

Chaska TownSquare Place Extended Stay

1 River Bend Place
Chaska MN 55318

DEMOGRAPHICS	1 MILE	3 MILE	5 MILE
2025 Population	5,008	34,220	75,380
2025 Average HH Income	\$117,592	\$144,875	\$145,956

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PROPERTY SUMMARY

Total Rooms	82
Building SF	72,578
Land SF	53,579
Land Acres	1.23
Year Built	1996
Year Renovated	2004, 2022
# of parcels	1
Building Class	B
Location Class	A
Number of Parking Spaces	75
Garage Parking	22
Surface Parking	53
Rooms For Sale	82

INVESTMENT SUMMARY

Price	\$5,750,000
Price PSF	\$79.23
NOI (CURRENT)	\$454,637
NOI (Pro Forma)	\$789,472
CAP RATE (CURRENT)	7.91%
CAP RATE (Pro Forma)	13.73%
CASH ON CASH (CURRENT)	6.43%
CASH ON CASH (Pro Forma)	25.84%

INCOME	CURRENT		PRO FORMA	
Room Revenue	\$1,225,479	94.3%	\$1,524,827	93.3%
Restaurant Income	\$51,600	4.0%	\$52,800	3.2%
Laundry	\$18,282	1.4%	\$22,181	1.4%
Vending	\$3,600	0.3%	\$4,200	0.3%
Pet Fee			\$10,772	0.7%
Late Fees			\$8,794	0.5%
Other			\$10,222	0.6%
Total Operating Revenue	\$1,298,961		\$1,633,796	
Less Expenses	\$844,324	64.99%	\$844,324	51.67%
Net Operating Income	\$454,637		\$789,472	
Annual Debt Service	\$343,693		\$343,693	
Cash flow	\$110,944		\$445,779	
Debt Coverage Ratio	1.32		2.30	

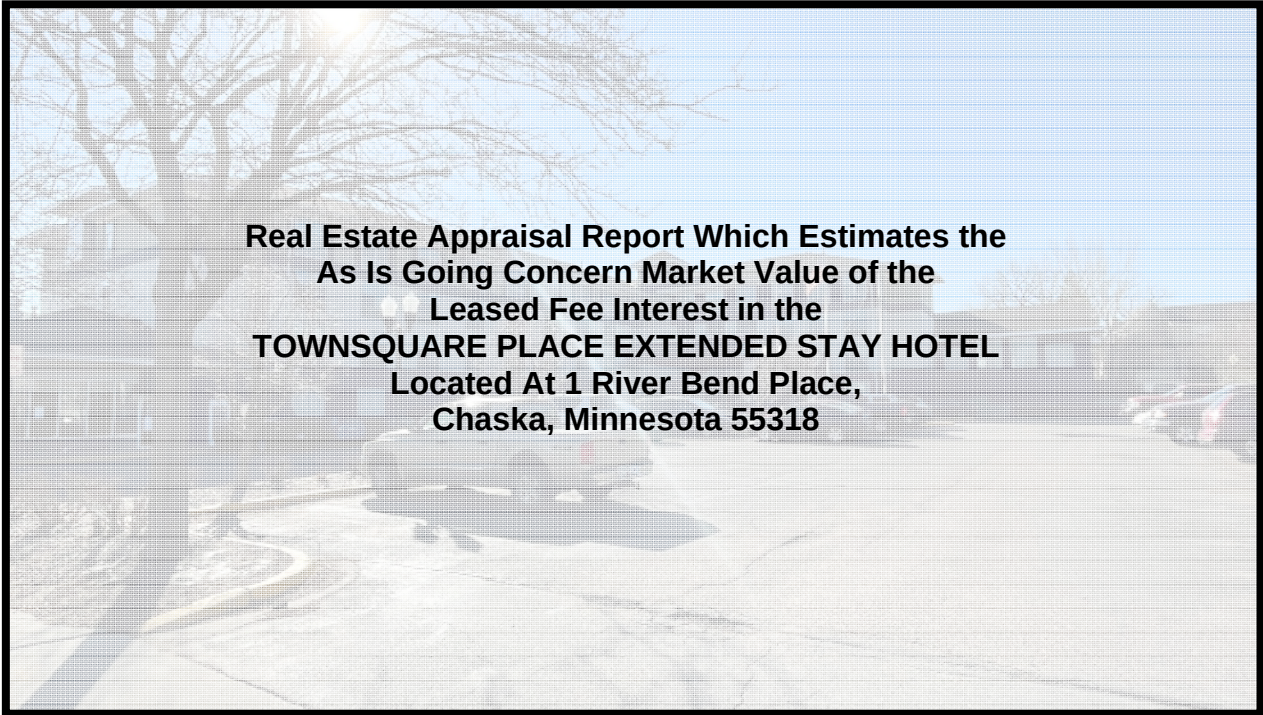
EXPENSES	CURRENT	PRO FORMA
Assume Expense Ratio of 65%	\$844,324	\$844,324
Total Operating Expense	\$844,324	\$844,324
Annual Debt Service	\$343,693	\$343,693
Expense / SF	\$11.63	\$11.63
% of EGI	64.99%	51.67%

EXECUTIVE SUMMARY

The property at 1 River Bend Place, Chaska, MN, presents a rare opportunity to acquire a riverfront hospitality asset with strong redevelopment potential. Located on the Minnesota River in downtown Chaska, the site offers walkable access to Firemen’s Park, the nationally recognized Chaska Curling Center, restaurants, and cultural amenities.

Chaska is a growing community within the southwest Minneapolis–St. Paul metro, with a population of ~29,000 and rising household incomes. Recent infrastructure investments — including the Highway 41/CSAH 61 improvements and upgrades to Highway 212 — are fueling traffic, visibility, and long-term growth.

Minnesota’s hospitality market continues to outperform national trends, with RevPAR and occupancy growth exceeding many U.S. markets. This resilience provides a favorable backdrop for repositioning the property, whether as an upscale hotel or multifamily redevelopment, in alignment with Chaska’s vision for a vibrant riverfront district.



**Real Estate Appraisal Report Which Estimates the
As Is Going Concern Market Value of the
Leased Fee Interest in the
TOWNSQUARE PLACE EXTENDED STAY HOTEL
Located At 1 River Bend Place,
Chaska, Minnesota 55318**



Diversified Real Estate Services, Inc.

DRESI File #: #22082
Date of Inspection: April 11, 2022
Date of Inspection: April 11, 2022
Date Report Was Completed: April 22, 2022

Prepared For
Ms. Jean Kern
Loan Processor
Kensington Bank
501 West St Germain
St. Cloud, Minnesota 56301

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Diversified Real Estate Services, Inc.

April 22, 2022

Ms. Jean Kern
Loan Processor
Kensington Bank
501 West St Germain
St. Cloud, MN 56301

Re: Real estate appraisal report which estimates the as is going concern market value of the leased fee interest in the TownSquare Place Extended Stay Hotel located at 1 River Bend Place, Chaska, Minnesota 55318.

Dear Ms. Kern:

As requested, we have prepared a real estate appraisal report of the above-referenced property. The purpose of this appraisal is to estimate the as is market values of the leased fee interest in the above referenced property. The leased fee interest has been appraised as the subject is currently encumbered by a long-term lease of the main-floor commercial space. The going concern estimate is analyzed as the operations of the business are directly tied to the real estate. As a result, the going concern leased fee interest has been appraised.

The subject property was inspected on April 11, 2022, which is the as is valuation date. As of the date of inspection, the subject property consists of an 82-room extended stay hotel with main floor commercial space leased to Tommy's Malt Shop. The scope of work used in this appraisal is discussed in this report.

Based upon the inspection and the careful consideration of the factors which influence market value, it is our opinion that the subject property has the following as is going concern leased fee market value as of the effective valuation date:

AS IS GOING CONCERN MARKET VALUE CONCLUSION OF THE LEASED FEE INTEREST AS OF APRIL 11, 2022	
SEVEN MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS.....\$7,120,000	
Allocated As:	
Real Estate:	\$ 5,615,000
FF&E:	\$ 1,505,000
Business Value:	\$ 0

The exposure time and marketing time for the subject property has been estimated at less than 12 months.

The improvement description is an important part of the appraisal as it provides the detailed description of the building's design, layout, and construction details, including materials, structural components, and all of the mechanical systems. The improvement description also enables the appraiser to identify the extent and quality of building improvements and provides the basis for making comparisons between the subject property and the surrounding properties, and the comparable properties which will be utilized later in the valuation section of this report.

The following description of the subject improvements is based upon our inspection of the subject property, discussions with ownership, and building plans provided. If any information is found to be incorrect, the valuation conclusions may be subject to change.

The subject improvements consist of a four-story, wood framed, independently operated, 82-room extended stay hotel that is operated as Town Square Place Extended Stay Hotel. The exterior consists of a mixture of brick and fiber cement siding. The roofing for the property is pitched with asphalt shingles. The building is serviced by a fire preventative wet sprinkler system.

The improvements were constructed in 1997 and were renovated in 2021. As previously discussed within the History section of this report, the subject property underwent an extensive renovation for use as an extended stay hotel. According to the owner, the total cost for the renovations was approximately \$1,000,000 and included the following items:

- New HVAC system and PTACs
- Installation of Smart Thermostats
- Addition/renovation of kitchens to 74 of the rooms
- Replacement of flooring in common areas
- Renovation of 40 rooms with flooring, paint, furniture, etc.
- New televisions, bedding, refrigerators, and microwaves in all units
- Painted hallways and exteriors
- Upgrades to lighting, locks, Wi-Fi and computer systems
- Installation of a 32 camera POE security system
- Addition of 5 vending machines
- Addition of two washer and dryer combos
- Curing of deferred maintenance
- Upgrades to exterior lighting
- Installation of new garage door openers and commercial refrigerator and freezer

The following chart sets forth a summary of the gross building area.

TOWNSQUARE PLACE GROSS BUILDING AREA	
Floor	Area (SF)
Garage Parking	10,030
Ground Floor	6,520
Tommy's Malt Shop	1,500
First Floor	17,314
Second Floor	15,566
Third Floor	15,566
Gross Building Area	66,496

The ground floor contains 22 garage parking stalls, a lobby/reception area, employee offices, house laundry, two meeting rooms, and 1,500 square feet of commercial space that is leased to Tommy's Malt Shop. The first floor contains a fitness center, lounge area, pool, a food prep area, dining area and 20 guest rooms. The second and third floors have 31 guest rooms on each floor and a communal laundry facility with two coin-operated washers and dryers is located on the second floor.

The subject guest rooms range in size from approximately 250 to 500 square feet. All but eight of the guest rooms have a full kitchen or kitchenette and primarily caters towards extended stay guests. The following chart sets forth a summary of the 82 guest rooms by type.

TOWNSQUARE PLACE ROOM SUMMARY	
Room Type	# of Rooms
King Suite	24
King Jacuzzi	6
Queen Studio	22
One Bedroom Suite	20
Two Bedroom Suite	2
Studio without Kitchenette	8
TOTAL ROOM COUNT	82

Overall, the subject improvements are in average condition and functional in design.

IMPROVEMENT DESCRIPTION

IMPROVEMENT DESCRIPTION PERTINENT CHARACTERISTICS

The subject improvements' pertinent characteristics upon completion have been summarized as follows:

BUILDING TYPE:	Limited-service, extended stay hotel independently operated as TownSquare Place Extended Stay Hotel.
QUALITY OF CONSTRUCTION:	The general quality of construction is considered to be average as described in <u>Marshall Valuation Services</u> , published by Marshall & Swift. The hotel is improved with with Class D (wood) construction as defined by the <u>Marshall Valuation Service</u> .
AGE/DATE OF CONSTRUCTION:	The subject improvements were initially constructed in 1997 and underwent an extensive remodel in 2021. The physical age of the subject improvements is 25 years while the remaining economic life has been estimated at 25 years.
NUMBER OF STORIES:	The improvements will be four stories in height.
EXCAVATION/SITE PREPARATION:	It is assumed that the excavation and site preparation were completed in a manner which supports the current improvements.
FOUNDATION/ FLOOR CONSTRUCTION:	The lower-level foundation is concrete. The first, second, third, and fourth floors are gypsum concrete topping over wood subfloor over wood floor trusses.
STRUCTURAL FRAMING:	Wood framing
BUILDING EXTERIOR:	The building exterior includes a combination masonry and fiber cement siding.
ROOF:	The roof of the subject improvements is pitched with asphalt shingling and was recently replaced.
DOORS/WINDOWS:	The entrance doors are aluminum framed glass doors. Other doors throughout the improvements include various solid core wood doors and hollow metal doors. Windows are insulated and in aluminum frames.
FLOOR COVERINGS:	Floor coverings throughout generally include carpet, vinyl, porcelain tile, ceramic tile, and concrete.
INTERIOR PARTITIONING/ WALL FINISHING:	The interior walls are primarily gypsum or wood board over metal stud framed walls. Wall finishings primarily include paint and vinyl.
CEILING:	The ceilings include a combination of painted gypsum board and suspended acoustical tile.
PLUMBING:	Each guest room has a bathroom. In addition, common area restrooms are located on the first floor. Plumbing lines also service the kitchen, the ice machines, the housekeeping areas, and the laundry areas.

IMPROVEMENT DESCRIPTION

LIGHTING:	Lighting throughout the improvements is primarily LED lighting. There is also emergency and exit lighting throughout.
ELECTRICAL SERVICE:	It is assumed that improvements have electrical service which is adequate to meet their needs. It is also assumed that the electrical service is to building code requirements.
HVAC EQUIPMENT:	The common areas are heated and cooled by rooftop HVAC units. HVAC units provide heat and air conditioning to the individual rooms.
VERTICAL TRANSPORTATION:	The improvements have a passenger elevator and two stairwells which provide vertical transportation to all floors.
PARKING:	The first floor has 22 enclosed parking stalls and 60 surface parking stalls for a total of 82 on-site parking stalls.
FURNITURE, FIXTURES, AND EQUIPMENT (FF&E):	FF&E includes common area equipment, including furniture, office equipment, vending machines, kitchen equipment, laundry equipment and exercise equipment. The room equipment includes beds, television sets, dressers, chairs/couches, dining tables/chairs in select units, clock radios, drapes, nightstands, telephones, refrigerators, microwaves, stovetops, hair dryers, etc. Additional equipment includes ice machines, maid equipment, maintenance equipment and linen supplies.
FUNCTIONAL UTILITY:	The improvements have an average functional utility.
ON-SITE IMPROVEMENTS:	On-site improvements include concrete curbs and sidewalks and typical landscaping.
ADA COMPLIANCE:	We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the Americans with Disabilities Act (ADA) of January 26, 1992. Representing new construction, the improvements are assumed to be in compliance with ADA requirements.

Conclusion

In conclusion, the subject improvements consist of a limited service, 82-room extended stay hotel with main floor commercial space located in Chaska, Minnesota. The improvements are four stories in height and cater towards extended stay guests. The improvements are in average quality and functional in design. The improvements were initially constructed in 1997 and underwent an extensive remodel in 2021.

The following pages set forth select building plans provided to us by ownership.