

**VAL-COM APPRAISAL**

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**APPRAISAL REPORT  
TOTAL GOING CONCERN  
HYBRID RENEWABLE ENERGY CENTER (HREC)  
LOCATED AT**

**2861 NIAGARA AVE  
COLUSA, CALIFORNIA 95932**



**PREPARED BY:  
VAL-COM APPRAISAL**

**REQUESTED BY:  
CRESSIDA CAPITAL**

**EFFECTIVE DATE:  
FEBRUARY 4TH, 2024**

**REPORT DATE:  
FEBRUARY 1ST, 2024**



**26632 TOWNE CENTER DR, FOOTHILL RANCH CA**  
**(866) 862-9355 help@val-com.com www.val-com.com**

**Regarding: APPRAISAL OF 2861 NIAGARA AVE, COLUSA CA**

To Whom It May Concern:

In response to your authorization, we have conducted the required investigation, gathered the necessary data, and made certain analyses, which have enabled us to form an opinion of the market value on the above property. The subject of this appraisal consists of the "As Is" AND Prospective value of an industrial property improved for renewable (green) energy generation and currently partially completed and renovated, that has previously been operating as light industrial and office space. The purpose of this appraisal is to develop an opinion of the market value of the fee simple interest in the subject property under the following valuation scenario:

### **"As Complete" Market Value of the Real Estate**

#### **Total Going Concern Market Value Assuming Stabilization of the Income**

The subject has been operating as an industrial space for many years. The methodology employed in this report is meant to assign a credible valuation to the property under the "As Is", AND the "Prospective As Complete", based on construction cost estimates and contractor- provided data to ascertain the quality of prospective improvements and amenities. Two additional parcels will be purchased from the Colusa Industrial Park: one 4.98 acre parcel and one 2.60 acre parcel upon which an additional 30,000 sf building, and concrete and building bunkers for Biomass management will be constructed.

The property is undergoing a transformation to a self- contained renewable energy facility. BC&E USA COLUSA 1 LLC (BC&E) is developing and will be operating a 100 ton per day biomass waste to energy plant in Colusa County, California. This project will convert locally sourced biomass waste, such as agricultural residues, biosolids, forestry residues, cannabis waste, commercial wood waste, into renewable electricity. The electricity generated will be sold to the local grid, offsetting fossil fuel dependence, and reducing greenhouse gas emissions. Electricity is sold to the City of Colusa via a Power Purchase Agreement (PPA). There are numerous interior and site improvements that will be added to the existing construction in order to facilitate implementation of the developer's plans to be able to provide and energy output for consumption of the city of Colusa and potentially other areas as well. An overview of the methodology and improvements is included in this report. While there is a wide variety of financial ownership structures and individual project characteristics for U.S. electric generation assets, we are appraising the subject as an owner- operated independent power producers (IPP) because this ownership status represents most new electric generation assets in the United States, particularly for renewable energy plants., and this data was made available to us during our research.

The property's legal description, together with the definitions of value, are presented in this report. Your attention is also directed to the subsection titled "Assumptions and Limiting Conditions" which further identifies the scope and use of this report. **Regarding Data Verification, we are proceeding under the extraordinary assumption that the data provided to us is correct.**

# **VAL-COM APPRAISAL**

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In addition to a physical inspection, analysis of the appraised property, as well as other matters considered pertinent to and indicative of market value are examined. The accompanying appraisal report sets forth these findings, which are considered essential to explain the basis for the final conclusion of value. Presented in this report are various maps, site/building plans, aerials, and photographs of the subject property for reference. Additional information is contained in my appraisal workfile. It is incorporated by reference and available upon request for inspection.

This appraisal assignment has been conducted in accordance with the scope of work outlined in an email engagement with the client on FEBRUARY 4TH, 2024. It necessarily conforms with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, as well as the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. ***While my appraisal activities are complete in scope, my findings and conclusions have been set forth in the form of this report that is solely intended for the purposes of the client and should not be reproduced or made public to others except persons having the level of sophistication required to understand the concepts and specifics herein set forth.***

The identification and inspection of the subject property, the research into physical and economic factors affecting the subject property, the data research, and the analysis applied to arrive at the opinions and conclusions herein was conducted by Val-Com Appraisal, with support staff providing general research and assistance.

**The valuation conclusion within this appraisal report refers to the Total Assets of the Business (“Total Going Concern”). We have relied on the Sales Comparison Approach and a modified Income Approach based on operator provided data for the concluded value within the appraisal report. We feel that a credible appraisal result has been arrived at using these two approaches. Regarding the Income Approach, we are proceeding under the Extraordinary Assumption that the Income and Expense information provided to us is correct.**

Based on the analyses and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in this report, we have developed the following conclusions:

<b>FINAL VALUE SUMMARY- ASSUMING COMPLETION</b>				
<b>Type</b>	<b>Date</b>	<b>Type of Value</b>	<b>Portion</b>	<b>Value</b>
AS IS	PROSP	Market Value	Total Assets of The Business (Going Concern)	\$116,000,000
AS IS	PROSP	Market Value	Business Value	\$99,600,000
AS IS	2-8-2024	Market Value	Real Estate Only	\$16,400,000

Respectfully submitted,

**VAL-COM APPRAISAL SERVICE**



RON DEHAVILLAND, R.P.V.E. APPRAISAL  
 MANAGER CALIFORNIA NORTHERN REGION  
 VAL-COM APPRAISAL

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### ADDENDA

**A.) APPRAISER CERTIFICATIONS**

**B.) SITE IMPROVEMENTS; CONTRACTOR AGREEMENTS,  
EQUIPMENT PURCHASE ORDERS**

**C.) ENERGY PURCHASE AGREEMENT**

**D.) BIOMASS EXTRACTION INFORMATION**

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subject:	2861 NIAGARA AVE,, COLUSA, CA
County:	COLUSA
Existing Use:	INDUSTRIAL/ GREEN ENERGY
Building Area:	24,667 SF (Existing) 54,667 (Proposed)
Land Area:	12.4ACRES
Assessor's Parcel Numbers	017-030-105-000 & "-106-000 & "-140-013-000
Owner:	Colusa Specialty Farms
Zoning:	INDUSTRIAL
Interest Appraisal	Fee Simple
Indicated Value Reference:	\$ 300/ sf

The indicated values are as follows:

<b>VALUE ALLOCATION REAL ESTATE AND FF&amp;E</b>			
<b>APPROACH</b>	<b>VALUE</b>	<b>WEIGHT</b>	<b>PERCENTAGE VALUE</b>
<b>SALES COMPARISON APPROACH</b>	<b>\$16,400,000</b>	<b>100%</b>	<b>\$16,400,000</b>
		<b>FINAL VALUE:</b>	<b>\$16,400,000</b>

<b>Appraisal Premise - Market Value Via Income Approach</b>	<b>Value Conclusion</b>
<b>MARKET VALUE TOTAL ASSETS OF THE BUSINESS (GOING CONCERN)</b>	<b>\$116,000,000</b>

The difference in values is now used to derive the value of the business (Renewable Energy Facility)

$$\$116,000,000 - \$16,400,000 = \$99,600,000$$

<b>Appraisal Premise - Market Value</b>	<b>Value Conclusion</b>
<b>BUSINESS VALUE</b>	<b>\$99,600,000</b>

<b>Appraisal Premise - MARKET VALUE -REAL ESTATE</b>	<b>Value Conclusion</b>
<b>MARKET VALUE OF THE REAL ESTATE ONLY</b>	<b>\$16,400,000</b>

\*\*\*\*\*

**REPORT REQUESTED BY:  
CRESSIDA CAPITAL**

# AERIAL PHOTO



091  
MS

S0° 29' 08"W ~ 692.55' +/-

INDUSTRIAL WAY

N0° 29' 08"E ~ 1270.80' +/-

60'  
10' PUE

**PARCEL 6**  
9.45 ACRES +/-

N30° 58' 30"E ~ 1180.30' +/-

*Main*

**PARCEL 5**  
19.52 ACRES +/-

N31° 16' 36"E ~ 695.65' +/-

N31° 28' 59"E  
346.36'

**PARCEL 4**  
2.00 ACRES +/-

S31° 20' 43"W  
326.26'

S58° 15' 39"E  
249.34'

**PARCEL 3**  
4.00 ACRES +/-

N31° 20' 43"E ~ 696.00' +/-  
**PARCEL C (ACCESS ROAD)**  
2.86 ACRES +/-

APN 017-030-105-000

**PARCEL 1**  
5.00 ACRES +/-

017-140-001  
CIP

**PARCEL B**  
4.69 ACRES +/-  
(DRAINAGE EASEMENT)

NIAGARA AVENUE

AVENUE

L=226.04  
R=15.04

L=22.89  
R=35.00  
L=108.74  
R=75.00

501.57' +/-

506.43' +/-

S89° 56' 42"E ~ 1008.00' +/-

S0° 29' 08"W ~ 267.10' +/-

S31° 20' 43"W ~ 766.88' +/-

S31° 20' 43"W ~ 766.88' +/-

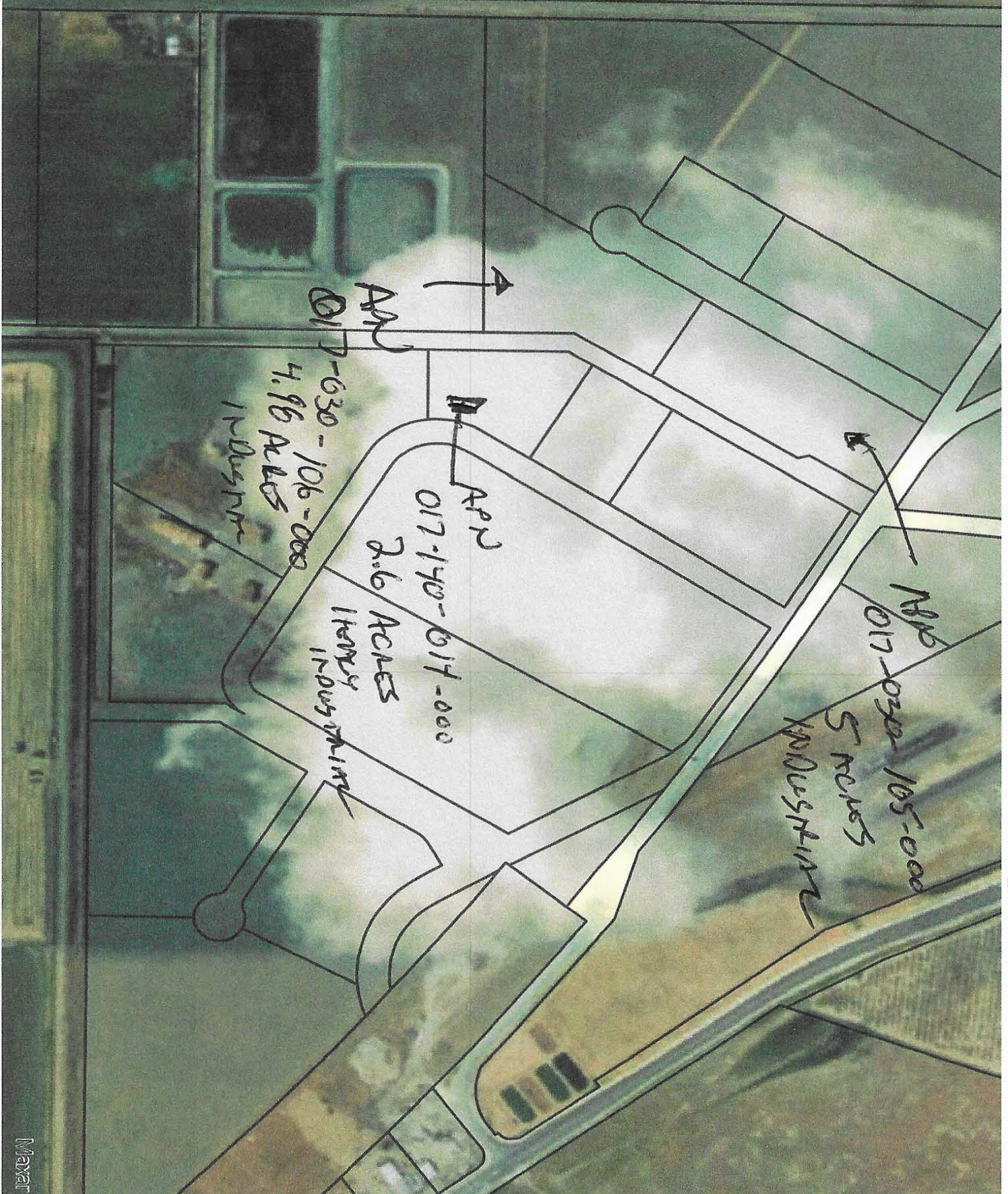
N13° 39' 17"W ~ 35.36' +/-

MATCH LINE PAGE 2

**TENTATIVE SUBDIVISION**  
**COLUSA INDUSTRIAL PROPE**

BEING A PORTION OF SECTIONS 5, 6, 7 & 8, T. 15 N., R. 15 W., S. 10 E., COLUSA COUNTY, CALIFORNIA  
SEPTEMBER 2020

201.1





## GENERAL INFORMATION

### IDENTIFICATION OF SUBJECT

The subject of our appraisal consists of the Renewable Energy Facility located at 2861 NIAGARA AVE in COLUSA, which, AS COMPLETE, comprises one existing industrial building consisting of approximately 24,667 square feet of area, and one proposed 30,000 industrial building to be constructed on the 2.6 acre adjacent parcel.

The subject property comprises of the following components, which are broken down as follows:

MAIN PROPERTY IDENTIFICATION	
PROPERTY NAME:	NONE
ADDRESS:	2861 NIAGARA AVE,,, COLUSA, CALIFORNIA 95932
COUNTY PARCEL #:	017-030-105-000 & "-106-000 & "-140-013-000
SITE COMPONENTS	SQUARE FOOTAGE
Industrial Building (Existing)	= 24,667 sq. ft
Industrial Building (Proposed)	= 30,000 sq. ft
<u>Other Improvements:</u>	
Fenced Lot, Security System	= Not Calculated
4- Acre concrete slab and building bunkers for Biomass management	= Not Calculated

### CURRENT OWNERSHIP AND SALES HISTORY

The owner of record is Colusa Specialty Farms. To the best of our knowledge, no other sale or transfer of ownership has occurred within the past three years.

### PUPOSE OF THE APPRAISAL

The purpose of this appraisal is to determine the fair market value for the subject property, As Is, and Hypothetical Prospective as Complete. The fair market rental rate for the subject property was valued as if it were available for lease in the open market for a reasonable amount of time in which to find a lessee.

### EFFECTIVE DATE OF VALUE

The effective date of value for the concluded fair value determination is FEBRUARY 8TH, 2024.

### DEFINITION OF MARKET VALUE

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and The price represents the normal consideration for the property sold unaffected

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## GENERAL INFORMATION

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- by special or creative financing or sales concessions granted by anyone associated with the sale.” (Source: 2 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

### DEFINITION OF PROPERTY RIGHTS APPRAISED

Fee simple estate is defined as an: “Absolute ownership interest unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” (Source: The Dictionary of Real Estate Appraisal, Fourth Edition, 2012.)

### CLIENT, INTENDED USER AND INTENDED USE

The intended use of the following appraisal is for use in hard money loan underwriting. This appraisal is intended for the exclusive use of the Client. There are no other intended, or authorized, uses or users of this report. Furthermore, we are not responsible for current, future, seen or unseen market conditions that affect the subject property. If the property owner or buyer over-improves the property, they do so at entirely their own risk. Lastly, we are not responsible for any current or future risk in owning the subject, mismanagement of the business or real estate operations associated with owning the subject or the business operating at the subject’s location.

### SCOPE OF WORK

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. The fair market value for the subject property was estimated by surveying like-kind properties throughout Colusa and the nearby communities. The scope of the appraisal involved inspecting the subject property; reviewing the subject amenities and current listings of similar space to that of the subject property, interviewing market participants, and inspecting the relevant comparable properties, which consist primarily of industrial warehouse properties. Sufficient information was gathered to complete our analysis of the subject property. Regarding data verification, direct and indirect verification was employed for this assignment. Direct data verification confirms information used in the report with one or more parties who have in-depth knowledge about the comparable. Indirect verification employs information obtained from a secondary source like a data reporting service, a multiple listing service, or another appraiser. Whenever possible, we attempt direct verification of all data employed. We have performed this appraisal service as a disinterested party, employing due diligence in the investigation, analyses, and conclusions. The efforts made are appropriate to the significance of the appraisal problem

### COMPETENCY RULE

The appraisers signing this report have appraised numerous properties like the subject, have a familiarity with the local market and geographic area, and have appropriate expertise for the property type in question. We are aware of no deficiencies in competence that would hinder a credible appraisal result. The readers are referred to the appraiser qualifications in the addenda section of this report for additional confirmation of adequate technical training and experience appraising the subject property type.

### REPORT FORMAT

This appraisal is presented in a narrative appraisal report format.

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## NEIGHBORHOOD ANALYSIS

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The subject is located in outer Colusa, which is a desirable area in terms of location, proximity to services, and at the same time having the potential for excess acreage. The subject is located on Niagara Avenue. Aerial photographs of the subject's neighborhood are located on the preceding pages.

### **ACCESS AND EXPOSURE**

The subject neighborhood is accessed via numerous surface streets, highways and forms of public transportation. Where it borders the subject property, Niagara Ave is a two-way road flowing in a northwest- southeast direction. Access to U.S. Highway 20/45 is provided 0.6 miles southeast of the subject.

### **NEIGHBORHOOD CONCLUSION**

Overall, the subject's neighborhood is an industrial area with all necessary services and amenities. There is an established demand in the neighborhood and access to freeways is good. It is expected that the overall neighborhood will be desirable and continue to improve into the future.

Maps of the subject's general area and particular neighborhood are provided on the following pages.

# Subject Property



## 2861 Niagara Ave

Colusa, CA 95932 - California Rural North Area



### LOCATION

Distance to Airport:	-
Distance to Seaport:	<b>115.0 mi</b>
Distance to Rail Terminal:	<b>51.8 mi</b>
Population 500 Mile Radius:	<b>45,513,987</b>
Population 250 Mile Radius:	<b>16,300,095</b>
Population 50 Mile Radius:	<b>1,533,149</b>

### OWNER

BC&E, Inc.  
 Purchased Mar 2020  
 \$3,050,000 (-/Unit)

### PROPERTY

Type:	<b>Warehouse</b>	Tenancy:	<b>Single</b>
Park:	<b>Colusa Industrial Park</b>	Construction:	<b>Steel</b>
RBA:	<b>24,677 SF</b>	Column Spacing:	-
Year Built/Renov:	<b>2000</b>	Truck Wells:	-
Ceiling Height:	<b>24'</b>	Rail Served:	-
Docks:	<b>2 ext</b>	Sprinklers:	-
Drive Ins:	<b>2 tot./14'w</b>	Power:	<b>1,200a/120-208v 3p 3w Heavy</b>
Truck Court:	-	Cranes:	-
Land Acres:	<b>5.00 AC</b>	Levelators:	-
Office:	-	Taxes:	<b>\$1.34/SF (2021)</b>
Parking:	<b>50 free Surface Spaces are available; Ratio of 2.03/1,000 SF</b>		
Features:	<b>Bio-Tech/ Lab Space, Conferencing Facility, Fenced Lot, Skylights, Storage Space, Yard</b>		

### VACANCY

Current:	<b>0%</b>
Last Quarter:	<b>0%</b>
Year Ago:	<b>100%</b>
Peers:	<b>0%</b>
Peer Submarkets:	<b>1.5%</b>

### ASKING RENT PER SF

Current:	-
Last Quarter:	-
Year Ago:	-
Peers:	-
Peer Submarkets:	<b>\$7.08</b>

### 12 MO. LEASING ACTIVITY SF

Subject Property:	-
Peers Total:	-
Peers Count:	<b>2</b>
Peers Avg:	-
Peer Submarkets Total:	<b>73,245</b>
Peer Submarkets Avg:	<b>229</b>

### AVAILABLE SPACES

**Currently No Available Spaces**

Borrower: TBD  
Property Address: 2861 NIAGARA AVE  
City: COLUSA  
Lender: TBD

File No.: COLUSA  
Case No.: 95932  
State: CA  
Zip:



12 Mo Deliveries in SF

0

12 Mo Net Absorption in SF

(36K)

Vacancy Rate

5.1%

12 Mo Rent Growth

6.1%

OUTER SUTTER/ COLUSA County is a relatively small submarket, containing about 1.1 million SF of industrial space. The local industrial stock entirely comprises logistics and specialized facilities, and no flex space exists here. The submarket has about 660,000 SF of logistics space and 470,000 SF of specialized space.

Vacancy has softened notably in the past four quarters, and the submarket's vacancy rate has climbed by 3.2% during that time. Net absorption was negative over the past year, and annual net absorption has averaged -7,500 SF over the past five years.

Rents grew by 6.1% over the past year, which is right in line with the impressive decade-long annual average in

OUTER SUTTER/ COLUSA County. While industrial rents overall are essentially in line with the average in the Yuba

City market, rents for the logistics subtype do run at somewhat of a premium. Logistics space in Outer Sutter County goes for about \$8.70/SF, compared to \$7.50/SF in the metro.

There are no supply-side pressures on vacancy or rent in the near term, as nothing is underway. This extends a prolonged hiatus from new development in the submarket: It has been more than five years since an industrial project delivered.

Only a handful of properties have traded in Outer Sutter County over the past three years.

### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	659,972	8.7%	\$8.70	8.7%	(1,282)	0	0
Specialized Industrial	472,794	0%	\$6.52	0%	0	0	0
Flex	0	-	-	-	0	0	0
<b>Submarket</b>	<b>1,132,766</b>	<b>5.1%</b>	<b>\$7.79</b>	<b>5.1%</b>	<b>(1,282)</b>	<b>0</b>	<b>0</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	3.2%	5.1%	6.0%	30.4%	2010 Q4	0%	2019 Q3
Net Absorption SF	(36K)	3,797	(9,568)	249,780	2011 Q4	(294,180)	2010 Q2
Deliveries SF	0	3,491	0	50,000	2015 Q4	0	2022 Q4
Rent Growth	6.1%	3.2%	3.4%	10.7%	1999 Q4	-4.1%	2009 Q4
Sales Volume	\$265K	\$903K	N/A	\$5.7M	2021 Q3	\$0	2018 Q3

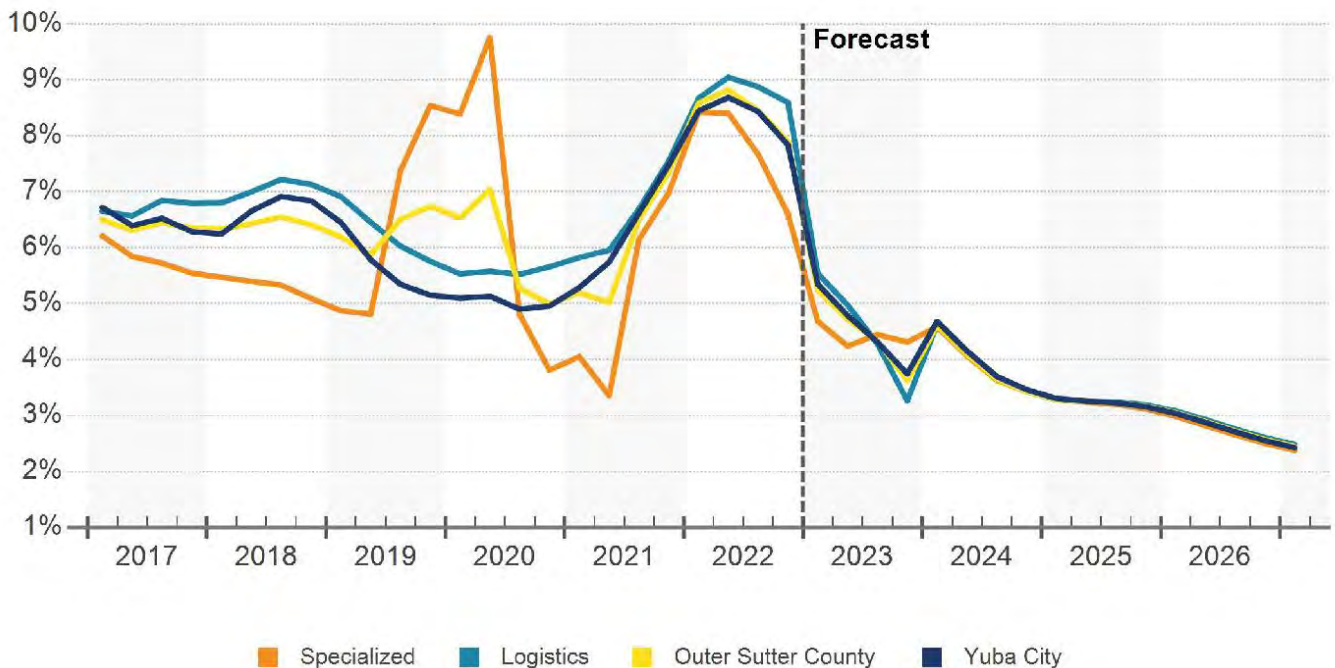
While industrial rents overall are essentially in line with the average in the Yuba City market, rents for the logistics subtype do run at somewhat of a premium. Logistics space in Outer Sutter County goes for about \$8.70/SF, compared to \$7.50/SF in the metro.

Rents posted exceptional gains of 6.1% over the past 12 months, which was right in line with the annualized

average growth rate over the past three years, as well.

Over a longer horizon, industrial rent growth in both the Outer Sutter County Submarket and the Yuba City metro at large has been nothing short of sensational. In the past 10 years, rents in the submarket have cumulatively risen by 80.3%, a performance essentially matched when zoomed out to the entire Yuba City metro.

### MARKET RENT GROWTH (YOY)



# Construction

## Outer Sutter County Industrial

All-Time Annual Avg. Square Feet

Delivered Square Feet Past 8 Qtrs

Delivered Square Feet Next 8 Qtrs

Proposed Square Feet Next 8 Qtrs

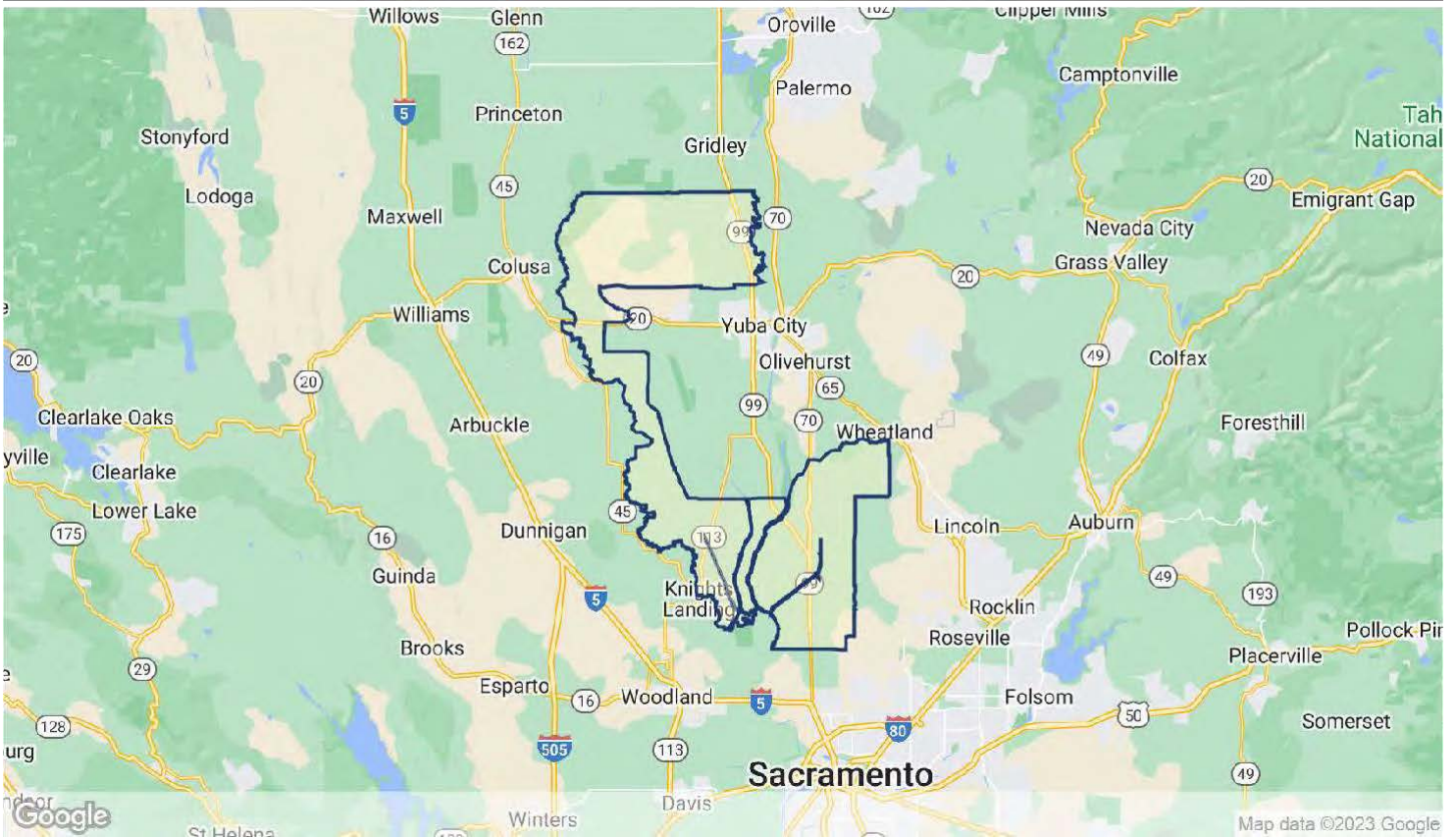
3,384

0

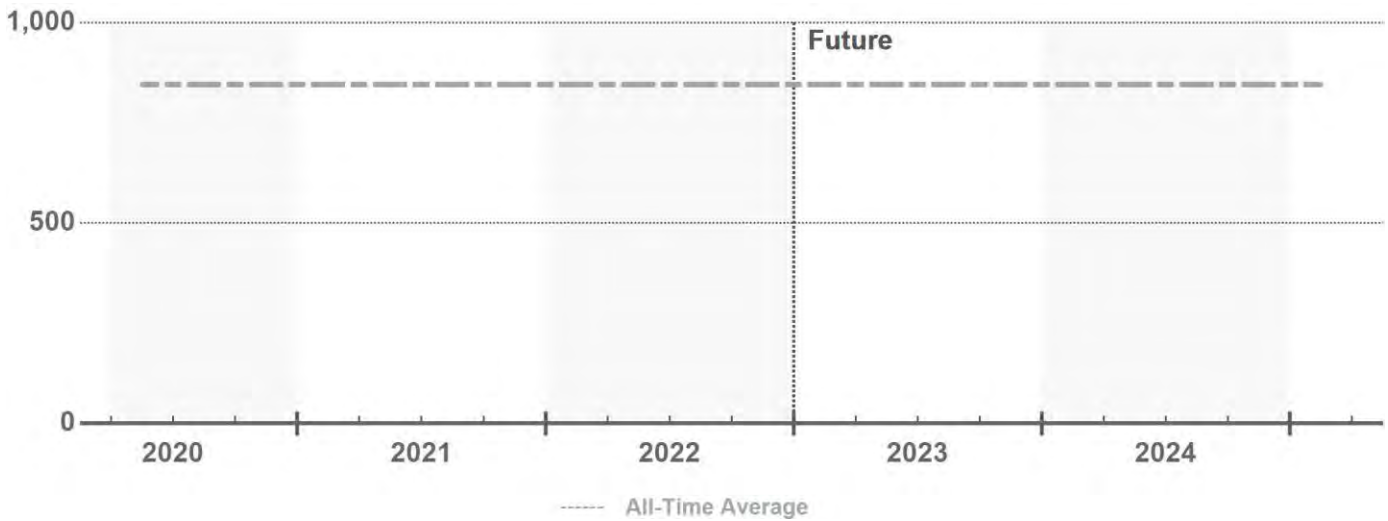
0

0

### PAST 8 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED



### PAST & FUTURE DELIVERIES IN SQUARE FEET

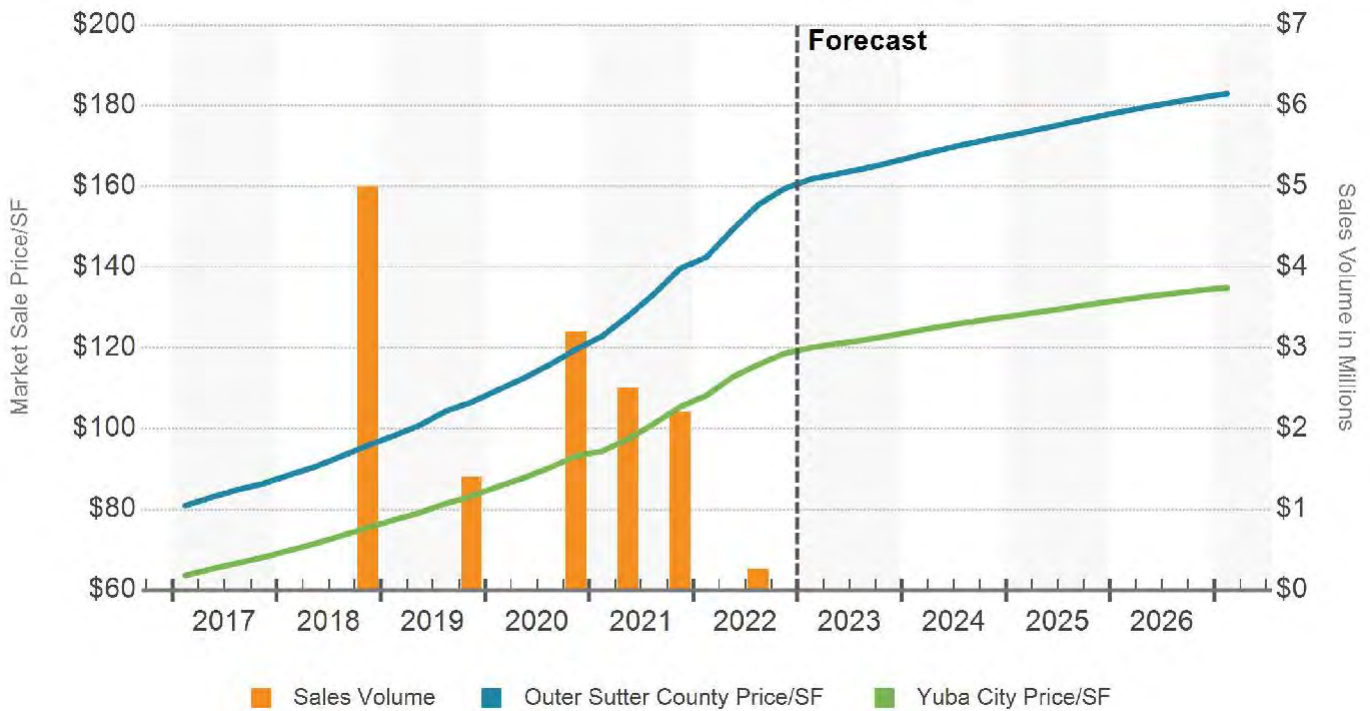




Only one industrial asset sold in Outer Sutter County over the past year, which isn't really a shift from the past in a submarket where only a handful of buildings might trade in a given year. Annual sales volume has averaged \$2.8 million over the past five years, and the 12-month high in investment volume hit \$5.7 million over that stretch. In the past 12 months specifically, \$260,000 worth of assets sold.

Market pricing, which is derived from the price movement of every industrial property in the submarket, sat at \$162/SF during the first quarter of 2023. That price has surged since last year, growing by more than 10%, and the price itself is a significant premium relative to the average pricing for the Yuba City region. The market cap rate has contracted over the past year, and the rate is still lower than the market's average. The current rate is under the submarket's five-year average.

SALES VOLUME & MARKET SALE PRICE PER SF



# REGIONAL MAP

## COUNTY MAP



NEIGHBORHOOD MAP

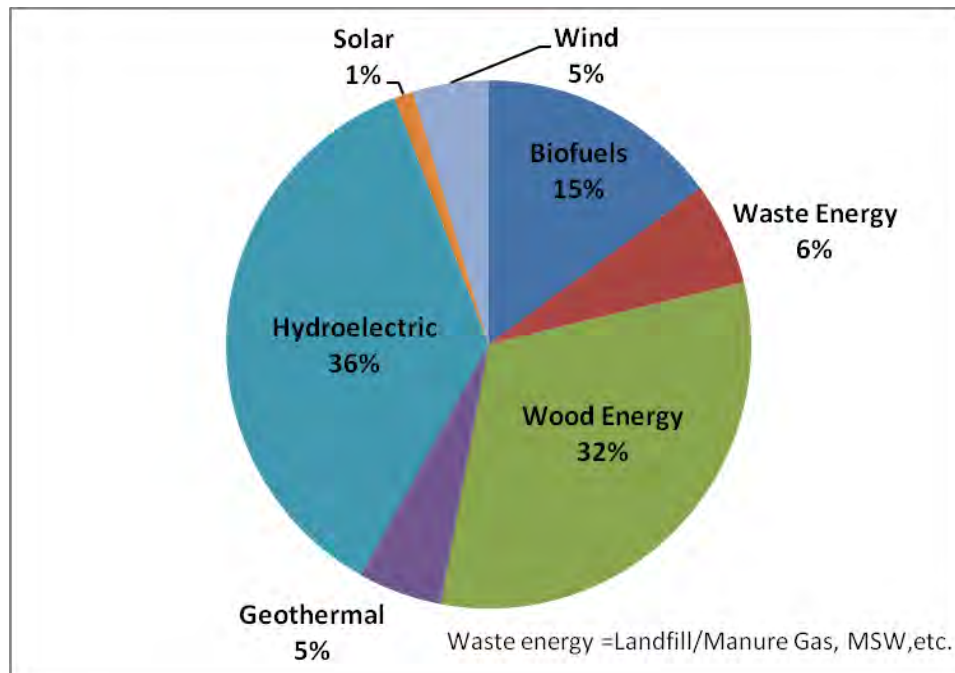
LCOAL AREA MAP



## INDUSTRY INFORMATION- RENEWABLE ENERGY/ BIOMASS

### Solid Biomass Resources Overview

Renewable energy resources account for 6.7% of the total energy consumed in the United States. If liquid biofuels are included, then biomass energy constitutes the greatest source of renewable energy in the United States. Figure 1 shows that biomass energy (consisting of wood energy, biofuels, and waste energy) currently provides more than half of the renewable energy consumed in the United States, with approximately two-thirds of the total biomass energy being used to generate heat, power, or CHP through wood energy.



**Figure 1. Total U.S. renewable energy consumption, 2017 [1]**

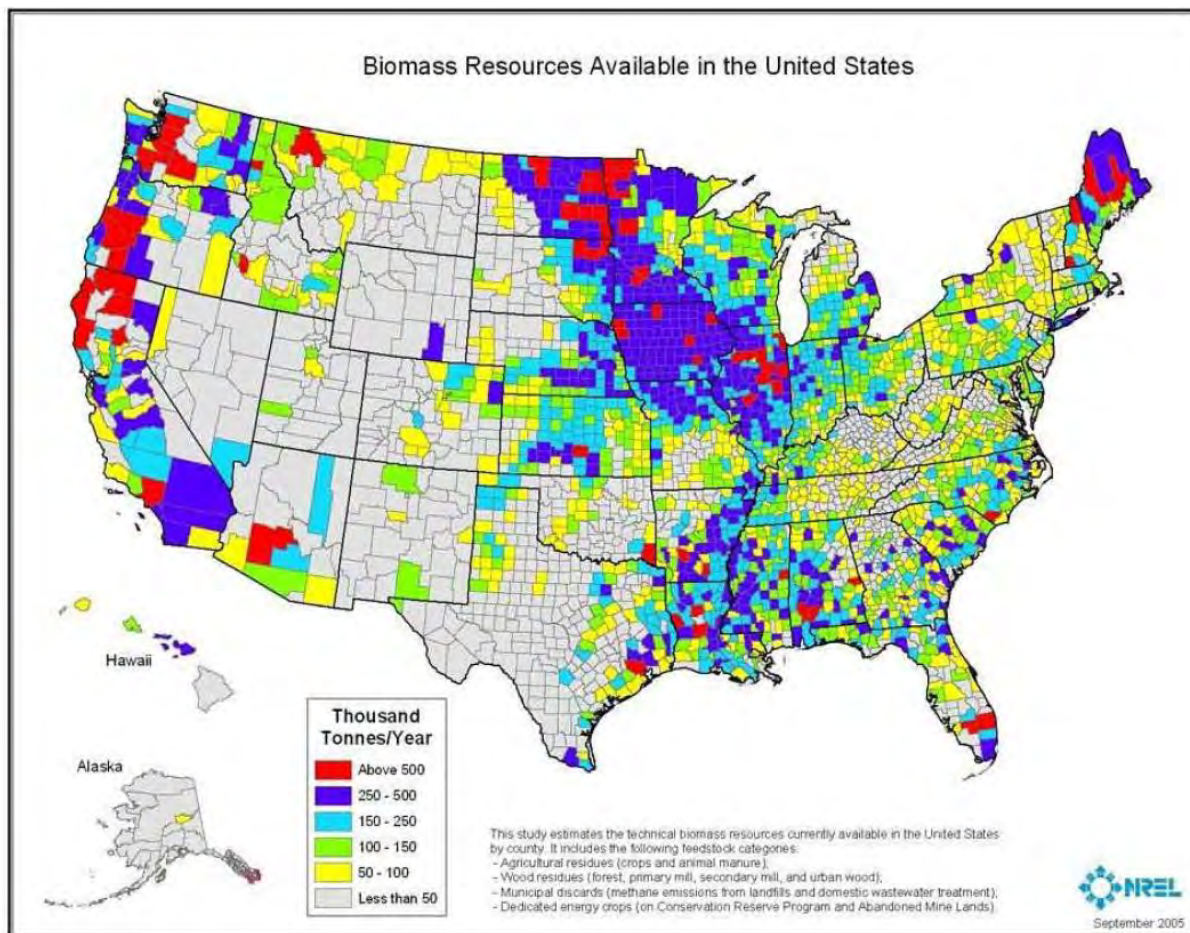
The feasibility of a system that utilizes solid biomass to generate heat, power, or CHP largely depends on the availability of feedstocks. Table 1 provides a list of potential solid biomass feedstocks. Although all of these resources are possible feedstocks, wood residues are used by a significant majority of operating biomass facilities that generate heat, power, or CHP in the United States.

**Table 1. Examples of Solid Biomass Resources**

<b>Wood Residues</b>	<b>Agriculture Residues</b>	<b>Energy Crops</b>
Mill residues (sawdust, etc.) Urban wood waste Forest thinnings	Corn stover Wheat straw  Rice hulls  Sugarcane bagasse Animal waste	Switchgrass Hybrid willow Hybrid poplar

Locating and quantifying potential sources of available feedstock is vital to the success of a biomass project. Figure 2 provides a graphical representation of the geographic distribution of potential biomass resources in the United States (Appendix A lists and defines the biomass resources included in Figure 2). Agricultural, forest, and mill residues represent approximately 70% of the total biomass resources shown.

Starting in fall 2025, county-level biomass resource estimates will be available on line through an interactive mapping and analysis tool<sup>a</sup> Past resource assessment efforts usually were static and did not allow user analysis or manipulation of the data. This new tool enables users to select a location on the map, quantify the biomass resources available within a user-defined radius, and then estimate the total thermal energy or power that could be generated by recovering a portion of that biomass. The tool acts as a preliminary source of biomass feedstock information; however, it cannot take the place of an on-the-ground feedstock assessment.



A number of other factors also dictate whether a local feedstock can be used, including:

- Costs associated with the collection, preparation, storage, and transportation of the biomass resource.
- Sustainability of the resource.
- Quality and composition of biomass.
- Ease of converting the biomass resource to energy.

Biomass resource availability is the most important issue in terms of the economics and long-term project sustainability, therefore projects that can utilize a reliable, onsite supply of fuel— such as sawdust at a wood products plant or wastes from agriculture processing operations— have a distinct advantage. For projects without an onsite fuel supply, securing adequate, long-term feedstock supplies can be expensive and difficult. A number of industry representatives interviewed for this report consider securing a feedstock supply the prime hurdle for larger-scale biomass project development because of the difficulty in finding a supplier willing or able to sign a long-term contract. This is particularly important because a long-term contract for biomass supply often is required to secure project financing.

As noted, woody biomass resources are by far the most commonly utilized solid biomass feedstock. Woody biomass systems typically are designed to handle either wood chips or pellets. Wood chips can be a byproduct of a mill or chipped from scrap wood or whole trees. Although the ideal wood chip is uniform in size and free of dirt, some systems are designed to utilize lesser-quality wood chips. Pellets are a refined wood product and have a lesser moisture content and greater density as compared to wood chips.

**Table 2. Wood Chips and Pellets Comparison**

Wood Chips	Pellets
<ul style="list-style-type: none"> <li>• Well-suited for larger applications</li> <li>• A less expensive fuel than pellets</li> <li>• Irregular quality (moisture content, ash content, size)</li> </ul>	<ul style="list-style-type: none"> <li>• Typically used in smaller commercial applications (less than 10,000 sq ft)</li> <li>• A more expensive fuel</li> <li>• A commodity fuel available from a number of sources</li> <li>• Pellets systems tend to be less expensive, take up less space, and are more automated than wood-chip systems</li> <li>• Consistent size, moisture, and heat content</li> </ul>

## Conversion Technologies

Technologies that convert solid biomass resources into energy for heat, power, and CHP fall into two general categories, direct combustion and gasification.

### Direct Combustion

In the United States and around the world, direct combustion is the most common method of converting biomass resources into heat, power, or CHP. A direct combustion system burns the biomass to generate hot flue gas, which is either used directly to provide heat or fed into a boiler to generate steam. In a boiler system, the steam can be used to provide heat for industrial processes or space heating, and a steam turbine can be used to generate electricity.

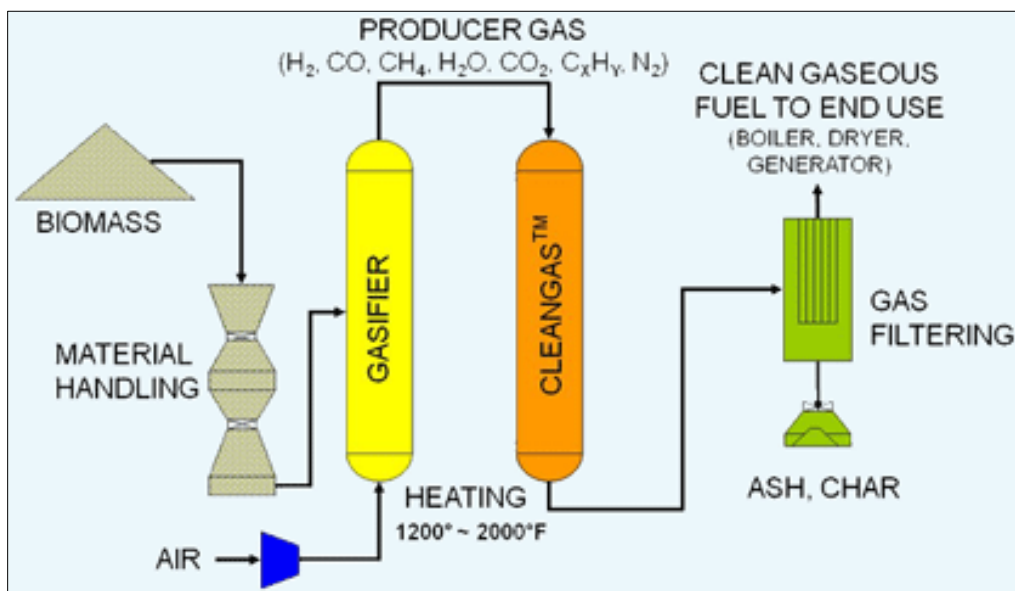
The two principle types of direct combustion boiler systems that utilize biomass are fixed-bed (stoker) and fluidized-bed systems. In a fixed-bed system, the biomass is fed onto a grate where it combusts as air passes through the fuel, releasing the hot flue gases into the heat exchanger section of the boiler to generate steam. A fluidized-bed system instead feeds the biomass into a hot bed of suspended, incombustible particles (such as sand), where the biomass combusts to release the hot flue gas. Manufacturers of fluidized-bed systems claim that this technology produces more complete combustion of the feedstock, resulting in reduced SO<sub>2</sub> and NO<sub>x</sub> emissions and improved system efficiency. Fluidized-bed boilers also can utilize a wider range of feedstocks. Fluidized-bed systems, however, have greater parasitic loads than stokers. Given proper emissions-control technology, both systems can meet stringent emissions limits.

Direct combustion biomass facilities that produce electricity through a steam turbine have a conversion efficiency of 15% to 35%, depending upon the manufacturer; a CHP system can have an overall system efficiency of as much as 85%. The efficiency of a direct combustion biomass system is influenced by a number of factors including: (1) moisture content of the biomass; (2) combustion air distribution and amounts; (3) operating temperatures and pressures; (4) fuel feed handling, distribution, and mixing; and (5) furnace retention time.

Although most direct combustion systems generate power utilizing a steam-driven turbine, a few companies are developing direct combustion technologies that use hot, pressurized air or another medium to drive the turbine. One emerging application is the potential to couple an Organic Rankine Cycle (ORC) power generator to a biomass hot-water source. ORC technology uses hot water to heat a compressed working fluid that has a lower boiling point than water. In this manner, electricity can be produced from low-temperature (approximately 185°F and greater), low-pressure sources such as biomass hot-water boilers.<sup>b</sup>

### Gasification

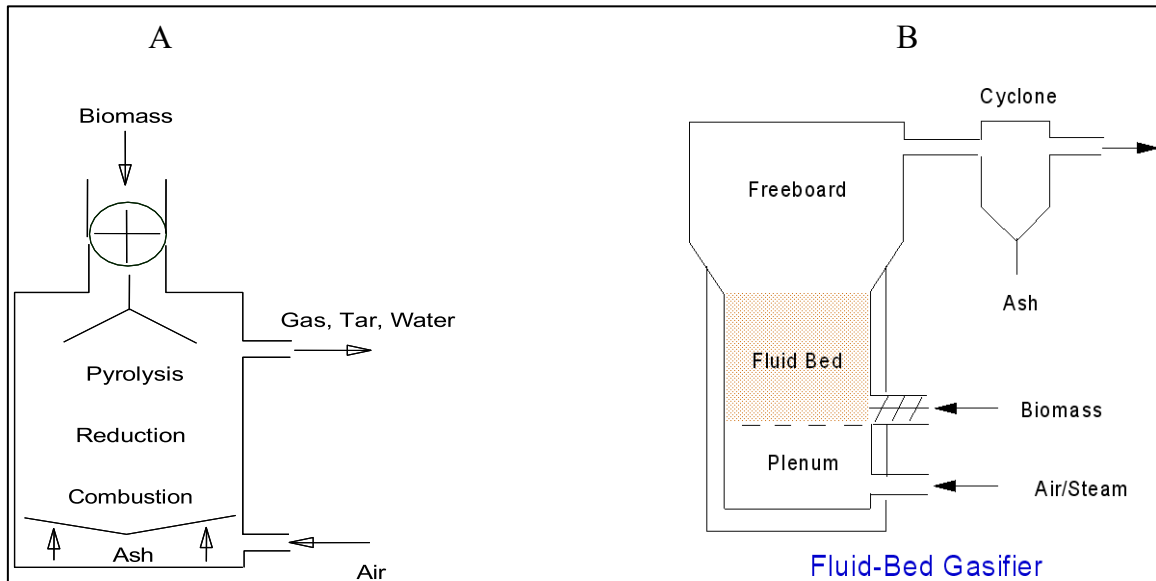
Gasification systems—instead of directly burning the fuel to generate heat—convert biomass into a low-Btu to medium-Btu content combustible gas, which is a mixture of carbon monoxide, hydrogen, water vapor, carbon dioxide, tar vapor, and ash particles. In a close-coupled gasification system, the combustible gas is burned directly for space heat or drying, or burned in a boiler to produce steam. Alternatively, in a two-stage gasification system, tars and particulate matter are removed from the combustible gas, resulting in a cleaner gas suitable for use in a genset, gas turbine, or other application requiring a high-quality gas (Figure 3).



**Figure 3. Example of two-stage gasification**  
*Courtesy of Frontline Bioenergy*

Fixed bed and fluidized bed are the main categories of gasification conversion technologies, both using similar types of equipment as that used in direct combustion systems (see Figure 4). Fixed-bed systems—in which the biomass is piled on top of a grate inside the gasification chamber—are a simple, inexpensive, proven technology, but typically they produce a gas with lower heat content. Fluidized-bed gasification systems, in which the combustible gas is generated by feeding the biomass into a hot bed of suspended, inert material, generally offer improved performance, but with greater complexity and cost. The fluidized bed design produces a gas with low tar content but a greater level of particulates as compared to fixed-bed systems. Advantages that fluidized-bed gasification systems have over fixed-bed gasification systems include improved overall conversion efficiency and the ability to handle a wider range of biomass feedstocks.





**Figure 4. Diagrams of (A) fixed-bed and (B) fluidized-bed gasification systems**

Although most biomass resources are suitable for gasification systems, certain high moisture fuels might be uneconomic because of high drying costs. In addition, some agricultural residues generate a combustible gas that requires special processing before it can be utilized in a boiler, turbine, or engine.

#### **Direct Combustion and Gasification Strengths and Weaknesses**

Direct combustion and gasification systems each have a number of general strengths and weaknesses (see Table 3).

**Table 3. Strengths and Weaknesses of Conversion Technologies**

	<b>Strengths</b>	<b>Weaknesses</b>
<b>Direct Combustion</b>	<ul style="list-style-type: none"> <li>• Proven, simple, lower-cost technology</li> <li>• Equipment is widely available, complete with warranties</li> <li>• Fuel flexibility in moisture and size</li> <li>• Lenders comfortable with technology</li> </ul>	<ul style="list-style-type: none"> <li>• Greater NO<sub>x</sub>, CO, and particulate emissions</li> <li>• Inefficient conversion process when generating power alone—some advanced designs are improving efficiency</li> <li>• Requires water if generating power with a steam turbine</li> </ul>
<b>Gasification</b>	<ul style="list-style-type: none"> <li>• Lower NO<sub>x</sub>, CO, and particulate emissions</li> <li>• Potential for more efficient conversion process when generating power</li> <li>• Virtual elimination of water needs if generating power without a steam turbine (close-coupled systems excluded)</li> </ul>	<ul style="list-style-type: none"> <li>• Technology is in the development and demonstration phase (close-coupled systems excluded)</li> <li>• Need fuel of uniform size and with low moisture content</li> </ul>

### **Commercial Status of Conversion Technologies**

#### **Direct Combustion**

Systems that employ direct combustion to convert biomass into energy for heat, power, and CHP are widely utilized and commercially available for small- and medium-scale applications. Direct combustion boiler systems are used for a variety of facility heating purposes and have a solid track record in the field. Additionally, nearly all of the U.S. facilities using biomass to produce power utilize direct combustion technology.

Appendix B provides a non-exclusive list of direct combustion system suppliers that offer commercially available small- to medium-scale direct combustion systems. The systems manufactured by these suppliers range from power-plant scale to small-business scale. Most of the systems are fixed-bed technology designed to utilize wood residues as fuel, and usually are located either onsite at wood manufacturing operations that produce mill residues or in close proximity to accessible feedstock sources.

### Project Installed Costs

Installed costs for systems that generate heat, power, or both from solid biomass resources are variable and very project specific. Table 4 lists project costs for a number of systems installed within the last 5 years.

**Table 4. Installed Costs for Direct Combustion Systems [7]**

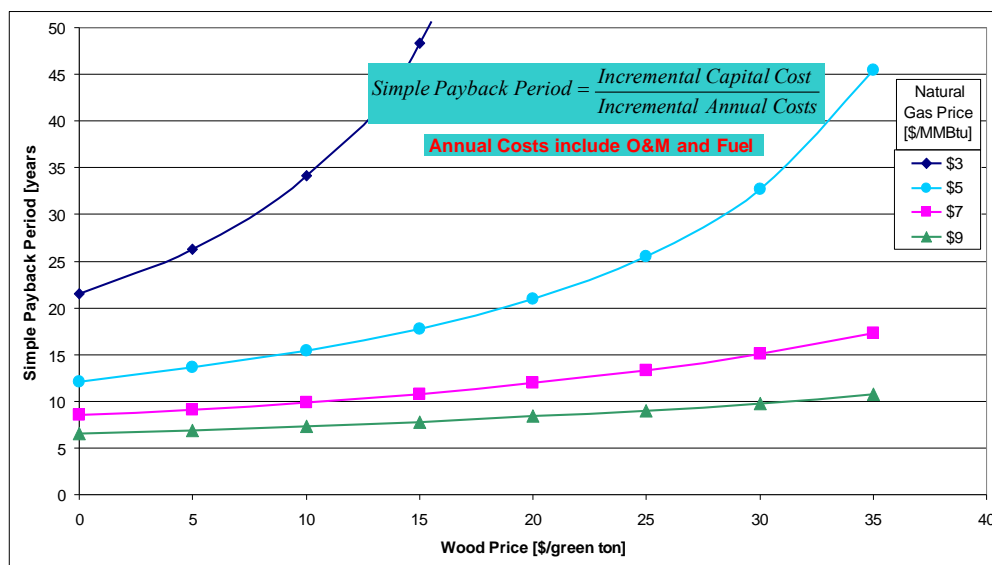
Facility Name	Location	Boiler Size (Mbtu/hr output)	Project Type	Wood Fuel Type	Total Project Cost
Bismarck Public Works Facility	Bismarck, ND	1.0	Direct combustion, stand alone	Chips	\$220,000
Harney District Hospital	Burns, OR	0.8	Direct combustion system tied to heat-pump system	Pellets	\$269,000
Troy School District	Troy, MT	0.7	Direct combustion system installed in existing steam-boiler room	Pellets	\$298,755
Townsend School District	Townsend, MT	2.2	Direct combustion system using existing hot-water boilers	Pellets	\$425,000
Thompson Falls School District	Thompson Falls, MT	1.6	Close-coupled gasification system installed in stand-alone building and tied to existing steam system	Chips	\$455,000
Victor School District	Victor, MT	2.6	Direct combustion system installed in and tied to an existing steam system	Chips	\$684,000
Philipsburg School District	Philipsburg, MT	3.9	Direct combustion boiler tied to an existing system	Chips	\$970,000
City of Craig	Craig, AK	4.0	Close-coupled gasification system installed in stand-alone building and tied to existing steam system	Chips	\$1,400,000
University of Montana, Western	Dillon, MT	14.0	Close-coupled gasification system added to an existing steam system	Chips	\$1,400,000
University of South Carolina	Charleston, SC	72.0	Close-coupled gasification CHP central district steam system	Chips	\$16,000,000

The variable total project cost likely is a reflection of the other costs associated with developing a project outside of the direct combustion or gasification unit cost. These additional costs can include the following elements.

- Feasibility study
- Detailed engineering investigation
- Design fees and expenses
- Buildings permit costs
- Air-quality permit costs (including engineering fees)
- Chip storage/boiler building costs
- Mechanical and electrical costs incurred for boiler-building interior
- Feedstock handling-system costs
- Stack costs
- Buried-pipe costs
- Mechanical and electrical integration costs associated with existing boilers
- Remoteness factor (where applicable)
- Construction contingencies
- Escalation factors

## 1.1. Fuel Costs

Project economics are affected dramatically by both the cost of solid biomass feedstock as well as the price of the lowest-price fossil fuel alternative (often natural gas, propane, or heating oil). Figure 9 illustrates how the simple payback period of a 3 Mbtu/hr system with a total installed capital cost of \$850,000 is influenced by variations of the price of wood and natural gas. If wood is \$15/ton and natural gas is \$7/Mbtu, for example, then the simple payback term is 11 years. If wood is \$15/ton and natural gas is \$3/Mbtu, then the simple payback is approximately 48 years.



**Figure 9. Simple payback period for various prices of wood and natural gas [8]**

Table 5 shows a comparison of the cost of various fuels per million Btu of energy produced. The value listed under “efficiency” is the estimated efficiency of the appliance that is converting the fuel to end-use energy.

**Table 5. Comparison of Various Fuels (\$ per Mbtu)<sup>c</sup>**

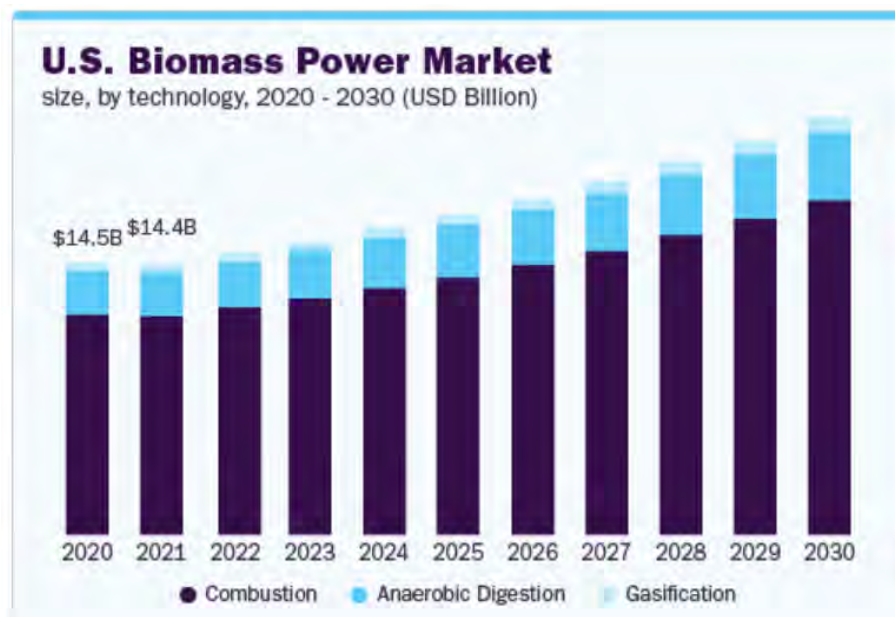
Source	Units	Cost to User per unit (\$ U.S.)	Efficiency	Btu/unit	\$ per Mbtu
Chipped biomass	\$/green ton	\$50.00	75%	13,500,000	\$4.94
Wheat straw bales	\$/ton	\$55.00	70%	14,000,000	\$5.61
Natural gas	\$/therm	\$0.50	85%	100,000	\$5.88
Wood/ag pellets	\$/ton	\$130.00	80%	15,000,000	\$10.83
Natural gas	\$/therm	\$1.00	85%	100,000	\$11.76
Wood/ag pellets	\$/ton	\$160.00	80%	15,000,000	\$13.33
Hardwood pellets	\$/ton	\$185.00	80%	16,600,000	\$13.93
Natural gas	\$/therm	\$1.50	85%	100,000	\$17.65
Fuel oil	\$/gallon	\$2.25	85%	135,000	\$19.61
Natural gas	\$/therm	\$1.75	85%	100,000	\$20.59
Propane	\$/gallon	\$2.25	85%	91,600	\$28.90
Electricity	\$/kWh	\$0.10	100%	3,413	\$29.30

## Market Potential

The global biomass power market size was valued at USD 121,340.76 million in 2021 and is projected to exhibit a compound annual growth rate (CAGR) of 6.0% from 2022 to 2030. The market has been witnessed growth with the rise in environmental concerns, which has forced various countries to increase the share of [renewable energy](#) in their power mix. Countries, such as India, China, Germany, the U.K., and France, have announced renewable energy targets and are aiming at becoming carbon-neutral nations in the future. Moreover, rising adoption owing to favorable policies and regulations drives the market.

There are no completed studies that estimate the overall market potential for small- and community-scale direct combustion and gasification systems that convert biomass into heat, power, or CHP. The potential to utilize the technology, however, is significant in many parts of the United States. A majority of the market will be the retrofitting of existing fossil-fuel heating systems with biomass boilers; however, the integration of biomass systems into new construction projects should be considered whenever possible.

The market potential for small- and community-scale direct combustion and gasification systems that convert biomass into heat, power, or CHP has not been properly addressed at the national level. Several states, however, have done assessments of the market potential for these systems. Michigan, for example, commissioned a 2017 report to examine the market potential for woody biomass retrofit opportunities in boiler operations within the state. The analysis of an existing boiler database identified 2,300 existing boilers for which retrofits with a wood-fired heating system could result in a projected simple payback period of less than 20 years. A similar study was conducted in Montana in 2016.



On the basis of technologies, the global market for biomass power has been further categorized into combustion, gasification, and anaerobic digestion. In terms of revenue, the combustion segment dominated the market in 2021 and accounted for the maximum share of more than 88.0% of the global revenue. The trend is expected to continue in the future with the segment registering a steady growth

rate over the forecast period. Biomass feedstock is directly combusted in a furnace with air, to convert water into steam. The produced steam is used to drive a steam turbine to generate electricity.

The combustion technology has a non-complex operation and operates at a lesser cost compared to other advanced biomass power technologies. This is expected to drive the demand for combustion technology in the market over other available technologies. Biomass power can be used for power generation, lighting, heating, and cooking gas applications. These factors are expected to boost the growth of the anaerobic digestion technology segment over the forecast period. However, the gasification technology segment is estimated to register the fastest CAGR over the forecast period.

### **Conclusions**

The market for small- and community-scale direct combustion and gasification systems that convert biomass into heat, power, or CHP is developing slowly but steadily. There are countless communities, facilities, and utilities that are either developing or evaluating prospective biomass applications. The market readiness of conversion technologies varies widely however. Systems that employ direct combustion or close-coupled gasification to convert biomass into heat, power, or CHP are commercially available from multiple manufacturers. Systems that utilize two-stage gasification are near-commercial technologies and most manufacturers are actively testing demonstration and pilot units. Entities wishing to support the development of gasification applications and technologies should consider funding demonstration projects of near-commercial technologies in their states. A national assessment of the market potential for small- and community-scale direct combustion and gasification systems that convert biomass into heat, power, or CHP should be commissioned. A central clearinghouse or registry of small- to medium-scale systems should be created and maintained. The registry should be searchable online and include a GIS mapping function.

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## LAND DESCRIPTION

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### LOCATION

The subject site is located on the Southwest Side of Niagara Ave.

### SHAPE AND DIMENSIONS

The site is irregular in shape. Site utility based on shape and dimensions is average.

### TOPOGRAPHY

The site is generally level and at street grade. The topography does not result in any particular development limitations.

### ENVIRONMENTAL HAZARDS

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

### GROUND STABILITY

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing improvements.

### ZONING

The subject is zoned M-2, a location-specific designation, which permits heavy industrial uses. According to the local planning department, there are no pending or prospective zoning changes. It appears that the current use of the site is a legally conforming use. In addition, our research indicated that the subject, as an income-producing concern, can be developed further as leaseable space.

### LEGAL DESCRIPTION

The subject's legal description has been included in the addenda of this report:

### OWNER OF RECORD

Current ownership indicated as: **Colusa Specialty.**

### PROPERTY TAXES

Current Tax Rolls indicate a total tax amount for the current tax year at SEE ADDENDA

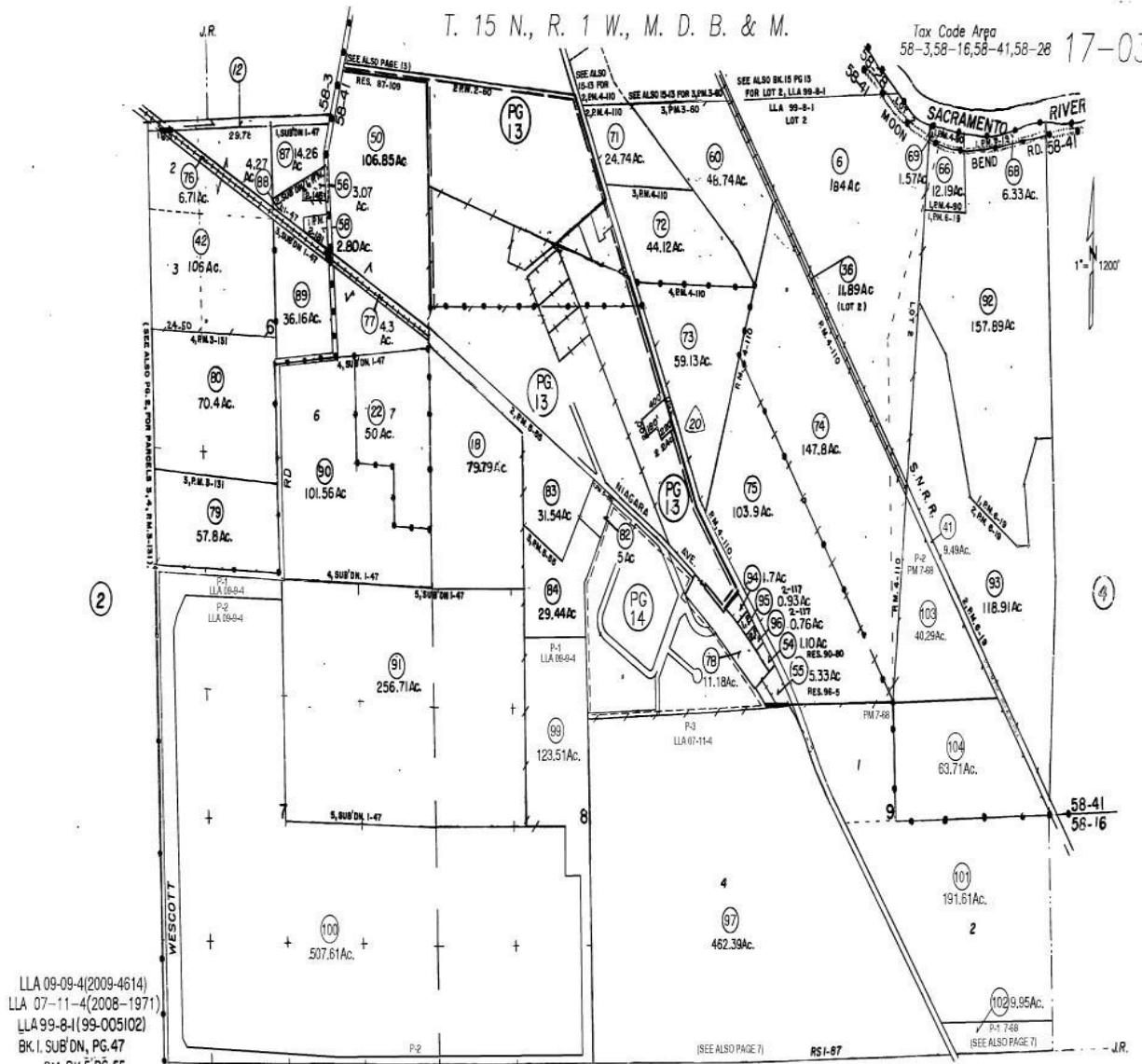
### EXISTING USE

The subject is currently an industrial facility in a medium demand area.

# ASSESSOR PLAT MAP

T. 15 N., R. 1 W., M. D. B. & M.

Tax Code Arpa  
58-3,58-16,58-41,58-28 17-03



LLA 09-09-4(2009-4614)  
 LLA 07-11-4(2008-1971)  
 LLA 99-8-1(99-005102)  
 BK.1. SUB'DN, PG. 47  
 P.M. BK.5, PG. 55  
 P.M. BK.4, PG. 110  
 RES. 90-80(O.R.664/202)  
 RES. 96-5 (O.R.96-00009)

**Dolan Tract, R.S. Bk.1 Pg. 87**  
**Jimeno Rancho, R.M. Bk.1 Pg. 18**  
**P.M. BK. 2, PG. 60**  
**P.M. BK. 2, PG. 117**

P.M. BK. 4, PG. 90  
 P.M. BK 2, PG. 146  
 P.M BK 2, PG. 181  
 P.M. BK. 3, PG. 60; P.M. BK.3, PG. 131  
**RES. 87-109 (LOT LINE ADJ., O.R. 601/307)**

P.M. BK. 6, PG. 19  
 P.M. BK. 7, PG. 68

NOTE - Assessor's Block Numbers Shown in Ellipses  
 Assessor's Parcel Numbers Shown in Circles

Assessor's Map Bk. 17 Pg. 03  
 County of Colusa, Calif.  
 2012



## IMPROVEMENTS INFORMATION

### IMPROVEMENTS- INDUSTRIAL

The current improvements appear to be of good quality construction. The project is of sufficient size and is efficiently designed, providing reasonable vehicular access and site circulation. Based on our site inspection and review of the site plan, we conclude that the improvements are adequate for their use.

### FACILITY STRUCTURES (INDUSTRIAL BUILDING)

<b>Improvement Summary--Subject Building</b>	
<b>Total Building Area (SF) 54,677</b>	
<b>Year Built</b> 2001 REN 2023	<b>Construction Class/Quality</b> A
<b>Investment Class</b>	<b>Truss Height (ft)</b> 21
<b>Effective Age</b> 5	<b>Floor Height (ft)</b> 0
<b>Remaining Econ. Life</b> 40	
<b>-- Building Characteristics</b>	<b>-- Improvement Rating--</b>
<b>Foundation</b> Concrete masonry	<b>Appeal/Appearance</b> Excellent
<b>Frame</b> Steel	<b>Floor Plan/Design</b> Good
<b>Roof Materials</b> Wood truss flat with plywood	<b>Roof Cover</b> Average
<b>Exterior Walls</b> Stucco over steel frame	<b>Exterior Condition</b> Excellent
<b>Interior Partitions</b> Painted drywall/	<b>Wall Condition</b> Excellent
<b>Floor covering</b> Concrete	<b>Floor Condition</b> Excellent
<b>Ceiling</b> Susp. acoustic/drywall/foil	<b>Ceiling Condition</b> Excellent
<b>Heating/Air Cond.</b> Yes	<b>Heating/Air Cond.</b> Excellent
<b>Plumbing</b> Typical	<b>Plumbing</b> Excellent
<b>Electrical</b> UPGRADED- NEW SEE ADD	<b>Electrical</b> Excellent
<b>Elevators</b> None	<b>Elevators</b> None
<b>Sprinklers</b> Throughout	<b>Sprinklers</b> Excellent

### SITE IMPROVEMENTS & AMENTIES

Large 5 Acre site with extra space for storage.

4-acre slab of concrete and building bunkers for Biomass management.

Fenced Area adjacent to building.

Concrete blocks currently used for parking.

Unrestricted drive around perimeter of building.

Bio-Tech / Lab Space/ Hybrid Ren En Equipment- See Addenda

Conferencing Facility.

Skylights.

The overall functional utility of the Subject is considered excellent, with good visibility and ingress and egress. Overall, the improvements appear very well-maintained. Photos of the subject property are located

on the following pages.

COLUSA

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# HIGHEST AND BEST USE ANALYSIS

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## Introduction

The highest and best use analysis is one of the most essential concepts in the valuation of real estate. It is the foundation on which market value is based. Standards Rule 1-3 (a) and (b) of the Uniform Standards of Professional Appraisal Practice (USPAP), require that in developing an appraisal, the appraiser must (a); “*identify and analyze the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic demand, the physical adaptability of the real estate, and market area trends; and (b); “develop an opinion of the highest and best use of the real estate.” “Comment: An appraiser must analyze the relevant legal, physical, and economic factors to the extent necessary to support the appraiser’s highest and best use conclusions(s). The appraiser must recognize that land is appraised as though vacant and available for development to its highest and best use, and that the appraisal of improvements is based on their actual contribution to the site.”*

According to the Appraisal Institute’s publication **The Appraisal of Real Estate** (Twelfth Edition, page 305), Highest and Best Use is defined as follows:

*The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.*

## Criteria for Determining Highest and Best Use

Highest and best use is analyzed in two parts; 1) as though the site is vacant, and 2) as improved. There are four criteria in establishing highest and best use and these criteria are typically considered sequentially. The four stages are as follows:

- 1) *Legally permissible* – considers zoning and building codes, environmental regulations, and private deed restrictions.
- 2) *Physically Possible* – considers parcel size, shape, area, terrain, and potential for natural disasters.
- 3) *Financially Feasible* – all uses that meet the first two criteria and that produce a positive return are regarded as financially feasible.
- 4) *Maximally Productive* – among the financially feasible uses, the use that produces the highest rate of return to the land, is the maximally productive use.

The Highest and Best Use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The Highest and Best Use, or most probable use, must be legal, physically possible, and marketable. The Highest and Best Use concept is based upon traditional appraisal theory and reflects the attitudes of typical buyers and sellers who recognize that value is predicated on future benefits. This theory is based upon the wealth maximization of the owner, with consideration given to community goals. A use which does not meet the needs of the public will not meet the above Highest and Best Use criteria.

The Highest and Best Use “As-If Vacant” and “As Existing” are discussed below.

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## HIGHEST AND BEST USE ANALYSIS

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### “AS-IF VACANT” ANALYSIS

#### LEGAL CONSIDERATIONS

Considering location and zoning regulations, only an industrial-related use would be locationally feasible.

#### PHYSICAL

The site has an essentially level topography at street grade. The area has been established as an industrial area for many years. Based upon physical considerations, the site is considered well suited for industrial use. There are several nearby proposed projects for large industrial development.

#### MARKET FEASIBILITY

As indicated earlier in the report, real estate values have declined significantly over the past several years as a result of the recession which began in 2007, but have begun to increase since 2012.

#### FINANCIAL FEASIBILITY

Financial feasibility is perhaps the most difficult factor to analyze. Several factors relating to financial feasibility are discussed. The resultant decline in profitability has limited developers who are able to obtain sufficient profit to build new projects.

#### MAXIMALLY PRODUCTIVE USE/HIGHEST AND BEST USE CONCLUSION

Paraphrasing the definition of Maximally Productive Use as presented in the 13<sup>th</sup> edition of *The Appraisal of Real Estate*, it is the use (on a risk adjusted basis) that produces the highest value of the property. The Maximally Productive Use is a subset of one or more uses that is legally permissible, physically possible and financially feasible. Historically, Highest and Best Use analysis has been generalized resulting in conclusions such as industrial, commercial, or industrial. Analysis of the Maximally Productive Use refines the traditional Highest and Best Use statement by focusing on a specific use such as retail versus flex, the scope of the potential development, and its timing. The subject site is zoned for industrial use, and has been working as an industrial use site for many years.

### “AS-IMPROVED” ANALYSIS

Physical and locational characteristics of the property have been previously described in this report. The surrounding improvements are industrial.

#### CONCLUSION

In the short term, the Highest and Best Use of the subject property, is as an a hybrid renewable energy facility, its current and intended use.

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## EXPLANATION OF VALUATION METHODOLOGY

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The appraisal process that is applied to most real estate properties is designed to evaluate all factors that influence value. Regional, city and neighborhood information has been presented to inform the reader of general outside influences that may affect value. In addition, the site and improvements have been described in detail. Interaction of the site and improvements establishes utility and desirability of the entire property. The Highest and Best Use section has been provided to evaluate the effect of legal, physical, and market considerations that determine the most probable use of the property. The next portion of the appraisal process deals directly with the valuation of the property.

The three accepted methods of valuation include the Cost Approach, the Income Capitalization Approach, and the Sales Comparison Approach.

**Cost Approach** - The Cost Approach is based upon the principle that the value of the property is significantly related to its physical characteristics, and that no one would pay more for a facility than it would cost to build a similar facility in today's market on a comparable site. In this approach, which is not considered market-oriented, the market value of the site is estimated and added to the estimated value of the improvements.

**Income Capitalization Approach** - The Income Capitalization Approach is based on the premise that commercial properties are income producing, and that investors purchase these properties based upon their income-producing ability. In the Income Capitalization Approach, the income producing capability of the subject is evaluated, the applicable operating expenses are deducted, and the resulting net income is capitalized into a value conclusion. This approach is based on an analysis of information extracted from the market **OR from economic data as provided in this report**) and provides a comparison of the subject to properties of similar character and income-producing ability.

**Sales Comparison Approach** - The Sales Comparison Approach is based on the principle of substitution. This principle states that no one would pay more for the subject property than the value of a similar property in the market. In active markets with a large number of physically similar properties, this approach is generally considered a good indicator of value.

**Analysis of Value Conclusions** - The approaches used to value the subject property will be correlated into a final value estimate in the Analysis of Value Conclusions section.

## SALES COMPARISON APPROACH

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## SALES COMPARISON APPROACH

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### INTRODUCTION

The subject's immediate and surrounding area was surveyed for sales with similar characteristics to the subject. Discussions were held with knowledgeable real estate brokers working the area. We attempted to find recent sales of light industrial buildings from within the market area of the subject that we feel reflect a similar investor/ buyer appeal as the subject.

The subject is the basis for comparison. The "Price Per Square Foot" is a typical indicator of value when appraising industrial improvements. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or other sources thought reasonable, and all are considered appropriate for inclusion to the best of our factual judgment and knowledge. Although the degree of verification varies for each comparable, an impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. Nevertheless, we consider the data to have an appropriate degree of reliability.

In this section, the market value of the subject property will be estimated by comparing improved sales to the subject property. The sales will be compared to the subject based on their income producing abilities. The various elements of comparison will involve the sale price per square foot, and the total sale price.

### SELECTION OF COMPARABLES

On the Sales Comparables, the sales were selected due to their similarities in appeal, location, and unit count.

### ADJUSTMENT

The comparables have been adjusted based on their attractiveness to the average investor/ developer. A general analysis reflecting market behavior will examine the most significant differences between the comparables and the subject.

A review of the relevant Comparable Sales is presented on the pages following.

1	7120 Badiee Dr - 2	SOLD
<p><b>Sacramento, CA 95835</b></p> <p>Sale Date <b>Dec 1, 2022</b>  Sale Price <b>\$23,472,692</b>  Price/SF <b>\$179.35</b>  Parcels <b>201-1020-032</b>  Comp ID <b>6237977</b>  Comp Status <b>Research Complete</b></p>		<p><b>Sacramento</b></p> <p>Type <b>4 Star Industrial Warehouse</b>  Year Built <b>2022</b>  RBA <b>125,692 SF</b>  Land Acres <b>5.29 AC</b>  Land SF <b>230,226 SF</b>  Zoning <b>SPA</b>  Sale Condition <b>Bulk/Portfolio Sale</b></p> 
2	1051 Clover St	SOLD
<p><b>Woodland, CA 95695</b></p> <p>Sale Date <b>Nov 1, 2022</b>  Sale Price <b>\$1,095,000</b>  Price/SF <b>\$92.02</b>  Parcels <b>005-124-021-000</b>  Comp ID <b>6217119</b>  Comp Status <b>Research Complete</b></p>		<p><b>Yolo</b></p> <p>Type <b>2 Star Industrial Warehouse</b>  Year Built <b>1969</b>  RBA <b>11,900 SF</b>  Land Acres <b>1.23 AC</b>  Land SF <b>53,709 SF</b>  Zoning <b>Mixed Use</b>  Sale Condition <b>Deferred Maintenance, High Vacancy Property</b></p> 
3	1104 J St	SOLD
<p><b>Marysville, CA 95901</b></p> <p>Sale Date <b>Sep 9, 2022</b>  Sale Price <b>\$1,775,000</b>  Price/SF <b>\$61.63</b>  Parcels <b>009-195-005-000</b>  Comp ID <b>6151648</b>  Comp Status <b>Research Complete</b></p>		<p><b>Yuba</b></p> <p>Type <b>2 Star Industrial Warehouse</b>  Year Built <b>1960</b>  RBA <b>28,800 SF</b>  Land Acres <b>1.58 AC</b>  Land SF <b>68,825 SF</b>  Zoning <b>M-1</b>  Sale Condition <b>Purchase By Tenant</b></p> 
4	1250 Market St	SOLD
<p><b>Yuba City, CA 95991</b></p> <p>Sale Date <b>Jul 29, 2022</b>  Sale Price <b>\$1,800,000</b>  Price/SF <b>\$102.86</b>  Parcels <b>51-540-118</b>  Comp ID <b>6104557</b>  Comp Status <b>Research Complete</b></p>		<p><b>Sutter</b></p> <p>Type <b>3 Star Industrial Warehouse</b>  Year Built <b>2008</b>  RBA <b>17,500 SF</b>  Land Acres <b>1.18 AC</b>  Land SF <b>51,401 SF</b>  Zoning <b>M1- Light Industrial</b>  Sale Condition <b>Investment Triple Net</b></p> 
5	4335 Pacific St	SOLD
<p><b>Rocklin, CA 95677</b></p> <p>Sale Date <b>Jul 15, 2022</b>  Sale Price <b>\$7,250,000</b>  Price/SF <b>\$179.19</b>  Actual Cap Rate <b>5.90%</b>  Parcels <b>045-021-009</b>  Comp ID <b>6096966</b>  Comp Status <b>Research Complete</b></p>		<p><b>Placer</b></p> <p>Type <b>3 Star Industrial Manufacturing</b>  Year Built <b>1984; Renov 2021</b>  RBA <b>40,460 SF</b>  Land Acres <b>2.90 AC</b>  Land SF <b>126,324 SF</b>  Zoning <b>M2, Rocklin</b>  Sale Condition <b>Investment Triple Net</b></p> 
6	1465 Tanforan Ave	SOLD
<p><b>Woodland, CA 95776</b></p> <p>Sale Date <b>Jul 8, 2022</b>  Sale Price <b>\$5,430,000</b>  Price/SF <b>\$113.13</b>  Parcels <b>027-450-027-000</b>  Comp ID <b>6089209</b>  Comp Status <b>Research Complete</b></p>		<p><b>Yolo</b></p> <p>Type <b>3 Star Industrial Warehouse</b>  Year Built <b>1975</b>  RBA <b>48,000 SF</b>  Land Acres <b>6.40 AC</b>  Land SF <b>278,810 SF</b>  Zoning <b>M-2</b>  Sale Condition <b>Sale Leaseback</b></p> 

7	411 N Pioneer Ave	SOLD
<p><b>Woodland, CA 95776</b></p> <p>Sale Date <b>Jul 5, 2022</b>  Sale Price <b>\$7,200,000</b>  Price/SF <b>\$123.92</b>  Parcels <b>027-450-001-000</b>  Comp ID <b>6086344</b>  Comp Status <b>Research Complete</b></p>		<p><b>Yolo</b></p> <p>Type <b>3 Star Industrial Manufacturing</b>  Year Built <b>1979</b>  RBA <b>58,100 SF</b>  Land Acres <b>5.18 AC</b>  Land SF <b>225,597 SF</b>  Zoning <b>C-2/PD,Woodland</b></p> 
8	3195 Enterprise Ct	SOLD
<p><b>Loomis, CA 95650</b></p> <p>Sale Date <b>Jul 5, 2022</b>  Sale Price <b>\$2,250,000</b>  Price/SF <b>\$225.00</b>  Parcels <b>043-015-032</b>  Comp ID <b>6086274</b>  Comp Status <b>Research Complete</b></p>		<p><b>Placer</b></p> <p>Type <b>3 Star Industrial Warehouse</b>  Year Built <b>2006</b>  RBA <b>10,000 SF</b>  Land Acres <b>0.63 AC</b>  Land SF <b>27,443 SF</b>  Zoning <b>I-L</b></p> 
9	195 Washington St	SOLD
<p><b>Gridley, CA 95948</b></p> <p>Sale Date <b>Aug 10, 2022</b>  Sale Price <b>\$420,000</b>  Price/SF <b>\$32.31</b>  Parcels <b>010-200-055-000</b>  Comp ID <b>6110635</b>  Comp Status <b>Public Record</b></p>		<p><b>Butte</b></p> <p>Type <b>2 Star Industrial Warehouse</b>  Year Built <b>1915</b>  RBA <b>13,000 SF</b>  Land Acres <b>0.85 AC</b>  Land SF <b>37,026 SF</b>  Sale Condition <b>Redevelopment Project</b></p> 
10	4105 Delmar Ave	SOLD
<p><b>Rocklin, CA 95677</b></p> <p>Sale Date <b>Jun 30, 2022</b>  Sale Price <b>\$2,318,952</b>  Price/SF <b>\$164.93</b>  Parcels <b>045-350-020</b>  Comp ID <b>6081699</b>  Comp Status <b>Research Complete</b></p>		<p><b>Placer</b></p> <p>Type <b>2 Star Industrial Warehouse</b>  Year Built <b>1991</b>  RBA <b>14,416 SF</b>  Land Acres <b>15.40 AC</b>  Land SF <b>670,824 SF</b>  Zoning <b>M1</b></p> 
11	1415 Whispering Pines Ln	SOLD
<p><b>Grass Valley, CA 95945</b></p> <p>Sale Date <b>Jun 1, 2022</b>  Sale Price <b>\$2,550,000</b>  Price/SF <b>\$159.66</b>  Actual Cap Rate <b>4.90%</b>  Parcels <b>009-690-002-000</b>  Comp ID <b>6046234</b>  Comp Status <b>Research Complete</b></p>		<p><b>Nevada</b></p> <p>Type <b>2 Star Industrial Manufacturing</b>  Year Built <b>2004</b>  RBA <b>15,971 SF</b>  Land Acres <b>2.42 AC</b>  Land SF <b>105,415 SF</b>  Zoning <b>SP 1-A</b></p> 
12	1905 Aviation Blvd	SOLD
<p><b>Lincoln, CA 95648</b></p> <p>Sale Date <b>May 6, 2022</b>  Sale Price <b>\$3,160,000</b>  Price/SF <b>\$133.62</b>  Parcels <b>021-562-005, 021-562-007</b>  Comp ID <b>6025215</b>  Comp Status <b>Research Complete</b></p>		<p><b>Placer</b></p> <p>Type <b>2 Star Industrial Warehouse</b>  Year Built <b>1985</b>  RBA <b>23,650 SF</b>  Land Acres <b>1.50 AC</b>  Land SF <b>65,340 SF</b>  Zoning <b>N/Av</b>  Sale Condition <b>Lease Option, Purchase By Tenant</b></p> 



13 2945 Niagara Rd

SOLD

Colusa, CA 95932

Colusa

Sale Date **Apr 14, 2022**  
Sale Price **\$2,150,000**  
Price/SF **\$119.05**  
Parcels **017-130-029-000**  
Comp ID **5980951**  
Comp Status **Research Complete**

Type **2 Star Industrial Manufacturing**  
Year Built **1990**  
RBA **18,060 SF**  
Land Acres **6.00 AC**  
Land SF **261,360 SF**  
Zoning **M2**



14 3617 Cincinnati Ave - Energy Absorption

SOLD

Rocklin, CA 95765

Placer

Sale Date **Feb 28, 2022**  
Sale Price **\$7,100,000**  
Price/SF **\$309.13**  
Parcels **017-200-022**  
Comp ID **5919817**  
Comp Status **Research Complete**

Type **2 Star Industrial Warehouse**  
Year Built **1988**  
RBA **22,968 SF**  
Land Acres **8.30 AC**  
Land SF **361,548 SF**  
Zoning **INP-DC**  
Sale Condition **Excess Land**



**1905 Aviation Blvd**

Lincoln Air Center  
Lincoln, CA 95648

Class B Warehouse Building of 23,650 SF Sold on 5/6/2022 for \$3,160,000 - Research Complete

**buyer**

Superior Equipment Repair Inc  
1905 Aviation Blvd  
Lincoln, CA 95648  
(530) 888-0795

**seller**

Dwayne R. & Jill L. Nash  
2905 Virginiatown Rd  
Lincoln, CA 95648  
(916) 434-1799

**vital data**

Escrow/Contract: -	Sale Price: \$3,160,000
Sale Date: 5/6/2022	Status: Confirmed
Days on Market: -	Building SF: 23,650 SF
Exchange: No	Price/SF: \$133.62
Conditions: Lease Option, Purchase By Tenant	Pct Office: 10.0%
Land Area SF: 65,340	Pro Forma Cap Rate: -
Acres: 1.5	Actual Cap Rate: -
\$/SF Land Gross: \$48.36	Down Pmnt: -
Year Built, Age: 1985 Age: 37	Pct Down: -
Parking Spaces: 60	Doc No: 039493
Parking Ratio: 2.5/1000 SF	Trans Tax: \$3,476
FAR: 0.36	Corner: No
Lot Dimensions: 215x600	Zoning: N/Av
Frontage: -	Percent Improved: 59.2%
Tenancy: Multi	Submarket: Roseville/Rocklin Ind
Comp ID: 6025215	Map Page: Thomas Bros. Guide 179-C2
	Parcel No: 021-562-007 [Partial List]
	Property Type: Industrial

**income expense data****Listing Broker**

Kidder Mathews  
2237 Douglas Blvd  
Roseville, CA 95661  
(916) 751-3600  
Jeff Pehrson

**Buyer Broker**

Kidder Mathews  
2237 Douglas Blvd  
Roseville, CA 95661  
(916) 751-3600  
Jeff Pehrson

**financing****prior sale**

1st Newtek Small Business Finance (Acquisition & Development)  
Bal/Pmt: \$5,000,000

Date/Doc No:	11/23/2005
Sale Price:	\$2,280,000
CompID:	1081047

7120 Badiee Dr

2  
Sacramento, CA 95835

Class A Warehouse Building of 125,692 SF Sold on 12/1/2022  
for \$23,472,692 - Research Complete (Part of Multi-Property)

buyer

BentallGreenOak  
399 Park Ave  
New York, NY 10022  
(212) 359-7800

seller

Badiee Development Inc.  
c/o Mark Demetre  
1261 Prospect St  
La Jolla, CA 92037  
(888) 815-8886



vital data

Escrow/Contract:	210 days	Sale Price:	\$23,472,692
Sale Date:	12/1/2022	Status:	Allocated
Days on Market:	-	Building SF:	125,692 SF
Exchange:	No	Price/SF:	\$186.75
Conditions:	Bulk/Portfolio Sale	Pro Forma Cap Rate:	-
Land Area SF:	230,228	Actual Cap Rate:	-
Acres:	5.29	Down Pmnt:	-
\$/SF Land Gross:	\$101.95	Pct Down:	-
Year Built, Age:	2022	Doc No:	202212010490
Parking Spaces:	103	Trans Tax:	\$60,918.55
Parking Ratio:	0.82/1000 SF	Corner:	No
FAR:	0.55	Zoning:	SPA
Lot Dimensions:	-	Percent Improved:	-
Frontage:	-	Submarket:	Natomas/Northgate Ind
Tenancy:	-	Map Page:	-
Comp ID:	6237977	Parcel No:	-
		Property Type:	Industrial

income expense data

Listing Broker

Cushman & Wakefield  
18111 Von Karman Ave  
Irvine, CA 92612  
(949) 474-4004  
Jeff Chiate, Rick Ellison, Mike Adey

Buyer Broker

Colliers  
301 University Ave  
Sacramento, CA 95825  
(916) 929-5999  
Mark Demetre

financing

**3617 Cincinnati Ave**

Energy Absorption  
Rocklin, CA 95765

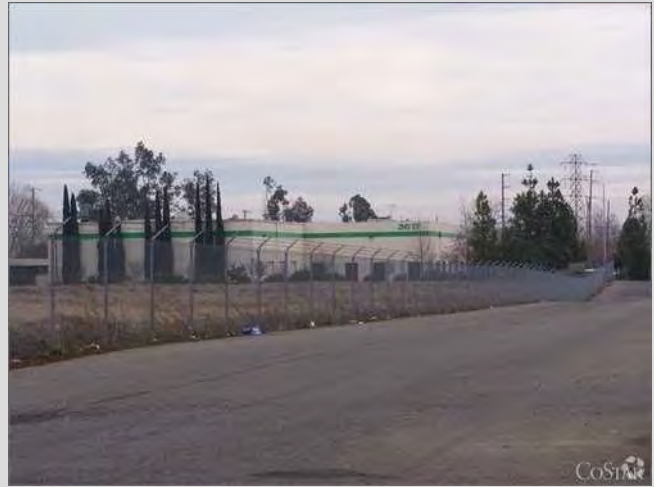
Class C Warehouse Building of 22,968 SF Sold on 2/28/2022 for \$7,100,000 - Research Complete

**buyer**

Spirit Realty Capital, Inc.  
2727 N Harwood St  
Dallas, TX 75201  
(972) 476-1900

**seller**

Trinity Industries, Inc.  
c/o Trinity Industries, Inc.  
14221 N Dallas Pky  
Dallas, TX 75254  
(214) 631-4420



**vital data**

Escrow/Contract: -	Sale Price: \$7,100,000
Sale Date: 2/28/2022	Status: Full Value
Days on Market: -	Building SF: 22,968 SF
Exchange: No	Price/SF: \$309.13
Conditions: Excess Land	Pro Forma Cap Rate: -
Land Area SF: 361,548	Actual Cap Rate: -
Acres: 8.3	Down Pmnt: \$7,100,000
\$/SF Land Gross: \$19.64	Pct Down: 100.0%
Year Built, Age: 1988 Age: 34	Doc No: 018185
Parking Spaces: -	Trans Tax: \$7,810
Parking Ratio: 2.5/1000 SF	Corner: No
FAR: 0.06	Zoning: INP-DC
Lot Dimensions: -	No Tenants: 2
Frontage: -	Percent Improved: 45.5%
Tenancy: Single	Submarket: Roseville/Rocklin Ind
Comp ID: 5919817	Map Page: -
	Parcel No: 017-200-022
	Property Type: Industrial

**income expense data**

**Listing Broker**

**Buyer Broker**

**financing**

**1051 Clover St**

Woodland, CA 95695

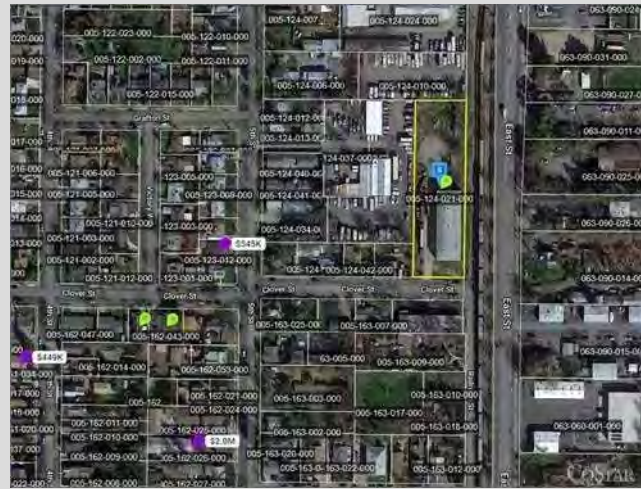
Class C Warehouse Building of 11,900 SF Sold on 11/1/2022 for \$1,095,000 - Research Complete

**buyer**

Anthony Romero  
c/o Anthony Romero  
34743 County Road 33  
Woodland, CA 95695  
(707) 333-0557

**seller**

James And Cathleen Welts Living Trust  
474 Dorman Ave  
Yuba City, CA 95991  
(530) 674-1398



**vital data**

Escrow/Contract: -	Sale Price: \$1,095,000
Sale Date: 11/1/2022	Status: Confirmed
Days on Market: -	Building SF: 11,900 SF
Exchange: No	Price/SF: \$92.02
Conditions: Deferred Maintenance, High ...	Pro Forma Cap Rate: -
Land Area SF: 53,709	Actual Cap Rate: -
Acres: 1.23	Down Pmnt: \$270,000
\$/SF Land Gross: \$20.39	Pct Down: 24.7%
Year Built, Age: 1969 Age: 53	Doc No: 024551
Parking Spaces: 10	Trans Tax: \$1,204.50
Parking Ratio: 0.84/1000 SF	Corner: No
FAR: 0.22	Zoning: Mixed Use
Lot Dimensions: -	Percent Improved: 70.6%
Frontage: -	Submarket: Davis/Woodland Ind
Tenancy: -	Map Page: -
Comp ID: 6217119	Parcel No: 005-124-021-000
	Property Type: Industrial

**income expense data**

**Listing Broker**

CBRE  
500 Capitol Mall  
Sacramento, CA 95814  
(916) 446-6800  
Dave Planting

**Buyer Broker**

CBRE  
500 Capitol Mall  
Sacramento, CA 95814  
(916) 446-6800  
Dave Planting

**financing**

**4105 Delmar Ave**  
 Rocklin Ranch Business Pk  
 Rocklin, CA 95677

Class B Warehouse Building of 14,416 SF Sold on 6/30/2022 for \$2,318,952 - Research Complete (Part of Multi-Property)

**buyer**

The Shaw 1989 Revocable Trust  
 1411 Oliver Rd  
 Fairfield, CA 94534  
 (925) 682-4830

**seller**

Lisa Hofmann Morgan Revocable Trust  
 PO Box 907  
 Concord, CA 94522  
 (925) 413-1309



**vital data**

Escrow/Contract: -	Sale Price: \$2,318,952
Sale Date: 6/30/2022	Status: Allocated
Days on Market: -	Building SF: 14,416 SF
Exchange: No	Price/SF: \$160.86
Conditions: -	Pro Forma Cap Rate: -
Land Area SF: 670,824	Actual Cap Rate: -
Acres: 15.4	Down Pmnt: -
\$/SF Land Gross: \$3.46	Pct Down: -
Year Built, Age: 1991 Age: 31	Doc No: 053794
Parking Spaces: 26	Trans Tax: \$5,797
Parking Ratio: 2.5/1000 SF	Corner: No
FAR: 0.02	Zoning: M1
Lot Dimensions: -	No Tenants: 6
Frontage: -	Percent Improved: -
Tenancy: Multi	Submarket: Roseville/Rocklin Ind
Comp ID: 6081699	Map Page: Thomas Bros. Guide 220-G1
	Parcel No: -
	Property Type: Industrial

**income expense data**

**Listing Broker**

**Buyer Broker**

**financing**

**3195 Enterprise Ct**

Loomis, CA 95650

Class B Warehouse Building of 10,000 SF Sold on 7/5/2022 for \$2,250,000 - Research Complete

**buyer**Levi Wayne Aronson  
1575 Naturewood Dr  
Meadow Vista, CA 95722  
(916) 243-9350**seller**Wingate Family Trust  
10913 Sunrise Ridge Cir  
Auburn, CA 95603  
(916) 316-1707**vital data**

Escrow/Contract: -	Sale Price: \$2,250,000
Sale Date: 7/5/2022	Status: Confirmed
Days on Market: -	Building SF: 10,000 SF
Exchange: No	Price/SF: \$225.00
Conditions: -	Pro Forma Cap Rate: -
Land Area SF: 27,443	Actual Cap Rate: -
Acres: 0.63	Down Pmnt: \$550,000
\$/SF Land Gross: \$81.99	Pct Down: 24.4%
Year Built, Age: 2006 Age: 16	Doc No: 054781
Parking Spaces: 9	Trans Tax: \$2,475
Parking Ratio: 0.9/1000 SF	Corner: No
FAR 0.36	Zoning: I-L
Lot Dimensions: -	No Tenants: 1
Frontage: -	Percent Improved: -
Tenancy: Single	Submarket: Roseville/Rocklin Ind
Comp ID: 6086274	Map Page: -
	Parcel No: 043-015-032
	Property Type: Industrial

**income expense data****Listing Broker**Crossroad Ventures Group  
107 Center St  
Roseville, CA 95678  
(916) 788-9731  
Jim Esway, Travis Esway**Buyer Broker**Crossroad Ventures Group  
107 Center St  
Roseville, CA 95678  
(916) 788-9731  
Travis Esway**financing****prior sale**1st Seller (Construction)  
Bal/Pmnt: \$1,700,000Date/Doc No: 3/1/2007  
Sale Price: \$0  
CompID: 1259332

**1104 J St**

Marysville, CA 95901

Class C Warehouse Building of 28,800 SF Sold on 9/9/2022 for \$1,775,000 - Research Complete

**buyer**

Bridge Of Yuba City  
c/o The Bridge Church  
424 Epley Dr  
Yuba City, CA 95991  
(530) 674-0400

**seller**

Gurmail & Jit Singh  
PO Box 61  
Yuba City, CA 95992  
(530) 236-5258



**vital data**

Escrow/Contract: -	Sale Price: \$1,775,000
Sale Date: 9/9/2022	Status: Confirmed
Days on Market: -	Building SF: 28,800 SF
Exchange: No	Price/SF: \$61.63
Conditions: Purchase By Tenant	Pct Office: 12.2%
Land Area SF: 68,825	Pro Forma Cap Rate: -
Acres: 1.58	Actual Cap Rate: -
\$/SF Land Gross: \$25.79	Down Pmnt: -
Year Built, Age: 1960 Age: 62	Pct Down: -
Parking Spaces: 49	Doc No: 013615
Parking Ratio: 1.7/1000 SF	Trans Tax: -
FAR: 0.42	Corner: No
Lot Dimensions: -	Zoning: M-1
Frontage: -	No Tenants: 1
Tenancy: Multi	Percent Improved: 83.6%
Comp ID: 6151648	Submarket: Marysville/Yuba City Ind
	Map Page: Thomas Bros. Guide 7733-B2
	Parcel No: 009-195-005-000
	Property Type: Industrial

**income expense data**

**Listing Broker**

No Listing Broker on Deal

**Buyer Broker**

No Buyer Broker on Deal

**financing**

**prior sale**

1st Five Star Bank  
Bal/Pmt: \$1,775,000

Date/Doc No:	9/16/2019
Sale Price:	\$1,525,000
CompID:	4909540



**1250 Market St**

Yuba City, CA 95991

Class B Warehouse Building of 17,500 SF Sold on 7/29/2022 for \$1,800,000 - Research Complete

**buyer**Rynecki Properties  
c/o Elizabeth Rynecki  
751 E Blithedale Ave  
Mill Valley, CA 94942  
(415) 388-1110**seller**George & Shirley Murray Trust 1994  
c/o George Murray  
1250 Market St  
Yuba City, CA 95991  
(530) 673-3916**vital data**

Escrow/Contract: -	Sale Price: \$1,800,000
Sale Date: 7/29/2022	Status: Confirmed
Days on Market: 23 days	Building SF: 17,500 SF
Exchange: No	Price/SF: \$102.86
Conditions: Investment Triple Net	Pct Office: 8.6%
Land Area SF: 51,401	Pro Forma Cap Rate: -
Acres: 1.18	Actual Cap Rate: -
\$/SF Land Gross: \$35.02	Down Pmnt: \$1,800,000
Year Built, Age: 2008 Age: 14	Pct Down: 100.0%
Parking Spaces: 14	Doc No: 2022.10568
Parking Ratio: 3/1000 SF	Trans Tax: \$1,980
FAR: 0.34	Corner: No
Lot Dimensions: -	Zoning: M1- Light Industrial
Frontage: -	No Tenants: 8
Tenancy: Multi	Percent Improved: 100.0%
Comp ID: 6104557	Submarket: Marysville/Yuba City Ind
	Map Page: -
	Parcel No: 51-540-118
	Property Type: Industrial

**income expense data****Listing Broker**Meagher & Tomlinson Co.  
1007 Live Oak Blvd  
Yuba City, CA 95991  
(530) 671-0000  
Julie Sutton**Buyer Broker**

No Buyer Broker on Deal

**financing****prior sale**

Date/Doc No:	11/26/2008
Sale Price:	\$1,250,000
CompID:	1621370

2945 Niagara Rd  
 Colusa, CA 95932  
 Class C Manufacturing Building of 18,060 SF Sold on 4/14/2022  
 for \$2,150,000 - Research Complete



buyer

Dharamvir Singh  
 9237 Earl Fife Dr  
 Elk Grove, CA 95624  
 (916) 370-1925

seller

Donald & Margie Van Pelt  
 PO Box 140  
 Clearlake Oaks, CA 95423  
 (707) 998-1541

vital data

Escrow/Contract:	30 days	Sale Price:	\$2,150,000
Sale Date:	4/14/2022	Status:	Confirmed
Days on Market:	156 days	Building SF:	18,060 SF
Exchange:	No	Price/SF:	\$119.05
Conditions:	-	Pro Forma Cap Rate:	-
Land Area SF:	261,360	Actual Cap Rate:	-
Acres:	6	Down Pmnt:	\$801,000
\$/SF Land Gross:	\$8.23	Pct Down:	37.3%
Year Built, Age:	1990 Age: 32	Doc No:	1473
Parking Spaces:	-		1474
Parking Ratio:	-	Trans Tax:	-
FAR	0.07	Corner:	No
Lot Dimensions:	-	Zoning:	M2
Frontage:	-	No Tenants:	1
Tenancy:	-	Percent Improved:	78.0%
Comp ID:	5980951	Submarket:	-
		Map Page:	-
		Parcel No:	017-130-029-000
		Property Type:	Industrial

income expense data

Listing Broker

LandX Inc.  
 2949 Niagara Ave  
 Colusa, CA 95932  
 (530) 848-3314  
 Brad Hulbert

Buyer Broker

Colliers  
 301 University Ave  
 Sacramento, CA 95825  
 (916) 929-5999  
 Spencer Applegate

financing

prior sale

1st US Bank  
 Bal/Pmt: \$1,349,000

Date/Doc No:	11/21/2013
Sale Price:	\$410,000
CompID:	2940691

**4335 Pacific St**

Rocklin, CA 95677

Class C Manufacturing Building of 40,460 SF Sold on 7/15/2022 for \$7,250,000 - Research Complete



**buyer**

James Kurt Steil  
79 Capilano Dr  
Novato, CA 94949  
(650) 400-5520

**seller**

Jason Bamberg  
4335 Pacific St  
Rocklin, CA 95677  
(916) 543-4600

**vital data**

Escrow/Contract: -	Sale Price: \$7,250,000
Sale Date: 7/15/2022	Status: Confirmed
Days on Market: 77 days	Building SF: 40,460 SF
Exchange: No	Price/SF: \$179.19
Conditions: Investment Triple Net	Pro Forma Cap Rate: -
Land Area SF: 126,324	Actual Cap Rate: 5.90%
Acres: 2.9	Down Pmnt: \$6,250,000
\$/SF Land Gross: \$57.39	Pct Down: 86.2%
Year Built, Age: 1984 Age: 38	Doc No: 057693
Parking Spaces: 60	Trans Tax: \$7,975
Parking Ratio: 0.5/1000 SF	Corner: No
FAR: 0.32	Zoning: M2, Rocklin
Lot Dimensions: 245x512	No Tenants: 3
Frontage: -	Percent Improved: 78.0%
Tenancy: -	Submarket: Roseville/Rocklin Ind
Comp ID: 6096966	Map Page: Thomas Bros. Guide 200-G7
	Parcel No: 045-021-009
	Property Type: Industrial

**income expense data**

Net Income	Net Operating Income	\$428,683
	- Debt Service	
	- Capital Expenditure	
	Cash Flow	

**Listing Broker**

TRI Commercial/CORFAC International Inc.  
3400 Douglas Blvd  
Roseville, CA 95661  
(916) 677-8000  
Rick Phillips

**Buyer Broker**

Keegan & Coppin Inc.  
101 Larkspur Landing Cir  
Larkspur, CA 94939  
(415) 461-1010  
Nathan Ballard

**financing**

1st Private Lender  
Bal/Pmt: \$1,000,000

**prior sale**

Date/Doc No:	11/15/2017
Sale Price:	-
CompID:	4075349

**411 N Pioneer Ave**

Woodland, CA 95776

Class B Manufacturing Building of 58,100 SF Sold on 7/5/2022 for \$7,200,000 - Research Complete

**buyer**

Matthew C Morehart And Sally Shade Morehart R  
411 N Pioneer Ave  
Woodland, CA 95776  
(530) 661-1764

**seller**

Ken Astle  
83 Scripps Dr  
Sacramento, CA 95825  
(916) 924-0800



**vital data**

Escrow/Contract: -	Sale Price: \$7,200,000
Sale Date: 7/5/2022	Status: Full Value
Days on Market: -	Building SF: 58,100 SF
Exchange: No	Price/SF: \$123.92
Conditions: -	Pro Forma Cap Rate: -
Land Area SF: 225,597	Actual Cap Rate: -
Acres: 5.18	Down Pmnt: \$2,880,000
\$/SF Land Gross: \$31.92	Pct Down: 40.0%
Year Built, Age: 1979 Age: 43	Doc No: 015802
Parking Spaces: 10	Trans Tax: \$7,920
Parking Ratio: 1/1000 SF	Corner: No
FAR 0.26	Zoning: C-2/PD, Woodland
Lot Dimensions: -	No Tenants: 1
Frontage: 510 feet on Kentucky 520 feet ...	Percent Improved: 69.9%
Tenancy: Multi	Submarket: Davis/Woodland Ind
Comp ID: 6086344	Map Page: Thomas Bros. Guide 316-D4
	Parcel No: 027-450-001-000
	Property Type: Industrial

**income expense data**

**Listing Broker**

**Buyer Broker**

**financing**

**prior sale**

1st River City Bank  
Bal/Pmnt: \$4,320,000

Date/Doc No: 12/30/1994  
Sale Price: \$1,000,000  
CompID: 110938

**1465 Tanforan Ave**

Woodland, CA 95776

Class C Warehouse Building of 48,000 SF Sold on 7/8/2022 for \$5,430,000 - Research Complete



**buyer**

STORE Capital Corporation  
8377 E Hartford Dr  
Scottsdale, AZ 85255  
(480) 256-1100

**seller**

Mann Lake LTD  
501 1st St S  
Hackensack, MN 56452  
(800) 880-7694

**vital data**

Escrow/Contract: -	Sale Price: \$5,430,000
Sale Date: 7/8/2022	Status: Full Value
Days on Market: -	Building SF: 48,000 SF
Exchange: No	Price/SF: \$113.13
Conditions: Sale Leaseback	Pct Office: 5.8%
Land Area SF: 278,810	Pro Forma Cap Rate: -
Acres: 6.4	Actual Cap Rate: -
\$/SF Land Gross: \$19.48	Down Pmnt: -
Year Built, Age: 1975 Age: 47	Pct Down: -
Parking Spaces: -	Doc No: 016075
Parking Ratio: 2/1000 SF	Trans Tax: \$5,973
FAR: 0.17	Corner: No
Lot Dimensions: -	Zoning: M-2
Frontage: -	No Tenants: 1
Tenancy: Single	Percent Improved: 86.0%
Comp ID: 6089209	Submarket: Davis/Woodland Ind
	Map Page: Thomas Bros. Guide 316-C1
	Parcel No: 027-450-027-000
	Property Type: Industrial

**income expense data**

**Listing Broker**

**Buyer Broker**

**financing**

**prior sale**

Date/Doc No:	12/21/2011
Sale Price:	\$1,812,500
CompID:	2234516

195 Washington St  
 Gridley, CA 95948  
 Class C Warehouse Building of 13,000 SF Sold on 8/10/2022 for \$420,000 - Public Record



buyer

seller

Andrea Miller

vital data

Escrow/Contract: -	Sale Price: \$420,000
Sale Date: 8/10/2022	Status: -
Days on Market: 149 days	Building SF: 13,000 SF
Exchange: No	Price/SF: \$32.31
Conditions: Redevelopment Project	Pro Forma Cap Rate: -
Land Area SF: 37,026	Actual Cap Rate: -
Acres: 0.85	Down Pmnt: -
\$/SF Land Gross: \$11.34	Pct Down: -
Year Built, Age: 1915 Age: 107	Doc No: -
Parking Spaces: -	Trans Tax: -
Parking Ratio: -	Corner: No
FAR 0.35	Zoning: -
Lot Dimensions: -	No Tenants: 1
Frontage: -	Percent Improved: -
Tenancy: -	Submarket: -
Comp ID: 6110635	Map Page: -
	Parcel No: -
	Property Type: Industrial

income expense data

Listing Broker

River Valley Community Outreach Center, Inc.  
 195 Washington St  
 Gridley, CA 95948  
 (530) 701-4462  
 Mark Miller

Buyer Broker

financing

prior sale

Date/Doc No:	9/18/2012
Sale Price:	\$150,000
CompID:	2583743

**1415 Whispering Pines Ln**

Grass Valley, CA 95945

Class B Manufacturing Building of 15,971 SF Sold on 6/1/2022 for \$2,550,000 - Research Complete



**buyer**

Linda Merslich  
1650 Cordilleras Rd  
Redwood City, CA 94062  
(650) 260-3649

**seller**

Wickland Corp  
c/o Bruce Johnson  
8950 Cal Center Dr  
Sacramento, CA 95826  
(916) 978-2400

**vital data**

Escrow/Contract: -	Sale Price: \$2,550,000
Sale Date: 6/1/2022	Status: Confirmed
Days on Market: 216 days	Building SF: 15,971 SF
Exchange: No	Price/SF: \$159.66
Conditions: -	Pct Office: 33.0%
Land Area SF: 105,415	Pro Forma Cap Rate: -
Acres: 2.42	Actual Cap Rate: 4.90%
\$/SF Land Gross: \$24.19	Down Pmnt: \$1,089,125
Year Built, Age: 2004 Age: 18	Pct Down: 42.7%
Parking Spaces: 68	Doc No: 000000011685
Parking Ratio: 4.26/1000 SF	Trans Tax: -
FAR: 0.15	Corner: No
Lot Dimensions: -	Zoning: SP 1-A
Frontage: -	No Tenants: 2
Tenancy: Multi	Percent Improved: 71.4%
Comp ID: 6046234	Submarket: -
	Map Page: -
	Parcel No: 009-690-002-000
	Property Type: Industrial

**income expense data**

Net Income	Net Operating Income	\$124,950
	- Debt Service	
	- Capital Expenditure	
	Cash Flow	

**Listing Broker**

Colliers  
301 University Ave  
Sacramento, CA 95825  
(916) 929-5999  
Tommy Ponder, George Vrame

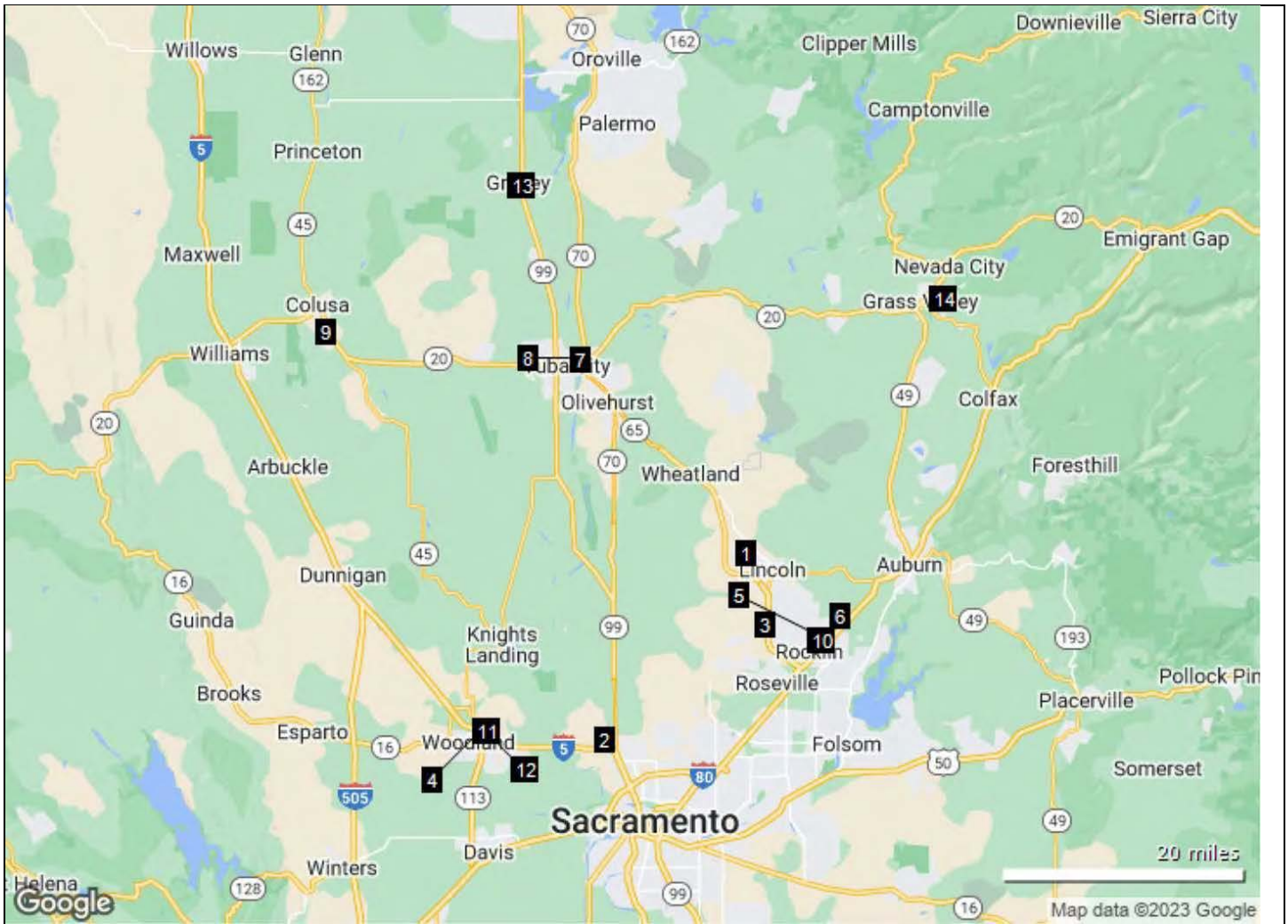
**Buyer Broker**

**financing**

1st Oak Valley Community Bank (Acquisition & Development)  
Bal/Pmnt: \$1,460,875

**prior sale**

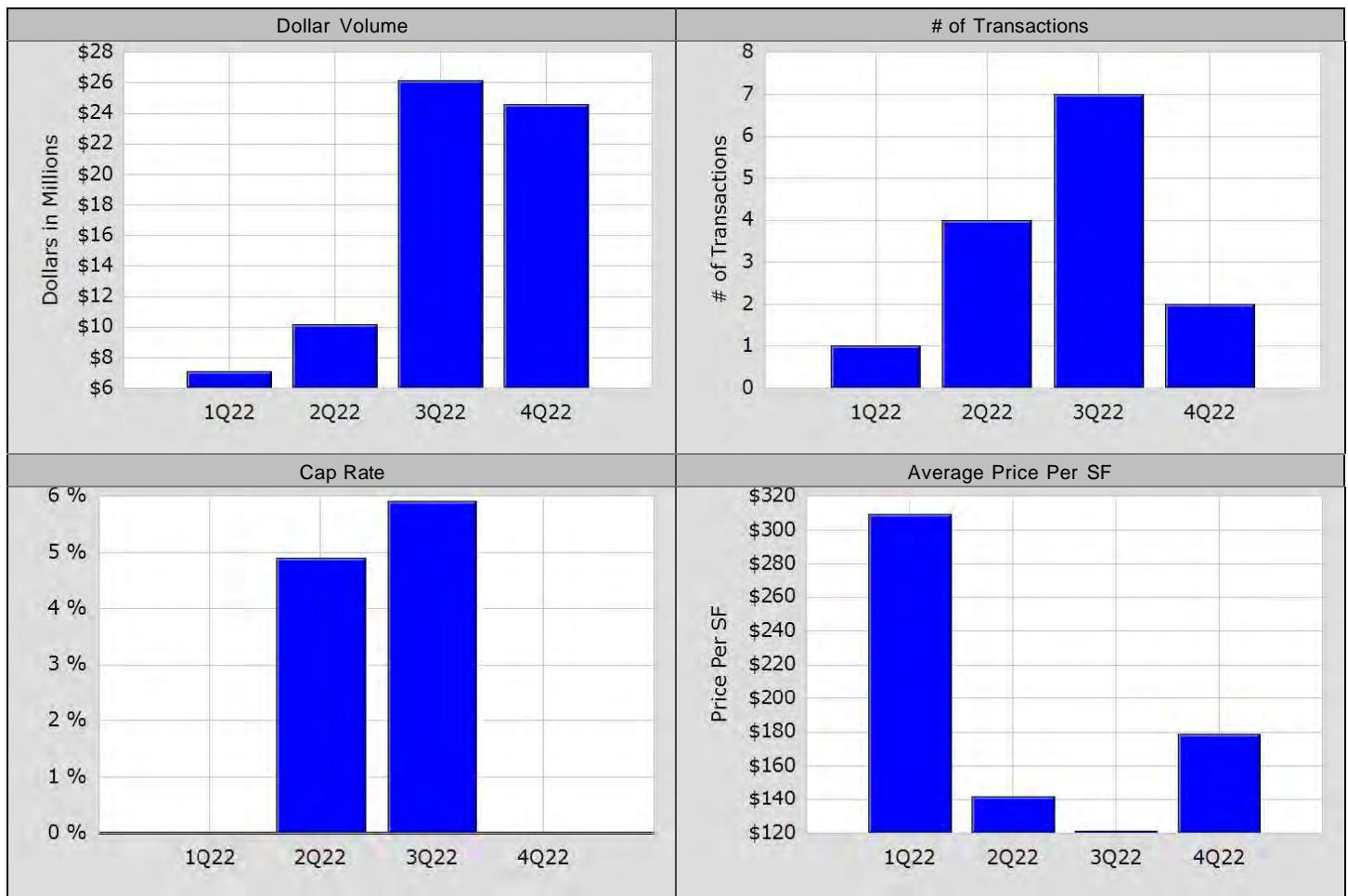
Date/Doc No:	5/10/2016
Sale Price:	-
CompID:	3602292



	Address	City	Property Info	Sale Info
1	1905 Aviation Blvd	Lincoln	23,650 SF Industrial/Warehouse	Sold: \$3,160,000 (\$133.62/SF)
2	7120 Badiie Dr (Part of Multi-Property Sale)	Sacramento	125,692 SF Industrial/Warehouse	Sold: \$23,472,692 (\$186.75/SF)
3	3617 Cincinnati Ave	Rocklin	22,968 SF Industrial/Warehouse	Sold: \$7,100,000 (\$309.13/SF)
4	1051 Clover St	Woodland	11,900 SF Industrial/Warehouse	Sold: \$1,095,000 (\$92.02/SF)
5	4105 Delmar Ave (Part of Multi-Property Sale)	Rocklin	14,416 SF Industrial/Warehouse	Sold: \$2,318,952 (\$160.86/SF)
6	3195 Enterprise Ct	Loomis	10,000 SF Industrial/Warehouse	Sold: \$2,250,000 (\$225/SF)
7	1104 J St	Marysville	28,800 SF Industrial/Warehouse	Sold: \$1,775,000 (\$61.63/SF)
8	1250 Market St	Yuba City	17,500 SF Industrial/Warehouse	Sold: \$1,800,000 (\$102.86/SF)
9	2945 Niagara Rd	Colusa	18,060 SF Industrial/Manufacturing	Sold: \$2,150,000 (\$119.05/SF)
10	4335 Pacific St	Rocklin	40,460 SF Industrial/Manufacturing	Sold: \$7,250,000 (\$179.19/SF)
11	411 N Pioneer Ave	Woodland	58,100 SF Industrial/Manufacturing	Sold: \$7,200,000 (\$123.92/SF)
12	1465 Tanforan Ave	Woodland	48,000 SF Industrial/Warehouse	Sold: \$5,430,000 (\$113.13/SF)
13	195 Washington St	Gridley	13,000 SF Industrial/Warehouse	Sold: \$420,000 (\$32.31/SF)
14	1415 Whispering Pines Ln	Grass Valley	15,971 SF Industrial/Manufacturing	Sold: \$2,550,000 (\$159.66/SF)



# Trend Report



Legend:		Report Time Frame: 1/1/2022 - 2/24/2023 Sale Date: from 2/24/2021	
Current Survey		Sold Transactions	
Sold Transactions	<span style="color: blue;">█</span>	Number of Transactions	14
		Total Dollar Volume	\$67,971,644
		Total Bldg Square Feet	448,517
		Total Land in Acres	58.86
		Total Land in SF	2,563,942
		Average Price	\$4,855,117
		Average Number of SF	32,037
Time Interval - Quarterly		Average Price Per Bldg SF	\$151.55
		Median Price Per SF	\$128.77
		Average Number of Acres	4.20
		Average Number of SF(Land)	183,139
		Average Price Per Unit	-
		Median Price Per Unit	-
		Average Number of Units	-
		Actual Cap Rate	5.40%

### Survey Criteria

basic criteria: Type of Property - Industrial; Property Size - from 10,000 SF; Sale Date - from 2/24/2021; Sale Status - Sold, Under Contract/Pending; Return and Search on Portfolio Sales as Individual Properties - Yes; Exclude Non-Arms Length Comps - Yes

geography criteria: Geography - User Defined Polygon Search

additional criteria: - \* This result set has been amended with criteria to add and/or remove records.

## Trend Report

	1Q22 01/1-3/31/22	2Q22 04/1-6/30/22	3Q22 07/1-9/30/22	4Q22 10/1-12/31/22
	Sold Transaction	Sold Transaction	Sold Transaction	Sold Transaction
Number of Transactions	1	4	7	2
Total Dollar Volume	\$7,100,000	\$10,178,952	\$26,125,000	\$24,567,692
Total Bldg Square Feet	22,968	72,097	215,860	137,592
Total Land in Acres	8.30	25.32	18.72	6.52
Total Land in SF	361,548	1,102,939	815,443	284,011
Average Price	\$7,100,000	\$2,544,738	\$3,732,143	\$12,283,846
Average Number of SF	22,968	18,024	30,837	68,796
Average Price Per Bldg SF	\$309.13	\$141.18	\$121.03	\$178.55
Median Price Per SF	\$309.13	\$146.64	\$113.13	\$139.39
Average Number of Acres	8.30	6.33	2.67	3.26
Average Number of SF(Land)	361,548	275,735	116,492	142,006
Average Price Per Unit	-	-	-	-
Median Price Per Unit	-	-	-	-
Average Number of Units	-	-	-	-
Actual Cap Rate	-	4.90%	5.90%	-

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## SALES COMPARISON APPROACH

### **Selection of Comparable Sales**

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The sales comparison approach to value depends on the availability of a sufficient number of sales of similar competing properties. The best comparable sales in this approach would be sales located in the same neighborhood as the subject, recently sold, and sales which are similar to the subject property in physical characteristics such as building type, age, story design, quality, condition, lot size, building size, land-to-building ratio, and use as an industrial property. An intensive sales search was conducted throughout the area to discover other sales similar to the subject. Fourteen sales of properties possessing characteristics similar to the subject property were the best available at the time of the inspection. All comparable sales are located within the subject property's immediate market area but is not limited to the immediate bordering areas in all directions. The sales are considered the best available within the subject's marketing area. The comparable sales are summarized below.

### **Analysis of the Selection of the Improved Sales**

A thorough search was made in the subject's general market area for sales transactions of properties similar to the subject property, in order to derive an indication of value for the subject property. However, due to the state of the real estate market, very few sales of renewable energy properties with similar amenities to the subject is in its completed state were found. This required us to broaden our search to include other areas within and near Colusa county. As appraisers we believe that they can be judged to be situated in market areas with similar demand elements and market characteristics. The comparable sales displayed are deemed to provide the best indicators of the subject property's market value available at the time of inspection.

### **Summary of the Sales Comparison Approach**

Fourteen comparable sales were used in the determination of an estimated market value for the subject property by the Sales Comparison Approach. The properties are the most similar building sizes on similar size lots, with differences as to construction quality, physical condition and other amenities. As such, they are felt to be supportive in establishing a price per square foot indication of value for the subject property.

In this analysis, we did not use a conventional adjustment grid, as the data for these parcels of Improvements are generally insufficient to prove most kinds of adjustments, but qualitative techniques were used for differences in orientation, visibility, and location.

## SALES COMPARISON APPROACH

A time of sale adjustment of was deemed to be not warranted, due to current market conditions.

The selected comparable properties indicate the unadjusted price range of \$32 to \$309 per square foot of building area, not including the land area, a typical range for these types of properties in a similar market area. This range in unadjusted sales prices per square foot demonstrates the location quality differences in this regional area, and the differences in condition. The range changes after the analysis for property rights, financing terms, condition of sale, and date of sale are considered but before relative comparison physical characteristics and location are made.

It is our opinion that the subject would fall toward the upper range of the values, due to the age, and physical condition characteristics. THE SUBJECT PROPERTY IS BEING VALUED HIGHER THAN THE PREDOMINANT VALUE FOR THE AREA DUE TO THE QUALITY OF THE IMPROVEMENTS. THE FACILITY IS RENOVATED TO A STANDARD FOR R & D AND BIOTECHNOLOGY WITH SIGNIFICANT TENANT IMPROVEMENTS. THESE TYPES OF PROPERTIES IN CALIFORNIA AREA TYPICALLY COMMAND PRICES IN EXCESS OF THE MAXIMUM PRICE PER UNIT OF THE UNDERLYING REAL ESTATE VALUE.

The closed sales indicated the following adjusted sales prices. From this range in adjusted value, we have concluded a value indicator to apply to the subject property.

Therefore, we conclude a unit price of \$300.00 per square foot for the subject property, as follows:  
The closed sales indicated the following adjusted sales prices. From this range in adjusted value, we have concluded a value indicator to apply to the subject property.

Indicator	Price per SF
Minimum	\$32
Maximum	\$309
Concluded for Subject AS COMPLETE:	\$300
Subject Bldg. SF:	54,677 SF
Indicated Value:	\$16,400,100
Rounded:	\$16,400,000
Total Sales Comparison Approach Value	\$16,400,000

Concluded Value by Sales Comparison Approach-AS COMPLETE
<b>Sixteen Million Four Hundred Thousand Dollars</b> <b>\$16,400,000</b>

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## INCOME APPROACH

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The Income Approach to indicate the value of property is based on the premise that the value of the property is directly related to how much income the property will generate. In other words, what a ready willing buyer will pay for a property (the value) is related to what the investor expects to receive from the investment. Using the Income Approach to estimate value is usually the most useful method of estimating value when the property being appraised is an income producing property. Often, when doing appraisal work, the appraiser finds that what one property has most in common with another is that they produce income. It is for this reason that the amount, quality, and duration of income produced needs to be studied so carefully. This approach to estimate value is comprised of four elements, Income, Vacancy, Expenses, and Capitalization Rate

### EXPENSES

From the gross income estimates, anticipated operating expenses (based on historical operating expenses when available) are then deducted to arrive at an estimated net operating income. Some factors that have been considered when establishing the capitalization rate are the quality and duration of the income. Only projected expenses and income was provided.

### CAPITALIZATION RATE

The potential value of the property is related to this anticipated net income through the mechanism of an overall capitalization rate (OAR). An individual investor (prospective purchaser) would typically develop his rate of capitalization based on his own requirements for equity yield and also upon the financing, which could be secured for the purchase of the property. For appraisal purposes the overall capitalization rate is commonly extracted from analyses of sales of other comparable properties, which are judged to be representative of the current market and similar to the property being appraised.

$$\text{Value} \times \text{Rate (OAR)} = \text{Income}$$

Using the Income Approach to indicate the value of a property, one simply uses an equivalent derivation of the same formula.

$$\frac{\text{Income}}{\text{Rate}} = \text{Value}$$

## INCOME APPROACH

### Project Ownership and Income Structure

In the United States, grid-tied energy generation assets are primarily owned by electric utilities and independent power producers (IPPs). Electric utilities can be for-profit (i.e., investor-owned utilities [IOUs], nonprofits [i.e., cooperatives], or publicly owned [POUs; i.e.; federal, state, or municipally-owned]). Each owner type typically has different return expectations and faces different rules and processes in terms of selling electricity and raising capital, which can influence financing costs.

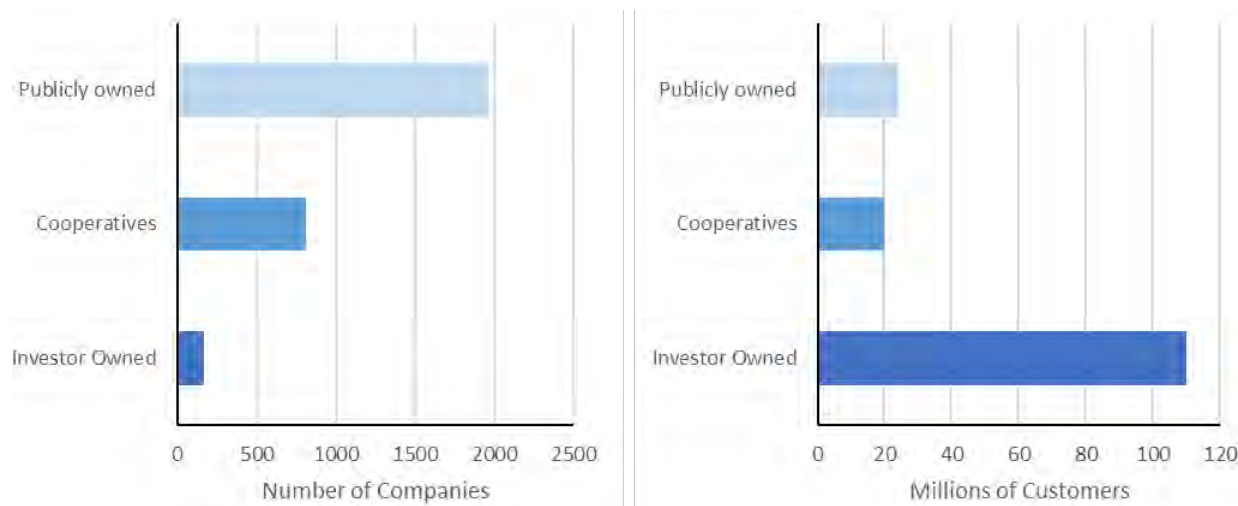
Additionally, some of these regulatory or organizational strategies may limit the number of projects that can be owned by specific organizations (e.g., some co-ops may purchase the bulk of their electricity generation from a third-party, and some public utility commissions discourage utility ownership of electric generating assets in favor of a more market-based approach).

Ownership type also influences the ability to monetize tax benefits generated by projects. Certain companies may be limited or even prohibited from using these tax benefits and may need specific types of financial partners to invest in projects to take advantage of the benefits (i.e., tax equity investors).

### Electricity Sales Agreements

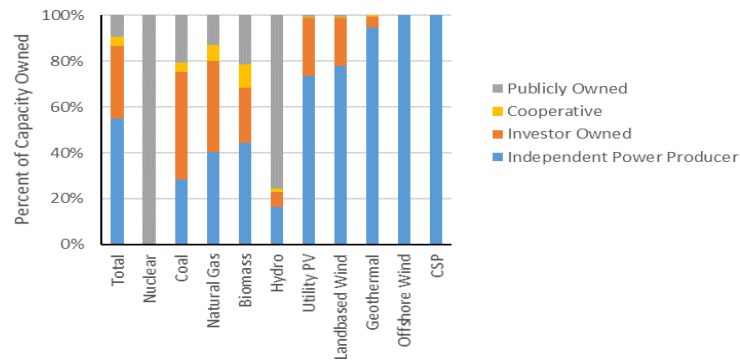
IPPs generate revenue by making short-term electricity sales either through wholesale markets or via long-term contracts (i.e., power purchase agreements, or PPAs). Long-term contracts (e.g., 10–30 years) are typically far less risky, as the future sale price is known, as long as generation requirements are met. What they can charge, and the return they are allowed to achieve, are regulated and are often dictated by the rate-making process (i.e., the process in which utilities set electricity rates for customers).

Because of the impact that asset ownership and electricity sales agreements have on financial costs, we assess which types are most common in the U.S. market through the U.S. Energy Information Administration (EIA)



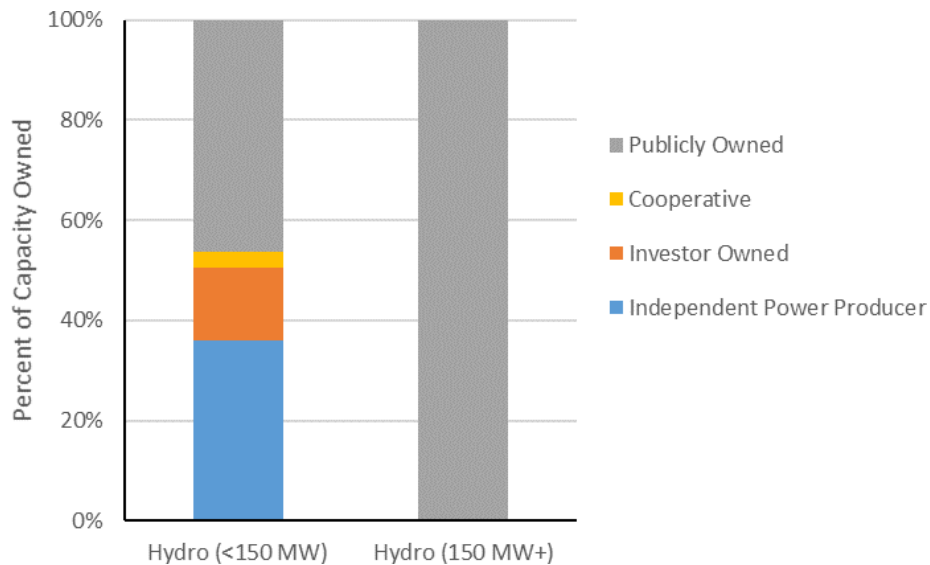
**U.S. utilities by number of companies (left) and millions of customers (right), 2017**

Though IOUs represent the majority of U.S. customers, IPPs owned the majority of new U.S. generating capacity from 2010 to 2018 and therefore represent the majority of recent financial transactions (excluding refinancing existing electric generation assets and upgrading or repowering), as shown above.



### Percentage of new U.S. electric generation capacity owned, by company type

Additionally, the IPP ownership percentage is significantly higher for renewable energy assets than fossil assets, with the exception of hydropower facilities. However, as shown in Figure 4, there is significantly more IPP ownership for new hydropower plants with capacities below 150 MW. From 2010 to 2019, approximately half of all new hydropower installed in the United States had capacities under 150 MW, with the other half coming from one plant.



### Percentage of new U.S. hydropower capacity, by company type and system size,

A significant portion of IPPs are either large companies focused in the energy space—often an unregulated arm of a regulated utility company—or financial infrastructure investment institutions, and they often own generating assets of different technologies. Many are also publicly-traded companies, which typically have access to lower-cost financing than private companies.

BC&E Colusa 1		2024	2024	2025	2026	2027	2028	2029
Starting Cash	\$ -	\$ 549,154	\$ 9,381,386	\$ 12,736,848	\$ 16,342,974	\$ 20,207,284	\$ 20,207,284 SOLD To City of Colusa	
Bank-Loan	\$ 2,400,000	\$ 50,000,000						
Equity Investor	\$ 15,000,000	\$ 10,000,000						Sale price to be based on appraised value.
Carbon Credits	\$ -	\$ 294,874	\$ 965,829	\$ 994,804	\$ 1,024,648	\$ 1,055,387		
Tipping Fee	\$ -	\$ 48,263	\$ 321,750	\$ 331,403	\$ 341,345	\$ 351,585		
Carbon Char	\$ -	\$ 1,472,000	\$ 4,147,200	\$ 4,271,616	\$ 4,399,764	\$ 4,531,757		Based on the Income method it is expected
Electricity Sales	\$ -	\$ 1,766,400	\$ 5,529,600	\$ 5,695,488	\$ 5,866,353	\$ 6,042,343		that the sale will be in excess of \$90M using a capitalization rate of 10%
<b>Total Revenue</b>	<b>\$ -</b>	<b>\$ 3,581,537</b>	<b>\$ 10,964,379</b>	<b>\$ 11,293,310</b>	<b>\$ 11,632,110</b>	<b>\$ 11,981,073</b>		
<b>Expenses (Adjusted for Inflation)</b>								
Biomass Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Accounting & Legal	\$ 120,000	\$ 120,000	\$ 123,600	\$ 127,308	\$ 131,127	\$ 135,061		
Maintenance	\$ -	\$ 50,527	\$ 252,636	\$ 260,215	\$ 268,022	\$ 276,062		
Labor and Consumables	\$ -	\$ 338,717	\$ 1,359,400	\$ 1,400,182	\$ 1,442,187	\$ 1,485,453		
Insurance	\$ -	\$ 76,575	\$ 382,875	\$ 394,361	\$ 406,192	\$ 418,378		
Propane / Natural Gas	\$ -	\$ 71,280	\$ 356,400	\$ 367,092	\$ 378,105	\$ 389,448		
Structure, Consulting, Escrow	\$ 175,000	\$ 26,801	\$ 134,006	\$ 138,026	\$ 142,167	\$ 146,432		
Professional Fees/ Commission	\$ 4,250,000	\$ -	\$ -	\$ -	\$ -	\$ -		
1-APS 8tpd/EPC-HC	\$ 13,998,365	\$ -	\$ -	\$ -	\$ -	\$ -		
1-APS 40tpd/EPC-SteamT/Boiler/Dryer	\$ 38,938,298	\$ -	\$ -	\$ -	\$ -	\$ -		
1-1MW Solar-Niagra 1&2	\$ 6,500,000	\$ -	\$ -	\$ -	\$ -	\$ -		
Equipment-servicing feedstock	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -		
1-Spanner Re 60tpd Turnkey	\$ 37,171,226	\$ -	\$ -	\$ -	\$ -	\$ -		
Niagra Bldg 1	\$ 4,800,000	\$ -	\$ -	\$ -	\$ -	\$ -		
Land Niagra 7.6 acres	\$ 1,137,000	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Total Expenses</b>	<b>\$ 108,589,889</b>	<b>\$ 683,901</b>	<b>\$ 2,608,917</b>	<b>\$ 2,687,185</b>	<b>\$ 2,767,800</b>	<b>\$ 2,850,834</b>		
<b>Sum of Non-TPD Expenses</b>	<b>\$ 295,000</b>	<b>\$ 683,901</b>	<b>\$ 2,608,917</b>	<b>\$ 2,687,185</b>	<b>\$ 2,767,800</b>	<b>\$ 2,850,834</b>		
<b>EBITDA</b>	<b>\$ (295,000)</b>	<b>\$ 2,897,636</b>	<b>\$ 8,355,462</b>	<b>\$ 8,606,126</b>	<b>\$ 8,864,310</b>	<b>\$ 9,130,239</b>		
Senior Debt Interest	\$ -	\$ (2,500,000)	\$ (5,000,000)	\$ (5,000,000)	\$ (5,000,000)	\$ (5,000,000)		
Construction Debt Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Depreciation	\$ (9,230,141)	\$ (18,460,281)	\$ (18,460,281)	\$ (18,460,281)	\$ (18,460,281)	\$ (18,460,281)		
<b>EBT</b>	<b>\$ (9,525,141)</b>	<b>\$ (18,062,645)</b>	<b>\$ (15,104,819)</b>	<b>\$ (14,854,155)</b>	<b>\$ (14,595,971)</b>	<b>\$ (14,330,042)</b>		
Tax Credits (ITC)	\$ 52,794,944	\$ -	\$ -	\$ -	\$ -	\$ -		
Taxes State and Federal	\$ 4,762,570	\$ 9,031,322	\$ 7,552,410	\$ 7,427,078	\$ 7,297,986	\$ 7,165,021		
Senior Debt Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Construction Debt Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Preferred Equity Payout	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Levered FCF</b>	<b>\$ 549,154</b>	<b>\$ 9,381,386</b>	<b>\$ 12,736,848</b>	<b>\$ 16,342,974</b>	<b>\$ 20,207,284</b>	<b>\$ 24,337,522</b>		
<b>Cumulative \$-Loan,Equity,TaxB,Profit</b>	<b>\$ 58,106,668.71</b>	<b>\$ 75,970,222.92</b>	<b>\$ 86,878,094.44</b>	<b>\$ 97,911,297.90</b>	<b>\$ 109,073,593.24</b>	<b>\$ 120,368,853.22</b>		
<b>Assumptions:</b>								
1. Total Cost of Project	\$ 108,589,888.52							
2. Total Senior Debt	\$ 50,000,000.00							
3. Equity Principals & Success Fees	\$ 36,027,893.93							
4. Equity Investor	\$ 25,000,000.00							
5. Carbon Credits	based on megawatt hours produced multiplied by current market price of \$29 per megawatt/hr							
6. Tipping fee	based on 100 tons per day at \$15 per ton							
7. Carbon Char	based on 16 tons per day at \$.40 per pound							
8. Electricity sales	based on 5MW generated per hour with 4MW exported and 1MW used for parasitic load at \$160 per MW/hr per the PPA with the City of Colusa							
9. Labor	based on 16 full time employees per 3 shifts per day							
10. 24/7 Operations								



The subject has a projected income stream based on earnings under a Hybrid Renewable Electrical Energy (HREE) Power Purchase Agreement (PPA) with the City of Colusa. Proceeding under the Extraordinary Assumption that the Income and Expense information provided to us is correct, we have developed the Income Approach below. We queried our database which indicated CAP rates for like-type renewable energy business located in industrial properties in California that sold since Jan. 1, 2015. These ranged from 11.89% to 53.11% with a mean rate of 26.87%. Businesses with long, stable income and history to trade toward the lower end of the range.

Based on this data we have selected a CAP rate of 12.0% for the subject property.

### POTENTIAL GROSS INCOME CALCULATIONS

Income As Stabilized Y4 (ECONOMIC)	Total Income
All Income	\$11,981,073
Total PGI Y4/ PROJCTED/ annual	\$11,981,073

### POTENTIAL GROSS INCOME

= \$11,981,073

### ANNUAL EXPENSES\*

TOTAL ANNUAL EXPENSES - 24% of PGI= \$2,850,834

### MINUS EXPENSES

\$10,988,274 EGI -  
\$2,850,834  
= \$9,130,239 NOI

\*Based on pro-rated averages per the operator's profit/ loss statement.

### NET INCOME

= \$9,130,239 NOI

## OVERALL RATE ANALYSIS

### OVERALL CAPITALIZATION RATE

The final step is to capitalize the estimated net operating income (NOI) by an appropriate rate. The capitalization rate is estimated utilizing the Market Sales Technique and Investor Surveys.

### OVERALL RATE SELECTION

**Indicated OAR by Analysis\*: = 9.15 %**

## INCOME APPROACH

### Gross Profit and EBITDA Multiplier Analysis (Going Concern)

Market value of the subject can be estimated by using ratio models. Ratio models convert a single year's income estimate into an indication of value. The two most commonly used ratio models are Gross Profit and EBITDA.

Value is derived from multiples as follows:

$$\text{Market Value} = \text{Gross Profit Multiplier} \times \text{Gross Profit}$$

$$\text{Market Value} = \text{EBITDA Multiplier} \times \text{EBITDA}$$

Multiples are extracted from the market using comparable data. The basic economic rationale for this model is a variation of the one price rule – similar properties should sell for the same multiple of gross income. If a pattern of consistency is found in the ratios among the comparable properties, then the multiples can be said to be indicative of market pricing. Procedures and issues in the application of the multiple methods are as follows:

- Find similar income properties that recently sold, i.e., comps.
- Verify prices, revenues, and other income, and assure that comps were sold in “market” transactions.
- Calculate the multiples for each of the individual comps.
- Reconcile the multipliers developed from the individual comps to obtain an estimate of a “market” multiplier for the property.
- Reconciliation involves a judgment of relative comparability of the comps.

2023	Type of Renewable Energy	microcap.co			microcap.co		
		Avg Revenue Multiple	Avg EBITDA Multiple	Avg Earnings Multiple	Avg Gross Margin %	Avg EBITDA Margin %	Avg Net Profit Margin %
	All	5.3x	18.0x	32.8x	52%	50%	23%
	Hydro	4.7x	16.9x	27.5x	56%	55%	25%
	Solar	5.2x	19.3x	34.6x	52%	51%	21%
	Wind	5.2x	16.6x	34.8x	55%	54%	20%
	Alternative	5.4x	18.2x	37.2x	45%	44%	19%

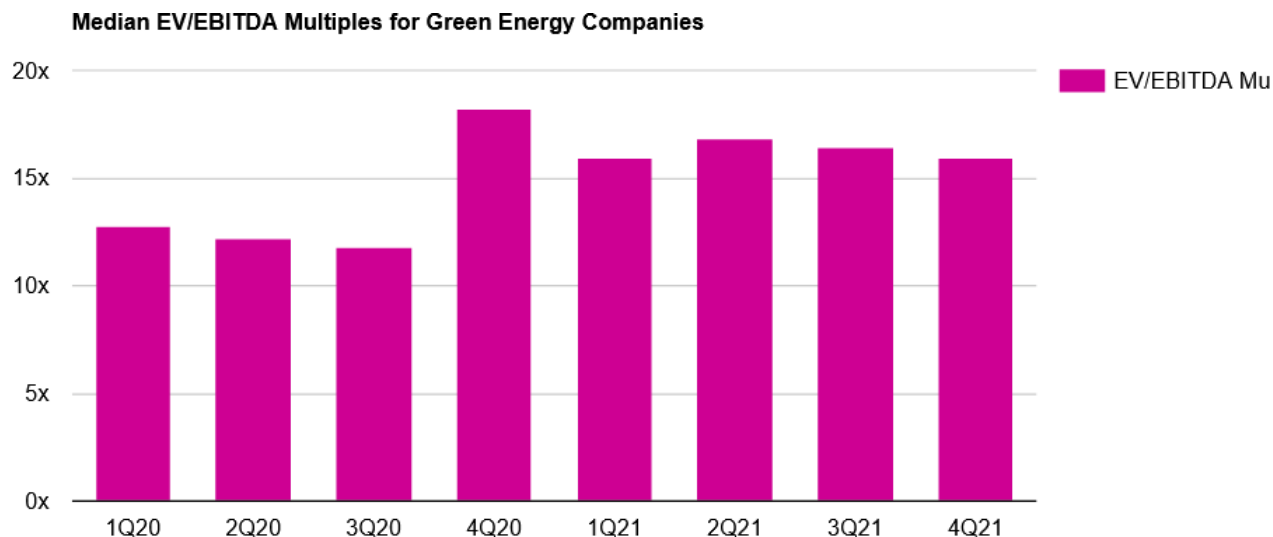
Revenue multiples for Green Energy companies grew throughout all of 2020, almost doubling from 6.7x in Q1 to 12.7x in Q4 2020 when they reached a peak. They then stabilised around the 10x mark for Q1 and Q2 of 2021 before falling slightly.

**In Q4 2021 the median EV/Revenue multiple for Green Energy companies was 9x.**

This is comparable to what are considered some of the hottest sectors in tech, such as [FinTech](#) and [SaaS](#), which also achieved double-digit revenue multiple over the past years.

## INCOME APPROACH

The distribution of the multiples across the sample is pretty regular, which the top 25% of performers peaching in Q2 2021 and then falling again, with the whole cohort fitting in the 1x – 18x range at the end of 2021, with the median 50% staying between 6.5x and 11.7x.



In terms of EBITDA valuation multiples, we see a relatively similar trend: although multiples didn't grow as steadily as the revenue ones throughout last year, they peaked in Q4 2020 at 18.2x and then staying relatively stable after a small correction. **The median EBITDA multiple for Green Energy companies in Q4 2021 was 15.9x.** Given the location and condition of the subject, I have utilized the following multipliers.

### GPM AND EBITDA MULTIPLIER ANALYSIS

Method	Amount	X	Multiplier	=	Value Indication
Gross Profit	\$11,981,073	X	8.2	=	\$98,244,799
EBITDA	\$9,130,239	X	13.1	=	\$119,606,131

### FINAL VALUE SUMMARY (INCOME APPROACH)

Method	Value	Type
Overall Basis (Capitalization)	\$99,780,000	Going Concern
Gross Profit Multiplier	\$98,244,799	Going Concern
EBITDA Multiplier	\$119,606,131	Going Concern

### FINAL VALUE ALLOCATION- INCOME APPROACH

The value conclusions are reconciled giving a Value Conclusion for the Total Going Concern

Appraisal Premise - Market Value Via Income Approach	Value Conclusion
<b>MARKET VALUE OF TOTAL GOING CONCERN</b>	<b>\$116,000,000</b>

# ANALYSIS OF VALUE CONCLUSIONS

## RECONCILIATION AND FINAL VALUE ESTIMATE

The analysis of value conclusions involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability of each valuation technique to the subject property. The analysis of value conclusions involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability of each valuation technique to the subject property

The **Cost Approach (Real Estate Only)** is based upon the estimated cost of the improvements less depreciation, plus the current market value of the land.

The **Sales Comparison Approach (Real Estate Only)** is based upon sales of other comparable properties and produces an indication of value based upon prices actually paid in the market. When market comparable data is available, the Sales Comparison Approach becomes a strong measure of market conditions and value. However, as stated earlier in the report, some sales data was scant. However, we did manage to use the available data to reflect a supportable value estimate.

The **Income Approach (Going Concern)** is considered a reliable approach for investment grade commercial properties.

## REAL ESTATE AND FF & E VALUATION

VALUE ALLOCATION REAL ESTATE ONLY			
APPROACH	VALUE	WEIGHT	PERCENTAGE VALUE
SALES COMPARISON APPROACH	\$16,400,000	100%	\$16,400,000
		<b>FINAL VALUE:</b>	<b>\$16,400,000</b>

Appraisal Premise – MARKET VALUE -REAL ESTATE	Value Conclusion
MARKET VALUE OF THE REAL ESTATE ONLY	\$16,400,000

## GOING CONCERN VALUATION

Appraisal Premise - Market Value Via Income Approach	Value Conclusion
MARKET VALUE TOTAL ASSETS OF THE BUSINESS (GOING CONCERN)	\$116,000,000

## BUSINESS VALUATION

The difference in values is now used to derive the value of the business (Renewable Energy Facility)

$$\$116,000,000 - \$16,400,000 = \$99,600,000$$

Appraisal Premise - Market Value	Value Conclusion
BUSINESS VALUE	\$99,600,000

# INCOME APPROACH

## Reconstructed Income Approach

### INCOME STREAM VALUATION RENEWABLE ENERGY FACILITY

#### Income Statement:

<u>Estimated</u>	
Potential Gross Income	\$11,981,073
Total Operating Expenses	
Calculated as 24%	(\$2,850,234)
<b>NET OPERATING INCOME (NOI)</b>	<b>\$9,130,239</b>
<b>SELECTED OVERALL RATE</b>	<b>9.15%</b>

### CAPITAL VALUE ANALYSIS

Net Operating Income	÷ Overall Rate	= Market Value
\$ 9,130,239	÷ 0.0915	\$ 99,784,032

#### Value Conclusion—INCOME APPROACH

Having selected an overall rate, all that remains is to capitalize the net operating income into a final indication of value. Using 9.15% as the overall rate, **results in a value indication, via the Income Approach by direct capitalization, of \$ 99,780,000 (rounded).**

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**NINETY-NINE MILLION SEVEN HUNDRED EIGHTY  
THOUSAND DOLLARS**

**\$ 99,780,000**



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