

Report Type
Appraisal Report

Effective Date
December 3, 2018

Client

Anoka County Transportation Division
Attn: Lorelei Stone, Right of Way Specialist
1440 Bunker Lake Boulevard Northwest
Anoka, MN 55304

Subject Property

Highway Commercial
8175 Riverdale Drive Northwest
Ramsey, Anoka County, MN 55303
Owner: Aberle Holdings Inc.



File # G1811005

Prepared By:

Ethan Waytas, MAI, Appraiser
William R. Waytas, Appraiser

Nagell Appraisal Incorporated

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NAGELL APPRAISAL INCORPORATED

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Anoka County Transportation Division
Attn: Lorelei Stone, Right of Way Specialist
1440 Bunker Lake Boulevard Northwest
Anoka, MN 55304

December 19, 2018

To Lorelei Stone:

In accordance with your request, an **appraisal report** has been made on the following described property:

Subject Property: Highway Commercial
8175 Riverdale Drive Northwest
Ramsey, MN 55303

Described below is a summary of the appraisal report contained herein.

Property Overview

The subject is a single occupant commercial building located in the City of Ramsey along Highway 10. The building was formerly used for a RV dealership.

The building was constructed in 1997, per county. The gross building area is 7,596 SF, and the site size is 30,452 SF. Overall, the building is rated to be in dated condition and has average appeal.

Currently, the subject is not connected to public sanitary sewer. The subject formerly had an underground septic tank that would be pumped, however, this is no longer legal (per client). In the event of a sale the subject would have to connect to public sewer. Given this, the subject will be appraised as if being connected to public sanitary sewer, and then the cost to connect will be deducted to indicate the as is value.

The Ramsey County Community Development Director, Tim Gladhill, provided a cost range of \$20,000 to \$30,000 to get the sanitary sewer to the property boundary. The estimate did not have a cost to connect the building to the sewer (another underground pipe). This cost is estimated, based on past experience and Marshall & Swift Cost Manual, to be around \$10,000. An investor would also likely consider the cost of potential overruns, as well as management, say, \$10,000. Therefore, the total estimated cost to connect to public sanitary sewer is estimated to be **\$50,000**.

Anoka county completed a new interchange to the east of the subject along Highway 10. As a result, the subject was fully acquired by the county for eminent domain purposes. The county is now considering the option of selling the building; this appraisal is part of the decision-making process.

Report Use

Decision making purposes regarding a potential sale

Intended User(s)

Anoka County Transportation Division

Extraordinary Assumptions

None

Hypothetical Conditions

None

Property Rights Appraised

- *Fee Simple Interest:* The property is currently vacant; the appraised value reflects the fee simple interest.

Property Components Appraised

- *Real Estate:* The appraised value includes the real estate value opinion.
- *Furniture, Fixtures, & Equipment (FF&E):* The appraised value does not include any values of fixtures, furnishings and equipment. The appraised value reflects real estate only.
- *Business Value:* The appraised value does not include business value.

Highest and Best Use Conclusions

- *As Vacant:* Develop with a commercial or industrial use (likely a destination user given the access).
- *As Improved:* Existing commercial related use.

Valuation Methodology

The highest and best use of the subject is for a highway commercial use.

Given the highest and best use, the following approaches are used:

- *Cost Approach:* Not applied due to subjective depreciation amounts.
- *Sales Comparison Approach:* Similar commercial property sales.
- *Income Approach:* Considers market rent and capitalization rates of commercial and industrial properties to indicate value.

| | |
|---|-------------------------------------|
| FINAL VALUE OPINION (as-is, effective December 3, 2018) - Fee Simple | \$665,000, with public sewer |
| FINAL VALUE OPINION (as-is, effective December 3, 2018) - Fee Simple | \$615,000, without sewer |

Exposure Time / Marketing Time

| | |
|------------------------|---|
| Exposure Time: | Final values reflect “market exposure” time of under 1 year <u>before</u> the effective date of the appraisal. Changes in the market, use, lease and/or building subsequent to the effective appraisal date could impact value. |
| Marketing Time: | Marketing times for appropriately priced properties is generally 6 to 18 months +/-. |

Our company has 10 employees, has been in business since 1968 and has sufficient knowledge, education, experience, resources and/or contacts to competently complete this assignment. The accompanying report contains data secured from my personal investigation and from sources considered to be reliable; however, correctness is not guaranteed. To the best of my knowledge and belief, the statements contained in this report are true and correct. Neither my employment to make this appraisal, nor the compensation, is contingent upon the value reported. This report has been prepared in conformity with the code of professional ethics and standards of professional appraisal practice of the Appraisal Institute and appraisal standards set forth by Uniform Standards of Professional Appraisal Practice.

Please contact us if you have further questions.

Sincerely,


 Ethan Waytas, MAI
 Certified General MN 40368613



 William R. Waytas
 Certified General MN 4000813

TABLE OF CONTENTS

| | |
|--|----|
| SUMMARY OF IMPORTANT FACTS & CONCLUSIONS | 7 |
| VALUE TYPE, CONDITION & STABILITY OF PROPERTY | 8 |
| INTENDED USE OF THE APPRAISAL | 8 |
| DATE OF APPRAISAL | 8 |
| SCOPE OF THE APPRAISAL REPORT | 9 |
| PROPERTY RIGHTS APPRAISED | 10 |
| PROPERTY COMPONENTS APPRAISED..... | 10 |
| IDENTIFICATION..... | 11 |
| REAL ESTATE TAXES | 11 |
| SUBJECT SALES & BUILDING HISTORY | 12 |
| REGIONAL DATA | 13 |
| REGIONAL MAP..... | 18 |
| CITY & NEIGHBORHOOD DESCRIPTION..... | 19 |
| NEIGHBORHOOD MAP | 21 |
| SURROUNDING USES..... | 22 |
| MARKET CONDITIONS OVERVIEW | 23 |
| SITE DESCRIPTION..... | 25 |
| ZONING..... | 26 |
| ZONING MAP | 28 |
| FLOOD MAP..... | 29 |
| SITE SURVEY | 30 |
| AERIAL PLAT MAP..... | 31 |
| DESCRIPTION OF IMPROVEMENTS..... | 32 |
| BUILDING SKETCH..... | 34 |
| SUBJECT PHOTOGRAPHS..... | 35 |
| HIGHEST AND BEST USE | 39 |
| COST APPROACH | 42 |
| SALES COMPARISON APPROACH..... | 42 |
| INCOME APPROACH..... | 55 |
| RECONCILIATION..... | 73 |
| EXPOSURE TIME / MARKETING TIME | 73 |
| DEFINITIONS | 74 |
| ENVIRONMENTAL & STRUCTURAL ISSUES | 75 |
| EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS..... | 75 |
| ASSUMPTIONS AND LIMITING CONDITIONS..... | 76 |
| CERTIFICATION..... | 78 |
| QUALIFICATIONS | 79 |
| ADDENDA TO APPRAISAL REPORT | 82 |

SUMMARY OF IMPORTANT FACTS & CONCLUSIONS



| | | |
|-----------------------------------|--|----------------------|
| General Description: | Single user commercial building | |
| Appraisal Report: | Appraisal Report | |
| Current Use: | Vacant (former RV dealership and repair) | |
| Extraordinary Assumptions: | None | |
| Hypothetical Assumptions: | None | |
| Site Size: | 30,452 SF (0.70 acres), per county site survey | |
| Year Built: | 1997, per public records | |
| GBA: | 7,596 SF, per public records and cursory measure | |
| NRA: | 100% (single user building) | |
| Zoning: | B-2, Business District | |
| Highest and Best Use: | Existing commercial use | |
| Property Rights Appraised: | Fee Simple | |
| Business Value / FF&E: | No business value or FF&E included | |
| Value Type: | With Public Sewer | Without Sewer |
| Cost Approach: | Not Applicable | |
| Sales Comparison Approach: | \$685,000 | \$635,000 |
| Income Approach: | \$620,000 | \$570,000 |
| Final Value Opinion: | \$665,000 | \$615,000 |

VALUE TYPE, CONDITION & STABILITY OF PROPERTY

| | |
|----------------------------|---|
| Type of Value: | This report provides an opinion of Market Value . |
| Condition of Value: | This report provides an opinion of the as-is value. |
| Occupancy: | The subject is currently vacant but would likely be owner occupied upon purchase. |

INTENDED USE OF THE APPRAISAL

| | |
|--------------------------|--|
| Intended Use: | <p>The client intends to use the appraisal for <u>decision making purposes regarding a potential sale</u>.</p> <p>No party, other than the named client and listed intended users, may use or rely upon any part of this report without the prior written authorization of both the named client and the appraiser. This report is not valid unless it contains the original signatures in blue ink. Any unauthorized third party relying upon any portion of this report does so at its own risk.</p> |
| Intended User(s): | Anoka County Transportation Division |

DATE OF APPRAISAL

| | |
|-------------------------|-------------------------|
| Effective Date: | December 3, 2018 |
| Inspection Date: | December 3, 2018 |
| Date of Report: | December 19, 2018 |

SCOPE OF THE APPRAISAL REPORT

USPAP defines Scope of Work as: The type and extent of research and analyses in an assignment.

For each appraisal, appraisal review and appraisal consulting assignment, an appraiser must:

- 1) *Identify the problem to be solved,*
- 2) *Determine and perform the scope of work necessary to develop credible assignment results; and*
- 3) *Disclose the scope of work in the report.*

1) Provide a reasonably supported value opinion as it relates to the intended use & scope.

2) Per assignment request (see addenda for engagement letter), the following degree of research and analysis has been made. The narrative format used is an **Appraisal Report**, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2a of USPAP. See individual approaches for further detail.

The scope of work for this appraisal includes:

- **a) *Property Identification:*** Public record, plat maps, zoning maps and aerial photographs were used to identify the subject property.
- **b) *Property Inspection:*** A viewing of the subject property (interior and exterior) and neighborhood by the appraiser. *Physical factors:* Based on property viewing and conversations with the client, city and county officials. Lot size is based on county information. *Economic Factors:* Consisted of gathering of information from market experts, city and/or county offices, and internet about the region, community, neighborhood, zoning, utilities, and any pending projects in the area that may affect the subject property.
- 3) • **c) *Extent of Data Researched:*** Sales data of competing properties within the subject market area were given primary consideration. The most relevant data is used in this report. Sources include, appraiser data files, assessor, internet, developers, agents, MLS, periodicals, in-office library, etc. In addition, during the course of appraisal practice and of this appraisal process, the appraiser has had ongoing discussions with market participants (buyers, sellers, property managers, real estate agents/brokers, appraisers, etc.) and/or viewed market data in relation to how the current real estate market may impact the subject value. The appraiser has not researched the title or ownership records.
- **d) *Type and Extent of Analysis Applied at Opinions or Conclusions:*** An extensive review of market data was performed. The most recent, similar and proximate data has been used. The data used will be adjusted on a grid. Reasonable and appropriate collection, verification, analysis and viewing has been performed in the valuation approaches, given the purpose and intended use of the report. A final value opinion will be discussed and correlated.

The data used was obtained from sources considered credible, yet its accuracy is not guaranteed. If found otherwise, value could differ.

PROPERTY RIGHTS APPRAISED

Real property ownership consists of a group of distinct rights. There are two primary property rights, Fee Simple and Leased Fee (as defined by The Appraisal of Real Estate, 13th Edition, Appraisal Institute).

Fee Simple Interest: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Note: This would typically reflect an owner-occupied property. When the property rights appraised are the unencumbered fee simple interest of the real estate, the appraised value is subject to normal easements for drainage, public streets and utilities, if any. The effect of any existing mortgage or delinquent taxes on the subject property has not been considered in this appraisal.

Leased Fee Interest: The ownership interest held by a lessor (landlord), which includes the right to the contract rent specified in the lease plus reversionary right when the lease expires. The lessor's interest in a property is considered a leased fee interest regardless of the duration of the lease, specified rent, the parties to the lease, or any of the terms in the lease contract.

A leased property, even one with rent that is consistent with market rent, is appraised as a leased fee interest, not as a fee simple interest. Even if the rent of the lease terms are not consistent with market terms, the lease fee interest must be given special consideration and is appraised as a leased fee interest. (The Appraisal of Real Estate, 13th Edition, Page 114)

The subject is currently vacant, but would likely be owner occupied upon purchase. Given this, the appraised value will reflect the **Fee Simple** interest.

PROPERTY COMPONENTS APPRAISED

Real Estate: The appraised value includes the real estate value opinion. The methods utilized for the real estate valuation include:

- Sales Comparison Approach
- Income Approach

FF&E: *Furniture, Fixtures, & Equipment (FF&E):* The appraised value does not include any values of fixtures, furnishings and equipment. The appraised value reflects real estate only.

Business Value: There is no business value included in the appraised value.

IDENTIFICATION

| | |
|------------------------|---|
| Address: | 8175 Riverdale Drive Northwest Ramsey, MN 55303 |
| County PID: | 29-32-25-14-0016 |
| Legal: | LOT 4 BLOCK 1 ALPACA ESTATES 4 TH ADDITION |
| Fee Owner: | Aberle Holdings, Inc. |
| Census Tract #: | 0502.28 |

REAL ESTATE TAXES

| Taxes, per County Records | | | | | | | | | | |
|--|---------------------------|------------------|-------------------------------------|--|---|-------------|---|-------------|-------------------------|-------------|
| | Payable 2018 | Payable 2019 | | | | | | | | |
| Tax | Tax exempt | n/a | | | | | | | | |
| Tax ratio | 2.74% | n/a | | | | | | | | |
| Special Assessments / Solid Waste Fee / Other | \$172.86 | \$0 | | | | | | | | |
| Total Tax & Assessments: | \$172.86 | n/a | | | | | | | | |
| Delinquent taxes: | No delinquent taxes noted | | | | | | | | | |
| COUNTY ASSESSOR'S VALUE | | | | | | | | | | |
| | Payable 2018 | Payable 2019 | | | | | | | | |
| Land | \$186,300 | \$206,100 | | | | | | | | |
| Building | \$270,500 | \$277,800 | | | | | | | | |
| TOTAL | \$456,800 | \$483,900 | | | | | | | | |
| \$/SF of GBA | \$60.14 per SF | \$63.70 per SF | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Typical Tax Ratios by Property Type</th> </tr> </thead> <tbody> <tr> <td>Commercial (retail, office, industrial, hotel, other, etc.)</td> <td style="text-align: center;">1.5% – 4.0%</td> </tr> <tr> <td>Residential (multi-family, apartment, etc.)</td> <td style="text-align: center;">0.9% – 1.5%</td> </tr> <tr> <td>Single-family dwellings</td> <td style="text-align: center;">0.8% – 1.5%</td> </tr> </tbody> </table> | | | Typical Tax Ratios by Property Type | | Commercial (retail, office, industrial, hotel, other, etc.) | 1.5% – 4.0% | Residential (multi-family, apartment, etc.) | 0.9% – 1.5% | Single-family dwellings | 0.8% – 1.5% |
| Typical Tax Ratios by Property Type | | | | | | | | | | |
| Commercial (retail, office, industrial, hotel, other, etc.) | 1.5% – 4.0% | | | | | | | | | |
| Residential (multi-family, apartment, etc.) | 0.9% – 1.5% | | | | | | | | | |
| Single-family dwellings | 0.8% – 1.5% | | | | | | | | | |

The appraised value given in this report assumes any/all special assessments, and/or liens are paid in full and that there are no delinquent taxes, fees, payments, association dues, etc. Should it be found that any of these exist the amount should be deducted from the appraised value. Appraiser did not research these items; typically, a title search would reveal any of these.

Note: The current owner is listed as a private individual, however, the county reportedly owns the subject. As such, the subject is tax exempt. The Income Approach will consider market appropriate taxes.

SUBJECT SALES & BUILDING HISTORY

| | | |
|----------------------------|---|---------------|
| Listing History: | The subject is not currently listed. | |
| Sales History: | Sale Price: | n/a |
| | Sale Date: | n/a |
| | Buyer: | n/a |
| | Seller: | n/a |
| | Terms: | n/a |
| | Source: | Owner, county |
| | Comments: The subject was acquired by the county via eminent domain proceedings. The final acquisition price is not available. There are no other known or reported sales of the subject property within the past 5 years. | |
| Pending Sale: | None noted, however, the current owner is looking to sell the subject. | |
| Building History: | The building was originally constructed in 1997 per county records. | |
| Lease History: | The subject is currently vacant. | |
| Leasehold Interest: | None apparent. | |
| Association Dues: | None, the subject is not part of a common interest community. | |

REGIONAL DATA

Metro Area

Minneapolis-Saint Paul is the most populous urban area in Minnesota, and is composed of 186 cities and townships. Built around the Mississippi, Minnesota and St. Croix rivers, the area is also nicknamed The Twin Cities for its two largest cities, Minneapolis and Saint Paul. Saint Paul is the second largest city in Minnesota, as well as the state capital.

The area is part of a larger U.S. Census division named Minneapolis-St. Paul-Bloomington, MN-WI, the country's 16th-largest metropolitan area, composed of eleven counties in Minnesota and two counties in Wisconsin. This larger area, in turn, is enveloped in the U.S. Census combined statistical area called Minneapolis-St. Paul-St. Cloud, MN-WI with an estimated population of 3.4 million people in 2010.

In both of the fully developed central cities—Minneapolis and St. Paul—the population has declined due to smaller household sizes, yet growth in other areas of their counties has been more than offsetting. Below is detailed where this growth has occurred:

| POPULATION | | | | | | | |
|--------------|------------------|------------------|------------------|--------------------|--------------|--------------------|--------------|
| County | Census 2000 | Census 2010 | Forecast 2016 | Growth 2000 - 2010 | | Growth 2010 - 2016 | |
| | | | | total | annual | total | annual |
| Hennepin | 1,116,200 | 1,152,425 | 1,232,483 | 3.25% | 0.32% | 6.95% | 1.16% |
| Ramsey | 511,035 | 508,640 | 540,649 | -0.47% | -0.05% | 6.29% | 1.05% |
| Dakota | 355,904 | 398,552 | 417,486 | 11.98% | 1.20% | 4.75% | 0.79% |
| Anoka | 298,084 | 330,844 | 345,957 | 10.99% | 1.10% | 4.57% | 0.76% |
| Washington | 201,130 | 238,136 | 253,117 | 18.4% | 1.84% | 6.29% | 1.05% |
| Scott | 89,498 | 129,928 | 143,680 | 45.17% | 4.52% | 10.58% | 1.76% |
| Wright | 89,986 | 124,700 | 132,550 | 38.58% | 3.86% | 6.30% | 1.05% |
| Carver | 70,205 | 91,042 | 100,262 | 29.68% | 2.97% | 10.13% | 1.69% |
| Sherburne | 64,417 | 88,499 | 93,528 | 37.38% | 3.74% | 5.68% | 0.95% |
| Chisago | 41,101 | 53,887 | 54,748 | 31.11% | 3.11% | 1.60% | 0.27% |
| Total | 2,837,560 | 3,116,653 | 3,314,460 | 9.84% | 0.98% | 6.35% | 1.06% |

Source: US Census Bureau

Overall, the area has experienced moderate to good income growth. Annualized income growth of 2.5% to 3.5% is consistent with national averages.

| MEDIAN HOUSEHOLD INCOME | | | | |
|-------------------------|---------------|---------------|--------------------|--------------|
| County | Census 2010 | Estimate 2016 | Growth 2010 - 2016 | |
| | | | total | annual |
| Hennepin | 59,236 | 67,989 | 14.78% | 2.46% |
| Ramsey | 50,136 | 57,717 | 15.12% | 2.52% |
| Dakota | 69,508 | 77,321 | 11.24% | 1.87% |
| Anoka | 65,771 | 73,579 | 11.87% | 1.98% |
| Washington | 77,239 | 86,689 | 12.23% | 2.04% |
| Scott | 77,314 | 90,198 | 16.66% | 2.78% |
| Wright | 66,833 | 75,705 | 13.27% | 2.21% |
| Carver | 80,173 | 88,638 | 10.56% | 1.76% |
| Sherburne | 69,971 | 78,081 | 11.59% | 1.93% |
| Chisago | 63,810 | 72,908 | 14.26% | 2.38% |

Source: US Census Bureau

Regional Data – continued

Economic Trends

The current residential interest rates for a typical 30-year mortgage are around 4.5% to 5.5%. Commercial rates are around 4.5% to 6.0%. Rates are expected to be relatively stable for the foreseeable future.

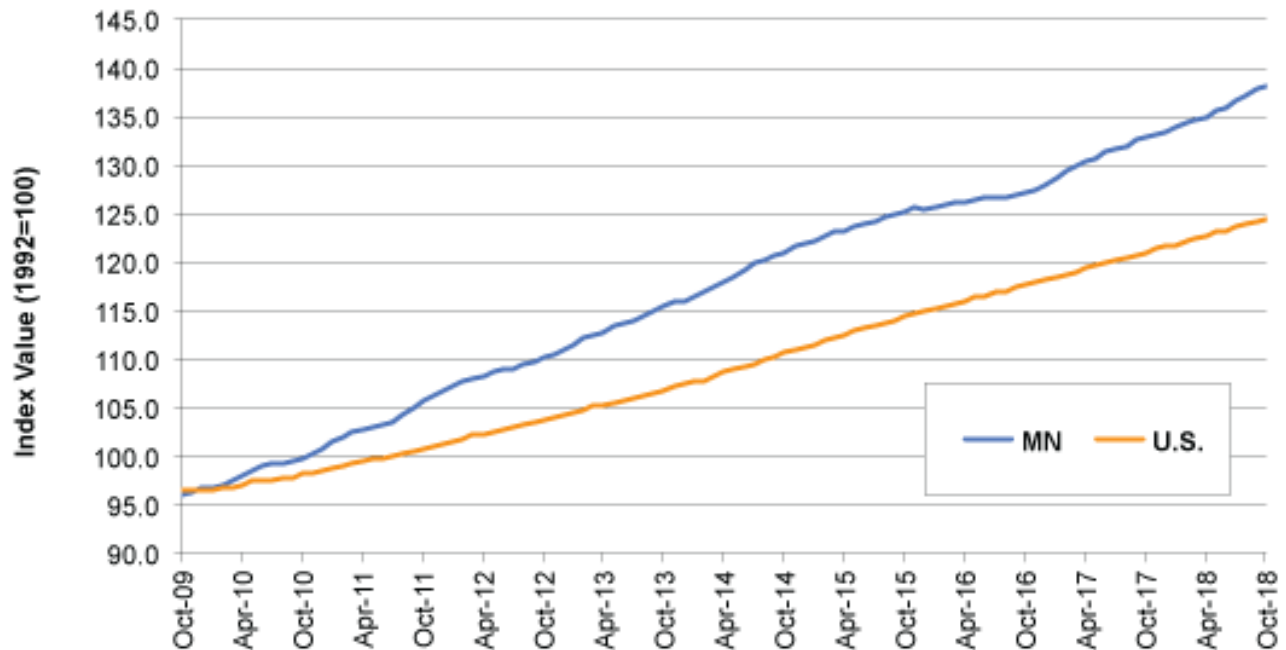
The state of the macro economy (national, state, etc.) declined from its peak in 2006, but in 2010 began showing signs of recovery. Many economists are terming 2007 through 2009 as **“The Great Recession”**.

New construction labor costs have steadily increased, along with material costs as well. Overall, construction costs are less competitive to what they were 5 to 6 years ago. Generally, when vacancy is over 10%, new commercial/industrial construction is slow.

Listing prices have been increasing and are starting to approach the peak of the market in 2006, which was a period of high seller expectations. Recently, buyer and seller expectations and value appear to be trending towards equilibrium.

Although well diversified, the TCMA and surrounding Minnesota economy is not immune to the recent soft/declining trends of the overall economy.

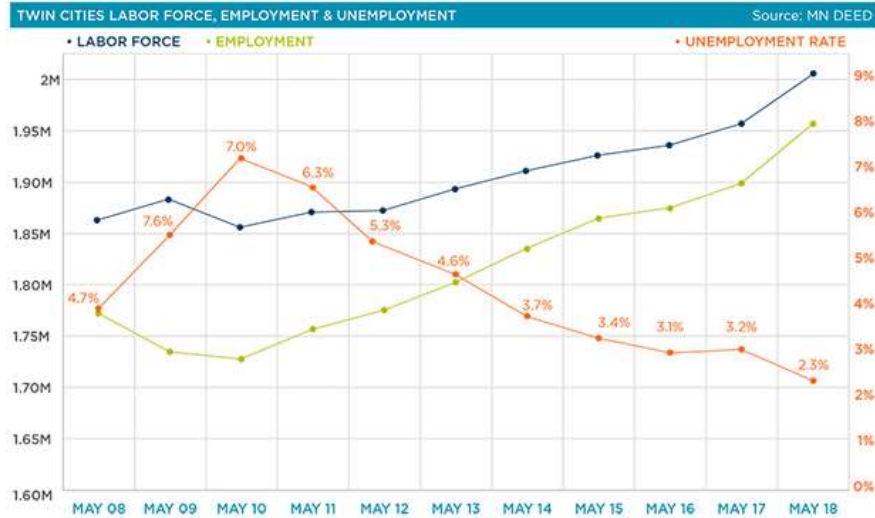
Minnesota Index and U.S. Index



Source: Minnesota DEED

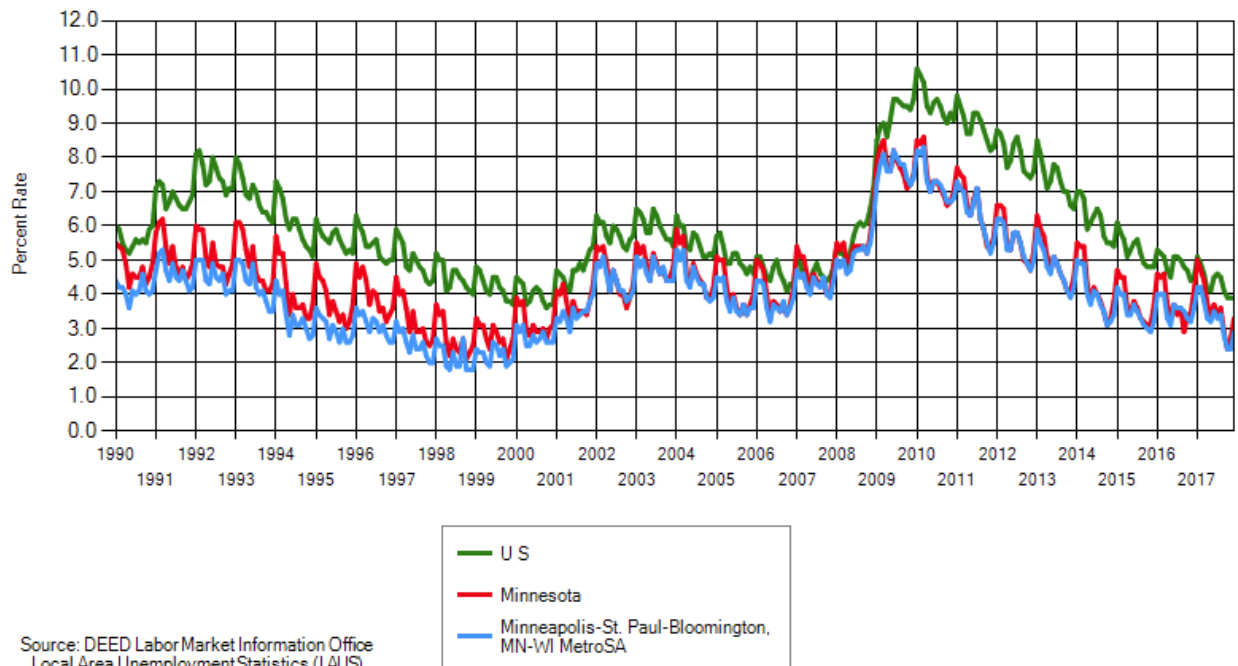
Minnesota's index plunged along with the national index during the worst months of the recession but bottomed out earlier and dropped less than the national index. Minnesota's economy recovered more quickly and stronger compared to the national recovery.

EMPLOYMENT & LABOR



Over the past ten years, unemployment rates have gone from near historical lows in 1999 to at/near historical highs by year end 2009. Currently, unemployment is below pre-recession values.

Unemployment Rates



Regional Data – continued

COMMERCIAL REAL ESTATE - Vacancy Rates for Major Building Types



Apartment vacancy declined significantly from 2009 to 2014 and remained relatively stable in 2015 and beyond. New construction is taking place in good quality and built-up markets. Despite the increased number of units, vacancy has remained at/near historic lows and rental rates are increasing.

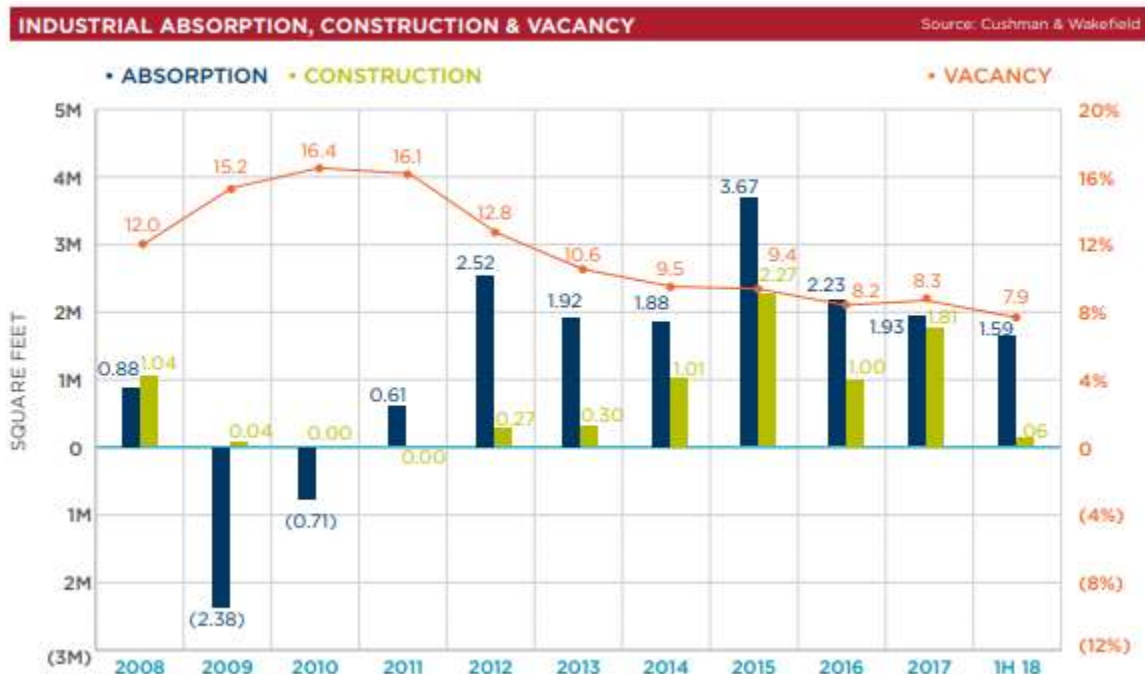


The retail market has recovered and is now showing signs of growth. Vacancy has trended upward from 2016, but has remained steady in 2017 and 2018.

Regional Data – continued



Office vacancy is still the highest of the four major building sectors. New construction is typically limited when vacancy is over 10%. That said, there has been some new construction of office in strong areas, such as the North Loop. Vacancy trended downward from 2010 to 2016, but new construction in 2016 has increased the vacancy rate in 2017 and 2018.



Vacancy has been trending downward over the past four years. Buildings with high clear height tend to have stronger demand in the current market.

CITY & NEIGHBORHOOD DESCRIPTION

| | | |
|---|---|------------|
| Type of neighborhood: | Outlying Suburban Northwestern Community | |
| Percent built-up: | 50% developed (within city limits) | |
| Stage of Development: | Stable with growth | |
| Neighborhood boundaries: | City Limits | |
| Redevelopment | Some new development and updating are occurring | |
| Major Transportation: | Highway 10 & Highway 169 | |
| Predominant type & conformity: | <i>Single Family Residential</i> | 35% |
| | <i>Two- & Multi-Family</i> | 5% |
| | <i>Commercial/Industrial</i> | 10% |
| | <i>Other/Vacant/Public Land</i> | <u>50%</u> |
| | <i>Total:</i> | 100% |
| | Average conformity. | |
| Reputation of the area: | Average | |
| Typical property age: | New to 75+ years, predominant under 40 years | |
| Single-Family Home Sales: | \$175,000 to \$400,000+ | |
| Apartment Sales: | \$35,000 to \$80,000+ per unit | |
| Office Property Sales: | \$50 to \$125+ per SF | |
| Retail Property Sales: | \$75 to \$200+ per SF | |
| Industrial Property Sales: | \$40 to \$80+ per SF | |
| Capitalization Rates: | 7-10% Historic | |
| Subject Market: | Stable, some growth | |
| Neighborhood Trend: | Stable, some growth | |
| Detrimental influences: | No major apparent | |

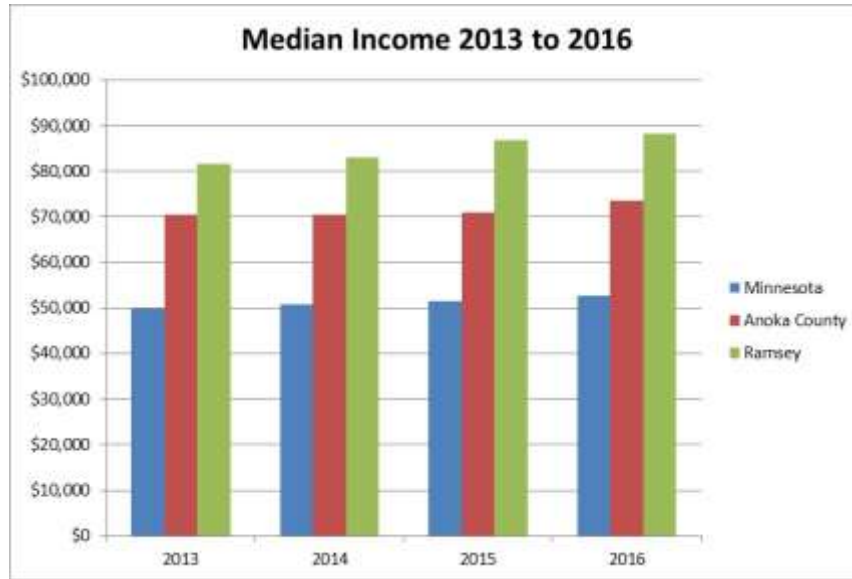
Area / City: The City of Ramsey is located approximately 29 miles northwest of Downtown Minneapolis. The city was named for Alexander Ramsey, the first Territorial Governor of Minnesota. Access to the TCMA and surrounding communities is convenient via Highways 10 and 169. Commercial properties primarily front along Highway 10, but are scattered throughout the rest of the city near busy intersections. Ramsey has a reputation as a stable community, with shopping and major commerce nearby. Access to Downtown Minneapolis/St. Paul and surrounding communities is average. There are no apparent adverse influences.

Neighborhood: The subject is located along the Highway 10 corridor in an area of highway commercial, vacant land, and residential uses.

City & Neighborhood Description – continued

Subject City:

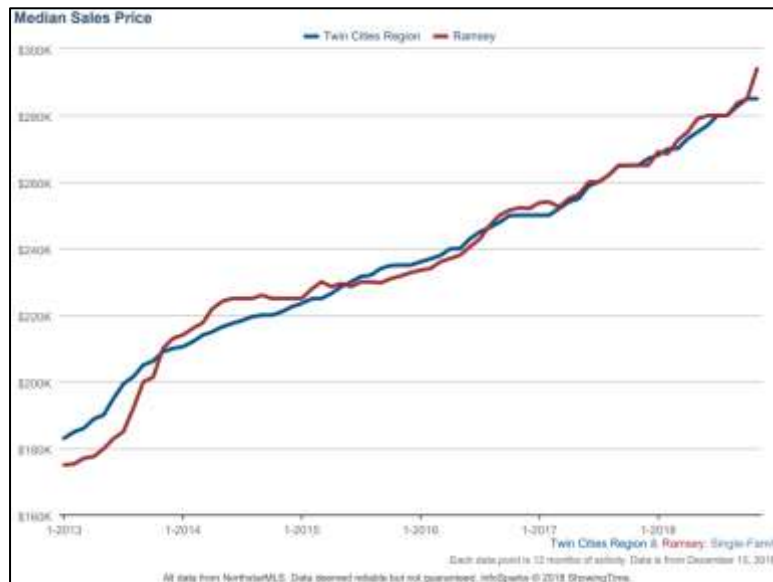
As of the 2010 census the population was 23,668, in 2000 it was 18,510. This represents an increase of about 27.2% from 2000 to 2010. The 2016 population estimate for the city is 26,206, an increase of 10.7%.



The median income for the city is below county but above state levels (per Census Bureau). Income has decreased over the time frame.

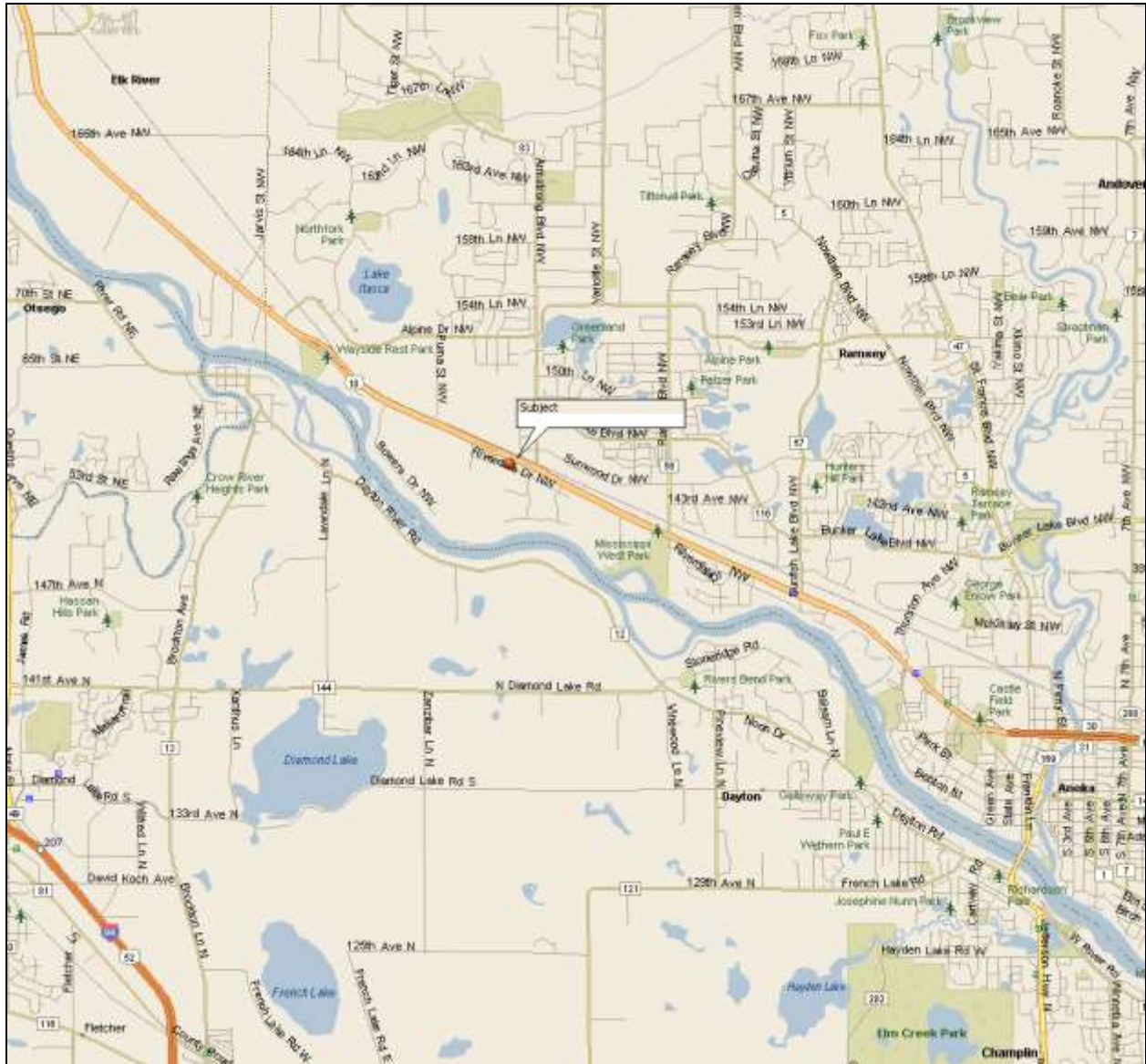
Median Home Prices: City of Ramsey

Source: Northstar MLS



The median sale price for a single-family home in Ramsey has steadily increased over the years.

NEIGHBORHOOD MAP





SURROUNDING USES



The subject is located in an area of residential, agricultural, and highway commercial uses.

MARKET CONDITIONS OVERVIEW

Market Conditions Overview is based on conversations with market participants, articles, publications and data. Listed below are pertinent conditions of the subject market.

| Current Market | | | | | | |
|---|---|----------|-----|-----------|--------------------|-----------------|
| | Location | GBA (SF) | Age | List Date | Current List Price | \$/SF |
|  | 6750 Highway 10 NW Ramsey | 2,400 | n/a | Nov-17 | \$595,000 | \$247.92 |
| Comments: Former boat dealership available for sale. | | | | | | |
|  | 31310 125 th Street Princeton | 3,888 | n/a | May-17 | \$529,000 | \$136.06 |
| Comments: Auto dealership available; there is also an asking rent rate of \$16.67 per SF modified gross. | | | | | | |

| | | | | | | | | |
|-----------------------------------|--|--|------------|--------------------------|----------------|--------------------------|--------------|---------------------------|
| Commercial Land sales: | \$4.00 to \$10.00+ per SF, depending on location, frontage, and visibility | | | | | | | |
| Commercial Building Sales: | \$50 to \$125 + per SF depending on condition and age | | | | | | | |
| Typical Unit Rents: | Ranges from \$7 to \$12+ per net, depending on space quality and buildouts Outdoor storage rents range from \$0.10 to \$1.00+ per SF of lot area | | | | | | | |
| Typical concessions: | 0 to 6 months for the buildout period is typical | | | | | | | |
| Expenses: | <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 20%;">Tax</td> <td>\$2.00 to \$4.00+ per SF</td> </tr> <tr> <td>Op. Ex.</td> <td>\$3.00 to \$8.00+ per SF</td> </tr> <tr> <td>Total</td> <td>\$5.00 to \$12.00+ per SF</td> </tr> </tbody> </table> | | Tax | \$2.00 to \$4.00+ per SF | Op. Ex. | \$3.00 to \$8.00+ per SF | Total | \$5.00 to \$12.00+ per SF |
| Tax | \$2.00 to \$4.00+ per SF | | | | | | | |
| Op. Ex. | \$3.00 to \$8.00+ per SF | | | | | | | |
| Total | \$5.00 to \$12.00+ per SF | | | | | | | |
| Vacancy: | Historic: 8% - 20%, currently around 10% | | | | | | | |
| Lease up period: | Typically 6 to 12 months +/- to find a new tenant | | | | | | | |
| Capitalization Rates: | Tier 1 | 6.5% - 8.0%, good credit tenants, recent construction, good location | | | | | | |
| | Tier 2 | 8.0% - 9.5%, average credit tenants, older building, average location | | | | | | |
| | Tier 3 | 9.5% - 10.5%+, below average credit tenants, older building, fair location | | | | | | |

Market Conditions Overview – continued

| | |
|--|---|
| <p>Market Supply</p> | <p>Search Parameters: <i>Source:</i> CoStar <i>Property Type:</i> Commercial/Industrial <i>Location:</i> Ramsey</p> <p>Search Results: Currently, there are 8 offerings/available properties</p> |
| <p>Market Absorption</p> | <p>Search Parameters: <i>Source:</i> CoStar <i>Property Type:</i> Commercial <i>Location:</i> Ramsey</p> <p>Search Results: 4 sales within the past year</p> |
| <p>Supply & Demand:</p> | <p>Considering the above market data/statistics, and based on market observations, the <i>subject market appears to be relatively in balance (there are about 24 months of inventory available).</i></p> |
| <p>Subject Market:</p> | <p>Likely an owner occupant for a continued highway commercial use</p> |
| <p>Marketing Time:</p> | <p>Market exposure times can vary based on seller motivations; Typically 6-24 months.</p> |
| <p>Market participant comments/ observations:</p> | |
| <p>General Comments</p> | <p>The local market is showing improved absorption for commercial/industrial properties. Sale prices have been stable, but will likely trend upward once the inventory of distressed properties has moved through the market. This upward trend appears to be occurring now (Rich Lee, Premier Commercial Properties, Inc.)</p> |
| <p>Overall Market Condition:</p> | <p>Stable</p> |

SITE DESCRIPTION

| | | |
|---|---|-------------------|
| Dimensions: | Triangular | |
| Gross Site Size: | 30,452 SF (0.70 acres), per county | |
| Non-Useable Area: | None noted | |
| Net Useable Area: | 30,452 SF | |
| Topography / Shape / Low: | Mostly level / Somewhat rectangular / None noted | |
| Soil conditions / Drainage: | Assume Stable / Appears Average | |
| Utilities: | | |
| Electricity/Gas | Yes / Yes | |
| Water/Sanitary Sewer | City water / None | |
| Off-Site Improvements: | | |
| Street/Curb/Gutter: | Bituminous / Concrete / Concrete | |
| Sidewalk/Alley: | Asphalt / None | |
| Visual Road Condition: | Average to Good | |
| Street Lights / Storm Sewer: | Typical / Storm sewer | |
| Frontage/Access to site (#): | Riverdale Drive Northwest (1), Highway 10 exit ramp (no access) | |
| Visibility/Exposure: | Average to Good / Average to Good | |
| Flood hazard zone: | None apparent, see following flood map | |
| Bus Line: | None | |
| Apparent Easements: | Typical drainage and utility apparent | |
| Encroachments/Conditions: | None noted | |
| Surplus/Excess Land: | None | |
| Land to Building Ratio: | 4.0 to 1 | |
| Use / Functional Adequacy: | Commercial RV Sales / Average | |
| Surrounding Uses: | N – Highway 10 | S – Agricultural |
| | E – Road infrastructure | W – RV dealership |
| Distance to Major Road: | Effectively direct access to Highway 10 | |
| Comments: The subject is located along the Highway 10 corridor in an area of residential, commercial, and agricultural uses. The site has average to good visibility from Highway 10. The site is triangular and has average development appeal. The overall site has similar utility and functionality as other similar sized commercial lots in the market and is rated to be average. | | |

ZONING

The subject is zoned **B-2, Highway Business District**. Source: *City Zoning Code*.

| | |
|----------------------------|--|
| Subject Zoning: | B-2, Highway Business District |
| Intent (city code): | The purpose of the B-2 Highway Business District is to provide for and limit the establishment of motor vehicle oriented or dependent and convenience type, high intensity commercial and service activities characteristically located along major traffic carriers. |
| Permitted Uses: | <p>Restaurants, cafes, on and off-sale liquor; private clubs or lodges serving food and beverages; commercial recreation uses; governmental and public utility buildings and structures; motels, motor hotels and hotels provided that the lot area contains not less than 500 SF of lot area per unit; animal clinics; adult uses; enclosed retail sales and rental activity; offices, banks, personal and professional services; drive-in and convenience, fast food establishments; commercial carwashes (drive through and mechanical); gas station, truck stop, and motor vehicle repair; convenience grocery and/or food operations with convenience gas (no vehicle service or repair); day care services;</p> <p>The existing subject use appears to be allowed as a conditional use (below).</p> |
| Conditional Uses: | <p>Outdoor commercial recreation; motor vehicle, implement, and creation equipment sales and service; oversizing of signs; expansion or enlargement of lawful nonconforming uses; cell towers; micro-scale WECS; medium scale WECS;</p> <p>The existing subject use appears to be allowed as a conditional use.</p> <p>Outdoor storage is allowed as an access use, not to exceed 30% of the property. The storage must be side or rear yard and have some sort of hard surface.</p> |

Zoning – Continued

| | |
|---|--|
| <p>Major Restriction/ requirements in this district:</p> | <p>Minimum lot area: ½ acre; Minimum lot width: 100'; Minimum lot depth: 150'; Maximum building height: 35'; Front yard setback: 35'; Side yard setback: 10'; Rear yard setback: 35'; Maximum structure area: 35% of lot area; Impervious Surface: n/a</p> |
| <p>Parking:</p> | <p><u>Retail:</u> 1 space per 200 SF of GBA (showroom) <u>Motor vehicle, implement, and recreation equipment service and repair facilities:</u> 3 spaces for each enclosed bay and one space for each full-time employee</p> |
| <p>Use:</p> | <p>The subject use appears to be allowed as a conditional use. It is assumed the subject is a legal and conforming use; if found otherwise the appraised value could differ. No known issues of the property that are out of conformance. If the current use is not allowed, appraised value could differ.</p> |
| <p>Source:</p> | <p><i>City zoning map, city code</i></p> |

Note: Prior to a previous eminent domain action, the subject had an underground septic tank that was pumped. This is, per client, not legal and the subject must connect to public sewer. The existing site does not appear to be able to support a traditional septic system (drainage field or mound system).

ZONING MAP



The subject is zoned B-2, Business District, Highway Commercial District



FLOOD MAP



The subject does not appear to be located in a flood plain.

AERIAL PLAT MAP



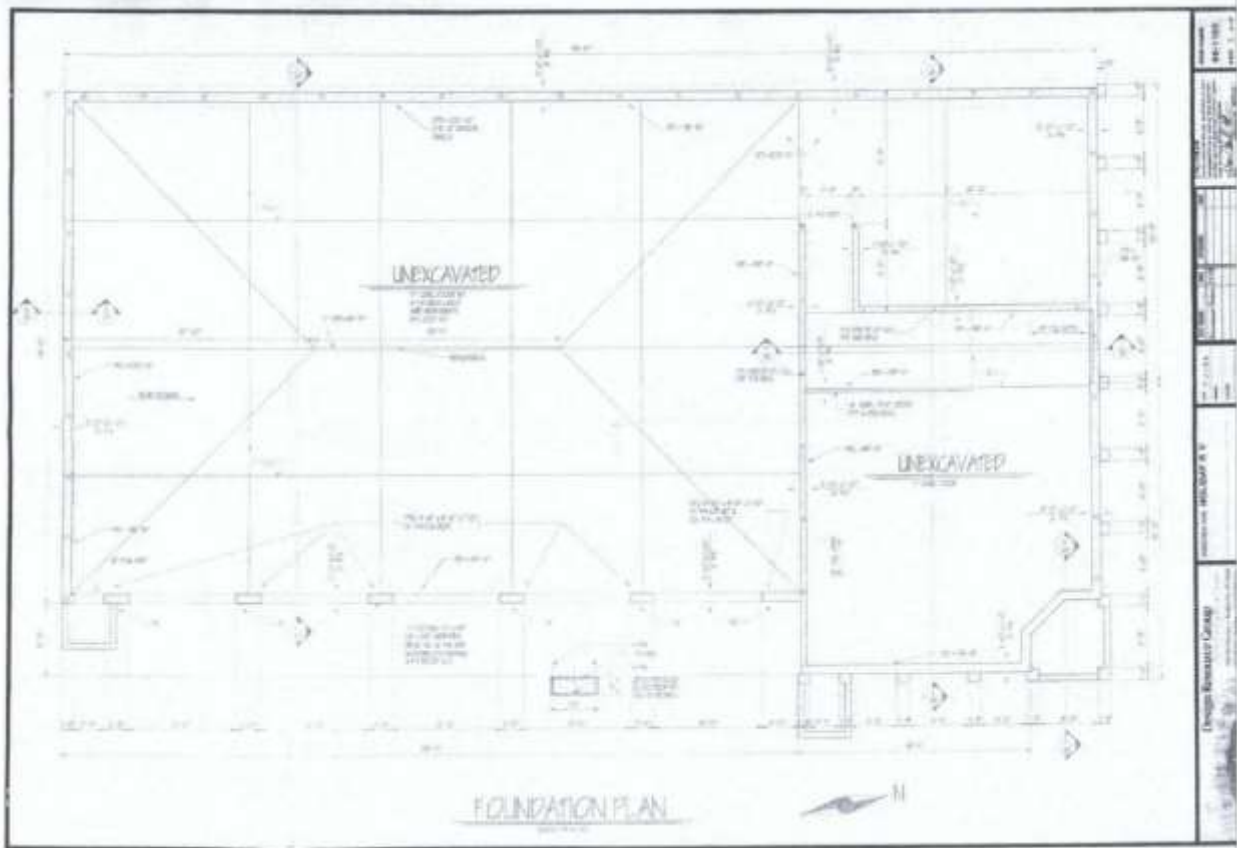
DESCRIPTION OF IMPROVEMENTS

| Building Data | |
|---------------------------------------|--|
| Type of building | Single occupant highway commercial building |
| Number of buildings | One |
| Number of stories | One |
| Gross building area | 7,596 SF, per county |
| Net rentable area | 7,596 SF (100% efficiency ratio) |
| Number of Occupants | One |
| Year built | 1997 per county records |
| Quality Class/Condition | Average / Dated |
| Type of construction | |
| Structure | Concrete block |
| Roof Surface | Mixture of asphalt shingle and metal |
| Exterior Walls | Appears to be stucco or EFIS, cut concrete block |
| Doors/Windows | Metal and glass / Fixed-pane, double hung |
| Basement/Mezzanine/other | Second level finished area of 882 SF included in GBA due to office finish |
| Mechanical/Plumbing/Insulation | |
| HVAC | Gas forced air and central cooling in office, remainder of the subject has overhead radiant heat |
| Electrical / Plumbing | Assumed adequate, 200-amp, 3-phase / Adequate |
| Hot-water heater / Sprinkler | Adequate / None |
| Elevator / Insulation | None / Assumed adequate |
| Energy Management System | Typical |
| Security System | Standard |
| Computer Network System | Assumed adequate |
| Wired for Phone System | Yes |

Description of Improvements – continued

| Interior Space | Office (46%) | Warehouse (54%) |
|--|---|-------------------------------|
| Size | 3,498 SF | 4,098 SF |
| Ceiling | Drop down | Metal |
| Clearance | 8' to 16' (open clear story), average | 17' clear height |
| Walls | Finished drywall | Concrete, finished drywall |
| Floors | Carpet, tile | Concrete (thickness unknown) |
| Lighting | Fluorescent | Fluorescent, natural daylight |
| Doors | Average, wood | 4 overhead doors (14' each) |
| Restrooms | 2 Bathrooms | None |
| Layout | Typical office layout | Typical warehouse space |
| Site Improvements | | |
| Parking / Landscaping | Unmarked parking stalls / Average landscaping | |
| Depreciation | | |
| Effective age | 11 years | |
| Est. Remaining Econ. Life | 39 years, assuming proper maintenance and repairs | |
| Physical | Normal wear and tear due to aging | |
| Deferred Maintenance | None observed | |
| Functional | The subject is functional for a variety of uses | |
| External | Cost and value not presently equal | |
| <p>Comments: The subject is former RV dealership and service building with highway frontage. The building is in dated condition and has average appeal when compared to other commercial or industrial buildings in the market.</p> | | |
| Recent Updates: | None noted, appears to be general maintenance | |
| Property Strengths: | Concrete block, high overhead doors | |
| Property Weaknesses: | Dated condition, somewhat higher percentage of office (for an industrial use) | |

BUILDING SKETCH



Building foundation plan

SUBJECT PHOTOGRAPHS



Looking west on Riverdale Drive Northwest



Looking east on Riverdale Drive Northwest



Highway 10 exit ramp



Looking south on Interstate 94

Subject Photographs – Continued



Front / Side view



Rear / Side view



Rear / Side view



Entry

Subject Photographs – Continued



Open area



Reception



Bathroom



Second level

Subject Photographs – Continued



Office



Furnace



Warehouse / shop



Warehouse / shop

HIGHEST AND BEST USE

Highest and best use as defined in The Appraisal of Real Estate, Thirteenth Edition, by the Appraisal Institute, is: "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." Highest and best use is analyzed in two ways, site as vacant and site as improved.

| <i>Typically, there are four criteria in highest and best use analysis</i> | |
|--|--|
| <i>Legally permissible uses</i> | <i>What uses are allowed by zoning?</i> |
| <i>Physically possible uses</i> | <i>What uses are physically possible on the site?</i> |
| <i>Financially feasible use</i> | <i>Which possible and permissible uses will produce a positive return?</i> |
| <i>Maximally productive use</i> | <i>Of the financially feasible uses, which use produces the highest return warranted by the market (the ideal improvements)?</i> |

Site as Vacant: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. *The Dictionary of Real Estate Appraisal, Fifth Edition, by the Appraisal Institute.*

Legally Permissible Uses: The current **B-2, Business District** zoning allows for a variety of office and commercial related uses, along with multiple conditional commercial uses. The site appears to be guided for a commercial related use.

Physically Possible Uses: The physical characteristics of the site appear suitable for development; the site has average appeal and average to good visibility from Highway 10. The site is mostly level and the site shape would allow for typical building placement. Public utilities are available (electricity, water, sanitary sewer), public gas is not available at this time.

Financially Feasible Uses: Typically, surrounding uses, market demand, and availability of financing drive financially feasible uses.

Surrounding Uses: Uses in the immediate area are a mixture of open land, commercial, and residential. To the west of the subject, as well as in the greater area, are additional commercial uses (RV sales). Given the access and visibility, a destination commercial use would be supported in the market by the surrounding uses.

Financing: Over the past 3+ years, financing has loosened up since the "Great Recession". However, borrowers typically must be well qualified with 20% to 30% down. For new projects, lenders commonly require significant pre-leasing activity for multi-tenant properties. Financing for owner occupied projects is rated to be average.

Market Demand: Market demand for commercial land in the subject area is average. There is available land in the area for development, however, land prices have been increasing. The subject, with highway visibility and public utilities, does have appeal in the market.

Financially Feasible Uses: A destination commercial use would be logical for development in the next 1 to 3 years +.

Maximally Productive Use: The subject is surrounded by vacant land, highway commercial, and residential. The site has average to good visibility and access to surrounding roads. Given the subject's zoning, frontage, and access, the highest and best use for the subject site as vacant would be for a destination commercial development. The site would likely be improved with a single-occupant building.

Typical construction in the market results in average to good quality and land-to-building ratios of 3 to 8 to 1.0. This would imply a total building area of 4,000 SF to 10,000 SF.

Highest and Best Use – continued

Site as Improved: The use that should be made of a property as it exists. An existing improvement should be renovated or retained as long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. *The Dictionary of Real Estate Appraisal, Fifth Edition, by the Appraisal Institute.*

Legally Permissible Uses: The former RV sales use appears to be allowed as a conditional use. A highway commercial or conditional repair use appears to be permissible as well. There are no known or reported legality or conformance issues for the subject property that could restrict the current use on an ongoing basis. If otherwise, the value opinion could differ.

Physically Possible Uses: The building is located in the western portion of the site with a parking lot to the east. The site is connected to public water, gas, and electricity. Currently, the subject is not connected to public sanitary sewer.

Given current age and condition of the improvements, in addition to land values in the area, redevelopment and/or re-purposing of the subject site are not considered viable options at this time.

Financially Feasible Uses:

Surrounding Uses: Uses in the immediate area are a mixture of vacant land, commercial, and residential. The surrounding uses would support either a highway commercial, sales, or even industrial use.

Market Demand: Market demand (buyers) for highway commercial buildings is rated to be average. Sites that allow for outdoor storage of sales product are limited and have superior appeal in the market. Market demand (tenants) for highway commercial is rated to be average. Most buildings like the subject tend to be owner occupied.

Property History / Performance: The subject appears to have been used as an RV dealer for many years. A road project resulted in the subject being acquired by the county, who is now looking to sell the property.

Financing: Financing is available; interest rates are at historic lows for well qualified buyers. Lenders commonly consider the existing vacancy and potential timeframe to secure a tenant(s). Fully occupied properties are appealing to lenders. Current loan terms are 20- to 25-year amortization, 5-year balloons, and 4.5% to 5.5% interest rates.

Financially Feasible Uses: A highway commercial or industrial related use appears to be feasible.

Maximally Productive Use:

A market participant would likely consider the following options for the subject:

1. **Highway commercial use.** The existing and former use of the subject. The building could support a potential sales floor and/or service. The outdoor area could be used for storage purposes.
2. **Repurpose to industrial.** The subject would have minimal costs to convert to an industrial use. The building has appealing overhead doors, but no docks.

Highest and Best Use – continued

The above options on the previous page are both likely. Given this, a potential market participant would consider either a commercial or industrial use.

Note: The subject, per client and city, must connect to public sewer. Because of this, the subject will be appraised as if it has been connected to public sewer and then the cost to connect will be deducted.

The Ramsey County Community Development Director, Tim Gladhill, provided a cost range of \$20,000 to \$30,000 to get the sanitary sewer to the property boundary. The estimate did not have a cost to connect the building to the sewer (another underground pipe). This cost is estimated, based on past experience and Marshall & Swift Cost Manual, to be around \$10,000. An investor would also likely consider the cost of potential overruns, as well as management, say, \$10,000. Therefore, the total estimated cost to connect to public sanitary sewer is estimated to be **\$50,000**.

The subject is comprised of a single commercial building that is in dated condition and has average appeal. The building layout is an office area, retail sales, and rear shop. Currently the building is 100% tenant occupied.

Given the above discussion, the overall highest and best use as improved of the subject is considered to be for either a highway commercial or industrial use.

Most Probable Buyer: The most likely buyer of the subject would be an owner occupant.

The subject is somewhat similar to the ideal improvement.

COST APPROACH

Due to the subjectivity in physical and external depreciation, the Cost Approach is not considered a reliable indicator of value and therefore was not applied.

SALES COMPARISON APPROACH

The Sales Comparison Approach to Value is predicated upon sales of properties with similar characteristics as the subject. The primary premise of this approach is that the market value of the subject is directly related to the prices of competing properties after adjustment. Adjustments are made in an effort to account for significant differences.

Supply and Demand: Sales in the market result from negotiations between buyers, sellers and lenders. Buyers reflect market demand and sellers supply. If demand is high, prices tend to increase, if it is low, prices usually decrease.

Substitution: The principle of substitution holds that the value of a property tends to be set by the price paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time (The Appraisal of Real Estate, 14th Edition). The Sales Comparison Approach is less reliable if substitute properties are not available in the market. There are adequate sales to apply the sales comparison approach and formulate a reliable indication of market value.

Balance: The market tends to force a balance between supply and demand. Balance can change due to shifts in population, variations in purchasing power, consumer tastes and preference and time.

Externalities: When possible, select comparables with similar location, economic conditions and support facilities.

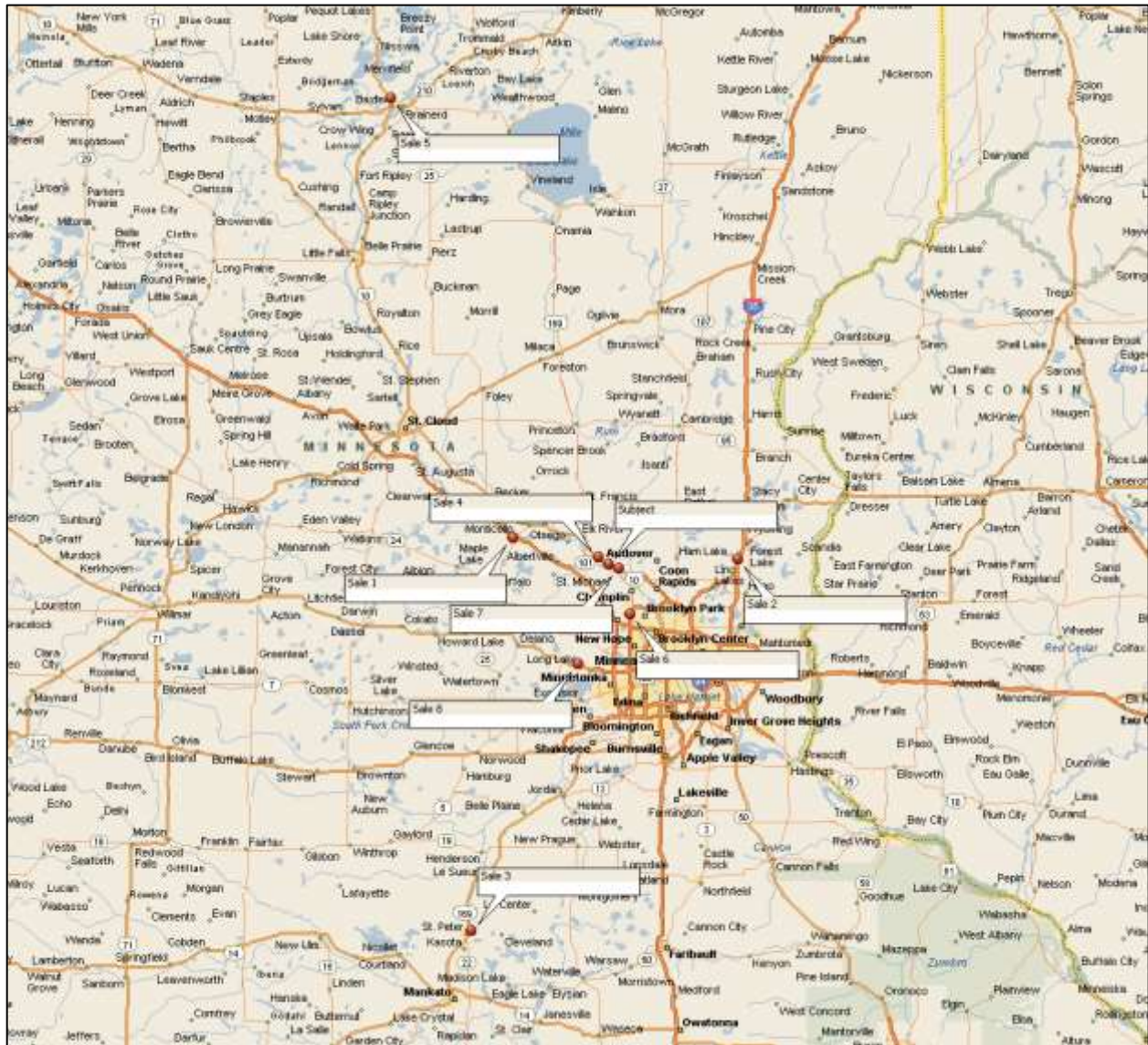
The Following Outline Is Used In The Sales Comparison Approach:

- A location map of the comparable sales.
- Comparable sales are listed.
- An adjustment grid using the comparable sales.
- A discussion of adjustment and conclusion of value.

Comparable Location Map

Primary Comparable Selection/Search Criteria:

- Dealership, highway commercial
- Sale date of January 1, 2015 +, older sales may be considered if appropriate
- 3,000 – 25,000 +/- SF of GBA, smaller or larger buildings may be considered if appropriate
- Data from competing communities
- In some instances, older data and/or data from competing communities will be utilized due to proximity to the subject and other characteristics similar to the subject.



Sales Comparison Approach -- continued

Sale Comparable #1



**3887 Chelsea Road West
Monticello**

Comm / RV Dealer use property
Sold on 10/25/2016 for \$1,750,000 (\$167.05 per SF)



Property Data

| | | | |
|------------------------------------|--|----------------------------|------------|
| Address: | 3887 Chelsea Road West, Monticello | | |
| Property Use: | Comm / RV Dealer | Tenancy: | Single |
| Year Built / Effective Age: | 1978 / E15 | Site size: | 243,500 SF |
| Quality/Appeal: | Good | Land to Bldg Ratio: | 23.2 to 1 |
| Condition: | Average | Parking: | Adequate |
| GBA: | 10,476 SF | | |
| Comments: | Good appeal commercial building in average condition. The buyer used the site for RV sales. The site has a mixture of paved and grass outdoor storage area. Overall, the storage is considered similar to the subject. | | |

Sale Data

| | | | |
|-------------------------|---|-----------------------------|----------------------------|
| Sale Price: | \$1,750,000 | Price /SF (GBA): | \$167.05 per SF |
| Sale/Close Date: | October 25, 2016 | | |
| Property Rights: | Fee Simple | Buyer: | FRHP Lincolnshire, LLC |
| Financing: | Conventional | Seller: | Maas Automotive Group, LLC |
| Conditions: | Typical | Source/Verification: | RediComps, CoStar / CREV |
| Comments: | The buyer and seller privately negotiated the sale price. | | |

Sales Comparison Approach -- continued

Sale Comparable #2



**9541 152nd Avenue Northeast
Columbus**

Comm / Trailer Dealer use property
Sold on 8/16/2016 for \$795,000 (\$132.50 per SF)



Property Data

| | | | |
|------------------------------------|---|----------------------------|------------|
| Address: | 9541 152nd Avenue Northeast, Columbus | | |
| Property Use: | Comm / Trailer Dealer | Tenancy: | Single |
| Year Built / Effective Age: | 1983, '05 / E14 | Site size: | 119,790 SF |
| Quality/Appeal: | Good | Land to Bldg Ratio: | 20.0 to 1 |
| Condition: | Average | Parking: | Adequate |
| GBA: | 6,000 SF | | |
| Comments: | Good appeal building in average condition. The site was used for trailer sales with I-35 frontage and visibility. Access is somewhat similar to the subject's. The site has paved outdoor storage, overall considered similar to the subject. | | |

Sale Data

| | | | |
|-------------------------|---|-----------------------------|--------------------------|
| Sale Price: | \$795,000 | Price /SF (GBA): | \$132.50 per SF |
| Sale/Close Date: | August 16, 2016 | | |
| Property Rights: | Fee Simple | Buyer: | MN Columbia Sales, LLC |
| Financing: | Conventional | Seller: | Trailerland, LLC |
| Conditions: | Typical | Source/Verification: | RediComps, CoStar / CREV |
| Comments: | The property was listed on the open market. | | |

Sales Comparison Approach -- continued

Sale Comparable #3



**971 Minnesota Avenue North
St. Peter**

Comm / Boat Dealer use property
Sold on 11/08/2017 for \$280,500 (\$86.10 per SF)



Property Data

| | | | |
|------------------------------------|---|----------------------------|-----------|
| Address: | 971 Minnesota Avenue North, St. Peter | | |
| Property Use: | Comm / Boat Dealer | Tenancy: | Single |
| Year Built / Effective Age: | 1975 / E21 | Site size: | 71,438 SF |
| Quality/Appeal: | Fair | Land to Bldg Ratio: | 21.9 to 1 |
| Condition: | Dated | Parking: | Adequate |
| GBA: | 3,258 SF | | |
| Comments: | Boat dealership with Highway 169 frontage. The building was in dated condition and had fair appeal at the time of sale. The site has gravel outdoor storage, overall considered similar to the subject. | | |

Sale Data

| | | | |
|-------------------------|---|-----------------------------|--------------------------|
| Sale Price: | \$280,500 | Price /SF (GBA): | \$86.10 per SF |
| Sale/Close Date: | November 8, 2017 | | |
| Property Rights: | Fee Simple | Buyer: | Squirrels Nest, LLC |
| Financing: | Conventional | Seller: | Estate of Keith M. Tow |
| Conditions: | Typical | Source/Verification: | RediComps, CoStar / CREV |
| Comments: | The property was listed on the open market. | | |

Sales Comparison Approach -- continued

Sale Comparable #4



**9535 Highway 10 Northwest
Ramsey**

Comm / Dealer use property
Sold on 5/15/2018 for \$300,000 (\$109.33 per SF)



Property Data

| | | | |
|------------------------------------|---|----------------------------|-----------|
| Address: | 9535 Highway 10 Northwest, Ramsey | | |
| Property Use: | Comm / Dealer | Tenancy: | Single |
| Year Built / Effective Age: | 1966 / E25 | Site size: | 41,818 SF |
| Quality/Appeal: | Average | Land to Bldg Ratio: | 15.2 to 1 |
| Condition: | Average | Parking: | Adequate |
| GBA: | 2,744 SF | | |
| Comments: | Comm/Shop property located in Ramsey. Property has a single-family house on property as well as a detached garage. Garage and house do not appear to be included in GBA, factored in overall appeal of property, see grid for adjustment. Office finish factors in house, estimated. Property used due to proximity to subject and exposure along Highway 10. | | |

Sale Data

| | | | |
|-------------------------|---|-----------------------------|---------------------------|
| Sale Price: | \$300,000 | Price /SF (GBA): | \$109.33 per SF |
| Sale/Close Date: | May 15, 2018 | | |
| Property Rights: | Fee Simple | Buyer: | BCD Properties, LLC |
| Financing: | Conventional | Seller: | Westmand Acquisition, LLC |
| Conditions: | Typical | Source/Verification: | RediComps, CoStar / CREV |
| Comments: | The property was listed on the open market. | | |

Sales Comparison Approach -- continued

Sale Comparable #5



**7313 Novotny Road
Baxter**

Comm / RV Dealer use property
Sold on 7/17/2015 for \$650,000 (\$106.91 per SF)



Property Data

| | | | |
|------------------------------------|---|----------------------------|-----------|
| Address: | 7313 Novotny Road, Baxter | | |
| Property Use: | Comm / RV Dealer | Tenancy: | Single |
| Year Built / Effective Age: | 1993 / E13 | Site size: | 54,885 SF |
| Quality/Appeal: | Average | Land to Bldg Ratio: | 9.0 to 1 |
| Condition: | Average | Parking: | Adequate |
| GBA: | 6,080 SF | | |
| Comments: | Average appeal and condition building used for RV sales. The site has paved outdoor storage, the pavement appears to be in fair condition. Overall considered similar to the subject. | | |

Sale Data

| | | | |
|-------------------------|---|-----------------------------|--------------------------|
| Sale Price: | \$650,000 | Price /SF (GBA): | \$106.91 per SF |
| Sale/Close Date: | July 17, 2015 | | |
| Property Rights: | Fee Simple | Buyer: | Hilaire |
| Financing: | CD | Seller: | Wicklund |
| Conditions: | Typical | Source/Verification: | RediComps, CoStar / CREV |
| Comments: | The property was listed on the open market. The buyer purchased with \$50,000 down, 6% interest, a balloon date of 06/01/2018, and monthly payments of \$4,300. The terms appear market appropriate, no adjustment. | | |

Sales Comparison Approach -- continued

Sale Comparable #6



**8725 Jefferson Highway North
Osseo**

Commercial/Shop use property
Sold on 1/28/2016 for \$500,000 (\$92.73 per SF)



Property Data

| | | | |
|------------------------------------|--|----------------------------|-----------|
| Address: | 8725 Jefferson Highway North, Osseo | | |
| Property Use: | Commercial/Shop | Tenancy: | Single |
| Year Built / Effective Age: | 1939, 2008 / E15 | Site size: | 19,166 SF |
| Quality/Appeal: | Average | Land to Bldg Ratio: | 3.6 to 1 |
| Condition: | Average | Parking: | Adequate |
| GBA: | 5,392 SF | | |

Comments: Average quality and appeal property in average condition. The building has two levels (office area) and higher overhead doors for repair, like the subject.

Sale Data

| | | | |
|-------------------------|------------------|-----------------------------|-----------------------------------|
| Sale Price: | \$500,000 | Price /SF (GBA): | \$92.73 per SF |
| Sale/Close Date: | January 28, 2016 | | |
| Property Rights: | Fee Simple | Buyer: | Zakzkowski Trucking Service, Inc. |
| Financing: | Conventional | Seller: | Zimmerman Bros. Inc |
| Conditions: | Typical | Source/Verification: | RedisComps, CREV |

Comments: The property was listed on the open market.

Sales Comparison Approach -- continued

Sale Comparable #7



**6845 Highway 10 Northwest
Ramsey**

Commercial/Shop use property
Sold on 7/02/2018 for \$1,276,500 (\$70.39 per SF)



Property Data

| | | | |
|------------------------------------|--|----------------------------|------------|
| Address: | 6845 Highway 10 Northwest, Ramsey | | |
| Property Use: | Commercial/Shop | Tenancy: | Single |
| Year Built / Effective Age: | 1994 / E12 | Site size: | 155,509 SF |
| Quality/Appeal: | Average | Land to Bldg Ratio: | 8.6 to 1 |
| Condition: | Dated | Parking: | Adequate |
| GBA: | 18,135 SF | | |

Comments: Average appeal commercial/repair property in somewhat dated condition. The site is located near the subject.

Sale Data

| | | | |
|-------------------------|--------------|-----------------------------|---------------------------|
| Sale Price: | \$1,276,500 | Price /SF (GBA): | \$70.39 per SF |
| Sale/Close Date: | July 2, 2018 | | |
| Property Rights: | Fee Simple | Buyer: | Ahmetshin Properties, LLC |
| Financing: | CD | Seller: | Brait Commercial LLC |
| Conditions: | Typical | Source/Verification: | RedisComps, CREV |

Comments: The property was listed on the open market. The seller contributed \$3,500, the net sale price is therefore \$1,280,000 - \$3,500 = \$1,276,500. The buyer also purchased on a contract for deed with a 10% interest rate, 12 payments, interest only, \$8,333.33 per month. The sale price, even with the terms, appears market appropriate; no adjustment for the CD.

Sales Comparison Approach -- continued

Sale Comparable #8



**572 Tamarack Avenue
Long Lake**

Comm / Dealer use property
Sold on 1/01/2018 for \$381,660 (\$70.68 per SF)



Property Data

| | | | |
|------------------------------------|---------------------------------------|----------------------------|-----------|
| Address: | 572 Tamarack Avenue, Long Lake | | |
| Property Use: | Comm / Dealer | Tenancy: | Single |
| Year Built / Effective Age: | 2001 / E9 | Site size: | 25,265 SF |
| Quality/Appeal: | Metal | Land to Bldg Ratio: | 1.4 to 1 |
| Condition: | Average | Parking: | Adequate |
| GBA: | 18,135 SF | | |

Comments: Metal building with average quality/appeal and in dated.

Sale Data

| | | | |
|-------------------------|-----------------|-----------------------------|-----------------------|
| Sale Price: | \$381,660 | Price /SF (GBA): | \$70.68 per SF |
| Sale/Close Date: | January 1, 2018 | | |
| Property Rights: | Fee Simple | Buyer: | Scharber Brothers LLC |
| Financing: | CD | Seller: | Rhea Company LLC |
| Conditions: | Typical | Source/Verification: | RedisComps, CREV |

Comments: The property was purchased after the buyer approached the seller. The seller financed with a contract for deed with \$1.00 down, payments of \$2,823 per month, 4%, 180 payments, and a balloon date of 12/15/2032.

Sales Comparison Approach -- continued

Listed below is the adjustment grid for the comparables listed on the previous pages. Comparable items of significant difference are adjusted for.

| Description | Subject | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---------------------------------|-----------------------------------|---|----------------------------------|-------------------------------------|---------------------------------|--------------------------------|--------------------------------------|---------------------------------|-------------------------------------|
| Address | 8175 Riverdale Dr NW Ramsey | 3887 Chelsea Road West Monticello | 9541 152nd Ave NE Columbus | 971 Minnesota Ave N St. Peter | 9535 Highway 10 NW Ramsey | 7313 Novotny Road Baxter | 8725 Jefferson Highway N Osseo | 6845 Highway 10 NW Ramsey | 572 Tamarack Avenue Long Lake |
| Proximity | -- | 16.7 mi W | 21.7 mi E | 66.3 mi S | 2.06 mi NW | 87.4 mi N | 8.85 mi SE | 1.78 mi SE | 17.7 mi S |
| Property Rights | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Financing | Conventional | Conventional | Conventional | Conventional | Conventional | CD | Conventional | CD | CD |
| Conditions | Typical | Adjacent Owner | Typical | Typical | Typical | Typical | Typical | Typical | Typical |
| Market Conditions | -- | Oct-16 | Aug-16 | Nov-17 | May-18 | Jul-15 | Jan-16 | Jul-18 | Jan-18 |
| Location | Average | Average | Average | Average | Average | Good | Less visibility | Average | Average |
| Zoning/use | Comm / RV Dealer | Comm / RV Dealer | Comm / Trailer Dealer | Comm / Boat Dealer | Comm / Dealer | Comm / RV Dealer | Commercial/Shop | Commercial/Shop | Comm / Dealer |
| Design | Two Levels | One Level | One Level | One Level | One Level | One Level | Two Levels | One Level | One Level |
| Site SF | 30,452 | 243,500 | 119,790 | 71,438 | 41,818 | 54,885 | 19,166 | 155,509 | 25,265 |
| L to B ratio | 4.0 to 1 | 23.2 to 1 | 20.0 to 1 | 21.9 to 1 | 15.2 to 1 | 9.0 to 1 | 3.6 to 1 | 8.6 to 1 | 4.7 to 1 |
| Age | 1997 / E11 | 1978 / E15 | 1983, '05 / E14 | 1975 / E21 | 1966 / E25 | 1993 / E13 | 1939, 2008 / E15 | 1994 / E12 | 2001 / E9 |
| Quality/Appeal | Average | Good | Good | Fair | Average | Average | Average | Average | Metal |
| Condition | Dated | Average | Average | Dated | Average | Average | Average | Dated | Average |
| Parking/Landspg | Adequate | Adequate | Adequate | Adequate | Adequate | Adequate | Adequate | Adequate | Adequate |
| Sale Price | -- | \$1,750,000 | \$795,000 | \$280,500 | \$300,000 | \$650,000 | \$500,000 | \$1,276,500 | \$381,660 |
| GBA SF | 7,596 | 10,476 | 6,000 | 3,258 | 2,744 | 6,080 | 5,392 | 18,135 | 5,400 |
| Unadjusted Price /SF | | \$167.05 | \$132.50 | \$86.10 | \$109.33 | \$106.91 | \$92.73 | \$70.39 | \$70.68 |
| Adjustments +/- | | | | | | | | | |
| Property Rights | Fee Simple | | | | | | | | |
| Financing | Conventional | | | | | | | | |
| Conditions | Typical | | | | | | | | |
| Net Adj. | | -10% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Partially Adj. Price /SF | | \$150.34 | \$132.50 | \$86.10 | \$109.33 | \$106.91 | \$92.73 | \$70.39 | \$70.68 |
| Market Conditions | Current | | | | | | | | |
| Equalized Price /SF | | \$150.34 | \$132.50 | \$86.10 | \$109.33 | \$106.91 | \$92.73 | \$70.39 | \$70.68 |
| Location | Average | | | | | -10% | 10% | | |
| Zoning/use | Comm / RV Dealer | | | | | | | | |
| Design | Two Levels | | | | | | | | |
| L to B ratio | 4.0 to 1 | -19% | -16% | -18% | -11% | -5% | | -5% | -1% |
| Age | 1997 / E11 | 2% | 2% | 5% | 7% | 1% | 2% | 1% | -1% |
| Quality/Appeal | Average | -10% | -10% | 10% | | | | | 10% |
| Condition | Dated | -5% | -5% | | -5% | -5% | -5% | | -5% |
| Parking/Landspg | Adequate | | | | | | | | |
| GBA SF | 7,596 | | | -10% | -10% | | | 5% | |
| Net Adjust | | -32% | -29% | -13% | -19% | -19% | 7% | 1% | 3% |
| Adjusted Price Per SF | | \$102.23 | \$94.08 | \$74.90 | \$88.56 | \$86.60 | \$99.22 | \$71.09 | \$72.80 |

Sales Comparison Approach -- continued

Discussion of Adjustments

Property Rights: Refers to the ownership interest conveyed at the time of sale. Properties with leases or other encumbrances in place can sell for more or less than comparable properties that sell fee simple interest. Market did not reflect an adjustment to the comparables.

Financing: The impact financing may have had on the sale price, favorable interest rate or term. All sales were cash or estimated to be near or at market rates.

Conditions of sale: Reflects non-market conditions, which may or may not have impacted the sale price, such as differing motivations of buyer or seller (related parties, distressed or liquidation sale, listings, pending, occupancy, assemblage, etc.), impending eminent domain proceedings, influence due to tax ramifications, or lack of market exposure. Comparable 1 adjusted for adjacent owner/buyer, it appears a premium price was paid as the buyer wanted to expand his RV dealership.

Market Conditions: Comparables are relatively recent, no time adjustment deemed appropriate.

Location: This adjustment is based on the appraiser's judgment. It takes into consideration surrounding land uses, intended use, neighborhood characteristics, traffic, exposure and access. Comparable 5 adjusted for higher value area in a recreational/lake town setting. Comparable 6 adjusted for less exposure.

Zoning/Use: Comparables have competing uses.

Design: The comparables have competing designs, no adjustment.

Site Size/ Land to Building Ratio: Site size adjusted using Site SF/GBA SF ratio. Adjustment based on 1% per difference in land to building ratio. The adjustment is based on discussions with market participants as well as previously observed sales.

Age: Adjustment is based on effective age, adjusted at 1/2% per year difference from subject. The adjustment is based on discussions with market participants as well as previously observed sales.

Quality/Appeal: Buildings with better design (more detail and variation) are typically considered more appealing. Comparables 1 and 2 adjusted for superior appeal and quality buildings. Comparable 3 adjusted for fair quality building. Comparable 8 adjusted for metal building (less appeal as compared to concrete block). The adjustment is based on discussions with market participants as well as previously observed sales.

Condition: This is a more subjective item, which is based on reported building condition and external viewing. Comparables 1, 2, 4, 5, 6, and 8 adjusted for superior condition buildings. The adjustment is based on discussions with market participants as well as previously observed sales.

Sales Comparison Approach – continued

Parking/Landscaping: Comparables have similar parking appeal.

Building Size: Generally, as building size increases cost of construction tends to decrease. Comparables adjusted accordingly, adjustments based on the Marshall & Swift cost manual and market observations.

Conclusion: The comparables used are rated to be the most indicative of data analyzed and bracket the subject value. Other sales reviewed were older, further and/or needed more adjustment. Adjustments are made on a per square foot basis. The comparables utilized in this analysis each have several similar characteristics in common with the subject. While none are totally identical to the subject, each represents a viable alternative to a prospective buyer of the subject property and, after adjustment, can be utilized as an indicator of market value for the subject property.

| Indicator | <u>Un-adjusted</u> Price per SF | <u>Adjusted</u> Price per SF |
|-----------|---------------------------------|------------------------------|
| Range | \$70.39 - \$167.05 | \$71.09 - \$102.23 |
| Average | \$104.46 | \$86.18 |
| Median | \$99.82 | \$87.58 |

About equal weight is accorded to the comparables. Given the above data, the subject location, characteristics, quality, and the current market conditions, a value near the **mid-range** is considered appropriate.

| Size (GBA SF) | Value per SF | Total |
|--|--------------|-------------------|
| 7,596 | \$90 | \$683,640 |
| Sales Comparison Approach (fee simple, with public sewer): | | \$685,000 |
| Less cost to connect to public sewer: | | (\$50,000) |
| Sales Comparison Approach (fee simple, without public sewer): | | \$635,000 |

INCOME APPROACH

The Income Approach to Value generally converts benefits or income derived from ownership of a property into a value. When properly applied, this approach is generally considered to provide a reliable indication of value for income producing properties.

The Following Outline Is Used In The Income Approach:

- Subject rents.

- A location map of the comparable rents.

- Market rents are from competing properties from the area.

- Adjustment Grid for Competing Market Rents.

- Vacancy.

- Subject and Market Expense conclusions are discussed.

- A capitalization rate is estimated from the market.

- A stabilized income statement is estimated for the subject.

- Net Operating Income is capitalized to a final value for the Income Approach.

Income Approach -- continued

Reported Subject Rents/Income

Rents: The subject is currently **100%** vacant. Buildings like the subject are typically leased on a **Net** basis or base rent, where the tenant is responsible for paying their pro-rata share of all real estate taxes, operating expenses, utilities, and insurance.

Tenants Pay: CAM charges, utilities, and real estate taxes.

Landlord Pays: Landlord pays CAM charges and real estate taxes, reimbursed by tenants. Given the property type and class, management fees are included in the CAM charges.

| Current Rent Roll | | | | | | | | | |
|-------------------|----------|------------|---------|-----------------------|-------------------|--------------------|---------------|-------------------------|-----------------------------|
| Tenant | NRA (SF) | Lease Type | Expires | Contract Monthly Rent | CAM Expenses (SF) | Contract Rent (SF) | LL Costs (SF) | Effective Net Rent (SF) | Annual Effective Net Income |
| Subject | 7,596 | Net | -- | -- | -- | -- | -- | -- | -- |
| Vacant | 0 | -- | -- | -- | -- | -- | -- | -- | -- |
| Total NRA: | 7,596 | | | | | | | Total: | \$0 |

There are no known lease listings for the subject at this time.

Comparable Location Map



Comments on Market Rental Data:

The rentals on the following pages are in the subject marketing area and bracket the subject property with regard to use and appeal. Rentals used are considered to be the most similar of available data.

Comparable data of both single-tenant and multi-tenant buildings may be considered. The appeal of a stand-alone single-tenant building is off-set by the lower/shared cost of a multi-tenant building. With respect to size, single- and multi-tenant buildings are considered similar. Therefore, for comparison purposes, the primary consideration is competing unit size, not necessarily overall GBA.

Income Approach -- continued

Rental Comparable #1



**6845 Highway 10
Ramsey**

**Commercial/Auto use property
Rent Rate: \$10.93 per SF, Net**



Property Data

| | | | |
|------------------------------------|---|-------------------------------------|----------|
| Address: | 6845 Highway 10, Ramsey | | |
| Property Use: | Commercial/Auto | Tenancy: | Single |
| Site size: | 155,074 SF | Land to Bldg Ratio (x to 1): | 9.1 to 1 |
| Year Built / Effective Age: | 1994 / E12 | Parking: | Adequate |
| Quality/Appeal: | Average | Condition: | Dated |
| GBA: | 17,010 SF | Basement: | n/a |
| Comments: | Average appeal property in dated condition. | | |

Rental Data

| | | | |
|---------------------------------|---------------|-----------------------------|-----------------------|
| Tenant Size: | 17,010 SF | Lease Rate per SF: | \$10.93 per SF |
| Current/Pending/Listing: | Current | Lease Type: | Net |
| Lease Dates: | 2018 - 2020 | | |
| Expenses per SF: | \$6.89 per SF | Source/Verification: | Rent Roll |
| Comments: | Current rent. | | |

Income Approach -- continued

Rental Comparable #2



**2801 St. Germain Street West
St. Cloud**

**Showroom use property
Rent Rate: \$5.00 per SF, Net**



Property Data

| | | | |
|------------------------------------|--|-------------------------------------|----------|
| Address: | 2801 St. Germain Street West, St. Cloud | | |
| Property Use: | Showroom | Tenancy: | Single |
| Site size: | 58,516 SF | Land to Bldg Ratio (x to 1): | 3.7 to 1 |
| Year Built / Effective Age: | 1977 / E20 | Parking: | Adequate |
| Quality/Appeal: | Average | Condition: | Average |
| GBA: | 16,000 SF | Basement: | n/a |
| Comments: | Average condition and appeal commercial showroom building. | | |

Rental Data

| | | | |
|---------------------------------|-------------------|-----------------------------|----------------------|
| Tenant Size: | 16,000 SF | Lease Rate per SF: | \$5.00 per SF |
| Current/Pending/Listing: | Asking | Lease Type: | Net |
| Lease Dates: | Asking | | |
| Expenses per SF: | \$4.00 per SF | Source/Verification: | MnCar |
| Comments: | Asking rent rate. | | |

Income Approach -- continued

Rental Comparable #3



**17354 Zane Street
Elk River**

**Dealership use property
Rent Rate: \$6.00 per SF, Net**



Property Data

| | | | |
|------------------------------------|---|-------------------------------------|-----------|
| Address: | 17354 Zane Street, Elk River | | |
| Property Use: | Dealership | Tenancy: | Single |
| Site size: | 396,396 SF | Land to Bldg Ratio (x to 1): | 11.8 to 1 |
| Year Built / Effective Age: | 1984 / E17 | Parking: | Adequate |
| Quality/Appeal: | Fair | Condition: | Dated |
| GBA: | 33,602 SF | Basement: | n/a |
| Comments: | Former dealership that is currently vacant. The building is in dated condition and has fair appeal. | | |

Rental Data

| | | | |
|---------------------------------|--|-----------------------------|----------------------|
| Tenant Size: | 33,602 SF | Lease Rate per SF: | \$6.00 per SF |
| Current/Pending/Listing: | Asking | Lease Type: | Net |
| Lease Dates: | Asking | | |
| Expenses per SF: | \$3.00 per SF | Source/Verification: | Listing |
| Comments: | Asking rate for a dealership property. | | |

Income Approach -- continued

Rental Comparable #4



**10135 Central Avenue Northeast
Blaine**

**Commercial / Dealer use property
Rent Rate: \$10.00 per SF, Net**



Property Data

| | | | |
|------------------------------------|---|-------------------------------------|----------|
| Address: | 10135 Central Avenue Northeast, Blaine | | |
| Property Use: | Commercial / Dealer | Tenancy: | Multi |
| Site size: | 139,392 SF | Land to Bldg Ratio (x to 1): | 5.9 to 1 |
| Year Built / Effective Age: | 1978 / E20 | Parking: | Adequate |
| Quality/Appeal: | Metal | Condition: | Average |
| GBA: | 23,464 SF | Basement: | n/a |
| Comments: | Commercial property located in Blaine. Property rated to have competing overall appeal and condition. Property used to bracket the commercial appeal and due to similar exposure. | | |

Rental Data

| | | | |
|---------------------------------|---------------|-----------------------------|-----------------------|
| Tenant Size: | 16,460 SF | Lease Rate per SF: | \$10.00 per SF |
| Current/Pending/Listing: | Current | Lease Type: | Net |
| Lease Dates: | Thru 2018 | | |
| Expenses per SF: | \$5.50 per SF | Source/Verification: | CoStar |
| Comments: | Current rent. | | |

Income Approach -- continued

Rental Comparable #5



**720 Galpin Lake Road
Excelsior**

**Comm / Boat Dealer use property
Rent Rate: \$22.26 per SF, Net**



Property Data

| | | | |
|------------------------------------|--|-------------------------------------|----------|
| Address: | 720 Galpin Lake Road, Excelsior | | |
| Property Use: | Comm / Boat Dealer | Tenancy: | Single |
| Site size: | 31,298 SF | Land to Bldg Ratio (x to 1): | 3.6 to 1 |
| Year Built / Effective Age: | 2012 / E3 | Parking: | Adequate |
| Quality/Appeal: | Excellent | Condition: | Good |
| GBA: | 8,676 SF | Basement: | n/a |
| Comments: | Excellent appeal building in good condition currently used as a boat dealership. | | |

Rental Data

| | | | |
|---------------------------------|---------------|-----------------------------|-----------------------|
| Tenant Size: | 8,676 SF | Lease Rate per SF: | \$22.26 per SF |
| Current/Pending/Listing: | Current | Lease Type: | Net |
| Lease Dates: | Current | | |
| Expenses per SF: | \$8.75 per SF | Source/Verification: | Rent Roll |
| Comments: | Current rent. | | |

Income Approach -- continued

Rental Comparable #6



**210 7th Street Northeast
Buffalo**

**Office/Shop use property
Rent Rate: \$5.15 per SF, Net**



Property Data

| | | | |
|------------------------------------|--|-------------------------------------|----------|
| Address: | 210 7th Street Northeast, Buffalo | | |
| Property Use: | Office/Shop | Tenancy: | Single |
| Site size: | 12,592 SF | Land to Bldg Ratio (x to 1): | 3.1 to 1 |
| Year Built / Effective Age: | 1936 / E30 | Parking: | Adequate |
| Quality/Appeal: | Average | Condition: | Average |
| GBA: | 4,000 SF | Basement: | n/a |
| Comments: | Office/shop property located in outlying community of Buffalo. Property rated to have average overall appeal and to be in average condition. Competing overall use, appeal, single user layout, and brackets the GBA of the subject. Shop space has concrete block exterior. | | |

Rental Data

| | | | |
|---------------------------------|--|-----------------------------|----------------------|
| Tenant Size: | 4,000 SF | Lease Rate per SF: | \$5.15 per SF |
| Current/Pending/Listing: | Current | Lease Type: | Net |
| Lease Dates: | 2013 - 2023 | | |
| Expenses per SF: | \$3.60 per SF | Source/Verification: | Appraiser Files |
| Comments: | Current rent rate of a competing property. | | |

Income Approach -- continued

RENTAL CONCLUSIONS: Listed below is the rental adjustment grid:

| Description | Subject | 1 | 2 | 3 | 4 | 5 | 6 |
|-------------------------|-----------------------------------|------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|---------------------------------|
| Address | 8175 Riverdale Dr NW Ramsey | 6845 Highway 10 Ramsey | 2801 St. Germain St W St. Cloud | 17354 Zane Street Elk River | 10135 Central Ave NE Blaine | 720 Galpin Lake Road Excelsior | 210 7th Street NE Buffalo |
| Proximity | -- | 1.83 mi SE | 41 mi NW | 5.32 mi NW | 13.1 mi SE | 23.8 mi S | 19.7 mi W |
| Date of Lease | Current | Current | Asking | Asking | Current | Current | Current |
| Location | Average | Average | Less Visibility | Average | Average | Excellent | Less Visibility |
| Zoning/use | Comm / RV Dealer | Commercial/Auto | Showroom | Dealership | Commercial / Dealer | Comm / Boat Dealer | Office/Shop |
| Site SF | 30,452 | 155,074 | 58,516 | 396,396 | 139,392 | 31,298 | 12,592 |
| L to B ratio (X : 1) | 4.0 | 9.1 | 3.7 | 11.8 | 5.9 | 3.6 | 3.1 |
| Age | 1997 / E11 | 1994 / E12 | 1977 / E20 | 1984 / E17 | 1978 / E20 | 2012 / E3 | 1936 / E30 |
| Quality/Appeal | Average | Average | Average | Fair | Metal | Excellent | Average |
| Condition | Dated | Dated | Average | Dated | Average | Good | Average |
| Basement | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Parking: | Adequate | Adequate | Adequate | Adequate | Adequate | Adequate | Adequate |
| Building Size (SF) | 7,596 | 17,010 | 16,000 | 33,602 | 23,464 | 8,676 | 4,000 |
| Tenant Size (SF) | 7,596 | 17,010 | 16,000 | 33,602 | 16,460 | 8,676 | 4,000 |
| Expenses per SF | \$6.73 | \$6.89 | \$4.00 | \$3.00 | \$5.50 | \$8.75 | \$3.60 |
| % of gross rent | -- | 39% | 44% | 33% | 35% | 28% | 41% |
| Rate per SF, net | | \$10.93 | \$5.00 | \$6.00 | \$10.00 | \$22.26 | \$5.15 |
| Adjustments | +/- | | | | | | |
| Date of Lease | Current | | -10% | -10% | | | |
| Location | Average | | 10% | | | -20% | 10% |
| Zoning/use | Comm / RV Dealer | | | | | | |
| L to B ratio (X : 1) | 4.0 | -5% | | -8% | -2% | | 1% |
| Age | 1997 / E11 | 1% | 5% | 3% | 5% | -4% | 10% |
| Quality/Appeal | Average | | | 10% | 10% | -20% | |
| Condition | Dated | | -10% | | -10% | -20% | -10% |
| Basement | n/a | | | | | | |
| Parking: | Adequate | | | | | | |
| Tenant/Bldg Size | 7,596 | 5% | 5% | 10% | 5% | | |
| Expenses per SF | \$6.73 | | | | | | |
| Net Adjust | | 1% | 0% | 5% | 8% | -64% | 11% |
| Adj. Rate per SF | | \$11.04 | \$5.00 | \$6.30 | \$10.80 | \$8.01 | \$5.72 |

Income Approach -- continued

Discussion of Adjustments

Date of Lease: Comparables 2 and 3 asking rates appear to be somewhat strong for the market, adjusted downward. The remaining comparables reflect current contract rents and were signed when the market was relatively stable, no adjustment.

Concessions/Effective Rent: Factors in and takes into consideration any above – or below – market tenant improvements (TI's). Additionally, concessions include moving costs, lease-buyouts, etc. Concessions were market, no adjustment.

Location: This adjustment is based on the appraiser's judgment. It takes into consideration surrounding land uses, intended use, neighborhood characteristics, traffic, exposure and access. Comparables 2 and 6 adjusted for less visibility. Comparable 5 adjusted for superior location.

Zoning/Use: Comparables considered competing.

Site Size / Land to Building Ratio: Site size adjusted using Site SF/GBA SF ratio. Adjustment based on 1% per difference in land to building ratio. The adjustment is based on discussions with market participants as well as previously observed rents.

Age: Adjustment is based on effective age, adjusted at ½% per year difference from subject.

Quality/Appeal: Buildings with better design (more detail and variation) are typically considered more appealing. Comparable 3 adjusted for less appeal. Comparable 4 adjusted for a metal building (less appeal). Comparable 5 adjusted for excellent appeal building. The adjustment is based on discussions with market participants as well as previously observed rents.

Condition: This is a more subjective item, which is based on reported building condition and external viewing. Comparables 2, 4, 5, and 6 adjusted for superior condition buildings. The adjustment is based on discussions with market participants as well as previously observed rents.

Basement: The comparables and subject are rated similar, no adjustment.

Parking/site: The subject and comparables have adequate parking, no adjustment.

Income Approach -- continued

Tenant/Building Size: Generally, as building size increases cost of construction tends to decrease. Comparables adjusted accordingly. The adjustment is based on discussions with market participants as well as previously observed rents.

Expenses: The comparable expenses range from \$3.00 to \$8.75 per SF. The expenses for the subject are in line with market.

Conclusion Market and Subject Rents:

| Indicator | <u>Un-adjusted</u> Rate per SF | <u>Adjusted</u> Rate per SF |
|------------------|---------------------------------------|------------------------------------|
| Range | \$5.00 - \$22.26 | \$5.00 - \$11.04 |
| Average | \$9.89 | \$7.81 |
| Median | \$8.00 | \$7.16 |

About equal weight is provided to the comparable rents. Considering the above data, the subject location, characteristics, quality, and the current market conditions, a value near the **mid-range** is considered appropriate.

| | | |
|-------------------------|-------------------|---------------|
| Correlated Rate: | <i>Net</i> | \$8.00 |
|-------------------------|-------------------|---------------|

Other Income: No other income sources noted.

Income Approach -- continued

Reported Subject Vacancy and Market

Subject Vacancy: The subject is currently 100% vacant. Historically, the building has been owner occupied.

Market Vacancy:

| Vacancy Rates | | | | |
|-------------------|--------|---------|-----------|--------------|
| Area | Use | Date | Source | Rate |
| Twin Cities Metro | Retail | Q2 2018 | Northmarq | 8.30% |
| Twin Cities Metro | Retail | Q4 2018 | Colliers | 6.21% |
| Twin Cities Metro | Retail | Q2 2018 | CBRE | 8.14% |

The subject is a single-user highway commercial building that is currently vacant. The site also has outdoor storage potential (although small). Historical vacancy for commercial in the Ramsey market has ranged from 8% to 20%. Based on the market surveys, local data, and typical buyer/investor expectations, a rate near the **mid-range** is appropriate; **a stabilized vacancy rate of 8% is logical.**

Market Operating Expenses

The comparable expenses reported the following (from adjustment grid):

| Expense Summary | Minimum | Maximum | Average | Median |
|-----------------|---------|---------|---------|--------|
| per SF | \$3.00 | \$8.75 | \$5.29 | \$4.75 |
| % | 28% | 44% | 37% | 37% |

Operating expense ratio for this property type are typically around **35% - 60%+ of the effective gross income, or about \$4.75 - \$8.15+ per SF.** See Income Statement for subject reported and estimated expenses.

Income Approach -- continued

Subject Operating Expenses

Recoverable Expenses: Operating expenses that the tenant reimburses to landlord.

Vacancy & Credit Loss: The landlord/owner does not recover expenses when the property is vacant. Additionally, this covers any rent concessions such as free rent for a time period.

Recoverable Expenses: The estimated rental rate is based on a net basis, where the tenant pays for the following expenses;

Real Estate Taxes: Typical market rates range from \$2.00 to \$4.00+ per SF. The actual taxes appear likely to change after a sale. The sales comparison approach value will be applied, along with a 3.5% tax rate:

$$\$685,000 \times 3.50\% \text{ tax rate} = \text{\$24,000 rounded}$$

Insurance: Typical market rates range from \$0.05 to \$0.50 per SF. Actual expenses not provided, a market based estimate will be used.

Repairs, Maintenance & Supplies: Typical market rates range from \$1.00 to \$3.00 per SF +. Actual expenses not provided, a market based estimate will be used.

Management/Professional Fees: Typical market rates range from 3% to 5%+ of gross income. Actual expenses provided, management fees appear to be high. Actual expenses not provided, a market based estimate will be used.

Utilities – (Water, Gas, Electric, Trash): Typical market rates range from \$0.75 to \$2.50 per SF. Actual expenses not provided, a market based estimate will be used.

Non-Recoverable Expenses: Typically, reserves for replacement and leasing expenses are costs incurred by the owner and are not transferred to the tenant.

Reserves for replacement are an allowance for, or an annual average amount needed, to make long and short-term improvements. Long-term improvements being structural, roof, windows, mechanical and parking. Setting aside for reserves reflects good management. Typical market rates range from \$0.10 to \$0.50 per SF.

See following Income Statement for expenses for the subject.

Income Approach -- continued

Capitalization Rate Estimate

A capitalization rate is used to convert current estimated net income into an indication of market value of the subject. To derive the overall capitalization rate, consideration is given to the age and condition of the property, the stability of commercial occupancy in the market, capitalization rates for similar properties recently sold in the market, current loan rates and the economy in general.

Two Capitalization methods have been considered.

Yield Capitalization: The subject is a single-occupant commercial building that would likely be owner occupied. A yield capitalization analysis is not considered applicable and will therefore not be applied.

Direct Capitalization includes two methods noted below and it uses market rates.

Band of Investment – Mortgage and Equity Components
Rate Extraction from comparable sales.

Band of Investment – Mortgage and Equity Components

In this method, an overall capitalization rate is developed which will satisfy the market return requirements of both the debt and equity positions. We will perform this calculation to show what a potential buyer might be willing to pay for the property as an investment.

| Mortgage Component: | |
|------------------------------|--------------------------|
| Mortgage Amount | 75% of value |
| Amortization Period | 20 years, 5-year balloon |
| Interest Rate | 4.5% |
| Annual Constant (calculated) | 0.076 |

Annual Mortgage Constant, is calculated by multiplying the monthly payment by 12 (months) and dividing it by the loan amount.

Equity Dividend Rates: The rate used to capitalize the equity income is called the equity capitalization rate. It's the ratio of annual equity dividend to the amount of equity investment. For appraisal purposes, a property's equity capitalization rate is the anticipated cash flow to the equity investor for the first year of the projection period divided by the initial equity investment.








Based on discussions with investors and market participants, along with various published sources (including Realtyrates.com Investor Survey), and market data, equity capitalization rates range from 6% to 15%+. Historically, equity dividend rates are 100 to 500 (1% to 5%) basis points higher than the mortgage interest rate. Rates can vary widely based on property type, investor preference, market conditions, etc. A rate at the mid-range will be utilized, say **10.0%**.

An overall rate using the mortgage/equity band of investment method may now be developed as follows:

| Source of Capital | % of Value | Constant Payment | Weighted Rate |
|-------------------|------------|------------------|---------------|
| Mortgage | .75 | .076 | .057 |
| Equity | .25 | .100 | .025 |
| Total | | | .082 |

Income Approach -- continued

Rate extraction from comparable sales: The following information is based on properties that have sold. The overall capitalization rate (OAR) is arrived at by dividing the net operating income (NOI) by the sale price.

| Direct Capitalization Rate Comparables | | | | | | | | |
|---|--|--------------------|--------|-----------|--------|-------------|-----------|--------------|
| | Location | Use | SF | Age | Date | Sale Price | NOI | Cap Rate |
|  | 6704 Bleck Drive Rockford | Industrial | 15,500 | 2001 | Sep-15 | \$785,000 | \$58,875 | 7.50% |
| Cap rate based on sale price and reported cap rate. | | | | | | | | |
|  | 340 Phyllis Street Big Lake | Industrial | 9,920 | 1970, '80 | Feb-18 | \$375,000 | \$30,058 | 8.00% |
| Cap rate based on sale price and reported cap rate. | | | | | | | | |
|  | 20850 Rogers Drive Rogers | Showroom | 23,497 | 1988 | May-17 | \$3,953,861 | \$237,232 | 6.00% |
| Cap rate based on sale price and reported cap rate. | | | | | | | | |
|  | 15 1 st Avenue South Buffalo | MT Retail | 21,000 | 1966 | Aug-16 | \$743,000 | \$80,498 | 10.80% |
| Cap rate based on sale price and reported cap rate. | | | | | | | | |
|  | 223 8 th Street South Brainerd | Retail | 13,434 | 1935 | May-14 | \$1,050,000 | \$100,000 | 9.50% |
| Cap rate based on sale price and reported cap rate. | | | | | | | | |
|  | 9350 Cedar Street Monticello | Commercial | 7,905 | 2013 | Mar-16 | \$1,270,000 | \$100,330 | 7.90% |
| Cap rate based on sale price and reported cap rate. | | | | | | | | |
|  | 702 East Highway 55 Buffalo | Auto Dealership | 50,000 | 2002 | Mar-16 | \$8,308,731 | \$581,611 | 7.00% |
| Cap rate based on sale price and reported cap rate. | | | | | | | | |
| Average | | | | | | | | 8.10% |
| Median | | | | | | | | 7.90% |

Conclusion capitalization rates: The capitalization rates range from 6.00% to 10.80% with an average of 8.0%. Given the age, quality, and condition of the subject, a rate near the mid-range is considered appropriate. Based on the current market and the above data a rate of **8.00%** is appropriate.

Income Approach -- continued

Below is an estimated income statement where the subject is operating at a stabilized occupancy level.
Figures are based on the market.

| Income Statement | | | | |
|---------------------------------------|-------------|-----------------|---------------|---------------------------------|
| Tenant | Rentable SF | | per SF | Income/Expenses |
| Commercial | 7,596 SF | | \$8.00 | \$60,768 |
| | 7,596 SF | | | Potential Gross Income \$60,768 |
| Vacancy | 8.0% | | | (\$4,861) |
| Net Rental Income | | | \$7.36 | \$55,907 |
| Recoverable Expenses | | | \$6.73 | \$51,103 |
| Vacancy & Credit Loss | 8.0% | | | (\$4,088) |
| Effective Gross Income | | | | \$102,921 |
| Recoverable Expenses | | % of NRI | | |
| RE Taxes | estimated | | \$3.16 | (\$24,000) |
| Insurance | estimated | | \$0.20 | (\$1,519) |
| Repairs, maintenance & supplies | estimated | | \$1.50 | (\$11,394) |
| Management | estimated | 5.0% | \$0.37 | (\$2,795) |
| Utilities | estimated | | \$1.50 | (\$11,394) |
| Total Recoverable Expenses | | | \$6.73 | (\$51,103) |
| Non-Recoverable Expenses | | % of NRI | | |
| Reserves for Replacement | estimated | | \$0.30 | (\$2,279) |
| Total Non-Recoverable Expenses | | | \$0.30 | (\$2,279) |
| Total Expenses (% of EGI) | | 51.87% | \$7.03 | (\$53,381) |
| Net Operating Income | | | | \$49,540 |
| Capitalization Rate | | | | 8.00% |
| Total | | | | \$619,244 |
| Value, rounded | | | | \$620,000 |
| Value per SF (GBA of 7,596 SF) | | | | \$81.62 |

Slight deviations due to rounding.

Total Operating Expenses (recoverable + non recoverable): The subject ratio, **51.87%** of effective gross income, is within the market range, typically between 35%-65%.

Income Approach -- continued

Direct Capitalization includes the two methods noted previously and it uses market rates, which are considered to be the most reliable indicators because they represent the actual market. In this situation, market data was considered to be sufficient to provide a reliable indication of value.

| BAND OF INVESTMENT | | |
|---------------------------|------------|--------------------------|
| NOI | OAR | Indicated value, rounded |
| \$49,540 | 8.20% | \$605,000 |

| RATE EXTRACTION | | |
|------------------------|------------|--------------------------|
| NOI | OAR | Indicated value, rounded |
| \$49,540 | 8.00% | \$620,000 |

The Band of Investment value is an estimate based upon current financing scenarios, which can vary. The rate extraction method is based upon actual market, and is given primary weight.

| | |
|---|-------------------|
| Indicated Value - Income Approach (fee simple, with public sewer) | \$620,000 |
| Less cost to connect to public sewer: | (\$50,000) |
| Indicated Value - Income Approach (fee simple, without public sewer) | \$570,000 |

RECONCILIATION

| Value Type | With Sewer | Without Sewer |
|--|------------------|------------------|
| Indicated Value by Cost Approach | Not Applied | Not Applied |
| Indicated Value by Sales Comparison Approach | \$685,000 | \$635,000 |
| Indicated Value by Income Approach | \$620,000 | \$570,000 |

The **Cost Approach** to value was considered less reliable due to subjective depreciation adjustments and was therefore not applied.

The Direct **Sales Comparison Approach** to value analyzed recent sales of buildings as compared with the characteristics of the subject property. Adjustments were made to the comparables to make them as similar to the subject as possible. This results in an indication of market value at which a typical buyer would be willing to pay for the subject property.

The **Income Approach** is typically preferred for income-producing properties. The reliability of this approach is a function of accuracy of rent and expense data and the capitalization rate.

Conclusion: The subject is a single-user highway commercial building. Buyers typically give more weight to the Sales Comparison Approach as these property types are generally owner occupied.

| | |
|---|------------------|
| Final Value Opinion – Fee Simple (with sewer) | \$665,000 |
| Final Value Opinion – Fee Simple (without sewer) | \$615,000 |

NOTE: Typically, unstable, distressed, properties with unusual conditions and/or motivated sellers tend to sell below market value. Based on market observations and discussions with various market experts, discounts can range from 10%-50%+.

EXPOSURE TIME / MARKETING TIME

| | |
|--|--|
| Reasonable Exposure Time: <i>Typically 12 months <u>before</u> the effective date of the appraisal.</i> | Marketing Time Opinion: <i>6 to 18 months or less <u>after</u> the effective date of the appraisal.</i> |
|--|--|

DEFINITIONS

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

(A) buyer and seller are typically motivated;

(B) both parties are well informed or well advised, and each acting in what they consider their own best interest;

(C) a reasonable time is allowed for exposure in the open market;

(D) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

(E) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute

ENVIRONMENTAL & STRUCTURAL ISSUES

Regarding any adverse environmental and/or improvement structural conditions (such as, but not limited to, hazardous wastes, toxic substances, mold, construction defects or inadequacies, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: **None are apparent**, however, appraiser is not an expert in this field. Value assumes no hazardous or structural conditions exist. Value assumes any abandoned wells will be properly sealed. If any of these conditions exist the appraised value could differ significantly.

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

As stated by USPAP;

Extraordinary Assumption: An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions of conclusions.

None

Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis.

None

ASSUMPTIONS AND LIMITING CONDITIONS

1. The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraisers render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership and good management.
2. The furnished legal description is assumed to be correct.
3. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraisers have made no survey of the property. It is assumed unless otherwise noted that no survey has been viewed and that all improvements are located within the legally described property.
4. The appraisers are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.
5. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
6. The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraisers assume no responsibility for such conditions, or for engineering, which might be required to discover such factors.
7. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
8. Information, estimates, and opinions furnished to the appraisers, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, the appraisers can assume no responsibility for accuracy of such items furnished the appraisers.
9. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the appraisers are affiliated. No part of the contents of this report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), shall be disseminated to the public through advertising, public relations, news, sales, or any other public means of communications without the prior written consent and approval of the appraisers.

Assumptions & Limiting Conditions – continued

10. The appraisers have no present or contemplated future interest in the property appraised; and neither the employment to make the appraisal, nor the compensation for it, is contingent upon the appraised value of the property. The appraisers have no personal interest or bias with respect to the parties involved.

11. The appraiser has personally inspected the subject site (unless noted otherwise). The comparable sales data has been viewed via aerial maps, photographs and/or online street views along with file pictures, when available. To the best of the appraiser's knowledge and belief, all statements and information in this report are true and correct, and the appraisers have not knowingly withheld any significant information.

12. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. The appraisal is for the sole use of the named client.

13. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

14. This appraisal assignment was not based on a requested minimum valuation or specific valuation or approval of a loan.

15. To the best of our knowledge and belief, the reported analysis, opinions, and conclusions were developed, and this report was prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

16. The appraised value opinion assumes all leases (if any) are current and paid in full as of the effective date of the appraisal.

17. Excel grids and tables may have slight deviations due to rounding, which may have a nominal impact on value.

18. The appraised value opinion assumes all formulas used in the Excel grids throughout the report are accurate.

19. Unless noted, value assumes no apparent adverse site, building or zoning issues or conditions.

20. Site and building sizes are based on public record, data services, client and/or appraiser measurement at the time of appraisal and are considered reliable, but not guaranteed. Actual sizes herein could vary if made by an engineer/surveyor/contractor.

21. Because market and property conditions may change rapidly, the named client should exercise caution in relying on the appraised value subsequent to the appraisal date with the passage of time.

22. If any of the above if found to be different, value could change.


CERTIFICATION

I certify that, to the best of my knowledge and belief:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analysis, opinions, and conclusions.
- 3) I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8) The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which includes the Uniform Standards of Appraisal Practice.
- 9) **William R. Waytas** has made a personal inspection of the property that is the subject of this report. **Ethan Waytas** did not inspect the subject property, but he has driven by the property numerous times previously.
- 10) No one provided significant professional assistance to the person signing this report.
- 11) In accordance with the competency provision USPAP, I have verified that my knowledge, experience and education are sufficient to allow me to competently complete this appraisal. See attached qualifications.
- 12) As of the date of this report, William R. Waytas and Ethan Waytas have completed the requirements of the continuing education program for designated members of the appraisal institute.
- 13) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative.
- 14) We **have not** provided services as an appraiser, regarding the subject property within the 3 year period immediately preceding acceptance to this assignment.



Ethan Waytas, MAI
Certified General MN 40368613
Date: see report



William R. Waytas
Certified General MN 4000813
Date: see report

QUALIFICATIONS

Appraisal Experience

Presently and since 2006, **Ethan Waytas, MAI** has been employed as an employee of Nagell Appraisal Incorporated, an independent appraisal firm (10 employees) who annually prepare 1,500 +/- appraisal reports of all types. He is currently a full time licensed certified general real estate appraiser, partner, and director of the company's IT department.

Properties appraised:

- **Commercial** - low and high-density multi-family, retail, office, industrial, restaurant, church, strip-mall, fast-food, convenience stores, auto-service and repair, cinema, numerous special use properties, golf courses, and subdivision analysis.
- **Residential** – single-family residences, hobby farms, lakeshore, condominiums, townhouses, REO and land.
- **Eminent Domain** – extensive partial and total acquisition appraisal services provided to numerous governmental agencies and private owners.
- **Special Assessment** – numerous street improvement and utilities projects for both governmental and private owners.
- **Clients** - served include banks, savings and loan associations, trust companies, corporations, governmental bodies, relocation companies, attorneys, REO companies, accountants and private individuals.
- **Area of Service** - most appraisal experience is in the greater Twin Cities Metro Area (typically an hour from downtown metro). Numerous assignments throughout Minnesota.

Testimony

-- Court, commission, mediation testimony, etc. has been given

Professional Membership, Associations & Affiliations

License: Certified General Real Property Appraiser, MN License #40368613

Holds the MAI designation from the Appraisal Institute

Education

-- Graduate of the University of Minnesota: College of Science and Engineering, Twin Cities Campus
Bachelor of Science in Computer Science, with distinction, 3.86 GPA.

-- **General & Professional Practice Courses & Seminars**

- Basic Appraisal Procedures
- Basic Appraisal Principles
- 2012-2013 15-Hour National Uniform Standards of Professional Appraisal Practice
- General Appraiser Sales Comparison Approach
- General Appraiser Income Approach – Part 1
- General Appraiser Income Approach – Part 2
- Advanced Income Capitalization
- General Appraiser Report Writing and Case Studies
- Real Estate Finance, Statistics and Valuation Modeling
- 2014-2015 7-hour National USPAP Update Course
- General Appraiser Site Valuation & Cost Approach
- Advanced Market Analysis and Highest & Best Use
- Advanced Concepts & Case Studies
- Quantitative Analysis

Curriculum Vitae -- continued

Appraisal Experience

Presently and since 1985, **William R. Waytas** has been employed as a full time real estate appraiser. Currently a partner and President of the Nagell Appraisal Incorporated, an independent appraisal firm (10 employees) who annually prepare 1,500 +/- appraisal reports of all types. Mr. Waytas was employed with Iver C. Johnson & Company, Ltd., Phoenix, AZ from 1985 to 1987.

Properties appraised:

- **Commercial** - low and high-density multi-family, retail, office, industrial, restaurant, church, strip-mall, fast-food, convenience stores, auto-service and repair, hotel, hotel water park, bed & breakfast, cinema, marina, numerous special use properties, and subdivision analysis.
- **Residential** – single-family residences, hobby farms, lakeshore, condominiums, townhouses, REO and land.
- **Eminent Domain** – extensive partial and total acquisition appraisal services provided to numerous governmental agencies and private owners.
- **Special Assessment** – numerous street improvement and utilities projects for both governmental and private owners.
- **Review** – residential, commercial and land development.
- **Clients** - served include banks, savings and loan associations, trust companies, corporations, governmental bodies, relocation companies, attorneys, REO companies, accountants and private individuals.
- **Area of Service** - most appraisal experience is in the greater Twin Cities Metro Area (typically an hour from downtown metro). Numerous assignments throughout Minnesota.

Professional Membership, Associations & Affiliations

License: Certified General Real Property Appraiser, MN License #4000813.
Appraisal Institute: SRA, Senior Residential Appraiser Designation,
General Associate Member
Employee Relocation Council: CRP Certified Relocation Professional Designation.
International Right-Of-Way Association: Member
HUD/FHA: On Lender Selection Roster and Review Appraiser
DNR: Approved appraiser for Department of Natural Resources

Testimony

-- Court, deposition, commission, arbitration & administrative testimony given.

Mediator

-- Court appointed in Wright County.

Committees

-- President of Metro/Minnesota Chapter, 2002, Appraisal Institute.
-- Chairman of Residential Admissions, Metro/MN Chapter, AI.
-- Chairman Residential Candidate Guidance, Metro/Minnesota Chapter, AI.
-- Elm Creek Watershed Commission, Medina representative 3 years.
-- Medina Park Commission, 3 years.

Curriculum Vitae -- continued

Education

- Graduate of Bemidji State University, Minnesota. B.S. degree in Bus. Ad.
- During college, summer employment in building trades (residential and commercial).
- Graduate of Cecil Lawter Real Estate School. Past Arizona Real Estate License.

- **General & Professional Practice Courses & Seminars**
- Course 101-Introduction to Appraising Real Property.
- Numerous Standards of Professional Practice Seminar.
- Fair Lending Seminar.
- Eminent Domain & Condemnation Appraising.
- Eminent Domain (An In-Depth Analysis)
- Property Tax Appeal
- Eminent Domain
- Business Practices and Ethics
- Scope of Work
- Construction Disturbances and Temporary Loss of Going Concern
- Uniform Standards for Federal Land Acquisitions (Yellow Book Seminar)
- Partial Interest Valuation Divided (conservation easements, historic preservation easements, life estates, subsurface rights, access easements, air rights, water rights, transferable development rights)

- **Commercial/Industrial/Subdivision Courses & Seminars**
- Capitalization Theory & Techniques
- Highest & Best Use Seminar
- General & Residential State Certification Review Seminar
- Subdivision Analysis Seminar.
- Narrative Report Writing Seminar (general)
- Advanced Income Capitalization Seminar
- Advanced Industrial Valuation
- Appraisal of Local Retail Properties
- Appraising Convenience Stores
- Analyzing Distressed Real Estate
- Evaluating Commercial Construction
- Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets

- **Residential Courses & Seminars**
- Course 102-Applied Residential Appraising
- Narrative Report Writing Seminar (residential)
- HUD Training session local office for FHA appraisals
- Familiar with HUD Handbook 4150.1 REV-1 & other material from local FHA office.
- Appraiser/Underwriter FHA Training
- Residential Property Construction and Inspection
- Numerous other continuing education seminars for state licensing & AI

Speaking Engagements

- Bankers
- Auditors
- Assessors
- Relocation (Panel Discussion)

Publications

- Real Estate Appraisal Practice (book): Acknowledgement
- Articles for Finance & Commerce and Minnesota Real Estate Journal

ADDENDA TO APPRAISAL REPORT



Anoka County

FINANCE & CENTRAL SERVICES DIVISION

Purchasing Department

2100 3rd Ave. Ste 300 Anoka, MN 55303

Please send the invoice to the billing address below. The Anoka County order number must be included on any documentation pertaining to this order and if omitted may result in return of shipment or delayed payment.

Vendor:

NAGELL APPRAISAL AND CONSULTING INC
12805 HWY 55 STE 300
PLYMOUTH, MN 55441

Deliver To:

HWY
PUBLIC SERVICES DIVISION
HIGHWAY DEPARTMENT
1440 BUNKER LAKE BLVD
ANDOVER, MN 55304

Bill To:

HWY
PUBLIC SERVICES DIVISION
HIGHWAY DEPARTMENT
1440 BUNKER LAKE BLVD
ANDOVER, MN 55304

VENDOR #: 135092

FAX#: ()-

EMAIL:

Order Number
0003528

Order Date
11/16/2018

| | | | |
|------------------|--|------------------------|--|
| Req # 1826988 | Tax Terms <i>Anoka County is Tax Exempt. A copy of the certificate is available upon request.</i> | | |
| Master PO | Buyer Whitney LeBlanc | Phone (763)324-1761 | E-mail whitney.leblanc@co.anoka.mn.us |
| | | | Date Required |
| LINE ITEM | UNIT | QUANTITY | DESCRIPTION |
| 0001 | JOB | 1.00 | COMMERCIAL APPRAISAL 8175 RIVERDALE DRIVE NW RAMSEY, MN 55303 LORELEI STONE 763.324.3148 C0006095 |
| | | | UNIT PRICE |
| | | | EXTENDED PRICE |
| | | | Taxes |
| | | | 0.00 |
| | | | Total |

Approved:

Whitney LeBlanc

Whitney LeBlanc

NON NEGOTIABLE