

PETITIONER'S EVIDENCE



Subject Property US04768G - SAMS (US04768) Date: Jun-17 Source: Google Maps

Assessment Year: 2019

Review Prepared by: Stan Johnson
Walmart Sr. Manager, Property Tax

Jurisdiction: Washoe County

Tax Parcel: 024-055-52

Owner: SAMS REAL ESTATE BUSINESS TRUST

Occupant: SAM'S CLUB

Subject Situs: 4835 KIETZKE LANE
RENO (S)

Land Area: +/- 12.18

Building Area: +/- 151,608

Type: Warehouse Discount

Construction: Masonry

Year Built: 2002

Quality: L/C - Average

Condition: Average



Review Note:

This is an internal property tax valuation analysis review for Walmart, Inc. The basis of this review is on a mass appraisal basis, similar of that used by the assessor. Although this property tax valuation review relies on standard appraisal methodology it is intended for property tax purposes only and should not be used nor considered for any other purpose.

PETITIONER'S EXHIBIT B
63 PAGES

SUMMARY PAGE

Summary Basis:

The owner's opinion of value is the Fee Simple, value in exchange, of the subject real estate. In establishing a fair and equitable valuation for property tax purposes the value of the tenant/occupant should not be considered. Therefore, this review of the subject property is based on a hypothetical condition that the property is available for sale and ready for new occupancy.

Subject Property:

US04768G - SAMS (US04768)
4835 KIETZKE LANE
RENO (S)

Tax Year: 2019

Data:

APN:	024-055-52	Acres	Sq. Ft.
Map		Land Area:	12.18
		Gross	Leasable
Year Built:	2002	Building Area:	151,608

Valuation Analysis:

PRIOR YEAR VALUATION				Per Sq. Ft.	
2018	Land	\$5,301,680	Land	\$9.99	
	Imp	\$7,416,441	Imps	\$48.92	
	Total	\$12,718,121	Over-all	\$83.89	
CURRENT TAX ROLL PRELIMINARY VALUE					
2019	Land	\$5,248,663	Land	\$9.89	
	Imp	\$7,436,497	Imps	\$49.05	
	Total	\$12,685,160	Over-all	\$83.67	
REQUESTED VALUATION					
2019	Land	\$5,248,663	Land	\$9.89	
	Imp	\$4,311,337	Imps	\$28.44	
	Total	\$9,560,000	Over-all	\$63.06	

Approaches to Value

The cost approach, income approach, and comparable sales approaches were considered using data appropriate for estimating the Fee Simple, value in exchange, as of the assessment date.

VALUE BASIS RESULT:

Equity:	Bldg. Sq. Ft.	Per Sq. Ft.	Indicated Value
	(Assessment Range \$50 - \$81)		

Cost:	Indicated Value:	(Please refer to detailed analysis sheet)
	Per Sq. Ft.	Indicated Value
	Not Used	

Income:	Indicated Value:	(Please refer to detailed analysis sheet)
	Per Sq. Ft.	Indicated Value
	151,608	\$ 61.27 \$ 9,289,706

Sales Comparison:	Indicated Value:	(Please refer to detailed analysis sheet)
	Bldg. Sq. Ft.	Per Sq. Ft.
	151,608	\$ 63.06 \$ 9,560,000

Analysis: The Sales Comparison Approach is generally the preferred method and given the most weight. The Income approach and an equity review both support the Sales Comparison result.

Owner/User Properties over 70,000 sq. ft.

State of Nevada

CHART 1:

Quick Stats Report

Comps Statistics						
	Low	Average	Median	High	Count	
Price						
For Sale & UC/Pending	\$4,350,000	\$10,246,000	\$12,888,000	\$13,500,000	3	
Sold Transactions	\$1,650,000	\$8,180,955	\$6,230,730	\$23,000,000	12	
Center Size						
For Sale & UC/Pending	89,967 SF	117,842 SF	100,700 SF	180,000 SF	4	
Sold Transactions	79,239 SF	119,252 SF	105,398 SF	177,809 SF	16	
Price per SF						
For Sale & UC/Pending	\$24.17	\$81.67	\$121.13	\$150.06	3	
Sold Transactions	\$15.51	\$66.28	\$53.49	\$167.63	12	
Actual Cap Rate						
For Sale & UC/Pending	-	-	-	-	-	
Sold Transactions	-	-	-	-	-	
Days on Market						
For Sale & UC/Pending	145	1,166	998	2,520	4	
Sold Transactions	6	280	270	548	6	
Sale Price to Asking Price Ratio						
Sold Transactions	108.33%	108.33%	108.33%	108.33%	1	
Totals						
For Sale & UC/Pending	Asking Price Total:		\$30,738,000	Total For Sale Transactions:		4
Sold Transactions	Total Sales Volume:		\$98,171,459	Total Sales Transactions:		16
	Total Included in Analysis:		\$128,909,459	Total Included in Analysis:		20
Survey Criteria						
basic criteria: Type of Property - Retail; Property Size - 70,000 - 600,000 SF; Sale Date - 1/1/2013 - 8/8/2018; Sale Status - Under Contract/Pending, Sold, For Sale; Sale Type - Owner/User; Return and Search on Portfolio Sales as Individual Properties - Yes						
geography criteria: State - Nevada						

Owner/User Properties over 70,000 sq. ft.

CHART 2

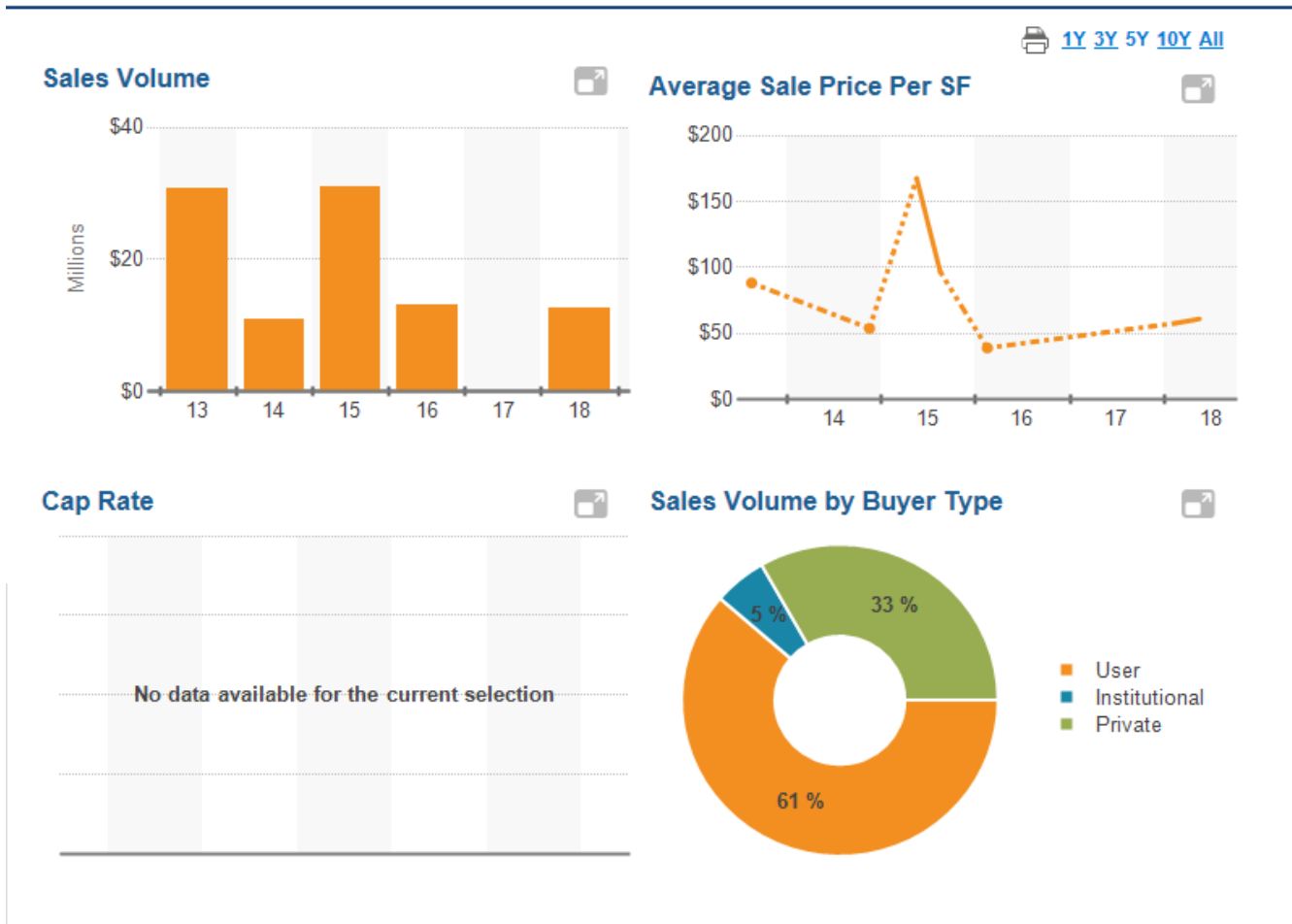


CHART 3

Sales Volume	Survey	Min	Max
Transactions	16	-	-
Sold SF	1,908,040	79,239	177,809
Sales Volume (Mil.)	\$98	\$1.6	\$23
Avg SF	119,253	79,239	177,809

For Sale	Survey	Min	Max
Listings	4	-	-
For Sale SF	836,268	89,967	180,000
For Sale Volume (Mil.)	\$71	\$4.4	\$14
Asking Price Per SF	\$110	\$24	\$150
Avg Asking Price (Mil.)	\$18	\$4.4	\$14

Sales	Survey	Min	Max
Sale Price Per SF	\$66	\$16	\$168
Avg Sale Price (Mil.)	\$8.2	\$1.6	\$23
Cap Rate	-	-	-
Percent Leased	93.3%	26.4%	100%

Properties	Survey	Min	Max
Existing SF	1,529,011	10,785	180,000
Vacancy Rate	24.9%	0.0%	100%
NNN Rent Per SF	\$12.25	\$8.40	\$21.38
12 Mo. Absorption	-23,873	-104,397	37,733
12 Mo. Leasing SF	0	0	0

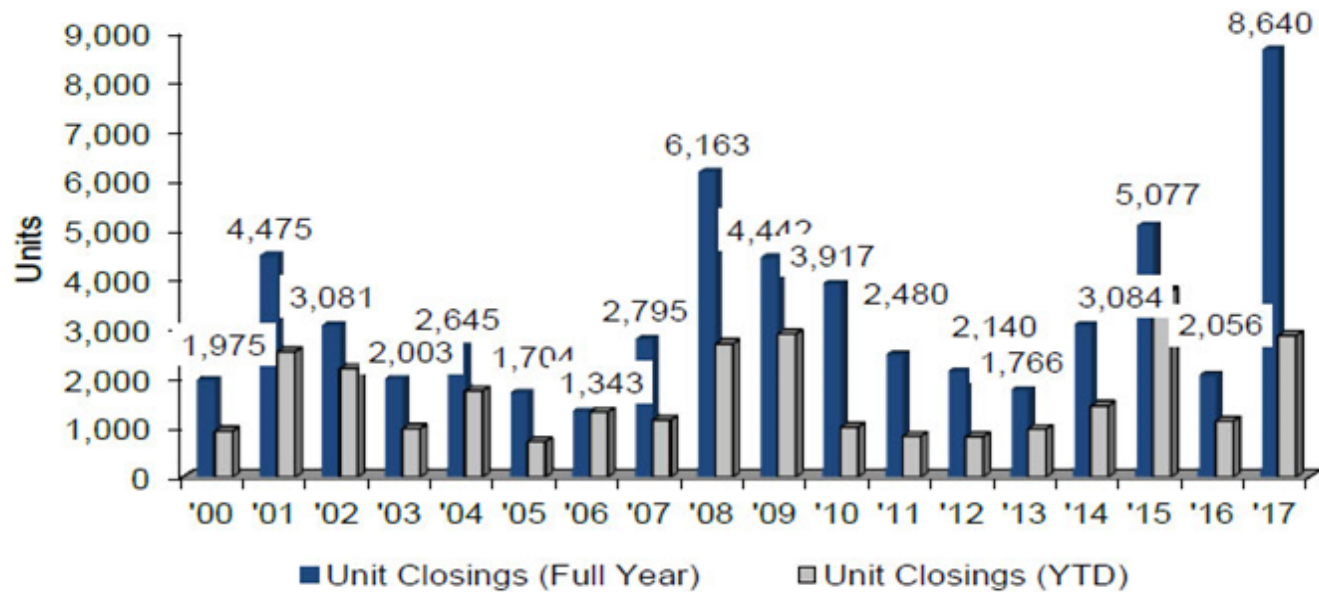
Chart 1: Sale Price /sq. ft. Average = \$66
Sale Price/sq. ft. Median = \$53

Chart 2: Sales volume declining
Average sales prices just now over \$50/sq.ft.

Chart 3: Sale Price Average \$66/sq. ft.
Average Vacancy 24.9%

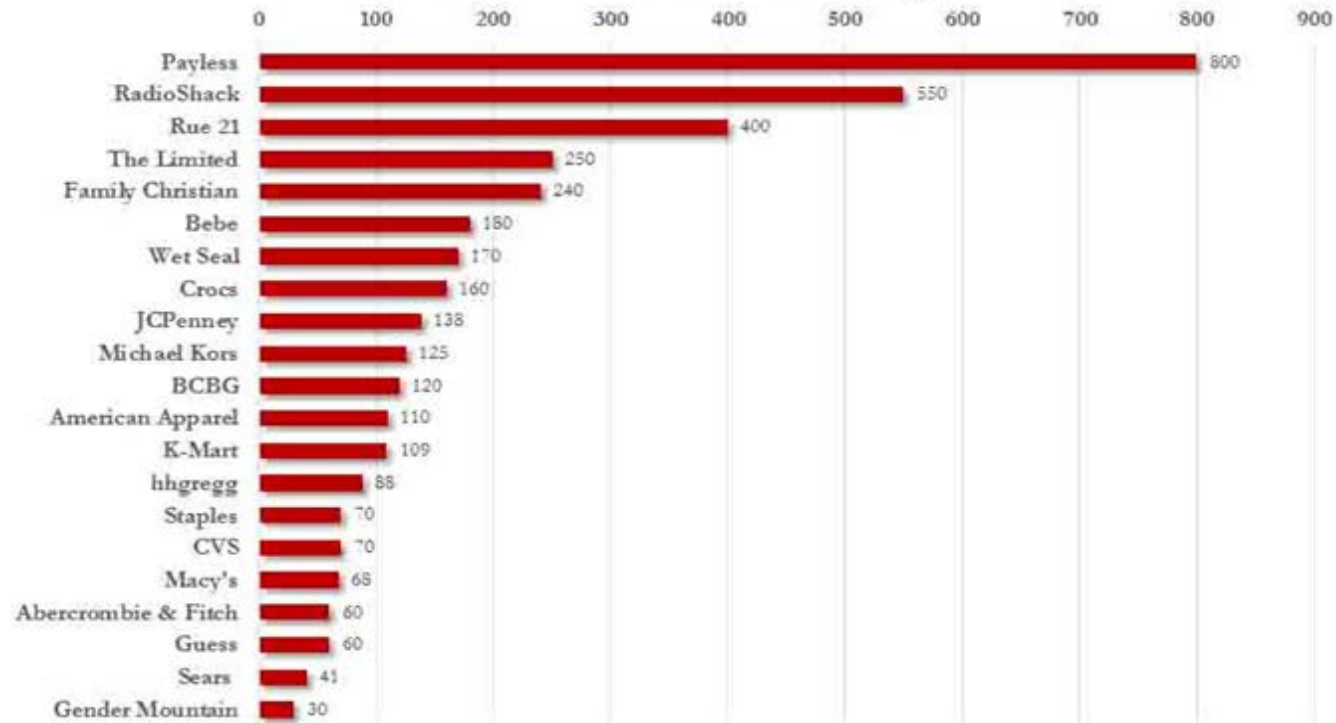
The Real Issue is Supply and Demand

Figure 1: Retail Store Closings By Unit – Only Second To 2015 Store Closures YTD; Could Be The New Highest Closings For Full Year



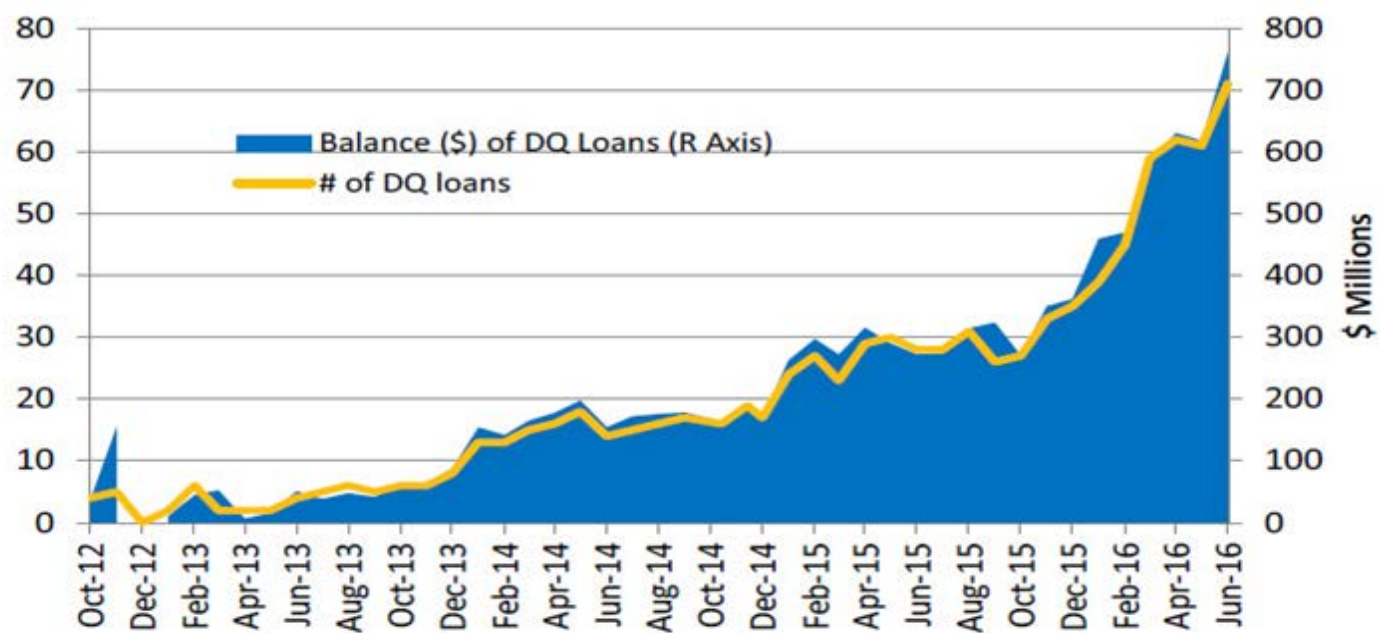
Source: Company data, News articles, Credit Suisse estimates

2017 Announced Store Closings



Source: Company filings, staff reports, Zero Hedge

Exhibit 1: Delinquent CMBS 2.0 loans



Source: Trepp, Morgan Stanley Research

Are residences valued by how much money the occupant makes?



Definitions

FEE SIMPLE INTEREST:

"The most complete form of ownership is the fee simple interest-i.e., absolute ownership unencumbered by any other interest or estate , subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat." (Page 5. The Appraisal of Real Estate, 14th Edition , by the Appraisal Institute).

LEASED FEE INTEREST:

"If there are leases in place, even at market rates and terms, the interest is leased fee." (Page 5. The Appraisal of Real Estate, 14th Edition , by the Appraisal Institute).

INTERESTS TO BE VALUED:

"When the fee simple is to be valued, the presumption is that the property is available to be leased at market rates." (Page 441. The Appraisal of Real Estate, 14th Edition , by the Appraisal Institute).

LEASE IMPACT ON FEE SIMPLE VALUE:

"A lease never increases the market value of real property rights to the fee simple estate. Any potential value increment in excess of the fee simple estate is attributable the particular lease contract." (Page 441. The Appraisal of Real Estate, 14th Edition , by the Appraisal Institute).

• Types of Value (non-exclusive list):

Appraisal Institute: Dictionary of Real Estate Appraisal, 6th Edition.

• Market Value (Value-in Exchange):

“The most probable, as of a specified date, in cash, or in terms equivalent to cash,... for which the ***specified property rights*** should sell after reasonable exposure ***in a competitive market*** under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.” (emphasis added).

Appraisal Institute: The Appraisal of Real Estate, 14th Edition

• Use Value (Value-in-Use):

“In stark contrast to market value, ... use value is the value ***a specific property has for a specific use***. In estimating use value, an appraiser focuses on the value the real estate contributes to the enterprise of which it is a part or the use to which it is devoted, without regard to the highest and best use of the property.” Page 62 (emphasis added).

Additional note (by Stan Johnson): In assessment the 'in-use value' most often means the assessor is required to value property based on a property's actual use, not what it could be used for. If a residence is on land that is zoned for high-rise office, in most jurisdictions, the assessor is required to value the property in its current residential use.

- **Investment Value:**

“Investment value represents the value of a specific property to a particular investor. As used in appraisal assignments, investment value is the ***value of a property to a particular investor*** based on that person’s (or entity’s) investment requirements. In contrast to market value, ***investment value is value to an individual, not necessarily value in the marketplace.***” Page 63 (emphasis added).

- **Liquidation Value:**

“Properties in distressed markets often do not meet the conditions specified in the definition of market value. Other types of value might be more appropriate for properties when a ***forced sale or some other form of distress is influencing the decisions of the buyer or seller.***” Page 65 (emphasis added).

Liquidation value usually involves seller being “under extreme compulsion to sell.” Page 65.

HARRINGTON REPORT DATA

The below data is from a study referred to as the *Harrington Report*. The report studied and charted the sales of Big-Box Stores nationwide in order to compare unencumbered Fee Simple Sales to occupied Leased Fee sales that occurred from 2011 through June of 2016

National Big Box Sales

- **Sales of Unoccupied Stores (106 Sales)**

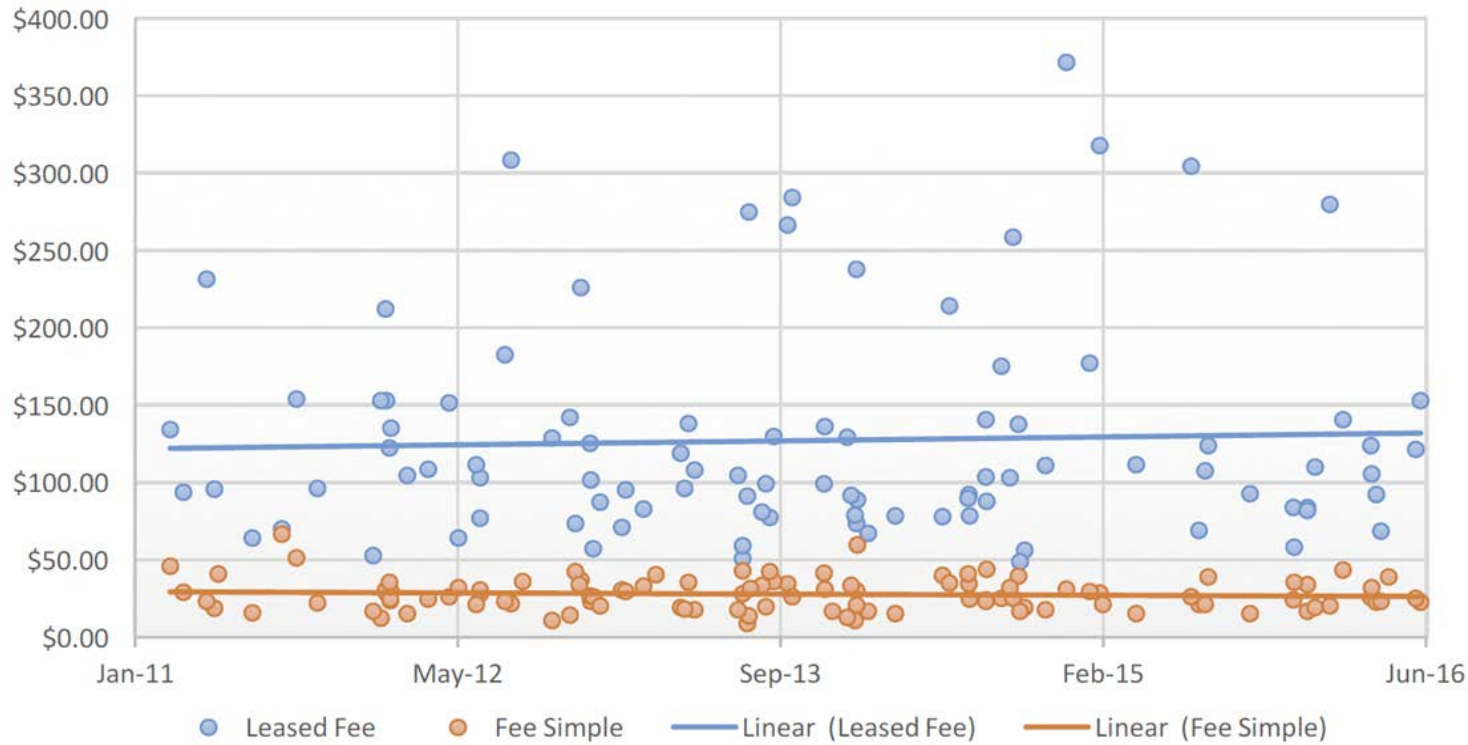
- Period: 1/1/2011 – 6/25/2016
- Range: \$8.72/SF -- \$66.84/SF
- **Median: \$26.08/SF**
- **Average: \$27.73/SF**

- **Sales of NNN Lease Stores (96 Sales)**

- Period: 1/1/2011 – 6/25/2016
- Range: \$48.92/SF -- \$371.78/SF
- **Median: \$104.58/SF**
- **Average: \$127.073/SF**

Harrington Report

National Big Box Sales



Harrington Report

- **Sales of Unoccupied Stores (106 Sales) – Subsequent Use**

Category	Number of Sales	Average Sale Price Per SF
Big Box to Big Box	49	\$27.13
Conversion to Multi-Tenant	19	\$27.82
Conversion to Alternative Use	27	\$28.60
Vacant	11	\$28.22

Harrington Report

- **Sales of Unoccupied Stores – Impact of Deed Restrictions**

Category	Number of Sales	Median Sale Price / SF	Average Sale Price / SF
Deed Restricted	39	\$25.17	\$26.22
No Deed Restrictions	52	\$28.38	\$28.84

Harrington Report

FEE SIMPLE - Bundle

- Bundle of Sticks (Rights of Ownership):

- Right to use

- Right to sell

- Right to lease***

- Right to occupy***

- Right to mortgage

- Right to give an interest away

“Ownership of the fee simple interest is equivalent to ownership of the complete bundle of sticks.” Page 5 (emphasis added).

Below statements are copied from Page 441 - *The Appraisal of Real Estate, 14th Edition*

Interests To Be Valued

Income-producing real estate is usually leased, which creates legal estates of the lessor's interest (i.e., the leased fee) and the lessee's interest (i.e., the leasehold). Any interest can be valued, even if no entity holds that interest as of the date of value. The interest to be valued depends on the intended use and intended user of the appraisal. Federal or state law often requires appraisers to value leased properties as fee simple estates, not leased fee estates, for eminent domain and ad valorem taxation. **When the fee simple interest is valued, the presumption is that the property is available to be leased at market rates.**

Because a leasehold or a leased fee interest is based on contract rights, appraisers differentiate between lease provisions that are generally representative of the market and other elements of a contract that are not typical of the market. **An understanding of the risks associated with the parties to the lease and the lease arrangement is also required. A lease never increases the market value of real property rights to the fee simple estate.** Any potential value increment in excess of a fee simple estate is attributable to the particular lease contract. Detrimental aspects of a lease may result in a situation in which either or both of the parties to the lease, and their corresponding value positions, may be diminished.

Equity Analysis

Location: SAM'S CLUB
4835 KIETZKE LANE
RENO (S)

Account 024-055-52

Assessment Comp

VALUATION REVIEW								
Ref #	Location	County/ Map No Acct #	Bldg Size	Assessent Date	Year Built	Assessor TV	Assessor V Per SF	Notes
1	Walmart (Former) 4350 N. Nellis Blvd Las Vegas	140-04-310-002	206,302	1/1/2019	2000	13,469,691	\$65.29	WM-Asking \$8,950,000 (\$43.38)
2	Health Club Building 2100 Olympic Ave Henderson	161-32-401-001	155,476	1/1/2019	1987	11,123,357	\$71.54	Health Club Building
3	Great Western Marketplace 4855 Summit Ridge Dr Reno	400-040-07	166,318	1/1/2019	1996	13,234,594	\$79.57	Former Kmart-Demo 2018
4	Kohl's (Leased Fee) 5150 Mae Anne Ave Reno	039-750-13	94,500	1/1/2019	1990	7,683,478	\$81.31	Leased Fee-Public records
5	Sear's Outlet 5825 S Eastern Ave Las Vegas	125-36-818-001	62,620	1/1/2019	1993	4,245,823	\$67.80	Part of Center
6	Home Depot 841 S Rainbow Blvd Las Vegas	138-34-717-015	105,275	1/1/2019	1993	8,388,560	\$79.68	Net Lease Property
7	Home Depot 1030 W Sunset Rd Las Vegas	178-03-610-011	102,370	1/1/2019	1992	7,372,631	\$72.02	Net Lease Property
8	Living Spaces 700 S Rampart Blvd Las Vegas	138-32-312-012	139,370	1/1/2019	2002	9,128,291	\$65.50	Buyer will occupy
9	Burlington/Furniture 2189 W Craig Rd Las Vegas	139-05-703-003	124,500	1/1/2019	1999	6,332,646	\$50.86	Leased Fee Sale 100% occupied

10	Big's Furn./Floor Décor 1080 W Sunset Rd Henderson	178-03-610-002	122,310	1/1/2019	1991	7,695,091	\$62.91	Lease Fee (auction) Sale
11	Sunset Place (Kmart) 3760 E Sunset Rd Las Vegas	161-31-402-001	86,479	1/1/2019	1988	5,054,031	\$58.44	Leased Fee - Kmart 100%
12	Big's Furniture 4500 N Tenaya Way Las Vegas	138-03-601-003	77,318	1/1/2019	1995	6,305,797	\$81.56	Leased Fee - 1031 Exchange
13	Kmart (Former) 3456 N Carson Street Carson City	007-462-02	169,086	1/1/2019	1994	11,808,068	\$69.83	As-Is Asking Price
14	Availible Big-Box 3455 Boulder Hwy Las Vegas	161-06-402-003	102,400	1/1/2019	1979	6,306,114	\$61.58	As-Is Asking Price
15	Walmart Store #1838 3041 N Rainbow Blvd Las Vegas	138-15-502-006	124,809	1/1/2019	1992	9,363,714	\$75.02	MAI Mkt Rent Opinion 06/7/2016

Income Analysis

Location: SAM'S CLUB
4835 KIETZKE LANE
RENO (S)

Account 024-055-52

COMPARABLE LEASE PROPERTIES

Valuation Review

VALUATION REVIEW								
Comp. #	Location	County/Map No. Acct #	Bldg. Size	Lease Date	Lease Type	Year Built	Lease Rate	Notes
1	Kmart (Former) 3456 N Carson Street Carson City	007-462-02	169,086	1/1/2019 LoopNet	NNN	1994	\$ 6.00	As-Is Asking Price
2	Availible Big-Box 3455 Boulder Hwy Las Vegas	161-06-402-003	102,400	1/1/2019 LoopNet	NNN	1979	\$ 6.24	As-Is Asking Price
3	Walmart Store #1838 3041 N Rainbow Blvd Las Vegas	138-15-502-006	124,809	6/7/2016 MAI Opinion	NNN	1992	\$ 4.25	MAI Mkt Rent Opinion 06/7/2016
4	Walmart Store #6480 3460 W Chandler Blvd Chandler	301-64-912	133,200	1/19/2015 Internal	NNN	2003	\$ 4.20	WM lease former Great Outdoors (20yrs)

US04768G - SAMS (US04768)
 4835 KIETZKE LANE
 RENO (S)

VALUATION REVIEW

INCOME APPROACH

1 Net Leasable Area			151,608 sq.ft.
2 Rent Per Sq. Ft.			\$6.25 /sq.ft.
3 Gross Income			\$947,550
4 Less Typical V & C Loss		5.00%	\$47,378
5 Plus additional income	(Reimbursements)		\$0
6 Effective Gross Income			\$900,173
7 Management		5%	\$47,377.50
8 Operating Expenses		5%	\$47,377.50
9 Or Expenses Per Sq. Ft.	(NNN see line 5)	\$ -	\$0
10 Less Total Expenses			\$94,755
11 Net Income			\$805,418
12 Capitalization Rate		8.67%	
13 Effective Tax Rate			
14 Overall Capitalization Rate			8.67%
15 Indicated Market Value			\$9,289,706

Regional - Retail Properties
Cap Rates

VALUATION REVIEW

<u>Ref</u>	<u>Property</u>	<u>Address</u>	<u>City</u>	<u>Zip</u>	<u>Yr Blt</u>	<u>Source</u>	<u>Sale Date</u>	<u>Sq. Ft.</u>	<u>Cap</u>	
1	Greenbrae West	600-700 E Greenbrae	Sparks	89431	1964	Costar	9/29/2015	78,522	8.50%	1031 Exchange
2	Round Hills Square SC	212 Elks Point Rd	Zephyr Cove	89448	1998	Costar	9/24/2018	115,984	6.94%	1031 Exchange
3	Crossroads Plaza	4965 S Fort Apache Rd	Las Vegas	89148	2002	Costar	6/4/2015	87,245	8.00%	1031 Exchange
4	Fort Apache Commons	1225 S Fort Apache Rd	Las Vegas	89117	2005	Costar	10/15/2015	53,689	7.32%	Retail
5	Paradise Marketplace	3870 E Flamingo Rd	Las Vegas	89121	1988	Costar	2/28/2018	77,997	8.65%	Retail
6	Canyon Lakes Plaza	9134 W Sahara Ave	Las Vegas	89117	1990	Costar	2/21/2015	59,789	7.50%	Freestanding Retail
7	Freestanding Retail	2189 W Craig Rd	N. Las Veas	89032	1999	Costar	1/16/2018	124,500	8.20%	Freestanding Retail
8	Craig Promenade	775 W Craig Rd	N. Las Veas	89032	2005	Costar	12/14/2018	81,057	7.90%	Multi Tenant Retail
9	Crossroads Center	4096 Kietzke Ln	Reno	89502	1976	Costar	8/18/2015	56,850	6.57%	1031 Exchange
10	Sahara West SC	2370 S Rainbow Blvd	Las Vegas	89146	1999	Costar	4/18/2017	54,924	9.27%	1031 Exchange
11	Decatur Twain SC	3650 S Decatur Blvd	Las Vegas	89103	1987	Costar	7/15/2015	50,307	7.60%	Retail
12	Century Theatres	11 N Sierra St	Reno	89501	1999	Costar	12/5/2016	52,474	8.81%	Investment-Triple Net
13	The Shoppes on Rainbow	1250 S Rainbow Blvd	Las Vegas	89146	1990	Costar	12/21/2018	64,610	8.77%	1031 Exchange
14	Imperial Plaza	4343 N Rancho Dr	Las Vegas	89130	1996	Costar	4/3/2017	62,000	8.05%	Two Floor Retail
15	Mission Center	2256 Oddie Blvd	Sparks	89431	1975	Costar	8/19/2015	66,618	7.00%	Deferred maint property
16	Silverada Plaza	2424 Oddie Blvd	Sparks	89512	1967	Costar	5/29/2015	73,414	10.05%	Freestanding Retail

The above data was obtained from what is believed to be reliable sources and has not been independently verified.

Median	8.03%
Mean	8.07%

Cap Rate Analysis/Adjustmer Primary variables are age and quality of Tenant.

Cap Rate Range is: Minimum 6.57% Maximum 10.05%

With the broad range of cap rates, the below chart removes tenant quality and adjusts for age on a 5-year adjustment.
The calculation is based on 6.22% To 10.1%

For property tax purposes it is important to treat all real property equitable, irrespective of the 'quality' of the tenant.
Therefore, I have made a trended adjustment for both age as well as an adjustment to remove the 'quality' of the tenant.
This sample is based on published listings and sale cap rate data. Additional data could change the results.

- Cap Rate Range -

This worksheet analysis makes the assumption that the lower cap rates reflect better quality long-term tenants. investment properties
The higher cap rates are assumed to reflect properties that have lost the first generation anchor or are vacant. - Unencumbered
With the key variables being tenant quality and age I have used the below chart to trend the range in 5-yr increments over a 35-yr period.

- Adjustment for tenant quality -

From this data, in order to use a non-specific/ave tenant for equity purposes I have applied the below adjustment.
Since older centers may have lost original tenants, the cap rate impact of the tenant diminishes over time.

Adjustment 1: Age-Trended cap rate range over 35 year period - applied each 5-yr period

10.05% -6.57% 3.48% / 35 0.0994% x 5 = 0.497%

Adjustment 2: Non-Specific Tenant - Trend is; Median - Low Cap = non specific tenant adjust. over 35-years in 5-yr periods.

Median 8.03% Low 6.57% Adjust % 1.46%

Age/Tenant Analysis - Cap Rate Adjustment

Year	Cap	Age Adj	Non-Specific Tenant Adjustment	
2019	6.22%	0.497%	1.46%	7.68%
2014	6.72%	0.497%	1.21%	7.92%
2009	7.21%	0.497%	0.96%	8.17%
2004	7.71%	0.497%	0.71%	8.42%
1999	8.21%	0.497%	0.46%	8.67%
1994	8.71%	0.497%	0.21%	8.92%
1989	9.20%	0.497%	-0.04%	9.17%
1984	9.70%	0.497%	-0.29%	9.42%

Sales Comparison

Location: US04768G - SAMS (US04768)
4835 KIETZKE LANE
RENO (S)

Account 024-055-52

SALES COMPARISON ADJUSTMENT TABLE

US04768G - SAMS (US047 4835 KIETZKE LANE RENO (S))		Sale #1 Walmart (Former) Las Vegas		Sale #2 Sunset Place (Kmart) Las Vegas		Sale #3 Kohl's (Leased Fee) Reno		Sale #4 Kmart (Former) Carson City	
Real Estate Transaction		DATA ADJUSTMENT		DATA ADJUSTMENT		DATA ADJUSTMENT		DATA ADJUSTMENT	
Subject									
N/A		Sale Price		\$6,300,000		\$5,000,000		\$9,350,000	
N/A		Sale Price/Sq. Ft.		\$30.54		\$57.82		\$98.94	
Fee Simple		Prop. Rights Conveyed		Fee Simple 0.0%		Fee Simple 0.0%		Leased Fee -50.0%	
N/A		Cash Equivalency		Possible Restrict 10.0%		Typical 0.0%		Typical 0.0%	
N/A		Conditions of Sale		Typical 0.0%		Typical 0.0%		Typical 0.0%	
1/1/2019		Market Conditions		February-18 0.0%		January-18 0.0%		September-17 0.0%	
		Adjusted Sale Price		\$6,930,000 9.1%		\$5,000,000 0.0%		\$4,675,000 -50.0%	
		Adjusted Price / SF		\$33.59		\$57.82		\$49.47	
		Property Characteristics							
Big Box		Location / Size		Inferior + 20%		Inferior + 8%		Similar 1%	
151,608		Bldg: Size/Qual./Design		206,302 5%		86,479 -3%		94,500 -27%	
2002		Age/ Condition		2000 3%		1988 26%		1990 23%	
530,561		Land Area (SF)		829,818		328,442		395,960	
3.5		Land / Bldg Ratio		4.02 1%		3.80 1%		4.19 2%	
No		Flood Zone		No 0.0%		No 0.0%		No 0.0%	
No		Multi-Tenant		No 0.0%		No 0.0%		No 0.0%	
WEIGHTED INDICATOR \$SF		Net Adjustment		\$ 9,017,464 30%		\$ 6,599,799 32%		\$ 4,597,528 -2%	
\$63.07		Adjusted Price / SF		\$43.71		\$76.32		\$48.65	
100%		WEIGHTED COMPARISON		30%		60%		5%	

0

SALES COMPARISON APPROACH CONCLUSION

		MARKET VALUE RANGE		\$/sqft
WEIGHTED COMPARISON	HIGH	11,570,000		\$76.32
	LOW	5,260,000		\$34.66
		9,560,000		\$63.07
Value Conclusion		\$9,560,000		\$63.06

SALE COMP DATA PAGES

4350 N Nellis Blvd

Wal-Mart Supercenter
Las Vegas, NV 89115

206,302 SF Retail Freestanding Building Built in 2000
Property is for sale at \$8,950,000 (\$43.38/SF)

buyer

For Sale

SOLD 02/02/2018

seller **\$6,300,000 (\$30.54/sq. Ft.)**



vital data

Days on Market: 712 days
Conditions: -
Land Area SF: 829,818 SF
Acres: 19.05 AC
\$/SF Land Gross: -
Year Built, Age: 2000 Age: 18
Parking Spaces: 665
Parking Ratio: 3.25/1000 SF
FAR: 0.25
Lot Dimensions: -
Frontage: 999 feet on Craig Rd


Asking Price: \$8,950,000
Status: For Sale
Building SF: 206,302 SF
Price/SF: \$43.38
Pot Office: -
Actual Cap Rate: -
Corner: No
Zoning: C-2
Submarket: Northeast Las Vegas Ret
Map Page: -
Parcel No: 140-04-310-002
Property Type: Retail

income expense data

Listing Broker

Albright Callister & Associates
3656 N Rancho Dr
Las Vegas, NV 89130
(702) 732-1000
Douglas H. Albright, Bryan Houser

Buyer Broker

3760 E Sunset Rd Sunset Place Las Vegas, NV 89120 Freestanding (Community Center) Building of 86,479 SF Sold on 1/8/2018 for \$5,000,000 - Research Complete																																																																										
buyer The Church at South Las Vegas, Inc. 3051 W Horizon Ridge Pky Henderson, NV 89052 (702) 361-1579																																																																										
seller RD Management, LLC 810 Seventh Ave New York, NY 10019 (212) 265-6600																																																																										
vital data																																																																										
<table border="0"> <tr> <td>Escrow/Contract:</td> <td>365 days</td> <td>Sale Price:</td> <td>\$5,000,000</td> </tr> <tr> <td>Sale Date:</td> <td>1/8/2018</td> <td>Status:</td> <td>Confirmed</td> </tr> <tr> <td>Days on Market:</td> <td>548 days</td> <td>Building SF:</td> <td>86,479 SF</td> </tr> <tr> <td>Exchange:</td> <td>No</td> <td>Price/SF:</td> <td>\$57.82</td> </tr> <tr> <td>Conditions:</td> <td>-</td> <td>Pro Forma Cap Rate:</td> <td>-</td> </tr> <tr> <td>Land Area SF:</td> <td>328,442</td> <td>Actual Cap Rate:</td> <td>-</td> </tr> <tr> <td>Acres:</td> <td>7.54</td> <td>Down Pmnt:</td> <td>-</td> </tr> <tr> <td>\$/SF Land Gross:</td> <td>\$15.22</td> <td>Pct Down:</td> <td>-</td> </tr> <tr> <td>Year Built, Age:</td> <td>1988 Age: 30</td> <td>Doc No:</td> <td>18010800273</td> </tr> <tr> <td>Parking Spaces:</td> <td>517</td> <td>Trans Tax:</td> <td>-</td> </tr> <tr> <td>Parking Ratio:</td> <td>5.97/1000 SF</td> <td>Cover:</td> <td>No</td> </tr> <tr> <td>FAR:</td> <td>0.26</td> <td>Zoning:</td> <td>C-2</td> </tr> <tr> <td>Lot Dimensions:</td> <td>-</td> <td>No Tenants:</td> <td>1</td> </tr> <tr> <td>Frontage:</td> <td>682 feet on E Sunset Rd 636 ...</td> <td>Percent Improved:</td> <td>64.2%</td> </tr> <tr> <td>Tenancy:</td> <td>Single</td> <td>Submarket:</td> <td>Southeast Las Vegas Ret</td> </tr> <tr> <td>Comp ID:</td> <td>4108518</td> <td>Map Page:</td> <td>-</td> </tr> <tr> <td></td> <td></td> <td>Parcel No:</td> <td>161-31-402-001</td> </tr> <tr> <td></td> <td></td> <td>Property Type:</td> <td>Retail</td> </tr> </table>			Escrow/Contract:	365 days	Sale Price:	\$5,000,000	Sale Date:	1/8/2018	Status:	Confirmed	Days on Market:	548 days	Building SF:	86,479 SF	Exchange:	No	Price/SF:	\$57.82	Conditions:	-	Pro Forma Cap Rate:	-	Land Area SF:	328,442	Actual Cap Rate:	-	Acres:	7.54	Down Pmnt:	-	\$/SF Land Gross:	\$15.22	Pct Down:	-	Year Built, Age:	1988 Age: 30	Doc No:	18010800273	Parking Spaces:	517	Trans Tax:	-	Parking Ratio:	5.97/1000 SF	Cover:	No	FAR:	0.26	Zoning:	C-2	Lot Dimensions:	-	No Tenants:	1	Frontage:	682 feet on E Sunset Rd 636 ...	Percent Improved:	64.2%	Tenancy:	Single	Submarket:	Southeast Las Vegas Ret	Comp ID:	4108518	Map Page:	-			Parcel No:	161-31-402-001			Property Type:	Retail
Escrow/Contract:	365 days	Sale Price:	\$5,000,000																																																																							
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income expense data		Listing Broker Terra West Realty & Development (702) 765-8891 Bob Miller																																																																								
<table border="0"> <tr> <td>Expenses</td> <td>- Taxes</td> <td>\$51,764</td> </tr> <tr> <td></td> <td>- Operating Expenses</td> <td></td> </tr> <tr> <td></td> <td>Total Expenses</td> <td>\$51,764</td> </tr> </table>		Expenses	- Taxes	\$51,764		- Operating Expenses			Total Expenses	\$51,764	Buyer Broker <table border="0"> <tr> <td> Coldwell Banker Premier Realty 10120 S Eastern Ave Henderson, NV 89052 (702) 458-7070 Stan Hicks </td> <td> Coldwell Banker Premier 8290 W Sahara Ave Las Vegas, NV 89117 (702) 871-9500 Ron Opfer </td> </tr> </table>	Coldwell Banker Premier Realty 10120 S Eastern Ave Henderson, NV 89052 (702) 458-7070 Stan Hicks	Coldwell Banker Premier 8290 W Sahara Ave Las Vegas, NV 89117 (702) 871-9500 Ron Opfer																																																													
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financing																																																																										

5150 Mae Anne Ave

Kohl's - Ridgeway Plaza
Reno, NV 89523

Department Store Building of 94,500 SF Sold on 9/12/2017 for
\$9,350,000 - Research Complete

buyer

CRG Investments
223 E Strawberry Dr
Mill Valley, CA 94941
(415)388-5122

seller

Randy Yoder
659 SW 1st Ave
Canby, OR 97013
(503)263-8557

**vital data**

Escrow /Contract:	-	Sale Price:	\$9,350,000
Sale Date:	9/12/2017	Status:	Confirmed
Days on Market:	-	Building SF:	94,500 SF
Exchange:	No	Price/SF:	\$98.94
Conditions:	-	Pro Forma Cap Rate:	-
Land Area SF:	395,960	Actual Cap Rate:	-
Acres:	9.09	Down Pmnt:	\$3,275,000
\$/SF Land Gross:	\$23.61	Pct Down:	35.0%
Year Built, Age:	1990 Age: 27	Doc No:	000004743662
Parking Spaces:	-	Trans Tax:	\$38,335
Parking Ratio:	-	Cornet:	No
FAR	0.24	Zoning:	A C
Lot Dimensions:	-	No Tenants:	1
Frontage:	-	Percent Improved:	58.7%
Tenancy:	Single	Submarket:	Northwest Reno Ret
Comp ID:	4042775	Map Page:	-
		Parcel No:	039-750-13
		Property Type:	Retail

income expense data

Expenses	- Taxes	\$99,383
	- Operating Expenses	
	Total Expenses	\$99,383

Listing Broker

Capital Pacific 180 Montgomery St San Francisco, CA 94104 (415)274-2700 Chris Kostanecki	Capital Pacific 4260 SW Galewood St Lake Oswego, OR 97035 (503) 675-8380 Kevin A. datto
------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------

Buyer Broker

Capital Pacific
180 Montgomery St
San Francisco, CA 94104
(415)274-2700
Chris Kostanecki

financing

1st Cantor Commercial Real Estate Lending LP
Bal/Pmt: \$6,075,000

3456 N Carson St, Carson City, NV 89706



Property Details

Price	\$4,350,000
No. Unit	0
Gross Leasable Area	180,000 SF
Total Lot Size	18.53 AC
Property Type	Retail
No. Stories	1
Building Class	C
Year Built	1995
Zoning Description	RC-P
Tax ID/APN	007-462-02
Status	Active

Broker Information

John Mulder
(775) 745-1199

Property Notes

Sale Notes

PRICE \$4,350,000
Former Super K Mart 170,000 sq ft +/-

Fitness 1440 is now in their permanent 10,000 sq ft space. NOI \$150,000. Other Tenants are being considered for immediate and future development.

Extraordinary upside transformation from single use building to multi-tenant use complete.

Neighboring center tenants include Starbucks Coffee, Quiznos, Cingular Wireless and Bully's Sports Bar and Grill, and other in line shops.

Neighborhood tenants include Carson Tahoe Regional Medical Center, Western Nevada College, Save Mart (Grocery), Silver Oak Golf Club and other retail centers.

Call for details.

Highlights

10,000 National Net Lease in place	All amenities upgraded to multi-Tenant capability and fully functional
------------------------------------	------------------------------------------------------------------------

278 S Decatur Blvd Former Target Las Vegas, NV 89107 Retail Building of 101,730 SF Sold on 12/24/2014 for \$5,961,459 - Research Complete (Part of Multi-Property)			
buyer			
Clark County Health District 625 Shadow Ln Las Vegas, NV 89106 (702)385-1291			
seller			
BrittenGlobal 120 S Sierra Ave Solana Beach, CA 92075 (858)362-1698			
vital data			
Escrow/Contract: - Sale Date: 12/24/2014 Days on Market: - Exchange: No Conditions: - Land Area SF: 328,007 Acres: 7.53 \$/SF Land Gross: \$18.17 Year Built, Age: 1987 Age: 27 Parking Spaces: 250 Parking Ratio: 2.85/1000 SF FAR 0.31 Lot Dimensions: - Frontage: 640 feet on Decatur Blvd 631 ... Tenancy: Single Comp ID: 3209365		Sale Price: \$5,961,459 Status: Allocated Building SF: 101,730 SF Price/SF: \$58.60 Pro Forma Cap Rate: - Actual Cap Rate: - Down Pmnt: - Pct Down: - Doc No: 14122400947 Trans Tax: - Corner: No Zoning: C-1, Las Vegas Percent Improved: - Submarket: Central West Las Vegas Re Map Page: - Parcel No: - Property Type: Retail	
income expense data		Listing Broker	
Expenses - Taxes \$63,449 - Operating Expenses Total Expenses \$63,449		Colliers International 3960 Howard Hughes Pky Las Vegas, NV 89169 (702)735-5700 Joseph Bonifatto	
		Buyer Broker	
		Newmark Knight Frank 3930 Howard Hughes Pky Las Vegas, NV 89169 (702)733-7500 Mike Tabeeek, SIOR, CCIM, Larry Singer	
financing		prior sale	
		Date/Doc No: 12/23/2014 (14122303113) Sale Price: \$5,000,000 CompID: 3195249	

4855 Summit Ridge Dr

Reno, NV 89523

Freestanding Building of 166,318 SF Sold on 8/11/2017 for
\$4,525,000 - Research Complete**buyer****Michael Gancar**
369 San Miguel Dr
Newport Beach, CA 92660
(949) 721-6776**seller****Sierra Field Services, Inc.**
527 Washington St
Reno, NV 89503
(775) 825-6839**vital data**

Escrow/Contract: -
Sale Date: 8/11/2017
Days on Market: -
Exchange: No
Conditions: -
Land Area SF: 851,162
Acres: 19.54
\$/SF Land Gross: \$5.32
Year Built, Age: 1996 Age: 21
Parking Spaces: 1,035
Parking Ratio: 6.22/1000 SF
FAR: 0.20
Lot Dimensions: -
Frontage: -
Tenancy: -
Comp ID: 3989961

Sale Price: \$4,525,000
Status: Confirmed
Building SF: 166,318 SF
Price/SF: \$27.21
Pro Forma Cap Rate: -
Actual Cap Rate: -
Down Pmt: -
Pct Down: -
Doc No: 000004733637
Trans Tax: \$18,552.50
Corner: No
Zoning: CC
No Tenants: 2
Percent Improved: 13.8%
Submarket: Northwest Reno Ret
Map Page: -
Parcel No: 400-040-07
Property Type: Retail

income expense data**Listing Broker**

No Listing Broker on Deal

Buyer Broker

No Buyer Broker on Deal

financing**prior sale**

Date/Doc No: 9/10/2013
Sale Price: \$4,000,000
CompID: 2844903

2100 Olympic Ave

Henderson, NV 89014

Health Club Building of 155,476 SF Sold on 3/3/2016 for \$6,500,000

buyer

American Heritage Academy
5126 S Sandhill Rd
Las Vegas, NV 89120
(702) 949-5814

seller

Leisure Sports, Inc.
7077 Koll Center Pky
Pleasanton, CA 94566
(925) 600-1966

**vital data**

Escrow/Contract: -
Sale Date: 3/3/2016
Days on Market: 415 days
Exchange: No
Conditions: -
Land Area SF: 449,194
Acres: 10.31
\$/SF Land Gross: \$14.47
Year Built, Age: 1987 Age: 29
Parking Spaces: 250
Parking Ratio: 3.21/1000 SF
FAR: 0.35
Lot Dimensions: 766x594
Frontage: 834 feet on Olympic Ave (with 1 ...
Tenancy: Single
Comp ID: 3532708

Sale Price: \$6,500,000
Status: Confirmed
Building SF: 155,476 SF
Price/SF: \$41.81
Pro Forma Cap Rate: -
Actual Cap Rate: -
Down Pmt: -
Pct Down: -
Doc No: -
Trans Tax: -
Corner: No
Zoning: CC, Las Vegas
Percent Improved: 79.0%
Submarket: Southeast Las Vegas Ret
Map Page: Front Boys 57-7C56
Parcel No: 161-32-401-001
Property Type: Retail

income expense data

Expenses	- Taxes	\$53,262
	- Operating Expenses	
	Total Expenses	\$53,262

Listing Broker

CBRE
3993 Howard Hughes Pky
Las Vegas, NV 89169
(702) 369-4800
Charles Moore, Marlene Fujita, Laura Hart

Buyer Broker**financing****prior sale**

Date/Doc No:	2/23/2016
Sale Price:	-
CompID:	3548022

4854 W Lone Mountain Rd

Sears Outlet Store - Lone Mountain Plaza
Las Vegas, NV 89130

(Neighborhood Center) Building of 62,620 SF Sold on 3/18/2016
for \$4,000,000 - Research Complete

buyer

George Mersho
1681 Lucca St
San Jose, CA 95138
(408) 460-8833

seller

NuVision Holdings LLC
2029 Century Park
Los Angeles, CA 90067
(310) 927-4060

**vital data**

Escrow/Contract:	30 days	Sale Price:	\$4,000,000
Sale Date:	3/18/2016	Status:	Confirmed
Days on Market:	-	Building SF:	62,620 SF
Exchange:	No	Price/SF:	\$63.88
Conditions:	-	Pro Forma Cap Rate:	-
Land Area SF:	229,126	Actual Cap Rate:	-
Acres:	5.26	Down Pmnt:	\$4,000,000
\$/SF Land Gross:	\$17.46	Pct Down:	100.0%
Year Built, Age:	1993 Age: 23	Doc No:	16031800039
Parking Spaces:	-	Trans Tax:	-
Parking Ratio:	-	Cornet:	No
FAR	0.27	Zoning:	C-1
Lot Dimensions:	-	No Tenants:	1
Frontage:	-	Percent Improved:	78.9%
Tenancy:	Single	Submarket:	North Las Vegas Ret
Comp ID:	3552103	Map Page:	-
		Parcel No:	125-36-818-001 [Partial List]
		Property Type:	Retail

income expense data

Expenses	- Taxes	\$18,333
	- Operating Expenses	
	Total Expenses	\$18,333

Listing Broker**Buyer Broker**

Colliers International
3960 Howard Hughes Pky
Las Vegas, NV 89169
(702) 735-5700
Dan Gluhlich

financing**prior sale**

Date/Doc No:	5/18/2012 (12051803299)
Sale Price:	\$1,500,000
CompID:	2319243

4355 S Grand Canyon Dr

Sears - Grand Canyon Parkway
Las Vegas, NV 89147

Department Store Building of 162,000 SF Sold on 2/27/2015 for
\$8,000,000 - Non-Arms Length - Research Complete

buyer

seller

Joba Vegas Llc

**vital data**

Escrow/Contract:	-	Sale Price:	\$8,000,000
Sale Date:	2/27/2015	Status:	-
Days on Market:	266 days	Building SF:	162,000 SF
Exchange:	No	Price/SF:	\$49.38
Conditions:	-	Pro Forma Cap Rate:	-
Land Area SF:	530,996	Actual Cap Rate:	-
Acres:	12.19	Down Pmnt:	-
\$/SF Land Gross:	\$15.07	Pct Down:	-
Year Built, Age:	2004 Age: 11	Doc No:	15022704242
Parking Spaces:	798	Trans Tax:	\$40,800
Parking Ratio:	4.92/1000 SF	Cover:	No
FAR:	0.31	Zoning:	C-2
Lot Dimensions:	-	No Tenants:	2
Frontage:	779 feet on Grand Canyon Dr ...	Percent Improved:	74.6%
Tenancy:	Single	Submarket:	Southwest Las Vegas Ret
Comp ID:	3248153	Map Page:	-
		Parcel No:	163-19-211-002
		Property Type:	Retail

income expense data**Listing Broker****Buyer Broker****financing****prior sale**

1st American National Insurance Co.
Bal/Pmt: \$4,000,000

Date/Doc No:	10/5/2009
Sale Price:	\$3,771,333
Comp ID:	1803992



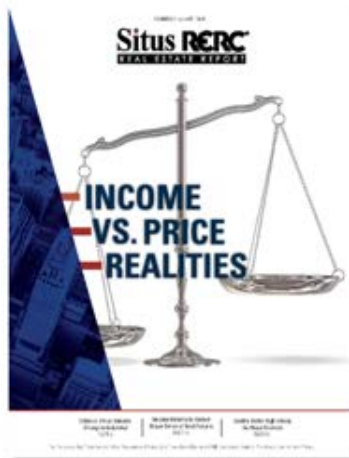
BIG BOX VALUATION REALITIES

January 2019

Dane Anderson MAI, CCIM
Director
danderson@rerc.com

Real Estate Research Corporation (RERC)

- Founded 1931
- Value-centric firm



Situs RERC Quarterly Real Estate Report



Situs RERC Semi-Annual European Real Estate Report



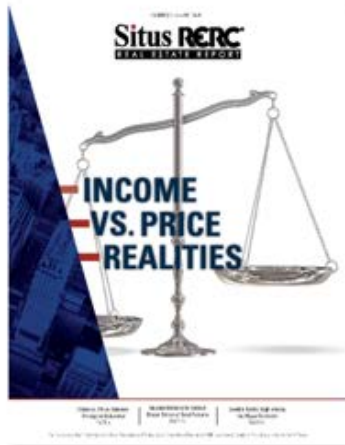
Situs RERC Annual Expectations and Market Realities in Real Estate Report



Situs RERC Semi-Annual Australian Real Estate Trends Report

Real Estate Research Corporation (RERC)

- Founded 1931
- Value-centric firm



Situs RERC Quarterly Real Estate Report



Situs RERC Semi-Annual European Real Estate Report



Situs RERC Annual Expectations and Market Realities in Real Estate Report



Situs RERC Semi-Annual Australian Real Estate Trends Report

Primary Research Objectives

- Proper fee simple valuation development
 - Appropriate comp selection
 - Variables influencing Big Box sale prices
 - Practical applications
-

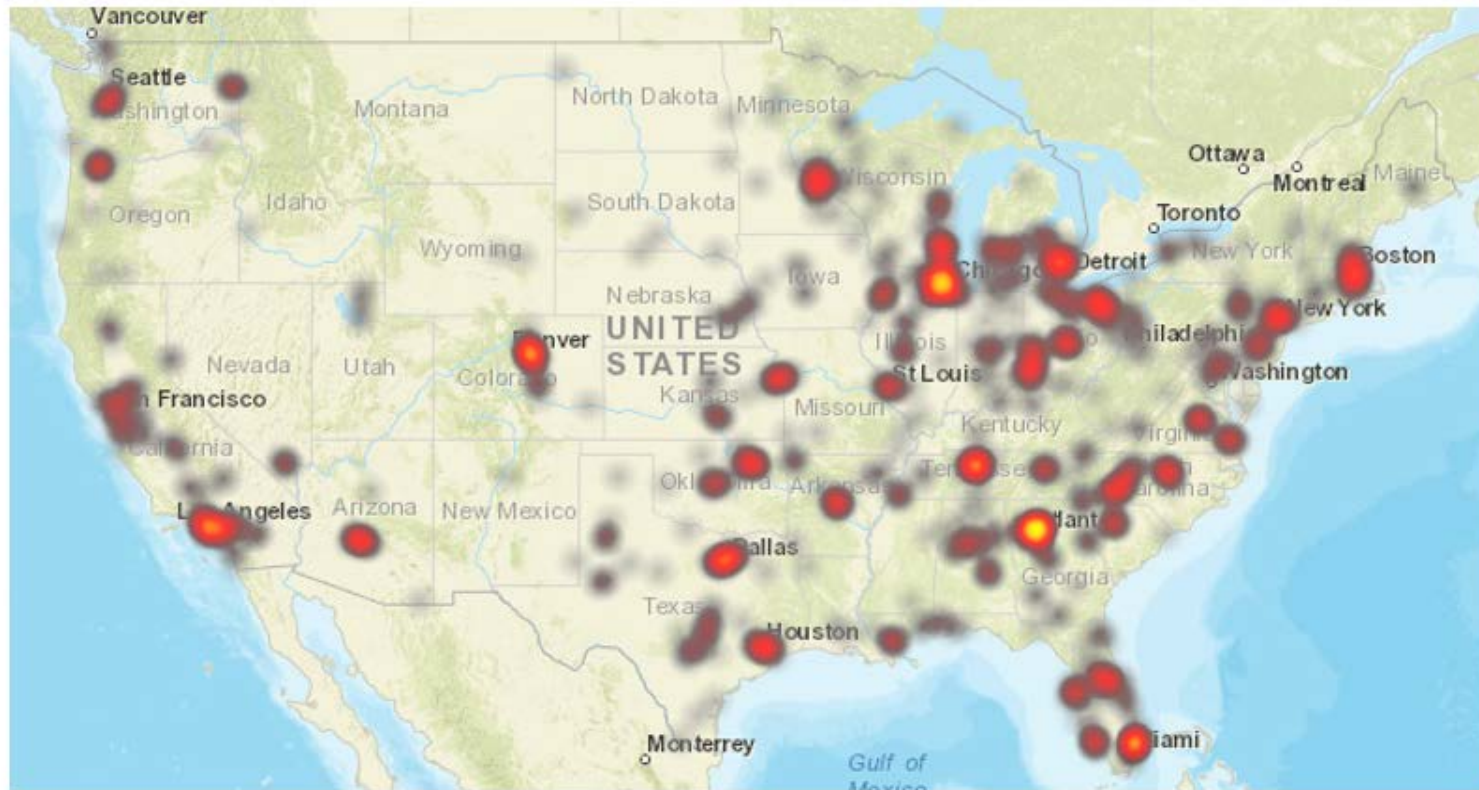
How We Defined “Big Box”

- Freestanding
 - Greater than 30,000 SF
 - Year Built 1970+
 - Single tenant/user property
 - Retail use
 - Onsite surface parking (non-CBD locations)
-

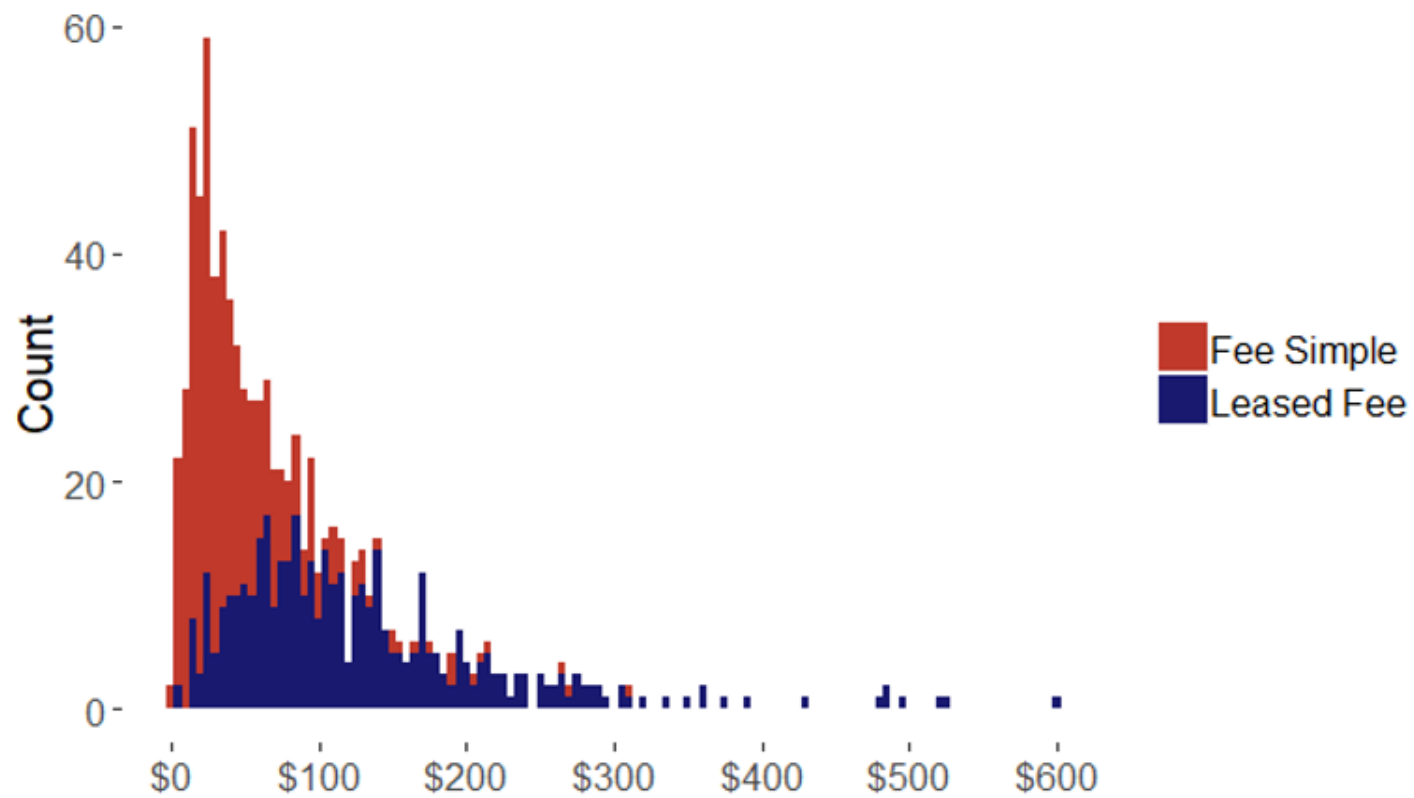
Transaction Analysis

- 843 transactions in big box data set
- CoStar, RCA, market participants
- Locational, physical, economic, transactional, demographic characteristics

Transaction Geo-distribution



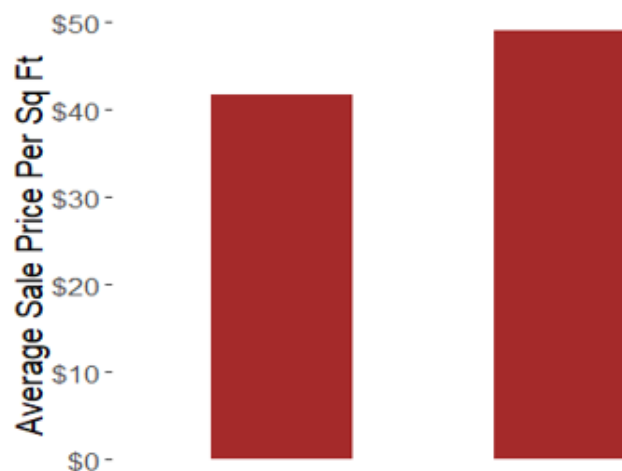
Distribution of Sales



Transaction Summary

	Fee Simple	Leased Fee
Average Sale Price/SF	\$44.82	\$126.99
Median Sale Price/SF	\$32.98	\$104.67
Average Year Built	1991	1998
Average Building Size (SF)	76,134	75,106
Average Land to Building Ratio	4.84	5.12
Average ZIP Code Population	12,111	12,510
Average ZIP Median Household Income	\$54,303	\$60,059
# of Transactions	436	407

Sales – Probable Buyer (Fee Simple)



	Investors	Owner Occupants
Average Sale Price/SF	\$41.66	\$48.96
Median Sale Price/SF	\$29.65	\$37.62
Average Year Built	1991	1990
Average Building Size (SF)	78,945	74,525
Average ZIP Code Population	32,101	32,637
Average ZIP Median Household Income	\$53,421	\$55,920
# of Transactions	211	213

Sale Analysis - Building Size Impact (Fee Simple)



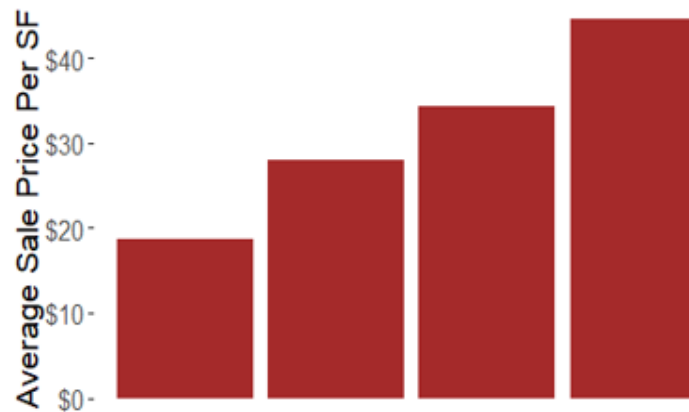
Building Size Category	30k-50k	50k-70k	70k-100k	100k-130k	130k+
Average Sale Price/SF	\$63.60	\$35.46	\$34.10	\$31.84	\$26.35
Median Sale Price/SF	\$50.75	\$27.94	\$26.24	\$27.61	\$24.11
Average Building Size (SF)	39,308	57,375	85,344	113,692	154,989
Average Year Built	1990	1987	1990	1992	1997
Average Land to Building Ratio	4.70	5.00	5.10	5.00	4.37
Average Median ZIP Household Income	\$55,729	\$52,888	\$51,011	\$53,316	\$58,128
Average ZIP Code Population	32,379	30,132	29,252	34,644	33,935
# of Transactions	174	55	73	92	42

Sale Analysis - Year Built Impact (Fee Simple, >50k SF)



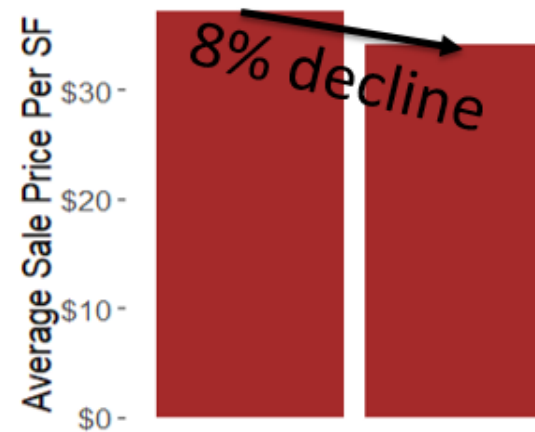
Year Built Category	1970s	1980s	1990s	2000+
Average Sale Price/SF	\$27.13	\$28.36	\$32.24	\$41.19
Median Sale Price/SF	\$20.78	\$23.02	\$26.88	\$28.68
Average Building Size (SF)	85,533	88,656	106,275	114,600
Average Year Built	1974	1985	1994	2005
Average Land-to-Building Ratio	4.55	4.47	5.24	5.15
Average Median ZIP Household Income	\$46,450	\$50,755	\$54,165	\$59,795
Average ZIP Code Population	30,459	31,949	33,272	30,995
# of Transactions	37	66	106	53

Sale Analysis - Market Size Impact (Fee Simple, >50k SF)



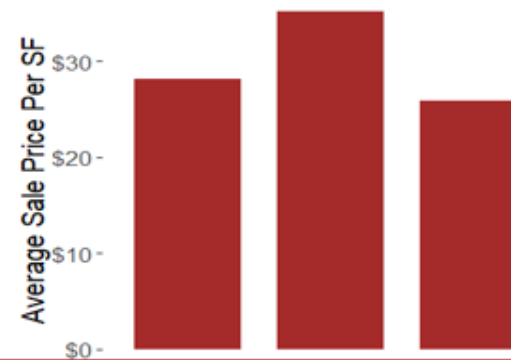
Population Category	<100k	100k-1M	1M-3M	3M+
Average Sale Price/SF	\$18.97	\$28.43	\$36.00	\$43.53
Median Sale Price/SF	\$17.68	\$25.04	\$30.59	\$34.58
Average Building Size (SF)	88,395	97,332	103,618	110,675
Average Year Built	1991	1990	1992	1992
Average Land-to-Building Ratio	5.80	5.01	4.85	4.27
Average ZIP Code Median Household Income	\$48,069	\$50,319	\$52,369	\$62,019
Average ZIP Code Population	21,137	30,151	36,064	38,634
# of Transactions	48	84	64	66

Sale Analysis - Deed Restrictions Impact (Fee Simple, >50k SF)



	No	Yes
Average Sale Price/SF	\$37.17	\$34.19
Median Sale Price/SF	\$28.85	\$26.50
Average Year Built	1990	1995
Average Building Size (SF)	93,159	114,661
Average Land to Building Ratio	4.66	5.11
Average ZIP Code Population	35,928	30,869
Average ZIP Median Household Income	\$53,782	\$55,852
# of Transactions	109	53

Sale Analysis - Days on Market Impact (Fee Simple, >50k SF)



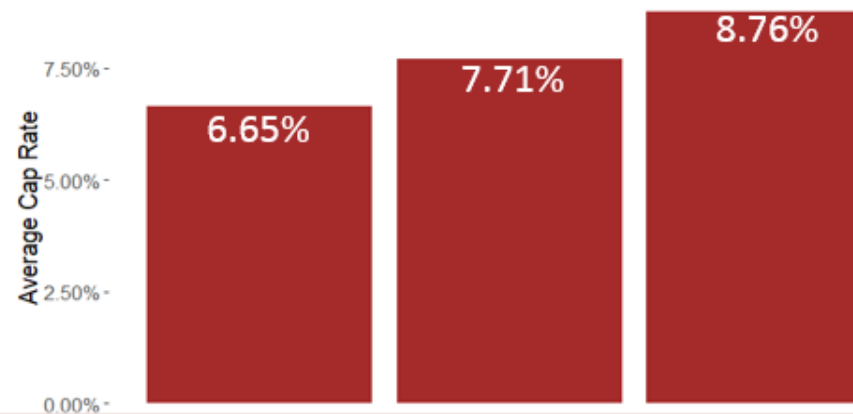
	<1 YEAR	1-3 YEARS	3+ YEARS
Average Sale Price/SF	\$28.21	\$35.22	\$25.85
Median Sale Price/SF	\$24.17	\$26.91	\$22.13
Average Days on Market	209	644	1,605
Average Building Size (SF)	100,149	104,535	105,365
Average Year Built	1991	1993	1989
Average Land-to-Building Ratio	4.65	4.76	4.53
Average ZIP Code Median Household Income	\$52,033	\$53,445	\$52,738
Average ZIP Code Population	33,065	32,682	33,990
# of Transactions	65	71	42

Big Box Survey – Ranking Significant Factors

Fee Simple	Leased Fee
Location (7.27)	Remaining Lease Term Length (6.73)
Age/condition (5.57)	Creditworthiness of Tenant (6.46)
Value of Underlying Land (5.38)	Contract Rent (6.28)
Quality of Improvements (5.21)	Location (4.91)

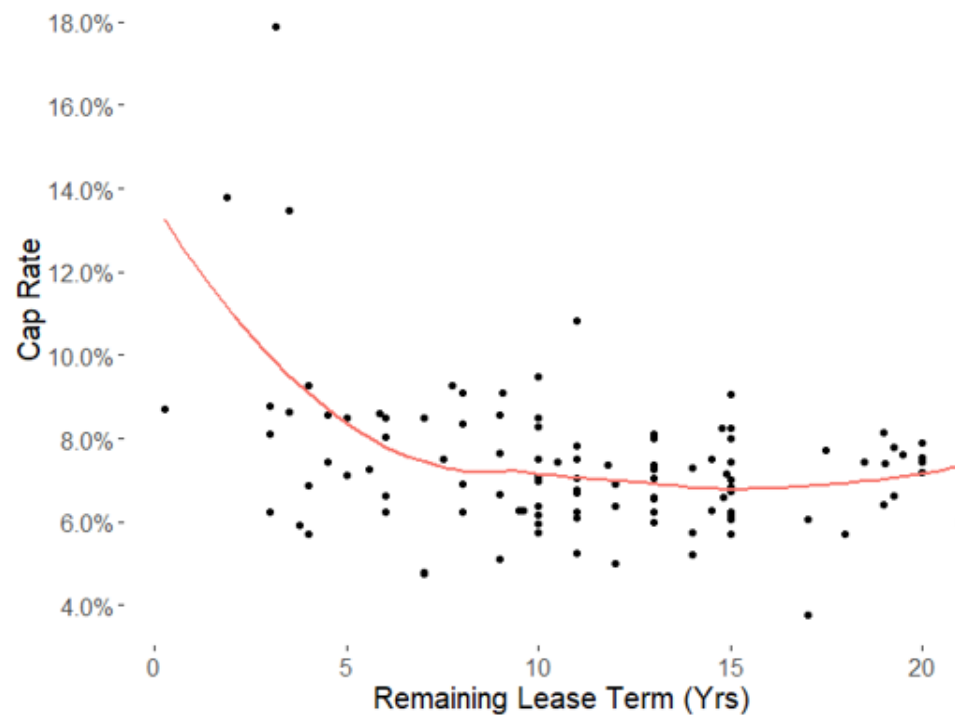
****Variables ranked by scale of 1 to 8 (higher = more significant)****

Tenant Credit Rating Impact – Sale Analysis (Leased Fee Sales, >50k SF)



	Investment Grade	Non-Investment Grade	Not Rated
Median Cap Rate	6.53%	7.28%	7.55%
Average Sale Price/SF	\$134.37	\$133.71	\$117.69
Average Building Size (SF)	122,466	82,178	80,668
Average Year Built	1998	2004	1999
Average Land to Building Ratio	4.82	4.48	4.80
Average ZIP Code Median Household Income	\$57,256	\$58,268	\$59,457
Average ZIP Code Population	31,698	38,733	34,290
# of Transactions	66	44	62

Remaining Lease Term Impact – Sales Analysis (Leased Fee Sales)



Appendix A

Definitions

Market Value¹

- No undue stimulus
- Sale as of a specified date
- Value in exchange

¹ FIRREA, IVS, Appraisal Institute, RICS Red Book, Yellow Book definitions

Value in Exchange

“A type of value that reflects the amount that can be obtained for an asset if exchanged between parties. Examples include market value, fair value, liquidation value, and disposition value.”¹

¹*The Dictionary of Real Estate*, 6th edition

Value in Use

“The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually.” ¹

¹*The Dictionary of Real Estate*, 6th edition

Fee Simple Estate

“Absolute ownership **unencumbered by any other interest or estate**, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”¹

¹*The Dictionary of Real Estate*, 6th edition

Leased Fee Interest

“The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.”¹

¹*The Dictionary of Real Estate*, 6th edition

Market Rent

“The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).”¹

¹*The Dictionary of Real Estate*, 6th edition

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.¹

¹*The Dictionary of Real Estate*, 6th edition

Appendix B

Deed Restrictions Example

Deed Restrictions — Example

“The property shall not be used for or in support of the following: (i) a grocery store or supermarket, a wholesale club, discount department store or other discount store, or a pharmacy...The Property Restrictions shall terminate 15 years from the recording of this deed...”