



**Board of Review Agenda
Friday, May 15, 2026 at 9:00 a.m.
City Hall, Council Chambers
211 Walnut Street, Neenah**

- I. Call Board of Review to order
- II. Organizational meeting
 - A. Elect Chairman
 - B. Elect Vice Chairman
- III. Approval of Minutes (Minutes can be found on the city website)
 - A. [Approval of the May 16, 2025 Board of Review Minutes.](#)
 - B. [Approval of the July 8, 2025 Board of Review Minutes.](#)
- IV. Clerk's Report
 - A. Notification and verification of recording
 - B. Confirmation of appropriate Board of Review and Open Meeting notices
 - C. Verify Board of Review Mandatory Training Requirements
 - D. Verify City has an ordinance for confidentiality of income and expenses information provided to the Assessor under state law Wis. Stat. 70-47(7)(af) – Ordinance 1146, adopted January 19, 2000.
- V. Review of new laws
- VI. Swearing In
 - A. Swear in Board Members
 - B. Swear in Assessors and Property Appraiser
- VII. Assessor presentation of Assessment Roll to Clerk (Digital Assessment Roll is available on the City website)
 - A. Certify the Assessment Roll with Assessor/Clerk signatures.
- VIII. Consideration of Assessor's Omitted Property Roll and Correction of Errors
 - A. Motion to accept the assessment roll with additions/corrections as presented.
- IX. Consideration of late filings
- X. Consideration of Waiver of Board of Review Hearing for Wal-Mart Estate Business Trust, 1155 West Winneconne Avenue – Parcel No. 07-1010-00-00.
- XI. Presentation, consideration, and deliberations of assessment objections.
- XII. Any other business, which may legally come before the Board.
- XIII. Adjournment

§70.47(3) The Board shall be in session for at least 2 hours for taxpayers to appear and examine the assessment roll and other assessment data.

In accordance with the requirements of Title II of the Americans with Disabilities Act (ADA), the City of Neenah will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. If you need assistance, or reasonable accommodation in participating in this meeting or event due to a disability as defined under the ADA, please call the Clerk's Office (920) 886-6100 or the **City's ADA Coordinator at (920) 886-6101** or e-mail clerk@neenahwi.gov at least 48 hours prior to the scheduled meeting or event to request an accommodation.

MALLERY^{SC}

A LIMITED LIABILITY SERVICE CORPORATION

Writer's Direct E-mail
ctietjens@mallerysc.com

May 13th, 2026

Via E-mail (clerk@ci.neenah.wi.us)

Ms. Char Nagle
City of Neenah Clerk
211 Walnut Street
Neenah, WI 54956

Re: 2026 Request for Waiver of Board of Review (BOR) Hearing
Property Owner: Wal-Mart Real Estate Business Trust
Property Address: 1155 W. Winneconne Ave., Neenah, WI
Parcel Number: 07-1010-00-00

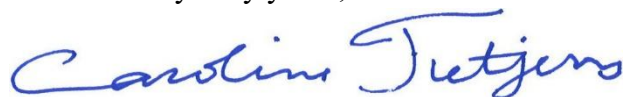
Dear Ms. Nagle:

Enclosed please find an Agent Authorization signed by our client, Wal-Mart Real Estate Business Trust, regarding the above referenced property. Please also find the completed Request for Waiver of Review (BOR) Hearing and the objection to Real Property Assessment.

We would like to waive the hearing of the attached objection. If the Waiver of Hearing is denied, we would like to request a telephone hearing with the Board of Review and have therefore enclosed a Request to Testify by Telephone.

Please let us know if you have any questions or require anything further from us. Thank you for your attention to this matter.

Very truly yours,



CAROLINE E. TIETJENS
Paralegal

Enclosures

Agent Authorization

for Property Assessment Appeals

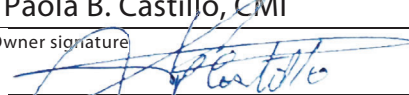
If an agent is representing the property owner or municipality, the property owner or municipality must provide prior written authorization for the agent to represent the company or municipality when contacting the reviewing authority.

Section 1: Property Owner and Property Information					
Company/property owner name Wal-Mart Real Estate Business Trust			Taxation district (Check one) <input type="checkbox"/> Town <input type="checkbox"/> Village <input checked="" type="checkbox"/> City Enter municipality → Neenah		County Winnebago
Mailing address P.O. Box 8050			Street address of property 1155 W. Winneconne Ave.		
City Bentonville	State AR	Zip 72716	City Neenah	State WI	Zip 53566
Parcel number 07-1010-00-00	Phone (479 374- 2274		Email Paola.Castillo0@walmart.com		Fax () -

Section 2: Authorized Agent Information					
Name / title Christopher L. Strohbahn, Russell J. Karnes, Andrew G. Frank, Hannah E. Rodriguez			Company name Mallery, s.c.		
Mailing address 731 North Jackson Street, Suite 900			Phone (414) 271 - 2424	Fax () -	
City Milwaukee	State WI	Zip 53202	Email cstrohbahn@mallerysc.com / rkarnes@mallerysc.com		

Section 3: Agent Authorization	
<p>Agent Authorized for: (check all that apply)</p> <p><input checked="" type="checkbox"/> Manufacturing property assessment appeals (BOA)</p> <p><input checked="" type="checkbox"/> Wisconsin Department of Revenue 70.85 appeals</p> <p><input checked="" type="checkbox"/> Municipal Board of Review</p> <p><input type="checkbox"/> Other _____</p>	<p>Enter Tax Years of Authorization</p> <p><u>2020-2026</u></p> <p>_____</p> <p>_____</p>
<p>Authorization expires: <u>12 - 31 - 2026</u> (unless rescinded in writing prior to expiration)</p> <p style="text-align: center;"><small>(mm - dd - yyyy)</small></p>	
<p>Send notices and other written communications to: (check one or both) <input checked="" type="checkbox"/> Authorized Agent <input type="checkbox"/> Property Owner</p>	

Section 4: Agreement/Acceptance
<p>I understand, agree and accept:</p> <ul style="list-style-type: none"> The assessor's office may divulge any information it may have on file concerning this property My agent has the authority and my permission to accept a subpoena concerning this property on my behalf I will provide all information I have that will assist in the discussion and resolution of any assessment appeal of this property Signing this document does not relieve me of personal responsibility for timely reporting changes to my property and paying taxes, or penalties for failure to do so, as provided under Wisconsin tax law A photocopy and/or faxed copy of this completed form has the same authority as a signed original If signed by a corporate officer, partner, or fiduciary on behalf of the owner, I certify that I have the power to execute this Agent Authorization form

Section 5: Owner Grants Authorization	
Owner Sign Here ▶	Owner name (please print) Paola B. Castillo, CMI
	Owner signature 
	Company or title Walmart Real Estate Business Trust - Senior Manager Prop. Tax
Date (mm-dd-yyyy) 04-10-2026	

Objection to Real Property Assessment

To file an appeal on your property assessment, you must provide the Board of Review (BOR) clerk written or oral notice of your intent, under state law (sec. 70.47(7)(a), Wis. Stats.). You must also complete this entire form and submit it to your municipal clerk. To review the best evidence of property value, see the Wisconsin Department Revenue's [Guide for Property Owners](#).

Complete all sections:

Section 1: Property Owner / Agent Information				* If agent, submit written authorization (Form PA-105) with this form			
Property owner name (on changed assessment notice) Wal-Mart Real Estate Business Trust				Agent name (if applicable) Mallery, s.c.			
Owner mailing address				Agent mailing address 731 N. Jackson St. Suite 900			
City Neenah	State WI	Zip		City Milwaukee	State WI	Zip 53202	
Owner phone (479) 374 - 2274		Email paola.castillo@mallerysc.com		Owner phone (414) 271 - 2424		Email dstrohbehn@mallerysc.com/ rkarnes@mallerysc.com	
Section 2: Assessment Information and Opinion of Value							
Property address 1155 West Winneconne				Legal description or parcel no. (on changed assessment notice) 07-1010-00-00			
City Neenah	State WI	Zip 53566		Your opinion of assessed value - Total \$6,520,000			
Assessment shown on notice - Total \$11,753,000							

If this property contains non-market value class acreage, provide your opinion of the taxable value breakdown:

Statutory Class	Acres	\$ Per Acre	Full Taxable Value
Residential total market value			
Commercial total market value			
Agricultural classification: # of tillable acres	@	\$ acre use value	
# of pasture acres	@	\$ acre use value	
# of specialty acres	@	\$ acre use value	
Undeveloped classification # of acres	@	\$ acre @ 50% of market value	
Agricultural forest classification # of acres	@	\$ acre @ 50% of market value	
Forest classification # of acres	@	\$ acre @ market value	
Class 7 "Other" total market value		market value	
Managed forest land acres	@	\$ acre @ 50% of market value	
Managed forest land acres	@	\$ acre @ market value	

Section 3: Reason for Objection and Basis of Estimate	
Reason(s) for your objection: (Attach additional sheets if needed) Value is excessive based on comparable big box stores and appraisals.	Basis for your opinion of assessed value: (Attach additional sheets if needed) Based on recent big box stores and appraisals.


Section 4: Other Property Information

A. Within the last 10 years, did you acquire the property? Yes No
 If Yes, provide acquisition price \$ _____ Date - - Purchase Trade Gift Inheritance
(mm-dd-yyyy)

B. Within the last 10 years, did you change this property (ex: remodel, addition)? Yes No
 If Yes, describe **Remodel**
 Date of changes 10-30-2018 Cost of changes \$ 163,840 Does this cost include the value of all labor (including your own)? Yes No
(mm-dd-yyyy)

C. Within the last five years, was this property listed/offered for sale? Yes No
 If Yes, how long was the property listed (provide dates) - - to - -
(mm-dd-yyyy) (mm-dd-yyyy)
 Asking price \$ _____ List all offers received _____

D. Within the last five years, was this property appraised? Yes No
 If Yes, provide: Date 03-16-2022 Value \$6,520,000 Purpose of appraisal Retrospective Market Valuation
(mm-dd-yyyy)
 If this property had more than one appraisal, provide the requested information for each appraisal. 07-24-2026 - \$6,520,000

Section 5: BOR Hearing Information	
A. If you are requesting that a BOR member(s) be removed from your hearing, provide the name(s): _____ Note: This does not apply in first or second class cities.	
B. Provide a reasonable estimate of the amount of time you need at the hearing <u>15</u> minutes.	
Property owner or Agent signature 	Date (mm-dd-yyyy) 05-13-2026

Request for Waiver of Board of Review (BOR) Hearing

Section 70.47 (8m), Wis. Stats., states, "The board may, at the request of the taxpayer or assessor, or at its own discretion, waive the hearing of an objection under sub. (8) or, in a 1st class city, under sub. (16) and allow the taxpayer to have the taxpayer's assessment reviewed under sub. (13). For purposes of this subsection, the board shall submit the notice of decision under sub. (12) using the amount of the taxpayer's assessment as the finalized amount. For purposes of this subsection, if the board waives the hearing, the waiver disallows the taxpayer's claim on excessive assessment under sec. 74.37(3) and notwithstanding the time period under sec. 74.37(3)(d), the taxpayer has 60 days from the notice of hearing waiver in which to commence an action under sec. 74.37(3)(d)."

NOTE: The legal requirements of the Notice of Intent to Appear must be satisfied and the Objection Form must be completed and submitted as required by law prior to the Request for Waiver of Board of Review Hearing being submitted.

NOTE: Request for Waiver must be presented prior to the commencement of the hearing.

Municipality <p style="text-align: center;">City of Neenah</p>	County <p style="text-align: center;">Winnebago</p>
Requestor's name <p style="text-align: center;">Wal-Mart Real Estate Business Trust</p>	Agent name (if applicable) * <p style="text-align: center;">Mallery, s.c.</p>
Requestor's mailing address <p style="text-align: center;">P.O. Box 8050 Bentonville, AR 72712</p>	Agent's mailing address <p style="text-align: center;">731 North Jackson Street, Suite 900 Milwaukee, WI 53202</p>
Requestor's telephone number (479) 374 - 2274 <input checked="" type="checkbox"/> Land Line <input type="checkbox"/> Cell Phone	Agent's telephone number (414) 271 - 2424 <input checked="" type="checkbox"/> Land Line <input type="checkbox"/> Cell Phone
Requestor's email address <p style="text-align: center;">paola.castillo@walmart.com</p>	Agent's email address <p style="text-align: center;">cstrohbehn@mallerysc.com/rkarnes@mallerysc.com</p>

Property address <p style="text-align: center;">1155 W. Winneconne Avenue, Neenah WI 54956</p>	
Legal description or parcel number <p style="text-align: center;">07-1010-00-00</p>	
Taxpayer's assessment as established by assessor – Value as determined due to waiving of BOR hearing \$ 11,753,000	
Property owner's opinion of value \$ 6,520,000	
Basis for request <p style="text-align: center;">To take matter directly to Circuit Court, as prior years are already in litigation.</p>	
Date Notice of Intent to Appear at BOR was given <p style="text-align: center;">05 - 08 - 2026</p>	Date Objection Form was completed and submitted <p style="text-align: center;">05 - 13 - 2026</p>

All parties to the hearing understand that in granting of this waiver there can be no appeal to the Department of Revenue under sec. 70.85, Wis. Stats. An action under sec. 70.47(13), Wis. Stats., must be commenced within 90 days of the receipt of the notice of the waiving of the hearing. An action under sec. 74.37(3)(d), Wis. Stats., must be commenced with 60 days of the receipt of the notice of the waiving of the hearing.



Requestor's / Agent's Signature

***If agent, attach signed Agent Authorization Form, PA-105**

Decision

Approved Denied

Reason _____

Board of Review Chairperson's Signature _____

Date _____

Taxpayer advised _____
Date _____

Request to Testify by Telephone or Submit a Sworn Written Statement at the Board of Review (BOR)

Section 70.47(8), Wis. Stats., states "...Instead of appearing in person at the hearing, the board **may** allow the property owner, or the property owner's representative, at the request of either person, to appear before the board, under oath, by telephone or to submit written statements, under oath, to the board. ..."

NOTE: The legal requirements of the Notice of Intent to Appear at the BOR must be satisfied and the Objection Form must be completed and submitted to the BOR as required by law prior to the Request to Testify by Telephone or Submit Sworn Written Statement form being submitted.

Municipality City of Neenah	County Winnebago
Property owner's name Wal-Mart Real Estate Business Trust	Agent name (if applicable) Mallery, s.c.
Owner's mailing address P.O. Box 8050 Bentonville, AR 72712	Agent's mailing address 731 North Jackson Street, Suite 900 Milwaukee, WI 53202
Owner's telephone number (479) 374- 2274	Agent's telephone number (414) 271-2424
<input checked="" type="checkbox"/> Land Line <input type="checkbox"/> Cell Phone	<input checked="" type="checkbox"/> Land Line <input type="checkbox"/> Cell Phone
Owner's email address paola.castillo@walmart.com	Agent's email address cstrohbehn@mallerysc.com/rkarnes@mallerysc.com

Please provide the following information on the property and the assessment to which you are objecting. *(Attach additional sheets, if necessary.)*

1. Property address 1155 West Winneconne Avenue
2. Legal description or parcel number from the current assessment roll 07-1010-00-00
3. Total Property Assessment \$11,753,000

4. If agent, attach signed Agent Authorization form, PA-105

Testify by telephone* Submit sworn written statement

Basis for request To save time and costs on travel, as matter is already in litigation in Circuit Court.

* If the request is approved, provide the best telephone number to reach you _____

Owner's or Agent's signature 	Date 05/13/2026
----------------------------------	---------------------------

For Board Use Only

Approved Denied

Reason _____

Taxpayer advised _____
Date _____

ADDENDUM

LIST OF ADDITIONAL AUTHORIZED AGENTS

<u>Name</u>	<u>Title</u>	<u>Company Name</u>	<u>Mailing Address</u>	<u>Email</u>	<u>Phone</u>
Christopher L. Strohbehn	Attorney	Mallery, s.c.	731 North Jackson Street, Suite 900, Milwaukee, WI 53202	cstrohbehn@mallerysc.com	414-271-2424
Russell J. Karnes	Attorney	Mallery, s.c.	731 North Jackson Street, Suite 900, Milwaukee, WI 53202	rkarnes@mallerysc.com	414-271-2424
Hannah E. Rodriguez	Attorney	Mallery, s.c.	731 North Jackson Street, Suite 900, Milwaukee, WI 53202	hrodriguez@mallerysc.com	414-271-2424
Bob Wentzel	Consultant	Alliance Property Consultants, Inc.	11985 Technology Drive, Suite 260, Eden, MN 55344	bobwentzel9@aol.com	952-942-6734
Bill Wentzel	Consultant	Alliance Property Consultants, Inc.	11985 Technology Drive, Suite 260, Eden, MN 55344	billw@alliancepropertyconsultants.com	952-942-6734

APPRAISAL REPORT

Retail Store
Located at 1155 W Winneconne Avenue
Neenah, Winnebago County, Wisconsin 54956

Date of Value
January 1, 2021



Bird's Eye View Facing West

Date of Report
March 16, 2022

Prepared for:
Mr. Brandon Caplena
Senior Manager - Real Estate Property Tax
WAL-MART REAL ESTATE BUSINESS TRUST
2608 SE J Street, Suite 2
Bentonville, Arkansas 72716-0555

By:
ALLEN & ASSOCIATES APPRAISAL GROUP, INC.

5700 Crooks Road, Suite 202
Troy, Michigan 48098
(248) 433-9630
www.allenappraisal.com



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March 16, 2022

Mr. Brandon Caplena
Senior Manager - Real Estate Property Tax
WAL-MART REAL ESTATE BUSINESS TRUST
2608 SE J Street, Suite 2
Bentonville, Arkansas 72716-0555

Re: Real property located at 1155 W Winneconne Avenue
Neenah, Winnebago County, Wisconsin 54956

Dear Mr. Caplena:

In accordance with your request, in this appraisal report, we have prepared an appraisal of the market value of the fee simple interest in and of the above referenced property located at 1155 W Winneconne Avenue in Neenah, Winnebago County, Wisconsin 54956. As of the date of value, the subject site consisted of one tax parcel with ± 16.44 acres of land. The subject building improvements consisted of one $\pm 203,669$ SF mega warehouse retail building.

The purpose of the appraisal is to estimate the market value of the fee simple interest in the property as of January 1, 2021. The function of this appraisal is for use in property tax review. The client is Walmart.

This report has been researched and to the best of our knowledge written in conformance with the requirements of the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute.

Neither all, nor any part of the contents of this report (especially conclusions as to value, the identity of the appraisers, or the firm with which they are connected, or any references to the Appraisal Institute, or to the MAI designation) shall be disseminated to the public through advertising media, news media, sales media, or any other public means of communication without prior written consent and approval of Allen & Associates.

The accompanying appraisal report, of which this letter is a part, describes in summary the site, methods of appraisal, and contains the pertinent data considered in reaching our value conclusions. The opinion of value is subject to the statement of assumptions and limiting conditions attached herewith.

Neither the name Allen & Associates, nor the material submitted in this report may be included in any prospectus or used in offerings or representations in connection with the sale of real estate, securities, or participation interests to the public without our expressed written permission.

This appraisal has been prepared for sole and exclusive use of *Walmart, its counsel, and Wisconsin Courts* for the purpose of property tax review. Use for any other purpose or by any other user is prohibited without the express written consent of the appraiser.

Based on our analysis, along with the basic assumptions and limiting conditions of the appraisal contained herein, it is our opinion that the market value of the fee simple interest in the subject property as of and January 1, 2021 was:

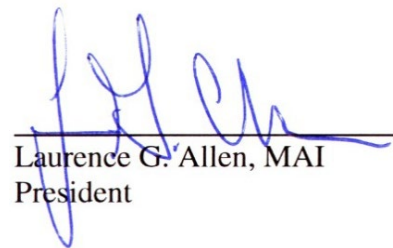
“RETROSPECTIVE” MARKET VALUE OF THE SUBJECT PROPERTY

AS OF JANUARY 1, 2021

SIX MILLION FIVE HUNDRED TWENTY THOUSAND (\$ 6,520,000) DOLLARS

The value estimates and conclusions include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market value concluded for the date of value in this report. The effect of this hypothetical condition is an increase in the market value determination. Additionally, the above value conclusion is subject to the extraordinary assumption that the property condition was as described in this report for the date of value. Further, the above value conclusion is subject to the jurisdictional exception created by the Wisconsin Constitution, state statutes, case law, and the Wisconsin Property Assessment Manual (WPAM) as discussed in the scope of the appraisal. The above value estimate should be reviewed within the context of the attached report and is subject to the assumptions and limiting conditions contained within the report.

Respectfully submitted:
ALLEN & ASSOCIATES



Laurence G. Allen, MAI
President

Certified General Appraiser
State of Wisconsin #2191-10
Expiration Date: December 14, 2023

Attachments

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Summary of Salient Facts and Conclusions

Property Location:	1155 W Winneconne Avenue Neenah, Winnebago County, Wisconsin 54956
Parcel ID Number(s):	807-1010-00-0
Date of Report:	March 16, 2022
Date of Value:	January 1, 2021
Interest Appraised:	Fee Simple
Highest and Best Use:	
As Vacant:	Retail development
As Improved:	Retail use
Site Description:	
Land Area:	±16.44 acres
Shape:	Irregular
Zoning:	I-1, Planned Business Center District
Frontage:	W. Winneconne Ave.
Access:	W. Winneconne Ave. & Tullar Rd.
Parking Spaces:	±938 provided.
Flood Hazard:	Zone X, based on maps #55139C0111E
Building Description:	
<u>Mega Warehouse Store:</u>	
Type:	One-story Class C
Quality:	Average Cost (based upon MVS)
Framing:	Steel
Exterior Walls:	Primarily concrete block walls with minimal EIFS
Gross Building Area	±203,669 SF
Year Built:	2003
Estimated Physical Age:	17 years as of January 1, 2021

Market Value Conclusions:

Retrospective Valuation Conclusions	
Date of Value	January 1, 2021
Sales Comparison Approach	\$6,520,000
Income Approach	\$6,770,000
<u>Cost Approach</u>	<u>\$6,820,000</u>
Reconciled Market Value of Subject Property	<u><u>\$6,520,000</u></u>

The value estimates and conclusions include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market value concluded for the date of value in this report. The effect of this hypothetical condition is an increase in the market value determination. Additionally, the above value conclusions are subject to the extraordinary assumption that the property condition was as described in this report for the date of value. Further, the above value conclusions are subject to the jurisdictional exception created by the Wisconsin Constitution, state statutes, case law, and the Wisconsin Property Assessment Manual (WPAM) as discussed in the scope of the appraisal. The above value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Identification of the Subject Property

The subject property is located at 1155 W Winneconne Avenue in Neenah, Winnebago County, Wisconsin 54956. A legal description for the subject can be found in the addendum of this report.

Property Rights Appraised

The property rights appraised include the fee simple interest, including all rights in realty encumbered by applicable zoning and building code regulations and other government restrictions.

Scope of the Appraisal

The scope of this assignment consists of a market value appraisal of the fee simple interest in the subject real property (“as is”) considering the cost, income, and sales comparison approaches to value. The intended users of this report are *Walmart, its counsel, and Wisconsin Courts* for the purpose of property tax review.

The scope of work is based upon guidelines set forth by the Wisconsin Property Assessment Manual (WPAM) and Wisconsin case law as it pertains to property assessment; most notably the Markarian Theory which is explained as follows.

To determine market value for property tax assessment purposes, the WPAM sets forth a “three-tiered methodology for assessing real property’s full value at private sale.” *Nestle USA, Inc. v. Wis. Dept. of Revenue*, 331 Wis.2d 256, 273, 795 N.W.2d 46, 54 (2011) (citing *Markarian v. City of Cudahy*, 45 Wis.2d 683, 686, 173 N.W.2d 627 (1970)). The court in *Nestle* explains: “[**Tier 1:**] Evidence of a recent arm's-length sale of the subject property is the best evidence of full value. [**Tier 2:**] If the subject property has not been recently sold, then an assessor must consider sales of reasonably comparable properties. [**Tier 3:**] Only in situations where there has been no arm's-length sale of the subject property and there are no reasonably comparable sales may an assessor use one of the third-tier assessment methods.” *See also* 2021 WPAM 9-23 (summarizing the Markarian Hierarchy as follows: “Assessors, and appraisers valuing property for assessment purposes, must use the ‘Markarian hierarchy’ in valuing real property. [**Tier 1:**] The Markarian hierarchy requires assessors to first use a recent arm's length sale of the subject property. [**Tier 2:**] If there is no such sale, the next step is to use recent comparable sales of other properties. [**Tier 3:**] Only if there are no recent comparable sales of other properties should the assessor proceed to other indicators of value that include the income and cost approaches to value.” (citing *Markarian v City of Cudahy*, 45 Wis. 2d 683, 686 173 N.W.2d 627 (1970)).

The 2021 WPAM explains further:

“Appraisers typically use the sales comparison approach in markets where adequate sales exist. They typically use the cost approach in cases of new or special purpose structures or where limited sales or rental data activity exist. Appraisers typically use the income approach for income-producing properties and when an active rental market exists. It is also important

to understand which valuation approach buyers and sellers rely on when they interact in the marketplace. For example, buyers and sellers of income-producing property may place the most reliance on the income approach because it explicitly considers the net income of the property. Usually, more than one – and often all three – of the approaches apply to a given property. The only limiting factor: whether available and appropriate data exists to develop any and all approaches.

Given the data used and the type of property appraised, the appraiser must consider how well each method employed estimates the market value of the property. How does the appraiser determine which approach or approaches are most reliable? The best guidance that can be offered is to review market activity for the subject and determine the attributes by which the market uses to evaluate alternative real estate decisions. Generally, the greatest weight should be placed on the approach for which the greatest amount of reliable and appropriate data is available that will yield the highest degree of confidence. The final value estimate may be the value estimate derived from one of the approaches or may be a careful reconciliation of the applicable approaches.” WPAM 9-23 (WPAM 2021).

As a result of the aforementioned guidelines as set forth in the state statutes, case law and Wisconsin Property Assessment Manual (WPAM) as discussed in the scope of the appraisal, as it pertains to property assessment, this appraisal is subject to a jurisdictional exception. The jurisdictional exception results from relying solely on the value derived from the Sales Comparison Approach when additional approaches to value may also produce credible results. Because only the Sales Comparison Approach is considered in the reconciliation, this may violate Standard Rule 1-6, which states:

In developing a real property appraisal, an appraiser must:

- (a) reconcile the quality and quantity of data available and analyzed within the approaches used; and
- (b) reconcile the applicability or suitability of the approaches used to arrive at the value conclusion(s).

The following bullet points provide additional detail related to the scope that was utilized in this appraisal.

- ***Extent to which the property is identified:*** We were provided with a site plan, building sketch, project overview plan, legal description, and floor plan of the property from Walmart and reviewed municipal parcel boundary sketches. We did not perform a title search or survey of the subject property.
- ***Extent to which tangible property is inspected:*** In preparing this appraisal, we examined the subject property (December 2020) and walked the site and the interior/exterior of the building. We were able to access the entire interiors of the buildings which was facilitated by Walmart employees. We researched the immediate area surrounding the subject property via physical examinations, including the comparables noted in this report. The property was in average condition as of the date of this visit and is assumed to be in average condition as of the date of value.

Our examination of the subject property was done in order to develop impressions of the physical characteristics based on visual observations of apparent, not unapparent conditions. We are not licensed engineers and are not qualified to assess structural integrity or the adequacy and condition of its mechanical, electrical, or plumbing components. This appraisal is not a property condition report and should not be relied upon to disclose any conditions present in the property, and it does not guarantee the property to be free of defects. We are not licensed inspectors, and we did not make an “inspection” of the property as defined by Wisconsin law.

We are not qualified to detect or identify hazardous substances, which may, or may not, be present on, in, or near the subject property. The presence of hazardous materials may negatively affect market value. We have no reason to suspect the presence of hazardous substances, and we valued the subject assuming that none are present. No responsibility is assumed for any such conditions or for any expertise or engineering required to detect or discover them. We urge the user of this report to obtain the services of specialists for the purpose of conducting inspections, engineering studies, or environmental audits. While we refer to FEMA flood maps, we are not surveyors and not qualified to make flood plain determinations, and we recommend that a qualified party be consulted before any investment decision is made.

- **Valuation:** The valuation section of this report was developed considering all three traditional valuation methodologies: the income, sales comparison, and cost approaches. In the case of the subject property, the sales comparison income and cost approaches were applied. The approaches were developed on an “as is” basis, as of January 1, 2021 for the existing building and its site.
- **Acknowledgement:** Mark D. Wiley has assisted in the fieldwork, analysis, and draft of this report; we would like to recognize his contribution to the report. Laurence G. Allen, MAI has personally examined the subject property.

Statement of Competency

Allen and Associates has performed numerous appraisals of similar properties in Wisconsin, around the Midwest and the country for various functions including, but not limited to: mortgage financing, estate planning, property tax review and litigation. As a result, we are well qualified to perform this assignment.

Intended Use/Intended Users

This appraisal has been prepared for *Walmart, its counsel, and Wisconsin Courts* for the purpose of property tax review. Use by any other user or for any other purpose is prohibited without the express written consent of the appraiser.

Definition of Fee Simple

A fee simple interest is defined in The Dictionary of Real Estate Appraisal, Seventh Edition, (Appraisal Institute, 2022) as:

“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”.

The 2021 Wisconsin Property Assessment Manuals (Glossary, page 35 or G-35) defines fee simple as “In land ownership, complete interest in a property, subject only to governmental powers.”

Definition of Real Property

Under Wisconsin Statute § 70.03, “[r]eal property...includes not only the land itself but all buildings and improvements thereon, and all fixtures and rights and privileges appertaining thereto.” (2021 WPAM Ch.9, p.8).

Purpose and Function of the Appraisal

The purpose of the appraisal is to provide an estimate of the “as is” fee simple market value of the subject property as of January 1, 2021. The function of this appraisal is for use in property tax review.

Date of Report

The date of this report is March 16, 2022.

Date of Value

The “as is” retrospective date of value is January 1, 2021.

Exposure Time

Exposure time is defined by The Dictionary of Real Estate (7th Edition) as “The time a property remains on the market.”

The market value estimate is based upon an exposure time of 12-24 months. This is based upon our review of sales and discussions with brokers relative to this type of property.

Definition of Market Value

Real property must be valued at market value. See Wis. Stat. § 70.32(1) (stating that property must be valued at “the *full value* which could ordinarily be obtained therefore at private sale” (emphasis added)).

Market value means “the most probable price paid by a willing buyer to a willing seller in an arm’s-length transaction.” 2021 WPAM 9-8.

The WPAM explains: “The goal of the assessor is to estimate the current market value of the bundle of rights for a particular property, considering only those rights and privileges that the owner, or beneficial owner, can transfer to a willing buyer in an arm’s-length transaction.” 2021 WPAM 9-8.

Additionally, “when applying the market value standard, the assessor must base the value of a property on the arm’s-length sale price of the subject property or the sales of reasonably comparable properties, if available. Therefore, the assessment of any property should reflect the arm’s-length sale price of the subject, or its probable selling price if no sale has occurred.” 2021 WPAM 9-8.

Further, the WPAM’s expanded definition of 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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

2021 WPAM Glossary, Page 4

Ownership and Sales History of the Property

In accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute, for a property, such as the subject, the appraiser must consider and analyze any prior sales of the property, which have occurred within the last three years, as well as any current agreements of sale, options, or listings of the property.

As of the date of value (January 1, 2021), Walmart used the subject property to conduct its retail business. Walmart has owned the subject property for more than three years preceding the date of value. The appraiser is aware of no offers for sale or purchase involving the subject property in the three years preceding the date of value.

Statement of Assumptions and Limiting Conditions

1. The title to the subject property is merchantable and the property is free and clear of all liens and encumbrances, except as noted.
2. No liability is assumed for matters legal in nature.
3. Ownership and management are assumed to be in competent and responsible hands.
4. No survey has been made. Dimensions are as supplied by others and are assumed to be correct.
5. The appraisal was prepared solely and exclusively for *Walmart, its counsel, and Wisconsin Courts*, for the purpose of property tax review and should not be used for any other reason or by any other user without the express written consent of the appraiser.
6. All direct and indirect information supplied by the owner and their representatives concerning the subject property is assumed to be true and accurate.
7. No responsibility is assumed for information supplied by others, which is believed to be reliable and correct. This includes zoning and tax information provided by municipalities and the county.
8. The signatories shall not be required to give testimony or attend court or be at any governmental hearing with references to the said properties unless prior arrangements have been made with the client.
9. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.
10. The legal description is assumed to be accurate.
11. This report specifically assumes that there are no site, subsoil, or building contaminants present resulting from residual substances or construction materials, such as asbestos, radon gas, PCB, etc. It is suggested that if there are concerns regarding these issues, that an environmental report be obtained. Should any of these factors exist, the appraiser reserves the right to review these findings, review the value estimates, and change the estimates, if deemed necessary.
12. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA.
13. The concluded value estimates include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market values concluded in this report. Without this hypothetical condition, the property taxes would be based upon an assessed value that exceeded the market value. The additional tax expense would result in a buyer

paying less for a property as a result of the additional expense. The value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report. The effect on the value of this assumption is an increase in the concluded market value for the Date of Value.

14. The value conclusions are subject to the extraordinary assumption that the property condition was as described in this report for the Date of Value. If this assumption were not correct the final conclusions of value could be affected.
15. As a result of the guidelines as set forth in the Wisconsin, statutes, case law and the Wisconsin Property Assessment Manual (WPAM) as discussed in the scope of the appraisal, as it pertains to property assessment, this appraisal is subject to a jurisdictional exception. The jurisdictional exception results from relying solely on the value derived from the Sales Comparison Approach when additional approaches to value may also produce credible results. Because only the Sales Comparison Approach is considered in the reconciliation, this may violate Standard Rule 1-6, which states:

In developing a real property appraisal, an appraiser must:

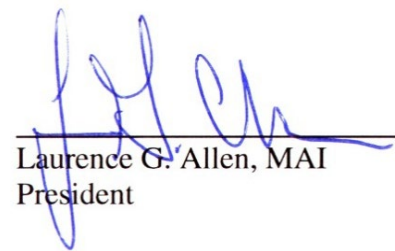
- (a) reconcile the quality and quantity of data available and analyzed within the approaches used; and
- (b) reconcile the applicability or suitability of the approaches used to arrive at the value conclusion(s).

Certification

1. We have no present or contemplated future interest in the subject of this appraisal.
2. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
3. To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions, and conclusions expressed herein are based, are true and correct.
4. This appraisal report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned), affecting the analysis, opinions, and conclusions contained in this report.
5. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice. This report, to the best of our knowledge, is in compliance with the applicable Standards Rules of Standard 1 and Standard 2 of the current edition of the Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of The Appraisal Foundation.
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. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
8. No one other than the undersigned completed the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report. Mark Wiley has assisted in the fieldwork, analysis, and draft of this report; we would like to recognize his contribution to the report. Laurence G. Allen, MAI has personally inspected the property.
9. The Appraisal Institute conducts a voluntary program of continuing education for its members. Laurence G. Allen, MAI is currently certified under this program.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives, except when such disclosure to a committee would violate applicable law or regulation.
11. The appraisal assignment was not based upon a minimum valuation, a specific valuation, or approval of a loan.

12. The appraiser has performed no appraisal service, 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 acceptance of this assignment.
13. Appraisers are licensed and regulated by the Wisconsin Department of Safety and Professional Services, P.O. Box 8935, Madison, Wisconsin 53703. Laurence G. Allen, MAI is presently licensed as a Certified General Real Estate Appraiser in the State of Wisconsin and several other states, which allows him to appraise of all types of real estate.

Allen & Associates:



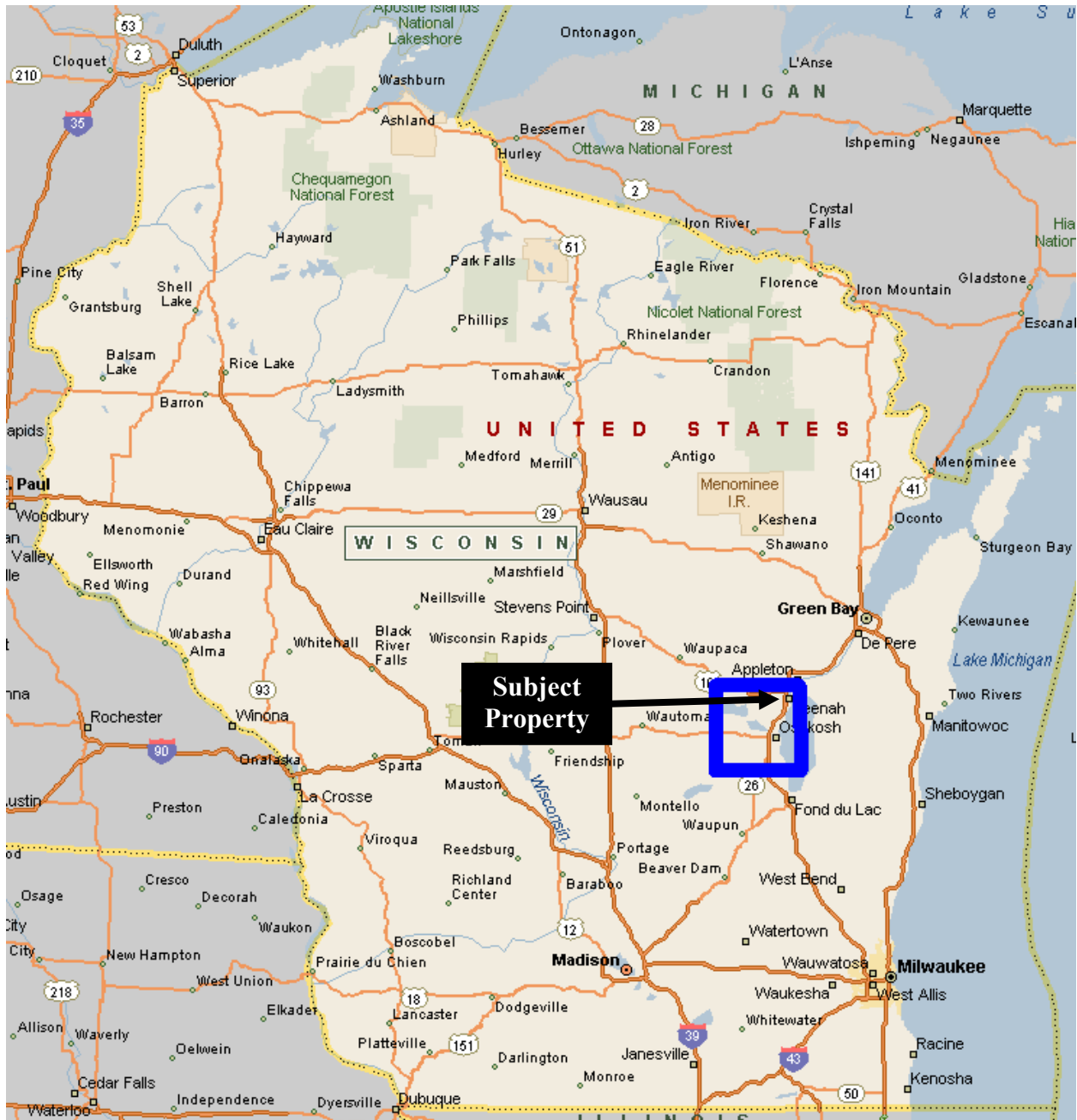
Laurence G. Allen, MAI
President

Certified General Appraiser
State of Wisconsin #2191-10
Expiration Date: December 14, 2023

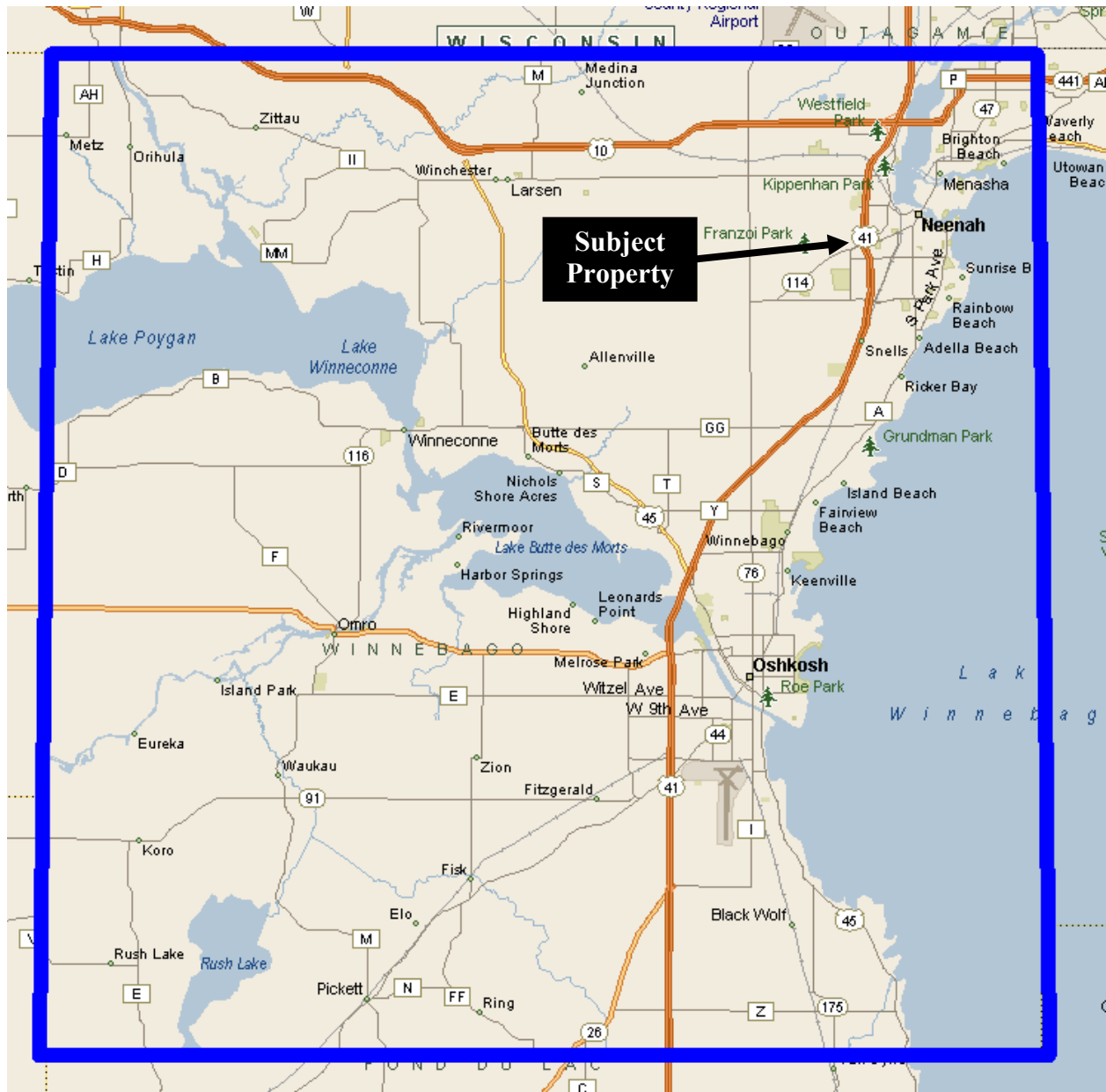
Area Description

The subject property is located in the Oshkosh-Neenah, Wisconsin Metropolitan Statistical Area in Wisconsin. According to the Office of Management and Budget, the county included in this statistical area is Winnebago County. In this section we analyze the regional economy and the relevant economic factors affecting the Oshkosh-Neenah, WI MSA as well as the State of Wisconsin and the United States.

Map of Wisconsin with Metropolitan Statistical Area Outlined in Blue



Map of the Oshkosh-Neenah, Wisconsin MSA – Outlined in Blue



The metropolitan area has several highways that extend through the area, the largest of which are Interstate 41, which connects the area with Green Bay to the north and the Milwaukee area to the south, and US-10, which connects the area with Stevens Point to the west. Overall, the MSA has average access to the highway system.

The largest commercial passenger airport servicing the area is Green Bay Austin Straubel International Airport, which is a primary commercial service-non hub airport located approximately 30 driving miles northeast of Neenah.

The subject is located in northeast Winnebago County and the following are approximate driving distances from the subject property to other major cities:

Downtown Milwaukee, WI:	100
Madison, WI:	100
Green Bay, WI:	40
Chicago, IL:	185
Minneapolis, MN:	285

Key Economic Indicators

Population, households, household income, and consumer spending are among key measures of an area’s economic status. Future trends can determine the direction of the area’s growth. Current figures and projections of the population, households and income are provided by the Site to Do Business for the United States, the State of Wisconsin, and the Oshkosh-Neenah MSA, as noted on the following table.

Key Economic Indicators					
	2010	2020	Annual % change	2025	Annual % change
Population					
Oshkosh-Neenah, WI MSA	166,994	173,572	0.39%	177,453	0.45%
State of Wisconsin	5,686,986	5,902,099	0.38%	6,026,514	0.42%
United States	308,745,538	333,793,107	0.81%	346,021,282	0.73%
Households					
Oshkosh-Neenah, WI MSA	67,875	71,777	0.57%	73,719	0.54%
State of Wisconsin	2,279,768	2,391,911	0.49%	2,450,682	0.49%
United States	116,716,292	126,083,849	0.80%	130,658,485	0.73%
Median Household Income					
Oshkosh-Neenah, WI MSA		\$56,431		\$59,646	1.14%
State of Wisconsin		\$60,185		\$64,789	1.53%
United States		\$62,203		\$67,325	1.65%
Average Consumer Spending Per Household					
Oshkosh-Neenah, WI MSA	\$41,442				
State of Wisconsin	\$45,422				
United States	\$50,428				

Source: Site to Do Business, Allen & Associates

For the Oshkosh-Neenah MSA, the population and the number of households increased from 2010 to 2020, at rates similar to those of the state and less than those of the nation over the same period. Further, the population and number of households for the MSA are projected to grow at rates similar to those of the state and less than those of the nation through 2025. The median household income (MHHI) in the MSA is less than that of the state and that of the nation. The MSA’s MHHI is projected to grow a rate less than those of Wisconsin and of the nation. The

estimated average consumer spending in the MSA is lower than that of the state and that of the nation.

Economic Base

An economic base analysis evaluates the industries and economic activities that generate employment, income, and population growth in a region. *Basic* sources of employment are those generators that bring money from outside of the local economy into the local market. *Nonbasic* goods and services are both sold and consumed by the local population. Because of these characteristics, Basic industries determine both the population growth and the wealth of the population. The larger basic employers in the MSA include Oshkosh Corp., Bemis, UW-Oshkosh, and US Bank among others.

Another way to understand the economic base of the metropolitan area is to look at its largest employers. As obtained from the *Oshkosh Economic Development Corporation*, the following are the principal employers in the area as of 2016:

COMPANY	INDUSTRY	# OF EMPLOYEES
Oshkosh Corporation	Specialized trucks	2,800
Bemis (all Oshkosh locations)	Packaging tape/plastic film	2,300
UW Oshkosh	Education	1,327
Oshkosh Area School District	Education	1,290
US Bank (all Oshkosh locations)	Financial institution	1,144
Winnebago County	Government	1,018
Aurora Medical Center & Aurora Medical Group	Health care	870
4imprint	Advertising specialties	729
Winnebago Mental Health Institute	Health care	702
Affinity – Mercy Medical Center	Health care	688
Silver Star Brands	Mail order distribution	650
City of Oshkosh	Government	569
Clarity Care	Health care	569
Oshkosh Correctional Institution	Corrections	502
Hoffmaster Group	Paper specialties	444
Walmart Super Center	Department stores	318

Overall, there is a balanced mix of basic and nonbasic employers in the area.

The following table presents historic trends in establishment-based employment data for the MSA from 2010 through 2020.

Annual Average Employment, Establishment-Based	
Oshkosh-Neenah, WI MSA	
2010-2015	
2010 Employment	85,419
2015 Employment	87,453
2010-2015 Change, #	2,034
2010-2015 Total Change, %	2.4%
2015-2020	
2015 Employment	87,453
2020 Employment	86,270
2015-2020 Change, #	-1,183
2015-2020 Total Change, %	-1.4%

Source: Bureau of Labor Statistics, Allen & Associates

In response to the economic crash of 2008, the area’s total employment decreased to a figure of 85,419 persons in 2010. Overall, the area’s employment rebounded and grew by approximately 2.4%, or an average of 0.48% per year, from 2010 to 2015. The area’s number of employed continued to grow through 2017 and then declined in each of the years from 2018 to 2020, with the largest drop in 2020 as a result of the Covid-19 pandemic. Additionally, the total employment of 86,270 persons in 2020 represents 1% increase over the 2010 employment of 85,419.

According to the Office of Economic Advisors, Wisconsin, the outlook for the area is projected to continue growing. The Office of Economic Advisors, Wisconsin has projected the change in industries in the state and area through 2028, which are presented in the following tables.

STATE OF WISCONSIN WORKFORCE DEVELOPMENT AREA LONG TERM INDUSTRY PROJECTIONS, 2018-2028				
STATE OF WISCONSIN				
Industry	2018 Employment	2028 Projected Employment	Employment Change (2018-2028)	Percent Change (2018-2028)
Total All Industries	3,160,935	3,272,861	111,926	3.54%
Goods Producing	643,484	659,966	16,482	2.56%
Natural Resources and Mining	42,676	46,092	3,416	8.00%
Construction	122,293	135,294	13,001	10.63%
Manufacturing	478,515	478,580	65	0.01%
Services Providing	2,365,177	2,453,586	88,409	3.74%
Trade, Transportation, and Utilities	555,753	555,749	-4	0.00%
Information	47,156	48,524	1,368	2.90%
Financial Activities	152,825	156,164	3,339	2.18%
Professional and Business Services	327,663	345,642	17,979	5.49%
Education and Health Services	665,133	712,496	47,363	7.12%
Leisure and Hospitality	288,704	303,565	14,861	5.15%
Other Services (except Government)	158,175	162,135	3,960	2.50%
Government	169,768	169,311	-457	-0.27%
Self-Employed	152,274	159,309	7,035	4.62%

FOX VALLEY WORKFORCE DEVELOPMENT AREA LONG TERM INDUSTRY PROJECTIONS, 2018-2028				
WDA4: CALUMET, FOND DU LAC, GREEN LAKE, WAUPACA, WAUSHARA AND WINNEBAGO COUNTIES				
Industry	2018 Employment	2028 Projected Employment	Employment Change (2018-2028)	Percent Change (2018-2028)
Total All Industries	211,888	218,133	6,245	2.95%
Goods Producing	61,740	63,028	1,288	2.09%
Natural Resources and Mining	4,197	4,363	166	3.96%
Construction	9,658	11,053	1,395	14.44%
Manufacturing	47,885	47,612	-273	-0.57%
Services Providing	138,404	143,807	5,403	3.90%
Trade, Transportation, and Utilities	32,606	32,849	243	0.75%
Information	3,135	2,995	-140	-4.47%
Financial Activities	7,828	7,896	68	0.87%
Professional and Business Services	16,534	17,571	1,037	6.27%
Education and Health Services	38,984	41,773	2,789	7.15%
Leisure and Hospitality	16,495	17,425	930	5.64%
Other Services (except Government)	12,026	12,504	478	3.97%
Government	10,796	10,794	-2	-0.02%
Self-Employed	11,744	11,298	-446	-3.80%

As shown in the previous tables, the employment growth (%) in the area is projected to slightly lag the employment in the overall state by approximately 0.6% (3.54% vs. 2.95%). In the state and the MSA, the Service-Providing Industries rather than the Goods-Producing Industries is the larger employment sector and is expected to continue to dominate the state and region’s employment through 2028. In the region, by percentage, the largest expected growth is projected to be in the Construction sector followed by the Education and Health Services sector, while the Education and Health Services and Construction sectors are expected to have the largest growth in number of employees.

Employment, Population Based

The Oshkosh-Neenah MSA number of employed persons has fluctuated. From 2013 through 2017, the area’s number of employed trended upward but declined in each year from 2018 through 2020. In response to the Covid-19 pandemic in 2020, the total number of persons employed declined by a larger number in 2020 than in 2018 and 2019. Since 2014, the area’s unemployment rate has been lower than those of the state and national rates; it has generally trended in movement with the state and national trend, as the following table and chart illustrate.

**Annual Average Employment - Population-Based
Oshkosh-Neenah, WI MSA**

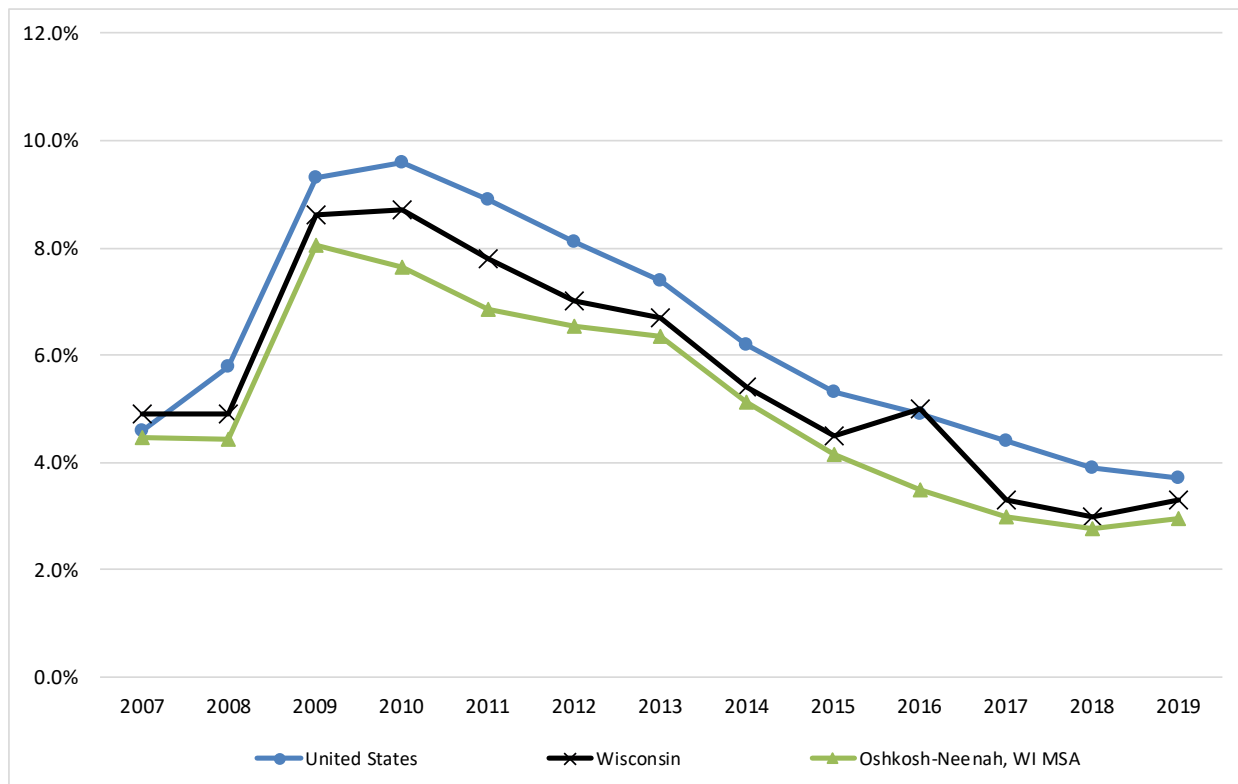
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2004	91,470	87,262	4,208	4.60%
2005	91,444	87,390	4,054	4.43%
2006	92,589	88,505	4,084	4.41%
2007	93,680	89,486	4,194	4.48%
2008	94,585	90,394	4,191	4.43%
2009	95,576	87,892	7,684	8.04%
2010	92,492	85,419	7,073	7.65%
2011	92,192	85,864	6,328	6.86%
2012	92,400	86,346	6,054	6.55%
2013	91,645	85,832	5,813	6.34%
2014	91,483	86,781	4,702	5.14%
2015	91,233	87,453	3,780	4.14%
2016	92,838	89,604	3,234	3.48%
2017	93,311	90,538	2,773	2.97%
2018	91,785	89,260	2,525	2.75%
2019	91,079	88,386	2,693	2.96%
2020	91,236	86,270	4,966	5.44%

Source: Bureau of Labor and Statistics

In the following chart the unemployment rate in the MSA is compared to the unemployment rates in the Wisconsin and the United States. In recent years, generally, the MSA unemployment rate has been below that of the State of Wisconsin and that of the United States. Further, the recent employment figures for the MSA are similar to the employment figures prior to the 2008 economic crash, while the total numbers in the workforce have trended downward. The decline in the area’s unemployment rate has been a function of both a slightly upward trending

employment figure and a slightly declining workforce. There was a decline in the total number of persons employed in 2018, 2019 and 2020.

Unemployment, Population-Based Annually 2007-2019
United States, Wisconsin, Oshkosh-Neenah MSA



Source: Bureau of Labor & Statistics

The annual average unemployment rate in the Oshkosh-Neenah, WI area was 5.44% as of 2020.

Economic Activity

Based upon a review of the employment figures, Oshkosh-Neenah, WI was impacted by the economic downturn that began in 2008, along with the state and the nation. However, from 2013 through 2020, the MSA, state and nation have experienced positive overall GDP. From 2013-2020, the growth in GDP for the MSA was less than that of the state and that of the nation. At the following table indicates, both the state and the nation experienced negative growth in gross domestic product in 2020, as a result of the global Covid-19 pandemic.

Year	Oshkosh-Neenah, WIMSA	Wisconsin	United States
2014	1.92%	2.32%	2.53%
2015	-1.24%	2.21%	3.08%
2016	4.16%	1.06%	1.71%
2017	-1.10%	0.97%	2.33%
2018	3.02%	3.27%	3.00%
2019	2.24%	1.41%	2.16%
2020	-4.14%	-4.50%	-3.49%
2013-2020	4.69%	6.72%	11.70%

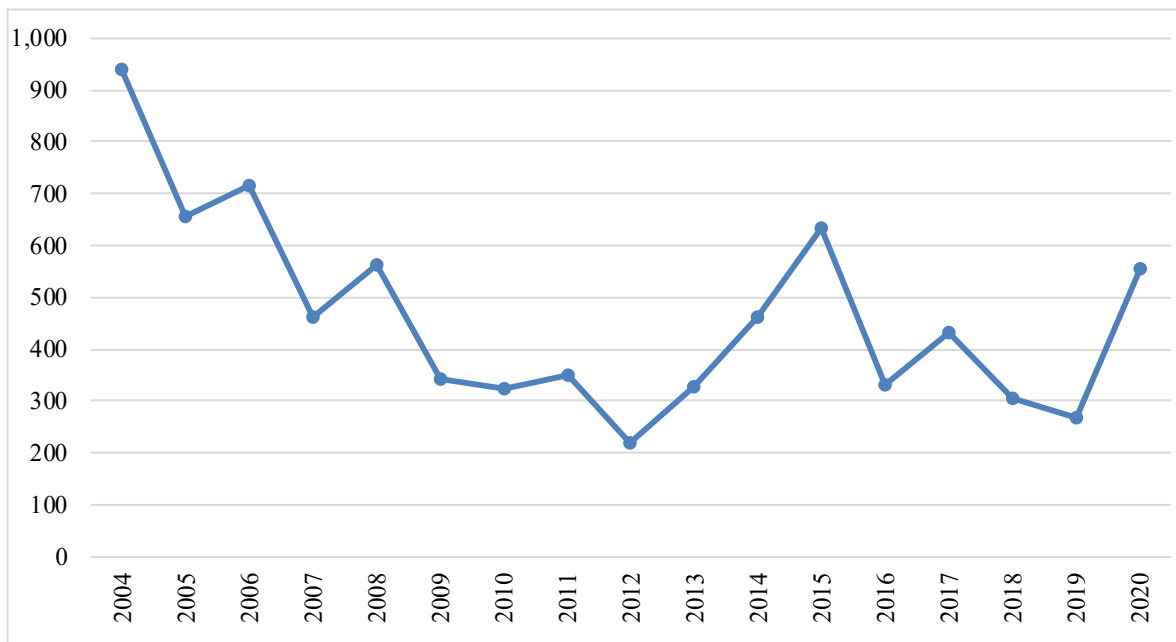
Source: Bureau of Economic Analysis

Residential Permits

The following table and chart display the annual residential permit data for the Oshkosh-Neenah, WI area between 2004 and 2020.

Total Residential Permits (Living Units) Oshkosh-Neenah, WI MSA					
Year	Total	Single Family	Multi Family	Single Family	Multi Family
2004	941	707	234	75.1%	24.9%
2005	655	483	172	73.7%	26.3%
2006	714	367	347	51.4%	48.6%
2007	462	348	114	75.3%	24.7%
2008	563	347	216	61.6%	38.4%
2009	342	204	138	59.6%	40.4%
2010	324	220	104	67.9%	32.1%
2011	350	165	185	47.1%	52.9%
2012	220	196	24	89.1%	10.9%
2013	327	251	76	76.8%	23.2%
2014	461	229	232	49.7%	50.3%
2015	632	227	405	35.9%	64.1%
2016	331	242	89	73.1%	26.9%
2017	432	238	194	55.1%	44.9%
2018	306	199	107	65.0%	35.0%
2019	266	178	88	66.9%	33.1%
2020	554	252	302	45.5%	54.5%

Source: US Census Bureau



In 2020, 554 residential permits were authorized in the Oshkosh-Neenah, WI area, of which 252 or 46% were for single-family permits. Since the peak in the early 2000s, the number of

residential permits in the area substantially declined through the early 2010s and have fluctuated in recent years yet the figures remain much lower than the figures from the early 2000s.

Area Conclusions

The following is a summary of our observations regarding the Oshkosh-Neenah, WI area economy and its outlook:

- The region's population and households have been slowly growing and are projected to slowly grow through 2025, at rates similar to those of the MSA and less than those of the nation.
- The median household income in the area, which is lower than that of the state and that of the nation, is projected to grow by 1.14% per year, which is less than that of the state and that of the nation.
- The average consumer spending in the MSA is lower than that of the state and that of the nation.
- The annual establishment-based employment figures for the MSA grew from 2010-2015. The employment figures for the MSA declined from 2015-2020. The number of people employed in 2020 was almost the same as in 2010.
- The largest growing employment industry sectors through 2028 in the MSA are projected to be the Construction sector (14% growth) and the Education and Health Services sector (2,789 new jobs).
- The annual average unemployment rate among the area's residents rose substantially from 2008 through 2009 as the economies in the county, state and nation crashed. As these economies improved, the unemployment percentages have improved as have the numbers in the number of persons employed in spite of a stagnant labor force.
- Overall, from 2013 through 2019 there was positive overall growth in the Gross Domestic Product in the MSA, state and nation with the MSA experiencing less growth over this period of time. However, in 2020, the MSA, the state and the nation experienced negative growth in their GDPs.
- Residential housing building permits declined through 2012, after peaking in the early 2000s. The annual building permits from 2012 through 2020 are less than pre-recession levels.

City of Neenah, WI

The city of Neenah is located in northeastern Winnebago County. As of 2019, the population of Neenah was estimated at 26,300 persons. Additionally, according to the US Census Bureau QuickFacts, the median household income in Neenah was \$59,820 as of 2019, compared to \$58,543 for Winnebago County. Further, it is estimated that 13% of the population in Neenah was below the poverty level from 2015 to 2019. This is above than the

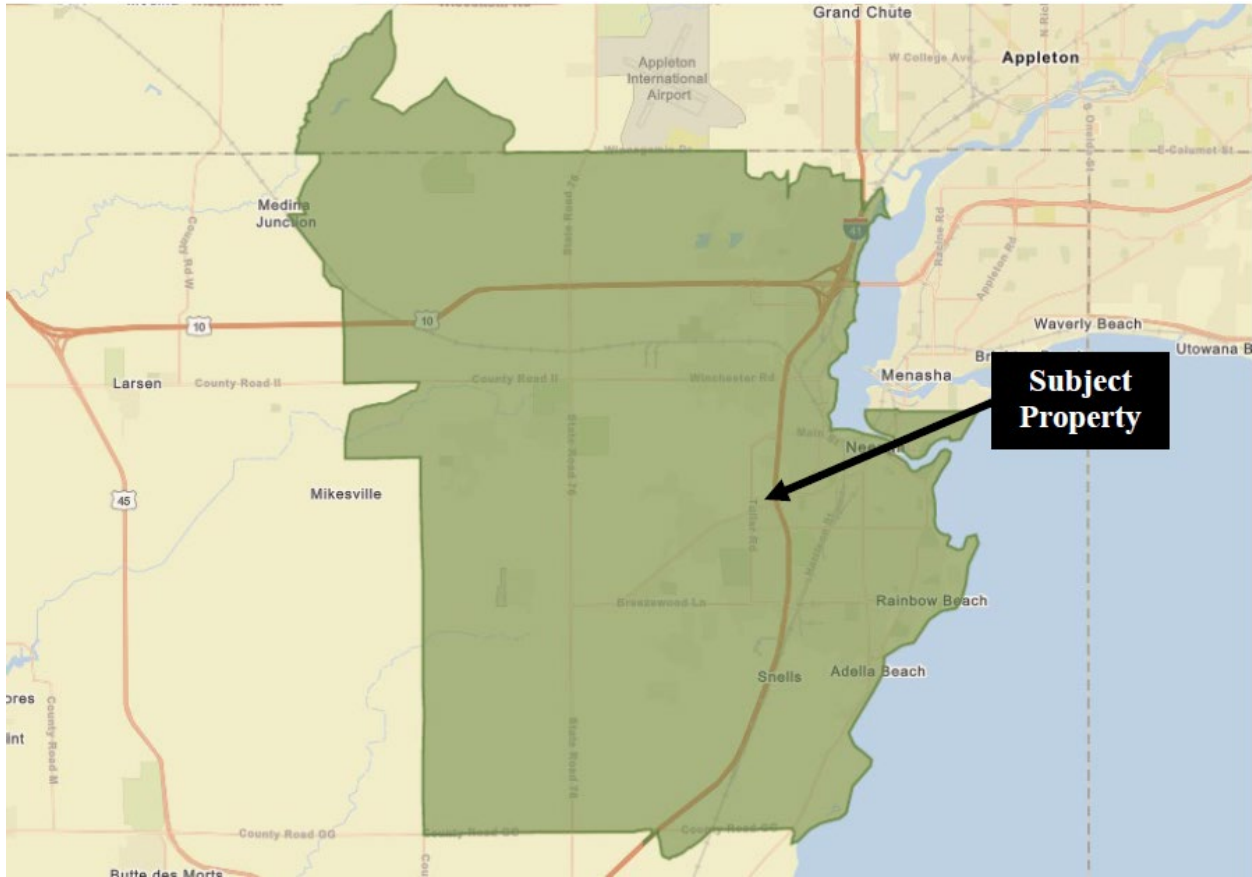
percentage for that of the county (10%) and the more than that of the state of Wisconsin (10%) for the same period of time.

Winnebago County and Neenah (Zip Code 54956) Indicators

In addition to the regional indicators for the State of Wisconsin, statistics for Winnebago County (Oshkosh-Neenah MSA) and the subject’s zip code (54956) within Neenah have also been reviewed by the appraiser. The following table presents data pertaining to these areas. A map of the subject zip code also follows this table.

Key Economic Indicators					
	2010	2020	Annual % Change	2025	Annual % Change
Population					
54956 (Neenah)	42,911	45,768	0.67%	47,189	0.62%
Oshkosh-Neenah, WI MSA	166,994	173,572	0.39%	177,453	0.45%
State of Wisconsin	5,686,986	5,902,099	0.38%	6,026,514	0.42%
Households					
54956 (Neenah)	17,571	18,989	0.81%	19,651	0.70%
Oshkosh-Neenah, WI MSA	67,875	71,777	0.57%	73,719	0.54%
State of Wisconsin	2,279,768	2,391,911	0.49%	2,450,682	0.49%
Median Household Income - 2020 & 2025					
54956 (Neenah)		\$66,140		\$71,218	1.54%
Oshkosh-Neenah, WI MSA		\$56,431		\$59,646	1.14%
State of Wisconsin		\$60,185		\$64,789	1.53%
Average Consumer Spending Per Household					
54956 (Neenah)		\$48,689			
Oshkosh-Neenah, WI MSA		\$41,442			
State of Wisconsin		\$45,422			

Source: ESRI Business Analyst, Allen & Associates



The presented data indicates that, as of 2020, the subject zip code comprised approximately 26% of Winnebago County’s population. From 2010 to 2020, the population in the subject zip code grew at a rate larger than that of the county and that of the state. Through 2025, the population for the subject zip code is projected to grow slightly at a rate that is greater than that of the county and that of the state.

The surveyed median household income (MHHI) for the 54956-zip code is higher than those of the county and of the state. It is projected that through 2025 the median household income in the subject zip code will grow at a rate greater than that of the county and similar to that of the state.

The average annual consumer spending in the subject zip code area is more than that of the county and that of the state.

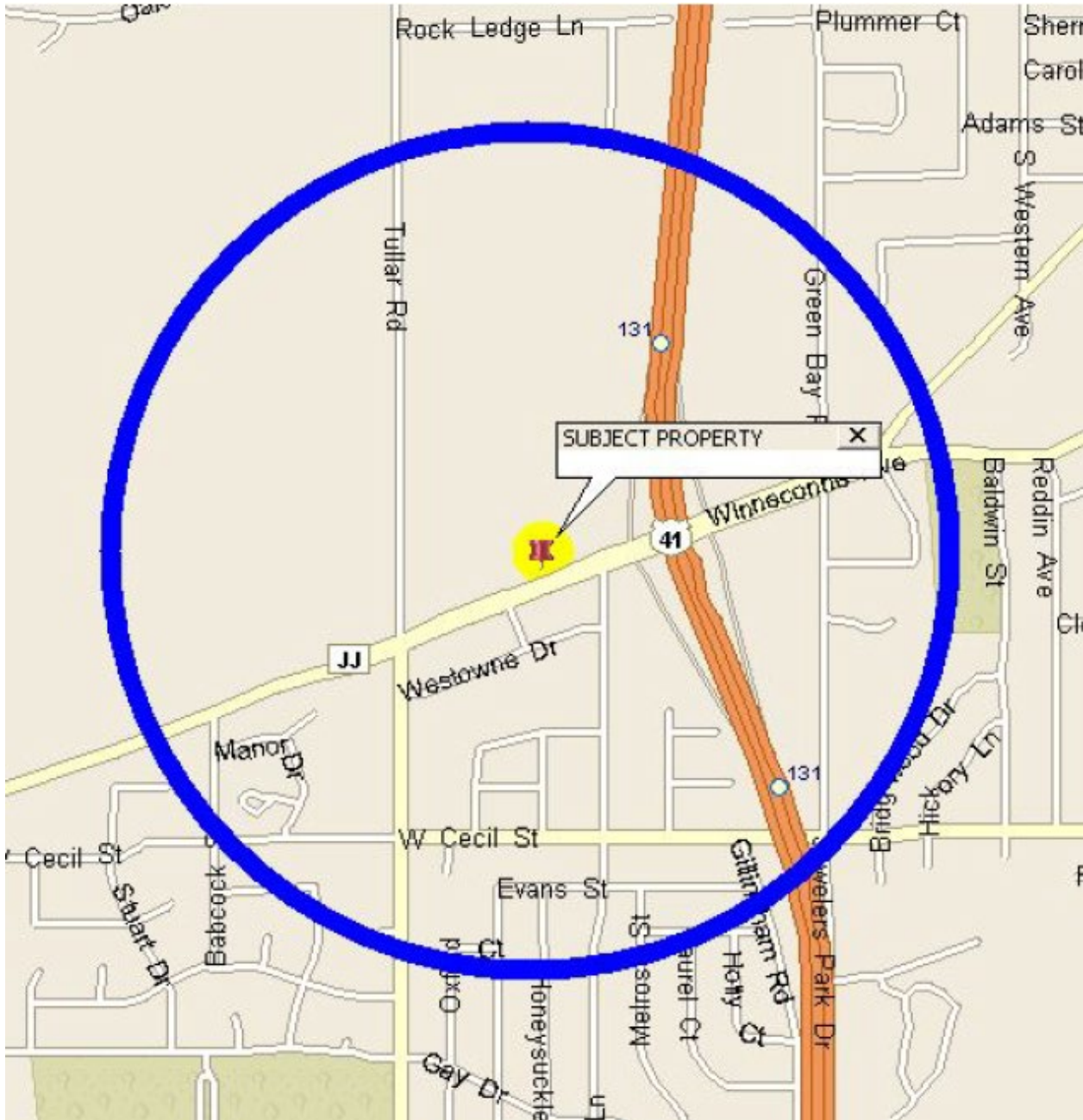
In general, the Neenah 54956-zip code area is superior to the county and the state in terms of population growth, MHHI and average consumer spending.

Neighborhood Description

For the purposes of this analysis, we have defined the subject neighborhood as the area within a half mile radius of the subject property. The following map provides an illustration of our concluded subject neighborhood and the subject location.

Map of Subject Neighborhood

Subject Neighborhood Outlined in Blue



Aerial Map of Subject Neighborhood
Subject Neighborhood Outlined in Yellow



Neighborhood Transportation Network - The primary surface transportation arteries for the subject neighborhood are W Winneconne Ave., S. Green Bay Road, Tullar Road, and W Cecil Street. The subject neighborhood is considered to provide good access to local highways with access to Interstate 41 within the neighborhood.

Neighborhood Land Uses – The dominant neighborhood land uses in the neighborhood are retail, industrial and residential. The largest retail developments in the neighborhood include

Walmart, Kohl’s, Festival Foods and the former Shopko (closed in April 2019). The single largest use in the neighborhood is the Michels Materials property which is a building materials and limestone quarry. Other uses of note in the neighborhood are the strip retail, numerous national fast-food restaurants, gas station/convenience stores, single tenant retail buildings, industrial, hospitality, and auto-dealership uses. The residential uses in the neighborhood are primarily single-family developments, but the neighborhood does include multi-family uses. There is a limited amount of usable vacant land in the neighborhood.

Neighborhood Development Trend – The commercial uses in the neighborhood were built in the mid-1980s through the mid-2000s. In recent years, there has been a limited amount of new commercial development in the area, the most noteworthy of which is the American Grand Assisting Living facility.

Neighborhood Influences/Amenities – The most notable influence in the neighborhood is the access to US-41 within the subject neighborhood.

Traffic Counts - According to the Wisconsin Department of Transportation, the following historical average daily traffic counts along roads in the neighborhood near the subject.

W. Winneconne Ave, W of Interstate 41	19,100 vehicles
W. Winneconne Ave, E of Interstate 41	27,800 vehicles
Interstate 41, S of W. Winneconne Ave.	78,700 vehicles
Tullar Rd, N of W. Winneconne Ave.	3,800 vehicles
Tullar Rd, S of W. Winneconne Ave.	6,300 vehicles
S. Green Bay Rd, S of W. Winneconne Ave.	11,900 vehicles

Neighborhood Life Cycle - Neighborhoods go through life cycles, which are described as follows:

1. **Growth** – A period during which the neighborhood gains public favor and acceptance;
2. **Stability** – A period of equilibrium without marked gains or losses;
3. **Decline** - A period of diminishing demand;
4. **Revitalization** – A period of renewal, modernization, and increasing demand.

Based upon the projected population statistics along with a review of developments in the neighborhood, it appears that the immediate and broader neighborhood is in the stabilized stage of its life cycle. This is supported by the population figures, which are projected to grow slightly through 2025. Further, there is a limited amount of vacant land in the neighborhood that could be utilized for future development.

We have also analyzed the general demographic profile of the subject neighborhood and immediate surrounding areas, which are presented in the following table:

Neighborhood and Proximate Demographics				
	Description	0.5 miles	1 mile	2 miles
Population	2010 Population	1,214	6,617	22,355
	2020 Population	1,415	7,230	23,399
	2025 Population	1,521	7,506	24,017
	% Population Change 2020-2025	7.49%	3.82%	2.64%
HH	2010 Households	554	2,867	9,499
	2020 Households	660	3,167	10,060
	2025 Households	714	3,301	10,365
	% Households Change 2020-2025	8.18%	4.23%	3.03%
Income (2020)	2020 Median Household Income	\$69,112	\$54,226	\$56,325
	2020 Per Capita Income	\$37,195	\$30,252	\$30,919
	Household Income < \$15,000	5.20%	6.10%	7.60%
	Household Income \$15,000-\$24,999	7.30%	9.20%	9.90%
	Household Income \$25,000-\$34,999	5.90%	9.50%	9.70%
	Household Income \$35,000-\$49,999	14.20%	19.40%	14.80%
	Household Income \$50,000-\$74,999	21.10%	23.60%	22.90%
	Household Income \$75,000-\$99,999	18.30%	13.00%	14.60%
	Household Income \$100,000-\$149,999	20.60%	14.60%	14.10%
	Household Income \$150,000-\$199,999	2.60%	2.20%	2.90%
Household Income > \$200,000	4.80%	2.40%	3.50%	

Source: Site to Do Business

Neighborhood Conclusion - The subject neighborhood is in the stabilized stage of its lifecycle. The subject neighborhood is mixed-use in nature, supporting primarily retail, industrial, and residential uses. There is a minimal amount of vacant, developable land in the subject neighborhood which could be used for future development. The immediate and broader neighborhood is serviced by an established transportation network that provides good highway access.

Site Description

The subject property consists of one tax parcel that is located along the north side of W. Winneconne Ave., west of the W. Winneconne Ave. and Interstate 41 interchange in Neenah, Winnebago County, Wisconsin 54956. The subject site has a common street address of 1155 W Winneconne Avenue. All customary utilities are available and connected to the subject property.

The property was improved with a mega warehouse store building as of the date of value. The scope of this appraisal includes one retrospective valuation date Unless noted otherwise, the forthcoming site description is applicable to the retrospective valuation date. For reference, in the forthcoming site and property description, a site aerial and site plan for the subject property is presented in the following pages.

Size and Shape - The subject site is an irregularly shaped parcel that contains approximately ±16.44 acres. The subject property’s frontage is along W. Winneconne Avenue.

Based upon 16.44 acres, the subject property has a land to building ratio of 3.51:1, which is considered normal for a big box retail development. There is no excess or surplus land associated with the subject property.

Access - Access to the subject site is provided by one ingress/egress point along W. Winneconne Avenue. The subject shares this access point with the neighboring commercial developments. Further, the subject has access to Tullar Road, through a neighboring commercial development. Access to Interstate 41 is less than ½-mile from the subject property.

Flood Hazard – Neenah participates in the National Flood Insurance Program. According to map panels #55139C0111E published by FEMA, the subject is located in Zone X, an area of minimal flooding.

Easement – As previously, mentioned, the subject shares access with neighboring developments. Other than the access easement agreements and typical utility easements, we are assuming that there are no further easements that would impact the value of the property. However, we were not provided with a title report or an easement survey.

Visibility – The subject primary visibility is from W. Winneconne Avenue and secondary Interstate 41. Overall, the subject has good visibility in the neighborhood and good visibility for a big box retail development. Based upon data from the Wisconsin Department of Transportation, the following are the average daily traffic counts near the subject.

W. Winneconne Ave, W of Interstate 41	19,100 vehicles
Interstate 41, S of W. Winneconne Ave.	78,700 vehicles

Soil Conditions - No soils engineering report for the subject property was provided. However, based on the appearance of ground surface conditions, the presence and condition of the subject structural improvements on site, and other structural improvements in proximity to the subject, the

soil and subsoil conditions appear to be stable and suitable for construction of buildings of the nature of the subject utilizing normal construction techniques. There was no apparent evidence of subsidence within the subject site or in immediate proximity thereto during the inspection of the property by the appraisers. The site's drainage appears to be adequate. There is an off-site detention pond.

Hazardous Substances - We are not aware of any toxic waste or hazardous substances that currently affect the site, and none were visible or reported to the appraisers.

Site Improvements - Site Improvements - The existing site improvements consist of ±290,000 SF of asphalt paving with parking striping for approximately ±938 vehicles (including barrier free spaces), concrete car stops and curbing, pole lighting, and grass/landscaped areas along the roadway frontages. It is estimated that there is ±1,700 LF of interior roadway that extends through the property. It is estimated that there is approximately 330 LF of 12' tall black metal fencing that surrounds the outdoor storage/sales area. It is estimated that there is approximately ±108,000 SF of concrete paving that is used for dock-loading apron, sidewalks and exterior storage. Overall, the site improvements were in average condition as of the date of value.

The following is a site plan and site aerial for the subject property.

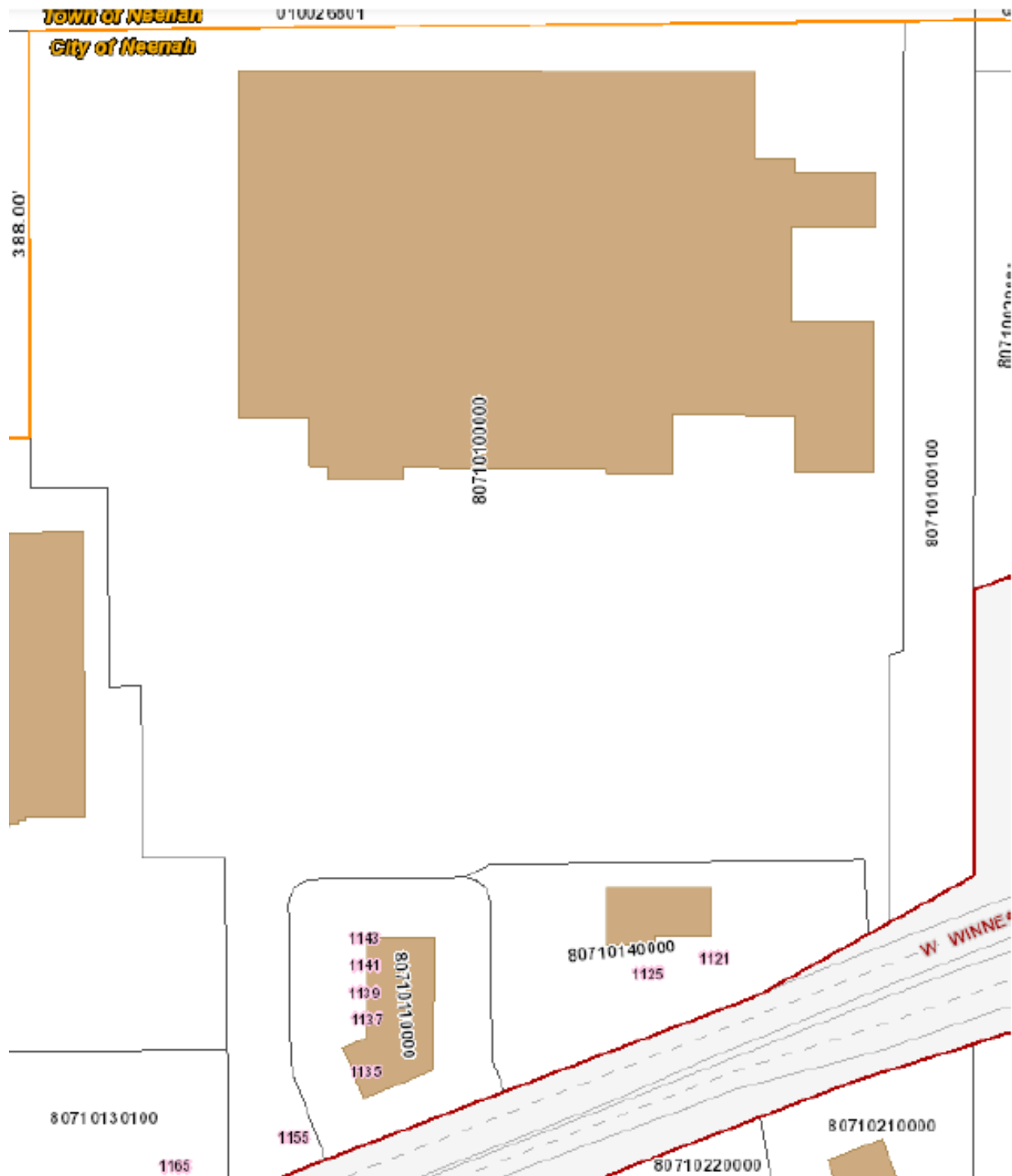
Subject Aerial Photo with Approximate Property Lines in Yellow

Source: Winnebago County Interactive Mapping



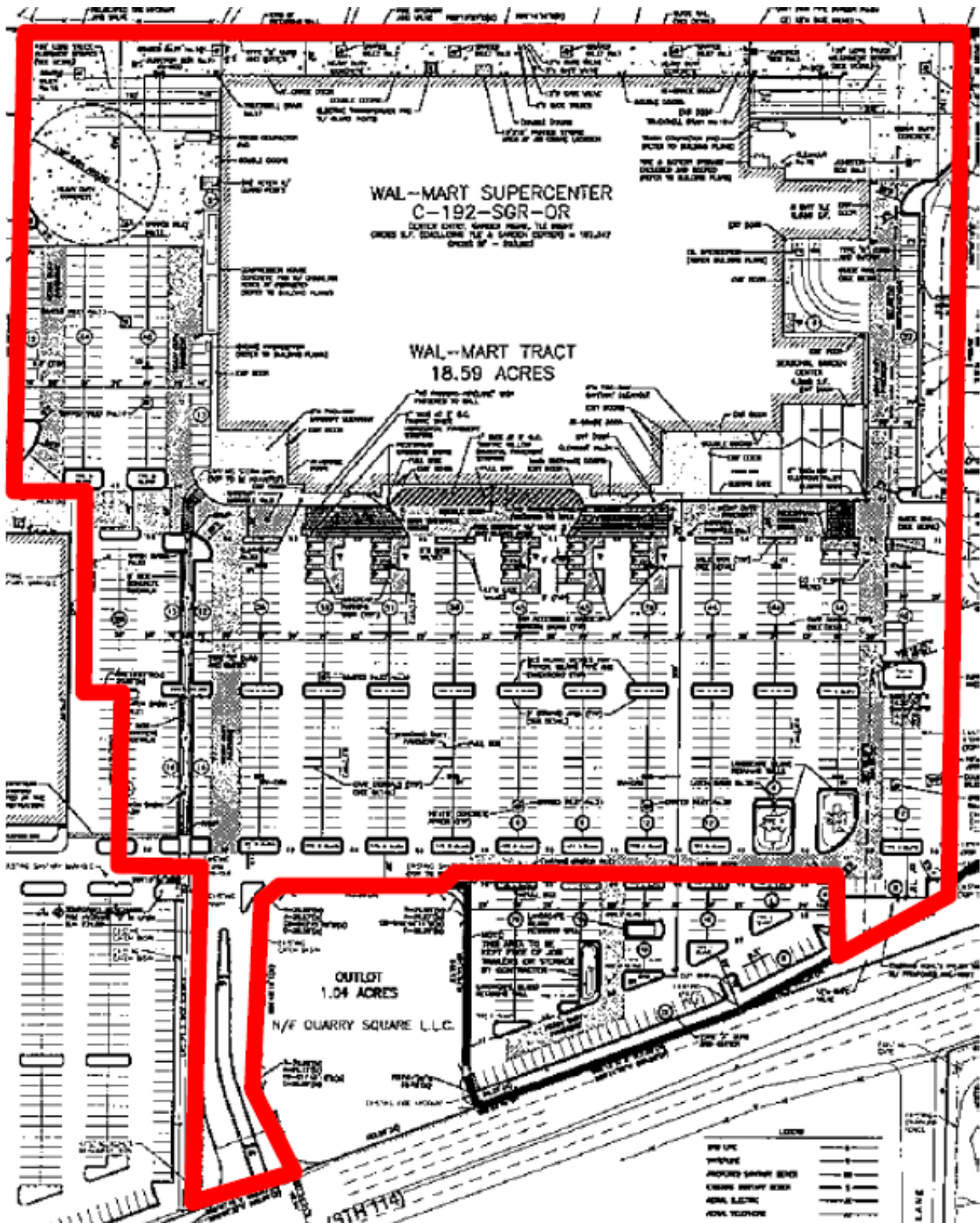
Subject Property Tax Map

Source: Winnebago County Interactive Mapping



Subject Property Site Plan with Approximate Site Lines in Red

Source: Architectural Drawing



Building Description

The subject building consists of one mega warehouse store with ±203,669 SF of above-grade enclosed building area as of the date of value. The mega warehouse category is the type of construction that is most similar to the subject’s construction type.

The following pages provide descriptions of the subject building. All data is based on our visual inspections, assessment records and review of building/site plans that were provided to the appraiser or were available on the municipal assessing website.

Construction Detail – Mega Warehouse Store

- Type of Construction: Pursuant to Marshall Valuation Service, Section 13 - Class C – Average Cost, Mega Warehouse Store
- Approximate Size (GBA): ±203,669 square feet, per the architectural drawings.
- Year Built: 2003, the store opened in March 2004
- Foundations: Poured concrete.
- Exterior Walls: Primarily painted concrete block with limited areas of EIFS near the customer entryways.
- Roof: Flat, single ply elastomeric cover over a steel deck and trusses.
- Ceiling Height: The overall roof height of the subject is approximately 22-24’.
- Loading Docks: Seven truck docks, four with load levelers, located in two separate truck wells. There are numerous other grade level overhead doors around the building.
- Auto-Service Doors: A total of eight overhead doors, servicing four drive-through bays.

Interior Detail

- Layout: The layout of the subject property, because of the mega warehouse store design, is intended for a single tenant/user. The layout of the subject property is generally open retail/warehouse areas plus an outdoor garden shop. Finally, the size of the subject is approximately 50-100 percent larger than most, large discount/big box stores and would be classified as a mega warehouse store.
- Floor Covering: The retail areas primarily have peel/stick vinyl tile floors and laminate wood floors with limited areas of ceramic tile flooring

near the customer entryways and in the food preparation areas and restrooms. The warehouse has sealed concrete flooring.

Walls: Varies; primarily painted gypsum board walls, including the walls separating the warehouse from the sales floor and offices.

Ceilings: The retail sales floor is primarily exposed roof framing with limited areas with a drop acoustic tile ceiling, while the warehouse areas have exposed roof framing and deck.

Lighting: Primarily consists of strip fluorescent lighting fixtures, which is considered to be adequate. There are minimal areas on the sales floor that have track spot lighting.

Finished Area: The subject has minimal finished area that includes offices, restrooms, and employee break room. The office areas have drop tile ceilings, painted walls with vinyl tile floors. The restrooms have ceramic tile flooring with painted ceilings and walls.

Windows: Minimal fenestration limited to entry doorways and the outdoor sales area. This is typical of this type of mega warehouse store building.

Pedestrian Doors: Glass and aluminum frame entry doors accessing the retail area.

Mechanical Detail

Heating and Cooling: Roof-mounted air-cooled condensing units, gas-fired forced air HVAC units.

Plumbing: Complete copper, cast-iron and PVC supply, waste, and vent piping system to fixtures.

Electrical Service: Electrical power is assumed to be adequate for retail use.

Fire Protection: The building is fully protected by a wet sprinkler system.

Additional Improvement Notes

Canopy Areas: There is a 6,545 SF canopy area that is utilized for exterior storage and outdoor sales.

Functional Utility: The building was constructed to be a Walmart store. The building was in average condition, average condition for its age, as of the date of value. The layout and functional utility of the building is considered to be best suited to a single occupant/user due to the size, depth (most is +330') and interior layout of the building although most users would modify and customize

Photographs of the Subject Property



Front Exterior and Parking Lot



Front Exterior and Parking Lot

Photographs of the Subject Property (cont.)



Exterior Truck Dock Doors and Rear Drive



Building Exterior

Photographs of the Subject Property (cont.)



Building Exterior



Building Exterior

Photographs of the Subject Property (cont.)



Building Exterior



Building Exterior

Photographs of the Subject Property (cont.)



Canopy Structure



Canopy Structure

Photographs of the Subject Property (cont.)



Subject Roof



Subject Roof

Photographs of the Subject Property (cont.)



Retail Floor Area

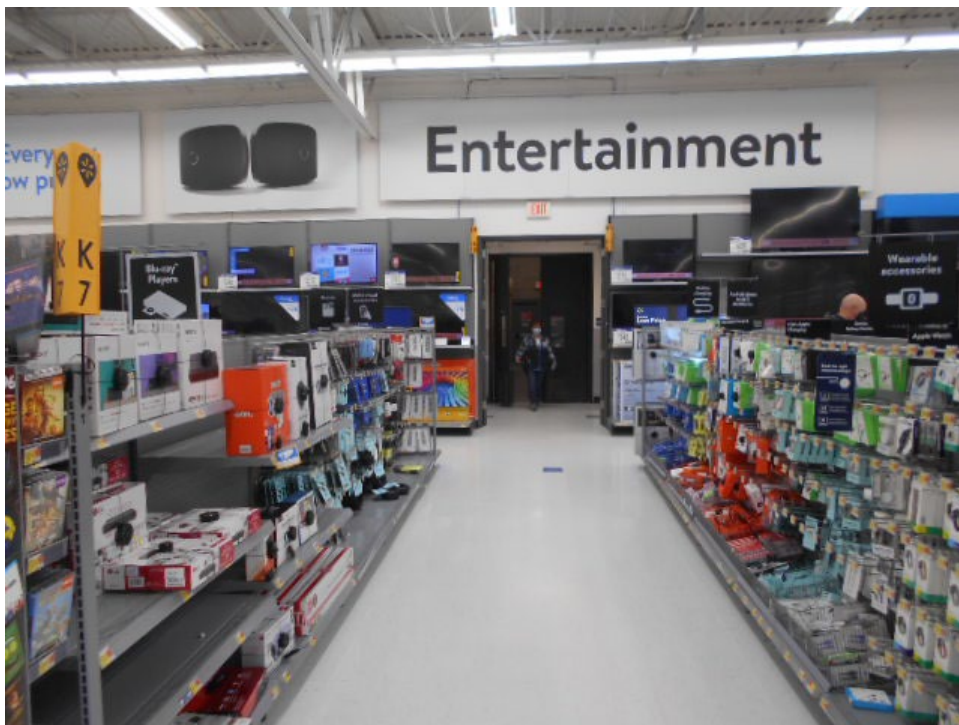


Retail Floor Area

Photographs of the Subject Property (cont.)



Retail Floor Area



Retail Floor Area

Photographs of the Subject Property (cont.)



Retail Floor Area

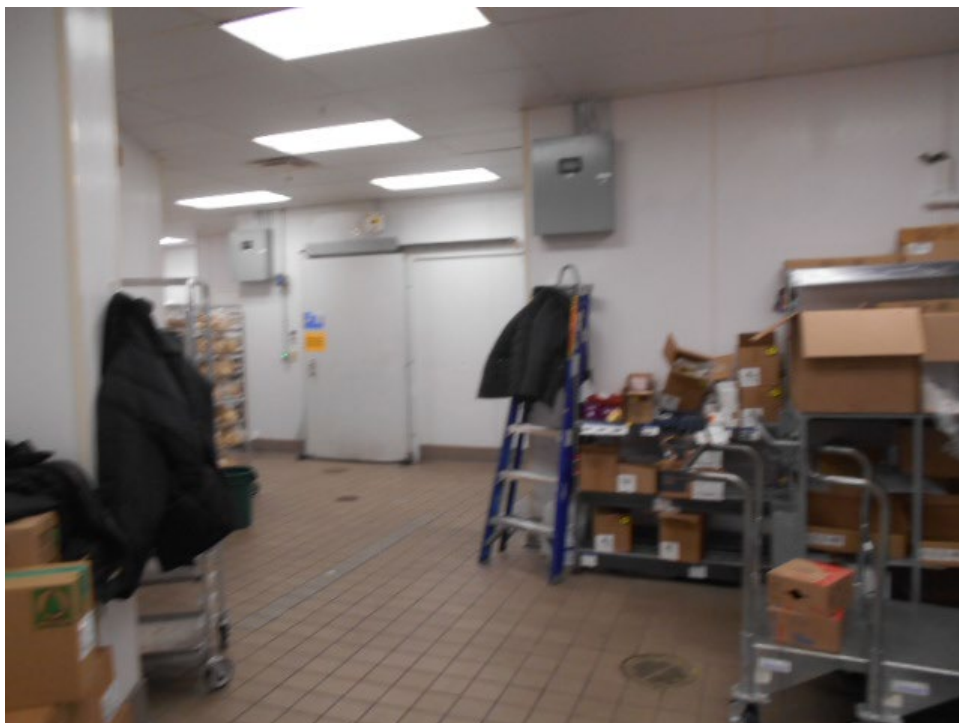


Retail Floor Area

Photographs of the Subject Property (cont.)



Food Prep Area



Food Prep Area

Photographs of the Subject Property (cont.)



Employee Break Area



Restroom Area

Photographs of the Subject Property (cont.)



Office/Training Space

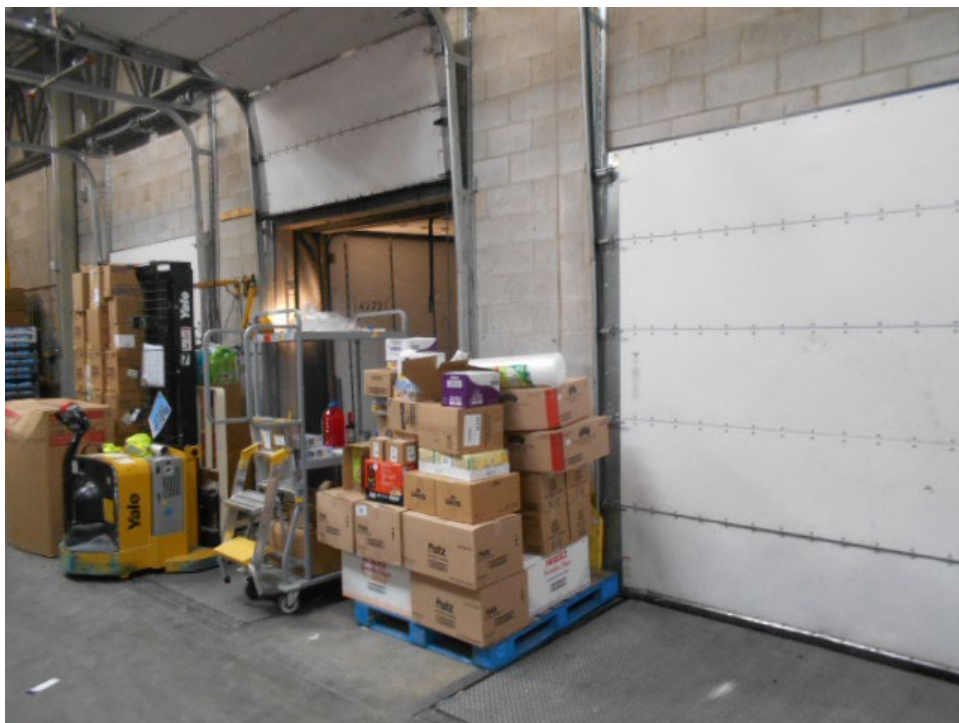


Backroom Storage Area

Photographs of the Subject Property (cont.)



Backroom Storage



Backroom Storage

Photographs of the Subject Property (cont.)



Automotive Service Area

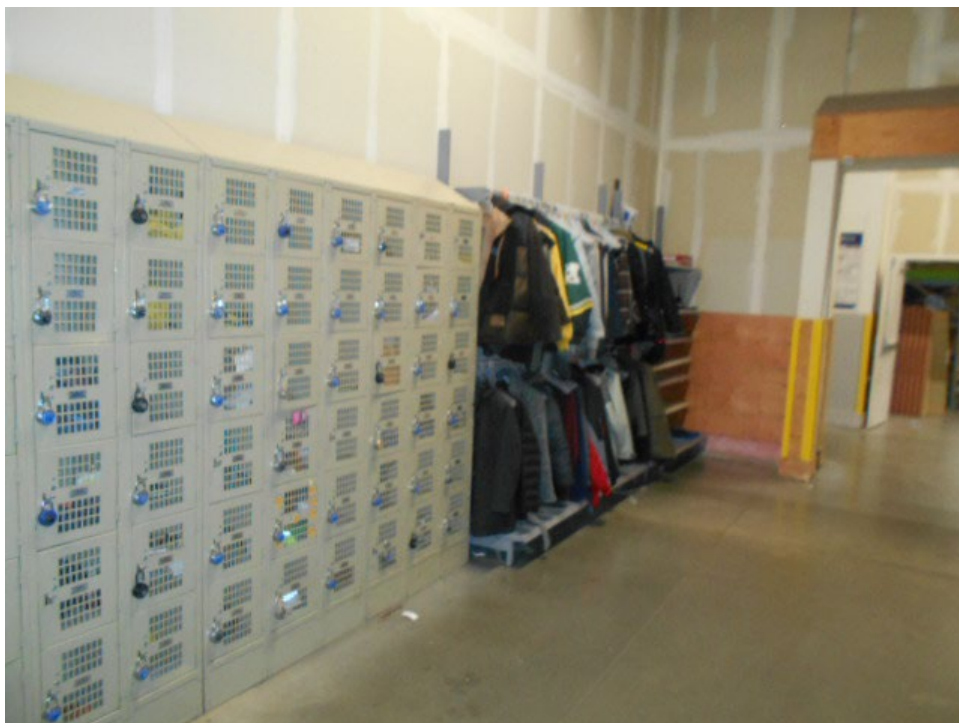


Customer Entryway

Photographs of the Subject Property (cont.)



Electrical Service Room



Employee Locker Area

Zoning

The subject property is zoned I-1, Planned Business Center District. The following is from the Neenah Zoning Ordinance, pertaining to the Planned Business Center District zoning:

Sec. 26-299. - Intent.

The purpose of this district is to permit and encourage contemporary commercial and/or industrial development in a planned, controlled setting adjacent to major highways. The Planned Business Center District is established to provide a desirable location for those business uses which are harmonious with and do not constitute a hazard or nuisance to the surrounding uses. Residential uses are prohibited.

(Code 1977, § 20.15(1))

Sec. 26-300. - Permitted uses requiring site plan approval.

The following permitted uses requiring site plan approval are allowed in the I-1 Planned Business Center District:

- (1) Communications antenna.
- (2) Radio, microwave or television tower.
- (3) Railroad rights-of-way and uses essential to railroad operation.
- (4) Retail trade, finance, insurance, real estate, office and other services.
- (5) Manufacture, assembly, compounding, processing and packaging of goods, materials and products.
- (6) Printing, publishing, and engraving.
- (7) Research, laboratory and testing facilities.
- (8) Transportation, trucking facilities or terminals and enclosed repair facilities.
- (9) Wholesale, warehousing, storage and distribution (not including self-storage or mini-warehouse facilities).

(Code 1977, § 20.15(2); Ord. No. 2014-14, § 25, 8-6-2014; Ord. No. 2019-08, § 22, 2-27-2019)

According to a site plan, the subject property provides ±938 parking spaces, which is less than is required under the zoning ordinance (est. ±1,019 required).

Based upon our review of the Oshkosh zoning ordinance as well as the site plan, we believe that the subject development is a legal and non-conforming use.

Real Estate Assessment and Taxes

Property taxes are determined by applying a tax rate for a given town, village, or city to the assessed value of the property. The following is a summary of the taxable information for the subject as of January 1, 2021.

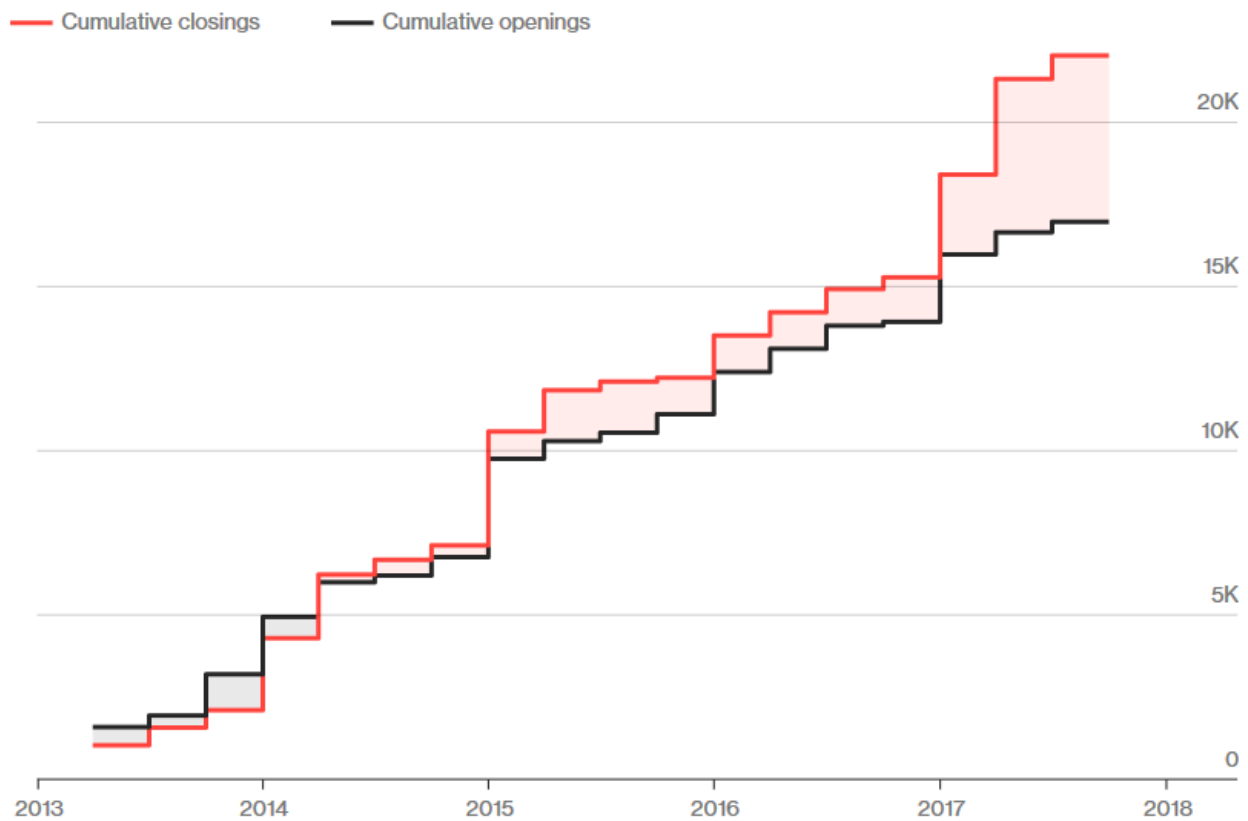
Tax Year 2021				
Parcel/Tax ID #	Est. Fair Mkt Value	Assessed Value	Real Estate Tax	Net Tax Rate
07-1010-00-00	\$12,455,800	\$11,488,000	\$244,815.58	2.1311%

Based upon the forthcoming valuation, we have determined that the assessor’s opinion of assessed value (as indicated by the assessment), as of the date of value, exceeds the subject property’s fee simple market value. This appraisal assumes that the assessment has been reduced to reflect an assessed value equal to 100 percent of market value for the date of value.

Retail Industry Overview

The general retail industry is in a transitional phase while both retail center operators and retailers struggle with what is widely reported as an over-supply of malls, department stores and big box stores, the growth of e-commerce, and changes in retailer financial positions. In addition, many experts suggest that despite strong national economic conditions, more retail store closures across all property types (strip retail, community centers, malls, department stores, big box stores, junior box stores, etc.) are expected.

As a result of the rapidly evolving retail industry, the last several years have seen numerous store closings, bankruptcies, and a general contraction from many retailers. The rate of store closures, when examined from the surface, seems counterintuitive as the economy is generally regarded as being healthy, but retailers continue to close stores. The severity of retail store closures has been coined the “retail apocalypse” in numerous publications. The following chart illustrates historical store openings and closings, excluding grocery stores and restaurants:



Source: ICSC Research Team and PNC Real Estate Research

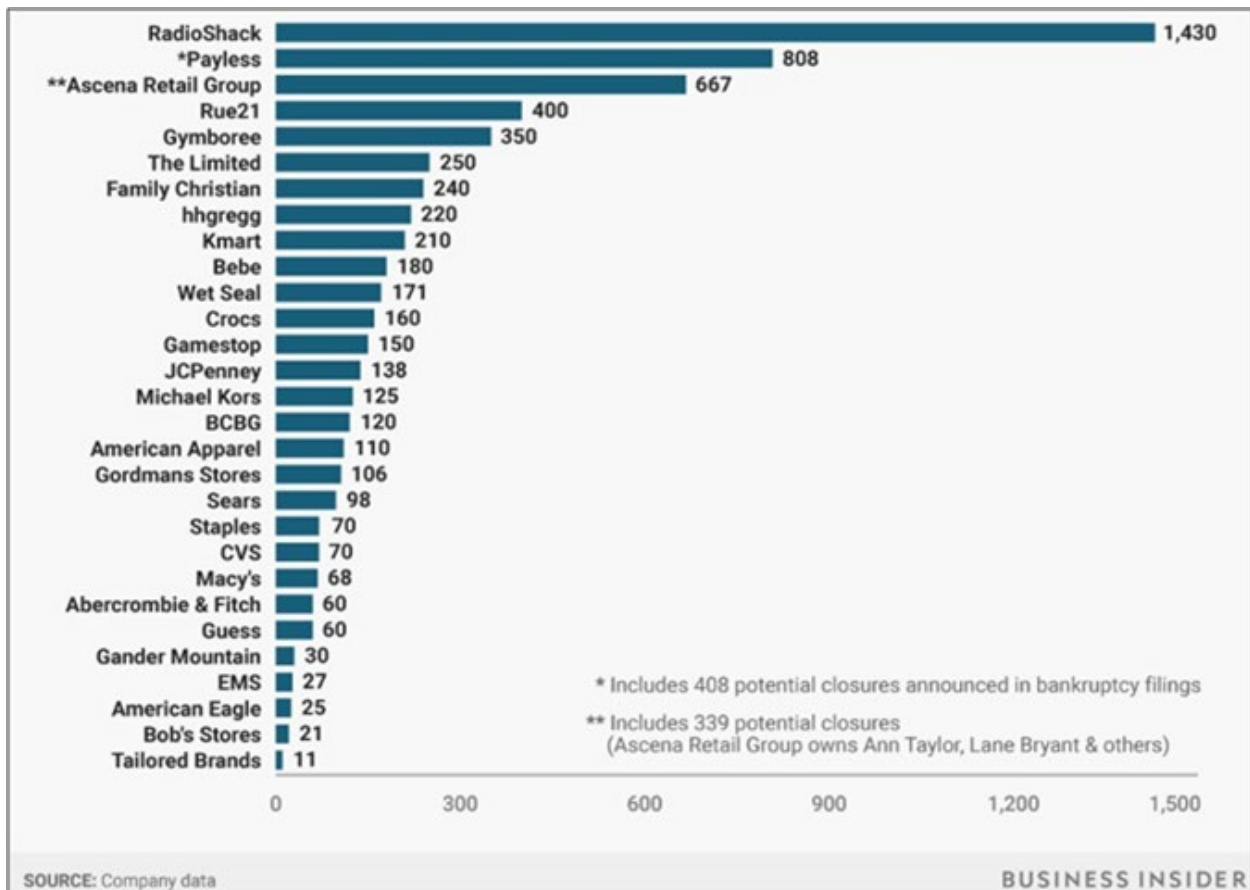
According to Forbes, the following major retailers have either closed stores or announced store closings:

Retailers Closing Stores	
Retailer	# of Stores Affected [1]
Payless ShoeSource	400
JCPenney	138
Macy's	68
Sears & Kmart	150
HH Gregg	88
Abercrombie & Fitch	60
Guess	60
The Limited	250
Wet Seal	171
American Apparel	110
BCBG	120
Gamestop	150
Radio Shack	550
Staples	70
CVS	70
Gander Mountain	32
Family Christian	240

[1] Closing in 2017, or recently closed

Source: Forbes, "Why So Many Stores are Closing Now" 4/2017

The following chart illustrates similar data from an alternative source:



In a December 2016 article entitled “A giant wave of store closures is about to hit the US” featured by Business Insider it was noted that “Nearly every major department store, including Macy's, Kohl's, Walmart, and Sears, have collectively closed hundreds of stores over the last couple years to try and stem losses from unprofitable stores and the rise of ecommerce....”

In a June 2016 Money.com article entitled “12 Major Retailers Closing Stores Like Crazy”, it was noted that in 2015 JC Penney announced it would close 40 stores and that Sears had shuttered more than 200 stores over the two previous years.

In an April 2017 article entitled “What in the World Is Causing the Retail Meltdown of 2017” The Atlantic noted three explanations for the decline in the retail market, noted as follows:

- “People are simply buying more stuff online than they used to.” According to The Atlantic, between 2010 and 2016 Amazon’s sales in North America quintupled from \$16 billion to \$80 billion. The same article noted that reports suggest that half of all U.S. households are now Amazon Prime subscribers.
- “Americans are shifting their spending from materialism to meals out with friends.”

Additionally, in March 2016, Kohl’s announced the closing of 18 stores across the U.S., after having only closed five stores from 2003 to 2016. Kohl’s is moving to smaller format stores, right-sizing existing stores by expanding aisles and dividing and leasing a portion of their stores to other users.

In January of 2016, Walmart announced the closing of 154 stores across the U.S., including six discount stores, 12 supercenters and 4 Sam’s Club stores.

In November 2017, Target announced the closing of 12 stores and in November 2018, Target announced the closing of 6 stores. Most of Target’s new stores are small format stores.

In November 2018, Lowe’s announced the closing of 20 stores in the United States and 27 stores across Canada.

In January 2018, Walmart announced plans to close 63 of its Sam’s Club locations across the United States, consisting of approximately 10% of all Sam’s Clubs.

In March 2019, JCPenney announced that it would closing another 27 stores.

These closings are all in addition to the hundreds of store closings involving Sears/Kmart since the early 2000s and there are many more store closings expected from Sears/Kmart.

A Bloomberg article entitled “America’s Retail Apocalypse Is Really Just Beginning” pointed toward an additional source for the decline of the retail industry, debt. The aforementioned article cites that “when there’s sky-high consumer confidence, unemployment is historically low and the U.S. economy keeps growing. Those are normally all ingredients for a retail boom, yet more chains are filing for bankruptcy and rated distressed than during the financial crisis.” In summary, despite all the economic indicators that would suggest either growth or stability in

retail, the opposite is occurring, retail is declining. The Bloomberg article goes on to state that “The reason isn’t as simple as Amazon.com Inc. taking market share or twenty-somethings spending more on experiences than things. The root cause is that many of these long-standing chains are overloaded with debt-often from leveraged buyouts led by private equity firms. There are billions in borrowings on the balance sheets of troubled retailers, and sustaining that load is only going to become harder – even for healthy chains. The debt coming due, along with America’s over-stored suburbs and the continued gains of online shopping, has all the makings of a disaster.” The noted article notes that in 2017 “just \$100 million of high-yield retail borrowings were set to mature this year, but that will increase to \$1.9 billion in 2018, according to Fitch Ratings, Inc. And from 2019 to 2025, it will balloon to an annual average of almost \$5 billion.

Retail store closings continues on a large scale through 2018, as well. The following graph is from a Business Insider 2018 article titled “More than 3,800 stores will close in 2018...”

Retail stores closing in 2018

RETAILER	CLOSURES
Toys R Us	735
Walgreens/Rite Aid	600
Ann Taylor, Loft, Dress Barn*	500
Teavana	379
Best Buy	250
Mattress Firm	200
Gap Inc.**	200
The Children’s Place**	144
Foot Locker	110
Kmart	109
Gymboree	102
Winn-Dixie, Harvey’s, and Bi-Lo***	94
Sam’s Club	63
Abercrombie	60
Sears	57
Michael Kors****	50
Crocs	49
Bon-Ton Stores	42
Guess	25
J.Crew	20
Target	12
Macy’s	11
Charming Charlie	11
Last Call by Neiman Marcus	10
JCPenney	8
Kroger	6

*Parent company, Ascena Retail Group, which also owns Catherines, Lane Bryant, and Maurices, said that up to 667 stores could be closed through 2019. About 160 stores have already been closed.

**Closures to be carried out through 2020.

***Parent company is Southeastern Grocers.

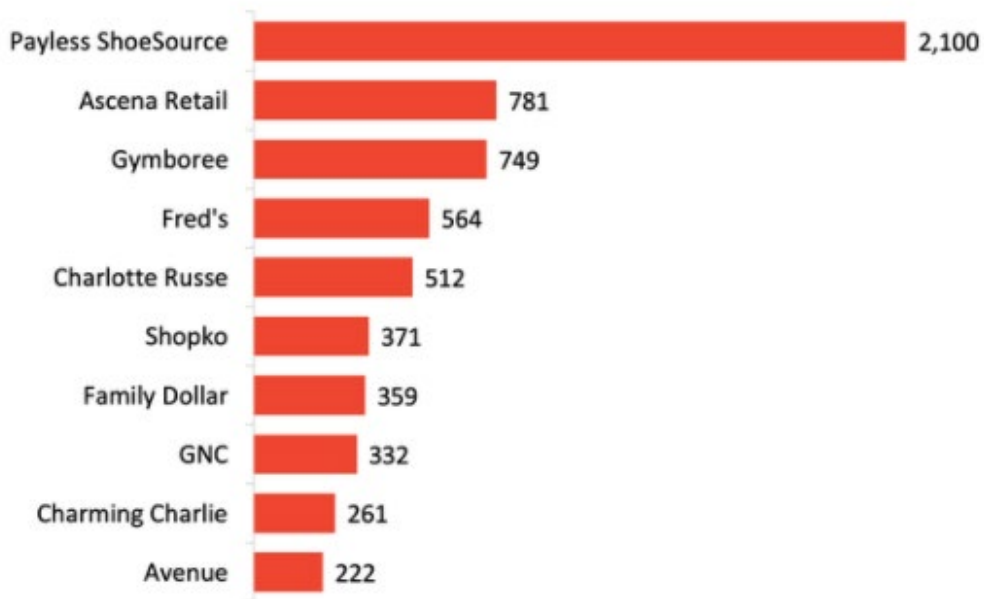
****Closures to be completed in fiscal year 2018.

Source: Company data

BUSINESS INSIDER

In a December 2019 article from Business Insider titled “More Than 9,300 Stores are Closing in 2019 as the Retail Apocalypse Drags On”, Business Insider along with Coresight Research and CNN summarized the retailers that closed stores in 2019. The following graph depicts the 10 largest store closings scheduled in 2019 by retailer.

Retailers That Closed The Most US Stores In 2019



Source: Coresight Research, CNN

BUSINESS
INSIDER
INTELLIGENCE

In an August 2020 article from Business Insider titled “More Than 8,300 Stores are Closing in 2020 as the Retail Apocalypse Drags On”, Business Insider along with Coresight Research summarized the retailers that closed stores in 2020. The following graph depicts the largest store closings scheduled in 2020 by retailer.



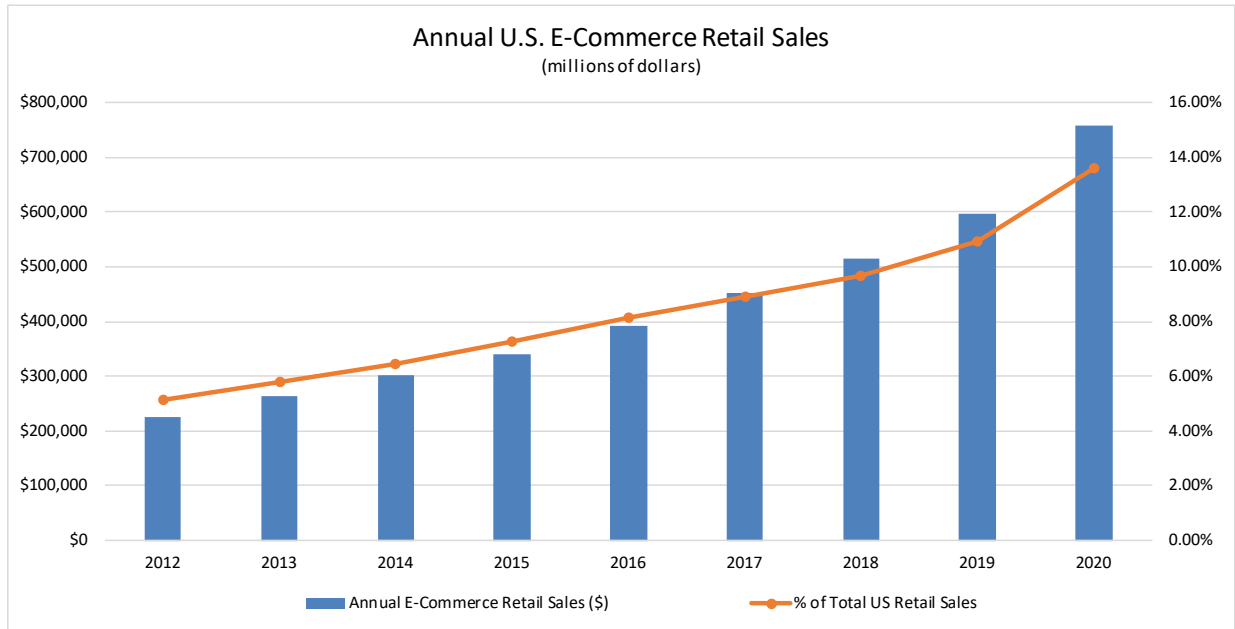
Source: Business Insider

A July 2020 article titled “More Than 15,500 Stores Are Closing in 2020 So Far – A Number That Will Surely Rise”, Forbes estimated that 15,542 store units had closed in 2020. The article states “Retailers are shrinking their physical presence because more of their business is now taking place online. Today, many retailers achieve 35% or more of their sales through increasingly more sophisticated e-commerce—via their websites and other social platforms. It is remarkable how quickly shoppers have changed from buying in physical stores to online. Before the pandemic, people were still spending on clothing and décor items to beautify their homes. But pressure of time forced many to purchase at off-hours and rely on the convenience of online shopping. The pandemic, even as it shifted spending more to household necessities, only reinforced the reliance on e-commerce”

Further, it was expected that more retailers would be closing stores 2021 at a rate similar to or exceeding that of 2020.

E-Commerce Trends

Additionally, the rise in e-commerce retail sales has affected the demand for brick-and-mortar retail stores. The following graph shows the growth in the e-commerce retail sales in the United States as well as the growing percentage of e-commerce sales of the entire retail sales in the country.



Source: U.S. Department of Commerce

The graph shows a large growth in e-commerce retail sales from the early 2010s through 2020 as well as a consistently growing share of e-commerce sales as a percentage of all retail sales in the United States. It is expected that these two measures will continue to grow in the foreseeable future. After experiencing an annual growth of approximately 13%-17% from 2013 through 2019, e-commerce sales grew by 27% overall in 2020, while total retail sales only grew by 2% in 2020.

In summary, the retail industry in general is in a transitional phase as it attempts to rebalance itself with the growing online shopping sector, changes in consumer spending habits, and retail bankruptcies.

Highest and Best Use

Highest and best use is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, (Appraisal Institute, 2022) as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

In addition to the Appraisal Institute’s definition of highest and best use, the appraiser is considering that Wisconsin law requires compliance with the Wisconsin Property Assessment Manual (WPAM).

Chapter 9 of the 2021 WPAM defines “highest and best use” as “that use which over a period of time produces the greatest net return to the property owner.” Additionally, the highest and best use is “[a] concept in appraisal and assessment law requiring that each property be appraised as though it were being put to its most profitable use, given probable legal, physical and financial constraints.” (WPAM Glossary G-38). Although this definition is similar to the 15th Edition of The Appraisal of Real Estate, the WPAM and recent Wisconsin case law require the consideration of some additional factors in determining highest and best use. As summarized in *Nestle USA, Inc.*, “[a] **subject property’s highest and best use must be: 1) legal, 2) complementary, 3) not highly speculative, and 4) marketable for that use.**” *Nestle USA, Inc. v. Wisconsin Dep’t of Revenue*, 795 N.W.2d 46, 55 (Wisc. 2011) (citing WPAM, at 1–1, 9-11).

Legal means that the contemplated use “must not violate any government regulations. This would include such items as zoning, building codes, health codes, criminal laws, and other regulations. For example, an office building may represent the greatest net return on a parcel of real estate; however, if this use is prohibited by zoning laws, it does not represent the highest and best use.” (2021 WPAM Ch.9, p.11).

Complementary means that the contemplated use must “be in balance with the uses of the property around it. This is explained in the principle of conformity.” (2021 WPAM Ch.9, p.11).

Not highly speculative means that the contemplated use “should produce the greatest net return over a reasonable time period. An income stream of high return over a short time may not be as valuable as that use which generates a smaller income but over a longer period of time.” (2021 WPAM Ch.9, p.11).

When discussing highest and best use, the WPAM states: “The highest and best use of a property can change over time. Changes in the economy, society, and neighborhood can result in new uses of properties. Therefore, the assessor should be periodically reviewing the data on highest and best use and change the conclusions if necessary. Assessors should start with the assumption that the current use is the highest and best use. However, it is important to recognize that the current use of a particular property does not necessarily represent the highest and best use or the full market value of the property. All of the available uses of the property should be considered.” (2021 WPAM Ch.9, p.11).

According to WPAM, “It’s important to recognize that the current use of a particular property does not necessarily represent the highest and best use or the full market value of a property. All of the available uses of the property should be considered. According to the book, *Readings in Highest and Best Use*, ‘the fact that a property is adaptable to secondary uses may be an important consideration to a prospective buyer and thus influence market value’.” (2021 WPAM Ch.9, p.11).

Under Wisconsin law, the appraiser should also consider alternative uses of a property for property tax purposes.

The above definitions of highest and best use apply to the use of a site as though vacant, as well as to the total property as improved. When a site contains improvements, the highest and best use may be determined to be different from the existing use. The existing use will continue unless and until the land value in its highest and best use exceeds the sum of the value of the entire property in its existing use plus the cost to remove the improvements.

Highest and Best Use Per WPAM and Wisconsin Law

Based upon a review of zoning codes, the subject property’s retail use is legally permitted. The subject’s use as a retail store is complementary to and conforms with Neenah market uses, which include numerous other retail uses, such as but not limited to strip centers and single-tenant retail uses surrounding the intersection of W. Winneconne Avenue and Interstate 41. . Lastly, the subject’s highest and best use is not a highly speculative use as there is evidence of large retail buildings being utilized as both single and multi-tenant facilities in the market. The analysis and conclusion of the highest and best use, under WPAM and Wisconsin law, is consistent with the appraiser’s traditional highest and best use conclusion, as determined by following the analysis, outlined by the Appraisal Institute.

Four criteria must be examined to determine whether a use represents a property's highest and best use. These requirements are that the use is physically possible, legally permissible, financially feasible, and maximally productive.

As Vacant

Physical Possibility - As of the date of value, the subject site had ±16.44 acres. For the date of value, the physical possibilities are numerous. Physically possible uses include, but are not limited to: retail, industrial, hotel, multi-family, agricultural, office, or recreational.

Legal Permissibility – The subject site is permitted to be developed in accordance with the Planned Business Center District zoning, as of the date of value. The primary intent of the Planned Business Center District is to provide for a wide variety of commercial uses.

Financial Feasibility - The financial feasibility of any use on the subject site is partially a function of its accessibility, visibility, and market demand. The subject site is located in a stable commercial area. Based upon a review of neighborhood developments, it would appear that it would be feasible to develop the subject with a retail/commercial use as of the date of value.

Maximal Productivity – The determination of maximal productivity requires consideration of several development options and scenarios. Given the subject's location and the surrounding developments, the site's maximally productive use as of the retrospective date of value would be retail/commercial development. The most likely buyers would be retail users and developers.

As Improved

As in the determination of the subject's highest and best use as vacant, four criteria must be examined to determine whether a use represents a property's highest and best use as improved. These requirements are that the use is physically possible, legally permissible, financially feasible, and maximally productive.

Physical Possibility – The subject was improved with a ±203,669 SF mega warehouse store and supporting site improvements as of the date of value. The improvements were designed and constructed for a specific single occupant user. The subject property is capable of being used by another single occupant retailer; however, each retailer has its own image and business needs and therefore, reimagining would be made. Overall, the design and construction of the mega warehouse store including the large store depths, location of dock level doors and the lack of utility separation make multi-tenant use challenging. Multi-tenant retail and industrial use would require significant conversion costs but would be physically possible.

Legal Permissibility - The subject site is permitted to be developed in accordance with the Planned Business Center District zoning, as of the date of value. The primary intent of the Planned Business Center District is to provide for a wide variety of commercial uses. As discussed under Zoning earlier in this section, the retail use is a legal and non-conforming use within the permitted Planned Business Center District.

Financial Feasibility - The financial feasibility of any use on the subject site is partially a function of its market demand. The appraiser has reviewed comparable land sales and comparable land offerings from around the subject area. Based upon the forthcoming concluded values for the subject property, the land value does not exceed the subject property, as improved. Overall, it is financially feasible to operate the property as a single user retail property and it would be financially feasible to use it as a multi-tenant retail property. As will be shown in the forthcoming valuation analysis, it is concluded that the value of the subject property as improved exceeds the market value of the subject property as vacant.

Maximally Productive – Of the financially feasible alternative uses, the maximally productive use of the property is a retail use.

Examples of the types of retail uses among our comparables include home goods stores, farm and home stores, discount retail, grocery, sporting goods, and self-storage. Based upon fee simple sales observed in the market, both owner/users and developers are likely buyers. Of our primary sales, four of the sales were purchased by owner/users that occupied the whole building, two of our sales were purchased by owner/users that occupied a portion of the building and marketed the remainder of the space, and two of our sales were purchased by developers that subdivided the space for multi-tenancy.

The following are the results of the recent Situs RERC National Big Box study that indicates 52% of the buyers of box stores over 50,000 square feet are investors and 48% owner/users. This study also indicated the average price paid by owner users was approximately 15% higher than that paid by investors.

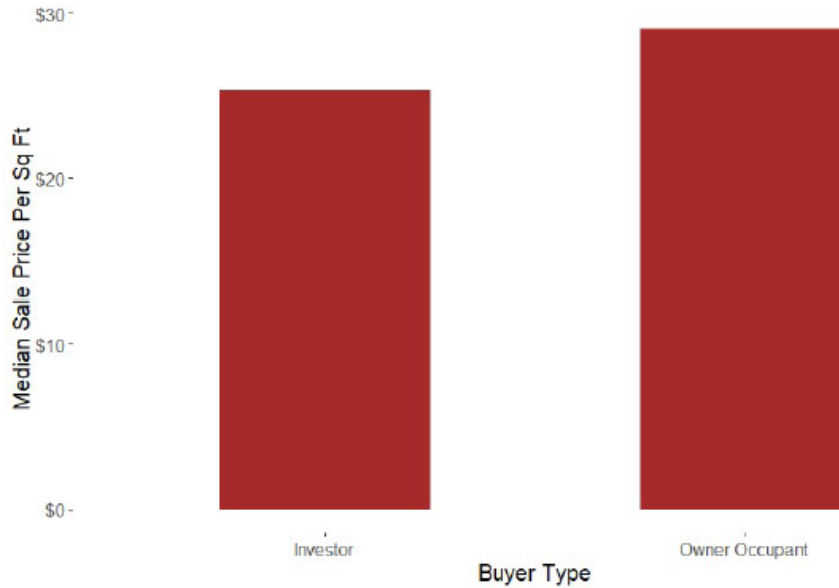


Table 4: Fee Simple Buyer Type Descriptive Statistics (>50k SF)

	Investors	Owner-Occupants
Median Sale Price/SF	\$25.29	\$29.03
Average Sale Price/SF	\$31.96	\$34.77
Average Year Built	1994	1993
Average Building Size (SF)	104,489	102,222
Average Land to Building Ratio	5.1	4.8
Average ZIP Code Population	32,348	32,544
Average Median Household Income	\$54,068	\$55,580
# of Transactions	114	106

Valuation Methodology

The market for the subject property is an existing facility available for sale or lease in the open market. This "secondary" or "after" or "used" or "existing" market is distinguishable from the build-to-suit market.

The market value of the existing facility is based upon the fact that it is an existing facility, which is assumed to be available for sale or lease in the open marketplace as of the valuation date. The build-to-suit market involves a yet-to-be constructed facility built to the specifications of the prospective buyer or tenant. The build-to-suit market rent or sale price is based upon the cost of construction, whereas the "existing" market sale price or rent is a function of supply and demand and the open interaction of buyers and sellers or landlords and tenants in the marketplace for an existing property.

The three approaches to valuation -- the sales comparison, income, and cost -- are based upon distinct measures that, although applied separately, may be used to verify each other.

The sales comparison approach to value seeks to identify those sales or offerings which may be comparable in terms of condition, amenities, quality, age, location, type, timing, financing terms, and motivation of buyers and sellers. No two properties are precisely comparable so adjustments must be considered for discernible differences. This approach generally reflects the actions of buyers and sellers in the marketplace.

In the income approach to value, an estimate is made of future financial benefits, which can be derived from ownership. After ascertaining the net rental income that can reasonably be expected from the property by a knowledgeable owner, the net operating income is capitalized using a method appropriate to investments of similar type and category. This approach generally is most similar to the manner in which investors view income-producing property.

The cost approach to estimate value entails preparing an estimate of land value and adding an estimate of the replacement cost of the building and improvements, less any physical, economic, or functional depreciation or obsolescence. Implicit in the cost approach is that a knowledgeable buyer would pay no more for the property than what it would cost to replace it.

Applied Valuation Approaches

In considering and applying the appropriate valuation approaches, the Markarian Hierarchy has been followed and utilized as a guideline. The applicable approaches to value for the subject mega warehouse store and supporting land were concluded to be the sales comparison, the income, and the cost approaches to value. The cost approach was applied but is less reliable because the subject property's market value is adversely impacted by substantial depreciation due to obsolescence. The amount of obsolescence is difficult, if not impossible, to estimate without extracting from the other approaches to value. In addition, buyers and sellers, of this type of property, do not generally buy and sell based upon the cost approach to value.

Sales Comparison Approach

Definition of the Sales Comparison Approach

According to The Dictionary of Real Estate Appraisal, Seventh Edition (Appraisal Institute, 2022), the sales comparison approach is defined as:

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

Discussion of Methodology

The simplest and most direct sales comparison is with sales of similar properties sold in the fee simple estate with the same or similar highest and best use. The best comparable sales are those that would attract the same class of buyers as the subject. Furthermore, there are a sufficient number of such sale comparables to which the subject can be compared. As such, the sales comparison approach will provide a primary indicator of value along with the income approach.

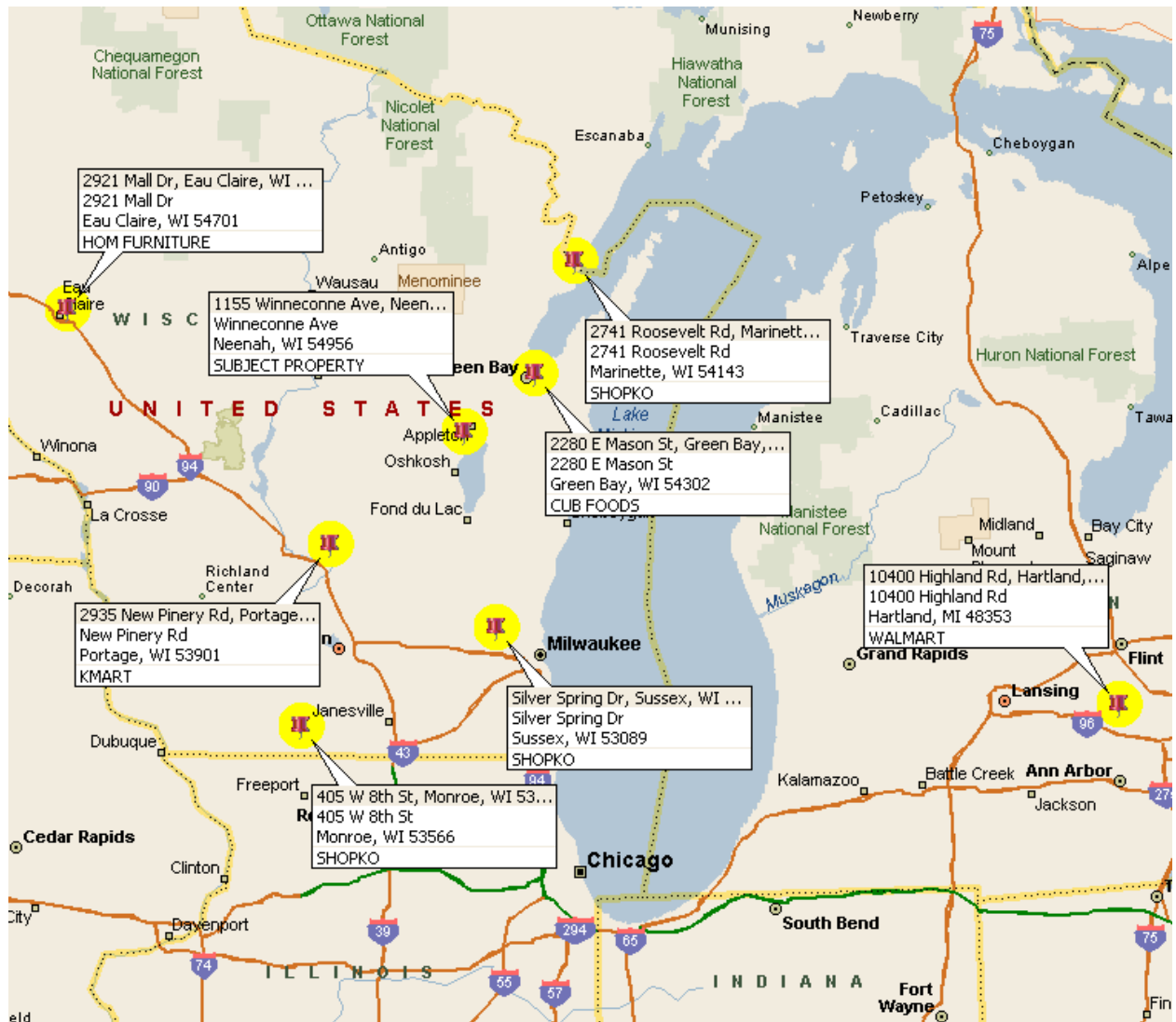
We have researched the market and have identified comparable sales, which are similar to the subject. These represent fee simple transfers of properties, which were similar to the subject property and were available for retail use, during the relevant time period involved in the valuation. We have not utilized leased fee sales because most of the sales are subject to above market build-to-suit leases and are at prices reflective of the credit of the tenant. Additionally, we did not utilize sale/leaseback sales because these are financing transactions and not representative of market value. The selection criteria included big box retail stores that sold near to the subject date of value. We researched the state of Wisconsin and Illinois for sales that were as similar in economic location, date of sale, building size, design, and age as the subject property. In addition, we are familiar with sales of similar properties in other Midwestern states including Indiana, Iowa, Ohio, Minnesota, and Michigan.

The following is a summary and a map of comparable sales, which is followed by detailed write-ups of these sales. In the detailed write-ups of the comparables, the properties are identified by the retailer for which the building was constructed. After these sales are analyzed, there will be a presentation of additional sale comparables that were considered before concluding to an indicated per square foot value of gross building area for the fee simple interest in the subject property.

COMPARABLE BUILDING SALES								
SALE DETAILS	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Development	Walmart	Cub Foods	Kmart	Hom Furniture	Walmart Super Ctr.	Shopko	Shopko	Shopko
Location	Neenah, WI	Green Bay, WI	Portage, WI	Eau Claire, WI	Hartland Twp., MI	Monroe, WI	Marinette, WI	Sussex, WI
Sale Date		Dec-16	Feb-19	Mar-20	Jul-16	Feb-20	Oct-19	May-21
Building Area (SF)	203,669	75,932	89,381	93,620	186,763	73,956	83,222	80,039
Year Built	2003	1983	1989	1988, '03	2009	1994	1990	2008
Land Size	16.44	7.95	9.50	4.98	22.92	6.98	7.48	6.45
LTB Ratio	3.52	4.56	4.63	2.32	5.35	4.11	3.92	3.51
Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Sale Price		\$1,700,000	\$1,500,000	\$2,600,000	\$4,175,000	\$2,200,000	\$1,400,000	\$1,800,000
Price/SF		\$22.39	\$16.78	\$27.77	\$22.35	\$29.75	\$16.82	\$22.49
Community Data								
Population (5 Mile)	63,519	127,131	13,734	83,946	30,904	13,582	24,789	52,688
Households (5 Mile)	27,079	51,034	5,578	34,335	11,064	5,862	11,160	20,614
Average HH Size (5 Mile)	2.33	2.41	2.27	2.32	2.79	2.28	2.19	2.55
Med HH Inc (5 Mile)	\$61,060	\$54,736	\$51,150	\$57,887	\$100,038	\$51,839	\$45,503	\$99,947
Avg. HH Spending (5 Mile)	\$46,987	\$41,204	\$37,340	\$41,498	\$66,353	\$39,684	\$33,330	\$69,100
Population (10 Mile)	216,966	226,826	24,412	110,654	145,796	19,572	31,138	266,614
Households (10 Mile)	88,272	91,979	9,962	44,763	55,810	8,222	13,870	107,468
Med HH Inc (10 Mile)	\$62,072	\$59,050	\$57,167	\$60,302	\$87,501	\$54,924	\$50,636	\$87,933
Avg. HH Spending (10 Mile)	\$45,772	\$44,187	\$40,593	\$42,789	\$62,259	\$42,179	\$34,087	\$63,955
Pop. Δ 2010-20 (5 Mile)	5.20%	5.25%	3.92%	7.06%	10.16%	-1.63%	-3.00%	9.82%
Pop. Δ 2010-20 (10 Mile)	6.08%	6.08%	3.11%	7.54%	7.24%	-1.30%	-3.43%	6.09%
Pop. Δ 2020-25 (5 Mile)	2.30%	2.94%	2.26%	3.49%	4.23%	-0.24%	-1.66%	3.76%
Pop. Δ 2020-25 (10 Mile)	3.05%	3.40%	1.92%	3.68%	3.66%	-0.27%	-1.80%	2.75%
Traffic Count	97,800	32,200	12,000	44,100	84,800	20,800	12,600	26,200

Notes: - Pop, HH and Med HH Income is based upon 2020-2021 ESRI Data
 - Traffic Counts are as near to the locations and the date of sale as possible.

Map of Comparable Sales



COMPARABLE SALE 1



Property Name:	Cub Foods	Sales Analysis	
Property Address:	2280 E Mason St.	Grantor:	Supervalu, Inc.
Cross Streets:	E. Mason & Main	Grantee:	Green Bay East, LLC
City/Township:	Green Bay, WI	Verification:	Broker, Public Records
County:	Brown	Sale Date:	Dec-16
Parcel ID(s):	21-126-1	Sale Price:	\$1,700,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	75,932	Property Rights Transferred:	Fee Simple
Year Built:	1983	Conditions of Sale:	Arms-Length
MVS Classification:	Class C	Marketing Time	±60 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	7.95	Financial Analysis	
Parcel Shape:	Rectangular	Net Operating Income:	n/a
Zoning:	C3, Commercial	Capitalization Rate:	n/a
Parking:	Asphalt	Price/SF:	\$22.39
Land-to-Building Ratio:	4.56		

Comments
 This property was a former Cub Foods grocery store that was closed in 2009. The property sold to a developer that has reimaged the building into a multi-tenant facility with Petsmart, Marshalls, Glamour Nails and Ross Dress for Less. The building and parking lot were in below average condition at the time of sale.

COMPARABLE SALE 1, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
<u>2010</u>		<u>2010</u>	
Population:	120,795	Population:	213,831
Households:	48,036	Households:	85,682
Average Household Size:	2.43	Average Household Size:	2.42
<u>2020</u>		<u>2020</u>	
Population:	127,131	Population:	226,826
Households:	51,034	Households:	91,979
Average Household Size:	2.41	Average Household Size:	2.40
Median HH Income:	\$54,736	Median HH Income:	\$59,050
Avg. Consumer Spending:	\$41,204	Avg. Consumer Spending:	\$44,187
<u>2025</u>		<u>2025</u>	
Population:	130,864	Population:	234,546
Households:	52,754	Households:	95,491
Average Household Size:	2.40	Average Household Size:	2.39
<u>2010-2020 Growth Rate:</u>		<u>2010-2020 Growth Rate:</u>	
Population:	5.25%	Population:	6.08%
Households:	6.24%	Households:	7.35%
<u>2020-2025 Growth Rate:</u>		<u>2020-2025 Growth Rate:</u>	
Population:	2.94%	Population:	3.40%
Households:	3.37%	Households:	3.82%
Traffic Count:	32,200	- combined along Main St. and E. Mason St.	

COMPARABLE SALE 2



Property Name:	Kmart	Sales Analysis	
Property Address:	2935 New Pinery Rd.	Grantor:	Lynn Holdings, LLC
Cross Streets:	New Pinery & I-39	Grantee:	Juniper I, LLC
City/Township:	Portage, WI	Verification:	Grantor, Public Record
County:	Columbia	Sale Date:	Feb-19
Parcel ID(s):	11271-3138	Sale Price:	\$1,500,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	89,381	Property Rights Transferred:	Fee Simple
Year Built:	1989	Conditions of Sale:	Arms-Length
MVS Classification:	Class C	Marketing Time	±42 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	9.50	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	B-3, Interchange Business	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$16.78
Land-to-Building Ratio:	4.63		

Comments
 This is the sale of former Big K (Kmart) store that closed in April 2014. The vacant Kmart and its 15 acres were purchased by a developer in 2015. The developer divided the land and marketed the big box building for sale. The property was purchased by an owner/user (Stock + Field) for retail purposes. The building's roof was approximately nine years old at the time of this sale and the property was in average condition at the time of sale.

COMPARABLE SALE 2, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
<u>2010</u>		<u>2010</u>	
Population:	13,216	Population:	23,676
Households:	5,274	Households:	9,525
Average Household Size:	2.29	Average Household Size:	2.36
<u>2020</u>		<u>2020</u>	
Population:	13,734	Population:	24,412
Households:	5,578	Households:	9,962
Average Household Size:	2.27	Average Household Size:	2.33
Median HH Income:	\$51,150	Median HH Income:	\$57,167
Avg. Consumer Spending:	\$37,340	Avg. Consumer Spending:	\$40,593
<u>2025</u>		<u>2025</u>	
Population:	14,045	Population:	24,880
Households:	5,726	Households:	10,186
Average Household Size:	2.27	Average Household Size:	2.33
<u>2010-2020 Growth Rate:</u>		<u>2010-2020 Growth Rate:</u>	
Population:	3.92%	Population:	3.11%
Households:	5.76%	Households:	4.59%
<u>2020-2025 Growth Rate:</u>		<u>2020-2025 Growth Rate:</u>	
Population:	2.26%	Population:	1.92%
Households:	2.65%	Households:	2.25%
Traffic Count:	12,000	- along New Pinery & Gunderson Dr.	

COMPARABLE SALE 3



Property Name:	Hom Furniture	Sales Analysis	
Property Address:	2921 Mall Dr.	Grantor:	SVCN 1, LLC
Cross Streets:	State Road 93 & US-53	Grantee:	Continental 1776, LLC
City/Township:	Eau Claire, WI	Verification:	Broker, Public Records
County:	Eau Claire	Sale Date:	Mar-20
Parcel ID(s):	53-020-99-0004-710	Sale Price:	\$2,600,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	93,620	Property Rights Transferred:	Fee Simple
Year Built:	1988, '03	Conditions of Sale:	Arms Length
MVS Classification:	Class C	Marketing Time	±3 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	4.98	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	C-3, Commercial	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$27.77
LTB Ratio:	2.32		

Comments
 This is the sale of a former Hom Furniture store in Eau Claire that Hom vacated in early 2020 after moving into the former Younkers building at the Oakwood Mall. The property was listed for approximately three months with an asking price of \$2.8m. The property was purchased by an owner/user for retail sales use. The purchaser opened a general merchandise store, selling home goods, clothing and furniture. The property had been well maintained and was in average condition at the time of sale with a new parking lot in 2015.

COMPARABLE SALE 3, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
<u>2010</u>		<u>2010</u>	
Population:	78,409	Population:	102,899
Households:	31,897	Households:	41,380
Average Household Size:	2.31	Average Household Size:	2.37
<u>2020</u>		<u>2020</u>	
Population:	83,946	Population:	110,654
Households:	34,335	Households:	44,763
Average Household Size:	2.32	Average Household Size:	2.37
Median HH Income:	\$57,887	Median HH Income:	\$60,302
Avg. Consumer Spending:	\$41,498	Avg. Consumer Spending:	\$42,789
<u>2025</u>		<u>2025</u>	
Population:	86,878	Population:	114,729
Households:	35,604	Households:	46,499
Average Household Size:	2.32	Average Household Size:	2.37
<u>2010-2020 Growth Rate:</u>		<u>2010-2020 Growth Rate:</u>	
Population:	7.06%	Population:	7.54%
Households:	7.64%	Households:	8.18%
<u>2020-2025 Growth Rate:</u>		<u>2020-2025 Growth Rate:</u>	
Population:	3.49%	Population:	3.68%
Households:	3.70%	Households:	3.88%
Traffic Count:	44,100 - based upon 19,200 on Hastings & 24,900 on SR-93		

COMPARABLE SALE 4



Property Name:	Walmart Super Ctr.	Sales Analysis	
Property Address:	10400 Highland Road (M-59)	Grantor:	Walmart RE Business Trust
Cross Streets:	US-23 & M-59	Grantee:	Bedford ABG, LLC
City/Township:	Hartland Twp., MI	Verification:	Broker, Assessor, Grantor
County:	Livingston County	Sale Date:	Jul-16
Parcel ID(s):	4708-28-200-025	Sale Price:	\$4,175,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	186,763	Property Rights Transferred:	Fee Simple
Year Built:	2009	Conditions of Sale:	Arms Length
MVS Classification:	Class C	Marketing Time	±6 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	22.92	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	PD, Planned Development	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$22.35
Land-to-Building Ratio:	5.35		

Comments

This is the sale of a former Walmart Supercenter store in Hartland Twp. to ABG, which is Rural King. Walmart closed this location in Jan-16 and the property was subsequently listed for sale with an asking price of \$5.5M. According to Walmart, the property was marketed to all users with no potential deed restrictions and no limitations on use. However, the sale eventually included a deed restriction, limiting some future uses of the property, but not the buyer's general merchandise retail use. Walmart indicated that there were several purchasers interested in purchasing the property. The surrounding area has lower than average population and household figures when compared to most big box sites; however, the neighborhood's high traffic counts and quick access to US-23 results in an enlarged trade area and the neighborhood being a desirable location for retailers, including Meijer, Kroger and Target. The building has visibility from both M-59 and US-23 and there is a full-service interchange at the intersection of these roads. The property was in good shape for its age with no items of deferred maintenance.

COMPARABLE SALE 4, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
<u>2010</u>		<u>2010</u>	
Population:	28,053	Population:	135,952
Households:	9,846	Households:	51,331
Average Household Size:	2.84	Average Household Size:	2.64
<u>2020</u>		<u>2020</u>	
Population:	30,904	Population:	145,796
Households:	11,064	Households:	55,810
Average Household Size:	2.79	Average Household Size:	2.60
Median HH Income:	\$100,038	Median HH Income:	\$87,501
Avg. Consumer Spending:	\$66,353	Avg. Consumer Spending:	\$62,259
<u>2025</u>		<u>2025</u>	
Population:	32,211	Population:	151,133
Households:	11,587	Households:	58,133
Average Household Size:	2.78	Average Household Size:	2.59
<u>2010-2020 Growth Rate:</u>		<u>2010-2020 Growth Rate:</u>	
Population:	10.16%	Population:	7.24%
Households:	12.37%	Households:	8.73%
<u>2020-2025 Growth Rate:</u>		<u>2020-2025 Growth Rate:</u>	
Population:	4.23%	Population:	3.66%
Households:	4.73%	Households:	4.16%
Traffic Count:	84,800 - based upon 45,900 on US-23 & 34,900 on M-59		

COMPARABLE SALE 5



Property Name:	Shopko	Sales Analysis	
Property Address:	405 W 8th St.	Grantor:	405 West 8th Street, LLC
Cross Streets:	8th St. & SR-11	Grantee:	Farm & Fleet of Monroe, Inc.
City/Township:	Monroe, WI	Verification:	Broker, Public Records
County:	Green	Sale Date:	Feb-20
Parcel ID(s):	25139000000	Sale Price:	\$2,200,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	73,956	Property Rights Transferred:	Fee Simple
Year Built:	1994	Conditions of Sale:	Arms-Length
MVS Classification:	Class C	Marketing Time	±3 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	6.98	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	SMU, Suburban Mixed-Use	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$29.75
Land-to-Building Ratio:	4.11		

Comments
 This comparable sale is a former Shopko store which was closed in June 2019. The property was subsequently listed for sale with an asking price of \$3m. The property was purchased and reimaged into a Blain's Farm & Fleet. The building and parking lot were in average condition at the time of sale. The property has good visibility from SR-11 and good access to SR-11 within the neighborhood.

COMPARABLE SALE 5, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
<u>2010</u>		<u>2010</u>	
Population:	13,807	Population:	19,829
Households:	5,903	Households:	8,230
Average Household Size:	2.30	Average Household Size:	2.37
<u>2020</u>		<u>2020</u>	
Population:	13,582	Population:	19,572
Households:	5,862	Households:	8,222
Average Household Size:	2.28	Average Household Size:	2.35
Median HH Income:	\$51,839	Median HH Income:	\$54,924
Avg. Consumer Spending:	\$39,684	Avg. Consumer Spending:	\$42,179
<u>2025</u>		<u>2025</u>	
Population:	13,549	Population:	19,520
Households:	5,868	Households:	8,232
Average Household Size:	2.27	Average Household Size:	2.34
<u>2010-2020 Growth Rate:</u>		<u>2010-2020 Growth Rate:</u>	
Population:	-1.63%	Population:	-1.30%
Households:	-0.69%	Households:	-0.10%
<u>2020-2025 Growth Rate:</u>		<u>2020-2025 Growth Rate:</u>	
Population:	-0.24%	Population:	-0.27%
Households:	0.10%	Households:	0.12%
Traffic Count:	20,800 - along W. 8th, 6th Ave. and SR-11		

COMPARABLE SALE 6



Property Name:	Shopko	Sales Analysis	
Property Address:	2741 Roosevelt Rd.	Grantor:	Everstar Income & Value Fund V, LP
Cross Streets:	Roosevelt Rd.. & US-41	Grantee:	Marwireretail, LLC
City/Township:	Marinette, WI	Verification:	Broker, Public Records
County:	Marinette	Sale Date:	Oct-19
Parcel ID(s):	251-00632.013	Sale Price:	\$1,400,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	83,222	Property Rights Transferred:	Fee Simple
Year Built:	1990	Conditions of Sale:	Arms-Length
MVS Classification:	Class C	Marketing Time	±6 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	7.48	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	B-4, Highway Business	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$16.82
Land-to-Building Ratio:	3.92		

Comments
 This comparable sale is a former Shopko store which was closed in February 2019. The property was purchased by a developer that intended to utilize the building for retail with climate-controlled self storage in the back of the building. Following the purchase, the developer received approval to split a portion of the site for a hotel development and altered its plans to use the whole building for climate-control self-storage. The building and parking improvement were in average condition as of the date of sale. The property has good access to Hwy-41 in the neighborhood.

COMPARABLE SALE 6, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
<u>2010</u>		<u>2010</u>	
Population:	25,555	Population:	32,245
Households:	11,352	Households:	14,169
Average Household Size:	2.20	Average Household Size:	2.23
<u>2020</u>		<u>2020</u>	
Population:	24,789	Population:	31,138
Households:	11,160	Households:	13,870
Average Household Size:	2.19	Average Household Size:	2.22
Median HH Income:	\$45,503	Median HH Income:	\$50,636
Avg. Consumer Spending:	\$33,330	Avg. Consumer Spending:	\$34,087
<u>2025</u>		<u>2025</u>	
Population:	24,377	Population:	30,579
Households:	10,993	Households:	13,645
Average Household Size:	2.19	Average Household Size:	2.21
<u>2010-2020 Growth Rate:</u>		<u>2010-2020 Growth Rate:</u>	
Population:	-3.00%	Population:	-3.43%
Households:	-1.69%	Households:	-2.11%
<u>2020-2025 Growth Rate:</u>		<u>2020-2025 Growth Rate:</u>	
Population:	-1.66%	Population:	-1.80%
Households:	-1.50%	Households:	-1.62%
Traffic Count:	12,600 - along Roosevelt		

COMPARABLE SALE 7



Property Name:	Shopko	Sales Analysis	
Property Address:	N66W25201 Silver Spring Dr	Grantor:	Realty Income Properties 28, LLC
Cross Streets:	Hwy 164 & Silver Spring Dr.	Grantee:	RAP Fond Du Lac, LLC
City/Township:	Sussex, WI	Verification:	Broker, Public Records
County:	Waukesha	Sale Date:	May-21
Parcel ID(s):	SUXV-0228999021	Sale Price:	\$1,800,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	80,039	Property Rights Transferred:	Fee Simple
Year Built:	2008	Conditions of Sale:	Arms-Length
MVS Classification:	Class C	Marketing Time	±20 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	6.45	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	B-2, Regional Business	Capitalization Rate:	n/a
Parking:	Asphalt	Price/SF:	\$22.49
Land-to-Building Ratio:	3.51		

Comments
 This property was a former Shopko store that was closed in April-2019. The property was listed for sale for approximately 20 months with an asking price of \$4.0m. The purchaser is a developer that is marketing the property for multi or single tenant retail use with available suite sizes ranging from 15,000 SF to 80,000 SF. The property is in a retail neighborhood that includes Kohls. The property has visibility, access and signage along both Highway 164 and Silver Spring Dr. (Main St.). The building was in good condition with no items of deferred maintenance at the time of sale.

COMPARABLE SALE 7, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
2010		2010	
Population:	47,978	Population:	251,321
Households:	18,627	Households:	99,757
Average Household Size:	2.57	Average Household Size:	2.48
2020		2020	
Population:	52,688	Population:	266,614
Households:	20,614	Households:	107,468
Average Household Size:	2.55	Average Household Size:	2.44
Median HH Income:	\$99,947	Median HH Income:	\$87,933
Avg. Consumer Spending:	\$69,100	Avg. Consumer Spending:	\$63,955
2025		2025	
Population:	54,668	Population:	273,955
Households:	21,421	Households:	110,911
Average Household Size:	2.55	Average Household Size:	2.43
2010-2020 Growth Rate:		2010-2020 Growth Rate:	
Population:	9.82%	Population:	6.09%
Households:	10.67%	Households:	7.73%
2020-2025 Growth Rate:		2020-2025 Growth Rate:	
Population:	3.76%	Population:	2.75%
Households:	3.91%	Households:	3.20%
Traffic Count:	26,200	- combined traffic counts along Hwy 164 & Silver Spring Dr.	

Explanation of Adjustments

The comparable sales have been analyzed in this sales comparison approach. We have chosen the sale price per square foot of gross building area as the unit of comparison for our analysis. In this analysis the individual attributes of each sale are analyzed and compared to the subject. The comparable sales may be inferior, superior, or equal to the subject. Positive or negative adjustments are made to each sale to account for differences with the subject. Adjustments are made to account for property rights transferred, financing terms, conditions of sale, market conditions, size, location, and age/condition. The following paragraphs summarize our adjustments.

Expenditures after Sale - Typically big box retailers or developers will re-configure a store after purchase to meet its specific retailing image and business plan. This can include re-doing the façade, the floor covering, lighting, electrical, re-locating restrooms and other changes. These do not represent deficiencies in the property at the time of sale or necessary capital expenditures for retail use. The subject, if it were sold to another retailer, would typically undergo similar reconfigurations since every retailer has its own brand, image, layout, and store design and tries to give its customers a consistent buying experience. For an adjustment for expenditures after sale to be needed the remodeling and renovations need to be items that both the buyer and seller recognize need to be immediately done.

Property Rights – Comparable Sale 4 was sold with a covenant deed, restricting some future retail use of the property. This restriction is effective for 25 years. This restriction was drafted after the potential purchaser identified what the future use of the property would be and after the price was established. The appraiser has spoken with the participants in Sale 4, including the listing brokers and a representative for the grantor of the property. Based upon these discussions, the covenant deed does not appear to have affected the purchase price paid for this property.

In addition to our interviews indicating that this deed restriction did not negatively affect the sale price paid for the property, we have reviewed two national big box studies as they pertain to the effect of deed restrictions on big box sales. In 2016, Brett Harrington, CMI of the International Appraisal Company produced a study that indicated there is an average downward effect of 6% for deed restricted sales. In 2019, Dane Anderson MAI, CCIM and Kenneth Riggs, CFA, CRE, MAI, FRICS CCIM, of Situs RERC produced a study on big box retail valuation methodology which indicated that there was no downward effect on the average prices for properties sold with deed restrictions. Overall, we have applied an upward adjustment of 5% to Sale 4 to account for the lesser property rights.

The following table is from the Situs RERC report, showing the statistics on deed restricted versus non-deed restricted retail property sales over 50,000 SF. The following table shows a slight increase in the median sale price per square foot and the average sale price per square foot for retail properties over 50,000 SF which sold with deed restrictions.

Table 15: Deed Restriction Descriptive Statistics (>50k SF)		
	Y	N
Median Sale Price/SF	\$30.11	\$27.97
Average Sale Price/SF	\$37.82	\$37.46
Average Building Size (SF)	113,852	98,226
Average Year Built	1995	1993
Average Land-to-Building Ratio	5.1	4.7
Average ZIP Code Median Household Income	\$57,638	\$54,714
Average ZIP Code Population	31,116	36,423
# of Transactions	43	94

Financing Terms – The sales were all cash sales and no adjustments for financing terms were deemed necessary.

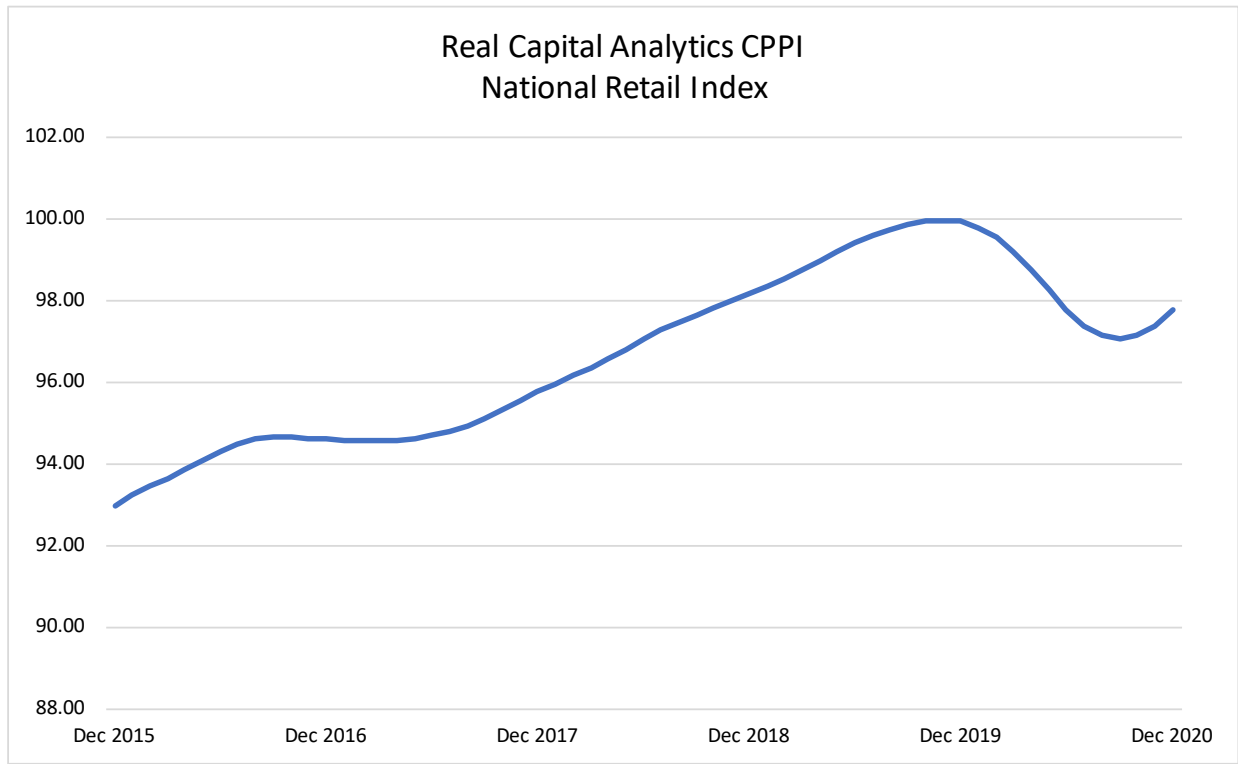
Conditions of Sale – Each of the sales was an arm’s-length cash or a cash equivalent transaction; thus, no adjustment was necessary for these reasons.

Market Conditions - The adjustment for market conditions accounts for any changes in the market conditions between the date of sale of the comparable and the Date of Value of the subject. We have based our trends on the best data available. Based upon the historical condition of the retail markets in the location of the comparables, we have applied adjustments for annual market conditions from the end of 2014 through the end of 2019 based on rents and vacancy in the provided data from Costar. We have also included capitalization rates for retail investors as surveyed by Realtyrates.com.

In our review of economic data several indicators were examined, with a few highlighted here: national retail index, national big box sales study, broker interviews, Costar surveyed data and national retail indicators. It is our opinion that these economic indicators reflect the change in market value for big box retail buildings.

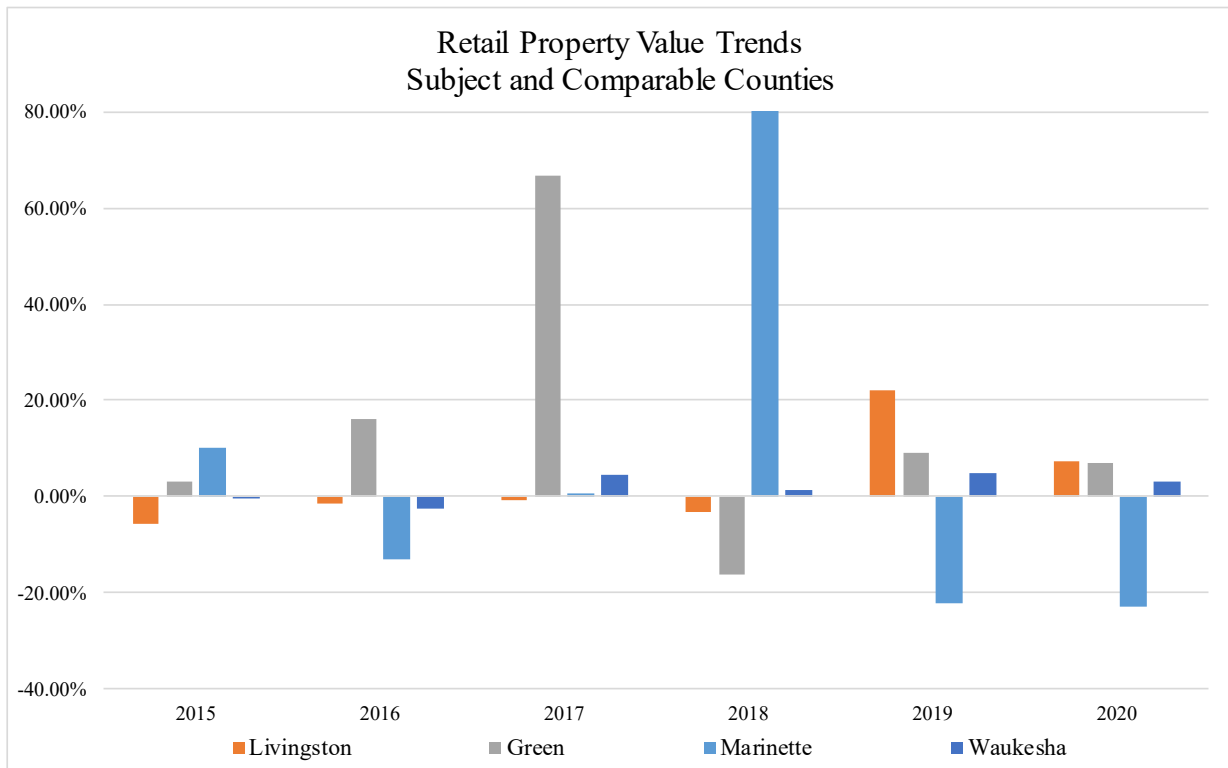
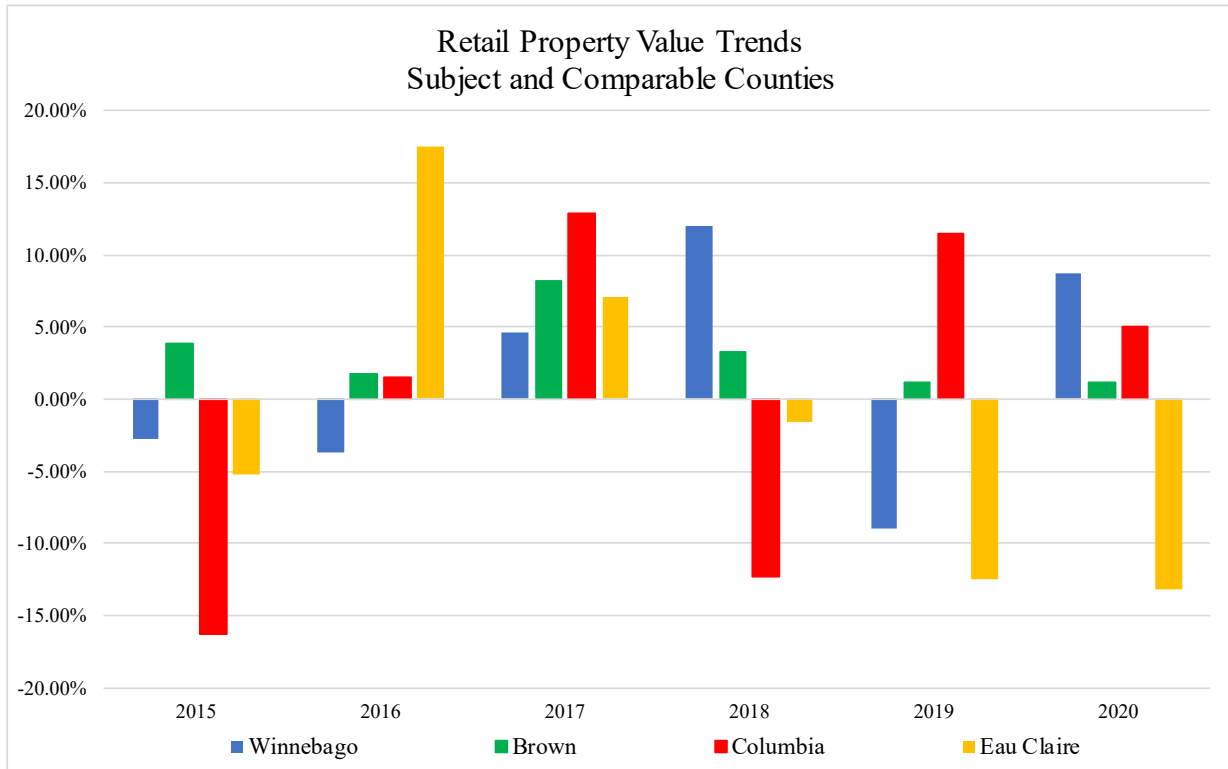
- **Real Capital Analytics** – Real Capital Analytics produces the RCA CPPI Retail Index, which is based on repeat-sales transactions that occurred at any time up through the month prior to the reporting date. The figures indicate the movement in pricing for retail property sales transactions from 2015 through 2020. The following graph depicts the price index from December 2015 through December 2020. The average price changes from year-end 2015 through year-end 2019 equates to approximately 1.81% per year, with an approximately

decline of 2% in 2020. The decline in prices in 2020 was in response to the Covid-19 pandemic and its effect on retailers.



- Market Factors** - Retail market trends affect the selling prices of retail real estate. We have considered trends in retail rents, retail vacancies and retail capitalization rates in determining retail value trends for the subject county as well as the counties for the comparables. These local retail market surveys and national realty resources have been utilized in this analysis: *Costar, Inc., and Realty Rates Investor Survey*. A graphical description of these trends from 2015 through 2020 is shown in the following charts. Based upon this data, the retail property trend in the Winnebago County market experienced declines in 2015, 2016 and 2019 and growth in 2017, 2018 and 2020.

We have considered these changes in market value for our market conditions analysis.



Note: In the above graph, the indicated change in 2018 for Green County was 298%. The graph is limited to 80% for scale purposes.

In addition to the retail property trends in the respective counties, the following is the retail property trend for the entire state of Wisconsin, based upon surveyed Costar and RealtyRates data.



The broader market statistics have been relied upon more than the local market indicators in concluding a market conditions adjustment for this analysis.

Based upon available data, including the Winnebago County area retail rent and occupancy data, surveyed CoStar data, a national retail price index and the national big box retail survey, we have concluded to a market condition adjustment of 3% from year end 2014 through year-end 2019 and 0% change in 2020.

The following are the conclusions for the annual changes in market conditions then applied to the sale comparables through the date of value, which is January 1, 2021.

Market Conditions Conclusions and Factors							
Comparable	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Sale Date	Dec-16	Feb-19	Mar-20	Jul-16	Feb-20	Oct-19	May-21
Year End 2015 through Year End 2016							
Market Conditions Conclusion	-	-	-	3.0%	-	-	-
Market Conditions Factor	-	-	-	101.3%	-	-	-
Year End 2016 through Year End 2017							
Market Conditions Conclusion	3.0%	-	-	3.0%	-	-	-
Market Conditions Factor	103.0%	-	-	104.3%	-	-	-
Year End 2017 through Year End 2018							
Market Conditions Conclusion	3.0%	-	-	3.0%	-	-	-
Market Conditions Factor	106.1%	-	-	107.4%	-	-	-
Year End 2018 through Year End 2019							
Market Conditions Conclusion	3.0%	3.0%	-	3.0%	-	3.0%	-
Market Conditions Factor	109.3%	102.5%	100.0%	110.6%	100.0%	100.5%	100.0%
Year End 2019 through Year End 2020							
<i>January 1, 2021 Date of Value</i>							
Market Conditions Conclusion	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Market Conditions Factor	109.3%	102.5%	100.0%	110.6%	100.0%	100.5%	100.0%

The market conditions factor has been rounded to the nearest one percent and applied to each comparable for the date of value. The following table shows these concluded market conditions for the sales and the date of value.

Market Conditions Conclusions, Rounded to Nearest 1%						
Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
<i>January 1, 2021 Date of Value</i>						
109%	103%	100%	111%	100%	101%	100%

After adjusting for property rights, financing terms, conditions of sale and market conditions, the comparables’ average selling price per square foot of \$22.62 is adjusted to \$23.53 as of January 1, 2021.

Arterial Attributes – This adjustment takes into consideration factors, such as access, visibility, and traffic counts for the subject and the comparables. The subject visibility is from W. Winneconne Ave. and I-41. The average 24-hour traffic count along W. Winneconne Ave. was 19,100 and the traffic count along I-41 78,700 vehicles in 2019. This figure is considered very good for a small-market big box retail development. Overall, it is concluded that each of the sale comparables has inferior arterial attributes, and each has been adjusted upward for this characteristic. Sale 4 has very good traffic count numbers, but a portion of the visibility from US-23 is impeded by landscaping. Therefore, this sale has not been adjusted to the degree as other sales with lower traffic counts. The following are the traffic counts for the subject and comparable sales. Additionally, the subject and comparables’ proximity and access to a major freeway have been considered in this adjustment along with the following traffic counts.

Arterial Attribute Analysis

<i>Traffic Counts</i>								
Comparable #	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Traffic Counts	19,100	17,600	9,100	19,200	45,900	7,300	12,600	19,600
	78,700	14,600	2,900	24,900	34,900	6,300 7,200		6,600
Street/Roadway	Winneconne I-41	Main St. Mason St.	New Pinery Gunderson	Hastings SR-93	US-23 M-59	W. 8th 6th Ave. SR-11	Roosevelt	Hwy 164 Sil. Spring
Compared to Subject		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior

Access Attributes

Comparable #	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Compared to Subject	Similar	Similar	Inferior	Similar	Inferior	Similar	Inferior

Visibility Attributes

Comparable #	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Compared to Subject	Similar	Similar	Similar	Inferior	Similar	Similar	Similar

Adjustment	10.00%	20.00%	5.00%	5.00%	15.00%	5.00%	15.00%
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Demographic Attributes – In addition to the arterial attributes, the demographics surrounding the subject and comparables have been considered. The following are the primary demographic measures considered in concluding adjustments for differences in demographics. Demographic data for 5-mile radius and 10-radius market areas has been considered. We have also considered the demonstrated and potential retail sales in the market area in making this adjustment.

Demographic Analysis

Comparable #	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
5- Mile Statistics								
Population	63,519	127,131	13,734	83,946	30,904	13,582	24,789	52,688
Households	27,079	51,034	5,578	34,335	11,064	5,862	11,160	20,614
Median HHI (\$)	\$61,060	\$54,736	\$51,150	\$57,887	\$100,038	\$51,839	\$45,503	\$99,947
Avg. HH Spending	\$46,987	\$41,204	\$37,340	\$41,498	\$66,353	\$39,684	\$33,330	\$69,100
Spending Power (a)	\$1,272	\$2,103	\$208	\$1,425	\$734	\$233	\$372	\$1,424
Pop. Δ 2010-20	5.20%	5.25%	3.92%	7.06%	10.16%	-1.63%	-3.00%	9.82%
5-yr Proj Pop Δ	2.30%	2.94%	2.26%	3.49%	4.23%	-0.24%	-1.66%	3.76%
10- Mile Statistics								
Population	216,966	226,826	24,412	110,654	145,796	19,572	31,138	266,614
Households	88,272	91,979	9,962	44,763	55,810	8,222	13,870	107,468
Median HHI (\$)	\$62,072	\$59,050	\$57,167	\$60,302	\$87,501	\$54,924	\$50,636	\$87,933
Avg. HH Spending	\$45,772	\$44,187	\$40,593	\$42,789	\$62,259	\$42,179	\$34,087	\$63,955
Spending Power (a)	\$4,040	\$4,064	\$404	\$1,915	\$3,475	\$347	\$473	\$6,873
Pop. Δ 2010-20	6.08%	6.08%	3.11%	7.54%	7.24%	-1.30%	-3.43%	6.09%
5-yr Proj Pop Δ	3.05%	3.40%	1.92%	3.68%	3.66%	-0.27%	-1.80%	2.75%

- Pop, HH and Med HH Income is based upon 2020-2021 ESRI Data

(a) Calculated by multiplying the # of HH with Avg. HH spending and presented in millions of dollars.

Adjustment	-5.00%	10.00%	0.00%	5.00%	10.00%	10.00%	0.00%
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The market population surrounding the subject property is larger than all but two of the comparables for the 5-mile surrounding area and is smaller than all but two of the comparables for the 10-mile surrounding area. For the 5-mile and 10-mile surrounding markets, the subject has a higher median household income (MHHI) than five of the comparables and a higher MHHI than three of the comparables. The subject’s average household spending figure ranks 3rd for both the 5-Mile and 10-Mile surrounding markets.

With more consideration given to the surrounding market size, along with the other measures, the subject property’s demographics are concluded to be inferior to Sale 1 and this comparable sale has been adjusted downward for its superior demographic measures. Sales 3 and 7 are considered to have similar demographics to the subject and have not been adjusted for demographics. Sales 2, 4, 5, and 6 are considered to have inferior demographics and have been adjusted upward for demographics.

The following are the subject property rankings for the several measures indicated in the previous tables.

Subject Ranks	
5-Mile Market Area	
Population	3 out of 8
Med HH Income	3 out of 8
Avg HH Spending	3 out of 8
Pop. Δ 2010-20 (5 Mile)	5 out of 8
Pop. Δ 2020-25 (5 Mile)	5 out of 8
10-Mile Market Area	
Population	3 out of 8
Med HH Income	3 out of 8
Avg HH Spending	3 out of 8
Pop. Δ 2010-20 (10 Mile)	5 out of 8
Pop. Δ 2020-25 (10 Mile)	4 out of 8

Submarket Adjustment – This adjustment will analyze the reported submarket trends for the subject area and the comparables. Because the date of value is and January 1, 2021, the prior year’s quarterly average market data is utilized for comparison purposes. An overview of applicable data is presented in the following table:

Retail Submarket Analysis								
Comparable #	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Geography Analyzed	5-Mile	5-Mile	5-Mile	5-Mile	5-Mile	5-Mile	5-Mile	5-Mile
Survey Period	2020	2020	2020	2020	2020	2020	2020	2020
Asking Rent/SF, NNN	\$8.36	\$12.52	\$6.29	\$8.02	\$10.85	\$16.00	\$12.26	\$11.67
Market Vacancy	3.8%	6.2%	5.0%	6.8%	5.3%	2.2%	6.6%	5.5%
Eff. Mkt. Asking Rent [1]	\$8.04	\$11.74	\$5.98	\$7.47	\$10.27	\$15.65	\$11.45	\$11.03
Compared to Subject	-	Superior	Inferior	Similar	Superior	Superior	Inferior	Inferior

[1] Calculated as asking rent multiplied by (1-market vacancy)

Overall Adjustment	-15.00%	10.00%	0.00%	-10.00%	-20.00%	-15.00%	-10.00%
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Based upon the above analysis, Sales 1, 4, 5, 6, and 7 are concluded to be located in superior surrounding retail markets and each has been adjusted downward for this characteristic. Sale 2 is concluded to be located in an inferior surrounding retail market and has been adjusted upward for this characteristic. Sale 3 is concluded to be located a similar retail market and has not been adjusted.

Age/Condition – The age/condition adjustment considers the physical age of the development, as well as the influence of any renovations and overall maintenance. Land is not subject to the age/condition adjustment. A significant portion of the combined land and building sale price is attributable to the land portion which does not depreciate over time. All of the comparables were in inferior physical condition to the subject mega warehouse store. The comparable per square foot sale prices, including land and building, have been adjusted 1% per year between the subject and the comparables as of their dates of sale. For example, as of the January 1, 2021 date of value, it is estimated that the subject mega warehouse store building had an age of 17 years, while Sale 4 had an age of seven years at the time of sale. Therefore, this sale is adjusted downward by 10% for the difference in building ages. The following are the estimated physical ages in years of the comparables as of their dates of sale.

Estimated Comparable Physical Age at Time of Sale						
Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
25	25	25	7	25	25	13

This is based upon conversations with brokers familiar with these properties at the time of their sales. The brokers for these sales indicated that the buildings had been improved since their original construction dates and that the building improvement ages at the time of sale were not reflective of their respective original construction dates.

Furthermore, Sales 1 and 2 had extended marketing times. Often, an extended marketing time is due to a seller having unrealistic price expectations; and, therefore not as willing to ask a price that reflects market value. A longer than 12-24-month marketing time does not by itself result in a lower sale price; however, a property that is vacant for longer than 24 months can result in some deferred maintenance. For this reason, we are adjusting Sales 1 and 2 an additional 5% upward for age and condition.

Our adjustment process and the actual adjustments were developed based on the appraiser’s review of numerous market area transactions and the appraiser’s experience in the market.

A summary of the adjustments applied for the date of value is provided as follows:

Sales Comparison Approach Analysis - January 1, 2021

Comparable #	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Development	Walmart	Cub Foods	Kmart	Hom Furniture	Walmart Super Ctr.	Shopko	Shopko	Shopko
Location	Neenah, WI	Green Bay, WI	Portage, WI	Eau Claire, WI	Hartland Twp., MI	Monroe, WI	Marinette, WI	Sussex, WI
Comparable Summary Data								
Sale Date		Dec-16	Feb-19	Mar-20	Jul-16	Feb-20	Oct-19	May-21
Building Area (SF)	203,669	75,932	89,381	93,620	186,763	73,956	83,222	80,039
Year Built	2003	1983	1989	1988, '03	2009	1994	1990	2008
Land Size	16.44	7.95	9.50	4.98	22.92	6.98	7.48	6.45
LTB Ratio	3.52	4.56	4.63	2.32	5.35	4.11	3.92	3.51
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Sale Price		\$1,700,000	\$1,500,000	\$2,600,000	\$4,175,000	\$2,200,000	\$1,400,000	\$1,800,000
Sale Price/SF		\$22.39	\$16.78	\$27.77	\$22.35	\$29.75	\$16.82	\$22.49
Community Data								
Population (5 Mile)	63,519	127,131	13,734	83,946	30,904	13,582	24,789	52,688
Households (5 Mile)	27,079	51,034	5,578	34,335	11,064	5,862	11,160	20,614
Med HH Inc (5 Mile)	\$61,060	\$54,736	\$51,150	\$57,887	\$100,038	\$51,839	\$45,503	\$99,947
Traffic Count	97,800	32,200	12,000	44,100	84,800	20,800	12,600	26,200
Transaction Related Adjs.								
Property Rights		1.00	1.00	1.00	1.05	1.00	1.00	1.00
Financing Terms		1.00	1.00	1.00	1.00	1.00	1.00	1.00
Conditions of Sale		1.00	1.00	1.00	1.00	1.00	1.00	1.00
Market Conditions		1.09	1.03	1.00	1.11	1.00	1.01	1.00
Adjusted Sale Price/SF		\$24.40	\$17.29	\$27.77	\$26.05	\$29.75	\$16.99	\$22.49
Characteristic Adjs.								
Arterial Attributes		1.100	1.200	1.050	1.050	1.150	1.050	1.150
Demographic Attributes		0.950	1.100	1.000	1.050	1.100	1.100	1.000
Retail Submarket Analysis		0.850	1.100	1.000	0.900	0.800	0.850	0.900
Age/Condition		1.130	1.130	1.080	0.900	1.080	1.080	0.960
Total Characteristic Adjustment		1.004	1.641	1.134	0.893	1.093	1.060	0.994
Indicated Market Value/SF		\$24.49	\$28.36	\$31.49	\$23.27	\$32.51	\$18.02	\$22.35
Total Adjustments, \$ [1]		\$2.11	\$11.58	\$3.72	\$0.91	\$2.77	\$1.19	(\$0.14)
Maximum:		\$32.51						
Minimum:		\$18.02						
Average:		\$25.78						

Sale 4 is most similar to the subject property in terms of size, layout and design (mega warehouse). Sales 3, 5, 6, and 7 are the most similar in date of sale when compared to the date of value and these have an average adjusted sale prices of \$26/sf as of the date of value, respectively. Sales 3 and 4 are most similar to the subject in terms of location (arterial and demographics); while Sale 7 is most similar in terms of physical age.

Sales 3, 6, and 7 required the least amount of gross adjustment and have an average adjusted sale price of \$24/sf as of January 1, 2021. Sales 4, 6, and 7 had the least amount of net adjustment and have an average adjusted sale price of \$21/sf as January 1, 2021.

We have also reviewed a number of additional sales in Wisconsin, as well as the Midwest, that occurred prior to, or shortly after, the valuation date. The following is a summary of these sales and the indicated price per square foot.

List of Additional Big Box Property Sales										
Property	Location	Building Size SF	Year Blt.	Land Size (ac)	LTB Ratio	Sale Date	Sale Price	SP/SF	Intended Use	
1	Walmart	Kenosha, WI	115,499	1988	10.60	4.00	Jul-18	\$3,045,000	\$26.36	U-Haul/Self Storage
2	Walmart	Milwaukee, WI	140,002	2002	14.17	4.41	May-13	\$1,650,000	\$11.79	Automotive Parts Mfg.
3	Pick N Save	Milwaukee, WI	111,250	1996	8.24	3.23	Nov-17	\$4,500,000	\$40.45	Private School
4	Sam's Club	Milwaukee, WI	138,480	1991	23.90	7.52	Mar-17	\$2,992,000	\$21.61	Lt. Industrial Use
5	Lowe's	Milwaukee, WI	134,314	2005	12.77	4.14	Jun-16	\$1,500,000	\$11.17	Lt. Industrial Use
6	Lowe's	Brown Deer, WI	139,571	2006	11.05	3.45	Dec-13	\$4,000,000	\$28.66	Retail Use
7	Shopko	Madison, WI	119,923	1989	12.40	4.50	Sep-17	\$2,700,000	\$22.51	Climate Cont. Storage
8	Kmart	Chippewa Falls, WI	86,479	1989	8.10	4.08	Jan-18	\$1,100,000	\$12.72	Climate Cont. Storage
9	Target	Greenfield, WI	130,125	1970	12.94	4.33	Jan-20	\$4,000,000	\$30.74	Grocery Store
10	Target	Kenosha, WI	96,150	1994	9.67	4.38	Nov-12	\$2,385,000	\$24.80	Multi-tenant Retail
11	Sam's Club	West Allis, WI	129,395	1999	10.77	3.63	Jun-19	\$7,500,000	\$57.96	Non-Profit Training
12	Walmart	Greenfield, WI	110,580	1989	9.95	3.92	Dec-13	\$3,900,000	\$35.27	Church/Retail
13	Shopko	Delavan, WI	78,856	1995	7.22	3.99	Jan-20	\$700,000	\$8.88	Multi-tenant Retail
14	Menards	Madison, WI	161,160	1996	14.38	3.89	Dec-18	\$8,000,000	\$49.64	Office/Training Center
15	Walmart	McHenry, IL	115,923	1990	12.77	4.80	Feb-16	\$2,880,000	\$24.84	U-Haul/Self Storage
16	Super Walmart	Bedford, OH	195,592	2009	23.35	5.20	Nov-17	\$4,950,000	\$25.31	Speculative Purchase
17	American TV	Davenport, IA	147,767	1998	10.48	3.09	Dec-14	\$6,250,000	\$42.30	Ashley Furniture
18	Lowe's	Oswego, IL	147,767	1998	16.31	4.81	Feb-14	\$3,650,000	\$24.70	Multi-tenant Retail
19	Kmart	Waukesha, WI	115,000	1970	11.77	4.46	Dec-14	\$4,750,000	\$41.30	Multi-tenant Retail
20	Ulta Foods	Chicago Heights, IL	83,238	1989	7.82	4.09	Oct-19	\$210,000	\$2.52	Climate Cont. Storage
21	Sam's Club	Batavia, IL	127,937	2009	17.66	6.01	Mar-20	\$2,050,000	\$16.02	Speculative Retail
22	Shopko	Chippewa Falls	90,820	1982	10.75	5.16	Oct-20	\$1,500,000	\$16.52	Dist. Warehouse
23	Shopko	Eau Claire	94,705	1978	9.05	4.16	Dec-20	\$1,800,000	\$19.01	Multi-tenant Retail
24	Shopko	Neenah	94,255	1989	7.99	3.69	Mar-21	\$1,667,750	\$17.69	Multi-tenant Retail
25	Shopko	Rothschild	87,813	1977	9.04	4.48	Apr-21	\$3,000,000	\$34.16	VA Hospital/Medical
26	Shopko	Fond Du Lac	102,205	1985	7.48	3.19	May-21	\$3,000,000	\$29.35	Multi-tenant Retail
27	Shopko	Beloit	93,845	1978	8.60	3.99	Jun-21	\$1,700,000	\$18.11	Indoor Self Storage
28	Shopko	Monona	119,781	1981/'00	10.28	3.74	Jun-21	\$4,600,000	\$38.40	Future Floor & Décor
29	Target	McHenry, IL	95,420	1994	8.93	4.08	Aug-15	\$2,100,000	\$22.01	Single Tenant Retail
30	Kmart	Menomonie, WI	87,754	1989	7.86	3.90	Mar-15	\$3,090,000	\$35.21	Multi-tenant Retail
								Maximum Sale Price/SF	\$57.96	
								Minimum Sale Price/SF	\$2.52	
								Average Sale Price/SF	\$26.33	
								Median Sale Price/SF	\$24.82	

Additional Market Information

Big Box Sale Study - In addition to the above analysis, the appraiser has reviewed and considered a national study which was completed on big box property sales from across the continental United States. The study was completed in 2017 by Brent Harrington, CMI of the International Appraisal Company, located in Upper Saddle River New Jersey. The study

included all big box sales over 90,000 sf that sold between January 2011 and December 2016 that were determined to be arms-length and were for continued use of the improvements.

The study included 272 sales, from January 2011 through December 31, 2016, of which 145 sales were the transfer of the fee simple estates. The fee simple sale prices ranged from \$7.92/SF to \$66.84/SF and averaged \$28.27/SF. Of these fee simple sales, 57% of the sales sold for less than \$30/SF, 83% sold for less than \$40/SF and 63% fall within the \$15/SF-\$30/SF range.

Situs RERC Study

RERC gathered national data on 843 sales of big box and junior box stores of 30,000 sf and larger from 2010 through early 2018. The RERC study included 436 fee simple sales and 407 leased fee sales. The following is a summary of their findings.

	Fee Simple	Leased Fee
Average Sale Price/SF	\$44.82	\$126.99
Median Sale Price/SF	\$32.98	\$104.67
Average Year Built	1991	1998
Average Building Size (SF)	76,134	75,106
Average Land to Building Ratio	4.84	5.12
Average ZIP Code Population	12,111	12,510
Average ZIP Median Household Income	\$54,303	\$60,059
# of Transactions	436	407

The sales were further divided into, surrounding market size (population), building size categories and year-built categories. The following tables summarize the statistics from these three segmentations.

Table 8: Population Category Descriptive Statistics (>50k SF)				
Population Category	<100k	100k-1M	1M -3M	3M+
Average Sale Price/SF	\$20.11	\$28.21	\$36.17	\$45.85
Median Sale Price	\$17.88	\$24.86	\$30.59	\$36.24
Average Building Size (SF)	92,052	99,931	104,866	112,741
Average Year Built	1994	1992	1995	1995
Average Land to Building Ratio	5.9	5.1	4.9	4.2
Average ZIP Code Median Household Income	\$48,499	\$51,032	\$53,469	\$64,095
Average ZIP Code Population	20,848	30,350	37,369	38,298
# of Transactions	40	72	54	58

In the above table, the category that would apply to the subject property would be a market population under 100k. The median sale price in this market segmentation was \$17.88 per SF and the average selling price was \$20.11 per SF.

Table 9: Building Size Category Descriptive Statistics (Fee Simple)					
Building Size Category	30k-50k	50k-70k	70k-100k	100k-130k	130k+
Median Sale Price/SF	\$55.08	\$27.43	\$25.49	\$29.04	\$24.35
Average Sale Price/SF	\$67.94	\$37.24	\$35.08	\$33.05	\$26.84
Average Building Size (SF)	39,227	56,243	85,155	113,995	155,049
Average Year Built	1993	1991	1992	1994	1999
Average Land to Building Ratio	4.6	5.2	5.2	5.0	4.4
Average Median Household Income	\$56,905	\$53,944	\$52,054	\$54,536	\$59,052
Average ZIP Code Population	32,031	30,221	29,069	35,202	34,018
# of Transactions	141	40	62	82	40

In the above table, the category that would apply to the subject property would be a building size over 130k SF. The median sale price in this market segmentation was \$24.35 per SF and the average selling price was \$26.84 per SF.

Table 11: Year Built Category Descriptive Statistics (>50k SF)			
Year Built Category	1980s	1990s	2000+
Median Sale Price/SF	\$23.02	\$26.88	\$29.58
Average Sale Price/SF	\$28.36	\$32.24	\$41.51
Average Building Size (SF)	88,656	106,275	114,663
Average Year Built	1985	1994	2005
Average Land-to-Building Ratio	4.5	5.2	5.1
Average Median Household Income	\$50,755	\$54,165	\$60,151
Average ZIP Code Population	31,949	33,272	31,210
# of Transactions	66	106	52

In the above table, the category that would apply to the subject property would be a year built of 2000+. The median sale price in this market segmentation was \$29.58 per SF and the average selling price was \$41.51 per SF.

Conclusion of Sales Comparison Approach

After analyzing the comparable sales in the adjustment grids, relying upon each of the adjusted sales and considering the other sales identified earlier, the following market value per SF has been concluded for the subject property’s mega warehouse store and supporting land via the sales comparison approach as of January 1, 2021.

The concluded values per square foot have been applied to the square footage of the mega warehouse store building which is ±203,669 square feet.

The following is a presentation of the subject property’s market value for the date of value via the sales comparison approach. Our conclusion is above the average adjusted and non-adjusted sale prices per square foot of the comparables sales. The sales that required the least amount of gross adjustment, indicating the sales that are most similar to the subject property, had an average adjusted sale price of \$21/sf for the date of value. The sales that required the least amount of net adjustment had an average adjusted sale price of \$30/sf for the date of value. Further, the six sales that occurred in Wisconsin had an average adjusted sale price of \$26/sf and a median sale price of \$26/sf for the date of value.

	<u>January 1, 2021</u>
Concluded Value Per Square Foot	\$32.00
Building Size - Square Foot	<u>203,669</u>
Value of Big Box Store Property with Supporting Land	\$6,517,408
Sales Comparison Approach Conclusion, rounded	<u><u>\$6,520,000</u></u>

***RETROSPECTIVE MARKET VALUE OF THE SUBJECT PROPERTY
VIA THE SALES COMPARISON APPROACH:

AS OF JANUARY 1, 2021
SIX MILLION FIVE HUNDRED TWENTY THOUSAND (\$ 6,520,000) DOLLARS***

The above value estimates include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market values concluded in this report. The effect of this hypothetical condition is an increase of the market value determinations via the sales comparison approach. Additionally, the above value conclusions are subject to the extraordinary assumption that the property condition was as described in this report for the date of value. The above value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Income Approach

Definition of the Income Approach

According to The Dictionary of Real Estate Appraisal, Seventh Edition, (Appraisal Institute, 2022), the Income Approach is defined as:

Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

Discussion of Methodology

Income-producing real estate is typically developed, owned, and operated with the objective of creating value by renting space to users who will pay rental rates high enough to cover the operating expenses, fixed costs, and a profit on, as well as a return of, the original investment. “When the fee simple interest is valued, the presumption is that property is available to be leased at market rents.” (15th Edition of The Appraisal of Real Estate, Page 415). The interest being appraised is the fee simple interest. As a result, the property has been appraised as if unencumbered by a lease as of the valuation date.

The most commonly employed technique in the valuation of the fee simple interest in this type of real estate is the direct capitalization of net operating income with an adjustment for stabilization costs. This technique can be summarized as follows:

- A. Estimate the gross potential rental income that the property is capable of producing.
- B. Deduct an appropriate vacancy and collection loss factor to arrive at the stabilized estimated effective gross rental income.
- C. Deduct the estimated expenses to arrive at the net operating income.
- D. Capitalize the net operating income at an appropriate rate to reflect return on and return of the investment to yield a value indication.
- E. Subtract stabilization costs.

In this approach, the appraiser studies the market to determine the appropriate rental rates, prevailing occupancy levels, expense levels, etc., in order to arrive at an estimate of net operating income (NOI). The estimated NOI is then divided by an appropriate capitalization rate to provide an estimate of value for the property.

Market Level Rent

The following discussion outlines the manner in which the market rental rate for the retail store property, expressed as an annual amount per SF of building area, was derived for use in estimating the NOI.

Rental Revenue – Big Box Retail Building

The analysis of the subject property is as an existing retail store facility. In order to analyze the income (market rent) potential of this commercial retail building, we have estimated a rental rate based upon the comparison of market rent from similar existing buildings. The following is a summary of the rent comparables used in our analysis to estimate the market rent for the subject retail store facility. There are two types of lease transactions. One is the lease of an existing retail building, and the other type of retail rental transactions are build-to-suit leases, i.e., for buildings not yet in existence but to be constructed to a tenant's specifications, which is a form of financing for the store operator/tenant. Build-to-suit leases represent rents for proposed buildings but do not represent rents that are achievable for existing buildings. In addition, build-to-suit leases do not meet the definition of market rent since they are not buildings that were offered for lease on the competitive and open market. The lessor is not typically motivated since the lessor is the builder and is motivated by the potential profit on the construction. The following is the definition of market rent from the 15th Edition of The Appraisal of Real Estate.

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, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs).*

The analysis of the subject property is as an existing big box retail store facility. In order to analyze the income (market rent) potential of this commercial building, we have estimated a rental rate based upon the comparison of market rent from existing buildings. The following is a summary of the rent information considered in our analysis. The leases are presented in a NNN basis.

Lease Comparable Summary								
Retail Store, Neenah, WI								
#	Tenant	Address	Lease Date	Lease Size (SF)	Lease Rate/SF	Lease Term	Year Built	Terms
Build-to-Suit Big Box and Junior Box Leases (leased prior to construction)								
1	Dick's Sporting Goods	9899 76th, Kenosha, WI	Sep-08	50,000	\$13.50	10.0 Yrs.	2008	Flat rate
2	Hobby Lobby	803 Pilgrim Way, Green Bay, WI	Feb-11	55,000	\$9.25	15.0 Yrs.	2011	N/A
3	Festival Foods	2233 Humes, Janesville, WI	Sep-15	72,500	\$12.46	15.0 Yrs.	2015	5 Yr. Bumps
4	Dick's Sporting Goods	345 Discovery, Brookfield, WI	Aug-16	50,000	\$14.00	10.0 Yrs.	2016	5 Yr. Bumps
5	Cabela's	1350 Cabela Drive, Madison, WI	Sep-17	90,387	\$15.69	22.0 Yrs.	2017	10 Yr. Bump
6	At Home	10800 Assembly Park, Wixom, MI	Aug-18	107,092	\$10.75	15.0 Yrs.	2018	N/A
Average Lease Size SF				70,830				
Minimum Lease Rate/SF:				\$9.25				
Maximum Lease Rate/SF:				\$15.69				
Average Overall Lease Rate/SF:				\$12.61				

Big Box Leases (existing stores)								
7	Garden Ridge	4641 Lafayette, Indianapolis, IN	Oct-07	108,900	\$4.75	12	1994	N/A
8	Big R	1401 W 26th, Marion, IN	Aug-09	94,875	\$1.60	14	2003	N/A
9	Furniture Outlet	14201 Manchester Rd., Ballwin, MO	Aug-10	106,800	\$6.00	N/A	1994	N/A
10	Garden Ridge	1325 N. Meacham Rd., Schaumburg, IL	Sep-10	104,546	\$3.00	N/A	2001	N/A
11	Art Van Furniture	7150 S. Cicero Ave, Bedford Park, IL	Mar-13	84,505	\$6.00	10.0 Yrs.	1992	\$0.50 in Yr. 6
12	Walmart	17550 S. Halsted, Homewood, IL	Aug-13	196,000	\$3.06	10.0 Yrs.	1992	None
13	At Home	4620 Stadium Dr, Kalamazoo, MI	Nov-13	84,000	\$2.85	5.0 Yrs.	1974	N/A
14	At Home	3100 Washtenaw Ave., Ypsilanti, MI	Dec-13	91,743	\$3.60	5.0 Yrs.	1960	N/A
15	Kohl's	9404 State Road 16, Onalaska, WI	Feb-14	86,398	\$6.62	10.0 Yrs.	1992	Renegotiate
16	Floor & Décor	3430 Highland Ave, Cincinnati, OH	Jun-14	118,977	\$5.50	10.0 Yrs.	1994	N/A
17	At Home	10331 University, Clive, IA	May-15	91,030	\$6.39	N/A	1991	N/A
18	At Home	4601 S. 27th, Greenfield, WI	Feb-16	116,805	\$4.71	10.0 Yrs.	1995	None
19	At Home	2101 S. Telegraph, Bloomfield Hills, MI	Sep-16	120,650	\$5.60	10.0 Yrs.	1993	\$0.15 in Yr. 6
20	G4CE Entertainment	28300 Dequindre, Warren, MI	Nov-17	101,773	\$4.75	5.0 Yrs.	1993	None
21	Floor & Décor	14453 Hall Rd., Shelby Twp, MI	Sep-19	91,500	\$6.25	10.0 Yrs.	2000	None
22	At Home	2201 Zeier Rd., Madison, WI	Oct-19	94,105	\$6.95	--	1987	--
23	Listing (Former Kmart)	1200 W Fond Du Lac, Ripon, WI	Listing	86,479	\$5.00	--	1988	--
24	Listing (Former Shopko)	N66W25201 Silver Spring Dr., Sussex, WI	Listing	80,039	\$6.00	--	2009	--
Average Lease Size SF				103,285				
Minimum Lease Rate/SF:				\$1.60				
Maximum Lease Rate/SF:				\$6.95				
Average Overall Lease Rate/SF:				\$4.92				

Junior Box Leases (existing space)								
25	Hobby Lobby	1126 S. Koeller, Oshkosh, WI	Feb-07	52,016	\$5.75	N/A	1980	N/A
26	Big Lots	2781 Aurora Ave., Naperville, IL	Jan-13	50,000	\$4.50	6.0 Yrs.	1985	N/A
27	Hobby Lobby	2406 Green Bay Rd, Racine, WI	Feb-13	55,000	\$4.50	10.0 Yrs.	1988	N/A
28	Gordman's	7500 Green Bay Rd., Kenosha, WI	Aug-13	50,000	\$8.45	10.0 Yrs.	1994	4.5% in Yr. 6
29	Bed Bath & Beyond	7500 Green Bay Rd., Kenosha, WI	Oct-13	25,000	\$11.19	10.0 Yrs.	1994	Flat
30	Hobby Lobby	N95W18723 Cty. Line, Menomonee Falls, WI	Sep-14	60,944	\$5.63	10.0 Yrs.	1987	N/A
31	Burlington Coat Factory	5914 75th Street, Kenosha, WI	Oct-16	46,471	\$5.70	12.5 Yrs.	1980	5 Yr. Bump
Average Lease Size SF				48,490				
Minimum Lease Rate/SF:				\$4.50				
Maximum Lease Rate/SF:				\$11.19				
Average Overall Lease Rate/SF:				\$6.53				

The above data reflects a $\pm 60\%$ difference between the build-to-suit leases and the leases of existing buildings before considering differences in age, location, date of lease.

It should be noted that existing big box store buildings as opposed to big box store buildings to be built are not often leased in the open market. When there is a lease, it is generally a financing transaction with a build-to-suit lease when built or a sale-leaseback. When the fee simple interest in an existing big box store is put on the market it is often offered for lease or sale but will generally sell before it is leased. As a result, there are not many lease comparables for big box stores. The above leases represent the best market rent comparables available for the existing subject big box store building.

Unleased big box stores are most often sold to users rather than investors so there is not a lot of leasing activity for existing big box stores (80,000 SF and above), especially for the size of the subject property. This necessitates the use of smaller and older store leases to determine market rents for the subject property. This is reflected in our lease comparables for existing retail buildings which are generally older buildings than the subject thereby resulting in lower rents. Most are also significantly smaller than the subject property which results in higher rents per square foot than could be achieved at the subject property. These differences are offsetting to various degrees. Although age is relevant, it is less significant for a lease than it is for a sale. The use of smaller and older leases to determine market rents for the subject property results in a less reliable determination of market rent than if leases of similar size and age buildings were available close to the valuation date under consideration. Also, for store buildings greater than 80,000 sf we have not observed size as impacting selling price; however, for leased store buildings we have observed a significant inverse relationship between size and market rent.

Analysis of Comparable Leases

The build-to-suit lease comparables presented in the previous chart indicate a range in rental rates (NNN) from \$9.25/SF to \$15.69/SF, with an overall average of \$12.61/SF. The rental range for leases of existing big box stores was lower, ranging from \$1.60/SF to \$6.95/SF, and an average of \$4.92/SF. The junior box leases had a higher range than that for existing big box store properties, with a range of \$4.50/SF to \$11.19/SF, and an average of \$6.53/SF.

It is possible and very likely that several of the leases included tenant improvement allowances (TIs) as a part of the lease, which may be reflected in the higher lease rates. We were not able to verify the TIs for all of the leases at the time of lease up. If the TIs were known and considered the result would be lower rent indicators because the rent paid would be for a combination of the leased property and a tenant allowance.

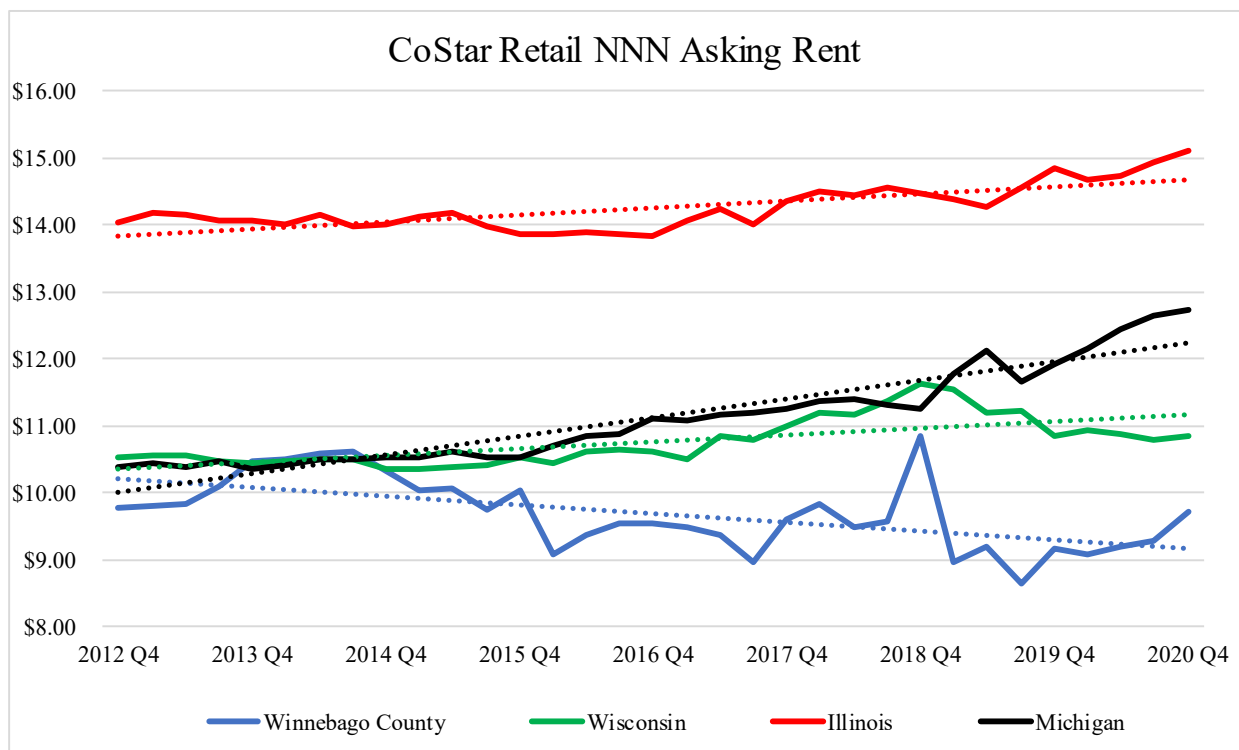
Because the subject is an existing building, a lease rate for an existing big box store would be most applicable. The most relevant existing store comparable leases include Walmart (12), At Home (18), G4CE Entertainment (20), Floor & Décor (21) and the At Home (22). The Walmart lease in Halsted is the largest sized lease, while the G4CE Entertainment, Floor & Décor and At Home leases are nearest to the date of value for the subject. Leases 18 and 22 are located within Wisconsin. The appraiser considered the asking rents for other existing big box stores in

Wisconsin but asking rents can vary widely and are not often indicative of an eventual lease rate. Therefore, asking rents are less reliable, especially with larger size properties.

These most relevant comparables have been analyzed and adjusted for differences when compared to the subject. A market conditions adjustment was considered based upon the changes in the average asking rents from across Wisconsin, Illinois, Michigan, and Winnebago County.

Rental Trends

The following charts exhibit the changes in asking rents of retail properties in Wisconsin, Illinois, Michigan, and Winnebago County, as surveyed by CoStar Property. As the chart indicates, the asking rent in Wisconsin, Illinois and Michigan have trended upward since year end 2012; however, in 2020, the State of Wisconsin experienced declines in the average NNN asking rent for retail properties. The asking rents in Winnebago County have generally trended downward.



In addition to this adjustment for market conditions (1.5% annually), the market leases have been adjusted similar to the comparables utilized in the sales comparison approach. The following table summarizes the adjustments completed to the lease comparables.

Lease Comparable Adjustment Table

	Subject	1	2	3	4	5
Tenant	Walmart	Walmart	At Home	G4CE Entertainment	Floor & Décor	At Home
City	Neenah, WI	Homewood, IL	Greenfield, WI	Warren, MI	Shelby Twp, MI	Madison, WI
Lease Date		Aug-13	Feb-16	Nov-17	Sep-19	Oct-19
Building Size	203,669	196,000	116,805	101,773	91,500	94,105
Year Built	2003	1992	1995	1993	2000	1987
Lease Rate		\$3.06	\$4.71	\$4.75	\$6.25	\$6.95
Conditions of Lease		-	-	-	-	-
Market Conditions (2020)		12.00%	7.00%	5.00%	2.00%	2.00%
Characteristic Adjustments		\$3.43	\$5.04	\$4.99	\$6.38	\$7.09
Size		100.0%	95.0%	95.0%	95.0%	95.0%
Arterial		110.0%	110.0%	110.0%	100.0%	115.0%
Demographic		90.0%	90.0%	90.0%	90.0%	95.0%
Retail Submarket		100.0%	80.0%	80.0%	80.0%	80.0%
Age/Condition		105.0%	105.0%	105.0%	105.0%	110.0%
Adjustment Factor		103.95%	79.00%	79.00%	71.82%	91.33%
Indicated Rent per SF		\$3.56	\$3.98	\$3.94	\$4.58	\$6.47
Traffic	97,800	34,900	35,896	38,003	93,879	22,800
Population (5-Mile)	63,519	212,619	338,718	337,390	252,303	92,887
Med. HH Income (5-Mile)	\$61,060	\$55,660	\$51,052	\$55,867	\$74,893	\$64,224
SubMkt Eff. Asking Rent - 2020 Quarterly Avg.	\$8.04	\$8.77	\$12.73	\$16.20	\$12.32	\$14.80

Minimum Adjusted Lease Rate/SF	\$3.56
Maximum Adjusted Lease Rate/SF	\$6.47
Average Adjusted Lease Rate/SF	\$4.51
Median Adjusted Lease Rate/SF	\$3.98

With consideration of each of these five adjusted rent comparables as well as the previously mentioned existing store rent comparables and the location and features of the subject retail store property, the following retrospective triple net market rental rate has been concluded for the subject retail store property as of the date of value. According to Costar, from the 4th Quarter 2018 to the 4th Quarter 2019, the average asking rent for retail property declined in both Winnebago County (-\$1.68/sf) and the State of Wisconsin (-\$0.77/sf), while the average asking retail rent in Michigan (+\$0.35/sf) and Illinois (+\$0.71/sf) increased. Overall, we have concluded the following triple net market rental rate for the subject as of the date of value.

- January 1, 2021 - \$4.00/SF

Vacancy and Credit Loss

Based on a review of the subject market, data from third party providers and conversations with real estate brokers, we have estimated a vacancy and credit loss factor for the subject property.

The following table presents the surveyed vacancy for the subject market from several sources.

Period	Costar Winnebago County Vacancy	CoStar Subject 5-Mile Retail Market Vacancy
4th Q 2020	2.8%	3.3%

Overall, we have included a vacancy and credit loss factor of 5% for the retail store property as of the date of value. This would equate to approximately 6 months of uncollected rent every 10 years. This 5% vacancy conclusion reflects stabilized occupancy but does not consider the cost of achieving stabilized occupancy. Because of the retail store property’s size, design, and location, it takes longer to lease this type of property; but, after it is leased, it is typically leased with at least a 10-year term. When offered for lease, existing big box properties, like the subject, often remain on the market for a number of years before being leased.

Additionally, there are numerous other examples of extended vacancy periods for big box stores across Wisconsin. Lowe’s in Brown Deer was vacant for more than two years before it was sold in late 2013. The former Walmart on West Hope in Milwaukee closed in 2016 and was still available as of the January 1, 2021 date of value. The former Shopko in Sussex had been closed since April 2019 and had been available for sale (sold in May 2021) through the January 1, 2021 date of value. In addition to these Sussex and Milwaukee area examples, the following are additional examples in southeast Wisconsin. The former Target store in Kenosha was closed in 2008 and remained vacant until 2013, after it was sold and demised into a multi-tenant facility. Additionally, the former Walmart on 52nd Street in Kenosha has been vacant and marketed for lease or sale since 2008 and through the January 1, 2021 date of value. The former Shopko in Chippewa Falls had been closed since April 2019 and had been available for sale until it sold in October 2020. The former Shopko in Rothschild had been closed since April 2019 and had been available for sale until it sold in April 2021. The former Shopko in Fond Du Lac had been closed since April 2019 and had been available for sale until it sold in May 2021. Additionally, the former Sears and Youngers, located at Fox River Mall in Appleton, were vacant and have remained so since these stores were closed in early 2019 and early 2018, respectively.

Reimbursable Operating Expenses

Our research indicates that the market level rent would typically be on a triple net lease with the tenant reimbursing for common area maintenance (CAM) and insurance. Normally, property taxes would be included as a reimbursable expense, but will be accounted for by utilizing a tax loaded cap rate. The operating reimbursable operating expense estimates are as follows.

- CAM Expenses – estimated at \$1.20/SF CAM Expenses estimated for the subject property. *IREM Income/Expense Analysis* for 2019 Shopping Centers in the United States reports a

range in CAM expenses of \$0.92/SF to \$2.51/SF with a median of \$1.66/SF. The appraiser has also considered the following expense comparables for big box retail CAM reimbursements.

Big Box Retail CAM Expense Comparables			
ExpComp 1	ExpComp 2	ExpComp 3	ExpComp 4
\$1.18	\$1.34	\$0.86	\$1.19

- Property Taxes – based upon the value reached via this approach and applicable tax rates for the year.
- Insurance Expense – estimated at \$0.20/SF. *IREM Income/Expense Analysis* for 2019 reports a range in insurance expenses of \$0.14/SF to \$0.34/SF with a median of \$0.21/SF.

Our research indicates that the market level rent would typically be a triple net lease with the tenant reimbursing for common area maintenance (CAM) and insurance.

Unreimbursed Operating Expenses

Management Fee - Management fees are intended to cover the administrative effort and cost necessary to manage the subject property. This includes rent collection and supervising building capital improvements. Management fees typically range from 2 percent to 5 percent of effective gross income for properties like the subject facility. Because the property will be triple net, leased to a single-tenant for a long term, we believe a management fee of 3 percent of effective gross income is most appropriate for the subject facility.

Reserves for Capital Improvements - The landlord is responsible for making capital improvements. These improvements include periodic structural repair or renovations necessary to re-position the property in the market. The PWC *Real Estate Investor Survey* for 1st Quarter 2021 indicates that, across several different types of investors, a reserve of \$0.10/SF to \$0.50/SF is utilized. Based upon the subject’s age, we have deducted \$0.25/SF as an annual reserve amount for future capital improvements.

Net Operating Income

The net operating income is equal to the gross annual income less vacancy and credit loss less the expenses incurred by the landlord before including property taxes. The calculation of the net operating income before property taxes as of the date of value is presented in the following table.

INCOME STATEMENT			
Retail Store, Neenah, WI			
INCOME		as of	
Rental Income		January 1, 2021	
Building Size SF	203,669		
Rental Rate per SF	\$4.00		
Rental Income		\$814,676	
Reimbursement Income			
CAM		\$244,403	
Insurance		\$40,734	
Potential Gross Income			\$1,099,813
Less: Vacancy & Credit Loss	@ 5.0%		\$54,991
Effective Gross Income (EGI)			\$1,044,822
EXPENSES			
CAM	@ \$1.20 per SF	\$244,403	
Insurance	@ \$0.20 per SF	\$40,734	
Management Fee	@ 3% of EGI	\$31,345	
Reserve for Replacement	@ \$0.25 per SF	\$50,917	
Total Expenses			\$367,399
NET OPERATING INCOME (NOI)			\$677,423
<i>Source: Allen & Associates</i>			

Determination of Overall Rate

We are valuing the subject as of January 1, 2021. The determination of an overall capitalization rate has been accomplished by analysis of capitalization rates derived from single-tenant retail building and center sales, band-of-investment, and investor surveys for this time-period. The capitalization rate derived should be extracted from sales that were not influenced by a construction contract or the credit-rating of the tenant. Further, capitalization rates for leased properties reflect less risk for properties that are not leased.

The goal here is to estimate an overall rate to value a fee simple interest, not a leased fee interest. Unfortunately, overall rate sources are for leased fee rates. A leased fee overall rate is generally lower than a fee simple rate because of the many risks involved in a fee simple interest that do not exist in a leased fee interest including the need to find a tenant, negotiate a lease, possibly provide a tenant improvement allowance, or make changes. Additionally, the leased fee overall rate is based upon the credit of the tenant and without a known tenant there is uncertainty in the strength of the tenant and term of the lease.

Band-of-Investment - The band-of-investment technique of deriving an overall rate is based on current mortgage and equity requirements. These figures are weighted and combined to arrive at an

overall rate. The band-of-investment technique used in this analysis is based on the formula: $Ro = (M * Rm) + ((1-M) * Re)$.

Where:

Ro = the overall rate M = loan to value ratio
 Rm = loan constant Re = equity dividend rate

We have referenced survey data from *Realtyrates.com* in their estimation of the respective interest rates, loan to value ratio and equity dividend rate.

Band-of-Investment Technique			
Description	Retail - Free Standing		
	Minimum	Maximum	Average
1st Quarter 2021, Realtyrates.com			
Interest Rates	2.30%	9.09%	4.24%
Amortization Period	40	15	28
Mortgage Constant	0.038261	0.122325	0.061633
LTV	80.0%	60.0%	70.0%
Debt Coverage Ratio	1.18	1.67	1.42
Equity Dividend Rate	7.83%	17.12%	12.01%
Band of Investment Technique	4.63%	14.19%	7.92%

Investment Surveys - The following chart summarizes investor capitalization rate survey data from *PWC Real Estate Investor Survey*, *Realtyrates.com Investor Survey* and *Boulder Group Net Lease Big Box Report* (asking rates). Non-Institutional Power Center in the PWC Investment Survey is the category that best reflects how the subject would trade. The Retail – Free Standing was the most appropriate comparative category from Realtyrates.

Industry Publications				
Capitalization Rates				
Publication	Survey Date	Property Type	OAR Range	Average
January 1, 2021 Date of Value				
<i>PWC RE Investor Survey</i>	4th Q 2020	National Power Center	5.50%-8.25%	6.68%
		National Net Lease	4.00%-8.00%	6.22%
<i>Boulder Group Net Lease Big Box Report</i>	4th Q 2020	Median Asking Cap Rate - National	N/A	6.75%
		Median Asking Cap Rate - Midwest	N/A	7.08%
Med Asking Cap Rate by Remaining Term	Investment Grade	16-20 years remaining	N/A	5.15%
		11-15 years remaining	N/A	5.81%
		6-10 years remaining	N/A	6.40%
		5 years and under remaining	N/A	7.26%
	Non-Inv. Grade	16-20 years remaining	N/A	6.10%
		11-15 years remaining	N/A	6.47%
		6-10 years remaining	N/A	6.92%
		5 years and under remaining	N/A	7.75%
<i>Realtyrates.com</i>	1st Q 2021	Retail - Free Standing	4.86%-13.22%	9.75%

In addition to the above surveyed overall rates, the following table is from the *CBRE Cap Rate Survey for the 2nd Half 2019*. CBRE did not publish this survey in 2020. The table presents surveyed capitalization rate ranges for TIER III Retail Power Centers. The is no surveyed market area from Wisconsin is included in the following TIER III survey. Of the midwestern markets

surveyed by CBRE, the majority are categorized as TIER III investment markets with only Chicago (TIER I) not being TIER III.

CLASS A				CLASS B			
TIER III		CAP RATES FOR STABILIZED PROPERTIES (%)		CAP RATES FOR STABILIZED PROPERTIES (%)		EXPECTED RETURN ON COST FOR VALUE-ADD PROPERTIES (%)	
			CHANGE ¹		CHANGE ¹		CHANGE ¹
	Albuquerque	8.00 - 8.50	◄◄	8.50 - 9.25	◄◄	8.75 - 9.50	◄◄
	Charlotte	7.50 - 8.25	◄◄	8.25 - 9.00	◄◄	8.50 - 9.50	◄◄
	Cincinnati	7.50 - 8.25	◄◄	8.75 - 9.50	◄◄	9.75 - 12.00	◄◄
	Cleveland	8.25 - 9.00	◄◄	9.25 - 10.00	◄◄	10.25 - 11.50	◄◄
	Columbus	7.50 - 8.25	◄◄	8.75 - 9.50	◄◄	9.75 - 12.00	◄◄
	Detroit	8.00 - 8.75	▼	9.25 - 10.00	◄◄	10.25 - 11.50	▲
	Honolulu	4.75 - 5.75	◄◄	4.75 - 7.25	◄◄	5.00 - 7.00	◄◄
	Indianapolis	7.50 - 8.25	▼	8.75 - 9.50	◄◄	9.75 - 12.00	◄◄
	Jacksonville	7.00 - 8.00	◄◄	7.75 - 9.00	◄◄	8.25 - 10.00	◄◄
	Kansas City	7.50 - 8.25	▼	8.75 - 9.50	◄◄	9.75 - 12.00	◄◄
	Memphis	7.00 - 7.50	◄◄	8.25 - 9.00	◄◄	8.75 - 10.00	◄◄
	Minneapolis/St. Paul	7.00 - 7.50	◄◄	8.25 - 9.25	◄◄	9.25 - 10.50	◄◄
	Pittsburgh	7.50 - 8.50	◄◄	8.00 - 9.50	◄◄	9.25 - 11.00	◄◄
	Salt Lake City	6.75 - 7.25	◄◄	7.50 - 8.25	◄◄	8.50 - 9.00	◄◄
	San Antonio	7.00 - 8.25	▲	8.25 - 9.50	▲	8.75 - 10.00	▲
	St. Louis	7.50 - 8.25	▼	8.75 - 9.50	◄◄	9.75 - 12.00	◄◄

CBRE Cap Rate Survey 2nd Half 2019

In general, the retail market in Wisconsin would be considered riskier than the average of the national investment surveys due to the economic conditions in the Midwest and the fact that the greatest demand for properties is on the two coasts. Both the CBRE Cap Rate Survey and the Boulder Group Survey indicate higher cap rates in the Midwest when compared to the east and west coasts. Due to desirability and risk, properties in the Midwest require higher returns than in major markets on the east and west coasts. The closest Tier III city is Minneapolis. The CBRE data shows cap rates for class B stabilized power center at a range of 8.25-9.25%.

Properties such as the subject are often involved in sale leasebacks and long-term leases such that when they sell the capitalization rate is based primarily on the credit of the tenant and the term of the lease. Our capitalization rate conclusion as best as possible is not based upon the credit of a particular tenant and reflects capitalization rates for the valuation of a fee simple interest in the subject property. A buyer of this property without a tenant in place would have to locate a tenant and negotiate a lease before he would have the benefit of the value that could be created by utilizing the credit of the tenant.

Market Derived Capitalization Rates - The following table provides a summary of capitalization rate comparables derived from leased fee big box stores with short-term remaining leases in place. In these instances, it was either known that the tenant was leaving or that there was a risk of the tenant vacating the space at the end of the lease term.

Location	Building Size (SF)	Rent Commence	Lease Exp.	Annual Rent	Contract Rent Per SF	Sale Date	Sale Price	Remaining Term At Time of Sale	Contract Rent OAR
Kmart Port Huron Twp., MI	193,590	Nov-93	Nov-18	\$1,227,239	\$6.34	Feb-13	\$9,796,179	69 months	12.53%
Kmart Berlin Twp, MI	91,266	Sep-92	Aug-17	\$539,645	\$5.91	Aug-15	\$1,875,000	24 months	28.78%
Sam's Club Madison Hts, MI	111,190	Jun-87	May-07	\$1,245,328	\$11.20	Feb-05	\$7,250,000	27 months	17.18%
Kmart Fremont, OH	165,000	1993	2019/20	\$987,514	\$5.98	May-13	\$4,150,000	+/-60 months	23.80%
Hobby Lobby Heath, OH	72,108	2004	Oct-14	\$309,839	\$4.30	Apr-12	\$1,642,000	29 Months	18.87%
Kmart Ames, IA	120,232	1993	Apr-19	\$708,937	\$5.90	Offering Jan-18	\$5,830,000	16 Months	12.16%
Kmart Decatur, IN	95,839	1992	Jun-18	\$383,026	\$4.00	Offering Oct-16	\$2,250,000	19 Months	17.02%
						Offering Aug-17	\$1,600,000	10 Months	23.94%
						Offering Jan-18	\$1,350,000	5 Months	28.37%

The above overall rates reflect leases in place with short remaining terms. Although above market rent also increased the indicated capitalization rates, these sales demonstrate the fact that, with respect to leased fee interest in big box stores, the shorter the remaining lease the higher the capitalization rate is. The capitalization rates are higher because of the shorter remaining term of guaranteed rent and possible loss of the income from the big box tenant in place at the end of the lease, as well as the cost and risk of finding a new tenant and receiving a similar rent. In many ways, these are closer to fee simple capitalization rates than the leased fee rates discussed above because there are only short remaining terms on the leases. The above transactions are included here to illustrate the significant impact on the capitalization rate if no long-term lease is in place.

RERC Sales Study

The Situs RERC report further segmented their cap rate study based upon credit rating for big box retail properties over 50,000 SF. The following table summarizes their survey findings.

	Investment Grade	Non-Investment Grade	Not Rated
Median Sale Price/SF	\$103.36	\$134.28	\$119.56
Average Sale Price/SF	\$128.34	\$136.70	\$124.99
Median Cap Rate	6.57%	7.25%	7.50%
Average Cap Rate	6.73%	7.66%	8.50%
Average Building Size (SF)	123,562	81,052	80,231
Average Year Built	1998	2005	2001
Average Land to Building Ratio	4.9	4.4	4.8
Average ZIP Code Median Household Income	\$55,543	\$58,487	\$60,445
Average ZIP Code Population	31,741	39,291	34,732
# of Transactions	64	42	56

The retail store property would fall under the “Not-Rated” category, but due to the fact that its size is nearly twice as large as the “Not-Rated” sample average and its population and household income are much lower it would require a higher capitalization rate than the average “Not-Rated” sale.

Conclusion of Overall Capitalization Rate

The band of investment indicates a range of approximately 5% to 14% for the valuation date. The subject capitalization rate would fall within this range. The Boulder asking rates of 7.08% in the Midwest represents rates for properties with the risk reduced by a credit tenant. The survey data for Realtyrates Retail-Free Standing indicates an average rate of 9.75%. The subject property is considered riskier than then the average national surveyed retail rates due to its property type, size, and its location in the Midwest.

Based on an analysis of the market-derived rates, band of investment-derived rates, the retail store property’s attributes, and investment surveys, the overall capitalization rate for the retail store property is as following:

- January 1, 2021 – 8.50%

In addition to the concluded overall rate, the property taxes need to be considered by loading the overall rates with the net tax rate. In the subject’s appraisal, it is concluded that the lease is a NNN lease with property taxes being reimbursed by the tenant during periods of occupancy and being paid by the property owner during times of vacancy. Therefore, the tax rate loaded to the overall rate is the portion that the ownership would pay during periods of vacancy. The following table presents the conclusion regarding the tax loaded overall rate for the date of value.

	<u>January 1, 2021</u>
Net Tax Rate	2.13105%
Conclude Vacancy	<u>5.0%</u>
Tax Load	0.1066%
Concluded Overall Rate	<u>8.50%</u>
Concluded Tax Loaded Cap Rate	8.6066%

Conclusion of the Income Approach

Our Income Approach is based on the market value of the fee simple interest. The valuation of the fee simple interest using an Income Approach assumes that the property is available for lease as of the date of value and further that it will be leased at market rent after purchase and a reasonable lease-up and stabilization period of time. The valuation analysis needs to consider appropriate lease-up costs and loss in income over the lease-up period. The Appraisal of Real Estate, 15th Edition addresses the holding or stabilization cost that an appraiser should consider when the subject property is not leased at stabilized occupancy.

"In its classic form the cost approach estimates fee simple value without consideration of the costs or benefits associated with leasing. However, adjustments can be made to account for the value difference between a fee simple property and a leased fee, depending on the property rights being appraised. Appraisers may need to consider the holding costs that accrue during the leasing phase of property development along with other indirect costs such as leasing commissions, marketing costs, and rent concessions. Tenant finish costs may also be necessary to achieve stabilized occupancy and, if so, they must be added as a cost when valuing a leased fee." (page 530).

One important and necessary cost to achieve stabilized occupancy is the leasing fees that need to be paid to locate a tenant and negotiate a lease. The Appraisal of Real Estate, 15th Edition addresses leasing commissions on page 455.

"Leasing commissions are fees paid to an agent for leasing tenant space. In direct capitalization, leasing commissions are either treated as a normalized annual expense or included below the line in the reconstructed operating statement, depending on local market convention."

We have found that the market for big box stores accounts for leasing commission as a one-time cost rather than an annual expense. That cost is typically paid at the time of lease signing. Our interviews with commercial brokers that lease big box stores indicate that a normal commission is 6% over the first five years of the lease or 3% over the first 10 years. Both methods will result in the same commission. We have accounted for this cost in our income approach to value. We have based the leasing fee on the market norm of 6 percent of estimated schedule base rental revenue for the first five years of the lease term.

Estimate of Leasing Commissions	January 1, 2021
Annual Base Rental Income	\$814,676
First Five Years	5
Lease Base Rental Income Value	\$4,073,380
Leasing Commission	6.00%
Estimated Leasing Commission	\$244,403

Another cost for achieving stabilization is the holding costs during lease-up. The holding cost deduction accounts for the loss of return to the investor during lease-up as well as the lost reimbursement for property expenses that the property owner is responsible for when the property is not leased or occupied.

Big box stores take longer to find a tenant, negotiate a lease, and put a tenant in place than most properties. In the case of the retail store property, we have concluded that an investor would anticipate a minimum vacancy period of nine months to find the tenant, negotiate the lease and put the tenant in place. The following presents the calculation for holding costs as estimated for the retail store property.

Holding Cost Estimate	January 1, 2021
Annual Base Rental Revenue	\$814,676
Annual Reimbursement Revenue	\$285,137
Annual Potential Gross Income	\$1,099,813
Estimated Lease Up Period (Months)	9.00
Estimated Holding Cost	\$824,859

No deductions were made for other costs such as marketing and rent concessions incurred to achieve stabilized occupancy. Such costs would be covered by the broker. Rent concessions and tenant improvements were adjusted for in the rent analysis and conclusions relating to market rent.

The resulting estimation of the value for the subject property derived using the direct capitalization method is presented as follows.

Conclusion of Income Approach w/o Property Taxes Included as Expense	
	January 1, 2021
Net Operating Income	\$677,423
Divided By: Overall Rate (tax loaded)	8.6066%
Capitalized Net Operating Income	\$7,871,020
Less: Leasing Commissions	-\$244,403
Holding Costs	-\$824,859
Income Approach Conclusion, rounded	<u><u>\$6,800,000</u></u>

As a check on the valuation, we have applied a non-tax loaded capitalization rate to a net operating income figure that was calculated, including the property taxes as an expense. The

taxes are then iterated/estimated based upon the value concluded via the approach. The following table provides an analysis with the unloaded overall capitalization rate:

INCOME STATEMENT			
Retail Store, Neenah, WI			
INCOME		as of	
Rental Income		January 1, 2021	
Building Size SF	203,669		
Rental Rate per SF	<u>\$4.00</u>		
Rental Income		\$814,676	
Reimbursement Income			
CAM		\$244,403	
Insurance		\$40,734	
Property Taxes		<u>\$144,000</u>	
Potential Gross Income			\$1,243,813
Less: Vacancy & Credit Loss	@ 5.0%		<u>\$62,191</u>
Effective Gross Income (EGI)			\$1,181,622
EXPENSES			
CAM	@ \$1.20 per SF	\$244,403	
Insurance	@ \$0.20 per SF	\$40,734	
Property Taxes		\$144,000	
Management Fee	@ 3% of EGI	\$35,449	
Reserve for Replacement	@ \$0.25 per SF	<u>\$50,917</u>	
Total Expenses			<u>\$515,503</u>
NET OPERATING INCOME (NOI)			<u><u>\$666,119</u></u>
Divided By: Overall Rate			8.50%
Capitalized Net Operating Income			\$7,836,700
Less: Leasing Commissions			-\$244,403
Holding Costs			-\$824,859
Value Estimate			\$6,767,437
Tax Rate			2.1311%
Tax Estimate, rounded to nearest thousand			\$144,000
Iterated Tax Estimate			<u>\$144,000</u>
Iteration Check			\$0
VALUE CONCLUSION, w/ TAXES INCLUDED			<u><u>\$6,770,000</u></u>

Source: Allen & Associates

The indicated income approach values from the two methods are within \$30,000 of each other. The direct capitalization with property taxes as an expense and a reimbursement most accurately reflects how an investor would buy the property.

***RETROSPECTIVE MARKET VALUE OF THE SUBJECT PROPERTY
VIA THE INCOME APPROACH***

***AS OF JANUARY 1, 2021
SIX MILLION SEVEN HUNDRED SEVENTY THOUSAND (\$ 6,770,000) DOLLARS***

The above value estimates include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market values concluded in this report. The effect of this hypothetical condition is an increase of the market value determinations via the income approach. Additionally, the above value conclusions are subject to the extraordinary assumption that the property condition was as described in this report for the date of value. The above value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Cost Approach

Definition of the Cost Approach

According to The Dictionary of Real Estate Appraisal, Seventh Edition, (Appraisal Institute, 2022), the Cost Approach is defined as:

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised .

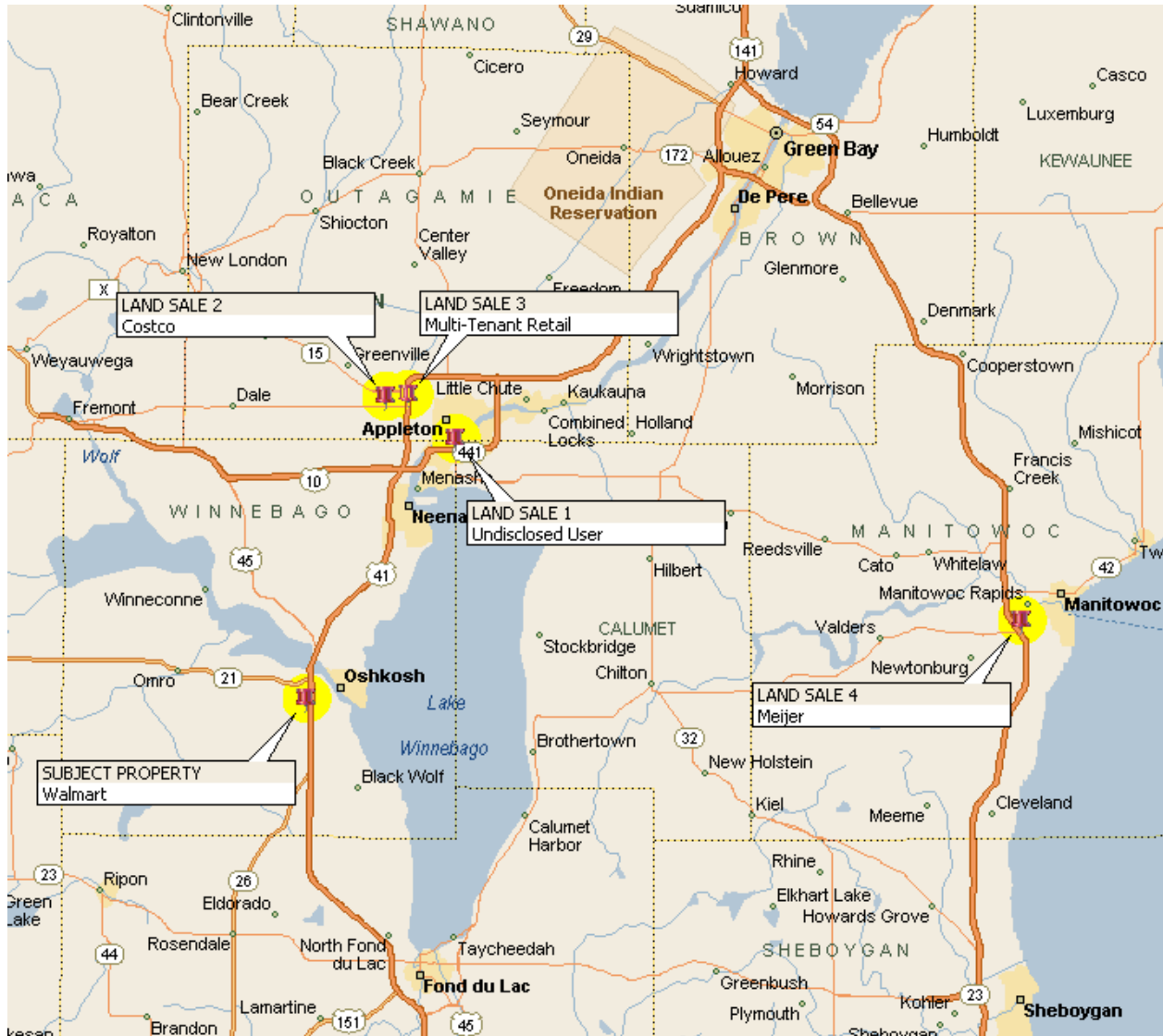
Land Value

In determining the market value of the subject property land, numerous land purchases for commercial development, in smaller-market areas in Wisconsin from 2016 through the date of value, have been reviewed and are presented in the following table.

**Land Sale Comparison Approach Analysis
As Is as of January 1, 2021**

Comparable # Development	Subject	Land Sale 1 Retail Site	Land Sale 2 Retail Site	Land Sale 3 Retail Site	Land Sale 4 Retail Site
Location	Walmart Neenah, WI	Undisclosed Appleton	Costco Grand Chute	Shopping Center Grand Chute	Meijer Manitowoc
Land Size (Acres)	16.44	22.50	17.85	28.66	24.76
Sale Date		Jun-19	Jun-15	Aug-16	Dec-16
Sale Price		\$3,250,000	\$2,123,600	\$6,989,879	\$4,600,000
Sale Price Per Acre		\$144,444	\$118,969	\$243,890	\$185,784
Sale Price Per SF		\$3.32	\$2.73	\$5.60	\$4.27
Community Data					
Population (5 Mile)	63,519	153,028	103,057	125,464	36,723
Households (5 Mile)	27,079	63,019	43,438	52,409	16,039
Med HH Inc (5 Mile)	\$61,060	\$58,608	\$58,843	\$59,166	\$48,326
Traffic Count	97,800	64,600	12,600	90,700	48,900
Eff. Submkt NNN Rent	\$8.04	\$8.41	\$8.03	\$8.24	\$8.12

Map of Comparable Land Sales



Comparable Land Sale 1



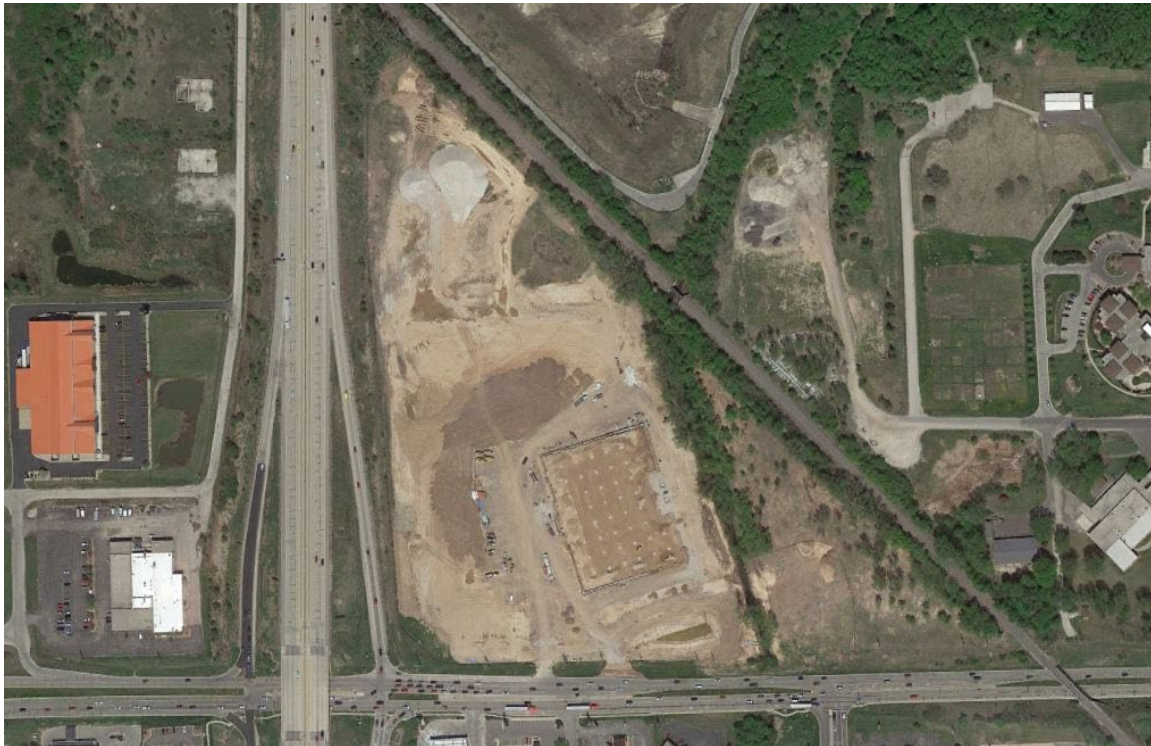
Development:	Commercial Site	Sale Analysis	
Address:	S. Oneida	Grantor	Farm Fleet Properties, LLC
Cross Streets:	S. Oneida & US-10/SR-441	Grantee	Oneida 441, LLC
Municipality:	Appleton	Verification:	Public Records, Broker
County:	Winnebago	Sale Date:	Jun-19
Parcel # (s):	31-8-1600-00, 1601-00, 1602-00	Sale Price:	\$3,250,000
Site Description		On/Off-Site Costs:	\$0
Land Area (Acres):	22.50	Adjusted Sale Price:	\$3,250,000
Land Area (SF):	980,100	Adjusted Sale Price/Acre:	\$144,444
Shape:	Rectangular	Adjusted Sale Price/SF:	\$3.32
Proposed Building Area:	n/a	Intended Use:	Undisclosed
Land-to-Building Ratio:	n/a	Sale Terms:	Arms-Length
Topography:	Relatively Level	Financing:	Cash Equivalent
Frontage:	S. Oneida, Valley Rd. & US-10	Population (5-mile):	153,028
Zoning:	C-2, Commercial	Households (5-mile):	63,019
Utilities:	All Available	Median HH Income (5-mile):	\$58,608
Traffic Count:	64,600		
Comments:	<p>This property is a vacant parcel that was owned by Mills Farm Fleet for years. This site has good frontage, visibility and access to both S. Oneida and US-10/SR-441. The traffic counts were 20,100 on S. Oneida and 44,500 on US-10. There is a complete entrance/exit interchange to US-10 at S. Oneida. The property sold with a 10-year deed restriction, preventing the property from being occupied by or used for the following uses: warehouse home improvement, farm/ranch merchandise center, lumber yard, any building material supply center and never a Blain's Farm & Fleet. The broker indicated that the deed restriction had no effect on the purchase or purchase price for this sale. The property will be used by an end-user retailer that has not been disclosed as of April 2021.</p>		

Comparable Land Sale 2



Development:	Retail Site	Sale Analysis	
Address:	5401 Integrity Way	Grantor	MCFI, LLC
Cross Streets:	W. Wisconsin & McCarthy	Grantee	Costco Wholesale Corp.
Municipality:	Grand Chute	Verification:	Public Records
County:	Outagamie	Sale Date:	Jun-15
Parcel # (s):	101-1250-03	Sale Price:	\$2,123,600
Site Description		On/Off-Site Costs:	\$0
Land Area (Acres):	17.85	Adjusted Sale Price:	\$2,123,600
Land Area (SF):	777,546	Adjusted Sale Price/Acre:	\$118,969
Shape:	Irregular	Adjusted Sale Price/SF:	\$2.73
Proposed Building Area:	148,352	Intended Use:	Costco Store and Fuel Station
Land-to-Building Ratio:	5.24	Sale Terms:	Arms-Length
Topography:	Generally Flat	Financing:	Cash Equivalent
Frontage:	Integrity & McCarthy Rd.	Population (5-mile):	103,057
Zoning:	CR, Regional Commercial	Households (5-mile):	43,438
Utilities:	All Available	Median HH Income (5-mile):	\$58,843
Traffic Count:	12,600		
Comments:			
This site is at the SWQ of Integrity Way and N McCarthy Rd. in Grand Chute. The site was improved with a Costco store and gas station. The site has obstructed visibility from W. Wisconsin Avenue and from Integrity Way and McCarthy Rd. The traffic count figure is based upon 12,600 vehicles along W. Wisconsin Ave. The site has good interstate/highway access to I-41.			

Comparable Land Sale 3



Development:	Retail Site	Sale Analysis	
Address:	3800 W. Wisconsin Ave.	Grantor	Spirit SPE Portfolio 2006-4, LLC
Cross Streets:	W. Wisconsin & I-41	Grantee	Greene Dev.-Appleton, LLC
Municipality:	Grand Chute	Verification:	Public Records, Broker
County:	Outagamie	Sale Date:	Aug-16
Parcel # (s):	101-0913-00	Sale Price:	\$5,900,000
Site Description		On/Off-Site Costs:	\$1,089,879
Land Area (Acres):	28.66	Adjusted Sale Price:	\$6,989,879
Land Area (SF):	1,248,430	Adjusted Sale Price/Acre:	\$243,890
Shape:	Triangular	Adjusted Sale Price/SF:	\$5.60
Proposed Building Area:	n/a	Intended Use:	Multi-tenant Retail
Land-to-Building Ratio:	n/a	Sale Terms:	Arms-Length
Topography:	Generally Flat	Financing:	Cash Equivalent
Frontage:	W. Wisconsin & I-41	Population (5-mile):	125,464
Zoning:	CR, Regional Commercial	Households (5-mile):	52,409
Utilities:	All Available	Median HH Income (5-mile):	\$59,166
Traffic Count:	90,700		
Comments:			
This site is the former National Envelope industrial building located at the intersection of I-41 and W. Wisconsin Ave. The property was improved with a 312,000 SF industrial building that was razed by the purchaser. The property has been redeveloped with a multi-tenant retail center with At Home and WG&R Furniture store, among other tenants. It is estimated that the cost of demolition and removal was \$3.50/SF base upon MVS estimates. The property has excellent visibility/access from I-41 and W. Wisconsin Ave.			

Comparable Land Sale 4



Development:	Retail Site	Sale Analysis	
Address:	1818 S Rapids Rd.	Grantor	Manitowoc County
Cross Streets:	Calumet & I-43	Grantee	Meijer Stores LP
Municipality:	Manitowoc	Verification:	Public Records, Grantee
County:	Manitowoc	Sale Date:	Dec-16
Parcel # (s):	Part of 052-835-201-010.00	Sale Price:	\$4,600,000
Site Description		On/Off-Site Costs:	\$0
Land Area (Acres):	24.76	Adjusted Sale Price:	\$4,600,000
Land Area (SF):	1,078,546	Adjusted Sale Price/Acre:	\$185,784
Shape:	Irregular	Adjusted Sale Price/SF:	\$4.27
Proposed Building Area:	163,000	Intended Use:	Meijer Store w/Fuel Station
Land-to-Building Ratio:	6.62	Sale Terms:	Arms-Length
Topography:	Generally Flat	Financing:	Cash Equivalent
Frontage:	S. Rapids Rd		
Zoning:	PUD, Planned Unit Dev.	Population (10-mile):	36,723
Utilities:	All Available	Households (10-mile):	16,039
Traffic Count:	48,900	Median HH Income (10-mile):	\$48,326
Comments:	This site is part of the Manitowoc County Expo Center. The site has frontage along S. Rapids and has visibility from S. Rapids, Calumet and I-43.		

As with the improved retail property sales and the comparable leases, the land sales have been adjusted to account for differences between the comparable land sales and the subject property. The following is an adjustment table presenting this analysis. The comparables have been adjusted for market conditions (3%, annually), size, demographic attributes, arterial attributes, and retail submarket.

Land Sale Comparison Approach Analysis

As Is as of January 1, 2021

Comparable # Development	Subject	Land Sale 1 Retail Site	Land Sale 2 Retail Site	Land Sale 3 Retail Site	Land Sale 4 Retail Site
	Walmart	Undisclosed	Costco	Shopping Center	Meijer
Location	Oshkosh, WI	Appleton	Grand Chute	Grand Chute	Manitowoc
Land Size (Acres)	22.77	22.50	17.85	28.66	24.76
Sale Date		Jun-19	Jun-15	Aug-16	Dec-16
Sale Price		\$3,250,000	\$2,123,600	\$6,989,879	\$4,600,000
Sale Price Per Acre		\$144,444	\$118,969	\$243,890	\$185,784
Sale Price Per SF		\$3.32	\$2.73	\$5.60	\$4.27
Community Data					
Population (5 Mile)	76,150	153,028	103,057	125,464	36,723
Households (5 Mile)	30,919	63,019	43,438	52,409	16,039
Med HH Inc (5 Mile)	\$53,858	\$58,608	\$58,843	\$59,166	\$48,326
Traffic Count	91,600	64,600	12,600	90,700	48,900
Eff. Submkt NNN Rent	\$13.01	\$8.41	\$8.03	\$8.24	\$8.12
Transaction Related Adjustments					
Property Rights		1.05	1.00	1.00	1.00
Financing Terms		1.00	1.00	1.00	1.00
Conditions of Sale		1.00	1.00	1.00	1.00
Market Conditions		1.05	1.18	1.14	1.13
Adjusted Sale Price/Acre		\$159,250	\$140,384	\$278,034	\$209,935
Adjusted Sale Price/SF		\$3.66	\$3.22	\$6.38	\$4.82
Characteristic Adjustments					
Size		1.00	1.00	1.05	1.00
Arterial Attributes		1.05	1.20	1.00	1.05
Demographic Attributes		0.95	0.95	0.95	1.05
Retail Submarket		1.20	1.20	1.20	1.20
Total Characteristic Adjustments		1.20	1.37	1.20	1.32
Total Adjustments, \$ [1]		\$46,178	\$73,076	\$88,917	\$91,961
Indicated Market Value/Acre		\$190,622	\$192,045	\$332,807	\$277,745
Indicated Market Value/SF		\$4.38	\$4.41	\$7.64	\$6.38
	Per Acre	Per SF			
Maximum:	\$332,807	\$7.64			
Minimum:	\$190,622	\$4.38			
Average:	\$248,305	\$5.70			

[1] Total adjustments include transaction and characteristic based adjustments.

Source: Allen & Associates

Land Sales 2 is most similar to the subject in terms of size while Land Sale 3 is most similar to the subject in terms of location (considering arterial and demographics). Land Sales 1 and 4 occurred nearest to the subject date of value. Overall, Land Sales 1 and 4 required the least

amount of gross adjustment. Overall, a market value of \$195,000/acre (\$4.48/sf) has been concluded for the subject property’s useable land as of January 1, 2021. The following presents the conclusion of market value for the subject property land as of the date of value.

<u>Date of Value</u>	<u>January 1, 2021</u>
Concluded Value Per Acre	\$195,000
Land Size - Acre	16.44
Estimated Land Value	\$3,205,800
Concluded Subject Land Value	<u><u>\$3,210,000</u></u>

Improvement Costs

It is unlikely that a prospective buyer would be able to obtain actual construction costs for the subject property. To the extent a buyer would consider the cost approach, the buyer would in any event rely on replacement cost, not reproduction cost. Secondary cost estimates are considered more reliable because a buyer, considering cost, would only be concerned with the cost to replace the utility of the subject property for that buyer and not the cost to duplicate a Walmart store design, i.e., reproduction cost.

Cost Estimate - We have utilized a replacement cost estimate guide published by the Marshall Valuation Service (MVS). We have used an appropriate replacement cost from Section 13, Page 30 for an Average Cost Quality Class C Mega Warehouse store. The derived cost estimate is multiplied by the gross building area to arrive at a building replacement cost. In addition, we have included the appropriate multipliers for perimeter, story height, local costs, and current time adjustments to arrive at our replacement cost estimate as of the date of value.

Refer to the following table for the calculation of the building improvement replacement cost for the date of value.

RETAIL BUILDING CALCULATIONS		
Type of building: Avg. Cost, Class C Mega Whse. Store (Sec 13, page 30 - May 2020 Data Compilation) Source: MVS December 2020		
	January 1, 2021	
Total building floor area (SF):	203,669	
MVS HVAC premium/SF:	\$8.87	
MVS sprinkler cost estimate/SF:	\$2.26	
MVS bldg cost estimate/SF:	\$51.00	
Total MVS cost estimate/SF:	\$62.13	
Base building cost:	\$12,653,955	
Story height adjustment	1.255	
Perimeter adjustment	0.786	
Adjusted base building cost:		\$12,482,241
Canopy area (SF)	6,545	
Cost per SF	\$42.25	
Base building cost:		\$276,526
Total base costs:		\$12,758,767
x Local Multiplier		1.040
x Current Multiplier		1.010
Building Replacement Cost Estimate:		\$13,401,809
Time Adjustment to Date of Value:		100.00%
Replacement Cost New Estimate:		\$13,401,809
<i>Source: Allen & Associates</i>		

Site Improvements - Site improvements include the asphalt and concrete parking, lighting, concrete paving, and lawn/landscaped yard area. The following table is the calculation of the site improvement costs for the subject property for the date of value.

CALCULATION OF SITE IMPROVEMENT COSTS	
	<u>January 1, 2021</u>
<i>Surface Parking Improvements</i>	
Paving Spaces	938
Cost Per Space	<u>\$1,528.55</u>
Base Cost	\$1,433,780
<i>Concrete Paving</i>	
Basic Paved Area (SF)	108,000
Cost Per SF	<u>\$7.50</u>
Base Cost	\$810,000
<i>Black Metal Fencing</i>	
Basic Fenced Area (SF)	3,960
Cost Per SF	<u>\$15.00</u>
Base Cost	\$59,400
<i>Interior Roadway</i>	
Lineal Feet of Roadway	1,700
Cost Per LF	<u>\$245.00</u>
Base Cost	<u>\$416,500</u>
TOTAL BASE COST	\$2,719,680
x Local Multiplier	1.04
x Current Multiplier	<u>1.00</u>
Site Improvement Rpl. Cost Estimate:	\$2,828,467
Time Adjustment to Date of Value:	<u>100.00%</u>
Replacement Cost New Estimate:	\$2,828,467
<i>Source: Allen & Associates</i>	

Soft Costs

In addition to the hard costs, which we have estimated based on MVS, we have provided estimates of the soft costs necessary to complete development of the subject site. This cost is estimated at 5% of site and building costs.

In addition to the soft costs, we are including the cost associated with leasing the subject property.

According to the 15th Edition of the Appraisal of Real Estate (p.541), “cost approach procedure is the value of the fee simple interest in the property at stabilized occupancy and at market rent and terms.” Since, we are valuing the property’s fee simple interest, i.e., as if the subject property is unencumbered by a lease as of the Date of Value, the property is valued as if it is available for lease but not at stabilized at market occupancy as of the date of valuation. Therefore, the cost

associated with finding and securing a tenant for the subject property are included. In this instance, those costs include leasing commissions during the period it takes to secure a tenant.

Refer to the following table for a summary that indicates the calculation and allocation of the soft costs and leasing estimates for the subject property with respect to the date of value.

CALCULATION AND ALLOCATION OF THE SOFT COSTS AND LEASING COMMISSIONS		
January 1, 2021		
Building Improvements		\$13,401,809
Site Improvements		\$2,828,467
Total Improvement Cost		\$16,230,276
Soft Costs Estimated @	5%	\$811,514
Leasing Commissions		\$244,403
Total Soft Costs & Leasing Commissions		\$1,055,917
Allocated as		
Building Improvements	as %	82.57%
	as \$	\$871,901
Site Improvements	as %	17.43%
	as \$	\$184,016
Depreciable Basis		
Building Improvements		\$14,273,710
Site Improvements		\$3,012,483
<i>Source: Allen & Associates</i>		

Depreciation

Depreciation with respect to real estate is a loss in value from all causes. A depreciation-based loss in value can result from one or more of three factors: (1) physical deterioration, (2) functional obsolescence, and (3) external obsolescence. Furthermore, these types of depreciation are classified as curable or incurable. Curable factors represent faults that can be rectified at a cost which is economically feasible. However, if the cost to cure cannot be recovered in the marketplace, the depreciation or obsolescence is considered to be incurable.

Physical Depreciation - Incurable physical depreciation is calculated based upon an age/life method. As of January 1, 2021 the subject mega warehouse store had a physical age of 17 years. The mega warehouse store has an estimated useful life of 35 years by MVS.

As January 1, 2021 the site improvements had a physical age of nine years, while the useful life of the site improvements is 15 years.

CALCULATION OF PHYSICAL DEPRECIATION		
<u>January 1, 2021</u>		
Building Improvements		
Depreciable Basis:	\$14,273,710	
Estimated Age:	17	
Useful Life:	<u>35</u>	
x Depreciation Factor:	48.6%	\$6,932,945
Site Improvements		
Depreciable Basis:	\$3,012,483	
Estimated Age:	9	
Useful Life:	<u>15</u>	
x Depreciation Factor:	60.0%	<u>\$1,807,490</u>
Total Physical Depreciation		<u><u>\$8,740,434</u></u>
<i>Source: Allen & Associates</i>		

Functional Obsolescence - Functional obsolescence is any loss in value that results from an inherent deficiency perceived in the market caused by physical factors including design, layout, or orientation of the building site but not physical deterioration. The retail store property is both oversized for the market and has a façade and other features, including interior layout and design that is specific to a Walmart business but would not have value to other users.

Unlike many other commercial properties, free standing “big box” stores like the subject are not constructed for the purpose of thereafter selling or leasing the property in the marketplace. This is because no prudent person would expect to realize a positive return on such an investment. As a result, no entrepreneurial profit should be included or is included in the replacement cost estimate. In addition, one constructing a free standing “big box” store similar to the subject may expect to incur a profit on the operation of the store but would expect a loss upon the sale of the real estate. This phenomenon is not unique to “big box” stores, as it can be observed in other situations, such as the purchase of a new car or a new tailored suit. When each is essentially brand new, each suffers a reduction in value from the initial investment when it is sold. This is also true as it relates to “big box” stores. As discussed below, we have observed this in the marketplace for both rentals and sales of such properties. Furthermore, the subject features were designed for Walmart. Although suitable for retail use by other retailers, a buyer for a retail use would either incur modification costs or utilize features, including the subject’s specific size, different than those desired. This type of loss in value is also reflected in market rentals and sales. Also, the larger size of the subject amplifies the problem and results in further loss in value from cost new.

External Obsolescence - External obsolescence is the loss in value from factors external to the property such as economic or environmental factors that affect the supply/demand relationship in the market. Market demand for large commercial buildings like that of the subject is very limited in the subject market, as well as the surrounding market areas. The growth in e-commerce sales

has negatively impacted the demand for big box store properties. In recent years, the new construction of big box stores has declined dramatically.

Thus, based on our experience in the market, as well as our review of market transactions, we have concluded there is obsolescence associated with large free-standing retail stores. For the purposes of this report, we will estimate the obsolescence associated with the subject improvements using several methodologies and examples. We have studied this issue for several years. The methodologies employed include an analysis of build-to-suit leases vs. re-leases, sales studies, an NOI analysis, an analysis of the history of several “big box” stores, and interviews with general contractors that have performed renovations of “big box” stores.

When properties such as the subject are offered for sale or lease, they are typically on the market for extended periods of time, several years in many instances. Large stores such as the subject have limited demand in the leasing market. Our studies of this market indicate a discount for re-leasing an existing building that was originally build-to-suit space as opposed to build-to-suit space that was leased before construction. In addition to the rent analysis in the income approach, the following provides several examples of build-to-suit leases that were re-leased and the indicated reduction in rental rate.

Lease Comparable Summary								
Retail Store, Neenah, WI								
#	Tenant	Address	Lease Date	Lease Size (SF)	Lease Rate/SF	Lease Term	Year Built	Terms
Build-to-Suit Big Box and Junior Box Leases (leased prior to construction)								
1	Dick's Sporting Goods	9899 76th, Kenosha, WI	Sep-08	50,000	\$13.50	10.0 Yrs.	2008	Flat rate
2	Hobby Lobby	803 Pilgrim Way, Green Bay, WI	Feb-11	55,000	\$9.25	15.0 Yrs.	2011	N/A
3	Festival Foods	2233 Humes, Janesville, WI	Sep-15	72,500	\$12.46	15.0 Yrs.	2015	5 Yr. Bumps
4	Dick's Sporting Goods	345 Discovery, Brookfield, WI	Aug-16	50,000	\$14.00	10.0 Yrs.	2016	5 Yr. Bumps
5	Cabela's	1350 Cabela Drive, Madison, WI	Sep-17	90,387	\$15.69	22.0 Yrs.	2017	10 Yr. Bump
6	At Home	10800 Assembly Park, Wixom, MI	Aug-18	107,092	\$10.75	15.0 Yrs.	2018	N/A
Average Lease Size SF			70,830					
Minimum Lease Rate/SF:			\$9.25					
Maximum Lease Rate/SF:			\$15.69					
Average Overall Lease Rate/SF:			\$12.61					

Big Box Leases (existing stores)								
7	Garden Ridge	4641 Lafayette, Indianapolis, IN	Oct-07	108,900	\$4.75	12	1994	N/A
8	Big R	1401 W 26th, Marion, IN	Aug-09	94,875	\$1.60	14	2003	N/A
9	Furniture Outlet	14201 Manchester Rd., Ballwin, MO	Aug-10	106,800	\$6.00	N/A	1994	N/A
10	Garden Ridge	1325 N. Meacham Rd., Schaumburg, IL	Sep-10	104,546	\$3.00	N/A	2001	N/A
11	Art Van Furniture	7150 S. Cicero Ave, Bedford Park, IL	Mar-13	84,505	\$6.00	10.0 Yrs.	1992	\$0.50 in Yr. 6
12	Walmart	17550 S. Halsted, Homewood, IL	Aug-13	196,000	\$3.06	10.0 Yrs.	1992	None
13	At Home	4620 Stadium Dr, Kalamazoo, MI	Nov-13	84,000	\$2.85	5.0 Yrs.	1974	N/A
14	At Home	3100 Washtenaw Ave., Ypsilanti, MI	Dec-13	91,743	\$3.60	5.0 Yrs.	1960	N/A
15	Kohl's	9404 State Road 16, Onalaska, WI	Feb-14	86,398	\$6.62	10.0 Yrs.	1992	Renegotiate
16	Floor & Décor	3430 Highland Ave, Cincinnati, OH	Jun-14	118,977	\$5.50	10.0 Yrs.	1994	N/A
17	At Home	10331 University, Clive, IA	May-15	91,030	\$6.39	N/A	1991	N/A
18	At Home	4601 S. 27th, Greenfield, WI	Feb-16	116,805	\$4.71	10.0 Yrs.	1995	None
19	At Home	2101 S. Telegraph, Bloomfield Hills, MI	Sep-16	120,650	\$5.60	10.0 Yrs.	1993	\$0.15 in Yr. 6
20	G4CE Entertainment	28300 Dequindre, Warren, MI	Nov-17	101,773	\$4.75	5.0 Yrs.	1993	None
21	Floor & Décor	14453 Hall Rd., Shelby Twp, MI	Sep-19	91,500	\$6.25	10.0 Yrs.	2000	None
22	At Home	2201 Zeier Rd., Madison, WI	Oct-19	94,105	\$6.95	--	1987	--
23	Listing (Former Kmart)	1200 W Fond Du Lac, Ripon, WI	Listing	86,479	\$5.00	--	1988	--
24	Listing (Former Shopko)	N66W25201 Silver Spring Dr., Sussex, WI	Listing	80,039	\$6.00	--	2009	--
Average Lease Size SF			103,285					
Minimum Lease Rate/SF:			\$1.60					
Maximum Lease Rate/SF:			\$6.95					
Average Overall Lease Rate/SF:			\$4.92					

As the previous tables illustrate, the comparables analyzed indicate a significant discount (±60%) for the big box leases, although the indicated discounts are likely inflated due primarily to age difference. In any event, the calculations illustrate a large discount for “big box” stores that are re-leased in the market. The demonstrated discount is for land and building together. If the discount were applied to the building only, the discount would be larger than illustrated above because land represents a significant portion of the rent. This disparity in rental rates is considered to provide an indication of the obsolescence associated with “big box” buildings, which does not consider the subject’s larger size or the decline in the value of retail property due to economic conditions as of the Date of Value compared to pre-recession dates. This analysis relates almost entirely to functional obsolescence.

Market Extraction of Obsolescence from Sales

The appraiser has utilized the market extracted depreciation method for isolating the amount of obsolescence from the overall depreciation. The appraiser identified and analyzed seven fee simple big box store comparables that were 15 years or less in physical age at the time of their respective sales.

The comparables are similar in design and use to the subject property and therefore provide a good example of what happens when a new big box store is sold in the open market. The stores sold for a significant discount from the cost new. Part of the reason for the discount, even by buyers for a similar use, is because modifications are typically needed to reflect a company’s business and image and operating procedures. Furthermore, in the marketplace there is no evidence of anyone developing a structure of the type and size of the subject with the thought of

leasing or selling it in the marketplace. This factor also indicates a form of obsolescence. All new construction of this size and type of big box stores, that the appraiser is familiar with, is on a build-to-suit basis that is a design to meet the unique specifications and business model of a specific retailer.

The following is a summary of the calculation of the overall depreciation and the calculation of the obsolescence portion of the overall depreciation from the sales of newer big box stores.

Extraction of Obsolescence from Sales of Big Box Stores							
Example	Example 1	Example 2	Example 3	Example 4	Example 5	Example 6	Example 7
City	Holland	Hartland Twp.	Memphis	Shakopee	Elgin	Blaine	Brown Deer
State	Michigan	Michigan	Tennessee	Minnesota	Illinois	Minnesota	Wisconsin
Type of Store	Home Depot	Super Walmart	Target	Kmart	Lowe's	Walmart	Lowe's
Sale Price (a)	\$1,750,000	\$4,383,750	\$4,612,000	\$4,200,000	\$5,775,000	\$5,460,000	\$4,000,000
Year Built	2006	2009	2004	1999	2006	2002	2006
Building Size (SF)	103,540	186,763	124,287	103,422	139,410	141,643	139,571
Sale Date	Jan-14	Jul-16	Jun-14	Dec-14	Apr-16	Jan-16	Dec-13
Phys. Age as of the Date of Sale	8	7	9	14	10	14	7
Estimated RCN (Bldg & Site)	\$7,743,968	\$13,428,283	\$8,410,603	\$9,211,399	\$12,257,070	\$13,000,339	\$11,099,324
Less: Phy. Depreciation (Bldg & Site)	-\$2,341,165	-\$3,183,691	-\$2,588,853	-\$3,753,523	-\$4,550,390	-\$5,294,564	-\$2,915,508
Depreciated Value of Improvements	\$5,402,803	\$10,244,592	\$5,821,749	\$5,457,876	\$7,706,680	\$7,705,775	\$8,183,816
Sale Price	\$1,750,000	\$4,383,750	\$4,612,000	\$4,200,000	\$5,775,000	\$5,460,000	\$4,000,000
Land Value at Time of Sale	\$960,000	\$3,210,000	\$2,120,000	\$4,240,000	\$2,230,000	\$4,830,000	\$2,490,000
Residual Value to Improvements	\$790,000	\$1,173,750	\$2,492,000	-\$40,000	\$3,545,000	\$630,000	\$1,510,000
Obsolescence Estimate	\$4,612,803	\$9,070,842	\$3,329,749	\$5,497,876	\$4,161,680	\$7,075,775	\$6,673,816
Obsolescence Estimate per SF	\$44.55	\$48.57	\$26.79	\$53.16	\$29.85	\$49.95	\$47.82
Obsolescence as a % of RCN	59.6%	67.6%	39.6%	59.7%	34.0%	54.4%	60.1%

RCN = Replacement Cost New

(a) Sale Prices for examples 2, 5 and 6 have been adjusted +5% for deed restrictions

As the previous table indicates, there is a substantial amount of obsolescence related to these relatively new (7-14 years old) big box retail stores. The obsolescence factor ranges from 34% to 68% with an average of 54% and from \$27/SF to \$53/SF with an average of \$43/SF. Three of the sales sold with deed restrictions (2, 5 and 6) and indicated an average 54% obsolescence while the four sales that sold without deed restrictions indicated a similar average obsolescence at 53%.

Capitalized Rent Loss

The Appraisal of Real Estate, 15th Edition (starting on page 576), recommends calculating obsolescence by estimating the income loss that is caused by the obsolescence. This method was also taught in the Advanced Sales Comparison and Cost Approaches class by the Appraisal Institute. In order to calculate this loss, the income necessary to support the value of the property without obsolescence is estimated. The economic (market) rent from the income approach is subtracted from the required rent based on cost of land and improvements. The difference is the rent loss due to obsolescence, which is then capitalized into a determination of total obsolescence.

CALCULATION OF OBSOLESCENCE	
Capitalized Income Loss Method	
	<u>January 1, 2021</u>
Phys. Depreciated Cost of Improvement	
- Building & Site Improvements	
Total Improvements Cost	\$17,286,193
Less: Incurable Phys. Depreciation	-\$8,740,434
Add: Supporting Land Value	<u>\$3,210,000</u>
Total	\$11,755,758
Overall Capitalization Rate (tax loaded)	<u>8.6066%</u>
Required NOI for Feasibility	\$1,011,766
Projected Subject NOI	<u>\$677,423</u>
Deficient Income from Improvements	\$334,342
Overall Capitalization Rate (tax loaded)	<u>8.6066%</u>
ESTIMATED OBSOLESCENCE	<u>\$3,884,738</u>
% of Replacement Cost New	22%
% of Replacement Cost New + Land	19%
Per SF of Building Area	\$19.07
<i>Source: Allen & Associates</i>	

The above determination of obsolescence is applicable to the improvements and not the land. The obsolescence represents 22% of the improvement replacement cost new as of January 1, 2021. Further, obsolescence represents 19% of the total replacement cost new including land as of January 1, 2021. These figures are below the range of the presented market extracted obsolescence examples.

Cost of Modification

A. Construction Management Report

There is yet additional market evidence of obsolescence existing in free standing big box stores. If a new user does not demolish the building, then the building is modified for a new user. As such, we have consulted with an architectural/construction firm that specializes in the modification of “big box” stores for new users. Our interview, in 2003, was with J. Scott Burton PE and Eric O. Pempus AIA of the architectural, engineering, planning and construction management firm of Richard L. Bowen + Associates, Inc. Further, the appraiser has reviewed the report that was prepared by Richard L. Bowen + Associates, Inc. in 2003. They inspected a Meijer store and a Target store and indicated a cost range of \$15 to \$53 per square foot depending upon the amount of specialized façade and finishes in the store. Architectural and engineering fees added 25-50% to that cost. This cost typically covers the numerous alterations that are made by a retailer to make a “big box” store functional for a new user. Among the alterations that are typically chosen to be made are new façades, as each user has its own corporate image storefront, and an altered interior layout including different back-room

configurations, lighting, plumbing, and loading. Each retailer has a specific store layout that it desires. Based upon a review of construction cost indexes from MVS, these costs of \$15 to \$53 in 2003 would be higher in 2020.

B. Cost Modification Examples

Examples of cost modifications in the market are the following big box stores, one located in Dearborn, MI, one located in Nashville, TN, one located in Homewood, IL, one located in Brown Deer, WI and one located in Chandler, AZ. The modifications included in these reimagings included, but were not limited to: new store façades, redesigned entryways, new flooring, build-out of licensing space, repositioning of restrooms, offices and stock rooms, lighting, and moving of interior walls to name a few. Minimal costs associated with these projects were spent on curing aged depreciation as the buildings were in good condition with no noted items of deferred maintenance.

The following are some of the considerations and concerns that that a major super store retailer would have and modifications that they would want to make to accommodate the store to their super store use.

1. Add exterior signage, pharmacy drive-through, digital order pick-up area.
2. Loading docks, number may not be adequate, turning radius needs to be large enough.
3. Garden area may have to be modified to accommodate pharmacy drive-thru.
4. Exterior façade may have to move or add an entrance and vestibule, paint, and redo façade to their brand.
5. Back room areas may have to shrink or expand to accommodate their freezer, coolers, prep areas, office, and training rooms.
6. Lighting would have to be redone. Different retailers have different light color standards. In addition, the configuration of all the lighting would need to be redone to accommodate their product displays as well as specialty areas such as deli and bakery that have spot lighting.
7. Flooring would have to be redone even if sealed concrete due to interference from existing joint area, non-slip flooring area in produce and laminate flooring in clothing.
8. Plumbing would probably move rest rooms and make sure there is adequate capacity in the right location and gender specific needs accommodated. Plumbing may have to be redone for the deli and bakery.
9. Electrical would likely have to increase capacity to accommodate their freezer and coolers. They need different outlet locations than other stores.
10. HVAC may need to be upgraded to accommodate their use.
11. Tire and oil change wing may have to be modified or removed.

One big box store that was reimaged from a former Super K store to a Super Walmart store is located in Dearborn, MI. The 192,000 SF store was built in 1993 and sold to Walmart in 2006. Walmart spent approximately \$10m to reimage the store from a Super K to a Super Walmart store. This equates to approximately \$52/SF. This figure is near the higher end of the range presented by the Bowen & Associates study.

The second big box store that was reimaged was from a former Home Depot store to a Walmart store, located in Nashville, TN. The 95,202 SF store was built in 2002 and sold to Walmart in 2010. Walmart spent approximately \$4.2381m to reimage the store from a Home Depot to a Walmart store. Walmart did not expand this store. This equates to approximately \$45/SF. This figure is near the mid-range of the range presented by the Bowen & Associates study.

The third big box store that was reimaged was from a former Super K store to a Walmart store, located in Homewood, IL. The 196,000 SF store was built in 1992 and leased to Walmart in 2013. Walmart spent approximately \$16.526m to reimage the store from a Super K to a Walmart store. Walmart did not expand this store. This equates to approximately \$84/SF. This figure is above the range presented by the Bowen & Associates study.

The fourth big box store that was reimaged was from a former Lowe's store to a Walmart store, located in Brown Deer, WI. The 139,571 SF store was built in 2006 and sold to Walmart in 2013. Walmart spent approximately \$6.4m to reimage the store from a Lowe's to a Walmart store. The reimagining also included a small (15,000 SF) addition to This equates to approximately \$46/SF. This figure is near the higher end of the range presented by the Bowen & Associates study.

The fifth big box store that was reimaged was from a former Great Outdoors store to a Walmart store, located in Chandler, AZ. The 133,200 SF store was built in 2004 and leased to Walmart in 2013. Walmart spent approximately \$3.981m to reimage the store from a Great Outdoors to a Walmart store. This equates to approximately \$30/SF. This figure is near the mid-range of the range presented by the Bowen & Associates study.

Obsolescence Summary

The following table summarizes the aforementioned obsolescence examples and the appraiser’s conclusion of obsolescence for the subject property.

Summary of Obsolescence Examples & Conclusion				
<u>#</u>	<u>Example Type</u>	<u>As a % of RCN</u>	<u>As a % of RCN + Land</u>	<u>As a \$/SF</u>
1	Build-to-Suit vs. Market Leases	n/a	60%	n/a
2	Market Extraction from Sales			
	- Range	10%-68%	7%-55%	\$27-\$53
	- Average	49%	39%	\$40
3	Deficient Income for the Subject			
	- as of January 1, 2021	22%	19%	\$19
4	Construction Management Study	n/a	n/a	\$15-\$53
5	Cost Modification Examples			
	- Range	n/a	n/a	\$30-\$84
	- Average	n/a	n/a	\$51
<hr/>				
	RCN - Replacement Cost New			
	Concluded Subject Obsolescence @ \$19.00 per SF		\$3,869,711	
	- as of January 1, 2021	22%	19%	

The appraiser has relied primarily on the deficient income obsolescence per square foot figure in concluding an obsolescence figure of \$19/SF of building improvement size as of January 1, 2021. This reflects obsolescence percentages of 22% of replacement cost new and 19% of replacement cost new including land for the subject as of January 1, 2021. These percentages are below the range in the other obsolescence examples.

Property Rights Adjustment

According to the 15th Edition of the Appraisal of Real Estate (p.541), “cost approach procedure is the value of the fee simple interest in the property at stabilized occupancy and at market rent and terms.” Since we are valuing the property as if the property is unencumbered by a lease as of the Date of Value, the property is not stabilized at market occupancy. Therefore, a property rights adjustment needs to be made to the cost approach. The property rights adjustments are the same as were applied in the income approach and include deductions for leasing commissions and for lost rent (holding costs).

Conclusion of the Cost Approach

COST APPROACH SUMMARY	
	<u>January 1, 2021</u>
Depreciable Basis	
Building Improvements	\$14,273,710
Site Improvements	\$3,012,483
Total Improvements Cost	\$17,286,193
Less Depreciation	
Incurable Physical	
Building Improvements	\$6,932,945
Site Improvements	\$1,807,490
Deferred Maintenance	\$0
Obsolescence	\$3,869,711
Total Depreciation	<u>\$12,610,145</u>
Depreciated Cost	\$4,676,047
Estimated Land Value	\$3,210,000
Property Rights Adjustment	
Leasing Commissions	-\$244,403
Holding Costs	<u>-\$824,859</u>
Cost Approach Value Estimate	<u>\$6,820,000</u>
NOTE: Numbers may not foot due to rounding.	
Source: Allen & Associates	

The appraiser has not reviewed the costs incurred by the subject ownership for when the property was constructed in 2002. To the extent a buyer would consider the cost approach, the buyer would in any event rely on replacement cost (the cost to construct a replacement of the subject for the buyer’s use), not reproduction cost or historical cost. A buyer, considering cost, would only be concerned with the cost to replace the utility of the subject property for that buyer and not the cost to duplicate a Walmart store design, i.e., reproduction cost.

***RETROSPECTIVE MARKET VALUE OF THE SUBJECT PROPERTY
VIA THE COST APPROACH:***

***AS OF JANUARY 1, 2021
SIX MILLION EIGHT HUNDRED TWENTY THOUSAND (\$ 6,820,000) DOLLARS***

The above value estimates include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market values as concluded in this report. The effect of this hypothetical condition is an increase of the market value determination via the cost approach. Additionally, the above value conclusion is subject to the extraordinary assumption that the property condition was as described in this report as of the date of value. The above value estimate should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Reconciliation

Reconciliation involves the correlation of the conclusions reached from the three methodologies considering the property type involved and the requirements of the appraisal assignment as well as following the direction of the Markarian Hierarchy. This process depends on the recognition of the appropriateness and reliability of each approach, and of the quality and viability of the data obtained.

The sales comparison approach provides a reliable value estimate. This approach takes sales of similar properties and compares them to the subject property. In this case, several reliable sales of existing structures of comparable existing stores were researched and analyzed. Adjustments were made to each of the comparables thus indicating a range in value for the subject property. The sales comparison approach is considered the primary indicator of value. The Markarian Hierarchy methodology applies in this appraisal where the subject property has not recently sold. Several comparable property sales were identified and relied upon.

The income approach analyzes market lease rates for existing properties to determine a value estimate. Similar properties were located and analyzed using this approach. After analyzing the rental rates of the comparable properties, a conclusion to the subject’s potential rent was established. The subject’s projected net operating income was capitalized using a market supported cap rate resulting in an estimate of market value for the subject property. For this analysis, the income approach is considered a secondary indicator of value. However, the rents included in the income approach do not include an allowance for tenant improvements (TIs) and possibly overstate the value because of that. In addition, a developer/investor buying the fee simple interest would have substantial risk due to the need to find a tenant, negotiate a lease and then sell the property. Due to the Wisconsin Markarian Hierarchy and the existence of comparable sales this approach is not directly relied upon but provides a supportive analysis to the Sales Comparison Approach.

As illustrated in the cost approach, there is a significant amount of obsolescence associated with the subject building improvements. Considering the large amount of depreciation and considering that this approach is not utilized by buyers and sellers in the marketplace for a property like the subject, the cost approach is not considered as reliable or applicable as the other two approaches. Due to the Wisconsin Markarian Hierarchy and the existence of comparable sales this approach is not directly relied upon but provides a supportive analysis to the Sales Comparison Approach. The following table summarizes our reconciled retrospective market value for the subject property pursuant to Wisconsin law and guidelines set forth in the WPAM.

Retrospective Valuation Conclusions	
Date of Value	January 1, 2021
Sales Comparison Approach	\$6,520,000
Income Approach	\$6,770,000
Cost Approach	\$6,820,000
Reconciled Market Value of Subject Property	\$6,520,000

The value estimates and conclusions include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market values concluded for the date of value in this report. The effect of this hypothetical condition is an increase in the market value determination. Additionally, the above value conclusions are subject to the extraordinary assumption that the property condition was as described in this report for the date of value. Further, the above value conclusions are subject to the jurisdictional exception created by the Wisconsin Constitution, state statutes, case law, and WPAM as discussed in the scope of the appraisal. The above value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Addendum

Legal Description/Property Identification

Legal description:

CSM 4501 LOT 3 Excl CSM 6788 Lot 1, ALSO ALL OF CSM #437 AND PART OF SE1/4 OF S29T20NR17E being vacated Meadow Lane ROW described in Doc #1288376 (16.438 Acres)

Qualifications

LAURENCE G. ALLEN, MAI, CFA

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PROFESSIONAL HISTORY:

- 1991-present** President, **Allen & Associates Appraisal Group, Inc.**, a real estate valuation and consulting firm located in Troy, Michigan. Formerly vice president of **Brekan Nava Allen**, a real estate appraisal firm located in Tempe, Arizona
- 1988-1991** National Director of Appraisal and Valuation Services, **BDO Seidman**, an international accounting and consulting firm, in charge of the Detroit office and the national real estate appraisal, machinery & equipment appraisal, business valuation, and hospitality consulting practice.
- 1973-1988** President, **Dean Appraisal Company**, in charge of real estate valuation and counseling assignments.

MAJOR PROJECTS:

Property tax appraisals of **Big Box** stores in Michigan, Indiana, Iowa, Wisconsin, Missouri and Arizona for major retailers including Meijer, Walmart, Target, Kohl's, Lowe's, Home Depot, Cabela's, Bass Pro. Testimony in relevant tax courts in Michigan, Indiana and Iowa. Property tax appraisals of **Regional and Super Regional Malls** located in Michigan, Indiana and Iowa. Property tax appraisal of **Anchor Department Stores** in Michigan and Indiana.

Real estate valuations and feasibility studies for existing and proposed **Hotels** on an individual and portfolio basis for mortgage financing and property tax in Michigan and across the U.S.

Real estate valuations, market studies and rent comparability studies of existing and proposed **Apartment** properties for financing through the Department of Housing and Urban Development (HUD) in Michigan, Indiana and Colorado.

Real estate appraisals and market studies for the acquisition and development of **Manufactured Housing Land Lease Communities** throughout the country.

EDUCATION:

Linfield College, BA (Cum laude) - in Psychology with Departmental Honors.

University of Michigan, MBA - concentration in Marketing and Finance.

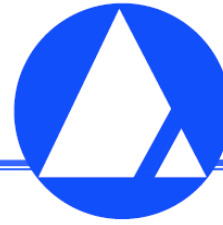
Institute of Chartered Financial Analyst (CFA) – Three levels of course work and testing in Economics, Statistics, Financial Accounting and Investment Analysis.

Appraisal Institute (MAI) - Courses and Seminars in valuation including, "Investment Analysis", "Urban Properties", "Computer Applications", "Industrial", "Residential Construction", "Syndication", "Troubled Properties", "Rates, Ratios & Reasonableness", "Hotel/Motel", "Retail Properties", "Office Building", "Option Values", "Marshall & Swift Commercial Cost Training", "Green Buildings", "Self-Storage", "Subdivision", "Nursing Home", "Intangible Business Assets", "Troubled Properties", "Highest and Best Use", "Partial Interests", "Environmental Issues", "Challenging Markets", "Medical Office Buildings", "Forecasting Revenue", "Analyzing Operating Expenses", "Convenience Stores", "Real Estate Finance Statistics", "Valuation Modeling", "International Valuation Standards", "Uniform Standards of Professional Appraisal Practice".

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PROFESSIONAL LICENSURE / DESIGNATIONS:

Licensed Real Estate Broker, State of Michigan
State Certified Appraiser, **Michigan, Indiana, Arizona, Wisconsin, Colorado, Missouri, Iowa**
MAI, Member of the Appraisal Institute, President of Michigan Chapter, 1988.
MHM-Master, with Community Investor
CFA, Chartered Financial Analyst with the CFA Institute.

TEACHING EXPERIENCE:

Seminar presentations on the *Allen Investment Survey* of manufactured home landlease communities at **Networking Roundtables** at Amelia Island Resort, Florida, Seaside, Oregon, San Diego, California and San Antonio, Texas.

Guest lecturer on real estate valuation at **University of Michigan** Ross School of Business Administration and the graduate hotel management program at the Eli Broad School of Business at **Michigan State University**.

"Real Estate Appraisal I and II" for the **University of Michigan** and **Oakland Community College**.

EXPERT WITNESS:

Federal Bankruptcy courts in **Detroit**, Michigan, **Hartford**, Connecticut, **San Antonio**, Texas, **Columbus**, Ohio and **Los Angeles**, California. Wayne, Washtenaw and Oakland County Circuit Courts. **Michigan** Tax Tribunal, **Indiana** and **Iowa** Tax Courts.

PUBLICATIONS:

"Market Testing of Ellwood", **Appraisal Journal**
"Market Testing of Ellwood, Part Two", **Appraisal Journal**
"Single Business Tax: A Factor in the Appraisal of Investment Real Estate", **The Michigan Assessor**.
"Appraising Income Investment Properties for Real Estate Assessment Purposes", **NAPTR**
"True Cash Value for Assessed Purposes in a Land Contract Market", **The Michigan Assessor** and **Michigan Tax Law**.
"Valuation of a Terminal Grain Elevator", **The Appraisal Journal**.
"Expressway Proximity Damages to Residential Properties", **Right of Way**.
"Amortizing Favorable Financing as an Intangible Asset", **Appraisal Journal** (Notes and Comments).
"Appraising Subsidized Housing for Property Tax Purposes", **Appraisal Journal**.
"Hotel Enterprise Valuation", **The Appraisal Journal**.
"Hotel Valuation Guidelines for the 1990's", **Hospitality Advisors Lodging Commentary**.
"Chapter 5 Estimating Value", **How to Find, Buy and Sell a Manufactured Home Community**, John Wiley & Sons.
"The Allen Investment Survey I – V, **Community Management**, 1996 - 2000.
"Hotel Investment Parameters" **Hospitality Advisors Lodging Commentary**.

APPRAISAL REPORT

Retail Store
Located at 1155 W Winneconne Avenue
Neenah, Winnebago County, Wisconsin 54956

Date of Value
January 1, 2022



Bird's Eye View Facing West

Date of Report
July 24, 2023

Prepared for:
Mr. Brandon Caplena
Senior Manager - Real Estate Property Tax
WAL-MART REAL ESTATE BUSINESS TRUST
2608 SE J Street, Suite 2
Bentonville, Arkansas 72716-0555

By:
ALLEN & ASSOCIATES APPRAISAL GROUP, INC.

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July 24, 2023

Mr. Brandon Caplena
Senior Manager - Real Estate Property Tax
WAL-MART REAL ESTATE BUSINESS TRUST
2608 SE J Street, Suite 2
Bentonville, Arkansas 72716-0555

Re: Real property located at 1155 W Winneconne Avenue
Neenah, Winnebago County, Wisconsin 54956

Dear Mr. Caplena:

In accordance with your request, in this appraisal report, we have prepared an appraisal of the market value of the fee simple interest in and of the above referenced property located at 1155 W Winneconne Avenue in Neenah, Winnebago County, Wisconsin 54956. As of the date of value, the subject site consisted of one tax parcel with ± 16.44 acres of land. The subject building improvements consisted of one $\pm 203,669$ SF mega warehouse retail building.

The purpose of the appraisal is to estimate the market value of the fee simple interest in the property as of January 1, 2022. The function of this appraisal is for use in property tax review. The client is Walmart.

This report has been researched and to the best of our knowledge written in conformance with the requirements of the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute.

Neither all, nor any part of the contents of this report (especially conclusions as to value, the identity of the appraisers, or the firm with which they are connected, or any references to the Appraisal Institute, or to the MAI designation) shall be disseminated to the public through advertising media, news media, sales media, or any other public means of communication without prior written consent and approval of Allen & Associates.

The accompanying appraisal report, of which this letter is a part, describes in summary the site, methods of appraisal, and contains the pertinent data considered in reaching our value conclusions. The opinion of value is subject to the statement of assumptions and limiting conditions attached herewith.

Neither the name Allen & Associates, nor the material submitted in this report may be included in any prospectus or used in offerings or representations in connection with the sale of real estate, securities, or participation interests to the public without our expressed written permission.

This appraisal has been prepared for sole and exclusive use of *Walmart, its counsel, and Wisconsin Courts* for the purpose of property tax review. Use for any other purpose or by any other user is prohibited without the express written consent of the appraiser.

Based on our analysis, along with the basic assumptions and limiting conditions of the appraisal contained herein, it is our opinion that the market value of the fee simple interest in the subject property as of and January 1, 2022 was:

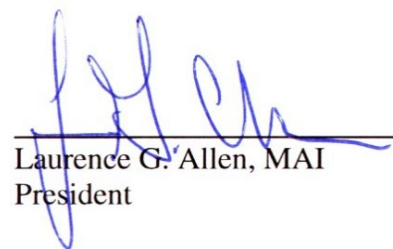
“RETROSPECTIVE” MARKET VALUE OF THE SUBJECT PROPERTY

AS OF JANUARY 1, 2022

SIX MILLION FIVE HUNDRED TWENTY THOUSAND (\$ 6,520,000) DOLLARS

The value estimate and conclusion include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market value concluded for the date of value in this report. The effect of this hypothetical condition is an increase in the market value determination. Additionally, the above value conclusion is subject to the extraordinary assumption that the property condition was as described in this report for the date of value. Further, the above value conclusion is subject to the jurisdictional exception created by the Wisconsin Constitution, state statutes, case law, and the Wisconsin Property Assessment Manual (WPAM) as discussed in the scope of the appraisal. Including the decision in the February 16, 2023 Supreme of Wisconsin in the case of Lowe’s Home Centers, LLC v. City of Delavan (Case # 2109AP1987). The above value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Respectfully submitted:
ALLEN & ASSOCIATES



Laurence G. Allen, MAI
President

Certified General Appraiser
State of Wisconsin #2191-10
Expiration Date: December 14, 2023

Attachments

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Summary of Salient Facts and Conclusions

Property Location:	1155 W Winneconne Avenue Neenah, Winnebago County, Wisconsin 54956
Parcel ID Number(s):	807-1010-00-0
Date of Report:	July 24, 2023
Date of Value:	January 1, 2022
Interest Appraised:	Fee Simple
Highest and Best Use:	
As Vacant:	Retail development
As Improved:	Retail use
Site Description:	
Land Area:	±16.44 acres
Shape:	Irregular
Zoning:	I-1, Planned Business Center District
Frontage:	W. Winneconne Ave.
Access:	W. Winneconne Ave. & Tullar Rd.
Parking Spaces:	±938 provided.
Flood Hazard:	Zone X, based on maps #55139C0111E
Building Description:	
<u>Mega Warehouse Store:</u>	
Type:	One-story Class C
Quality:	Average Cost (based upon MVS)
Framing:	Steel
Exterior Walls:	Primarily concrete block walls with minimal EIFS
Gross Building Area	±203,669 SF
Year Built:	2003
Estimated Physical Age:	18 years as of January 1, 2022

Market Value Conclusions:

Retrospective Valuation Conclusions	
Date of Value	January 1, 2021
Sales Comparison Approach	\$6,520,000
Income Approach	\$6,770,000
<u>Cost Approach</u>	<u>\$6,820,000</u>
Reconciled Market Value of Subject Property	<u><u>\$6,520,000</u></u>

The above value estimates and conclusion include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the respective market value concluded for the date of value in this report. The effect of this hypothetical condition is an increase in the market value determination. Additionally, the above value conclusions are subject to the extraordinary assumption that the property condition was as described in this report for the date of value. Further, the above value conclusion is subject to the jurisdictional exception created by the Wisconsin Constitution, state statutes, case law, and Wisconsin Property Assessment Manual (WPAM) as discussed in the scope of the appraisal. Including the decision in the February 16, 2023 Supreme of Wisconsin in the case of Lowe’s Home Centers, LLC v. City of Delavan (Case # 2109AP1987). The above value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Identification of the Subject Property

The subject property is located at 1155 W Winneconne Avenue in Neenah, Winnebago County, Wisconsin 54956. A legal description for the subject can be found in the addendum of this report.

Property Rights Appraised

The property rights appraised include the fee simple interest, including all rights in realty encumbered by applicable zoning and building code regulations and other government restrictions.

Scope of the Appraisal

The scope of this assignment consists of a market value appraisal of the fee simple interest in the subject real property (“as is”) considering the cost, income, and sales comparison approaches to value. The intended users of this report are *Walmart, its counsel, and Wisconsin Courts* for the purpose of property tax review.

The scope of work is based upon guidelines set forth by the Wisconsin Property Assessment Manual (WPAM) and Wisconsin case law as it pertains to property assessment; most notably the Markarian Theory which is explained as follows.

To determine market value for property tax assessment purposes, the WPAM sets forth a “three-tiered methodology for assessing real property’s full value at private sale.” *Nestle USA, Inc. v. Wis. Dept. of Revenue*, 331 Wis.2d 256, 273, 795 N.W.2d 46, 54 (2011) (citing *Markarian v. City of Cudahy*, 45 Wis.2d 683, 686, 173 N.W.2d 627 (1970)). The court in *Nestle* explains: “[**Tier 1:**] Evidence of a recent arm's-length sale of the subject property is the best evidence of full value. [**Tier 2:**] If the subject property has not been recently sold, then an assessor must consider sales of reasonably comparable properties. [**Tier 3:**] Only in situations where there has been no arm's-length sale of the subject property and there are no reasonably comparable sales may an assessor use one of the third-tier assessment methods.” *See also* 2022 WPAM 9-23 (summarizing the Markarian Hierarchy as follows: “Assessors, and appraisers valuing property for assessment purposes, must use the ‘Markarian hierarchy’ in valuing real property. [**Tier 1:**] The Markarian hierarchy requires assessors to first use a recent arm's length sale of the subject property. [**Tier 2:**] If there is no such sale, the next step is to use recent comparable sales of other properties. [**Tier 3:**] Only if there are no recent comparable sales of other properties should the assessor proceed to other indicators of value that include the income and cost approaches to value.” (citing *Markarian v City of Cudahy*, 45 Wis. 2d 683, 686 173 N.W.2d 627 (1970))).

The 2022 WPAM explains further:

“Appraisers typically use the sales comparison approach in markets where adequate sales exist. They typically use the cost approach in cases of new or special purpose structures or where limited sales or rental data activity exist. Appraisers typically use the income approach for income-producing properties and when an active rental market exists. It is also important

to understand which valuation approach buyers and sellers rely on when they interact in the marketplace. For example, buyers and sellers of income-producing property may place the most reliance on the income approach because it explicitly considers the net income of the property. Usually, more than one – and often all three – of the approaches apply to a given property. The only limiting factor: whether available and appropriate data exists to develop any and all approaches.

Given the data used and the type of property appraised, the appraiser must consider how well each method employed estimates the market value of the property. How does the appraiser determine which approach or approaches are most reliable? The best guidance that can be offered is to review market activity for the subject and determine the attributes by which the market uses to evaluate alternative real estate decisions. Generally, the greatest weight should be placed on the approach for which the greatest amount of reliable and appropriate data is available that will yield the highest degree of confidence. The final value estimate may be the value estimate derived from one of the approaches or may be a careful reconciliation of the applicable approaches.” WPAM 9-23 (WPAM 2022).

As a result of the aforementioned guidelines as set forth in the state statutes, case law and Wisconsin Property Assessment Manual (WPAM) as discussed in the scope of the appraisal, as it pertains to property assessment, this appraisal is subject to a jurisdictional exception. The jurisdictional exception results from relying solely on the value derived from the Sales Comparison Approach when additional approaches to value may also produce credible results. Because only the Sales Comparison Approach is considered in the reconciliation, this may violate Standard Rule 1-6, which states:

In developing a real property appraisal, an appraiser must:

- (a) reconcile the quality and quantity of data available and analyzed within the approaches used; and
- (b) reconcile the applicability or suitability of the approaches used to arrive at the value conclusion(s).

Further, in accordance with the decision in the February 16, 2023 Supreme of Wisconsin in the case of Lowe’s Home Centers, LLC v. City of Delavan (Case # 2109AP1987) none of the sales that will be included in our analysis will be distressed sales, dark store sales (as defined by the court) or sales with different highest and best uses.

The following bullet points provide additional detail related to the scope that was utilized in this appraisal.

- ***Extent to which the property is identified:*** We were provided with a site plan, building sketch, project overview plan, legal description, and floor plan of the property from Walmart and reviewed municipal parcel boundary sketches. We did not perform a title search or survey of the subject property.
- ***Extent to which tangible property is inspected:*** In preparing this appraisal, we examined the subject property (December 2020) and walked the site and the interior/exterior of the

building. We were able to access the entire interiors of the buildings which was facilitated by Walmart employees. We researched the immediate area surrounding the subject property via physical examinations, including the comparables noted in this report. The property was in average condition as of the date of this visit and is assumed to be in average condition as of the date of value.

Our examination of the subject property was done in order to develop impressions of the physical characteristics based on visual observations of apparent, not unapparent conditions. We are not licensed engineers and are not qualified to assess structural integrity or the adequacy and condition of its mechanical, electrical, or plumbing components. This appraisal is not a property condition report and should not be relied upon to disclose any conditions present in the property, and it does not guarantee the property to be free of defects. We are not licensed inspectors, and we did not make an “inspection” of the property as defined by Wisconsin law.

We are not qualified to detect or identify hazardous substances, which may, or may not, be present on, in, or near the subject property. The presence of hazardous materials may negatively affect market value. We have no reason to suspect the presence of hazardous substances, and we valued the subject assuming that none are present. No responsibility is assumed for any such conditions or for any expertise or engineering required to detect or discover them. We urge the user of this report to obtain the services of specialists for the purpose of conducting inspections, engineering studies, or environmental audits. While we refer to FEMA flood maps, we are not surveyors and not qualified to make flood plain determinations, and we recommend that a qualified party be consulted before any investment decision is made.

- **Valuation:** The valuation section of this report was developed considering all three traditional valuation methodologies: the income, sales comparison, and cost approaches. In the case of the subject property, the sales comparison income and cost approaches were applied. The approaches were developed on an “as is” basis, as of January 1, 2022 for the existing building and its site.
- **Acknowledgement:** Mark D. Wiley has assisted in the fieldwork, analysis, and draft of this report; we would like to recognize his contribution to the report. Laurence G. Allen, MAI has personally examined the subject property.

Statement of Competency

Allen and Associates has performed numerous appraisals of similar properties in Wisconsin, around the Midwest and the country for various functions including, but not limited to: mortgage financing, estate planning, property tax review and litigation. As a result, we are well qualified to perform this assignment.

Intended Use/Intended Users

This appraisal has been prepared for *Walmart, its counsel, and Wisconsin Courts* for the purpose of property tax review. Use by any other user or for any other purpose is prohibited without the express written consent of the appraiser.

Definition of Fee Simple

A fee simple interest is defined in The Dictionary of Real Estate Appraisal, Seventh Edition, (Appraisal Institute, 2022) as:

“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”.

The 2022 Wisconsin Property Assessment Manuals (Glossary, page 35 or G-35) defines fee simple as “In land ownership, complete interest in a property, subject only to governmental powers.”

Definition of Real Property

Under Wisconsin Statute § 70.03, “[r]eal property...includes not only the land itself but all buildings and improvements thereon, and all fixtures and rights and privileges appertaining thereto.” (2022 WPAM Ch.9, p.8).

Purpose and Function of the Appraisal

The purpose of the appraisal is to provide an estimate of the “as is” fee simple market value of the subject property as of January 1, 2022. The function of this appraisal is for use in property tax review.

Date of Report

The date of this report is July 24, 2023.

Date of Value

The “as is” retrospective date of value is January 1, 2022.

Exposure Time

Exposure time is defined by The Dictionary of Real Estate (7th Edition) as “The time a property remains on the market.”

The market value estimate is based upon an exposure time of 12-24 months. This is based upon our review of sales and discussions with brokers relative to this type of property.

Definition of Market Value

Real property must be valued at market value. See Wis. Stat. § 70.32(1) (stating that property must be valued at “the *full value* which could ordinarily be obtained therefore at private sale” (emphasis added)).

Market value means “the most probable price paid by a willing buyer to a willing seller in an arm’s-length transaction.” 2022 WPAM 9-8.

The WPAM explains: “The goal of the assessor is to estimate the current market value of the bundle of rights for a particular property, considering only those rights and privileges that the owner, or beneficial owner, can transfer to a willing buyer in an arm’s-length transaction.” 2022 WPAM 9-8.

Additionally, “when applying the market value standard, the assessor must base the value of a property on the arm’s-length sale price of the subject property or the sales of reasonably comparable properties, if available. Therefore, the assessment of any property should reflect the arm’s-length sale price of the subject, or its probable selling price if no sale has occurred.” 2022 WPAM 9-8.

Further, the WPAM’s expanded definition of 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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

2022 WPAM Glossary, Page 4

Ownership and Sales History of the Property

In accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute, for a property, such as the subject, the appraiser must consider and analyze any prior sales of the property, which have occurred within the last three years, as well as any current agreements of sale, options, or listings of the property.

As of the date of value (January 1, 2022), Walmart used the subject property to conduct its retail business. Walmart has owned the subject property for more than three years preceding the date of value. The appraiser is aware of no offers for sale or purchase involving the subject property in the three years preceding the date of value.

Statement of Assumptions and Limiting Conditions

1. The title to the subject property is merchantable and the property is free and clear of all liens and encumbrances, except as noted.
2. No liability is assumed for matters legal in nature.
3. Ownership and management are assumed to be in competent and responsible hands.
4. No survey has been made. Dimensions are as supplied by others and are assumed to be correct.
5. The appraisal was prepared solely and exclusively for *Walmart, its counsel, and Wisconsin Courts*, for the purpose of property tax review and should not be used for any other reason or by any other user without the express written consent of the appraiser.
6. All direct and indirect information supplied by the owner and their representatives concerning the subject property is assumed to be true and accurate.
7. No responsibility is assumed for information supplied by others, which is believed to be reliable and correct. This includes zoning and tax information provided by municipalities and the county.
8. The signatories shall not be required to give testimony or attend court or be at any governmental hearing with references to the said properties unless prior arrangements have been made with the client.
9. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.
10. The legal description is assumed to be accurate.
11. This report specifically assumes that there are no site, subsoil, or building contaminants present resulting from residual substances or construction materials, such as asbestos, radon gas, PCB, etc. It is suggested that if there are concerns regarding these issues, that an environmental report be obtained. Should any of these factors exist, the appraiser reserves the right to review these findings, review the value estimates, and change the estimates, if deemed necessary.
12. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA.
13. The concluded value estimates include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market values concluded in this report. Without this hypothetical condition, the property taxes would be based upon an assessed value that exceeded the market value. The additional tax expense would result in a buyer

paying less for a property as a result of the additional expense. The value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report. The effect on the value of this assumption is an increase in the concluded market value for the Date of Value.

14. The value conclusions are subject to the extraordinary assumption that the property condition was as described in this report for the Date of Value. If this assumption were not correct the final conclusions of value could be affected.
15. As a result of the guidelines as set forth in the Wisconsin, statutes, case law and the Wisconsin Property Assessment Manual (WPAM) as discussed in the scope of the appraisal, as it pertains to property assessment, this appraisal is subject to a jurisdictional exception. The jurisdictional exception results from relying solely on the value derived from the Sales Comparison Approach when additional approaches to value may also produce credible results. Because only the Sales Comparison Approach is considered in the reconciliation, this may violate Standard Rule 1-6, which states:

In developing a real property appraisal, an appraiser must:

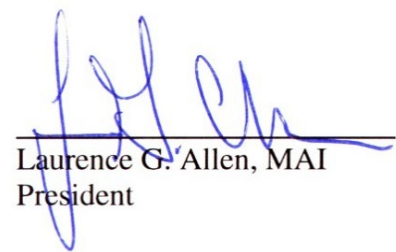
- (a) reconcile the quality and quantity of data available and analyzed within the approaches used; and
 - (b) reconcile the applicability or suitability of the approaches used to arrive at the value conclusion(s).
16. Further, in accordance with the decision in the February 16, 2023 Supreme of Wisconsin in the case of Lowe’s Home Centers, LLC v. City of Delavan (Case # 2109AP1987) none of the sales that will be included in our analysis will be distressed sales, dark store sales (as defined by the court) or sales with different highest and best uses.

Certification

1. We have no present or contemplated future interest in the subject of this appraisal.
2. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
3. To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions, and conclusions expressed herein are based, are true and correct.
4. This appraisal report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned), affecting the analysis, opinions, and conclusions contained in this report.
5. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice. This report, to the best of our knowledge, is in compliance with the applicable Standards Rules of Standard 1 and Standard 2 of the current edition of the Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of The Appraisal Foundation.
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. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
8. No one other than the undersigned completed the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report. Mark Wiley has assisted in the fieldwork, analysis, and draft of this report; we would like to recognize his contribution to the report. Laurence G. Allen, MAI has personally inspected the property.
9. The Appraisal Institute conducts a voluntary program of continuing education for its members. Laurence G. Allen, MAI is currently certified under this program.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives, except when such disclosure to a committee would violate applicable law or regulation.
11. The appraisal assignment was not based upon a minimum valuation, a specific valuation, or approval of a loan.

12. The appraiser has performed an appraisal of the subject property in a report dated March 16, 2022. The date of value included in that report was January 1, 2021.
13. Appraisers are licensed and regulated by the Wisconsin Department of Safety and Professional Services, P.O. Box 8935, Madison, Wisconsin 53703. Laurence G. Allen, MAI is presently licensed as a Certified General Real Estate Appraiser in the State of Wisconsin and several other states, which allows him to appraise of all types of real estate.

Allen & Associates:



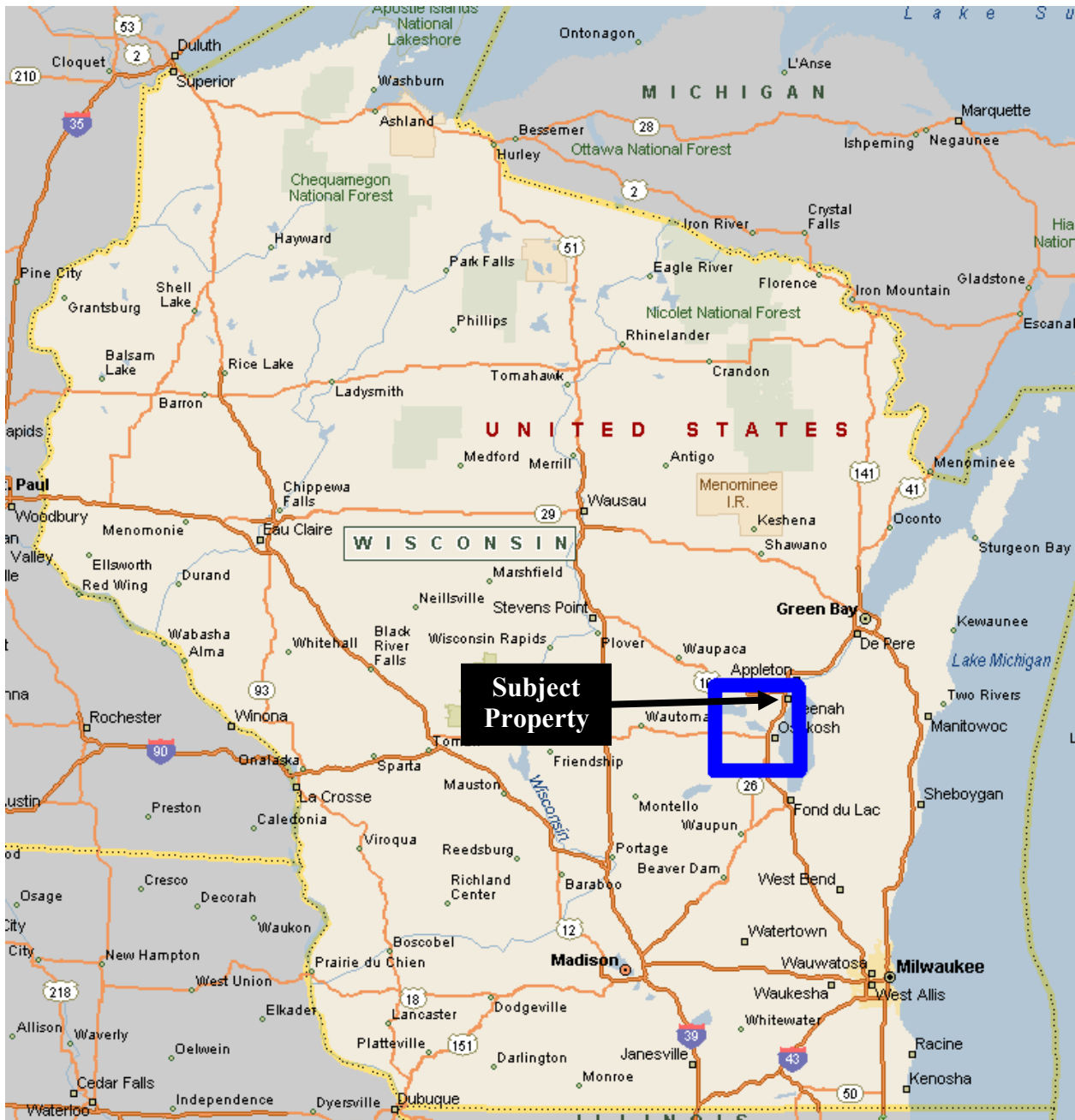
Laurence G. Allen, MAI
President

Certified General Appraiser
State of Wisconsin #2191-10
Expiration Date: December 14, 2023

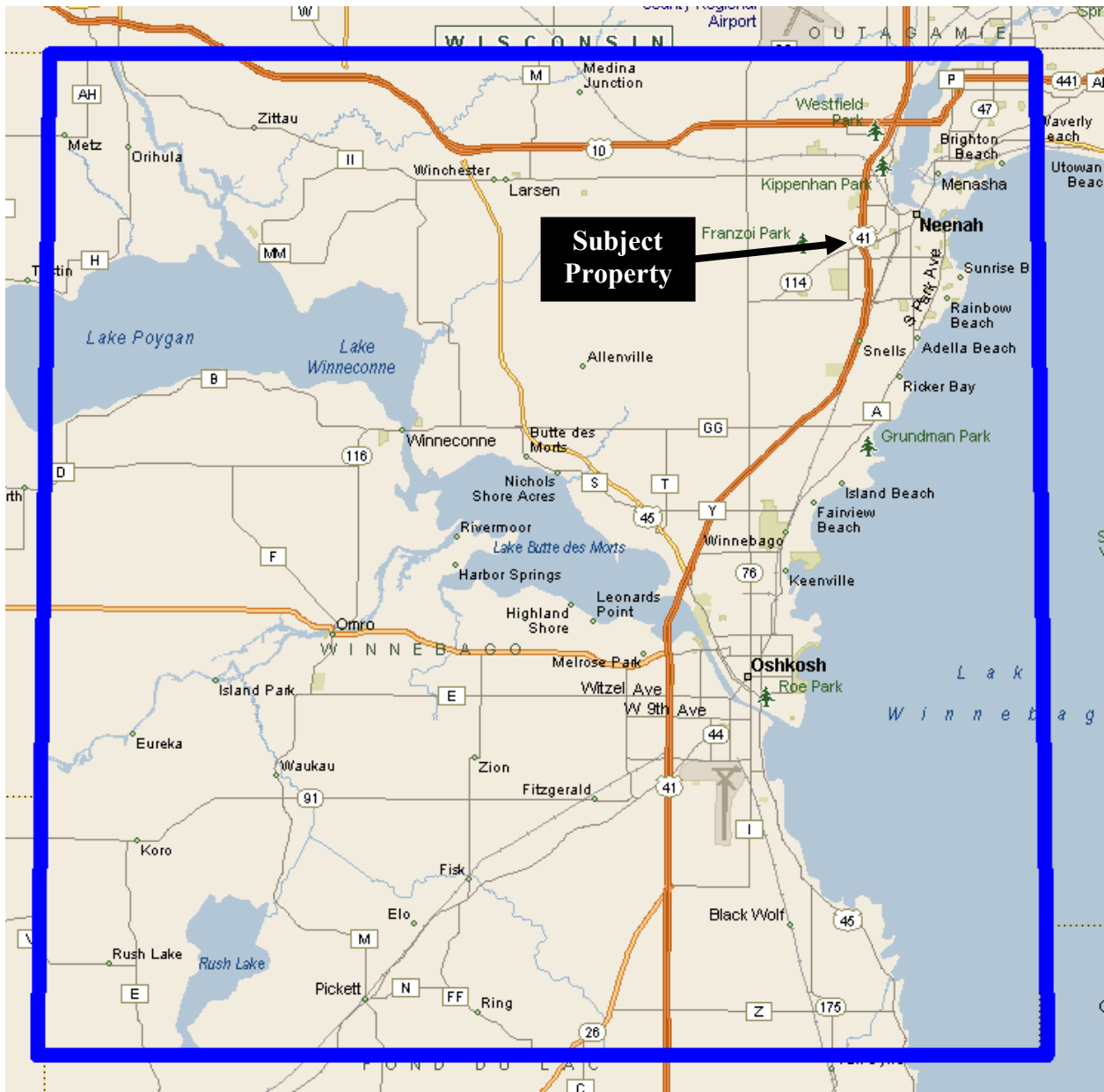
Area Description

The subject property is located in the Oshkosh-Neenah, Wisconsin Metropolitan Statistical Area in Wisconsin. According to the Office of Management and Budget, the county included in this statistical area is Winnebago County. In this section we analyze the regional economy and the relevant economic factors affecting the Oshkosh-Neenah, WI MSA as well as the State of Wisconsin and the United States.

Map of Wisconsin with Metropolitan Statistical Area Outlined in Blue



Map of the Oshkosh-Neenah, Wisconsin MSA – Outlined in Blue



The metropolitan area has several highways that extend through the area, the largest of which are Interstate 41, which connects the area with Green Bay to the north and the Milwaukee area to the south, and US-10, which connects the area with Stevens Point to the west. Overall, the MSA has average access to the highway system.

The largest commercial passenger airport servicing the area is Green Bay Austin Straubel International Airport, which is a primary commercial service-non hub airport located approximately 30 driving miles northeast of Neenah.

The subject is located in northeast Winnebago County and the following are approximate driving distances from the subject property to other major cities:

Downtown Milwaukee, WI:	100
Madison, WI:	100
Green Bay, WI:	40
Chicago, IL:	185
Minneapolis, MN:	285

Area Conclusions

The following is a summary of our observations regarding the Oshkosh-Neenah, WI area economy and its outlook. Tables and charts supporting these conclusions can be found in the Addendum of this report.

- The region’s population was 173,572 as of 2020. The region’s population and households have been slowly growing and are projected to slowly grow through 2025, at rates similar to those of the MSA and less than those of the nation.
- The median household income in the area (\$56,431), which is lower than that of the state (\$50,185) and that of the nation (\$62,203), is projected to grow by 1.14% per year, which is less than that of the state and that of the nation.
- The average consumer spending in the MSA (\$41,442) is lower than that of the state (\$45,422) and that of the nation (\$50,428).
- The annual establishment-based employment figures for the MSA increased from 2011-2016 and remained relatively unchanged from 2016-2021. The employment figures declined in 2018, 2019, and the Covid-19 Pandemic had a negative effect on the 2020 employment figures. The employment figures rebounded in 2021 but not to the level that they declined in 2019 and 2020. Overall, The number of people employed in 2021 was approximately 4% higher than in 2011.
- The largest growing employment industry sectors through 2028 in the MSA are projected to be the Construction sector (14% growth) and the Education and Health Services sector (2,789 new jobs).
- The annual average unemployment rate among the area’s residents rose substantially from 2008 through 2009 as the economies in the county, state and nation crashed. As these economies improved, the unemployment percentages have improved as have the numbers in the number of persons employed in spite of a stagnant labor force. The number of persons in the workforce and the number of persons employed in the MSA peaked in 2017.
- Overall, from 2016 through 2021 there was positive overall growth in the Gross Domestic Product in the MSA, state and nation with the MSA experiencing more growth than the state and less growth than the nation growth over this period of time than the state and the

nation. However, in 2020, the MSA, the state and the nation experienced negative growth in their GDPs due to Covid-19. Each area’s GDP rebounded in 2021.

- Residential housing building permits declined through 2012, after peaking in the early 2000s. The annual building permits from 2012 through 2021 have been less than pre-recession levels but have improved significantly in 2020 and 2021.

Oshkosh-Neenah Economic Outlook

According to the latest data from the U.S. Bureau of Labor Statistics, the unemployment rate in the Oshkosh-Neenah MSA was lower than both the state and national averages. This indicates a relatively strong labor market and suggests that businesses in the area are hiring. Additionally, the Oshkosh-Neenah MSA has a diverse economy with several different industries contributing to its overall economic growth. The area is known for its manufacturing sector, including industries such as automotive, aviation, and defense manufacturing. The Fox Valley Technical College in the region also provides a skilled labor force to support these industries. However, like many other regions, the Oshkosh-Neenah MSA has faced challenges due to the COVID-19 pandemic. Some businesses have had to adjust their operations or temporarily close, leading to job losses and economic disruptions. The extent of the long-term impact on the local economy remains uncertain. Overall, the Oshkosh-Neenah Wisconsin MSA's economic outlook appears promising, but continued efforts to support businesses and their recovery from the pandemic will be crucial for sustaining growth in the future.

City of Neenah, WI

The city of Neenah is located in northeastern Winnebago County. As of 2019, the population of Neenah was estimated at 26,300 persons. Additionally, according to the US Census Bureau QuickFacts, the median household income in Neenah was \$59,820 as of 2019, compared to \$58,543 for Winnebago County. Further, it is estimated that 13% of the population in Neenah was below the poverty level from 2015 to 2019. This is above than the percentage for that of the county (10%) and the more than that of the state of Wisconsin (10%) for the same period of time.

Winnebago County and Neenah (Zip Code 54956) Indicators

In addition to the regional indicators for the State of Wisconsin, statistics for Winnebago County (Oshkosh-Neenah MSA) and the subject’s zip code (54956) within Neenah have also been reviewed by the appraiser. The following table presents data pertaining to these areas. A map of the subject zip code also follows this table.

Key Economic Indicators

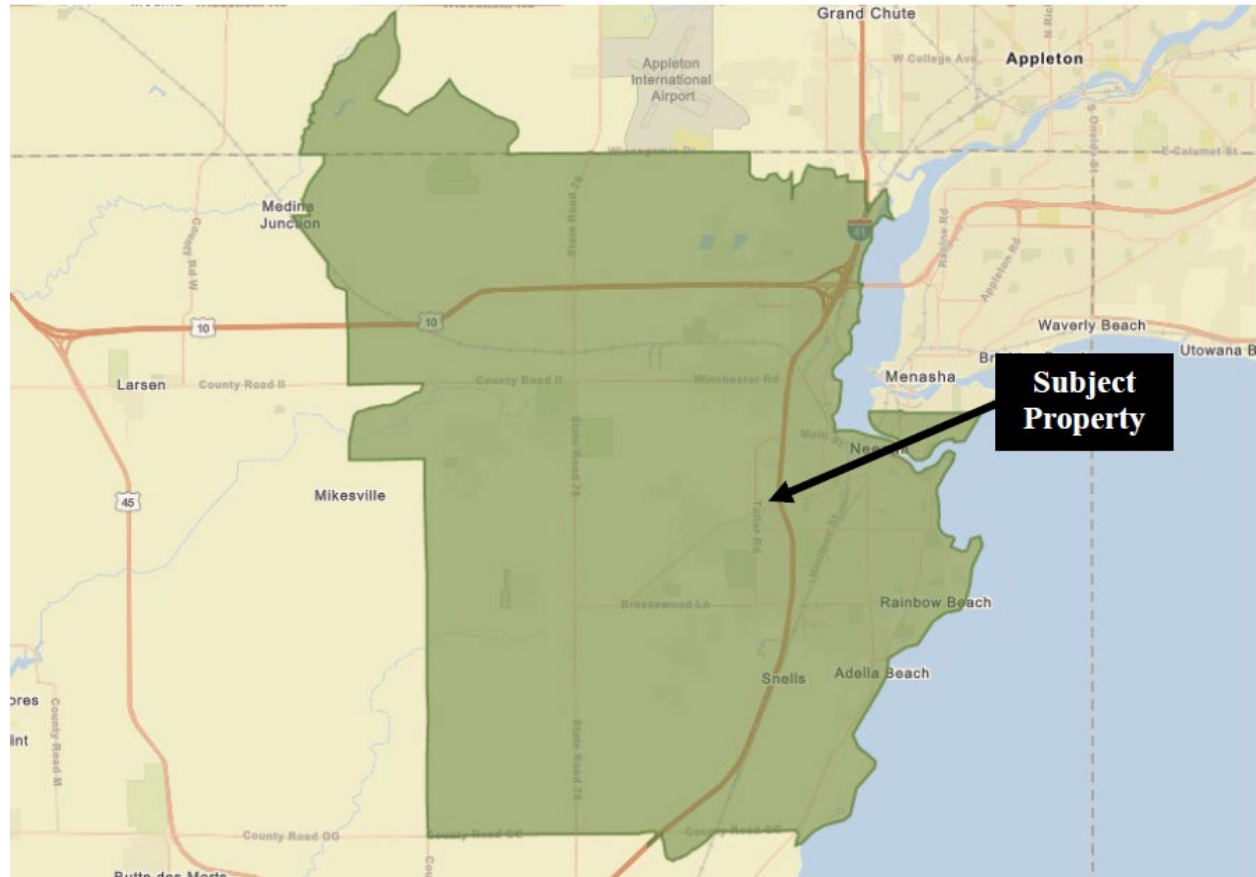
	2010	2020	Annual % Change	2025	Annual % Change
Population					
54956 (Neenah)	42,911	45,768	0.67%	47,189	0.62%
Oshkosh-Neenah, WI MSA	166,994	173,572	0.39%	177,453	0.45%
State of Wisconsin	5,686,986	5,902,099	0.38%	6,026,514	0.42%

	2010	2020	Annual % Change	2025	Annual % Change
Housholds					
54956 (Neenah)	17,571	18,989	0.81%	19,651	0.70%
Oshkosh-Neenah, WI MSA	67,875	71,777	0.57%	73,719	0.54%
State of Wisconsin	2,279,768	2,391,911	0.49%	2,450,682	0.49%

	2020	2025	Annual % Change
Median Household Income - 2020 & 2025			
54956 (Neenah)	\$66,140	\$71,218	1.54%
Oshkosh-Neenah, WI MSA	\$56,431	\$59,646	1.14%
State of Wisconsin	\$60,185	\$64,789	1.53%

	Annual % Change
Average Consumer Spending Per Household	
54956 (Neenah)	\$48,689
Oshkosh-Neenah, WI MSA	\$41,442
State of Wisconsin	\$45,422

Source: ESRI Business Analyst, Allen & Associates



The presented data indicates that, as of 2020, the subject zip code comprised approximately 26% of Winnebago County's population. From 2010 to 2020, the population in the subject zip code grew at a rate larger than that of the county and that of the state. Through 2025, the population for the subject zip code is projected to grow slightly at a rate that is greater than that of the county and that of the state.

The surveyed median household income (MHHI) for the 54956-zip code is higher than those of the county and of the state. It is projected that through 2025 the median household income in the subject zip code will grow at a rate greater than that of the county and similar to that of the state.

The average annual consumer spending in the subject zip code area is more than that of the county and that of the state.

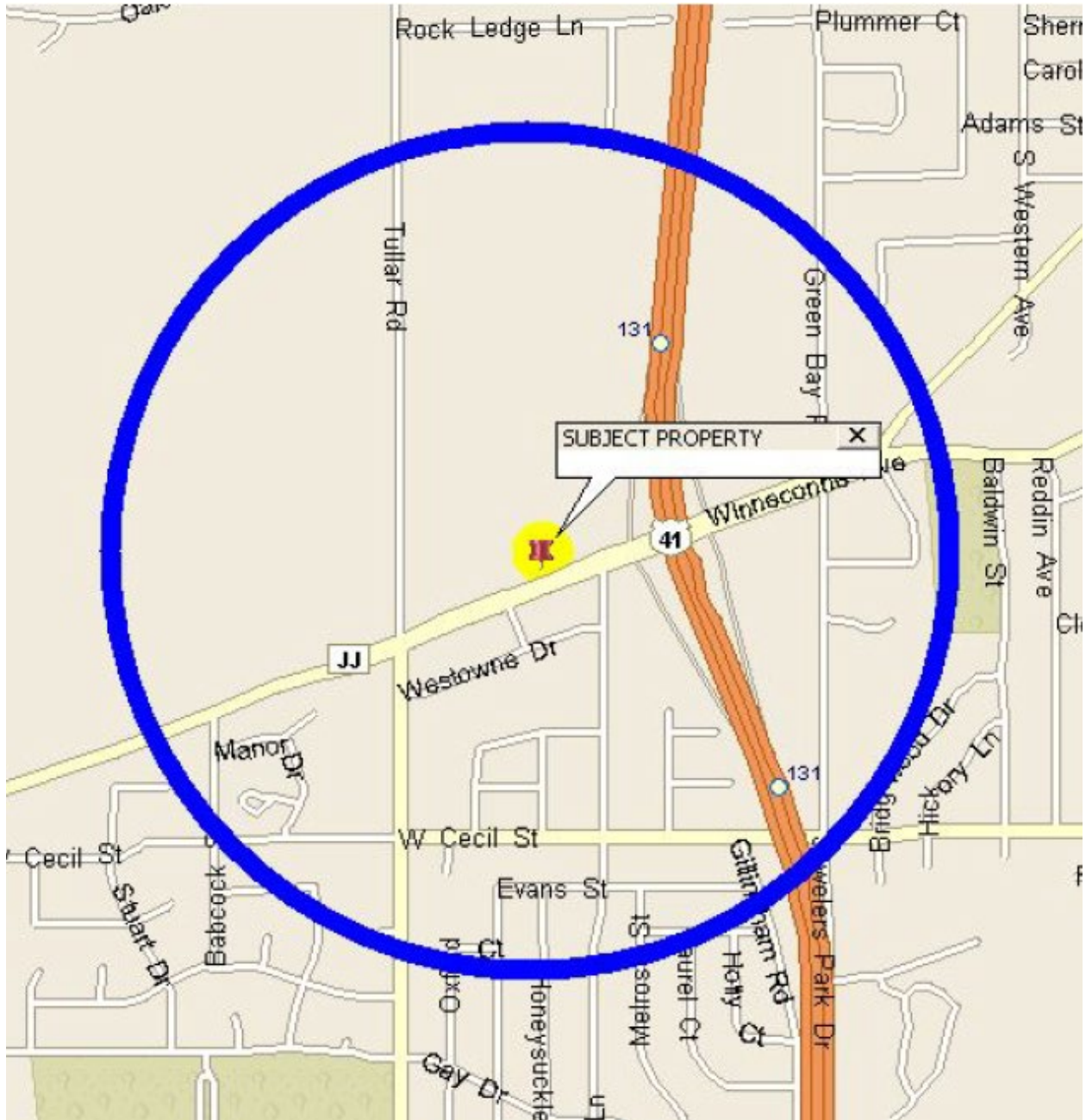
In general, the Neenah 54956-zip code area is superior to the county and the state in terms of population growth, MHHI and average consumer spending.

Neighborhood Description

For the purposes of this analysis, we have defined the subject neighborhood as the area within a half mile radius of the subject property. The following map provides an illustration of our concluded subject neighborhood and the subject location.

Map of Subject Neighborhood

Subject Neighborhood Outlined in Blue



Aerial Map of Subject Neighborhood
Subject Neighborhood Outlined in Yellow



Neighborhood Transportation Network - The primary surface transportation arteries for the subject neighborhood are W Winneconne Ave., S. Green Bay Road, Tullar Road, and W Cecil Street. The subject neighborhood is considered to provide good access to local highways with access to Interstate 41 within the neighborhood.

Neighborhood Land Uses – The dominant neighborhood land uses in the neighborhood are retail, industrial and residential. The largest retail developments in the neighborhood include

Walmart, Kohl’s, Festival Foods and the former Shopko (closed in April 2019). The single largest use in the neighborhood is the Michels Materials property which is a building materials and limestone quarry. Other uses of note in the neighborhood are the strip retail, numerous national fast-food restaurants, gas station/convenience stores, single tenant retail buildings, industrial, hospitality, and auto-dealership uses. The residential uses in the neighborhood are primarily single-family developments, but the neighborhood does include multi-family uses. There is a limited amount of usable vacant land in the neighborhood.

Neighborhood Development Trend – The commercial uses in the neighborhood were built in the mid-1980s through the mid-2000s. In recent years, there has been a limited amount of new commercial development in the area, the most noteworthy of which is the American Grand Assisting Living facility.

Neighborhood Influences/Amenities – The most notable influence in the neighborhood is the access to US-41 within the subject neighborhood.

Traffic Counts - According to the Wisconsin Department of Transportation, the following historical average daily traffic counts along roads in the neighborhood near the subject.

W. Winneconne Ave, W of Interstate 41	19,100 vehicles
W. Winneconne Ave, E of Interstate 41	27,800 vehicles
Interstate 41, S of W. Winneconne Ave.	78,700 vehicles
Tullar Rd, N of W. Winneconne Ave.	3,800 vehicles
Tullar Rd, S of W. Winneconne Ave.	6,300 vehicles
S. Green Bay Rd, S of W. Winneconne Ave.	11,900 vehicles

Neighborhood Life Cycle - Neighborhoods go through life cycles, which are described as follows:

1. **Growth** – A period during which the neighborhood gains public favor and acceptance;
2. **Stability** – A period of equilibrium without marked gains or losses;
3. **Decline** - A period of diminishing demand;
4. **Revitalization** – A period of renewal, modernization, and increasing demand.

Based upon the projected population statistics along with a review of developments in the neighborhood, it appears that the immediate and broader neighborhood is in the stabilized stage of its life cycle. This is supported by the population figures, which are projected to grow slightly through 2025. Further, there is a limited amount of vacant land in the neighborhood that could be utilized for future development.

We have also analyzed the general demographic profile of the subject neighborhood and immediate surrounding areas, which are presented in the following table:

Neighborhood and Proximate Demographics				
	Description	0.5 miles	1 mile	2 miles
Population	2010 Population	1,214	6,617	22,355
	2020 Population	1,415	7,230	23,399
	2025 Population	1,521	7,506	24,017
	% Population Change 2020-2025	7.49%	3.82%	2.64%
HH	2010 Households	554	2,867	9,499
	2020 Households	660	3,167	10,060
	2025 Households	714	3,301	10,365
	% Households Change 2020-2025	8.18%	4.23%	3.03%
Income (2020)	2020 Median Household Income	\$69,112	\$54,226	\$56,325
	2020 Per Capita Income	\$37,195	\$30,252	\$30,919
	Household Income < \$15,000	5.20%	6.10%	7.60%
	Household Income \$15,000-\$24,999	7.30%	9.20%	9.90%
	Household Income \$25,000-\$34,999	5.90%	9.50%	9.70%
	Household Income \$35,000-\$49,999	14.20%	19.40%	14.80%
	Household Income \$50,000-\$74,999	21.10%	23.60%	22.90%
	Household Income \$75,000-\$99,999	18.30%	13.00%	14.60%
	Household Income \$100,000-\$149,999	20.60%	14.60%	14.10%
	Household Income \$150,000-\$199,999	2.60%	2.20%	2.90%
Household Income > \$200,000	4.80%	2.40%	3.50%	

Source: Site to Do Business

Neighborhood Conclusion - The subject neighborhood is in the stabilized stage of its lifecycle. The subject neighborhood is mixed-use in nature, supporting primarily retail, industrial, and residential uses. There is a minimal amount of vacant, developable land in the subject neighborhood which could be used for future development. The immediate and broader neighborhood is serviced by an established transportation network that provides good highway access.

Site Description

The subject property consists of one tax parcel that is located along the north side of W. Winneconne Ave., west of the W. Winneconne Ave. and Interstate 41 interchange in Neenah, Winnebago County, Wisconsin 54956. The subject site has a common street address of 1155 W Winneconne Avenue. All customary utilities are available and connected to the subject property.

The property was improved with a mega warehouse store building as of the date of value. The scope of this appraisal includes one retrospective valuation date Unless noted otherwise, the forthcoming site description is applicable to the retrospective valuation date. For reference, in the forthcoming site and property description, a site aerial and site plan for the subject property is presented in the following pages.

Size and Shape - The subject site is an irregularly shaped parcel that contains approximately ±16.44 acres. The subject property’s frontage is along W. Winneconne Avenue.

Based upon 16.44 acres, the subject property has a land to building ratio of 3.51:1, which is considered normal for a big box retail development. There is no excess or surplus land associated with the subject property.

Access - Access to the subject site is provided by one ingress/egress point along W. Winneconne Avenue. The subject shares this access point with the neighboring commercial developments. Further, the subject has access to Tullar Road, through a neighboring commercial development. Access to Interstate 41 is less than ½-mile from the subject property.

Flood Hazard – Neenah participates in the National Flood Insurance Program. According to map panels #55139C0111E published by FEMA, the subject is located in Zone X, an area of minimal flooding.

Easement – As previously, mentioned, the subject shares access with neighboring developments. Other than the access easement agreements and typical utility easements, we are assuming that there are no further easements that would impact the value of the property. However, we were not provided with a title report or an easement survey.

Visibility – The subject primary visibility is from W. Winneconne Avenue and secondary Interstate 41. Overall, the subject has good visibility in the neighborhood and good visibility for a big box retail development. Based upon data from the Wisconsin Department of Transportation, the following are the average daily traffic counts near the subject.

W. Winneconne Ave, W of Interstate 41	19,100 vehicles
Interstate 41, S of W. Winneconne Ave.	78,700 vehicles

Soil Conditions - No soils engineering report for the subject property was provided. However, based on the appearance of ground surface conditions, the presence and condition of the subject structural improvements on site, and other structural improvements in proximity to the subject, the

soil and subsoil conditions appear to be stable and suitable for construction of buildings of the nature of the subject utilizing normal construction techniques. There was no apparent evidence of subsidence within the subject site or in immediate proximity thereto during the inspection of the property by the appraisers. The site's drainage appears to be adequate. There is an off-site detention pond.

Hazardous Substances - We are not aware of any toxic waste or hazardous substances that currently affect the site, and none were visible or reported to the appraisers.

Site Improvements - The existing site improvements consist of ±290,000 SF of asphalt paving with parking striping for approximately ±938 vehicles (including barrier free spaces), concrete car stops and curbing, pole lighting, and grass/landscaped areas along the roadway frontages. It is estimated that there is ±1,700 LF of interior roadway that extends through the property. It is estimated that there is approximately 330 LF of 12' tall black metal fencing that surrounds the outdoor storage/sales area. It is estimated that there is approximately ±108,000 SF of concrete paving that is used for dock-loading apron, sidewalks and exterior storage. Overall, the site improvements were in average condition as of the date of value.

The following is a site plan and site aerial for the subject property.

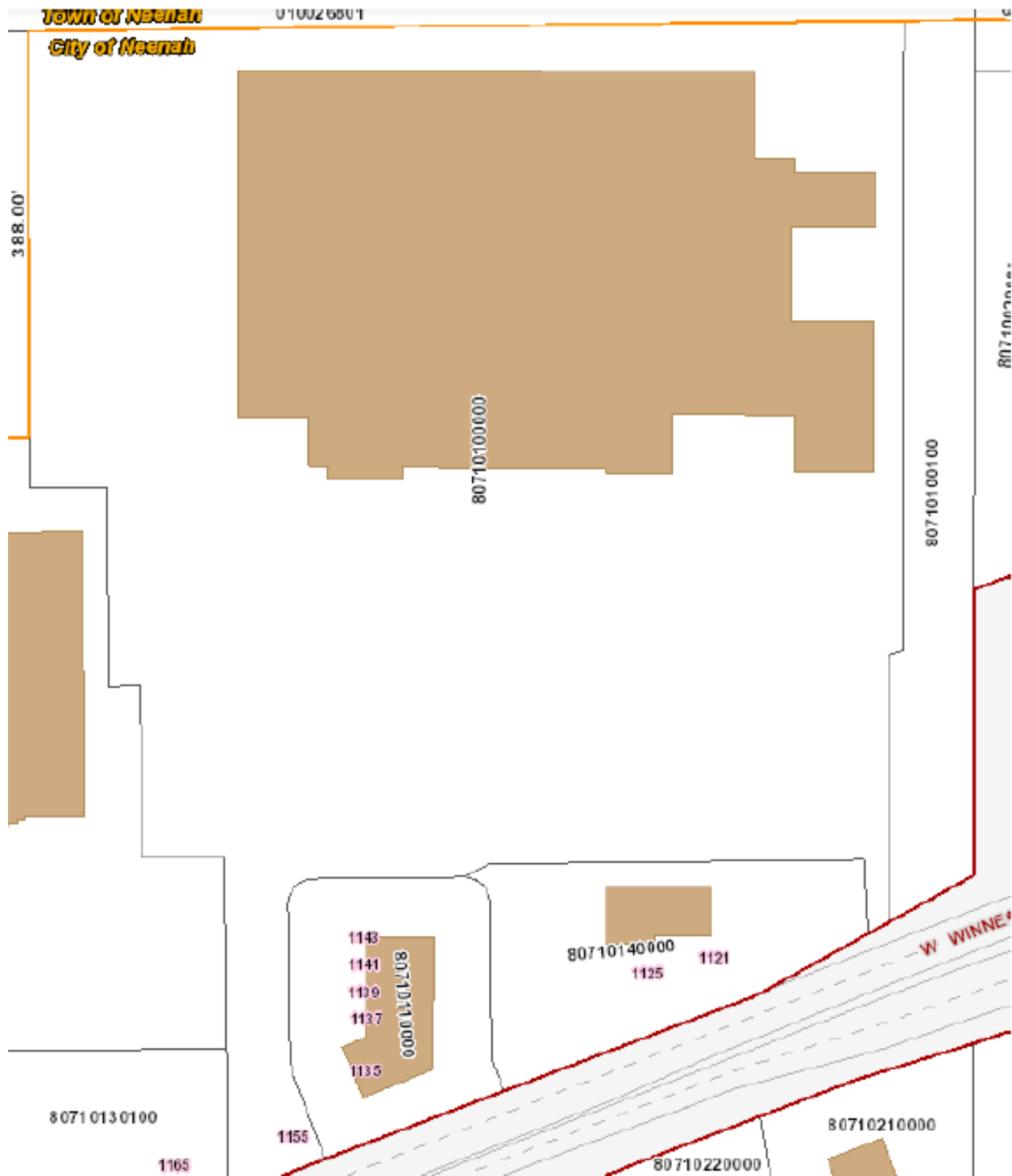
Subject Aerial Photo with Approximate Property Lines in Yellow

Source: Winnebago County Interactive Mapping



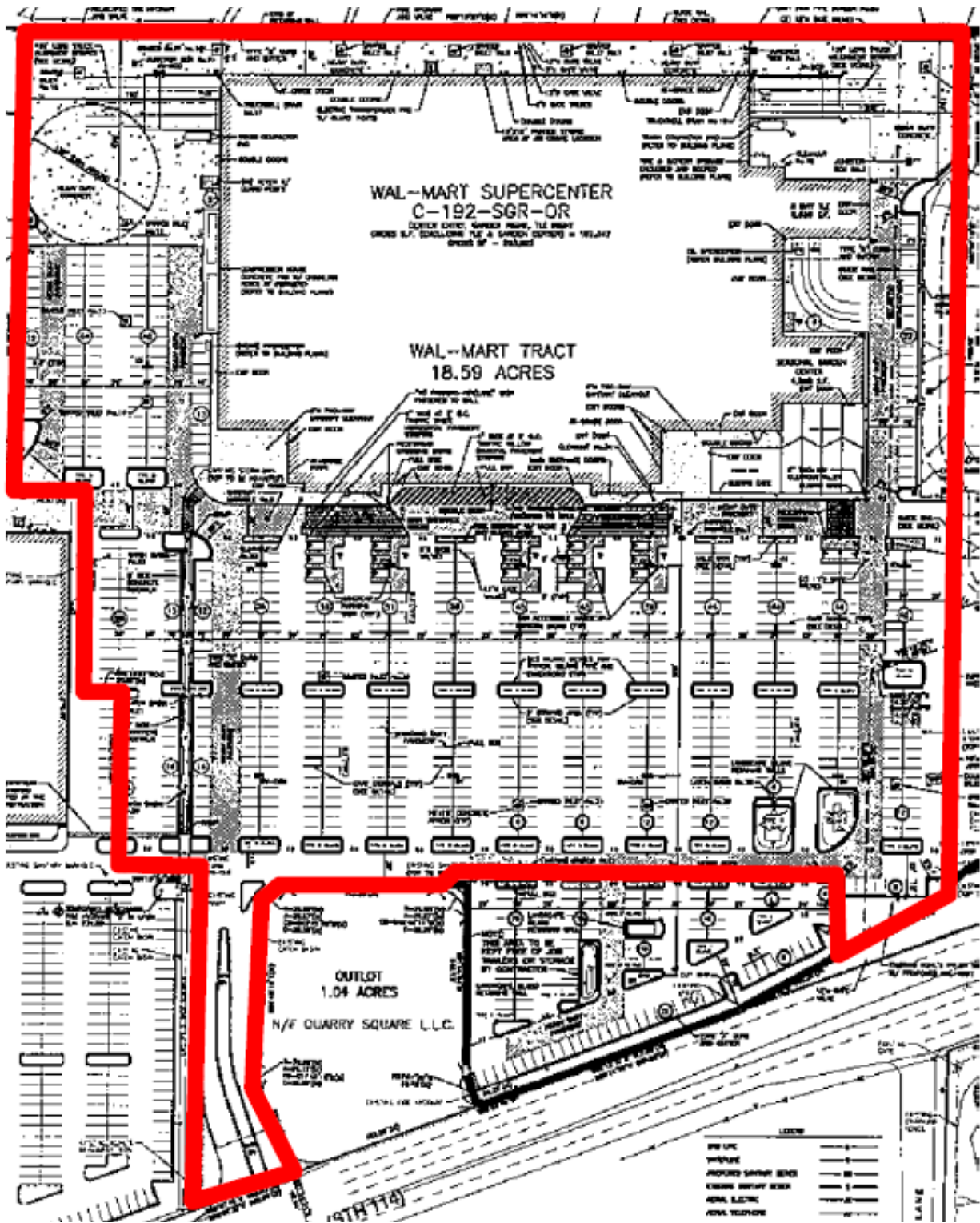
Subject Property Tax Map

Source: Winnebago County Interactive Mapping



Subject Property Site Plan with Approximate Site Lines in Red

Source: Architectural Drawing



Photographs of the Subject Property Site Improvements



Subject Paving



Parking Lot

Photographs of the Subject Property Site Improvements, cont.



Outdoor Fencing and Sales/Storage Area



Parking Lot and Interior Drive

Building Description

The subject building consists of one mega warehouse store with ±203,669 SF of above-grade enclosed building area as of the date of value. The mega warehouse category is the type of construction that is most similar to the subject’s construction type.

The following pages provide descriptions of the subject building. All data is based on our visual inspections, assessment records and review of building/site plans that were provided to the appraiser or were available on the municipal assessing website.

Construction Detail – Mega Warehouse Store

- Type of Construction: Pursuant to Marshall Valuation Service, Section 13 - Class C – Average Cost, Mega Warehouse Store
- Approximate Size (GBA): ±203,669 square feet, per the architectural drawings.
- Year Built: 2003, the store opened in March 2004
- Foundations: Poured concrete.
- Exterior Walls: Primarily painted concrete block with limited areas of EIFS near the customer entryways.
- Roof: Flat, single ply elastomeric cover over a steel deck and trusses.
- Ceiling Height: The overall roof height of the subject is approximately 22-24’.
- Loading Docks: Seven truck docks, four with load levelers, located in two separate truck wells. There are numerous other grade level overhead doors around the building.
- Auto-Service Doors: A total of eight overhead doors, servicing four drive-through bays.

Interior Detail

- Layout: The layout of the subject property, because of the mega warehouse store design, is intended for a single tenant/user. The layout of the subject property is generally open retail/warehouse areas plus an outdoor garden shop. Finally, the size of the subject is approximately 50-100 percent larger than most, large discount/big box stores and would be classified as a mega warehouse store.
- Floor Covering: The retail areas primarily have peel/stick vinyl tile floors and laminate wood floors with limited areas of ceramic tile flooring

near the customer entryways and in the food preparation areas and restrooms. The warehouse has sealed concrete flooring.

Walls: Varies; primarily painted gypsum board walls, including the walls separating the warehouse from the sales floor and offices.

Ceilings: The retail sales floor is primarily exposed roof framing with limited areas with a drop acoustic tile ceiling, while the warehouse areas have exposed roof framing and deck.

Lighting: Primarily consists of strip fluorescent lighting fixtures, which is considered to be adequate. There are minimal areas on the sales floor that have track spot lighting.

Finished Area: The subject has minimal finished area that includes offices, restrooms, and employee break room. The office areas have drop tile ceilings, painted walls with vinyl tile floors. The restrooms have ceramic tile flooring with painted ceilings and walls.

Windows: Minimal fenestration limited to entry doorways and the outdoor sales area. This is typical of this type of mega warehouse store building.

Pedestrian Doors: Glass and aluminum frame entry doors accessing the retail area.

Mechanical Detail

Heating and Cooling: Roof-mounted air-cooled condensing units, gas-fired forced air HVAC units.

Plumbing: Complete copper, cast-iron and PVC supply, waste, and vent piping system to fixtures.

Electrical Service: Electrical power is assumed to be adequate for retail use.

Fire Protection: The building is fully protected by a wet sprinkler system.

Additional Improvement Notes

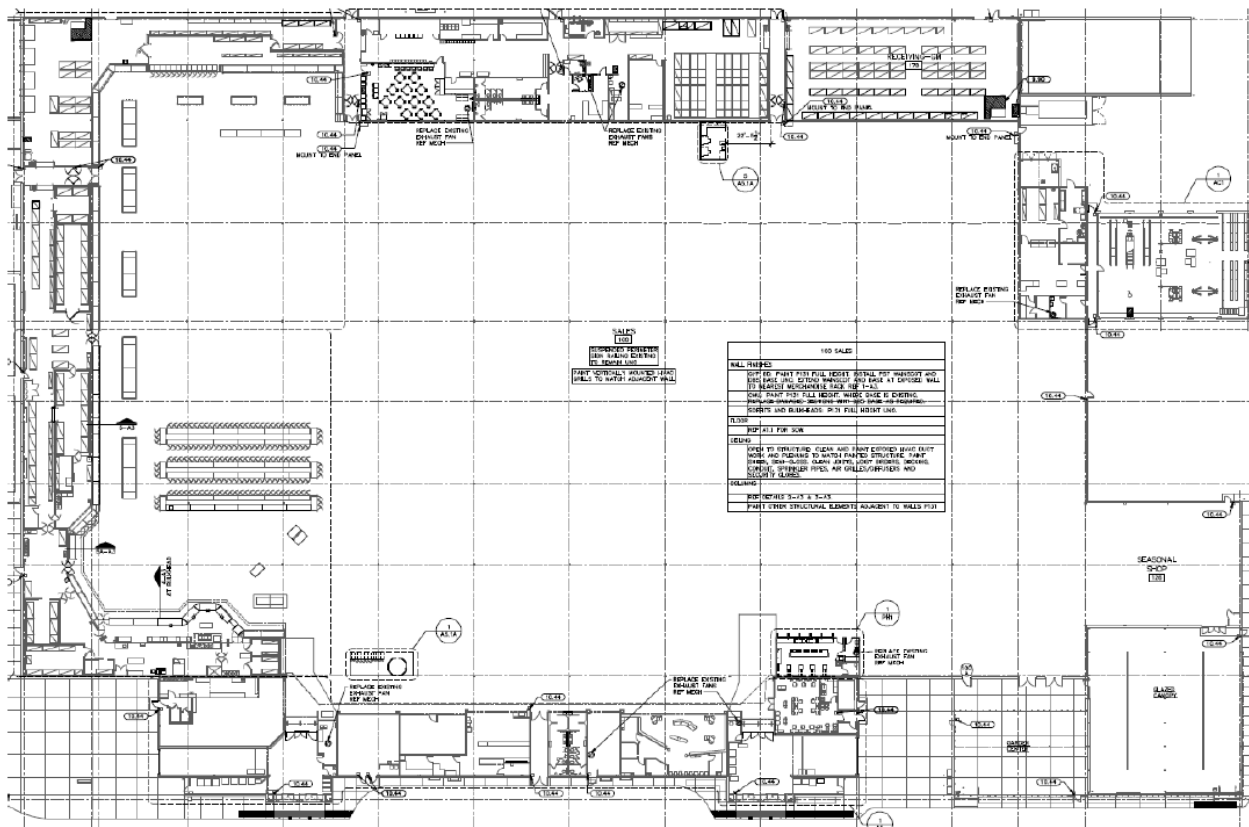
Canopy Areas: There is a 6,545 SF canopy area that is utilized for exterior storage and outdoor sales.

Functional Utility: The building was constructed to be a Walmart store. The building was in average condition, average condition for its age, as of the date of value. The layout and functional utility of the building is considered to be best suited to a single occupant/user due to the size, depth (most is +330') and interior layout of the building although most users would modify and customize

the building for their own needs. While it is not designed for multi-tenants, a multi-tenant utilization would be possible. The design of the property in many ways is more similar to a warehouse than a retail store. The ceiling heights, the location of the truck doors, and the large open spaces are characteristics of an industrial warehouse. The design and construction, however, are similar to the design and construction of many “big box” stores today but is oversized for most retail users.

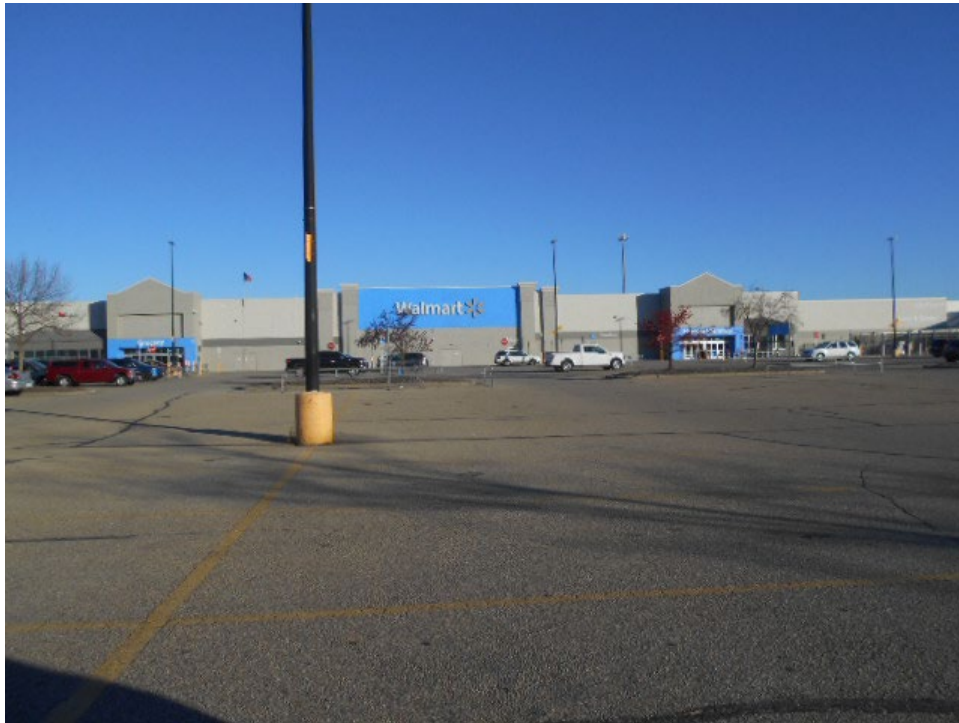
Condition: The mega warehouse store retail building was in average condition, average condition for its age, as of the date of value. The estimated age of the mega warehouse store retail building is 18 years as of January 1, 2022.

The following is a floor plan for the subject mega warehouse store as provided by Walmart. For perspective, the front entrance to the building is located at the bottom of the picture.



The following pages depict the pictures of the subject retail store building.

Photographs of the Subject Property



Front Exterior and Parking Lot



Front Exterior and Parking Lot

Photographs of the Subject Property (cont.)



Exterior Truck Dock Doors and Rear Drive



Building Exterior

Photographs of the Subject Property (cont.)



Building Exterior



Building Exterior

Photographs of the Subject Property (cont.)



Building Exterior



Building Exterior

Photographs of the Subject Property (cont.)



Canopy Structure



Canopy Structure

Photographs of the Subject Property (cont.)



Subject Roof Cover and Skylights



Subject Roof HVAC

Photographs of the Subject Property (cont.)



Grocery Floor Area



Retail Floor Area

Photographs of the Subject Property (cont.)



Retail Floor Area



Retail Floor Area

Photographs of the Subject Property (cont.)



Subway Area



Retail Floor Area

Photographs of the Subject Property (cont.)



Food Prep Area



Food Prep Area

Photographs of the Subject Property (cont.)



Employee Break Area



Restroom Area

Photographs of the Subject Property (cont.)



Office/Training Space

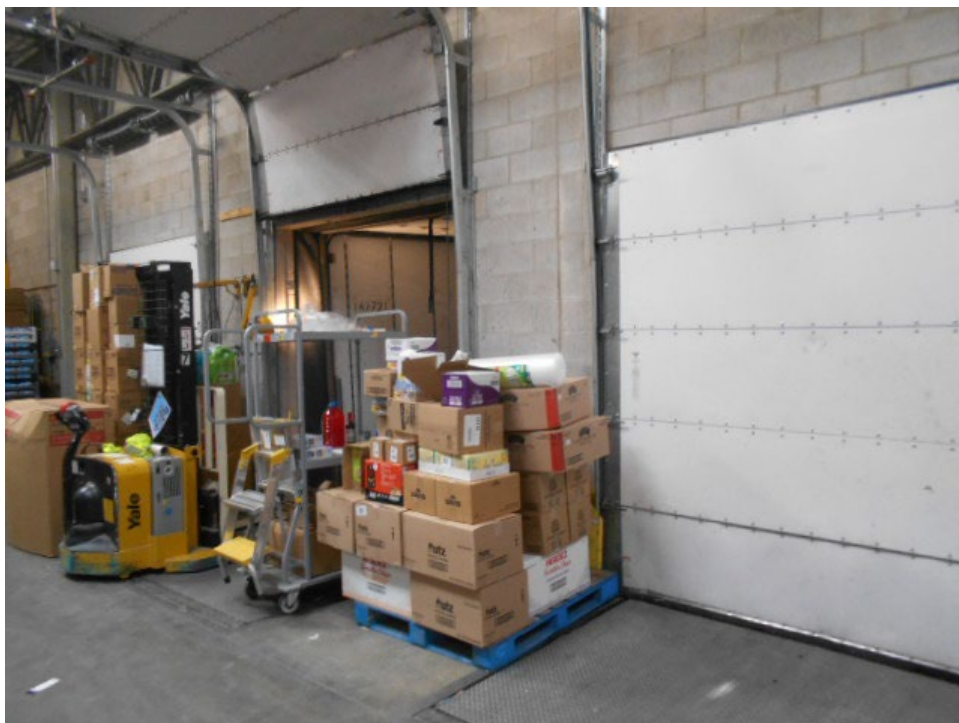


Backroom Storage Area

Photographs of the Subject Property (cont.)



Backroom Storage



Loading Dock Doors

Photographs of the Subject Property (cont.)



Automotive Service Area

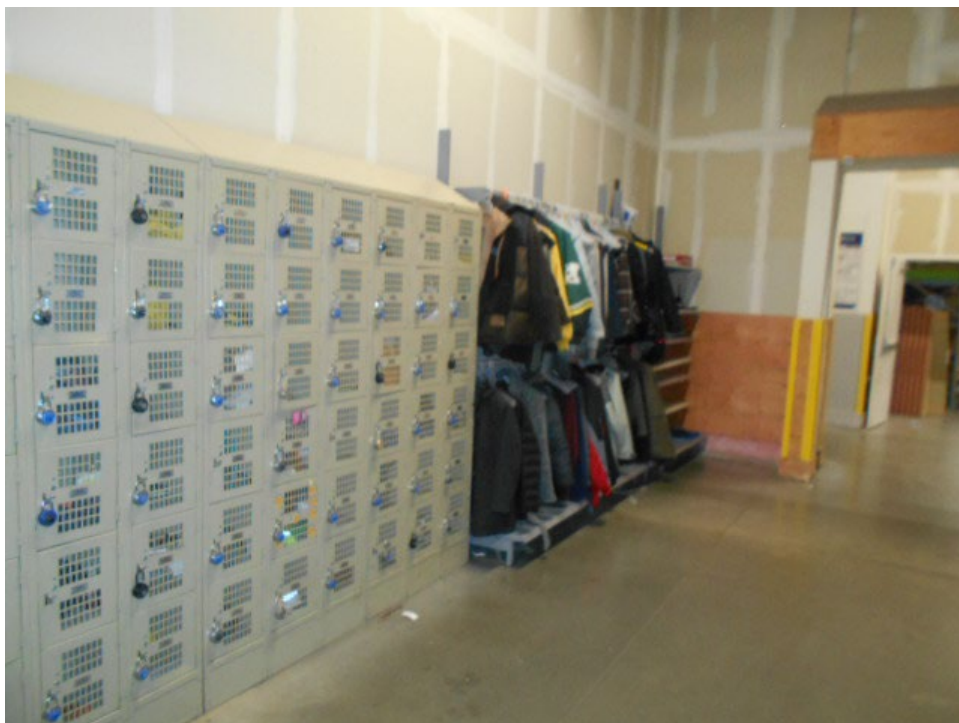


Customer Entryway

Photographs of the Subject Property (cont.)



Electrical Service Room



Employee Locker Area

Zoning

The subject property is zoned I-1, Planned Business Center District. The following is from the Neenah Zoning Ordinance, pertaining to the Planned Business Center District zoning:

Sec. 26-299. - Intent.

The purpose of this district is to permit and encourage contemporary commercial and/or industrial development in a planned, controlled setting adjacent to major highways. The Planned Business Center District is established to provide a desirable location for those business uses which are harmonious with and do not constitute a hazard or nuisance to the surrounding uses. Residential uses are prohibited.

(Code 1977, § 20.15(1))

Sec. 26-300. - Permitted uses requiring site plan approval.

The following permitted uses requiring site plan approval are allowed in the I-1 Planned Business Center District:

- (1) Communications antenna.
- (2) Radio, microwave or television tower.
- (3) Railroad rights-of-way and uses essential to railroad operation.
- (4) Retail trade, finance, insurance, real estate, office and other services.
- (5) Manufacture, assembly, compounding, processing and packaging of goods, materials and products.
- (6) Printing, publishing, and engraving.
- (7) Research, laboratory and testing facilities.
- (8) Transportation, trucking facilities or terminals and enclosed repair facilities.
- (9) Wholesale, warehousing, storage and distribution (not including self-storage or mini-warehouse facilities).

(Code 1977, § 20.15(2); Ord. No. 2014-14, § 25, 8-6-2014; Ord. No. 2019-08, § 22, 2-27-2019)

According to a site plan, the subject property provides ±938 parking spaces, which is less than is required under the zoning ordinance (est. ±1,019 required).

Based upon our review of the Oshkosh zoning ordinance as well as the site plan, we believe that the subject development is a legal and non-conforming use.

Real Estate Assessment and Taxes

Property taxes are determined by applying a tax rate for a given town, village, or city to the assessed value of the property. The following is a summary of the taxable information for the subject as of January 1, 2022.

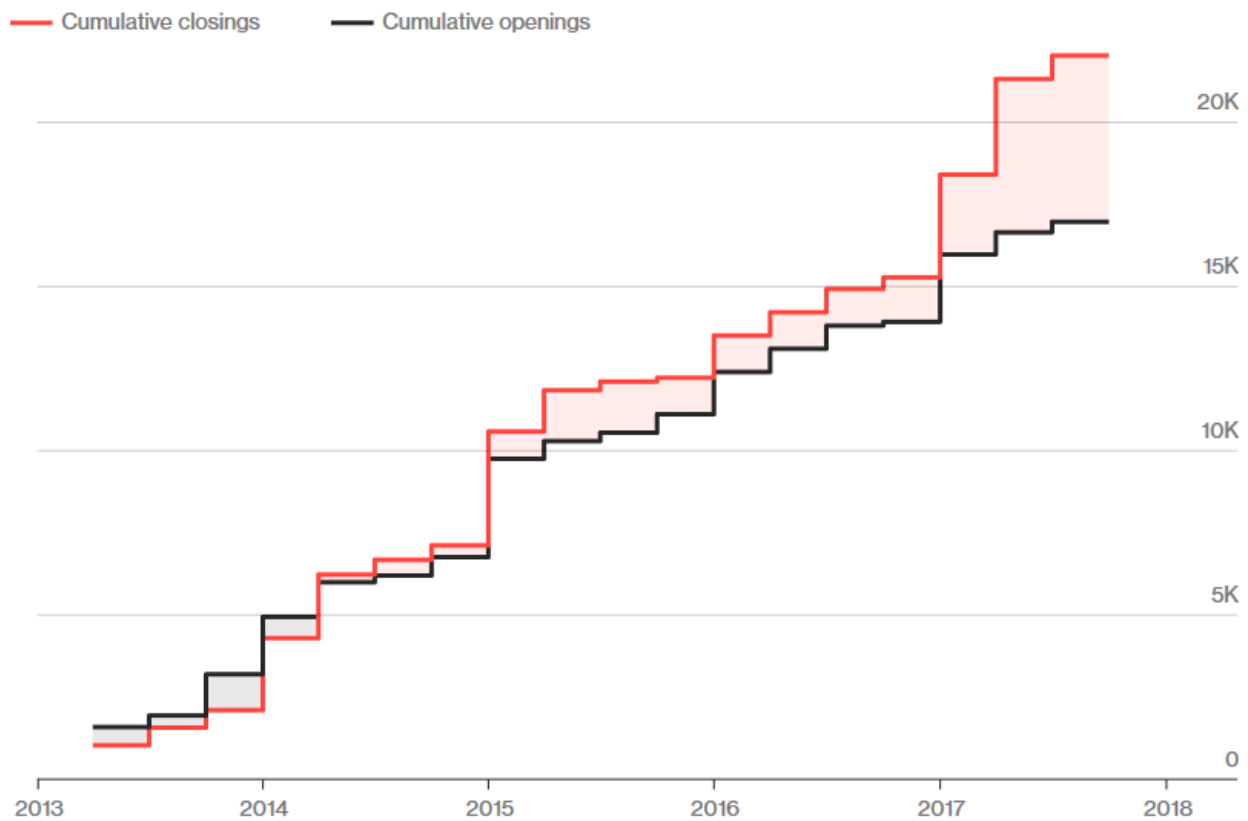
Tax Year 2022				
Parcel/Tax ID #	Est. Fair Mkt Value	Assessed Value	Net Real Estate Tax	Net Tax Rate
07-1010-00-00	\$13,235,000	\$11,488,000	\$241,046.94	2.0982%

Based upon the forthcoming valuation, we have determined that the assessor’s opinion of assessed value (as indicated by the assessment), as of the date of value, exceeds the subject property’s fee simple market value. This appraisal assumes that the assessment has been reduced to reflect an assessed value equal to 100 percent of market value for the date of value.

Retail Industry Overview

The general retail industry is in a transitional phase while both retail center operators and retailers struggle with what is widely reported as an over-supply of malls, department stores and big box stores, the growth of e-commerce, and changes in retailer financial positions. In addition, many experts suggest that despite strong national economic conditions, more retail store closures across all property types (strip retail, community centers, malls, department stores, big box stores, junior box stores, etc.) are expected.

As a result of the rapidly evolving retail industry, the last several years have seen numerous store closings, bankruptcies, and a general contraction from many retailers. The rate of store closures, when examined from the surface, seems counterintuitive as the economy is generally regarded as being healthy, but retailers continue to close stores. The severity of retail store closures has been coined the “retail apocalypse” in numerous publications. The following chart illustrates historical store openings and closings, excluding grocery stores and restaurants:



Source: ICSC Research Team and PNC Real Estate Research

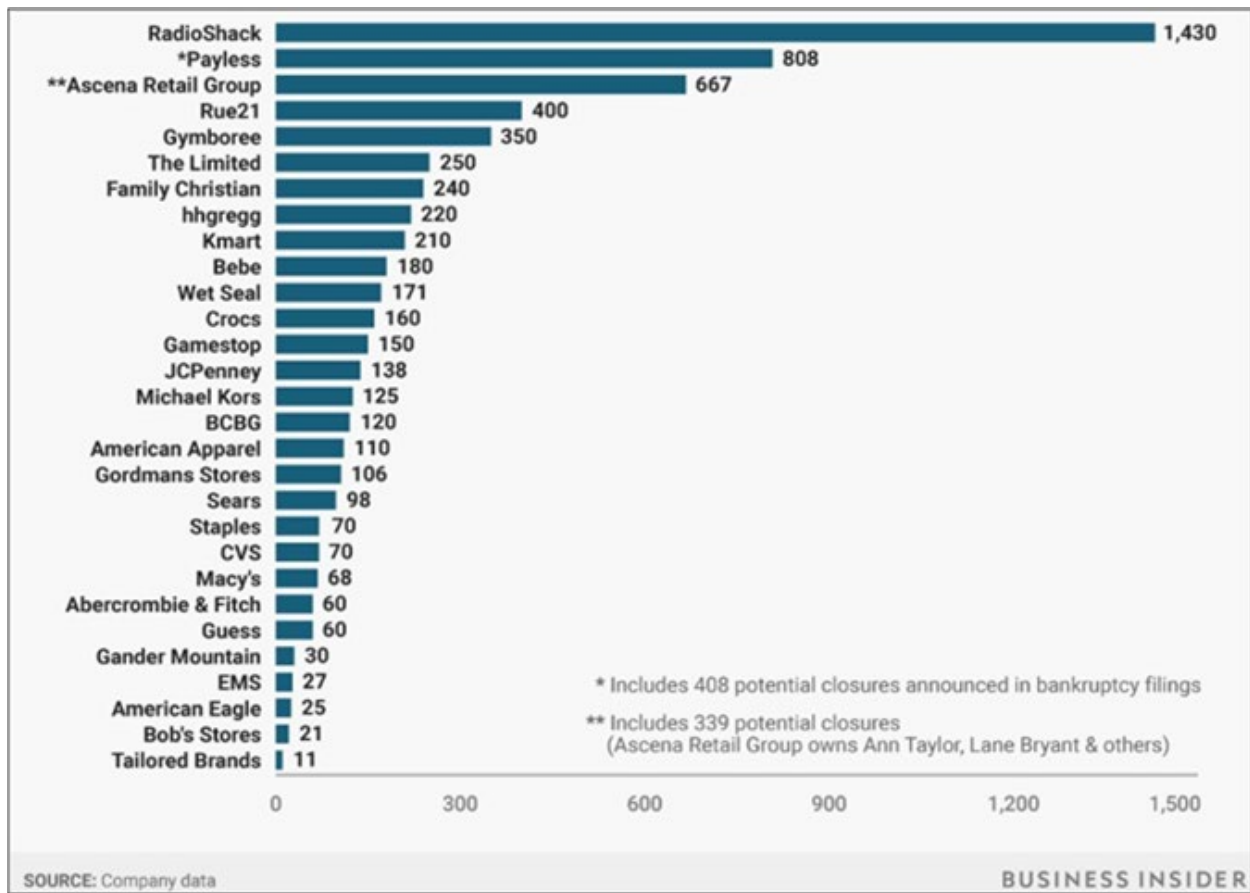
According to Forbes, the following major retailers have either closed stores or announced store closings:

Retailers Closing Stores	
Retailer	# of Stores Affected [1]
Payless ShoeSource	400
JCPenney	138
Macy's	68
Sears & Kmart	150
HH Gregg	88
Abercrombie & Fitch	60
Guess	60
The Limited	250
Wet Seal	171
American Apparel	110
BCBG	120
Gamestop	150
Radio Shack	550
Staples	70
CVS	70
Gander Mountain	32
Family Christian	240

[1] Closing in 2017, or recently closed

Source: Forbes, "Why So Many Stores are Closing Now" 4/2017

The following chart illustrates similar data from an alternative source:



In a December 2016 article entitled “A giant wave of store closures is about to hit the US” featured by Business Insider it was noted that “Nearly every major department store, including Macy's, Kohl's, Walmart, and Sears, have collectively closed hundreds of stores over the last couple years to try and stem losses from unprofitable stores and the rise of ecommerce....”

In a June 2016 Money.com article entitled “12 Major Retailers Closing Stores Like Crazy”, it was noted that in 2015 JC Penney announced it would close 40 stores and that Sears had shuttered more than 200 stores over the two previous years.

In an April 2017 article entitled “What in the World Is Causing the Retail Meltdown of 2017” The Atlantic noted three explanations for the decline in the retail market, noted as follows:

- “People are simply buying more stuff online than they used to.” According to The Atlantic, between 2010 and 2016 Amazon’s sales in North America quintupled from \$16 billion to \$80 billion. The same article noted that reports suggest that half of all U.S. households are now Amazon Prime subscribers.
- “Americans are shifting their spending from materialism to meals out with friends.”

Additionally, in March 2016, Kohl’s announced the closing of 18 stores across the U.S., after having only closed five stores from 2003 to 2016. Kohl’s is moving to smaller format stores, right-sizing existing stores by expanding aisles and dividing and leasing a portion of their stores to other users.

In January of 2016, Walmart announced the closing of 154 stores across the U.S., including six discount stores, 12 supercenters and 4 Sam’s Club stores.

In November 2017, Target announced the closing of 12 stores and in November 2018, Target announced the closing of 6 stores. Most of Target’s new stores are small format stores.

In November 2018, Lowe’s announced the closing of 20 stores in the United States and 27 stores across Canada.

In January 2018, Walmart announced plans to close 63 of its Sam’s Club locations across the United States, consisting of approximately 10% of all Sam’s Clubs.

In March 2019, JCPenney announced that it would closing another 27 stores.

These closings are all in addition to the hundreds of store closings involving Sears/Kmart since the early 2000s and there are many more store closings expected from Sears/Kmart.

A Bloomberg article entitled “America’s Retail Apocalypse Is Really Just Beginning” pointed toward an additional source for the decline of the retail industry, debt. The aforementioned article cites that “when there’s sky-high consumer confidence, unemployment is historically low, and the U.S. economy keeps growing. Those are normally all ingredients for a retail boom, yet more chains are filing for bankruptcy and rated distressed than during the financial crisis.” In summary, despite all the economic indicators that would suggest either growth or stability in

retail, the opposite is occurring, retail is declining. The Bloomberg article goes on to state that “The reason isn’t as simple as Amazon.com Inc. taking market share or twenty-somethings spending more on experiences than things. The root cause is that many of these long-standing chains are overloaded with debt-often from leveraged buyouts led by private equity firms. There are billions in borrowings on the balance sheets of troubled retailers, and sustaining that load is only going to become harder – even for healthy chains. The debt coming due, along with America’s over-stored suburbs and the continued gains of online shopping, has all the makings of a disaster.” The noted article notes that in 2017 “just \$100 million of high-yield retail borrowings were set to mature this year, but that will increase to \$1.9 billion in 2018, according to Fitch Ratings, Inc. And from 2019 to 2025, it will balloon to an annual average of almost \$5 billion.

Retail store closings continues on a large scale through 2018, as well. The following graph is from a Business Insider 2018 article titled “More than 3,800 stores will close in 2018...”

Retail stores closing in 2018

RETAILER	CLOSURES
Toys R Us	735
Walgreens/Rite Aid	600
Ann Taylor, Loft, Dress Barn*	500
Teavana	379
Best Buy	250
Mattress Firm	200
Gap Inc.**	200
The Children’s Place**	144
Foot Locker	110
Kmart	109
Gymboree	102
Winn-Dixie, Harvey’s, and Bi-Lo***	94
Sam’s Club	63
Abercrombie	60
Sears	57
Michael Kors****	50
Crocs	49
Bon-Ton Stores	42
Guess	25
J.Crew	20
Target	12
Macy’s	11
Charming Charlie	11
Last Call by Neiman Marcus	10
JCPenney	8
Kroger	6

*Parent company, Ascena Retail Group, which also owns Catherines, Lane Bryant, and Maurices, said that up to 667 stores could be closed through 2019. About 160 stores have already been closed.

**Closures to be carried out through 2020.

***Parent company is Southeastern Grocers.

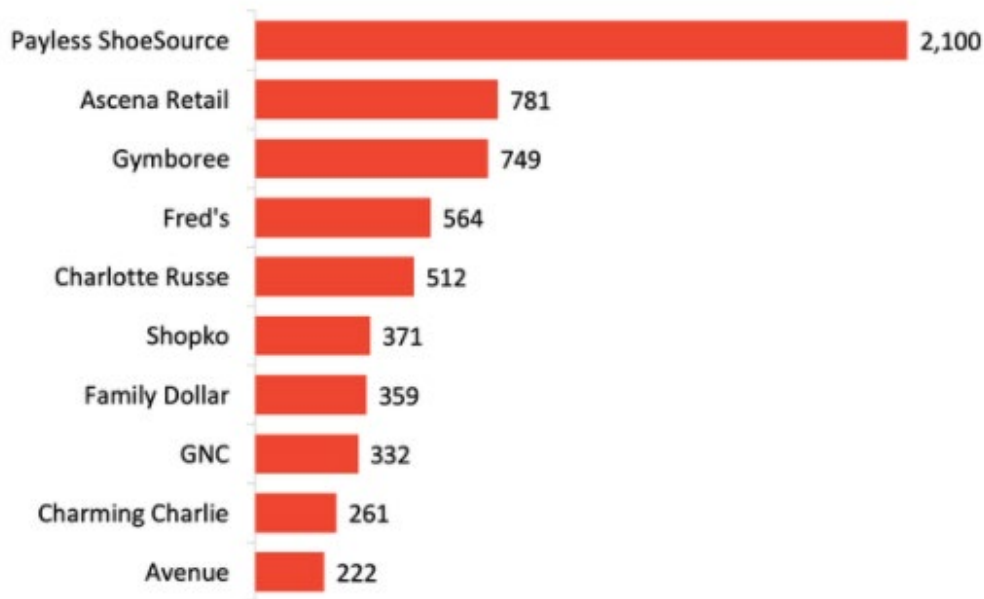
****Closures to be completed in fiscal year 2018.

Source: Company data

BUSINESS INSIDER

In a December 2019 article from Business Insider titled “More Than 9,300 Stores are Closing in 2019 as the Retail Apocalypse Drags On”, Business Insider along with Coresight Research and CNN summarized the retailers that closed stores in 2019. The following graph depicts the 10 largest store closings scheduled in 2019 by retailer.

Retailers That Closed The Most US Stores In 2019



Source: Coresight Research, CNN

BUSINESS
INSIDER
INTELLIGENCE

In an August 2020 article from Business Insider titled “More Than 8,300 Stores are Closing in 2020 as the Retail Apocalypse Drags On”, Business Insider along with Coresight Research summarized the retailers that closed stores in 2020. The following graph depicts the largest store closings scheduled in 2020 by retailer.



Source: Business Insider

Business Insider further followed the list of store closings in 2021 with an article called [The “Retail Apocalypse”](#). The article states “The steep, nationwide drop in sales for brick-and-mortar stores has been accelerating in recent years, but the pandemic put their decline into overdrive. Major retailers closed 12,000 stores in 2020, after an already devastating 2019, when more than 9,300 stores closed.” The following graph depicts the largest store closings scheduled in 2021 by retailer.



Source: Business Insider

An April 2021 article from Fortune.com, cites UBS analysts Michael Lasse and Jay Sole, who estimate that 80,000 brick and mortar stores, and as many as 150,000, will close by 2026 as online sales continue to accelerate.

E-Commerce Trends

Additionally, the rise in e-commerce retail sales has affected the demand for brick and mortar retail stores. The following graph shows the growth in the e-commerce retail sales in the United States as well as the growing percentage of e-commerce sales of the entire retail sales in the country.



Source: U.S. Department of Commerce

The graph shows a large growth in e-commerce retail sales from the early 2010s through 2021 as well as a consistently growing share of e-commerce sales as a percentage of all retail sales in the United States. It is expected that these two measures will continue to grow in the foreseeable future. After experiencing an annual growth of approximately 13%-17% from 2013 through 2019, e-commerce sales grew by 32% overall in 2020, while total retail sales only grew by 3% in 2020. In 2021, the growth in online sales returned to the historical range with an annual growth of 16%.

In summary, the retail industry in general is in a transitional phase as it attempts to rebalance itself with the growing online shopping sector, changes in consumer spending habits, and retail bankruptcies.

Big Box Real Estate Market Summary

The big box real estate industry has experienced significant growth over the years, driven by the expansion of major retail chains and the increase in consumer demand for convenient, one-stop shopping experiences. These large format stores offer a wide range of products and services, including electronics, home improvement, furniture, clothing, and groceries, among others. One of the notable trends in recent years is the rise of online shopping, which has disrupted the traditional brick-and-mortar retail model. As online sales continue to grow, some big box retailers have struggled to adapt, resulting in store closures or downsizing. This has led to a

surplus of vacant big box properties, creating challenges for developers and investors. To address this challenge, some developers have started to repurpose these vacant big box properties into multi-tenant uses, value retail, self-storage, entertainment venues and other non-retail uses, such as office spaces, educational facilities, and healthcare centers. In summary, the big box real estate industry is a dynamic and evolving sector driven by the demand for large retail spaces. While it faces challenges from e-commerce and changing consumer preferences, the industry continues to adapt and innovate to meet the needs of both retailers and consumers.

Highest and Best Use

Highest and best use is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, (Appraisal Institute, 2022) as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

In addition to the Appraisal Institute’s definition of highest and best use, the appraiser is considering that Wisconsin law requires compliance with the Wisconsin Property Assessment Manual (WPAM).

Chapter 9 of the 2022 WPAM defines “highest and best use” as “that use which over a period of time produces the greatest net return to the property owner.” Additionally, the highest and best use is “[a] concept in appraisal and assessment law requiring that each property be appraised as though it were being put to its most profitable use, given probable legal, physical and financial constraints.” (WPAM Glossary G-38). Although this definition is similar to the 15th Edition of The Appraisal of Real Estate, the WPAM and recent Wisconsin case law require the consideration of some additional factors in determining highest and best use. As summarized in *Nestle USA, Inc.*, “[a] **subject property’s highest and best use must be: 1) legal, 2) complementary, 3) not highly speculative, and 4) marketable for that use.**” *Nestle USA, Inc. v. Wisconsin Dep’t of Revenue*, 795 N.W.2d 46, 55 (Wisc. 2011) (citing WPAM, at 1–1, 9-11).

Legal means that the contemplated use “must not violate any government regulations. This would include such items as zoning, building codes, health codes, criminal laws, and other regulations. For example, an office building may represent the greatest net return on a parcel of real estate; however, if this use is prohibited by zoning laws, it does not represent the highest and best use.” (2022 WPAM Ch.9, p.11).

Complementary means that the contemplated use must “be in balance with the uses of the property around it. This is explained in the principle of conformity.” (2022 WPAM Ch.9, p.11).

Not highly speculative means that the contemplated use “should produce the greatest net return over a reasonable time period. An income stream of high return over a short time may not be as valuable as that use which generates a smaller income but over a longer period of time.” (2022 WPAM Ch.9, p.11).

When discussing highest and best use, the WPAM states: “The highest and best use of a property can change over time. Changes in the economy, society, and neighborhood can result in new uses of properties. Therefore, the assessor should be periodically reviewing the data on highest and best use and change the conclusions if necessary. Assessors should start with the assumption that the current use is the highest and best use. However, it is important to recognize that the current use of a particular property does not necessarily represent the highest and best use or the full market value of the property. All of the available uses of the property should be considered.” (2022 WPAM Ch.9, p.11).

According to WPAM, “It’s important to recognize that the current use of a particular property does not necessarily represent the highest and best use or the full market value of a property. All of the available uses of the property should be considered. According to the book, *Readings in Highest and Best Use*, ‘the fact that a property is adaptable to secondary uses may be an important consideration to a prospective buyer and thus influence market value.’” (2022 WPAM Ch.9, p.11).

Under Wisconsin law, the appraiser should also consider alternative uses of a property for property tax purposes.

The above definitions of highest and best use apply to the use of a site as though vacant, as well as to the total property as improved. When a site contains improvements, the highest and best use may be determined to be different from the existing use. The existing use will continue unless and until the land value in its highest and best use exceeds the sum of the value of the entire property in its existing use plus the cost to remove the improvements.

Highest and Best Use Per WPAM and Wisconsin Law

Based upon a review of zoning codes, the subject property’s retail use is legally permitted. The subject’s use as a retail store is complementary to and conforms with Neenah market uses, which include numerous other retail uses, such as but not limited to strip centers and single-tenant retail uses surrounding the intersection of W. Winneconne Avenue and Interstate 41. Lastly, the subject’s highest and best use is not a highly speculative use as there is evidence of large retail buildings being utilized as both single and multi-tenant facilities in the market. The analysis and conclusion of the highest and best use, under WPAM and Wisconsin law, is consistent with the appraiser’s traditional highest and best use conclusion, as determined by following the analysis, outlined by the Appraisal Institute. Further, the decision in the February 16, 2023 Supreme of Wisconsin in the case of *Lowe’s Home Centers, LLC v. City of Delavan* (Case # 2109AP1987) reiterates that the property should be valued based upon its highest and best use.

Four criteria must be examined to determine whether a use represents a property's highest and best use. These requirements are that the use is physically possible, legally permissible, financially feasible, and maximally productive.

As Vacant

Legal Permissibility – The subject site is permitted to be developed in accordance with the Planned Business Center District zoning, as of the date of value. The primary intent of the Planned Business Center District is to provide for a wide variety of commercial uses.

Physical Possibility - As of the date of value, the subject site had ±16.44 acres. For the date of value, the physical possibilities are numerous. Physically possible uses include, but are not limited to: retail, industrial, hotel, multi-family, agricultural, office, or recreational.

Financial Feasibility - The financial feasibility of any use on the subject site is partially a function of its accessibility, visibility, and market demand. The subject site is located in a stable commercial

area. Based upon a review of neighborhood developments, it would appear that it would be feasible to develop the subject with a retail/commercial use as of the date of value.

Maximal Productivity – The determination of maximal productivity requires consideration of several development options and scenarios. Given the subject's location and the surrounding developments, the site's maximally productive use as of the retrospective date of value would be retail/commercial development. The most likely buyers would be retail users and developers.

As Improved

As in the determination of the subject's highest and best use as vacant, four criteria must be examined to determine whether a use represents a property's highest and best use as improved. These requirements are that the use is physically possible, legally permissible, financially feasible, and maximally productive.

Legal Permissibility - The subject site is permitted to be developed in accordance with the Planned Business Center District zoning, as of the date of value. The primary intent of the Planned Business Center District is to provide for a wide variety of commercial uses. As discussed under Zoning earlier in this section, the retail use is a legal and non-conforming use within the permitted Planned Business Center District.

Physical Possibility – The subject was improved with a ±203,669 SF mega warehouse store and supporting site improvements as of the date of value. The improvements were designed and constructed for a specific single occupant user. The subject property is capable of being used by another single occupant retailer; however, each retailer has its own image and business needs and therefore, reimagining would be made. Overall, the design and construction of the mega warehouse store including the large store depths, location of dock level doors and the lack of utility separation make multi-tenant use challenging. Multi-tenant retail and industrial use would require significant conversion costs but would be physically possible.

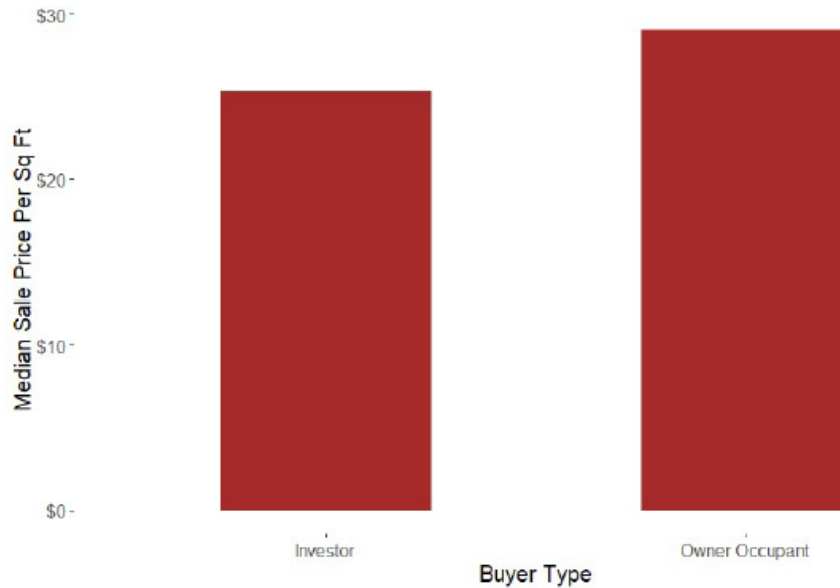
Financial Feasibility - The financial feasibility of any use on the subject site is partially a function of its market demand. The appraiser has reviewed comparable land sales and comparable land offerings from around the subject area. Based upon the forthcoming concluded values for the subject property, the land value does not exceed the subject property, as improved. Overall, it is financially feasible to operate the property as a single user retail property and it would be financially feasible to use it as a multi-tenant retail property. As will be shown in the forthcoming valuation analysis, it is concluded that the value of the subject property as improved exceeds the market value of the subject property as vacant.

Maximally Productive – Of the financially feasible alternative uses, the maximally productive use of the property is a retail use.

Examples of the types of retail uses among our comparables include home goods stores, farm and home stores, discount retail, grocery, sporting goods, and self-storage. Based upon fee simple sales observed in the market, both owner/users and developers are likely buyers. Of our primary sales, three of the sales were purchased by owner/users that occupied the whole

building, two of our sales were purchased by owner/users that occupied a portion of the building and marketed the remainder of the space, and one of our sales were purchased by developers that subdivided the space for multi-tenancy.

The following are the results of the recent Situs RERC National Big Box study that indicates 52% of the buyers of box stores over 50,000 square feet are investors and 48% owner/users. This study also indicated the average price paid by owner users was approximately 15% higher than that paid by investors.



	Investors	Owner-Occupants
Median Sale Price/SF	\$25.29	\$29.03
Average Sale Price/SF	\$31.96	\$34.77
Average Year Built	1994	1993
Average Building Size (SF)	104,489	102,222
Average Land to Building Ratio	5.1	4.8
Average ZIP Code Population	32,348	32,544
Average Median Household Income	\$54,068	\$55,580
# of Transactions	114	106

Valuation Methodology

The market for the subject property is an existing facility available for sale or lease in the open market. This "secondary" or "after" or "used" or "existing" market is distinguishable from the build-to-suit market.

The market value of the existing facility is based upon the fact that it is an existing facility, which is assumed to be available for sale or lease in the open marketplace as of the valuation date. The build-to-suit market involves a yet-to-be constructed facility built to the specifications of the prospective buyer or tenant. The build-to-suit market rent or sale price is based upon the cost of construction, whereas the "existing" market sale price or rent is a function of supply and demand and the open interaction of buyers and sellers or landlords and tenants in the marketplace for an existing property.

The three approaches to valuation -- the sales comparison, income, and cost -- are based upon distinct measures that, although applied separately, may be used to verify each other.

The sales comparison approach to value seeks to identify those sales or offerings which may be comparable in terms of condition, amenities, quality, age, location, type, timing, financing terms, and motivation of buyers and sellers. No two properties are precisely comparable so adjustments must be considered for discernible differences. This approach generally reflects the actions of buyers and sellers in the marketplace.

In the income approach to value, an estimate is made of future financial benefits, which can be derived from ownership. After ascertaining the net rental income that can reasonably be expected from the property by a knowledgeable owner, the net operating income is capitalized using a method appropriate to investments of similar type and category. This approach generally is most similar to the manner in which investors view income-producing property.

The cost approach to estimate value entails preparing an estimate of land value and adding an estimate of the replacement cost of the building and improvements, less any physical, economic, or functional depreciation or obsolescence. Implicit in the cost approach is that a knowledgeable buyer would pay no more for the property than what it would cost to replace it.

Applied Valuation Approaches

In considering and applying the appropriate valuation approaches, the Markarian Hierarchy has been followed and utilized as a guideline. The applicable approaches to value for the subject mega warehouse store and supporting land were concluded to be the sales comparison, the income, and the cost approaches to value. The cost approach was applied but is less reliable because the subject property's market value is adversely impacted by substantial depreciation due to obsolescence. The amount of obsolescence is difficult, if not impossible, to estimate without extracting from the other approaches to value. In addition, buyers and sellers, of this type of property, do not generally buy and sell based upon the cost approach to value.

Sales Comparison Approach

Definition of the Sales Comparison Approach

According to The Dictionary of Real Estate Appraisal, Seventh Edition (Appraisal Institute, 2022), the sales comparison approach is defined as:

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

Discussion of Methodology

The simplest and most direct sales comparison is with sales of similar properties sold in the fee simple estate with the same or similar highest and best use. The best comparable sales are those that would attract the same class of buyers as the subject. Furthermore, there are a sufficient number of such sale comparables to which the subject can be compared. As such, the sales comparison approach will provide a primary indicator of value along with the income approach.

We have researched the market and have identified comparable sales, which are similar to the subject, including four sales of buildings that were designed and built as superstores. These represent fee simple transfers of properties, which were similar to the subject property and were available for retail use, during the relevant time periods involved in the valuation. We have considered but not utilized leased fee sales because most of the sales are subject to above market build-to-suit leases and are at prices reflective of the credit of the tenant and require larger than normal adjustments. Additionally, we did not utilize sale/leaseback sales because these are financing transactions and not representative of market value. The selection criteria included big box retail stores that sold near to the subject date of value. We researched the state of Wisconsin for sales that were as similar in economic location, date of sale, building size, design, and age as the subject property. The criteria included big box retail stores in excess of 70,000 SF that were single tenant in design. Further the search included sales which occurred from 2016 through 2021. In addition, we are familiar with sales of similar properties in other Midwestern states including Illinois, Indiana, Iowa, Ohio, Minnesota, and Michigan.

The following is a summary and a map of comparable sales, which is followed by detailed write-ups of these sales. In the detailed write-ups of the comparables, the properties are identified by the retailer for which the building was constructed. After these sales are analyzed, there will be a presentation of additional sale comparables that were considered before concluding to an indicated per square foot value of gross building area for the fee simple interest in the subject property.

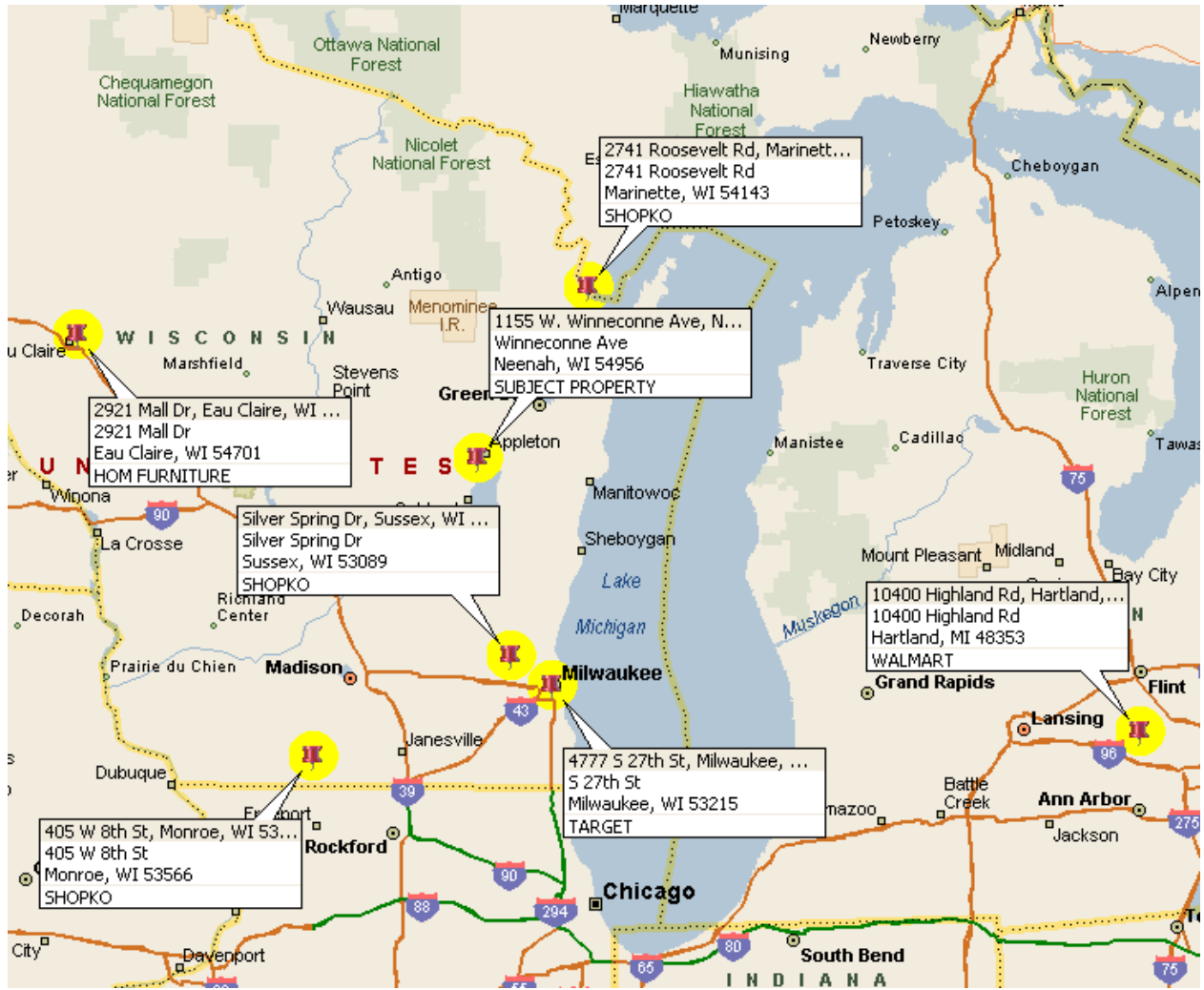
COMPARABLE BUILDING SALES							
SALE DETAILS	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Development	Walmart	Target	Hom Furniture	Walmart Super Ctr.	Shopko	Shopko	Shopko
Location	Neenah, WI	Greenfield, WI	Eau Claire, WI	Hartland Twp., MI	Monroe, WI	Marinette, WI	Sussex, WI
Sale Date		Jan-20	Mar-20	Jul-16	Feb-20	Oct-19	May-21
Building Area (SF)	203,669	130,125	93,620	186,763	73,956	83,222	80,039
Year Built	2003	1970	1988, '03	2009	1994	1990	2008
Land Size (a)	16.44	12.94	4.98	22.92	6.98	7.48	6.45
LTB Ratio	3.52	4.33	2.32	5.35	4.11	3.92	3.51
Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Sale Price		\$4,000,000	\$2,600,000	\$4,175,000	\$2,200,000	\$1,400,000	\$1,800,000
Price/SF		\$30.74	\$27.77	\$22.35	\$29.75	\$16.82	\$22.49
Community Data							
Population (5 Mile)	63,519	337,251	83,946	30,904	13,582	24,789	52,688
Households (5 Mile)	27,079	134,439	34,335	11,064	5,862	11,160	20,614
Average HH Size (5 Mile)	2.33	2.48	2.32	2.79	2.28	2.19	2.55
Med HH Inc (5 Mile)	\$61,060	\$51,400	\$57,887	\$100,038	\$51,839	\$45,503	\$99,947
Avg. HH Spending (5 Mile)	\$46,987	\$37,543	\$41,498	\$66,353	\$39,684	\$33,330	\$69,100
Spending Power (5 Mile) (a)	\$1,272	\$5,047	\$1,425	\$734	\$233	\$372	\$1,424
Population (10 Mile)	216,966	820,508	110,654	145,796	19,572	31,138	266,614
Households (10 Mile)	88,272	336,720	44,763	55,810	8,222	13,870	107,468
Med HH Inc (10 Mile)	\$62,072	\$52,243	\$60,302	\$87,501	\$54,924	\$50,636	\$87,933
Avg. HH Spending (10 Mile)	\$45,772	\$40,867	\$42,789	\$62,259	\$42,179	\$34,087	\$63,955
Spending Power (10 Mile) (a)	\$4,040	\$13,761	\$1,915	\$3,475	\$347	\$473	\$6,873
Pop. Δ 2010-20 (5 Mile)	5.20%	-1.55%	7.06%	10.16%	-1.63%	-3.00%	9.82%
Pop. Δ 2010-20 (10 Mile)	6.08%	0.39%	7.54%	7.24%	-1.30%	-3.43%	6.09%
Pop. Δ 2020-25 (5 Mile)	2.30%	0.51%	3.49%	4.23%	-0.24%	-1.66%	3.76%
Pop. Δ 2020-25 (10 Mile)	3.05%	0.98%	3.68%	3.66%	-0.27%	-1.80%	2.75%
Traffic Count	97,800	30,800	44,100	84,800	20,800	12,600	26,200

Notes: - Pop, HH and Med HH Income is based upon 2020-2021 ESRI Data.

- Traffic Counts are as near to the locations and the date of sale as possible.

- (a) Calculated by multiplying the # of HH with Avg. HH spending and presented in millions of dollars.

Map of Comparable Sales



COMPARABLE SALE 1



Property Name:	Target	Sales Analysis	
Property Address:	4777 S. 27th St.	Grantor:	Target Corporation
Cross Streets:	S. 27th & W. Layton Ave.	Grantee:	MKB Greenfield, LLC
City/Township:	Greenfield, WI	Verification:	Granton, Broker, Public Records
County:	Milwaukee	Sale Date:	Jan-20
Parcel ID(s):	662-9988-016	Sale Price:	\$4,000,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	130,125	Property Rights Transferred:	Fee Simple
Year Built:	1970	Conditions of Sale:	Arms-Length
MVS Classification:	Class C	Marketing Time	±11 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	12.94	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	C-2 & C-3	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$30.74
Land-to-Building Ratio:	4.33		

Comments
 This comparable sale is a former Target store which was closed in February 2019. The property was purchased and reimaged into a Festival Foods grocery store. The building and parking lot were in very good condition, according to the listing broker and a representative from Target. The property has visibility from 27th along with access to both S. 27th and W. Layton Ave.

COMPARABLE SALE 1, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
<u>2010</u>		<u>2010</u>	
Population:	342,578	Population:	817,354
Households:	137,132	Households:	333,641
Average Household Size:	2.47	Average Household Size:	2.38
<u>2020</u>		<u>2020</u>	
Population:	337,251	Population:	820,508
Households:	134,439	Households:	336,720
Average Household Size:	2.48	Average Household Size:	2.37
Median HH Income:	\$51,400	Median HH Income:	\$52,243
Avg. Consumer Spending:	\$37,543	Avg. Consumer Spending:	\$40,867
<u>2025</u>		<u>2025</u>	
Population:	338,971	Population:	828,544
Households:	135,020	Households:	340,518
Average Household Size:	2.48	Average Household Size:	2.37
<u>2010-2020 Growth Rate:</u>		<u>2010-2020 Growth Rate:</u>	
Population:	-1.55%	Population:	0.39%
Households:	-1.96%	Households:	0.92%
<u>2020-2025 Growth Rate:</u>		<u>2020-2025 Growth Rate:</u>	
Population:	0.51%	Population:	0.98%
Households:	0.43%	Households:	1.13%
Traffic Count:	30,800 - traffic counts along S. 27th		

COMPARABLE SALE 2



Property Name:	Hom Furniture	Sales Analysis	
Property Address:	2921 Mall Dr.	Grantor:	SVCN 1, LLC
Cross Streets:	State Road 93 & US-53	Grantee:	Continental 1776, LLC
City/Township:	Eau Claire, WI	Verification:	Broker, Public Records
County:	Eau Claire	Sale Date:	Mar-20
Parcel ID(s):	53-020-99-0004-710	Sale Price:	\$2,600,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	93,620	Property Rights Transferred:	Fee Simple
Year Built:	1988, '03	Conditions of Sale:	Arms Length
MVS Classification:	Class C	Marketing Time	±3 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	4.98	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	C-3, Commercial	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$27.77
LTB Ratio:	2.32		

Comments
 This is the sale of a former Hom Furniture store in Eau Claire that Hom vacated in early 2020 after moving into the former Younkers building at the Oakwood Mall. The property was listed for approximately three months with an asking price of \$2.8m. The property was purchased by an owner/user for retail sales use. The purchaser opened a general merchandise store, selling home goods, clothing and furniture. The property had been well maintained and was in average condition at the time of sale with a new parking lot in 2015.

COMPARABLE SALE 2, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
2010		2010	
Population:	78,409	Population:	102,899
Households:	31,897	Households:	41,380
Average Household Size:	2.31	Average Household Size:	2.37
2020		2020	
Population:	83,946	Population:	110,654
Households:	34,335	Households:	44,763
Average Household Size:	2.32	Average Household Size:	2.37
Median HH Income:	\$57,887	Median HH Income:	\$60,302
Avg. Consumer Spending:	\$41,498	Avg. Consumer Spending:	\$42,789
2025		2025	
Population:	86,878	Population:	114,729
Households:	35,604	Households:	46,499
Average Household Size:	2.32	Average Household Size:	2.37
2010-2020 Growth Rate:		2010-2020 Growth Rate:	
Population:	7.06%	Population:	7.54%
Households:	7.64%	Households:	8.18%
2020-2025 Growth Rate:		2020-2025 Growth Rate:	
Population:	3.49%	Population:	3.68%
Households:	3.70%	Households:	3.88%
Traffic Count:	44,100 - based upon 19,200 on Hastings & 24,900 on SR-93		

COMPARABLE SALE 3



Property Name:	Walmart Super Ctr.	Sales Analysis	
Property Address:	10400 Highland Road (M-59)	Grantor:	Walmart RE Business Trust
Cross Streets:	US-23 & M-59	Grantee:	Bedford ABG, LLC
City/Township:	Hartland Twp., MI	Verification:	Broker, Assessor, Grantor
County:	Livingston County	Sale Date:	Jul-16
Parcel ID(s):	4708-28-200-025	Sale Price:	\$4,175,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	186,763	Property Rights Transferred:	Fee Simple
Year Built:	2009	Conditions of Sale:	Arms Length
MVS Classification:	Class C	Marketing Time	±6 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	22.92	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	PD, Planned Development	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$22.35
Land-to-Building Ratio:	5.35		

Comments
 This is the sale of a former Walmart Supercenter store in Hartland Twp. to ABG, which is Rural King. Walmart closed this location in Jan-16 and the property was subsequently listed for sale with an asking price of \$5.5M. According to Walmart, the property was marketed to all users with no potential deed restrictions and no limitations on use. However, the sale eventually included a deed restriction, limiting some future uses of the property, but not the buyer's general merchandise retail use. Walmart indicated that there were several purchasers interested in purchasing the property. The surrounding area has lower than average population and household figures when compared to most big box sites; however, the neighborhood's high traffic counts and quick access to US-23 results in an enlarged trade area and the neighborhood being a desirable location for retailers, including Meijer, Kroger and Target. The building has visibility from both M-59 and US-23 and there is a full-service interchange at the intersection of these roads. The property was in good shape for its age with no items of deferred maintenance.

COMPARABLE SALE 3, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
<u>2010</u>		<u>2010</u>	
Population:	28,053	Population:	135,952
Households:	9,846	Households:	51,331
Average Household Size:	2.84	Average Household Size:	2.64
<u>2020</u>		<u>2020</u>	
Population:	30,904	Population:	145,796
Households:	11,064	Households:	55,810
Average Household Size:	2.79	Average Household Size:	2.60
Median HH Income:	\$100,038	Median HH Income:	\$87,501
Avg. Consumer Spending:	\$66,353	Avg. Consumer Spending:	\$62,259
<u>2025</u>		<u>2025</u>	
Population:	32,211	Population:	151,133
Households:	11,587	Households:	58,133
Average Household Size:	2.78	Average Household Size:	2.59
<u>2010-2020 Growth Rate:</u>		<u>2010-2020 Growth Rate:</u>	
Population:	10.16%	Population:	7.24%
Households:	12.37%	Households:	8.73%
<u>2020-2025 Growth Rate:</u>		<u>2020-2025 Growth Rate:</u>	
Population:	4.23%	Population:	3.66%
Households:	4.73%	Households:	4.16%
Traffic Count:	84,800 - based upon 45,900 on US-23 & 34,900 on M-59		

COMPARABLE SALE 4



Property Name:	Shopko	Sales Analysis	
Property Address:	405 W 8th St.	Grantor:	405 West 8th Street, LLC
Cross Streets:	8th St. & SR-11	Grantee:	Farm & Fleet of Monroe, Inc.
City/Township:	Monroe, WI	Verification:	Broker, Public Records
County:	Green	Sale Date:	Feb-20
Parcel ID(s):	25139000000	Sale Price:	\$2,200,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	73,956	Property Rights Transferred:	Fee Simple
Year Built:	1994	Conditions of Sale:	Arms-Length
MVS Classification:	Class C	Marketing Time	±3 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	6.98	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	SMU, Suburban Mixed-Use	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$29.75
Land-to-Building Ratio:	4.11		

Comments
 This comparable sale is a former Shopko store which was closed in June 2019. The property was subsequently listed for sale with an asking price of \$3m. The property was purchased and reimaged into a Blain's Farm & Fleet. The building and parking lot were in average condition at the time of sale. The property has good visibility from SR-11 and good access to SR-11 within the neighborhood. According to the broker, the property was adequately marketed and the highest price was obtained for the property. The grantor was under no duress to sell the property.

COMPARABLE SALE 4, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
<u>2010</u>		<u>2010</u>	
Population:	13,807	Population:	19,829
Households:	5,903	Households:	8,230
Average Household Size:	2.30	Average Household Size:	2.37
<u>2020</u>		<u>2020</u>	
Population:	13,582	Population:	19,572
Households:	5,862	Households:	8,222
Average Household Size:	2.28	Average Household Size:	2.35
Median HH Income:	\$51,839	Median HH Income:	\$54,924
Avg. Consumer Spending:	\$39,684	Avg. Consumer Spending:	\$42,179
<u>2025</u>		<u>2025</u>	
Population:	13,549	Population:	19,520
Households:	5,868	Households:	8,232
Average Household Size:	2.27	Average Household Size:	2.34
<u>2010-2020 Growth Rate:</u>		<u>2010-2020 Growth Rate:</u>	
Population:	-1.63%	Population:	-1.30%
Households:	-0.69%	Households:	-0.10%
<u>2020-2025 Growth Rate:</u>		<u>2020-2025 Growth Rate:</u>	
Population:	-0.24%	Population:	-0.27%
Households:	0.10%	Households:	0.12%
Traffic Count:	20,800 - along W. 8th, 6th Ave. and SR-11		

COMPARABLE SALE 5



Property Name:	Shopko	Sales Analysis	
Property Address:	2741 Roosevelt Rd.	Grantor:	Everstar Income & Value Fund V, LP
Cross Streets:	Roosevelt Rd.. & US-41	Grantee:	Marwireretail, LLC
City/Township:	Marinette, WI	Verification:	Broker, Public Records
County:	Marinette	Sale Date:	Oct-19
Parcel ID(s):	251-00632.013	Sale Price:	\$1,400,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	83,222	Property Rights Transferred:	Fee Simple
Year Built:	1990	Conditions of Sale:	Arms-Length
MVS Classification:	Class C	Marketing Time	±6 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	7.48	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	B-4, Highway Business	Capitalization Rate:	n/a
Parking:	Asphalt Surface	Price/SF:	\$16.82
Land-to-Building Ratio:	3.92		

Comments
 This comparable sale is a former Shopko store which was closed in February 2019. The property was purchased by a developer that intended to utilize the building for retail with climate-controlled self storage in the back of the building. Following the purchase, the developer received approval to split a portion of the site for a hotel development and altered its plans to use the whole building for climate-control self-storage. The building and parking improvement were in average condition as of the date of sale. The property has good access to Hwy-41 in the neighborhood. According to the broker, the property was adequately marketed and the highest price was obtained for the property. The grantor was under no duress to sell the property in a short period of time.

COMPARABLE SALE 5, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
2010		2010	
Population:	25,555	Population:	32,245
Households:	11,352	Households:	14,169
Average Household Size:	2.20	Average Household Size:	2.23
2020		2020	
Population:	24,789	Population:	31,138
Households:	11,160	Households:	13,870
Average Household Size:	2.19	Average Household Size:	2.22
Median HH Income:	\$45,503	Median HH Income:	\$50,636
Avg. Consumer Spending:	\$33,330	Avg. Consumer Spending:	\$34,087
2025		2025	
Population:	24,377	Population:	30,579
Households:	10,993	Households:	13,645
Average Household Size:	2.19	Average Household Size:	2.21
2010-2020 Growth Rate:		2010-2020 Growth Rate:	
Population:	-3.00%	Population:	-3.43%
Households:	-1.69%	Households:	-2.11%
2020-2025 Growth Rate:		2020-2025 Growth Rate:	
Population:	-1.66%	Population:	-1.80%
Households:	-1.50%	Households:	-1.62%
Traffic Count:	12,600 - along Roosevelt		

COMPARABLE SALE 6



Property Name:	Shopko	Sales Analysis	
Property Address:	N66W25201 Silver Spring Dr	Grantor:	Realty Income Properties 28, LLC
Cross Streets:	Hwy 164 & Silver Spring Dr.	Grantee:	RAP Fond Du Lac, LLC
City/Township:	Sussex, WI	Verification:	Broker, Public Records
County:	Waukesha	Sale Date:	May-21
Parcel ID(s):	SUXV-0228999021	Sale Price:	\$1,800,000
Building Description		Occupancy at Sale:	0%
Building Area (SF):	80,039	Property Rights Transferred:	Fee Simple
Year Built:	2008	Conditions of Sale:	Arms-Length
MVS Classification:	Class C	Marketing Time	±20 months
Site Description		Sales Terms:	Cash Equivalent
Land Area (Acres):	6.45	Financial Analysis	
Parcel Shape:	Irregular	Net Operating Income:	n/a
Zoning:	B-2, Regional Business	Capitalization Rate:	n/a
Parking:	Asphalt	Price/SF:	\$22.49
Land-to-Building Ratio:	3.51		

Comments

This property was a former Shopko store that was closed in April-2019. The property was listed for sale for approximately 20 months with an asking price of \$4.0m. The purchaser is a developer that is marketing the property for multi or single tenant retail use with available suite sizes ranging from 15,000 SF to 80,000 SF. The property is in a retail neighborhood that includes Kohls. The property has visibility, access and signage along both Highway 164 and Silver Spring Dr. (Main St.). The building was in good condition with no items of deferred maintenance at the time of sale. According to the broker, the property was adequately marketed and the highest price was obtained for the property. The grantor was under no duress to sell the property in a short period of time.

COMPARABLE SALE 6, cont.

Location Analysis			
5-Mile Demographic Measures		10-Mile Demographic Measures	
2010		2010	
Population:	47,978	Population:	251,321
Households:	18,627	Households:	99,757
Average Household Size:	2.57	Average Household Size:	2.48
2020		2020	
Population:	52,688	Population:	266,614
Households:	20,614	Households:	107,468
Average Household Size:	2.55	Average Household Size:	2.44
Median HH Income:	\$99,947	Median HH Income:	\$87,933
Avg. Consumer Spending:	\$69,100	Avg. Consumer Spending:	\$63,955
2025		2025	
Population:	54,668	Population:	273,955
Households:	21,421	Households:	110,911
Average Household Size:	2.55	Average Household Size:	2.43
2010-2020 Growth Rate:		2010-2020 Growth Rate:	
Population:	9.82%	Population:	6.09%
Households:	10.67%	Households:	7.73%
2020-2025 Growth Rate:		2020-2025 Growth Rate:	
Population:	3.76%	Population:	2.75%
Households:	3.91%	Households:	3.20%
Traffic Count:	26,200	- combined traffic counts along Hwy 164 & Silver Spring Dr.	

Explanation of Adjustments

The comparable sales have been analyzed in this sales comparison approach. We have chosen the sale price per square foot of gross building area as the unit of comparison for our analysis. In this analysis the individual attributes of each sale are analyzed and compared to the subject. The comparable sales may be inferior, superior, or equal to the subject. Positive or negative adjustments are made to each sale to account for differences with the subject. Adjustments are made to account for property rights transferred, financing terms, conditions of sale, market conditions, size, location, and age/condition. The following paragraphs summarize our adjustments.

Expenditures after Sale - Typically big box retailers or developers will re-configure a store after purchase to meet its specific retailing image and business plan. This can include re-doing the façade, the floor covering, lighting, electrical, re-locating restrooms and other changes. These do not represent deficiencies in the property at the time of sale or necessary capital expenditures for retail use. The subject, if it were sold to another retailer, would typically undergo similar reconfigurations since every retailer has its own brand, image, layout, and store design and tries to give its customers a consistent buying experience. For an adjustment for expenditures after sale to be needed the remodeling and renovations need to be items that both the buyer and seller recognize need to be immediately done.

Property Rights – Comparable Sale 3 was sold with a covenant deed, restricting some future retail use of the property. This restriction is effective for 25 years. This restriction was drafted after the potential purchaser identified what the future use of the property would be and after the price was established. The appraiser has spoken with the participants in Sale 3, including the listing brokers and a representative for the grantor of the property. Based upon these discussions, the covenant deed does not appear to have affected the purchase price paid for this property.

In addition to our interviews indicating that this deed restriction did not negatively affect the sale price paid for the property, we have reviewed two national big box studies as they pertain to the effect of deed restrictions on big box sales. In 2016, Brett Harrington, CMI of the International Appraisal Company produced a study that indicated there is an average downward effect of 6% for deed restricted sales. In 2019, Dane Anderson MAI, CCIM and Kenneth Riggs, CFA, CRE, MAI, FRICS CCIM, of Situs RERC produced a study on big box retail valuation methodology which indicated that there was no downward effect on the average prices for properties sold with deed restrictions. Overall, we have applied an upward adjustment of 5% to Sale 3 to account for the lesser property rights.

The following table is from the Situs RERC report, showing the statistics on deed restricted versus non-deed restricted retail property sales over 50,000 SF. The following table shows a slight increase in the median sale price per square foot and the average sale price per square foot for retail properties over 50,000 SF which sold with deed restrictions.

Table 15: Deed Restriction Descriptive Statistics (>50k SF)		
	Y	N
Median Sale Price/SF	\$30.11	\$27.97
Average Sale Price/SF	\$37.82	\$37.46
Average Building Size (SF)	113,852	98,226
Average Year Built	1995	1993
Average Land-to-Building Ratio	5.1	4.7
Average ZIP Code Median Household Income	\$57,638	\$54,714
Average ZIP Code Population	31,116	36,423
# of Transactions	43	94

Financing Terms – The sales were all cash sales and no adjustments for financing terms were deemed necessary.

Conditions of Sale – Each of the sales was an arm’s-length cash or a cash equivalent transaction; thus, no adjustment was necessary for these reasons.

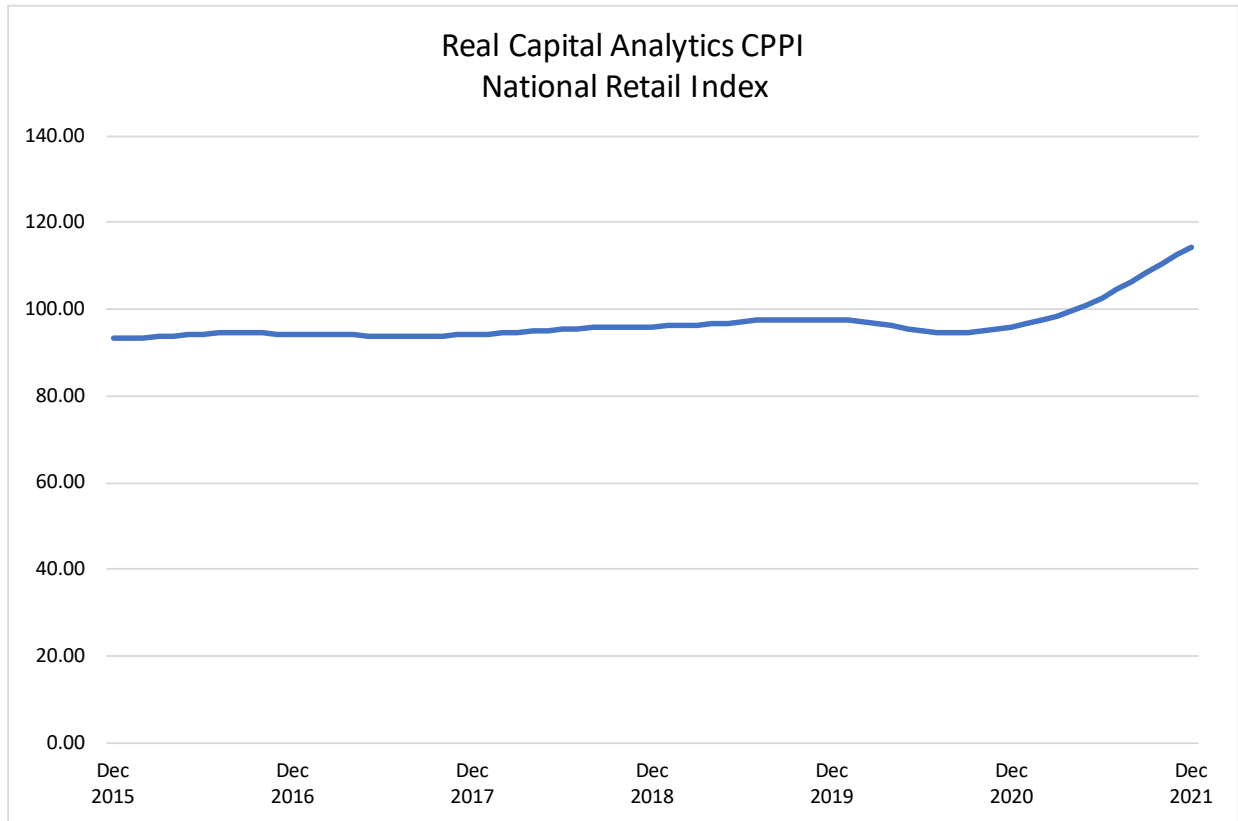
Market Conditions - The adjustment for market conditions accounts for any changes in the market conditions between the date of sale of the comparable and the date of value of the subject. We have based our trends on the best data available. Based upon the historical condition of the retail markets in the location of the comparables, we have applied adjustments for annual market conditions from the end of 2015 through the end of 2021 based on rents and vacancy in the provided data from Costar. We have also included capitalization rates for retail investors as surveyed by Realtyrates.com.

In our review of economic data several indicators were examined, with a few highlighted here: national retail index, national big box sales study, broker interviews, Costar surveyed data and national retail indicators. It is our opinion that these economic indicators reflect the change in market value for big box retail buildings.

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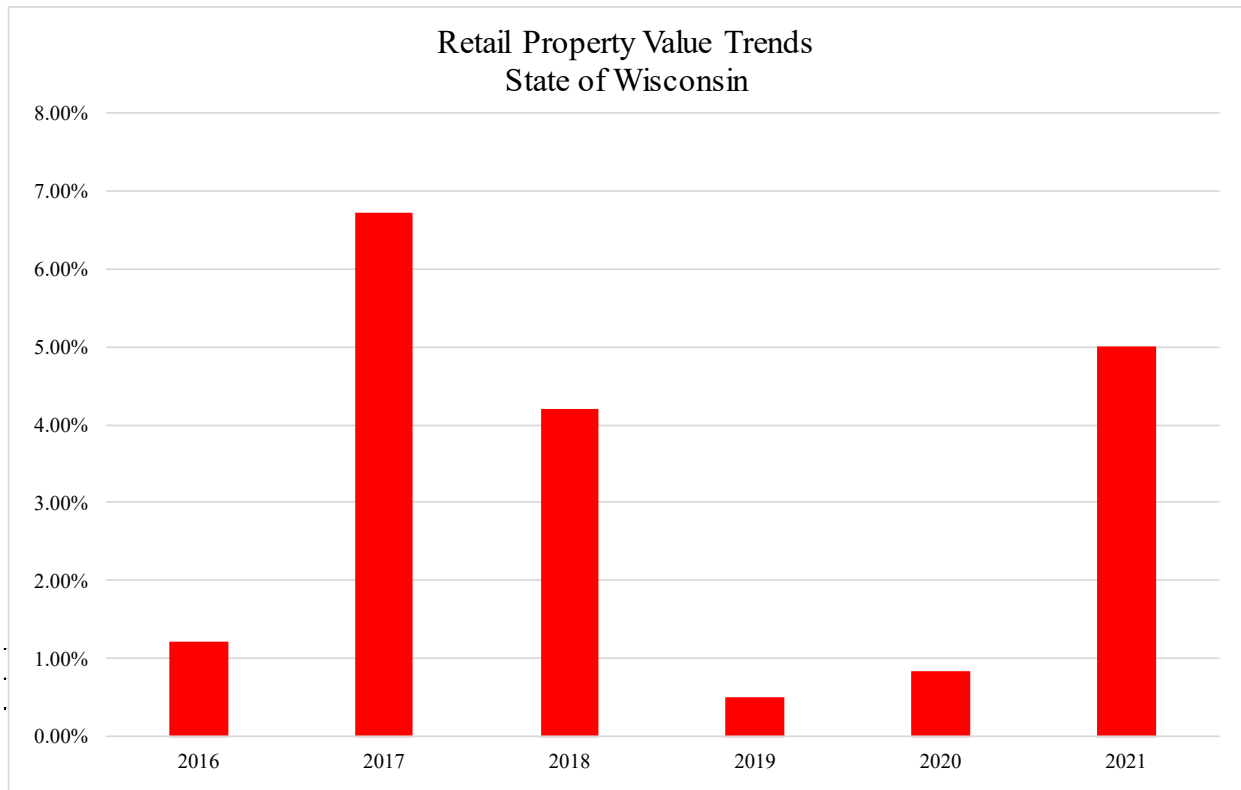
- **Real Capital Analytics** – Real Capital Analytics produces the RCA CPPI Retail Index, which is based on repeat-sales transactions that occurred at any time up through the month prior to

the reporting date. The figures indicate the movement in pricing for retail property sales transactions from 2015 through 2021. The following graph depicts the price index from December 2015 through December 2021. The average price changes from year-end 2015 through year-end 2019 equates to approximately 1.81% per year, with an approximately decline of 2% in 2020. The decline in prices in 2020 was in response to the Covid-19 pandemic and its effect on retailers. The price index rebounded in 2021.



- Market Factors** - Retail market trends affect the selling prices of retail real estate. We have considered trends in retail rents, retail vacancies and retail capitalization rates in determining retail value trends for the state of Wisconsin. These local retail market surveys and national realty resources have been utilized in this analysis: *Costar, Inc.*, and *Realty Rates Investor Survey*. A graphical description of these trends from 2015 through 2021 is shown in the following chart.

We’ve considered these changes in market value for our market conditions analysis.



Based upon the above data, the value trend for all retail property in Wisconsin trended upward at a rate of approximately 3.02% per year. The broader market statistics have been relied upon less than the local market indicators in concluding a market conditions adjustment for this analysis.

The following are the conclusions for the annual changes in market conditions from year-end 2014 through year-end 2021. We have applied no market conditions adjustment to the comparables in 2020 due to the Covid-19 pandemic and its effect on real estate.

Year End 2015 through Year End 2016	3%
Year End 2016 through Year End 2017	3%
Year End 2017 through Year End 2018	3%
Year End 2018 through Year End 2019	3%
Year End 2019 through Year End 2020	0%
Year End 2020 through Year End 2021	5%

The following are the conclusions for the annual changes in market conditions then applied to the sale comparables through the date of value, which is January 1, 2022.

Market Conditions Conclusions and Factors						
Comparable	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Sale Date	Jan-20	Mar-20	Jul-16	Feb-20	Oct-19	May-21
Year End 2015 through Year End 2016						
Market Conditions Conclusion	-	-	3.0%	-	-	-
Market Conditions Factor	-	-	101.3%	-	-	-
Year End 2016 through Year End 2017						
Market Conditions Conclusion	-	-	3.0%	-	-	-
Market Conditions Factor	-	-	104.3%	-	-	-
Year End 2017 through Year End 2018						
Market Conditions Conclusion	-	-	3.0%	-	-	-
Market Conditions Factor	-	-	107.4%	-	-	-
Year End 2018 through Year End 2019						
Market Conditions Conclusion	-	-	3.0%	-	3.0%	-
Market Conditions Factor	-	-	110.6%	-	100.5%	-
Year End 2019 through Year End 2020						
Market Conditions Conclusion	0.0%	0.0%	0.0%	0.0%	0.0%	-
Market Conditions Factor	100.0%	100.0%	110.6%	100.0%	100.5%	-
Year End 2020 through Year End 2021	January 1, 2022 Date of Value					
Market Conditions Conclusion	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Market Conditions Factor	105.0%	103.0%	116.2%	103.0%	105.5%	102.9%

The market conditions following table shows these concluded market conditions for the sales and the date of value.

Market Conditions Conclusions, Rounded to Nearest 1%					
Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
January 1, 2022 Date of Value					
105%	103%	116%	103%	106%	103%

After adjusting for property rights, financing terms, conditions of sale and market conditions, the comparables’ average selling price per square foot of \$24.99 is adjusted to \$26.62 as of January 1, 2022.

Arterial Attributes – This adjustment takes into consideration factors, such as access, visibility, and traffic counts for the subject and the comparables. The subject visibility is from W. Winneconne Ave. and I-41. The average 24-hour traffic count along W. Winneconne Ave. was 19,100 and the traffic count along I-41 was 78,700 vehicles in 2019. This figure is considered very good for a small-market big box retail development. Overall, it is concluded that each of the sale comparables has inferior arterial attributes, and each has been adjusted upward for this characteristic. Sale 3 has very good traffic count numbers, but a portion of the visibility from US-23 is impeded by landscaping. Therefore, this sale has not been adjusted to the degree as other sales with lower traffic counts. The following are the traffic counts for the subject and

comparable sales. Additionally, the subject and comparables’ proximity and access to a major freeway have been considered in this adjustment along with the following traffic counts.

Arterial Attribute Analysis							
<i>Traffic Counts</i>							
Comparable #	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Traffic Counts	19,100	30,800	19,200	45,900	7,300	12,600	19,600
	78,700		24,900	34,900	6,300		6,600
					7,200		
Street/Roadway	Winneconne I-41	S. 27th	Hastings SR-93	US-23 M-59	W. 8th 6th Ave. SR-11	Roosevelt	Hwy 164 Sil. Spring
Compared to Subject		Superior	Superior	Superior	Superior	Similar	Superior

<i>Access Attributes</i>							
Comparable #	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 6
Compared to Subject	Superior	Inferior	Similar	Inferior	Similar	Inferior	Inferior

<i>Visibility Attributes</i>							
Comparable #	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 6
Compared to Subject	Similar	Similar	Inferior	Similar	Similar	Similar	Similar

Adjustment	10.00%	10.00%	5.00%	15.00%	15.00%	15.00%
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Demographic Attributes – In addition to the arterial attributes, the demographics surrounding the subject and comparables have been considered. The following are the primary demographic measures considered in concluding adjustments for differences in demographics. Demographic data for 5-mile radius and 10-radius market areas has been considered. We have also considered the demonstrated and potential retail sales in the market area in making this adjustment.

Demographic Analysis

Comparable #	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
5- Mile Statistics							
Population	63,519	337,251	83,946	30,904	13,582	24,789	52,688
Households	27,079	134,439	34,335	11,064	5,862	11,160	20,614
Median HHI (\$)	\$61,060	\$51,400	\$57,887	\$100,038	\$51,839	\$45,503	\$99,947
Avg. HH Spending	\$46,987	\$37,543	\$41,498	\$66,353	\$39,684	\$33,330	\$69,100
Spending Power (a)	\$1,272	\$5,047	\$1,425	\$734	\$233	\$372	\$1,424
Pop. Δ 2010-20	5.20%	-1.55%	7.06%	10.16%	-1.63%	-3.00%	9.82%
5-yr Proj Pop Δ	2.30%	0.51%	3.49%	4.23%	-0.24%	-1.66%	3.76%
10- Mile Statistics							
Population	216,966	820,508	110,654	145,796	19,572	31,138	266,614
Households	88,272	336,720	44,763	55,810	8,222	13,870	107,468
Median HHI (\$)	\$62,072	\$52,243	\$60,302	\$87,501	\$54,924	\$50,636	\$87,933
Avg. HH Spending	\$45,772	\$40,867	\$42,789	\$62,259	\$42,179	\$34,087	\$63,955
Spending Power (a)	\$4,040	\$13,761	\$1,915	\$3,475	\$347	\$473	\$6,873
Pop. Δ 2010-20	6.08%	0.39%	7.54%	7.24%	-1.30%	-3.43%	6.09%
5-yr Proj Pop Δ	3.05%	0.98%	3.68%	3.66%	-0.27%	-1.80%	2.75%

- Pop, HH and Med HH Income is based upon 2020-2021 ESRI Data.

(a) Calculated by multiplying the # of HH with Avg. HH spending and presented in millions of dollars.

Adjustment	-10.00%	0.00%	5.00%	10.00%	10.00%	0.00%
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The market population surrounding the subject property is larger than all but two of the comparables for the 5-mile and 10-mile surrounding area. For the 5-mile and 10-mile surrounding markets, the subject has a higher median household income (MHHI) than four of the comparables. The subject’s average household spending figure ranks 4th for the 5-Mile and 3rd for the 10-Mile surrounding markets, respectively.

With more consideration given to the surrounding market size, along with the other measures, the subject property’s demographics are concluded to be inferior to Sale 1 and this comparable sale has been adjusted downward for its superior demographic measures. Sales 2 and 6 are considered to have similar demographics to the subject and have not been adjusted for demographics. Sales 3, 4 and 5 are considered to have inferior demographics and have been adjusted upward for demographics.

The following are the subject property rankings for the several measures indicated in the previous tables.

Subject Ranks

5-Mile Market Area	
Population	3 out of 7
Med HH Income	3 out of 7
Avg HH Spending	3 out of 7
Spending Power	4 out of 7
Pop. Δ 2010-20 (5 Mile)	4 out of 7
Pop. Δ 2020-25 (5 Mile)	4 out of 7
10-Mile Market Area	
Population	3 out of 7
Med HH Income	3 out of 7
Avg HH Spending	3 out of 7
Spending Power	3 out of 7
Pop. Δ 2010-20 (10 Mile)	4 out of 7
Pop. Δ 2020-25 (10 Mile)	3 out of 7

Submarket Adjustment – This adjustment will analyze the reported submarket trends for the subject area and the comparables. Because the date of value is and January 1, 2022, the prior year’s quarterly average market data, as surveyed by Costar Property, is utilized for comparison purposes. An overview of applicable data is presented in the following table:

Retail Submarket Analysis

Comparable #	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Geography Analyzed	5-Mile	5-Mile	5-Mile	5-Mile	5-Mile	5-Mile	5-Mile
Survey Period	2021	2021	2021	2021	2021	2021	2021
Asking Rent/SF, NNN	\$8.62	\$13.36	\$8.74	\$10.84	\$14.33	\$13.03	\$11.87
Market Vacancy	6.1%	3.7%	3.9%	6.3%	3.8%	7.9%	5.7%
Eff. Mkt. Asking Rent [1]	\$8.09	\$12.86	\$8.40	\$10.16	\$13.79	\$12.00	\$11.19
Compared to Subject	-	Superior	Similar	Superior	Superior	Superior	Superior

[1] Calculated as asking rent multiplied by (1-market vacancy)

Overall Adjustment -20.00% 0.00% -10.00% -20.00% -15.00% -15.00%

Based upon the above analysis, Sales 1, 3, 4, 5, and 6 are concluded to be located in superior surrounding retail markets and each has been adjusted downward for this characteristic. Sale 3 is concluded to be located a similar retail market and has not been adjusted.

Age/Condition – The age/condition adjustment considers the physical age of the development, as well as the influence of any renovations and overall maintenance. Land is not subject to the age/condition adjustment. A significant portion of the combined land and building sale price is attributable to the land portion which does not depreciate over time. All of the comparables were in inferior physical condition to the subject retail store. The comparable per square foot sale prices, including land and building, have been adjusted 1% per year between the subject and the comparables as of their dates of sale. For example, as of the January 1, 2022 date of value, it is estimated that the subject retail store building had an age of 18 years, while Sale 3 had an age of seven years at the time of sale. Therefore, this sale is adjusted downward by 11% for the difference

in building ages. The following are the estimated physical ages in years of the comparables as of their dates of sale.

Estimated Comparable Physical Age at Time of Sale					
Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
25	25	7	25	25	13

This is based upon conversations with brokers familiar with these properties at the time of their sales. The brokers for these sales indicated that the buildings had been improved since their original construction dates and that the building improvement ages at the time of sale were not reflective of their respective original construction dates.

Our adjustment process and the actual adjustments were developed based on the appraiser’s review of numerous market area transactions and the appraiser’s experience in the market.

A summary of the adjustments applied for the date of value is provided as follows:

Sales Comparison Approach Analysis - January 1, 2022							
Comparable #	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Development	Walmart	Target	Home Furniture	Walmart Super Ctr.	Shopko	Shopko	Shopko
Location	Neenah, WI	Greenfield, WI	Eau Claire, WI	Hartland Twp., MI	Monroe, WI	Marinette, WI	Sussex, WI
Comparable Summary Data							
Sale Date		Jan-20	Mar-20	Jul-16	Feb-20	Oct-19	May-21
Building Area (SF)	203,669	130,125	93,620	186,763	73,956	83,222	80,039
Year Built	2003	1970	1988, '03	2009	1994	1990	2008
Land Size	16.44	12.94	4.98	22.92	6.98	7.48	6.45
LTB Ratio	3.52	4.33	2.32	5.35	4.11	3.92	3.51
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Sale Price		\$4,000,000	\$2,600,000	\$4,175,000	\$2,200,000	\$1,400,000	\$1,800,000
Sale Price/SF		\$30.74	\$27.77	\$22.35	\$29.75	\$16.82	\$22.49
Community Data							
Population (5 Mile)	63,519	337,251	83,946	30,904	13,582	24,789	52,688
Households (5 Mile)	27,079	134,439	34,335	11,064	5,862	11,160	20,614
Med HH Inc (5 Mile)	\$61,060	\$51,400	\$57,887	\$100,038	\$51,839	\$45,503	\$99,947
Traffic Count	97,800	30,800	44,100	84,800	20,800	12,600	26,200
Transaction Related Adjs.							
Property Rights		1.00	1.00	1.05	1.00	1.00	1.00
Financing Terms		1.00	1.00	1.00	1.00	1.00	1.00
Conditions of Sale		1.00	1.00	1.00	1.00	1.00	1.00
Market Conditions		1.05	1.03	1.16	1.03	1.06	1.03
Adjusted Sale Price/SF		\$32.28	\$28.60	\$27.23	\$30.64	\$17.83	\$23.16
Characteristic Adjs.							
Arterial Attributes		1.100	1.100	1.050	1.150	1.150	1.150
Demographic Attributes		0.900	1.000	1.050	1.100	1.100	1.000
Retail Submarket Analysis		0.800	1.000	0.900	0.800	0.850	0.850
Age/Condition		1.120	1.070	0.890	1.070	1.070	0.950
Total Characteristic Adjustment		0.887	1.177	0.883	1.083	1.151	0.929
Indicated Market Value/SF		\$28.63	\$33.67	\$24.04	\$33.18	\$20.52	\$21.51
Total Adjustments, \$ [1]		(\$2.11)	\$5.90	\$1.69	\$3.43	\$3.69	(\$0.98)
Maximum:		\$33.67					
Minimum:		\$20.52					
Average:		\$26.92					

[1] Total adjustments include transaction and characteristic based adjustments.

Sale 3 is most similar to the subject property in terms of size, layout, and design. Sales 1, 2, 4, and 6 are the most similar in date of sale when compared to the date of value and these have an average adjusted sale prices of \$29/sf as of the date of value. Sales 3 is most similar to the subject in terms of location (arterial and demographics) and this sale has an adjusted sale price of \$24/sf. Sale 2 is most similar to the subject in terms of surrounding retail submarket and this sale has an adjusted sale price of \$34/sf. Sale 6 is most similar in terms of physical age at the time of sale with an adjusted price of \$21.51/sf.

Sales 3 and 6 required the least amount of gross adjustment and have an average adjusted sale price of \$28/sf as of January 1, 2022. Sales 1, 3, and 6 had the least amount of net adjustment and have an average adjusted sale price of \$25/sf as January 1, 2022.

We have also reviewed a number of additional sales in Wisconsin, as well as the Midwest, which occurred prior to, or shortly after, the valuation date. The following is a summary of these sales and the indicated price per square foot.

List of Additional Big Box Property Sales									
Property	Location	Building Size SF	Year Blt.	Land Size (ac)	LTB Ratio	Sale Date	Sale Price	SP/SF	Intended Use
1	Walmart	Kenosha, WI	1988	10.60	4.00	Jul-18	\$3,045,000	\$26.36	U-Haul/Self Storage
2	Walmart	Milwaukee, WI	2002	14.17	4.41	May-13	\$1,650,000	\$11.79	Automotive Parts Mfg.
3	Pick N Save	Milwaukee, WI	1996	8.24	3.23	Nov-17	\$4,500,000	\$40.45	Private School
4	Sam's Club	Milwaukee, WI	1991	23.90	7.52	Mar-17	\$2,992,000	\$21.61	Lt. Industrial Use
5	Lowe's	Milwaukee, WI	2005	12.77	4.14	Jun-16	\$1,500,000	\$11.17	Lt. Industrial Use
6	Lowe's	Brown Deer, WI	2006	11.05	3.45	Dec-13	\$4,000,000	\$28.66	Retail Use
7	Shopko	Madison, WI	1989	12.40	4.50	Sep-17	\$2,700,000	\$22.51	Climate Cont. Storage
8	Kmart	Chippewa Falls, WI	1989	8.10	4.08	Jan-18	\$1,100,000	\$12.72	Climate Cont. Storage
9	Cub Foods	Green Bay, WI	1983	7.95	4.56	Dec-16	\$1,700,000	\$22.39	Multi-tenant Retail
10	Target	Kenosha, WI	1994	9.67	4.38	Nov-12	\$2,385,000	\$24.80	Multi-tenant Retail
11	Kmart	Menomonie, WI	1989	7.86	3.90	Mar-15	\$3,090,000	\$35.21	Multi-tenant Retail
12	Sam's Club	West Allis, WI	1999	10.77	3.63	Jun-19	\$7,500,000	\$57.96	Non-Profit Training
13	Walmart	Greenfield, WI	1989	9.95	3.92	Dec-13	\$3,900,000	\$35.27	Church/Retail
14	Shopko	Delavan, WI	1995	7.22	3.99	Jan-20	\$700,000	\$8.88	Multi-tenant Retail
15	Menards	Madison, WI	1996	14.38	3.89	Dec-18	\$8,000,000	\$49.64	Office/Training Center
16	Walmart	McHenry, IL	1990	12.77	4.80	Feb-16	\$2,880,000	\$24.84	U-Haul/Self Storage
17	Super Walmart	Bedford, OH	2009	23.35	5.20	Nov-17	\$4,950,000	\$25.31	Speculative Purchase
18	American TV	Davenport, IA	1998	10.48	3.09	Dec-14	\$6,250,000	\$42.30	Ashley Furniture
19	Lowe's	Oswego, IL	1998	16.31	4.81	Feb-14	\$3,650,000	\$24.70	Multi-tenant Retail
20	Kmart	Waukesha, WI	1970	11.77	4.46	Dec-14	\$4,750,000	\$41.30	Multi-tenant Retail
21	Ulta Foods	Chicago Heights, IL	1989	7.82	4.09	Oct-19	\$210,000	\$2.52	Climate Cont. Storage
22	Sam's Club	Batavia, IL	2009	17.66	6.01	Mar-20	\$2,050,000	\$16.02	Speculative Retail
23	Shopko	Chippewa Falls, WI	1982	10.75	5.16	Oct-20	\$1,500,000	\$16.52	Dist. Warehouse
24	Shopko	Eau Claire, WI	1978	9.05	4.16	Dec-20	\$1,800,000	\$19.01	Multi-tenant Retail
25	Shopko	Neenah, WI	1989	7.99	3.69	Mar-21	\$1,667,750	\$17.69	Multi-tenant Retail
26	Shopko	Rothschild, WI	1977	9.04	4.48	Apr-21	\$3,000,000	\$34.16	VA Hospital/Medical
27	Shopko	Fond Du Lac, WI	1985	7.48	3.19	May-21	\$3,000,000	\$29.35	Multi-tenant Retail
28	Shopko	Beloit, WI	1978	8.60	3.99	Jun-21	\$1,700,000	\$18.11	Indoor Self Storage
29	Shopko	Monona, WI	1981/'00	10.28	3.74	Jun-21	\$4,600,000	\$38.40	Future Floor & Décor
30	Shopko	Sheboygan, WI	1993	14.04	6.25	Nov-21	\$3,700,000	\$37.79	Multi-tenant Retail
31	Target	McHenry, IL	1994	8.93	4.08	Aug-15	\$2,100,000	\$22.01	Single Tenant Retail
32	Kmart	Portage, WI	1989	9.50	4.63	Feb-19	\$1,500,000	\$16.78	Single Tenant Retail
							Maximum Sale Price/SF	\$57.96	
							Minimum Sale Price/SF	\$2.52	
							Average Sale Price/SF	\$26.13	
							Median Sale Price/SF	\$24.75	

Additional Market Information

Big Box Sale Study - In addition to the above analysis, the appraiser has reviewed and considered a national study which was completed on big box property sales from across the continental United States. The study was completed in 2017 by Brent Harrington, CMI of the International Appraisal Company, located in Upper Saddle River New Jersey. The study included all big box sales over 90,000 sf that sold between January 2011 and December 2016 that were determined to be arms-length and were for continued use of the improvements.

The study included 272 sales, from January 2011 through December 31, 2016, of which 145 sales were the transfer of the fee simple estates. The fee simple sale prices ranged from \$7.92/SF to \$66.84/SF and averaged \$28.27/SF. Of these fee simple sales, 57% of the sales sold for less than \$30/SF, 83% sold for less than \$40/SF and 63% fall within the \$15/SF-\$30/SF range.

Situs RERC Study

RERC gathered national data on 843 sales of big box and junior box stores of 30,000 sf and larger from 2010 through early 2018. The RERC study included 436 fee simple sales and 407 leased fee sales. The following is a summary of their findings.

	Fee Simple	Leased Fee
Average Sale Price/SF	\$44.82	\$126.99
Median Sale Price/SF	\$32.98	\$104.67
Average Year Built	1991	1998
Average Building Size (SF)	76,134	75,106
Average Land to Building Ratio	4.84	5.12
Average ZIP Code Population	12,111	12,510
Average ZIP Median Household Income	\$54,303	\$60,059
# of Transactions	436	407

The sales were further divided into, surrounding market size (population), building size categories and year-built categories. The following tables summarize the statistics from these three segmentations.

Table 8: Population Category Descriptive Statistics (>50k SF)				
Population Category	<100k	100k-1M	1M -3M	3M+
Average Sale Price/SF	\$20.11	\$28.21	\$36.17	\$45.85
Median Sale Price	\$17.88	\$24.86	\$30.59	\$36.24
Average Building Size (SF)	92,052	99,931	104,866	112,741
Average Year Built	1994	1992	1995	1995
Average Land to Building Ratio	5.9	5.1	4.9	4.2
Average ZIP Code Median Household Income	\$48,499	\$51,032	\$53,469	\$64,095
Average ZIP Code Population	20,848	30,350	37,369	38,298
# of Transactions	40	72	54	58

In the above table, the category that would apply to the subject property would be a market population under 100k. The median sale price in this market segmentation was \$17.88 per SF and the average selling price was \$20.11 per SF.

Table 9: Building Size Category Descriptive Statistics (Fee Simple)					
Building Size Category	30k-50k	50k-70k	70k-100k	100k-130k	130k+
Median Sale Price/SF	\$55.08	\$27.43	\$25.49	\$29.04	\$24.35
Average Sale Price/SF	\$67.94	\$37.24	\$35.08	\$33.05	\$26.84
Average Building Size (SF)	39,227	56,243	85,155	113,995	155,049
Average Year Built	1993	1991	1992	1994	1999
Average Land to Building Ratio	4.6	5.2	5.2	5.0	4.4
Average Median Household Income	\$56,905	\$53,944	\$52,054	\$54,536	\$59,052
Average ZIP Code Population	32,031	30,221	29,069	35,202	34,018
# of Transactions	141	40	62	82	40

In the above table, the category that would apply to the subject property would be a building size over 130k SF. The median sale price in this market segmentation was \$24.35 per SF and the average selling price was \$26.84 per SF.

Table 11: Year Built Category Descriptive Statistics (>50k SF)			
Year Built Category	1980s	1990s	2000+
Median Sale Price/SF	\$23.02	\$26.88	\$29.58
Average Sale Price/SF	\$28.36	\$32.24	\$41.51
Average Building Size (SF)	88,656	106,275	114,663
Average Year Built	1985	1994	2005
Average Land-to-Building Ratio	4.5	5.2	5.1
Average Median Household Income	\$50,755	\$54,165	\$60,151
Average ZIP Code Population	31,949	33,272	31,210
# of Transactions	66	106	52

In the above table, the category that would apply to the subject property would be a year built of 2000+. The median sale price in this market segmentation was \$29.58 per SF and the average selling price was \$41.51 per SF.

Conclusion of Sales Comparison Approach

After analyzing the comparable sales in the adjustment grids, relying upon each of the adjusted sales and considering the other sales identified earlier, the following market value per SF has been concluded for the subject property’s mega warehouse store and supporting land via the sales comparison approach as of January 1, 2022.

The concluded values per square foot have been applied to the square footage of the mega warehouse store building which is ±203,669 square feet.

The following is a presentation of the subject property’s market value for the date of value via the sales comparison approach. Our conclusion is above the average adjusted and non-adjusted sale prices per square foot of the comparables sales. The sales that required the least amount of gross adjustment, indicating the sales that are most similar to the subject property, had an average adjusted sale price of \$28/sf for the date of value. The sales that required the least amount of net adjustment had an average adjusted sale price of \$25/sf for the date of value. Further, the five sales that occurred in Wisconsin had an average adjusted sale price of \$28/sf and a median sale price of \$29/sf for the date of value. We concluded a unit rate of \$32 by giving a higher weight to sales 2 and 4.

Conclusion of Value Via the Sales Comparison Approach

	<u>January 1, 2022</u>	
Concluded Value Per SF - Ground Floor Area	\$32.00	
Ground Floor Building Size - Square Foot	<u>203,669</u>	
Ground Floor Value		\$6,517,408
Sales Comparison Approach Conclusion, rounded		<u><u>\$6,520,000</u></u>

***RETROSPECTIVE MARKET VALUE OF THE SUBJECT PROPERTY
VIA THE SALES COMPARISON APPROACH:***

AS OF JANUARY 1, 2022

SIX MILLION FIVE HUNDRED TWENTY THOUSAND (\$ 6,520,000) DOLLARS

The above value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Income Approach

Definition of the Income Approach

According to The Dictionary of Real Estate Appraisal, Seventh Edition, (Appraisal Institute, 2022), the Income Approach is defined as:

Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

Discussion of Methodology

Income-producing real estate is typically developed, owned, and operated with the objective of creating value by renting space to users who will pay rental rates high enough to cover the operating expenses, fixed costs, and a profit on, as well as a return of, the original investment. “When the fee simple interest is valued, the presumption is that property is available to be leased at market rents.” (15th Edition of The Appraisal of Real Estate, Page 415). The interest being appraised is the fee simple interest. As a result, the property has been appraised as if unencumbered by a lease as of the valuation date.

The most commonly employed technique in the valuation of the fee simple interest in this type of real estate is the direct capitalization of net operating income with an adjustment for stabilization costs. This technique can be summarized as follows:

- A. Estimate the gross potential rental income that the property is capable of producing.
- B. Deduct an appropriate vacancy and collection loss factor to arrive at the stabilized estimated effective gross rental income.
- C. Deduct the estimated expenses to arrive at the net operating income.
- D. Capitalize the net operating income at an appropriate rate to reflect return on and return of the investment to yield a value indication.
- E. Subtract stabilization costs.

In this approach, the appraiser studies the market to determine the appropriate rental rates, prevailing occupancy levels, expense levels, etc., in order to arrive at an estimate of net operating income (NOI). The estimated NOI is then divided by an appropriate capitalization rate to provide an estimate of value for the property.

Market Level Rent

The analysis of the subject property is as an existing retail store facility. In order to analyze the income (market rent) potential of this commercial retail building, we have estimated a rental rate based upon the comparison of market rent from similar existing buildings. The following is a summary of the rent comparables used in our analysis to estimate the market rent for the subject retail store facility. There are two types of lease transactions. One is the lease of an existing retail

building, and the other type of retail rental transactions are build-to-suit leases, i.e., for buildings not yet in existence but to be constructed to a tenant's specifications, which is a form of financing for the store operator/tenant. Build-to-suit leases represent rents for proposed buildings but do not represent rents that are achievable for existing buildings. In addition, build-to-suit leases do not meet the definition of market rent since they are not buildings that were offered for lease on the competitive and open market. The lessor is not typically motivated since the lessor is the builder and is motivated by the potential profit on the construction. The following is the definition of market rent from the 15th Edition of The Appraisal of Real Estate.

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, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs).*

The analysis of the subject property is as an existing big box retail store facility. In order to analyze the income (market rent) potential of this commercial building, we have estimated a rental rate based upon the comparison of market rent from existing buildings. The following is a summary of the rent information considered in our analysis. The leases are presented in a NNN basis.

Lease Comparable Summary								
Retail Store, Neenah, WI								
#	Tenant	Address	Lease Date	Lease Size (SF)	Lease Rate/SF	Lease Term	Year Built	Terms
Build-to-Suit Big Box and Junior Box Leases (leased prior to construction)								
1	Dick's Sporting Goods	9899 76th, Kenosha, WI	Sep-08	50,000	\$13.50	10.0 Yrs.	2008	Flat rate
2	Hobby Lobby	803 Pilgrim Way, Green Bay, WI	Feb-11	55,000	\$9.25	15.0 Yrs.	2011	N/A
3	Festival Foods	2233 Humes, Janesville, WI	Sep-15	72,500	\$12.46	15.0 Yrs.	2015	5 Yr. Bumps
4	Dick's Sporting Goods	345 Discovery, Brookfield, WI	Aug-16	50,000	\$14.00	10.0 Yrs.	2016	5 Yr. Bumps
5	Cabela's	1350 Cabela Drive, Madison, WI	Sep-17	90,387	\$15.69	22.0 Yrs.	2017	10 Yr. Bump
6	At Home	10800 Assembly Park, Wixom, MI	Aug-18	107,092	\$10.75	15.0 Yrs.	2018	N/A
Average Lease Size SF				70,830				
Minimum Lease Rate/SF:				\$9.25				
Maximum Lease Rate/SF:				\$15.69				
Average Overall Lease Rate/SF:				\$12.61				

Big Box Leases (existing stores)								
7	Garden Ridge	4641 Lafayette, Indianapolis, IN	Oct-07	108,900	\$4.75	12	1994	N/A
8	Big R	1401 W 26th, Marion, IN	Aug-09	94,875	\$1.60	14	2003	N/A
9	Furniture Outlet	14201 Manchester Rd., Ballwin, MO	Aug-10	106,800	\$6.00	N/A	1994	N/A
10	Garden Ridge	1325 N. Meacham Rd., Schaumburg, IL	Sep-10	104,546	\$3.00	N/A	2001	N/A
11	Art Van Furniture	7150 S. Cicero Ave, Bedford Park, IL	Mar-13	84,505	\$6.00	10.0 Yrs.	1992	\$0.50 in Yr. 6
12	Walmart	17550 S. Halsted, Homewood, IL	Aug-13	196,000	\$3.06	10.0 Yrs.	1992	None
13	At Home	4620 Stadium Dr, Kalamazoo, MI	Nov-13	84,000	\$2.85	5.0 Yrs.	1974	N/A
14	At Home	3100 Washtenaw Ave., Ypsilanti, MI	Dec-13	91,743	\$3.60	5.0 Yrs.	1960	N/A
15	Kohl's	9404 State Road 16, Onalaska, WI	Feb-14	86,398	\$6.62	10.0 Yrs.	1992	Renegotiate
16	Floor & Décor	3430 Highland Ave, Cincinnati, OH	Jun-14	79,348	\$5.50	10.0 Yrs.	1994	N/A
17	At Home	10331 University, Clive, IA	May-15	91,030	\$6.39	N/A	1991	N/A
18	At Home	3201 N. Mayfair, Wauwatosa, WI	Oct-15	100,801	\$5.35	5.0 Yrs.	1969	None
19	At Home	4601 S. 27th, Greenfield, WI	Feb-16	116,805	\$4.71	10.0 Yrs.	1995	None
20	At Home	2101 S. Telegraph, Bloomfield Hills, MI	Sep-16	120,650	\$5.60	10.0 Yrs.	1993	\$0.15 in Yr. 6
21	G4CE Entertainment	28300 Dequindre, Warren, MI	Nov-17	101,773	\$4.75	5.0 Yrs.	1993	None
22	Floor & Décor	14453 Hall Rd., Shelby Twp, MI	Sep-19	91,500	\$5.79	10.0 Yrs.	2000	None
23	At Home	2201 Zeier Rd., Madison, WI	Oct-19	94,105	\$6.95	--	1987	--
24	Listing (Former Kmart)	1200 W Fond Du Lac, Ripon, WI	Listing	86,479	\$5.00	--	1988	--
25	Listing (Former Shopko)	N66W25201 Silver Spring Dr., Sussex, WI	Listing	80,039	\$6.00	--	2009	--
Average Lease Size SF				101,068				
Minimum Lease Rate/SF:				\$1.60				
Maximum Lease Rate/SF:				\$6.95				
Average Overall Lease Rate/SF:				\$4.92				

Junior Box Leases (existing space)								
26	Hobby Lobby	1126 S. Koeller, Oshkosh, WI	Feb-07	52,016	\$5.75	N/A	1980	N/A
27	Big Lots	2781 Aurora Ave., Naperville, IL	Jan-13	50,000	\$4.50	6.0 Yrs.	1985	N/A
28	Hobby Lobby	2406 Green Bay Rd, Racine, WI	Feb-13	55,000	\$4.50	10.0 Yrs.	1988	N/A
29	Gordman's	7500 Green Bay Rd., Kenosha, WI	Aug-13	50,000	\$8.45	10.0 Yrs.	1994	4.5% in Yr. 6
30	Bed Bath & Beyond	7500 Green Bay Rd., Kenosha, WI	Oct-13	25,000	\$11.19	10.0 Yrs.	1994	Flat
31	Hobby Lobby	N95W18723 Cty. Line, Menomonee Falls, WI	Sep-14	60,944	\$5.63	10.0 Yrs.	1987	N/A
32	Burlington Coat Factory	5914 75th Street, Kenosha, WI	Oct-16	46,471	\$5.70	12.5 Yrs.	1980	5 Yr. Bump
Average Lease Size SF				48,490				
Minimum Lease Rate/SF:				\$4.50				
Maximum Lease Rate/SF:				\$11.19				
Average Overall Lease Rate/SF:				\$6.53				

The above data reflects a 61% difference between the build-to-suit leases and the leases of existing buildings before considering differences in age, location, date of lease.

It should be noted that existing big box store buildings as opposed to big box store buildings to be built are not often leased in the open market. When there is a lease, it is generally a financing transaction with a build-to-suit lease when built or a sale-leaseback. When the fee simple interest in an existing big box store is put on the market it is often offered for lease or sale but will generally sell before it is leased. As a result, there are not many lease comparables for big box stores. The above leases represent the best market rent comparables available for the existing subject big box store building.

Unleased big box stores are most often sold to users rather than investors so there is not a lot of leasing activity for existing big box stores (80,000 SF and above), especially for the size of the subject property. This necessitates the use of smaller and older store leases to determine market rents for the subject property. This is reflected in our lease comparables for existing retail buildings which are generally older buildings than the subject thereby resulting in lower rents. Most are also significantly smaller than the subject property which results in higher rents per square foot than could be achieved at the subject property. These differences are offsetting to various degrees. Although age is relevant, it is less significant for a lease than it is for a sale. The use of smaller and older leases to determine market rents for the subject property results in a less reliable determination of market rent than if leases of similar size and age buildings were available close to the valuation date under consideration. Also, for store buildings greater than 80,000 sf we have not observed size as impacting selling price; however, for leased store buildings we have observed a significant inverse relationship between size and market rent.

Analysis of Comparable Leases

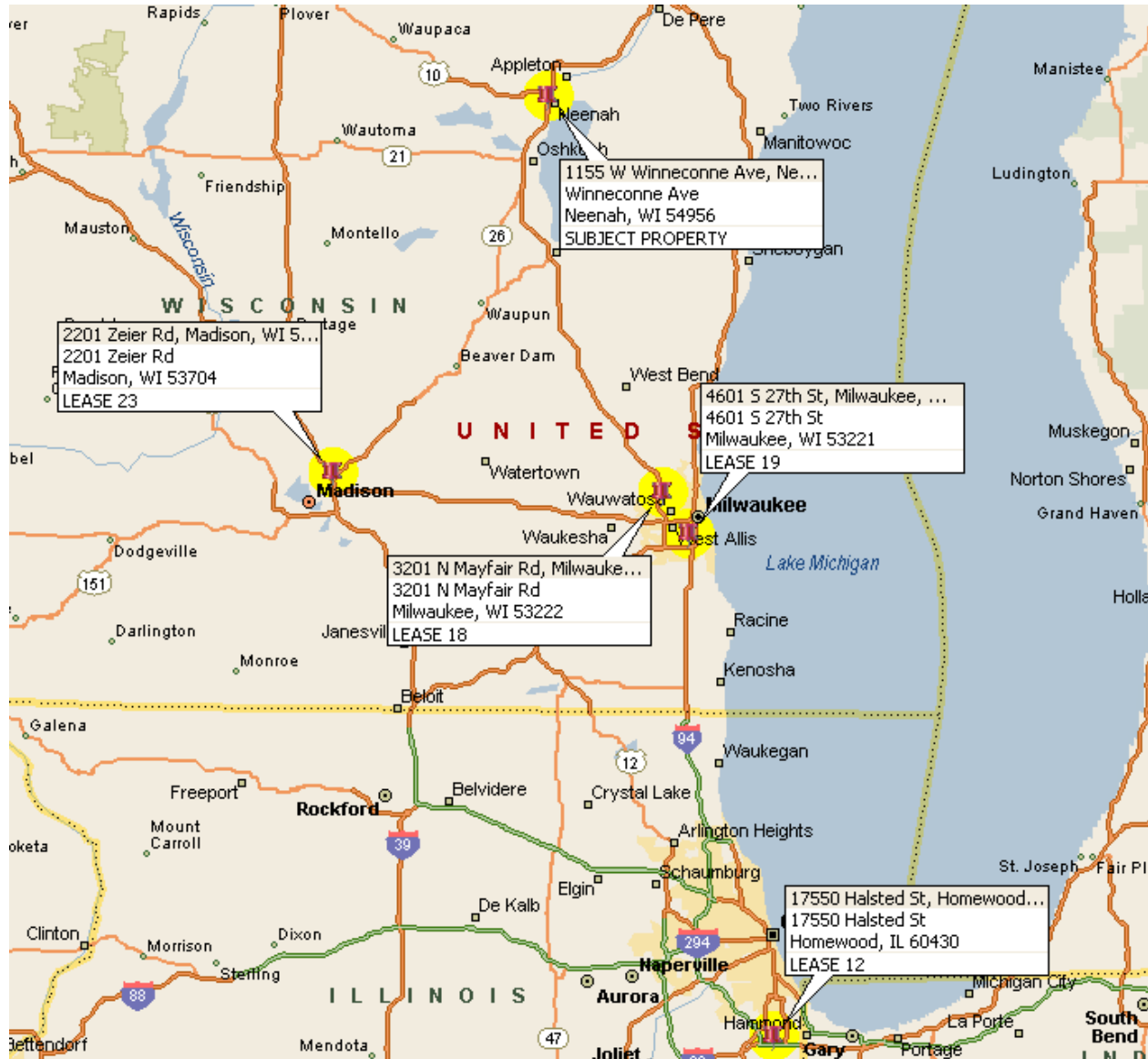
The build-to-suit lease comparables presented in the previous chart indicate a range in rental rates (NNN) from \$9.25/SF to \$15.69/SF, with an overall average of \$12.61/SF. The rental range for leases of existing big box stores was lower, ranging from \$1.60/SF to \$6.95/SF, and an average of \$4.92/SF. The junior box leases had a higher range than that for existing big box store properties, with a range of \$4.50/SF to \$11.19/SF, and an average of \$6.53/SF.

It is possible and very likely that several of the leases included tenant improvement allowances (TIs) as a part of the lease, which may be reflected in the higher lease rates. We were not able to verify the TIs for all of the leases at the time of lease up. If the TIs were known and considered the result would be lower rent indicators because the rent paid would be for a combination of the leased property and a tenant allowance.

Because the subject is an existing building, a lease rate for an existing big box store would be most applicable. The most relevant existing store comparable leases include Walmart (12), At Home (18), At Home (19), and At Home (23). The Walmart lease in Halsted is the largest sized lease, while the three At Home leases are in Wisconsin and are near to the date of value for the subject. The appraiser considered the asking rents for the two existing big box stores in Wisconsin but asking rents can vary widely and are not often indicative of an eventual lease rate. Therefore, asking rents are less reliable, especially with larger size properties.

The following includes a map of the comparable leases as well as write-ups of the lease transactions.

MAP OF COMPARABLE LEASES



COMPARABLE LEASE 12



Comparable Lease 12

Property Name:	Walmart	Lease Analysis	
Property Address:	17550 Halsted	Lessor:	Seritage KMT Finance
Municipality:	Homewood, IL	Lessee:	Walmart
Building Description		Lease Date:	Aug-13
Building Area (SF):	196,000	Lease Term:	240 Months
Year Built:	1992	Rental Rate/SF NNN:	\$3.06
MVS Classification:	Class C	Tenant Improvement Allowance:	\$0.00/SF
Site Description		Rental Concessions:	None
Land Area (Acres):	18.94	Location Analysis	
Parking:	Asphalt	Population (5-Mile):	210,930
Land-to-Building Ratio:	4.21	Households (5-Mile):	77,302
Traffic Count:	34,900	Median HH Income (5-Mile):	\$63,828
		Average Consumer Spending:	\$48,644

COMPARABLE LEASE 18



Comparable Lease 18

Property Name:	At Home	Lease Analysis	
Property Address:	3201 N. Mayfair	Lessor:	Fundamentals Company
Municipality:	Wauwatosa, WI	Lessee:	At Home Stores
Building Description		Lease Date:	Oct-15
Building Area (SF):	100,801	Lease Term:	60 Months
Year Built:	1969	Rental Rate/SF NNN:	\$5.35
MVS Classification:	Class C	Tenant Improvement Allowance:	\$0.00/SF
Site Description		Rental Concessions:	None
Land Area (Acres):	10.37	Location Analysis	
Parking:	Asphalt	Population (5-Mile):	297,030
Land-to-Building Ratio:	4.48	Households (5-Mile):	120,727
Traffic Count:	45,400	Median HH Income (5-Mile):	\$64,313
		Average Consumer Spending:	\$51,988

COMPARABLE LEASE 19



Comparable Lease 19

Property Name:	At Home	Lease Analysis	
Property Address:	4601 S 27th, St.	Lessor:	Marion-Delaware, LLC
Municipality:	Greenfield, WI	Lessee:	At Home Stores
Building Description		Lease Date:	Feb-16
Building Area (SF):	116,805	Lease Term:	120 Months
Year Built:	1995	Rental Rate/SF NNN:	\$4.71
MVS Classification:	Class C	Tenant Improvement Allowance:	\$0.00/SF
Site Description		Rental Concessions:	None
Land Area (Acres):	10.77	Location Analysis	
Parking:	Asphalt	Population (5-Mile):	342,966
Land-to-Building Ratio:	4.02	Households (5-Mile):	140,411
Traffic Count:	35,896	Median HH Income (5-Mile):	\$58,476
		Average Consumer Spending:	\$44,355

COMPARABLE LEASE 23



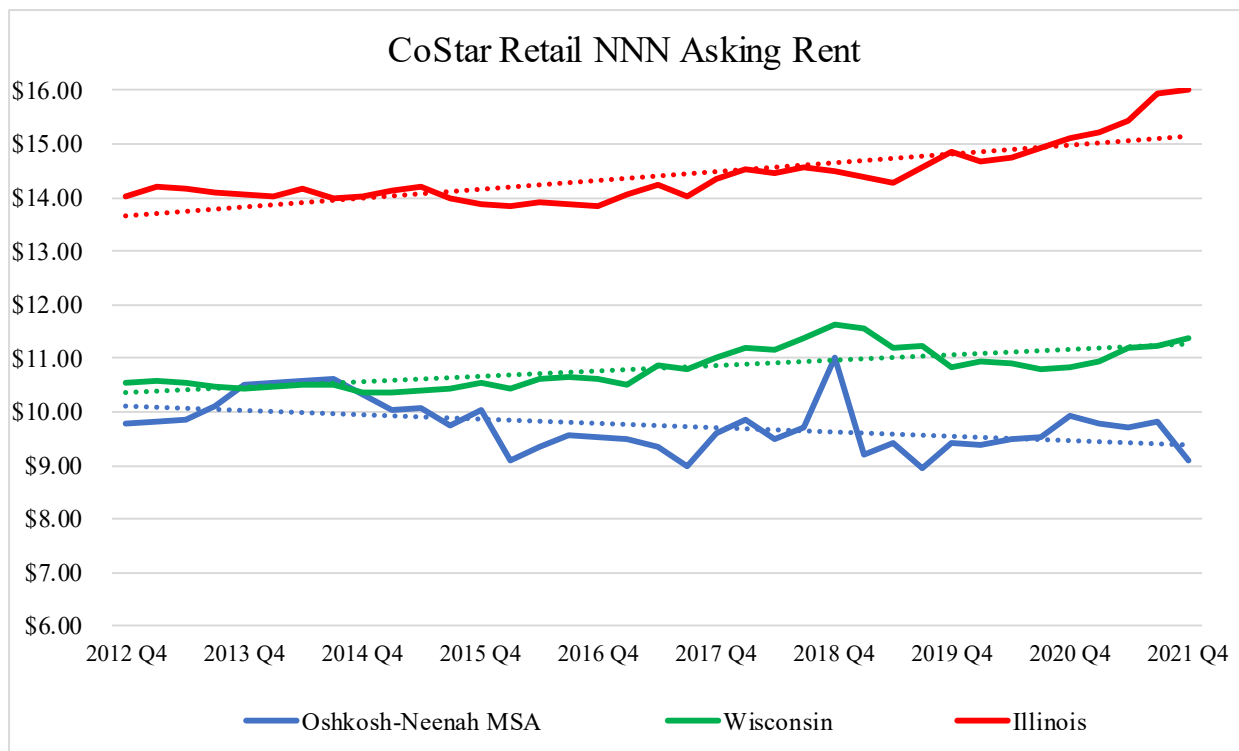
Comparable Lease 23

Property Name:	At Home	Lease Analysis	
Property Address:	2201 Zeier Rd.	Lessor:	Flintlock Capital
Municipality:	Madison, WI	Lessee:	At Home
Building Description		Lease Date:	Oct-19
Building Area (SF):	94,105	Lease Term:	120 Months
Year Built:	1987	Rental Rate/SF NNN:	\$6.95
MVS Classification:	Class C	Tenant Improvement Allowance:	\$0.00/SF
Site Description		Rental Concessions:	None
Land Area (Acres):	7.20	Location Analysis	
Parking:	Asphalt	Population (5-Mile):	119,968
Land-to-Building Ratio:	3.33	Households (5-Mile):	54,883
Traffic Count:	22,800	Median HH Income (5-Mile):	\$77,529
		Average Consumer Spending:	\$54,839

These most relevant comparables have been analyzed and adjusted for differences when compared to the subject. A market conditions adjustment was considered based upon the changes in the average asking rents from across Wisconsin, Illinois, and the Oshkosh-Neenah MSA. Based upon the data, a market conditions adjustment has not been applied to the comparables through January 1, 2022.

Rental Trends

The following charts exhibit the changes in asking rents of retail properties in Wisconsin, Illinois, and Oshkosh-Neenah County, as surveyed by CoStar Property. The CoStar data shows upward trends in each of these surveyed areas. Based upon the data, the Oshkosh-Neenah MSA has experienced an average annual asking rent decline of 0.80% from 2013 through 2021, while Wisconsin and Illinois experienced annual growth rates of 0.88% and 1.47%, respectively.



In addition to this adjustment for market conditions (1.5% annually), the market leases have been adjusted similar to the comparables utilized in the sales comparison approach. The following table summarizes the adjustments completed to the lease comparables.

Lease Comparable Adjustment Table

	Subject	12	18	19	23
Tenant	Walmart	Walmart	At Home	At Home	At Home
City	Neenah, WI	Homewood, IL	Wauwatosa, WI	Greenfield, WI	Madison, WI
Lease Date		Aug-13	Oct-15	Feb-16	Oct-19
Building Size	203,669	196,000	100,801	116,805	94,105
Year Built	2003	1992	1969	1995	1987
Lease Rate		\$3.06	\$5.35	\$4.71	\$6.95
Conditions of Lease		-	-	-	-
Market Conditions (2022)		12.00%	8.00%	7.00%	2.00%
		\$3.43	\$5.78	\$5.04	\$7.09
Characteristic Adjustments					
Size		100.0%	95.0%	95.0%	95.0%
Arterial		110.0%	105.0%	110.0%	115.0%
Demographic		90.0%	90.0%	90.0%	95.0%
Retail Submarket		85.0%	85.0%	80.0%	80.0%
Age/Condition		105.0%	115.0%	105.0%	110.0%
Adjustment Factor		88.36%	87.76%	79.00%	91.33%
Indicated Rent per SF		\$3.03	\$5.07	\$3.98	\$6.47
Traffic	97,800	34,900	45,400	35,896	22,800
Population (5-Mile)	63,519	210,930	297,030	342,966	119,968
Med. HH Income (5-Mile)	\$61,060	\$63,828	\$64,313	\$58,476	\$77,529
SubMkt Eff. Asking Rent 2021 Quarterly Avg.	\$8.09	\$11.99	\$11.50	\$12.75	\$14.95

Minimum Adjusted Lease Rate/SF	\$3.03
Maximum Adjusted Lease Rate/SF	\$6.47
Average Adjusted Lease Rate/SF	\$4.64
Median Adjusted Lease Rate/SF	\$4.53

With consideration of each of these four adjusted rent comparables as well as the previously mentioned existing store rent comparables and the location and features of the subject retail store property, the following retrospective triple net market rental rate has been concluded for the subject retail store property as of the date of value. Overall, we have concluded the following triple net market rental rate for the subject as of the date of value.

- January 1, 2022 - \$4.50/SF

Vacancy and Credit Loss

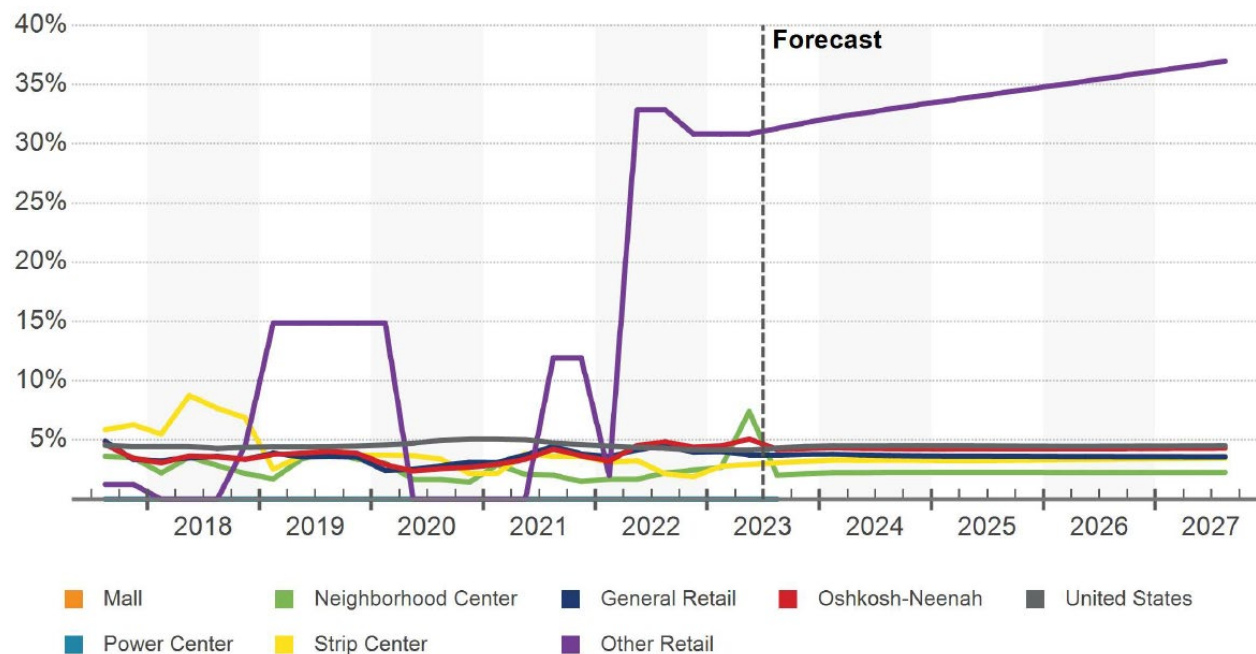
Based on a review of the subject market, data from third party providers and conversations with real estate brokers, we have estimated a vacancy and credit loss factor for the subject property.

The following table presents the surveyed vacancy for the subject market from Costar Property.

Surveyed Market Vacancy

Period	Costar Winnebago County Vacancy	CoStar Subject 5-Mile Retail Market Vacancy
4th Q 2021	3.7%	6.1%

The following chart is from Costar’s Retail Market Report for the Oshkosh-Neenah-WI area. The table shows historical and forecasted vacancy rates for the area and United States. Further, the chart shows vacancy rates for several differing retail property types.



Overall, we have included a vacancy and credit loss factor of 5% for the retail store property as of the date of value. This would equate to approximately 6 months of uncollected rent every 10 years. This 5% vacancy conclusion reflects stabilized occupancy but does not consider the cost of achieving stabilized occupancy. Because of the retail store property’s size, design, and location, it takes longer to lease this type of property; but, after it is leased, it is typically leased with at least a 10-year term. When offered for lease, existing big box properties, like the subject, often remain on the market for a number of years before being leased.

Additionally, there are numerous other examples of extended vacancy periods for big box stores across Wisconsin. Lowe’s in Brown Deer was vacant for more than two years before it was sold in late 2013. The former Walmart on West Hope in Milwaukee closed in 2016 and was still available

as of the January 1, 2022 date of value. The former Shopko in Sussex had been closed since April 2019 and had been available for sale (sold in May 2021) through the January 1, 2022 date of value. In addition to these Sussex and Milwaukee area examples, the following are additional examples in southeast Wisconsin. The former Target store in Kenosha was closed in 2008 and remained vacant until 2013, after it was sold and demised into a multi-tenant facility. Additionally, the former Walmart on 52nd Street in Kenosha has been vacant and marketed for lease or sale since 2008 and through 2019. The former Shopko in Chippewa Falls had been closed since April 2019 and had been available for sale until it sold in October 2020. The former Shopko in Rothschild had been closed since April 2019 and had been available for sale until it sold in April 2021. The former Shopko in Fond Du Lac had been closed since April 2019 and had been available for sale until it sold in May 2021. The former Sears and Younkers, located at Fox River Mall in Appleton, were vacant and have remained so since these stores were closed in early 2019 and early 2018, respectively. Lastly, the Kmart in Plymouth, WI closed in early 2015 and has remained vacant for more than six years since this closing.

Reimbursable Operating Expenses

Our research indicates that the market level rent would typically be on a triple net lease with the tenant reimbursing for common area maintenance (CAM) and insurance. Normally, property taxes would be included as a reimbursable expense, but will be accounted for by utilizing a tax loaded cap rate. The operating reimbursable operating expense estimates are as follows.

- CAM Expenses – estimated at \$1.20/SF CAM Expenses estimated for the subject property. *IREM Income/Expense Analysis* for 2019 Shopping Centers in the United States reports a range in CAM expenses of \$0.92/SF to \$2.51/SF with a median of \$1.66/SF. The appraiser has also considered the following expense comparables for big box retail CAM reimbursements.

<u>Big Box Retail CAM Expense Comparables</u>			
ExpComp 1	ExpComp 2	ExpComp 3	ExpComp 4
\$1.18	\$1.34	\$0.86	\$1.19

- Property Taxes – based upon the value reached via this approach and applicable tax rates for the year.
- Insurance Expense – estimated at \$0.20/SF. *IREM Income/Expense Analysis* for 2019 reports a range in insurance expenses of \$0.14/SF to \$0.34/SF with a median of \$0.21/SF.

Our research indicates that the market level rent would typically be a triple net lease with the tenant reimbursing for common area maintenance (CAM) and insurance.

Unreimbursed Operating Expenses

Management Fee - Management fees are intended to cover the administrative effort and cost necessary to manage the subject property. This includes rent collection and supervising building capital improvements. Management fees typically range from 2 percent to 5 percent of effective

gross income for properties like the subject facility. Because the property will be triple net, leased to a single-tenant for a long term, we believe a management fee of 3 percent of effective gross income is most appropriate for the subject facility.

Reserves for Capital Improvements - The landlord is responsible for making capital improvements. These improvements include periodic structural repair or renovations necessary to re-position the property in the market. The PWC Real Estate Investor Survey for 1st Quarter 2021 indicates that, across several different types of investors, a reserve of \$0.10/SF to \$0.50/SF is utilized. Based upon the subject’s age, we have deducted \$0.25/SF as an annual reserve amount for future capital improvements.

Net Operating Income

The net operating income is equal to the gross annual income less vacancy and credit loss less the expenses incurred by the landlord before including property taxes. The calculation of the net operating income before property taxes as of the date of value is presented in the following table.

INCOME STATEMENT			
Retail Store, Neenah, WI			
INCOME	as of		
	<u>January 1, 2022</u>		
Rental Income			
Building Size SF (Ground Floor)	203,669		
Rental Rate per SF	<u>\$4.50</u>		
Rental Income		\$916,511	
Reimbursement Income			
CAM		\$244,403	
Insurance		<u>\$40,734</u>	
Potential Gross Income			\$1,201,647
Less: Vacancy & Credit Loss	@ 5.0%		<u>\$60,082</u>
Effective Gross Income (EGI)			\$1,141,565
EXPENSES			
CAM	@ \$1.20 per SF	\$244,403	
Insurance	@ \$0.20 per SF	\$40,734	
Management Fee	@ 3% of EGI	\$34,247	
Reserve for Replacement	@ \$0.25 per SF	<u>\$50,917</u>	
Total Expenses			<u>\$370,301</u>
NET OPERATING INCOME (NOI)			<u><u>\$771,264</u></u>
<i>Source: Allen & Associates</i>			

Determination of Overall Rate

We are valuing the subject as of January 1, 2022. The determination of an overall capitalization rate has been accomplished by analysis of capitalization rates derived from single-tenant retail building and center sales, band-of-investment, and investor surveys for this time-period. The capitalization rate derived should be extracted from sales that were not influenced by a construction contract or the credit-rating of the tenant. Further, capitalization rates for leased properties reflect less risk for properties that are not leased.

The goal here is to estimate an overall rate to value a fee simple interest, not a leased fee interest. Unfortunately, overall rate sources are for leased fee rates. A leased fee overall rate is generally lower than a fee simple rate because of the many risks involved in a fee simple interest that do not exist in a leased fee interest including the need to find a tenant, negotiate a lease, possibly provide a tenant improvement allowance, or make changes. Additionally, the leased fee overall rate is based upon the credit of the tenant and without a known tenant there is uncertainty in the strength of the tenant and term of the lease.

Band-of-Investment - The band-of-investment technique of deriving an overall rate is based on current mortgage and equity requirements. These figures are weighted and combined to arrive at an overall rate. The band-of-investment technique used in this analysis is based on the formula: $Ro = (M * Rm) + ((1-M) * Re)$.

Where:

- Ro = the overall rate
- M = loan to value ratio
- Rm = loan constant
- Re = equity dividend rate

We have referenced survey data from *Realtyrates.com* in their estimation of the respective interest rates, loan to value ratio and equity dividend rate.

Band-of-Investment Technique			
Description	Retail - Free Standing		
	Minimum	Maximum	Average
1st Quarter 2022, Realtyrates.com			
Interest Rates	2.89%	9.03%	4.71%
Amortization Period	40	15	28
Mortgage Constant	0.04220	0.12190	0.06494
LTV	80.0%	60.0%	70.0%
Debt Coverage Ratio	1.18	1.67	1.42
Equity Dividend Rate	7.71%	16.88%	11.84%
Band of Investment Technique	4.92%	14.07%	8.10%

Investment Surveys - The following chart summarizes investor capitalization rate survey data from *PWC Real Estate Investor Survey*, *Realtyrates.com Investor Survey* and *Boulder Group Net Lease Big Box Report* (asking rates). As of the 4th Quarter 2021, the PWC survey did not include the Non-Institutional Power Center category as it had in years past. However, the survey does include the non-institutional strip shopping center, which indicates a 50-basis point premium for non-institutional retail properties. The Retail – Free Standing was the most appropriate comparative category from Realtyrates.

Industry Publications				
Capitalization Rates				
Publication	Survey Date	Property Type	OAR Range	Average
January 1, 2022 Date of Value				
PWC RE Investor Survey	4th Q 2021	National Power Center National Net Lease	5.50%-8.25% 5.00%-7.50%	6.63% 6.22%
Boulder Group Net Lease Big Box Report	4th Q 2021	Median Asking Cap Rate - National Median Asking Cap Rate - Midwest	N/A N/A	6.25% 6.75%
Realtyrates.com	1st Q 2022	Retail - Free Standing	4.92%-14.07%	9.75%

In general, the retail market in Wisconsin would be considered riskier than the average of the national investment surveys due to the economic conditions in the Midwest and the fact that the greatest demand for properties is on the two coasts. The Boulder Group Survey indicates higher cap rates in the Midwest when compared to the east and west coasts. Due to desirability and risk, properties in the Midwest require higher returns than in major markets on the east and west coasts.

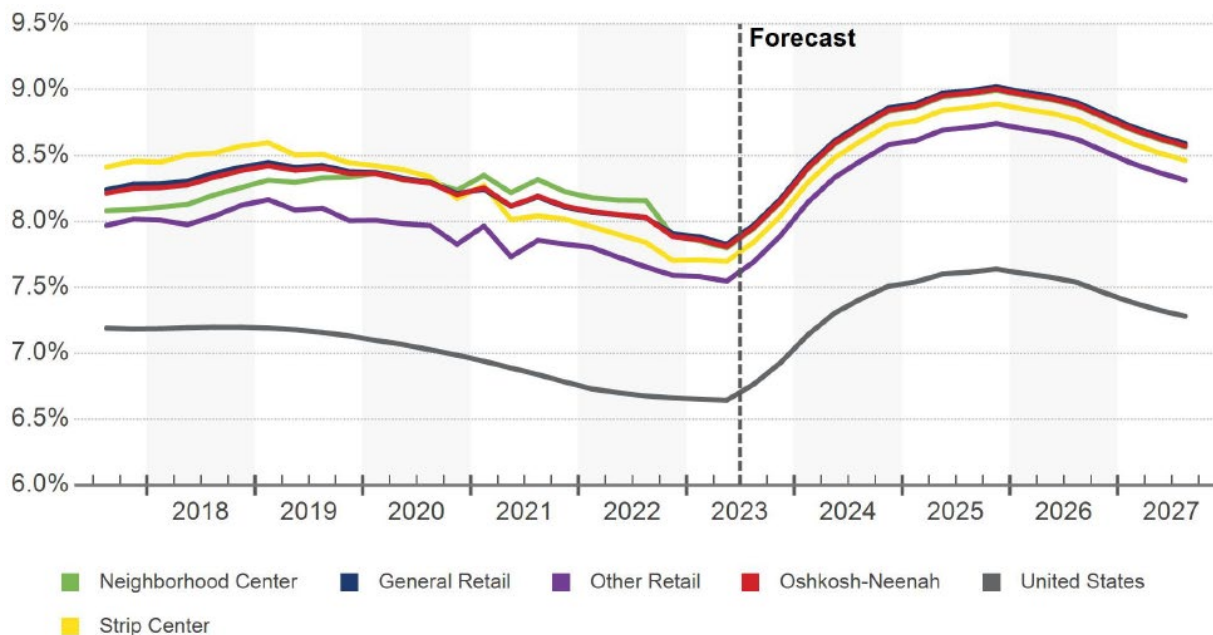
Properties such as the subject are often involved in sale leasebacks and long-term leases such that when they sell the capitalization rate is based primarily on the credit of the tenant and the term of the lease. Our capitalization rate conclusion as best as possible is not based upon the credit of a particular tenant and reflects capitalization rates for the valuation of a fee simple interest in the subject property. A buyer of this property without a tenant in place would have to locate a tenant and negotiate a lease before he would have the benefit of the value that could be created by utilizing the credit of the tenant.

RERC Sales Study - The Situs RERC report further segmented their cap rate study based upon credit rating for big box retail properties over 50,000 SF. The following table summarizes their survey findings.

	Investment Grade	Non-Investment Grade	Not Rated
Median Sale Price/SF	\$103.36	\$134.28	\$119.56
Average Sale Price/SF	\$128.34	\$136.70	\$124.99
Median Cap Rate	6.57%	7.25%	7.50%
Average Cap Rate	6.73%	7.66%	8.50%
Average Building Size (SF)	123,562	81,052	80,231
Average Year Built	1998	2005	2001
Average Land to Building Ratio	4.9	4.4	4.8
Average ZIP Code Median Household Income	\$55,543	\$58,487	\$60,445
Average ZIP Code Population	31,741	39,291	34,732
# of Transactions	64	42	56

The retail store property would fall under the “Not-Rated” category considering the fact that its size is more than twice as large as the “Not-Rated” sample average and its population size is smaller than the figure for the the average “Not-Rated” sale.

Costar Capitalization Rates - The following chart is from Costar’s Retail Market Report for the Oshkosh-Neenah-WI area. The table shows historical and forecasted market cap rates for the area and United States. Further, the chart shows market cap rates for several differing retail property types. As the chart indicates, the capitalization rate for General Retail and for the Oshkosh-Neenah was slightly above 8.00% as of the date of value. The surveyed market cap rate for the United States has historically been near to 100 basis points lower than the subject market cap, indicating the riskier nature of the subject retail market.



Conclusion of Overall Capitalization Rate

The band of investment indicates a range of approximately 5% to 14% with an average of 8.10% for the valuation date. The subject capitalization rate would fall within this range. The Boulder asking rates of 6.75% in the Midwest represents rates for properties with the risk reduced by a credit tenant. The survey data for Realtyrates Retail-Free Standing indicates an average rate of 9.75%. The surveyed market cap rates by Costar for the Oshkosh-Neenah area indicates cap rates of slightly higher than 8.00% as of the date of value. The subject property is considered riskier than then the average national surveyed retail rates due to its property type, size, and its location in the Midwest in a small retail market.

Based on an analysis of the market-derived rates, band of investment-derived rates, the retail store property’s attributes, and investment surveys, the overall capitalization rate for the retail store property is as following:

- January 1, 2022 – 8.50%

In addition to the concluded overall rate, the property taxes need to be considered by loading the overall rates with the tax rate. In the subject’s appraisal, it is concluded that the lease is a NNN lease with property taxes being reimbursed by the tenant during periods of occupancy and being paid by the property owner during times of vacancy. Therefore, the tax rate loaded to the overall rate is the portion that the ownership would pay during periods of vacancy. The following table presents the conclusion regarding the tax loaded overall rate for the date of value.

	<u>January 1, 2022</u>
Estimated Tax Rate	2.09825%
Conclude Vacancy	<u>5.0%</u>
Tax Load	0.1049%
Concluded Overall Rate	<u>8.50%</u>

Conclusion of the Income Approach

Our Income Approach is based on the market value of the fee simple interest. The valuation of the fee simple interest using an Income Approach assumes that the property is available for lease as of the date of value and further that it will be leased at market rent after purchase and a reasonable lease-up and stabilization period of time. The valuation analysis needs to consider appropriate lease-up costs and loss in income over the lease-up period. The Appraisal of Real Estate, 15th Edition addresses the holding or stabilization cost that an appraiser should consider when the subject property is not leased at stabilized occupancy.

"In its classic form the cost approach estimates fee simple value without consideration of the costs or benefits associated with leasing. However, adjustments can be made to account for the value difference between a fee simple property and a leased fee, depending on the property rights being appraised. Appraisers may need to consider the holding costs that accrue during the leasing phase of property development along with other indirect costs such as leasing commissions, marketing costs, and rent concessions. Tenant finish costs may also be necessary to achieve stabilized occupancy and, if so, they must be added as a cost when valuing a leased fee." (page 530).

One important and necessary cost to achieve stabilized occupancy is the leasing fees that need to be paid to locate a tenant and negotiate a lease. The Appraisal of Real Estate, 15th Edition addresses leasing commissions on page 455.

"Leasing commissions are fees paid to an agent for leasing tenant space. In direct capitalization, leasing commissions are either treated as a normalized annual expense or included below the line in the reconstructed operating statement, depending on local market convention."

We have found that the market for big box stores accounts for leasing commission as a one-time cost rather than an annual expense. That cost is typically paid at the time of lease signing. Our interviews with commercial brokers that lease big box stores indicate that a normal commission is 6% over the first five years of the lease or 3% over the first 10 years. Both methods will result in the same commission. We have accounted for this cost in our income approach to value. We

have based the leasing fee on the market norm of 6 percent of estimated schedule base rental revenue for the first five years of the lease term.

Estimate of Leasing Commissions	January 1, 2022
Annual Base Rental Income	\$916,511
First Five Years	<u>5</u>
Lease Base Rental Income Value	\$4,582,553
Leasing Commission	<u>6.00%</u>
Estimated Leasing Commission	\$274,953

Another cost for achieving stabilization is the holding costs during lease-up. The holding cost deduction accounts for the loss of return to the investor during lease-up as well as the lost reimbursement for property expenses that the property owner is responsible for when the property is not leased or occupied.

Big box stores take longer to find a tenant, negotiate a lease, and put a tenant in place than most properties. Through Costar Property, the appraiser searched for the average months on market for leased retail space in Wisconsin that was larger than 50,000 SF from 2016 through the date of value. The data indicated that the average “months on market” was 17.7 months. In the case of the retail store property, we have concluded that an investor would anticipate a minimum vacancy period of 12 months to find the tenant, negotiate the lease and put the tenant in place. The following presents the calculation for holding costs as estimated for the retail store property.

Holding Cost Estimate	January 1, 2022
Annual Base Rental Revenue	\$916,511
Annual Reimbursement Revenue	<u>\$285,137</u>
Annual Potential Gross Income	\$1,201,647
Estimated Lease Up Period (Months)	<u>12.00</u>
Estimated Holding Cost	\$1,201,647

No deductions were made for other costs such as marketing and rent concessions incurred to achieve stabilized occupancy. Such costs would be covered by the broker. Rent concessions and tenant improvements were adjusted for in the rent analysis and conclusions relating to market rent.

The resulting estimation of the value for the subject property derived using the direct capitalization method is presented as follows.

Conclusion of Income Approach w/o Property Taxes Included as Expense

	<u>January 1, 2022</u>
Net Operating Income	\$771,264
Divided By: Overall Rate (tax loaded)	<u>8.6049%</u>
Capitalized Net Operating Income	\$8,963,066
Less: Leasing Commissions	-\$274,953
Holding Costs	<u>-\$1,201,647</u>
 Income Approach Conclusion, rounded	 <u><u>\$7,490,000</u></u>

As a check on the valuation, we have applied a non-tax loaded capitalization rate to a net operating income figure that was calculated, including the property taxes as an expense. The taxes are then iterated/estimated based upon the value concluded via the approach. The following table provides an analysis with the unloaded overall capitalization rate:

INCOME STATEMENT	
Retail Store, Neenah, WI	
INCOME	as of
Rental Income	January 1, 2022
Building Size SF (Ground Floor)	203,669
Rental Rate per SF	\$4.50
Rental Income	\$916,511
Reimbursement Income	
CAM	\$244,403
Insurance	\$40,734
Property Taxes	\$156,000
Potential Gross Income	\$1,357,647
Less: Vacancy & Credit Loss @ 5.0%	\$67,882
Effective Gross Income (EGI)	\$1,289,765
EXPENSES	
CAM @ \$1.20 per SF	\$244,403
Insurance @ \$0.20 per SF	\$40,734
Property Taxes	\$156,000
Management Fee @ 3% of EGI	\$38,693
Reserve for Replacement @ \$0.25 per SF	\$50,917
Total Expenses	\$530,747
NET OPERATING INCOME (NOI)	\$759,018
Divided By: Overall Rate	8.50%
Capitalized Net Operating Income	\$8,929,623
Less: Leasing Commissions	-\$274,953
Holding Costs	-\$1,201,647
Value Estimate	\$7,453,023
Tax Rate	2.0982%
Tax Estimate, rounded to nearest thousand	\$156,000
Iterated Tax Estimate	\$156,000
Iteration Check	\$0
VALUE CONCLUSION, w/ TAXES INCLUDED	\$7,450,000

Source: Allen & Associates

The indicated income approach values from the two methods are within \$40,000 of each other. The direct capitalization with property taxes as an expense and a reimbursement most accurately reflects how an investor would buy the property.

***RETROSPECTIVE MARKET VALUE OF THE SUBJECT PROPERTY
VIA THE INCOME APPROACH***

AS OF JANUARY 1, 2022

SEVEN MILLION FOUR HUNDRED FIFTY THOUSAND (\$ 7,450,000) DOLLARS

The above value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Cost Approach

Definition of the Cost Approach

According to The Dictionary of Real Estate Appraisal, Seventh Edition, (Appraisal Institute, 2022), the Cost Approach is defined as:

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised.

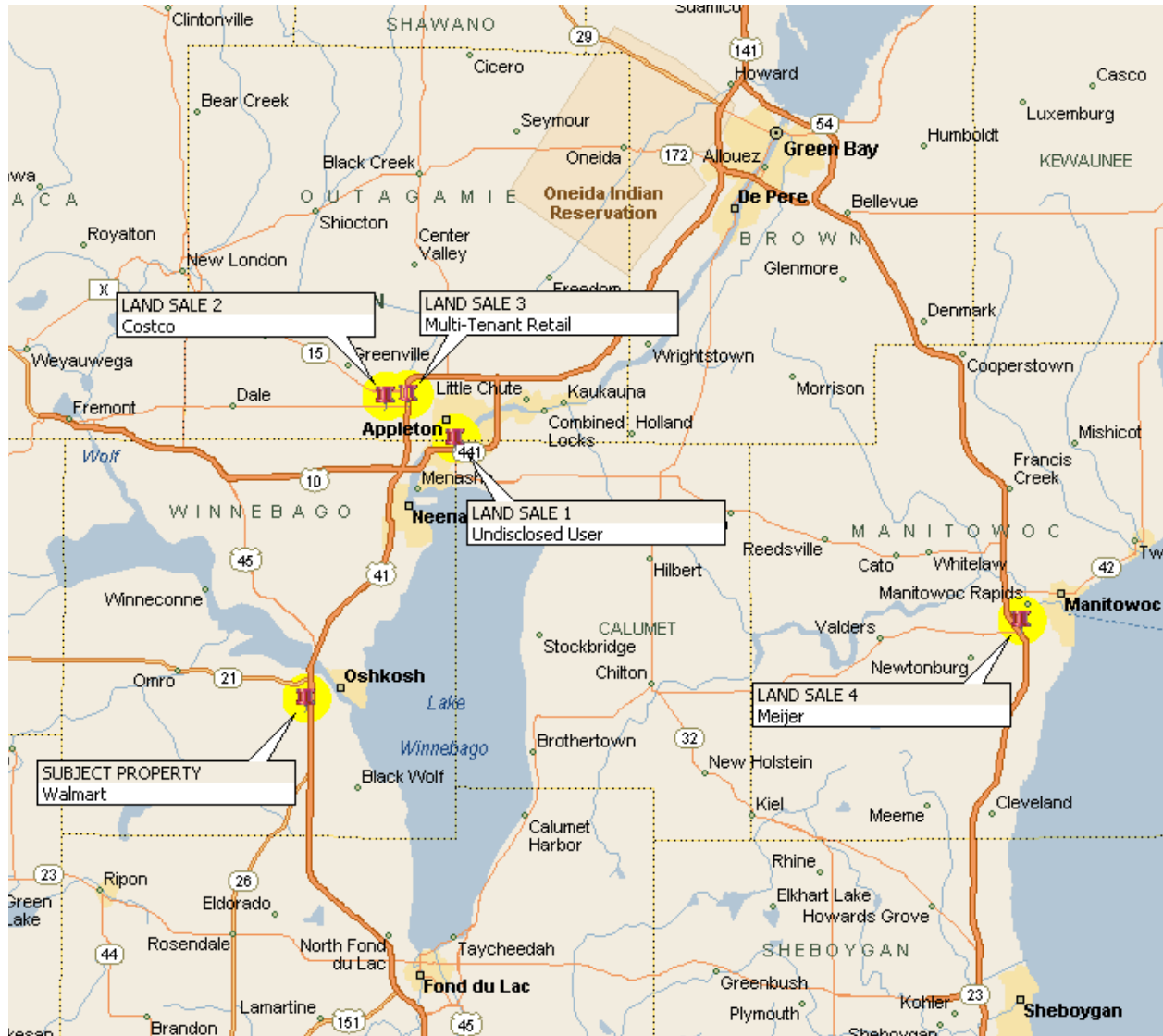
Land Value

In determining the market value of the subject property land, numerous land purchases for commercial development, in smaller-market areas in Wisconsin from 2016 through the date of value, have been reviewed and are presented in the following table.

**Land Sale Comparison Approach Analysis
As Is as of January 1, 2022**

Comparable # Development	Subject	Land Sale 1 Retail Site	Land Sale 2 Retail Site	Land Sale 3 Retail Site	Land Sale 4 Retail Site
Location	Walmart Neenah, WI	Undisclosed Appleton	Costco Grand Chute	Shopping Center Grand Chute	Meijer Manitowoc
Land Size (Acres)	16.44	22.50	17.85	28.66	24.76
Sale Date		Jun-19	Jun-15	Aug-16	Dec-16
Sale Price		\$3,250,000	\$2,123,600	\$6,989,879	\$4,600,000
Sale Price Per Acre		\$144,444	\$118,969	\$243,890	\$185,784
Sale Price Per SF		\$3.32	\$2.73	\$5.60	\$4.27
Community Data					
Population (5 Mile)	63,519	153,028	103,057	125,464	36,723
Households (5 Mile)	27,079	63,019	43,438	52,409	16,039
Med HH Inc (5 Mile)	\$61,060	\$58,608	\$58,843	\$59,166	\$48,326
Traffic Count	97,800	64,600	12,600	90,700	48,900
Eff. Submkt NNN Rent	\$8.09	\$8.53	\$7.98	\$7.98	\$8.35

Map of Comparable Land Sales



Comparable Land Sale 1



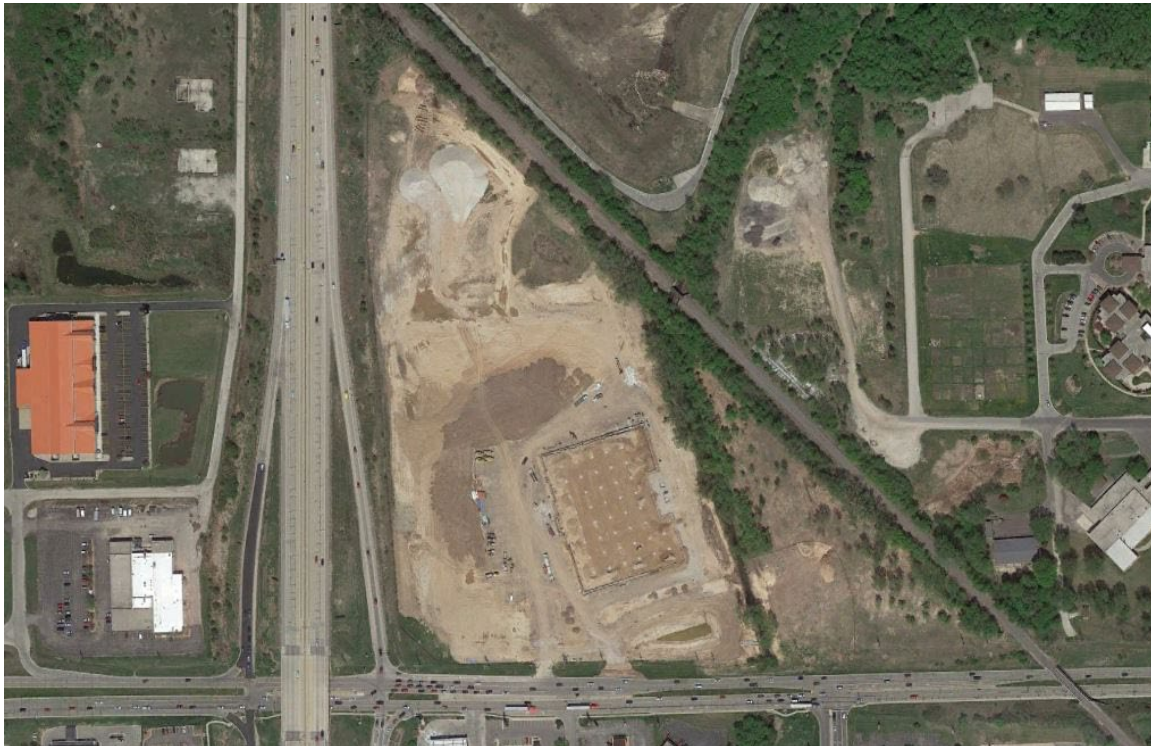
Development:	Commercial Site	Sale Analysis	
Address:	S. Oneida	Grantor	Farm Fleet Properties, LLC
Cross Streets:	S. Oneida & US-10/SR-441	Grantee	Oneida 441, LLC
Municipality:	Appleton	Verification:	Public Records, Broker
County:	Winnebago	Sale Date:	Jun-19
Parcel # (s):	31-8-1600-00, 1601-00, 1602-00	Sale Price:	\$3,250,000
Site Description		On/Off-Site Costs:	\$0
Land Area (Acres):	22.50	Adjusted Sale Price:	\$3,250,000
Land Area (SF):	980,100	Adjusted Sale Price/Acre:	\$144,444
Shape:	Rectangular	Adjusted Sale Price/SF:	\$3.32
Proposed Building Area:	n/a	Intended Use:	Undisclosed
Land-to-Building Ratio:	n/a	Sale Terms:	Arms-Length
Topography:	Relatively Level	Financing:	Cash Equivalent
Frontage:	S. Oneida, Valley Rd. & US-10	Population (5-mile):	153,028
Zoning:	C-2, Commercial	Households (5-mile):	63,019
Utilities:	All Available	Median HH Income (5-mile):	\$58,608
Traffic Count:	64,600		
Comments:	<p>This property is a vacant parcel that was owned by Mills Farm Fleet for years. This site has good frontage, visibility and access to both S. Oneida and US-10/SR-441. The traffic counts were 20,100 on S. Oneida and 44,500 on US-10. There is a complete entrance/exit interchange to US-10 at S. Oneida. The property sold with a 10-year deed restriction, preventing the property from being occupied by or used for the following uses: warehouse home improvement, farm/ranch merchandise center, lumber yard, any building material supply center and never a Blain's Farm & Fleet. The broker indicated that the deed restriction had no effect on the purchase or purchase price for this sale. The property will be used by an end-user retailer that has not been disclosed as of April 2021.</p>		

Comparable Land Sale 2



Development:	Retail Site	Sale Analysis	
Address:	5401 Integrity Way	Grantor	MCFMI, LLC
Cross Streets:	W. Wisconsin & McCarthy	Grantee	Costco Wholesale Corp.
Municipality:	Grand Chute	Verification:	Public Records
County:	Outagamie	Sale Date:	Jun-15
Parcel # (s):	101-1250-03	Sale Price:	\$2,123,600
Site Description		On/Off-Site Costs:	\$0
Land Area (Acres):	17.85	Adjusted Sale Price:	\$2,123,600
Land Area (SF):	777,546	Adjusted Sale Price/Acre:	\$118,969
Shape:	Irregular	Adjusted Sale Price/SF:	\$2.73
Proposed Building Area:	148,352	Intended Use:	Costco Store and Fuel Station
Land-to-Building Ratio:	5.24	Sale Terms:	Arms-Length
Topography:	Generally Flat	Financing:	Cash Equivalent
Frontage:	Integrity & McCarthy Rd.	Population (5-mile):	103,057
Zoning:	CR, Regional Commercial	Households (5-mile):	43,438
Utilities:	All Available	Median HH Income (5-mile):	\$58,843
Traffic Count:	12,600		
Comments:			
This site is at the SWQ of Integrity Way and N McCarthy Rd. in Grand Chute. The site was improved with a Costco store and gas station. The site has obstructed visibility from W. Wisconsin Avenue and from Integrity Way and McCarthy Rd. The traffic count figure is based upon 12,600 vehicles along W. Wisconsin Ave. The site has good interstate/highway access to I-41.			

Comparable Land Sale 3



Development:	Retail Site	Sale Analysis	
Address:	3800 W. Wisconsin Ave.	Grantor	Spirit SPE Portfolio 2006-4, LLC
Cross Streets:	W. Wisconsin & I-41	Grantee	Greene Dev.-Appleton, LLC
Municipality:	Grand Chute	Verification:	Public Records, Broker
County:	Outagamie	Sale Date:	Aug-16
Parcel # (s):	101-0913-00	Sale Price:	\$5,900,000
Site Description		On/Off-Site Costs:	\$1,089,879
Land Area (Acres):	28.66	Adjusted Sale Price:	\$6,989,879
Land Area (SF):	1,248,430	Adjusted Sale Price/Acre:	\$243,890
Shape:	Triangular	Adjusted Sale Price/SF:	\$5.60
Proposed Building Area:	n/a	Intended Use:	Multi-tenant Retail
Land-to-Building Ratio:	n/a	Sale Terms:	Arms-Length
Topography:	Generally Flat	Financing:	Cash Equivalent
Frontage:	W. Wisconsin & I-41	Population (5-mile):	125,464
Zoning:	CR, Regional Commercial	Households (5-mile):	52,409
Utilities:	All Available	Median HH Income (5-mile):	\$59,166
Traffic Count:	90,700		

Comments:
 This site is the former National Envelope industrial building located at the intersection of I-41 and W. Wisconsin Ave. The property was improved with a 312,000 SF industrial building that was razed by the purchaser. The property has been redeveloped with a multi-tenant retail center with At Home and WG&R Furniture store, among other tenants. It is estimated that the cost of demolition and removal was \$3.50/SF base upon MVS estimates. The property has excellent visibility/access from I-41 and W. Wisconsin Ave.

Comparable Land Sale 4



Development:	Retail Site	Sale Analysis	
Address:	1818 S Rapids Rd.	Grantor	Manitowoc County
Cross Streets:	Calumet & I-43	Grantee	Meijer Stores LP
Municipality:	Manitowoc	Verification:	Public Records, Grantee
County:	Manitowoc	Sale Date:	Dec-16
Parcel # (s):	Part of 052-835-201-010.00	Sale Price:	\$4,600,000
Site Description		On/Off-Site Costs:	\$0
Land Area (Acres):	24.76	Adjusted Sale Price:	\$4,600,000
Land Area (SF):	1,078,546	Adjusted Sale Price/Acre:	\$185,784
Shape:	Irregular	Adjusted Sale Price/SF:	\$4.27
Proposed Building Area:	163,000	Intended Use:	Meijer Store w/Fuel Station
Land-to-Building Ratio:	6.62	Sale Terms:	Arms-Length
Topography:	Generally Flat	Financing:	Cash Equivalent
Frontage:	S. Rapids Rd		
Zoning:	PUD, Planned Unit Dev.	Population (10-mile):	36,723
Utilities:	All Available	Households (10-mile):	16,039
Traffic Count:	48,900	Median HH Income (10-mile):	\$48,326
Comments:	This site is part of the Manitowoc County Expo Center. The site has frontage along S. Rapids and has visibility from S. Rapids, Calumet and I-43.		

As with the improved retail property sales and the comparable leases, the land sales have been adjusted to account for differences between the comparable land sales and the subject property. The following is an adjustment table presenting this analysis. The comparables have been adjusted for market conditions (3%, annually), size, demographic attributes, arterial attributes, and retail submarket.

Land Sale Comparison Approach Analysis

As Is as of January 1, 2021

Comparable # Development	Subject	Land Sale 1 Retail Site	Land Sale 2 Retail Site	Land Sale 3 Retail Site	Land Sale 4 Retail Site
	Walmart	Undisclosed	Costco	Shopping Center	Meijer
Location	Oshkosh, WI	Appleton	Grand Chute	Grand Chute	Manitowoc
Land Size (Acres)	22.77	22.50	17.85	28.66	24.76
Sale Date		Jun-19	Jun-15	Aug-16	Dec-16
Sale Price		\$3,250,000	\$2,123,600	\$6,989,879	\$4,600,000
Sale Price Per Acre		\$144,444	\$118,969	\$243,890	\$185,784
Sale Price Per SF		\$3.32	\$2.73	\$5.60	\$4.27
Community Data					
Population (5 Mile)	76,150	153,028	103,057	125,464	36,723
Households (5 Mile)	30,919	63,019	43,438	52,409	16,039
Med HH Inc (5 Mile)	\$53,858	\$58,608	\$58,843	\$59,166	\$48,326
Traffic Count	91,600	64,600	12,600	90,700	48,900
Eff. Submkt NNN Rent	\$13.01	\$8.41	\$8.03	\$8.24	\$8.12
Transaction Related Adjustments					
Property Rights		1.05	1.00	1.00	1.00
Financing Terms		1.00	1.00	1.00	1.00
Conditions of Sale		1.00	1.00	1.00	1.00
Market Conditions		1.05	1.18	1.14	1.13
Adjusted Sale Price/Acre		\$159,250	\$140,384	\$278,034	\$209,935
Adjusted Sale Price/SF		\$3.66	\$3.22	\$6.38	\$4.82
Characteristic Adjustments					
Size		1.00	1.00	1.05	1.00
Arterial Attributes		1.05	1.20	1.00	1.05
Demographic Attributes		0.95	0.95	0.95	1.05
Retail Submarket		1.20	1.20	1.20	1.20
Total Characteristic Adjustments		1.20	1.37	1.20	1.32
Total Adjustments, \$ [1]		\$46,178	\$73,076	\$88,917	\$91,961
Indicated Market Value/Acre		\$190,622	\$192,045	\$332,807	\$277,745
Indicated Market Value/SF		\$4.38	\$4.41	\$7.64	\$6.38
	Per Acre	Per SF			
Maximum:	\$332,807	\$7.64			
Minimum:	\$190,622	\$4.38			
Average:	\$248,305	\$5.70			

[1] Total adjustments include transaction and characteristic based adjustments.

Source: Allen & Associates

Land Sales 2 is most similar to the subject in terms of size while Land Sale 3 is most similar to the subject in terms of location (considering arterial and demographics). Land Sales 1 and 4 occurred nearest to the subject date of value. Overall, Land Sales 1 and 4 required the least

amount of gross adjustment. Overall, a market value of \$195,000/acre (\$4.48/sf) has been concluded for the subject property’s useable land as of January 1, 2022. The following presents the conclusion of market value for the subject property land as of the date of value.

<u>Date of Value</u>	<u>January 1, 2021</u>
Concluded Value Per Acre	\$195,000
Land Size - Acre	16.44
Estimated Land Value	\$3,205,800
Concluded Subject Land Value	<u><u>\$3,210,000</u></u>

Improvement Costs

It is unlikely that a prospective buyer would be able to obtain actual construction costs for the subject property. To the extent a buyer would consider the cost approach, the buyer would in any event rely on replacement cost, not reproduction cost. Secondary cost estimates are considered more reliable because a buyer, considering cost, would only be concerned with the cost to replace the utility of the subject property for that buyer and not the cost to duplicate a Walmart store design, i.e., reproduction cost.

Cost Estimate - We have utilized a replacement cost estimate guide published by the Marshall Valuation Service (MVS). We have used an appropriate replacement cost from Section 13, Page 30 for an Average Cost Quality Class C Mega Warehouse store. The derived cost estimate is multiplied by the gross building area to arrive at a building replacement cost. In addition, we have included the appropriate multipliers for perimeter, story height, local costs, and current time adjustments to arrive at our replacement cost estimate as of the date of value.

Refer to the following table for the calculation of the building improvement replacement cost for the date of value.

RETAIL BUILDING CALCULATIONS		
Type of building: Avg. Cost, Class C Mega Whse. Store (Sec 13, page 30 - May 2020 Data Compilation) Source: MVS December 2020		
	January 1, 2021	
Total building floor area (SF):	203,669	
MVS HVAC premium/SF:	\$8.87	
MVS sprinkler cost estimate/SF:	\$2.26	
MVS bldg cost estimate/SF:	\$51.00	
Total MVS cost estimate/SF:	\$62.13	
Base building cost:	\$12,653,955	
Story height adjustment	1.255	
Perimeter adjustment	0.786	
Adjusted base building cost:		\$12,482,241
Canopy area (SF)	6,545	
Cost per SF	\$42.25	
Base building cost:		\$276,526
Total base costs:		\$12,758,767
x Local Multiplier		1.040
x Current Multiplier		1.010
Building Replacement Cost Estimate:		\$13,401,809
Time Adjustment to Date of Value:		100.00%
Replacement Cost New Estimate:		\$13,401,809
<i>Source: Allen & Associates</i>		

Site Improvements - Site improvements include the asphalt and concrete parking, lighting, concrete paving, and lawn/landscaped yard area. The following table is the calculation of the site improvement costs for the subject property for the date of value.

CALCULATION OF SITE IMPROVEMENT COSTS	
	<u>January 1, 2021</u>
<i>Surface Parking Improvements</i>	
Paving Spaces	938
Cost Per Space	<u>\$1,528.55</u>
Base Cost	\$1,433,780
<i>Concrete Paving</i>	
Basic Paved Area (SF)	108,000
Cost Per SF	<u>\$7.50</u>
Base Cost	\$810,000
<i>Black Metal Fencing</i>	
Basic Fenced Area (SF)	3,960
Cost Per SF	<u>\$15.00</u>
Base Cost	\$59,400
<i>Interior Roadway</i>	
Lineal Feet of Roadway	1,700
Cost Per LF	<u>\$245.00</u>
Base Cost	<u>\$416,500</u>
TOTAL BASE COST	\$2,719,680
x Local Multiplier	1.04
x Current Multiplier	<u>1.00</u>
Site Improvement Rpl. Cost Estimate:	\$2,828,467
Time Adjustment to Date of Value:	<u>100.00%</u>
Replacement Cost New Estimate:	\$2,828,467
<i>Source: Allen & Associates</i>	

Soft Costs

In addition to the hard costs, which we have estimated based on MVS, we have provided estimates of the soft costs necessary to complete development of the subject site. This cost is estimated at 5% of site and building costs.

In addition to the soft costs, we are including the cost associated with leasing the subject property.

According to the 15th Edition of the Appraisal of Real Estate (p.541), “cost approach procedure is the value of the fee simple interest in the property at stabilized occupancy and at market rent and terms.” Since, we are valuing the property’s fee simple interest, i.e., as if the subject property is unencumbered by a lease as of the Date of Value, the property is valued as if it is available for lease but not at stabilized at market occupancy as of the date of valuation. Therefore, the cost

associated with finding and securing a tenant for the subject property are included. In this instance, those costs include leasing commissions during the period it takes to secure a tenant.

Refer to the following table for a summary that indicates the calculation and allocation of the soft costs and leasing estimates for the subject property with respect to the date of value.

CALCULATION AND ALLOCATION OF THE SOFT COSTS AND LEASING COMMISSIONS		
January 1, 2021		
Building Improvements		\$13,401,809
Site Improvements		\$2,828,467
Total Improvement Cost		\$16,230,276
Soft Costs Estimated @	5%	\$811,514
Leasing Commissions		\$244,403
Total Soft Costs & Leasing Commissions		\$1,055,917
Allocated as		
Building Improvements	as %	82.57%
	as \$	\$871,901
Site Improvements	as %	17.43%
	as \$	\$184,016
Depreciable Basis		
Building Improvements		\$14,273,710
Site Improvements		\$3,012,483
<i>Source: Allen & Associates</i>		

Depreciation

Depreciation with respect to real estate is a loss in value from all causes. A depreciation-based loss in value can result from one or more of three factors: (1) physical deterioration, (2) functional obsolescence, and (3) external obsolescence. Furthermore, these types of depreciation are classified as curable or incurable. Curable factors represent faults that can be rectified at a cost which is economically feasible. However, if the cost to cure cannot be recovered in the marketplace, the depreciation or obsolescence is considered to be incurable.

Physical Depreciation - Incurable physical depreciation is calculated based upon an age/life method. As of January 1, 2022 the subject mega warehouse store had a physical age of 17 years. The mega warehouse store has an estimated useful life of 35 years by MVS.

As January 1, 2022 the site improvements had a physical age of nine years, while the useful life of the site improvements is 15 years.

CALCULATION OF PHYSICAL DEPRECIATION		
January 1, 2021		
Building Improvements		
Depreciable Basis:	\$14,273,710	
Estimated Age:	17	
Useful Life:	<u>35</u>	
x Depreciation Factor:	48.6%	\$6,932,945
Site Improvements		
Depreciable Basis:	\$3,012,483	
Estimated Age:	9	
Useful Life:	<u>15</u>	
x Depreciation Factor:	60.0%	<u>\$1,807,490</u>
Total Physical Depreciation		<u><u>\$8,740,434</u></u>
<i>Source: Allen & Associates</i>		

Functional Obsolescence - Functional obsolescence is any loss in value that results from an inherent deficiency perceived in the market caused by physical factors including design, layout, or orientation of the building site but not physical deterioration. The retail store property is both oversized for the market and has a façade and other features, including interior layout and design that is specific to a Walmart business but would not have value to other users.

Unlike many other commercial properties, free standing “big box” stores like the subject are not constructed for the purpose of thereafter selling or leasing the property in the marketplace. This is because no prudent person would expect to realize a positive return on such an investment. As a result, no entrepreneurial profit should be included or is included in the replacement cost estimate. In addition, one constructing a free standing “big box” store similar to the subject may expect to incur a profit on the operation of the store but would expect a loss upon the sale of the real estate. This phenomenon is not unique to “big box” stores, as it can be observed in other situations, such as the purchase of a new car or a new tailored suit. When each is essentially brand new, each suffers a reduction in value from the initial investment when it is sold. This is also true as it relates to “big box” stores. As discussed below, we have observed this in the marketplace for both rentals and sales of such properties. Furthermore, the subject features were designed for Walmart. Although suitable for retail use by other retailers, a buyer for a retail use would either incur modification costs or utilize features, including the subject’s specific size, different than those desired. This type of loss in value is also reflected in market rentals and sales. Also, the larger size of the subject amplifies the problem and results in further loss in value from cost new.

- **Cost Modification Examples**

Examples of cost modifications in the market are the following big box stores, one located in Dearborn, MI, one located in Nashville, TN, one located in Homewood, IL, one located in

Brown Deer, WI and one located in Chandler, AZ. The modifications included in these reimagings, were but not limited to: new store façades, redesigned entryways, new flooring, build-out of licensing space, repositioning of restrooms, offices and stock rooms, lighting, and moving of interior walls to name a few. Minimal costs associated with these projects were spent on curing aged depreciation as the buildings were in good condition with no noted items of deferred maintenance.

The following are some of the considerations and concerns that that a major super store retailer would have and modifications that they would want to make to accommodate the store to their super store use.

1. Add exterior signage, pharmacy drive-through, digital order pick-up area.
2. Loading docks, number may not be adequate, turning radius needs to be large enough.
3. Garden area may have to be modified to accommodate pharmacy drive-thru.
4. Exterior façade may have to move or add an entrance and vestibule, paint, and redo façade to their brand.
5. Back-room areas may have to shrink or expand to accommodate their freezer, coolers, prep areas, office, and training rooms.
6. Lighting would have to be redone. Different retailers have different light color standards. In addition, the configuration of all the lighting would need to be redone to accommodate their product displays as well as specialty areas such as deli and bakery that have spot lighting.
7. Flooring would have to be redone even if sealed concrete due to interference from existing joint area, non-slip flooring area in produce and laminate flooring in clothing.
8. Plumbing would probably move rest rooms and make sure there is adequate capacity in the right location and gender specific needs accommodated. Plumbing may have to be redone for the deli and bakery.
9. Electrical would likely have to increase capacity to accommodate their freezer and coolers. They need different outlet locations than other stores.
10. HVAC may need to be upgraded to accommodate their use.
11. Tire and Battery center would likely be modified to accommodate a different use for the space.

One big box store that was reimaged from a former Super K store to a Super Walmart store is located in Dearborn, MI. The 192,000 SF store was built in 1993 and sold to Walmart in 2006. Walmart spent approximately \$10m to reimage the store from a Super K to a Super Walmart store. This equates to approximately \$52/SF.

The second big box store that was reimaged was from a former Home Depot store to a Walmart store, located in Nashville, TN. The 95,202 SF store was built in 2002 and sold to Walmart in 2010. Walmart spent approximately \$4.2381m to reimage the store from a Home Depot to a Walmart store. Walmart did not expand this store. This equates to approximately \$45/SF.

The third big box store that was reimaged was from a former Super K store to a Walmart store, located in Homewood, IL. The 196,000 SF store was built in 1992 and leased to Walmart in

2013. Walmart spent approximately \$16.526m to reimage the store from a Super K to a Walmart store. Walmart did not expand this store. This equates to approximately \$84/SF.

The fourth big box store that was reimaged was from a former Lowe's store to a Walmart store, located in Brown Deer, WI. The 139,571 SF store was built in 2006 and sold to Walmart in 2013. Walmart spent approximately \$6.4m to reimage the store from a Lowe's to a Walmart store. The reimaging also included a small (15,000 SF) addition to This equates to approximately \$46/SF.

The fifth big box store that was reimaged was from a former Great Outdoors store to a Walmart store, located in Chandler, AZ. The 133,200 SF store was built in 2004 and leased to Walmart in 2013. Walmart spent approximately \$3.981m to reimage the store from a Great Outdoors to a Walmart store. This equates to approximately \$30/SF.

External Obsolescence - External obsolescence is the loss in value from factors external to the property such as economic or environmental factors that affect the supply/demand relationship in the market. Market demand for large commercial buildings like that of the subject is very limited in the subject market, as well as the surrounding market areas. The growth in e-commerce sales has negatively impacted the demand for big box store properties. In recent years, the new construction of big box stores has declined dramatically.

Thus, based on our experience in the market, as well as our review of market transactions, we have concluded there is obsolescence associated with large free-standing retail stores. For the purposes of this report, we will estimate the obsolescence associated with the subject improvements using several methodologies and examples. We have studied this issue for several years. The methodologies employed include an analysis of build-to-suit leases vs. re-leases, sales studies, an NOI analysis, an analysis of the history of several "big box" stores, and interviews with general contractors that have performed renovations of "big box" stores.

When properties such as the subject are offered for sale or lease, they are typically on the market for extended periods of time, several years in many instances. Large stores such as the subject have limited demand in the leasing market. Our studies of this market indicate a discount for re-leasing an existing building that was originally build-to-suit space as opposed to build-to-suit space that was leased before construction. In addition to the rent analysis in the income approach, the following provides several examples of build-to-suit leases that were re-leased and the indicated reduction in rental rate.

Lease Comparable Summary								
Retail Store, Neenah, WI								
#	Tenant	Address	Lease Date	Lease Size (SF)	Lease Rate/SF	Lease Term	Year Built	Terms
Build-to-Suit Big Box and Junior Box Leases (leased prior to construction)								
1	Dick's Sporting Goods	9899 76th, Kenosha, WI	Sep-08	50,000	\$13.50	10.0 Yrs.	2008	Flat rate
2	Hobby Lobby	803 Pilgrim Way, Green Bay, WI	Feb-11	55,000	\$9.25	15.0 Yrs.	2011	N/A
3	Festival Foods	2233 Humes, Janesville, WI	Sep-15	72,500	\$12.46	15.0 Yrs.	2015	5 Yr. Bumps
4	Dick's Sporting Goods	345 Discovery, Brookfield, WI	Aug-16	50,000	\$14.00	10.0 Yrs.	2016	5 Yr. Bumps
5	Cabela's	1350 Cabela Drive, Madison, WI	Sep-17	90,387	\$15.69	22.0 Yrs.	2017	10 Yr. Bump
6	At Home	10800 Assembly Park, Wixom, MI	Aug-18	107,092	\$10.75	15.0 Yrs.	2018	N/A
Average Lease Size SF			70,830					
Minimum Lease Rate/SF:			\$9.25					
Maximum Lease Rate/SF:			\$15.69					
Average Overall Lease Rate/SF:			\$12.61					
Big Box Leases (existing stores)								
7	Garden Ridge	4641 Lafayette, Indianapolis, IN	Oct-07	108,900	\$4.75	12	1994	N/A
8	Big R	1401 W 26th, Marion, IN	Aug-09	94,875	\$1.60	14	2003	N/A
9	Furniture Outlet	14201 Manchester Rd., Ballwin, MO	Aug-10	106,800	\$6.00	N/A	1994	N/A
10	Garden Ridge	1325 N. Meacham Rd., Schaumburg, IL	Sep-10	104,546	\$3.00	N/A	2001	N/A
11	Art Van Furniture	7150 S. Cicero Ave, Bedford Park, IL	Mar-13	84,505	\$6.00	10.0 Yrs.	1992	\$0.50 in Yr. 6
12	Walmart	17550 S. Halsted, Homewood, IL	Aug-13	196,000	\$3.06	10.0 Yrs.	1992	None
13	At Home	4620 Stadium Dr, Kalamazoo, MI	Nov-13	84,000	\$2.85	5.0 Yrs.	1974	N/A
14	At Home	3100 Washtenaw Ave., Ypsilanti, MI	Dec-13	91,743	\$3.60	5.0 Yrs.	1960	N/A
15	Kohl's	9404 State Road 16, Onalaska, WI	Feb-14	86,398	\$6.62	10.0 Yrs.	1992	Renegotiate
16	Floor & Décor	3430 Highland Ave, Cincinnati, OH	Jun-14	118,977	\$5.50	10.0 Yrs.	1994	N/A
17	At Home	10331 University, Clive, IA	May-15	91,030	\$6.39	N/A	1991	N/A
18	At Home	4601 S. 27th, Greenfield, WI	Feb-16	116,805	\$4.71	10.0 Yrs.	1995	None
19	At Home	2101 S. Telegraph, Bloomfield Hills, MI	Sep-16	120,650	\$5.60	10.0 Yrs.	1993	\$0.15 in Yr. 6
20	G4CE Entertainment	28300 Dequindre, Warren, MI	Nov-17	101,773	\$4.75	5.0 Yrs.	1993	None
21	Floor & Décor	14453 Hall Rd., Shelby Twp, MI	Sep-19	91,500	\$6.25	10.0 Yrs.	2000	None
22	At Home	2201 Zeier Rd., Madison, WI	Oct-19	94,105	\$6.95	--	1987	--
23	Listing (Former Kmart)	1200 W Fond Du Lac, Ripon, WI	Listing	86,479	\$5.00	--	1988	--
24	Listing (Former Shopko)	N66W25201 Silver Spring Dr., Sussex, WI	Listing	80,039	\$6.00	--	2009	--
Average Lease Size SF			103,285					
Minimum Lease Rate/SF:			\$1.60					
Maximum Lease Rate/SF:			\$6.95					
Average Overall Lease Rate/SF:			\$4.92					

As the previous tables illustrate, the comparables analyzed indicate a significant discount ($\pm 60\%$) for the big box leases, although the indicated discounts are likely inflated due primarily to age difference. In any event, the calculations illustrate a large discount for “big box” stores that are re-leased in the market. The demonstrated discount is for land and building together. If the discount were applied to the building only, the discount would be larger than illustrated above because land represents a significant portion of the rent. This disparity in rental rates is considered to provide an indication of the obsolescence associated with “big box” buildings, which does not consider the subject’s larger size or the decline in the value of retail property due to economic conditions as of the Date of Value compared to pre-recession dates. This analysis relates almost entirely to functional obsolescence.

Market Extraction of Obsolescence from Sales

The appraiser has utilized the market extracted depreciation method for isolating the amount of obsolescence from the overall depreciation. The appraiser identified and analyzed seven fee simple big box store comparables that were 15 years or less in physical age at the time of their respective sales.

The comparables are similar in design and use to the subject property and therefore provide a good example of what happens when a new big box store is sold in the open market. The stores sold for a significant discount from the cost new. Part of the reason for the discount, even by buyers for a similar use, is because modifications are typically needed to reflect a company’s business and image and operating procedures. Furthermore, in the marketplace there is no evidence of anyone developing a structure of the type and size of the subject with the thought of leasing or selling it in the marketplace. This factor also indicates a form of obsolescence. All new construction of this size and type of big box stores, that the appraiser is familiar with, is on a build-to-suit basis that is a design to meet the unique specifications and business model of a specific retailer.

The following is a summary of the calculation of the overall depreciation and the calculation of the obsolescence portion of the overall depreciation from the sales of newer big box stores.

Extraction of Obsolescence from Sales of Big Box Stores							
Example	Example 1	Example 2	Example 3	Example 4	Example 5	Example 6	Example 7
City	Holland	Hartland Twp.	Memphis	Shakopee	Elgin	Blaine	Brown Deer
State	Michigan	Michigan	Tennessee	Minnesota	Illinois	Minnesota	Wisconsin
Type of Store	Home Depot	Super Walmart	Target	Kmart	Lowe’s	Walmart	Lowe’s
Sale Price (a)	\$1,750,000	\$4,383,750	\$4,612,000	\$4,200,000	\$5,775,000	\$5,460,000	\$4,000,000
Year Built	2006	2009	2004	1999	2006	2002	2006
Building Size (SF)	103,540	186,763	124,287	103,422	139,410	141,643	139,571
Sale Date	Jan-14	Jul-16	Jun-14	Dec-14	Apr-16	Jan-16	Dec-13
Phys. Age as of the Date of Sale	8	7	9	14	10	14	7
Estimated RCN (Bldg & Site)	\$7,743,968	\$13,428,283	\$8,410,603	\$9,211,399	\$12,257,070	\$13,000,339	\$11,099,324
Less: Phy. Depreciation (Bldg & Site)	-\$2,341,165	-\$3,183,691	-\$2,588,853	-\$3,753,523	-\$4,550,390	-\$5,294,564	-\$2,915,508
Depreciated Value of Improvements	\$5,402,803	\$10,244,592	\$5,821,749	\$5,457,876	\$7,706,680	\$7,705,775	\$8,183,816
Sale Price	\$1,750,000	\$4,383,750	\$4,612,000	\$4,200,000	\$5,775,000	\$5,460,000	\$4,000,000
Land Value at Time of Sale	\$960,000	\$3,210,000	\$2,120,000	\$4,240,000	\$2,230,000	\$4,830,000	\$2,490,000
Residual Value to Improvements	\$790,000	\$1,173,750	\$2,492,000	-\$40,000	\$3,545,000	\$630,000	\$1,510,000
Obsolescence Estimate	\$4,612,803	\$9,070,842	\$3,329,749	\$5,497,876	\$4,161,680	\$7,075,775	\$6,673,816
Obsolescence Estimate per SF	\$44.55	\$48.57	\$26.79	\$53.16	\$29.85	\$49.95	\$47.82
Obsolescence as a % of RCN	59.6%	67.6%	39.6%	59.7%	34.0%	54.4%	60.1%

RCN = Replacement Cost New

(a) Sale Prices for examples 2, 5 and 6 have been adjusted +5% for deed restrictions

As the previous table indicates, there is a substantial amount of obsolescence related to these relatively new (7-14 years old) big box retail stores. The obsolescence factor ranges from 34% to 68% with an average of 54% and from \$27/SF to \$53/SF with an average of \$43/SF. Three of the sales sold with deed restrictions (2, 5 and 6) and indicated an average 54% obsolescence while the four sales that sold without deed restrictions indicated a similar average obsolescence at 53%.

Capitalized Rent Loss

The Appraisal of Real Estate, 15th Edition (starting on page 576), recommends calculating obsolescence by estimating the income loss that is caused by the obsolescence. This method was also taught in the Advanced Sales Comparison and Cost Approaches class by the Appraisal Institute. In order to calculate this loss, the income necessary to support the value of the property without obsolescence is estimated. The economic (market) rent from the income approach is subtracted from the required rent based on cost of land and improvements. The difference is the rent loss due to obsolescence, which is then capitalized into a determination of total obsolescence.

CALCULATION OF OBSOLESCENCE		
Capitalized Income Loss Method		
January 1, 2021		
Phys. Depreciated Cost of Improvement		
- Building & Site Improvements		
Total Improvements Cost	\$17,286,193	
Less: Incurable Phys. Depreciation	-\$8,740,434	
Add: Supporting Land Value	\$3,210,000	
Total	<u>\$11,755,758</u>	
Overall Capitalization Rate (tax loaded)	<u>8.6066%</u>	
Required NOI for Feasibility		\$1,011,766
Projected Subject NOI		<u>\$677,423</u>
Deficient Income from Improvements		\$334,342
Overall Capitalization Rate (tax loaded)		<u>8.6066%</u>
ESTIMATED OBSOLESCENCE		<u>\$3,884,738</u>
% of Replacement Cost New		22%
% of Replacement Cost New + Land		19%
Per SF of Building Area		\$19.07
<i>Source: Allen & Associates</i>		

The above determination of obsolescence is applicable to the improvements and not the land. The obsolescence represents 22% of the improvement replacement cost new as of January 1, 2022. Further, obsolescence represents 19% of the total replacement cost new including land as of January 1, 2022. These figures are below the range of the presented market extracted obsolescence examples.

Obsolescence Summary

The following table summarizes the aforementioned obsolescence examples and the appraiser’s conclusion of obsolescence for the subject property.

Summary of Obsolescence Examples & Conclusion				
<u>#</u>	<u>Example Type</u>	<u>As a % of RCN</u>	<u>As a % of RCN + Land</u>	<u>As a \$/SF</u>
1	Build-to-Suit vs. Market Leases	n/a	60%	n/a
2	Market Extraction from Sales			
	- Range	10%-68%	7%-55%	\$27-\$53
	- Average	49%	39%	\$40
3	Deficient Income for the Subject			
	- as of January 1, 2021	22%	19%	\$19
4	Construction Management Study	n/a	n/a	\$15-\$53
5	Cost Modification Examples			
	- Range	n/a	n/a	\$30-\$84
	- Average	n/a	n/a	\$51
<hr/>				
	RCN - Replacement Cost New			
	Concluded Subject Obsolescence @ \$19.00 per SF		\$3,869,711	
	- as of January 1, 2021	22%	19%	

The appraiser has relied primarily on the deficient income obsolescence per square foot figure in concluding an obsolescence figure of \$19/SF of building improvement size as of January 1, 2022. This reflects obsolescence percentages of 22% of replacement cost new and 19% of replacement cost new including land for the subject as of January 1, 2022. These percentages are below the range in the other obsolescence examples.

Property Rights Adjustment

According to the 15th Edition of the Appraisal of Real Estate (p.541), “cost approach procedure is the value of the fee simple interest in the property at stabilized occupancy and at market rent and terms.” Since we are valuing the property as if the property is unencumbered by a lease as of the Date of Value, the property is not stabilized at market occupancy. Therefore, a property rights adjustment needs to be made to the cost approach. The property rights adjustments are the same as were applied in the income approach and include deductions for leasing commissions and for lost rent (holding costs).

Conclusion of the Cost Approach

COST APPROACH SUMMARY	
	<u>January 1, 2021</u>
Depreciable Basis	
Building Improvements	\$14,273,710
Site Improvements	\$3,012,483
Total Improvements Cost	\$17,286,193
Less Depreciation	
Incurable Physical	
Building Improvements	\$6,932,945
Site Improvements	\$1,807,490
Deferred Maintenance	\$0
Obsolescence	\$3,869,711
Total Depreciation	<u>\$12,610,145</u>
Depreciated Cost	\$4,676,047
Estimated Land Value	\$3,210,000
Property Rights Adjustment	
Leasing Commissions	-\$244,403
Holding Costs	<u>-\$824,859</u>
Cost Approach Value Estimate	<u>\$6,820,000</u>
NOTE: Numbers may not foot due to rounding.	
Source: Allen & Associates	

The appraiser has not reviewed the costs incurred by the subject ownership for when the property was constructed in 2002. To the extent a buyer would consider the cost approach, the buyer would in any event rely on replacement cost (the cost to construct a replacement of the subject for the buyer’s use), not reproduction cost or historical cost. A buyer, considering cost, would only be concerned with the cost to replace the utility of the subject property for that buyer and not the cost to duplicate a Walmart store design, i.e., reproduction cost.

***RETROSPECTIVE MARKET VALUE OF THE SUBJECT PROPERTY
VIA THE COST APPROACH:***

***AS OF JANUARY 1, 2022
SIX MILLION EIGHT HUNDRED TWENTY THOUSAND (\$ 6,820,000) DOLLARS***

The above value estimates include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market values as concluded in this report. The effect of this hypothetical condition is an increase of the market value determination via the cost approach. Additionally, the above value conclusion is subject to the extraordinary assumption that the property condition was as described in this report as of the date of value. The above value estimate should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Reconciliation

Reconciliation involves the correlation of the conclusions reached from the three methodologies considering the property type involved and the requirements of the appraisal assignment as well as following the direction of the Markarian Hierarchy. This process depends on the recognition of the appropriateness and reliability of each approach, and of the quality and viability of the data obtained.

The sales comparison approach provides a reliable value estimate. This approach takes sales of similar properties and compares them to the subject property. In this case, several reliable sales of existing structures of comparable existing stores were researched and analyzed. Adjustments were made to each of the comparables thus indicating a range in value for the subject property. The sales comparison approach is considered the primary indicator of value. The Markarian Hierarchy methodology applies in this appraisal where the subject property has not recently sold. Several comparable property sales were identified and relied upon.

The income approach analyzes market lease rates for existing properties to determine a value estimate. Similar properties were located and analyzed using this approach. After analyzing the rental rates of the comparable properties, a conclusion to the subject’s potential rent was established. The subject’s projected net operating income was capitalized using a market supported cap rate resulting in an estimate of market value for the subject property. For this analysis, the income approach is considered a secondary indicator of value. However, the rents included in the income approach do not include an allowance for tenant improvements (TIs) and possibly overstate the value because of that. In addition, a developer/investor buying the fee simple interest would have substantial risk due to the need to find a tenant, negotiate a lease and then sell the property. Due to the Wisconsin Markarian Hierarchy and the existence of comparable sales this approach is not directly relied upon but provides a supportive analysis to the Sales Comparison Approach.

As illustrated in the cost approach, there is a significant amount of obsolescence associated with the subject building improvements. Considering the large amount of depreciation and considering that this approach is not utilized by buyers and sellers in the marketplace for a property like the subject, the cost approach is not considered as reliable or applicable as the other two approaches. Due to the Wisconsin Markarian Hierarchy and the existence of comparable sales this approach is not directly relied upon but provides a supportive analysis to the Sales Comparison Approach. The following table summarizes our reconciled retrospective market value for the subject property pursuant to Wisconsin law and guidelines set forth in the WPAM.

Retrospective Valuation Conclusions	
Date of Value	January 1, 2021
Sales Comparison Approach	\$6,520,000
Income Approach	\$6,770,000
Cost Approach	\$6,820,000
Reconciled Market Value of Subject Property	\$6,520,000

The value estimates and conclusions include the hypothetical condition that the property taxes are assessed at a level reflective of 100% of the market values concluded for the date of value in this report. The effect of this hypothetical condition is an increase in the market value determination. Additionally, the above value conclusions are subject to the extraordinary assumption that the property condition was as described in this report for the date of value. Further, the above value conclusions are subject to the jurisdictional exception created by the Wisconsin Constitution, state statutes, case law, and WPAM as discussed in the scope of the appraisal. The above value estimates should be reviewed within the context of the attached report and are subject to the assumptions and limiting conditions contained within the report.

Addendum

Legal Description/Property Identification

Legal description: CSM 4501 LOT 3 Excl CSM 6788 Lot 1, ALSO ALL OF CSM #437 AND PART OF SE1/4 OF S29T20NR17E being vacated Meadow Lane ROW described in Doc #1288376 (16.438 Acres)

Area Description Data and Tables

Key Economic Indicators

Key Economic Indicators					
	2010	2020	Annual % change	2025	Annual % change
Population					
Oshkosh-Neenah, WIMSA	166,994	173,572	0.39%	177,453	0.45%
State of Wisconsin	5,686,986	5,902,099	0.38%	6,026,514	0.42%
United States	308,745,538	333,793,107	0.81%	346,021,282	0.73%
Households					
Oshkosh-Neenah, WIMSA	67,875	71,777	0.57%	73,719	0.54%
State of Wisconsin	2,279,768	2,391,911	0.49%	2,450,682	0.49%
United States	116,716,292	126,083,849	0.80%	130,658,485	0.73%
Median Household Income					
Oshkosh-Neenah, WIMSA		\$56,431		\$59,646	1.14%
State of Wisconsin		\$60,185		\$64,789	1.53%
United States		\$62,203		\$67,325	1.65%
Average Consumer Spending Per Household					
Oshkosh-Neenah, WIMSA	\$41,442				
State of Wisconsin	\$45,422				
United States	\$50,428				

Source: Site to Do Business, Allen & Associates

Economic Base

COMPANY	INDUSTRY	# OF EMPLOYEES
Oshkosh Corporation	Specialized trucks	2,800
Bemis (all Oshkosh locations)	Packaging tape/plastic film	2,300
UW Oshkosh	Education	1,327
Oshkosh Area School District	Education	1,290
US Bank (all Oshkosh locations)	Financial institution	1,144
Winnebago County	Government	1,018
Aurora Medical Center & Aurora Medical Group	Health care	870
4imprint	Advertising specialties	729
Winnebago Mental Health Institute	Health care	702
Affinity – Mercy Medical Center	Health care	688
Silver Star Brands	Mail order distribution	650
City of Oshkosh	Government	569
Clarity Care	Health care	569
Oshkosh Correctional Institution	Corrections	502
Hoffmaster Group	Paper specialties	444
Walmart Super Center	Department stores	318

Annual Average Employment, Establishment-Based Oshkosh-Neenah, WIMSA	
2011-2016	
2011 Employment	85,864
2016 Employment	89,604
2011-2016 Change, #	3,740
2011-2016 Total Change, %	4.4%
2016-2021	
2016 Employment	89,604
2021 Employment	89,129
2016-2021 Change, #	-475
2016-2021 Total Change, %	-0.5%

Source: Bureau of Labor Statistics, Allen & Associates

STATE OF WISCONSIN WORKFORCE DEVELOPMENT AREA LONG TERM INDUSTRY PROJECTIONS, 2018-2028				
STATE OF WISCONSIN				
Industry	2018 Employment	2028 Projected Employment	Employment Change (2018-2028)	Percent Change (2018-2028)
Total All Industries	3,160,935	3,272,861	111,926	3.54%
Goods Producing	643,484	659,966	16,482	2.56%
Natural Resources and Mining	42,676	46,092	3,416	8.00%
Construction	122,293	135,294	13,001	10.63%
Manufacturing	478,515	478,580	65	0.01%
Services Providing	2,365,177	2,453,586	88,409	3.74%
Trade, Transportation, and Utilities	555,753	555,749	-4	0.00%
Information	47,156	48,524	1,368	2.90%
Financial Activities	152,825	156,164	3,339	2.18%
Professional and Business Services	327,663	345,642	17,979	5.49%
Education and Health Services	665,133	712,496	47,363	7.12%
Leisure and Hospitality	288,704	303,565	14,861	5.15%
Other Services (except Government)	158,175	162,135	3,960	2.50%
Government	169,768	169,311	-457	-0.27%
Self-Employed	152,274	159,309	7,035	4.62%

FOX VALLEY WORKFORCE DEVELOPMENT AREA LONG TERM INDUSTRY PROJECTIONS, 2018-2028				
<i>WDA4: CALUMET, FOND DU LAC, GREEN LAKE, WAUPACA, WAUSHARA AND WINNEBAGO COUNTIES</i>				
Industry	2018 Employment	2028 Projected Employment	Employment Change (2018-2028)	Percent Change (2018-2028)
Total All Industries	211,888	218,133	6,245	2.95%
Goods Producing	61,740	63,028	1,288	2.09%
Natural Resources and Mining	4,197	4,363	166	3.96%
Construction	9,658	11,053	1,395	14.44%
Manufacturing	47,885	47,612	-273	-0.57%
Services Providing	138,404	143,807	5,403	3.90%
Trade, Transportation, and Utilities	32,606	32,849	243	0.75%
Information	3,135	2,995	-140	-4.47%
Financial Activities	7,828	7,896	68	0.87%
Professional and Business Services	16,534	17,571	1,037	6.27%
Education and Health Services	38,984	41,773	2,789	7.15%
Leisure and Hospitality	16,495	17,425	930	5.64%
Other Services (except Government)	12,026	12,504	478	3.97%
Government	10,796	10,794	-2	-0.02%
Self-Employed	11,744	11,298	-446	-3.80%

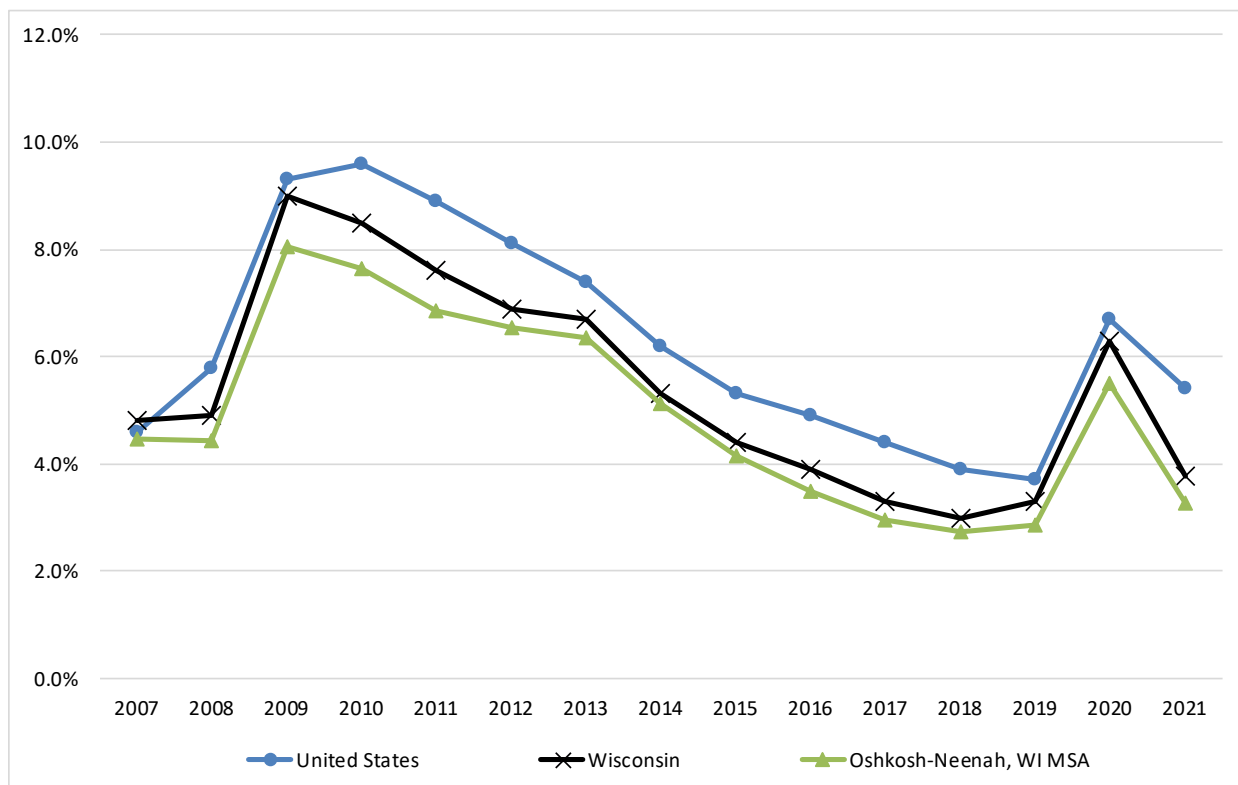
Employment, Population Based

**Annual Average Employment - Population-Based
Oshkosh-Neenah, WI MSA**

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2004	91,470	87,262	4,208	4.60%
2005	91,444	87,390	4,054	4.43%
2006	92,589	88,505	4,084	4.41%
2007	93,680	89,486	4,194	4.48%
2008	94,585	90,394	4,191	4.43%
2009	95,576	87,892	7,684	8.04%
2010	92,492	85,419	7,073	7.65%
2011	92,192	85,864	6,328	6.86%
2012	92,400	86,346	6,054	6.55%
2013	91,645	85,832	5,813	6.34%
2014	91,483	86,781	4,702	5.14%
2015	91,233	87,453	3,780	4.14%
2016	92,838	89,604	3,234	3.48%
2017	93,894	91,113	2,781	2.96%
2018	92,298	89,788	2,510	2.72%
2019	91,598	88,971	2,627	2.87%
2020	92,041	86,979	5,062	5.50%
2021	92,137	89,129	3,008	3.26%

Source: Bureau of Labor and Statistics

Unemployment, Population-Based Annually 2007-2021
United States, Wisconsin, Oshkosh-Neenah MSA



Source: Bureau of Labor & Statistics

Economic Activity

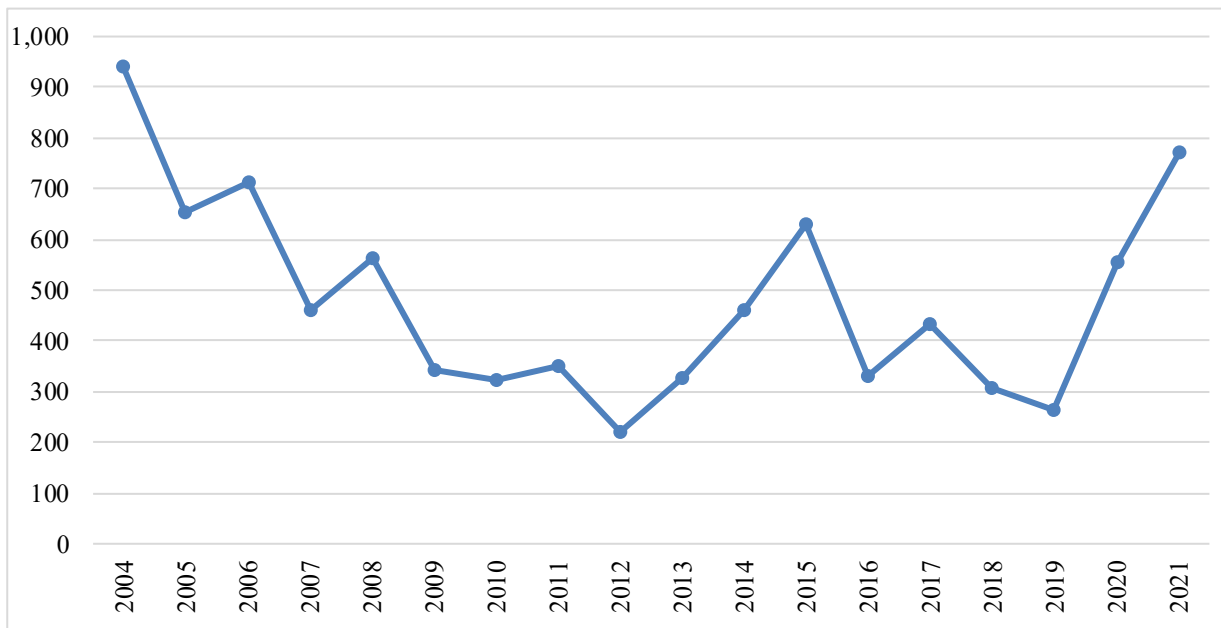
Gross Domestic Product, Annual Changes (%)			
Year	Oshkosh-Neenah, WIMSA	Wisconsin	United States
2016	4.16%	0.98%	1.67%
2017	-1.11%	0.00%	2.24%
2018	3.09%	2.45%	2.95%
2019	2.94%	1.54%	2.29%
2020	-3.40%	-3.48%	-2.77%
2021	5.54%	4.56%	5.95%
2015-2021	11.43%	6.02%	12.76%

Source: Bureau of Economic Analysis

Residential Permits

Total Residential Permits (Living Units) Oshkosh-Neenah, WI MSA					
Year	Total	Single Family	Multi Family	Single Family	Multi Family
2004	941	707	234	75.1%	24.9%
2005	655	483	172	73.7%	26.3%
2006	714	367	347	51.4%	48.6%
2007	462	348	114	75.3%	24.7%
2008	563	347	216	61.6%	38.4%
2009	342	204	138	59.6%	40.4%
2010	324	220	104	67.9%	32.1%
2011	350	165	185	47.1%	52.9%
2012	220	196	24	89.1%	10.9%
2013	327	251	76	76.8%	23.2%
2014	461	229	232	49.7%	50.3%
2015	632	227	405	35.9%	64.1%
2016	331	242	89	73.1%	26.9%
2017	432	238	194	55.1%	44.9%
2018	306	199	107	65.0%	35.0%
2019	266	178	88	66.9%	33.1%
2020	554	252	302	45.5%	54.5%
2021	773	272	501	35.2%	64.8%

Source: US Census Bureau



Qualifications

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PROFESSIONAL HISTORY:

- 1991-present** President, **Allen & Associates Appraisal Group, Inc.**, a real estate valuation and consulting firm located in Troy, Michigan. Formerly vice president of **Brekan Nava Allen**, a real estate appraisal firm located in Tempe, Arizona
- 1988-1991** National Director of Appraisal and Valuation Services, **BDO Seidman**, an international accounting and consulting firm, in charge of the Detroit office and the national real estate appraisal, machinery & equipment appraisal, business valuation, and hospitality consulting practice.
- 1973-1988** President, **Dean Appraisal Company**, in charge of real estate valuation and counseling assignments.

MAJOR PROJECTS:

Property tax appraisals of **Big Box** stores in Michigan, Indiana, Iowa, Wisconsin, Missouri and Arizona for major retailers including Meijer, Walmart, Target, Kohl's, Lowe's, Home Depot, Cabela's, Bass Pro. Testimony in relevant tax courts in Michigan, Indiana and Iowa. Property tax appraisals of **Regional and Super Regional Malls** located in Michigan, Indiana and Iowa. Property tax appraisal of **Anchor Department Stores** in Michigan and Indiana.

Real estate valuations and feasibility studies for existing and proposed **Hotels** on an individual and portfolio basis for mortgage financing and property tax in Michigan and across the U.S.

Real estate valuations, market studies and rent comparability studies of existing and proposed **Apartment** properties for financing through the Department of Housing and Urban Development (HUD) in Michigan, Indiana and Colorado.

Real estate appraisals and market studies for the acquisition and development of **Manufactured Housing Land Lease Communities** throughout the country.

EDUCATION:

Linfield College, BA (Cum laude) - in Psychology with Departmental Honors.

University of Michigan, MBA - concentration in Marketing and Finance.

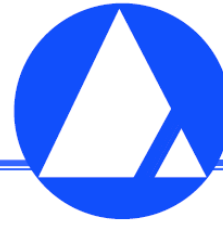
Institute of Chartered Financial Analyst (CFA) – Three levels of course work and testing in Economics, Statistics, Financial Accounting and Investment Analysis.

Appraisal Institute (MAI) - Courses and Seminars in valuation including, "Investment Analysis", "Urban Properties", "Computer Applications", "Industrial", "Residential Construction", "Syndication", "Troubled Properties", "Rates, Ratios & Reasonableness", "Hotel/Motel", "Retail Properties", "Office Building", "Option Values", "Marshall & Swift Commercial Cost Training", "Green Buildings", "Self-Storage", "Subdivision", "Nursing Home", "Intangible Business Assets", "Troubled Properties", "Highest and Best Use", "Partial Interests", "Environmental Issues", "Challenging Markets", "Medical Office Buildings", "Forecasting Revenue", "Analyzing Operating Expenses", "Convenience Stores", "Real Estate Finance Statistics", "Valuation Modeling", "International Valuation Standards", "Uniform Standards of Professional Appraisal Practice".

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PROFESSIONAL LICENSURE / DESIGNATIONS:

Licensed Real Estate Broker, State of Michigan
State Certified Appraiser, **Michigan, Indiana, Arizona, Wisconsin, Colorado, Missouri, Iowa**
MAI, Member of the Appraisal Institute, President of Michigan Chapter, 1988.
MHM-Master, with Community Investor
CFA, Chartered Financial Analyst with the CFA Institute.

TEACHING EXPERIENCE:

Seminar presentations on the *Allen Investment Survey* of manufactured home landlease communities at **Networking Roundtables** at Amelia Island Resort, Florida, Seaside, Oregon, San Diego, California and San Antonio, Texas.

Guest lecturer on real estate valuation at **University of Michigan** Ross School of Business Administration and the graduate hotel management program at the Eli Broad School of Business at **Michigan State University**.

"Real Estate Appraisal I and II" for the **University of Michigan** and **Oakland Community College**.

EXPERT WITNESS:

Federal Bankruptcy courts in **Detroit**, Michigan, **Hartford**, Connecticut, **San Antonio**, Texas, **Columbus**, Ohio and **Los Angeles**, California. Wayne, Washtenaw and Oakland County Circuit Courts. **Michigan** Tax Tribunal, **Indiana** and **Iowa** Tax Courts.

PUBLICATIONS:

"Market Testing of Ellwood", **Appraisal Journal**
"Market Testing of Ellwood, Part Two", **Appraisal Journal**
"Single Business Tax: A Factor in the Appraisal of Investment Real Estate", **The Michigan Assessor**.
"Appraising Income Investment Properties for Real Estate Assessment Purposes", **NAPTR**
"True Cash Value for Assessed Purposes in a Land Contract Market", **The Michigan Assessor** and **Michigan Tax Law**.
"Valuation of a Terminal Grain Elevator", **The Appraisal Journal**.
"Expressway Proximity Damages to Residential Properties", **Right of Way**.
"Amortizing Favorable Financing as an Intangible Asset", **Appraisal Journal** (Notes and Comments).
"Appraising Subsidized Housing for Property Tax Purposes", **Appraisal Journal**.
"Hotel Enterprise Valuation", **The Appraisal Journal**.
"Hotel Valuation Guidelines for the 1990's", **Hospitality Advisors Lodging Commentary**.
"Chapter 5 Estimating Value", **How to Find, Buy and Sell a Manufactured Home Community**, John Wiley & Sons.
"The Allen Investment Survey I – V, **Community Management**, 1996 - 2000.
"Hotel Investment Parameters" **Hospitality Advisors Lodging Commentary**.