

**BOARD OF REGENTS
BRIEFING PAPER**

1. AGENDA ITEM TITLE: University of Nevada, Reno- Approval to Purchase the Ponderosa Village Graduate Housing Complex located at 1775 Evans Ave, Reno, NV (APN#003-180-17)

MEETING DATE: December 5/6, 2019

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Background: The Board of Regents approved a Ground and Improvements Lease to Balfour Beatty for the construction of a graduate student and staff apartment facility on the University of Nevada, Reno, main campus at the March 1, 2013 meeting. Ponderosa Village opened in the Fall of 2014 as Graduate Student and Faculty/Professional Staff Housing. The University currently maintains the facility under the Amended and Restated Ground and Improvement Lease (Exhibit 1). NSHE maintained a right of first offer for the purchase of the housing facility in the event Balfour Beatty intended to sell. Balfour Beatty provided notice of intent to sell this summer, and the University has negotiated a purchase price of \$28,000,000, contingent on Board of Regents approval. The Ground and Improvements Lease will terminate upon the completion of this purchase.

Location of the Property: Located on a portion of parcel # 003-180-17 on the University of Nevada, Reno, main campus, the current site of a land lease by NSHE (Landlord) to Balfour Beatty for the student housing complex (Ponderosa Village) with an address of 1775 Evans Avenue, Reno, Nevada. The 6 buildings and associated parking areas are identified on Exhibits 2 & 3.

Property Description: Ponderosa Village opened in the Fall of 2014 as Graduate Student and Faculty/Professional Staff Housing. This “apartment style” complex offers one- and two-bedroom units within the 6 buildings totaling approximately 118,000 Square feet with approximately 227 beds, 37 one-bedroom units and 95 two-bedroom units.

Purchase Price and Timing: The purchase price will be \$28,000,000 (approximately \$237.29/sf). This is contingent on close of escrow no later than 12/31/19.

Appraisal: Please see attached Exhibit 4 valuing the leasehold value of the property at \$28,000,000 as of October 24, 2019.

Rental Details:

- Current Occupancy: 100%.
- Residential leases are all 12-month leases.
- Historically, property has leased at 95 to 100% occupancy since opening in fall of 2014.
- Rental rates already established by Balfour Beatty and in place will continue at existing levels through the end of this fiscal year. Rates for FY 21 and beyond will be approved by the Board of Regents through its annual fee-setting process, similar to other owned Residence Life facilities on campus.

Financing Plans: The University proposes this transaction be financed in two steps:

- Initial Purchase – as the purchase price is contingent on close of escrow by 12/31/19, the University will fund the initial purchase through a short-term internal loan from a combination of Residence Life reserves, capital construction accounts, and operating funds. It is anticipated that this will be for no longer than 4-6 weeks as the debt discussed below is issued. This cash flow structure will not impact operations as January is one of the two months of the year which, along with August, the University has a high cash balance from the

collection of fees for the upcoming semester.

- Permanent Financing – The University is also requesting Board approval, in a separate agenda item, for Certificates of Participation (COPs) to be repaid from proceeds collected from rental revenue associated with this acquisition.

Management: Like the other University-owned campus housing complexes, this property will be managed through the University of Nevada, Reno department of Residential Life and Housing.

Facility Assessment: The University of Nevada, Reno Facilities Maintenance Services performed an evaluation and assessment of the premises. Based upon the data collected through inspections and observed deficiencies, the overall consensus of the assessment team rated the building to be in good condition. (Exhibit 5).

Resolution: The University of Nevada, Reno seeks Board of Regents approval of a resolution approving the purchase of the Ponderosa Village Graduate Student Housing complex buildings located at 1775 Evans Avenue in Reno, Nevada, and authorizing the Chancellor or his designee to approve and sign a purchase and sale contract, escrow and title documents, and other associated documentation for the purchase of the property and termination of the Ground and Improvement Lease, after consultation with the Business, Finance, and Facilities Committee Chair and review by the NSHE Chief General Counsel. (Exhibit 6)

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

University of Nevada, Reno President Marc Johnson requests Board of Regents' approval to Purchase the Ponderosa Village Graduate Student Housing complex buildings located at 1775 Evans Ave Reno, NV for the purchase price of \$28,000,000 and approval of a resolution authorizing the Chancellor or his designee to approve and sign a purchase and sale contract, escrow and title documents, and other associated documentation for the purchase of the property and termination of the Ground and Improvement Lease, after consultation with the Business, Finance, and Facilities Committee chair and review by the NSHE Chief General Counsel.

4. IMPETUS (WHY NOW?):

- NSHE has the advantage of the first right of purchase opportunity provided within the current Lease.
- This acquisition would ensure University of Nevada, Reno control over the rents in a rapidly escalating housing market and provide the ability to protect the availability of affordable housing for graduate students.
- Property is available for sale now at fair market value relative to rapidly increasing rents and construction costs.

5. CHECK THE NSHE STRATEGIC PLAN GOAL THAT IS SUPPORTED BY THIS REQUEST:

Access (Increase participation in post-secondary education)

Success (Increase student success)

Close the Achievement Gap (Close the achievement gap among underserved student populations)

Workforce (Collaboratively address the challenges of the workforce and industry education needs of Nevada)

Research (Co-develop solutions to the critical issues facing 21st century Nevada and raise the overall research profile)

Not Applicable to NSHE Strategic Plan Goals

INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL

The continued availability of affordable graduate student housing remains a key factor in the University's academic plans – owning and operating this complex as a University facility ensures its availability into the future.

6. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- Property is located on the University of Nevada, Reno campus.
- Property is available now at an affordable price.

7. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- Requires a significant financial commitment from the University.
- If project revenues are insufficient to repay long-term debt, any shortfall would be covered by other revenues of the University of Nevada, Reno Residence Life program potentially impacting other Residence Life programs.

8. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

Continue ground lease and allow the current owner to sell to someone other than the University.

9. RECOMMENDATION FROM THE CHANCELLOR'S OFFICE:

10. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title # 4 Chapter # 10 Section # 1
- Amends Current Board Policy: Title # _____ Chapter # _____ Section # _____
- Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
- Other: _____
- X Fiscal Impact: Yes X No _____
- Explain: Purchase price to be paid by the property's rental income.

Exhibit 1

GROUND AND IMPROVEMENTS LEASE

BY and BETWEEN

BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION,

on behalf of the UNIVERSITY OF NEVADA, RENO

(“LANDLORD”)

AND

BBCS-UN RENO HOUSING, LLC,

(“TENANT”)

Dated this 2nd day of August, 2013

GROUND AND IMPROVEMENTS LEASE

PARTIES

This Ground and Improvements Lease (this "**Lease**") is made and entered by and between Board of Regents of the Nevada System of Higher Education, on behalf of the University of Nevada, Reno ("**Landlord**" or "**UNR**"), and BBCS-UN RENO Housing, LLC, a Delaware limited liability company ("**Tenant**"), herein identified individually as a "**Party**" and collectively as the "**Parties**." The effective date of this Lease shall be the last date any authorized representative of the Parties executes this Lease as determined by the date set forth beside such Parties' signatures on the execution page of this Lease (the "**Effective Date**").

In consideration of the payment of Rent (as defined below) to be received from Tenant, and the covenants and agreements to be performed by Tenant and Landlord, respectively, as well as other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree that:

RECITALS

A. Landlord owns that certain real property located in Reno, Nevada, generally shown on the "**Lease Boundary**" attached as **Exhibit "A"** (together with all rights, privileges, easements and appurtenances belonging or in any way appertaining thereto, the "**Land**") and legally described on the attached **Exhibit "B"**. Landlord desires to lease the Land to Tenant for the purposes, terms and conditions defined in this Lease. The Land and Improvements (as defined below) are collectively referred to as the "**Premises**."

B. Tenant desires to, and Landlord shall, lease the Land to construct and operate a family and graduate student housing project (the "**Project**") with related facilities and improvements, including, but not limited to, housing units, parking, common areas, incidental landscaping and roadways, onsite utilities, lighting, sidewalks, equipment and other fixtures, buildings and structures (collectively, the "**Improvements**"), all upon and subject to the terms and conditions set forth in this Lease, the Master Development Agreement (as defined below) and in the Operating Agreement (as defined below). The Improvements shall be generally located on the Land as depicted on the Site Plan (as defined below) attached as **Exhibit "C"** and shall be built as set forth in the Master Development Agreement. Upon completion of construction of the Improvements, Tenant desires to, and Landlord shall, lease the Improvements, in addition to the Land, all upon and subject to the terms and conditions set forth in this Lease and the Operating Agreement.

C. UNR and Tenant have entered into a Preliminary Development Agreement, as amended and extended, pursuant to which Tenant and/or its affiliates were provided with the opportunity to and have conducted such feasibility studies as Tenant deems appropriate and necessary to proceed with the development of the Project.

D. The Landlord and Tenant (or its affiliate) shall negotiate and enter into a Master Development Agreement (the "**Master Development Agreement**"), which, when completed, will be attached as an exhibit to this Lease and incorporated herein by reference. Landlord shall ensure that the Master Development Agreement shall be, in form and substance, consistent with

applicable UNR policy and regulations, and the Master Development Agreement shall be, in form and substance, consistent with applicable State of Nevada statutes and regulations. The Master Development Agreement shall evidence the rights and obligations of Landlord and Tenant in connection with the development and construction of the Improvements and shall include provisions relating, but not limited, to: (i) review and approval of plans and specifications; (ii) financing documentation; (iii) insurance verification; (iv) construction contracts and schedules; (v) applicable governmental regulations and licensing; (vi) inspections; (vii) surveys; (viii) liens; and (ix) allocation of costs related to the Improvements.

E. The Landlord and Tenant (or its affiliate) shall negotiate and enter into an Operating Agreement (the “**Operating Agreement**”), which, when completed, will be attached as an exhibit to this Lease and incorporated herein by reference. Landlord shall ensure that the Operating Agreement shall be, in form and substance, consistent with applicable UNR policy and regulations, and the Operating Agreement shall be, in form and substance, consistent with applicable State of Nevada statutes and regulations. The Operating Agreement shall, *inter alia*, evidence the rights and obligations of Landlord and Tenant in connection with the management and operation of the Premises upon its completion, will identify all principal participants of the team that will be utilized in the management and operation of the Premises and will provide for the management plan for the management and operation of the Premises.

F. The Parties contemplate that Tenant shall enter into a property management agreement with a property manager pursuant to which the Premises will be managed during the Term of this Lease (“**Property Management Agreement**”), which shall be more particularly described in the Operating Agreement. UNR shall initially manage the Premises upon its completion pursuant to a Property Management Agreement to be entered into by and between Landlord and Tenant (or its affiliate), which shall be more particularly described in the Operating Agreement.

G. Tenant has received rights to encumber its leasehold interest and Personal Property (as defined herein) as more particularly set forth herein.

ARTICLE 1

PREMISES AND TERM OF LEASE

Section 1.01 Lease of Land. Landlord hereby leases the Land to Tenant, and Tenant hereby leases the Land from Landlord (together with all rights, privileges, easements and appurtenances belonging thereto or in any way appertaining to the Land) from Landlord, upon and subject to the terms specified herein.

Section 1.02 Land Taken in “As Is” Condition. Tenant has had the opportunity to and has conducted such physical investigation of the Land and any developmental parameters of the Land as it has deemed necessary and has determined that it is sufficiently familiar with the Land to accept possession of the Land pursuant to the terms and conditions of this Lease. Except as specifically set forth herein, Landlord makes no express or implied warranties as to the physical condition of the Land, soil conditions, flood plain status, or any improvements located thereon. Tenant agrees that the Land shall be leased in an “as-is” and “as-shown” condition,

subject to the encumbrances, conditions, covenants, easements, restrictions, rights-of-way and other matters affecting the Land as listed on **Exhibit "D"** (the "**Permitted Title Encumbrances**"), and all zoning, land use, subdivision, and all other laws, rules, regulations and judicial or administrative orders applicable to the Land or their use or occupancy, with no representation or warranty of any type or nature being made by Landlord, except as specifically set forth herein. Tenant agrees that it is leasing the Land solely upon the basis of its own investigation and not on the basis of any representation, express or implied, written or oral, made by Landlord or its agents, partners, co-venturers, or employees, except as specifically set forth herein. Without limiting the generality of the foregoing, Landlord makes no warranty as to the sufficiency of the Land for Tenant's purposes, including the Land, improvements, covenants, conditions and restrictions, water or water rights, topography, utilities, soil, subsoil, drainage, environmental or building laws, or rules or regulation, the square footage or acreage contained within the Land, the sufficiency or completeness of any plans for the Land, the approval of the Plans and Specifications, plats, zoning, or other development items relating to the Land, or as to any improvements on the Land, except as expressly set forth elsewhere in this Lease. Tenant acknowledges that any information provided by Landlord is provided without warranty or representation of any kind, except as expressly set forth herein. It shall be Tenant's responsibility, if it so desires, to confirm the reliability and accuracy of all material at its own expense. Tenant waives all claims and causes of action against Landlord arising from any inaccuracy, misstatement, false statement or other error contained in that material, including but not limited to all matters pertaining to Hazardous Materials (as hereinafter defined), unless any such error is the result of fraud, misfeasance, intentional misrepresentation or intentional misconduct of Landlord or its agents, employees or contractors. Tenant is deemed to accept the condition of the Land in its "AS IS" condition which is deemed to be free of defects and in good, clean and sanitary condition by taking possession of the Land, except as expressly set forth herein.

Section 1.03 Term of Lease. The term of this Lease is for a period commencing on the Effective Date (as hereinafter defined) and expiring at 11:59 p.m. on December 31, 2055 (the "**Term**"). This Lease is a legally binding agreement between the Parties as of the Effective Date, subject to certain termination rights as set forth herein, as such agreement may be extended for such period of time as may be agreed by mutual written agreement of the Parties. Tenant may not enter onto the Land or begin to enjoy rights of possession, however, until Tenant provides Landlord with written proof of compliance with the liability insurance provisions hereof. The term "Lease Year" refers to a period commencing on July 1 of each calendar year during the Term and expiring on June 30 of the immediately succeeding calendar year, except that if the first "Lease Year" does not commence on July 1, 2013, the first "Lease Year" shall include the period between the Effective Date and June 30, 2014, and the last "Lease Year" shall include the period from July 1, 2055 through December 31, 2055.

Section 1.04 Quiet Enjoyment; Landlord's Warranty of Title. Landlord covenants, warrants and represents that: (a) As fee simple owner, it has good and marketable (and insurable at regular rates) title to the Land as herein provided and, upon completion of the Improvements, good and marketable (and insurable at regular rates) title to the Improvements; (b) It has full right and lawful authority to execute and perform its obligations under this Lease for the Term, in the manner and upon these conditions and provisions; and (c) Tenant shall,

subject to the provisions hereof, have quiet enjoyment and peaceable possession of the Premises during the Term.

ARTICLE 2

IMPROVEMENTS

Section 2.01 Master Development Agreement. Tenant shall construct the Improvements in accordance with the terms and provisions of the Master Development Agreement, the terms of which are incorporated herein by reference.

Section 2.02 Ownership of Improvements. All Improvements constructed, installed or placed by Tenant on the Premise shall become affixed to the Land and shall thereupon become the property of Landlord, subject to the Tenant's (or the persons occupying the Premises) leasehold interest and exclusive possessory rights in the Improvements (subject to the rights of entry and inspection set forth in this Lease) during, and only during, the Term and no longer. Title in the Improvements shall pass to Landlord free and clear of any lien, claim or encumbrance other than the Permitted Title Encumbrances and such other liens, claims or encumbrances caused or imposed by Landlord or to which Landlord and Tenant may agree during the Term (each of which shall also constitute Permitted Title Encumbrances). During the Term, the Improvements shall not be conveyed, transferred or assigned by Landlord or Tenant, other than as expressly permitted pursuant to the terms of this Lease and/or the Operating Agreement. Any attempted conveyance, transfer or assignment of the Improvements, whether voluntarily or by operation of law or otherwise, to any person, corporation or other entity except as hereinabove or elsewhere in this Lease and/or the Operating Agreement provided is void ab initio and of no effect whatsoever.

(a) Notwithstanding the foregoing, Tenant may from time to time install and replace items of removable trade fixtures, machinery, equipment, furniture or other personal property of whatever kind and nature kept or installed on the Premises by Tenant or subtenants and utilized in connection with the operation of the Project and not permanently affixed to the Improvements ("**Personal Property**"), all of which shall remain the property of Tenant or any such subtenant or other occupant of the Premises, as the case may be, during the Term and upon the expiration or earlier termination of this Lease.

(b) Upon the expiration or any earlier termination of this Lease in accordance with the express terms of this Lease, all of Tenant's rights in the Improvements shall cease and terminate and the Improvements (but not the Personal Property) shall automatically and without further consideration remain the sole and absolute property of Landlord in its then "as-is, where-is" condition, free and clear of all liens and encumbrances created by or caused by Tenant (other than the Permitted Title Encumbrances), but subject to any rights of removal and retention that Tenant may have with respect to the Personal Property and as provided in subsection 5.02 below, unless an additional extension of the Term of this Lease is mutually agreed upon by the Parties.

(c) Within twenty (20) days after expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord a full release or any other applicable instrument reasonably acceptable to Tenant, confirming that all of Tenant's rights in

the Improvements (but not any rights with respect to Landlord that expressly survive expiration or earlier termination of this Lease) have expired, unless, with respect to early termination, Tenant or any Leasehold Mortgagee is disputing the termination of this Lease. Notwithstanding the foregoing, Tenant may, subject to Section 5.02, remove its Personal Property within sixty (60) days of termination or expiration of this Lease, as long as Tenant repairs any damage to the Improvements caused thereby.

(d) Upon the expiration or earlier termination of this Lease, the following will, without compensation to Tenant and at Landlord's selection, vest in Landlord, (i) any prepaid rents to the extent attributable to periods after the Term of this Lease and security deposits under any subleases; (ii) Tenant's interest in any and all subleases; and (iii) all intangible property and property rights of Tenant (other than Personal Property) associated with or utilized in the operation of the Project and the Personal Property to the extent remaining on the Premises after expiration of the period set forth in subparagraph subsection (c) above or as provided in Section 5.02 herein.

Section 2.03 Easements. At Tenant's request or as may be reasonably required in connection with development and use of the Premises, Landlord agrees to grant to third parties future easements and rights of way on or over the Premises and adjacent property owned by Landlord as reasonably required to provide access, ingress, egress and utility services to the Premises and adjacent property owned by Landlord but limited to portions of adjacent property of Landlord where such easements will not, in the sole and absolute discretion of Landlord, materially interfere with Landlord's use of such adjacent property. Landlord hereby grants to Tenant rights of way for the construction, use and maintenance of the pedestrian walkways and roadways as shown on **Exhibit "A,"** to serve the Premises and adjacent property owned by Landlord. Landlord and Tenant shall agree upon the specific locations of such easements and rights of way.

Each Party hereby reserves, grants and establishes to the other Party, its tenants and subtenants, and the contractors, employees, agents, suppliers, purveyors, customers, licensees and invitees of each of them, a nonexclusive reciprocal right, privilege and easement over, upon and across all access, sidewalks and driveway portions of its parcels, for vehicular and pedestrian ingress, egress and access ("**Access Easements**"). Except as may be reasonably necessary on a temporary basis in connection with construction, maintenance and/or repair work as may be undertaken by any Party, no walls, fences or barriers of any sort or kind shall be constructed or maintained on the Access Easements, or any portion thereof, that shall prevent or impair the use or exercise of the Access Easements or the free access and movement of the Parties, their tenants and subtenants, and the contractors, employees, agents, suppliers, purveyors, customers, licensees and invitees of each of them.

ARTICLE 3

RENT

Section 3.01 Rent. Tenant's obligation to pay Rent (as defined in Section 3.02 of this Lease) shall commence on the Rent Commencement Date. The "**Rent Commencement Date**" for (a) Base Rent shall be August 1, 2014, and (b) for Percentage Rent (as defined herein)

shall be as set forth in Section 3.02(b) herein. “**Rent**” shall mean all Base Rent, Percentage Rent (as defined herein), Impositions (as defined in Section 4.02), if any, and any other amounts that Tenant is or becomes obligated to pay Landlord under this Lease. Tenant shall pay Landlord an annual rent (the “**Base Rent**”) and a percentage rent (the “**Percentage Rent**”) at the times and in the respective amounts computed under Section 3.02 hereof. Rent shall be payable to Landlord in United States currency, at the address specified, pursuant to the provisions of the Notice Section of this Lease and is delinquent if not paid within thirty (30) days following the date on which Rent is due and payable. Rent shall be paid to Landlord by Tenant without notice or demand, and without abatement, deduction or set-off of any kind.

Section 3.02 Determination of Base Rent and Percentage Rent.

(a) **Base Rent.** The annual Base Rent during the Term shall be Fifty Thousand Dollars (\$50,000.00) per year (the “**Base Rent**”). Commencing on first (1st) first day of the Lease Year following the Rent Commencement Date, and on the first day of each Lease Year thereafter during the Term, including any renewal or extension of the Term (a “**Rent Adjustment Date**”), Base Rent shall be increased by Three Percent (3%). Base Rent shall be calculated and paid for the period from the Rent Commencement Date until the first day of the first full calendar quarter following the Rent Commencement Date, and for each calendar quarter thereafter. Rent shall be payable on the thirtieth (30th) day following the last day of each calendar quarter

(b) **Percentage Rent.** As additional Rent, commencing for the Lease Year which starts on July 1, 2019, payable in addition to all other amounts set forth in this Lease, Tenant shall pay to Landlord as “**Percentage Rent**” an amount computed by multiplying one and one half percent (1.5%) (the “**Percentage Rent Rate**”), times Gross Revenues (as hereinafter defined). The Percentage Rent shall be payable within forty-five (45) days following the end of each calendar quarter during the Term of this Lease, subject to adjustment as provided below.

(i) “**Gross Revenues**” shall mean the total gross receipts of Tenant received in connection with the operation of the Project, including, but not limited to, rental of housing units and other facilities within the Premises, sales of goods and services at the Premises by Tenant, forfeited security deposits, prepaid rent, rentals (not including gross receipts of subtenants from their operations) and all other income derived from or connected to activities on or use of the Premises in connection with the operation of the Project, whether in cash, by check, credit card, debit card or otherwise, calculated on a cash basis. Gross Sales shall not include: (i) unforfeited security deposits; (ii) federal, state, and municipal excise, sales, and use taxes or similar impositions collected directly from customers or included as part of the sales price of any goods or services; (iii) proceeds realized from the sale of Personal Property previously utilized in connection with the operation of the Project but no longer necessary in connection therewith, which shall be deposited in the Capital Reserve Account; (iv) proceeds of any insurance other than business interruption insurance (or other insurance against loss of income); (v) taking or condemnation awards (other than on account of a temporary condemnation or taking as set forth in Section 16.01(a) herein); (vi) gross receipts or revenues received by subtenants or concessionaires of the Project; (vii) proceeds from any financing or refinancing; (viii) proceeds of any judgment or settlement not received as compensation for actual or potential loss of Gross

Revenues or a category of net income; and (ix) interest earned on the Capital Reserve Account, which shall be deposited in the Capital Reserve Account.

(ii) Within forty-five (45) days after the end of each calendar quarter, Tenant shall provide to Landlord a written report reflecting the Tenant's Gross Revenues for such quarter and the manner in which the same was computed for such quarter. Within sixty (60) days after the end of each Lease Year following the Rent Commencement Date, Tenant shall provide to Landlord a written report reflecting the Tenant's cumulative Gross Revenues for such Lease Year and the manner in which the same was computed for such Lease Year. Tenant may delegate its reporting obligations under this subsection (ii) to the property manager in accordance with the terms of the Property Management Agreement.

(iii) Upon receipt of the annual report for a Lease Year, Landlord shall determine the actual Percentage Rent for such Lease Year and the amount of any overpayment or shortfall of Percentage Rent paid quarterly by Tenant during such Lease Year. If, based on the annual report for a calendar year, it is determined that Tenant has overpaid the Percentage Rent for such year, Tenant shall be entitled to a credit for such overpaid amount against amounts due as Percentage Rent with such credit to apply ratably to Percentage Rent due during the remaining quarters in the calendar year succeeding the calendar year in which the over payment has occurred (or if not paid in full at the expiration or earlier termination of this Lease, Landlord shall pay to Tenant the remaining amounts due Tenant in a lump sum payment). If, based on the annual report for a calendar year, it is determined that Tenant has underpaid the Percentage Rent for such year, Tenant shall pay such amount shortfall together with the next monthly payment of Base Rent. Any such credit or additional payment attributable to such prior calendar year shall not be included in determining Percentage Rent payments made for any succeeding calendar year (other than applying the credit as hereinabove provided).

Section 3.03 Accounting. Landlord may conduct an audit of Tenant's books and records to determine the accuracy of any annual report by giving Tenant fifteen (15) days' written notice of its intent to conduct such audit, such written notice to be given not more than one hundred eighty (180) days after receipt of such annual report. Upon receipt of such notice, Tenant shall make available to Landlord or Landlord's agent for audit all of its books and records reasonably necessary to determine the accuracy of the annual report, such audit to occur at the Premises or at Tenant's offices on the Premises. Included in the books and records which Tenant shall make available shall be all ledgers, journals, tax returns and other records which bear on determining Tenants Gross Revenues. If such audit shall determine that the annual report resulted in an understatement of Percentage Rents by more than Three Percent (3%) of the corrected Percentage Rent, Tenant shall pay the reasonable cost of such audit, otherwise the cost of the audit shall be borne by Landlord. If Tenant shall fail to timely provide any quarterly or annual report, Landlord may reasonably estimate Gross Revenues for the relevant period and provide ~~an~~ Quarterly Estimate Notice or Annual Estimate Notice based on such estimate and gross receipts so estimated shall be binding on Tenant absent error. In no event shall Landlord be entitled to use an auditor that conducts such audit on a contingent fee basis.

Section 3.04 Triple Net Lease. It is the purpose and intent of Landlord and Tenant that, except as expressly set forth in this Lease and/or the Operating Agreement, the Rent shall be absolutely net to Landlord, so that this Lease shall yield net Rent to Landlord, the Rent

specified in this Article during the Term; and that obligations of every kind and nature whatsoever relating to the Land, excepting as expressly set forth in this Lease and/or the Operating Agreement, which may arise or become due during the Term, shall be paid or discharged by Tenant directly to the applicable agency as "Impositions" (as set forth in Section 4.02 of this Lease).

Section 3.05 Interest on Past Due Obligations. Any amount owed by Tenant to Landlord which is not paid when due and which remains unpaid for a period of ten (10) days or more, shall bear interest at the rate of twelve percent (12%) per annum on all unpaid amounts until such amounts are paid to Landlord. The payment of interest on those amounts shall not excuse or cure any default by Tenant under this Lease. If the interest rate specified in this Lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law.

Section 3.06 Partial Rent. Payment by Tenant or receipt by Landlord of a lesser amount than the Rent or other charges due hereunder shall be deemed to be on account of the earliest due stipulated Rent or other charges. No endorsement or statement on any check or any letter accompanying any check or payment shall be deemed an accord and satisfaction. Landlord may accept a check or payment without prejudice to Landlord's right to recover the balance of Rent or other charges or pursue any other remedy in this Lease.

Section 3.07 No Offset, Abatement or Deduction. Tenant shall pay Rent to Landlord without notice or demand and free of any offset, diminution, abatement or other deduction whatsoever, except as expressly set forth in this Lease. The Parties intend that the obligations of Tenant hereunder shall be separate and independent covenants and shall continue unaffected unless such obligations shall have been modified or terminated pursuant to an express provision of this Lease.

ARTICLE 4

PAYMENT OF TAXES, ASSESSMENTS, UTILITIES & OTHER IMPOSITIONS

Section 4.01 Tenant to Pay Certain Taxes, Utilities, Impositions Etc. Before any fine, penalty, interest or cost is incurred, Tenant shall pay or cause to be paid (except as provided below), to the extent applicable to the Premises, all real estate taxes, personal property taxes, sales and use taxes, value added taxes, live entertainment taxes, business and occupation taxes, and all fees associated with the operation of the Project, and any and all other federal, state, county and municipal governmental and quasi-governmental levies, fees, rents, assessments or taxes and charges (collectively, the "Taxes"), now or hereinafter imposed on the Premises or the operation of the Project, including assessments, sanitary sewer, storm sewer and solid waste disposal, water meter and water charges, license and permit fees, charges for public utilities and all other costs, charges or expenses that benefit the Land which during the Term may have been, or may be imposed upon, or become a lien on the Land. In the event that any of these utilities are supplied to the Premises by Landlord, Tenant will ensure installation of required meters and pay monthly its portion of these utility costs to Landlord within fifteen (15) days of receipt of invoices. In the event any utilities are supplied by Tenant to Landlord's

adjoining parcels, Landlord will ensure installation of required meters and pay monthly its portion of these utility costs to Tenant within fifteen (15) days of receipt of invoices.

Section 4.02 Impositions. Tenant shall pay (directly to the applicable agency, if applicable) without notice, except as may be required in this Lease, and without abatement, deduction or set-off, as “**Impositions**” all costs and expenses arising from the operation of the Premises (which specifically includes any related easement parcels relating to the use of the Premises) which are the express obligation of Tenant pursuant to the terms of this Lease or the Operating Agreement, including, but not limited to, maintenance, repair, replacement of all improvements located thereon, such as roadways, parking lots, sidewalks and landscaping; utilities; trash pickup; costs associated with providing property management; safety and security for the Premises; insurance (as set forth in Article 6 of this Lease); Taxes (as defined in Section 4.04 of this Lease); costs in connection with the matters covered by Article 7 of this Lease; premiums, fees, interest, charges, reimbursements and/or expenditures imposed by or resulting from the application of statutes or regulations, of any federal, state, county, municipal or other governmental body or agency performing a governmental or other function; or are incurred to reduce energy consumption or costs and expenses necessary or to protect the health and safety of guests or occupants or to improve the appearance or utility of the Improvements; and obligations of every kind and nature (excepting as otherwise payable by Landlord, if any, as provided in this Lease) which arise and become due during the Term pursuant to the terms of this Lease or the Operating Agreement.

Section 4.03 Impositions for Material Changes. Any material changes in the Improvements or Site Plan requested by Tenant which increase Landlord’s cost of holding the Land, at Landlord’s option, shall be paid for by Tenant or be recovered by a reasonable increase in the Rent. In this case, Landlord shall provide Tenant with an explanation of the additional costs and a statement of the revised Rent, which statement shall become an amendment to this Lease.

Section 4.04 Payment of Taxes; Payment in Installments; Tenant’s Right to Contest. In addition to the Rent, Tenant shall pay to the appropriate taxing authority all Taxes levied on or assessed against the Land, the Improvements or any Personal Property located on the Land, the leasehold and any leasehold or subleasehold estate created by any sublease, that are attributable to the Term or the operation of Tenant’s business on the Premises, unless such Taxes are expressly excluded herein. Tenant shall pay the Taxes, or any installment of the Taxes if permitted to be paid in installments, before the day on which any interest or penalty is imposed upon such payment whether belonging to or chargeable against Landlord or Tenant. Tenant shall have the right to contest in good faith the imposition of any Taxes. At the beginning and end of the Term, Landlord and Tenant shall prorate the Taxes, if any, payable so that Tenant is responsible only for paying Taxes with respect to the Term. To the extent required by Chapter 361 of the Nevada Revised Statutes, Tenant shall be responsible for payment of all real property taxes and assessments, including special assessments and any assessment imposed by a business improvement district in which any part of the Premises is located. Tenant releases and holds harmless Landlord, its officers, employees and agents from all claims, liabilities, losses, costs and expenses, including attorneys’ fees, which may arise from Tenant’s obligations to pay Taxes, including, but not limited to, those under Nevada Revised Statutes Chapter 361, if any. It is the express intention and understanding of Landlord and Tenant that Tenant shall be entitled to the

benefit of any exemption or abatement of Taxes applicable to the Premises or the Project as a result of the ownership of the Land and the Improvements by Landlord. Nothing contained herein shall be interpreted or construed as a consent by Landlord or Tenant to any taxing authority for the imposition of any Tax on the Premises or the Project or any of Tenant's interest in the Premises or the Project as a result of Landlord and Tenant entering into this Lease.

Section 4.05 Landlord to Pay Its Taxes. Tenant is not obligated to pay state or federal income, excess profits or revenues taxes, or any estate, inheritance, gift, capital gains, franchise tax, business or occupational tax, license fee, transfer or any other tax or assessment assessed or imposed against Landlord with respect to this Lease (including, but not limited to, the Rent), unless it is assessed solely because of its status as a Landlord hereunder or is computed by reference to gross receipts on gross rentals payable by Tenant hereunder.

Section 4.06 Tenant's Right to Contest Taxes. Tenant may contest the amount or validity, in whole or in part, of any Taxes or Imposition by appropriate proceedings diligently conducted in good faith.

Section 4.07 Landlord As Party To Contest. Landlord is not required to join in any proceedings referred to in the preceding section unless the provisions of any law, rule or regulation, at the time in effect, require that the proceedings be brought by or in the name of Landlord, in which event, Landlord shall join in the proceedings or permit the same to be brought in its name upon compliance with those conditions reasonably required by Landlord. Landlord shall not ultimately be subjected to any liability for the payment of any fees, including reasonable counsel fees, cost and expenses. On demand, Tenant shall reimburse Landlord for any payments by Landlord, including late charges, interest, attorneys' fees, costs and expenses.

Section 4.08 Evidence That Imposition Is Due. The certificate, advice or bill of the appropriate official may be relied on by Landlord as sufficient evidence that an Imposition is due and unpaid.

Section 4.09 Tenant As Agent For Making Payments. Landlord appoints Tenant the attorney-in-fact of Landlord for the purpose of making all payments to be made by Tenant pursuant to any of the provisions of this Lease to persons or entities other than Landlord.

Section 4.10 Changes in Taxing Methods. If any authority having the power to tax or assess shall alter the methods and/or standards of taxation and assessment in existence as of the date of this Lease against the interests of Landlord in the Premises, in whole or in part, so as to impose a different or additional tax plan, all taxes or assessments based upon such other tax plan shall be considered as "Taxes" for purposes of this Lease, including without limitation (1) a tax, assessment, surcharge, fee, levy, penalty, bond or similar imposition (collectively, "Assessments") on Landlord's right to rental or other income from the Premises or as against Landlord's business of leasing the Premises, (2) any Assessments allocable to or measured by the area of the Premises, (3) any Assessments with respect to the possession, leasing, operation, maintenance, alteration, use or occupancy by Tenant of the Premises, (4) any Assessments upon the Lease transaction or any document to which Tenant is a party which creates or transfers any interest or estate in or to the Premises, or (5) any special, unforeseen or extraordinary Assessments however described.

Section 4.11 Personal Property Taxes. Tenant shall pay, prior to delinquency, all taxes assessed against or levied upon all Personal Property located in or upon the Premises (“**Taxed Personal Property**”). Tenant shall cause all Taxed Personal Property to be assessed and billed separately from the real property of which the Premises are a part. Tenant shall deliver a copy of all forms filed with the State of Nevada (if required) within five business days after mailing or delivering the form to the State.

Section 4.12 If Imposition Is Unpaid, After Notice, Either Party May Pay. Tenant shall, upon the written request of Landlord, furnish to Landlord within ten (10) days before the date when any Imposition would become delinquent, receipts of the appropriate taxing or other authority, or other evidence satisfactory to Landlord, evidencing the payment thereof. If any statements for Impositions against the property are received by Landlord, they shall be forwarded promptly to Tenant for payment. If Landlord or Tenant shall at any time fail to pay any sum, Imposition, cost or expense which it is obligated to pay under the terms of this Lease, then the other Party, after ten (10) days written notice to the Party which has failed to make payment (or without notice or upon a shorter notice period in case of any emergency) and without waiving or releasing either Party from any obligation under this Lease, may, but shall be under no obligation to, pay any sum, Imposition, cost or expense; provided, however, that no payment shall be made if the Party receiving the written notice has in fact paid the same before the expiration of the time period and has given notice to the Party originally giving notice. Any payment made by either Party pursuant to this Section 4.12, together with all costs, expenses and interest actually paid with respect to the Imposition, if any, and if none, at the prime rate, shall be paid to the paying Party on demand.

Section 4.13 Landlord May Perform Non-Monetary Covenant or Condition and Charge Tenant. If Tenant fails to perform or observe any covenant or condition contained in this Lease, the performance of which involves something more than merely the payment of money, then Landlord, after sixty (60) days written notice to Tenant (or without notice or upon a shorter notice period in case of an emergency), and without waiving or releasing Tenant from any obligation, may perform the same for the account of Tenant, and charge Tenant the actual cost of performance. All sums so paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of the act, together with interest thereon at the prime rate, shall be paid by Tenant to Landlord on demand.

Section 4.14 Landlord May Make Payments and Charge Tenant. If Tenant shall be delinquent in its payment of amounts due on any loan secured by this Lease, an assignment of any subleases of the Premises, the Premises, the Improvements or any interest in income or revenue associate with any of the foregoing (a “**Loan**”), Landlord shall have the right, but not the obligation, to pay all sums as may be due, and any and all sums paid by Landlord and all costs and expenses incurred by Landlord in connection with its undertaking performance, together with interest at the prime rate, shall be paid by Tenant to Landlord on demand. In no event shall Tenant’s failure to comply with the terms of or to pay a Loan, or Landlord’s performance thereof pursuant to this Section 4.14, constitute a default or Event of Default under this Lease.

ARTICLE 5

SURRENDER OF LAND, PREMISES AND/OR IMPROVEMENTS BY TENANT

Section 5.01 When Tenant Must Surrender Possession. On the last day of the Term (or upon any earlier termination of this Lease, or upon any entry by Landlord upon the Premises pursuant to the default provisions hereof), Tenant shall surrender the Premises to Landlord (i) subject to the provisions of this Lease, the Operating Agreement and the Property Management Agreement, in good order, condition and repair, reasonable wear and tear, and, subject to the provisions of Sections 15 and 16 of this Lease, damage by condemnation and casualty excepted, free and clear of all occupancies, subleases and licenses, other than those that the continuance of which Landlord shall have expressly permitted and other than Permitted Title Encumbrances (“**Permitted Exceptions**”); and (ii) free and clear of all liens and encumbrances other than Permitted Title Encumbrances, liens and encumbrances permitted or created by Landlord, or liens and encumbrances permitted by the terms of this Lease. Tenant shall deliver all keys and access control devices/components for the Improvements (“**Keys**”) to Landlord at the address at which Tenant makes rent payments and shall inform Landlord in writing of the combinations of all safes, locks and vaults, if any, in the Improvements. Landlord’s acceptance of surrender of the Premises by Tenant shall only arise from, and must be evidenced by, written acknowledgment of acceptance of surrender signed by Landlord. No other act or conduct of Landlord, whether consisting of the acceptance of the Keys, or otherwise, shall be deemed to be an acceptance by Landlord of the surrender of the Improvements by Tenant prior to the expiration of the Term.

Section 5.02 Surrender of Possession of Premises. Tenant agrees that all Personal Property shall, upon any termination of the Lease pursuant to the terms hereof prior to the expiration of the Lease or upon any entry by Landlord into possession of the Premises pursuant to a default by Tenant, become the property of Landlord without the payment of any further consideration. In such event, but subject to Section 18.11 of this Lease, such property may only be removed from the Premises by Tenant during the term of this Lease with the express written consent of Landlord which shall be given only if, in the reasonable discretion of Landlord, such property to be removed is either no longer necessary in connection with the operation of the Premises or the Project or will be replaced by Tenant. Personal Property owned by Tenant shall remain the property of and be owned by Tenant and may be removed by Tenant at the scheduled expiration of the Term, in which event Tenant agrees that in the event of material damage to the Premises due to such removal, Tenant will cause the same to be repaired and/or restored. Tenant shall repair, maintain and replace the Improvements throughout the Term in good and usable condition, sufficient for the operation of the Premises for the uses specified in this Lease, and shall deliver them in good working condition to Landlord at termination of Tenant’s tenancy, all as more particularly set forth in the Operating Agreement. All items included in the definition of the Improvements remain the property of Landlord upon expiration of the Term or earlier termination of this Lease.

Section 5.03 Holding Over. Tenant acknowledges that possession of the Premises must be surrendered to Landlord at the expiration or sooner termination of the Term. Tenant agrees to indemnify Landlord against and save Landlord harmless from all costs, claims, loss or liability to the extent resulting from the failure or delay by Tenant in so surrendering the

Premises, including, without limitation, any claims made by any succeeding tenant founded on such failure or delay. If Tenant remains in possession of the Premises after expiration or sooner termination of this Lease with Landlord's consent, then Tenant's possession will create a month-to-month tenancy, subject to all terms and conditions of this Lease, except that Rent will increase to 150% of the average Rent for the twelve (12) calendar months immediately preceding expiration or sooner termination of this Lease. Such month-to-month tenancy may be terminated by either Party by giving at least thirty (30) days prior written notice. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Land after the expiration or sooner termination of the Term. If Tenant remains in possession of the Premises after expiration or sooner termination of this Lease without Landlord's consent, then Tenant shall be a tenant-in-sufferance, subject to all the terms and conditions of this Lease, except that Rent shall increase to 200% of the average Rent for the twelve (12) calendar months immediately preceding expiration or sooner termination of this Lease and Landlord shall be entitled to terminate the tenancy immediately without notice and to recover all actual damages resulting from Tenant's failure to surrender the Premises (to the extent provided above). This provision shall survive the expiration or sooner termination of this Lease.

Section 5.04 Abandoned Property. Any Personal Property of Tenant or any occupant which remains on the Premises after expiration of the period set forth in Section 2.02(c) above may, at the option of Landlord, be deemed to have been abandoned, and may be retained by Landlord as its property or be disposed of, without accountability.

Section 5.05 Landlord Not Responsible For Loss or Damage. Upon expiration or any sooner termination of this Lease, Landlord shall not be responsible for any loss or damage occurring to any property owned by Tenant, any sub-Tenant or any other occupant.

Section 5.06 Release. Within twenty (20) days after expiration or earlier termination of this Lease, Landlord and Tenant shall execute, acknowledge and deliver to each other a full release or any other applicable instrument releasing all right, title and interest of Tenant in and to this Lease, the Premises and the Improvements, unless Tenant or any Leasehold Mortgagee is disputing the termination of the Lease and subject to any provision of this Lease that by its terms survives expiration or earlier termination of this Lease.

Section 5.07 Provisions of This Article Survive Termination. The provisions of this Article 5 shall survive any termination or expiration of this Lease, including a termination pursuant to the insurance provisions of this Lease.

ARTICLE 6

INSURANCE

Section 6.01 Casualty, Fire and Extended Coverage Provided by Tenant. From the date of Tenant's occupancy of the Premises, Tenant, at its sole cost and expense, shall keep the Land and Improvements insured against loss or damage by fire and against loss or damage by other risks now or hereafter embraced by "All Risk" special form or equivalent property insurance for a sum not less than 100% of the full un-depreciated replacement cost of the Premises. Except as otherwise expressly set forth in this Lease, insurance proceeds received

hereunder shall be used to restore and repair the improvements and may not be used by Tenant to pay off or otherwise make payment of outstanding financing. The costs of such insurance shall be considered operating expenses and paid by Tenant in the context of a fully serviced lease to Landlord.

Section 6.02 Insurance After Term Commencement Date. In addition to the insurance required in the preceding Section, Tenant, at its sole cost and expense, shall purchase prior to the Effective Date and maintain during the Term the following policies, the deductible payment amounts for which shall be subject to approval by Landlord (which approval shall not be unreasonably withheld, delayed or conditioned):

(a) Commercial general liability and property damage insurance, \$1,000,000 per occurrence, \$2,000,000 aggregate with \$10,000,000 umbrella per occurrence;

(b) To the extent coverage is available and commercially appropriate (with commercially appropriate sublimits), fire and extended coverage, vandalism, malicious mischief, sprinkler leakage and special extended coverage insurance in an amount adequate to cover the full cost of replacement of all Personal Property.

(c) Worker's compensation insurance, as required by Nevada Revised Statutes, and including employer's liability insurance;

(d) A policy of business interruption insurance to be determined by agreement of the Parties;

(e) Automobile Liability insurance of \$1,000,000 combined single limit;

(f) Rental income insurance in an amount not less than 80% of the projected Rent for six (6) months under this Lease;

(g) Products liability insurance to be determined by agreement of the Parties;
and

(h) Such insurance as may be required from city, county, state and/or federal laws, codes, regulations or authorities, or as may be reasonably required by Landlord or Tenant's lender(s).

Section 6.03 Tenant To Provide Proof of Coverage. All insurance provided for in this Article 6 shall be effected under valid and enforceable policies issued by insurers of recognized responsibility which are licensed to do issue insurance policies in the State of Nevada. Upon the execution of this Lease, and thereafter not less than thirty (30) days prior to the expiration dates of the expiring policies, evidence of premium payment shall be delivered by Tenant to Landlord.

Section 6.04 Intentionally Omitted.

Section 6.05 Landlord To Be Notified Prior To Policy Cancellation. Each policy of insurance required, shall, to the fullest extent obtainable, have attached thereto:

(a) an endorsement that the policy shall not be canceled or materially changed without at least ten (10) days prior written notice to Landlord;

(b) an endorsement identifying Landlord and NSHE as additional named insureds on the policy required under Section 6.01 above and on all other policies that permit the naming of an additional named insured, and as an additional insured on all other policies to the extent permitted by such policies; and

(c) an endorsement to the effect that no act or omission of Tenant shall invalidate the interest of Landlord.

Section 6.06 Landlord/NSHE and Leasehold Mortgagee(s) To Be Named As Additional Insureds. Each policy of insurance required by this Article 6 shall name Landlord and NSHE as additional insureds or loss payees, as its interest may appear, and, at the request of a Leasehold Mortgagee, shall name such Leasehold Mortgagee as an additional insured as its interest may appear. Notwithstanding the foregoing with respect to naming Landlord as loss payee, for so long as a Leasehold Mortgage is outstanding during the Term of this Lease, the terms of the Leasehold Mortgage shall govern the naming of the loss payee.

Section 6.07 When Insurance Limits May Be Raised. Tenant agrees that, when reasonably requested to do so by Landlord (but not more often than every five (5) years during the Term), to the extent commercially available at commercially reasonable rates, Tenant shall cause the limits of the insurance coverage maintained under the terms of this Article 6 to be increased to an amount providing reasonable protection conforming to prudent risk management practices, but not more than the nature and amount of insurance being maintained by prudent operators of similar facilities in the Reno, Nevada metropolitan area. Landlord makes no representation that the limits of liability or amounts of insurance specified to be carried by Tenant under the terms of this Lease are adequate to protect Tenant against its undertaking under the provisions of this Lease. Nothing in this Section 6.07 shall waive the requirements of Section 6.01 above.

Section 6.08 Tenant To Replace Canceled Insurance. If any insurance which Tenant is required to maintain is canceled, Tenant shall immediately replace it with other insurance providing essentially the same or better coverages. If the replacement insurance is not available for the reason that no insurer satisfactory under the terms of this Article 6 will write the coverage, or any particular coverage, at a commercially reasonable rate, then Tenant shall obtain the closest equivalent coverage.

Section 6.09 Type of Insurance Carrier. All insurance policies to be procured pursuant to this Article 6 shall:

(a) be issued by insurance companies rated not less than A+VIII in the most current available "Best's Key Rating Guide",

(b) be issued by companies authorized to issue insurance policies in the State of Nevada,

(c) be issued, and renewed at least annually, in the name of Tenant and name Landlord, NSHE and property manager (if any), and Leasehold Mortgagee (if requested by Leasehold Mortgagee) as additional insured's using the appropriate ISO Form, and

(d) contain an endorsement requiring ten (10) days written notice from the insurance company to Landlord, NSHE, and property manager (if any) before cancellation or material change in coverage, scope, or amount. A certificate of the policy issued on Accord Form 27, together with evidence of payment of premiums, shall be deposited with Landlord prior to the date that Tenant or its agents, contractors, or employees first enter upon the Premises, and upon renewal of the policy, not less than thirty (30) days before expiration of the term of the policy (and, at Landlord's request after Tenant has received the actual renewal policy and Tenant's insurance broker shall have reviewed and confirmed the same, Tenant shall deposit a copy of such renewal policy with Landlord).

Section 6.10 Subrogation Waiver. Landlord and Tenant hereby mutually waive any claim (including without limitation, any subrogation claim) against one another and all rights of recovery for any loss or damage sustained by either, or any other injury, death, loss or damage, caused by the other to any persons or the Personal Property and/or Improvements on the Premises, or from any claims of worker's compensation, to the extent of the proceeds actually received enumerated in the insurance actually carried or required to be carried as set forth in Article 6 above. Landlord and Tenant agree that no Party shall have any claim against the other by way of subrogation or assignment. Both Parties shall request written waiver of all claims and all rights of subrogation against the other Party; neither grant of subrogation shall be effective in the absence of an effective, reciprocal waiver by the other Party.

Section 6.11 Blanket Policies. Tenant shall have the right to satisfy its obligations under this Article 6 under a general blanket policy of insurance, provided the same complies with the requirements of this Article 6.

ARTICLE 7

REPAIRS AND MAINTENANCE OF THE PREMISES

Section 7.01 Tenant to Keep Premises in Good Repair. Throughout the Term, Tenant, at its sole cost and expense, shall maintain the Premises in a good, first class, orderly, clean and safe and sanitary state of repair and condition consistent with prudent property maintenance and management practices and the terms more particularly set forth in this Lease, the Operating Agreement and Property Management Agreement. In order to protect and preserve the attractiveness, integrity, quality and value of the Premises, Tenant shall make all necessary repairs to the interior and exterior of the Premises, including but not limited to, driveways, parking, landscaping, walkways, exterior portions of the Improvements, balconies, terraces, patios, paint, glass, windows, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen. The term "repairs" includes all necessary repairs, replacements, renewals and alterations to the Premises. All repairs and replacements made by Tenant shall be at least equal in quality and class to the original work and shall be completed in compliance with all applicable laws and ordinances. In the event that Tenant fails to undertake such repairs and maintenance, Landlord may after giving Tenant at least ninety (90) days' prior written notice,

undertake any necessary repairs and maintenance to the exterior improvements and Tenant shall be liable for the costs incurred by Landlord in performing such maintenance and repairs which shall be due and payable upon written notice to Tenant of such costs.

Section 7.02 Standard of Care. The necessity for and adequacy of repairs to the Premises and the fixtures, improvements and equipment therein shall be measured by the standard which is appropriate for the buildings of similar construction and class on university campuses in the Reno, Nevada metropolitan area, provided that Tenant shall in any event make all repairs necessary to avoid any structural damage or injury to the Improvements.

Section 7.03 Tenant To Maintain Certain Adjoining Areas. Tenant shall maintain all portions of the Premises, and the sidewalks, curbs, entrances, passageways and all areas adjoining the same in a clean and orderly condition, free of dirt, rubbish and unlawful obstructions.

Section 7.04 Tenant Assumes Responsibility For Premises. Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations in or to the Premises. Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Premises in accordance with the terms of the Operating Agreement.

Section 7.05 Conflict; Landlord as Property Manager. In the event of any conflict between the terms of this Article 7 and the express terms of the Operating Agreement, the terms of the Operating Agreement shall control and prevail. In addition, for so long as Landlord is the property manager under the Property Management Agreement, and to the extent the obligations of this Article 7 are delegated to Landlord under the Property Management Agreement, Tenant shall not be obligated by the terms of this Article 7.

Section 7.06 Capital Reserve. Tenant shall not less frequently than monthly, deposit in a separate trust account (the "Capital Reserve Account") a sum equal to three percent (3%) of Tenant's Gross Revenues for each immediately preceding calendar month. The Capital Reserve Account shall be drawn upon by Tenant from time to time with the reasonable consent of Landlord to make capital repairs and maintenance of the Premises, as shall be set forth in the Operating Agreement. Landlord may draw upon the Capital Reserve Account for all its out-of-pocket costs in making such major repairs and maintenance if Tenant fails to timely do so, but only if an Event of Default has occurred. The Capital Reserve Account shall not be used for casualty losses that are uninsured, or are underinsured in violation of the minimum insurance requirements of Article 6 of this Lease. Upon expiration of the Term, earlier termination of this Lease or entry into possession of the Premises by Landlord pursuant to the express terms of this Lease upon an Event of Default by Tenant, the remaining balance in the Capital Reserve Account shall revert to Landlord. Notwithstanding the foregoing, for so long as a Leasehold Mortgage is outstanding during the Term of this Lease, any requirement(s) with respect to capital reserves or similar escrow accounts shall be determined by the terms of such Leasehold Mortgage, the terms of which shall govern and control, except to the extent any such terms would require use of the Capital Reserve for principal reduction of the amounts to the holder of such secured by Leasehold Mortgage or any purpose other than maintenance, repair, restoration, replacement of the Premises.

ARTICLE 8

COMPLIANCE WITH LAWS, ORDINANCES AND REGULATIONS

Section 8.01 Compliance with Law etc. Throughout the Term, Tenant, at its sole cost and expense, shall promptly remove any violation (other than any violation(s) existing as of or attributable to or occurring or arising during a period prior to the Effective Date, all of which shall remain the responsibility of Landlord) and shall promptly comply with all present and future laws, statutes, ordinances, regulations, rules and orders of all federal, state, county and municipal governments, political subdivisions, boards, commissions, courts, agencies or other regulatory bodies (collectively, “**Governmental Authority**”), which may be applicable to the development and operation of the Premises. Tenant shall indemnify Landlord from and against all claims, actions, suits, proceedings, liability, damages, costs or expenses, including reasonable attorneys’ fees and experts’ fees and court costs, arising from Tenant’s failure to comply with this Section 8.01.

Section 8.02 Conflict; Landlord as Property Manager. In the event of any conflict between the terms of this Article 8 and the terms of the Operating Agreement, the terms of the Operating Agreement shall control and prevail. In addition, for so long as Landlord is the property manager under the Property Management Agreement, and to the extent the obligations of this Article 8 are delegated to Landlord under the Property Management Agreement, Tenant shall not be obligated by the terms of this Article 8.

ARTICLE 9

CHANGES AND ALTERATIONS

Section 9.01 Tenant’s Right to Make Changes and Alterations. After the completion of the initial construction of the Project pursuant to the Master Development Agreement (the “**Initial Construction**”), Tenant shall not make any alterations, additions or improvements to the Premises without the written consent of Landlord in accordance with the provisions of the Operating Agreement— (together with the Initial Construction, the “**Approval Alterations**”), provided, however, that Landlord’s consent shall not be required for alterations, additions or improvements to the Premises (“**No-Approval Alterations**”):

(a) That do not require Landlord approval pursuant to the terms of the Operating Agreement;

(b) That involve routine and customary, day-to-day maintenance, alterations, additions, improvements, repairs, restorations or replacements (such as, by way of example only, and not limitation, those involving electrical systems, heating, ventilation and air conditioning, sprinklers and life-safety systems and other mechanical systems; fixtures and equipment; painting; glass and windows; wall and floor coverings; repaving or replacing sidewalks or parking areas; and the like);

(c) That are non-structural in nature and do not alter the size of the Improvements on the Premises; and

(d) The estimated costs of which is under \$100,000 in the aggregate in any Lease Year.

With respect to alterations, additions or improvements to the Premises that are required by applicable law, ordinance, rule or regulation, Article 7 of this Lease or the Operating Agreement, Tenant shall give Landlord reasonable written notice and Landlord shall have the right to impose reasonable requirements with respect to the manner in which such required alterations, additions or improvements are effectuated.

All alterations, additions and improvements shall be made in accordance with applicable laws at Tenant's sole expense (except as otherwise expressly set forth in this Lease) and in strict accordance with approved plans and specifications (to the extent that plans and specifications would ordinarily be prepared for such alteration, addition or improvement). All alterations, additions or improvements shall be performed and completed diligently and in a good and workmanlike manner, free from defects of any kind and nature, and equal in quality and class to the original work completed by Tenant. All alterations, additions and improvements shall be coordinated with Landlord so as to cause minimum disruption to the operations of the Premises. The cost of any alterations, additions or improvements shall be paid in a timely manner so that the Premises shall at all times be free of liens for labor and materials supplied. All Approval Alterations (but not No-Approval Alterations) shall be contracted for on a "prevailing wage" basis.

ARTICLE 10

DISCHARGE OF LIENS

Section 10.01 Tenant Shall Not Create or Permit Lien. Other than a lien of a Leasehold Mortgagee (as hereinafter defined) as permitted under Article 25 (which shall not require Landlord's prior written approval) and other than Permitted Exceptions, Tenant shall not create or permit to be created or to remain, and shall discharge any lien, encumbrance or charge which might be or become a lien, encumbrance or charge upon the Premises or the income arising from the Premises. Tenant shall neither take, nor permit anyone under Tenant's control to take, any action which impairs Landlord's interest in the Premises, including but not limited to, the income from the Premises.

Section 10.02 Mechanic's Liens. Tenant shall pay or cause to be paid all costs for work done by Tenant or caused to be done by Tenant on the Premises, and Tenant shall keep the Premises free and clear of all mechanics' liens and materialmen's liens and other liens arising from work done or materials supplied to Tenant or persons claiming under Tenant (collectively, "**Mechanics' Liens**"). Tenant shall indemnify, defend, and hold Landlord harmless for, from, and against any and all liability, loss, damage, costs, attorneys' fees, and all other expenses arising from all Mechanics' Liens. In addition, Tenant shall keep Tenant's leasehold interest and any improvements that are or may become the property of Landlord pursuant to this Lease free and clear of all liens of attachment or judgment liens arising from the actions or omissions of Tenant (collectively, "**Judgment Liens**"). Tenant shall cause any Mechanics' Lien or Judgment Lien to be discharged (by bonding or otherwise) within thirty (30) days after demand by Landlord. If Tenant fails to do so, then Landlord may pay or otherwise discharge the lien and

immediately recover all amounts expended (together with interest thereon at 12% per annum from the date of payment) from Tenant as Rent.

ARTICLE 11

WASTE AND ENVIRONMENTAL MATTERS

Section 11.01 Tenant Must Not Harm Premises. During the Term, Tenant shall not commit, or permit anyone under Tenant's control to commit, any waste, damage or injury to the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any adjoining property (subject to any disturbance that may result in connection with the construction and development of the Project and any alterations, additions, repairs or replacements). Tenant agrees not to use, or permit anyone under Tenant's control to use, the Premises or any part thereof for any purpose prohibited by law, and Tenant shall comply with all applicable laws, rules, regulations, orders and other requirements relating to the condition, use and occupancy of the Premises imposed by Governmental Authorities having jurisdiction. Tenant agrees further to comply with the requirements of the policies of insurance which Tenant is required to maintain pursuant to this Lease.

Section 11.02 Tenant to Comply with All Environmental Laws. Tenant shall comply with all Environmental Laws, including, without limitation, water quality, air quality, handling, transportation, treatment, storage, and disposal of any regulated substance on, under, or from the Premises. For the purposes of this Lease, the term "Environmental Laws" shall include, but not be limited to, any relevant federal, state, or local environmental laws, and the regulations, rules and ordinances, relating to environmental matters, and publications promulgated pursuant to the local, state, and federal laws and any rules or regulations relating to environmental matters. Tenant shall defend, indemnify and hold Landlord harmless from and against all liability, obligations, losses, dangers, penalties, claims, and cleanup costs, including legal fees and expenses, imposed on, incurred by, or reserved against Landlord in any way relating to or arising out of any non-compliance by Tenant, Tenant's successors, assignees or sub-tenants, with any Environmental Laws, and/or the existence or presence, from and after the Effective Date, of any Hazardous Materials (as hereinafter defined), on, under, or from the Premises, other than and except for (a) any contamination on or adjacent to the Premises and/or any violation of Environmental Laws attributable to periods prior to the Effective Date (including, without limitation, any migration on or off of the Premises arising from conditions existing prior to the Effective Date on the Premises or any surrounding property), or (b) any such contamination and/or violation caused or exacerbated by Landlord, its employees, contractors (other than Tenant), representatives or agents, whether before or after the Effective Date, but in the case of exacerbation, only to the extent of such exacerbation. For the avoidance of doubt, Landlord shall remain solely and exclusively responsible for, and hereby forever releases and discharges, and, subject to Chapter 41 of the Nevada Revised Statutes, indemnifies and holds harmless Tenant and its employees, contractors, representatives, agents, successors, assignees and sub-tenants from, (x) any and all claims, damages, demands, causes of action, lawsuits, fines, penalties, and response costs and other charges arising from any contamination on or adjacent to the Premises and/or any violation of Environmental Laws attributable to periods prior to the Effective Date (including, without limitation, any migration on or off of the Premises arising from conditions existing prior to the Effective Date on the Premises or any surrounding property), and (y) any

such contamination and/or violation caused or exacerbated by Landlord, its employees, contractors (other than Tenant), representatives or agents, whether before or after the Effective Date, but in the case of exacerbation, only to the extent of such exacerbation. This indemnity shall survive the expiration or termination of this Lease and/or transfer of all or any portion of the Land as shall be governed by the laws of the State of Nevada. "Hazardous Materials" means and includes asbestos; "oil, petroleum products and their by-products" "hazardous substances;" "hazardous wastes" or "toxic substances," as those terms are used in Environmental Laws; or any substances or materials listed as hazardous or toxic in the United State Department of Transportation, or by the Environmental Protection Agency or by the Nevada Department of Environmental Protection, or any successor agency under any Environmental Laws. "Environmental Laws" means the Clean Air Act, the Resource Conservation Recovery Act of 1976, the Hazardous Material Transportation Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Consumer Product Safety Act, the Clean Water Act, the Federal Water Pollution Control Act, the National Environmental Policy Act, as each of the foregoing shall be amended from time to time, and any similar or successor federal, state or local laws, or any rules or regulations promulgated thereunder.

Section 11.04 Obligation to Notify Landlord. If Tenant shall become aware of or receive written notice or other written communication concerning any actual, alleged, suspected or threatened violation of Environmental Laws or liability for Environmental Laws in connection with the Premises, Tenant shall deliver to Landlord, within fourteen (14) days of the receipt of notice or other communication by Tenant, a written description of the violation, liability or actual or threatened event or condition, together with copies of any documents evidencing the same.

ARTICLE 12

USE AND OCCUPANCY OF PREMISES

Section 12.01 Permitted Use; Trade Name. Subject to all the provisions and limitations contained herein, Tenant shall use the Land, Improvements and Premises solely and exclusively to construct, own and operate a graduate and family student housing project and related facilities in accordance with the requirements of the Master Development Agreement and Operating Agreement. Use of the Land, Improvements and/or Premises for any other purpose shall be subject to prior written consent of Landlord, in its sole and absolute discretion. Tenant shall not, nor allow anyone under Tenant's control to, use or occupy the Premises or any part for any improper, immoral, unlawful or objectionable purpose, including any sexually oriented business purpose or in violation of any laws, and shall not suffer any act to be done or any condition to exist on the Premises or any part thereof which may, in law, constitute a nuisance, public or private, or which may make void or voidable any insurance then in force. Tenant shall not permit any "game," "gambling game," "gaming," "gambling" and/or "gaming device," each as defined in Chapter 463 of the Nevada Revised Statutes (collectively "Gaming"), on the Premises, except for Gaming strictly limited to academic research, training and educational activities as part of Landlord's degree and other educational programs. Tenant shall indemnify, defend, save and hold harmless Landlord, its officers, employees and agents from any claims,

liabilities, losses, costs or expenses, including reasonable attorneys' fees, arising out of Tenant's act or failure to act in accordance with this subsection.

Section 12.02 Continuous Use; Closing of Project. Tenant shall have the right from time to time to close all or any part of the Improvements only for such reasonable periods of time as may be required to comply with Section 12.04 of this Lease, for alterations, additions or improvements pursuant to Article 9, for such periods of time during which campus operations are disrupted due to unavoidable delays, or classes are not in session due to holidays or other regularly scheduled break(s) in classes. Once Tenant commences such alterations, additions or improvements, Tenant shall diligently complete the same and shall promptly reopen the Premises following such completion.

Section 12.03 Application for Licenses and Permits. Landlord agrees upon request of Tenant to sign promptly and without charge any applications for such licenses and permits as may be required to comply with Section 12.04 of this Lease or by Tenant for the operation of the Project and the business contemplated by this Lease, where the signature of Landlord or owner is required by applicable laws in force at the time. The cost of obtaining any such licenses and permits shall be borne by Tenant. Tenant shall indemnify, defend, save and hold harmless Landlord its officers, employees and agents from and against all liability, claims, losses, costs and expenses, including attorneys' fees, which Landlord may incur by reason of having signed any such applications.

Section 12.04 Compliance with Laws. Tenant shall obey, perform and comply with any and all requirements of any Governmental Authority existing at any time during the Term in any way affecting the Land, or the use or condition of the Land, including the construction, alteration or demolition of the Improvements, or in any other way affecting this Lease. Tenant shall have sole responsibility for compliance with any present or future requirements of the Americans with Disabilities Act of 1990, including the ADA Amendments Act of 2008 (collectively, the "ADA") and its implementing regulations with respect to the Premises and agrees to protect, defend, indemnify and hold Landlord harmless with regard to any claims, liabilities, or actions arising under the ADA with respect to Tenant's obligations hereunder. Tenant shall have the right to contest in good faith the validity and/or applicability of any such requirements of Governmental Authority.

Section 12.05 Tenant Shall Not Cause Insurance Rates to Increase. Tenant shall not use nor permit the Premises to be used in any way which will independently increase the rate or rates of insurance upon the Premises.

ARTICLE 13

ENTRY ON PREMISES BY LANDLORD

Section 13.01 Landlord Has Right to Enter Premises. In addition to Landlord's right of entry under any other provision of this Lease, Tenant shall permit Landlord and its authorized representatives to enter the Premises at all reasonable times on reasonable prior written notice for the purpose of (a) inspecting, surveying, measuring or preserving the same, (b) making any necessary repairs and performing any work that may be necessary by reason of

Tenant's failure to make the repairs or perform the work in accordance with the terms of this Lease, and (c) any other lawful purpose. Landlord may enter without notice in case of an emergency threatening injury to person(s) or property. Nothing herein contained shall create or imply any duty upon the part of Landlord to make repairs or do the work.

Section 13.02 Entry is Not Termination. Any entry or re-entry by Landlord on the Premises shall not cause a termination of this Lease, unless termination is specifically intended by Landlord as clearly and convincingly evidenced by a written Notice of Termination.

ARTICLE 14

INDEMNIFICATION OF LANDLORD

Section 14.01 Tenant to Indemnify Landlord. Notwithstanding any provision to the contrary contained in this Lease and except to the extent occurring or existing prior to the Effective Date of this Lease, Tenant expressly agrees to indemnify, defend and hold harmless Landlord, its officers, employees and agents from and against all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' fees, which may be imposed upon or incurred by or asserted against Landlord by reason of any action or inaction (where action was expressly required) of Tenant, its agents or employees, or any occupant on the Premises, in connection with this Lease. In case any action is brought against Landlord by reason of a claim, Tenant, upon written notice from Landlord, shall at Tenant's sole cost and expenses, including reasonable attorneys' fees, defend the action by counsel approved by Landlord in writing, within ten (10) days of receiving notice from Tenant, with the approval not to be unreasonably withheld, delayed or conditioned. As a material part of the consideration to Landlord, Tenant assumes all risk of damage to property or injury to persons in or about the Premises arising from any cause, except to the extent caused by Landlord or its employees, agents or contractors (other than Tenant). Tenant hereby waives all claims in respect thereof against Landlord. The provisions of this Section shall survive expiration or early termination of the Lease.

Section 14.02 Landlord to Indemnify Tenant. Notwithstanding any provision to the contrary contained in this Lease, but subject to Chapter 41 of the Nevada Revised Statutes, Landlord expressly agrees to indemnify, defend and hold harmless Tenant, its officers, employees and agents from and against all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' fees, which may be imposed upon or incurred by or asserted against Landlord by reason of any action or inaction (where action was expressly required) of Landlord, its agents or employees, on the Premises, in connection with this Lease. In case any action is brought against Tenant by reason of a claim, Landlord, upon written notice from Tenant, shall at Landlord's sole cost and expenses, including reasonable attorneys' fees, defend the action by counsel approved by Tenant in writing, within ten (10) days of receiving notice from Landlord, with the approval not to be unreasonably withheld, delayed or conditioned. As a material part of the consideration to Tenant, Landlord assumes all risk of damage to property or injury to persons in or about lands adjoining and surrounding the Premises arising from any cause, except to the extent caused by Tenant or its employees, agents or contractors. Landlord hereby waives all claims in respect thereof against Tenant. The provisions of this Section shall survive expiration or early termination of the Lease.

ARTICLE 15

DAMAGE OR DESTRUCTION

Section 15.01 Tenant To Repair Damage or Destruction. In case of damage to or destruction of the Premises by fire or other casualty, whether or not such damage or destruction is covered by a policy of insurance as required under Article 6 of this Lease, Tenant, at Tenant's sole cost and expense, whether or not the insurance proceeds, if any, are sufficient for the purpose, and irrespective of the amount of any loss, shall restore, repair, replace or rebuild the same as nearly as possible to its value, condition and character immediately prior to the damage or destruction or with those changes or alterations as may be made at Tenant's election in conformity with and subject to the applicable provisions of this Lease, including Article 9. Restoration, repairs, replacements, rebuilding or alterations shall be commenced with due diligence, and prosecuted with due diligence and in good faith, unavoidable delays excepted. If the damage to, or the destruction of, the Premises results in a loss exceeding in the aggregate \$100,000.00, then Tenant shall promptly give written notice thereof to Landlord.

Section 15.02 All Insurance Money to Be Used for Restoring the Premises. All insurance money paid pursuant to the terms of this Lease on account of damage or destruction, less the actual cost, fees and expenses, if any, incurred in connection with the adjustment of the loss, shall be held in an escrow account ("**Insurance Proceeds Escrow Account**") with an escrow agent mutually acceptable to Landlord and Tenant (it being agreed that for so long as a Leasehold Mortgage shall be outstanding during the Term, such Leasehold Mortgagee shall have the right to act as such escrow agent) and applied to the payment of the cost of demolition, restoration, repairs, replacement, rebuilding or alterations, including the cost of temporary repairs or the protection of property pending the completion or permanent restoration, repairs, replacements, rebuilding or alterations. In the event the total of such costs is less than such net insurance amounts, the excess insurance amounts shall be placed in and become part of the Capital Reserve Account.

Section 15.03 Tenant to Pay Any Deficiency. If the insurance money at the time of distribution, less the actual costs, fees and expenses, if any, incurred in connection with the adjustment of the loss, are insufficient to pay the entire cost of the restoration, then Tenant shall deposit the deficiency into the Insurance Proceeds Escrow Account set forth in Section 15.02 above within thirty (30) days of the determination that such funds are insufficient.

Section 15.04 When Tenant Has Option to Restore. If the Premises are damaged or destroyed by fire or other casualty within three (3) years prior to the expiration of the Term, and the cost of restoration exceeds the sum of \$3,000,000.00 as estimated by a licensed general contractor selected by Tenant and reasonably approved in writing by Landlord, and confirmed by the insurance adjuster, then Tenant may have the option of either:

- (a) restoring, repairing, replacing, rebuilding or altering the Improvements as provided in this Lease, or
- (b) terminating this Lease by written notice to Landlord given within ninety (90) days after the date of destruction or damage, provided no Event of Default exists hereunder

and all insurance proceeds are turned over and become the sole property of Landlord. Upon termination, Tenant shall not be obligated to restore, repair, replace, rebuild or alter the Improvements and shall at once surrender the Premises to Landlord pursuant to the terms of Article 5 of this Lease.

Section 15.05 Except for the provisions of this Article, Tenant to Remain Liable. Except as provided in this Article 15, no destruction of, or damage to, the Premises or any part thereof by fire or any other casualty shall permit Tenant to surrender this Lease or shall relieve Tenant from its liability to pay the Rent due under this Lease, or from any of its other obligations under this Lease.

Section 15.06 Tenant acknowledges and agrees that Landlord will not carry insurance of any kind on the Improvements or Tenant's Personal Property, and that Landlord shall not be obligated to repair any damage to the Premises or replace the same other than as specifically set forth herein. Landlord shall not be liable for any inconvenience or annoyance in any way from the damage or its repair.

ARTICLE 16

CONDEMNATION

Section 16.01 Effect of Total or Partial Eminent Domain. If the possession of, title to, or ownership of all of the Improvements which are a part of the Premises are permanently taken during the Term by any competent authority under a statutory power of expropriation or compulsory acquisition or in lieu thereof, this Lease shall terminate upon the transfer of possession or title to such authority, as the case may be, and the Rent and any other sums payable by Tenant to Landlord shall be prorated to the date of taking.

(a) In the event of a temporary or partial taking of the Premises by condemnation which is not sufficient in time or space to materially affect the conduct of Tenant's business, this Lease shall be unaffected. In the case of a temporary taking, the entire award of the condemning authority shall be included in Gross Revenues for the calendar year in which such temporary taking occurs.

(b) Any proceeds or benefits paid by any governmental authority for any kind of condemnation, whether whole or partial, shall, subject to Section 16.03 herein, belong to Landlord, except for those proceeds for a temporary taking (which shall be governed by subsection (a) above), or that represent the value of the business, value of trade fixtures, or of the cost of moving Tenant's business ("**Tenant Portion of Award**").

Section 16.02 Partial Eminent Domain.

(a) —If only a part of the Premises is taken or condemned so that the remaining portion of the Premises can continue to be used to the mutual satisfaction of Landlord and Tenant, then this Lease shall remain in full force and effect without any abatement or reduction in Rent except as provided in this Article 16. In this event, whether or not the awards or payments, if any, on account of the taking are sufficient for the purpose, Tenant, using such

award pursuant to Section 16.03 herein (or at its own expense to the extent such proceeds are insufficient to complete restoration) shall promptly commence and complete the restoration of the Premises as nearly as possible to their value, condition and character immediately prior to the taking or condemnation.

(b) If only a part of the Premises is taken or condemned so that it is commercially unreasonable or unfeasible for Tenant, in its reasonable judgment, to conduct its normal business in the remaining portion of the Premises (even if it were to be restored), then Tenant shall have the right to terminate this Lease by giving at least sixty (60) days' prior notice to Landlord within sixty (60) days of any such event, in which event this Lease shall terminate without any further liability on the part of either Landlord or Tenant, except for an adjustment between the parties for the Rent payable by Tenant hereunder and for payment to Tenant of the Tenant Portion of Award pursuant to Section 16.01(b) above.

Section 16.03 Partial Taking Improvements Restructure. In the event of a partial taking which does not result in termination of this Lease, the entire award shall be held in an escrow account ("**Condemnation Award Escrow Account**") with an escrow agent mutually acceptable to Landlord and Tenant (it being agreed that for so long as a Leasehold Mortgage shall be outstanding during the Term, such Leasehold Mortgagee shall have the right to act as such escrow agent) and the portion of the net award attributable to the value of the Improvements as determined by the Parties to be applied to pay the cost of restoration of the Improvements. The balance of that portion of the award, if any, remaining after completion of the restoration, shall be paid to Landlord.

Section 16.04 Partial Taking Rent Restructure. If a portion of the Land is taken but this Lease is not terminated as a result, then the Rent shall be reduced, commencing with the first day of the month following the date of the taking. The amount of the Rent reduction shall be based upon the degree to which Tenant's business has been affected by the taking as measured by Gross Revenue reduction, as equitably and reasonably determined by Landlord and Tenant.

Section 16.05 This provisions of this Article 16 shall survive the expiration or sooner termination of this Lease.

ARTICLE 17

MORTGAGES, ASSIGNMENTS, SUBLEASES AND

TRANSFERS OF TENANT'S INTEREST

Section 17.01 Limitation; Consent; Subleases, Etc..

(a) This Lease and the rights and interests of Tenant under this Lease and in and to the Premises ("**Tenant's Estate**") may not be assigned or transferred, nor may Tenant assign or transfer Tenant's Estate, whether by operation of law, transfers of ownership interests in Tenant, resulting in a change in "Day-to-Day Control" (as defined herein), or subletting of all or substantially all of the Premises for all or substantially all of the Term

(collectively, a “Transfer”), except as may expressly be provided herein, without first obtaining the written consent of Landlord in each instance, which consent Landlord shall not unreasonably withhold, delay or condition. No consent granted by Landlord shall be deemed to be consent to any subsequent Transfer requiring Landlord’s consent hereunder. Any Transfer requiring Landlord’s consent hereunder and made without Landlord’s consent shall be void. As ~~relates~~ With respect to subleases of less than substantially all of the Premises, Tenant may enter into subleases of individual units as provided in (b) below.

(b) Notwithstanding the foregoing, nothing contained in this Article 17 shall prevent or prohibit Tenant from subleasing, licensing or granting other occupancy rights in and to the Premises (or any portion thereof) in compliance with the terms of this Lease and the Operating Agreement

(c) No Transfer shall be effective for any purpose (i) unless Tenant shall provide Landlord with not less than thirty (30) days written notice of the proposed transfer, which notice shall identify the transferee, and shall, except in the case of transfers effectuated as described in Section 17.03 herein, include all documents to which the transferor and transferee are parties relating to the Transfer and, where Tenant asserts that the transferee is a Qualified Assignee, information reasonably necessary to determine the transferee’s status as a Qualified Assignee and (ii) until there shall be delivered to Landlord (x) a copy of the executed instrument or instruments of Transfer, containing the name and address and telephone number of the transferee, and (y) an instrument of assumption by the transferee of all of Tenant’s obligations under this Lease thereafter accruing.

(d) Liability for Obligations. Upon the effective date of a Transfer and the satisfaction of the foregoing conditions, as applicable, the assigning holder of the Tenant’s Estate, and any guarantor thereof then existing, shall be released from the duties, obligations and liabilities of Tenant under this Lease first accruing on and after the effective date of such Transfer; provided, however, no such Transfer shall operate or be deemed to operate as a release the assigning holder of Tenant’s interest in this Lease or its assignees from any obligation of the Tenant under this Lease that has accrued and remains unpaid or unperformed as of the effective date of such Transfer. Landlord shall, upon request, execute a written confirmation of the foregoing release

Section 17.02 -Exceptions. The provisions of this Article 17 shall not apply to (and Landlord’s consent shall not be required for) (a) any transfer to a Leasehold Mortgagee or its affiliate or to any assignee or designee of Leasehold Mortgagee or its affiliate, or any purchaser of Tenant’s Estate at a foreclosure sale or judicial sale; (b) any transfer occurring by reason of the death of any individual Person, (b) any transfers of securities traded or transferred on a public exchange, (c) any transfers which are the result of a merger, consolidation or reorganization involving all or substantially all of the assets of Tenant and all of Tenant’s affiliates, (d) any transfers occasioned by the exercise by any Leasehold Mortgagee of its remedies under any pledge of shares, limited liability company interests, partnership interests or other entity ownership interests, or (e) any transfers of ownership interests in Tenant not resulting in a change in “Day-to-Day Control”.

For purposes of this Article 17, “**Day-to-Day Control**” means, by way of illustration and not limitation, the “right to or practical ability to control and determine the day to day management of the business and affairs of Tenant by the exercise of voting rights in Tenant,” which may be achieved by (i) if Tenant is a corporation, by control of such percentage of the voting stock in such corporation as shall enable the holder, by the exercise of such voting rights, to elect and remove a percentage of the directors which is sufficient to determine the day to day management of the business and affairs of Tenant; (ii) with respect to the general partner if Tenant is a limited partnership, by vesting in such general partner the right to control and determine the day to day management of the business and affairs of Tenant or to remove such general partner other than for cause, regardless of the percentage interest of such general partner in the profits, losses or capital of Tenant; and iii) if Tenant is a limited liability company, by ownership of a percentage of the membership interests having the right by the exercise of the voting rights associated with such interests to control and determine the day to day management of the business and affairs of Tenant directly or through any manager or managers who may be elected and removed by the exercise of such voting rights.

Section 17.03 Transfer by Landlord. Notwithstanding anything set forth herein to the contrary, Landlord shall not at any time Transfer its interests in this Lease, the Land, the Improvements and/or the Premises, or any part thereof without the prior written consent of Tenant and any Leasehold Mortgagee, which consent shall not be unreasonably withheld, delayed or conditioned, provided that it shall not be unreasonable for Tenant to withhold its consent if the transferee does not expressly assume (and be capable of performing) all of the duties and obligations of Landlord under this Lease which arise following the date of such assignment and agree to be bound by all of the terms and provisions of this Lease (including, without limitation, possessing or benefitting from an abatement or exemption from real property taxes and assessments). Landlord must notify Tenant in writing of such proposed Transfer at least thirty (30) days prior to the date of such Transfer. Copies of the documents effectuating the Transfer and the assumption by the assignee landlord pursuant to this Section 17.03 above shall be delivered to Tenant promptly following such Transfer. Upon any Transfer, Landlord shall not be released from any of its obligations under this Lease or the exhibits hereto, and Landlord shall continue to be bound thereby, notwithstanding anything to the contrary contained in this Lease.

Section 17.04 Right of First Offer.

(a) If during the Term, Tenant determines to enter into a Transfer (“**Sale of Interest**”) of any interest in, to or under this Lease or Tenant’s Estate or any portion thereof (an “**Offered Interest**”) other than to an affiliate or to a Leasehold Mortgagee or its designee or nominee upon the Leasehold Mortgagee’s exercise of remedies under its Leasehold Mortgage, or with respect to a Transfer pursuant to Section 17.03 hereof, Tenant shall provide written notice to Landlord of Tenant’s intent to negotiate a Sale of Interest (a “**Sale of Interest Notice**”) which shall include a proposed sale price and terms for the Sale of Interest. If Tenant shall give a Sale of Interest Notice, Landlord shall, within thirty (30) days after receipt of the Sale of Interest Notice, give Tenant, in writing, notice of Landlord’s acceptance, rejection or counteroffer to acquire the Offered Interest on the terms and conditions set forth in the Sale of Interest Notice (a “**Sale of Interest Response**”). If Landlord shall fail to timely give its Sale of Interest Response or if the Sale of Interest Response shall be a rejection of the offer contained in the Sale of Interest Notice, with no counteroffer, Landlord’s right of first offer as provided in this Section

17.05 shall terminate with respect to any Sale of Interest which complies with this Lease and which occurs within one (1) year after the date of the Sale of Interest Response, or if none, the Sale of Interest Notice.

(b) If Landlord's Sale of Interest Response shall be an acceptance of the offer contained in the Sale of Interest Notice, the Parties shall cooperate to consummate the proposed Sale of Interest on the terms and conditions in the Sale of Interest Notice. If Landlord's response shall be a counteroffer, Landlord and Tenant shall enter into good faith negotiations in an effort to compromise the differences between the sale price and terms in the Sale of Interest Notice and the Sale of Interest Response, or other written offers by either Party. If no written agreement on those differences is reached by Landlord and Tenant within ninety (90) days after the Sale of Interest Response, or if no Sale of Interest Response is provided by Landlord, Tenant may proceed to negotiate an agreement with one or more third parties and contract with a third party for the Sale of Interest to such third parties. Any such agreement shall be on terms and conditions which are substantially similar to the terms and conditions contained the Sale of Interest Notice so long as any additional or differing terms and conditions do not result in a total value to Tenant which is more than five percent (5%) lower than the value of any the terms and conditions contained in the Sale of Interest Notice or any subsequent written offer or counteroffer by Landlord to purchase the Offered Interest. If no Sale of Interest is consummated with one or more third parties within one (1) year after a Sale of Interest Response, or if none, a Sale of Interest Notice, Tenant shall again be obligated to give a Sale of Interest Notice to Landlord before proceeding with negotiating or contracting for a Sale of Interest.

Section 17.05 Operating Agreement and Management Agreement. Concurrent with any Transfer of Tenant's Estate (other than pursuant to a Sale of Interest to Landlord), such assignee or transferee shall assume the Operating Agreement or enter into a new operating agreement on substantially the same terms and conditions as the Operating Agreement with Landlord. In addition, such assignee or transferee shall assume or enter into a new Property Management Agreement with the existing property manager or enter into a Property Management Agreement such other new property reasonably satisfactory to Landlord.

ARTICLE 18

DEFAULT PROVISIONS

Section 18.01 Tenant's Event of Default. Each of the following defaults is an "Event of Default" if it is not cured within a period of thirty (30) days (with respect to monetary defaults) or ninety (90) days (with respect to non-monetary defaults) after written notice thereof from Landlord to Tenant:

(a) whether by operation of law or otherwise, Tenant effectuates a Transfer hereunder in violation of Article 17 of this Lease;

(b) failure to pay when due Rent or other sums required to be paid by Tenant, subject to the aforesaid notice and cure period;

- (c) Tenant permanently vacates or abandons the Premises with no intent to return;
- (d) appointment of a receiver to take possession of all or substantially all of the assets of Tenant that is not dismissed within ninety (90) days;
- (e) general assignment by Tenant for the benefit of creditors;
- (f) any action taken or suffered by Tenant under any insolvency or bankruptcy act that is not dismissed within ninety (90) days;
- (g) Tenant's failure to maintain in force all insurance coverage required by this Lease or Tenant's failure to deposit evidence of insurance with Landlord as required by this Lease;
- (h) Tenant's failure to comply with any material provision of this Lease or with any applicable local, county, state or federal law, rules or regulations affecting the Premises;
- (i) Tenant is in default under the terms and conditions of the Master Development Agreement and such default has not been cured following notice and within the time period(s) provided under this Lease for a default; or
- (j) Tenant is in default under the terms and conditions of the Operating Agreement and such default has not been cured following notice and within the time period(s) provided under this Lease for a default.

Notwithstanding the foregoing, if the failure of Tenant (other than failure described in subsection (b) above) is of a nature that it cannot be completely cured within ninety (90) calendar days with the exercise of due diligence, and Tenant timely commences the cure and proceeds with reasonable diligence and good faith to complete such cure, Tenant shall have a reasonable period of time to complete such cure, but in no event longer than one hundred eighty (180) days after written notice from Landlord, subject to unavoidable delays. Any Event of Default is subject to the rights of Tenant's Leasehold Mortgagee to cure, as set forth in Article 25 of this Lease.

Section 18.02 Peaceful Surrender. Subject to the rights of Tenant's Leasehold Mortgagee, upon occurrence of an Event of Default, Landlord may declare this Lease terminated or may declare Tenant's right to possession terminated. Upon any expiration or termination of this Lease, or of Tenant's right to possession, Tenant shall peacefully surrender the Premises to Landlord in accordance with the terms of Article 5 of this Lease. At any time after expiration or termination, Landlord may without further notice re-enter the Premises. In addition to its other rights or remedies at law and in equity, Landlord shall have the immediate right of re-entry and, subject to applicable laws, may remove all persons and property from the Premises with, or without, judicial process.

Section 18.03 Reletting Premises. If Landlord re-enters or takes possession pursuant to legal proceedings or pursuant to any notice provided for by law, then Landlord may terminate this Lease; or Landlord may, from time to time, without terminating this Lease,

remove Tenant and its property and relet all or part of the Premises. Landlord may operate the Project for its own account or may relet the Premises or any part thereof, in the name of Landlord or otherwise, for a term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and on conditions (which may include concessions or free rent or new improvements to the Premises at Tenant's expense) as Landlord may determine and may collect and receive the Rents. Landlord is not responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon reletting.

Section 18.04 Application of Rents. Rentals received by Landlord from reletting shall be applied: First, to the payment of any indebtedness, other than Rent, due from Tenant to Landlord; second, to the payment of delinquent Rent; third, to the payment of any costs of reletting, including, but not limited to, brokerage commissions, legal and accounting fees, advertising and sign costs, and cleaning fees; fourth, to the payment of the cost of any alterations and repairs to the Premises; and the residue, if any, shall be held by Landlord and applied in payment of future Rent as the same may become due and payable. If rentals received from reletting during any month are less than that agreed to be paid during that month by Tenant or if Landlord is unable to relet the Premises, then Tenant shall pay the deficiency to Landlord. The deficiency shall be paid monthly or as otherwise specified by Landlord. No re-entry or taking possession of the Premises by Landlord shall be construed as an election to terminate this Lease unless Landlord expressly elects in writing to terminate all Tenant's rights in and to the Premises. No expiration or termination of this Lease shall relieve Tenant of its liabilities and obligations under this Lease, and these liabilities and obligations shall survive any termination.

Section 18.05 Additional Damages. In the event of the occurrence of any Event of Default, Landlord may, whether Landlord terminates this Lease or whether Landlord terminates Tenant's right to possession of the Premises, recover from Tenant:

(a) the worth at the time of determination of any unpaid Rent and costs which have been earned at the time of such termination; plus

(b) the worth at the time of determination of any amount by which the unpaid Rent (as well as all other charges, payments, costs and expenses herein agreed to be paid by Tenant, or at the option of Landlord any part thereof) which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(c) the worth at the time of determination of the amount by which the unpaid Rent for the balance of the Term after the time of the determination (including any percentage rent that Landlord reasonably estimates) exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(d) any other reasonable amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease; and

(e) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

As used in Section 18.05 (a) and (b) above, the “worth at the time of award” is computed by allowing interest in the per annum amount equivalent to the default rate in whatever primary financing Tenant has in place at the time of the Event of Default. As used in Section 18.05 (c) above, the “worth at the time of award” is computed by utilizing the non-default rate in whatever primary financing Tenant has in place at the time of the Event of Default.

Upon an Event of Default, if this Lease or any part thereof is assigned, or if the Premises or any part thereof is sublet, Tenant hereby irrevocably constitutes and appoints Landlord as Tenant’s agent to collect the rents due by the assignee or subtenant and apply the same to the rent and other costs due hereunder without in any way affecting Tenant’s obligation to pay any unpaid balance of Rent due hereunder. Nothing herein contained shall limit or prejudice the right of Landlord to prove for and obtain as liquidated damages by reason of expiration or termination, an amount equal to the maximum allowed by any statute or rule of law or in equity.

Notwithstanding the foregoing, Landlord acknowledges that it has the duty to mitigate its damages hereunder by attempting to relet the Premises, or a portion thereof, on commercially reasonable terms as provided in Section 18.03 of this Lease. Upon such reletting, the Rents received by Landlord for the Premises shall be applied as set forth in Section 18.04 of this Lease.

Section 18.06 Tenant’s Property. Tenant hereby waives all claims for damages which may be caused by the re-entry of Landlord and taking possession of the Premises or removing or storing Tenant’s or Subtenant’s Personal Property, subject to the rights of Tenant’s Leasehold Mortgagee with respect to such Personal Property.

Section 18.07 Other Remedies. In addition to all other remedies, in the event of any Event of Default by Tenant, upon prior written notice to Tenant, but subject to the rights of Tenant’s Leasehold Mortgagee, Landlord may cure the Event of Default for the account and at the expense of Tenant. If Landlord incurs any expense, the sum or sums advanced by Landlord, together with interest of 1% per month, from date of payment by Landlord, together with all costs and damages, shall be deemed to be Rent and shall be due and payable as Rent.

Section 18.08 Partial Performance Does Not Constitute Cure of Default. No failure by Landlord or by Tenant to insist upon the strict performance of any provision of this Lease or to exercise any right or remedy hereunder and no acceptance by Landlord of full or partial Rent during the continuance of a breach, shall constitute a waiver of a breach thereof, or shall be waived or modified except by a written instrument executed by both Parties. No waiver of any breach shall affect or alter this Lease, but every provision of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. Notwithstanding a reletting without termination, Landlord may at any time elect to terminate this Lease for a previous uncured Event of Default, subject to the rights of Tenant’s Leasehold Mortgagee.

Section 18.09 Landlord’s Injunction Rights. If Tenant commits an Event of Default, then Landlord may enjoin the breach without bond and may invoke any right or remedy allowed at law or in equity whether or not the remedy in question is specifically included in this Lease.

Section 18.10 Remedies Are Cumulative. Each right or remedy of Landlord provided for in this Lease are cumulative and are in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity. The exercise of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity.

Section 18.11 Landlord's Security Interest. In addition to any lien for Rent available to Landlord, Landlord shall have, and Tenant hereby grants to Landlord, a continuing security interest for all Rent and other sums becoming due hereunder from Tenant, upon all Tenant's accounts receivable, inventory, equipment and all other personal property located on the Premises and utilized or related to operation of the Project. If an Event of Default occurs, Landlord shall have, in addition to any other remedies provided herein or by law, all of the rights and remedies afforded to secured parties under the Uniform Commercial Code, as codified in applicable state law ("the U.C.C."), including but not limited to: (a) the right to sell Tenant's said property at public or private sale upon ten (10) days' notice to Tenant; and (b) the right to take possession of such property without resort to judicial process in accordance with applicable provisions of the U.C.C. Tenant, on its receipt of a written request therefore from Landlord, shall execute such financing statements and other instruments as are necessary or desirable, in Landlord's judgment, to perfect such security interest. Notwithstanding anything contained herein to the contrary, for so long as a Leasehold Mortgage remains outstanding, Landlord's lien set forth in this Section 18.11 shall be subject and subordinate to the interests, rights, liens, security interests and remedies of Tenant's Leasehold Mortgagee and any other Secured Party (as defined in Section 25.09 herein).

Section 18.12 Default by Landlord. Landlord shall be considered in default or breach of this Lease for the non-performance of any obligation imposed herein if it is not cured within a period of thirty (30) days after written notice thereof from Tenant to Landlord and:

(a) If the same relates solely to the non-payment of money, Landlord fails to perform within thirty (30) days after receipt of said written notice, or

(b) If the same does not relate solely to the non-payment of money, Landlord fails to commence performance within said thirty (30) day period and to diligently continue such performance until the obligation is fulfilled, but in no event longer than one hundred eighty (180) days after notice, subject to unavoidable delays.

In the event of a default by Landlord as defined in this Section 18.12, Tenant, at its option, without further notice or demand, shall have all rights and remedies available to it under this Lease, at law and/or in equity.

ARTICLE 19

INTENTIONALLY OMITTED

ARTICLE 20

NOTICES

Section 20.01 Notices. All notices, requests, demands, waivers, and other communications given as provided in this Lease shall be in lieu of, and not in addition to, statutorily required notice. All such notices, requests, demands, waivers, and other communications, unless otherwise specifically provided in this Lease, will be in writing and will be deemed to have been given:

- (a) If delivered in person, upon delivery, or
- (b) If mailed by certified or registered mail, postage prepaid, and addressed to Landlord or Tenant at the addresses provided below, on the second business day after deposit in the United States mail if addressed to an address located within the same state in which the notice is being mailed or on the third business day after deposit in the United States mail if addressed to an address located within a state other than the state in which the notice is being mailed, or
- (c) If sent by overnight express delivery service, enclosed in a prepaid envelope and addressed to Landlord or Tenant at the addresses provided below, on the first business day after deposit with the service, or
- (d) If sent by fax machine to the phone number listed below, then Notice shall be deemed delivered on the next business day following receipt, as evidenced by a successful transmission report.
- (e) Either Landlord or Tenant may change its respective address as provided in this paragraph by giving written notice of the change as provided in this paragraph.

The addresses for notice are:

Notice to Landlord:

Vice President-Administration and Finance
1664 N. Virginia Street
Mail Stop 0003
Reno , Nevada 89557
Telephone No.: 775-784-6140
Facsimile No.: 775-784-1774

With copy:

General Counsel
1664 N. Virginia Street
Mail Stop 0550
Reno , Nevada 89557
Telephone No.: 775-784-3491

Facsimile No.: 775-327-2202

Notice to Tenant:

BBCS-UN RENO Housing, LLC
c/o Balfour Beatty Campus Solutions, LLC
10 Campus Boulevard
Newtown Square, PA 19073
Attention: Robert Shepko
Telephone No.: 610-355-8220
Facsimile No.: 610-355-8520

With copy to:

c/o Balfour Beatty Campus Solutions, LLC
10 Campus Boulevard
Newtown Square, PA 19073
Attention: General Counsel
Telephone No.: 610-355-8266
Facsimile No.: 610-355-8566

ARTICLE 21

SIGNS

Section 21.01 Tenant's Right to Reasonable Signage. Tenant may place directional signs at such places on the Landlord's campus as is mutually agreeable by the Parties. Tenant shall not place nor permit to be placed any sign, advertisement, notice, marquee, awning, or other display on any part of the exterior of the Premises including windows or doors without the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned, nor make any change thereafter. Except where written consent has been previously obtained, Tenant, upon request of Landlord, shall immediately remove any sign, advertisement, notice, marquee, awning, or other display which Tenant has placed or permitted to be placed on or about the Premises or on the Improvements of which they are a part, which in the reasonable opinion of Landlord is objectionable, offensive, or not in good taste, and, if Tenant shall fail to do so, Landlord may re-enter in or upon the Premises and remove the same at the expense of Tenant.

ARTICLE 22

MISCELLANEOUS PROVISIONS

Section 22.01 Table of Contents; Descriptive Headings; Background. The table of contents and descriptive headings of the paragraphs, sections, and other portions of this Lease are inserted for convenience and reference only and in no way define, limit or describe the scope,

meaning construction or intent of this Lease nor in any way affect this Lease. The provisions of the Recitals and of the Exhibits are incorporated by reference as a material part of this Lease.

Section 22.02 Nevada Law Governs. This Lease will be interpreted and construed under and in accordance with the laws of the State of Nevada, without regard to conflicts of law principles. The forum selected for any proceeding or suit related to this Lease shall be the federal or state courts located in Washoe County, Nevada. The Parties expressly consent to personal jurisdiction in these courts. Notwithstanding any other provision herein, the Parties expressly agree that: (1) this Section 22.02 is a valid and binding agreement despite any claim as to the invalidity of all or any portion of this Lease and is supported by mutual consideration of the Parties' actions in negotiating the transactions contemplated hereby; and (2) no claim as to the invalidity of this Lease shall serve as a bar to the enforcement of the provisions of this Section 22.02.

Section 22.03 Severability of Any Invalid Provision. Invalidation of any one of the covenants, restrictions or provisions of this Lease by judgment or court order shall in no way affect any provisions, restrictions or covenants which shall remain in full force and effect.

Section 22.04 No Brokers. Tenant represents and warrants to Landlord and Landlord represents to Tenant that neither Party has had any dealings or discussions with any broker or agent in connection with this Lease and Tenant covenants to pay, hold harmless and indemnify Landlord from and against any and all losses, liabilities, damages, costs and expenses arising out of or in connection with any claim by any broker or agent for commissions relating to this Lease by reason of Tenant's activities and Landlord covenants to pay, hold harmless and indemnify Tenant from and against any and all losses, liabilities, damages, costs and expenses arising out of or in connection with any claim by any broker or agent for commissions relating to this Lease by reason of Landlord's activities.

Section 22.05 Amendment Must Be In Writing. No amendment or modification to this Lease shall be valid except by agreement made in writing by the Parties.

Section 22.06 Unless Otherwise Stated, Consent Shall Not Be Unreasonably Withheld. Any consent required of Landlord or Tenant hereunder shall not be unreasonably withheld, unless the specific provision provides that the consent is at the Party's sole discretion.

Section 22.07 Time Is of the Essence. Time is of the essence in this Lease and in each and every term and condition contained herein.

Section 22.08 Rights and Remedies Cumulative. No right or remedy specified herein or otherwise conferred upon or reserved to Landlord or Tenant, as the case may be, shall be considered exclusive of any other right or remedy, but the same shall be cumulative and shall be in addition to every other right and remedy whether hereunder, at law or in equity, and every right and remedy may be exercised by Landlord or Tenant, as the case may be, from time to time and as often as occasion may arise or as may be deemed expedient.

Section 22.09 No Waiver Unless in Writing. No consent or waiver, express or implied, by either Party hereto with respect to any breach or default by the other Party in the performance of any of its covenants or obligations under this Lease shall be deemed or construed

to be a consent to or waiver of any other breach or default. No waiver by either Party hereto of any default or breach by the other Party in the performance of any of its covenants or obligations under this Lease shall be deemed to have been made by the Party unless contained in a writing executed by the Party.

Section 22.10 Memorandum of Lease. At Tenant's option, the Parties shall execute and Tenant shall cause to be recorded a Memorandum of Lease in the form of **Exhibit "E"** suitable for recording purposes with the Washoe County Recorder's Office. Tenant acknowledges that this Lease, along with any other information or documents received from Tenant, may be subject to the provisions of the State of Nevada Public Records Law. Nevada Revised Statutes 239.010 et seq. After the expiration, cancellation, or termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord within thirty (30) days after written demand from Landlord, a document releasing any right or interest in the leasehold estate to Landlord or other document required by any reputable title company to remove the cloud of this Lease from the Land.

Section 22.11 Entire Agreement. This Lease, together with any exhibits and other documents attached hereto or incorporated herein by reference, constitutes one entire contract between the Parties. Except as otherwise set forth in the Pre-Development Agreement, all terms, conditions, representations, warranties, understandings, and interpretations contained in any other oral or written communications between the Parties are hereby superseded. In executing this Lease, the Parties acknowledge that they are relying solely on the matters set forth in this Lease, and not on any other inducements, written or oral, by the other Party or by any agent, employee, or representative thereof. Tenant acknowledges that no prior information provided or statements made by the Landlord or by any agent, employee, or representative thereof (collectively, "**Prior Information**") has induced Tenant to enter into this Lease. Tenant acknowledges that prior to entering into this Lease it has satisfied itself of all its concerns by conducting an independent investigation of the validity of all Prior Information.

Section 22.12 Joint and Several Obligations. If Tenant is comprised of more than one person or entity, then the obligations imposed upon Tenant in this Lease shall be joint and several.

Section 22.13 Successors and Assigns; Lease Covenants Run With the Land. The terms, covenants, agreements, provisions, conditions and limitations of this Lease shall be construed as covenants running with the land and shall bind and inure to the benefit of Landlord, its successors and permitted assigns, and Tenant, its successors and permitted assigns and permitted sub-Tenants, except as otherwise provided herein.

Section 22.14 No Partnership. It is expressly understood that neither Landlord nor Tenant is or becomes in any way or for any purpose, a partner of the other in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with the other, or agent of the other by reason of this Lease or otherwise.

Section 22.15 Counterparts. This Lease may be executed in any number of counterparts, all of which shall be deemed one instrument, and each of which shall be deemed an

original of this Lease for all purposes, notwithstanding that fewer than all signatures may appear on any single counterpart.

Section 22.16 No Merger. There shall be no merger of this Lease nor of the leasehold estate created with the estate in the Premises by reason of the fact that this Lease, or the leasehold estate created hereby, or any interest in either thereof, may be held directly or indirectly by or for the account of any person who shall own the fee estate in the Premises or any portion therein and no merger shall occur unless and until all persons at the time having any interest in the fee estate and all persons having any interest in this Lease or the leasehold estate, including any Leasehold Mortgagee, join in a written instrument effecting a merger.

Section 22.17 Mineral Rights. Landlord reserves to itself all of the oil, gas and mineral rights of the Land without the right of surface entry.

Section 22.18 Surrounding Property. Tenant and Landlord acknowledge that Landlord intends to develop the property surrounding the Premises. Landlord makes no representations or warranties with respect to State appropriations or donor funding for such facilities or with respect to other property surrounding the Premises and the uses to which such surrounding property is being used or may be used in the future and any interference which such uses may present to the views and/or other uses of the Premises.

Section 22.19 Intellectual Property. Except as set forth in the Operating Agreement, the Parties agree not to use any foreign, federal, state or common law trademark, trade name, service mark, trade dress, universal resource locator, domain name, design, symbol, logo, patent, copyright, name or insignia belonging to the other without prior written approval.

Section 22.20 Sovereign Immunity. Notwithstanding any provision herein to the contrary, with respect to any liability of Landlord under this Lease, the Operating Agreement, the Master Development and the Property Management Agreement to Tenant and/or any person claiming through Tenant to indemnify, defend, and/or hold harmless from and against any and all liabilities, claims, losses, lawsuits, judgments, and/or expenses, including attorney fees, arising either directly or indirectly from any act or failure to act by Landlord or any of its officers or employees, which may occur during or which may arise out of the performance of this Lease, the Operating Agreement, the Master Development and the Property Management Agreement, Landlord will assert the defense of sovereign immunity as appropriate in all cases in accordance with the provisions of NRS Chapter 41.

ARTICLE 23

CERTIFICATES BY LANDLORD AND TENANT

Section 23.01 Estoppel Certificate. Either Party agrees at any time and from time to time upon not less than thirty (30) days prior notice by the other Party to execute, acknowledge and deliver to the other Party a statement in writing certifying that this Lease is unmodified and in full force and effect, (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications), and the dates to which the Rent has been paid, and stating whether or not the other Party is in default, specifying each default, it

being intended that any statement delivered pursuant to this Section may be relied upon by the other Party or any prospective purchaser of the fee or any mortgagee or prospective mortgagee thereof.

ARTICLE 24

RIGHT TO PERFORM OTHER PARTY'S COVENANTS

Section 24.01 Mutual Cure Rights of Obligations Under Lease. If Landlord or Tenant shall at any time fail to pay any sum, Taxes, Assessment, cost or expense which it is obligated to pay under the terms of this Lease, then the other Party, after fifteen (15) days written notice (or such longer notice period as may be expressly set forth elsewhere in this Lease) to the Party which has failed to make payment (or without notice or upon a shorter notice period in case of any emergency) and without waiving or releasing either Party from any obligation under this Lease, may, but shall be under no obligation to, pay any such sum, Assessment, cost or expense; provided, however, that no such payment shall be made if the Party receiving such written notice has in fact paid the same before the expiration of the time period and has given notice to the Party originally giving notice. Any payment made by either Party pursuant to this Section, together with all costs, expenses and interest at the rate of twelve percent (12%) per annum shall be paid to the paying Party on demand.

Section 24.02 Landlord's Cure Rights of Obligations Under Lease. If Tenant fails to perform or observe any covenant or condition contained in this Lease, the performance of which involves something more than merely the payment of money, then Landlord, after fifteen (15) days (or such longer notice period as may be expressly set forth elsewhere in this Lease) written notice to Tenant (or without notice or upon a shorter notice period in case of an emergency), and without waiving or releasing Tenant from any obligation, may perform the same for the account of Tenant, and charge Tenant the actual cost of any such performance. All sums so paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of any such act, together with interest thereon at the rate of twelve percent (12%) per annum shall be paid by Tenant to Landlord on demand.

Section 24.03 Intentionally Omitted.

Section 24.04 Intentionally Omitted.

Section 24.05 Lease Subordinate to Landlord's Mortgage; Nondisturbance Subject to the terms of this Section 24.05, this Lease may be made subject and subordinate to a lien of a mortgage or indentures which hereafter may be made a lien on Landlord's fee simple title to the Land (a "**Fee Mortgage**") now or hereafter owned by Landlord or any part thereof or on the rights of Landlord hereunder. As used herein, the term "mortgages" shall mean mortgages, deeds of trust or other similar real property security instruments, and any and all modifications, consolidations, extensions, renewals, replacements and substitutes thereof. Landlord and Tenant shall reasonably and timely cooperate with each other and the other's lender(s) in documenting these arrangements for subordination of this Lease to the lien of any Fee Mortgage, provided that Tenant's obligation to subordinate this Lease to a Fee Mortgage is conditioned upon Tenant's receipt of a recordable subordination, non-disturbance and attornment

agreement, and, if applicable, intercreditor agreement, from Landlord's lender in form and content reasonably satisfactory to Tenant and Tenant's Leasehold Mortgagee.

ARTICLE 25

LEASEHOLD MORTGAGE PROVISIONS

Section 25.01 **Leasehold Mortgage.** Notwithstanding anything to the contrary which may be contained in any other provision of this Lease, Tenant is hereby granted the right, without being required to obtain Landlord's consent, at any time and from time to time (including, without limitation, for the initial construction and development of the Project and for the use, operation, maintenance, repair, replacement and restoration of the Premises during the Term), as security for a Loan, to mortgage, grant a security interest in or otherwise pledge, assign, transfer or encumber (a "**Leasehold Mortgage**") in favor of a lender (other than a person or entity which has control of, is controlled by or under common control with Tenant) (a "**Leasehold Mortgagee**") its rights, title and interests, as Tenant, in, to and under this Lease, its leasehold estate in the Premises, rights under any subleases and/or its interests in the Land, Improvements or Personal Property of Tenant, provided that (i) at the time any such mortgage, encumbrance or security interest is created, no uncured Event of Default on the part of Tenant, then exists hereunder, (ii) in no event shall Landlord's reversionary interests in the Premises or in the Improvements be encumbered by any Leasehold Mortgage, (iii) Tenant's obligations to its Leasehold Mortgagee will be required to be satisfied on or before expiration of the Term; and (iv) any Leasehold Mortgagee shall be obligated to concurrently provide Landlord copies of all notices to which Tenant shall be entitled of default by Tenant under the Leasehold Mortgage or of Leasehold Mortgagee's intent to commence enforcement action against Tenant under the Leasehold Mortgage. As used in this Lease, the noun "mortgage" shall include a mortgage, security agreement or deed of trust, the verb "mortgage" shall include the creation of a mortgage, deed of trust or other security interest, the word "mortgagee" shall include the mortgagee under a mortgage, the beneficiary under a deed of trust or the secured party under a security agreement, the term "**Loan Documents**" refers to any and all documents and instruments evidencing a Loan or a mortgage, and the terms "Foreclose" or "foreclosure" shall include the exercise of any power of sale (whether by a trustee or other person or entity) contained in a deed of trust or security agreement as well as foreclosure by judicial process, to the extent permitted by the laws of the State of Nevada. If Tenant exercises this right and grants a Leasehold Mortgage, then Landlord, for itself, its assignees, mortgagees and trustees-in-bankruptcy and its and their respective successors and assigns, hereby agrees to be bound by the remaining provisions of this Article 25. In addition, Tenant shall deliver to Landlord copies of the Leasehold Mortgage and give Landlord notice of the name and address of the Leasehold Mortgagee.

Section 25.02 **No Amendment.** This Lease shall not be amended, cancelled, surrendered or rejected without the prior written approval of the Leasehold Mortgagee, and any such action done without the consent of Leasehold Mortgagee shall not bind Leasehold Mortgagee or adversely affect its rights hereunder; provided, however, that nothing contained herein shall be construed to require the consent of any Leasehold Mortgagee to the exercise by Landlord of any right of termination upon any Event of Default on the part of Tenant to which Landlord is expressly entitled under this Lease, subject to any rights of notice to and any applicable opportunity to cure by Leasehold Mortgagee and other rights of Leasehold

Mortgagee, as expressly provided in this Lease. Landlord and Tenant may not voluntarily agree to terminate this Lease without the consent of Leasehold Mortgagee and each other Leasehold Mortgagee that has given Landlord notice of its Leasehold Mortgage. Nothing contained herein shall prohibit Landlord from giving or withholding its consent or approval with respect to any matter as expressly provided herein or in the Master Development Agreement, Operating Agreement or Property Management Agreement, and the giving or withholding of consent or approval in accordance with and subject to the terms of this Lease shall not be deemed to be an amendment of this Lease to which Leasehold Mortgagee shall be entitled to give its consent, provided such consent does not actually result in an amendment or termination of this Lease or surrender of the Premises in derogation of Leasehold Mortgagee's rights hereunder.

Section 25.03 **Default Notices.**

(a) Landlord, upon providing Tenant any notice of default under this Lease or a termination of this Lease, shall at the same time provide a copy of such notice to the Leasehold Mortgagee and each other Leasehold Mortgagee that has given Landlord notice of its Leasehold Mortgage, which notice shall provide for an address to which notices required hereunder shall be sent. Such notice shall contain a statement in **BOLD FACE CONSPICUOUS TYPE** that it is a default notice, as a condition to the effectiveness thereof as to such Leasehold Mortgagee (but without affecting the effectiveness thereof as to Tenant). No such notice by Landlord shall be deemed to have been duly given unless and until a copy thereof has been so provided to such Leasehold Mortgagee as herein required.

(b) If Tenant fails to cure or remedy any default, breach or failure under this Lease within the applicable cure period provided under Article 18 hereof, then except as provided hereafter, Landlord will refrain from exercising any remedy with respect to such default, breach or failure and such default, breach or failure shall not constitute an Event of Default, unless and until (i) with respect to any default, breach or failure by Tenant of any obligation to pay Rent and other monetary amounts, Landlord shall give a further written notice thereof to the Leasehold Mortgagee and such default, breach or failure remains uncured in whole or any part, at the expiration of ten (10) days after the Leasehold Mortgagee's receipt of Landlord's written notice of such default, breach or failure; and (ii) with respect to any other default, breach or failure on the part of Tenant, Landlord shall give a further written notice thereof to the Leasehold Mortgagee and such default, breach or failure remains uncured in whole or any part, at the expiration of thirty (30) days after the Leasehold Mortgagee's receipt of Landlord's written notice of such failure; provided, however, that if such non-monetary default, breach or failure is such as cannot with diligent efforts be cured within thirty (30) days, Leasehold Mortgagee shall have additional time to cure so long as Leasehold Mortgagee shall have commenced action to remedy such failure promptly following such notice and shall have diligently prosecuted such action in good faith; and provided, further, that in the event that any such non-monetary default is not susceptible to cure by Leasehold Mortgagee until Leasehold Mortgagee can gain possession of the Premises, Leasehold Mortgagee's period of time to commence to cure such default shall be extended until such time as Leasehold Mortgagee gains possession of the Premises, so long as:

(i) Within ten (10) days after receipt of Landlord's notice, pay or cause to be paid all Rent and other payments then due and in arrears as specified in the notice of

such default, breach or failure given by Landlord to such Leasehold Mortgagee and that may thereafter become due during the cure period allowed to such Leasehold Mortgagee, subject to the notice and cure provisions set forth in this Lease; provided that no such amount shall be required to be paid before the same is due and owing under this Lease;

(ii) Comply or, in good faith, with reasonable diligence and continuity, commence to comply with all nonmonetary requirements of this Lease then in default and reasonably susceptible of being complied with by such Leasehold Mortgagee and continue to pursue such cure with reasonable due diligence, excepting: (a) obligations of Tenant to satisfy or otherwise discharge any lien, charge or encumbrance against Tenant's interest in this Lease junior in priority to the lien of the Leasehold Mortgage held by Leasehold Mortgagee (which is not also a lien against Landlord's fee interest in the Premises); and (b) past nonmonetary obligations then in default and not reasonably susceptible of being cured by Leasehold Mortgagee;

(iii) during such extended cure period, unless and until such default, breach or failure is fully cured, the Leasehold Mortgagee shall be reasonably diligent in its efforts to gain possession of the Premises and thereafter to commence and complete the cure of such default, breach or failure; and unless Leasehold Mortgagee is stayed or enjoined from taking such actions, the Leasehold Mortgagee shall take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with reasonable diligence and continuity and without giving any extensions of time to Tenant without the prior written consent of Landlord;

(iv) Upon the acquisition of Tenant's estate herein by Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale, assignment in lieu thereof or otherwise, this Lease shall continue in full force and effect provided that and for so long as the Leasehold Mortgagee or its designee or other purchaser at a foreclosure sale continues diligently to cure such default, breach or failure and to comply with all other obligations of Tenant for the payment of Rent and the performance of all other obligations of Tenant under this Lease; provided, however, that if the Event of Default remains uncured in whole or any part at the expiration of ninety (90) days after the acquisition of Tenant's estate herein by Leasehold Mortgagee or its designee or other purchaser at a foreclosure sale (provided, however, that if such default, breach or failure is such as cannot with diligent efforts be cured within such ninety (90) days, Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale shall have additional time to cure so long as Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale (x) shall have commenced action to remedy such failure promptly following such acquisition, (y) shall have diligently prosecuted such action in good faith and (z) shall comply with all other obligations of Tenant for the payment of Rent and the performance of all other obligations of Tenant under this Lease), or if any further Event of Default occurs following such acquisition, then Landlord shall have the rights set forth in this Lease or at law or in equity without further regard to this section.

(c) Landlord shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Tenant. Tenant authorizes Leasehold Mortgagee to take any such action at Leasehold Mortgagee's option in accordance with

applicable laws and the terms and conditions of this Lease and does hereby authorize entry upon the Premises by the Leasehold Mortgagee for such purpose.

(d) Nothing contained in this Section 25.03 or in Section 25.04 below, shall impair or impede Landlord's rights and remedies under Article 18, which shall be available to Landlord notwithstanding the pendency of any proceedings or efforts to cure under this Section 25.03, nor shall anything contained in this Section 25.03 or in Section 25.05 below impair or impede Landlord's exercise of any equitable rights and remedies to enforce compliance with Tenant's obligations under this provided that no such action(s) interfere with or Leasehold Mortgagee's rights under this Lease).

Section 25.04 Notice of Termination; Termination.

(a) Anything contained in this Lease to the contrary notwithstanding, if any Event of Default shall occur that may entitle Landlord to terminate this Lease (whether one or more, a "Termination Default"), and if the same remains uncured, Landlord shall have no right to terminate this Lease unless and until:

(i) the period of time given Tenant to cure such Termination Default set forth in Article 18 shall have expired and such Termination Default remains uncured in whole or part,

(ii) Landlord shall have given notice(s) to the Leasehold Mortgagee of such Termination Default pursuant to Section 25.03, and the applicable period(s) for cure have expired and such Termination Default remains uncured in whole or part, and

(iii) Landlord shall have given to the Leasehold Mortgagee written notice (a "Default Termination Notice") specifying IN BOLD FACE CONSPICUOUS TYPE that Landlord intends to terminate this Lease by reason of such Termination Default unless Tenant or any one or more of the Leasehold Mortgagees cures such Event of Default within thirty (30) days following receipt of such notice by the Leasehold Mortgagee.

(b) Only if, after satisfying the requirements set forth in Section 25.04(a)(iii), and upon the expiration of the thirty (30) day period mentioned in Section 25.04(a)(iii), the Termination Default has not been fully cured, Landlord may terminate this Lease and the rights of Tenant and all Leasehold Mortgagees hereunder (except as provided in Section 25.05 hereof), and may enter and retake possession of the Premises and may exercise such other rights by reason of such Event of Default as are available to Landlord hereunder or at law or in equity.

(c) If at the end of such thirty (30) day period Leasehold Mortgagee is complying with Section 25.03(b)(iv), this Lease shall not then terminate; and the time for completion by such Leasehold Mortgagee of proceedings pursuant to Section 25.03(b)(iv) shall continue for the period provided in Section 25.03(b)(iv) in connection with Tenant's failure to comply with obligations other than the obligation to pay Rent. Nothing in this Section 25.04(c), however, shall be construed to require Leasehold Mortgagee to continue such foreclosure proceedings after the default has been cured. If the default shall be cured, and Leasehold Mortgagee shall discontinue such foreclosure proceedings, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

(d) Upon the acquisition of Tenant's estate herein by Leasehold Mortgagee or its designee or any other permitted purchaser at a foreclosure sale, assignment in lieu thereof or otherwise, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

(e) Notwithstanding any other provision of this Lease, any sale or other Transfer of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or other Transfer of this Lease or of the leasehold estate hereby created in lieu of the foreclosure of any Leasehold Mortgage (whether as a result of a default hereunder, a default under a Leasehold Mortgage or otherwise), shall be deemed to be a permitted Transfer or sale not requiring the consent of Landlord, pursuant to this lease provided that the Person becoming the holder of the Tenant's Estate shall satisfy the following conditions:

(i) All monetary Events of Default shall be cured as provided herein;

(ii) Either (i) such Person is (or has a parent organization or affiliate that is) financially and commercially capable of performing the obligations hereunder and has (or has a parent organization or affiliate that has) at least seven (7) years of experience managing student housing facilities of the nature, type, scope and size of the Premises, or (ii) upon such Transfer such Person shall engage a property management company reasonably acceptable to Landlord;

(iii) Such Person shall agree in writing to perform all of the terms, covenants and conditions on the part of the Tenant to be performed hereunder from and after the date of such purchase or assignment (provided, however, that if such Person shall be the holder of the Leasehold Mortgage or its affiliate, only with respect to the obligations of Tenant accruing during the period during which such holder or affiliate shall continue to be the holder of Tenant's estate under this Lease).

No such sale, Transfer or assignment satisfying these requirements shall constitute a default or Event of Default under this Lease.

(f) In the event of any sale or other Transfer of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or other Transfer of this Lease or of the leasehold estate hereby created in lieu of the foreclosure of any Leasehold Mortgage, (a) the Leasehold Mortgagee shall not be liable for any act or omission of Tenant excepting any uncured breach or default under this Lease (including without limitation any unpaid Rent) that remains uncured and is continuing (subject to any applicable rights of cure with respect to non-monetary defaults only), (b) the Leasehold Mortgagee shall not be liable for any amendment to this Lease not joined in or consented to by the Leasehold Mortgagee, (c) the Leasehold Mortgagee shall not be subject to any offsets or defenses which Landlord has against Tenant excepting any uncured breach or default under this Lease (including without limitation any unpaid Rent) that remains uncured and is continuing (subject to any applicable rights of cure with respect to non-monetary defaults only), and (d) Landlord and such Leasehold Mortgagee shall, upon written request of the other party, reaffirm in writing the validity of this Lease.

Section 25.05 New Lease. In the event of the termination of this Lease prior to the expiration of the Term, except any termination (i) as a result of the Leasehold Mortgagee's failure to cure a Termination Default (unless the Event of Default resulting in such termination is incapable of cure by the Leasehold Mortgagee), (ii) elected by Tenant under any provision of this Lease permitting Tenant unilaterally to terminate this Lease (subject to Section 25.02 hereof), (iii) elected by Tenant as a result of a Condemnation in accordance with the terms of this Lease, or (iv) elected by Tenant as a result of a Casualty in accordance with the terms of this Lease, then Landlord shall serve upon the Leasehold Mortgagee written notice that this Lease has been terminated, together with a statement of any and all sums which would at the time of such notice be due under this Lease but for such termination, and of all other defaults, if any, under this Lease then known to Landlord (collectively, the "Known Defaults"). Such Leasehold Mortgagee shall thereupon have the option (but not the obligation) to obtain a new lease ("New Lease") in accordance with and upon the following terms and conditions: Upon the written request of such Leasehold Mortgagee (a "New Lease Request") given to Landlord not later than thirty (30) days after receipt by such Leasehold Mortgagee of such notice from Landlord that this Lease has been terminated (inclusive of the above-required statement of all Known Defaults), time being of the essence, Landlord and such holder designated by Leasehold Mortgagee shall enter into a New Lease of the Leased Premises, as follows:

(a) Such New Lease shall be entered into as promptly as reasonably practicable, but in any case within sixty (60) days following Landlord's tender of such New Lease in proper form to such Leasehold Mortgagee following Landlord's receipt of a New Lease Request, at the cost of the Leasehold Mortgagee; such New Lease shall be effective as of the date of termination of this Lease, and shall be for the remainder of the Term and at the Rent and upon all the agreements, terms, covenants and conditions hereof.

(b) Such New Lease shall provide the same rights of Tenant under this Lease to Leasehold Mortgagee and shall require that Leasehold Mortgagee perform any unfulfilled obligations of Tenant under this Lease which are susceptible of being performed by such Leasehold Mortgagee. Such Leasehold Mortgagee shall perform and observe all covenants herein contained on Tenant's part to be performed which are susceptible to being performed by such Leasehold Mortgagee, and shall further remedy any other conditions which Tenant under the terminated Lease was obligated to perform under its terms, including, without limitation, any Known Defaults, to the extent the same are curable or may be performed by such Leasehold Mortgagee.

(c) Upon the execution of such New Lease, Landlord shall pay or permit an offset against Rent to such Leasehold Mortgagee, and such Leasehold Mortgagee shall be entitled to, an adjustment in an amount equal to the Gross Revenues (if any) derived by Landlord from the Leased Premises during the period from the date of termination of this Lease to the date of execution of such New Lease.

(d) Effective upon the commencement of the term of any such New Lease executed pursuant to this Section 25.05, all subleases shall be assigned and transferred by quitclaim without recourse by Landlord to the Tenant under such New Lease, together with all security deposits and prepaid rents then held by Landlord, and any other sums to which Tenant would have been entitled had this Lease not been terminated.

(e) Upon acquisition of the leasehold by the Leasehold Mortgagee or by any purchaser at a foreclosure sale other than a Leasehold Mortgagee, such party shall assume the Tenant's obligations under the Master Development Agreement, the Operating Agreement and the Property Management Agreement.

(f) The rights granted herein to the Leasehold Mortgagee to a New Lease shall survive any termination of this Lease.

(g) Nothing herein contained shall require any Leasehold Mortgagee to enter into a New Lease.

Section 25.06 No Merger. So long as any Leasehold Mortgage is in existence, unless Leasehold Mortgagee shall otherwise expressly consent in writing or unless this Lease has otherwise been terminated in accordance with its terms, the fee title to the Premises and the leasehold estate of Tenant therein created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Landlord or by Tenant or by a third party, by purchase or otherwise.

Section 25.07 Bankruptcy. In the event Tenant becomes the subject of a proceeding under the United States Bankruptcy Code (Title 11 U.S.C.) as now or hereafter in effect (including any replacement thereof), Tenant shall not be entitled to reject this Lease without the prior written consent of the Leasehold Mortgagee; provided that, if the Lease is nevertheless rejected in connection with a bankruptcy proceeding by Tenant or a trustee in bankruptcy for Tenant, such rejection shall be deemed an assignment by Tenant to the Leasehold Mortgagee of the leasehold estate and all of Tenant's interest under this Lease, in the nature of an assignment in lieu of foreclosure, and this Lease shall not terminate and the Leasehold Mortgagee shall have all the rights of the Leasehold Mortgagee hereunder as if such bankruptcy proceeding had not occurred, unless the Leasehold Mortgagee shall reject such deemed assignment by notice in writing to Landlord within sixty (60) days following rejection of the Lease by Tenant or Tenant's trustee in bankruptcy. If any court of competent jurisdiction shall determine that this Lease shall have been terminated notwithstanding the terms of the preceding sentence as a result of rejection by Tenant or the trustee in bankruptcy for Tenant in connection with any such proceeding, the rights of the Leasehold Mortgagee to a New Lease from Landlord shall not be affected thereby.

Section 25.08 Limitation of Leasehold Mortgagee's Liability. The liability of any Leasehold Mortgagee or its designee or nominee acquiring title pursuant to foreclosure or other process in lieu thereof under this Lease with respect to any amount due hereunder and accruing prior to the respective Party acquiring possession of the Premises (including possession subject to subleases) shall be limited to such Party's interest in the Premises, and any judgments rendered against any such Leasehold Mortgagee or its designee or nominee following foreclosure or other process in lieu thereof shall be satisfied solely out of its interests in this Lease or the proceeds of sale of its interest in the Premises. No personal judgment shall lie against any such Leasehold Mortgagee or its designee or nominee upon extinguishment of its rights in the Premises, and any judgment so rendered shall not give rise to any right of execution or levy against such Leasehold Mortgagee's or its designee's or nominee's assets. The provisions of this Section 25.08 shall not inure to the successors and assigns of any Leasehold Mortgagee or its

designee or nominee following its acquisition and Transfer of title to the leasehold estate created hereby.

Section 25.09 Security Interests. Landlord hereby acknowledges and consents to Tenant's grant of security interests in the Personal Property to Leasehold Mortgagee and to bona fide lenders and their respective successors and assigns (together, "Secured Lenders"). Any Personal Property in which a security interest has been granted to a Secured Lender is hereinafter called "Secured Property." Landlord subordinates any interest in the Personal Property to security interests granted to Secured Lenders, subject to the provisions hereof. Landlord consents to the entry by Secured Lenders or their agents or representatives upon the Leased Premises at any time pursuant to any document evidencing or governing a lien or security interest in favor of a Secured Lender for the purpose of removing the Secured Property, except that the Secured Lenders may not remove any Fixtures from the Leased Premises. The Secured Property shall be deemed to be personal property and not a part of the Premises and shall not be claimed or seized or levied upon in any levy or legal execution or legal proceedings by Landlord. The Secured Lenders may remove Secured Property, or any part thereof, without liability for damage to or diminution in value of the Leased Premises, except for the actual physical damage caused by such removal, which physical damage shall be repaired by the removing Secured Lender or caused to be repaired by the removing Secured Lender so that the Leased Premises shall be restored to the condition the Leased Premises would be in absent such removal.

Section 25.10 No Guaranty; Only Debtor-Creditor Relationship. Nothing contained herein shall be construed as a guaranty, of any kind or nature, by any Leasehold Mortgagee of any of the obligations of Tenant hereunder or as creating a relationship between Tenant and any Leasehold Mortgagee other than a relationship of creditor and debtor unless or until Leasehold Mortgagee shall obtain Tenant's Leasehold Estate pursuant to a foreclosure or any process in lieu of foreclosure in which event Landlord and Leasehold Mortgagee shall be landlord and tenant under the terms of this Lease.

Section 25.11 Casualty; Condemnation. All proceeds of policies of insurance maintained hereunder and the award from any condemnation or taking of the Premises shall be applied and disbursed in accordance with the terms of this Lease. The Leasehold Mortgagee is hereby authorized to participate in any actions, proceedings or negotiations in connection with the collection, settlement or compromise of any such proceeds or awards.

Section 25.12 No Right of Termination by Tenant. Notwithstanding any provision of this Lease to the contrary, Tenant covenants and agrees that so long as any Leasehold Mortgage shall be outstanding, a violation of any of the terms, covenants, conditions or other provisions of this Lease required to be kept, performed or observed by Landlord shall not entitle Tenant to terminate this Lease; instead, Tenant may resort only to (i) such injunctive relief (including, without limitation, specific performance) or monetary damages as then may be available at law or in equity, and (ii) such other remedies (except termination) as are expressly provided for in this Lease.

Section 25.13 Changes to Leasehold Mortgagee Protective Provisions. In the event that Tenant hereafter desires to enter into a Leasehold Mortgage, Landlord agrees to consider in good faith any modifications, clarifications or changes to the mortgagee protective

provisions contained in this Lease which are reasonably requested by a Leasehold Mortgagee. Landlord shall promptly respond to any such request within ten (10) business days after Landlord's receipt of such request.

Section 25.14 Purchase Option.

Notwithstanding anything to the contrary set forth herein, within one hundred eighty (180) days of an Enforcement Action (as defined herein) by a Leasehold Mortgagee of Tenant's rights in and to this Lease which does not result in a sale to a third party as part of the exercise of any power of sale or formal foreclosure proceedings, Landlord may pay to said Leasehold Mortgagee (or its wholly owned subsidiary transferee, if applicable) the outstanding principal balance thereof, together with all accrued interest and other amounts due thereon (including, without limitation, any late charges, default interest, breakage fees, penalties, exit fees, and advances), any Protective Advances (hereinafter defined) made by the Leasehold Mortgagee and any interest charged by the Leasehold Mortgagee on any advances for payments of principal and/or interest on the Leasehold Mortgage and/or on any Protective Advances), including all costs and expenses (including legal fees and expenses) actually incurred by the Leasehold Mortgagee in enforcing the terms of the Leasehold Mortgage (the "Loan Purchase Price"). Concurrently with payment to the Leasehold Mortgagee of the Loan Purchase Price, the Leasehold Mortgagee shall deliver or cause to be delivered to Landlord all documents held by or on behalf of the Leasehold Mortgagee evidencing, governing or securing the Leasehold Mortgage and will execute in favor of Landlord or its designee assignment documentation, in form and substance reasonably acceptable to the Leasehold Mortgagee, at the sole cost and expense of Landlord to assign the Leasehold Mortgage and its rights under the documents evidencing, governing or securing the Leasehold Mortgage (without recourse, representations or warranties).

(a) For purposes of this Section 25.13, "Enforcement Action" means any judicial or non-judicial foreclosure proceeding, the exercise of any power of sale, or the taking of a deed or assignment in lieu of foreclosure.

(b) For purposes of this Section 25.13, "Protective Advances" means all sums advanced for the purpose of payment of real estate taxes (including special payments in lieu of real estate taxes), maintenance costs, insurance premiums or other items (including capital items) reasonably necessary to protect the Leased Premises from forfeiture, casualty, loss or waste.

Section 25.15 Master Development Agreement; Operating Agreement; Property Management Agreement. Upon acquisition of the leasehold by a Leasehold Mortgagee or its designee or nominee or by any purchaser at a foreclosure sale other than a Leasehold Mortgagee, such party shall assume the Tenant's obligations under the Master Development Agreement, the Operating Agreement and the Property Management Agreement. In addition, such Party shall assume or enter into a new property management agreement with an existing property manager other than UNR or enter into a property management agreement with a new Qualified Management Company or, if it is not, a new property manager reasonably satisfactory to Landlord.

IN WITNESS WHEREOF, the Landlord and Tenant have caused this Lease to be executed as of the date first above written by their respective authorized officers.

BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO

Recommended:




Ronald Zurek, Vice President
for Administration and Finance

7-31-13

Date

Recommended:



Shannon Ellis, Vice President
for Student Services

7-31-13

Date

Recommended:



Marc Johnson, President

7-31-13

Date

Approved:



Daniel Klaich, Chancellor

8/1/13

Date

TENANT:

BBCS-UN RENO HOUSING, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

Date

IN WITNESS WHEREOF, the Landlord and Tenant have caused this Lease to be executed as of the date first above written by their respective authorized officers.

BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO

Recommended:

Ronald Zurek, Vice President
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Date _____

Recommended:

Shannon Ellis, Vice President
for Student Services

Date _____

Recommended:

Marc Johnson, President

Date _____

Approved:

Daniel Klaich, Chancellor

Date _____

TENANT:

BBCS-UN RENO HOUSING, LLC, a Delaware limited liability company

By: _____
Name: Leslie S. Cohn

Date 8/2/13

Title: Executive Vice President

EXHIBITS TO GROUND LEASE

- Exhibit A Lease Boundary
- Exhibit B Legal Description of Land
- Exhibit C Site Plan
- Exhibit D Permitted Title Encumbrances
- Exhibit E Memorandum of Lease

Exhibit "A"

LEASE BOUNDARY

Exhibit "B"

LEGAL DESCRIPTION OF LAND

**LEGAL DESCRIPTION
FOR
UNR GRADUATE HOUSING PROJECT**

All that certain real parcel of land lying within the Northeast One-Quarter of Section Two (2), Township Nineteen North (T19N.), Range Nineteen East (R19E.), M.D.M., City of Reno, Washoe County, Nevada, more particularly described as follows:

PARCEL 1 – LEASE AREA

BEGINNING at a point lying on the westerly right-of-way of Evans Ave., said POINT OF BEGINNING being further described as bearing North 78°54'03" East 1543.99 feet from Washoe County GPS Control Point No. PLS 3736;

THENCE from said POINT OF BEGINNING, North 45°43'42" West 336.25 feet;

THENCE North 31°09'58" West 140.02 feet;

THENCE North 39°34'39" West 29.32 feet;

THENCE North 18°54'22" West 27.96 feet;

THENCE North 44°47'41" East 66.61 feet;

THENCE North 45°51'54" East 53.53 feet;

THENCE North 44°47'41" East 24.37 feet;

THENCE along the arc of a non-tangent curve to the right, radial to a bearing of South 45°12'19" East, concave southerly, having a radius of 31.00 feet, through a central angle of 89°59'20" a distance of 48.69 feet;

THENCE South 45°12'59" East 22.48 feet;

THENCE along the arc of a non-tangent curve to the left, radial to a bearing of North 62°34'51" East, concave northeasterly, having a radius of 51.50 feet, through a central angle of 66°54'43", a distance of 60.14 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 3.50 feet, through a central angle of 48°55'52", a distance of 2.99 feet;

THENCE South 45°24'00" East 2.45 feet;

THENCE along the arc of a non-tangent curve to the right, radial to a bearing of South 44°35'51" West, concave southerly, having a radius of 3.50 feet, through a central angle of 90°11'50", a distance of 5.51 feet;

THENCE South 44°47'41" West 13.52 feet;

THENCE South 45°12'19" East 297.00 feet;

THENCE North 44°47'41" East 13.67 feet;

THENCE along the arc of a tangent curve to the right, having a radius of 3.50 feet, through a central angle of 86°42'56", a distance of 5.30 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 101.22 feet, through a central angle of 7°30'15", a distance of 13.26 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 13.50 feet, through a central angle of 61°04'18", a distance of 14.39 feet to a point lying on said westerly right-of-way line of Evans Avenue;

THENCE following said westerly right-of-way, South 30°59'39" West 7.25 feet;

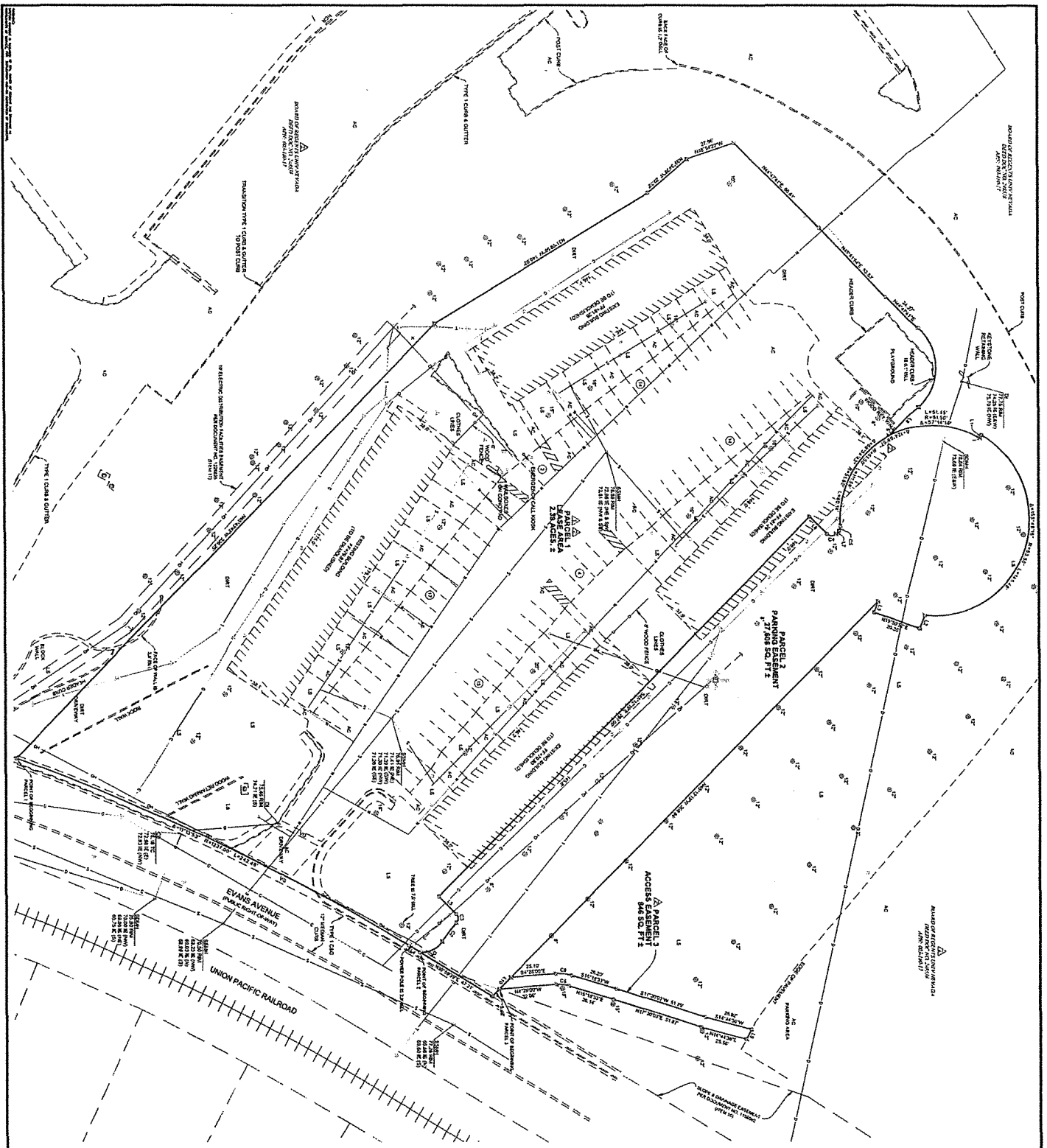
THENCE continuing along said westerly right-of-way, along the arc of a tangent curve to the right, having a radius of 1237.00 feet, through a central angle of 11°13'53", a distance of 242.48 feet to said POINT OF BEGINNING, containing 104,066 square feet, more or less.

The basis of bearings for this description is Nevada State Plane Coordinate System, West Zone, NAD 83/94 as determined from GPS observations on Washoe County GPS control points on file with the Washoe County Engineering Department.

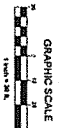
Michael J. Miller, PLS 6636
CFA Inc.
1150 Corporate Blvd.
Reno, NV
89502

Exhibit "C"

SITE PLAN



PRELIMINARY



GRAPHIC SCALE
1" = 100'

Chain #	Chain	Station	Length
C1	TRONER	1327	1.327
C2	PROPER	5127	1.527
C3	MARKER	3127	1.327
C4	MARKER	2127	1.227
C5	MARKER	1127	1.127
C6	MARKER	1127	1.127
C7	MARKER	1127	1.127
C8	MARKER	1127	1.127
C9	MARKER	1127	1.127
C10	MARKER	1127	1.127

Line #	Dimension	Length
L1	SUBSECTION	200
L2	INTERSECT	222
L3	INTERSECT	222
L4	INTERSECT	222
L5	INTERSECT	222
L6	INTERSECT	222
L7	INTERSECT	222
L8	INTERSECT	222
L9	INTERSECT	222
L10	INTERSECT	222

- LEGEND**
- 1-2 SECTION FROM NOTES FOUND ON SET
 - 3-4 SECTION FROM NOTES FOUND ON SET
 - 5-6 SECTION FROM NOTES FOUND ON SET
 - 7-8 SECTION FROM NOTES FOUND ON SET
 - 9-10 SECTION FROM NOTES FOUND ON SET
 - 11-12 SECTION FROM NOTES FOUND ON SET
 - 13-14 SECTION FROM NOTES FOUND ON SET
 - 15-16 SECTION FROM NOTES FOUND ON SET
 - 17-18 SECTION FROM NOTES FOUND ON SET
 - 19-20 SECTION FROM NOTES FOUND ON SET
 - 21-22 SECTION FROM NOTES FOUND ON SET
 - 23-24 SECTION FROM NOTES FOUND ON SET
 - 25-26 SECTION FROM NOTES FOUND ON SET
 - 27-28 SECTION FROM NOTES FOUND ON SET
 - 29-30 SECTION FROM NOTES FOUND ON SET
 - 31-32 SECTION FROM NOTES FOUND ON SET
 - 33-34 SECTION FROM NOTES FOUND ON SET
 - 35-36 SECTION FROM NOTES FOUND ON SET
 - 37-38 SECTION FROM NOTES FOUND ON SET
 - 39-40 SECTION FROM NOTES FOUND ON SET
 - 41-42 SECTION FROM NOTES FOUND ON SET
 - 43-44 SECTION FROM NOTES FOUND ON SET
 - 45-46 SECTION FROM NOTES FOUND ON SET
 - 47-48 SECTION FROM NOTES FOUND ON SET
 - 49-50 SECTION FROM NOTES FOUND ON SET
 - 51-52 SECTION FROM NOTES FOUND ON SET
 - 53-54 SECTION FROM NOTES FOUND ON SET
 - 55-56 SECTION FROM NOTES FOUND ON SET
 - 57-58 SECTION FROM NOTES FOUND ON SET
 - 59-60 SECTION FROM NOTES FOUND ON SET
 - 61-62 SECTION FROM NOTES FOUND ON SET
 - 63-64 SECTION FROM NOTES FOUND ON SET
 - 65-66 SECTION FROM NOTES FOUND ON SET
 - 67-68 SECTION FROM NOTES FOUND ON SET
 - 69-70 SECTION FROM NOTES FOUND ON SET
 - 71-72 SECTION FROM NOTES FOUND ON SET
 - 73-74 SECTION FROM NOTES FOUND ON SET
 - 75-76 SECTION FROM NOTES FOUND ON SET
 - 77-78 SECTION FROM NOTES FOUND ON SET
 - 79-80 SECTION FROM NOTES FOUND ON SET
 - 81-82 SECTION FROM NOTES FOUND ON SET
 - 83-84 SECTION FROM NOTES FOUND ON SET
 - 85-86 SECTION FROM NOTES FOUND ON SET
 - 87-88 SECTION FROM NOTES FOUND ON SET
 - 89-90 SECTION FROM NOTES FOUND ON SET
 - 91-92 SECTION FROM NOTES FOUND ON SET
 - 93-94 SECTION FROM NOTES FOUND ON SET
 - 95-96 SECTION FROM NOTES FOUND ON SET
 - 97-98 SECTION FROM NOTES FOUND ON SET
 - 99-100 SECTION FROM NOTES FOUND ON SET

<p>ALTA/ACSM LAND TITLE SURVEY FOR BBCCS-UN RENO HOUSING, LLC A PORTION OF 003-180-17 LYING WITHIN THE NORTHEAST 1/4 OF SECTION 2, T16N, R19E, M.D.M. WASCO COUNTY, NEVADA</p>	<p>PLANNERS + ENGINEERS + LANDSCAPE ARCHITECTS SURVEYORS + CONSTRUCTION + OBSERVATION 1150 CORPORATE BLVD. RENO, NV 89502 (775) 856-1150 FAX: (775) 856-1150</p>	<p>STATUS OF PLANS</p> <p><input type="checkbox"/> PRELIMINARY DATE: 7/29/12</p> <p><input type="checkbox"/> FINAL SUBMITTAL DATE: 8/17/12</p> <p><input type="checkbox"/> AS-BUILT DATE: _____</p>	<p>UPDATED PER 4th AMENDED TITLE COMMITTEE</p> <p>DATE: _____</p>	
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Exhibit "D"

Permitted Title Encumbrances

1. Reservations and provisions as contained in Patent from the United States of America, recorded May 5, 1890, in Book A, Page 411 of Patents
2. The terms and provisions contained in the document entitled "Agreement" recorded January 17, 1917 in Book F, Page 449 of Bonds and Agreements as Instrument No. 11002
3. The terms and provision contained in the document entitled "Indenture" recorded January 27, 1920 in Book 54, Page 184 of Deeds as Instrument No. 18080
4. The terms and provisions contained in the document entitled "Indenture" recorded October 22, 1929 in Book 78, Page 572 of Deeds as Instrument No. 48825
5. Exceptions, reservations and easements as contained in the document entitled "Indenture" recorded May 23, 1932 in Book 90, Page 293 of Deeds as Instrument No. 59770 of Official Records
6. The terms, provisions, exceptions and reservations contained in the document entitled "Deed" recorded May 17, 1940 in Book 130, Page 279 of Deeds as Instrument No. 91435
7. An easement for construction and maintenance of cut slopes, fill slopes and drainage structures and incidental purposes in the document recorded April 20, 1987 in Book 2533, Page 723 as Instrument No. 1156092 of Official Records
8. An easement for public utilities and incidental purposes in the document recorded February 18, 1988 in Book 2692, Page 18 as Instrument No. 1226635 of Official Records

Exhibit "E"

Memorandum of Ground Lease

Assessor's Parcel No.: A portion of 003-180-7

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

Land Services USA, Inc.
10 N. Church Street, Suite 307
West Chester, PA 19380

MEMORANDUM OF GROUND AND IMPROVMENTS LEASE

between

**BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON
BEHALF OF THE UNIVERSITY OF NEVADA, RENO**
as Landlord

and

BBCS-UN RENO HOUSING, LLC, a Delaware limited liability company

as Tenant

Premises:
1775 Evans Avenue, Reno, Nevada
(As more particularly described on Exhibit A, attached hereto)

Dated as of August ____, 2013

MEMORANDUM OF GROUND AND IMPROVEMENTS LEASE

THIS MEMORANDUM OF GROUND AND IMPROVEMENTS LEASE, dated as of the _____ day of August, 2013 (this “**Memorandum**”), by and between BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO, having an address at 1664 N. Virginia Street, Reno, Nevada 89557 (“**Landlord**”), and BBCS – UN RENO HOUSING, LLC, a Delaware limited liability company, having an address at c/o Balfour Beatty Campus Solutions, LLC, 10 Campus Boulevard Newtown Square, PA 19073 (“**Tenant**”).

- 1) Lease. Pursuant to that certain unrecorded Ground and Improvements Lease, dated as of the date hereof (the “**Lease**”), between Landlord and Tenant, Landlord has leased to Tenant, the land described on Exhibit A hereto and made a part hereof (the “**Land**”), and, upon completion of construction, shall lease to Tenant the facilities and improvements located or to be located thereon (including, but not limited to, housing units, parking, common areas, incidental landscaping and roadways, onsite utilities, lighting, sidewalks, equipment and other fixtures, buildings and structures (as defined collectively in the Ground Lease as the “**Improvements**”) in the City of Reno, Washoe County, Nevada (collectively, the “**Premises**”).
- 2) Lease Term. The term of the Lease commences on August ____, 2013 and expires at 11:59 p.m. on December 31, 2055 (the “**Lease Term**”).
- 3) Renewal and Extension Rights. There exist no rights of extension or renewal under the Lease, except that the Lease does provide that the Lease may be extended for such period of time as may be agreed upon by mutual agreement of Landlord and Tenant.
- 4) Improvements. All Improvements constructed, installed or placed on the Land shall become affixed to the Land and shall thereupon become the property of Landlord, subject to Tenant’s (or the persons occupying the Improvements) leasehold interest and exclusive possessory rights in the Improvements during the Lease Term.
- 6) Future Easements and Rights of Way. At Tenant’s request or as may be reasonably required in connection with the development and use of the Premises, Landlord agrees to grant to Tenant and/or third parties future easements and rights of way on, over, across and through the Land and the Improvements and adjacent property owned by Landlord as reasonably required to provide access, ingress, egress and utility services to the Premises and adjacent property owned by Landlord but limited to portions of adjacent property of Landlord where such easements will not, in the sole and absolute discretion of Landlord, materially interfere with Landlord’s use of such adjacent property.
- 7) Grant of Easements and Rights of Way.
 - (a) Without limiting the foregoing, Landlord hereby grants to Tenant (and its tenants, subtenants and the contractors, employees, agents, suppliers, purveyors,

customers, licensees and invitees) to serve the Premises during the Lease Term easements and rights of way to, from, across, over and through property owned or controlled by Landlord for access, ingress and egress to and from the Premises and adjoining public rights-of-way, and for and the construction and use of driveways, roadways, parking areas, walkways, sidewalks, ramps, and other means of pedestrian or vehicular access, ingress, egress and parking as shown on Exhibit B (attached hereto and made a part hereof) to serve the Premises. Landlord and Tenant shall agree upon the specific locations of such easements and rights of way to the extent not already depicted or identified in the specific locations set forth on Exhibit B.

(b) In addition to, and without in any way limiting, the foregoing, each Party hereby reserves, grants and establishes to the other Party, its tenants and subtenants, and the contractors, employees, agents, suppliers, purveyors, customers, licensees and invitees of each of them, a nonexclusive reciprocal right, privilege and easement over, upon and across all access, sidewalks and driveway portions of its parcels, for vehicular and pedestrian ingress, egress and access (“**Access Easements**”). Except as may be reasonably necessary on a temporary basis in connection with construction, maintenance and/or repair work as may be undertaken by any Party, no walls, fences or barriers of any sort or kind shall be constructed or maintained on the Access Easements, or any portion thereof, that shall prevent or impair the use or exercise of the Access Easements or the free access and movement of the Parties, their tenants and subtenants, and the contractors, employees, agents, suppliers, purveyors, customers, licensees and invitees of each of them.

- 8) Subleases. The Lease provides Tenant the right to sublease portions of the Premises to residents and occupants.
- 9) Leasehold Mortgage(s). The Lease provides Tenant with the right, without Landlord’s consent, to mortgage, grant a security interest in or otherwise pledge, assign, transfer or encumber in favor of a lender its rights, title and interest in, to and under the Lease, its leasehold estate in the Premises, rights under any subleases and/or interests in the Land, Improvements or personal property of Tenant, upon and subject to the terms and conditions set forth in the Lease. The Lease further provides to any “Leasehold Mortgagee” (as defined in the Lease) certain rights and benefits with respect to the Lease and the Premises, all as more particularly set forth in the Lease.
- 10) No Superior Financing. Landlord has agreed that at no time while a Loan (as such term is defined in the Lease) is outstanding will Landlord subordinate the Lease to a “Fee Mortgage” (as such term is defined in the Ground Lease).
- 11) Right of First Offer/Purchase Option. The Lease provides Landlord with a certain right of first offer and purchase option to acquire Tenant’s right, title and interest in and to the Premises, all as more particularly set forth in the Lease.
- 12) Transfer by Landlord. The Lease contains provisions restricting the right of Landlord to transfer its interests in the Lease, the Land, the Improvements and/or the Premises.

- 13) Purpose. The undersigned hereby execute this Memorandum for recording in the real estate records of Washoe County, Nevada, incorporating by reference all of the terms and conditions of the Lease.
- 14) No Modification of Lease. Notwithstanding the foregoing, nothing contained or set forth in this Memorandum of Lease shall modify the Lease or be deemed to create or grant or limit, restrict or eliminate any rights, liabilities or obligations of or to any party or third parties other than as specifically set forth in the Lease. In the event of any conflict between this Memorandum of Lease and the Lease, the terms and conditions of the Lease shall control.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Memorandum of Lease on the day and year first above written.

LANDLORD:

BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO

Recommended:

Ronald Zurek, Vice President
for Administration and Finance

Date

Recommended:

Shannon Ellis, Vice President
for Student Services

Date

Recommended:

Marc Johnson, President

Date

Approved:

Daniel Klaich, Chancellor

Date

ACKNOWLEDGMENT

STATE OF _____)
)ss.
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2013, by
_____ the _____ of [_____].

Notary Public

My Appointment Expires on:

[Signatures Continue on Following Page]

Exhibit A

Legal Description

(Attached)

**LEGAL DESCRIPTION
FOR
UNR GRADUATE HOUSING PROJECT**

All that certain real parcel of land lying within the Northeast One-Quarter of Section Two (2), Township Nineteen North (T19N.), Range Nineteen East (R19E.), M.D.M., City of Reno, Washoe County, Nevada, more particularly described as follows:

PARCEL 1 – LEASE AREA

BEGINNING at a point lying on the westerly right-of-way of Evans Ave., said POINT OF BEGINNING being further described as bearing North 78°54'03" East 1543.99 feet from, Washoe County GPS Control Point No. PLS 3736;

THENCE from said POINT OF BEGINNING, North 45°43'42" West 336.25 feet;

THENCE North 31°09'58" West 140.02 feet;

THENCE North 39°34'39" West 29.32 feet;

THENCE North 18°54'22" West 27.96 feet;

THENCE North 44°47'41" East 66.61 feet;

THENCE North 45°51'54" East 53.53 feet;

THENCE North 44°47'41" East 24.37 feet;

THENCE along the arc of a non-tangent curve to the right, radial to a bearing of South 45°12'19" East, concave southerly, having a radius of 31.00 feet, through a central angle of 89°59'20" a distance of 48.69 feet;

THENCE South 45°12'59" East 22.48 feet;

THENCE along the arc of a non-tangent curve to the left, radial to a bearing of North 62°34'51" East, concave northeasterly, having a radius of 51.50 feet, through a central angle of 66°54'43", a distance of 60.14 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 3.50 feet, through a central angle of 48°55'52", a distance of 2.99 feet;

THENCE South 45°24'00" East 2.45 feet;

THENCE along the arc of a non-tangent curve to the right, radial to a bearing of South 44°35'51" West, concave southerly, having a radius of 3.50 feet, through a central angle of 90°11'50", a distance of 5.51 feet;

THENCE South 44°47'41" West 13.52 feet;

THENCE South 45°12'19" East 297.00 feet;

THENCE North 44°47'41" East 13.67 feet;

THENCE along the arc of a tangent curve to the right, having a radius of 3.50 feet, through a central angle of 86°42'56", a distance of 5.30 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 101.22 feet, through a central angle of 7°30'15", a distance of 13.26 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 13.50 feet, through a central angle of 61°04'18", a distance of 14.39 feet to a point lying on said westerly right-of-way line of Evans Avenue;

THENCE following said westerly right-of-way, South 30°59'39" West 7.25 feet;

THENCE continuing along said westerly right-of-way, along the arc of a tangent curve to the right, having a radius of 1237.00 feet, through a central angle of 11°13'53", a distance of 242.48 feet to said POINT OF BEGINNING, containing 104,066 square feet, more or less.

The basis of bearings for this description is Nevada State Plane Coordinate System, West Zone, NAD 83/94 as determined from GPS observations on Washoe County GPS control points on file with the Washoe County Engineering Department.

Michael J. Miller, PLS 6636
CFA Inc.
1150 Corporate Blvd.
Reno, NV
89502

Exhibit B

Easements and Rights of Way

(Attached)

**LEGAL DESCRIPTION
FOR
UNR GRADUATE HOUSING PROJECT**

All that certain real parcel of land lying within the Northeast One-Quarter of Section Two (2), Township Nineteen North (T19N.), Range Nineteen East (R19E.), M.D.M., City of Reno, Washoe County, Nevada, more particularly described as follows:

PARCEL 2 – PARKING EASEMENT

BEGINNING at a point lying on the westerly right-of-way of Evans Ave., said POINT OF BEGINNING being further described as bearing North 72°10'37" East 1708.53 feet from Washoe County GPS Control Point No. PLS 3736;

THENCE from said POINT OF BEGINNING, following said westerly right-of-way, North 30°59'39" East 47.21 feet;

THENCE departing said westerly right-of-way North 45°12'19" West 308.94 feet;

THENCE South 70°09'04" East 6.56 feet;

THENCE North 19°50'52" East 26.35 feet;

THENCE North 70°09'04" West 7.83 feet;

THENCE along the arc of a non-tangent curve to the left, radial to a bearing of North 84°27'24" West, concave southerly, having a radius of 53.50 feet, through a central angle of 155°48'16", a distance of 145.48 feet;

THENCE South 62°17'55" East 2.00 feet;

THENCE along the arc of a non-tangent curve to the left, radial to a bearing of South 60°10'55" East, concave northeasterly, having a radius of 51.50 feet, through a central angle of 124°08'57", a distance of 111.59 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 3.50 feet, through a central angle of 48°55'52", a distance of 2.99 feet;

THENCE South 45°24'00" East 2.45 feet;

THENCE along the arc of a non-tangent curve to the right, radial to a bearing of South 44°35'51" West, concave westerly, having a radius of 3.50 feet, through a central angle of 90°11'50", a distance of 5.51 feet;

THENCE South 44°47'41" West 13.52 feet;

THENCE South 45°12'19" East 297.00 feet;

THENCE North 44°47'41" East 13.67 feet;

THENCE along the arc of a tangent curve to the right, having a radius of 3.50 feet, through a central angle of 86°42'56", a distance of 5.30 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 101.22 feet, through a central angle of 7°30'15", a distance of 13.26 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 13.50 feet, through a central angle of 61°04'18", a distance of 14.39 feet being the POINT OF BEGINNING of this description, containing 27,606 square feet, more or less.

PARCEL 3 – ACCESS EASEMENT

BEGINNING at a point lying on the northerly line of said Parcel 2, said POINT OF BEGINNING being further described as bearing North 71°15'15" East 1740.80 feet from Washoe County GPS Control Point No. PLS 3736;

THENCE N 04°26'00" W, 32.06 feet;

THENCE along the arc of a tangent curve to the right, having a radius of 19.50 feet, through a central angle of 20°44'30", a distance of 7.06 feet;

THENCE N 16°18'33" E, 26.14 feet;

THENCE N 17°30'03" E, 51.87 feet;

THENCE N 14°44'36" E, 25.56 feet;

THENCE N 62°00'10" W, 6.16 feet;

THENCE S 14°44'36" W, 26.82 feet;

THENCE S 17°30'03" W, 51.79 feet;

THENCE S 16°18'33" W, 26.20 feet;

THENCE along the arc of a tangent curve to the left, having a radius of 25.50 feet, through a central angle of 20°44'30", a distance of 9.23 feet;

THENCE S 04°26'00" E, 25.10 feet;

THENCE S 45°12'19" E, 9.19 feet to said POINT OF BEGINNING, containing 846 square feet, more or less.

The basis of bearings for this description is Nevada State Plane Coordinate System, West Zone, NAD 83/94 as determined from GPS observations on Washoe County GPS control points on file with the Washoe County Engineering Department.

Michael J. Miller, PLS 6636
CFA Inc.
1150 Corporate Blvd.
Reno, NV
89502

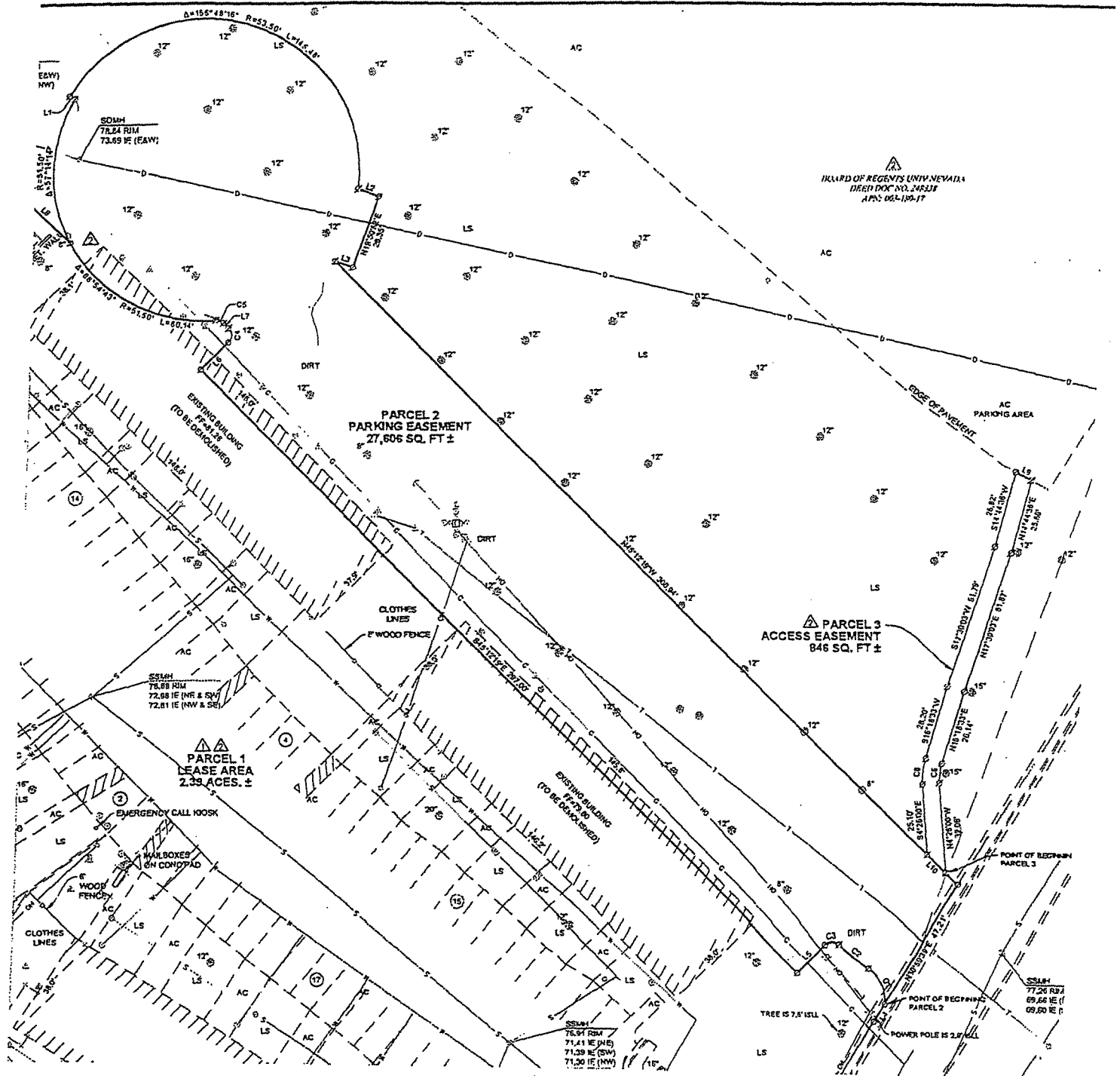
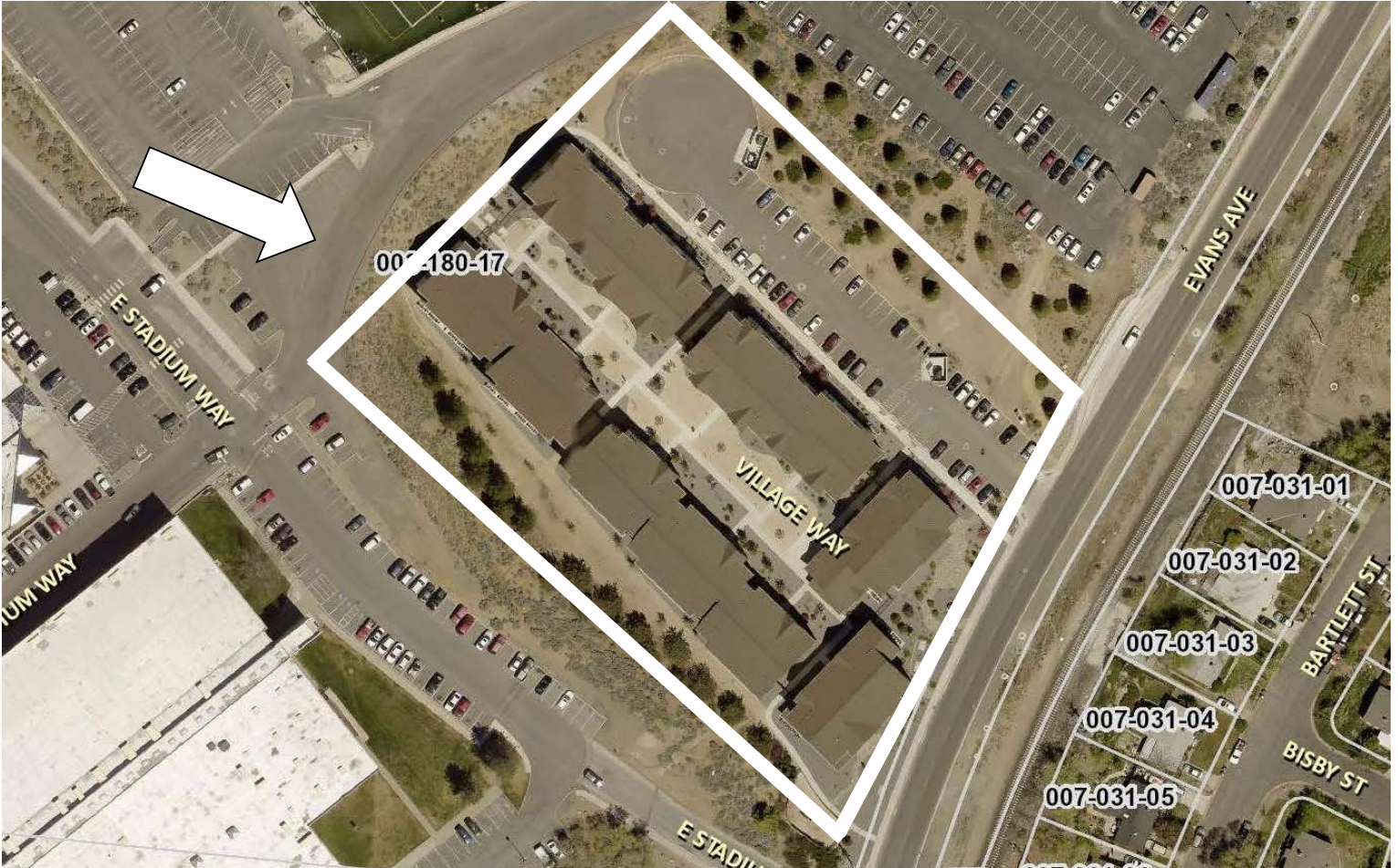


EXHIBIT 2
Ponderosa Village
1775 Evans Avenue



White border shows the facility of 1775 Evans Avenue.

EXHIBIT 3

Ponderosa Village

1775 Evans Avenue, Reno Location

The star marks the location of 1775 Evans Avenue, on the University of Nevada, Reno campus





JOHNSON | PERKINS | GRIFFIN
REAL ESTATE APPRAISERS & CONSULTANTS

AN APPRAISAL
OF THE LEASEHOLD INTEREST IN

PONDEROSA VILLAGE

LOCATION

1775 EVANS AVENUE,
RENO, WASHOE COUNTY, NEVADA

OWNED BY

BBCS-UN RENO HOUSING, LLC
(LEASEHOLD OWNERSHIP)

PREPARED FOR

THE UNIVERSITY OF NEVADA, RENO

FOR THE PURPOSE
OF ESTIMATING THE FOLLOWING VALUES

Value Addressed	Interest Appraised	Date Of Value
Market Value	Leasehold Interest	October 24, 2019



October 28, 2019

Mr. Troy Miller, Director of Real Estate
 Business Center North
 University of Nevada, Reno/239
 895 N. Center Street
 Reno, Nevada 89557-0239
 E-Mail: TMiller@UNR.edu

Re: Appraisal of Ponderosa Village, Reno, Washoe County, Nevada

Dear Mr. Miller:

This is in response to your request for an appraisal of Ponderosa Village; a 132-unit graduate/professional student and faculty apartment complex located at 1775 Evans Avenue, Reno, Washoe County, Nevada. The subject property is further identified as a portion of Washoe County Assessor’s Parcel Number 003-180-17. According to the Records of the Washoe County Assessor’s Office, the subject property’s underlying land is currently owned by the University of Nevada, Reno and the leasehold interest is currently owned by BBCS-UN RENO Housing, LLC. The subject property is summarized below.

PROPERTY SUMMARY	
Property Name	Ponderosa Village
Property Type	Graduate/Professional Student and Faculty Apartment Project
Property Address	1775 Evans Avenue, Reno, Washoe County, Nevada
Property Location	Northwest Corner of Evans Avenue and East Stadium Way
Assessor’s Parcel Number	A Portion of A.P.N. 003-180-17
Subject Ownership-Underlying Land	University of Nevada, Reno
Subject Ownership-Leasehold Interest	BBCS-UN RENO Housing, LLC
Year Built	2014
Subject Land Area-Acres*	2.389± Acres*
Subject Land Area-Square Feet*	104,066± Square Feet*
Number of Stories	3 Stories
Number of Residential Units	132 Units
Indicated Density (Per Unit)	55.25 Units/Acre
Number of Beds	227 Beds
* This appraisal report addresses the leasehold interest of the subject property, which is located on a portion Washoe County Assessor’s Parcel Number 003-180-17, which totals 14.647± acres. According to the records provided to us by our client, the subject’s leased land area is 2.389± acres (104,066± square feet). In addition to the leased land area, the subject has access to a parking easement which includes 27,606± square feet and an access easement which includes 846± square feet. The Preliminary Land Title Survey Map, which was completed by CFA, is included in a subsequent section of this report.	



This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice* for an appraisal report. Supporting documentation concerning the data, reasoning and analyses is retained in these appraisers' files. The depth of the discussion contained in the report is specific to the needs of the client and for the intended use as stated herein.

Please be advised that in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that we have performed services as an appraiser or in any other capacity regarding the property that is the subject of this appraisal within the three-year period immediately preceding the date of this letter.

This appraisal is being prepared for the purpose of estimating the Market Value of the Leasehold Interest in the subject property, as of the effective date of value. The client of the appraisal report is the University of Nevada, Reno. The intended users of the appraisal report is the University of Nevada, Reno and their designated representatives. The intended use of the appraisal report is for the possible acquisition of the subject property. Any other use of the appraisal report requires the written authorization of this appraisal firm.

This appraisal firm is not responsible for unauthorized use of the report. No one other than the undersigned prepared the analysis, conclusions and opinions concerning real estate that are set forth in the accompanying appraisal report. After careful consideration of all data available, and upon thorough personal investigation of the subject property and comparable properties analyzed, it is our opinion that the Market Value of the subject property, under the requested valuation scenario, is set out as follows:

FINAL MARKET VALUE CONCLUSION				
Property ID	Value Addressed	Property Rights Appraised	Effective Date Of Value	Value Conclusion
Ponderosa Village	Market Value	Leasehold Interest	October 24, 2019	\$28,000,000

Respectfully Submitted,

 Scott Q. Griffin, MAI
 Nevada Certified General Appraiser
 License Number A.0003504-CG

 Sarah K. Fye, MBA
 Nevada Certified General Appraiser
 License Number A.0207950-CG



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SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

PROPERTY SUMMARY	
Property Name	Ponderosa Village
Property Type	Graduate/Professional Student and Faculty Apartment Project
Property Address	1775 Evans Avenue, Reno, Washoe County, Nevada
Property Location	Northwest Corner of Evans Avenue and East Stadium Way
Assessor's Parcel Number	A Portion of A.P.N. 003-180-17
Subject Ownership-Underlying Land	University of Nevada, Reno
Subject Ownership-Leasehold Interest	BBCS-UN RENO Housing, LLC
Year Built	2014
Subject Land Area-Acres*	2.389± Acres*
Subject Land Area-Square Feet*	104,066± Square Feet*
Number of Stories	3 Stories
Number of Residential Units	132 Units
Indicated Density (Per Unit)	55.25 Units/Acre
Number of Beds	227 Beds
Common Area Amenities	Clubhouse, Bike Racks, Playground, Campus Security Escort
City of Reno Zoning Designation	MU (Mixed Use)
City of Reno Zoning Overlay	UNRC (University of Nevada Regional Center)
City of Reno Master Plan Designation	PQP (Public/Quasi-Public)
Highest & Best Use-As Vacant	Student Housing
Highest & Best Use-As Improved	Continued Use of Existing Improvements
<p>* This appraisal report addresses the leasehold interest of the subject property, which is located on a portion Washoe County Assessor's Parcel Number 003-180-17, which totals 14.647± acres. According to the records provided to us by our client, the subject's leased land area is 2.389± acres (104,066± square feet). In addition to the leased land area, the subject has access to a parking easement which includes 27,606± square feet and an access easement which includes 846± square feet. The Preliminary Land Title Survey Map, which was completed by CFA, is included in a subsequent section of this report.</p>	

IMPROVEMENT DESCRIPTION	
Primary Building Type	Student Housing Project
Year Built	2014
Number of Buildings	6
Number of Stories	3 Stories
Number of Residential Units	132 Units
Indicated Density (Per Unit)	55.25 Units/Acre
Number of Beds	227 Beds
Total Living Area	117,679± Square Feet
Average Unit Size	892± Square Feet Per Unit
One Bedroom Units	37-One Bed/One Bath Units; 701± Average Square Feet
Two Bedroom Units	95 Two Bed/Two Bath Units; 966± Average Square Feet
Parking	57± Spaces (Including 7 ADA Spaces)* & Additional Campus Parking
Building Class in Market	Class B
Quality	Average
Condition	Good
<p>* The parking spaces are located on Parcel 2 of the Preliminary Land Title Survey Map, which was completed by CFA. Parcel 2 depicts a parking easement for the subject property. A copy of the map is included in a subsequent section of this report.</p>	



SUBJECT UNIT MIX-DETAILED					
Unit Type	Unit ID	Number of Units	Number of Beds	Living Area (Square Feet)	Total Living Area (Square Feet)
1 Bed/1 Bath	Alpha	30	30	685± SF	20,550± SF
1 Bed/1 Bath	Alpha Deluxe	6	6	746± SF	4,476± SF
1 Bed/1 Bath	Alpha Alternate	1	1	908± SF	908± SF
2 Bed/2 Bath	Beta	33	66	923± SF	30,459± SF
2 Bed/2 Bath	Beta Deluxe	58	116	979± SF	56,782± SF
2 Bed/2 Bath	Beta Alternate	2	4	1,044± SF	2,088± SF
2 Bed/2 Bath	Beta Alternate Deluxe	2	4	1,208± SF	2,416± SF
Totals		132	227	892± SF Avg.	117,679± SF

FINAL MARKET VALUE CONCLUSION				
Property ID	Value Addressed	Property Rights Appraised	Effective Date Of Value	Value Conclusion
Ponderosa Village	Market Value	Leasehold Interest	October 24, 2019	\$28,000,000



PURPOSE OF APPRAISAL
The purpose of this appraisal report is to provide an opinion of the Market Value of the Leasehold Interest in the subject property, as of the effective date of value.

VALUATION SCENARIOS			
Property ID	Value Addressed	Interests Appraised	Effective Date of Value
Ponderosa Village	Market Value	Leasehold Interest	October 24, 2019

CLIENT, INTENDED USER & INTENDED USE OF THE APPRAISAL	
Client	University of Nevada, Reno
Intended User of Report	University of Nevada, Reno & Designated Representatives
Intended Use of Report	Possible Acquisition of the Subject Property

DEFINITIONS OF PROPERTY RIGHTS APPRAISED	
Leasehold Interest Defined	The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.” ¹

DATES OF APPRAISAL	
Date Description	Date
Date of Inspection*	October 24, 2019
Effective Date of Value	October 24, 2019
Completion Date of Appraisal	October 28, 2019
* We completed an inspection of the subject property on August 13, 2019, which corresponds with the date the photographs within this report were taken. For the purposes of this appraisal, we completed an exterior inspection only on October 24, 2019, which corresponds with the Effective Date of Value.	

¹ Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 128.



MARKET VALUE DEFINED

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

² Rules and Regulations, Federal Register, Vol. 55, No. 165, Page 34696, 12CFR Part 34.42(f)



SCOPE OF APPRAISAL

- An interior and exterior inspection of the subject property;
- Identification and analysis of the subject neighborhood;
- Analysis of the subject's physical and legal characteristics;
- Review and analysis of the ground lease encumbering the subject property;
- Review and analysis of current leases in the subject buildings, and review and analysis of current asking rental rates in the subject buildings;
- Review and analysis of the subject's operating history, as provided by the client;
- Interviews with the subject property's management;
- Completion of a Highest and Best Use Analysis;
- Investigation of current rental rates and vacancies in competing properties;
- Analysis of the local student housing market;
- Analysis of similar student housing operating expenses and overall capitalization rates;
- Research and analysis of national indicators, and discussions with numerous brokers about current market conditions;
- Completion of a Direct Capitalization Approach Analysis to arrive at an indication of the Market Value of the subject property's leasehold interest;
- Research and analysis of comparable building sales and listings;
- Completion of a Sales Comparison Approach Analysis to arrive at an indication of the Market Value of the subject property's leasehold interest;
- Correlation of the value indications to arrive at the Market Value of the subject property's leasehold interest;
- Analysis of an appropriate exposure and marketing period for the subject property;
- Preparation of the appraisal report.

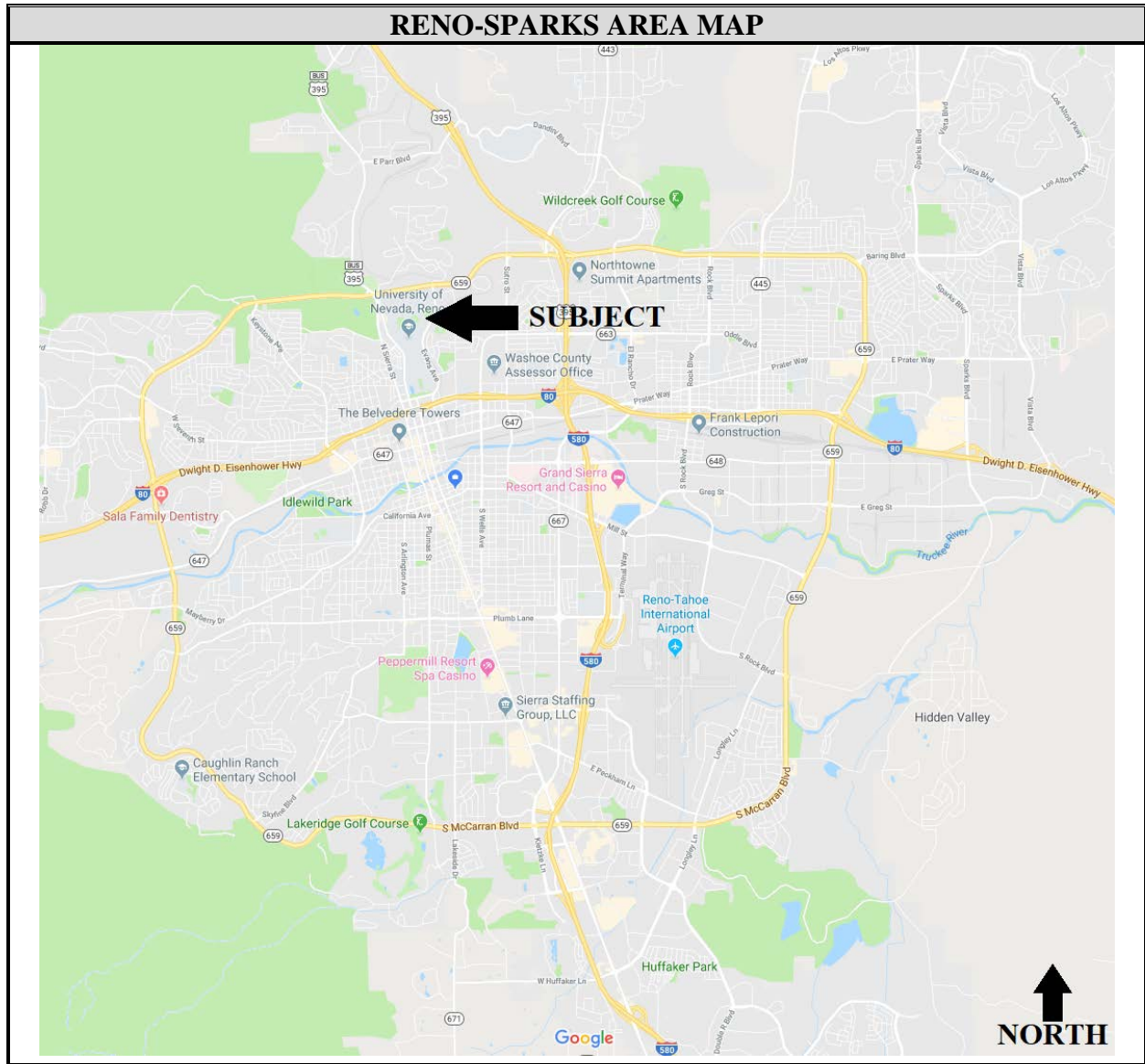


STATEMENTS OF ASSUMPTIONS
EXTRAORDINARY ASSUMPTIONS
<p>Extraordinary Assumptions-An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”³</p> <ul style="list-style-type: none">• None
HYPOTHETICAL CONDITIONS
<p>Hypothetical Conditions-A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”⁴</p> <ul style="list-style-type: none">• None

³ Source: USPAP 2018-2019 Edition, Definitions; The Appraisal Foundation, Page 4.

⁴ Source: USPAP 2018-2019 Edition, Definitions; The Appraisal Foundation, Page 4.







RENO-SPARKS AREA ANALYSIS AND DESCRIPTION

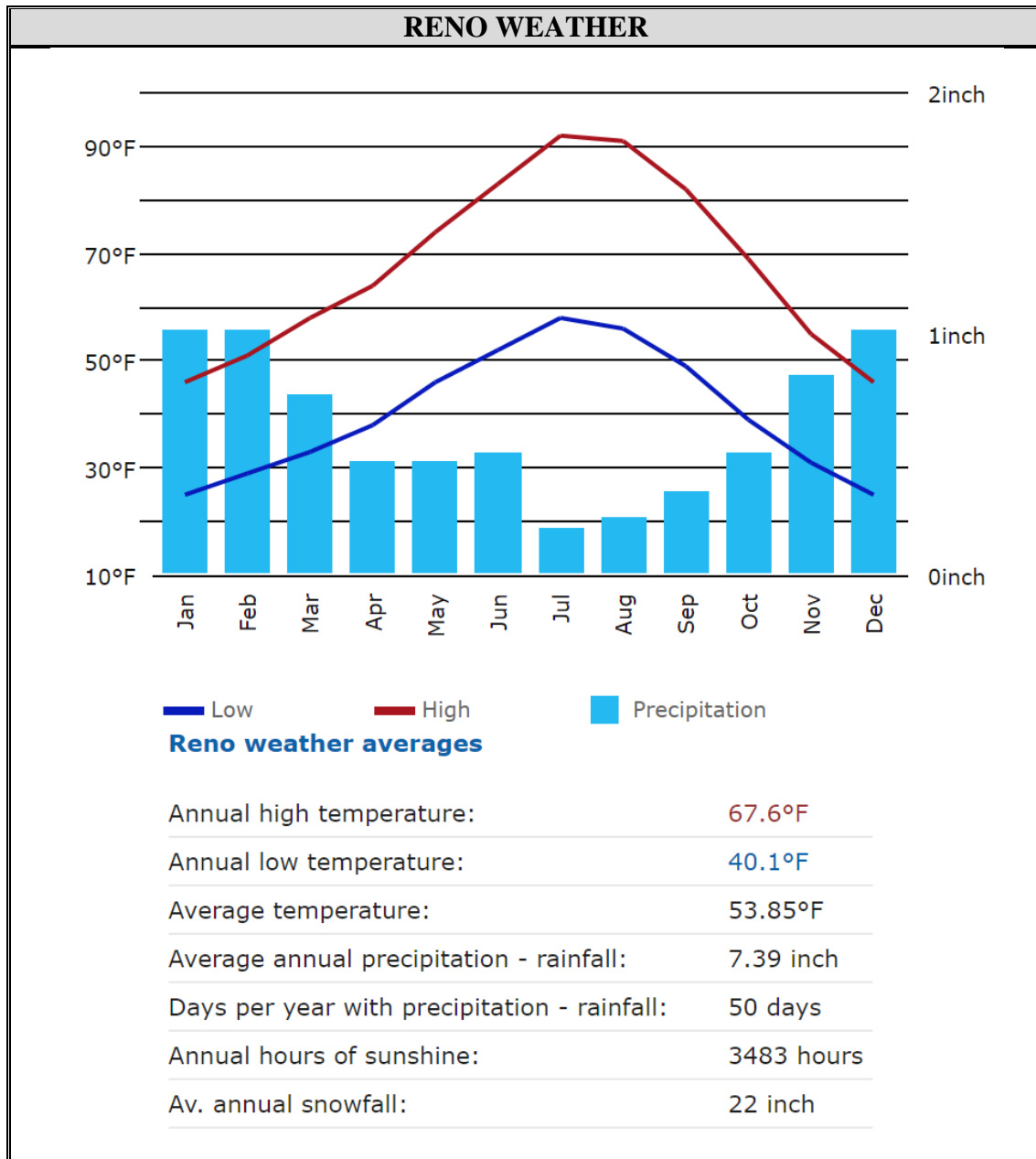
The Reno-Sparks metropolitan area is situated on the eastern slopes of the Sierra Nevada Mountain Range in a large valley known as the Truckee Meadows. Two major freeways serve the region. Interstate 80 runs in an east-west direction through Reno, while U.S. 395/I-580 runs in a north-south direction through Reno. The following summarizes Reno’s vicinity to other major metropolitan areas in the region.

MILES BETWEEN RENO & MAJOR METROPOLITAN AREAS		
Market	Direction From Reno	Miles From Reno
San Francisco	West/Southwest	190± Miles
Los Angeles	Southwest	450± Miles
Portland	Northwest	440± Miles
Salt Lake City	East	520± Miles
Las Vegas	Southeast	450± Miles
Phoenix	Southeast	745± Miles

McCarran Boulevard is a ring road that encircles the Reno-Sparks area and facilitates access between the various quadrants of the region. Overall, the Reno-Sparks area has very good roadway and highway access.

The Reno-Sparks metropolitan area’s location is a positive amenity due to its proximity to major California markets, as well as the recreational and scenic amenities afforded by its proximity to the Sierra-Nevada Mountains and Lake Tahoe. Lake Tahoe is a 45-minute drive from downtown Reno and is the second largest alpine lake in the world, with 72 miles of Lake Frontage. Lake Tahoe also offers the greatest concentration of downhill skiing facilities in North America.

The Truckee Meadows is located at an elevation of approximately 4,400 feet above sea level and offers a semi-arid climate. The following chart summarizes weather data for the Reno area.



The primary source of water for the region is the Truckee River, which originates at Lake Tahoe, approximately 30 miles southwest of Reno, and terminates at Pyramid Lake approximately 30 miles north of Sparks. The river flows through the heart of downtown Reno and along the southern edge of Sparks. The Truckee River is a major recreational and scenic amenity for the region.



Population, Growth and Employment

Since 1970, the Truckee Meadows have been one of the fastest growing areas in the nation, with the population increasing by over 100% by 1990. According to the Nevada State Demographer’s Office at the University of Nevada, the population of Washoe County was estimated to be 460,237 in 2018. The following summarizes historical population estimates for the region.

HISTORICAL POPULATION ESTIMATES										
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reno	218,143	217,282	222,801	229,859	232,243	235,371	238,615	242,158	244,612	248,806
Sparks	91,237	92,331	92,302	90,214	91,551	92,396	93,581	95,726	96,928	100,140
Unincorporated	107,252	107,766	106,490	107,131	108,530	109,030	109,750	110,432	110,383	111,291
Washoe County	416,632	417,379	421,593	427,204	432,324	436,797	441,946	448,316	451,923	460,237

Source: Nevada State Demographer

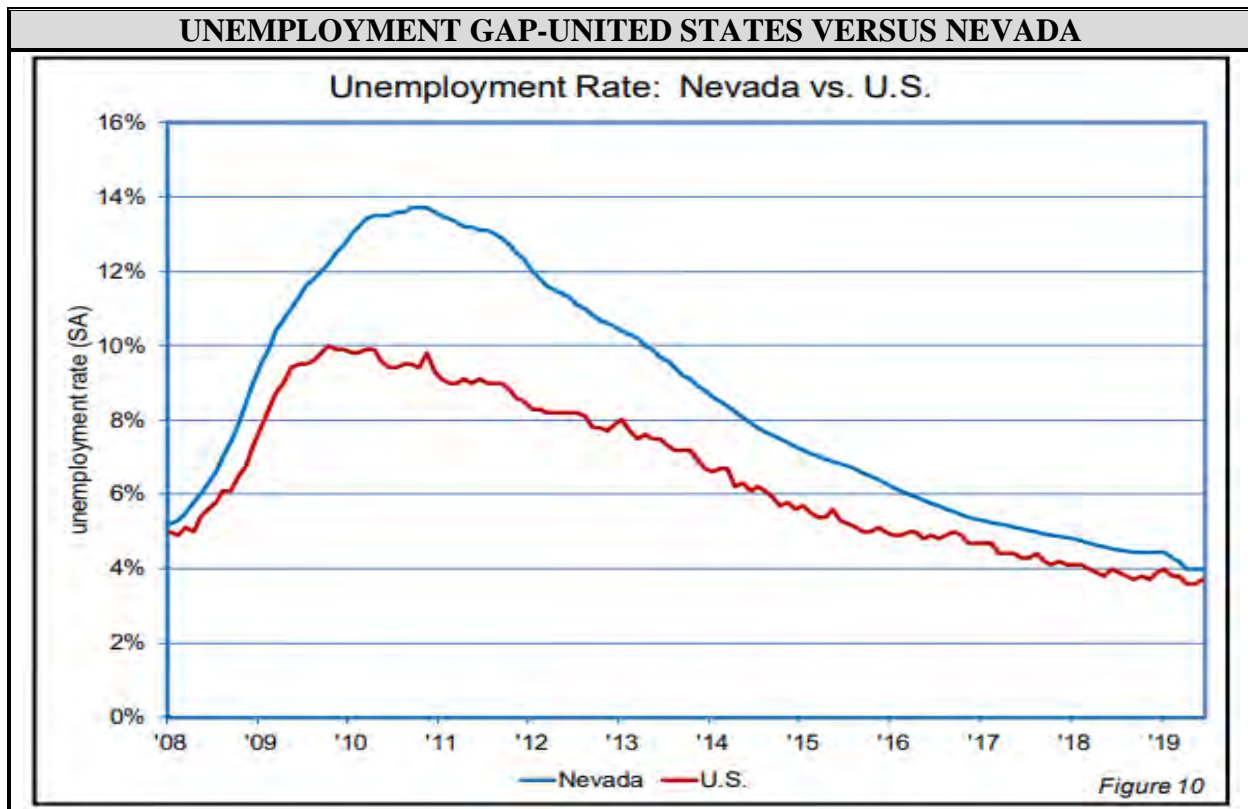
The downturn in the economy has particularly impacted the labor force in Nevada, although over the past three years unemployment has decreased significantly. Unemployment rates for Nevada and individual counties in the state are summarized on the following chart.

NEVADA UNEMPLOYMENT DATA-MAY 2019				
Area	Labor Force	Number Employed	Number Unemployed	Unemployment Rate
Nevada	1,534,946	1,476,002	58,944	3.84%
Carson City	26,509	25,497	1,012	3.82%
Churchill County	10,755	10,371	384	3.57%
Clark County	1,120,126	1,074,864	45,262	4.04%
Douglas County	22,965	22,050	915	3.98%
Elko County	26,888	26,118	770	2.86%
Esmeralda County	390	378	12	3.08%
Eureka County	997	973	24	2.41%
Humboldt County	8,042	7,822	220	2.74%
Lander County	3,141	3,047	94	2.99%
Lincoln County	2,030	1,950	80	3.94%
Lyon County	22,892	21,880	1,012	4.42%
Mineral County	1,929	1,841	88	4.56%
Nye County	17,058	16,179	879	5.15%
Pershing County	2,467	2,374	93	3.77%
Storey County	2,097	2,023	74	3.53%
Washoe County	262,040	254,148	7,892	3.01%
White Pine County	4,623	4,489	134	2.90%

The unemployment rate for Washoe County and Nevada has historically averaged between 1% and 2% below the national average. However, with the economic downturn which began in 2008, Nevada was one of the hardest hit in the nation and currently has among the



highest unemployment rate in the country. Improvement has occurred in the employment market, with the State of Nevada now under 4% unemployment. The following chart summarizes the unemployment rate gap between the State of Nevada and the United States.



Nevada offers one of the most liberal tax structures in the country. Nevada levies no personal or corporate income tax. Nevada's Freeport law exempts from taxation merchandise warehoused, assembled or processed in the State of Nevada. Real estate taxes in the State of Nevada are limited by State constitution to a maximum of \$5 per \$100 of assessed valuation. The assessed valuation is 35% of the Assessor's estimate of the taxable value of the property.

Although it is not located in Washoe County, construction of the new Tesla Gigafactory in nearby Storey County within the Tahoe Reno Industrial Center is expected to have a huge impact on the entire region. On September 5, 2014, Tesla announced that the Tahoe Reno Industrial Park (TRIC), located east of Sparks, had landed the coveted Gigafactory. Over \$1.25 billion in State of Nevada incentives were approved for development of the project. In return, Tesla will be required to complete \$5 billion in capital investments on the facility through 2028. The cost for the building and site infrastructure will be \$1.1 billion. Machinery and equipment



will account for the remaining \$3.9 billion, including materials processing and product assembly. Once the 5.5 million square foot facility reaches full operation, it will produce enough batteries for 500,000 Tesla electric cars each year. As part of the deal, the USA Parkway extension was fast-tracked; this \$43 million project extends USA Parkway from its current terminus in TRIC, to U.S. Highway 50 in Silver Springs, greatly reducing travel times between Interstate 80 and U.S. Highway 50. In January 2015, Las Vegas-based Switch announced plans to build a 3 million square foot data center project in the same industrial center. The project is expected to be built in phases with a total of \$1 billion in investment with it; the first phase was completed in 2017.

Gaming and Tourism Market

It is estimated that the Reno-Sparks area currently offers approximately 25,000 hotel and motel rooms. The vast majority of the hotel-casino facilities are located within the downtown Reno core area. As a result, this area is one of the primary employment centers in the Reno-Sparks area. Additional hotel-casino developments are located in southern Reno along South Virginia Street including the Atlantis Casino resort and the Peppermill Hotel/Casino. The Grand Sierra Resort is located on the Reno-Sparks border and John Ascuaga’s Nugget is located east of Reno in central Sparks. It is noted that the Nugget was recently purchased by a new owner and is undergoing major renovations. The following chart summarizes the most recent data available for gaming revenue for the Reno-Sparks/Washoe County area, as well as other areas within the state.

GAMING WIN DATA						
Area	Current Period			Fiscal Year-to Date		
	05/2019	05/2018	% Change	07/2018 - 05/2019	07/2017 - 05/2018	% Change
Statewide	981,842,080	1,044,072,414	-5.96%	10,866,672,344	10,879,517,122	-0.12%
Clark County	835,840,540	904,856,606	-7.63%	9,341,207,366	9,380,179,560	-0.42%
LV Strip	517,347,639	581,744,700	-11.07%	5,926,231,616	6,077,567,270	-2.49%
Downtown	54,822,300	53,308,790	2.84%	613,767,233	584,991,739	4.92%
North Las Vegas	25,604,545	27,238,151	-6.00%	279,516,934	268,548,261	4.08%
Laughlin	45,446,711	44,028,310	3.22%	471,280,040	465,263,694	1.29%
Boulder Strip	69,758,577	79,824,545	-12.61%	784,351,940	769,657,196	1.91%
Mesquite	11,846,890	11,329,365	4.57%	124,483,865	117,877,427	5.60%
Balance of County	111,013,878	107,382,745	3.38%	1,141,575,739	1,096,273,973	4.13%
Washoe County	74,761,748	73,054,451	2.34%	785,532,385	779,136,622	-0.82%
Reno	55,151,876	53,489,114	3.11%	575,682,835	572,693,557	0.52%
Sparks	11,799,764	11,593,900	1.78%	124,568,997	120,996,322	2.95%
North Lake Tahoe	1,962,778	1,894,488	3.60%	24,110,575	24,558,033	-1.82%
Balance of County	5,847,331	6,076,948	-3.78%	61,169,978	60,888,710	0.46%
South Lake Tahoe	20,094,603	18,022,230	11.50%	206,219,629	208,018,729	-0.86%
Elko County	26,578,636	24,284,964	9.44%	280,736,500	266,895,361	5.19%
Wendover	18,167,730	16,197,279	12.17%	190,411,976	179,158,396	6.28%
Balance of County	8,410,906	8,087,685	4.00%	90,324,524	87,736,965	2.95%
Carson Valley Area *	9,827,171	9,839,331	-0.12%	101,371,082	99,187,710	2.20%
Other	14,739,381	14,014,832	5.17%	151,605,382	146,099,140	3.77%

* Carson Valley Area includes Carson City, Gardnerville, Minden and all other areas of Douglas County except South Lake Tahoe.

Source: Nevada Gaming Control Board



Within the past decade, legalized gaming has continued to spread across the country and gaming revenues for northern Nevada have been impacted. The opening of several Indian casinos in the State of California in recent years and the proposed openings of several other Indian Casinos in California have had a dramatic effect on the gaming economy in the Reno-Sparks area. Over the past decade, several casinos in the downtown Reno market, including the Sundowner Hotel Casino, the Comstock Hotel Casino, Fitzgerald, and the Golden Phoenix Hotel Casino, have closed.

The following summarizes data provided by the Reno-Sparks Convention and Visitors Authority, regarding visitor counts for the Reno-Sparks area.

ESTIMATED VISITOR COUNTS-RENO/SPARKS AREA										
Month	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
January	294,059	299,173	281,231	321,606	299,638	343,067	316,333	337,537	340,038	355,106
February	328,058	321,307	341,375	320,629	317,344	333,754	359,816	353,085	362,487	326,874
March	386,010	351,791	361,802	379,107	366,211	372,914	408,908	427,889	422,046	386,738
April	361,443	357,305	383,750	373,910	374,077	364,488	393,666	411,342	397,674	384,955
May	384,619	373,994	381,261	410,307	409,936	402,554	392,771	415,356	426,581	409,350
June	443,619	407,326	439,008	464,030	442,926	428,339	464,938	483,556	487,997	-
July	420,724	424,276	447,787	464,634	463,881	461,255	515,248	475,751	485,062	-
August	407,140	419,488	462,034	465,526	460,178	462,746	464,049	510,215	475,362	-
September	420,555	417,120	446,791	429,600	430,243	443,255	473,840	492,603	462,818	-
October	358,623	347,074	371,788	370,259	383,157	419,970	404,279	429,010	403,490	-
November	290,725	297,589	293,121	321,139	326,680	325,605	353,026	368,004	353,414	-
December	310,695	316,657	326,467	343,766	356,925	388,261	385,730	401,984	377,240	-
Totals	4,406,270	4,345,141	4,536,415	4,664,514	4,631,195	4,746,207	4,893,105	5,145,829	4,994,209	1,863,022

Source: Reno-Sparks Convention and Visitors Authority

Residential Market

The residential market in the Reno-Sparks area grew tremendously in the 1990's and this growth continued until 2006, when the residential housing crisis began. The downturn in the residential market had a tremendous impact on residential development and sales within the Reno-Sparks market, resulting in very limited new construction for the past five years. Although the residential real estate market has struggled there are signs of recovery. The existing residential home sales and prices are on the rebound. Market activity has increased significantly in Northern Nevada in recent months and the residential market is on the rebound after a long period of decline. Sale offers are reported at or above list prices and sellers are receiving multiple offers.

The September 2019 Market Report presented by the Reno/Sparks Association of Realtors reports that, during September 2019, the report showed Reno-Sparks had 561 sales of existing single-family homes; an increase of 22 percent from September 2018 and a 10 percent decrease from one month ago, August 2019. The report listed the median sales price for an



existing single-family residence in Reno-Sparks in September 2019 at \$395,000; a 6 percent increase from September 2018 and a 1 percent decrease from August 2019. All sales numbers are for existing “stick built single-family dwellings” only and do not include condominium, townhome, manufactured, modular or newly constructed homes. The median sales price of existing condominium/townhomes in Reno-Sparks in September 2019 was \$213,000; less than 1 percent increase from a year ago.

In September 2019, Reno (including North Valleys) had 398 sales of existing single-family homes; an increase of 25 percent from last year and a 7 percent decrease from the previous month. The median sales price in Reno for an existing single-family residence in September 2019 was \$404,975; a 4 percent increase from September 2018, and a 2 percent decrease from August 2019. All sales numbers are for existing “stick built single-family dwellings” only and do not include condominium, townhome, manufactured, modular or newly constructed homes. The existing condominium/townhome median sales price for September 2019 in Reno was \$231,500; a 2 percent decrease from last year.

Sparks (including Spanish Springs) experienced 163 sales of existing single-family homes in September 2019; a 15 percent increase from September 2018 and a 14 percent decrease from August 2019. The Sparks median sales price for an existing single-family residence in September 2019 was \$377,500; a 9 percent increase from September 2018 and less than a 1 percent decrease from August 2019. All sales numbers are for existing “stick built single-family dwellings” only and do not include condominium, townhome, manufactured, modular or newly constructed homes. The existing condominium/townhome median sales price for September 2019 in Sparks was \$195,000; a 2 percent decrease from last year.

“While we saw a slight decline from August, the Reno/Sparks median price is still 6 percent higher than we were at this time last year.” said REALTOR® Angelica Reyes, 2019 RSAR president and managing broker for The Right Choice Realty. “We are still seeing low inventory at only 2 months’ supply and a balanced market is right around 6 months.



RENO-SPARKS SEPTEMBER 2019 MEDIAN PRICE SOLD

Median Sold Price

Year over Year			Month over Month		Year to Date		
Sep 2019	Sep 2018	Change	Aug 2019	Change	2019	2018	Change
\$ 395,000	\$ 372,500	▲ 6.0%	\$ 399,000	▼ -1.0%	\$ 389,000	\$ 375,000	▲ 3.7%



RENO-SPARKS SEPTEMBER 2019 UNITS SOLD

Units Sold

Year over Year			Month over Month		Year to Date		
Sep 2019	Sep 2018	Change	Aug 2019	Change	2019	2018	Change
561	461	▲ 21.7%	620	▼ -9.5%	4,726	4,667	▲ 1.3%

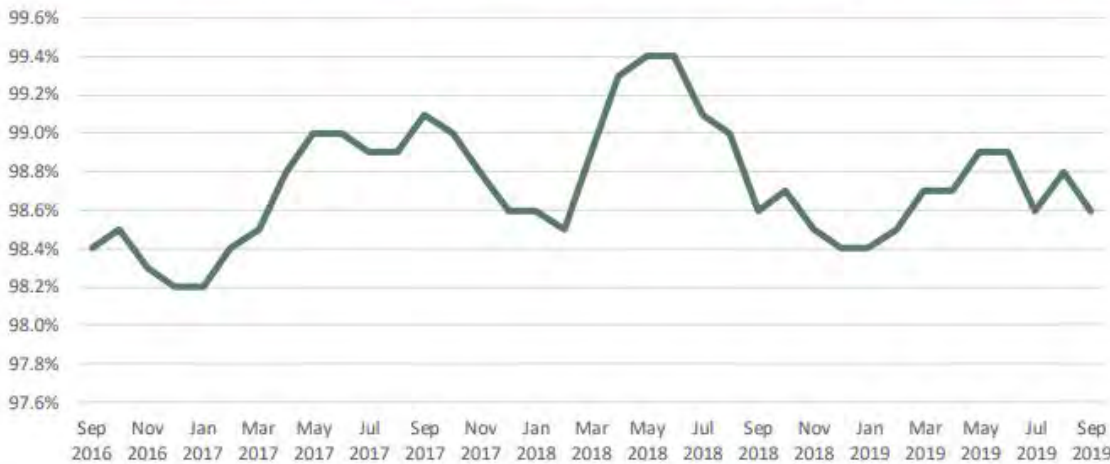




RENO-SPARKS SEPTEMBER 2019 PERCENT OF ASK PRICE RECEIVED

Percent of Ask Price Received

Year over Year			Month over Month		Year to Date		
Sep 2019	Sep 2018	Change	Aug 2019	Change	2019	2018	Change
98.6%	98.6%	0.0%	98.8%	-0.2%	98.7%	99.0%	-0.3%



RENO-SPARKS SEPTEMBER 2019 NEW LISTINGS

New Listings

Year over Year			Month over Month		Year to Date		
Sep 2019	Sep 2018	Change	Aug 2019	Change	2019	2018	Change
543	655	-17.1%	753	-27.9%	6,162	6,132	0.5%

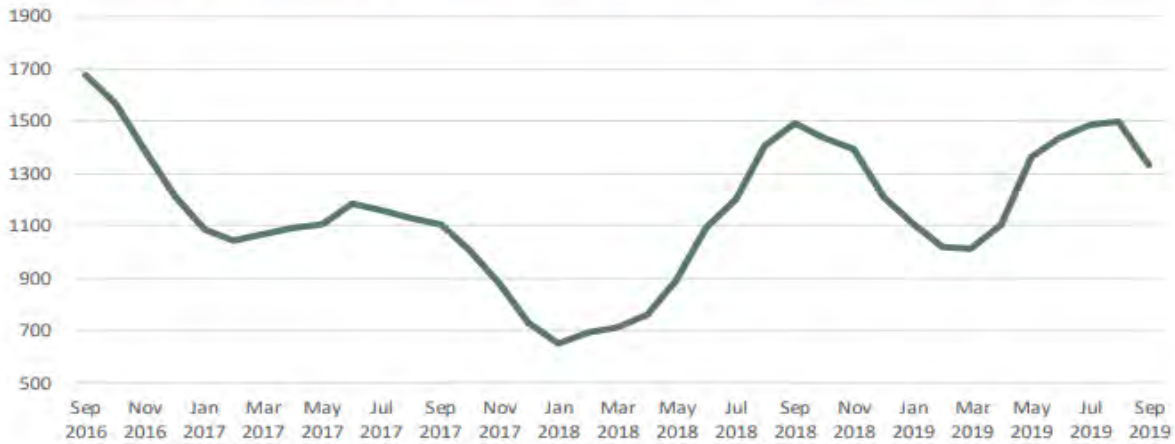




RENO-SPARKS SEPTEMBER 2019 INVENTORY

Active Inventory Units

Year over Year			Month over Month	
Sep 2019	Sep 2018	Change	Aug 2019	Change
1,330	1,494	▼ -11.0%	1,499	▼ -11.3%

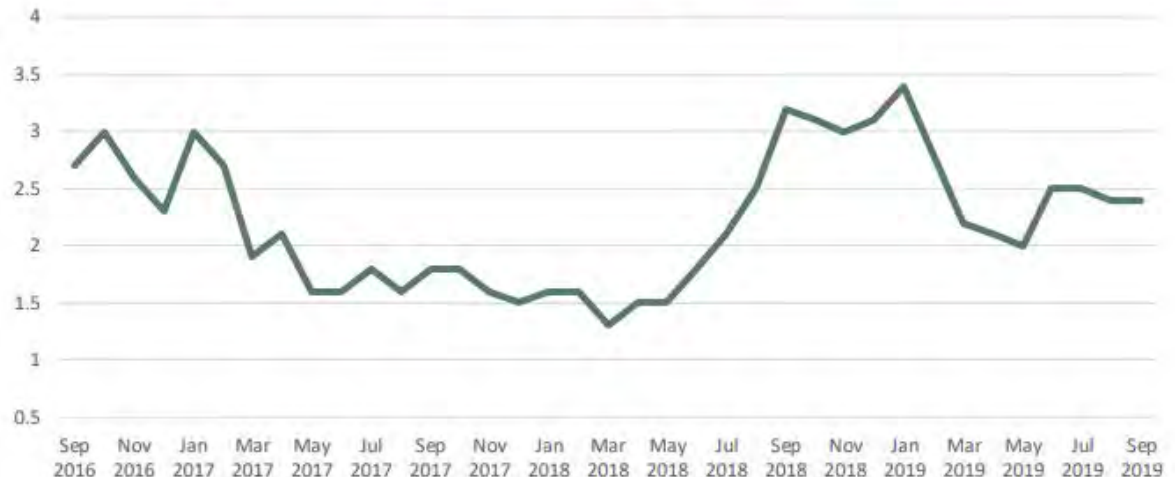


Historical reported active inventory represents an estimated trend over time, not "Active and Available Inventory" on a specific day. Final figures could be up to 20% different from the "specific day" captured.

RENO-SPARKS SEPTEMBER 2019 MONTHS SUPPLY OF INVENTORY

Months Supply of Inventory

Year over Year			Month over Month	
Sep 2019	Sep 2018	Change	Aug 2019	Change
2.4	3.2	▼ -25.0%	2.4	▬ 0.0%





Improvement in the residential market is stimulating new construction. Most of the bulk finished lots within the market have been purchased by developers; most of these lots were bank owned during the recession. With job growth projected at over 50,000 new jobs in the coming years, demand for new housing in the area is expected to be extremely strong.

Multifamily Market

The following summarizes data from the 3rd Quarter 2019 *Apartment Survey*, which is a quarterly survey conducted by Johnson Perkins Griffin, LLC.

AVERAGE SIZE, RENT & VACANCY RATE BY UNIT TYPE							
CATEGORY	STUDIOS	1 BED/1 BATH	2 BED/1 BATH	2 BED/2 BATH	3 BED/2 BATH	TOWNHOME	TOTALS
Average SF-By Unit Type	404 SF	726 SF	862 SF	1,055 SF	1,283 SF	1,256 SF	902 SF
Average Rent-By Unit Type	\$814	\$1,200	\$1,252	\$1,481	\$1,816	\$1,561	\$1,345
Average Rent/SF-By Unit Type	\$2.01	\$1.65	\$1.45	\$1.40	\$1.42	\$1.24	\$1.49
Indicated Vacancy Rate-By Unit Type	2.49%	3.23%	3.18%	3.62%	2.76%	2.70%	3.31%

OVERALL AVERAGE RENT & VACANCY-PRIOR & CURRENT QUARTER			
Category	2 nd Quarter 2019	3 rd Quarter 2019	Change
Average Vacancy	2.67%	3.31%	64 Basis Points
Average Rent	\$1,344	\$1,345	+\$1 or +0.07%

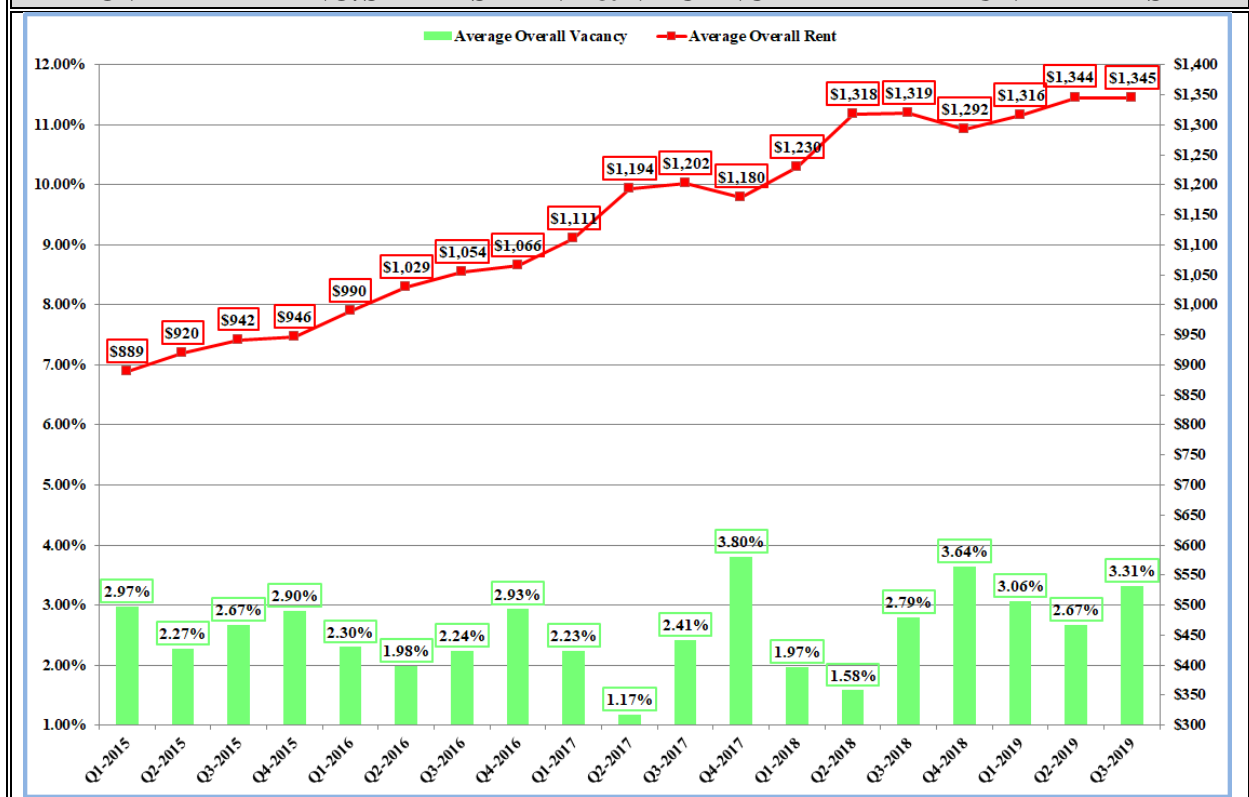
COMPARISON OF RENTAL RATES & VACANCY RATES TO PRIOR QUARTER						
UNIT TYPE	AVERAGE RENT			AVERAGE VACANCY		
	2nd Qtr. 2019	3rd Qtr. 2019	Result	2nd Qtr. 2019	3rd Qtr. 2019	Result
Studio	\$841	\$814	-\$27	3.37%	2.49%	-0.88%
1 Bedroom/1 Bath	\$1,185	\$1,200	+\$15	2.84%	3.23%	+0.39%
2 Bedroom/1 Bath	\$1,262	\$1,252	-\$10	2.02%	3.18%	+1.16%
2 Bedroom/2 Bath	\$1,490	\$1,481	-\$8	2.73%	3.62%	+0.89%
3 Bedroom/2 Bath	\$1,838	\$1,816	-\$22	1.96%	2.76%	+0.80%
Townhouse	\$1,548	\$1,561	+\$13	4.32%	2.70%	-1.62%
TOTALS	\$1,344	\$1,345	+\$1	2.67%	3.31%	+0.64%



RENTAL AND VACANCY RATES BY SUB-MARKET AREA

Area	Sub-Market	AVERAGE RENT			AVERAGE VACANCY		
		2nd Qtr. 2019	3rd Qtr. 2019	Result	2nd Qtr. 2019	3rd Qtr. 2019	Result
1	Northwest Reno	\$1,401	\$1,382	-\$19	2.78%	2.70%	-0.07%
2	Northeast Reno	\$1,241	\$1,196	-\$45	2.81%	3.72%	+0.91%
3	W. Sparks/N. Valley	\$1,166	\$1,190	+\$24	2.54%	2.74%	+0.20%
4	East Sparks	\$1,529	\$1,522	-\$7	2.61%	4.20%	+1.60%
5	West Reno	\$1,188	\$1,186	-\$3	0.44%	1.33%	+0.89%
6	Southwest Reno	\$1,275	\$1,268	-\$8	3.36%	3.36%	0.00%
7	Brinkby/Grove	\$964	\$983	+\$18	2.81%	3.56%	+0.74%
8	Airport	\$1,154	\$1,177	+\$22	1.79%	6.79%	+5.00%
9	Lakeridge	\$1,453	\$1,389	-\$64	4.87%	4.95%	+0.08%
10	Southeast Reno	\$1,394	\$1,416	+\$21	1.71%	2.77%	+1.06%
11	Downtown Urban	\$1,446	\$1,474	+\$28	8.21%	2.17%	-6.04%
Overall Reno-Sparks		\$1,344	\$1,345	+\$1	2.67%	3.31%	+0.64%

OVERALL RENO/SPARKS RENT & VACANCY DATA-ALL UNIT TYPES



Category	3rd Quarter 2019
Average Square Feet Per Unit Surveyed	902± Square Feet
Average Rent For Units Surveyed	\$1,345 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.49 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	3.31%



Industrial Market

In an effort to diversify the economic base of the area, community leaders have focused upon the expansion of the industrial segment of the economy. The industrial industry has experienced substantial growth over the past decade as a result of the region's central location, good transportation, infrastructure and liberal tax laws. At the present time, over 500 major U.S. and foreign corporations have headquarters or located large facilities in the area, including Amazon.com, International Gaming Technology (IGT), Barnes and Noble, Patagonia, Sherwin Williams, Wal-Mart Distribution Center, J.C. Penney's Catalog Distribution Center, and R.R. Donnelley, one of the nation's largest publishers.

On September 5, 2014, Tesla announced that the Tahoe Reno Industrial Park (TRIC), located east of Sparks, had landed the coveted Gigafactory. Over \$1.25 billion in State of Nevada incentives were approved for development of the project. In return, Tesla will be required to complete \$5 billion in capital investments on the facility through 2028. The cost for the building and site infrastructure will be \$1.1 billion. Machinery and equipment will account for the remaining \$3.9 billion, including materials processing and product assembly. Once the 5.5 million square foot facility reaches full operation, it will produce enough batteries for 500,000 Tesla electric cars each year. As part of the deal, the USA Parkway extension was fast-tracked; this \$43 million project extended USA Parkway from its current terminus in TRIC, to U.S. Highway 50 in Silver Springs, greatly reducing travel times between Interstate 80 and U.S. Highway 50.

As most major cities in the western portion of the United States are located within relatively close proximity and driving time to Northern Nevada, the Reno-Sparks area is a major distribution warehousing center. This development is further being enhanced by the favorable tax environment in the state of Nevada. Leases for industrial users in the Reno-Sparks market are typically based upon triple net lease terms. The CBRE *Reno Industrial Market View 2nd Quarter 2019 Report* indicates the following:



COMMENTARY-CBRE RENO INDUSTRIAL MARKET VIEW 2ND QUARTER 2019

During the first half of the year, the Northern Nevada industrial market laid a strong foundation for a successful second half. Substantial transactional activity coupled with healthy construction activity were at the forefront of the positive fundamentals seen this quarter. Construction completions totaled 1.1 million sq. ft. during the quarter, driving the market wide vacancy rate up to 4.3%. This increase provided tenants with more quality leasing options, leading to 732,005 sq. ft. of positive net absorption in Q2 2019.

Leasing activity remained strong throughout the quarter, resulting in 998,879 sq. ft. of gross absorption. Pre-leasing activity played a significant role in the market's success, with 239,445 sq. ft. of secured space at the time of delivery. While small-scale tenant demand persists, the quarter also boasted three leases over 150,000 sq. ft. Grove Industries was responsible for the largest lease transaction of the quarter, securing 198,000 sq. ft. in the South Reno submarket.

The capital markets sector experienced robust activity after an influx of investment opportunities during Q1 2019. Overall investment volume reached

\$223 million in Q2 2019, 81% of the total transaction volume in 2018. Blackstone purchased a 1.8 million sq. ft. portfolio from Northwestern Mutual, which includes assets in Reno and Sparks. Additionally, Exeter purchased the old Petsmart facility (827,720 sq. ft.) in McCarran for \$54 million. These types of large-scale transactions illustrate the confidence institutional investors have for the Reno industrial market.

Looking forward, the forecast calls for the continuance of strong leasing activity, institutional investment sales, and new construction for the balance of the year. One significant user, Matkita USA, has already broken ground on a significant build-to-suit that will be absorbed later this year. A couple of other large occupiers are in the final analysis stage of pending transactions.

Additionally, market demand among smaller users (under 150,000 sq. ft.) remains robust. On the investment sale front, two large Dermody portfolios totaling over 1.4 million sq. ft. are pending and should close in Q3 2019. Furthermore, Link's national acquisition of GLP will impact over 10.5 million sq. ft. locally.

The following charts summarize the overall and submarket industrial markets, and include data related to rental rates and vacancies. The data is from the *CBRE Reno Industrial Market View 2nd Quarter 2019*.



INDUSTRIAL RENTS & VACANCIES BY SUBMARKET

Figure 2: Reno Industrial Market Statistics

Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Q2 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Central / Airport	9,287,850	4.9	6.4	68,812	111,178	0.70
Bulk	6,710,730	4.8	6.7	47,491	67,360	0.60
Flex	2,577,120	5.2	5.7	21,321	43,818	1.29
East Valley	20,293,321	8.3	9.8	354,235	610,235	0.37
Bulk	20,170,634	8.4	9.8	354,235	610,235	0.37
Flex	122,687	0.0	0.0	0	0	N/A
North Valley	20,625,558	4.4	6.2	5,196	52,746	0.40
Bulk	20,301,546	4.5	6.3	5,196	52,746	0.40
Flex	324,012	0.0	0.0	0	0	N/A
South Reno	10,048,256	2.8	3.4	295,243	236,357	0.64
Bulk	7,998,947	3.1	3.6	289,685	227,279	0.54
Flex	2,049,309	2.0	2.5	5,558	9,078	1.09
Sparks	28,423,272	1.6	7.2	8,519	355,403	0.52
Bulk	25,276,980	1.7	7.9	(10,983)	321,083	0.50
Flex	3,146,292	0.8	1.5	19,502	34,320	0.79
West Reno	2,347,405	5.5	5.5	0	247,000	0.52
Bulk	1,977,983	6.5	6.5	0	247,000	0.52
Flex	369,422	0.0	0.0	0	0	N/A
Market Total	91,025,662	4.3	7.0	732,005	1,612,919	0.47
Bulk	82,436,820	4.5	7.4	685,624	1,525,703	0.45
Flex	8,588,842	2.3	2.9	46,381	87,216	1.06

Source: CBRE Research, Q2 2019.

HISTORICAL INDUSTRIAL DATA

Figure 4: Lease Rates



Source: CBRE Research, Q2 2019.

Figure 5: Net Absorption



Source: CBRE Research, Q2 2019.

Figure 6: Vacancy & Availability



Source: CBRE Research, Q2 2019.

Figure 7: Construction Activity



Source: CBRE Research, Q2 2019.



Retail Market

The Reno-Sparks area now offers three regional shopping centers and more than 100 neighborhood or local shopping centers. The three major regional centers are Meadowood Mall, the Summit Sierra Mall, and the Legends at Sparks Marina.

According to the Nevada Department of Taxation, 2010/2011 to 2017/2018 fiscal taxable sales show an increase from year-to-date numbers for each of the past eight years. The following chart summarizes taxable sales totals for Washoe County from 1997/1998 (fiscal years) through 2017/2018.

WASHOE COUNTY TAXABLE SALES HISTORY		
Fiscal Year	Taxable Sales	Percentage Change
1997/1998	\$4,377,547,590	3.22%
1998/1999	\$4,679,515,860	6.90%
1999/2000	\$4,966,612,920	6.14%
2000/2001	\$5,194,146,044	4.58%
2001/2002	\$5,292,178,588	1.89%
2002/2003	\$5,481,582,915	3.47%
2003/2004	\$6,003,368,280	9.52%
2004/2005	\$6,660,263,045	10.6%
2005/2006	\$7,268,593,250	9.13%
2006/2007	\$7,202,640,557	-0.91%
2007/2008	\$6,823,700,706	-5.3%
2008/2009	\$5,707,791,051	-16.35%
2009/2010	\$5,176,981,699	-9.30%
2010/2011	\$5,282,936,232	2.05%
2011/2012	\$5,522,605,351	4.54%
2012/2013	\$5,824,726,136	5.47%
2013/2014	\$6,370,684,534	9.37%
2014/2015	\$6,817,588,648	7.02%
2015/2016	\$7,550,466,734	10.70%
2016/2017	\$7,989,009,111	5.81%
2017/2018	\$8,531,252,745	6.79%
Source: Nevada Department of Taxation		

Leases for retail space in the Reno-Sparks market are typically based upon triple net lease terms or modified gross lease terms. Under triple net lease terms, tenants typically pay a base rental rate, and are also responsible for paying most operating expenses associated with the property, including utilities, taxes, insurance, management, typical repairs and maintenance, and other expense items. In multi-tenant projects, these additional fees are most often billed back to



tenants; these are often referred to as Common Area Maintenance (CAM) fees. The CBRE *Reno Retail Market View 2nd Quarter 2019 Report* indicates the following:

COMMENTARY-CBRE RENO RETAIL MARKET VIEW 2ND QUARTER 2019	
<p>Reno retail market fundamentals remain strong, highlighted by continued positive occupancy gains and low vacancy. The market ended Q2 2019 with a 6.1% vacancy rate and 53,133 sq. ft. of positive net absorption. The overall vacancy rate has steadily decreased over the last 10 years, and this quarter marks the 18th consecutive quarter of positive net absorption, illustrating a long-term trend of solid demand and market activity.</p> <p>Shop-size activity is strong in the market, especially among food concepts. Restaurants accounted for the largest percentage of retail space leased in the market year-to-date at 36%. In Q2 2019, many new restaurants opened in Reno including Chicago's Pizza with a Twist and Burgerim. Both are national franchises new to the Reno market.</p> <p>Food and beverage sales are a growing share of consumer retail spending as nearly a quarter of every retail dollar spent in the U.S. was on food and beverage in 2018. Reno retail also continues to expand its scope of experience based tenants,</p>	<p>many of which serve food and beverages, such as a new candle and soap making concept that serves wine and spirits, a hookah lounge that serves cocktails, and the new Axe Bar, which features food, drinks and the opportunity to throw axes at a bullseye.</p> <p>A significant sale this quarter was Farshid Lalezarian purchasing Evergreen Plaza, 81,175 sq. ft., in the West Sparks submarket for \$5.9 million. Development remains steady from the previous quarter, with several planned projects in the pipeline. Notably, Skypointe Reno, a planned 170,000 sq. ft. mixed-use project with 35,000 sq. ft. of new retail in the Meadowood submarket, is now pre-leasing.</p> <p>With vacancy continuing to decline, the market looks forward to new Class A product to meet demand. The market has consistently experienced positive leasing activity in the past four years, this is expected to continue in the near term.</p>

The following charts summarize the overall and submarket retail markets, and include data related to rental rates and vacancies. The data is from the CBRE *Reno Retail Market View 2nd Quarter 2019*.



RETAIL RENTS & VACANCIES BY SUBMARKET

Figure 2: Reno Retail Market Statistics

Submarket	Gross Leaseable Area	Total Vacancy %	Total Availability %	Q2 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Central/Airport	1,759,182	15.3	19.3	38,751	42,720	1.42
Downtown	385,397	18.2	19.5	0	7,369	2.03
Meadowood	3,285,664	5.8	7.6	(4,689)	8,981	1.14
North Valleys	791,887	1.3	2.2	3,740	8,053	1.29
Northwest Reno	1,813,641	1.6	2.2	581	6,233	1.63
South Reno	2,523,397	3.6	3.8	17,945	23,671	1.94
Southwest Reno	754,844	4.2	5.9	12,057	14,669	1.43
Spanish Springs	1,625,969	5.2	5.9	6,746	9,856	1.55
Sparks	3,678,823	6.4	9.1	(21,998)	(22,157)	1.35
Market Total	16,618,804	6.1	7.8	53,133	99,395	1.41

Source: CBRE Research, Q2 2019.

HISTORICAL RETAIL DATA

Figure 6: Lease Rates



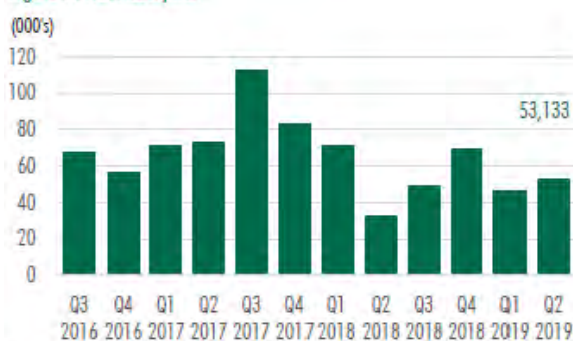
Source: CBRE Research, Q2 2019.

Figure 8: Vacancy & Availability



Source: CBRE Research, Q2 2019.

Figure 7: Net Absorption



Source: CBRE Research, Q2 2019.

Figure 9: Construction Activity



Source: CBRE Research, Q2 2019.



Office Market

The Reno-Sparks office market consists of a variety of product types, from older second and third generation properties, to new, high-end Class A office space. Leases for professional office uses in the Reno-Sparks market are typically based upon full service gross lease terms or modified gross lease terms. Under full service gross lease terms, owners are responsible for all operating costs associated with the building. Typically, these leases incorporate base year expense stops, with tenants responsible for any increases in operating expenses over the base year. Under modified gross lease terms, the tenant is typically responsible for utilities and janitorial service. Due to increases in utility expenses, many property owners now market properties on modified gross lease terms, with some even marketing properties on triple net lease terms, in which the tenant is responsible for all operating expenses associated with the building. The CBRE *Reno Office Market View 2nd Quarter 2019 Report* indicates the following:

COMMENTARY-CBRE RENO OFFICE MARKET VIEW 2ND QUARTER 2019	
<p>The Reno office market continued its positive streak in Q2 2019, closing with 41,307 sq. ft. of positive net absorption and making it the 13th consecutive quarter of occupancy gains. Given the stable demand in Reno, the market has experienced consistent leasing activity and rental growth year-over-year.</p> <p>As Nevada continues to top the rankings for most inbound movers per capita in the country, Reno's overall population and business presence is on the rise. The compression of Class A market availability has sparked speculative development throughout Reno's prime submarkets. Several projects are currently in the planning stages with expectations for breaking ground in late 2019 and early 2020. For example, T3 North in the Downtown submarket will stand 14 stories tall and provide 312,800 sq. ft. of Class A innovative space with ground-level retail. Additionally, Skypointe will be a 205,000 sq. ft. mixed-use project in the Meadowood submarket with a sleek and modern design that will be an attractive location for tech tenants.</p>	<p>Leasing activity in the Reno region was concentrated in the South Reno and Downtown submarkets, which attributed to 52,951 sq. ft. of the gross absorption this quarter. TriNet USA, Inc. signed the largest lease of the quarter, renewing and expanding into 52,998 sq. ft. at 9805 Double R Boulevard followed by a 10,992 sq. ft. lease at 10539 Professional Circle to be occupied by EIG Services, Inc. The top sales of the quarter were primarily Class B buildings with redevelopment plans in place. The high-vacancy structure at 2195 S. Virginia Street sold as an Opportunity Zone investment to Los Angeles-based RFG-Pinecone, LLC for \$4 million and is available for pre-lease. Overall, the Reno market is receiving substantial attention from occupiers and investors alike.</p> <p>Reno is well-positioned for steady growth in the coming quarters. Vacancy rates will decline even further and rental rates will rise. In the upcoming year, the projects in the development pipeline will provide more availability to the increasing number of businesses coming to the market.</p>

The following charts summarize the overall and submarket office markets, and include data related to rental rates and vacancies. The data is from the CBRE *Reno Office Market View 2nd Quarter 2019*.



OFFICE RENTS & VACANCIES BY SUBMARKET

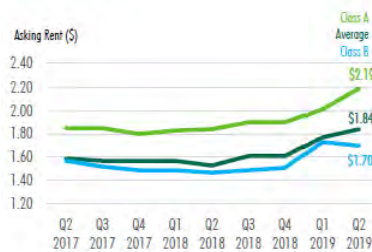
Figure 2: Reno Office Market Statistics

Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Q2 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Airport	557,145	6.4	12.7	(11,383)	1,456	1.22
Class A	32,376	-	-	-	-	-
Class B	351,247	5.1	5.6	(6,698)	(2,280)	1.33
Central	719,897	15.2	30.7	4,191	4,371	1.42
Class A	-	-	-	-	-	-
Class B	334,444	19.1	19.6	1,875	6,197	1.56
Downtown	1,366,328	12.3	15.8	23,339	6,856	1.97
Class A	810,695	10.8	15.8	18,619	27,257	2.15
Class B	273,830	25.2	26.9	2,999	(24,251)	1.79
Meadowood	1,823,265	10.8	17.1	(2,112)	56,546	2.08
Class A	841,274	16.8	20.2	(3,284)	(9,740)	2.33
Class B	783,751	4.3	10.3	(2,060)	47,840	1.86
South Reno	1,399,415	4.5	5.6	27,272	25,588	1.85
Class A	990,231	4.3	5.6	18,901	18,783	1.93
Class B	409,184	5.1	5.5	8,371	6,805	1.66
Sparks	162,423	7.5	16.9	-	1,037	1.11
Class A	-	-	-	-	-	-
Class B	93,693	9.3	25.6	-	-	1.25
West Reno	37,495	-	-	-	-	-
Class A	14,493	-	-	-	-	-
Class B	23,002	-	-	-	-	-
Market Total	6,065,968	9.7	15.2	41,307	95,854	1.84
Class A	2,689,069	10.1	13.1	34,236	36,300	2.19
Class B	2,269,151	9.4	12.6	4,487	34,311	1.70

Source: CBRE Research, Q2 2019.

HISTORICAL OFFICE DATA

Figure 4: Lease Rates



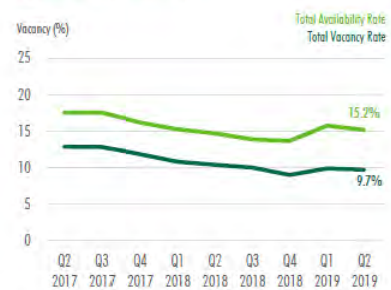
Source: CBRE Research, Q2 2019.

Figure 5: Net Absorption



Source: CBRE Research, Q2 2019.

Figure 6: Vacancy & Availability

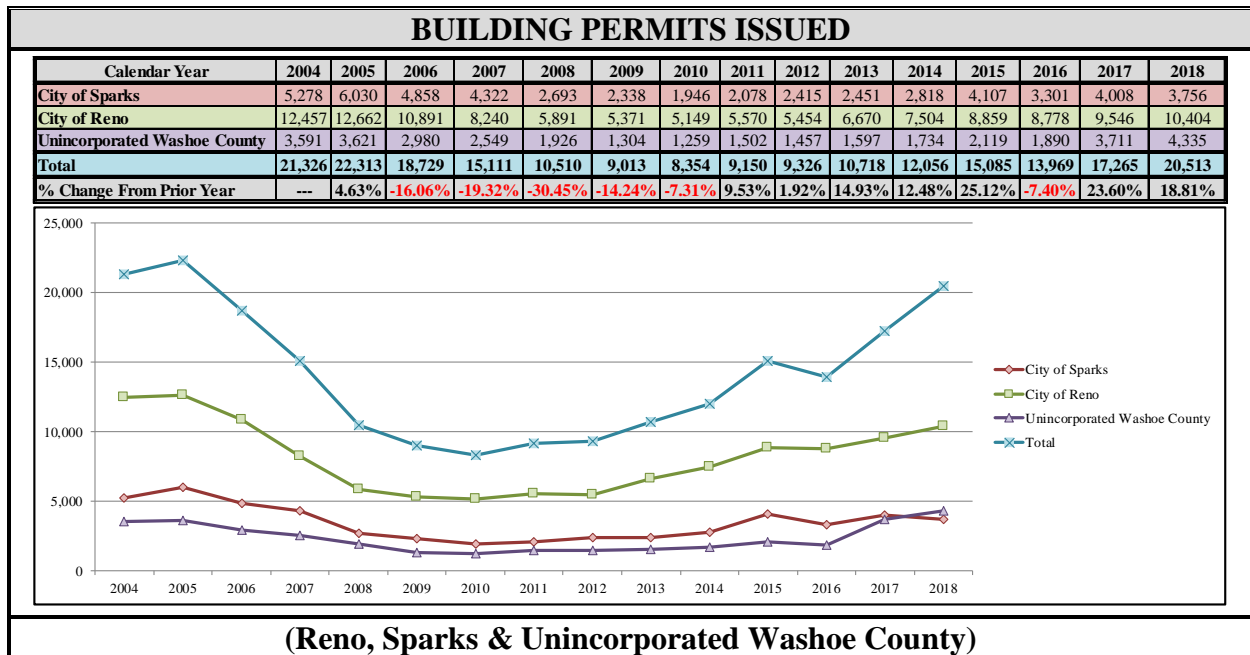


Source: CBRE Research, Q2 2019.



Construction Activity

Construction activity in the area was limited during the housing crisis, but has shown signs of recovery. Within the Reno-Sparks market, building permits issued began to drop in 2006, and dropped every year through 2010; beginning in 2011, building permit activity continued to increase through 2015. As the chart and graph below indicate, at the peak of the market in 2005, 22,313 total building permits were issued in Washoe County, including the City of Reno and the City of Sparks. In 2018, the latest full calendar year, 20,513 building permits, or 8% less than 2005, were issued.



Transportation

The Reno-Tahoe International Airport serves the Reno-Sparks area. The airport offers daily departures to over 30 North American destinations with non-stop or one-stop service. This level of service is normally found in cities with populations four to five times the size of the Reno-Sparks area. The following chart summarizes passenger statistics for the Reno-Tahoe International Airport.



RENO-TAHOE INTERNATIONAL AIRPORT STATISTICS

Total Passengers						Total Enplaned Passengers				
May-19						May-19				
	Passengers		% Diff.	Passengers		Month	2017	2018	2019	% Diff.
	2017	2018		2019	% Diff.					
JAN	284,553	312,125	9.7%	335,095	7.4%	JAN	143,070	156,747	168,909	7.8%
FEB	286,322	296,726	3.6%	306,800	3.4%	FEB	143,000	147,568	152,933	3.6%
MAR	353,651	356,112	0.7%	383,215	7.6%	MAR	179,473	181,141	195,310	7.8%
1st Quarter	924,526	964,963	4.4%	1,025,110	6.2%	APR	150,827	161,913	166,676	2.9%
APR	302,078	325,428	7.7%	337,062	3.6%	MAY	156,943	171,430	175,621	2.4%
MAY	317,935	345,740	8.7%	354,311	2.5%	JUN	182,045	193,777		
JUN	367,600	389,103	5.8%			JUL	199,224	205,174		
2nd Quarter	987,613	1,060,271	7.4%			AUG	192,726	198,874		
JUL	400,754	414,529	3.4%			SEP	179,829	189,886		
AUG	393,478	402,794	2.4%			OCT	169,259	174,084		
SEP	345,280	362,831	5.1%			NOV	149,714	158,100		
3rd Quarter	1,139,512	1,180,154	3.6%			DEC	161,640	166,795		
OCT	336,433	347,591	3.3%			TOTAL	2,007,750	2,105,489		
NOV	300,308	315,833	5.2%			YTD Total		818,799	859,449	5.0%
DEC	326,989	341,283	4.4%							
4th Quarter	963,730	1,004,707	4.3%							
TOTAL	4,015,381	4,210,095	4.8%							
YTD Total		1,636,131		1,716,483	4.9%					

Total Cargo						Total Deplaned Passengers						
May-19						May-19						
	Cargo in Pounds		% Diff.	Pounds		Metric	% Diff.	Month	2017	2018	2019	% Diff.
	2017	2018		2019	% Diff.							
JAN	12,749,916	11,795,775	-7.5%	11,940,830	5,415	1.2%	JAN	141,483	155,378	166,186	7.0%	
FEB	12,023,060	11,417,480	-5.0%	11,559,065	5,242	1.2%	FEB	143,322	149,158	153,867	3.2%	
MAR	13,595,007	13,053,097	-4.0%	11,770,662	5,338	-9.8%	MAR	174,178	174,971	187,905	7.4%	
1st Quarter	38,367,983	36,266,352	-5.5%	35,270,557	15,996	-2.7%	APR	151,251	163,515	170,386	4.2%	
APR	11,974,440	10,826,085	-9.6%	11,208,216	5,083	3.5%	MAY	160,992	174,310	178,690	2.5%	
MAY	12,671,643	12,245,815	-3.4%	12,273,193	5,566	0.2%	JUN	185,555	195,326			
JUN	12,396,234	12,225,509	-1.4%			JUL	201,530	209,355				
2nd Quarter	37,042,317	35,297,409	-4.7%			AUG	200,752	203,920				
JUL	11,454,156	12,233,364	6.8%			SEP	165,451	172,945				
AUG	13,472,975	13,689,777	1.6%			OCT	167,174	173,507				
SEP	12,436,806	12,052,727	-3.1%			NOV	150,594	157,733				
3rd Quarter	37,363,937	37,975,868	1.6%			DEC	165,349	174,488				
OCT	12,169,329	12,548,739	3.1%			TOTAL	2,009,648	2,106,624				
NOV	12,446,633	12,645,887	1.6%			YTD Total		817,332	859,053	5.1%		
DEC	14,882,745	14,128,422	-5.1%									
4th Quarter	39,498,707	39,323,048	-0.4%									
TOTAL	152,272,944	148,862,677	-2.2%									
YTD Total		59,338,252		58,751,966	26,645	-1.0%						

Enplaned Passengers & Load Factor				
Airline	Enplaned PAX	Load Factor	May-18	Diff.
Alaska/Horizon	16,817	76.8%	80.2%	-3.4
Allegiant Air	3,975	87.9%	74.0%	13.9
American	34,192	79.6%	77.6%	2.0
Delta	13,103	82.4%	83.2%	-0.8
Frontier	1,542	95.2%	70.7%	24.5
JetBlue	5,790	78.8%	77.3%	1.5
Southwest	72,420	68.3%	72.9%	-4.6
United	25,780	77.5%	78.6%	-1.1
Volaris	1,701	67.9%	73.1%	-5.2

The Reno-Sparks area also has adequate rail service and bus service. The area has excellent access to trucking facilities, with over 60 firms serving the Reno area. Rail service through the area is provided by Union Pacific Railroad. The rail lines pass through downtown Reno with most of the rail traffic involving freight transportation. Additionally, Amtrak provides passenger rail service to the area.



Hospitals, Education and Public Services

The Reno-Sparks area has four private general hospitals and one Veterans' Administration hospital. While the area is considered to have good hospital facilities, the hospitals in Nevada are some of the more expensive in the country. The two largest hospitals, St. Mary's and Renown, have both opened satellite hospitals in south Reno, and have both undergone major expansions at their main facilities.

The Washoe County School District provides public schools. The University of Nevada-Reno is situated on a 200-acre campus just north of downtown Reno. There are approximately 21,300 students currently enrolled at the University. The area is also served by the Truckee Meadows Community College, which has an enrollment of approximately 11,600 students per year.

Each of the municipalities in the Reno-Sparks area offers police and fire protection. Both the police and fire protection is highly rated. Municipal recreational facilities in the Reno-Sparks area include a number of golf courses, several indoor/outdoor swimming pools, numerous public parks and several public libraries. RTC Ride provides public transportation to the region.

Summary

In summary, the Reno-Sparks area has experienced rapid population growth over the past several decades due to the excellent quality of life. Historically, the gaming industry has been the principal economic base for the area. With the legalization of gaming across the United States, the area's principal industry is experiencing a major challenge.

In response to this challenge, the National Bowling Stadium and Downtown Events Center have been built, the Reno-Sparks Convention Center has been expanded and renovated, special events have been expanded, the City of Reno is actively supporting downtown revitalization, and a AAA professional baseball stadium was completed in April of 2009. Tesla began construction on their new Gigafactory just east of Sparks in the Tahoe Reno Industrial Park in 2014. The area has experienced success in broadening the economic base with the expansion of the hi-tech and back office industries.

NEIGHBORHOOD & UNIVERSITY MARKET ANALYSIS

The subject property is located across the street from the University of Nevada, Reno campus. The subject neighborhood is encompassed by North McCarran Boulevard to the north, Valley Road to the east, Interstate 80 to the south, and Keystone Boulevard to the west. The major roadways servicing the subject neighborhood include Interstate 80, Virginia Street, Sierra Street, Center Street, Evans Avenue and McCarran Boulevard.

The principal development in the subject neighborhood is the University of Nevada, Reno campus. The campus comprises approximately 200 acres of land and is located between McCarran Boulevard to the north, Ninth Street to the south, Valley Road to the east and Sierra Street to the west. The enrollment on campus is approximately 20,000 students.

In addition to classrooms and research buildings, the university currently includes eight residence halls and various support facilities. The following table summarizes the availability of on-campus student housing for the 2019-2020 school year.

UNIVERSITY OF NEVADA ON-CAMPUS HOUSING SUMMARY					
Hall	Number of Beds	Occupancy	Fall	Spring	Year Total
Great Basin Hall	400 Beds	Triple	\$4,015	\$3,285	\$7,300
Great Basin Hall		Double	\$4,015	\$3,285	\$7,300
Great Basin Hall		Single	\$4,785	\$3,915	\$8,700
Canada Hall	223 Beds	Double	\$3,475	\$2,845	\$6,320
Juniper Hall	148 Beds	Double	\$3,110	\$2,540	\$5,650
Juniper Hall		Single	\$4,015	\$3,285	\$7,300
Manzanita Hall – Double	101 Beds	Double	\$3,110	\$2,540	\$5,650
Manzanita Hall – Single		Single	\$4,015	\$3,285	\$7,300
Nevada Living Learning Community	320 Beds	Double	\$4,015	\$3,285	\$7,300
Nevada Living Learning Community		Single	\$4,785	\$3,915	\$8,700
Peavine Hall	600 Beds	Triple	\$3,190	\$2,610	\$5,800
Peavine Hall		Double	\$4,015	\$3,285	\$7,300
Sierra Hall	297 Beds	Double/Triple	\$3,190	\$2,610	\$5,800
Sierra Hall		Large Double	\$3,475	\$2,845	\$6,320
Sierra Hall		Single	\$4,245	\$3,475	\$7,720
Sierra Hall		Premium	\$5,045	\$4,275	\$9,320
Wolf Pack Tower	1,507 Beds	Single	\$4,015	\$3,285	\$7,300
Wolf Pack Tower		Double	\$3,190	\$2,610	\$5,800
Total	3,596 Beds	Averages	\$3,873	\$3,176	\$7,049
*Amounts shown on Fall, Spring and Annual basis are per student or bed.					

On July 5, 2019, there was a major explosion that caused significant damage to Argenta Hall, 750 beds, and Nye Hall, 555 beds. The blast occurred as a third-party contractor was servicing Argenta's main boiler, which had suffered earlier mechanical issues. The explosion left approximately 1,300 students without housing for the 2019-2020 school year. The university has been working diligently to find housing for the displaced students and had begun making arrangements with downtown Reno casino hotels.

The northern portion of the Nevada campus includes Mackey Stadium, which is utilized for University of Nevada football games and seats approximately 32,000 people. Other major sporting structures on the University of Nevada campus include Lawlor Events Center and the Bill Peccole Baseball Complex.

The Joe Crowley Student Union is a newer building located in the northeast-central portion of the campus. This four-story, 167,000± square foot building is home to a variety of uses, including a large Starbucks Coffee shop. Additional uses in the building include the ASUN Bookstore, Del Lobo, Panda Express, Port of Subs, Keva Juice, U-Swirl, Great Full Gardens, The Blind Onion, Wells Fargo, a Clinique make-up counter, a Convenience Store, a 220-seat surround-sound movie theater, and a sports grill. The building is an environmentally sustainable building with several green aspects.

Adjacent to the student union building, is the newer library facility, known as the Mathewson-IGT Knowledge Center. The library, which is a five-story, 295,000± square foot structure, is one of the most technically advanced libraries in the country. This project houses over a million volumes of books and journals, with 15,000± electronic journals and a growing collection of electronic books. A robotic storage and retrieval system houses older books and journals.

Additionally, the E.L. Wiegand Fitness Center opened in February 2017. The 108,000± square foot facility doubled the fitness space at the university. The center includes a gym with three basketball courts, areas for weightlifting, cardio training and fitness classes. An indoor running track and fitness stairway are also part of the four-story facility.

While the university dominates the central portion of the subject neighborhood, the periphery of the neighborhood is primarily developed with support facilities for the campus

including apartments, fraternity houses, sorority houses and older single-family residences which have been converted to rentals and support commercial facilities.

Valley Road, which forms the easterly boundary of the subject neighborhood, extends in a north-south direction from near East Fourth Street to McCarran Boulevard. The northern portion of Valley Road is developed with retail commercial and light industrial uses. Sierra Vista Elementary School is located along Valley Road in the northeastern portion of the subject neighborhood. Development along the southern portion of Valley Road includes several older single-family residences as well as the University of Nevada, Reno Agricultural Experimental Farm and Equestrian Center. Valley Road is a two-lane, two-way, asphalt-paved roadway that is improved with concrete curbs, gutters, sidewalks and light standards.

The easterly portion of the subject neighborhood is developed with older single family and multi-family residential uses. It is estimated that the majority of the residential developments within the subject neighborhood are in excess of 50 years of age. The majority of the residential development in the subject neighborhood provides housing for students, faculty and employees at the University of Nevada, Reno campus. Much of the student housing is older and in fair to average condition at the present time. Many of the older homes include brick construction and are on concrete or stone and mortar foundations having composition shingle gabled roofs. These residences are felt to be typical for older average quality homes in the Reno-Sparks area.

The multi-family residential uses involve several newer, privately owned, good quality student housing developments. The following chart summarizes the availability of off-campus student housing within the subject neighborhood.

OFF-CAMPUS STUDENT HOUSING			
Student Housing Project	Year Built	Number of Units	Number of Beds
Wolf Run Village	1996	37 Units	185 Beds
The Highlands	2004	216 Units	732 Beds
The Republic	2014	190 Units	704 Beds
Sterling Summit	2016	186 Units	709 Beds
The Identity	2017	100 Units	325 Beds
Wolf Run East	2017	105 Units	210 Beds
The Towers at Pink Hill	2018	23 Units	54 Beds
Canyon Flats	Under Construction	158 Units	508 Beds
Uncommon	Under Construction	267 Units	762 Beds
TOTALS	---	1,282 Units	4,189 Beds



Several new projects are currently in the planning stages, or nearing construction within close proximity to the University.

The southern boundary of the subject neighborhood is formed by Interstate 80. Interstate 80 is a limited access all weather freeway connecting the San Francisco and Sacramento area to the west with Salt Lake City to the east. Interstate 80 passes in an east-west direction through the Reno-Sparks area. In the subject neighborhood, North Virginia Street enjoys full access to Interstate 80. Overall, the subject neighborhood is considered to have good access to Interstate 80.

Virginia Street is the major north-south commercial thoroughfare in the city of Reno. This street divides the subject neighborhood and provides access to the downtown Reno casino core area. Within the subject neighborhood, development along North Virginia Street includes a mixture of residential and university utilizations with some retail-commercial uses. South of the subject neighborhood is the downtown Reno area, which has a heavy concentration of hotel-casinos, older hotel-motel buildings, and retail commercial uses. North Virginia Street, in the vicinity of the subject neighborhood, is a four-lane, two-way, asphalt-paved roadway that is improved with a left center turn lane as well as concrete curbs, gutters, and sidewalks.

Additional major north-south streets servicing the subject neighborhood are Sierra Street and Center Street. In the north portion of the subject neighborhood, Sierra Street is a two-lane, two-way, asphalt-paved roadway. In the south portion of the subject neighborhood, Sierra Street turns to a three-lane, one-way, asphalt paved roadway providing access for southbound traffic. Center Street is a three-lane, one-way roadway that provides access for northbound traffic. Center Street terminates at the south end of the University of Nevada, Reno campus. Center Street and Sierra Street parallel North Virginia Street, with Center Street located one block east of Virginia Street and Sierra Street located one block west of Virginia Street.

The subject neighborhood is located within the Reno City limits and has access to all city facilities. Police and fire protection are provided by the City of Reno. Schools and busing are provided by the Washoe County School District. Public transportation in the subject neighborhood is provided by the RTC Ride bus service. The University of Nevada, Reno campus has numerous bus routes, which travel the periphery of the campus. As a result, the subject neighborhood is considered to have excellent access to the public transportation system.



All utilities are immediately available within the subject neighborhood. NV Energy provides electricity and gas service. Water service is provided by the Truckee Meadows Water Authority. The City of Reno provides sewer service and telephone service is provided by various carriers. Waste Management provides solid waste disposal and cable television is provided by Charter Communications.

In summary, the subject neighborhood primarily involves the University of Nevada, Reno campus, as well as the areas surrounding the university. The central portion of the neighborhood is comprised of the campus, while the eastern, southern and western edges of the neighborhood involve support residential and commercial facilities. Although many of the residential and commercial facilities are older and in fair condition at the present time, demand is strong for both utilizations due to the University of Nevada, Reno campus.



SUBJECT PROPERTY PHOTOGRAPHS ⁵



VIEW OF THE SUBJECT PROPERTY FACING SOUTHWEST FROM EVANS AVENUE, NEAR THE SUBJECT'S NORTHEAST PROPERTY CORNER



VIEW OF EVANS AVENUE FACING SOUTHWEST FROM NEAR THE SUBJECT'S NORTHEAST PROPERTY CORNER

⁵ We completed an inspection of the subject property on August 13, 2019, which corresponds with the date the photographs within this report were taken. For the purposes of this appraisal, we completed an exterior inspection only on October 24, 2019, which corresponds with the Effective Date of Value.



SUBJECT PROPERTY PHOTOGRAPHS



VIEW OF THE SUBJECT PROPERTY FACING NORTHEAST FROM EVANS AVENUE, NEAR THE SUBJECT'S NORTHEAST PROPERTY CORNER



VIEW OF EVANS AVENUE FACING NORTHEAST FROM NEAR THE SUBJECT'S NORTHEAST PROPERTY CORNER



SUBJECT PROPERTY PHOTOGRAPHS



**VIEW OF THE SUBJECT PROPERTY'S PARKING EASEMENT
FACING NORTHWEST FROM EVANS AVENUE**



**OVERALL VIEW OF THE SUBJECT PROPERTY AND THE PARKING EASEMENT
FACING SOUTHEAST FROM STADIUM WAY**



SUBJECT PROPERTY PHOTOGRAPHS



**OVERALL VIEW OF THE SUBJECT PROPERTY
FACING SOUTHEAST FROM STADIUM WAY**



VIEW OF THE PLAYGROUND AREA



SUBJECT PROPERTY PHOTOGRAPHS



**VIEW OF THE SUBJECT'S ACCESS EASEMENT
FACING NORTH FROM THE PARKING EASEMENT**



**VIEW OF THE CLUBHOUSE FACING NORTHEAST
FROM THE COURTYARD**



SUBJECT PROPERTY PHOTOGRAPHS



**VIEW OF THE COURTYARD FACING NORTHWEST
FROM THE CLUBHOUSE**



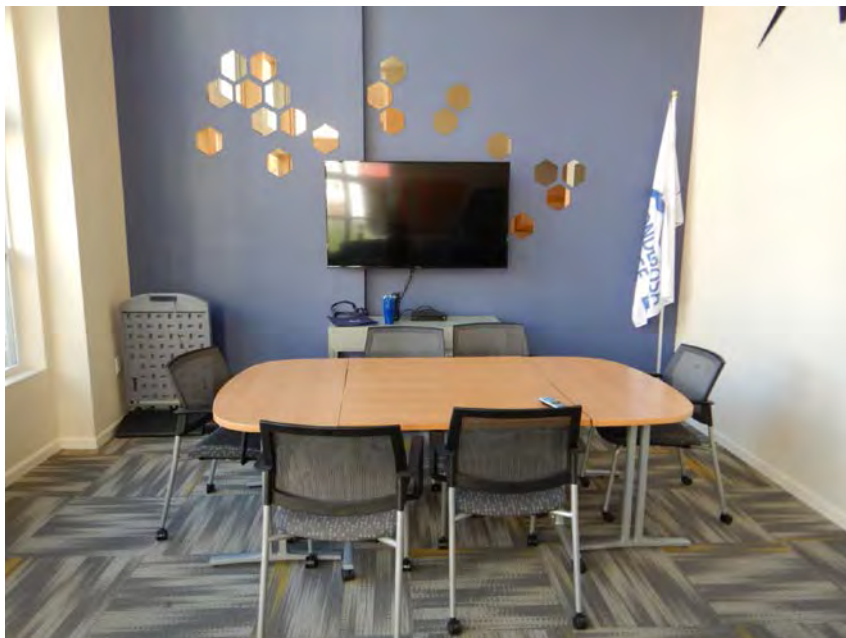
VIEW OF THE CLUBHOUSE LOUNGE AREA



SUBJECT PROPERTY PHOTOGRAPHS



VIEW OF THE CLUBHOUSE KITCHEN AREA



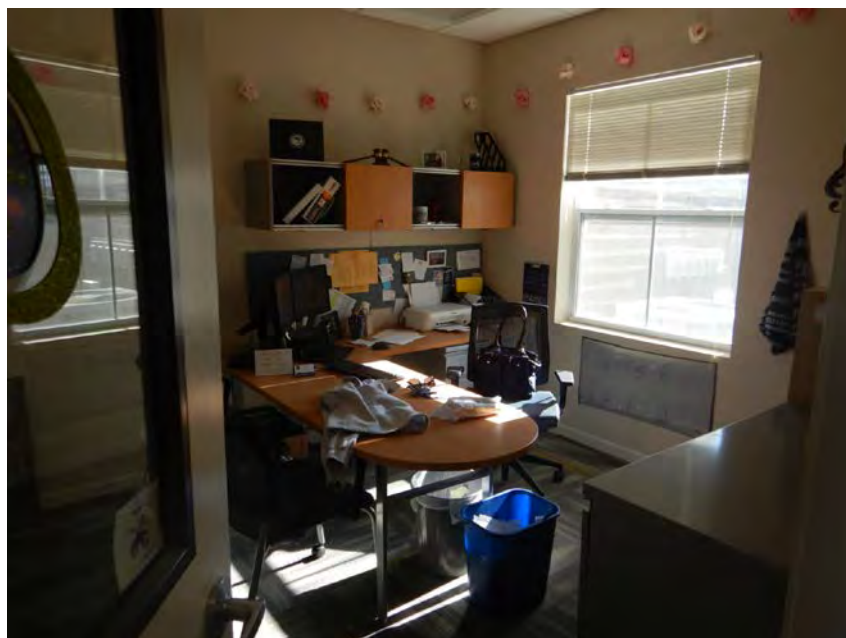
VIEW OF THE CLUBHOUSE STUDY AREA



SUBJECT PROPERTY PHOTOGRAPHS



VIEW OF AN OFFICE IN THE CLUBHOUSE



VIEW OF AN OFFICE IN THE CLUBHOUSE



SUBJECT PROPERTY PHOTOGRAPHS



**VIEW OF THE KITCHEN IN D-14,
A ONE BEDROOM/ONE BATHROOM UNIT**



**VIEW OF THE LIVING AREA IN D-14,
A ONE BEDROOM/ONE BATHROOM UNIT**



SUBJECT PROPERTY PHOTOGRAPHS



**VIEW OF THE BEDROOM IN D-14,
A ONE BEDROOM/ONE BATHROOM UNIT**



**VIEW OF THE KITCHEN IN A-11,
A ONE BEDROOM/ONE BATHROOM UNIT**



SUBJECT PROPERTY PHOTOGRAPHS



**VIEW OF THE LIVING AREA IN A-11,
A ONE BEDROOM/ONE BATHROOM UNIT**



**VIEW OF THE BEDROOM IN A-11,
A ONE BEDROOM/ONE BATHROOM UNIT**



SUBJECT PROPERTY PHOTOGRAPHS



**VIEW OF THE KITCHEN IN E-12,
A TWO BEDROOM/TWO BATHROOM UNIT**



**VIEW OF THE LIVING AREA IN E-12,
A TWO BEDROOM/TWO BATHROOM UNIT**



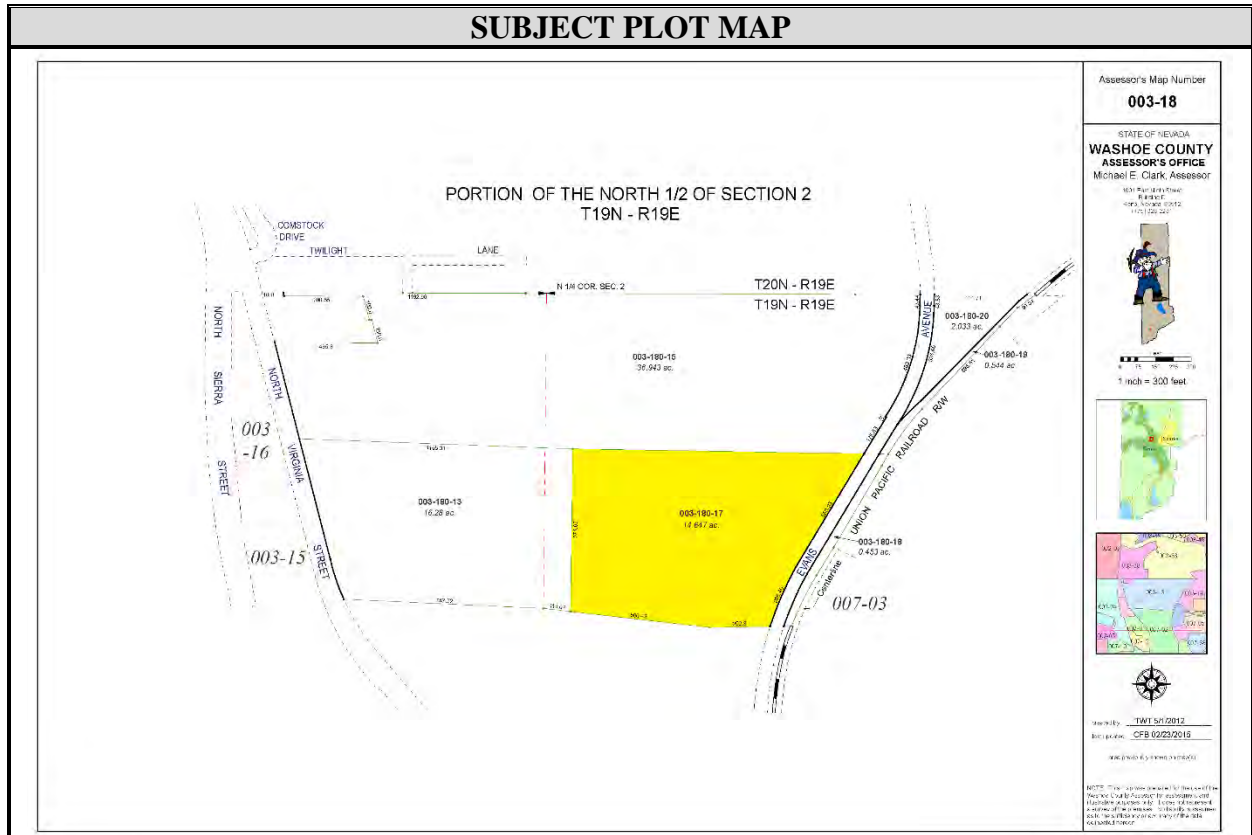
SUBJECT PROPERTY PHOTOGRAPHS



**VIEW OF THE FIRST BEDROOM IN E-12,
A TWO BEDROOM/TWO BATHROOM UNIT**



**VIEW OF THE SECOND BEDROOM IN E-12,
A TWO BEDROOM/TWO BATHROOM UNIT**



WASHOE COUNTY A.P.N. 003-180-17 FILLED IN YELLOW*

* This appraisal report addresses the leasehold interest of the subject property, which is located on a portion Washoe County Assessor's Parcel Number 003-180-17, which totals 14.647± acres. According to the records provided to us by our client, the subject's leased land area is 2.389± acres (104,066± square feet). In addition to the leased land area, the subject has access to a parking easement which includes 27,606± square feet and an access easement which includes 846± square feet. The Preliminary Land Title Survey Map depicting these land areas, which was completed by CFA, is included in a subsequent section of this report.



SUBJECT PROPERTY IDENTIFICATION AND SITE DESCRIPTION

PROPERTY SUMMARY	
Property Name	Ponderosa Village
Property Type	Graduate/Professional Student and Faculty Apartment Project
Property Address	1775 Evans Avenue, Reno, Washoe County, Nevada
Property Location	Northwest Corner of Evans Avenue and East Stadium Way
Assessor's Parcel Number	A Portion of A.P.N. 003-180-17
Subject Ownership-Underlying Land	University of Nevada, Reno
Subject Ownership-Leasehold Interest	BBCS-UN RENO Housing, LLC
Year Built	2014
Subject Land Area-Acres*	2.389± Acres*
Subject Land Area-Square Feet*	104,066± Square Feet*
Number of Stories	3 Stories
Number of Residential Units	132 Units
Indicated Density (Per Unit)	55.25 Units/Acre
Number of Beds	227 Beds
Common Area Amenities	Clubhouse, Bike Racks, Playground, Campus Security Escort
<p>* This appraisal report addresses the leasehold interest of the subject property, which is located on a portion Washoe County Assessor's Parcel Number 003-180-17, which totals 14.647± acres. According to the records provided to us by our client, the subject's leased land area is 2.389± acres (104,066± square feet). In addition to the leased land area, the subject has access to a parking easement which includes 27,606± square feet and an access easement which includes 846± square feet. The Preliminary Land Title Survey Map, which was completed by CFA, is included in a subsequent section of this report.</p>	

UTILITIES & PUBLIC SERVICES		
Utility & Public Service	Provider	Availability
Electricity	NV Energy	On-Site
Natural Gas	NV Energy	On-Site
Telephone	AT&T	On-Site
Water	TMWA	On-Site
Sewer	City of Reno	On-Site
Waste Disposal	Waste Management	Service Available
Cable	Various Carriers	On-Site
Internet	Various Carriers	Reasonably Available
Fire Protection	City of Reno Fire Department	Covered
Police Protection	University of Nevada Police Department	Covered
Public Transportation	RTC Ride	Stops In Vicinity



SUBJECT PROPERTY LEGAL DESCRIPTION	
Property ID	Legal Description
Ponderosa Village	<p>Portion of the West ½ of the Northeast ¼ of Section 2, Township 19 North, Range 19 East, M.D.B.&M.</p>
<p>LEGAL DESCRIPTION FOR UNR GRADUATE HOUSING PROJECT</p> <p>All that certain real parcel of land lying within the Northeast One-Quarter of Section Two (2), Township Nineteen North (T19N.), Range Nineteen East (R19E.), M.D.M., City of Reno, Washoe County, Nevada, more particularly described as follows:</p> <p>PARCEL 1 – LEASE AREA</p> <p>BEGINNING at a point lying on the westerly right-of-way of Evans Ave., said POINT OF BEGINNING being further described as bearing North 78°54'03" East 1543.99 feet from Washoe County GPS Control Point No. PLS 3736;</p> <p>THENCE from said POINT OF BEGINNING, North 45°43'42" West 336.25 feet;</p> <p>THENCE North 31°09'58" West 140.02 feet;</p> <p>THENCE North 39°34'39" West 29.32 feet;</p> <p>THENCE North 18°54'22" West 27.96 feet;</p> <p>THENCE North 44°47'41" East 66.61 feet;</p> <p>THENCE North 45°51'54" East 53.53 feet;</p> <p>THENCE North 44°47'41" East 24.37 feet;</p> <p>THENCE along the arc of a non-tangent curve to the right, radial to a bearing of South 45°12'19" East, concave southerly, having a radius of 31.00 feet, through a central angle of 89°59'20" a distance of 48.69 feet;</p> <p>THENCE South 45°12'59" East 22.48 feet;</p> <p>THENCE along the arc of a non-tangent curve to the left, radial to a bearing of North 62°34'51" East, concave northeasterly, having a radius of 51.50 feet, through a central angle of 66°54'43", a distance of 60.14 feet to a point of reverse curvature;</p> <p>THENCE along the arc of said reverse curve, having a radius of 3.50 feet, through a central angle of 48°55'52", a distance of 2.99 feet;</p> <p>THENCE South 45°24'00" East 2.45 feet;</p> <p>THENCE along the arc of a non-tangent curve to the right, radial to a bearing of South 44°35'51" West, concave southerly, having a radius of 3.50 feet, through a central angle of 90°11'50", a distance of 5.51 feet;</p> <p>THENCE South 44°47'41" West 13.52 feet;</p> <p>THENCE South 45°12'19" East 297.00 feet;</p> <p>THENCE North 44°47'41" East 13.67 feet;</p> <p>THENCE along the arc of a tangent curve to the right, having a radius of 3.50 feet, through a central angle of 86°42'56", a distance of 5.30 feet to a point of reverse curvature;</p> <p>THENCE along the arc of said reverse curve, having a radius of 101.22 feet, through a central angle of 7°30'15", a distance of 13.26 feet to a point of reverse curvature;</p> <p>THENCE along the arc of said reverse curve, having a radius of 13.50 feet, through a central angle of 61°04'18", a distance of 14.39 feet to a point lying on said westerly right-of-way line of Evans Avenue;</p> <p>THENCE following said westerly right-of-way, South 30°59'39" West 7.25 feet;</p> <p>THENCE continuing along said westerly right-of-way, along the arc of a tangent curve to the right, having a radius of 1237.00 feet, through a central angle of 11°13'53", a distance of 242.48 feet to said POINT OF BEGINNING, containing 104,066 square feet, more or less.</p> <p>The basis of bearings for this description is Nevada State Plane Coordinate System, West Zone, NAD 83/94 as determined from GPS observations on Washoe County GPS control points on file with the Washoe County Engineering Department.</p> <p>Michael J. Miller, PLS 6636 CFA Inc. 1150 Corporate Blvd. Reno, NV 89502</p>	
Source: Exhibit A, Subject's Ground Lease, Executed August 2, 2013	



SUBJECT PROPERTY ZONING DATA & ZONING MAP																																
Property ID	City of Reno Zoning Designation	Subject's Compliance																														
Ponderosa Village	Mixed Use-University of Nevada Regional Center	In Compliance																														
<p>Purpose. This district modifies the underlying mixed use zoning land uses, development standards, and development review procedures within the University of Nevada Regional Center Planning Area and is intended to maintain and enhance the University of Nevada and promote compatible land uses in the immediate vicinity.</p>																																
<p>Density. Minimum residential densities shall be 14 dwelling units per acre. Minimum intensity for nonresidential and mixed-use development shall be .50 FAR.</p>																																
SUBJECT ZONING MAP																																
<table border="1" data-bbox="251 1008 568 1711"> <thead> <tr> <th colspan="2">Base Zoning:</th> </tr> </thead> <tbody> <tr><td>ZONING ABBR</td><td>MU</td></tr> <tr><td>ZONING</td><td>Mixed Use</td></tr> <tr><td>PUD OR SPD?</td><td>None</td></tr> <tr><td>OVERLAY ABBR</td><td>UNRC</td></tr> <tr><td>OVERLAY SUBPLAN ABBR</td><td></td></tr> <tr><td>OVERLAY SUBPLAN</td><td></td></tr> <tr><td>HISTORIC OR MOBILE HOME OVERLAY</td><td></td></tr> <tr><td>ZONING AND OVERLAY</td><td>MU/UNRC</td></tr> <tr> <th colspan="2">Planning Area Overlay Zoning District:</th> </tr> <tr><td>ZONING ABBR</td><td>MU</td></tr> <tr><td>ZONING</td><td>Mixed Use</td></tr> <tr><td>PUD OR SPD?</td><td>None</td></tr> <tr><td>OVERLAY ABBR</td><td>UNRC</td></tr> <tr><td>OVERLAY PLANNING AREA</td><td>OV-UNIVERSITY OF NEVADA REGIONAL CENTER</td></tr> </tbody> </table>			Base Zoning:		ZONING ABBR	MU	ZONING	Mixed Use	PUD OR SPD?	None	OVERLAY ABBR	UNRC	OVERLAY SUBPLAN ABBR		OVERLAY SUBPLAN		HISTORIC OR MOBILE HOME OVERLAY		ZONING AND OVERLAY	MU/UNRC	Planning Area Overlay Zoning District:		ZONING ABBR	MU	ZONING	Mixed Use	PUD OR SPD?	None	OVERLAY ABBR	UNRC	OVERLAY PLANNING AREA	OV-UNIVERSITY OF NEVADA REGIONAL CENTER
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<p>Washoe County A.P.N. 003-180-17 Outlined In Yellow Subject Property Lease Area Outlined In Blue</p>																																



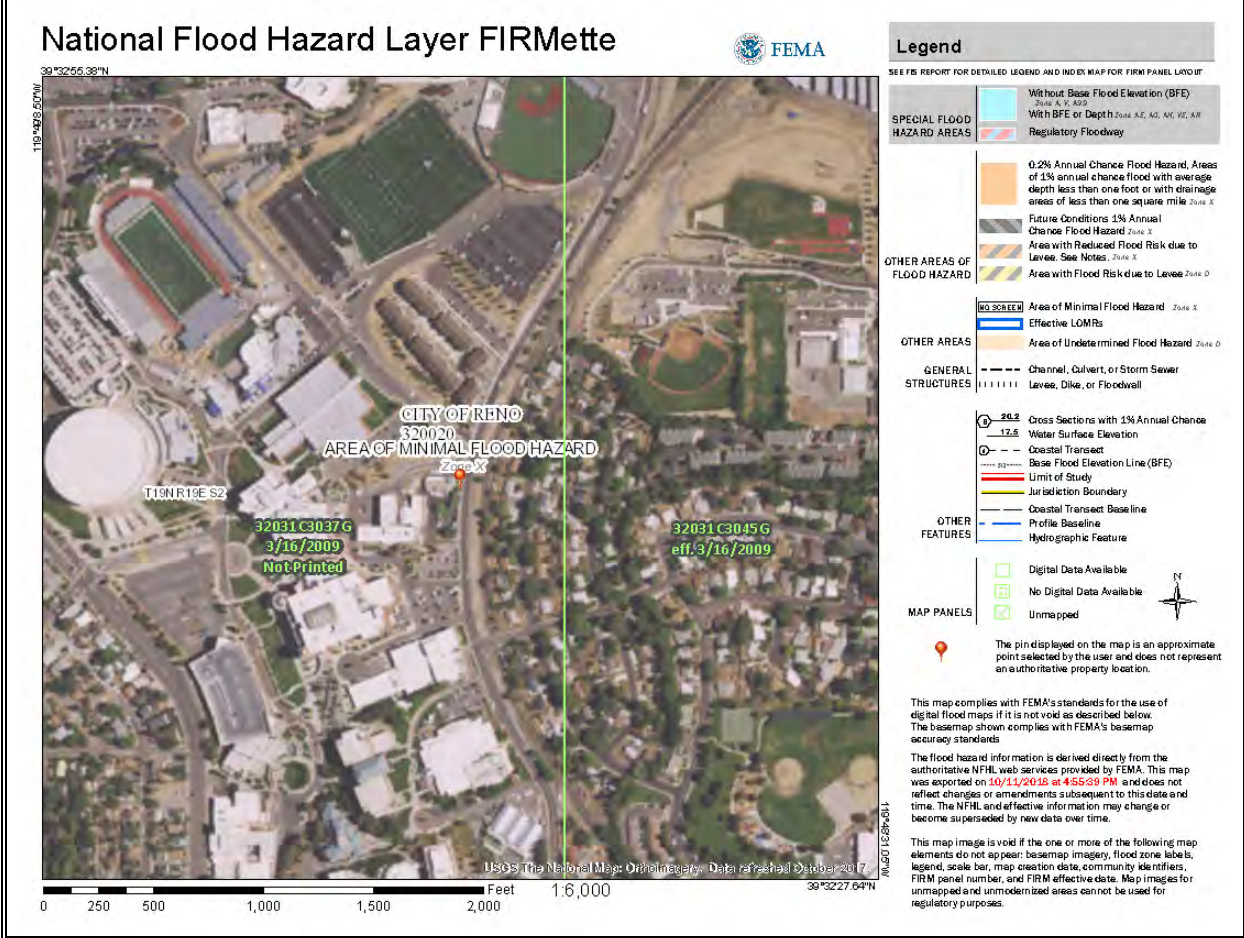
MASTER PLAN DESIGNATION DATA & MASTER PLAN MAP	
Property ID	City of Reno Master Plan Designation
Ponderosa Village	Public/Quasi-Public
MASTER PLAN MAP	
<p>Washoe County A.P.N. 003-180-17 Outlined In Yellow Subject Property Lease Area Outlined In Blue</p>	
<p>Public/Quasi-Public (PQP)</p>	
<p>Range of Densities N/A</p> <p>Uses Public institutions, airports, cultural centers, religious institutions, government centers, libraries, hospitals, schools and utility installations.</p> <p>Characteristics</p> <ul style="list-style-type: none"> • Ownership may be public, quasi-public, or private. • Public facilities may serve a neighborhood or have a larger service area such as a city quadrant or the entire Truckee Meadows region. • Some major facilities may create impacts on adjacent properties that need mitigation, and appropriate zoning districts should be determined based on intensity of use. Intensity of use is determined by vehicular trip generation, size and scale of the facility, and compatibility with residential uses. <p>Conforming Zoning Districts</p> <ul style="list-style-type: none"> • Public Facility • Planned Unit Development 	



SUBJECT PROPERTY FLOOD ZONE INFORMATION

The subject property is located within an Unshaded Zone “X”. The Zone “X” designation does not require flood insurance. The map below depicts the subject’s flood zone, as provided by FEMA.

SUBJECT FLOOD ZONE MAP



ZONE	DESCRIPTION
C and X (unshaded)	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Zone C may have ponding and local drainage problems that don't warrant a detailed study or designation as base floodplain. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.

Flood Zone Designation	FEMA Map #	Effective Date of Flood Zone Designation
Unshaded Zone “X”	32031C3037G	March 16, 2009
Source: FEMA		



SUBJECT PROPERTY SOILS CHARACTERISTICS

A survey of the soils on the subject property was not provided to us. A map depicting soils on the subject site, as provided by the United States Department of Agriculture (USDA), is set forth below, which is followed by a chart summarizing the subject's soil type, as provided by the USDA.



Map Unit Symbol	Map Unit Name	Percent of AOI
631	Fleischmann gravelly clay loam, 4 to 8 percent slopes	83.0%
683	Reno stony sandy loam, 2 to 8 percent slopes	17.0%
Totals for Area of Interest		100.0%

IDENTIFIED LAND AREA HAS BEEN ESTIMATED DURING MAPPING

SOURCE: UNITED STATES DEPARTMENT OF AGRICULTURE WEBSITE



ROADWAY FRONTAGE & ACCESS		
Property ID	Roadway Frontage	Roadway Access
Ponderosa Village	Evans Avenue	Evans Avenue

The subject property has approximately 260± feet of frontage along Evans Avenue. In the vicinity of the subject property, Evans Avenue is a two-lane, two-way asphalt paved roadway with a center turn lane and bike lanes. Evans Avenue is improved with concrete curbs, gutters and sidewalks along the subject frontage. Evans Avenue is a north-south roadway which runs north from East 2nd Street to the south, and terminates at North McCarran Boulevard to the north.

Principal access onto the subject property is provided from Evans Avenue by the subject's parking easement. According to the subject property's ground lease, in addition to the lease area, the subject has access to a parking easement, which contains 27,606± square feet and an access easement, which contains 846± square feet. The Preliminary Land Title Survey Map depicting these land areas, which was completed by CFA, is included in a subsequent section of this report.

Overall, the subject has good roadway frontage and adequate access. A map depicting vehicular access onto the subject property is shown below.



SUBJECT PROPERTY TOPOGRAPHY
The subject property has level to moderately sloping topography. The southeast portion of the site is level and at grade with the parcel to the south, while the northeast portion of the site slopes moderately down from north to south from its frontage along Enterprise Road.



SUBJECT PROPERTY EASEMENTS

Prior to issuance of this appraisal report, we were not provided with a Title Report for the subject property. This appraisal report assumes the subject site is not encumbered by easements or other encumbrances which detract from the development potential of the property to its highest and best use.

SUBJECT PROPERTY ENVIRONMENTAL ANALYSIS

Prior to issuance of this appraisal report, we were not provided with an Environmental Site Assessment on the subject property. This appraisal report, and the market value conclusions set forth in the report, assume the subject property is free of any hazardous substances and is not negatively impacted by the presence of environmental conditions.

SUBJECT PROPERTY WATER RIGHTS

Water rights have been dedicated for the current development on the site. This appraisal report assumes that the dedicated water rights are sufficient for the subject's current land use.

SUBJECT PROPERTY EARTHQUAKE ZONE

The subject region is located in a zone which encompasses areas which have a number of local faults and where there is a relatively strong probability of moderate to strong seismic activity. The *Uniform Building Code* does require special construction techniques as a result of earthquake hazards. Additionally, a structural engineer typically reviews plans for residential and commercial buildings in order to assess earthquake hazards. As a result, for the purposes of this analysis, it is being assumed that the subject property is not impacted by earthquake hazards to a greater degree than is typical for the area.

SUBJECT SALES & USE HISTORY

A.P.N.	Recorded Sales- Last 10 Years	Currently Under Contract	Currently Listed For Sale
A Portion of 003-180-17	No	No	No

The subject property has not been involved in any arm's length sales transactions over the prior 10-year period; however, the property is encumbered by a ground lease, which was executed on August 2, 2013. According to Section 17.04 of the ground lease, the University of Nevada has the right of first offer. It is our understanding the University of Nevada is interested in purchasing the leasehold interest from the current leasehold ownership.



SUBJECT ASSESSMENTS, TAXABLE VALUES & REAL PROPERTY TAXES								
A.P.N.	Roll Year	Land Taxable Value	Buildings Taxable Value	Total Taxable Value	Land Assessed	Building Assessed	Secured Total Assessed	Net Taxes
A Portion of 003-180-17	2019/20	\$1,464,700	\$0	\$1,464,700	\$512,645	\$0	\$512,645	\$0.00*
<p>The taxable value of the property is based upon the Assessor's estimate of the full cash value of the site. The taxable value of the improvements is based upon the replacement cost new of the improvements which the Assessor estimates utilizing <i>Marshall Valuation Service</i> a nationally recognized and accepted cost estimating publication. Straight line depreciation of 1.5% per year is deducted from the replacement cost new of the improvements. It is noted that the taxable and assessed values include improvements located on another portion of the parcel; these improvements are not located on Subject Property 1 or Subject Property 2.</p>								
<p>* The subject property is owned by the University of Nevada, Reno and is therefore exempt from real property taxes. If the property were to be owned by a private entity, the property would be subject to real property taxes.</p>								

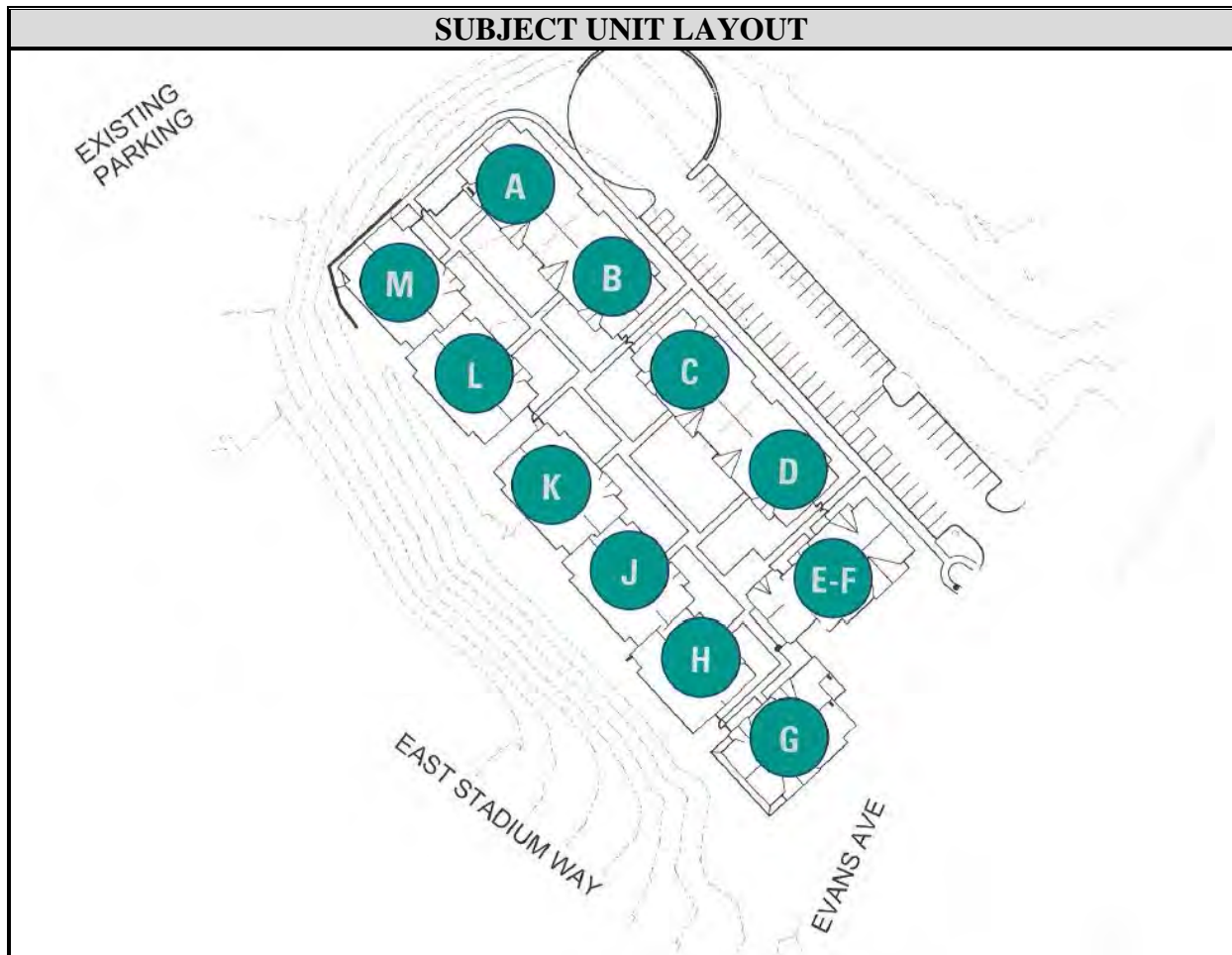


DESCRIPTION OF SUBJECT IMPROVEMENTS

GENERAL IMPROVEMENT DATA	
Property Name	Ponderosa Village
Primary Building Type	Graduate/Professional Student and Faculty Apartment Project
Year Built	2014
Number of Buildings	6
Number of Stories	3 Stories
Gross Building Area	133,000± Square Feet
Total Living Area	117,679± Square Feet
Average Unit Size	892± Square Feet Per Unit
Number of Residential Units	132 Units
Indicated Density (Per Unit)	55.25 Units/Acre
Number of Beds	227 Beds
Number of Bathrooms	227 Restrooms
Common Area Amenities	Clubhouse, Courtyard, Bike Racks, Playground, Campus Security Escort
Upper Floor Access	Stairways
Parking	57± Spaces (Including 7 ADA Spaces)* & Additional Campus Parking
Building Class in Market	Class B
Quality	Average
Condition	Good
LEED Certified	No
Deferred Maintenance	None Noted
Remaining Economic Life	60± Years
* The parking spaces are located on Parcel 2 of the Preliminary Land Title Survey Map, which was completed by CFA. Parcel 2 depicts a parking easement for the subject property. A copy of the map is included in a subsequent section of this report.	
GENERAL CONSTRUCTION & FINISHES	
Foundation	Concrete
Structural System	Wood Frame
Roof	Wood Construction, Steep Slope with Asphalt Shingles
HVAC System	Forced Air System
Exterior Finish	Hardy Board Plank Siding
Windows	Dual Pane
UNIT FINISHES	
Flooring-Unit Living Areas	Carpet & Vinyl
Flooring-Bedrooms in Units	Carpet
Flooring-Restrooms in Units	Vinyl
Walls	Sheetrock with Paint
Window Treatments	Mini-Blinds
Doors	Standard Keyed Locks
Washer/Dryer	In Unit
Kitchens	Formica Countertops/Disposal/White GE Appliances
Restrooms	Formica Countertops/Vinyl Floors/Porcelain Sink/Tub & Shower
Furniture	Unfurnished
Internet Connectivity	Wireless

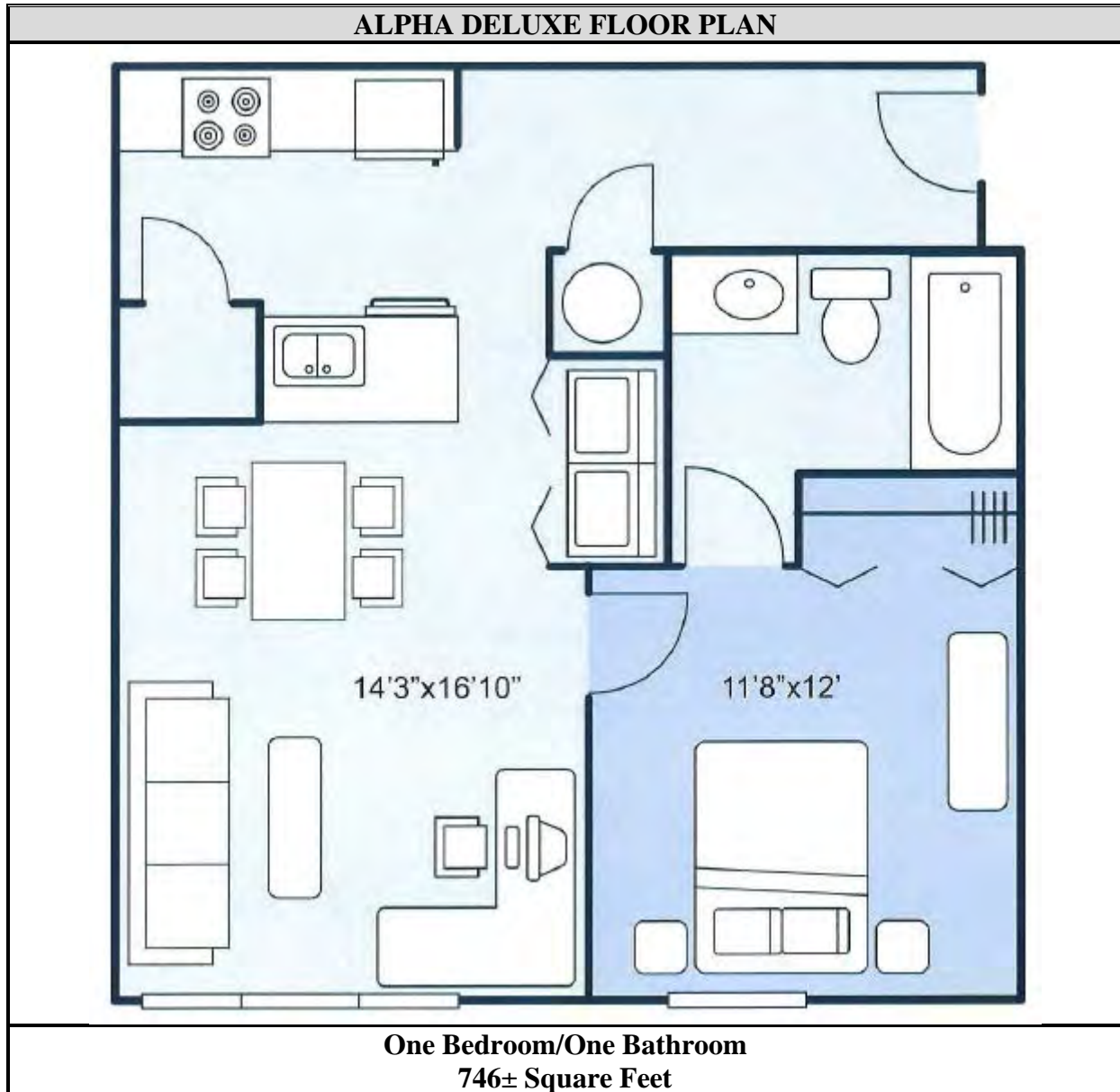


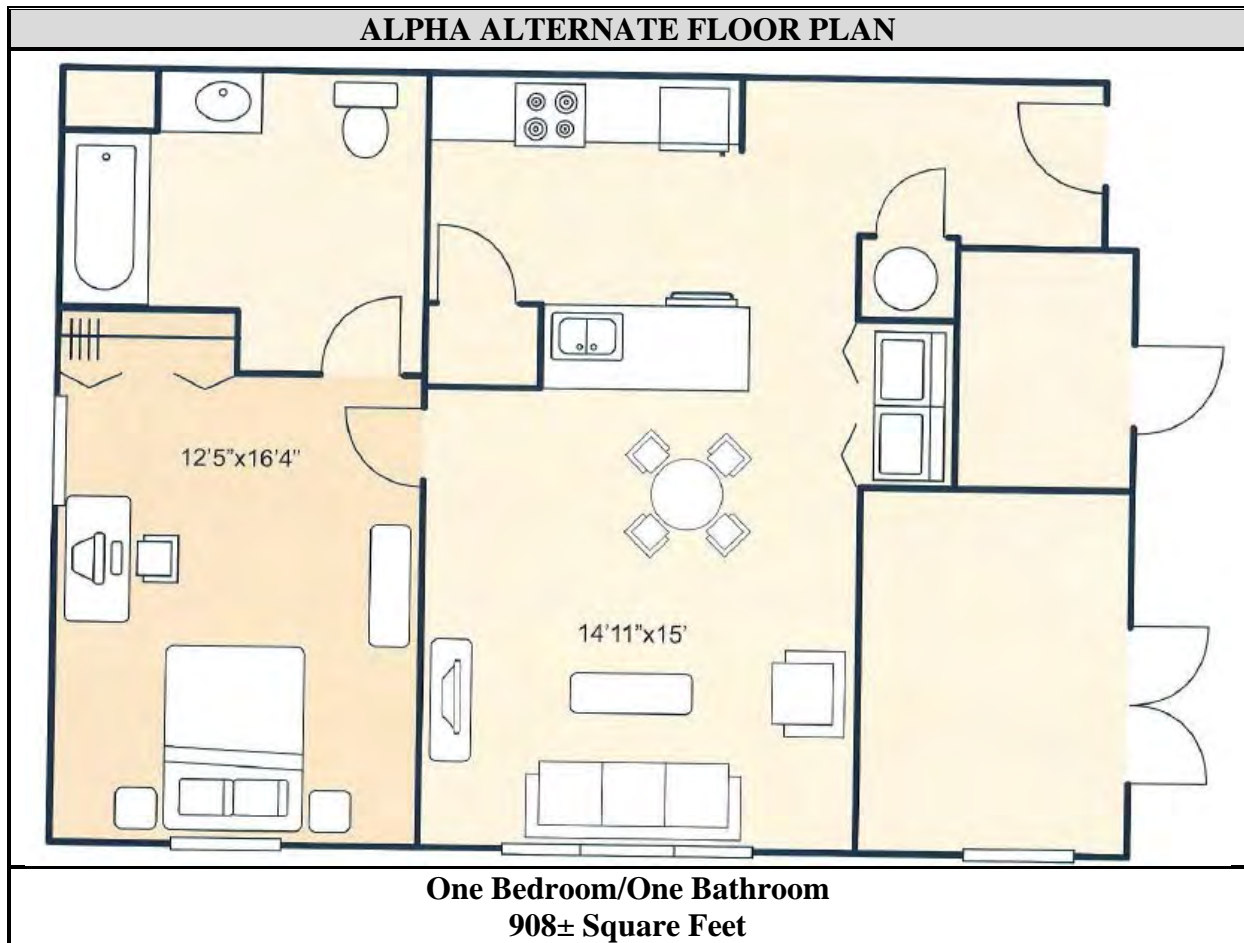
COMMON AREAS	
Landscaping	Limited-Xeriscape with Some Trees & Bushes
Parking	57± Spaces (Including 7 ADA Spaces)* & Additional Campus Parking
Storage	Yes
Stairways	Various Building Stairways
Clubhouse	Yes
Pool	No
Other	Courtyard/Bike Racks/Playground
* The parking spaces are located on Parcel 2 of the Preliminary Land Title Survey Map, which was completed by CFA. Parcel 2 depicts a parking easement for the subject property. A copy of the map is included in a subsequent section of this report.	
COMMENTS	
Ponderosa Village is a 132 unit on-campus graduate/professional student and faculty housing project with 227 beds. The project includes 37 one-bedroom units, which average 701± square feet, and 95 two-bedroom units, which average 966± square feet. Two-bedroom units within the project can be rented by the bed or by the unit. The subject units are unfurnished with carpet and vinyl floors, Formica countertops and washers and dryers. Common area amenities include a clubhouse, a courtyard with picnic tables, bike racks, a playground and access to campus security escort.	

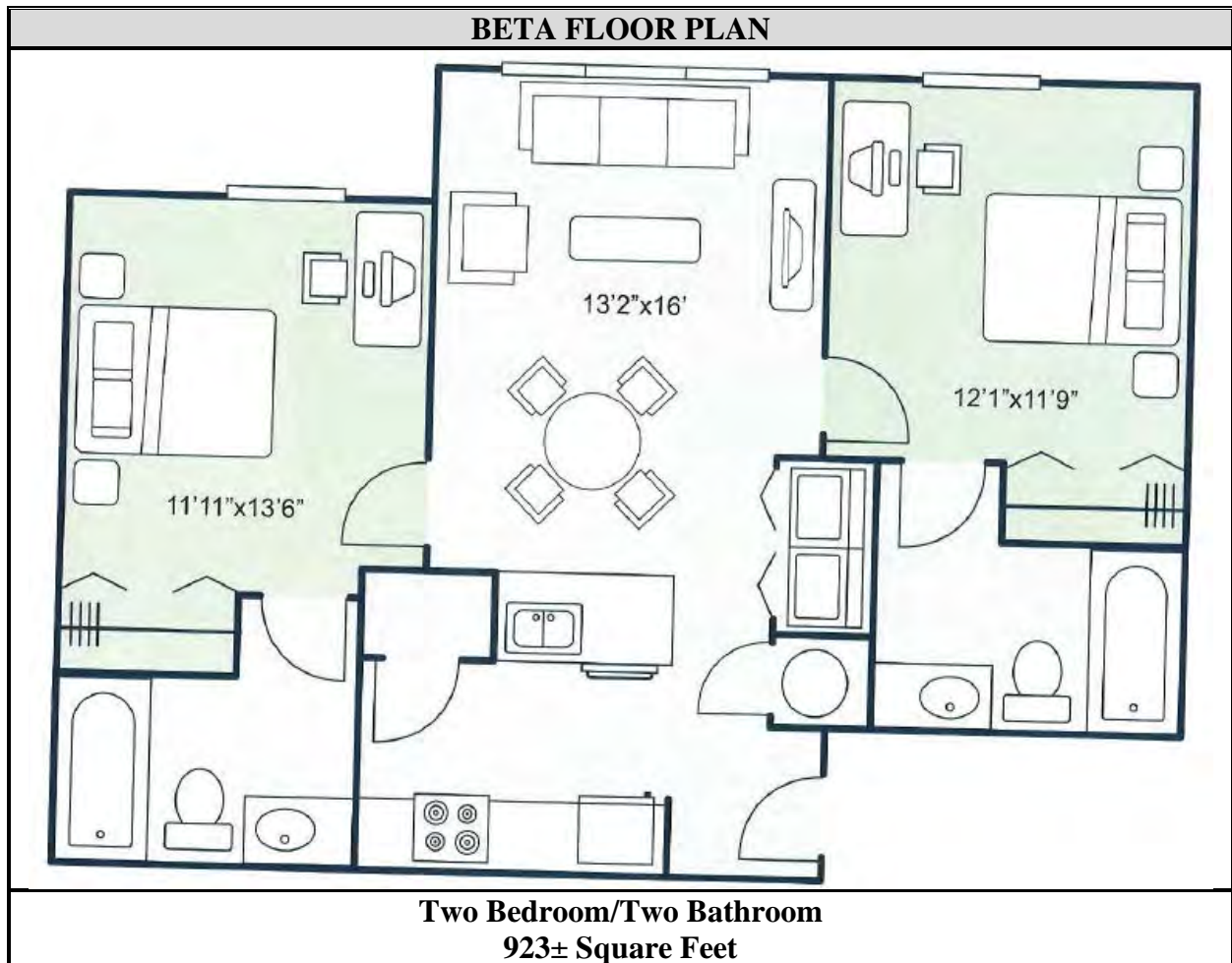


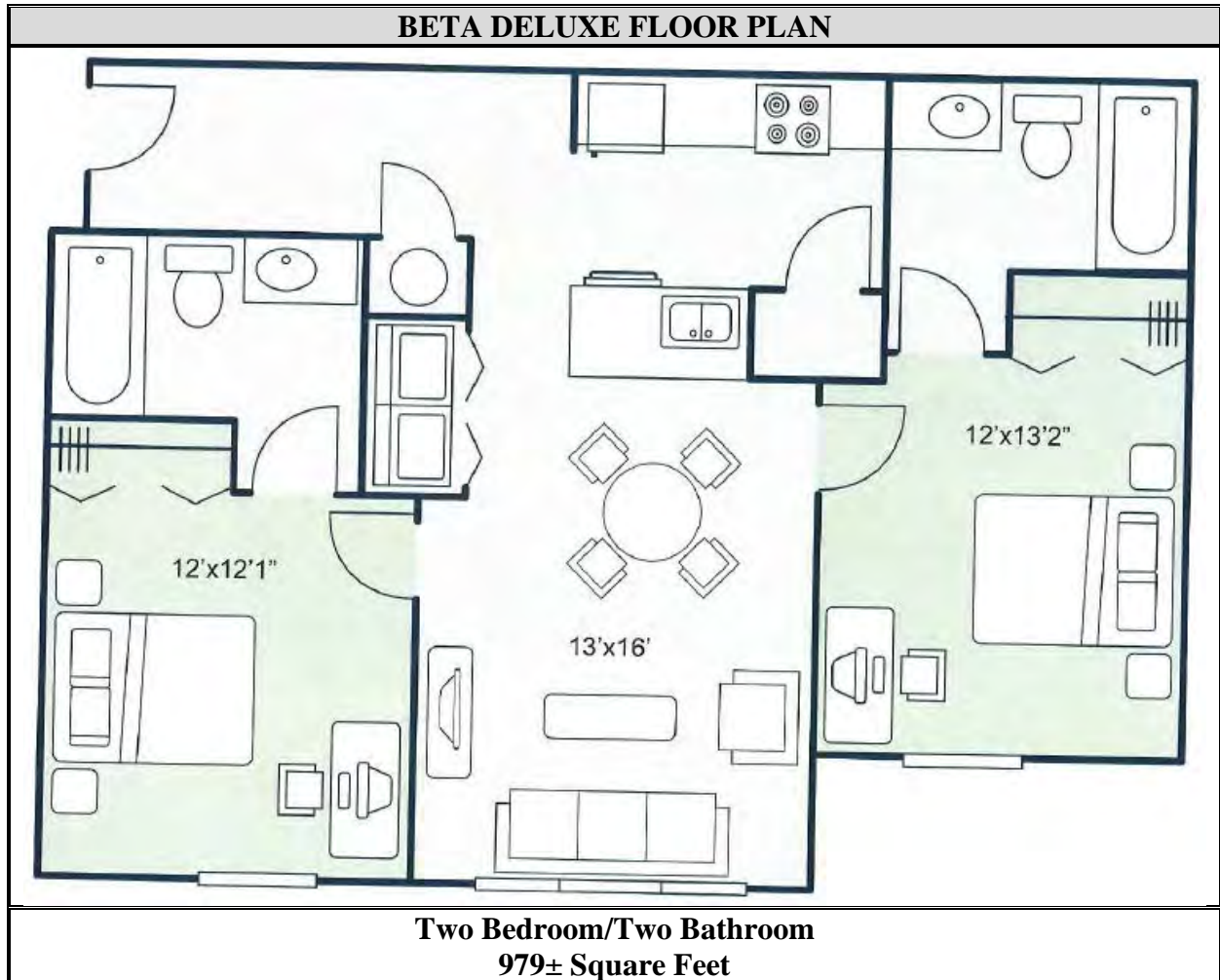
SUBJECT UNIT MIX-DETAILED					
Unit Type	Unit ID	Number of Units	Number of Beds	Living Area (Square Feet)	Total Living Area (Square Feet)
1 Bed/1 Bath	Alpha	30	30	685± SF	20,550± SF
1 Bed/1 Bath	Alpha Deluxe	6	6	746± SF	4,476± SF
1 Bed/1 Bath	Alpha Alternate	1	1	908± SF	908± SF
2 Bed/2 Bath	Beta	33	66	923± SF	30,459± SF
2 Bed/2 Bath	Beta Deluxe	58	116	979± SF	56,782± SF
2 Bed/2 Bath	Beta Alternate	2	4	1,044± SF	2,088± SF
2 Bed/2 Bath	Beta Alternate Deluxe	2	4	1,208± SF	2,416± SF
Totals		132	227	892± SF Avg.	117,679± SF











HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined in the 6th Edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2015) as:

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)

HIGHEST AND BEST USE OF THE LEASEHOLD INTEREST

This appraisal is being prepared for the purpose of estimating the Market Value of the Leasehold Interest in the subject property, as of the effective date of value. The subject is currently encumbered by a ground lease, which was originally entered into on August 2, 2013, and has an initial expiration date of December 31, 2055.

HIGHEST AND BEST USE AS VACANT

Physically Possible

The subject property is summarized in the following chart:

SUBJECT PROPERTY CHARACTERISTICS SUMMARY	
Property Name	Ponderosa Village
Property Type	Graduate/Professional Student and Faculty Apartment Project
Property Address	1775 Evans Avenue, Reno, Washoe County, Nevada
Property Location	Northwest Corner of Evans Avenue and East Stadium Way
Assessor’s Parcel Number	A Portion of A.P.N. 003-180-17
Subject Ownership-Underlying Land	University of Nevada, Reno
Subject Ownership-Leasehold Interest	BBCS-UN RENO Housing, LLC
Subject Land Area-Acres*	2.389± Acres*
Subject Land Area-Square Feet*	104,066± Square Feet*
Flood Zone	Unshaded Zone “X”
Topography	Level to Moderately Sloping
<p>* This appraisal report addresses the leasehold interest of the subject property, which is located on a portion Washoe County Assessor’s Parcel Number 003-180-17, which totals 14.647± acres. According to the records provided to us by our client, the subject’s leased land area is 2.389± acres (104,066± square feet). In addition to the leased land area, the subject has access to a parking easement which includes 27,606± square feet and an access easement which includes 846± square feet. The Preliminary Land Title Survey Map, which was completed by CFA, is included in a subsequent section of this report.</p>	



The subject property has adequate physical features for development. The main limitation to development of the subject property is its current lack of vehicular access from Evans Avenue; however, the site does have access to a parking easement, which provides access from Evans Avenue.

Legally Permissible

In order for a property to be developed to its highest and best use, the use must be legally permissible. Areas of legally permissible uses which must be addressed are underlying zoning and master plan designations, other governmental restrictions on the property, and the existence of any other legal restrictions which may impact the property’s development potential. The following summarizes the subject’s current zoning and master plan designation, which was researched and verified through the City of Reno Planning Department:

SUBJECT PROPERTY ZONING DATA	
Property ID	City of Reno Zoning Designation
Ponderosa Village	Mixed Use-University of Nevada Regional Center
Purpose. This district modifies the underlying mixed use zoning land uses, development standards, and development review procedures within the University of Nevada Regional Center Planning Area and is intended to maintain and enhance the University of Nevada and promote compatible land uses in the immediate vicinity.	
Density. Minimum residential densities shall be 14 dwelling units per acre. Minimum intensity for nonresidential and mixed-use development shall be .50 FAR.	

MASTER PLAN DESIGNATION DATA	
Property ID	Current City of Reno Master Plan Designation
Ponderosa Village	Public/Quasi-Public (PQP)
Comments: The Public/Quasi-Public Master Plan designation primarily allows for uses including public institutions, airports, cultural centers, religious institutions, government centers, libraries, hospitals, schools and utility installations.	

The site is within the University Campus area of the plan. The subject property is located within the University of Nevada Regional Center, which would allow development of the site with a University related use; however, the site is currently encumbered by a ground lease.

Per Section B of the ground lease Recitals, the tenant is to construct a family and graduate student housing project with related facilities and improvements, including, but not



limited to, housing units, parking, common areas, incidental landscaping and roadways, on-site utilities, lighting, sidewalks, equipment and other fixtures, buildings and structures. The lease states that the tenant shall construct the improvements in accordance with the terms and provisions of the Master Development Agreement defined in Article 2 of the ground lease. A copy of the ground lease is included in the addenda.

Financially Feasible & Maximally Productive

The highest and best use of the property must be financially feasible and represent the maximally productive use of the property. To be financially feasible, there must be adequate demand to support the highest and best use of the property.

The University has seen tremendous growth over the past decade, and new development on and around campus continues. As demand for new development remains extremely high, it is our opinion that development of the subject property with campus housing, is financially feasible. Overall, it is our opinion that the highest and best use of the subject property as vacant, subject to the existing ground lease, as of the effective date of value, is for student housing.

HIGHEST AND BEST USE AS IMPROVED

The next step in the highest and best use analysis is to consider the subject property as currently improved. The improvements are generally in good condition, and the current use as a student housing project is supported by the highest and best use as vacant. In assessing the highest and best use as improved and encumbered by the existing ground lease, consideration is given to the current improvements.

The highest and best use of the subject property, as improved, is for continued operation as a student housing project. Based upon the highest and best use analysis set forth above, and with consideration given to the subject's location and physical and legal characteristics, it is our opinion that the subject's current use represents the highest and best use of the subject property.

INTRODUCTION TO VALUATION ANALYSIS

This appraisal is being prepared for the purpose of estimating the following value.

VALUATION SCENARIOS		
Value Addressed	Property Rights Appraised	Effective Date Of Value
Market Value	Leasehold Interest	October 24, 2019

Methodology

In order to estimate the market value of the subject property, we have utilized an Income Approach to Value and a Sales Comparison Approach to Value. The Cost Approach to Value will not be utilized.

The Cost Approach to Value is based upon the premise that the value of a property can be derived by adding the estimated value of the land to the current cost of constructing improvements of equal desirability and utility, less any accrued depreciation. Typically, investors and owner-users in similar properties do not rely on a Cost Approach to Value, and instead rely upon an Income Approach to Value and a Sales Comparison Approach to Value. Therefore, in this appraisal report, it is our opinion that a Cost Approach to Value is not applicable to the market value of the subject property.

The Income Approach to Value is based upon the principal that value is created by the anticipation of future benefits. In this appraisal, the Income Approach to Value, utilizing a Direct Capitalization technique, will be utilized. Direct Capitalization is a method used to convert a single year’s net operating income the subject property is capable of generating into an indication of value.

The Sales Comparison Approach is based upon the principal of substitution, which holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability. In this approach, the Sales Comparison Approach will be completed utilizing a price per bed analysis. As the subject property is encumbered by a ground lease, we will capitalize the annual ground lease payment, based upon a capitalization rate analysis. The capitalized ground lease annual payment amount will be deducted from our concluded value by the Sales Comparison Approach to arrive at our final conclusion by the Sales Comparison Approach.



In the final property value correlation and conclusion, the indications of value from the various approaches utilized are then correlated to arrive at the appraisers' final estimate of the market value of the subject property as an apartment project.

INCOME APPROACH TO VALUE

The Income Approach to Value is based upon the principal that value is created by the anticipation of future benefits. In this appraisal, the Income Approach to Value, utilizing a Direct Capitalization technique will be utilized. Direct Capitalization is a method used to convert a single year's net operating income the subject property is capable of generating into an indication of value.

The first step in the Direct Capitalization Analysis is to project the potential gross annual income that the subject property could reasonably be expected to produce as of the effective date of valuation. The potential gross annual income will be established through an analysis of the subject's operating history, as well as income generated by student housing apartment complexes in the area.

Apartment projects in the Reno market typically include sewer, water and trash service in the rental rates. The subject's rents include sewer, water and trash service. Therefore, in the analysis and valuation of the subject as a student housing apartment complex, the rent projection will be based upon typical rents, which will include sewer, water and trash service.

The next step in the Direct Capitalization Approach is to establish a realistic estimate of the vacancy and credit loss that the subject will most likely incur over a normal holding period. An appropriate vacancy and credit loss will be established through an analysis of competing properties in the area.

The total effective gross annual income that the subject property can produce will be estimated by subtracting the vacancy and credit loss allowance from the potential gross annual income estimate.

The next step in this analysis is to establish a realistic estimate of the operating expenses that would most likely be incurred in order to generate the effective gross income. The operating expenses will be projected based upon a history of actual in place expenses. In addition, an analysis of operating expenses associated with other apartment projects will be completed. The total operating expenses will then be deducted from the total effective gross income in order to arrive at an estimate of the net operating income which the subject property could reasonably be expected to generate as of the effective date of valuation.



An overall capitalization rate, developed through direct extraction from sales of apartment complexes, as well as an analysis of national indicators, will then be applied to the net operating income to arrive at an indication of value by the Direct Capitalization Analysis. This indication of value will represent the market value of the leasehold interest of the subject property, as of the effective date of value.

The following pages set forth a summary of the subject's ground lease, operating history and rent roll summary (complete rent roll in addenda). This is followed by a chart, photographs and discussions of the comparable apartment complex rentals utilized in estimating the market rent potential for the subject units. These comparable rents will be utilized to estimate the rental rate for the subject's apartment units.



SUBJECT GROUND LEASE SUMMARY

The subject is currently encumbered by a ground lease. The ground lease was originally entered into on August 2, 2013, and has an initial expiration date of December 31, 2055. An amended and restated ground and improvements lease was entered into on January 10, 2014 with the same initial expiration date. The lease amount is \$50,000 per year with a 3% annual escalation. The lessor in the ground lease is the Board of Regents of the Nevada System of Higher Education, on behalf of the University of Nevada, Reno, and the lessee is BBCS-UN RENO Housing, LLC.

In addition to the base rent, the lessee is also responsible for a percentage rent payment, which commenced on July 1, 2019. BBCS-UN RENO Housing, LLC will be responsible for a percentage rent payment equal to an amount computed by multiplying 1.5% times gross revenues. The percentage rent is payable within 45 days following the end of each calendar quarter.

This appraisal report addresses the leasehold interest of the ownership of BBCS-UN RENO Housing, LLC. The Market Value conclusions set forth in this report are based upon the terms defined by the executed ground lease.

The following page summarizes the operating history, which includes the ground lease payment, for Ponderosa Village for 2016, 2017, 2018 and January through October of 2019.



PONDEROSA VILLAGE OPERATING HISTORY				
YEAR	2016	2017	2018	2019 (Jan Thru Oct)
Income				
Rental Income				
Gross Potential Rental Income	\$2,179,865	\$1,848,576	\$1,900,986	\$1,799,971
Employee Units	(\$27,227)	(\$27,706)	(\$26,797)	(\$26,939)
Vacancy Loss	(\$54,714)	(\$8,423)	(\$4,931)	(\$11,302)
Gain/Loss to Lease	(\$360,932)	\$19,312	\$20,917	\$18,729
Rent Concessions	(\$5,100)	(\$9,150)	(\$9,500)	(\$8,950)
Total Rental Income	\$1,731,891	\$1,822,610	\$1,880,675	\$1,771,509
Other Income				
Application Fees	\$5,249	\$5,175	\$5,795	\$6,895
Transfer Fees	\$0	\$0	\$900	\$1,385
Late Fees/NSF Fees	\$2,375	\$2,725	\$1,450	\$1,045
Damage Fees	\$100	\$1,039	\$6,344	\$2,700
Access Control Income	\$0	\$55	\$690	\$425
Pet Fees/Pet Rent	\$700	\$1,200	\$2,600	\$1,830
Pest Control Reimbursement	\$200	\$0	\$0	\$0
Gas/Electricity Reimbursement	\$608	\$543	\$2,115	\$314
Janitorial/Utilities Resident Chargeback	\$932	\$1,857	\$1,426	\$50
Lease Cancellation Fees	\$11,672	\$2,147	\$4,499	\$2,200
Miscellaneous Income	\$25,084	\$899	\$502	\$0
Prepay Income	(\$2,545)	\$0	\$0	\$0
Bad Debt Expense	(\$13,425)	\$591	(\$65)	\$0
Bad Debt Recovery	\$600	\$1,035	(\$499)	\$0
Total Other Income	\$31,550	\$17,266	\$25,757	\$16,845
Total Income	\$1,763,441	\$1,839,876	\$1,906,432	\$1,788,354
Expenses				
Operating Expenses				
Utilities	(\$33,308)	(\$27,813)	(\$30,153)	(\$20,607)
Insurance	(\$15,640)	(\$9,309)	(\$17,243)	(\$11,067)
Turnover Costs	(\$2,140)	(\$776)	\$0	\$0
Maintenance & Repairs	(\$6,745)	\$69	(\$9,534)	(\$11,386)
Taxes	(\$2,172)	(\$3,859)	(\$1,794)	(\$562)
Marketing	(\$2,988)	(\$4,843)	(\$2,372)	(\$385)
Management Fees	(\$188,034)	(\$191,450)	(\$208,526)	(\$156,535)
Payroll	(\$42,781)	(\$50,815)	(\$53,837)	(\$164)
Property Office Expenses	(\$40,252)	(\$31,800)	(\$31,482)	(\$18,301)
Real Estate Taxes	\$0	(\$10,000)	\$0	\$0
Total Operating Expenses	(\$334,061)	(\$330,596)	(\$354,941)	(\$219,007)
Other Expenses				
Capital Expenditures	(\$408)	(\$3,280)	(\$15,944)	(\$28,455)
Non-Operating Expenses	\$0	\$0	(\$3,875)	\$0
Ground Lease Expense	(\$96,588)	\$8,049	(\$104,638)	\$193,446
Total Other Expenses	(\$96,996)	\$4,769	(\$124,458)	\$164,991
Total Expenses	(\$431,057)	(\$325,827)	(\$479,399)	(\$54,016)
Total Expenses Per Unit	(\$3,266)	(\$2,468)	(\$3,632)	(\$409)
Total Expenses Per Bed	(\$1,899)	(\$1,435)	(\$2,112)	(\$238)
Net Operating Income	\$1,332,384	\$1,514,049	\$1,427,033	\$1,734,338
Net Operating Income Per Unit	\$10,094	\$11,470	\$10,811	\$13,139
Net Operating Income Per Bed	\$5,870	\$6,670	\$6,286	\$7,640

The above operating history includes a ground lease expense, as the leasehold ownership being appraised in this report is responsible for a ground lease payment and percentage rent provision.



PONDEROSA VILLAGE RENT ROLL SUMMARY

As of the date of value, October 24, 2019, the subject project was fully leased, with no vacant units. According to the rent roll, three Beta Deluxe units were on notice to vacate; one unit had already been re-rented and two had not. The unit that had been re-rented has a scheduled move out of November 3, 2019 and the two on-notice, unrented units have a scheduled move out of November 9, 2019. The rent roll below summarizes the subject’s average contract rents per bed as of the date of value.

SUBJECT RENT ROLL (OCTOBER 21, 2019)								
Unit Type	Unit ID	Unit Size	Average Rent/Bed	Rent/SF	Total Beds	Occupied Beds	Vacant Beds	Vacancy %
1 Bed/1 Bath	Alpha	685 SF	\$1,110	\$1.62/SF	30	30	0	0.00%
1 Bed/1 Bath	Alpha Deluxe	746 SF	\$1,111	\$1.49/SF	6	6	0	0.00%
1 Bed/1 Bath	Alpha Alternate	908 SF	\$1,119	\$1.23/SF	1	1	0	0.00%
2 Bed/2 Bath	Beta	923 SF	\$664	\$1.44/SF	66	66	0	0.00%
2 Bed/2 Bath	Beta Deluxe	979 SF	\$654	\$1.34/SF	116	116	0	0.00%
2 Bed/2 Bath	Beta Alternate	1,044 SF	\$679	\$1.30/SF	4	4	0	0.00%
2 Bed/2 Bath	Beta Alternate Deluxe	1,208 SF	\$669	\$1.11/SF	4	4	0	0.00%
Totals		892 SF	\$732	\$1.64/SF	227	227	0	0.00%

According to the October 21, 2019 rent roll, which was provided by the subject management, the subject project currently has two Beta Deluxe units on notice that are available to be rented. The total contract rent per month for the subject totals \$166,230, or an average of \$732 per bed space.

In a discussion with the subject’s community director, Ms. Marissa Arnold, it was indicated that the subject’s two-bedroom units can be rented as a full unit or by the bed. Typically, there is a slight discount applied to the rent when a two bedroom is rented as a full unit. According to the rent roll, 37 of the subject’s two-bedroom apartments are currently rented by the unit and the remaining 58 two-bedroom apartments are currently rented by the bed.

The following chart describes the size information for the subject’s 227 beds. All rents within the subject project include water, sewer, trash and wi-fi. Each unit is separately metered for gas and electricity.



SUBJECT UNIT MIX-DETAILED					
Unit Type	Unit ID	Number of Units	Number of Beds	Living Area (Square Feet)	Total Living Area (Square Feet)
1 Bed/1 Bath	Alpha	30	30	685± SF	20,550± SF
1 Bed/1 Bath	Alpha Deluxe	6	6	746± SF	4,476± SF
1 Bed/1 Bath	Alpha Alternate	1	1	908± SF	908± SF
2 Bed/2 Bath	Beta	33	66	923± SF	30,459± SF
2 Bed/2 Bath	Beta Deluxe	58	116	979± SF	56,782± SF
2 Bed/2 Bath	Beta Alternate	2	4	1,044± SF	2,088± SF
2 Bed/2 Bath	Beta Alternate Deluxe	2	4	1,208± SF	2,416± SF
Totals		132	227	892± SF Avg.	117,679± SF

The chart on the following page summarizes the comparable student housing apartment complexes utilized in the Income Approach to Value. All of the comparable properties are located near the subject property and are felt to directly compete with the subject property for renters.



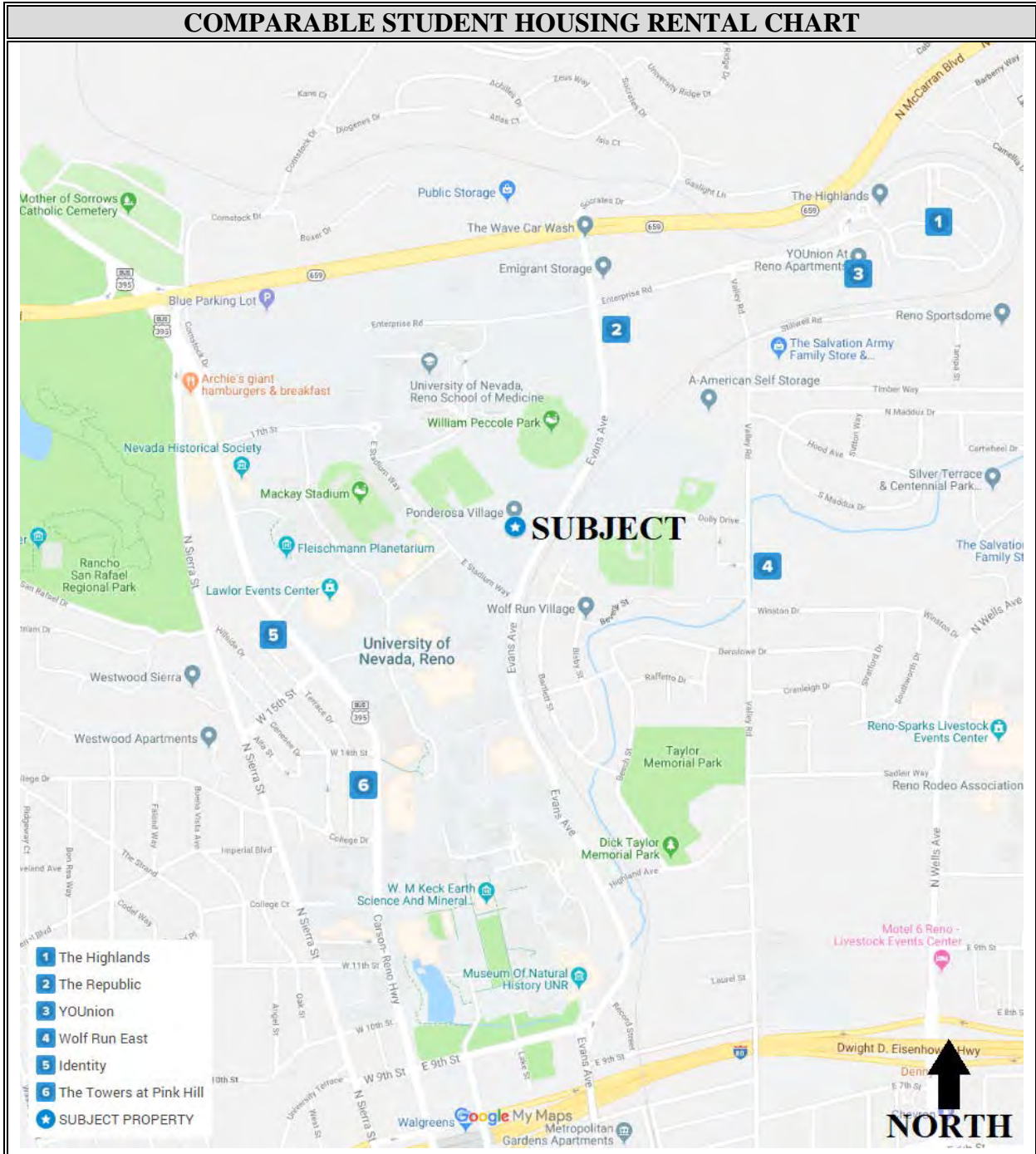
COMPARABLE STUDENT HOUSING RENTAL CHART

Rental Number	Complex Name Address/City	Age Quality Condition Total Units	Distribution of Beds		Room Style	Asking Monthly Rent Per Bed	Asking Monthly Rent Per Unit	Unit Sizes (Square Feet)	Rent Per Square Foot	Beds Vacant	Vacancy Rate
SHR-1	The Highlands 2800 Enterprise Road Reno, NV	2004	72	2 Bed/2 Bath	Single	\$730	\$1,460	840 SF	\$1.74	0	0.00%
		Good	180	3 Bed/3 Bath	Single	\$680	\$2,040	1,107 SF	\$1.84	0	0.00%
		Good	288	4 Bed/2 Bath	Single	\$625	\$2,500	1,107 SF	\$2.26	1	0.35%
		216 Units	192	4 Bed/4 Bath	Single	\$699	\$2,796	1,357 SF	\$2.06	0	0.00%
			732	Total Beds	---		\$668	\$2,362	1,118 SF	\$2.11	1
SHR-2	The Republic 1550 Evans Avenue Reno, NV	2014	52	2 Bed/2 Bath	Single	\$819	\$1,638	820 SF	\$2.00	0	0.00%
		Good	4	2 Bed/2 Bath	Single*	\$819*	\$2,017*	820 SF*	\$2.46*	0	0.00%
		Good	8	2 Bed/2 Bath	Double*	\$599*	\$2,017*	820 SF*	\$2.46*	0	0.00%
		190 Units	168	3 Bed/3 Bath	Single	\$744	\$2,232	1,127 SF	\$1.98	0	0.00%
			12	3 Bed/3 Bath	Single	\$744	\$2,232	1,261 SF	\$1.77	0	0.00%
			160	4 Bed/4 Bath	Single	\$709	\$2,836	1,357 SF	\$2.09	0	0.00%
			250	5 Bed/5 Bath	Single	\$699	\$3,495	1,616 SF	\$2.16	0	0.00%
			50	5 Bed/5 Bath	Single	\$699	\$3,495	1,687 SF	\$2.07	0	0.00%
	704	Total Beds	---		\$721	\$2,651	1,279 SF	\$2.07	0	0.00%	
SHR-3	YOUnion 2780 Enterprise Road Reno, NV	2015	100	2 Bed/2 Bath	Single	\$809	\$1,618	821 SF	\$1.97	0	0.00%
		Good	12	3 Bed/3 Bath	Single*	\$739*	\$2,696*	1,440 SF*	\$1.87*	0	0.00%
		Good	12	3 Bed/3 Bath	Double*	\$609*	\$2,696*	1,440 SF*	\$1.87*	0	0.00%
		186 Units	260	4 Bed/4 Bath	Single	\$719	\$2,876	1,278 SF	\$2.25	0	0.00%
			325	5 Bed/5 Bath	Single	\$699	\$3,495	1,550 SF	\$2.25	0	0.00%
	709	Total Beds	---		\$721	\$2,705	1,232 SF	\$2.20	0	0.00%	
SHR-4	Wolf Run East 1910 Valley Road Reno, NV	2018	21	Studio	Single	\$949	\$949	567 SF	\$1.67	0	0.00%
		Good	126	2 Bed/2 Bath	Single	\$799	\$1,598	1,026 SF	\$1.56	0	0.00%
		Good	63	3 Bed/3 Bath	Single	\$759	\$2,277	1,496 SF	\$1.52	0	0.00%
		105 Units	210	Total Beds	---		\$802	\$1,737	1,121 SF	\$1.55	0
SHR-5	Identity 1551 North Virginia Street Reno, NV	2018	10	Studio	Single	\$1,199	\$1,199	381 SF	\$3.15	0	0.00%
		Good	30	2 Bed/2 Bath	Single	\$999	\$1,998	773 SF	\$2.58	0	0.00%
		Good	15	3 Bed/2 Bath	Single	\$869	\$2,607	893 SF	\$2.92	0	0.00%
		100 Units	15	3 Bed/2 Bath	Single	\$879	\$2,637	998 SF	\$2.64	0	0.00%
			45	3 Bed/3 Bath	Single	\$884	\$2,652	1,034 SF	\$2.56	0	0.00%
			40	4 Bed/2 Bath	Single	\$799	\$3,196	1,004 SF	\$3.18	0	0.00%
			20	4 Bed/3 Bath	Single	\$789	\$3,156	1,055 SF	\$2.99	0	0.00%
			20	4 Bed/3 Bath	Single	\$814	\$3,256	1,114 SF	\$2.92	0	0.00%
			60	4 Bed/4 Bath	Single	\$829	\$3,316	1,205 SF	\$2.75	0	0.00%
			20	4 Bed/4 Bath	Single	\$789	\$3,156	1,109 SF	\$2.85	0	0.00%
			25	5 Bed/4 Bath	Single	\$799	\$3,995	1,434 SF	\$2.79	0	0.00%
		25	5 Bed/5 Bath	Single	\$829	\$4,145	1,482 SF	\$2.80	0	0.00%	
	325	Total Beds	---		\$856	\$3,051	1,086 SF	\$2.81	0	0.00%	
SHR-6	The Towers at Pink Hill 1355 North Virginia Street Reno, NV	2018	9	Studio	Single	\$1,300	\$1,300	663 SF	\$1.96	0	0.00%
		Good	8	2 Bed/2 Bath	Single	\$825	\$1,650	1,034 SF	\$1.60	0	0.00%
		Good	9	3 Bed/2 Bath	Single	\$813	\$2,439	1,388 SF	\$1.76	3	33.33%
		23 Units	10	3 Bed/3 Bath	Single*	\$888*	\$2,976*	1,358 SF*	\$2.19*	2	20.00%
			10	3 Bed/3 Bath	Double*	\$600*	\$2,976*	1,358 SF*	\$2.19*	0	0.00%
			8	4 Bed/3 Bath	Single	\$800	\$3,200	1,744 SF	\$1.83	0	0.00%
			54	Total Beds	---		\$868	\$1,823	788 SF	\$2.31	5

*Single/Double Occupancy Rooms Are Units With One Shared Bedroom. Rents And Unit Sizes Have Been Calculated Accordingly.



COMPARABLE STUDENT HOUSING RENTAL CHART





**COMPARABLE STUDENT HOUSING RENTAL PHOTO AND DISCUSSION
 RENTAL SHR-1**



THE HIGHLANDS										
2800 Enterprise Road, Reno, Nevada										
Age	Quality	Distribution of Beds		Room Style	Asking Monthly Rent Per Bed	Asking Monthly Rent Per Unit	Unit Sizes (Square Feet)	Rent Per Square Foot	Beds Vacant	Vacancy Rate
Condition	Total Units	Total Beds								
2004		72	2 Bed/2 Bath	Single	\$730	\$1,460	840 SF	\$1.74	0	0.00%
Good	180	3 Bed/3 Bath	Single	\$680	\$2,040	1,107 SF	\$1.84	0	0.00%	
Good	288	4 Bed/2 Bath	Single	\$625	\$2,500	1,107 SF	\$2.26	1	0.35%	
216 Units	192	4 Bed/4 Bath	Single	\$699	\$2,796	1,357 SF	\$2.06	0	0.00%	
		732	Total Beds	---	\$668	\$2,362	1,118 SF	\$2.11	1	0.14%



**COMPARABLE STUDENT HOUSING RENTAL PHOTO AND DISCUSSION
 RENTAL SHR-2**



THE REPUBLIC 1550 Evans Avenue, Reno, Nevada										
Age Quality Condition	Total Units	Distribution of Beds Total Beds		Room Style	Asking Monthly Rent Per Bed	Asking Monthly Rent Per Unit	Unit Sizes (Square Feet)	Rent Per Square Foot	Beds Vacant	Vacancy Rate
2014	52	2 Bed/2 Bath	Single	\$819	\$1,638	820 SF	\$2.00	0	0.00%	
Good	4	2 Bed/2 Bath	Single*	\$819*	\$2,017*	820 SF*	\$2.46*	0	0.00%	
Good	8	2 Bed/2 Bath	Double*	\$599*	\$2,017*	820 SF*	\$2.46*	0	0.00%	
190 Units	168	3 Bed/3 Bath	Single	\$744	\$2,232	1,127 SF	\$1.98	0	0.00%	
	12	3 Bed/3 Bath	Single	\$744	\$2,232	1,261 SF	\$1.77	0	0.00%	
	160	4 Bed/4 Bath	Single	\$709	\$2,836	1,357 SF	\$2.09	0	0.00%	
	250	5 Bed/5 Bath	Single	\$699	\$3,495	1,616 SF	\$2.16	0	0.00%	
	50	5 Bed/5 Bath	Single	\$699	\$3,495	1,687 SF	\$2.07	0	0.00%	
	704	Total Beds	---	\$721	\$2,651	1,279 SF	\$2.07	0	0.00%	

*Single/Double Occupancy Rooms Are Units With One Shared Bedroom. Rents And Unit Sizes Have Been Calculated Accordingly.



**COMPARABLE STUDENT HOUSING RENTAL PHOTO AND DISCUSSION
 RENTAL SHR-3**



YOUNION 2780 Enterprise Road, Reno, Nevada									
Age Quality Condition Total Units	Distribution of Beds Total Beds		Room Style	Asking Monthly Rent Per Bed	Asking Monthly Rent Per Unit	Unit Sizes (Square Feet)	Rent Per Square Foot	Beds Vacant	Vacancy Rate
2015	100	2 Bed/2 Bath	Single	\$809	\$1,618	821 SF	\$1.97	0	0.00%
Good	12	3 Bed/3 Bath	Single*	\$739*	\$2,696*	1,440 SF*	\$1.87*	0	0.00%
Good	12	3 Bed/3 Bath	Double*	\$609*	\$2,696*	1,440 SF*	\$1.87*	0	0.00%
186 Units	260	4 Bed/4 Bath	Single	\$719	\$2,876	1,278 SF	\$2.25	0	0.00%
	325	5 Bed/5 Bath	Single	\$699	\$3,495	1,550 SF	\$2.25	0	0.00%
	709	Total Beds	---	\$721	\$2,705	1,232 SF	\$2.20	0	0.00%

*Single/Double Occupancy Rooms Are Units With One Shared Bedroom. Rents And Unit Sizes Have Been Calculated Accordingly.



**COMPARABLE STUDENT HOUSING RENTAL PHOTO AND DISCUSSION
 RENTAL SHR-4**



WOLF RUN EAST 1900 Valley Road, Reno, Nevada									
Age Quality Condition Total Units	Distribution of Beds Total Beds		Room Style	Asking Monthly Rent Per Bed	Asking Monthly Rent Per Unit	Unit Sizes (Square Feet)	Rent Per Square Foot	Beds Vacant	Vacancy Rate
2018	21	Studio	Single	\$949	\$949	567 SF	\$1.67	0	0.00%
Good	126	2 Bed/2 Bath	Single	\$799	\$1,598	1,026 SF	\$1.56	0	0.00%
Good	63	3 Bed/3 Bath	Single	\$759	\$2,277	1,496 SF	\$1.52	0	0.00%
105 Units	210	Total Beds	---	\$802	\$1,737	1,121 SF	\$1.55	0	0.00%



**COMPARABLE STUDENT HOUSING RENTAL PHOTO AND DISCUSSION
 RENTAL SHR-5**



IDENTITY										
1551 North Virginia Street, Reno, Nevada										
Age	Quality	Distribution of Beds		Room Style	Asking Monthly Rent Per Bed	Asking Monthly Rent Per Unit	Unit Sizes (Square Feet)	Rent Per Square Foot	Beds Vacant	Vacancy Rate
Total Units		Total Beds								
2018		10	Studio	Single	\$1,199	\$1,199	381 SF	\$3.15	0	0.00%
Good		30	2 Bed/2 Bath	Single	\$999	\$1,998	773 SF	\$2.58	0	0.00%
Good		15	3 Bed/2 Bath	Single	\$869	\$2,607	893 SF	\$2.92	0	0.00%
100 Units		15	3 Bed/2 Bath	Single	\$879	\$2,637	998 SF	\$2.64	0	0.00%
		45	3 Bed/3 Bath	Single	\$884	\$2,652	1,034 SF	\$2.56	0	0.00%
		40	4 Bed/2 Bath	Single	\$799	\$3,196	1,004 SF	\$3.18	0	0.00%
		20	4 Bed/3 Bath	Single	\$789	\$3,156	1,055 SF	\$2.99	0	0.00%
		20	4 Bed/3 Bath	Single	\$814	\$3,256	1,114 SF	\$2.92	0	0.00%
		60	4 Bed/4 Bath	Single	\$829	\$3,316	1,205 SF	\$2.75	0	0.00%
		20	4 Bed/4 Bath	Single	\$789	\$3,156	1,109 SF	\$2.85	0	0.00%
		25	5 Bed/4 Bath	Single	\$799	\$3,995	1,434 SF	\$2.79	0	0.00%
		25	5 Bed/5 Bath	Single	\$829	\$4,145	1,482 SF	\$2.80	0	0.00%
		325	Total Beds	---	\$856	\$3,051	1,086 SF	\$2.81	0	0.00%



**COMPARABLE STUDENT HOUSING RENTAL PHOTO AND DISCUSSION
 RENTAL SHR-6**



THE TOWERS AT PINK HILL 1355 North Virginia Street, Reno, Nevada									
Age Quality Condition Total Units	Distribution of Beds Total Beds		Room Style	Asking Monthly Rent Per Bed	Asking Monthly Rent Per Unit	Unit Sizes (Square Feet)	Rent Per Square Foot	Beds Vacant	Vacancy Rate
2018	9	Studio	Single	\$1,300	\$1,300	663 SF	\$1.96	0	0.00%
Good	8	2 Bed/2 Bath	Single	\$825	\$1,650	1,034 SF	\$1.60	0	0.00%
Good	9	3 Bed/2 Bath	Single	\$813	\$2,439	1,388 SF	\$1.76	3	33.33%
23 Units	10	3 Bed/3 Bath	Single*	\$888*	\$2,976*	1,358 SF*	\$2.19*	2	20.00%
	10	3 Bed/3 Bath	Double*	\$600*	\$2,976*	1,358 SF*	\$2.19*	0	0.00%
	8	4 Bed/3 Bath	Single	\$800	\$3,200	1,744 SF	\$1.83	0	0.00%
	54	Total Beds	---	\$868	\$1,823	788 SF	\$2.31	5	9.26%

*Single/Double Occupancy Rooms Are Units With One Shared Bedroom. Rents And Unit Sizes Have Been Calculated Accordingly.



MARKET RENT ANALYSIS AND CONCLUSION

When projecting an appropriate market rental rate for the subject’s units, we have considered the subject’s quality, location, floor plans and amenities. The chart below summarizes the subject’s apartment unit mix.

SUBJECT UNIT MIX-DETAILED					
Unit Type	Unit ID	Number of Units	Number of Beds	Living Area (Square Feet)	Total Living Area (Square Feet)
1 Bed/1 Bath	Alpha	30	30	685± SF	20,550± SF
1 Bed/1 Bath	Alpha Deluxe	6	6	746± SF	4,476± SF
1 Bed/1 Bath	Alpha Alternate	1	1	908± SF	908± SF
2 Bed/2 Bath	Beta	33	66	923± SF	30,459± SF
2 Bed/2 Bath	Beta Deluxe	58	116	979± SF	56,782± SF
2 Bed/2 Bath	Beta Alternate	2	4	1,044± SF	2,088± SF
2 Bed/2 Bath	Beta Alternate Deluxe	2	4	1,208± SF	2,416± SF
Totals		132	227	892± SF Avg.	117,679± SF

In completing our market rental analysis, we have considered the total rental rates offered by the comparable properties as well as the rent per bed space and rent per square foot computed on a monthly basis. A subjective comparison based upon the quality, condition and amenities has also been completed.

One Bedroom Units

The subject includes 37 one-bedroom units. To establish an indication of an appropriate market rental rate for the subject’s one-bedroom apartment units the comparable rental data was analyzed. In this analysis, we will estimate the market rent of the subject’s one-bedroom units. One-bedroom units in the Reno student housing market are somewhat of an anomaly; three of the comparable properties do offer studio units, which for the purposes of this analysis are considered most similar to the subject’s one-bedroom units. Set out on the following page is a summary of the rentals most comparable to the subject’s one-bedroom units.



RENTAL SUMMARY CHART-ONE BEDROOM/ONE BATHROOM UNITS								
Rental Number	Complex Name	Distribution of Beds		Room Style	Asking Monthly Rent Per Bed	Asking Monthly Rent Per Unit	Unit Sizes (Square Feet)	Rent Per Square Foot
SHR-1	The Highlands	N/A		N/A	N/A	N/A	N/A	N/A
SHR-2	The Republic	N/A		N/A	N/A	N/A	N/A	N/A
SHR-3	YOUnion	N/A		N/A	N/A	N/A	N/A	N/A
SHR-4	Wolf Run East	21	Studio	Single	\$949	\$949	567 SF	\$1.67
SHR-5	Identity	10	Studio	Single	\$1,199	\$1,199	381 SF	\$3.15
SHR-6	The Towers at Pink Hill	9	Studio	Single	\$1,300	\$1,300	663 SF	\$1.96
Subject	Ponderosa Village	30	1 Bed/1 Bath	Single	\$1,109	\$1,109	685 SF	\$1.62
		6	1 Bed/1 Bath	Single	\$1,109	\$1,109	746 SF	\$1.49
		1	1 Bed/1 Bath	Single	\$1,109	\$1,109	908 SF	\$1.22
				LOW	\$949	\$949	381 SF	\$1.67
				HIGH	\$1,300	\$1,300	663 SF	\$3.15
				AVERAGE	\$1,149	\$1,149	537 SF	\$2.26
				MEDIAN	\$1,199	\$1,199	567 SF	\$1.96

The comparable one-bedroom rental data illustrates rental rates ranging from \$949 per month to \$1,300 per month, with the average rental rate being \$1,149 per month. The comparable rentals indicate rental rates ranging between \$1.67 per square foot and \$3.15 per square foot.

In projecting market rents for the subject's one-bedroom units, consideration is given to the size of these units. The Alpha unit is 685± square feet, the Alpha Deluxe unit is 746± square feet and the Alpha Alternate unit is 908± square feet. Consideration is also given to the effective date of analysis, which is October 24, 2019.

Finally, consideration is given to the subject's current in-place rents. For the 2019/2020 school year, rents for the subject's Alpha floorplan averages \$1,110 per bed, Alpha Deluxe floorplan averages \$1,111 per month and Alpha Alternate floorplan averages \$1,119 per month, which equates to a range of \$1.23 to \$1.62 per square foot. The subject rents include water, sewer, trash and wi-fi, with tenants responsible for gas and electricity.

Based upon an analysis of the comparable apartment projects, it is our opinion, as of the effective date of value, that the subject's current in-place rents for the one-bedroom units represent market rent. The following chart summarizes the market rental rate projections for the subject's one-bedroom units.



ONE BEDROOM UNIT RENT SUMMARY							
Unit ID	Number of Units	Number of Beds	Square Footage	Monthly Rent/Bed	Monthly Rent/Unit	Rent/SF/Month	Annual Rent Potential
Alpha	30	30	685 SF	\$1,110	\$1,110	\$1.62	\$399,600
Alpha Deluxe	6	6	746 SF	\$1,111	\$1,111	\$1.49	\$79,992
Alpha Alternate	1	1	908 SF	\$1,119	\$1,119	\$1.23	\$13,428
TOTALS	37	37	701 SF	\$1,110	\$1,110	\$1.58	\$493,020

The average projected rent of \$1,110 per bed space is felt to be supported by the comparable units analyzed, which indicate rental rates ranging between \$949 per bed space and \$1,300 per bed space. The subject units have a competitive location on campus and are in good condition; however, a number of the comparable properties analyzed have superior amenities and each of the comparable properties are fully furnished.

Two Bedroom Units

The subject includes 95 two-bedroom units. To establish an indication of an appropriate market rental rate for the subject's two-bedroom apartment units the comparable rental data was analyzed. In this analysis, we will estimate the market rent of the subject's two-bedroom units. Set out following is a summary of the rentals most comparable to the subject's two-bedroom units.

RENTAL SUMMARY CHART-TWO BEDROOM/TWO BATHROOM UNITS									
Rental Number	Complex Name Address/City	Distribution of Beds Total Beds		Room Style	Asking Monthly Rent Per Bed	Asking Monthly Rent Per Unit	Unit Sizes (Square Feet)	Rent Per Square Foot	
SHR-1	The Highlands	72	2 Bed/2 Bath	Single	\$730	\$1,460	840 SF	\$1.74	
SHR-2	The Republic 1550 Evans Avenue Reno, NV	52	2 Bed/2 Bath	Single	\$819	\$1,638	820 SF	\$2.00	
		4	2 Bed/2 Bath	Single*	\$819*	\$2,017*	820 SF*	\$2.46*	
		8	2 Bed/2 Bath	Double*	\$599*	\$2,017*	820 SF*	\$2.46*	
SHR-3	YOUunion	100	2 Bed/2 Bath	Single	\$809	\$1,618	821 SF	\$1.97	
SHR-4	Wolf Run East	126	2 Bed/2 Bath	Single	\$799	\$1,598	1,026 SF	\$1.56	
SHR-5	Identity	30	2 Bed/2 Bath	Single	\$999	\$1,998	773 SF	\$2.58	
SHR-6	The Towers at Pink Hill	8	2 Bed/2 Bath	Single	\$825	\$1,650	1,034 SF	\$1.60	
Subject	Ponderosa Village	66	2 Bed/2 Bath	Single	\$664	\$1,328	923 SF	\$1.44	
		116	2 Bed/2 Bath	Single	\$654	\$1,308	979 SF	\$1.34	
		4	2 Bed/2 Bath	Single	\$679	\$1,358	1,044 SF	\$1.30	
		4	2 Bed/2 Bath	Single	\$659	\$1,318	1,208 SF	\$1.09	
*Single/Double Occupancy Rooms Are Units With One Shared Bedroom. Rents And Unit Sizes Have Been Calculated Accordingly.									
					LOW	\$599	\$1,460	773 SF	\$1.56
					HIGH	\$999	\$2,017	1,034 SF	\$2.58
					AVERAGE	\$800	\$1,750	869 SF	\$2.05
					MEDIAN	\$814	\$1,644	821 SF	\$1.98



The comparable two-bedroom rental data illustrates rental rates ranging from \$599 per month to \$999 per month, with the average rental rate being \$800 per month. It is noted that the units renting for \$599 per month are double occupancy bed spaces; therefore, two residents pay \$599 each, so the total rent collected for the bed space is \$1,198 per month. The comparable rentals indicate rental rates ranging between \$1.56 per square foot and \$2.58 per square foot.

In projecting market rents for the subject’s two-bedroom units, consideration is given to the size of these units. The Beta unit is 923± square feet, the Beta Deluxe unit is 979± square feet, the Beta Alternate is 1,044± square feet and the Beta Alternate Deluxe unit is 1,208± square feet. Consideration is also given to the effective date of analysis, which is October 24, 2019.

Finally, consideration is given to the subject’s current in-place rents. For the 2019/2020 school year, rents for the subject’s Beta floorplan averages \$664 per bed, Beta Deluxe floorplan averages \$654 per month, Beta Alternate floorplan averages \$679 per month and Beta Alternate Deluxe floorplan averages \$669 per month, which equates to a range of \$1.11 to \$1.44 per square foot. The subject rents include water, sewer, trash and wi-fi, with tenants responsible for gas and electricity.

Based upon an analysis of the comparable apartment projects, it is our opinion, as of the effective date of value, that the subject’s current in-place rents for the two-bedroom units are below market rent. The following chart summarizes the market rental rate projections for the subject’s two-bedroom units.

TWO BEDROOM UNIT RENT SUMMARY							
Unit ID	Number of Units	Number of Beds	Square Footage	Monthly Rent/Bed	Monthly Rent/Unit	Rent/SF/Month	Annual Rent Potential
Beta	33	66	923 SF	\$750	\$1,500	\$1.63	\$594,000
Beta Deluxe	58	116	979 SF	\$750	\$1,500	\$1.53	\$1,044,000
Beta Alternate	2	4	1,044 SF	\$750	\$1,500	\$1.44	\$36,000
Beta Alternate Deluxe	2	4	1,208 SF	\$775	\$1,550	\$1.28	\$37,200
TOTALS	95	190	966 SF	\$751	\$1,501	\$1.55	\$1,711,200

The projected rent of \$750 per bed space for the Beta, Beta Deluxe and Beta Alternate units and the projected rent of \$775 per bed space for the Beta Alternate Deluxe are felt to be supported by the comparable units analyzed, which indicate rental rates ranging between \$599 per bed space and \$999 per bed space. The subject units have a competitive location on campus



and are in good condition; however, a number of the comparable properties analyzed have superior amenities and each of the comparable properties are fully furnished.

The following summarizes the subject’s potential gross annual rental income as of the effective date of value, based upon the projected rents.

POTENTIAL GROSS ANNUAL RENTAL INCOME PROJECTION							
Unit Type	Number of Units	Monthly Rent Per Bed	Monthly Rent Per Unit	Square Feet	Rent/SF	Monthly Income	Annual
Alpha-1 Bed/1 Bath	30	\$1,110	\$1,110	685 SF	\$1.62	\$33,300	\$399,600
Alpha Deluxe-1 Bed/1 Bath	6	\$1,111	\$1,111	746 SF	\$1.49	\$6,666	\$79,992
Alpha Alternate-1 Bed/1 Bath	1	\$1,119	\$1,119	908 SF	\$1.23	\$1,119	\$13,428
Beta-2 Bed/2 Bath	33	\$750	\$1,500	923 SF	\$1.63	\$49,500	\$594,000
Beta Deluxe-2 Bed/2 Bath	58	\$750	\$1,500	979 SF	\$1.53	\$87,000	\$1,044,000
Beta Alternate-2 Bed/2 Bath	2	\$750	\$1,500	1,044 SF	\$1.44	\$3,000	\$36,000
Beta Alternate Deluxe-2 Bed/2 Bath	2	\$775	\$1,550	1,208 SF	\$1.28	\$3,100	\$37,200
Totals	132	\$183,685	\$183,685	117,679 SF	---	\$183,685	\$2,204,220
Averages	---	\$809	\$1,392	892 SF	\$1.56	---	
Total Potential Gross Annual Rental Income (PGRI)							\$2,204,220



VACANCY, TURNOVER, CREDIT LOSS, LOSS TO LEASE & CONCESSIONS

In analyzing the income of an apartment complex, it is not reasonable to expect the subject to generate 100% of its gross income potential over a typical holding period. Therefore, an allowance must be made for future vacancy and credit losses.

Vacancy, Turnover & Credit Loss Analysis

In order to estimate an appropriate vacancy, turnover and credit loss percentage applicable to the subject property, we have analyzed the vacancy rates of competing properties. Additionally, we have interviewed a number of real estate brokers and agents actively involved in the leasing of student housing units in the University of Nevada, Reno market. In general, there is very limited inventory of rental units within the University market. Set out following is a summary of the vacancy data for the comparable properties analyzed.

COMPARABLE VACANCY CHART					
Rental Number	Complex Name	Distribution of Beds		Beds Vacant	Vacancy Rate
		Total Beds			
SHR-1	The Highlands	732	Total Beds	1	0.14%
SHR-2	The Republic	704	Total Beds	0	0.00%
SHR-3	YOUnion	709	Total Beds	0	0.00%
SHR-4	Wolf Run East	210	Total Beds	0	0.00%
SHR-5	Identity	325	Total Beds	0	0.00%
SHR-6	The Towers at Pink Hill	54	Total Beds	5	9.26%

With strong consideration given to the vacancy rates indicated by the comparable data, and with consideration given to the market rent projection for the units, it is our opinion that a prudent purchaser would project a vacancy, turnover and credit loss allowance of 5.00% of the projected gross annual rental income.

Loss To Lease

All of the subject’s in-place leases for two-bedroom units are currently below the projected market rents. Based upon our market research, it is our opinion that the subject property should be able to charge more for two-bedroom units. In a discussion with the subject’s community director, Ms. Marissa Arnold, it was indicated that the university’s Residential Life Department will not allow Balfour Beatty to raise prices more than they do in the resident halls, which is typically 2% to 4% annually.



There are currently no vacant units at the subject property; however, there are three units on notice, two of which have not yet been re-rented. In order to project an appropriate loss to lease, we have analyzed the current in-place lease amounts for occupied units in the project and compared those with our market rent projections. The current in-place leases indicate total gross rents of \$1,994,758, while our market rent projections indicate total gross rents of \$2,204,220. The difference in these two numbers is \$209,462 and is summarized below.

LOSS TO LEASE ANALYSIS		
Current In-Place Leases (Annualized)	Market Rent Projections (Annualized)	Difference
\$1,994,758	\$2,204,220	(\$209,462) -10.50% of Market Rent Projection

The figure above indicates the difference between our market rent projections and in-place rents, as of the effective date of analysis. Including a loss to lease deduction is typical for apartment projects in the market, as a potential buyer of the property would expect some losses associated with older leases in the property.

Based upon an analysis of the current in-place leases, our market rent projections and typical loss to leases of other apartment projects, we have projected a loss to lease of 5.00% of potential gross annual income.

Tenant Concession Analysis

None of the comparable student housing projects surveyed were offering concessions. In general, concessions are very limited in the student housing market due to low vacancies and the cyclical nature of leasing. Therefore, no concessions have been projected.

The following summarizes the projected Effective Gross Annual Rental Income for the project. Other Income will be added subsequent to vacancy and credit losses, as Other Income analyzed by the comparable data is based upon actual Other Income generated.



PROJECTED EFFECTIVE GROSS ANNUAL RENTAL INCOME					
Vacancy/Turnover/Credit Losses/Concessions	Per Unit	Per Bed	Per SF	% Of PGRI	Total
Less Vacancy/Turnover/Credit Losses	\$835	\$486	\$0.94	5.00%	(\$110,211)
Less Loss To Lease	\$835	\$486	\$0.94	5.00%	(\$110,211)
Less Tenant Concessions	\$0	\$0	\$0.00	0.00%	\$0
Total Losses	\$1,670	\$971	\$1.87	10.00%	(\$220,422)



OTHER INCOME ANALYSIS

In addition to apartment rental income, the subject project will have the potential to generate miscellaneous income from other sources. The project will generate Other Income from application fees, late fees, pet fees, turnover revenue and miscellaneous other sources.

To establish an appropriate allowance for other income, we interviewed several apartment managers and owners, and reviewed the other income revenue of several student housing projects. In addition, we have analyzed the subject’s historical income from sources other than rental income. The following summarizes the subject’s Other Income.

PONDEROSA VILLAGE OTHER INCOME (2016 THROUGH OCTOBER 2019)				
YEAR	2016	2017	2018	2019 (Jan Thru Aug)
Other Income				
Application Fees	\$5,249	\$5,175	\$5,795	\$6,895
Transfer Fees	\$0	\$0	\$900	\$1,385
Late Fees/NSF Fees	\$2,375	\$2,725	\$1,450	\$1,045
Damage Fees	\$100	\$1,039	\$6,344	\$2,700
Access Control Income	\$0	\$55	\$690	\$425
Pet Fees/Pet Rent	\$700	\$1,200	\$2,600	\$1,830
Pest Control Reimbursement	\$200	\$0	\$0	\$0
Gas/Electricity Reimbursement	\$608	\$543	\$2,115	\$314
Janitorial/Utilities Resident Chargeback	\$932	\$1,857	\$1,426	\$50
Lease Cancellation Fees	\$11,672	\$2,147	\$4,499	\$2,200
Miscellaneous Income	\$25,084	\$899	\$502	\$0
Prepay Income	(\$2,545)	\$0	\$0	\$0
Bad Debt Expense	(\$13,425)	\$591	(\$65)	\$0
Bad Debt Recovery	\$600	\$1,035	(\$499)	\$0
Total Other Income	\$31,550	\$17,266	\$25,757	\$16,845
Other Income Per Unit Per Year	\$239	\$131	\$195	\$128
Other Income Per Bed Per Year	\$139	\$76	\$113	\$74

Based upon a review of other income generated by similar apartment projects and the subject’s operating history, other income for the subject has been projected at \$200 per unit per year (\$116 per bed per year), or \$26,400.



TOTAL EFFECTIVE GROSS INCOME PROJECTION					
	Per Unit	Per Bed	Per SF	% Of PGRI	Total
Projected Effective Gross Annual Rental Income	\$15,029	\$8,739	\$16.86	90.00%	\$1,983,798
	Per Unit	Per Bed	Per SF	% of PGRI	Total
Total Other Income	\$200	\$116	\$0.22	1.20%	\$26,400
	Per Unit	Per Bed	Per SF	% Of PGRI	Total
Total Projected Effective Gross Annual Income	\$15,229	\$8,855	\$17.08	91.20%	\$2,010,198

OPERATING EXPENSE ANALYSIS

The next step in the Income Approach is to project the operating expenses that would be incurred by the subject project in generating the effective gross income. In order to generate the effective gross income, the subject complex will incur expenses including insurance, marketing costs, common area utility costs, repairs and maintenance, salaries and payroll, off-site management fees, and general and administrative expenses. Typically, a student housing project would also incur real estate taxes; however, as the underlying land is owned by the University of Nevada, the property is exempt from real estate taxes. The subject property is also responsible for an annual ground lease payment.

To project expenses for the subject, we have relied upon expenses realized by other complexes in the marketplace, national indicators, and the ownership’s expense history. The subject historical operating expenses are set forth in the chart below:

PONDEROSA VILLAGE OPERATING EXPENSES				
YEAR	2016	2017	2018	2019 (Jan Thru Oct)
Expenses				
Operating Expenses				
Utilities	(\$33,308)	(\$27,813)	(\$30,153)	(\$20,607)
Insurance	(\$15,640)	(\$9,309)	(\$17,243)	(\$11,067)
Turnover Costs	(\$2,140)	(\$776)	\$0	\$0
Maintenance & Repairs	(\$6,745)	\$69	(\$9,534)	(\$11,386)
Taxes	(\$2,172)	(\$3,859)	(\$1,794)	(\$562)
Marketing	(\$2,988)	(\$4,843)	(\$2,372)	(\$385)
Management Fees	(\$188,034)	(\$191,450)	(\$208,526)	(\$156,535)
Payroll	(\$42,781)	(\$50,815)	(\$53,837)	(\$164)
Property Office Expenses	(\$40,252)	(\$31,800)	(\$31,482)	(\$18,301)
Real Estate Taxes	\$0	(\$10,000)	\$0	\$0
Total Operating Expenses	(\$334,061)	(\$330,596)	(\$354,941)	(\$219,007)
Other Expenses				
Capital Expenditures	(\$408)	(\$3,280)	(\$15,944)	(\$28,455)
Non-Operating Expenses	\$0	\$0	(\$3,875)	\$0
Ground Lease Expense	(\$96,588)	\$8,049	(\$104,638)	\$193,446
Total Other Expenses	(\$96,996)	\$4,769	(\$124,458)	\$164,991
Total Expenses	(\$431,057)	(\$325,827)	(\$479,399)	(\$54,016)
Total Expenses Per Unit	(\$3,266)	(\$2,468)	(\$3,632)	(\$409)
Total Expenses Per Bed	(\$1,899)	(\$1,435)	(\$2,112)	(\$238)

Operating expenses for the subject property were \$431,057, or \$3,266 per unit and \$1,899 per bed in 2016; \$325,827, or \$2,468 per unit and \$1,435 per bed in 2017; \$479,399, or



\$3,632 per unit and \$2,112 per bed in 2018; and have been projected at \$512,437, or \$3,882 per unit and \$2,257 per bed for 2019.

In order to determine the reasonableness of the subject’s expenses, we have analyzed expenses of similar student housing projects, and have interviewed a number of market participants. In general, it was indicated that a project like the subject could expect operating expenses to be within a range of 20% to 30% of gross income. Finally, we analyzed comparable expenses of two student housing projects within the immediate market, which are set forth below.

COMPARABLE PROJECT EXPENSES-CONFIDENTIAL (2015/2016)			
Expense Item	Total Expense	Expense/Unit	Expense/Bed
Administrative	\$585,919	\$3,084	\$832
Marketing	\$104,442	\$550	\$148
Maintenance & Repairs	\$417,634	\$2,198	\$593
Turnover	\$152,387	\$802	\$216
Utilities	\$290,010	\$1,526	\$412
Total	\$1,550,392	\$8,160	\$2,202

COMPARABLE PROJECT EXPENSES-CONFIDENTIAL (2017/2018)			
Expense Item	Total Expense	Expense/Unit	Expense/Bed
Administrative	\$599,073	\$5,991	\$1,843
Marketing	\$58,522	\$585	\$180
Maintenance & Repairs	\$34,588	\$346	\$106
Turn	\$3,924	\$39	\$12
Utilities	\$187,875	\$1,879	\$578
Total	\$883,982	\$8,840	\$2,720

* This Comparable Project’s Expenses were for the property’s first operational year; therefore, they do not account for a typical turn. Additionally, as the building was brand new, there were no significant Maintenance & Repairs expenses.

Conclusion-Operating Expenses

To project the subject’s operating expenses, we have reviewed the past operating history for the subject property, as well as the operating expenses of comparable student housing apartment complexes.

As of the date of preparation of the appraisal, complete information regarding the annual ground lease payment and percentage rent was not available. As a result, we have relied upon the



terms of the lease, outlined in Article 3, and our projection of Effective Gross Income in projecting the annual ground lease payment. We have utilized the projected ground lease payments between November 2019 and October 2020, which total \$60,300. In addition, the ground lease has a provision for percentage rent equal to 1.5% of Gross Revenues, which became effective July 1, 2019. It is our opinion that a purchaser of the subject property would consider this as an expected expense. Based upon our projected effective gross annual income of \$2,010,198, the annual percentage rent would be \$31,368, which we project would escalate at approximately 3% per year. Adding the ground lease payment and percentage rent together indicates an annual ground lease payment of \$91,668. Based upon this data, we have calculated a stabilized annual ground lease payment of \$95,000, which will be utilized in our direct capitalization analysis.

The following sets forth a summary of our projected operating expenses for the subject. In our projections, we have included a \$300 per unit reserve for replacement, in order to account for any unexpected maintenance issues.

PROJECTED OPERATING EXPENSES					
Operating Expenses					
Utilities	\$280	\$163	\$0.31	1.84%	(\$37,000)
Insurance	\$152	\$88	\$0.17	0.99%	(\$20,000)
Maintenance/Repairs/Turnover	\$1,136	\$661	\$1.27	7.46%	(\$150,000)
Taxes	\$27	\$15	\$0.03	0.17%	(\$3,500)
Marketing	\$38	\$22	\$0.04	0.25%	(\$5,000)
Management Fees	\$533	\$310	\$0.60	3.50%	(\$70,357)
Payroll	\$432	\$251	\$0.48	2.84%	(\$57,000)
Office Expenses	\$265	\$154	\$0.30	1.74%	(\$35,000)
Real Estate Taxes	\$0	\$0	\$0.00	0.00%	\$0.00*
Other Expenses					
Ground Lease Payment	\$720	\$419	\$0.81	4.73%	(\$95,000)
Reserve for Replacement	\$300	\$174	\$0.34	1.97%	(\$39,600)
Total Projected Operating Expenses	\$3,882	\$2,258	\$4.35	25.49%	(\$512,457)
* As the subject's underlying land is owned by the University of Nevada, Reno, the property is exempt from real estate taxes.					

The indicated projected operating expenses are \$3,882 per unit, \$2,258 per bed, and 25.49% of the projected effective gross income. It is noted that the above expenses include a reserve for replacement.



OVERALL CAPITALIZATION RATE ANALYSIS

The next step in the Direct Capitalization Approach is to establish an estimate of an appropriate overall capitalization rate assuming the subject is operating at stabilized occupancy. Capitalization is the process in the Income Approach that translates an income projection into an indication of value. The connecting link is a rate that reflects the return necessary to attract investment capital. To project an appropriate overall capitalization rate applicable to the subject projected net operating income, we have analyzed student housing capitalization rates.

Comparable Apartment Sales

To establish an indication of an appropriate capitalization rate applicable to the subject property, an analysis of student housing complex sales was analyzed. The following chart sets forth a summary of overall capitalization rates for numerous student housing projects over the past several years.

STUDENT HOUSING OVERALL CAPITALIZATION RATES										
Property Name	University	City	Units	Beds	Distance to Campus	Sale Date	Sale Price	\$/Bed	Cap Rate	
Sterling Sierra (The Republic)	University of Nevada, Reno	Reno	190	704	0.25 Miles	Sep-14	\$48,500,000	\$68,892/Bed	5.8%	
The Standard/Park Point	University of Georgia/Syracuse University	Athens/Syracuse	416	836	1.0 Miles	Feb-15	\$94,000,000	\$112,440/Bed	5.3%	
Evolve	University of Tennessee	Tennessee	59	228	0.5 Miles	Mar-15	\$25,000,000	\$109,649/Bed	5.2%	
Identity	University of Washington	Seattle	198	209	0.7 Miles	Mar-15	\$45,000,000	\$215,311/Bed	4.6%	
UCSB Icon & Gardens	UC Santa Barbara	Isla Vista	51	205	0.6 Miles	Mar-15	\$38,500,000	\$187,805/Bed	4.5%	
Uncommon	University of Oregon	Eugene	120	380	0.5 Miles	Mar-15	\$45,500,000	\$119,737/Bed	5.3%	
University Club/Crest at Pearl	SNY Binghamton/University of Texas	Vetal/Austin	327	1,053	1.1 Miles	Jun-15	\$109,000,000	\$103,514/Bed	5.3%	
The Panoramic	University of San Francisco	San Francisco	160	400	2.1 Miles	Aug-15	\$96,400,000	\$241,000/Bed	4.5%	
Standard Baton Rouge	LSU	Baton Rouge	287	847	0.1 Miles	Oct-15	\$108,600,000	\$128,217/Bed	5.3%	
LIV	University of Washington	Seattle	56	199	1.0 Miles	Nov-15	\$36,000,000	\$180,905/Bed	5.3%	
Landmark	University of Maryland	College Park	276	826	0.5 Miles	Dec-15	\$142,000,000	\$171,913/Bed	5.4%	
The Vue on MacGregor	University of Houston	Houston	115	347	0.5 Miles	Dec-15	\$35,800,000	\$103,170/Bed	5.4%	
The Element	Sacramento State	Sacramento	288	792	7 Miles	Dec-15	\$59,000,000	\$74,495/Bed	5.5%	
University House Communities	21 Different Markets	Various	N/A	13,000	Varies	Jan-16	\$1,400,000,000	\$107,692/Bed	5.3%	
Metro Park East	University of Minnesota	Minneapolis	194	643	0.6 Miles	Mar-16	\$47,500,000	\$73,872/Bed	4.8%	
4050 Lofts	University of South Florida	Tampa	196	722	1.2 Miles	Jun-16	\$45,500,000	\$63,019/Bed	5.3%	
Tuscanv Apartments	University of Southern California	Los Angeles	120	512	0.5 Miles	Jun-16	\$87,300,000	\$170,508/Bed	4.5%	
The Hyve	Arizona State University	Tempe	296	446	0.25 Miles	Nov-16	\$67,000,000	\$150,224/Bed	5.2%	
GrandMarc at University Village	UC Riverside	Riverside	212	760	1 Mile	Feb-17	\$44,100,000	\$58,026/Bed	8.3%	
SoL Apartments	Arizona State University	Tempe	225	629	1 Mile	Mar-17	\$52,975,000	\$84,221/Bed	5.0%	
Rebel Place	University of Nevada, Las Vegas	Las Vegas	156	480	1 Mile	Apr-17	\$17,500,000	\$36,458/Bed	6.5%	
1122 U	UC Berkeley	Berkeley	84	208	1.5 Miles	May-17	\$38,400,000	\$184,615/Bed	5.2%	
TWELVE at U District	University of Washington	Seattle	283	350	0.5 Miles	Jun-17	\$112,060,248	\$320,172/Bed	4.1%	
Oxford North	California State University, Fullerton	Fullerton	100	290	1 Mile	Jun-17	\$33,505,000	\$115,534/Bed	3.5%	
The Junction at Iron Horse	University of Arizona	Tucson	76	232	1 Mile	Jun-17	\$19,320,221	\$83,277/Bed	5.1%	
Bridges @ 11th	University of Washington	Seattle	184	322	0.5 Miles	Oct-17	\$64,400,000	\$200,000/Bed	4.5%	
The Element	Sacramento State	Sacramento	288	792	7 Miles	Nov-17	\$81,885,000	\$103,390/Bed	5.2%	
Brubeck Commons	University of the Pacific	Stockton	164	496	0.25 Miles	Jan-18	\$20,550,000	\$41,431/Bed	5.5%	
The Spoke Student Living	UC Davis	Davis	240	344	1.5 Miles	Mar-18	\$50,250,000	\$146,076/Bed	4.8%	
Thrive Tempe	Arizona State University	Tempe	110	180	0.5 Miles	Mar-18	\$13,000,000	\$72,222/Bed	5.4%	
Northpoint Apartments	BYU Idaho	Rexburg	154	512	0.25 Miles	May-18	\$49,300,000	\$96,289/Bed	5.3%	
University Villa at Ironwood	University of Arizona	Tucson	140	484	4 Miles	May-18	\$17,450,000	\$36,054/Bed	6.3%	
Gather Bellingham	Western Washington University	Bellingham	133	417	0.25 Miles	Jul-18	\$48,500,000	\$116,307/Bed	5.7%	
Summerwood Condominiums	Utah Valley University	Orem	71	282	0.25 Miles	Aug-18	\$17,500,000	\$62,057/Bed	5.3%	
Wolf Run	University of Nevada, Reno	Reno	141	390	1 Mile	Aug-18	\$30,900,000	\$79,231/Bed	4.0%	
Highlander North Campus	UC Riverside	Riverside	216	658	0.5 Miles	Nov-18	\$69,000,000	\$104,863/Bed	5.4%	
The U	UC Davis	Davis	132	504	2 Miles	Dec-18	\$76,000,000	\$150,794/Bed	5.1%	
The Retreat at Tucson	University of Arizona	Tucson	183	774	1.5 Miles	Dec-18	\$56,200,000	\$72,610/Bed	6.2%	
Park Village	Boise State University	Boise	47	188	0.5 Miles	Jan-19	\$9,750,000	\$51,862/Bed	5.7%	
Mountain View Hall	Everett Community College	Everett	120	120	0.25 Miles	Apr-19	\$17,518,250	\$145,985/Bed	5.0%	
The Towers at Pink Hill	University of Nevada, Reno	Reno	23	54	0.25 Miles	May-19	\$9,350,000	\$173,148/Bed	6.3%	
Rebel Place	University of Nevada, Las Vegas	Las Vegas	156	480	1 Mile	Jun-19	\$23,000,000	\$47,917/Bed	6.3%	
Promenade Place	Utah Valley University	Orem	150	429	1.5 Miles	Aug-19	\$36,500,000	\$85,082/Bed	4.8%	
							Low	\$9,350,000	\$36,054/Bed	3.5%
							High	\$1,400,000,000	\$320,172/Bed	8.3%
							Average	\$82,314,273	\$117,442/Bed	5.3%
							Median	\$45,500,000	\$104,863/Bed	5.3%

The above sales data indicates a range of overall capitalization rates of between 3.5% and 8.3%, with an average and median of 5.3%.

In addition to the above student housing complex sales, we have also analyzed recent multi-family complex sales within the Reno-Sparks market. The following chart sets forth a summary of overall capitalization rates for several multi-family housing projects over the past two years.

MULTI-FAMILY OVERALL CAPITALIZATION RATES						
Property Name	City	Units	Sale Date	Sale Price	Sale Price/Unit	Cap Rate
Horizons at South Meadows	Reno	344	1/30/18	\$67,300,000	\$195,640	4.94%
Southridge	Reno	293	8/23/18	\$36,000,000	\$122,867	5.36%
Marina Village	Sparks	240	9/28/18	\$51,120,000	\$213,000	4.80%
Southwest Village Apartments	Reno	332	1/15/19	\$35,350,000	\$106,476	5.60%
Caviata at Kiley Ranch	Sparks	184	1/31/19	\$51,700,000	\$280,978	4.97%
Skyline Canyon	Reno	204	6/3/19	\$37,550,000	\$184,069	5.15%
Waterstone at Kiley Ranch	Sparks	203	9/19/19	\$55,900,000	\$275,369	4.90%
Parkway Terraces	Carson City	176	9/30/19	\$40,750,000	\$231,534	5.25%
		Low	1/30/18	\$35,350,000	\$106,476	4.80%
		High	9/30/19	\$67,300,000	\$280,978	5.60%
		Average	1/22/19	\$46,958,750	\$201,242	5.12%
		Median	1/23/19	\$45,935,000	\$204,320	5.06%

The above sales data indicates a range of overall capitalization rates of between 4.80% and 5.60%, with an average of 5.12% and median of 5.06%.

National Indicators

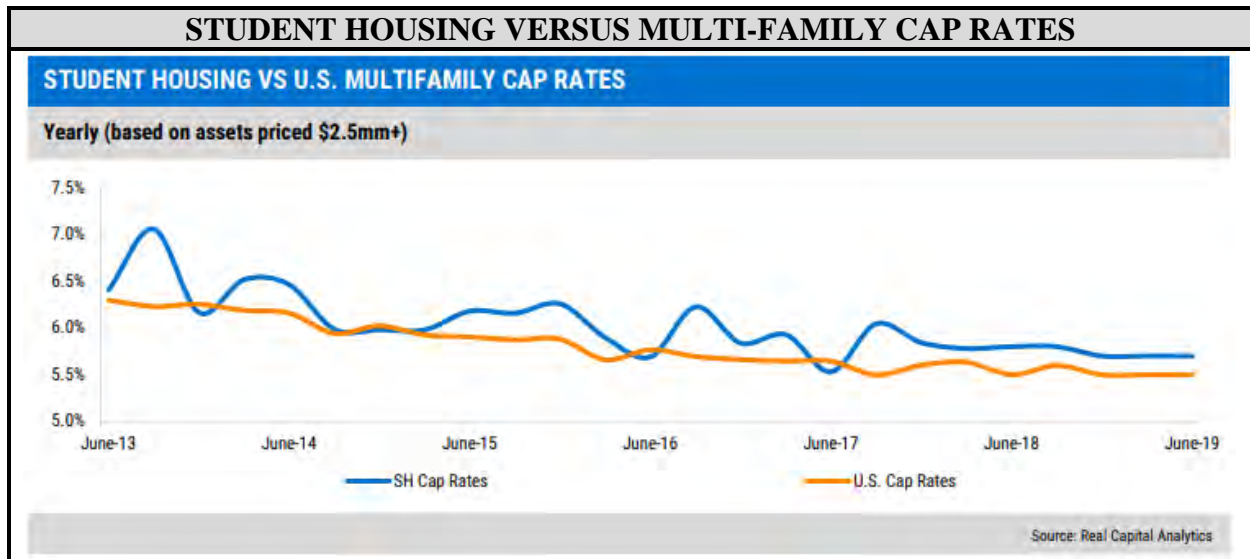
The chart below summarizes the range in overall capitalization rates for various apartment uses, as reported by PwC and RealtyRates.com.

National Survey Rates				
Source	Surveyed Rates			
	Date of Survey	Minimum	Maximum	Average
Realty Rates-All Apartments	2 nd Quarter 2019 (1 st Quarter Data)	4.51%	12.82%	8.46%
Realty Rates-Student Housing	2 nd Quarter 2019 (1 st Quarter Data)	5.07%	12.35%	8.85%
PwC-National Apartment Market	2 nd Quarter 2019	3.50%	7.00%	5.14%
PwC-Pacific Region Apartment Market	2 nd Quarter 2019	3.65%	6.00%	4.54%
PwC-National Student Housing Market	2 nd Quarter 2019	4.50%	7.50%	5.76%

According to the *2019 Student Housing Market Overview* completed by ARA Student Housing, “Cap rate compression has been the new normal and 2019 has been no exception,



despite shifting interest rates and a relatively volatile capital markets environment in the first quarter of 2019. Regardless, the consistent pursuit of capital placement from institutional, domestic, and international investment funds illustrates the market’s confidence in the recession resilient asset class. Throughout the first two quarters of 2019, cap rates averaged 5.7%, in line with the historical lows observed in 2017. Additionally, many core and core-plus assets have traded at sub 5% cap rates, particularly when located within walking distance to Tier-I universities. The student housing sector has proven it is a mainstay among product types and, perhaps, the most attractive with cap rates trading within 10 basis points of conventional multifamily - a trend that has been consistent since 2016 when student housing cap rates first traded inside of traditional multifamily. With an abundance of existing, new, and foreign capital providers, combined with a favorable capital markets environment, cap rates are expected to remain near all-time lows for the second half of 2019.” The following chart shows student housing versus multi-family cap rates between June 2013 and June 2019.



Conclusion

In our analysis of overall capitalization rates, the most weight is given to the student housing sales which have occurred in the region, as these rates indicate the actual amount of risk that buyers are willing to undergo in the area market. Consideration is also given to the fact that the subject property is encumbered by a ground lease, which includes a base rent expense and a percentage of gross revenues provision.



The subject's projected expenses include a reserve for replacement. Additional consideration is given to the effective date of value, and the strong demand for student housing in the region. Based upon a review of the available data, and with consideration given to the analysis as set forth above, it is our opinion that an appropriate overall capitalization rate is 5.25%, for the net operating income.

OVERALL CAPITALIZATION RATE (OAR) CONCLUSION			
Overall Capitalization Rate (OAR) Assumption	Property Rights Addressed	Effective Date Of Value	Overall Capitalization Rate Conclusion
Net Operating Income at Stabilized Occupancy	Leased Fee Interest	October 24, 2019	5.25%

The following page summarizes the Income Approach to Value.



INCOME APPROACH SUMMARY (DIRECT CAPITALIZATION ANALYSIS)							
Unit Type	Number of Units	Monthly Rent Per Bed	Monthly Rent Per Unit	Square Feet	Rent/SF	Monthly Income	Annual
Alpha-1 Bed/1 Bath	30	\$1,110	\$1,110	685 SF	\$1.62	\$33,300	\$399,600
Alpha Deluxe-1 Bed/1 Bath	6	\$1,111	\$1,111	746 SF	\$1.49	\$6,666	\$79,992
Alpha Alternate-1 Bed/1 Bath	1	\$1,119	\$1,119	908 SF	\$1.23	\$1,119	\$13,428
Beta-2 Bed/2 Bath	33	\$750	\$1,500	923 SF	\$1.63	\$49,500	\$594,000
Beta Deluxe-2 Bed/2 Bath	58	\$750	\$1,500	979 SF	\$1.53	\$87,000	\$1,044,000
Beta Alternate-2 Bed/2 Bath	2	\$750	\$1,500	1,044 SF	\$1.44	\$3,000	\$36,000
Beta Alternate Deluxe-2 Bed/2 Bath	2	\$775	\$1,550	1,208 SF	\$1.28	\$3,100	\$37,200
Totals	132	\$183,685	\$183,685	117,679 SF	---	\$183,685	\$2,204,220
Averages	---	\$809	\$1,392	892 SF	\$1.56	---	---
Total Potential Gross Annual Rental Income (PGR)							\$2,204,220
Vacancy/Turnover/Credit Losses/Concessions							
		Per Unit	Per Bed	Per SF	% Of PGR	Total	
Less Vacancy/Turnover/Credit Losses		\$835	\$486	\$0.94	5.00%	(\$110,211)	
Less Loss To Lease		\$835	\$486	\$0.94	5.00%	(\$110,211)	
Less Tenant Concessions		\$0	\$0	\$0.00	0.00%	\$0	
Total Losses		\$1,670	\$971	\$1.87	10.00%	(\$220,422)	(\$220,422)
Projected Effective Gross Annual Rental Income							
		Per Unit	Per Bed	Per SF	% Of PGR	Total	
		\$15,029	\$8,739	\$16.86	90.00%	\$1,983,798	\$1,983,798
Total Other Income							
		Per Unit	Per Bed	Per SF	% Of PGR	Total	
		\$200	\$116	\$0.22	1.20%	\$26,400	\$26,400
Total Projected Effective Gross Annual Income							
		Per Unit	Per Bed	Per SF	% Of PGI	Total	
		\$15,229	\$8,855	\$17.08	91.20%	\$2,010,198	\$2,010,198
Projected Operating Expenses							
		Per Unit	Per Bed	Per SF	% of EGI	Total	
Operating Expenses							
Utilities		\$280	\$163	\$0.31	1.84%	(\$37,000)	
Insurance		\$152	\$88	\$0.17	0.99%	(\$20,000)	
Maintenance/Repairs/Turnover		\$1,136	\$661	\$1.27	7.46%	(\$150,000)	
Taxes		\$27	\$15	\$0.03	0.17%	(\$3,500)	
Marketing		\$38	\$22	\$0.04	0.25%	(\$5,000)	
Management Fees		\$533	\$310	\$0.60	3.50%	(\$70,357)	
Payroll		\$432	\$251	\$0.48	2.84%	(\$57,000)	
Office Expenses		\$265	\$154	\$0.30	1.74%	(\$35,000)	
Real Estate Taxes		\$0	\$0	\$0.00	0.00%	\$0.00*	
Other Expenses							
Ground Lease Payment		\$720	\$419	\$0.81	4.73%	(\$95,000)	
Reserve for Replacement		\$300	\$174	\$0.34	1.97%	(\$39,600)	
Total Projected Operating Expenses		\$3,882	\$2,258	\$4.35	25.49%	(\$512,457)	(\$512,457)
Projected Net Operating Income							
		Per Unit	Per Bed	Per SF	% of EGI	Total	
		\$11,347	\$6,598	\$12.73	74.51%	\$1,497,741	\$1,497,741
Overall Capitalization Rate							5.25%
Indicated Value-Income Approach to Value							
		Per Unit	Per Bed	Per SF	EGIM	Total	
		\$216,124	\$125,676	\$242	14.19	\$28,528,401	\$28,528,401

* As the subject's underlying land is owned by the University of Nevada, Reno, the property is exempt from real estate taxes, but subject to a ground lease payment.

INCOME APPROACH TO VALUE CONCLUSION				
Property ID	Value Addressed	Property Rights Appraised	Effective Date Of Value	Value Conclusion
Ponderosa Village	Market Value	Leasehold Interest	October 24, 2019	\$28,500,000



SALES COMPARISON APPROACH

In this section, we will estimate the market value of the subject property utilizing a Sales Comparison Approach. To establish an estimate of the market value of the subject property by the Sales Comparison Approach, a regional search for comparable student housing project sales was completed.

In this analysis, the Sales Comparison Approach to Value will analyze the comparable properties and compare them to the subject's proposed project on a Price Per Bed basis, which is the method of comparison most utilized in the student housing sector. Additionally, the concluded value on a per bed basis will be compared to the comparable projects on a Price Per Unit Basis and a Price Per Square Foot Basis (based upon livable area). The comparable student housing sales analyzed in this report are set out on the following sales chart.

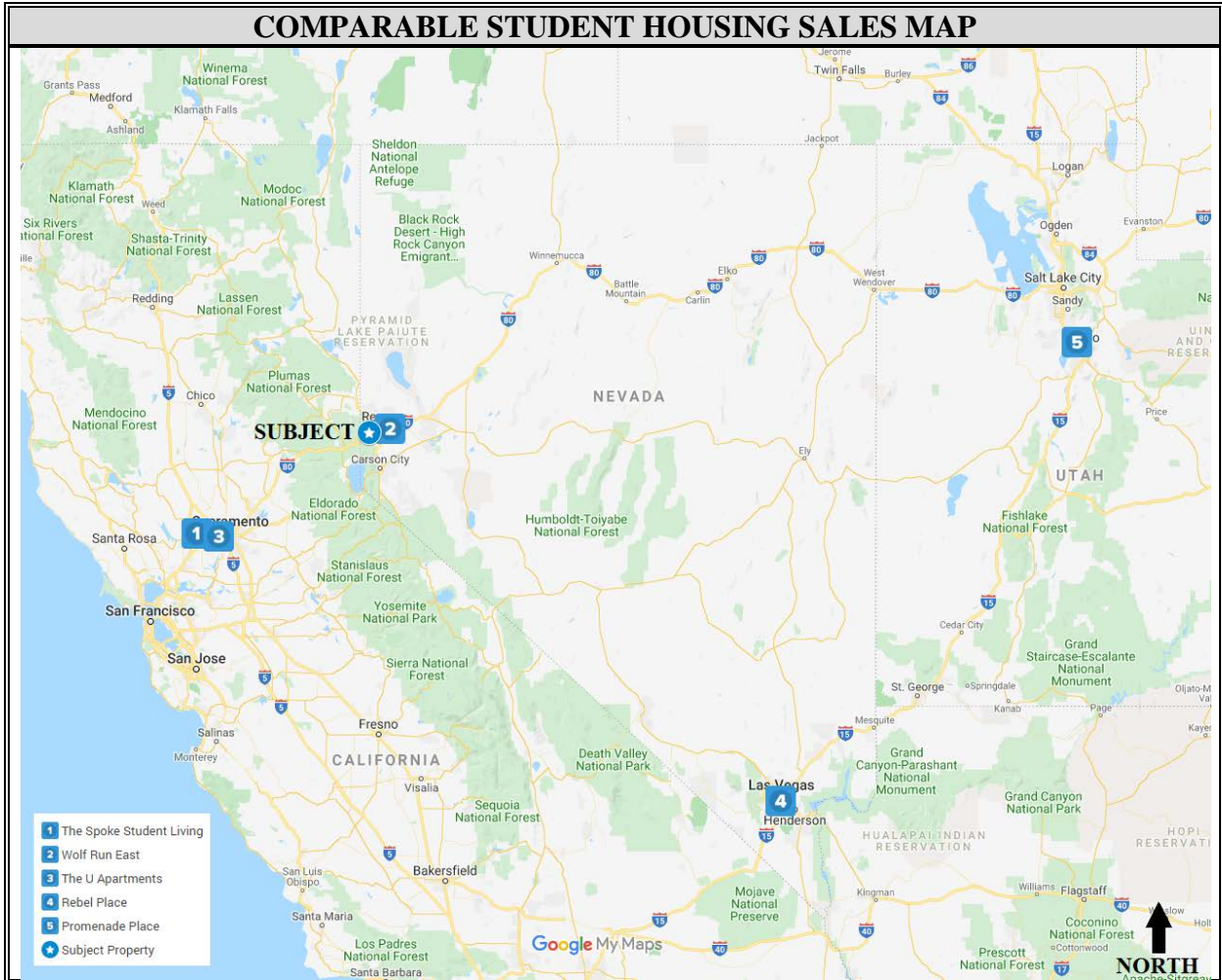


COMPARABLE STUDENT HOUSING SALES CHART

COMPARABLE STUDENT HOUSING SALES CHART									
Sale Number	A.P.N. Project Name Location	Recording Date Sale Price	Year Built Quality Condition	Units Beds Living Area (SF)	Unit Types Average Unit Size	Price Per Unit		Net Operating Income	
						Price Per Bed	Price Per SF	NOI/Unit	NOI/Bed
SHS-1	070-382-001, 070-391-001/002 The Spoke Student Living 801 J Street Davis, CA	3/1/2018 \$50,250,000	1965 Average Average	240 Units 344 Beds 165,550 SF	1/1, 2/1, 2/2 690 SF	\$209,375/Unit \$146,076/Bed \$304/SF		\$2,386,875 \$9,945/Unit \$6,939/Bed 4.75%	
SHS-2	Various Wolf Run Village & Wolf Run East 467 Beverly Street & 1910 Valley Road Reno, NV	8/1/2018 \$7,889,362 \$23,010,638 \$30,900,000	1997/2017 Average/Good Average/New	141 Units 390 Beds 161,961 SF	Studio, 2/2, 3/3, 5/5 1,149 SF	\$219,149/Unit \$79,231/Bed \$191/SF		\$1,236,000 \$8,766/Unit \$3,169/Bed 4.00%	
SHS-3	071-405-027 The U 625 Cantrill Drive Davis, CA	12/3/2018 \$76,000,000	2003 Good Good	132 Units 504 Beds 167,208 SF	2/2, 3/3, 4/4 1,267 SF	\$575,758/Unit \$150,794/Bed \$455/SF		\$3,876,000 \$29,364/Unit \$7,690/Bed 5.10%	
SHS-4	162-15-701-008 Rebel Place 3896 Swenson Street Las Vegas, NV	6/13/2019 \$23,000,000	2009 Good Good	156 Units 480 Beds 179,428 SF	2/2, 3/3, 4/4 1,150 SF	\$147,436/Unit \$47,917/Bed \$128/SF		\$1,437,500 \$9,215/Unit \$2,995/Bed 6.25%	
SHS-5	49-863-0001 Promenade Place 875 South Geneva Road Orem, UT	8/1/2019 \$36,500,000	2017 Good Good	114 Units 429 Beds 116,418 SF	Studio, 4/2, 4/4 1,021 SF	\$320,175/Unit \$85,082/Bed \$314/SF		\$1,740,404 \$15,267/Unit \$4,057/Bed 4.77%	
Subject Property	A Portion of 003-180-17 Ponderosa Village 1775 Evans Avenue Reno, NV	Date of Value 10/24/2019	2014 Average Good	132 Units 227 Beds 117,679 SF	1/1, 2/2 892 SF	---		---	



COMPARABLE STUDENT HOUSING SALES MAP





**COMPARABLE STUDENT HOUSING SALE PROFILE SHEET
 SALE SHS-1**



Property Name:	The Spoke Student Living	Construction Type:	Wood Frame
Address:	801 J Street	Quality/Condition:	Average/Average
City:	Davis	Number Of Stories:	2 Stories
County:	Yolo	Number Of Buildings:	7 Buildings
State:	California	Number Of Units:	240 Units
A.P.N.:	070-382-001, 070-391-001/002	Number of Beds:	344 Beds
Year Built:	1965	Total Living Area:	165,550± Square Feet
Lot Size:	6.64± Acres	Density:	36.14 Units/Acre
Recording Date:	March 1, 2018	Price Per Unit:	\$209,375/Unit
Document #:	2018-0004590-00	Price Per Bed:	\$146,076/Bed
Sale Price:	\$50,250,000	Price Per Square Foot:	\$304/Square Foot
Grantor:	Green Leaf College Square, LLC	Terms Of Sale:	None
Grantee:	UCD J Street Owner, LLC	Verified By:	CoStar, Public Records
<u>Number Of Units</u>		<u>Type Of Unit</u>	
136	1 Bed/1 Bath	<u>Square Footage</u>	
91	2 Bed/1 Bath	600± SF	
5	2 Bed/2 Bath	800± SF	
8	2 Bed/2 Bath	950± SF	
800± SF			
Net Operating Income:	\$2,386,875	NOI/Bed:	\$6,939
NOI/Unit:	\$9,945	Overall Cap Rate:	4.75%
<p>The Spoke Student Living is a 240-unit student housing development constructed in 1965, located near the University of California, Davis. The project includes a clubhouse, business center, fitness center, lounge, laundry facilities, pool, picnic area and Wi-Fi at the clubhouse and pool. In-unit amenities include granite countertops, hardwood floors, walk-in closets, oven/ranges, storage units and Wi-Fi.</p>			



**COMPARABLE STUDENT HOUSING SALE PROFILE SHEET
 SALE SHS-2**



Property Name:	Wolf Run Village & Wolf Run East	Construction Type:	Wood Frame
Address:	467 Beverley Street & 1910 Valley Road	Quality/Condition:	Average/Good & Average/New
City:	Reno	Number Of Stories:	2 Stories/3 Stories
County:	Washoe	Number Of Buildings:	8 Buildings/7 Buildings
State:	Nevada	Number Of Units:	36 Units + 105 Units=141 Units
A.P.N.:	Various	Number of Beds:	180 Beds + 210 Beds=390 Beds
Year Built:	1997/2017	Total Living Area:	161,961± Square Feet (Total)
Lot Size:	8.11± Acres (Total)	Density:	17.39 Units/Acre (Total)
Recording Date:	August 1, 2018	Price Per Unit:	\$219,149/Unit
Document #:	4838467	Price Per Bed:	\$79,231/Bed
Sale Price:	\$7,889,362 + \$23,010,638=\$30,900,000	Price Per Square Foot:	\$191/Square Foot
Grantor:	Wolf Run, LLC	Terms Of Sale:	None
Grantee:	AW-BV Wolf Run, LLC	Verified By:	Ben Nelson, NAI Alliance

<u>Number Of Units</u>	<u>Type Of Unit</u>	<u>Square Footage</u>
21	Studio	567± SF
63	2 Bed/2 Bath	1,026± SF
21	3 Bed/2 Bath	1,496± SF
36	5 Bed/5 Bath	1,500± SF

Net Operating Income:	\$1,236,000	NOI/Bed:	\$3,169
NOI/Unit:	\$8,766	Overall Cap Rate:	4.00%

Wolf Run Village is a 36-unit student housing development constructed in 1997 and Wolf Run East is a 105-unit student housing development constructed in 2017. Both properties are located near the University of Nevada, Reno. An actual net operating income was not available for the sale, as it involved two properties, one of which was newly constructed and less than 50% occupied at the time of sale (Wolf Run East). The buyer's broker, Mr. Ben Nelson of NAI Alliance, indicated that the seller was only able to provide older financial information, which indicated an overall cap rate of 4% (\$1,236,000 indicated net operating income); however, he did not feel that it was indicative of the two properties jointly. The sale transaction, which was recorded as Document Number 4838467 at the Official Records of Washoe County included A.P.N.s 004-202-64, 007-410-01, 007-421-01/02/03/04/05, 007-422-01/02/03/04, 007-423-01/02/03/04/05, 007-424-01/02/03/04/05, 007-431-01/02/03/04/05/06, 007-432-01/02/03/04, 007-433-01/02/03/04/05, 007-434-01/02/03 and 008-011-19.



**COMPARABLE STUDENT HOUSING SALE PROFILE SHEET
 SALE SHS-3**



Property Name:	The U	Construction Type:	Wood Frame
Address:	625 Cantrill Drive	Quality/Condition:	Good/Good
City:	Davis	Number Of Stories:	4 Stories
County:	Yolo	Number Of Buildings:	6 Buildings
State:	California	Number Of Units:	132 Units
A.P.N.:	071-405-027	Number of Beds:	504 Beds
Year Built:	2003	Total Living Area:	167,208± Square Feet
Lot Size:	7.07± Acres	Density:	18.67 Units/Acre
Recording Date:	December 3, 2018	Price Per Unit:	\$575,758/Unit
Document #:	2018-0028264	Price Per Bed:	\$150,794/Bed
Sale Price:	\$76,000,000	Price Per Square Foot:	\$454/SF
Grantor:	CP IV University Village, LLC	Terms Of Sale:	None
Grantee:	Tilden-Lafayette, LLC	Verified By:	CoStar, Public Records
<u>Number Of Units</u>		<u>Type Of Unit</u>	
24		3 Bed/2 Bath	<u>Square Footage</u>
48		4 Bed/2 Bath	1,199± SF
60		4 Bed/4 Bath	1,224± SF
Net Operating Income:	\$3,876,000	NOI/Bed:	\$29,364
NOI/Unit:	\$7,690	Overall Cap Rate:	5.10%
<p>The U is a 132-unit student housing development constructed in 2003 and fully renovated in 2015, located near UC Davis. The property includes a clubhouse, fitness center, study lounges, billiards, shuffleboard, an outdoor pool and spa and a sand volleyball court. In-unit amenities include quartz countertops, stainless steel appliances, wood-style plank flooring, new light fixtures and ceiling fans in each bedroom. The building was 96% occupied at the close of escrow. The Net Operating Income was reported to be \$3,876,000 yielding an actual cap rate of 5.1% using trailing 3 months numbers.</p>			



**COMPARABLE STUDENT HOUSING SALE PROFILE SHEET
 SALE SHS-4**



Property Name:	Rebel Place	Construction Type:	Wood Frame
Address:	3896 Swenson Street	Quality/Condition:	Good/Good
City:	Las Vegas	Number Of Stories:	4 Stories
County:	Clark	Number Of Buildings:	3 Buildings
State:	Nevada	Number Of Units:	156 Units
A.P.N.:	162-15-701-008	Number of Beds:	480 Beds
Year Built:	2009	Total Living Area:	179,428± Square Feet
Lot Size:	5.32± Acres	Density:	29.32 Units/Acre
Recording Date:	June 13, 2019	Price Per Unit:	\$147,436/Unit
Document #:	162-15-701-008	Price Per Bed:	\$47,917/Bed
Sale Price:	\$23,000,000	Price Per Square Foot:	\$128/SF
Grantor:	Waypoint UNLV Rebel Place Owner, LLC	Terms Of Sale:	None
Grantee:	Rebel Place Borrower, LLC	Verified By:	Ben Harkrider, Newmark
<u>Number Of Units</u>		<u>Type Of Unit</u>	
38		2 Bed/2 Bath	861± SF
32		2 Bed/2 Bath	881± SF
4		3 Bed/3 Bath	1,188± SF
8		4 Bed/4 Bath	1,368± SF
38		4 Bed/4 Bath	1,371± SF
36		4 Bed/4 Bath	1,409± SF
Net Operating Income:	\$1,437,500	NOI/Bed:	\$2,995
NOI/Unit:	\$9,215	Overall Cap Rate:	6.25%
<p>Rebel Place is a 156-unit student housing development constructed in 2009, located near the University of Nevada, Las Vegas. The gated project includes a clubhouse, fitness center, grills, a pool, spa and Wi-Fi at the clubhouse and pool. In-unit amenities include washers/dryers in all units, granite countertops, oven/ranges, microwaves, dishwashers, Wi-Fi and walk-in closets.</p>			



**COMPARABLE STUDENT HOUSING SALE PROFILE SHEET
 SALE SHS-5**



Property Name:	Promenade Place	Construction Type:	Wood Frame on Podium
Address:	875 South Geneva Road	Quality/Condition:	Good/Good
City:	Orem	Number Of Stories:	4 Stories
County:	Utah	Number Of Buildings:	5 Buildings
State:	Utah	Number Of Units:	114 Units
A.P.N.:	49-863-0001	Number of Beds:	429 Beds
Year Built:	2017	Total Living Area:	116,418± Square Feet
Lot Size:	3.42± Acres	Density:	33.33 Units/Acre
Recording Date:	August 1, 2019	Price Per Unit:	\$320,175
Document #:	72582-2019	Price Per Bed:	\$85,082/Bed
Sale Price:	\$36,500,000	Price Per Square Foot:	\$314/SF
Grantor:	SHUV, LLC	Terms Of Sale:	None
Grantee:	MK III Holdings, LLC	Verified By:	Rawley Nielsen, Colliers
<u>Number Of Units</u>		<u>Type Of Unit</u>	
9		Studio	Unknown*
96		4 Bed/2 Bath	Unknown*
9		4 Bed/4 Bath	Unknown*
Net Operating Income:	\$1,740,404	NOI/Bed:	\$15,267
NOI/Unit:	\$4,057	Overall Cap Rate:	4.77%
* Actual Square Footages for Promenade Place are unknown; however, according to the Offering Memorandum for the property, the Total Living Area is 116,418± square feet.			
Promenade Place is a 114-unit student housing development constructed in 2016, located near Utah Valley University in Orem, Utah. The project includes a clubhouse, fitness center, grills, a spa, elevator serviced buildings and bike storage. In-unit amenities include washers/dryers in all units, granite countertops, oven/ranges, microwaves, dishwashers, nine-foot ceilings and balconies for most units. According to one of the listing brokers, Mr. Rawley Nielsen with Colliers International, the transaction closed at \$36,500,000. The original asking price was set at \$40,395,000.			



SALES COMPARISON APPROACH ANALYSIS & CONCLUSION-APARTMENTS

In this analysis, four student housing project sales have been utilized. The sales are summarized in the chart below.

STUDENT HOUSING SALES SUMMARY CHART							
Sale	Project Name	Project Type	Date of Sale	Sale Price	Price Per Unit	Price Per Bed	Price Per SF
SHS-1	The Spoke Student Living	Student	3/1/2018	\$50,250,000	\$209,375	\$146,076	\$304
SHS-2	Wolf Run Village & Wolf Run East	Student	8/1/2018	\$30,900,000	\$219,149	\$79,231	\$191
SHS-3	The U	Student	12/3/2018	\$76,000,000	\$575,758	\$150,794	\$455
SHS-4	Rebel Place	Student	6/13/2019	\$23,000,000	\$147,436	\$47,917	\$128
SHS-5	Promenade Place	Student	8/1/2019	\$36,500,000	\$320,175	\$85,082	\$314
	LOW		3/1/2018	\$23,000,000	\$147,436	\$47,917	\$128
	HIGH		8/1/2019	\$76,000,000	\$575,758	\$150,794	\$455
	AVERAGE		12/9/2018	\$43,330,000	\$294,379	\$101,820	\$278
	MEDIAN		12/3/2018	\$36,500,000	\$219,149	\$85,082	\$304

Given the disparity in physical characteristics, dates of sale and minimal number of transactions of similar properties to the subject, analysis of quantitative adjustments to the comparable sales is not considered to be reliable. As a result, we have made qualitative adjustments to the comparable sales for such items as market conditions, location, unit size, quality, age, condition, parking and amenities.

The following chart sets forth a summary of the adjustments required of the sale properties in comparison to the sale property. An upward adjustment (+) is made to the comparable sales price per unit when the subject is considered superior to that comparable for a particular criteria; likewise, a downward adjustment (-) is made when the subject is considered inferior to the comparable for a particular criteria.



STUDENT HOUSING SALES ADJUSTMENT CHART						
Sale Number	Subject	SHS-1	SHS-2	SHS-3	SHS-4	SHS-5
Project Name	Ponderosa Village	The Spoke Student Living	Wolf Run Village & Wolf Run East	The U	Rebel Place	Promenade Place
Sale Date	10/12/2018	3/1/2018	8/1/2018	12/3/2018	6/13/2019	8/1/2019
Unadjusted Price/Bed	N/A	\$146,076	\$79,231	\$150,794	\$47,917	\$85,082
Interest	Leasehold Interest	Leased Fee -	Leased Fee -	Leased Fee -	Leased Fee -	Leased Fee -
Financing Terms	Assumes Cash	Cash Equiv. =	Cash Equiv. =	Cash Equiv. =	Cash Equiv. =	Cash Equiv. =
Conditions of Sale	Assumes None	None =	None =	None =	None =	None =
Expenditures After Sale	Assumes None	N/A =	N/A =	N/A =	N/A =	N/A =
Market Conditions	8/13/2019	3/1/2018 +	8/1/2018 +	12/3/2018 +	6/13/2019 =	8/1/2019 =
Zoning	Use Allowed	Use Allowed =	Use Allowed =	Use Allowed =	Use Allowed =	Use Allowed =
General Location	Reno	Davis -	Reno =	Davis -	Las Vegas +	Orem =
Condition	Good	Average +	Average/New = / -	Good =	Good =	Good =
Average Unit Size	892 SF	690 SF +	1,149 SF -	1,267 SF -	1,150 SF -	1,021 SF -
Amenities	Minimal	Good -	Good -	Good -	Good -	Good -
Other Adjustments	N/A =	None =	None =	None =	None =	None =

The comparable sales indicate a range, unadjusted, of between \$47,917 per bed and \$150,794 per bed. The sales have been adjusted for market conditions, as brokers interviewed indicated that the market has picked up considerably over the past several years, and rents are expected to increase within the student housing sector over the next year.

In analyzing an appropriate per bed price applicable to the subject project upon stabilization, consideration is given to the comparable sales. In order to analyze the comparable apartment sales, we have also analyzed the sales based upon a net operating income basis. In this analysis, the net operating incomes indicated by the comparable sales were compared to our projected net operating income for the subject. The chart below summarizes this analysis.



NET OPERATING INCOME ADJUSTMENT SUMMARY CHART						
Sale Number Project Name	Actual NOI	# Units # Beds SF	NOI Per Unit NOI Per Bed NOI Per SF	\$/Unit \$/Bed \$/SF	Adjustment Per Unit Adjustment Per Bed Adjustment Per SF	Adjusted Per Unit Adjusted Per Bed Adjusted Per SF
SHS-1 The Spoke Student Living	\$2,386,875	240 344 165,550	\$9,945 \$6,939 \$14.42	\$209,375 \$146,076 \$304	1.1409 0.9509 0.8827	\$238,874 \$138,905 \$267.94
SHS-2 Wolf Run Village & Wolf Run East	N/A	141 390 161,961	N/A N/A N/A	\$219,149 \$79,231 \$191	N/A N/A N/A	\$219,149 \$79,231 \$190.79
SHS-3 The U	\$3,876,000	132 504 167,208	\$29,364 \$7,690 \$23.18	\$575,758 \$150,794 \$455	0.3864 0.8579 0.5490	\$222,481 \$129,372 \$249.56
SHS-4 Rebel Place	\$1,437,500	156 480 179,428	\$9,215 \$2,995 \$8.01	\$147,436 \$47,917 \$128	1.2313 2.2032 1.5886	\$181,544 \$105,568 \$203.64
SHS-5 Promenade Place	\$1,740,404	114 429 116,418	\$15,267 \$4,057 \$14.95	\$320,175 \$85,082 \$314	0.7432 1.6264 0.8513	\$237,961 \$138,374 \$266.92
Subject Ponderosa Village	\$1,497,741 Projected	132 227 117,679	\$11,347 \$6,598 \$12.73	--- --- ---	--- --- ---	--- --- ---
MINIMUM PER UNIT	---	---	\$9,215	\$147,436	0.3864	\$181,544
MINIMUM PER BED	---	---	\$2,995	\$47,917	0.8579	\$79,231
MINIMUM PER SF	---	---	\$8.01	\$128.19	0.5490	\$190.79
MAXIMUM PER UNIT	---	---	\$29,364	\$575,758	1.2313	\$238,874
MAXIMUM PER BED	---	---	\$7,690	\$150,794	2.2032	\$138,905
MAXIMUM PER SF	---	---	\$23.18	\$454.52	1.5886	\$267.94
AVERAGE PER UNIT	---	---	\$15,948	\$294,379	0.8755	\$220,002
AVERAGE PER BED	---	---	\$5,420	\$101,820	1.4096	\$118,290
AVERAGE PER SF	---	---	\$15.14	\$278.11	0.9679	\$235.77
MEDIAN PER UNIT	---	---	\$12,606	\$219,149	0.9421	\$222,481
MEDIAN PER BED	---	---	\$5,498	\$85,082	1.2886	\$129,372
MEDIAN PER SF	---	---	\$14.68	\$303.53	0.8670	\$249.56

Adjusted for Net Operating Income based upon our projected net operating income for the subject and the incomes of the sales, the comparables indicate a range in price per bed of between \$79,231 and \$138,905, an average of \$118,290 and a median of \$129,372.

In particular, consideration is given to Sale SHS-2, which is within the same direct submarket as the subject property. An actual net operating income was not available for the sale, as it involved two properties, one of which was newly constructed and less than 50% occupied at the time of sale. The buyer's broker, Mr. Ben Nelson of NAI Alliance, indicated that the seller was only able to provide older financial information, which indicated an overall cap rate of 4% (\$1,236,000 indicated net operating income); however, he did not feel that it was indicative of the two properties jointly. Overall, as the subject property is located directly on campus, it is felt to have a superior location to Sale SHS-2.



Based upon our comparison and correlation of the sales to the subject, we have concluded a value per bed for the subject's 227 beds of \$120,000. Applying this figure to the subject's 227 beds results in a value of \$27,240,000, which is rounded to \$27,200,000.

SALES COMPARISON APPROACH TO VALUE CONCLUSION				
Property ID	Value Addressed	Property Rights Appraised	Effective Date Of Value	Value Conclusion
Ponderosa Village	Market Value	Leasehold Interest	October 24, 2019	\$27,200,000



FINAL PROPERTY VALUE CONCLUSION

In this portion of the appraisal, the appraiser weighs the relative significance, applicability and defensibility of each of the indications of value derived from each of the approaches to value. The appraiser then places the most weight and reliance upon the method which, in his professional judgment, best approximates the value being sought in the appraisal.

Market value is that value which most nearly represents what a typical, informed, rational purchaser would pay for the subject property, if it were available for sale on the open market, as of the date of appraisal, given all data analyzed in this report. In the preceding sections of this appraisal report, we utilized a Direct Capitalization Approach and a Sales Comparison Approach, to arrive at the Market Value of the subject property as of October 24, 2019. The following chart summarizes the indicated values.

MARKET VALUE SUMMARY-BY APPROACH TO VALUE	
Effective Date of Value	October 24, 2019
Cost Approach to Value	Not Utilized
Income Approach to Value-Direct Capitalization	\$28,500,000
Sales Comparison Approach to Value	\$27,200,000

The Income Approach to Value was completed utilizing a Direct Capitalization Analysis. The Income Approach to Value is considered a very reliable indication of value. Investors in student housing projects typically view the income producing capabilities of a project as the most important factor when purchasing a project. The Income Approach to Value is felt to be well supported by comparable data from market other student housing projects in the market. Overall capitalization rates indicated by recent student housing project sales are felt to support a reliable indication of value. Overall, the Income Approach to Value is considered a very reliable indication of value, and is given the most weight.

In the Sales Comparison Approach to Value, the sales of several student housing projects were compared with the subject property using a price per bed basis. A number of regional sales were available to compare to the subject. Differences in location made the Sales Comparison Approach more subjective than the Income Approach to Value, due to the regional nature of the sales. However, the Sales Comparison Approach to Value does support the Income Approach to Value.



If exposed on the open market, it is likely that a potential buyer would rely on an Income Approach to Value. In the final analysis, the Income Approach to Value is given the most weight, although it is recognized that the Sales Comparison Approach does support the value from the Income Approach. Based upon a review of the available data, and with consideration given to the analysis as set forth above, it is our opinion that the Leasehold Market Value of the subject property as of the effective date is as follows:

FINAL MARKET VALUE CONCLUSION				
Property ID	Value Addressed	Property Rights Appraised	Effective Date Of Value	Value Conclusion
Ponderosa Village	Market Value	Leasehold Interest	October 24, 2019	\$28,000,000



EXPOSURE AND MARKETING TIME

Exposure time is defined as the length of time that would have been necessary to expose the property on the open market, in order to have consummated the sale at the effective date of valuation. This analysis assumes the property was marketed at the value conclusion contained in this report.

Marketing time, on the other hand, is the time necessary to consummate a sale of the subject property assuming that a marketing effort is begun as of the effective date of valuation and that the property is marketed at the final property value conclusion contained in this report.

In arriving at an estimate of an appropriate exposure and marketing time for the subject property, consideration is given the subject property's physical characteristics and the existing ground lease encumbrance. Consideration is also given to the exposure and marketing times of the competing buildings utilized in the Sales Comparison Approach to Value, and interviews with brokers and property managers familiar with similar properties.

Based upon a review of the available data, it is our opinion that an appropriate exposure and marketing time for the subject property, assuming it is marketed at its final property value conclusions, would be approximately six months.

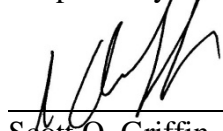
EXPOSURE & MARKETING TIME CONCLUSIONS		
Property ID	Exposure Time	Marketing Time
Ponderosa Village	Approximately 6 Months	Approximately 6 Months

CERTIFICATION

Each of the undersigned does hereby certify that, unless otherwise noted in this appraisal report, that they do certify to the best of their belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed services, as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Scott Griffin has completed the requirements under the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Respectfully Submitted,



Scott Q. Griffin, MAI
Nevada Certified General Appraiser
License Number A.0003504-CG



Sarah K. Fye, MBA
Nevada Registered Appraiser Intern
Registration Number A.0207292-INTR



STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

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

LIMITS OF LIABILITY

This report was prepared by Johnson Perkins Griffin, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Johnson-Perkins Griffin, LLC, as employees, not as individuals. The liability of Johnson Perkins Griffin, LLC and its employees and associates is limited to the client only and to the fee actually received by the appraisal firm. There is no accountability, obligation, or liability to any third party. If the appraisal report is disseminated to anyone other than the client, the client shall make such party or parties aware of all limiting conditions and assumptions affecting the appraisal assignment. Neither the appraisers nor the appraisal firm is in any way to be responsible for any costs incurred to discover or correct any physical, financial and/or legal deficiencies of any type present in the subject property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in the event of a lawsuit brought by a lender, a partner or part owner in any form of ownership, a tenant or any other party, the client will hold the appraiser(s) and the appraisal firm completely harmless in such action with respect to any and all awards or settlements of any type in such lawsuits.

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

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

CONFIDENTIALITY

Except as provided for subsequently, neither the appraiser(s) nor the appraisal firm may divulge the analyses, opinions or conclusions developed in the appraisal report, nor may they give a copy of the report to anyone other than the client or his designee as specified in writing. However, this condition does not apply to any requests made by the Appraisal Institute for purposes of confidential ethics enforcement. Also, this condition does not apply to any order or request issued by a court of law or any other body with the power of subpoena.



INFORMATION SUPPLIED BY OTHERS

Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s). Neither the appraiser(s) nor the appraisal firm is liable for any information or the work product provided by subcontractors. The client and others utilizing the appraisal report are advised that some of the individuals associated with Johnson Perkins Griffin, LLC are independent contractors and may sign the appraisal report in that capacity. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. To the best of our judgment and knowledge, all such information is considered appropriate for inclusion. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction involving a sale, a lease or any other commitment of funds with respect to the subject property.

TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE

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

EXHIBITS AND PHYSICAL DESCRIPTIONS

It is assumed that the improvements and the utilization of the land are within the boundaries of the property lines of the property described in the report and that there is no encroachment or trespass unless noted otherwise within the report. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in the report are there to assist the reader in visualizing the property and are not necessarily drawn to scale. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS

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



ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS

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

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

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

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is given as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating systems, air conditioning systems, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a mechanical and/or structural inspection be made by a qualified and licensed contractor, a civil or structural engineer, an architect or other experts. This appraisal report is based on the assumption that there are no hidden, unapparent or apparent conditions on the property or improvements which would materially alter the value as reported. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and standard for the properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made in the appraisal as to the adequacy of insulation, the type of insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

TOXIC MATERIALS AND HAZARDS

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report the presence of any potentially toxic materials and/or condition such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyl, pesticides, lead-based paints or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such potentially toxic materials and/or conditions. If any potentially toxic materials and/or conditions are present on the property, the value of the property may be



adversely affected and a re-appraisal at an additional cost may be necessary to estimate the effects of such circumstances.

SOILS, SUB-SOILS, AND POTENTIAL HAZARDS

It is assumed that there are no hidden or unapparent conditions of the soils or sub-soil which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, the land and the soil in the area being appraised appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. Neither the appraiser(s) nor the appraisal firm is liable for any problems arising from soil conditions. These appraisers strongly advise that, before any funds are committed to a property, the advice of appropriate experts be sought.

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

Neither the appraiser(s) nor the appraisal firm assumes responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

ARCHEOLOGICAL SIGNIFICANCE

No investigation has been made by the appraiser and no information has been provided to the appraiser regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

LEGALITY OF USE

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

COMPONENT VALUES

Any distribution of the total value between the land and improvements, between partial ownership interests or any other partition of total value applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis.

COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. It is assumed that the property is in direct compliance with the various detailed requirements of the ADA.



AUXILIARY AND RELATED STUDIES

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

DOLLAR VALUES AND PURCHASING POWER

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

ROUNDING

Some figures presented in this report were generated using computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.

QUANTITATIVE ANALYSIS

Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report.

VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER

All values shown in the appraisal report are projections based on our analysis as of the date of valuation of the appraisal. These values may not be valid in other time periods or as conditions change. Projected mathematical models set forth in the appraisal are based on estimates and assumptions which are inherently subject to uncertainty and variations related to exposure, time, promotional effort, terms, motivation, and other conditions. The appraiser(s) does not represent these models as indicative of results that will actually be achieved. The value estimates consider the productivity and relative attractiveness of a property only as of the date of valuation set forth in the report.

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

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



ECONOMIC AND SOCIAL TRENDS

The appraiser assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of value of this appraisal. The appraiser is not obligated to predict future political, economic or social trends.

EXCLUSIONS

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

SUBSURFACE RIGHTS

No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

PROPOSED IMPROVEMENTS, CONDITIONED VALUE

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

MANAGEMENT OF PROPERTY

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

FEE

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

LEGAL EXPENSES

Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.



CHANGES AND MODIFICATIONS

The appraiser(s) reserves the right, at the cost of the client, to alter statements, analyses, conclusions, or any value estimates in the appraisal if any new facts pertinent to the appraisal process are discovered which were unknown on the date of valuation of this report.

DISSEMINATION OF MATERIAL

Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, new media or other public means of communication without the prior written consent and approval of the appraiser(s).

The acceptance and/or use of the Appraisal Report by the client or any third party constitutes acceptance of the Assumptions and Limiting Conditions set forth in the preceding paragraphs. The appraiser's liability extends only to the specified client, not to subsequent parties or users. The appraiser's liability is limited to the amount of the fee received for the services rendered.



QUALIFICATIONS OF APPRAISER SCOTT QUINN GRIFFIN

Professional Designations

MAI-Member Appraisal Institute (MAI Designation Number 12359) 2005

State Licensing and Certification

Certified General Appraiser – State of Nevada 2000
License Number A.0003504-CG (Certified Through 03/31/2020)

Offices Held

Board of Directors-Reno/Carson/Tahoe Chapter Appraisal Institute 2009-2013
Treasurer-Reno/Carson/Tahoe Chapter Appraisal Institute 2002-2003
President-University of Nevada Young Alumni Chapter 1999

Appraisal Education and Technical Training

Appraisal Institute

- Course 110-Appraisal Principles 1997
- Course 120-Appraisal Procedures 1998
- Course 310-Basic Income Capitalization 1998
- Course 400-Uniform Standards of Professional Appraisal Practice Update 2004
- Course 410-Standard of Professional Practice-Part A 1999
- Course 420-Standard of Professional Practice-Part B 1999
- Course 510-Advanced Income Capitalization 1999
- Course 520-Highest & Best Use Analysis 2002
- Course 530-Advanced Sales & Cost Approaches 2004
- Course 540-Course Report Writing & Valuation Analysis 2003
- Course 550-Advanced Applications 2003

Other Courses and Seminars

- The High-Tech Appraisal Office 1997
- GIS Applications for Appraisal 1997
- Uniform Standard of Professional Appraisal Practice 2002
- Comprehensive Appraisal Workshop 2004
- Evaluating Commercial Construction 2006
- Attacking & Defending An Appraisal In Litigation 2007
- Analyzing Distressed Real Estate 2008
- 7-Hour National USPAP Update Course 2010/2012/2014/2016/2018
- Condemnation Appraising 2010
- Appraising Convenience Stores 2010
- Analyzing Distressed Real Estate 2012
- Apartment Appraisal, Concepts & Applications 2012
- Small Hotel/Motel Valuation 2012
- Business Practice & Ethics 2014
- Real Estate Finance Statistics and Valuation Modeling 2014
- The Discounted Cash Flow Model: Concepts, Issues, and Apps 2014
- Expert Witness for Commercial Appraisers 2016
- Analyzing Operating Expenses 2016
- Supervisor-Trainee Course (Nevada) 2016
- Comparative Analysis 2018
- The Discounted Cash Flow Analysis Model 2018
- Data Verification Methods 2018
- Eminent Domain and Condemnation 2018

Formal Education

University of Nevada, Reno 1995
Bachelor of Science in Business Administration; Major-Finance, Minor-Economics

Occupational History

Johnson Perkins Griffin, LLC 03/2015-Present
Johnson-Perkins & Associates 03/1997-02/2015



QUALIFICATIONS OF APPRAISER SCOTT QUINN GRIFFIN

Types of Property Appraised

- Single Family Residences
- Condominiums
- Vacant Residential Lots
- Subdivisions
- Vacant Commercial Land
- Industrial Buildings/Warehouses
- Shopping Centers
- Retail Buildings
- Professional/Medical Office Buildings
- Apartment Complexes
- Affordable Housing Apartment Complexes
- Hotels/Motels
- Casinos/Hotel-Casinos
- Farmland/Ranchland
- Various Special Use Properties
- Condemnation Appraisals
- Right-Of-Way Appraisals
- Conservation Easements

Admitted as Expert Witness

- United States District Court, District of Nevada
- United States Bankruptcy Court, District of Nevada
- United States District Court
- Superior Court-State of California
- Washoe County District Court
- Washoe County Board of Equalization
- Nevada State Board of Equalization

APPRAISER CERTIFICATE

STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY

NOT TRANSFERABLE REAL ESTATE DIVISION NOT TRANSFERABLE

This is to Certify That : SCOTT Q GRIFFIN Certificate Number: A.0003504-CG

Is duly authorized to act as a CERTIFIED GENERAL APPRAISER from the issue date to the expiration date at the business address stated here in, unless the certificate is sooner revoked, cancelled, withdrawn, or invalidated.

Issue Date: April 3, 2018 Expire Date: March 31, 2020

In witness whereof, THE DEPARTMENT OF BUSINESS AND INDUSTRY, REAL ESTATE DIVISION, by virtue of the authority vested in Chapter 645C of the Nevada Revised Statutes, has caused this Certificate to be issued with its Seal printed thereon. This certificate must be conspicuously displayed in place of business.

FOR: JOHNSON PERKINS GRIFFIN, LLC REAL ESTATE DIVISION
245 E LIBERTY STREET, STE 100
RENO, NV 89501

SHARATH CHANDRA
Administrator





**QUALIFICATIONS OF APPRAISER
SARAH KIMBERLY FYE**

State Licensing and Certification

Certified General Appraiser – State of Nevada 2019
License Number A.0207950-CG (Certified Through 07/31/2021)

Appraisal Education and Technical Training

Appraisal Institute

Appraisal Principles 2015
Appraisal Procedures 2015
15-Hour National USPAP Course 2015
General Appraiser Income Approach/Part 1 2016
General Appraiser Income Approach/Part 2 2016
Business Practices & Ethics 2017
General Appraiser Report Writing and Case Studies 2018
General Appraiser Market Analysis and Highest & Best Use 2018
General Appraiser Site Valuation & Cost Approach 2019
General Appraiser Sales Comparison Approach 2019

Other Courses and Seminars

3-Hour Nevada Law 2015
Appraisal Supervisor/Trainee Course 2015
7-Hour National USPAP Update Course 2018

Formal Education

University of Nevada, Reno 2015
Master Business Administration; Emphasis-Marketing

University of Nevada, Reno

Bachelor of General Studies; Emphasis-Biology & Communications 2011

Occupational History

Johnson Perkins Griffin, LLC 08/2015-Present
Horizon Realty Advisors 09/2014-07/2015
The Dinerstein Companies 11/2013-09/2014
Compass Rock Real Estate 01/2013-11/2013
Gaston & Wilkerson Management Group 07/2010-01/2013

ADDENDA

Balfour Beatty Campus Solutions

10 Campus Boulevard ■ Newtown Square, PA 19073 ■ 610.355.8100 ■ bbcampussolutions.com

January 10, 2014

VIA FEDERAL EXPRESS

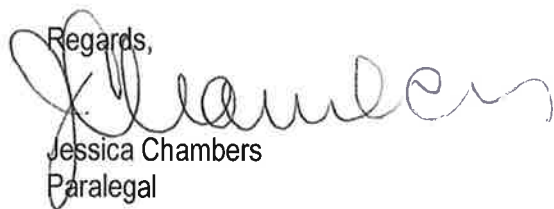
Nevada System of Higher Education
2601 Enterprise Road
Reno, NV 89512
Attn: Brooke Nielsen

**RE: BBCS – UN Reno Housing, LLC - University of Nevada, Reno
Graduate Student Housing Project**

Dear Ms. Nielsen:

Enclosed is one original of the fully executed Amended and Restated Ground and Improvements Lease for your records. If you have any questions, please contact the undersigned at 610-355-8042 or jchambers@bbcgrp.com.

Regards,



Jessica Chambers
Paralegal

Enclosures

AMENDED AND RESTATED GROUND AND IMPROVEMENTS LEASE

BY and BETWEEN

BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION,

on behalf of the UNIVERSITY OF NEVADA, RENO

("LANDLORD")

AND

BBCS-UN RENO HOUSING, LLC,

("TENANT")

Dated this 10th day of January, 2014

AMENDED AND RESTATED GROUND AND IMPROVEMENTS LEASE

PARTIES

This Amended and Restated Ground and Improvements Lease (this "**Lease**") is made and entered by and between Board of Regents of the Nevada System of Higher Education, on behalf of the University of Nevada, Reno ("**Landlord**" or "**UNR**"), and BBCS-UN RENO Housing, LLC, a Delaware limited liability company ("**Tenant**"), herein identified individually as a "**Party**" and collectively as the "**Parties**." The effective date of this Lease shall be the last date any authorized representative of the Parties executes this Lease as determined by the date set forth beside such Parties' signatures on the execution page of this Lease (the "**Effective Date**").

In consideration of the payment of Rent (as defined below) to be received from Tenant, and the covenants and agreements to be performed by Tenant and Landlord, respectively, as well as other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree that:

RECITALS

A. Landlord owns that certain real property located in Reno, Nevada, generally shown on the "**Lease Boundary**" attached as **Exhibit "A"** (together with all rights, privileges, easements and appurtenances belonging or in any way appertaining thereto, the "**Land**") and legally described on the attached **Exhibit "B"**. Landlord desires to lease the Land to Tenant for the purposes, terms and conditions defined in this Lease. The Land and Improvements (as defined below) are collectively referred to as the "**Premises**."

B. Tenant desires to, and Landlord shall, lease the Land to construct and operate a family and graduate student housing project (the "**Project**") with related facilities and improvements, including, but not limited to, housing units, parking, common areas, incidental landscaping and roadways, onsite utilities, lighting, sidewalks, equipment and other fixtures, buildings and structures (collectively, the "**Improvements**"), all upon and subject to the terms and conditions set forth in this Lease, the Master Development Agreement (as defined below) and in the Operating Agreement (as defined below). The Improvements shall be generally located on the Land as depicted on the Site Plan (as defined below) attached as **Exhibit "C"** and shall be built as set forth in the Master Development Agreement. Upon completion of construction of the Improvements, Tenant desires to, and Landlord shall, lease the Improvements, in addition to the Land, all upon and subject to the terms and conditions set forth in this Lease and the Operating Agreement.

C. UNR and Tenant have entered into a Preliminary Development Agreement, as amended and extended, pursuant to which Tenant and/or its affiliates were provided with the opportunity to and have conducted such feasibility studies as Tenant deems appropriate and necessary to proceed with the development of the Project.

D. The Landlord and Tenant (or its affiliate) shall negotiate and enter into a Master Development Agreement (the "**Master Development Agreement**"), which, when completed, will be attached as an exhibit to this Lease and incorporated herein by reference. Landlord shall ensure that the Master Development Agreement shall be, in form and substance, consistent with

applicable UNR policy and regulations, and the Master Development Agreement shall be, in form and substance, consistent with applicable State of Nevada statutes and regulations. The Master Development Agreement shall describe and address matters relating to the development and construction of the Improvements by a Nevada-licensed contractor and shall include provisions relating, but not limited, to: (i) review and approval of plans and specifications; (ii) financing documentation; (iii) insurance verification; (iv) construction contracts and schedules; (v) applicable governmental regulations and licensing; (vi) inspections; (vii) surveys; (viii) liens; and (ix) allocation of costs related to the Improvements.

E. The Landlord and Tenant (or its affiliate) shall negotiate and enter into an Operating Agreement (the “**Operating Agreement**”), which, when completed, will be attached as an exhibit to this Lease and incorporated herein by reference. Landlord shall ensure that the Operating Agreement shall be, in form and substance, consistent with applicable UNR policy and regulations, and the Operating Agreement shall be, in form and substance, consistent with applicable State of Nevada statutes and regulations. The Operating Agreement shall, *inter alia*, evidence the rights and obligations of Landlord and Tenant in connection with the management and operation of the Premises upon its completion, will identify all principal participants of the team that will be utilized in the management and operation of the Premises and will provide for the management plan for the management and operation of the Premises.

F. The Parties contemplate that Tenant shall enter into a property management agreement with a property manager pursuant to which the Premises will be managed during the Term of this Lease (“**Property Management Agreement**”), which shall be more particularly described in the Operating Agreement. UNR shall initially manage the Premises upon its completion pursuant to a Property Management Agreement to be entered into by and between Landlord and Tenant (or its affiliate), which shall be more particularly described in the Operating Agreement.

G. Tenant has received rights to encumber its leasehold interest and Personal Property (as defined herein) as more particularly set forth herein.

H. The Landlord and Tenant entered into that certain Ground and Improvements Lease dated as of August 2, 2013 (the “**Original Ground and Improvements Lease**”), and by entering into this Lease, Landlord and Tenant desire to amend and fully restate the Original Ground and Improvements Lease with the intention that this Lease shall supersede and replace the Original Ground and Improvements Lease in its entirety.

ARTICLE 1

PREMISES AND TERM OF LEASE

Section 1.01 Lease of Land and Improvements. Landlord hereby leases the Land to Tenant, and Tenant hereby leases the Land (together with all rights, privileges, easements and appurtenances belonging thereto or in any way appertaining to the Land) from Landlord, and, upon completion of construction and development of the Improvements as set forth in the Master Development Agreement, Landlord leases the Improvements to Tenant and

Tenant leases the Improvements (together with all rights, privileges, easements and appurtenances belonging thereto or in any way appertaining to the Improvements) from Landlord, upon and subject to the terms specified herein.

Section 1.02 Land Taken in "As Is" Condition. Tenant has had the opportunity to and has conducted such physical investigation of the Land and any developmental parameters of the Land as it has deemed necessary and has determined that it is sufficiently familiar with the Land to accept possession of the Land pursuant to the terms and conditions of this Lease. Except as specifically set forth herein, Landlord makes no express or implied warranties as to the physical condition of the Land, soil conditions, flood plain status, or any improvements located thereon. Tenant agrees that the Land shall be leased in an "as-is" and "as-shown" condition, subject to the encumbrances, conditions, covenants, easements, restrictions, rights-of-way and other matters affecting the Land as listed on **Exhibit "D"** (the "**Permitted Title Encumbrances**"), and all zoning, land use, subdivision, and all other laws, rules, regulations and judicial or administrative orders applicable to the Land or their use or occupancy, with no representation or warranty of any type or nature being made by Landlord, except as specifically set forth herein. Tenant agrees that it is leasing the Land solely upon the basis of its own investigation and not on the basis of any representation, express or implied, written or oral, made by Landlord or its agents, partners, co-venturers, or employees, except as specifically set forth herein. Without limiting the generality of the foregoing, Landlord makes no warranty as to the sufficiency of the Land for Tenant's purposes, including the Land, improvements, covenants, conditions and restrictions, water or water rights, topography, utilities, soil, subsoil, drainage, environmental or building laws, or rules or regulation, the square footage or acreage contained within the Land, the sufficiency or completeness of any plans for the Land, the approval of the Plans and Specifications, plats, zoning, or other development items relating to the Land, or as to any improvements on the Land, except as expressly set forth elsewhere in this Lease. Tenant acknowledges that any information provided by Landlord is provided without warranty or representation of any kind, except as expressly set forth herein. It shall be Tenant's responsibility, if it so desires, to confirm the reliability and accuracy of all material at its own expense. Tenant waives all claims and causes of action against Landlord arising from any inaccuracy, misstatement, false statement or other error contained in that material, including but not limited to all matters pertaining to Hazardous Materials (as hereinafter defined), unless any such error is the result of fraud, misfeasance, intentional misrepresentation or intentional misconduct of Landlord or its agents, employees or contractors. Tenant is deemed to accept the condition of the Land in its "AS IS" condition which is deemed to be free of defects and in good, clean and sanitary condition by taking possession of the Land, except as expressly set forth herein.

Section 1.03 Term of Lease. The term of this Lease is for a period commencing on the Effective Date (as defined hereinabove) and expiring at 11:59 p.m. on December 31, 2055 (the "**Term**"). This Lease is a legally binding agreement between the Parties as of the Effective Date, subject to certain termination rights as set forth herein, as such agreement may be extended for such period of time as may be agreed by mutual written agreement of the Parties. Tenant may not enter onto the Land or begin to enjoy rights of possession, however, until Tenant provides Landlord with written proof of compliance with the liability insurance provisions hereof. The term "Lease Year" refers to a period commencing on July 1 of each calendar year during the Term and expiring on June 30 of the immediately succeeding calendar year, except

that if the first "Lease Year" does not commence on July 1, 2013, the first "Lease Year" shall include the period between the Effective Date and June 30, 2014, and the last "Lease Year" shall include the period from July 1, 2055 through December 31, 2055.

Section 1.04 Quiet Enjoyment; Landlord's Warranty of Title. Landlord covenants, warrants and represents that: (a) As fee simple owner, it has good and marketable (and insurable at regular rates) title to the Land as herein provided and, upon completion of the Improvements, good and marketable (and insurable at regular rates) title to the Improvements; (b) It has full right and lawful authority to execute and perform its obligations under this Lease for the Term, in the manner and upon these conditions and provisions; and (c) Tenant shall, subject to the provisions hereof, have quiet enjoyment and peaceable possession of the Premises during the Term.

ARTICLE 2

IMPROVEMENTS

Section 2.01 Master Development Agreement. Landlord and Tenant acknowledge and agree that the Improvements shall be constructed and developed by a Nevada-licensed contractor in accordance with the terms and provisions of the Master Development Agreement, attached hereto and the terms of which are incorporated herein by reference.

Section 2.02 Ownership of Improvements. All Improvements constructed, installed or placed on the Premises shall become affixed to the Land and shall thereupon become the property of Landlord, subject to the Tenant's (or the persons occupying the Premises) leasehold interest and exclusive possessory rights in the Improvements (subject to the rights of entry and inspection set forth in this Lease) during, and only during, the Term and no longer. Title in the Improvements shall pass to Landlord free and clear of any lien, claim or encumbrance other than the Permitted Title Encumbrances and such other liens, claims or encumbrances caused or imposed by Landlord or to which Landlord and Tenant may agree during the Term (each of which shall also constitute Permitted Title Encumbrances). During the Term, the Improvements shall not be conveyed, transferred or assigned by Landlord or Tenant, other than as expressly permitted pursuant to the terms of this Lease and/or the Operating Agreement. Any attempted conveyance, transfer or assignment of the Improvements, whether voluntarily or by operation of law or otherwise, to any person, corporation or other entity except as hereinabove or elsewhere in this Lease and/or the Operating Agreement provided is void ab initio and of no effect whatsoever.

(a) Notwithstanding the foregoing, Tenant may from time to time install and replace items of removable trade fixtures, machinery, equipment, furniture or other personal property of whatever kind and nature kept or installed on the Premises by Tenant or subtenants and utilized in connection with the operation of the Project and not permanently affixed to the Improvements ("**Personal Property**"), all of which shall remain the property of Tenant or any such subtenant or other occupant of the Premises, as the case may be, during the Term and upon the expiration or earlier termination of this Lease.

(b) Upon the expiration or any earlier termination of this Lease in accordance with the express terms of this Lease, all of Tenant's rights in the Improvements shall cease and terminate and the Improvements (but not the Personal Property) shall automatically and without further consideration remain the sole and absolute property of Landlord in its then "as-is, where-is" condition, free and clear of all liens and encumbrances created by or caused by Tenant (other than the Permitted Title Encumbrances), but subject to any rights of removal and retention that Tenant may have with respect to the Personal Property and as provided in subsection 5.02 below, unless an additional extension of the Term of this Lease is mutually agreed upon by the Parties.

(c) Within twenty (20) days after expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord a full release or any other applicable instrument reasonably acceptable to Tenant confirming that all of Tenant's rights in the Improvements (but not any rights with respect to Landlord that expressly survive expiration or earlier termination of this Lease) have expired, unless, with respect to early termination, Tenant or any Leasehold Mortgagee is disputing the termination of this Lease. Notwithstanding the foregoing, Tenant may, subject to Section 5.02, remove its Personal Property within sixty (60) days of termination or expiration of this Lease, as long as Tenant repairs any damage to the Improvements caused thereby.

(d) Upon the expiration or earlier termination of this Lease, the following will, without compensation to Tenant and at Landlord's election, vest in Landlord, (i) any prepaid rents to the extent attributable to periods after the Term of this Lease and security deposits under any subleases; (ii) Tenant's interest in any and all subleases; and (iii) all intangible property and property rights of Tenant (other than Personal Property) associated with or utilized in the operation of the Project and the Personal Property to the extent remaining on the Premises after expiration of the period set forth in subsection (c) above or as provided in Section 5.02 herein.

Section 2.03 Easements. At Tenant's request or as may be reasonably required in connection with development and use of the Premises, Landlord agrees to grant to Tenant and/or third parties future easements and rights of way on, over, across and through the Premises and adjacent property owned by Landlord as reasonably required to provide access, ingress, egress and utility services to the Premises and adjacent property owned by Landlord but limited to portions of adjacent property of Landlord where such easements will not, in the sole and absolute discretion of Landlord, materially interfere with Landlord's use of such adjacent property. Without limiting the foregoing, Landlord hereby grants to Tenant (and its tenants, subtenants and the contractors, employees, agents, suppliers, purveyors, customers, licensees and invitees) to serve the Premises during the Term of the Lease easements and rights of way to, from, across, over and through property owned or controlled by Landlord for access, ingress and egress to and from the Premises and adjoining public rights-of-way, and for the construction and use of driveways, roadways, parking areas, walkways, sidewalks, ramps, and other means of pedestrian or vehicular access, ingress, egress and parking as shown on **Exhibit "A,"** to serve the Premises. Landlord and Tenant shall agree upon the specific locations of such easements and rights of way to the extent not already depicted or identified in the specific locations set forth on **Exhibit "A"**.

In addition to, and without in any way limiting, the foregoing, each Party hereby reserves, grants and establishes to the other Party, its tenants and subtenants, and the contractors, employees, agents, suppliers, purveyors, customers, licensees and invitees of each of them, a nonexclusive reciprocal right, privilege and easement over, upon and across all access, sidewalks and driveway portions of its parcels, for vehicular and pedestrian ingress, egress and access ("**Access Easements**"). Except as may be reasonably necessary on a temporary basis in connection with construction, maintenance and/or repair work as may be undertaken by any Party, no walls, fences or barriers of any sort or kind shall be constructed or maintained on the Access Easements, or any portion thereof, that shall prevent or impair the use or exercise of the Access Easements or the free access and movement of the Parties, their tenants and subtenants, and the contractors, employees, agents, suppliers, purveyors, customers, licensees and invitees of each of them.

ARTICLE 3

RENT

Section 3.01 Rent. Tenant's obligation to pay Rent (as defined in Section 3.02 of this Lease) shall commence on the Rent Commencement Date. The "**Rent Commencement Date**" for (a) Base Rent shall be August 1, 2014, and (b) for Percentage Rent (as defined herein) shall be as set forth in Section 3.02(b) herein. "**Rent**" shall mean all Base Rent, Percentage Rent (as defined herein), Impositions (as defined in Section 4.02), if any, and any other amounts that Tenant is or becomes obligated to pay Landlord under this Lease. Tenant shall pay Landlord an annual rent (the "**Base Rent**") and a percentage rent (the "**Percentage Rent**") at the times and in the respective amounts computed under Section 3.02 hereof. Rent shall be payable to Landlord in United States currency, at the address specified, pursuant to the provisions of the Notice Section of this Lease and is delinquent if not paid within thirty (30) days following the date on which Rent is due and payable. Rent shall be paid to Landlord by Tenant without notice or demand, and without abatement, deduction or set-off of any kind.

Section 3.02 Determination of Base Rent and Percentage Rent.

(a) Base Rent. The annual Base Rent during the Term shall be Fifty Thousand Dollars (\$50,000.00) per year (the "**Base Rent**"). Commencing on first (1st) day of the Lease Year following the Rent Commencement Date, and on the first day of each Lease Year thereafter during the Term, including any renewal or extension of the Term (a "**Rent Adjustment Date**"), Base Rent shall be increased by Three Percent (3%). Base Rent shall be calculated and paid for the period from the Rent Commencement Date until the first day of the first full calendar quarter following the Rent Commencement Date, and for each calendar quarter thereafter. Rent shall be payable on the thirtieth (30th) day following the last day of each calendar quarter

(b) Percentage Rent. As additional Rent, commencing for the Lease Year which starts on July 1, 2019, payable in addition to all other amounts set forth in this Lease, Tenant shall pay to Landlord as "**Percentage Rent**" an amount computed by multiplying one and one half percent (1.5%) (the "**Percentage Rent Rate**"), times Gross Revenues (as hereinafter

defined). The Percentage Rent shall be payable within forty-five (45) days following the end of each calendar quarter during the Term of this Lease, subject to adjustment as provided below.

(i) **“Gross Revenues”** shall mean the total gross receipts of Tenant received in connection with the operation of the Project, including, but not limited to, rental of housing units and other facilities within the Premises, sales of goods and services at the Premises by Tenant, forfeited security deposits, prepaid rent, rentals (not including gross receipts of subtenants from their operations) and all other income derived from or connected to activities on or use of the Premises in connection with the operation of the Project, whether in cash, by check, credit card, debit card or otherwise, calculated on a cash basis. Gross Sales shall not include: (i) unforfeited security deposits; (ii) federal, state, and municipal excise, sales, and use taxes or similar impositions collected directly from customers or included as part of the sales price of any goods or services; (iii) proceeds realized from the sale of Personal Property previously utilized in connection with the operation of the Project but no longer necessary in connection therewith, which shall be deposited in the Capital Reserve Account; (iv) proceeds of any insurance other than business interruption insurance (or other insurance against loss of income); (v) taking or condemnation awards (other than on account of a temporary condemnation or taking as set forth in Section 16.01(a) herein); (vi) gross receipts or revenues received by subtenants or concessionaires of the Project; (vii) proceeds from any financing or refinancing; (viii) proceeds of any judgment or settlement not received as compensation for actual or potential loss of Gross Revenues or a category of net income; and (ix) interest earned on the Capital Reserve Account, which shall be deposited in the Capital Reserve Account.

(ii) Within forty-five (45) days after the end of each calendar quarter, Tenant shall provide to Landlord a written report reflecting the Tenant’s Gross Revenues for such quarter and the manner in which the same was computed for such quarter. Within sixty (60) days after the end of each Lease Year following the Rent Commencement Date, Tenant shall provide to Landlord a written report reflecting the Tenant’s cumulative Gross Revenues for such Lease Year and the manner in which the same was computed for such Lease Year. Tenant may delegate its reporting obligations under this subsection (ii) to the property manager in accordance with the terms of the Property Management Agreement.

(iii) Upon receipt of the annual report for a Lease Year, Landlord shall determine the actual Percentage Rent for such Lease Year and the amount of any overpayment or shortfall of Percentage Rent paid quarterly by Tenant during such Lease Year. If, based on the annual report for a calendar year, it is determined that Tenant has overpaid the Percentage Rent for such year, Tenant shall be entitled to a credit for such overpaid amount against amounts due as Percentage Rent with such credit to apply ratably to Percentage Rent due during the remaining quarters in the calendar year succeeding the calendar year in which the over payment has occurred (or if not paid in full at the expiration or earlier termination of this Lease, Landlord shall pay to Tenant the remaining amounts due Tenant in a lump sum payment). If, based on the annual report for a calendar year, it is determined that Tenant has underpaid the Percentage Rent for such year, Tenant shall pay such shortfall amount together with the next monthly payment of Base Rent. Any such credit or additional payment attributable to such prior calendar year shall not be included in determining Percentage Rent payments made for any succeeding calendar year (other than applying the credit as hereinabove provided).

Section 3.03 Accounting. Landlord may conduct an audit of Tenant's books and records to determine the accuracy of any annual report by giving Tenant fifteen (15) days' written notice of its intent to conduct such audit, such written notice to be given not more than one hundred eighty (180) days after receipt of such annual report. Upon receipt of such notice, Tenant shall make available to Landlord or Landlord's agent for audit all of its books and records reasonably necessary to determine the accuracy of the annual report, such audit to occur at the Premises or at Tenant's offices on the Premises. Included in the books and records which Tenant shall make available shall be all ledgers, journals, tax returns and other records which bear on determining Tenants Gross Revenues. If such audit shall determine that the annual report resulted in an understatement of Percentage Rents by more than Three Percent (3%) of the corrected Percentage Rent, Tenant shall pay the reasonable cost of such audit, otherwise the cost of the audit shall be borne by Landlord. If Tenant shall fail to timely provide any quarterly or annual report, Landlord may reasonably estimate Gross Revenues for the relevant period and provide Gross Revenues so estimated shall be binding on Tenant absent error. In no event shall Landlord be entitled to use an auditor that conducts such audit on a contingent fee basis.

Section 3.04 Triple Net Lease. It is the purpose and intent of Landlord and Tenant that, except as expressly set forth in this Lease and/or the Operating Agreement, the Rent shall be absolutely net to Landlord, so that this Lease shall yield net Rent to Landlord, the Rent specified in this Article during the Term; and that obligations of every kind and nature whatsoever relating to the Land, excepting as expressly set forth in this Lease and/or the Operating Agreement, which may arise or become due during the Term, shall be paid or discharged by Tenant directly to the applicable agency as "Impositions" (as set forth in Section 4.02 of this Lease).

Section 3.05 Interest on Past Due Obligations. Any amount owed by Tenant to Landlord which is not paid when due and which remains unpaid for a period of ten (10) days or more, shall bear interest at the rate of twelve percent (12%) per annum on all unpaid amounts until such amounts are paid to Landlord. The payment of interest on those amounts shall not excuse or cure any default by Tenant under this Lease. If the interest rate specified in this Lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law.

Section 3.06 Partial Rent. Payment by Tenant or receipt by Landlord of a lesser amount than the Rent or other charges due hereunder shall be deemed to be on account of the earliest due stipulated Rent or other charges. No endorsement or statement on any check or any letter accompanying any check or payment shall be deemed an accord and satisfaction. Landlord may accept a check or payment without prejudice to Landlord's right to recover the balance of Rent or other charges or pursue any other remedy in this Lease.

Section 3.07 No Offset, Abatement or Deduction. Tenant shall pay Rent to Landlord without notice or demand and free of any offset, diminution, abatement or other deduction whatsoever, except as expressly set forth in this Lease. The Parties intend that the obligations of Tenant hereunder shall be separate and independent covenants and shall continue unaffected unless such obligations shall have been modified or terminated pursuant to an express provision of this Lease.

ARTICLE 4

PAYMENT OF TAXES, ASSESSMENTS, UTILITIES & OTHER IMPOSITIONS

Section 4.01 Tenant to Pay Certain Taxes, Utilities, Impositions Etc. Before any fine, penalty, interest or cost is incurred, Tenant shall pay or cause to be paid (except as provided below), to the extent applicable to the Premises, all real estate taxes, personal property taxes, sales and use taxes, value added taxes, live entertainment taxes, business and occupation taxes, and all fees associated with the operation of the Project, and any and all other federal, state, county and municipal governmental and quasi-governmental levies, fees, rents, assessments or taxes and charges (collectively, the “**Taxes**”), now or hereinafter imposed on the Premises or the operation of the Project, including assessments, sanitary sewer, storm sewer and solid waste disposal, water meter and water charges, license and permit fees, charges for public utilities and all other costs, charges or expenses that benefit the Land which during the Term may have been, or may be imposed upon, or become a lien on the Land and for which Tenant is expressly responsible under this Lease or the Operating Agreement. In the event that any of these utilities for which Tenant is expressly responsible are supplied to the Premises by Landlord, Tenant will ensure installation of required meters and pay monthly its portion of these utility costs to Landlord within fifteen (15) days of receipt of invoices. In the event any utilities are supplied by Tenant to Landlord’s adjoining parcels, Landlord will ensure installation of required meters and pay monthly its portion of these utility costs to Tenant within fifteen (15) days of receipt of invoices.

Section 4.02 Impositions. Tenant shall pay (directly to the applicable agency, if applicable) without notice, except as may be required in this Lease, and without abatement, deduction or set-off, as “**Impositions**” all costs and expenses arising from the operation of the Premises which are the express obligation of Tenant pursuant to the terms of this Lease or the Operating Agreement, including, but not limited to, maintenance, repair, replacement of all Improvements located thereon, such as roadways, sidewalks and landscaping; utilities; trash pickup; costs associated with providing property management (except as set forth in the Property Management Agreement); safety and security for the Premises; insurance (as set forth in Article 6 of this Lease); Taxes (as defined in Section 4.04 of this Lease); costs in connection with the matters covered by Article 7 of this Lease (except as set forth in the Property Management Agreement); premiums, fees, interest, charges, reimbursements and/or expenditures imposed by or resulting from the application of statutes or regulations, of any federal, state, county, municipal or other governmental body or agency performing a governmental or other function; or are incurred to reduce energy consumption or costs and expenses necessary or to protect the health and safety of guests or occupants or to improve the appearance or utility of the Improvements; and obligations of every kind and nature (excepting as otherwise payable by Landlord or a third party, if any, as provided in this Lease, the Operating Agreement or the Property Management Agreement) which arise and become due during the Term pursuant to the terms of this Lease or the Operating Agreement.

Section 4.03 Impositions for Material Changes. Any material changes in the Improvements or Site Plan requested by Tenant which increase Landlord’s cost of holding the Land, at Landlord’s option, shall be paid for by Tenant or be recovered by a reasonable increase in the Rent. In this case, Landlord shall provide Tenant with an explanation of the additional

costs and a statement of the revised Rent, which statement shall become an amendment to this Lease.

Section 4.04 Payment of Taxes; Payment in Installments; Tenant's Right to Contest. In addition to the Rent, Tenant shall pay to the appropriate taxing authority all Taxes levied on or assessed against the Land, the Improvements or any Personal Property located on the Land, the leasehold and any leasehold or subleasehold estate created by any sublease, that are attributable to the Term or the operation of Tenant's business on the Premises, unless such Taxes are expressly excluded herein or such Taxes do not apply or with respect to which Tenant or the Premises is exempt. Tenant shall pay the Taxes, or any installment of the Taxes if permitted to be paid in installments, before the day on which any interest or penalty is imposed upon such payment whether belonging to or chargeable against Landlord or Tenant. Tenant shall have the right to contest in good faith the imposition of any Taxes. At the beginning and end of the Term, Landlord and Tenant shall prorate the Taxes, if any, payable so that Tenant is responsible only for paying Taxes with respect to the Term. To the extent required by Chapter 361 of the Nevada Revised Statutes, Tenant shall be responsible for payment of all real property taxes and assessments, including special assessments and any assessment imposed by a business improvement district in which any part of the Premises is located. Tenant releases and holds harmless Landlord, its officers, employees and agents from all claims, liabilities, losses, costs and expenses, including attorneys' fees, which may arise from Tenant's obligations to pay Taxes, including, but not limited to, those under Nevada Revised Statutes Chapter 361, if any. It is the express intention and understanding of Landlord and Tenant that Tenant shall be entitled to the benefit of any exemption or abatement of Taxes applicable to the Premises or the Project, or any of Tenant's right, title and interest in the Premises or the Project, as a result of the ownership of the Land and the Improvements by Landlord. Nothing contained herein shall be interpreted or construed as a consent by Landlord or Tenant to any taxing authority for the imposition of any Tax on the Premises or the Project or any of Tenant's interest in the Premises or the Project as a result of Landlord and Tenant entering into this Lease.

Section 4.05 Landlord to Pay Its Taxes. Tenant is not obligated to pay state or federal income, excess profits or revenues taxes, or any estate, inheritance, gift, capital gains, franchise tax, business or occupational tax, license fee, transfer or any other tax or assessment assessed or imposed against Landlord with respect to this Lease (including, but not limited to, the Rent), unless it is assessed solely because of its status as a Landlord hereunder or is computed by reference to gross receipts on gross rentals payable by Tenant hereunder.

Section 4.06 Tenant's Right to Contest Taxes. Tenant may contest the amount or validity, in whole or in part, of any Taxes or Imposition by appropriate proceedings diligently conducted in good faith.

Section 4.07 Landlord As Party To Contest. Landlord is not required to join in any proceedings referred to in the preceding section unless the provisions of any law, rule or regulation, at the time in effect, require that the proceedings be brought by or in the name of Landlord, in which event, Landlord shall join in the proceedings or permit the same to be brought in its name upon compliance with those conditions reasonably required by Landlord. Landlord shall not ultimately be subjected to any liability for the payment of any fees, including

reasonable counsel fees, cost and expenses. On demand, Tenant shall reimburse Landlord for any payments by Landlord, including late charges, interest, attorneys' fees, costs and expenses.

Section 4.08 Evidence That Imposition Is Due. The certificate, advice or bill of the appropriate official may be relied on by Landlord as sufficient evidence that an Imposition is due and unpaid.

Section 4.09 Tenant As Agent For Making Payments. Landlord appoints Tenant the attorney-in-fact of Landlord for the purpose of making all payments to be made by Tenant pursuant to any of the provisions of this Lease to persons or entities other than Landlord.

Section 4.10 Changes in Taxing Methods. If any authority having the power to tax or assess shall alter the methods and/or standards of taxation and assessment in existence as of the date of this Lease against the interests of Landlord in the Premises, in whole or in part, so as to impose a different or additional tax plan, all taxes or assessments based upon such other tax plan shall be considered as "Taxes" for purposes of this Lease, including without limitation (1) a tax, assessment, surcharge, fee, levy, penalty, bond or similar imposition (collectively, "Assessments") on Landlord's right to rental or other income from the Premises or as against Landlord's business of leasing the Premises, (2) any Assessments allocable to or measured by the area of the Premises, (3) any Assessments with respect to the possession, leasing, operation, maintenance, alteration, use or occupancy by Tenant of the Premises, (4) any Assessments upon the Lease transaction or any document to which Tenant is a party which creates or transfers any interest or estate in or to the Premises, or (5) any special, unforeseen or extraordinary Assessments however described.

Section 4.11 Personal Property Taxes. Tenant shall pay, prior to delinquency, all taxes assessed against or levied upon all Personal Property located in or upon the Premises ("Taxed Personal Property"). Tenant shall cause all Taxed Personal Property to be assessed and billed separately from the real property of which the Premises are a part. Tenant shall deliver a copy of all forms filed with the State of Nevada (if required) within five business days after mailing or delivering the form to the State.

Section 4.12 If Imposition Is Unpaid, After Notice, Either Party May Pay. Tenant shall, upon the written request of Landlord, furnish to Landlord within ten (10) days before the date when any Imposition would become delinquent, receipts of the appropriate taxing or other authority, or other evidence satisfactory to Landlord, evidencing the payment thereof. If any statements for Impositions against the property are received by Landlord, they shall be forwarded promptly to Tenant for payment. If Landlord or Tenant shall at any time fail to pay any sum, Imposition, cost or expense which it is obligated to pay under the terms of this Lease, then the other Party, after ten (10) days written notice to the Party which has failed to make payment (or without notice or upon a shorter notice period in case of any emergency) and without waiving or releasing either Party from any obligation under this Lease, may, but shall be under no obligation to, pay any sum, Imposition, cost or expense; provided, however, that no payment shall be made if the Party receiving the written notice has in fact paid the same before the expiration of the time period and has given notice to the Party originally giving notice. Any payment made by either Party pursuant to this Section 4.12, together with all costs, expenses and

interest actually paid with respect to the Imposition, if any, and if none, at the prime rate, shall be paid to the paying Party on demand.

Section 4.13 Landlord May Perform Non-Monetary Covenant or Condition and Charge Tenant. If Tenant fails to perform or observe any covenant or condition contained in this Lease, the performance of which involves something more than merely the payment of money, then Landlord, after sixty (60) days written notice to Tenant (or without notice or upon a shorter notice period in case of an emergency), and without waiving or releasing Tenant from any obligation, may perform the same for the account of Tenant, and charge Tenant the actual cost of performance. All sums so paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of the act, together with interest thereon at the prime rate, shall be paid by Tenant to Landlord on demand.

Section 4.14 Landlord May Make Payments and Charge Tenant. If Tenant shall be delinquent in its payment of amounts due on any loan secured by this Lease, an assignment of any subleases of the Premises, the Premises, the Improvements or any interest in income or revenue associated with any of the foregoing (a "Loan"), Landlord shall have the right, but not the obligation, to pay all sums as may be due, and any and all sums paid by Landlord and all costs and expenses incurred by Landlord in connection with its undertaking performance, together with interest at the prime rate, shall be paid by Tenant to Landlord on demand. In no event shall Tenant's failure to comply with the terms of or to pay a Loan, or Landlord's performance thereof pursuant to this Section 4.14, constitute a default or Event of Default under this Lease.

ARTICLE 5

SURRENDER OF LAND, PREMISES AND/OR IMPROVEMENTS BY TENANT

Section 5.01 When Tenant Must Surrender Possession. On the last day of the Term (or upon any earlier termination of this Lease, or upon any entry by Landlord upon the Premises pursuant to the default provisions hereof), Tenant shall surrender the Premises to Landlord (i) subject to the provisions of this Lease, the Operating Agreement and the Property Management Agreement, in good order, condition and repair, reasonable wear and tear, and, subject to the provisions of Sections 15 and 16 of this Lease, damage by condemnation and casualty excepted; and (ii) free and clear of all liens and encumbrances other than Permitted Title Encumbrances, all occupancies, subleases and licenses (other than those that the continuance of which Landlord shall have expressly permitted), liens and encumbrances permitted or created by Landlord, or liens and encumbrances permitted by the terms of this Lease (collectively, the "Permitted Exceptions"). Tenant shall deliver all keys and access control devices/components for the Improvements ("Keys") to Landlord at the address at which Tenant makes rent payments and shall inform Landlord in writing of the combinations of all safes, locks and vaults, if any, in the Improvements. Landlord's acceptance of surrender of the Premises by Tenant shall only arise from, and must be evidenced by, written acknowledgment of acceptance of surrender signed by Landlord. No other act or conduct of Landlord, whether consisting of the acceptance of the Keys, or otherwise, shall be deemed to be an acceptance by Landlord of the surrender of the Improvements by Tenant prior to the expiration of the Term.

Section 5.02 Surrender of Possession of Premises. Tenant agrees that all Personal Property shall, upon any termination of the Lease pursuant to the terms hereof prior to the expiration of this Lease or upon any entry by Landlord into possession of the Premises pursuant to a default by Tenant, become the property of Landlord without the payment of any further consideration. In such event, but subject to Section 18.11 of this Lease, such property may only be removed from the Premises by Tenant during the Term of this Lease with the express written consent of Landlord which shall be given only if, in the reasonable discretion of Landlord, such property to be removed is either no longer necessary in connection with the operation of the Premises or the Project or will be replaced by Tenant. Personal Property owned by Tenant shall remain the property of and be owned by Tenant and may be removed by Tenant at the scheduled expiration of the Term, in which event Tenant agrees that in the event of material damage to the Premises due to such removal, Tenant will cause the same to be repaired and/or restored. Tenant shall (itself or through the property manager) repair, maintain and replace the Improvements throughout the Term in good and usable condition, sufficient for the operation of the Premises for the uses specified in this Lease, and shall deliver them in good working condition to Landlord at termination of Tenant's tenancy, all as more particularly set forth in this Lease. All items included in the definition of the Improvements remain the property of Landlord upon expiration of the Term or earlier termination of this Lease.

Section 5.03 Holding Over. Tenant acknowledges that possession of the Premises must be surrendered to Landlord at the expiration or sooner termination of the Term. Tenant agrees to indemnify Landlord against and save Landlord harmless from all costs, claims, loss or liability to the extent resulting from the failure or delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such failure or delay. If Tenant remains in possession of the Premises after expiration or sooner termination of this Lease with Landlord's consent, then Tenant's possession will create a month-to-month tenancy, subject to all terms and conditions of this Lease, except that Rent will increase to 150% of the average Rent for the twelve (12) calendar months immediately preceding expiration or sooner termination of this Lease. Such month-to-month tenancy may be terminated by either Party by giving at least thirty (30) days prior written notice. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Land after the expiration or sooner termination of the Term. If Tenant remains in possession of the Premises after expiration or sooner termination of this Lease without Landlord's consent, then Tenant shall be a tenant-in-sufferance, subject to all the terms and conditions of this Lease, except that Rent shall increase to 200% of the average Rent for the twelve (12) calendar months immediately preceding expiration or sooner termination of this Lease and Landlord shall be entitled to terminate the tenancy immediately without notice and to recover all actual damages resulting from Tenant's failure to surrender the Premises (to the extent provided above). This provision shall survive the expiration or sooner termination of this Lease.

Section 5.04 Abandoned Property. Any Personal Property of Tenant or any occupant which remains on the Premises after expiration of the period set forth in Section 2.02(c) above may, at the option of Landlord, be deemed to have been abandoned, and may be retained by Landlord as its property or be disposed of, without accountability.

Section 5.05 Landlord Not Responsible For Loss or Damage. Upon expiration or any sooner termination of this Lease, Landlord shall not be responsible for any loss or damage occurring to any property owned by Tenant, any subtenant or any other occupant.

Section 5.06 Release. Within twenty (20) days after expiration or earlier termination of this Lease, Landlord and Tenant shall execute, acknowledge and deliver to each other a full release or any other applicable instrument releasing all right, title and interest of Tenant in and to this Lease, the Premises and the Improvements, unless Tenant or any Leasehold Mortgagee is disputing the termination of the Lease and subject to any provision of this Lease that by its terms survives expiration or earlier termination of this Lease.

Section 5.07 Provisions of This Article Survive Termination. The provisions of this Article 5 shall survive any termination or expiration of this Lease, including a termination pursuant to the insurance provisions of this Lease.

ARTICLE 6

INSURANCE

Section 6.01 Casualty, Fire and Extended Coverage Provided by Tenant. From the date of Tenant's occupancy of the Premises, Tenant, at its sole cost and expense, shall keep the Land and Improvements insured against loss or damage by fire and against loss or damage by other risks now or hereafter embraced by "All Risk" special form or equivalent property insurance for a sum not less than 100% of the full un-depreciated replacement cost of the Premises. Except as otherwise expressly set forth in this Lease, insurance proceeds received hereunder shall be used to restore and repair the improvements and may not be used by Tenant to pay off or otherwise make payment of outstanding financing. The costs of such insurance shall be considered operating expenses and paid by Tenant in the context of a fully serviced lease to Landlord.

Section 6.02 Insurance After Term Commencement Date. In addition to the insurance required in the preceding Section, Tenant, at its sole cost and expense, shall purchase prior to the Effective Date and maintain during the Term the following policies, the deductible payment amounts for which shall be subject to approval by Landlord (which approval shall not be unreasonably withheld, delayed or conditioned):

(a) Commercial general liability and property damage insurance, \$1,000,000 per occurrence, \$2,000,000 aggregate with \$10,000,000 umbrella per occurrence;

(b) To the extent coverage is available and commercially appropriate (with commercially appropriate sublimits), fire and extended coverage, vandalism, malicious mischief, sprinkler leakage and special extended coverage insurance in an amount adequate to cover the full cost of replacement of all Personal Property.

(c) Worker's compensation insurance, as required by Nevada Revised Statutes, and including employer's liability insurance;

- (d) A policy of business interruption insurance to be determined by agreement of the Parties;
- (e) Automobile Liability insurance of \$1,000,000 combined single limit;
- (f) Rental income insurance in an amount not less than 80% of the projected Rent for six (6) months under this Lease;
- (g) Products liability insurance to be determined by agreement of the Parties; and
- (h) Such insurance as may be required by city, county, state and/or federal laws, codes, regulations or authorities, or as may be reasonably required by Landlord or Tenant's lender(s).

Section 6.03 Tenant To Provide Proof of Coverage. All insurance provided for in this Article 6 shall be effected under valid and enforceable policies issued by insurers of recognized responsibility which are licensed to issue insurance policies in the State of Nevada. Upon the execution of this Lease, and thereafter not less than thirty (30) days prior to the expiration dates of the expiring policies, evidence of premium payment shall be delivered by Tenant to Landlord.

Section 6.04 Intentionally Omitted.

Section 6.05 Landlord To Be Notified Prior To Policy Cancellation. Each policy of insurance required, shall, to the fullest extent obtainable, have attached thereto:

- (a) an endorsement that the policy shall not be canceled or materially changed without at least ten (10) days prior written notice to Landlord;
- (b) an endorsement identifying Landlord and NSHE as additional named insureds on the policy required under Section 6.01 above and on all other policies that permit the naming of an additional named insured, and as an additional insured on all other policies to the extent permitted by such policies; and
- (c) an endorsement to the effect that no act or omission of Tenant shall invalidate the interest of Landlord.

Section 6.06 Landlord/NSHE and Leasehold Mortgagee(s) To Be Named As Additional Insureds. Each policy of insurance required by this Article 6 shall name Landlord and NSHE as additional insureds or loss payees, as its interest may appear, and, at the request of a Leasehold Mortgagee, shall name such Leasehold Mortgagee as an additional insured as its interest may appear. Notwithstanding the foregoing with respect to naming Landlord as loss payee, for so long as a Leasehold Mortgage is outstanding during the Term of this Lease, the terms of the Leasehold Mortgage shall govern the naming of the loss payee.

Section 6.07 When Insurance Limits May Be Raised. Tenant agrees that, when reasonably requested to do so by Landlord (but not more often than every five (5) years during

the Term), to the extent commercially available at commercially reasonable rates, Tenant shall cause the limits of the insurance coverage maintained under the terms of this Article 6 to be increased to an amount providing reasonable protection conforming to prudent risk management practices, but not more than the nature and amount of insurance being maintained by prudent operators of similar facilities in the Reno, Nevada metropolitan area. Landlord makes no representation that the limits of liability or amounts of insurance specified to be carried by Tenant under the terms of this Lease are adequate to protect Tenant against its undertaking under the provisions of this Lease. Nothing in this Section 6.07 shall waive the requirements of Section 6.01 above.

Section 6.08 Tenant To Replace Canceled Insurance. If any insurance which Tenant is required to maintain is canceled, Tenant shall immediately replace it with other insurance providing essentially the same or better coverages. If the replacement insurance is not available for the reason that no insurer satisfactory under the terms of this Article 6 will write the coverage, or any particular coverage, at a commercially reasonable rate, then Tenant shall obtain the closest equivalent coverage.

Section 6.09 Type of Insurance Carrier. All insurance policies to be procured pursuant to this Article 6 shall:

(a) be issued by insurance companies rated not less than A+VIII in the most current available "Best's Key Rating Guide",

(b) be issued by companies authorized to issue insurance policies in the State of Nevada,

(c) be issued, and renewed at least annually, in the name of Tenant and name Landlord, NSHE and property manager (if any), and Leasehold Mortgagee (if requested by Leasehold Mortgagee) as additional insureds using the appropriate ISO Form (as set forth in and subject to Section 6.06 hereinabove), and

(d) contain an endorsement requiring ten (10) days written notice from the insurance company to Landlord, NSHE, and property manager (if any) before cancellation or material change in coverage, scope, or amount. A certificate of the policy issued on Accord Form 27, together with evidence of payment of premiums, shall be deposited with Landlord prior to the date that Tenant or its agents, contractors, or employees first enter upon the Premises, and upon renewal of the policy, not less than thirty (30) days before expiration of the term of the policy (and, at Landlord's request after Tenant has received the actual renewal policy and Tenant's insurance broker shall have reviewed and confirmed the same, Tenant shall deposit a copy of such renewal policy with Landlord).

Section 6.10 Subrogation Waiver. Landlord and Tenant hereby mutually waive any claim (including without limitation, any subrogation claim) against one another and all rights of recovery for any loss or damage sustained by either, or any other injury, death, loss or damage, caused by the other to any persons or the Personal Property and/or Improvements on the Premises, or from any claims of worker's compensation, to the extent of the proceeds actually received enumerated in the insurance actually carried or required to be carried as set forth in

Article 6 above. Landlord and Tenant agree that no Party shall have any claim against the other by way of subrogation or assignment. Both Parties shall request written waiver of all claims and all rights of subrogation against the other Party; neither grant of subrogation shall be effective in the absence of an effective, reciprocal waiver by the other Party.

Section 6.11 Blanket Policies. Tenant shall have the right to satisfy its obligations under this Article 6 under a general blanket policy of insurance, provided the same complies with the requirements of this Article 6.

ARTICLE 7

REPAIRS AND MAINTENANCE OF THE PREMISES

Section 7.01 Tenant to Keep Premises in Good Repair. Throughout the Term, Tenant, at its sole cost and expense, shall maintain the Premises in a good, first class, orderly, clean and safe and sanitary state of repair and condition consistent with prudent property maintenance and management practices and the terms more particularly set forth in this Lease, the Operating Agreement and Property Management Agreement. In order to protect and preserve the attractiveness, integrity, quality and value of the Premises, Tenant shall make all necessary repairs to the interior and exterior of the Premises, including but not limited to, driveways, landscaping, walkways, exterior portions of the Improvements, balconies, terraces, patios, paint, glass, windows, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen. The term "repairs" includes all necessary repairs, replacements, renewals and alterations to the Premises. All repairs and replacements made by Tenant shall be at least equal in quality and class to the original work and shall be completed in compliance with all applicable laws and ordinances. In the event that Tenant fails to undertake such repairs and maintenance, Landlord may after giving Tenant at least ninety (90) days' prior written notice, undertake any necessary repairs and maintenance to the exterior improvements and Tenant shall be liable for the costs incurred by Landlord in performing such maintenance and repairs which shall be due and payable upon written notice to Tenant of such costs.

Section 7.02 Standard of Care. The necessity for and adequacy of repairs to the Premises and the fixtures, improvements and equipment therein shall be measured by the standard which is appropriate for the buildings of similar construction and class on university campuses in the Reno, Nevada metropolitan area, provided that Tenant shall in any event make all repairs necessary to avoid any structural damage or injury to the Improvements.

Section 7.03 Tenant To Maintain Certain Adjoining Areas. Tenant shall maintain all portions of the Premises, and the sidewalks, curbs, entrances, passageways and all areas adjoining the same in a clean and orderly condition, free of dirt, rubbish and unlawful obstructions.

Section 7.04 Tenant Assumes Responsibility For Premises. Landlord shall not be required to furnish any services or facilities (except as expressly set forth in this Lease or the Operating Agreement) or to make any repairs or alterations in or to the Premises. Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Premises in accordance with the terms of this Lease.

Section 7.05 Landlord as Property Manager. For so long as Landlord is the property manager under the Property Management Agreement and to the extent the obligations of this Article 7 are delegated to Landlord under the Property Management Agreement, Tenant shall not be obligated by the terms of this Article 7.

Section 7.06 Capital Reserve. Tenant shall not less frequently than monthly, deposit in a separate trust account (the "Capital Reserve Account") a sum equal to three percent (3%) of Tenant's Gross Revenues for each immediately preceding calendar month. The Capital Reserve Account shall be drawn upon by Tenant from time to time with the reasonable consent of Landlord to make capital repairs and maintenance of the Premises, as shall be set forth in the Operating Agreement. Landlord may draw upon the Capital Reserve Account for all its out-of-pocket costs in making such major repairs and maintenance if Tenant fails to timely do so, but only if an Event of Default has occurred. The Capital Reserve Account shall not be used for casualty losses that are uninsured, or are underinsured in violation of the minimum insurance requirements of Article 6 of this Lease. Upon expiration of the Term, earlier termination of this Lease or entry into possession of the Premises by Landlord pursuant to the express terms of this Lease upon an Event of Default by Tenant, the remaining balance in the Capital Reserve Account shall revert to Landlord. Notwithstanding the foregoing, for so long as a Leasehold Mortgage is outstanding during the Term of this Lease, any requirement(s) with respect to capital reserves or similar escrow accounts shall be determined by the terms of such Leasehold Mortgage, the terms of which shall govern and control, except to the extent any such terms would require use of the Capital Reserve for principal reduction of the amounts secured by Leasehold Mortgage or any purpose other than maintenance, repair, restoration, replacement of the Premises.

Section 7.07 Notwithstanding the provisions of Section 7.06 of this Lease to the contrary, Landlord and Tenant hereby agree that upon a default by Tenant under a Leasehold Mortgage for which the Leasehold Mortgagee has commenced an Enforcement Action (as hereinafter defined) pursuant to a Leasehold Mortgage, Leasehold Mortgagee shall have the right to withdraw funds from the Capital Reserve Account for purposes of the payment of amounts due and owing under the Leasehold Mortgage, provided, however, that, after taking into account such withdrawal, an amount not less than six percent (6%) of the projected Gross Revenues for such year (based on the then current annual operating budget approved by the Committee pursuant to Section 5.3(e) of the Operating Agreement) shall remain in the Capital Reserve Account.

ARTICLE 8

COMPLIANCE WITH LAWS, ORDINANCES AND REGULATIONS

Section 8.01 Compliance with Law etc. Throughout the Term, Tenant, at its sole cost and expense, shall promptly remove any violation (other than any violation(s) existing as of or attributable to or occurring or arising during a period prior to the Effective Date, all of which shall remain the responsibility of Landlord) and shall promptly comply with all present and future laws, statutes, ordinances, regulations, rules and orders of all federal, state, county and municipal governments, political subdivisions, boards, commissions, courts, agencies or other regulatory bodies (collectively, "Governmental Authority"), which may be applicable to the

development and operation of the Premises (collectively, “**Laws**”). Tenant shall indemnify Landlord from and against all claims, actions, suits, proceedings, liability, damages, costs or expenses, including reasonable attorneys’ fees and experts’ fees and court costs, arising from Tenant’s failure to comply with this Section 8.01.

Section 8.02 Landlord as Property Manager. For so long as Landlord is the property manager under the Property Management Agreement and to the extent the obligations of this Article 8 are delegated to Landlord under the Property Management Agreement, Tenant shall not be obligated by the terms of this Article 8.

ARTICLE 9

CHANGES AND ALTERATIONS

Section 9.01 Tenant’s Right to Make Changes and Alterations. After the completion of the initial construction of the Project pursuant to the Master Development Agreement (the “**Initial Construction**”), Tenant shall not make any alterations, additions or improvements to the Premises without the written consent of Landlord in accordance with the provisions of the Operating Agreement (together with the Initial Construction, the “**Approval Alterations**”), provided, however, that Landlord’s consent shall not be required for alterations, additions or improvements to the Premises (“**No-Approval Alterations**”):

(a) That do not require Landlord approval pursuant to the terms of the Operating Agreement;

(b) That involve routine and customary, day-to-day maintenance, alterations, additions, or improvements, repairs, restorations or replacements (such as, by way of example only, and not limitation, those involving electrical systems, heating, ventilation and air conditioning, sprinklers and life-safety systems and other mechanical systems; fixtures and equipment; painting; glass and windows; wall and floor coverings; repaving or replacing sidewalks or parking areas; and the like);

(c) That are non-structural in nature and do not alter the size of the Improvements on the Premises; and

(d) The estimated costs of which is under \$100,000 in each instance (it being agreed that any alterations, additions and improvements that are part of a single or unified project shall be aggregated for purposes of such threshold notwithstanding that any single part thereof shall be less than \$100,000); and

(e) That are repairs, restorations or replacements to Improvements that are not materially different in condition, character or appearance from the condition, character or appearance of the Improvements before such repairs, restorations or replacements.

With respect to alterations, additions or improvements to the Premises that are required by applicable Law, Article 7 of this Lease or the Operating Agreement, Tenant shall give Landlord reasonable written notice and Landlord shall have the right to impose reasonable requirements with respect to the manner in which such required alterations, additions or

improvements are effectuated.

All alterations, additions and improvements shall be made in accordance with applicable Laws at Tenant's sole expense (except as otherwise expressly set forth in this Lease) and in strict accordance with approved plans and specifications (to the extent that plans and specifications would ordinarily be prepared for such alteration, addition or improvement). All alterations, additions or improvements shall be performed and completed diligently and in a good and workmanlike manner, free from defects of any kind and nature, and equal in quality and class to the original work completed by Tenant. All alterations, additions and improvements shall be coordinated with Landlord so as to cause minimum disruption to the operations of the Premises. The cost of any alterations, additions or improvements shall be paid in a timely manner so that the Premises shall at all times be free of liens for labor and materials supplied. All Approval Alterations (but not No-Approval Alterations) shall be contracted for on a "prevailing wage" basis.

ARTICLE 10

DISCHARGE OF LIENS

Section 10.01 Tenant Shall Not Create or Permit Lien. Other than a lien of a Leasehold Mortgagee (as hereinafter defined) as permitted under Article 25 (which shall not require Landlord's prior written approval) and other than Permitted Exceptions, Tenant shall not create or permit to be created or to remain, and shall discharge any lien, encumbrance or charge which might be or become a lien, encumbrance or charge upon the Premises or the income arising from the Premises. Tenant shall neither take, nor permit anyone under Tenant's control to take, any action which impairs Landlord's interest in the Premises, including but not limited to, the income from the Premises.

Section 10.02 Mechanic's Liens. Tenant shall pay or cause to be paid all costs for work done by Tenant or caused to be done by Tenant on the Premises, and Tenant shall keep the Premises free and clear of all mechanics' liens and materialmen's liens and other liens arising from work done or materials supplied to Tenant or persons claiming under Tenant (collectively, "**Mechanics' Liens**"). Tenant shall indemnify, defend, and hold Landlord harmless for, from, and against any and all liability, loss, damage, costs, attorneys' fees, and all other expenses arising from all Mechanics' Liens. In addition, Tenant shall keep Tenant's leasehold interest and any improvements that are or may become the property of Landlord pursuant to this Lease free and clear of all liens of attachment or judgment liens arising from the actions or omissions of Tenant (collectively, "**Judgment Liens**"). Tenant shall cause any Mechanics' Lien or Judgment Lien to be discharged (by bonding or otherwise) within thirty (30) days after demand by Landlord. If Tenant fails to do so, then Landlord may pay or otherwise discharge the lien and immediately recover all amounts expended (together with interest thereon at 12% per annum from the date of payment) from Tenant as Rent.

ARTICLE 11

WASTE AND ENVIRONMENTAL MATTERS

Section 11.01 Tenant Must Not Harm Premises. During the Term, Tenant shall not commit, or permit anyone under Tenant's control to commit, any waste, damage or injury to the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any adjoining property (subject to any disturbance that may result in connection with the construction and development of the Project and any alterations, additions, repairs or replacements). Tenant agrees not to use, or permit anyone under Tenant's control to use, the Premises or any part thereof for any purpose prohibited by Law, and Tenant shall comply with all applicable Laws relating to the condition, use and occupancy of the Premises imposed by Governmental Authorities having jurisdiction. Tenant agrees further to comply with the requirements of the policies of insurance which Tenant is required to maintain pursuant to this Lease.

Section 11.02 Tenant to Comply with All Environmental Laws. Tenant shall comply with all Environmental Laws, including, without limitation, water quality, air quality, handling, transportation, treatment, storage, and disposal of any regulated substance on, under, or from the Premises. For the purposes of this Lease, the term "Environmental Laws" shall include, but not be limited to, any relevant federal, state, or local environmental laws, and the regulations, rules and ordinances, relating to environmental matters, and publications promulgated pursuant to the local, state, and federal laws and any rules or regulations relating to environmental matters. Tenant shall defend, indemnify and hold Landlord harmless from and against all liability, obligations, losses, dangers, penalties, claims, and cleanup costs, including legal fees and expenses, imposed on, incurred by, or reserved against Landlord in any way relating to or arising out of any non-compliance by Tenant, Tenant's successors, assignees or subtenants, with any Environmental Laws, and/or the existence or presence, from and after the Effective Date, of any Hazardous Materials (as hereinafter defined), on, under, or from the Premises, other than and except for (a) any contamination on or adjacent to the Premises and/or any violation of Environmental Laws attributable to periods prior to the Effective Date (including, without limitation, any migration on or off of the Premises arising from conditions existing prior to the Effective Date on the Premises or any surrounding property), or (b) any such contamination and/or violation caused or exacerbated by Landlord, its employees, contractors (other than Tenant), representatives or agents, whether before or after the Effective Date, but in the case of exacerbation, only to the extent of such exacerbation. For the avoidance of doubt, Landlord shall remain solely and exclusively responsible for, and hereby forever releases and discharges, and, subject to Chapter 41 of the Nevada Revised Statutes, indemnifies and holds harmless Tenant and its employees, contractors, representatives, agents, successors, assignees and subtenants from, (a) any and all claims, damages, demands, causes of action, lawsuits, fines, penalties, and response costs and other charges arising from any contamination on or adjacent to the Premises and/or any violation of Environmental Laws attributable to periods prior to the Effective Date (including, without limitation, any migration on or off of the Premises arising from conditions existing prior to the Effective Date on the Premises or any surrounding property), and (b) any such contamination and/or violation caused or exacerbated by Landlord, its employees, contractors (other than Tenant), representatives or agents, whether before or after the Effective Date, but in the case of exacerbation, only to the extent of such exacerbation. This indemnity shall survive the expiration or termination of this Lease and/or transfer of all or any portion of the Land as shall be governed by the laws of the State of Nevada. "Hazardous Materials" means and includes asbestos; "oil, petroleum products and their by-products" "hazardous substances;" "hazardous wastes" or "toxic substances," as those terms are used in Environmental Laws; or any substances or materials listed as hazardous or toxic in the United State Department of

Transportation, or by the Environmental Protection Agency or by the Nevada Department of Environmental Protection, or any successor agency under any Environmental Laws. "Environmental Laws" includes the Clean Air Act, the Resource Conservation Recovery Act of 1976, the Hazardous Material Transportation Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Consumer Product Safety Act, the Clean Water Act, the Federal Water Pollution Control Act, the National Environmental Policy Act, as each of the foregoing shall be amended from time to time, and any similar or successor federal, state or local laws, or any rules or regulations promulgated thereunder.

Section 11.03 Obligation to Notify Landlord. If Tenant shall become aware of or receive written notice or other written communication concerning any actual, alleged, suspected or threatened violation of Environmental Laws or liability for Environmental Laws in connection with the Premises, Tenant shall deliver to Landlord, within fourteen (14) days of the receipt of notice or other communication by Tenant, a written description of the violation, liability or actual or threatened event or condition, together with copies of any documents evidencing the same.

ARTICLE 12

USE AND OCCUPANCY OF PREMISES

Section 12.01 Permitted Use; Trade Name. Subject to all the provisions and limitations contained herein, Tenant shall use the Land, Improvements and Premises solely and exclusively for a graduate and family student housing project and related facilities in accordance with the requirements of this Lease, the Master Development Agreement and the Operating Agreement. Use of the Land, Improvements and/or Premises for any other purpose shall be subject to prior written consent of Landlord, in its sole and absolute discretion. Tenant shall not, nor allow anyone under Tenant's control to, use or occupy the Premises or any part for any improper, immoral, unlawful or objectionable purpose, including any sexually oriented business purpose or in violation of any Laws, and shall not suffer any act to be done or any condition to exist on the Premises or any part thereof which may, in law, constitute a nuisance, public or private, or which may make void or voidable any insurance then in force. Tenant shall not permit any "game," "gambling game," "gaming," "gambling" and/or "gaming device," each as defined in Chapter 463 of the Nevada Revised Statutes (collectively "Gaming"), on the Premises, except for Gaming strictly limited to academic research, training and educational activities as part of Landlord's degree and other educational programs. Tenant shall indemnify, defend, save and hold harmless Landlord, its officers, employees and agents from any claims, liabilities, losses, costs or expenses, including reasonable attorneys' fees, arising out of Tenant's act or failure to act in accordance with this subsection.

Section 12.02 Continuous Use; Closing of Project. Tenant shall have the right from time to time to close all or any part of the Improvements only for such reasonable periods of time as may be required to comply with Section 12.04 of this Lease, for alterations, additions or improvements pursuant to Article 9, for such periods of time during which campus operations are disrupted due to unavoidable delays, or classes are not in session due to holidays or other regularly scheduled break(s) in classes. Once Tenant commences such alterations, additions or

improvements, Tenant shall diligently complete the same and shall promptly reopen the Premises following such completion.

Section 12.03 Application for Licenses and Permits. Landlord agrees upon request of Tenant to sign promptly and without charge any applications for such licenses and permits as may be required to comply with Section 12.04 of this Lease or by Tenant for the operation of the Project and the business contemplated by this Lease, where the signature of Landlord or owner is required by applicable Laws in force at the time. The cost of obtaining any such licenses and permits shall be borne by Tenant. Tenant shall indemnify, defend, save and hold harmless Landlord its officers, employees and agents from and against all liability, claims, losses, costs and expenses, including attorneys' fees, which Landlord may incur by reason of having signed any such applications.

Section 12.04 Compliance with Laws. Tenant shall obey, perform and comply with any and all requirements of any Governmental Authority existing at any time during the Term in any way affecting the Land, or the use or condition of the Land, including the construction, alteration or demolition of the Improvements, or in any other way affecting this Lease (other than violation(s) of the foregoing existing as of or attributable to or occurring during a period prior to the Effective Date, all of which shall remain the responsibility of Landlord). Tenant shall have sole responsibility for compliance with any present or future requirements of the Americans with Disabilities Act of 1990, including the ADA Amendments Act of 2008 (collectively, the "ADA") and its implementing regulations with respect to the Premises and agrees to protect, defend, indemnify and hold Landlord harmless with regard to any claims, liabilities, or actions arising under the ADA with respect to Tenant's obligations hereunder. Tenant shall have the right to contest in good faith the validity and/or applicability of any such requirements of Governmental Authority.

Section 12.05 Tenant Shall Not Cause Insurance Rates to Increase. Tenant shall not use nor permit the Premises to be used in any way which will independently increase the rate or rates of insurance upon the Premises.

ARTICLE 13

ENTRY ON PREMISES BY LANDLORD

Section 13.01 Landlord Has Right to Enter Premises. In addition to Landlord's right of entry under any other provision of this Lease, Tenant shall permit Landlord and its authorized representatives to enter the Premises at all reasonable times on reasonable prior written notice for the purpose of (a) inspecting, surveying, measuring or preserving the same, (b) making any necessary repairs and performing any work that may be necessary by reason of Tenant's failure to make the repairs or perform the work in accordance with the terms of this Lease, and (c) any other lawful purpose. Landlord may enter without notice in case of an emergency threatening injury to person(s) or property. Nothing herein contained shall create or imply any duty upon the part of Landlord to make repairs or do the work.

Section 13.02 Entry is Not Termination. Any entry or re-entry by Landlord on the Premises shall not cause a termination of this Lease, unless termination is specifically intended by Landlord as clearly and convincingly evidenced by a written Notice of Termination.

ARTICLE 14

INDEMNIFICATION

Section 14.01 Tenant to Indemnify Landlord. Notwithstanding any provision to the contrary contained in this Lease and except to the extent occurring or existing prior to the Effective Date of this Lease, Tenant expressly agrees to indemnify, defend and hold harmless Landlord, its officers, employees and agents from and against all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' fees, which may be imposed upon or incurred by or asserted against Landlord by reason of any action or inaction (where action was expressly required) of Tenant, its agents or employees, or any occupant on the Premises, in connection with this Lease. In case any action is brought against Landlord by reason of a claim, Tenant, upon written notice from Landlord, shall at Tenant's sole cost and expenses, including reasonable attorneys' fees, defend the action by counsel approved by Landlord in writing, within ten (10) days of receiving notice from Tenant, with the approval not to be unreasonably withheld, delayed or conditioned. As a material part of the consideration to Landlord, Tenant assumes all risk of damage to property or injury to persons in or about the Premises arising from any cause, except to the extent caused by Landlord or its employees, agents or contractors (other than Tenant). Tenant hereby waives all claims in respect thereof against Landlord. The provisions of this Section shall survive expiration or early termination of the Lease.

Section 14.02 Landlord to Indemnify Tenant. Notwithstanding any provision to the contrary contained in this Lease, but subject to Chapter 41 of the Nevada Revised Statutes, Landlord expressly agrees to indemnify, defend and hold harmless Tenant, its officers, employees and agents from and against all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable attorneys' fees, which may be imposed upon or incurred by or asserted against Landlord by reason of any action or inaction (where action was expressly required) of Landlord, its agents or employees, in connection with this Lease. In case any action is brought against Tenant by reason of a claim, Landlord, upon written notice from Tenant, shall at Landlord's sole cost and expenses, including reasonable attorneys' fees, defend the action by counsel approved by Tenant in writing, within ten (10) days of receiving notice from Landlord, with the approval not to be unreasonably withheld, delayed or conditioned. As a material part of the consideration to Tenant, Landlord assumes all risk of damage to property or injury to persons in or about lands adjoining and surrounding the Premises arising from any cause, except to the extent caused by Tenant or its employees, agents or contractors. Landlord hereby waives all claims in respect thereof against Tenant. The provisions of this Section shall survive expiration or early termination of the Lease.

ARTICLE 15

DAMAGE OR DESTRUCTION

Section 15.01 Tenant To Repair Damage or Destruction. In case of damage to or destruction of the Premises by fire or other casualty, whether or not such damage or destruction is covered by a policy of insurance as required under Article 6 of this Lease, Tenant, at Tenant's sole cost and expense, whether or not the insurance proceeds, if any, are sufficient for the purpose, and irrespective of the amount of any loss, shall restore, repair, replace or rebuild the same as nearly as possible to its value, condition and character immediately prior to the damage or destruction or with those changes or alterations as may be made at Tenant's election in conformity with and subject to the applicable provisions of this Lease, including Article 9. Restoration, repairs, replacements, rebuilding or alterations shall be commenced with due diligence, and prosecuted with due diligence and in good faith, unavoidable delays excepted. If the damage to, or the destruction of, the Premises results in a loss exceeding in the aggregate \$100,000.00, then Tenant shall promptly give written notice thereof to Landlord.

Section 15.02 All Insurance Money to Be Used for Restoring the Premises. All insurance money paid pursuant to the terms of this Lease on account of damage or destruction, less the actual costs, fees and expenses, if any, incurred in connection with the adjustment of the loss, shall be held in an escrow account ("Insurance Proceeds Escrow Account") with an escrow agent mutually acceptable to Landlord and Tenant (it being agreed that for so long as a Leasehold Mortgage shall be outstanding during the Term, such Leasehold Mortgagee shall have the right to act as such escrow agent) and applied to the payment of the cost of demolition, restoration, repairs, replacement, rebuilding or alterations, including the cost of temporary repairs or the protection of Premises pending the completion or permanent restoration, repairs, replacements, rebuilding or alterations. In the event the total of such costs is less than such net insurance amounts, the excess insurance amounts shall be placed in and become part of the Capital Reserve Account.

Section 15.03 Tenant to Pay Any Deficiency. If the insurance money at the time of distribution, less the actual costs, fees and expenses, if any, incurred in connection with the adjustment of the loss, are insufficient to pay the entire cost of the restoration, then Tenant shall deposit the deficiency into the Insurance Proceeds Escrow Account set forth in Section 15.2 above within thirty (30) days of the determination that such funds are insufficient.

Section 15.04 When Tenant has Option to Restore and Agreement not to Repair or Rebuild. Notwithstanding the provisions of Sections 15.01 through 15.03 to the contrary, if the Premises are damaged or destroyed in whole or in part by fire or other casualty following the achievement of Substantial Completion (as defined in the Master Development Agreement) of the Improvements, then Landlord and Tenant, each acting in good faith and using commercially reasonable efforts, may jointly agree in writing (taking into consideration, by way of example only, the extent of damage or destruction to the Premises, the historical and projected occupancy levels of the Premises, the historical and projected financial performance of the Premises, the fair value of the Improvements prior to the fire or other casualty, and the period of time remaining in the Term of this Lease) that the Premises (or only such portion thereof so damaged or destroyed) shall not be repaired or restored. If only a portion of the Premises is damaged or destroyed and Landlord and Tenant jointly agree not to repair or rebuild the portion of the Premises so damaged or destroyed, this Lease shall remain in effect, Tenant (using insurance proceeds) shall perform the work described in Section 15.05(a) hereof with respect to the portion of the Premises so damaged or destroyed, and any remaining insurance proceeds shall be distributed to Landlord

and Tenant in accordance with Section 15.05 of this Lease. If the Premises is damaged or destroyed in whole and Landlord and Tenant jointly agree not to repair or rebuild the Premises, then the insurance proceeds shall be distributed to Landlord and Tenant in accordance with Section 15.05 of this Lease and this Lease shall terminate, whereupon Tenant shall not be obligated to restore, repair, replace, rebuild or alter the Improvements and shall at once surrender the Premises to Landlord pursuant to the terms of Article 5 of this Lease. If the Premises are damaged or destroyed in whole or in part by fire or other casualty during the three (3) years prior to the expiration of the Term, and the cost of restoration exceeds the sum of \$3,000,000.00 as estimated by a licensed general contractor selected by Tenant and reasonably approved in writing by Landlord and confirmed by the insurance adjuster, then Tenant may have the option of either:

(a) restoring, repairing, replacing, rebuilding or altering the Improvements as provided in this Lease, or

(b) terminating this Lease by written notice to Landlord given within ninety (90) days after the date of destruction or damage, provided no Event of Default exists hereunder and the insurance proceeds shall be distributed to Landlord and Tenant in accordance with Section 15.05 of this Lease. Upon termination, Tenant shall not be obligated to restore, repair, replace, rebuild or alter the Improvements and shall at once surrender the Premises to Landlord pursuant to the terms of Article 5 of this Lease.

Section 15.05 Treatment of Insurance Proceeds Upon Agreement not to Repair or Rebuild. If Landlord and Tenant jointly agree not to repair or rebuild the Premises (or any portion thereof damaged or destroyed by the fire or other casualty in the case of partial damage or destruction), or if Tenant elects to terminate this Lease pursuant to Section 15.04(b) above, then the proceeds of any insurance applicable to the damaged or destroyed Premises (or the applicable portion thereof) shall be distributed as follows:

(a) first, to perform all work required to put the Premises (or the damaged or destroyed portion(s) thereof) in neat and safe condition and to demolish, raze and remove the Improvements (or only such portion thereof as to which the Landlord and Tenant have agreed not to repair or rebuild) such that the Land upon which such Improvements were situated is a cleared and clean site at grade level (unless and to the extent Landlord, in its sole discretion, advises Tenant not to demolish or remove the subject Improvements, or portion(s) thereof, by written notice delivered within (60) days following any agreement or decision reached pursuant to Section 15.04 hereof); and

(b) second, to the extent any insurance proceeds remain following the work performed pursuant to subparagraph (a) above, such insurance proceeds shall be divided between Landlord and Tenant as follows. If the damage or destruction occurs:

(i) during Lease Years 1 through 10, inclusive, ninety five percent (95%) to Tenant and five percent (5%) to Landlord;

- (ii) during Lease Years 11 through 15, inclusive, eighty percent (80%) to Tenant and twenty percent (20%) to Landlord;
- (iii) during Lease Years 16 through 25, inclusive, seventy percent (70%) to Tenant and thirty percent (30%) to Landlord;
- (iv) during Lease Years 26 through 30, inclusive, sixty percent (60%) to Tenant and forty percent (40%) to Landlord;
- (v) during Lease Years 31 through 40, inclusive, forty percent (40%) to Tenant and sixty percent (60%) to Landlord; and
- (vi) during Lease Years 40 through the final Lease Year of the Term, inclusive, ten percent (10%) to Tenant and ninety percent (90%) to Landlord.

Section 15.06 Except for the provisions of this Article, Tenant to Remain Liable. Except as provided in this Article 15, no destruction of, or damage to, the Premises or any part thereof by fire or any other casualty shall permit Tenant to surrender this Lease or shall relieve Tenant from its liability to pay the Rent due under this Lease, or from any of its other obligations under this Lease.

Section 15.07 Tenant to Carry Insurance. Tenant acknowledges and agrees that Landlord will not carry insurance of any kind on the Improvements or Tenant's Personal Property, and that Landlord shall not be obligated to repair any damage to the Premises or replace the same other than as specifically set forth herein. Landlord shall not be liable for any inconvenience or annoyance in any way from the damage or its repair.

Section 15.08 Survival. The provisions of this Article 15 shall survive the expiration or sooner termination of this Lease.

ARTICLE 16

CONDEMNATION

Section 16.01 Effect of Total or Partial Eminent Domain. If the possession of, title to, or ownership of all of the Premises are permanently taken during the Term by any competent authority under a statutory power of expropriation or compulsory acquisition or in lieu thereof, this Lease shall terminate upon the transfer of possession or title to such authority, as the case may be, the Rent and any other sums payable by Tenant to Landlord shall be prorated to the date of taking, and Landlord shall be entitled to receive Landlord's Award and Tenant shall be entitled to receive Tenant's Award (as such terms are hereinafter defined). If this Lease is terminated before the payment of any such Award, Tenant shall nevertheless be entitled to receive Tenant's Award as if this Lease were then in full force and effect.

Section 16.02 In the event of a temporary or partial taking of the Premises by condemnation which is not sufficient in time or space to materially affect the conduct of Tenant's business, this Lease shall be unaffected. In the case of a temporary taking, the entire award of the condemning authority shall be included in Gross Revenues for the calendar year in which such temporary taking occurs..

Section 16.03 Upon any taking or condemnation that is not a temporary taking, Landlord and Tenant, agree that the single condemnation Award to the Landlord shall be allocated to Landlord ("Landlord's Award") and to Tenant ("Tenant's Award") as follows. If the official date of occupation of the Premises by the condemning authority is:

- (i) during Lease Years 1 through 10, inclusive, ninety five percent (95%) to Tenant and five percent (5%) to Landlord;
- (ii) during Lease Years 11 through 15, inclusive, eighty percent (80%) to Tenant and twenty percent (20%) to Landlord;
- (iii) during Lease Years 16 through 25, inclusive, seventy percent (70%) to Tenant and thirty percent (30%) to Landlord;
- (iv) during Lease Years 26 through 30, inclusive, sixty percent (60%) to Tenant and forty percent (40%) to Landlord;
- (v) during Lease Years 31 through 40, inclusive, forty percent (40%) to Tenant and sixty percent (60%) to Landlord; and
- (vi) during Lease Years 40 through the final Lease Year of the Term, inclusive, ten percent (10%) to Tenant and ninety percent (90%) to Landlord.

Section 16.04 Partial Eminent Domain.

(a) If only a part of the Premises is taken or condemned so that the remaining portion of the Premises can continue to be used to the mutual satisfaction of Landlord and Tenant, then this Lease shall remain in full force and effect without any abatement or reduction in Rent except as provided in this Article 16. In this event, whether or not the awards or payments, if any, on account of the taking are sufficient for the purpose, Tenant, using such award pursuant to Section 16.05 hereof (or at its own expense to the extent such proceeds are insufficient to complete restoration) shall promptly commence and complete the restoration of the Premises as nearly as possible to their value, condition and character immediately prior to the taking or condemnation.

(b) If only a part of the Premises is taken or condemned so that it is commercially unreasonable or unfeasible for Tenant, in its reasonable judgment (and subject to approval by any Leasehold Mortgagee), to conduct its normal business in the remaining portion of the Premises (even if it were to be restored), then Tenant shall have the right to terminate this Lease by giving at least sixty (60) days' prior notice to Landlord within sixty (60) days of any

such event, in which event this Lease shall terminate without any further liability on the part of either Landlord or Tenant, except for an adjustment between the parties for the Rent payable by Tenant hereunder and for distribution of the Landlord's Award and Tenant's Award as set forth in Section 16.03 hereinabove. If this Lease is terminated before the payment of any such Award, Tenant shall nevertheless be entitled to receive Tenant's Award as if this Lease were then in full force and effect.

Section 16.05 Partial Taking Improvements Restructure. In the event of a partial taking which does not result in termination of this Lease, the entire award shall be held in an escrow account ("Condemnation Award Escrow Account") with an escrow agent mutually acceptable to Landlord and Tenant (it being agreed that for so long as a Leasehold Mortgage shall be outstanding during the Term, such Leasehold Mortgagee shall have the right to act as such escrow agent) and the award shall be applied to pay the cost of restoration of the Improvements. The balance of the award, if any, remaining after completion of the restoration, shall be distributed in accordance with Section 16.03 hereinabove.

Section 16.06 Partial Taking Rent Restructure. If a portion of the Premises is taken but this Lease is not terminated as a result, then the Rent shall be reduced, commencing with the first day of the month following the date of the taking. The amount of the Rent reduction shall be based upon the degree to which Tenant's business has been affected by the taking as measured by Gross Revenue reduction, as equitably and reasonably determined by mutual written agreement of Landlord and Tenant.

Section 16.07 Survival. The provisions of this Article 16 shall survive the expiration or sooner termination of this Lease.

ARTICLE 17

MORTGAGES, ASSIGNMENTS, SUBLEASES AND

TRANSFERS OF TENANT'S INTEREST

Section 17.01 Limitation; Consent; Subleases, Etc..

(a) This Lease and the rights and interests of Tenant under this Lease and in and to the Premises ("Tenant's Estate") may not be assigned or transferred, nor may Tenant assign or transfer Tenant's Estate, whether by operation of law, transfers of ownership interests in Tenant, resulting in a change in "Day-to-Day Control" (as defined herein), or subletting of all or substantially all of the Premises for all or substantially all of the Term (collectively, a "Transfer"), except as may expressly be provided herein, without first obtaining the written consent of Landlord in each instance, which consent Landlord shall not unreasonably withhold, delay or condition. No consent granted by Landlord shall be deemed to be consent to any subsequent Transfer requiring Landlord's consent hereunder. Any Transfer requiring Landlord's consent hereunder and made without Landlord's consent shall be void. With respect

to subleases of less than substantially all of the Premises, Tenant may enter into subleases of individual units as provided in (b) below.

(b) Notwithstanding the foregoing, nothing contained in this Article 17 shall prevent or prohibit Tenant from subleasing, licensing or granting other occupancy rights in and to the Premises (or any portion thereof) in compliance with the terms of this Lease and the Operating Agreement

(c) No Transfer shall be effective for any purpose (i) unless Tenant shall provide Landlord with not less than thirty (30) days written notice of the proposed transfer, which notice shall identify the transferee, and shall, except in the case of transfers effectuated as described in Section 17.03 herein, include all documents to which the transferor and transferee are parties relating to the Transfer, and (ii) until there shall be delivered to Landlord (x) a copy of the executed instrument or instruments of Transfer, containing the name and address and telephone number of the transferee, and (y) an instrument of assumption by the transferee of all of Tenant's obligations under this Lease thereafter accruing.

(d) Liability for Obligations. Upon the effective date of a Transfer and the satisfaction of the foregoing conditions, as applicable, the assigning holder of the Tenant's Estate, and any guarantor thereof then existing, shall be released from the duties, obligations and liabilities of Tenant under this Lease first accruing on and after the effective date of such Transfer; provided, however, no such Transfer shall operate or be deemed to operate as a release of the assigning holder of Tenant's interest in this Lease or its assignees from any obligation of the Tenant under this Lease that has accrued and remains unpaid or unperformed as of the effective date of such Transfer. Landlord shall, upon request, execute a written confirmation of the foregoing release

Section 17.02 Exceptions. The provisions of this Article 17 shall not apply to (and Landlord's consent shall not be required for) (a) any transfer to a Leasehold Mortgagee or its affiliate or to any assignee or designee of Leasehold Mortgagee or its affiliate, or any purchaser of Tenant's Estate at a foreclosure sale or judicial sale; (b) any transfer occurring by reason of the death of any individual Person, (b) any transfers of securities traded or transferred on a public exchange, (c) any transfers which are the result of a merger, consolidation or reorganization involving all or substantially all of the assets of Tenant and all of Tenant's affiliates, (d) any transfers occasioned by the exercise by any Leasehold Mortgagee of its remedies under any pledge of shares, limited liability company interests, partnership interests or other entity ownership interests, or (e) any transfers of ownership interests in Tenant not resulting in a change in "Day-to-Day Control".

For purposes of this Article 17, "**Day-to-Day Control**" means, by way of illustration and not limitation, the "right to or practical ability to control and determine the day to day management of the business and affairs of Tenant by the exercise of voting rights in Tenant," which may be achieved by (i) if Tenant is a corporation, by control of such percentage of the voting stock in such corporation as shall enable the holder, by the exercise of such voting rights, to elect and remove a percentage of the directors which is sufficient to determine the day to day management of the business and affairs of Tenant; (ii) with respect to the general partner if Tenant is a limited partnership, by vesting in such general partner the right to control and

determine the day to day management of the business and affairs of Tenant or to remove such general partner other than for cause, regardless of the percentage interest of such general partner in the profits, losses or capital of Tenant; and iii) if Tenant is a limited liability company, by ownership of a percentage of the membership interests having the right by the exercise of the voting rights associated with such interests to control and determine the day to day management of the business and affairs of Tenant directly or through any manager or managers who may be elected and removed by the exercise of such voting rights.

Section 17.03 Transfer by Landlord. Notwithstanding anything set forth herein to the contrary, Landlord shall not at any time Transfer its interests in this Lease, the Land, the Improvements and/or the Premises, or any part thereof without the prior written consent of Tenant and any Leasehold Mortgagee, which consent shall not be unreasonably withheld, delayed or conditioned, provided that it shall not be unreasonable for Tenant to withhold its consent if the transferee does not expressly assume (and be capable of performing) all of the duties and obligations of Landlord under this Lease which arise following the date of such assignment and agree to be bound by all of the terms and provisions of this Lease (including, without limitation, possessing or benefitting from an abatement or exemption from real property taxes and assessments). Landlord must notify Tenant in writing of such proposed Transfer at least thirty (30) days prior to the date of such Transfer. Copies of the documents effectuating the Transfer and the assumption by the assignee landlord pursuant to this Section 17.03 above shall be delivered to Tenant promptly following such Transfer. Upon any Transfer, Landlord shall not be released from any of its obligations under this Lease or the exhibits hereto, and Landlord shall continue to be bound thereby, notwithstanding anything to the contrary contained in this Lease.

Section 17.04 Right of First Offer.

(a) If during the Term, Tenant determines to enter into a Transfer (“**Sale of Interest**”) of any interest in, to or under this Lease or Tenant’s Estate or any portion thereof (an “**Offered Interest**”) other than to an affiliate or to a Leasehold Mortgagee or its designee or nominee upon the Leasehold Mortgagee’s exercise of remedies under its Leasehold Mortgage, or with respect to a Transfer pursuant to Section 17.03 hereof, Tenant shall provide written notice to Landlord of Tenant’s intent to negotiate a Sale of Interest (a “**Sale of Interest Notice**”) which shall include a proposed sale price and terms for the Sale of Interest. If Tenant shall give a Sale of Interest Notice, Landlord shall, within sixty (60) days after receipt of the Sale of Interest Notice, give Tenant, in writing, notice of Landlord’s acceptance, rejection or counteroffer to acquire the Offered Interest on the terms and conditions set forth in the Sale of Interest Notice (a “**Sale of Interest Response**”). If Landlord shall fail to timely give its Sale of Interest Response or if the Sale of Interest Response shall be a rejection of the offer contained in the Sale of Interest Notice, with no counteroffer, Landlord’s right of first offer as provided in this Section 17.05 shall terminate with respect to any Sale of Interest which complies with this Lease and which occurs within one (1) year after the date of the Sale of Interest Response, or if none, the Sale of Interest Notice.

(b) If Landlord's Sale of Interest Response shall be an acceptance of the offer contained in the Sale of Interest Notice, the Parties shall cooperate to consummate the proposed Sale of Interest on the terms and conditions in the Sale of Interest Notice within one hundred eighty (180) days following the Sale of Interest Notice. If Landlord's response shall be a counteroffer, Landlord and Tenant shall enter into good faith negotiations in an effort to compromise the differences between the sale price and terms in the Sale of Interest Notice and the Sale of Interest Response, or other written offers by either Party. If no written agreement on those differences is reached by Landlord and Tenant within ninety (90) days after the Sale of Interest Response, or if no Sale of Interest Response is provided by Landlord, Tenant may proceed to negotiate an agreement with one or more third parties and contract with a third party for the Sale of Interest to such third parties. Any such agreement shall be on terms and conditions which are substantially similar to the terms and conditions contained the Sale of Interest Notice so long as any additional or differing terms and conditions do not result in a total value to Tenant which is more than seven and one-half percent (7.5%) lower than the value of any the terms and conditions contained in the Sale of Interest Notice or any subsequent written offer or counteroffer by Landlord to purchase the Offered Interest. If no Sale of Interest is consummated with one or more third parties within one (1) year after a Sale of Interest Response, or if none, a Sale of Interest Notice, Tenant shall again be obligated to give a Sale of Interest Notice to Landlord before proceeding with negotiating or contracting for a Sale of Interest.

Section 17.05 Operating Agreement and Management Agreement. Concurrent with any Transfer of Tenant's Estate (other than pursuant to a Sale of Interest to Landlord), such assignee or transferee shall assume the Operating Agreement or enter into a new operating agreement on substantially the same terms and conditions as the Operating Agreement with Landlord. In addition, such assignee or transferee shall assume the Property Management Agreement with the existing property manager or enter into a Property Management Agreement with such other new property manager reasonably satisfactory to Landlord.

ARTICLE 18

DEFAULT PROVISIONS

Section 18.01 Tenant's Event of Default. Each of the following defaults is an "Event of Default" if it is not cured within a period of thirty (30) days (with respect to monetary defaults) or ninety (90) days (with respect to non-monetary defaults) after written notice thereof from Landlord to Tenant:

(a) whether by operation of law or otherwise, Tenant effectuates a Transfer hereunder in violation of Article 17 of this Lease;

(b) failure to pay when due Rent or other sums required to be paid by Tenant, subject to the aforesaid notice and cure period;

(c) Tenant permanently vacates or abandons the Premises with no intent to return;

(d) appointment of a receiver to take possession of all or substantially all of the assets of Tenant that is not dismissed within ninety (90) days;

(e) general assignment by Tenant for the benefit of creditors;

(f) any action taken or suffered by Tenant under any insolvency or bankruptcy act that is not dismissed within ninety (90) days;

(g) Tenant's failure to maintain in force all insurance coverage required by this Lease or Tenant's failure to deposit evidence of insurance with Landlord as required by this Lease;

(h) Tenant's failure to comply with any material provision of this Lease or with any applicable Laws affecting the Premises;

(i) A default (other than by Landlord) exists under the terms and conditions of the Master Development Agreement and such default has not been cured following notice and within the time period(s) provided under this Lease for a default; or

(j) Tenant is in default under the terms and conditions of the Operating Agreement and such default has not been cured following notice and within the time period(s) provided under this Lease for a default.

Notwithstanding the foregoing, if the failure of Tenant (other than failure described in subsection (b) above) is of a nature that it cannot be completely cured within ninety (90) calendar days with the exercise of due diligence, and Tenant timely commences the cure and proceeds with reasonable diligence and good faith to complete such cure, Tenant shall have a reasonable period of time to complete such cure, but in no event longer than one hundred eighty (180) days after written notice from Landlord, subject to unavoidable delays. Any Event of Default is subject to the rights of Tenant's Leasehold Mortgagee, as set forth in Article 25 of this Lease.

Section 18.02 Peaceful Surrender. Subject to the rights of Tenant's Leasehold Mortgagee, upon occurrence of an Event of Default, Landlord may declare this Lease terminated or may declare Tenant's right to possession terminated. Upon any expiration or termination of this Lease, or of Tenant's right to possession, Tenant shall peacefully surrender the Premises to Landlord in accordance with the terms of Article 5 of this Lease. At any time after expiration or termination, Landlord may without further notice re-enter the Premises. In addition to its other rights or remedies at law and in equity, Landlord shall have the immediate right of re-entry and, subject to applicable Laws, may remove all persons and property from the Premises with, or without, judicial process.

Section 18.03 Reletting Premises. If Landlord re-enters or takes possession pursuant to legal proceedings or pursuant to any notice provided for by Law, then Landlord may terminate this Lease; or Landlord may, from time to time, without terminating this Lease, remove Tenant and its property and relet all or part of the Premises. Landlord may operate the Project for its own account or may relet the Premises or any part thereof, in the name of Landlord or otherwise, for a term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and on conditions (which may

include concessions or free rent or new improvements to the Premises at Tenant's expense) as Landlord may determine and may collect and receive the Rents. Landlord is not responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon reletting.

Section 18.04 Application of Rents. Rentals received by Landlord from reletting shall be applied: First, to the payment of any indebtedness, other than Rent, due from Tenant to Landlord; second, to the payment of delinquent Rent; third, to the payment of any costs of reletting, including, but not limited to, brokerage commissions, legal and accounting fees, advertising and sign costs, and cleaning fees; fourth, to the payment of the cost of any alterations and repairs to the Premises; and the residue, if any, shall be held by Landlord and applied in payment of future Rent as the same may become due and payable. If rentals received from reletting during any month are less than that agreed to be paid during that month by Tenant or if Landlord is unable to relet the Premises, then Tenant shall pay the deficiency to Landlord. The deficiency shall be paid monthly or as otherwise specified by Landlord. No re-entry or taking possession of the Premises by Landlord shall be construed as an election to terminate this Lease unless Landlord expressly elects in writing to terminate all Tenant's rights in and to the Premises. No expiration or termination of this Lease shall relieve Tenant of its liabilities and obligations under this Lease, and these liabilities and obligations shall survive any termination.

Section 18.05 Additional Damages. In the event of the occurrence of any Event of Default, Landlord may, whether Landlord terminates this Lease or whether Landlord terminates Tenant's right to possession of the Premises, recover from Tenant:

(a) the worth at the time of determination of any unpaid Rent and costs which have been earned at the time of such termination; plus

(b) the worth at the time of determination of any amount by which the unpaid Rent (as well as all other charges, payments, costs and expenses herein agreed to be paid by Tenant, or at the option of Landlord any part thereof) which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(c) the worth at the time of determination of the amount by which the unpaid Rent for the balance of the Term after the time of the determination (including any percentage rent that Landlord reasonably estimates) exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(d) any other reasonable amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease; and

(e) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Law.

As used in Section 18.05 (a) and (b) above, the "worth at the time of award" is computed by allowing interest in the per annum amount equivalent to the default rate in whatever primary financing Tenant has in place at the time of the Event of Default. As used in Section 18.05 (c)

above, the “worth at the time of award” is computed by utilizing the non-default rate in whatever primary financing Tenant has in place at the time of the Event of Default.

Subject to the rights of a Leasehold Mortgagee as set forth in Article 25 hereof, upon and during the continuance of an Event of Default, if this Lease or any part thereof is assigned, or if the Premises or any part thereof is sublet, Tenant hereby irrevocably constitutes and appoints Landlord as Tenant’s agent to collect the rents due by the assignee or subtenant and apply the same to the rent and other costs due hereunder without in any way affecting Tenant’s obligation to pay any unpaid balance of Rent due hereunder. Nothing herein contained shall limit or prejudice the right of Landlord to prove for and obtain as liquidated damages by reason of expiration or termination, an amount equal to the maximum allowed by any statute or rule of law or in equity.

Notwithstanding the foregoing, Landlord acknowledges that it has the duty to mitigate its damages hereunder by attempting to relet the Premises, or a portion thereof, on commercially reasonable terms as provided in Section 18.03 of this Lease. Upon such reletting, the Rents received by Landlord for the Premises shall be applied as set forth in Section 18.04 of this Lease.

Section 18.06 Tenant’s Property. Tenant hereby waives all claims for damages which may be caused by the re-entry of Landlord and taking possession of the Premises or removing or storing Tenant’s or Subtenant’s Personal Property, subject to the rights of Tenant’s Leasehold Mortgagee with respect to such Personal Property.

Section 18.07 Other Remedies. In addition to all other remedies, in the event of any Event of Default by Tenant, upon prior written notice to Tenant, but subject to the rights of Tenant’s Leasehold Mortgagee, Landlord may cure the Event of Default for the account and at the expense of Tenant. If Landlord incurs any expense, the sum or sums advanced by Landlord, together with interest of 1% per month, from date of payment by Landlord, together with all costs and damages, shall be deemed to be Rent and shall be due and payable as Rent.

Section 18.08 Partial Performance Does Not Constitute Cure of Default. No failure by Landlord or by Tenant to insist upon the strict performance of any provision of this Lease or to exercise any right or remedy hereunder and no acceptance by Landlord of full or partial Rent during the continuance of a breach, shall constitute a waiver of a breach thereof, or shall be waived or modified except by a written instrument executed by both Parties. No waiver of any breach shall affect or alter this Lease, but every provision of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. Notwithstanding a reletting without termination, Landlord may at any time elect to terminate this Lease for a previous uncured Event of Default, subject to the rights of Tenant’s Leasehold Mortgagee.

Section 18.09 Landlord’s Injunction Rights. If Tenant commits an Event of Default, then Landlord may enjoin the breach without bond and may invoke any right or remedy allowed at law or in equity whether or not the remedy in question is specifically included in this Lease.

Section 18.10 Remedies Are Cumulative. Each right or remedy of Landlord provided for in this Lease are cumulative and are in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity. The exercise of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity shall not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity.

Section 18.11 Landlord's Security Interest. In addition to any lien for Rent available to Landlord, Landlord shall have, and Tenant hereby grants to Landlord, a continuing security interest for all Rent and other sums becoming due hereunder from Tenant, upon all Tenant's accounts receivable, inventory, equipment and all other personal property located on the Premises and utilized or related to operation of the Project. If an Event of Default occurs, Landlord shall have, in addition to any other remedies provided herein or by law, all of the rights and remedies afforded to secured parties under the Uniform Commercial Code, as codified in applicable state law ("the U.C.C."), including but not limited to: (a) the right to sell Tenant's said property at public or private sale upon ten (10) days' notice to Tenant; and (b) the right to take possession of such property without resort to judicial process in accordance with applicable provisions of the U.C.C. Tenant, on its receipt of a written request therefore from Landlord, shall execute such financing statements and other instruments as are necessary or desirable, in Landlord's judgment, to perfect such security interest. Notwithstanding anything contained herein to the contrary, for so long as a Leasehold Mortgage remains outstanding, Landlord's lien set forth in this Section 18.11 shall be subject and subordinate to the interests, rights, liens, security interests and remedies of Tenant's Leasehold Mortgagee and any other Secured Party (as defined in Section 25.09 herein).

Section 18.12 Default by Landlord. Landlord shall be considered in default or breach of this Lease for the non-performance of any obligation imposed herein if it is not cured within a period of thirty (30) days after written notice thereof from Tenant to Landlord and:

(a) If the same relates solely to the non-payment of money, Landlord fails to perform within said thirty (30) days after receipt of said written notice, or

(b) If the same does not relate solely to the non-payment of money, Landlord fails to commence performance within said thirty (30) day period and to diligently continue such performance until the obligation is fulfilled, but in no event longer than one hundred eighty (180) days after notice, subject to unavoidable delays.

In the event of a default by Landlord as defined in this Section 18.12, Tenant, at its option, without further notice or demand, shall have all rights and remedies available to it under this Lease, at law and/or in equity.

ARTICLE 19

INTENTIONALLY OMITTED

ARTICLE 20

NOTICES

Section 20.01 Notices. All notices, requests, demands, waivers, and other communications given as provided in this Lease shall be in lieu of, and not in addition to, statutorily required notice. All such notices, requests, demands, waivers, and other communications, unless otherwise specifically provided in this Lease, will be in writing and will be deemed to have been given:

(a) If delivered in person, upon delivery, or

(b) If mailed by certified or registered mail, postage prepaid, and addressed to Landlord or Tenant at the addresses provided below, on the second business day after deposit in the United States mail if addressed to an address located within the same state in which the notice is being mailed or on the third business day after deposit in the United States mail if addressed to an address located within a state other than the state in which the notice is being mailed, or

(c) If sent by overnight express delivery service, enclosed in a prepaid envelope and addressed to Landlord or Tenant at the addresses provided below, on the first business day after deposit with the service, or

(d) If sent by fax machine to the phone number listed below, then Notice shall be deemed delivered on the next business day following receipt, as evidenced by a successful transmission report.

(e) Either Landlord or Tenant may change its respective address as provided in this paragraph by giving written notice of the change as provided in this paragraph.

The addresses for notice are:

Notice to Landlord:

Vice President-Administration and Finance
1664 N. Virginia Street
Mail Stop 0003
Reno , Nevada 89557
Telephone No.: 775-784-6140
Facsimile No.: 775-784-1774

With copy:

General Counsel
1664 N. Virginia Street
Mail Stop 0550
Reno , Nevada 89557
Telephone No.: 775-784-4031

Facsimile No.: 775-327-2202

Notice to Tenant:

BBCS-UN RENO Housing, LLC
c/o Balfour Beatty Campus Solutions, LLC
10 Campus Boulevard
Newtown Square, PA 19073
Attention: Robert Shepko
Telephone No.: 610-355-8220
Facsimile No.: 610-355-8520

With copy to:

c/o Balfour Beatty Campus Solutions, LLC
10 Campus Boulevard
Newtown Square, PA 19073
Attention: General Counsel
Telephone No.: 610-355-8266
Facsimile No.: 610-355-8566

ARTICLE 21

SIGNS

Section 21.01 Tenant's Right to Reasonable Signage. Tenant may place directional signs at such places on the Landlord's campus as is mutually agreeable by the Parties. Tenant shall not place nor permit to be placed any sign, advertisement, notice, marquee, awning, or other display on any part of the exterior of the Premises including windows or doors without the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned, nor make any change thereafter. Except where written consent has been previously obtained, Tenant, upon request of Landlord, shall immediately remove any sign, advertisement, notice, marquee, awning, or other display which Tenant has placed or permitted to be placed on or about the Premises or on the Improvements of which they are a part, which in the reasonable opinion of Landlord is objectionable, offensive, or not in good taste, and, if Tenant shall fail to do so, Landlord may re-enter in or upon the Premises and remove the same at the expense of Tenant.

ARTICLE 22

MISCELLANEOUS PROVISIONS

Section 22.01 Table of Contents; Descriptive Headings; Background. The table of contents and descriptive headings of the paragraphs, sections, and other portions of this Lease are inserted for convenience and reference only and in no way define, limit or describe the scope,

meaning construction or intent of this Lease nor in any way affect this Lease. The provisions of the Recitals and of the Exhibits are incorporated by reference as a material part of this Lease.

Section 22.02 Nevada Law Governs. This Lease will be interpreted and construed under and in accordance with the Laws of the State of Nevada, without regard to conflicts of law principles. The forum selected for any proceeding or suit related to this Lease shall be the federal or state courts located in Washoe County, Nevada. The Parties expressly consent to personal jurisdiction in these courts. Notwithstanding any other provision herein, the Parties expressly agree that: (1) this Section 22.02 is a valid and binding agreement despite any claim as to the invalidity of all or any portion of this Lease and is supported by mutual consideration of the Parties' actions in negotiating the transactions contemplated hereby; and (2) no claim as to the invalidity of this Lease shall serve as a bar to the enforcement of the provisions of this Section 22.02.

Section 22.03 Severability of Any Invalid Provision. Invalidation of any one of the covenants, restrictions or provisions of this Lease by judgment or court order shall in no way affect any provisions, restrictions or covenants which shall remain in full force and effect.

Section 22.04 No Brokers. Tenant represents and warrants to Landlord and Landlord represents to Tenant that neither Party has had any dealings or discussions with any broker or agent in connection with this Lease and Tenant covenants to pay, hold harmless and indemnify Landlord from and against any and all losses, liabilities, damages, costs and expenses arising out of or in connection with any claim by any broker or agent for commissions relating to this Lease by reason of Tenant's activities and Landlord covenants to pay, hold harmless and indemnify Tenant from and against any and all losses, liabilities, damages, costs and expenses arising out of or in connection with any claim by any broker or agent for commissions relating to this Lease by reason of Landlord's activities.

Section 22.05 Amendment Must Be In Writing. No amendment or modification to this Lease shall be valid except by agreement made in writing by the Parties.

Section 22.06 Unless Otherwise Stated, Consent Shall Not Be Unreasonably Withheld. Any consent required of Landlord or Tenant hereunder shall not be unreasonably withheld, unless the specific provision provides that the consent is at the Party's sole discretion.

Section 22.07 Time Is of the Essence. Time is of the essence in this Lease and in each and every term and condition contained herein.

Section 22.08 Rights and Remedies Cumulative. No right or remedy specified herein or otherwise conferred upon or reserved to Landlord or Tenant, as the case may be, shall be considered exclusive of any other right or remedy, but the same shall be cumulative and shall be in addition to every other right and remedy whether hereunder, at law or in equity, and every right and remedy may be exercised by Landlord or Tenant, as the case may be, from time to time and as often as occasion may arise or as may be deemed expedient.

Section 22.09 No Waiver Unless in Writing. No consent or waiver, express or implied, by either Party hereto with respect to any breach or default by the other Party in the performance of any of its covenants or obligations under this Lease shall be deemed or construed

to be a consent to or waiver of any other breach or default. No waiver by either Party hereto of any default or breach by the other Party in the performance of any of its covenants or obligations under this Lease shall be deemed to have been made by the Party unless contained in a writing executed by the Party.

Section 22.10 Memorandum of Lease. At Tenant's option, the Parties shall execute and Tenant shall cause to be recorded a Memorandum of Amended and Restated Ground and Improvements Lease in the form of **Exhibit "E"** suitable for recording purposes with the Washoe County Recorder's Office. Tenant acknowledges that this Lease, along with any other information or documents received from Tenant, may be subject to the provisions of the State of Nevada Public Records Law (Nevada Revised Statutes 239.010 et seq.). After the expiration, cancellation, or termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord within thirty (30) days after written demand from Landlord, a document releasing any right or interest in the leasehold estate to Landlord or other document required by any reputable title company to remove the cloud of this Lease from the Land.

Section 22.11 Entire Agreement. This Lease, together with any exhibits and other documents attached hereto or incorporated herein by reference, constitutes one entire contract between the Parties. Except as otherwise set forth in the Pre-Development Agreement, all terms, conditions, representations, warranties, understandings, and interpretations contained in any other oral or written communications (including, but not limited to, the Original Ground and Improvements Lease) between the Parties are hereby superseded. In executing this Lease, the Parties acknowledge that they are relying solely on the matters set forth in this Lease, and not on any other inducements, written or oral, by the other Party or by any agent, employee, or representative thereof. Tenant acknowledges that no prior information provided or statements made by the Landlord or by any agent, employee, or representative thereof (collectively, "**Prior Information**") has induced Tenant to enter into this Lease. Tenant acknowledges that prior to entering into this Lease it has satisfied itself of all its concerns by conducting an independent investigation of the validity of all Prior Information.

Section 22.12 Joint and Several Obligations. If Tenant is comprised of more than one person or entity, then the obligations imposed upon Tenant in this Lease shall be joint and several.

Section 22.13 Successors and Assigns; Lease Covenants Run With the Land. The terms, covenants, agreements, provisions, conditions and limitations of this Lease shall be construed as covenants running with the land and shall bind and inure to the benefit of Landlord, its successors and permitted assigns, and Tenant, its successors and permitted assigns and permitted subtenants, except as otherwise provided herein.

Section 22.14 No Partnership. It is expressly understood that neither Landlord nor Tenant is or becomes in any way or for any purpose, a partner of the other in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with the other, or agent of the other by reason of this Lease or otherwise.

Section 22.15 Counterparts. This Lease may be executed in any number of counterparts, all of which shall be deemed one instrument, and each of which shall be deemed an

original of this Lease for all purposes, notwithstanding that fewer than all signatures may appear on any single counterpart.

Section 22.16 No Merger. There shall be no merger of this Lease nor of the leasehold estate created with the estate in the Premises by reason of the fact that this Lease, or the leasehold estate created hereby, or any interest in either thereof, may be held directly or indirectly by or for the account of any person who shall own the fee estate in the Premises or any portion therein and no merger shall occur unless and until all persons at the time having any interest in the fee estate and all persons having any interest in this Lease or the leasehold estate, including any Leasehold Mortgagee, join in a written instrument effecting a merger.

Section 22.17 Mineral Rights. Landlord reserves to itself all of the oil, gas and mineral rights of the Land without the right of surface entry.

Section 22.18 Surrounding Property. Tenant and Landlord acknowledge that Landlord intends to develop the property surrounding the Premises. Landlord makes no representations or warranties with respect to State appropriations or donor funding for such facilities or with respect to other property surrounding the Premises and the uses to which such surrounding property is being used or may be used in the future and any interference which such uses may present to the views and/or other uses of the Premises.

Section 22.19 Intellectual Property. Except as set forth in the Operating Agreement, the Parties agree not to use any foreign, federal, state or common law trademark, trade name, service mark, trade dress, universal resource locator, domain name, design, symbol, logo, patent, copyright, name or insignia belonging to the other without prior written approval.

Section 22.20 Sovereign Immunity. Notwithstanding any provision herein to the contrary, with respect to any liability of Landlord under this Lease, the Operating Agreement, the Master Development and the Property Management Agreement to Tenant and/or any person claiming through Tenant to indemnify, defend, and/or hold harmless from and against any and all liabilities, claims, losses, lawsuits, judgments, and/or expenses, including attorney fees, arising either directly or indirectly from any act or failure to act by Landlord or any of its officers or employees, which may occur during or which may arise out of the performance of this Lease, the Operating Agreement, the Master Development and the Property Management Agreement, Landlord will assert the defense of sovereign immunity as appropriate in all cases in accordance with the provisions of NRS Chapter 41.

ARTICLE 23

CERTIFICATES BY LANDLORD AND TENANT

Section 23.01 Estoppel Certificate. Either Party agrees at any time and from time to time upon not less than thirty (30) days prior notice by the other Party to execute, acknowledge and deliver to the other Party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications), and the dates to which the Rent has been paid, and stating whether or not the other Party is in default, specifying each default, it

being intended that any statement delivered pursuant to this Section may be relied upon by the other Party or any prospective purchaser of the fee or any mortgagee or prospective mortgagee thereof.

ARTICLE 24

RIGHT TO PERFORM OTHER PARTY'S COVENANTS

Section 24.01 Mutual Cure Rights of Obligations Under Lease. If Landlord or Tenant shall at any time fail to pay any sum, Taxes, Assessment, cost or expense which it is obligated to pay under the terms of this Lease, then the other Party, after fifteen (15) days written notice (or such longer notice period as may be expressly set forth elsewhere in this Lease) to the Party which has failed to make payment (or without notice or upon a shorter notice period in case of any emergency) and without waiving or releasing either Party from any obligation under this Lease, may, but shall be under no obligation to, pay any such sum, Assessment, cost or expense; provided, however, that no such payment shall be made if the Party receiving such written notice has in fact paid the same before the expiration of the time period and has given notice to the Party originally giving notice. Any payment made by either Party pursuant to this Section, together with all costs, expenses and interest at the rate of twelve percent (12%) per annum shall be paid to the paying Party on demand.

Section 24.02 Landlord's Cure Rights of Obligations Under Lease. If Tenant fails to perform or observe any covenant or condition contained in this Lease, the performance of which involves something more than merely the payment of money, then Landlord, after fifteen (15) days (or such longer notice period as may be expressly set forth elsewhere in this Lease) written notice to Tenant (or without notice or upon a shorter notice period in case of an emergency), and without waiving or releasing Tenant from any obligation, may perform the same for the account of Tenant, and charge Tenant the actual cost of any such performance. All sums so paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of any such act, together with interest thereon at the rate of twelve percent (12%) per annum shall be paid by Tenant to Landlord on demand.

Section 24.03 Intentionally Omitted.

Section 24.04 Intentionally Omitted.

Section 24.05 Lease Subordinate to Landlord's Mortgage; Nondisturbance. Subject to the terms of this Section 24.05, this Lease may be made subject and subordinate to a lien of a mortgage or indentures which hereafter may be made a lien on Landlord's fee simple title to the Land (a "**Fee Mortgage**") now or hereafter owned by Landlord or any part thereof or on the rights of Landlord hereunder. As used herein, the term "mortgages" shall mean mortgages, deeds of trust or other similar real property security instruments, and any and all modifications, consolidations, extensions, renewals, replacements and substitutes thereof. Landlord and Tenant shall reasonably and timely cooperate with each other and the other's lender(s) in documenting these arrangements for subordination of this Lease to the lien of any Fee Mortgage, provided that Tenant's obligation to subordinate this Lease to a Fee Mortgage is conditioned upon Tenant's receipt of a recordable subordination, non-disturbance and attornment

agreement, and, if applicable, intercreditor agreement, from Landlord's lender in form and content reasonably satisfactory to Tenant and Tenant's Leasehold Mortgagee.

ARTICLE 25

LEASEHOLD MORTGAGE PROVISIONS

Section 25.01 **Leasehold Mortgage.** Notwithstanding anything to the contrary which may be contained in any other provision of this Lease, Tenant is hereby granted the right, without being required to obtain Landlord's consent, at any time and from time to time (including, without limitation, for the initial construction and development of the Project and for the use, operation, maintenance, repair, replacement and restoration of the Premises during the Term), as security for a Loan, to mortgage, grant a security interest in or otherwise pledge, assign, transfer or encumber (a "**Leasehold Mortgage**") in favor of a lender (other than a person or entity which has control of, is controlled by or under common control with Tenant) (a "**Leasehold Mortgagee**") its rights, title and interests, as Tenant, in, to and under this Lease, its leasehold estate in the Premises, rights under any subleases and/or its interests in the Land, Improvements or Personal Property of Tenant, provided that (i) at the time any such mortgage, encumbrance or security interest is created, no uncured Event of Default on the part of Tenant, then exists hereunder, (ii) in no event shall Landlord's reversionary interests in the Premises or in the Improvements be encumbered by any Leasehold Mortgage, (iii) Tenant's obligations to its Leasehold Mortgagee will be required to be satisfied on or before expiration of the Term; and (iv) any Leasehold Mortgagee shall be obligated to concurrently provide Landlord copies of all notices to which Tenant shall be entitled of default by Tenant under the Leasehold Mortgage or of Leasehold Mortgagee's intent to commence enforcement action against Tenant under the Leasehold Mortgage. As used in this Lease, the noun "mortgage" shall include a mortgage, security agreement or deed of trust, the verb "mortgage" shall include the creation of a mortgage, deed of trust or other security interest, the word "mortgagee" shall include the mortgagee under a mortgage, the beneficiary under a deed of trust or the secured party under a security agreement, the term "**Loan Documents**" refers to any and all documents and instruments evidencing a Loan or a mortgage, and the terms "Foreclose" or "foreclosure" shall include the exercise of any power of sale (whether by a trustee or other person or entity) contained in a deed of trust or security agreement as well as foreclosure by judicial process, to the extent permitted by the laws of the State of Nevada. If Tenant exercises this right and grants a Leasehold Mortgage, then Landlord, for itself, its assignees, mortgagees and trustees-in-bankruptcy and its and their respective successors and assigns, hereby agrees to be bound by the remaining provisions of this Article 25. In addition, Tenant shall deliver to Landlord copies of the Leasehold Mortgage and give Landlord notice of the name and address of the Leasehold Mortgagee.

Section 25.02 **No Amendment.** This Lease shall not be amended, cancelled, surrendered or rejected without the prior written approval of the Leasehold Mortgagee, and any such action done without the consent of Leasehold Mortgagee shall not bind Leasehold Mortgagee or adversely affect its rights hereunder; provided, however, that nothing contained herein shall be construed to require the consent of any Leasehold Mortgagee to the exercise by Landlord of any right of termination upon any Event of Default on the part of Tenant to which Landlord is expressly entitled under this Lease, subject to any rights of notice to and any applicable opportunity to cure by Leasehold Mortgagee and other rights of Leasehold

Mortgagee, as expressly provided in this Lease. Landlord and Tenant may not voluntarily agree to terminate this Lease without the consent of Leasehold Mortgagee and each other Leasehold Mortgagee that has given Landlord notice of its Leasehold Mortgage. Nothing contained herein shall prohibit Landlord from giving or withholding its consent or approval with respect to any matter as expressly provided herein or in the Master Development Agreement, Operating Agreement or Property Management Agreement, and the giving or withholding of consent or approval in accordance with and subject to the terms of this Lease shall not be deemed to be an amendment of this Lease to which Leasehold Mortgagee shall be entitled to give its consent, provided such consent does not actually result in an amendment or termination of this Lease or surrender of the Premises in derogation of Leasehold Mortgagee's rights hereunder.

Section 25.03 Default Notices.

(a) Landlord, upon providing Tenant any notice of default under this Lease or a termination of this Lease, shall at the same time provide a copy of such notice to the Leasehold Mortgagee and each other Leasehold Mortgagee that has given Landlord notice of its Leasehold Mortgage, which notice shall provide for an address to which notices required hereunder shall be sent. Such notice shall contain a statement in BOLD FACE CONSPICUOUS TYPE that it is a default notice, as a condition to the effectiveness thereof as to such Leasehold Mortgagee (but without affecting the effectiveness thereof as to Tenant). No such notice by Landlord shall be deemed to have been duly given unless and until a copy thereof has been so provided to such Leasehold Mortgagee as herein required.

(b) If Tenant fails to cure or remedy any default, breach or failure under this Lease within the applicable cure period provided under Article 18 hereof, then except as provided hereafter, Landlord will refrain from exercising any remedy with respect to such default, breach or failure and such default, breach or failure shall not constitute an Event of Default, unless and until (i) with respect to any default, breach or failure by Tenant of any obligation to pay Rent and other monetary amounts, Landlord shall give a further written notice thereof to the Leasehold Mortgagee and such default, breach or failure remains uncured in whole or any part, at the expiration of ten (10) days after the Leasehold Mortgagee's receipt of Landlord's written notice of such default, breach or failure; and (ii) with respect to any other default, breach or failure on the part of Tenant, Landlord shall give a further written notice thereof to the Leasehold Mortgagee and such default, breach or failure remains uncured in whole or any part, at the expiration of thirty (30) days after the Leasehold Mortgagee's receipt of Landlord's written notice of such failure; provided, however, that if such non-monetary default, breach or failure is such as cannot with diligent efforts be cured within thirty (30) days, Leasehold Mortgagee shall have additional time to cure so long as Leasehold Mortgagee shall have commenced action to remedy such failure promptly following such notice and shall have diligently prosecuted such action in good faith; and provided, further, that in the event that any such non-monetary default is not susceptible to cure by Leasehold Mortgagee until Leasehold Mortgagee can gain possession of the Premises, Leasehold Mortgagee's period of time to commence to cure such default shall be extended until such time as Leasehold Mortgagee actually gains possession of the Premises, so long as:

(i) Within ten (10) days after receipt of Landlord's notice, pay or cause to be paid all Rent and other payments then due and in arrears as specified in the notice of

such default, breach or failure given by Landlord to such Leasehold Mortgagee and that may thereafter become due during the cure period allowed to such Leasehold Mortgagee, subject to the notice and cure provisions set forth in this Lease; provided that no such amount shall be required to be paid before the same is due and owing under this Lease;

(ii) Comply or, in good faith, with reasonable diligence and continuity, commence to comply with all nonmonetary requirements of this Lease then in default and reasonably susceptible of being complied with by such Leasehold Mortgagee and continue to pursue such cure with reasonable due diligence, excepting: (a) obligations of Tenant to satisfy or otherwise discharge any lien, charge or encumbrance against Tenant's interest in this Lease junior in priority to the lien of the Leasehold Mortgage held by Leasehold Mortgagee (which is not also a lien against Landlord's fee interest in the Premises); and (b) past nonmonetary obligations then in default and not reasonably susceptible of being cured by Leasehold Mortgagee;

(iii) During such extended cure period, unless and until such default, breach or failure is fully cured, the Leasehold Mortgagee shall be reasonably diligent in its efforts to gain possession of the Premises and thereafter to commence and complete the cure of such default, breach or failure; and unless Leasehold Mortgagee is stayed or enjoined from taking such actions, Leasehold Mortgagee shall take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with reasonable diligence and continuity and without giving any extensions of time to Tenant without the prior written consent of Landlord; and

(iv) Upon the acquisition of Tenant's estate herein by Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale, assignment in lieu thereof or otherwise, this Lease shall continue in full force and effect provided that and for so long as the Leasehold Mortgagee or its designee or other purchaser at a foreclosure sale continues diligently to cure such default, breach or failure and to comply with all other obligations of Tenant for the payment of Rent and the performance of all other obligations of Tenant under this Lease; provided, however, that if the Event of Default remains uncured in whole or any part at the expiration of ninety (90) days after the acquisition of Tenant's estate herein by Leasehold Mortgagee or its designee or other purchaser at a foreclosure sale (provided, however, that if such default, breach or failure is such as cannot with diligent efforts be cured within such ninety (90) days, Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale shall have additional time to cure so long as Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale (x) shall have commenced action to remedy such failure promptly following such acquisition, (y) shall have diligently prosecuted such action in good faith and (z) shall comply with all other obligations of Tenant for the payment of Rent and the performance of all other obligations of Tenant under this Lease), or if any further Event of Default occurs following such acquisition, then Landlord shall have the rights set forth in this Lease or at law or in equity without further regard to this section.

(c) Landlord shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Tenant. Tenant authorizes Leasehold Mortgagee to take any such action at Leasehold Mortgagee's option in accordance with

applicable laws and the terms and conditions of this Lease and does hereby authorize entry upon the Premises by the Leasehold Mortgagee for such purpose.

(d) Nothing contained in this Section 25.03 or in Section 25.04 below, shall impair or impede Landlord's rights and remedies under Article 18, which shall be available to Landlord notwithstanding the pendency of any proceedings or efforts to cure under this Section 25.03, nor shall anything contained in this Section 25.03 or in Section 25.05 below impair or impede Landlord's exercise of any equitable rights and remedies to enforce compliance with Tenant's obligations under this provided that no such action(s) interfere with Leasehold Mortgagee's rights under this Lease.

Section 25.04 Notice of Termination; Termination.

(a) Anything contained in this Lease to the contrary notwithstanding, if any Event of Default shall occur that may entitle Landlord to terminate this Lease (whether one or more, a "Termination Default"), and if the same remains uncured, Landlord shall have no right to terminate this Lease unless and until:

(i) the period of time given Tenant to cure such Termination Default set forth in Article 18 shall have expired and such Termination Default remains uncured in whole or part,

(ii) Landlord shall have given notice(s) to the Leasehold Mortgagee of such Termination Default pursuant to Section 25.03, and the applicable period(s) for cure have expired and such Termination Default remains uncured in whole or part, and

(iii) Landlord shall have given to the Leasehold Mortgagee written notice (a "Default Termination Notice") specifying IN BOLD FACE CONSPICUOUS TYPE that Landlord intends to terminate this Lease by reason of such Termination Default unless Tenant or any one or more of the Leasehold Mortgagees cures such Event of Default within thirty (30) days following receipt of such notice by the Leasehold Mortgagee.

(b) Only if, after satisfying the requirements set forth in Section 25.04(a)(iii), and upon the expiration of the thirty (30) day period mentioned in Section 25.04(a)(iii), the Termination Default has not been fully cured, Landlord may terminate this Lease and the rights of Tenant and all Leasehold Mortgagees hereunder (except as provided in Section 25.05 hereof), and may enter and retake possession of the Premises and may exercise such other rights by reason of such Event of Default as are available to Landlord hereunder or at law or in equity.

(c) If at the end of such thirty (30) day period Leasehold Mortgagee is complying with Section 25.03(b)(iv), this Lease shall not then terminate; and the time for completion by such Leasehold Mortgagee of proceedings pursuant to Section 25.03(b)(iv) shall continue for the period provided in Section 25.03(b)(iv) in connection with Tenant's failure to comply with obligations other than the obligation to pay Rent. Nothing in this Section 25.04(c), however, shall be construed to require Leasehold Mortgagee to continue such foreclosure proceedings after the default has been cured. If the default shall be cured, and Leasehold Mortgagee shall discontinue such foreclosure proceedings, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

(d) Upon the acquisition of Tenant's estate herein by Leasehold Mortgagee or its designee or any other permitted purchaser at a foreclosure sale, assignment in lieu thereof or otherwise, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

(e) Notwithstanding any other provision of this Lease, any sale or other Transfer of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or other Transfer of this Lease or of the leasehold estate hereby created in lieu of the foreclosure of any Leasehold Mortgage (whether as a result of a default hereunder, a default under a Leasehold Mortgage or otherwise), shall be deemed to be a permitted Transfer or sale not requiring the consent of Landlord, pursuant to this Lease provided that the Person becoming the holder of the Tenant's Estate shall satisfy the following conditions:

(i) All monetary Events of Default shall be cured as provided herein;

(ii) Either (i) such Person is (or has a parent organization or affiliate that is) financially and commercially capable of performing the obligations hereunder and has (or has a parent organization or affiliate that has) at least seven (7) years of experience managing student housing facilities of the nature, type, scope and size of the Premises, or (ii) upon such Transfer such Person shall engage a property management company reasonably acceptable to Landlord;

(iii) Such Person shall agree in writing to perform all of the terms, covenants and conditions on the part of the Tenant to be performed hereunder from and after the date of such purchase or assignment (provided, however, that if such Person shall be the holder of the Leasehold Mortgage or its affiliate, only with respect to the obligations of Tenant accruing during the period during which such holder or affiliate shall continue to be the holder of Tenant's estate under this Lease).

No such sale, Transfer or assignment satisfying these requirements shall constitute a default or Event of Default under this Lease.

(f) In the event of any sale or other Transfer of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or other Transfer of this Lease or of the leasehold estate hereby created in lieu of the foreclosure of any Leasehold Mortgage, (a) the Leasehold Mortgagee shall not be liable for any act or omission of Tenant excepting any uncured breach or default under this Lease (including without limitation any unpaid Rent) that remains uncured and is continuing (subject to any applicable rights of cure with respect to non-monetary defaults only), (b) the Leasehold Mortgagee shall not be liable for any amendment to this Lease not joined in or consented to by the Leasehold Mortgagee, (c) the Leasehold Mortgagee shall not be subject to any offsets or defenses which Landlord has against Tenant excepting any uncured breach or default under this Lease (including without limitation any unpaid Rent) that remains uncured and is continuing (subject to any applicable rights of cure with respect to non-monetary defaults only), and (d) Landlord and such Leasehold Mortgagee shall, upon written request of the other party, reaffirm in writing the validity of this Lease.

Section 25.05 New Lease. In the event of the termination of this Lease prior to the expiration of the Term, except any termination (i) as a result of the Leasehold Mortgagee's failure to cure a Termination Default (unless the Event of Default resulting in such termination is incapable of cure by the Leasehold Mortgagee), (ii) elected by Tenant under any provision of this Lease permitting Tenant unilaterally to terminate this Lease (subject to Section 25.02 hereof), (iii) elected by Tenant as a result of a Condemnation in accordance with the terms of this Lease, or (iv) elected by Tenant as a result of a Casualty in accordance with the terms of this Lease, then Landlord shall serve upon the Leasehold Mortgagee written notice that this Lease has been terminated, together with a statement of any and all sums which would at the time of such notice be due under this Lease but for such termination, and of all other defaults, if any, under this Lease then known to Landlord (collectively, the "Known Defaults"). Such Leasehold Mortgagee shall thereupon have the option (but not the obligation) to obtain a new lease ("New Lease") in accordance with and upon the following terms and conditions: Upon the written request of such Leasehold Mortgagee (a "New Lease Request") given to Landlord not later than thirty (30) days after receipt by such Leasehold Mortgagee of such notice from Landlord that this Lease has been terminated (inclusive of the above-required statement of all Known Defaults), time being of the essence, Landlord and such holder designated by Leasehold Mortgagee shall enter into a New Lease of the Leased Premises, as follows:

(a) Such New Lease shall be entered into as promptly as reasonably practicable, but in any case within sixty (60) days following Landlord's tender of such New Lease in proper form to such Leasehold Mortgagee following Landlord's receipt of a New Lease Request, at the cost of the Leasehold Mortgagee; such New Lease shall be effective as of the date of termination of this Lease, and shall be for the remainder of the Term and at the Rent and upon all the agreements, terms, covenants and conditions hereof.

(b) Such New Lease shall provide the same rights of Tenant under this Lease to Leasehold Mortgagee and shall require that Leasehold Mortgagee perform any unfulfilled obligations of Tenant under this Lease which are susceptible of being performed by such Leasehold Mortgagee. Such Leasehold Mortgagee shall perform and observe all covenants herein contained on Tenant's part to be performed which are susceptible to being performed by such Leasehold Mortgagee, and shall further remedy any other conditions which Tenant under the terminated Lease was obligated to perform under its terms, including, without limitation, any Known Defaults, to the extent the same are curable or may be performed by such Leasehold Mortgagee.

(c) Upon the execution of such New Lease, Landlord shall pay or permit an offset against Rent to such Leasehold Mortgagee, and such Leasehold Mortgagee shall be entitled to, an adjustment in an amount equal to the Gross Revenues (if any) derived by Landlord from the Leased Premises during the period from the date of termination of this Lease to the date of execution of such New Lease.

(d) Effective upon the commencement of the term of any such New Lease executed pursuant to this Section 25.05, all subleases shall be assigned and transferred by quitclaim without recourse by Landlord to the Tenant under such New Lease, together with all security deposits and prepaid rents then held by Landlord, and any other sums to which Tenant would have been entitled had this Lease not been terminated.

(e) Upon acquisition of the leasehold by the Leasehold Mortgagee or by any purchaser at a foreclosure sale other than a Leasehold Mortgagee, such party shall assume the Tenant's obligations under the Master Development Agreement, the Operating Agreement and the Property Management Agreement.

(f) The rights granted herein to the Leasehold Mortgagee to a New Lease shall survive any termination of this Lease.

(g) Nothing herein contained shall require any Leasehold Mortgagee to enter into a New Lease.

Section 25.06 No Merger. So long as any Leasehold Mortgage is in existence, unless Leasehold Mortgagee shall otherwise expressly consent in writing or unless this Lease has otherwise been terminated in accordance with its terms, the fee title to the Premises and the leasehold estate of Tenant therein created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Landlord or by Tenant or by a third party, by purchase or otherwise.

Section 25.07 Bankruptcy. In the event Tenant becomes the subject of a proceeding under the United States Bankruptcy Code (Title 11 U.S.C.) as now or hereafter in effect (including any replacement thereof), Tenant shall not be entitled to reject this Lease without the prior written consent of the Leasehold Mortgagee; provided that, if the Lease is nevertheless rejected in connection with a bankruptcy proceeding by Tenant or a trustee in bankruptcy for Tenant, such rejection shall be deemed an assignment by Tenant to the Leasehold Mortgagee of the leasehold estate and all of Tenant's interest under this Lease, in the nature of an assignment in lieu of foreclosure, and this Lease shall not terminate and the Leasehold Mortgagee shall have all the rights of the Leasehold Mortgagee hereunder as if such bankruptcy proceeding had not occurred, unless the Leasehold Mortgagee shall reject such deemed assignment by notice in writing to Landlord within sixty (60) days following rejection of the Lease by Tenant or Tenant's trustee in bankruptcy. If any court of competent jurisdiction shall determine that this Lease shall have been terminated notwithstanding the terms of the preceding sentence as a result of rejection by Tenant or the trustee in bankruptcy for Tenant in connection with any such proceeding, the rights of the Leasehold Mortgagee to a New Lease from Landlord shall not be affected thereby.

Section 25.08 Limitation of Leasehold Mortgagee's Liability. The liability of any Leasehold Mortgagee or its designee or nominee acquiring title pursuant to foreclosure or other process in lieu thereof under this Lease with respect to any amount due hereunder and accruing prior to the respective Party acquiring possession of the Premises (including possession subject to subleases) shall be limited to such Party's interest in the Premises, and any judgments rendered against any such Leasehold Mortgagee or its designee or nominee following foreclosure or other process in lieu thereof shall be satisfied solely out of its interests in this Lease or the proceeds of sale of its interest in the Premises. No personal judgment shall lie against any such Leasehold Mortgagee or its designee or nominee upon extinguishment of its rights in the Premises, and any judgment so rendered shall not give rise to any right of execution or levy against such Leasehold Mortgagee's or its designee's or nominee's assets. The provisions of this Section 25.08 shall not inure to the successors and assigns of any Leasehold Mortgagee or its

designee or nominee following its acquisition and Transfer of title to the leasehold estate created hereby.

Section 25.09 Security Interests. Landlord hereby acknowledges and consents to Tenant's grant of security interests in the Personal Property to Leasehold Mortgagee and to bona fide lenders and their respective successors and assigns (together, "Secured Lenders"). Any Personal Property in which a security interest has been granted to a Secured Lender is hereinafter called "Secured Property." Landlord subordinates any interest in the Personal Property to security interests granted to Secured Lenders, subject to the provisions hereof. Landlord consents to the entry by Secured Lenders or their agents or representatives upon the Leased Premises at any time pursuant to any document evidencing or governing a lien or security interest in favor of a Secured Lender for the purpose of removing the Secured Property, except that the Secured Lenders may not remove any Fixtures from the Leased Premises. The Secured Property shall be deemed to be personal property and not a part of the Premises and shall not be claimed or seized or levied upon in any levy or legal execution or legal proceedings by Landlord. The Secured Lenders may remove Secured Property, or any part thereof, without liability for damage to or diminution in value of the Leased Premises, except for the actual physical damage caused by such removal, which physical damage shall be repaired by the removing Secured Lender or caused to be repaired by the removing Secured Lender so that the Leased Premises shall be restored to the condition the Leased Premises would be in absent such removal.

Section 25.10 No Guaranty; Only Debtor-Creditor Relationship. Nothing contained herein shall be construed as a guaranty, of any kind or nature, by any Leasehold Mortgagee of any of the obligations of Tenant hereunder or as creating a relationship between Tenant and any Leasehold Mortgagee other than a relationship of creditor and debtor unless or until Leasehold Mortgagee shall obtain Tenant's Leasehold Estate pursuant to a foreclosure or any process in lieu of foreclosure in which event Landlord and Leasehold Mortgagee shall be landlord and tenant under the terms of this Lease.

Section 25.11 Casualty; Condemnation. All proceeds of policies of insurance maintained hereunder and the award from any condemnation or taking of the Premises shall be applied and disbursed in accordance with the terms of this Lease. The Leasehold Mortgagee is hereby authorized to participate in any actions, proceedings or negotiations in connection with the collection, settlement or compromise of any such proceeds or awards.

Section 25.12 No Right of Termination by Tenant. Notwithstanding any provision of this Lease to the contrary, Tenant covenants and agrees that so long as any Leasehold Mortgage shall be outstanding, a violation of any of the terms, covenants, conditions or other provisions of this Lease required to be kept, performed or observed by Landlord shall not entitle Tenant to terminate this Lease; instead, Tenant may resort only to (i) such injunctive relief (including, without limitation, specific performance) or monetary damages as then may be available at law or in equity, and (ii) such other remedies (except termination) as are expressly provided for in this Lease.

Section 25.13 Changes to Leasehold Mortgage Protective Provisions. In the event that Tenant hereafter desires to enter into a Leasehold Mortgage, Landlord agrees to consider in good faith any modifications, clarifications or changes to the mortgagee protective

provisions contained in this Lease which are reasonably requested by a Leasehold Mortgagee. Landlord shall promptly respond to any such request within ten (10) business days after Landlord's receipt of such request.

Section 25.14 Purchase Option.

(a) Notwithstanding anything to the contrary set forth herein, if Tenant defaults under the Leasehold Mortgage, Leasehold Mortgagee shall provide notice of such default to Landlord ("Tenant Loan Default Notice"). Within sixty (60) days following Landlord's receipt of the Tenant Loan Default Notice, Landlord shall notify Leasehold Mortgagee in writing whether Landlord desires to purchase the Loan from Leasehold Mortgagee. If Landlord elects to purchase the Loan from Leasehold Mortgagee, then, within one hundred eighty (180) days following Landlord's receipt of the Tenant Loan Default Notice, unless the default which is the subject of the Tenant Loan Default Notice has been cured, Landlord shall pay to said Leasehold Mortgagee (or its wholly owned subsidiary transferee, if applicable) the outstanding principal balance of the Loan, together with all accrued interest and other amounts due thereon (including, without limitation, any late charges, default interest, breakage fees, penalties, exit fees, and advances), any Protective Advances (hereinafter defined) made by the Leasehold Mortgagee and any interest charged by the Leasehold Mortgagee on any advances for payments of principal and/or interest on the Leasehold Mortgage and/or on any Protective Advances), including all costs and expenses (including legal fees and expenses) actually incurred by the Leasehold Mortgagee in enforcing the terms of the Leasehold Mortgage (the "Loan Purchase Price"). Concurrently with payment to the Leasehold Mortgagee of the Loan Purchase Price, the Leasehold Mortgagee shall deliver or cause to be delivered to Landlord all documents held by or on behalf of the Leasehold Mortgagee evidencing, governing or securing the Leasehold Mortgage and will execute in favor of Landlord or its designee assignment documentation, in form and substance reasonably acceptable to the Leasehold Mortgagee, at the sole cost and expense of Landlord to assign the Leasehold Mortgage and its rights under the documents evidencing, governing or securing the Leasehold Mortgage (without recourse, representations or warranties). If Landlord timely notifies Leasehold Mortgagee that it does not wish to purchase the Loan or fails to respond to the Tenant Loan Default Notice with the aforesaid 60-day period, Leasehold Mortgagee shall be entitled to proceed with an Enforcement Action.

(i) For purposes of this Section 25.14, "Enforcement Action" means any judicial or non-judicial foreclosure proceeding, the exercise of any power of sale, or the taking of a deed or assignment in lieu of foreclosure.

(ii) For purposes of this Section 25.14, "Protective Advances" means all sums advanced for the purpose of payment of real estate taxes (including special payments in lieu of real estate taxes), maintenance costs, insurance premiums or other items (including capital items) reasonably necessary to protect the Leased Premises from forfeiture, casualty, loss or waste.

(b) Without limiting the foregoing provisions of this Section 25.14, if during the Term, Leasehold Mortgagee (or its wholly-owned subsidiary, affiliate, nominee or designee, if applicable) becomes the owner or holder of Tenant's interest in, to or under this Lease or

Tenant's Estate or any portion thereof as a result of the exercise or enforcement of any right or remedy of Leasehold Mortgagee (including, by way of example, power of sale, foreclosure or other enforcement action, or transfer in lieu of foreclosure or other enforcement action), and thereafter determines to sell such Tenant's Leasehold Interest to a third party, the provisions of Section 17.04 of this Lease shall apply.

Section 25.15 Master Development Agreement; Operating Agreement; Property Management Agreement. Upon acquisition of the leasehold by a Leasehold Mortgagee or its designee or nominee or by any purchaser at a foreclosure sale other than a Leasehold Mortgagee, such party shall assume the Tenant's obligations under the Master Development Agreement, the Operating Agreement and the Property Management Agreement. In addition, if UNR is not the property manager, each Party shall assume or enter into a new property management agreement with an existing property manager other than UNR or enter into a property management agreement with a new property manager reasonably satisfactory to Landlord.

[Signatures on following page]

IN WITNESS WHEREOF, the Landlord and Tenant have caused this Lease to be executed as of the date first above written by their respective authorized officers.

LANDLORD:

BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO

Recommended:

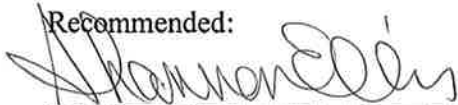


Ronald Zurek, Vice President
for Administration and Finance

11-7-13

Date

Recommended:



Shannon Ellis, Vice President
for Student Services

NOV 08 2013

Date

Recommended:



Marc Johnson, President

11-14-13

Date

Approved:




Daniel Klaich, Chancellor

11/21/13

Date

TENANT:

BBCS-UN RENO HOUSING, LLC, a Delaware limited liability company

By: 

Name: Leslie S. Cohn
Title: executive vice president

11/10/14

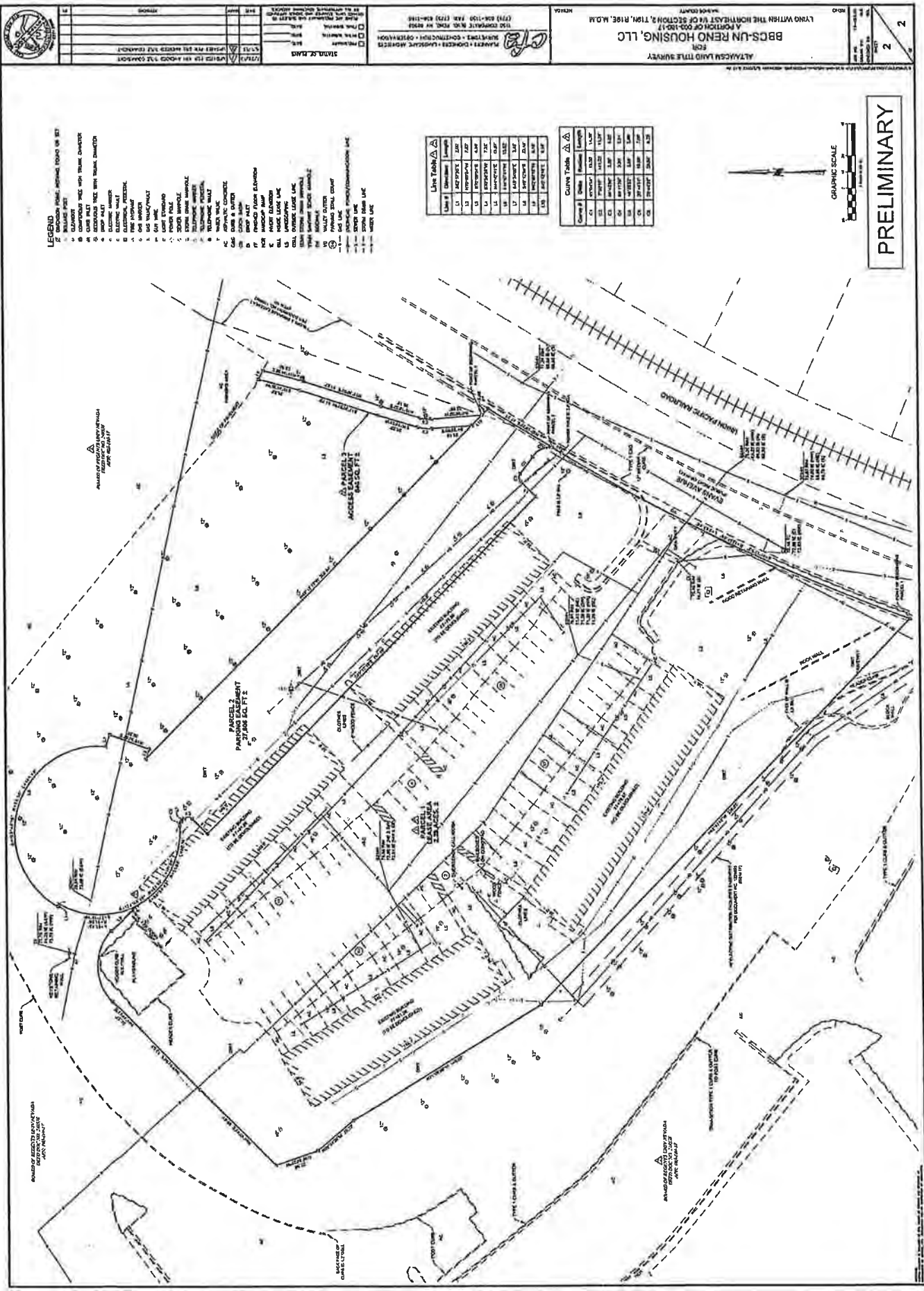
Date

EXHIBITS TO GROUND LEASE

- Exhibit A Lease Boundary
- Exhibit B Legal Description of Land
- Exhibit C Site Plan
- Exhibit D Permitted Title Encumbrances
- Exhibit E Memorandum of Amended and Restated Ground and Improvements Lease

Exhibit "A"

LEASE BOUNDARY



PRELIMINARY

GRAPHIC SCALE
1" = 100'



Curve Table

Curve #	Delta	Radius	Length
01	90.000°	100.00'	157.08'
02	90.000°	100.00'	157.08'
03	90.000°	100.00'	157.08'
04	90.000°	100.00'	157.08'
05	90.000°	100.00'	157.08'
06	90.000°	100.00'	157.08'
07	90.000°	100.00'	157.08'
08	90.000°	100.00'	157.08'
09	90.000°	100.00'	157.08'
10	90.000°	100.00'	157.08'
11	90.000°	100.00'	157.08'
12	90.000°	100.00'	157.08'
13	90.000°	100.00'	157.08'
14	90.000°	100.00'	157.08'
15	90.000°	100.00'	157.08'
16	90.000°	100.00'	157.08'
17	90.000°	100.00'	157.08'
18	90.000°	100.00'	157.08'
19	90.000°	100.00'	157.08'
20	90.000°	100.00'	157.08'
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22	90.000°	100.00'	157.08'
23	90.000°	100.00'	157.08'
24	90.000°	100.00'	157.08'
25	90.000°	100.00'	157.08'
26	90.000°	100.00'	157.08'
27	90.000°	100.00'	157.08'
28	90.000°	100.00'	157.08'
29	90.000°	100.00'	157.08'
30	90.000°	100.00'	157.08'
31	90.000°	100.00'	157.08'
32	90.000°	100.00'	157.08'
33	90.000°	100.00'	157.08'
34	90.000°	100.00'	157.08'
35	90.000°	100.00'	157.08'
36	90.000°	100.00'	157.08'
37	90.000°	100.00'	157.08'
38	90.000°	100.00'	157.08'
39	90.000°	100.00'	157.08'
40	90.000°	100.00'	157.08'
41	90.000°	100.00'	157.08'
42	90.000°	100.00'	157.08'
43	90.000°	100.00'	157.08'
44	90.000°	100.00'	157.08'
45	90.000°	100.00'	157.08'
46	90.000°	100.00'	157.08'
47	90.000°	100.00'	157.08'
48	90.000°	100.00'	157.08'
49	90.000°	100.00'	157.08'
50	90.000°	100.00'	157.08'

Line Table

Line #	Description	Length
01	1-20' WIDE	200'
02	1-20' WIDE	200'
03	1-20' WIDE	200'
04	1-20' WIDE	200'
05	1-20' WIDE	200'
06	1-20' WIDE	200'
07	1-20' WIDE	200'
08	1-20' WIDE	200'
09	1-20' WIDE	200'
10	1-20' WIDE	200'
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43	1-20' WIDE	200'
44	1-20' WIDE	200'
45	1-20' WIDE	200'
46	1-20' WIDE	200'
47	1-20' WIDE	200'
48	1-20' WIDE	200'
49	1-20' WIDE	200'
50	1-20' WIDE	200'

- LEGEND**
- 1. BOUNDARY LINE, METERS TO 0.01
 - 2. BOUNDARY POINT
 - 3. BOUNDARY LINE, METERS TO 0.01
 - 4. CURB WALL
 - 5. CURB WALL WITH 100MM DRAINAGE
 - 6. CURB WALL WITH 100MM DRAINAGE
 - 7. CURB WALL WITH 100MM DRAINAGE
 - 8. CURB WALL WITH 100MM DRAINAGE
 - 9. CURB WALL WITH 100MM DRAINAGE
 - 10. CURB WALL WITH 100MM DRAINAGE
 - 11. CURB WALL WITH 100MM DRAINAGE
 - 12. CURB WALL WITH 100MM DRAINAGE
 - 13. CURB WALL WITH 100MM DRAINAGE
 - 14. CURB WALL WITH 100MM DRAINAGE
 - 15. CURB WALL WITH 100MM DRAINAGE
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 - 46. CURB WALL WITH 100MM DRAINAGE
 - 47. CURB WALL WITH 100MM DRAINAGE
 - 48. CURB WALL WITH 100MM DRAINAGE
 - 49. CURB WALL WITH 100MM DRAINAGE
 - 50. CURB WALL WITH 100MM DRAINAGE

Exhibit "B"

LEGAL DESCRIPTION OF LAND

**LEGAL DESCRIPTION
FOR
UNR GRADUATE HOUSING PROJECT**

All that certain real parcel of land lying within the Northeast One-Quarter of Section Two (2), Township Nineteen North (T19N.), Range Nineteen East (R19E.), M.D.M., City of Reno, Washoe County, Nevada, more particularly described as follows:

PARCEL 1 – LEASE AREA

BEGINNING at a point lying on the westerly right-of-way of Evans Ave., said POINT OF BEGINNING being further described as bearing North 78°54'03" East 1543.99 feet from , Washoe County GPS Control Point No. PLS 3736;

THENCE from said POINT OF BEGINNING, North 45°43'42" West 336.25 feet;

THENCE North 31°09'58" West 140.02 feet;

THENCE North 39°34'39" West 29.32 feet;

THENCE North 18°54'22" West 27.96 feet;

THENCE North 44°47'41" East 66.61 feet;

THENCE North 45°51'54" East 53.53 feet;

THENCE North 44°47'41" East 24.37 feet;

THENCE along the arc of a non-tangent curve to the right, radial to a bearing of South 45°12'19" East, concave southerly, having a radius of 31.00 feet, through a central angle of 89°59'20" a distance of 48.69 feet;

THENCE South 45°12'59" East 22.48 feet;

THENCE along the arc of a non-tangent curve to the left, radial to a bearing of North 62°34'51" East, concave northeasterly, having a radius of 51.50 feet, through a central angle of 66°54'43", a distance of 60.14 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 3.50 feet, through a central angle of 48°55'52", a distance of 2.99 feet;

THENCE South 45°24'00" East 2.45 feet;

THENCE along the arc of a non-tangent curve to the right, radial to a bearing of South 44°35'51" West, concave southerly, having a radius of 3.50 feet, through a central angle of 90°11'50", a distance of 5.51 feet;

THENCE South 44°47'41" West 13.52 feet;

THENCE South 45°12'19" East 297.00 feet;

THENCE North 44°47'41" East 13.67 feet;

THENCE along the arc of a tangent curve to the right, having a radius of 3.50 feet, through a central angle of 86°42'56", a distance of 5.30 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 101.22 feet, through a central angle of 7°30'15", a distance of 13.26 feet to a point of reverse curvature;

THENCE along the arc of said reverse curve, having a radius of 13.50 feet, through a central angle of 61°04'18", a distance of 14.39 feet to a point lying on said westerly right-of-way line of Evans Avenue;

THENCE following said westerly right-of-way, South 30°59'39" West 7.25 feet;

THENCE continuing along said westerly right-of-way, along the arc of a tangent curve to the right, having a radius of 1237.00 feet, through a central angle of 11°13'53", a distance of 242.48 feet to said POINT OF BEGINNING, containing 104,066 square feet, more or less.

The basis of bearings for this description is Nevada State Plane Coordinate System, West Zone, NAD 83/94 as determined from GPS observations on Washoe County GPS control points on file with the Washoe County Engineering Department.

Michael J. Miller, PLS 6636
CFA Inc.
1150 Corporate Blvd.
Reno, NV
89502

Exhibit "C"

SITE PLAN

Exhibit "D"

PERMITTED TITLE ENCUMBRANCES

1. Reservations and provisions as contained in Patent from the United States of America, recorded May 5, 1890, in Book A, Page 411 of Patents
2. The terms and provisions contained in the document entitled "Agreement" recorded January 17, 1917 in Book F, Page 449 of Bonds and Agreements as Instrument No. 11002
3. The terms and provision contained in the document entitled "Indenture" recorded January 27, 1920 in Book 54, Page 184 of Deeds as Instrument No. 18080
4. The terms and provisions contained in the document entitled "Indenture" recorded October 22, 1929 in Book 78, Page 572 of Deeds as Instrument No. 48825
5. Exceptions, reservations and easements as contained in the document entitled "Indenture" recorded May 23, 1932 in Book 90, Page 293 of Deeds as Instrument No. 59770 of Official Records
6. The terms, provisions, exceptions and reservations contained in the document entitled "Deed" recorded May 17, 1940 in Book 130, Page 279 of Deeds as Instrument No. 91435
7. An easement for construction and maintenance of cut slopes, fill slopes and drainage structures and incidental purposes in the document recorded April 20, 1987 in Book 2533, Page 723 as Instrument No. 1156092 of Official Records
8. An easement for public utilities and incidental purposes in the document recorded February 18, 1988 in Book 2692, Page 18 as Instrument No. 1226635 of Official Records

Exhibit "E"

Memorandum of Amended and Restated Ground and Improvements Lease

Assessor's Parcel No.: 003-180-7

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

Land Services USA, Inc.
10 N. Church Street, Suite 307
West Chester, PA 19380

**MEMORANDUM OF AMENDED AND RESTATED GROUND AND
IMPROVEMENTS LEASE**

between

**BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON
BEHALF OF THE UNIVERSITY OF NEVADA, RENO**
as Landlord

and

BBCS-UN RENO HOUSING, LLC, a Delaware limited liability company

as Tenant

Premises:
1775 Evans Avenue, Reno, Nevada
(As more particularly described on Exhibit A, attached hereto)

Dated as of October __, 2013

Assessor's Parcel No.: 003-180-7

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

Land Services USA, Inc.
10 N. Church Street, Suite 307
West Chester, PA 19380

**MEMORANDUM OF AMENDED AND RESTATED GROUND AND
IMPROVEMENTS LEASE**

between

**BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON
BEHALF OF THE UNIVERSITY OF NEVADA, RENO**
as Landlord

and

BBCS-UN RENO HOUSING, LLC, a Delaware limited liability company

as Tenant

Premises:

1775 Evans Avenue, Reno, Nevada
(As more particularly described on Exhibit A, attached hereto)

Dated as of ~~October~~^{November} 21, 2013

Effective as of January 10, 2014

MEMORANDUM OF AMENDED AND RESTATED GROUND AND
IMPROVEMENTS LEASE

THIS MEMORANDUM OF AMENDED AND RESTATED GROUND AND IMPROVEMENTS LEASE, dated as of the 21st day of ~~October~~^{November}, 2013 (this "Memorandum"), by and between BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO, having an address at 1664 N. Virginia Street, Reno, Nevada 89557 ("Landlord"), and BBCS – UN RENO HOUSING, LLC, a Delaware limited liability company, having an address at c/o Balfour Beatty Campus Solutions, LLC, 10 Campus Boulevard Newtown Square, PA 19073 ("Tenant"). The effective date of the Memorandum shall be January 10, 2014.

- 1) Landlord and Tenant entered into that certain Ground and Improvements Lease dated as of August 2, 2013 (the "**Original Ground and Improvements Lease**"), a memorandum of which was recorded on August 2, 2013 in the real estate records of Washoe County, Nevada at Document No. 4265290 (the "**Original Memorandum**").
- 2) Landlord and Tenant have entered into that certain Amended and Restated Ground and Improvements Lease dated as of ~~October~~^{January} 10, 201~~3~~⁴, which amends, restates and supersedes in its entirety the Original Ground and Improvements Lease (the "**Amended and Restated Ground and Improvements Lease**").
- 3) The undersigned hereby execute this Memorandum for recording in the real estate records of Washoe County, Nevada, to provide third parties notice of the Amended and Restated Ground and Improvements Lease and incorporating by reference all of the terms and conditions of the Amended and Restated Ground and Improvements Lease and the Original Memorandum.
- 4) Notwithstanding the foregoing, nothing contained or set forth in this Memorandum shall modify the Amended and Restated Ground and Improvements Lease or the Original Memorandum or be deemed to create or grant or limit, restrict or eliminate any rights, liabilities or obligations of or to any party or third parties other than as specifically set forth in the Amended and Restated Ground and Improvements Lease. In the event of any conflict between this Memorandum and the Amended and Restated Ground and Improvements Lease, the terms and conditions of the Amended and Restated Ground and Improvements Lease shall control.
- 5) This Memorandum may be executed in one or more counterparts, each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Memorandum of Amended and Restated Ground and Improvements Lease on the day and year first above written.

LANDLORD:

**BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION,
ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO**

Recommended:

Ronald Zurek
Ronald Zurek, Vice President
for Administration and Finance

10/27/13
Date

Recommended:

Shannon Ellis
Shannon Ellis, Vice President
for Student Services

OCT 28 2013
Date

Recommended:

Marc Johnson
Marc Johnson, President

10-31-13
Date

Approved:

Daniel J. Klaich
Daniel Klaich, Chancellor

11/21/13
Date

ACKNOWLEDGMENT

STATE OF Nevada) ss.
COUNTY OF Washoe

This instrument was acknowledged before me on November 21, 2013, by
Daniel J. Klaich the Chancellor of Nevada System of Higher Education.

Daniette E. Williams

Notary Public

My Appointment Expires on: May 10, 2016



[Signatures Continue on Following Page]

TENANT:

BBCS-UN RENO HOUSING, LLC, a Delaware limited liability company

By: [Signature]
Name: Leslie S. Cohn
Title: Executive Vice President

Date 11/10/14

ACKNOWLEDGMENT

Commonwealth
STATE OF Pennsylvania) ss.
COUNTY OF Delaware

This instrument was acknowledged before me on January 10, 2014, by
Leslie S. Cohn the Executive Vice President of [BBCS-UNRENOHOUSING, LLC].

[Signature]
Notary Public

My Appointment Expires on: 5/20/14

NOTARIAL SEAL
JESSICA CHAMBERS
Notary Public
NEWTOWN TWP, DELAWARE COUNTY
My Commission Expires May 20, 2014

Rent Roll
Ponderosa Village
Oct 2019

Unit Details

Bldg-Unit	Unit Type	SQFT	Unit Status	Resident	Market Rent	Scheduled Charges	Balance	Deposit Held	Move-In	Lease Start	Lease End	Expected Move-Out
Bldg A-A-11	Alpha	685.00	Occupied No Notice	Harper, Alexander	0.00	1,109.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020	
Bldg A-A-12-A	Beta	461.50	Occupied No Notice	Rendon, Casey	0.00	679.00	0.00	199.00	7/1/2017	7/1/2019	6/30/2020	
Bldg A-A-12-B	Beta	461.50	Occupied No Notice	Brawley, Jhonnathan	0.00	679.00	0.00	199.00	8/13/2016	8/1/2019	7/31/2020	
Bldg A-A-13-A	Beta Deluxe	489.50	Occupied No Notice	Murthy, Vidya	0.00	659.50	0.00	199.50	8/13/2018	8/1/2019	7/31/2020	
Bldg A-A-13-B	Beta Deluxe	489.50	Occupied No Notice	Murthy, Vidya	0.00	659.50	0.00	199.50	8/13/2018	8/1/2019	7/31/2020	
Bldg A-A-14-A	Beta Deluxe	489.50	Occupied No Notice	Gharoon Dastjerdi, Niloufz	0.00	659.50	0.00	99.50	12/19/2018	8/1/2019	7/31/2020	
Bldg A-A-14-B	Beta Deluxe	489.50	Occupied No Notice	Gharoon Dastjerdi, Niloufz	0.00	659.50	0.00	99.50	12/19/2018	8/1/2019	7/31/2020	
Bldg A-A-21	Alpha	685.00	Occupied No Notice	Chang, Ning	0.00	1,109.00	0.00	839.00	8/1/2019	8/1/2019	7/31/2020	
Bldg A-A-22-A	Beta	461.50	Occupied No Notice	Dunlap, Torey	0.00	679.00	0.00	199.00	8/11/2018	8/1/2019	7/31/2020	
Bldg A-A-22-B	Beta	461.50	Occupied No Notice	Pan, Hanqing	0.00	679.00	0.00	199.00	12/11/2018	8/1/2019	7/31/2020	
Bldg A-A-23-A	Beta Deluxe	489.50	Occupied No Notice	Huang, Jingting	0.00	679.00	0.00	199.00	2/24/2018	8/1/2019	7/31/2020	
Bldg A-A-23-B	Beta Deluxe	489.50	Occupied No Notice	Chowdhry, Erum	0.00	679.00	0.00	199.00	7/15/2018	7/1/2019	6/30/2020	
Bldg A-A-24-A	Beta Deluxe	489.50	Occupied No Notice	Mechsner, Andreas	0.00	659.50	0.00	199.50	8/15/2018	8/1/2019	7/31/2020	
Bldg A-A-24-B	Beta Deluxe	489.50	Occupied No Notice	Mechsner, Andreas	0.00	659.50	0.00	199.50	8/15/2018	8/1/2019	7/31/2020	
Bldg A-A-31	Alpha	685.00	Occupied No Notice	Miller, Zachary	0.00	1,109.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020	
Bldg A-A-32-A	Beta	461.50	Occupied No Notice	Gomez, Evelyn	0.00	88.40	0.00	199.00	8/15/2018	8/1/2019	7/31/2020	
Bldg A-A-32-B	Beta	461.50	Occupied No Notice	O'Neill, Frances	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020	
Bldg A-A-33-A	Beta Deluxe	489.50	Occupied No Notice	Bhatt, Dhruvkumar	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020	
Bldg A-A-33-B	Beta Deluxe	489.50	Occupied No Notice	White, David	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020	
Bldg A-A-34-A	Beta Deluxe	489.50	Occupied No Notice	Chen, Yingying	0.00	679.00	0.00	199.00	11/1/2018	8/1/2019	7/31/2020	
Bldg A-A-34-B	Beta Deluxe	489.50	Occupied No Notice	Gathia, Forum	0.00	679.00	0.00	1,308.00	8/20/2018	8/1/2019	7/31/2020	
Bldg B-B-11	Alpha	685.00	Occupied No Notice	Paoli, Gus	0.00	1,109.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020	
Bldg B-B-12-A	Beta	461.50	Occupied No Notice	Bowser, Teyscha	0.00	679.00	(201.00)	199.00	8/15/2017	8/1/2019	7/31/2020	
Bldg B-B-12-B	Beta	461.50	Occupied No Notice	Yoon, Suad	0.00	679.00	0.00	0.00	8/1/2014	8/1/2019	7/31/2020	
Bldg B-B-13-A	Beta Deluxe	489.50	Occupied No Notice	Manasewitsch, Nicholas	0.00	659.50	0.00	199.50	6/15/2017	6/1/2019	5/31/2020	
Bldg B-B-13-B	Beta Deluxe	489.50	Occupied No Notice	Manasewitsch, Nicholas	0.00	659.50	0.00	199.50	6/15/2017	6/1/2019	5/31/2020	
Bldg B-B-14-A	Beta Deluxe	489.50	Occupied No Notice	Arnold, Marissa	0.00	0.00	0.00	100.00	1/4/2018	8/1/2019	5/31/2020	
Bldg B-B-14-B	Beta Deluxe	489.50	Occupied No Notice	Arnold, Marissa	0.00	0.00	0.00	100.00	1/4/2018	8/1/2019	5/31/2020	
Bldg B-B-21	Alpha	685.00	Occupied No Notice	Milham, Patricia	0.00	1,109.00	0.00	399.00	8/15/2018	8/1/2019	7/31/2020	
Bldg B-B-22-A	Beta	461.50	Occupied No Notice	Acosta, Jesse	0.00	679.00	0.00	49.50	8/8/2015	8/1/2019	7/31/2020	
Bldg B-B-22-B	Beta	461.50	Occupied No Notice	Stanton, Cory	0.00	679.00	0.00	99.00	8/15/2015	8/1/2019	7/31/2020	
Bldg B-B-23-A	Beta Deluxe	489.50	Occupied No Notice	Hui, Tianwen	0.00	679.00	0.00	199.00	8/16/2019	8/15/2019	7/31/2020	
Bldg B-B-23-B	Beta Deluxe	489.50	Occupied No Notice	Burgess, Cameron	0.00	679.00	0.00	199.00	8/11/2019	8/15/2019	7/31/2020	
Bldg B-B-24-A	Beta Deluxe	489.50	Occupied No Notice	Clark, Justin	0.00	659.50	0.00	99.50	8/15/2019	8/15/2019	7/31/2020	
Bldg B-B-24-B	Beta Deluxe	489.50	Occupied No Notice	Clark, Justin	0.00	659.50	0.00	99.50	8/15/2019	8/15/2019	7/31/2020	
Bldg B-B-31	Alpha	685.00	Occupied No Notice	Wise, Mackenzie	0.00	1,119.00	0.00	399.00	8/16/2019	8/15/2019	7/31/2020	
Bldg B-B-32-A	Beta	Occupied No Notice	Fennimore, Mary	0.00	659.50	0.00	0.00	199.50	8/1/2018	8/1/2019	7/31/2020	
Bldg B-B-32-B	Beta	Occupied No Notice	Fennimore, Mary	0.00	659.50	0.00	0.00	199.50	8/1/2018	8/1/2019	7/31/2020	
Bldg B-B-33-A	Beta Deluxe	489.50	Occupied No Notice	Ghaffary, Azin	0.00	679.00	0.00	640.00	8/1/2018	8/1/2019	7/31/2020	
Bldg B-B-33-B	Beta Deluxe	489.50	Occupied No Notice	Snider, Katie	0.00	679.00	0.00	199.00	8/13/2016	8/1/2019	7/31/2020	
Bldg B-B-34-A	Beta Deluxe	489.50	Occupied No Notice	Alkhatfaji, Jaafar	0.00	679.00	0.00	199.00	6/16/2016	7/1/2019	6/30/2020	
Bldg B-B-34-B	Beta Deluxe	489.50	Occupied No Notice	Liu, Bo	0.00	679.00	0.00	199.00	7/15/2019	7/15/2019	6/30/2020	
Bldg C-C-11-A	Beta Deluxe	489.50	Occupied No Notice	TRAN, NHAT	0.00	679.00	0.00	640.00	8/16/2017	8/1/2019	7/31/2020	
Bldg C-C-11-B	Beta Deluxe	489.50	Occupied No Notice	Sarantsev, Andrey	0.00	679.00	0.00	199.00	8/16/2018	8/1/2019	7/31/2020	
Bldg C-C-12-A	Beta Deluxe	489.50	Occupied No Notice	Sebastian, Tanner	0.00	679.00	0.00	199.00	7/15/2018	8/1/2019	7/31/2020	
Bldg C-C-12-B	Beta Deluxe	489.50	Occupied No Notice	Takahashi, Jun	0.00	679.00	0.00	199.00	8/17/2019	8/15/2019	7/31/2020	
Bldg C-C-13-A	Beta	Occupied No Notice	Banks, Timothy	0.00	659.50	0.00	0.00	99.50	5/28/2019	7/1/2019	6/30/2020	
Bldg C-C-13-B	Beta	Occupied No Notice	Banks, Timothy	0.00	659.50	0.00	0.00	99.50	5/28/2019	7/1/2019	6/30/2020	
Bldg C-C-14	Alpha	685.00	Occupied No Notice	Kumra, Rma	0.00	1,109.00	0.00	199.00	8/15/2017	8/1/2019	7/31/2020	
Bldg C-C-21-A	Beta Deluxe	489.50	Occupied No Notice	Parker, Mitchell	0.00	659.50	0.00	199.50	7/15/2018	7/1/2019	6/30/2020	
Bldg C-C-21-B	Beta Deluxe	489.50	Occupied No Notice	Parker, Mitchell	0.00	659.50	0.00	199.50	7/15/2018	7/1/2019	6/30/2020	
Bldg C-C-22-A	Beta Deluxe	489.50	Occupied No Notice	Mangio, Adrian	0.00	679.00	0.00	199.00	7/15/2018	7/1/2019	6/30/2020	
Bldg C-C-22-B	Beta Deluxe	489.50	Occupied No Notice	Nguyen, Eric	0.00	679.00	0.00	199.00	7/15/2019	7/15/2019	6/30/2020	
Bldg C-C-23-A	Beta	461.50	Occupied No Notice	Hosseini Safa, Hamideh	0.00	679.00	0.00	1,250.00	8/22/2016	8/1/2019	7/31/2020	
Bldg C-C-23-B	Beta	461.50	Occupied No Notice	Jabbari, Kosar	0.00	679.00	0.00	199.00	8/11/2018	8/1/2019	7/31/2020	
Bldg C-C-24	Alpha	685.00	Occupied No Notice	Howarth, Zachary	0.00	1,119.00	0.00	399.00	8/11/2019	8/15/2019	7/31/2020	
Bldg C-C-31-A	Beta Deluxe	489.50	Occupied No Notice	Kreher, Seth	0.00	679.00	0.00	199.00	8/15/2017	8/1/2019	7/31/2020	
Bldg C-C-31-B	Beta Deluxe	489.50	Occupied No Notice	Andersen, Cody	0.00	679.00	0.00	199.00	8/16/2019	8/15/2019	7/31/2020	
Bldg C-C-32-A	Beta Deluxe	Occupied No Notice	Uddin, Durin	0.00	679.00	0.00	0.00	199.00	8/19/2019	8/15/2019	7/31/2020	
Bldg C-C-32-B	Beta Deluxe	Occupied No Notice	Malwane, Sharon	0.00	679.00	0.00	0.00	199.00	7/25/2016	7/1/2019	6/30/2020	
Bldg C-C-33-A	Beta	461.50	Occupied No Notice	Wang, Siyuan	0.00	679.00	0.00	199.00	8/20/2019	8/15/2019	7/31/2020	
Bldg C-C-33-B	Beta	461.50	Occupied No Notice	Mohammed, Reeham	0.00	679.00	0.00	199.00	12/4/2018	8/1/2019	7/31/2020	
Bldg C-C-34	Alpha	685.00	Occupied No Notice	Cuccaro, December	0.00	1,109.00	0.00	599.00	8/12/2018	8/1/2019	7/31/2020	
Bldg D-D-11-A	Beta Deluxe	489.50	Occupied No Notice	Saxena, Swasti	0.00	679.00	0.00	199.00	8/24/2019	8/15/2019	7/31/2020	
Bldg D-D-11-B	Beta Deluxe	489.50	Occupied No Notice	Sandoval Guillen, Lizbeth	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020	
Bldg D-D-12-A	Beta Deluxe	489.50	Occupied No Notice	Serrato, Antoinette	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020	
Bldg D-D-12-B	Beta Deluxe	489.50	Occupied No Notice	Shrestha, Palishta	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020	
Bldg D-D-13-A	Beta	461.50	Occupied No Notice	Hunter, Marsha	0.00	659.50	(1,319.00)	299.50	8/15/2017	8/1/2019	7/31/2020	
Bldg D-D-13-B	Beta	461.50	Occupied No Notice	Hunter, Marsha	0.00	659.50	(1,319.00)	299.50	8/15/2017	8/1/2019	7/31/2020	
Bldg D-D-14	Alpha	685.00	Occupied No Notice	Kavanagh, Justin	0.00	1,109.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020	
Bldg D-D-21-A	Beta Deluxe	489.50	Occupied No Notice	Malwane, Michelle	0.00	679.00	0.00	199.00	7/19/2019	7/15/2019	6/30/2020	
Bldg D-D-21-B	Beta Deluxe	489.50	Occupied No Notice	Abad, Jamie	0.00	679.00	0.00	199.00	7/22/2019	7/15/2019	6/30/2020	
Bldg D-D-22-A	Beta Deluxe	489.50	Occupied No Notice	Tock, Wing Lam (Jessica)	0.00	659.50	0.00	99.50	6/15/2018	8/1/2019	7/31/2020	
Bldg D-D-22-B	Beta Deluxe	489.50	Occupied No Notice	Tock, Wing Lam (Jessica)	0.00	659.50	0.00	99.50	6/15/2018	8/1/2019	7/31/2020	
Bldg D-D-23-A	Beta	461.50	Occupied No Notice	Afrin, Sanzida	0.00	679.00	0.00	199.00	8/11/2018	8/1/2019	7/31/2020	
Bldg D-D-23-B	Beta	461.50	Occupied No Notice	Brady, Mary	0.00	679.00	0.00	199.00	8/21/2019	8/15/2019	7/31/2020	

Bldg D-D-24	Alpha	685.00	Occupied No Notice	Liu, Shen-Ya	0.00	1,109.00	0.00	2,218.00	8/15/2019	8/15/2019	7/31/2020
Bldg D-D-31-A	Beta Deluxe	489.50	Occupied No Notice	Obermiller, Jessica	0.00	669.50	0.00	299.50	7/15/2019	7/15/2019	6/30/2020
Bldg D-D-31-B	Beta Deluxe	489.50	Occupied No Notice	Obermiller, Jessica	0.00	669.50	0.00	299.50	7/15/2019	7/15/2019	6/30/2020
Bldg D-D-32-A	Beta Deluxe	489.50	Occupied No Notice	Gallardo Diaz, Enac	0.00	659.50	0.00	99.50	8/1/2019	8/1/2019	7/31/2020
Bldg D-D-32-B	Beta Deluxe	489.50	Occupied No Notice	Gallardo Diaz, Enac	0.00	659.50	0.00	99.50	8/1/2019	8/1/2019	7/31/2020
Bldg D-D-33-A	Beta	461.50	Occupied No Notice	Kaiser, Cody	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg D-D-33-B	Beta	461.50	Occupied No Notice	Siddiqui, Asif	0.00	679.00	0.00	1,358.00	8/15/2019	8/15/2019	7/31/2020
Bldg D-D-34	Alpha	685.00	Occupied No Notice	Varga, Adriana	0.00	1,109.00	0.00	99.00	8/1/2018	8/1/2019	7/31/2020
Bldg E-E-11-A	Beta Deluxe	489.50	Occupied No Notice	Ulanja, Mark	0.00	659.50	0.00	99.50	6/1/2018	6/1/2019	5/31/2020
Bldg E-E-11-B	Beta Deluxe	489.50	Occupied No Notice	Ulanja, Mark	0.00	659.50	0.00	99.50	6/1/2018	6/1/2019	5/31/2020
Bldg E-E-12-A	Beta Deluxe	489.50	Occupied No Notice	Fajardo, Drew	0.00	659.50	0.00	99.50	8/1/2019	8/1/2019	7/31/2020
Bldg E-E-12-B	Beta Deluxe	489.50	Occupied No Notice	Fajardo, Drew	0.00	659.50	0.00	99.50	8/1/2019	8/1/2019	7/31/2020
Bldg E-E-13-A	Beta	461.50	Occupied No Notice	Reinosa Segovia, Francis	0.00	659.50	0.00	99.50	8/1/2019	8/1/2019	7/31/2020
Bldg E-E-13-B	Beta	461.50	Occupied No Notice	Reinosa Segovia, Francis	0.00	659.50	0.00	99.50	8/1/2019	8/1/2019	7/31/2020
Bldg E-E-14	Alpha	685.00	Occupied No Notice	Yturalde, Robert	0.00	1,109.00	0.00	199.00	7/2/2019	8/1/2019	7/31/2020
Bldg E-E-21-A	Beta Deluxe	489.50	Occupied No Notice	Aikens, Brittany	0.00	679.00	0.00	199.00	8/2/2019	8/15/2019	7/31/2020
Bldg E-E-21-B	Beta Deluxe	489.50	Occupied No Notice	Copley, Josie	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg E-E-22-A	Beta Deluxe	489.50	Occupied No Notice	Singh, Monika	0.00	659.50	0.00	99.50	12/26/2018	8/1/2019	7/31/2020
Bldg E-E-22-B	Beta Deluxe	489.50	Occupied No Notice	Singh, Monika	0.00	659.50	0.00	99.50	12/26/2018	8/1/2019	7/31/2020
Bldg E-E-23-A	Beta	461.50	Occupied No Notice	Hassani, Majid	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg E-E-23-B	Beta	461.50	Occupied No Notice	Calabrese, Lucas	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg E-E-24	Alpha	685.00	Occupied No Notice	Poston, Jamie	0.00	1,109.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg E-E-31-A	Beta Deluxe	489.50	Occupied No Notice	Anderson, Benjamin	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg E-E-31-B	Beta Deluxe	489.50	Occupied No Notice	Tomii, Yuta	0.00	679.00	0.00	640.00	8/15/2017	8/1/2019	7/31/2020
Bldg E-E-32-A	Beta Deluxe	489.50	Occupied No Notice	Prather, Glen	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg E-E-32-B	Beta Deluxe	489.50	Occupied No Notice	Eckert, Eric	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg E-E-33-A	Beta	461.50	Occupied No Notice	Hermesmeier, Rebekah	0.00	659.50	0.00	99.50	8/17/2018	8/1/2019	7/31/2020
Bldg E-E-33-B	Beta	461.50	Occupied No Notice	Hermesmeier, Rebekah	0.00	659.50	0.00	99.50	8/17/2018	8/1/2019	7/31/2020
Bldg E-E-34	Alpha	685.00	Occupied No Notice	Ning, Xinzhe	0.00	1,109.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg G-G-11	Alpha Alternate	908.00	Occupied No Notice	Marks, Katrina	0.00	1,119.00	0.00	399.00	7/15/2019	7/15/2019	6/30/2020
Bldg G-G-12-A	Beta	461.50	Occupied No Notice	Chicola, Randall	0.00	679.00	(2,679.00)	199.00	7/15/2018	7/1/2019	6/30/2020
Bldg G-G-12-B	Beta	461.50	Occupied No Notice	Lyubchanskyy, Alexander	0.00	679.00	0.00	199.00	7/15/2017	7/1/2019	6/30/2020
Bldg G-G-13-A	Beta Deluxe Alternate	604.00	Occupied No Notice	Ventura, Issmar	0.00	679.00	0.00	199.00	12/17/2018	8/1/2019	7/31/2020
Bldg G-G-13-B	Beta Deluxe Alternate	604.00	Occupied No Notice	Pride, Shane	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg G-G-14-A	Beta Deluxe Alternate	604.00	Occupied No Notice	Dominic, Joseph	0.00	659.50	0.00	99.50	8/15/2018	8/1/2019	7/31/2020
Bldg G-G-14-B	Beta Deluxe Alternate	604.00	Occupied No Notice	Dominic, Joseph	0.00	659.50	0.00	99.50	8/15/2018	8/1/2019	7/31/2020
Bldg G-G-21-A	Beta Alternate	522.00	Occupied No Notice	Roshika, Roshika	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg G-G-21-B	Beta Alternate	522.00	Occupied No Notice	Konda, Revanath	679.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg G-G-22-A	Beta	461.50	Occupied No Notice	Kyger, Ryan	0.00	679.00	0.00	199.00	7/19/2019	7/15/2019	6/30/2020
Bldg G-G-22-B	Beta	461.50	Occupied No Notice	Sanchez, Kareem	0.00	679.00	0.00	199.00	8/16/2018	8/1/2019	7/31/2020
Bldg G-G-23-A	Beta Deluxe	489.50	Occupied No Notice	Sloan, Kimberly	0.00	664.50	0.00	199.50	8/15/2019	8/15/2019	7/31/2020
Bldg G-G-23-B	Beta Deluxe	489.50	Occupied No Notice	Sloan, Kimberly	0.00	664.50	0.00	199.50	8/15/2019	8/15/2019	7/31/2020
Bldg G-G-24-A	Beta Deluxe	489.50	Occupied No Notice	Jain, Ira	0.00	679.00	0.00	600.00	6/24/2016	8/1/2019	7/31/2020
Bldg G-G-24-B	Beta Deluxe	489.50	Occupied No Notice	Kaur, Gurlaz	0.00	679.00	0.00	640.00	8/1/2019	8/1/2019	7/31/2020
Bldg G-G-31-A	Beta Alternate	522.00	Occupied No Notice	Leigh, Wesley	0.00	679.00	0.00	199.00	8/1/2019	8/1/2019	7/31/2020
Bldg G-G-31-B	Beta Alternate	522.00	Occupied No Notice	Romero, Carissa	0.00	679.00	0.00	199.00	8/7/2017	8/1/2019	7/31/2020
Bldg G-G-32-A	Beta	461.50	Occupied No Notice	Rwebugisa, Liberatus	0.00	679.00	0.00	199.00	8/15/2016	8/1/2019	7/31/2020
Bldg G-G-32-B	Beta	461.50	Occupied No Notice	Kusano, Kodai	0.00	679.00	0.00	625.00	8/15/2016	8/1/2019	7/31/2020
Bldg G-G-33-A	Beta Deluxe	489.50	Occupied No Notice	Dang, Jonathan	0.00	659.50	0.00	99.50	8/13/2018	8/1/2019	7/31/2020
Bldg G-G-33-B	Beta Deluxe	489.50	Occupied No Notice	Dang, Jonathan	0.00	659.50	0.00	99.50	8/13/2018	8/1/2019	7/31/2020
Bldg G-G-34-A	Beta Deluxe	489.50	Occupied No Notice	McGlaun, Natasha	0.00	669.50	0.00	299.50	8/15/2019	8/15/2019	7/31/2020
Bldg G-G-34-B	Beta Deluxe	489.50	Occupied No Notice	McGlaun, Natasha	0.00	669.50	0.00	299.50	8/15/2019	8/15/2019	7/31/2020
Bldg H-H-11	Alpha Deluxe	746.00	Occupied No Notice	Alcantar, Cynthia	0.00	1,109.00	0.00	199.00	8/7/2019	8/15/2019	7/31/2020
Bldg H-H-12	Alpha Deluxe	746.00	Occupied No Notice	Winegardner, Megan	0.00	1,119.00	0.00	399.00	8/13/2019	8/15/2019	7/31/2020
Bldg H-H-13-A	Beta	461.50	Occupied No Notice	Burroughs, Megan	0.00	659.50	0.00	299.50	8/1/2019	8/1/2019	7/31/2020
Bldg H-H-13-B	Beta	461.50	Occupied No Notice	Burroughs, Megan	0.00	659.50	0.00	299.50	8/1/2019	8/1/2019	7/31/2020
Bldg H-H-14	Alpha	685.00	Occupied No Notice	Tune, Schyler	0.00	1,109.00	0.00	199.00	8/15/2017	8/1/2019	7/31/2020
Bldg H-H-21	Alpha Deluxe	746.00	Occupied No Notice	Molaie, Ali	0.00	1,109.00	0.00	99.00	8/15/2016	8/1/2019	7/31/2020
Bldg H-H-22	Alpha Deluxe	746.00	Occupied No Notice	Gibbs, Amanda	0.00	1,109.00	0.00	199.00	8/1/2018	8/1/2019	7/31/2020
Bldg H-H-23-A	Beta		Occupied No Notice	Zsekely, Brian	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg H-H-23-B	Beta		Occupied No Notice	Shankar, Bharath	0.00	679.00	0.00	199.00	8/1/2019	8/1/2019	7/31/2020
Bldg H-H-24	Alpha	685.00	Occupied No Notice	Fennimore, Katherine	0.00	1,119.00	0.00	399.00	8/1/2019	8/15/2019	7/31/2020
Bldg H-H-31	Alpha Deluxe	746.00	Occupied No Notice	Pain, Paromita	0.00	1,109.00	0.00	199.00	7/15/2018	7/1/2019	6/30/2020
Bldg H-H-32	Alpha Deluxe	746.00	Occupied No Notice	Smith, Samuel	0.00	1,109.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg H-H-33-A	Beta	461.50	Occupied No Notice	O'Hair, Brett	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg H-H-33-B	Beta	461.50	Occupied No Notice	Breuer, Matthew	0.00	679.00	0.00	199.00	8/18/2019	8/15/2019	7/31/2020
Bldg H-H-34	Alpha	685.00	Occupied No Notice	Weasselboy, Marissa	0.00	1,109.00	0.00	199.00	3/9/2019	8/1/2019	7/31/2020
Bldg J-J-11	Alpha	685.00	Occupied No Notice	Patel, Shefali	0.00	1,109.00	0.00	199.00	7/15/2017	7/1/2019	6/30/2020
Bldg J-J-12-A	Beta	461.50	Occupied No Notice	Day, Alexander	0.00	679.00	0.00	199.00	8/11/2019	8/15/2019	7/31/2020
Bldg J-J-12-B	Beta	461.50	Occupied No Notice	Hassan Zadeh, Babak	0.00	679.00	0.00	199.00	8/26/2019	8/15/2019	7/31/2020
Bldg J-J-13-A	Beta Deluxe	489.50	Occupied No Notice	Quezada, Nelson Jr.	0.00	659.50	0.00	149.50	8/15/2017	8/1/2019	7/31/2020
Bldg J-J-13-B	Beta Deluxe	489.50	Occupied No Notice	Quezada, Nelson Jr.	0.00	659.50	0.00	149.50	8/15/2017	8/1/2019	7/31/2020
Bldg J-J-14-A	Beta Deluxe	489.50	Occupied No Notice	Abdelhady, Amr	0.00	679.00	0.00	199.00	8/30/2018	8/1/2019	7/31/2020
Bldg J-J-14-B	Beta Deluxe	489.50	Occupied No Notice	Karthully Soman, Smijin	0.00	679.00	0.00	199.00	9/15/2019	9/15/2019	7/31/2020
Bldg J-J-21	Alpha	685.00	Occupied No Notice	Kennedy, David	0.00	1,109.00	0.00	199.00	8/1/2019	8/15/2019	7/31/2020
Bldg J-J-22-A	Beta	461.50	Occupied No Notice	Link, Alexa	0.00	679.00	0.00	199.00	7/15/2018	7/1/2019	6/30/2020
Bldg J-J-22-B	Beta	461.50	Occupied No Notice	Klinhom, Chanidapa	0.00	679.00	0.00	199.00	7/15/2018	7/1/2019	6/30/2020
Bldg J-J-23-A	Beta Deluxe	489.50	Occupied No Notice	Tsabadze, Thulani	0.00	679.00	0.00	199.00	1/14/2019	8/1/2019	7/31/2020
Bldg J-J-23-B	Beta Deluxe	489.50	Occupied No Notice	Bhatta, Pankaj	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg J-J-24-A	Beta Deluxe	489.50	Occupied No Notice	Tharayil, Jithil	0.00	659.50	0.00	99.50	8/11/2018	8/1/2019	7/31/2020
Bldg J-J-24-B	Beta Deluxe	489.50	Occupied No Notice	Tharayil, Jithil	0.00	659.50	0.00	99.50	8/11/2018	8/1/2019	7/31/2020
Bldg J-J-31	Alpha	685.00	Occupied No Notice	Chen, Nae Meng	0.00	1,109.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg J-J-32-A	Beta	461.50	Occupied No Notice	Martinez, Roman	0.00	679.00	0.00	199.00	6/1/2019	6/1/2019	5/31/2020

Bldg J-J-32-B	Beta	461.50	Occupied No Notice	Strong, Nathan	0.00	679.00	0.00	199.00	6/7/2019	6/1/2019	5/31/2020
Bldg J-J-33-A	Beta Deluxe	489.50	Occupied No Notice	Chu, Stephanie	0.00	659.50	0.00	299.50	7/15/2018	7/1/2019	6/30/2020
Bldg J-J-33-B	Beta Deluxe	489.50	Occupied No Notice	Chu, Stephanie	0.00	659.50	0.00	299.50	7/15/2018	7/1/2019	6/30/2020
Bldg J-J-34-A	Beta Deluxe	489.50	Occupied No Notice	Cheung, Dominique	0.00	659.50	0.00	99.50	11/20/2017	8/1/2019	7/31/2020
Bldg J-J-34-B	Beta Deluxe	489.50	Occupied No Notice	Cheung, Dominique	0.00	659.50	0.00	99.50	11/20/2017	8/1/2019	7/31/2020
Bldg K-K-11	Alpha	685.00	Occupied No Notice	McSherry, Christina	0.00	1,109.00	0.00	199.00	8/17/2017	8/1/2019	7/31/2020
Bldg K-K-12-A	Beta	461.50	Occupied No Notice	Korin, Ezequiel	0.00	659.50	0.00	824.50	8/4/2017	8/1/2019	7/31/2020
Bldg K-K-12-B	Beta	461.50	Occupied No Notice	Korin, Ezequiel	0.00	659.50	0.00	824.50	8/4/2017	8/1/2019	7/31/2020
Bldg K-K-13-A	Beta Deluxe	489.50	Occupied No Notice	Chow, Conrad	0.00	679.00	0.00	199.00	7/15/2019	7/15/2019	6/30/2020
Bldg K-K-13-B	Beta Deluxe	489.50	Occupied No Notice	Archilia, Evandro	679.00	679.00	0.00	199.00	8/17/2019	8/15/2019	7/31/2020
Bldg K-K-14-A	Beta Deluxe	489.50	Occupied No Notice	Gullickson, Robert	0.00	679.00	0.00	199.00	7/22/2019	7/15/2019	6/30/2020
Bldg K-K-14-B	Beta Deluxe	489.50	Occupied No Notice	Nisson, Pascal	0.00	679.00	0.00	1,308.00	1/15/2019	8/1/2019	7/31/2020
Bldg K-K-21	Alpha	685.00	Occupied No Notice	Hmaidan, Reem	0.00	1,109.00	0.00	1,019.00	8/15/2017	8/1/2019	7/31/2020
Bldg K-K-22-A	Beta	461.50	Occupied No Notice	Esquivel, Jillian	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg K-K-22-B	Beta	461.50	Occupied No Notice	Shapley, Sarah	0.00	679.00	0.00	199.00	8/22/2019	8/15/2019	7/31/2020
Bldg K-K-23-A	Beta Deluxe	489.50	Occupied No Notice	Valenza, Laura	0.00	364.20	0.00	99.50	7/15/2017	7/1/2019	6/30/2020
Bldg K-K-23-B	Beta Deluxe	489.50	Occupied No Notice	Valenza, Laura	0.00	364.20	0.00	99.50	7/15/2017	7/1/2019	6/30/2020
Bldg K-K-24-A	Beta Deluxe	489.50	Occupied No Notice	Pressecky, Stefanie	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg K-K-24-B	Beta Deluxe	489.50	Occupied No Notice	Broehl, Kristen	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg K-K-31	Alpha	685.00	Occupied No Notice	Balmaki, Behnaz	0.00	1,109.00	0.00	199.00	2/26/2018	8/1/2019	7/31/2020
Bldg K-K-32-A	Beta	461.50	Occupied No Notice	WANG, QIANQIAN	0.00	679.00	0.00	1,308.00	1/4/2019	8/1/2019	7/31/2020
Bldg K-K-32-B	Beta	461.50	Occupied No Notice	Naeimi, Negar	0.00	679.00	0.00	625.00	9/19/2016	8/1/2019	7/31/2020
Bldg K-K-33-A	Beta Deluxe	489.50	Occupied No Notice	ANAND, RIA	0.00	679.00	0.00	199.00	8/21/2018	8/1/2019	7/31/2020
Bldg K-K-33-B	Beta Deluxe	489.50	Occupied No Notice	Kumar, Archana	0.00	679.00	0.00	199.00	8/1/2018	8/1/2019	7/31/2020
Bldg K-K-34-A	Beta Deluxe	489.50	Occupied No Notice	Ready, Alice	0.00	679.00	0.00	199.00	7/15/2019	7/15/2019	6/30/2020
Bldg K-K-34-B	Beta Deluxe	489.50	Notice Rented	Li, Lin	0.00	679.00	0.00	1,219.00	7/1/2018	7/1/2019	6/30/2020
Bldg L-L-11	Alpha	685.00	Occupied No Notice	Mediclielo, Josette	0.00	1,109.00	0.00	199.00	7/15/2019	7/15/2019	6/30/2020
Bldg L-L-12-A	Beta	461.50	Occupied No Notice	Waite, Heather	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg L-L-12-B	Beta	461.50	Occupied No Notice	Watkins, Ariana	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg L-L-13-A	Beta Deluxe	489.50	Occupied No Notice	KUMAR, SOWMYA	0.00	659.50	0.00	99.50	7/13/2019	7/15/2019	6/30/2020
Bldg L-L-13-B	Beta Deluxe	489.50	Occupied No Notice	KUMAR, SOWMYA	0.00	659.50	0.00	99.50	7/13/2019	7/15/2019	6/30/2020
Bldg L-L-14-A	Beta Deluxe	489.50	Occupied No Notice	Zareie, Andrew	0.00	669.50	0.00	299.50	8/1/2019	8/1/2019	7/31/2020
Bldg L-L-14-B	Beta Deluxe	489.50	Occupied No Notice	Zareie, Andrew	0.00	669.50	0.00	299.50	8/1/2019	8/1/2019	7/31/2020
Bldg L-L-21	Alpha	685.00	Occupied No Notice	DEUTER, CRYSTIE	0.00	1,109.00	(5.00)	2,218.00	7/15/2019	7/15/2019	6/30/2020
Bldg L-L-22-A	Beta	461.50	Occupied No Notice	Mills, Cassandra	0.00	659.50	0.00	299.50	7/15/2018	7/1/2019	6/30/2020
Bldg L-L-22-B	Beta	461.50	Occupied No Notice	Mills, Cassandra	0.00	659.50	0.00	299.50	7/15/2018	7/1/2019	6/30/2020
Bldg L-L-23-A	Beta Deluxe	489.50	Occupied No Notice	Manera, Nicole	0.00	679.00	0.00	199.00	7/23/2019	7/15/2019	6/30/2020
Bldg L-L-23-B	Beta Deluxe	489.50	Occupied No Notice	Merodio, Sarah	0.00	679.00	0.00	199.00	8/17/2018	8/1/2019	7/31/2020
Bldg L-L-24-A	Beta Deluxe	489.50	Occupied No Notice	Lyu, Ju Hyeong	0.00	679.00	0.00	625.00	8/23/2016	8/1/2019	7/31/2020
Bldg L-L-24-B	Beta Deluxe	489.50	Occupied No Notice	Larson, Garrett	0.00	679.00	0.00	199.00	8/15/2019	8/15/2019	7/31/2020
Bldg L-L-31	Alpha	685.00	Occupied No Notice	Hacnik, Justin	0.00	1,109.00	0.00	199.00	7/15/2017	7/1/2019	6/30/2020
Bldg L-L-32-A	Beta	461.50	Occupied No Notice	Nguyen, Vincent	0.00	659.50	0.00	1,319.00	7/25/2019	7/15/2019	6/30/2020
Bldg L-L-32-B	Beta	461.50	Occupied No Notice	Nguyen, Vincent	0.00	659.50	0.00	1,319.00	7/25/2019	7/15/2019	6/30/2020
Bldg L-L-33-A	Beta Deluxe	489.50	Occupied No Notice	Lyons, Courtney	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg L-L-33-B	Beta Deluxe	489.50	Occupied No Notice	MCKENNA, ELIZABETH	0.00	679.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg L-L-34-A	Beta Deluxe	489.50	Occupied No Notice	Thomas, Christian	0.00	679.00	0.00	199.00	8/18/2018	8/1/2019	7/31/2020
Bldg L-L-34-B	Beta Deluxe	489.50	Occupied No Notice	Stephenson, Andrew	679.00	679.00	0.00	199.00	8/19/2019	8/15/2019	7/31/2020
Bldg M-M-11	Alpha	685.00	Occupied No Notice	Smirnova, Mary	0.00	1,119.00	0.00	399.00	8/15/2019	8/15/2019	7/31/2020
Bldg M-M-12-A	Beta	461.50	Occupied No Notice	Anderson, Mary	0.00	659.50	0.00	99.50	7/15/2018	7/1/2019	6/30/2020
Bldg M-M-12-B	Beta	461.50	Occupied No Notice	Anderson, Mary	0.00	659.50	0.00	99.50	7/15/2018	7/1/2019	6/30/2020
Bldg M-M-13-A	Beta Deluxe	489.50	Occupied No Notice	Ozsahin, Ecem	0.00	659.50	0.00	99.50	8/15/2017	8/1/2019	7/31/2020
Bldg M-M-13-B	Beta Deluxe	489.50	Occupied No Notice	Ozsahin, Ecem	0.00	659.50	0.00	99.50	8/15/2017	8/1/2019	7/31/2020
Bldg M-M-14-A	Beta Deluxe	489.50	Occupied No Notice	Pipkins, Kelsey	0.00	679.00	0.00	199.00	8/22/2018	8/1/2019	7/31/2020
Bldg M-M-14-B	Beta Deluxe	489.50	Occupied No Notice	Diaz, Stephanie	0.00	679.00	0.00	199.00	8/18/2018	8/1/2019	7/31/2020
Bldg M-M-21	Alpha	685.00	Occupied No Notice	Escobar, Guadalupe	0.00	1,109.00	0.00	199.00	8/15/2018	8/1/2019	7/31/2020
Bldg M-M-22-A	Beta	461.50	Occupied No Notice	Blackman, Harrison	0.00	679.00	0.00	199.00	8/12/2018	8/1/2019	7/31/2020
Bldg M-M-22-B	Beta	461.50	Occupied No Notice	Gibson, Cameron	0.00	679.00	0.00	199.00	8/12/2018	8/1/2019	7/31/2020
Bldg M-M-23-A	Beta Deluxe	489.50	Notice Unrented	Link, William	0.00	659.50	0.00	99.50	8/15/2018	8/1/2019	7/31/2020
Bldg M-M-23-B	Beta Deluxe	489.50	Notice Unrented	Link, William	0.00	659.50	0.00	99.50	8/15/2018	8/1/2019	7/31/2020
Bldg M-M-24-A	Beta Deluxe	489.50	Occupied No Notice	Ingersoll, Conor	0.00	659.50	0.00	99.50	8/1/2019	8/1/2019	7/31/2020
Bldg M-M-24-B	Beta Deluxe	489.50	Occupied No Notice	Ingersoll, Conor	0.00	659.50	0.00	99.50	8/1/2019	8/1/2019	7/31/2020
Bldg M-M-31	Alpha	685.00	Occupied No Notice	Shires, Jorja	0.00	1,109.00	0.00	199.00	8/14/2018	8/1/2019	7/31/2020
Bldg M-M-32-A	Beta	461.50	Occupied No Notice	Shafi, Noah	0.00	679.00	0.00	199.00	7/27/2019	7/15/2019	6/30/2020
Bldg M-M-32-B	Beta	461.50	Occupied No Notice	Silva, Nicholas	0.00	679.00	0.00	199.00	6/15/2019	6/15/2019	5/31/2020
Bldg M-M-33-A	Beta Deluxe	489.50	Occupied No Notice	Corral Rodriguez, Andrea	0.00	679.00	0.00	399.00	7/1/2019	7/1/2019	6/30/2020
Bldg M-M-33-B	Beta Deluxe	489.50	Occupied No Notice	Trejo Jr., Sergio	0.00	679.00	(2,037.00)	199.00	7/1/2019	7/1/2019	6/30/2020
Bldg M-M-34-A	Beta Deluxe	489.50	Occupied No Notice	Balaji, Anithakrithi	0.00	679.00	0.00	199.00	8/11/2018	8/1/2019	7/31/2020
Bldg M-M-34-B	Beta Deluxe	489.50	Occupied No Notice	Osmanovic, Sibela	0.00	679.00	0.00	199.00	8/18/2017	8/1/2019	7/31/2020
Ponderosa Village Total:		113,008.00			2,037.00	166,229.80	(7,560.00)	62,649.50			

11/3/2019

11/9/2019

11/9/2019

Status Summary

Description		Number of Units	Percent	Charge Code	Scheduled	Unit Type	Rentable Units	Occupied Units	Market	Scheduled
Occupied No Notice		224	98.68%	Ledger Name: Resident		Alpha	30	30	0.00	1,110.33
Notice Rented		1	0.44%	Employee Rent	679.00	Alpha Alternate	1	1	0.00	1,119.00
Notice Unrented		2	0.88%	Employee Rent Concessio	(2,500.20)	Alpha Deluxe	6	6	0.00	1,110.67
Total Occupied Units		227	100.00%	Recurring Pet Rent	130.00	Beta	66	66	0.00	664.14
Total Rentable Units		227	100.00%	Rent	167,921.00	Beta Alternate	4	4	169.75	679.00
Ledger Total:					166,229.80	Beta Deluxe	116	116	11.71	654.40
Total:					166,229.80	Beta Deluxe Alternate	4	4	0.00	669.25
Average:							227	227	8.97	732.29

Future Resident Details

Bldg-Unit	Unit Type	SQFT	Unit Status	Resident	Market Rent	Scheduled Charges	Balance	Deposit Held	Move-In	Lease Start	Lease End
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Bldg K-K-34-B

Beta Deluxe 489.50 Notice Rented
Ponderosa Village Total: 489.50

Anderson, Latia

0.00 0.00 199.00 0.00 11/4/2019
0.00 **0.00** **199.00** **0.00**

11/4/2019

7/31/2020

Income Statement
Ponderosa Village
Accrual Basis
Dec 2016

Account	Property	Account Name	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Total
REVENUE															
Revenue Section															
41100	Ponderosa Village	Gross potential income - residential	148,334.00	148,334.00	141,795.00	289,473.00	283,254.00	291,048.83	141,139.00	146,239.00	143,053.80	152,398.00	152,398.00	152,398.00	2,179,864.63
41105	Ponderosa Village	Employee units	0.00	0.00	0.00	(8,431.80)	0.00	(4,475.60)	(2,237.80)	(2,630.16)	(2,630.16)	(2,630.16)	(2,494.59)	(1,096.48)	(27,226.74)
41200	Ponderosa Village	Vacancy loss	(7,911.00)	(5,151.35)	0.00	(15,927.00)	(5,728.00)	(3,542.83)	(1,800.00)	(4,199.00)	(5,579.30)	(6,098.50)	(1,828.50)	(2,438.00)	(54,714.48)
41300	Ponderosa Village	Gain/loss to lease	(472.48)	571.44	0.00	(132,951.00)	(135,411.00)	(133,217.83)	10,489.49	8,923.92	13,068.70	3,361.03	1,418.50	3,287.00	(360,932.23)
41400	Ponderosa Village	Rent concessions	(1,718.40)	(2,237.80)	(2,237.80)	6,194.00	(2,623.51)	0.00	(5,100.00)	0.00	0.00	0.00	0.00	0.00	(5,100.00)
		Revenue Section	138,232.12	141,516.29	139,557.20	138,357.20	139,491.49	142,436.08	147,590.69	143,333.76	148,013.04	152,619.37	149,493.42	151,250.52	1,731,891.18
Other Income															
46090	Ponderosa Village	Application fees	50.00	200.00	199.00	425.00	750.00	1,550.00	1,025.00	375.00	100.00	75.00	225.00	275.00	5,249.00
46120	Ponderosa Village	Late fees	125.00	25.00	50.00	100.00	275.00	100.00	650.00	75.00	150.00	150.00	150.00	125.00	1,975.00
46130	Ponderosa Village	NSF fees	25.00	0.00	0.00	0.00	50.00	0.00	75.00	150.00	25.00	0.00	50.00	400.00	
46170	Ponderosa Village	Damage fee income	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	
46150	Ponderosa Village	Pet rent	(100.00)	100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	
46160	Ponderosa Village	Pet fee	0.00	0.00	0.00	0.00	0.00	0.00	300.00	200.00	0.00	0.00	0.00	600.00	
46172	Ponderosa Village	Pest control reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00	0.00	0.00	0.00	200.00	
46173	Ponderosa Village	Electricity reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	429.38	178.60	607.98	
46180	Ponderosa Village	Resident chargebacks - janitorial	147.50	0.00	100.00	0.00	0.00	0.00	0.00	285.00	0.00	60.00	0.00	592.50	
46181	Ponderosa Village	Resident chargebacks - utilities	120.17	31.65	90.44	47.48	49.37	0.00	0.00	0.00	0.00	0.00	0.00	338.11	
46215	Ponderosa Village	Lease cancellation fee	0.00	0.00	0.00	0.00	0.00	600.00	600.00	319.87	200.00	10,971.00	9,752.00	(10,771.00)	11,671.87
46250	Ponderosa Village	Miscellaneous income	200.00	(2,151.72)	14,395.00	0.00	(2,188.21)	0.00	0.00	0.00	0.00	0.00	0.00	14,629.29	25,984.36
46910	Ponderosa Village	Prepay income	0.00	0.00	0.00	0.00	0.00	(989.00)	(1,556.00)	0.00	0.00	0.00	0.00	0.00	(2,545.00)
52735	Ponderosa Village	Bad debt expense	(4,212.65)	0.00	0.00	(8,612.35)	(600.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(13,425.00)
52740	Ponderosa Village	Bad debt recovery	0.00	0.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	600.00
		Other Income	(3,644.98)	(1,795.07)	14,834.44	(8,039.87)	(863.84)	1,261.00	1,294.00	1,604.87	475.00	11,710.38	10,305.60	4,408.29	31,549.82
		REVENUE	134,587.14	139,721.22	154,391.64	130,317.33	138,627.65	143,697.08	148,884.69	144,938.63	148,488.04	164,329.75	159,799.02	155,658.81	1,763,441.00
OPERATING EXPENSES															
Property Operating Expenses															
Utilities															
51101	Ponderosa Village	Electric - units	74.08	196.62	144.07	143.36	227.00	173.95	814.15	248.73	507.03	229.43	176.92	350.65	3,285.99
51102	Ponderosa Village	Electric - common	0.00	2,172.08	772.41	731.93	861.00	679.39	0.00	584.24	647.93	647.67	638.22	1,479.04	9,213.91
51103	Ponderosa Village	Water	132.49	179.51	304.05	150.00	935.00	168.24	0.00	0.00	269.98	0.00	200.00	2,539.27	
51104	Ponderosa Village	Sewer	1,395.88	1,395.88	1,395.88	1,395.88	1,395.88	1,395.88	1,395.88	1,395.88	1,395.88	18,146.43	(15,354.67)	1,395.88	16,750.56
51105	Ponderosa Village	Fuel Gas/Oil	0.00	0.00	0.00	0.00	0.00	125.28	217.84	299.83	90.15	98.50	279.34	1,110.94	
51106	Ponderosa Village	Utilities - administrative	0.00	0.00	0.00	0.00	0.00	48.00	144.45	164.16	7.56	13.20	0.60	377.97	
51107	Ponderosa Village	Utilities/Municipal-other	0.00	0.00	0.00	0.00	0.00	2.40	0.00	0.00	0.00	7.54	2.64	16.95	29.53
51120	Ponderosa Village	Resident cable television	198.62	95.77	(294.39)	0.00	125.00	0.00	(125.00)	0.00	0.00	0.00	0.00	0.00	
		Utilities	1,801.07	4,039.86	2,322.02	2,421.17	3,543.88	2,417.46	2,260.71	2,591.14	3,014.83	19,398.76	(14,225.19)	3,722.46	33,308.17
Insurance															
51201	Ponderosa Village	Property/casualty	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	5,000.04
51202	Ponderosa Village	General liability	867.50	867.50	867.50	867.50	867.50	1,260.50	867.50	867.50	823.00	776.92	926.76	10,640.18	
		Insurance	1,284.17	1,284.17	1,284.17	1,284.17	1,284.17	1,677.17	1,284.17	1,284.17	1,195.17	1,239.67	1,193.59	1,345.43	15,640.22
Turnover Costs															
51320	Ponderosa Village	Carpet & tile	3,310.00	(3,310.00)	0.00	0.00	0.00	0.00	0.00	0.00	2,140.00	0.00	0.00	0.00	2,140.00
		Turnover Costs	3,310.00	(3,310.00)	0.00	0.00	0.00	0.00	0.00	0.00	2,140.00	0.00	0.00	0.00	2,140.00
Maintenance and Repair															
51418	Ponderosa Village	Fire & safety	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,845.00	0.00	5,845.00
51421	Ponderosa Village	Contract maintenance	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	900.00	
		Maintenance and Repair	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,845.00	0.00	6,745.00
Other Taxes															
51701	Ponderosa Village	Other taxes	0.00	718.64	0.00	0.00	1,453.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,172.33
		Other Taxes	0.00	718.64	0.00	0.00	1,453.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,172.33
Property Marketing Expenses															
51810	Ponderosa Village	Advertising	0.00	120.00	0.00	0.00	0.00	56.48	0.00	66.00	597.47	66.00	66.00	66.00	1,037.95
51860	Ponderosa Village	Signage	0.00	0.00	0.00	0.00	0.00	0.00	175.40	0.00	0.00	710.00	0.00	885.40	
51880	Ponderosa Village	Leasing administration	1,253.00	0.00	(1,253.00)	0.00	0.00	0.00	0.00	72.60	719.08	72.60	73.00	72.20	1,009.48
51898	Ponderosa Village	Other marketing & leasing	0.00	0.00	0.00	25.00	30.35	0.00	0.00	0.00	0.00	0.00	0.00	55.35	
		Property Marketing Expenses	1,253.00	120.00	(1,253.00)	25.00	30.35	56.48	175.40	138.60	1,316.55	138.60	849.00	138.20	2,988.18
Other Property Expenses															
51901	Ponderosa Village	Uniforms	0.00	0.00	0.00	0.00	0.00	0.00	206.58	0.00	217.95	0.00	0.00	0.00	424.53
		Other Property Expenses	0.00	0.00	0.00	0.00	0.00	0.00	206.58	0.00	217.95	0.00	0.00	0.00	424.53
Fees															
52010	Ponderosa Village	Standard management fee expense	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	188,033.68
		Fees	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	15,527.14	188,033.68
Payroll															
52201	Ponderosa Village	Salary - leasing	2,502.15	2,535.38	2,535.38	2,535.38	3,961.54	0.00	4,863.94	2,400.00	2,400.00	2,400.00	3,376.25	2,609.23	32,119.25
52202	Ponderosa Village	Bonus - leasing	0.00	(500.00)	0.00	0.00	140.00	0.00	1,908.68	522.01	499.85	530.84	410.22	3,611.60	
52203	Ponderosa Village	Payroll taxes - leasing	268.22	271.98	271.46	257.74	434.58	0.00	485.48	391.13	253.91	245.00	245.00	3,477.88	
52204	Ponderosa Village	Benefits - leasing	242.90	535.44	337.80	887.01	726.91	0.00	0.00	0.00	0.00	0.00	97.31	2,730.05	
52209	Ponderosa Village	Workers compensation - leasing	12.18	12.18	12.18	12.18	12.18	264.48	96.28	84.10	84.10	84.10	84.10	842.16	
		Payroll	3,025.45	2,854.98	3,156.82	3,692.31	5,265.21	264.48	5,445.70	4,783.91	3,360.02	3,227.21	4,333.50	3,371.16	42,780.75
Property Office Expenses															
52605	Ponderosa Village	Bank charges	971.71	957.66	1,075.00	936.54	1,031.79	1,278.59	1,137.31	1,164.82	1,254.66	1,130.31	1,177.97	1,100.71	13,217.07
52615	Ponderosa Village	Dues & subscriptions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	508.26	0.00	0.00	1,089.66	
52620	Ponderosa Village	Licenses and fees	0.00	0.00	0.00	0.00									

Account	Property	Account Name	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Total
52725	Ponderosa Village	Cred reports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	492.50	315.00	52.50	82.50	0.00	942.50
		Property Office Expenses	864.99	2,234.70	3,025.48	3,482.69	2,193.94	4,181.06	6,940.25	5,335.02	4,224.38	1,648.00	3,510.27	2,186.94	39,827.72
		Property Operating Expenses	27,065.82	23,469.49	24,962.63	26,432.48	29,298.38	24,123.79	31,839.95	29,659.98	30,996.04	41,179.38	18,741.31	26,291.33	334,060.58
		OPERATING EXPENSES	27,065.82	23,469.49	24,962.63	26,432.48	29,298.38	24,123.79	31,839.95	29,659.98	30,996.04	41,179.38	18,741.31	26,291.33	334,060.58
		NET OPERATING INCOME	107,521.32	116,251.73	129,429.01	103,884.85	109,329.27	119,573.29	117,044.74	115,278.65	117,492.00	123,150.37	141,057.71	129,367.48	1,429,380.42
Total Non-Operating Expenses															
Capital Repair Accounts															
53320	Ponderosa Village	Unit flooring replacement	(3,310.00)	3,310.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
53416	Ponderosa Village	Unit appliance replacement	0.00	0.00	0.00	0.00	0.00	0.00	408.10	0.00	0.00	0.00	0.00	0.00	408.10
		Capital Repair Accounts	(3,310.00)	3,310.00	0.00	0.00	0.00	0.00	408.10	0.00	0.00	0.00	0.00	0.00	408.10
Non Operating Expenses															
52750	Ponderosa Village	Ground Lease Expense	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	96,588.00
		Non Operating Expenses	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	96,588.00
Depreciation and Amortization															
54104	Ponderosa Village	Depreciation - building improvements	44,430.00	44,430.00	44,430.00	44,430.00	44,430.00	44,430.00	44,430.00	44,430.00	44,430.00	44,430.00	43,730.00	44,405.00	532,435.00
54107	Ponderosa Village	Depreciation - office equipment & furnis	1,338.00	1,338.00	1,338.00	1,338.00	1,338.00	1,338.00	1,338.00	1,338.00	1,338.00	1,338.00	1,338.00	1,338.00	16,056.00
54130	Ponderosa Village	Amortization - deferred financing costs	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	126,833.64
		Depreciation and Amortization	56,337.47	56,337.47	56,337.47	56,337.47	56,337.47	56,337.47	56,337.47	56,337.47	56,337.47	56,337.47	55,637.47	56,312.47	675,324.64
Interest															
55003	Ponderosa Village	Interest - secured debt	27,393.57	24,979.29	26,834.34	26,763.09	(54,028.48)	10,496.77	10,671.67	10,795.01	11,243.85	10,174.00	10,514.71	11,965.80	127,803.62
55004	Ponderosa Village	Interest - Non Secured Debt	9,841.58	10,078.17	10,813.42	10,775.87	90,399.16	26,132.48	27,309.91	27,642.85	28,902.97	26,238.98	27,207.87	47,654.39	342,997.55
		Interest	37,235.15	35,057.46	37,647.76	37,538.96	36,370.68	36,629.25	37,981.58	38,437.86	40,146.82	36,412.88	37,722.58	59,620.19	470,801.17
		Total Non-Operating Expenses	98,311.62	102,753.93	102,634.23	101,925.43	100,757.15	101,015.72	102,776.15	102,824.33	104,533.29	100,799.35	101,409.05	123,981.66	1,243,121.91
		TOTAL NET INCOME (LOSS)	9,209.70	13,497.80	27,394.78	1,959.42	8,572.12	18,557.57	14,268.59	12,454.32	12,958.71	22,351.02	39,648.66	5,385.82	186,258.51

Account	Property	Account Name	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Total
Real Estate Taxes															
53001	Ponderosa Village	Real estate taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(10,000.00)
		Real Estate Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(10,000.00)
		OPERATING EXPENSES	27,217.14	30,886.57	22,864.48	23,293.96	29,526.03	28,953.10	27,763.81	27,686.54	28,532.91	25,817.71	26,083.83	12,066.94	310,693.02
		NET OPERATING INCOME	116,246.44	121,111.96	128,963.75	130,396.53	123,755.86	126,023.74	125,742.83	123,137.50	125,402.67	129,880.17	125,877.63	152,643.90	1,529,182.98
Total Non-Operating Expenses															
Capital Repair Accounts															
53404	Ponderosa Village	Cleaning - Capital Repair	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00	1,780.00	0.00	0.00	0.00	3,280.00
		Capital Repair Accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00	1,780.00	0.00	0.00	0.00	3,280.00
Non Operating Expenses															
52750	Ponderosa Village	Ground Lease Expense	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	(96,588.00)
		Non Operating Expenses	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	8,049.00	(96,588.00)
Depreciation and Amortization															
54104	Ponderosa Village	Depreciation - building improvements	44,405.00	44,405.00	44,405.00	44,402.36	44,404.92	44,404.92	44,404.92	44,404.92	44,404.92	44,404.93	44,404.92	44,404.91	532,856.72
54107	Ponderosa Village	Depreciation - office equipment & furnis	1,338.00	1,338.00	1,338.00	1,358.54	1,338.62	1,338.64	1,338.61	1,338.62	1,338.63	1,328.58	1,348.62	1,338.62	16,081.48
54130	Ponderosa Village	Amortization - deferred financing costs	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	10,569.47	0.00	4,572.75	4,572.75	4,572.75	4,572.75	4,572.75	27,608.62
		Depreciation and Amortization	56,312.47	56,312.47	56,312.47	56,330.37	56,313.01	(2,358.92)	45,743.53	50,316.29	50,316.30	50,306.26	50,326.29	50,316.28	576,546.82
Interest															
55003	Ponderosa Village	Interest - secured debt	34,149.21	77,403.14	21,529.07	35,346.75	33,302.22	46,164.99	39,286.29	41,643.31	41,687.42	40,474.46	34,977.16	33,192.47	479,156.49
55004	Ponderosa Village	Interest - Non Secured Debt	11,393.34	11,019.72	12,988.57	11,816.19	13,115.13	13,777.79	13,213.00	19,680.22	14,124.43	13,637.38	19,204.97	20,639.82	174,610.56
		Interest	45,542.55	88,422.86	34,517.64	47,162.94	46,417.35	59,942.78	52,499.29	61,323.53	55,811.85	54,111.84	54,182.13	53,832.29	653,767.05
		Total Non-Operating Expenses	109,904.02	152,784.33	98,879.11	111,542.31	110,779.36	65,632.86	106,291.82	121,188.82	115,957.15	112,467.10	112,557.42	7,560.57	1,225,544.87
		TOTAL NET INCOME (LOSS)	6,342.42	(31,672.37)	30,084.64	18,854.22	12,976.50	60,390.88	19,451.01	1,948.68	9,445.52	17,413.07	13,320.21	145,083.33	303,638.11

Income Statement - Budget vs Actual

Ponderosa Village

Jan 2018 - Dec 2018

Accrual Basis

Account Name	Jan 2018 - Dec 2018				YTD (Jan 2018 - Dec 2018)				Annual Budget
	Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
REVENUE									
Revenue Section									
Gross potential income - residentiz	1,900,986.00	0.00	1,900,986.00	100.00%	1,900,986.00	0.00	1,900,986.00	100.00%	0.00
Employee units	(26,797.48)	0.00	(26,797.48)	-100.00%	(26,797.48)	0.00	(26,797.48)	-100.00%	0.00
Vacancy loss	(4,930.50)	0.00	(4,930.50)	-100.00%	(4,930.50)	0.00	(4,930.50)	-100.00%	0.00
Gain/loss to lease	20,917.03	0.00	20,917.03	100.00%	20,917.03	0.00	20,917.03	100.00%	0.00
Rent concessions	(9,500.00)	0.00	(9,500.00)	-100.00%	(9,500.00)	0.00	(9,500.00)	-100.00%	0.00
Revenue Section	1,880,675.05	0.00	1,880,675.05	100.00%	1,880,675.05	0.00	1,880,675.05	100.00%	0.00
Other Income									
Application fees	5,795.00	0.00	5,795.00	100.00%	5,795.00	0.00	5,795.00	100.00%	0.00
Transfer fee income	900.00	0.00	900.00	100.00%	900.00	0.00	900.00	100.00%	0.00
Late fees	1,225.00	0.00	1,225.00	100.00%	1,225.00	0.00	1,225.00	100.00%	0.00
NSF fees	225.00	0.00	225.00	100.00%	225.00	0.00	225.00	100.00%	0.00
Damage fee income	6,344.00	0.00	6,344.00	100.00%	6,344.00	0.00	6,344.00	100.00%	0.00
Access control income	690.00	0.00	690.00	100.00%	690.00	0.00	690.00	100.00%	0.00
Pet fee	2,600.00	0.00	2,600.00	100.00%	2,600.00	0.00	2,600.00	100.00%	0.00
Electricity reimbursement	1,587.70	0.00	1,587.70	100.00%	1,587.70	0.00	1,587.70	100.00%	0.00
Gas reimbursement	527.03	0.00	527.03	100.00%	527.03	0.00	527.03	100.00%	0.00
Resident chargebacks - janitorial	1,426.49	0.00	1,426.49	100.00%	1,426.49	0.00	1,426.49	100.00%	0.00
Lease cancellation fee	4,498.66	0.00	4,498.66	100.00%	4,498.66	0.00	4,498.66	100.00%	0.00
Miscellaneous income	502.13	0.00	502.13	100.00%	502.13	0.00	502.13	100.00%	0.00
Bad debt expense	(65.00)	0.00	(65.00)	-100.00%	(65.00)	0.00	(65.00)	-100.00%	0.00
Bad Debt Expense - Misc Fees	(498.66)	0.00	(498.66)	-100.00%	(498.66)	0.00	(498.66)	-100.00%	0.00
Other Income	25,757.35	0.00	25,757.35	100.00%	25,757.35	0.00	25,757.35	100.00%	0.00
REVENUE	1,906,432.40	0.00	1,906,432.40	100.00%	1,906,432.40	0.00	1,906,432.40	100.00%	0.00
OPERATING EXPENSES									
Property Operating Expenses									
Utilities									
Electric - units	2,445.35	0.00	(2,445.35)	-100.00%	2,445.35	0.00	(2,445.35)	-100.00%	0.00
Electric - common	9,491.65	0.00	(9,491.65)	-100.00%	9,491.65	0.00	(9,491.65)	-100.00%	0.00
Water	2,750.98	0.00	(2,750.98)	-100.00%	2,750.98	0.00	(2,750.98)	-100.00%	0.00
Sewer	14,107.79	0.00	(14,107.79)	-100.00%	14,107.79	0.00	(14,107.79)	-100.00%	0.00
Fuel Gas/Oil	1,357.28	0.00	(1,357.28)	-100.00%	1,357.28	0.00	(1,357.28)	-100.00%	0.00
Utilities	30,153.05	0.00	(30,153.05)	-100.00%	30,153.05	0.00	(30,153.05)	-100.00%	0.00
Insurance									
Property/casualty	5,000.02	0.00	(5,000.02)	-100.00%	5,000.02	0.00	(5,000.02)	-100.00%	0.00
General liability	12,106.80	0.00	(12,106.80)	-100.00%	12,106.80	0.00	(12,106.80)	-100.00%	0.00
Other insurance	136.38	0.00	(136.38)	-100.00%	136.38	0.00	(136.38)	-100.00%	0.00
Insurance	17,243.20	0.00	(17,243.20)	-100.00%	17,243.20	0.00	(17,243.20)	-100.00%	0.00
Maintenance and Repair									
HVAC repair	1,160.62	0.00	(1,160.62)	-100.00%	1,160.62	0.00	(1,160.62)	-100.00%	0.00
Pest control	3,344.00	0.00	(3,344.00)	-100.00%	3,344.00	0.00	(3,344.00)	-100.00%	0.00
Fire & safety	5,029.52	0.00	(5,029.52)	-100.00%	5,029.52	0.00	(5,029.52)	-100.00%	0.00
Maintenance and Repair	9,534.14	0.00	(9,534.14)	-100.00%	9,534.14	0.00	(9,534.14)	-100.00%	0.00
Other Taxes									
Other taxes	1,793.70	0.00	(1,793.70)	-100.00%	1,793.70	0.00	(1,793.70)	-100.00%	0.00
Other Taxes	1,793.70	0.00	(1,793.70)	-100.00%	1,793.70	0.00	(1,793.70)	-100.00%	0.00
Property Marketing Expenses									
Advertising	(66.00)	0.00	66.00	100.00%	(66.00)	0.00	66.00	100.00%	0.00

Account Name	Jan 2018 - Dec 2018				YTD (Jan 2018 - Dec 2018)				Annual Budget
	Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
Leasing referrals	50.00	0.00	(50.00)	-100.00%	50.00	0.00	(50.00)	-100.00%	0.00
Signage	75.00	0.00	(75.00)	-100.00%	75.00	0.00	(75.00)	-100.00%	0.00
Leasing administration	1,798.20	0.00	(1,798.20)	-100.00%	1,798.20	0.00	(1,798.20)	-100.00%	0.00
Other marketing & leasing	514.45	0.00	(514.45)	-100.00%	514.45	0.00	(514.45)	-100.00%	0.00
Property Marketing Expenses	2,371.65	0.00	(2,371.65)	-100.00%	2,371.65	0.00	(2,371.65)	-100.00%	0.00
Other Property Expenses									
Uniforms	7.23	0.00	(7.23)	-100.00%	7.23	0.00	(7.23)	-100.00%	0.00
Other Property Expenses	7.23	0.00	(7.23)	-100.00%	7.23	0.00	(7.23)	-100.00%	0.00
Fees									
Standard management fee exp	208,526.07	0.00	(208,526.07)	-100.00%	208,526.07	0.00	(208,526.07)	-100.00%	0.00
Fees	208,526.07	0.00	(208,526.07)	-100.00%	208,526.07	0.00	(208,526.07)	-100.00%	0.00
Payroll									
Salary - leasing	39,999.96	0.00	(39,999.96)	-100.00%	39,999.96	0.00	(39,999.96)	-100.00%	0.00
Bonus - leasing	8,335.17	0.00	(8,335.17)	-100.00%	8,335.17	0.00	(8,335.17)	-100.00%	0.00
Payroll taxes - leasing	3,904.45	0.00	(3,904.45)	-100.00%	3,904.45	0.00	(3,904.45)	-100.00%	0.00
Benefits - leasing	108.55	0.00	(108.55)	-100.00%	108.55	0.00	(108.55)	-100.00%	0.00
401 k - leasing	228.79	0.00	(228.79)	-100.00%	228.79	0.00	(228.79)	-100.00%	0.00
Workers compensation - leasing	1,260.28	0.00	(1,260.28)	-100.00%	1,260.28	0.00	(1,260.28)	-100.00%	0.00
Payroll	53,837.20	0.00	(53,837.20)	-100.00%	53,837.20	0.00	(53,837.20)	-100.00%	0.00
Property Office Expenses									
Bank charges	11,496.22	0.00	(11,496.22)	-100.00%	11,496.22	0.00	(11,496.22)	-100.00%	0.00
Payment Processing Fees	2,740.00	0.00	(2,740.00)	-100.00%	2,740.00	0.00	(2,740.00)	-100.00%	0.00
Dues & subscriptions	569.99	0.00	(569.99)	-100.00%	569.99	0.00	(569.99)	-100.00%	0.00
Licenses and fees	1,041.32	0.00	(1,041.32)	-100.00%	1,041.32	0.00	(1,041.32)	-100.00%	0.00
Office supplies	933.42	0.00	(933.42)	-100.00%	933.42	0.00	(933.42)	-100.00%	0.00
Computer expenses	5,568.46	0.00	(5,568.46)	-100.00%	5,568.46	0.00	(5,568.46)	-100.00%	0.00
Postage/overnight mail	241.51	0.00	(241.51)	-100.00%	241.51	0.00	(241.51)	-100.00%	0.00
Property office telephones	145.79	0.00	(145.79)	-100.00%	145.79	0.00	(145.79)	-100.00%	0.00
Mobile telephone service	1,536.80	0.00	(1,536.80)	-100.00%	1,536.80	0.00	(1,536.80)	-100.00%	0.00
Property office internet service	1,674.24	0.00	(1,674.24)	-100.00%	1,674.24	0.00	(1,674.24)	-100.00%	0.00
Meals & entertainment	143.18	0.00	(143.18)	-100.00%	143.18	0.00	(143.18)	-100.00%	0.00
Travel	1,651.43	0.00	(1,651.43)	-100.00%	1,651.43	0.00	(1,651.43)	-100.00%	0.00
Pre employment screening	316.57	0.00	(316.57)	-100.00%	316.57	0.00	(316.57)	-100.00%	0.00
Training	786.50	0.00	(786.50)	-100.00%	786.50	0.00	(786.50)	-100.00%	0.00
Cred reports	2,629.16	0.00	(2,629.16)	-100.00%	2,629.16	0.00	(2,629.16)	-100.00%	0.00
Property Office Expenses	31,474.59	0.00	(31,474.59)	-100.00%	31,474.59	0.00	(31,474.59)	-100.00%	0.00
Property Operating Expenses	354,940.83	0.00	(354,940.83)	-100.00%	354,940.83	0.00	(354,940.83)	-100.00%	0.00
OPERATING EXPENSES	354,940.83	0.00	(354,940.83)	-100.00%	354,940.83	0.00	(354,940.83)	-100.00%	0.00
NET OPERATING INCOME	1,551,491.57	0.00	1,551,491.57	100.00%	1,551,491.57	0.00	1,551,491.57	100.00%	0.00
Total Non-Operating Expenses									
Capital Repair Accounts									
Unit flooring replacement	10,110.00	0.00	(10,110.00)	-100.00%	10,110.00	0.00	(10,110.00)	-100.00%	0.00
Building structural replacement	485.00	0.00	(485.00)	-100.00%	485.00	0.00	(485.00)	-100.00%	0.00
Windows/screens/blinds/drapes - l	399.35	0.00	(399.35)	-100.00%	399.35	0.00	(399.35)	-100.00%	0.00
IT Equipment Replacement	4,950.00	0.00	(4,950.00)	-100.00%	4,950.00	0.00	(4,950.00)	-100.00%	0.00
Capital Repair Accounts	15,944.35	0.00	(15,944.35)	-100.00%	15,944.35	0.00	(15,944.35)	-100.00%	0.00
Non Operating Expenses									
Asset Manager Travel	1,375.47	0.00	(1,375.47)	-100.00%	1,375.47	0.00	(1,375.47)	-100.00%	0.00
Ground Lease Expense	104,638.32	0.00	(104,638.32)	-100.00%	104,638.32	0.00	(104,638.32)	-100.00%	0.00
Administrative Expenses	2,500.00	0.00	(2,500.00)	-100.00%	2,500.00	0.00	(2,500.00)	-100.00%	0.00
Non Operating Expenses	108,513.79	0.00	(108,513.79)	-100.00%	108,513.79	0.00	(108,513.79)	-100.00%	0.00
Depreciation and Amortization									
Closing cost expenses	7,850.00	0.00	(7,850.00)	-100.00%	7,850.00	0.00	(7,850.00)	-100.00%	0.00
Depreciation - building improve	532,859.05	0.00	(532,859.05)	-100.00%	532,859.05	0.00	(532,859.05)	-100.00%	0.00

Account Name	Jan 2018 - Dec 2018				YTD (Jan 2018 - Dec 2018)				Annual Budget
	Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
Depreciation - office equipment & i	16,063.46	0.00	(16,063.46)	-100.00%	16,063.46	0.00	(16,063.46)	-100.00%	0.00
Depreciation - computer equipmer	18.43	0.00	(18.43)	-100.00%	18.43	0.00	(18.43)	-100.00%	0.00
Amortization - deferred financing c	55,300.10	0.00	(55,300.10)	-100.00%	55,300.10	0.00	(55,300.10)	-100.00%	0.00
Depreciation and Amortization	612,091.04	0.00	(612,091.04)	-100.00%	612,091.04	0.00	(612,091.04)	-100.00%	0.00
Interest									
Interest - secured debt	595,563.23	0.00	(595,563.23)	-100.00%	595,563.23	0.00	(595,563.23)	-100.00%	0.00
Interest - Non Secured Debt	202,730.80	0.00	(202,730.80)	-100.00%	202,730.80	0.00	(202,730.80)	-100.00%	0.00
Interest	798,294.03	0.00	(798,294.03)	-100.00%	798,294.03	0.00	(798,294.03)	-100.00%	0.00
Total Non-Operating Expenses	1,534,843.21	0.00	(1,534,843.21)	-100.00%	1,534,843.21	0.00	(1,534,843.21)	-100.00%	0.00
TOTAL NET INCOME (LOSS)	16,648.36	0.00	16,648.36	100.00%	16,648.36	0.00	16,648.36	100.00%	0.00

Income Statement - Budget vs Actual

Ponderosa Village

Jan 2019 - Dec 2019

Accrual Basis

Account Name	Jan 2019 - Dec 2019				YTD (Jan 2019 - Dec 2019)				Annual Budget
	Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
REVENUE									
Revenue Section									
Gross potential income - residentiz	1,799,971.17	0.00	1,799,971.17	100.00%	1,799,971.17	0.00	1,799,971.17	100.00%	0.00
Employee units	(26,938.95)	0.00	(26,938.95)	-100.00%	(26,938.95)	0.00	(26,938.95)	-100.00%	0.00
Vacancy loss	(11,302.00)	0.00	(11,302.00)	-100.00%	(11,302.00)	0.00	(11,302.00)	-100.00%	0.00
Gain/loss to lease	18,728.91	0.00	18,728.91	100.00%	18,728.91	0.00	18,728.91	100.00%	0.00
Rent concessions	(8,950.00)	0.00	(8,950.00)	-100.00%	(8,950.00)	0.00	(8,950.00)	-100.00%	0.00
Revenue Section	1,771,509.13	0.00	1,771,509.13	100.00%	1,771,509.13	0.00	1,771,509.13	100.00%	0.00
Other Income									
Application fees	6,895.00	0.00	6,895.00	100.00%	6,895.00	0.00	6,895.00	100.00%	0.00
Transfer fee income	1,385.23	0.00	1,385.23	100.00%	1,385.23	0.00	1,385.23	100.00%	0.00
Late fees	795.00	0.00	795.00	100.00%	795.00	0.00	795.00	100.00%	0.00
NSF fees	250.00	0.00	250.00	100.00%	250.00	0.00	250.00	100.00%	0.00
Damage fee income	2,700.00	0.00	2,700.00	100.00%	2,700.00	0.00	2,700.00	100.00%	0.00
Access control income	425.00	0.00	425.00	100.00%	425.00	0.00	425.00	100.00%	0.00
Pet rent	530.00	0.00	530.00	100.00%	530.00	0.00	530.00	100.00%	0.00
Pet fee	1,300.00	0.00	1,300.00	100.00%	1,300.00	0.00	1,300.00	100.00%	0.00
Electricity reimbursement	292.00	0.00	292.00	100.00%	292.00	0.00	292.00	100.00%	0.00
Gas reimbursement	22.29	0.00	22.29	100.00%	22.29	0.00	22.29	100.00%	0.00
Resident chargebacks - janitorial	50.00	0.00	50.00	100.00%	50.00	0.00	50.00	100.00%	0.00
Lease cancellation fee	2,200.00	0.00	2,200.00	100.00%	2,200.00	0.00	2,200.00	100.00%	0.00
Other Income	16,844.52	0.00	16,844.52	100.00%	16,844.52	0.00	16,844.52	100.00%	0.00
REVENUE	1,788,353.65	0.00	1,788,353.65	100.00%	1,788,353.65	0.00	1,788,353.65	100.00%	0.00
OPERATING EXPENSES									
Property Operating Expenses									
Utilities									
Electric - units	1,893.40	0.00	(1,893.40)	-100.00%	1,893.40	0.00	(1,893.40)	-100.00%	0.00
Electric - common	6,307.53	0.00	(6,307.53)	-100.00%	6,307.53	0.00	(6,307.53)	-100.00%	0.00
Water	1,131.00	0.00	(1,131.00)	-100.00%	1,131.00	0.00	(1,131.00)	-100.00%	0.00
Sewer	10,794.51	0.00	(10,794.51)	-100.00%	10,794.51	0.00	(10,794.51)	-100.00%	0.00
Fuel Gas/Oil	480.28	0.00	(480.28)	-100.00%	480.28	0.00	(480.28)	-100.00%	0.00
Utilities	20,606.72	0.00	(20,606.72)	-100.00%	20,606.72	0.00	(20,606.72)	-100.00%	0.00
Insurance									
Property/casualty	3,749.99	0.00	(3,749.99)	-100.00%	3,749.99	0.00	(3,749.99)	-100.00%	0.00
General liability	7,145.83	0.00	(7,145.83)	-100.00%	7,145.83	0.00	(7,145.83)	-100.00%	0.00
Other insurance	171.24	0.00	(171.24)	-100.00%	171.24	0.00	(171.24)	-100.00%	0.00
Insurance	11,067.06	0.00	(11,067.06)	-100.00%	11,067.06	0.00	(11,067.06)	-100.00%	0.00
Maintenance and Repair									
Appliance repair & replacement	140.00	0.00	(140.00)	-100.00%	140.00	0.00	(140.00)	-100.00%	0.00
Pest control	11,246.00	0.00	(11,246.00)	-100.00%	11,246.00	0.00	(11,246.00)	-100.00%	0.00
Maintenance and Repair	11,386.00	0.00	(11,386.00)	-100.00%	11,386.00	0.00	(11,386.00)	-100.00%	0.00
Other Taxes									
Other taxes	561.80	0.00	(561.80)	-100.00%	561.80	0.00	(561.80)	-100.00%	0.00
Other Taxes	561.80	0.00	(561.80)	-100.00%	561.80	0.00	(561.80)	-100.00%	0.00
Property Marketing Expenses									
Leasing administration	277.20	0.00	(277.20)	-100.00%	277.20	0.00	(277.20)	-100.00%	0.00
Other marketing & leasing	108.25	0.00	(108.25)	-100.00%	108.25	0.00	(108.25)	-100.00%	0.00
Property Marketing Expenses	385.45	0.00	(385.45)	-100.00%	385.45	0.00	(385.45)	-100.00%	0.00
Fees									

Account Name	Jan 2019 - Dec 2019				YTD (Jan 2019 - Dec 2019)				Annual Budget
	Actual	Budget	\$ Variance	% Variance	Actual	Budget	\$ Variance	% Variance	
Standard management fee expt	156,535.16	0.00	(156,535.16)	-100.00%	156,535.16	0.00	(156,535.16)	-100.00%	0.00
Fees	156,535.16	0.00	(156,535.16)	-100.00%	156,535.16	0.00	(156,535.16)	-100.00%	0.00
Payroll									
Bonus - leasing	(1,000.00)	0.00	1,000.00	100.00%	(1,000.00)	0.00	1,000.00	100.00%	0.00
Payroll taxes - leasing	750.75	0.00	(750.75)	-100.00%	750.75	0.00	(750.75)	-100.00%	0.00
Benefits - leasing	24.29	0.00	(24.29)	-100.00%	24.29	0.00	(24.29)	-100.00%	0.00
401 k - leasing	7.69	0.00	(7.69)	-100.00%	7.69	0.00	(7.69)	-100.00%	0.00
Workers compensation - leasing	381.30	0.00	(381.30)	-100.00%	381.30	0.00	(381.30)	-100.00%	0.00
Payroll	164.03	0.00	(164.03)	-100.00%	164.03	0.00	(164.03)	-100.00%	0.00
Property Office Expenses									
Bank charges	7,464.89	0.00	(7,464.89)	-100.00%	7,464.89	0.00	(7,464.89)	-100.00%	0.00
Payment Processing Fees	2,118.89	0.00	(2,118.89)	-100.00%	2,118.89	0.00	(2,118.89)	-100.00%	0.00
Licenses and fees	441.44	0.00	(441.44)	-100.00%	441.44	0.00	(441.44)	-100.00%	0.00
Computer expenses	6,807.71	0.00	(6,807.71)	-100.00%	6,807.71	0.00	(6,807.71)	-100.00%	0.00
Postage/overnight mail	273.60	0.00	(273.60)	-100.00%	273.60	0.00	(273.60)	-100.00%	0.00
Answering service	62.07	0.00	(62.07)	-100.00%	62.07	0.00	(62.07)	-100.00%	0.00
Mobile telephone service	382.12	0.00	(382.12)	-100.00%	382.12	0.00	(382.12)	-100.00%	0.00
Property office internet service	966.33	0.00	(966.33)	-100.00%	966.33	0.00	(966.33)	-100.00%	0.00
Pre employment screening	(181.68)	0.00	181.68	100.00%	(181.68)	0.00	181.68	100.00%	0.00
Training	(34.32)	0.00	34.32	100.00%	(34.32)	0.00	34.32	100.00%	0.00
Property Office Expenses	18,301.05	0.00	(18,301.05)	-100.00%	18,301.05	0.00	(18,301.05)	-100.00%	0.00
Property Operating Expenses	219,007.27	0.00	(219,007.27)	-100.00%	219,007.27	0.00	(219,007.27)	-100.00%	0.00
OPERATING EXPENSES	219,007.27	0.00	(219,007.27)	-100.00%	219,007.27	0.00	(219,007.27)	-100.00%	0.00
NET OPERATING INCOME	1,569,346.38	0.00	1,569,346.38	100.00%	1,569,346.38	0.00	1,569,346.38	100.00%	0.00
Total Non-Operating Expenses									
Capital Repair Accounts									
Amenity/common upgrades & repr	26,804.60	0.00	(26,804.60)	-100.00%	26,804.60	0.00	(26,804.60)	-100.00%	0.00
Unit appliance replacement	1,650.00	0.00	(1,650.00)	-100.00%	1,650.00	0.00	(1,650.00)	-100.00%	0.00
Capital Repair Accounts	28,454.60	0.00	(28,454.60)	-100.00%	28,454.60	0.00	(28,454.60)	-100.00%	0.00
Non Operating Expenses									
Ground Lease Expense	(193,445.75)	0.00	193,445.75	100.00%	(193,445.75)	0.00	193,445.75	100.00%	0.00
Non Operating Expenses	(193,445.75)	0.00	193,445.75	100.00%	(193,445.75)	0.00	193,445.75	100.00%	0.00
Depreciation and Amortization									
Depreciation - building improve	399,644.28	0.00	(399,644.28)	-100.00%	399,644.28	0.00	(399,644.28)	-100.00%	0.00
Depreciation - office equipment & i	11,062.41	0.00	(11,062.41)	-100.00%	11,062.41	0.00	(11,062.41)	-100.00%	0.00
Depreciation - computer equipmer	(18.43)	0.00	18.43	100.00%	(18.43)	0.00	18.43	100.00%	0.00
Amortization - deferred financin c	32,607.15	0.00	(32,607.15)	-100.00%	32,607.15	0.00	(32,607.15)	-100.00%	0.00
Depreciation - ROU	28,678.00	0.00	(28,678.00)	-100.00%	28,678.00	0.00	(28,678.00)	-100.00%	0.00
Depreciation and Amortization	471,973.41	0.00	(471,973.41)	-100.00%	471,973.41	0.00	(471,973.41)	-100.00%	0.00
Interest									
Interest - secured debt	486,066.80	0.00	(486,066.80)	-100.00%	486,066.80	0.00	(486,066.80)	-100.00%	0.00
Write off of Deferred Financing	45,848.50	0.00	(45,848.50)	-100.00%	45,848.50	0.00	(45,848.50)	-100.00%	0.00
Interest - Non Secured Debt	164,791.43	0.00	(164,791.43)	-100.00%	164,791.43	0.00	(164,791.43)	-100.00%	0.00
ROU Interest Charge	55,460.17	0.00	(55,460.17)	-100.00%	55,460.17	0.00	(55,460.17)	-100.00%	0.00
Interest	752,166.90	0.00	(752,166.90)	-100.00%	752,166.90	0.00	(752,166.90)	-100.00%	0.00
Total Non-Operating Expenses	1,059,149.16	0.00	(1,059,149.16)	-100.00%	1,059,149.16	0.00	(1,059,149.16)	-100.00%	0.00
TOTAL NET INCOME (LOSS)	510,197.22	0.00	510,197.22	100.00%	510,197.22	0.00	510,197.22	100.00%	0.00



University of Nevada, Reno

FACILITIES SERVICES DEPARTMENT

PONDEROSA VILLAGE

1775 EVANS AVENUE, RENO, NV

**INITIAL ASSESSMENT AUGUST 2019/UPDATED ATTACHMENT
OCTOBER 2019**

OVERVIEW

Facilities Maintenance Services performed an evaluation and assessment of the premises situated at 1775 Evans Avenue, Ponderosa Village, Graduate Housing.

The objective of the assessment is twofold: (1) to identify required maintenance and repair actions needed to bring the facility up to federal, state, and building code requirements, and (2) provide an order of magnitude cost estimate for the repairs.

The property includes 6 wood-frame structures. Each building is 3-stories in height, comprising of 12 different buildings totaling 132 units and a Clubhouse. The 132 units are comprised of 37 one bedroom and 95 two bedroom units. The total square footage is 133,000 GSF. The property includes on-site parking, landscaping, sidewalks, and an inner courtyard.

Based upon the data collected through brief inspections and observed deficiencies, the overall consensus of the assessment team rated the building to be in good condition. Details of the staff findings are provided in the following *System by System Overview*.

SYSTEM BY SYSTEM OVERVIEW

MECHANICAL SYSTEM

I. HEATING, VENTILATION, AIR CONDITIONING, AND CONTROLS (HVAC)

All major equipment serving the building appears to be original which is approximately five (5) years old.

Each unit or apartment is heated by a natural gas Rheem furnace and cooled by a Rheem remote condensing unit. These units are relatively new, had minor issues are reliable and low maintenance.

Control of each space temperature is from an occupant controlled digital thermostat.

Domestic hot water is supplied by an electric water heater located in each unit.

In summary, the building HVAC equipment is in good shape and fully functional.

ELECTRICAL SYSTEM

I. OVERALL ELECTRICAL

The existing electrical distribution system is original to the building, which is five (5) years old, and is considered to be in good shape and serviceable condition.

All apartment units are individually metered and electrical service is provided by NV Energy.

The exterior lighting has not been retrofit with LED lamps. The parking lot light pole fixtures are metal halide bulbs with an exterior photo cell for control.

No emergency generator or emergency electrical system exists for the building. The existing emergency lighting is battery-operated. It is recommended that all batteries and/or battery fixtures used for emergency lighting be replaced.

II. FIRE & LIFE SAFETY

Each apartment has fire suppression with wet-pipe sprinkler systems. Upon activation water will discharge immediately. The system is connected to a Honeywell Notifier alarm panel.

There are yard-type fire department connections on property.

II. INTERNET

Each bedroom unit has hard wire and wireless access system connections that are supported by the campus networking system.

In summary, the building electrical systems are in good shape and fully functional.

ROOF SYSTEM

The roofing system is wood construction, steep slope and has asphalt roof shingles. The life expectancy for a roof of this type is twenty (20) years. Multiple layers of asphalt shingle can be added to extend the life of the roof. The building is five (5) years old.

ADA ACCESSIBILITY AND REVIEW

I. OVERALL OBSERVATIONS

The buildings were constructed in 2014 and followed all ADA codes for this period of time.

II. SIGNAGE

Directional signage required by code was installed during original construction. Exit signage observed during the walk around inspection was compliant.

INTERIOR SYSTEM

I. FLOORING

The flooring throughout the building consists of carpet and sheet vinyl flooring and is rated as fair-to-poor condition.

III. DOORS AND HARDWARE

The facility is keyed on a Grand Master Medeco Key system and consists of Schlage and Medeco cylinders on property. The hanging devices, closures and hardware that were observed were in good condition. No ADA closures were observed. Panic hardware identified was in good condition.

IV. GLASS

Windows are in good shape and should last for at least another twenty (20) years.

V. PAINT

The paint at the facility was in good condition. There was nothing observed that needed repair or maintenance.

VI. APPLIANCES

Each unit has GE appliances that consist of; washer, dryer, refrigerator, stove and dishwasher. All appliances are in good shape and are replaced as needed.

EXTERIOR ENVELOPE

The exterior of each building consists of wood frame construction with Hardy Board plank siding. The Hardy Board plank system has buckled in a few locations at the floor level from the building settling. This could potentially pose a problem in the future and need addressing.

The estimated cost to repair the buckled Hardy Board would be \$7,000.

PLUMBING

The plumbing systems within the unit's consist of PVC piping.

SECURITY SYSTEM

The facility has a perimeter gate lock security key pad entry system and the grounds and club house are secured by a campus police supported Samsung camera system.

LANDSCAPE

The pavement and hardscape is new within the last 4-5 years. No cracking or peeling was observed on the ramps or walkways.

The vegetation, including trees, shrubs, and vines are in good condition. They have healthy growth from installation a few years ago. The irrigation was installed at time of planting and is watering the vegetation adequately. No faulty or damaged irrigation observed. Would recommend upgrading to a Toro wireless controller in the future.

Site furnishings included five (5) or more bike racks and 8ft. rod iron fence, five (5) brown metal picnic tables, two (2) exterior metal trash cans and several bollard lights in the courtyard. All furnishing are new and in good condition.

SAFETY

There were no immediate safety concerns identified during the walkthrough.

ASBESTOS

No asbestos testing was conducted during the building assessment.

Buildings constructed after 1981 generally contain little, if any, asbestos-containing material. Since this building was constructed in 2014, we can assume that it likely does not contain asbestos materials.

MAINTENANCE, REPAIR & RENOVATION COST ESTIMATE

All costs are rough order of magnitude costs. Actual costs may be substantially different once unknown factors become known.

The total estimated cost projected to make all recommended upgrades or repairs is approximately \$10,000 - \$12,000.

The following table compares construction quality and materials used at Ponderosa Village Graduate Student Housing to University of Nevada, Reno construction standards. Please note, there are no directly comparable University facilities to the graduate student housing units; all other University residential facilities are large concrete and steel structures comparable to hotel construction. Ponderosa Village is comparable to standard apartment building construction. The construction of Ponderosa Village was reviewed, permitted, inspected by the State Public Works Division during construction, and meets all standards and codes required for the facility type.

System	Ponderosa Village	Typical UNR Installation	Comments/Condition Status
Concrete Sidewalks	Specifications for the concrete mix could not be found, however, it was noted the concrete pathways are significantly pitted for their age. This is likely a result of the use of salt-based ice melt.	There is no noted difference in the construction of concrete pathways from University Standards.	The condition of the concrete indicates it will need to be replaced or surfaced within the next 3-5 years (10K sf). Refinishing the existing concrete is estimated in the \$50K to \$100K.
Exterior Railings	Exterior metal railings meet code and are in good condition.	The University standard for exterior metal railings are in place to achieve a uniform aesthetic, and are not performance based.	The existing railings are not to the University standard, however, do not need to be replaced for many years.
Structural Sheathing	Plywood sheathing meets code and is the same as what the University would specify in new construction.	The building code is the guiding document, based upon facility type.	The existing sheathing meets code and has many years of useful life.
Insulation	Insulation meets code and is the same as what the University would specify in new construction.	The building code is the guiding document, based upon facility type.	The existing insulation meets code and has many years of useful life.
Roofing	The building was constructed with asphalt shingles having a 40-year warranty.	University standards require shingle roofs to be "six nailed"; unable to confirm that it was installed using this method.	The roofs do not have ice/water shields at all valleys and around the perimeter as required by University standards. The shingles are in good condition; they often times do not reach their warranty period so we might expect a remaining useful life of 20 – 30 years.

System	Ponderosa Village	Typical UNR Installation	Comments/Condition Status
Exterior Building Materials	Exterior siding is fiber cement with a 30-year warranty	Typical siding for University buildings is brick or a brick concrete combination.	Fiber cement siding typically has a shorter service life than brick or concrete. The existing siding has multiple areas where the siding has gaps. This may be an installation fault. Repairing the siding would cost approximately \$10K.
Framing	The buildings are wood-frame construction, which is typical for this type of facility.	Typical University construction is steel-frame construction.	Wood frame structures have a shorter service life than steel structures; There is a higher level of fire protection with steel construction.
Doors, Frames, and Hardware	The existing doors, frames, and hardware are typical for commercial apartment buildings and meet code. The door-locking hardware is on a system proprietary to Residential Life.	The University has a proprietary door locking hardware system.	The existing doors, frames, and hardware meet University standards and have many years of useful life.
Windows	The existing windows are contractor grade vinyl and have a 10-year warranty.	Typical University installation is metal framed window.	The existing windows have 15-20 years of useful life remaining.
Flooring – Kitchen and Bath	Existing sheet vinyl flooring has a 15 year warranty, and meets University standards.	Same as Ponderosa.	The vinyl flooring installed meets University standards; its condition is average.
Flooring – Clubhouse	The buildings have a limited amount of carpet tile used in some areas. The installed carpet tile has a 10-year warranty.	University standards specify a high-end carpet tile. The existing tiles do not meet University standards.	The carpet tiles in the clubhouse are in average condition.

System	Ponderosa Village	Typical UNR Installation	Comments/Condition Status
Flooring – bedrooms and common living room area	The majority of the carpet in the buildings is sheet carpeting with a 10-year warranty.	The University standard is carpet tiles versus sheet carpeting. Although sheet carpeting may be more appropriate for this use, a higher grade carpet is preferred.	Nearly all sheet carpeting is nearing end of life and should be replaced within the next three years. There is approximately 80K sf of sheet carpet which would cost approximately \$1M to replace.
Paint	The existing paint specified is high-quality (Benjamin Moore).	Similar paint quality standards, except for colors.	The exterior paint is in good condition. Interior paint has been maintained and is in average condition.
Blinds	The existing blinds are a low quality 1 inch PVC horizontal slats.	The University standard blind is to use 1 inch aluminum horizontal slats.	We were unable to confirm condition of the existing blinds. Replacing all the blinds would cost approximately \$250K. Blinds should be replaced when they break or become unserviceable.
Residential Appliances	The washer, dryer, garbage disposal, dishwasher, refrigerator, electric range, and range hood are all low tier appliances.	Commercial grade appliances are installed in Residential Advisor apartments in University Residential Halls.	The current condition varies and repairs are frequent. Typical low tier residential appliances will have a shorter service life compared to commercial grade appliances. Replacement cost would be approximately \$600K.
Plumbing Piping	Plumbing piping meets code for commercial buildings and consists of a combination of copper, iron, and PVC.	University standards require 100% copper pipe.	The existing construction should have many years of useful life, although it is likely a shorter life than would be expected from 100% copper.

System	Ponderosa Village	Typical UNR Installation	Comments/Condition Status
Fixtures	The existing lavatory, water closet, tub, kitchen sink, and faucets are all low tier, contractor grade.	University standards specify higher quality products compared to what was installed.	Unable to confirm condition; a shorter service life should be expected. Upgrading fixtures (excluding the tub and sink) to a higher quality, would cost approximately \$800K.
Heating, Ventilation, and Air Conditioning (HVAC)	Each unit in Ponderosa Village has its own HVAC units. The units are contractor grade and have approximately a 20-year life expectancy.	University standards require all new buildings to be connected to the central heating loop or to a building central boiler system.	As the existing units reach the end of their life expectancy, they should be replaced with higher quality units.
Electric Conduit	Electrical conduit meets code and is the same as what the University would specify in new construction.	The electrical conduit complies with University standards.	The existing conduit has many years of useful life.
Fire Alarm	The existing fire alarms and control system are the same as those specified in University standards (Honeywell Notifier). Ponderosa Village is fully covered with a fire sprinkler system.	University specifies a standard system so all buildings are compatible with a central monitoring system.	The installed alarm system has many years of useful life as does the fire sprinkler system.

EXHIBIT 6

RESOLUTION NO. _____

A RESOLUTION PERTAINING TO THE APPROVAL OF THE PURCHASE OF THE PONDEROSA VILLAGE GRADUATE STUDENT HOUSING COMPLEX BUILDINGS LOCATED AT 1775 EVANS AVENUE, RENO, NEVADA AND TO THE AUTHORIZATION OF CHANCELLOR, OR HIS DESIGNEE, TO APPROVE AND SIGN A PURCHASE AND SALE CONTRACT, CORRESPONDING ESCROW AND TITLE DOCUMENTS, AND OTHER ASSOCIATED DOCUMENTATION FOR THE PURCHASE OF THE PROPERTY AND TERMINATION OF THE GROUND AND IMPROVEMENTS LEASE AFTER CONSULTATION WITH THE BUSINESS, FINANCE AND FACILITIES COMMITTEE CHAIR AND REVIEW BY THE NSHE CHIEF GENERAL COUNSEL.

BE IT RESOLVED that the Board of Regents approves the request to purchase the Ponderosa Village Graduate Student Housing complex buildings located at 1775 Evans Avenue Reno, in Washoe County, Nevada

BE IT FURTHER RESOLVED that the Board of Regents hereby authorizes the Chancellor, or Designee, after consultation with the Business, Finance and Facilities Committee Chair and review by NSHE Chief General Counsel, to approve and sign a purchase and sale contract, corresponding escrow and title documents, and other associated documentation for the purchase of the property and to terminate the Ground and Improvements Lease.

PASSED AND ADOPTED on _____, 2019.

Chairman
Board of Regents of the
Nevada System of Higher Education

(SEAL)
Attest:

Chief of Staff and Special Counsel
To the Board of Regents and
Ex facta Secretary of the Board of Regents