

Staff Report for 2025 State Board of Equalization

File No.: 2025-CASS-WEST FARGO-NETREIT WEST FARGO, LLC - 617 13TH ST NE

Prepared By: PROPERTY TAX DIVISION

County or City: CITY OF WEST FARGO

Appellant: NETREIT WEST FARGO, LLC

Type of Appeal: COMMERCIAL VALUE

Appeal Issue: NetREIT West Fargo, LLC, represented by Ms. Jennifer Carruth, Property Tax Resources, LLC is appealing the combined commercial value of \$1,261,500 on parcels 02-2054-00080-000 and 02-2056-00030-000 located at 617 13th Street NE, West Fargo, ND and 625 13th Street NE, West Fargo, ND.

Analysis:

Summary of Findings:

Proposal for Board Review:



Appellant Information – State Board of Equalization

County or City: Cass County
Appellant: NetREIT West Fargo LLC
Type of Appeal: Commercial

Please complete this form in its entirety. The information provided will be taken into consideration when investigating and reaching a conclusion regarding the appeal presented. To provide ample time for investigation, all information to support the appeal (property information, pictures, income information, etc.) must be received by August 1, 2025, and is subject to open records. Please provide one questionnaire per property.

Please email or mail any supporting documentation to:

propertytax@nd.gov

or

The Office of State Tax Commissioner, Attn: Property Tax,
600 E Boulevard Ave., Bismarck, ND 58505-0599

Information for Property Referenced in Appeal:

Address: 617 13 St NE
Township Name: West Fargo
County: Cass County
Parcel ID: 02-2054-00080-000
Legal Description: Lot 1 Blk 2 Sterling Industrial Park 2nd

Appellant Contact Information:

Appellant Name: Jennifer Carruth – Agent for the Owner
Address: P.O. Box 130639, Carlsbad, CA 92013
Phone Number: (760) 431-3810
Email Address: jennifer.carruth@ptaxresources.com

Answer the questions below that apply to the appeal:

Are you the owner of the property of this appeal? ☐ Yes ☒ No

**** Agent for the owner ****

Did you receive a notice of increase letter from the city/township? (choose all that apply)

☒ Prior to ☐ After Township/City Equalization Meeting
☒ Prior to ☐ After County Equalization Meeting
☐ No Notification Received

At which meeting(s) did you appeal your assessment? (choose all that apply)

☒ Township/City ☒ County ☐ N/A

****Please note NDCC § 57-13-04.3(a)(1)(2) requires appellants to appeal to the State Board of Equalization must have applied to both local and county boards.***

Has a recent appraisal been completed on the property?

☒ Yes (if yes, please attach) ☐ No

What grounds is your appeal based upon? Please check all that apply and provide supporting documentation for each selection.

- ☐ Factual error, that is, a data collection or clerical error.
- ☒ Equity and uniformity claim of discriminatory level of assessment.
- ☒ Belief that the valuation is inaccurate.
- ☐ Exemption, classification, or assessment limitation.

Please attach or email (propertytax@nd.gov) the following:

1. A detailed explanation of your appeal
2. Evidence to validate the assessment appealed

Appeal Process:

- 1.) Appellant notifies the Property Tax Division of intent to appeal.
- 2.) Submit this form and all applicable documentation to propertytax@nd.gov by the date specified above.
- 3.) The State Board of Equalization meets on the second Tuesday in August to examine and compare the returns of the assessment of taxable property as submitted by North Dakota counties. This is locally assessed property. The board equalizes the property so that all assessments of similar taxable property are uniform and equal throughout the state. During this meeting, tax directors or other representatives from a county will speak, along with city representatives, and individual taxpayers.
- 4.) After the State Board meeting, your case will be assigned, and staff will reach out to schedule an onsite review of the property (when deemed applicable). While an interior inspection of the property is not required, interior reviews may affect the consideration of value. If denied an interior review, we will assess from the exterior only. Staff will not be allowed to enter the property without the owner or a representative present.
- 5.) Generally, by the first Thursday of October, the property tax division staff will present their findings to the State Board of Equalization with a recommendation. The board deliberates and votes. You can attend this meeting; however, public comments are not accepted.



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600 E Boulevard Ave., Bismarck, ND 58505-0599

Information for Property Referenced in Appeal:

Address: 625 13 St NE
Township Name: West Fargo
County: Cass County
Parcel ID: 02-2056-00030-000
Legal Description: Lot 3 Blk 1 Sterling Industrial Park 3rd

Appellant Contact Information:

Appellant Name: Jennifer Carruth – Agent for the Owner
Address: P.O. Box 130639, Carlsbad, CA 92013
Phone Number: (760) 431-3810
Email Address: jennifer.carruth@ptaxresources.com

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2/1/2025 Assessment Appeal

617 & 625 13th Street NE, West Fargo, ND 58078
Parcel(s) 02-2054-00080-000 & 02-2056-00030-000

Scheduled for Hearing:

June 2, 2025

Prepared For:

County Board of Equalization
Cass County, North Dakota

Prepared By:

Property Tax Resources, Agent for the Applicant
NetREIT West Fargo, LLC, Applicant



**Property Tax
Resources**

5857 Owens Ave, Suite 329
Carlsbad, CA 92008
www.ptaxresources.com

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Salient Facts

Parcel:	02-2054-00080-000 & 02-2056-00030-000
Agent:	Jennifer Carruth, Property Tax Resources, LLC
Applicant:	NetREIT West Fargo, LLC
Lien Date:	2/1/2025
2025 Assessed Value:	\$1,261,500 (\$84.10/SF)
Applicants' Opinion of Value:	\$909,280 (\$60.62/SF)

Property Description

Property Name:	13 th Street Industrial
Property Address:	617 & 625 13 th Street NE, West Fargo, ND 58078
Property Type:	2-Star, Class C Industrial Warehouse
Year Built	2001
Occupancy as of Lien Date:	91.7% as of 12/31/2024
Rentable Square Feet:	15,000 sq-ft.
Zoning:	Industrial (M) - Heavy Industrial

Parcel Map & Location Aerial

Subject Parcel Map & Aerial

Parcel # 02-2054-00080-000 & 02-2056-00030-000



Looking North



Looking West



Looking South



Looking East

Subject Photos



View of 625 and 617 13th St NE from 13th St NE



Parking Area between 617 and 625 13th St NE



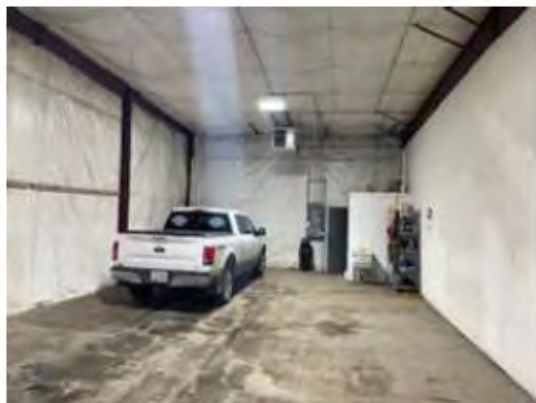
North and West Elevations - 617 13th St NE



West and South Elevations - 625 13th St NE

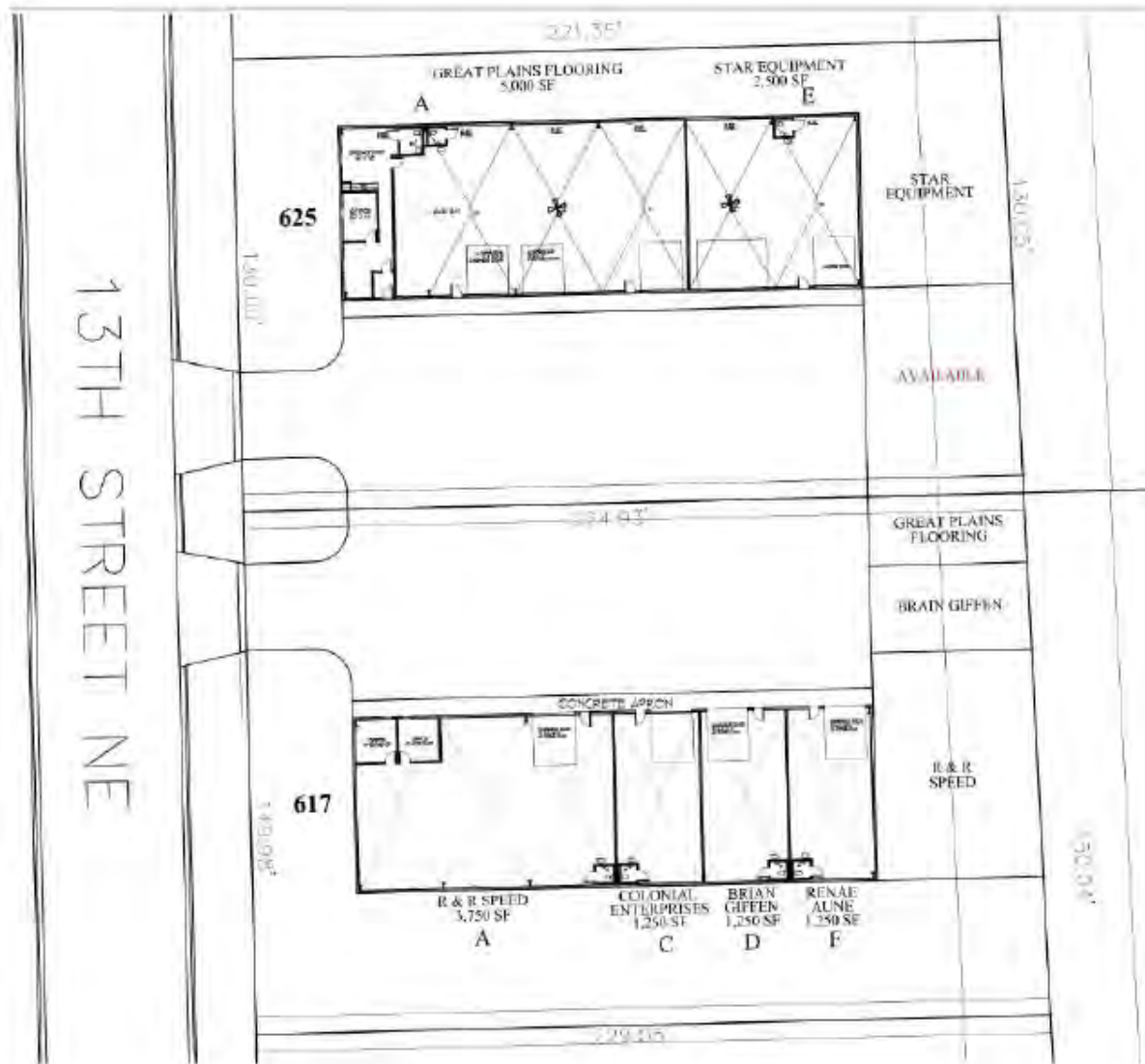


South Elevation - 625 13th St NE



Warehouse Area - 625 13th St NE

Site Plan



General Information / Pertinent Facts

13th Street Industrial comprises two single-story industrial warehouse buildings located at 617 & 625 13th Street NE in West Fargo, ND, with a total area of 15,000 square feet. Constructed in 2004, these metal frame buildings with gabled roofs are in average quality and condition. They are situated on two parcels of land, measuring 0.7818 acres and 0.6656 acres, respectively. The property offers 7 Drive in doors, a clear height of 14 feet and adequate parking at a ratio of 3.0 spaces per 1,000 square feet, totaling 45 parking spaces.

Declining Performance Metrics

The subject property has experienced several performance declines that warrant a reassessment of its property tax valuation. Given these declining performance metrics, it is evident that the property's current assessed value may not accurately represent its true market value. Therefore, a property tax appeal is justified to ensure a fair and equitable assessment.

- **Occupancy Rate:** As of December 31, 2024, the property is operating below stabilized occupancy levels, with an occupancy rate of 91.67%. This indicates a vacancy issue that impacts the property's revenue potential.
- **Net Operating Income (NOI):** There has been a 4.7% decline in NOI from year-end 2023 to year-end 2024. This reduction in income reflects the property's decreased financial performance.
- **Implied Capitalization Rate:** The property's implied cap rate is currently 5.03%, which is below the market cap rates. This suggests that the property's value is overstated, as the lower cap rate does not accurately reflect the current market conditions and the property's financial health.

Subject Performance Metrics from 2022 to 2024

	2023	2024	2025
<u>Assessed Value</u>			
Assessed Value	1,151,400	1,199,800	1,261,500
Yr/Yr Change		4.2%	5.1%
<u>Occupancy Trends</u>	YE 22	YE 23	YE 24
Occupied SF	15,000	15,000	13,750
Vacant SF	0	0	1,250
Total SF	15,000	15,000	15,000
Total Vacancy	0.00%	0.00%	8.33%
Yr/Yr Change		0.00%	-8.33%
<u>Income & Expense Trend</u>	YE 22	YE 23	YE 24
Total Income	\$93,614	\$106,433	\$99,920
Total Expenses	\$36,080	\$39,905	\$36,525
NOI	\$57,534	\$66,527	\$63,396
Yr/Yr Change		15.6%	-4.7%
Implied Cap Rate	5.00%	5.54%	5.03%
<u>Expense Recovery</u>	YE 22	YE 23	YE 24
Recovered Expenses	\$897	\$6,858	\$4,063
Total Expenses	\$36,080	\$39,905	\$36,525
Unrecovered Expenses	\$35,183	\$33,047	\$32,461
Percent Recovered	2%	17%	11%

See Addenda A-1a through c: Income & Expense YE-2022 through YE-2024, A2a through Rent Roll YE 2022 through 2024

Market Fundamentals

Rising Interest Rates

As represented by institutions, such as the Chartered Financial Analyst Institute (CFA) and JPMorgan, and real estate investment companies like Matthews, there is a correlation between rising interest rates and overall capitalization rates. Since March 2022, the Federal Reserve Bank began increasing the borrowing rate due to high inflation. The historical increase in borrowing rates is represented below:

Interest Rate Changes from March 2022 through December 2024

Meeting date	Rate change	Target range
March 15-16, 2022	+25 basis points	0.25-0.5 percent
May 3-4, 2022	+50 basis points	0.75-1 percent
June 14-15, 2022	+75 basis points	1.50-1.75 percent
July 26-27, 2022	+75 basis points	2.25-2.5 percent
Sept. 20-21, 2022	+75 basis points	3-3.25 percent
Nov. 1-2, 2022	+75 basis points	3.75-4 percent
Dec. 13-14, 2022	+50 basis points	4.25-4.5 percent
Jan. 31-Feb. 1, 2023	+25 basis points	4.5-4.75 percent
March 21-22, 2023	+25 basis points	4.75-5 percent
May 2-3, 2023	+25 basis points	5-5.25 percent
July 25-26, 2023	+25 basis points	5.25-5.5 percent
September 19, 2024	-25 basis points	4.75-5.00 percent
November 8, 2024	-25 basis points	4.50-4.75 percent
December 19, 2024	-25 basis points	4.25-4.50 percent

Source: <https://www.federalreserve.gov/monetarypolicy/openmarket.html>

As interest rates rose, capitalization rates followed due to the rising cost of debt and to maintain similar investment returns. Matthews explains the correlation between interest rates and capitalization rates below.

"Interest rates can have a significant impact on cap rates. When interest rates are high, cap rates tend to increase as well. This is because higher interest rates lead to higher borrowing costs, meaning that investors will require a higher return on their investment to compensate for the increased cost. Conversely, when interest rates are low, cap rates decrease since borrowing costs are lower."

Source July 10, 2023, What is the Relationship Between Interest Rates and Cap Rates? Matthews

See Addenda A-3 Mathews Cap Rate & Interest Rate Relationships

Therefore, as capitalization rates begin to rise, values begin to fall accordingly so investors can maintain returns.

Third-Party Commissioned Appraisal

On June 11, 2024, a third-party commissioned appraisal was conducted by Newmark Valuation & Advisory, placing the fair-market value of the subject property at \$1,000,000 (\$66.67/SF). This appraisal was part of a broader valuation that included two other industrial properties. However, for the purposes of this appeal, the information pertaining to the other properties has been redacted to focus solely on the appraisal of the subject property.

The appraisal was carried out by a certified appraiser, ensuring an objective and professional assessment of the property's value. The methodology used in the appraisal included a thorough analysis of comparable sales, income potential, and market conditions, providing a comprehensive and accurate valuation.

This third-party appraisal supports the argument that the fair-market value of the property is \$1,000,000 (\$66.67/SF), which should be considered in the property tax assessment to ensure a fair and equitable valuation.

Based on the analysis contained in the following report, the opinion of value for the subject is:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Market Value "As Is" - 617, 625 13th St NE	Leased Fee	5/2/2024	\$1,000,000
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Insurable Replacement Cost - 617, 625 13th St NE		5/2/2024	\$1,000,000
Compiled by Newmark			

Please see Addenda A-5 for Final Appraisal June 11, 2024-13th Street redacted

Income Approach

In the marketplace, typical investors often rely on the Income Approach to Value when assessing income-producing properties. This method is favored because it directly correlates the property's value with its ability to generate income. By focusing on the expected income streams, investors can make informed decisions about the property's potential profitability and long-term viability. Therefore, primary weight was placed on the Income Approach for valuing the subject.

DIRECT CAPITALIZATION MODEL

A Modified Gross Direct Capitalization Model for a multitenant industrial property involves valuing the property based on its net operating income (NOI), where tenants pay a modified-service gross lease rate that includes property taxes, insurance, and maintenance expenses. In this model, the landlord covers all operating expenses and the tenants are responsible for utilities, resulting in a stabilized NOI that reflects the property's true earning potential after accounting for these costs. The property's value is then determined by dividing the stabilized NOI by an appropriate capitalization rate, which considers market conditions and the property's risk profile. This approach considers the expected income the property can generate, providing a more appropriate valuation in the absence of relevant sales data. Additionally, incorporating a cost to reach stabilization in the Income Approach is crucial, as it accounts for the expenses and time required to achieve full occupancy, ensuring a more precise valuation of the property's future income potential. This method will offer a comprehensive and realistic assessment, reflecting the true market value of the property.

DETERMINATION OF MARKET RENT FOR POTENTIAL GROSS INCOME

For most income-producing properties, income is primarily derived from rent. Market rent represents the prevailing rental rate for comparable properties in the area and is typically estimated using the current asking rent for the subject, recently negotiated rents for both the subject property and equivalent properties and available market data. Market rent was concluded at \$7.50/SF Modified Gross giving primary weight to the recently signed leases at the Subject.

RECENTLY SIGNED LEASE(S)

The following are recently signed leases at the subject property, providing valuable insight into the achievable market rent, Modified Gross Lease Rates range from \$6.89/SF to \$7.50/SG, averaging \$7.27/SF Modified Gross. Recently signed leases at the Subject are the best indicator of fair-market rent.

Recently Signed Subject Leases 2022 through 2024

Tenant Name	Lease Start	Lease End	Term	Square Feet	Total Annual Rent	Ann Rent/Sq.Ft	Total Cost Recovery/Ann	Equiv Rent/Ann
Robert Stephens	3/21/22	3/31/25	3.0	1,250	\$8,837	\$7.07	\$0.36	\$7.43
Rick Randall Construction, LLC	4/1/23	3/31/26	3.0	5,000	\$33,600	\$6.72	\$0.17	\$6.89
Orange Property Management LLC	8/15/24	8/31/27	3.0	2,500	\$18,750	\$7.50	\$0.00	\$7.50

Please see Addenda A2a through Rent Roll YE 2022 through 2024

VACANCY AND COLLECTION LOSS

Vacancy at the subject as of 12/31/2024 was 8.3%. A static 3% vacancy & collection loss was utilized for this analysis.

Vacancy Statistics

Mkt Source:	Market:	Region/Type:	Bldg Class:	4Q22	4Q23	4Q24
CoStar Market Analytics	North Dakota	Fargo	Industrial	5.1%	3.5%	3.5%
CoStar Market Analytics	North Dakota	Fargo	Ind. Logistics	5.4%	3.3%	4.0%
NAR Commercial	North Dakota	Fargo Metro	Industrial	5.1%	3.3%	2.2%
AVERAGE				5.2%	3.4%	3.2%

OPERATING EXPENSES

Lease structures in the market are primarily triple net. However, at the subject property all leases are on modified gross terms with the landlord paying all expenses except utilities, which are each tenant's responsibility. In the Fargo market it is common for small bay industrial properties to be on gross terms while large bay or single tenant industrial properties are almost always on triple net terms. For this analysis, a 17% expense ratio of the Effective Gross Income (EGI) was utilized, equating to \$1.24/SF (Net of Real Estate Taxes), Actual YE -2024 Expenses were \$1.25/SF (Net of Real Estate Taxes). This expense ratio ensures that the landlord covers all operating expenses, maintaining a stable and predictable income stream. By accurately accounting for these expenses, the analysis provides a realistic and comprehensive view of the property's financial performance, supporting a fair and equitable property tax assessment.

EXPENSES	YE 2022		YE 2023		YE 2024	
	Total	PSF	Total	PSF	Total	PSF
Repairs & Maintenance	1,040.00	0.07	-	-	96.56	0.01
General Building	-	-	-	-	100.00	0.01
Grounds Maintenance	7,336.50	0.49	8,737.20	0.58	7,158.53	0.48
Utilities	1,715.00	0.11	2,390.40	0.16	1,836.20	0.12
Administration	4,771.00	0.32	5,799.36	0.39	6,048.27	0.40
Real Estate Taxes	16,924.58	1.13	16,322.12	1.09	17,805.60	1.19
Insurance	4,601.18	0.31	6,053.79	0.40	2,758.68	0.18
Non Recoverable (Less Bad Debt)	731.39	0.05	602.50	0.04	917.28	0.06
TOTAL OPERATING EXPENSE	36,079.65	2.41	39,905.37	2.66	36,524.56	2.43

See Addenda A-1a through c: Income & Expense YE-2022 through YE-202

CAPITILIZATION RATE

A capitalization rate, or cap rate, is a key metric used in real estate to evaluate the potential return on an investment property. In direct capitalization, the cap rate is applied to the property's net operating income (NOI) to estimate its value. Essentially, the cap rate represents the ratio between the NOI and the property's current market value or purchase price. It reflects the investor's expected rate of return, considering the property's income-generating potential and associated risks. Higher cap rates typically indicate higher risk and potentially higher returns, while lower cap rates suggest lower risk and more stable income streams. This method is widely used for its simplicity and effectiveness in valuing income-producing properties.

CONCLUDED CAPITILIZATION RATE

Based on the available market data, a very conservative capitalization rate of 8.5% was concluded for this analysis. Because an investor will have to pay property taxes based on the taxable value of the subject, the income stream should be sufficient to allow for the payment of the annual property tax. When the fair-market value is to be used to arrive at an assessed value, the capitalization rate is to include a property tax component. The property tax rate utilized was 1.46%, bringing the total capitalization rate to 9.96%.

COMPARABLE SALES

Eight (8) comparables market sales were identified as sold between 1Q-2023 and 1Q-2025. The sales reviewed reported retail capitalization rates ranging from 7.5% to 9.85%, with an average of 8.53%.

CoStar Cap Rates									
Property Address	Property City	Submarket Name	State	Property Type	Building Class	Square Feet	NOI/SF	Sale Date	Actual Cap Rate
7447 Dresser Dr NE	Rochester	Rochester	MN	Industrial	C	13,000	\$12.92	4/30/2024	8.00%
7548 Industrial Park Rd	Baxter	Minnesota Central Area	MN	Industrial	C	9,180	\$10.46	1/26/2023	9.85%
1232 Willow St	Faribault	Minnesota South Area	MN	Industrial	C	9,524	\$4.04	6/11/2024	7.70%
860 35th Ave E	Dickinson	North Dakota Area	ND	Industrial	C	13,246	\$13.59	2/23/2023	9.48%
309-403 40th Ave NE	Minot	Northeast Minot	ND	Industrial	B	21,760	\$16.48	4/17/2024	9.00%
910 Yegen Rd	Bismarck	East Bismarck	ND	Industrial	B	17,442	\$9.32	3/1/2025	7.50%
724 Oakwood Rd	Watertown	South Dakota Area	SD	Industrial	C	20,000	\$5.60	2/13/2023	8.00%
3810 McIntyre Ave	Eau Claire	Eau Claire/Menomonie	WI	Industrial	C	20,000	\$6.74	6/6/2023	8.74%

Source: CoStar Sale Comparable Database

Criteria:

Located with 300-mile radius of Subject

Industrial buildings 5,000 to 25,000 sq-ft

Sold from 1/1/2023 forward

Stabilized occupancy, multi/single tenant occupancy

Excluded bulk portfolio sales, development sales sold for land value, owner-user sales

Minimum	7.50%
Maximum	9.85%
Average	8.53%
Weighted Average	8.58%
Indicated NOI/SF	\$10.07

See Addenda A-3 CoStar Cap Rate Comparables for details on each property & sale

THIRD-PARTY MARKET DATA

NAR Commercial: NAR Commercial reports average capitalization rates for Industrial in Fargo to be 11.1% as of 3Q-2024.

4. Industrial

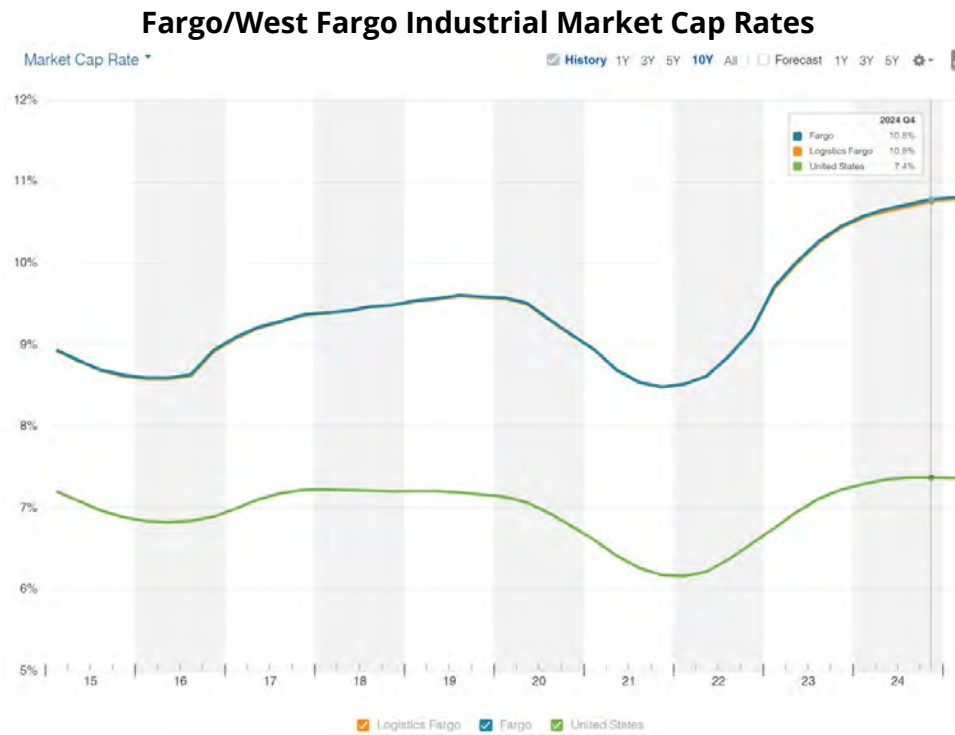
Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. As a result, rent prices rose faster than nationwide abd vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2024 Q3	186,559	564,032	3.3%	\$9	3.6%
2023 Q3	522,582	1,599,668	6.1%	\$9	2.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2024 Q3	21,256,325	123,801	824,905	11.1%	\$2.24M
2023 Q3	20,431,420	13,300	1,298,504	10.4%	\$2.20M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

See Addenda A-4 NAR Realtor Fargo Market Report Q3 2024

CoStar Market Analytics: CoStar Market Analytics reports average capitalization rates for Industrial & Logistics in West Fargo/Fargo to be 10.8% as of year-end 2024.



Source: CoStar Market Analytics – Historical Market Cap Rates Fargo Industrial

Direct Capitalization Analysis

DIRECT CAPITALIZATION ANALYSIS			
REVENUES	Per Sq. Ft.	Total SF	Annually
Industrial	\$7.50	15,000	\$112,500
Total	\$7.50	15,000	\$112,500
	Percent		
Less Vacancy & Collection Loss @	3.00%		(\$3,375)
Effective Gross Rental Revenues			\$109,125
Effective Gross Income	\$7.28		\$109,125
EXPENSES (annual)	Percent		
Expenses (Net of Real Estate Taxes)	17.0%	\$1.24	\$18,551
NET OPERATING INCOME	Per Sq. Ft.		
	\$6.04		\$90,574
Capitalization Rate			8.50%
Tax Rate			1.46%
Total Capitalization Rate			9.96%
FAIR MARKET VALUE-Before Deductions for Lease-Up Costs			\$909,275
Per Sq. Ft.:			\$60.62
FAIR MARKET VALUE			\$909,275
ROUNDED VALUE			\$909,280
Per Sq. Ft.:			\$60.62

Comparative Sales Approach

Per the **North Dakota Property Tax Valuation Concepts – Residential and Commercial Property** guidelines for the 'Sales as Basis of Valuation', *"To use the sales comparison method to estimate market value, the assessor must have information about an adequate number of properties that have recently sold."*

Sales as a Basis of Valuation

The sales comparison method is one of the more accurate methods of estimating market value. This method involves comparing the property being appraised to similar properties that have recently sold and reflects the actions of buyers and sellers in the real estate market. A buyer or seller usually examines other available properties before negotiating a final purchase price.

To use the sales comparison method to estimate market value, the assessor must have information about an adequate number of properties that have recently sold. The properties must be reasonably similar in physical characteristics and location. The county director of tax equalization can help the assessor obtain information about sales transactions from Statements of Real Estate Full Consideration completed for the sales ratio study. The assessor is cautioned to comply with the secrecy provisions which require that the names of the grantee (buyer) and grantor (seller) be kept confidential.

The assessor must consider and adjust for differences that exist between the property that sold (the comparable) and the property that is being valued (the subject). The three main comparison points to adjust are: (1) time (How recent is the sale?); (2) location (How close is the comparable to the subject property?); and (3) physical characteristics (How similar is the comparable to the subject property in size, shape and components?). After the assessor makes adjustments to the price paid for the comparable property to reflect those differences, the adjusted price is an indication of the value of the subject property.

Source: <https://www.tax.nd.gov/sites/www/files/documents/guidelines/property-tax/conceptsresidentialcommercialproperty.pdf>

COMPARABLE SALES

As a check for reasonableness to the Income Approach, we surveyed the surrounding area for a basis of sale comparables and identified the following sales which provide a useful benchmark for valuing similar properties, highlighting the potential market value based on size, property type/quality, occupancy type (multi-tenant), stabilized leased status, and location. By considering such comparable sales, we can gain insights into the property's potential value, even in the absence of directly relevant local data. **Note: Differences necessitate adjustments to ensure a fair comparison between the properties.**

The unadjusted sale prices of these properties range from \$42.74/SF to \$81.03/SF, averaging \$60.14/SF, indicating an unadjusted fair-market value of \$902,087.

COMPARABLE SALES (APPLICANT)							
PARCEL	ADDRESS	YR BUILT	FRAME	BLDG SQ FT	SALES DATE	SALES PRICE	\$ PER SQ FT
02-3000-00555-000	1905 MAIN AVE E	1977	Metal Shop - Steel Frame	21,600	7/31/2023	\$ 1,200,000	\$ 55.56
02-0036-00010-000	460 7th Ave NE	1999	Metal Shop - Steel Frame	36,560	5/1/2024	\$ 1,562,500	\$ 42.74
02-0030-00080-000	201 15 ST NW	2017	Metal Shop Post Frame	23,464	8/8/2022	\$ 1,300,000	\$ 55.40
02-0030-00090-000	1450 MAIN AVE W	2024	Metal Shop - Steel Frame	18,150	8/8/2022	\$ 1,200,000	\$ 66.12
02-3000-00555-000	1905 MAIN AVE E	1977	Metal Shop - Steel Frame	21,600	7/31/2023	\$ 1,200,000	\$ 55.56
02-3050-04366-030	200 7 AVE NW	2006	Metal - Regid Steel Frame	27,101	3/11/2025	\$ 1,750,000	\$ 64.57
02-2057-00150-000	625 16TH ST NE	2008	Metal Shop - Steel Frame	11,250	5/27/2022	\$ 911,608	\$ 81.03
		MIN 1977		MIN 11,250		MIN \$	42.74
		MAX 2024		MAX 36,560		MAX \$	81.03
		AVERAGE 2001		AVERAGE 22,818		AVERAGE \$	60.14
SUBJECT	ADDRESS	YR BUILT	FRAME	BLDG SQ FT	SALES DATE	SALES PRICE	\$ PER SQ FT
02-2054-00080-000	617 13 ST NE	2004	Metal Shop - Steel Frame	7,500		\$	451,043
02-2056-00030-000	625 13 ST NE	2004	Metal Shop - Steel Frame	7,500		\$	451,043
						Indicated Fair Market Value	\$ 902,087

Reconciliation of Values & Conclusion

Reconciliation of Values

While a Comparative Sales Approach was performed, it is constrained by the lack of truly relevant sales, property-level rent rolls and financials, which are essential for making precise adjustments. The Income Approach is deemed the most suitable method for valuing the subject property, given its income-producing nature. With adequate information available to perform a Direct Capitalization Analysis, this approach is most preferred and accurate from an investor standpoint in representation of fair-market value of a non-stabilized property. In reconciling the three values, we have concluded the following fair-market value as of the lien date:

Approaches to Value	Value Indication
Direct Capitalization Analysis (Income Approach)	\$909,280 (\$60.62/SF)
Comparative Sales Approach	\$902,087 (\$60.14/SF)
Appraisal	\$1,000,000 (66.67/SF)
Concluded Fair-Market Value	\$909,280 (\$60.62/SF)

Response to Assessor's Valuation

The West Fargo Assessor's Office has upheld the current assessed value of the subject with the following comparable sales:

Excerpt from Email from the West Fargo Assessor's Office:

COMPARABLE SALES								
PARCEL	ADDRESS	YR BUILT	FRAME	BLDG SQ FT	LAND SQ FT	SALES DATE	SALES PRICE	\$ PER SQ FT
02-3000-00423 & 00418-000	320 8TH ST W	1974-79	STEEL	15,600	87,522	7/18/2023	\$ 1,279,938	\$ 82.05
02-0175-00030-000	1721 MAIN AVE E	1970	STEEL/BLOCK	15,600	99,169	3/31/2023	\$ 1,290,356	\$ 82.72
02-2057-00150-000	625 16TH ST NE	2008	STEEL	11,250	47,786	5/27/2022	\$ 911,608	\$ 81.03
02-0020-00060-000	756 CENTER ST	2008	POLE	10,100	44,204	3/18/2022	\$ 918,420	\$ 90.93
02-2057-00035-000	528 16TH ST NE	2006	STEEL	10,500	67,485	10/1/2021	\$ 1,015,504	\$ 96.71

After thoroughly reviewing the assessor's decision and the sale comparables used to determine the assessment of the subject property, we believe the assessment is incorrect and does not accurately reflect the current market value. The assessor relied on sales that lack relevance due to significant differences in property types, income producing potential, building quality/amenities and sale dates affected by prevailing market conditions.

Please refer to the following pages for a detailed analysis and commentary refuting the sale comparables used in the assessment.

351-00095-000

02-3000-00420-000

351-00070-000

51-00060-000

02-3000-00418-010

3354-00030-000

3TH STW

Property Details: Multiple metal warehouse buildings totaling 15,600 SF on 87,522 sq-ft of land acquired for multifamily development

COMPARABLE SALES								
PARCEL	ADDRESS	YR BUILT	FRAME	BLDG SQ FT	LAND SQ FT	SALES DATE	SALES PRICE	\$ PER SQ FT
02-3000-00423 & 00418-000	320 8TH ST W	1974-79	STEEL	15,600	87,522	7/18/2023	\$ 1,279,938	\$ 82.05

- **Discrepancies and Miscalculation of Price/SF:** The Assessor's Office stated the square footage in the sale as 15,600 SF. Per West Fargo Assessor records the occupied improvements on the two-parcels total 22,800 sq-ft. Which would bring the price per square foot of the property to \$54.82/SF. The July 2023 sale also included parcel 02-3000-00418-020, which includes 8,425 sq-ft of improvements which is not considered in the assessor's calculations. This discrepancy leads to an inflated valuation, as the correct price per square foot should be \$54.82/SF. Using the accurate square footage reflects the property's true market value per square foot.

Commercial Building Information		
Occupancy	Year Built	Building Area
+ Metal Office	1960	1,296
+ ↳ Addition: Metal Shop - Steel Frame	1961	2,160
+ ↳ Addition: Metal Warehouse - Rigid Steel Frame	1971	3,744

- **Acquired for development purposes:** Buyer of the properties is "Brick View Apartments, LLC" and the sale is reported to be a land assemblage for the development of a multi-family property. The assessor's valuation utilized a land assemblage sale for a multifamily development, which is not comparable to an industrial warehouse. Multifamily developments and industrial warehouses serve different purposes, are influenced by distinct market dynamics, and require different land values and improvements. Therefore, using a multifamily development comp does not accurately reflect the market value of an industrial warehouse property.
- **Adjusted Sales Price:** The Assessor's Office used an "Adjusted Sales Price" to determine the fair market value of the property. While the actual sale price was \$1,250,000 (\$54.82/SF), and the "Adjusted Sales Price" was set at \$1,279,938 (\$56.13/SF) to include special assessments. This adjustment can lead to an inflated valuation that doesn't accurately reflect the agreed-upon purchase price. Fair market value should be based on the actual sale price, which represents the amount a willing buyer and seller agree upon under normal market conditions. Special assessments are typically factored into negotiations before the purchase, not added separately afterward. By increasing the adjusted sales price to account for assessments, the valuation process may overstate the property's worth, resulting in higher property taxes or incorrect market comparisons. Since buyers are aware of special assessments at the time of purchase and incorporate them into their decision-making, adjusting the price afterward misrepresents the property's true market value. A fairer approach would be to acknowledge special assessments as part of the overall cost of ownership without artificially inflating the recorded sale price, while the value difference is not a substantial increase utilizing the sale price ensures accuracy in the valuation process while maintaining consistency in market pricing.

Sale Information						
+ Sale Date	Sales Condition Code	Deeded Price	Personal Property	Specials Assumed	Adjusted Sales Price	Recording
> 07/18/2023	000 - Normal Arms-Length Transaction	\$1,250,000	\$0	29,938	\$1,279,938	1693506

Assessor's Sale Comp #2



1721 Main Ave E, West Fargo, North Dakota

Property Details: 15,600 SF retail brick and metal showroom and metal warehouse on 99,169 sq-ft of land, acquired for land value for multi-family or commercial development

Sale Details: Sold March 2023 for \$1,250,000 (\$80.12/SF)

02-0175-00030-000	1721 MAIN AVE E	1970	STEEL/BLOCK	15,600	99,169	3/31/2023	\$ 1,290,356	\$ 82.72
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Applicant Response to Sale as Comparable:

- **Acquired for development purposes:** Buyer of the properties is "13th Street Development, LLC" which is an LLC held by Christianson Companies a multifamily developer in North Dakota and the sale is reported to be a land assemblage for the development of a multi-family property. The assessor's valuation utilized for a future land assemblage sale for multifamily development, which is not comparable to an industrial warehouse. Multifamily developments and industrial warehouses serve different purposes, are influenced by distinct market dynamics, and require different land values and improvements. Therefore, using a multifamily development comp does not accurately reflect the market value of an industrial warehouse property.
- **Incomparable construction type:** The property includes a 7,200 sq-ft retail brick and metal showroom and shop which includes a retail showroom buildout and an office mezzanine, which significantly differ from the construction type and use of the metal warehouse. The retail showroom buildout is designed for customer-facing activities, featuring aesthetic enhancements and functional spaces tailored for retail operations and sales office buildouts. These features contribute to a higher valuation due to their specialized nature and intended use. In contrast, the subject property consists solely of two metal steel frame warehouse buildings, which are primarily designed for storage and industrial use without the added value of retail or office spaces. Therefore,

a downward adjustment in the valuation would be necessary to account for these differences and make the property fully comparable to the subject. This adjustment ensures that the assessment accurately reflects the market value of the subject property, which lacks the retail and office enhancements present in the comparable property.



Commercial Building Information		
Occupancy	Year Built	Building Area
+ Shop	1970	7,200
+ Metal Light Mfg - Rigid Steel Frame	1970	8,400

- **Income Producing Potential:** As the property includes a retail/office/warehouse showroom (different construction type) that is marketed at a lease rate of \$13.25 FSG, the income producing potential is much higher than the recently signed leases at the subject in the \$6.89 to \$7.50/SF MG range. These factors collectively enhance the income-generating capacity of the property, making it a more lucrative investment compared to the subject property and therefore commanding a higher sale price. Appropriate adjustments should be made to reflect these differences to the subject.
- **Adjusted Sales Price:** The Assessor's Office used an "Adjusted Sales Price" to determine the fair market value of the property. While the actual sale price was \$1,250,000 (\$80.12/SF). And the "Adjusted Sales Price" was set at \$1,290,356 (\$82.71/SF) to include special assessments. This adjustment can lead to an inflated valuation that doesn't accurately reflect the agreed-upon purchase price. Fair market value should be based on the actual sale price, which represents the amount a willing buyer and seller agree upon under normal market conditions. Special assessments are typically factored into negotiations before the purchase, not added separately afterward. By increasing the adjusted sales price to account for assessments, the valuation process may overstate the property's worth, resulting in higher property taxes or incorrect market comparisons. Since buyers are aware of special assessments at the time of purchase and incorporate them into their decision-making, adjusting the price afterward misrepresents the property's true market value. A fairer approach would be to acknowledge special assessments as part of the overall cost of ownership without artificially inflating the recorded sale price, while the value difference is not a substantial increase utilizing the sale price ensures accuracy in the valuation process while maintaining consistency in market pricing.

Sale Information						
+ Sale Date	Sales Condition Code	Deeded Price	Personal Property	Specials Assumed	Adjusted Sales Price	Recording
> 03/31/2023	023 - Other reasons not listed above	\$1,250,000	\$0	40,356	\$1,290,356	1687236

Assessor's Sale Comp #3



625 16th Street NE, West Fargo, North Dakota

Property Details: 11,250 SF Metal Shop – Steel Frame

Sale Details: Sold May 2022 for \$901,000 (\$80.08/SF)

02-2057-00150-000	625 16TH ST NE	2008	STEEL	11,250	47,786	5/27/2022	\$	911,608	\$	81.03
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- **Adjusted Sales Price:** The Assessor's Office used an "Adjusted Sales Price" to determine the fair market value of the property. While the actual sale price was \$901,000 (\$80.08/SF). And the "Adjusted Sales Price" was set at \$911,608 (\$81.03/SF) to include special assessments. This adjustment can lead to an inflated valuation that doesn't accurately reflect the agreed-upon purchase price. Fair market value should be based on the actual sale price, which represents the amount a willing buyer and seller agree upon under normal market conditions. Special assessments are typically factored into negotiations before the purchase, not added separately afterward. By increasing the adjusted sales price to account for assessments, the valuation process may overstate the property's worth, resulting in higher property taxes or incorrect market comparisons. Since buyers are aware of special assessments at the time of purchase and incorporate them into their decision-making, adjusting the price afterward misrepresents the property's true market value. A fairer approach would be to acknowledge special assessments as part of the overall cost of ownership without artificially inflating the recorded sale price, while the value difference is not a substantial increase utilizing the sale price ensures accuracy in the valuation process while maintaining consistency in market pricing.

Sale Information						
* Sale Date	Sales Condition Code	Deeded Price	Personal Property	Specials Assumed	Adjusted Sales Price	Recording
> 05/27/2022	000 - Normal Arms-Length Transaction	\$901,000	\$0	10,608	\$911,608	1666439

Assessor's Sale Comp #4



756 Center Street, West Fargo, North Dakota

Property Details: 10,100 SF Metal Warehouse - Post Frame

Sale Details: Sold March 2022 for \$910,000 (\$90.09/SF)

02-0020-00060-000	756 CENTER ST	2008	POLE	10,100	44,204	3/18/2022	\$ 918,420	\$ 90.93
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Applicant Response to Sale as Comparable:

- **Assessment & Valuation Methodology:** The property sold for \$90.09/SF in 2022, yet the 2025 assessment values the property at \$86.41/SF. It is essential to understand why the assessment of the subject property is supported with the higher sale price/SF rather than the adjusted market value which is reflected in the current assessment. Clarification is needed on whether any adjustments or considerations were made to reconcile the decline in market value.
- **Office Portion:** The property is listed as a flex showroom property featuring 2,000 SF of office space, accounting for 19% of the total area. In comparison, the subject's office ratio is only 13% and includes 3,820 SF of showroom space per CoStar. This discrepancy indicates that the office space allocation in the property is higher than that of the Subject's. Therefore, the Assessor's Office should make appropriate adjustments to reflect the true proportion of office space and ensure a fair and accurate valuation. This adjustment is crucial for maintaining equity in property assessments and preventing overvaluation based on incorrect office space ratios.

Commercial Building Information			
Occupancy	Year Built	Building Area	
+ Metal Shop - Post Frame	2008	8,100	
+ ↳ Addition: Office - General	2008	1,280	
+ ↳ Addition: Office - General	2008	720	

- **Adjusted Sales Price:** The Assessor's Office used an "Adjusted Sales Price" to determine the fair market value of the property. While the actual sale price was \$910,000 (\$90.09/SF). And the "Adjusted Sales Price" was set at \$918,420 (\$90.93/SF) to include special assessments. This adjustment can lead to an inflated valuation that doesn't accurately reflect the agreed-upon purchase price. Fair market value should be based on the actual sale price, which represents the amount a willing buyer and seller agree upon under normal market conditions. Special assessments are typically factored into negotiations before the purchase, not added separately afterward. By increasing the adjusted sales price to account for assessments, the valuation process may overstate the property's worth, resulting in higher property taxes or incorrect market comparisons. Since buyers are aware of special assessments at the time of purchase and incorporate them into their decision-making, adjusting the price

afterward misrepresents the property's true market value. A fairer approach would be to acknowledge special assessments as part of the overall cost of ownership without artificially inflating the recorded sale price, while the value difference is not a substantial increase utilizing the sale price ensures accuracy in the valuation process while maintaining consistency in market pricing.

+ Sale Date	Sales Condition Code	Deeded Price	Personal Property	Specials Assumed	Adjusted Sales Price	Recording
> 03/18/2022	021 - Sales-prop. in deed does not coincide with assmt records in auditor's office	\$910,000	\$0	8,420	\$918,420	1661539

Assessor's Sale Comp #5



528 16th Street NE, West Fargo, North Dakota

Property Details: two (2) buildings totaling 15,500 SF Metal Warehouse - Steel Frame

Sale Details: Sold October 2021 for \$1,000,000 (\$64.51/SF)

02-2057-00035-000	528 16TH ST NE	2006	STEEL	10,500	67,485	10/1/2021	\$ 1,015,504	\$ 96.71
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Applicant Response to Sale as Comparable:

- **Incorrect Square Footage Utilized:** The Assessor's Office calculated the Adjusted sale price of \$1,015,504 per square foot based on an area of 10,500 sq-ft of \$96.71, but West Fargo Assessor records show the parcel improvements total 15,500 sq-ft across two (2) buildings. This discrepancy leads to an inflated valuation, as the correct price per square foot should be \$66.67/SF. Using accurate square footage reflects the property's true market value per square foot.

Commercial Building Information		
+ Occupancy	Year Built	Building Area
+ Metal Shop - Steel Frame	2006	10,500
+ Metal Warehouse - Post Frame	2022	5,000

- **Date of Sale:** A comparable sale that occurred in October 2021 reflects a significantly different market compared to the February 2025 lien date. The real estate market in October 2021 was characterized by lower interest rates and higher demand, driven by pandemic-related factors such as increased remote work and migration patterns. By February 2025, the market conditions had shifted considerably, with rising interest rates, inflationary pressures, and changes in economic policies affecting property values. These differences necessitate adjustments to the comparable sale to accurately reflect the current market conditions at the lien date. The October 2021 sale price must be adjusted to account for these market changes, ensuring a fair and accurate valuation of the Subject

- **Adjusted Sales Price:** The Assessor's Office used an "Adjusted Sales Price" to determine the fair market value of the property. While the actual sale price was \$1,000,000 (\$64.51/SF). And the "Adjusted Sales Price" was set at \$1,015,504 (65.51/SF) to include special assessments. This adjustment can lead to an inflated valuation that doesn't accurately reflect the agreed-upon purchase price. Fair market value should be based on the actual sale price, which represents the amount a willing buyer and seller agree upon under normal market conditions. Special assessments are typically factored into negotiations before the purchase, not added separately afterward. By increasing the adjusted sales price to account for assessments, the valuation process may overstate the property's worth, resulting in higher property taxes or incorrect market comparisons. Since buyers are aware of special assessments at the time of purchase and incorporate them into their decision-making, adjusting the price afterward misrepresents the property's true market value. A fairer approach would be to acknowledge special assessments as part of the overall cost of ownership without artificially inflating the recorded sale price, while the value difference is not a substantial increase utilizing the sale price ensures accuracy in the valuation process while maintaining consistency in market pricing.

Sale Information ^						
+ Sale Date	Sales Condition Code	Deeded Price	Personal Property	Specials Assumed	Adjusted Sales Price	Recording
> 10/01/2021	000 - Normal Arms-Length Transaction	\$1,000,000	\$0	15,504	\$1,015,504	1647267

Addenda

Addenda A-1a Income & Expense 12.31.2024
Addenda A-1b Income & Expense 12.31.2023
Addenda A-1c Income & Expense 12.31.2022
Addenda A-2a Rent Roll 12.31.2024
Addenda A-2b Rent Roll 12.31.2023
Addenda A-2c Rent Roll 12.31.2022
Addenda A-3 CoStar Cap Rate Comparables
Addenda A-4 NAR Realtor Fargo Market Report Q3 2024
Addenda A-5 Final Appraisal June 11, 2024-13th Street redacted

Addenda A-1a Income & Expense 12.31.2024

6/10/2025 8:09 AM

West Fargo Industrial 13th St. - West Fargo II (13thwf)

Statement (12 months)

Period = Jan 2024-Dec 2024

Book = Accrual

		Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Total
4003-00	TENANT RENTS													
4110-00	Rent - Office/Retail	8,378.34	8,378.34	8,378.34	8,511.66	8,511.66	8,511.66	6,949.16	7,086.01	7,832.28	7,842.37	7,832.28	7,832.28	96,044.38
4250-00	Straight Line Rent Adj	48.93	48.93	48.93	-84.39	-84.39	-84.39	-68.59	11.47	-5.98	-5.98	-5.98	-5.98	-187.42
4699-00	TOTAL TENANT RENTS	8,427.27	8,427.27	8,427.27	8,427.27	8,427.27	8,427.27	6,880.57	7,097.48	7,826.30	7,836.39	7,826.30	7,826.30	95,856.96
4700-00	RECOVERY REVENUE													
4710-00	CAM Estimates	269.12	269.12	269.12	269.12	269.12	629.71	435.38	362.82	362.82	362.82	362.82	362.82	4,224.79
4710-01	CAM Reconciliation	0.00	0.00	0.00	0.00	2,108.79	0.00	0.00	0.00	0.00	0.00	0.00	-2,270.28	-161.49
4799-00	TOTAL RECOVERY REVENUE	269.12	269.12	269.12	269.12	2,377.91	629.71	435.38	362.82	362.82	362.82	362.82	-1,907.46	4,063.30
5999-00	TOTAL REVENUE	8,696.39	8,696.39	8,696.39	8,696.39	10,805.18	9,056.98	7,315.95	7,460.30	8,189.12	8,199.21	8,189.12	5,918.84	99,920.26
6000-00	RECOVERABLE EXPENSES													
6100-00	REPAIR & MAINTENANCE - RECOVERABLE													
6140-00	R/M - Doors & Locks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	96.56	0.00	0.00	0.00	0.00	96.56
6190-00	TOTAL REPAIR & MAINT - RECOVERABLE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	96.56	0.00	0.00	0.00	0.00	96.56
6200-00	GENERAL BUILDING													
6230-00	Fire System & Extinguisher	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00
6290-00	TOTAL GENERAL BUILDING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00
6300-00	GROUNDNS MAINT													
6305-00	Landscaping	0.00	0.00	0.00	0.00	1,744.50	889.13	0.00	1,747.88	780.50	532.25	0.00	0.00	5,694.26
6325-00	Snow & Ice Removal	0.00	274.25	144.25	0.00	0.00	0.00	300.00	0.00	0.00	0.00	247.50	498.27	1,464.27
6390-00	TOTAL GROUNDNS MAINT	0.00	274.25	144.25	0.00	1,744.50	889.13	300.00	1,747.88	780.50	532.25	247.50	498.27	7,158.53
6400-00	UTILITIES - RECOVERABLE													
6470-00	Water & Sewage	112.40	155.20	158.00	158.00	135.20	192.20	112.40	112.40	363.20	123.80	101.00	112.40	1,836.20
6490-00	TOTAL UTILITIES - RECOVERABLE	112.40	155.20	158.00	158.00	135.20	192.20	112.40	112.40	363.20	123.80	101.00	112.40	1,836.20
6500-00	ADMINISTRATIVE EXPENSES													
6530-00	Management Fee	434.82	434.82	434.82	434.82	540.26	452.85	365.80	373.02	409.46	409.96	409.46	409.46	5,109.55
6540-00	Telephone/Cable	84.06	84.06	84.06	84.06	84.06	74.06	74.06	74.06	74.06	74.06	74.06	74.06	938.72
6590-00	TOTAL ADMIN EXPENSES	518.88	518.88	518.88	518.88	624.32	526.91	439.86	447.08	483.52	484.02	483.52	483.52	6,048.27
6600-00	TAXES AND INSURANCE - RECOVERABLE													
6610-00	Real Estate Taxes	1,483.80	1,483.80	1,483.80	1,483.80	1,483.80	1,483.80	1,483.80	1,483.80	1,483.80	1,483.80	1,483.80	1,483.80	17,805.60
6640-00	Insurance-Liability	551.74	551.74	551.74	551.74	551.72	628.25	-628.25	0.00	0.00	0.00	0.00	0.00	2,758.68
6690-00	TOTAL TAXES AND INSURANCE- RECOVERA	2,035.54	2,035.54	2,035.54	2,035.54	2,035.52	2,112.05	855.55	1,483.80	1,483.80	1,483.80	1,483.80	1,483.80	20,564.28
6899-00	TOTAL RECOVERABLE EXPENSES	2,666.82	2,983.87	2,856.67	2,712.42	4,539.54	3,720.29	1,707.81	3,887.72	3,111.02	2,623.87	2,315.82	2,677.99	35,803.84
7000-00	NON RECOVERABLE EXPENSES													
7400-00	UTILITIES													
7460-00	Electricity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.00	72.00	37.00	42.00	186.00
7465-00	Gas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	79.68	45.77	45.77	107.56	278.78
7490-00	TOTAL UTILITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	114.68	117.77	82.77	149.56	464.78
7500-00	ADMINISTRATIVE EXPENSES													
7565-00	Accounting, Legal & Professional	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	316.00	136.50	0.00	0.00	452.50
7590-00	TOTAL ADMIN EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	316.00	136.50	0.00	0.00	452.50
7899-00	TOTAL NON RECOVERABLE EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	430.68	254.27	82.77	149.56	917.28
7990-00	TOTAL OPERATING EXPENSES	2,666.82	2,983.87	2,856.67	2,712.42	4,539.54	3,720.29	1,707.81	3,887.72	3,541.70	2,878.14	2,398.59	2,827.55	36,721.12
7999-00	NET OPERATING INCOME	6,029.57	5,712.52	5,839.72	5,983.97	6,265.64	5,336.69	5,608.14	3,572.58	4,647.42	5,321.07	5,790.53	3,091.29	63,199.14
8000-00	DEPRECIATION EXPENSE													
8010-00	Depr Exp - Buildings	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	12,631.68
8020-00	Depr Exp - Building Improvements	237.16	237.16	237.16	237.16	237.16	237.16	237.16	237.16	237.17	237.16	297.95	720.65	3,390.21
8025-00	Depr Exp - Tenant Improvements	59.22	59.21	59.22	59.21	59.22	114.47	114.46	114.46	114.47	114.46	114.47	114.46	1,042.08
8099-00	TOTAL DEPRECIATON	1,349.02	1,349.01	1,349.02	1,349.01	1,349.02	1,349.01	1,404.27	1,404.26	1,404.28	1,404.26	1,465.06	1,887.75	17,063.97
8100-00	AMORTIZATION													
8110-00	Lease Commissions Amort	452.89	452.88	452.89	452.88	452.89	452.88	360.05	318.92	417.22	417.22	417.22	417.22	5,065.16
8199-00	TOTAL AMORTIZATION	452.89	452.88	452.89	452.88	452.89	452.88	360.05	318.92	417.22	417.22	417.22	417.22	5,065.16
9990-00	NET INCOME	4,227.66	3,910.63	4,037.81	4,182.08	4,463.73	3,534.80	3,843.82	1,849.40	2,825.92	3,499.59	3,908.25	786.32	41,070.01

Addenda A-1b Income & Expense 12.31.2023

6/10/2025 8:09 AM

West Fargo Industrial 13th St. - West Fargo II (13thwf)
Statement (12 months)
Period = Jan 2023-Dec 2023
Book = Accrual

		Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Total
4003-00	TENANT RENTS													
4110-00	Rent - Office/Retail	8,286.25	8,286.25	8,286.25	8,291.46	8,291.46	8,291.46	8,322.71	8,337.71	8,378.34	8,378.34	8,378.34	8,378.34	99,906.91
4250-00	Straight Line Rent Adj	-376.38	-376.38	-376.53	135.80	135.80	135.80	104.56	89.56	48.93	48.93	48.93	48.93	-332.05
4699-00	TOTAL TENANT RENTS	7,909.87	7,909.87	7,909.72	8,427.26	8,427.26	8,427.26	8,427.27	8,427.27	8,427.27	8,427.27	8,427.27	8,427.27	99,574.86
4700-00	RECOVERY REVENUE													
4710-00	CAM Estimates	37.97	37.97	37.97	1,151.12	269.12	269.12	269.12	269.12	269.12	269.12	269.12	269.12	3,417.99
4710-01	CAM Reconciliation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,440.00	0.00	0.00	0.00	0.00	3,440.00
4799-00	TOTAL RECOVERY REVENUE	37.97	37.97	37.97	1,151.12	269.12	269.12	269.12	3,709.12	269.12	269.12	269.12	269.12	6,857.99
4900-00	OTHER OPERATING INCOME													
4915-00	Late Fees	0.00	0.00	260.42	0.00	141.00	70.50	70.50	70.50	0.00	29.63	36.00	36.00	714.55
4990-00	TOTAL OTHER OPERATING INCOME	0.00	0.00	260.42	0.00	141.00	70.50	70.50	70.50	0.00	29.63	36.00	36.00	714.55
5999-00	TOTAL REVENUE	7,947.84	7,947.84	8,208.11	9,578.38	8,837.38	8,766.88	8,766.89	12,206.89	8,696.39	8,726.02	8,732.39	8,732.39	107,147.40
6000-00	RECOVERABLE EXPENSES													
6300-00	GROUND'S MAINT													
6305-00	Landscaping	0.00	0.00	0.00	0.00	525.00	760.00	784.00	690.00	690.00	508.45	590.00	0.00	4,547.45
6325-00	Snow & Ice Removal	1,302.50	523.00	279.50	1,040.50	199.50	0.00	0.00	0.00	0.00	0.00	141.00	703.75	4,189.75
6390-00	TOTAL GROUND'S MAINT	1,302.50	523.00	279.50	1,040.50	724.50	760.00	784.00	690.00	690.00	508.45	731.00	703.75	8,737.20
6400-00	UTILITIES - RECOVERABLE													
6470-00	Water & Sewage	299.00	397.40	197.10	146.60	84.70	112.40	158.00	123.80	112.40	135.20	272.00	351.80	2,390.40
6490-00	TOTAL UTILITIES - RECOVERABLE	299.00	397.40	197.10	146.60	84.70	112.40	158.00	123.80	112.40	135.20	272.00	351.80	2,390.40
6500-00	ADMINISTRATIVE EXPENSES													
6530-00	Management Fee	397.00	397.00	410.00	479.00	442.00	438.00	438.00	438.00	609.00	436.00	437.00	434.00	5,355.00
6540-00	Telephone/Cable	0.00	0.00	0.00	0.00	0.00	0.00	74.06	74.06	74.06	74.06	74.06	74.06	444.36
6590-00	TOTAL ADMIN EXPENSES	397.00	397.00	410.00	479.00	442.00	438.00	512.06	512.06	683.06	510.06	511.06	508.06	5,799.36
6600-00	TAXES AND INSURANCE - RECOVERABLE													
6610-00	Real Estate Taxes	1,402.29	1,402.29	1,402.29	1,402.29	1,402.29	1,402.29	1,402.29	1,402.29	1,402.29	1,402.29	1,402.29	1,402.29	16,827.48
6620-00	Real Estate Taxes - Prior Yr.	-505.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-505.36
6640-00	Insurance-Liability	438.32	438.32	438.32	438.32	438.33	551.74	551.74	551.74	551.74	551.74	551.74	551.74	6,053.79
6690-00	TOTAL TAXES AND INSURANCE- RECOVERA	1,335.25	1,840.61	1,840.61	1,840.61	1,840.62	1,954.03	1,954.03	1,954.03	1,954.03	1,954.03	1,954.03	1,954.03	22,375.91
6899-00	TOTAL RECOVERABLE EXPENSES	3,333.75	3,158.01	2,727.21	3,506.71	3,091.82	3,264.43	3,408.09	3,279.89	3,439.49	3,107.74	3,468.09	3,517.64	39,302.87
7000-00	NON RECOVERABLE EXPENSES													
7500-00	ADMINISTRATIVE EXPENSES													
7565-00	Accounting, Legal & Professional	0.00	162.50	0.00	390.00	0.00	0.00	50.00	0.00	0.00	0.00	0.00	0.00	602.50
7585-00	Bad Debt Expense	0.00	19,102.79	0.00	-5,000.00	0.00	0.00	0.00	0.00	0.00	1,150.87	0.00	0.00	15,253.66
7590-00	TOTAL ADMIN EXPENSES	0.00	19,265.29	0.00	-4,610.00	0.00	0.00	50.00	0.00	0.00	1,150.87	0.00	0.00	15,856.16
7899-00	TOTAL NON RECOVERABLE EXPENSES	0.00	19,265.29	0.00	-4,610.00	0.00	0.00	50.00	0.00	0.00	1,150.87	0.00	0.00	15,856.16
7990-00	TOTAL OPERATING EXPENSES	3,333.75	22,423.30	2,727.21	-1,103.29	3,091.82	3,264.43	3,458.09	3,279.89	3,439.49	4,258.61	3,468.09	3,517.64	55,159.03
7999-00	NET OPERATING INCOME	4,614.09	-14,475.46	5,480.90	10,681.67	5,745.56	5,502.45	5,308.80	8,927.00	5,256.90	4,467.41	5,264.30	5,214.75	51,988.37
8000-00	DEPRECIATION EXPENSE													
8010-00	Depr Exp - Buildings	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	12,631.68
8020-00	Depr Exp - Building Improvements	237.16	237.16	237.16	237.16	237.16	237.16	237.16	237.16	237.16	237.16	237.16	690.26	3,299.02
8025-00	Depr Exp - Tenant Improvements	59.22	59.22	59.22	59.22	59.22	59.21	59.22	59.21	59.22	59.21	59.22	59.21	710.60
8099-00	TOTAL DEPRECIATON	1,349.02	1,349.02	1,349.02	1,349.02	1,349.02	1,349.01	1,349.02	1,349.01	1,349.02	1,349.01	1,349.02	1,802.11	16,641.30
8100-00	AMORTIZATION													
8110-00	Lease Commissions Amort	446.70	511.83	447.35	452.95	452.88	452.88	452.89	452.88	452.89	452.88	452.89	452.89	5,481.91
8199-00	TOTAL AMORTIZATION	446.70	511.83	447.35	452.95	452.88	452.88	452.89	452.88	452.89	452.88	452.89	452.89	5,481.91
9990-00	NET INCOME	2,818.37	-16,336.31	3,684.53	8,879.70	3,943.66	3,700.56	3,506.89	7,125.11	3,454.99	2,665.52	3,462.39	2,959.75	29,865.16

Addenda A-1c Income & Expense 12.31.2022

6/10/2025 8:09 AM

West Fargo Industrial 13th St. - West Fargo II (13thwf)

Statement (12 months)

Period = Jan 2022-Dec 2022

Book = Accrual

		Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Total
4003-00	TENANT RENTS													
4110-00	Rent - Office/Retail	7,455.62	7,455.62	7,704.01	8,233.75	8,233.75	8,233.75	8,233.75	8,248.75	8,286.25	8,286.25	8,286.25	8,286.25	96,944.00
4250-00	Straight Line Rent Adj	-303.97	-303.97	-303.97	-382.11	-382.11	-382.23	-323.88	-338.88	-376.38	-376.38	-376.38	-376.38	-4,226.64
4699-00	TOTAL TENANT RENTS	7,151.65	7,151.65	7,400.04	7,851.64	7,851.64	7,851.52	7,909.87	7,909.87	7,909.87	7,909.87	7,909.87	7,909.87	92,717.36
4700-00	RECOVERY REVENUE													
4710-00	CAM Estimates	37.97	37.97	37.97	38.51	37.97	37.97	37.97	37.97	37.97	37.97	37.97	37.97	456.18
4710-01	CAM Reconciliation	0.00	0.00	0.00	0.00	0.00	440.46	0.00	0.00	0.00	0.00	0.00	0.00	440.46
4799-00	TOTAL RECOVERY REVENUE	37.97	37.97	37.97	38.51	37.97	478.43	37.97	37.97	37.97	37.97	37.97	37.97	896.64
4900-00	OTHER OPERATING INCOME													
4915-00	Late Fees	-1,250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	522.92	0.00	0.00	-727.08
4990-00	TOTAL OTHER OPERATING INCOME	-1,250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	522.92	0.00	0.00	-727.08
5999-00	TOTAL REVENUE	5,939.62	7,189.62	7,438.01	7,890.15	7,889.61	8,329.95	7,947.84	7,947.84	7,947.84	8,470.76	7,947.84	7,947.84	92,886.92
6000-00	RECOVERABLE EXPENSES													
6100-00	REPAIR & MAINTENANCE - RECOVERABLE													
6115-00	R/M - HVAC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	593.08	0.00	0.00	0.00	593.08
6140-00	R/M - Doors & Locks	0.00	0.00	0.00	84.51	0.00	362.41	0.00	0.00	0.00	0.00	0.00	0.00	446.92
6190-00	TOTAL REPAIR & MAINT - RECOVERABLE	0.00	0.00	0.00	84.51	0.00	362.41	0.00	0.00	593.08	0.00	0.00	0.00	1,040.00
6300-00	GROUNDINGS MAINT													
6305-00	Landscaping	0.00	0.00	0.00	0.00	380.00	800.00	520.00	800.00	460.00	300.00	0.00	0.00	3,260.00
6325-00	Snow & Ice Removal	1,310.00	887.50	851.00	160.00	0.00	0.00	0.00	0.00	0.00	0.00	371.00	497.00	4,076.50
6390-00	TOTAL GROUNDINGS MAINT	1,310.00	887.50	851.00	160.00	380.00	800.00	520.00	800.00	460.00	300.00	371.00	497.00	7,336.50
6400-00	UTILITIES - RECOVERABLE													
6470-00	Water & Sewage	123.00	167.00	145.00	134.00	167.00	134.00	123.00	154.00	178.00	134.00	123.00	133.00	1,715.00
6490-00	TOTAL UTILITIES - RECOVERABLE	123.00	167.00	145.00	134.00	167.00	134.00	123.00	154.00	178.00	134.00	123.00	133.00	1,715.00
6500-00	ADMINISTRATIVE EXPENSES													
6530-00	Management Fee	375.00	375.00	387.00	395.00	394.00	436.00	397.00	397.00	397.00	424.00	397.00	397.00	4,771.00
6590-00	TOTAL ADMIN EXPENSES	375.00	375.00	387.00	395.00	394.00	436.00	397.00	397.00	397.00	424.00	397.00	397.00	4,771.00
6600-00	TAXES AND INSURANCE - RECOVERABLE													
6610-00	Real Estate Taxes	1,322.16	1,074.14	1,440.95	1,440.95	1,440.95	1,440.95	1,440.95	1,559.73	1,440.95	1,440.95	1,440.95	1,440.95	16,924.58
6640-00	Insurance-Liability	306.58	306.58	306.58	306.58	306.62	438.32	438.32	438.32	438.32	438.32	438.32	438.32	4,601.18
6690-00	TOTAL TAXES AND INSURANCE- RECOVERA	1,628.74	1,380.72	1,747.53	1,747.53	1,747.57	1,879.27	1,879.27	1,998.05	1,879.27	1,879.27	1,879.27	1,879.27	21,525.76
6899-00	TOTAL RECOVERABLE EXPENSES	3,436.74	2,810.22	3,130.53	2,521.04	2,688.57	3,611.68	2,919.27	3,349.05	3,507.35	2,737.27	2,770.27	2,906.27	36,388.26
7000-00	NON RECOVERABLE EXPENSES													
7400-00	UTILITIES													
7460-00	Electricity	214.51	99.49	107.39	140.00	-140.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	421.39
7490-00	TOTAL UTILITIES	214.51	99.49	107.39	140.00	-140.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	421.39
7500-00	ADMINISTRATIVE EXPENSES													
7565-00	Accounting, Legal & Professional	0.00	0.00	260.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	310.00
7590-00	TOTAL ADMIN EXPENSES	0.00	0.00	260.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	310.00
7899-00	TOTAL NON RECOVERABLE EXPENSES	214.51	99.49	367.39	140.00	-140.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	731.39
7990-00	TOTAL OPERATING EXPENSES	3,651.25	2,909.71	3,497.92	2,661.04	2,548.57	3,611.68	2,919.27	3,349.05	3,507.35	2,737.27	2,770.27	2,956.27	37,119.65
7999-00	NET OPERATING INCOME	2,288.37	4,279.91	3,940.09	5,229.11	5,341.04	4,718.27	5,028.57	4,598.79	4,440.49	5,733.49	5,177.57	4,991.57	55,767.27
8000-00	DEPRECIATION EXPENSE													
8010-00	Depr Exp - Buildings	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	1,052.64	12,631.68
8020-00	Depr Exp - Building Improvements	179.91	179.91	179.91	179.91	179.91	179.91	237.16	237.16	237.16	237.16	237.16	348.51	2,613.77
8025-00	Depr Exp - Tenant Improvements	989.20	989.20	989.20	989.20	989.20	0.00	0.78	0.78	2.54	2.54	2.54	276.80	5,231.98
8099-00	TOTAL DEPRECIATION	2,221.75	2,221.75	2,221.75	2,221.75	2,221.75	1,232.55	1,290.58	1,290.58	1,292.34	1,292.34	1,292.34	1,677.95	20,477.43
8100-00	AMORTIZATION													
8110-00	Lease Commissions Amort	324.98	325.00	324.98	411.38	368.17	368.18	333.80	484.10	484.10	484.10	484.10	484.09	4,876.98
8199-00	TOTAL AMORTIZATION	324.98	325.00	324.98	411.38	368.17	368.18	333.80	484.10	484.10	484.10	484.10	484.09	4,876.98
9990-00	NET INCOME	-258.36	1,733.16	1,393.36	2,595.98	2,751.12	3,117.54	3,404.19	2,824.11	2,664.05	3,957.05	3,401.13	2,829.53	30,412.86

Addenda A-2a Rent Roll 12.31.2024

6/10/2025 8:08 AM

Tenancy Schedule I

Property: 13thwrf As of Date: 12/31/2024 By Property Notes : 1. * Future Active lease / Future Active Amendment 2. ** Pending Amendments 3. *** Past / Superseded Amendments

Property	Unit(s)	Lease	Lease Type	Area	Lease From	Lease To	Term	Tenancy Years	Monthly Rent	Monthly Rent/Area	Annual Rent	Annual Rent/Area	Annual Rec./Area	Annual Misc./Area	Security Deposit Received	LOC Amount/ Bank Guarantee		
West Fargo Industrial 13th St. - West Fargo II (13thwrf)	617-A	Colonial Enterprises, Inc. (10001298)	Industrial Net Lease	3,750.00	12/1/2019	8/31/2026	81.00	5.08	1,993.75	0.53			23,925.00	6.38	0.50	0.00	625.00	0.00
	Rent Steps	Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		rentcomm	Rent	617-A	Rentable	3,750.00	9/1/2024	8/31/2025	1,993.75	0.53	23,925.00	6.38	0.00	23,925.00				
		rentcomm	Rent	617-A	Rentable	3,750.00	9/1/2025	8/31/2026	2,031.25	0.54	24,375.00	6.50	0.00	24,375.00				
	Charge Schedules	Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		camest	CAM	617-A	Rentable	3,750.00	1/1/2024	12/31/2024	156.35	0.04	1,876.20	0.50	0.00	1,876.20				
		rentcomm	Rent	617-A	Rentable	3,750.00	9/1/2024	8/31/2025	1,993.75	0.53	23,925.00	6.38	0.00	23,925.00				
		camest	CAM	617-A	Rentable	3,750.00	1/1/2025	8/31/2026	229.92	0.06	2,759.04	0.74	0.00	2,759.04				
		rentcomm	Rent	617-A	Rentable	3,750.00	9/1/2025	8/31/2026	2,031.25	0.54	24,375.00	6.50	0.00	24,375.00				
	Amendment	Relocation	Type	Status	From	To	Move In	Term	Area	Description	Notes							
			Activated	9/1/2021	8/31/2026	9/1/2021	60.00	3,750.00	1st amendment	w/ two (2) unreserved parking spaces at no addtl cost								
West Fargo Industrial 13th St. - West Fargo II (13thwrf)	617-C	Robert Stephens (10001461)	Industrial Net Lease	1,250.00	3/21/2022	3/31/2025	37.00	2.83	736.45	0.59			8,837.40	7.07	0.36	0.00	700.00	0.00
	Rent Steps	Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		rentcomm	Rent	617-C	Rentable	1,250.00	4/1/2024	3/31/2025	736.45	0.59	8,837.40	7.07	0.00	8,837.40				
	Charge Schedules	Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		camest	CAM	617-C	Rentable	1,250.00	1/1/2024	12/31/2024	37.58	0.03	450.96	0.36	0.00	450.96				
		rentcomm	Rent	617-C	Rentable	1,250.00	4/1/2024	3/31/2025	736.45	0.59	8,837.40	7.07	0.00	8,837.40				
		camest	CAM	617-C	Rentable	1,250.00	1/1/2025	3/31/2025	62.11	0.05	745.32	0.60	0.00	745.32				
	Amendment	Renewal	Type	Status	From	To	Move In	Term	Area	Description	Notes							
				Activated	4/1/2023	3/31/2025	4/1/2023	24.00	1,250.00	1st amendment								
	West Fargo Industrial 13th St. - West Fargo II (13thwrf)	617-D	Brian Giffen (10000996)	Industrial Net Lease	1,250.00	4/1/2016	3/31/2027	132.00	8.75	739.58	0.59			8,874.96	7.10	0.96	0.00	671.88
Rent Steps		Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		rentcomm	Rent	617-D	Rentable	1,250.00	4/1/2024	3/31/2025	739.58	0.59	8,874.96	7.10	0.00	8,874.96				
		* rentcomm	Rent	617-D	Rentable	1,250.00	4/1/2025	3/31/2026	786.46	0.63	9,437.52	7.55	0.00	9,437.52				
		* rentcomm	Rent	617-D	Rentable	1,250.00	4/1/2026	3/31/2027	812.50	0.65	9,750.00	7.80	0.00	9,750.00				
Charge Schedules		Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		camest	CAM	617-D	Rentable	1,250.00	1/1/2024	12/31/2024	99.52	0.08	1,194.24	0.96	0.00	1,194.24				
		rentcomm	Rent	617-D	Rentable	1,250.00	4/1/2024	3/31/2025	739.58	0.59	8,874.96	7.10	0.00	8,874.96				
		camest	CAM	617-D	Rentable	1,250.00	1/1/2025	3/31/2025	124.05	0.10	1,488.60	1.19	0.00	1,488.60				
		* camest	CAM	617-D	Rentable	1,250.00	4/1/2025	3/31/2027	124.05	0.10	1,488.60	1.19	0.00	1,488.60				
		* rentcomm	Rent	617-D	Rentable	1,250.00	4/1/2025	3/31/2026	786.46	0.63	9,437.52	7.55	0.00	9,437.52				
		* rentcomm	Rent	617-D	Rentable	1,250.00	4/1/2026	3/31/2027	812.50	0.65	9,750.00	7.80	0.00	9,750.00				
Amendment		Assignment	Type	Status	From	To	Move In	Term	Area	Description	Notes							
		Renewal		Activated	4/1/2023	3/31/2025	4/1/2023	24.00	1,250.00	3rd amendment								
	* Renewal		Activated	4/1/2025	3/31/2027	4/1/2025	24.00		4th Amendment									
West Fargo Industrial 13th St. - West Fargo II (13thwrf)	625-A	Rick Randall Construction, LLC (10001522)	Office Net Lease	5,000.00	4/1/2023	3/31/2026	36.00	1.75	2,800.00	0.56			33,600.00	6.72	0.17	0.00	2,700.00	0.00
	Rent Steps	Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		rentcomm	Rent	625-A	Rentable	5,000.00	4/1/2024	3/31/2025	2,800.00	0.56	33,600.00	6.72	0.00	33,600.00				
		rentcomm	Rent	625-A	Rentable	5,000.00	4/1/2025	3/31/2026	2,900.00	0.58	34,800.00	6.96	0.00	34,800.00				
	Charge Schedules	Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		camest	CAM	625-A	Rentable	5,000.00	1/1/2024	12/31/2024	69.37	0.01	832.44	0.17	0.00	832.44				
		rentcomm	Rent	625-A	Rentable	5,000.00	4/1/2024	3/31/2025	2,800.00	0.56	33,600.00	6.72	0.00	33,600.00				
		camest	CAM	625-A	Rentable	5,000.00	1/1/2025	3/31/2026	167.46	0.03	2,009.52	0.40	0.00	2,009.52				
		rentcomm	Rent	625-A	Rentable	5,000.00	4/1/2025	3/31/2026	2,900.00	0.58	34,800.00	6.96	0.00	34,800.00				
	Amendment	Original Lease	Type	Status	From	To	Move In	Term	Area	Description	Notes							
			Activated	4/1/2023	3/31/2026	4/1/2023	36.00	5,000.00	Original Lease									
West Fargo Industrial 13th St. - West Fargo II (13thwrf)	625-E	Orange Property Management LLC (10001608)	Office Net Lease	2,500.00	8/15/2024	8/31/2027	37.00	0.42	1,562.50	0.62			18,750.00	7.50	0.00	0.00	1,562.50	0.00
	Rent Steps	Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		rentcomm	Rent	625-E	Rentable	2,500.00	9/1/2024	8/31/2025	1,562.50	0.63	18,750.00	7.50	0.00	18,750.00				
		rentcomm	Rent	625-E	Rentable	2,500.00	9/1/2025	8/31/2026	1,614.58	0.65	19,374.96	7.75	0.00	19,374.96				
		rentcomm	Rent	625-E	Rentable	2,500.00	9/1/2026	8/31/2027	1,666.67	0.67	20,000.04	8.00	0.00	20,000.04				
	Charge Schedules	Charge	Type	Unit	Area Label	Area	From	To	Monthly Amt	Amt/Area	Annual	Annual/Area	Management Fee	Annual Gross Amount				
		camest	CAM	625-E	Rentable	2,500.00	8/15/2024	12/31/2024	0.00	0.00	0.00	0.00	0.00	0.00				
		rentcomm	Rent	625-E	Rentable	2,500.00	9/1/2024	8/31/2025	1,562.50	0.63	18,750.00	7.50	0.00	18,750.00				
		camest	CAM	625-E	Rentable	2,500.00	1/1/2025	8/31/2027	49.05	0.02	588.60	0.24	0.00	588.60				
		rentcomm	Rent	625-E	Rentable	2,500.00	9/1/2025	8/31/2026	1,614.58	0.65	19,374.96	7.75	0.00	19,374.96				
		rentcomm	Rent	625-E	Rentable	2,500.00	9/1/2026	8/31/2027	1,666.67	0.67	20,000.04	8.00	0.00	20,000.04				
	Amendment	Type	Status	From	To	Move In	Term	Area	Description	Notes								

Tenancy Schedule I

Property: 13thwrf As of Date: 12/31/2024 By Property Notes : 1. * Future Active lease / Future Active Amendment 2. ** Pending Amendments 3. *** Past / Superseded Amendments

Property	Unit(s)	Lease	Lease Type	Area	Lease From	Lease To	Term	Tenancy	Monthly	Monthly	Annual	Annual	Annual	Annual	Security	LOC Amount/
									Years	Rent	Rent/Area	Rent	Rent/Area	Rec./Area	Misc./Area	Deposit
																Bank Guarantee
																Received
		Original Lease	Activated	8/15/2024	8/31/2027	8/15/2024	37.00	2,500.00	Original Lease							
West Fargo Industrial 13th St. - West Fargo II (13thwrf)	617-F	VACANT		1,250.00												
Occupancy Summary		Area	Percentage													
Occupied Area		13,750.00	91.67													
Vacant Area		1,250.00	8.33													
Total		15,000.00	100.00													
Occupancy Summary		Area	Percentage													
Total Occupied Area		13,750.00	91.67													
Total Vacant Area		1,250.00	8.33													
Grand Total		15,000.00	100.00													

Addenda A-2b Rent Roll 12.31.2023

6/10/2025 8:06 AM

Tenancy Schedule I

Property: 13thw/ As of Date: 12/31/2023 By Property Notes : 1. * Future Active Lease / Future Active Amendment 2. ** Pending Amendments 3. *** Past / Superseded Amendments

Property	Unit(s)	Lease	Lease Type	Area	Lease From	Lease To	Term	Tenancy Years	Monthly Rent	Monthly Rent/Area	Annual Rent	Annual Rent/Area	Annual Rec./Area	Annual Misc./Area	Security Deposit	LOC Amount/ Bank Guarantee	
																Received	
West Fargo Industrial 13th St. - West Fargo II (13thw/)	617-A	Colonial Enterprises, Inc. (10001298)	Industrial Net Lease	3,750.00	12/1/2019	8/31/2026	81.00	4.08	1,953.13	0.52		23,437.56	6.25	0.15	0.00	625.00	0.00
	Rent Steps	Charge rentcomm rentcomm rentcomm	Type Rent Rent Rent	Unit 617-A 617-A 617-A	Area Label Rentable Rentable Rentable	Area 3,750.00 3,750.00 3,750.00	From 9/1/2023 9/1/2024 9/1/2025	To 8/31/2024 8/31/2025 8/31/2026	Monthly Amt 1,953.13 1,993.75 2,031.25	Amt/Area 0.52 0.53 0.54	Annual 23,437.56 23,925.00 24,375.00	Annual/Area 6.25 6.38 6.50	Management Fee 0.00 0.00 0.00	Annual Gross Amount 23,437.56 23,925.00 24,375.00			
	Charge Schedules	Charge camest rentcomm camest rentcomm rentcomm	Type CAM Rent CAM Rent Rent	Unit 617-A 617-A 617-A 617-A 617-A	Area Label Rentable Rentable Rentable Rentable Rentable	Area 3,750.00 3,750.00 3,750.00 3,750.00 3,750.00	From 1/1/2023 9/1/2023 1/1/2024 9/1/2025 9/1/2025	To 12/31/2023 8/31/2024 8/31/2026 8/31/2025 8/31/2026	Monthly Amt 47.14 1,953.13 156.35 1,993.75 2,031.25	Amt/Area 0.01 0.52 0.04 0.53 0.54	Annual 565.68 23,437.56 1,876.20 23,925.00 24,375.00	Annual/Area 0.15 6.25 0.50 6.38 6.50	Management Fee 0.00 0.00 0.00 0.00 0.00	Annual Gross Amount 565.68 23,437.56 1,876.20 23,925.00 24,375.00			
	Amendment	Type Relocation	Status Activated	From 9/1/2021	To 8/31/2026	Move In 9/1/2021	Term 60.00	Area 3,750.00	Description 1st amendment		Notes w/ two (2) unreserved parking spaces at no addtl cost						
West Fargo Industrial 13th St. - West Fargo II (13thw/)	617-C	Robert Stephens (10001461)	Industrial Net Lease	1,250.00	3/21/2022	3/31/2025	37.00	1.83	718.75	0.57		8,625.00	6.90	0.01	0.00	700.00	0.00
	Rent Steps	Charge rentcomm rentcomm	Type Rent Rent	Unit 617-C 617-C	Area Label Rentable Rentable	Area 1,250.00 1,250.00	From 4/1/2023 4/1/2024	To 3/31/2024 3/31/2025	Monthly Amt 718.75 736.45	Amt/Area 0.58 0.59	Annual 8,625.00 8,837.40	Annual/Area 6.90 7.07	Management Fee 0.00 0.00	Annual Gross Amount 8,625.00 8,837.40			
	Charge Schedules	Charge camest rentcomm camest rentcomm	Type CAM Rent CAM Rent	Unit 617-C 617-C 617-C 617-C	Area Label Rentable Rentable Rentable Rentable	Area 1,250.00 1,250.00 1,250.00 1,250.00	From 4/1/2023 4/1/2023 1/1/2024 4/1/2024	To 12/31/2023 3/31/2024 3/31/2025 3/31/2025	Monthly Amt 1.18 718.75 37.58 736.45	Amt/Area 0.00 0.58 0.03 0.59	Annual 14.16 8,625.00 450.96 8,837.40	Annual/Area 0.01 6.90 0.36 7.07	Management Fee 0.00 0.00 0.00 0.00	Annual Gross Amount 14.16 8,625.00 450.96 8,837.40			
	Amendment	Type Renewal	Status Activated	From 4/1/2023	To 3/31/2025	Move In 4/1/2023	Term 24.00	Area 1,250.00	Description 1st amendment		Notes						
West Fargo Industrial 13th St. - West Fargo II (13thw/)	617-D	Brian Giffen (10000996)	Industrial Net Lease	1,250.00	4/1/2016	3/31/2025	108.00	7.75	723.96	0.58		8,687.52	6.95	0.61	0.00	671.88	0.00
	Rent Steps	Charge rentcomm rentcomm	Type Rent Rent	Unit 617-D 617-D	Area Label Rentable Rentable	Area 1,250.00 1,250.00	From 4/1/2023 4/1/2024	To 3/31/2024 3/31/2025	Monthly Amt 723.96 739.58	Amt/Area 0.58 0.59	Annual 8,687.52 8,874.96	Annual/Area 6.95 7.10	Management Fee 0.00 0.00	Annual Gross Amount 8,687.52 8,874.96			
	Charge Schedules	Charge camest rentcomm camest rentcomm	Type CAM Rent CAM Rent	Unit 617-D 617-D 617-D 617-D	Area Label Rentable Rentable Rentable Rentable	Area 1,250.00 1,250.00 1,250.00 1,250.00	From 4/1/2023 4/1/2023 1/1/2024 4/1/2024	To 12/31/2023 3/31/2024 3/31/2025 3/31/2025	Monthly Amt 63.12 723.96 99.52 739.58	Amt/Area 0.05 0.58 0.08 0.59	Annual 757.44 8,687.52 1,194.24 8,874.96	Annual/Area 0.61 6.95 0.96 7.10	Management Fee 0.00 0.00 0.00 0.00	Annual Gross Amount 757.44 8,687.52 1,194.24 8,874.96			
	Amendment	Type Assignment Renewal	Status Activated Activated	From 10/1/2019 4/1/2023	To To 3/31/2025	Move In To 4/1/2023	Term To 24.00	Area To 1,250.00	Description From Dave Lapash 3rd amendment		Notes						
West Fargo Industrial 13th St. - West Fargo II (13thw/)	617-F	William P. Knutson & Eugene D. Murach (10001431)	Industrial Net Lease	1,250.00	6/1/2021	7/31/2024	38.00	2.58	720.00	0.58		8,640.00	6.91	0.35	0.00	690.00	0.00
	Rent Steps	Charge rentcomm	Type Rent	Unit 617-F	Area Label Rentable	Area 1,250.00	From 8/1/2023	To 7/31/2024	Monthly Amt 720.00	Amt/Area 0.58	Annual 8,640.00	Annual/Area 6.91	Management Fee 0.00	Annual Gross Amount 8,640.00			
	Charge Schedules	Charge camest rentcomm camest	Type CAM Rent CAM	Unit 617-F 617-F 617-F	Area Label Rentable Rentable Rentable	Area 1,250.00 1,250.00 1,250.00	From 1/1/2023 8/1/2023 1/1/2024	To 12/31/2023 7/31/2024 7/31/2024	Monthly Amt 36.16 720.00 72.56	Amt/Area 0.03 0.58 0.06	Annual 433.92 8,640.00 870.72	Annual/Area 0.35 6.91 0.70	Management Fee 0.00 0.00 0.00	Annual Gross Amount 433.92 8,640.00 870.72			
	Amendment	Type Original Lease	Status Activated	From 6/1/2021	To 7/31/2024	Move In 6/1/2021	Term 38.00	Area 1,250.00	Description New Lease		Notes						
West Fargo Industrial 13th St. - West Fargo II (13thw/)	625-A	Rick Randall Construction, LLC (10001522)	Office Net Lease	5,000.00	4/1/2023	3/31/2026	36.00	0.75	2,700.00	0.54		32,400.00	6.48	0.00	0.00	2,700.00	0.00
	Rent Steps	Charge rentcomm rentcomm rentcomm	Type Rent Rent Rent	Unit 625-A 625-A 625-A	Area Label Rentable Rentable Rentable	Area 5,000.00 5,000.00 5,000.00	From 4/1/2023 4/1/2024 4/1/2025	To 3/31/2024 3/31/2025 3/31/2026	Monthly Amt 2,700.00 2,800.00 2,900.00	Amt/Area 0.54 0.56 0.58	Annual 32,400.00 33,600.00 34,800.00	Annual/Area 6.48 6.72 6.96	Management Fee 0.00 0.00 0.00	Annual Gross Amount 32,400.00 33,600.00 34,800.00			
	Charge Schedules	Charge camest rentcomm camest rentcomm rentcomm	Type CAM Rent CAM Rent Rent	Unit 625-A 625-A 625-A 625-A 625-A	Area Label Rentable Rentable Rentable Rentable Rentable	Area 5,000.00 5,000.00 5,000.00 5,000.00 5,000.00	From 4/1/2023 4/1/2023 1/1/2024 4/1/2024 4/1/2025	To 12/31/2023 3/31/2024 3/31/2026 3/31/2025 3/31/2026	Monthly Amt 0.00 2,700.00 69.37 2,800.00 2,900.00	Amt/Area 0.00 0.54 0.01 0.56 0.58	Annual 0.00 32,400.00 832.44 33,600.00 34,800.00	Annual/Area 0.00 6.48 0.17 6.72 6.96	Management Fee 0.00 0.00 0.00 0.00 0.00	Annual Gross Amount 0.00 32,400.00 832.44 33,600.00 34,800.00			
	Amendment	Type Original Lease	Status Activated	From 4/1/2023	To 3/31/2026	Move In 4/1/2023	Term 36.00	Area 5,000.00	Description Original Lease		Notes						
West Fargo Industrial 13th St. - West Fargo II (13thw/)	625-E	Star Equipment, Inc. (10001162)	Industrial Net Lease	2,500.00	1/1/2018	6/30/2024	78.00	6.00	1,562.50	0.62		18,750.00	7.50	0.58	0.00	1,437.50	0.00

Tenancy Schedule I

Property: 13thw/ As of Date: 12/31/2023 By Property Notes : 1. * Future Active lease / Future Active Amendment 2. ** Pending Amendments 3. *** Past / Superseded Amendments

Property	Unit(s)	Lease	Lease Type	Area	Lease From	Lease To	Term	Tenancy Years	Monthly Rent	Monthly Rent/Area	Annual Rent	Annual Rent/Area	Annual Rec./Area	Annual Misc./Area	Security Deposit	LOC Amount/ Bank Guarantee
	Rent Steps	Charge rentcomm	Type Rent	Unit 625-E	Area Label Rentable	Area 2,500.00	From 7/1/2023	To 6/30/2024	Monthly Amt 1,562.50	Amt/Area 0.63	Annual	Annual/Area 18,750.00	Management Fee 7.50	Annual Gross Amount 0.00	18,750.00	
	Charge Schedules	Charge camest rentcomm camest	Type CAM Rent CAM	Unit 625-E 625-E 625-E	Area Label Rentable Rentable Rentable	Area 2,500.00 2,500.00 2,500.00	From 1/1/2023 7/1/2023 1/1/2024	To 12/31/2023 6/30/2024 6/30/2024	Monthly Amt 121.52 1,562.50 194.33	Amt/Area 0.05 0.63 0.08	Annual	Annual/Area 1,458.24 18,750.00 2,331.96	Management Fee 0.58 7.50 0.93	Annual Gross Amount 0.00 18,750.00 2,331.96	1,458.24	
	Amendment	Renewal	Type	Status Activated	From 7/1/2022	To 6/30/2024	Move In 7/1/2022	Term 24.00	Area 2,500.00	Description 2nd Amendment	Notes					

Occupancy Summary

Occupied Area	Area	Percentage
Vacant Area	15,000.00	100.00
Total	0.00	0.00
	15,000.00	100.00

Occupancy Summary

Total Occupied Area	Area	Percentage
Total Vacant Area	15,000.00	100.00
Grand Total	0.00	0.00
	15,000.00	100.00

6/10/2025 8:10 AM

Property: 13thwf From Date: 12/31/2022 By Property

ADDENDA PAGE 8



Sale Summary

Sold	4/30/2024
Sale Price	\$2,100,000 (\$161.54/SF)
RBA	13,000 SF
Price Status	Confirmed
Built	2005
Land Area	2.73 AC/118,919 SF
Actual Cap Rate	8.00%
Sale Comp Status	Research Complete
Sale Comp ID	6716144
Parcel Numbers	73.06.21.072569



Contacts

Type	Name	Location	Phone
Recorded Buyer	MCS, LLC	Shakopee, MN 55379	-
True Buyer	Michael J McGuire	Shakopee, MN 55379	-
Contacts	Mike McGuire (952) 356-2105		
Buyer Broker	Loam Commercial Real Estate	Rochester, MN 55901	(507) 226-7959
Contacts	Jay Christenson (507) 251-4853		
Recorded Seller	Minnesota Cold Storage Llc	Eyota, MN 55934	-
True Seller	Minnesota Cold Storage	Rochester, MN 55906	(507) 288-1301
Contacts	John Austinson (507) 251-3863		
Listing Broker	Loam Commercial Real Estate	Rochester, MN 55901	(507) 226-7959
Contacts	Jay Christenson (507) 251-4853		

Property Details

Tenancy	Multi	Cross Docks	Yes
Drive Ins	3 total/ 13' w x 14' h	Clear Height	18'
Docks	8 exterior	Power	110 - 440a/440 - 880v 3p
Levelers	2 exterior	Building FAR	0.11
Parking Spaces	20 Surface Spaces; Ratio of 1.54/1,000 SF		

Transaction Details

Sale Date	4/30/2024	Hold Period	70 Months
Sale Price	\$2,100,000 (\$161.54/SF)	Recording Date	5/6/2024
Land Price	\$769,229/AC (\$17.66/SF)	Zoning	Commercial
Sale Type	Investment	% Improved	85.71%
Time On Market	3 Months 14 Days	Document Number	1644840
Sale Conditions	Furniture, Fixtures and Equipment Included		
Parcel Number	73.06.21.072569		



7447 Dresser Dr NE

Rochester, MN 55906 (Olmsted County) - Rochester Submarket

Addenda A-3 CoStar Cap Rate Comparables



Refrigeration/Cold Storage

Previous Sale

Sale Date	6/28/2018	Comp ID	4374269
Sale Price	\$1,100,000 (\$84.62/SF)	Comp Status	Research Complete
Sale Type	Investment		



7548 Industrial Park Rd

Baxter, MN 56425 (Crow Wing County) - Minnesota Central Area Submarket

Addenda A-3 CoStar Cap Rate Comparables



Warehouse

Sale Summary

Sold	1/26/2023
Sale Price	\$975,000 (\$106.21/SF)
RBA (% Leased)	9,180 SF (100%)
Price Status	Confirmed
Built	1997
Land Area	1.29 AC/56,192 SF
Actual Cap Rate	9.85%
Sale Comp Status	Research Complete
Sale Comp ID	6294985
Parcel Numbers	033310020020009



Contacts

Type	Name	Location	Phone
Recorded Buyer	Jae 401 K Plan	Baxter, MN 56425	(320) 267-6679
True Buyer	James A Etterman Jr	Brainerd, MN 56401	(320) 267-6679
Contacts	James Etterman (218) 825-8062		
Recorded Seller	Epi Leaseco Llp	Baxter, MN 56425	(218) 820-9315
True Seller	Glen Erlandson	Nisswa, MN 56468	(218) 820-9315
Contacts	Glen Erlandson (218) 963-0183		
Listing Broker	Close Converse Commercial & Preferred Properties	Brainerd, MN 56401	(218) 828-3334
Contacts	Christopher Close (218) 831-7510		

Property Details

Tenancy	Single	Clear Height	20'
Drive Ins	2 total/ 12' w x 14' h	Power	600a/ 3p
Docks	None	Building FAR	0.16
Levelers	None		
Parking Spaces	41 Surface Spaces; Ratio of 4.47/1,000 SF		

Transaction Details

Sale Date	1/26/2023	Hold Period	39 Months
Sale Price	\$975,000 (\$106.21/SF)	Recording Date	1/31/2023
Land Price	\$755,819/AC (\$17.35/SF)	Zoning	I
Sale Type	Investment	% Improved	75.72%
Time On Market	2 Months 5 Days	Document Number	1509490
Parcel Number	033310020020009		





7548 Industrial Park Rd

Baxter, MN 56425 (Crow Wing County) - Minnesota Central Area Submarket

Addenda A-3 CoStar Cap Rate Comparables



Warehouse

Income And Expenses

Net Operating Income	\$96,000 (\$10.46/AC)	Cash Flow	\$96,000 (\$10.46/AC)
----------------------	-----------------------	-----------	-----------------------

Previous Sale

Sale Date	10/15/2019	Comp ID	4934744
Sale Price	\$550,000 (\$59.91/SF)	Comp Status	Public Record

**1232 Willow St**

Faribault, MN 55021 (Rice County) - Minnesota South Area Submarket

Addenda A-3 CoStar Cap Rate Comparables



Warehouse

Sale Summary

Sold	6/11/2024
Sale Price	\$500,000 (\$52.50/SF)
RBA (% Leased)	9,524 SF (100%)
Price Status	Confirmed
Built	1997
Land Area	0.69 AC/30,056 SF
Actual Cap Rate	7.70%
Sale Comp Status	Research Complete
Sale Comp ID	6782630



Contacts

Type	Name	Location	Phone
Recorded Seller	1232 Willow St Llc	-	-
Listing Broker	Kevin Coon	Faribault, MN 55021	(507) 838-6191
Contacts	Kevin Coon (507) 838-6191		

Property Details

Tenancy	Single	Clear Height	12'
Drive Ins	7 total/ 10' w x 10' h	Crane	None
Docks	None	Power	200a/240v 3p
Levelers	None	Building FAR	0.32
Parking Spaces	5 Surface Spaces; Ratio of 0.52/1,000 SF		

Transaction Details

Sale Date	6/11/2024	Time On Market	9 Months 17 Days
Sale Price	\$500,000 (\$52.50/SF)	Hold Period	2 Months
Land Price	\$724,647/AC (\$16.64/SF)	Zoning	Industrial/Commercial
Sale Type	Investment		
Parcel Number	18.06.3.00.002		

Previous Sale

Sale Date	4/22/2024	Comp ID	6740846
Sale Price	\$530,000 (\$55.65/SF)	Comp Status	Public Record





Sale Summary

Sold	2/23/2023
Sale Price	\$1,899,000 (\$143.36/SF)
RBA (% Leased)	13,246 SF (100%)
Price Status	Full Value
Built	2014
Land Area	3.14 AC/136,561 SF
Actual Cap Rate	9.48%
Sale Comp Status	Research Complete
Sale Comp ID	6317108
Parcel Numbers	22400403148000



Contacts

Type	Name	Location	Phone
Recorded Seller	WRS ND LLC	Channelview, TX 77530	-
Listing Broker	Proven Realty Brokered by eXp Realty	Williston, ND 58801	(701) 369-3949
Contacts	Erik Peterson (406) 544-6489		

Property Details

Tenancy	Single	Floor Thickness	8"
Drive Ins	4 total	Crane	Yes
Levelers	None	Building FAR	0.10
Parking Spaces	11 Surface Spaces; Ratio of 0.83/1,000 SF		

Transaction Details

Sale Date	2/23/2023	Time On Market	2 Months 15 Days
Sale Price	\$1,899,000 (\$143.36/SF)	Hold Period	109 Months
Land Price	\$605,740/AC (\$13.91/SF)	Zoning	Industrial
Sale Type	Investment	% Improved	89.64%
Parcel Number	22400403148000		



Sale Summary

Sold	4/17/2024
Sale Price	\$3,985,000 (\$183.13/SF)
RBA	21,760 SF
Price Status	Full Value
Built	2013
Land Area	6.14 AC/267,458 SF
Actual Cap Rate	9.00%
Pro Forma Cap Rate	9.00%
Sale Comp Status	Research Complete
Sale Comp ID	6705637
Sale Conditions	1031 Exchange



Contacts

Type	Name	Location	Phone
Recorded Buyer	Premier Real Estate- Minnetonka Heights	Minnetonka, MN 55345	(952) 934-4040
True Buyer	Premier Real Estate- Minnetonka Heights	Minnetonka, MN 55345	(952) 934-4040
Contacts	Claudetttie Miller (773) 966-5113		
Buyer Broker	None on the deal	-	-
Recorded Seller	RCS Ironwood Industrial LLC	Louisville, CO 80027	(303) 499-3636
True Seller	Real Capital Solutions, Inc.	Louisville, CO 80027	(303) 466-2500
Contacts	Judy Lawson (303) 941-9997		
Listing Broker	Coldwell Banker 1st Minot Realty	Minot, ND 58701	(701) 852-0136
Contacts	Ed Steckler (701) 720-1861		

Property Details

Tenancy	Multi	Floor Thickness	6"
Drive Ins	2 total/ 20' w x 16' h	Crane	None
Docks	None	Sprinklers	Wet
Levelers	None	Power	3p
Clear Height	20'	Building FAR	0.08
Column Spacing	68'w x 80'd		
Parking Spaces	6 Surface Spaces; Ratio of 0.28/1,000 SF		

Transaction Details

Sale Date	4/17/2024	Time On Market	7 Months 23 Days
Sale Price	\$3,985,000 (\$183.13/SF)	Hold Period	57 Months
Land Price	\$649,024/AC (\$14.90/SF)	Zoning	M1
Sale Type	Investment		
Sale Conditions	1031 Exchange		
Parcel Number	MI-01B36-010-001-0		



Previous Sale

Sale Date	7/1/2019	Comp ID	4804321
Sale Price	Withheld	Comp Status	Research Complete
Sale Type	Investment	Sale Conditions	Bulk/Portfolio Sale
Actual Cap Rate	14.5%		



910 Yegen Rd

Bismarck, ND 58504 (Burleigh County) - East Bismarck Submarket

Addenda A-3 CoStar Cap Rate Comparables



Industrial

Sale Summary

Sold	3/1/2025
Sale Price	\$2,167,000 (\$124.24/SF)
RBA (% Leased)	17,442 SF (100%)
Price Status	Confirmed
Built/Renovated	1979/2012
Land Area	2.11 AC/92,119 SF
Actual Cap Rate	7.50%
Sale Comp Status	Research Complete
Sale Comp ID	7088966
Parcel Numbers	2031-001-001



Contacts

Type	Name	Location	Phone
Recorded Buyer	Ewr Bismarck Industrial On Yegen Llc	Fargo, ND 58102	(701) 212-4800
True Buyer	Edgewood Real Estate Investment Trust	Fargo, ND 58102	(701) 212-4800
Buyer Broker	None on the deal	-	-
Recorded Seller	AI & Dp Properties Llc	Bismarck, ND 58503	(701) 220-3900
True Seller	Industrial Enterprises Inc	Bismarck, ND 58504	(701) 258-1652
Contacts	Dennis Parr (701) 220-3900		
Listing Broker	None on the deal	-	-

Property Details

Tenancy	Single	Levelers	None
Drive Ins	None	Building FAR	0.19

Transaction Details

Sale Date	3/1/2025	Hold Period	20+ Years
Sale Price	\$2,167,000 (\$124.24/SF)	Recording Date	3/3/2025
Land Price	\$1,024,702/AC (\$23.52/SF)	% Improved	70.66%
Sale Type	Investment	Document Number	000000975618
Parcel Number	2031-001-001		





Sale Summary

Sold	2/13/2023
Sale Price	\$1,400,000 (\$70.00/SF)
RBA (% Leased)	20,000 SF (100%)
Price Status	Confirmed
Built	1980
Land Area	2.29 AC/99,752 SF
Actual Cap Rate	8.00%
Sale Comp Status	Research Complete
Sale Comp ID	6305319
Parcel Numbers	006462
Sale Conditions	1031 Exchange



Contacts

Type	Name	Location	Phone
Recorded Seller	Pentagon Investment Group LLC	Watertown, SD 57201	-
True Seller	Monica Jurgens	Watertown, SD 57201	-
Contacts	Monica Jurgens		
Listing Broker	Haugan Nelson Realty, Inc.	Watertown, SD 57201	(605) 886-7080
Contacts	Joel Willette (605) 880-0185		

Property Details

Tenancy	Multi	Sprinklers	Dry
Drive Ins	None	Building FAR	0.20
Levelers	None		
Parking Spaces	30 Surface Spaces; Ratio of 1.50/1,000 SF		

Transaction Details

Sale Date	2/13/2023	Time On Market	3 Months 2 Days
Sale Price	\$1,400,000 (\$70.00/SF)	Hold Period	20+ Years
Land Price	\$611,356/AC (\$14.03/SF)	Zoning	COMMERCIAL
Sale Type	Investment	% Improved	89.24%
Sale Conditions	1031 Exchange		
Parcel Number	006462		

**3810 McIntyre Ave**

Eau Claire, WI 54703 (Chippewa County) - Eau Claire/Menomonie Submarket

Addenda A-3 CoStar Cap Rate Comparables



Industrial

Sale Summary

Sold	6/6/2023
Sale Price	\$1,543,318 (\$77.17/SF)
RBA (% Leased)	20,000 SF (100%)
Price Status	Confirmed
Built	1975
Land Area	1.84 AC/80,183 SF
Actual Cap Rate	8.74%
Sale Comp Status	Research Complete
Sale Comp ID	6413916
Parcel Numbers	22809-3432-63650117



Contacts

Type	Name	Location	Phone
Recorded Buyer	Cornelius WI Properties E LLC	Somerset, WI 54025	-
True Buyer	Henry Cornelius	Edina, MN 55439	(952) 903-0345
Contacts	Henry Cornelius (952) 933-9669		
Recorded Seller	Douglas Larson	Menomonie, WI 54751	(715) 235-7070
True Seller	Douglas Larson	Menomonie, WI 54751	(715) 235-7070
Contacts	Douglas Larson (715) 556-0244		
Listing Broker	Marcus & Millichap	Minneapolis, MN 55416	(952) 852-9700
Contacts	Tom Gommels (507) 951-2960		

Property Details

Tenancy	Single	Levelers	None
Drive Ins	None	Building FAR	0.25

Transaction Details

Sale Date	6/6/2023	Time On Market	4 Months 6 Days
Sale Price	\$1,543,318 (\$77.17/SF)	Hold Period	20+ Years
Land Price	\$838,419/AC (\$19.25/SF)	% Improved	80.73%
Sale Type	Investment		
Parcel Number	22809-3432-63650117		

Income And Expenses

Net Operating Income	\$134,886 (\$6.74/AC)	Cash Flow	\$134,886 (\$6.74/AC)
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COMMERCIAL REAL ESTATE REPORT Q3 2024

Fargo, ND-MN Metro Area

Select a Metro Area
Fargo, ND-MN Metro Area

Demographics and Economy

Demographics

1.5%	42.7%	4.1%	Net Migration
population growth (2023)	share of renters (2023)	renter household formation (2023)	2,898 (2023)
U.S.: 0.5%	U.S.: 34.7%	U.S.: 1.0%	2,290 (2022)

Economy

8.4%	2,200	1.4%	0.4%
GDP growth (2023)	12-month job creation (October 2024)	1-year job growth (October 2024)	1-year wage growth (October 2024)
U.S.: 6.6%		U.S.: 1.4%	U.S.: 3.7%
\$57,500	2.3%	10.2%	International Migration
Average wage per year (October 2024)	unemployment rate (October 2024)	share of workers teleworking (2023)	1,240 (2023)
U.S.: \$63,100	U.S.: 4.7%	U.S.: 13.8%	757 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2024 Q3	-12,989	275,186	1.8%	\$20	3.4%
2023 Q3	130,036	-60,887	2.9%	\$20	5.3%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2024 Q3	11,176,938	0	68,033	\$6.48M	11.5%
2023 Q3	11,108,905	84,371	99,571	\$1.04M	10.6%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2024 Q3	159	500	1.5%	\$1,046	\$1,039	6.4%
2023 Q3	347	781	5.5%	\$1,031	\$1,026	5.8%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
2024 Q3	38,518	145	787	8.9%		
2023 Q3	37,731	452	1,321	8.6%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2024 Q3	37,425	174,353	2.5%	\$17	2.6%
2023 Q3	12,468	58,967	3.0%	\$17	3.6%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2024 Q3	15,635,991	8.6%	\$2.53M	\$547	
2023 Q3	15,603,535	8.6%	\$5.35M	\$166	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2024 Q3	186,559	564,032	3.3%	\$9	3.6%
2023 Q3	522,582	1,599,668	6.1%	\$9	2.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2024 Q3	21,256,325	123,801	824,905	11.1%	\$2.24M
2023 Q3	20,431,420	13,300	1,298,504	10.4%	\$2.20M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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NEWMARK VALUATION & ADVISORY

West Fargo Industrial Portfolio

West Fargo Industrial

1700, 1740 Main Ave W, 474, 500, 526 10th St
NE, and 617, 625 13th St NE
West Fargo, Cass County, ND 58078

Newmark Job No.: 24-0204430-4

Client Reference: DB File Number: 2159

Appraisal Report Prepared For:

Dragana Anicic, MAI, AI-GRS
Deutsche Bank
1 Columbus Circle
New York, NY 10019

Prepared By:

Newmark Valuation & Advisory
100 South Fifth Street, Suite 2100
Minneapolis, MN 55402

NEWMARK



NEWMARK VALUATION & ADVISORY

June 11, 2024

Dragana Anicic, MAI, AI-GRS
Deutsche Bank
1 Columbus Circle
New York, NY 10019

RE: Appraisal Of A Industrial Property Known As West Fargo Industrial Portfolio Located At 1700, 1740 Main Ave W, 474, 500, 526 10th St NE, and 617, 625 13th St NE, West Fargo, Cass County, ND 58078, Prepared By Newmark Valuation & Advisory, LLC (herein "Firm" or "Newmark")

Newmark Job No.: 24-0204430-4
Client Reference: DB File Number: 2159

Dear Dragana Anicic, MAI, AI-GRS:

The "Subject Property" is a 150,099 square foot industrial property, comprised of seven total buildings at three separate locations, [REDACTED], and 617, 625 13th St NE, West Fargo, ND known as West Fargo Industrial Portfolio. The improvements are in average condition, of average quality and tenant appeal, and have a weighted average year built of 2001. The site encompasses approximately 11.495 acres (500,715 square feet) across five parcels. Currently, the property is 100.00% occupied and considered to be stabilized. There are a total of 25 tenants ranging in size from 1,250 to 17,860 square feet under leases with remaining terms ranging from 1 to 52 months and contract rent ranging from \$6.34 to \$9.53 per square foot. The largest tenant is MAC Company. The weighted average lease term and average contract rent for the overall property is 23 months and \$7.28. The weighted average lease term and average contract rent for 1700, 1740 Main Ave W is 22 months and \$7.00. The weighted average lease term and average contract rent for 474, 500, 526 10th St NE is 25 months and \$7.83. The weighted average lease term and average contract rent for 617, 625 13th St NE is 17 months and \$6.85.

Key Value Considerations

Strengths

1. The Fargo MSA Industrial and Flex market has seen high occupancy levels and increasing asking rents in recent years.
2. The subject property is 100% occupied.

June 11, 2024
DRAGANA ANICIC, MAI, AI-GRS

Risk Factors

- 1. Economic risk.
- 2. Inflationary risk.

National Trends and Uncertainties

- 1. Federal Reserve and bond market interest rate increases and associated effects on cost of capital and investment rates along with credit tightening resulted in 2023 transaction volumes some 51% less than 2022 according to Real Capital Analytics and CRE activity remains depressed.
- 2. Investors are still concerned about a possible recession but the easing of inflation, continued consumer spending, and solid job growth have continued to keep the economy growing.
- 3. There have been early signs of increased CRE activity stemming from moderation in interest rates (and expectations of cuts later this year), adjustments by buyers and sellers to the economic environment, and an easing of credit restrictions but distress in the CRE market, particularly in the office sector, remains a concern.

Based on the analysis contained in the following report, the opinion of value for the subject is:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is" - 617, 625 13th St NE	Leased Fee	5/2/2024	\$1,000,000
Insurable Replacement Cost - 617, 625 13th St NE		5/2/2024	\$1,000,000

Compiled by Newmark

Extraordinary Assumptions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

- 1. None

June 11, 2024
DRAGANA ANICIC, MAI, AI-GRS

Hypothetical Conditions

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. None

Client Reliance Statement

This report is for use and benefit of, and may be relied upon by "Deutsche Bank, as Agent" or any of its affiliates, agents and advisors, initial and subsequent holders from time to time of any debt, any indenture trustee, servicer or other agent acting on behalf of such holders of such debt and/or debt securities; any rating agencies; and the institutional provider(s) from time to time of any liquidity facility or credit support for such financings, and their respective successors and assigns.

As such the Client and affiliates, rating agencies and certain investors involved in the type of securitizations described below may use and rely on this report in its entirety, including reference to our name and the inclusion (whether in paper, digital, electronic, or any other form) or description of such reports in disclosure documents, and if such reports are included in the disclosure documents, the reference to our name under caption "Experts" in such disclosure documents, and this shall serve as a written consent to the foregoing, which consent may be filed with the Securities and Exchange Commission. Said securitizations may be either of the following two types:

- a) A private placement Rule 144A offering to "qualified institutional buyers", as defined by Rule 144A ("Private Offering"), or
- b) A publicly registered offering of securities ("Public Offering").

In the case of Public or Private Offering, Client may accurately disclose the results of this report and the identity of your firm in the Offering Document or private placement memorandum.

The appraisal was developed based on, and this report has been prepared in conformance with the Client's appraisal requirements, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, Title XI of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA) of 1989, and the Interagency Appraisal and Evaluation Guidelines (December 2, 2010).

Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We 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. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of North Dakota.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Marshall Estep, MAI and John Mackris, MAI, MRICS, CCIM have completed the continuing education program for Designated Members of the Appraisal Institute.
12. As of the date of this report, Jack Jaeger has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
13. Jack Jaeger made a personal inspection of the property that is the subject of this report. Marshall Estep, MAI and John Mackris, MAI, MRICS, CCIM have not personally inspected the subject.
14. No one provided significant real property appraisal assistance to the person(s) signing this certification.
15. The Firm operates as an independent economic entity. Although employees of other service lines or affiliates of the Firm may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
16. Within this report, "Newmark", "Newmark Valuation & Advisory", "Newmark, Inc.", and similar forms of reference refer only to the appraiser(s) who have signed this certification and any persons noted above as having provided significant real property appraisal assistance to the persons signing this report.

17. Jack Jaeger has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. Marshall Estep, MAI has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. John Mackris, MAI, MRICS, CCIM has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.



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[REDACTED]

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Improved Sales

Lease Comparables

F. DCF Reports

G. Appraiser Qualifications and Licenses



SUBJECT PHOTOGRAPHS

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View of 625 and 617 13th St NE from 13th St NE



Parking Area between 617 and 625 13th St NE



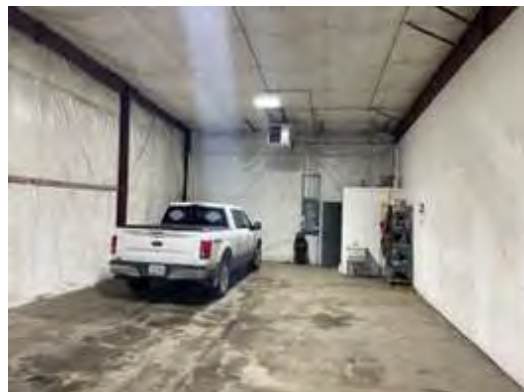
North and West Elevations - 617 13th St NE



West and South Elevations - 625 13th St NE



South Elevation - 625 13th St NE



Warehouse Area - 625 13th St NE

Executive Summary

West Fargo Industrial Portfolio

Property Type:	Industrial-General Industrial
Street Address:	West Fargo Industrial
City, State & Zip:	West Fargo, Cass County, ND 58078
Gross Building Area (SF):	150,099
Net Rentable Area (SF):	150,099
Year Built:	2001
Land Area:	11.495 acres; 500,715 SF
Zoning:	LI: Light Industrial and M: Heavy Industrial
Highest and Best Use - As Vacant:	An Industrial Use
Highest and Best Use - As Improved:	Industrial Use

Analysis Details

Valuation Date:	May 2, 2024
Market Value "As Is" - Overall Property	May 2, 2024
Inspection Date and Date of Photos:	May 2, 2024
Report Date:	June 11, 2024
Report Type:	Appraisal Report
Client:	Deutsche Bank
Intended Use:	Financing purposes and no other use is permitted.
Intended User:	Deutsche Bank and/or affiliates and no other user is permitted by any other party for any other
Appraisal Premise:	Market Value "As Is", Insurable Replacement Cost
Intended Use and User:	The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
Interest Appraised:	Leased Fee
Exposure Time (Marketing Period) Estimate:	6 Months (6 Months)

Compiled by Newmark

Leasing Summary

Number of Tenants	25
Average Contract Rent/SF	\$7.28
Average Market Rent/SF	\$7.35

MLA Space Type Summary	Rentable SF	% Leased	% of Total Contract Rent	Contract Rent PSF	Market Rent PSF	Contract as % of Market
Industrial Space:	150,099	100.0%	100.00%	\$7.28	\$7.35	99.0%
Total	150,099	100.0%	100.0%	\$7.28	\$7.35	99.0%

Market Value Conclusions	As Is	\$71.95	\$10,800,000
Exposure / Marketing Time			
Concluded Exposure Time	6 Months or Less		
Concluded Marketing Time	6 Months or Less		

Compiled by Newmark

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

- 1. None

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

- 1. None

Compiled by Newmark

Introduction

OWNERSHIP HISTORY

The current owner is NetREIT West Fargo, LLC. The following summarizes a three-year history of ownership, the current listing status, and pending transactions for the subject property (as applicable).

Ownership History	
To the best of our knowledge, no sale or transfer of ownership has taken place within the three-year period prior to the effective date of the appraisal.	
Listing Status:	Not Listed For Sale
Current or Pending Contract:	None Reported
Previous Sales	
Sales in the Previous Three Years:	None
Compiled by Newmark	

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective date of the appraisal.

INTENDED USE AND USER

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

- The intended use of the appraisal is for financing purposes and no other use is permitted with the exception of those identified in the reliance statement below.
- The client is Deutsche Bank.
- The intended user is Deutsche Bank and-or affiliates and no other user is permitted by any other party for any other purpose with the exception of those identified in the reliance statement below.

CLIENT RELIANCE STATEMENT

This report is for use and benefit of, and may be relied upon by "Deutsche Bank, as Agent" or any of its affiliates, agents and advisors, initial and subsequent holders from time to time of any debt, any indenture trustee, servicer or other agent acting on behalf of such holders of such debt and/or debt securities; any rating agencies; and the institutional provider(s) from time to time of any liquidity facility or credit support for such financings, and their respective successors and assigns.

As such the Client and affiliates, rating agencies and certain investors involved in the type of securitizations described below may use and rely on this report in its entirety, including reference to our name and the inclusion (whether in paper, digital, electronic, or any other form) or description of such reports in disclosure documents, and if such reports are included in the disclosure documents, the reference to our name under caption " Experts" in such disclosure documents, and this shall serve as a written consent to the foregoing, which consent may be filed with the Securities and Exchange Commission. Said securitizations may be either of the following two types:

- a) A private placement Rule 144A offering to "qualified institutional buyers", as defined by Rule 144A ("Private Offering"), or
- b) A publicly registered offering of securities ("Public Offering").

In the case of Public or Private Offering, Client may accurately disclose the results of this report and the identity of your firm in the Offering Document or private placement memorandum.

DEFINITION OF VALUE

Market value is defined as:

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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: Code of Federal Regulations, Title 12, Chapter I, § 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

APPRAISAL REPORT

This appraisal is presented in the form of an appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. This report incorporates sufficient information regarding the data, reasoning and analysis that were used to develop the opinion of value in accordance with the intended use and user.

PURPOSE OF THE APPRAISAL & INTEREST APPRAISED

The primary purpose of the appraisal is to develop an opinion of the Market Value "As Is" of the Leased Fee interest in the property. (Please see Glossary of Terms for definition(s) of interest(s) appraised)

Purpose of the Appraisal		
Appraisal Premise	Interest Appraised	Date of Value
Market Value "As Is"	Leased Fee	5/2/2024
Insurable Replacement Cost		5/2/2024

Compiled by Newmark

SCOPE OF WORK

Extent to Which the Property is Identified

- Physical characteristics
- Legal characteristics
- Economic characteristics

Extent to Which the Property is Inspected

Newmark inspected the subject property on May 2, 2024 as per the defined scope of work. Jack Jaeger made a personal inspection of the property that is the subject of this report. Marshall Estep, MAI and John Mackris, MAI, MRICS, CCIM have not personally inspected the subject.

Type and Extent of the Data Researched

- Exposure and marketing time;
- Neighborhood and land use trends;
- Demographic trends;
- Market trends relative to the subject property type;
- Physical characteristics of the site and applicable improvements;
- Flood zone status;
- Zoning requirements and compliance;
- Real estate tax data;
- Relevant applicable comparable data; and
- Investment rates

Type and Extent of Analysis Applied

We analyzed the property and market data gathered through the use of appropriate, relevant, and accepted market-derived methods and procedures. Further, we employed the appropriate and relevant approaches to value, and correlated and reconciled the results into an estimate of market value, as demonstrated within the appraisal report. The applied scope of work is appropriate and sufficient to produce credible assignment results for the intended use of this report.

Economic Analysis

NATIONAL TRENDS AND UNCERTAINTIES

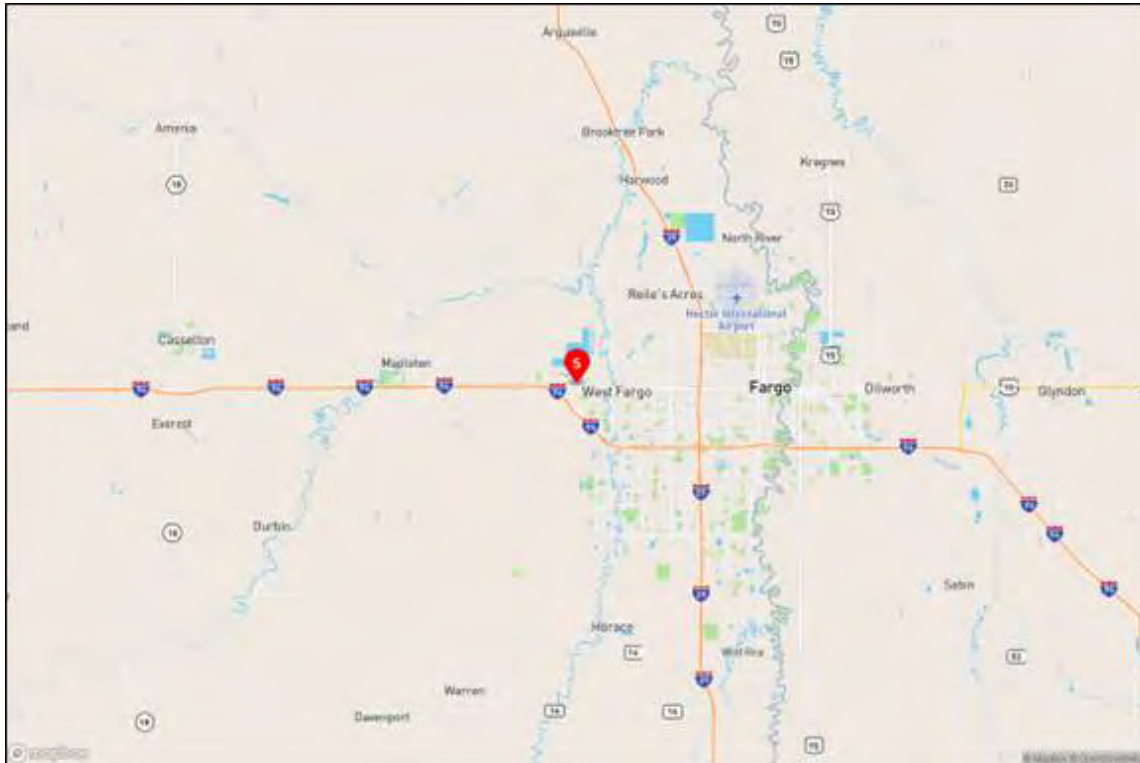
Interest rates rose into 2023 peaking at levels last seen in 2007. A combination of high interest rates, wide expectation of a recession, and credit tightening all contributed to a dramatic decline in commercial real estate (CRE) activity during the year. Real Capital Analytics (RCA) reported that CRE transaction volume fell 51% over 2022. 2023 CRE transaction volume ended the year below even that of pre-pandemic levels. While a recession was widely expected throughout much of 2023, the easing of inflation, continued consumer spending, and solid job growth all kept the economy growing. Investors expect the Federal Reserve to begin cutting interest rates around the middle of the year. However, the Fed has indicated that it is not ready to start cutting until employment and inflation signals are in better balance against the target inflation rate.

In an effort to curtail inflation, the Federal Reserve embarked on an aggressive strategy. In spite of three major bank failures, the Fed raised rates very quickly through July 2023 to a range of 5.25% to 5.50% for the Federal Funds Rate – which was the highest since June 2006. The Fed's outlook now calls for three 25 basis point rate cuts in 2024. Analysts expect the rate cuts to begin in May or June. But the Fed's statement on January 31, 2024 stated that it will not be appropriate to reduce rates until inflation is moving to 2%.

Credit tightening, which included wider credit spreads and lower loan-to-value ratios, arose due to uncertain economic outlooks, deterioration in real estate collateral values, and concerns about bank liquidity. Along with the rapid rise in interest rates, capitalization rates rose quickly while bid-ask spreads widened. While these trends have moderated, they have not disappeared and remain major drivers to CRE market conditions. However, investors are adjusting to the new reality through modifications to their investment strategies while the bid-ask spread is narrowing. This is yielding very early signs of increases in transaction volume for 2024. At the same time, though, RCA notes that distress climbed throughout 2023 and office continues to lead the distress – accounting for 41% of the total value of distressed assets.

It will take time for the trends of 2023 to reverse. Opportunities are beginning to appear as interest rates have declined slightly from the peak in 2023 and debt market conditions have improved. Investors still anticipate capitalization rate increases in 2024 and prices to decline – particularly in hard hit sectors such as CBD office. We have considered, and will address, these issues throughout this appraisal and report including in our determinations of overall capitalization rates, discount rates, market rent assumptions, market conditions adjustments, and growth of rents and expenses where applicable.

AREA ANALYSIS



Area Map

The subject is located within West Fargo and Cass County, North Dakota. It is part of the Fargo metro area (Fargo). Moody's Analytics' Economy.com provides the following economic summary for the Fargo as of March, 2024.

Moody's Analytics Précis® Metro Indicators: Fargo MSA												
2017	2018	2019	2020	2021	2022	INDICATORS	2023	2024	2025	2026	2027	2028
16.0	16.0	16.3	15.8	16.4	16.4	Gross metro product (C17\$ bil)	17.2	17.6	17.9	18.2	18.6	19.0
1.0	-0.1	1.9	-3.0	3.8	0.0	% change	4.9	2.2	1.6	1.8	2.1	2.2
142.2	143.4	145.0	139.2	143.7	148.0	Total employment (ths)	149.9	150.5	151.1	151.4	151.6	151.9
0.6	0.8	1.2	-4.0	3.3	3.0	% change	1.3	0.4	0.4	0.2	0.2	0.2
2.4	2.3	2.2	4.3	2.6	1.8	Unemployment rate (%)	1.9	2.3	2.5	2.5	2.5	2.5
3.5	7.0	2.4	8.3	10.8	4.0	Personal income growth (%)	5.6	2.4	2.9	3.0	3.0	3.2
62.8	63.7	64.2	65.1	66.9	70.4	Median household income (\$ ths)	73.3	75.4	77.5	79.6	81.8	84.0
240.0	244.1	246.7	250.4	252.9	254.3	Population (ths)	256.6	258.4	260.1	261.8	263.6	265.4
2.6	1.7	1.1	1.5	1.0	0.5	% change	0.9	0.7	0.7	0.7	0.7	0.7
4.2	2.3	0.9	2.3	1.4	0.2	Net migration (ths)	1.0	0.4	0.2	0.2	0.2	0.3
1,065	1,080	939	1,200	1,229	1,123	Single-family permits (#)	820	1,079	1,228	1,275	1,263	1,231
826	1,233	486	776	1,060	1,191	Multifamily permits (#)	1,315	853	1,207	1,496	1,689	1,622
na	na	na	na	na	na	FHFA house price index (% chang na	na	na	na	na	na	na

Source: Moody's Analytics Précis® US Metro

Moody's summarizes the area's economic performance in recent months as follows:

Recent Performance

Fargo's economy is progressing at a healthy clip. The metro area steadily added jobs throughout 2023, and employers are now expanding headcounts at roughly the national average pace. Revisions to employment data paint a rosier picture than initial, less-complete data previously showed. Employment is rising in a majority of industries in Fargo. Healthcare is the strongest, accounting for about half of net job additions over the last year, despite downward revisions to employment data in the industry. Labor force growth has been spotty, but the unemployment rate recently managed to keep moving lower even with an increase in the workforce.

Market Comparison

The following table illustrates key economic indicators and a comparison of the Fargo to the regional grouping as a whole. As indicated, Fargo is projected to outperform the Midwest Region Metros in four of eight performance categories shown over the next five years.

Comparison of Key Economic Indicators - Fargo MSA Metro to Midwest Region										
Indicator	Fargo MSA			Annual Growth		Midwest Region Metros			Annual Growth	
	2017	2022	2027	2017 - 2022	2022 - 2027	2017	2022	2027	2017 - 2022	2022 - 2027
Gross metro product (C17\$ bil)	16.0	16.4	18.6	0.5%	2.5%	3,573	3,796	4,171	1.2%	1.9%
Total employment (ths)	142.2	148.0	151.6	0.8%	0.5%	32,701	32,696	33,579	0.0%	0.5%
Unemployment rate (%)	2.4%	1.8%	2.5%			4.1%	3.5%	4.1%		
Personal income growth (%)	3.5%	4.0%	3.0%			3.2%	1.5%	4.2%		
Population (ths)	240.0	254.3	263.6	1.2%	0.7%	68,127	68,425	68,549	0.1%	0.0%
Single-family permits (#)	1,065	1,123	1,263	1.1%	2.4%	121,493	130,120	177,372	1.4%	6.4%
Multifamily permits (#)	826	1,191	1,689	7.6%	7.2%	73,625	104,148	82,659	7.2%	-4.5%
FHFA house price index (% change)	na	na	na	N/A	N/A	310	449	427	7.7%	-1.0%
Fargo MSA outperforming Midwest Region Metros										
Fargo MSA underperforming Midwest Region Metros										

Source: Moody's Analytics Précis® US Metro; Compiled by Newmark

Employment Sectors and Trends

Employment data by occupation and business/industry sectors provides an indication of the amount of diversification and stability in the local economy. Job sector composition also gives an indication of the predominant drivers of current and future demand for supporting commercial real estate sectors. The following tables display employment data by occupation sector and by business/industry sector for the area and region.

Current Employment by Occupation Sector

Occupation Sector	City of West Fargo		Cass County		Fargo, ND-MN MSA		North Dakota	
Administrative Support	3,052	12.2%	12,632	10.9%	16,656	11.0%	46,971	10.9%
Management/Business/Financial	5,107	20.5%	20,186	17.4%	25,593	16.9%	72,585	16.8%
Professional	7,246	29.0%	31,879	27.5%	42,018	27.8%	104,439	24.2%
Sales and Sales Related	1,907	7.6%	8,776	7.6%	11,501	7.6%	32,182	7.4%
Construction/Extraction	1,380	5.5%	6,275	5.4%	7,855	5.2%	27,312	6.3%
Farming/Fishing/Forestry	225	0.9%	1,032	0.9%	1,264	0.8%	5,247	1.2%
Installation/Maintenance/Repair	479	1.9%	2,594	2.2%	3,738	2.5%	14,081	3.3%
Production	752	3.0%	4,509	3.9%	6,050	4.0%	21,497	5.0%
Transportation/Material Moving	1,896	7.6%	8,255	7.1%	10,865	7.2%	32,318	7.5%
Total Employees (16+ Occupation Base)	24,963	100.0%	115,910	100.0%	151,272	100.0%	432,362	100.0%

Source: ESRI; Compiled by Newmark

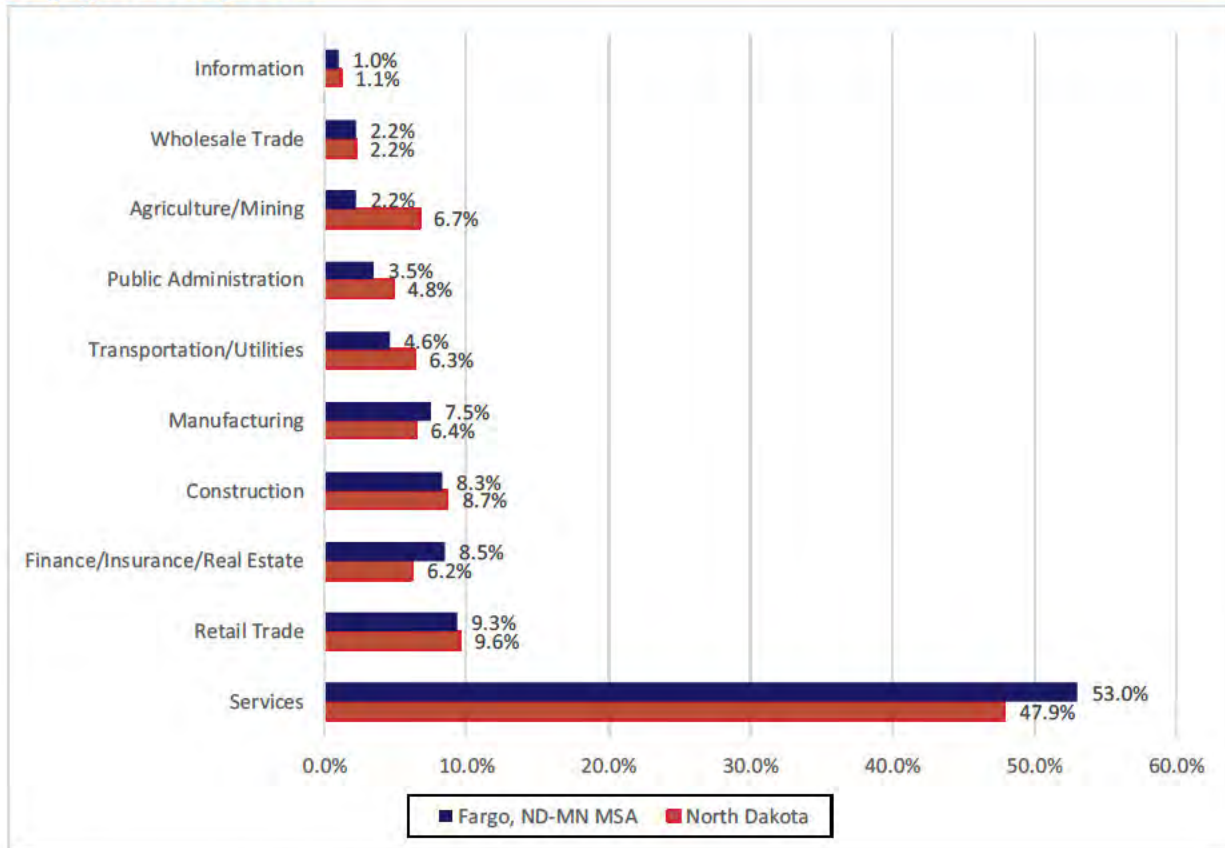
Current Employment by Industry Sector

Industry Sector	City of West Fargo		Cass County		Fargo, ND-MN MSA		North Dakota	
Agriculture/Mining	570	2.3%	2,346	2.0%	3,347	2.2%	28,936	6.7%
Construction	2,518	10.1%	9,751	8.4%	12,529	8.3%	37,607	8.7%
Manufacturing	1,361	5.5%	8,508	7.3%	11,297	7.5%	27,848	6.4%
Wholesale Trade	362	1.5%	2,454	2.1%	3,314	2.2%	9,399	2.2%
Retail Trade	2,230	8.9%	10,590	9.1%	14,121	9.3%	41,328	9.6%
Transportation/Utilities	1,206	4.8%	5,093	4.4%	6,908	4.6%	27,450	6.3%
Information	99	0.4%	964	0.8%	1,448	1.0%	4,925	1.1%
Finance/Insurance/Real Estate	2,911	11.7%	10,216	8.8%	12,806	8.5%	26,884	6.2%
Services	13,104	52.5%	62,319	53.8%	80,220	53.0%	207,089	47.9%
Public Administration	602	2.4%	3,669	3.2%	5,282	3.5%	20,896	4.8%
Total Employees (16+ Occupation Base)	24,963	100.0%	115,910	100.0%	151,272	100.0%	432,362	100.0%

Source: ESRI; Compiled by Newmark

Comparing the industry sectors for the local market area (Fargo, ND-MN MSA) to North Dakota indicates the local market area is somewhat more heavily weighted toward the Services, Finance/Insurance/Real Estate, Manufacturing, and Wholesale Trade sectors. By contrast, the industry employment totals for North Dakota indicate somewhat higher proportions within the Agriculture/Mining, Transportation/Utilities, Public Administration, Construction, Retail Trade, and Information sectors. The following graphic further illustrates this comparison.

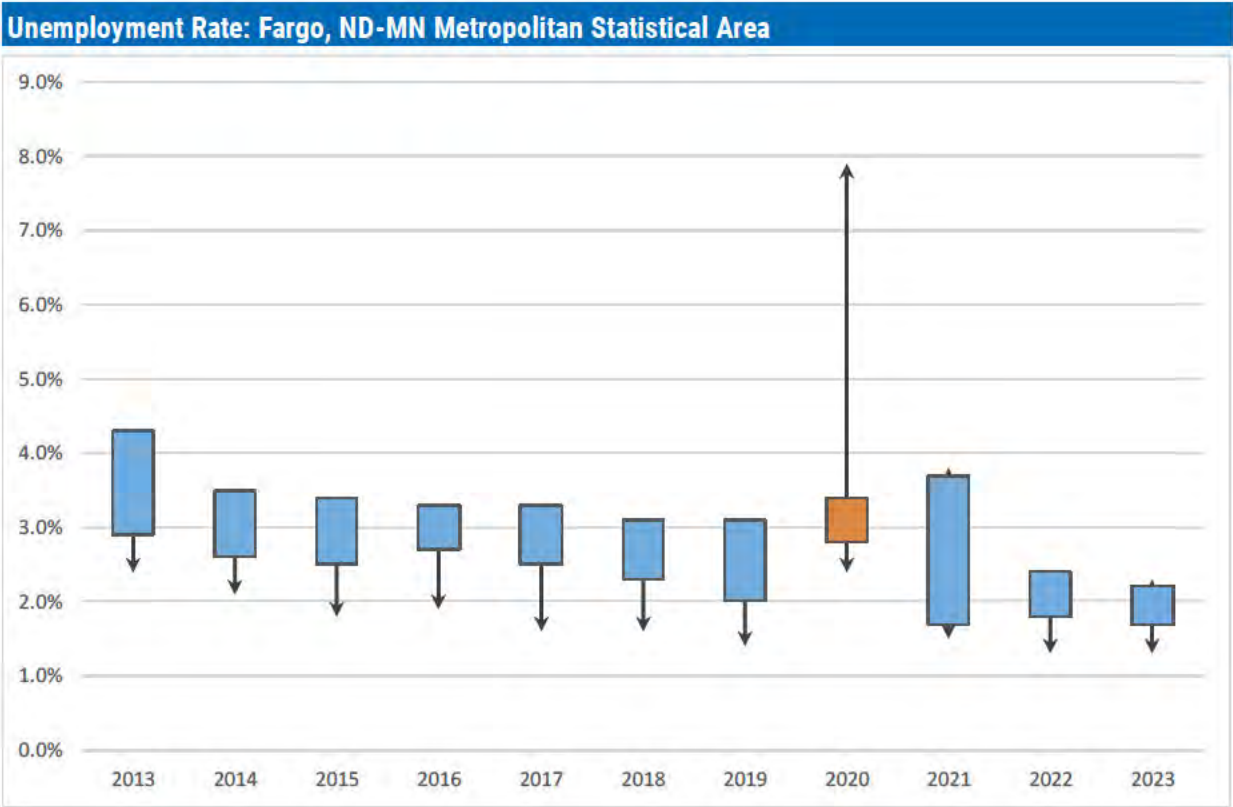
Employment Comparison



Source: ESRI; Compiled by Newmark

Unemployment

The following table displays the historical unemployment data for the area derived from the US Department of Commerce, Bureau of Labor Statistics. The most recent reported unemployment rate for the Fargo, ND-MN Metropolitan Statistical Area is 1.7% (May 2023).



Bars represent beginning to end range of unemployment rates in each year
Orange bars denote increasing unemployment from beginning to end of year
Blue bars are declining unemployment from beginning to end of year
Arrows are extent of unemployment rates over the year

Compiled by Newmark

Major Employers

The following table lists a number of major employers with the Fargo as reported by Moody’s. While not all-encompassing, this list provides further indication of the types of economic sectors that are drivers for the area.

Selected Major Employers: Fargo MSA

Rank	Employer	Employees
1	Sanford Health	8,651
2	Essentia Health	5,141
3	North Dakota State University	4,363
4	Axis Communications	3,200
5	Wanzek Construction Inc.	1,841
6	Eventide Senior Living Communities	1,660
7	U.S. Bank Service Center	1,201
8	Concordia College	1,189
9	Fargo VA Medical Center	1,186
10	BTB	1,026
11	Microsoft Business Solutions	1,024
12	Marvin	1,000
13	Blue Cross Blue Shield	976
14	Noridian Healthcare Solutions	910
15	Coburns Foods	901
16	Shooting Star Casinos	854
17	Discovery Benefits Inc.	750
18	WEX Health Inc.	750
19	Bell Bank	729
20	Minnesota State University Moorhead	724

Source: Moody's Analytics Précis® US Metro

Analysis

Further economic analysis from Moody's is detailed as follows:

Healthcare

Healthcare will perform worse next year than previously expected. The industry was a key driver of growth in 2023, but revised payroll data show signs of stress in the industry. Unlike the remainder of Fargo, employment in healthcare was revised meaningfully lower for the year. This does not come as too much of a surprise. Growth in the industry seemed almost too good to be true. Sanford Health and Essentia Health-Fargo's biggest two employers-both struggled to fill open positions last year. Worker shortages, common in healthcare nationally right now, are particularly problematic for Fargo. North Dakota typically has a higher number of job openings per unemployed worker than the rest of the nation, and Fargo is no exception. While this means that most workers who want a job can find one, it also means that not every business can find a worker. Healthcare is the face of this issue in Fargo. While the industry largely overcame this issue in 2023, employment will not move much from current levels throughout the rest of this year.

Logistics

Fargo's significant shipping industry will be closely wedded to the state's farm economy. Fargo frequently serves as a hub for aggregating and exporting crops, and shipping performed better than previously reported last year. The revised data show that the metro shipping industry was able to capitalize on the spike in state exports last year. Continued progress into 2024 will rely on the farm economy elsewhere in the state. The spring wheat harvest was relatively strong and winter planting is at healthy levels. However, without a sustained structural increase in demand for North Dakota's farm products, there will be little to drive meaningful growth in Fargo's shipping industry.

White-Collar

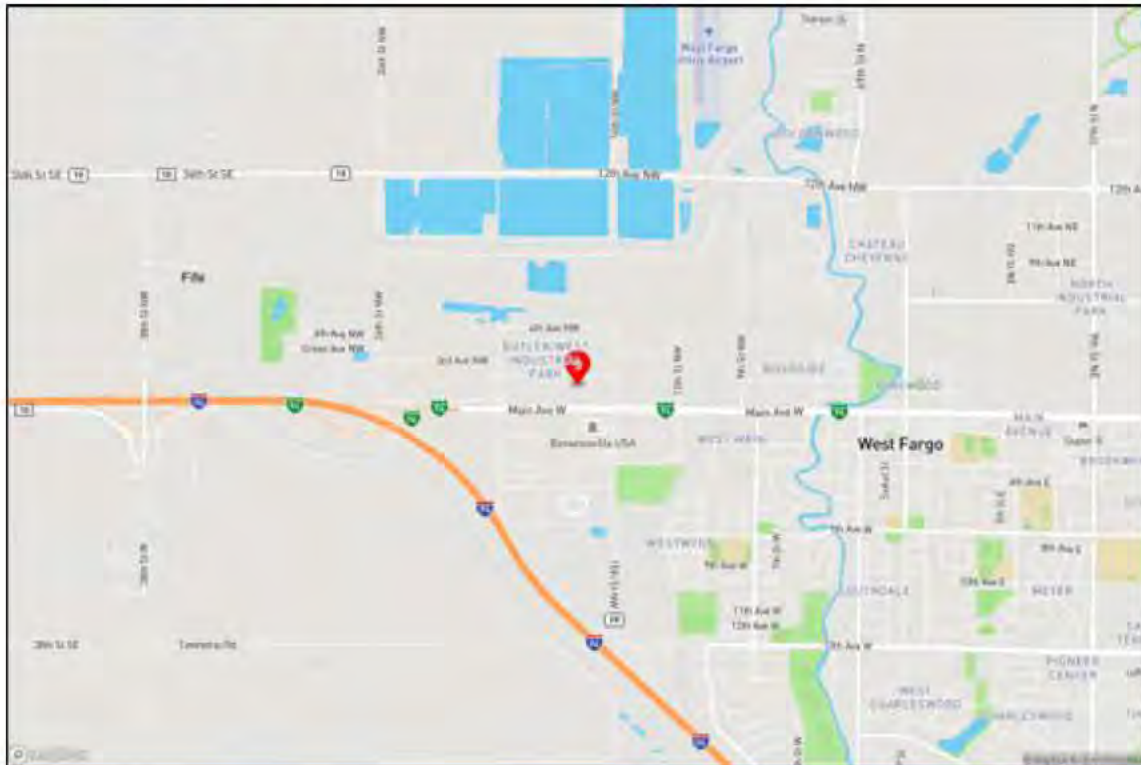
The once-promising financial industry appears to be on its last leg. Beginning in late 2018, Fargo began to establish itself as a financial center for the region, with a few years of booming growth. Two years of declines followed, and employment in finance is now lower than it was at the end of 2015. The trajectory of finance in Fargo serves as a cautionary tale. The metro area needs more educated workers to develop a high-wage driver. Worker shortages in healthcare are rearing their ugly head, and economic progress will be handicapped without a greater labor supply. Thankfully, the demographic outlook is strong in Fargo. However, if population projections prove overly optimistic, economic progress in Fargo will be severely stunted.

Fargo's economy will advance at an average pace this year. Healthcare will continue to struggle with low worker availability, which will hamper hiring across the board. Longer term, demographic trends will support diversification of the economy toward white-collar services, although Fargo will still have a lower share of jobs in high-paying positions than the nation.

Conclusion

Positive Attributes	Negative Attributes
<ul style="list-style-type: none">– Favorable demographics, including a well-educated workforce and fast population growth.– Relatively low business costs and high housing affordability.	<ul style="list-style-type: none">– Structurally low unemployment that leaves job gains dependent upon labor force growth.– Exposure to volatility in agricultural prices.

MARKET AREA ANALYSIS



Neighborhood Map

Boundaries

The subject is located in the eastern environs of Cass County. This area is generally delineated as follows:

North	19 th Avenue N
South	Main Avenue W
East	Interstate 29
West	38 th Street NW

Surrounding Area of Influence Trends

Description

The subject's surrounding area is viewed as suburban. The immediate area around the subject can be described as industrial and commercial.

Characteristics

- The subject has good accessibility from Main Avenue W.

Fundamental Real Estate Cycle

The surrounding area is considered to be within the stability to slight growth stage of its real estate cycle because vacant lots are available nearby and some development has taken place in recent years.

New Development

- There is currently a 126,000 square foot industrial distribution property under construction at 1387 55th Street NE.

Access**Primary Access**

Primary access to the subject is provided by Main Avenue W.

Major Thoroughfares

Main Avenue W, Interstate 94, U.S. Highway 52, Interstate 29, and U.S. Highway 75.

Transportation

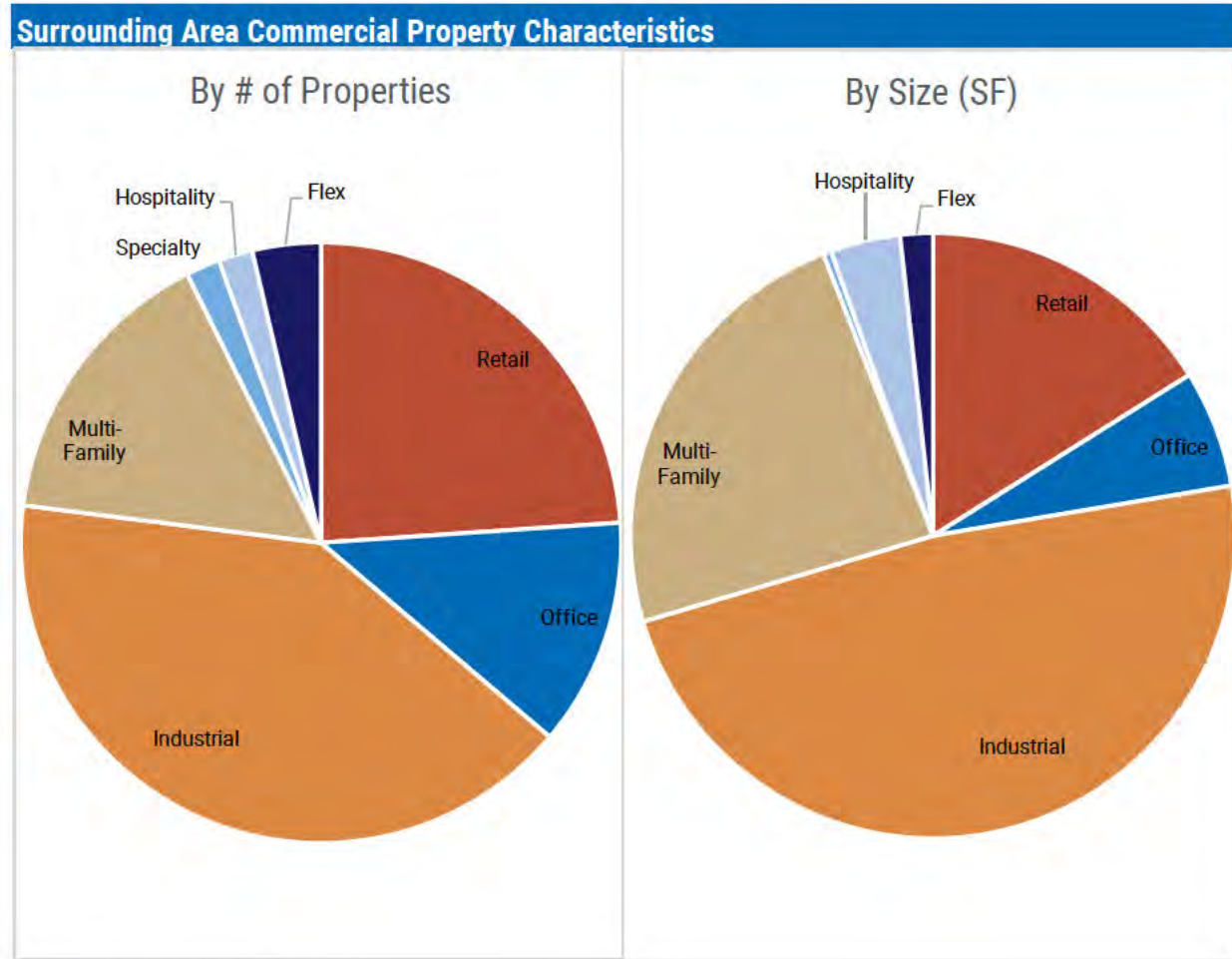
Public transportation is provided by MATBUS and provides access to the surrounding Fargo Metropolitan Statistical Area. The local market perceives public transportation as average. Despite the availability of public transportation, the primary mode of transportation in the area is the automobile.

Distance from Key Locations

The Hector International Airport is located approximately six-miles northeast of the subject, approximately a 7.5-mile, 15-minute drive depending on traffic conditions. The Fargo CBD, the economic and cultural center of the region is approximately 6.5-miles east of the subject property, approximately a seven-mile, 15-minute drive from the subject property.

Land Use

The following was developed from Costar data for the major property types in the surrounding 3.0 mile radius around the subject (1700 and 1740 Main Avenue W).



Source: Costar; Compiled by Newmark

Within the immediate area of the subject, property uses include the following:

- A majority of properties in a three-mile radius of the subject are industrial, retail, and multi-family.
- Primary square footage in a three-mile radius of the subject is comprised of industrial and multi-family properties.

Demographics

A demographic summary for the defined area is illustrated as follows:

Demographic Analysis							
	1-Mile Radius	3-Miles Radius	5-Miles Radius	City of West Fargo	Cass County	Fargo, ND-MN MSA	North Dakota
Population							
2010 Total Population	1,327	19,991	46,922	26,136	149,778	208,777	672,591
2023 Total Population	1,343	23,373	71,411	40,523	193,405	260,196	793,128
2028 Total Population	1,379	24,200	74,963	42,125	202,331	270,361	807,939
Projected Annual Growth %	0.5%	0.7%	1.0%	0.8%	0.9%	0.8%	0.4%
Households							
2010 Total Households	553	8,068	20,689	10,427	63,899	86,178	281,192
2023 Total Households	569	9,514	31,460	16,139	82,821	108,473	330,010
2028 Total Households	586	9,906	33,153	16,808	87,154	113,507	338,353
Projected Annual Growth %	0.6%	0.8%	1.1%	0.8%	1.0%	0.9%	0.5%
Income							
2023 Median Household Income	\$79,412	\$80,423	\$68,905	\$89,086	\$67,402	\$67,501	\$67,741
2023 Average Household Income	\$89,138	\$106,972	\$98,827	\$124,515	\$99,051	\$99,351	\$93,220
2023 Per Capita Income	\$38,382	\$44,297	\$43,353	\$49,574	\$42,571	\$41,573	\$38,958
Housing							
2023 Owner Occupied Housing Units	80.0%	65.2%	45.2%	59.0%	48.8%	52.5%	53.9%
2023 Renter Occupied Housing Units	16.6%	30.2%	47.6%	36.0%	42.8%	39.4%	32.6%
2023 Median Home Value	\$239,103	\$248,796	\$293,650	\$289,218	\$284,249	\$283,159	\$242,087
Median Year Structure Built	1986	1993	2001	2003	1991	1989	1980
Miscellaneous Data Items							
2023 Average Household Size	2.36	2.45	2.25	2.50	2.27	2.32	2.32
2023 Median Age	38.3	37.3	33.3	34.9	34.2	34.2	38.9

Source: ESRI; Compiled by Newmark

Conclusion

- Projected annual population growth in the Fargo MSA is forecast at 0.8% over the next five years which is the ahead of the State of North Dakota's projected annual growth forecast at 0.4% over the next five years.
- Average household income for the Fargo MSA as of 2023 is \$99,351 which is higher than the State of North Dakota at \$93,220.

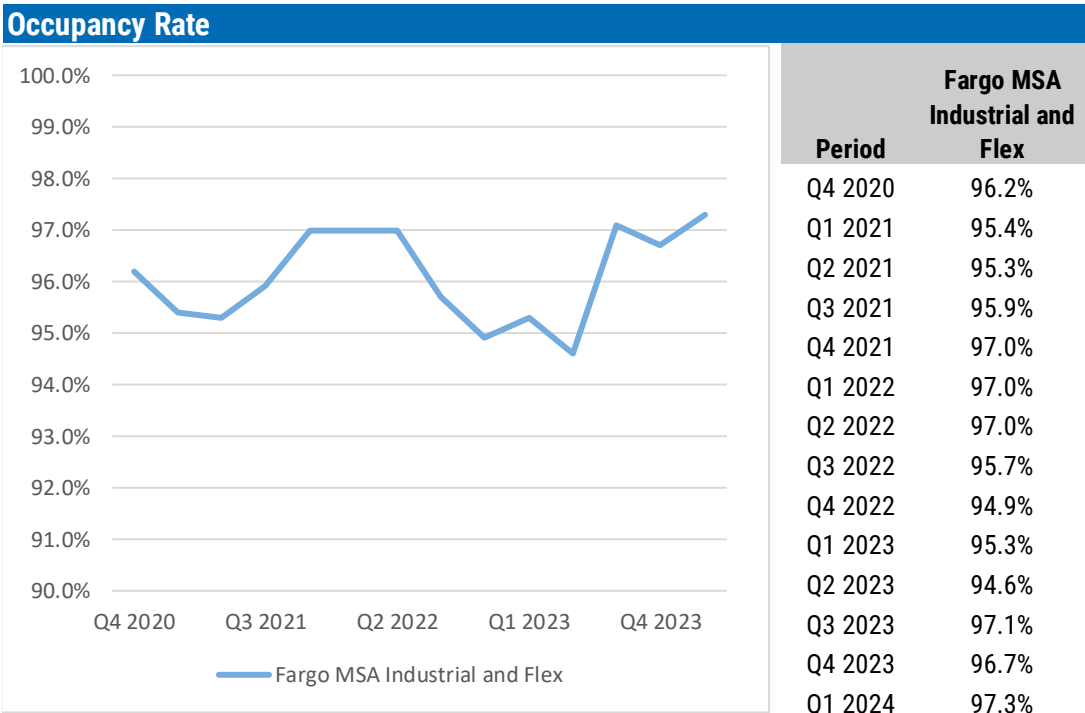
INDUSTRIAL MARKET ANALYSIS

Classification

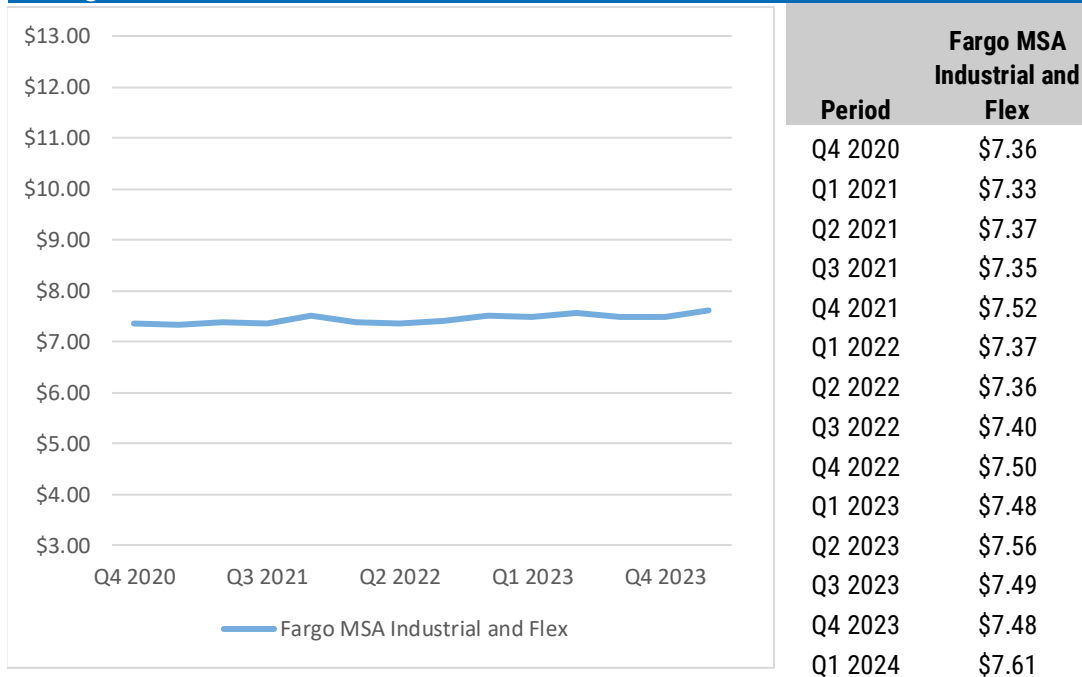
The subject is in the Fargo MSA Industrial and Flex market.

Industrial Market Overview

The following discussion outlines overall market performance in the surrounding Industrial market using Costar market metric data. Presented first are market statistics of the Fargo MSA Industrial and Flex area.



Source: Costar; Compiled by Newmark Valuation & Advisory

Asking Rent Per SF

Source: Costar; Compiled by Newmark Valuation & Advisory

Industrial Market Statistics**Trailing Four Quarters Ended Q1 2024**

Market / Submarket	Inventory (SF)	Completions (SF)	Vacancy (%)	Net Absorption (SF)	NNN Rent Overall / SF
Fargo MSA Industrial and Flex	20,226,046	446,424	2.70%	824,760	\$7.61

Source: Costar; Compiled by Newmark Valuation & Advisory

- The average vacancy rate for the overall market area has been decreasing over the past year.
- The average rental rate for the overall Fargo MSA Industrial and Flex market has been slightly increasing over the past four quarters.

Market and Submarket Trends

Industrial Market Trends				
Fargo MSA Industrial and Flex				
	Inventory (SF)	Completions (SF)	Vacancy %	NNN Rent Overall / SF
Q1 2022	18,339,610	134,360	3.0%	\$7.37
Q2 2022	18,588,790	249,180	3.0%	\$7.36
Q3 2022	18,746,230	157,440	4.3%	\$7.40
Q4 2022	19,773,730	1,027,500	5.1%	\$7.50
Q1 2023	19,779,622	5,892	4.7%	\$7.48
Q2 2023	19,997,546	217,924	5.4%	\$7.56
Q3 2023	20,010,846	13,300	2.9%	\$7.49
Q4 2023	20,226,046	215,200	3.3%	\$7.48
Q1 2024	20,226,046	0	2.7%	\$7.61

* Forecast

Source: Costar; Compiled by Newmark Valuation & Advisory

- The overall market area has been improving with respect to occupancy over the past year.
- Over the past several years, effective rental rates have been following a generally increasing trend in the overall market area.

Long Term Fargo MSA Industrial and Flex Market Metrics

The following provides a longer term view of the market.

Fargo MSA Industrial and Flex Market Metrics						
Period	Inventory (SF)	Vacancy %	Net Absorption (SF)	Completions (SF)	Nnn Rent Overall	All Service Type Rent Overall
Q3 2021	18,197,750	4.1%	1,411,180	1,370,637	\$7.35	\$7.03
Q4 2021	18,205,250	3.0%	212,518	7,500	\$7.52	\$7.16
Q1 2022	18,339,610	3.0%	128,916	134,360	\$7.37	\$7.12
Q2 2022	18,588,790	3.0%	243,117	249,180	\$7.36	\$7.23
Q3 2022	18,746,230	4.3%	-96,441	157,440	\$7.40	\$7.29
Q4 2022	19,773,730	5.1%	834,932	1,027,500	\$7.50	\$7.31
Q1 2023	19,779,622	4.7%	86,246	5,892	\$7.48	\$7.41
Q2 2023	19,997,546	5.4%	58,738	217,924	\$7.56	\$7.56
Q3 2023	20,010,846	2.9%	513,582	13,300	\$7.49	\$7.51
Q4 2023	20,226,046	3.3%	129,892	215,200	\$7.48	\$7.48
Q1 2024	20,226,046	2.7%	122,548	0	\$7.61	\$7.64
Y 2007	13,583,163	2.1%	79,722	168,149	\$5.32	\$5.22
Y 2008	13,657,174	1.2%	197,937	74,011	\$5.64	\$5.65
Y 2009	13,718,146	1.0%	86,832	60,972	\$7.99	\$7.57
Y 2010	13,909,580	0.9%	204,194	191,434	\$9.14	\$8.35
Y 2011	14,024,568	0.6%	154,933	114,988	\$7.02	\$6.85
Y 2012	14,121,732	1.9%	-93,084	97,164	\$6.78	\$6.47
Y 2013	14,288,289	4.8%	-239,919	166,557	\$6.39	\$6.24
Y 2014	14,397,652	1.3%	596,345	109,363	\$6.91	\$6.67
Y 2015	15,097,410	3.7%	328,690	699,758	\$8.54	\$7.60
Y 2016	15,462,975	4.1%	293,156	365,565	\$6.72	\$6.74
Y 2017	15,789,634	4.0%	326,363	326,659	\$6.15	\$6.48
Y 2018	15,928,800	3.8%	168,835	139,166	\$6.45	\$6.58
Y 2019	16,025,230	2.9%	237,635	96,430	\$6.86	\$6.82
Y 2020	16,729,366	3.8%	526,024	704,136	\$7.36	\$6.92
Y 2021	18,205,250	3.0%	1,573,710	1,475,884	\$7.52	\$7.16
Y 2022	19,773,730	5.1%	1,110,524	1,568,480	\$7.50	\$7.31
Y 2023	20,226,046	3.3%	788,458	452,316	\$7.48	\$7.48
5 Year Average	18,191,924	3.6%	847,270	859,449	\$7.34	\$7.14
10 Year Average	16,763,609	3.5%	594,974	593,776	\$7.15	\$6.98
15 Year Average	15,846,561	2.9%	404,180	437,925	\$7.25	\$7.02

Source: Costar; Compiled by Newmark Valuation & Advisory

Construction Versus Absorption

Construction/Absorption Change									
Market / Submarket	Prior Calendar Years History								
	Prior Calendar Year History			Prior Three Year History			Prior Five Year History		
	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio
Fargo MSA Industrial and Flex	452,316	788,458	0.6	3,496,680	3,472,692	1.0	4,297,246	4,236,351	1.0

Source: Costar; Compiled by Newmark Valuation & Advisory

- Absorption in the Fargo MSA Industrial and Flex market is outpacing construction over the past year.

Supply & Demand Conclusion

The subject submarket as well as overall market are seeing good demand for industrial and flex space evidenced by high occupancy in recent years. Supply is tight with the current vacancy level representing primarily frictional vacancy.

Trends and Projections

Subject and Market Historical and Forecast Trends

Market Vacancy Rate Indicators					
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Costar					
Fargo MSA Industrial and Flex	2.70%	3.30%	3.00%	2.90%	1.30%
Subject	0.00%				
Concluded Subject Vacancy Rate	3.00%				

Source: Costar, Newmark Valuation & Advisory

Market Conclusion

Positive Attributes

- The Fargo MSA Industrial and Flex market is at stabilized levels.
- The overall market has seen high occupancy levels in recent years.

Negative Attributes

- An economic downturn which could depress demand.

Conclusion

Occupancy Conclusions	
Costar	
Fargo MSA Industrial and Flex	97.30%
Subject Property's Current Occupancy	100.00%
Subject Property's Stabilized Occupancy	97.00%

Source: Costar, Newmark Valuation & Advisory

- As shown above, recent occupancy trends in the overall industrial and flex market have been strongly positive. We project stabilized occupancy for the subject at 97% on a long-term basis. This figure includes collection loss.



Site Aerial – 617, 625 13th St NE

National Flood Hazard Layer FIRMeete



Legend

KFF RISK REPORT FOR DETAIL FLOODING AND INDEX MAP FOR FIREMAN 1 AVENUE

SPECIAL FLOOD HAZARD AREAS

- Without Base Flood Elevation (BFE) Zone A, X, AE, AH, VE, AN
- With BFE or Depth Zone AE, AH, VE, AN
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD

- 0.2% Annual Chance Flood Hazard Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
- Future Conditions 1% Annual Chance Flood Hazard Zone X
- Area with Reduced Flood Risk due to Levee See Notes, Zone X
- Area with Flood Risk due to Levee Zone D

OTHER AREAS

- NO SCREEN Area of Minimal Flood Hazard Zone X
- Effective LOMRs
- Area of Undetermined Flood Hazard Zone D

GENERAL STRUCTURES

- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES

- Digital Data Available
- No Digital Data Available
- Unmapped

MAP PANELS

- The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 6/11/2024 at 9:45 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map imagery is void if the use or reuse of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRMeete panel number, and FIRMeete effective date. Map imagery for unmapped and unmodernized areas cannot be used for regulatory purposes.

Flood Map – 617, 625 13th St NE

Land Parcels				
Parcel Summary	Associated APN(s)	Classification	Land Area (SF)	Land Area (Acres)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
617 13th St NE	02205400080000	Primary Site 1	34,056	0.7818
625 13th St NE	02205600030000	Primary Site 1	28,994	0.6656
[REDACTED]			[REDACTED]	[REDACTED]
[REDACTED]			[REDACTED]	[REDACTED]
[REDACTED]			[REDACTED]	[REDACTED]
[REDACTED]			[REDACTED]	[REDACTED]

Compiled by Newmark

Land Description

Total Land Area	11.4948 Acres; 500,715 SF
Usable Land Area	11.4948 Acres; 500,715 SF
Excess Land Area	None
Surplus Land Area	None
Source of Land Area	Survey and public records

Site Characteristics

Additional Street Frontage	13th Street NE (280 FF)
Traffic Control at Entry	None
Traffic Flow	Moderate
Accessibility Rating	Average
Visibility Rating	Average
Shape	Rectangular
Corner	No
Rail Access	No
Topography	Level
Easement/Encroachments	None Noted
Environmental Issue	None Noted

Flood Zone Analysis

Flood Area Panel Number	38017C0568G
Date	1/16/2015
Zone	Zone X
Description	Area of minimal flood hazard, usually depicted on Flood Insurance Rate Maps as above the 500-year flood level.
Insurance Required?	No

Utilities

Utility Services	Electricity, gas, sewer, water
------------------	--------------------------------

*Compiled by Newmark***EXCESS OR SURPLUS LAND**

Analysis of the site and current use indicates that there is no area of the site that is not in use and would be viewed as excess or surplus land.

EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

We were not provided a current title report to review. Further, there do not appear to be any easements, encroachments, or restrictions other than those that are typical for the property type. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

617, 625 13th Street NE:

Conclusions, Opinions and Recommendations

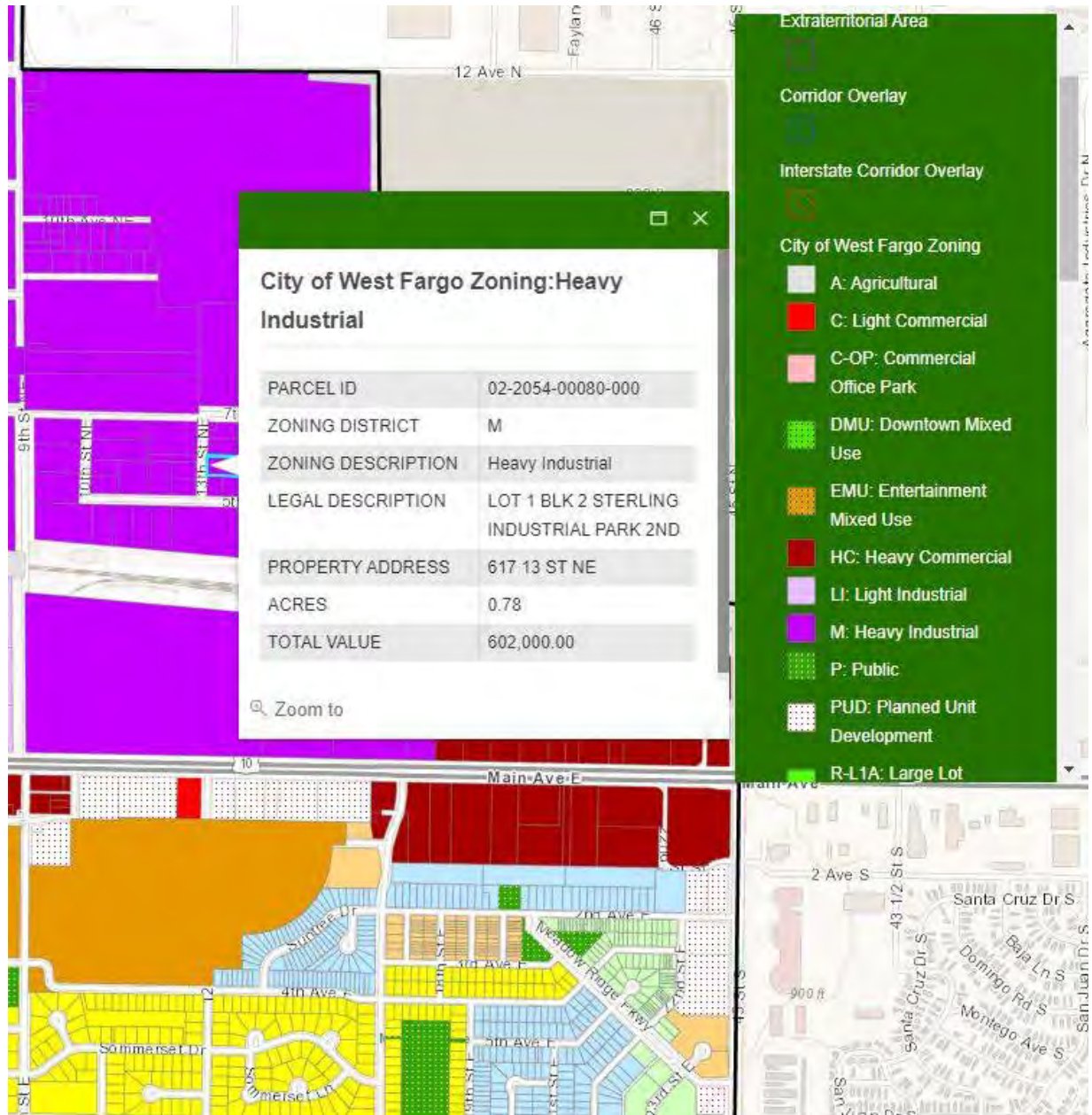
Partner has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E1527-13 of 617 & 625 13th Street Northeast in West Fargo, Cass County, North Dakota (the "subject property"). Any exceptions to, or deletions from, this practice are described in Section 1.5 of this report.

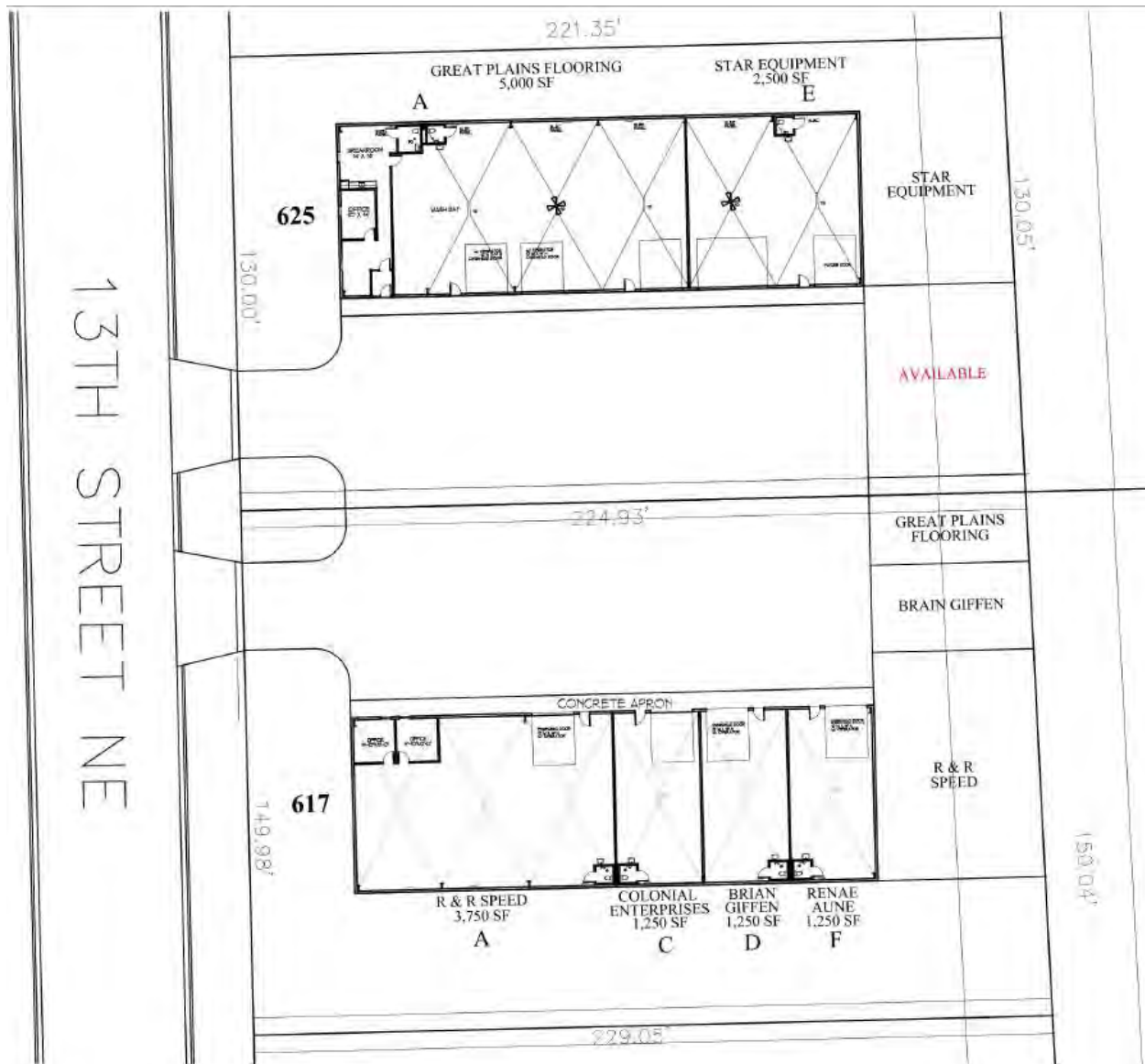
With consideration of the access limitations stated herein, this assessment has revealed no evidence of RECs or environmental issues in connection with the subject property.

Based on the conclusions of this assessment, Partner recommends no further investigation of the subject property at this time.

CONCLUSION

- The subject site has good development utility based on its shape and topography.
- The property is in an industrial district with access to all typical utilities.
- The subject has good accessibility Main Avenue W.
- The physical attributes of the subject site are adequate to support a range of legally permitted and economically feasible land uses.

Zoning Map – 617, 625 13th St NE

Floor Plan – 617, 625 13th St NE (from March 2020)

IMPROVEMENTS ANALYSIS

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The subject is a industrial-general industrial development known as West Fargo Industrial Portfolio, located at West Fargo Industrial, West Fargo, ND 58078. The subject was built in 2001. It includes seven industrial buildings. The improvements are more fully described in the following table.

Improvements Description			
Component Structures			
Improvements (Structures)		617, 625 13th St NE	Subtotal
General Improvement Type		Industrial	
Use Description		General Industrial	
No. Buildings		2	7
GBA (SF)		15,000	150,099
Rentable SF		15,000	150,099
% Occupied		100.00%	100.00%
Construction Status		Existing, Stabilized Operations	
Construction Class		S	
Quality		Average	
Current Condition		Average	
Age/Life Depreciation Analysis			
Year Built		2004	2001 (weighted average)
Year Renovated		None	
Actual Age (Yrs.)		20	
Economic Life (Yrs.)		45	
Effective Age (Yrs.)		15	
Remaining Economic Life (Yrs.)		30	
Percent Depreciation		33.33%	
Floor Area Analysis			
Number of Stories		1	1
Est. Ground Floor Area (GBA)		15,000	150,099
Attributed Site Area (SF)		63,050	500,715
Site Coverage		23.8%	30.0%
Floor Area Ratio (FAR)		0.238	0.300
Land to Building Ratio		4.20:1	3.34:1
Parking Type		Surface Lot	
Covered Parking Spaces		0	0
Open Parking Spaces		45	170
Garage Parking Spaces		0	0
Total Parking Spaces		45	170
Parking Ratio Per 1,000 SF NRA		3.00	1.13
Construction Details		General Industrial	
Foundation		Concrete slab	
Basement		None	
Structural Frame/Construction Summary		Metal	
Exterior Walls		Metal	
Windows		Fixed in aluminum frames	
Roof		Gabled	

IMPROVEMENTS ANALYSIS

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Industrial Building Details		General Industrial	
Percent Office		13%	14%
Number of Drive-in Doors		7	39
Number of Dock High Doors		0	28
Number of Rail Doors		0	0
Total Loading Doors		7	67
Ratio of SF Per Loading Door		2,143	2,240
Clear Height (Feet)		14	17
Interior Finish		General Industrial	
Floors		Concrete	
Walls		Exposed, painted drywall	
		Exposed, suspended acoustical tiles	
Ceilings		LED Fixtures	
Lighting			
Engineering & Mechanical		General Industrial	
HVAC		Heat only	
Electrical		Assumed adequate	
Plumbing		Assumed adequate	
Utility Meters		Individually metered	
Rest Rooms		Adequate for current use	
Fire Sprinklers		Yes	

Compiled by Newmark

SPACE TYPE/CLASSIFICATION

Improvements Summary						
Building Summary	Property Type	No. Buildings	GBA (SF)	Rentable SF	Occupied SF	% Occupied
617, 625 13th St NE	Industrial-General Industrial	2	15,000	15,000	15,000	100.0%

Compiled by Newmark

PROPERTY CONDITION**Recent Renovations**

Within the past three years, the subject has undergone the following capital expenditures totaling \$347,390.17:

West Fargo Industrial properties (wfprops)				
General Ledger				
Property	Date	Person/Description	Amount	Remarks
mainwf	4/1/2021	Amundson Electric Inc. (amundson)	25,993.00	1740-rewire warehouse outlets & garage doors
10thwf	1/31/2022	North Country Coatings LLC (nccoat)	16,375.00	seal screw heads, fasteners, sewer & heating exhaust pipes and seams
13thwf	1/31/2022	North Country Coatings LLC (nccoat)	10,305.00	seal screw heads, fasteners, sewer & heating exhaust pipes and seams
mainwf	1/31/2022	North Country Coatings LLC (nccoat)	26,820.00	seal screw heads, fasteners, sewer & heating exhaust pipes and seams
mainwf	7/31/2022	Advance Garage Door Inc (advgarage)	4,200.00	dock leveler, rubber dock, bumpers
mainwf	10/17/2022	Accel Mechanical LLC (accelmec)	8,893.00	evaporator coil was froze up. Leak check
mainwf	10/31/2022	Remodeling By Foss Inc (remodeli)	40,300.00	PO# 175 new stair sets
10thwf	6/24/2022	ISED Communication & Service (isedcommun)	4,156.88	security cameras
10thwf	8/17/2023	ISED Communication & Service (isedcommun)	4,156.88	security cameras
13thwf	6/24/2022	ISED Communication & Service (isedcommun)	3,340.63	security cameras
13thwf	8/17/2023	ISED Communication & Service (isedcommun)	3,340.63	security cameras
mainwf	6/24/2022	ISED Communication & Service (isedcommun)	8,429.00	security cameras
mainwf	11/1/2022	ISED Communication & Service (isedcommun)	8,429.00	security cameras
10thwf	9/30/2023	Window World of Fargo (windowworld)	14,612.25	PO #251: window replacements
10thwf	12/29/2023	Window World of Fargo (windowworld)	14,000.00	PO #251: window replacements
10thwf	10/1/2023	Remodeling By Foss Inc (remodeli)	350.00	PO #246: asphalt repairs
mainwf	9/1/2023	Martinson Lot Maintenance (martinlotmai)	145,278.70	PO #246: asphalt repairs
mainwf	9/5/2023	Martinson Lot Maintenance (martinlotmai)	1,600.00	PO #246: asphalt repairs
10thwf	2/29/2024	Window World of Fargo (windowworld)	1,223.00	PO #259- windows replacement
mainwf	2/1/2024	J Tech Mechanical, LLC (jtech)	5,587.20	1700 (Contas) new heater in unit
			347,390.17	

Deferred Maintenance

Our observation of the property indicated no significant items of deferred maintenance.

OTHER PROPERTY CONSIDERATIONS

Functional Utility

Based on our inspection and consideration of its current and/or future use, there do not appear to be any significant items of functional obsolescence.

ADA Compliance

Based on our observation as well as any information provided, no ADA compliance issues were noted. However, the client is advised to obtain review by a qualified professional versed in ADA compliance as we do not have expertise.

Environmental Assessment

Although requested, we were not provided a Phase I Environmental Assessment. We did not observe any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. However, it is noted that we did not search for such materials and are not qualified to detect such materials. The existence of said hazardous materials (if any) may have an effect on the value of the property. Therefore, for the purpose of this appraisal, we have specifically assumed that the property is not affected by any hazardous materials that may be present on or in the improvements. We strongly recommend that a qualified environmental engineering firm be retained by the Client prior to making a business decision.



617, 625 13th Street NE:

Conclusions, Opinions and Recommendations

Partner has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E1527-13 of 617 & 625 13th Street Northeast in West Fargo, Cass County, North Dakota (the "subject property"). Any exceptions to, or deletions from, this practice are described in Section 1.5 of this report.

With consideration of the access limitations stated herein, this assessment has revealed no evidence of RECs or environmental issues in connection with the subject property.

Based on the conclusions of this assessment, Partner recommends no further investigation of the subject property at this time.

Personal Property

No personal property items were observed that would have any material contribution to market value.

CONCLUSION

- The improvements are of average quality construction and are in average condition.
- The improvements are considered to be functional for the existing use.
- Overall, the improvements are well suited for the existing use.
- Overall, the quality, condition, and functional utility of the improvements are rated as average for their age and location.

Real Estate Taxes

Taxes and Assessments						
Tax Year 2024		Assessed Value		Tax Rates		Taxes and Assessments
Tax ID	Land & Improvements	Total	Land & Improvements	Ad Valorem Taxes	Direct Assessments	Total
02008500010000	\$4,642,500	\$4,642,500	0.0145%	\$67,416	\$18,622	\$86,038
02205300010000	\$1,846,700	\$1,846,700	0.0145%	\$26,817	\$2,186	\$29,003
02205400130000	\$1,616,600	\$1,616,600	0.0145%	\$23,475	\$1,457	\$24,932
02205400080000	\$578,300	\$578,300	0.0145%	\$8,398	\$544	\$8,942
02205600030000	\$573,100	\$573,100	0.0145%	\$8,322	\$541	\$8,863
	\$9,257,200	\$9,257,200	0.0145%	\$134,428	\$23,350	\$157,778

Compiled by Newmark

The local assessor's methodology for valuation is cost, sales, and income. The property is assessed on a fee simple basis.

TAX COMPARABLES

Tax Comparables							
Tax Year 2024	1	2	3	4	5	6	Subject (Actual)
Property Name	801 5th St NE	857 W Main Ave	460 7th Ave NE	907 2nd Ave W	2512 Main Ave W	1907 4th Ave NW	West Fargo Industrial Portfolio
City, County, State	West Fargo, Cass, ND	West Fargo, Cass, ND	West Fargo, Cass, ND	West Fargo, Cass, ND	West Fargo, Cass, ND	West Fargo, Cass, ND	West Fargo, Cass, ND
Year Built	2014	1994	2015	1991	2015	2015	2001
Improvements SF	18,000	10,500	102,000	8,996	16,000	180,000	150,099
Total Assessed Value	\$1,305,500	\$805,000	\$8,063,500	\$536,200	\$1,263,600	\$11,709,800	\$9,257,200
Assessed Value/SF	\$72.53	\$76.67	\$79.05	\$59.60	\$78.98	\$65.05	\$61.67
Total Taxes	\$20,905	\$18,473	\$131,350	\$10,749	\$25,468	\$196,963	\$157,778
Taxes/SF	\$1.16	\$1.76	\$1.29	\$1.19	\$1.59	\$1.09	\$1.05
Effective Tax Rate	1.6013%	2.2948%	1.6289%	2.0047%	2.0155%	1.6820%	1.7044%

Compiled by Newmark

SUBJECT TAX CONCLUSION

Ad Valorem Tax Analysis					
	Comparable Data		Subject History		Conclusion
	Range	Average	2023	2024	
Total Assessed Value			\$8,748,400	\$9,257,200	\$9,257,200
Total Assessed Value/SF	\$59.60 - \$79.05	\$71.98	\$58.28	\$61.67	\$61.67
Tax Rate			1.49955%	1.45215%	1.45215%
Ad Valorem Taxes			\$131,187	\$134,428	\$134,428
Direct Assessments			\$24,930	\$23,350	\$23,350
Total Gross Taxes			\$156,117	\$157,778	\$157,778
Actual / Pro Forma Taxes			\$156,117	\$157,778	\$157,778
Reported Tax Delinquencies			None	None	None
Tax Exemptions or Abatements			None	None	None

Compiled by Newmark

The subject's tax assessment falls somewhat below the average of the assessment comparables. Tax assessments for comparable properties range from \$59.60 - \$79.05 per square foot. A sale does not automatically trigger reassessment. However, it is common practice for assessors to increase the assessed value upon sale, renovation, or expansion of a property. Typically, assessed values in the area are 70% to 90% of market value. Our projection of taxes is based on the 2023 assessed value and taxes for taxes due and payable in 2024.

Highest and Best Use

AS VACANT

The site is zoned LI: Light Industrial and M: Heavy Industrial which allows for light manufacturing and similar-type industrial operations which are consistent with the purposes of this district, plumbing and heating shops, sheet metal shops, roofing shops, wholesale distribution facilities, contract construction services, recreational uses, animal kennels and shelters, general warehousing and storage, motor freight or other trucking facilities, truck stops and truck repair services, parking lots, manufacturing and similar type industrial operations consistent with the purposes of the district, grain elevators and feed mixing and grinding plants. Based on available data and analysis, no other legal restrictions such as easements or deed covenants are present which would impair the utility of the site. Given that surrounding properties have similar zoning and the future land use plan is focused on similar uses as well, it is unlikely that there would be a change of zoning classification.

The subject site contains 500,715 square feet (11.495 acres), has favorable topography, adequate access, and all necessary utilities to support the range of legally permissible uses. No significant physical limitations were noted. The size of the site is typical for the categories of uses allowed under zoning. In total, the site is physically capable of supporting the legally permissible uses.

Of the legally permissible and physically possible uses, only industrial uses is considered to be reasonably probable. As presented in the Market Analysis section of this report, the subject submarket is supportive of this potential use at this time. Given the underlying market conditions and activity, it appears that an industrial development would have a sufficient degree of feasibility.

The financially feasible analysis has yielded the conclusion that an industrial development is feasible and reasonably probable. The associated risk is typical and market conditions appear to be supportive. Therefore, the highest and best use of the subject as though vacant is the development of an industrial development. As noted, market and economic conditions are supportive of the near term development of this use on the site. The most likely buyer would be an investor or developer.

AS IMPROVED

The existing industrial improvements are legally conforming to zoning. There are no known legal restrictions to the continued use of the improvements as they were designed. As previously discussed, the improvements are rated as average for their age and location. The improvements conform to the expectations of the market and conform in general terms to the highest and best use as though vacant conclusion above. The improvements were designed for this use. Based

on our analysis and review, the improvements do not appear to suffer from significant functional obsolescence. Therefore, continuation of the existing industrial property use is reasonably probable and appropriate.

In this case, the subject is an income producing property and is capable of generating sufficient income to support the continuation and maintenance of the use. This is demonstrated in the income capitalization approach by the fact that a positive income stream can be generated. Since the concluded value as though improved exceeds the value of the underlying land, it follows that removal of the improvements for redevelopment or substantial conversion to an alternative use is not indicated.

The existing industrial improvements are legally permissible, physically possible, and financially feasible. The concluded value as though improved exceeds the value of the underlying land and removal of the improvements for redevelopment or substantial conversion to an alternative use is not indicated based on current neighborhood trends. Given no alternatives, the highest and best use of the subject as improved is the existing industrial property use. Market and economic conditions are supportive of this continued use. The most likely buyer would be an investment partnership or REIT.

Appraisal Methodology

COST APPROACH

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the property units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

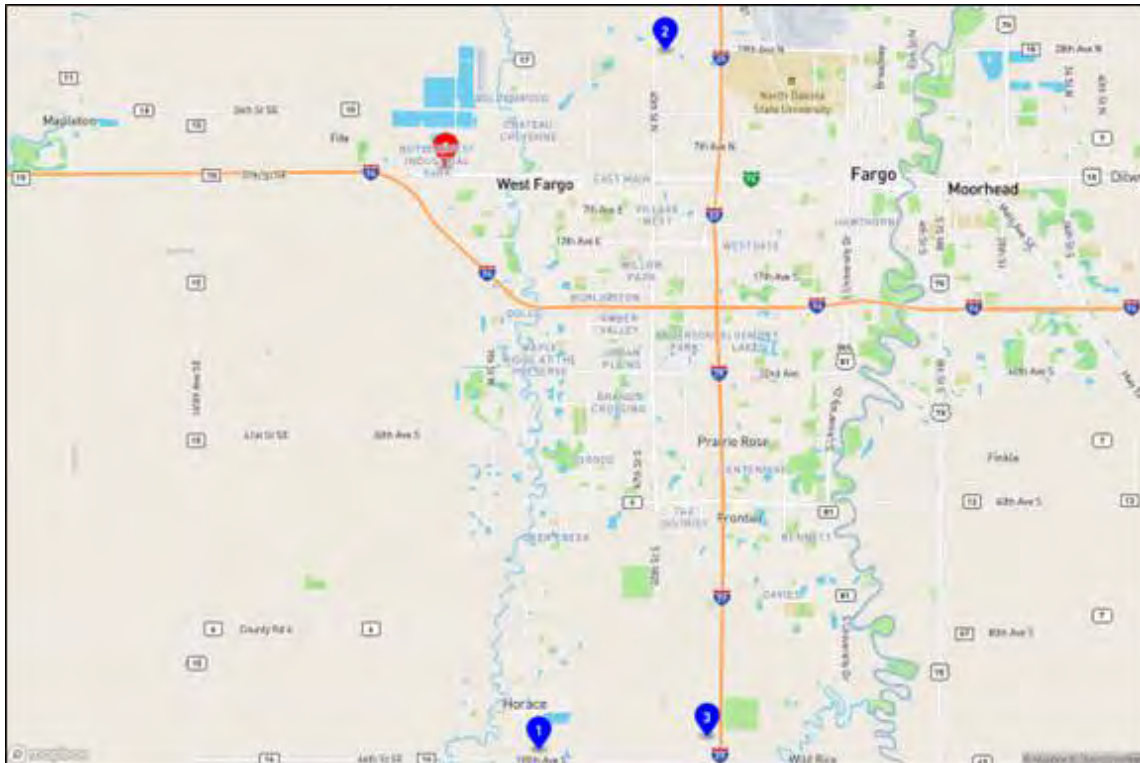
Application of Approaches to Value	
Approach	Comments
Cost Approach	The Cost Approach is not applicable and is not utilized in this appraisal.
Sales Comparison Approach	The Sales Comparison Approach is applicable and is utilized in this appraisal.
Income Capitalization Approach	The Income Capitalization Approach is applicable and is utilized in this appraisal.

Compiled by Newmark

The cost approach was not utilized in this appraisal as market participants considering properties like the subject do not give consideration to the cost approach. In addition, the age and condition of the improvements makes depreciation highly speculative. The exclusion of this approach is not considered to impact the reliability of the appraisal. Although we did not include a Cost Approach, we included a land valuation and insurable value calculation as requested by the client.

Land Valuation

Land value can be developed from a number of different methodologies. In this case, we have employed the sales comparison as sufficient comparable data exists from which to derive a reliable indication of value. Based on a review of market activity, the appropriate unit of comparison is Price Per Gross Land SF. Due to a lack of sales in the immediate area our search was expanded to include similar sales in the Fargo metropolitan area.



Land Comparables Map

OVERALL LAND VALUE

Comparable Land Sales Summary				
	Subject	Sale 1	Sale 2	Sale 3
Address	West Fargo Industrial	9785 Industrial Drive	1870 43rd Street North	39th Street Southwest
City, State	West Fargo, ND	Horace, ND	Fargo, ND	Fargo, ND
Gross Acres	11.49 Acres	5.33 Acres	10.56 Acres	9.52 Acres
Gross Land SF	500,715 SF	232,053 SF	459,792 SF	414,691 SF
Usable Acres	11.49 Acres	5.33 Acres	10.56 Acres	9.52 Acres
Usable Land SF	500,715 SF	232,053 SF	459,792 SF	414,691 SF
Shape/Topography	Rectangular/Level	Rectangular/Level	Irregular/Level	Rectangular/Level
Utilities Available	Electricity, gas, sewer, water	Electricity, Gas, Sewer, Water	Electricity, Gas, Sewer, Water	Electricity, Gas, Sewer, Water
Zoning	LI: Light Industrial	Light Industrial	LI	I
Transaction Type		Listing	Closed	Closed
Buyer		Listing	Syndica, LP	13th Avenue Development, LLC
Seller		Brookstone Property LLC	Combined Asset Management, LLC	20 Investments, LLC
Interest Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Date		Apr-24	Feb-22	Feb-22
Price		\$928,212	\$800,000	\$750,000
Price per Gross Land Acre		\$174,240	\$75,791	\$78,782
Price Per Gross Land SF		\$4.00	\$1.74	\$1.81
Price per Usable Land Acre		\$174,240	\$75,791	\$78,782
Price Per Usable Land SF		\$4.00	\$1.74	\$1.81

Compiled by Newmark

ANALYSIS OF LAND COMPARABLES

The following analyzes the most relevant comparable data against the subject property.

- We have included sales that have similar attributes and locations comparable to the subject site.
- Sale Comparable One was given downward adjustment for conditions of sale due to this being a listing and typically consummated sales are lower than the list price.
- Sale Comparables Two and Three were given upward adjustment for market conditions (time) due to increasing value trends in the local market.
- Sale Comparables Two and Three were given upward adjustment for size due to the larger sizes of these sites as compared to the subject sites with an average parcel size of 2.3-acres between the five total parcels.

Summary of Adjustments / Adjustment Grid – Overall Property

Based on our comparative analysis, the following table summarizes the adjustments warranted to each land sale.

Comparable Land Sales Adjustment Grid

	Subject	Sale 1	Sale 2	Sale 3
Address	West Fargo Industrial	9785 Industrial Drive	1870 43rd Street North	39th Street Southwest
City, State	West Fargo, ND	Horace, ND	Fargo, ND	Fargo, ND
Gross Land Area (Acres)	11.49 Acres	5.33 Acres	10.56 Acres	9.52 Acres
Gross Land SF	500,715 SF	232,053 SF	459,792 SF	414,691 SF
Usable Land Area (Acres)	11.49 Acres	5.33 Acres	10.56 Acres	9.52 Acres
Usable Land Area (SF)	500,715 SF	232,053 SF	459,792 SF	414,691 SF
Transaction Type	--	Listing	Closed	Closed
Transaction Date	--	Apr-24	Feb-22	Feb-22
Price Per Gross Land SF		\$4.00	\$1.74	\$1.81
Transaction Adjustments				
Property Rights		0%	0%	0%
Financing		0%	0%	0%
Conditions of Sale		-15%	0%	0%
Market Conditions (Time)		0%	7%	7%
Subtotal (adjustments are multiplied)		-15.0%	7.0%	7.0%
Transaction Adjusted Price Per Gross Land SF		\$3.40	\$1.86	\$1.94
Physical Adjustments				
Location		0%	0%	0%
Size		0%	10%	10%
Shape		0%	0%	0%
Topography		0%	0%	0%
Utilities		0%	0%	0%
Zoning		0%	0%	0%
Subtotal (adjustments are summed)		0%	10%	10%
Gross Adjustment		15%	17%	17%
Overall Adjustment		-15.0%	17.7%	17.7%
Indicated Price Per Gross Land SF		\$3.40	\$2.05	\$2.13

Compiled by Newmark

LAND VALUE CONCLUSION

- Prior to adjustments, the sales reflect a range of \$1.74 to \$4.00 per gross land sf.
- After adjustment, the range is narrowed to \$2.05 to \$3.40 per gross land sf, with an average of \$2.53 per gross land sf.
- Equal emphasis is placed on all comparables as all comparables required similar levels of gross and overall adjustment to equate to the subject property.

Land Value Conclusion

Gross Land SF		500,715
Comparable Sales Indications	Range	Average
Unadjusted Price Per Gross Land SF	\$1.74 - \$4.00	\$2.52
Adjusted Price Per Gross Land SF	\$2.05 - \$3.40	\$2.53
Reconciled Value Per Gross Land SF		\$2.50
Total Indicated Value		\$1,251,788
	Rounded	\$1,250,000

Compiled by Newmark

LAND VALUE – 617, 625 13TH STREET NE**Summary of Adjustments / Adjustment Grid – 617, 625 13th Street NE**

Comparable Land Sales Adjustment Grid				
	Subject	Sale 1	Sale 2	Sale 3
Address	617, 625 13th Street	9785 Industrial Drive	1870 43rd Street North	39th Street Southwest
City, State	West Fargo, ND	Horace, ND	Fargo, ND	Fargo, ND
Gross Land Area (Acres)	1.45 Acres	5.33 Acres	10.56 Acres	9.52 Acres
Gross Land SF	63,050 SF	232,053 SF	459,792 SF	414,691 SF
Usable Land Area (Acres)	1.45 Acres	5.33 Acres	10.56 Acres	9.52 Acres
Usable Land Area (SF)	63,050 SF	232,053 SF	459,792 SF	414,691 SF
Transaction Type	--	Listing	Closed	Closed
Transaction Date	--	Apr-24	Feb-22	Feb-22
Price Per Gross Land SF		\$4.00	\$1.74	\$1.81
Transaction Adjustments				
Property Rights		0%	0%	0%
Financing		0%	0%	0%
Conditions of Sale		-15%	0%	0%
Market Conditions (Time)		0%	7%	7%
Subtotal (adjustments are multiplied)		-15.0%	7.0%	7.0%
Transaction Adjusted Price Per Gross Land SF		\$3.40	\$1.86	\$1.94
Physical Adjustments				
Location		0%	0%	0%
Size		0%	10%	10%
Shape		0%	0%	0%
Topography		0%	0%	0%
Utilities		0%	0%	0%
Zoning		0%	0%	0%
Subtotal (adjustments are summed)		0%	10%	10%
Gross Adjustment		15%	17%	17%
Overall Adjustment		-15.0%	17.7%	17.7%
Indicated Price Per Gross Land SF		\$3.40	\$2.05	\$2.13

Compiled by Newmark

Land Value Conclusion

Gross Land SF		63,050
Comparable Sales Indications		Range
Unadjusted Price Per Gross Land SF	\$1.74 - \$4.00	\$2.52
Adjusted Price Per Gross Land SF	\$2.05 - \$3.40	\$2.53
Reconciled Value Per Gross Land SF		\$2.50
Total Indicated Value		\$157,625
	Rounded	\$160,000

Compiled by Newmark

Insurable Replacement Cost

Insurable value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. The Dictionary of Real Estate Appraisal, 7th Edition defines insurable value as:

- A type of value for insurance purposes. *See also insurable replacement cost* [replacement cost for insurance purposes].
- Replacement Cost for Insurance Purposes – The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).

Provision of an Insurable Value by the Appraiser does not change the intended use or user of this Report. No liability is assumed for the Insurable Value estimate provided and it does not guarantee that any estimate or opinion will result in the Property being fully insured for any possible loss that may be sustained. It is recommended that an insurance professional be consulted. The Insurable Value estimate may not be a reliable indication of the replacement or reproduction cost for any date other than the effective date of this Report due to changing costs of labor and materials and due to the changing building codes and governmental regulations and requirements.

Absent of specific instructions from the Client, which were not provided, we have calculated insurable value to be replacement cost new of the building improvements, less insurance exclusions. Our estimate of insurable value does not include land value, entrepreneurial profit, depreciation, site improvements, and/or the costs to demolish damaged structures.

We further note that we were not provided with, nor have we reviewed a policy associated with the subject improvements. Given the variance in insurable value calculation methodologies, reliance in our estimate should only be made when the estimates made herein are consistent with the in-place policy.

INSURABLE REPLACEMENT COST

Insurable Replacement Cost			
Improvements (Structures)		617, 625 13th St NE	Subtotal
MVS Improvement Type		Industrial - General	
		Industrial	
Construction Class		S	
Quality		Average	
Unit Cost		\$67	
x Structure Size (SF GBA per building)		7,500	
Adjusted Cost per Building		\$502,500	
x Number of Buildings		2	
Replacement Cost New - Buildings		\$1,005,000	\$10,056,633
Insurable Replacement Cost		\$1,005,000	\$10,056,633
Rounded:		\$1,000,000	\$10,100,000
Total Insurable Replacement Cost			
Insurable Replacement Cost			
Compiled by Newmark			

Rent Roll													
Suite		Rentable	Lease Term		Rem.	Reimb.	Rent			Year 1 Contract Rent*		Year 1 Market Rent	
Number	Tenant	Area (SF)	Start	End	Mos.	Method	Annualized Base Rent*	Escalations		\$ Total	\$ PSF	\$ Total	\$ PSF
474-100	ST Trucking and Services, LLC	3,000	Aug-21	Oct-26	30	None	\$18,960	\$6.32	2.07%	\$19,212	\$6.40	\$22,050	\$7.35
474-110, 120	Michelle Soldier	6,000	Aug-22	Aug-28	52	None	\$41,004	\$6.83	2.00%	\$41,619	\$6.94	\$44,100	\$7.35
474-130	Randy Moore	3,000	Jun-23	May-25	13	None	\$21,000	\$7.00	2.86%	\$21,550	\$7.18	\$22,050	\$7.35
474-150	Patrick Ash Transportation, LT	4,500	Nov-23	Nov-26	31	None	\$32,175	\$7.15	2.08%	\$32,456	\$7.21	\$33,075	\$7.35
500-200	Andrew Poitra	2,500	Dec-21	Aug-24	4	None	\$17,040	\$6.82	0.00%	\$17,930	\$7.17	\$18,375	\$7.35
500-210, 260	SnS Auto Supply LLC	5,313	Mar-21	May-24	1	None	\$33,819	\$6.37	0.00%	\$38,615	\$7.27	\$39,051	\$7.35
500-220, 250	Valley Imports, Inc	5,939	Oct-23	Sep-26	29	None	\$43,956	\$7.40	3.00%	\$44,718	\$7.53	\$43,652	\$7.35
500-230	KCI USA, Inc.	2,500	Mar-23	Feb-28	46	None	\$18,240	\$7.30	2.57%	\$18,320	\$7.33	\$18,375	\$7.35
500-240	Fargo Linoleum	2,500	Jan-23	Dec-25	20	None	\$17,100	\$6.84	2.81%	\$17,260	\$6.90	\$18,375	\$7.35
500-270	Jack Frost, LLC	2,500	Sep-23	Sep-26	29	None	\$18,200	\$7.28	3.04%	\$18,567	\$7.43	\$18,375	\$7.35
526-300, 350	Braun Intertec Corporation	15,000	Mar-19	Feb-26	22	None	\$142,500	\$9.50	2.00%	\$142,975	\$9.53	\$110,250	\$7.35
617-A	Colonial Enterprises, Inc.	3,750	Sep-21	Aug-26	28	None	\$23,438	\$6.25	1.98%	\$23,763	\$6.34	\$27,563	\$7.35
617-C	Robert Stephens	1,250	Apr-23	Mar-25	11	None	\$8,838	\$7.07	0.00%	\$8,867	\$7.09	\$9,188	\$7.35
617-D	Brian Giffen	1,250	Apr-23	Mar-25	11	None	\$8,875	\$7.10	0.00%	\$8,901	\$7.12	\$9,188	\$7.35
617-F	William P. Knutson & Eugene E	1,250	Jun-21	Jul-24	3	None	\$8,640	\$6.91	0.00%	\$9,051	\$7.24	\$9,188	\$7.35
625-A	Rick Randall Construction, LLC	5,000	Apr-23	Mar-26	23	None	\$33,600	\$6.72	3.57%	\$33,700	\$6.74	\$36,750	\$7.35
625-E	Star Equipment, Inc.	2,500	Jul-22	Jun-24	2	None	\$18,750	\$7.50	0.00%	\$18,438	\$7.38	\$18,375	\$7.35
1700-A, B	Cintas Corporation No. 2	12,401	Feb-22	Jan-27	33	None	\$94,830	\$7.65	2.00%	\$95,304	\$7.69	\$91,147	\$7.35
1700-C	Studio 7 Productions, Inc	12,967	Mar-23	Feb-26	22	None	\$92,066	\$7.10	2.11%	\$92,390	\$7.13	\$95,307	\$7.35
1700-D	FM Home & Patio	6,000	Sep-21	Aug-26	28	None	\$37,800	\$6.30	2.35%	\$38,400	\$6.40	\$44,100	\$7.35
1700-E	All States Flooring, Inc	6,925	Aug-20	Oct-24	6	None	\$47,436	\$6.85	0.00%	\$49,167	\$7.10	\$50,899	\$7.35
1740-A	Premier Equipment, LLC	6,750	Mar-20	Aug-25	16	None	\$42,188	\$6.25	4.00%	\$43,313	\$6.42	\$49,613	\$7.35
1740-B	Dick Hansen Sales, Inc.	6,750	Aug-23	Jul-25	15	None	\$48,938	\$7.25	3.45%	\$50,203	\$7.44	\$49,613	\$7.35
1740-C	Dakota Fluid Power, Inc	12,694	Apr-22	Apr-25	12	None	\$87,588	\$6.90	0.00%	\$87,588	\$6.90	\$93,301	\$7.35
1740-E, F	MAC Company	17,860	Jan-24	Dec-26	32	None	\$119,973	\$6.72	1.96%	\$120,385	\$6.74	\$131,271	\$7.35
Total (Average)		150,099					\$1,076,952	\$7.17		\$1,092,691	\$7.28	\$1,103,228	\$7.35
Occupied Space		150,099				23	\$1,076,952	\$7.17		\$1,092,691	\$7.28	\$1,103,228	\$7.35
Vacant Space		0					\$0			\$0			

* Annualized Base Rent represents represents annualized contract rent for leases in-place or commencing in Year 1. Speculative space is shown at market.

* Year 1 Contract Rent includes annualized Contract Rent for leases commencing, CPI Increases and Step Rent for leases escalating, and projected Market Rent for leases expiring during Year 1.

Compiled by Newmark

- As of the effective valuation date, the subject's commercial space is 100% leased and occupied.
- There are a total of 25 commercial tenants, and contract rents range from \$6.34 to \$9.53 per square foot.
- Tenant spaces range from 1,250 to 17,860 square feet (MAC Company).
- The average remaining lease term for all contract lease terms is 23 months, with existing leases ranging from 1 to 52 months.

Occupancy Status

- The property is considered to be at stabilized occupancy because the percentage of leased space is typical of the market.

Tenancy Analysis

The following chart details the subject's existing tenancy and provides an analysis of the different space types.

Tenant Summary									
MLA Category	Rentable	% of	Rem. Term	Annual In-Place Rent		Year 1 Contract Rent		Term Avg. Contract Rent	
Suite: Tenant	Area (SF)	Total	(Mos.)*	Total	\$ PSF	Total	\$ PSF	Total	\$ PSF
MLA: Industrial									
474-100: ST Trucking and Services,	3,000	2.0%	30	\$18,960	\$6.32	\$19,212	\$6.40	\$19,478	\$6.49
474-110, 120: Michelle Soldier	6,000	4.0%	52	\$41,004	\$6.83	\$41,619	\$6.94	\$43,000	\$7.17
474-130: Randy Moore	3,000	2.0%	13	\$21,000	\$7.00	\$21,550	\$7.18	\$21,554	\$7.18
474-150: Patrick Ash Transportation	4,500	3.0%	31	\$32,175	\$7.15	\$32,456	\$7.21	\$32,959	\$7.32
500-200: Andrew Poitra	2,500	1.7%	4	\$17,040	\$6.82	\$17,763	\$7.11	\$17,040	\$6.82
500-210, 260: SnS Auto Supply LLC	5,313	3.5%	1	\$33,819	\$6.37	\$38,128	\$7.18	\$33,819	\$6.37
500-220, 250: Valley Imports, Inc	5,939	4.0%	29	\$43,956	\$7.40	\$44,718	\$7.53	\$45,603	\$7.68
500-230: KCI USA, Inc.	2,500	1.7%	46	\$18,240	\$7.30	\$18,320	\$7.33	\$18,991	\$7.60
500-240: Fargo Linoleum	2,500	1.7%	20	\$17,100	\$6.84	\$17,260	\$6.90	\$17,388	\$6.96
500-270: Jack Frost, LLC	2,500	1.7%	29	\$18,200	\$7.28	\$18,567	\$7.43	\$18,932	\$7.57
526-300, 350: Braun Intertec Corpor	15,000	10.0%	22	\$142,500	\$9.50	\$142,975	\$9.53	\$144,055	\$9.60
617-A: Colonial Enterprises, Inc.	3,750	2.5%	28	\$23,438	\$6.25	\$23,763	\$6.34	\$24,048	\$6.41
617-C: Robert Stephens	1,250	0.8%	11	\$8,838	\$7.07	\$8,856	\$7.09	\$8,838	\$7.07
617-D: Brian Giffen	1,250	0.8%	11	\$8,875	\$7.10	\$8,891	\$7.11	\$8,875	\$7.10
617-F: William P. Knutson & Eugene	1,250	0.8%	3	\$8,640	\$6.91	\$8,957	\$7.17	\$8,640	\$6.91
625-A: Rick Randall Construction, LI	5,000	3.3%	23	\$33,600	\$6.72	\$33,700	\$6.74	\$34,226	\$6.85
625-E: Star Equipment, Inc.	2,500	1.7%	2	\$18,750	\$7.50	\$18,229	\$7.29	\$18,750	\$7.50
1700-A, B: Cintas Corporation No. 2	12,401	8.3%	33	\$94,830	\$7.65	\$95,304	\$7.69	\$96,913	\$7.81
1700-C: Studio 7 Productions, Inc	12,967	8.6%	22	\$92,066	\$7.10	\$92,390	\$7.13	\$93,127	\$7.18
1700-D: FM Home & Patio	6,000	4.0%	28	\$37,800	\$6.30	\$38,400	\$6.40	\$38,957	\$6.49
1700-E: All States Flooring, Inc	6,925	4.6%	6	\$47,436	\$6.85	\$48,821	\$7.05	\$47,436	\$6.85
1740-A: Premier Equipment, LLC	6,750	4.5%	16	\$42,188	\$6.25	\$43,313	\$6.42	\$43,453	\$6.44
1740-B: Dick Hansen Sales, Inc.	6,750	4.5%	15	\$48,938	\$7.25	\$50,203	\$7.44	\$50,288	\$7.45
1740-C: Dakota Fluid Power, Inc	12,694	8.5%	12	\$87,588	\$6.90	\$87,588	\$6.90	\$87,588	\$6.90
1740-E, F: MAC Company	17,860	11.9%	32	\$119,973	\$6.72	\$120,385	\$6.74	\$122,222	\$6.84
MLA: Industrial Total	150,099	100.0%		\$1,076,952	\$7.17	\$1,091,368	\$7.27	\$1,096,179	\$7.30

** Remaining term to expiration of renewal option if projected to be exercised.

Compiled by Newmark

- Overall, the credit quality of the tenancy appears to be typical of the subject's property class.

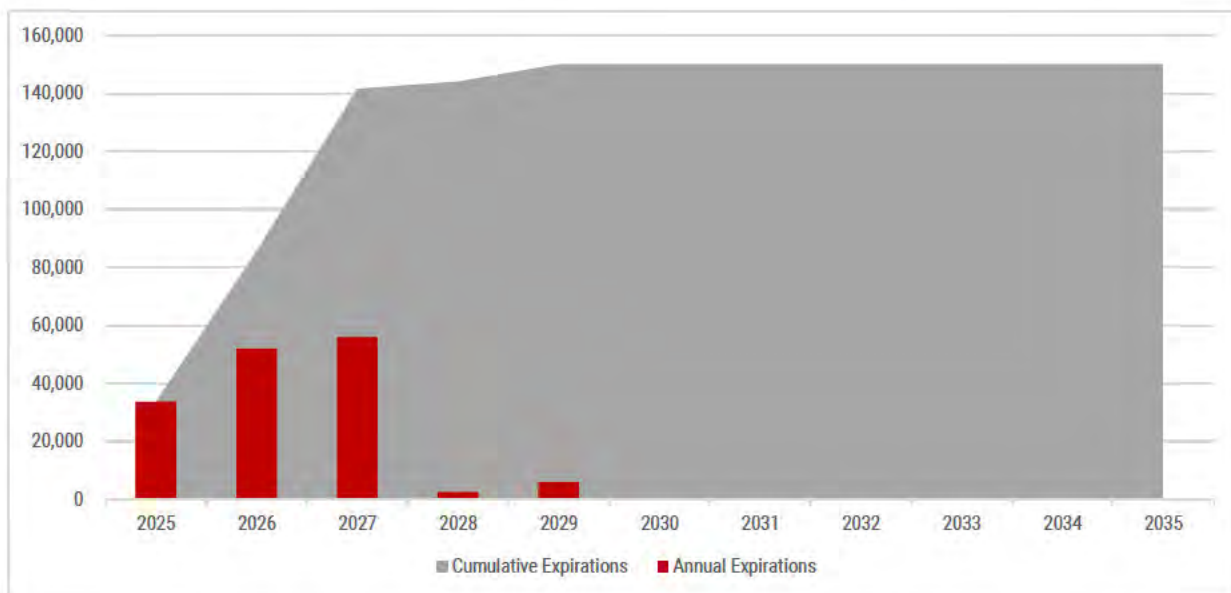
Expense Structure

- Lease structures in the market are primarily triple net. However, at the subject property all leases are on modified gross terms with the landlord paying all expenses except utilities, which are each tenant's responsibility. In the Fargo market it is common for small bay industrial properties to be on gross terms while large bay or single tenant industrial properties are almost always on triple net terms.

Lease Expiration Analysis

Existing Lease Expiration										
Year No.	Year Ending	No. of Suites	SF Expiring	Alternate SF Expiring	% of Total	Cumulative SF	% of Total SF	Rent at Expiration	% of Total Rent	Cumulative Expired Rent
1	4/30/2025	8	33,682	33,682	22.44%	33,682	22.44%	\$6.86	21.16%	21.16%
2	4/30/2026	7	51,967	51,967	34.62%	85,649	57.06%	\$7.85	36.42%	57.59%
3	4/30/2027	8	55,950	55,950	37.28%	141,599	94.34%	\$7.27	36.09%	93.68%
4	4/30/2028	1	2,500	2,500	1.67%	144,099	96.00%	\$7.87	1.70%	95.38%
5	4/30/2029	1	6,000	6,000	4.00%	150,099	100.00%	\$7.40	3.73%	99.10%
6	4/30/2030	0	0	0	0.00%	150,099	100.00%	\$0.00	0.00%	99.10%
7	4/30/2031	0	0	0	0.00%	150,099	100.00%	\$0.00	0.00%	99.10%
8	4/30/2032	0	0	0	0.00%	150,099	100.00%	\$0.00	0.00%	99.10%
9	4/30/2033	0	0	0	0.00%	150,099	100.00%	\$0.00	0.00%	99.10%
10	4/30/2034	0	0	0	0.00%	150,099	100.00%	\$0.00	0.00%	99.10%
11	4/30/2035	0	0	0	0.00%	150,099	100.00%	\$0.00	0.00%	99.10%
Cumulative Total		25	150,099	150,099	100.00%			\$7.33	99.10%	
Annual Average			13,645	13,645	9.09%			\$0.67	9.01%	

Compiled by Newmark



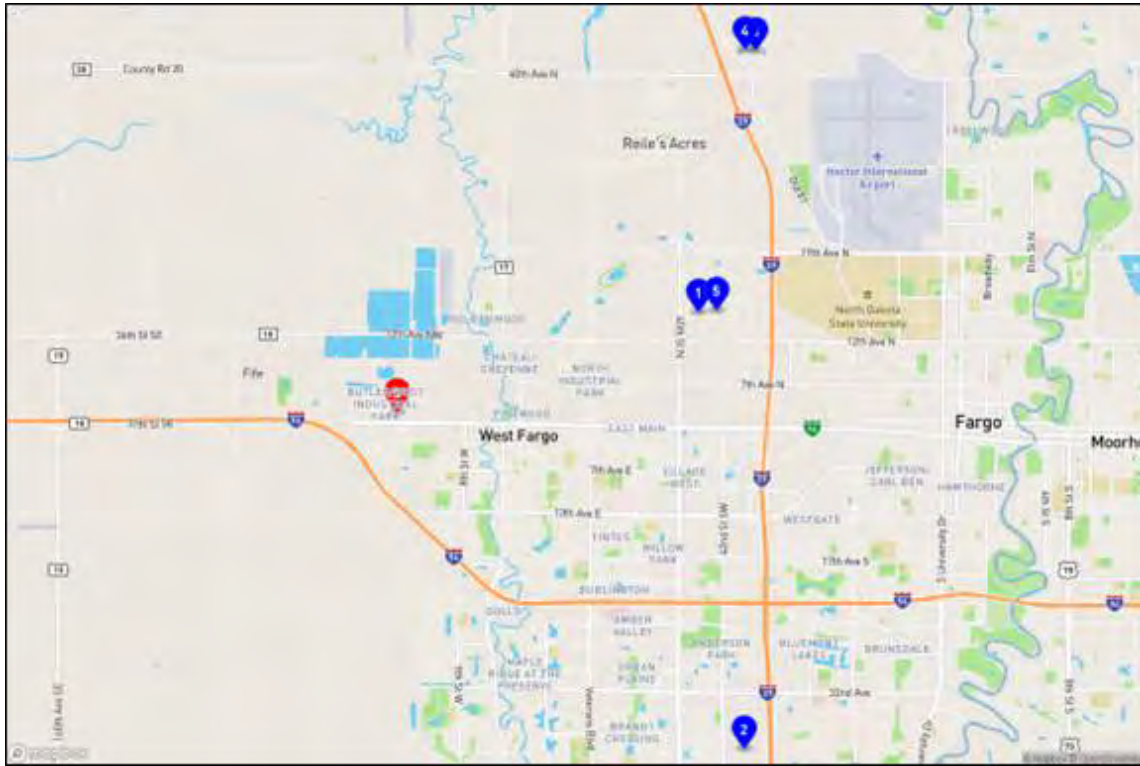
- There does not appear to be any above average risk associated with the lease expiration pattern.

MARKET RENT ANALYSIS

In estimating market rent for the subject property, we considered data and opinions from the following:

- actual recent leases from comparable buildings;
- asking rents from competitive properties (such as those presented in the industrial market analysis section of this report); and

- due to a lack of comparable leases in the immediate area our search was expanded to include similar properties in the Fargo metropolitan area.



Comparable Map

No.	Name	Address
Subject	West Fargo Industrial Portfolio	West Fargo Industrial, West Fargo, ND 58078
1	Industrial Building	1402 43rd Street North, Fargo, ND
2	Industrial Building	3949 37th Avenue South, Fargo, ND
3	Dakota Commerce Center 2	3720 44th Avenue North, Fargo, ND
4	Marvin Windows Warehouse 1	3750 44th Avenue North, Fargo, ND
5	Industrial Building	4121 14th Avenue North, Fargo, ND

Compiled by Newmark



Comparable One



Comparable Two



Comparable Three









Comparable Four



Comparable Five

Analysis of Market Rent for Industrial Space

Comparable Leases Summary						
Industrial Space	Subject	Lease 1	Lease 2	Lease 3	Lease 4	Lease 5
						
Property Name	West Fargo Industrial Portfolio	Industrial Building	Industrial Building	Dakota Commerce Center 2	Marvin Windows Warehouse 1	Industrial Building
Address	West Fargo Industrial	1402 43rd Street North	3949 37th Avenue	3720 44th Avenue North	3750 44th Avenue North	4121 14th Avenue North
City, State	West Fargo, ND	Fargo, ND	Fargo, ND	Fargo, ND	Fargo, ND	Fargo, ND
Rentable Area (SF)	150,099 SF	33,400 SF	48,750 SF	127,500 SF	127,500 SF	11,840 SF
Year Built (Renovated)	2001	1984 (1993)	1999	2023	2022	2005
Exterior	Metal	Metal	Metal	Tilt-up	Tilt-Up	Metal
Clear Height (Feet)	17	14' - 24'	26	32	32	18
Percent Office	14.0%	18.0%	10.0%	2.0%	3.0%	3.0%
Lease Details						
Lease Status		Asking Rent	Signed Lease	Signed Lease	Signed Lease	Signed Lease
Lease Date		May-24	Dec-23	Apr-23	Apr-22	Jan-22
Term (Mos.)		60	120	60	60	60
Lease Size (SF)		33,400	19,500	127,500	127,500	11,840
Tenant Name		Asking Rent	Pallet Factory	Marvin Lumber & Cedar	Marvin Lumber and	JBM Landscaping
Full Building Lease		Yes	No	Yes	Yes	Yes
Rates and Measures						
Base Rental Rate		\$5.50	\$7.50	\$9.36	\$8.37	\$6.88
Effective Rental Rate		\$5.50	\$7.50	\$9.36	\$8.37	\$6.88
Lease Reimbursement Method		Triple Net	Triple Net	Triple Net	Triple Net	Triple Net

Compiled by Newmark

The following table summarizes the adjustments made to each comparable.

INCOME CAPITALIZATION APPROACH

Comparable Leases Adjustment Grid						
Industrial Space	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	West Fargo Industrial Portfolio	Industrial Building	Industrial Building	Dakota Commerce Center 2	Marvin Windows Warehouse 1	Industrial Building
Address	West Fargo Industrial	1402 43rd Street North	3949 37th Avenue	3720 44th Avenue North	3750 44th Avenue North	4121 14th Avenue North
Lease Date		May-24	Dec-23	Apr-23	Apr-22	Jan-22
Term (Mos.)		60	120	60	60	60
Size (SF)		33,400	19,500	127,500	127,500	11,840
Tenant Name		Asking Rent	Pallet Factory	Marvin Lumber & Cedar	Marvin Lumber and	JBM Landscaping
Base Rental Rate		\$5.50	\$7.50	\$9.36	\$8.37	\$6.88
Effective Rental Rate		\$5.50	\$7.50	\$9.36	\$8.37	\$6.88
Lease Reimbursement Method		Triple Net	Triple Net	Triple Net	Triple Net	Triple Net
Financial Adjustments						
Expense Structure (\$ PSF Adjustment)		\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
Expense Structure		41%	30%	24%	27%	33%
Conditions of Lease		-5%	0%	0%	0%	0%
Market Conditions (Time)	5/2/2024	0%	0%	1%	2%	2%
Subtotal		34%	30%	25%	29%	35%
Financial Adjusted Rent Per SF		\$7.36	\$9.75	\$11.73	\$10.83	\$9.31
Physical Adjustments						
Location/Access/Exposure		0%	0%	0%	0%	0%
Size		-5%	-5%	-5%	-5%	-5%
Age/Condition		0%	0%	-20%	-20%	-10%
Clear Height		0%	-10%	-15%	-15%	0%
Percent Office		0%	0%	0%	0%	0%
Quality		0%	0%	0%	0%	0%
Subtotal		-5%	-15%	-40%	-40%	-15%
Overall Adjustment		27%	11%	-25%	-22%	15%
Adjusted Rent Per SF		\$6.99	\$8.29	\$7.04	\$6.50	\$7.92
Range of Adjusted Rents	\$6.50 - \$8.29					
Average	\$7.35					
Indicated Rent	\$7.35					

Compiled by Newmark

The size adjustments are related to the average lease size at the subject property as compared to the lease size of the comparable.

All comparables were given upward adjustment for expense structure as all comparables were on triple net lease terms while the subject leases are on modified gross terms.

Recent Subject Leases

In the analysis of market rent, recent leasing for the subject is of primary significance. Recent subject leasing activity is summarized in the following table.

Recent Subject Leases

MLA Category	Rentable	Lease	Rem. Term	Mos.		Contract (Base Rent) *	
Suite: Tenant	Area (SF)	Start	(Mos.)**	Free	TI/SF	Year 1	Term Avg.
MLA: Industrial							
474-130: Randy Moore	3,000	Jun-23	13	0	\$0.00	\$7.18	\$7.18
474-150: Patrick Ash Transportati	4,500	Nov-23	31	0	\$0.00	\$7.21	\$7.32
500-220, 250: Valley Imports, Inc	5,939	Oct-23	29	0	\$0.00	\$7.53	\$7.68
500-270: Jack Frost, LLC	2,500	Sep-23	29	0	\$0.00	\$7.43	\$7.57
1740-B: Dick Hansen Sales, Inc.	6,750	Aug-23	15	0	\$0.00	\$7.44	\$7.45
1740-E, F: MAC Company	17,860	Jan-24	32	0	\$0.00	\$6.74	\$6.84

* Base Rent is current contract rent for leases signed prior to analysis date or first year lease rent for future leases.

** Remaining term to expiration of renewal option if projected to be exercised.

Compiled by Newmark

- The average contract rent for the six leases signed over the past 12 months is \$7.34.

MARKET RENT CONCLUSION

Base Rent Conclusions

After analysis, the overall range adjusted range and concluded market base rent for the subject is as follows:

Base Rent Conclusions

MLA Category	Adjusted Comparable Leases			Newmark Estimate
	Low	High	Average	
Industrial Space:	\$6.50	\$8.29	\$7.35	\$7.35

Compiled by Newmark

All of the comparables are considered good indicators of market rent and therefore, given similar weight in the reconciliation analysis.

Market Rent Conclusions

Based on the preceding analysis, the following is the concluded market lease terms for the subject:

Concluded Market Lease Terms

							Term		
MLA Category	Rentable SF	Market Rent	Measure	Rent Escalations	Reimbursement Method	(Mos.)	Mos. Free		
Industrial Space:	150,099	\$7.35	\$/SF/Year	2.00%/year	Modified Gross	36	0		
MLA Category	Renewal %	Rollover Vacant Mos.	Weighted Down-time	TI/SF (New)	TI/SF (Renewal)	Weighted TI/SF	LC (New)	LC (Renewal)	Weighted LC
Industrial Space:	75%	3	1	\$1.00	\$0.25	\$0.44	6.00%	3.00%	3.75%

Compiled by Newmark

Thirty-six month lease term is projected for the subject due to the small bay configuration at the subject property. Typically, large bay industrial or single tenant industrial properties are leased for 60-months or more while small bay industrial properties are leased for shorter lease terms. In the Fargo market it is common for small bay industrial properties to be on gross terms while large bay or single tenant industrial properties are almost always on triple net terms.

GROSS INCOME ESTIMATE

Potential Gross Rent

Figures presented below reflect the 12-month period following the effective date of the appraisal.

Potential Gross Rent						
MLA Category	Leased SF	Potential Rent At Contract Annual	Potential Rent At Contract \$/SF/Yr	Potential Rent At Market Annual	Potential Rent At Market \$/SF/Yr	Contract as % of Market
Occupied Space						
Industrial Space:	150,099	\$1,092,691	\$7.28	\$1,103,228	\$7.35	99.0%
Occupied Space Total	150,099	\$1,092,691	\$7.28	\$1,103,228	\$7.35	99.0%
Overall Total	150,099	\$1,092,691	\$7.28	\$1,103,228	\$7.35	

Compiled by Newmark

- For the direct capitalization analysis, potential gross rent is based on contract rents in place.

Potential Base Rent		
Subject	\$/SF	Total
Newmark Projection	\$7.28	\$1,092,691

Compiled by Newmark

Operating History

Three years of historical operating data, trailing 12 month data, year-to-date, and a current budget for the property were requested. All requested information was provided.

As appropriate, the owner's operating expenses are reclassified into standard categories and exclude items that do not reflect normal operating expenses for this type of property.

The reclassification is done for proper analysis against comparable data and industry benchmarks as appropriate. Because the historical operating data statements use different names for some categories and it is not always immediately apparent which expenses belong to which standard expense category, the following provides a mapping of these expenses. The categories on the historical operating statements are in the far left column while the "Newmark Revenue or Operating Expense Category" are the categories used in this analysis for that line item.

INCOME CAPITALIZATION APPROACH

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Application of NewmarkAccount Standards to Owner's Revenue and Expenses

Actual or Proforma	Actuals	Actuals	Actuals	Proforma
Period Length	12 Mos.	12 Mos.	12 Mos.	Budget
Period Ending	12/31/2021	12/31/2022	12/31/2023	12/31/2024
SF	150,099	150,099	150,099	150,099

Owner's Revenue Category	Newmark Revenue Category				
Total Tenant Rents	Scheduled Base Rent	\$869,793	\$977,532	\$1,011,894	\$1,070,870
Total Recovery Revenue	Expense Recoveries	\$57,461	\$43,284	\$48,386	\$83,979
Effective Gross Income	Effective Gross Income	\$927,254	\$1,020,816	\$1,060,280	\$1,154,849

Actual or Proforma	Actuals	Actuals	Actuals	Proforma
Period Length	12 Mos.	12 Mos.	12 Mos.	Budget
Period Ending	12/31/2021	12/31/2022	12/31/2023	12/31/2024

Owner's Operating Expense Category	Newmark Operating Expense Category				
Total Repair & Maint	Repairs and Maintenance	\$17,244	\$82,247	\$10,034	\$13,756
Total General Building	Repairs and Maintenance	\$6,916		\$4,375	\$3,004
Total Grounds Maint	Repairs and Maintenance	\$29,304		\$54,878	\$45,208
Total Utilities	Utilities	\$12,363	\$13,691	\$18,717	\$12,392
Management Fee	Management	\$47,288	\$50,644	\$49,034	\$55,084
Real Estate Taxes	Real Estate Taxes	\$144,729	\$145,563	\$137,095	\$151,592
Insurance	Insurance	\$31,476	\$37,661	\$42,019	\$53,843
Total Operating Expenses	Total Operating Expenses	\$289,320	\$329,806	\$316,152	\$334,879
Net Operating Income		\$637,934	\$691,010	\$744,128	\$819,970

Compiled by Newmark

Operating History and Projections

Period Length	12 Mos.		12 Mos.		12 Mos.		Budget		Newmark	
Period Ending	12/31/2021		12/31/2022		12/31/2023		12/31/2024		Projection	
Occupancy	100.0%		100.0%		100.0%		100.0%		97.0%	
SF	150,099		150,099		150,099		150,099		150,099	
Industrial Income	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF
Potential Base Rent	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$1,092,691	\$7.28
Scheduled Base Rent	\$869,793	\$5.79	\$977,532	\$6.51	\$1,011,894	\$6.74	\$1,070,870	\$7.13	\$1,092,691	\$7.28
Expense Recoveries	\$57,461	\$0.38	\$43,284	\$0.29	\$48,386	\$0.32	\$83,979	\$0.56	\$54,870	\$0.37
Total Tenant Revenue	\$927,254	\$6.18	\$1,020,816	\$6.80	\$1,060,280	\$7.06	\$1,154,849	\$7.69	\$1,147,560	\$7.65
Potential Gross Income	\$927,254	\$6.18	\$1,020,816	\$6.80	\$1,060,280	\$7.06	\$1,154,849	\$7.69	\$1,147,560	\$7.65
Vacancy Allowance	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	(\$34,427)	(\$0.23)
Collection Allowance	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Effective Gross Income	\$927,254	\$6.18	\$1,020,816	\$6.80	\$1,060,280	\$7.06	\$1,154,849	\$7.69	\$1,113,134	\$7.42
Operating Expenses	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF
Real Estate Taxes	\$144,729	\$0.96	\$145,563	\$0.97	\$137,095	\$0.91	\$151,592	\$1.01	\$157,778	\$1.05
Insurance	\$31,476	\$0.21	\$37,661	\$0.25	\$42,019	\$0.28	\$53,843	\$0.36	\$52,535	\$0.35
Utilities	\$12,363	\$0.08	\$13,691	\$0.09	\$18,717	\$0.12	\$12,392	\$0.08	\$0	\$0.00
Repairs and Maintenance	\$53,464	\$0.36	\$82,247	\$0.55	\$69,287	\$0.46	\$61,968	\$0.41	\$75,050	\$0.50
General and Administrative	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Management	\$47,288	\$0.32	\$50,644	\$0.34	\$49,034	\$0.33	\$55,084	\$0.37	\$55,657	\$0.37
Total Operating Expenses	\$289,320	\$1.93	\$329,806	\$2.20	\$316,152	\$2.11	\$334,879	\$2.23	\$341,019	\$2.27
Operating Expense Ratio	31.2%		32.3%		29.8%		29.0%		30.6%	
Net Operating Income	\$637,934	\$4.25	\$691,010	\$4.60	\$744,128	\$4.96	\$819,970	\$5.46	\$772,115	\$5.14

Compiled by Newmark

Expense Recoveries

Expense Recoveries		
Subject	\$/SF	Total
12 Months Ending Dec-2021	\$0.38	\$57,461
12 Months Ending Dec-2022	\$0.29	\$43,284
12 Months Ending Dec-2023	\$0.32	\$48,386
Dec-2024 Budget	\$0.56	\$83,979
Newmark Projection	\$0.37	\$54,870

Compiled by Newmark

- As previously noted, the leases in place are on modified gross terms with all operating expenses paid by the landlord except utilities. Northmarq was unable to provide a precise breakdown of expense recoveries but indicated that the expense recoveries were tenant's prorata share of overage expenses (CAM, insurance, tax) in excess of base year expenses. We project expense recoveries of XX% based on the average expense recoveries compared to total operating expenses over the past three years. 2023: \$48,386 expense recoveries / total operating expenses of \$315,152 = 15.30% of total expense recovered. 2022: \$43,284 expense recoveries / total operating expenses of \$329,806 = 13.12%. 2021: \$57,461 expense recoveries / total operating expenses \$289,320 = 19.86%. Average of 15.30%, 13.12%, and 19.86% = 16.09% average of expenses recovered.

Total Tenant Revenue

Total tenant revenue is the summation of scheduled base rent, expense recoveries, and percentage rent income (if any).

Total Tenant Revenue		
Subject	\$/SF	Total
12 Months Ending Dec-2021	\$6.18	\$927,254
12 Months Ending Dec-2022	\$6.80	\$1,020,816
12 Months Ending Dec-2023	\$7.06	\$1,060,280
Dec-2024 Budget	\$7.69	\$1,154,849
Newmark Projection	\$7.65	\$1,147,560

Compiled by Newmark

Vacancy & Collection Loss Allowance

Vacancy Allowance			
Subject	% of PGI	\$/SF	Total
12 Months Ending Dec-2021	0.00%	\$0.00	\$0
12 Months Ending Dec-2022	0.00%	\$0.00	\$0
12 Months Ending Dec-2023	0.00%	\$0.00	\$0
Dec-2024 Budget	0.00%	\$0.00	\$0
Newmark Projection	3.00%	\$0.23	\$34,427

Compiled by Newmark

- The vacancy estimate for the subject was previously developed in the market analysis section of this report. Based on this analysis, the total stabilized vacancy and collection loss allowance for the subject is 3.00%.

Effective Gross Income

Effective Gross Income		
Subject	\$/SF	Total
12 Months Ending Dec-2021	\$6.18	\$927,254
12 Months Ending Dec-2022	\$6.80	\$1,020,816
12 Months Ending Dec-2023	\$7.06	\$1,060,280
Dec-2024 Budget	\$7.69	\$1,154,849
Newmark Projection	\$7.42	\$1,113,134

Compiled by Newmark

OPERATING EXPENSE ANALYSIS

Expense data for the subject and comparable properties are summarized in the following table.

Expense Analysis Per SF									
	Comp 1	Comp 2	Comp 3	Comp 4	Subject Historical and Projections				
Year Built	1998	2000	1997	1967		2001			
SF	180,480	232,804	122,400	142,325	150,099	150,099	150,099	150,099	150,099
Operating Data Type	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Newmark
Year	2023	2023	2023	2023	2021	2022	2023	2024	Projection
Effective Gross Industrial Income Per SF	\$8.91	\$7.05	\$9.48	\$9.58	\$6.18	\$6.80	\$7.06	\$7.69	\$7.42
Operating Expenses Per SF									
Real Estate Taxes	\$1.53	\$1.94	\$2.37	\$2.81	\$0.96	\$0.97	\$0.91	\$1.01	\$1.05
Insurance	\$0.10	\$0.13	\$0.14	\$0.19	\$0.21	\$0.25	\$0.28	\$0.36	\$0.35
Utilities	\$0.22	\$0.00	\$0.00	\$0.08	\$0.08	\$0.09	\$0.12	\$0.08	
Repairs and Maintenance	\$0.87	\$0.23	\$0.87	\$0.70	\$0.36	\$0.55	\$0.46	\$0.41	\$0.50
General and Administrative	\$0.00	\$0.09	\$0.65	\$0.03					
Management	\$0.27	\$0.28	\$0.00	\$0.78	\$0.32	\$0.34	\$0.33	\$0.37	\$0.37
Total Operating Expenses Per SF	\$2.99	\$2.67	\$4.03	\$4.59	\$1.93	\$2.20	\$2.11	\$2.23	\$2.27
Net Operating Income Per SF	\$5.92	\$4.38	\$5.45	\$4.99	\$4.25	\$4.60	\$4.96	\$5.46	\$5.14
Operating Expense KPIs (% of EGI)									
Management	3.03%	3.97%	0.00%	8.14%	5.10%	4.96%	4.62%	4.77%	5.00%
Operating Expense Ratio (% of EGI)	33.56%	37.87%	42.51%	47.91%	31.20%	32.31%	29.82%	29.00%	30.64%
Net Operating Income (% of EGI)	66.44%	62.13%	57.49%	52.09%	68.80%	67.69%	70.18%	71.00%	69.36%

Compiled by Newmark

Real Estate Taxes

Real Estate Taxes			
Source	% of EGI	\$/SF	Total
Comparables Low	17.2%	\$1.53	
Comparables High	29.3%	\$2.81	
Comparables Average	24.8%	\$2.16	
Subject			
2021 (Actual Operations)	15.6%	\$0.96	\$144,729
2022 (Actual Operations)	14.3%	\$0.97	\$145,563
2023 (Actual Operations)	12.9%	\$0.91	\$137,095
2024 (Budget Operations)	13.1%	\$1.01	\$151,592
Newmark Projection	14.2%	\$1.05	\$157,778

Compiled by Newmark

- This expense category includes all local, county, and state property tax levies. Our projection is based on the property assessment and tax rate for the subject, as discussed previously in the Real Estate Tax Analysis.

Insurance

Insurance			
Source	% of EGI	\$/SF	Total
Comparables Low	1.1%	\$0.10	
Comparables High	2.0%	\$0.19	
Comparables Average	1.6%	\$0.14	
Subject			
2021 (Actual Operations)	3.4%	\$0.21	\$31,476
2022 (Actual Operations)	3.7%	\$0.25	\$37,661
2023 (Actual Operations)	4.0%	\$0.28	\$42,019
2024 (Budget Operations)	4.7%	\$0.36	\$53,843
Newmark Projection	4.7%	\$0.35	\$52,535

Compiled by Newmark

- Insurance expense includes property and casualty insurance for the subject.

Utilities

Utilities			
Source	% of EGI	\$/SF	Total
Comparables Low	0.0%	\$0.00	
Comparables High	2.5%	\$0.22	
Comparables Average	0.8%	\$0.08	
Subject			
2021 (Actual Operations)	1.3%	\$0.08	\$12,363
2022 (Actual Operations)	1.3%	\$0.09	\$13,691
2023 (Actual Operations)	1.8%	\$0.12	\$18,717
2024 (Budget Operations)	1.1%	\$0.08	\$12,392
Newmark Projection	0.0%	\$0.00	\$0

Compiled by Newmark

- Utility charges include water, sewer, gas, and electricity expenses. Utility expenses are the only expense paid by tenants, therefore, we do not project any utility expense for the subject.

Repairs and Maintenance

Repairs and Maintenance			
Source	% of EGI	\$/SF	Total
Comparables Low	3.3%	\$0.23	
Comparables High	9.8%	\$0.87	
Comparables Average	7.4%	\$0.67	
Subject			
2021 (Actual Operations)	5.8%	\$0.36	\$53,464
2022 (Actual Operations)	8.1%	\$0.55	\$82,247
2023 (Actual Operations)	6.5%	\$0.46	\$69,287
2024 (Budget Operations)	5.4%	\$0.41	\$61,968
Newmark Projection	6.7%	\$0.50	\$75,050

Compiled by Newmark

- Repairs and maintenance includes expenditures to repair and maintain mechanical systems and structural components, encompassing payroll and contract costs, as appropriate. Excluded are alterations and major replacements, which are considered capital costs rather than periodic expenses.

General and Administrative

General and Administrative			
Source	% of EGI	\$/SF	Total
Comparables Low	0.0%	\$0.00	
Comparables High	6.9%	\$0.65	
Comparables Average	2.1%	\$0.19	
Subject			
2021 (Actual Operations)	0.0%	\$0.00	\$0
2022 (Actual Operations)	0.0%	\$0.00	\$0
2023 (Actual Operations)	0.0%	\$0.00	\$0
2024 (Budget Operations)	0.0%	\$0.00	\$0
Newmark Projection	0.0%	\$0.00	\$0

Compiled by Newmark

- General and administrative expenses consist of payroll and benefits expenses for on-site management staff and related office expenses. Also included are legal, accounting and other professional fees, license fees, and business taxes.

Management

Management			
Source	% of EGI	\$/SF	Total
Comparables Low	0.0%	\$0.00	
Comparables High	8.1%	\$0.78	
Comparables Average	3.8%	\$0.33	
Subject			
2021 (Actual Operations)	5.1%	\$0.32	\$47,288
2022 (Actual Operations)	5.0%	\$0.34	\$50,644
2023 (Actual Operations)	4.6%	\$0.33	\$49,034
2024 (Budget Operations)	4.8%	\$0.37	\$55,084
Newmark Projection	5.0%	\$0.37	\$55,657

Compiled by Newmark

- Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner.
- Typical management fees for properties of this type range from 2.00% to 5.00%.
- Considering that the subject is a multi-tenant property with above-average management needs due to the number of tenants across three properties and seven buildings, we project an overall management fee of 5.00% of effective gross income.

Replacement Reserves

- Replacement reserves are not projected in the direct capitalization analysis for consistency with the analysis of comparable sales and other sources for capitalization rate data – which exclude reserves.
- However, it is deducted as a capital line item at \$0.25 per square foot, after net operating income in the discounted cash flow analysis which, again, is consistent with investor, discount rate, and comparable data analyses.

Total Operating Expenses

Total Operating Expenses			
Source	% of EGI	\$/SF	Total
Comparables Low	33.6%	\$2.67	
Comparables High	47.9%	\$4.59	
Comparables Average	40.5%	\$3.57	
Subject			
2021 (Actual Operations)	31.2%	\$1.93	\$289,320
2022 (Actual Operations)	32.3%	\$2.20	\$329,806
2023 (Actual Operations)	29.8%	\$2.11	\$316,152
2024 (Budget Operations)	29.0%	\$2.23	\$334,879
Newmark Projection	30.6%	\$2.27	\$341,019

Compiled by Newmark

- The projected rate is consistent with the recent operating history trend for the subject and in line with the 2024 expense budget. The expense projection for the subject is lower than the comparables due to the lower tax expense, absence of utility expense (paid directly by tenants), and absence of general and administrative expense.

NET OPERATING INCOME

Net Operating Income			
Source	% of EGI	\$/SF	Total
Comparables Low	52.1%	\$4.38	
Comparables High	66.4%	\$5.92	
Comparables Average	59.5%	\$5.19	
Subject			
2021 (Actual Operations)	68.8%	\$4.25	\$637,934
2022 (Actual Operations)	67.7%	\$4.60	\$691,010
2023 (Actual Operations)	70.2%	\$4.96	\$744,128
2024 (Budget Operations)	71.0%	\$5.46	\$819,970
Newmark Projection	69.4%	\$5.14	\$772,115

Compiled by Newmark

DIRECT CAPITALIZATION

In an effort to tame a rapidly escalating rate of inflation this year, the U.S. Fed has implemented its most aggressive actions since 2005 with plans to continue to increase rates. The impacts to both the residential and commercial real estate markets have been material as borrowing costs have increased significantly. It is expected that “rescue equity” will be needed to replace the capital shortfalls as values decline and cost of debt rises. Further, negative leverage is occurring as mortgage rates trend above capitalization rates which is unsustainable. Transactions have slowed, deals have stalled and there has been a lack of current data points which has reduced clarity with respect to price discovery and valuations. The majority of investors surveyed by PwC expect capitalization rates to increase over the next six months.

Comparable Sales

Comparable Industrial Sales Summary							
No.	Property Location	Yr. Built	Sale Date	Rentable Area	Occ. %	Price per SF	OAR
1	9201 E Bloomington Fwy, Minneapolis, MN	1985	Oct-2023	121,679	95%	\$104	7.74%
2	n16w22040 Jericho Dr, Waukesha, WI	1985	Jul-2023	19,200	100%	\$115	7.98%
3	21975 Doral Rd, Waukesha, WI	1978	Jul-2023	15,500	100%	\$97	8.25%
4	6029 East Main Avenue, Bismarck, ND	1979	Dec-2022	16,100	100%	\$75	9.70%
5	2918 Agriculture Dr, Madison, WI	1989	Dec-2023	43,500	100%	\$87	7.95%
Average (Mean) Cap Rate:							8.32%

Compiled by Newmark

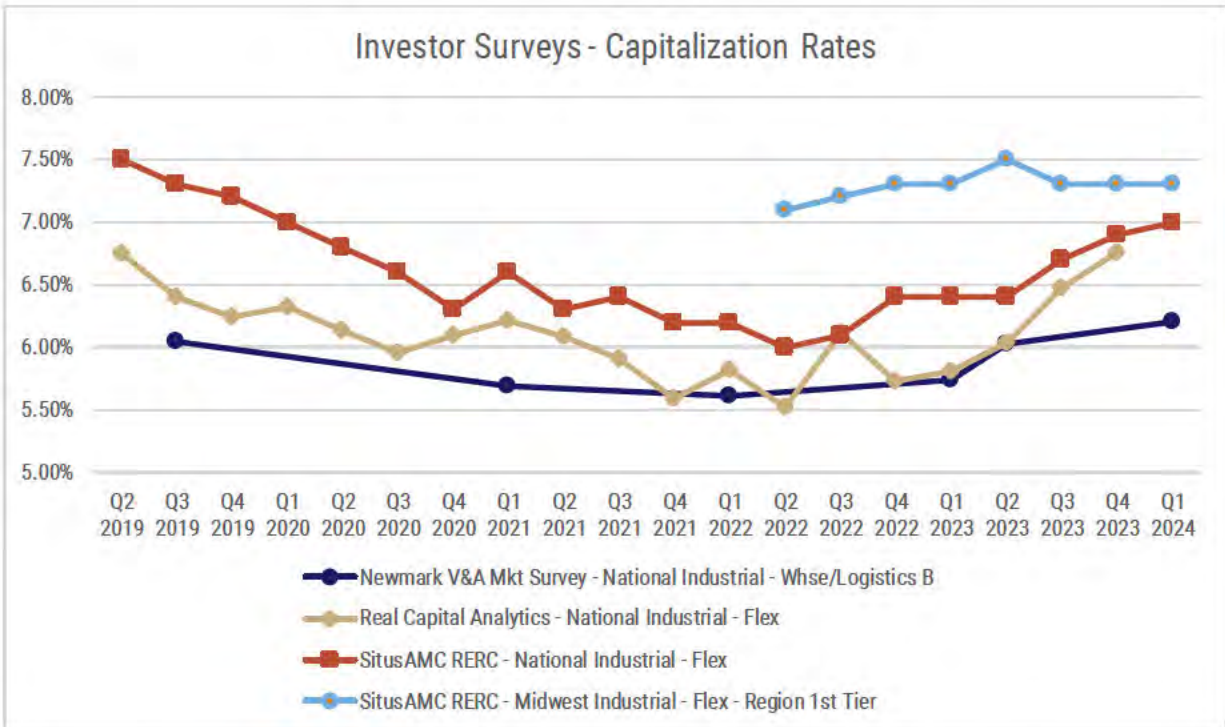
- Due to an absence of investment sales in North Dakota for this property type, or search was expanded to include similar sales in the upper Midwest.
- The primary capitalization rates drawn from the comparables sales (Comparables 1 - 5 in the preceding table) show a range of 7.74% to 9.70%.
- Based on this information, and when considering the age, condition, 100% occupancy, and approximately 2-year remaining lease term of leases in place of the subject property, a capitalization rate between 7.00% to 8.00% could be expected for the subject. Many of the tenants, particularly smaller tenants at the subject property are currently below market. Lease expiration presents an opportunity to get those spaces to market levels over the next two years.

Investor Surveys and Trends

Investor Surveys - Capitalization Rates

Source	Period	Low	High	Average
Newmark V&A Mkt Survey - National Industrial - Whse/Logistics B	Q1 2024	N/A	N/A	6.21%
Real Capital Analytics - National Industrial - Flex	Q4 2023	N/A	N/A	6.76%
SitusAMC RERC - National Industrial - Flex	Q1 2024	5.80%	8.00%	7.00%
SitusAMC RERC - Midwest Industrial - Flex - Region 1st Tier	Q1 2024	6.50%	8.00%	7.30%

Compiled by Newmark



- The most current national survey data indicates that going-in capitalization rates range from 5.80% to 8.00% and average 6.21% to 7.30%.
- The rate appropriate to the subject is considered to be toward the upper end of the range considering its age, condition, and location of the subject property.
- Accordingly, based on the survey data, a capitalization rate within a range of 6.50% to 7.00% could be expected for the subject.

Band of Investment

Band of Investment					
Mortgage/Equity Assumptions					
Loan to Value Ratio	75%				
Interest Rate	7.00%				
Amortization (Years)	30				
Mortgage Constant	0.0798				
Equity Ratio	25%				
Equity Dividend Rate	6.00%				
Weighted Average Of Mortgage/Equity Requirements					
Mortgage Requirement	75%	x	7.98%	=	5.99%
Equity Requirement	25%	x	6.00%	=	1.50%
Indicated Capitalization Rate (Rounded)					7.50%

Compiled by Newmark

Capitalization Rate Conclusion

Investors expect, and the data is showing, that capitalization rates are increasing. We have also heard of specific transaction examples including repricing of deals and simply offers at lower levels owing to the increased cost of capital – not to mention other economic factors such as recession, supply chain, COVID-19, and global crises, etc.

It is important to acknowledge that there is a dearth of transactions in the marketplace making it more difficult to determine the impact on cap rates. Brokers and capital markets professionals are reporting significant disconnects between buyers and sellers – as much as 30% - and this is reducing the transaction activity. In addition, various investor surveys and aggregate reporting data may not necessarily reflect investor attitudes today since data could be 2-3 months old or more. We have given significant reliance to our interviews with market participants. We have also taken the following into consideration in the selection of our concluded capitalization rate.

- Investors have become selective, cautious, and tentative as cost of capital has increased.
- Volatility in the market has led to the disconnect between buyers and sellers thus reducing transaction volume – both in number of sales and overall price volume.
- Although the number of transactions has dropped precipitously, market participants are saying that price discovery is demonstrating that values are trending lower.
- Negative leverage is present in the market and this cannot be sustained which is putting downward pressure on values.
- Brokers report re-trades are occurring at lower pricing and higher indicated capitalization rates.

Key Value Considerations

Strengths

1. The Fargo MSA Industrial and Flex market has seen high occupancy levels and increasing asking rents in recent years.
2. The subject property is 100% occupied.

Risk Factors

1. Economic risk.
2. Inflationary risk.

National Trends and Uncertainties

1. Federal Reserve and bond market interest rate increases and associated effects on cost of capital and investment rates along with credit tightening resulted in 2023 transaction volumes some 51% less than 2022 according to Real Capital Analytics and CRE activity remains depressed.
2. Investors are still concerned about a possible recession but the easing of inflation, continued consumer spending, and solid job growth have continued to keep the economy growing.
3. There have been early signs of increased CRE activity stemming from moderation in interest rates (and expectations of cuts later this year), adjustments by buyers and sellers to the economic environment, and an easing of credit restrictions but distress in the CRE market, particularly in the office sector, remains a concern.

Capitalization Rate Conclusion

Source	Indication
Comparable Industrial Sales Range	7.00% - 8.00%
Investor Surveys	6.50% - 7.00%
Band of Investment	7.50%
Concluded Going-In Capitalization Rate	7.00%

Compiled by Newmark

Direct Capitalization Summary

Net operating income is divided by the capitalization rate to derive the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the table immediately following.

Direct Capitalization Summary – 617, 625, 13th Street NE

Income Capitalization Approach			
Summary of Stabilized Net Operating Income			
Item Description	% of Income	\$ / SF	Total \$
Industrial Income		15,000 SF	
Potential Base Rent		\$6.85	\$102,718
Scheduled Base Rent		\$6.85	\$102,718
Expense Recoveries		\$0.38	\$5,763
Total Tenant Revenue		\$7.23	\$108,481
Potential Gross Income		\$7.23	\$108,481
Vacancy Allowance	-3.00%	(\$0.22)	(\$3,254)
Collection Allowance	0.00%	\$0.00	\$0
Effective Gross Income		\$7.02	\$105,227
Operating Expenses		15,000 SF	
Real Estate Taxes		\$1.19	\$17,805
Insurance		\$0.35	\$5,250
Utilities		\$0.00	\$0
Repairs and Maintenance		\$0.50	\$7,500
General and Administrative		\$0.00	\$0
Management	5.00%	\$0.35	\$5,261
Total Operating Expenses	34.04%	\$2.39	\$35,816
Net Operating Income		\$4.63	\$69,410
Direct Capitalization Method			
Value Indication		\$ / SF	Total \$
Stabilized Net Operating Income		\$4.63	\$69,410
Overall Capitalization Rate			7.00%
As Stabilized Value	Effective Date: 5/2/2024		\$991,577
Rounded		\$66.67	\$1,000,000
Valuation Matrix			
	OAR	Value	
	6.50%	\$1,067,852	
	6.75%	\$1,028,302	
	7.00%	\$991,577	
	7.25%	\$957,385	
	7.50%	\$925,472	
As Is			
As Stabilized Value as of Current Date	Effective Date: 5/2/2024		\$991,577
Deferred Maintenance			\$0
Near Term Capital Expenses			\$0
As Is Value	Effective Date: 5/2/2024		\$991,577
Rounded		\$66.67	\$1,000,000

Compiled by Newmark

DISCOUNTED CASH FLOW ANALYSIS

Introduction

- Argus Enterprise was used to develop a projection of periodic cash flows from the property over an anticipated investment holding period based on leases in place and anticipated changes in market rent and operating expenses.

Discounted Cash Flow Assumptions										
General Assumptions		Start Date	Holding Period	Reversion Year						
Cash Flow Start Date - As Is		5/1/2024	12.0 Yrs	13.0 Yrs						
					Downtime Between Leases (Months)	Months Free Rent (New / Renewal)	Escalations / Rent Steps	Renewal Probability	Tenant Improvement Allowance (New/Renewal)	Leasing Commissions (New/Renewal)
Market Leasing Assumptions (MLA)		Rentable Area (SF)	Market Rent PSF (Year 1)	Lease Term (Years)	Lease Type					
Industrial		150,099	\$7.35	3/0	Continue Prior	3	0 / 0	2.00% / YR	75.00%	\$1.00 / \$0.25 6.00% / 3.00%
Growth Rate Assumptions		Year 2	Year 3	Year 4	Year 5	Thereafter				
General Inflation		3.0%	3.0%	3.0%	3.0%	3.0%				
Market Rent		3.0%	3.0%	3.0%	3.0%	3.0%				
Reimbursable Expenses		3.0%	3.0%	3.0%	3.0%	3.0%				
Non-Reimbursable Expenses		3.0%	3.0%	3.0%	3.0%	3.0%				
Real Estate Tax		3.0%	3.0%	3.0%	3.0%	3.0%				
Financial Rate Assumptions		Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter			
General Vacancy (% of Potential Gross Revenue)		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%			
Collection Loss (% of Potential Gross Revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
* General vacancy adjustments are reduced by absorption & turnover vacancy amounts.										
Reversion Analysis Factors										
Discount Rate - As Is		8.50%								
Reversion Capitalization Rate - As Is		7.50%								
Rounding Constant		\$100,000								

Compiled by Newmark

Replacement Reserves

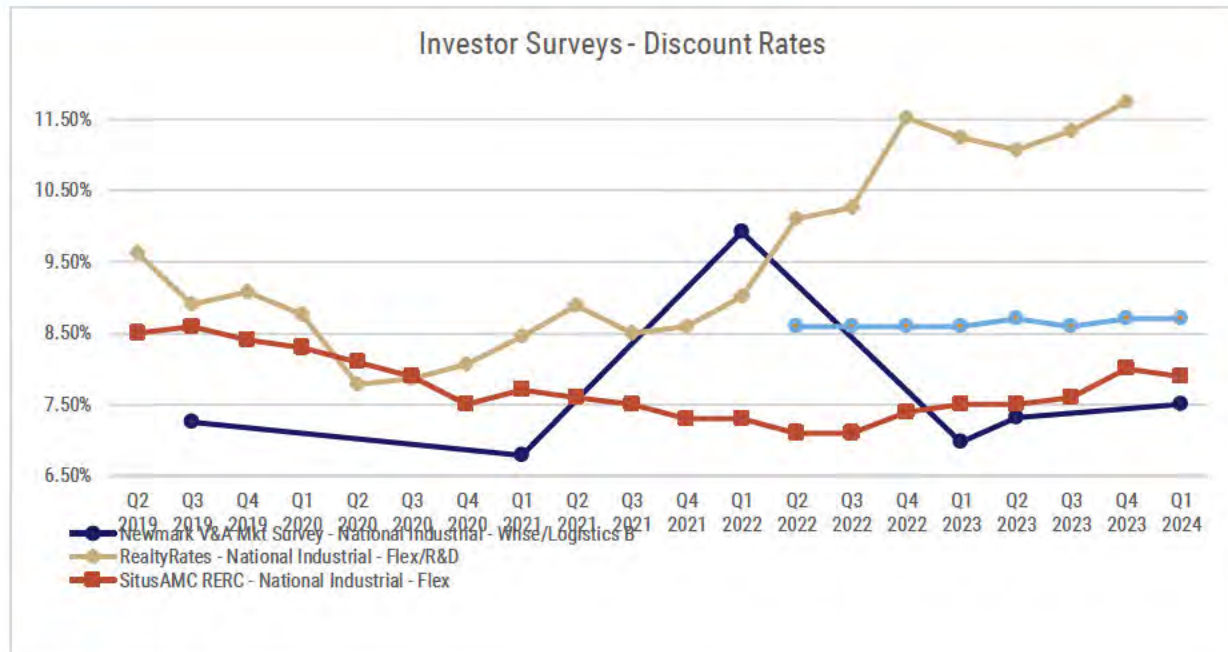
This additional expense category in the DCF accounts for the cost of periodic replacement of capital items such as the roof and HVAC system. While this expense is not appropriate in the direct capitalization analysis, as a result of consistency with capitalization rate data, it is used by investors in the DCF analyses. This expense is projected at \$0.25 per square foot.

Financial Assumptions

Discount Rate Discussion/Conclusion

Investor Surveys - Discount Rates						
Source	Period	Low	High	Spread (*)	Average	
Newmark V&A Mkt Survey - National Industrial - Whse/Logistics B	Q1 2024	N/A	N/A	130	7.51%	
RealtyRates - National Industrial - Flex/R&D	Q4 2023	8.96%	14.85%		11.74%	
SitusAMC RERC - National Industrial - Flex	Q1 2024	6.70%	8.70%	90	7.90%	
SitusAMC RERC - Midwest Industrial - Flex - Region 1st Tier	Q1 2024	7.80%	9.50%	140	8.70%	

Compiled by Newmark; (*) Spread over going-in capitalization rate

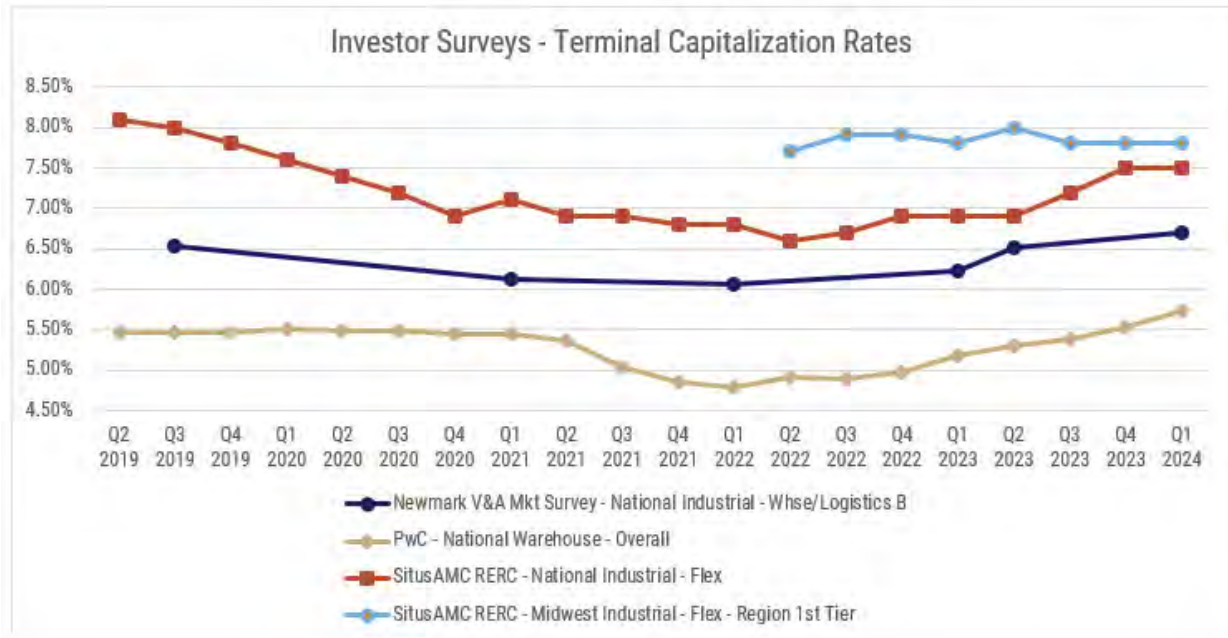


- The most current national survey data indicates that discount rates range from 6.70% to 14.85% and average 7.51% to 11.74%.
- Rates have moved upward over the past year.
- Based on the age, condition, location, and 100% occupancy, a discount rate of 8.50% is considered most appropriate for the subject. This reflects a 150 basis point premium over the going in capitalization rate which also falls in line with the available data.

Terminal Capitalization Rate Discussion/Conclusion

Investor Surveys - Terminal Capitalization Rates					
Source	Period	Low	High	Spread (*)	Average
Newmark V&A Mkt Survey - National Industrial - Whse/Logistics B	Q1 2024	N/A	N/A	49	6.70%
PwC - National Warehouse - Overall	Q1 2024	4.50%	7.25%		5.73%
SitusAMC RERC - National Industrial - Flex	Q1 2024	6.30%	8.50%	50	7.50%
SitusAMC RERC - Midwest Industrial - Flex - Region 1st Tier	Q1 2024	6.80%	8.50%	50	7.80%

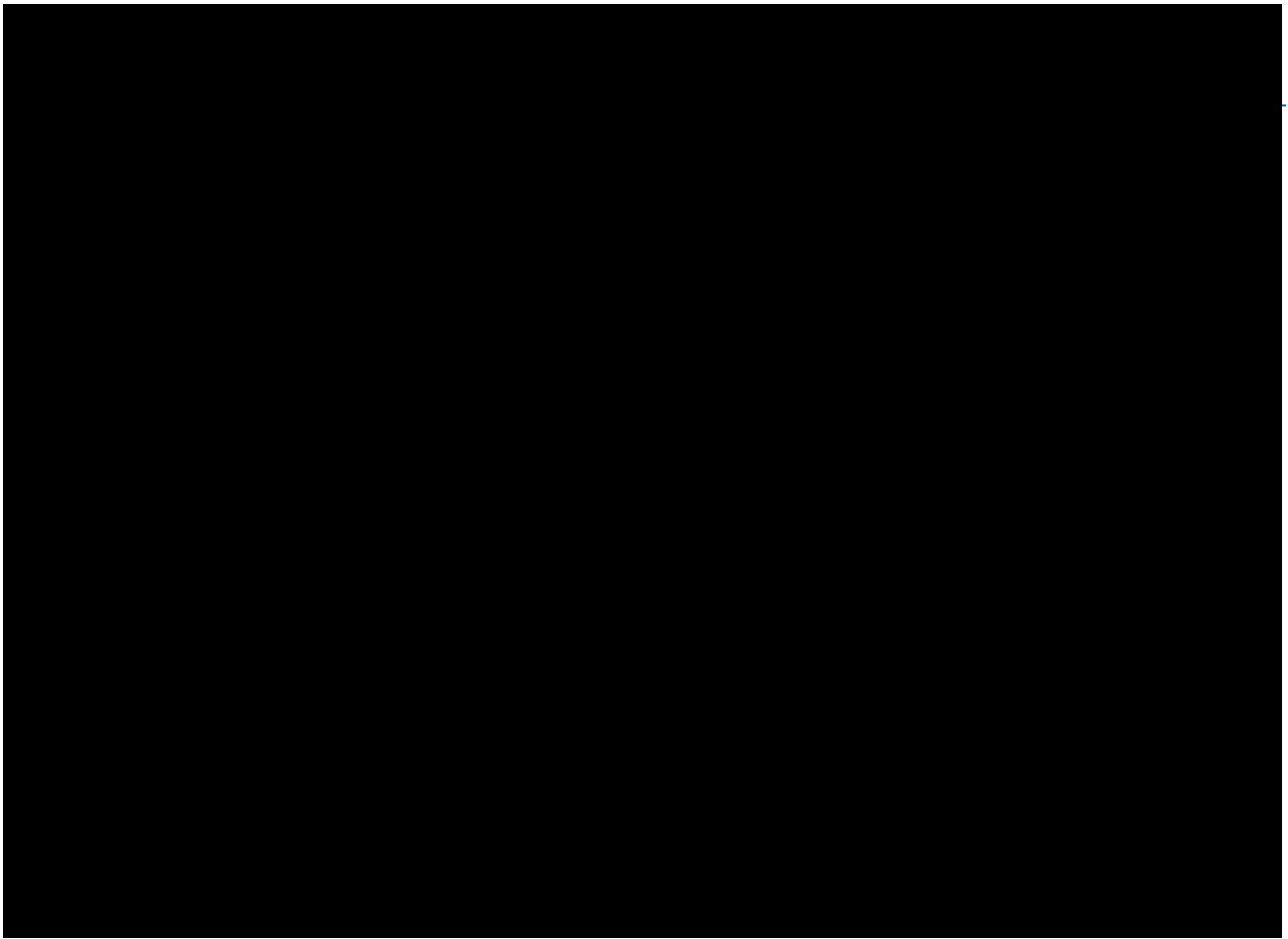
Compiled by Newmark; (*) Spread over going-in capitalization rate



- Current survey data indicates a range of terminal capitalization rates of 4.50% to 8.50%, with an average of 5.73% to 7.80%.
- The average spread between the going-in and terminal rates is 50 basis points, and in general, terminal capitalization rates are typically 25 to 100 basis points greater than going-in rates.
- For the subject, the concluded terminal capitalization rate is 7.50%. This represents a spread of 50 basis points over the concluded stabilized going-in rate of 7.00%, which appears to be within the range of market figures.
- Since the terminal capitalization rate is based on the going-in capitalization rate in addition to investor survey data, it is reflective of the current interest rate environment.

Value Indication – Discounted Cash Flow Analysis

The cash flow schedule and present value calculations are shown on the following pages.



SCHEDULE OF PROSPECTIVE CASH FLOWS – AS IS – 617, 625 13TH STREET NE

Discounted Cash Flow Assumptions											
General Assumptions		Start Date	Holding Period	Reversion Year							
Cash Flow Start Date - As Is		5/1/2024	12.0 Yrs	13.0 Yrs							
		Rentable Area (SF)	Market Rent PSF (Year 1)	Lease Term (Years)	Lease Type	Downtime Between Leases (Months)	Months Free Rent (New / Renewal)	Escalations / Rent Steps	Renewal Probability	Tenant Improvement Allowance (New/Renewal)	Leasing Commissions (New/Renewal)
Market Leasing Assumptions (MLA)		15,000	\$7.35	3/0	Continue Prior	3	0 / 0	2.00% / YR	75.00%	\$1.00 / \$0.25	6.00% / 3.00%
Industrial											
Growth Rate Assumptions		Year 2	Year 3	Year 4	Year 5	Thereafter					
General Inflation		3.0%	3.0%	3.0%	3.0%	3.0%					
Market Rent		3.0%	3.0%	3.0%	3.0%	3.0%					
Reimbursable Expenses		3.0%	3.0%	3.0%	3.0%	3.0%					
Non-Reimbursable Expenses		3.0%	3.0%	3.0%	3.0%	3.0%					
Real Estate Tax		3.0%	3.0%	3.0%	3.0%	3.0%					
Financial Rate Assumptions		Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter				
General Vacancy (% of Potential Gross Revenue)		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%				
Collection Loss (% of Potential Gross Revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				
* General vacancy adjustments are reduced by absorption & turnover vacancy amounts.											
Reversion Analysis Factors											
Discount Rate - As Is		8.50%									
Reversion Capitalization Rate - As Is		7.50%									
Rounding Constant		\$100,000									

Compiled by Newmark

INCOME CAPITALIZATION APPROACH

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Discounted Cash Flow Summary														
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	CAGR
Begin	5/1/2024	5/1/2025	5/1/2026	5/1/2027	5/1/2028	5/1/2029	5/1/2030	5/1/2031	5/1/2032	5/1/2033	5/1/2034	5/1/2035	5/1/2036	YRS 1 - 12
Potential Base Rent	\$102,718	\$106,166	\$114,432	\$118,759	\$121,921	\$126,092	\$129,480	\$132,955	\$137,365	\$141,169	\$144,987	\$149,645	\$153,911	3.5%
Lost Absorption / Turnover Rent	(\$3,828)	(\$3,154)	(\$2,437)	(\$2,510)	(\$1,723)	(\$6,213)	(\$2,743)	(\$1,883)	(\$6,789)	(\$2,997)	(\$2,058)	(\$7,419)	(\$3,275)	6.2%
Scheduled Base Rent	\$98,890	\$103,012	\$111,995	\$116,249	\$120,198	\$119,879	\$126,737	\$131,072	\$130,576	\$138,172	\$142,929	\$142,227	\$150,637	3.4%
Expense Recoveries	\$5,538	\$5,750	\$6,011	\$6,200	\$6,433	\$6,363	\$6,773	\$7,027	\$6,950	\$7,398	\$7,677	\$7,591	\$8,082	2.9%
Potential Gross Revenue	\$104,428	\$108,762	\$118,006	\$122,449	\$126,631	\$126,242	\$133,510	\$138,099	\$137,526	\$145,570	\$150,605	\$149,818	\$158,719	3.3%
Vacancy Allowance	(\$2,439)	(\$3,074)	(\$3,311)	(\$3,128)	(\$3,534)	(\$3,321)	(\$3,409)	(\$3,854)	(\$3,617)	(\$3,716)	(\$4,202)	(\$3,938)	(\$4,050)	4.5%
Credit Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Effective Revenue	\$101,989	\$105,687	\$114,694	\$119,321	\$123,097	\$122,921	\$130,101	\$134,246	\$133,909	\$141,854	\$146,404	\$145,879	\$154,668	3.3%
Real Estate Taxes	\$17,805	\$18,339	\$18,889	\$19,456	\$20,040	\$20,641	\$21,260	\$21,898	\$22,555	\$23,231	\$23,928	\$24,646	\$25,386	3.0%
Insurance	\$5,250	\$5,408	\$5,570	\$5,737	\$5,909	\$6,086	\$6,269	\$6,457	\$6,651	\$6,850	\$7,056	\$7,267	\$7,485	3.0%
Repairs and Maintenance	\$7,500	\$7,725	\$7,957	\$8,195	\$8,441	\$8,695	\$8,955	\$9,224	\$9,501	\$9,786	\$10,079	\$10,382	\$10,693	3.0%
Management	\$5,099	\$5,284	\$5,735	\$5,966	\$6,155	\$6,146	\$6,505	\$6,712	\$6,695	\$7,093	\$7,320	\$7,294	\$7,733	3.3%
Operating Expenses	\$35,654	\$36,756	\$38,151	\$39,354	\$40,545	\$41,568	\$42,989	\$44,291	\$45,402	\$46,960	\$48,384	\$49,589	\$51,298	3.0%
Net Operating Income	\$66,335	\$68,931	\$76,544	\$79,966	\$82,552	\$81,353	\$87,111	\$89,955	\$88,508	\$94,894	\$98,020	\$96,290	\$103,371	3.4%
Replacement Reserves	\$3,750	\$3,863	\$3,978	\$4,098	\$4,221	\$4,347	\$4,478	\$4,612	\$4,750	\$4,893	\$5,040	\$5,191	\$5,347	3.0%
Tenant Improvements	\$1,641	\$1,127	\$4,061	\$1,793	\$1,231	\$4,438	\$1,959	\$1,345	\$4,849	\$2,141	\$1,470	\$5,299	\$2,339	11.2%
Leasing Commissions	\$3,163	\$2,172	\$7,830	\$3,457	\$2,373	\$8,556	\$3,777	\$2,594	\$9,350	\$4,127	\$2,834	\$10,217	\$4,510	11.2%
Leasing & Capital Costs	\$8,554	\$7,161	\$15,870	\$9,347	\$7,825	\$17,342	\$10,214	\$8,551	\$18,950	\$11,161	\$9,344	\$20,707	\$12,196	8.4%
Cash Flow Before Debt Service	\$57,781	\$61,770	\$60,674	\$70,619	\$74,727	\$64,011	\$76,898	\$81,404	\$69,558	\$83,733	\$88,676	\$75,583	\$91,175	2.5%
Additional KPIs														
Effective Economic Occupancy	97.7%	97.2%	97.2%	97.4%	97.2%	97.4%	97.4%	97.2%	97.4%	97.4%	97.2%	97.4%	97.4%	
Cash on Cash Return	5.8%	6.2%	6.1%	7.1%	7.5%	6.4%	7.7%	8.1%	7.0%	8.4%	8.9%	7.6%	9.1%	
Year over Year Growth (NOI)		3.9%	11.0%	4.5%	3.2%	-1.5%	7.1%	3.3%	-1.6%	7.2%	3.3%	-1.8%	7.4%	
General Cash Flow Assumptions														
Valuation Scenario:	As Is													
Analysis Start Date:	5/1/2024													
Holding Period - Reversion Year:	12.0 Yrs	Year 13												
Reversion Year NOI to Capitalize:	\$103,371													
Adjustments Applied to Reversion:	\$0													
Cost of Sales Applied to Reversion:	-2.00%	(\$27,566)												
Indicated Market Value:	\$1,000,000													
Valuation Matrix														
Internal Rate of Return														
Exit Cap.	8.00%	8.25%	8.50%	8.75%	9.00%									
7.00%	\$1,102,904	\$1,079,953	\$1,057,613	\$1,035,867	\$1,014,696									
7.25%	\$1,083,086	\$1,060,678	\$1,038,864	\$1,017,629	\$996,954									
7.50%	\$1,064,590	\$1,042,688	\$1,021,366	\$1,000,607	\$980,394									
7.75%	\$1,047,288	\$1,025,858	\$1,004,996	\$984,683	\$964,903									
8.00%	\$1,031,066	\$1,010,081	\$989,649	\$969,754	\$950,380									

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INCOME CAPITALIZATION APPROACH

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Discounted Cash Flow Summary

General Cash Flow Assumptions		Growth Rates	2025	2026	2027	2028
Valuation Scenario:	As Is	Market Rent:	3.00%	3.00%	3.00%	3.00%
Cash Flow Start Date:	5/1/2024	Retail Sales:	3.00%	3.00%	3.00%	3.00%
Investment Holding Period:	12.0 Yrs	Expenses:	3.00%	3.00%	3.00%	3.00%
Analysis Projection Period:	13.0 Yrs	Tenant Improvements:	3.00%	3.00%	3.00%	3.00%
Indicated Market Value:	\$1,000,000	Real Estate Taxes:	3.00%	3.00%	3.00%	3.00%

Vacancy & Collection Loss

Global Vacancy:	3.00%
Global Collection Loss:	0.00%
Credit Tenant Override:	None

Rates of Return

	Low	Mid	High
Internal Rate of Return (Cash Flow):	8.00%	8.50%	9.00%
Internal Rate of Return (Reversion):	8.00%	8.50%	9.00%
Terminal Capitalization Rate:	7.00%	7.50%	8.00%

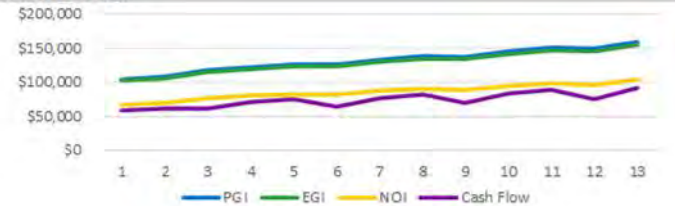
Adjustments Applied to Reversion

Adjusted Gross Sale Price		\$1,378,278
Selling Costs: % Adjusted Gross	2.00%	(\$27,566)
Net Reversion		\$1,350,713

Capital Expenditures

Replacement Reserves (\$/SF):		\$0.25
Near-term Capital Expenditures:	Yr. 1	\$3,750
	Yr. 2	\$3,863
	Yr. 3	\$3,978
	Yr. 4	\$4,098
	Yr. 5	\$4,221

Annual Cash Flow



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INCOME CAPITALIZATION APPROACH

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DCF Valuation Analysis

Year #	Year	Net Operating Income	Net Cash Flow	Discount Factor @ 8.50%	Discounted Cash Flows	Cash on Cash Return	Yield	Annual Overall Cap Rates
1	May-2024	\$66,335	\$57,781	0.92166	\$53,254	5.66%	5.21%	6.49%
2	May-2025	\$68,931	\$61,770	0.84946	\$52,471	6.05%	5.14%	6.75%
3	May-2026	\$76,544	\$60,674	0.78291	\$47,502	5.94%	4.65%	7.49%
4	May-2027	\$79,966	\$70,619	0.72157	\$50,957	6.91%	4.99%	7.83%
5	May-2028	\$82,552	\$74,727	0.66505	\$49,697	7.32%	4.87%	8.08%
6	May-2029	\$81,353	\$64,011	0.61295	\$39,235	6.27%	3.84%	7.97%
7	May-2030	\$87,111	\$76,898	0.56493	\$43,442	7.53%	4.25%	8.53%
8	May-2031	\$89,955	\$81,404	0.52067	\$42,384	7.97%	4.15%	8.81%
9	May-2032	\$88,508	\$69,558	0.47988	\$33,380	6.81%	3.27%	8.67%
10	May-2033	\$94,894	\$83,733	0.44229	\$37,034	8.20%	3.63%	9.29%
11	May-2034	\$98,020	\$88,676	0.40764	\$36,148	8.68%	3.54%	9.60%
12	May-2035	\$96,290	\$75,583	0.37570	\$28,397	7.40%	2.78%	9.43%
13	May-2036	\$103,371						

Present Value of Cash Flows:

\$513,901

50.32%

Reversion	NOI	Terminal Rate	Total	\$/SF
Year 13 May-2036	\$103,371	7.50%	\$1,378,278	\$91.89
Adjusted Gross Sale Price			\$1,378,278	\$91.89
Selling Costs: % Adjusted Gross		2.00%	(\$27,566)	(\$1.84)
Net Reversion:			\$1,350,713	\$90.05
Discount Factor			0.37570	
Present Value of Reversion:			\$507,465	49.68%

TOTAL PRESENT VALUE

\$1,021,366

Rounded

\$1,000,000

Compiled by Newmark

INCOME CAPITALIZATION APPROACH CONCLUSION

Income Capitalization Approach - Indicated Value				
Market Value Premise				As Is - 617, 625 13th St NE May 2, 2024
As of Date:				
Direct Capitalization				\$1,000,000
Discounted Cash Flow				\$1,000,000
Reconciled Value				\$1,000,000

Compiled by Newmark

The concluded value by the Income Capitalization Approach is focused on the discounted cash flow analysis as this tracks best with investor actions for a property like the subject. However, the property is stabilized and the direct capitalization method remains significant. The final value conclusion by this approach is more heavily weighted to the discounted cash flow analysis but is consistent with the direct capitalization method as well.

Reconciliation of Value

The values indicated by our analyses are as follows:

Market Value Indications			
Market Value Premise			As Is - 617, 625
As of Date:			13th St NE
			May 2, 2024
Cost Approach:			Not Used
Sales Comparison Approach:			\$1,300,000
Income Capitalization Approach:			\$1,000,000
Market Value Conclusion			\$1,000,000
Compiled by Newmark			

Cost Approach

In this case, the cost approach was not utilized due to the age of the improvements which results in significant depreciation thereby reducing the reliability of this approach. More significantly, however, market participants considering properties like the subject do not give consideration to the cost approach.

Sales Comparison Approach

The Sales Comparison Approach is focused on comparing the subject to sale and other market transactions with the aim to develop an indication of value that is founded on the theory of substitution. Basically, the intention is to determine value through considering the prices of properties which would be a substitute property to the subject. In this case, a selection of reasonably similar sales were obtained and the adjustment process was well founded by reasoning and direct evidence. Although this analysis is considered to be well founded and reliable, the subject property is an income producing property and the sales comparison approach, like the cost approach, is limited in its ability to directly consider the income levels of the subject and the sales. Accordingly, secondary weight is given to the sales comparison approach.

Income Capitalization Approach

The subject property is a multi-tenant industrial property. It is distinctly an income producing property and this approach is specifically designed to address the value of such a property. Both direct capitalization and discounted cash flow analyses were developed. Market rent was well established by reasonably similar lease data. The property has a stable history and both income and expense estimates track with historical trends. Capitalization rates were developed from a number of sources including the sales used in the sales comparison approach. Discount and

terminal capitalization rates were developed from investor surveys. In total, the income capitalization approach is considered to be most applicable to the subject and most reliable. This approach is given greatest weight for that reason.

FINAL VALUE CONCLUSIONS

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is" - 617, 625 13th St NE	Leased Fee	5/2/2024	\$1,000,000
Insurable Replacement Cost - 617, 625 13th St NE		5/2/2024	\$1,000,000

Compiled by Newmark

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

- 1. None

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

- 1. None

Compiled by Newmark

EXPOSURE TIME

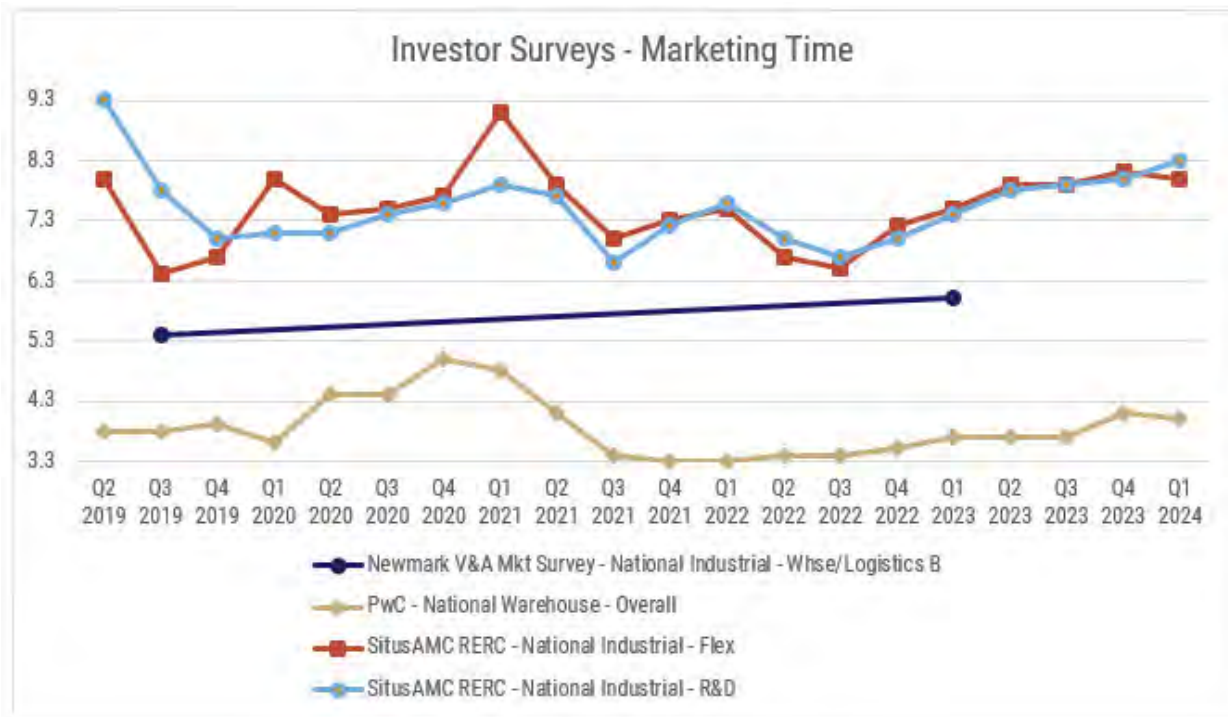
Exposure time is the estimated length of time the subject property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based on an analysis of past events assuming a competitive and open market.

The following is national investor survey data which is one source for the underlying data to this conclusion.

Investor Surveys - Marketing Times

Source	Period	Low	High	Average
Newmark V&A Mkt Survey - National Industrial - Whse/Logistics B	Q1 2023	N/A	N/A	6.0
PwC - National Warehouse - Overall	Q1 2024	1.0	12.0	4.0
SitusAMC RERC - National Industrial - Flex	Q1 2024	N/A	N/A	8.0
SitusAMC RERC - National Industrial - R&D	Q1 2024	N/A	N/A	8.3

Compiled by Newmark



Recent sales transaction data for similar properties, supply and demand characteristics for the local industrial market, and the opinions of local market participants were reviewed and analyzed. Based on this data and analysis, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously is 6 months.

MARKETING TIME

Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. As no significant changes in market conditions are foreseen in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 months.

Assumptions and Limiting Conditions

The Appraisal contained in this Report (herein “Report”) is subject to the following assumptions and limiting conditions:

1. Unless otherwise stated in this report, title to the property which is the subject of this report (herein “Property”) is assumed to be good and marketable and free and clear of all liens and encumbrances and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. No responsibility is assumed for the legal description, zoning, condition of title or any matters which are legal in nature or otherwise require expertise other than that of a professional real estate appraiser. This report shall not constitute a survey of the Property.
2. Unless otherwise stated in this report, it is assumed: that the improvements on the Property are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the Property and improvements conform to all applicable local, state, and federal laws, codes, ordinances and regulations including environmental laws and regulations. No responsibility is assumed for soil or subsoil conditions or engineering or structural matters. The Property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated. The physical condition of the Property reflected in this report is solely based on a visual inspection as typically conducted by a professional appraiser not someone with engineering expertise. Responsible ownership and competent property management are assumed.
3. Unless otherwise stated in this report, this report did not take into consideration the existence of asbestos, PCB transformers or other toxic, hazardous, or contaminated substances or underground storage tanks, or the cost of encapsulation, removal or remediation thereof. Real estate appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials and substances may adversely affect the value of the Property. Unless otherwise stated in this report, the opinion of value is predicated on the assumption that there is no such material or substances at, on or in the Property.

4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.
5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.
6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.
8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes

in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.
11. Client and any other Intended User identified herein should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.
12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property's compliance with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

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14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare this report and full acceptance of any limitation of liability or claims contained therein.

ADDENDA

Addendum A

Glossary of Terms

ADDENDA

The following definitions are derived from The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022).

- ◆ **Absorption Period:** The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.
- ◆ **Absorption Rate:** 1) Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time. 2) In subdivision analysis, the rate of sales of lots or units in a subdivision.
- ◆ **Ad Valorem Tax:** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax. (IAAO)
- ◆ **As Is Market Value:** The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.
- ◆ **Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- ◆ **Cash Equivalency Analysis:** An analytical process in which the sale price of a transaction with atypical financing or financing with unusual conditions or incentives is converted into a price equivalent or consistent with what a cash buyer would pay with all other factors the same.
- ◆ **Cash-Equivalent Price:** The sale price of a property that is equivalent to what a cash buyer would pay.
- ◆ **Contract Rent:** The actual rental income specified in a lease.
- ◆ **Disposition Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Economic Life:** The period over which improvements to real estate contribute to property value.
- ◆ **Effective Gross Income (EGI):** The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income.
- ◆ **Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.
- ◆ **Excess Land:** Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. See also *surplus land*.
- ◆ **Excess Rent:** The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.

ADDENDA

- ◆ **Exposure Time:** 1) The time a property remains on the market. 2) An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)
- ◆ **Extraordinary Assumption:** An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property, or conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)
- ◆ **Fee Simple Estate:** 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.
- ◆ **Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.
- ◆ **Frictional Vacancy:** The amount of vacant space needed in a market for its orderly operation. Frictional vacancy allows for move-ins and move-outs.
- ◆ **Full Service (Gross) Lease:** See *gross lease*.
- ◆ **General Vacancy:** A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.
- ◆ **Going-Concern Premise:** One of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely).
- ◆ **Going-Concern Value:** An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business. See also *Market Value of the Going Concern* and *Market Value of the Total Assets of the Business (MVTAB)*.
- ◆ **Going-In Capitalization Rate (R_o):** The overall capitalization rate obtained by dividing a property's net operating income for the first year after purchase by the present value of the property.
- ◆ **Gross Building Area (GBA):** 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.
- ◆ **Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.
- ◆ **Hypothetical Condition:** 1) A condition that is presumed to be true when it is known to be false. (Appraisal Institute: The Standards of Valuation Practice [SVP]) 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.)
- ◆ **Intended Use:** 1) The valuer's intent as to how the report will be used. (SVP) 2) The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)

ADDENDA

- ◆ **Intended Users:** 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)
- ◆ **Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (International Valuation Standards [IVS])
- ◆ **Land-to-Building Ratio:** The proportion of land area to gross building area; one of the factors determining comparability of properties. See also *floor area ratio*.
- ◆ **Lease:** A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.
- ◆ **Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
- ◆ **Leasehold Estate:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.
- ◆ **Lessee:** One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.
- ◆ **Lessor:** One who conveys the rights of occupancy and use to others under a lease agreement.
- ◆ **Liquidation Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a short time period. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under extreme compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Market Rent:** The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby • Lessee and lessor are typically motivated; • Both parties are well informed or well advised, and acting in what they consider their best interests; • Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and • The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).
- ◆ **Market Value:** A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.¹
- ◆ **Market Value of the Going Concern:** The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.
- ◆ **Market Value of the Total Assets of the Business (MVTAB):** The market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern.
- ◆ **Modified Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified

¹ The actual definition of value used for this appraisal is contained within the body of the report.

ADDENDA

gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. See also *net lease*.

- ◆ **Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also *gross lease*; *modified gross lease*.
- ◆ **Net Net Net Lease:** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease*, *triple net lease*, or *fully net lease*.
- ◆ **Net Operating Income (NOI or I_o):** The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization).
- ◆ **Occupancy Rate:** 1) The relationship or ratio between the potential income from the currently rented units in a property and the income that would be received if all the units were occupied. 2) The ratio of occupied space to total rentable space in a building.
- ◆ **Operating Expenses:** The periodic expenditures necessary to maintain the real estate and continue production of the effective gross income, assuming prudent and competition management.
- ◆ **Overage Rent:** The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.
- ◆ **Percentage Rent:** Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.
- ◆ **Prospective Opinion of Value:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.
- ◆ **Rentable Area:** For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
- ◆ **Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."
- ◆ **Shell Rent:** The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish or white wall finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes, mechanical systems, interior electricity, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.
- ◆ **Surplus Land:** Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. See also *excess land*.
- ◆ **Turnover Vacancy:** A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to release the space is considered.

ADDENDA

- ◆ **Usable Area:** 1) For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
- ◆ **Usable Site Area:** The area of a site that can legally and physically accommodate buildings or significant site improvements. The usable site area equals the total site area less certain obstructions, such as flood hazard areas, required natural buffers, cemeteries, archeologically restricted areas, ecologically restricted areas, areas within certain restrictive easements, and other obstructions. The net site area or usable site area should be more precisely defined in each appraisal because the significance of improvements or the obstruction depends on the specific assignment.
- ◆ **Use Value:** The value of a property based on a specific use, which may or may not be the property's highest and best use. If the specified use is the property's highest and best use, use value will be equivalent to market value. If the specified use is not the property's highest and best use, use value will be equivalent to the property's market value based on the hypothetical condition that the only possible use is the specified use.
- ◆ **Value In Use:** 1. The amount determined by discounting the future cash flows (including the ultimate proceeds of disposal) expected to be derived from the use of an asset at an appropriate rate that allows for the risk of the activities concerned. (FASB Accounting Standards Codification, Master Glossary) 2. Formerly used in valuation practice as a synonym for contributory value or use value. See also *use value*.

ADDENDA

Addendum B
Engagement Letter

Past and Future Assignments Your authorization is subject to your statement that 1) any appraisal or other real estate services rendered with respect to the subject property during the past year must be fully disclosed prior to your execution of this engagement letter, and 2) that you will not appraise it for any other client other than the undersigned for one (1) year from your appraisal date without our permission.

The appraisal must provide the following value opinion(s):

Value Premise	Interest Appraised	Comments
Market Value - As Is	Leased Fee	Individual Values and Portfolio Value
Market Value – Prosp As Stabilized	Leased Fee	Individual Values and Portfolio Value
Land Value as if Vacant	Fee Simple	Individual Values and Portfolio Value
Insurable Replacement Cost		

Valuation Instructions

The appraisal should be prepared in keeping with USPAP and in compliance with licensing regulations relevant to the state where the property is located. Specific requirements are as follows:

DCF Software	Argus Enterprise version 12.1. All income producing properties excluding multifamily, hotel or self-storage properties must contain an ARGUS Enterprise “.avux” data file, electronically submitted. Hotel properties must have a discounted cash flow prepared in an alternative software such as Excel.
Prospective As-Stabilized	If the property is not stabilized as of the effective date, please provide a prospective stabilized market value as of the date of stabilization.
Prospective As-Complete	If the property is under construction or renovation, please provide a prospective as-complete market value as of the date of completion.
Lease Renewal Options	Please address whether the rent for any option period compares to the forecast market and how the answer impacts the renewal probability.
Real Estate Taxes	Please address if a property is reassessed upon sale. If yes, provide assessments/taxes from competitive properties that have recently sold to support your estimate of the tax expense.
Land Value	Please include a land value analysis for all appraisal reports. An allocated land value in the case of a condominium development is required.
Cost Approach	The cost approach is not required except, as needed, for recently constructed, proposed or special purpose properties.
Insurable Replacement Cost	An insurable replacement cost is required. Indirect costs are to be excluded. One estimate of insurable replacement cost is requested when a single property (one location) is improved with multiple buildings of similar use, quality and construction. Individual insurable replacement cost figures should be provided for each property when a portfolio of properties is involved.
As-Vacant Value	An as-vacant value is required for any property encumbered by a single lease.
Survey of Market Participants	A survey of market participants addressing property specific going-in capitalization rates and discount rates is required. The market participant discussion must disclose whether both buy-side brokers and sell-side brokers are surveyed regarding investment returns, and reconcile how this information is analyzed to support the concluded OAR.
Anchor or Major Tenants	Please examine and address the credit quality of anchor or major tenants. A tenant qualifies as a major tenant when leasing 20 percent or more of the building area or if contributing 20 percent or more of rental income for the property.
Residential Condominium	In the case of a condominium, please provide: Gross Retail Sales Proceeds; Net Retail Sales Proceeds, Before Profit; Net Retail Sales Proceeds, After Profit; and the Wholesale “As Is” Market Value.

Review Instructions

Once review comments are forwarded, DB is requesting a two-business day turnaround for the revised report(s) and responses to each comment. In the case of participant lenders with DB as the lead agent, all participant review comments will be coordinated through DB Val/Seaside.

The appraiser is responsible for emailing an information request to property site contact within two days of execution of this engagement letter. If the appraiser does not receive the information or is having difficulty getting the source documents or scheduling a property visit, the Deutsche Bank Deal team (as listed below) should be contacted via email and made aware of such issues. All status issues should be directed to the Deutsche Bank Deal Team, with all members of the Deutsche Bank Valuation and Seaside copied on all correspondence directed to Deutsche Bank Deal Team.

Please note that we require a signed copy of this engagement letter be incorporated in your final report.

Delivery and Contact Information

Program: CMBS

The final appraisal report (PDF format) and invoice, as well as cash flow files, and the XML or JSON CLOSER data file (for the final report) are to be uploaded in the Report Submission web form.

Also, please send the XML or JSON Closer data file (for the final report) to Admin@swseasidevaluation.com and closerxchange@situsamc.com, along with the pdf of the final Appraisal Report. The XML or JSON Closer data file (for the final report) is due within **three (3) business days** of receiving notification that the appraisal review is complete.


The XML/ JSON CLOSER data file is **not required** for data centers and the following programs: ABS, Municipal Capital Markets, Single Family Residential, Spruce Capital, and Warehouse Lending.

This terms and conditions set forth in this Engagement Letter have been confirmed and fully executed by both parties on 04/19/2024.

Sincerely,

Digitally accepted - 04/19/2024

Dragana Anicic, MAI, AI-GRS

Accepted by: 

Helene Jacobson, Newmark Valuation & Advisory

EXHIBIT A

The Letter of Transmittal should contain the following reliance language:

This report is for use and benefit of, and may be relied upon by "Deutsche Bank, as Agent" or any of its affiliates, agents and advisors, initial and subsequent holders from time to time of any debt, any indenture trustee, servicer or other agent acting on behalf of such holders of such debt and/or debt securities; any rating agencies; and the institutional provider(s) from time to time of any liquidity facility or credit support for such financings, and their respective successors and assigns.

As such the Client and affiliates, rating agencies and certain investors involved in the type of securitizations described below may use and rely on this report in its entirety, including reference to our name and the inclusion (whether in paper, digital, electronic, or any other form) or description of such reports in disclosure documents, and if such reports are included in the disclosure documents, the reference to our name under caption "Experts" in such disclosure documents, and this shall serve as a written consent to the foregoing, which consent may be filed with the Securities and Exchange Commission. Said securitizations may be either of the following two types:

- a) A private placement Rule 144A offering to "qualified institutional buyers", as defined by Rule 144A ("Private Offering"), or
- b) A publicly registered offering of securities ("Public Offering").

In the case of Public or Private Offering, Client may accurately disclose the results of this report and the identity of your firm in the Offering Document or private placement memorandum.

ADDENDA

Addendum G

Appraiser Qualifications and Licenses



Jack Jaeger

Vice President

t 612-440-0070

m 651-380-4792

jack.jaeger@nmrk.com

YEARS OF EXPERIENCE

6+

AREAS OF SPECIALTY

Valuation & Advisory

Industrial

Retail

Office

Proposed Developments

Land

Jack Jaeger currently serves as a Vice President for Newmark Valuation & Advisory's North Central region. In this role, Jack has completed a variety of appraisal assignments. He has experience providing valuation and advisory services for financial institutions, developers, individual and corporate property owners, and attorneys. His valuation experience covers a variety of asset types including industrial, retail, office, proposed developments, vacant land, and other special purpose properties.

Prior to Newmark, Jack worked for TENA Companies, Inc. which provides mortgage quality control services for financial institutions. During his time at TENA Companies, Inc. he held multiple positions but was most recently a rules and compliance specialist.

Professional Affiliations

– Practicing Affiliate, Appraisal Institute

Licenses

– Certified General Real Property Appraiser, Minnesota and North Dakota

Education

Jack earned his Bachelor of Arts degree in Business Management from Gustavus Adolphus College. After earning his Certified General appraiser license from the State of Minnesota, Jack was promoted to Senior Appraiser, and subsequently Vice President. In addition, Jack has successfully completed numerous appraisal courses sponsored by the Appraisal Institute towards his Certified General appraiser license.

North Dakota Real Estate Appraiser Qualifications and Ethics Board



Jack A. Jaeger

**Is fully qualified
in the State of North Dakota as a**

**CERTIFIED GENERAL APPRAISER
ND Permit Number: CG-223211**

**Date of Issuance: 01/01/2024
Expiration Date: 12/31/2024**

Unless sooner suspended or revoked, as provided by law.

A handwritten signature in blue ink, appearing to read "J. A. Jaeger", is written over a horizontal line.

Appraiser Signature



Marshall D. Estep

MAI

Senior Vice President

t 612-440-0069
m 859-612-4747
marshall.estep@nrmk.com

YEARS OF EXPERIENCE

35+

AREAS OF SPECIALTY

Valuation & Advisory
Industrial & Logistics
Warehouses
Manufacturing
R&D Facilities
Flex Properties
Dealerships
Truck Terminals
Horse Farms, Racetracks and
Training Facilities
Equine Hospitals/Clinics
Farm/Agricultural

Marshall D. Estep, MAI, joined Newmark Valuation & Advisory in 2018 and currently serves as a Senior Vice President. Marshall is a highly experienced appraiser with 35+ years of experience. Marshall began his career in commercial real estate brokerage, leasing, advisory and valuation in 1985 and has been engaged solely in commercial and industrial real estate valuation services since 1990. Prior to joining Newmark, Marshall was president of Estep & Company, a commercial real estate appraisal and advisory firm.

Marshall has prepared valuations and market analyses across a broad range of property types that include auto and truck dealerships, farm implement and heavy equipment dealerships, truck terminals, marine terminals, industrial flex buildings, bulk storage warehouses, distribution warehouses, high-tech manufacturing properties, conventional manufacturing facilities, heavy manufacturing facilities, entertainment venues, theaters, distilleries, self storage facilities, single and multi-tenant industrial investment assets, churches, schools, golf courses, recreational facilities, agricultural properties, horse farms, equine medical facilities, equine hospitals, racetracks, mixed-use facilities, government facilities, and vacant land.

Over his career, Marshall has been focused on producing quality appraisal work in timely manner for mortgage lenders, corporations, non-profits, government entities, charitable foundations, estates, trusts, and private clients. Marshall has experience with ARGUS based analyses, regression analysis, market rent studies, feasibility studies, subdivision development analysis, litigation support, and business valuations with and without real estate assets.

Licenses and Designations

- MAI designation, Appraisal Institute
- Certified General Real Property Appraiser, Minnesota, Wisconsin, Iowa, North Dakota, South Dakota, and Nebraska

Education

Marshall earned his Bachelor of Science degree in Accounting from the College of Business and Economics at the University of Kentucky in 1985, and has completed additional real estate finance, brokerage, and appraisal coursework at the University of Kentucky, the CCIM Institute and the Appraisal Institute. Marshall is currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.

North Dakota Real Estate Appraiser Qualifications and Ethics Board



Marshall D. Estep

**Is fully qualified
in the State of North Dakota as a**

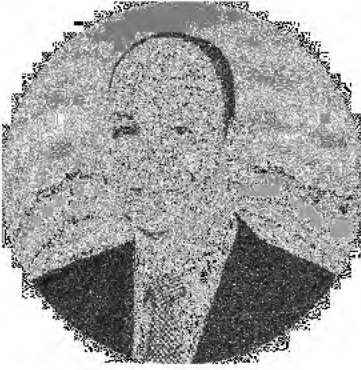
**CERTIFIED GENERAL APPRAISER
ND Permit Number: CG-21885**

**Date of Issuance: 01/01/2024
Expiration Date: 12/31/2024**

Unless sooner suspended or revoked, as provided by law.

A handwritten signature in blue ink, appearing to read "M. Estep", is written over a horizontal line.

Appraiser Signature



John Mackris

MAI, MRICS, CCIM

*Senior Managing Director
Specialty Practice Leader –
Retail & Regional Malls
Market Leader – IA, IL, KS, MN,
MO, ND, NE, SD, WI*

t 312-224-3206
m 773-294-2319
john.mackris@nmrk.com

YEARS OF EXPERIENCE

27+

AREAS OF SPECIALTY

Valuation & Advisory
Retail & Regional Malls
Industrial
Office
Multifamily
Complex Mixed-Use Assets
Property Tax Appeals
Expert Witness Testimony
Appraisal Review Services

John Mackris MAI, MRICS, CCIM is a Senior Managing Director for Newmark Valuation & Advisory (V&A) and the Market Leader for Iowa, Illinois, Kansas, Minnesota, Missouri, North Dakota, Nebraska, South Dakota and Wisconsin. He is also the Retail & Regional Malls Specialty Practice Leader. Based in Chicago, John leads professional teams of experienced appraisers who provide valuation services for some of the most complex assignments in the world.

A highly experienced appraiser, John has prepared and performed valuations and market analyses on a broad range of properties that include super-regional malls, lifestyle centers, neighborhood and community shopping centers, single-tenant retail, manufacturing, warehouse and flex industrial facilities, low-to-high rise office buildings, apartment complexes and large mixed-use developments as well as vacant land. Additionally, he has performed specialized real estate valuation and market studies on auto dealerships, restaurants, bank branches, manufactured home communities, theaters, mini-storage facilities, convenience stores, medical offices and residential land subdivisions.

John has completed valuations and market studies on proposed, partially completed, renovated and existing properties. He has carried out valuations for mortgage financing, tax appeals, investment counseling, potential sales and purchases, leasehold and rental analysis, and feasibility analysis. Clients have included commercial banks, developers, corporations, individual property owners, public agencies, insurance companies and legal firms.

Prior to joining Newmark in 2017, John worked for over 19 years in the Chicago office of Cushman & Wakefield, most recently as an Executive Director and Co-Leader of the Midwest Retail Specialty Practice. Prior to C&W, he worked as a Senior Appraiser for Terzo & Bologna, Inc. in Southeast Michigan.

Professional Affiliations

- Member, International Council of Shopping Centers (ICSC)
- Member, Chicago Real Estate Council (CREC)

Licenses and Designations

- MAI designation, Appraisal Institute
- Member, Royal Institution of Chartered Surveyors (MRICS)
- Certified Commercial Investment Member (CCIM)
- Certified general real estate appraiser in the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Texas and Wisconsin

Education

John earned a Bachelor of Arts degree in economics from the University of Michigan – Ann Arbor.

North Dakota Real Estate Appraiser Qualifications and Ethics Board



John Mackris

**Is fully qualified
in the State of North Dakota as a**

**CERTIFIED GENERAL APPRAISER
ND Permit Number: CG-222187**

**Date of Issuance: 01/01/2024
Expiration Date: 12/31/2024**

Unless sooner suspended or revoked, as provided by law.


Appraiser Signature