

UWS Sacramento Timeliness

Commonly Asked Questions

QUESTION: Why do the owners want to sell before entitlements when they are so close?

ANSWER: The trust has members that are all between 60-90 years old, they're not wealthy (farmers by trade), and are just looking for a quicker exit considering personal obligations and wanted to lower the amount to entice an investment while knowing they have the other parcel that would generate requisite capital in the future.

However, they're approaching the phase to change the price but we can continue conversations as is while you haven't had any time for due diligence. We've been on this project for about 8 weeks (August 2024) and everything has been smooth and we see no issues at all with entitlements, it's just their preference and timing when it comes down to it. We personally wouldn't make the same decision if it were ours and no other landowners in the project are considering selling now or prior to construction.

QUESTION: What is the asking price?

ANSWER: The asking price is \$22M. However, the trust is willing to sell for \$15M (optioned, \$7.5M in year 1 and \$7.5M in year 2), while we believe a fair asking price at this stage of the development would be \$28M today. In 6 months, with full entitlements, the BPO value is \$35M and upwards between \$43M–\$55M as the site preparation is completed and early stages of the development progress.

The farmland [appraised value was \\$15M](#), so that is the number they're basing it off of, so, considering the community development, zoning, timeline, location — taking all items into account, it's an interesting deal from our perspective.

QUESTION: Are the owners open to selling the full project (both parcels, 80.6 acres)?

ANSWER: They would be open to look at it but it would likely need to be in the ballpark of \$75M–\$90M (which is the entitled value) if it's all of their land in the project as the trustee is very invested in the project and is a liaison between the master planner and other landowners but his family members on the higher end of the age scale are just looking to exit.

They turned down a \$25M (farmland value) offer for both parcels a few years ago at the beginning of the master plan application as they only wanted to sell one and knew the value would increase significantly after entitlements, but the trustee did say that he was willing to look at offers again for both at entitled value.

QUESTION: When you say "entitlements", you mean the area/master plan will be complete by Q1-2025, is that correct?

ANSWER: Correct, the entire master plan project is all entitled at once. EIR reports were released to the public on August 30th, so there's just a short waiting period. Everything is above CEQA standard with no

issues and the project is very highly favored in the city. The community attorney stated they expect them [between February and April](#). While the former County Executive and City Manager of Sacramento, [Mr. Robert Thomas](#), is the master planner and said the same.

QUESTION: Is the intent to allow individual parcel buyers to do their own small-lot tentative maps? Or have you begun processing those too?

ANSWER: That is the intent. They're looking for one buyer on the 40-acre parcel which has 7 pads. However, they may consider offers of individual pads. The buyer has complete construction freedom to build what they want within the zoning limits, which we should mention range from a max use of 963 residential to minimum 271 residential units.

Rents are a bit lower in Sacramento compared to SF, SD, and LA, so, townhomes, row houses, some single family, and stack flats have been favored by first lookers, which also has to do with their business model / product type.

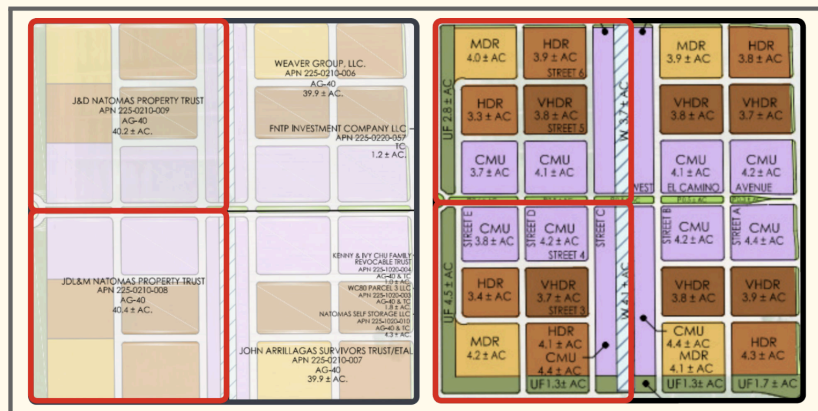
In our personal opinion, podium and wrap apartments would work well in addition considering the community amenities (canal, shopping district, restaurants, and concert venue on the north end), so market rate rents that are a little above the median would work (as shown in our financial model). We believe constructing the max use, 963 units, will more than hit the necessary profit marks needed to justify the investment if you chose to go this route.

There's 3 other main parcels in the town square that will likely have apartment complexes; each owner can build what they want, again, so they may also end up as townhomes, single homes, or stack flats instead of utilizing the full zoning.

Across the 4 parcels in the town square there is a max use of around 4,000 apartments between the different owners but considering the attractions and the community's aim to have this be a central destination for Sacramento and the city's growth, in addition to the fact that there are always waiting lists for new MFH development with a city wide 3.5% vacancy, new MFH developments are always absorbed considerably quickly, we expect the same in this situation as Sacramento has a metro population of 2.2M people.

QUESTION: You mentioned only half of the site is for sale, how will the owners of the other half work with us to provide site development? Is one side dependent on the other side for access to utilities and services? If so, who needs to go first and is there a "fair share" agreement in place?

ANSWER: So, the master plan community is 2,063 acres. With that, there's a buffer area, parks, concert venue, and a lot of single family homes surrounding the town square, but the town square is four 40-acre parcels. The trust we're working for owns 2 of the 4 and are looking to sell half of their land (one 40-acre parcel). The half that we were referring to was just to notate a separate parcel and half of the sum they own.



*Outline of the trusts' total land and zoning in the town square (80.6 acres)

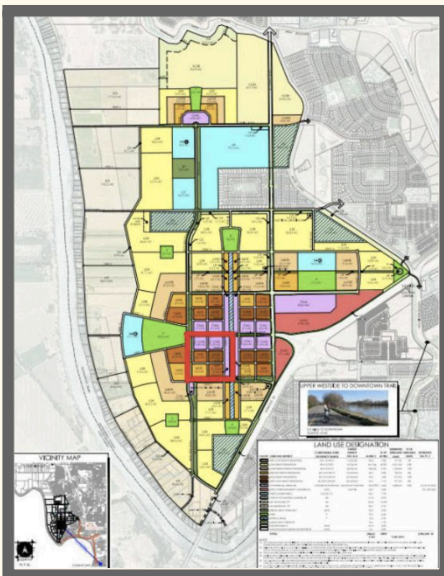
Each land owner ([here's a map of landowners](#)) is responsible and has freedom to build what they want. The community master planner, Mr. Robert Thomas (mentioned above) and Wood Rodgers Engineering will handle the infrastructure planning / execution and developer contributions. A lot of the planning has already been completed with the studies. One side isn't dependent on the other side in this case, so you can build further down the line or as early as possible, you'll just be in contact with them to organize.

The infrastructure in the town square will be developed first as it must be run through there to get to other areas. Side note: it's not a long pull as the community is surrounded by other already developed areas.

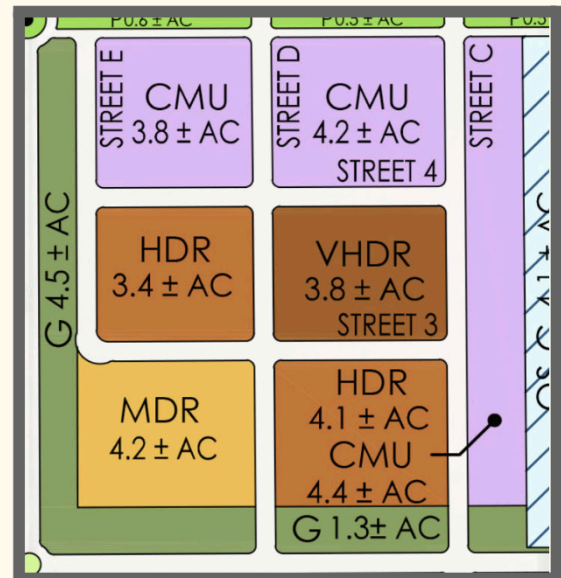
A large portion of infrastructure will be Mello-Roos financed with bonds via property taxes. We estimate the total out of pocket infrastructure costs will be around \$11M for one parcel over several phases but the fair share agreement isn't finalized just yet (likely middle of 2025) but estimates have been provided on the OM (page 35) from studies that were presented to the city in the EIR reports.

QUESTION: Which "half" is for sale? Can you provide a map with the dividing line?

ANSWER: Yes, we've provided the outline of the parcel for acquisition. We should note, again, that there is a lot of flexibility with the zoning as you can build from 271 residential units to 963 units.



Parcel in Upper WestSide Community

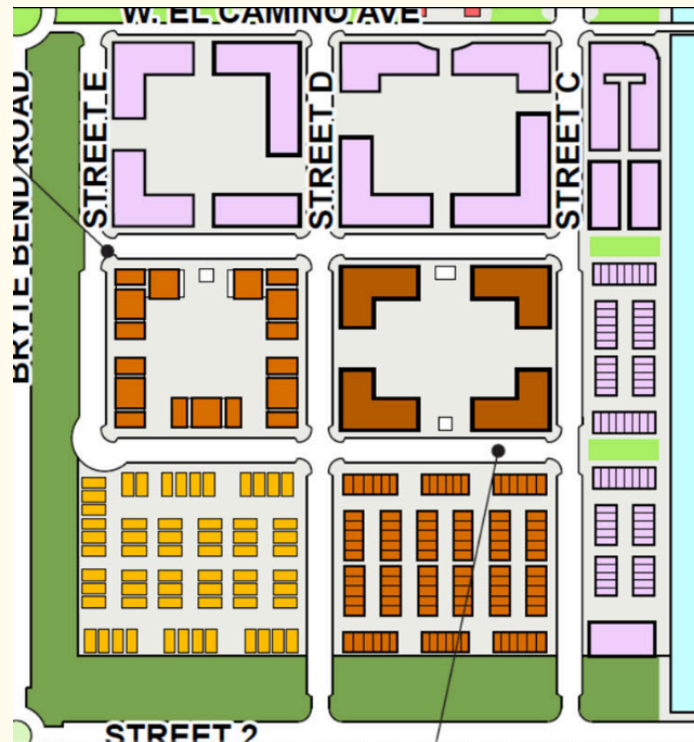


Parcel Zoning

QUESTION: What can be built?

ANSWER: The pads are highly flexible. You can build some single family homes, townhomes, row houses, stacked flats, podium apartments, or wrap apartments within the zoning range density of 271 units to max 963 units across the parcel.

In addition, there is 846k sq. ft. of commercial zoning that can be used for a variety of use cases such as banks, gyms, hotels, retail shopping, office, restaurants, nightclubs, office space, etc. We expect a higher end retail shopping area to be built here, but it is ultimately up to the developer with how they choose to utilize the land.



**Example of potential podium apartments, row houses, stack flats, and townhomes w/ max zoning usage.*

It's often missed, so, we wanted to note that when you're looking at the zoning map, the lavender line on the right hand side is CMU – commercial mixed use, but we want to mention that you can build apartments, townhomes, row houses, etc. that face the canal that may or may NOT include commercial space (seen in the picture below). CMU zoning has residential density to support between 3 residential units up to 270 units while it could be used for separated residential OR ground floor retail and above residential. It is ultimately up to the developer.

The same goes with the other zonings and their range in density, which can be seen on our financial model on the "Assumptions" sheet.

We know we don't have to mention that the financial model is merely a tool to save time as your construction costs and rents, etc. will vary depending on the project and management but we just wanted to make a note. You can hit "make a copy" in Google Sheets to make edits / adjustments to see the potential of your ideal development project.