

ENRIGHT & COMPANY, INC.
Real Estate Appraisal and Consultation Services

June 29, 2009

Mr. Jeff Peck
President
Big Wave Group
P.O. Box 1901
El Granada, California 94081

File: 09-719, Appraisal Consultation re:
Proposed Big Wave Development
Local Employees Projection
San Mateo County, California

Dear Mr. Peck:

This report transmits the conclusions of a real property appraisal consultation assignment requested by you concerning the Big Wave commercial condominium project, planned to be located on the west side of Airport Street, north of Stanford Avenue, in San Mateo County, California. The subject is reportedly an approximate 252,000 square foot, multi-building office and industrial condominium complex which is proposed to be situated on a two-parcel, approximate 19.528-acre site (identified as San Mateo County APNs: 047-311-060 and 047-312-040), amidst additional buildings serving as a Wellness Center. These parcels are currently owned by Big Wave, LLC, according to information contained in the public record, and are undeveloped at present.

The specific scope of our consultation services included the review and analysis of an exhibit previously prepared by your representatives for the Big Wave project, titled "Big Wave Employees - Phased Development"; the establishment of an opinion relating to the reasonableness of assumptions for the project's employee density, as identified on the Phased Development Exhibit; and the collection and presentation of market data used in estimating potential employee residence locations, based on certain survey criteria and methodology established by you for purposes of this assignment. This project has been conducted in an accelerated time frame, at your request, and consequently is based upon a limited amount of market information (as presented in the attached report). The intended users of our consultation services are Big Wave, LLC and other parties involved in the preparation of an environmental impact report for the project. The intended use is as part of the development review process undertaken by the County of San Mateo. This report may not be used or relied upon by anyone other than these parties, for any purpose, without the express written consent of the appraiser.



Half Moon Bay Airport

Cabrillo Hwy N

Airport St

Culebra St

Corona St

Bonita St

Refugio St

Culebra St

La Granada St

Barranca St

Cabrillo Hwy N

1

Capistrano Rd

Cornell Ave

California Ave

Airport St

Stamford Ave

Yale Ave

Harvard Ave

Princeton Ave

Columbia Ave

Nasser St

Broadway

W Point Ave

Princeton

300 yds

I. Subject Property Identifications and Summaries

Property Location: West side of Airport Street, north of Stanford Avenue
San Mateo County (unincorporated), California 94038

Assessor Parcel Numbers: 047-311-060 and 047-312-040

Property Summary: The majority subject property comprises a single lot of approximately 14.253 acres, while a smaller portion of the project is to be located on part of an adjacent, approximate 5.275-acre site. Both front on Airport Street, opposite the Half Moon Bay Airport. The owner and prospective developer anticipates building an office/industrial business park on the larger site, with roughly 225,000 square feet of space in four, three-story buildings. The remainder of that parcel is to be improved with surface parking and landscaping features. A storage/onsite business component of roughly 27,000 square feet is to be built on the smaller site, and is to be part of the larger, mixed-use development.

The Big Wave office and light industrial project is to be developed contemporaneous with the construction of a Wellness Center (on the smaller parcel), with the planned office and storage components to provide revenue for maintenance and operation of that facility. The Wellness Center is proposed to be located on parcel 047-312-040, as illustrated on a following page exhibit. Approximately 63,000 square feet of resident services building area will be incorporated into that portion of the project, although it is not included in this analysis. The specific segregation of the total analyzed 252,000 square feet amongst general office, research and development (R&D), storage, light manufacturing, and onsite business uses is detailed on an exhibited included in this report.

II. Client, Purpose, Intended Users, and Intended Use

The client for this appraisal consulting assignment is Mr. Jeff Peck, President of Big Wave Group, in El Granada, California.

The purpose of this assignment is to express opinions and both collect and present market data related to a proposed real estate development project.

The intended users/use for which this assignment was contracted is for the exclusive use of the client and other parties involved in the preparation of an environmental impact report for the Big Wave project, for an intended use as part of the development review process undertaken by the County of San Mateo. This report may not be used or relied upon by anyone other than these parties, for any purpose, without the express written consent of the appraiser.

III. Scope of the Assignment

The scope of this appraisal consulting assignment is to review and analyze an exhibit previously prepared by representatives of the Big Wave project, titled “Big Wave Employees - Phased Development”; establish an opinion relating to the reasonableness of assumptions for the project’s employee density, as identified on the Phased Development Exhibit; and collect and present market data used in estimating potential employee residence locations, based on certain survey criteria and methodology established by the client for purposes of this assignment. Data pertinent to this project was gathered and analyzed from various sources, including a Facilities Plan provided for this assignment; discussions with the client and his representatives concerning the proposed development; and direct inquiries to employers established along the San Mateo County coast, as to the employment trends discussed in greater detail in a following subheading.

There are several assumptions and/or limiting conditions which are pertinent to this assignment. Foremost is the fact that this project has been conducted in an accelerated time frame, at the client’s request, and consequently is based upon a limited amount of market data as detailed in the subheadings to follow. Additionally, **while this consultation assignment references an established phasing plan for the project - which inherently concerns issues relating to the physical, legal, and economic characteristics of constructing the proposed development - it does not express an opinion regarding that phasing time line. It is furthermore not based upon a thorough analysis of the feasibility of erecting the proposed improvements; obtaining required construction and occupancy permits for the intended uses; nor the financial/economic viability of successfully developing the project.** The limited time frame and scope of this assignment did not allow for a comprehensive study of those characteristics. Consequently, certain assumptions are associated with the opinions expressed at the end of this analysis, as presented therein. Furthermore, the collection of market data related to potential employee residence locations is based on certain survey criteria and methodology established by the client for purposes of this assignment.

This appraisal consulting assignment is intended to conform with the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, as well as the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

IV. Consultation Summary

As noted previously, this appraisal consulting assignment pertains to: (1) the review and analysis of an exhibit previously prepared by representatives of the Big Wave project, and the establishment of an opinion relating to the reasonableness of assumptions for the project’s employee density; and (2) the collection and presentation of market data used in estimating potential employee residence locations, based on certain survey criteria and methodology established by the client for purposes of this assignment. The subheading on the following page addresses the first of these components, with the second undertaken subsequently.

A. Analysis of Employee Density Projections

The Big Wave Employees - Phased Development Exhibit referenced above is reproduced on the following page. It was prepared by representatives of the client and provided to the appraiser for this assignment. Its format identifies the proposed buildout of the entirety of the Big Wave development (on the top third of the Exhibit), along with construction phasing details which segregate the project into initial five and ten-year components (as illustrated on the middle and lower thirds of the exhibit, respectively). Each notes the segregation of the total project condominium area into general office, R&D, storage, light manufacturing, and onsite business segments.

Based on the phasing percentages noted, the developer's intent is to erect between one-third and one-half of the office, R&D, storage, and light manufacturing areas on the business park site during the first five years following inception, with contemporaneous completion of one-half of the onsite business area on the Wellness Center parcel. By the end of the tenth year, between two-thirds and three-quarters of the office, R&D, storage, and light manufacturing space would be completed at the business park, along with all of the storage and onsite business area at the Wellness Center. Between the tenth and 15th years of the projection, the remaining one-third of the office and R&D space on the business park parcel would be developed, along with the remaining one-quarter of the storage and light manufacturing area, leading to total project buildout at the end of the term.

As previously noted, this consulting assignment does not address the feasibility of physically erecting the proposed improvements, nor that of obtaining required construction and occupancy permits for the intended uses. The financial and/or economic viability of successfully developing Big Wave in accord with this time frame is also not examined, based on the limited time frame associated with this assignment, as well the lack of supporting pro-forma details. Nonetheless, it is noted that phased construction of what is a relatively large-scale project on the San Mateo County coastside, over an extended time frame, is considered to be more viable than developing the entirety at once.

Economic conditions are currently weak in San Mateo County, including the communities along the coast, with increasing vacancy rates and declining property values most recently exhibited for the majority of the office and industrial sectors. The availability of construction financing is severely restricted at present, due in part to the financial crises which have recently occurred, and the ability of buyers to consummate real estate purchases is limited. Both the investor and owner/user segments of the market have been negatively impacted by the downturn in the economy and the commercial real estate industry. As a result, the highest and best use of the subject property may be for an indeterminate period of interim holding prior to the start of construction, so as to await economic stabilization and a recovery in property demand.

Big Wave Employees - Phased

Development (Provided by Big Wave Group,

Based on Uniform Traffic Manual)

Proposed Peak Development (Buildout - 2025):	Percent Developed	Building Areas	Number of Employees
Percentage of Local Employees			
Business Park Site:			
General Office	100%	90,000	450
Research and Development	100%	56,250	202
Storage	100%	33,750	6
Light Manufacturing	100%	45,000	45
Wellness Center			
Storage	100%	20,000	6
Resident Services	100%	63,000	20
Onsite Business	100%	7,000	20
Total Employees			749
Year 5 Projection (2015 approximately):			
Business Park Site:			
General Office	33%	29,700	149
Research and Development	33%	18,563	67
Storage	50%	16,875	3
Light Manufacturing	50%	22,500	23
Wellness Center			
Storage	0%	0	0
Resident Services	100%	63,000	20
Onsite Business	50%	3,500	10
Total Employees			271
Year 10 Projection (2020 approximately):			
Business Park Site:			
General Office	66%	59,400	297
Research and Development	66%	37,125	133
Storage	75%	25,313	5
Light Manufacturing	75%	33,750	34
Wellness Center			
Storage	100%	20,000	6
Resident Services	100%	63,000	20
Onsite Business	100%	7,000	20
Total Employees			515

In the event that the holding term extends for several years, the viability of the identified construction phasing schedule could be affected. For purposes of this assignment, however, the timing of the proposed development is assumed to occur as indicated on the Big Wave Employees - Phased Development Exhibit, inasmuch as it pertains to the following analyses.

The Phased Development Exhibit presents occupancy figures for each category of building type in the project. These variables are the first of two, separate issues which are the focus of this consulting assignment. The data in the Exhibit reveals occupancy ratios associated with each use type, and translate to the rounded indications of employee densities identified in the following table:

Usage Type	Employees per 1,000 sq. ft. of Building Area
General Office	5.0
Research & Development	3.6
Storage (Business Park)	0.2
Light Manufacturing	1.0
Storage (Wellness Center)	0.3
Onsite Businesses	2.9

Based on data related to other, proposed projects recently planned and/or developed throughout the San Francisco Bay Area, the employee density figures noted above appear to be generally reasonable. Office space is typically occupied at between 4.0 and 5.0 employees per thousand square feet of building area, with the upper end of the range becoming more prevalent in the recent past. According to a published industry reference “typical standards for office spaces are 220 square feet per worker in high-tech industries, 200 square feet per employee in offices associated with manufacturing and distribution, and 136 square feet per employee in financial and governmental offices.”¹ These figures equate to between 4.5 and 7.4 employees per thousand square feet of building area, with the upper end of the range (governmental offices) considered less likely to occupy space at Big Wave. Consequently, the 5.0 per thousand ratio reflected in the Phased Development Exhibit is considered supported.

R&D uses generally incorporate components of office, design/manufacturing, and/or warehousing areas, resulting in lesser ratios of employees due to the building area

¹ *Market Analysis for Real Estate (Chicago: The Appraisal Institute, 2005), page 291.*

occupied by equipment, machinery, and/or product storage. This use type is oftentimes planned for between 3.0 and 4.0 people per thousand, depending on the ratio of higher-density office to the lower density design/manufacturing and warehouse components. The source referenced above notes an average of just 2.0 per thousand, although trends relating to employee density in the technology-focused Bay Area are known to be generally higher, based in part on the denser occupancies associated with the software, biotechnology, and Internet services industries (which are particularly prevalent in San Mateo County). The 3.6 per thousand ratio noted in the Phased Development Exhibit is therefore considered supported, considering that R&D space developed at Big Wave might be expected to incorporate a high ratio of office space, as compared to industrial area.

The subject's storage, or warehouse space component is modeled within the Breakdown analysis at between 0.2 and 0.3 people per thousand. This is a far lower ratio than that of either the office or R&D categories, and is the result of the intended use of this property type - for storage of products. Warehouse projects are typically developed for occupancies between zero and 2.0 people per thousand, with the lower end of the range associated with "dead storage" space, and the upper end attributed to facilities with more rapid turnover of stored goods. The source referenced above notes slightly less than 0.4 per thousand as a surveyed standard, again suggesting that the subject's data is relevant. This is further supported by recognition that, along the San Mateo County coast where agriculture and building products industries are active, a lower rather than higher ratio is likely.

Light manufacturing space can exhibit a wide range in personnel occupancy, depending on the types of businesses in place, as well as the associated need for supporting office and/or warehouse components. In the Bay Area, a range of 1.0 to 3.0 is not atypical, with the lower end related to activities involving larger scale manufacturing and storage-dependent operations, and the upper end associated with businesses oriented toward high-technology and/or biotechnology uses. The referenced industry source notes a typical ratio of 1.4 to 1.6 per thousand, while the subject's projection references a 1.0 per thousand ratio. Consequently, the data utilized in the Phased Development Exhibit is at the lower end of the market range, although this could again be supported by the types of industries established in the subject's local market area. If businesses attracted to the project are more heavily involved in the building and storage of product, then a ratio as low as that indicated might be relevant. If more office or design-oriented enterprises take residence at Big Wave, then the number of employees per thousand could be greater.

Lastly, it is noted that the Onsite Businesses building area at Big Wave is forecast to be occupied at near 2.9 people per thousand square feet of building area, according to the Phased Development Exhibit. This usage type entails smaller businesses which might support activities at the Wellness Center. Noting that they are likely to combine

commercial, office, and light industrial operations, a ratio between that considered appropriate for office use (4.0 to 5.0 per thousand) and light manufacturing (1.0 to 3.0 per thousand) is logical. Consequently, the 3.6 per thousand ratio identified for the subject in the Exhibit is considered supported.

B. Estimation of Employee Residence Locations

The second phase of this appraisal consulting assignment involves estimating the residence locations of potential employees at the Big Wave development, based on certain survey criteria and methodology established by the client. As noted on the following summary table, market data has been collected by the appraiser relative to two, primary categories of potential residence locations. These relate to the coastside communities of Central San Mateo County (El Granada, Moss Beach, Montara, and Half Moon Bay), which are designated herein as “local”; and those either in or north of Pacifica (Pacifica-North on the spreadsheet), or east of the Santa Cruz Mountains/South of the coastside’s urbanized communities (San Mateo-East on the illustration). The latter are defined for purposes of the following study as “remote”.

To estimate potential employee residence locations, a total of 20 employers active on the San Mateo County Coast were contacted to discern their human resources trends. The majority of these organizations (which include both public and private entities) responded with varying levels of detail concerning their operations. That information is presented in summarized form on the following page. Thirteen of the employers provided details which segregate their employees as either coming from local or remote areas, as defined previously, with a range of local employment indicated by these companies at between 16 and 100 percent. The weighted means from this data are 67.3 percent local and 32.7 percent remote, based on a total employee population of 1,972. However, because the 13 employer respondents include some entities (e.g. Cabrillo Unified School District and Safeway) with very high local employment bases (at 94 to 96 percent) which might have reduced needs for space at Big Wave (in comparison to the broader universe of companies that ultimately would be expected to occupy the units), percentages which are lower than the data drawn from the survey are logical. In fact, if the School District and Safeway are excluded, the local and remote percentages from the survey information are 59.3 and 41.7 percent, respectively. Consequently, on an aggregate basis, the division of estimated employee residence locations appears supported at approximately 60 percent local and 40 percent remote.

Data is now analyzed from the 11 companies which segregated their local employees’ residences amongst the identified communities. It is most appropriate to study this survey information in the aggregate, as some of the employers note residence ranges of zero to 100 percent within the individual areas. Based on this methodology, the following percentages are noted for the four, cited areas: El Granada - 18.3 percent; Moss Beach - 21.3 percent; Montara - 15.6 percent; and Half Moon Bay - 44.9 percent.

Coastside Employer Survey - Residential Location Breakdown of Employees

	Person Contacted	Number of Employees	Percent Local	El Granada	Moss Beach	Montara	Half Moon Bay	Total Coastside	Pacifica - North	San Mateo - East*
Employer										
Nurserymen's Exchange, Half Moon Bay	Lisa Siordia	445	70%	31	78	16	187	312	15%	15%
Ritz-Carlton, Half Moon Bay	Veronica Garcia	500	40%	38	38	38	86	200	30%	30%
Confidential Agricultural Company	N/A	300	90%					270	<10%	<10%
Cabrillo Unified School District, Half Moon Bay	Suzette Hallett	312	96%	72	72	71	85	300	<4%	<4%
Safeway Stores, Half Moon Bay	Store Manager	130	94%					122	<6%	<6%
Nick's Restaurant, Pacifica	Manager	90	16%				14	14	54%	30%
TRC (Formerly Essex), Half Moon Bay	Jerlyn Perdue	12	33%	1		1	2	4	50%	17%
Odwalla, Half Moon Bay	**	62	35%	8	6	2	6	22	19%	45%
City of Half Moon Bay	Gary Rogers	32	56%	2		1	15	18	9%	34%
Blue Sky Designs, Half Moon Bay	Crystal Klingele	28	75%	3	3	4	11	21	21%	4%
Coastside Children's Programs, Half Moon Bay	Janie Dioli	30	100%	10		10	10	30	0%	0%
San Mateo County Harbor District, Princeton	Marietta Harris	11	55%	4			2	6	18%	27%
Andreini Brothers, Half Moon Bay	Manager	20	45%	2	2	3	2	9	<55%	<55%

1,972

The above information includes generalized data as reported by some of the survey sources, and consequently is not considered precise as to its overall content.

* Including residence locations in southern San Mateo and Santa Cruz Counties.

** Data collected by Nicole DeMartini of Big Wave in personal interview with HR at Odwalla.

For purposes of estimating potential employee residence locations, these figures are rounded to 18 percent (El Granada), 21 percent (Moss Beach), 16 percent (Montara), and 45 percent (Half Moon Bay), as illustrated on the Big Wave Local Employees Projection exhibit to follow.

Finally, the remaining employee information extracted from the survey is segregated between the non-local areas identified by the client (previously referenced as Pacifica-North and San Mateo-East). The 11 companies which responded as to the percentages of their employees residing outside of the designated local communities was most oftentimes reported at near 50/50 ratios. With some exceptions, the information was generally cited as an approximation of the non-local segregation, and is consequently considered to be less reliable. On a weighted average basis, the survey results actually show that slightly more than half of the remote employees emanate from Pacifica-North, with slightly less than 50 percent from San Mateo-East. But, because of the generalized responses reported by several of the survey sources, a conclusion other than an equivalent split between the identified remote areas is not considered to be strongly supported.

V. Conclusions

Based on the research and analyses completed for this assignment, and subject to the assumptions and limiting conditions to follow:

- it is the opinion of the undersigned that the employee density identified on the developer's Phased Development Exhibit appears reasonable;
- the survey suggests that the estimated "local" employee distribution is supported at ratios of approximately 18 percent (El Granada), 21 percent (Moss Beach), 16 percent (Montara), and 45 percent (Half Moon Bay);
- the survey additionally suggests that the percentages of "remote" employees coming from Pacifica-North and San Mateo-East, as defined herein, might be equivalently split between those areas.

These results are incorporated into an estimate of potential employee residence locations for the Big Wave development, as summarized on the following page exhibit titled Big Wave Local Employees Projection.

As previously noted, this appraisal consulting assignment has been conducted in an accelerated time frame, at the client's request, and consequently is based upon a limited amount of market data. Additionally, **while this consultation assignment references an established phasing plan for the project - which inherently concerns issues relating to the physical, legal, and economic characteristics of constructing the proposed development - it does not express**

Big Wave Local Employees Projection (Based on Coastside Employer Survey)

Proposed Peak Development (Buildout - 2025):	Percent Developed	Building Areas	Number of Employees	Percent Local	El Granada	Moss Beach	Montara	Half Moon Bay	Total Coastside	Pacifica - North (Non Local)	San Mateo - East (Non Local)
Percentage of Local Employees				60%	18%	21%	16%	45%	100%	50%	50%
Business Park Site:											
General Office	100%	90,000	450								
Research and Development	100%	56,250	202								
Storage	100%	33,750	6								
Light Manufacturing	100%	45,000	45								
Wellness Center											
Storage	100%	20,000	6								
Resident Services	100%	63,000	20								
Onsite Business	100%	7,000	20								
Total Employees			749	449	81	94	72	202	449	150	150
Year 5 Projection (2015 approximately):											
Business Park Site:											
General Office	33%	29,700	149								
Research and Development	33%	18,563	67								
Storage	50%	16,875	3								
Light Manufacturing	50%	22,500	23								
Wellness Center											
Storage	0%	0	0								
Resident Services	100%	63,000	20								
Onsite Business	50%	3,500	10								
Total Employees			271	162	29	34	26	73	162	54	54
Year 10 Projection (2020 approximately):											
Business Park Site:											
General Office	66%	59,400	297								
Research and Development	66%	37,125	133								
Storage	75%	25,313	5								
Light Manufacturing	75%	33,750	34								
Wellness Center											
Storage	100%	20,000	6								
Resident Services	100%	63,000	20								
Onsite Business	100%	7,000	20								
Total Employees			515	309	56	65	49	139	309	103	103

an opinion regarding that phasing time line. It is furthermore not based upon a thorough analysis of the feasibility of erecting the proposed improvements; obtaining required construction and occupancy permits for the intended uses; nor the financial/economic viability of successfully developing the project. The limited time frame and scope of this assignment did not allow for a comprehensive study of those characteristics.

For the preceding opinions and survey information to be considered valid, this letter must remain attached to the associated real property appraisal consultation report of 13 pages, identified on each page as 09-719), as well as all related exhibits and addenda.

VI. Dates of Consultation, Subject Inspection, and Report Authorship

The date of market analysis associated with this appraisal consulting assignment is June 26, 2009.

The subject property was not inspected on June 26, 2009, but has been inspected previously, in conjunction with prior appraisal consulting work conducted for Big Wave.

The date of authorship of this appraisal consulting report is June 29, 2009.

VII. Definition of Market Value ²

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

VIII. Extraordinary Assumptions and Hypothetical Conditions

Facts found to be contrary to the following extraordinary assumptions may influence the conclusions presented herein.

1. This appraisal consulting assignment has been conducted in an accelerated time frame, at the client’s request, and consequently is based upon a limited amount of market data (as detailed in the attached report, inclusive of exhibits and associated addenda). It is assumed that market information which might otherwise have been obtained over an extended period of analysis would not alter the conclusions presented in this report.
2. The information gathered from local area employers, as presented in this report, is based on certain survey criteria and methodology established by the client for purposes of this

² *The Dictionary of Real Estate Appraisal, 4th Edition (Chicago: The Appraisal Institute, 2002).*

assignment. It is not intended to represent a scientifically accurate method of statistical sampling, but rather, was reportedly designed to meet the requirements of the development review process undertaken by the County of San Mateo in the analysis of the proposed Big Wave development.

3. The opinions expressed herein do not address the physical and/or legal feasibility of erecting the proposed Big Wave improvements, nor those of obtaining required construction and occupancy permits for the intended uses. Relative to the analyses which pertain to the progressive development of the project, it is assumed that construction occurs as illustrated herein.
4. The analyses undertaken as part of this assignment also do not address the financial feasibility and/or economic viability of the Big Wave project. The timing of the proposed construction is assumed to occur as indicated on the Phased Development Exhibit reproduced herein, disregarding the potential for the successful sale and/or leasing of the project. General occupancy levels are presumed in accord with the information on the Phased Development Exhibit.

IX. General Assumptions and Limiting Conditions

1. It is important for the client to read this report in its entirety. It is furthermore the client's responsibility to inform the appraiser of any errors or omissions of which he is aware prior to utilizing this report or making it available to any third party.
2. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
3. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization can be obtained for the uses upon which the opinions contained in this report are based.
4. The property is assumed to be in full compliance with all applicable federal, state, and local environmental regulations and laws.
5. No responsibility is assumed by the appraiser for the legal description of the subject property, or for matters pertaining to legal or title considerations. The appraiser is not responsible for legal matters. It is assumed that the property is free and clear of liens, encumbrances and special assessments. Title to the property is assumed to be good and marketable.
6. Responsible ownership and competent property management are assumed.

7. It is assumed that the use of the land and/or improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass.
8. Any illustrative materials used in this report are included only to help the reader visualize the property. Lot size and building dimensions are assumed to be correct, although no responsibility is assumed for their accuracy.
9. Any information, estimates, and opinions furnished to the appraiser from outside sources were obtained from sources considered to be reliable and believed to be true and correct. Responsibility for the accuracy of such items is not assumed by the appraiser. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.
10. This report may rely upon projections concerning economic conditions, real estate market conditions and demographics. These projections are not intended to be relied upon as factual indications of future events, which can never be predicted with certainty. Rather, they are estimates of what these items might be in the future, based on current market data. No representation is made that these projections will materialize, nor is any liability assumed by the appraiser for future events.
11. The subject site is assumed to be free of adverse soil conditions which would prohibit, or inhibit, development of the property to its identified uses. It is furthermore assumed to be of sufficient load-bearing capacity to support potential constructions, unless otherwise noted. No liability is assumed by the appraiser as to the condition of the soils underlying the subject property. This analysis is of surface rights only, and no analysis has been made of the value of subsurface rights (such as oil, gas and mineral rights), if any.
12. The opinions in this appraisal consulting assignment assume that there are no hidden or unapparent conditions of the subject property or its subsoils that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering or other studies that may be required to discover them.
13. It is assumed that no toxic contamination exists on the subject property. The existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property, but is not qualified to detect such substances.

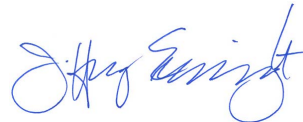
The presence of substances such as asbestos, urea-formaldehyde foam insulation, mold, and other potentially hazardous materials may affect the value of the property. The opinions presented herein are predicated upon the assumption that there is no such material on or in the property that would cause a loss in value or use potential. No

responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

14. The appraiser, by reason of this report, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless prior arrangements have been made. Upon review by the client, no further services are required of the appraiser concerning this appraisal consulting assignment, unless prior arrangements have been made.
15. This report may not be used or relied upon by anyone other than the client, for any purpose, without the express written consent of the appraiser. It may not be used for any purpose by any persons other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the proper written qualification, only in its entirety, and only for the contracted intended use as stated herein.
16. Publication of this appraisal consulting report is prohibited without the express written consent of the appraiser. No portion of this report shall be conveyed to the public through any media (such as publication, advertising, news sales, or other media) without the prior written consent of the appraiser, particularly as to its conclusions, the identity of the appraiser or appraisal firm, or any reference to the Appraisal Institute or the MAI designation.

I appreciate the opportunity to provide these appraisal consultation services to Big Wave, LLC. Please contact me directly if there are any questions regarding this report.

Sincerely,
ENRIGHT & COMPANY, INC.



Jeffrey Enright, MAI
Certified General Real Estate Appraiser
State of California No. AG015649

APPRAISER CERTIFICATION

I hereby certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the reporting of predetermined conclusions or biases that favor the cause of the client, the attainment of stipulated results, or the occurrence of subsequent events directly related to the intended use of this report;
- the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice;
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- I have made a personal inspection of the property that is the subject of this report, at a time prior to the date associated with the opinions detailed herein;
- as of the date of this report, I have completed the requirements under the continuing education program of the Appraisal Institute;
- Mr. Frederick Arredondo, MAI, provided appraisal consulting assistance to the person signing this report, through a limited analysis of the subject property; the collection of data regarding employment trends pertaining to local area businesses; and the presentation of that information;
- my education, experience, and knowledge of the San Francisco Bay Area real estate market is sufficient to provide the appraisal consulting services presented herein.



Jeffrey Enright, MAI
Certified General Real Estate Appraiser
State of California No. AG015649

JEFFREY ENRIGHT, MAI - QUALIFICATIONS

EXPERIENCE

Owner: ENRIGHT & COMPANY, INC. - San Mateo, California; Established 2000.

ENRIGHT & COMPANY is a real estate appraisal and consultation services firm active throughout the San Francisco Bay Area. Its services include narrative, form, and oral appraisal reporting; appraisal review; expert witness testimony and litigation support; land use and development consultation; owner representation in property tax appeal cases; and both landlord and tenant representation in matters of property value and rent arbitration.

Property types appraised by Mr. Enright include office, research and development (R&D), industrial, retail, residential (single and multifamily), mixed-use, vacant land, and special purpose facilities. The latter include churches, animal hospitals, golf course sites, open space, wetlands, and public use installations such as police station, courthouse, and school projects. Properties have been appraised throughout the Northern California counties of Alameda, Contra Costa, Marin, Mendocino, Monterey, Sacramento, San Francisco, San Mateo, Santa Clara, Sonoma, and Santa Cruz; as well as within the Southern California counties of Riverside and San Diego; and the States of Nevada and Wisconsin.

Mr. Enright has been qualified as an expert in San Mateo County Superior Court, as well as in testimony granted to Judicial Arbitration and Mediation Service, Inc. (JAMS), for purposes of alternative dispute resolutions.

Partner: Carneghi-Bautovich & Partners (now Carneghi-Blum & Partners) - San Jose, California; 1994-2000.

Project
Manager: Carneghi-Bautovich & Partners (now Carneghi-Blum & Partners) - San Jose, California; 1988-1994.

Appraiser: Hilliard Lipman & Associates (now Lipman, Stevens & Carpenter) - San Diego, California; 1987-1988.

RELATED ACTIVITIES

Vice President: Appraisal Institute - Northern California Chapter; 2009.

Treasurer: Appraisal Institute - Northern California Chapter; 2008.

Director: Appraisal Institute - Northern California Chapter; 2002-2009.

Chairperson: "Arbitration: What You Can't Learn From Books" - Appraisal Institute workshop; September 2005.

Delegate: Appraisal Institute - Leadership Development & Advisory Council; 2005 & 2006.

Regional
Representative: Appraisal Institute - Region I; 2002-2003, 2006-2009.

Chairperson: Appraisal Institute Education Committee (Courses) - Northern California Chapter; 2000-2003.

Speaker: "Training the Trainee" - Appraisal Institute workshop; March 2003.

Committee
Member: Appraisal Institute General Experience Review Committee; 1999-2000.

Author: "R&D Campus Development Goes Vertical" - SFBA Focus (a publication of the Appraisal Institute's San Francisco Bay Area Chapter); May 1997.

Speaker: "Demonstration Appraisal Report Writing" - Appraisal Institute workshop; September 1996.

Chairperson: Appraisal Institute Seminar - Assessment and Mello-Roos Bonds; April 1993, July 1995.

Author: "The Impact of Defense Cuts on the South Bay Economy" - News Eleven (a publication of the American Institute of Real Estate Appraiser's San Francisco Bay Area Chapter); April 1990.

JEFFREY ENRIGHT, MAI - QUALIFICATIONS

EDUCATION

Bachelor of Arts, with distinction: University of California at San Diego; La Jolla, California.

RECENT CONTINUING EDUCATION

- “Another Look at Data and Analysis of Housing Markets” - Appraisal Institute, November 2008
- 2008 Annual Fall Conference - Appraisal Institute, November 2008
- “The Perfect Storm: The Economy in Crisis” - Appraisal Institute, October 2008
- “Commercial Data: Brokerage Surveys, Listings & Data Sharing - Appraisal Institute, September 2008
- “Professionalism, Fraud, and Appraiser Rights” - Appraisal Institute, May 2008
- 2008 Spring Litigation Conference - Appraisal Institute, May 2008
- 2008 Annual Spring Conference - Appraisal Institute, April 2008
- “Refreshing Assumptions for Building a DCF Model” - Appraisal Institute, March 2008
- “Supporting Opinions in Declining Markets” - Appraisal Institute, January 2008
- 2007 Annual Fall Conference - Appraisal Institute, November 2007
- National Uniform Standards of Professional Appraisal Practice (7-hour) - Appraisal Institute, July 2007
- “Understanding Training: Know About Training the Trainee” - Appraisal Institute, May 2007
- “Commercial Forms and Formats: What Some Reviewers are Looking For” - Appraisal Institute, March 2007
- “Real Estate Appraisal: Past, Present & Future” - Appraisal Institute, January 2007
- “Feasibility, Market Value, Investment Timing: Option Value” - Appraisal Institute, December 2006
- “Assembling the Puzzle: Changing Economic and Market Conditions” - Appraisal Institute, November 2006
- 2006 Annual Fall Conference - Appraisal Institute, October 2006
- “Current Construction Costs in the Bay Area” - Appraisal Institute, May 2006
- “California Eminent Domain Appraisal Practice” - Appraisal Institute, April 2006
- “Understanding Property Taxes: What Appraisers Need to Know” - Appraisal Institute, April 2006
- 28th Annual Real Estate and Economics Symposium - University of California, Berkeley
Fisher Center for Real Estate & Urban Economics, November 2005
- 2005 Annual Fall Conference - Appraisal Institute, October 2005
- “Arbitration - What You Can’t Learn from Books” - Appraisal Institute, September 2005
- National Uniform Standards of Professional Appraisal Practice (7-hour) - Appraisal Institute, May 2005
- “Market Analysis & Using the Site to do Business” - Appraisal Institute, March 2005
- “Beat the Clock and Make More Money” - Appraisal Institute, September 2004
- “Appraisers and Brokers: Understanding Each Others Needs” - Appraisal Institute, May 2004
- Business Practices and Ethics - Appraisal Institute, May 2004
- “The Financing of Affordable Housing” - Appraisal Institute, March 2004
- Litigation Appraising: Specialized Topics and Applications - Appraisal Institute, March 2004
- “State of The Profession” - Appraisal Institute, September 2003
- “Training the Trainee” - Appraisal Institute, March 2003
- The Appraiser as an Expert Witness: Preparation & Testimony - Appraisal Institute, March 2003
- “Partial Undivided Interest Valuation” - Appraisal Institute, May 2002
- “PDF & The Appraisal Office: Save Time and Money” - Appraisal Institute, May 2002
- 2001 Annual Fall Conference - Appraisal Institute, November 2001
- Standards of Professional Appraisal Practice - Appraisal Institute, June 2001
- 2000 Annual Fall Conference - Appraisal Institute, October 2000

PROFESSIONAL AFFILIATIONS

- Member of the Appraisal Institute - MAI Designated (No. 10533)
- Member of the Urban Land Institute
- Member of the International Right of Way Association
- Certified General Real Estate Appraiser: State of California (No. AG015649)

REPRESENTATIVE CLIENT LIST

Law & Accounting Firms

Aaron, Riechert, Carpol & Riffle
Bowles & Verna
California Trust & Estate Counselors
Carr, McClellan, Ingersoll, Thompson & Horn
Farbstein & Blackman
Fox, Shjeflo, Wohl, Newkold & Hartley
Goth & Silvestri
Greene, Chauvel, Descalso & Tully
Hanson, Bridgett, Marcus, Vlahos & Rudy
Jacobson, Thierolf & Dickey
Kass & Kass
Kay & Merkle
Law Offices of Ms. Julia Baigent
Law Offices of Mr. Jeffrey Cost
Law Offices of Mr. James Draeger
Law Offices of Ms. Lisa Dugoni
Law Offices of Mr. Hollis Elliott
Law Offices of Mr. Andrew Fagan
Law Offices of Mr. John Gregory
Law Offices of Mr. Wade Hover
Law Offices of Mr. Dek Ketchum
Law Offices of Mr. Gregory Menzel
Law Offices of Mr. Paul Vorsatz
Lippenberger, Thompson, Welch, Soroko & Gilbert
McGladrey & Pullen
Miller & Pachkowski
Miller Starr Regalia
Pillsbury Winthrop
Quinn Emanuel Urquhart Oliver & Hedges
Realty Law
Roisman Henel
Stroock & Stroock & Lavan
Thelen Reid & Priest

Developers & Investors

A.F. Evans Company
Ansok Builders
Big Wave
Borel Estate Company
Clarum Homes
Concar Enterprises
Cornell Capital Partners
Crane Street Developers
Double Eagle Properties
Encina Properties
Forest Professional Building Associates
Karp Companies
Keenan/Bariteau Partners
L.C. Smith Properties
Meffert Investment
Menlo Equities
The Nicholson Company
Northwestern Investment Management
Peninsula Builders
Remora Property Development
Sares-Regis Group
Soong Holdings
Stanford Partners
Tarlton Properties
Titan Endeavors
Trammell Crow Company

Companies

ABS-CBN International
Agilent Technologies
Alza
American Executive Centers
American Metal & Iron
Applied Micro Circuits
The Berube Company
Boston Consulting Group
Calpine
Cardiovascular Med. & Coronary Interventions
Chicago Title Company
Corporate Service Consortium
Cushman & Wakefield
Darden Restaurants
Draeger's Markets
Ducky's Car Wash
Fidelity National Title Insurance
Genencor International
Gerson Lehrman Group
Golden State Brewing
IXYS
Johnson & Johnson
LifeScan
Loral Landscaping
McCown De Leeuw & Company
Menlo Medical Clinic
Mid-Peninsula Plastic Surgery Center
New United Motor Manufacturing
NorCal Waste Systems
Novellus Systems
Paceman A.G.
Schering-Plough
Sherman, Clay & Company
Sigona's Farmers Market
State Farm Insurance
Stop N Save
SummerWinds Garden Centers
Sunnyvale Nursery
Tearse Eye Center
Terra Property Analytics
Toyota Motor
Trend Micro
Una Mas Restaurants

Non-Profit Organizations

Aid Association for Lutherans
Biola University
California Teachers Association
Congregational Church of San Mateo
First Presbyterian Church of San Mateo
Hope Evangelical Lutheran Church
King's Way Foursquare Church
Palo Alto Housing Corporation
Palo Alto Medical Foundation
Peninsula Endowment
Peninsula Open Space Trust
San Francisco Church of Christ
Sequoia Healthcare District
Stanford University
University of Oregon Foundation
YMCA of San Francisco

Government Entities

City of East Palo Alto
City of Pleasanton
City of Redwood City
City of San Bruno
City of San Jose
City of San Mateo
County of San Mateo
Santa Clara Valley Transportation Authority

Financial Institutions & Mortgage Brokers

Arbor Commercial Mortgage
Bank of America
Bank of Los Altos
Bank of the West
BankOne
Barclays Capital
Barry S. Slatt Mortgage Company
Bay Area Bank
Bay View Bank
Borel Private Bank & Trust Company
Branch Bank & Trust
Bridge Bank
Builder's Capital
California Bank & Trust
California National Bank
California Savings Bank
CityMutual Financial
Comerica Bank
Community West Bank
County Bank
Cupertino National Bank
First Republic Bank
FleetBoston Financial
Fremont Investment & Loan
GE Capital
George Elkins Mortgage Banking Company
Golden State Bank
Greater Bay Bancorp
Hawthorne Savings
Heritage Bank of Commerce
Hilltop Financial Mortgage
Interwest Mortgage
KeyBank
Local Oklahoma Bank
Luther Burbank Savings
Marcus & Millichap Capital Corporation
Mid-Peninsula Bank
National Cooperative Bank
New York Life Investment Management
Northern Trust Bank
Pontes Financial Group
St. Cloud Mortgage
StanCorp Mortgage Investors
Stanford Federal Credit Union
Strategic Lending
Union Bank of California
Union Central Life Insurance Company
UBS Global Asset Management
U.S. Bank
Washington Mutual Bank
Wells Fargo Bank