

**ASSESSOR'S**

**EVIDENCE**

**Washoe County Board of Equalization**  
**Appeal Summary Page - Secured Roll**

Hearing # 19-0043  
Hearing Date 02/21/2019  
Tax Year 2019

APN: 025-570-01  
Owner of Record: REALTY INCOME PROPERTIES 16 LLC  
Property Address: 6590 S VIRGINIA ST  
Property Type: DISCOUNT WAREHOUSE STORE 100%  
Gross Building Area: 102,832  
Year Built: 1993  
Parcel Size: 9.99 Acre

Description / Location: The subject property is a Discount Warehouse Store built for Home Depot. Its location, design and overall utility is still being capitalized upon by the first generation tenant. The subject was recently purchased by an investor on 4/26/18 for \$15,980,000.

2019/20 Taxable Value:	Land:	\$4,789,202
	Improvements:	\$4,828,550
	Total:	<u>\$9,617,752</u>
	Taxable Value / SF	\$93.53

Sales Comparison Approach:	Indicated Value	\$15,013,472
	Indicated Value / SF	\$146
Income Approach:	Indicated Value	\$14,499,312
	Indicated Value / SF	\$141

Conclusions: Taxable value does not exceed full cash value. Please refer to the analysis within for foundational support of this conclusion.



**ASSESSOR'S EXHIBIT I**  
**22 PAGES**

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

	<b>TAXABLE VALUE</b>	<b>ASSESSED VALUE</b>	<b>TAXABLE</b>	<b>HEARING:</b>	<b>19-0043</b>
<b>LAND:</b>	\$4,789,202	\$1,676,221	<b>\$/SF GBA</b>	<b>DATE:</b>	<b>02/21/2019</b>
<b>IMPROVEMENTS:</b>	\$4,828,550	\$1,689,993	<b>\$93.53</b>		
<b>TOTAL:</b>	\$9,617,752	\$3,366,213		<b>TAX YEAR:</b>	<b>2019</b>

OWNER: REALTY INCOME PROPERTIES 16 LLC

**TAXABLE**  
**\$/SF Land** SEE LAND SALES  
\$11.00

SUBJECT														
BLDG#	APN	Location (Occupancy)	Use %	Total GBA (GBA)	Construction Type Exterior Walls	QC	Finish Area	Age(WAY) Height	Land (SF) %Coverage Zoning	Sale Price Sale Date	Sale Price/GBA	EGI GIM OER	NOI OAR	
1	025-570-01	6590 S VIRGINIA ST DISCOUNT WAREHOUSE STORE HOME DEPOT	100%	102,832 102,832	MASONRY BRNG CONC TILT-UP	C15		1993 25	435,382 24% MUSV	\$15,980,000 04/26/2018	\$155		\$933,660 5.84%	
IMPROVED SALES														
IS-1	025-570-01	6590 S VIRGINIA ST DISCOUNT WAREHOUSE STORE HOME DEPOT	100%	102,832 102,832	MASONRY BRNG CONC TILT-UP	C15		1993 25	435,382 24% MUSV	\$15,980,000 04/26/2018	\$155 see note		\$933,660 5.84%	
IS-2	039-750-13	5150 MAE ANNE AVE DISCOUNT STORE KOHLS	100%	94,213 94,213	MASONRY BRNG CONCRETE BLK	C20		1990 24	395,743 24% AC	\$9,350,000 09/12/2017	\$99		\$636,250 6.80%	
IS-3	040-141-42 10, 12, 20, 22	6139 S VIRGINIA ST SUPERMARKET DISCOUNT STORE WHOLE FOODS & SIERRA TRADING POST	62% 38%	81,838 81,838	MASONRY BRNG CONCRETE BLK	C25		1993 24	240,016 34% AC	\$24,100,000 07/24/2017	\$294 see note		\$1,145,146 4.75%	
<b>ADD'L INFO</b>	<b>ATTACHMENT B</b> - Compilation of eight sales. Sales reflect Home Depot and Lowes properties from the Western Region. Sales date, price, \$/SF, NOI and Cap rate herein is the median reflected in the attached table. <b>MEDIAN SIZE = 127,400sf</b>										<b>MEDIANS =</b>	<b>\$14,700,477</b>	<b>\$128.00</b>	<b>5.93%</b>

COMMENTS:

The subject property is a well maintained, fully functioning and performing home depot that recently sold at a market value. The sales price of the subject indicates that the taxable value does not exceed full cash value.

IS-1: Sale of the subject property; Sold with 100% occupancy at a 5.84% cap rate. Current rent noted at \$81,900/mth and/or \$0.80/sf/mth. The option for lease renewal is 8/31/24. A review of the rent found that excess rent may in fact exist. Discounting the excess rent and adjusting the sales price results in a ~\$1M reduction and/or equates to an adjusted market value of ~\$14,980,000 and/or \$146/sf. Please refer to Attachment "A" for additional information.

IS-2: Sale of a big box property with Kohl's as tenant; Property is a co-anchor with other big box retailers. Sold with 100% occupancy at a 6.8% cap rate. The lease has 8yrs. remaining. Five year options are available.

IS-3: Sale of a big box property w/Whole Food and Sierra Trading Post as tenants; Sold w/ 100% Occupancy at an est. 4.75% cap rate. Rent analysis not performed but strong rent is assumed. Sale is considered superior due to its large use as a supermarket which includes additional finish and partitioning. Based on the superiority, a 40% downward adjustment is being applied. This adjustment is based solely on the difference in costing the occupancy's in relation to the comparable and the subject. The result of the adjustment is \$177/sf.

ADDITIONAL INFORMATION: A review of sales within the western region of the US was compiled. Sales include properties with Home Depot and Lowe's as tenants. Please refer to Attachment "B" for additional information of each sale. The median was taken and added to the table above. The results of this compilation illustrate a median sales price of \$14,700,477 and/or \$128/sf. Based on this result, the compilation is added evidence illustrating, as an indicator of value, that taxable value does not exceed full cash value.

ADJUSTED SALES PRICES RANGE; \$100 to \$176/sf.  
MARKET VALUE: Estimated at \$14,980,000 and/or 146/sf.  
CONCLUSION = Taxable value does not exceed full cash value.

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

	<b>TAXABLE VALUE</b>	<b>ASSESSED VALUE</b>	<b>TAXABLE</b>	<b>HEARING:</b>	<b>19-0043</b>
<b>LAND:</b>	\$4,789,202	\$1,676,221	<b>\$/SF Land</b>	<b>DATE:</b>	<b>02/21/2019</b>
			<b>\$11.00</b>	<b>TAX YEAR:</b>	<b>2019</b>

OWNER: REALTY INCOME PROPERTIES 16 LLC

LAND SALES									
Sale #	APN	Location	Sale Date	Sale Price	Size(ac)	Size(sf)	\$/sf	Zoning	Comments
LS-1	040-900-19&20	DEL MONTE LN	05/03/2018	\$11,142,640	12.22	532,085	\$20	PUD	Monte Ln and Kietzke Ln is a part of the Rancharrah development project. One of the buyers is Tolles Development Co, a commercial real estate developer in the area. Offices, retail and restaurants are to be built as Village at Rancharrah per Reno Land Inc's master plan. The land price per SF in this sale is \$20.01.
LS-2	163-061-06 (now 12&13)	537 & 597 SOUTH MEADOWS PKWY	08/30/16	\$5,921,345	9.24	402,526	\$15	PUD	SVL verified arms length sale. Property was not on the market, however the owner was accepting offers and decided to sell to the buying party since they had a fair market offer. The new buyers purchased the land to construct a Sprout's Farmers Market and retail center.
LS-3	160-040-26	SOUTH MEADOWS PKWY	07/20/16	\$4,628,680	5.18	225,641	\$21	PUD	SVL verified arms length transaction. Property was not on the open market, however the seller was open to offers and accepted the buyer's market value offer. Property is going to be developed as a hotel.
LS-4	037-412-03 037-422-06	LEGENDS - 1425 GEORGE FERRIS DR & 1370 BIG FISH DR	08/07/17	\$6,748,617	6.50	283,082	\$24	NUD	The sale was for 2 parcels totaling 283,082 sf. The buyer was Big Shopping Centers that is an equity investor that purchases a portion or all of the property from developers to free up cash for the developer to use for improvements or other projects. They bought an <b>80% interest in these 2 vacant parcels</b> , and the total purchase was computed using the sales price.
LS-5	400-040-15	1405 SKY MOUNTAIN	08/11/17	\$4,525,000	10.61	461,997	\$10	CC	Previously portion of APN 400-040-07 "The Great Western Marketplace" has been split into two parcels and was sold to two different parties. This lot is formerly the parking area.

COMMENTS:

Land sales herein represent large parcels that are located at premier locations throughout Reno/Sparks. Attributes affiliated with these superior locations include high traffic counts and excellent visibility from major arterial roads. Sales range in value from \$10/sf to \$24/sf. Based on the subjects superior location and the comparable sales, the subjects taxable land value is below market value.

**WASHOE COUNTY BOARD OF EQUALIZATION**

**COMMERCIAL / INDUSTRIAL**

	<b>LAND:</b>	<b>TAXABLE VALUE</b>	<b>ASSESSED VALUE</b>	<b>TAXABLE</b>	<b>HEARING: 19-0043</b>
		\$4,789,202	\$1,676,221	<b>\$/SF GBA</b>	<b>DATE: 02/21/19</b>
	<b>IMPROVEMENTS:</b>	\$4,828,550	\$1,689,993	\$93.53	
	<b>TOTAL:</b>	\$9,617,752	\$3,366,213		<b>TAX YEAR: 2019</b>

APN: 025-570-01  
 OWNER: REALTY INCOME PROPERTIES 16 LLC

Income Approach					
Potential Gross Income	102,832 sq ft. @	\$0.65 /mo =	\$66,841		
	sq ft. @	/mo =	\$0		
	sq ft. @	/mo =	\$0		
			\$66,841		
	x 12 months =		12		
			\$802,090		
- Vacancy & Collection loss		0%	\$0		
= Effective Gross Income			\$802,090		
- Operating Expenses		5%	\$40,104.48		
= Net Operating Income			\$761,985		
Divided by Overall Capitalization Rate			5.25%		
			<b>\$14,514,002</b>		
			<b>Rounded</b>		<b>\$141 /sf GBA</b>

**Subject Income Information:** The building is 100% occupied by Home Depot. The property was recently purchased by an investor. Income variables from the subject were attained and collectively reviewed with additional research.

**Potential Gross Income:** Current rent for the subject is at \$0.80/sf. This contract rent may be market rent for this property but with the original lease beginning in 1993, the rent (as it's escalated through time) required a thorough review. Please refer to Attachments "B" & "C" for the subject rent analysis. Results from local rental data indicates that market rent for the subject may be lower than the contract rent and thus excess rent exists. With consideration for subjects premium location and building (a first generation build to suit) a market rent of \$0.65 was used. Applying this rent to the subject rentable area and annualizing it reflects a PGI of \$802,090.

**Effective Gross Income:** The subject is a first generation building build to suit. The property has had zero vacancy since it's construction. Moreover, vacancy for comparable big box properties at superior locations remains stable at 0%. Therefore, a 0% stabilized vacancy rate was utilized. The application results in a EGI that is equal to PGI.

**Net Operating Income:** The property is leased on a NNN lease basis by which the tenant is responsible for all expenses. However, management fees and the costs in relation to capital reserves and replacement should be, and is, herein considered. Expenses estimated at 5%. Estimated NOI is \$761,985.

**Capitalization Rate Analysis:** Properties reflecting strong real estate fundamentals in primary locations remain in high demand amongst institutional investors. The subject property is a sought after investment that has been well maintained with a national credit tenant, has had zero vacancy, and has a premium location. Therefore, the overall investment risk is considered low. The cap rate for the subject, was 5.84% at the time of sale. However, given the lower rents that were used in this analysis in relation to the contract rent that exists, overall risk is reduced.

For a summary of cap rates in relation to big box retail, please refer to Attachments "B" and "D". Cap rates attained at the local level suggest a range of 4.75% to 6.8% with 5.84% as the median. Rates from the Western Region level indicated a range of 5% to 6.25% and a median of 5.93%. The cap rate used in this equation was 5.25% and again is reflective of the lower rents used within the equation.

**Indicated Value Income Approach: \$14,514,002 and/or \$141/sf.**

**Conclusion:** The taxable value of the subject does not exceed full cash value.

Situs & Keyline Description:  
6590 S VIRGINIA ST RENO  
SIERRA EXECUTIVE CENTRE 3  
LOT 1

Owner & Mailing Address:  
REALTY INCOME PROPERTIES 16 LLC  
11995 EL CAMINO REAL  
SAN DIEGO, CA 92130

**WASHOE COUNTY APPRAISAL RECORD**  
**2019**

APN: 025-570-01

Card 1 of 2  
Bld. 1-1



PARKSIDE

Tax District: 1000

printed: 01/25/2019

ACTIVE

2984.17

OBGQ - Commercial

VALUATION HISTORY							PARCEL VALUE SUMMARY				Database	Roll Year	Prior % Complete	% Complete
Roll Year	Taxable Land	Land New	Taxable Improvements	Improvement New	Total Taxable	Total Assessed	Primary Valuation	Building Level Cost		PROD				
2019 NR	4,789,202	0	4,828,550	0	9,617,752	3,366,213	Building Value	3,706,859						
2018 FV	4,353,820	0	4,717,503	0	9,071,323	3,174,963	Extra Feature Value	1,121,691						
2017 FV	3,918,438	0	4,784,033	0	8,702,471	3,045,865	Land Value	4,789,202						
2016 FV	3,918,438	0	4,990,105	0	8,908,543	3,117,990	Taxable Value	9,617,752						
2015 FV	3,918,438	0	4,994,298	0	8,912,736	3,119,458	Exemption	0						
2014 FV	3,918,438	0	5,004,401	0	8,922,839	3,122,994	FLAGS							
2013 FV	4,353,820	0	4,986,125	0	9,339,945	3,268,981	Type	Value						
2012 FV	4,353,820	0	5,075,939	0	9,429,759	3,300,416	Cap Code	NFM						
2011 FV	4,353,820	0	4,554,092	0	8,907,912	3,117,769	Eligible for Form?	NO						
2010 FV	5,485,800	0	4,515,905	0	10,001,705	3,500,597	Low Cap Percentage	0						
2009 FV	6,661,365	0	4,592,506	0	11,253,871	3,938,855	Parcel Map	0						
2008 FV	5,637,846	0	4,673,586	0	10,311,432	3,609,001								

BUILDING DETAILS				BUILDING FEATURES AND ADJUSTMENTS				BUILDING SUB-AREAS				BUILDING COST SUMMARY			
Type	Code	Description	Category	Units	Code	Description	Yr Blt	Units	Cost New	Tot Lump Sum Adj					
Occupancy	458	Discount	Units	1	GBA	GBA - GROSS BUILDING AREA		102,832			Sub Area-RCN	5,797,149			
Story/Frame	C	MSNRY BRNG ~	No of Stories	1		Base Cost		102,832	3,099,356		% Incomplete	0			
Quality	0	Commercial	Quality Class	1.5		Exterior Walls		102,832	1,521,914		% Depreciation	39.00			
Year Built	1993	1993	Avg Wall Height/Floor	25		Heating & Cooling		102,832	899,780		\$ Dep & Inc	2,260,888			
WAY	%Comp	Year of Addn/Remodel	Alternate Shape Code	2		Sprinklers		117,991	276,099		Obso/Other Adj.	0			
BUILDING CHARACTERISTICS				Sprinkler System Generic -	117991						Sub Area DRC	3,536,261			
Category	Code	Type	%												
Ext. Wall	818	CONC TILT-UP	100												
Heating Type	611	PACKAGE UNIT	100												
Base Rate Adjustment				Adj.											
Construction Modifiers				Adj.											
Gross Living/Building Area							102,832								
Perimeter							1,332								

#	Bld	Date	User ID	Activity Notes
1	0-0	11/20/2018	eladouceu	REXT BY JCT - 10/09/2018

EXTRA FEATURES, ADDITIVES, AND ADJUSTMENTS																
#	Code	Description	Quality	Bld #	Length	Width	Units	Unit Price	Year Built	Roll Year	% Comp	RCN	% Good	DRC	Override Value	Notes
1	CRBC	CONCRETE CURB 6", NO GUTTER	30	1-1	0	0	1700	13.59	1993		100	23,103	61.0	14,093		
2	DKLV	DOCK LEVELER	30	1-1	0	0	4	7,922.00	1993		100	31,688	61.0	19,330		
3	FNC8	FENCE CHAIN LINK 8 FT	30	1-1	0	0	30	24.77	1993		100	743	61.0	453		
4	FNI1	WROUGHT IRON FENCE-LOW	30	1-1	0	0	1848	7.95	1993		100	14,692	61.0	8,962		
5	FNPS	FENCE PRIVACY SLATS	30	1-1	0	0	30	11.45	1993		100	344	61.0	210		
6	FNTR	FENCE TOP RAIL	30	1-1	0	0	30	2.47	1993		100	74	61.0	45		
7	FWAS	FLATWORK ASPHALT	30	1-1	0	0	270000	1.92	1993		100	519,480	61.0	316,883		
8	FWCO	FLATWORK CONCRETE	30	1-1	0	0	12000	4.60	1993		100	55,216	61.0	33,682		
9	GHS1	GREENHOUSE Q1	30	1-1	0	0	6200	41.91	1993		100	259,842	61.0	158,504		
10	GHS2	GREENHOUSE Q2	30	1-1	0	0	7257	63.27	1993		100	459,150	61.0	280,082		
11	PKLT	PARKING LOT LIGHTING	30	1-1	0	0	270000	0.65	1993		100	175,500	61.0	107,055		
12	STP1	STEPS CONCRETE	30	1-1	0	0	215	14.17	1993		100	3,047	61.0	1,858		
13	TKW4	TRUCK WELL CONCRETE WITH RETAINING WALL	30	1-1	0	0	5475	18.76	1993		100	102,711	61.0	62,654		
14	TRS2	TRASH ENCLOSURE CONCRETE BLOCK WALL	30	1-1	0	0	200	25.81	1993		100	5,162	61.0	3,149		
15	VES1	VESTIBULES/ATRIUMS	30	1-1	0	0	1650	79.56	1993		100	131,274	61.0	80,077		
16	WLCO	WALL CONCRETE	30	1-1	0	0	32	20.94	2002		100	670	74.5	499		
17	WLSF	WALL STUCCO FRAME	30	1-1	0	0	2772	8.70	1993		100	24,116	61.0	14,711		
18	YIMP	YARD IMPROVEMENTS	30	1-1	0	0	20	1,593.78	1993		100	31,876	61.0	19,444		

LAND VALUE	DOR Code	400	Neighborhood	2984.17	OBGQ - Commercial	Land Size	9.9950	Unit Type	AC
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#	Code	Description	Zone	Units	Unit Type	Sub Type	Unit Price	Influence 1 Code	Influence 1 %	Influence 2 Code	Influence 2 %	Taxable Value	Land Notes
1	400	General Commercial: retail,	MUSV	435,382.00	SF	1	11.00					4,789,202	

PARKSIDE  
 Tax District: 1000

printed: 01/25/2019 **ACTIVE**

  
 2984.17 OBGQ - Commercial

**BUILDING PERMITS**

Date	Permit #	Description	Amount	Status	% Comp	Last Visit/Appr/Results	Notes
10/07/2011	BLD12-01627	HEATING	117,000	Compl	0	12/23/11 MAG Compl	NVC
04/13/2010	BLD10-03986	REROOF	0	Compl	0	05/11/10 MAG	NVC
04/17/2008	SGN08-05182	PERS PROP	5,000	Compl	0	06/12/08 CD Compl	NVC
08/10/2007	LDP08-00900	SIDING	127,000	Compl	0	03/10/08 MB Compl	
02/27/2007	LDP07-06347	FENCE	2500	Compl	0	04/25/07 SE Compl	
04/04/2006	LDP06-03125	FENCE	3800	Compl	0	06/12/06 EJW Compl	NVC
04/19/2005	LDP05-02013	FENCE	3800	Compl	0	12/23/05 SE Compl	NVC

**SALES/TRANSFER INFORMATION**

Grantor	Document	Date	LUC	Verif	Terms	Sales	Notes
ZAGARI REVOCABLE	4808688	04/26/2018	400	1SVR	1CTS	15,980,000	
ZAGARI REVOCABLE	4808688	04/26/2018	400	1SVR	1CTS	15,980,000	
ZAGARI REVOCABLE	4562124	02/18/2016	400	3BEA	4DEC		
ZAGARI REVOCABLE	4562124	02/18/2016	400	3BEA	4DEC		
ZAGARI REVOCABLE	4562123	02/18/2016	400	3BEA		956,263	CHANGE OF ETALS
ZAGARI REVOCABLE	4562123	02/18/2016	400	3BEA		956,263	CHANGE OF ETALS

#	Bld	Date	User ID	Activity Notes
2	0-0	06/14/2018	aleat	2ND CG LETTER SENT
3	0-0	05/18/2018	aleat	1ST CG LETTER SENT
4	0-0	10/05/2017	rdalt	REXT BY JCT - 09/05/2017
5	0-0	10/22/2016	rlope	REXT BY MAG - 09/21/2016
7	0-0	11/06/2015	idiez	TAG FROM 1005 TO 1000 TMUGWB NOW SPECIAL ASSESSMENT
8	1-1	10/02/2013	magon	REXT OBGQ IMPROVEMENT LINE DONE 10/23/2013 BY RD, LAND LINE DONE
9	1-1	10/04/2012	magon	REXT OBGQ IMPROVEMENT LINE DONE 10/18/2012 BY JAK, LAND LINE DONE
10	1-1	02/13/2012	lzimm	BOE 2012/2013 - BOE UPHELD ASSESSOR VALUES
11	1-1	07/19/2011	magon	REXT OBGQ IMPROVEMENT LINE DONE 08/24/2011 BY REVIEWED-NO CHGS ON IMP

Situs & Keyline Description:  
 6590 S VIRGINIA ST RENO  
 SIERRA EXECUTIVE CENTRE 3  
 LOT 1

Owner & Mailing Address:  
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 11995 EL CAMINO REAL  
 SAN DIEGO, CA 92130

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**2019**

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Card 2 of 2  
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PARKSIDE

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2010 FV	5,485,800	0	4,515,905	0	10,001,705	3,500,597	Low Cap Percentage	0				
2009 FV	6,661,365	0	4,592,506	0	11,253,871	3,938,855	Parcel Map	0				
2008 FV	5,637,846	0	4,673,586	0	10,311,432	3,609,001						

BUILDING DETAILS				BUILDING FEATURES AND ADJUSTMENTS				BUILDING SUB-AREAS				BUILDING COST SUMMARY	
Type	Code	Description	Category	Units	Code	Description	Yr Blt	Units	Cost New	Tot Lump Sum Adj			
Miscellaneous	MISC	Miscellaneous			CNM	CNPM - CANOPY METAL		4,690	187,553		0		
Miscellaneous	600	Miscellaneous			PCS	POR1 - PORCH CONCRETE SLAB		13,428	92,116		279,669		
NONE	0	NONE									0		
Fair	20	Fair									39.00		
											109,071		
											0		
											170,598		
											0		
											170,598		
											89502		
PROPERTY CHARACTERISTICS													
Water						Municipal							
Sewer						Municipal							
Street						Paved							
BUILDING NOTES													
Gross Living/Building Area 0													
Perimeter 0													

#	Bld	Date	User ID	Activity Notes

EXTRA FEATURES, ADDITIVES, AND ADJUSTMENTS																
#	Code	Description	Quality	Bld #	Length	Width	Units	Unit Price	Year Built	Roll Year	% Comp	RCN	% Good	DRC	Override Value	Notes

LAND VALUE	DOR Code	400	Neighborhood	2984.17	OBGQ - Commercial	Land Size	9.9950	Unit Type	AC
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#	Code	Description	Zone	Units	Unit Type	Sub Type	Unit Price	Influence 1 Code	Influence 1 %	Influence 2 Code	Influence 2 %	Taxable Value	Land Notes

PARKSIDE

Tax District: 1000

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ACTIVE



2984.17

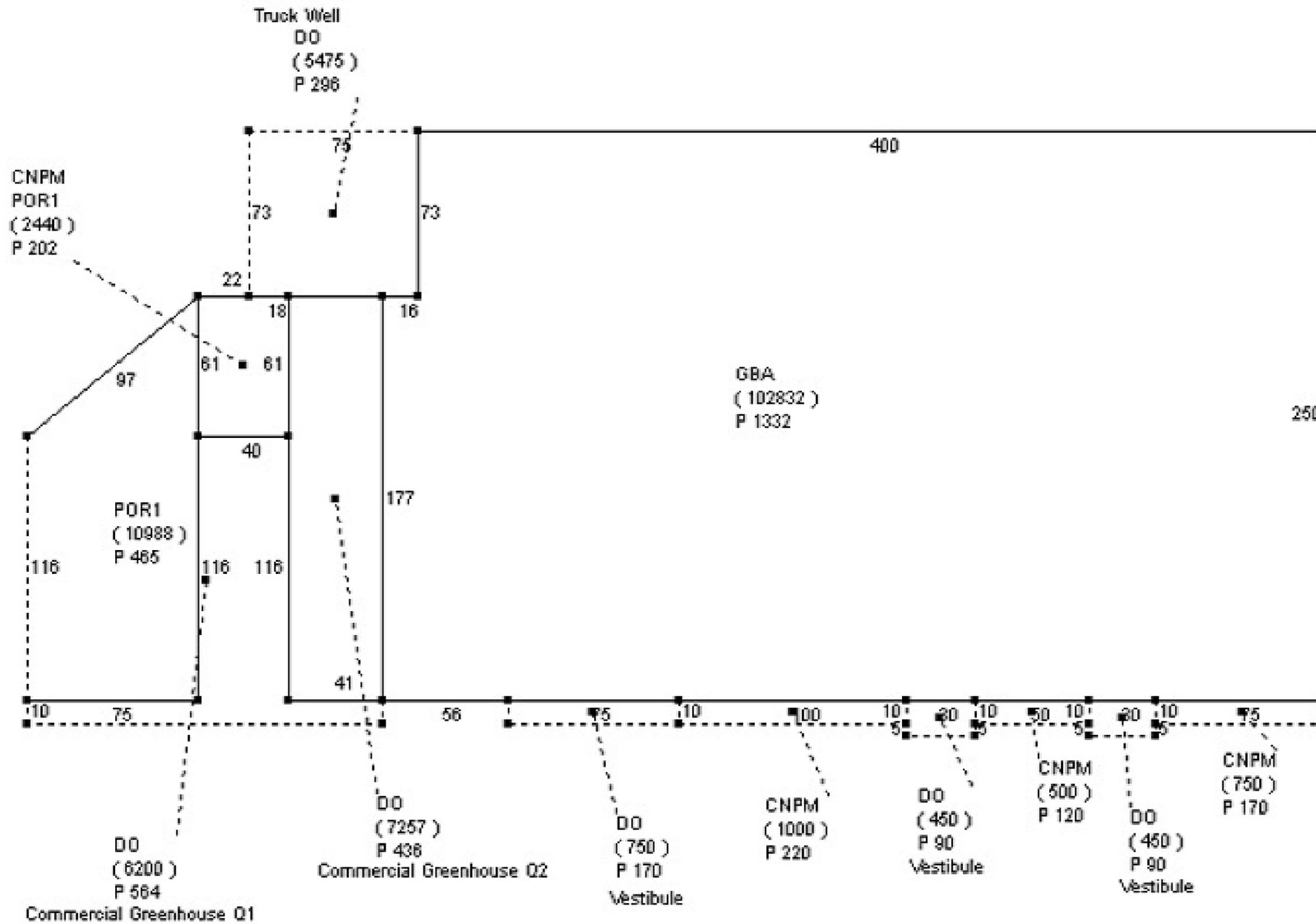
OBGQ - Commercial



BUILDING PERMITS							
Date	Permit #	Description	Amount	Status	% Comp	Last Visit/Appr/Results	Notes
10/07/2011	BLD12-01627	HEATING	117,000	Compl	0	12/23/11 MAG Compl	NVC
04/13/2010	BLD10-03986	REROOF	0	Compl	0	05/11/10 MAG	NVC
04/17/2008	SGN08-05182	PERS PROP	5,000	Compl	0	06/12/08 CD Compl	NVC
08/10/2007	LDP08-00900	SIDING	127,000	Compl	0	03/10/08 MB Compl	
02/27/2007	LDP07-06347	FENCE	2500	Compl	0	04/25/07 SE Compl	
04/04/2006	LDP06-03125	FENCE	3800	Compl	0	06/12/06 EJW Compl	NVC
04/19/2005	LDP05-02013	FENCE	3800	Compl	0	12/23/05 SE Compl	NVC

SALES/TRANSFER INFORMATION							
Grantor	Document	Date	LUC	Verif	Terms	Sales	Notes
ZAGARI REVOCABLE	4808688	04/26/2018	400	1SVR	1CTS	15,980,000	
ZAGARI REVOCABLE	4808688	04/26/2018	400	1SVR	1CTS	15,980,000	
ZAGARI REVOCABLE	4562124	02/18/2016	400	3BEA	4DEC		
ZAGARI REVOCABLE	4562124	02/18/2016	400	3BEA	4DEC		
ZAGARI REVOCABLE	4562123	02/18/2016	400	3BEA		956,263	CHANGE OF ETALS
ZAGARI REVOCABLE	4562123	02/18/2016	400	3BEA		956,263	CHANGE OF ETALS

#	Bld	Date	User ID	Activity Notes



Perimeter fence/wall around garden area.  
 330 lf X 14' = 4620 sf. 60% stucco wall,  
 40% Wrought Iron Q1

**ATTACHMENT A**

**Home Depot Property Rights Adjustment**

Contract Rent: \$81,900/monthly

Market Rent: \$66,841/monthly ( $\$0.65/\text{SF} * 102,832$ )

\$15,059/monthly difference between contract and market

$\$15,059 * 12 = \$180,708$  yearly difference

**\$180,708**

**Time Calculation**

Acquired: 4/26/2018

Lease Expires: 8/31/2024

2,319 total days at above Market Rent

$2,319 / 365 = 6.35$  years; Or 6 years, 4 months, and 6 days at above Market Rent

**Discount Calculation**

<u>Year</u>	<u>Difference</u>	<b>Safe Rate 4% (Year)</b>
1	\$180,708	
2	\$180,708	
3	\$180,708	
4	\$180,708	
5	\$180,708	
6	\$180,708	
6 to 6.35	\$76,394	

**Net Present Value \$1,005,349.23**

**Rounded \$1,005,000**

**ATTACHMENT B**

<b>WESTERN REGIONAL FREESTANDING RETAIL SALES - Fully Occupied</b>																
Sale #	Tenant	State	City	Parcel #	Coverage Ratio	Building Size	Age	Sale Date	Sales Price	\$/SF	Cap Rate	Est. Annual Net Income	Est. Annual Rent	Est. Rent/Mth	Lease Type	Years Left
													5% est. exp applied			
1	Home Depot	NM	Farmington	38172	0.29	129,924	2001	04/25/2018	\$9,100,000	\$70	6.20%	\$564,200	\$5	\$0.38	NNN	8
2	Lowe's	CA	Clovis	498-032-38S	0.32	164,351	2003	10/01/2018	\$12,409,500	\$76	5.56%	\$689,968	\$4	\$0.37	NNN	10
3	Home Depot	AZ	Phoenix	166-14-040	0.27	107,724	1999	09/29/2017	\$11,763,000	\$109	6.22%	\$731,659	\$7	\$0.60	NNN	3
4	Lowe's	WA	Mt. Vernon	P26247 & 49	0.45	137,472	1993	04/04/2018	\$16,991,453	\$124	5.85%	\$994,000	\$8	\$0.63	NNN	10
5	Hardware	WA	Puyallup	Multi	0.31	86,355	1951	09/06/2018	\$11,400,100	\$132	6.25%	\$712,506	\$9	\$0.72	NNN	18
6	Home Depot	CA	Stanton	131-401-13	0.39	107,000	1986	06/28/2018	\$22,558,000	\$211	5.37%	\$1,211,365	\$12	\$0.99	NNN	7+
7	Home Depot	NV	Las Vegas	138-34-717-007	0.24	105,275	1993	01/05/2017	\$23,100,000	\$219	6.00%	\$1,386,000	\$14	\$1.15	NNN	7
8	Lowe's	CA	Torrance	7357-027-030	0.23	127,400	1999	11/13/2017	\$47,500,000	\$373	5.00%	\$2,375,000	\$20	\$1.64	NNN	10
<b>MEDIAN</b>					<b>0.30</b>	<b>117,562</b>	<b>1996</b>	<b>04/14/2018</b>	<b>\$14,700,477</b>	<b>\$128</b>	<b>5.93%</b>	<b>\$862,829</b>	<b>\$8</b>	<b>\$0.68</b>	<b>-</b>	<b>-</b>
<p>The table illustrates that Home Depots throughout the Western Region of the US are considered valuable properties. The value for similar properties in Reno Nevada, a central point within that Western Region, coincidentally falls within the central portion of these illustrated values.</p>																

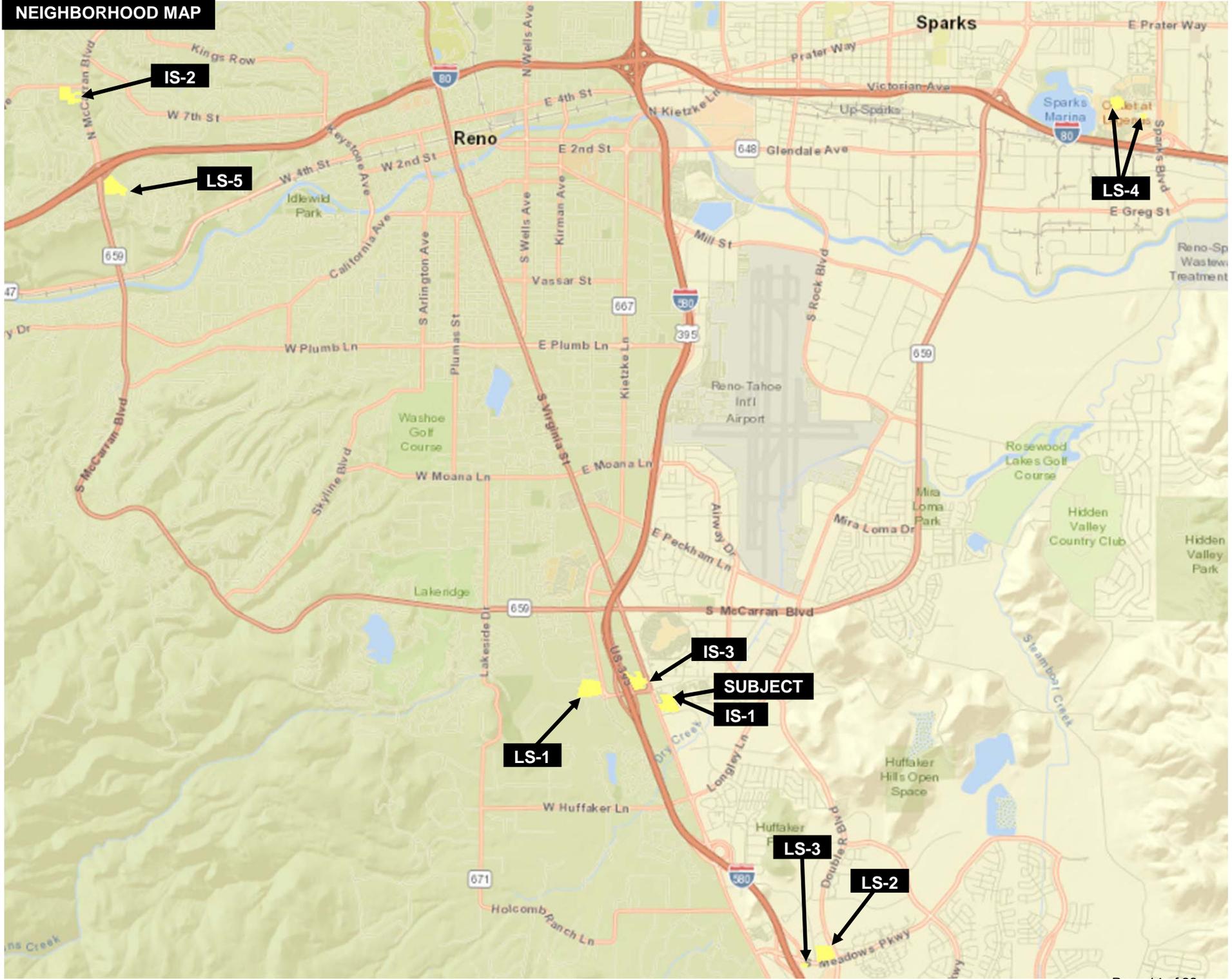
**ATTACHMENT C**

<b>Box Store Rent Survey</b>								
#	Location APN	Description	Sq Feet/ Year Built	Lease Date/ Term	Base Rent/SF	ADJ	Lease Type	Comments
<b>Market Rents</b>								
1	Undisclosed (Sparks Neighborhood Shopping Center inside McCarran Loop)	Retail Store	15,000-20,000 1980	9/2018 10 Year	\$0.62	\$0.68	NNN	Significant capital improvements were completed by owner prior to occupancy; tenant responsible for interior improvements; 10% rent escalation after 5 years; Five (5) options; Tenant received 4 months free rent
2	Undisclosed (Sparks Neighborhood Shopping Center inside McCarran Loop)	Retail Store	35,000-40,000 1980	9/2018 10 Year	\$0.42	\$0.46	NNN	Significant capital improvements were completed by owner prior to occupancy; tenant responsible for interior improvements and store front; 10% rent escalation after 5 years; Five (5) options; Tenant received 3 months free rent
3	1350 Disc Drive, Suite A 035-263-09	Big Lots	32,285 1996	08/01/2018 10 Year	\$0.50	\$0.55	NNN	Landlord contributed ~\$900,000 in tenant improvements. Rent is flat except for one 10% escalation after 5 years
4	125-165 Disc Drive, Ste. DM-2 510-083-09	Marshall's Home Goods	40,149 2006	9/2016 5 Year	\$0.63	\$0.69	NNN	Landlord responsible for tenant improvements; 2% escalations
5	Undisclosed (Spanish Springs Community Shopping Center)	Retail Store	20,000-25,000	09/01/2018 10 Year	\$0.69 <i>*note</i>	\$0.69	NNN <i>*note</i>	Landlord provided \$7.00/SF tenant improvement allowance and 5 months free rent; Options exist at end of term; Rent is MG @ \$0.74. <i>*rent adjusted downward \$0.15/SF to reflect NNN.</i>
6	2863 Northtowne Lane 026-182-38	Former Wal-Mart Teleperformance tenant (Call Center)	42,780 1994	11/2015 6 Year	\$0.79	\$0.79	NNN	Tenant paid for improvements; rent escalations exist; options exist to extend lease agreement to 12 years; tenant responsible for parking lot maintenance
7	2863 Northtowne Lane, Unit C 026-182-38	Former Wal-Mart Planet Fitness tenant	18,526 1994	11/2015 NA	\$0.75	\$0.75	NNN	Tenant paid for improvements; Improvements will include gym and spa
					<b>Market Rent Median:</b>	<b>\$0.63</b>	<b>-</b>	<i>Reflects rents at neighborhood shopping centers. Upward adjustments for the regional power centers should be considered.</i>
					<b>ADJUSTED MEDIAN</b>	<b>-</b>	<b>\$0.69</b>	<i>Subject is located at a regional power center and is a built to suit first generation building. Upward adjustment of 10% applied to rents at neighborhood shopping centers. Adjustment also supported by The Boulder Group Q4 "Big Box Report" Investment grade vs. non-investment grade stats.</i>
					<b>RENT USED \$0.65</b>			
<b>ADDITIONAL INFORMATION</b>								
#	Location APN	Description	Sq Feet/ Year Built	Lease Date/ Term	Base Rent/SF	ADJ	Lease Type	Comments
	6590 S. Virginia St 025-570-01	<b>Home Depot</b>	102,832 1993	1993 30 Year	\$0.80	N/A	NNN	Contract rent affixed to the recent Home Depot sale. The existence of excess rent was reviewed in this analysis. Lease option in 2024.
	1030 W. Sunset (Henderson) 178-03-610-011	<b>Home Depot</b>	102,370 1992	2016 unknown	\$1.14	N/A	NNN	Property is located in Henderson NV. Lease renewed and negotiated in 2016.

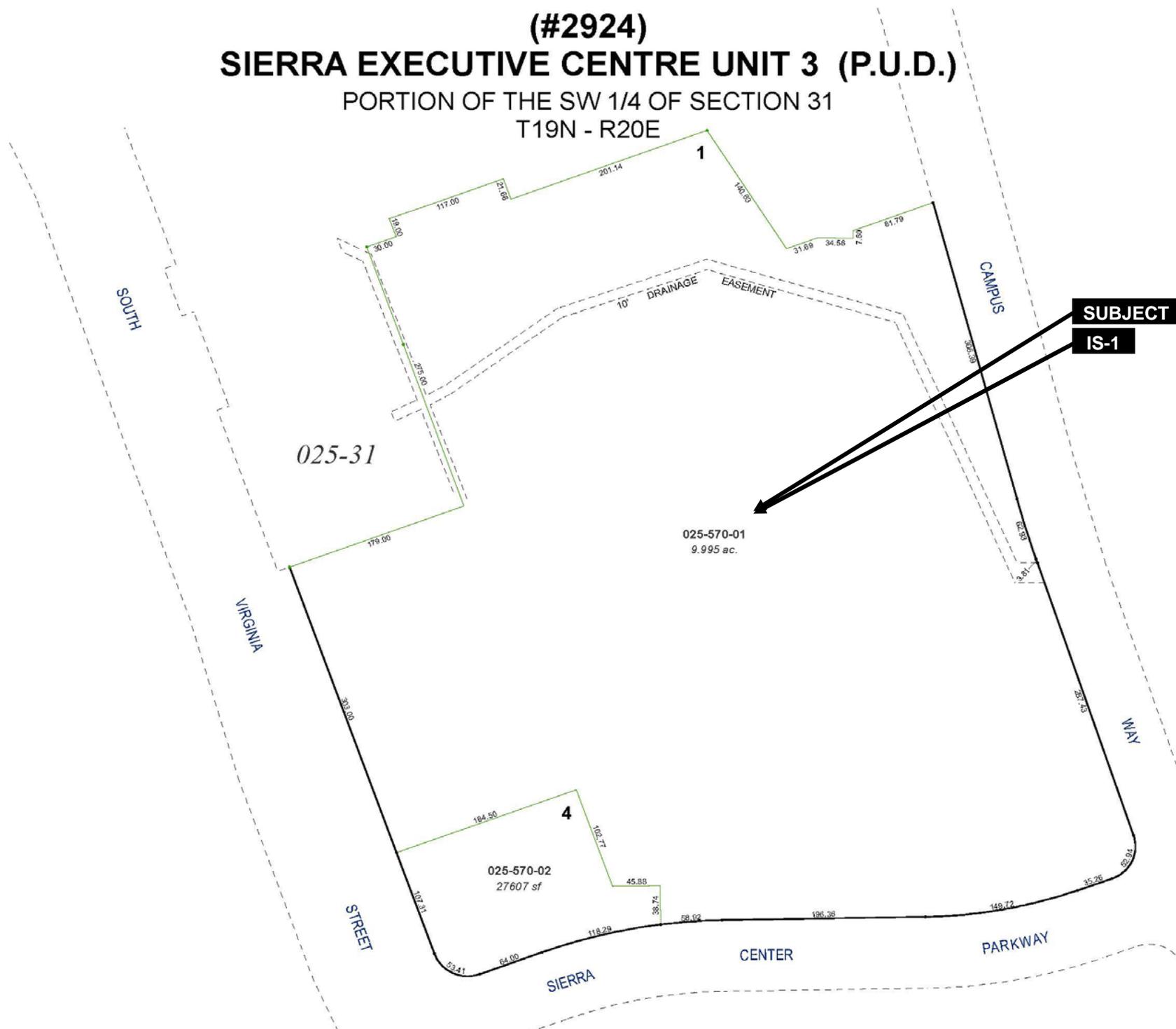
**ATTACHMENT D**

<b>CAP RATES</b>			
<b>SOURCE</b>	<b>MIN %</b>	<b>MAX %</b>	<b>MEDIAN %</b>
Local Sales Data (See Sales IS-1 to IS-3)	4.75	6.8	<b>5.84</b>
Regional Home Improvement Sales (See Attachment B)	5	6.25	<b>5.93</b>
<b>USED</b>	<b>5.25%</b>		
<p><b>REASONING:</b> The recent sale of the local Home Depot sold at a Cap Rate of 5.84%. The subject had a contract rent that was found to have excess rent. Applying a market rent that is less than contract rent represents less risk to the investor, thus the cap rate (a portion of which is risk of the investment) was adjusted downward slightly.</p>			

**NEIGHBORHOOD MAP**



**(#2924)**  
**SIERRA EXECUTIVE CENTRE UNIT 3 (P.U.D.)**  
PORTION OF THE SW 1/4 OF SECTION 31  
T19N - R20E



039-05

039-05

MAE ANNE AVENUE

351.36



SIERRA HIGHLANDS DRIVE

MCCARRAN BOULEVARD

**PORTION NE 1/4 OF SECTION 8  
T19N - R19E**

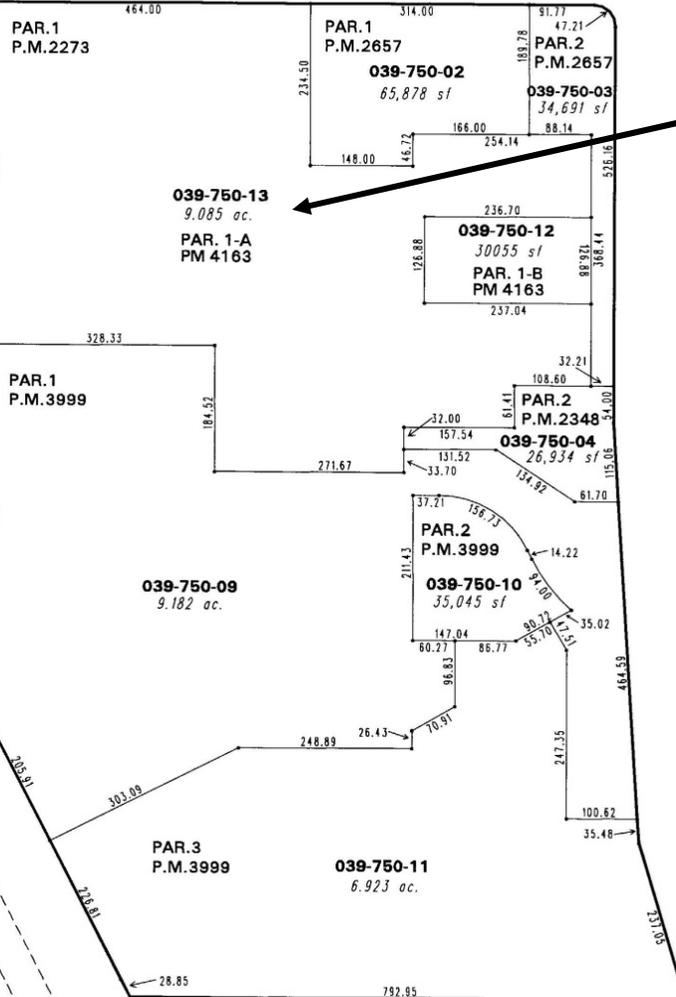
**IS-2**

*BOOK 005*

039-04

039-06

039-12

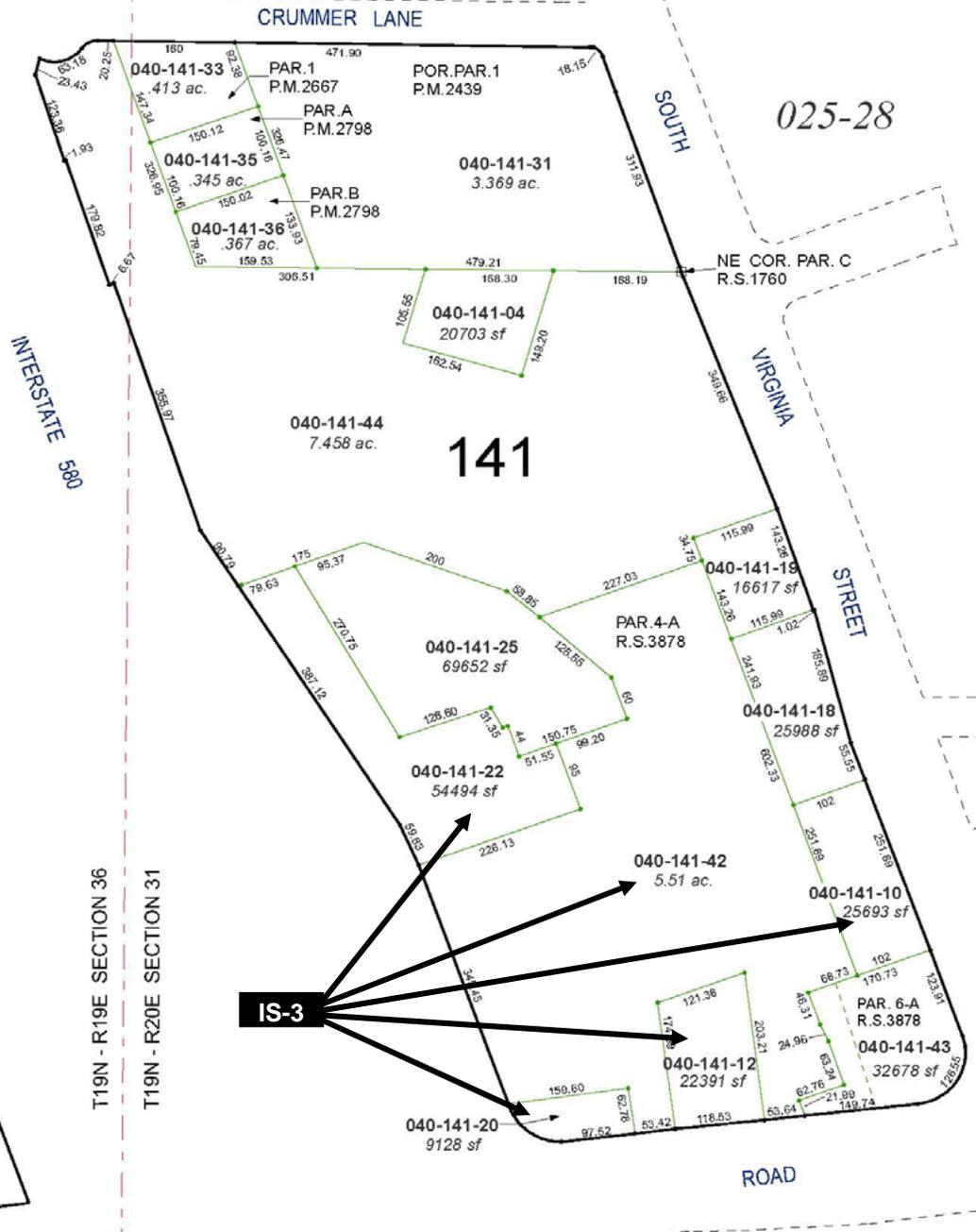


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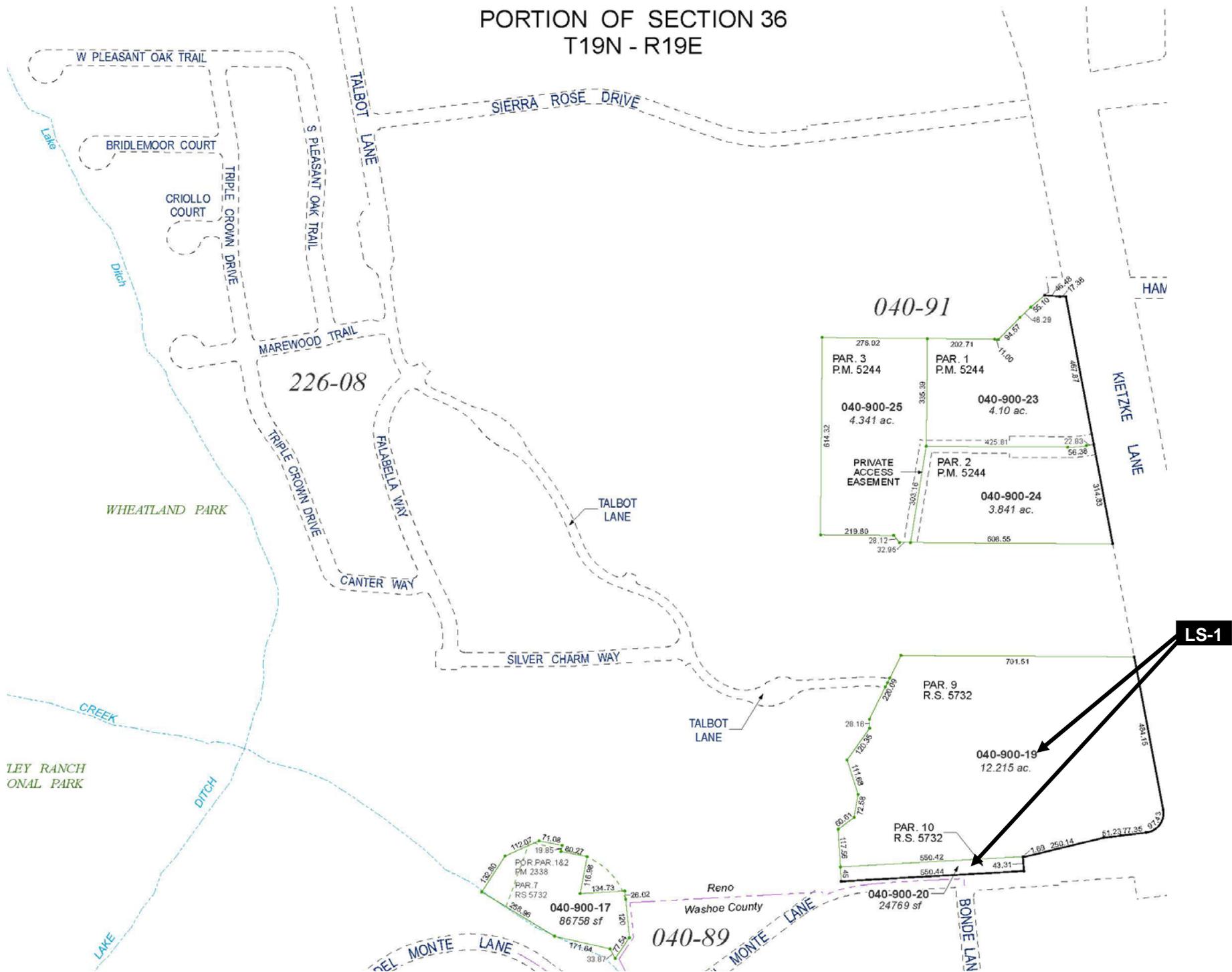


PORTION OF SECTION 36  
T19N - R19E

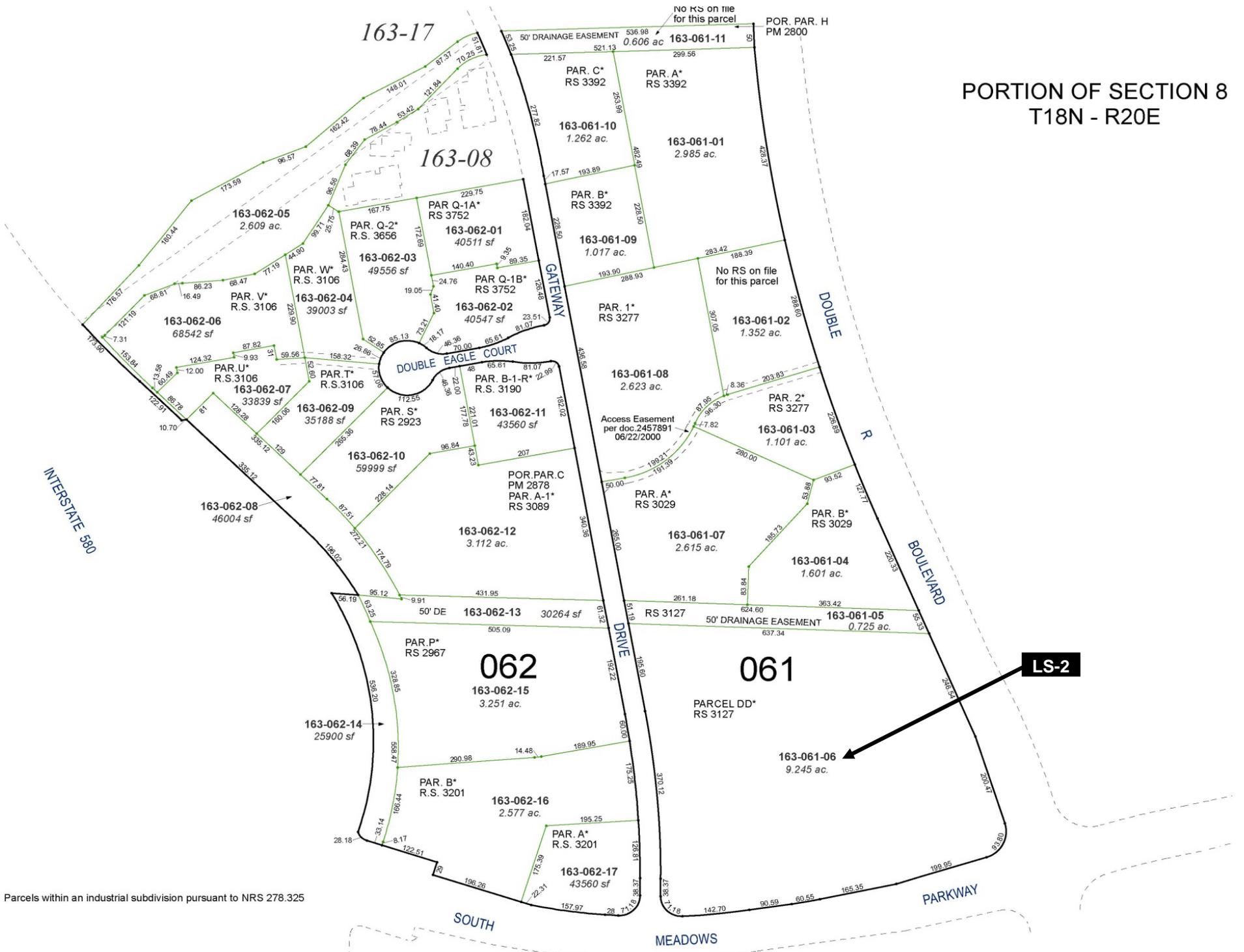
PORTION OF W 1/2 SECTION 31  
T19N - R20E



PORTION OF SECTION 36  
T19N - R19E

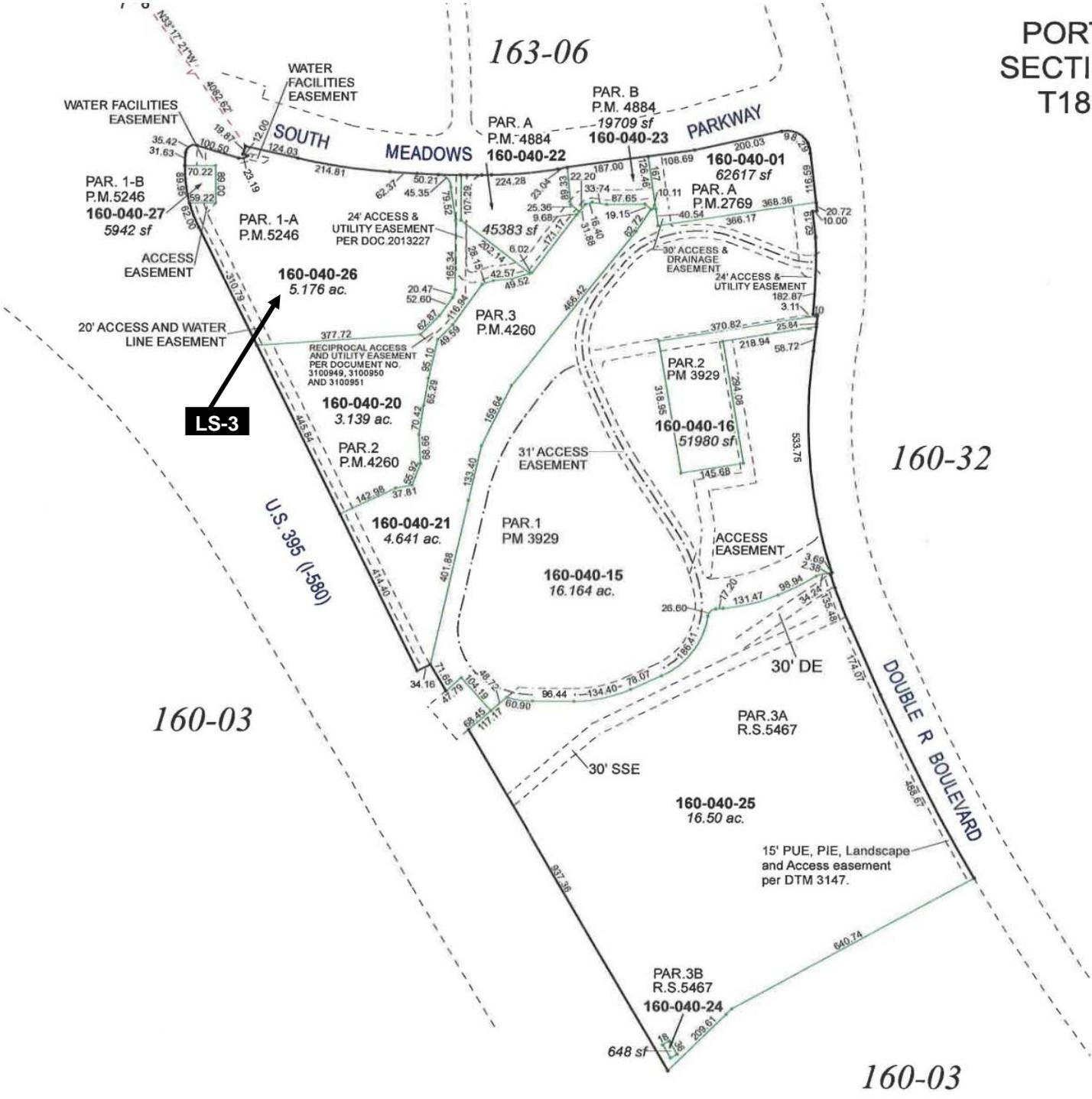


PORTION OF SECTION 8  
T18N - R20E



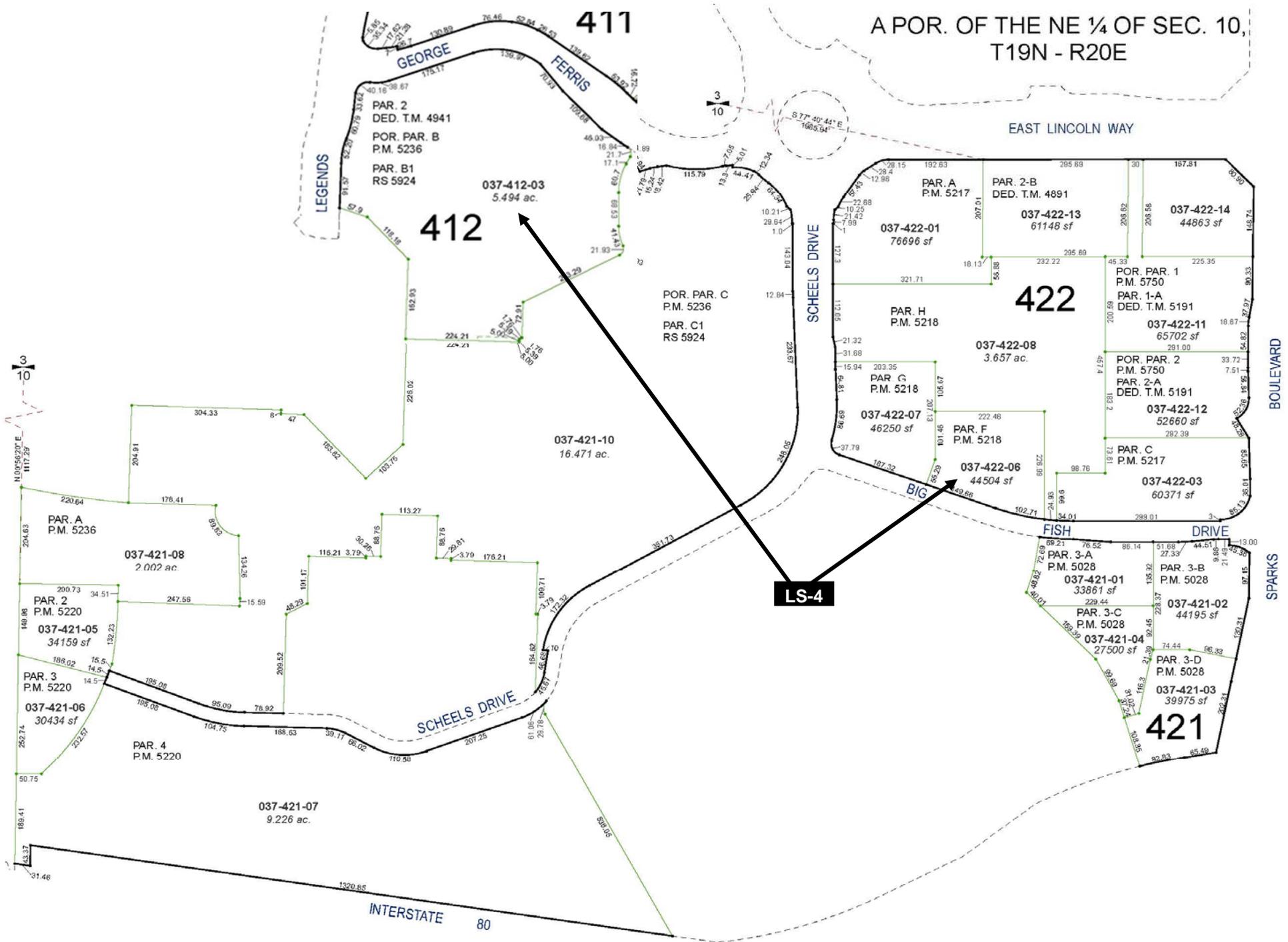
Parcels within an industrial subdivision pursuant to NRS 278.325

PORTIONS OF  
SECTIONS 8 & 17  
T18N - R20E

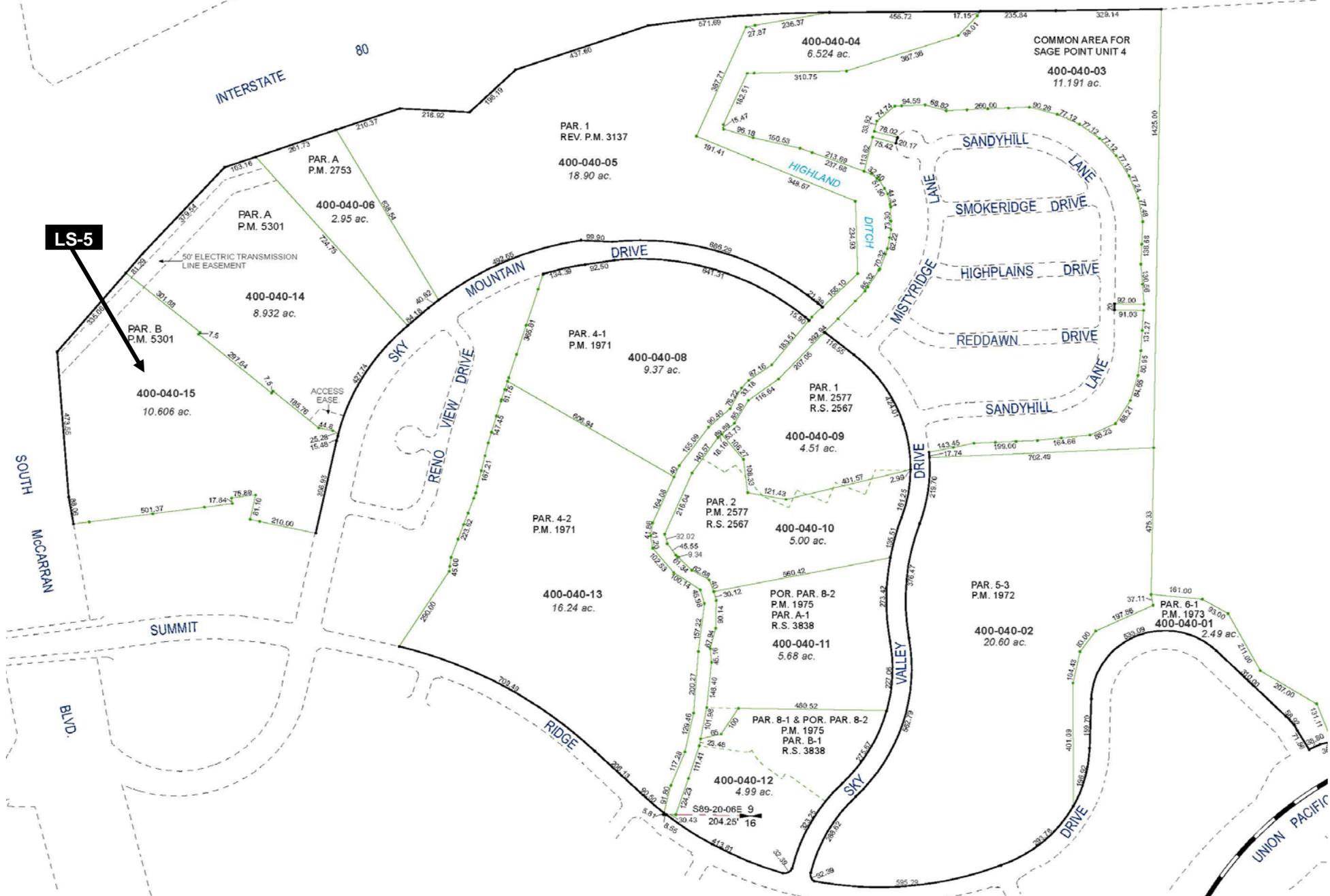


**LS-3**

A POR. OF THE NE ¼ OF SEC. 10,  
T19N - R20E



PORTIONS OF SOUTH 1/2 OF SEC. 9 & NORTH 1/2 OF SEC. 16, T19N - R19E



**LS-5**