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8:24 pm ET
Mar 30, 2011 SCOTT AUSTIN

Yuri Milner's Latest Silicon Valley Buy: A \$100M Mansion

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Two years ago Russian investor Yuri Milner burst on the scene in Silicon Valley with a **\$200 million investment** in Facebook Inc. that at the time was viewed by many as suspect at best.

But that bet through his firm, Digital Sky Technologies, looks prescient today at a \$10 billion valuation, and so have several of his other investments in companies like Groupon Inc. and Zynga Inc.

Now Milner is making a personal bet sure to raise more eyebrows in Silicon Valley. According to WSJ, Milner has paid \$100 million for a 25,500square-foot, French



—Google EarthCan you imagine Mark Zuckerberg partying here when Facebook holds its IPO?

chateau-style mansion in Los Altos Hills, Calif.

Milner's spokesman tells WSJ that he has no immediate plans to move in, but we can only imagine the parties he could hold there once Facebook, et al. stage their IPOs.

Read the WSJ piece here.

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About Venture Capital Dispatch



Produced by the editors of **Dow Jones VentureWire**, Venture Capital Dispatch tracks the fast-moving developments at the intersection of high-tech innovation and venture capital finance. Featuring the VentureWire reporting team in the Silicon Valley, New York, Boston and Shanghai tech centers, Venture Capital Dispatch provides insight into the newest start-ups and latest trends in venture capital investing. Write us at **VCdispatch@dowjones.com**. For more information on Dow Jones products covering venture capital and other financial markets, go to http://pevc.dowjones.com.

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Morgan Brennan (http://www.forbes.com/sites/morganbrennan/) Forbes Staff

I write about real estate markets, outrageous homes and cities.



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Billionaire Yuri Milner 'Overpaid' On \$100 Million Mansion By 100%, According To Assessor

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Yuri Milner's \$100 Million Mansion



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Google aerial shot





We buy any condition, any situation We pay cash and close



Last year tech billionaire Yuri Milner (http://www.forbes milner/) dashed sales records in California when he paid million for a Silicon Valley mansion (http://www.forbes. /clareoconnor/2011/03/31/inside-yuri-milners-100-mill.

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A year later, the tax man disagrees. On Tuesday the Santa Clara County

Seessor told the Mercury News (http://www.mercurynews.com/business/ci_2099632//tussian mogul yuri milner silicon valley mansion worth half-its-price-100-million) that the estate, known as Palo Alto Loire

Chateau, is worth markedly less than Milner paid for it: \$50.27 million to be exact. It means Milner, an investor in Facebook and Groupon, shelled out 100% more than the estate is arguably worth by market standards.

"For whatever reason, and we don't know, Mr. Milner purchased the property at more than it's fair market value," explains Larry Stone, Santa Clara County Assessor. "It doesn't happen very often and we knew at the time that it was unusual...since the highest assessed residential property in Silicon Valley prior to that time was \$28.5 million."

Stone's team compared the home, located in Los Altos Hills, to 11 other ultra luxury mansions throughout California's most expensive ZIP codes (http://www.forbes.com/sites/morganbrennan/2011/10/12/americas-most-expensive-zip-codes/). They found that comparable properties sold for less, from the 30,000-square foot Los Altos Hills home that fetched \$28.5 million to the 56,500-square foot Holmby Hills Spelling Manor that ultimately commanded \$85 million last year (http://www.forbes.com/sites/morganbrennan/2011/07/14/its-official-americas-most-expensive-home-has-a-brand-new-billionaire-owner/). The office also enlisted three appraisers to make independent assessments of Milner's 17-acre, 25,000-square foot abode.

The assessment means the Russian venture capitalist will pay \$600,000 a year in taxes — a bill that could buy three homes in other parts of the U.S. at the national median price. However, the Mercury News asserts that the assessment still represents "a big property tax break for Milner," as the bill would have been more like \$1.2 million if it had matched the sales price.

Still, \$600,000 represents quite a revenue boon for the county: at the time of Milner's purchase, the assessed value had been \$25.7 million, according to Santa Clara County assessor records, and the tax bill \$304,000 per year. It means taxes are almost doubling.

As is the case with less expensive homes, sales price typically serves as the fair market value number. But it's important to note that in the world of trophy real estate, fair market value and sales price are not the same thing. Since price at the ultra high-end is glaringly subjective to both seller's and buyer's personal tastes rather than pocketbooks, it's not uncommon to see expensive homes fetch more than their "market value." It means affluent homeowners sometimes enjoy taxes affiliated with a lower value than they might command for the home if they decide to sell. For example, the 2011 tax assessment on the Spelling Manor is \$66.3 million even though it sold for \$85 million, according to the L.A. County Assessor's office. Even so, a \$50 million discrepancy is surprising.

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"Our job is to figure out, if it was listed on the open market —which this was sol, what would other buyers have been willing to pay for it?" says David Ginsborg, Sione's Deputy. "Our conclusion was there was no way anyone would have paid \$100 million."

Nestled among 17 hilltop acres in Los Altos Hills, Calif., the French chateau-style mansion encompasses 25,545 square feet of living space including 14 bathrooms, two dining rooms, a ballroom, a library and staff quarters. Outrageous amenities (http://www.forbes.com/sites /morganbrennan/2012/05/29/homes-sporting-the-most-amazing-and-outrageous-outdoor-amenities/) include a home theater, a wine cellar, a gym, an indoor pool, and a sauna. There's also a 4,600-square foot guest house and two three-car garages, even a private car wash. The chateau traded hands in "turn-key" condition, meaning move-in ready. Rumor has it that Milner, whose primary residence is located in Moscow, hasn't even occupied it yet.

"It's like artwork: when some people want something badly enough, they will pay what they believe they have to pay to get it," adds Stone. Indeed, it's not the first time a billionaire has shelled out a staggering sum and possibly overpaid (http://www.forbes.com/sites/luisakroll/2011/12/19/billionaires-daughter-pays-record-sum-for-nyc-pad/) for a trophy home. Even so, "He may want to have a conversation with his realtors."

Correction: An earlier version of this story incorrectly differentiated between fair market value and net assessed value. In the state of California, there is no difference. The assessed value of Milner's chateau is \$50.27 million, from which the assessor calculated the \$600,000 tax bill.

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