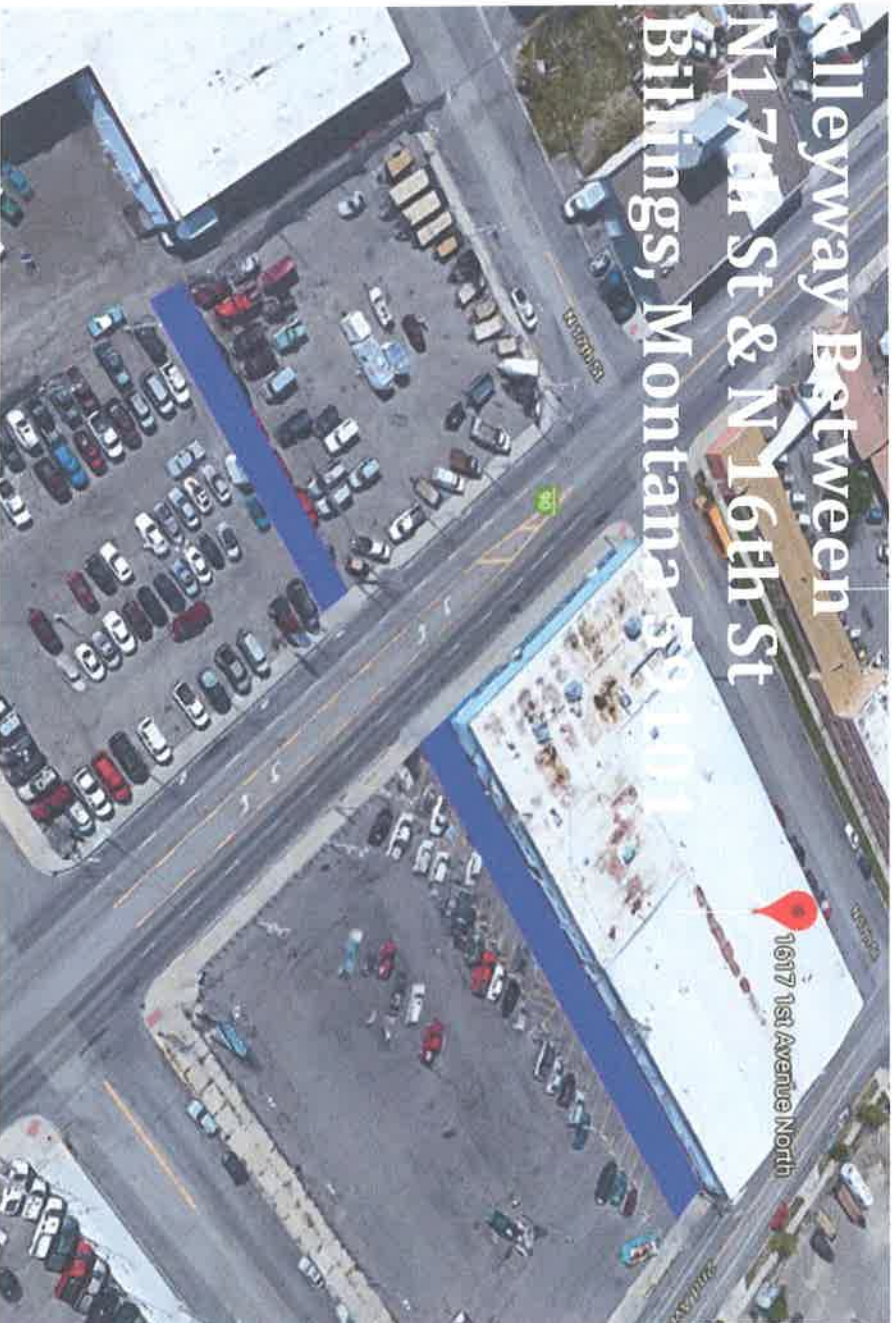


Brokers Property Evaluation



George A. Warmer Broker/Owner

Coldwell Banker Commercial CBS

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Billings, MT 59102

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Engagement Letter



CBS

August 19, 2019

Limit of Liability

The liability of Coldwell Banker Commercial is limited to the fee collected from the client. We assume no responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property...physically, financially or legally. This Opinion should not be used in lieu of a Complete Appraisal Report prepared by a qualified Commercial Appraiser.

Fee:

N/A

George A Warner

Signature _____

George A Warner, Broker Owner
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Executive Summary

Section I



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Alleyway Between N 17th St & N 16th St Billings, MT 59101

The alleyway runs north and south between N 17th St and N 16th ST. The alleyway is approximately 300' long between 2nd ave N and 1st Ave N as well as a 150' long section between 1st Ave N and Montana Ave.

Sales Comparison Evaluation: **\$74,790**

Income Evaluation: **N/A**

Cost Approach Evaluation: **N/A**

INDICATED \$74,790 USD (rounded)

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Property Summary

Section 2



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Overview

Client

J & S Properties Inc

Property Owner

J & S Properties Inc

Property Address

Alleyways with boundaries located between N
17th St & N 16th St and 2nd Ave N and Montana Ave

Property Legal

Alleyway located between BILLINGS ORIGINAL TOWNSITE, S33, T01 N,
R26 E, BLOCK 81, Lot 1 - 24, (09) and BILLINGS ORIGINAL TOWNSITE, S33, T01
N, R26 E, BLOCK 120, Lot 13 - 24

Site Specs

Lot Size

Approx. 9,000 SF

Building

Approx. None

Zoning

East Billings Central Works

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Property Summary



Building Specs

Property Type:	City Alleyway
Year Built:	N/A
Building Square Footage:	N/A
Land Square Footage:	9,000
Water:	N/A
Sewer:	N/A
Power:	N/A
Gas:	N/A

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Area Description

The subject property is located in the City of Billings, Montana, which is situated in the south central region of Montana State in Yellowstone County.





CBS

Site Details

Subject property borders:

North	East Billings Central Works
South	East Billings Central Works
East	East Billings Central Works
West	East Billings Central Works

Trends, Future Outlook of Billings

The Billings area is a major financial, medical, wholesale and retail center. Agricultural products, natural resources, health care, retail, wholesale trade and tourism have contributed to area growth.

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Valuations

Section 3



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Definitions of Value

As Commercial Agents at Coldwell Banker Commercial, we assist Landlords in an Agency Relationship i.e. the Listing of Property. To establish a lease rate we use the three common methods of appraisal listed below. However, one should be aware that there exists an ebb and flow to Real Estate Transactions in which at any given time, depending on need, properties can and do fluctuate in value. The "Gold Standard" which exists is the consummation of a transaction resulting in a executed lease establishing the actual "Market Rate". (see below) Additionally, one must realize that all methodology is based on the principal of substitution in which like properties are evaluated and graded with respect to the subject.

Market Value

The most probable sale price which a property should bring in a competitive and open market under all conditions requisite to a fair market value. Both buyer and seller are to act prudently, knowledgeably and assuming the value is not affected by undue stimulus.

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Sales Comparison Approach

By analyzing the valuation factors for similar property that is offered for sale in the open market, one can produce a duplicate of the subject property and thus estimate the subject value. It must be realized, no two properties are ever exactly alike and adjustments must be made for the items of dissimilarity.

Income Capitalization Approach (Not Considered)

Analysis of a property in terms of its ability to provide sufficient net annual return on investment capital is an important means of validating the market value indicated by the Lease Comparison Approach. The estimate is developed in the income capitalization approach by capitalizing the projected net income at a rate commensurate with the investment risks inherent to the ownership of the property.

Cost Approach (Not Considered)

The Author makes no representations to the accuracy of the information provide below as said estimate only represents the Author's opinion related to prior construction projects. For specific estimated/actual construction costs, reviewer should consult a licensed contractor, architect, and/or engineer.

The Cost Approach was not used for the purposes of this evaluation

Exclusions

Furnishings, equipment, personal property or business operations have been disregarded with only the improved real estate being considered in the value estimate, unless otherwise stated.

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Property Comps



Block 257 Lots 2--23



Block 33 Lots 1-6



221 N 18th St



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Valuations



Income Approach

The method uses a modified version of the Direct Capitalization Approach by estimating potential gross income and deducting estimated vacancy losses and typical expenses such as real estate taxes, property insurance, utilities, etc., from which NOI (net operating income) is deduced. To calculate value a market derived (lending & equity returns, etc.) overall CAP rate is applied to NOI.

The income approach was not used for this evaluation.

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Valuations



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Cost Approach

The cost approach to value represents a summation of the contributory value of land and factored depreciation of improvements. Land costs are directly extracted from the market. Area land sales that have some similar utility are used as comparables. The properties will have different locations and most likely are of distinct size and shape. They may have dissimilar zoning or even be in varying stages of on and off site improvements i.e. water and sewer, etc. They must be able to be used for similar purposes.

The cost approach was not used for this evaluation.

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Weighted Value

Section 4



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Value Change and Alteration of Opinion

The estimated value is subject to change with market movement over time; value is highly related to exposure, time, promotional effort, terms, motivation and conditions surrounding the offering. The estimate considered the productivity and relative attractiveness of the property physically and economically in the marketplace as it contributes to an economic or social need.

Report of Defined Value

With adequate verified data of information available, we can estimate the lease rate with careful consideration of the two approaches selected for this evaluation. Sometimes relative data regarding the subject property does not exist. When this occurs, we use best judgment and apply those approaches with sufficient data to give relativity to our opinion.

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Assumptions

Section 5



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Nondisclosure State

The client should understand that the State of Montana is a nondisclosure jurisdiction. Consequently, lease rates for real estate transactions are not publicly recorded and no centralized database of comparable leases exists. Additionally, no one associated with a particular transaction is obligated to release or verify lease terms. Therefore, it is possible that there are leases for comparable properties of which we have no knowledge or incomplete knowledge.

Modifications

The author reserves the right to alter statements, analysis, conclusion or any value estimate in the opinion if there becomes known to the author facts pertinent to the process which were unknown to the author at the time of report preparation.

Copies, Publication, Distribution, or Other Use of the Opinion

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Property Tax Details



Parcel ID	Owner	Address	Assessed Value	Assessed Land Value	Assessed Building Value	Total Assessed Value	Annual Value Paid Tax Year	City/Town	Property Tax Billing History
2019	Primary Owner: J & S PROPERTIES, INC	2019 Maining Address: J & S PROPERTIES, INC PO BOX 31392 BILLYNGS, MT 59107-1392	1,242,000.00	511,000.00	731,000.00	1,242,000.00	2019	City of Billings	Year: 1st Bldg Total 2000 10,867.48 2001 11,673.22
2019	Primary Owner: J & S PROPERTIES, INC	2019 Maining Address: J & S PROPERTIES, INC PO BOX 31392 BILLYNGS, MT 59107-1392	1,242,000.00	511,000.00	731,000.00	1,242,000.00	2019	City of Billings	Year: 1st Bldg Total 2000 10,867.48 2001 11,673.22
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BACKGROUND

Local market knowledge and honest and exceptional service are the keys to success for George and his clients. As the Managing Partner of Coldwell Banker Commercial CBS he brings together the most well-known commercial real estate company with one of the industry's leading brokers. As a CCIM designee, George offers his clients industry leading analytical expertise.

AREAS OF FOCUS

Retail, Office, Investment Properties & Development

CREDENTIALS

CCIM

MBA—University of Denver

ICSC Member

Rotarian

Billings Library Foundation Treasurer



George A. Warner Broker/Owner

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