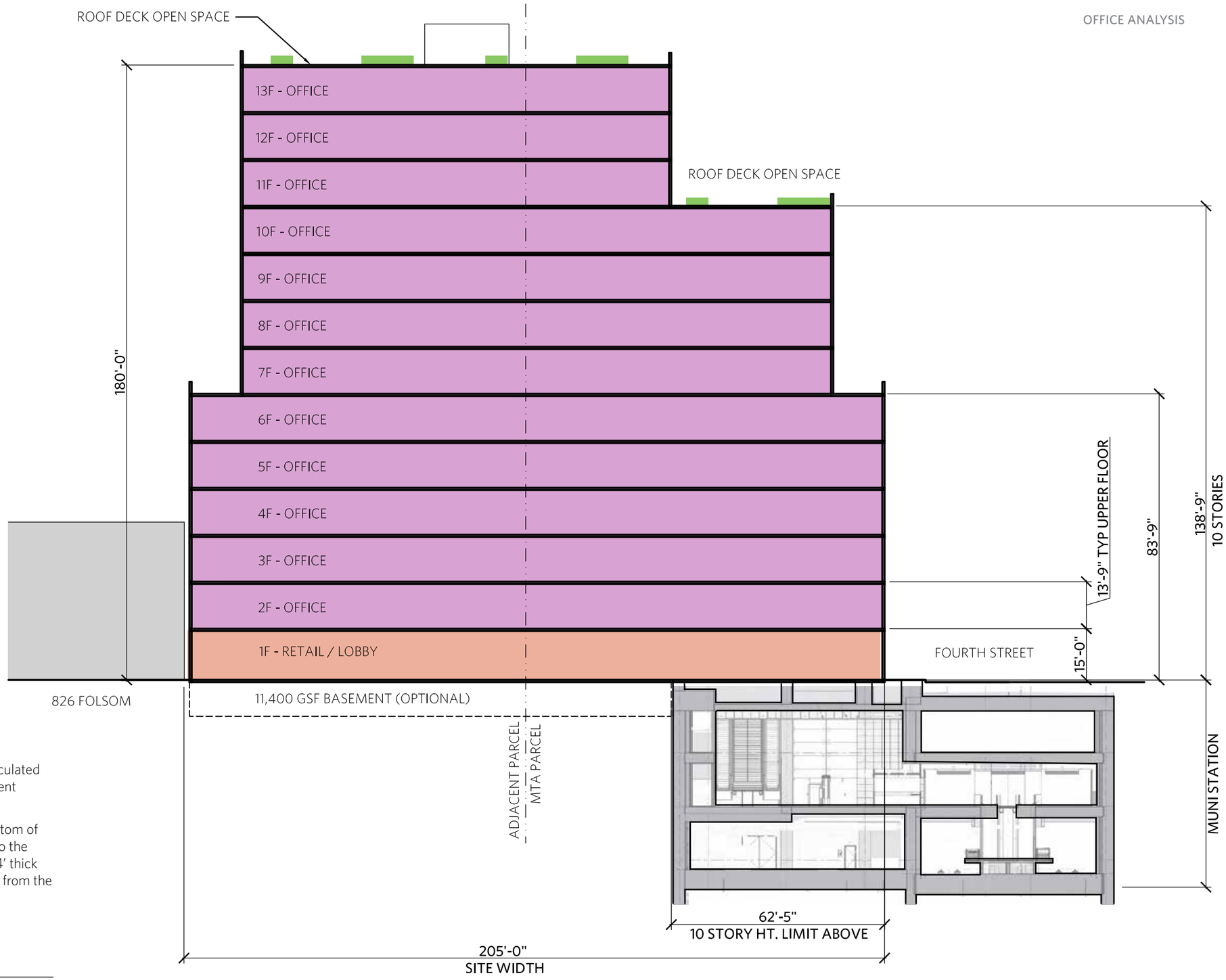


NOTE

- Per structural limitations, the height of the building above the Muni station is limited to 10 stories. Subsequent phases of design should consultant with a structural engineer regarding options for increasing the height of the building.

Floor Plans – Floors 11-13

COMBINED SITE SCALE 1" = 30'-0"



NOTE

- The optional basement shown is not calculated into construction costs or the development budget.
- The depth of the Muni station to the bottom of the lowest slab is approx 56'. Adjacent to the walls of the station box is a continuous 4' thick slurry wall that extends 90' below grade from the top.

Building Section

COMBINED SITE SCALE 1" = 30'-0"

CONCEPTUAL MASSING DIAGRAM: COMBINED SITE

ESTIMATED LAND VALUES: OFFICE

Supported by the market based findings and financial assumptions, proformas were developed to determine the Estimated Land Values for office use. The estimated land values are based on a sale of the asset at the first stabilized year for 1) the SFMTA Site and 2) for the Combined Site. Key financial assumptions are provided, and full financial proformas are included at the end of this section.

1. Estimated land value for the SFMTA Site, based on conceptual plans for a 78,234 sf office building, = $8,000,000 or $102 / sf of gross building area. This results in an 8.52% unlevered cash on cost return at stabilization.
2. Estimated land value for the Combined Site, based on conceptual plans for a 153,715 square foot office building, = $22,000,000 or $143 / sf of gross building area.

KEY PROFORMA ASSUMPTIONS:

- Projected Rents: $50 net / sf for lower floors (2-6) and $55 net / sf for upper floors (7 and above). $60 net / sf for retail space.
- Core and Shell Hard Costs: $280 / sf of gross building area for the larger building and $300 / sf of gross building area for the smaller building.
- Tenant Work Letter Allowance: $70 / sf for office space and $100 / sf for retail space.
- A&E Costs: 5% of hard costs for larger building and 7% of hard costs for smaller building.
- Project Overhead: 7% of hard costs for the larger building and 10% of hard costs for the smaller building.
- Impact Fee: $40 / sf. The impact fee varies by district and this estimate is in the middle of the range.
- Broker's Fees: $21 / rentable square foot.
- Miscellaneous Soft Costs: 2.3% of total project costs.
- Soft Cost Contingency: 5%.
- Developer's Fee: 3% of total project cost.
- Leverage: 60% at 5.00% interest only during the development period on 36 months (24 months to build the project and 12 months lease up).
- Target Cash on Cost: 8.5% unlevered.
- Capitalization Rate: 6.5%.
- Total Project Cost: $48,234,000 or $660 / sf for the smaller building and $96,000,000 or $667 / sf for the larger building. This cost per square foot difference resulted from adjusting to land value to achieve the target cash on cost yield.

PROFORMAS: SFMTA SITE

REASONABLENESS ANALYSIS

Income	Unit Mix	# Floors	USF/FL	Total Rentable SF	$ / SF / MO	NNN $ / SF / YR	$ / Mo/Fl	$ / Yr/Fl	Total $
Anchor Tenant	55.56%	5	7,229	42,470	$4.17	$50.00	$35,392	$424,704	$2,123,519
Spec space	44.44%	4	5,847	27,481	4.58	55.00	31,489	377,862	1,511,450
	0.00%			0	0.00	0.00	0	0	0
	0.00%	0	0	0	0.00	0.00	0	0	0
Totals		9		69,951				802,566	$3,634,968
Ave sf per floor; $ per sf per month; $ per sf per year			7,772		$4.33	$51.96			

Loss Factor *	18.9%
GSF	78,234
Hard Cost per GSF	$0.00
Total Cost per GSF	$659.99
Development Cost	$51,633,320
Total Cost	$51,633,320

Reasonableness Test of Development Cost:		%	$Cost/rsf	$Cost/gsf	
Land&Bldg	$8,000,000	15.5%	$108.33	$102.26	
Soft Cost	$8,423,298	16.3%	114.06	107.67	27% Soft as % of Hard & Land
Leasing Comm	$1,550,877	3.0%	21.00	19.82	
Hard Cost	$23,470,200	45.5%	317.80	300.00	
Base TI Allow	$4,896,589	9.5%	66.30	62.59	
Retail TI Allow	$390,000	0.8%	5.28	4.99	
Garage	$0	0.0%	0.00	0.00	$0 per Parking Space
Financing Costs	$3,398,472	6.6%	46.02	43.44	
Developer Fees	$1,503,883	2.9%	20.36	19.22	
Total	$51,633,320	100.0%	$699.15	$659.99	
	51,633,320				

First Stabilized Year @ 481,750 RSF		6			
Gross Potential Income				$ 4,081,342	
Vacancy Credit at	5.00%			(204,067)	
Total Rental Income				3,877,275	
Parking Income at	0.00% of Total Rental Income; # parking spaces / 1000 sf =			0	
Retail Income	3,900 square feet	$60.00 $ nnn psf	0	234,000	
Other Income at	0.00% of Total Rental Income			0	
Total Gross Income				4,111,275	
Oper Exps per RSF	$0			0	Oper Exp % of Gross 0.00% Oper Exp / SF / Mo / Yr $0.00 $0.00
RE Taxes Per RSF	$0			0	RE Taxes % of Gross 0.00% RE Taxes / SF / Mo / Yr $0.00 $0.00
Net Operating Income				$ 4,111,275	
Development Cost -- Levered / Unlevered			$ 51,633,320	**$48,234,848**	
Cash on Cost Return -- Levered / Unlevered			7.96%	**8.52%**	

Finance Cost Test	
Total Cost	$46,730,964
% Funded By Equity	40.00%
$ Funded By Equity	$18,692,386
Loan Requirement	$28,038,579
Loan Ave % Outstanding	60.00%
Loan Ave $ Outstanding	$16,823,147
Interest Rate	5.00%
Annual Interest	$841,157
# Months Const	36
Total Interest Cost	$2,523,472
Total Finance Costs per Attached	$875,000

Developer Fees -- Acquisition and Development Fees:	
Cost less G&A	$50,129,437
G&A Rate	3.00%
G&A Recovery	$1,503,883
Soft and Hard Costs	$36,790,088
Acquisition Fee Rate	0.00%
Acquisition Fee	$0

LCOR OH Rcvry (Included in Soft Costs)	
Monthly Recovery	$50,000
Number of Months Rcvry	36
Total Recovery'	$1,800,000

Sensitivity Analysis----Target Levered Cash on Cost	
Target Unlevered Cash on Cost	8.50%
Required Annual NOI	$4,388,832
Required Change in Annual NOI	$277,557
Change in Monthly Rent prsf	$0.3307
Change in Annual Rent prsf	$3.97
Required Development Cost	$48,367,944
Required Change in Development Cost	($3,265,376)
% Change in Development Cost	-6.32%
Change in Development Cost pgsf	($41.74)

Summary of Building Massing		
Garage	0	-
Retail		3,900
Rentable SF		69,951
Common Areas	5.9%	4,383
Total GSF		78,234

* Factor includes common space, retail and parking sf.

Number of Floors				9	
Office Rentable SF				69,951	89.41% 94.72%
Retail SF				3,900	4.99% 5.28%
Common SF				4,383	5.60% 0.00%
Number of Building SF (Excluding Garage)				78,234	100.00% 100.00%
Number of Garage SF				0	
Number of Parking Spaces				0	
Total Number of SF Including Garage				78,234	

Assumed Development Budget	$52,000,000
Development Budget per W/P	$51,633,320

Real Estate Taxes --		
Absorption-Floors per Month	1	floors per month
Absorption Period	9.00	Months
Value of Building		
Tax Factor (see Below)		
Annual Tax During Development	$0	$0
FSY NOI	$4,111,275	
Value Cap Rate	6.50%	
Estimated Stabilized Value	$63,250,388	
Debt	$28,038,579	
Available for Distribution	$35,211,810	
Equitt Invested	18,692,386	1.9

SOFT COSTS					
Design Fees --	7%				1,533,386
Architecture			0	0.00	0
Structural / MEP			0	0.00	0
Landscape			0	0.00	0
Civil			0	0.00	0
Traffic			0	0.00	0
Environmental			0	0.00	0
Interior Design			0	0.00	0
Reimburseables (% of above design fees)			0	0.00	0
Project Overhead --	10%				2,190,552
Surveys & Testing (% of Hard Cost)		0.00	0	0.00	0
Building Permits (% of Hard Cost)		0.00	0	0.00	0
Project Management & Accounting ($ per month)		0.00	0	0.00	0
Developer Reimbursables (% of Project Mgmt & Acctg)		0.00	0	0.00	0
Approval Costs		0.00	0	0.00	0
MAI Fee		0.00	0	0.00	
Construction Audit		0.00	0	0.00	
Temporary Utilities		0.00	0	0.00	
Pre-Construction GC		0.00	0	0.00	0
Legal --	1.0%				520,000
Legal Fees Partnership Documents		0.00	0	0.00	
Legal Fees Construction Documents		0.00	0	0.00	
Legal Fees Historic Matters		0.00	0	0.00	
Legal Fees Leasing		0.00	0	0.00	
Closing Fees & Expenses	0.5%				260,000
Title Insurance (% of Assumed Development Budget)		0.00	0	0.00	0
		0.00	0	0.00	0
Transfer Tax		0.00	0	0.00	0
Ground Lease Payments		0.00	0	0.00	0
Insurance --	0.3%				130,000
Site Work Cash Performance Deposit		0.00	0	0.00	0
Refund of Site Work Cash Performance Deposit		0.00	0	0.00	0
Bldrs Risk & OCP Insurance (% of Assumed Devel Budget)		0.00	0	0.00	0
Real Estate Taxes During Construction and Impact Fees	40.00				3,129,360
Real Estate Taxes ($ per year during Const and Lease-up)	0.00	0.00	0	0.00	0
Impact Fees (Assumed $40/sf)		0.00	0	0.00	0
Marketing --	0.5%				260,000
s		0.00	0	0.00	0
Rental Agent Commission		0.00	0	0.00	0
FF&E		0.00	0	0.00	0
Punchlist Reserve		0.00	0	0.00	0
		0.00	0	0.00	0
Subtotal Soft Costs Excluding Contingency		102.56	0	108.64	8,023,298
Soft Cost Contingency --	5.00%	5.11		5.42	400,000
Office Leasing Comm. -- (assume 15 year term)	21.00	18.78		21.00	1,468,977
Retail Leasing Comm. -- (assume 10 year term)	21.00	1.05		21.00	81,900
Cash (Flow) / Deficit Per Draw Schedule ($ per unit)	$0	0.00	0	0.00	$0
TOTAL SOFT COSTS		127.49	0	135.06	9,974,175

FINANCING COSTS (excluding interest)					
Interest Rate Cap (% of Loan Amount)	0.25%	0.89		0.95	70,000
Legal Fees -- Lender		1.28		1.35	100,000
Legal Fees -- Borrower		1.92		2.03	150,000
Bank Inspection and Admin Fee		2.62		2.78	205,000
Construction Loan Financing Fee --	0.75%	2.68		2.84	210,000
Mortgage Brokerage Fee --	0.50%	1.79		1.90	140,000
Mortgage Recording Tax --(need to Identify in SF)	0.00%	0.00		0.00	0
TOTAL FINANCING COSTS (Excluding Interest)		11.18	0	11.85	875,000

Loan Amount per Summary	$28,038,579

PROFORMAS: COMBINED SITE

REASONABLENESS ANALYSIS

Income	Unit Mix	# Floors	USF/FL	Total Rentable SF	$ / SF / MO	NNN $ / SF / YR	$ / Mo/Fl	$ / Yr/Fl	Total $
Anchor Tenant	41.67%	5	14,891	84,879	$4.17	$50.00	$70,732	$848,787	$4,243,935
Spec space	33.33%	4	8,211	38,099	4.58	55.00	43,655	523,862	2,095,447
	25.00%	3	5,126	18,069	4.58	55.00	23,494	281,930	845,790
	0.00%	0	0	0	0.00	0.00	0	0	0
Totals		12		141,047				1,654,579	$7,185,172
Ave sf per floor; $ per sf per month; $ per sf per year			11,754		$4.25	$50.94			

Loss Factor *	14.3%	Reasonableness Test of Development Cost:				
GSF	153,715			%	$Cost/rsf	$Cost/gsf
Hard Cost per GSF	$0.00	Land&Bldg	$22,000,000	21.4%	$146.62	$143.12
Total Cost per GSF	$667.28	Soft Cost	$14,288,424	13.9%	95.23	92.95
		Leasing Comm	$3,150,985	3.1%	21.00	20.50
		Hard Cost	$43,040,200	42.0%	286.84	280.00
		Base TI Allow	$9,873,282	9.6%	65.80	64.23
		Retail TI Allow	$900,000	0.9%	6.00	5.85
Development Cost	$102,571,054	Garage	$0	0.0%	0.00	0.00
		Financing Costs	$6,330,656	6.2%	42.19	41.18
Total Cost	$102,571,054	Developer Fees	$2,987,506	2.9%	19.91	19.44
		Total	$102,571,054	100.0%	$683.59	$667.28
			102,571,054			

22% Soft as % of Hard & Land

$0 per Parking Space

First Stabilized Year @ 481,750 RSF		6							
Gross Potential Income					$ 8,067,511				
Vacancy Credit at	5.00%				(403,376)				
Total Rental Income					7,664,136				
Parking Income at	0.00% of Total Rental Income; # parking spaces / 1000 sf =				0				
Retail Income	9,000 square feet	$60.00 $ nnn psf		0	540,000				
Other Income at	0.00% of Total Rental Income				0				
Total Gross Income					8,204,136				
Oper Exps per RSF	$0				0	Oper Exp % of Gross	0.00%	Oper Exp / SF / Mo / Yr	$0.00	$0.00
RE Taxes Per RSF	$0				0	RE Taxes % of Gross	0.00%	RE Taxes / SF / Mo / Yr	$0.00	$0.00
Net Operating Income					$ 8,204,136				
Development Cost -- Levered / Unlevered				$ 102,571,054	**$96,240,397**				
Cash on Cost Return -- Levered / Unlevered				8.00%	**8.52%**				

Finance Cost Test	
Total Cost	$93,252,891
% Funded By Equity	40.00%
$ Funded By Equity	$37,301,156
Loan Requirement	$55,951,735
Loan Ave % Outstanding	60.00%
Loan Ave $ Outstanding	$33,571,041
Interest Rate	5.00%
Annual Interest	$1,678,552
# Months Const	36
Total Interest Cost	$5,035,656
Total Finance Costs per Attached	$1,295,000

Developer Fees -- Acquisition and Development Fees:	
Cost less G&A	$99,583,547
G&A Rate	3.00%
G&A Recovery	$2,987,506
Soft and Hard Costs	$67,201,906
Acquisition Fee Rate	0.00%
Acquisition Fee	$0

LCOR OH Rcvry (Included in Soft Costs)	
Monthly Recovery	$50,000
Number of Months Rcvry	36
Total Recovery'	$1,800,000

Sensitivity Analysis----Target Levered Cash on Cost	
Target Unlevered Cash on Cost	8.50%
Required Annual NOI	$8,718,540
Required Change in Annual NOI	$514,404
Change in Monthly Rent prsf	$0.3039
Change in Annual Rent prsf	$3.65
Required Development Cost	$96,519,244
Required Change in Development Cost	($6,051,809)
% Change in Development Cost	-5.90%
Change in Development Cost pgsf	($39.37)

Summary of Building Massing		
Garage	0	-
Retail		9,000
Rentable SF		141,047
Common Areas	2.5%	3,668
Total GSF		153,715

* Factor includes common space, retail and parking sf.

Number of Floors	12			
Office Rentable SF	141,047	91.76%	94.00%	
Retail SF	9,000	5.85%	6.00%	
Non-Rentable Square feet SF	3,668	2.39%	0.00%	
Number of Building SF (Excluding Garage)	153,715	100.00%	100.00%	
Number of Garage SF	0			
Number of Parking Spaces	0			
Total Number of SF Including Garage	153,715			

Assumed Development Budget	$102,000,000
Development Budget per W/P	$102,571,054

SOFT COSTS					
Design Fees --	5%				2,152,010
Architecture			0	0.00	0
Structural / MEP			0	0.00	0
Landscape			0	0.00	0
Civil			0	0.00	0
Traffic			0	0.00	0
Environmental			0	0.00	0
Interior Design			0	0.00	0
Reimburseables (% of above design fees)			0	0.00	0
Project Overhead --	7%				3,012,814
Surveys & Testing (% of Hard Cost)		0.00	0	0.00	0
Building Permits (% of Hard Cost)		0.00	0	0.00	0
Project Management & Accounting ($ per month)		0.00	0	0.00	0
Developer Reimbursables (% of Project Mgmt & Acctg)		0.00	0	0.00	0
Approval Costs		0.00	0	0.00	0
MAI Fee		0.00	0	0.00	
Construction Audit		0.00	0	0.00	
Temporary Utilities		0.00	0	0.00	
Pre-Construction GC		0.00	0	0.00	0
Legal --	1.0%				1,020,000
Legal Fees Partnership Documents		0.00	0	0.00	
Legal Fees Construction Documents		0.00	0	0.00	
Legal Fees Historic Matters		0.00	0	0.00	
Legal Fees Leasing		0.00	0	0.00	
Closing Fees & Expenses	0.5%				510,000
Title Insurance (% of Assumed Development Budget)		0.00	0	0.00	0
		0.00	0	0.00	0
Transfer Tax		0.00	0	0.00	0
Ground Lease Payments		0.00	0	0.00	0
Insurance --	0.3%				255,000
Site Work Cash Performance Deposit		0.00	0	0.00	0
Refund of Site Work Cash Performance Deposit		0.00	0	0.00	0
Bldrs Risk & OCP Insurance (% of Assumed Devel Budget)		0.00	0	0.00	0
Real Estate Taxes During Construction and Impact Fees	40.00				6,148,600
Real Estate Taxes ($ per year during Const and Lease-up)	0.00	0.00	0	0.00	0
Impact Fees (Assumed $20/sf)		0.00	0	0.00	0
Marketing --	0.5%				510,000
All Marketing Costs		0.00	0	0.00	0
Rental Agent Commission		0.00	0	0.00	0
FF&E		0.00	0	0.00	0
Punchlist Reserve		0.00	0	0.00	0
		0.00	0	0.00	0
Subtotal Soft Costs Excluding Contingency		88.53	0	90.69	13,608,424
Soft Cost Contingency --	5.00%	4.42		4.53	680,000
Office Leasing Comm. -- (assume 15 year term)	21.00	19.27		21.00	2,961,985
Retail Leasing Comm. -- (assume 10 year term)	21.00	1.23		21.00	189,000
Cash (Flow) / Deficit Per Draw Schedule ($ per unit)	$0	0.00	0	0.00	$0
TOTAL SOFT COSTS		113.45	0	116.23	17,439,409

FINANCING COSTS (excluding interest)					
Interest Rate Cap (% of Loan Amount)	0.25%	0.91		0.93	140,000
Legal Fees -- Lender		0.65		0.67	100,000
Legal Fees -- Borrower		0.98		1.00	150,000
Bank Inspection and Admin Fee		1.33		1.37	205,000
Construction Loan Financing Fee --	0.75%	2.73		2.80	420,000
Mortgage Brokerage Fee --	0.50%	1.82		1.87	280,000
Mortgage Recording Tax --(need to Identify in SF)	0.00%	0.00		0.00	0
TOTAL FINANCING COSTS (Excluding Interest)		8.42	0	8.63	1,295,000

Loan Amount per Summary	$55,951,735

Real Estate Taxes --			
Absorption-Floors per Month	1	floors per month	
Absorption Period	12.00	Months	
Value of Building			
Tax Factor (see Below)			
Annual Tax During Development	$0	$0	
FSY NOI	$8,204,136		
Value Cap Rate	6.50%		
Estimated Stabilized Value	$126,217,474		
Debt	$55,951,735		
Available for Distribution	$70,265,739		
Equitt Invested	37,301,156		1.9

Hotel Analysis

MARKET POTENTIAL: HOTEL

1. The San Francisco hotel market is considered one of the strongest in the United States. It is ranked either 3rd or 4th in the country in terms of key indicators: occupancy levels, average daily room rates and Rev/ Par (Revenue per Available Room).
2. Demand has remained strong and is diverse from tourism (over 16 million visitors annually and increasing), convention center/conference and business travelers. Note that the City's Moscone Convention Center across the street from the SFMTA site is currently undergoing a 200,000 square foot expansion.
3. Demand is increasing, as indicated by the occupancy rates at over 80.5 % (up from 74% in 2009) in the City overall and 90% in SoMa.
4. Supply is constrained by land availability and the approval process.
5. Current overall supply of hotel rooms in San Francisco is 33,800 rooms, and only 1,520 rooms in seven hotels are in the approvals and planning stage. If all are built, this will mean an addition of only 3.8% to the total supply. Note, that of the seven proposed hotels, only two are in the final planning stage and will add a total of approximately 200 rooms. One of the hotels (174 rooms) in the final planning stage would be built on a site approximately the same size as the SFMTA site.
6. Average daily room rates in SoMa are in the $250 range and RevPAR is at $225, rates which have been increasing over the past five years.
7. The SFMTA site is considered an excellent one given its immediate proximity to the Moscone Convention Center (undergoing expansion), the expanding San Francisco Museum of Modern Art, the Yerba Buena Gardens and the area's development trends: e.g. new office space, residential growth, new transit with greater access to the AT&T Stadium, the Market Street corridor, and new retail (Whole Foods).
8. Indications are that by size, pricing and demand sources, Limited Service Hotels are in demand, and are in limited supply.
9. Extended Stay Hotels, which require more room space (in excess of 350 square feet per room), are also in limited supply.
10. In summary, the SFMTA site offers strong potential for small hotel development (in the range of 161 rooms)

CONCEPTUAL BUILDING ANALYSES: HOTEL

SUMMARY

The conceptual building analyses were developed through 1) research of the local zoning and building codes; 2) direction from LePatner on the current market / demand in the SoMa area; 3) understanding of the site-specific constraints; and 4) development of conceptual floor plans, sections, massing, and outline specifications that reflect the information described above.

The following are key points that the Project Team has found through the development of the Conceptual Building Analysis for a hotel:

KEY HOTEL ASSUMPTIONS & NOTES

- Per the direction of SFMTA and the Planning Department, the analysis is based on the draft guidelines of the new Mixed Use Office (MUO) zoning district. The current zoning for the area is M1 (SFMTA Site) and WMUG (Adjacent Site), but the new MUO district is expected to be approved and implemented in 2015.
- This analysis assumes no variances or other concessions from zoning codes. The analysis reflects what can feasibly be built within the required zoning and building codes, including restrictions anticipated by the new MUO and Central SoMa plans.
- Per LePatner's analysis of the market in SoMa, the baseline for the conceptual building analysis is what LePatner has identified as a Limited Service Hotel, which provides a guest room and lavatory with bath or shower, and an in-room mini refrigerator and coffee maker. Because of the physical location adjacent to the City's primary convention center, the hotel also assumes a small business center and minimal amount of guest lobby space. It should also be noted, that due to neighborhood context and planning requirements, it is assumed that there will be ground floor retail; this can include a restaurant associated with the hotel, though the conceptual analysis assumes the retail is not part of the hotel.
- The subway station below affects the construction of the site in a few different ways beyond the height restrictions (due to structural limitations). On one hand, it potentially reduces foundation costs, especially if substantial piers will otherwise be required. On the other hand, there may be significant costs and/ or staging implications in order to shore the subway station during specific periods of construction. Subsequent phases should further evaluate true structural limitations based on use and construction.
- Based on discussions with a Geotechnical Engineer, the foundation consists of 14" square 60' deep piers every 5' on center. This will likely affect conceptual cost estimates done in subsequent phases. Further study on the potential foundation system will be required.
- California's Green Building Code, which took effect in 2011 and is being implemented in phases, is likely to affect the cost of construction and development in the next 5-10 years. Cost increases include: annual increases in mandated energy and water-efficiency that will take time for products and engineers to fully implement and comply with, and potential increases due to evolving methods of compliance. Note, however, that, the increase in construction and development costs may be balanced by a decrease in operating and maintenance costs.

SFMTA-ONLY SITE

- The small footprint of the site (approx. 8,400 sf), combined with a height restriction of 10 stories above the subway station, limits the development potential. However, the Project Team determined that the number of units which fit into this site option provides development potential for a number of hotel developers.
- There is a portion of the site that, by code and lack of structural limitations, can go up to 180'. However, as shown in a diagram on the following pages, that portion is too small to be feasible. The height of the overall building is therefore limited to the structural limitations of the subway station below.
- Per guidance from the Planning Department, the analysis assumes that the Project will be exempt from the proposed required setbacks above 85'. This exemption is specific to small corner sites, and is expected to be detailed in the new Central SoMa Plan.

COMBINED SITE

- Per guidance from the Planning Department, the analysis assumes that the Project will be not be exempt from the proposed required setbacks above 85'. The plans therefore show 15' required setbacks from all property lines, at 85' above grade. The setbacks are expected to be detailed in the new Central SoMa Plan.
- The changing setback requirements on the building, due to both structural limitations and planning setbacks, creates a limitation in efficiency of repeatable floor plates.

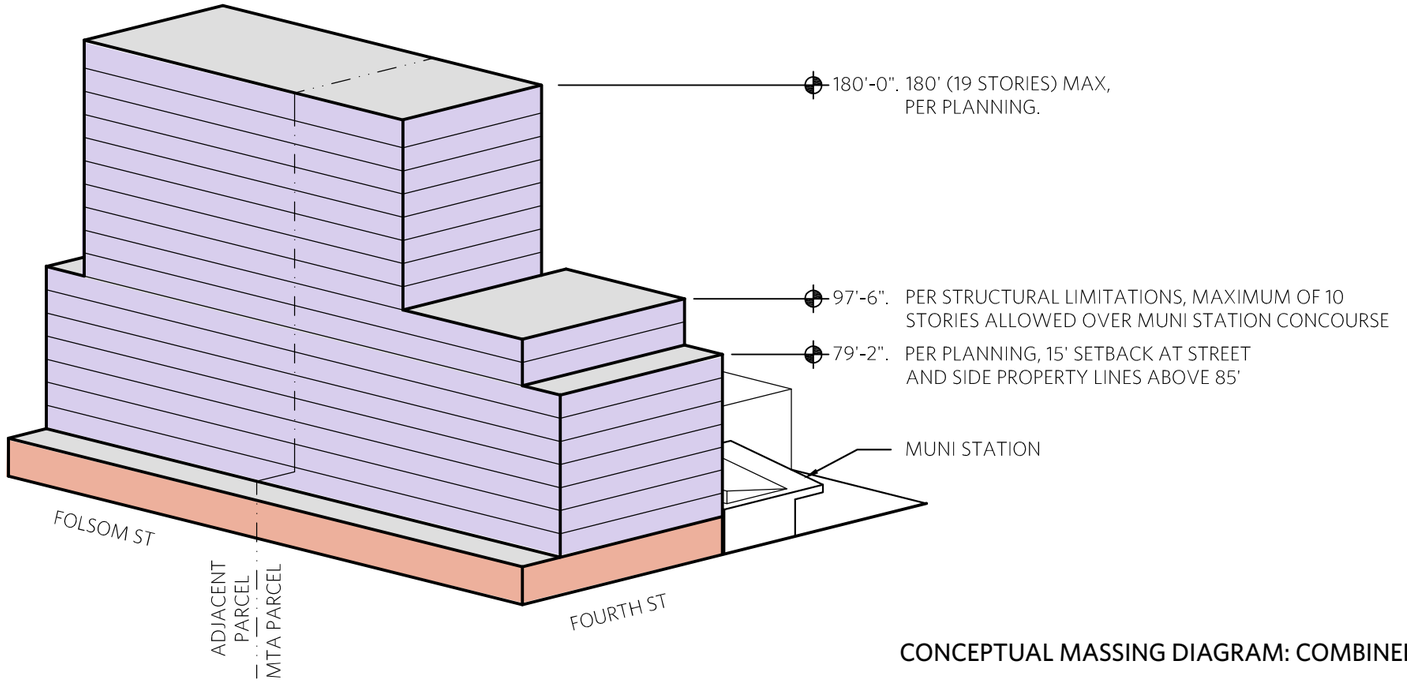
ZONING AND CODE ANALYSIS: HOTEL

Per SFMTA and Planning guidance, this analysis is based on zoning regulations expected to be implemented in 2015. Both the SFMTA Site and the Adjacent Site will be re-zoned to Mixed Office Use (MUO). Additionally, both sites will be overlaid with 1) the Central SoMa Plan, which integrates a community vision for the southern portion of the Central Subway rail corridor through a comprehensive neighborhood strategy; and 2) the Eastern Neighborhoods Program (East SoMa neighborhood), which calls for transitioning the existing industrial areas in these four neighborhoods to mixed use zones that encourage new housing. The other remaining half would be reserved for Production, Distribution and Repair districts, where a wide variety of functions such as Muni vehicle yards, caterers, and performance spaces can continue to thrive.

Proposed Rezoning under Central SoMa Plan		Both Parcels: Rezoned to MUO – Mixed Use Office zone Rezoned to 180' height
Source of regulation	Planning Regulation	Requirement or Limit
Central SoMa Plan Initial Study – p.15 & 18	Height	180' max
Planning staff	Setbacks & bulk limit	15' setback at all property lines for portion of building above 85'. Planning has indicated that a building with a height of 97'-6" on a corner site will be exempt from this requirement.

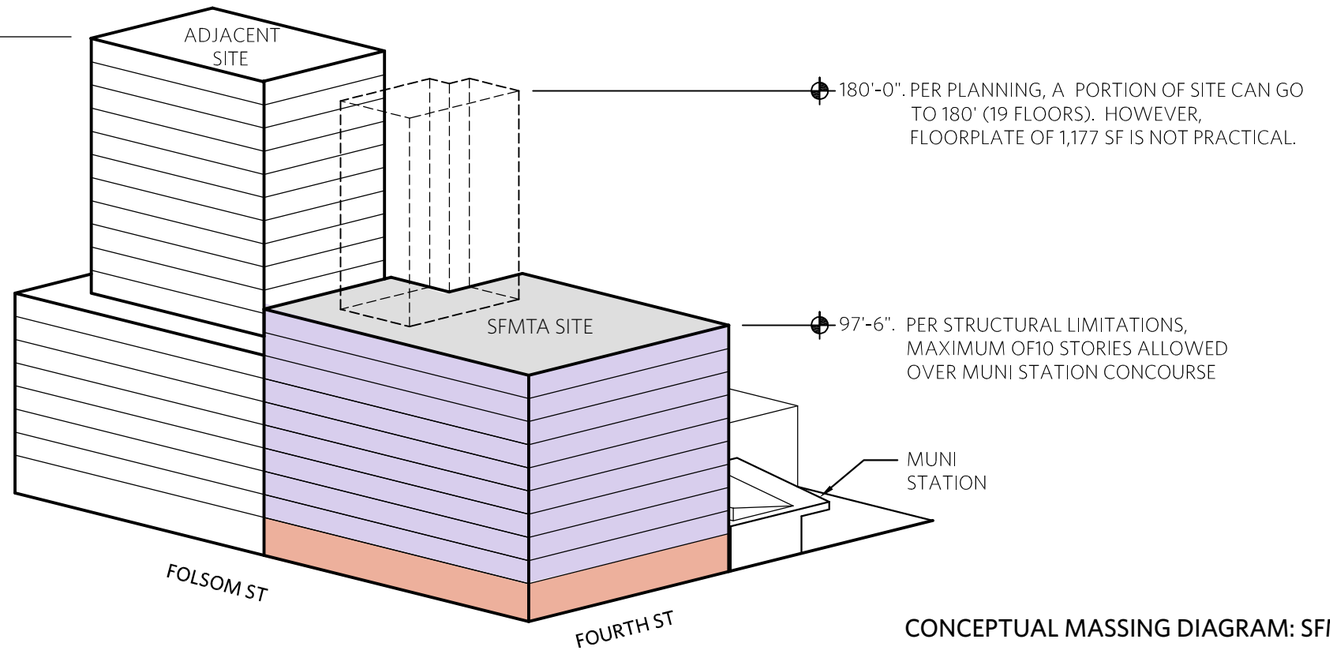
Density & open space		Requirements
Source of regulation	Planning Regulation	Requirement or Limit
Planning Code 842.24	Nonresidential density limit	7.5 to 1 nonresidential FAR (May be increased by the Central SoMa Plan)
Planning Code 134	Rear yards	None required for nonresidential uses.
Planning Code 842.11	Open space	Not specified for hotels, code refers to "most similar" use, most likely retail or service. Code requires 1 sf per 250 sf retail.

Parking		Requirements
Source of regulation	Planning Regulation	Requirement or Limit
Planning Code 842.08 and 842.10	Parking	None required
Planning Code 152.1	Loading	Hotel: 1 for 100,001-200,000 sf 2 for 200,001-500,000 sf
Planning Code 155	Bike parking	1 per 30 hotel rooms.



CONCEPTUAL MASSING DIAGRAM: COMBINED SITE

PER PLANNING, A PORTION OF THIS SITE CAN GO TO 180'. HOWEVER, A FLOORPLATE OF 3,500 SF MAY NOT BE PRACTICLE



CONCEPTUAL MASSING DIAGRAM: SFMTA SITE

SITE AREA

SFMTA Site	14,797 gsf *(8,400 gsf usable)*
Total:	**14,797gsf (0.34 acres)**

BUILDING AREA

Floors	2-10	7,553 gsf per floor *(77% efficiency)*
Floors	1	8,100 gsf per floor
Total:		**76,077 gsf**

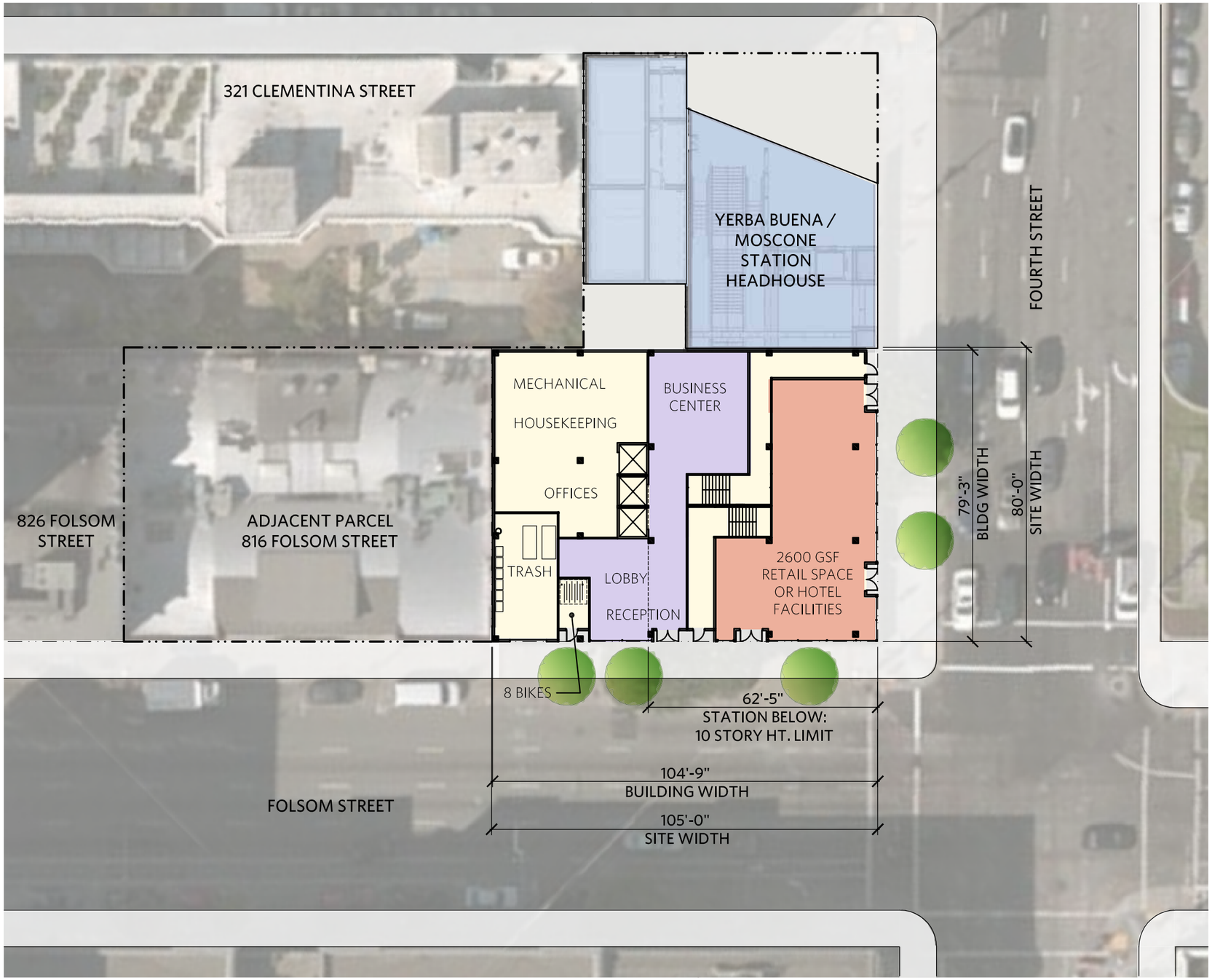
PROGRAM

Guestrooms:	118	73.3%	253 gsf
Suites (Living + 1 Bed):	34	21.1%	380-460 gsf
2 Bedroom Suites:	9	5.6%	531 gsf
Total Units:	**161**		

Retail space:	2,600 gsf on first floor
Amenity space:	2,600 gsf
Utility space:	2,300 gsf
Bike parking:	8 Class 1 spaces
Loading:	None, per planning code
Car parking:	None, per planning code

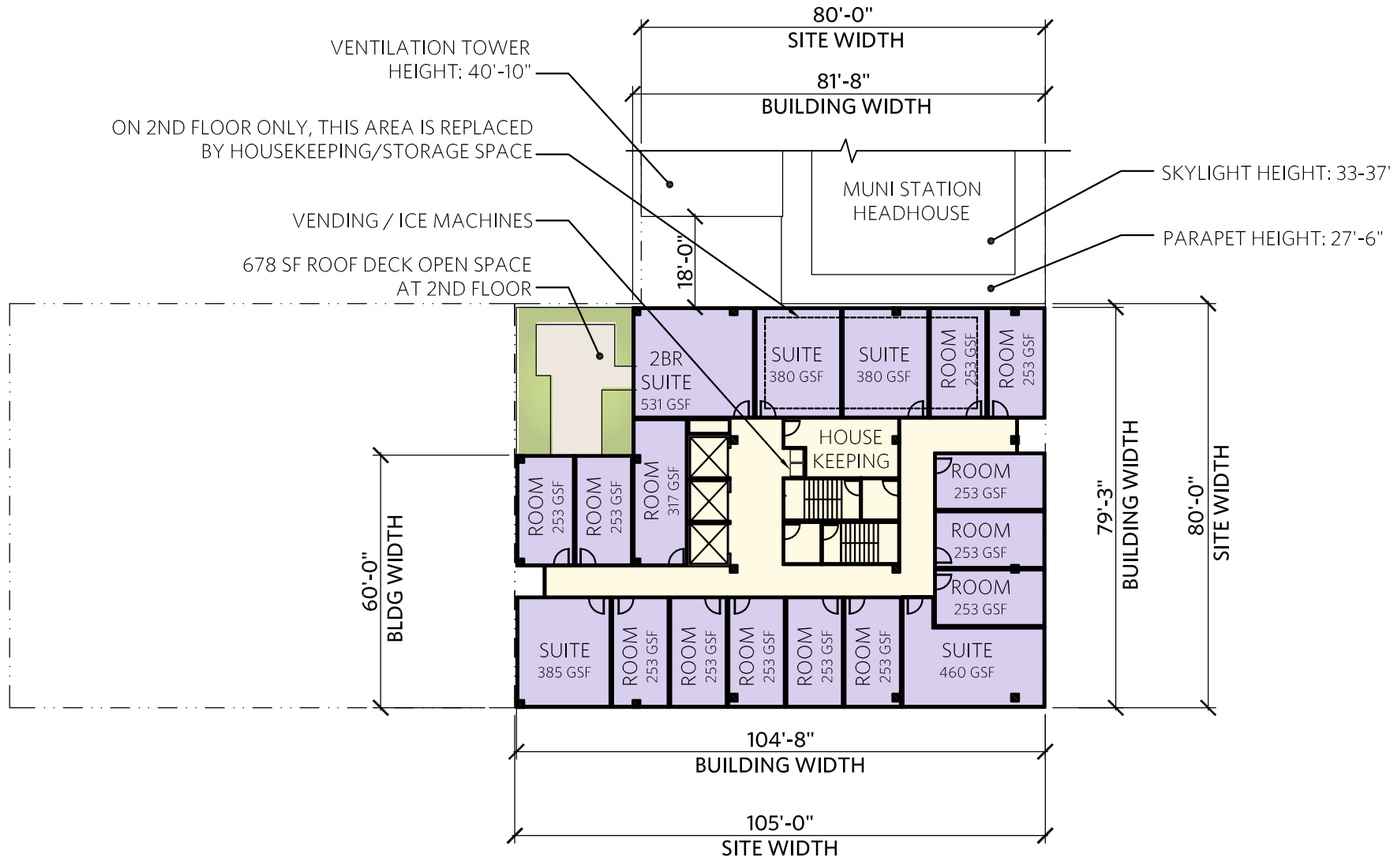
NOTES

- No loading spaces required for hotel buildings under 100,000 sf
- No parking required or provided (Planning Code 842.08)
- Per Planning, the 15' setback above 85' height will not be provided.



Ground Floor Plan

SFMTA SITE SCALE 1" = 30'-0"

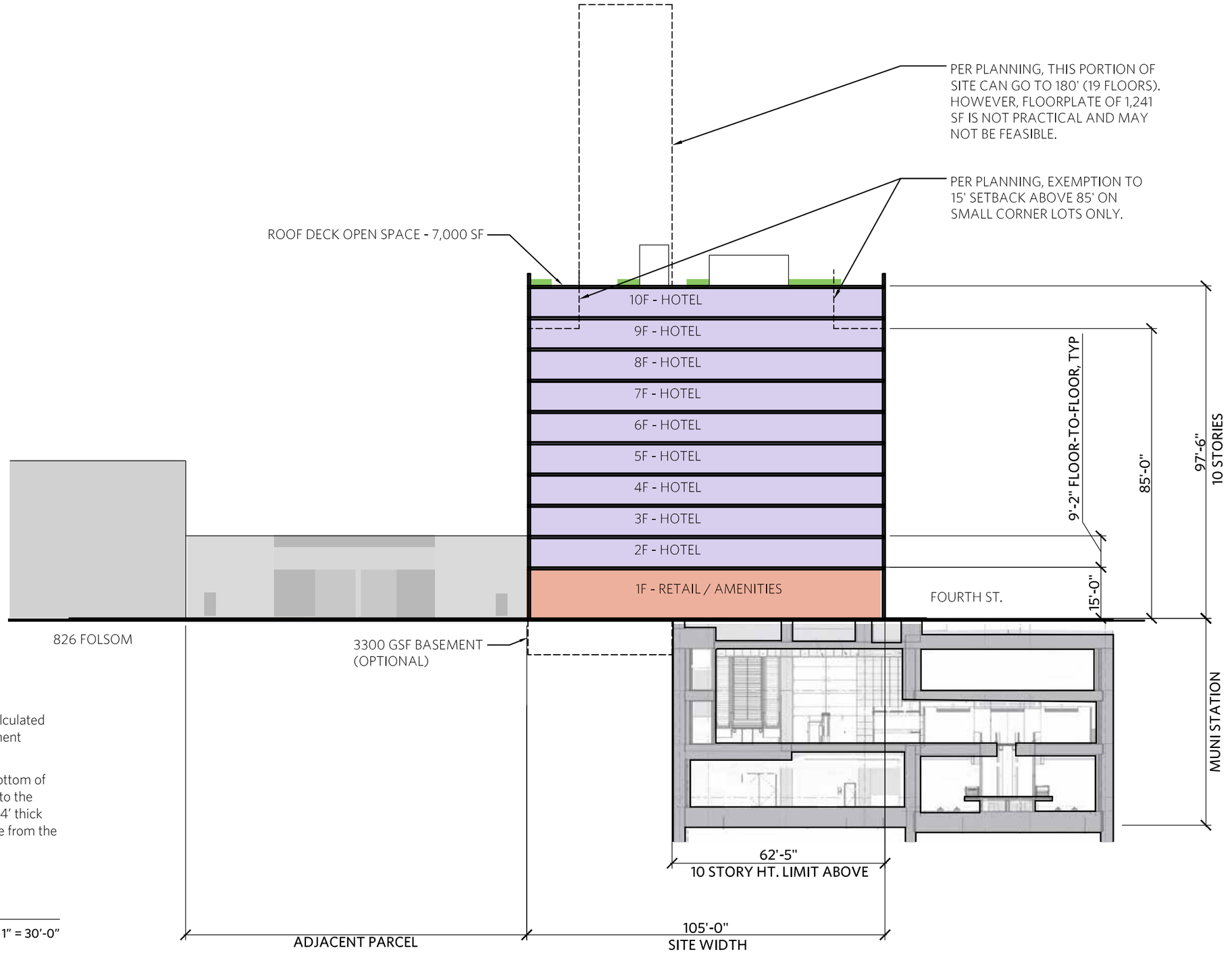


NOTE

- Per planning, no setbacks are required at lower levels.
- Per planning, the 15'-0" setback required from all property lines at floors above 85' will be exempt on small corner lots at the property lines along the street.
- The parapet height of the Muni station headhouse limits windows along this façade on the 2nd floor.
- The columns shown in the diagram are in alignment with the columns of the Muni station below. Subsequent design phases should investigate alternatives.
- Elevators cannot be located above the Muni station

Floor Plan – Floors 2-10

SFMTA-SITE SCALE 1" = 30'-0"



NOTE

- The optional basement shown is not calculated into construction costs or the development budget.
- The height of the Muni station to the bottom of the lowest slab is approx 56'. Adjacent to the walls of the station box is a continuous 4' thick slurry wall that extends 90' below grade from the top.

Building Section

SFMTA-SITE SCALE 1" = 30'-0"

CONCEPTUAL MASSING DIAGRAM: SFMTA SITE

SITE AREA

SFMTA Site	14,797 gsf *(8,400 gsf usable)*
Adjacent Site	7,997 gsf
Total:	**22,794 gsf (0.52 acres)**

BUILDING AREA

Floors	11-19	6,420 gsf per floor
Floors	9-10	9,450 gsf per floor
Floors	2-8	11,060 gsf per floor
Floor	1	16,127 gsf per floor
Total:		**170,227 gsf**

Avg. efficiency: 73%

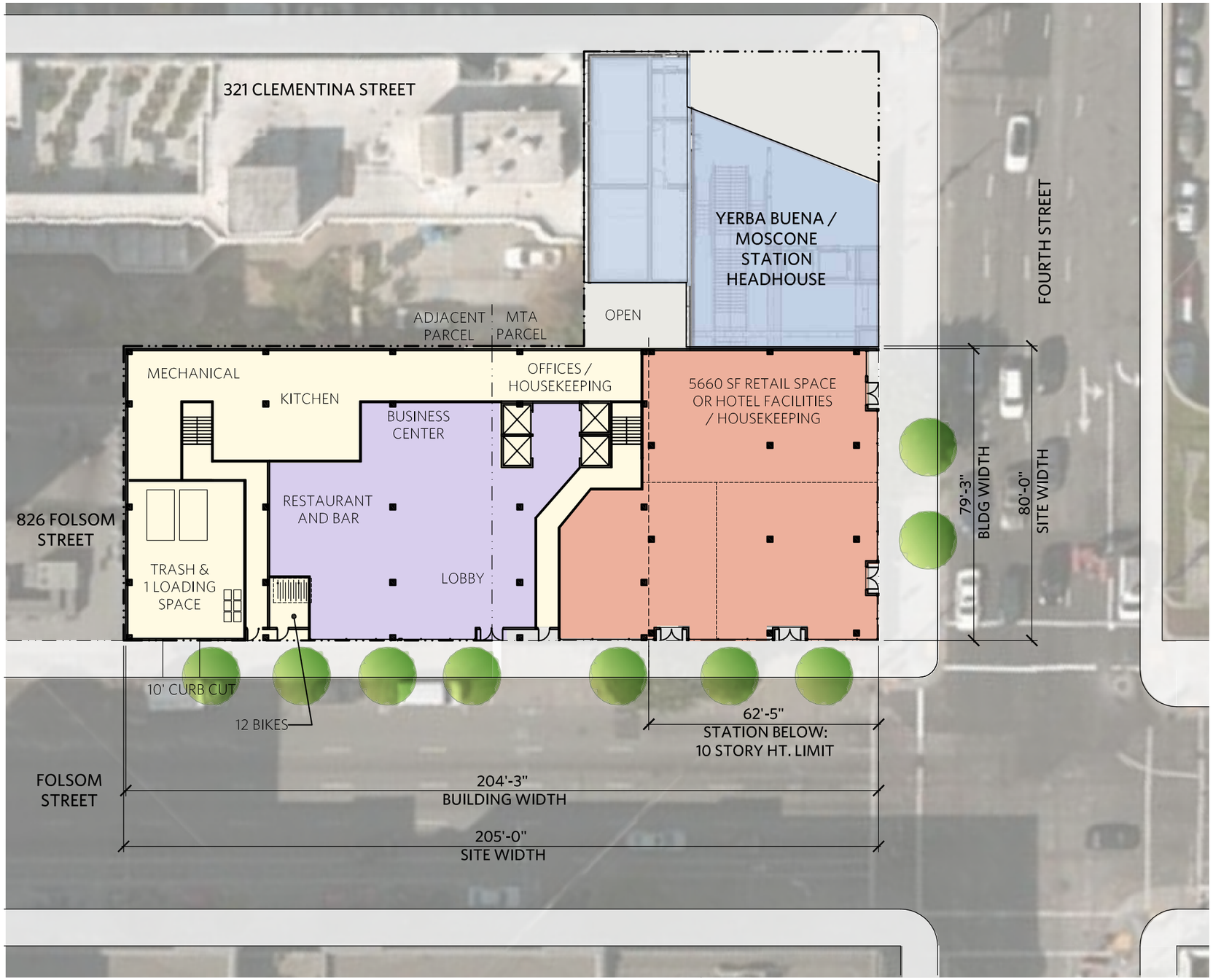
PROGRAM

Guestrooms:	292	77.1%	253 gsf
Suites (Living + 1 Bed):	80	21.1%	360-407 gsf
2 Bedroom Suites:	7	1.8%	572-711 gsf
Total Units:	**379**		

Retail space:	5,660 gsf on first floor
Amenity space:	3,000 gsf
Utility space:	3,000 gsf
Bike parking:	12 Class 1 spaces
Loading:	1 space
Car parking:	None

NOTES

- One loading spaces required for hotel buildings from 100,000 to 200,000 gsf. 1 space provided. (Planning Code 152.01)
- No parking required or provided (Planning Code 842.08)
- FAR is 7.46



Ground Floor Plan

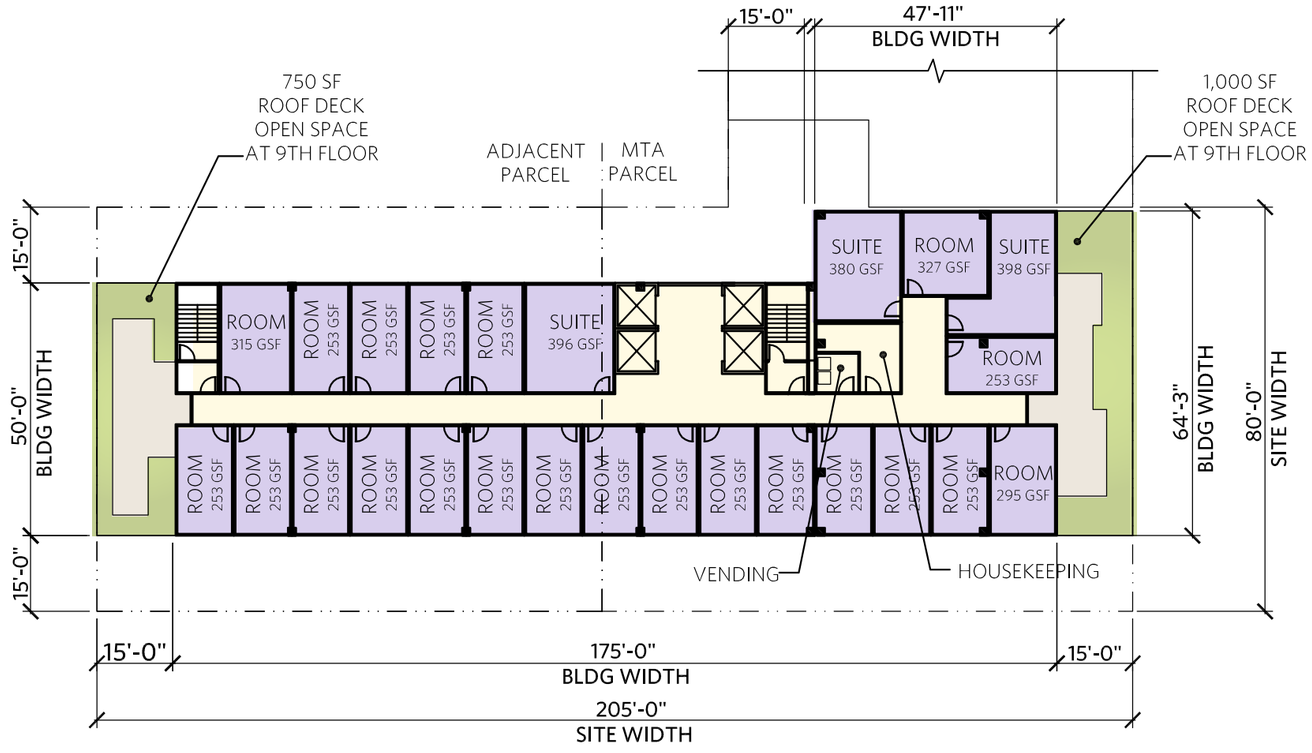
COMBINED SITE SCALE 1" = 30'-0"

NOTE

- Per planning, a 15'-0" setback is required from all property lines at floors above 85'. The Muni station is located on the same property as the SFMTA site, and therefore no setback is required at this location.

Floor Plan – Floors 9-10

COMBINED SITE SCALE 1" = 30'-0"

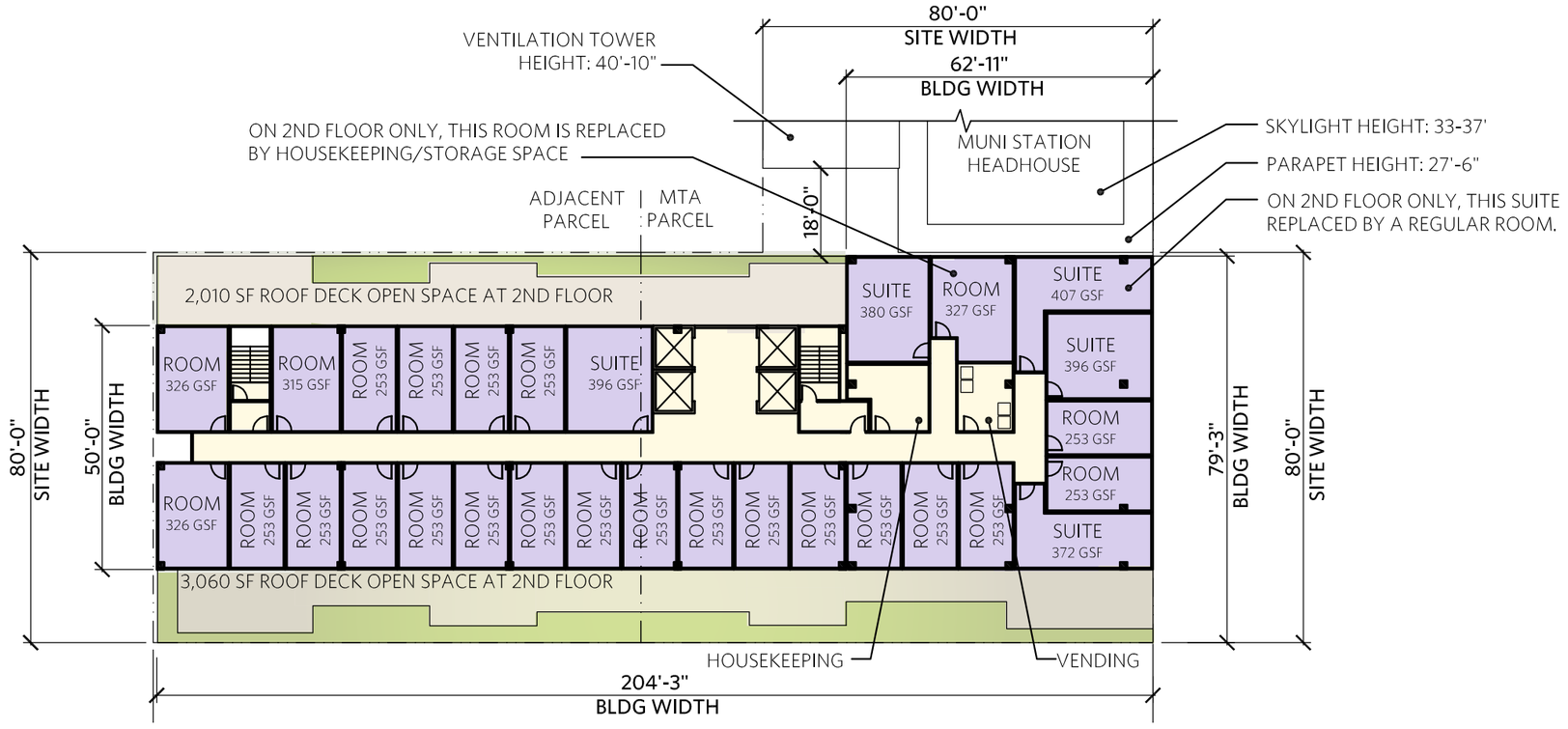


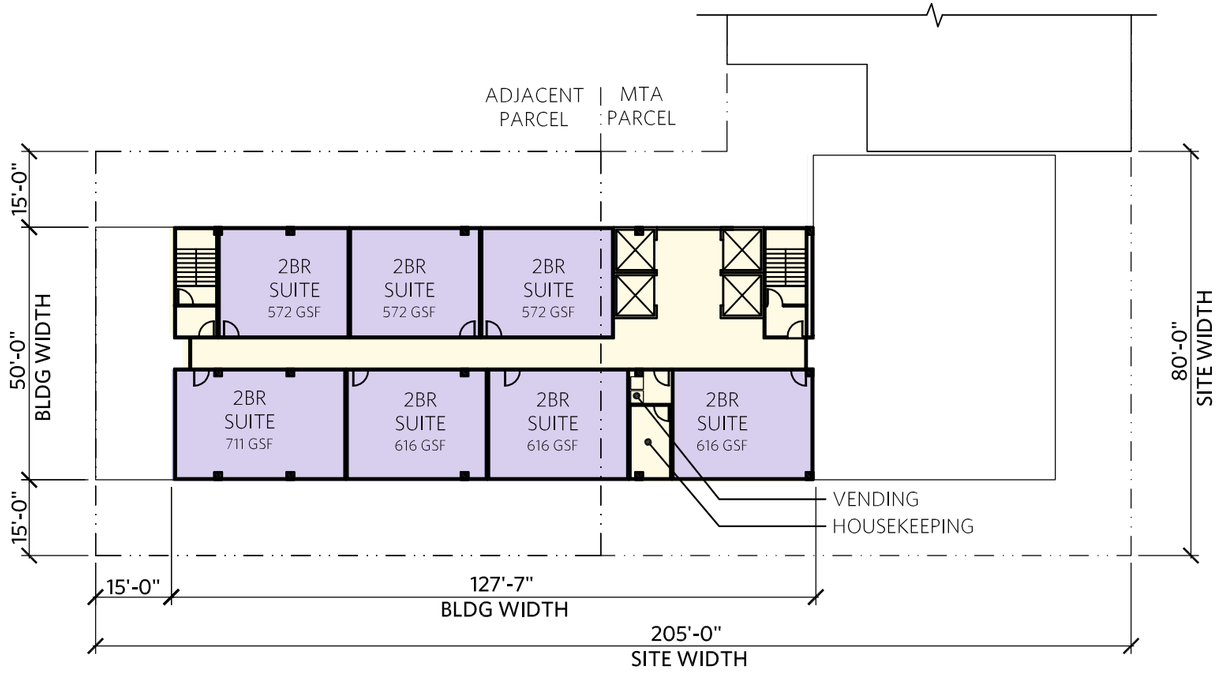
NOTE

- Per planning, no setbacks are required at lower levels.
- Per planning, it is unclear whether open space is required for hotels. Open space has been provide at the second floor and roof.
- The parapet height of the Muni station headhouse limits windows along portions of this façade on the 2nd floor. The columns shown in the diagram are in alignment with the columns of the Muni station below. Subsequent design phases should investigate alternatives.
- Elevators cannot be located above the Muni station.

Floor Plan – Floors 2-8

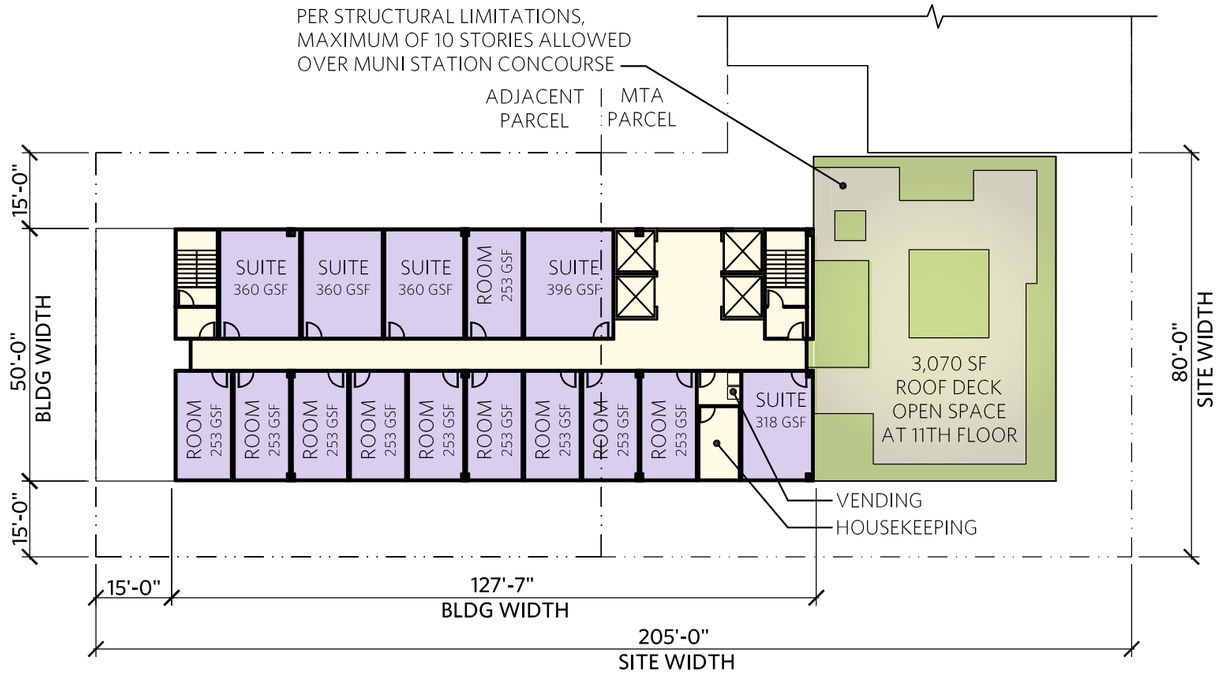
COMBINED SITE SCALE 1" = 30'-0"





Floor Plan – Floor 19

COMBINED SITE SCALE 1" = 30'-0"

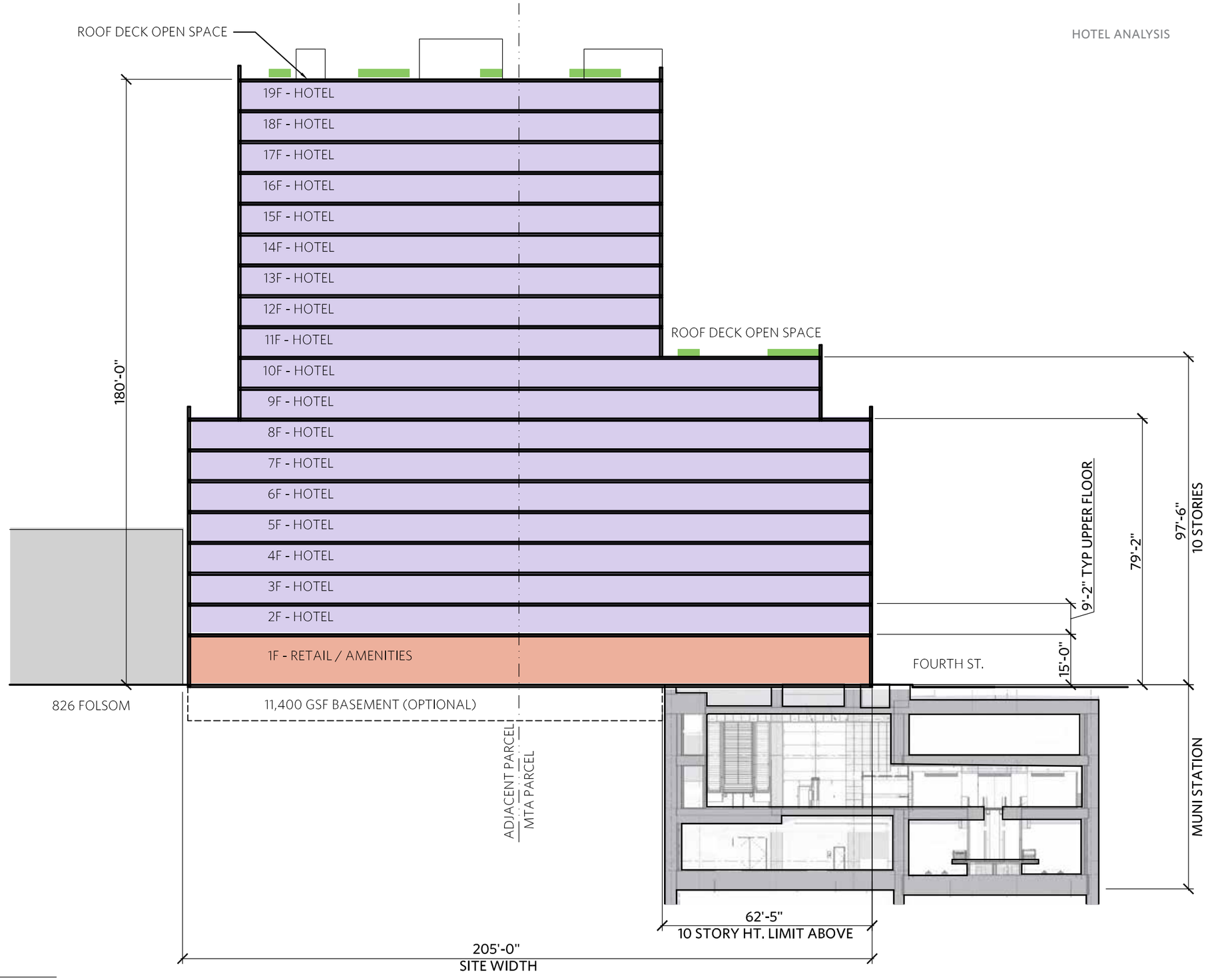


NOTE

- Per structural limitations, the height of the building above the Muni station is limited to 10 stories. Subsequent phases of design should consultant with a structural engineer regarding options for increasing the height of the building.

Floor Plan – Floors 11-18

COMBINED SITE SCALE 1" = 30'-0"



Building Section

COMBINED SITE SCALE 1" = 30'-0"

CONCEPTUAL MASSING DIAGRAM: COMBINED SITE

ESTIMATED LAND VALUES: HOTEL

Based on market analysis findings and financial assumptions, cash flow proformas were developed to determine the Estimated Land Values for hotel use for: 1) the SFMTA site alone and 2) for the combined SFMTA and Adjacent Sites. Key financial assumptions are provided for hotel development for the sites. Full financial proformas are provided in the Appendix.

1. The estimated land value for the SFMTA site alone (based on MWA plans for 161 rooms/ keys) = $10,000,000 or $62,112 per room/ key. This results in a 10.48% return. NOTE: The analysis was undertaken for a Limited Service Hotel. Extended Stay hotels also show strong demand and limited supply, but require larger rooms with amenities, which may cost more, but which may command higher ADR's. Market competition for this type of developed use will be the determinant.
2. The estimated land value for the combined site, based on conceptual plans for 379 rooms / keys, is $25,000,000 or $65,963 per unit. Unit configuration is for a Limited Service Hotel. This results in a 10.67% Return.

KEY PROFORMA ASSUMPTIONS

- Projected Occupancy (at Stabilization) = 80.5%
- Average Daily Rate (ADR) = $250/ room
- RevPAR = $225
- Construction Costs/ Key = $250,000 / room
- Operating Costs = 35% of gross revenue
- Impact Fees = $40 / gsf
- Real Estate Taxes During Construction = $0
- Real Estate Taxes After Construction = 15%
- Developer Fee = 3.00%
- Project Overhead = 7.00% of hard costs for the SFMTA site, and 4.00% for the combined site.
- A&E Costs = 5.00% of hard costs for the SFMTA site, and 4.00% for the combined site.
- Closing Costs = 0.50% of Project Costs
- Marketing Costs = 0.50% pf Project Costs
- Soft Cost Contingency = 5.00%
- Financing Costs = 6.3% of Project Costs for the SFMTA site, and 7.5% for the combined site.
- Capitalization Rate = 8.5%
- Investor Underwriting = 10.5% unlevered cash on costs

PROFORMAS: SFMTA SITE

REASONABLENESS ANALYSIS

Income	Unit Mix	# Rooms	USF/RM	Total Rent SF	Rev Par	$ / mo/rm.	$ / Yr/rm	Total $
Rev Par per Room	100.00%	161	300	48,300	$225.00	$6,750	$81,000	$13,041,000
	0.00%			0			0	0
	0.00%			0		0	0	0
	0.00%			0		0	0	0
Totals		161		48,300			81,000	$13,041,000
Ave sf per floor; $ per sf per month; $ per sf per year			300		$270.00			

Loss Factor *	36.5%			
GSF	76,077			
Hard Cost per GSF	$250,000			
Total Cost per GSF	$990			
Development Cost	$75,311,364			
Total Cost	$75,311,364			

Reasonableness Test of Development Cost:

		%	$Cost/Room	$Cost/gsf	
Land&Bldg	$10,000,000	13.3%	$62,112	$131.45	
Soft Cost	$10,051,830	13.3%	62,434	132.13	20% Soft as % of Hard & Land
FF&E	$8,050,000	10.7%	50,000	105.81	
Hard Cost	$40,250,000	53.4%	250,000	529.07	
		0.0%	0.00	0.00	
		0.0%	0.00	0.00	
Garage	$0	0.0%	0.00	0.00	$0 per Parking Space
Financing Costs	$4,765,999	6.3%	29,602	62.65	
Developer Fees	$2,193,535	2.9%	13,624	28.83	
Total	$75,311,364	100.0%	$467,772	$989.94	
	75,311,364				

First Stabilized Year @ 481,750 RSF			6						
Gross Potential Income					$ 14,642,435				
Vacancy Credit at	5.00%				(732,122)				
Total Rental Income					13,910,313				
Parking Income at	0.00% of Total Rental Income; # parking spaces / 1000 sf =				0				
Retail Income	0 square feet $60.00 $ nnn psf			0	0				
Other Income at	0.00% of Total Rental Income				0				
Total Gross Income					13,910,313				
Oper Exps per Room	$28,350	35%			(4,564,350)	Oper Exp % of Gross	32.81%	Oper Exp / SF / Mo / Yr	$7.88 $94.50
RE Taxes Per Room	$12,150	15%			(1,956,150)	RE Taxes % of Gross	14.06%	RE Taxes / SF / Mo / Yr	$3.38 $40.50
Net Operating Income					$ 7,389,813				
Development Cost -- Levered / Unlevered				$ 75,311,364	$70,545,365				
Cash on Cost Return -- Levered / Unlevered				9.81%	10.48%				

Finance Cost Test	
Total Cost	$68,351,830
% Funded By Equity	40.00%
$ Funded By Equity	$27,340,732
Loan Requirement	$41,011,098
Loan Ave % Outstanding	60.00%
Loan Ave $ Outstanding	$24,606,659
Interest Rate	5.00%
Annual Interest	$1,230,333
# Months Const	36
Total Interest Cost	$3,690,999
Total Finance Costs per Attached	$1,075,000

Developer Fees -- Acquisition and Development Fees:	
Cost less G&A	$73,117,829
G&A Rate	3.00%
G&A Recovery	$2,193,535
Soft and Hard Costs	$50,301,830
Acquisition Fee Rate	0.00%
Acquisition Fee	$0

LCOR OH Rcvry (Included in Soft Costs)	
Monthly Recovery	$50,000
Number of Months Rcvry	36
Total Recovery'	$1,800,000

Sensitivity Analysis----Target Levered Cash on Cost	
Target Unlevered Cash on Cost	10.50%
Required Annual NOI	$7,907,693
Required Change in Annual NOI	$517,880
Change in Monthly Rent prsf	$0.8935
Change in Annual Rent prsf	$10.72
Required Development Cost	$70,379,172
Required Change in Development Cost	($4,932,192)
% Change in Development Cost	-6.55%
Change in Development Cost pgsf	($64.83)

Summary of Building Massing		
Garage	0	-
Retail		0
Rentable SF		48,300
Common Areas	36.5%	27,777
Total GSF		76,077

* Factor includes common space, retail and parking sf.

SOFT COSTS					
Design Fees --	5%				2,012,500
Architecture			0	0.00	0
Structural / MEP			0	0.00	0
Landscape			0	0.00	0
Civil			0	0.00	0
Traffic			0	0.00	0
Environmental			0	0.00	0
Interior Design			0	0.00	0
Reimburseables (% of above design fees)			0	0.00	0
Project Overhead --	7%				2,817,500
Surveys & Testing (% of Hard Cost)		0.00	0	0.00	0
Building Permits (% of Hard Cost)		0.00	0	0.00	0
Project Management & Accounting ($ per month)		0.00	0	0.00	0
Developer Reimbursables (% of Project Mgmt & Acctg)		0.00	0	0.00	0
Approval Costs		0.00	0	0.00	0
MAI Fee		0.00	0	0.00	
Construction Audit		0.00	0	0.00	
Temporary Utilities		0.00	0	0.00	
Pre-Construction GC		0.00	0	0.00	0
Legal --	1.0%				755,000
Legal Fees Partnership Documents		0.00	0	0.00	
Legal Fees Construction Documents		0.00	0	0.00	
Legal Fees Historic Matters		0.00	0	0.00	
Legal Fees Leasing		0.00	0	0.00	
Closing Fees & Expenses	0.5%				377,500
Title Insurance (% of Assumed Development Budget)		0.00	0	0.00	0
		0.00	0	0.00	0
Transfer Tax		0.00	0	0.00	0
Ground Lease Payments		0.00	0	0.00	0
Insurance --	0.3%				188,750
Site Work Cash Performance Deposit		0.00	0	0.00	0
Refund of Site Work Cash Performance Deposit		0.00	0	0.00	0
Bldrs Risk & OCP Insurance (% of Assumed Devel Budget)		0.00	0	0.00	0
Real Estate Taxes During Construction and Impact Fees	40.00				3,043,080
Real Estate Taxes ($ per year during Const and Lease-up)	0.00	0.00	0	0.00	0
Impact Fees (Assumed $20/sf)		0.00	0	0.00	0
Marketing --	0.5%				377,500
All Marketing Costs		0.00	0	0.00	0
Rental Agent Commission		0.00	0	0.00	0
FF&E		0.00	0	0.00	0
Punchlist Reserve		0.00	0	0.00	0
		0.00	0	0.00	0
Subtotal Soft Costs Excluding Contingency		125.82	0	198.17	9,571,830
Soft Cost Contingency --	5.00%	6.31		0.00	480,000
Cash (Flow) / Deficit Per Draw Schedule ($ per unit)	$0	0.00	0	0.00	$0
TOTAL SOFT COSTS		132.13	0	208.11	10,051,830

FINANCING COSTS (excluding interest)					
Interest Rate Cap (% of Loan Amount)	0.25%	1.31		2.07	100,000
Legal Fees -- Lender		1.31		2.07	100,000
Legal Fees -- Borrower		1.97		3.11	150,000
Bank Inspection and Admin Fee		2.69		4.24	205,000
Construction Loan Financing Fee --	0.75%	4.07		6.42	310,000
Mortgage Brokerage Fee --	0.50%	2.76		4.35	210,000
Mortgage Recording Tax --(need to Identify in SF)	0.00%	0.00		0.00	0
TOTAL FINANCING COSTS (Excluding Interest)		14.13	0	22.26	1,075,000

Number of Rooms	161
Hotel Rentable SF	48,300
Retail SF	0
Non-Rentable Square feet SF	27,777
Number of Building SF (Excluding Garage)	76,077
Number of Garage SF	0
Number of Parking Spaces	0
Total Number of SF Including Garage	76,077

		63.49%	100.00%
		0.00%	0.00%
		36.51%	0.00%
		100.00%	100.00%

Assumed Development Budget	$75,500,000
Development Budget per W/P	$75,311,364

Real Estate Taxes --		
Tax Factor (see Below)		
Annual Tax During Development	$0	$0
FSY NOI	$7,389,813	
Value Cap Rate	8.50%	
Estimated Stabilized Value	$86,938,977	
Debt	$41,011,098	
Available for Distribution	$45,927,879	
Equity Invested	27,340,732	1.7

Loan Amount per Summary	$41,011,098

PROFORMAS: COMBINED SITE

REASONABLENESS ANALYSIS

Income	Unit Mix	# Rooms	USF/RM	Total Rentable SF	Rev Par	$ / mo/rm.	$ / Yr/rm	Total $
Rev Par per Room	100.00%	379	292	110,668	$225.00	$6,750	$81,000	$30,699,000
	0.00%			0			0	0
	0.00%			0		0	0	0
	0.00%			0		0	0	0
Totals		379		110,668			81,000	$30,699,000
Ave sf per floor; $ per sf per month; $ per sf per year			292		$277.40			

Loss Factor *	35.0%
GSF	170,227
Hard Cost per GSF	$250,000
Total Cost per GSF	$1,036
Development Cost	$176,416,189
Total Cost	$176,416,189

Reasonableness Test of Development Cost:

		%	$Cost/Room	$Cost/gsf
Land&Bldg	$25,000,000	14.2%	$65,963	$146.86
Soft Cost	$19,269,080	10.9%	50,842	113.20
FF&E	$18,950,000	10.7%	50,000	111.32
Hard Cost	$94,750,000	53.7%	250,000	556.61
		0.0%	0.00	0.00
		0.0%	0.00	0.00
Garage	$0	0.0%	0.00	0.00
Financing Costs	$13,308,774	7.5%	35,115	78.18
Developer Fees	$5,138,336	2.9%	13,558	30.19
Total	$176,416,189	100.0%	$465,478	$1,036.36
	176,416,189			

16% Soft as % of Hard & Land

$0 per Parking Space

First Stabilized Year @ 481,750 RSF									
		6							
Gross Potential Income						$ 34,468,837			
Vacancy Credit at	5.00%					(1,723,442)			
Total Rental Income						32,745,395			
Parking Income at	0.00% of Total Rental Income; # parking spaces / 1000 sf =					0			
Retail Income	0 square feet $60.00 $ nnn psf				0	0			
Other Income at	0.00% of Total Rental Income					0			
Total Gross Income						32,745,395			
Oper Exps per Room	$28,350	35%				(10,744,650)	Oper Exp % of Gross	32.81%	Oper Exp / SF / Mo / Yr $8.09 $97.09
RE Taxes Per Room	$12,150	15%				(4,604,850)	RE Taxes % of Gross	14.06%	RE Taxes / SF / Mo / Yr $3.47 $41.61
Net Operating Income						$ 17,395,895			
Development Cost -- Levered / Unlevered					$ 176,416,189	$163,107,416			
Cash on Cost Return -- Levered / Unlevered					9.86%	10.67%			

Finance Cost Test	
Total Cost	$157,969,080
% Funded By Equity	40.00%
$ Funded By Equity	$63,187,632
Loan Requirement	$94,781,448
Loan Ave % Outstanding	60.00%
Loan Ave $ Outstanding	$56,868,869
Interest Rate	5.00%
Annual Interest	$2,843,443
# Months Const	48
Total Interest Cost	$11,373,774
Total Finance Costs per Attached	$1,935,000

Developer Fees -- Acquisition and Development Fees:	
Cost less G&A	$171,277,854
G&A Rate	3.00%
G&A Recovery	$5,138,336
Soft and Hard Costs	$114,019,080
Acquisition Fee Rate	0.00%
Acquisition Fee	$0

LCOR OH Rcvry (Included in Soft Costs)	
Monthly Recovery	$50,000
Number of Months Rcvry	48
Total Recovery'	$2,400,000

Sensitivity Analysis----Target Levered Cash on Cost	
Target Unlevered Cash on Cost	10.50%
Required Annual NOI	$18,523,700
Required Change in Annual NOI	$1,127,805
Change in Monthly Rent prsf	$0.8492
Change in Annual Rent prsf	$10.19
Required Development Cost	$165,675,194
Required Change in Development Cost	($10,740,996)
% Change in Development Cost	-6.09%
Change in Development Cost pgsf	($63.10)

Summary of Building Massing		
Garage	0	-
Retail		0
Rentable SF		110,668
Common Areas	35.0%	59,559
Total GSF		170,227

* Factor includes common space, retail and parking sf.

SOFT COSTS					
Design Fees --	4%				3,790,000
Architecture			0	0.00	0
Structural / MEP			0	0.00	0
Landscape			0	0.00	0
Civil			0	0.00	0
Traffic			0	0.00	0
Environmental			0	0.00	0
Interior Design			0	0.00	0
Reimburseables (% of above design fees)			0	0.00	0
Project Overhead --	4%				3,790,000
Surveys & Testing (% of Hard Cost)		0.00	0	0.00	0
Building Permits (% of Hard Cost)		0.00	0	0.00	0
Project Management & Accounting ($ per month)		0.00	0	0.00	0
Developer Reimbursables (% of Project Mgmt & Acctg)		0.00	0	0.00	0
Approval Costs		0.00	0	0.00	0
MAI Fee		0.00	0	0.00	
Construction Audit		0.00	0	0.00	
Temporary Utilities		0.00	0	0.00	
Pre-Construction GC		0.00	0	0.00	0
Legal --	1.0%				1,760,000
Legal Fees Partnership Documents		0.00	0	0.00	
Legal Fees Construction Documents		0.00	0	0.00	
Legal Fees Historic Matters		0.00	0	0.00	
Legal Fees Leasing		0.00	0	0.00	
Closing Fees & Expenses	0.5%				880,000
Title Insurance (% of Assumed Development Budget)		0.00	0	0.00	0
		0.00	0	0.00	0
Transfer Tax		0.00	0	0.00	0
Ground Lease Payments		0.00	0	0.00	0
Insurance --	0.3%				440,000
Site Work Cash Performance Deposit		0.00	0	0.00	0
Refund of Site Work Cash Performance Deposit		0.00	0	0.00	0
Bldrs Risk & OCP Insurance (% of Assumed Devel Budget)		0.00	0	0.00	0
Real Estate Taxes During Construction and Impact Fees	40.00				6,809,080
Real Estate Taxes ($ per year during Const and Lease-up)	0.00	0.00	0	0.00	0
Impact Fees (Assumed $20/sf)		0.00	0	0.00	0
Marketing --	0.5%				880,000
All Marketing Costs		0.00	0	0.00	0
Rental Agent Commission		0.00	0	0.00	0
FF&E		0.00	0	0.00	0
Punchlist Reserve		0.00	0	0.00	0
		0.00	0	0.00	0
Subtotal Soft Costs Excluding Contingency		107.79	0	165.80	18,349,080
Soft Cost Contingency --	5.00%	5.40		0.00	920,000
Cash (Flow) / Deficit Per Draw Schedule ($ per unit)	$0	0.00	0	0.00	$0
TOTAL SOFT COSTS		113.20	0	174.12	19,269,080

FINANCING COSTS (excluding interest)					
Interest Rate Cap (% of Loan Amount)	0.25%	1.41		2.17	240,000
Legal Fees -- Lender		0.59		0.90	100,000
Legal Fees -- Borrower		0.88		1.36	150,000
Bank Inspection and Admin Fee		1.56		2.39	265,000
Construction Loan Financing Fee --	0.75%	4.17		6.42	710,000
Mortgage Brokerage Fee --	0.50%	2.76		4.25	470,000
Mortgage Recording Tax --(need to Identify in SF)	0.00%	0.00		0.00	0
TOTAL FINANCING COSTS (Excluding Interest)		11.37	0	17.48	1,935,000

Number of Rooms	379		
Hotel Rentable SF	110,668	65.01%	100.00%
Retail SF	0	0.00%	0.00%
Non-Rentable Square feet SF	59,559	34.99%	0.00%
Number of Building SF (Excluding Garage)	170,227	100.00%	100.00%
Number of Garage SF	0		
Number of Parking Spaces	0		
Total Number of SF Including Garage	170,227		

Assumed Development Budget	$176,000,000
Development Budget per W/P	$176,416,189

Real Estate Taxes --		
Value of Building		
Tax Factor (see Below)		
Annual Tax During Development	$0	$0
FSY NOI	$17,395,895	
Value Cap Rate	8.50%	
Estimated Stabilized Value	$204,657,592	
Debt	$94,781,448	
Available for Distribution	$109,876,144	
Equity Invested	63,187,632	1.7

Loan Amount per Summary	$94,781,448

Conclusion

RECOMMENDATIONS

Based on the overall and use-specific analyses above, the following are recommendations for the SFMTA to consider moving forward:

1. Develop a detailed set of SFMTA goals and objectives for the disposition/ development of the SFMTA site consistent with the market and site findings of this analysis.
2. The SFMTA should review and consider the findings to decide on an optimum approach to developing the site as either a single site or a combined site development, but capitalize on trying to reach the market before conditions change significantly.
3. If combining sites is an approach SFMTA decides to take, after determining internally what conveyance would most benefit the SFMTA and the City, initiate discussions. We note, for example, that SFMTA and the owner of the Adjacent Site could enter a formal agreement which would permit them to jointly go to an outside developer to develop the two properties as a combined site.
4. If the decision is made instead to develop the single parcel, prepare an RFQ and subsequently an RFP. The former can be used to test real market interest and permit interested developers to let the SFMTA know how they view the development (such as select the uses and approach they would use). The RFQ can also inform the SFMTA in how to develop an RFP to elicit a financial offer and more definitive development plan. The points here are: (1) to get to the current market as soon as effectively possible and (2) to give the private sector a sense of the core objectives, timing and requirement to develop the parcel.
5. Based on the analyses above, residential, hotel and office uses are appropriate and valuable uses for both site options, the SFMTA site and the Combined Sites. Determine the optimum size and configuration of the development envelops. This will build a "Base Case" for the SFMTA to take to the market, if it chooses to do so.
6. The SFMTA site as a "stand alone" development is less efficient in size, as an office building or residential building. The same is true of the Adjacent Site as a "stand alone" project for these uses. The combined sites will yield a better return to SFMTA, to the adjacent land owner, and to the developer for residential, office and hotel uses, as it enables a larger building footprint, eliminates side yard setbacks and facilitates a more efficient design. Note however that maximizing FAR or maximum allowable footprint on the combined sites will not necessarily yield the highest land value, as the efficiency of layout and construction may have an impact on the overall per unit costs. A developer may have to balance yielding more units/ leasable footprint against achieving the highest efficiency.
7. Develop more detailed conceptual drawings to show the market and community what is envisioned for the site and solicit feedback. Neither SFMTA nor the development community should be locked into the conceptual design. These conceptual drawings may also reflect any potential variances or exemptions from requirements that SFMTA believes can be achieved and are necessary to be most marketable for potential developers.
8. Coordinate the SFMTA development initiative with appropriate City agencies and community groups, and create a favorable and predictable entitlement process.
9. Recognize and integrate developers' requirements / needs into the base case plan and proforma analysis - i.e. acceptable "hurdle rates."
10. Initiate pro-active strategies to optimize land values consistent with SFMTA goals and objectives including:
    - Explore an arrangement with the owner of the Adjacent Site on the basis that both parties lose if the sites are developed independently.
    - Construct a process for reaching the developer market for the SFMTA site, e.g., RFP and construct a real estate conveyance for a transaction which will maximize the values of the site to the SFMTA and City of San Francisco
    - Obtain an understanding with the Planning Department for zoning entitlements on the development envelope and draw to that envelope.
    - Gain a full understanding of SFMTA's operational and financial issues / constraints - i.e. land lease, access, operations, federal regulations etc.
    - Prepare an RFQ with and for a broker, which will expedite going to the market and should add value in terms of the process of identifying and negotiating with the development community.
    - Follow the RFQ with a detailed RFP that will facilitate the selection and conveyance of the SFMTA interests consistent with SFMTA needs and objectives.

CRITICAL ISSUES

1. Determine the status and timing of the Central SoMa Plan and the implementation of the new Mixed Use Office (MUO) zoning district which will give the project, its requirements and regulatory guidance more certainty.
2. If contemplating residential development, verify the current and proposed affordable housing requirements that would be imposed on the site.
3. Determine the Entitlement / Approvals process and what SFMTA will be able to offer private developers in the way of assistance to accelerate the process.
4. Perform environmental studies, as necessary
5. Verify additional costs and limitations, if any, to a development over a new subway station. This includes both building limitations and costs, as well as regulatory, ownership or financial limitations and costs.
6. Further develop analyses of the physical, regulatory and staging impacts of any development with the subway station currently in construction below the site and directly impacting the foundations and height of any development.
7. Determine the authority and process SFMTA, as an agency, has to enter into joint ventures, and "participatory" leasing agreements for development of their owned land.

Appendices

APPENDIX 1: ACKNOWLEDGEMENTS

All work undertaken was fully coordinated between MWA Architects, LePatner Project Solutions, Nibbi Brothers General Contractors, and San Francisco Municipal Transportation Agency (SFMTA), with feedback and evaluation provided by the following City agencies: San Francisco Planning Department and San Francisco Office of Economic & Workforce Development.

PROJECT TEAM

MWA Architects is a housing, infrastructure, and interior architecture firm that, since its founding in 1988, has been dedicated to leaving our cities better places to live and work.

Michael Willis, Principal in Charge

Brianne Steinhauser, Director of Housing / Project Manager

Sanjeev Malhotra, Senior Designer

Alfred Twu, Designer / Drafter

Allison Plass, Graphic Design & Marketing Coordinator

LePatner Project Solutions is a New York City-based construction law firm, founded in 1980, and one of the nation's foremost construction advisors providing comprehensive legal, business advisory, project management, and investigative services to corporations, real estate developers and investors, healthcare and educational institutions, and non-profit organizations as well as design professionals.

Charles Shorter

Peter Gilpatric

Nibbi Brothers General Contractors has been constructing technically complex, iconic structures in the San Francisco Bay Area since 1950.

Joe Olla, Vice President, of Business Development & Marketing

Alan Holmberg, Vice President of Preconstruction and Estimating

John Kugler, Chief Estimator

Grace Nicer, Assistant Preconstruction Project Manager

CITY STAFF MEMBERS

San Francisco Municipal Transportation Agency oversees Muni, bike and pedestrian programs, taxis, parking and traffic control operations in the city.

Sonali Bose

Alicia John-Baptiste

Jason Gallegos

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Peter Albert

Erin Miller

San Francisco Planning Department under the direction of the Planning Commission, shapes the future of San Francisco and the region by: generating an extraordinary vision for the General Plan and in neighborhood plans; fostering exemplary design through planning controls; improving our surroundings through environmental analysis; preserving our unique heritage; encouraging a broad range of housing and a diverse job base; and enforcing the Planning Code.

Joshua Switsky

Claudia Flores

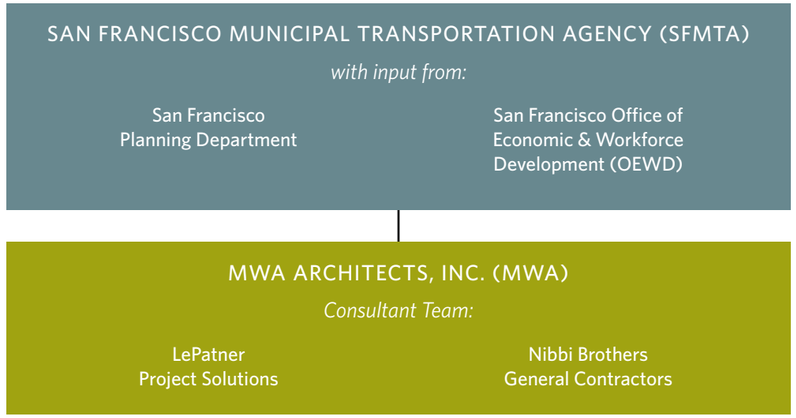
Susan Exline

San Francisco Office of Economic and Workforce Development supports the City's ongoing economic vitality by strengthening its neighborhoods, businesses, commercial corridors, and workforce. OEWD's goal is to ensure that the City will always be one of the best places on the planet to live, work and play.

Michael Martin

Casey Noel

ORGANIZATIONAL CHART



APPENDIX 2: SOURCES

SITE ANALYSIS

Six (6) walking tours

Two (2) drive throughs

PRIMARY INTERVIEWS

1.	AVANT HOUSING / AGI	Eric Tao - Principal
2.	BRIDGE HOUSING CORPORATION (3)	Mr. Adhi Nagraj – Senior Project Manager
3.	CBRE (4)	Ms. Puja Kapur Chopra – Director Mr. Matt Kroger – Senior Vice President Mr. Mark Geisreiter – Senior Vice President
4.	CUSHMAN & WAKEFIELD (3)	Mr. Thomas McConnell – Global Director Hospitality Mr. James Escarzega – Managing Director San Francisco, Global Hospitality
5.	CUSHMAN & WAKEFIELD – FINANCIAL REFINANCING PRESENTATION – PRIVATE CLIENT / SAN FRANCISCO HOTEL (2009)	
6.	FOREST CITY – SAN FRANCISCO	Mr. Jack Sylvan – Vice President Development
7.	NIBBI BROTHERS GENERAL CONSTRUCTION	Mr. Alan Holmberg – Vice President of Pre-Construction
8.	SAN FRANCISCO CITYWIDE DEVELOPMENT IMPACT FEE REGISTER 2014	
9.	SF TRAVEL (2)	Ms. Nicole Halmer – Senior Director, Market Strategy and Research
10.	SUFFOLK CONSTRUCTION	Peter Tuozzolo – Vice President Pre-Construction
11 .	TISHMAN SPEYER	Mr. Carl Shannon – Senior Managing Director
12.	WDG VENTURES (2)	

SECONDARY: ARTICLES AND JOURNALS

1. Central SoMa Plan
2. Core Logic: Home Price Index – June 2014
3. Core Logic: The Market Pulse – July 2014
4. “California Screaming”, Nathan Heller, The New Yorker, July 14, 2014
5. Hotel Business, Vol. 23, No. 14, August 2014, pp. 11 and 12
6. Loopnet.com
7. Paragon RE Group Newsletter
8. “Pipeline Report”, September 2014, San Francisco Department of City Planning
9. San Francisco Business Journal
10. San Francisco Chronicle – Various

APPENDIX 3: ABBREVIATIONS

FTA - Federal Transit Administration

GBA - Gross Building Area

GSF - Gross Square Foot

LePatner – LePatner Project Solutions LLP

M1 - Light Industrial District (Zoning Designation)

MUNI - San Francisco Municipal Railway

MUO - Mixed Use Office (Zoning Designation)

MWA – MWA Architects

Nibbi – Nibbi Brothers General Contractors

OEWD – San Francisco Office of Economic & Workforce Development

RevPar - Revenue per Available Room

SF - Square Foot

SFMTA - San Francisco Municipal Transportation Agency

SOMA – South of Market street neighborhood

TOD - Transit Oriented Development

WMUG - Western SoMa, Mixed Use, General (Zoning Designation)