



Seth Merewitz  
Partner  
(213) 787-2567  
seth.merewitz@bbklaw.com

December 17, 2024

Mayor and City Council  
City of Dixon  
600 E A St, Dixon, CA 95620

Re: Dixon Fire Station, LLC (“Owner”); 140 N. Jackson St., Dixon

Dear Mayor and City Council,

Attached is a copy of the BRI Appraisal Report dated December 13, 2024 (the “Appraisal”) with respect to 140 N. Jackson St., Dixon (the “Property”), reflecting a current appraised market value of \$850,000. As you are probably aware, BRI is a highly reputable appraisal firm which regularly performs appraisals on behalf of public entities throughout California.

In light of this appraised value of the Property, we believe that there are realistically only three scenarios to resolve the current situation regarding the indebtedness owing by the Owner to the successor agency. ***Please see attached Exhibit A for an estimate of the successor agency recovery under each scenario.***

**Scenario 1: Successor agency forecloses on the Property.** The successor agency may elect to commence a foreclosure action with respect to the Property. However, if a foreclosure strategy is elected, the distressed value of the Property would be expected to apply to any subsequent sale of the Property. As the Appraisal reflects a distressed value range of \$675,000 to \$750,000, and recognizing the balance of the existing first mortgage is approximately \$725,000, a foreclosure strategy would be expected to yield no recovery to the successor agency (or the taxing entities). In fact, after taking into account out of pocket costs to pursue foreclosure (including attorneys’ fees, title costs, and potential litigation expenses), and brokerage fees and other related transaction costs following a foreclosure, ***a foreclosure strategy will most likely result in no available payment on the loans and further would result in the expenditure of additional funds by the successor agency which also would not be expected to be recovered.***

**Scenario 2: FMV/Short Sale of Property.** Owner could list the Property for sale in an effort to sell the Property for an amount approximating fair market value. As indicated by the Appraisal, this approach would likely take three to six months, but with no certainty as to whether this time frame would be achieved or whether any offers would be received at the appraised value. Assuming a full fair market value offer were received of \$850,000, after taking into account estimated closing costs of 8% of the purchase price (e.g., real estate commissions, escrow, title, legal, etc.), the net proceeds from the sale would be expected to be approximately \$782,000, less the payoff of the first mortgage of \$725,000. Please note, however, that typically when a short sale strategy is pursued, payments to the senior lender cease to be made resulting in the payoff to the senior increasing due to additional accrued interest. ***Accordingly, a short sale strategy will likely result in a recovery by the successor agency of at most \$57,000 (\$782,000 - \$725,000), but with the actual amount likely being less and might actually yield \$0.***

**Scenario 3: Purchase of Loans.** Owner (or possibly another third party) could purchase the successor agency loans for a discounted price as negotiated by the parties. ***The discounted price would be negotiated to achieve a materially greater monetary recovery to the successor agency then would be***



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Partner  
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*expected to be received under either Scenario 1 or 2.* This approach would also be by far the most expedient and least costly in terms of transaction or litigation costs.

In light of these three potential scenarios, we request that the City Manager be authorized and directed to negotiate with the Owner in an effort find the best solution to address the current situation with respect to the indebtedness owing to the successor agency.

While unfortunately due to COVID and other factors completely outside of the Owner's control the Owner is unable to repay the successor agency loans, and the value of the Property is less than a quarter of what any of the parties had originally predicted the Property would be worth at this time, the Owner has achieved the original objectives of the funding by rehabilitating the Property into an award-winning project, creating many local jobs, helping to increase retail traffic into downtown Dixon and generating ongoing sales and property tax revenues. Additionally, you should know that the owner has also invested a significant sum of money into this project above and beyond the loans, which funds also are at serious risk due to the various outside factors noted above. We are hopeful a solution can be found which allows these valuable benefits to the community to continue.

Thank you for your consideration.

Sincerely,

  
Seth Merewitz  
of BEST BEST & KRIEGER LLP

cc: Angela Schrimp de la Vergne  
Jim Lindley, City Manager



Seth Merewitz  
Partner  
(213) 787-2567  
seth.merewitz@bbklaw.com

## EXHIBIT A

### ESTIMATED SUCCESSOR AGENCY RECOVERIES

#### Scenario 1 - Foreclosure:

Appraised Value	\$850,000
Estimated Sales Price After Foreclosure (middle of distressed value estimates)	\$712,500
Less:	
Payoff of First Mortgage <sup>1</sup>	\$760,000 <sup>2</sup>
Foreclosure Costs (including litigation)	\$ 50,000
Costs relating to resale of property <sup>3</sup>	<u>\$ 57,000</u>
<b><i>Est. Net recovery (Net Loss) to successor agency :</i></b>	<b><i>(\$154,500)</i></b>

#### Scenario 2 – Short Sale:

Appraised Value	\$850,000
Estimated Sales Price	\$850,000
Less:	
Payoff of First Mortgage <sup>4</sup>	\$760,000
Costs relating to sale of property <sup>5</sup>	<u>\$ 68,000</u>
<b><i>Est. Net recovery to successor agency:</i></b>	<b><i>\$ 22,000</i></b>

#### Scenario 3 – Purchase of Loans:

Appraised Value	\$850,000
Estimated Purchase Price for Loans <sup>6</sup>	\$120,000
<b><i>Est. Net recovery to successor agency:</i></b>	<b><i>\$120,000</i></b>

<sup>1</sup> Includes estimated increase in amount owed to senior lender during foreclosure period from accrued interest, potential default interest and senior lender foreclosure proceedings. Borrowers typically cease making all lender payments when in foreclosure.

<sup>2</sup> Successor agency would likely need to pay off senior lender loan of over \$725,000, or at a minimum keep current on the monthly payments of approximately \$10,000 per month, in order to avoid a senior lender foreclosure.

<sup>3</sup> Estimated closing costs of 8% of purchase price (e.g., real estate commissions, escrow, title, legal, etc.)

<sup>4</sup> Includes estimated increase in amount owed to senior lender during foreclosure period from accrued interest, potential default interest and senior lender foreclosure proceedings. Borrowers typically cease making all lender payments when pursuing a short sale strategy.

<sup>5</sup> Estimated closing costs of 8% of purchase price (e.g., real estate commissions, escrow, title, legal, etc.)

<sup>6</sup> Estimated purchase price of loans based on approximate Owner equity in Property; Owner to deposit 50% of purchase price in escrow subject to successor agency, oversight board and DOF approval of sale.

# APPRAISAL REPORT



**140 N. JACKSON STREET**

140 N. Jackson Street  
Dixon, California 95620

Date of Value: November 15, 2024

Date of Report: December 13, 2024

File No: 24346 A



2825 Watt Avenue, Suite 200 Sacramento, California 95821 | [www.benderrosenthal.com](http://www.benderrosenthal.com) | 916.978.4900

December 13, 2024

Kristina Wiley  
 DDS  
 Dixon Fire Station LLC  
 140 N. Jackson  
 Dixon, CA 95620

RE: Appraisal Report  
**140 N. Jackson Street**  
 140 N. Jackson Street, Dixon, California 95620  
 0113-055-140

Bender Rosenthal, Inc. File No: 24346 A

Ms. Wiley:

Bender Rosenthal, Inc. is proud to present the appraisal that satisfies the agreed upon scope of work with Dixon Fire Station LLC.

The subject property, 140 N Jackson St, Dixon, CA, is a two-story, Class C mixed-use commercial property in the Dixon submarket. It has a multi-tenant layout, with a restaurant on the first floor and an office buildout on the second floor.

As you have requested in your engagement letter, we have appraised the above identified property. The purpose of the appraisal assignment is to determine the as-is market value (fee simple estate). The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. Our client is Dixon Fire Station LLC. Dixon Fire Station LLC and BBK Law, LLP are the intended users of this report.

The following table conveys the final opinion of value that is developed in this appraisal:

MARKET VALUE CONCLUSION				
VALUATION SCENARIO	INTEREST APPRAISED	EXPOSURE TIME	EFFECTIVE DATE	VALUE
As-Is Market Value	Fee Simple Estate	Three to Six Months	November 15, 2024	\$850,000

This is an appraisal report as defined by USPAP. As such, it presents sufficient data, reasoning, and analyses that were used in the appraisal process to develop the appraiser’s opinion of value. The depth of discussion contained in this report is specific to the needs of the client and of the intended use stated in this report. The following report sets forth the descriptive and factual data, the assumptions and conditions affecting the appraisal, and the findings and analyses that lead to and support our value opinion.

The appraisers are not responsible for unauthorized use of this report. Every effort has been made to conform to the Standards of Professional Practice of the Appraisal Institute, which fully incorporates the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The undersigned conducted the appraisal and prepared the report.

## EXTRAORDINARY ASSUMPTIONS

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No Extraordinary Assumptions were made for this assignment.

## HYPOTHETICAL CONDITIONS

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No Hypothetical Conditions were made for this assignment.

If there are any specific questions or concerns regarding the attached appraisal report, or if Bender Rosenthal, Inc. can be of additional assistance, please contact the individuals listed below.

Respectfully Submitted,

**BENDER ROSENTHAL, INC.**



---

Rebecca J. Frederick, SRA  
Appraiser  
Certified General Real Estate Appraiser  
California License No. AG044782  
Expiration Date 4/20/2025  
(916) 978-4900  
r.frederick@benderrosenthal.com



---

David Houghton, MAI  
Appraisal Manager  
Certified General Real Estate Appraiser  
California License No. AG039402  
Expiration Date 12/26/2025  
(916) 978-4900  
d.houghton@benderrosenthal.com

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## EXECUTIVE SUMMARY

### The subject property, 140 N Jackson St, [ PROPERTY IDENTIFICATION

Name	0113-055-140
Property	Commercial - Mixed Use Commercial
Address	140 N. Jackson Street
City, State Zip	Dixon, California 95620
County	Solano County
MSA	Vallejo-Fairfield, CA MSA
Market / Submarket	Solano / Dixon
Geocode	38.446034,-121.823545
Census Tract	06-095-253402

### SITE DESCRIPTION

Number of Parcels	1	
Assessor Parcel Number	0113-055-140	
Land Area	Square Feet	Acres
Usable	7,123	0.16
Total	7,123	0.16
Zoning	Downtown Mixed-Use (DMX)	
Shape	Rectangular	
Topography	Level, At Street Grade	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Low Risk	

### IMPROVEMENT DESCRIPTION

Tenancy	Multi-Tenant Occupied By Third Party Tenants - 0 Tenant Spaces
Net Rentable Area (NRA)	8,197
Gross Building Area (GBA)	9,410
Ground Floor Rentable SF	4,579
Second Floor Rentable SF	3,618
Common Area SF	1,213
Units	2
Total Buildings	1
Floors	2
Year Built	1891 (Renovated 2010)
Actual Age	74 Years
Effective Age	15 Years
Economic Life	60 Years
Remaining Useful Life	45 Years
Land To Building Ratio	0.76 : 1
Site Coverage Ratio	132.1%
Parking	0.0 / 1,000 SF NRA

### QUALITATIVE ANALYSIS

Site Quality	Average
Site Access	Average
Site Exposure	Average
Site Utility	Average
Building Quality	Good
Building Condition	Good
Building Appeal	Average

### HIGHEST & BEST USE

Proposed Construction	No
As Vacant	Mixed-use
As Improved	Mixed-use

### EXPOSURE & MARKETING TIME

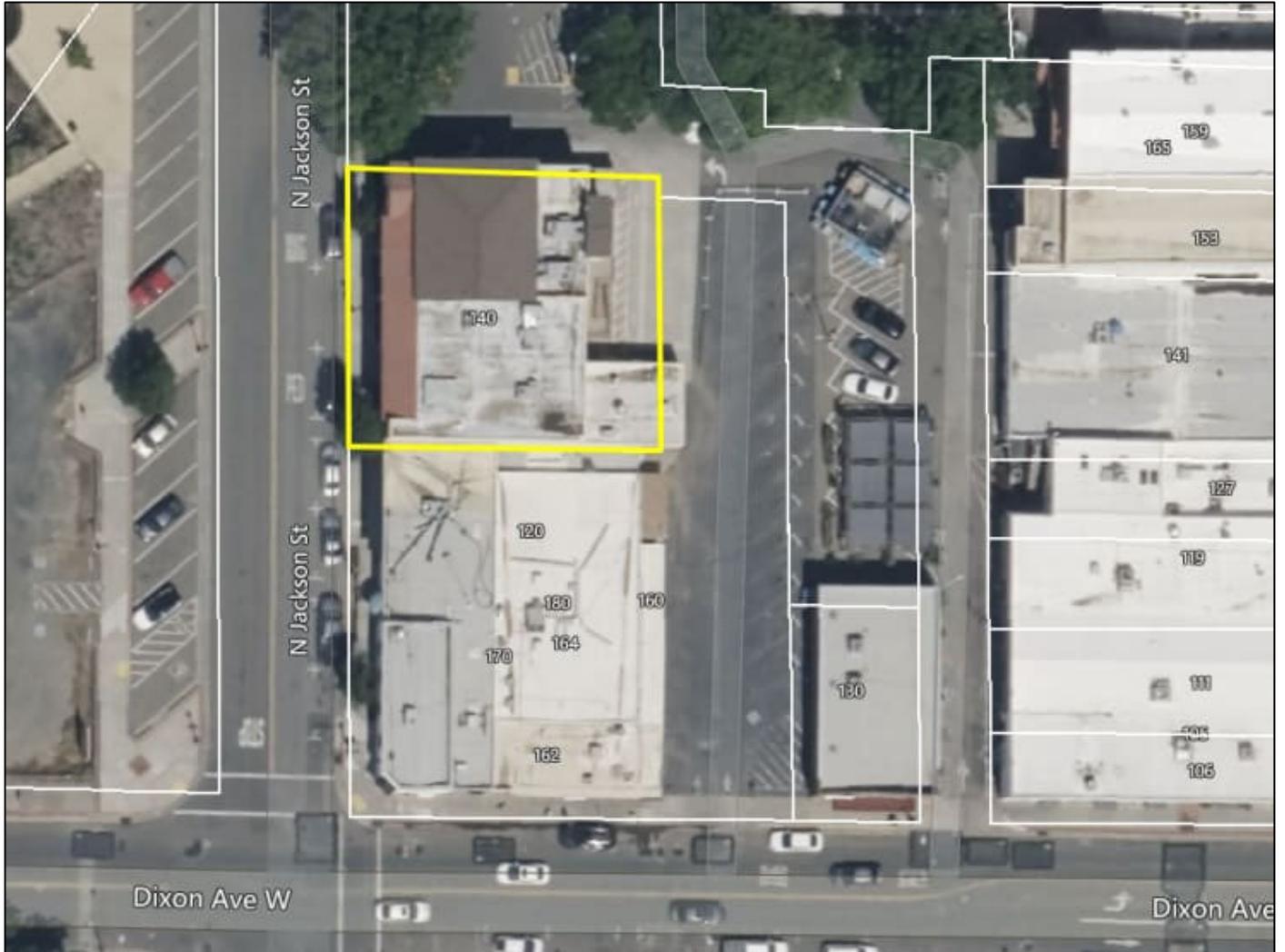
Exposure Time	Three to Six Months
Marketing Time	Six to Nine Months

### VALUE CONCLUSION

VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Fee Simple Estate
Exposure Time	Three to Six Months
Effective Date	November 15, 2024
Site Value	Not Presented
Cost Approach	Not Presented
Sales Comparison Approach	\$860,000
Income Capitalization Approach	\$830,000
<b>FINAL VALUE CONCLUSION</b>	<b>\$850,000</b>

## AERIAL PHOTOGRAPHS





## SUBJECT PROPERTY EXTERIOR PHOTOGRAPHS



The western side of the subject property along N. Jackson Road.



The northern side of the subject property.

## SUBJECT PROPERTY EXTERIOR PHOTOGRAPHS



View of the public parking lot and the eastern side of the subject property.



View of N. Jackson Street facing west.

## SUBJECT PROPERTY EXTERIOR PHOTOGRAPHS



View of N. Jackson Street facing south.



View of N. Jackson Street facing north.

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## IDENTIFICATION OF ASSIGNMENT

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### PROPERTY IDENTIFICATION

The subject property, 140 N Jackson St, Dixon, CA, is a two-story, Class C mixed-use commercial property in the Dixon submarket. It has a multi-tenant layout, with a restaurant on the first floor and an office buildout on the second floor. It is further identified as Assessor's Parcel Number (APN): 0113-055-140.

The improvements consist of 9,410 square feet of building area (GBA) as of the valuation date. The property was reportedly built in 1891 and renovated in 2010. It is partially owner-occupied, with a restaurant tenant on the first floor and a dental office occupied by the owner on the second floor.

The assessor parcel number is: 0113-055-140.

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### LEGAL DESCRIPTION

The legal description of the subject property is presented in the Addenda.

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### CLIENT IDENTIFICATION

The client of this specific assignment is Dixon Fire Station LLC.

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### INTENDED USE & INTENDED USERS

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. Dixon Fire Station LLC and BBK Law, LLP are the intended users of this report.

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### PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value (Fee Simple Estate).

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### PERSONAL PROPERTY & BUSINESS INTANGIBLE

No personal property (FF&E) is included in this valuation.

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### PROPERTY AND SALES HISTORY

#### CURRENT OWNER

The current title is vested under Dixon Fire Station, LLC, which operates the subject as a partial owner-user.

#### THREE-YEAR SALES HISTORY

According to county records, the subject property has not had a transfer of ownership in the past three years, and there is no known pending sale or listing.

## EXPOSURE TIME

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Exposure time is influenced by price. A prudent buyer could be enticed to acquire the property in less time if the price were lower. Hence, the time span cited below coincides with the value opinion(s) formed herein.

USPAP Standard Rule 1-2(c)(iv) requires an opinion of exposure time, not marketing time, when the purpose of the appraisal is to estimate market value. In the recent past, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated little. The following information from the most recent PwC Real Estate Investor Survey is used to estimate exposure time for the subject:

EXPOSURE & MARKETING TIME	
Exposure Period Conclusion	Three to Six Months
Marketing Time Conclusion	Six to Nine Months

## EXPOSURE TIME CONCLUSION

The subject is a mixed-use commercial building totaling 9,410 SF (GBA) on 0.16 acres (7,123 SF). It has frontage on a downtown street in the historic core area of Dixon with an average level of foot traffic. Considering these factors, a reasonable estimate of exposure time for the subject is three to six months.

## DEFINITION OF MARKET VALUE

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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 that the price is not affected by undue stimulus. Implicit in this definition is 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 United States 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.<sup>1</sup>

## PROPERTY RIGHTS APPRAISED

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The property rights appraised constitute the fee simple estate interest.

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<sup>1</sup> Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

## FEE SIMPLE INTEREST

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.<sup>2</sup>

## VALUE SCENARIOS

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### AS-IS MARKET VALUE

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.<sup>3</sup>

## SCOPE OF WORK

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The scope of work for this appraisal assignment is outlined below:

- ▶ The appraisal analyzes the regional and local area profiles, including employment, population, household income, and real estate trends. The local area was inspected to consider external influences on the subject.
- ▶ The appraisal analyzes the subject's legal and physical features, including site size, improvement size, flood zone, seismic zone, site zoning, easements, encumbrances, site access, and site exposure.
- ▶ The appraisal includes a retail market analysis for the Solano market and Dixon submarket using vacancy, absorption, supply, and rent data. Conclusions were drawn for the subject's competitive position given its physical and locational features, current market conditions and external influences.
- ▶ The appraisal includes a Highest and Best Use analysis, and conclusions have been completed for the highest and best use of the subject property As Vacant and As Improved. The analysis considered legal, locational, physical, and financial feasibility characteristics of the subject site and existing improvements.
- ▶ In selecting applicable approaches to value, the appraisers considered the agreed-upon appraisal scope and assessed the applicability of each traditional approach given the subject's characteristics and the intended use of the appraisal. As a result, this appraisal developed Sales Comparison and Income (Direct Capitalization) Approaches. The values presented represent the As-Is Market Value (Fee Simple Estate).
- ▶ The assignment was prepared as an Appraisal Report in accordance with USPAP Standards Rules 2, with the analysis stated within the document and representing a fully described level of analysis.
- ▶ The authors of this report are aware of the Competency Rule of USPAP and meet the standards.

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<sup>2</sup> The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

<sup>3</sup> The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

## ASSISTANCE PROVIDED

Rob Reid provided significant real property appraisal assistance to the appraiser signing this certification, including verifying rent & sale comparables and interviewing brokers for appropriate market rent, cap rates, and sale prices for the subject and similar property types. It is noted that the responsibilities of the parties providing assistance are not considered to be significant in terms of any value determination. All parties assisted under the direct supervision of the appraisers in signing this report in compliance with state regulations.

## SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

INFORMATION PROVIDED	
Property Assessment & Tax	Solano County Assessor
Zoning & Land Use Planning	City of Dixon Zoning
Site Size	Solano County Assessor
Building Size	Solano County Assessor
Supply & Demand	CoStar
Flood Map	FEMA
Demographics	STDB On-Line
Comparable Information	MLS   Public Records   Confirmed by Local Agents
Legal Description	Assessor
Rent Roll	Client
Operating Statements	Client
Income/Expense Statements	Client
Title	Client

The unavailable items could affect the results of this analysis. As part of the general assumptions and limiting conditions, the subject is assumed to have no adverse easements, significant items of deferred maintenance, or be impacted by adverse environmental conditions.

## SUBJECT PROPERTY INSPECTION

PROPERTY INSPECTION				
APPRAISER	INSPECTED	EXTENT	DATE	ROLE
Rebecca J. Frederick, SRA	Yes	Interior & Exterior	November 15, 2024	Primary Appraiser
David Houghton, MAI	No	n/a	November 15, 2024	Appraiser
ALSO PRESENT	COMPANY	EXTENT	DATE	AFFILIATION
John De Rosa	Dixon Fire Station LLC	Interior & Exterior	November 15, 2024	

## ASSUMPTIONS & LIMITING CONDITIONS

This appraisal report and the value estimates it contains are expressly subject to the following assumptions and/or limiting conditions.

1. Title to the property is marketable.
2. No survey of the property has been made by the appraisers and property lines as they appear on the ground are assumed to be correct.
3. Data, maps, and descriptive data furnished by the client or his/her representatives are accurate and correct.
4. No responsibility is assumed for matters of law or legal interpretation.
5. No conditions exist that would affect the use and value of the property, which are not discoverable through normal, diligent investigation.
6. The valuation is based on information from sources believed reliable, and that such information is correct and accurately reported.
7. The value estimate is made subject to the purpose, date, and definition of value.
8. The report is to be considered in its entirety and use of only a portion will invalidate the appraisal.
9. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of highest and best use.
10. Possession of this report or a copy does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Bender Rosenthal, Inc., and then only with proper qualifications.
11. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. No part of this narrative report may be reproduced by any means nor disseminated to the public in any way without the prior written consent of Bender Rosenthal, Inc.
12. Any person or entity who obtains or reads this report, or a copy, other than the client specified in this report, expressly assumes all risk of damages to themselves or third persons arising out of reliance on this report and waives the right to bring any action based on the appraisal, and neither the appraisers nor the appraisal firm shall have any liability to any such person or entity.
13. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described in this report unless prior arrangements have been made.
14. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.
15. The property appraised may or may not be subject to the Americans with Disabilities Act of 1990 (ADA). Title III of this act provides for penalties for discrimination in failing "to remove architectural barriers in existing facilities [unless] an entity can demonstrate that the removal is not readily achievable." Unless otherwise noted in this appraisal, it is assumed that the property appraised is not substantially impacted by this law.

16. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of such substances as asbestos, urea- formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

17. It is assumed that the property appraised is competently managed and marketed.

### EXTRAORDINARY ASSUMPTIONS

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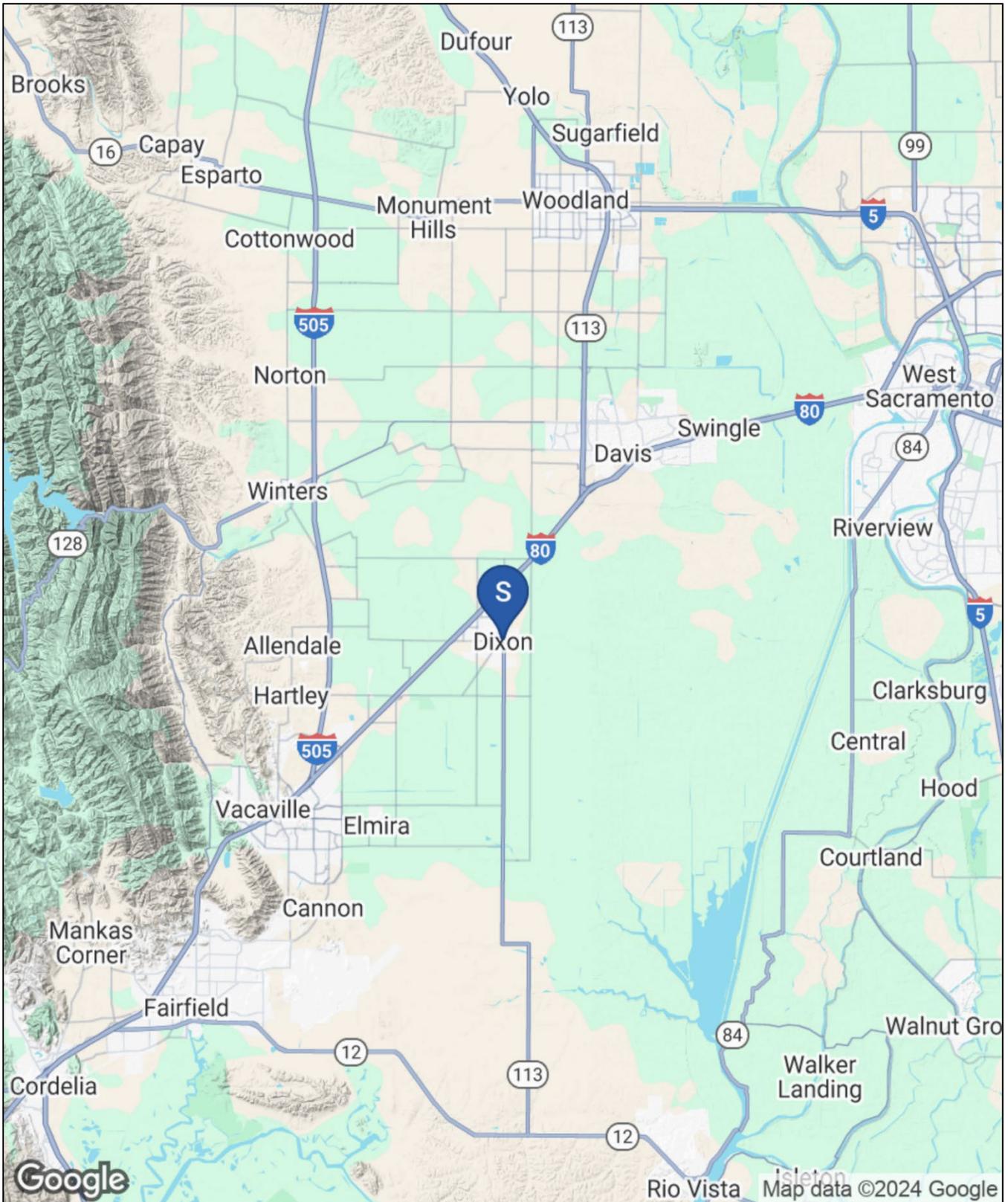
No Extraordinary Assumptions were made for this assignment.

### HYPOTHETICAL CONDITIONS

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No Hypothetical Conditions were made for this assignment.

## REGIONAL AREA MAP



## REGIONAL AREA ANALYSIS

### INTRODUCTION

In order to understand the subject's position in the area or region, we have undertaken a brief analysis to determine how trends—both historical and projected—in population, employment, personal income, consumer spending, and housing impact supply and demand and influence the subject's area directly and indirectly. This analysis begins on a broader spectrum, without respect to the subject itself, and is highlighted in the Regional Area Analysis. Secondly, we provide a more focused study of the attributes mentioned above as they relate directly to the subject and the subject's neighborhood. This discussion is presented in the forthcoming Local Area Analysis.

### REGIONAL AREA ANALYSIS

The subject property is located in Dixon, California. The map presented on the previous page illustrates the subject property location relative to the Vallejo-Fairfield, CA MSA metropolitan area in Solano County. The County of Solano, located approximately 45 miles northeast of San Francisco and 45 miles southwest of Sacramento, covers around 910 total square miles of water area and 675 total square miles of rural land area. The county contains seven incorporated cities: Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, and Vallejo. The County seat is in Fairfield, which is one of the largest cities within Solano County and a major metropolitan hub. Fairfield covers 40 miles of land and has a population growth average of approximately 0.7% per year (according to the city government website), with a current population of around 121,079. There are also various unincorporated sections of the county, comprised of grasslands and agricultural land. These unincorporated parts of the county also include a large wetlands area near Grizzly Bay called the Suisun Marsh, which is popular for its waterfowl habitats and tidal rearing areas.

### ACCESS AND TRANSPORTATION

Solano County has four designated freeways that are operated and maintained by the California Department of Transportation (Caltrans). The I-80, extending from the Contra Costa County line to the Yolo County line, is a major truck route for Solano County. This freeway varies between three and four lanes in each direction. The I-505, which extends from I-80 to the Yolo County line, has two lanes in each direction and connects Solano County with the northern Sacramento Valley and I-5. The I-680, extending from I-80 to the Contra Costa County line, connects Solano County with central Contra Costa County and points south. Between I-780 and I-80, the I-680 has two lanes in each direction; the southernmost segment, the Benicia-Martinez Bridge, has three to four lanes in each direction. The I-780, which extends from I-80 to I-680 between Vallejo and Benicia, has two lanes in each direction. There are also many rural roadways within Solano County, which were built mainly to serve adjacent agricultural activity. Over time, population growth within nearby cities has increased traffic on these roads. The County plans to work with local jurisdictions and regional funding agencies to ensure that traffic impacts on the County road system are fully addressed. In regard to air transportation, Solano County residents have access to general aviation airports in Vacaville (Nut Tree) and Rio Vista. The Nut Tree Airport is operated by the County, while the City of Rio Vista operates the Rio Vista Airport. Activity at both airports promotes access to Solano County from other parts of the country.

## POPULATION

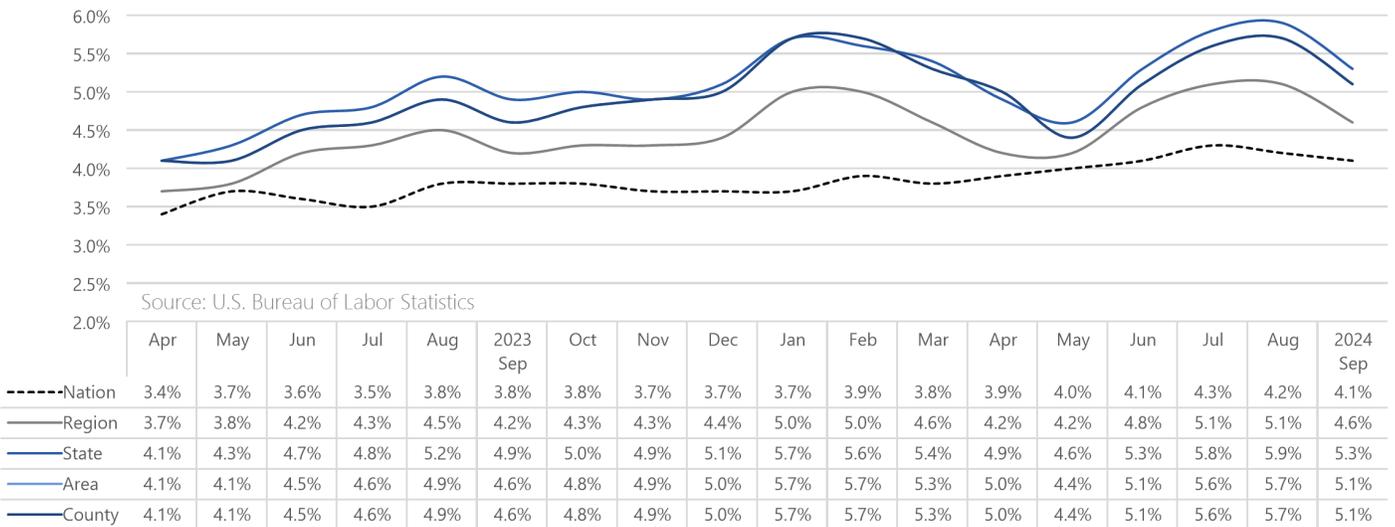
The state currently has a population of over 39 million and a gross domestic product that, if compared to other nations, ranks fifth overall globally. According to the California Department of Finance, the current regional population is 446,426, accounting for 1.1% of California's total population. Over the last four years, the regional population has been relatively stable, reflecting a slight decrease of 1.6%.

Historical Population Solano County						Percentage Increase
Population	2020	2021	2022	2023	2024	2020-2024
<b>California</b>	39,538,223	39,327,868	39,114,785	39,061,058	39,128,162	-1.0%
<b>Solano County</b>						
Benicia	27,082	26,904	26,538	26,255	26,033	-3.9%
Dixon	18,959	18,992	18,998	19,060	19,403	2.3%
Fairfield	120,447	119,990	119,395	120,036	120,339	-0.1%
Rio Vista	9,988	9,960	9,875	9,969	10,004	0.2%
Suisun City	29,454	29,208	28,848	28,543	28,840	-2.1%
Vacaville	102,229	101,702	101,571	101,272	102,173	-0.1%
Vallejo	125,936	124,898	123,547	122,220	121,558	-3.5%
Balance Of County	19,396	18,468	18,255	18,151	18,076	-6.8%
Incorporated	434,095	431,654	428,772	427,355	428,350	-1.3%
County Total	453,491	450,122	447,027	445,506	446,426	-1.6%

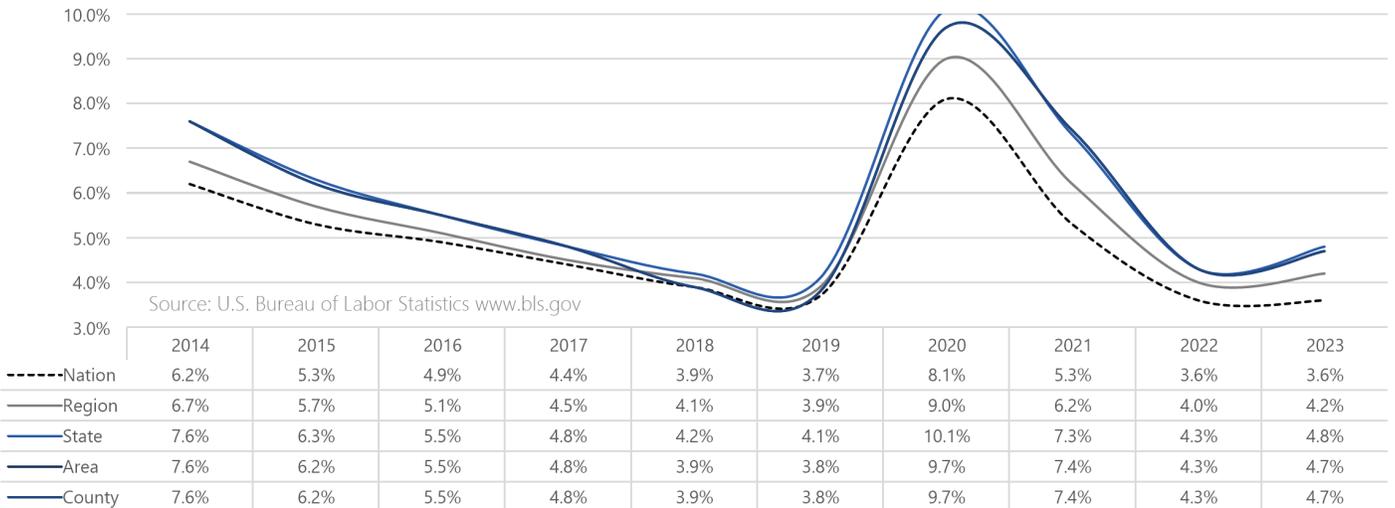
## UNEMPLOYMENT

The following graphs chart the unemployment rate for the United States, West Region, California, Vallejo-Fairfield, CA MSA, and Solano County over the past 18 months and 10 years. The unemployment rate in Solano County was 5.1 percent in September 2024, down from a revised 5.7 percent in August 2024 and above the year-ago estimate of 4.6 percent. This compares with an unadjusted unemployment rate of 5.3 percent for California and 3.9 percent for the nation during the same period.

### MONTHLY UNEMPLOYMENT RATE (18 MONTHS)



### ANNUAL UNEMPLOYMENT RATE (10 YEARS)



## EMPLOYMENT

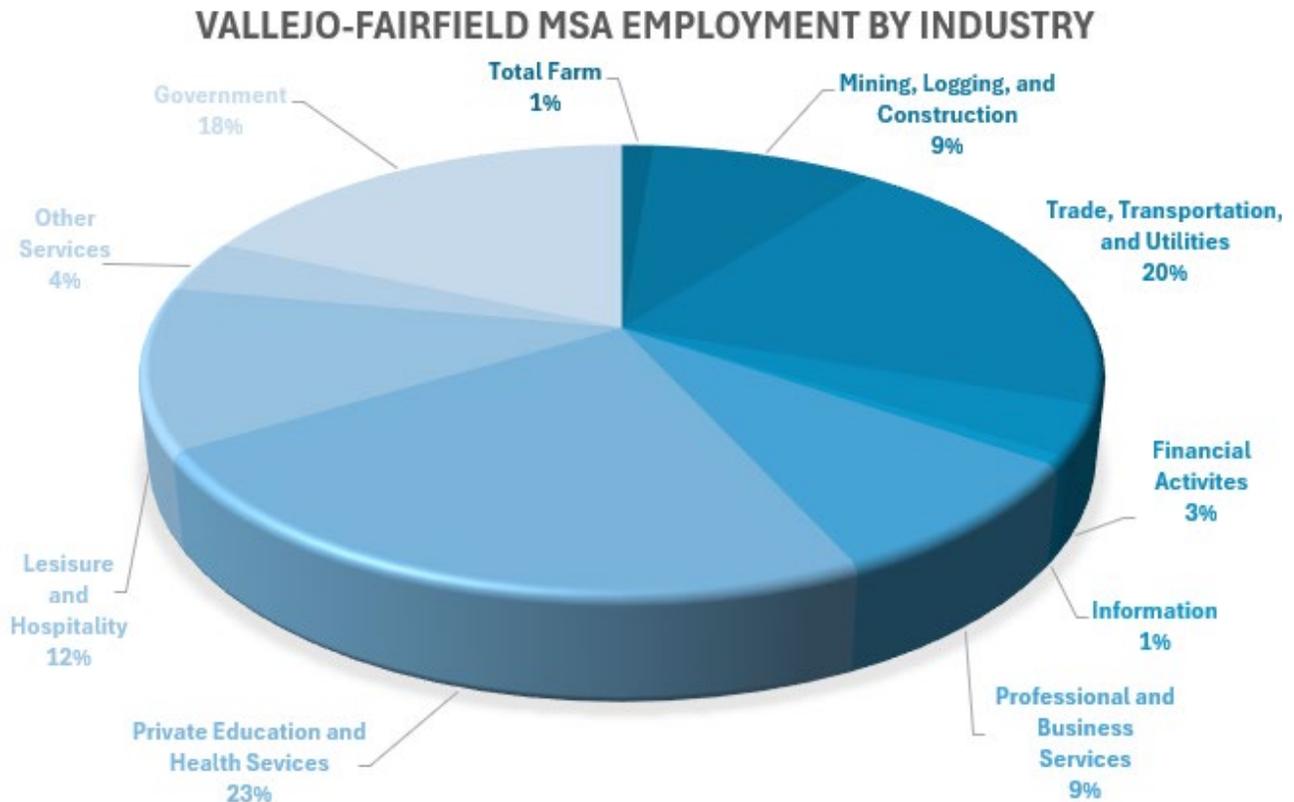
The following chart shows the trailing 10 years of employment for the state of California, Vallejo-Fairfield, CA MSA, and Solano County.

STATE & REGIONAL EMPLOYMENT						
YEAR	STATE	% CHG.	AREA	% CHG.	COUNTY	% CHG.
2014	17,264,518	2.2%	186,972	1.7%	186,972	1.7%
2015	17,647,409	2.2%	192,237	2.7%	192,237	2.7%
2016	17,965,407	1.8%	195,835	1.8%	195,835	1.8%
2017	18,258,064	1.6%	197,959	1.1%	197,959	1.1%
2018	18,469,910	1.1%	200,807	1.4%	200,807	1.4%
2019	18,589,551	0.6%	200,209	(0.3%)	200,209	(0.3%)
2020	17,037,036	(9.1%)	182,148	(9.9%)	182,148	(9.9%)
2021	17,568,743	3.0%	185,378	1.7%	185,378	1.7%
2022	18,348,916	4.3%	192,263	3.6%	192,263	3.6%
2023	18,388,329	0.2%	193,619	0.7%	193,619	0.7%
<b>CAGR</b>	<b>0.7%</b>	<b>-</b>	<b>0.4%</b>	<b>-</b>	<b>0.4%</b>	<b>-</b>

Source: U.S. Bureau of Labor Statistics [www.bls.gov](http://www.bls.gov)

## EMPLOYMENT BY INDUSTRY

The Vallejo-Fairfield MSA employers offer a mix of jobs. The following chart illustrates the distribution of employment sectors by industry within the region.



The three largest employment sectors in the chart above make up 61% of the region’s total employment: Private Educational and Health Services (23%), Trade, Transportation and Utilities (20%), and Government (18%). These are followed by manufacturing, leisure, and hospitality (12%). The Private Educational and Health Services sector is larger than typical because UC Davis is located within the MSA.

## MAJOR EMPLOYERS

Some of the major employers within Solano County are shown below.

Employer Name	Location	Industry	No. of Employees		
Aerospace Medical	Travis AFB	Medical	1,000	to	4,999
California Medical Facility	Vacaville	Hospitals	1,000	to	4,999
Genentech Inc.	Vacaville	Pharmaceutical products	1,000	to	4,999
Kaiser Permanente	Vallejo	Hospital	1,000	to	4,999
North Bay Healthcare	Fairfield	Health Services	1,000	to	4,999
North Bay Medical Center	Fairfield	Hospital	1,000	to	4,999
Six Flags	Vallejo	Amusement & Theme Parks	1,000	to	4,999
Solano County	Fairfield	Government	1,000	to	4,999
DuraVent Inc.	Vacaville	Ventilating Equipment	500	to	999
Flatiron Construction Corp	Benicia	General Contractors	500	to	999
Jelly Belly Candy Co.	Fairfield	Management Services	500	to	999
Guittard Chocolate Co.	Fairfield	Chocolate & Cocoa	500	to	999
Quick Lane	Fairfield	Tire Dealers Retail	500	to	999
Solano County Sheriff	Fairfield	Government	500	to	999
Travis Air Force Base	Travis	Military Bases	500	to	999
Vallejo City Manager’s Office	Vallejo	Government	500	to	999
Vacaville City Hall	Vacaville	Government	500	to	999
North Bay Vacaville	Vacaville	Hospital	500	to	999
Touro University California	Vallejo	University/College	500	to	999
Solano County Special Edu	Fairfield	Schools	250	to	499
Sutter Solano Medical	Vallejo	Hospital	250	to	499
USDA Forest Svc	Vallejo	Government Offices-US	250	to	499
Valero Benicia Refinery	Benicia	Oil Refiners	250	to	499

Source: California Employment Development Department, May 2021.

As the table above shows, all large employers are in Fairfield, Vacaville, and Benicia, with some Air Force base-related employment in Travis. These cities are in the southwest portion of Solano County. The largest employers in the county are medical, government, and Six Flags Amusement Park.

## HOUSEHOLD INCOME

As of 2024, 49.6% of the region's households generated annual income of \$100,000 or more. From 2024 to 2029, median household income levels are projected to increase by approximately 11.8%. The following table summarizes the 2024 and 2029 projected household income levels for Solano County.

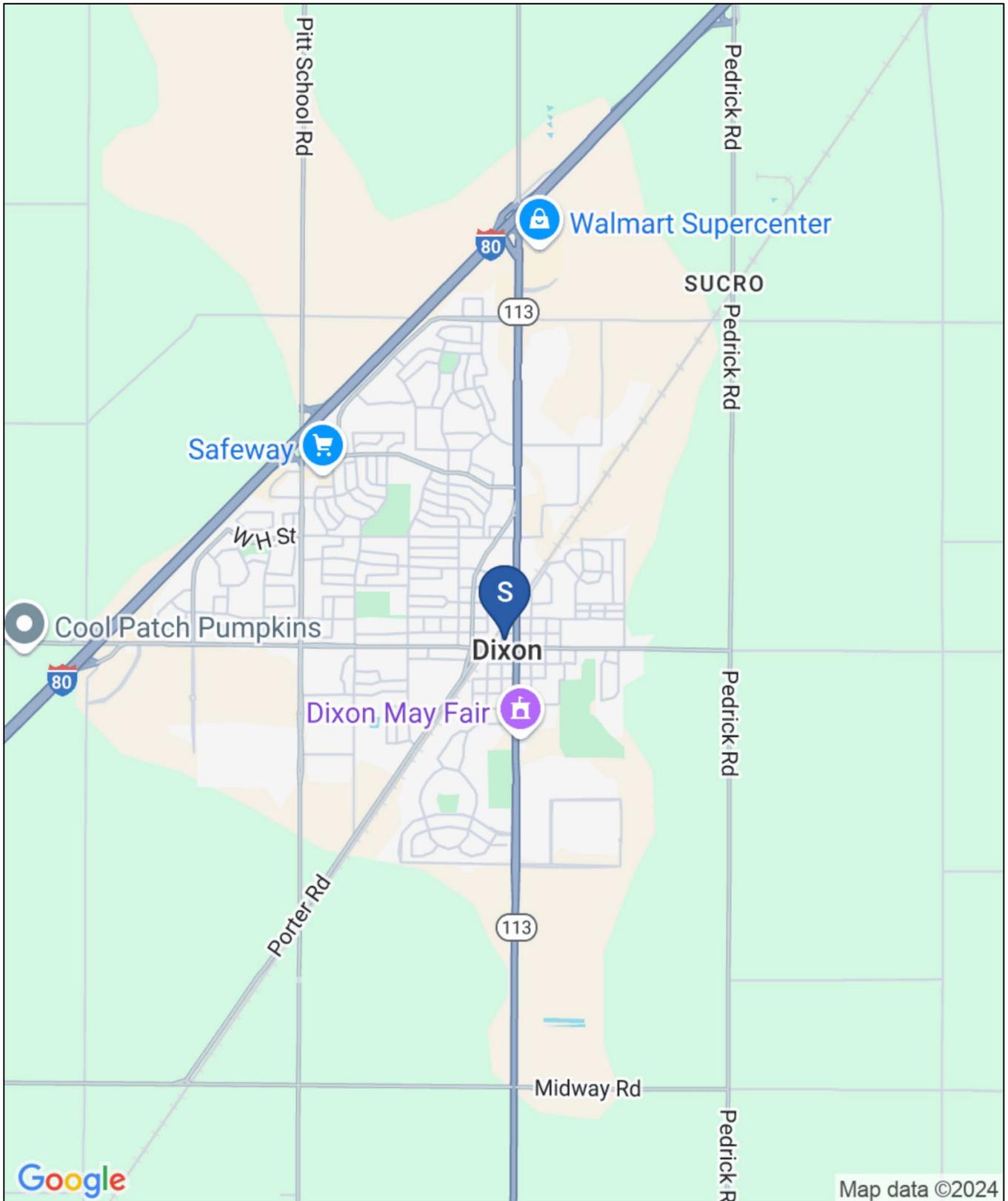
Salano County Household Income Distribution				
Income Cohort	2024		2029	
	Number	Percentage	Number	Percentage
<\$15,000	12,025	7.6%	10,557	6.7%
\$15,000-\$24,999	5,036	3.2%	3,709	2.3%
\$25,000-\$34,999	7,562	4.8%	6,029	3.8%
\$35,000-\$49,999	12,619	8.0%	10,194	6.4%
\$50,000-\$74,999	20,561	13.1%	18,027	11.4%
\$75,000-\$99,999	21,460	13.6%	20,794	13.1%
\$100,000-\$149,999	31,745	20.2%	33,224	21.0%
\$150,000-\$199,999	20,559	13.1%	24,482	15.5%
\$200,000+	25,684	16.3%	31,319	19.8%
<b>Total</b>	<b>157,251</b>		<b>158,335</b>	
Avg. Household Income	\$128,797		\$148,147	
Est. Median Household Income	\$99,041		\$110,723	

Source: STDB

## CONCLUSION

The County of Solano covers around 910 total square miles of water area and 675 total square miles of rural land area. The area benefits from Interstate 80, which extends from the Contra Costa County line to the Yolo County line and is a major truck route for Solano County. The population has seen a slight decline in recent years. However, this is a common trend in California and is expected to revert to growth. Economic activity in the area is generated mainly through government, trade and transport, and education, primarily because of the University of Davis. Challenges in the County include an unemployment rate, which currently sits slightly above the state average, and the cost of housing relative to income.

## LOCAL AREA MAP



## LOCAL AREA ANALYSIS

### INTRODUCTION

The subject property is located in the city of Dixon. The following paragraphs provide additional descriptions of the surrounding neighborhood and the factors impacting the subject.

### DEMOGRAPHICS

The following information reflects the demographics for the subject's area.

LOCAL AREA & MSA DEMOGRAPHICS									
DESCRIPTION	1 MILE	3 -MILE	5 -MILE	MSA	DESCRIPTION	1 MILE	3 -MILE	5 -MILE	MSA
<b>POPULATION TOTAL</b>					<b>HOUSEHOLDS</b>				
2010 Census	11,220	18,905	19,866	413,494	2010 Census	3,592	6,061	6,392	141,798
2020 Census	12,195	19,928	20,814	453,491	2020 Census	4,054	6,694	7,007	155,924
2024 Estimate	12,880	21,995	22,871	457,532	2024 Estimate	4,301	7,374	7,676	157,259
2029 Projection	13,211	22,917	23,791	462,420	2029 Projection	4,403	7,650	7,950	158,343
Δ 2010-2020	8.69%	5.41%	4.77%	9.67%	Δ 2010-2020	12.86%	10.44%	9.62%	9.96%
Δ 2020-2024	5.62%	10.37%	9.88%	0.89%	Δ 2020-2024	6.09%	10.16%	9.55%	0.86%
Δ 2024-2029	2.57%	4.19%	4.02%	1.07%	Δ 2024-2029	2.37%	3.74%	3.57%	0.69%
Total Daytime Population	8,603	16,669	17,850	402,546	<b>HOUSEHOLDS BY INCOME (2024 ESTIMATE)</b>				
<b>HOUSING UNITS</b>					<b>&lt;\$15,000</b>				
Total (2024 Estimate)	4,454	7,622	7,947	164,757	\$15,000 - \$24,999	3.1%	2.4%	2.4%	3.2%
Owner Occupied	64.7%	67.2%	66.6%	60.5%	\$25,000 - \$34,999	4.2%	4.0%	3.9%	4.8%
Renter Occupied	31.9%	29.5%	30.0%	35.0%	\$35,000 - \$49,999	12.3%	10.8%	10.7%	8.0%
Vacant Housing Units	3.4%	3.3%	3.4%	4.6%	\$50,000 - \$74,999	12.2%	11.5%	11.8%	13.1%
Total (2029 Projection)	4,557	7,901	8,226	166,295	\$75,000 - \$99,999	17.1%	16.8%	16.9%	13.6%
Owner Occupied	66.2%	68.9%	68.3%	61.5%	\$100,000 - \$149,999	21.2%	21.3%	21.0%	20.2%
Renter Occupied	30.4%	27.9%	28.4%	33.7%	\$150,000 - \$199,999	11.1%	14.1%	14.0%	13.1%
Vacant Housing Units	3.4%	3.2%	3.4%	4.8%	\$200,000+	12.5%	13.6%	14.0%	16.3%
<b>AVERAGE HOUSEHOLD INCOME</b>					<b>AVERAGE HOUSEHOLD SIZE</b>				
2024 Estimate	\$117,058	\$124,204	\$125,286	\$128,797	2024 Estimate	2.99	2.98	2.98	2.85
2029 Projection	\$136,863	\$145,452	\$146,571	\$148,147	2029 Projection	3.00	3.00	2.99	2.86
Δ 2024-2029	16.92%	17.11%	16.99%	15.02%	Δ 2024-2029	0.33%	0.67%	0.34%	0.35%
<b>MEDIAN HOUSEHOLD INCOME</b>					<b>MEDIAN HOME VALUE</b>				
2024 Estimate	\$90,730	\$98,067	\$97,987	\$99,041	2024 Estimate	\$594,223	\$598,544	\$603,998	\$623,096
2029 Projection	\$102,989	\$111,110	\$111,164	\$110,723	2029 Projection	\$671,431	\$654,599	\$660,251	\$679,177
Δ 2024-2029	13.51%	13.30%	13.45%	11.80%	Δ 2024-2029	12.99%	9.37%	9.31%	9.00%
<b>PER CAPITA INCOME</b>					<b>AVERAGE HOME VALUE</b>				
2024 Estimate	\$39,454	\$41,547	\$41,936	\$44,379	2024 Estimate	\$621,275	\$626,093	\$639,496	\$654,405
2029 Projection	\$46,048	\$48,453	\$48,855	\$50,837	2029 Projection	\$759,399	\$740,860	\$754,312	\$753,325
Δ 2024-2029	16.71%	16.62%	16.50%	14.55%	Δ 2024-2029	22.23%	18.33%	17.95%	15.12%

Source: Sites To Do Business Online

### POPULATION

ESRI's estimate for the current 2024 population within the subject neighborhood's 3-mile radius is 21,995, representing a 10.37% change since 2020. ESRI's 2020 population estimate for the subject's 5-mile radius is 22,871, representing a 9.88% change since 2020.

Looking forward, ESRI estimates that the population within the subject neighborhood's 3 -mile radius is forecasted to change to 22,917 by the year 2029. As for the broader area, ESRI forecasts that the population within the subject's 5 -mile radius will change to 23,791 over the next five years. The population estimates for the next five years within the subject's 5-mile radius represent a 4.02% change as well as a 2.57% change within the subject's 1 mile radius for the same period.

## HOUSEHOLDS

The estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 -mile radius is 7,374, which is a 10.16% change since 2020. Within the subject's broader 5 -mile radius, ESRI estimates that the number of households is 7,676, a 9.55% change over the same period of time.

By the year 2029, the estimates provided by ESRI indicate that the number of households within the subject neighborhood's 3 -mile radius will change by 3.74% to 7,650 households. Additionally, ESRI's estimate for total households over the next five years within the subject's broader 5-mile radius indicates an expected change of 3.57%, which will result in a total household estimate of 7,950.

Looking back, the number of households in the subject neighborhood's 3-mile radius changed 10.44% from 2010 to 2020, and it has changed by 10.16% since then.

## INCOME

Income estimates provided by ESRI for the subject neighborhood's 3-mile radius indicate that the median household income is \$98,067 and the average household income is \$124,204. Further, the estimates provided by ESRI indicate that, for the subject's broader 5-mile radius, the median household income is \$97,987, and the average household income is \$125,286. Given that there are reportedly 7,676 households in the subject's 5 -mile radius, it is estimated that the local effective gross income is around \$961,695,336.

## DEMOGRAPHICS CONCLUSION

Based on our observation and the data provided by ESRI, it is perceived that the income and population demographics for the subject neighborhood exhibit average characteristics in terms of reported population growth and income levels. As previously mentioned, the population growth for the subject's 3 -mile radius has increased by 10.37% since 2020 and based on the projections provided by ESRI, it is expected to continue to increase by 4.19% during the next 5 years. Lastly, we perceive that, since average household incomes are slightly below the national average (\$124,204 for the subject's 3 -mile radius) and given that the area is well-populated (7,374 households in a 3 -mile radius), developments like the subject should be adequately supported.

## ECONOMIC INFLUENCES

The local area's economic status is important to recognize as the measurement of income levels indicates the area population's ability to buy, rent, and maintain property. An area's economic status also indicates the population's appetite for goods and services. Relevant economic information includes income levels, property ownership vs. rent, property rent levels, rent level trends, property vacancy, and new construction.

The vast majority of the housing units within the area are owner-occupied, which contrasts with their relative similarity to other parts of Dixon.

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## GOVERNMENT INFLUENCE

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Governmental considerations include zoning, building codes, regulations, flood plain restrictions, special assessments, property taxes, and empowerment zones.

Zoning in the area is mixed, including commercial, residential, and industrial designations. The zoning code is enforced by the municipality, and enforcement in all areas of the City of Dixon is considered to be strong. Rezoning is typically discouraged and requires public input in all municipalities. Building codes are in force and require a certain construction quality and design standard. This is a typical influence on properties similar to the subject and aligns with the zoning classification.

Property taxes in the area are established by Solano County and are assessed based on valuation. Considering broad authority of the county administration, the assessments in the neighborhood are similar to other neighborhoods in the metropolitan area. There are no known special assessments that affect property in the neighborhood.

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## ACCESS/PUBLIC TRANSPORTATION

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The streets within the neighborhood are laid out in a grid pattern, with major streets generally along the section and ½ section lines. The neighborhood's major north/south streets include 1<sup>st</sup> Street/S Porter Road. The major east/west streets include Dixon Avenue/West H Street. With the existing transportation system, most areas of metropolitan Dixon are accessible from the subject neighborhood, and access is considered for the metropolitan area. Public bus service is available throughout the area. Overall, access within the neighborhood is average for the metropolitan area.

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## ENVIRONMENTAL INFLUENCES

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The subject area is considered a typical neighborhood with average building size and density. There are no extraordinary topographical features or nuisances or hazards. Public utilities are available in almost all areas in quantities from both public and private sources. The area has both public and private schools in adequate supply and quality.

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## LOCAL AREA SUMMARY

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The market benefits from a diverse blend of residential, commercial, and community uses and close proximity to many recreational activities. While the area has a higher percentage of owners versus renters, it typically has a lower income than the rest of the MSA. The local area also benefits from close proximity to Interstate 80. The outlook for this market area is good for the foreseeable future.

## SITE DESCRIPTION

The subject property consists of one parcel with a total site area of 7,123 SF (0.16 AC), based on information obtained from the Solano County Assessor. There is perceived to be no surplus or excess land on the subject site. For the purposes of this report, we have relied on this site area and reserve the right to amend our analysis upon receipt of a formal legal plan. The following summarizes the salient characteristics of the subject site.

<b>Address</b>	140 N. Jackson Street, Dixon, California.	
<b>Census Tract</b>	06-095-253402	
<b>Number of Parcels</b>	1	
<b>Assessor Parcel</b>	0113-055-140	
<b>Land Area</b>	Square Feet	Acres
Economic Unit (Primary) Site Size	7,123	0.16
Usable Site Size	7,123	0.16
<b>Total Land Area</b>	7,123	0.16
<b>Excess/Surplus Land</b>	No	
<b>Corner</b>	No	
<b>Floor Area Ratio (FAR)</b>	1.37	
<b>Site Topography</b>	Level At street grade	
<b>Site Shape</b>	Rectangular	
<b>Site Grade</b>	At street grade	
<b>Site Quality</b>	Average	
<b>Site Access</b>	Average	
<b>Site Exposure</b>	Average	
<b>Site Utility</b>	Average	
<b>Utilities</b>	Municipal utilities on site	

### ADJACENT PROPERTIES

North	Commercial
South	Commercial
East	Commercial
West	Railroad

**Accessibility** Access to the subject site is considered average overall.

**STREET & TRAFFIC DETAIL**

	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking	Center Lane	Bike Lane
<b>Street Improvements</b> N. Jackson Street	Minor arterial	Two-Way	2		x	x			x		
<b>Frontage</b> N. Jackson Street	80 feet										
<b>Exposure &amp; Visibility</b>	Exposure of the subject is average balancing the frontage on N. Jackson Street, the primary local arterial.										
<b>Flood Plain</b>	Zone X (Unshaded). This is referenced by Panel Number 06095C0200F, dated August 2, 2012. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local storm water drainage systems are not normally considered in a community’s flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)										
<b>Seismic</b>	The subject is in a low risk area.										
<b>Easements</b>	Based on the provided preliminary title report (California Land Title Assoc. (CLTA) dated 08/15/2024), and an on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised.										
<b>Soils</b>	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.										
<b>Hazardous Waste</b>	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.										
<b>Taxes &amp; Assessment</b>	According to Solano County, real estate taxes for the subject property are current as of the date of this report. Solano County Assessor’s records show the following assessed values (2023-2024 tax year) and direct assessments.										

**ASSESSMENT & TAXES (2024)**

<b>TAX RATE AREA</b>	<b>760562</b>				<b>TAX RATE</b>	1.1162%
<b>ASSESSOR PARCEL #</b>	<b>NET TAXABLE VALUE</b>	<b>IMPROVEMENTS</b>	<b>TOTAL</b>	<b>EXEMPTIONS</b>	<b>TAXABLE</b>	<b>BASE TAX</b>
0113-055-140	\$1,637,304	\$0	\$1,637,304	\$0	\$1,637,304	\$18,276
Subtotal	\$1,637,304	\$0	\$1,637,304	\$0	\$1,637,304	\$18,276
Subtotal \$/NRA	\$199.74	\$0.00	\$199.74	\$0.00	\$199.74	\$2.23
<b>ADDITIONAL TAX CHARGES</b>						
SF Bay REST Auth-Measure AA						\$12
Total Additional Tax Charges \$/NRA / Total					\$0.00	\$12
<b>TOTAL BASE TAX &amp; ADDITIONAL TAX CHARGES \$/NRA / \$ TOTAL</b>					<b>\$2.23</b>	<b>\$18,288</b>

Source: Solano County Assessment & Taxation

The property is subject to several minimal direct assessments. Overall, the direct assessments are minimal and generally typical of other properties in the area, as well as the sales comparables presented later in this report, and appear appropriate.

**Site Rating**

Overall, the subject site is considered average as a commercial site in terms of its location, exposure and access to employment, education and shopping centers, based on its location along a minor arterial.

**Site Conclusion**

In conclusion, the site’s physical characteristics appear to support the subject’s current use, and no significant detriments were discovered that would inhibit development in accordance with its highest and best use.



## ZONING

The subject is located in the Downtown Mixed-Use (DMX) zoning and general plan area. The designation provides for a full range of retail, employment, residential, entertainment, cultural, civic, and personal service uses. Permitted non-residential uses include restaurants, apparel stores, specialty shops, theaters, bookstores, travel agencies, hotels/motels and other similar uses serving a community-wide market and a larger visitor population, as well as banks, financial institutions, medical and professional offices, and other general offices and community institutional uses. Outdoor dining, live music, and events are encouraged to support a lively atmosphere with activity throughout the day and the year. Single and mixed-use development configurations are allowed; however, active uses are required on the ground floor along primary corridors. Maximum allowable FAR is 300% (combined residential and non-residential uses) and maximum allowable residential density is 30 dwelling units per acre.

ZONING	
Designation	Downtown Mixed-Use (DMX)
Zoning Authority	City of Dixon
Permitted Uses	Non-residential uses include restaurants, apparel stores, specialty shops, theaters, bookstores, travel agencies, hotels/motels and other similar uses serving a community-wide market and a larger visitor population, as well as banks, financial institutions, medical and professional offices, and other general offices and community institutional uses.
Prohibited Uses	All other uses
Current Use	Mixed Use Commercial
Current Use Legally Permitted	Yes
Conforming Use	The improvements conform to the requirements ordinance. The lack of parking does not conform to the ordinance.
Conforming Lot	The improvements conform to the requirements ordinance.
Zoning Change	No

Source: City of Dixon Planning & Zoning Department

## PARKING REQUIREMENTS

Parking varies by use but is stated as one space per 1,000 SF. The subject does not have any designated parking spaces but is adjacent to a public lot and plenty of street parking. The lack of parking does not conform to zoning requirements. However, this is typical for the downtown area of Dixon.

## ZONING CONCLUSION

The current use for the subject property is mixed-use commercial and is a permitted use based on the current zoning guidelines. No zoning change is believed to be imminent. Based on the foregoing, it appears that the subject's improvements are a legally conforming use of the subject site.

## IMPROVEMENT DESCRIPTION

The subject property is a 9,410-square-foot (GBA) mixed-use building with 8,197 square feet of rentable area (NRA). It is located at 140 N. Jackson Street in Dixon, California. According to the Solano County Public Library records, the building was built in 1891 and was the original Dixon Fire House. The current owners renovated the entire building in 2010 using good-quality materials, transforming the interior into usable office space. The building is divided into two units ranging from 4,000 to 5,000 square feet in size. The property is partially owner-occupied (top floor), while the ground floor is leased to a restaurant tenant. The subject's net rentable area is larger than typical for the Dixon market, where the majority of the mixed-use buildings have suites less than half the size of the subject suites.

The information presented below is a basic description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects and that all structural components are functional and operational unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

### OVERVIEW

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The subject property, 140 N Jackson St, Dixon, CA, is a two-story, Class C mixed-use commercial property in the Dixon submarket. It has a multi-tenant layout, with a restaurant on the first floor and an office buildout on the second floor.

The improvements consist of 9,410 square feet of building area (GBA) as of the valuation date. The property was reportedly built in 1891 and renovated in 2010. It is partially owner-occupied, with a restaurant tenant on the first floor and a dental office occupied by the owner on the second floor.

## IMPROVEMENT SUMMARY

<b>Property Type</b>	Commercial - Mixed Use Commercial
<b>Tenancy</b>	Multi-Tenant/Partial Owner-User
<b>Net Rentable Area (NRA)</b>	8,197
<b>Gross Building Area (GBA)</b>	9,410
<b>Total Buildings</b>	1
<b>Density Per Unit (AC)</b>	12.2
<b>Floors</b>	2
<b>Year Built</b>	1891; Renovated: 2010
<b>Age/Life Analysis</b>	
Actual Age	74
Effective Age	15
Economic Life	60
Remaining Useful Life	45
<b>Overall Building Quality</b>	Good
<b>Overall Building Condition</b>	Good
<b>Overall Building Appeal</b>	Average
<b>Land to Building Ratio</b>	0.76 : 1
<b>Floor Area Ratio (FAR)</b>	1.32 (1.37 Permitted)
<b>Total Parking Spaces</b>	0 - Off-Street spaces
<b>Parking Ratio</b>	0.0 / 1,000 SF NRA

## SUBJECT LEASES

The following table summarizes the subject's in-place contract rent for Rosemary's LLC. Kristina L. Wiley DDS is an owner-user, so rents are not applicable.

MULTI-TENANT RENT ROLL														
OCCUPIED SPACE													AS OF NOVEMBER 2024	
SUITE NO	TENANT NAME	TOTAL NRA (SF)	% OF NRA	TERMS START	TERMS END	TERMS YEARS	LEASE STRUCTURE	AVG TI'S ESC. \$/SF	FREE RENT	OPTIONS	BASE RENT \$/SF(YR.)	BASE RENT \$/SF(MO.)	ANNUAL	
1	Rosemary's LLC	4,579	55.9%	Feb-24	Jan-29	5.0	Modified Gross	12.0%	\$0	1.5 Mos. 3 Year	\$8.65	\$0.72	\$39,600	
2	Kristina L. Wiley DDS	3,618	44.1%			-								
<b>OCCUPIED SUBTOTALS</b>		<b>8,197</b>	<b>100.0%</b>								<b>\$4.83</b>	<b>\$0.40</b>	<b>\$39,600</b>	

The subject is partially leased, with the remainder occupied by the owner. Rosemary's LLC signed a 5-year lease on February 1, 2024, ending on January 31, 2029. They have one 3-year option to renew at market rates following the current term. The lease is a modified gross structure in which the tenant is responsible for their pro-rata share of expenses, including utilities, water, trash, and maintenance. The landlord is responsible for real estate taxes, insurance, maintenance, and management fees.

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## BUILDING DESCRIPTION

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The subject building has concrete slab foundation. The exterior walls are newly textured and painted stucco. It has flat roof, HVAC and original plumbing. There are individual electricity and gas meters. The building extends to the lot line without any parking or exterior space. Immediately in front of the site is a public sidewalk with scattered trees. The interior has a wet pipe sprinkler system, elevator access from a first-floor interior lobby, as well as an interior staircase. Each suite has multi-user restrooms. The flooring is a mix of hardwood and carpeting. The first-floor restaurant space has been completely renovated in the last year, including new flooring, interior paint and wall texturing, and the addition of storage areas. It is in overall good condition. The second floor reflects the 2010 renovation with good quality finishes throughout.

<b>Signage</b>	There is a monument style sign along N. Jackson Street.
<b>Parking</b>	Parking varies by use but is stated as one space per 1,000 SF. The subject provides 0 off-street parking spaces, or 0.0 spaces per 1,000 SF of NRA, which is not within market standards (3-5/1,000 SF) for commercial (mixed use commercial) property type.
<b>Site Coverage Ratio</b>	73% (5,127 SF footprint / 7,123 SF site)
<b>Deferred Maintenance</b>	None
<b>Functional Design</b>	The building features a functional Mixed Use Commercial design with typical site coverage and adequate off-street parking.
<b>ADA Comment</b>	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.
<b>Conclusion</b>	<p>The market generally classifies the subject as an owner-user property that if exposed to the open market would command moderate interest from local buyers that are actively pursuing similar properties for full or partial owner-occupancy. The level of demand is lower than in past years, however for a specific buyer type, the subject presents a good opportunity.</p> <p>Based on the above factors the subject is considered to have average market appeal. Further, the subject is considered to have average overall tenant appeal with a newly renovated first floor for attracting and retaining tenants, in spite of location in a quiet area.</p>

## SUBJECT PROPERTY INTERIOR PHOTOGRAPHS



Entryway of the 1<sup>st</sup> story restaurant

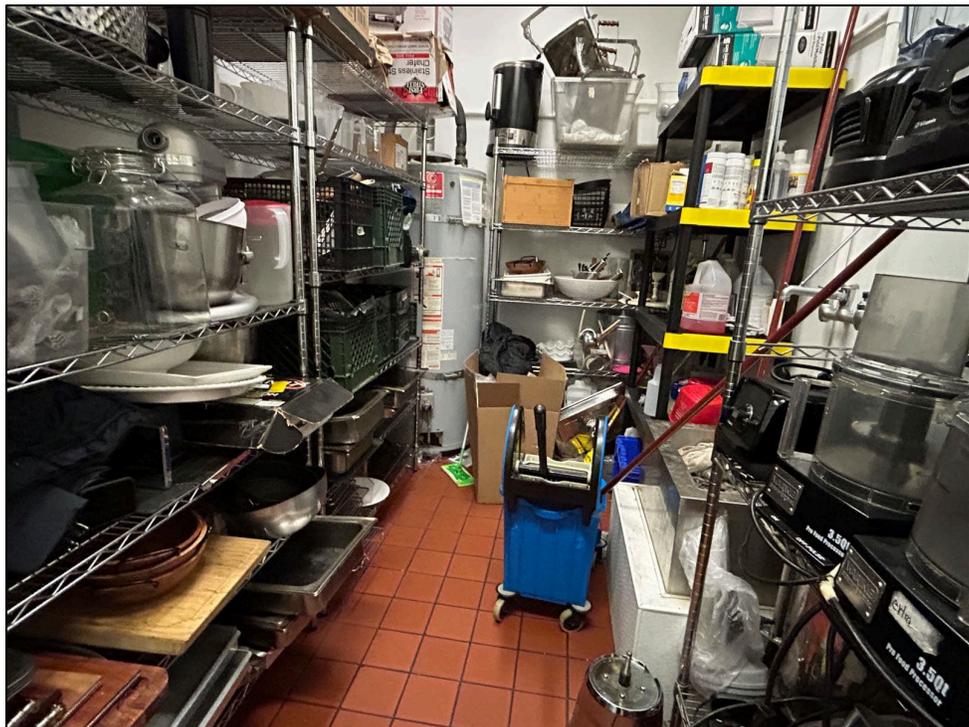


Main dining area and hostess area.

## SUBJECT PROPERTY INTERIOR PHOTOGRAPHS



The kitchen area of 1<sup>st</sup> story restaurant.



Storage area of the 1<sup>st</sup> story restaurant.

## SUBJECT PROPERTY INTERIOR PHOTOGRAPHS

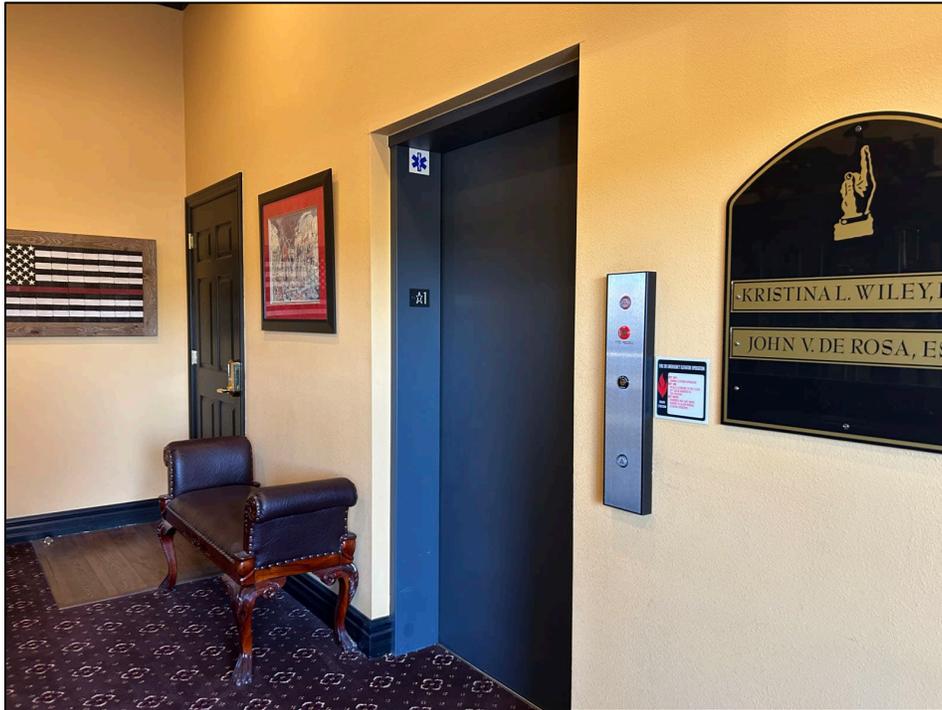


1<sup>st</sup> Story hallway and restroom area.



Example of 1<sup>st</sup> story restroom area.

## SUBJECT PROPERTY INTERIOR PHOTOGRAPHS



1<sup>st</sup> floor common area and elevator access.



Front office area for dental office space on second floor

## SUBJECT PROPERTY INTERIOR PHOTOGRAPHS



Typical dental practice area/office

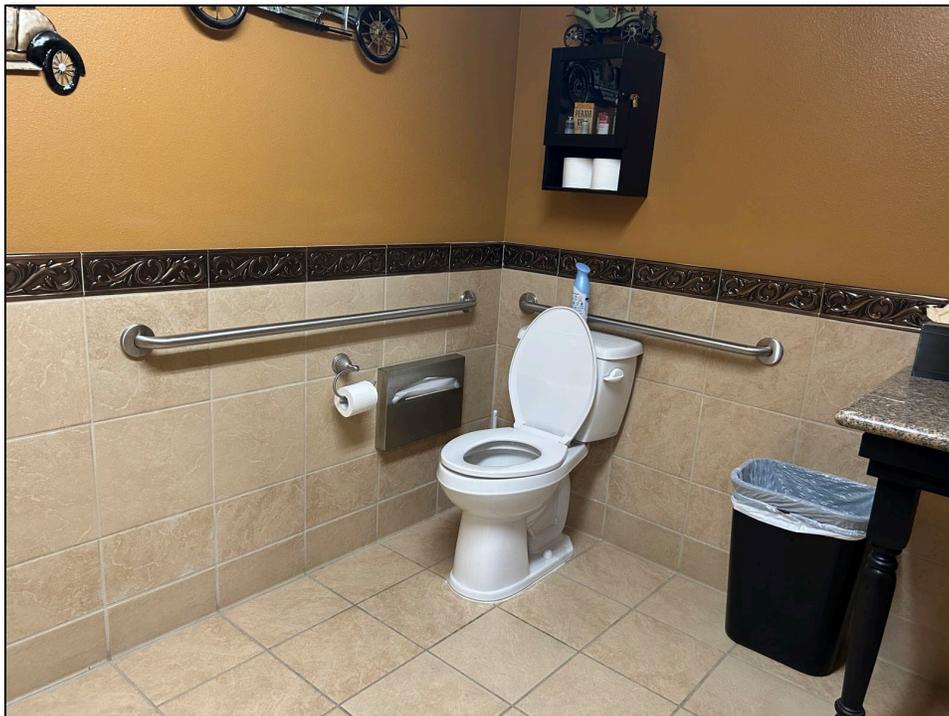


Typical dental practice area/office

## SUBJECT PROPERTY INTERIOR PHOTOGRAPHS



Employee common area for dental office.



ADA restroom for office units.

## SUBJECT PROPERTY INTERIOR PHOTOGRAPHS



Storage area for the dental office.



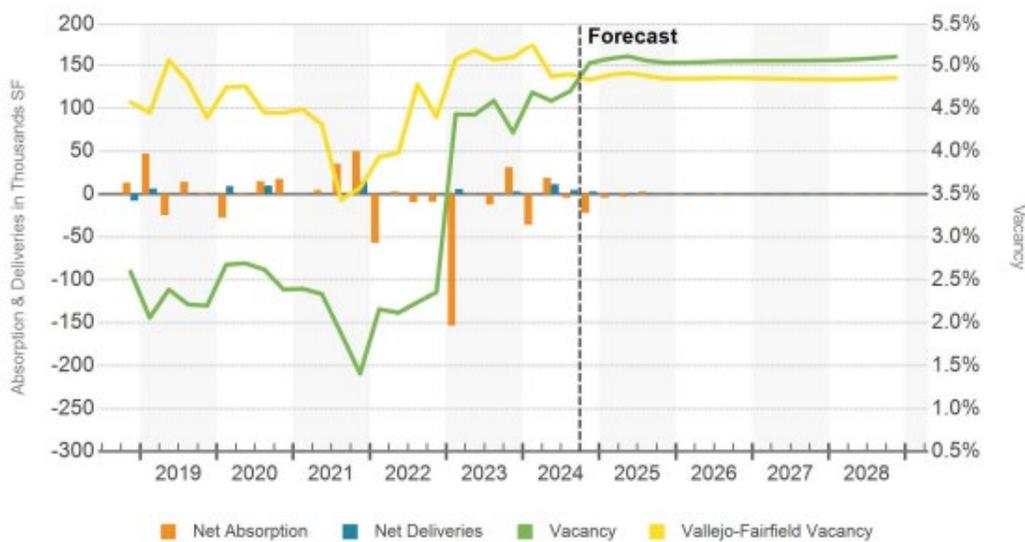
Employee breakroom for dental office.

## MARKET ANALYSIS

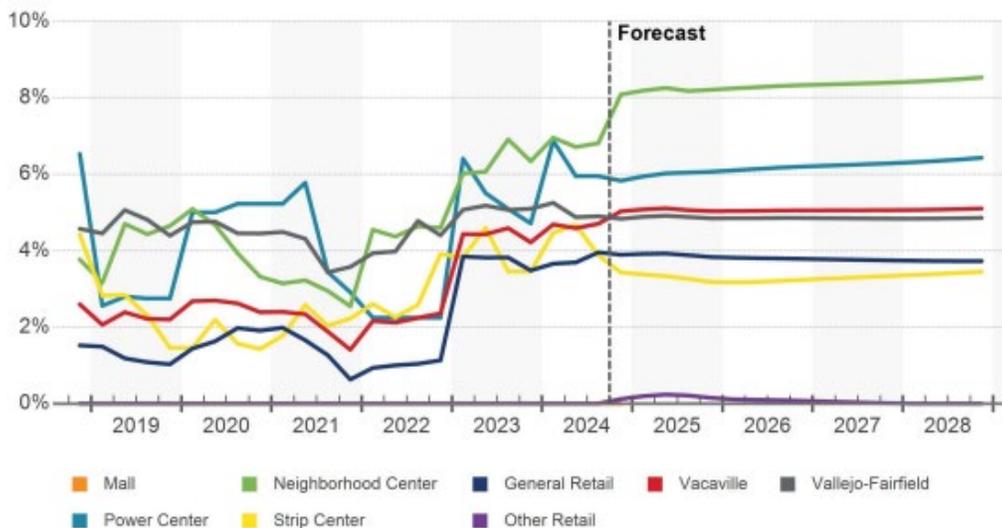
In this section, market conditions that influence the subject property are analyzed. An overview of Retail supply and demand conditions for the Vacaville submarket, that incorporates the City of Dixon. Key supply and demand statistics for the most recent quarter, last year and historical averages over the past 10 years.

The Vacaville retail submarket has a vacancy rate of 5.0% as of the fourth quarter of 2024. Over the past year, the submarket's vacancy rate has changed by 0.6%, a result of 21,000 SF of net delivered space and -29,000 SF of net absorption. Vacaville's vacancy rate of 5.0% compares to the submarket's five-year average of 3.2% and the 10-year average of 3.7%.

**NET ABSORPTION, NET DELIVERIES & VACANCY**

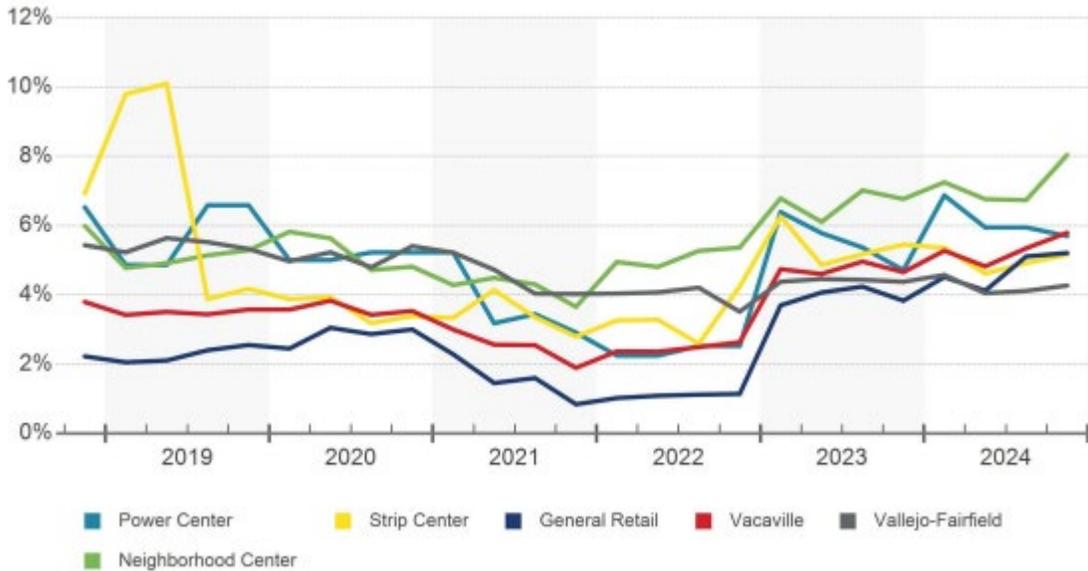


**VACANCY RATE**



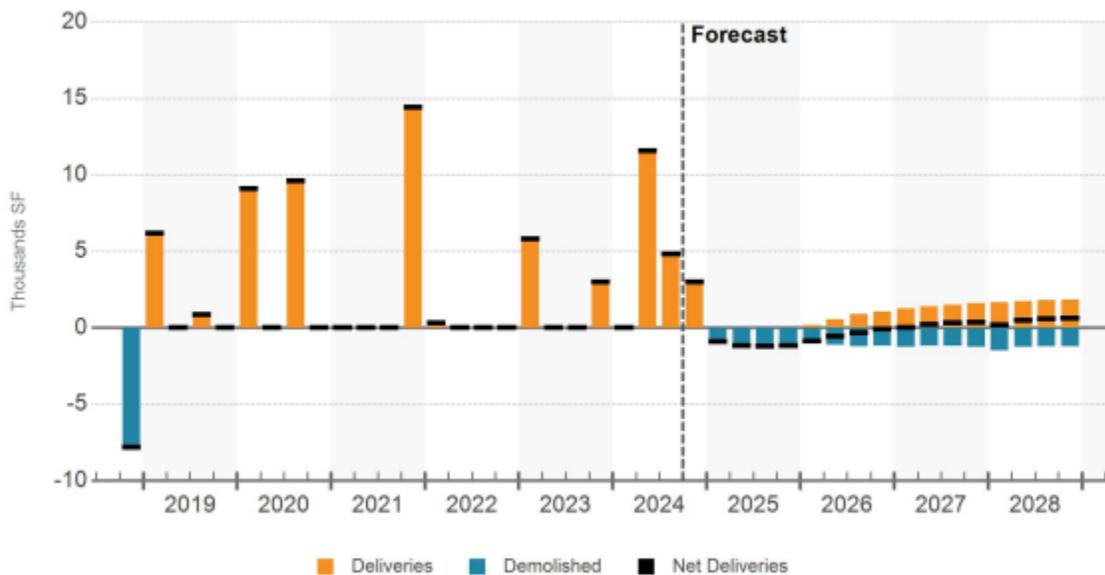
Among the retail subtypes, neighborhood center vacancy stands at 8.1%, power center vacancy is 5.9%, strip center vacancy is 3.5%, and general retail vacancy is 3.9%. The Vacaville retail submarket has roughly 450,000 SF of space listed as available, for an availability rate of 5.8%.

**AVAILABILITY RATE**



As of the fourth quarter of 2024, Vacaville has no retail space under construction. In comparison, the submarket has averaged 9,500 SF of under-construction inventory over the past 10 years. The Vacaville retail submarket contains roughly 7.7 million SF of inventory

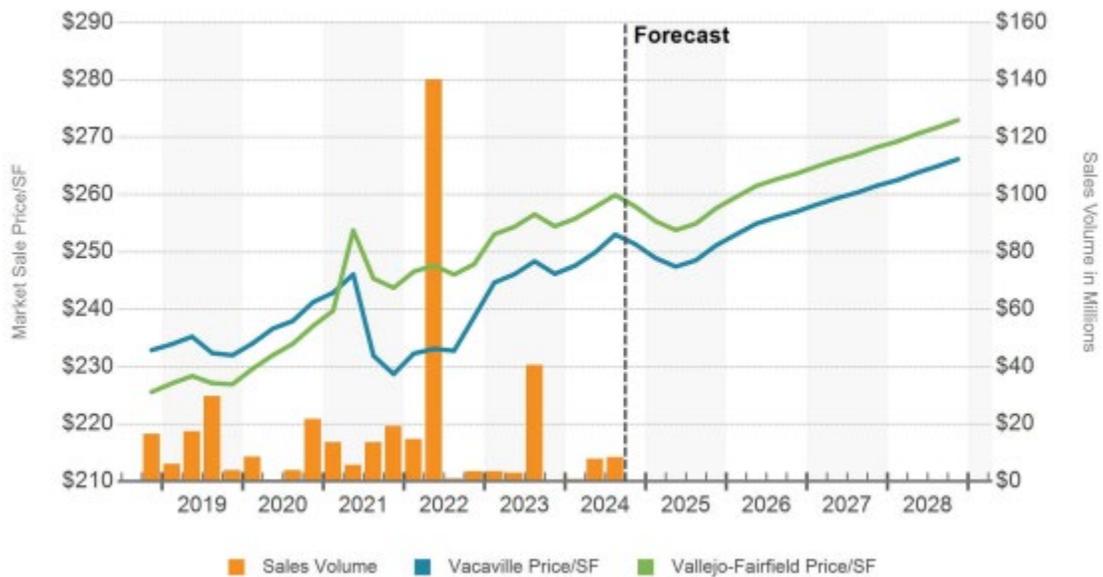
**DELIVERIES & DEMOLITIONS**



Market rents in Vacaville are \$25.00/SF. Rents have changed by 3.0% year over year in Vacaville, compared to a change of 2.5% across Vallejo-Fairfield as a whole. Market rents have changed by 3.5% in neighborhood center properties year-over-year, 3.4% in power center properties, 2.9% in strip center properties, and 2.7% in general retail properties. Annual rent growth of 3.0% in Vacaville compares to the submarket's five-year average of 3.6% and its 10-year average of 2.9%.

Over the past year, 110,000 SF of retail inventory traded in Vacaville across 10 sales. Average annual inventory turnover in Vacaville is 69,000 SF over the past five years and 77,000 SF over the past 10 years. Retail sales volume in Vacaville has totaled \$16.9 million over the past year. Average annual sales volume over the past five years is \$64.7 million and \$55.5 million over the past 10 years. Estimated retail market pricing in Vacaville is \$252/SF compared to the market average of \$258/SF. Average market pricing for Vacaville is estimated at \$220/SF for neighborhood center properties, \$325/SF for power center properties, \$270/SF for strip center properties, and \$260/SF for general retail properties. The estimated market cap rate for Vacaville retail is 7.0% compared to the market average of 6.8%.

**SALES VOLUME & MARKET SALE PRICE PER SF**



## MARKET INTERVIEWS

As part of this analysis, recent transactions and trends were discussed with knowledgeable local brokers, agents, and owners. Of the participants that were interviewed, the majority pointed to a bottoming in pricing in the commercial markets in the immediate area and were optimistic about new activity and recently completed transactions. Carla Scimemi of Kidder Matthews is an owner as well as a broker in the downtown Dixon core. Her building has been for lease on and off over the last few years without any strong trend in lease rates. She opines that in Dixon, capitalization rates are no less than 6%, with a hope for an 8% rate after a full lease-up.

## RECENT DEVELOPMENT

Based on CoStar's research, there appears to be about 11 projects that have been recently developed. All of these projects are perceived to be within 1.8 miles of the subject. The range in size of developments is 2,502 SF to the largest development of 502,234 SF. Overall, the average size of recent developments in the area is 67,078 SF. Further, it appears that most of the developments are industrial in nature.

The following table details our findings:



## DEVELOPMENT PIPELINE

### UNDER CONSTRUCTION

There do not appear to be any developments under construction within the market area.

### PROPOSED

Based on CoStar's research, there appears to be about 8 projects that are proposed for construction. All of these projects are perceived to be within 1.9 miles of the subject. The range in size of proposed developments is 5,000 SF to the largest proposed development of 150,000 SF. Overall, the average size of proposed developments in the area is 52,813 SF. Further, it appears that most of the developments that are proposed will be in nature.

The following table details our findings:



## CONCLUSION

Overall, investors would recognize these general retail conditions and the subject’s positioning in the market area as having a positive overall influence when contemplating purchase of the subject.

## HIGHEST & BEST USE

Highest and best use may be defined as the reasonably probable use of property that results in the highest value.

There are four criteria used in the highest and best use analysis process. These are:

**1. Legally Permissible Use**

What uses are permitted legally under existing zoning, building codes, historic district controls, environmental regulations, deed (private) restrictions, and long-term lease provisions on the site in question?

**2. Physically Possible Use**

What uses of the site are physically possible, given its size, shape, area, terrain, soils composition, accessibility, assembly potential, and risk potential from natural disasters?

**3. Financially Feasible Use**

Which possible and permissible uses will produce a positive net return to the owner of the property?

**4. Maximally Productive Use**

Among the feasible uses, which use will produce the highest residual land value consistent with the rate of return warranted by the market for that use?

Since improved properties sometimes do not, in fact, contain the improvements that would generate the greatest return to the land, the highest and best use of the land as if it were vacant, as well as the highest and best use of the property as it is currently improved, normally are considered. In extreme cases, this analysis will call into question whether the existing improvements should be preserved. Usually, however, the analysis shows that if a property is already improved, the continuing use of the existing improvements yields more total return to the land than does the razing of the improvements in favor of alternative uses.

We first evaluate the highest and best use of the subject property as an undeveloped site zoned for commercial uses. Then we evaluate the highest and best use of the property as it currently exists, improved with 9,410 square feet of commercial space.

### LEGALLY PERMISSIBLE USES

Possible uses are constrained by legal restrictions on a property both private and public. As previously discussed, the subject property is zoned DMX (Downtown Mixed-Use) by City of Dixon. The designation provides for a full range of retail, employment, residential, entertainment, cultural, civic, and personal service uses. Permitted non-residential uses include restaurants, apparel stores, specialty shops, theaters, bookstores, travel agencies, hotels/motels and other similar uses serving a community-wide market and a larger visitor population, as well as banks, financial institutions, medical and professional offices, and other general offices and community institutional uses. Outdoor dining, live music, and events are encouraged to support a lively atmosphere with activity throughout the day and the year. Single and mixed-use development configurations are allowed; however, active uses are required on the ground floor along primary corridors. Maximum allowable FAR is 300% (combined residential and non-residential uses) and

maximum allowable residential density is 30 dwelling units per acre. The legal uses of the subject site as though vacant are all those uses allowed in the Downtown Mixed-Use zone that are permitted under the Downtown Mixed-Use general plan designation.

### PHYSICAL POSSIBLE USES

The size, topography, and location of the subject are important factors in determining the use of the property. The size of the site can significantly affect the type of development that is possible, as the “economies of scale” notion often comes into play. The subject consists of a rectangular site with average overall utility. The subject has average frontage and exposure on a downtown street with an average level of traffic, with typical exposure relative to competing downtown Dixon properties. The site has level topography and nearby public and street parking. Overall, the physically possible uses are considered to be those commercial and retail uses that are legally permitted.

### FINANCIALLY FEASIBLE USES

A proposed property improvement must be able to deliver an income return that, in turn, generates a market value sufficient to pay for the developmental costs, the undertaking of the risks involved, and a profit appropriate for the development.

As previously mentioned in the Market Analysis section of this report, a vacancy of 3.5% has been noted in the greater Vacaville/Dixon area, however brokers indicate that it is closer to 10% in the downtown core, with rental rates fluctuating largely depending on property features. There is an average level of demand for properties in the subject’s immediate area, which appeals to a different tenant base than those properties closer to the highway. The subject’s immediate area is largely owner-occupied, often multi-unit buildings where owners take on a tenant or two to offset costs. Owners looking to establish a long-term connection with the area find the downtown core to be an option for their business. For these reasons, the financially feasible use is for commercial development in the near to mid-future (1 to 3 years).

### MAXIMALLY PRODUCTIVE USE

The maximally productive use of the subject as vacant is for future commercial development, consistent with the subject’s zoning and general plan designation.

### HIGHEST AND BEST USE OF THE SITE AS IF UNIMPROVED

Considering all the preceding factors, the site's highest and best use is for mixed-use that supports commercial or retail occupancy. The timing of development would be in the near to mid-future (1 to 3 years). The most likely buyer would be an owner-user. However, small-scale investors are present in the market as well, as demonstrated by the sales comparables presented later in this report.

## HIGHEST AND BEST USE OF THE PROPERTY, AS IMPROVED

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As with the highest and best use as vacant, the four tests of highest and best use must also be applied to the subject considering the in-place improvements. Consideration must be given to the continued “as-is” use of the subject, as well as alternative uses for the property. The subject consists of a 9,410-square foot, multi-tenant commercial building. The building improvements consist of good-quality construction that was completed in 1891 and completely renovated in 2010. The building is partially leased and partially owner-occupied. Potential alternative uses include demolition, expansion, conversion, and renovation. The following discussion of the possible “as improved” uses is offered in the paragraph below.

### DEMOLITION

One alternative would be to demolish the existing improvements, creating a vacant site. Although the concluded value of the subject indicates a price per square foot land value of \$133 (calculated using the concluded market value of \$850,000 divided by the total site area of 7,123 square feet), it is not feasible to demolish a building with so much local significance. Although it does not have a historic designation, the building dates back to 1891 and has been thoughtfully restored in 2010. Furthermore, the building is in good condition and retains average utility. Therefore, demolition is not economically prudent.

### EXPANSION

The subject’s site coverage extends to the lot lines, and has shared walls to the east side. It is not likely to expand by adding additional stories. For all these reasons expansion is not physically or legally possible.

### CONVERSION

The property is a commercial building. Surrounding commercial uses are exclusively similar commercial properties, and legal uses are restricted to commercial. Furthermore, conversion to another use would not result in additional economic gain. For these reasons, conversion of the building improvements to another use is not a viable option.

### RENOVATION

The subject was constructed in 1891 and renovated in 2010. Although the tenant has made additional updates in the last year, the building is in good condition overall and not due for additional renovations at this time. The design and layout of the building are typical of competing multi-tenant commercial products. Renovation is not considered necessary at present, but a new roof may be warranted in the near to mid-future.

Legal, physical, and financially feasible considerations, alternative uses, and market considerations have been analyzed to evaluate the highest and best use of the property. Based on the aforementioned analysis, the subject’s highest and best use As Improved is for commercial or retail mixed-use. Based on the property’s multi-tenant design, it should be marketed to a small-scale investor or owner-user.

## VALUATION METHODS

### VALUATION METHODS AND CONSIDERATIONS

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The initial stages of the appraisal process include the investigation, organization, and analysis of relevant market data and other information that relate to the market value of the subject property. Factors discussed previously that influence value include the Solano region demographics and economic conditions, neighborhood characteristics and features, the market for similar commercial space, and subject property attributes. All of these need to be considered when rendering the highest and best use conclusion. After a highest and best use conclusion has been made, the possibilities for the property have been sufficiently narrowed so that a proper valuation process can be pursued. This section of the report contains the comparable data, the interpretation, analysis, and processing of these data and the conclusions reached about the property's market value.

An appraisal of an improved property typically utilizes up to three valuation approaches:

- The Replacement Cost Approach to Value
- The Sales Comparison Approach to Value
- The Income Capitalization Approach to Value

#### COST APPROACH

The Cost Approach to Value usually involves estimation of the land value through the sales comparison approach. Then, we estimate the replacement cost of the improvements as if they were new, less a deduction for depreciation, which is computed after analyzing the deficiencies or disadvantages of the existing building compared to a new building. Depreciation, however, is subjective and difficult to support in the market. The Cost Approach is generally considered a good approach for new or proposed improvements. However, properties commonly transfer well below replacement costs at the present time. Furthermore, given that the subject's improvements are not brand new, the Cost Approach is not considered relevant to this analysis. The elimination of this approach does not detract from the credibility of this report.

#### SALES COMPARISON APPROACH

In the Sales Comparison Approach to Value, the subject property should be compared to other similarly improved properties that have recently sold in the market area. The respective sale prices of the comparable properties are adjusted quantitatively, if possible, based on market data, but at least subjectively based on the appraiser's knowledge of market behavior in order to derive an indication of market value. All sale and listing properties were compared based on price per SF of net rentable area (NRA), which is consistent with the market. Additionally, whenever possible, the overall rate of return was calculated for use in the Income Capitalization Approach. This approach is a logical one for this appraisal assignment as similar buildings within the region have recently sold.

## INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach to Value is based on the assumption that there is a relationship between the amount of income a property will produce and its value. This approach involves estimating the annual net income the property will earn and converting it into value. This process, called capitalization, is accomplished by dividing the net income, before payment of debt service, by a capitalization rate. This rate will vary as a result of such factors as risk, time, interest or capital investment, and recapture of the depreciating asset. The direct capitalization methodology is appropriate for this assignment given that similar properties are operated as a leased investment.

The next step in the appraisal process is the reconciliation or correlation of the value indications generated by the approaches used, as influenced by other pertinent analysis that previously have been developed in the report. The range in value established by these approaches is examined and major emphasis is placed on the approach, or approaches, considered the best indicators of value for the specific appraisal problem being addressed.

## STABILIZED ANALYSIS

The stabilized portion of the analysis assumes that the subject property is occupied and operating at a stabilized level. In order to estimate the stabilized market value of the subject, both the Income and Sales Approaches will be used.

## AS-IS MARKET VALUE ANALYSIS

Following the stabilized analysis, the “as-is” market value of the Fee Simple Estate interest will be concluded and will consider the leasehold position and any lease-up costs (if necessary).

## SALES COMPARISON APPROACH

In the Sales Comparison Approach, the value of a property is estimated by comparing it with similar, recently sold properties in the surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set by the cost of buying an equally desirable property, assuming that no costly delay occurs in making the substitution. All the sale properties were compared based on price per SF of net rentable area (NRA), which is consistent with the market.

### COMPARABLE SELECTION

Through the analysis of sales of verified arm's-length transactions, market value and price trends are identified. The sales utilized are comparable to the subject in physical, functional, and economic characteristics.

Specifically, the data search was focused on commercial properties of similar construction in the subject's immediate market area, with similar site coverage, and similar build-out ratios. The search concentrated on downtown Dixon, and other similar downtown areas such as Woodland and Winters. Sales along the freeway corridor were not included due to the significant differences in market appeal. While all of the comparables have some differences with the subject, the data set is considered ample. Overall, the comparables utilized in this report are considered the most appropriate sales available for analysis.

With regard to elements of comparison, the transactional elements given consideration while analyzing the comparables include property rights, financing, conditions of sale, and changes in market conditions. Physical elements of comparison include location, building size, building quality and condition, age of the improvements, occupancy, site coverage, office build-out, and other physical characteristics.

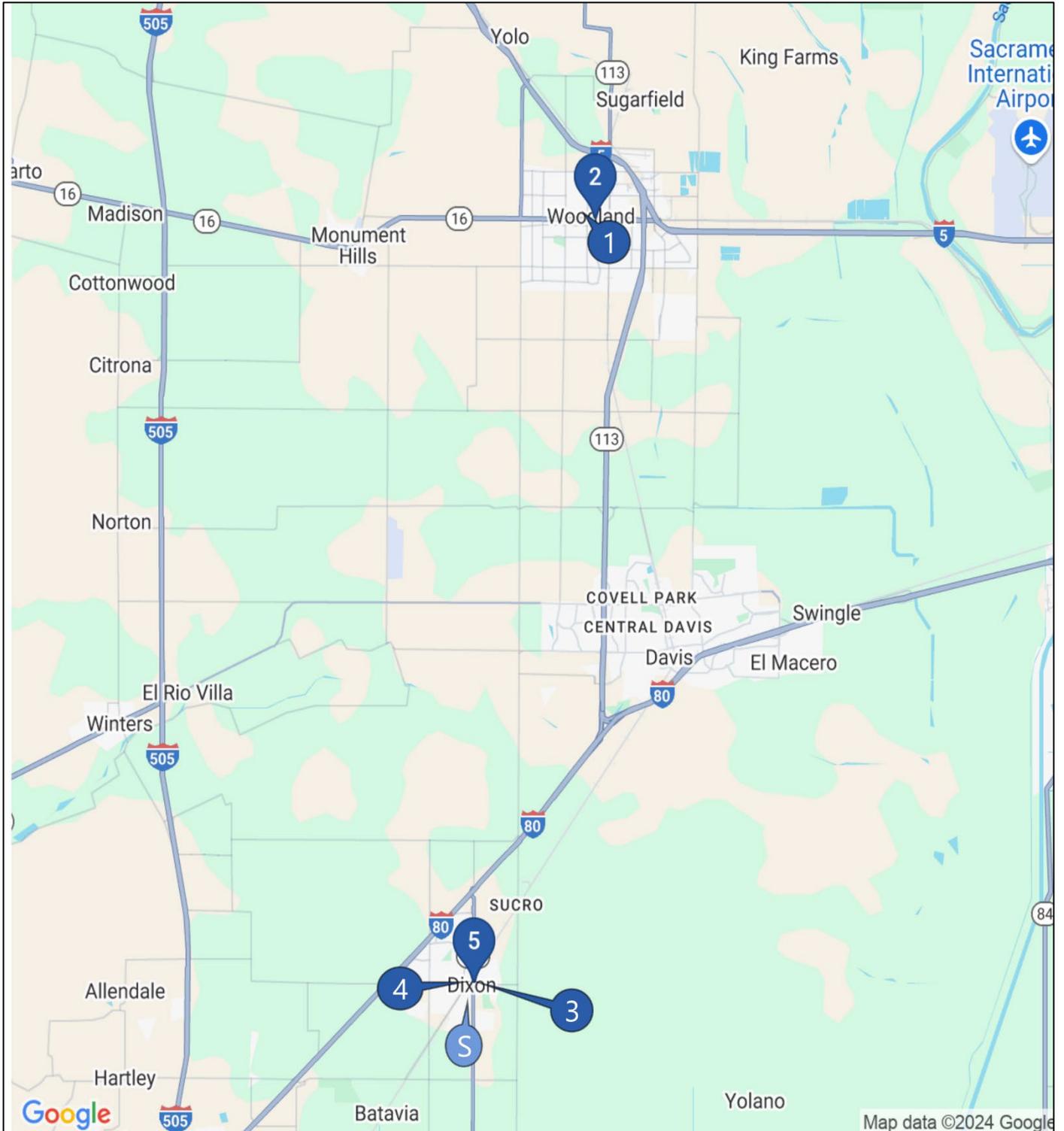
A map of the comparable building sales and summary table are on the following pages, followed by a discussion of the comparable sales and comparison to the subject property.

### QUANTITATIVE ADJUSTMENT PROCESS

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving a value opinion for the subject property by the Sales Comparison Approach.

IMPROVED SALES COMPARISON TABLE AND MAP

IMPROVED SALES COMPARISON TABLE						
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5
Name	140 N. Jackson Street	005-221-002	005-224-007	0113-055-050	0113-055-070	0115-082-080
Address	140 N. Jackson Street	315 2nd St # 317	703-711 Main St	159 N 1st St	141 N 1st St	156 N 1st St
City	Dixon	Woodland	Woodland	Dixon	Dixon	Dixon
State	CA	CA	CA	CA	CA	CA
Zip	95620	95695	95695	95620	95620	95620
County	Solano	Yolo	Yolo	Solano	Solano	Solano
Submarket	Dixon	Woodland	Woodland	Dixon	Dixon	Dixon
	-	-	-	-	-	-
SALE INFORMATION						
Transaction Price		\$670,000	\$2,275,000	\$695,000	\$425,000	\$665,000
Transaction Price \$/SF NRA		\$220	\$135	\$83	\$82	\$125
Property Rights <sup>1</sup>		Leased Fee	Leased Fee	Leased Fee	Leased Fee and Fee Simple	Leased Fee
Financing <sup>2</sup>		Cash	Cash	Cash	Cash	Private Financing
Sale Conditions <sup>3</sup>		Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Expenditures After Sale <sup>4</sup>		-	-	-	-	-
Market Conditions <sup>5</sup>		7/29/2024	10/25/2023	9/25/2023	6/22/2023	5/12/2023
Sale Status		Recorded	Recorded	Recorded	Recorded	Recorded
Recording Number		2021-0013442	2023-0018490	202300041781	202300027910	202300020825
Marketing Status		Open Market	Open Market	Open Market	Off Market	Open Market
Marketing Period (Days)		36 Days	-	144 Days	-	49 Days
Capitalization Rate		7.00%	7.91%	3.77%	0.00%	0.00%
PHYSICAL INFORMATION						
GBA (SF)	9,410	3,040	16,876	8,330	6,000	5,320
NRA (SF)	8,197	3,040	16,876	8,330	5,194	5,320
Year Built/Ren	1891 / 2010	1917	1988 / 1988	1884 / 1884	1913 / 1975	1913 / 1913
Location	Average	Average	Average	Average	Average	Average
Access	Average	Average	Average	Average	Average	Average
Exposure	Average	Average	Average	Average	Average	Average
Quality	Good	Average	Average	Average	Average	Average
Condition	Good	Average	Average	Average	Average	Above Average
Appeal	Average	Average	Average	Good	Average	Good
Permitted FAR	1.37	1.56	-	1.95	1.15	1.05
Units	2	8	7	5	2	9
<b>OVERALL COMPARISON</b>		<b>SUPERIOR</b>	<b>SLIGHTLY SUPERIOR</b>	<b>INFERIOR</b>	<b>INFERIOR</b>	<b>SLIGHTLY SUPERIOR</b>



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	315 2nd St # 317, Woodland, CA, 95695	16.3
COMPARABLE 2	2	703-711 Main St, Woodland, CA, 95695	16.3
COMPARABLE 3	3	159 N 1st St, Dixon, CA, 95620	0.0
COMPARABLE 4	4	141 N 1st St, Dixon, CA, 95620	0.0
COMPARABLE 5	5	156 N 1st St, Dixon, CA, 95620	0.1

IMPROVED SALES PHOTOGRAPHS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5

## COMPARABLE BUILDING SALE DISCUSSION

Clearly, the results of the analysis of each comparable are not absolute; therefore, the appraiser considers the strengths and weaknesses of the analysis in the reconciliation process by giving more or less weight to specific comparable properties. In the analysis of the individual comparables, property characteristics identified that could have an impact on value are considered. Qualitative adjustments will be considered during the individual comparable write-ups.

It was reported that the sales were either cash or cash equivalent and there were no unusual conditions of sale, unless noted. With regard to changes in market conditions, the sales range in transfer dates from May 2023 to present. Broker interviews indicated that market conditions have remained slow as businesses are still struggling to return from COVID closures. The downtown core appeals primarily to owner-users or partial owner-users looking to establish their presence for the long term. Demand is average, and there is no new construction in the downtown area. Instead, older buildings such as the subject are being renovated and modernized. The following is a discussion of each comparable sale used.

**Sale No. 1 (\$220/SF)** - - This is the sale of a 3,040-square-foot mixed-use building located at 315 2nd Street in Woodland, California. This sale occurred on July 29, 2024, for \$670,000 or \$220 per square foot in an arms-length transaction. The property was initially listed at \$795,000. However, the buyer stated there were some foundation uses they would need to fix so the buyer negotiated for the lower sale price. It's unknown how much the foundation repairs cost. According to the broker, the buyer purchased the property for investment purposes and sold with a cap rate of 7.0%. The improvements are a 2-story mixed-use building built in 1890, of average construction and below-average condition. The building has 8 units with shared bathrooms on both floors. It was 100% occupied with a waiting list at the time of sale. The lot is 2,580 square feet with a rectangular shape and level topography. Street parking is available in front of the building, but no dedicated parking spaces exist.

This comparable is the most recent sale presented in our analysis. It has a superior buildout with multiple suites. It is located across the street from the Yolo County public offices, which provides superior foot traffic during business hours. Although the building has an inferior level of updating, the superior location and tenant mix offsets the condition. The waiting list of possible tenants further illustrates the demand for this location. Further, this is significantly smaller in size, which is superior given economies of scale. Based on these factors, this sale indicates a value for the subject well below \$220 per square foot.

**Sale No. 2 (\$135/SF)** - - This is the sale of a 16,876-square-foot multi-tenant building located at 711 Main Street in Woodland, California. This sale occurred on October 25, 2023, for \$2,275,000 or \$135 per square foot, and the buyer used a 1031 exchange in this arms-length transaction. According to the broker, the cap rate was 7.91%. The improvements include a single-story, seven-unit building constructed in 1988, of average construction and condition. The building was fully renovated in 2015 with a new roof and fully owned solar. There was one vacancy at the time of sale, which indicates a vacancy rate of 15%. All the tenants are at modified gross with 1 to 3 years left on their current leases. The lot is 22,651 square feet with a L-shape and level topography. The rear parking lot has 5 spaces and two 8x10 roll-up doors.

This comparable has a similar level of updating as compared to the subject. It also has superior parking with designated spaces, and roll-up doors to appeal to a broader tenant base. Overall, the location in Woodland, along the superior tenant mix indicates a value for the subject below \$135 per square foot.

**Sale No. 3 (\$83/SF)** - - This is the sale of an 8,330-square-foot mixed-use building located at 159 N 1st Street in Dixon, California. This sale occurred on September 25, 2023, for \$695,000 or \$83.43 per square foot in an arms-length transaction with a cap rate of 3.77%. According to the broker, the buyer, listed as Vacaville Lodge 134 Masonic Temple Association, purchased the property for investment purposes, and there were no expenditures after the sale. The improvements are a 3-story mixed-use building built in 1884, which is of average construction and below average to average condition. The building was formerly a masonic hall on the second floor. There are four more units and a full kitchen and dining hall on the 3rd floor. There is a dedicated bathroom for each unit. There is also a full basement. At the time of the sale, the first floor was tenant-occupied with a lease in place. The lot is 4,280 square feet with a rectangular shape and level topography. Street parking is available in front of the building but no dedicated parking spaces exist.

This comparable is the most recent sale of a mixed-use building of similar scope in the subject's downtown Dixon area and is most similar in terms of size. It is a three-story building dating back to 1884. It is rated inferior in condition, without any major renovations in recent years. At the time of sale, it was partially leased to a real estate office. The building has a superior buildout with a full kitchen, dining hall, and multiple units. Overall, the inferior condition offsets the buildout, indicating a value for the subject above \$83 per square foot.

**Sale No. 4 (\$82/SF)** - - This is the sale of a 5,194 square-foot multi-unit retail building located at 141 N 1st Street in Dixon, California. This sale occurred on June 22, 2023, for \$425,000 or \$81.83 per square foot in an arms-length transaction. According to the seller they were ready to retire from their business and decided to turnkey sell the building and business to one of their frequent patrons. The seller stated the price was at fair market value and that the buyer paid all cash. The improvements are a 1 story building built in 1913, which is of average construction and average condition that was renovated in 1975. The building has 2 units, the owner occupied the bakery, and the other unit was occupied by a salon at the time of sale. There is a dedicated ADA bathroom for each unit. The lot is 6,000 square feet with a rectangular shape and level topography. Street parking is available in front and a parking lot is located at the rear of the building.

This comparable is a smaller building that sold off-market. The seller indicated that it was an arm's length transaction. The buyer was a long-time customer who wanted to continue using part of the building as a bakery. It was partially leased at the time of sale. It is inferior in condition without any recent renovations. Overall, this sale is inferior, indicating a value for the subject above \$82 per square foot.

**Sale No. 5 (\$125/SF)** - - This is the sale of a 5,320-square-foot mixed-use building located at 156 N 1st Street in Dixon, California. This sale occurred on May 12, 2023, for \$665,000 or \$125 per square foot in an arms-length transaction. According to the broker, the buyer purchased the property for investment purposes, and there were no expenditures after the sale. The improvements are a 2-story mixed-use building built in 1913, of average construction and condition. The first story is improved as a restaurant with a hood system, ADA restrooms, and a back patio area. The second story has 8 office units with shared bathrooms, a kitchen area, and a back deck. At the time of sale, there were multiple tenants in place, with an estimated vacancy rate of 20%. The lot is 5,075 square feet with a rectangular shape and level topography. Street parking is available in front of the building, but no dedicated parking spaces exist.

This comparable is also located in the downtown area of Dixon. It has a restaurant on the ground floor, but a superior buildout upstairs with multiple offices. Since an investor purchased this building, the upside potential of multiple leased units indicates a higher value, whereas the subject would be targeted more toward an owner-user.

Although inferior in condition this building is considered superior overall due to its investment potential. Further, the smaller size also realizes a higher price per square foot based on economies of scale. This indicates a value for the subject slightly below \$125 per square foot.

We also researched the building next door to the subject, which has been on and off the market in recent months. It is a 7,129-square-foot multi-tenant retail building located at 120 N 1st Street in Dixon, California. The property has been listed on the open market for the past 2 months at the price of \$1,475,000 or \$207 per square foot with a cap rate of 6.3%. According to the listing agent, there has been some interest in the property, but they have not received any official offers in writing yet. The seller is a long-time owner who previously listed the property for sale in the past few years but revoked the listing. The owner completed some repairs and renewed some of the lease before putting the property back on the market. The building is 100% occupied by 6 tenants at full gross, four of which are long-term tenants. The building was constructed in 1964, which is of average construction and in average condition.

## SALES COMPARISON APPROACH CONCLUSION

Based on the foregoing discussion, the improved sale comparables indicate a value for the subject property between \$82/SF and \$220/SF.

Comparable	Price / SF
S-1	<\$220
S-2	<\$135
S-5	<\$125
<b>Subject Range From \$83 to \$125 per Square Foot</b>	
S-3	>\$83
S-4	>\$82

The midpoint between S-3 and S-5 is \$104. The subject is nearly the same size as S-3 but has more recent updates. Sales in the immediate downtown area provide the best indication of value for the subject, while those sales in Woodland reflect a superior market. As a comparison, S-3 sold for a total of \$695,000 in September 2023. The subject's superior condition and the general upward trend of the market indicate a sale price near the midpoint between S-3 and S-5. Based on this analysis, **a value of \$105/SF, or \$860,000, is concluded for the subject** based on the sales comparison approach.

## SALES COMPARISON APPROACH

### SALES COMPARISON APPROACH

Indicated Value	<b>\$860,000</b>
\$/SF NRA	\$105

The income approach will be developed in the following section.

## INCOME APPROACH

The Income Approach is based on the premise that properties are purchased for their income-producing potential. It considers both the annual return on the invested principal and the return of the invested principal. The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization. The Direct Capitalization method of the Income Approach is used in this analysis. This valuation technique best represents the decision-making process of an investor.

### DIRECT CAPITALIZATION METHOD

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The first step in direct capitalization is to estimate the durable rental income by analyzing the in-place leases and market rent terms. Next, reimbursements and other revenue are analyzed. Then, vacancy and operating expenses are estimated. Finally, the net operating income is capitalized at a supported rate. The implied value may be adjusted for non-stabilized conditions or required capital expenditures to reflect an as-is value.

### RETAIL/COMMERCIAL MARKET RENT ANALYSIS

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This section examines comparable properties within the marketplace to estimate market rent for the subject. This allows for a comparison of the subject property's contract to what is attainable in the current market.

### UNIT OF COMPARISON

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The analysis is conducted on a dollar per square foot monthly, reflecting market behavior. The market rent analysis is based on a **modified gross** expense structure where the landlord pays for structural maintenance and vacant space in addition to the base taxes, insurance, exterior signage, and common area maintenance (CAM). The tenants reimburse a pro rata share of other operating expenses including utilities, and any portion of taxes and insurance premiums above base rates.

### SELECTION OF COMPARABLES

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A complete search of the area was conducted to find the most comparable properties in terms of location, tenancy, age, exposure, quality, and condition. The comparables in this analysis are the most reliable indicators of market rent for the subject available at the time of this appraisal.

### ADJUSTMENTS

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The comparables are considered good indicators for the subject based on location, condition/quality, build-out, market conditions, and/or utility. The subject's existing leases are based on a modified gross expense basis on which the tenant pays a portion of the operating expenses. However, the comparables' expense structures vary. To make an apples-to-apples comparison we quantitatively adjust those comparables on a different expense basis to reflect a modified gross structure. The adjustments are based on expense comparables and additional market data.

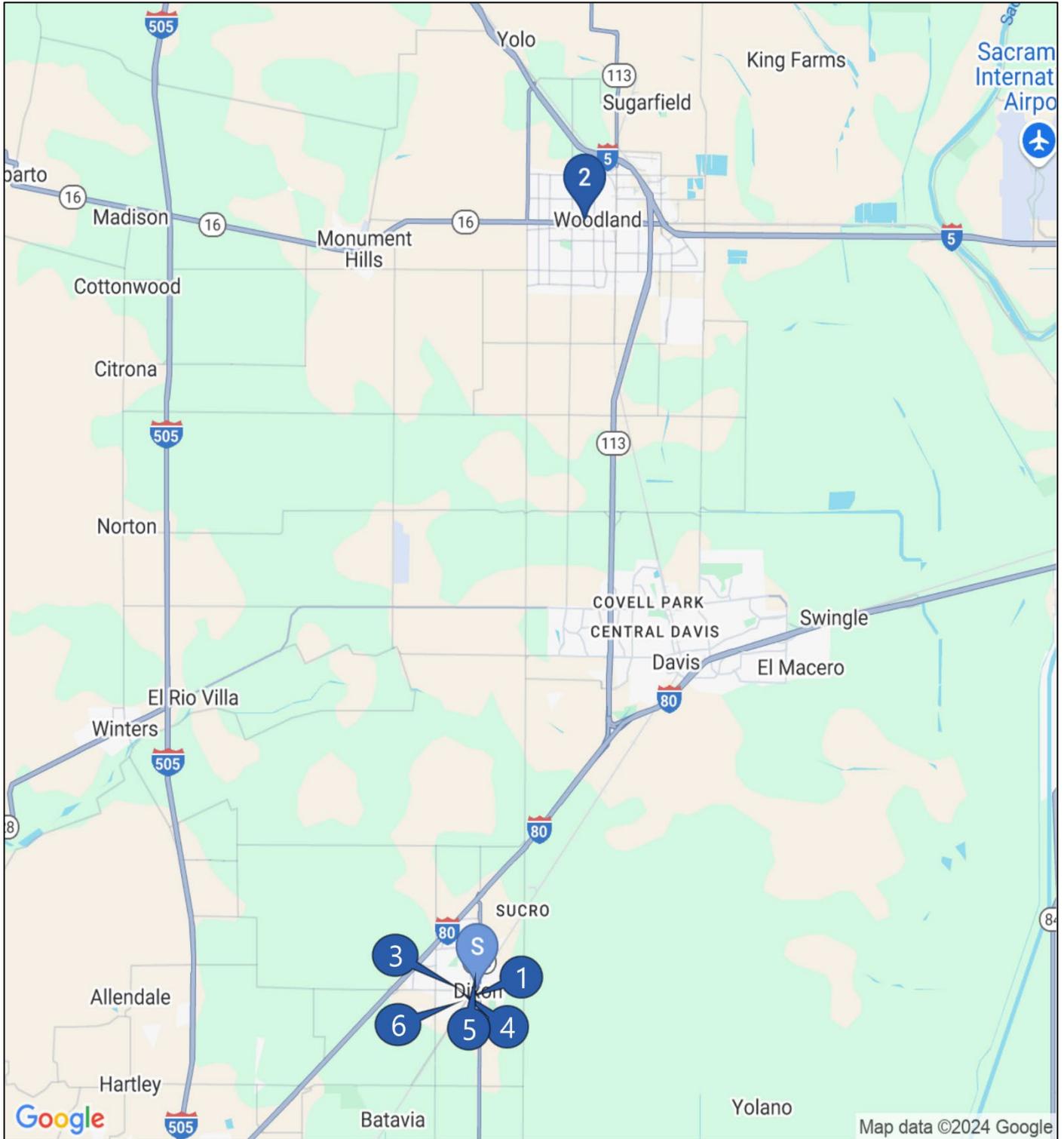
Adjustments are also applied for concessions such as free rent and tenant improvements that are in excess of the typical market. Market-based concessions typically allow for 0 to 3 months of free or reduced rent. Tenant improvement (TI's) are not prevalent in the subject's market as a part of the lease terms.

Comparables with concessions that are outside these defined market boundaries are adjusted to the closest boundary with this difference divided over the term of the lease.

## PRESENTATION

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The following presentation summarizes the comparables most similar to the subject property. The Retail/Commercial Lease Comparison Table, location map, photographs, and an analysis of the rent comparables are presented on the following pages.



Map data ©2024 Google

COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	120 N Jackson Street, Dixon, CA, 95620	0.0
COMPARABLE 2	2	222 Court St, Woodland, CA, 95695	16.2
COMPARABLE 3	3	120 N Jackson Street, Dixon, CA, 95620	0.0
COMPARABLE 4	4	120 N Jackson Street, Dixon, CA, 95620	0.0
COMPARABLE 5	5	120 N Jackson Street, Dixon, CA, 95620	0.0
COMPARABLE 6	6	178 N 1st St, Dixon, CA, 95620	0.1

RETAIL/COMMERCIAL LEASE COMPARABLE PHOTOGRAPHS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

## DISCUSSION OF RETAIL/COMMERCIAL LEASE COMPARABLES

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**Lease 1 (\$1.09/SF Adjusted, \$1.13/SF Unadjusted)** – - This 1,630-square-foot office unit with a full gross lease is located at 120 N Jackson Street at the northeast corner of Dixon Avenue and N Jackson Street in Dixon, California. The lease is for one year, and the tenant has occupied the unit for the past three years. The tenant receives a 5% annual increase.

This comparable is located in the building next door to the subject. It is a newer occupant, but the suite is considerably smaller than the subject. It is adjusted downward based on economies of sale. It is in average condition as compared to the subject. Overall, this lease indicates a value above \$1.13/SF for the subject.

**Lease 2 (\$1.12/SF, \$1.18 Unadjusted)**—This is a lease renewal for a long-term tenant in a 4,465 square foot free-standing office building in Woodland, CA. There is a private parking lot with 20 spaces. The building is rated average to good in condition. The lease extension adds an additional five years at \$5,395 per month, of \$1.18 per square foot on a triple net basis.

This comparable is located in Woodland, which commands slightly higher rents based on our market research. The space is similar in size, however, has a private parking lot. It is adjusted for the NNN structure, as well as the superior location and parking. Overall this sale indicates a value slightly above \$1.18/SF for the subject.

**Lease 3 (\$1.59/SF, \$1.95/SF Unadjusted)** – - This 900-square-foot full gross lease is located at 120 N Jackson Street at the northeast corner of Dixon Avenue and N Jackson Street in Dixon, California. The lease is an extension for three years with a 3% annual increase. The tenant is a barber shop and has occupied the space since 2013.

This comparable is also located in the neighboring building. The suite is significantly smaller than the subject's, so the lease rate is also significantly higher on a per-square-foot basis. Although this building is inferior in condition, the small suite size indicates a value below \$1.95/SF for the subject.

**Lease 4 (\$1.47/SF, \$1.80/SF Unadjusted)** – - This 800-square-foot full gross lease is located at 120 N Jackson Street at the northeast corner of Dixon Avenue and N Jackson Street in Dixon, California. The lease is an extension for three years with a 5% annual increase. The tenant is a restaurant and has occupied the space since 2008.

This comparable is also located in the neighboring building. The suite is significantly smaller than the subject's, so the lease rate is also significantly higher on a per-square-foot basis. Although this building is inferior in condition, the small suite size indicates a value below \$1.80/SF for the subject.

**Lease 5 (\$1.13/SF, \$1.11 Unadjusted)** – - This 2,800-square-foot full gross lease is located at 120 N Jackson Street at the northeast corner of Dixon Avenue and N Jackson Street in Dixon, California. This is a new three-year lease with a 3% annual increase. The tenant occupies two retail units and includes designated parking within the parking lot.

This comparable is also located in the neighboring building. The suite size is inferior to the subject, but it is within the range, as compared to Leases 3 and 4 which are significantly smaller. This is also a new lease, reflective of current market rates. This property is two suites located at the rear of the building with inferior frontage. Based on the location and average condition, a value above \$1.11 is indicated for the subject.

**Lease 6 (\$1.58/SF, \$1.58 Unadjusted)** – - This is a building that is listed for rent in Dixon, CA. It was formerly a bank building and has a designated parking lot with 20 spaces. The building is suitable for one or two tenants. It has been on the market for three months with no strong offers to date. It was previously leased for \$1.25/SF NNN.

This comparable has a superior location on a corner with a designated parking lot. The broker indicated that in the past, it was leased for \$1.25/SF, but now there is little activity at the asking price of \$1.58/SF. There is an upward adjustment needed for the NNN lease structure. The lack of market activity for a superior building indicates a value for the subject lower than \$1.58/SF.

**Subject Recently Negotiated Lease** - The first floor of the subject’s building was leased in February 2024 to Rosemary’s LLC, a restaurant. They negotiated for a two-month period of reduced rent at a rate of \$1,500 per month. Or \$0.34 per square foot. After the first two months, the rental rate for the remainder of 2024 is \$3,000 per month or \$0.66 per square foot. Each year following, increases are approximately 10% per year, starting with an increase to \$0.72 per square foot in 2025. In exchange for the reduced rent, the tenant was responsible for significant TI work done to the entirety of the space, at their expense. The terms of this newly executed lease are given primary consideration in the market rent conclusion.

The Retail/Commercial lease comparables indicate an unadjusted range from \$1.11/SF to \$1.95/SF, and an average of \$1.46/SF. Rents are analyzed on a modified gross basis. The unadjusted comparables are arrayed with the subject in the following table:

Comparable	Price / SF
L-3	<\$1.95
L-4	<\$1.80
L-6	<\$1.58
<b>Subject Range From \$1.18 to \$1.58 per Square Foot</b>	
L-2	>\$1.18
L-1	>\$1.13
L-5	>\$1.11

## CONCLUSION OF MARKET RENT

Leases 1 and 5 are the newest tenants, reflecting current market rents. Lease 6 is a listing that has been on the market in Dixon for a few months without any interest. The lease extensions for long-term tenants offer secondary support as compared to the newer leases and listings. The PSF rental rates are as follows: \$1.13, \$1.18 and \$1.58 (listing). This range brackets the subject’s market rent conclusion of \$1.25 per square foot.

## MARKET RENT VS. CONTRACT RENT

Based on the previous conclusions, the subject’s average contract rent is 32% of market rent, as the dental office is an owner-user. Although rent is allocated to Dixon Fire Station LLC on behalf of Kristina Wiley DDS, the entities are under the same ownership. Thus, the second floor is occupied by an owner-user. Contract rents are applied in our analysis of the restaurant. The current market rental rate of \$1.25 per square foot, which was concluded above, is applied in our analysis of the dental office.

### TOTAL RENTAL REVENUE

The total rental revenue is based on the rent conclusions presented above and is summarized in the following table. The rental rate for Rosemary’s LLC reflects the 2025 increase to \$3,300 per month.

OCCUPIED SPACE							
TENANT	NRA (SF)	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF (YR.)	\$/YEAR
Rosemary’s LLC	4,579		\$0.72	\$1.25	58%	\$8.64	\$39,563
Kristina L. Wiley DDS	3,618			\$1.25	-	\$15.00	\$54,270
<b>OCCUPIED SUBTOTALS</b>	<b>8,197</b>	-	<b>\$0.40</b>	<b>\$1.25</b>	<b>32%</b>	<b>\$11.45</b>	<b>\$93,833</b>
TOTAL	8,197	-	\$0.40	\$1.25	32%	\$11.45	\$93,833

### REIMBURSEMENT REVENUE

Under the terms of the market’s modified gross lease expense structure, tenants would reimburse the landlord for operating expenses, including common area maintenance, utilities, and management. These reimbursements are based on the operating expenses concluded later in the Income Approach. The subject lease rate includes baseline expenses, with the tenant responsible for any taxes or fees above and beyond the baseline.

### MISCELLANEOUS REVENUE

Based on a review of the subject’s historical operations, no miscellaneous revenue generators are present.

### POTENTIAL GROSS REVENUE (PGR)

The potential gross revenue equals the total rental revenue plus reimbursement and any miscellaneous revenue. The total potential gross revenue is \$93,833

### VACANCY AND CREDIT LOSS

This category accounts for the time period between occupants, as well as possible prolonged vacancies under slow market conditions. Market participants typically expect a vacancy and credit loss of 4% to 6% of potential gross income for similar property types. This assignment reflects the probable vacancy during the economic life of the property and not necessarily the current or short-term vacancy. The findings of the Market Analysis section support a typical vacancy and credit loss allocation. As of the effective date, the subject is 100.0% occupied, however more than 50% of the net rentable area is occupied by the owner. Based on current and perceived long-term market conditions and the subject’s current and anticipated tenancy over a typical holding period, a vacancy and credit loss of 5.0% is concluded.

## EFFECTIVE GROSS REVENUE (EGR)

Effective gross revenue equals the potential gross revenue less vacancy and credit loss. The total effective gross revenue for the subject is \$89,141 which is \$10.87/SF.

## OPERATING HISTORY

To estimate the ongoing expenses for the subject, the property's historical operating expenses will be used in conjunction with expense comparables from the region. Recent years of historical operating expenses were provided and are summarized in the following table.

OPERATING HISTORY												
YEAR	2021			2022			2023			YTD 2024		
RENTAL REVENUE	TOTAL	\$/SF	%PRR	TOTAL	\$/SF	%PRR	TOTAL	\$/SF	%PRR	TOTAL	\$/SF	%PRR
Potential Base Rent	\$0	-	-	\$0	-	-	\$0	-	-	\$27,000	\$3.29	43%
Vacant Space Market Rent	\$0	-	-	\$0	-	-	\$0	-	-	\$36,181	\$4.41	57%
<b>TOTAL RENTAL REVENUE</b>	<b>\$0</b>	<b>\$0.00</b>	<b>-</b>	<b>\$0</b>	<b>\$0.00</b>	<b>-</b>	<b>\$0</b>	<b>\$0.00</b>	<b>-</b>	<b>\$63,181</b>	<b>\$7.71</b>	<b>100%</b>
REIMBURSEMENT REVENUE	TOTAL	\$/SF	%PRR	TOTAL	\$/SF	%PRR	TOTAL	\$/SF	%PRR	TOTAL	\$/SF	%PRR
POTENTIAL GROSS REVENUE	\$0	-	-	\$0	-	-	\$0	-	-	\$63,181	\$7.71	100%
ALL VACANCY LOSS	TOTAL	\$/SF	%PGR	TOTAL	\$/SF	%PGR	TOTAL	\$/SF	%PGR	TOTAL	\$/SF	%PGR
EFFECTIVE GROSS REVENUE	\$0	-	-	\$0	-	-	\$0	-	-	\$63,181	\$7.71	100%
OPERATING EXPENSES	TOTAL	\$/SF	%EGR	TOTAL	\$/SF	%EGR	TOTAL	\$/SF	%EGR	TOTAL	\$/SF	%EGR
Taxes	\$8,902	\$1.09	0%	\$17,914	\$2.19	0%	\$18,156	\$2.21	0%	\$19,144	\$2.34	30%
Repairs & Maintenance	\$3,248	\$0.40	0%	\$558	\$0.07	0%	\$0	-	-	\$6,037	\$0.74	10%
Security	\$0	-	-	\$455	\$0.06	0%	\$0	-	-	\$3,406	\$0.42	5%
Gas/Electric	\$25,966	\$3.17	0%	\$29,348	\$3.58	0%	\$25,110	\$3.06	0%	\$33,204	\$4.05	53%
Water & Sewer	\$3,423	\$0.42	0%	\$3,211	\$0.39	0%	\$3,195	\$0.39	0%	\$5,406	\$0.66	9%
Trash	\$5,071	\$0.62	0%	\$6,363	\$0.78	0%	\$4,694	\$0.57	0%	\$6,078	\$0.74	10%
Professional Fees	\$0	-	-	\$0	-	-	\$0	-	-	\$50,992	\$6.22	81%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$46,610</b>	<b>\$5.69</b>	<b>-</b>	<b>\$57,849</b>	<b>\$7.06</b>	<b>-</b>	<b>\$51,155</b>	<b>\$6.24</b>	<b>-</b>	<b>\$124,267</b>	<b>\$15.16</b>	<b>197%</b>
<b>NET OPERATING INCOME</b>	<b>\$46,610</b>	<b>\$5.69</b>	<b>-</b>	<b>\$57,849</b>	<b>\$7.06</b>	<b>-</b>	<b>\$51,155</b>	<b>\$6.24</b>	<b>-</b>	<b>\$187,448</b>	<b>\$22.87</b>	<b>297%</b>

## EXPENSE COMPARABLES

In addition to the historical data, we also utilize expense comparables in our analysis. The following table summarizes the most applicable expense comparables to the subject property.

EXPENSE COMPARABLES									
COMPARABLE	COMP 1		COMP 2		COMP 3		LOW	HIGH	AVG
City	Dixon		Woodland		Woodland		-	-	-
State	CA		CA		CA		-	-	-
Expense Year	2024		2024		2023		-	-	-
Units	6		8		7		6	8	7
Net Rentable Area	6,864		3,040		16,876		3,040	16,876	8,927
Year Built	1964		1917		1988		1917	1988	1956
EFFECTIVE GROSS REVENUE	\$16.84	-	\$23.94	-	\$16.28	-	\$16.28	\$23.94	\$19.02
OPERATING EXPENSES	\$/SF	%EGR	\$/SF	%EGR	\$/SF	%EGR	LOW	HIGH	AVG
Insurance	\$0.06	0.4%	\$0.72	3.0%	\$0.36	2.2%	\$0.06	\$0.72	\$0.38
Repairs & Maintenance	\$0.29	1.7%	\$0.79	3.3%	\$0.28	1.7%	\$0.28	\$0.79	\$0.45
Cleaning & Janitorial	-	-	-	-	\$0.53	3.3%	\$0.53	\$0.53	\$0.53
Utilities	-	-	\$1.15	4.8%	-	-	\$1.15	\$1.15	\$1.15
Other Utilities	-	-	-	-	\$1.66	10.2%	\$1.66	\$1.66	\$1.66
Management Fees	\$0.51	3.0%	\$0.39	1.6%	\$0.65	4.0%	\$0.39	\$0.65	\$0.52
% EGR	3.0%	0.2%	1.6%	0.1%	4.0%	0.2%	1.6%	4.0%	2.9%
Administrative Fees	-	-	-	-	\$0.09	0.6%	\$0.09	\$0.09	\$0.09
Other Expenses	-	-	-	-	\$0.16	1.0%	\$0.16	\$0.16	\$0.16
TOTAL OPERATING EXPENSES	\$0.86	5.1%	\$3.05	12.7%	\$3.73	22.9%	\$1	\$4	\$3

## EXPENSE CONCLUSIONS

The individual expense conclusions for the subject are summarized below. The analysis relies upon the subject's historical data, expense comparables, and general market parameters.

### PROPERTY TAXES

Article XIII to the State Constitution, commonly referred to as Proposition 13, amended the property tax system in California in 1978. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year. The base year was set in 2017 when the property was last sold. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year, assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and supplemental assessments. Bonded indebtedness approved prior to 1978 and any bonds subsequently approved by a two-thirds vote of the district, in which the property is located, can be added to the 1% tax rate. According to the Solano County Tax Collector's Office, the subject has a base rate of 1.1162%. The pro-forma taxes for the property are estimated based upon the above-mentioned rate and the estimated market value of the property.

### SPECIAL ASSESSMENTS

Special assessments paid over and above the tax rate are \$12 annually. This nominal amount does not impact the overall valuation.

## INSURANCE

The insurance expense is comprehensive and includes coverage for both fire and liability. Insurance for commercial properties can range from \$0.05 to over \$0.70 per square foot per year depending upon the location and size of the property. The historical operating expenses for the subject did not include insurance expenses. Expense comparables range from \$0.06 to \$0.72 per square foot with an average of \$0.38. For these reasons we have concluded with an insurance expense of \$0.22 per square foot per year, which is approximately 2% of the EGI, and consistent with the market.

## UTILITIES

This expense category can vary significantly depending upon the age and condition of the property as well as design of the project. The subject's utilities are divided into gas/electricity and water/sewer. The subject's historical gas/electricity expense is from \$3.06 to \$4.05 per square foot per year with an average of \$3.47 per square foot, with an increasing trend over time. In addition to this figure, the subject's historical water/sewer expense ranges from \$0.39 to \$0.66 per square foot. Expense comparables typically range from \$1.15 to \$1.79 per square foot with an average of \$1.50. Those expense comparables analyzed did not break out separate utility services, but rather lumped all utilities together. This is significantly less than the subject's actuals, largely due to the additional power and water needed for the dental practice. Based upon the range observed in the market and the subject's historical expenses, a utility expense of \$3.15 per square foot, or approximately 29% of EGI, is estimated for the subject.

## MAINTENANCE AND REPAIRS

This expense category can vary significantly depending upon the age and condition of the property as well as design of the project. Expenses comparables for this category range from \$0.29 to 0.79 per square foot with an average of \$0.42. It is noted that this expense can vary from year to year due to when maintenance is necessary. The subject's historical range is from \$0.07 to \$0.40 per square foot in various years, with some years reporting zero. We apply more weight to the expense comparables. However, as we also include a Reserves for Replacement expense, whereas the historical expenses do not, a conclusion from the lower end of the range, or \$0.22 per square foot, or 2% of EGI is concluded for the subject.

## TRASH

This expense includes janitorial and other cleaning services for the property. Trash expenses were reported on the historical expenses range from \$0.57 to \$0.78 per square foot. The cost of trash expenses is concluded at \$0.60 per square foot, or approximately 5.5% of EGI.

## ADMINISTRATIVE/MISCELLANEOUS EXPENSE

The miscellaneous expense category, which includes accounting, legal expenses, other professional fees, and licenses, can vary somewhat. The subject did not provide historical miscellaneous expenses. The expense comparables range from \$0.09 to \$0.70 per square foot with an average of \$0.15. We estimate a miscellaneous expense at the middle of the range, or \$0.22 per square foot or 2% of EGI, for the subject property.

## MANAGEMENT

Professional management fees tend to range from 2% to 6% of effective gross income depending on the management intensity of the property, which includes the number of tenants, condition of the property, lease expense basis, and the management responsibilities. The subject does not provide historical management expenses. The market averaged 3-4%. Based on this data, with consideration given to the age of the building, condition of the improvements, and partial owner-user nature of the subject property, we conclude with an expense of 3% of EGI or \$0.33 per square foot for the subject, which is well supported by the historical market data.

## RESERVES FOR REPLACEMENT

Over the life of a property, the owner would likely have to replace some short-lived capital improvement items. The improvements will feature a number of short-lived items such as concrete and asphalt paving, mechanical systems, paint, flooring, etc. These items will eventually require replacement during a typical investment-holding period. Property owners typically do not set aside funds each year for the ultimate replacement of such short-lived items. However, since these items generally have a lesser economic life than the structure itself and are not subject to recovery under a typical maintenance budget, a reserve account should be considered. Under this methodology, the property owner deposits funds annually so that they earn interest and will ultimately be available to pay for the replacement of the short-lived items. This is also referred to as a sinking fund technique. This type of analysis models cash outflows for replacements as a level annuity. Generally, reserves for replacements range from 1% to 3% of EGI. However, necessary reserves can vary substantially depending upon the condition and type of property. In light of the construction, age of the property, and the size of the property, an annual reserve deposit of 2% of EGI, or \$0.21 per square foot, is considered in the valuation process.

## NET OPERATING INCOME (NOI)

The net operating income equals the effective gross income less the total expenses. The total net operating income for the subject is \$49,513 which is \$6.04/SF.

## CAPITALIZATION RATE

The expected net operating income established by the preceding analysis is converted to a value estimate by direct capitalization. In this process, the net operating income (NOI) expected in year one following the date of the value is divided by an overall rate of return (OAR). This overall rate represents the expected NOI divided by the appropriately adjusted sale price. In concluding with an appropriate rate, we look at data derived from market sales, investor surveys, and comments from market participants.

## MARKET EXTRACTION

The following capitalization table restates the information for the sales previously presented in the Sales Comparison Approach.

MARKET EXTRACTION METHOD					
	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5
Name	005-221-002	005-224-007	0113-055-050	0113-055-070	0115-082-080
Address	315 2nd St # 317	703-711 Main St	159 N 1st St	141 N 1st St	156 N 1st St
City	Woodland	Woodland	Dixon	Dixon	Dixon
State	CA	CA	CA	CA	CA
NRA (SF)	3,040	16,876	8,330	5,194	5,320
Units	8	7	5	2	9
Year Built/Ren	1917	1988 / 1988	1884 / 1884	1913 / 1975	1913 / 1913
Sale Date	7/29/2024	10/25/2023	9/25/2023	6/22/2023	5/12/2023
Sale Price	\$670,000	\$2,275,000	\$695,000	\$425,000	\$665,000
Price/SF	\$220	\$135	\$83	\$82	\$125
Price/Unit	\$83,750	\$325,000	\$139,000	\$212,500	\$73,889
NOI/SF NRA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Occupancy	0%	0%	0%	0%	0%
Remaining Lease Term	0.0	0.0	0.0	0.0	0.0
<b>Capitalization Rate</b>	<b>7.00%</b>	<b>7.91%</b>	<b>3.77%</b>	-	-
HIGH	7.91%				
<b>AVERAGE</b>	<b>6.23%</b>				
LOW	3.77%				

The comparable capitalization rates indicate a range from 3.77% to 7.91% with an average of 6.23%. The five sales above were analyzed during our search for comparable sales. However, due to the owner-user portions of many buildings in Dixon, Cap Rates were not available in all sales. We rely more on our market surveys and national trend data, presented below.

**Comparable 1 (7.00%)** is the sale of a superior building located in Woodland that is fully leased with a waiting list.

**Comparable 2 (7.91%)** is the sale of a superior building in Woodland that is also fully leased.

**Comparable 3 (3.77%)** is the sale of a similar building in Dixon that is partially leased.

## NATIONAL SURVEY

The investor pool for the subject property likely includes regional or local investors, with a national investor profile viewed as unlikely based on the relatively smaller size and mix of local and national tenant profile. However, for additional support, the following table summarizes national cap rate trends for similar properties.

NATIONAL INVESTOR SURVEY				
CAPITALIZATION RATE (OAR)	YEAR/QUARTER	RANGE		AVERAGE
San Francisco Office Market				PwC
<b>Retrospective Quarter</b>	<b>2024 Q3</b>	<b>6.50%</b>	<b>to 12.00%</b>	<b>8.32%</b>
Previous Quarter	2024 Q2	6.50%	to 12.00%	8.89%
Four Quarters Prior	2023 Q3	5.00%	to 10.00%	7.74%

The preceding table shows that cap rates have leveled off around 8.5%. However, this list of national investor responses may apply more to institutional-grade retail properties with a stronger tenant credit profile. It is noted that most of the investors surveyed believed rates would hold steady over the next 6 months. It is also noted that the overall rate over the past three years for this property segment has hovered around the 7% range on average. RealtyRates.com publishes a survey with local area numbers, where the Sacramento Area is noted to have a capitalization rate of 7.7% for neighborhood retail uses. The subject's cap rate is at the lower end of the range, with a newly signed lease and a partial owner-user occupant who is well-established in the community. A rate near 6% is supported for the subject.

## MARKET PARTICIPANT INTERVIEWS

The following table shows the findings of market participant interviews with local investments sales brokers.

MARKET INTERVIEWS						
NAME	COMPANY	DATE	RANGE			AVERAGE
Steve Boschken	Coldwell Banker-Dav	11/26/2024	6.00%	to	7.00%	6.50%
Carls Scimemi	Kidder Mathews	11/20/2024	6.00%	to	8.00%	7.00%
Calvin Shih	Marcus & Millichap	11/19/2024	6.00%	to	7.00%	6.30%

Local area brokers all indicated a similar range for cap rates, centering around 6 to 7%. There is little product available for sale or lease, and those that are available tend to take longer to sell/lease-up. The subject's newly signed lease and long-term owner provide stability that allows for a cap rate at the lower end of the range.

## CAPITALIZATION RATE CONCLUSION

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion. Primary emphasis was placed on the market participant interviews and local comparables, with support from the additional data sources. Further, considering the subject current condition and the fact that the tenant pays a below market rent a capitalization rate toward the lower end of the range is considered appropriate.

## CAPITALIZATION RATE CONCLUSION

COMPONENT	RANGE			AVERAGE
Market Extraction	3.77%	to	7.91%	6.23%
National PwC Investor Surveys Average	6.50%	to	12.00%	8.32%
National Realty Rates Average	7.50%	to	7.70%	7.60%
Market Participant Interviews Average	6.00%	to	7.33%	6.60%
<b>CONCLUDED CAPITALIZATION RATE</b>				<b>6.00%</b>

## DIRECT CAPITALIZATION CONCLUSION

The table below summarizes the Direct Capitalization Method and its value conclusion.

### DIRECT CAPITALIZATION

OCCUPIED SPACE							
TENANT	NRA (SF)	CATEGORY	CONTRACT	MARKET	CONT V MKT	\$/SF (YR.)	\$/YEAR
Rosemary's LLC	4,579		\$0.72	\$1.25	58%	\$8.64	\$39,563
Kristina L. Wiley DDS	3,618			\$1.25	-	\$15.00	\$54,270
<b>OCCUPIED SUBTOTALS</b>	<b>8,197</b>	-	<b>\$0.40</b>	<b>\$1.25</b>	<b>32%</b>	<b>\$11.45</b>	<b>\$93,833</b>
TOTAL	8,197	-	\$0.40	\$1.25	32%	\$11.45	\$93,833
GROSS RENTAL REVENUE							
RENTAL REVENUE			%PRR	%PGR	%EGR	\$/SF (YR.)	\$/YEAR
Potential Base Rent			100%	100%	105%	\$11.45	\$93,833
<b>TOTAL RENTAL REVENUE</b>						<b>\$11.45</b>	<b>\$93,833</b>
POTENTIAL GROSS REVENUE						\$11.45	\$93,833
ALL VACANCY LOSS			%PGR	%EGR		\$/SF (YR.)	\$/YEAR
Rental Revenue			5.0%	5.0%		(\$0.57)	(\$4,692)
<b>TOTAL VACANCY &amp; CREDIT LOSS</b>			5.0%	5.0%		<b>(\$0.57)</b>	<b>(\$4,692)</b>
EFFECTIVE GROSS REVENUE						\$10.87	\$89,141
OPERATING EXPENSES				%EGR		\$/SF (YR.)	\$/YEAR
Taxes				10.4%		\$0.10	\$9,265
Insurance				2.0%		\$0.22	\$1,783
Repairs & Maintenance				2.0%		\$0.22	\$1,783
Trash				5.5%		\$0.60	\$4,903
Utilities				29.0%		\$3.15	\$25,851
Management Fees				3.0%		\$0.33	\$2,674
Reserves				2.0%		\$0.22	\$1,783
<b>TOTAL OPERATING EXPENSES</b>				<b>44.5%</b>		<b>\$4.83</b>	<b>\$39,628</b>
NET OPERATING INCOME						\$6.04	\$49,513
Capitalization Rate							6.00%
Capitalized Value							\$825,212
<b>INDICATED VALUE (ROUNDED TO NEAREST \$10,000)</b>						<b>\$101</b>	<b>\$830,000</b>

## INCOME APPROACH RECONCILIATION

INCOME CAPITALIZATION APPROACH	
<b>DIRECT CAPITALIZATION</b>	
NOI	\$49,513
NOI \$/SF NRA	\$6.04
Capitalization Rate (OAR)	6.00%
Indicated Value	<b>\$830,000</b>
\$/SF NRA	\$101

Given that the subject is a partial owner-user, it is generally understood that the direct capitalization method and the Sales Comparison method are both given weight. In the following section, the two approaches are reconciled.

## RECONCILIATION OF VALUE CONCLUSIONS

The strength/weaknesses of the various approaches are discussed on the following page.

### SALES COMPARISON APPROACH

The Sales Comparison Approach measures the actions of buyers and sellers in the marketplace. This approach is considered most reliable when there is closely comparable and consistent data. In this case, there were sales in the downtown area, however none match the subject's updated condition. The majority of sales in Dixon were purchased by owner-users, or partial owner-users, rather than investors.

#### *Strengths*

- Three of the comparables are located within the subject's immediate area.
- Several comparables represent sales purchased by owner-users and offer a half/owner half/tenant layout, similar to the subject.

#### *Weaknesses*

- All but one of the sales have more than two units.

As confirmed by market participants and investors alike, the substitution method within this approach is the most relied-upon method for owner-users. In the subject's market, an owner-user would be likely to put more weight on the total sale price, as their property will likely not be an income-producing venture. In the case of the subject, with a partial owner-user, the sales comparison is the most likely way to evaluate the subject. Accordingly, we have given most weight to this method.

### INCOME CAPITALIZATION APPROACH

The Income Approach to value was considered, using the Direct Capitalization method to value the subject. Projected income was determined through a rental survey of the subject market and competing market areas. Lease information in Downtown Dixon was difficult to find, with many of the leases reflecting renewals of longer-term tenants. Likewise, the available cap rate data varied, with local agents opining on appropriate rates. In all, the data available for this analysis is considered to be average, in large part due to the lack of investors in the market.

#### *Strengths*

- Five of the comparables are within the subject's immediate neighborhood

#### *Weaknesses*

- Four of the leases are renewals
- Four of the units are significantly smaller than the subject spaces
- Capitalization rates present a wide range
- Expense comparable data was limited for the subject property type.

## CONCLUSION OF THE STABILIZED MARKET VALUE

The Sales Comparison Approach and Income Capitalization Approach indicate a market value of \$860,000 and \$830,000, respectively, a difference of 3.5%. Both approaches have strengths and weaknesses. Comparable sales show that owner-users are the primary buyers in this market. Furthermore, the data available for analysis in the Income Capitalization Approach is considered inferior due to the insufficient expense information available for most owner-user properties. Further, the market demand for similar properties in the area is from owner users. For these reasons, the sales comparison approach is given the greatest weight in the reconciliation process.

## CORRELATION OF VALUE

Two valuation approaches have been employed to estimate the value of the subject property, consisting of the Sales Comparison and Income Capitalization Approaches. The following table is presented summarizing the concluded stabilized value from each approach:

RECONCILIATION OF VALUES	
VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Fee Simple Estate
Date	November 15, 2024
SALES COMPARISON APPROACH	
<b>SALES COMPARISON APPROACH</b>	
Indicated Value	<b>\$860,000</b>
\$/SF NRA	\$105
INCOME CAPITALIZATION APPROACH	
<b>DIRECT CAPITALIZATION</b>	
NOI	\$49,513
NOI \$/SF NRA	\$6.04
Capitalization Rate (OAR)	6.00%
Indicated Value	<b>\$830,000</b>
\$/SF NRA	\$101
FINAL VALUE CONCLUSION	
<b>FINAL VALUE CONCLUSION</b>	
	<b>\$850,000</b>
\$/SF NRA	\$104

Therefore, the market value of the Fee Simple Estate interest of the subject property, as of November 15, 2024, subject to the extraordinary and general assumptions and the conditions included in this report, is:

**Eight Hundred Fifty Thousand Dollars**  
**As-Is Market Value**

## DISTRESSED VALUE

Our client also requested a distressed value of the subject property. In a typical market, commercial/retail properties have a marketing and exposure time of 1-180 days. In a distressed market, we evaluated the impact on the subject as if the marketing and exposure time were 90 days or less.

We spoke to knowledgeable brokers in the Dixon market area to determine what sort of discount they would anticipate for a distressed property.

Ronald Caceres in Woodland estimated a range between 10-15% below market. Linda Thomas from Dixon estimated 10% below market. Steve Boschken from Woodland thought that between 15-20% below market would be likely. He added that properties at auction sell at a wide range of prices, depending on the circumstances. Office properties are a hard sell in today's market, and it would depend largely on the state of the economy. Carla Schemi of Kidder Mathews is a broker as well as a commercial property owner in Dixon. She spoke about the credit stability of the tenants, and the risk of vacancy since the property is partially owner-occupied, and a sale would create a 50% vacancy unless there was a sale-leaseback agreement. She also noted that a higher capitalization rate would be applied to the income stream, due to the increased risk.

Based on the subject's market value conclusion of \$850,000, a 10 to 20% discount indicates a range of value from \$680,000 to \$765,000. Similarly, applying a higher capitalization rate of 7-8% to the NOI results in a range from \$620,000 to \$710,000.

Based on the above analysis, a distressed property value in the range of **\$675,000 to \$750,000** is concluded for the subject.

## APPENDIX

## APPRAISER'S CERTIFICATIONS

## APPRAISERS'S CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased and professional analyses, opinions and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our 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.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
8. 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 Appraisal Practice of the Appraisal Institute.
9. Rebecca Frederick made a personal inspection of the property that is the subject of this report. David Houghton did not make a personal inspection of the property.
10. As of the date of this report, we have completed the continuing education program of the Appraisal Institute.
11. We have performed no 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.
12. Rob Reid provided significant assistance in the preparation of this report, including the determination of the appraisal problem, the collection and analysis of market data, determination of highest and best use, and the valuation analysis.
13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
14. As of the date of this report, Rebecca J. Frederick, SRA and David Houghton, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.



Rebecca J. Frederick, SRA  
Certified General Real Estate Appraiser  
California License No. AG044782  
Expiration Date 4/20/2025



David Houghton, MAI  
Certified General Real Estate Appraiser  
California License No. AG039402  
Expiration Date 12/26/2025

## DEFINITIONS

## Definition of an Appraisal

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition P. 9*

The act or process of developing an opinion of value, an opinion of value.

## Market Value

*Source: Office of the Comptroller of the Currency. CFR Title 12, Part 34, Subpart C, § 34.42 Definitions*

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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is 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.

## Market Value

*Source: The Appraisal of Real Estate (Fifteenth Edition), Appraisal Institute, Chicago, Illinois, 2020, P. 48*

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

## Fair Market Value

*Source: Section 1263.320 of the Code of Civil Procedure*

- A) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.
- B) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.

The Code goes on to say that:

The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following:

- A) The project for which the property is taken.
- B) The eminent domain proceeding in which the property is taken.

- C) Any preliminary actions of the plaintiff relating to the taking of the property.

### **Fair Market Value**

*Source: IRS Regulation 20.2031-1*

The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property the sale price in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate.

### **Market Rent**

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition, P. 117*

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).

### **Full Interest Analysis.**

The acquisition of all property rights using the applicable valuation methodology.

### **Partial Acquisition Interest Analysis.**

The partial acquisition interest analysis starts with an opinion of fair market value for the undivided fee interest of the larger parcel using the most applicable method for valuing similar properties. Once the larger parcel value is estimated the following partial acquisition appraisal methodology is utilized:

- Value of the part acquired is based on the contributory value in the larger parcel.
- Value of the remainder parcel as part of the larger parcel, is based on its contributory value developed in the larger parcel.
- Value the remainder parcel, after the acquisition and before benefits. When this value is compared to the value of remainder as part of the larger parcel any loss in market value is the measure of damages.
- Value the remainder parcel, after the acquisition with benefits. When this value is compared to the value of the remainder without benefits any gain in market value is the measure of benefits.

- The opinion of fair market value includes the value of the partial acquisition and the net damages.

## Unit Rule

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition, P. 197*

A valuation premise often applicable in condemnation appraisals. The unit rule has two aspects, the first dealing with ownership interests and the second dealing with physical components. The first aspect of the rule, also referred to as the *undivided fee rule*, requires that property be valued as a whole rather than by the sum of the values of the various interests into which it may have been carved (such as lessor and lessee, life tenant and remainderman, and mortgagor and mortgagee, etc.). This is an application of the principle that it is the property, not the interests, that is being acquired.

The second aspect of the rule is that different physical elements or components of a tract of land (such as the value of timber and the value of minerals on the same land) are not to be separately valued and added together.

## Undivided Fee Rule

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition, P. 196*

In condemnation appraisal, a rule that states that property is to be valued as if the title were held by a single entity, even if the real property is divided into more than one estate owned by more than one individual or entity.

## Retrospective Value Opinion

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition, P. 166*

value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

## Investment Value

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition, P. 99*

1. The value of a property to a particular investor or class of investors based on the investor’s specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

## Extraordinary Assumption

*Source: Uniform Standards of Professional Appraisal Practice, 2024 Edition, P. 4*

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

## Hypothetical Condition

*Source: Uniform Standards of Professional Appraisal Practice, 2024 Edition, P. 4*

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.

## Jurisdictional Exception

*Source: Uniform Standards of Professional Appraisal Practice, 2024 Edition, P. 5.*

An assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.

**"As Is."** The state, condition, or premise in which all existing and known future enhancements, faults, encumbrances, and conditions affecting the property rights being appraised are recognized and taken into account in the valuation process. For instance, the value effect of present or future bond encumbrances, likely extraordinary building costs, etc., would be evaluated. The value is based upon the conditions observed upon the most recent inspection, and as the property physically and legally exists without hypothetical conditions, assumptions, or qualifications. The "as is" condition is usually the state in which a property is available for purchase.

## Leased Fee Estate

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition, P. 105*

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

## Leasehold Estate

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition, P. 105*

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

## Stabilized

A state, condition, or premise under which a property is operating in a normal or usual way: occupancy is at a level that might be expected for an extended period of time, rents are being collected at normal and typical rates (i.e., initial lease-up rent concessions and extraordinary tenant improvement costs have been amortized) and operating expenses have normalized (taxes are fully assessed, etc.).

## Exposure Time

*Source: Uniform Standards of Professional Appraisal Practice, 2024 Edition, P. 4*

An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

## Larger Parcel

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition P. 105*

In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.

## Temporary Easement

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition P. 190*

An easement granted for a specific purpose and applicable for a specific time period. A construction easement, for example, is terminated after the construction of the improvement and the unencumbered fee interest in the land reverts to the owner.

## Damage to Remainder

*Source: Section 1263.420 of the Code of Civil Procedure*

Damage to the remainder is the damage, if any, caused to the remainder by either or both of the following:

- (a) The severance of the remainder from the part taken.
- (b) The construction and use of the project for which the property is taken in the manner proposed by the plaintiff whether or not the damage is caused by a portion of the project located on the part taken.

## Benefit to Remainder

*Source: Section 1263.430 of the Code of Civil Procedure*

Benefit to the remainder is the benefit, if any, caused by the construction and use of the project for which the property is taken in the manner proposed by the plaintiff whether or not the benefit is caused by a portion of the project located on the part taken.

## Easement

*Source: The Appraisal of Real Estate (Fifteenth Edition), Appraisal Institute, Chicago, Illinois, 2020, P. 64*

An easement is an interest in real estate that transfers use, but not ownership, of a portion of an owner's property. Easements usually permit a specific portion of a property to be used for identified purposes, such as access to an adjoining property or as the location of a certain underground utility.

## Conservation Easement

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition P. 38*

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement.

## Compensation

*Source: Section 1263.310 of the Code of Civil Procedure*

Compensation shall be awarded for the property taken. The measure of this compensation is the fair market value of the property taken.

## Surplus Land

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition P. 186*

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

## Improvements Pertaining to the Realty

*Source: Section 1263.205 of the Code of Civil Procedure.*

include any machinery or equipment installed for use on property taken by eminent domain, or on the remainder if such property is part of a larger parcel, that cannot be removed without a substantial economic loss or without substantial damage to the property on which it is installed, regardless of the method of installation. In determining whether particular property can be removed "without a substantial economic loss" within the meaning of this section, the value of the property in place considered as a part of the realty should be compared with its value if it were removed and sold.

## ...the Appraisal Institute

The Appraisal Institute is a national organization of appraisers that self-regulates its members, and the undersigned are designated Members of the Appraisal Institute (MAI). A Member must adhere to the Institute's ethics code and standards.

The U.S. congress has tasked the Appraisal Foundation to set standards and procedures with which state-certified appraisers must comply when appraising property interests involved in federally regulated transactions.

### **Excess Land**

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition, P. 66*

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.

### **Leased Fee Interest**

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition, P. 105*

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

### **Highest and Best Use**

*Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 7th Edition P. 88*

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)
4. [For fair value determination] The use of a nonfinancial asset by market participants that would maximize the value of the asset or the group of assets and liabilities (for example, a business) within which the asset would be used. (FASB Glossary) The highest and best use of a nonfinancial asset takes into account the use that is physically possible, legally permissible, and financially feasible. (FASB 820-10-35-10B). The highest and best use of a nonfinancial asset establishes the valuation premise used to measure the fair value of the asset, as follows: (a) The highest and best use of a nonfinancial asset might provide maximum value to market participants through its use in combination with other assets as a group (as installed or otherwise configured for use) or in combination with other assets and liabilities (for example, a business). (b) The highest and best use of the asset might provide maximum value to market participants on a standalone basis. (FASB 820-10-35-10E)

## Value in Use

Source: *The Dictionary of Real Estate Appraisal*, Appraisal Institute, 7th Edition P. 201

1. The amount determined by discounting the future cash flows (including the ultimate proceeds of disposal) expected to be derived from the use of an asset at an appropriate rate that allows for the risk of the activities concerned. (FASB Accounting Standards Codification, Master Glossary)
2. Formerly used in valuation practice as a synonym for contributory value or use value.

## Across the Fence (ATF) Method

Source: *The Dictionary of Real Estate Appraisal*, Appraisal Institute, 7th Edition P. 3

A land valuation method used in the appraisal of corridors. The across-the-fence method is used to develop a value opinion based on comparison to abutting land.

## Special-Purpose Property

Source: *The Dictionary of Real Estate Appraisal*, Appraisal Institute, 7th Edition P. 178

An improved property with a unique physical design, special construction materials, or a layout that particularly adapts its utility to the use for which it was built and may be costly to modify to another use; also called *a special-design property*.

## Police Power

Source: *The Dictionary of Real Estate Appraisal*, Appraisal Institute, 7th Edition P. 144

The inherent power of government to regulate property in order to protect public health, safety, and general welfare.

## Transportation Corridor

Source: *Caltrans Right of Way Manual*, Section 7.13.60.00 (Rev 1/2014)

A corridor which includes existing operating and nonoperating railroad property with reasonably probable future transportation uses, including railroad tracks, excess width, utility lines, pipelines, fiber-optic lines, etc. These uses must not be speculative.

## Operating Railroad Property

Source: *Caltrans Right of Way Manual*, Section 7.13.60.00 (Rev 1/2014)

The property necessary for operation of rail service over the railroad right of way. The area covered by the nonabandoned tracks plus the minimum additional clearance width as set by the Public Utilities Commission (PUC) and/or the safety standards set by the railroad. It may include switching yards, station sites and their parking lots, and crossing gates and associated equipment. All operating railroad property is located within a transportation corridor.

## **Non-Operating Railroad Property**

*Source: Caltrans Right of Way Manual, Section 7.13.60.00 (Rev 1/2014)*

Anything other than operating railroad property; i.e., property which is not required to operate rail service on a right of way. This may include unused right of way where track has been removed, area required for flood protection, grading, land leased to others, administrative properties, etc. It is important to note that railroad property converted to hiking or biking trails might not change the “transportation corridor” status.

## QUALIFICATIONS OF APPRAISERS



## REBECCA FREDERICK, SRA

### Designated Appraiser

A new addition to the BRI team, Rebecca brings over a decade of experience appraising commercial, industrial, land and residential, specializing in high-end residential and residential land. She has years of experience providing litigation support and expert witness testimony; she is a qualified expert witness and has testified in State courts in Santa Clara County and Assessment Appeal Board hearing. Additionally, Rebecca is a recognized appraiser in Northern California. In 2020, she received the Arlen C. Mills Education Scholarship award based on her dedication and contributions to the Northern California Appraisal Institute Chapter. She also received the Inaugural Dawn Molitor-Gennrich Excellence in Residential Women's Initiative Spotlight Award in 2023. She is currently serving as a Director on the Board for the Northern California Chapter of the Appraisal Institute for the 2024 - 2026 term and as the Vice Chair of the 2024 Spring Conference. She has served on various other committees and also presented and moderated sessions for continuing education.



### EXPERIENCE

13 Years (with BRI since 2024)



### EDUCATION

B.S. Business Administration,  
Accounting concentration, Notre  
Dame de Namur University



### LICENSES

Certified General Appraiser License  
CA, AG044782



### AFFILIATIONS

Northern California Chapter of  
Appraisal Institute, SRA Member  
2024 - 2026 Board of Directors



### DESIGNATIONS

SRA, Appraisal Institute

## REPRESENTATIVE VALUATIONS INCLUDE

**Industrial** – Existing light industrial/manufacturing and research and development properties.

**Land** – Various types of land appraised such as commercial land, retail pad sites, residential land, transitional land, and agricultural/rural residential land.

**Litigation** – Valuations performed on various property types for eminent domain, arbitration, and divorce cases.

**Residential** – Proposed and existing residential uses throughout the Bay Area.

**Office** – Existing and proposed office developments for lending institutions and owners.

**Retail** – Proposed and existing shopping centers, free standing buildings, mixed-use buildings, and restaurants.

**Multi-Family Residential** – Existing and proposed apartment complexes.

**Agricultural** – Vineyards, wineries, orchards, field/row crop land, and rural residential properties.

**Eminent Domain** – Improved and unimproved properties involving full and partial takings for municipalities, quasi-public companies, developers, and property owners.

**Conservation Easements** – proposed land rights acquisitions for agricultural and habitat preservation purposes.



## DAVID HOUGHTON, MAI

### Appraisal Manager

David Houghton is an Appraisal Manager with Bender Rosenthal (BRI). He has been involved in real estate appraising since 2005 and is a Certified General Appraiser in the State of California. He has professional experience appraising a wide range of property types, including industrial, office, medical office, retail, multifamily, condemnation, right of way, residential subdivisions, and various agricultural/rural residential property types. Between 2007 and 2014 he worked exclusively on low income housing appraisal assignments. While focused on that specialty, David gained experience appraising affordable housing and conducting market studies for Low Income Housing Tax Credit (LIHTC) developers. In 2014, he began working with BRI and has since shifted his focus and expertise into right of way appraisal assignments.

David has appraised properties and completed market studies throughout Southern and Northern California, Washington, Hawaii, and Nevada, with the bulk of the experience in Southern and Northern California.



### EXPERIENCE

19 Years (with BRI since 2014)



### EDUCATION

B.S. Science of Business Management,  
University of Phoenix, Phoenix, AZ



### LICENSES

Certified General Appraiser License  
CA, AG039402



### AFFILIATIONS

Northern California Chapter of  
Appraisal Institute  
MAI, Appraisal Institute



### DESIGNATIONS

MAI, Appraisal Institute

## REPRESENTATIVE VALUATIONS INCLUDE

**Industrial** – Existing and proposed industrial properties including distribution warehouses, storage warehouses, light industrial/manufacturing and research and development properties.

**Office** – Existing and proposed office developments for lending institutions and owners.

**Retail** – Proposed and existing shopping centers, free standing buildings, mixed-use buildings, and restaurants.

**Multi-Family Residential** – Existing and proposed apartment complexes.

**Residential** – Proposed and existing residential subdivisions throughout the Central Valley.

**Agricultural** – Vineyards, wineries, orchards, field/row crop land, and rural residential properties.

**Mixed Use Properties** – Existing and proposed mixed use properties in Northern and Southern California.

**Land** – Various types of land appraised such as commercial land, retail pad sites, residential land, transitional land, and agricultural/rural residential land.

**Eminent Domain** – Improved and unimproved properties involving full and partial takings for municipalities, quasi-public companies, developers, and property owners.

**Multi-family Market Studies** – Existing and proposed multi-family LIHTC/ HUD/USDA properties in Northern and Southern California, the state of Washington, New Mexico, Nevada and Hawaii.

**Subdivision** – Proposed residential subdivisions in Sacramento Region and Central Valley.