

**ASSESSOR'S**

**EVIDENCE**

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

Hearing # 19-0032  
Hearing Date 02/21/2019  
Tax Year 2019

APN: 037-031-06  
Owner of Record: LOWE'S HIW INC  
Property Address: 1355 SCHEELS DR  
Property Type: DISCOUNT WAREHOUSE STORE  
Gross Building Area: 119,528  
Year Built: 2012  
Parcel Size: 10.02 Acre  
Description / Location: The subject property is a Discount Warehouse Store that was recently built by and for Lowes. Its location, design and overall utility is still being capitalized upon by the first generation occupant. Please note that a local Home Depot (inferior) was recently purchased by an investor on 4/26/18 for \$15,980,000.



2019/20 Taxable Value:	Land:	\$5,239,740
	Improvements:	\$8,512,698
	Total:	<u>\$13,752,438</u>
	Taxable Value / SF	\$115.06

Sales Comparison Approach:	Indicated Value	\$17,809,672
	Indicated Value / SF	\$149
Income Approach:	Indicated Value	\$17,690,144
	Indicated Value / SF	\$148

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>19-0032</b>
<b>LAND:</b>	\$5,239,740	\$1,833,909	<b>\$/SF GBA</b>	<b>DATE:</b>	<b>02/21/2019</b>
<b>IMPROVEMENTS:</b>	\$8,512,698	\$2,979,444	<b>\$115.06</b>		
<b>TOTAL:</b>	\$13,752,438	\$4,813,353		<b>TAX YEAR:</b>	<b>2019</b>

OWNER: LOWE'S HIW INC

**TAXABLE**  
**\$/SF Land** SEE LAND SALES  
\$12.00

**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	037-031-06	1355 SCHEELS DR DISCOUNT WAREHOUSE STORE	100%	119,528 119,528	MASONRY BRNG BRICK W/BLK	C15		2012 26	436,645 27% NUD		N/A		

**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 newly built, well maintained, fully functioning and performing Lowes. The recent sale of a local Home Depot (IS-1) indicates that the taxable value does not exceed full cash value.

IS-1: Sale of a Home Depot property that is 20 years older; 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 \$177/sf.  
MARKET VALUE: Estimated at \$17,809,672 and/or 149/sf. (Increased by 2% in comparion to Home Depot which is 20 years older and at inferior location)  
CONCLUSION = Taxable value does not exceed full cash value.

WASHOE COUNTY BOARD OF EQUALIZATION

COMMERCIAL / INDUSTRIAL

LAND:	TAXABLE VALUE \$5,239,740	ASSESSED VALUE \$1,833,909	TAXABLE \$/SF Land <b>\$12.00</b>	HEARING: <u>19-0032</u>
				DATE: <u>02/21/2019</u>
				TAX YEAR: <u>2019</u>

OWNER: HOME DEPOT USA INC

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: 19-0032</b>
		\$5,239,740	\$1,833,909	<b>\$/SF GBA</b>	<b>DATE: 02/21/19</b>
	<b>IMPROVEMENTS:</b>	\$8,512,698	\$2,979,444	\$115.06	
	<b>TOTAL:</b>	\$13,752,438	\$4,813,353		<b>TAX YEAR: 2019</b>

**APN:** 037-031-06  
**OWNER:** LOWE'S HIW INC

Income Approach					
Potential Gross Income	119,528 sq ft. @	\$0.65 /mo =	\$77,693		
	sq ft. @	/mo =	\$0		
	sq ft. @	/mo =	\$0		
			\$77,693		
	x 12 months =		12		
				\$932,318	
- Vacancy & Collection loss			0%	\$0	
= Effective Gross Income				\$932,318	
- Operating Expenses			5%	\$46,615.92	
=Net Operating Income				\$885,702	
Divided by Overall Capitalization Rate				5.00%	
				<b>\$17,714,050</b>	
				<b>Rounded</b>	<b>\$148 /sf GBA</b>

**Subject Income Information:** The building is 100% owner occupied by Lowes. A sale of a local Home Depot was recently purchased by an investor. The components of income that were affiliated with that sale was reviewed.

**Potential Gross Income:** The property is owner occupied and thus a contract or current rent does not exist. Please refer to Attachments "B" and "C" for the market rent analysis. Results from local rental data indicates that market rent for the subject, with consideration for subjects premium location and building (a first generation build to suit), is \$0.65. Applying this rent to the subject rentable area and annualizing it reflects a PGI of \$932,318.

**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, if available, would likely be leased on a NNN 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 \$885,702.

**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 on the sale of the local Home Depot was 5.84%. 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" & "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 5.00% and again is reflective of the lower rents used within the equation. It also reflects the newer age and superior location of the subject.

**Indicated Value Income Approach: \$17,714,050 and/or \$148/sf.**

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

Situs & Keyline Description:  
1355 SCHEELS DR SPARKS  
PM 4941  
LT 2

Owner & Mailing Address:  
LOWE'S HIW INC  
1000 LOWES BLVD STOP 2ETA  
MOORESVILLE, NC 28117-8520

# WASHOE COUNTY APPRAISAL RECORD 2019

APN: 037-031-06

Card 1 of 2  
Bld. 1-1



Tax District: 2002

printed: 01/25/2019

ACTIVE

3463.17

DIDQ - 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					
2019 NR	5,239,740	0	8,512,698	0	13,752,438	4,813,353	Building Value	7,018,951	PROD				
2018 FV	5,239,740	0	8,452,321	0	13,692,061	4,792,221	Extra Feature Value	1,493,747					
							Land Value	5,239,740					
							Taxable Value	13,752,438			Reopen	Code:	
							Exemption	0			Reappraisal		
							FLAGS						
							Type	Value					
							Cap Code	NFM					
							Eligible for Form?	NO					
							Low Cap Percentage	0					
							Parcel Map	4941					
									NC / C	New Land	New Sketch		
									By:	Date:			

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			
COMM	458	Commercial/Industr	Units	1	GBA	GBA - GROSS BUILDING AREA	2012	119,528		0	7,244,115		
Discount			No of Stories	1		Base Cost		119,528	3,679,072		% Incomplete		
MSNRY BRNG ~			Quality Class	1.5		Exterior Walls		119,528	2,216,767		% Depreciation		
Commercial			Avg Wall Height/Floor	26		Heating & Cooling		119,528	1,068,580		\$ Dep & Inc		
			Alternate Shape Code	2		Sprinklers		119,528	279,696		Obso/Other Adj.		
			Sprinkler System Generic -	119528							Sub Area DRC		
											Additive DRC		
											Total DRC		
											Override		
											Cost Code		
											89502		
PROPERTY CHARACTERISTICS													
Water						Municipal							
Sewer						Municipal							
Street						Paved							
BUILDING NOTES													
2/6/18 ADDED SKETCH PER APEX SKETCH AND AERIAL IMAGES.													

#	Bld	Date	User ID	Activity Notes
1	0-0	10/29/2018	smartell	REXT BY MB - 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	4700	13.59	2012		100	63,873	89.5	57,166		
2	FWAS	FLATWORK ASPHALT	30	1-1	0	0	162000	1.95	2012		100	315,900	89.5	282,731		
3	FWCO	FLATWORK CONCRETE	30	1-1	0	0	66000	4.39	2012		100	290,037	89.5	259,583		
4	GHS2	GREENHOUSE Q2	20	1-1	0	0	9240	63.27	2012		100	584,615	89.5	523,230		
5	PKLT	PARKING LOT LIGHTING	30	1-1	0	0	228000	0.65	2012		100	148,200	89.5	132,639		
6	TKW4	TRUCK WELL CONCRETE WITH RETAINING WALL	30	1-1	0	0	4275	18.76	2012		100	80,199	89.5	71,778		
7	YIMP	YARD IMPROVEMENTS	30	1-1	0	0	20	1,593.78	2012		100	31,876	89.5	28,529		
8	DKLV	DOCK LEVELER	30	1-1	0	0	3	7,922.00	2012	2018	100	23,766	89.5	21,271		
9	FN11	WROUGHT IRON FENCE-LOW	20	1-1	0	0	12000	7.08	2012	2018	100	84,906	89.5	75,991		
10	WLBR	WALL BRICK	10	1-1	0	0	1200	20.27	2012	2018	100	24,327	89.5	21,772		
11	TRS2	TRASH ENCLOSURE CONCRETE BLOCK WALL	30	1-1	0	0	825	25.81	2012	2018	100	21,293	89.5	19,057		

LAND VALUE	DOR Code	400	Neighborhood	3463.17	DIDQ - Commercial	Land Size	10.0240	Unit Type	AC
------------	----------	-----	--------------	---------	-------------------	-----------	---------	-----------	----

#	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,	NUD	436,645.00	SF	9	12.00					5,239,740	



Situs & Keyline Description:  
 1355 SCHEELS DR SPARKS  
 PM 4941  
 LT 2

Owner & Mailing Address:  
 LOWE'S HIW INC  
 1000 LOWES BLVD STOP 2ETA  
 MOORESVILLE, NC 28117-8520

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

APN: 037-031-06

Card 2 of 2  
 Bld. 1-2



Tax District: 2002

printed: 01/25/2019

ACTIVE

3463.17

DIDQ - 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	5,239,740	0	8,512,698	0	13,752,438	4,813,353	Building Value	7,018,951					
2018 FV	5,239,740	0	8,452,321	0	13,692,061	4,792,221	Extra Feature Value	1,493,747					
							Land Value	5,239,740					
							Taxable Value	13,752,438					
							Exemption	0					
<b>FLAGS</b>													
				Type	Value								
				Cap Code	NFM								
				Eligible for Form?	NO								
				Low Cap Percentage	0								
				Parcel Map	4941								

BUILDING DETAILS				BUILDING FEATURES AND ADJUSTMENTS				BUILDING SUB-AREAS				BUILDING COST SUMMARY									
Code		Description		Category		Units		Code		Description		Yr Blt		Units		Cost New		Tot Lump Sum Adj		%	
Type		MISC		Miscellaneous				CNM		CNPM - CANOPY METAL		2012		5,464		218,505		Sub Area-RCN		598,288	
Occupancy		600		Miscellaneous				DRO		DO - No Value Drawn for Info		2012		0		0		% Incomplete		0	
Story/Frame		0		NONE				PCS		POR1 - PORCH CONCRETE SLAB		2012		39,044		267,842		% Depreciation		10.50	
Quality		20		Fair				PRW		PRF1 - PORCH ROOF WOOD		2012		9,854		111,941		\$ Dep & Inc		62,820	
Year Built		WAY		%Comp		Year of Addn/Remodel												Obso/Other Adj.		0	
2012		2012		100														Sub Area DRC		535,468	
<b>BUILDING CHARACTERISTICS</b>																		Additive DRC		0	
Category		Code		Type		%												Total DRC		535,468	
																		Override			
																		Cost Code		89502	
<b>PROPERTY CHARACTERISTICS</b>																					
				Water				Municipal													
				Sewer				Municipal													
				Street				Paved													
<b>BUILDING NOTES</b>																					
												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

<b>LAND VALUE</b>	<b>DOR Code</b>	400	<b>Neighborhood</b>	3463.17	<b>DIDQ - Commercial</b>	<b>Land Size</b>	10.0240	<b>Unit Type</b>	AC
-------------------	-----------------	-----	---------------------	---------	--------------------------	------------------	---------	------------------	----

#	Code	Description	Zone	Units	Unit Type	Sub Type	Unit Price	Influence 1 Code	Influence 1 %	Influence 2 Code	Influence 2 %	Taxable Value	Land Notes



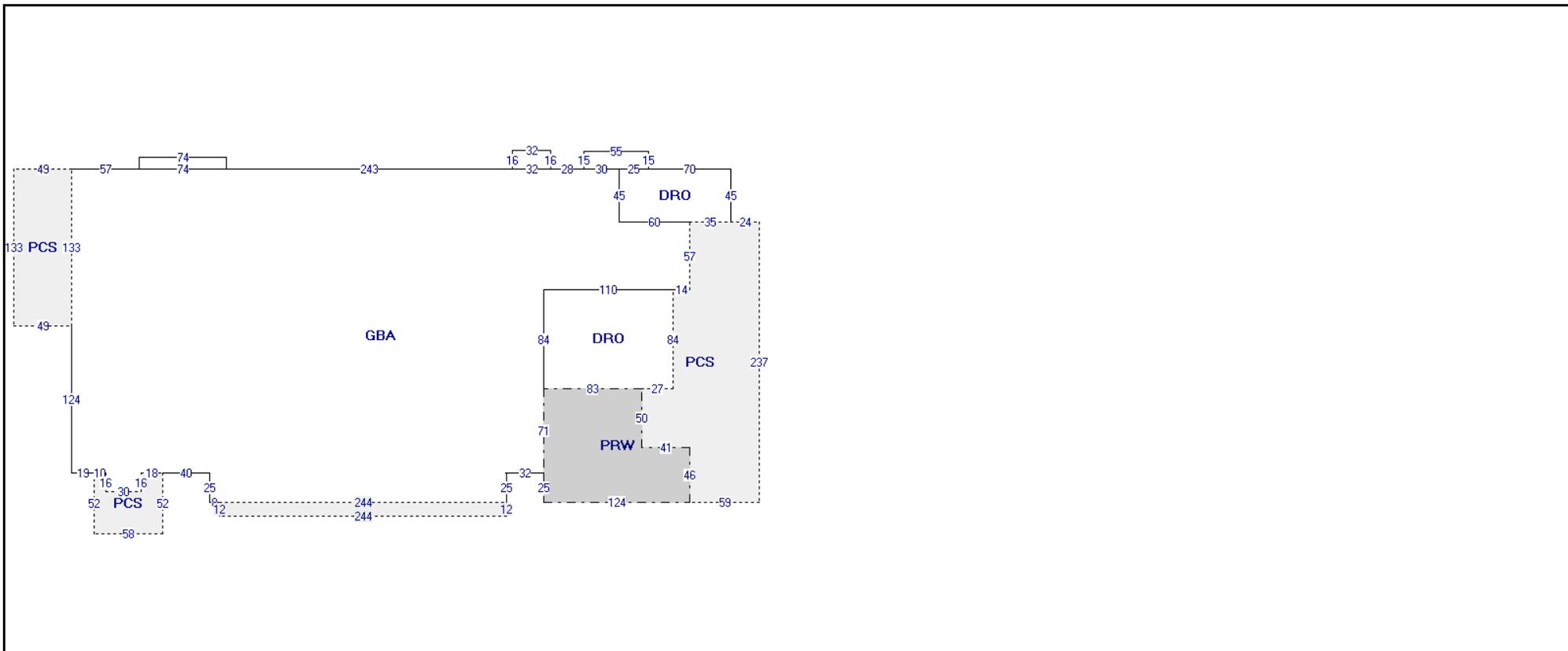
Tax District: 2002

printed: 01/25/2019

ACTIVE

3463.17

DIDQ - Commercial



BUILDING PERMITS							
Date	Permit #	Description	Amount	Status	% Comp	Last Visit/Appr/Results	Notes
01/09/2012	A1200033	ELECTRIC	75,000	Compl	0	03/16/12 PAO Compl	NVC
10/14/2011	A1101044	FIRE	319,000	Compl	0	12/09/11 PAO Compl	100% COMP 2012
08/18/2011	A1100606	SITE DEVEL	0	Compl	0	12/09/11 PAO Compl	100% COMP 2012
06/21/2011	A1100580	COMM	4,875,000	Compl	0	03/16/12 PAO Compl	100% COMPLETE 2012

SALES/TRANSFER INFORMATION							
Grantor	Document	Date	LUC	Verif	Terms	Sales	Notes
LOWE'S HIW INC	MEMO	03/21/2018		3NTT			
SPARKS LEGENDS	3712371	12/12/2008		1GCA	1CTS	6,864,710	ADJ SP = \$4,364,710 +
SPARKS LEGENDS	3683269	08/29/2008		3NTT			

#	Bld	Date	User ID	Activity Notes

**ATTACHMENT A**

**Home Depot Property Rights Adjustment**

Contract Rent: \$81,900/monthly

Market Rent: \$66,841/monthly (\$0.65/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>																

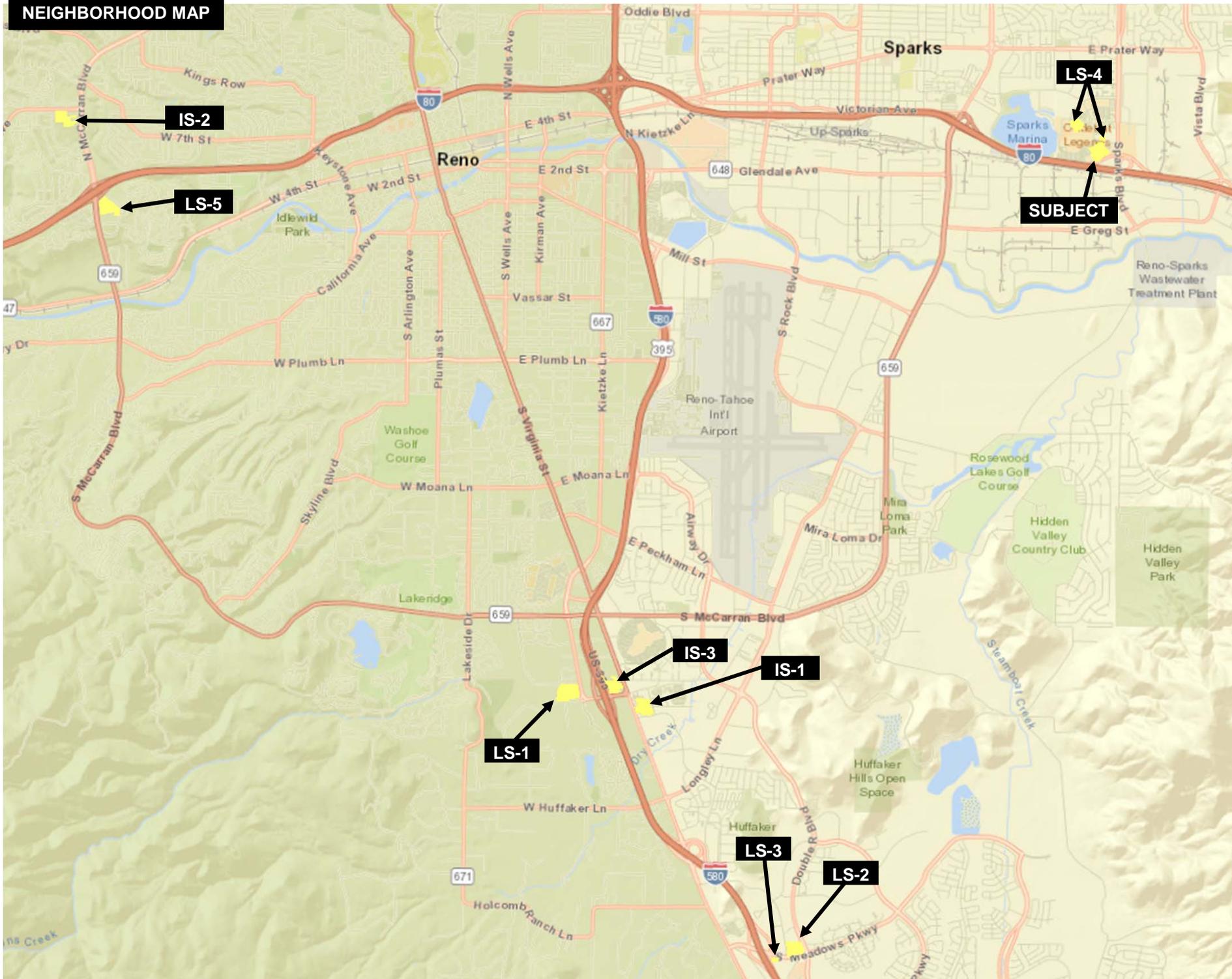
**ATTACHMENT C**

<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</b>	<b>\$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.

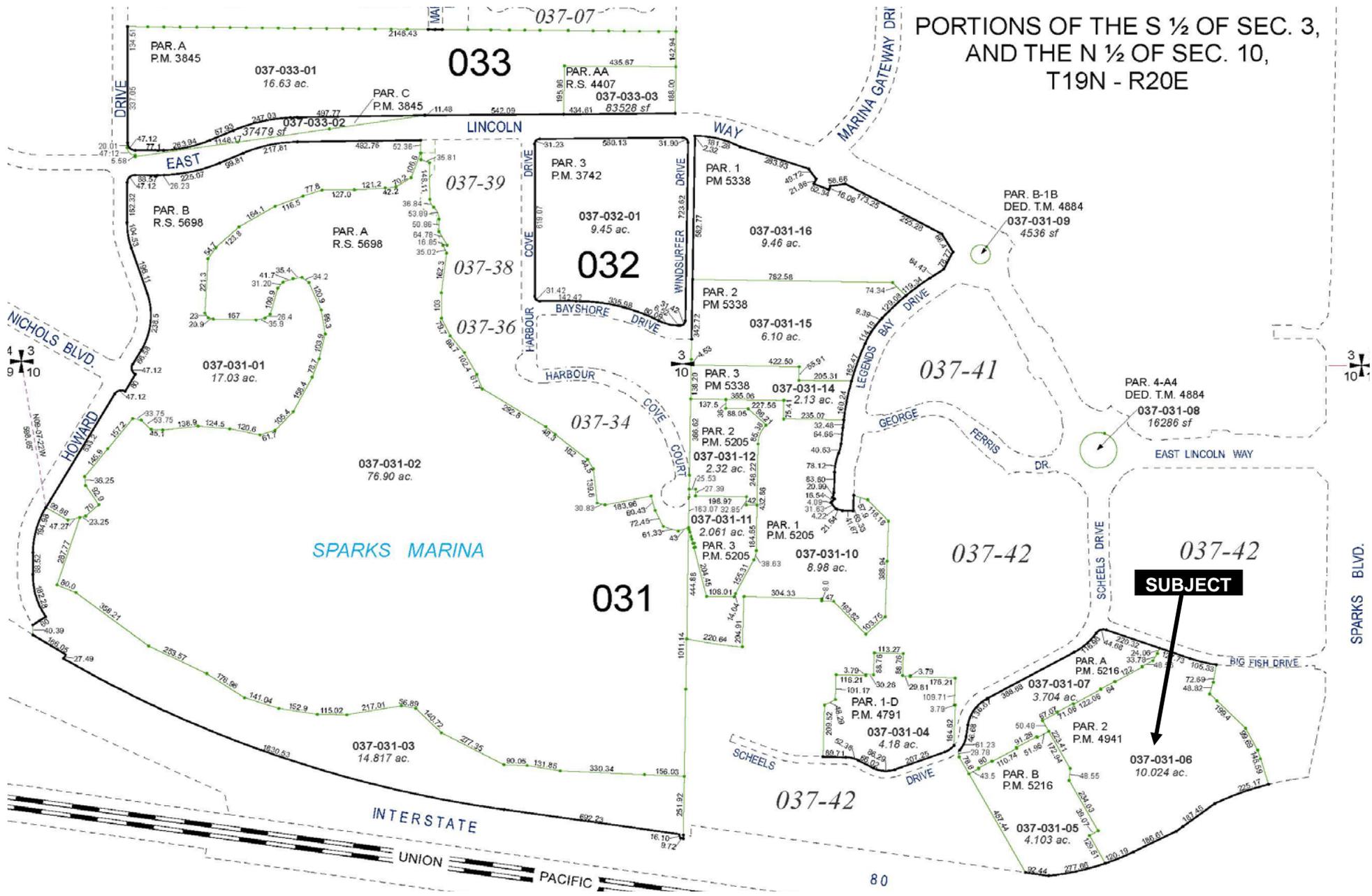
**ATTACHMENT D**

<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>			

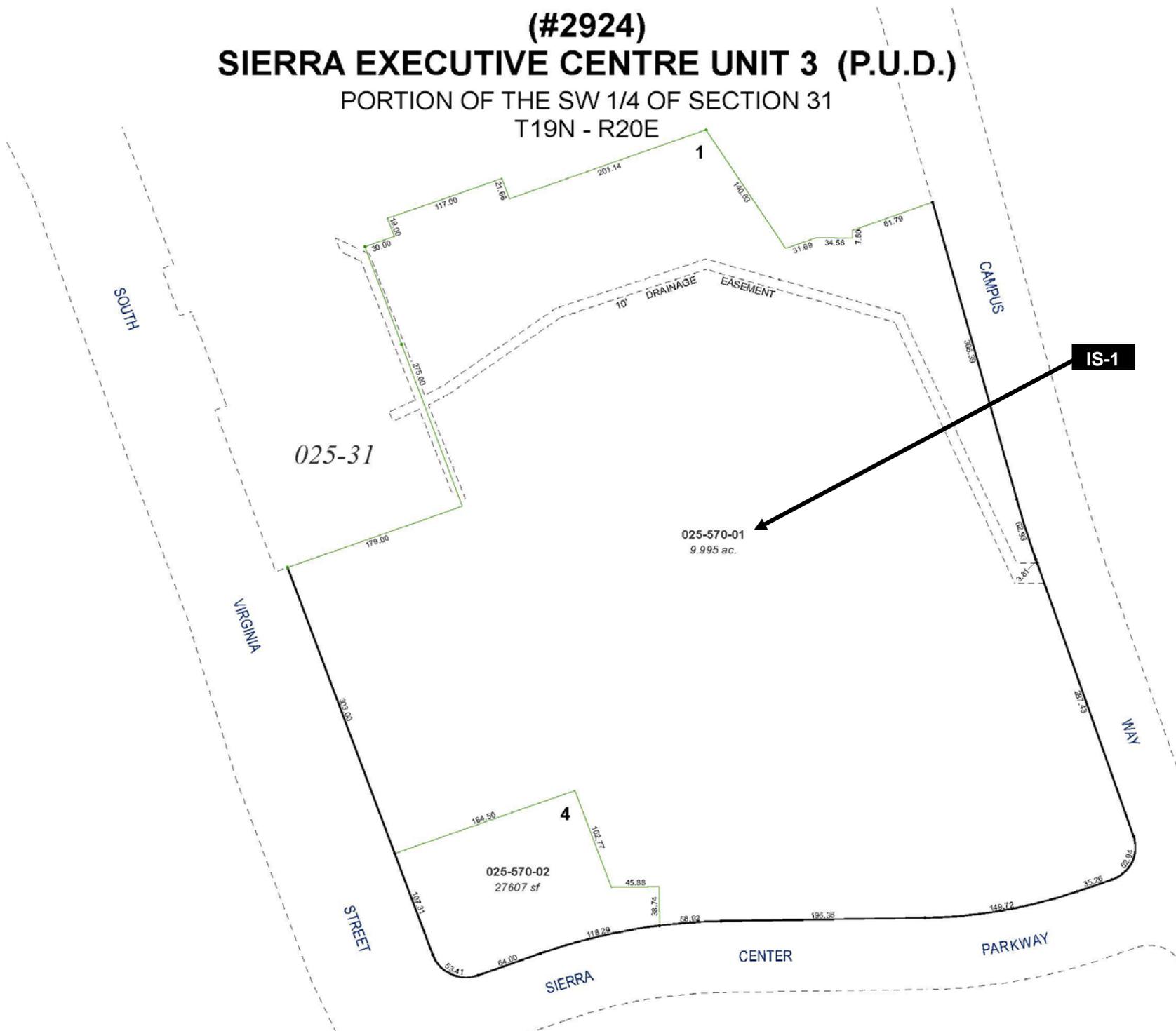
**NEIGHBORHOOD MAP**



PORTIONS OF THE S 1/2 OF SEC. 3,  
AND THE N 1/2 OF SEC. 10,  
T19N - R20E



**(#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

IS-2

PORTION NE 1/4 OF SECTION 8  
T19N - R19E

BOOK 005

039-04

039-750-13  
9.085 ac.  
PAR. 1-A  
PM 4163

039-750-12  
30055 sf  
PAR. 1-B  
PM 4163

PAR. 1  
P.M. 3999

PAR. 2  
P.M. 2348  
039-750-04  
26,934 sf

039-750-09  
9.182 ac.

PAR. 2  
P.M. 3999  
039-750-10  
35,045 sf

PAR. 3  
P.M. 3999

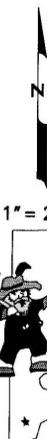
039-750-11  
6.923 ac.

039-06

039-12

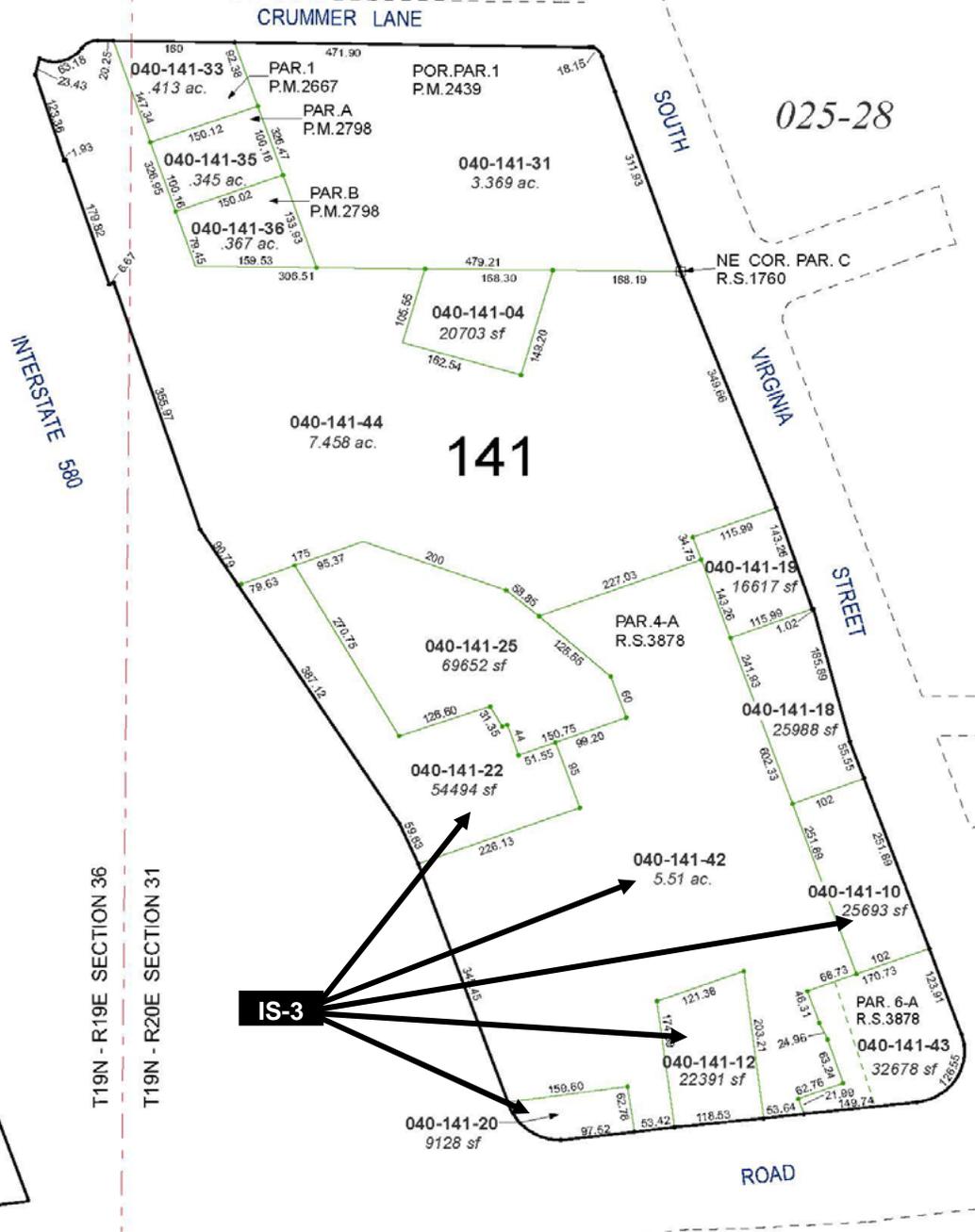
039-71

039-70

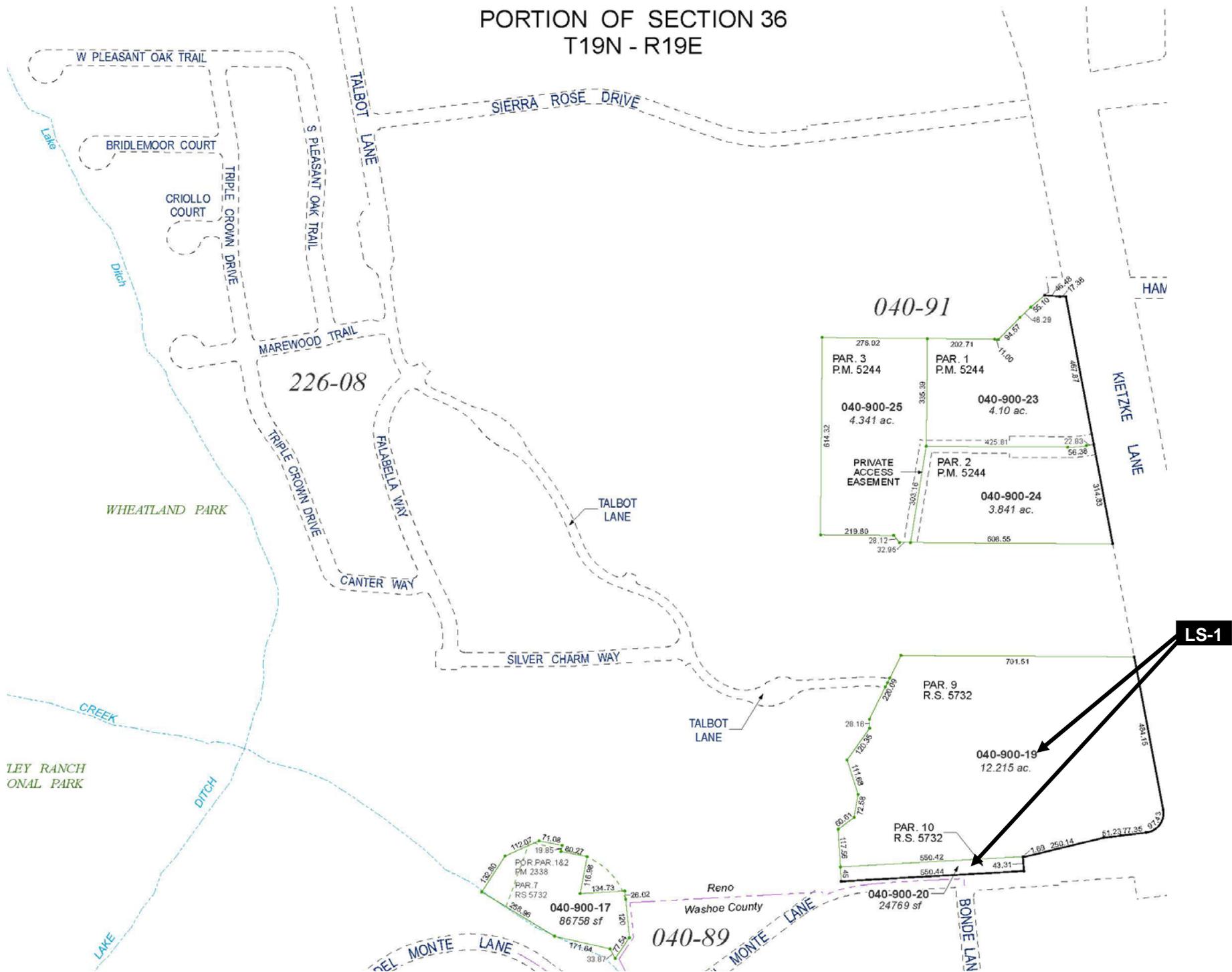


PORTION OF SECTION 36  
T19N - R19E

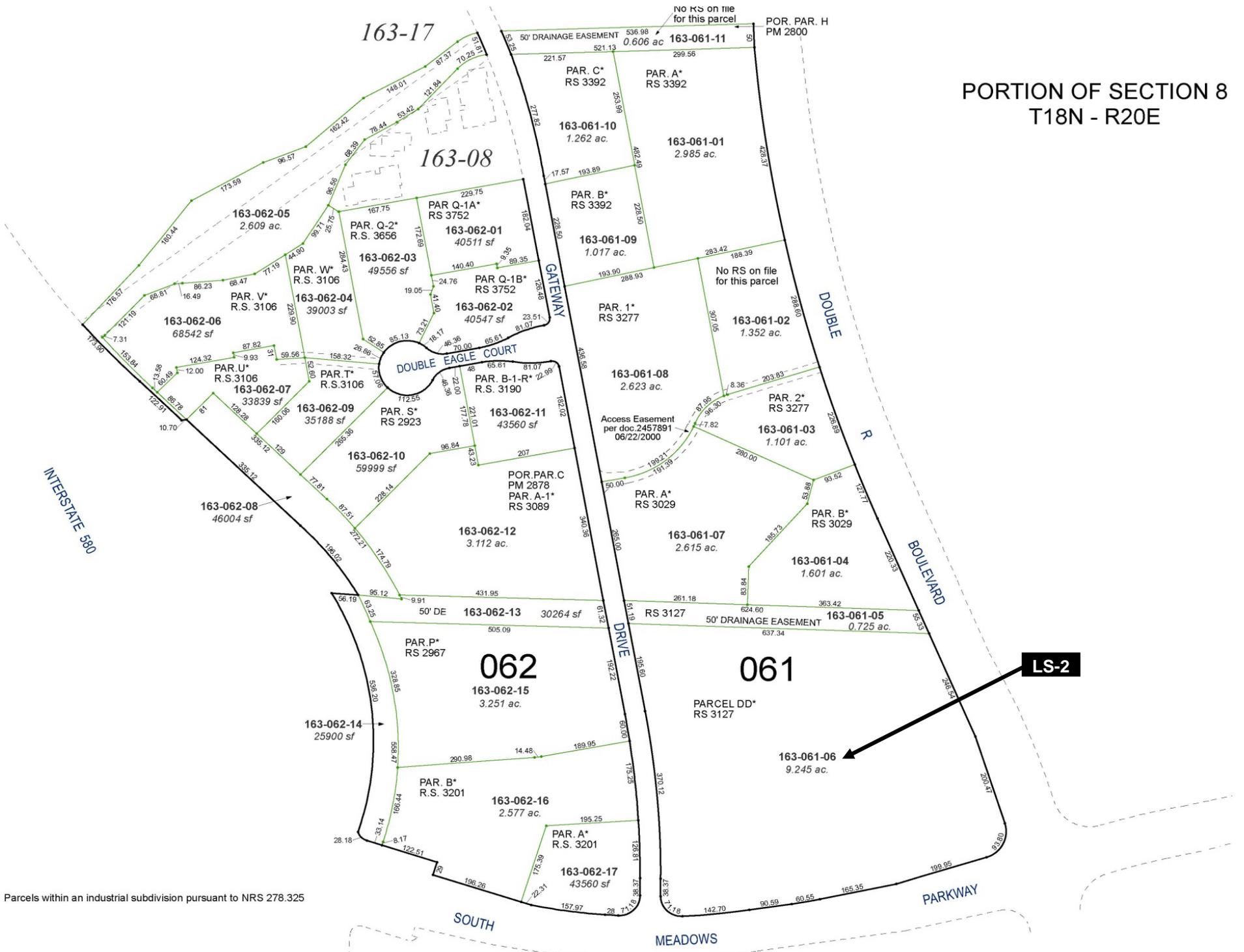
PORTION OF W 1/2 SECTION 31  
T19N - R20E



PORTION OF SECTION 36  
T19N - R19E

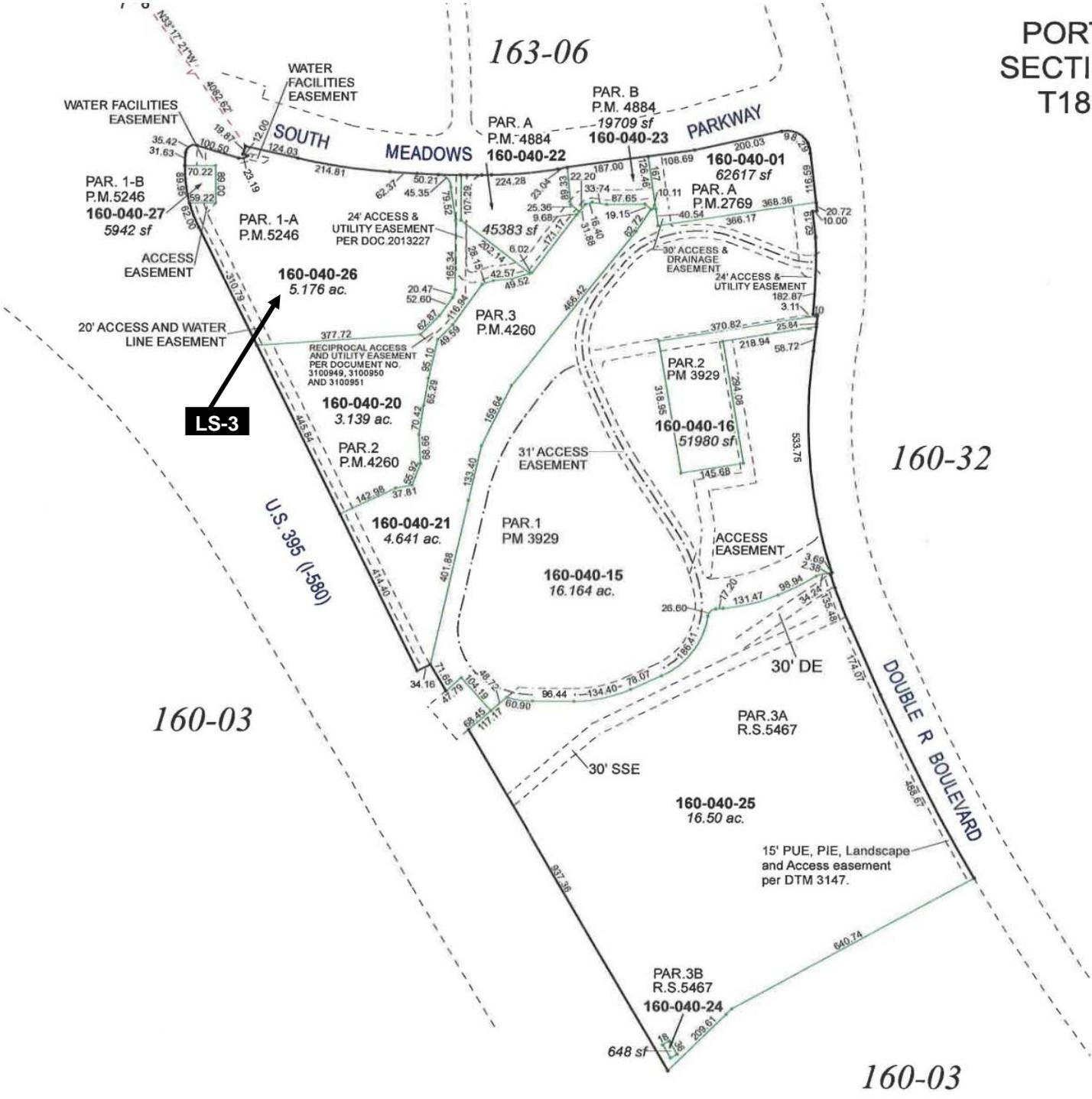


PORTION OF SECTION 8  
T18N - R20E

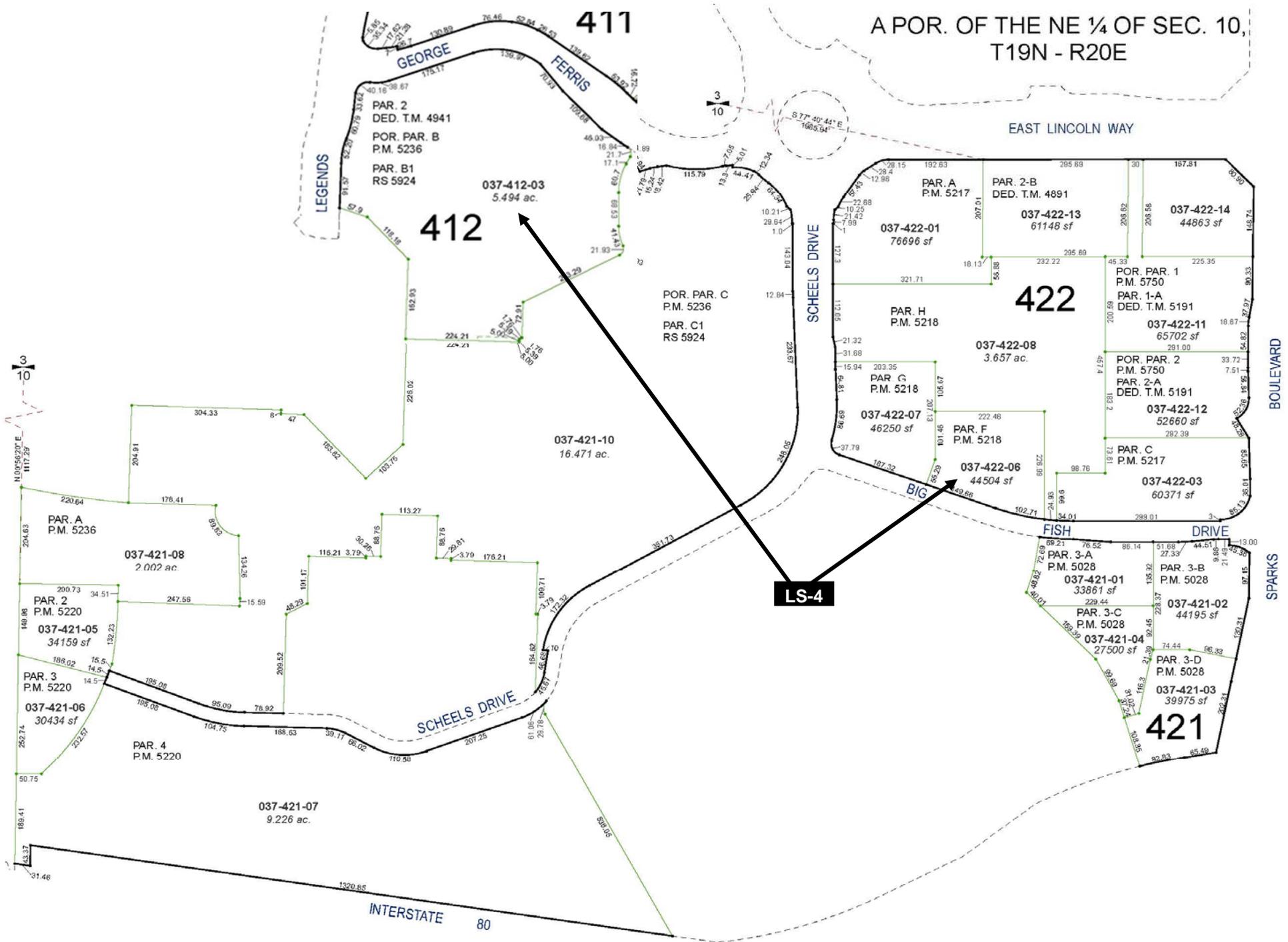


Parcels within an industrial subdivision pursuant to NRS 278.325

PORTIONS OF  
SECTIONS 8 & 17  
T18N - R20E



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

