

Real Estate Market Review

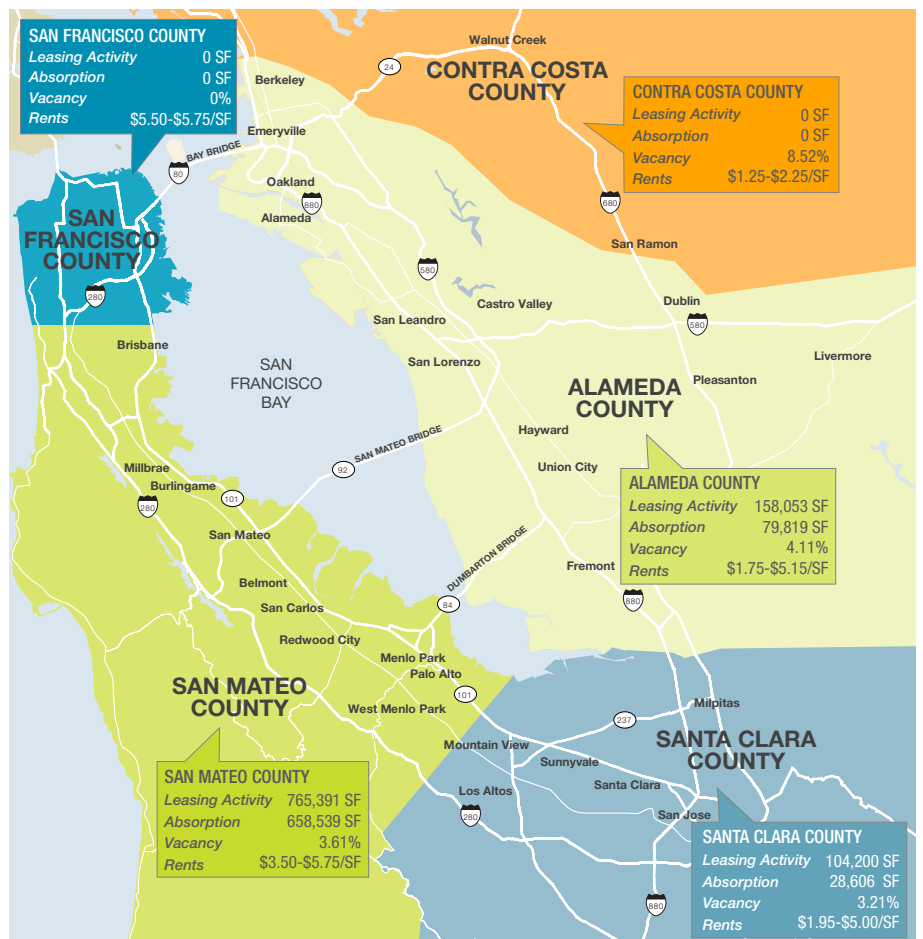
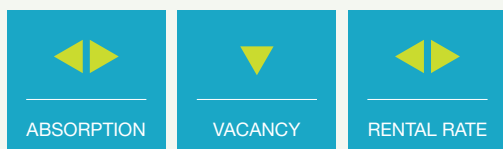
Bay Area Life Science

The Bay Area life science market finished the year strongly in Q4 with 1,027,644 s.f. of gross absorption and 766,964 s.f. of positive net absorption. San Mateo County remains the dominant location for leasing transactions, accounting for 74% of all activity in the Bay Area. Market-wide vacancy rates decreased slightly to 3.60%, compared to 3.83% from the previous quarter. Tenant demand remains strong, as over 2.6 million s.f. is being tracked in the market. Supply remains a challenge as there are very few options available in most size ranges, especially in the strongest submarkets of South San Francisco and Emeryville/Berkeley. Venture capital funding remains strong in the Bay Area, as over \$3.28 billion was invested into biotech companies in 4Q.

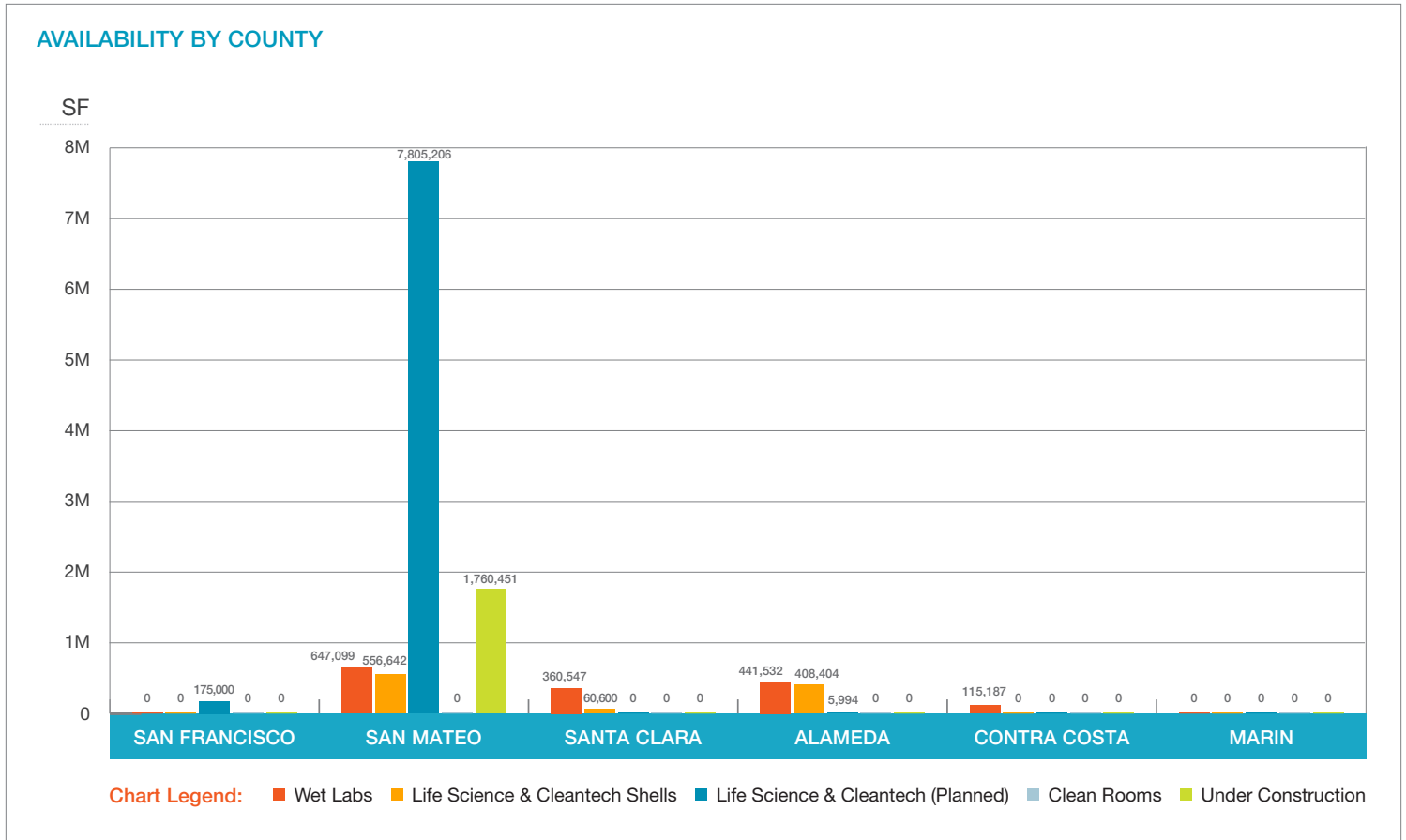
Notable Lease Transactions

| | |
|---|--|
| AbbVie 1000 Gateway Blvd South San Francisco 479,000 s.f. | Adicet Bio 1000 Bridge Pkwy Redwood City 50,305 s.f. |
| Open Medicine Institute 297 & 319 N Bernardo Ave Mountain View 104,200 s.f. | Novo Nordisk 6300 Dumbarton Circle Fremont 44,000 s.f. |
| Celgene 1200 Sierra Point Pkwy Brisbane 92,096 s.f. | Zogenix 5959 Horton St Emeryville 37,307 s.f. |
| Confidential Tenant 681 Gateway Blvd South San Francisco 61,000 s.f. | Catalent 5959 Horton St Emeryville 19,788 s.f. |
| Bionova Scientific 3100 W Warren Ave Fremont 56,958 s.f. | Allogene 310 Utah Ave South San Francisco 14,943 s.f. |

Market Forecast



Area Review



SUBMARKET REVIEW

San Francisco County

San Francisco had no transactions this quarter, as this submarket continues to offer no available inventory. Prospective tenants often look to San Mateo and Alameda Counties to accommodate their growing need for space. Celgene's recent transaction in Brisbane may eventually free up some surplus space at 1500 Owens in Mission Bay, but this potential opportunity would not become available until early 2020.

San Mateo County

Leasing activity in San Mateo County remained strong, as the region experienced 765,391 s.f. of gross absorption and 658,539 s.f. of positive net absorption. South San Francisco had the most activity with 601,584 s.f. of gross absorption and 527,266 s.f. of positive net absorption. Biopharmaceutical company AbbVie completed the largest lease of the quarter by agreeing to 479,000 s.f. at BioMed Realty's Gateway of Pacific project, which is currently under construction. In addition, a confidential tenant leased the remaining 61,000

s.f. at 681 Gateway Boulevard, while Allogene expanded into an additional 14,943 s.f. with HCP at 310 Utah Avenue in the Edgewater project. In the Brisbane market, biotech company Celgene leased 92,096 s.f. at HCP's brand new development, Sierra Point Britannia. Further down the Peninsula, Redwood City experienced 71,711 s.f. of gross absorption in the fourth quarter. Adicet Bio leased the entire building at 1000 Bridge Parkway for 50,305 s.f. and Genomic Health subleased 12,106 s.f. from AcetRx Pharmaceuticals at 301 Galveston Drive.

Approximately 1.76 million s.f. remains under construction, with all projects concentrated in the Brisbane and South San Francisco submarkets. Over 85% of this space is already pre-leased. The initial two buildings of HCP's Sierra Point campus totaling 221,000 s.f. are now fully pre-leased to Celgene and Myokardia. Phase 3 of HCP's The Cove will deliver 500,000 s.f. in three buildings, which have been pre-leased to Denali Therapeutics, Alector and Global Blood Therapeutics. Finally, following AbbVie's large lease at phase 1 of BioMed Realty's Gateway of Pacific project, it only has 33,000 s.f. remaining. Vacancy rates fell to 3.61%, with asking rates holding between \$3.50/s.f. NNN to \$5.75/s.f. NNN.

Santa Clara County

Santa Clara County had modest leasing activity, finishing the quarter with 104,200 s.f. of gross absorption and 28,606 s.f. of positive net absorption. Open Medicine Institute completed the only significant fourth quarter lease in Santa Clara County by agreeing to a total of 104,200 s.f. between two life science buildings at 297 & 319 N. Bernardo Avenue in Mountain View. With no development plans in this region, life science space remains limited. Vacancy rates dropped to 3.21%, with asking rates remaining stable from \$1.95/s.f. NNN to \$5.00/s.f. NNN.

Alameda County

Leasing activity in Alameda County was active, with the region experiencing 158,053 s.f. of gross absorption and 79,819 s.f. of positive net absorption. In Fremont, Bionova Scientific signed 56,958 s.f. at 3100 W. Warren Avenue, while Novo Nordisk subleased 44,000 s.f. from Asterias Biotherapeutics at 6300 Dumbarton Circle. Wareham Development's-EmeryStation West saw strong activity this quarter, as two tenants signed a total of 57,095 s.f. in the Class A lab building. Biopharmaceutical company Zogenix agreed to 37,307 s.f. on the 5th floor and Catalant leased 19,788 s.f. on the 4th floor. Vacancy rates increased slightly to 4.11%, due to new availabilities in the Berkeley and Emeryville submarkets. Rental rates currently stand between \$1.75/s.f. NNN to \$5.15/s.f. NNN.

Contra Costa County

Following the trend from prior quarters, leasing activity in Contra Costa County remained inactive. Vacancy rates stand at 8.52%, with asking rates falling between \$1.25/s.f. NNN and \$2.25/s.f. NNN.

4Q Venture Capital Financing

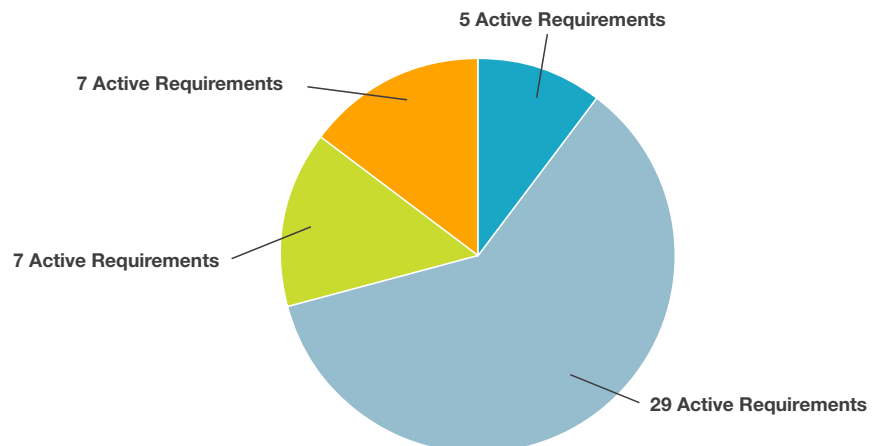
| Series Type | \$ Funded |
|-------------------------|------------------------|
| Seed Stage | \$19,600,000 |
| Series A | \$59,490,000 |
| Series B | \$343,350,000 |
| Series C | \$746,820,000 |
| Series D | \$255,000,000 |
| Series E | \$0 |
| Series F | \$0 |
| Series G | \$0 |
| Mezzanine | \$0 |
| Undisclosed | \$0 |
| Acquisition | \$720,000,000 |
| Debt / Equity Financing | \$0 |
| IPO | \$798,000,000 |
| PIPE | \$335,250,000 |
| Research Grant | \$2,800,000 |
| Corporate Partnership | \$0 |
| Total | \$3,280,310,000 |

| Month Funded | # of Companies |
|--------------|----------------|
| October | 21 |
| November | 14 |
| December | 13 |
| Total | 48 |

DEMAND FOR LIFE SCIENCE SPACE

- 0 - 9,999 SF
- 10,000 - 49,999 SF
- 50,000 - 99,999 SF
- 100,000 - 800,000 SF

TOTAL SQUARE FOOTAGE IN DEMAND
2,695,000 SF



KIDDER MATHEWS LIFE SCIENCE

A Commitment to Excellence

Kidder Mathews is a corporate real estate advisory and brokerage firm. Our Life Sciences real estate practice specializes in the unique requirements of companies within this industry sector. We partner with our clients to define and refine an acquisition strategy and then develop a real estate solution that best fits the company's business model and growth. Kidder Mathews' superior market knowledge delivers more options to our clients, which have enabled them to achieve better transaction economics, and a reduction of capital costs while minimizing their out of pocket expense.

Key strategic real estate decisions focus on:

- The type of facilities required
- The timing of the requirement
- How to acquire the real estate and the occupancy costs
- How to finance the tenant improvements

The Kidder Mathews Life Science advantage:

- Strategic real estate planning
- Real estate acquisition services
- Financial analysis
- Real estate disposition services
- Specialized LABS database

Our objective is to assist our clients in developing real estate strategies and solutions to support overall business objectives and to enhance shareholder value.

Strategic Advantage – Increases our client's leverage during the negotiation process. The strategic planning process results in optimal real estate occupancy cost savings.

A well conceived real estate strategy becomes the blueprint for a successful real estate transaction. This is where Kidder Mathews positions the client to continue its development and growth without the company's real estate becoming a physical or financial constraint.

We have developed the most comprehensive life science database in the commercial real estate industry. Kidder Mathews' specialized database provides clients with the following key strategic advantages:

- Tracks current available wet laboratory spaces
- Tracks wet laboratory spaces that will be coming on-line over the next twenty-four (24) month period
- Tracks lease expiration dates of current life science tenants
- Tracks current life science requirements in the market
- Tracks companies that are getting funded
- Tracks companies that are in the midst of re-structuring and M&A discussions

Kidder Mathews' Life Science real estate practice has a combined experience of 90 years in executing complex real estate solutions that meet our clients' real estate needs. Kidder Mathews would like to be your real estate and facilities strategic partner. Let us handle all of your real estate and facilities needs while you remain focused on driving your company's success.

Kidder Mathews Services

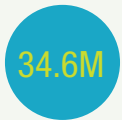
Kidder Mathews realizes that a lease transaction is only part of a larger process, and that life science tenants require a wide range of other high quality specialized service providers. To assist our clients, we have relationships with experts in all of the required disciplines: corporate business strategizing, project/construction management, licensing, permits, and code compliance, furniture and equipment, manufacturing systems advisory, third party improvement financing, legal, recruitment, moving, telecommunications, and architecture.

Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with more than 750 real estate professionals and staff in 21 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, property management, consulting, project and construction management, and debt equity finance services for all property types.

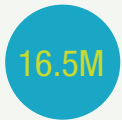
COMMERCIAL BROKERAGE



ANNUAL
TRANSACTION
VOLUME



ANNUAL
LEASING SF



ANNUAL
SALES SF



BROKERS

PROPERTY MANAGEMENT

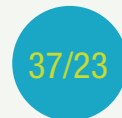


MANAGEMENT
PORTFOLIO

VALUATION ADVISORY



ASSIGNMENTS
ANNUALLY



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