



JOHN S. WRIGHT & ASSOCIATES
REAL ESTATE APPRAISALS AND CONSULTING

AN APPRAISAL OF THE
**FORMER CITY OF RENO
COMMUNITY ASSISTANCE COMPLEX**

Owned By
The City of Reno, a Municipal Corporation

Located at
315 & 335 Record Street
Reno, Nevada 89512

Prepared for
Ms. Lori Miles, SR/WA
Property Agent
City of Reno
1 E. First Street
Reno, NV 89501

Serving Northern Nevada

Mailing Address:
388 Fairway Boulevard
Spring Creek, NV 89815

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For the Purposes of Supporting the Following Opinions of Value:

Valuation Scenario	Property Rights	Date of Value
Current Market Value	Fee Simple	April 15, 2024



JOHN S. WRIGHT & ASSOCIATES, LLC.

REAL ESTATE APPRAISALS AND CONSULTING

388 Fairway Boulevard, Spring Creek, NV 89815

Phone: 775-626-3993

May 31, 2024

Ms. Lori Miles, SR/WA
Property Agent
City of Reno
1 E. First Street
Reno, NV 89501

RE: Former Reno Community Assistance Center
315 & 335 Record Street
Reno, NV 89512
APNs: 007-313-27, 28 & 29; 007-314-14; 008-350-10
and a portion of Record Street

Dear Ms. Miles:

This is in response to your request for an appraisal report addressing the Current Market Value of a 2.353± acre (102,507± square foot) property located south of the southern terminus of Record Street, 204.33± feet south of East 4th Street in the northeastern portion of downtown Reno, Washoe County, Nevada. The subject ownership comprises all of Washoe County Assessor's parcel numbers (APNs) 007-313-27, 28 and 29, as well as APN 07-314-14; 0.807± acres of the 2.19± acre APN 008-350-10 and 0.214± acres comprising the southern 116.41± feet of the existing right-of-way for Record Street. The subject is improved with two buildings, with the one on APN 007-313-27 having an address of 335 Record Street and the one on APN 007-313-28 having an address of 315 Record Street. Legal descriptions for portions of the subject are set forth in the attached appraisal report. The subject property is owned by The City of Reno, a Municipal Corporation.

The site is of irregular shape, having 564.69±' of frontage on the Union Pacific Railroad right-of-way along its south property line. The railroad tracks adjacent to the subject site are depressed below grade. The west edge of the subject steps up to the north and east. As a result, the north edge of the property is relatively short, being 220.41± feet. The east edge of the subject is formed by the right-of-way for a spur line of the Union Pacific Railroad. The site has full ingress and egress from and to Evans Avenue along its west property line, an unnamed alley along portions of its north and west property lines, as well as Record Street along its north property line.

The subject is bordered on the west, across Evans Avenue by the RTC Transfer Station; on the north by two small vacant parcels, the USA Manor Apartments; and a facility for the Reno Sparks Gospel Mission, as well as a facility operated by Catholic Charities to the east. The site involves near level topography and all utilities are immediately available to the site. At the present time, the majority of the subject property is zoned MU-ED (Mixed-Use Downtown Entertainment District), while APN 007-314-14 and part of the APN 008-350-10 portion of the subject is zoned MU-ID (Mixed Use Downtown Innovation District). Both of these zonings allow for a wide variety of industrial, office, retail, and residential uses. There do not appear to be any floodplains, earthquake hazards, soils conditions,

JSWA

environmental contamination, or other factors which would adversely impact the value or development potential of the property.

The two subject buildings were constructed in 2005 and 2007 respectively, which makes them less than 20 years old. However, based on my inspection, the subject buildings are in only fair condition. During my inspection, evidence of numerous roof leaks was noted. Additionally, the elevators in the subject buildings are not functional, the flooring has generally reached the end of its economic life, many walls need repair and laid-in acoustic tiles need replacement. Reportedly, there are mold issues, the HVAC systems have been vandalized and the boiler rooms have been dismantled. According to cost estimates provided by the client, the anticipated hard costs to rehabilitate the subject buildings, to make them useable, would be approximately \$10,100,000., or approximately \$145.11 per square foot of building area. This cost estimate does not include any allowance for site improvements. Based on my observations, the subject's location, and the costs of renovation, I have concluded that the Highest and Best Use of the subject would be for redevelopment of the subject with a use or multiple uses permitted under the current zoning. The subject property, the sub-market, and the entire Reno-Sparks area are more completely discussed in subsequent sections of this report

The purpose of this appraisal is to derive an opinion of the Current Market Value of the fee simple interest in the subject property. The following document complies with the reporting requirements for an Appraisal Report as set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP), as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The following Appraisal Report presents and discusses the data, reasoning and analyses that were used in the appraisal process to develop the opinions of value. The depth of discussion contained in the report is specific to the needs of the client, City of Reno, and for the intended use of the report, which is to provide an opinion of Market Value of the subject property (land only) to meet statutory requirements for the city to sell the property. As I have completed appraisals on a number of vacant land properties in the Reno-Sparks area, including the subject submarket, I attest to having adequate geographic and technical competence to complete a competent appraisal of the subject.

This appraisal is not based on the following Extraordinary Assumptions:

1. The subject ownership comprises a portion of APN 008-350-10. According to Record of Survey Map 5409, this parcel contains 2.19± acres of land area. According to information provided the undersigned by the client, the portion of APN 008-350-10, which is part of the subject property, comprises 0.807± acres (35,159± square feet) of land area. This appraisal is based on the assumption that the land area provided the undersigned is accurate and the valuations contained in this report are based on this land area. The use of this assumption may have affected the assignment results.
2. The subject ownership comprises the southern portion of Record Street, comprising the portion of the right-of-way that is south of the north line of APN 007-313-27, extended easterly to the east edge of the Record Street right-of-way. Based on my calculations, derived using the dimensions on the Assessor's map, I have concluded that the Record Street right-of-way in the subject ownership contains 0.214± acres (9,313± square feet) of land area. This appraisal is based on the assumption that the land area calculated by the undersigned is accurate and the valuations contained in this report are based on this land area. The use of this assumption may have affected the assignment results.

3. My inspection of the subject indicated that the subject buildings are currently in only fair condition. There is evidence of numerous roof leaks, Additionally, the elevators in the subject buildings are not functional, the flooring has generally reached the end of its economic life, many walls need repair and laid-in acoustic tiles need replacement. Reportedly, there are mold issues, the HVAC systems have been vandalized and the boiler rooms have been dismantled. According to cost estimates provided by the client, the anticipated hard costs to renovate the subject buildings, to make them useable, would be approximately \$10,100,000, or approximately \$145.11 per square foot of building area. These estimates appear to be reasonable and so they have been accepted by the undersigned as being reasonable. The use of this assumption may have affected the assignment results.

This appraisal is also based on the following Hypothetical Conditions:

1. This appraisal assumes that the portion of APN 008-350-10 that is within the subject ownership is a separate legal parcel or has been incorporated within one of the other parcels in the subject ownership. Because the client will accomplish this at no cost to the seller, I have not made any adjustment for the cost of separating the subject portion of APN 008-350-10 from the balance of the parcel. Because the client will be selling the subject ownership after the adjustment to APN 007-350-10 has already occurred, valuing the subject under this Hypothetical Condition is deemed reasonable for analysis purposes. As a result, the use of this Hypothetical Condition is permissible under USPAP. The use of this Hypothetical Condition may have affected the assignment results.
2. This appraisal assumes that the southern 116.41± feet of the right-of-way for Record Street has been abandoned by the City of Reno and that this area has been incorporated into the Subject Ownership. Because the client will accomplish this at no cost to the seller, I have not made any adjustment for the cost of adding this area to the subject ownership. Because the client will be selling the subject ownership after the adjustment to Record Street has already occurred, valuing the subject under this Hypothetical Condition is deemed reasonable for analysis purposes. As a result, the use of this Hypothetical Condition is permissible under USPAP. The use of this Hypothetical Condition may have affected the assignment results.

This appraisal is not based on any contingencies. Based upon a careful analysis of the data summarized in the attached report, the following opinions of value were derived for the subject property (land only) as of the February 1, 2024 date of last inspection and effective date of valuation:

Valuation Summary

Valuation Scenario	Date of Value	Interest Valued	Value Conclusion
Current Market Value	May 15, 2024	Fee Simple	\$3,400,000

Respectfully submitted,

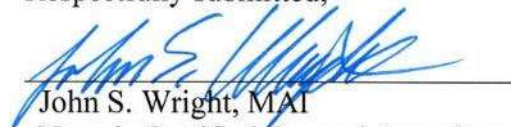

 John S. Wright, MAI
 Nevada Certified General Appraiser
 License No.: A.0000191-CG
 Expires: May 31, 2025



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SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Property Name	Former Community Center of Record Street
Assessor's Parcel Numbers	007-313-27, 28 & 30 007-314-14 A portion of APN 008-350-10
Legal Description	
APN 007-313-27	Parcel B as shown on Parcel Map 4484, as filed in the Office of the County Recorder of Washoe County, State of Nevada on November 9, 2005, as Document No. 3305778, Official Records.
APN 007-313-28	Parcel C as shown on Parcel Map 4484, as filed in the Office of the County Recorder of Washoe County, State of Nevada on November 9, 2005, as Document No. 3305778, Official Records.
APN 007-313-30	Parcel 22C as shown on Record of Survey Map 5409, as filed in the Office of the County Recorder of Washoe County, State of Nevada on April 4, 2012, as Document No. 4100135, Official Records.
APN 007-314-14	Metes and Bounds – see addenda to this report
Portion of APN 008-350-10	Not available, but APN 008-350-10 may be identified as Parcel 22D as shown on Record of Survey Map 5409, as filed in the Office of the County Recorder of Washoe County, State of Nevada on April 4, 2012, as Document No. 4100135, Official Records.
Record Street	Not available.
Location	The south of the southern terminus of Record Street, 204.33± feet south of East Fourth Street, Reno, Washoe County, NV
Address	
APN 007-313-27	335 Record Street, Reno, NV 89512
APN 007-313-28	315 Record Street, Reno, NV 89812
APN 007-313-30	Not yet assigned
APN 007-314-14	Not yet assigned
Portion of APN 008-350-10	Not yet assigned
Record Street	Not yet assigned
Owner of Record	The City of Reno, a Municipal Corporation

Site Description

An irregular shaped site with level to gently sloping topography, down from north to south, with average slopes less than 2%. All utilities are available to the site. The subject property appears to have adequate soils and there do not appear to be any floodplains, earthquake hazards, environmental contamination or other similar factors adversely impacting the value or development potential of the subject. The subject has access from two streets and an alley, while being bordered on the east and south by train tracks.

Land Areas

APN 007-313-27	0.448± acres (19,519± square feet)
APN 007-313-28	0.389± acres (16,965± square feet)
APN 007-313-30	0.185± acres (8,039± square feet)
APN 007-314-14	0.310± acres (13,512± square feet)
Portion of APN 008-350-10	0.807± acres (35,159± square feet)
Record Street	<u>0.214± acres (9,313± square feet)</u>
Total	2.353± acres (102,507± square feet)

Zoning

APNs 007-313-27, 28 7 30	MU-ED (Mixed-Use Downtown Entertainment District)
APN 007-314-14	MU-ID (Mixed-Use Downtown Innovation District)
Portion of APN 008-350-10	MU-ED & MU-ID
Record Street	Not Assigned

Environmental Concerns

None noted

Flood Zone

According to FEMA's Flood Insurance Rate Map Community Panel Number 32031C3043G, with an effective date of March 16, 2009, the subject is located within an Unshaded Zone X. Federal flood insurance is not required in any Flood Zone X

Unusual Seismic Hazards

None

Wetlands

None

Improvements

Year Built

335 Record Street 2007
315 Record Street 2005

Use Type

335 Record Street Office, medical and residential
315 Record Street Group housing

Stories

335 Record Street 3-stories
315 Record Street 2-stories

Building Areas

	335 Record St.	315 Record St.	Total
1st Floor	15,796± sf	10,941± sf	26,737± sf
2nd Floor	15,961± sf	10,941± sf	26,902± sf
3rd Floor	15,961± sf		15,961± sf
Total	47,718± sf	21,882± sf	69,600± sf

Construction

Both buildings are on concrete slab foundations and are of concrete construction with flat built-up roofs supported by steel web joists. The floor plates are corrugated metal topped with light-weight concrete. The floors are carpeted, vinyl tile and finished concrete. The walls are textured and painted sheetrock, while the ceilings are either laid-in acoustic tile with recessed fluorescent lighting fixtures or unfinished with drop fluorescent lighting.

Quality
Condition

Average
Fair

Deferred Maintenance

During my inspection, evidence of numerous roof leaks was noted. Additionally, the elevators in the subject buildings are not functional, the flooring has generally reached the end of its economic life, many walls need repair and laid-in acoustic tiles need replacement. Reportedly, there are mold issues, the HVAC systems have been vandalized and the boiler rooms have been dismantled. According to cost estimates provided by the client, the anticipated hard costs to renovate the subject buildings, to make them useable, would be approximately \$10,100,000, or approximately \$145.11 per square foot of building area. In addition to the costs to rehabilitate the buildings, the landscaping is dead and the parking lot areas need rehabilitation of replacement.

Appraisal Premise Current Market Value

Type of Appraisal Report Appraisal Report

Date of Appraisal Report May 31, 2024

Extraordinary Assumption

1. The subject ownership comprises a portion of APN 008-350-10. According to Record of Survey Map 5409, this parcel contains 2.19± acres of land area. According to information provided the undersigned by the client, the portion of APN 008-350-10, which is part of the subject property, comprises 0.807± acres (35,159± square feet) of land area. This appraisal is based on the assumption that the land area provided the undersigned is accurate and the valuations contained in this report are based on this land area. The use of this assumption may have affected the assignment results.
2. The subject ownership comprises the southern portion of Record Street, comprising the portion of the right-of-way that is south of the north line of APN 007-313-27, extended easterly to the east edge of the Record Street right-of-way. Based on my calculations, derived using the dimensions on the Assessor's map, I have concluded that the Record Street right-of-way in the subject ownership contains 0.214± acres (9,313± square feet) of land area. This appraisal is based on the assumption that the land area calculated by the undersigned is accurate and the valuations contained in this report are based on this land area. The use of this assumption may have affected the assignment results.
3. My inspection of the subject indicated that the subject buildings are currently in only fair condition. There is evidence of numerous roof leaks. Additionally, the elevators in the subject buildings are not functional, the flooring has generally reached the end of its economic life, many walls need repair and laid-in acoustic tiles need replacement. Reportedly, there are mold issues, the HVAC systems have been vandalized and the boiler rooms have been dismantled. According to cost estimates provided by the client, the anticipated hard costs to rehabilitate the subject buildings, to make them useable would be approximately \$10,100,000, or approximately \$145.11 per square foot of building area. These estimates appear to be reasonable and so they have been accepted by the undersigned as being reasonable. The use of this assumption may have affected the assignment results.

Hypothetical Conditions

1. This appraisal assumes that the portion of APN 008-350-10 that is within the subject ownership is a separate legal parcel or has been incorporated within one of the other parcels in the subject ownership. Because the client will accomplish this at no cost to the seller, I have not made any adjustment for the cost of separating the subject portion of APN 008-350-10 from the balance of the parcel. Because the client will be selling the subject ownership after the adjustment to APN 007-350-10 has already occurred, valuing the subject under this Hypothetical Condition is deemed reasonable for analysis purposes. As a result, the use of this Hypothetical Condition is

permissible under USPAP. The use of this Hypothetical Condition may have affected the assignment results.

2. This appraisal assumes that the southern 116.41± feet of the right-of-way for Record Street has been abandoned by the City of Reno and that this area has been incorporated into the Subject Ownership. Because the client will accomplish this at no cost to the seller, I have not made any adjustment for the cost of adding this area to the subject ownership. Because the client will be selling the subject ownership after the adjustment to Record Street has already occurred, valuing the subject under this Hypothetical Condition is deemed reasonable for analysis purposes. As a result, the use of this Hypothetical Condition is permissible under USPAP. The use of this Hypothetical Condition may have affected the assignment results.

Contingencies

None

Highest and Best Use

As Though Vacant

Multifamily residential

As Presently Improved

Redevelopment of the subject with a Multifamily residential use

Valuation Summary

Valuation Analysis	Date of Value	Cost Approach	Income Approach	Sales Comparison Approach	Value Conclusion
Current Market Value	05-15-2024	\$3,400,000	Not Applied	\$4,360,000*	\$3,400,000

* Land as Though Vacant

Exposure Time Conclusion

6 - 12 Months

INTRODUCTION

Purpose of Appraisal

The following report addresses the values for the subject summarized below:

- Market Value

Client

City of Reno

Intended User

City of Reno, as well as its subsidiaries, heirs and assigns.

Intended Use of the Appraisal

This appraisal was prepared to assist the client establishing the market value of the subject for possible sale of the property. Any other use of this report without the prior written consent of the undersigned is prohibited.

Scope of Work

The following appraisal report has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP), and Nevada State Law. The following appraisal complies with Standards Rule 1 of USPAP, while the report complies with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP for an Appraisal Report. This appraisal report presents and summarizes the data, reasoning and analyses that were used in the appraisal process to develop the opinions of value. This report was prepared for a potential seller of the subject and cannot be used by a federally regulated bank for lending purposes because it does not comply with FIRREA. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. Completion of the appraisal involved the following scope of work:

- 1) Review of information provided by the client to determine parameters and scope of the assignment.
- 2) Inspection of the subject property.
- 3) Review of background information and historical information on the subject property that was gathered from public records, as well as from my files on previous appraisals completed in the subject submarket.
- 4) Regional and sub-market data was collected to assess supply and demand factors impacting the subject.
- 5) Through analysis of legal permissibility, physical possibility, financially feasible, and maximally productive, the highest and best use of the subject property was analyzed. This analysis includes

consideration of the current condition of the subject improvements and the anticipated cost of curing the deferred maintenance.

- 6) Based upon the highest and best use conclusion for the subject property, the following valuation analyses were conducted for each of the valuations required in this report.

Valuation Scenario	Cost	Income	Sales
Market Value "As-Is"	X	N/A	X

N/A = Not Applicable

- 7) Valuation of the subject property based upon the highest and best use, considering the Cost, the Income, and the Sales Comparison Approaches to value. Based on the Highest and Best Use, I have concluded that it would be economically unfeasible to renovate the subject improvements and so I have concluded that the Highest and Best Use of the subject is for redevelopment. As a result, the subject has been valued as vacant land and then an allowance for demolition of the subject improvements has been subtracted to derive an opinion of the Market Value of the subject in its current condition. This analysis is essentially a Cost Approach, in that it adds the impact of the improvements to the land value. However, the basis of the analysis is a Sales Comparison Approach. Because the existing improvements do not contribute value to the property and because sites like the subject are typically not leased, there is insufficient data with which to develop a credible indication of value for the subject by the Income Approach.
- 8) In the Sales Comparison Approach, sales of similar vacant sites were analyzed and compared with the subject. The sales were gathered from Washoe County Assessor's Office records, Loopnet and/or Costar. They were compared with the subject property on a sale price per square foot of land area basis.
- 9) In completing this appraisal interviews were conducted with other property owners and real estate agents and brokers active in the Reno-Sparks area regarding current market dynamics and economics.
- 10) The appraisal report was written.

All the sales data utilized in this report was verified with either the buyer, the seller, a real estate agent involved in the transaction, or through county records, if no other verification could be obtained. In completing this appraisal assignment, a comprehensive scope of work was employed utilizing all the steps necessary to complete a credible appraisal of the subject property. The scope of work was not constrained by artificial means.

Market Value Defined

"Market Value" means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently,

knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Fee Simple Market Value Defined

The Market Value of property affected by typical encumbrances such as easements and zoning ordinances. The subject property is valued assuming it to be free and clear of any mortgages and/or special assessments.

Fee Simple Estate Defined

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.²

Effective Date of Valuation May 15, 2024

Date of Report May 31, 2024

Appraiser's Competency

As I have appraised commercial properties in the northern Nevada Area for over 40 years including, vacant land parcels in the subject submarket, I attest to having adequate competency to complete credible appraisal of the subject.

¹ Dictionary of Real Estate Appraisal, 7th Edition, Page 118, Appraisal Institute

² Dictionary of Real Estate Appraisal, 7th Edition, Page 73

Property Rights Appraised**Fee Simple**

The fee simple value is analyzed as affected by typical encumbrances such as easements, zoning ordinances and special assessments. The subject property is valued assuming it to be free and clear of mortgages.

Extraordinary Assumptions

An extraordinary assumption is defined as: “An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”³ In addition to the general assumptions and limiting conditions contained at the end of this report, this appraisal has been prepared subject to the following extraordinary assumption:

1. The subject ownership comprises a portion of APN 008-350-10. According to Record of Survey Map 5409, this parcel contains 2.19± acres of land area. According to information provided the undersigned by the client, the portion of APN 008-350-10, which is part of the subject property, comprises 0.807± acres (35,159± square feet) of land area. This appraisal is based on the assumption that the land area provided the undersigned is accurate and the valuations contained in this report are based on this land area. The use of this assumption may have affected the assignment results.
2. The subject ownership comprises the southern portion of Record Street, comprising the portion of the right-of-way that is south of the north line of APN 007-313-27, extended easterly to the east edge of the Record Street right-of-way. Based on my calculations, derived using the dimensions on the Assessor’s map, I have concluded that the Record Street right-of-way in the subject ownership contains 0.214± acres (9,313± square feet) of land area. This appraisal is based on the assumption that the land area calculated by the undersigned is accurate and the valuations contained in this report are based on this land area. The use of this assumption may have affected the assignment results.
3. My inspection of the subject indicated that the subject buildings are currently in only fair condition. There is evidence of numerous roof leaks, Additionally, the elevators in the subject buildings are not functional, the flooring has generally reached the end of its economic life, many walls need repair and laid-in acoustic tiles need replacement. Reportedly, there are mold issues, the HVAC systems have been vandalized and the boiler rooms have been dismantled. According to cost estimates provided by the client, the anticipated hard costs to rehabilitate the subject buildings, to make them useable would be approximately \$10,100,000, or approximately \$145.11 per square foot of building area. These estimates appear to be reasonable and so they have been accepted by the undersigned as being reasonable. The use of this assumption may have affected the assignment results.

³ USPAP 2024 Edition (c), Definitions; The Appraisal Foundation, page 4.

Hypothetical Conditions

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”⁴ This appraisal is not based on the following hypothetical conditions:

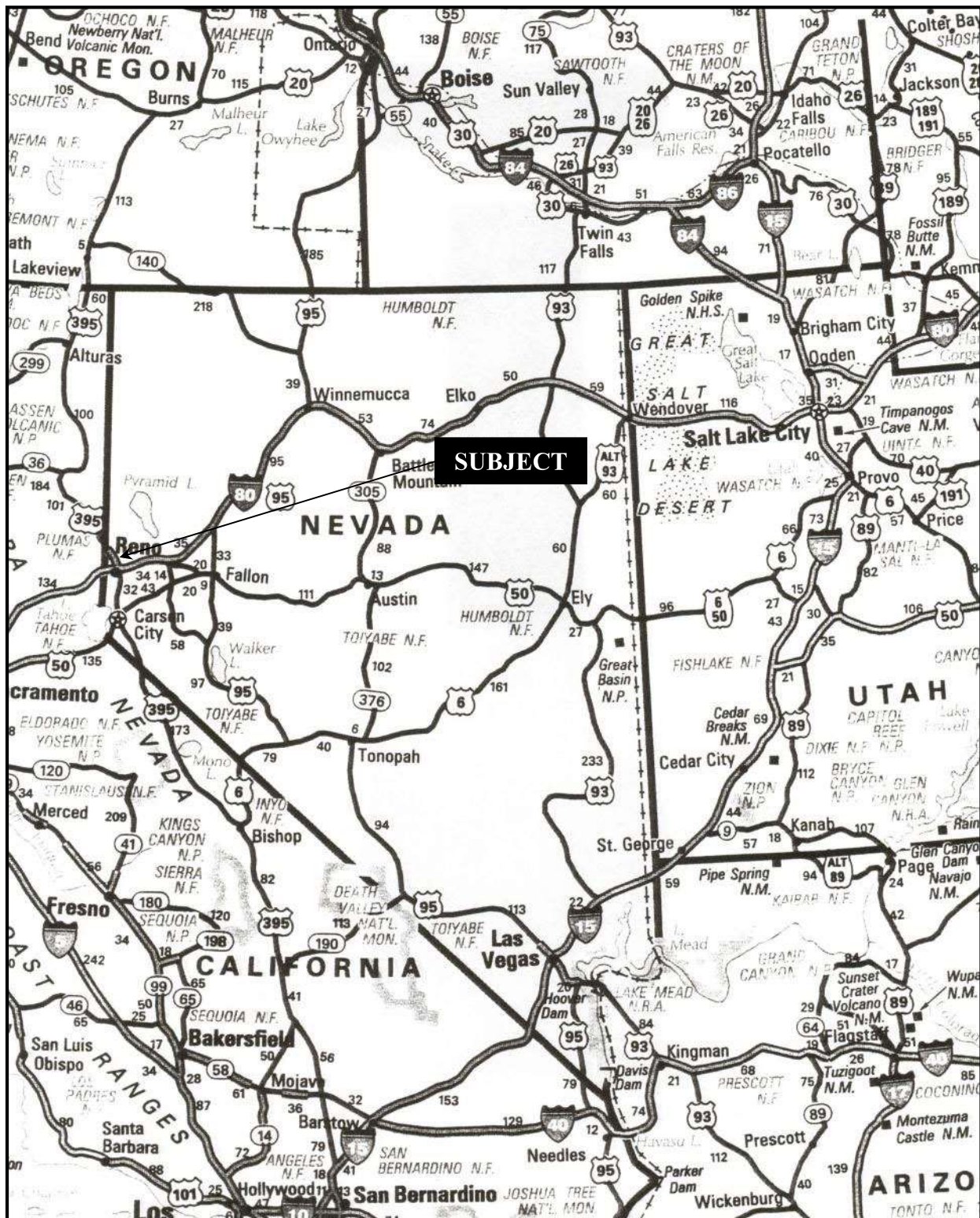
1. This appraisal assumes that the portion of APN 008-350-10 that is within the subject ownership is a separate legal parcel or has been incorporated within one of the other parcels in the subject ownership. Because the client will accomplish this at no cost to the seller, I have not made any adjustment for the cost of separating the subject portion of APN 008-350-10 from the balance of the parcel. Because the client will be selling the subject ownership after the adjustment to APN 007-350-10 has already occurred, valuing the subject under this Hypothetical Condition is deemed reasonable for analysis purposes. As a result, the use of this Hypothetical Condition is permissible under USPAP. The use of this Hypothetical Condition may have affected the assignment results.
2. This appraisal assumes that the southern 116.41± feet of the right-of-way for Record Street has been abandoned by the City of Reno and that this area has been incorporated into the Subject Ownership. Because the client will accomplish this at no cost to the seller, I have not made any adjustment for the cost of adding this area to the subject ownership. Because the client will be selling the subject ownership after the adjustment to Record Street has already occurred, valuing the subject under this Hypothetical Condition is deemed reasonable for analysis purposes. As a result, the use of this Hypothetical Condition is permissible under USPAP. The use of this Hypothetical Condition may have affected the assignment results.

Contingencies

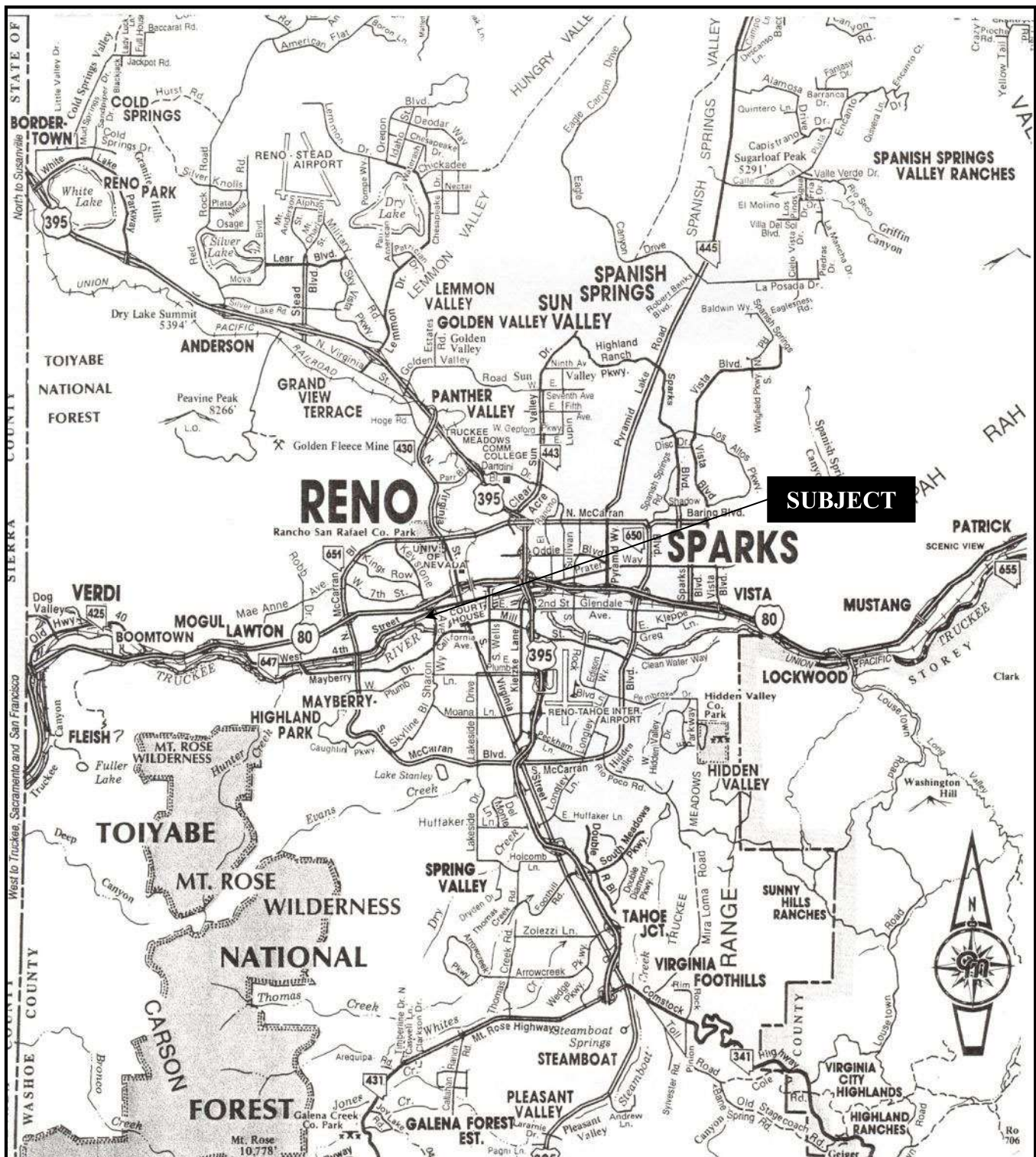
None

⁴ USPAP 2024 Edition (c), Definitions; The Appraisal Foundation, page 4.

REGIONAL MAP



RENO-SPARKS AREA MAP



RENO-SPARKS AREA ANALYSIS

Reno-Sparks are two sister cities located at the intersection of Interstate 80 and U. S. Highway 395. These cities are located in a valley known as the Truckee Meadows. Over the past 25 years, the Truckee Meadows has become one of the fastest growing areas in the nation, with the population increasing by well over 100%. Set out following is a summary of historic population figures as well as projected population growth as provided by the State Demographer.

Truckee Meadows Population 2000-2023²

Year	Population	% Growth
2000 ¹	339,486	4.9%
2001	353,271	4.1%
2002	359,423	1.7%
2003	373,233	3.8%
2004	383,453	2.7%
2005	396,844	3.5%
2006	409,085	3.1%
2007	418,061	2.19%
2008	423,833	1.38%
2009	416,632	-1.70%
2010 ¹	417,379	0.18%
2011	421,593	1.01%
2012	427,704	1.45%
2013	432,324	1.08%
2014	436,797	1.03%
2015	441,946	1.18%
2016	448,316	1.44%
2017	451,923	0.80%
2018	460,237	0.90%
2019	469,963	2.11%
2020	473,606	0.78%
2021	485,113	2.43%
2022	501,635	3.41%
2023	508,759	1.42%
<u>Projections</u>		(vs. Prior Yr.)
2030	542,877	+0.93% ³

1 2000 & 2010 Census Data

2 Information provided by Nevada State Demographer

3 Compound annual growth rate

The historic population growth prior to 2006 had generally been between 3% and 4% per year. However, since 2007, the rate of growth has been lower, at just over 1% per year. In 2017 and 2018 it declined again to just under 1% per year. In 2019, the Economic Planning Indicators Committee Report from EDAWN (Economic Development Authority of Western Nevada) projected more than 51,585 jobs and 54,470 new people in the five-county region (Washoe, Storey, Lyon, Carson and Douglas counties) over the next 5 years. Of this population increase, Washoe County was expected to add 46,562 people

and 19,098 households, indicating that the Reno-Sparks area would need approximately 4,000 new residential units per year over the next 4 years. Due to increased interest rates, as well as COVID, the area has not experienced the expected growth. However, the population has increased.

Considering that California is being burdened by infrastructure strained to capacity and rising tax rates, and also considering the proximity of the Reno-Sparks area to San Francisco and Sacramento as well as Nevada's lack of income taxes, it would not be unreasonable to see increased population growth over the next couple of decades.

Tourism is the major industry in the Reno-Sparks metropolitan area. In an effort to diversify the economy, several quasi-governmental agencies have been created to promote the development of business and industry in the area. As a result of these efforts, the employment growth in the 1990s was very strong, with total employment growth of 35.09% and with the average annual wage increasing from approximately \$23,000 to over \$36,700. Set out following is wage and employment information for 2000 through 2020.

Wages & Employment Info

Year	Work Force	Median Household Income	Unemployment Rate ³
2000 ¹	189,123	\$37,639	3.3%
2010 ²	220,539	\$43,607	12.9%
2011 ²	213,568	\$45,455	12.5%
2012 ²	204,655	\$43,648	10.9%
2013 ²	217,333	\$42,680	9.4%
2014 ²	224,503	\$43,244	7.4%
2015 ²	228,865	\$50,528	6.3%
2016 ²	233,230	\$52,326	4.9%
2017 ²	238,545	\$56,151	4.1%
2018 ²	256,722	\$59,639	3.6%
2019 ²	270,155	\$62,994	3.4%
2020 ²	249,523	\$66,076	8.2%
2021	253,600	\$71,436	2.8%
2022	259,512	\$74,292	3.4%
2023	267,333	\$80,245	3.9%

¹ Information is for Reno-Sparks area of Washoe County

² Information is for all of Washoe County

³ July of each Year

Since January 2010, the unemployment rate declined to 3.4% as of December 2018. This compares with the State of Nevada at 4.4% and the entire United States at 3.9%. In 2023, unemployment rates remained low. However, with the COVID-19 pandemic, in April 2020, the unemployment rate in the

area spiked at 19.90%, before dropping to 9.60% in July 2020. The decline in the unemployment rate and the job growth is due to a number of large companies moving to the area including Tesla, Panasonic, Apple, and Switch.

As a general statement, the unemployment rate in Washoe County has been at or below the national average.

The tourism industry in the Reno-Sparks area has historically been driven by gaming. With proximity to the San Francisco Bay Area and Sacramento, coupled with the presence of Interstate 80, Reno-Sparks has historically been a recreation destination for these metropolitan areas. However, with the proliferation of Indian gaming and the national recession, the gaming industry in the Reno-Sparks area has been negatively impacted, as illustrated on the following chart.

Leisure Industry Statistics

Item	2016	2017	2018	2019	2020	2021	2022	2023
Gaming Revenues ¹	\$785,536	\$797,905	\$865,775	\$857,210	\$504,824	\$598,596	\$650,674	\$738,341
Hotel/Motel Rooms	23,784	23,020	23,559	23,536	20,204	20,814	21,737	17,006
Avg. Hotel Occupancy	68.3%	68.5%	71.5%	67.7%	64.2%	61.5%	65.5%	64.90%
Rate	\$95.09	\$101.75	\$104.41	\$115.53	\$117.28	\$123.59	\$141.90	\$151.29
Visitor Count ²	4,204,221	4,430,342	4,275,102	4,131,062	2,654,786	3,600,000	N/A	3,900,000

¹ Gaming revenues in Thousands of Dollars

² Visitor counts are by calendar year, while other statistics in fiscal year

Source Reno-Sparks Convention and Visitors Authority

Between 2006 and 2012, gaming revenues in the Reno-Sparks area declined by over 30%, due to the influence of Indian gaming. However, between 2012 and 2023, revenues increased by over 20%. However, they are still below 2006 levels (\$1,072,937). Average hotel occupancy rates and numbers of visitors have fluctuated, but they are increasing. Additionally, average room rates have increased. As a result of low gaming revenues and declining hotel occupancy, a number of marginal hotel-casinos in the downtown area closed. Several of these underwent renovation and conversion to condominiums. This is why even though there have been several new non-gaming business hotels built in the Reno-Sparks area over the last 10 years, the number of hotel rooms has declined. I do anticipate that the core gaming properties: Circus-Circus, Eldorado, Silver Legacy and Sands, will continue to be viable in the downtown area for the foreseeable future. Furthermore, there are plans for a large multi-block

development in the downtown area which would include a new major hotel-casino. As a result, while gaming and the tourist industry is still the major economic engine which drives the economy, the area's dependence on the tourist industry is growing less each year.

In an effort to maintain market share, the Reno-Sparks area is also enhancing and expanding special events such as tourist attractions. Historically, the Reno Championship Air Races, the Reno Balloon Races, Hot August Nights, and the Reno Rodeo have been very successful events. However, the Reno Championship Air Races will no longer be held in the Reno-Sparks area. Even with a strong emphasis on special events, it is anticipated that gaming revenues throughout the area will only slowly, as will visitors and needed room nights.

With this backdrop, the current hot commodity in the tourism industry involves unrestricted gaming licenses that do not require hotel rooms. A number of gaming licenses were grandfathered in when the state legislature required that any new hotel-casino in Washoe County and Clark County have at least 300 hotel rooms. If the grandfathered in gaming properties are condemned by governmental agencies, then the gaming licenses can be moved. Attempts are underway at the present time to move two of these gaming licenses to suburban locations for "boutique" casinos. These casinos typically do not have rooms, but rather are orientated toward local clientele. These casinos generally generate significant cash flow and have much reduced overhead over those facilities which have hotel rooms. With a continued proliferation of gaming, this emerging trend is expected to continue.

Tourism Industry

The tourism industrial continues to suffer as a result of the soft economy. This is illustrated by departmental income (Income after costs of sales and departmental expenses) reported by all large casinos in Washoe County over the last 16 years:

Year	Departmental Income	Percentage Change
2008	\$725,501,058	-5.01%
2009	\$591,476,304	-18.47%
2010	\$553,935,677	-6.35%
2011	\$510,029,289	-7.93%

2012	\$558,517,686	9.51%
2013	\$513,838,571	-8.00%
2014	\$536,929,442	4.49%
2015	\$568,825,395	5.94%
2016	\$611,087,271	7.43%
2017	\$660,205,928	8.04%
2018	\$683,234,828	3.49%
2019	\$701,572,644	2.68%
2020	\$504,823,502	-28.04%
2021	\$684,960,064	35.68%
2022	\$821,885,798	19.99%
2023	\$885,686,058	7.76%

As can be seen by this data, gaming revenues in Washoe County, Reno Area declined between 2006 and 2021, but 2022 numbers exceeded the 2006 numbers, and 2023 was even higher.

Industrial Market

In an effort to diversify the economic base of the area, the community leaders have focused upon expansion of the industrial segment of the economy. The Reno-Sparks area offers 89,786,255± square feet of industrial warehouse and light manufacturing space. At the present time, over 400 major U.S. and foreign corporations have headquarters or major facilities in the area including Tesla, Apple, Amazon, Switch, JC Penney's, Michelin Tire all of which have major facilities.

In recent years there has been an emphasis on attracting high-tech and back-office industry to the area. The Reno-Sparks area offers a sophisticated telecommunications infrastructure which can accommodate these types of uses, including fiber optics and digital switching equipment. Through these efforts, IGT (International Gaming Technology) has developed a 75-acre campus facility for the construction and world-wide distribution of gaming machines; numerous other smaller high-tech industrial users have relocated to the Reno-Sparks area over the past several years including Microsoft, which opened a licensing division in late 1997. Most of these companies have relocated to the south Reno area in South Meadows Business Park.

Through 2006, the Reno-Sparks area benefited from a strong California economy. Smaller companies had adequate resources to relocate to the Reno-Sparks area. With a workforce of less than 250,000

people and historically low unemployment, the Reno-Sparks area is generally not in the running for larger companies seeking to relocate. The primary allure of Reno-Sparks involves its smaller community atmosphere, lower costs of business and quality of life issues. Additionally, Nevada has no personal or corporate income tax. In discussions with marketing agents for the larger industrial parks in the Reno-Sparks area, it was indicated that with the slowdown in the national economy, the industrial market has also slowed. Since the slowdown took the market by surprise, vacancies spiked. However, with a slowdown in new construction in 2010 and 2011, vacancies had begun to decline. Although absorption was slow in 2010 through 2012, it picked-up significantly in 2013 and have remained strong since then.

Set out following is a chart summarizing industrial construction and overall vacancies within the market since December 2001.

Industrial Market Overview

Date	Total Inventory	New Construction	Gross Absorption	Net Absorption	Vacancy Rate	Rental Range/ SF/Month
12-01	55,514,918± sf	4,357,407± sf	4,200,000± sf	1,633,008± sf	11.11%	\$0.29 to \$0.33
12-02	55,604,721± sf	1,258,595± sf	3,300,000± sf	588,000± sf	9.80%	N/A
12-03	56,490,721± sf	886,000± sf	3,300,000± sf	640,000± sf	10.50%	\$0.27 to \$0.33
12-04	57,376,519± sf	885,798± sf	5,895,293± sf	2,483,365± sf	8.74%	\$0.28 to \$0.33
12-05	59,176,519± sf	1,800,000± sf	N/A	2,400,000± sf	7.36%	\$0.35 to \$0.65
12-06	62,406,449± sf	3,229,930± sf	6,110,148± sf	3,970,856± sf	5.43%	\$0.25 to \$1.25
12-07	68,346,203± sf	5,939,754± sf	6,033,020± sf	2,813,796± sf	9.16%	N/A
12-08	71,355,490± sf	3,900,287± sf	N/A	206,717± sf	13.3%	\$0.24 to \$0.79
12-09	73,517,637± sf	2,162,147± sf	N/A	-1,946,984± sf	15.3%	\$0.29 to \$0.94
12-10	73,622,195± sf	104,558± sf	N/A	350,239± sf	15.1%	\$0.32 to \$0.59
12-11	73,995,188± sf	372,993± sf	N/A	814,857± sf	14.6%	\$0.31 to \$0.74
12-12	74,595,888± sf	600,700± sf	N/A	569,600± sf	13.8%	\$0.28 to \$0.87
12-13	73,842,296± sf	537,800± sf	1,668,673± sf	1,449,351± sf	9.1%	\$0.25 to \$0.34
12-14	77,296,483± sf	800,000± sf	N/A	1,591,532± sf	6.7%	\$0.35 to \$0.63
12-15	81,878,456± sf	4,581,973± sf	N/A	5,206,750± sf	6.1%	\$0.36 to \$0.63
12-16	85,420,807± sf	3,542,351± sf	N/A	5,248,346± sf	8.1%	\$0.36 to \$0.76
12-17	88,049,712± sf	2,628,905± sf	N/A	3,868,291± sf	7.0%	\$0.40 to \$0.80
12-18	89,786,255± sf	1,736,543± sf	N/A	3,577,053± sf	5.7%	\$0.43 to \$0.92
12-19	92,572,488± sf	2,786,233± sf	N/A	3,658,281± sf	4.5%	\$0.46 to \$1.13
12-20	94,068,113± sf	4,495,625± sf	N/A	4,250,925± sf	4.2%	\$0.51 to \$0.85
12-21	99,242,230± sf	5,174,117± sf	N/A	7,152,511± sf	1.8%	\$0.59 to \$0.93
12-22	103,052,302± sf	3,810,072± sf	N/A	6,446,089± sf	1.1%	\$0.79 to \$1.24
12-23	111,768,475± sf	8,716,173± sf	N/A	4,383,827± sf	4.2%	\$0.87 to \$1.19

December 2001 data was provided by Johnson-Perkins & Assoc., Inc. & William G. Kimmel & Assoc.

2002-2005 data was provided by Colliers International.

2006-2007, 2010 & 2013 data was provided by NAI Alliance

2008-2013 data was provided by Colliers International.

2014-2023 data was provided by CBRE

The increase in rental rates prior to 2005 was due to a rapidly declining base of available land. Almost all of the industrial land in the urban core is now absorbed. As a result, development began taking place in outlying areas such as Spanish Springs, the Truckee River Canyon and Fernley. With the completion of the U. S. 395 Freeway to and through Carson City, it is anticipated that the area's industrial market will become more regionalized, with Carson City, Mound House and Dayton entering into the larger Reno-Sparks industrial market. Furthermore, with completion of USA Parkway from Interstate 80 south to Silver Springs, this will bring additional lands into the market over the next decade. As a result, there is room for extensive new industrial growth. However, most of it will take place outside of the Reno-Sparks area in Washoe County or other surrounding communities.

2007 began with increasing vacancy rates in the industrial sector. This was due to the fact that in the fourth quarter of 2007, 1.4 million square feet of spec construction hit the market, bringing the year-end

total to 4.3 million square feet. As a result, vacancy rates increased to 8.9%. The average rental rate for high cube remained stable throughout most of 2007 at \$0.53 per square foot. The industrial sector also suffered as the national economy slowed beginning in 2008. However, this was the first sector of the economy that began to recover and the recovery was much faster than in other segments of the economy. By 2014, the vacancy rate had dropped to below 7.5%, for the first time since 2007. Since 2014, the vacancy rate has essentially remained below this benchmark, even though the total space in the market has grown by over 20,000,000± square feet or just under 25%.

The biggest economic news of 2014 was that northern Nevada beat out 5 other states in attracting Tesla Motors new lithium battery factory. The three-story factory has approximately 15 million square feet of manufacturing space and as of November 2018 employed approximately 7,000 persons. Elon Musk projected in October 2018, that the employment in the giga-factory will eventually grow to 20,000± employees, but no timeframe for this growth has been provided.

The news of Tesla was followed in January 15, 2015 announcement by Switch that they would be constructing a 3 million square foot SUPERNAP data center campus on approximately 1,000 acres of land in TRIC. The anchor tenant for the first phase of this facility, which has been completed, is eBay. Switch's business model is to provide rack storage space in highly secure data storage campuses. The tenants provide their own personnel to maintain their servers, so Switch provides the facility, including office space. A key component of Switch's expansion into Reno is the "Superloop", a fiber network with a 500-mile route between Las Vegas and Reno. The Network also extends from Las Vegas to Los Angeles and the Bay Area. According to Switch, this places 50 million people within 14 milliseconds of date hosted at the SUPERNAPs in Reno and Las Vegas.

With all of this interest, it was expected that industrial market in the Reno-Sparks area would be strong for several years. This conclusion was further bolstered by Google's April 17, 2017 announcement that they had acquired 1,210± acres of land in TRIC for a future campus. According to Google's Patrick Lenihan "Yes, we acquired the 1,210-acre property in Nevada last week with the intention of eventually turning the site into a data center, although we do not have immediate plans to develop the land at this time. And, no, I can confirm it has nothing to do with Tesla or autonomous vehicles."

On April 21, 2017, Mr. Lance Gilman, the sales agent for land in TRIC spoke at a luncheon for the Nevada Chapter of the Appraisal Institute. At that luncheon, Mr. Gilman indicated that since the Google announcement he has received calls from more than 20 international companies, not requesting information on TRIC, but wanting to schedule a site visit to TRIC. He indicated that the Google announcement has generated far more interest in TRIC than was generated by the Tesla announcement or the Switch announcement.

On November 16, 2017, TRIC announced a 1,200± acre “nano-technology” research and development campus, as well as a 60,000-acre project that would close right after the first of the year. On January 19, 2018, it was announced that Blockchains, LLC, a southern California based software company had purchased 64,000 acres of land in TRIC. Although large portions of the land are not buildable, there is a large site next to Google which is buildable. With Blockchains purchase TRIC was essentially sold-out of land.

However, with the Blockchains and Google sites still not being developed and with Elon Musk’s (Tesla) October 10, 2018 statement projecting employment at the Tesla Giga-factory increasing from the current 3,000± employees to 20,000 employees, it appears that there will be rapid job growth in the Reno-Sparks area for the next several years and that the industrial market will experience strong growth.

Although COVID 19 had major impacts on the northern Nevada real estate markets, the industrial sector was one of the least impacted sectors of the market. Because of e-commerce, demand for industrial space in Reno-Sparks increased and it has stayed high since 2020. Furthermore, rents have increased dramatically. Moving forward, I expect that there will be political will to have the supply chain of critical supplies move back to the United States. Therefore, I expect that long-term the industrial market will see an increase in demand.

Retail Commercial

Another sector of the Reno-Sparks economy, which is closely related to tourism, is the retail sale trades. The Reno-Sparks area has five regional shopping centers including two established malls and three power centers. In addition to the five regional facilities, the Reno-Sparks area has 79 neighborhood or local shopping centers. By the end of 2022 the Reno-Sparks area had approximately 18,800,000±

square feet of retail floor space. In their fourth quarter retail market reports, CBRE provided the following statistics regarding the Reno-Sparks area's retail market.

Retail Market Overview

Year	Net Absorption	Vacancy
2001	215,000 SF	6.75%
2002	315,430 SF	7.93%
2003	274,804 SF	7.50%
2004	269,000 SF	5.60%
2005	466,710 SF	5.99%
2006	862,000 SF	7.10%
2007	540,180 SF	8.25%
2008	-225,515 SF	14.05%
2009	20,609 SF	16.85%
2010	31,046 SF	17.88%
2011	100,690 SF	17.25%
2012	34,761 SF	18.52%
2013	116,823± SF	17.45%
2014	159,376± SF	16.59%
2015	180,388± SF	15.00%
2016	325,026± SF	12.20%
2017	338,772± SF	8.40%
2018	222,210± SF	8.10%
2019	103,739± SF	5.50%
2020	-77,330± SF	7.00%
2021	53,300± SF	6.30%
2022	163,000± SF	5.2%
2023	76,400± SF	4.4%

*Source: 2001 – 2008 & 2021-2023 is Colliers International;

2009 – 2014 is NAI Alliance; 2015 - 2020 are CBRE

At the end of the fourth quarter of 2012 monthly average asking rents were at \$1.23 per square foot, down from \$1.79 per square foot in 2007. By the end of 2022, the average rent had increased to \$1.51 per square foot. This is still below 2007 levels. The Net Absorption in 2022 was the largest seen since 2018. In 2020, due to the pandemic, the market experienced negative net absorption and the vacancy rate increased. In 2021, as the market recovered there was positive net absorption and the vacancy rate declined. However, because of the pandemic, the average asking rent declined to \$1.42 per square foot per month. With declining vacancies, there has been an uptick in new construction, with 120,800± square feet under construction at the end of 2023. The average asking rent at the end of 2023 was \$1.69 per square foot.

The retail market also was hard hit by the slowdown in the economy. During the last recession, with people's employment being terminated or downscaled, there was far less disposable income to spend. This trend is illustrated by the following taxable sales data for Washoe County:

Year	No. of Firms	Taxable Sales	Percentage Change
2006	10,546	\$7,268,593,250	+8.7%
2007	11,144	\$7,202,640,557	-0.91%
2008	10,623	\$6,823,700,706	-5.26%
2009	10,544	\$5,707,791,051	-16.35%
2010	10,677	\$5,176,981,699	-9.30%
2011	10,199	\$5,282,935,192	+2.05%
2012	10,167	\$5,522,605,351	+4.54%
2013	10,548	\$5,824,726,136	+5.47%
2014	10,782	\$6,370,684,534	+9.37%
2015	10,972	\$6,817,522,648	+7.01%
2016	11,479	\$7,550,466,734	+10.7%
2017	12,412	\$7,989,009,111	+5.81%
2018	13,031	\$8,531,252,745	+6.79%
2019	15,210	\$8,829,863,974	+3.50%
2020	14,672	\$9,250,415,486	+4.76%
2021	16,936	\$11,049,067,465	+19.44%
2022	18,577	\$12,267,765,904	+11.03%
2023	19,459	\$12,383,862,434	+0.95%

As can be seen by this data, taxable sales in Washoe County declined from 2007 through 2010. They have then increased to be back to and above the 2006 previous highs, and they should continue to increase as the area economy continues to grow.

The retail market was decimated by the COVID-19 pandemic as most retail businesses have been closed to customers. In discussions with realtors and building owners in the Reno-Sparks area, it was indicated that many tenants stopped paying rent. However, due to government intervention, most businesses were able to survive and the effect of direct government payments taxable sales in Washoe County increased dramatically.

Office Market

The Reno-Sparks area is also a regional office center for precious minerals, mining and exploration. Over 125 companies involved in mining and mining related services have offices in Reno and Sparks. This because Nevada is the third largest gold producer in the world and accounts for 64% of the total U.S. gold production.

There are 57 gold and silver mines in the state with 32 additional mines producing minerals such as lead, zinc, gypsum, limestone and other precious minerals. Current gold and silver prices are at high price and so most Nevada mines are expected to continue in production for the foreseeable future. As a result, I expect that mining companies will continue to be a major consumer of office space in the Reno-Sparks area.

A large percentage of the Reno-Sparks area employment base involves service industries, many of which are office occupiers. The area provides the central banking area for a large portion of northern Nevada and northeastern California. The Reno-Sparks area contains approximately 6,140,919 square feet of professional office space with approximately 1.48 million square feet located in downtown Reno. Set out following is a summary of the Reno area office market.

Reno Area Office Market

Year	Construction	Absorption	Vacancy
2000	343,000 SF	443,000 SF	10.30%
2001	380,000 SF	113,000 SF	12.70%
2002	230,000 SF	309,000 SF	11.30%
2003	298,000 SF	250,000 SF	10.50%
2004	273,000 SF	245,000 SF	12.69%
2005	508,914 SF	510,000 SF	13.56%
2006	350,000 SF	456,700 SF	12.10%
2007	82,667 SF	-86,838 SF	15.60%
2008	106,600 SF	-147,947 SF	19.20%
2009	17,000 SF	-115,187 SF	21.00%
2010	73,038 SF	203,306 SF	20.40%
2011	0 SF	-51,270 SF	19.10%
2012	24,000 SF	109,000 SF	17.00%
2013		235,000 SF	16.50%
2014		46,489 SF	20.90%
2015		127,879± SF	18.60%
2016		107,864± SF	17.10%
2017		171,199± SF	16.20%
2018		213,797± SF	13.70%
2019		188,210± SF	11.10%
2020		-74,360± SF	14.00%
2021	76,000 SF	92,948± SF	11.90%
2022	0 SF	31,600± sf	10.0%
2023		-22,801± sf	11.0%

*Source – 1998 – 2013 Colliers International, 2014 - 2021 CBRE

Typical lease terms for 3- to 5-year leases in the Reno-Sparks market are as follows:

Building Class	Lease Rates	Terms
Class A	\$2.11	Full Service
Class B	\$1.89	Full Service
Garden Style	N/A	Modified Gross

The rents set out above are similar to rents being generated more than ten years ago. Among the hardest hit of the commercial real estate sectors, as a result of the pandemic, was the office market. The area wide vacancy rate declined from 20.90% in the fourth quarter of 2009, to 11.10% in 2019. During the pandemic vacancies increased to 14.00%, but by the end 2022 vacancies had declined to pre-pandemic levels. The average rental rate declined from \$1.65 per square foot per month to \$1.23 per square foot per month between the fourth quarter 2008 and fourth quarter 2012. Since then, rental rates had been increasing, and the average asking rent increased to \$1.90 per square foot per month on a full-service basis. With 1,010,724± square feet of direct and sublease vacancy space, it is anticipated that it will be several more years before rental rates increase sufficiently to allow significant new speculative office development.

I anticipate that social distancing requirements, as a result of COVID-19, will also have a significant impact on the office market, since I anticipate that companies will continue “work from home” policies. This would result in need for smaller spaces, and/or lower rents.

Housing

Between 2003 and 2005, the residential market in the Reno-Sparks area was very strong. However, beginning in 2006, there was a significant decline as illustrated by the following data:

Residential Market (SFR)

Year	New House Sales	% Change
2003	4,194	+16.50%
2004	4,947	+17.95%
2005	5,318	+7.50%
2006	2,329	-56.20%
2007	1,910	-17.99%
2008	1,063	-44.35%
2009	739	-30.48%
2010	527	-28.69%
2011	427	-18.98%
2012	546	+27.87%
2013	714	+30.77%
2014	970	+35.85%
2015	1,458	+50.31%
2016	1,603	9.95%
2017	1,406	-12.29%
2018	1,572	+11.80%
2019	1,525	-2.99%
2020	1,942	+27.23%
2021	2,240	+15.35%
2022	1,829	-18.35

* Does not include Unincorporated Washoe County

** Annualized form 3rd Quarter Data

2005 represents the highest number of new home sales in the Reno-Sparks area since possibly the 1970's when several of the larger hotel-casinos were constructed in the Reno-Sparks area. However, between 2005 and 2011 the number of new home sales declined by almost 92.00%. Between 2012 and 2021 sales have generally increased. However, the total number of sales was still only 42% of the rate of 2005. In April 2022, the Fed began raising interest rates in an effort to bring inflation under control.

These interest rate increases resulted in a decline in new home absorption. In each month in 2022 the number of new home sales were lower than that same month in 2021.

As a result of increasing interest rates, developers began to offer incentives. These generally involved interest rate buydowns and/or help with closing costs, as well as offering discounts on options and upgrades.

In an early 2023 State of the Real Estate Market symposium, Brian Bonnenfant, the Nevada State Demographer, he anticipates new home sales to remain soft through the first three quarters of 2023 and that median new home sale prices will actually decline slightly during this time-frame. However, by the end of 2023, he expected that sales volumes will begin to increase. This projection was deemed reasonable, but sales volumes remained low through 2023.

The primary reason why there is only limited new home development in the Reno-Sparks area is due to a lack of subcontractors. In the boom years, labor was plentiful and because the apartment market was stable with vacancies between 4% and 5%, subcontractors were able to import labor to satisfy demand. However, as is discussed more fully in a subsequent section of the Area Description, over the last several years, apartment vacancies were below 3% and rents have been increasing rapidly. As a result, there is no place to put imported labor. All of the home builders that I have interviewed between 2014 and 2021 said that the biggest issue that they have is labor to finish houses. An increase in apartment construction has allowed more labor to move into the area. However, because rents are high and vacancies have been low, construction wages have had to increase, which increases the price of new construction.

Because of a lack of new housing, buyers are being forced into the resale market. This trend is reflected through the resales of homes through Multiple Listing Service (MLS). This data is summarized as follows:

MLS – Resale Market

Year	No. of Resales	Percentage Change	Median Sale Price	Percentage Change
2004	5,753		\$312,000	
2005	6,072	5.54%	\$355,000	13.78%
2006	4,111	-32.30%	\$309,000	-12.96%
2007	3,365	-18.15%	\$283,950	-8.11%
2008	3,591	6.72%	\$218,900	-22.91%
2009	5,245	46.06%	\$169,900	-22.38%
2010	5,342	1.85%	\$165,810	-2.41%
2011	6,132	14.79%	\$155,000	-6.52%
2012	6,090	-0.68%	\$165,000	+6.45%
2013	6,077	-0.21%	\$213,000	+29.09%
2014	5,966	-1.83%	\$245,000	+15.02%
2015	6,318	5.90%	\$280,000	+14.29%
2016	6,565	3.91%	\$305,000	+8.93%
2017	6,823	3.93%	\$336,900	+10.46%
2018	5,988	-12.24%	\$375,000	+11.31%
2019	6,273	4.76%	\$390,000	+4.00%
2020	6,629	5.68%	\$427,000	+9.49%
2021	6,458	-2.58%	\$515,000	20.61%
2022	5,178	-19.82	\$565,000	9.71%
2023	4,365	-15.70	\$555,000	-1.77%

As of February 24, 2024, there were 961 site-built homes listed for sale through Multiple Listing Service. This equates to a 2.64-month supply based on 2023 sales activity. This also compares with March 1, 2023, when there were 1,072 stick-built homes listed for sale through the Multiple Listing Service. Based upon 2022 sales activity, this equated to a 2.48-month supply. The inventory of homes on the market is significantly less than a 6-month supply, which is considered to be a stable supply.

Over the three years prior to 2021, sales volumes had been increasing. Because of low supplies, prices had also been increasing. This was being further fueled by labor constraints on the construction of newer houses and increasing demand due to employment growth. Additionally, there once again are retirees moving from the Bay Area of California to the Reno-Sparks area due to the lack of a state income tax, the lack of an estate tax and the relatively low cost of housing. However, just like new home sales, sales volumes declined in 2022 and 2023 as a result of increasing interest rates.

With anticipated increasing employment and with ongoing constraints in the new housing construction market, I would anticipate that the resale market will remain strong for the foreseeable future. However, the slowdown in sales volumes is felt to be due to affordability issues as prices continue to climb even though interest rates are increasing, both of which are working to make houses less affordable.

Multifamily Residential

Set forth following is the indicated construction of multifamily residential units in the Reno-Sparks area since 1999.

Multifamily Inventory History						
Year	Beginning Inventory	Units Added	Ending Inventory	Reported Vacancy	Vacant Units	Net Change in Occupancy
1999	43,020	1,897	44,917	7.14%	3,207	1,443
2000	44,917	1,284	46,201	2.78%	1,284	3,201
2001	46,201	1,188	47,389	5.38%	2,550	(78)
2002	47,309	910	48,299	4.79%	2,314	1,146
2003	48,299	1,012	49,311	4.63%	2,283	1,043
2004	49,311	464	49,775	4.33%	2,155	592
2005	49,775	1,060	50,835	4.00%	2,033	1,182
2006	50,835	453	51,288	4.70%	2,410	830
2007	51,288	103	51,391	6.50%	3,360	-847
2008	51,391	11	51,402	7.35%	3,778	-418
2009	51,391	428	51,819	9.08%	4,705	-927
2010	51,830	134	51,964	7.16%	3,721	984
2011	51,964	154	52,118	6.56%	3,419	302
2012	52,118	68	52,186	4.83%	2,521	966
2013	52,186	426	52,612	4.06%	2,136	385
2014	52,612	180	52,792	2.97%	1,568	748
2015	52,792	654	53,446	2.90%	1,550	672
2016	53,446	596	54,042	2.93%	1,583	563
2017	54,042	2,300	56,342	3.80%	2,141	1,742
2018	56,342	1,980	58,322	3.64%	2,123	1,998
2019	58,322	1,871	60,193	3.96%	2,384	1,610
2020	60,193	248	60,441	2.82%	1,710	922
2021	60,441	2,054	62,495	3.18%	1,987	1,777
2022	62,495	1,583	64,078	3.04%	1,948	1,622
2023	64,078	1,562	65,640	3.09%	2,028	1,482

During the housing boom of the early to mid-2000's there was little new apartment development in the Reno-Sparks area. This was due primarily to extensive condominium development. Home ownership, whether detached or attached, was easy due to lax lending regulations. Because profits were so high in the "For Sale" market, developers were concentrating on this product type as opposed to the "For Lease" market. The spike in vacancies in 2007-2010 was due to construction workers moving out of the area and households consolidating. Additionally, as single-family homes became more affordable, lease rates for homes dropped, decreasing demand for apartments. This is illustrated on the following chart.

Reno-Sparks Area Apartment Vacancy/Rental Rate History

Quarter	Vacancy Rate	Average Rent
Jan-13	5.60%	\$830
Apr-13	5.11%	\$829
Jul-13	4.65%	\$843
Oct-13	4.06%	\$859
Jan-14	4.12%	\$860
Apr-14	3.83%	\$876
Jul-14	2.41%	\$887
Oct-14	2.13%	\$868
Jan-15	3.31%	\$868
Apr-15	2.97%	\$889
Jul-15	2.27%	\$920
Oct-15	2.67%	\$942
Jan-16	2.90%	\$946
Apr-16	2.30%	\$990
Jul-16	1.98%	\$1,029
Oct-16	2.24%	\$1,054
Jan-17	2.93%	\$1,066
Apr-17	2.23%	\$1,111
Jul-17	1.17%	\$1,194
Oct-17	2.41%	\$1,202
Jan-18	3.80%	\$1,180
Apr-18	1.97%	\$1,230
Jul-18	1.58%	\$1,318
Oct-18	2.79%	\$1,319
Jan-19	3.64%	\$1,292
Apr-19	3.06%	\$1,316
Jul-19	2.67%	\$1,344
Oct-19	3.31%	\$1,345
Jan-20	3.96%	\$1,324
Apr-20	3.51%	\$1,341
Jul-20	3.32%	\$1,369
Oct-20	2.24%	\$1,421
Jan-21	2.82%	\$1,424
Apr-21	1.95%	\$1,469
Jul-21	1.63%	\$1,607
Oct-21	2.35%	\$1,632
Jan-22	3.18%	\$1,616
Apr-22	2.66%	\$1,633
Jul-22	2.66%	\$1,680
Oct-22	3.44%	\$1,654
Jan-23	3.04%	\$1,625
Apr-23	2.66%	\$1,644
Jul-23	2.19%	\$1,661
Oct-23	2.73%	\$1,653
Jan-24	3.09%	\$1,612

As can be seen by the data set out above, the vacancy rates for apartments have declined to the point where the vacancy rate has been below 5.00%, which has historically been viewed as the stabilization

level, for almost 11 years. However, during that time, approximately 11,892 units in larger projects have been constructed. As vacancy rates have remained low, rents have increased. Between the 1st Quarter of 2019 and the end of 2023, the average rent has increased 22.49%, or over 5.6% per year. In the last year, the average rent has decreased by 1.95%. Although the average rent in the 4th Quarter of 2023 declined by \$41.00 per month, similar dips have been seen in the 4th Quarter of each of the past 5 years, except 2020, where the average rent increased by \$3.00 per month. Generally, vacancies are highest in the 4th Quarter. This may be due to the fact that a number of people work in the ski resorts during the winter and they are provided with housing and so they leave apartments in town and then re-occupy in the spring. Currently rents are above the mortgage payment for a similar sized house of similar vintage and so this may dampen the rate of future rent increases unless mortgage interest rates rise.

Because vacancy rates are low, there has been demand for apartment units. Set out following is a list of apartment complexes that approved, but not yet built, as well as those under construction. The following data was compiled by Johnson-Perkins-Griffin, who has been completing a quarterly survey of apartment units in the Reno-Sparks area for over 20-years.

PROPOSED & UNDER CONSTRUCTION (MAJOR APARTMENT PROJECTS OVER 80 UNITS)				
Projects Under Construction				
Project Name	Units	Location	Area	Status
Overlook at Keystone Canyon	342	Keystone Avenue & North McCarran Boulevard @ Terminus of Leadership Pkwy.	1	Under Construction
The Kallan	242	Southeast Corner of South Verdi Road & Cabela Drive	1	Under Construction
Edison	232	Southeast Corner of Valley Road and Enterprise Road	2	Under Construction
Stone Village Apartments	300	South Side of Gardella Avenue, Just East of Coastal Street	2	Under Construction
Lemmon Landing	342	Northeast Corner of Lemmon Drive & Memorial Drive	3	Under Construction
Northtowne Apartments	120	Northeast Corner of Northtowne Lane & Lund Lane	3	Under Construction
Homecoming at Kiley Ranch	306	Southwest Corner of Kiley Parkway & Windmill Farms Parkway	4	Under Construction
Seasons @ Stonebrook	396	SEC Pyramid Highway & Andelin Drive	4	Under Construction
Rowan Apartments	360	Southeast Corner of Vista Boulevard & Golden Triangle Way	4	Under Construction
Elysium	270	Southwest Corner of South Virginia Street & South Hills Drive	10	Under Construction
Palomino	482	SEC Damonte Ranch Parkway & Steamboat Parkway	10	Under Construction
The Haleyon	330	Northeast Corner of Longley Lane and South Virginia Street	10	Under Construction
Ballpark Apartments	368	Northeast Corner of Lake Street and East 2nd Street (Phase I)	11	Under Construction
Reno City Center (Former Harrah's)	530	Northeast Corner of North Virginia Street and East 2nd Street	11	Under Construction
State Street Apartments	88	Northeast Corner of State Street & River Rock Street	11	Under Construction
Total Units:	4,708			
Projects Planned				
Project Name	Units	Location	Area	Status
5th & Vine Apartments	302	Northeast Corner of Keystone Avenue & 5th Street	1	Planning Stages
Mae Anne Apartments	200	East of Mae Anne Avenue, Between Interstate 80 & Leroy Street	1	Planning Stages
Viewpoint Apartments	432	West Side of South McCarran Boulevard, Directly West of Montebello Apartments	1	Planning Stages
Aspire at North Hills	204	North Side of North Hills Boulevard, West of East Golden Valley Road	3	Planning Stages
Highlands Apartments	288	North Side of Sky Vista Parkway, Just West of Lemmon Drive	3	Planning Stages
Spectrum-Dandini Development	420	Northeast Corner of US Highway 395 & Dandini Boulevard	3	Planning Stages
The Lakes at Lemmon Valley Phase II	280	Sky Vista Parkway, West of Lemmon Valley Road	3	Planning Stages
The Standard	447	East of Sparks Marina-East Side of Marina Gateway Drive	4	Planning Stages
Kiley Ranch Apartments	450	Southeast Corner of Pyramid Way and Sparks Boulevard	4	Planning Stages
Gateway at Galena	361	Southeast Corner of Wedge Parkway & an Unnamed Public Access Road	10	Planning Stages
Center Street Apartments	154	Southeast Corner of South Center Street & Stewart Street	11	Planning Stages
550 North Virginia	261	Northeast Corner of North Virginia Street & East 5th Street	11	Planning Stages
Riverfront Apartments	393	Northeast Corner of Lake Street and East 2nd Street (Phase II)	11	Planning Stages
Riverside Drive Apartments	123	Westerly Terminus of Riverside Drive	11	Planning Stages
Promenade-Phase I & II	288	Victorian Square	11	Planning Stages
PromWest	168	East of Fountainhouse	11	Planning Stages
Total Units:	4,771			

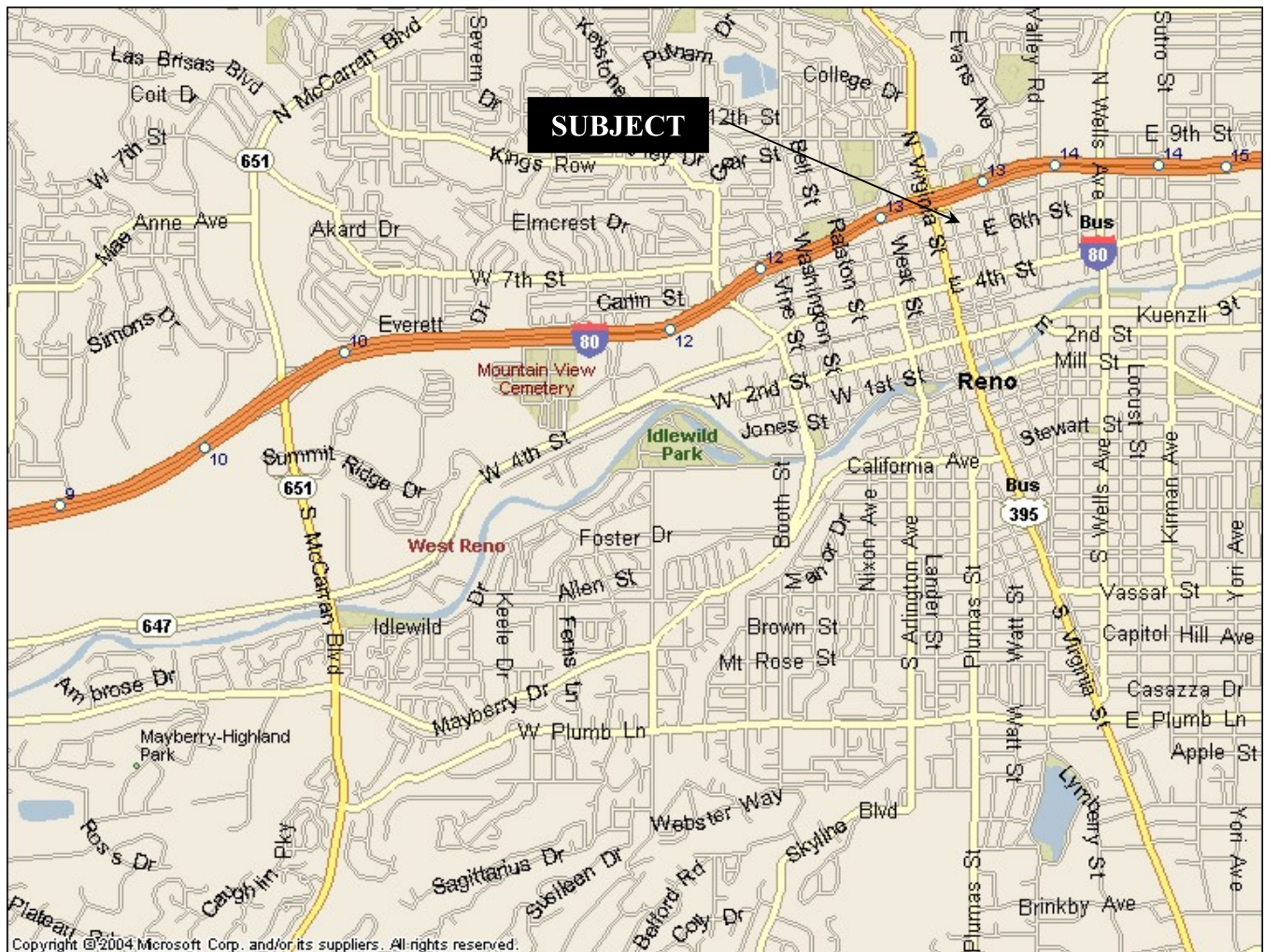
The projects that are currently under construction (4,708 units) comprise approximately 39.5% of the total number of apartment units constructed in our market over the last 10 years (11,892 units). If all of these units come on line in 2024 (some will most likely not come on line until 2024 or later) and based on the inferred absorption in 2023, the vacancy rate by the end of 2024 will only increase to 7.47%. However, as all of the units in the projects under construction will not be built this year, I do not expect the vacancy rate to increase above 5% over the next year.

Summary and Conclusion

Overall, the Reno-Sparks area underwent rapid growth and appreciation in the early to mid-2000s. This resulted in significant appreciation in the residential market between 2003 and 2005. Beginning in 2006, the market retrenched. This retrenchment created a spread in pricing between houses in the California market and Reno-Sparks, which makes the area more attractive to residents seeking to flee the high price of living in California. Furthermore, as the baby boomers retire, it is anticipated that a

number of them will seek to move to the Reno-Sparks area due to the favorable tax structure. Between 2010 and 2015, the Reno-Sparks area economy experienced a slow recovery. There were stops and starts, due to a declining retail base, declining house values, high unemployment, and declining rents. However, the recovery in the industrial markets exceeded expectations, while the retail and office markets continued to lag behind. In late 2014, the area was able to attract Tesla, which started a cascade of other Fortune 500 companies making purchases in the market. Announcements by Switch, Google and Blockchains have also worked to put the Reno-Sparks area on the map. Although Switch has completed Phase I of their project, they have additional phases planned, which will increase the size of the project from its current 1.3 million square feet, to 7.2 million square feet. Additionally, in October 2018, Elon Musk projected employment growth at the Tesla plant to grow from the current level of 3,000± employees to 20,000 employees. In January 2019 the EPIC (Economic Planning Indicators Committee) Report from EDAWN (Economic Development Authority of Western Nevada) projects more than 51,585 jobs and 54,470 new people in the five-county region (Washoe, Storey, Lyon, Carson and Douglas counties) over the next 5 years. Washoe County was expected to add 46,562 people and 19,098 households, indicating that the Reno-Sparks area would need approximately 4,000 new residential units per year. This has not materialized, first as a result of COVID and then as a result of increasing interest rates. However, because of continued industrial development, coupled with the spread in home prices between the Bay area and Reno are anticipated to fuel residential and population growth for the foreseeable future.

SUB-MARKET MAP



SUB-MARKET DESCRIPTION

The sub-market being addressed in this analysis is the downtown Reno core area. The core is basically defined by Keystone Avenue to the west, Interstate 80 to the north, Wells Avenue to the east and California/Stewart Street to the south. The downtown Reno core is divided into three distinct segments. The first and most prominent is the casino core which fronts Virginia Street between Third Street and Sixth Street. The second is the central business district or financial core. This is centered at the intersection of South Virginia Street and Liberty Street. Both the casino core area and central business district are relatively small areas within the city's larger downtown.

Between these two segments is an area known as the Truckee River corridor. The City of Reno, through its Redevelopment Agency, assembled 1-1/2 blocks along the Truckee River in the early to mid-1990s. The agency demolished the improvements, making a vacant site available for development. After a long selection process, Oliver McMillan group, LLC, of San Diego was selected as the project developer. Oliver McMillan identified a theater as the appropriate project to anchor redevelopment along the river. In November 1999, a 12-screen Cineplex, with a total of 2,227 seats, opened. BT Partners developed three restaurants on a parcel adjacent to the theater. These restaurants were leased for between \$2.50 per square foot and \$3.00 per square foot.

Just east of the movie theater, on the southeast corner of First and Sierra Streets is the site of Palladio. Palladio involves a 13-story retail/condominium development. This project was completed in 2008. The first floor comprises approximately 19,200± square feet of retail space and restaurants. The project has a four-level parking garage and 96 condominium units on nine floors. The most recent sales in this project are illustrating prices ranging from \$475 per square foot to \$590 per square foot.

In addition to Palladio, the downtown area experienced several condominium conversions, where older hotel-casinos are converted to condominium usage. The first of these involved The Residences at Riverwalk, a 125-unit project which involved the former Comstock Hotel-Casino. This project experienced excellent market acceptance, with units selling for between \$200,000 and \$430,000. This project finished its renovation in late 2005 and was nearly sold-out at completion of the renovation. Due to the length of the renovation, there was some fall-out and some of the units did not close escrow. However, they were eventually all sold.

Bolstered by the success of Riverwalk, renovations began on the former Golden Phoenix Hotel-Casino (the Montage) and the former Sundowner Hotel-Casino (Belvedere Towers). These projects are both located in the northwest quadrant of downtown. Reportedly, the Montage was 60% pre-sold, with unit prices ranging from \$195,000 to \$700,000. However, due to delays in completing the renovations, and with changing market conditions which began in 2005, there was significant fall-out. The renovations were finally completed in January 2009 and the project began closing units, but it reduced prices. During the course of the renovations, the project went through foreclosure and was completed by Corus Bank of Chicago. This project is sold out and current resales are in the range of \$400 per square foot and \$500 per square foot.

In the case of Belvedere Towers, this project has reported 101 sales between October 2005 and July 2007. However, due to delays in completing renovations of the first phase, the project did not begin closing until late 2007. Although the project reported 93 sales, only approximately 18 of the sales were legitimate. The rest of the sales were from the developer to “friends” and then the developer was leasing back the units to pay the purchaser’s mortgage. Eventually the developer ran out of money and the bank foreclosed on the unsold units. In 2024, there have been 34 sales in this project with prices ranging between \$295 per square foot and \$525 per square foot.

Several other properties in the downtown area were also purchased for renovation and conversion to condominiums. However, due to the ultimate lack of success exhibited by Palladio, Montage and Belvedere Towers, these other projects have been placed on hold indefinitely.

Although the condominium conversions have not met with good market acceptance, there have been successful renovations and redevelopments in downtown Reno. One of the major successes has been the redevelopment of the former Riverside Hotel-Casino and the Siena. In 2000, the Riverside was remodeled and converted into 35 artist lofts, with first floor retail commercial space. The southern end of the redevelopment area is anchored by the Siena Hotel-Casino. This facility is the former Holiday Hotel Casino that was purchased in 1999 for \$2,500,000. The old hotel-casino was then stripped to a skeleton and redeveloped with what is essentially a new hotel-casino at a reported cost of between \$16,000,000 and \$20,000,000. Due to declining revenues, this facility laid off approximately 20 % of its workforce in early 2010. Then in October 2010, the property closed. In November 2010, a group of investors purchased the

property for \$3,900,000 and after spending approximately \$5,000,000 in renovations, the property reopened on April 2011.

On January 15, 2020, Caesars confirmed that Harrah's Hotel-Casino, a Reno landmark since 1937, when Bill Harrah opened a bingo parlor in downtown Reno, had been sold. In the second half of 2020, the property was shuttered and is being converted into a non-gaming facility with 530 market-rate apartments, 150,000 square feet of office space and 78,500± square feet of retail space. On March 9, 2021, the buyer of the property CAI Investments received a \$100 million dollar loan to renovate the property. The repurposed building will be called Reno City Center. Due to construction delays caused by the pandemic, supply chain delays and price increases, a February 16, 2024, Reno City Center, LLC filed for Chapter 11 Bankruptcy protection and it is uncertain if or when this project will be completed.

Another major development to have occurred in the subject sub-market was the City of Reno's purchase of the former FIB tower, located across East First Street from the plaza. This building was purchased by the city as a new city hall, thereby providing additional employment in the downtown area.

In 2010, construction was completed on the Reno Aces Baseball Stadium (now Greater Nevada Field) located on the east side of downtown. The Reno Aces are a AAA affiliate of the Arizona Diamondbacks. Their inaugural season in the Reno-Sparks area was in 2009. In 2017, Reno 1896 FC, a professional soccer team also debuted in Greater Nevada Field. They played in this stadium until the league dissolved during the pandemic. The area around the baseball stadium is currently being developed with a series of restaurants, retail outlets and apartments. This development has had a significant positive impact on the eastern portion of downtown Reno.

In addition to existing projects, there are a number of proposed or recently constructed projects in the downtown area. Apple, which has built a "cloud storage facility" east of Reno, has recently completed construction of an office/receiving center in downtown Reno. Additionally, The Reno Auto Museum is planning an expansion of their facility onto an adjoining vacant site. In December, 2013 the Siegel Group purchased the 16-story former Virginian Hotel-Casino for \$2,380,000. They have converted the hotel tower into apartments. Additionally, the former King's Inn, which had been vacant for over 20-years has been renovated and turned into apartments. On May 31, 2019, Spire Construction had their groundbreaking for

Canyon Flats the first UNR student housing project south of Interstate 80. This four-story, 158-unit project is designed to house up to 508 students. This project was completed in time for the fall 2020 semester.

Jacobs Investments, Inc., through its wholly owned subsidiary Jacobs Entertainment, Inc. (JEI) and other entities has purchased almost 20 blocks of property on the west side of downtown for the Reno Neon Line project. The project is anchored by the former Sands Hotel-Casino and the Gold Dust West Casino, both of which are owned by Jacob entities. The \$1 billion project is planned to include a variety of multi-use development which may include additional gaming space, residential uses, and shopping venues around a series of water features.

The southern portion of the subject's sub-market is the central business district. The central business district includes 1.46 million square feet of office space in 44 buildings. The market is further divided between low rise and high-rise buildings. The Bank of America Plaza and six other properties make up the high-rise market. These seven buildings contain a total of approximately 923,224 square feet of usable area. At the present time, the leasing agents indicate overall vacancy rates in the core of approximately 11.2%. The high-rise office buildings within the downtown sub-market are summarized below:

High Rise Office Buildings in Downtown Reno

Building Name	Location	Year	Floors	NUBA
Museum Towers	100 W. Liberty Street	1987	12	148,742 SF
Chamber Building	1 E. 1 st Street	1963	17	115,834 SF
Wells Fargo/Dean Witter Building	200 S. Virginia Street	1982	9	118,233 SF
U.S. Bank Building	300 S. Virginia Street	1974/75	6	82,688 SF
Liberty Center	350 S. Center Street	1975	6	86,244 SF
Truckee River Office Tower	300 E. Second Street	1981	14	123,000 SF
Bank of America Plaza	50 W. Liberty Street	1980	12/4	244,151 SF

The balance in the downtown office sub-market is made up of single-story residential conversions and multi-tenant, low rise buildings. Approximately 36% of the downtown market involves properties not competitive with the high-rise buildings in terms of location, views, quality of improvements, amenities, or stature. Over the past several years, there has been very little new office development, primarily due to high vacancy rates and limited rents. However, in 1996, the federal government built a new 194,000± square foot federal courthouse on the southeast corner of Virginia Street and Liberty Street in the heart of the central business district. Additionally, in 2004, Washoe County recently demolished the old Cal Fed building which had housed the district attorney's and public defender's offices. The site was

replaced with a new Reno justice court building that also houses the district attorney's office and public defender's office.

Although rents in the downtown high-rise office buildings were above \$2.15 per square foot in 2006, with the slowdown in the economy, there was a flight to the suburbs and by the 3rd Quarter 2010, the average vacancy rate in downtown Reno was 28.8%. Since that time, with additional residents in the downtown area and with the impact of Aces Ballpark as well as with the continued re-gentrification of downtown, by the end of the 3rd Quarter 2013, the average vacancy rate in downtown Reno had dropped to 18.9%. By the end of 2023, the average vacancy in downtown was still at 11.2%, with an average asking rent of \$1.99 per square foot per month.

With the increasing demand, rental rates are increasing. At the bottom of the market, leases were being signed in the downtown high-rise buildings as low as \$1.10 per square foot on a full-service basis. The most recent leases signed in the Bank of America tower are at over \$2.00 per square foot on a full-service basis. The leasing agents indicated that tenants are moving to downtown due to the synergism of the residential and the entertainment, all of which are within walking distance from the downtown high-rise office buildings. In the suburbs, you have to drive to eat lunch, etc. Additionally, companies are moving to the downtown core in an effort to attract younger workers, many of whom live in downtown. As a result of this synergism, it is expected that the downtown office core will continue to gain strength for the foreseeable future.

While re-gentrification is occurring in the downtown core, the fringes of the downtown area are generally stagnant. The one exception to this is the Midtown area to the south of downtown. The Midtown comprises approximately 10 blocks along S. Virginia Street, south of the office core. This area is comprised primarily of smaller retail and office buildings, some of which have second floor residential. For decades, this area has been comprised primarily of very secondary retail uses. However, over the last 5± years, there has been an influx of restaurants and boutique shops and now this area is more of a thriving commercial corridor. An adjunct to Midtown is California Avenue, which has also seen an influx of dance clubs, restaurants, and boutique stores. Furthermore, a number of older apartment complexes have been renovated and are now being leased to young professionals.

The northeast portion of the subject submarket, which is north of East Fourth Street and east of Virginia Street is identified by the City of Reno as part of the University Regional Center Plan (URCP). The URCP also extends north of Interstate 80 to include all of the UNR campus. UNR is actively purchasing land south of the existing campus and north of Interstate 80, with the anticipation that the I-80 interchange with Virginia Street (which includes Center Street and Sierra Street) eventually being the gateway to the campus. While the university campus is not currently planning to extend south of I-80, it is anticipated that the portion of the URCP south of I-80 will be developed with student housing and other support facilities. This area is also serviced by the Rapid Bus line, which will provide bus service to the UNR campus. Canyon Flats, which was mentioned earlier is the first major project in the URCP which is starting to fulfill this vision. Currently, most of the existing development in the URCP portion of the subject submarket consists of older single-family residences and small commercial facilities. The land is generally held in a few private ownerships and so there are large sites like the subject that have already been assembled and that would be available for redevelopment. As a result, I would expect that over the next decade there will be significant redevelopment in this portion of the subject submarket, with the development being focused on providing support housing and shopping services for the students and staff at the UNR campus.

SUBJECT PHOTOGRAPHS



VIEW LOOKING NORTHERLY UP EVANS AVENUE
FROM THE SUBJECT'S ACCESS POINT FROM THIS ROADWAY



VIEW LOOKING SOUTHERLY DOWN EVANS AVENUE
FROM THE SUBJECT'S ACCESS POINT FROM THIS ROADWAY

SUBJECT PHOTOGRAPHS



VIEW LOOKING NORTHERLY UP RECORD STREET
FROM JUST NORTH OF THE SUBJECT



VIEW LOOKING SOUTHERLY DOWN RECORD STREET TOWARD THE SUBJECT
THE PORTION OF RECORD STREET TO BE ABANDONED IS BEHIND THE FENCE

SUBJECT PHOTOGRAPHS



VIEW LOOKING EASTERLY DOWN EAST 4TH STREET
FROM ITS INTERSECTION WITH RECORD STREET



VIEW LOOKING WESTERLY UP EAST 4TH STREET
FROM ITS INTERSECTION WITH RECORD STREET

SUBJECT PHOTOGRAPHS



VIEW LOOKING WESTERLY DOWN THE ALLEY
FROM THE NORTH EDGE OF APN 007-313-28



VIEW LOOKING NORTHERLY UP THE ALLEY THAT EXTENDS
ALONG THE WEST EDGE OF APN 007-313-27

SUBJECT PHOTOGRAPHS



VIEW OF THE SUNKEN RAILROAD TRACKS
THAT EXTEND ALONG THE SOUTH EDGE OF THE SUBJECT



VIEW OF THE RTC BUS TRANSFER STATION
TO THE WEST OF THE SUBJECT ON THE WEST SIDE OF EVANS AVENUE

SUBJECT PHOTOGRAPHS



**VIEW LOOKING NORTHERLY ALONG THE WEST EDGE OF THE SUBJECT
FROM NEAR THE SOUTHWEST CORNER OF THE SITE**



**VIEW LOOKING NORTHEASTERLY ACROSS THE SUBJECT
FROM NEAR THE SOUTHWEST CORNER OF THE SITE**

SUBJECT PHOTOGRAPHS



VIEW LOOKING EASTERLY ALONG THE SOUTH EDGE OF THE SUBJECT
FROM NEAR THE SOUTHWEST CORNER OF THE SITE



VIEW LOOKING WESTERLY ALONG THE SOUTH EDGE OF THE SUBJECT
FROM NEAR THE SOUTHEAST CORNER OF THE SITE

SUBJECT PHOTOGRAPHS



VIEW LOOKING NORTHWESTERLY ACROSS THE SUBJECT
FROM NEAR THE SOUTHEAST CORNER OF THE SITE



VIEW LOOKING NORTHERLY ALONG THE EAST EDGE OF THE SUBJECT
FROM NEAR THE SOUTHEAST CORNER OF THE SITE

SUBJECT PHOTOGRAPHS



VIEW LOOKING SOUTHERLY ALONG THE EAST EDGE OF THE SUBJECT
FROM NEAR THE NORTHEAST CORNER OF THE SITE



VIEW LOOKING SOUTHWESTERLY ACROSS THE SUBJECT
FROM NEAR THE NORTHEAST CORNER OF THE SITE OF THE SITE

SUBJECT PHOTOGRAPHS



VIEW LOOKING NORTHWESTERLY ALONG THE EAST EDGE OF THE SUBJECT
FROM NEAR THE NORTHEAST CORNER OF THE SITE



VIEW LOOKING SOUTHEASTERLY ALONG THE NORTHEAST EDGE OF THE SUBJECT
FROM NEAR THE NORTHEAST CORNER OF THE RECORD STREET RIGHT-OF-WAY
TO BE ABANDONED

SUBJECT PHOTOGRAPHS

VIEW LOOKING SOUTHWESTERLY ACROSS THE SUBJECT
FROM NEAR THE NORTHEAST CORNER OF THE RECORD STREET RIGHT-OF-WAY
TO BE ABANDONED



VIEW LOOKING WESTERLY ALONG THE NORTH EDGE OF THE SUBJECT OWNERSHIP
FROM NEAR THE NORTHEAST CORNER OF THE RECORD STREET RIGHT-OF-WAY
TO BE ABANDONED

SUBJECT PHOTOGRAPHS



VIEW OF THE DRAIN ON THE EAST EDGE OF THE SUBJECT



VIEW LOOKING EASTERLY ACROSS THE PARK AREA
ON THE EASTERN PORTION OF THE SUBJECT

SUBJECT PHOTOGRAPHS



VIEW LOOKING NORTHERLY ACROSS THE PARKING LOT
TO THE EAST OF THE SUBJECT BUILDINGS



VIEW LOOKING SOUTHERLY ACROSS THE PARKING LOT
TO THE EAST OF THE SUBJECT BUILDINGS

SUBJECT PHOTOGRAPHS



VIEW LOOKING NORTHEASTERLY AT THE WEST AND SOUTH FACES
OF THE 315 RECORD STREET BUILDING



VIEW LOOKING NORTHWESTERLY AT THE SOUTH AND EAST FACES
OF THE 315 RECORD STREET BUILDING

SUBJECT PHOTOGRAPHS



VIEW LOOKING NORTHWESTERLY AT THE SOUTH AND EAST FACES
OF THE 315 RECORD STREET BUILDING



VIEW LOOKING SOUTHEASTERLY AT THE NORTH AND WEST FACES
OF THE 315 RECORD STREET BUILDING

SUBJECT PHOTOGRAPHS



VIEW LOOKING NORTHWESTERLY AT THE SOUTH AND EAST FACES
OF THE 335 RECORD STREET BUILDING



VIEW LOOKING SOUTHWESTERLY AT THE EAST FACE
OF THE 335 RECORD STREET BUILDING

SUBJECT PHOTOGRAPHS



VIEW LOOKING SOUTHWESTERLY AT THE EAST AND NORTH FACES
OF THE 355 RECORD STREET BUILDING



VIEW LOOKING SOUTHEASTERLY AT THE NORTH FACE
OF THE 335 RECORD STREET BUILDING

SUBJECT PHOTOGRAPHS



VIEW LOOKING SOUTHEASTERLY AT THE WEST FACE
OF THE 335 RECORD STREET BUILDING



VIEW LOOKING NORTHEASTERLY AT THE WEST FACE
OF THE 355 RECORD STREET BUILDING

SUBJECT PHOTOGRAPHS

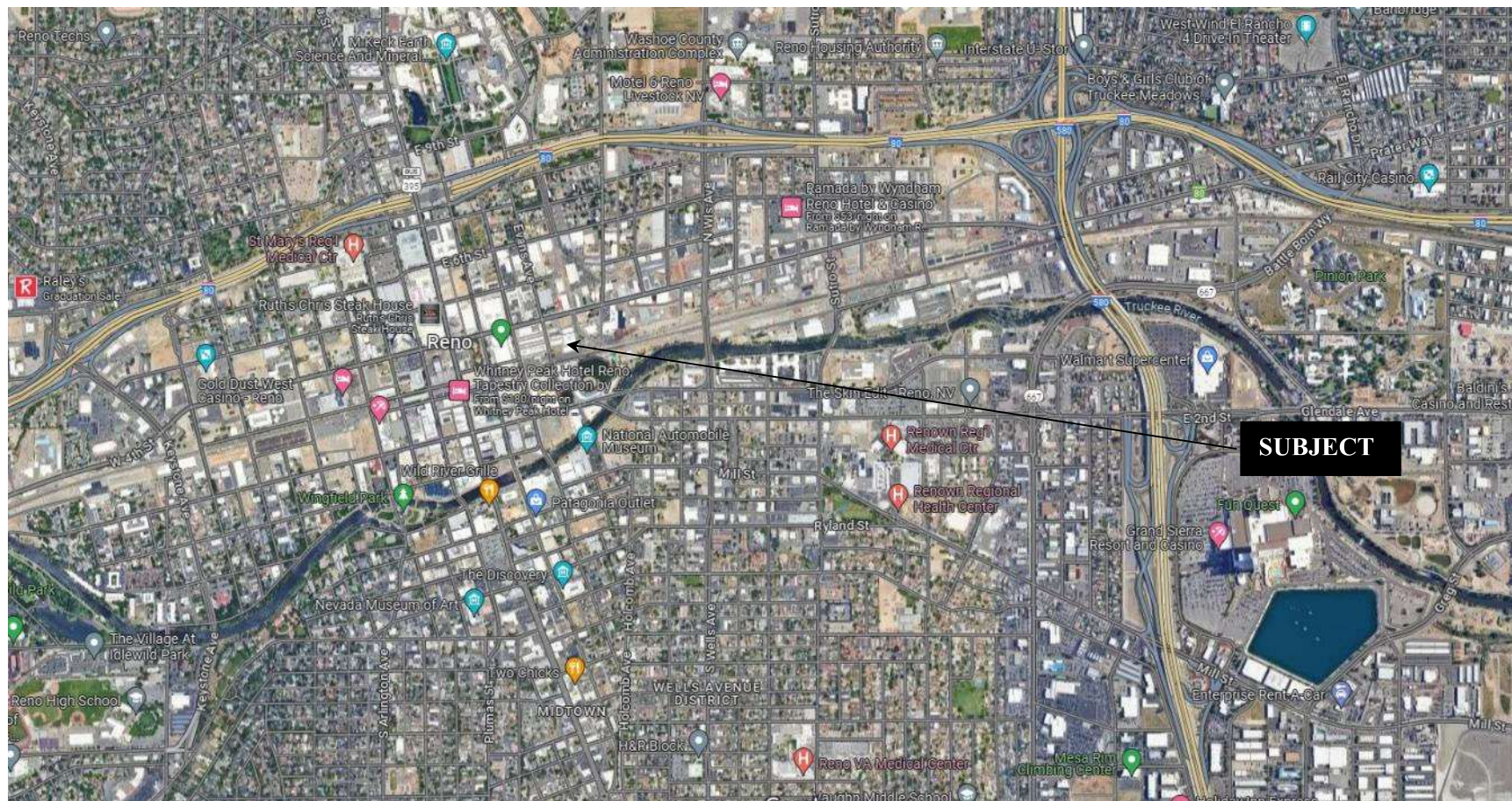


VIEW OF THE GATE ON THE SUBJECT'S EVANS AVENUE FRONTAGE



VIEW OF THE LARGE POWER POLE IN THE PARKING LOT
TO THE EAST OF THE SUBJECT BUILDINGS

AERIAL PHOTO – OVERVIEW

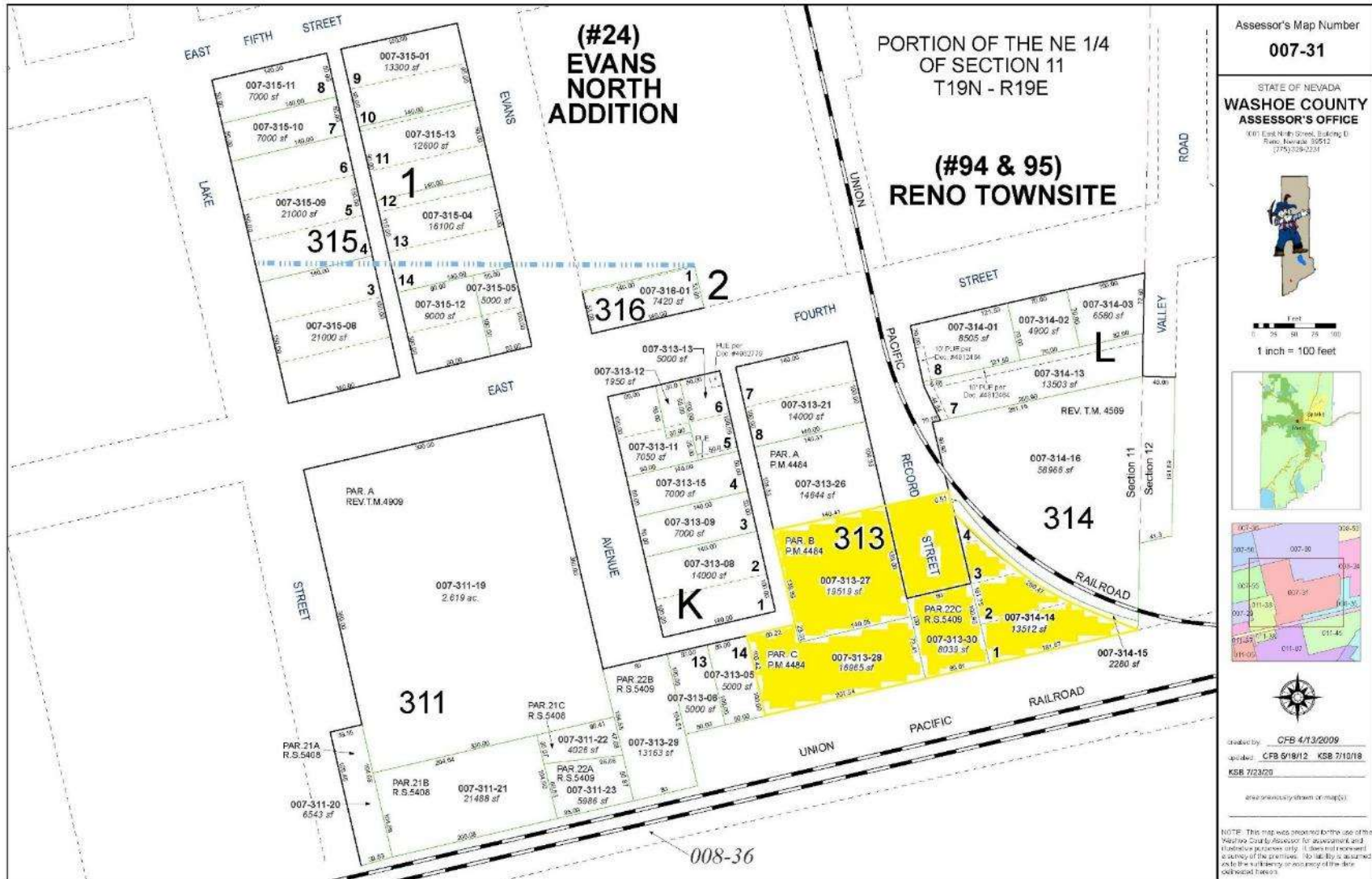


AERIAL PHOTO – CLOSE-UP VIEW



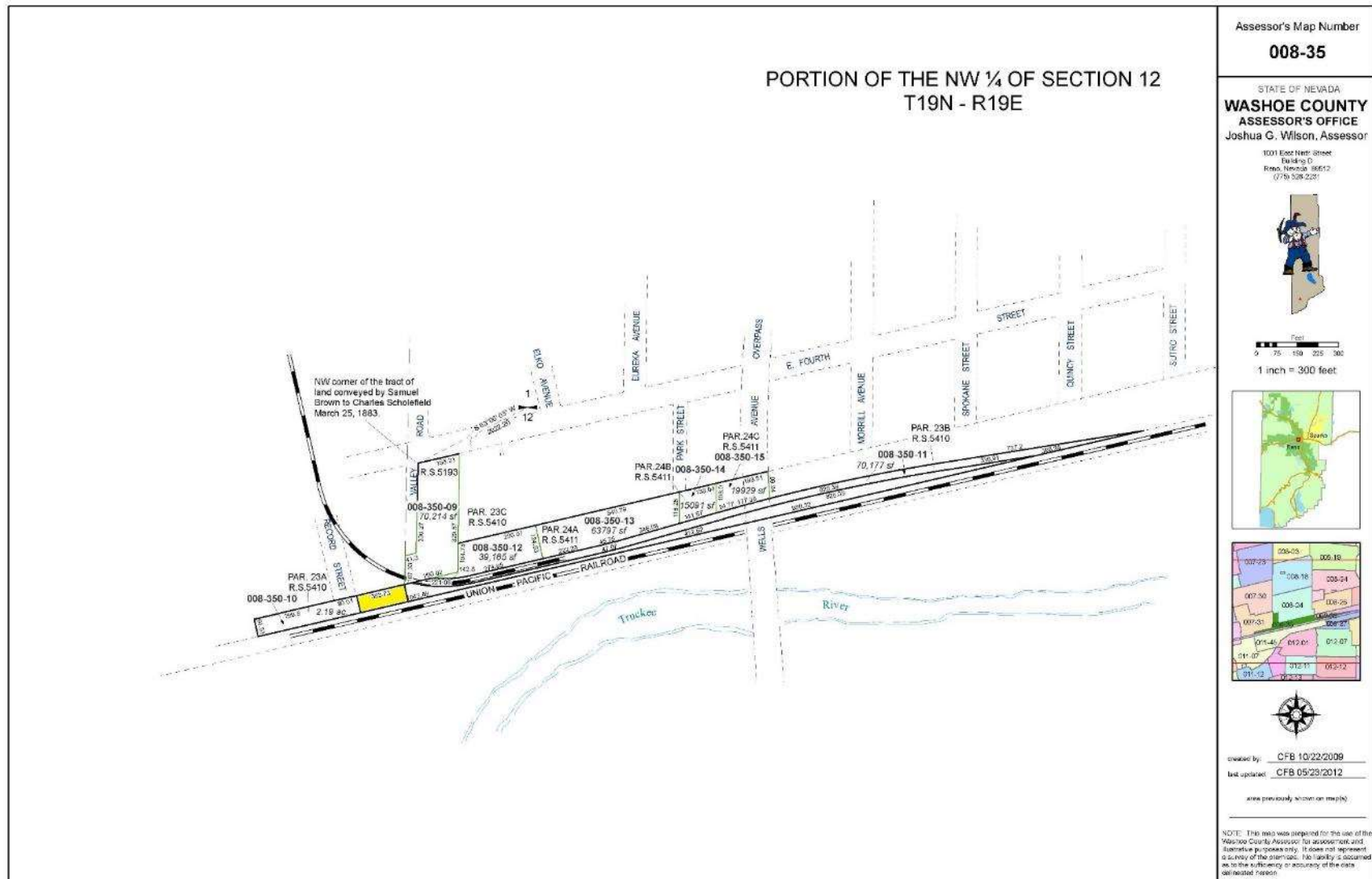
SUBJECT PROPERTY PLOT PLAN – PAGE 1

A.P.N.s 007-313-27, 28 & 30; 008-350-10 & Record Street



SUBJECT PROPERTY PLOT PLAN – PAGE 2

Portion of A.P.N. 008-350-10



PROPERTY IDENTIFICATION AND SITE DESCRIPTION

Property Name	Former Community Center of Record Street
Assessor's Parcel Numbers	007-313-27, 28 & 30 007-314-14 A portion of APN 008-350-10
Legal Description	
APN 007-313-27	Parcel B as shown on Parcel Map 4484, as filed in the Office of the County Recorder of Washoe County, State of Nevada on November 9, 2005, as Document No. 3305778, Official Records.
APN 007-313-28	Parcel C as shown on Parcel Map 4484, as filed in the Office of the County Recorder of Washoe County, State of Nevada on November 9, 2005, as Document No. 3305778, Official Records.
APN 007-313-30	Parcel 22C as shown on Record of Survey Map 5409, as filed in the Office of the County Recorder of Washoe County, State of Nevada on April 4, 2012, as Document No. 4100135, Official Records.
APN 007-314-14	Metes and Bounds – see addenda to this report
Portion of APN 008-350-10	Not available, but APN 008-350-10 may be identified as Parcel 22D as shown on Record of Survey Map 5409, as filed in the Office of the County Recorder of Washoe County, State of Nevada on April 4, 2012, as Document No. 4100135, Official Records.
Record Street	Not available.
Location	The south of the southern terminus of Record Street, 204.33± feet south of East Fourth Street, Reno, Washoe County, NV
Address	
APN 007-313-27	335 Record Street, Reno, NV 89512
APN 007-313-28	315 Record Street, Reno, NV 89812
APN 007-313-30	Not yet assigned
APN 007-314-14	Not yet assigned
Portion of APN 008-350-10	Not yet assigned
Record Street	Not yet assigned
Owner of Record	The City of Reno, a Municipal Corporation

Land Sizes and Dimensions

220.41± feet fronting north on the Reno Gospel Mission property and Record Street
 260.47± feet fronting northeasterly on the right-of-way for a UPRR spur line
 64.50± feet along the east property line
 564.69± feet fronting south on the right-of-way for the sunken main UPRR tracks
 64.50± feet fronting west on Evans Avenue
 100.00± feet fronting north on APNs 007-313-05 & 06
 100.00± feet fronting west on APNs 007-313-05 & 06
 60.22± feet fronting north on an unnamed alley
 138.89± feet fronting west on an unnamed alley

Land Areas

APN 007-313-27	0.448± acres (19,519± square feet)
APN 007-313-28	0.389± acres (16,965± square feet)
APN 007-313-30	0.185± acres (8,039± square feet)
APN 007-314-14	0.310± acres (13,512± square feet)
Portion of APN 008-350-10	0.807± acres (35,159± square feet)
Record Street	<u>0.214± acres (9,313± square feet)</u>
Total	2.353± acres (102,507± square feet)

Opportunity Zone

The subject is in a Designated Qualified Opportunity Zone
 The intention of Opportunity Zones is to allow developers or investors to bring capital gains into an opportunity zone, develop property and after 10-years all of the capital gains could be recaptured tax free. This is opposed to property developed outside of an Opportunity Zone, where the capital gains would need to be rolled over into a new property to avoid taxes. The impact of an Opportunity Zone designation will be more completely discussed in the valuation sections of this report.

Zoning

APNs 007-313-27, 28 7 30	MU-ED (Mixed-Use Downtown Entertainment District)
APN 007-314-14	MU-ID (Mixed-Use Downtown Innovation District)
Portion of APN 008-350-10	MU-ED & MU-ID
Record Street	Not Assigned

Chapter 18.02 Zoning Districts

Article 3 Mixed-Use Districts

18.02.301 MD-ED: Downtown - Entertainment District

Article 3 Mixed-Use Districts

18.02.301 MD-ED: Downtown - Entertainment District

(a) Purpose

The MD-ED district is intended to support the most intensive transit-supportive development within the downtown regional center and the region as a whole. The MD-ED district functions as the 24-hour gaming area, as facilitated by the Gaming Overlay District, and includes major hotel-casinos and cultural/entertainment/recreational facilities, as well as retail, restaurants, high-density residential, and urban open spaces. Active uses are focused along Virginia Street, Sierra Street, 2nd Street, Commercial Row, and 4th and 5th Streets.

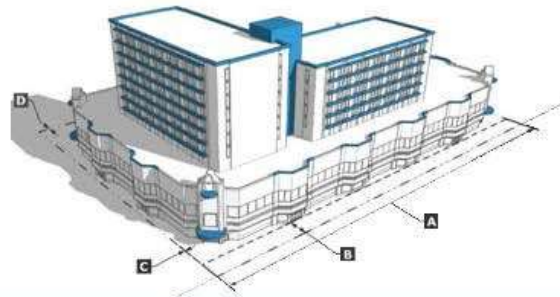


Table 2-14 MD-ED: Lot and Building Standards

General Standards		
A	Lot width, minimum	30 ft
	FAR, minimum	3.0 [1]
	FAR, maximum	--
	Density, minimum	45 du/acre [1]
	Density, maximum	--
Setbacks, minimum		
B	Front (Virginia Street and Fourth Street)	18 ft [2]
B	Front (All other streets)	12 ft [2] [3]
C	Side	0 ft / 5 ft [3] [4]
D	Rear	0 ft / 5 ft [3] [4]
	Rear (Porches/Canopies)	5 ft
	Street-facing garage	20 ft measured from sidewalk or planned sidewalk to face of garage
	Building separation	10 ft between principal buildings
Height, maximum		
	Height	--
	Stories	--
Other		
	Accessory uses/structures:	See Chapter 18.03 Article 4
	Site and building standards for mixed-use districts:	See Chapter 18.04 Article 10
	Development standards (parking, landscaping, etc.):	See Chapter 18.04

Notes: [1] See general standards for density in MD districts in Section 18.04.1003(a)(4).

[2] See general standards for front setbacks in MD districts in Section 18.04.1003(a)(2).

[3] A minimum zero-foot setback is allowed when the property line abuts an alley and at least 24 feet of backup space (including the alley) is provided from all garage doors and parking spaces that backup onto an alley.

[4] The building shall be either placed on the property line or set back a minimum of 5 feet. However, if the building is located immediately adjacent to a residentially zoned property, a minimum setback shall be 5 feet.

Chapter 18.02 Zoning Districts

Article 3 Mixed-Use Districts

18.02.302 MD-ID: Downtown - Innovation District

18.02.302 MD-ID: Downtown - Innovation District

(a) Purpose

The MD-ID district is intended support the district's transition into a mixed-use and light-manufacturing environment while retaining its eclectic character. The MD-ID district may include a range of employment uses, such as small-scale manufacturing, processing, wholesaling, office, and flex-space, as well as supporting uses like retail, restaurants, cultural facilities, high-density residential, and live/work.

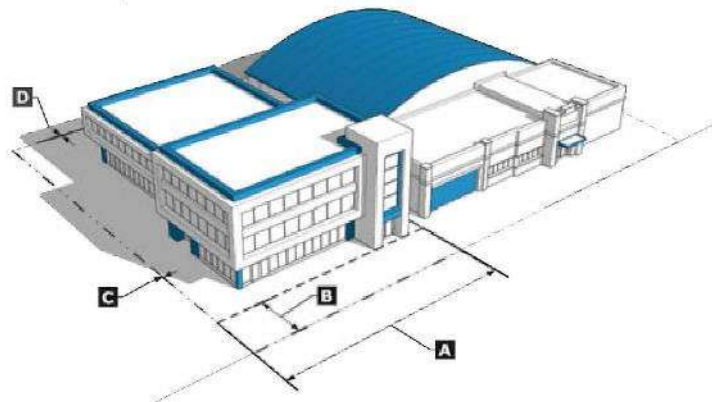


Table 2-15 MD-ID: Lot and Building Standards

General Standards		
A	Lot width, minimum	30 ft
	FAR, minimum	2.0 [1]
	FAR, maximum	--
	Density, minimum	30 du/acre [1]
	Density, maximum	--
Setbacks, minimum		
B	Front (Fourth Street)	18 ft [2]
B	Front (All other streets)	12 ft [2] [3]
C	Side	0 ft / 5 ft [3] [4]
D	Rear	0 ft / 5 ft [3] [4]
	Street-facing garage	20 ft measured from sidewalk or planned sidewalk to face of garage
	Rear (porches/canopies)	5 ft
	Building separation	10 ft between principal buildings
Height, maximum		
	Height	--
	Stories	--
Other		
	Accessory uses/structures: See Chapter 18.03 Article 4	
	Site and building standards for mixed-use districts: See Chapter 18.04 Article 10	
	Development standards (parking, landscaping, etc.): See Chapter 18.04	

Notes: [1] See general standards for density in MD districts in Section 18.04.1003(a)(4).

[2] See general standards for front setbacks in MD districts in Section 18.04.1003(a)(2).

[3] A minimum zero-foot setback is allowed when the property line abuts an alley and at least 24 feet of backup space (including the alley) is provided from all garage doors and parking spaces that backup onto an alley.

[4] The building shall be either placed on the property line or set back a minimum of 5 feet. However, if the building is located immediately adjacent to a residentially zoned property, a minimum setback shall be 5 feet.

The subject ownership meets the size and width requirements under the zoning. The zoning allows a wide variety of retail, office, and residential uses as well as some tourist commercial uses and public uses. Few industrial uses are allowed. A complete list of the allowed uses under the zoning are contained in the addenda to this report.

Topography

The subject site involves level to gently sloping topography, down from west to east, ranging in elevation between 4,490± feet above sea level near the east edge of the site and 4,498± feet above sea level along Evans Avenue. With an elevation change of 8 feet over 564.69± feet the average slopes are less than 2%. Generally, properties with slopes of 15% or less are considered to have good topography for development. Therefore, the subject property has good topography for development.

Easements, Encumbrances and Other Restrictions

A preliminary title report on the subject property was not available to the undersigned. As it would be impractical to complete a document-by-document search of the Official Records of Washoe County to ascertain all encumbrances on the subject, this has not been done. In completing this appraisal, I reviewed the recorded Parcel Map and Record of Survey Map referenced in the legal descriptions of this report.

According to Ms. Lori Miles, when the subject is sold, the city will retain a 10' wide easement along the south edge of the subject for access and maintenance of the railroad track trench. Because this easement is within typical setbacks, and because the easement area can still be used for parking and as a driveway behind a building. This easement is not felt to materially impact the value of the subject.

Parcel Map 4484, which created APNs 007-313-27 & 28 indicates a 20' wide sewer easement centered on the common parcel lines between these two parcels. This is the area between the two subject buildings. This easement essentially bisects the subject site. Due to the larger size of the subject and the relatively small area encumbered by the easement, it is not felt to have a significant impact on the value of the subject. However, it will place limitations on the flexibility in the design of a project on the subject site.

Although the maps do not indicate any other easements encumbering the subject, my inspection of the subject indicated electric lines and a large power pole that cross the eastern portion of the subject. It is assumed that these are easements, although they may be the power feed for the subject buildings as the power lines underground at this power pole. In any event, it is the undersigned's anticipation that these electric lines could be relocated if needed and so the electric lines and power pole are not felt to have a significant impact on the value or development potential of the subject.

My inspection of the subject, completed with the due diligence expected of a professional real estate appraiser, did not reveal overt signs of any other easements encumbering the subject. Furthermore, no encroachments were noted. As a result, the subject property has been valued as though it is not significantly impacted by adverse easements, encumbrances, or other restrictions.

Flood Zone

According to the Federal Emergency Management Agency's flood insurance rate map community panel number 32031C3043G, with an effective date of March 16, 2009, the entire subject property is located in an "Unshaded Zone X." An "Unshaded Zone X indicates areas with less than a 0.2% chance of annual flooding. Federal flood insurance is not required in an "Unshaded Zone X" designation. As a result, the subject's flood zone designation should not have a negative impact on the value of the subject.

Earthquake Zone

Geotechnical Report Provided	No
Report Reviewed	N/A
Items general in nature	N/A
Any items of concern	None
Any items impact value	None
Any items impact development potential	None

A geotechnical investigation of the subject site was not available to the undersigned. Considering the development that has taken place in the vicinity of the subject, it is the undersigned's expectation that the subject site would not be impacted by earthquake hazards more than is typical for the area. In the

absence of any information to the contrary, in the following analysis, the subject is being valued as though it is not negatively impacted by earthquake hazards.

Soils

	Yes	No	N/A
Geotechnical Report Provided		X	
Report Reviewed			X
Items general in nature			X
Any items of concern		X	
Any items impact value		X	
Any items impact development potential		X	

A geotechnical investigation of the subject property was not available to the undersigned. However, the subject is located in an area which has seen extensive development, with commercial and industrial buildings as well as a mobile home park. These structures were reportedly constructed without incurring unusually high site development costs as a result of adverse soils conditions. As a result, it is the undersigned's opinion that the subject property would not be adversely impacted by adverse soils to a greater degree than is typical for the area.

Vegetation

Full Site Landscaping	
Perimeter Landscaping	
Minimal Landscaping	X
No Landscaping	

The majority of the subject site has impervious coverage. However, there are a few mature trees and shrubs on the subject site. Additionally, the eastern portion of the site appears to have been a park with lawn areas. However, the lawn has died. The vegetation on the subject site is adequately depicted in the photographs preceding this section of the report.

Endangered Species

To the best knowledge of the undersigned, the subject is not critical habitat for any endangered species of flora or fauna. Furthermore, I have no information to indicate that any endangered or threatened

species of flora or fauna have been documented on the subject site. Therefore, in the following analysis, no additional consideration will be given to endangered or threatened species in this analysis.

Archeological Resources

Present on site	No
Any items impact value	No
Any items impact development potential	No

Wetlands

Present on site	Unlikely
Any items impact value	No
Any items impact development potential	No

My inspection of the properties did not reveal the presence of any riparian vegetation on the subject site. Therefore, the subject has been valued as though there are no federally protected wetlands on the site.

Environmental Contamination

	Yes	No	N/A
Phase 1 Assessment Provided		X	
Report Reviewed			X
Items general in nature			X
Physical Inspection of site	X		
Any items of concern		X	
Any items impact value		X	
Any items impact development potential		X	

My inspection of the subject, which was completed with the due diligence expected of a professional real estate appraiser, did not reveal any overt signs of environmental contamination such as soil staining, distressed vegetation or noxious odors. Furthermore, the Nevada Division of Environment Protection (NDEP) eMap does not indicate any open or closed corrective action sites on or adjacent to the subject. In the absence of any information to the contrary, in the following analysis, no additional consideration will be given to any environmental contamination on the subject site.

Access

The subject property has 64.50± feet of frontage on Evans Avenue along its west property line. Evans Avenue is a two-way, two-lane asphalt paved roadway that is improved with concrete curbs, gutters, and sidewalks. Evans Avenue is a collector street that extends northerly from East 2nd Street, over the UPRR tracks and over Interstate 80 before terminating at McCarran Boulevard in northern Reno. This roadway provides the subject with good accessibility.

Record Street dead-ends along the subject's north property line. This roadway is a two-way, two-lane asphalt paved roadway that is improved with concrete curbs, gutters, and sidewalks. Record Street is a local street. Approximately 204.33± feet north of the subject, Record Avenue intersects with West 4th Street, a secondary arterial. West 4th Street in the vicinity of the subject is a 4-lane, 2-way asphalt paved roadway that is improved with curbs, gutters, and sidewalks. As noted previously, this roadway is old US Highway 40, which was the main east-west roadway through Reno-Sparks, prior to construction of Interstate 80. This roadway extends from west Reno, easterly into Sparks. Overall, Record Street also provides the subject with good accessibility to most portions of the Reno-Sparks area.

The subject also has access from an unnamed alley along its west and a portion of the north property lines. This alley provides a second access onto Evans Avenue as well as onto 4th Street. Overall, the subject has good access to most portions of the Reno-Sparks area. Although the subject has good accessibility, the subject has very limited frontage on any road and so it has limited visibility. As a result, the subject probably does not have adequate visibility to support extensive commercial development. The subject's access and visibility will be more completely discussed in a subsequent section of this report.

Utilities

All necessary utilities are available to and have been extended to the subject site. These utilities are provided by the following purveyors:

Water	TMWA
Sewer	City of Reno
Natural Gas	NV Energy
Power	NV Energy
Telephone	AT & T
Waste Disposal	Waste Management

Water Rights

To the best knowledge of the undersigned, there are no water rights appurtenant to the subject property.

Public Services

The subject property has typical access to all typical public services. Fire and police protection are provided by the City of Reno. The Reno RTC Bus Transfer Station is located across Evans Avenue from the subject and as a result, the subject has excellent access to mass transportation. Overall, the subject is considered to have superior access to public services.

Improvements

The two subject buildings were constructed in 2005 and 2007 respectively, which makes them less than 20 years old. However, based on my inspection, the subject buildings are in only fair condition. During my inspection, evidence of numerous roof leaks was noted. Additionally, the elevators in the subject buildings are not functional, the flooring has generally reached the end of its economic life, many walls need repair and laid-in acoustic tiles need replacement. Reportedly, there are mold issues, the HVAC systems have been vandalized and the boiler rooms have been dismantled. According to cost estimates provided by the client, the anticipated hard costs to renovate the subject buildings, to make them useful in the general market, would be approximately \$10,100,000., or approximately \$145 per square foot of building area. Additionally, the landscaping in the park area is dead and the parking lot areas are in need for resurfacing or replacement. Based on my observations, the subject's location, and the costs of renovation, I have concluded that the Highest and Best Use of the subject would be for redevelopment of the subject with a use or multiple uses permitted under the current zoning. Photographs and a more complete description of the subject are set forth in subsequently in this report.

Surrounding Development

The subject is bordered on the west, across Evans Avenue by the RTC Transfer Station; on the north by two small vacant parcels, the USA Manor Apartments; and a facility for the Reno Sparks Gospel

Mission. To the east is a spur track for UPRR as well as a facility operated by Catholic Charities. The subject is bordered on the south by UPRR's main tracks through Reno-Sparks. It should be noted that the train tracks are sunken in the vicinity of the subject. Further to the south is Greater Nevada Field. Although the railroad tracks adjacent to the subject are less than ideal, there have been several properties along the railroad trench that have been purchased for commercial as well as multifamily residential uses. The subject is located in an area with many older improvements. Some of these older buildings are slowly being renovated and the 4th Street corridor is slowly being regentrified. However, the process is in the early stages. There are no inharmonious uses in the vicinity of the vicinity of the subject that would detract from property values.

Subject Sales History

There have been no sales of the subject property in over 3 years. Furthermore, the subject is not currently listed for sale and there do not appear to have been any recent offers tendered for the purchase of the subject. The purpose of this appraisal is to assist the client in offering the subject for sale. Based on the available data, there does not appear to be any property specific sales data that would be useful in determining a current value for the subject.

Tax Data

Because the subject is owned by the City of Reno, there are no taxes owed. Under Nevada State law, land is to be valued for tax purposes, at Market Value utilizing recent sales. Then, a 35% assessment ratio is applied to derive the assessed value of the land. With regard to improvements, these are valued utilizing Marshall Valuation Service, a nationally recognized and accepted cost estimating publication. The assessor's office does not add for entrepreneurial profit or soft costs. Then, improvements are depreciated on a straight-line basis at 1.5%. The 35% assessment ratio is then applied to derive the assessed value of the improvements. The assessed value of the land and improvements is then added to derive the total assessed value. The tax rate is then applied. For the 2023-2024 tax year, the tax rate is \$3.6600/\$100 assessed. The resulting taxes generally equate to approximately 1% of a property's value. However, for older properties, it is not unusual for the taxes to be significantly less than 1% of the Market Value of the land.

Special Assessments

According to the Washoe County Treasurer's office, there are no special assessments owing against the subject ownership.

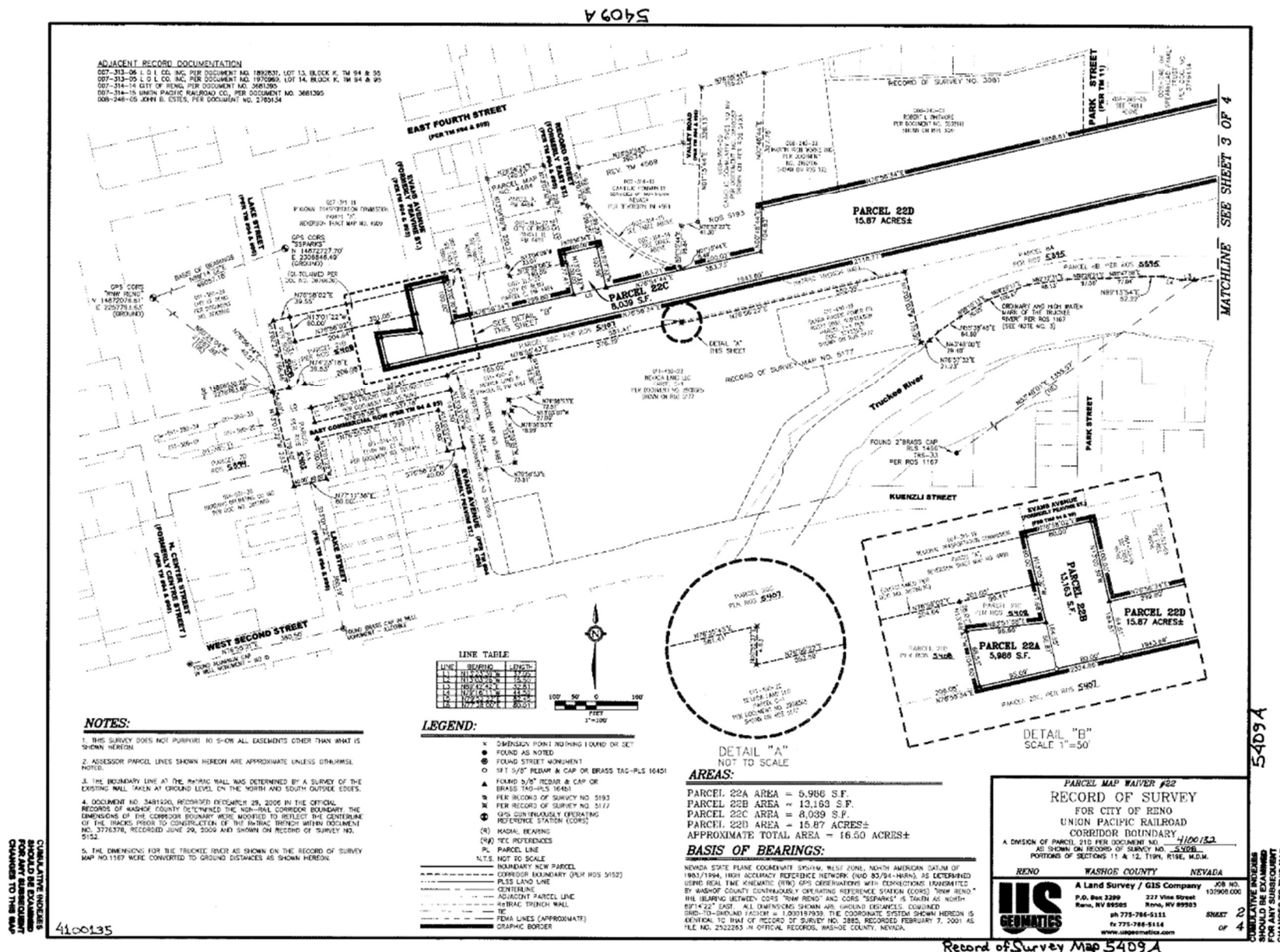
Summary and Conclusion

The subject property comprises all of four assessor's parcels, a portion of a fifth assessor's parcel and a portion of an existing street right-of-way. In total the subject ownership comprises 2.353± acres (102,507± square feet) of land area. The subject is of irregular shape having access from and frontage on two roadways, however, the majority of the site is located back from the roadways. As a result, while the subject has good accessibility, it has limited exposure. The subject site involves near level topography and all utilities are available to the site. There do not appear to be any floodplains, earthquake hazards, soils condition or environmental contamination that would adversely impact the value or development potential of the property. The subject is bordered on the south by the Union Pacific Railroad tracks, which are lowered in a trench. The subject site is zoned for MU-ED and MU-ID, which allows for residential, office, commercial and some industrial uses. The subject site is improved with two buildings; however, the buildings have been unoccupied for several years and they have extensive deferred maintenance. Overall, the subject is felt to have adequate physical features to support development. For a clearer depiction of the subject, the reader is referred to maps, photographs and other exhibits contained elsewhere in this report.

test



RECORD OF SURVEY MAP 5409



FEMA FLOODPLAIN MAP

National Flood Hazard Layer FIRMette



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

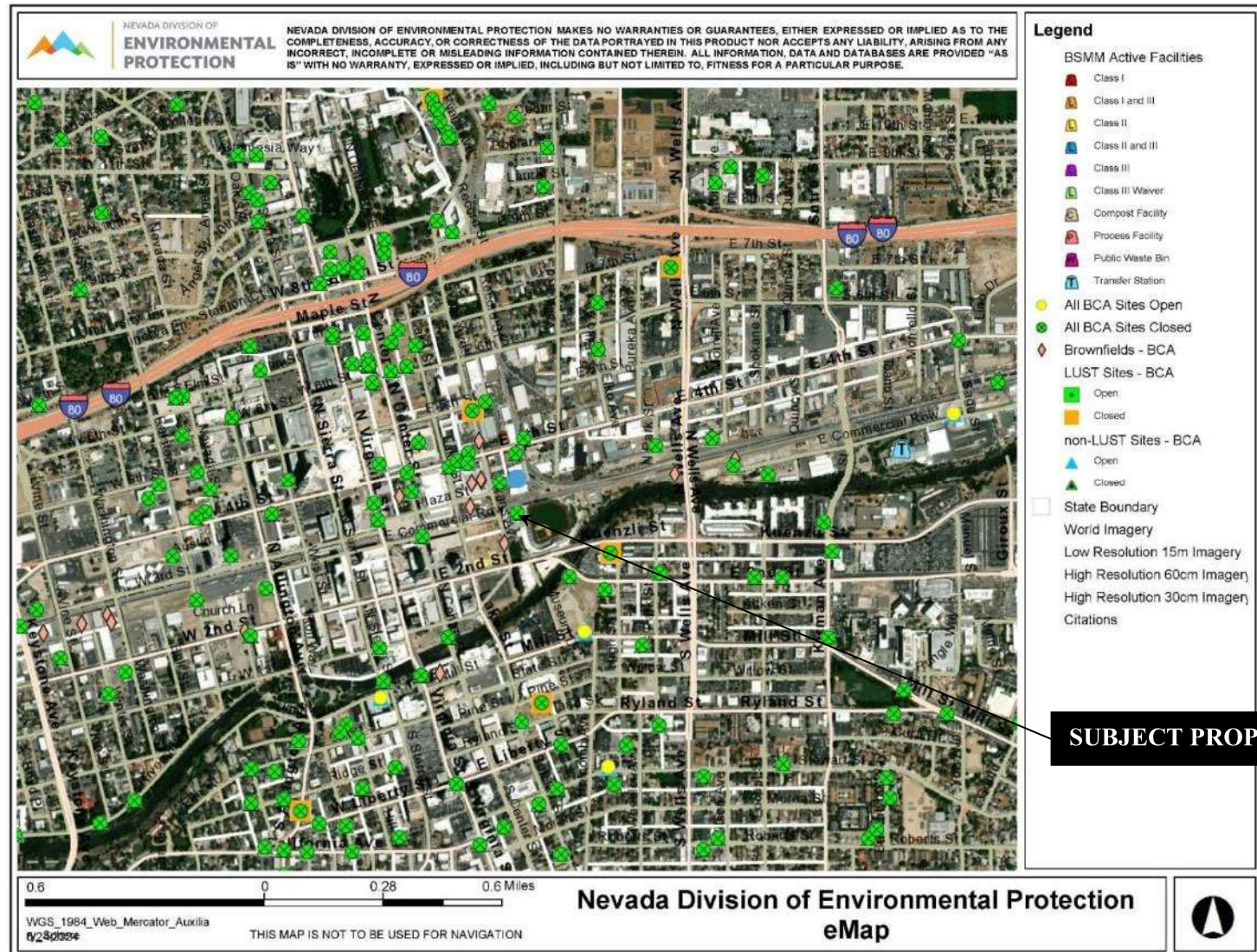


This map complies with FEMA's standards for the use of digital flood maps if it is as valid as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was updated on 5/24/2024 at 2:17 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmapped areas cannot be used for regulatory purposes.

NDEP E-MAP



INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE PANTRY IN THE EAST PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET



VIEW OF THE DAY ROOM ON THE FIRST FLOOR
OF 315 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF A SINGLE USER RESTROOM IN THE EASTERN PORTION
OF THE FIRST FLOOR IN 315 RECORD STREET



VIEW OF THE WOMEN'S DORM IN THE EAST PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE GROUP RESTROOM IN THE EASTERN PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET



VIEW OF THE GROUP RESTROOM IN THE EASTERN PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



**VIEW OF THE LAUNDRY ROOM IN THE EAST HALF
OF THE FIRST FLOOR OF 315 RECORD STREET**



**VIEW OF THE PANTRY IN THE WESTERN PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET**

INTERIOR SUBJECT PHOTOGRAPHS



**VIEW OF THE DAY ROOM IN THE WESTERN PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET**



**VIEW OF THE OFFICE AREA IN THE TRIAGE CENTER
OF THE WEST PORTION OF 315 RECORD STREET**

INTERIOR SUBJECT PHOTOGRAPHS



**VIEW OF THE STAIRS TO THE SECOND FLOOR
IN 315 RECORD STREET**



**VIEW OF THE NURSES STATION IN THE WESTERN PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET**

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE STAFF BREAKROOM IN THE WESTERN PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET



VIEW OF THE EXTERIOR ENTRANCE TO THE WESTERN PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS

VIEW OF THE MEN'S 24-HOUR ROOM IN THE WEST PORTION
OF THE FIRST FLOOR OF 315



VIEW OF THE MEN'S BATHROOM BETWEEN THE 24 HOUR ROOM AND THE 72 HOUR
ROOM IN THE WESTERN PORTION OF THE FIRST FLOOR OF 315 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE MEN'S 24 HOUR ROOM IN THE WEST PORTION
OF THE FIRST FLOOR OF 315 RECORD STREET



VIEW OF THE DROP-IN SLEEPING ROOM ON THE SECOND FLOOR
OF 315 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



**VIEW OF THE HALLWAY ON THE SOUTH EDGE OF THE SECOND FLOOR
OF 315 RECORD STREET**



**VIEW OF A SINGL-USER BATHROOM ON THE SECOND FLOOR
OF 315 RECORD STREET**

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE PROGRAM ROOM ON THE SECOND FLOOR
OF 315 RECORD STREET



VIEW OF THE DAY ROOM ON THE SECOND FLOOR
OF 315 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF BUILT-INS IN THE DAY ROOM ON THE SECOND FLOOR
OF 315 RECORD STREET



VIEW OF THE ELEVATOR IN 315 RECORD STREET

DESCRIPTION OF SUBJECT IMPROVEMENTS

The following description of the subject improvements was taken from a physical inspection of the subject property completed on May 15, 2023.

Building Name	Former Men's & Women's Drop-in Center
Building Type	Homeless Shelter
Building Dimensions	177' X 64'
Gross Building Areas	
First Floor	10,941± Square Feet
Second Floor	<u>10,941± Square Feet</u>
Gross Building Area	21,882± Square Feet
Net Building Area	21,676± square feet
Usable Building Area	21,676± square feet
Building Design	Two story
Year Constructed	2005
Actual Age	19± years
Effective Age	20 years
Economic Life	40 years
Remaining Economic Life	20 years
Construction	
Foundation	Concrete slab on grade
Floors	Unfinished concrete, vinyl tile, carpet, ceramic tile
Walls	
Exterior	Tilt-up concrete
Interior Partitions	Wood or steel studs covered with sheetrock which is taped, textured, and painted. Many of the walls have fiberglass reinforced plastic panels.

Baseboards	Vinyl baseboards, except in areas with ceramic tile flooring which have tile baseboards.
Ceilings	A mixture of laid-in acoustic tile with recessed fluorescent lighting fixtures, painted but otherwise unfinished comprising exposed steel web joists, as well as textured and painted sheetrock
Roof	Flat with a membrane finish
Ceiling Heights	10' – 14'
Windows	
Office	Dual pane set in aluminum frames.
Doors	
Front Entry	Glass set in a metal frame
Other exterior	Metal set in a metal frame
Interior	Solid core wood set in metal frames, many with self-closures
Lighting	Recessed fluorescent and drop fluorescent
HVAC	Central HVAC for the entire building
Sprinklers	Yes
Security Features	Interior and exterior cameras Lockable corridor doors
ADA Compliance	The subject building appears to be handicapped accessible as the slab is at grade.
Insulation	Unknown, but assumed to be typical
Power Feed	800 amp, 3-phase, 440 volts.

Building Notes

The front door opens into an entry area that has tile flooring with tile baseboards. The walls have fiberglass reinforced paneled walls on the lower part of the wall, while the upper portion is textured and painted sheetrock walls as well as a laid-in acoustic tile ceiling. The building is divided into three parts. The eastern portion of the front floor was a woman's homeless shelter, while the west half was a drop-in center for men and women. The second floor was a men's homeless shelter.

The women's homeless shelter that includes a Day Room, a Dorm Room, a Day Sleeper Room, a Pantry area, a multi-user restroom, offices, a laundry room, and a lobby. The Day Room and Pantry both have vinyl tile flooring. The pantry has wood cabinets above and below laminate countertops. The women's

dorm has vinyl tile flooring with vinyl baseboards. The walls have fiberglass reinforced paneled walls with textured finish rock above, while the ceiling is unfinished with drop fluorescent lighting and exposed HVAC ducting. To the south, behind the pantry is a locker room area that has the same finishes. The restroom is located in the southwest corner of east half of the first floor. The restroom has four water closets with vanity partitions, a shower and three sinks with mirror above. The restroom has a painted concrete floor, with fiberglass reinforced paneled walls and a sheetrock ceiling, with recessed fluorescent lighting fixtures.

The west side of the building was a drop-in center for both men and women. This portion of the building included 24-hour and 72-hour men's and women's dorms, a Day Room, a Nurses Station, restrooms, a Pantry area, and offices. The nurse's station has a series of windows and a number of workstations behind, with laminate counters and wood cabinets below. The Nurse's Station is secure and there is an exit out to a secure hallway that has direct access to the exterior. The men's restroom has two urinals, two water closets with vanity partitions, a multi-user sink, a two stall shower. This restroom is between the 24-hour Men's Room and the 72-hour Men's Room. There are two women's restrooms, which are between the 24-hour Women's Room and the 72-hour Women's Room. The west half of the first floor has similar finishes as the eastern half of the building.

Access to the second floor is provided two staircases and an elevator. The staircases are metal with metal handrails and rubberized treads. The second floor was a Men's Drop-in Center. This includes a large dorm room, a Day Room, a gang bathroom, several private bathrooms, a laundry room, a gang shower, and numerous offices. The sleeping room has vinyl tile flooring with vinyl baseboards, as well as textured and painted sheetrock walls and an unfinished exposed metal pan ceiling with drop fluorescent lighting fixtures. The ceiling area has exposed HVAC ducting. The rest of the second floor has similar finishes, except several of the offices have carpeted floors.

Site Improvements

The site is fenced with a 6' high wrought iron fence along the east, south and west edges, as well as a portion of the north property line. The balance of the north property line has a 6' high chain link fence. The fencing has large drive-in gates along the west and north edges. There are 53 uncovered asphalt paved parking spaces to the south of the 315 building, as well as 50 uncovered asphalt paved parking spaces to the east of the two subject building. The area between the buildings is a concrete walkway and is used for storage. The eastern portion of the property involves a former park area with five metal gazebos, as well as a number of metal park benches, light stanchions, and some raised planter boxes. For a clearer depiction of the site improvements, the reader is referred to the photographs contained earlier in this report.

Quality/Condition

The subject is considered to be of average quality construction and the improvements appeared to be in only fair condition at time of sale. The following information was provided to the undersigned by the client regarding the condition and needed repairs for the subject building. Based on the available data, the needed repairs appear to be accurate as does the projected cost of repairs. It should be noted that the costs of repair do not include any allowance for entrepreneurial incentive or soft costs.

CAC – MEN’S & WOMEN’S DROP-IN & TRIAGE CENTER

Year Built 2005
 315 Records St., Reno, NV 89512
 21,937 Square Feet



Both buildings at 315 and 355 Record Street are presently in a state of substantial degradation with considerable water damage and a proliferation of mold which raises serious health concerns. The utilities encompassing the electrical, HVAC, and plumbing systems have faced substantial vandalism, and the boiler room is dismantled. Furthermore, the elevators in both the buildings have ceased to be functional due to a variety of reasons including decommissioning and vandalism.

Priority Class 1	Total Cost for Priority 1 Projects:	\$3,400,000
Immediate Attention		

ELECTRICAL, MECHANICAL, & PLUMBING Cost: **\$500,000**

Finish installation of Energy Management System controls for this building is recommended. Key components to both buildings electrical, HVAC, and plumbing systems have been compromised due to the vandalism of the integral wiring and piping that was removed or destroyed throughout all floors. The main boiler room has been dismantled and would need to be remodeled to the standard that is appropriate for the State of Nevada Department of Mechanical Compliance.

ELEVATOR MODERNIZATION Cost: **\$400,000**

The elevator inside the building at 315 Record Street was decommissioned through the approved State of Nevada permitting process, therefore needing a new elevator system if ever to be occupied. The elevators in the building were vandalized and deemed inoperable due to the unsafe electric and control panels, as well as the lack of ability to meet life safety requirements including mandatory elevator recall and fire alarm protocol, and other Building Code requirements.

INTERIOR FINISHES & FIXTURE UPGRADE Cost: **\$1,600,000**

The interiors of these buildings are heavily used. Recent repairs have been made; however, additional repairs are needed. The men's shelter restroom and other areas need to be rebuilt to "institutional grade". There is significant damage to the interior walls which need repairs and a full interior painting. The flooring is past its useful life and needs to be fully replaced. The amount of water damage that these buildings have been subject to is an ideal environment for many types of toxic mold that is obvious to the naked eye throughout the building.

MOLD ABATEMENTCost: **\$500,000**

The years of neglect on the leaking roofs present another life-safety related issue regarding dangerous levels of mold. The amount of water damage that these buildings have been subject to is an ideal environment for many types of toxic mold that is obvious to the naked eye throughout both buildings. There is confirmed mold in the ceiling tiles and exposed drywall panels throughout both buildings.

ROOFING UPGRADECost: **\$400,000**

The roofing membrane has been damaged by staff and clients. It has been patched numerous times but is now at the point where it needs to be replaced. The building's roof structure is severely leaking water into the entire interior space including all floors, ceilings, and wall cavities throughout. The amount of water damage is evident by the falling ceiling tiles, deteriorated drywall panels, and bulging wall paint throughout both buildings. The potential of structural damage to the floor and ceiling assemblies is very high, noting the length of time and volume of rainwater exposure.

Priority Class 2	Total Cost for Priority 2 Projects:	\$400,000
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Timely Manner

TREATMENT OF BUILDING ENVELOPECost: **\$400,000**

The exterior finish is the building's first defense against the weather elements. It is important to maintain the finish, weather resistance, and appearance of the building. Moisture and weather intrusion into a building causes indoor air quality issues and premature failure of the building. This project also includes repairing or replacing any sealant and gaskets in and around windows, flashing, fixtures, and other penetrations or transitions to maintain the building in a good, weather tight condition.

Priority Class 3	Total Cost for Priority 3 Projects:	\$0
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Lower Urgency

Total estimated cost for Priority 1 projects:	\$3,400,000
Total estimated cost for Priority 2 projects:	\$400,000
Total estimated cost for Priority 3 projects:	\$0
TOTAL	\$3,800,000

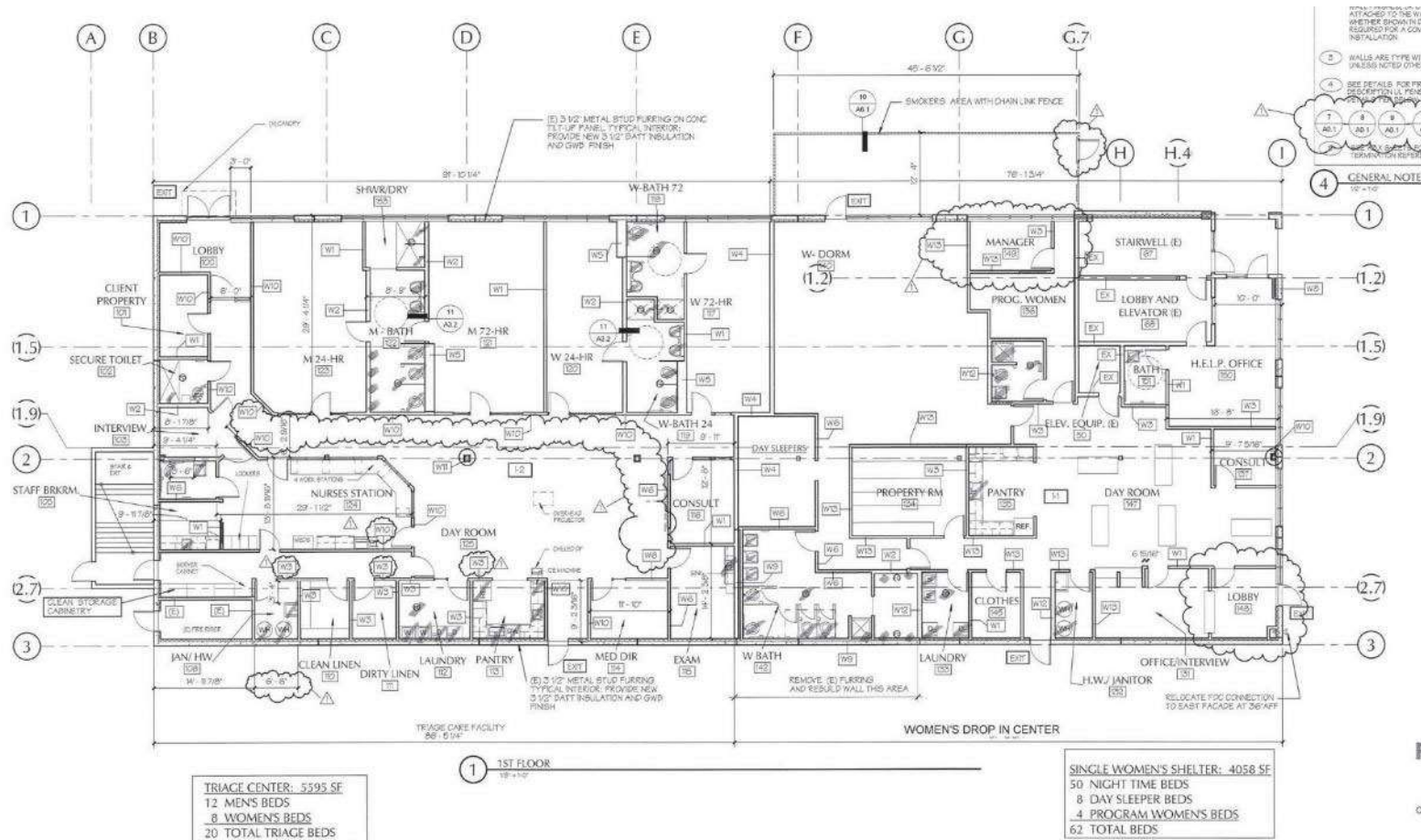
In addition to these costs, the parking lots are deteriorated and are in need of resurfacing and/or replacement. Furthermore, the landscaping in the park areas is dead. The costs to do this work is not included in the costs set out above. Additionally, the costs do not include any allowance for reconfiguration of the interior improvements.

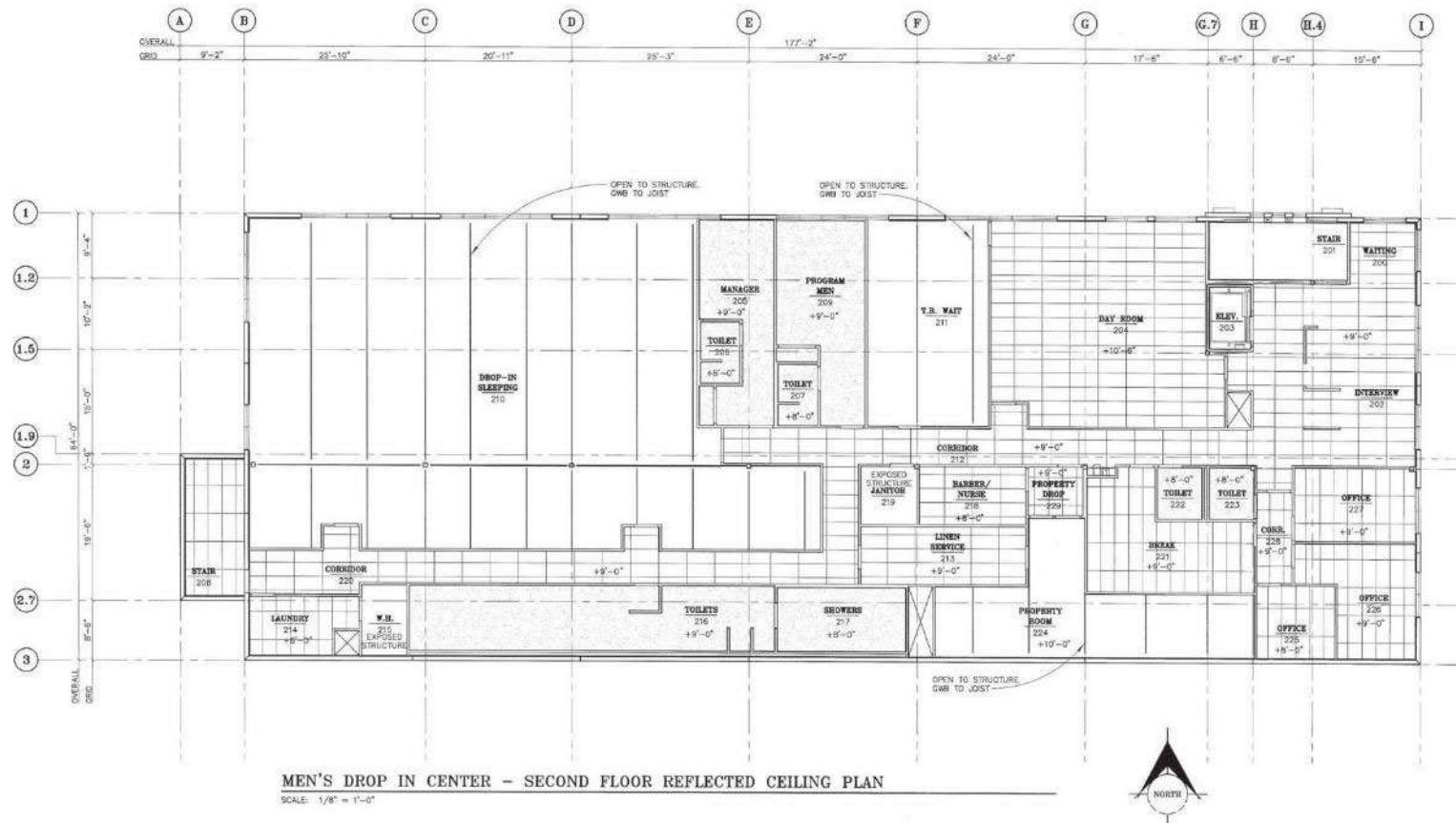
Land to Building Ratio

Entire site	1.47:1
Subject site only	0.78:1

Land Coverage

Entire Site	0.26%
Subject site only	0.64%

315 RECORD STREET – 1ST FLOOR PLAN

315 RECORD STREET – 2ND FLOOR

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE RECEPTION DESK IN THE RESOURCE WAITING ROOM
IN THE SOUTHEAST CORNER OF THE FIRST FLOOR OF 335 RECORD STREET



VIEW OF ONE OF THE TWO ELEVATORS 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF A WAITING AREA IN THE FIRST FLOOR IN 315 RECORD STREET



VIEW OF THE PANTRY ON THE FIRST FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF ONE OF THE STAIRCASES IN 335 RECORD STREET



VIEW OF AN OFFICE AREA ON THE FIRST FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE HALL COPY AREA
ON THE FIRST FLOOR OF 335 RECORD STREET



VIEW OF THE DAY ROOM IN THE CENTER
OF THE FIRST FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



**VIEW OF THE NURSES STATION
ON THE FIRST FLOOR OF 335 RECORD STREET**



**VIEW OF THE LAUNDRY ROOM ON THE FIRST FLOOR
OF 335 RECORD STREET**

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE LOBBY ON THE FIRST FLOOR
OF 315 RECORD STREET



VIEW OF THE NURSES STATION OF THE FIRST FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW INSIDE THE RECEPTION AREA
OF THE FIRST FLOOR OF 335 RECORD STREET

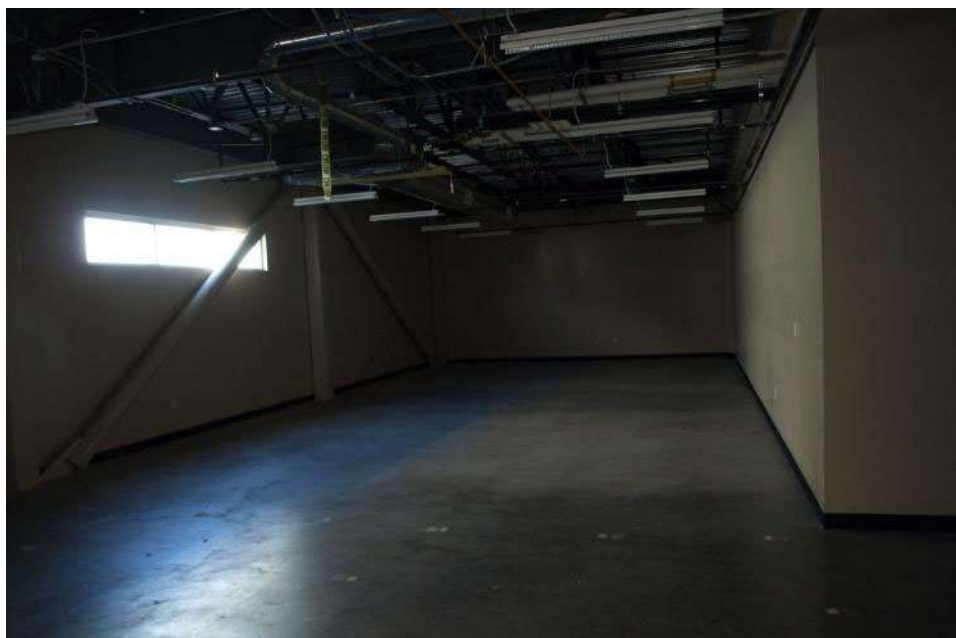


VIEW OF AN OFFICE
OF THE SECOND FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE COPY ROOM ON THE SECOND FLOOR OF 335 RECORD STREET



VIEW OF A STORAGE ROOM ON THE SECOND FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE MAINTENANCE OFFICE
ON THE SECOND FLOOR OF 335 RECORD STREET



VIEW OF THE SERVER ROOM ON THE SECOND FLOOR
OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE GOOD SHEPARD STORAGE ON THE SECOND FLOOR
OF 335 RECORD STREET



VIEW OF THE OFFICE AREA ON THE NORTHEAST PORTION
ON THE SECOND FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



**VIEW OF THE FORMER COMMUNITY HEALTH ALLIANCE CENTER SUITE
ON THE SECOND FLOOR OF 335 RECORD STREET**



**VIEW OF THE NURSE'S STATION IN THE FORMER COMMUNITY HEALTH ALLIANCE
SUITE ON THE SECOND FLOOR OF 315 RECORD STREET**

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF BUILT-INS IN THE FORMER COMMUNITY HEALTH ALLIANCE SUITE
ON THE SECOND FLOOR OF 335 RECORD STREET



VIEW OF THE SECOND STAIRCASE IN THE 335 RECORD STREET BUILDING

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE SUPERVISORS DESK



VIEW OF THE SECOND ELEVATOR IN THE 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE LAUNDRY ROOM
OF THE THIRD FLOOR IN 335 RECORD STREET



VIEW OF THE MULTI-USE ROOM
OF THE THIRD FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF BUILT-INS IN THE HALLWAY
OF THE THIRD FLOOR OF 335 RECORD STREET



VIEW OF A SLEEPING ROOM
ON THE THIRD FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF ANOTHER SLEEPING ROOM
ON THE THIRD FLOOR OF 335 RECORD STREET



VIEW OF BUILT-INS IN ONE OF THE SLEEPING ROOM
ON THE THIRD FLOOR OF 335 RECORD STREET

INTERIOR SUBJECT PHOTOGRAPHS



**VIEW OF A BATHROOM IN ONE OF THE SLEEPING ROOMS
ON THE THIRD FLOOR OF 335 RECORD STREET**



VIEW OF A HALLWAY ON THE THIRD FLOOR OF 335 RECORD STREET

DESCRIPTION OF SUBJECT IMPROVEMENTS

The following description of the subject improvements was taken from a physical inspection of the subject property completed on May 15, 2023.

Building Name	Former Community Assistance Center
Building Type	Office, counseling center and in-patient treatment center
Building Dimensions	117' X 137'
Gross Building Areas	
First Floor	15,796± Square Feet
Second Floor	15,961± Square Feet
Third Floor	<u>15,961± Square Feet</u>
Gross Building Area	47,718± Square Feet
Net Building Area	47,158± square feet
Usable Building Area	47,158± square feet
Building Design	Three story
Year Constructed	2007
Actual Age	17± years
Effective Age	20 years
Economic Life	40 years
Remaining Economic Life	20 years
Construction	
Foundation	6" Concrete slab on grade, over 6" of base
Floors	Unfinished concrete, vinyl tile, carpet, ceramic tile
Walls	
Exterior	Steel frame with a stucco exterior finish as well as foam accents.
Interior Partitions	Wood or steel studs covered with sheetrock which is taped, textured, and painted. Many of the walls have fiberglass reinforced plastic panels.

Baseboards	Vinyl baseboards, except in areas with ceramic tile flooring which have tile baseboards.
Ceilings	A mixture of laid-in acoustic tile with recessed fluorescent lighting fixtures, painted but otherwise unfinished comprising exposed steel web joists, as well as textured and painted sheetrock
Roof	Flat with a membrane finish
Ceiling Heights	10' – 14'
Windows Office	Dual pane set in aluminum frames.
Doors Front Entry Other exterior Interior	Glass set in a metal frame Metal set in a metal frame Solid core wood set in metal frames, many with self-closures
Lighting	Recessed fluorescent and drop fluorescent
HVAC	Central HVAC for the entire building
Sprinklers	Yes
Security Features	Interior and exterior cameras Lockable corridor doors
ADA Compliance	The subject building appears to be handicapped accessible as the slab is at grade.
Insulation	Unknown, but assumed to be typical
Power Feed	2,000 amp, 3-phase, 440 volts.

Building Notes

There are three entrances into the subject, all of which are on the east side of the building. The northern entrance provides access to the former Good Shepard Clothes Closet. The central door provides access to a lobby with a staircase, as well two elevators. The eastern door provides access to the waiting room for the Resource Center. The Resource Center waiting room has vinyl tile flooring with vinyl baseboards, as well as textured and painted sheetrock walls and a laid-in acoustic tile ceiling with recessed fluorescent lighting fixtures. There is a large reception desk with laminate counter top. The southern and western perimeter of the first floor involves a series of counseling and administrative

offices. The offices have carpeted floors with vinyl baseboards, as well as textured and painted sheetrock walls and laid-in acoustic tile ceilings. On the inside of the hallways are several single-user restrooms as well as restrooms with showers. The restrooms have sheet vinyl flooring with the flooring extending up the walls to create the baseboard. The wet walls have fiberglass reinforced plastic (FRP) panels. The restrooms have a single wall-mounted sink with mirror above, as well as a water closet. The shower stalls have plastic surrounds. There is a large multi-user restroom, which has similar finishes. At the south end of the interior core is a Day Room, which has ceramic tile flooring and which has L-shaped cabinets above and below a laminate counter top. The Day Room has a pony wall to a height of about 4 feet that has a laminate top and the Day Room does have a dishwasher and a dual basin stainless steel sink.

The southeast corner of the second floor involves a medical suite that was formerly leased by the Community Health Alliance Center. This area has vinyl tile flooring with vinyl baseboards. The walls are textured and painted sheetrock, while the ceilings are laid-in acoustic tile ceilings with recessed fluorescent lighting fixtures. The exam rooms have typical sinks as well as laminate faced cabinets and countertops. The restrooms have the same flooring and wall finishes, with sheetrock ceilings. The wet walls have FRP panels.

Room 215, in the northwest corner is a large storage room which has unfinished concrete floors and an unfinished ceiling with the metal pan it has steel web joists and I-beams. In the center core is the maintenance room (Room 213) and off of this is the server room. These rooms have vinyl tile flooring, with textured and painted sheetrock walls, and a laid-in acoustic tile ceiling. The maintenance room has wood cabinets above and below laminate counters. The southwest and northeast corners of the second floor comprise administrative offices. These offices have similar finishes.

The third floor involve sleeping rooms around the perimeter of the floor. Each room has a bedroom with 3-4 beds, a small living room with a small sink, a space for a microwave and a space for a small refrigerator. There are also cabinets above and below a small laminate counter in the living room. The bathrooms have a water closet, a wall-mounted sink with mirror above, as well as a tub-shower combination with plastic wainscoting. The bedrooms and living rooms have ceramic tile floors with tile wainscoting, while the restrooms have sheet vinyl flooring with vinyl baseboards. The walls and ceilings are textured and painted sheetrock. The central core is a multi-use area, with built-in cabinets above and below a laminate counter top. There is also a laundry room with four washers and four dryers. The laundry room has unfinished concrete floors with vinyl flooring. The walls have FRP panel finishes, while the ceiling is textured and painted sheetrock.

Site Improvements

The site is fenced with a 6' high wrought iron fence along the east, south and west edges, as well as a portion of the north property line. The balance of the north property line has a 6' high chain link fence. The fencing has large drive-in gates along the west and north edges. There are 53 uncovered asphalt paved parking spaces to the south of the 315 building, as well as 50 uncovered asphalt paved parking spaces to the east of the two subject building. The area between the buildings is a concrete walkway and is used for storage. The eastern portion of the property involves a former park area with five metal gazebos, as well as a number of metal park benches, light stanchions, and some raised planter boxes. For

a clearer depiction of the site improvements, the reader is referred to the photographs contained earlier in this report.

Quality/Condition

The subject is considered to be of average quality construction and the improvements appeared to be in only fair condition at time of sale. The following information was provided to the undersigned by the client regarding the condition and needed repairs for the subject building. Based on the available data, the needed repairs appear to be accurate as does the projected cost of repairs. It should be noted that the costs of repair do not include any allowance for entrepreneurial incentive or soft costs.

CAC – FAMILY SHELTER

Year Built 2007
 335 Records St., Reno NV, 89512
 59,778 Square Feet



Both buildings at 315 and 355 Record Street are presently in a state of substantial degradation with considerable water damage and a proliferation of mold which raises serious health concerns. The utilities encompassing the electrical, HVAC, and plumbing systems have faced substantial vandalism, and the boiler room is dismantled. Furthermore, the elevators in both the buildings have ceased to be functional due to a variety of reasons including decommissioning and vandalism.

Priority Class 1	Total Cost for Priority 1 Projects:	\$5,900,000
Immediate Attention		

ELECTRICAL, MECHANICAL, & PLUMBING	Cost:	\$700,000
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Finish installation of Energy Management System controls for this building is recommended. Key components to both buildings electrical, HVAC, and plumbing systems have been compromised due to the vandalism of the integral wiring and piping that was removed or destroyed throughout all floors. The main boiler room has been dismantled and would need to be remodeled to the standard that is appropriate for the State of Nevada Department of Mechanical.

ELEVATOR MODERNIZATION	Cost:	\$800,000
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The elevator inside the building at 315 Record Street was decommissioned through the approved State of Nevada permitting process, therefore needing a new elevator system if ever to be occupied. The elevators in the building were vandalized and deemed inoperable due to the unsafe electric and control panels, as well as the lack of ability to meet life safety requirements including mandatory elevator recall and fire alarm protocol, and other Building Code requirements.

INTERIOR FINISHES & FIXTURE UPGRADE	Cost:	\$3,200,000
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The interiors of these buildings are heavily used. Recent repairs have been made; however, additional repairs are needed. The men's shelter restroom and other areas need to be rebuilt to "institutional grade". There is significant damage to the interior walls which need repairs and a

full interior painting. The flooring is past its useful life and needs to be fully replaced. The amount of water damage that these buildings have been subject to is an ideal environment for many types of toxic mold that is obvious to the naked eye throughout the building.

MOLD ABATEMENTCost: **\$800,000**

The years of neglect on the leaking roofs present another life-safety related issue regarding dangerous levels of mold. The amount of water damage that these buildings have been subject to is an ideal environment for many types of toxic mold that is obvious to the naked eye throughout both buildings. There is confirmed mold in the ceiling tiles and exposed drywall panels throughout both buildings.

ROOFING UPGRADECost: **\$400,000**

The roofing membrane has been damaged by staff and clients. It has been patched numerous times but is now at the point where it needs to be replaced. The building's roof structure is severely leaking water into the entire interior space including all floors, ceilings, and wall cavities throughout. The amount of water damage is evident by the falling ceiling tiles, deteriorated drywall panels, and bulging wall paint throughout both buildings. The potential of structural damage to the floor and ceiling assemblies is very high, noting the length of time and volume of rainwater exposure.

Priority Class 2	Total Cost for Priority 2 Projects:	\$400,000
Timely Manner		

TREATMENT OF BUILDING ENVELOPECost: **\$400,000**

The exterior finish is the building's first defense against the weather elements. It is important to maintain the finish, weather resistance, and appearance of the building. Moisture and weather intrusion into a building causes indoor air quality issues and premature failure of the building. This project also includes repairing or replacing any sealant and gaskets in and around windows, flashing, fixtures, and other penetrations or transitions to maintain the building in a good, weather tight condition.

Priority Class 3	Total Cost for Priority 3 Projects:	\$0
Lower Urgency		

Total estimated cost for Priority 1 projects:	\$5,900,000
Total estimated cost for Priority 2 projects:	\$400,000
Total estimated cost for Priority 3 projects:	\$0
TOTAL	\$6,300,000

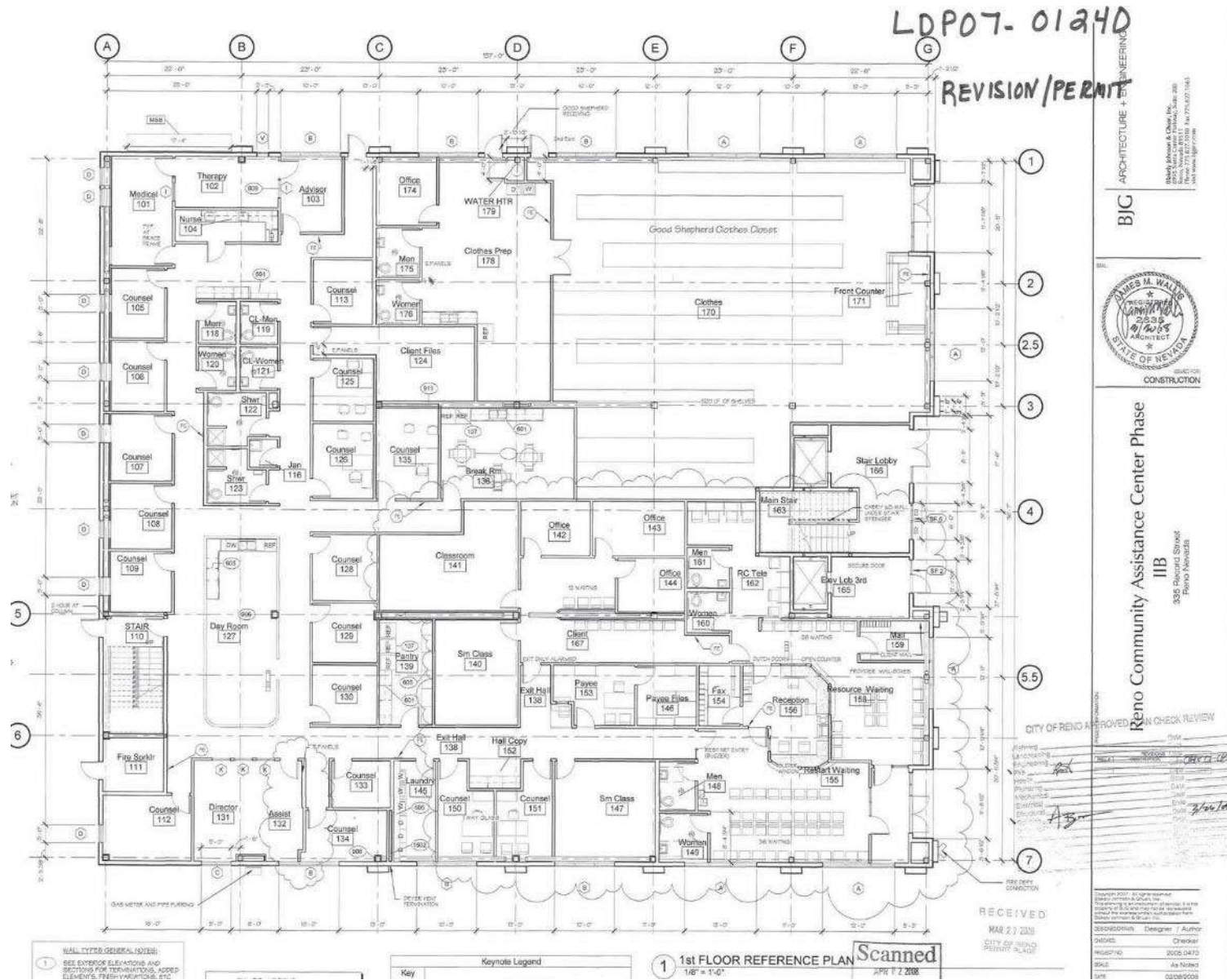
In addition to these costs, the parking lots are deteriorated and are in need of resurfacing and/or replacement. Furthermore, the landscaping in the park areas is dead. In addition to these costs, the parking lots are deteriorated and are in need of resurfacing and/or replacement. Furthermore, the landscaping in the park areas is dead. The costs to do this work is not included in the costs et out above. Additionally, the costs do not include any allowance for reconfiguration of the interior improvements.

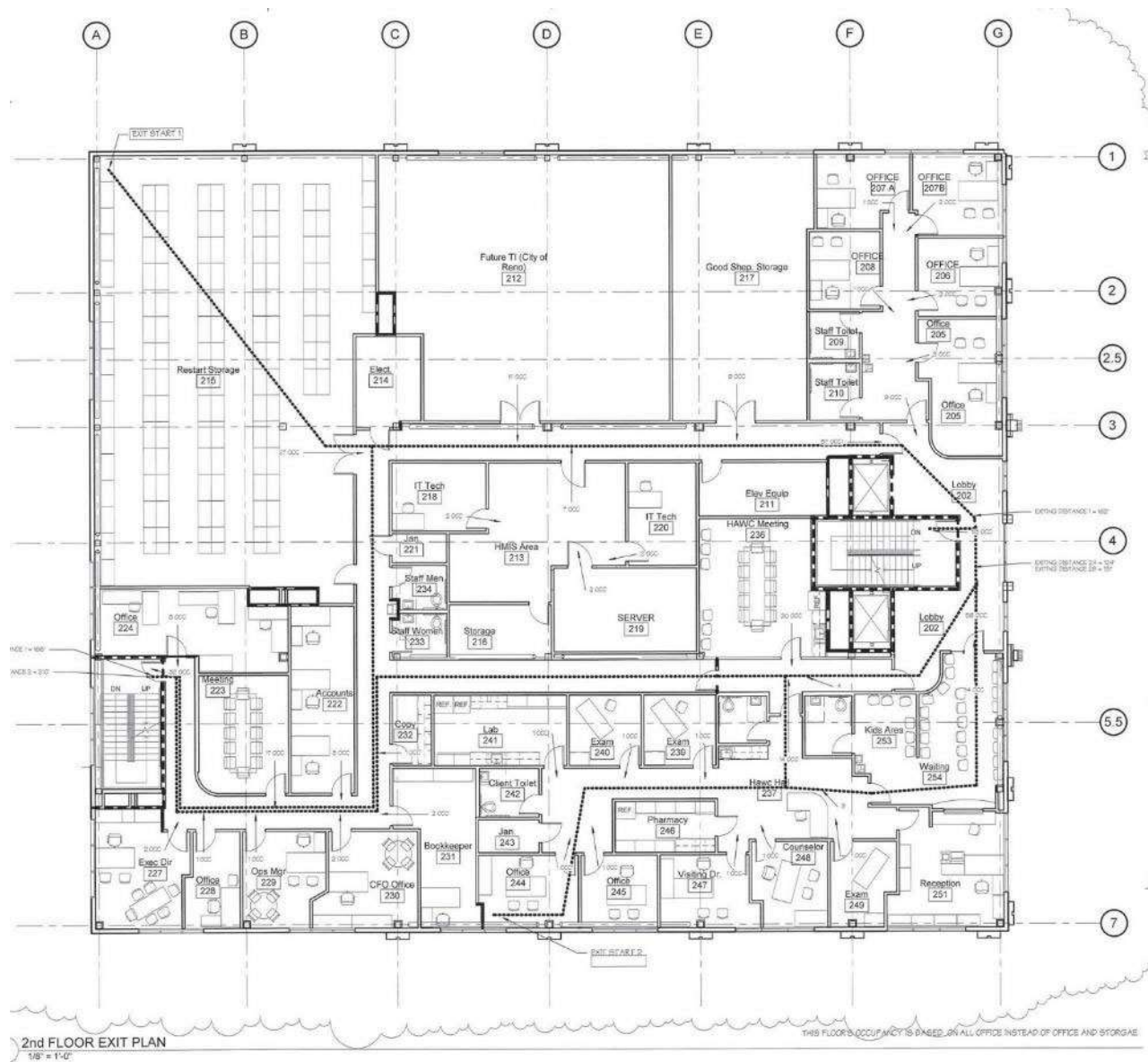
Land to Building Ratio

Entire site	1.47:1
Subject site only	0.78:1

Land Coverage

Entire Site	0.26%
Subject site only	0.64%

335 RECORD STREET – 1ST FLOOR PLAN

335 RECORD STREET – 2ND FLOOR

335 RECORD STREET – 3RD FLOOR**Summary and Conclusion**

The subject property is improved with two buildings totaling 69,600± square feet of gross building area. The buildings were constructed between 2005 and 2007. The subject improvements are considered to be of average quality construction. However, although the subject buildings are less than 20 years old, they were considered to be in only fair condition. Additionally, due to the special use nature of the subject improvements, the subject will probably require significant rehabilitation to make them usable. According to a rough estimate provided by the client, the hard costs of curing deferred maintenance and renovating the subject improvements are projected to be \$10,100,000, or \$145.11 per square foot. For a clearer depiction of the subject improvements, the reader is referred to the photographs contained elsewhere in this report.

HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as that reasonable and probable use that will support the highest present value as of the effective date of valuation. Implicit in this definition is that the highest and best use must be physically possible, legally permissible, financially feasible and maximally productive.

In analyzing the highest and best use of the subject property, the highest and best use if vacant will be addressed first. Then the highest and best use of the subject as presently improved will be analyzed.

Legally Permissible

In order for any utilization of a property to represent its highest and best use, it must be legally permissible. Areas of legal permissibility that must be addressed include zoning or master plan designation, easements, deed restrictions or other similar encumbrances.

As noted previously, the majority of the subject property is zoned MU-ED (Mixed-Use Downtown Entertainment District), with a portion of the subject being zoned MU-ID (Mixed-Use Downtown Innovative District). The property is in a mixed-use area, with surrounding utilizations including retail, multifamily, a sports complex, indigent support services, a public bus transfer station, tourist commercial, industrial and office uses. The current zoning allows both single-family residential and multifamily residential, as well as commercial, office, and some industrial uses.

I am not aware of any deed restrictions encumbering the subject site, that would affect the development potential of this portion of the property. The subject is crossed by several easements that were discussed previously. Based on my analysis, I have concluded that the easements would impact the flexibility in developing the subject, but would probably not impact the development potential of the subject. My inspection of the subject did not reveal overt signs of any encroachments onto the subject site. Overall, the only legal constraint on the development of the subject's land area is felt to be its zoning. This zoning would allow for a wide variety of uses.

In addition to existing zoning, the appraiser must consider the reasonably probable rezoning of the site. In the case of the subject, the existing zoning would allow most uses, either by right or with a Conditional Use Permit. The only significant category of uses that would not be allowed on the subject

under the current zoning would be some industrial uses, such as manufacturing. The subject's location in the downtown core and the land values in this area, basically precludes industrial uses in the downtown area. As a result, it is the undersigned's opinion that the market would not perceive a need to rezone the subject. Additionally, because the City of Reno only recently went through a total update of the zoning code and zoning maps, the city is reportedly not eager to allow rezoning.

Overall, based upon the available data, it is the undersigned's opinion that a typical purchaser analyzing the subject property would project development of the subject site under the MU-ED and MU-ID zonings.

Physically Possible

In order for any utilization to represent the highest and best use of a property, it must be physically possible. In other words, the use must be able to be constructed on the subject site.

As noted previously, the subject property contains 2.353± acres (102,507± square feet) of land area. The subject site has level to gently sloping topography. There do not appear to be any significant earthquake hazard, soils conditions, or other factors which would adversely impact the development potential of the site. The primary constraint on development of the subject property, other than its size, are the easements encumbering the site. This is felt to impact the flexibility of designing a use on the subject site. However, it is not felt to adversely impact the development potential of the site. Overall, the subject site is felt to have adequate physical features to support a variety of development. As a result, with the exception of parcel size and the shape, there do not appear to be any significant physical constraints on development of the subject property.

Financially Feasible

For any potential utilization of a property to represent its highest and best use, it must also be financially feasible. In other words, there must be sufficient demand to warrant the proposed utilization of the site.

Residential Uses

To assess demand for residential utilizations, consideration has been given to the location of the subject site. The site is bordered on the south and east by railroad tracks. Additionally, the subject is located in

an area where there are a number of indigent support facilities in the immediate vicinity of the subject. As a result, it is the undersigned's opinion that the subject would not be desirable for single-family residential uses.

With regard to multifamily residential uses, the subject is located in the Downtown Urban area. According to the 1st Quarter 2024 Apartment Survey published by Johnson Perkins Griffin, LLC, the average vacancy rate in the downtown area is 6.11%, with an average rent of \$1,639 per month. According to the survey, the average rent increased by \$19 per month since the 4th Quarter 2023, while the vacancy rate declined from 6.64% since the 4th Quarter 2023.

There are currently two projects under construction in the subject submarket. These are the 368± unit Ballpark Apartments, located just southwest of the subject, on the west side of Evans Avenue, just south of the UPRR tracks; as well as the 88 unit State Street apartments located on the northeast corner of State Street and River Rock Street in the southeastern portion of downtown. In addition to these projects, there five additional projects comprising 994 units that are proposed, but not under construction.

Finally, it has been indicated to me that there are buyers interested in purchasing the subject for redevelopment of the site. All of these indicate ongoing demand for apartments in the subject submarket.

Retail Commercial

In the *Area Description* section of this report, net absorption figures for retail space in the Reno-Sparks area were presented. Set out following is a summary of this data.

Year	Net Absorption	
	± Square Feet	Average
2023	76,400	
2022	51,736	
2021	53,263	
2020	-77,330	
2019	130,739	46,962
2018	222,210	
2017	338,772	
2016	325,026	
2015	180,388	
2014	159,376	146,058

As can be seen by this data, the average net absorption over the last 5 years has been 46,952± square feet per year, while over the last 10 years it has been 146,058± square feet per year. The 4th Quarter 2023 data shows the market-wide vacancy rate at 4.40%. Based on a market size of 18,800,000± square feet of leasable building area and assuming a stabilized vacancy rate of 7.50%, the entire market is under-supplied by approximately 583,000± square feet. With approximately 235,000± square feet under construction, the larger retail market appears to be in under-supply, indicating the need for additional construction.

Regarding the subject submarket, the vacancy rate is 4.8% on 576,608± square feet, indicating that the submarket is under-supplied by approximately 15,568 square feet. There is currently 102,746± retail space under construction indicating that the subject market is probably in equilibrium. Although a commercial use on the subject may be allowed, the subject site has very limited visibility and so there would probably be limited demand for development of the subject with a retail use.

Office

In 2023, the Reno-Sparks area net absorption of office floor space was -22,801± square feet, which was a significant decrease from 2021, where the year ended with 92,945± square feet of net office space absorption. The year-end availability rate of 16.6% was higher than the end of 2022, where it was 11.9%. Moving forward, it is anticipated that demand for office space will be slow, as companies have learned to have employees work remotely. As a result, it is expected that as leases come up for renewal, that tenants will seek to downsize their office footprint.

According to a CBRE 1st Quarter 2024 survey of office buildings in the West sub-market, encompassing 196,268± square feet of gross building area, the average market vacancy rate was 31.1% including sublease space. This compares with the market as a whole (6,140,919± square feet), which has a 16.6% vacancy rate, including sublease space. Generally, a stabilized vacancy rate would be in the range of 7.5%. This indicates that the market would have to absorb approximately 560,000± square feet in order to achieve a stabilized level. In the case of the submarket, it appears to be over-supplied by 40,000± square feet. Based on this data, it is indicated that it will be several years before there is significant demand for new office development in the Reno-Sparks area.

Industrial

Another of the land uses allowed under the zoning is some industrial uses. The data contained in the area description section of this report, indicates the following net absorptions of industrial space in the market over the last 10 years:

Year	Net Absorption	
	± Square Feet	Average
2022	4,383,827	
2022	6,446,089	
2021	7,152,511	
2020	4,250,925	
2019	3,658,281	
2018	3,577,053	4,911,448
2017	3,868,291	
2016	5,248,346	
2015	5,206,750	
2014	1,591,532	
2013	1,449,351	4,257,541

The data shows that the Pandemic did not have a negative impact on the absorption of industrial floor space, since the 2021 absorption was the highest ever recorded in the Reno-Sparks area.

According to the 1st Quarter 2024 CBRE survey of industrial buildings in the Reno-Sparks market, encompassing 114,500,397± square feet of gross building area, the vacancy rate is 10.1%, including sub-lease space, while if sub-lease space is excluded it is 7.2%. This compares with the West

Submarket which had 3,053,128 square feet surveyed, which has a 17.6% direct vacancy rate and a 19.1% vacancy rate if sub-lease space is considered. Generally, a stabilized vacancy rate would be in the range of 7.5%. This indicates that both the market and the submarket are oversupplied.

Overall, based on the available data, I have concluded that there would probably be only limited demand for industrial uses on the subject site. Additionally, industrial uses

Maximally Productive

The maximally productive utilization of the subject is that use, or uses, that are legally permissible, physically possible and financially feasible. Based on these analyses, I have concluded that the uses that satisfy these tests are multifamily residential uses

Summary and Conclusion

Overall, based upon a careful analysis of legal permissibility, physical possibility, financial feasibility, and maximum productivity, it is the undersigned's opinion that the highest and best use of the subject property, as if vacant, would be for multifamily residential use.

Most Probable Buyer

Due to the size of the subject site, it is the undersigned's anticipation that the most probable purchaser of the subject property would be an investor who would seek to develop the subject for economic gain.

Highest and Best Use as Presently Improved

The subject is currently improved with two buildings containing a combined 69,600± square feet of gross building area. The larger is the 47,718± square foot former Community Assistant Center, which is located on the North Part of the subject. The other building, which contains 21,882± square feet of gross building area and which is located south of the larger buildings. The larger building is of concrete and steel construction, while the smaller building is of tilt-up concrete construction. The buildings are less than 20-years old, but because of hard use and because the buildings have been closed for several years, the buildings are in poor condition. Based on information provided by the client, the cost to cure deferred maintenance and to make the buildings functional is \$10,100,000, or \$145.11 per square feet of building area.

Even with these repairs, the subject buildings would not probably be usable in the general market due to the unique layout of the subject buildings. Because of the unique layout a typical user in the market would probably need to complete significant interior reconfiguration. The cost for these is not included in the costs provided by the client. Additionally, the parking areas are deteriorated and would need to be refinished or replaced, while the landscaping in the park area is dead and would need to be replaced. Finally, the costs do not include any entrepreneurial incentive.

In a subsequent section of this report, I derive a land value for the subject of between \$40.00 per square foot and \$45.00 per square foot. This resulted in an indicated value for the subject site, as though vacant, of \$4,360,000. The costs of demolishing the improvements are projected at \$960,000, resulting in a net land value of \$3,400,000.

The cost of the hard costs of the needed repairs is \$10,100,000. To the hard costs of \$10,100,000, I have made a 10% allowance for soft costs, which equates to \$1,010,000. It should be noted that it has been my experience that soft costs typically range between 10% and 25% of the hard costs, so the allowance that I have made is toward the lower end of the range.

With regard to entrepreneurial incentive, which would also include an allowance for contingencies, I have considered the following data that I have developed over the years. Among the people contacted were:

Don Wilkerson, Gaston Wilkerson Investments (Investor and Property Manager)

Ken Bloomsterberg, Marcus & Milichap (Apartment Broker)

Martha Shelly, Capstone Partners (Developer/Real Estate Analyst)

Paul Dunham, Realty Executives Reno (Realtor)

Robert Quirk, Lincoln Heating and Air Conditioning (Contractor)

Additionally, over my 28 years of experience as a real estate appraiser in Northern Nevada, I have had numerous conversations with investors, developers and contractors regarding the purchase and renovation of buildings with extensive deferred maintenance. Among the renovation projects that I have appraised are:

- The Sundowner Hotel-Casino for conversion to condominiums
- The King's Inn, which had been closed for many years
- The Riverside Hotel, for conversion to artist's apartments

- The Seventh-day Adventist's Church for conversion to the Lear Theatre
- 275 Hill Street, a complete renovation and remodel of a dated office building to create office condos

During these assignments I have held discussions with the developers that are undertaking these projects. In the interviews, the following things were noted:

- When one undertakes structural rehabilitations, the costs are always higher than anticipated
- The project costs can easily sky-rocket and so there is significant risk in undertaking this type of project.
- As a result, investors seek returns between 50% and 100% of the going-in anticipated costs of the rehabilitation.

In the case of the subject, there potential areas of concern linked with mold and electrical. However, the extent of the concerns is minimized as a result of the estimate work completed to date. For these reasons, I have concluded to a lower allowance of 25.00% of the hard and soft costs. This would equate to \$2,777,500 and would increase the total cost allowance to \$13,887,500, which I have rounded to \$13,900,000. Adding the net land value of \$3,400,000 to the \$13,900,000 indicated allowance for renovation results in a needed value of at least \$16,300,000 in order to make renovation of the subject building economically feasible. A value of \$16,300,000 equates to \$234.00 per square foot of building area.

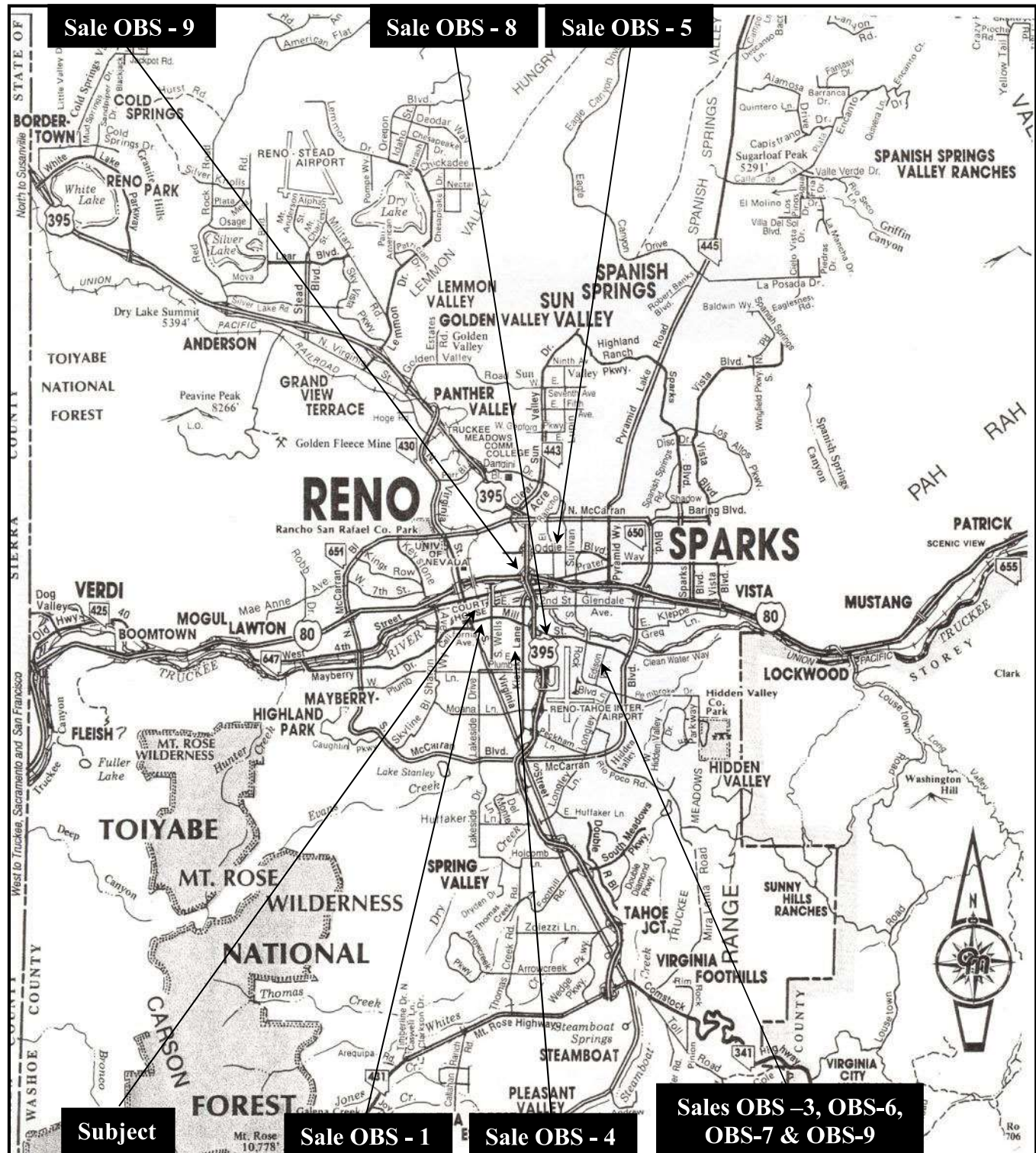
It is only economically feasible to renovate the subject if the value of the building as renovated exceeds \$235.00 per square foot of building area. It should also be noted that the \$235.00 per square foot value would reflect a cost for a building in average condition, but it does not reflect any reconfiguration costs, costs of repairing the parking lot, costs of rehabbing the park area or any costs of stabilization. With these additional costs also being included, the stabilized value would need to be in excess of \$250.00 per square foot, and would probably need to be around \$300.00 per square foot.

To ascertain if it is economically feasible to renovate the subject, I have considered sales of properties similar to the anticipated condition of the subject once the quantified repairs have been completed. These sales are summarized on the following chart. Following the chart will be a map locating the sale properties. This will be followed by a brief analysis of the sales.

COMPARABLE BUILDING SALES CHART

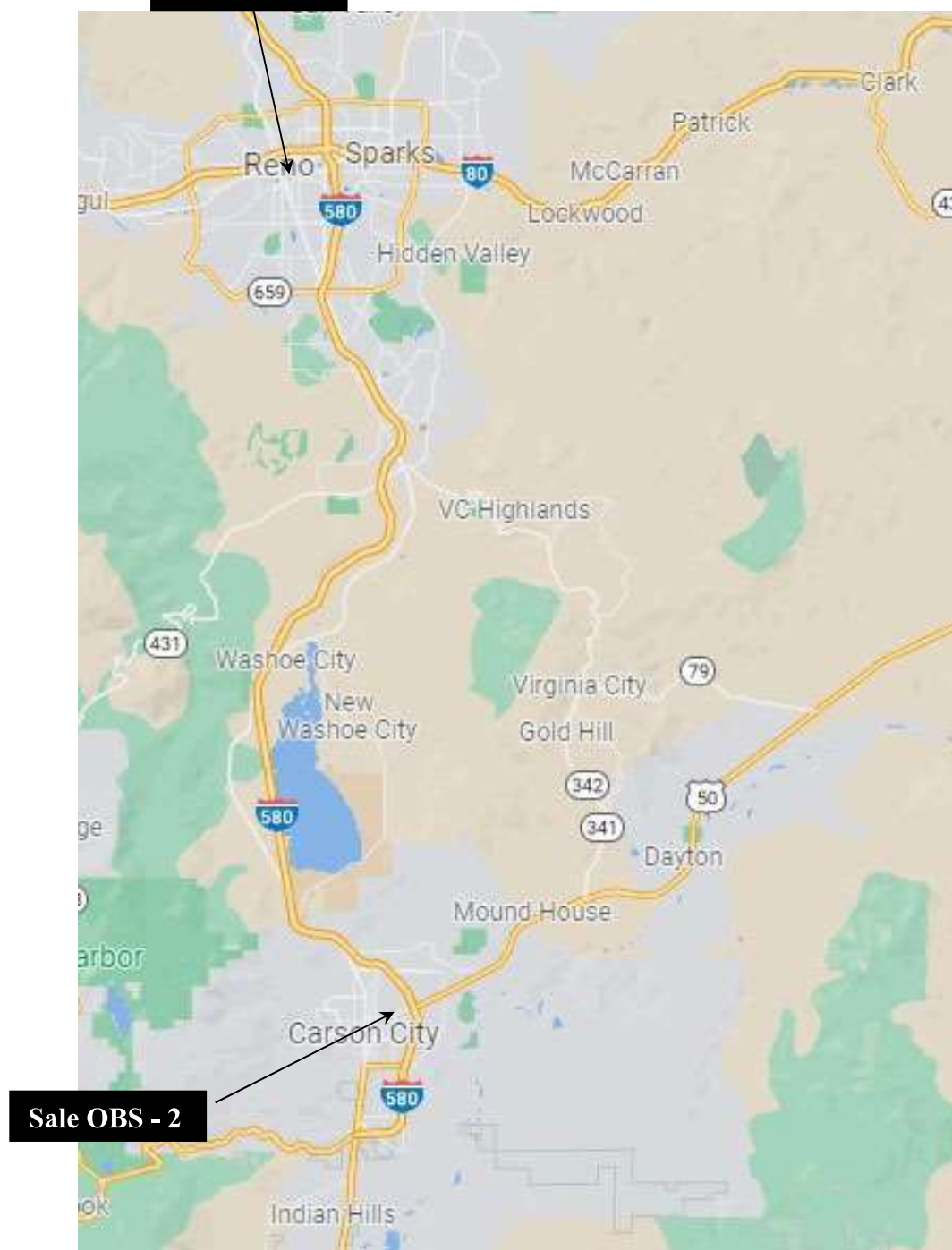
Sale No.	A.P.N. Project Name Location	Sale Date Doc No.	Land Area Zoning	Year Built Use Quality/Condition	Sale Price	Finished Building Area	Price per SF
OBS-1	011-176-09 245 E Liberty Street Reno	04-14-2021 5166008	28,750± sf MD-RD	1981 Office Good/Good	\$6,400,000	48,034± sf	\$133.24
OBS-2	002-123-07 & 08 1000-1150 E William Street Carson City	07-23-2021 522919	6.29± ac. GC	1975 Office Average/Average	\$14,500,000	113,808± sf	\$127.41
OBS-3	012-401-30 1285 Financial Boulevard Reno	09-17-2021 5227824	3.483± ac. ME	1990 Office Average/Average	\$3,900,000	39,345± sf	\$99.12
OBS-4	013-391-09 1301 Cordone Avenue Reno	12-09-2021 5257076	29,621± sf PO	1973 Office Average/Average	\$2,800,000	35,611± sf	\$109.33
OBS-5	026-284-23 2590 Orvada Street Reno	02-04-2022 5274755	3.00± ac. PF	1973 School Average/Good	\$2,700,000	17,736± sf	\$152.23
OBS-6	012-401-27 1195 Corporate Boulevard Reno	05-23-2022 5305276	3.38± ac. IB	1984 Office Average/Average	\$3,225,000	30,000± sf	\$107.50
OBS-7	012-354-03 1315 Financial Boulevard Reno	08-30-2022 5329568	5.099± ac. ME	1993 Call Center Average/Fair-Average	\$5,550,000	36,112± sf	\$153.69
OBS-8	012-220-19 & 36 2593-2597 Mill Street Reno	10-04-2023 5410062	2.885± ac MU	1970 Processing Center Average/Fair-Average	\$6,000,000	52,000± sf	\$115.38
OBS-9	012-354-03 1315 Financial Boulevard Reno	12-15-2023 5425093	5.099± ac. ME	1993 Call Center Average/Fair-Average	\$6,618,000	36,112± sf	\$183.26
OBS-10	Por. of 008-171-38 (now 008-171-40) 1240 9 th Street Reno	02-28-2024 5438006	3.42± ac. PF	1981 Mental Health Hospital Average/Average	\$4,800,000	47,278± sf	\$103.22
Subject	007-313-27, 28 & 30 007-314-14 Por. 008-350-10 Record Street 315 & 335 Record Street Reno	Appraisal Date 05-15-2023	2.353± ac. MU-ED/ MU-ID	2005 & 2007 Community Assistance Center Average/Average	-----	69,600± sf	-----

COMPARABLE BUILDING SALES MAP – PAGE 1



COMPARABLE BUILDING SALES MAP – PAGE 2

SUBJECT



COMPARABLE OFFICE BUILDING SALE PROFILES

SALE OBS-1



A.P.N.	011-176-09	Address	245 E Liberty Street, Reno
Grantor	Willow Tree Properties, LLC	Grantee	245 Liberty Owner, LLC
Sale Date	April 14, 2021	Sale Price	\$6,400,000
Document No.	5166008	RPTT	\$26,240
Terms of Sale	Cash to the Seller	Zoning	MD-RD
Use Type	Office	Year Built	1981
Quality	Good	Condition	Good
G.B.A.	72,864± sf	Sale Price/SF	\$87.83
No. of Buildings	1	No. of Stories	5
Land Area	28,750± sf	Land:Bldg Ratio	0.39:1
Construction	Steel frame and glass	Flood Zone	Shaded Zone X
EGI	N/A	EGIM	N/A
NOI	N/A	OAR	N/A
Sale Verification	Matt Grimes CBRE 775-356-6290, Costar & County Records	Verified By	John S. Wright, MAI

Remarks

It appears that the sale property had a high vacancy rate at time of sale.

COMPARABLE OFFICE BUILDING SALE PROFILE SALE OBS-2



A.P.N.s	002-123-07 & 08	Address	1000-1150 E William Street
Grantor	Sierra Medical Complex Limited Partnership	Grantee	Carson City NV I SGF, LLC
Sale Date	July 23, 2021	Sale Price	\$14,500,000
Document No.	522919	RPTT	\$56,550.00
Terms of Sale	Cash to the Seller	Zoning	GC
Use Type	Office	Year Built	1975
Quality	Average	Condition	Average
G.B.A.	113,808± sf	Sale Price/SF	\$127.41
No. of Buildings	4	No. of Stories	2
Land Area	6.29± ac. (273,992± sf)	Land:Bldg Ratio	2.41:1
Construction	Wood frame with stucco exterior	Flood Zone	Zone AO
EGI	N/A	EGIM	N/A
NOI	\$1,093,300	OAR	7.54%
Sale Verification	Greg Ruzzine, Logic Commercial 775-800-4100 Costar & County Records	Verified By	John S. Wright, MAI

COMPARABLE OFFICE BUILDING SALE PROFILE SALE OBS-3



A.P.N.	012-401-30	Address	1285 Financial Blvd, Reno
Grantor	Renown Health, Inc.	Grantee	Ivy Properties LLC
Sale Date	September 20, 2021	Sale Price	\$3,900,000
Document No.	5227824	RPTT	\$15,990
Terms of Sale	Cash to the Seller	Zoning	ME
Use Type	Office	Year Built	1990
Quality	Average	Condition	Average
G.B.A.	39,345± sf	Sale Price/SF	\$99.12
No. of Buildings	1	No. of Stories	1
Land Area	3.488± ac.	Land:Bldg Ratio	3.86:1
Construction	Concrete tilt-up, Stucco exterior	Flood Zone	Shaded Zone X
EGI	N/A	EGIM	N/A
NOI	N/A	OAR	N/A
Sale Verification	Dominic Brunetti, Dickson Commercial Group, 775-850-3109, Costar & County Records	Verified By	John S. Wright, MAI

COMPARABLE OFFICE BUILDING SALE PROFILE SALE OBS-4



A.P.N.	013-391-09	Address	1301 Cordone Avenue, Reno
Grantor	Tdc Reno Office 1-de Spe	Grantee	Haley & Amy Bogart
Sale Date	December 9, 2021	Sale Price	\$2,800,000
Document No.	5257076	RPTT	\$11,480.00
Terms of Sale	Cash to the Seller	Zoning	PO (Professional Office)
Use Type	Office	Year Built	1973
Quality	Good	Condition	Good
G.B.A.	35,611± sf	Sale Price/SF	\$109.33
No. of Buildings	1	No. of Stories	3
Land Area	0.672± ac. (29,260± sf)	Land:Bldg Ratio	0.82:1
Construction	Concrete block, metal, and glass	Flood Zone	Shaded Zone X
EGI	N/A	EGIM	N/A
NOI	N/A	OAR	N/A
Sale Verification	Costar & County Records	Verified By	John S. Wright, MAI

COMPARABLE OFFICE BUILDING SALE PROFILE SALE OBS-5



A.P.N.	026-284-23	Address	2590 Orvada Street, Reno
Grantor	High Desert Montessori Charter Schools	Grantee	Note-Able Music Therapy Services
Sale Date	February 4, 2022	Sale Price	\$2,700,000
Document No.	5274755	RPTT	\$11,070.00
Terms of Sale	Cash to the Seller	Zoning	PF (Public Facility)
Use Type	School	Year Built	1973
Quality	Average	Condition	Good
G.B.A.	17,736± sf	Sale Price/SF	\$152.23
No. of Buildings	1	No. of Stories	1
Land Area	3.00± ac. (130,680± sf)	Land:Bldg Ratio	7.37:1
Construction	Masonry and wood frame	Flood Zone	Unshaded Zone X
EGI	N/A	EGIM	N/A
NOI	N/A	OAR	N/A
Sale Verification	Costar & County Records	Verified By	John S. Wright, MAI

Remarks

This building was originally constructed as a call center for AT & T. However, in 2005 it was converted to an educational use. The building was purchased for conversion into a medical use. The building will be owner-occupied by a music therapy service.

COMPARABLE OFFICE BUILDING SALE PROFILE SALE OBS-6



A.P.N.	012-401-27	Address	1195 Corporate Boulevard, Reno
Grantor	The Richard Wray Family 1981 Trust	Grantee	6S T Reno NV LLC, a Delaware limited liability company
Sale Date	May 23, 2022	Sale Price	\$3,225,000
Document No.	5305276	RPTT	\$13,222.50
Terms of Sale	Cash to the Seller	Zoning	ME (Industrial Estates)
Use Type	Office	Year Built	1984
Quality	Average	Condition	Average
G.B.A.	30,000± sf	Sale Price/SF	\$107.50
No. of Buildings	1	No. of Stories	1
Land Area	3.38± ac. (147,233± sf)	Land:Bldg Ratio	4.91:1
Construction	Concrete and glass	Flood Zone	Shaded Zone X
EGI	N/A	EGIM	N/A
NOI	N/A	OAR	N/A
Sale Verification	Melissa Molyneaux, Colliers International, 775-823-4674, Costar & County Records	Verified By	John S. Wright, MAI

Remarks

The building was extensively renovated in 2014. This building was marketed as an office building, but the prior use was as a school. The building has 156 parking spaces, which equates to 5.2/1000 spaces.

COMPARABLE OFFICE BUILDING SALE PROFILE SALE OBS-7



A.P.N.	012-354-03	Address	1315 Financial Boulevard, Reno
Grantor	RGM Trust	Grantee	Ivy Properties, LLC
Sale Date	August 30, 2022	Sale Price	\$5,550,000
Document No.	4329568	RPTT	\$22,755.00
Terms of Sale	Cash to the Seller	Zoning	ME (Industrial Estates)
Use Type	Call Center	Year Built	1993
Quality	Average	Condition	Fair-Average
G.B.A.	36,000± sf	Sale Price/SF	\$153.69
No. of Buildings	1	No. of Stories	1
Land Area	5.099± ac. (222,112± sf)	Land:Bldg Ratio	6.15:1
Construction	Concrete and glass	Flood Zone	Shaded Zone X
EGI	N/A	EGIM	N/A
NOI	N/A	OAR	N/A
Sale Verification	Robert Skinner, Sierra Nevada Properties 775-335-6700, Costar & County Records	Verified By	John S. Wright, MAI

Remarks

The property was purchased by an adjoining property owner for expansion of his business. The interior was laid out as a call center, with an elevated floor and a drop acoustic tile ceiling.

COMPARABLE OFFICE BUILDING SALE PROFILE SALE OBS-8



A.P.N.	012-220-19 & 36	Address	2593-2597 Mill Street, Reno
Grantor	CKMR2 LP	Grantee	Eric Litak
Sale Date	October 4, 2023	Sale Price	\$6,000,000
Document No.	5410062	RPTT	\$24,600.00
Terms of Sale	Cash to the Seller	Zoning	MU
Use Type	Office	Year Built	1970
Quality	Average	Condition	Fair-Average
G.B.A.	52,000± sf	Sale Price/SF	\$115.38
No. of Buildings	1	No. of Stories	1
Land Area	2.885± ac. (125,671± sf)	Land:Bldg Ratio	2.42:1
Construction	Concrete and glass	Flood Zone	Shaded Zone X
EGI	N/A	EGIM	N/A
NOI	N/A	OAR	N/A
Sale Verification	Costar & County Records	Verified By	John S. Wright, MAI

COMPARABLE OFFICE BUILDING SALE PROFILE SALE OBS-9



A.P.N.	012-354-03	Address	1315 Financial Boulevard, Reno
Grantor	Ivy Properties, LLC	Grantee	Farlegacy Land, LLC
Sale Date	December 15, 2023	Sale Price	\$6,618,000
Document No.	4525093	RPTT	\$27,133.80
Terms of Sale	Cash to the Seller	Zoning	ME (Industrial Estates)
Use Type	Call Center	Year Built	1993
Quality	Average	Condition	Fair-Average
G.B.A.	36,000± sf	Sale Price/SF	\$153.69
No. of Buildings	1	No. of Stories	1
Land Area	5.099± ac. (222,112± sf)	Land:Bldg Ratio	6.15:1
Construction	Concrete and glass	Flood Zone	Shaded Zone X
EGI	N/A	EGIM	N/A
NOI	N/A	OAR	N/A
Sale Verification	Robert Skinner, Sierra Nevada Properties 775-335-6700, Costar & County Records	Verified By	John S. Wright, MAI

Remarks

This property previously sold in August 2022 for \$5,550,000. According to the broker, there was no change in the property between the two sales. The property was listed in September 2023 for \$6,300,000. There were a couple of parties interested in the property and because of a bidding war the property sold above the asking price. The property has approximately 3 acres of excess land with a value in the range of \$2,000,000. The buyer is planning to build a warehouse on this portion of the site. The buyer spent approximately \$1,500,000 after the sale in renovations to the interior of the structure.

COMPARABLE OFFICE BUILDING SALE PROFILE SALE OBS-10



A.P.N.	Por. of 008-171-38 Now 008-171-40	Address	1240 9 th Street, Reno
Grantor	Bhc Health Services of Nevada, Inc.	Grantee	Washoe County
Sale Date	February 28, 2024	Sale Price	\$4,800,000
Document No.	5438006	RPTT	\$0
Terms of Sale	Cash to the Seller	Zoning	PF (Public Facilities)
Use Type	Mental Health Hospital	Year Built	1981
Quality	Average	Condition	Average
G.B.A.	47,278± sf	Sale Price/SF	\$103.22
No. of Buildings	1	No. of Stories	1
Land Area	3.42± ac. (148,975± sf)	Land:Bldg Ratio	3.15:1
Construction	Concrete block and glass	Flood Zone	Shaded Zone X
EGI	N/A	EGIM	N/A
NOI	N/A	OAR	N/A
Sale Verification	Stephen Amoriello, seller Costar & County Records	Verified By	John S. Wright, MAI

Remarks

This property involved an in-patient mental health hospital. The building consisted of a series of sleeping rooms, each with a private bathroom, around a central common area. The property was purchased by Washoe County. The projected costs to renovate and upgrade the building is \$9,000,000, resulting in a total cost of \$291.89 per square foot.

The comparables indicate sale prices between \$99.12 per square foot and \$183.26 per square foot. Sale OBS-9, including renovations indicated a cost of approximately \$225 per square foot of building area. However, approximately \$55.00 per square foot of building area is in excess land, resulting in a renovated value for the building without excess land of \$170.00 per square foot. Sale OBS-10 indicated a renovated cost of \$291.89 per square foot. However, a large portion of this cost is for potential upgrades to the building. The subject's costs do not include any upgrades and also does not allow for any interior reconfigurations. Also, the subject's costs do not include any costs for repairing/replacing the parking areas and the park area. The other comparables indicate unit prices between \$100 per square foot of building area and \$150.00 per square foot of building area.

As a result, based on the available data, it is the undersigned's opinion that the \$250.00 per square foot projected cost for the subject is low, while the \$291.89 per square foot cost from Sale OBS-10 involves improving the property significantly above the condition of the subject. I inspected the Sale OBS-10 property in late 2022 and I found this property to be in far superior condition than the subject.

Overall, based on the available data, I have concluded that it would not be economically feasible to renovate the subject property for use of the existing improvements. Therefore, I have concluded that the Highest and Best Use of the subject is for redevelopment of the subject in accordance with the Highest and Best Use, as though vacant.

Most Probable Purchaser

Based on the concluded Highest and Best use of the subject in its current condition, I have concluded that the most probable purchaser of the subject would be a developer, who would seek an economic gain through redevelopment of the site. In the following analyses, the subject property will be valued based upon its concluded highest and best use.

INTRODUCTION TO VALUATION ANALYSIS

In this report, I was asked to address the fee simple interest in the subject property. Based on the analyses contained previously, I have concluded that the Highest and Best Use of the subject in its current condition would be demolition of the existing improvements and redevelopment of the site in accordance with the Highest and Best Use of the subject as though vacant. The value being analyzed is the Market Value of the subject in its current condition.

There are three approaches to value which an appraiser will typically consider in estimating the value of a property. These approaches are the Cost, the Income and the Sales Comparison Approaches to Value. The Cost Approach to Value is based upon the principle of substitution which states that an investor will pay no more for a property than the cost of developing a comparable property, assuming there is no undue time delay. The first step in the Cost Approach to Value is to estimate the value of the site if vacant. Then, the replacement cost new of the improvements is estimated. Accrued depreciation is then estimated and deducted to arrive at an indication of the depreciated value of the improvements. Adding the value of the site, to the depreciated value of the improvements, results in an indication of value by the Cost Approach.

In the Income Approach, two primary methods of analysis can be utilized: Direct Capitalization or a Discounted Cash Flow Analysis. In the early to mid-1980s, a Discounted Cash Flow Analysis was a preferred method of analysis for many investors. However, in the late 1980s and into the 1990s, developers became disenchanted with this form of analysis when the projections on income and expense growth made in the early to mid-1980s were not realized. As a result, at the present time, most investors are utilizing Direct Capitalization as opposed to a Discounted Cash Flow Analysis. Therefore, in this analysis, a Direct Capitalization as opposed to a Discounted Cash Flow Analysis will be completed.

In Direct Capitalization, the potential gross income at stabilization which the subject property is capable of generating during the first year of the holding period is estimated. Then, appropriate vacancy and credit losses are deducted to arrive at an indication of the total projected effective gross annual income which the subject property is capable of generating. The next step in the analysis is to subtract operating expenses. Subtracting the expenses results in a projection of the net operating income which the subject property is capable of generating. This net operating income is then converted into an indication of

value utilizing an overall capitalization rate. This capitalization rate can be extracted from the market or can be developed utilizing a variety of techniques including a mortgage-equity band of investment technique.

The third approach to value typically utilized in the appraisal of real estate is the Sales Comparison Approach. In the Sales Comparison Approach, recent sales of similar properties are compared to the subject utilizing appropriate measures of comparison. This method of analysis best reflects the motivations of buyers and sellers in the market since it is entire market derived.

To derive an opinion of the Market Value of the subject property in its current condition, consideration was given to the Cost, the Income, and the Sales Comparison approaches to value. The Scope of Work for this assignment is to develop all applicable approaches to value. Although the subject is not actually vacant land, the concluded Highest and Best Use of the subject was for redevelopment of the site. Therefore, the Income Approach is not applicable. Additionally, due to a lack of developed sites purchased for re-development, it is not possible to value the subject directly, using the Sales Comparison Approach.

To value the subject in its current condition, I will first value the land, as though vacant. Then, I will project a demolition cost for the current improvements. This will be subtracted from the value of the site, as though vacant to derive my opinion of the Market Value of the subject in its current condition. This is essentially a Cost Approach analysis.

Typically, when valuing vacant land, or nearly vacant land, the Sales Comparison Approach is the only analysis for which there is sufficient data to develop a credible value indication. This was the case with the valuation of the subject parcel. Therefore, sole reliance upon a Sales Comparison Approach analysis does not artificially limit the scope of work involved in the assignment. In the Sales Comparison Approach, adjustments will be made to the comparables for the subject's grading and fencing.

The various valuation analyses discussed above are set out in the subsequent sections of this report.

CURRENT MARKET VALUE ANALYSIS

To derive an opinion of the Current Market Value of the subject property, as of the May 15, 2024 date of valuation, a Sales Comparison Approach Analyses will be utilized to derive an opinion of the value of the land, as though vacant. The Sales Comparison Approach analysis will be based on the valuation methodology set forth in the Introduction to Valuation Analysis section of this report. The subject will first be analyzed as though the existing buildings have been removed. Then, the cost of demolishing the existing improvements will be analyzed and subtracted to derive an opinion of the Current Market Value of the subject.

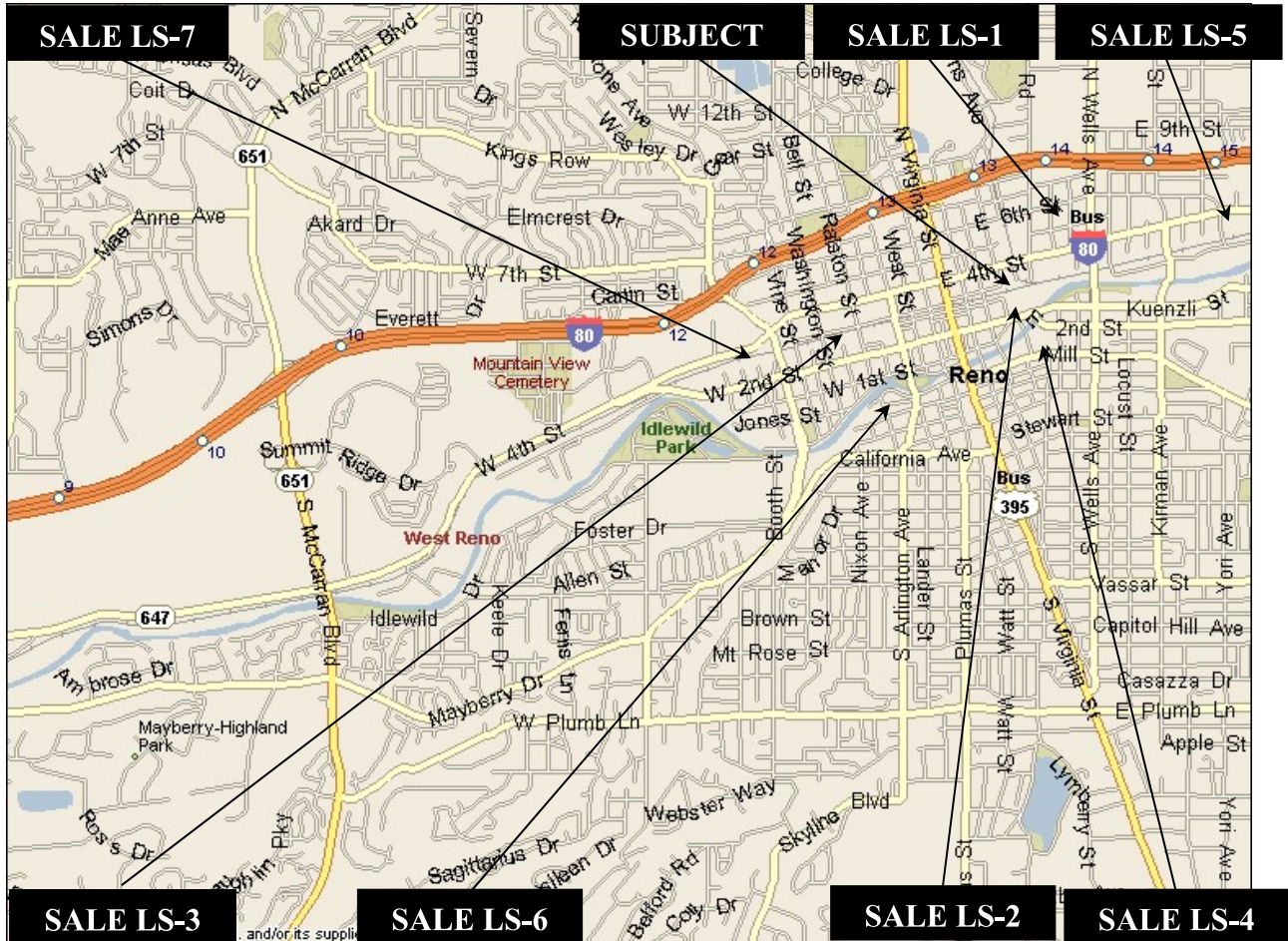
To derive an opinion of the value of the subject site if vacant, the Official Records of Washoe County were searched for recent sales of similar sites. In addition to consummated sales, consideration was given current listings, as well as properties that are in escrow. All sales, escrows and listings found were investigated, analyzed and compared to the subject. The comparables set out on the following chart were considered to be most indicative of the data analyzed and of an appropriate value for the subject.

In analyzing each of the comparables, they have been compared with the entire subject site on a sale price per square foot of land area basis, which is the measure of comparison typically utilized in the market. Following the sales chart will be a map locating the sale properties. This will be followed by profiles of the individual sales. The profiles will then be followed by a comparison, correlation and conclusion section, where the comparables will be compared with the subject to derive an opinion of value.

COMPARABLE LAND SALES CHART

Sale No.	A.P.N. Location	Sale Date Doc. #	Zoning Topography	Sale Price	Actual Land Area	Sale Price Per SF
LS-1	008-532-03 550 Elko Avenue Reno	09-02-2021 5222654	MD-ID Level	\$1,250,000	1.185± ac. 51,606± sf	\$24.22
LS-2	011-074-33 201 Evans Avenue Reno	09-03-2021 5222735	MU-ED Level	\$12,000,000	2.89± ac. 125,932± sf	\$95.29
LS-3	011-640-09 South of UPRR, between Ralston Street and Washington Street Reno	09-30-2021 5232551	MU/DRRC Level	\$6,275,000	2.738± ac. 119,250± sf	\$52.62
LS-4	012-440-04 & 08 Northeast corner of Mill Street and Museum Drive	11-23-2021 5254648	MD-RD Level	\$14,000,000	5.577± ac. 242,934± sf	\$57.63
LS-5	008-381-26 & 45 360 Sage Street Reno	01-06-2023 5355752	MU Level	\$2,400,000	1.574± ac. 68,584± sf	\$34.99
LS-6	011-101-17 & 19 600 Island Avenue Reno	11-27-2023 5421296	MF-30 Level	\$3,200,000	1.28± ac. 55,757± sf	\$57.39
LS-7	010-610-10 & 11 1610 & 1790 W. 4 th Street Reno	03-11-2024 5440363	MU Level	\$870,000	1.317± ac. 57,366± sf	\$15.17
Subject	007-313-27, 28 & 30 007-314-14 Por. of 008-350-10 Record Street 315 & 335 Record Street Reno	Appraisal Date 05-15-2024	MU-ED & MU-ID Level	---	2.353± ac 102,507± sf	---

COMPARABLE LAND SALES MAP



COMPARABLE LAND SALE PROFILES

SALE LS-1

A.P.N.s	008-532-03	Address	550 Elko Avenue
Grantor	Alfa One Investments, LLC	Grantee	Ritter Properties Trust
Sale Date	September 2, 2021	Sale Price	\$1,250,000
Document No.	5222654	RPTT	\$5,125.00
Terms of Sale	Cash to the Seller	Zoning	MU-ID (Mixed-Use Innovation District)
Topography	Level	Flood Zone	Unshaded Zone X
Utilities	To site	Condition	Developed site
Parcel Size	1.185± ac. (51,606± sf)	Price/SF	\$24.22
Approvals	None	Water Rights	None
Sale Verification	Micheal Dorn, Logic Commercial Real Estate 775-433-1109 & County Records	Verified By	John S. Wright, MAI

Remarks:

This comparable involves the sale of a basically rectangular-shaped parcel located on the east edge of downtown Reno. All utilities are available to the site. There do not appear to be any earthquake hazards, floodplains, environmental conditions, or other factors that would adversely impact the value or development potential of the site. This property was sold to an adjoining property owner, but according to the listing agent, there was no plottage value. This property is located in an Opportunity Zone.



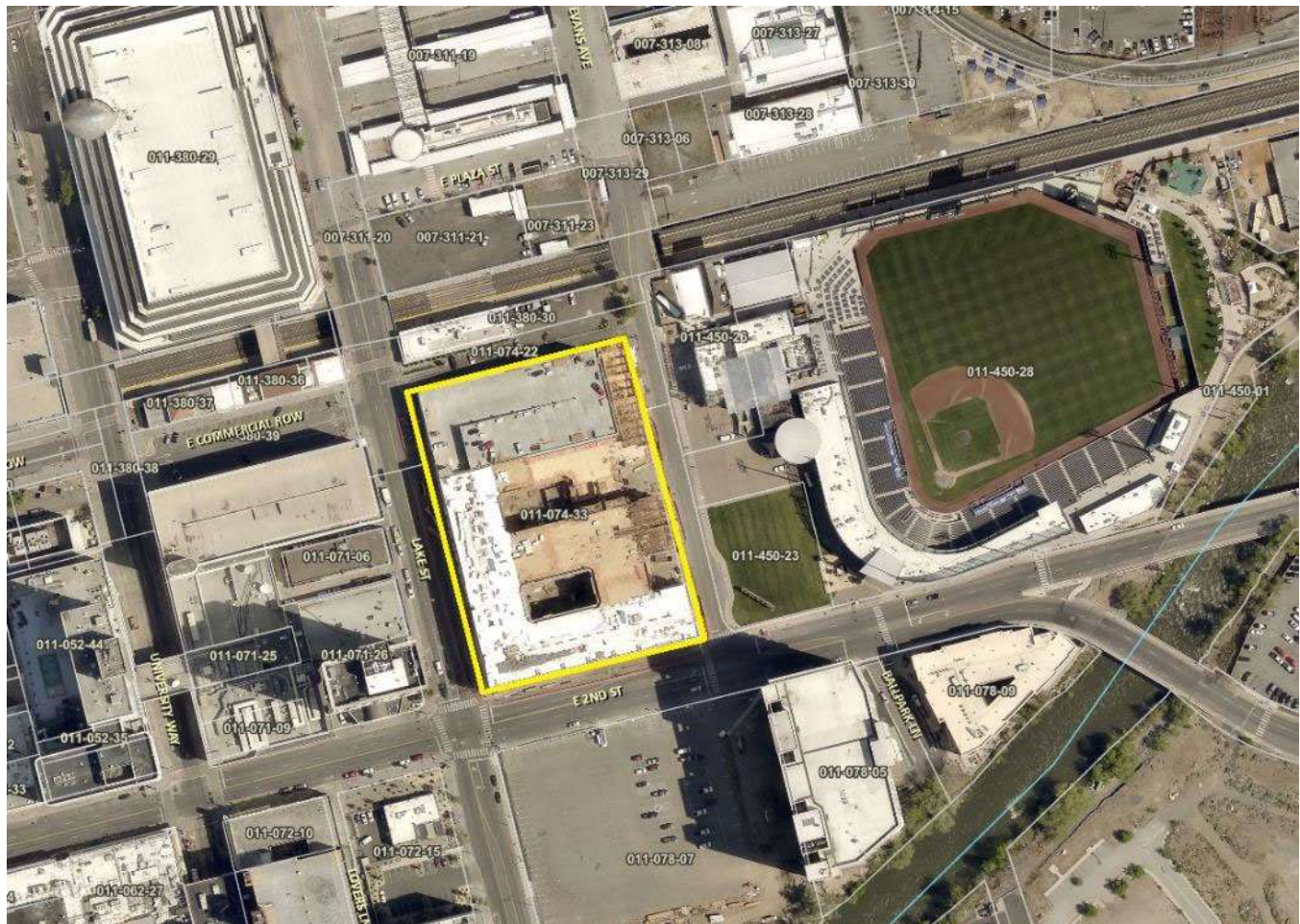
COMPARABLE LAND SALE PROFILE

SALE LS-2

A.P.N.s	011-071-33	Address	201 Evans Avenue, Reno
Grantor	Nevada Land IV, LLC	Grantee	Ballpark Property Owner, LLC
Sale Date	September 3, 2021	Sale Price	\$12,000,000
Document No.	5222735	RPTT	\$49,200.00
Terms of Sale	Cash to the Seller	Zoning	MU-ED (Mixed-Use Downtown Entertainment District)
Topography	Level	Flood Zone	Unshaded Zone X
Utilities	To site	Condition	Developed site
Parcel Size	2.891± ac. (125,932± sf)	Price/SF	95.29
Approvals	None	Water Rights	None
Sale Verification	County Records	Verified By	John S. Wright

Remarks:

This comparable involves the sale of a city block located across Evans Avenue from Greater Nevada Field. The sale site is being improved with a 369-unit apartment project, a 496-space parking garage and commercial uses. The site is one block east of Wells Avenue, which is generally considered to be the east edge of downtown. All utilities are available to the site. There do not appear to be any earthquake hazards, floodplains, environmental conditions, or other factors that would adversely impact the value or development potential of the site. This property is located in a designated Opportunity Zone.



COMPARABLE LAND SALE PROFILE

SALE LS-3

A.P.N.	011-640-09	Address	South of UPRR, between Ralston Street & Washington Street, Reno
Seller	Kathy's Land LLC	Buyer	0W Commercial Row, LLC
Sale Date	October 1, 2021	Sale Price	\$6,275,000
Document No.	5232551	RPTT	\$25,727.50
Terms of Sale	Cash to the Seller	Zoning	MUDR
Topography	Level	Flood Zone	Unshaded Zone X
Utilities	To site	Condition	Developed site
Parcel Size	2.738± ac. (119,250± sf)	Price/SF	\$52.62
Approvals	None	Water Rights	None
Sale Verification	Rex Massey, CBRE 775-321-4480, Costar, Confidential & County Records	Verified By	John S. Wright, MAI

Remarks:

This comparable involves the sale of a vacant, rectangular-shaped parcel of vacant land located on the northwest corner of Ralston Street and West Commercial Row, on the west side of downtown Reno. The listed parcel is bordered on the north by the Union Pacific Railroad tracks, which are below grade. Ralston Street does bridge the tracks and so it is one of the more heavily trafficked streets in the immediate submarket. The site has level topography and all utilities were available to the site. There do not appear to be any earthquake hazards, floodplains, environmental conditions, or other factors that would adversely impact the value or development potential of the site. The asking price was not disclosed, but it has been represented to the undersigned that the seller was looking to get \$40.00 per square foot for the property. According to Mr. Rex Massey of CBRE, there were higher offers on the site but this was a cash offer with a 60-day close of escrow. This property was purchased by Jacobs Entertainment. This property is in a designated Opportunity Zone.



COMPARABLE LAND SALE PROFILE

SALE LS-4

A.P.N.s	012-440-09	Address	2 Museum Drive, Reno
Grantor	CFCP, LLC	Grantee	Grant's Landing, LLC
Sale Date	December 3, 2021	Sale Price	\$14,000,000.00
Document No.	5254648	RPTT	\$57,400.00
Terms of Sale	Cash to the Seller	Zoning	MD-RD (Mixed Development Downtown Riverwalk District)
Topography	Level	Flood Zone	Unshaded Zone X
Utilities	To site	Condition	Developed site
Parcel Size	5.577± ac. (242,934± sf)	Price/SF	\$57.63
Approvals	None	Water Rights	None
Sale Verification	David Geddes, Dickson Commercial Group 775-232-4493 Costar & Count Records	Verified By	John S. Wright, MAI

Remarks:

This comparable involves the sale of a 5.577± acre site located on the east side of Museum Drive, between Mill Street on the south, as well as the Truckee River and 2nd Street to the north, in the southeastern portion of Reno. All utilities are available to the site. Previously the site was improved with underground utilities and roadways. There do not appear to be any other earthquake hazards, floodplains, environmental conditions, or other factors that would adversely impact the value or development potential of the site. The property was previously approved for 137 townhouse units. This property is located in an Opportunity Zone. This property was listed for approximately 9 months at an asking price of \$14,500,000 prior to the sale.



COMPARABLE LAND SALE PROFILE

SALE LS-5

A.P.N.	008-381-26 & 45	Address	360 Sage Street, Reno
Seller	Mohammad Amjad & Ulfat Begum	Buyer	Community Housing Land Trust, LLC
Sale Date	January 6, 2023	Sale Price	\$2,400,000
Document No.	5355752	RPTT	\$9,840.00
Terms of Sale	Cash to the Seller	Zoning	MU (Mixed-Use Urban)
Topography	Level	Flood Zone	Unshaded Zone X
Utilities	To site	Condition	Developed site
Parcel Size	1.570± ac. (68,584± sf)	Price/SF	\$34.99
Approvals	None	Water Rights	None
Sale Verification	Tom Fennell, Dickson Commercial Group 775-250-6600, Costar & County Records	Verified By	John S. Wright, MAI

Remarks:

The sale property is irregular, with limited frontage on both Sage Street along its west property line and East 4th Street along the north property line. The sale site is improved with a 4,000± square foot metal service garage building. However, no value was assigned to this structure. The buyer is planning to develop the property with low-income housing. The sale site has adequate topography for development and all utilities have been extended to the site. There do not appear to be any soils conditions, earthquake hazards, environmental contamination, wetlands, or other factors adversely impacting the value or development potential of the subject property. This property is located in an Opportunity Zone. This property was marketed for just over 1 year at an asking price of \$2,500,000, prior to the sale.



COMPARABLE LAND SALE PROFILE

SALE LS-6

A.P.N.	011-101-17 & 19	Address	600 Island Avenue, Reno
Seller	Island Trust dated December 1, 2011	Buyer	Irish Investco, LLC
Sale Date	November 27, 2023	Sale Price	\$3,200,000.00
Document No.	5421296	RPTT	\$12,120.00
Terms of Sale	Cash to the Seller	Zoning	MF-30 (Multifamily residential, 1 unit per 1,450 sf of land area)
Topography	Level to steeply sloping		Unshaded Zone X, Shaded Zone X and AE
Utilities	To site	Condition	Developed site
Parcel Size	1.278± ac. (55,666± sf)	Price/SF	\$57.49
Approvals	None	Water Rights	None
Sale Verification	David Geddes, Dickson Commercial Group 775-232-4493 Costar & Count Records	Verified By	John S. Wright, MAI

Remarks:

This property involves the sale of two adjoining parcels of land located south of the Truckee River, just southwest of downtown Reno. The larger parcel is located along Island Avenue and the Truckee River, while the southern parcel fronts on Court Street. The elevation differential between the two sites is 20± feet. The northern portion of the site is a 100-year floodplain, while the southern portion of the site is outside a 500-year floodplain. The site to the east was constructed to be luxury condominiums. There do not appear to be any earthquake hazards, soils conditions, environmental contamination, adverse easements, or other factors which would adversely impact the value or development potential of the property. This property is not located in an Opportunity Zone. This property was listed at the sales price for approximately 90 days prior to the sale.



COMPARABLE LAND SALE PROFILE

SALE LS-7

A.P.N.	010-610-10 & 11	Address	1610 & 1790 W. 4 th Street, Reno
Seller	City of Reno	Buyer	JM Ranches, LLC
Sale Date	March 11, 2024	Sale Price	\$870,000
Document No.	5440363	RPTT	\$3,567.00
Terms of Sale	Cash to the Seller	Zoning	MU (Mixed-use Urban)
Topography	Level	Flood Zone	Unshaded Zone X
Utilities	To site	Condition	Developed site
Parcel Size	1.317± ac. (57,366± sf)	Price/SF	\$15.17
Approvals	None	Water Rights	None
Sale Verification	Lori Miles, City of Reno & County Records	Verified By	John S. Wright, MAI

Remarks:

This property involves the escrow of two adjoining narrow parcels of land located on the south side of West 4th Street, across from its intersection with Cemetery Road, west of downtown Reno. The south edge of the property is formed by the UPRR right-of-way. The sale ownership is improved with a 13,500± square foot, concrete block storage warehouse that was constructed in 1955. The property is being purchased by the tenant who had been leasing the property from the City of Reno. The tenant owns the improvements. The sale property involves level topography, being at street grade with Bible Way and all utilities are available to the site. The eastern portion of the sale site is encumbered by a conservation easement that prohibits disturbance of the ground more than 5 feet below the surface and also prohibits construction of a building on this portion of the property. Additionally, the south edge of the site is encumbered by a 10-foot easement to allow repair and maintenance of the Retrac trench. The impact of this easement is considered to be minor, considering it only encumbers 4,801± square feet, or 8.37% of the site. There do not appear to be any floodplains, earthquake hazards, soils conditions, environmental contamination, other adverse easements, or other factors which would adversely impact the value or development potential of the property. This property is not located in an Opportunity Zone. This sale closed after the date of value, but before the date of this report.



LAND SALES COMPARISON, CORRELATION AND CONCLUSION

The seven comparables set out above all involve consummated sales. The sales occurred between September 2021 and March 11, 2024 as compared with the May 15, 2024 effective date of value. The lack of additional recent comparable sales is felt to be a function of limited available land in the submarket or around downtown Reno, as opposed to a lack of demand.

The comparables range in size from 1.185± acres to 5.577± acres of effective land area as compared to the subject's 2.353± acres of land area. The comparables illustrate selling prices prior to any adjustments ranging from \$15.17 per square foot and \$95.29 per square foot of land area.

In analyzing the sales, consideration was given to qualitative as well as quantitative analyses. In analyzing the comparables, there was sufficient data to consider quantitative adjustments for property rights conveyed, terms of sale and conditions of sale. However, for other factors such as market conditions, topography, access, exposure, size, zoning, water rights and location there was insufficient data to quantify adjustments and as a result, quantitative adjustments have been made for these items. Set out following is a discussion of the adjustments made to each of the sales.

Quantitative Adjustments

Property Rights Conveyed

All the comparables involved the transfer of fee ownership, or the offer to sell fee ownership. As a result, no adjustments will be made to any of the comparables for property rights conveyed.

Terms of Sale

All the comparables involved cash to the seller. As a result, no adjustment for financing is warranted to any of the comparables.

Conditions of Sale

All the comparables appear to have involved arms-length transactions between willing buyers and willing sellers. As a result, I have not made any adjustments to the comparables for this factor.

Market Conditions

The comparable sales used in this report occurred between June 2021 and March 2024 as compared with the May 1, 2024 effective date of value of this report. During this time there have not been enough sales of comparable properties to quantify an adjustment for this factor. However, in discussions with Realtors active in the market, I have concluded that between January 2021 and late 2022, land values were increasing at between 0.25% per month and 0.5% per month. Then in 2022, prices began to stabilize as interest rates increased. Since early 2023, prices have been reasonably stable. Based on this data, I have made 10% increases for sales that occurred in 2021 and a 5% increase for sales that occurred in 2022. I have not made any increase for sales in 2023.

Qualitative Adjustments

In addition to the adjustment set out above, other adjustments are warranted to the comparables. The size of the adjustments cannot be quantified from the market. The adjustments made will be summarized on an adjustment grid set forth at the end of the discussion. Although it is my opinion that there is insufficient data to extract quantified adjustments for these other factors, I have used my judgement in concluding adjustments for this factor. Because the adjustments cannot be quantified, but I have concluded that some of the sales are measurably inferior, while others are measurably superior, the sales bracket my opinion of the value. Therefore, in analyzing the sales, I have concluded that for individual aspects, each sale is superior, inferior, or equal.

Location

The comparables differ with regard to location. As noted previously, the subject is located on the north side of the UPRR tracks, east of Evans Avenue and south of Record Street, in the northeast quadrant of downtown Reno.

Comparable No.	Location Notes	Rating	Indicated Adjustment
LS-1	SE corner of 6 th & Elko Ave., east edge of downtown	4	Inferior
LS-2	NW corner of Evans Ave. and E 2 nd St., adjacent to Greater Nevada Field	6	Superior
LS-3	East of downtown Reno, secondary roadway	6	Superior
LS-4	East side of downtown Reno, two arterials	6	Superior
LS-5	East of downtown Reno, area of older improvements	4	Inferior
LS-6	West side of downtown Reno, river view, residential/office conversion	6	Superior
LS-7	West 4 th Street, west of subject	3	Far Inferior

Property Size

Generally smaller sites sell for a higher unit price than larger sites, because smaller properties sell for a lower total price and therefore are affordable by a larger group of potential purchasers. The comparables are all close enough in size and so no adjustments for this factor are deemed warranted.

Finish Level

The subject and all the comparables involve finished sites, many of which had been improved in the past. As a result, no adjustments are felt to be necessary to any of the comparables, except Sale LS-4, for this factor. In the case of Sale LS-4, a prior owner had installed some on-site roadways and underground utilities. For this reason, Sale LS-4 is considered to be superior to the subject in this regard.

Exposure/Access

All the comparables have adequate access to allow development. However, the subject has very limited access and exposure. Sales LS-1 and LS-5 also have limited access and exposure and so they are considered to be similar to the subject in this regard. The other comparables have more traditional roadway frontages and exposure and so I have concluded that they are superior to the subject in this regard.

Shape

The subject involves an irregular shape, with the southwestern and southeastern portions of the site being narrow. Sales LS-2 through LS-4 and Sale LS-6 have more typical shapes and so they are considered to be superior to the subject in this regard. Sales LS-1, LS-5 and LS-7 are more similar to the subject and so they require no adjustment for this factor.

Utilities

The subject and all the comparables have similar access to utilities and so no adjustments for this factor are warranted.

Topography

The subject and all the comparables, except Sale LS-6 involve level topography. As a result, I have not made any adjustments to the other comparables for this factor. In the case of Sale LS-6, the site has areas of steeply sloping topography and so it is considered to be inferior to the subject in this regard.

Opportunity Zone

The subject, as well as Sales LS-1 through LS-5 are in an Opportunity Zone and so they are considered to be similar to the subject in this regard. Therefore, they require no adjustment for this factor. Sales LS-6 and LS-7 are not in an Opportunity Zone. Although there is insufficient data with which to quantify the impact of an Opportunity Zone designation, in discussions with Realtors active in the market, it was indicated that having the designation is a positive. Therefore Sales LS-6 and LS-7 are considered to be inferior to the subject in this regard.

Zoning/Highest & Best Use

The subject and all of the comparables, except Sale LS-6, are all zoned to allow uses that would be permitted on the subject (residential, office and commercial) and so they are all considered similar to the subject in this regard. Sale LS-6 allows similar uses as the concluded Highest and Best Use of the subject. However, the density allowed on this site is lower than anticipated for the subject and so in this regard, Sale LS-6 is considered to be inferior to the subject in this regard.

Floodplain

Neither the subject, nor any of the comparables, except Sale LS-6, are located in a designated floodplain and so I have made no adjustments to the other comparables for this factor. Portions of Sale LS-6 are located in a floodplain and so this comparable is considered to be inferior to the subject in this regard.

Other

No other adjustments are felt to be warranted to any of the comparables, except Sale LS-7. In the case of Sale LS-7, I have made a minor downward adjustment to this comparable for the easements encumbering the site.

The chart set out on the following page summarizes the adjustments made to the comparable sales.

COMPARABLE LAND SALES ADJUSTMENT GRID

Comparable No.	LS-1	LS-2	LS-3	LS-4	LS-5	LS-6	LS-7
APN	008-532-03	011-074-33	011-640-09	012-440-04 012-440-08	013-323-18	011-101-17 & 18	010-610-10 &11
Sale Date	9/2/2021	9/3/2021	9/30/2021	11/23/2021	1/10/2023	11/27/2023	3/11/2024
Sale Price	\$1,250,000	\$12,000,000	\$6,275,000	\$14,000,000	\$2,400,000	\$3,200,000	\$870,000
Land Area (± sf)	51,606	125,932	119,250	242,934	68,584	55,757	57,366
Price/Square Foot	\$24.22	\$95.29	\$52.62	\$57.63	\$34.99	\$57.39	\$15.17
Zoning	MD-ID	MU-ED	MU/DRRC	MD-RD	MU	MF-30	MU
Finish Level	Developed	Developed	Developed	Developed	Developed	Developed	Developed
Utilities	To site	To site	To site	To site	To site	To site	To site
Access	Paved Road	Paved Road	Paved Road	Paved Road	Paved Road	Paved Road	Paved Road
Property rights	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Terms of Sale	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Conditions of Sale	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Market Conditions	10.00%	10.00%	10.00%	10.00%	0.00%	0.00%	0.00%
Indicated							
Adjustment	10.00%	10.00%	10.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Value	\$26.64	\$104.82	\$57.88	\$57.63	\$34.99	\$57.39	\$15.17
Location	Inferior	Superior	Superior	Superior	Inferior	Superior	Far Inferior
Property Size	Equal	Equal	Equal	Superior	Equal	Equal	Equal
Finish Level	Equal	Equal	Equal	Superior	Equal	Equal	Equal
Access/Exposure	Equal	Superior	Superior	Superior	Equal	Superior	Superior
Shape	Equal	Superior	Superior	Superior	Equal	Superior	Equal
Utilities	Equal	Equal	Equal	Equal	Equal	Equal	Equal
Topography	Equal	Equal	Equal	Equal	Equal	Inferior	Equal
Opportunity Zone	Equal	Equal	Equal	Equal	Equal	Inferior	Inferior
Zoning / H & B Use	Equal	Equal	Equal	Equal	Equal	Inferior	Equal
Floodplain	Equal	Equal	Equal	Equal	Equal	Inferior	Equal
Other	Equal	Equal	Equal	Equal	Equal	Superior	Inferior
Indicated Value	- Inferior	- Superior	- Superior	- Superior	- Inferior	- Superior	- Far Inferior

After the quantified adjustments the comparables indicate a value range for the subject of between \$15.17 per square foot and \$104.82 per square foot of land area. Sales LS-1, LS-5, and LS-7, with adjusted unit values between \$15.17 per square foot and \$34.99 per square foot are considered to be inferior to the subject, indicating a value above \$35.00 per square foot. On the other hand, Sales LS-2 through LS-4, and Sale LS-6, with adjusted unit values between \$27.39 per square foot and \$104.82 per square foot were all considered to be superior to the subject, indicating a unit value for the subject site, if vacant of below \$57.00 per square foot.

Overall, the comparables indicate a value range for the subject, as if vacant, of between \$35.00 per square foot and \$57.00 per square foot. The middle of this range is \$46.00 per square foot. In considering a value for the subject, I have concluded a unit value in the lower half of the range because of the limitations on the flexibility of being able to design a project on the subject site as a result of the easements. Overall, based on the available data, I have concluded to a unit value for the subject of between \$40.00 per square foot and \$45.00 per square foot.

Applying this unit value range, to the subject's 102,507± square feet of land area, results in an indicated value range for the subject, as though vacant, as of May 15, 2024, of between \$4,100,280 and \$4,612,815. The middle of this range is \$4,356,548, which has been rounded to \$4,360,000. Overall, based on the available data, I have concluded to a value for the subject property, as though vacant, as of May 15, 2024, of \$4,360,000.

VACANT LAND VALUE CONCLUSION

\$4,360,000

DEMOLITION COSTS

The subject property is currently improved with two multistory buildings that are concluded to have reached the end of their economic lives. In the highest and best use, it was determined that both structures should be demolished in order to develop the subject site to its highest and best use. Additionally, development of the subject will require demolition of much, if not all of the asphalt paving/concrete flatwork, in order to develop the property to its highest and best use. None of the comparable properties required significant demolition costs prior to development. In order to estimate

demolition costs for the subject property, I have referenced *Marshall Valuation Service*, as well as information from interviews with persons knowledgeable regarding demolition costs in the Reno-Sparks area. Based on these sources, I have concluded that Marshall Valuation Service provides a reasonable indication of typical costs for this activity.

Based on Marshall Valuation Service standards, the 315 Record Building is concluded to be of Class C construction. Marshall Valuation projects the demolition costs for this building to be between \$6.40 per square foot and \$9.51 per square foot of building area. Within this range, I have projected the demolition costs for this building at \$8.00 per square foot.

Based on Marshall Valuation Service standards, the 335 Record Building is concluded to be of Class A construction. Marshall Valuation projects the demolition costs for this building to be between \$8.06 per square foot and \$11.85 per square foot of building area. Within this range, I have projected the demolition costs for this building at \$10.00 per square foot.

Based on Washoe County Assessor's records and my calculations, the subject site has 56,850± square feet of asphalt paving/concrete paving. According to Marshall Valuation Service, the cost of demolition of these improvements should be between \$0.71 per square foot and \$3.63 per square foot. Based on this range, I have concluded to a demolition cost for these improvements of \$2.00 per square foot.

To this, I have applied a 25% allowance for Soft Costs, Entrepreneurial Incentive, and contingency. It should be noted that the Marshall Valuation Service pricing does not include permits or dump fees. The high allowance for Entrepreneurial Incentive and contingencies is due to the fact that there may well be unforeseen costs. These calculations are summarized on the following chart.

315 Record Street	21,882	\$8.00	\$175,056.00	
335 Record Street	47,718	\$10.00	\$477,180.00	
Asphalt/Concrete	56,850	\$2.00	\$113,700.00	
		Total	\$765,936.00	\$770,000
Contingency/profit (25%)				\$192,500
				\$962,500
		Say		\$960,000

Subtracting the \$960,000 allowance for demolition from the \$4,360,000 concluded value of the land, if vacant, results in a concluded Market Value for the subject in its current condition, as of May 15, 2024, of \$3,400,000.

MARKET VALUE CONCLUSION

\$3,400,000

EXPOSURE TIME ANALYSIS

Exposure time is defined as the length of time that a property would have been offered on the market prior to the hypothetical consummation of a sale at market value, as of the effective date of valuation. It is a retrospective estimate of time based upon an analysis of past events assuming a competitive and open market.

Indications of the exposure time associated with the Current Market Value estimate are provided by the marketing times illustrated by the sales comparables, in interviews with market participants, and through analysis of general economic conditions. Estimation of a future marketing time is more difficult, requiring forecasting and analysis of trends.

In assessing an appropriate exposure time for the subject, one would generally look at the exposure times from the comparable sales. For the comparables for which this data was available, the range was between 90 days and just over 1-year.

Considering the subject's size, shape, and location, it is the undersigned's opinion that an appropriate exposure time for the subject property, to have consummated a sale of the property on the effective date of valuation would have been between 6 and 12 months.

EXPOSURE TIME CONCLUSION


6-12 MONTHS

APPRAISER'S CERTIFICATION

The undersigned does hereby certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
- My state license has not been revoked, suspended, cancelled, or restricted.
- I have provided no other services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The use of this report is subject to the requirements of The Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, John S. Wright has completed the continuing education program for Designated Members of the Appraisal Institute.

Respectfully submitted,


John S. Wright, MAI
Nevada Certified General Appraiser
License No.: A.0000191-CG
Expires: May 31, 2025

May 31, 2024

Date

ASSUMPTIONS AND LIMITING CONDITIONS

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent upon the following assumptions and limiting conditions:

COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT:

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose or any function other than its intended use, as stated in the body of the report. The appraisal fee represents compensation only for the analytical services provided by the appraiser. The appraisal report remains the property of the appraiser, though it may be used by the client in accordance with these assumptions and limiting conditions.

The By-Laws and Regulations of the Appraisal Institute require each Member to control the use and distribution of each appraisal report signed by such Member. Except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select. However, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the appraiser. Neither all nor any part of this appraisal report shall be disseminated to the general public by use of advertising media, public relations media, news media, sales media, or any other media for public communication without the prior written consent of the appraisal firm.

This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appears on the appraisal report, unless it is indicated that one or more of the appraisers was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall bear no responsibility for any unauthorized changes.

CONFIDENTIALITY:

Except as provided for subsequently, the appraiser may not divulge the analyses, opinions or conclusions developed in the appraisal report, nor may he give a copy of the report to anyone other than the client or his designee as specified in writing. However, this condition does not apply to any requests made by the Appraisal Institute or the State of Nevada for purposes of confidential ethics enforcement. Also, this condition does not apply to any order or request issued by a court of law or any other body with the power of subpoena.

The appraiser may be requested to submit copies of work to bona fide financial institutions in order to be approved to complete appraisal work for their institution. When requested, the appraiser will contact the client to obtain release to disseminate copies of the report to requesting institutions. Requests for dissemination will be controlled by the client; however, approval to disseminate the report will not be unreasonably withheld. Any reports disseminated to requesting financial institutions would be edited to remove specific references to the subject property's name, location and owner. Additionally, any specific reference to the client will also be deleted.

INFORMATION SUPPLIED BY OTHERS:

Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser. The appraiser is not liable for any information or the work product provided by subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction involving a sale, a lease or any other commitment of funds with respect to the subject property.

TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE:

The contract for each appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraiser or anyone assisting in the preparation of the report will not be asked or required to give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part, except under separate and special arrangements at an additional fee. If testimony or a deposition is required because of any subpoena, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser nor anyone assisting in the preparation of the report is required to engage in post appraisal consultation with the client or other third parties, except under a separate and special arrangement and at an additional fee.

EXHIBITS AND PHYSICAL DESCRIPTIONS:

It is assumed that the improvements and the utilization of the land are within the boundaries of the property lines of the property described in the report and that there is no encroachment or trespass unless noted otherwise within the report. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in the report are there to assist the reader in visualizing the property and are not necessarily drawn to scale. The reliability of the information contained on any such map or drawing is assumed accurate by the appraiser and is not guaranteed to be correct.

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS:

No responsibility is assumed by the appraiser for matters legal in character or nature. No opinion is rendered as to the status of title to any property. The title is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report. The legal description, as furnished by the client, his designee or as derived by the appraiser, is assumed to be correct as reported. The appraisal is not to be construed as giving advice concerning liens, title status, or legal marketability of the subject property.

ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS:

This appraisal should not be construed as a report on the physical items that are a part of any property described in the appraisal report. Although the appraisal may contain information about these physical items (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed report on these physical items. The appraiser is not a construction, engineering, or architectural expert, and any opinion given on these matters in this report should be considered tentative in nature and is subject to modification upon receipt of additional information from appropriate experts. The client is advised to seek appropriate expert opinion before committing any funds to the property described in the appraisal report.

Any statement in the appraisal regarding the observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, all mechanicals, and all matters relating to construction is based on a casual inspection only. Unless otherwise noted in the appraisal report, no detailed inspection was made. For instance, the appraiser is not an expert on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not investigated for building code violations and it is assumed that all buildings meet the applicable building code requirements unless stated otherwise in the report.

Such items as conditions behind walls, above ceilings, behind locked doors, under the floor, or under the ground are not exposed to casual view and, therefore, were not inspected, unless specifically so stated in the appraisal. The existence of insulation, if any is mentioned, was discovered through conversations with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements regarding insulation cannot be guaranteed.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does or does not exist. Specifically, no guarantee is given as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating systems, air conditioning systems, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any

particular item, it is strongly suggested that a mechanical and/or structural inspection be made by a qualified and licensed contractor, a civil or structural engineer, an architect or other experts.

This appraisal report is based on the assumption that there are no apparent or unapparent conditions on the property site or improvements, other than those stated in the report, which would materially alter the value of the subject. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and standard for the properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made in the appraisal as to the adequacy of insulation, the type of insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

AMERICANS WITH DISABILITIES ACT:

The Americans with Disabilities Act became effective on January 26, 1992. Unless otherwise noted in this report, I have not made a specific compliance survey or analysis of this property to determine whether or not it is conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, would reveal that the property is not in compliance with one or more requirements of the Act. If so, this fact could have a negative effect on the value of the property as derived in the attached report. Since I have no direct evidence relating to this issue, and since I am not an expert at identifying whether a property complies or does not comply with the ADA, unless otherwise stated in the report, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property. Before committing funds to any property, it is strongly advised that appropriate experts be employed to ascertain whether the existing improvements, if any, comply with the ADA. Should the improvements be found to not comply with the ADA, a reappraisal at an additional cost may be necessary to estimate the effects of such circumstances.

TOXIC MATERIALS AND HAZARDS:

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report any toxic materials and/or conditions such as asbestos, urea-formaldehyde foam insulation, or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such toxic materials and/or conditions. If any toxic materials and/or conditions are present on the property, the value of the property may be adversely affected and a reappraisal at an additional cost may be necessary to estimate the effects of such circumstances.

SOILS, SUB-SOILS AND POTENTIAL HAZARDS:

It is assumed that there are no hidden or unapparent conditions of the soils or sub-soils which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, sub-surface rights (minerals and oil) were not considered in making this appraisal. Unless otherwise noted, the land and the soil in the area being appraised appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. The appraiser is not liable for any problems arising from soil conditions. Therefore, it is strongly advised that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser has not been supplied with a termite inspection report, survey or occupancy permit, no responsibility is assumed and no representation is made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained.

The appraiser assumes no responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

LEGALITY OF USE

This appraisal report assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national government, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

COMPONENT VALUES

If the total property value set forth in this report is distributed between land and improvements, this distribution applied only under the existing program of utilization as set forth in the appraisal. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

AUXILIARY AND RELATED STUDIES

No environmental or impact studies, special market studies or analyses, special highest and best use studies or feasibility studies have been requested or made by the appraiser unless otherwise specified in an agreement for services and so stated in the appraisal report.

DOLLAR VALUES AND PURCHASING POWER

The estimated market value set forth in the appraisal report and any cost figures utilized are applicable only as of the date of valuation of the appraisal report. All dollar amounts are based on the purchasing power and price of the dollar as of the date of value estimates.

VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER

All values shown in the appraisal report are projections based on analyses as of the date of valuation of the appraisal. These values may not be valid in other time periods or as conditions change. Projected mathematical models set forth in the appraisal are based on estimates and assumptions which are inherently subject to uncertainty and variations related to exposure, time, promotional effort, terms, motivation, and other conditions. Any future projections have been made based upon the data and information available as of the date when the report was prepared and is intended to reflect what the market at that point in time would project for the subject property into the future. Therefore, the models do not necessarily reflect what will actually be achieved but rather what the market projects would be achieved as of the date of the report. Therefore, none of the values contained in this report should be considered as being reflective of any future value of the subject property. The value estimates consider the productivity and relative attractiveness of a property only as of the date of valuation set forth in the report.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value, investment value or value in use is a reflection of such benefits and of the appraiser's interpretation of income, yields and other factors derived from general and specific client and market information. Such estimates are as of the date of valuation of the report. They are subject to change as market conditions change.

This appraisal is an estimate of value based on analysis of information known at the time the appraisal was made. The appraiser does not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice. The appraisal report itself and the value estimates set forth therein are subject to change if either the physical or legal entity or the terms of financing are different from what is set forth in the report.

EXCLUSIONS

Furnishings, equipment, other personal property and value associated with a specific business operation are excluded from the value estimate set forth in the report unless otherwise indicated. Only the real estate is included in the value estimates set forth in the report unless otherwise stated.

PROPOSED IMPROVEMENTS, CONDITIONED VALUE

It is assumed in the appraisal report that all proposed improvements and/or repairs, either on-site or off-site, are completed in a good and workmanlike manner in accord with plans, specifications or other information supplied to this appraiser and as set forth in the appraisal report. In the case of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. The estimate of market value is as of the date specified in the report. Unless otherwise stated, the assumption is made that all improvements and/or repairs have been completed according to the plans and that the property is operating at levels projected in the report.

MANAGEMENT OF PROPERTY

It is assumed that the property which is the subject of the appraisal report will be under typically prudent and competent management which is neither inefficient nor superefficient.

FEE FOR SERVICES

The fee for any appraisal report, consultation, feasibility or other study is for services rendered and, unless otherwise stated in the service agreement, is not solely based upon the time spent on any assignment.

CHANGES AND MODIFICATIONS

The appraiser reserves the right to alter statements, analyses, conclusions, or any value estimates in the appraisal if any new factors pertinent to the appraisal process are discovered which were unknown when the appraisal report was prepared.

The acceptance and/or use of the appraisal report by the client or any third party constitutes acceptance of the *Assumptions and Limiting Conditions* set forth in the preceding paragraphs.

QUALIFICATIONS OF APPRAISER**JOHN S. WRIGHT****Professional Designation**

MAI - Member of Appraisal Institute (MAI Member 9718)

Since 1992

State Licensing and Certification

Certified General Appraiser - State of Nevada

1991

License Number A.0000191-CG

(Certified through May 31, 2025)

Formal Education

Lake Tahoe Community College, South Lake Tahoe, CA

1979

University of Illinois, Urbana

1979-1983

B. F. A., Theater Management:

Courses in Business Administration, Economics, Accounting
and Business Law; Graduated with Honors**Selected Appraisal Education and Technical Training**

Appraisal Institute

Course 1A-1 "Real Estate Appraisal Principles"

Course 1A-2 "Basic Valuation Procedures"

University of San Diego, California

Course 1B-A, "Capitalization Theory, Part A"

Course 1B-B, "Capitalization Theory, Part B"

Arizona State University, Tempe

Course 2-1, "Case Studies in Real Estate Valuation"

Course 2-2, "Reporting Writing and Valuation Analysis"

University of Colorado

Course 2-3, "Standards of Professional Practice"

Sacramento, California

Course 330 "Apartment Appraisals"

Online Course

Course 520, "Highest and Best Use and Market Studies"

University of San Diego, California

Course 710, "Condemnation Appraising: Basic Principles and Applications"

Sacramento, CA

Course 720, "Condemnation Appraising: Advanced Topics and Applications"

Sacramento, CA

Course 430, Part C, "Standards of Professional Practice"

Reno, NV

Course 510, Advanced Income Capitalization

San Diego, CA

Course, Advanced Market Analysis and Highest and Best Use

Las Vegas, CA

Course Review Theory – General

Sacramento, CA

McKissock

Course Uniform Appraisal Standards for Federal Land Acquisition Online Course

2021

QUALIFICATIONS OF APPRAISER JOHN S. WRIGHT

Selected Seminars

American Institute of Real Estate Appraisers
 Appraising in a Regulated Environment
 The Art of Appraising
 The Electronic Spreadsheet in the Appraisal Office
 Highest and Best Use
 Appraisal Institute
 National USPAP Update
 Maximizing the Value of an Appraisal Practice
 Environmental Risk and the Real Estate Appraisal Process
 Understanding Limited Appraisals and Appraisal Reporting Options-General
 Appraising Detrimental Conditions
 Litigation Skills for the Appraiser
 Case Studies in Limited Partnership and Common Tenancy Valuation
 Introduction to GSI Applications for Real Estate Appraisal
 Attacking and Defending an Appraisal in Litigation
 The Essentials, Current Issues and Misconceptions in Appraising
 What Commercial Clients would like an Appraiser to Know
 Business Practices and Ethics
 McKissock Learning
 Appraisal of Assisted Living Facilities
 Evaluations, Desktops, and Other Limited Scope Appraisals

Occupational History

John S. Wright & Associates - Owner	11-2002 to Present
Nevada State Bank – Review Appraiser II – Vice President	2008 - 2010
Wright, Warren & Schiffmacher, LLC - Member	1997-2002
John S. Wright, MAI, Real Estate Appraiser and Consultant, Owner	1994-1996
Johnson-Wright & Associates – Senior Appraiser	1984-1994
Hartford Ballet/Connecticut Opera – Production Stage Manager/ Company Manager	1983-1984
National Ballet of Illinois - Production Stage Manager/ Company Manager	1976-1980

Offices Held

Commission of Appraisers of Real Estate	07/01/01 thru 10/31/2004 01/01/2022 thru 12/31/2024
President	2002 to 2004 Fiscal 2023-2024
Reno-Carson Chapter Appraisal Institute:	
Chapter Secretary	1993
Chapter Vice President	1994, 2009 & 2010
Chapter President	1995 & 2011
Nevada Chapter Appraisal Institute	
Branch President	2019
Elko County Board of Equalization	2024

QUALIFICATIONS OF APPRAISER JOHN S. WRIGHT

Qualified as an Expert Witness

U. S. Bankruptcy Court, Reno, Nevada
District Court, Washoe County, Nevada
Federal District Court, Reno, Nevada
Utah 3rd District Court, Tooele, Utah

REPRESENTATIVE APPRAISAL CLIENTS

Airport Authority of Washoe County	Internal Revenue Service
AMI Capital	Key Bank
Bailey & Dutton	Lander County
Bank of America	Nevada Bank & Trust
Bank of New York	Nevada Community Redevelopment Corp.
Bank of the West	Nevada Security Bank
City of Carlin	Nevada State Bank
City of Elko	Nevada State Department of Transportation
City of Reno	Northern Nevada Bank
City of Sparks	Prudential Huntoon Paige
City of Yerington	Regional Transportation Commission
Comerica Bank	Reno-Sparks Convention Authority
Colonial Bank	Shearson American Express
Construction Lending Corp. of America	Sierra Pacific Power Company
Denver & Rio Grand Western Railroad	Somerset Development Company
Dept. of Housing & Urban Development (HUD)	Specialty Financial Corporation
Dermody Properties	TRI Capital
Elko County	U. S. Bank
Elko Federal Credit Union	Umpqua Bank
Federal Deposit Insurance Corporation	University of Nevada
First Bank & Trust	Wade Development
First Independent Bank	Washoe County
1 st National Bank of Nevada	Washoe County Public Administrator
GMAC Commercial Mortgage	Washoe County School District
Housing Capital Company	Wells Fargo Bank

TYPES OF PROPERTIES APPRAISED

Various Types of Vacant Land	Residential Subdivisions
Apartment Complexes	Rooming Houses
Office Buildings	Retail-Commercial Buildings
Industrial Buildings	Hotel-Casinos
Motels	Mobile Home Parks
Shopping Centers	Special Use Properties