

# An Appraisal of the Industrial Property and Excess Land

## Located at

851 Transport Drive  
And Transport Drive  
Valparaiso, IN 46383

## Client

J and N Realty

Prepared by:

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January 9, 2025

Scott Kleppe  
851 Transport Dr.  
Valparaiso, IN 46383

Re: 851 Transport Dr.  
Valparaiso, IN 46383

Dear Mr. Kleppe,

At your request, we have appraised a real property interest for the above real estate. Our objective was to form one or more opinions about the market value for a 100% ownership interest in the subject property's Fee Simple estate assuming no liens or encumbrances other than normal covenants and restrictions of record. This valuation is a retrospective value, based upon the date of death of the decedent on April 12, 2024.

The subject property consists of two rectangular parcels constituting a combined site area of 197,790 square feet/4.54 acres. It is improved with a 30,331 square foot industrial/office building, constructed circa 2003, 2014 and 2018. The property is zoned INH Heavy Industrial District.

**The subject contains two parcels with a light industrial building located on one parcel with a site area of 2.07 acres and one vacant parcel with a site area of 2.47 acres that is excess land. A separate valuation is provided for the excess land, and the contributory value of the excess land will be added to the overall value of the subject property.**

**The excess land is only identified as Transport Drive by the Porter County Assessor.**

The subject property is currently owner occupied by Sensit Technologies, a manufacturer of gas detection sensors, leakage sensors, gas leak detectors, and hazardous gas monitors and offers product repair training, calibration, warranty registration, product return, and repair services, helping customers detect hazardous gas leaks and related issues. Sensit Technologies also operates a manufacturing plant in Italy.

The subject property is in good condition and is being appraised "as is."

This valuation contains analyses, opinions, and conclusions along with market data and reasoning appropriate for the scope of work detailed later herein. It was prepared solely for the intended use and intended user(s) explicitly identified in the attached report. Unauthorized users do so at their own risk. The appraisal is communicated in the attached Appraisal Report and conforms to the version of the Uniform Standards of Professional Appraisal Practice (USPAP) in effect on this report's preparation date of January 9, 2025.

This letter is not an appraisal report; hence, it must not be removed from the attached report. If this letter is disjoined from the attached appraisal report, then the value opinions set forth in this letter are invalid because the analyses, opinions, and conclusions cannot be properly understood.

All value opinions are affected by all the information, extraordinary assumptions, hypotheses, general limiting conditions, facts, descriptions, and disclosures stated in the attached appraisal report. After careful consideration of all factors pertaining to and influencing value, we have concluded the following final value opinion(s) for the subject property:

**\$3,140,000    Market Value “Retrospective” as of April 12, 2024**

Thank you for your business. Let us know how we may further serve you.



Sara Janik Serratore  
Certified General Real Estate Appraiser  
Indiana License CG40801053  
License Expiration Date: 06/30/2026



Helen Arkin  
Certified General Real Estate Appraiser  
Indiana License CG41200020  
License Expiration Date: 06/30/2026



Andrew Sharmat, MAI, SRA  
Certified General Real Estate Appraiser  
Indiana License #CG40000042  
Expiration Date: 06/30/2026

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## Overview

<b>Salient Information</b>		
<i>Property Address</i>	851 Transport Dr. and Transport Drive (Excess Land) Valparaiso, IN 46383	
<i>Property Type</i>	Industrial/Office and Vacant Land	
<i>County</i>	Porter	
<i>Estate Valued</i>	100% of Fee Simple	
<i>Client</i>	Scott Kleppe and/or Steve Fullenkamp-J & N Realty	
<i>Client File Number</i>	N/A	
<i>Most Likely Buyer</i>	Owner-User	
<i>Borrower(s)</i>	N/A	
<i>Effective Value Date</i>	April 12, 2024-Retrospective Value Date	
<i>Report Preparation Date</i>	January 9, 2025	
<i>851 Transport Value Indications</i>	Cost Approach	Not Applicable
	Sales Comparison	\$2,800,000
	Income Approach	\$2,420,000
	Reconciled Value	\$2,800,000
<i>Transport Drive Excess Land Value</i>	Cost Approach	Not Applicable
	Sales Comparison	\$430,000
	Income Approach	Not Applicable
	Reconciled Value	\$430,000
	Contributory Value	<b>\$340,000</b>
<i>Final Value Conclusion(s)</i>	<b>\$3,140,000</b>	<b>“Retrospective ” Market Value</b>

## Noteworthy Issues

The subject property consists of two rectangular parcels constituting a combined site area of 197,790 square feet/4.54 acres. It is improved with a 30,331 square foot industrial/office building, constructed circa 2003, 2014 and 2018. The property is zoned INH Heavy Industrial District.

**The subject contains two parcels with a light industrial building located on one parcel with a site area of 2.07 acres and one vacant parcel with a site area of 2.47 acres that is excess land. A separate valuation is provided for the excess land, and the contributory value of the excess land will be added to the overall value of the subject property.**

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The subject property is in good condition and is being appraised “as is.”

All value opinions are affected by all the information, extraordinary assumptions, hypotheses, general limiting conditions, facts, descriptions, and disclosures stated in this appraisal report.

**SUBJECT PHOTOS**



Front View of Subject Property



Aerial View of Subject Property And Arrow identifies the Excess Land

**Additional subject photos are presented later in the report.**

## Assignment Elements

The purpose of this assignment (the problem to be solved) is to form one or more opinions about value. This purpose necessitates identification of several assignment elements listed below.

- |    |  |  |
|----|--|--|
| 1. | The Client ( <i>the party or parties who engaged By employment or contract the appraisal and is an intended user</i> ) | Scott Kleppe and/or Steve Fullenkamp-J and N Realty  |
|    | Intended User  | Scott Kleppe and/or Steve Fullenkamp-J and N Realty  |
|    | Intended User's Interest in Property Appraised   | Owner-User   |
| 2. | Intended Use Of Report ( <i>To aid</i> )   | Basis for Estate Purposes and establish a value for potential sale of property (unrelated to estate)   |
| 3. | Identification of Subject  | See <b>Subject Property</b> section of report for identification & legal description.                  |
| 4. | Real property interest appraised   |  |
| 5. | Standard / Definition of Value Used To Form the Value Opinion  | Market Value – definition and source provided in “ <b>Definition of Value</b> ” section of this report |
| 6. | Key Dates  |  |
|    | Effective Value Date ( <i>point in time the value applies</i> )  | April 12, 2024, Retrospective Value Date   |
|    | Report Preparation Date ( <i>date the report was prepared</i> )  | January 9, 2025  |
|    | Date Property Appraised Was Observed By One Or More Appraisers Signing This Report                                     | December 3, 2024   |



## Scope of Work

### Scope of Work Introduction

The Uniform Standards of Professional Appraisal Practice (USPAP) defines scope of work as “*the type and extent of research and analysis in an assignment*”. Scope of work includes, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is observed;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.

Unless specifically stated otherwise, the estate appraised (listed below) assumes no adverse leases, liens or encumbrances other than normal covenants and restrictions of record.

#### 7a. *Physical*

Sources of Information About  
the Property Appraised Included

Interior And Exterior Observation, Online public  
records, Building Plans

#### 7b. *Legal*

Category Of Property Appraised

Real Property

Estate Appraised

Fee Simple

Legal Issues Considered

No Atypical Legal Issues

Environmental Concerns

No Known Environmental Concerns

#### 7c. *Economic*

Effect Of Lease(s) On Value

N/A

Cost Information Source

N/A

## Scope of Work

### *Extent of Services Provided*

Number of Final Value Opinions Developed	Two
Value Opinion(s) Reflect the Worth of the Property Appraised	Retrospective Market Value Industrial/Office Property and adjoining Excess Vacant Land
Report Type	Appraisal Report
Report Preparation Complies With Requirements Set Forth In USPAP Standards Rules	Yes
Other Reporting Requirements	Report Complies with our best understanding of State of Indiana reporting requirements.
Extent Of Data Research	Extensive
Data Sources	CoStar, Local MLS; Private Data Provider Service, Online Public Records, Real Estate Sales & Management Agents
Documents Considered	Building Plans
Data Verification	Direct and Indirect Methods
Extent of Subject Observation by One or More Appraisers Signing Report	Adequate Interior and Exterior. Specifics of this viewing, if any, are detailed in the Assumptions & Disclosures section of this report.

### *Other Intended Use Considerations*

Client's Prior Engagement Of Appraisal Services	None Previous
FIRREA Compliance	Not Applicable

## Scope of Work

### *Miscellaneous Matters*

Other Than Signatories, Name(s) Of Person(s) Providing Significant Real Property Assistance to The Development of the Value Opinion(s)	No Real Property Assistance
Extent And Type of Real Property Assistance	No Real Property Assistance
Scope of Work Agreement	Retained in Appraiser's Files

## Appraisal Development

According to USPAP, all approaches that are applicable to the interest being appraised and necessary to produce credible results must be developed. The type of highest and best use; extent of feasibility considered; and the relevance of each major approach are listed below.

<b>8.</b> Highest and Best Use	An Inferred Analysis
Feasibility Analysis <i>(a more detailed study separate from highest &amp; best use)</i>	Separate Feasibility Analysis Not Developed
Cost Approach	Not applicable and not included in report
Sales Comparison	Applicable and included in report
Income Approach	Applicable and included in report
<b>9.</b> Existing Property Use	Industrial/Office Property and Vacant Land
Property Use Reflected In One or More Value Opinions	Continuance of current use(s)
<b>10.</b>	
Extraordinary Assumptions	One Or More Apply, Detailed Later Herein
Hypothetical Conditions	Not Applicable
Jurisdictional Exceptions	Not Applicable
<b>11.</b> Certification	Included after valuation section

## Sale History

On-line public records and / or a private data-reporting service were used to search for prior sales of the subject real estate. This research discovered no recorded conveyance of the subject during the three-years preceding this report's effective value date. Moreover, the subject was not offered "For Sale" in the local MLS or other major data-reporting services during this same period. No pending sale or option agreements are known to be currently pending.

<b>Subject's Current Ownership</b>	
<i>Owner</i>	<i>Information Source</i>
J & N Realty LLC	Porter County Assessor

## Assemblage

USPAP Standard Rule 1-4(e) requires an analysis of the assemblage of various estates or component parts that affect value. The subject is comprised of two parcels and one parcel is appraised as if sold and utilized by one entity. The second parcel is considered to be excess land, which would likely be sold off at a profit to another entity.

## Definition of Market Value

The following definition of *market value* was taken from Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. (Source: 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994.)

Federal agencies publishing this definition include the

- Office of the Comptroller of the Currency (OCC) 12 CFR 34, subpart C
- Federal Reserve Board (FRB) 12 CFR 225, Subpart G
- Federal Deposit Insurance Corporation (FDIC) 12 CFR 323
- Office of Thrift Supervision (OTS) 12 CFR 564
- National Credit Union Administration (NCUA) 12 CFR 722

This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994; and in the “*Interagency Appraisal and Evaluation Guidelines*”, dated October 27, 1994. A very similar definition is also cited in Advisory Opinion 30 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).

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

- 1. buyer and seller are both typically motivated;*
- 2. both parties are well informed or well advised and acting in what they consider their own best interests;*
- 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.”*

This definition is used by many well-known entities. Fannie Mae, Freddie Mac, the VA, and the FHA, which are governmental agencies or governmentally sponsored agencies, require usage of this definition as well.

## Definition of Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Source: The Dictionary of Real Estate Appraisal, Fifth Edition)



## Disclosures

### Professional Standards

All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised bi-annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.

### Competency

The persons signing this report are licensed to appraise real property in the state the subject is located. They affirm they have the experience, knowledge, and education to value this type property. They have previously appraised similar real estate.

# Area Data

## Regional Map



### Northwest Indiana Regional

The Northwest Indiana region consists of Lake County, Porter County, and LaPorte County. Northwest Indiana is the state’s second largest urban area after the Indianapolis Metropolitan area. The region is bordered on the northwest by the Chicago metropolitan area and on the north by Lake Michigan. The western boundary is contiguous with the state line between Indiana and Illinois. The eastern boundary is irregular, but generally runs along the borders of LaPorte, St. Joseph, and Starke Counties. The south border generally runs adjacent to the Kankakee River.

Northwest Indiana continues to benefit from close proximity to the State of Illinois even in the pandemic. Many firms are not sustainable in Illinois due to the higher tax rates and higher cost of business and are relocating to Northwest Indiana. The higher tax rates have also caused many Illinois residents to relocate to Northwest Indiana. However, rising interest rates have started to impact the housing market with slightly longer marketing times. At this time, detached housing continues to appreciate but the higher priced housing has experienced lower price increases.

One of the major projects to spur growth in Northwest Indiana is the \$933 million South Shore Line's West Lake Corridor and Double Track projects which provide reliable transportation to the Chicago market and surrounding areas. Construction has started for the tracks, and the stations are expected to bring new developments into the area. Hammond has proposed a development district around the Hammond Gateway commuter railroad station with mixed-use buildings. This is in conjunction with their larger downtown revitalization plan with 350 residential units planned and a \$5 million grant was awarded from the Indiana Economic Development Corporation to redevelop the Bank Calumet building. Michigan City has plans for a mixed-use development near the South Shore Line's 11th Street Station. This project also includes restoring the façade of the train station and creating 426 commuter parking spaces. There is \$16 million in funds available for the project. *Source: NWI.com*

Northwest Indiana multi-story Class A office properties experienced a very slight increase in total vacancy rate due to the current work from home transition to the office. Based on current active leasing prospects and no other additional new multi-story office buildings ready for delivery, the office vacancy rates are expected to reduce this year. The office market is expected to have new tenants entering the NWI market with tenants from Illinois and other states. There are several medical properties constructed, such as UChicago's 116,000 square foot micro hospital at 109th Avenue and Interstate 65 in Crown Point, Northwest Health 9,372 square foot medical office in Michigan City, and Methodist Hospital opened an urgent care center in Valparaiso. The groundbreaking of the commuter rail West Lake and Double Track expansion projects for the South Shore Railroad are beginning to have an increasing role in office demand for the area.

The retail sector has seen closure of several large box stores over the past several years which has negatively affected larger malls. The vacancy of larger stores also affects the smaller tenants located nearby. The owners of larger malls are now considering different tenants for the larger vacancies, such as mixed-use, medical, lifestyle, virtual reality and gaming, dining and entertainment centers to improve the occupancy levels.

The industrial market has seen greater development, particularly along expressway interchanges with many logistic firms. More speculative industrial buildings are being constructed to fulfill the demand for modern Class A industrial space. Amazon has opened fulfillment centers along the growing Interstate 65 corridor in Merrillville. Other developments in Merrillville include Point 65, a 250 acre industrial development with a half mile of frontage along I-65 and Silos at 9850 Mississippi, an 80 acre industrial development with frontage on I-65. Corex is building a \$200 million, 440,000 square foot cold storage facility. Specialty food producers and cold storage buildings are expanding into Lowell. There also more sales of industrial owner-user properties because they are able to control their expenses and not deal with large rental increases when future lease expirations become due.

There continues to be uncertainty over the future of US Steel, but the Region's economic development leaders have been working to diversify the steel industry which has been the mainstay of Northwest Indiana. Over 20% of the nation's steel is made in Northwest Indiana and if the region continues to be a large producer of steel, there may be fewer employees due to automation.

The North Lake County multi-family market also continued on a moderate upward trend. However, it is noted that some areas have longer market times, and upward trends have slowed somewhat in the last three to six months. The long-term outlook still remains mostly positive, but the optimism for continued improving trends

has been slightly tempered in recent months due to ongoing circumstances such as the war in Ukraine, high inflation, and increases in interest rates.

In some areas, the residential market has experienced significant in-migration, particularly in central and southern Lake and Porter counties. Many residents have moved in from out of state, particularly the south side of Chicago and the southeast suburbs of Cook County. The residential real estate market has seen slight property value increases in the past nine months. However, rising interest rates have started to impact the housing market with slightly longer marketing times. At this time, detached housing continues to appreciate but the higher priced housing has experienced smaller price increases.

## Lake County

The 2020 census for Lake County indicated a population of 498,558, a slight increase from the 2010 census figure of 496,095. The communities with a heavy dependence on the steel industry have experienced decreases in population from 2000 and these communities also have lower median household incomes. However, the communities with more diverse employment (health, retail, professional, and service industry jobs) have experienced increases in population, along with higher income levels. Four communities - Hobart, St. John, Cedar Lake and Crown Point, have seen population growth due to the development of numerous subdivisions constructed within the past several years. The communities of St. John, Crown Point, Munster and Dyer have higher median household income compared to most of Lake County.

City	Hammond	Gary	East Chicago	Merrillville	Schererville	Hobart
<b>2020 population</b>	77,879	69,093	26,370	36,444	29,646	29,752
<b>2010 population</b>	80,830	80,294	29,698	35,246	29,243	29,059
<b>% change</b>	-3.7%	-13.95%	-11.21%	3.4%	1.38%	2.38%
<b>2020 Median Household Income*</b>	\$46,974	\$31,315	\$35,396	\$63,381	\$75,327	\$63,994
<b>2010 Median Household Income</b>	\$22,901	\$19,100	\$19,127	\$31,412	\$41,696	\$54,880
<b>% change</b>	+21.2%	+33.1%	+30.6%	+10.2%	+5.0%	+16.61%

Source: U.S. Census

City	St. John	Cedar Lake	Crown Point	Highland	Munster	Dyer
<b>2020 population</b>	20,303	14,106	33,899	23,984	23,894	16,517
<b>2010 population</b>	14,850	11,561	27,317	23,727	23,603	16,390
<b>% change</b>	36.72%	22.01%	24.09%	0.10%	0.12%	0.77%
<b>2020 Median Household Income*</b>	\$103,851	\$65,026	\$82,222	\$66,079	\$88,010	\$86,117
<b>2010 Median Household Income</b>	Undisclosed	Undisclosed	\$64,227	\$61,930	\$71,379	\$77,691
<b>% change</b>	N/A	N/A	+28.02%	+6.70%	+13.81%	+8.60%

Source: U.S. Census \* (The 2010 Median Household income was not available for St. John and Cedar Lake)

The communities of Hammond, East Chicago, and Gary have experienced substantial population declines, but have benefited from tax revenue from the riverboat casinos, which are primarily utilized for infrastructure improvements. Lake County has numerous projects in the pipeline with current target sectors having an emphasis on food processing and distribution, advanced manufacturing, logistics and warehousing, e-commerce, call and data centers. There is also a heavy interest in health care/medical, office and hospitality, to compliment residential development. Among the leading employers in Lake County in 2022 were health care, education, and manufacturing. Source: Lake County Alliance and NWI Times

Several redevelopment projects are either planned or ongoing in the City of Hammond, which include the following: The City is working on revitalizing the downtown area by reconstructing Hohman Avenue from Sibley Street to Russell Street as well as realigning Rimbach Street. The purpose of this is to improve parking and increase walkability of the downtown area. Planned new developments in the downtown area will include Rimbach Square (208 market rate apartments, commercial space, and plaza) and Madison Lofts, as well as redeveloping the Bank Calumet building. The Hammond Sportsplex & Community Center and the new \$70 million YMCA facility will contain 120,000 square feet is expected to open in late 2024. One of the major industrial developments is Illinois based Meats by Linz which is constructing a 120,000 square foot meat packing facility in Hammond. This development will bring more than 300 jobs to the city and will be expected to open in late 2023. The city invested \$35 million in the facility which is being built on the former Queen Anne Candy site. Other developments include a \$35 million, 400,000 square foot industrial development near the state line. *Source: NWI Times and National Real Estate Investors*

Munster has several developments underway, such as Centennial Village, a mixed-use development containing commercial and residential uses, located at Calumet Avenue and 45<sup>th</sup> Street. Another Calumet Avenue development is Maple Leaf Crossing which will feature container architecture. This project will feature six buildings and more than 120,000 square feet of retail and office space which will be built in phases. Munster is moving forward with the \$163.2 million master planned commercial and health care redevelopment of the former Lansing Country Club in Munster. Saxton Partners received a \$1.41 million READI grant and this development is expected to employ approximately 2,700 workers. *Source: NWI.com*

Crown Point is continuing to grow with new subdivisions and new commercial developments. Many developments are located near Interstate 65 and US 231 such as The Fountains, a \$185 million mixed-use development which would include retail, two hotels, office buildings, and residential units. The Beacon Hill complex located at Broadway and 109th Avenue, near the I-65 interchange is continuing to expand with a second hotel planned. The 114-unit Towne Place Suites is near the 95-acre Crown Point Sportsplex which caters to travel teams. This complex has recently completed fast food and fast casual restaurants. *Source: NWI.com*

Merrillville has several industrial developments in the works. The Opus Group is developing The Silos at Sanders Farm, a 37 acre industrial park located a 8700-8900 Mississippi Street one mile from Interstate 65 with easy access to a full interchange at US Highway 30. The development will support warehouse and bulk distribution users from 75,000 to 1,400,000 square feet and offers multiple building to suit concepts. The first building has 289,000 square feet which features 32-foot clear height, 30 dock doors (expandable to 65), 239 auto parking stalls and 58 dedicated trailer parking stalls. This development is pre-approved for a 10-year real estate tax incentive.

White Lodging is planning a \$350 million development, The Farm at Crossroad Commons which is situated on the site formerly occupied by the Radisson and Star Plaza Theatre. This mixed-use development will combine hotels, bed and breakfast, town homes, meeting & event spaces, offices, restaurants and underground parking. This project is located on 40 acres and will be more than 1.1 million gross square feet.

Missner Group is planning more development in the Ameriplex at the Crossroads. Missner owns a 26-acre parcel and is in the process of purchasing two more adjacent parcels that will have approximately 82 acres for development. The project will be developed in phases and contain approximately one million square feet. Crow Holdings has 196 acres across from Ameriplex and is planning 2.3 million square feet of development with possible five buildings to be constructed in the next three to five years.

Highland's Cardinal Campus is a \$41.4 million development with over 100,000 square feet of Class A office space (seven 2-story office buildings), a 3-story boutique hotel and gardens, brick paver streets, and landscaped Fountain Square by the hotel. Cardinal Campus is the first LEED Certified neighborhood development plan in Northwest Indiana. The development is being constructed in phases and is occupied by the Veterinary Orthopedic Center, other medical facilities, attorneys and financial firms. *Source: NWI.com*

Griffith officially moved from the Calumet Township Assessor’s office to North Township Assessor’s office which will financially benefit the community. Some of the other developments include the \$6 million 55,000 sf Restaurant Depot which services restaurant supplies. *Source: NWI.com*

Gary has experienced redevelopment with the \$300 million Hard Rock Casino near the I-80/94 Burr Street interchange. It has 1,650 slot machines, 80 table games, sportsbook, and bar, six restaurants, retail, and a 2,000-seat venue for concerts and other entertainment. The Gary/Chicago International Airport received \$9.8 million in state funding to connect the airport directly to a jet fuel pipeline and plans to build new, larger hangars. A \$1.41 million READI grant was awarded to the airport to support the construction of two new airport hangars with concrete ramps connected to the runway. The City of Gary and the U.S. Army Corps of Engineers broke ground on the second phase of a multi-million-dollar sanitary sewer force main replacement project. The first phase is completed and cost just over \$5 million. Phase 2 will cost almost \$3.5 million and since it was authorized under the Water Resources Development Act of 1992, the total cost will be shared with the city paying for 25%, and the Federal Government paying for 75%. *Source: NWI.com*

The community of Lowell is expanding with the construction of \$124 million cold storage facility near the intersection of Interstate 65 and State Road 2. This 13.58 million cubic foot refrigerated warehouse will be automated. The company is installing solar panels to supply 100% renewable energy and to ensure the food remains frozen in the event of a power outage. A \$940,000 READI grant was awarded to U.S. Cold Storage for the \$120.6 million refrigerated storage warehouse. Also, a \$940,000 READI grant was given to HealthLinc Inc, a medical residency program which supports training for six family medicine doctors a year for the next three years.

**Porter County**

The Porter County Census indicated a population of 173,215 in 2020, a 5.43% increase from the 2010 census figure of 164,302. Porter County is located on the Lake Michigan shoreline and is the site of the Indiana Dunes. Valparaiso is the county seat and is also home to Valparaiso University. Portage is the home of a marina, commercial, and industrial businesses. The area also has national and regional restaurants and retailers, along with local tenants. Porter County also has a strong industrial presence with many firms from Illinois relocating to Porter County and many industrial firms expanding.

The census information for the larger communities is shown below:

City	Portage	Valparaiso	Chesterton
2020 population	37,926	34,151	14,241
2010 population	36,828	31,730	13,068
% change	+2.98%	+7.63%	+8.98%
2020 Median* Household Income	\$59,731	\$56,027	\$76,427
2010 Median Household Income	\$49,590	\$50,549	\$58,667
% change	+20.45%	+10.84%	+30.27%

*Source: U.S. Census*

The City of Valparaiso is developing two downtown projects totaling \$54.4 million which include the Linc, a multi-use 121-unit apartment and retail development and the Lincoln Highway Garage, a 362-space parking garage. The Linc is to be opening in the winter of 2024 and the Lincoln Highway Garage is expected to be complete by the end of 2024. The City is also replacing aging underground infrastructure, separating storm water and sanitary sewers for long-term sustainability. Other developments include the Journeyman Distillery which repurposed an old ANCO wiper blade factory. Plans are underway for the Valpo Sports and Recreation Campus, a 250 acre, multi-field sports complex that will have pickle ball courts and trails. A new boutique hotel, The

Grand Gardner Hotel is to be in a former school, that will house six suites, 52-guest rooms, speak-easy bar and lounge and a banquet and dining area, meeting rooms, a spa and fitness center.

Porter Hospital, St. Mary Medical Center and Franciscan Health System are all planning future expansion of their facilities in the Valparaiso area. The City of Portage is experiencing industrial growth with Covanta Environmental adding a new building and Powersource Transportation new building at the Ameriplex complex. *Source: NWI.com*

## LaPorte County

The LaPorte County Census indicated a population of 112,417 in 2020, a 0.85% increase from the 2010 census figure of 111,466. The LaPorte County area has a Blue-Chip Casino and Hotel, Lighthouse Place Premium Outlet, and Indiana Dunes National Park. The area also has national and regional restaurants and retailers, along with local tenants. The census information for the larger communities is shown below:

City	Michigan City	LaPorte	Westville
2020	32,075	22,471	5,257
2010 population	31,479	22,053	5,853
% change	1.89%	1.90%	-0.10%
2020 Median Household Income	\$44,930	\$42,057	\$48,750
2010 Median Household Income	\$35,011	\$36,975	\$51,486
% change	+28.33%	13.74%	-5.3%

*Source: U.S. Census \* (2019 Median Household Income was not available from U.S Census)*

Michigan City is developing a \$280 million mixed-use development known as the SoLo (South of the Lake) that is located in the newly created Michigan City Transit Oriented Development District at the corner of Franklin Street and Michigan Boulevard. The 14-story 255- boutique hotel will feature the TRYP by Wyndham and Trademark Hotel Brands. It will have a 15,000 square foot swimming pool, rooftop lounge, fitness center and spa along with a variety of restaurants, coffee shops and bars. This development includes duplexed townhomes on the development’s lake side and condominiums. These owners will also have access to various hotel amenities. This project is expected to create over 800 jobs, with nearly 300 permanent jobs and is slated for completion in spring 2026.

One of the other major developments in Michigan City is centered near the South Shore Line’s Double Track project. An \$80 million mixed-use development, known as the 11th Street Central project, will have 208 luxury residential apartments in a 12-story high rise, with over 10,000 square feet of commercial space and a 558-space parking garage. There are also two large proposed mixed-use developments in the downtown area.

The Michigan City mayor stated the City is growing by annexing and rezoning key properties to allow light manufacturing. Michigan City is receiving a great deal of interest from developers because it annexed 426 acres near the airport and 147 acres on US 20 near Johnson Road. Most of the growth in the industrial market has been the expansion of existing manufacturers and investments in real property. The LaPorte County Office of Community and Economic Development reported in its annual report that it fielded more than 40 requests for information from companies collectively looking to invest more than \$25.5 billion and bring more than 41,600 jobs.

The Town of Westville opened Midwest Trade Center, 681,000 square feet of premium distribution logistics and manufacturing building developed by NorthPoint Developments. It is fully leased by Dollar General, Lippert Component Parts, Prat Industries, Tonn & Blank Construction and Cash’s Cleaning Services. LaPorte County stated that they are receiving numerous requests for projects that would result in \$25.5 billion in investment and add more than 40,000 jobs.

Westville has a correctional facility and a new \$1.2 billion correctional facility is to be constructed. It will be the largest correctional facility in the State of Indiana. The Michigan City Prison will close and be incorporated into the new Westville facility.

LaPorte County has two newer hospitals. The \$125 million LaPorte Hospital has approximately 200,000 square feet and is designed to accommodate future growth. Franciscan Health and Beacon Health completed a \$21.6 million 28,000 square foot hospital which features a full-service 10 bed emergency department and eight inpatient beds with lab services, imaging, and diagnostic equipment. Also, in LaPorte, a \$3.3 million, 11,500 square foot medical building was completed by Holladay Property. Ivy Tech training center opened a new facility in LaPorte to provide training for more than 500 new manufacturing jobs in the coming years. Kingsbury Industrial Park in unincorporated LaPorte County recently announced the expansion of two rail carriers, CSX and Canadian National which should increase industrial development. *Source: nwitimes.com*

## **Summary**

Northwest Indiana is viewed as a stable to moderately growing region overall, but with sections of high growth, and an increase in population within the past several years. The area currently has a stabilized economic base that has seen some recent moderate growth in certain sections. The Region is working on diversifying beyond the steel industry that has been mainstay of Northwest Indiana and now has industrial, health care, and service industries as major employers. Northwest Indiana benefits from the migration of Illinois businesses relocating to the area because of lower property taxes, utility costs, labor rates, soft costs (workman's compensation and unemployment insurance), and more business-friendly policies. These are significant factors when companies have outgrown their current facilities and look for new space with lower operating costs.

Communities throughout the area have attempted to increase their commercial and industrial sectors by offering employer incentives, such as tax abatements, enterprise zones, foreign trade zones, empowerment zones, financial support and training support. Business assistance programs including capital access programs, industrial development bonds, industrial development loan funds, industrial development grant funds, international grants and trade assistance, and regulatory assistance are available. Through these incentives, extensive recent construction has occurred for retail, commercial, and light industrial properties. However, the optimism of the intermediate to long-term outlook for market conditions has been tempered by high inflation and interest rates, along with the wars in Ukraine and the Middle East.



Valparaiso is an established service, retail, and residential community. The community is characterized primarily by average to good quality, brick and/or frame-constructed ranch, Cape Cod, split-level and two-story type homes. Valparaiso University is located north of US-30, one mile east of the downtown area.

The primary transportation arteries that lead to Valparaiso are US Highway 30 and State Road 49. These roads provide access to major expressways, including Interstate-80/94, Interstate-90, and Interstate-65. These roads also provide convenient access throughout Indiana, as well as Chicago and its neighboring suburbs. Primary commercial arteries are US Highway 30, LaPorte Avenue, Calumet Avenue, and Lincolnway. These roadways are developed with local, regional, and national commercial properties, residential properties, religious facilities, medical facilities, and retail establishments.

Valparaiso Chamber of Commerce received the Community of the Year Award in 2009. The main items which were considered for this nomination included \$40 million in public investments since 2004, including more than \$32 million in state and federal grants, nearly \$700 million in private investments into the Valparaiso community, redevelopment of a five-block downtown area, and two key corridors leading into the city, and Valparaiso’s diverse economic base, including the planned additions of two medical facilities as well as the growth of Valparaiso University and the new \$40 million campus of Ivy Tech Community College. Additionally, Valparaiso University engineering department completed a \$13 million expansion for a 13,500 square foot addition. The nursing department increased lab space by nearly 50%. Valparaiso has also experienced growth in the commercial and office sector due to the need for these supporting facilities.

Property values for single-family detached properties in Valparaiso had been on an overall upward trend for several years, with a sharper increase in mid/late-2020 to present. This is due to a surge in demand for single-family properties in Valparaiso and across northwest Indiana that coincided with a decline in available housing stock and average marketing time for these types of properties. Our findings are summarized in the table below:

<b>DETACHED SINGLE-FAMILY</b>			
<b>YEAR</b>	<b>Average Sales Price</b>	<b>Median Sales Price</b>	<b>Number Sold</b>
2023	\$363,501	\$330,000	473
2022	\$364,071	\$336,000	565
2021	\$319,484	\$290,000	692
2020	\$290,823	\$265,250	786
2019	\$262,701	\$244,500	660

According to data obtained from CoStar, market conditions for industrial and flex properties in the area have shown some improvement. A survey of industrial properties with between 10,000 and 50,000 square feet, and located within Lake, LaPorte, Porter, and St. Joseph Counties, indicates that the current average selling price is \$63.50 per square foot, exceeding the 5-year average of \$43.66 per square foot. Moreover, rental rates are at \$8.80 per square foot, compared to the 5-year average of \$7.95 per square foot, and vacancy has dropped to 4.92% from the five-year average of 6.61%. Cap rates are slightly higher at 9.8%, compared to the 5-year average of 8.4%.

The subject is located along the east side of Transport Drive, a secondary industrial roadway in Eastport Centre, which is adjacent to the Porter County Regional Airport and in close proximity to the SR 30/SR 49 interchange which provides access to I-94 and I-80. Eastport Centre has similar vintage industrial and flex properties in overall similar condition.

In summary, the subject is located in a growing community that has experienced rapid commercial and residential growth in the past two decades. The community benefits from a diverse mix of commercial, residential, and industrial land uses. Additionally, the area benefits from its convenience to major highways and Valparaiso University. The area is well positioned to benefit from population growth in surrounding communities in the coming years. However, the uncertainty of inflation and unpredictable interest rates may have a negative impact on the market.



## Subject Property

### Identification of the Property

This real estate appraised is located in the Eastport Centre Industrial Park. The subject improvement is located along the east side of Transport Drive within Valparaiso, Indiana. Its common address is 851 Transport Drive, Valparaiso, Indiana.

The excess land is located at the southeast corner of Transport Drive and Bowman Drive within Valparaiso, Indiana. Per the Porter County Assessor, the excess land is identified as Transport Drive.

### Legal Description

A professional surveyor and / or legal counsel should verify the following legal description before relying upon, or using it as part of any conveyance, or any other document. This legal description was obtained from public records and is assumed accurate.

#### **Transport Drive-(Excess Land)**

**64-10-29-203-001.000-029**

EASTPORT CENTRE FOR COMMERCE & INDUSTRY LOT 38 DITCH TIF

#### **851 Transport Drive**

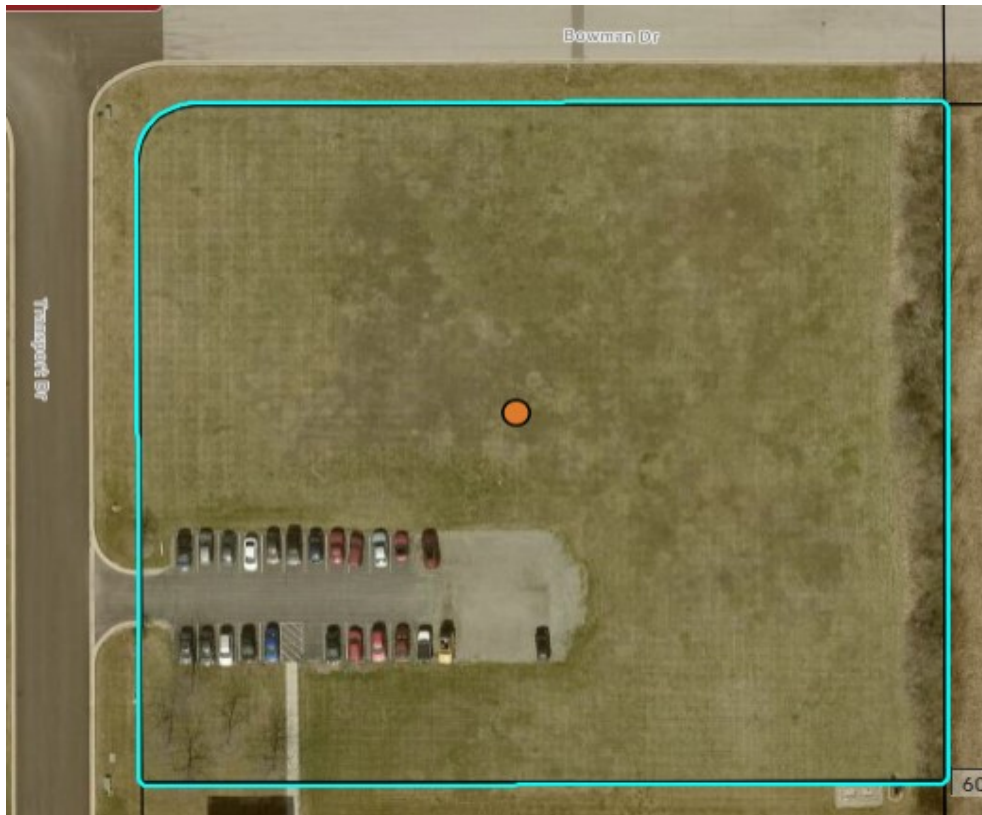
**64-10-29-203-002.000-029**

EASTPORT CENTRE FOR COMMERCE & INDUSTRY LOT 39 DITCH TIF

# GIS Plat Map

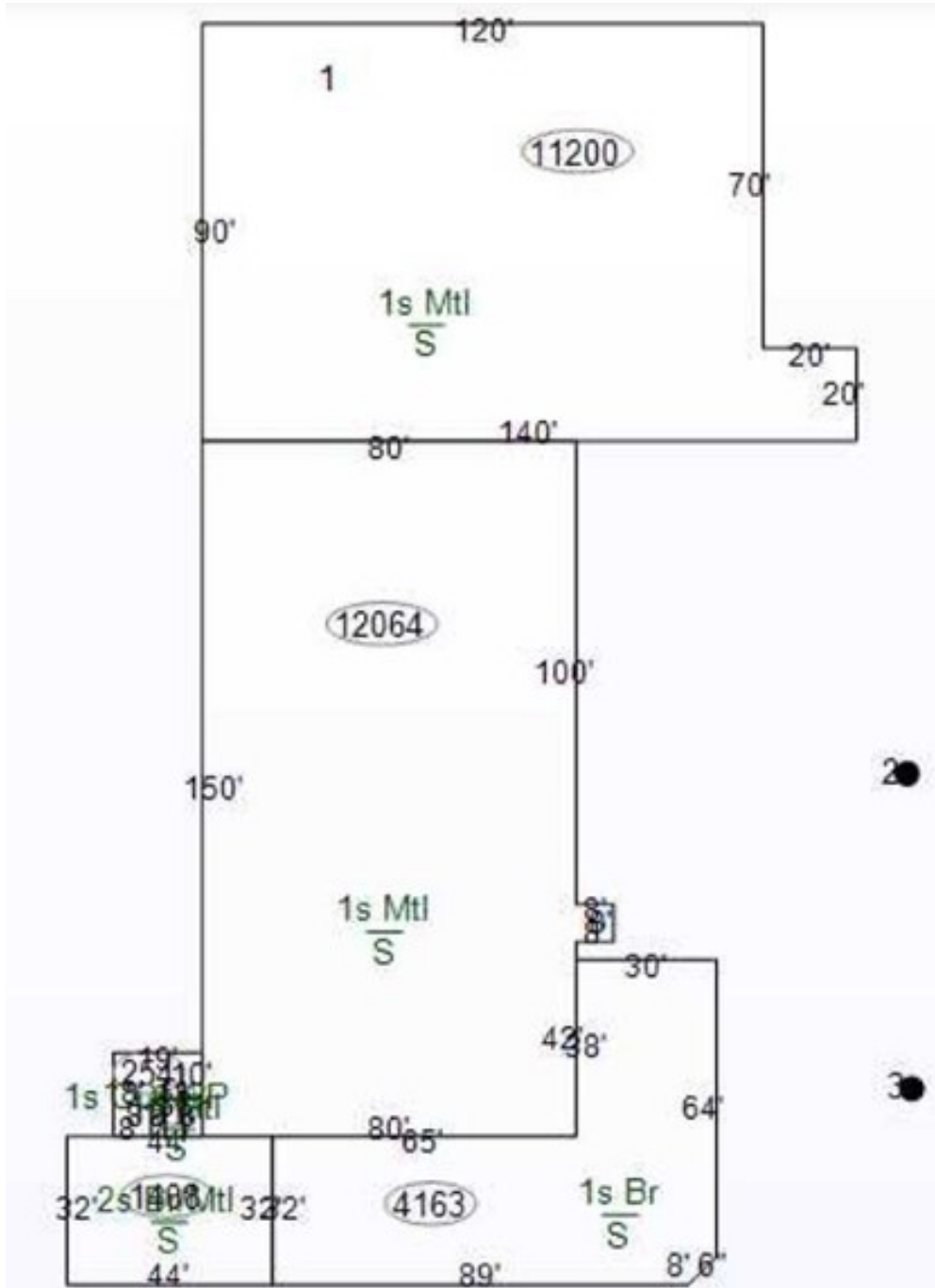


851 Transport Drive

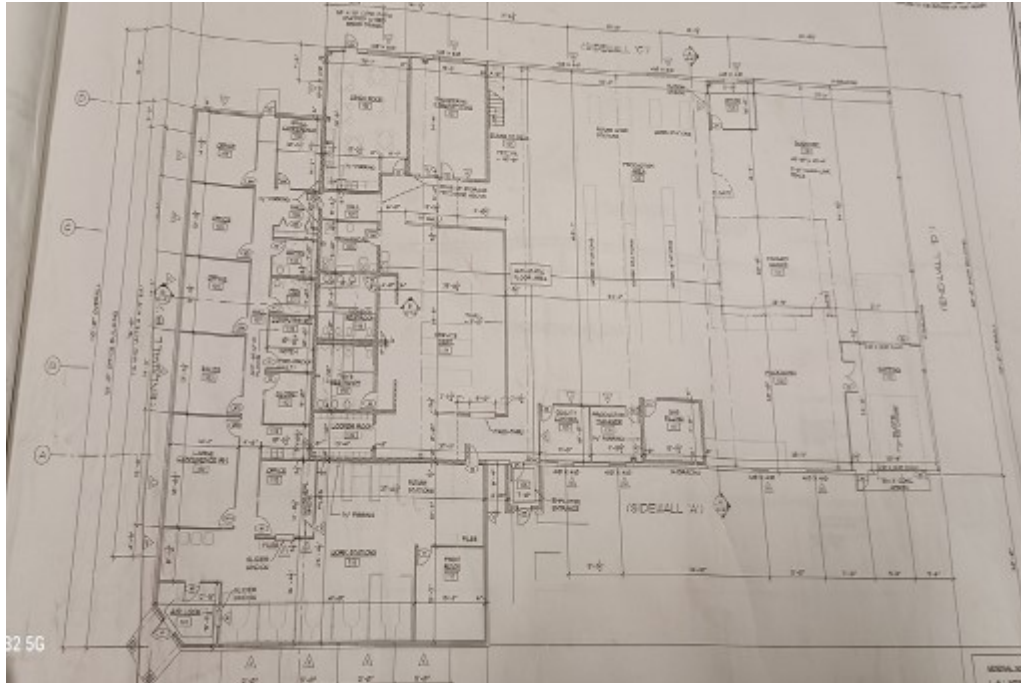


Excess Land Transport Drive

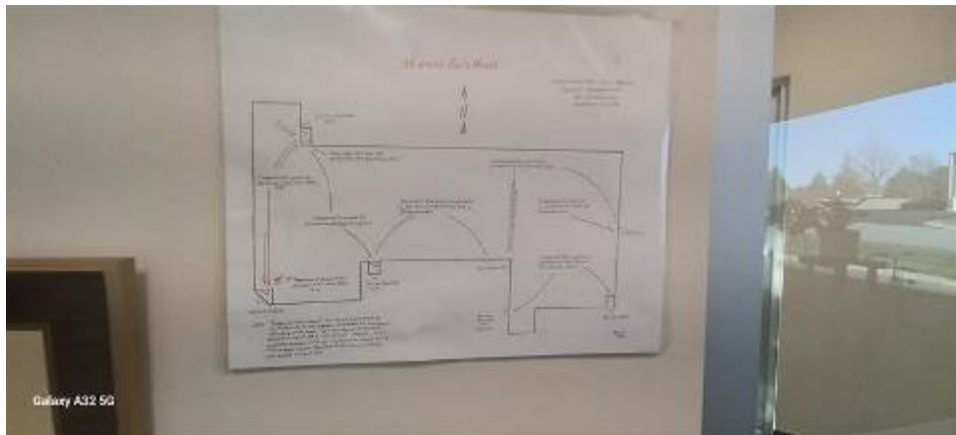
# Building Sketch







Original building plans



Current layout

**Photographs of Subject**  
(photo page 1)



Front View



Rear View

**Photographs of Subject**  
(photo page 2)



Street scene looking  
north along  
Transport Drive



Street scene looking  
south along  
Transport Drive

**Photographs of Subject**  
(photo page 3)



Office Waiting Area



Open Office Area

**Photographs of Subject**  
(photo page 4)



Typical Shared  
Office



Office Area  
Kitchenette

**Photographs of Subject**  
(photo page 5)



Second Level  
Conference Room



Second floor sitting  
area

**Photographs of Subject**  
(photo page 6)



Second Floor  
Kitchenette



Second Floor  
Washroom

**Photographs of Subject**  
(photo page 7)



Second floor  
mechanicals



Stairs to Conference  
Area

**Photographs of Subject**  
(photo page 8)



View of Warehouse Area from mezzanine area



View of Warehouse Area

**Photographs of Subject**  
(photo page 9)



Mezzanine work area



Mezzanine work area

**Photographs of Subject**  
(photo page 10)



Electrical



Manufacturing Area,  
view of interior  
door/fire door

**Photographs of Subject**  
(photo page 11)



Heating system for manufacturing area



Manufacturing area

**Photographs of Subject**  
(photo page 12)



Lunchroom



Warehouse

**Photographs of Subject**  
(photo page 13)



Overhead  
Doors, Dock



Generators

**Photographs of Subject**  
(photo page 14)



Excess Land



Excess Land

## Site Comments

The subject property (851 Transport Drive) consists of a rectangular-shaped parcel with 260 feet of frontage along the east side of Transport Drive, extending back a maximum of 347 feet. The total size of the site is 90,220 square feet/2.07 acres. The excess land (Transport Drive) consists of a rectangular-shaped parcel with 310 feet of frontage along Transport Drive and 347 feet along the south side of Bowman Drive. The total size of the excess land is 107,570 square feet/2.47 acres

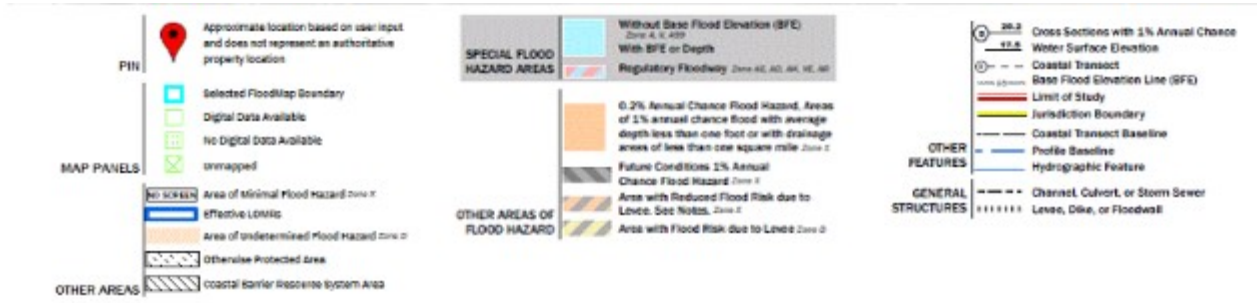
All typical utilities are available and connected to the site including water, sewer, gas, electric, and telephone. The site has a level topography. No soil tests were made available to the appraiser. Soil conditions are assumed adequate and no major settlement problems were noted. No adverse easements, encroachments or other conditions were noted.

According to the appropriate Federal Emergency Management Agency (FEMA) flood map, which is identified below, the subject property is **not** located in a zone "A" special flood hazard. Flood Maps published by FEMA are not precise. If anyone desires a precise determination of the subject's flood hazard classification, a professional engineer, licensed surveyor, or local governmental authority should make an exact determination.

Overall, the subject site is well suited for industrial uses. Frontage is adequate for access and the shape and topography do not impair the site's utility.

<b>Subject Site</b>			
<i>Address</i>	851 Transport Dr. & Transport Dr. Valparaiso, IN 46383		
<i>Dimensions</i>	260' x 347' (851 Transport Drive) 310' x 347' (Transport Dr.-Excess Land)	<i>Size</i>	90,220 sf/2.07 acres 107,570 sf/2.47 acres.
<i>Easements</i>	None known; none assumed	<i>Alley</i>	None
<i>Encroachments</i>	None known; none assumed	<i>Access</i>	Adequate
<i>Shape</i>	Rectangular	<i>Street Paving</i>	Asphalt paved
<i>Curbs &amp; Gutters</i>	Concrete curbs, concrete gutters	<i>Sidewalks</i>	None
<i>Topography</i>	Almost level	<i>Gas</i>	Public
<i>Water &amp; Sewer</i>	Public sewer and water		
<i>Adjoining Uses</i>	Adjoining and nearby uses do not have any detrimental effect on the subject property.		
<i>Flood Panel</i>	#18127C0210D Zone X Dated 9/30/2015 The site is not situated in a FEMA identified flood hazard area.		
<b>Overall Features</b>	The subject is located in Eastport Centre Industrial Park, an industrial development of similar vintage industrial flex properties. This development is adjacent to the Porter County Regional Airport. It is near the intersection of Highway 30 and SR 49.		

# FLOOD MAP



## Environmental Risks

### *Disclosure*

During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of any environmental hazard is apparent to the untrained eye. It should be known the appraiser(s) did not view the subject property with the intent of detecting any environmental hazard. It is beyond the expertise of the appraiser(s) to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. No effort was exerted to ascertain the presence of any environmental hazard including but not limited to the following.

<i>Asbestos</i>	<i>Urea-formaldehyde insulation</i>
<i>Underground storage tanks</i>	<i>Soil contamination or deficiencies</i>
<i>Lead-based paint</i>	<i>Toxic mold</i>
<i>Radon</i>	<i>PCB</i>
<i>Chemical spills</i>	<i>Fire resistant treated plywood (FRTP)</i>

Flood hazards are detailed elsewhere in this report. Except as enumerated herein, the appraiser(s) were not given the results of any environmental testing on or near the property being appraised. Neither observation of the subject property, or research conducted as part of a typical real estate appraisal suggest the presence of any hazardous substance or detrimental environmental condition affecting the subject. Nearby sites were not investigated to determine whether they are contaminated. Public information and other Internet sources were not researched to determine the presence of hazardous substances or detrimental environmental conditions in the subject's vicinity.

Federal, State, and local laws concerning any hazardous substance or gas are sometimes contradictory. Therefore, any needed clean up should comply with the most stringent laws. The appraisers are **not** informed or trained in environmental legalities. It is assumed no hazardous substance or gas adversely affects the subject real estate. If the subject is adversely influenced by a hazardous condition, then the subject's market value would be impaired.

### *Recommendation*

The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Martinez, Sharmat & Associates, Inc. for any hazard, or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

## Description of Existing Improvements

The subject property improvements consist of an industrial/office property originally constructed in 2003, with additions completed in 2014 and 2018. The building contains 30,331 square feet with approximately 8,000 square feet of finished area. The exterior is steel with brick facades, with a steel roof and asphalt shingle over a portion of the office area.

The subject interior was observed, along with the exterior and the site.

The subject has a canopy leading to a vestibule and an open office area. There are several offices and conference rooms, kitchenette, and washrooms on the first floor. There is a partial second floor with a conference room, sitting area, kitchenette, washroom, and mechanical room. There is also a mezzanine area with office space overlooking the manufacturing area.

The manufacturing section has a kitchen area with wall and base cabinets, stove, microwave, and refrigerator. There is also a conference room and office area. There are two washrooms with multiple toilets and sinks. This area is reported to be a certified storm shelter. There are also offices in the industrial area and an additional washroom.

The entire building has central air with UV air cleaning system, the manufacturing area has electro static floors, and specialized electrical conductors. There is a firewall and fire door between the two manufacturing sections. The manufacturing area has 20' ceiling height, two drive-in doors and one dock.

According to the owner, the roof was replaced in 2004. The roof was partially visible from a ground perspective; however, during the interior walk-through of the building, the appraiser did not note evidence of any active roof leaks.

There is on-site striped parking for 60 vehicles. Curb cuts are located on Transport Drive. The subject's parking and access are deemed to be adequate for the current use.

The subject is judged to be in overall good condition.

Overall, the subject's improvements are deemed to be functional and appropriate for their intended use.

The following tables summarize the subject's improvements:

DESCRIPTION OF IMPROVEMENTS		
<b>Subject</b>	Bldg. Sq.Ft.	30,331 sf
	Use	Industrial
	# of Stories	One & Part Two
	Approx. Year Built	2003, 2014, 2018
	Physical Condition	Good
	Constr. Quality	Good
<b>Foundation</b>	Type	Heavy floor load concrete slab
<b>Predominant Exterior Materials</b>	Roof Cover	Steel and Asphalt Shingle
	Walls	Steel and brick facade
	Windows	Fixed Pane
<b>Predominant Interior Materials</b>	Ceilings	Acoustic Ceiling Tile Office Insulated Steel
	Light Fixtures	LED
	Partitions	Drywall Office Insulated Steel
	Floor Covers	Carpet and Ceramic Office Concrete-Coated
<b>Industrial</b>	Clearance	20'
	Doors/Docks	2 Doors 1 Dock
	Percentage Office	26%
	Restrooms	Multiple
	Heating/Cooling	Gas Forced Air
	Cooling	Central Air Entire Building
	Electrical System	800 amp with numerous subpanels
	Protections	Security system with fire system
	On-Site Parking	60
	Landscaping	Above Average
	Needed Major Repair	None
	Recent Replacements	Roof Replacement
	Functionality	Good

## Property Taxes

According to the Porter County Assessor’s records, the subject property (851 Transport Drive) is identified by the parcel number listed below. Property taxes for the year 2023, payable in 2024 are summarized in the following table:

PARCEL NUMBERS	LAND ASSESSED VALUE	IMPROVEMENT ASSESSED VALUE	ASSESSED VALUE	ASSESSOR’S ESTIMATE OF MARKET VALUE	REAL ESTATE TAXES (2023)
64-10-29-203-002.000-029 Industrial Property	\$170,400	\$891,600	\$1,062,000	\$1,062,000	\$27,343.12

Real estate taxes were reported by the treasurer to be \$27,343.12, which equates to \$0.90 per square foot of building area. Property taxes are current.

We reviewed taxes of similar properties in the area, (including the comparable sales and rental properties utilized in this report) and found that taxes are generally ranging from \$0.90 to \$1.50 per square foot. A sampling of tax comparables is presented in the following table.

Location	Size (Sq.Ft.)	Real Estate Taxes	Taxes/Sq.Ft.
Subject	30,331	\$27,343	\$0.90
850 Transport Dr. Valparaiso, IN	18,000	\$18,041	\$1.00
1150 Loudermilk Dr. Valparaiso, IN	34,380	\$32,188	\$0.94
551 Eastpoint Centre Valparaiso, IN	26,785	\$40,492	\$1.51

The current assessment reflects an assessor estimated market value of \$1,062,000. The assessor’s market value estimate appears low.

In consideration of the current assessment of the subject, the comparable properties surveyed in the area, and the relation between the assessed value and our opinion of market value, real estate taxes are forecasted at \$1.10 per square foot, or \$33,364.

## Property Taxes-Excess Land

According to the Porter County Assessor's records, the subject property (Transport Drive-Excess Land) is identified by the parcel number listed below. Property taxes for the year 2023, payable in 2024 are summarized in the following table:

PARCEL NUMBERS	LAND ASSESSED VALUE	IMPROVEMENT ASSESSED VALUE	ASSESSED VALUE	ASSESSOR'S ESTIMATE OF MARKET VALUE	REAL ESTATE TAXES (2023)
64-10-29-203-001.000-029 Excess Land	\$157,000	\$9,700.00	\$166,700	\$166,700	\$4,398.96

## Zoning

According to the Valparaiso Zoning Ordinance, the subject site is zoned INH Heavy Industrial District. The purpose of the INH Heavy Industrial District is as follows:

- A. **General.** This district provides for a range of heavy industrial uses. The district provides performance standards that protect public safety, community character, public infrastructure, and land use compatibility. Areas to be designated as INH should be selected with care to ensure that the location, soils, and other physical features of the site are compatible with the intended uses, without posing unnecessary risks to the public health and safety.
- B. **Character.** The character of this district is generally utilitarian buildings and structures, buffered from views outside of the district by extensive landscape buffers. Open spaces are required for on-site or shared stormwater detention and treatment areas.
- C. **Uses.** This district is intended to provide for heavy industrial uses, including but not limited to heavy construction contractors (with heavy equipment storage); seafood or meat preparation and packaging; stone, clay, tile, and glass cutting; salvage yards, concrete mixing, and electrical generation using non-combustible energy sources (*e.g.*, wind and solar).
- D. **Infrastructure.** Water and sewer service is provided by public utilities.

Permitted uses include heavy industrial, utilities, warehouse and transportation.

STANDARDS	SUBJECT ZONING	CONFORMS (Yes/No)
Lot Width	125 Feet	Yes
Minimum Lot Area	1 Acre, 43,560 sf	Yes
Maximum Building Height	4 Stories or 50 Feet	Yes
Minimum Yards:		
Front	25	Yes
Side	15	Yes
Rear	30	Yes

The subject is considered a legal, conforming use.



## Analyses & Conclusions

### Value Introduction

For real estate consisting of land and building(s), there are three primary valuation methods - the cost approach, sales comparison approach, and income approach. Unless stated otherwise, only those considered applicable and necessary to produce credible results are developed in this report.

### Highest & Best Use-851 Transport Drive, Valparaiso, IN

Highest and best use is defined in the *APPRAISAL OF REAL ESTATE, 14<sup>th</sup> Edition* (2013) published by the Appraisal Institute, as:

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

The highest and best use of both land as though vacant and property as improved must meet four criteria. The highest and best use must be 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive.

The highest and best use of a site must be considered from two standpoints—highest and best use of land or sites as though vacant, and highest and best use of the property as improved.

### Highest and Best Use of Land as Though Vacant 851 Transport

The analysis of the highest and best use of land as though vacant assumes that a parcel of land is vacant or can be made vacant by demolishing the existing improvements. Following is a discussion of each point as it relates to the subject site, as though vacant.

1. “Physically Possible.” The subject site contains 90,220 square feet/2.07 acres. All utilities are available. The site has a rectangular shape, and size is the only significant physical restriction on the site.
2. “Legally Permissible.” The subject site is zoned INH Heavy Industrial District. This zoning provides for a variety of heavy industrial uses. It prohibits most residential and commercial uses
3. “Financially Feasible.” The subject is located along an industrial roadway in an established industrial district that is adjacent to the Porter County Airport and near the SR-49 interchange. A few new/newer constructed industrial properties were noted in the Valparaiso area. Constructing a light industrial/office building is considered financially feasible.
4. “Maximally Productive.” The maximally productive use of the site would be to develop an industrial property

## **Highest & Best Use as Improved**

Highest and best use as improved compares the existing improvement to the ideal improvement for a site. The appraiser must analyze what changes, if any, would contribute more to the value of the property than they would cost. These changes include renovation, expansion, partial, or total demolition.

The subject's site is improved with an industrial/office building. The subject's design is considered to be consistent with the highest and best use of the property as vacant. The subject's current use should continue until the return from demolition and redevelopment surpasses the value of continuing the current use.

# Land & Building Value “As Is”

## **COST APPROACH**

The cost approach is most applicable for real estate consisting of land and a new, or like new, building. This approach tends to lack reliability when there is a large degree of depreciation. Since the subject structure is substantially depreciated, the cost approach was not developed in this appraisal.

## **SALES COMPARISON APPROACH**

### *Introduction*

In an appraisal, the real estate being appraised is referred to as the “subject” or “subject property”. Properties possessing characteristics that are physically and location ally similar to the subject are called “comparables” or “comparable sales”. In this approach, comparables are compared to the subject. Differences are noted. Dissimilarities between the subject and the comparables are categorized into elements of comparison. Adjustments, to compensate for dissimilarities, are next applied the sale prices of the comparable sales. Then, a value estimate for the subject is reconciled from the range in adjusted sale prices established by the comparables. Unless stated otherwise, all cited transactions are "arm's length" conveyances. An “arm’s length” transaction is an agreement between unrelated parties with typical motivations in a competitive market.

Comparable sales data is provided on the following pages.

**Comparable Sale 1**

**Address:**  
**850 Transport dr.**  
**Valparaiso, IN**



<b>SALE PRICE</b>	<b>\$2,200,000</b>	BUILDING (Sq.Ft.)	18,000
<b>PRICE/SQ.FT.</b>	<b>\$122.22</b>	SITE SIZE (Sq.Ft.)	58,083
PROP. RIGHTS	Leased Fee	Land/Building Ratio	3.23:1
CONDITIONS OF SALE	No Known Concessions	CONSTRUCTION	Steel
POST SALE EXPENDITURES	None Disclosed	STORIES	One
<b>DATE OF SALE</b>	<b>July 2024</b>	YEAR BUILT	2017
GRANTOR	Vogt 2024 Joint Trust	PRIOR SALE PRICE	N/A
GRANTEE	850 Transport Drive LLC	PRIOR SALE DATE	N/A
FINANCING	Undisclosed	VERIFICATION	CoStar, Assessor

**COMMENTS:** Recent sale of a smaller industrial/warehouse building, located across from the subject. This property was recently leased for a 5 year lease with a 5 year renewal. This property is in overall similar condition as the subject but has slightly inferior build-out compared to the subject.

**Comparable Sale 2**

**Address:**  
**10855 W. 400 N**  
**Michigan City, IN**



<b>SALE PRICE</b>	<b>\$3,100,000</b>	BUILDING (Sq.Ft.)	37,706
<b>PRICE/SQ.FT.</b>	<b>\$82.22</b>	SITE SIZE (Sq.Ft.)	396,531
PROP. RIGHTS	Fee Simple	Land/Building Ratio	10.52:1
CONDITIONS OF SALE	No Known Concessions	CONSTRUCTION	Steel
POST SALE EXPENDITURES	None Disclosed	STORIES	One
<b>DATE OF SALE</b>	<b>December 2022</b>	YEAR BUILT	2013
GRANTOR	Thomas E. Walma	PRIOR SALE PRICE	N/A
GRANTEE	Spina Management LLC	PRIOR SALE DATE	N/A
FINANCING	Undisclosed	VERIFICATION	CoStar, LaPorte County Assr

**COMMENTS:** Similar size industrial/warehouse building, located in a slightly superior location (superior major expressway proximity). This property is considered to have been in slightly inferior condition to the subject due to lack of reported updating and inferior build-out due to inferior electrical capacity compared to the subject. This property has two detached buildings, which is less functional than having all areas contained under a single roof.

**Comparable Sale 3****Address:  
5705 Murvihill Rd.  
Valparaiso, IN**

<b>SALE PRICE</b>	<b>\$1,400,000</b>	BUILDING (Sq.Ft.)	21,600
<b>PRICE/SQ.FT.</b>	<b>\$64.81</b>	SITE SIZE (Sq.Ft.)	134,165
PROP. RIGHTS	Fee Simple	Land/Building Ratio	6.21:1
CONDITIONS OF SALE	No Known Concessions	CONSTRUCTION	Steel
POST SALE EXPENDITURES	N/A	STORIES	One & Part Two
<b>DATE OF SALE</b>	<b>12/2023</b>	YEAR BUILT	2003/2013
GRANTOR	Parker Leasing	PRIOR SALE PRICE	\$1,130,000
GRANTEE	Raker Management Group LLC	PRIOR SALE DATE	01/11/2021
FINANCING	Not Disclosed	VERIFICATION	CoStar Assessor

**COMMENTS:** Sale of a manufacturing facility located in Valparaiso. This location is judged to be similar to the subject. This property has an irregular shaped site with narrow frontage. It has inferior access compared to the subject, warranting a slight upward adjustment. This property has inferior build-out compared to the subject because it does not have central air throughout and specialized build-out, warranting an upward build-out adjustment. It also is in inferior condition compared to the subject due to lack of reported updating. This property has two detached buildings, of which one is a 4,800 square foot cold storage building, which is less functional than having all areas contained under a single roof.

This property previously sold for \$1,130,000 on January 11, 2021, but further details were not disclosed. This property was listed for \$1,500,000 and sold within eight months. CoStar reported the sale price as \$1,489,600 but the Assessor shows a sale price of \$1,400,000.

**Comparable Sale 4**

**Address:**  
**9900 Georgia St.**  
**Crown Point, IN**



<b>SALE PRICE</b>	<b>\$1,898,000</b>	BUILDING (Sq.Ft.)	15,526
<b>PRICE/SQ.FT.</b>	<b>\$122.25</b>	SITE SIZE (Sq.Ft.)	69,696
PROP. RIGHTS	Fee Simple	Land/Building Ratio	4.49:1
CONDITIONS OF SALE	No Concessions Noted	CONSTRUCTION	Masonry
POST SALE EXPENDITURES	N/A	STORIES	One & Part 2-
<b>DATE OF SALE</b>	<b>01/2021</b>	YEAR BUILT	2015
GRANTOR	Walter A Tarpley Hoyt Properties	PRIOR SALE PRICE	N/A
GRANTEE	Lamar(TLC Properties Inc)	PRIOR SALE DATE	N/A
FINANCING	Not Disclosed	VERIFICATION	Costar, MLS, Assessor, broker Sash Becvarovski of Berkshire Hathaway Executive Realty

**COMMENTS:** Sale of a flex building located in Crown Point. This location is judged to be superior to the subject due to superior access to major expressway interchanges. This property has 6,200 square feet of 2-story office space. The broker, Mr. Becvarovski, stated that the office has higher end finishes and, per the listing photos, appears to be similar to that of the subject. The entire building is air-conditioned. However, this property does not have the electrical capacity of the subject or specialized build-out as the subject.

**Comparable Sale 5**

**Address:**  
**2200 Memorial Pkwy.**  
**Valparaiso, IN**



<b>SALE PRICE</b>	<b>\$5,350,000</b>	BUILDING (Sq.Ft.)	82,369
<b>PRICE/SQ.FT.</b>	<b>\$64.95</b>	SITE SIZE (Sq.Ft.)	348,480
PROP. RIGHTS	Fee Simple	Land/Building Ratio	4.23:1
CONDITIONS OF SALE	No Concessions Noted	CONSTRUCTION	PreCast
POST SALE EXPENDITURES	N/A	STORIES	One
<b>DATE OF SALE</b>	Mar-21	YEAR BUILT	2016
GRANTOR	Valparaiso Economic	PRIOR SALE PRICE	02/2017
GRANTEE	ET Valparaiso LLC	PRIOR SALE DATE	\$800,000
FINANCING	Conventional	VERIFICATION	CoStar, GNIAR MLS, Assessor

**COMMENTS:** Sale of a larger industrial building located in Valparaiso. This property had minimal finishes at the time of sale and did not have finished office space. It also did not have central air for the entire building, electrical capacity of the subject or specialized build-out as the subject. The prior sale was an REO sale and not at a market level. Further information regarding the extent of upgrades completed after the 2017 REO sale was requested but not received.

**Comparable Sale 6**

**Address:**  
**9000 Louisiana St.**  
**Merrillville, IN**



<b>SALE PRICE</b>	<b>\$1,796,000</b>	BUILDING (Sq.Ft.)	21,300
<b>PRICE/SQ.FT.</b>	<b>\$84.32</b>	SITE SIZE (Sq.Ft.)	121,097
PROP. RIGHTS	Leased Fee	Land/Building Ratio	5.69:1
CONDITIONS OF SALE	None Noted	CONSTRUCTION	Steel
POST SALE EXPENDITURES	None Noted	STORIES	One
<b>DATE OF SALE</b>	<b>Closed 11/2021</b>	YEAR BUILT	2006
GRANTOR	Ciapara	PRIOR SALE PRICE	N/A
GRANTEE	Undisclosed	PRIOR SALE DATE	N/A
FINANCING	Undisclosed	VERIFICATION	CoStar; Assessor; Marketing Brochure

**COMMENTS:** A similar size industrial/warehouse building, located in a superior location (superior expressway proximity). Per listing data and exterior observation, the comparable is judged to be in inferior condition as compared to the subject. It has inferior build-out (lack of central air for the entire building, electrical capacity and specialized finishes). compared to the subject.

The following tables make sequential adjustments, with property rights, conditions of sales, post sales expenditures, and date of sale (market conditions) adjustments made directly to the sale price of each comparable.

After the adjusted sales price is obtained for each of the comparables, further adjustments are made for location and physical characteristics on a price per square foot basis.

	SUBJECT	SALE 1	+/-	SALE 2	+/-	SALE 3	+/-
ADDRESS	851 Transport Valparaiso, IN	850 Transport Valparaiso, IN		10855 W 400 N Michigan City, IN		5705 Murvihill Valparaiso, IN	
SALE PRICE		\$2,200,000		\$3,100,000		\$1,400,000	
BUILDING Sq.Ft.	30,331	18,000		37,706		21,600	
PRICE/SQ.FT.		\$122.22		\$82.22		\$64.81	
PROP. RIGHTS	Fee Simple	Leased Fee	-20%	Similar		Similar	
ADJ. SALES PRICE		\$1,760,000		\$3,100,000		\$1,400,000	
COND. OF SALE	No Concessions	No Concessions		No Concessions		No Concessions	
ADJ. SALES PRICE		\$1,760,000		\$3,100,000		\$1,400,000	
POST SALE EXP.	N/A	N/A		N/A		N/A	
ADJ. SALES PRICE		\$1,760,000		\$3,100,000		\$1,400,000	
DATE OF SALE	DOV Apr-24	Jul-24		Dec-22		Dec-23	
ADJ. SALE PRICE		\$1,760,000		\$3,100,000		\$1,400,000	
ADJ. PRICE / BLDG. SQ.FT.		\$97.78		\$82.22		\$64.81	
GEN. LOCATION	Avg-Good	Similar		Sltly Superior	-5%	Similar	
ACCESS	Adequate	Similar		Similar		Inferior	5%
BUILDING (Sq.Ft.)	30,331	18,000	-5%	37,706	0%	21,600	0%
SITE SIZE (Sq.Ft.)	90,220	58,083		396,531		134,165	
Land/Building Ratio	2.97:1	3.23:1	0%	10.52:1	-20%	6.21:1	-10%
CONSTRUCTION	Steel/ Brick	Steel	5%	Steel	5%	Steel	5%
STORIES	One & Part Two	One	-5%	One	-5%	One & Part Two	
YEAR BUILT/ CONDITION	2003,14,18/Good	2017/Sltly Inferior	5%	2013/Sltly Inferior	5%	2003/2013/Inferior	10%
BUILD-OUT	Industrial Office	Industrial Office		Industrial Office	5%	Industrial Office	10%
# OF BUILDINGS	1 Building	1 Building		2 Buildings	10%	2 Buildings	10%
DOORS/DOCKS	2 Doors/1 Dock	2 Doors/0 Dock	0%	1 Door/1 Dock		5 Doors/0 Docks	-5%
CEILING HEIGHT	20'	16'	5%	46'	-10%	20' 22' 30'	-5%
% FINISHED	26%	4%	15%	3%	15%	8%	10%
NET ADJUSTMENT (Phys. Char.)			20%		0%		30%
INDICATED VALUE			\$117.33		\$82.22		\$84.26

**SUMMARY OF COMPARABLE IMPROVED SALES (Continued)**

	SUBJECT	SALE 4	+/-	SALE 5	+/-	SALE 6	+/-
<b>ADDRESS</b>	<b>851 Transport Valparaiso, IN</b>	<b>9900 Georgia Crown Point, IN</b>		<b>2200 Memorial Valparaiso, IN</b>		<b>9000 Louisiana Merrillville, IN</b>	
<b>SALE PRICE</b>		<b>\$1,898,000</b>		<b>\$5,350,000</b>		<b>\$1,796,000</b>	
BUILDING Sq.Ft.	30,331	15,526		82,369		21,300	
<b>PRICE/SQ.FT.</b>		<b>\$122.25</b>		<b>\$64.95</b>		<b>\$84.32</b>	
PROP. RIGHTS	Fee Simple	Similar		Similar		Similar	
ADJ. SALES PRICE		\$1,898,000		\$5,350,000		\$1,796,000	
COND. OF SALE	No Concessions	No Concessions		No Concessions		No Concessions	
ADJ. SALES PRICE		\$1,898,000		\$5,350,000		\$1,796,000	
POST SALE EXP.	N/A	N/A		N/A		N/A	
ADJ. SALES PRICE		\$1,898,000		\$5,350,000		\$1,796,000	
DATE OF SALE	DOV Apr-24	Jan-21	<b>5%</b>	Mar-21	<b>5%</b>	Nov-21	<b>5%</b>
<b>ADJ. SALE PRICE</b>		<b>\$1,992,900</b>		<b>\$5,617,500</b>		<b>\$1,885,800</b>	
<b>ADJ. PRICE / BLDG. SQ.FT.</b>		<b>\$128.36</b>		<b>\$68.20</b>		<b>\$88.54</b>	
GEN. LOCATION	Avg-Good	Sltly Superior	<b>-5%</b>	Similar		Sltly Superior	<b>-5%</b>
ACCESS	Adequate	Similar		Similar		Similar	
BUILDING (Sq.Ft.)	30,331	15,526	<b>-5%</b>	82,369	<b>15%</b>	21,300	<b>0%</b>
SITE SIZE (Sq.Ft.)	90,220	69,696		348,480		121,097	
Land/Building Ratio	2.97:1	4.49:1	<b>0%</b>	4.23:1	<b>0%</b>	5.69:1	<b>-5%</b>
CONSTRUCTION	Steel/ Brick	Masonry	<b>-5%</b>	PreCast	<b>-5%</b>	Steel	<b>5%</b>
STORIES	One & Part Two	One & Part Two		One	<b>-5%</b>	One	<b>-5%</b>
YEAR BUILT/ CONDITION	2003,14,18/Good	2015/Similar		2016/Inferior	<b>5%</b>	2006/Inferior	<b>5%</b>
BUILD-OUT	Industrial Office	Industrial Office	<b>5%</b>	Industrial Office	<b>10%</b>	Industrial Office	<b>10%</b>
# OF UNITS	One	One		Multi Tenant		One	
DOORS/DOCKS	2 Doors/1 Dock	3 Doors/0 Docks	<b>-5%</b>	1 Door/3 Docks		2 Doors/0 Docks	<b>0%</b>
CEILING HEIGHT	20'	25' 27'	<b>-5%</b>	32'	<b>-10%</b>	25' 33'	<b>-10%</b>
% FINISHED	26%	40%	<b>-5%</b>	0%	<b>20%</b>	4%	<b>15%</b>
<b>NET ADJUSTMENT (Phys. Char.)</b>			<b>-25%</b>		<b>30%</b>		<b>10%</b>
<b>INDICATED VALUE</b>			<b>\$96.27</b>		<b>\$88.66</b>		<b>\$97.39</b>

## Sales Comparison Analysis

***Selection of Sales:*** Sales of comparable properties were found to be extremely limited for the subject. There have been a limited number of sales of similar quality industrial properties in Valparaiso. Therefore, it was necessary to utilize comparables in Lake County. The sales utilized in this analysis were selected due to date of sale, building size, and similar features.

### EXPLANATION OF ADJUSTMENTS

The following paragraphs describe adjustments made to each of the comparable sales. These adjustments have been made in the following sequential order: Adjustments 1-4 have been made directly to the selling prices of each sale to obtain an adjusted sale price and an adjusted sale price per square foot of building area. Adjustments 5 and 6 were made to each sale on a price per square foot basis.

The following adjustments were indicated:

- 1) Real property rights conveyed: Comparable 1 was adjusted for superior long-term lease.
- 2) Conditions of Sale (Including Financing Terms): No Concessions Noted.
- 3) Post-Sale Expenditures: None Disclosed.
- 4) Market Conditions/Date of Sale: A review of sales activity as published by CoStar, and NIRA MLS in and around the subject's market area suggests that property values have slightly increased for industrial properties in the past few years. Therefore, upward adjustments were made for date of sale to Comparables 4, 5, and 6.
- 5) Location: See commentary on individual comparable pages.
- 6) Physical Characteristics: Some of the more significant adjustments made for physical characteristics are explained below.
  - A) Building size: Adjustments reflect an inverse relationship between size and selling price per square foot. Typically, larger buildings sell for less on a price per square foot basis than smaller buildings. Adjustments were made for significant differences in building area.
  - B) Land to Building Ratio: Typically, purchasers of commercial properties will pay more for properties with higher land to building ratios, as the additional land area (in relation to the building size) allows greater flexibility for design, parking, and access. Adjustments were made for significant differences in land to building ratio.
  - C) Construction: Varying adjustments were made for all steel, precast, or masonry buildings.
  - D) Number of Stories: For properties of this type, ground floor area has greater utility, which is generally reflected in higher rent levels. Similarly, floor levels above ground level typically have lower utility, returning a lower value per square foot. Comparables 1, 2, 5 and 6 were adjusted for one-story design.
  - E) Year Built: Studies of depreciation rates performed by our office have revealed that property values do not typically decline in a straight-line manner; rather they decrease rapidly during the first two decades after construction, and at slowing rates thereafter.

- F) Condition/Build-out: See commentary on individual comparable pages.
- G) Ceiling Clearance: Industrial buildings with higher ceiling clearance are generally considered to have greater utility for the typical industrial user. Therefore, appropriate adjustments have been made for differences in ceiling clearance.
- H) Docks: Docks can make unloading trucks easier than the typical drive-in door. The subject property has one dock; therefore, appropriate adjustments have been made to those comparables with more or less docks per square foot of building area.
- I) Drive-In Doors: Industrial buildings with a higher number of drive-in doors per square foot of building area generally have more utility. Appropriate adjustments have been made to those comparables with more or less drive-in doors per square foot of building area.

### Sales Comparison Analysis –Reconciliation of Sales

The following table summarizes unadjusted and adjusted (indicated values) in the comparable sales analysis:

Sale Number	Sale Price	Price per square foot (unadjusted)	Indicated value per square foot
1	\$2,200,000	\$122.22	\$117.33
2	\$3,100,000	\$82.22	\$82.22
3	\$1,400,000	\$64.81	\$84.26
4	\$1,898,000	\$122.25	\$96.27
5	\$5,350,000	\$64.95	\$88.66
6	\$1,796,000	\$84.32	\$97.39

We carefully considered the foregoing comparable sales data. Consideration was given to the subject’s location, building size, features, and physical condition. The most recent sales of generally equivalent properties in the immediate and near vicinity were selected, with each of the sales requiring minor to large adjustments. Equal weight is placed on all the comparables.

Based on the available information and foregoing analysis, we estimate the market value of the subject at **\$92** per square foot of building area. The following is indicated:

30,331± square feet @ **\$92** per square foot = \$2,790,452, rounded to \$2,800,000

**VALUE VIA SALES COMPARISON APPROACH** **\$2,800,000**

# Sales Comparison Approach

## Sales Location Map



## Income Approach-851 Transport Drive

The Income Capitalization Approach involves converting anticipated cash flows and reversions into property value. The two most commonly utilized methods are direct capitalization and yield capitalization. Direct capitalization converts a single year's income expectancy into an indication of value by dividing the income by a rate or multiplying the income by a factor. The capitalization rate reflects both the return of and return on investment. Yield capitalization typically discounts future income streams by an appropriate yield rate to a present value.

The procedure used in the Income Approach is summarized as follows:

- 1) Estimate the gross potential income of the property.
- 2) Deduct an appropriate vacancy and loss factor to arrive at effective gross income for the property.
- 3) Forecast and deduct operating expenses from effective gross income.
- 4) Capitalize the estimated net operating income at an appropriate rate or apply an appropriate discount to a series of cash flow estimates.

### Lease Definitions (Gross, Modified Gross, Hybrid, Net, Triple Net)

There is a great deal of confusion regarding the different types of leases. Definitions are not consistent between markets or even market participants and brokers within the same market. For clarification purposes, appraisals prepared by Martinez, Sharmat, & Associates utilize the following definitions. These definitions are not intended to be definitive. Rather, they are utilized in order to clarify different levels of owner and tenant participation.

- 1) Gross Lease: Tenant pays rent and landlord pays expenses.
- 2) Modified Gross Lease: Tenant pays rent and unit utilities while landlord pays all common area expenses.
- 3) Hybrid Lease: Common area expenses (Taxes, CAM, & insurance) are shared between the tenant and the landlord. ***This term is not commonly used in the marketplace but is utilized in our reports to differentiate this type of lease structure from Gross and Net lease structures.***
- 4) Net Lease: Tenant is responsible for all common area expenses. However, ownership is responsible for structural repairs.
- 5) Triple Net Lease: Tenant is responsible for all expenses.


### Rental Income

The building is currently leased to Loudermilk. There is a five-year modified gross lease with an annual lease rate of \$9.50 per square foot (\$288,144.48 annual rent). However, this is not considered an arms-length lease/rent as the business owners and the building owners are the same.

*Comparable Rentals*

In order to estimate the market rental rate for the subject property, we surveyed the surrounding area and found comparable rental properties. The rental data includes similar properties in the subject’s and the surrounding market areas.

**COMPARABLE RENTAL #1**

LOCATION:	<b>2650 Barley Rd. Valparaiso, IN</b>	PHOTO
DESCRIPTION:	A concrete-exterior, one-story, 65,592-square foot industrial building built circa 2020. This property is located in a similar location as compared to the subject. This unit has 3 drive-in doors, 3 docks, and 24’ ceiling clearance. There appears to be an inferior amount of finished area.	
UNIT SIZE(S)	25,110 Sq.Ft.	
LEASE RATE(S):	\$8.50	
LESSEE	Undisclosed	
DATE OF LEASE	June 2021	
LEASE STRUCTURE	Net	
LEASE TERM(S)	5 Years (Expires 05/2026)	
ESCALATIONS	Undisclosed	
CONCESSIONS/OTHER	None Noted	
VACANCY	12%	
DATA SOURCE:	CoStar Lease Comps	
COMMENTS	It is younger vintage and similar condition and location. It has a superior number of drive-in doors and docks per square foot and ceiling height. It has an inferior percentage of finished area.	

Picture Obtained From Google Maps

**COMPARABLE RENTAL #2**

<b>LOCATION:</b>	<b>18501 Graphics Ct., Building 3 Tinley Park, IL</b>	<b>PHOTO</b>
<b>DESCRIPTION:</b>	A concrete-exterior, one- and part two-story, 23,423-square foot industrial building built circa 1999. This property is located in a slightly superior location as compared to the subject. This property has 2 drive-in doors, 2 docks, and 20' ceiling clearance. There is approximately 26% finished area.	
<b>UNIT SIZE(S)</b>	23,423 Sq.Ft.	
<b>LEASE RATE(S):</b>	\$8.00	
<b>LESSEE</b>	Bettinardi	
<b>DATE OF LEASE</b>	February 2023	
<b>LEASE STRUCTURE</b>	Net	
<b>LEASE TERM(S)</b>	5 Years (Expires 04/2028)	
<b>ESCALATIONS</b>	Undisclosed	
<b>CONCESSIONS/OTHER</b>	None Noted	
<b>VACANCY</b>	0%	
<b>DATA SOURCE:</b>	CoStar Lease Comps	
<b>COMMENTS</b>	It is similar vintage, slightly inferior condition, and slightly superior location. It has similar ceiling height, number of drive-in doors per square foot, and percentage of finished area. There is a superior number of docks per square foot.	

Picture Obtained From Google Maps

**COMPARABLE OFFER TO RENT #3**

LOCATION:	<b>8236 Wright St. Merrillville, IN</b>	<b>PHOTO</b>
<b>DESCRIPTION:</b>	A steel-exterior, one-story, 12,060-square foot industrial building built circa 2009. This property is located in a slightly inferior location as compared to the subject. This property has 3 drive-in doors, 1 dock, and 16' ceiling clearance. There is approximately 20% finished area.	
<b>UNIT SIZE(S)</b>	12,060 Sq.Ft.	
<b>ASKING LEASE RATE(S):</b>	\$13.00	
<b>LESSEE</b>	N/A	
<b>DATE OF LEASE</b>	N/A	
<b>LEASE STRUCTURE</b>	Modified Gross (Net Equivalent \$10.50)	
<b>LEASE TERM(S)</b>	Negotiable	
<b>ESCALATIONS</b>	Negotiable	
<b>CONCESSIONS/OTHER</b>	Negotiable	
<b>VACANCY</b>	100%	
<b>DATA SOURCE:</b>	CoStar For Lease	
<b>COMMENTS</b>	It is similar vintage, slightly inferior condition and location. It has superior number of drive-in doors per square foot and an inferior ceiling height. There is a similar number of docks per square foot and percentage of finished area.	



Picture Obtained From Google Maps


**COMPARABLE RENTAL #4**

LOCATION:	52 Marks Rd. Valparaiso, IN	<b>PHOTO</b>
<b>DESCRIPTION:</b>	A concrete-exterior, one-story, 42,483-square foot industrial building built circa 1979. This property is located in a similar location as compared to the subject. This unit has 1 drive-in door, 3 docks, and 22' ceiling clearance. There appears to be an inferior amount of finished area.	
<b>UNIT SIZE(S)</b>	30,000 Sq.Ft.	
<b>LEASE RATE(S):</b>	\$4.50	
<b>LESSEE</b>	Undisclosed	
<b>DATE OF LEASE</b>	March 2022	
<b>LEASE STRUCTURE</b>	Net	
<b>LEASE TERM(S)</b>	10 Years (Expires 03/2032)	
<b>ESCALATIONS</b>	Undisclosed	
<b>CONCESSIONS/OTHER</b>	None Noted	
<b>VACANCY</b>	0%	
<b>DATA SOURCE:</b>	CoStar Lease Comps	
<b>COMMENTS</b>	It is older vintage and inferior condition. It has an inferior percentage of finished space and number of drive-in doors per square foot as well as a superior number of docks per square foot. It has a similar location and ceiling height.	



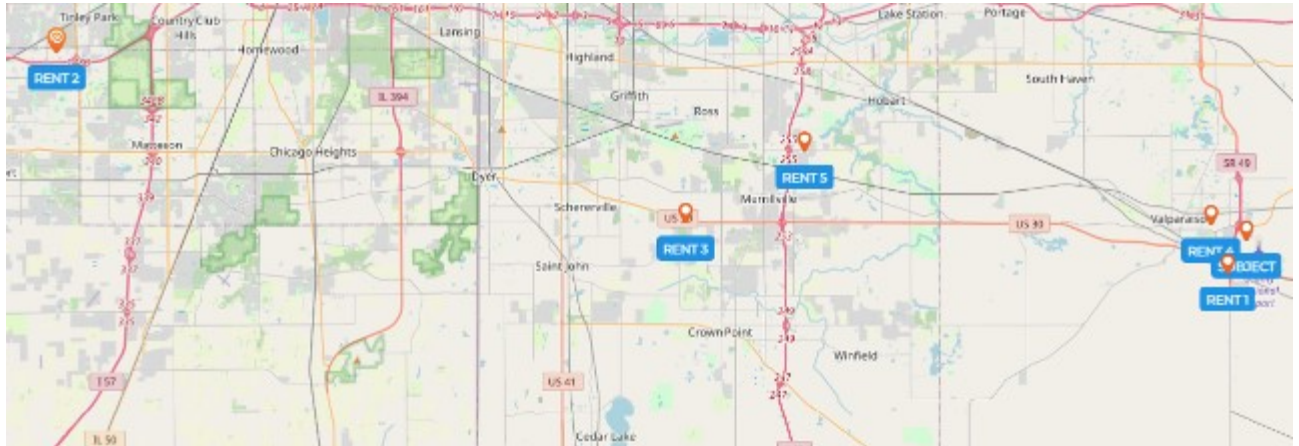
Picture Obtained From Google Maps

**COMPARABLE RENTAL #5**

LOCATION:	6221-41 Northwind Pkwy. Hobart, IN	PHOTO
<b>DESCRIPTION:</b>	A concrete-exterior, one-story, 150,000-square foot industrial building built circa 2008. This property is located in a slightly superior location as compared to the subject. This unit has 1 drive-in door, 6 docks, and 28' ceiling clearance. There appears to be a very limited amount of finished area.	
<b>UNIT SIZE(S)</b>	61,860 Sq.Ft.	
<b>LEASE RATE(S):</b>	\$7.25	
<b>LESSEE</b>	Mobili Fiver USA	
<b>DATE OF LEASE</b>	March 2023	
<b>LEASE STRUCTURE</b>	Net	
<b>LEASE TERM(S)</b>	5 Years (Expires 04/2028)	
<b>ESCALATIONS</b>	Undisclosed	
<b>CONCESSIONS/OTHER</b>	None Noted	
<b>VACANCY</b>	0%	
<b>DATA SOURCE:</b>	CoStar Lease Comps	
<b>COMMENTS</b>	It is similar vintage and similar condition. It has an inferior number of drive-in doors per square foot and percentage of finished space. It has a superior location, ceiling height, and number of docks per square foot.	

Picture Obtained From Google Maps

*Comparable Rental Map*



*Comparable Rental Analysis*

**Adjustment Grid**

#	Rent/ Sq.Ft.	Asking or Existing	Lease Structure	Location	Age/ Condition	Drive-In Doors	Docks	Ceiling Height	Finished Space	# of Stories	Unit Size
1	\$8.50	=	=	=	=	(-)	(-)	(-)	+	(-)	=
2	\$8.00	=	=	(-)	+	=	(-)	=	=	=	=
3	\$13.00	(--)	(--)	+	+	(--)	=	+	=	(-)	(--)
4	\$4.50	=	=	=	+++	+	(-)	=	+	(-)	=
5	\$7.25	=	=	(-)	=	++	(-)	(-)	++	(-)	+

The comparable rental units are analyzed on net lease basis, with tenants responsible for unit utilities, taxes, insurance, and common area maintenance, while the owner is responsible for replacement of major structural and mechanical components.

*Forecasted Rents*

Based on our analysis of the competing rental properties, we are forecasting the subject's rent at \$7.40 per square foot on a net basis with the tenant responsible for taxes, insurance, and common area maintenance.

Unit #	Size (Sq.Ft.)	Current Rent	Forecasted Annual Rent	Rent Per Sq.Ft.	Total Rent
851	30,331	*\$288,144.48	\$224,449.40	\$7.40	\$224,449.40

\*currently rented on a modified gross basis

*Expense Reimbursements*

The building is forecasted to be rented on a net lease basis. The tenant expenses include real estate taxes, insurance, and exterior maintenance. Therefore, expense reimbursement will be \$83,410 (real estate taxes \$33,364, insurance \$12,132, and exterior maintenance \$37,914).

### *Vacancy and Collection Losses*

A property cannot be expected to be fully occupied at all times; therefore, a provision for vacancy and collection losses should be made. We discussed the subject's market area with several managers and realtors familiar with the area, who indicated that demand for similar type properties in the subject's and the surrounding area is moderate to strong and continues to improve. They indicated that vacancy for similar properties in the immediate area is approximately 5% to 25%, depending on condition and location.

There is limited information on Northwest Indiana industrial vacancy. According to a study conducted by Colliers, the industrial vacancy (3<sup>rd</sup> quarter 2024) in Northwest Indiana was 5.73%. According to a study conducted by Marcus & Millichap, the industrial vacancy (midyear 2024) in the Chicago Metro Area was 5.2%. Per Colliers and JLL, the industrial vacancy (3<sup>rd</sup> quarter 2024) for the Chicago Metro Area was 4.8%-4.88%. Per Lee & Associates, the industrial vacancy (1<sup>st</sup> quarter 2024) for the Chicago Metro Area was 5.3%. According to data obtained from CoStar, for industrial/flex properties with between 10,000 and 150,000 square feet, and located within Lake and Porter County, the vacancy rate has decreased to 4.27% from the five-year average of 5.99%.

The subject property is currently 100% owner-occupied. The subject's vacancy and collection loss allowance is estimated at 5.0%

The effective gross income for the subject is calculated as follows:

Potential Gross Income	\$224,449
Tenant Reimbursement	<u>83,410</u>
Total Potential Gross Income	\$307,859
Less: Vacancy & Collection Loss (5.0%)	<u>(15,393)</u>
<b>Effective Gross Income From All Sources</b>	<b>\$292,466</b>

## *Expenses*

From the effective gross income, it is necessary to deduct the appropriate amount of operating expenses. We reviewed similar buildings, including, but not limited to the properties utilized in the Sales Comparison Approach and Rental Analysis sections of this appraisal.

**Real Estate Taxes:** Real estate taxes were reported by the treasurer to be \$27,343.12, which equates to \$0.90 per square foot of building area. Property taxes are current. We reviewed taxes of similar properties in the area, (including the comparable sales and rental properties utilized in this report) and found that taxes are generally ranging from \$0.90 to \$1.50 per square foot. The current assessment reflects an assessor estimated market value of \$1,062,000. The assessor's market value estimate appears low. In consideration of the current assessment of the subject, the comparable properties surveyed in the area, and the relation between the assessed value and our opinion of market value, real estate taxes are forecasted at \$1.10 per square foot, or \$33,364.

**Insurance:** We surveyed similar buildings from the area and found that the current reported insurance cost is between \$0.25 and \$0.50 per square foot. This expense has been forecast at \$0.40 per square foot.

**Exterior Maintenance:** We surveyed owners and managers of other industrial properties from the area and found typically exterior maintenance expenses range from \$0.75 to \$1.75 per square foot. Exterior maintenance has been forecast at \$1.25 per square foot.

**Management:** The management fee is the cost of having a professional management company manage the day-to-day operations of the subject. Typically, management companies charge from 2% to 4% of the effective gross income for similar buildings. A stabilized expense figure of 3% of effective gross income is therefore deemed appropriate.

**Miscellaneous:** These include legal, accounting, advertising, and exterminating expenses as well as utility expenses that occur during vacancy. Miscellaneous expenses are estimated at 1.25% of EGI.

**Replacement Reserves:** Managers and owners of properties such as the subject often do not provide a reserve for replacement category, but generally record annual expenditures for such items as painting and decorating, and periodic mechanical or structural repairs and replacement. In order to determine an annual potential expenditure and allocation for these items, we considered the cost of replacement and anticipated life. This allowance anticipates the replacement of those items whose short useful lives will cause the replacement of these items to be over and above the budget of normal repairs and maintenance costs. These items typically include the HVAC units, water heaters, plumbing fixtures, and roof repairs, etc. Typically, a reserve for replacement should be \$0.30 to \$0.50 per square foot for a building the size and age of the subject. We believe that a stabilized replacement reserve expense of \$0.35 per square foot is appropriate, especially considering the age and condition of short-lived items.

*Forecasted Income & Expenses*

	Forecasted	% of EGI	Per Sq.Ft.
<b>REVENUE:</b>			
Potential Rental Income	\$224,449		
Tenant Reimbursements	\$83,410		
<b>Total Potential Income</b>	<b>\$307,859</b>		
Less: Vacancy & Collection Loss @ 5.0%	<u>15,393</u>		
<b>Effective Gross Rental Income</b>	<b>\$292,466</b>		
<b>EXPENSES:</b>			
Real Estate Taxes	\$33,364	11.41%	\$1.10
Insurance	12,132	4.15%	0.40
Exterior Maintenance	37,914	12.96%	1.25
Management	8,774	3.00%	0.29
Miscellaneous	3,656	1.25%	0.12
Gen. Replacement Allowances	10,616	3.63%	0.35
<b>TOTAL EXPENSES</b>	<b><u>\$106,456</u></b>	<b>36.40%</b>	<b>\$3.51</b>
<b>NET OPERATING INCOME</b>	<b>\$186,011</b>		

The subject's net operating income is forecast at **\$186,011**. This figure will be utilized in the capitalization analysis on the following page.

## Direct Capitalization

There are several methods and sources available to derive a capitalization rate. These include market extraction, mortgage-equity analysis, and rates published in respected investment surveys and bulletins. Market extraction is usually the preferred method of capitalization as capitalization data is obtained from sales of comparable properties. This rate has the least subjective aspect of any of the rates available from capitalization methods.

The following table contains properties that were leased at the time of sale:

ANALYSIS OF OVERALL CAPITALIZATION							
	<i>Location</i>	<i>Sale Date</i>	<i>Year Built</i>	<i>Building Area (Sq.Ft.)</i>	<i>Sale Price</i>	<i>Reported Net Income</i>	<i>Overall Rate</i>
1	1201 E. 86 <sup>th</sup> Pl. Merrillville, IN (Industrial/Flex)	12/22	1989	29,420	\$2,350,000	\$205,854	8.76%
2	1680-90 E. Porter St. Crown Point, IN (Industrial/Flex)	10/23	2022	14,725	\$1,820,438	\$149,100	8.19%
3	7501 W. 15 <sup>th</sup> Ave. Gary, IN (Industrial/Flex)	03/24	2010	16,696	\$2,500,000	\$185,760	7.43%
4	3488 Eagle Nest Dr. Crete, IL (Industrial/Flex)	07/22	2006	14,800	\$1,660,000	\$130,532	7.86%
5	1162-66 N. McLean Blvd. Elgin, IL (Industrial/Flex)	06/23	2002	27,159	\$2,700,000	\$213,536	7.91%
6	155 Fort Hill Dr. Naperville, IL (Industrial/Flex)	09/23	2000	106,512	\$10,750,000	\$747,125	6.95%
7	23901-07 W. Industrial Dr. N Plainfield, IL (Industrial/Flex)	09/23	1995	12,000	\$1,500,000	\$100,858	6.72%

The capitalization rates range from 6.72% to 8.76% with a mean of 7.69% and a median of 7.86%. The subject is similar to the comparables in terms of design.

Capitalization rates have been stable to slightly increasing. The capitalization rate selected for the subject is toward the middle of the range of the sales.

The subject's NOI is capitalized at 7.70%.

Utilizing the forecasted income and expense projections, the indicated Fee Simple value for the subject utilizing Direct Capitalization is as follows:

$$\$186,011 \div 7.70\% = \$2,415,727$$

**VALUE VIA INCOME APPROACH**

**\$2,420,000 Rounded**

## Reconciliation-851 Transport Drive

Two approaches were used in order to form an opinion of the market value of the subject. The following values were indicated:

<b>Indicated value via the Sales Comparison Approach (Fee Simple)</b>	<b>\$2,800,000</b>
<b>Indicated value via the Income Approach (Fee Simple)</b>	<b>\$2,420,000</b>

The Cost Approach is based on the principle of substitution, which states that no knowledgeable buyer would pay more for a property than it would cost to replace with a property of equal or similar desirability and utility. The Cost Approach is most appropriate for newly or recently constructed properties as the construction of a new structure is often a realistic alternative to the purchase of an existing building. Older buildings, particularly those that suffer from substantial incurable obsolescence, are typically not good substitutes for new construction, and the Cost Approach therefore would have limited applicability.

*The subject is an older building that has incurred significant physical depreciation. The measurement of depreciation tends to be very subjective, and purchasers do not typically rely on this approach when making purchasing decisions. The Cost Approach is therefore not applied in this analysis.*

The Sales Comparison Approach is the process of comparing similar properties to the subject property and adjusting the price of the comparables for any differences. Comparable properties can include closed sales, properties currently under contract, and offers to sell. The Sales Comparison Approach is generally considered a good indicator of value because it reflects actual purchases of comparable properties. The Sales Comparison Approach can be limited if sales data is scarce in a given market area or if the subject property differs substantially from all recently sold properties in its market area.

*Adequate comparable sales data was found for the subject property and the Sales Comparison Approach has been given primary emphasis in arriving at a final opinion of value.*

The Income Capitalization Approach to value is often the most appropriate approach for valuing income-producing properties. This approach is based upon the income producing ability of the property. The Income Approach can be of limited applicability if income and expense data is limited for a property or if there is limited data to accurately derive a capitalization or yield rate.

*The subject property is an owner-user building, with specialized features that would not typically appeal to an investor. A typical purchaser for the subject would not primarily be motivated by the income producing capacity of the subject. The Income Capitalization Approach is therefore given only secondary and limited consideration to the Sales Comparison Approach.*

Based on our investigation and analysis of the data gathered with respect to this assignment, the “Retrospective” market value of the Fee Simple interest in the subject, as of April 12, 2024 was:

**TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS**

**(\$2,800,000)**



## Analyses & Conclusions

### Value Introduction

For real estate consisting of land and building(s), there are three primary valuation methods - the cost approach, sales comparison approach, and income approach. Unless stated otherwise, only those considered applicable and necessary to produce credible results are developed in this report.

### Highest & Best Use-(Excess Land-Transport Drive)

Highest and best use is defined in the *APPRAISAL OF REAL ESTATE, 14<sup>th</sup> Edition* (2013) published by the Appraisal Institute, as:

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

The highest and best use of both land as though vacant and property as improved must meet four criteria. The highest and best use must be 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive.

The highest and best use of a site must be considered from two standpoints—highest and best use of land or sites as though vacant, and highest and best use of the property as improved.

†

### Highest and Best Use of Land as Though Vacant (Excess Land-Transport Drive)

The analysis of the highest and best use of land as though vacant assumes that a parcel of land is vacant or can be made vacant by demolishing the existing improvements. Following is a discussion of each point as it relates to the subject site, as though vacant.

1. “Physically Possible.” The subject site contains 107,570 square feet/2.47 acres. All utilities are available. The site has a rectangular shape, and size is the only significant physical restriction on the site.
2. “Legally Permissible.” The subject site is zoned INH Heavy Industrial District. This zoning provides for a variety of heavy industrial uses. It prohibits most residential and commercial uses
3. “Financially Feasible.” The subject is located along an industrial roadway in an established industrial district that is adjacent to the Porter County Airport and near the SR-49 interchange. A few new/newer constructed industrial properties were noted in the Valparaiso area. Constructing a light industrial/office building is considered financially feasible.
4. “Maximally Productive.” The maximally productive use of the site would be to develop an industrial property

# Excess Land Value “As Is”

## **COST APPROACH**

The cost approach is most applicable for real estate consisting of land and a new, or like new, building. This approach tends to lack reliability when there is a large degree of depreciation. Since the subject is vacant land the cost approach was not developed in this appraisal.

## **SALES COMPARISON APPROACH**

### *Introduction*

In an appraisal, the real estate being appraised is referred to as the “subject” or “subject property”. Properties possessing characteristics that are physically and location ally similar to the subject are called “comparables” or “comparable sales”. In this approach, comparables are compared to the subject. Differences are noted. Dissimilarities between the subject and the comparables are categorized into elements of comparison. Adjustments, to compensate for dissimilarities, are next applied the sale prices of the comparable sales. Then, a value estimate for the subject is reconciled from the range in adjusted sale prices established by the comparables. Unless stated otherwise, all cited transactions are "arm's length" conveyances. An “arm’s length” transaction is an agreement between unrelated parties with typical motivations in a competitive market.

Comparable sales data is provided on the following pages.

**Comparable Sale 1**

**Address:**  
**1712 Porter St.**  
**Crown Point, IN**



<b>SALE PRICE</b>	<b>\$240,000</b>	SITE SIZE (Sq.Ft.)	60,156 sf
<b>PRICE/SQ.FT.</b>	<b>\$3.99 sf</b>	SITE SIZE (Acres)	1.38 acres
PROP. RIGHTS	Fee Simple	SHAPE	Irregular
CONDITIONS OF SALE	None Noted	IMPROVEMENTS	None
POST SALE EXPENDITURES	None Noted	CORNER	No
<b>DATE OF SALE</b>	<b>03/2022</b>	ZONING	Industrial
GRANTOR	JACM Capital LLC	PRIOR SALE PRICE	\$262,000
GRANTEE	Porter Street Development	PRIOR SALE DATE	05/30/2019
FINANCING	Undisclosed	VERIFICATION	CoStar, Assessor

**COMMENTS:** Sale of an industrial site located in the nearby community of Crown Point. This location has superior access to major expressways, warranting a slight downward location adjustment.

Per information from David Lasser of Commercial-InSites, the seller, JACM Capital LLC purchased the property for \$262,000 in May 2019. JACM intended to construct a building but another investment opportunity came up so he sold this property for slightly less than he paid to pursue the new investment.

**Comparable Sale 2**

**Address:**  
**1018 Summit St.**  
**Crown Point, IN**



<b>SALE PRICE</b>	<b>\$500,000</b>	SITE SIZE (Sq.Ft.)	87,120 sf
<b>PRICE/SQ.FT.</b>	<b>\$5.74 sf</b>	SITE SIZE (Acres)	2.0 acres
PROP. RIGHTS	Fee Simple	SHAPE	Rectangular
CONDITIONS OF SALE	None Noted	IMPROVEMENTS	None
POST SALE EXPENDITURES	None Noted	CORNER	No
<b>DATE OF SALE</b>	<b>05/2021</b>	ZONING	Industrial
GRANTOR	1018 E Summit LLC	PRIOR SALE PRICE	\$325,000
GRANTEE	RDM V LLC	PRIOR SALE DATE	08/30/2018
FINANCING	Not Disclosed	VERIFICATION	CoStar, Assessor

**COMMENTS:** Sale in the nearby community of Crown Point. This location is very close to the I-65/109<sup>th</sup> Street interchange. A large downward location adjustment is made.

**Comparable Sale 3**

**Address:  
9300-9440 Mississippi  
Merrillville, IN**



Site is outlined in red

<b>SALE PRICE</b>	<b>\$595,000</b>	<b>SITE SIZE (Sq.Ft.)</b>	<b>149,755 sf</b>
<b>PRICE/SQ.FT.</b>	<b>\$3.97 sf</b>	<b>SHAPE</b>	<b>Irregular</b>
<b>PROP. RIGHTS</b>	<b>Fee Simple</b>	<b>IMPROVEMENTS</b>	<b>2 Buildings</b>
<b>CONDITIONS OF SALE</b>	<b>None Noted</b>	<b>CORNER</b>	<b>Interior</b>
<b>POST SALE EXPENDITURES</b>	<b>None Noted</b>	<b>ZONING</b>	<b>M2</b>
<b>DATE OF SALE</b>	<b>Mar-22</b>		
<b>GRANTOR</b>	<b>Randolph Investments LLC</b>	<b>PRIOR SALE PRICE</b>	<b>N/A</b>
<b>GRANTEE</b>	<b>David Shepard</b>	<b>PRIOR SALE DATE</b>	<b>N/A</b>
<b>FINANCING</b>	<b>Conventional</b>	<b>VERIFICATION</b>	<b>CoStar, Appraiser's Files, Verified with Bank for closing date and price</b>

**COMMENTS:** Sale of a similar size site in Merrillville, a nearby community. This location has superior access to major expressway interchanges, warranting a downward adjustment. This property had two buildings that were in inferior condition and were intended for demolition. This property was purchased for land value.

**Comparable Land Sale 4**

**Address:**  
**5924 Industrial Ave.**  
**Gary, IN**



<b>SALE PRICE</b>	<b>\$650,000</b>	SIZE (SF)	217,800
<b>PRICE/SF</b>	<b>\$2.98</b>	SHAPE	Rectangular
PROP. RIGHTS	Fee Simple	IMPROVEMENTS	None
CONDITIONS OF SALE	No Concessions Noted	UTILITIES	Nearby
POST SALE EXPENDITURES	N/A	OTHER	N/A
<b>DATE OF SALE</b>	<b>Closed 5/2022</b>	ZONING	M2-1
GRANTOR	G.P Development LLC	PRIOR SALE PRICE	N/A
GRANTEE	Gary Chicago International	PRIOR SALE DATE	N/A
FINANCING	Not Disclosed	VERIFICATION	CoStar, Assessor

**COMMENTS:** Sale of a larger site located in Gary, a community in Lake County. This location has superior access to major expressways and is across from Gary Chicago International Airport. This property is approximately 1.35 miles from I-90 expressway interchange. This is offset because the overall rent levels and values are lower than the subject's community.

**Comparable Land Listing 5**

**Address:  
3100 Evans  
Valparaiso, IN**



<b>LIST PRICE</b>	<b>\$924,000</b>	<b>SIZE (SF)</b>	419,918
<b>PRICE/SF</b>	<b>\$2.20</b>	<b>SHAPE</b>	Sltly Irregular
<b>PROP. RIGHTS</b>	Fee Simple	<b>IMPROVEMENTS</b>	None
<b>CONDITIONS OF SALE</b>	No Concessions Noted	<b>UTILITIES</b>	Nearby Site
<b>POST SALE EXPENDITURES</b>	N/A	<b>OTHER</b>	N/A
<b>DATE OF SALE</b>	<b>Active Listing</b>	<b>ZONING</b>	INH
<b>GRANTOR</b>	Hain, Dennis C Trust & Judith A Trust	<b>PRIOR SALE PRICE</b>	N/A
<b>GRANTEE</b>	N/A	<b>PRIOR SALE DATE</b>	N/A
<b>FINANCING</b>	N/A	<b>VERIFICATION</b>	CoStar, Assessor

**COMMENTS:** Active listing of a larger site located in the same community. It has similar zoning as the subject. A large downward adjustment is made for being an active listing which generally do not sell at full list price.

The following tables make sequential adjustments, with property rights, conditions of sales, post sales expenditures, and date of sale (market conditions) adjustments made first. Then further adjustments are made for location and physical characteristics on a price per square foot basis.

	SUBJECT	SALE 1	+/-	SALE 2	+/-	SALE 3	+/-
<b>ADDRESS</b>	<b>Transport Dr.</b> <b>Valparaiso, IN</b>	<b>1712 Porter</b> <b>Crown Point, IN</b>		<b>1018 Summit</b> <b>Crown Point, IN</b>		<b>9300-9440</b> <b>Mississippi</b> <b>Merrillville, IN</b>	
<b>SALE PRICE</b>	N/A	<b>\$240,000</b>		<b>\$500,000</b>		<b>\$595,000</b>	
<b>SALE PRICE/SF</b>	N/A	<b>\$3.99</b>		<b>\$5.74</b>		<b>\$3.97</b>	
PROP. RIGHTS	Fee Simple	Similar		Similar		Similar	
COND. OF SALE	No Concessions	No Concessions		No Concessions		No Concessions	
POST SALE EXP.	N/A	N/A		N/A		N/A	
DATE OF SALE	DOV Apr-24	Mar-22	5%	May-21	5%	Mar-22	5%
LOCATION	Avg-Good	Sltly Superior	-5%	Superior	-10%	Sltly Superior	-5%
ACCESS	Minor Corner	Interior	5%	Interior	5%	Interior	5%
SITE SIZE (SF)	107,570	60,156	-5%	87,120	0%	149,755	0%
SHAPE	Rectangular	Irregular	5%	Rectangular		Irregular	5%
IMPROVEMENTS	6880 sf paving	None		None		2 Buildings	10%
UTILITIES	Nearby	Nearby		To Site	-5%	To Site	-5%
ZONING	INH	I-1		I-1		M2	
<b>NET ADJUSTMENT</b>			<b>5%</b>		<b>-5%</b>		<b>15%</b>
<b>INDICATED VALUE</b>			<b>\$4.19</b>		<b>\$5.45</b>		<b>\$4.57</b>

	SUBJECT	SALE 4	+/-	LISTING 5	+/-
<b>ADDRESS</b>	<b>Transport Dr.</b> <b>Valparaiso, IN</b>	<b>5924 Industrial Dr.</b> <b>Gary, IN</b>		<b>3100 Evans</b> <b>Valparaiso, IN</b>	
<b>SALE PRICE</b>	N/A	<b>\$650,000</b>		<b>\$924,000</b>	
<b>SALE PRICE/SF</b>	N/A	<b>\$2.98</b>		<b>\$2.20</b>	
PROP. RIGHTS	Fee Simple	Similar		Similar	
COND. OF SALE	No Concessions	No Concessions		No Concessions	
POST SALE EXP.	N/A	N/A		N/A	
DATE OF SALE	Obsv. 12/2024	May-22	5%	Active	-20%
LOCATION	Avg-Good	Similar		Similar	
ACCESS	Minor Corner	Interior	5%	Interior	5%
SITE SIZE (SF)	107,570	217,800	10%	419,918	25%
SHAPE	Rectangular	Rectangular		Sltly Irregular	-5%
IMPROVEMENTS	None	None		None	
UTILITIES	Nearby	Nearby		Nearby	
ZONING	INH	M2-1		INH	
<b>NET ADJUSTMENT</b>			<b>20%</b>		<b>5%</b>
<b>INDICATED VALUE</b>			<b>\$3.58</b>		<b>\$2.31</b>

## Sales Comparison Analysis

Sales of comparable properties were found to be extremely limited for the subject. There is a limited stock of similar industrial zoned vacant properties in the Valparaiso community. Therefore, it was necessary to utilize industrial land comparables in Lake County and a listing in the Valparaiso community. The comparables utilized were chosen for date of sale, size and industrial zoning.

## Explanation of Adjustments

The following adjustments were indicated:

- 1) Real property rights conveyed. No adjustments were indicated for either positive or negative lease(s).
- 2) Conditions of Sale (Including Financing Terms): No Conditions of Sale noted.
- 3) Post-Sale Expenditures: None Disclosed.
- 4) Market Conditions/Date of Sale: A review of sales activity as published by CoStar and NIRA MLS in and around the subject's market area suggests that industrial land values were in an upward trend in recent years.
- 5) Location: See comments on the previous pages regarding location adjustments.
- 6) Physical Characteristics: Some of the more significant adjustments made for physical characteristics are explained below.
  - A) Adjustments reflect an inverse relationship between size and selling price per square foot. Typically, larger parcels sell for less on a price per square foot basis than smaller sites. Adjustments were made for significant differences in site area.
  - B) Improvements: Comparable 3 had an improvement, which warranted an upward adjustment. Improved properties sold for land value require demolition of existing improvements, which adds to costs.

## Sales Comparison Analysis –Reconciliation of Sales

The following table summarizes unadjusted and adjusted (indicated values) in the comparable sales analysis:

Sale/Listing Number	Sale Price	Price per square foot (unadjusted)	Indicated value per square foot
1	\$240,000	\$3.99	\$4.19
2	\$500,000	\$5.74	\$5.45
3	\$595,000	\$3.97	\$4.57
4	\$650,000	\$2.98	\$3.58
5 (Listing)	\$924,000	\$2.20	\$2.31

We carefully considered the foregoing comparable sales data. Consideration was given to the subject's location, site size, features, and zoning. The most recent sales of generally equivalent properties in the immediate and near vicinity were selected, with each of the sales requiring minor to moderate adjustment. No specific sale was deemed to be clearly most comparable to the subject and the sales are given approximately equal weight.

Based on the available information and foregoing analysis, we estimate the market value of the subject at \$4.00 per square foot of land area. The following is indicated:

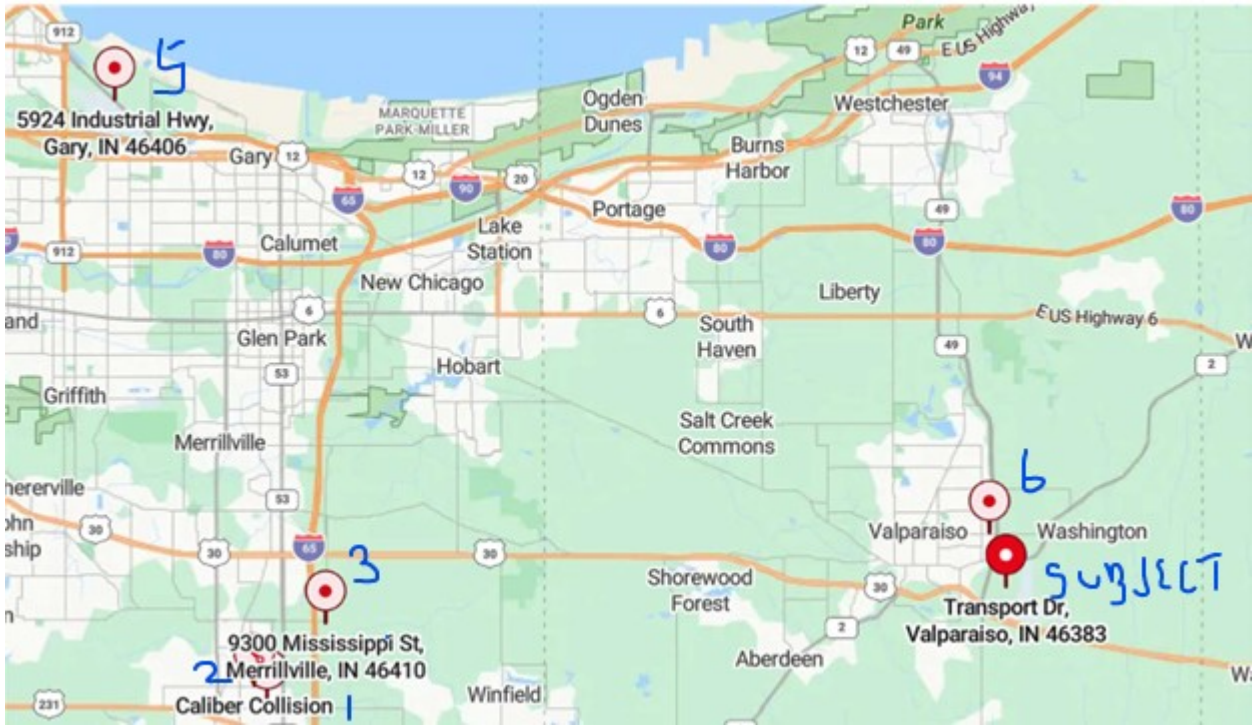
107,570± square feet @ \$4.00 per square foot = \$430,000 rounded

**VALUE VIA SALES COMPARISON APPROACH**

**\$430,000 Rounded**

# Sales Comparison Approach

## Sales Location Map



## **Income Approach**

The income approach is most applicable for real estate developed to generate rental income such as shopping centers or apartment buildings. Vacant land like the subject, is customarily not acquired to produce rental income.

One criterion of market value is the “most probable price”. Implicit within the “most probable price” concept is the presumption of a sale to the most probable buyer. It is sensible the estimation of market value should be based on data involving the most probable buyer, not less-frequent buyer groups. In this case, the most probable buyer is an owner-user acquiring the property for occupancy, not rental income. This buyer type generally does not include income valuation during their purchase deliberations.

By its very nature, market data applicable to less frequent buyer groups is scarce and scattered, hence less meaningful. As applicable the subject, sufficient rental data, expense information, and capitalization rates necessary to process a meaningful value indication via this approach are not available. Therefore, the income approach was judged inapplicable and intentionally omitted.

## **Final Reconciliation – Improved Parcel and Contributory Value of Excess Land Parcel**

As detailed earlier, our opinion of the market value of the Fee Simple interest of the subject property as of April 12, 2024, was \$2,800,000.

Additionally, our opinion of the market value of the Fee Simple interest of the Excess Land Parcels as of April 12, 2024, was \$430,000.

**Contributory Value** is defined as “the change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component,” according to *The Dictionary of Real Estate Appraisal, Fifth Edition*.

The contributory value also accounts for the Entrepreneurial Incentive associated with the Excess Land parcel, as a potential buyer of the subject property would likely sell the Excess Land parcel with the expectation of a profit. Based on these factors, we estimated the contributory value of the Excess Land parcel at 80 percent of its market value.

$\$430,000 * 0.80 = \$340,000$  (Rounded)

Adding this amount (\$340,000) to the opinion of market value of the improved parcels (\$2,800,000), results in a reconciled opinion of the market value of the Fee Simple interest of the subject property of \$3,140,000.

**Our opinion of the retrospective market value of the Fee Simple interest of the entire subject property as of April 12, 2024, was \$3,140,000.**

## Exposure & Marketing Time

Terminology abounds in the real estate appraisal profession. Two related but different concepts that are often confused are Exposure Time and Marketing Time. USPAP specifically addresses the confusion.

Term	Definition	Explanation
Exposure Time (Statement 6)	<i>"... the estimated length of time the property interest being appraised would have been offered on the market <b>prior</b> to the hypothetical consummation of a sale at market value on the effective date of the appraisal".</i>	Backward looking; ends on the effective value date. Based on factual, past events.
Marketing Time (Advisory Opinion 7)	<i>"... an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value during the period immediately after the effective date of the appraisal".</i>	Forward looking; starts on the effective value date. A forecast based on expectancies of future occurrences.

Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were less. Hence, the time span cited below coincides with the value opinion(s) formed herein.

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, not marketing time, when the purpose of the appraisal is to estimate market value. In the recent past, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated little. Sale concessions have not been prevalent. In light thereof, the estimated exposure time for the subject is 6 to 12 months assuming competitive pricing and prudent marketing efforts.

A marketing time estimate is a forecast of a future occurrence. History should be considered as a guide, but anticipation of future events & market circumstances should be the prime determinant. Overall market conditions are expected to remain essentially stable, so a marketing interval between 6 and 12 months is predicted for the subject.

## Contingent and Limiting Conditions

1. By this notice, all persons, companies, or corporations using or relying on this report in any manner bind themselves to accept these contingent and limiting conditions, and all other contingent and limiting conditions contained elsewhere in this report. Do not use any portion of this report unless you fully accept all contingent and limiting conditions contained throughout this document.
2. Throughout this report, the singular term "Appraiser" also refers to the plural term "Appraisers". The terms "Appraiser" and "Appraisers" refer collectively to "Martinez, Sharmat & Associates, Inc.", its officers, employees, subcontractors, and affiliates. The masculine terms "he" or "his" also refer to the feminine term "she" or "her".
3. These conditions are an integral part of this appraisal report, and are a preface to any certification, definition, description, fact, or analysis. Moreover, these conditions are intended to establish as a matter of record that the purpose of this report is to provide one or more value opinions for the subject property. All value opinions are prepared solely for the explicitly identified client and other explicitly identified intended users.
4. **The liability of the Appraiser is limited solely to the client, and any intended users identified in the appraisal report. The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment.**
5. The Appraiser's maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) is limited to the fee paid to Martinez, Sharmat & Associates, Inc. for that portion of their services, or work product giving rise to liability. In no event shall the Appraisers be liable for consequential, special, incidental or punitive loss, damages or expense (including without limitation, lost profits, opportunity costs, etc.) even if advised of their possible existence.
6. As part of this appraisal, information was gathered and analyzed to form value opinion(s) that pertain solely to one or more explicitly identified effective value dates. The effective value date is the only point in time that the value applies. Information about the subject property, neighborhood, comparables, or other topics discussed in this report was obtained from sensible sources. In accordance with the extent of research disclosed in the Scope of Work section, all information cited herein was examined for accuracy, is believed to be reliable, and is assumed reasonably accurate. However, no guaranties or warranties are made for this information. No liability or responsibility is assumed for any inaccuracy which is outside the control of the Appraiser, beyond the scope of work, or outside reasonable due diligence of the Appraiser.
7. Real estate values are affected by many changing factors. Therefore, any value opinion expressed herein is considered credible only on the effective value date. Every day that passes thereafter, the degree of credibility wanes as the subject changes physically, the economy changes, or market conditions change. The Appraiser reserves the right to amend these analyses and/or value opinion(s) contained within this appraisal report if erroneous, or more factual information is subsequently discovered. No guarantee is made for the accuracy of estimates or opinions furnished by others and relied upon in this report.

## Contingent and Limiting Conditions

8. This appraisal is not an engineering, construction, legal, or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied. The Appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property. In the case of limited partnerships, syndication offerings, or stock offerings in the real estate, the client agrees that in case of lawsuit (brought by the lender, partner, or part owner in any form of ownership, tenant, or any other party), the client will hold Martinez, Sharmat & Associates, Inc., its officers, contractors, employees and associate appraisers completely harmless. Acceptance of, and/or use of this report by the client, or any third party is prima facie evidence that the user understands and agrees to all these conditions.
9. For appraisals of multifamily property, only a portion of all dwellings was observed. A typical ratio of observed dwellings roughly approximates 10% of the total number of units, and this ratio declines as the number of dwellings grows. It is assumed the functionality, physical condition, and interior finish of unseen units are similar to the functionality, physical condition, and interior finish of observed units. If unobserved dwellings significantly differ from those that were viewed in functionality, physical condition, or finish, the Appraiser reserves the right to amend these analysis and/or value opinion(s).
10. Unless specifically stated otherwise herein, the Appraiser is unaware of any engineering study made to determine the bearing capacity of the subject land, or nearby lands. Improvements in the vicinity, if any, appear to be structurally sound. It is assumed soil and subsoil conditions are stable and free from features that cause supernormal costs to arise. It is also assumed existing soil conditions of the subject land have proper load bearing qualities to support the existing improvements, or proposed improvements appropriate for the site. No investigations for potential seismic hazards were made. This appraisal assumes there are no conditions of the site, subsoil, or structures, whether latent, patent, or concealed that would render the subject property less valuable. Unless specifically stated otherwise in this document, no earthquake compliance report, engineering report, flood zone analysis, hazardous substance determination, or analysis of these unfavorable attributes was made, or ordered in conjunction with this appraisal report. The client is strongly urged to retain experts in these fields, if so desired.
11. If this appraisal values the subject as though construction, repairs, alterations, remodeling, renovation, or rehabilitation will be completed in the future, it is assumed such work will be completed in a timely fashion, using non-defective materials, and proper workmanship. All previously completed work is assumed to substantially conform to plans, specifications, descriptions, or attachments made or referred to herein. It is also assumed all planned, in-progress, or recently completed construction complies with the zoning ordinance, and all applicable building codes. A prospective value opinion has an effective value date that is beyond or in the future relative to the report preparation date. If this appraisal includes a prospective valuation, it is understood and agreed the Appraiser is not responsible for an unfavorable value effect caused by unforeseeable events that occur before completion of the project.
12. If this appraisal values an interest that is less than the whole Estate, then the following disclosure applies. The value for any fractional interest appraised plus the value of all other complementary fractional interests may or may not equal the value of the entire Estate.

## Contingent and Limiting Conditions

13. This valuation may or may not include an observation of the appraised property by a signatory to this report. The extent of any observation is disclosed in the Scope of Work section of this report. Any observation by a signatory is not and should not be misconstrued as a professional property inspection. Comments or descriptions about physical condition of the improvements, if any, are based solely on a superficial visual observation. Electric, heating, cooling, plumbing, water supply, sewer or septic, mechanical equipment, and other systems were not tested. No determination was made regarding the operability, capacity, or remaining physical life of any component in, on, or under the real estate appraised. All building components are assumed adequate and in good working order unless stated otherwise. Private water wells and private septic systems are assumed sufficient to comply with federal, state, or local health safety standards. No liability is assumed for the soundness of structural members since structural elements were not tested or studied to determine their structural integrity. The roof cover for all structures is assumed water-tight unless otherwise noted. Comments regarding physical condition are included to familiarize the reader with the property. This document is not an engineering or architectural report. If the client has any concern regarding structural, mechanical or protective components of the improvements, or the adequacy or quality of sewer, water or other utilities, the client should hire experts in an appropriate discipline before relying upon this report. No representations are made herein as to these matters unless explicitly stated otherwise in this report.
14. No liability is assumed for matters of legal nature that affect the value of the subject property. Unless a clear statement to the contrary is made in this report, value opinion(s) formed herein are predicated upon the following assumptions. (A) The real property is appraised as though and assumed free from all value impairments including yet not limited to title defects, liens, encumbrances, title claims, boundary discrepancies, encroachments, adverse easements, environmental hazards, pest infestation, leases, and atypical physical deficiencies. (B) All real estate taxes and assessments, of any type, are assumed fully paid. (C) The property being appraised is assumed to be owned under responsible and lawful ownership. (D) It is assumed the subject property is operated under competent and informed management. (E) The subject property was appraised as though and assumed free of indebtedness. (F) The subject real estate is assumed fully compliant with all applicable federal, state, and local environmental regulations and laws. (G) The subject is assumed fully compliant with all applicable zoning ordinances, building codes, use regulations, and restrictions of all types. (H) All licenses, consents, permits, or other documentation required by any relevant legislative or governmental authority, private entity, or organization have been obtained, or can easily be obtained or renewed for a nominal fee.
15. An appraised property that is a physical portion of a larger parcel or tract is subject to the following limitations. The value opinion for the property appraised pertains only to that portion defined as the subject. This value opinion should not be construed as applying with equal validity to other complementary portions of the same parcel or tract. The value opinion for the physical portion appraised plus the value of all other complementary physical portions may or may not equal the value of the whole parcel or tract.
16. The allocation of value between the subject's land and improvements, if any, represents our judgment only under the existing use of the property. A re-evaluation should be made if the improvements are removed, substantially altered, or the land is utilized for another purpose. Contingent and Limiting Conditions
17. The Appraiser assumes a prospective purchaser of the subject is aware of the following. (A) This appraisal of the subject property does not serve as a warranty on the physical condition of the property. (B) It is the responsibility of the purchaser to carefully examine the property, and to take all necessary

precautions before signing a purchase contract. (C) Any estimate for repairs is a non-warranted opinion of the Appraiser.

18. Any exhibits in the report are intended to assist the reader in visualizing the subject property and its surroundings. The drawings are not surveys unless specifically identified as such. No responsibility is assumed for cartographic accuracy. Drawings are not intended to be exact in size, scale, or detail.
19. Value opinions involve only real estate, and inconsequential personal property. Unless explicitly stated otherwise, value conclusions do not include personal property, unaffixed equipment, trade fixtures, business-good will, chattel, or franchise items of material worth.
20. Conversion of the subject's income into a market value opinion is based upon typical financing terms that were readily available from a disinterested, third-party lender on this report's effective date. Atypical financing terms and conditions do not influence market value but may affect investment value.
21. All information and comments concerning the location, market area, trends, construction quality, construction costs, value loss, physical condition, rents, or any other data for the subject represent estimates and opinions of the Appraiser. Expenses shown in the Income Approach, if used, are only estimates. They are based on past operating history, if available, and are stabilized as generally typical over a reasonable ownership period.
22. This appraisal was prepared by Martinez, Sharmat & Associates, Inc. and consists of trade secrets and commercial or financial information, which is privileged, confidential, and exempt from disclosure under 5 U.S.C. 522 (b) (4). Please notify Martinez, Sharmat & Associates, Inc. of any request for reproduction of this appraisal report.
23. The Appraiser is not required to give testimony or produce documents because of having prepared this report unless arrangements are agreed to in advance. If the Appraiser is subpoenaed pursuant to court order or required to produce documents by judicial command, the client agrees to compensate the Appraiser for his appearance time, preparation time, travel time, and document preparation time at the regular hourly rate then in effect plus expenses and attorney fees. In the event the real property appraised is, or becomes the subject of litigation, a condemnation, or other legal proceeding, it is assumed the Appraiser will be given reasonable advanced notice, and reasonable additional time for court preparation.
24. Effective January 26, 1992, the Americans with Disabilities Act (ADA) - a national law, affects all non-residential real estate or the portion of any property, which is non-residential. The Appraiser has not observed the subject property to determine whether the subject conforms to the requirements of the ADA. It is possible a compliance survey, together with a detailed analysis of ADA requirements, could reveal the subject is not fully compliant. If such a determination was made, the subject's value may or may not be adversely affected. Since the Appraiser has no direct evidence, or knowledge pertaining to the subject's compliance or lack of compliance, this appraisal does not consider possible noncompliance or its effect on the subject's value. Contingent and Limiting Conditions
25. Martinez, Sharmat & Associates, Inc. and the Appraiser have no expertise in the field of insect, termite, or pest infestation. We are not qualified to detect the presence of these or any other unfavorable infestation. The Appraiser has no knowledge of the existence of any infestation on, under, above, or within the subject real estate. No overt evidence of infestation is apparent to the untrained eye. However, we have not specifically inspected or tested the subject property to determine the presence of any infestation. No effort was made to dismantle or probe the structure. No effort was exerted to observe enclosed, encased, or otherwise concealed evidence of infestation. The presence of any infestation would likely diminish the property's value. All value opinions in this communication assume there is no infestation of any type affecting the subject real estate. No responsibility is assumed by

Martinez, Sharmat & Associates, Inc. or the Appraiser for any infestation or for any expertise required to discover any infestation. Our client is urged to retain an expert in this field, if desired.

26. All opinions are those of the signatory Appraiser based on the information in this report. No responsibility is assumed by the Appraiser for changes in market conditions, or for the inability of the client, or any other party to achieve their desired results based upon the appraised value. Some of the assumptions or projections made herein can vary depending upon evolving events. We realize some assumptions may never occur and unexpected events or circumstances may occur. Therefore, actual results achieved during the projection period may vary from those set forth in this report. Compensation for appraisal services is dependent solely on the delivery of this report, and no other event or occurrence.
27. No part of this report shall be published or disseminated to the public by the use of advertising media, public relations media, news media, sales media, electronic devices, or other media without the prior written consent of Martinez, Sharmat & Associates, Inc. This restriction applies particularly as to analyses, opinions, and conclusions; the identity of the Appraiser; and any reference to the Appraisal Institute or its MAI, SRPA, or SRA designations. Furthermore, no part of this report may be reproduced or incorporated into any information retrieval system without written permission from Martinez, Sharmat & Associates, Inc., the copyright holder.
28. Features of the subject site such as legal description, dimensions, size, etc. were obtained from publicly available sources. All information taken therefrom is assumed reasonably correct.
29. Details of the improvements thereon including yet not limited to floor plans, construction materials, dimensions, etc. were obtained from personal observation, building plans and/or Assessor information.. All are assumed reasonably correct.
30. A recently issued title policy was not furnished to the appraiser(s). If a value-impairment is identified or suggested in a title policy, another professional report, or some other document, this appraisal does not address issues that are significantly atypical for a valuation of this type property unless specifically identified in the Scope of Work and/or Noteworthy Issues section of this report.
31. A public water system and public sewer main are connected to the subject structure.
32. This appraisal assumes these systems possess sufficient capacity to adequately serve the intended use of the subject improvements, if any. This appraisal also assumes the water is potable and non-contaminated. If these systems are inadequate to properly serve the subject's intended use, then the subject's value and marketability would be adversely affected.

## Certifications

The appraisers signing this report make the following certifications to the best of their knowledge and belief.

- The statements of fact contained in this report are true and correct. Reported analyses, opinions, and conclusions are limited only by the assumptions and limiting conditions contained within this report, and are the appraisers' personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraisers have no present or prospective interest in the property that is the subject of this report, or personal interest with the parties involved. The appraisers have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- This engagement is not contingent upon developing or reporting predetermined results. Compensation paid to the appraisers 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 the appraisal.
- Reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation.
- A statement regarding observation of the subject property by the appraisers is listed below. This viewing, if any, did not attempt to probe, study, investigate, detect, or discover unfavorable physical features.

<b>Appraisers</b>	<b>Observations</b>
Andrew Sharmat, MAI, SRA	No Observation
Helen Arkin	Adequate Interior and Exterior
Sara Janik Serratore	No Observation

➤

- Names of individuals providing significant real property appraisal assistance to the persons signing this certification: No Real Property Assistance. If names are listed, the extent of the assistance is detailed in the Scope of Work section.
- Based upon the information contained herein, and upon judgment, education, and experience as real estate appraisers, it is our opinion that the following market value is applicable to the subject property

**\$3,140,000 Market Value “Retrospective”**

Thank you for your business. Let us know how we may further serve you.



Sara Janik Serratore  
Certified General Real Estate Appraiser  
Indiana License CG40801053  
License Expiration Date: 06/30/2026



Helen Arkin  
Certified General Real Estate Appraiser  
Indiana License CG41200020  
License Expiration Date: 06/30/2026



Andrew Sharmat, MAI, SRA  
Certified General Real Estate Appraiser  
Indiana License #CG40000042  
Expiration Date: 06/30/2026

**All value opinions are affected by all the information, extraordinary assumptions, hypotheses, general limiting conditions, facts, descriptions, and disclosures stated in this appraisal report.**

## **Additional Certifications - Prior Services**

- Starting on January 1, 2010, the Conduct Section of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice (USPAP) requires appraisers to disclose all prior services to the subject property during the three-year period preceding acceptance of an assignment for an appraisal, appraisal review, or appraisal consulting service.
  
- One or more of the appraisers signing this report disclose they have performed no prior services as an appraiser or in any other capacity, regarding the subject property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

## Additional Certifications - Appraisal Institute

The Appraisal Institute, the professional organization that awards the MAI and SRA appraisal designations, conducts a program of continuing education only for its designated members.

### Declarations

**As of the date of this report, I Andrew Sharmat, MAI, SRA have completed the continuing education program for Designated Members of the Appraisal Institute.**

Signatories to this report, who are Appraisal Institute designated members, associates, or affiliates, incorporate the following Certifications to those listed under the bolded topic named “Certifications” that starts on page 93 of this document.

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

## Assumptions

Observation of the subject property was limited to the entire site, some of the roof (as visible from the ground), most exterior walls (as visible from the ground), and most of the interior. The entire building was available for viewing. Unseen areas are assumed to have physical condition similar to that in observed spaces. It is further assumed the subject has no hidden defects. The appraiser(s) did not attempt to study, dig, probe, investigate, detect, remove materials, or discover unfavorable physical features.

- Real estate tax information for the subject was obtained from county assessor and treasurer records. All information from any credible source is assumed reasonably correct. Moreover, this information is assumed the most recent that is expeditiously available to the public.

## Extraordinary Assumptions & Disclosures

An extraordinary assumption is defined by USPAP to be “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinion or conclusions”. Extraordinary assumptions presume as fact otherwise uncertain information. In other words, this type assumption involves uncertainty about an underlying premise. An example is a survey that displays a lot size. If the lot size is later found to be much smaller, then the value conclusion may be negatively affected.

USPAP Standard Rule 1-2(f) requires the identification of all extraordinary assumptions that are necessary for credible assignment results. **This appraisal employs the following extraordinary assumption.**

**An Extraordinary Assumption is made that the property was in roughly similar condition at the time of those retrospective date of April 12, 2024, as it was on the date of observation, which was December 3, 2024.**

Assumptions and presumptions discussed in the Noteworthy Issues section of this report, if any, are incorporated by way of reference into these Extraordinary Assumptions & Disclosures.

The above extraordinary assumptions as well as other assumptions anywhere herein are integral premises upon which the conclusions in this document are based. If any of these assumptions are later found to be materially untrue or inaccurate, then this report’s assignment results may or may not be affected.

## Hypothetical Conditions

USPAP defines a hypothetical condition as “a condition which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis”. Hypothetical conditions assume conditions that are contrary to known fact. An illustration is the current valuation of a proposed home. For the purpose of a rational analysis, it is assumed the home exists on the effective value date, but it is known the home is nonexistent. Another example is a new zoning classification, that a property does not have today, but the new zoning is assumed for the purpose of a logical current valuation. Uncertainty is not involved with a hypothetical condition. An essential premise underlying the valuation is known not to exist on the date of value.

USPAP Standard Rule 1-2(g) requires the identification of all hypothetical conditions that are necessary for a credible value opinion. **This appraisal employs no hypothetical conditions.**

## Digital Images

Our world is rapidly shifting to a global economy in which technology and e-commerce play major roles. Digitized signatures and digital photographs are key elements of this shift. This appraisal may contain digital photographs, which are true and accurate representations. Brightness and/or contrast of these images may have been adjusted to enhance visibility when lighting conditions were too light or too dark. However, the content of these images was not altered or augmented in any way.

Digital signatures may be affixed to this document. Statement 8 of USPAP recognizes and states the proper use of digitized signatures. In this document, a digital signature is a reproduction of the appraiser's actual signature. Software used for the affixation has a password security feature, which controls its usage.

## Report Reliance & Use Restrictions

***No liability is assumed, expressed, or implied by Martinez, Sharmat & Associates, Inc., or the appraiser(s) for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly and explicitly identified as an intended user on page 4 may rely on and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use or rely on any portion of this document. Unauthorized users do so at their own risk and peril.***

## Personal Property & Intangibles

Personal property is movable and **not** permanently affixed to the real estate. Examples of personal property are freestanding ranges, refrigerators, tables, desks, chairs, beds, linen, silverware, hand tools, and small utensils. An intangible is a nonphysical asset like franchises, trademarks, patents, goodwill, and mineral rights. Personal and intangible property included in this appraisal's value opinion, if any, is considered typical for this type real estate, yet insignificant to the value opinion. Therefore, non-realty is not itemized or valued herein. Moreover, this report's final value conclusion(s) **excludes** unaffixed equipment, detached trade fixtures, and chattel unless specifically stated to the contrary.

## **QUALIFICATIONS OF APPRAISER**

### **ANDREW SHARMAT, MAI, SRA**

Illinois Certified General Real Estate Appraiser # 553.001141

Indiana Certified General Appraiser # CG40000042

### **PROFESSIONAL ASSOCIATIONS**

Member (MAI, SRA) of Appraisal Institute

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAI's and SRA's who meet the minimum standards of this program are awarded periodic educational certification.

### **EDUCATION**

Graduated from the University of Arizona in 1983 with a Bachelor of Arts Degree in Economics.

### **APPRAISAL INSTITUTE COURSES & SEMINARS**

- Standards of Professional Practice, Parts A & B
- Real Estate Appraisal Principles
- Basic Valuation Procedures
- Basic Income Capitalization
- Residential Case Study
- Advanced Income Capitalization
- Highest & Best Use & Market Analysis
- Advanced Sales Comparison & Cost Approaches
- Report Writing & Valuation Analysis
- Advanced Applications
- General Demonstration Appraisal Report Seminar
- The Comprehensive Appraisal Workshop
- Due Diligence and Environmental Checklist Seminar
- Practical Application in Market Analysis Seminar
- Appraisal Review and Underwriting Seminar
- Appraiser's Guide to URAR Form Seminar
- Fair Lending and The Appraiser Seminar
- Evaluating Commercial Construction
- Computer Enhanced Cash Flow Modeling
- Analyzing Tenant Credit Risk and Commercial Lease Analysis
- What Commercial Clients Would Like Appraisers to Know
- Complex Litigation Appraisal Case Studies
- Forecasting Revenue
- Appraisal of Medical Office Buildings
- Introduction to Green Buildings: Principles & Concepts

- Market Disturbances-Appraisals in Atypical Markets & Cycles
- Commercial Land Valuation
- Appraisal of Industrial & Flex Buildings
- Fundamentals of Expert Witness Testimony
- Analyzing Operating Expenses
- Business Practices & Ethics

## APPRAISAL AND REAL ESTATE EXPERIENCE

Appraisal assignments have included office, industrial, commercial, proposed subdivisions, condominium conversions, and all types of single- and multi-family residential properties. Extensive appraisal experience for the purposes of financing, mortgage lending, ad valorem tax appeal, eminent domain, estate planning, and marriage dissolution purposes. Clients have included major financial institutions, pension funds, law firms, governmental agencies and local and national developers.

	<b>Indiana Professional Licensing Agency</b> <b>Real Estate Appraiser Licensure Board</b> 402 W. Washington Street, W072 Indianapolis, IN 46204	
	<b>Certified General Appraiser</b>	
License Number	Expire Date	
CG40000042	06/30/2026	
<b>Andrew R. Sharmat</b>		
Eric J. Holcomb Governor State of Indiana	Lindsay M. Hyer Executive Director Indiana Professional Licensing Agency	

## **QUALIFICATIONS OF APPRAISER SARA JANIK SERRATORE**

Illinois Certified General Real Estate Appraiser #553.001644  
Indiana Certified General Real Estate Appraiser #CG40801053

### **EDUCATION**

Attended Northern Illinois University from August 1995 until May 1997 with a major in business. Graduated from Governors State University in 1999 with a Bachelor of Arts Degree in Integrative Studies.

### **APPRAISAL INSTITUTE COURSES & SEMINARS**

- Basic Income Capitalization
- Appraisal Procedures
- Residential Report Writing
- Nonresidential Report Writing
- Standards of Professional Practice, Part A
- Standards of Professional Practice, Part B
- Apartment Appraisal
- Advanced Income Capitalization
- Forecasting Revenue
- FHA and the Appraisal Process

### **APPRAISAL AND RELATED COURSES**

- Real Estate Appraisal
- Appraisal Standards and Ethics
- Residential Property Appraisal
- Business Calculus
- Introduction to Statistics
- Macroeconomics and Microeconomics
- Environmental Studies
- Communication Technology
- The Cost Approach
- Construction Details & Trends
- Introduction to Green Building for Real Estate Appraisers
- Environmental Issues for Appraisers
- Land & Site Valuation
- Appraising & Analyzing Retail Shopping Centers for Mortgage Underwriting
- Even Odder – More Oddball Appraisals
- Private Appraisal Assignments
- Mold, Pollution and the Appraiser
- REO and Foreclosures
- Appraisal of Fast-Food Facilities
- Appraisal of Owner-Occupied Commercial Properties
- Appraisal of Industrial Incubators
- Residential Construction and the Appraiser
- Appraisal of Assisted Living Facilities
- Appraisal of Self-Storage Facilities
- Complex Properties: The Odd Side of Appraisal

**APPRAISAL AND REAL ESTATE EXPERIENCE**

Appraisal assignments have included the following property types: industrial, commercial, office, mixed-use, gas stations, houses of worship, school/daycare, self-storage facilities, land, proposed development, and all types of single- and multi-family residential. Appraisal experience for the purposes of financing, mortgage loans, portfolio analysis, loan modification, foreclosure, divorce proceedings, and estate valuations. Completed in-house reviews of commercial, multi-family, and residential appraisal reports as well as review appraisals of single-family residential properties for financial institution clients. Clients have included major financial institutions, law firms, and governmental agencies.

**CONTACT INFORMATION**

Martinez, Sharmat & Associates, Inc.  
18245 West St., Lansing, IL 60438  
Office #: 708-889-1200  
Fax#: 708-889-1201  
Company Website Address: [www.martinezsharmat.com](http://www.martinezsharmat.com)  
Company Email Address: [saramsa@serratore.com](mailto:saramsa@serratore.com)

	<b>Indiana Professional Licensing Agency Real Estate Appraiser Licensure Board 402 W. Washington Street, W072 Indianapolis, IN 46204</b>
<b>Certified General Appraiser</b>	
License Number	Expire Date
CG40801053	06/30/2026
<b>Sara Janik Serratore</b>	
Eric J. Holcomb Governor State of Indiana	Lindsay M. Hyer Executive Director Indiana Professional Licensing Agency

## QUALIFICATIONS OF APPRAISER

HELEN ARKIN

**Certified General Real Estate Appraiser**

Illinois License #553.001799

**Certified General Real Estate Appraiser**

Indiana License #CG41200020

### **EDUCATION**

Graduated from Illinois State University with a B.S. in Business

### **Appraisal Institute Courses & Seminars**

Real Estate Appraisal Principals

Basic Valuation Procedures

Residential Report Writing

Non-residential Report Writing

Basic Income Capitalization

Residential Construction

Commercial Construction

Course 201 Principles of Income Property Appraising

Course 202 Applied Income Property Valuation

Standards of Professional Practice, Parts A & B

### **APPRAISAL AND RELATED COURSES**

- Appraisal of Fast Food Facilities
- Appraisal of Self-Storage Facilities
- That's a Violation: Appraisal Standards in the Real World
- Valuing Vacant Land and Sites
- Exploring Appraiser Liability
- That's a Violation: Appraisal Standards in the Real World
- Appraisal of REO and Foreclosure Properties
- Even Odder – More Oddball Appraisals

### **APPRAISAL AND REAL ESTATE EXPERIENCE**

Appraisal assignments have included the following property types: industrial, commercial, gas stations, churches, and all types of single- and multi-family residential. Appraisal experience for the purposes of financing, mortgage loans, condominium development, and estate planning. Clients have included major financial institutions, law firms, private clients, and governmental agencies.

### **CONTACT INFORMATION**

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**Eric J. Holcomb**  
Governor  
State of Indiana

**Lindsay M. Hyer**  
Executive Director  
Indiana Professional Licensing Agency

**End of Report**