ATTACHMENT F

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PROPERTY CONDITION ASSESSMENT

PROPERTY REFERENCE:
Los Altos Woods Office Building
5050 El Camino Real
Los Altos, California 94022

LOCAL KNOWLEDGE | GLOBAL PERSPECTIVE

PROPERTY CONDITION ASSESSMENT

Prepared for:

Woodmen of the World
c/o Barry S. Slatt Mortgage Company
1350 Old Bayshore Highway, Suite 450
Burlingame, California 94710

Property Identification:

Los Altos Woods Office Building
5050 El Camino Real
Los Altos, California 94022

Prepared by:

Global Realty Services Group
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September 29, 2011
GRS Project #: 11-10225.1

Contents

OVERVIEW

Overall Property Condition – Good

This Property Condition Report (Assessment) was completed by Global Realty Services Group, GRS Group, for Woodmen of the World (Client). Site reconnaissance was conducted on September 19, 2011 by Mark S. Prock.

ITEM	Condition (E, G, F, P)	IMMEDIATE ACTIONS	IMMEDIATE NEEDS	CAPITAL RESERVES
Site Improvements				
Utilities	G		$	$
Site Development	G		$	$
Storm Water Management	G		$	$
Paving and Concrete	G		$	$21,600
Landscaping	G		$	$
Lighting	G		$	$
Signage	G		$	$
Structural Systems & Bldg Envelope				
Foundation	G		$	$
Structural Systems	G		$	$
Exterior Walls	G		$	$8,750
Windows and Doors	G		$	$
Roof Coverings	G-F		$	$40,000
Roof Drainage	G		$	$
Building Systems				
HVAC	G		$	$20,000
Electrical	G		$	$
Plumbing	G		$	$
Water Heaters	G		$	$
Fire Suppression	G		$	$
Conveying Systems	G		$	$
Interiors				
Common Areas	G		$	$15,000
Tenants	G		$	$
Others				
Regulatory Requirements	G		$	$
Americans with Disabilities Act	G		$	$
Mold	G		$	$
		Overall:	**$0**	**$105,350**

E = excellent, G = good, F = fair and P = poor **No inflation factor has been applied to Capital Reserve estimates.**

Item	Schedule	Base Estimate	Base per SF per Year	Inflation at 2.5%	Inflated per SF per Year
Immediate Needs	0-1	$0	NA	NA	NA
Replacement Reserve	12	$105,350	$0.22	$119,193	$0.25

Property Description

The Property was observed to be in good overall condition. Minor conspicuous defects or material deferred maintenance of material systems, components, or equipment were identified as a result of this assessment.

PROPERTY DATA	
Property Type	Multi-tenant Office
Property Name	Los Altos Woods Office Building
Property Address	5050 El Camino Real, Los Altos, CA
Legal Description	A Legal Description was not provided
Site Area*	1.42 acres (Santa Clara County Assessor Data)
Buildings	The subject Property contains one (1) two-story building over a semi-subterranean parking garage level
Building Area*	40,417 Gross Square Feet; 30,798 SF NRA (per rent roll)
Year Built*	1981
Construction	Type V
Stories	Two-stories over one semi-subterranean parking garage level
Access	Vehicular access is provided along El Camino Real located along the north side of the site and along Distel Court Road along the west side of the site.
Demised Areas	The building is currently divided to accommodate 30 office tenant spaces
Parking Spaces	Approximately 156 parking stalls
Zoning	CT – Commercial Thoroughfare
Flood Plain	X (Shaded)
Seismic Zone	Seismic Zone 4 – High probability for damaging ground motion
ADA Conformance	The Property was constructed prior to the effective date of the ADA. Eight ADA parking stalls were observed adjacent to the building and within the parking garage. A handicap access ramp is provided at the rear of the building for interior access. The common area restrooms appeared to be generally accessible.
Mold	No evidence of significant mold growth was identified.

***Information is as reported to GRS Group. No independent confirmation has been undertaken. Information is as reported to GRS Group by on site property management. No independent confirmation has been undertaken.**

Reconciliation of Data

Improvements observed at the Property are consistent with the description provided at the time of engagement. No significant deviations were identified.

Remaining Useful Life

The Property is expected to have a remaining useful life of 30 years. According to the PCA Standard governing this work, the remaining useful life is "a subjective estimate based upon observations, or average estimates of similar items, components, or systems, or a combination thereof, of the number of remaining years that an item, component, or system is estimated to be able to function in accordance with its intended purpose before warranting replacement. Such period of time is affected by the initial quality of an item, component, or system, the quality of the initial installation, the quality and amount of preventive maintenance exercised, climatic conditions, extent of use, etc." The estimate of remaining useful life is a professional opinion based upon the findings of our assessment and is not intended as a guarantee or warranty of any kind.

Immediate Needs

The estimate of immediate needs includes repair and replacement of improvements as a result of any of the following: (1) material existing or potential unsafe conditions, (2) readily apparent and material building or fire code violations, or (3) conditions that if left uncorrected, have the potential to result in or contribute to critical element or system failure within one year or are likely to result in a significant escalation of related remedial costs.

No immediate needs were identified as a result of this assessment.

Replacement Reserves

Since the PCA standard does not require estimation of replacement reserve costs or provide guidance for the estimation of reserves, items included in and methods of developing the estimate can vary. The following estimate of Replacement Reserves is intended to identify costs associated with the replacement or repair of building systems, components and finishes. Normal maintenance, periodic repairs and operating costs are excluded from this estimate. Our estimate of replacement reserves includes expected costs to replace or repair major building systems and components during the term identified below:

Replacement Reserves				
Reserve Term	Base Estimate	Base per Unit per Year	Inflation at 2.5%	Inflated per Unit per Year
12	$105,350	$0.22	$119,193	$0.25

Replacement reserves over the term of this report include asphalt pavement repairs, seal coating and restriping; building exterior cleaning, caulking, and painting; roof membrane replacement; HVAC component replacements; and common area carpet replacement, as identified in the attached replacement reserve table.

Budgeted Capital Expenditures

No renovations are currently in progress at the Property.

Property management reported there are no plans for renovation, repair and major maintenance during the study term.

Historical Repair and Replacement

The following major capital expenditures were reported or observed to have been completed within the last three years:

Improvements	Description
During 2010	New common area carpet and paint, signage upgrading, elevator cab renovation, exterior building painting, stone replacement at exterior planters.
During 2011	Installation of EMS.

1.0 Introduction

This Property Condition Assessment was performed by Global Realty Services Group (GRS Group) on Los Altos Woods Office Building located at 5050 El Camino Real in Los Altos, California (Property), and was prepared by Mark S. Prock; one of GRS Group's Field Professionals and was reviewed by one of our senior reviewers, John Koch.

1.1 Purpose and Use

This assessment along with findings, conclusions and recommendations (collectively, the Report) is intended to identify material physical deficiencies and provide a reasonable assessment of capital expenditures over the agreed study term in order to facilitate Client's evaluation of the Property as collateral for a proposed real estate secured loan. The supporting work was not intended to be exhaustive or to guarantee of the identification of every possible issue of potential concern, and may not be construed as a warranty or guarantee of:

- The present or future condition of the subject Property, correct or adequate installation or design, remaining useful life, repair or replacement cost of any improvement or system; including, without limitation, roofing, superstructure, caulking, etc.
- Compliance with any federal, state or local statute, ordinance, rule or regulation including, but not limited to, fire and building codes, life safety codes, environmental regulations, health codes, zoning ordinances, compliance with trade/design standards, or standards developed by the insurance industry
- Compliance of any material, equipment, or system with any certification or actuation rate program, vendor's or manufacturer's warranty provisions, or provisions established by any standards that are related to insurance industry acceptance/approval

This Report is not intended to provide an in-depth assessment of the Property suitable for pre-acquisition due diligence or for planning of major renovation or conversion of the Property. The scope of such reports can differ significantly depending upon the risk tolerance of the client, are frequently considerably more detailed and may include testing of systems, access to concealed conditions and other activities not within the scope of this assessment. This Report may not be utilized in evaluating conditions prior to acquisition of, or investment in the Property or to support major renovation or conversion of the Property to other uses.

Unless expressly identified herein, all opinions, conclusions, and recommendations provided presume that the Property occupancy and use will remain as observed at the time of our site reconnaissance and that no significant renovation, subdivision, conversion to condominiums or similar change will occur. This Report will be invalidated in the event of such activities.

1.2 Scope of Assessment

This assessment was conducted in accordance with an agreement governing the nature, scope intent and purpose of the work and in general accordance with ASTM E 2018-08, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process (the Standard). No assessment can wholly eliminate uncertainties concerning the condition of improvements at the Property or the timing and cost of material capital expenditures anticipated during the study term. The agreed scope of services is intended to develop a representative understanding of the Property in order to reduce, but not eliminate, uncertainties, and is not intended to be exhaustive or all inclusive. The reader should be thoroughly familiar with the Standard in order to assure an appropriate understanding of limitations inherent in the agreed scope of services. The assessment is based solely upon completion of the agreed services as described below.

Site Reconnaissance

Site Improvements - Parking lots, landscaped and similar surface improvements were traversed at intervals sufficient to develop an understanding of their overall condition.

Building - The outside perimeter and roof of the building was observed. Interior reconnaissance included all public areas such as lobbies, hallways and similar areas intended to be used by occupants or the public, utility rooms, building maintenance and repair areas, as well as all down units and a representative sample of vacant and occupied units. A more complete description of building reconnaissance is provided at Section 2.3. After discussion with the site contact, units believed to be representative of overall Property conditions were observed by GRS Group.

Interviews

GRS Group attempted to interview persons knowledgeable of historical operations at the Property. In accordance with the PCA Standard, information provided by others is presumed to be true, correct and complete unless found to be substantially in conflict with other information obtained during completion of the assessment.

Documentation

GRS Group requested copies of Regulatory Violations, Corrective Action Notices, Plans, Rent Role, a summary of improvements and repairs completed in the last three years, a summary of planned improvements, existing Geotechnical, Property Condition and Termite/Pest reports along with available reports or inspections by specialists. Documentation obtained during completion of this assessment, if any, is identified and summarized in the documentation section of this Report. Critical review of this information is beyond the scope of this assessment.

Regulatory Records

GRS Group contacted the local fire, building and planning departments as necessary obtain information concerning unresolved violations and corrective action notices. In some cases, related information was obtained by interview or by review of information or documentation provided in response to a request under the Freedom of Information Act.

Evaluation and Reporting

Findings of the assessment are reviewed in order to identify work which should be completed immediately and to develop an estimate of expected capital expenditures. Since information provided in various sections of the Report is complementary, the Report must be read and considered in its entirety.

Since GRS Group's responsibilities are limited by the scope of work performed, an understanding of activities not included in the scope of work is important to proper use of the information contained in this Report and it is our understanding and belief that the client has considered related uncertainties and has concluded that the agreed scope of assessment will meet their needs. Some clarification of the work performed is provided below, but a more complete list of such inherent limitations is provided at Appendix E.

- In some cases conditions encountered during completion of the assessment, for example limited roof access or a lack of information from a source knowledgeable of the Property can influence the assessor's ability to fulfill the objectives of the assessment. Where applicable, such conditions are identified in the Limiting Conditions section of this Report. Also, certain work is specifically excluded by the Standard. Unless the expressly identified in the agreed proposal for services, all tasks identified by the Standard as "Out of Scope" or "Non-Scope" are excluded from this assessment.
- Reconnaissance conducted during this assessment was limited to accessible areas of the Property identified in this Report. This assessment excludes the identification of concerns in areas of the Property which were not accessed during completion of the work, e.g. occupied areas not specifically identified as observed, crawl spaces, confined areas, wall cavities, plenum spaces and similar areas and our assessment of the condition of exterior wall systems and finishes is based upon observations made from the ground surface and considers information provided by the site contact and/or others; however close observation of wall systems and finishes above ground level was beyond the scope of this assessment. Accordingly, conditions may exist which were not identified as a result of our assessment and which may impact our conclusions concerning the condition of the Property. Any conditions known or discovered which were not identified during the completion of this assessment should be reported to GRS Group upon discovery and may impact the conclusions and recommendations of this Report.
- Any review of plans, specifications and budgets was for the sole purpose of executing the agreed scope of services. The evaluation of building code compliance, construction in accordance with plans or specifications, design criteria or the adequacy of design, systems and budgets is beyond the scope of this assessment.
- Though it is to be expected that there will be some limit to the useful life of all improvements, in practice normal maintenance of most site improvements and core building components such as foundations, superstructure, wood decks, wiring, piping, ductwork and flashing should allow them to remain in place for longer periods of time. Such extensions of the expected useful life are considered in developing our opinion of reserve costs.
- If discovered during the completion of this assessment, material repairs necessary as a result of the action of wood destroying insects may be identified in this Report, however this Report is not a Termite, Wood-Boring Insect, or Pest inspection and the discovery and GRS Group has no responsibility or liability for the discovery of related conditions.
- The assessment excludes the identification of deficiencies which can be corrected through normal maintenance as well as an opinion of probable costs deficiencies which are either individually or in

the aggregate less than a threshold amount of $3,000 unless there are more than four such items which collectively total over $10,000. Certain building components such as framing, electrical wiring, doors and trim are typically replaced as part of routine maintenance according to performance in the field and are excluded from our estimate of capital expenditures.

- The development of opinions of repair and replacement costs is inherent in our process for the assessment of conditions at the Property. Actual costs associated with this work can vary substantially depending upon factors not within our control. No detailed plans or survey of quantities has been prepared for cost estimating purposes. Estimates included in this Report represent our opinion of achievable costs and are based on approximate quantities and typical unit costs as well as information obtained in execution of the agreed scope of services and review of published resources. The estimates do not constitute a guarantee of related costs or offer to complete the identified replacement or repair.

1.3 Reliance

RESTRICTED USE AND RELIANCE - AT THE REQUEST OF OUR CLIENT, THIS REPORT IS ADDRESSED TO WOODMEN OF THE WORLD, WHO SHALL BE ENTITLED TO RELY ON ITS FINDINGS AS IF THEY WERE PARTY TO THE AGREEMENT UNDER WHICH THE WORK WAS PERFORMED. SUCH RELIANCE SHALL BE UNREBUTTABLE EVIDENCE OF FULL ACCEPTANCE OF THAT AGREEMENT. NO OTHER RIGHTS, BENEFITS OR OBLIGATIONS ARE INTENDED OR CONVEYED. THIS REPORT MAY NOT BE USED OR RELIED UPON BY ANY ADDITIONAL PARTY WITHOUT THE EXPRESS WRITTEN CONSENT OF GLOBAL REALTY SERVICES GROUP.

1.4 Additional Services

ADA Assessment – Conditions which may violate Americans with Disabilities Act Title III, ADA, were assessed by visual observation without physical measurement of observed conditions to identify obvious non-conforming conditions and approximate costs associated with related corrective actions. The work is intended to be a good faith effort consistent with Tier 1: Visual Accessibility Survey criteria as described in the PCA Standard and is not a guarantee of full compliance. No in-depth study or full compliance assessment has been performed.

Flood – Flood Insurance Rate Maps published by the Federal Emergency Management Agency were reviewed to determine whether the Property is located within a 100-year flood plain.

Seismic Hazard – The seismic hazard map published as part of the 1997 Uniform Building Code were reviewed to determine the seismic zone in which the Property is located. Though alternative engineering standards were adopted with publications of subsequent versions of the Uniform Building Code, the 1997 map is commonly used as a general indicator of seismic risks.

Mold – Material and readily apparent evidence of the presence of the presence of mold which is identified during completion of the Assessment is described in the Report.

1.5 Deviations

The PCA Standard characterizes issues which are beyond the scope of assessment as either Additional Considerations or Out of Scope Issues. Any inclusion of these issues or considerations in this assessment is described earlier in this Section: Scope of Assessment. Inclusion of this work is limited to the scope identified herein, subject to underlying principles and limitations of the PCA Standard, and shall not impute a responsibility for the evaluation of other such issues or considerations.

1.6 Methodology

Condition of Components and Systems

GRS Group has relied upon the following rubric as a guide to evaluating the condition of improvements at the Property:

CONDITION	SYSTEM OR COMPONENT	OVERALL
Excellent	New or like New	All systems are in excellent condition
Good	Average to above-average condition, functioning as intended and no material repair or replacement is expected within 12 months.	Not more than one system is in fair condition
Fair	Average condition, functioning as intended, but material repair or replacement within 12 months should be expected.	Not more than one system is in poor condition
Poor	Below average condition, material repair or replacement is identified as an immediate need.	More than one system is in poor condition

Various tables included in the Field Observation section of the Report include the following indicators of recommended action:

<RT = Less than the reporting threshold
DM = Deferred Maintenance
INV = Investigation is Recommended
IR = Immediate Repair
RR = Replacement Reserves
Routine maintenance or no action is required where entries are left blank

Opinion of Costs

The development of opinions of repair and replacement costs is inherent in our process for the assessment of Property conditions. Actual costs associated with this work can vary substantially depending upon factors not within our control. No detailed plans or survey of quantities has been prepared for cost estimating purposes. Estimates included in this Report represent our opinion of achievable costs and are based on approximate quantities and typical unit costs as well as information obtained in execution of the agreed scope of services and review of published resources. The estimates do not constitute a guarantee of related costs or offer to complete the identified replacement or repair.

In developing opinions of costs associated with this assessment, GRS Group has exercised professional expertise, reviewed published resources and, when available, information provided by the client or others in order to identify an achievable estimate of costs to complete the work on a normal schedule after a well managed, competitive bidding process.

No allowance has been made for the discovery of unexpected conditions, design or permitting costs, or for overhead and profit which might be added to work completed under the supervision of a general contractor. When desired, a contingency budget should be added by the user.

1.7 Limiting Conditions

No conditions were encountered which would be expected to materially impact our ability to satisfy the purpose and scope of this assessment.

2.0 Interviews

The following contacts were interviewed during completion of this assessment:

Position	Name	Contact Information
Property Manager with Pearlman Property Management	Ms. Barbara Elbach	408-212-0543
On-site Facility Manager	Mr. Armando Ramero	408-212-0543
Santa Clara County Fire Department	Ms. Christie Duncan	408-378-4010
City of Los Altos Building Division	Ms. Lori Panguay	650-947-2752

Interview Notes

Facility Manager – Mr. Armando Ramero reportedly managed the Property for about five years. He provided a limited and general knowledge of previous and present building issues and maintenance information regarding the property.

Property Manager – Ms. Barbara Elbach provided property background information and limited available documents for our review. Ms. Elbach indicated the property was purchased at auction in "as is" condition during August 2010, so limited property information is available. Ms. Elbach reported the current lease agreements are primarily gross leases.

Regulatory Status – A written request is required from the Santa Clara County Fire Department for information regarding fire code or safety code violations at the subject property. A written request for public information was sent on September 23, 2011. A copy of the request is included in the appendix of this report. Ms. Lori Panguay, a representative for the City of Los Altos Building Division, indicated during a telephone conversation on September 19, 2011 that the available code enforcement records contain no code or safety violations for the subject property.

3.0 Document Review

GRS Group requested the Property owner, key site contact and Client, to provide the following documents. Copies of all documents obtained are included at the Appendix.

- Pre-survey Questionnaire
- Prior Reports
- Copies of Warranties
- Plans, Budgets and Estimates for Repair and Renovation
- A summary of regulatory complaints, notices of violation, corrective action notices and similar regulatory actions
- Plans
- Marketing Literature
- A Summary of Historical Repairs
- A Summary of Maintenance Contracts
- A Summary of any Legal Actions

Summary

No information indicating significant concerns was identified as a result of our review of submitted documentation.

Documents Submitted

The following information was provided for our review:

- Property Brochure prepared by Cushman and Wakefield
- Rent roll provided by Pearlman Property Management dated September 20, 2011
- Parcel map obtained for the Santa Clara Assessor's website

Pre-survey Questionnaire – The pre-survey questionnaire was returned to GRS Group at the time of the preparation of this Report. The questionnaire was completed by Barbara Elbach with Pearlman Property Management.

4.0 Regulatory Records

4.1 Document Requests

GRS Group requested information from the City of Los Altos building, fire and zoning departments to request information concerning outstanding violations associated with the Property. Findings are described below:

DEPARTMENT	*CONTACT (PHONE)*	*COMMENTS*
Santa Clara County Fire Department	Ms. Christie Duncan 408-378-4010	Written request for information submitted on September 23, 2011.
Los Altos Building Division	Ms. Lori Panguay 650-947-2752	No outstanding violations were reported.

Regulatory Status – A written request is required from the Santa Clara County Fire Department for information regarding fire code or safety code violations at the subject property. A written request for public information was sent on September 23, 2011. A copy of the request is included in the appendix of this report. Ms. Lori Panguay, a representative for the City of Los Altos Building Division, indicated during a telephone conversation on September 19, 2011 that the available code enforcement records contain no code or safety violations for the subject property.

4.2 Certificate of Occupancy

GRS Group was unable to obtain a copy of the original Certificate of Occupancy.

5.0 Field Observations

Mark S. Prock, one of GRS Group's Field Professionals, visited the Property on September 19, 2011 to observe the condition of improvements. Mr. Armando Ramero, on-site facility manager, accompanied GRS Group during our observations. Site reconnaissance included observation of the periphery of the Property and perimeter of the building. Surface improvements such as parking areas, landscaping and exterior signage were also observed during our visit to the Property. Parking lots, landscaped and similar improved areas were traversed at intervals of approximately 50 feet. Interior reconnaissance included all public areas such as lobbies, hallways and similar areas intended to be used by occupants or the public, all utility rooms, maintenance, repair and storage areas as well as units specifically identified later in this section.

Various tables included in this section of the Report include the following indicators of recommended action:

<RT = Less than the reporting threshold
DM = Deferred Maintenance
INV = Investigation is Recommended
IR = Immediate Repair
RR = Replacement Reserves
Routine maintenance or no action is required where entries are left blank

5.2 Setting

	Description	**Action**
Weather	When we visited the Property, the weather was sunny & 60 degrees F.	N
Topography	The Property slopes gently toward the site drainage inlets.	N
Water Features	A decorative water fountain is located within the landscaping at the front of the building.	N
Slopes	Not significant.	N
Other	Concrete retaining walls are located at the east side of the site for access to the semi-subterranean parking garage level.	N

5.2 Utilities

The following table reflects the reported suppliers and reported condition of utilities serving the Property. The evaluation of these services is beyond the scope of this assessment.

	Description	**Reported Condition**
Storm Sewer	California Water Service	G
Sanitary Sewer	California Water Service	G
Domestic Water	California Water Service	G
Electricity	Pacific Gas and Electric	G
Natural Gas	Pacific Gas and Electric	G
Fuel Oil	Not provided	NA
Cable	Not provided	NA
Internet	Not provided	NA

5.3 Description of Improvements

	Description	*Action*
Site Improvements	Two-story building over semi-subterranean parking garage with asphalt paved exterior parking and concrete walkways and with landscaped areas and planters	RR
Building Interior	30 individual office tenant spaces	
Substructure	Concrete slab-on-grade at semi-subterranean level with standard shallow footings	
Superstructure	Standard light wood framed stud bearing walls over concrete construction at semi-subterranean parking garage	
Building Envelope	Primarily painted wood siding	RR
Windows and Doors	Metal framed	
Roof	Built-up membrane with mineral cap sheet	RR/DM
HVAC	Rooftop units	RR
Plumbing	Copper domestic water with cast iron sewer and drain piping/Gas-fired hot water tank	
Electrical	Estimated 2,000 amp service	
Fire Suppression	Fully wet sprinklered and portable fire extinguishers	DM
Conveying Systems	One hydraulic elevator	DM
Other	Three stairwells are provided for access to all floor levels	

DM – De Minimis IR = Immediate Repair INV = Investigation is Recommended

No action is required where not indicated in the table.

Please refer to the sections below for additional information concerning any immediate repair or recommended investigation.

5.4 Site Improvements

5.4.1 Site Development

	Description	*Condition*	*Action*
Engineered slopes	No significant engineered slopes were identified at the Property	G	
Erosion	No evidence of significant erosion was identified	NA	
Retaining walls >42”	Concrete retaining walls provided along the southeast section of the property	G	

5.4.2 Storm Water Management

	Description	*Condition*	*Action*
Storm water management	Storm water is directed to catch basins which discharge to the municipal system	G	
Catch basins	Concrete catch basins have been installed throughout the Property	G	
Drainage channels	None	NA	
Drywells	None	NA	
Retention ponds	None	NA	

5.4.3 Paving and Concrete

	Description	*Condition*	*Action*
Asphalt	Asphalt paving is provided in parking areas and drives along the perimeter of the building	G	RR
Concrete Paving	Concrete paved landings are provided at the building entrances Concrete pavement is provided at the semi-subterranean parking garage level	G	
Other	Concrete steps are provided at the building entrances along the front of the building A concrete handicap access ramps is provided at the rear entrance to the building	G	
Sidewalks	Sidewalks are located along the street at the perimeter of the property	G	
Curb and gutter	Curbs and gutters are in generally good condition.	G	

Comments:

Asphalt Pavement — *Replacement Reserves* – Asphalt pavement along the perimeter of the building is generally in good condition, with some areas having minor cracks with deterioration observed at the driveways within the parking lot. Asphalt repairs with periodic sealing and re-striping is required during the reserve term. Funds have been included in the replacement reserve table for this work during the reserve term.

5.4.4 Landscaping

	Description	*Condition*	*Action*
Lawn	None	NA	
Planting	Plantings are located near the building entries. Trees, decorative plantings and ground cover are located along the perimeter of the building. Planters were reportedly replaced at the building entrances during 2010.	G	
Irrigation	Landscape sprinklers and a drip irrigation system have been installed at the Property.	G	
Fencing	Chain link fencing is provided along the eastern section of the site at the concrete retaining walls.	G	
Hardscape	None	NA	
Stairs	None	NA	
Landscape features	Decorative stone masonry retaining walls are provided to accommodate the grade changes at the site and at the driveway entrances to the semi-subterranean parking garage.	G	
Trash Enclosures	None	NA	
Other	None	NA	

5.4.5 Other Site Improvements

	Description	*Condition*	*Action*
Lighting	Wall mounted high-intensity light fixtures are provided along the perimeter of the building.	G	
Signage	A monument sign is locate along El Camino Real at the front of the site. A decorative monument sign is also located within the landscaping at the front of the building. The building street address signage is located over the main entrance doors at the front of the building. Signage upgrades were reportedly completed in 2010.	G	
Recreation Building	None	NA	
Other Amenities	None	NA	

Comments:

Exterior Lighting — Exterior lighting appeared to be adequate based on the number and location of fixtures observed. Our site visit, conducted during daylight hours, could not determine the adequacy of light levels during nighttime hours. Ongoing maintenance is required during the reserve term.

5.5 Vertical improvements

5.5.1 Substructure

	Description	*Condition*	*Action*
Slope away from buildings	It appears the perimeter landscaping and hardscape are adequately sloped away from the building	G	
Earth – wood separation	Appears adequate	G	
Foundations	Concrete slab on grade at the semi-subterranean parking garage level with continuous and spread concrete footing supporting load bearing walls and columns.	G	
Basement	Semi-subterranean parking garage level	G	
Sumps	None	NA	
Roof drainage away from foundations	Roof drainage is provided internal roof drains and overflow drains at the roof parapets which are connected to the underground municipal storm water system	G	
Crawl Space	None	NA	
Concrete Floor Slab	Parking garage level is concrete slab-on-grade	G	
Water intrusion	None reported or observed at substructure	G	
Excessive moisture	None	NA	

5.5.2 Superstructure

	Description	*Condition*	*Action*
Visible wall framing	Standard light wood framed stud bearing walls over concrete construction at semi-subterranean parking garage level	G	
Upper floor framing	Light weight concrete and plywood sheathing over wood framing	G	
First floor framing	Precast concrete planks spanning between precast concrete beams supported by concrete columns and concrete bearing walls	G	
Roof framing	Plywood over wood framing	G	
Roof sheathing	Plywood	NA	
Balconies	None	NA	
Elevated Walkways	None	NA	
Cracking	None noted	G	
Settlement	None noted	G	

5.5.3 Attics

No attics are located at the Property.

5.6 Building Envelope

5.6.1 Exteriors

	Description	*Condition*	*Action*
Finishes	Painted T-111 wood siding	G	RR
EIFS and Synthetic stucco	None	NA	
Hardboard siding	None	NA	
Caulking	Caulking appeared to be in good condition.	G	RR
Windows	Metal framed	G	
Doors	Metal framed with full glass panels at building entrances with painted metal doors in metal frames at service entrances	G	
Cracking	None noted		
Bulging/warping	None noted		
Gaps	None noted		
Reported leaks?	None reported		

Comments:

Building Exterior: *Replacement Reserves* – The exterior wood panel siding paint finish appeared to be in generally in good condition and was reportedly last painted during 2010. Repainting will be required during the reserve term. Funds have been included in the replacement reserve table for this work during the reserve term.

5.6.2 Roof

	Description	*Condition*	*Action*
Access	Access to the flat roof level was provided from the roof hatch from the second floor level.		
Type	Flat roof		
Age	The age of the flat roof membrane is estimated to be 15+ years.		
Reroof?	Based on observed conditions replacement of the flat roof membrane is anticipated early in the reserve term.		
Roofing material	A built-up roof membrane with a mineral cap sheet finish.	G-F	RR
Substrate	Substrate below the roof covering is assumed to consist of plywood sheathing.	G	
Drainage	Internal roof drains with overflow drains at the roof parapets.	G	
Flashing	Appears good to fair condition with some minor splits and blisters observed at base of parapets	G-F	
Rooftop equipment	HVAC units, boilers and exhaust fan units.	G	
Skylights	None	NA	
Other roof penetrations	Plumbing vents and electrical component supports.	G	
Prior repairs	Minor previous repairs and roof membrane patches were noted at some locations. Repairs were also noted at parapet walls and membrane coverings at equipment supports.	G-F	
Debris	Excessive debris from overhanging trees was observed at roof drains.	G-F	DM
Ponding	None observed.	G	
Bulging and Delamination	Minor blisters, cracks and soft spots.	G-F	
Picture-framing	None noted.	NA	
Other concerns	None noted.	NA	
Service Contractor	Not provided.		
Past leaks	Minor past leaks were reported at the roof membrane and at rooftop HVAC ducting.	G-F	
Current leaks	None reported.	NA	
Warranty	None reported.		

Comments:

Roof Replacement — *Replacement Reserves* – Based on current conditions and the remaining useful life of the roof membrane, replacement is anticipated during the reserve term. Funds have been included in the cost tables. Possible damage may exist to plywood substrate from prolonged exposure to moisture from roof leaks. Replacement of any damaged roof plywood substrate should be completed at the time of roof removal and replacement.

Roof Debris — *De Minimis* – Excessive debris from overhanging trees and due to lack of adequate maintenance was observed at the roof level. Cleaning of the roof levels should be done as soon as possible and on a regular basis by property maintenance staff.

5.7 Building Systems

5.7.1 Heating, Ventilation and Air Conditioning

	Description	***Condition***	***Action***
Type	Four rooftop mounted Carrier HVAC units. A list of the HVAC equipment is provided in the appendix of this report. An energy management system was reportedly installed in 2011.	G	RR
Chillers	None	NA	
Boiler	Two rooftop mounted boiler units manufactured by Renzor. A list of the HVAC equipment is provided in the appendix of this report.	G	
Reported capacity	Estimated to be 10 to 20 tons each	G	
Age	Majority of the units are estimated to be 5 to 10 years.	G	
Maintenance	Reportedly regular maintenance agreement in place.	NA	
Warranty	The equipment is not under an active warranty.		
Cadet or Encore Wall Heaters (1985 – 1992)	None	NA	

Comments:

HVAC System — *Replacement Reserves* - The HVAC equipment appeared to be in good and operational condition at the time of our site visit. Based on our limited site observations, some of the equipment will require replacement during the reserve term. HVAC equipment upgrades and component replacements are reportedly the responsibility of the property owner. Funds have been included in the replacement reserve table for upgrades and component replacements during the reserve term.

5.7.2 Plumbing

	Description	*Condition*	*Action*
Materials	Domestic water supply piping was observed to be copper at isolated locations in the building. Property management reported the domestic water piping is copper. Drain, vent and waste water piping was reported to be cast iron throughout the building.	G	
Hot Water	Domestic hot water throughout the building is supplied by a central gas-fired hot water heater located in the parking garage level mechanical room. The hot water heater has a capacity of 150-gallons.	G	NM
Lift Station	None	NA	

Comments:

Hot Water Heater — *Routine Maintenance Only* - Replacement of the building domestic water heater for this building is considered to be part of routine maintenance.

5.7.3 Electrical

	Description	*Condition*	*Action*
Material	Property management reported the electrical wiring is copper throughout the building.	G	
Service Size	The main service into the building supplied by Pacific Gas and Electric Company. The service is estimated to be 2,000 amps alternating current (AC).	G	
Electrical Panels	The main electrical shutoff is located at the main electrical control cabinet at the basement level. Circuit breaker panels are located throughout the office and service areas of the building.	G	
GFI Outlets	GFI outlets are provided at common area locations in the building. A review of electrical outlets within the tenant suites was beyond our scope of work for this building.	G	
Diesel Generator	Not provided.	NA	

Comments:

None

5.7.4 Fire Suppression

	Description	*Condition*	*Action*
Fire Sprinkler System	The subject building is fully covered by a wet fire sprinkler system. The fire riser pipe was noted at the semi-subterranean basement level. The PIV is located at the front of the site along El Camino Real.	G	DM
Portable Fire Extinguishers	Portable fire extinguishers were observed in the common areas and in the individual tenant spaces with current inspection tags dated April 2011. Firemaster provided the regular maintenance for the portable fire extinguishers.	G	

Life Safety Fixtures	Emergency light fixtures with battery back-up and emergency exit signs with battery back-up were observed at common areas Pull stations noted at the building exits.	G	
Fire Alarm Panel	Reportedly in operational condition. Monitored offsite by Bay Alarm.	G	

Comments:

Fire Sprinkler System — *De Minimis* – According to property management, it has been at least 5 years since the last 5-year fire sprinkler certification test. This test should be performed as soon as possible as a part of continuing routine building operation/maintenance practices.

5.7.5 Conveying Systems

	Description	***Condition***	***Action***
Elevators	There is one hydraulic elevator providing access to the two floor levels and parking garage level of the building. The elevator has a capacity of 2,100 pounds and 13 persons. The elevator equipment is located in the mechanical room at the semi-subterranean basement level of the building. The cab finishes include carpet flooring and laminated wall coverings with fluorescent lighting. The elevator cab finishes were reportedly upgraded during 2010. The certificate for operation issued by the State of California is posted in the elevator cab and it expires on March 22, 2012. Based on documentation observed at the property, the five load test was completed on June 6, 2006.	G	DM
Escalators	None	NA	
People movers	None	NA	
Warranty	None	NA	
Service contract	Not provided.	NA	

Comments:

Hydraulic Load Test — *De Minimis* – According to available documentation, the last 5-year hydraulic load test on the elevator equipment was last performed on June 6, 2006. The load test should be performed as soon as possible as a part of continuing routine maintenance/operations practices.

5.8 Other Improvements

No other improvements were identified during completion of the assessment.

5.9 Interior improvements

5.9.1 Common Area Interior Materials and Condition

	Description	***Condition***	***Action***
Ceilings	Primarily painted sheetrock with some areas having suspended acoustical ceiling tile systems.	G	
Walls	Painted drywall. Interior painting at common areas was reportedly completed in 2010.	G	
Flooring	Primarily ceramic tile in lobby areas with carpet in access corridors. Carpet replacement in the common areas was reportedly completed in 2010.	G	RR
Doors	Solid wood with a wood laminate finish.	G	
Leaks	None	NA	
Damage	None	NA	
Other	None	NA	

Comments:

Common Area Flooring *Replacement Reserves* - Based on current conditions common area carpeting at interior corridors will require replacement during the reserve term. Funds have been included in the replacement reserve table for common area carpet replacements.

5.9.2 Representative Review

GRS Group was engaged to review representative interiors of the property. In the interest of time and cost clients frequently request observation of a portion of the Property despite the risk that conditions of concern will exist in areas not accessed during the assessment. Our observations typically include all unrentable and vacant areas of the Property units and other units as necessary to achieve the percentage agreed upon with the client. When improvements have been constructed in phases, effort will be made to assess representative units from each phase.

Description	Total	Observed	Percentage
Total Units	*30*	*8*	*27%*
Vacant Units	6	3	50%
Unrentable Units	0	0	NA
Rented Units	24	5	21%

Phasing – Improvements were reportedly constructed in a single phase. As a result, no special consideration of phasing was required.

Occupied areas accessed during the assessment were selected by the site contact.

5.9.3 Field Observations

Tenant Name (Unit #)	*The Bodin Group (101)*	*Digital Mountain (205)*	*Goalpath Financial Planning (203)*	*Bedrock Capital Mgmt. (204)*
Status	Occupied	Occupied	Occupied	Occupied
Net Rentable SF	2,778	2,330	878	1,421
Overall Condition	G	G	G	G
Action	RR	RR	RR	RR
Ceilings	Suspended ceiling tiles	Suspended ceiling tiles	Suspended ceiling tiles	Suspended ceiling tiles
Walls	Painted drywall	Painted drywall	Painted drywall	Painted drywall
Flooring	Mostly carpeting, with vinyl tile in break and service areas	Mostly carpeting, with vinyl tile in break and service areas	Mostly carpeting, with vinyl tile in break and service areas	Mostly carpeting, with vinyl tile in break and service areas
Doors	Solid wood with metal frames	Solid wood with metal frames	Solid wood with metal frames	Solid wood with metal frames
Leaks	None	None	None	None
Damage	None	None	None	None
Other	None	None	None	None

5.9.4 Extrapolation of Findings

When observation is restricted to a percentage of units, it is necessary and appropriate to assume that conditions in units not accessed are similar. In general, unrentable units are expected to be in poorer condition than vacant or rented units. As a result, conditions in unrentable units will not be extrapolated to unobserved units unless GRS Group has reason to believe conditions in those units will be similar. Conversely, the condition of vacant units tends to be better than that of unobserved units since they have frequently been repainted and refurbished in preparation for rental. The condition of vacant units which appear to have been prepared for rental will not be considered in the extrapolation of our findings.

6.0 Additional Services

Americans with Disabilities Act (ADA)

Any "place of public accommodation" which is designed and constructed for first occupancy after January 26, 1992 is required to be compliant with the requirements of Title III of the Americans with Disability Act (the Act). The Act is intended to promote access for disabled persons equal or similar to that available to the general public and requires that architectural and communication barriers in existing public accommodations be removed when removal is "readily achievable" and does not present an "undue burden" on the Property owner. Some states and municipalities have adopted accessibility requirements which exceed ADA requirements, but are beyond the scope of this assessment.

During assessment of Property conditions, GRS Group conducted a Tier 1 assessment of conformance with ADA requirements as defined in the PCA Standard in order to identify obvious items that do not appear to be in general conformance with the Title III requirements. Though costs to correct or remove noted barriers are provided herein, the extent of any corrective actions should be carefully considered in order to assure compliance in the spirit of the Act.

The Property was constructed prior to the effective date of the ADA. However, eight ADA parking stalls were observed adjacent to the building and within the parking garage. Four of the eight ADA stalls were noted to be van-accessible. A handicap access ramp is provided at the rear of the building for interior access. The common area restrooms appeared to be generally accessible.

Flood Plain

A review of the Flood Insurance Rate Maps, published by the Federal Emergency Management Agency, was performed. According to Panel Number 06085C0038H, dated May 18, 2009, the Property is located in Flood Zone X (Shaded). Flood Zone X (Shaded) regions are the areas between the limits of the base flood and the 0.2-percent-annual-chance (or 500-year) flood.

Seismic Risk Assessment

Properties located in Uniform Building Code (UBC) seismic zones 3 and 4 are evaluated for seismic risk by observing whether the structures on the Property exhibit certain risk factors. The Property lies within UBC Seismic Zone 4. Please refer to the Probable Maximum Loss (PML) Report prepared by GRS Group, under separate cover.

Mold

Mold is found everywhere inside and outside and can grow on almost any substance when moisture is present. Molds reproduce by releasing mold spores which can be carried long distances by air currents. When these spores land on a moist surface that is suitable for life, they begin to grow. Molds are essential to the natural breakdown of organic materials in the environment and are normally found indoors at levels that do not affect most healthy individuals. When moisture is present, common building materials such as plywood, drywall, furring strips, carpets, and carpet padding can support mold growth. Some molds produce mycotoxins that can pose serious health risks, neurological problems and even death. The term toxic mold refers to molds that produce mycotoxins, such as Stachybotrys chartarum, and not to all molds in general.

During our assessment of the Property, GRS Group looked for evidence of significant mold growth. No evidence of mold growth was identified as a result of our Assessment.

7.0 Certification

GRS Group has completed this assessment in accordance with the agreed scope of services as an independent contractor and without undue influence of the Client or owner of the Property. To the best of our knowledge and belief, the undersigned have no personal relationship with or interest in any party involved in this transaction.

DRAFT

Mark S. Prock, Professional Engineer
Field Professional

DRAFT

John K. Koch
Associate Director

Appendix

TABLES
IMMEDIATE NEEDS
REPLACEMENT RESERVE

A: SITE LOCATION AND SITE PLAN
B: PHOTOGRAPHS
C: LIMITATIONS OF PCA STANDARD
D: SUPPORTING DOCUMENTATION
E: QUALIFICATIONS

Building Age	30
# of Buildings	1
# of Units	30
Gross Building Area	40,417

Immediate Needs

ITEM	QTY.	UNIT COST	UNIT	TOTAL	Photo Number & Location
SITE IMPROVEMENTS					
None Identified					
STRUCTURAL FRAME					
None Identified					
FAÇADE/EXTERIOR WALLS					
None Identified					
ROOFING					
None Identified					
MECHANICAL, ELECTRICAL & PLUMBING SYSTEMS					
None Identified					
INTERIOR ELEMENTS					
None Identified					
			TOTAL	**$0**	

Reserve Term	12
Building Age	30
# of Buildings	1
# of Units	30
Gross Building Area	40,417

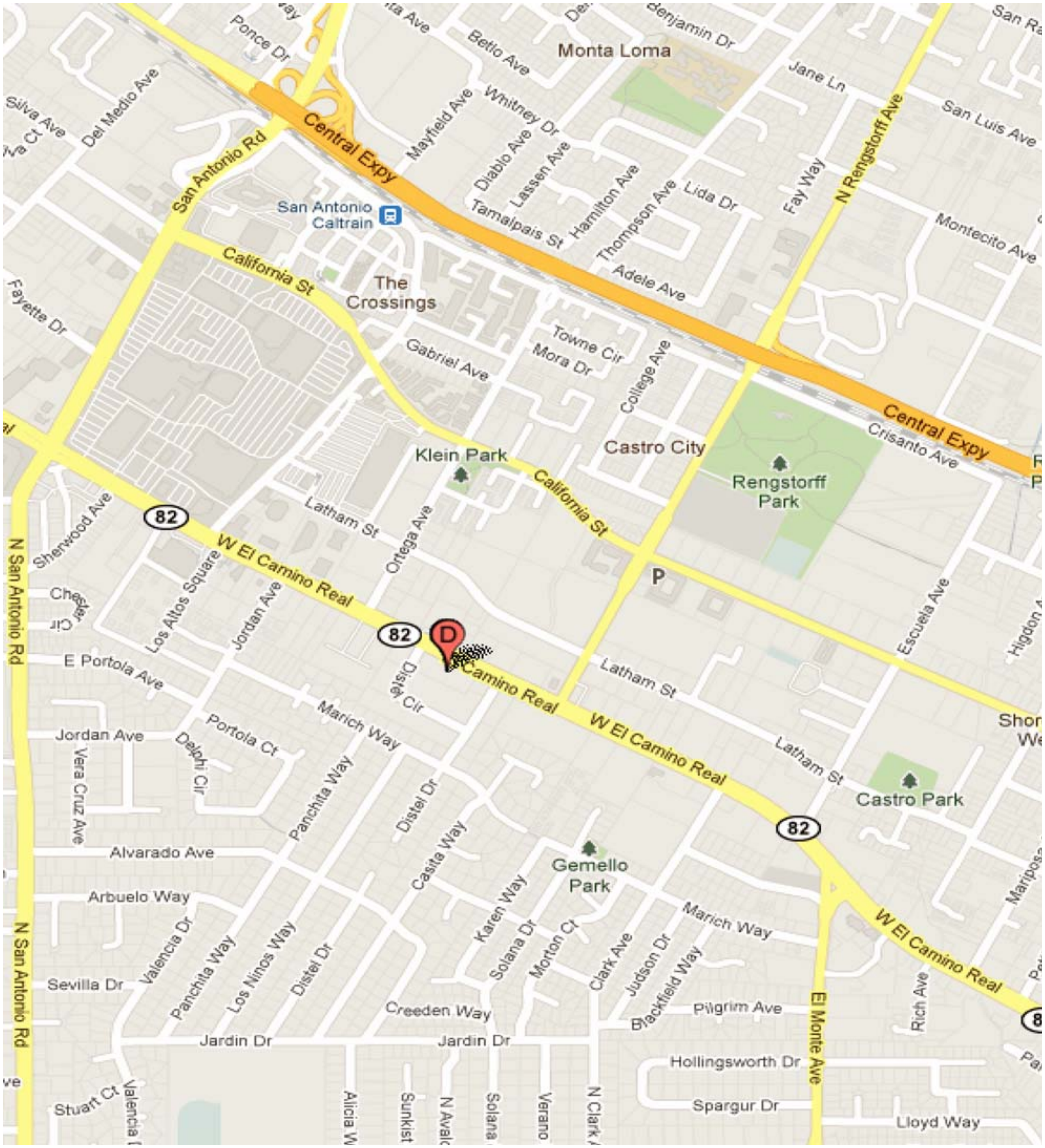
RESERVE SUMMARY	Total Uninflated	Total Inflated
Total Reserves	$105,350	$119,193
Per SF Reserves (All Years)	$2.61	$2.95
Per SF (Per Year)	$0.22	$0.25

GRS GROUP

Replacement Reserve Study

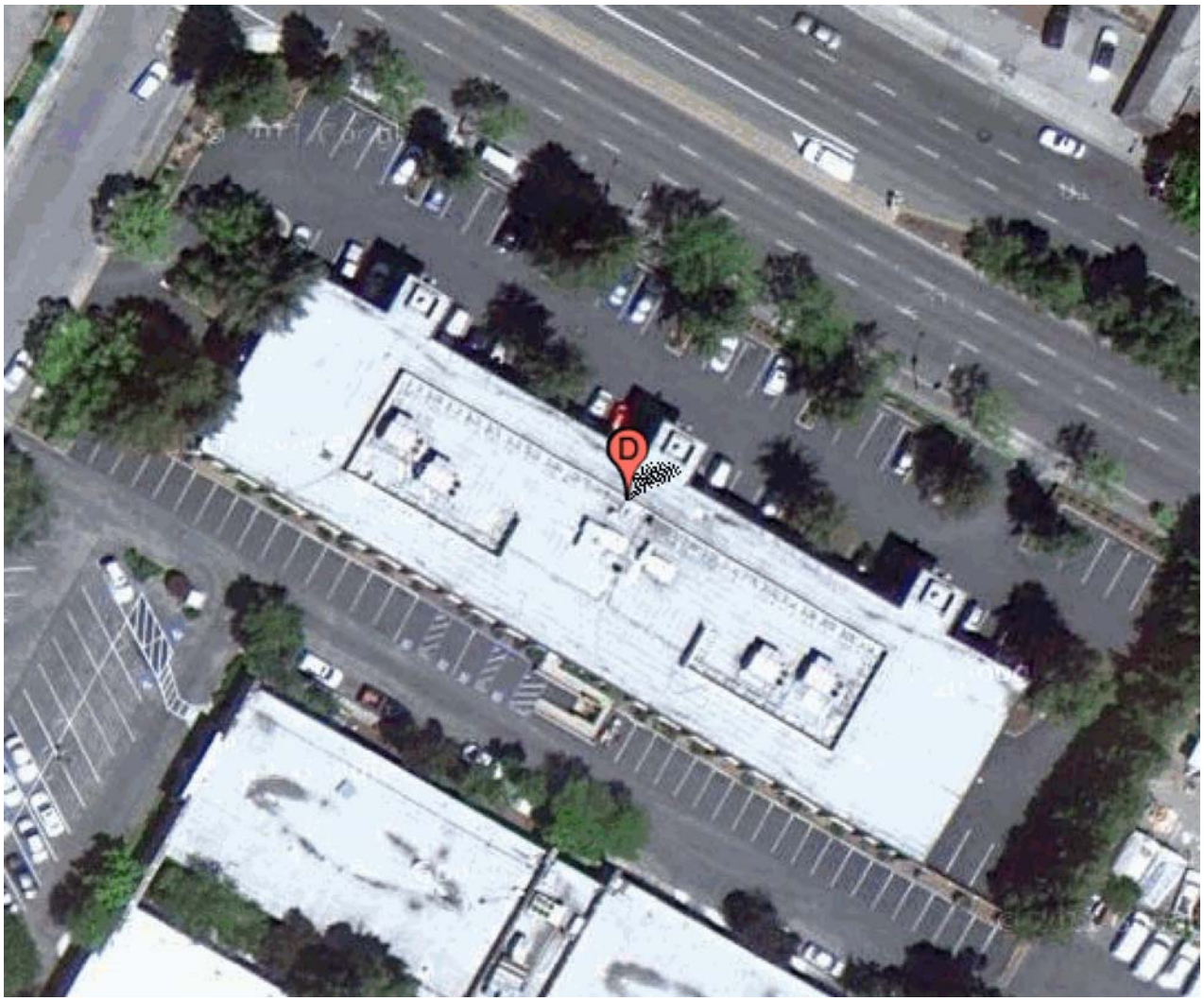
ITEM	EUL	EFF AGE	RUL	QTY.	UNIT COST	UNIT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	TOTAL
SITE IMPROVEMENTS																			
Asphalt Pavement - Repair, Seal Coat & Stripe	5-6	3	2	36,000	$0.20	SF		$ 7,200					$ 7,200					$ 7,200	**$ 21,600**
STRUCTURAL FRAME																			
None Anticipated	NA	NA	NA	NA	NA	NA													**$ -**
FAÇADE/EXTERIOR WALLS																			
Building Exterior - Clean, Caulk, Paint	7	1	6	1	$8,750	LS						$ 8,750							**$ 8,750**
ROOFING																			
Flat Roofing - Replace	20	15	5	20,000	$2.00	SF					$ 40,000								**$ 40,000**
BUILDING SYSTEMS																			
HVAC - Component Replacement Allowance	20	1-20	1-20	20	$1,000	TON	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	**$ 20,000**
INTERIOR ELEMENTS																			
Common Area Carpeting - Replace	7	1	6	7,500	$2.00	SF						$ 15,000							**$ 15,000**
EUL: Expected Useful Life						**TOTAL UNINFLATED**	**$ 1,667**	**$ 8,867**	**$ 1,667**	**$ 1,667**	**$ 41,667**	**$ 25,417**	**$ 8,867**	**$ 1,667**	**$ 1,667**	**$ 1,667**	**$ 1,667**	**$ 8,867**	**$ 105,350**
EFF AGE: Effective age						**INFLATION FACTOR 2.5%**	100.00%	102.50%	105.06%	107.69%	110.38%	113.14%	115.97%	118.87%	121.84%	124.89%	128.01%	131.21%	
RUL: Remaining Useful Life						**TOTAL INFLATED**	**$ 1,667**	**$ 9,088**	**$ 1,751**	**$ 1,795**	**$ 45,992**	**$ 28,757**	**$ 10,283**	**$ 1,981**	**$ 2,031**	**$ 2,081**	**$ 2,133**	**$ 11,634**	**$ 119,193**
Quantity: Total Quantity Onsite or to be Replaced						**CUMULATIVE TOTAL INFLATED**	**$ 1,667**	**$ 10,755**	**$ 12,506**	**$ 14,301**	**$ 60,293**	**$ 89,050**	**$ 99,333**	**$ 101,314**	**$ 103,345**	**$ 105,426**	**$ 107,559**	**$ 119,193**	

A: Site Location and Site Plan


Monta Loma
Central Expy
San Antonio Rd
San Antonio Caltrain
California St
The Crossings
Klein Park
Castro City
Rengstorff Park
N Rengstorff Ave
W El Camino Real
82
Latham St
Castro Park
Gemello Park
N San Antonio Rd
E Portola Ave
Jordan Ave
Alvarado Ave
Arbuelo Way
Sevilla Dr
Jardin Dr
Marich Way
El Monte Ave
Hollingsworth Dr
Spargur Dr
Lloyd Way
Pilgrim Ave
Creeden Way
Sherwood Ave
Los Altos Square
Ortega Ave
Gabriel Ave
Towne Cir
Mora Dr
College Ave
Escuela Ave
Adele Ave
Crisanto Ave
Montecito Ave
San Luis Ave
Jane Ln
Benjamin Dr
Fay Way
Lida Dr
Thompson Ave
Hamilton Ave
Tamalpais St
Lassen Ave
Diablo Ave
Whitney Dr
Mayfield Ave
Betlo Ave
Ponce Dr
Del Medio Ave
Silva Ave
Fayette Dr
Latham St
Jordan Ave
Distel Cir
Portola Ct
Delphi Cir
Vera Cruz Ave
Panchita Way
Distel Dr
Casita Way
Karen Way
Solana Dr
Morton Ct
Clark Ave
Judson Dr
Blackfield Way
Valencia Dr
Los Ninos Way
Stuart Ct
Rich Ave

N↑

Area Map



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Site Plan

B: Photographs

1. Property signage.

2. Front elevation of building.

3. Side elevation of building.

4. Rear elevation of building.

5. Overview of parking lot.

6. Parking lot asphalt damage.

7. Handicap parking stalls.

8. Handicap access ramp at rear parking lot.

9. View in semi-subterranean parking garage.

10. Pre-cast concrete framing at semi-subterranean parking garage.

11. Concrete shear wall at semi-subterranean parking garage.

12. Exhaust system at semi-subterranean parking garage.

13. Fire sprinkler riser pipe semi-subterranean parking garage.

14. PIV at front of building.

15. Landscaping and signage at front of building.

16. Architectural element at front of building.

17. Typical window unit.

18. One of two building main entrances.

19. Overview of flat roof covering.

20. Roof parapet.

21. Roof drainage showing debris.

22. Rooftop HVAC boiler.

23. Rooftop HVAC units.

24. Rooftop fan exhaust above stairway.

25. Gas-fired water heater at semi-subterranean parking garage.

26. Main electrical control cabinet.

27. Fire alarm panel at stairwell entrance.

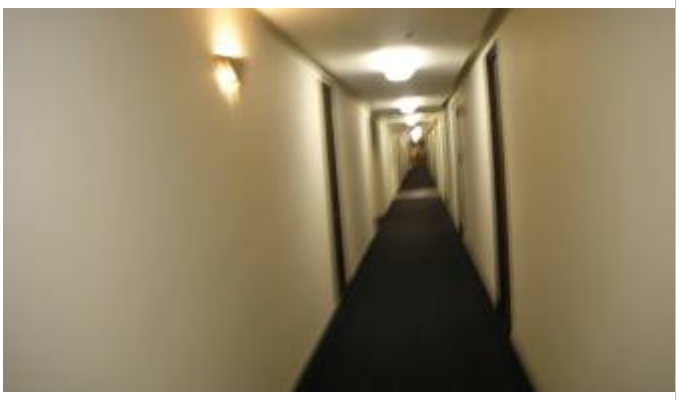
28. Fire panel with horn/strobe at stairwell entrance.

29. Elevator control panel.

30. Elevator hydraulic unit.

31. One of two stairwells at front of building.

32. Main lobby tenant directory.



33. Upper floor corridor.

34. Typical tenant space access door and signage.

35. Vacant tenant space.

36. Occupied tenant space.

37. Tenant space office.

38. Vacant tenant office space.

39. Tenant space window and window covering.

40. Second floor office space ceiling tiles with moisture stain.

41. Common space restroom fixtures.

42. Common space restroom fixtures.

C: Scope of Work

Property Condition Assessment Scope of Work

This assessment was prepared in accordance with ASTM E 2018-08 – Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process, the PCA Guide. The PCA Guide provides a framework for the assessment of properties, but does not establish a minimum scope of work. The scope of work for each assessment is determined solely by the agreement under which the work is performed and is intended to meet the needs of the client. The results of this assessment may not satisfy the needs of others. The use of and reliance on this assessment are restricted by contractual documents as well as provisions set forth in this report. Any party which believes it is entitled to rely on this assessment must contact GRS Group to obtain written authorization prior to such reliance. Any party entitled to rely on this assessment is responsible to critically consider the scope of work, findings, conclusions and recommendations to form independent conclusions concerning the suitability of the work for their purposes.

The PCA Guide identifies three classes of concerns which are excluded from the assessment; Additional Considerations, Out-of-Scope Issues, and Activity Exclusions. Following are related excerpts from the PCA Guide documenting such exclusions. Each of these provisions shall govern this assessment unless otherwise specifically agreed in the written contract proposal for services.

> "Considerations Beyond Scope - The use of this guide is strictly limited to the scope set forth in this section. Section 11 and Appendix XI of this guide identify, for informational purposes, certain physical conditions that may exist on the subject Property, and certain activities or procedures (not an all inclusive list) that are beyond the scope of this guide but may warrant consideration by parties to a commercial real estate transaction to enhance the PCA."

Additional Considerations

8.5 Additional Considerations-There may be additional issues or conditions at a Property that users may wish to assess in connection with commercial real estate that are outside the scope of this guide (Out of Scope considerations).

8.5.1 Outside Standard Practices-Whether or not a user elects to inquire into non-scope considerations in connection with this guide or any other PCA is not required for compliance by this guide.

8.5.2 Other Standards-Other standards or protocols for assessment of conditions associated with non-scope conditions may have been developed by governmental entities, professional organizations, or other private entities.

8.5.3 Additional Issues-Following are several non-scope considerations that users may want to assess in connection with commercial real estate. No implication is intended as to the relative importance of inquiry into such non-scope considerations, and this list of non-scope considerations is not intended to be all-inclusive:

8.5.3.1 Seismic Considerations
8.5.3.2 Design Consideration for Natural Disasters (Hurricanes, Tornadoes, High Winds, Floods, Snow, etc.)
8.5.3.3 Insect and Rodent Infestation
8.5.3.4 Environmental Considerations
8.5.3.5 ADA requirement
8.5.3.6 FFHA requirement
8.5.3.7 Mold
8.5.3.8 Indoor Air Quality
8.5.3.9 Property Security Systems

Out of Scope Issues

- Operating conditions of any systems or accessing manholes or utility pit
- Entering of plenum, crawl, or confined space areas (however, the field observer should observe conditions to the extent easily visible from the point of access to the crawl or confined space areas, provided such points of access are readily accessible), determination of previous substructure flooding or water penetration unless easily visible or if such information is provided
- Walking on pitched roofs, or any roof areas that appear to be unsafe, or roofs with no built-in access, or determining any roofing design criteria
- Determining adequate pres- sure and flow rate, fixture-unit values and counts, verifying pipe sizes, or verifying the point of discharge for underground drains
- Process related equipment or condition of tenant owned and maintained equipment. Entering of plenum or confined space areas. Testing or measurements of equipment or air flow
- Removing of electrical panel and device covers, except if removed by building staff, EMF issues, electrical testing, or operating of any electrical devices, or opining on process related equipment or tenant owned equipment
- Examining of cables, sheaves, controllers, motors, inspection tags, or entering elevator1 escalator pits or shafts
- Determining NFPA hazard classifications, identifying, classifying, or testing fire rating of assemblies. Determination of the necessity for or the presence of fire areas, fire walls, fire barriers, path of travels, construction groups or types, or use classifications
- Operating appliances or fixtures, determining or reporting STC (Sound Transmission Class) ratings, and flammability issues and regulations

Activity Exclusions

11.1 Activity Exclusions-The activities listed below generally are excluded from or otherwise represent limitations to the scope of a PCA prepared in accordance with this guide. These should not be construed as all-inclusive or imply that any exclusion not specifically identified is a PCA requirement under this guide.

11.1.1 Identifying capital improvements, enhancements, or upgrades to building components, systems, or finishes. The consultant must be aware of the distinction between repair and replacement activities that maintain the Property in its intended design condition, versus actions that improve or reposition the Property.

11.1.2 Removing, relocating, or repositioning of materials, ceiling, wall, or equipment panels, furniture, storage containers, personal effects, debris material or finishes; conducting exploratory probing or testing; dismantling or operating of equipment or appliances; or disturbing personal items or property, that obstructs access or visibility.

11.1.3 Preparing engineering calculations (civil, structural, mechanical, electrical, etc.) to determine any system's, component's, or equipment's adequacy or compliance with any specific or commonly accepted design requirements or building codes, or preparing designs or specifications to remedy any physical deficiency.

11.1.4 Taking measurements or quantities to establish or confirm any information or representations provided by the owner or user, such as size and dimensions of the subject Property or subject building; any legal encumbrances, such as easements; dwelling unit count and mix; building Property line setbacks or elevations; number and size of parking spaces; etc.

11.1.5 Reporting on the presence or absence of pests such as wood damaging organisms, rodents, or insects unless evidence of such presence is readily apparent and material during the course of the field observer's walk-through survey or such information is provided to the consultant by the owner, user, Property manager, etc. The consultant is not required to provide a suggested remedy for treatment or remediation, determine the extent of infestation, nor provide opinions of probable costs for treatment or remediation of any deterioration that may have resulted.

11.1.6 Reporting on the condition of subterranean conditions, such as soil types and conditions, underground utilities, separate sewage disposal systems, wells; systems that are either considered process-related or peculiar to a specific tenancy or use; or items or systems that are not permanently installed.

11.1.7 Entering or accessing any area of the premises deemed to potentially pose a threat of dangerous or adverse conditions with respect to the field observer's health or safety, or to perform any procedure, that may damage or impair the physical integrity of the Property, any system, or component.

11.1.8 Providing an opinion on the condition of any system or component, that is shutdown. However, the consultant is to provide an opinion of its physical condition to the extent reasonably possible considering its age, obvious condition, manufacturer, etc.

11.1.9 Evaluating acoustical or insulating characteristics of systems or components.

11.1.10 Providing an opinion on matters regarding security of the subject Property and protection of its occupants or users from unauthorized access

11.1.11 Operating or witnessing the operation of lighting, lawn irrigation, or other systems typically controlled by time clocks or that are normally operated by the building's operation staff or service companies.

11.1.12 Providing an environmental assessment or opinion on the presence of any environmental issues such as potable water quality, asbestos, hazardous wastes, toxic materials, the location or presence of designated wetlands, mold, fungus, IAQ, etc.

11.2 Warranty, Guarantee, and Code Compliance Exclusions-By conducting a PCA and preparing a PCR, the consultant merely is providing an opinion and does not warrant or guarantee the present or future condition of the subject Property, nor may the PCA be construed as either a warranty or guarantee of any of the following:

11.2.1 Any system's or component's physical condition or use, nor is a PCA to be construed as substituting for any system's or equipment's warranty transfer inspection;

11.2.2 Compliance with any federal, state, or local statute, ordinance, rule or regulation including, but not limited to, fire and building codes, life safety codes, environmental regulations, health codes, zoning ordinances, compliance with trade1 design standards, or standards developed by the insurance industry. However, should there be any conspicuous material present violations observed or reported based upon actual knowledge of the field observer or the PCR reviewer, they should be identified in the PCR;

11.2.3 Compliance of any material, equipment, or system with any certification or actuation rate program, vendor's or manufacturer's warranty provisions, or provisions established by any standards that are related to insurance industry acceptance/approval, such as FM, State Board of Fire Under- writers, etc.

11.3 Additional General Considerations:

11.3.1 Further Inquiry - There may be physical condition issues or certain physical improvements at the subject Property that the parties may wish to assess in connection with a commercial real estate transaction that are outside the scope of this guide. Such issues are referred to as non-scope considerations, and if included in the PCR, should be identified

11.3.2 Out of Scope Considerations - Whether or not a user elects to inquire into non-scope considerations in connection with this guide is a decision to be made by the user. No assessment of such non-scope considerations is required for a PCA to be conducted in compliance with this guide.

11.3.3 Other Standards - There may be standards or proto- cols for the discovery or assessment of physical deficiencies associated with non-scope considerations developed by government entities, professional organizations, or private entities, or a combination thereof.

D: Supporting Documentation

Property Location Street, City & State, Zip: 5050 El Camino Real			Tax ID: 77-0474584
Primary Use Office			
Site Area 1.42 acres	Building Area approx 40417	Number of Buildings 1	Number of Units 30
Other Improvements			
Energy Star, LEED, Others			

Occupancy	Of the total building area or number of units, what portion is
Vacant □ SF X Units	List each unit 104,112,200,210,215,220
Un-rentable □ SF □ Units	List each unit None

Management Details	Name	Phone	E-mail
Owner	Don Pearlman Joint Venture LP; Los Altos Woods Partners LLC; Himy Family Partnership I, LP; and Himy Clement LLC	408-727-0588	Barbara.Eibach@Pearlmanprop.com
Property Manager	Barbara Eibach	408-212-0543	Barbara.eibach@pearlmanprop.com
Maintenance Supervisor	Darren Myers	650-740-2963	Darren.myers@pearlmanprop.com

Are full time maintenance staff employed at the Property by Property Management? Yes X No

Are any improvements covered by warranty? (Indicate all which apply)

□ Roof □ Building Envelope □ Boilers □ HVAC equipment

□ Other equipment / appliances (Describe)

□ Other improvements (Describe) Not to our knowledge.

Regulatory Status

Has a certificate of occupancy been received? □ Yes □ No If yes, date? _____

Is the property in compliance with building, fire and zoning department requirements? Yes

Are any unresolved issues regarding building, fire, or zoning requirements? (Indicate all which apply)

□ Violation □ Corrective Action Notice □ Citation □ Demand □ Complaint

□ Other

(Describe) None

Utility Service Providers

Domestic Water	California Water Service	Fuel Oil (if applicable)	
Sanitary Sewer	California Water Service	Propane (if applicable)	
Electricity	PG&E	Solid Waste (if applicable)	
Natural Gas (if applicable)	PG&E	Hazardous Waste (if applicable)	

Indicate all of the following which are present at the property.

□ Domestic water well □ Septic System □ Waste Treatment □ Lift Station

(Describe)		
Additional Property Information		
Year Built	1982	
Last Major Remodel	Year 2010	Describe New common area carpet and paint, upgrade all signage, elevator cab renovation, exterior building paint and stone replacement at entrance planters. Installation of EMS currently in process.
☐ Yes ☐ No	Are you aware of past or present fire, flooding or mold at the property? (Describe) Not to our knowledge	
☐ Yes ☐ No	Are there any tenant complaints which have not been resolved? (Describe) Not to our knowledge	
☐ Yes ☐ No	Are you aware of any recurring tenant complaints? (Describe) Not to our knowledge	
☐ Yes ☐ No	Are you aware of water intrusion or leaks? ☐ Basement ☐ Crawl space ☐ Foundation ☐ Walls, windows and doors ☐ Roof ☐ Other (Describe) Not to our knowledge	

Is one or more of the following present at the property? (Indicate all which apply)

Electrical:	☐ Fuses	☐ Aluminum branch wiring	☐ Federal Pacific Electric Circuit Breakers
Building Envelope:	☐ EIFS	☐ Synthetic Stucco	☐ Hardboard Siding
Plumbing:	☐ ABS piping	☐ Galvanized piping	☐ Polybutylene piping
Others:	☐ Fire retardant plywood roof sheathing		
	☐ Phenolic Foam Roof Insulation		
	☐ Cadet or Encore wall heaters manufactured before 1993		
	☐ Recalled fire sprinkler heads		
	☐ Tectum Roof Decking		

Documentation

Are as-built plans available for review? ☐ Yes ☐ No

Have any of the following been completed previously? (Indicate all which apply)

☐ Property Condition Assessment ☐ Termite/Wood-boring Insects Assessment
☐ Roof Assessment ☐ Damage Assessment (Fire, flood, parking garage, foundation, structural...)
☐ Indoor Air Quality (Including mold) ☐ Other

(Describe)

None.

Recent Improvements - Describe capital expenditures completed in the previous three years	
	Described under Additional Property Information above

Planned Improvements - Describe capital expenditures planned in the next three years, including expected costs	
	None

Warranties and Service Agreements - List and attach copies of warranties and service agreements	
Thyssen Elevator	
Crystal Springs Landscape	
Freitec Janitorial	
BP Air HVAC Maintenance	

The above information is true, correct and complete to the best of my knowledge and belief.

Barbara Eibach
Signature

9/20/11
Date

Barbara Eibach
Name

408-212-0743
Phone

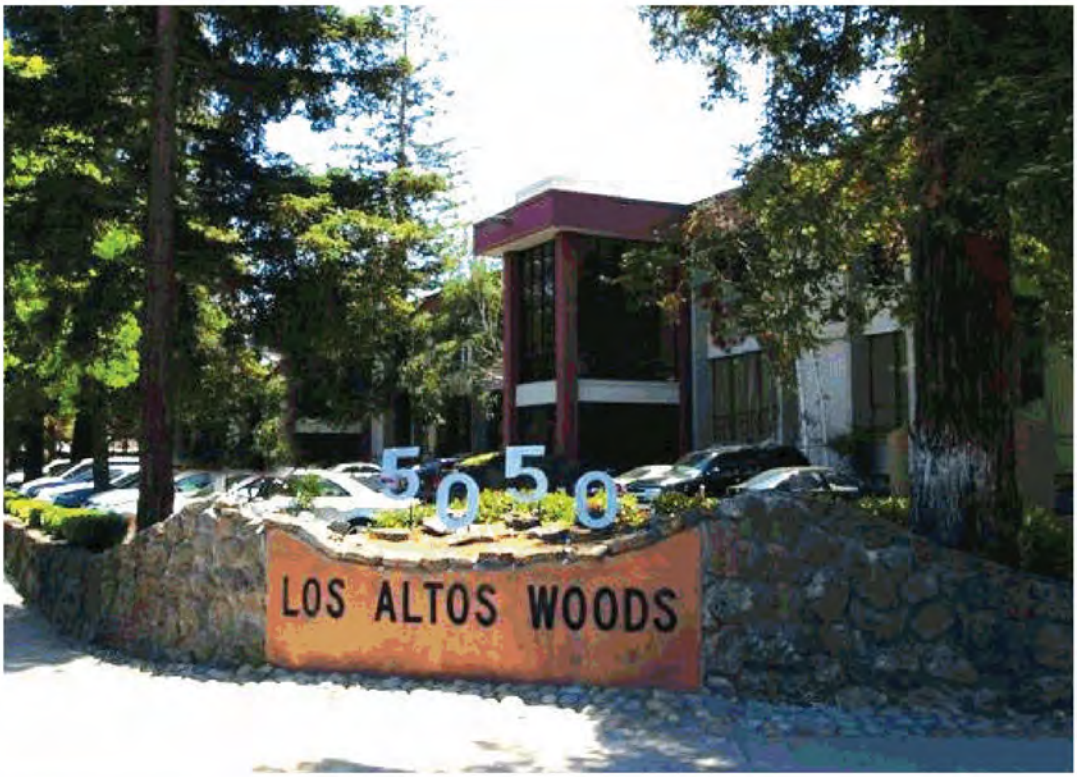
Company/Title

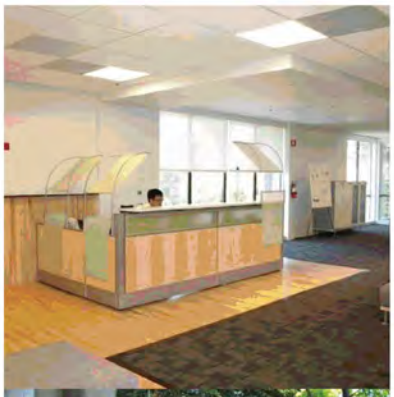
FOR LEASE | OFFICE SPACE

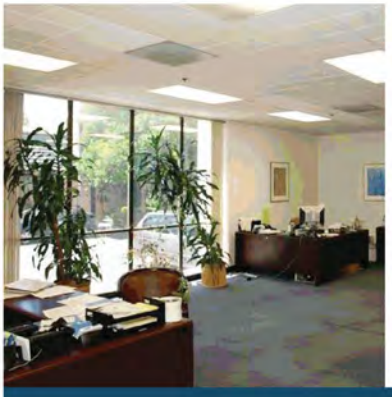
600 – 7,500 SF

LOS ALTOS WOODS 5050 El Camino Real, Los Altos, CA

CUSHMAN & WAKEFIELD®







Availabilities, Floor Plans and Virtual Tour can be found at

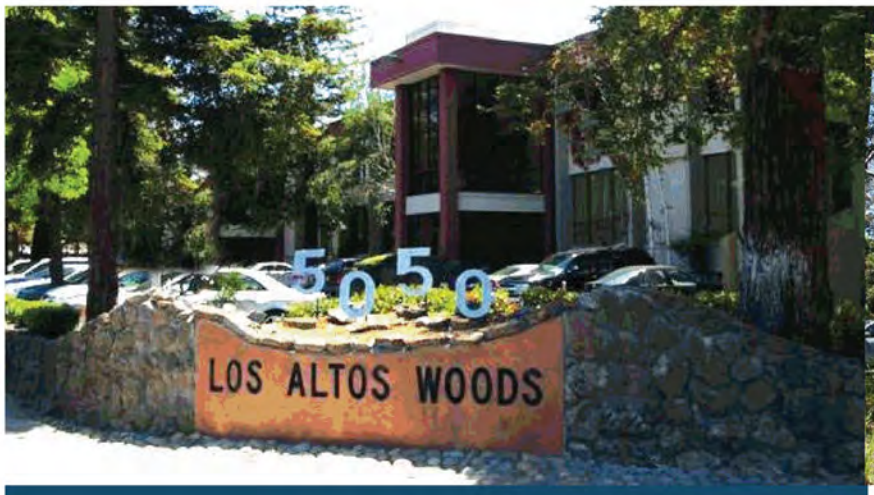
www.LOSALTOS4LEASE.com

For more information, please contact:

MICHAEL THOMPSON, Senior Director
408.572.4111
mike.thompson@cushwake.com
CA License No. 00822523

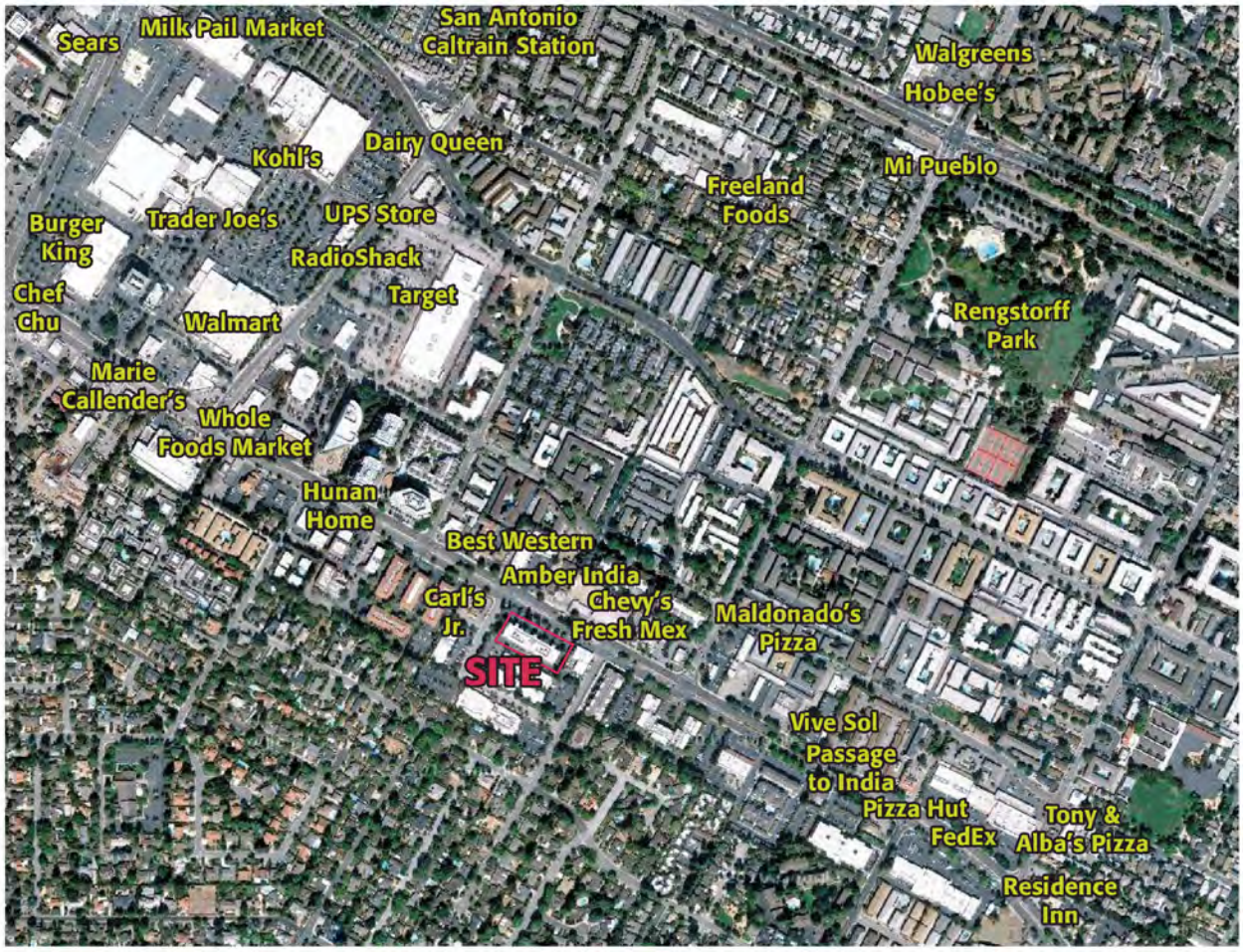
BUILDING AMENITIES

- 600 - 7,500 SF Suites Available
- Park-Like Atmosphere
- New Interiors - Custom Build Outs
- Plug & Play Suites Available
- Secured Building
- Underground Parking Garage
- Floor-To-Ceiling Windows



www.LOSALTOS4LEASE.com

LOCATION



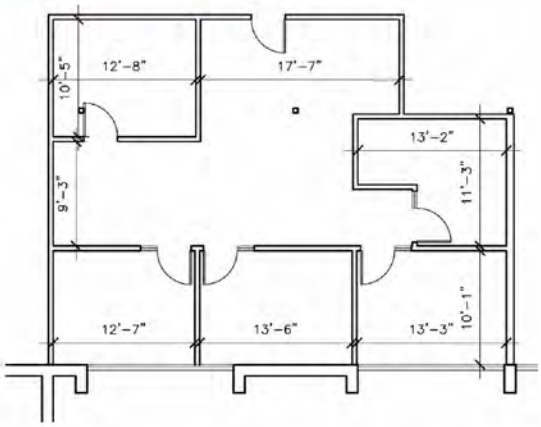
- Excellent access to Highways 101, 280, 237 & 85
- Walking distance to San Antonio Caltrain Station
- 15 minutes to San Jose International Airport
- 20 minutes from San Francisco International Airport
- 30 minutes from Downtown San Francisco
- Near the headquaters of HP, Google, Symantec, and Apple Computer

CUSHMAN & WAKEFIELD®

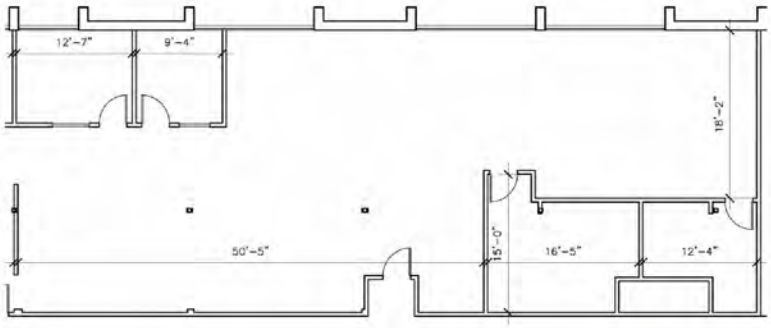
For more information, please contact:
MICHAEL THOMPSON, Senior Director
408.572.4111
mike.thompson@cushwake.com
CA License No. 00822523

FLOOR PLANS

Example 1
1310 SF



Example 2
2780 SF

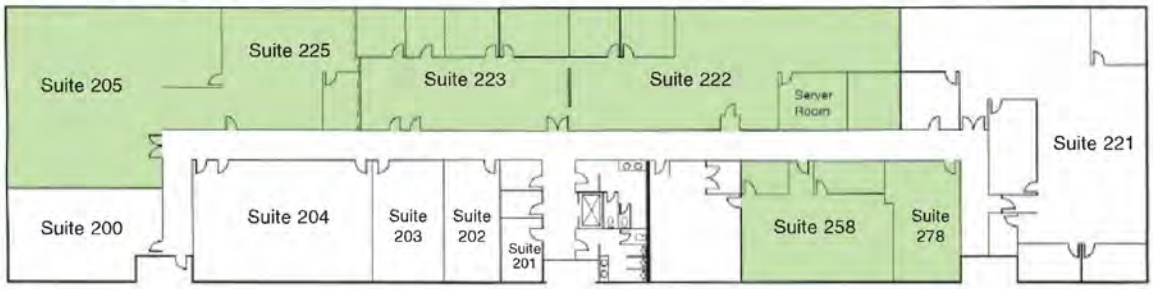


First Floor Layout

Available

Second Floor Layout

Available



Rent Roll

5000
5050 El Camino Real

09-20-11

Suite	Tenant	Rentable Sq. Ft.	Increase Date	Base Rent	$$/S.F.	Lease Start	Lease End	Deposit Balance	Base Year	%
106	Aegisolve, Inc.	1,410	10-15-10	$1,792.00	$1.27	10-15-2010	01-31-2012	$3,948.00	N/A	
			05-01-11	$3,948.00	$2.80					
113	BAE Systems	640	01-01-11	$1,388.00	$2.17	01-01-2011	12-31-2011	$1,888.00	N/A	
			02-01-11	$1,888.00	$2.95					
204	Bedrock Capital Management	1,421	09-01-10	$3,481.45	$2.45	09-01-2010	07-31-2013	$.00		
			08-01-11	$3,580.92	$2.52					
			08-01-12	$3,694.60	$2.60					
201	Beit Bracha	275	09-01-10	$500.00	$1.82	09-01-2010		$.00		
101	Bodin Group	2,778	09-01-10	$6,500.00	$2.34	09-01-2010	09-30-2013	$.00	2010	6.87%
			10-01-11	$6,695.00	$2.41					
			10-01-12	$6,895.00	$2.48					
117	California State Assembly	2,271	09-01-10	$6,250.00	$2.75	09-01-2010	01-31-2013	$.00	N/A	
			02-01-11	$6,472.35	$2.85					
110	D. Graeme Shaw	3,596	09-01-10	$13,000.00	$3.62	09-01-2010	08-31-2013	$.00	2010	8.9%
202	Debora Burgard	500	09-01-10	$1,150.00	$2.30	09-01-2010	07-31-2015	$.00		
			08-01-11	$1,175.00	$2.35					
			08-01-12	$1,200.00	$2.40					
			08-01-13	$1,225.00	$2.45					
			08-01-14	$1,250.00	$2.50					
100	Delta Advisors	188	09-01-10	$575.00	$3.06	09-01-2010		$.00		
221	Deutsche Telecom	4,049	09-01-10	$14,212.00	$3.51	09-01-2010	09-30-2013	$.00	2008	10.03%
			09-01-11	$14,779.00	$3.65					
			09-01-12	$15,386.00	$3.80					
			09-01-13							
205	Digital Mountain, Inc.	2,300	08-01-11	$5,750.00	$2.50	08-01-2011	10-31-2014	$5,980.00	2011	5.69%
			12-01-11							
			01-01-12	$5,750.00	$2.50					
			08-01-12	$5,865.00	$2.55					
			12-01-12							
			01-01-13	$5,865.00	$2.55					
			08-01-13	$5,980.00	$2.60					
			12-01-13							
			01-01-14	$5,980.00	$2.60					
115	Dr. James LoConte	540	09-01-10	$1,539.00	$2.85	09-01-2010	08-31-2013	$.00	2010	1.34%
			09-01-11	$1,593.00	$2.95					
			09-01-12	$1,647.00	$3.05					
203	Goalpath Financial Planning	878	09-01-10	$2,398.53	$2.73	09-01-2010	09-30-2012	$2,195.00	2010	2.17%

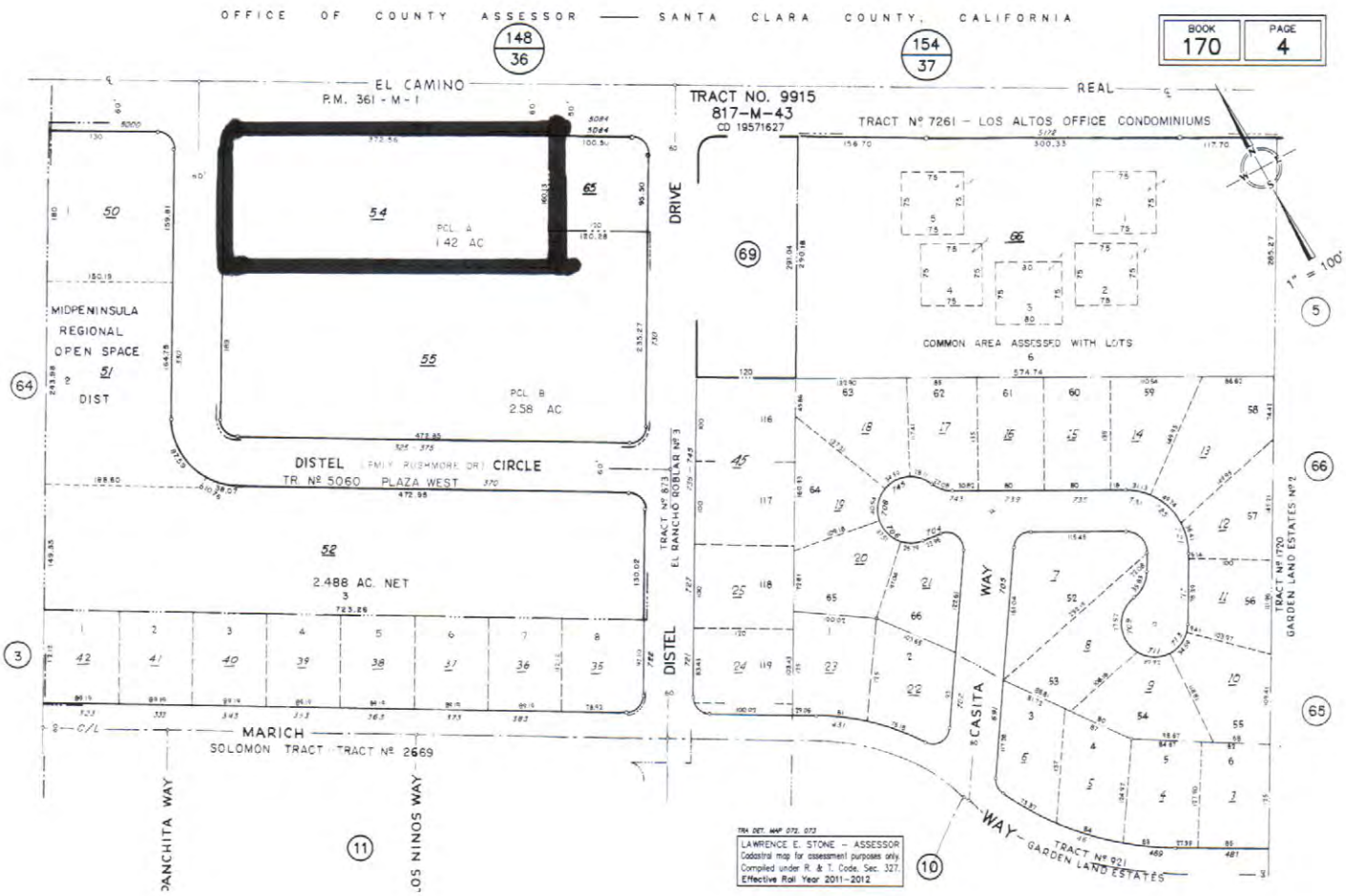
Rent Roll

5000
5050 El Camino Real

09-20-11

Suite	Tenant	Rentable Sq. Ft.	Increase Date	Base Rent	$$/S.F.	Lease Start	Lease End	Deposit Balance	Base Year	%
111	Homer Davis/Stephen Gruber	660	09-01-10	$1,900.00	$2.88	09-01-2010	08-31-2013	$1,803.00	2010	1.6%
107	James Avedisian	527	09-01-10	$1,450.00	$2.75	09-01-2010	09-30-2014	$1,482.36	2010	1.32%
			10-01-11	$1,500.00	$2.85					
			10-01-12	$1,550.00	$2.94					
			10-01-13	$1,600.00	$3.04					
228	Law Offices of Frank Mayo	815	09-01-10	$2,600.00	$3.19	09-01-2010	11-30-2012	$.00	2007	2.11%
108	Meiko Electronics America	2,075	09-01-10	$5,083.75	$2.45	09-01-2010	05-31-2015	$.00		
			06-01-11	$5,249.75	$2.53					
			06-01-12	$5,395.00	$2.60					
			06-01-13	$5,561.00	$2.68					
			06-01-14	$5,706.25	$2.75					
118	Olivewood Builders	345	09-01-10	$600.00	$1.74	09-01-2010	08-31-2013	$1,200.00	N/A	
			09-01-11	$630.00	$1.83					
			09-01-12	$661.50	$1.92					
102	Pariveda, Inc.	640	10-01-11	$1,664.00	$2.60	06-10-2011	09-30-2014	$1,728.00	2011	
			10-01-12	$1,696.00	$2.65					
			10-01-13	$1,728.00	$2.70					
114	Penwest Insurance Services	750	07-01-11	$1,838.00	$2.45	05-01-2011	06-30-2014	$1,913.00	2011	1.8%
			07-01-12	$1,875.00	$2.50					
			07-01-13	$1,913.00	$2.55					
226	RedRock Reports	1,940	01-01-12	$4,898.50	$2.53	01-01-2012	12-31-2014	$5,092.50		
			01-01-13	$4,995.50	$2.58					
			01-01-14	$5,092.50	$2.63					
105	Roth Staffing Companies, LP	880	04-01-11	$2,200.00	$2.50	04-01-2011	03-31-2016	$2,573.00	2011	2.18%
			04-01-12	$2,266.00	$2.58					
			04-01-13	$2,334.00	$2.65					
			04-01-14	$2,450.00	$2.78					
			04-01-15	$2,573.00	$2.92					
104	Sightline Group, LLC	660	09-01-10	$1,950.00	$2.95	09-01-2010	08-31-2011	$.00	N/A	
109	Smith Chiropratic Wellness	660	03-01-11	$1,848.00	$2.80	02-01-2011	02-28-2015	$2,019.00	2011	1.6%
			03-01-12	$1,903.00	$2.88					
			03-01-13	$1,960.00	$2.97					
			03-01-14	$2,019.00	$3.06					
		30,798*						$31,821.86*		

Property Totals


OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA
BOOK 170
PAGE 4
148/36
154/37
EL CAMINO REAL
P.M. 361 - M - 1
TRACT NO. 9915
817-M-43
CD 19571627
TRACT Nº 7261 – LOS ALTOS OFFICE CONDOMINIUMS
DRIVE
PCL. A
1.42 AC
PCL. B
2.58 AC
COMMON AREA ASSESSED WITH LOTS
MIDPENINSULA REGIONAL OPEN SPACE DIST
DISTEL (FMLY RUSHMORE DR) CIRCLE
TR. Nº 5060 PLAZA WEST
2.488 AC. NET
MARICH
SOLOMON TRACT - TRACT Nº 2669
DISTEL
TRACT Nº 873 EL RANCHO ROBLAR Nº 3
CASITA WAY
TRACT Nº 921 GARDEN LAND ESTATES
TRACT Nº 1720 GARDEN LAND ESTATES Nº 2
1" = 100'
TRA DET. MAP 072, 073
LAWRENCE E. STONE – ASSESSOR
Cadastral map for assessment purposes only.
Compiled under R. & T. Code, Sec. 327.
Effective Roll Year 2011-2012

Comfort International Inc.
2570 North First Street, 2nd Floor
San Jose, CA 95131
(888) 518-1118 Tel
(888) 600-3880 Fax
www.comfortintl.com

Equipment List

HVAC Equipment - 5050 El Camino Real, Los Altos, CA 94022

Description	Model Number	Serial Number	Filter Size & Quantity
Carrier AC unit	50EK034610CD	4200F38314	(10) 20x24x2
Carrier AC unit	50EK034610CD	4200F38306	(10) 20x24x2
Carrier AC unit	50EK034610CD	4200F38308	(10) 20x24x2
Carrier AC unit	50EK034610CD	4200F38312	(10) 20x24x2
Reznor Furnace	n/a	n/a	
Reznor Furnace	n/a	n/a	
Speedaire Air Compressor	52698A	L812006/6250558	
Hankson Air Drier	HPR510115	H510A1150609075	
Dayton Exhaust Fan	44097	114945900909	
Dayton Exhaust Fan	44097	114945960909	
Dayton Exhaust Fan	44097	114945870809	
Dayton Exhaust Fan	44097	114945880809	
Sanyo Split AC System	CC2472	0068382	
Sanyo Split AC System	CC2472	0068374	

September 23, 2011

Santa Clara Fire Department
14700 Winchester Boulevard
San Jose, CA 95032

I am requesting, under the Freedom of Information Act (FOIA), records for the following property:

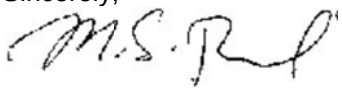
5050 El Camino Real
Los Altos, CA

Please provide the following information for the above property:
Information on any outstanding fire code or safety code violations on file regarding the property.

In order to help to determine my status for purposes of determining the applicability of any fees, you should know that I am affiliated with a private corporation and am seeking information for use in the company's business.

If you deny any part of this request, please cite each specific reason that you think justifies your refusal to release the information. Please notify me of appeal procedures available under the law.
Responses may be faxed or mailed directly to our office. Thank you for your prompt attention to this matter.

Sincerely,



Mark Prock, P.E. c/o GRS Group
321 North San Mateo Drive
Suite 108
San Mateo, CA 94401
Phone: 650-572-2520
Fax: 650-249-3506

Email: mprock@sbcglobal.net

E: Qualifications

Mark S. Prock, P.E.

Field Professional

Education: B.S., Civil Engineering, Syracuse University, 1980
A.A.S., Civil Technology, Hudson Valley Community College, 1977

Licenses/Registrations: Civil Engineering License, State of California, No. C 42806

Years of Experience: 25 years

Summary of Professional Experience

Mr. Prock is an experienced consulting engineer with over 25 years experience in performing building engineering design and analysis, seismic building evaluations and construction site inspections. He has several years experience performing structural design of high rise office buildings, regional shopping malls and industrial facilities. He has inspected and evaluated hundreds of structures during his career and designed seismic retrofits and upgrades for un-reinforced masonry and concrete tilt-up buildings. This work included developing construction project budgets, selecting and scheduling contractors, and approving final construction. His construction management background also includes conducting building infrastructure evaluations and commissioning efforts to verify as-built building code compliance and identify liability issues such as ADA requirements and employee safety conditions.

Mr. Prock has successfully completed Due Diligence site inspections and Property Condition Assessments to evaluate large commercial real estate throughout California. Mr. Prock has determined the physical condition of building mechanical and electrical systems along with providing a professional opinion regarding future anticipated issues that may result in financial risk or liability.

Mark has completed Scenario Loss (SL) and Probable Maximum Loss (PML) Evaluations on retail centers, industrial facilities, office buildings and multi-family residential complexes. He brings a proven record of engineering and management expertise and the abilities to provide clients with a wide array of services.

Mr. Prock has performed structural design and analysis for new building construction and building sites throughout California and has been responsible for building operations, maintenance and facility improvement projects. He has also supervised technical and administrative staff and directed outside service vendors and contractors.

Mr. Prock has diversity across commercial, industrial and multi-family environments that is a major contribution to Global Realty Services Group Field Professional team.

JOHN KOCH

ASSOCIATE DIRECTOR, CLIENT SERVICES

OVERVIEW

John is a service and quality driven professional with over 16 years of consulting and real estate due diligence industry experience. He has been involved with various aspects of construction, estimating, real estate transaction services and construction management/project management on projects of all types, both nationwide and internationally, during his professional career. John's attention to detail, high level of customer service, and ability to efficiently manage multiple projects simultaneously has resulted in a very high level of client satisfaction and retention. John's technical knowledge base is an invaluable resource to real estate owners, developers, and acquisition clients, as well as major lending institutions and pension fund managers, during the due diligence process.

Prior to joining GRS Group, John served as Director of Engineering for the Investment Advisory Group of LandAmerica Assessment Corporation. This designation required flawless and efficient management of multi-disciplinary pre-acquisition Property Condition Assessments. In this role, John assembled and managed specialist teams to provide comprehensive detailed assessments of all major building components, in addition to creating and implementing department procedures and policies. This special expertise is invaluable in assisting clients to identify the technical risks inherent to each acquisition both in the immediate and near term.

ENVIRONMENTAL ASSESSMENT	▪ Familiar with standard environmental assessment protocol and project management ▪ Managed hundreds of Phase I ESA projects for both lenders and acquisition clients.
PROPERTY CONDITION ASSESSMENT	▪ Strong working knowledge in all aspects of property condition assessments, including the identification of client needs, assigning and managing field professionals, final quality control responsibilities for deliverables, and follow-up conferencing with client ▪ Familiar with major reporting formats, including Freddie Mac, Fannie Mae, HUD, USDA, etc. ▪ Physically completed hundreds of assessments at commercial properties of all types and sizes, and created reports in many different formats. ▪ Responsible for the review of thousands of property condition and seismic assessments nationwide and abroad.
PRECONSTRUCTION REVIEW/COST ANALYSIS	▪ Managed staff and evaluated proposed projects from a construction perspective to provide the lender/owner with a level of comfort regarding technical risks inherent to every construction project. Opined as to whether new construction and/or

rehabilitation budgets for existing projects are realistic and attainable.

CONSTRUCTION PROGRESS MONITORING

- Completed and managed staff on routinely-scheduled site visits at ongoing construction or renovation projects.
- Prepared and reviewed detailed written reports which evaluated adherence to budget, schedule, plans and specifications
- Familiar with detailed reviews of contractor's current payment request and making recommendations of payment for work completed.
- Performed lien waiver reconciliations, change order reviews and other requirements as specifically requested by client.

ADA/FFHAA COMPLIANCE REVIEW

- Performed and managed staff performing physical site surveys to identify existing physical barriers as they are defined in the Americans with Disabilities Act Guidelines or the Federal Fair Housing Amendments Act.

PRIOR DUE DILIGENCE EXPERIENCE

LANDAMERICA ASSESSMENT COMPANY

Client Manger / Director of Engineering – Investment Advisory Group

- Managed relationships with numerous clients pertaining to Phase I Environmental Site Assessments, Property Condition and Seismic projects nationally and internationally. Initiated projects directly with clients, monitored work progress and provided quality control reviews and technical editing of reports.
- Managed acquisition property condition assessment projects for other sales team staff.
- Technical resource for property condition assessment due diligence services.

ABACUS PROJECT MANAGEMENT, INC.

Sr. Project Manager

- Performed hundreds of property condition assessments, physical needs assessments, preconstruction project reviews, and construction progress monitoring inspections, nationwide and abroad.
- Performed technical quality assurance reviews for company staff reports, including property condition assessments, preconstruction reviews / cost analysis, and construction progress monitoring reports.

AFFILIATIONS

- Associate Member, American Society of Civil Engineers
- Associate Member, National Society of Professional Engineers
- Associate Member, Coasts, Oceans, Ports, and Rivers Institute
- Member, Construction Institute (ASCE)

EDUCATION AND CERTIFICATIONS

- Bachelor of Science, Civil Engineering, California State University Northridge, 1995
- EIT License No. XE093774
- Completed ASTM Professional Training on Property Condition Assessments
- Certified Technical Writer
- Completed LEED Training Courses, and continuing education in UBC and construction cost estimating.
- Completed HUD Advanced 3rd-party Architectural/Cost/PCNA Training (2010)

GRS GROUP

LOCAL KNOWLEDGE | GLOBAL PERSPECTIVE

877 GRS CRE1
+1 213 908 2173
www.grs-global.com

Los Angeles
New York
Chicago
San Francisco
San Diego
Atlanta
Dallas
Frankfurt
London
Tokyo

Due Diligence

Project Management
Financial Advisory
Strategic Asset Solutions

PROBABLE MAXIMUM LOSS STUDY

PROPERTY REFERENCE:
Los Altos Woods Office Building
5050 El Camino Real
Los Altos, California 94022

GRS GROUP

LOCAL KNOWLEDGE | GLOBAL PERSPECTIVE

PROBABLE MAXIMUM LOSS STUDY

Prepared for:

Woodmen of the World
c/o Barry S. Slatt Mortgage Company
1350 Old Bayshore Highway, Suite 450
Burlingame, California 94710

Property Identification:

Los Altos Woods Office Building
5050 El Camino Real
Los Altos, California 94022

Prepared by:

Global Realty Services Group
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Contents

1.0 FINDINGS

As per the Standards governing this evaluation, PML is a user-defined term. A 475-year return period was used to identify expected ground shaking at the property. In accordance with client-determined protocols, the PML has been defined as the Scenario Expected Loss in the event of ground shaking with a 10% chance of exceedance in 50 years, the Design Basis Earthquake.

Seismic Zone (UBC 1997)	Zone 4
Alquist Priolo Special Study Zone	No
Nearest Fault	Monte Vista – Shannon
Return Period	475
Magnitude (Richter)	6.8
Distance to Site	5.5 miles
Local Intensity (MMI)(1)	IX
Peak Ground Acceleration (a)	0.53
Damage Ratio	$d = 0.554(b\ ms)a^{0.630}$
Scenario Expected Loss (PML50)	15%
b(2) = 0.32; ms = 1.25	

(1)MMI refers to the Modified Mercalli Scale, a commonly accepted method of characterizing ground shaking intensity. A copy of the MMI scale is provided in the appendix.

(2) The "b" value is a building parameter representing the **mean** damage potential of the building referenced to a standard comparative structure. For example: "b" for a lowrise building with unreinforced masonry bearing walls equals 1.00; a building with more resistive systems has a value of b less than 1.00 with the very best system having a value of b as low as 0.11.

2.0 INTRODUCTION

A Probable Maximum Loss (PML) assessment was performed of the Los Altos Woods Office Building property located at 5050 El Camino Real in Los Altos, California (Property). Site reconnaissance was conducted at the property by Mark S. Prock, P.E. on September 19, 2011. This work was performed in general accordance with ASTM Standard E2026-07, Standard Guide for Seismic Risk Assessment of Buildings. This report was written by Mark S. Prock, P.E. and reviewed by John Koch.

Purpose

This assessment is intended to provide an evaluation of potential damage to the identified structures to facilitate consideration of related risks by the client. The assessment is a statistical study which is not intended to conclusively determine the maximum possible ground shaking or damage which may occur at the property.

Scope of Work

This assessment was conducted in general accordance with ASTM E2026-07[1] and ASTM E2557-07[2], the PML Standards. The assessment is based upon site reconnaissance conducted by a representative of GRS Group. There was no review of building code compliance, structural calculations or verification of the structural design. An assessment of concealed conditions and hidden structural elements has not been performed and is not part of this report.

Loss estimate results provided in this report exclude damages to building finishes, contents and equipment as well as damages which may result from fire, flooding and other events which may occur as a result of seismic activity.

A seismic evaluation of the subject building mechanical, plumbing and electrical systems, and their anchorage and supports is not part of this assessment and is not included in this report. This report is limited to a screening of the lateral load resisting systems of the subject building(s). The capacity and structural integrity of the gravity load carrying systems are not included in this assessment and not part of this report.

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1 ASTM E2026-07, Standard Guide For Seismic Risk Assessment Of Buildings, Approved May 1, 2007.

2 ASTM E2557-07, Standard Practice For Probable Maximum Loss (PML) Evaluations For Earthquake Due-Diligence Assessments, Approved May 1, 2007.

Additionally, the following is a listing of the types of damage, injury or physical conditions resulting from seismic activity or its after-effects that were not considered in this loss assessment:

- Personal injury or fatalities
- Loss of personal property
- Effects of Tsunami, seiche and dam failure
- Water and flooding damage
- Fire and smoke damage
- Weather damage
- Structural pounding damage
- Landslide or mud slide damage
- Non-earthquake-caused differential settlement
- Site instability resulting from excavations, construction and building foundations located on adjacent properties
- Unrepaired damage
- Damage resulting from deteriorated construction
- Damage resulting from deferred maintenance
- Damage resulting from un-permitted modifications or additions
- Damage resulting from excessive live loads

Evaluation Criteria

In accordance with the Standards governing this work, Probable Maximum Loss (PML) is a user-defined term. There is no one method of calculating PML and no universally accepted value for certain variables. The intensity of ground shaking and resulting damage to the structures are determined statistically.

Using commonly available software, we have identified a scenario which will result in an intensity of ground shaking consistent with a Design Basis Earthquake, DBE - ground motion with a 10% probability of exceedance in 50 years - equivalent to a 475-year return period. Based upon this estimate of ground shaking, the damage to buildings at the subject property is evaluated using either the Scenario Expected Loss (SEL) or Scenario Upper Loss (SUL) criteria.

Scenario Expected Loss represents an estimate of damage at the mean value of a normal distribution curve describing damage to a large population of buildings similar to that being assessed. In a portfolio of similar buildings, approximately 50% are likely to experience less than the estimated damage, while the balance are likely to experience more than the estimated damage.

Scenario Upper Loss represents an estimate of damage that has a 10% percent probability of exceedance due to the specified ground motion of the scenario considered. In a portfolio of similar buildings, nine out of ten buildings are likely to experience less than the estimated damage, while one building out of ten is likely to experience more damage.

Depending on criteria provided by the client, the PML may be equivalent to either the SEL or SUL. For lending transactions backed by commercial mortgage backed securities, the PML Standard (ASTM 2557-07) suggest the calculation of PML be based on the expected loss (SEL) in the event of a design basis earthquake.

Limitations

This report is the intellectual property of Global Realty Services, GRS Group, and may not be used without GRS Group's express written authorization. Unauthorized use of this report is a violation of GRS Group's legal rights. Any unauthorized user of this report shall be subject to civil and criminal penalties and shall be responsible to indemnify, defend and hold GRS Group harmless from any and all losses, damages and claims arising from such use.

The conclusions of this assessment are strictly limited by the agreed scope of services. It is important to understand that the estimate of Probable Maximum Loss is not intended to guarantee the performance of any structure or to represent the maximum possible damage to the structure in the event of an earthquake – neither the maximum credible ground shaking nor the maximum possible building damage has been used in estimating the PML. The estimate is a calculation intended to help the client understand and manage business risks; and considers two factors derived from statistical information, ground shaking intensity and damageability of the structure. The value for each of these factors depends upon a targeted confidence level defined separately in this report. For example, the intensity of ground shaking used in the PML calculation generally assumes a 10% chance of exceedance in 50 years. It is critical to understand that ground shaking and building damage can occur at levels in excess of the estimates developed here.

Not only is there a statistical probability that the estimated ground shaking and damage will be exceeded, but there is no certainty as to when the estimated ground shaking may occur. Although the estimate assumes a 10% chance of exceedance in 50 years (the 475-year event), ground shaking at or higher than the estimate could occur today or may not occur for thousands of years. The specified peak ground acceleration for the 475-year event is based on the USGS/CGS Probabilistic Seismic Hazards Assessment (PSHA) Model, 2002 (revised April 2003).

Damageability has been estimated utilizing the damage prediction method developed by Messrs. Charles C. Thiel, Jr. and Theodore C. Zsutty, (see "Earthquake Spectra" Vol. 3, No. 4: Nov. 1987 titled Earthquake Characteristics and Damage Statistics). In the absence of information to the contrary, buildings present at the subject property are assumed to have been constructed in accordance with building codes in common use at the time of construction or, when applicable, at the time of subsequent significant modification. Except as specifically identified herein, this assessment does not include the review of construction drawings, structural calculations, geotechnical investigations, or collection or analysis of soil samples. As a result, conclusions of this assessment are subject to a high degree of uncertainty.

This Report represents our opinion based on professional experience and judgment as exercised within the agreed scope of services. Documents and data provided for our consideration are assumed to be true, correct and complete, and have been reviewed for informational purposes only – neither the design nor functionality of improvements has been considered critically, and no evaluation of life-safety or specific damage expected as a result of the identified seismic activity has been performed.

Reliance

RESTRICTED USE AND RELIANCE - AT THE REQUEST OF OUR CLIENT, THIS REPORT IS ADDRESSED TO WOODMEN OF THE WORLD, WHO SHALL BE ENTITLED TO RELY ON ITS FINDINGS AS IF THEY WERE PARTY TO THE AGREEMENT UNDER WHICH THE WORK WAS PERFORMED. SUCH RELIANCE SHALL BE UNREBUTTABLE EVIDENCE OF FULL ACCEPTANCE OF THAT AGREEMENT. NO OTHER RIGHTS, BENEFITS OR OBLIGATIONS ARE INTENDED OR CONVEYED. THIS REPORT MAY NOT BE USED OR RELIED UPON BY ANY ADDITIONAL PARTY WITHOUT THE EXPRESS WRITTEN CONSENT OF GLOBAL REALTY SERVICES GROUP.

3.0 PROPERTY CHARACTERISTICS

Description of Improvements

The subject Los Altos Woods Office Building property is located at 5050 El Camino Real in the City of Los Altos, California. The Subject Property is improved with a two-story multi-tenant office building, containing 30 tenant spaces and approximately 40,417 square feet of floor area. The building is located over a semi-subterranean parking garage level. According to available information the building was constructed in 1981.

Structures can be grouped into various building classes. Different buildings within the same class can be expected to perform similarly during earthquake shaking. To account for the differences between buildings with the same class, additional information is utilized. For example, the year built provides an insight into the level of design code used. Generally speaking, the more information is available about a particular building, the more reliably potential damage can be estimated.

No construction drawings were available for review. The site observations were limited to interior accessible areas and the exterior of the building. Due to limited access and hidden conditions, the structural description of the building elements contained in this report are primarily based on our knowledge of and experience with buildings of similar age and construction.

Based on our limited site observations, the building appears to consist of standard light wood framed stud bearing wall construction at the two office space floor levels over concrete construction at the semi-subterranean parking garage level. The upper floor and roof systems include a lightweight concrete topping slabs and plywood sheathing over sawn lumber and wood beam framing. The building has a rectangular-shaped plan configuration. The exterior finish is primarily wood panel siding.

The semi-subterranean parking garage level includes perimeter concrete bearing walls and interior concrete columns supporting the concrete framed first floor system above. The first floor framing consists of precast concrete planks spanning between pre-cast concrete beams. Interior transverse concrete bearing/shear walls were also observed at the semi-subterranean level. Perimeter concrete retaining walls are provided at areas of the parking garage located below finished grade level.

Based on available information, the foundation system is assumed to consist of concrete slab-on-grade construction at the semi-subterranean level with continuous and spread concrete footings supporting load bearing walls and columns. The primary lateral load resisting elements at the office space floor levels presumably include plywood sheathed wood framed shear walls and the horizontal plywood sheathed upper floor and roof diaphragms. Concrete shear walls anchored to the concrete framed first floor diaphragm are provided at the semi-subterranean parking garage level.

The following Table lists the General Building Characteristics:

STRUCTURAL SYSTEM DESCRIPTION	
General Construction Class	Wood framed over concrete construction at the semi-subterranean parking garage level
Assumed Design Code	1976 Uniform Building Code
Roof framing	Plywood sheathing over wood 2x rafters supported by wood beams
Framing at the second floor office space level	Lightweight concrete and plywood sheathing over wood 2x joists supported by wood beams
Vertical load carrying system at the two office space levels	Wood stud bearing walls and posts
First floor framing above semi-subterranean parking garage level	Precast concrete planks spanning between pre-cast concrete beams and concrete bearing walls.
Vertical load carrying system at semi-subterranean parking garage level	Concrete bearing walls and concrete columns
Cladding	Wood panel siding
Semi-subterranean floor	Concrete slab on grade
Foundation System	Concrete continuous and pad footings under walls and columns
Lateral load resisting system at the two office space floor levels	Wood framed shear wall with plywood sheathing
Lateral load resisting system at semi-subterranean parking garage level	Concrete shear walls anchored to the concrete framed first floor system
BUILDING CHARACTERISTICS AND PARAMETERS	
Plan Configuration	Rectangular
Plan Structural Irregularities	None noted
Vertical Irregularities	Change of structural system above semi-subterranean parking garage level
Load Path Irregularities	Limited shear transfer detailing and anchorage at two office space levels based on the year of reported construction compared to similar buildings designed to more recent building code requirements Limited shear details and anchorage at first floor concrete diaphragm
Stiffness Irregularity	None noted
Mass Irregularity	None noted

Building Vertical Stability	Adequate - the building does not appear to contain conditions leading to vertical instability of the structure during a design level seismic event
Redundancy	Good
Pounding Potential	None noted
Other structural deficiencies	Limited capacity of upper floor vertical and horizontal wood framed lateral load resisting elements based on the year of reported construction
Construction Quality	Appeared standard for date of construction

Site Characteristics

The soil conditions at a site can influence the damageability of a structure in two general ways:

1. Soft soils tend to amplify ground motion.
2. Collateral hazards such as soil liquefaction, sliding or rupturing can potentially result in considerable damage to a structure.

Detailed soil information was not provided for this site. The soil data shown below was obtained from the California State Department of Conservation's Geologic Map (dated 1991). Additional soil information was obtained from the Liquefaction Susceptibility Maps for the San Francisco Bay Area published by ABAG, dated 2000. A site specific geotechnical investigation is recommended if a more accurate assessment is required.

Site Soil Type:	Alluvium
Liquefaction Potential:	Assumed moderate (Based on generalized hazard maps)
Landslide Potential:	Assumed low (Site is generally flat)
Fault Rupture Potential:	Assumed low (The Monte Vista – Shannon Fault is the closest know active fault and is located approximately 5.5 miles from the site.)

4.0 SEISMICITY

The Richter magnitude scale is used to represent the total seismic energy released at the epicenter of an earthquake. It is a base-10 logarithmic scale, meaning, for example, that an earthquake measuring 5.0 on the Richter scale has release 10 times the energy of one that measures 4.0. In general, energy generated by seismic activity decreases with distance from the epicenter, however preferential pathways can result in inconsistent transfer of energy, resulting in wide disparity in ground shaking and damage to similar buildings in close proximity to each other.

Though the Richter scale provides a measurement of ground shaking, it fails to translate seismic energy in terms of resulting damage. The Modified Mercalli Intensity Scale described the effects of ground shaking in more understandable terms. For example, ground shaking with an MMI of VII would be considered to be very strong and would make it difficult to stand, damage to buildings of good design and construction would be expected to be negligible, slight damage might be expected to result in well-built ordinary structures, and considerable damage would be expected at poorly built or badly designed structures.

The following Table includes information obtained from a commercially available program, EQFault [(1)]. The Table lists the most potentially damaging faults within a 50-mile radius of this site. The table includes the distance to the fault in miles and kilometers, followed by the Estimated Maximum Earthquake Event defined by moment magnitude (Mw).

Fault or Source Name	Regional Seismicity Approx. Distance miles (km)	Maximum Earthquake Magnitude (Mw) Richter
MONTE VISTA - SHANNON	5.5(8.8)	6.8
SAN ANDREAS (Peninsula)	6.3(10.1)	7.1
SAN ANDREAS (1906)	6.3(10.1)	7.9
HAYWARD (SE Extension)	12.6(20.2)	6.4
HAYWARD (Total Length)	13.9(22.3)	7.1
HAYWARD (South)	13.9(22.3)	6.9
SAN ANDREAS (Santa Cruz Mtn.)	16.3(26.2)	7.0
CALAVERAS (No.of Calaveras Res)	16.7(26.9)	6.8
CALAVERAS (So.of Calaveras Res)	17.5(28.1)	6.2
SAN GREGORIO	17.5(28.2)	7.3

Fault or Source Name	Regional Seismicity Approx. Distance miles (km)	Maximum Earthquake Magnitude (Mw) Richter
SARGENT	20.0(32.2)	6.8
ZAYANTE-VERGELES	22.6(36.3)	6.8
HAYWARD (North)	23.4(37.6)	6.9
GREENVILLE	30.9(49.8)	6.9
MONTEREY BAY - TULARCITOS	32.9(53.0)	7.1
GREAT VALLEY 6	33.5(53.9)	6.7
GREAT VALLEY 7	34.1(54.9)	6.7
CONCORD - GREEN VALLEY	34.7(55.9)	6.9
SAN ANDREAS (Pajaro)	38.0(61.2)	6.8
SAN ANDREAS (North Coast)	39.5(63.6)	7.6
PALO COLORADO - SUR	41.0(66.0)	7.0
ORTIGALITA	46.1(74.2)	6.9
GREAT VALLEY 8	46.7(75.2)	6.6
GREAT VALLEY 5	47.0(75.7)	6.5
RODGERS CREEK	49.5(79.7)	7.0

(1) EQFault, Version 3.0b software by Thomas Blake.

Notes:

1. km = kilometers.
2. Mw = moment magnitude.

One of the largest magnitude and most destructive historical earthquake in the vicinity of this site occurred approximately 30 miles away on April 18, 1906. This event, the San Francisco Earthquake, registered a magnitude 8.25 on the Richter Scale and produced damage on the order of MMI VIII at this site.

From 1900 to 1998, there were six recorded seismic events with a 100-mile radius of this site, with magnitudes ranging from 6.1 to 8.25 and corresponding MMIs of IV to VIII.

5.0 CERTIFICATION

GRS Group has completed this assessment in accordance with the agreed scope of services. The work was performed as an independent contractor, without undue influence of the Client or owner of the Property. To the best of our knowledge and belief, the undersigned have no personal relationship with or interest in any party involved in this transaction.

This assessment along with findings, conclusions and recommendations (collectively, the Report) is the intellectual property of Global Realty Services Group (GRS Group) and may not be used or relied upon without GRS Group's express, written authorization. Any unauthorized party using or relying upon the Report shall be liable to GRS Group for equitable compensation and appropriate punitive damages, and shall be responsible to reimburse GRS Group for and indemnify, defend and hold GRS Group harmless from and against any and all costs, claims, liabilities, expenses, lost profits and damages arising as a direct or indirect result of such unauthorized use or reliance.

Date Signed and Stamped: September 23, 2011

DRAFT

Mark S. Prock, P.E.
Field Professional

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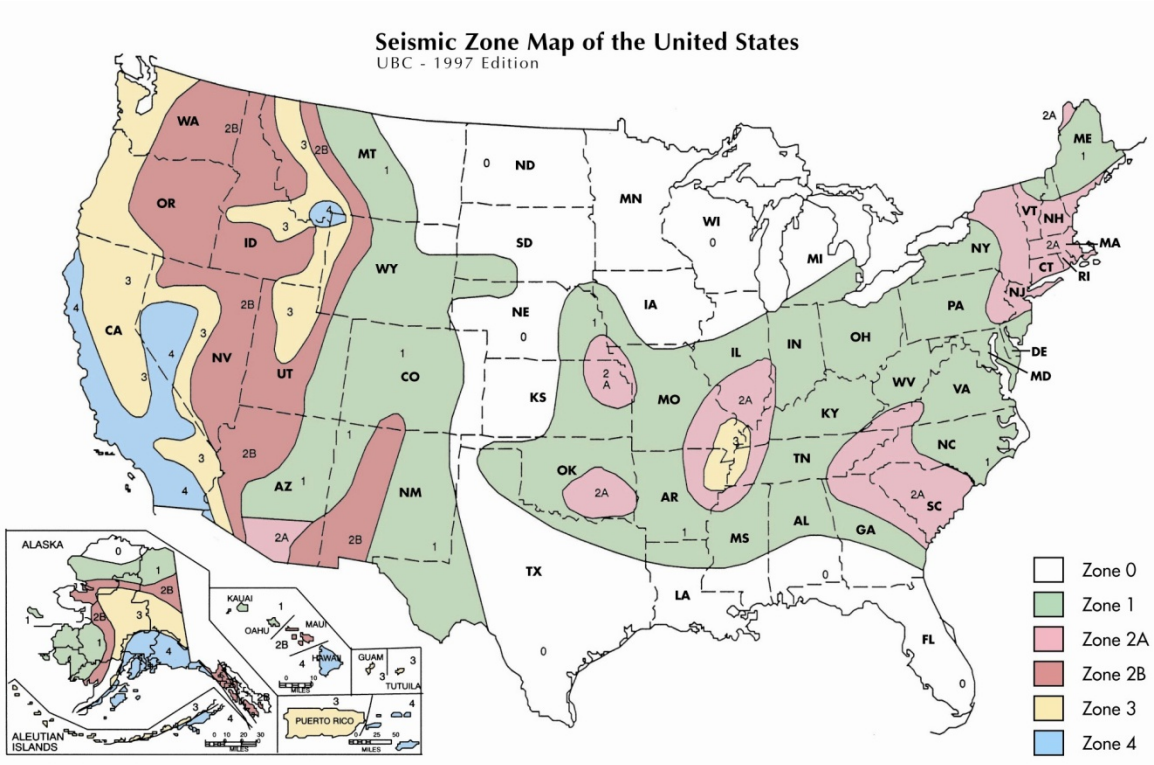
John K. Koch
Associate Director

Appendix

Seismic Zone Map
Modified Mercalli Intensity Scale

SEISMIC ZONE MAP OF THE UNITED STATES

UNIFORM BUILDING CODE 1997 VOLUME 2 TABLE 16.2



MODIFIED MERCALLI INTENSITY SCALE (1931 ABRIDGED)	
I.	Not felt except by a very few under especially favorable circumstances
II.	Felt only by a few persons at rest, especially on upper floors of buildings. Delicately suspended objects may swing
III.	Felt noticeably indoors, especially on upper floors of buildings, but many people do not recognize it as an earthquake. Standing motor cars may rock slightly. Vibration likes passing of truck. Duration estimated
IV.	During the day felt by many, felt outdoors by few. At night some awakened. Dishes, windows, doors disturbed; walls make creaking sound. Sensation like heavy truck striking building. Standing motor cars rocked noticeably
V.	Felt by nearly everyone; many awakened. Some dishes, windows, etc. broken; a few instances of cracked plaster; unstable objects overturned. Disturbances of trees, poles, and other tall objects sometimes noticed. Pendulum clocks may stop
VI.	Felt by all; many frightened and run outdoors. Some heavy furniture moved; a few instances of fallen plaster or damaged chimneys. Damage slight
VII.	Everybody runs outdoors. Damage negligible in buildings of ordinary structures; considerable in poorly built or badly designed structures; some chimneys broken. Noticed by persons driving motor cars
VIII.	Damage slight in specially designed structures; considerable in ordinary substantial buildings with partial collapse; great in poorly built structures. Panel walls thrown out of frame structures. Fall of chimney, factory stacks, columns, monuments, and walls. Heavy furniture overturned. Sand and mud ejected in small amounts. Changes in well water. Disturbs persons driving motor cars
IX.	Damage considerable in specially designed structures; well-designed frame structures thrown out of plumb; damage great in substantial buildings, with partial collapse. Buildings shifted off foundations. Ground cracked conspicuously. Underground pipes broken
X.	Some well-built wooden structures destroyed; most masonry and frame structures destroyed with foundations; ground badly cracked. Rails bent. Landslides considerable from riverbanks and steep slopes. Shifted sand and mud. Water splashed (slopped) over banks
XI.	Few, if any, (masonry) structures remain standing. Bridges destroyed. Broad fissures in ground. Underground pipe lines completely out of service. Earth slumps and land slips in soft ground. Rails bent greatly
XII.	Damage total. Waves seen on ground surfaces. Lines of sight and level distorted. Objects thrown upward into the air