



GOODNEIGHBOR
PROPERTIES



THE RUNE - INVESTMENT SUMMARY

GoodNeighbor Properties, LLC

1910 42nd Ave
Alexandria, MN 56308
www.gnproperties.net

Rob Thompson

Managing Member

C | 612.812.1563
E | rob.thompson@gnproperties.net

Ted Christianson

Managing Member

C | 701.361.3734
E | ted.christianson@gnproperties.net

THE RUNE - ALEXANDRIA, MN

CONTENTS

EXECUTIVE SUMMARY	3
PROJECT TEAM	4
PROJECT LOCATION	5-6
MARKET STATISTICS	7-8
RENTAL DEMAND ANALYSIS	9
COMMERCIAL SUMMARY	10-11
RESIDENTIAL SUMMARY	12-13
BUILDING HIGHLIGHTS	14
DEVELOPER PORTFOLIO	15-17



3RD AVENUE AND BROADWAY STREET ALEXANDRIA, MN

EXECUTIVE SUMMARY

The project consists of purchasing approximately 2.5 acres of land in downtown Alexandria, MN on the corner of 3rd Avenue and Broadway street and building a Mixed-Use facility with underground parking, 27,700 sq.ft. of Class A professional/retail space and 73 upscale apartments in a 4-story structure at the busiest intersection in the county.

GoodNeighbor Properties, LLC intends to design this facility using higher quality materials and attractive design to differentiate this facility from others in the area. This will be the only facility of its type in Douglas County. When completed, the facility will have a total of 73 – 1 and 2 bedroom apartments geared towards 55 and older, 6 professional service/retail spaces and a 90 seat restaurant.

PROJECT TEAM

GoodNeighbor Properties, LLC will be the Managing Member. Along with its members they will own approximately 30% of project investment units. The balance of the ownership units will be offered to interested qualified investors.

GoodNeighbor Properties has assembled a project team including C.I. Construction, LLC, Tanek Architects, Essence Property Management. All team members have experience in this type of development.

GNP engaged Viewpoint Consulting Group who completed a demand and feasibility study of the area showing adequate excess demand for this facility

PROJECT FINANCIALS

Total project cost will be approximately \$ 23,000,000 including the acquisition of the land. Site improvement, building costs, FFE and all soft costs. Equity requirements can range from 25%-30% or \$6M to \$7M. Individual investments are priced at \$1.00 per unit, with minimum investment of \$25,000. Investors may be required to provide additional partial guarantees based on ownership percentage.

Pro Forma Financials *	10 Year Average		End of Year 10	
	Base Case	Upside Case	Base Case	Upside Case
% Occupancy	90.6%	93.2 %	95.7%	97.5 %
Total Revenue	2,778,791	2,836,906	3,321,345	3,353,222
Net Operating Income (NOI)	2,122,473	2,178,385	2,493,990	2,524,473
Cash Distributions	613,847	677,118	891,827	927,021
Annual Cash On Cash Return	10.4%	11.3%	15.1%	15.6%
Capital Reserve	220,317	222,764	1,127,706	1,148,307
Annual Cash On Cash Return w/o Reserves	12.0%	13.0%	17.1%	17.6%
Debt Coverage (NOI/Debt Service)	1.54	1.58	1.72	1.75
Return on Equity	27.5%	28.4%	36.1%	36.6%
Investment IRR	18.2%	19.1%	NA	NA

Rob Thompson

Managing Member

C | 612.812.1563
E | rob.thompson@gnproperties.net

Ted Christianson

Managing Member

C | 701.361.3734
E | ted.christianson@gnproperties.net

* Based on 25% Equity

The minimum investment for this real estate partnership opportunity is \$25,000. Should you have an interest in pursuing this investment opportunity please contact Rob Thompson or Ted Christianson for a complete Private Placement Memorandum

PROJECT TEAM

THE RUNE - ALEXANDRIA, MN

DEVELOPMENT TEAM

Good Neighbor Properties



ROB THOMPSON

FOUNDING PARTNER / MANAGING MEMBER

- 30+ years of Real Estate Development Experience
- President/Owner of C.I. Construction
- Business Degree from St. John's University



TED CHRISTIANSON

FOUNDING PARTNER / MANAGING MEMBER

- 30+ years of Real Estate Development Experience
- President/Managing Partner of Adam Smith Properties
- Masters Degree from North Dakota State University

ARCHITECTURAL TEAM

Tanek



KEN PIPER

PRINCIPAL

Ken is a registered architect with over two decades of experience and also an accomplished designer with strong conceiving, project and management and group skills. Ken helps lead Tanek and its clients to better design solutions every day. He founded Tanek with Nat Shea.



LISA MARVIN

CHIEF EXECUTIVE OFFICER

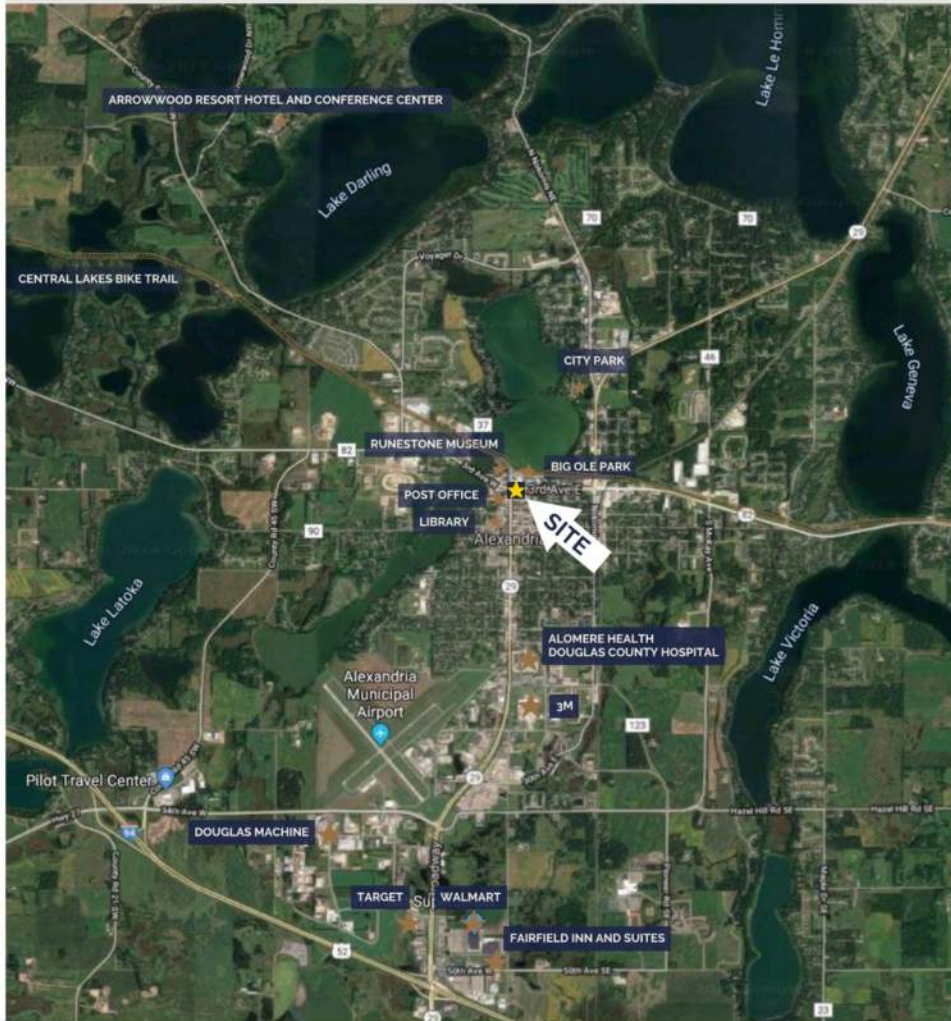
Lisa L. Marvin is the CEO and Partner of Essence Property Management, Inc. She is a licensed Real Estate Broker, Certified Fair Housing Specialist, COM 42 and COS, the 2015 chair for the board of Minnesota Multi-Housing Association, chair of Central Minnesota Multi-Housing Association Chapter.

For the past twenty two years, Lisa has been active in the Multi-Housing industry overseeing sites throughout Minnesota. She is involved in the MHA Legislative committee, local ordinance and laws and is a spokesperson for the Central Minnesota region.

PROPERTY MANAGEMENT

Essence Property Management

PROJECT LOCATION



Rendering as viewed from Broadway Street and Fourth Avenue



Rendering as viewed from Hawthorne Street and Fourth Avenue

The subject site for the development occupies most of the block east of Broadway Street between Third and Fourth Avenues, on the northern edge of Alexandria's downtown. Broadway Street is the "main street" through downtown Alexandria and is also a major transportation artery. Likewise, Third Avenue is a major east-west transportation artery and contains some commercial businesses. Thus, the Site has great access and visibility not only to Alexandria residents but also to persons currently living in the surrounding areas traveling into Alexandria. Overall, the Site would be very appealing to renters, especially seniors, currently living in Alexandria and the surrounding area who are seeking housing that is within walking distance or close driving distance to shopping, services, health care, restaurants, recreation, and places of worship.

PROJECT LOCATION



MARKET STATISTICS



Total population in the Primary Market Area was **36,009** in 2010 with a growth rate of 9.7% over the last decade.

By 2020 the Primary Market Area is projected to be **39,900**, a 10.8% growth rate over the last decade.

The city of Alexandria's population is projected to grow **25.6%** from 2010-2020.

The unemployment rate in the Primary Market Area is **2.1%** compared to the state average of 2.5%.

Average Household Income in the Primary Market Area is **\$73,795** compared to \$68,308 for the state.

Senior population (65+) grew by **20.0%** in the Primary Market Area over the last decade.

MARKET PULL FACTOR

COMPARISON OF PULL FACTORS BY MERCHANDISE CATEGORY

2016 Index of "Pulling Power"
Cities Outside the 7 County Metro Area with Populations between 9,300 & 17,400
 (Range: Population of Alexandria +/- ~ 30%.)
 (11 Cities)

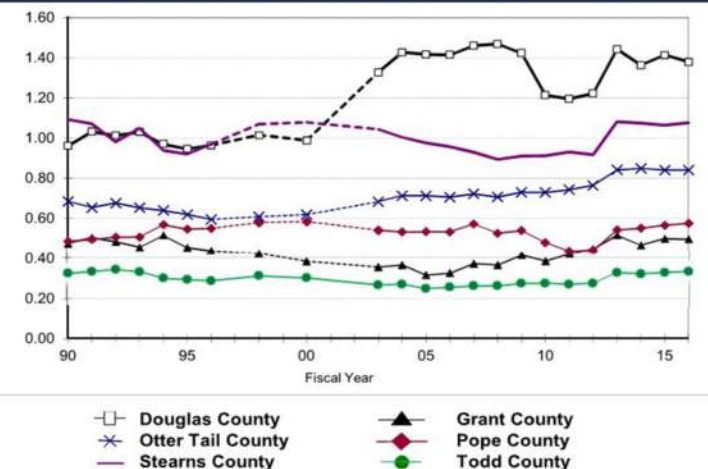
Rankings

City	Population	Vehicles, Parts	Furniture Stores	Elec- tronics	Building Materials	Food	Health, Personal	Gasoline Stations	Clothing	Leisure Goods	General Merch.	Misc.	Amuse- ment	Lodging	Eating & Drinking	Repair, Maint.	Personal Services	Taxable \$ Pull Factor
Red Wing	# 1	# 5	# 6	# 9	# 8	# 11	# 9	# 10	# 9	# 6	# 9	# 8	# 11	# 5	# 9	# 6	# 2	# 8
Buffalo	# 2	# 9	# 9	# 10	# 11	# 8	# 7	# 9	# 10	# 9	# 8	# 1	# 4	# 11	# 10	# 8	# 3	# 10
Bemidji	# 3	# 2	# 3	# 5	# 2	# 3	# 1	# 3	# 1	# 2	# 2	# 3	# 6	# 2	# 2	# 1	# 4	# 2
Hutchinson	# 4	# 11	# 5	# 1	# 5	# 6	# 5	# 6	# 8	# 5	# 6	# 11	# 3	# 9	# 7	# 10	# 9	# 7
Marshall	# 5	# 7	# 4	# 10	# 3	# 5	# 10	# 5	# 4	# 4	# 7	# 7	# 10	# 8	# 5	# 7	# 11	# 5
Brainerd	# 6	# 8	# 9	# 6	# 10	# 10	# 3	# 7	# 7	# 8	# 11	# 6	# 9	# 7	# 6	# 11	# 5	# 11
Fergus Falls	# 7	# 4	# 7	# 7	# 9	# 9	# 8	# 8	# 6	# 7	# 4	# 10	# 8	# 6	# 8	# 9	# 7	# 6
Alexandria	# 8	# 1	# 1	# 2	# 1	# 1	# 2	# 1	# 2	# 1	# 1	# 4	# 1	# 3	# 1	# 2	# 1	# 1
New Ulm	# 9	# 10	# 9	# 8	# 7	# 2	# 11	# 11	# 5	# 10	# 10	# 2	# 5	# 4	# 11	# 5	# 6	# 9
Monticello	# 10	# 6	# 8	# 4	# 6	# 7	# 6	# 4	# 11	# 11	# 5	# 5	# 2	# 10	# 3	# 4	# 8	# 4
Grand Rapids	# 11	# 3	# 2	# 3	# 4	# 4	# 4	# 2	# 3	# 3	# 3	# 9	# 7	# 1	# 4	# 3	# 10	# 3

Above are all communities in the population range listed in the title with data available by merchandise category. Adjustments for special circumstances may be necessary for accurate comparisons.

- PULL FACTORS MEASURE THE EXTENT A COMMUNITY DRAWS BUSINESS FROM OUTSIDE ITS CITY BY COMPARING LOCAL SALES TAX PER CAPITA TO THAT OF THE STATE.
- A PULL FACTOR HIGHER THAN 1 INDICATES THAT BUSINESS IS BEING DRAWN FROM OUTSIDE THE COMMUNITY AND VICE VERSA.
- IN 2016, ALEXANDRIA'S PER CAPITA TAXABLE SALES WERE \$28,204 COMPARED TO THE STATE'S \$9,089 FOR A PULL FACTOR OF 3.09.
- ALEXANDRIA'S PULL FACTOR HAS GROWN TO 3.09 FROM 2.74 SINCE THE END OF THE GREAT RECESSION.

PULL FACTORS OF NEIGHBORING COUNTIES



RENTAL DEMAND ANALYSIS

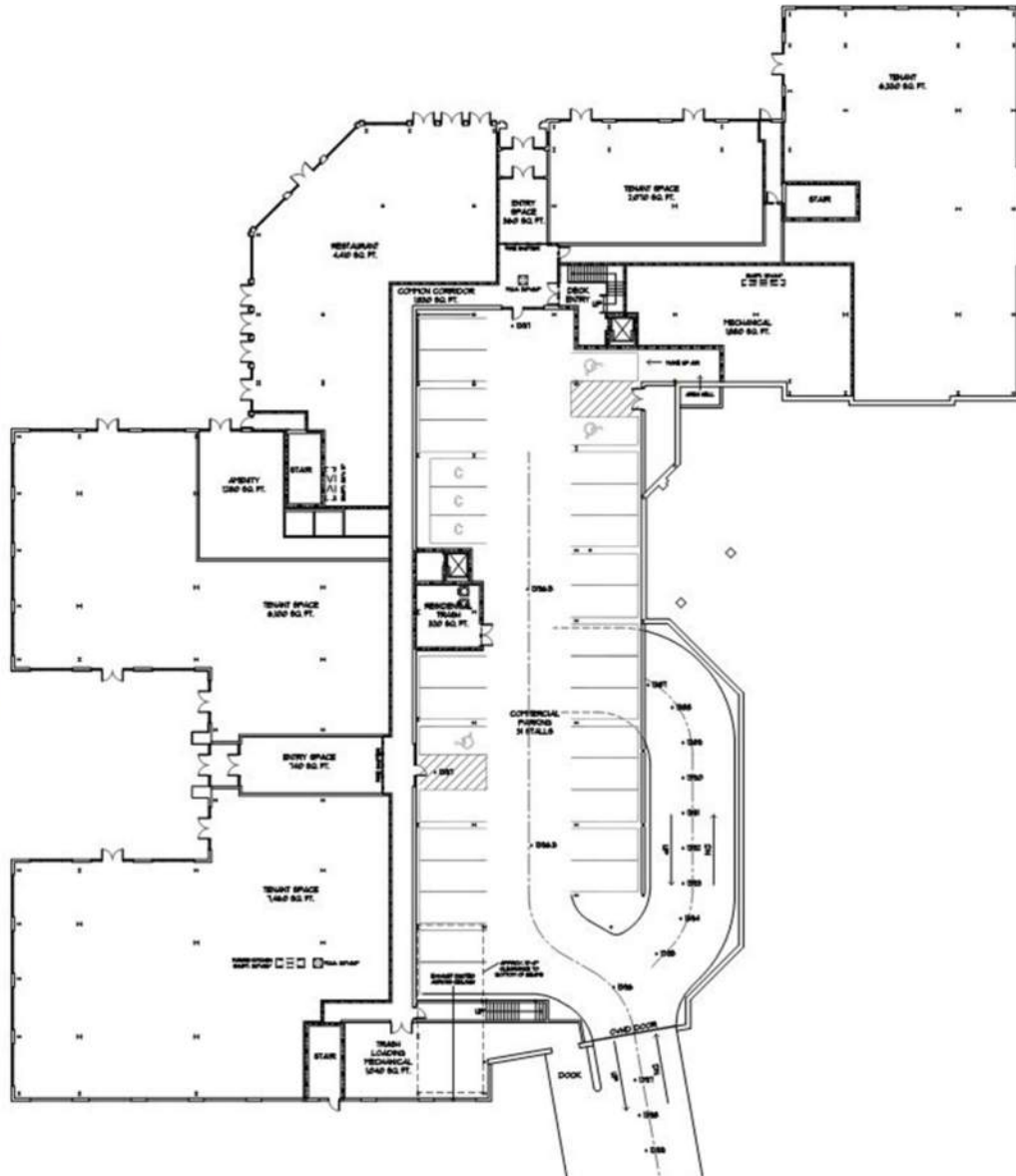


- Alexandria's zip code (56308) has an estimated population of 26,062 in 2018, of which 2,899 were seniors ages 75 and over. While Alexandria's zip code accounted for 67% of the PMA's total population, it accounted for 71% of its age 75+ population. Alexandria is a housing destination for persons living in the local countryside when they reach their elder years.
- Between 2018 and 2023, all age groups above 60 in the PMA are projected to grow. Strong growth is projected in the age 75-to-79-age-group. Overall, the PMA's 75+ population is projected to increase by 17.4% over the next five years.
- Incomes in the PMA are above average compared to Greater Minnesota (Minnesota minus the seven-county Twin Cities Metro Area), meaning a higher percentage of seniors would likely be able to afford market rate housing. The estimated median income of age 75+ households in the PMA in 2018 was \$31,973, or higher than Greater Minnesota's median of \$29,217.
- More than 42% of all renter households living in Greater Alexandria had a head of household aged 55 or older in 2016, and this percentage should continue to grow as the baby boomers move through the aging cycle. This does include a large number of older seniors living in housing with some form of services, but approximately 20% of all renter households are between the ages of 55 and 74 years old, and more likely to live in fully independent housing.

US Census, ESRI; MN Demographic Center, Viewpoint Consulting group, Alexandria Housing Study Update –2018



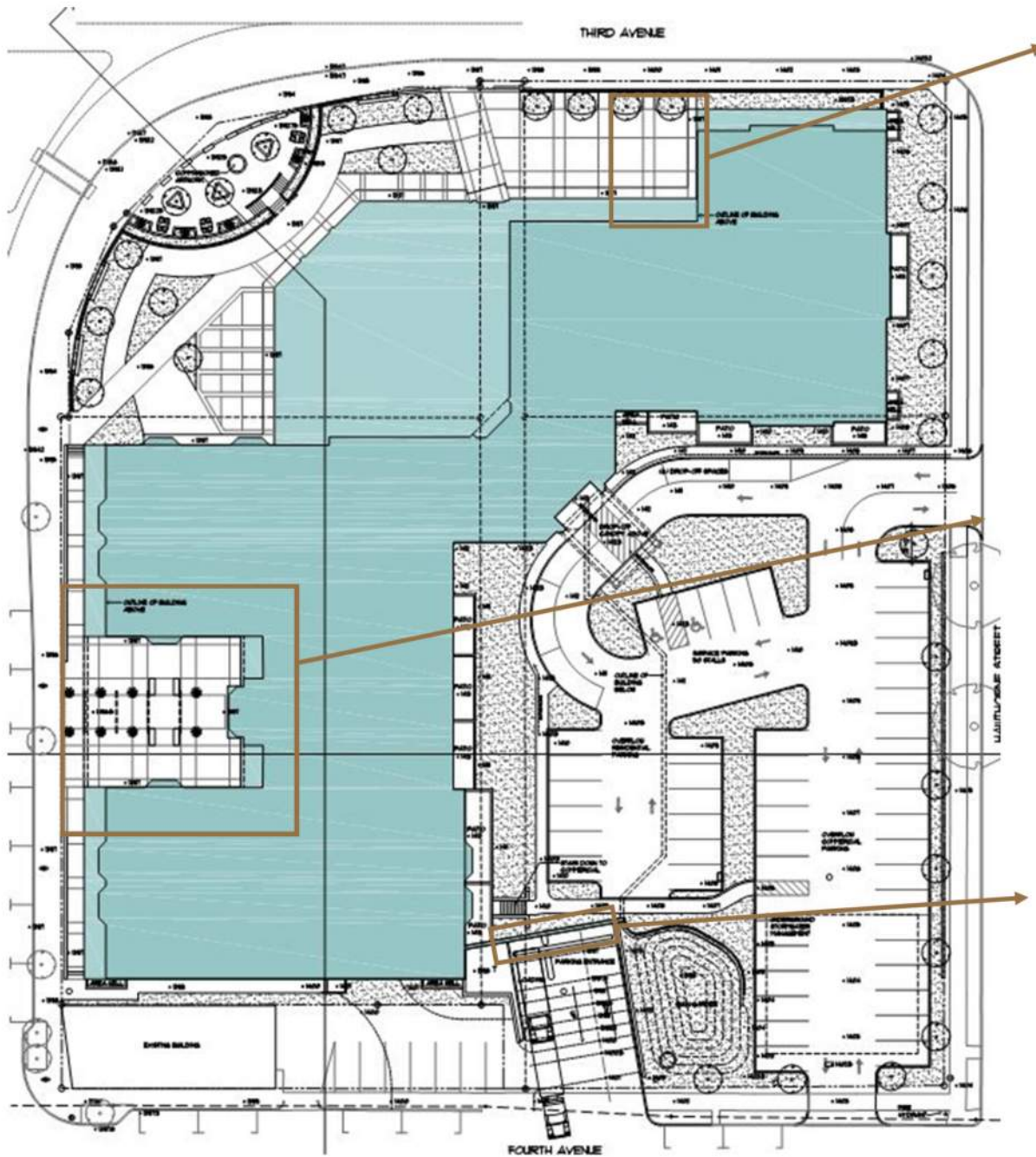
COMMERCIAL SPACE SUMMARY



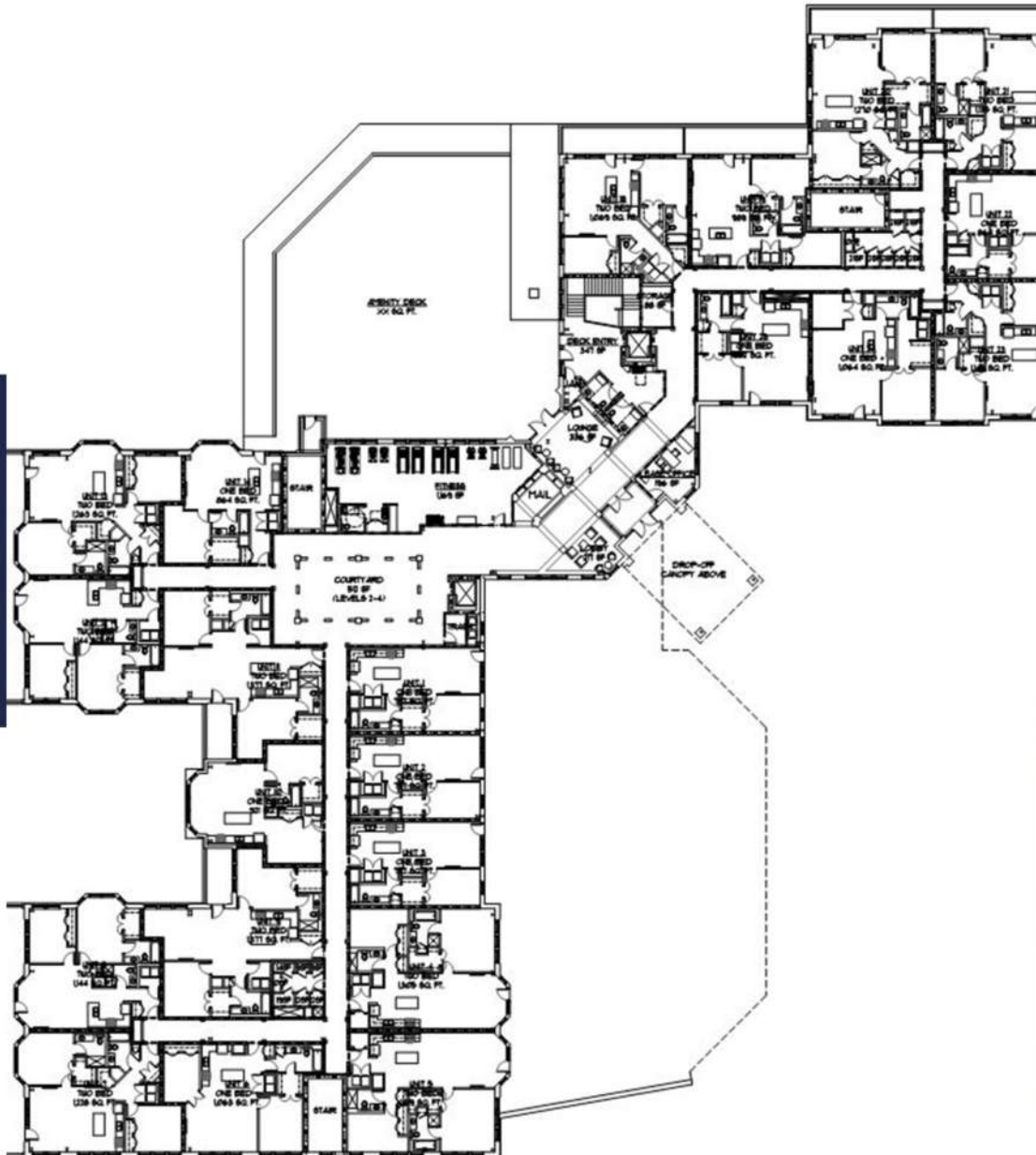
- 27,700SF Commercial Space
- 5-7 Tenant Spaces at 2,000SF - 7,000SF
- 33 Surface parking spots
- 31 Underground parking spots
- 125 on-street stalls within 300'
- 2 EV Charging stations (underground parking)
- Restaurant - Retail - Professional Services



COMMERCIAL SPACE ENTRANCES



RESIDENTIAL SUMMARY



Unit Type	Number of Units	Size (Sq. Ft.)
Studio	5	625 - 675
1BR	17	825 - 850
1BR/D	12	900 - 1,000
2BR	39	1,075 - 1,200
Total	73	

- 3 Stories with Residential only entrance from Hawthorne
- Dedicated underground parking level at basement
- Upscale finishes and appliances
- Sound and Thermal Ratings well above code standards
- Balconies located in most units



RESIDENTIAL SUMMARY



RESIDENTIAL AMENITIES

5,000SF roof deck patio above restaurant featuring built in gas fired grills

Views of downtown and gas fire pits via roof deck patio

123 underground parking spots and 17 surface parking spots

Upscale lobby space with fireplace

All utilities included

Fitness Room

Resident Storage

Three story indoor atrium



BUILDING HIGHLIGHTS



GNP

- Tumbled brick and copper finishes were selected to tie architecture into historical downtown Alexandria
- Steel and concrete superstructure selected to increase long term value and quality
- Panelized steel stud insulated assembly will be utilized for building envelope providing outstanding thermal and sound performance
- Triple-pane awning windows provide best in class air infiltration, sound and thermal performance creating comfort for tenants and a four year pay back for the ownership group.
- Apartment decks and rooftop patio area offer one of a kind experience of downtown Alexandria
- Plaza facing 3rd and Broadway will provide a unique public space for gathering and pop up retail in summer months
- Upscale restaurant features outdoor patio views of downtown and catering to flex meeting space adjacent to restaurant

DEVELOPER PORTFOLIO HIGHLIGHTS



NORTHSIDE CENTER - ALEXANDRIA, MN

Retail Center - Multiple buildings

Total Capitalization: \$5,200,000

Total Equity: \$1,038,000

Sponsor Co-Investment: \$1,038,000

Projected Investor IRR: 29.0%

Additional Info: 15% Cash on Cash Return

High traffic site with multiple buildings. Includes a gas station with car wash, strip mall, office building, fast food, and drive thru bank. These buildings were built with MR-24 Roof Systems by Butler Manufacturing for low life cycle costs and maximum roof energy efficiency. Liquor store tenant is the only privately owned liquor store in city limits with convenient access from Alexandria's lake shore properties.



GOODNEIGHBORS SOUTH - ALEXANDRIA, MN

Restaurant - Doolittle's Woodfire Grill

Total Capitalization: \$1,600,000

Total Equity: \$350,000

Sponsor Co-Investment: \$350,000

Projected Investor IRR: 25.0%

Additional Info: 15% Cash on Cash Return

The site selection for Doolittle's Woodfire Grill played a crucial role in recruiting the restaurant to the Alexandria area. With the proximity to Alexandria's main freeway exit the restaurant attracts many business travelers and guests staying at the hotels nearby. The building features a MR-24 standing seam Butler roof and has needed zero maintenance on the envelope since it was originally built in 2000.



FAIRFIELD INN AND SUITES - ALEXANDRIA, MN

80Room Marriott brand Hotel

Total Capitalization: \$9,300,000

Total Equity: \$3,300,000

Sponsor Co-Investment: \$3,300,000

Projected Investor IRR: 30.0%

Additional Info: Hotel opened 6-15-18

The Fairfield Inn and Suites is the only Marriott brand hotel directly off of Interstate 94 between the Twin City Metro Area and Fargo. The hotel has three stories and features a conference room, indoor pool, fitness room, and Fairfield's newest Modern Calm décor package. The Fairfield Inn and Suites brand positions itself as a contemporary option for business travelers in the moderate tier hotel segment.

DEVELOPER PORTFOLIO HIGHLIGHTS



GOODNEIGHBORS 2 - ALEXANDRIA, MN

Restaurant - Boulder Tap House

Total Capitalization: \$2,615,000.00

Total Equity: \$575,000.00

Sponsor Co-Investment: \$575,000.00

Projected Investor IRR: 30.0%

Additional Info: 14% Cash on Cash Return

This facility is a Pre-Engineered Butler building with energy efficient textured metal insulated panels and MR-24 standing seam roof. The canopy and pergola utilizes a timber frame structure, cedar siding, and natural stone to tie together the energy efficiency of a Butler building with rustic architectural finishes. The eastern portion of the building has retail space currently occupied by Cricket Wireless. The project is located off of I-94 in Alexandria, MN.



DEALER SITES - MULTIPLE CITIES, MIDWEST

Retail Equipment Dealerships

Total Capitalization: \$100,000,000.00

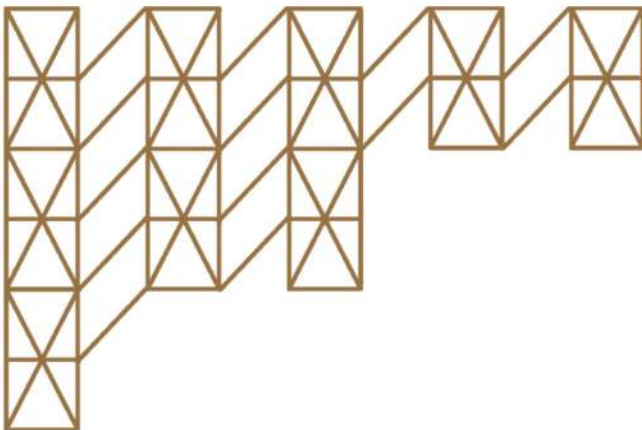
Total Equity: \$25,000,000.00

Sponsor Co-Investment: \$25,000,000.00

Projected Investor IRR: 20.0%

Additional Info: 12.5% Cash on Cash Return

The Dealer Sites portfolio includes dozens of implement dealerships throughout the Upper-Midwest as well as Titan Machinery's corporate headquarters. All of the facilities are Butler Manufacturing buildings utilizing the best in class MR-24 standing seam roof system and energy efficient metal panels. The energy efficient corporate center has a hybrid super structure of conventional and pre-engineered steel, and features underground parking.



DEVELOPER CURRENT PROJECTS



THE COTTAGE

Assisted Living Facility

Total Capitalization: \$9,400,000

Total Equity: \$2,300,000

Sponsor Co-Investment: \$2,300,000

Projected After Tax Investor IRR: 33.0%

Projected 18% Cash on Cash Return after tax

The Cottage development is located in Fergus Falls MN. The project entails the conversion of the historic nurse's dormitory from the state mental hospital into a 41 unit assisted living facility. This development utilizes a historical tax credit to gain attractive IRR and cash on cash returns. The historic Tudor style facility will offer a unique environment that will be attractive to seniors in the Fergus Falls area.



MAPLEWOOD MANOR

Assisted Living Facility

Total Capitalization: \$9,500,000

Total Equity: \$2,375,000

Sponsor Co-Investment: \$2,375,000

Projected Investor IRR: 21.3%

Projected 12% Cash on Cash Return

The Maplewood Manor project is located in Elbow Lake MN. The development purchased the former hospital site and will be converting it into 46 assisted living units. The project also included the purchase of the connected senior living apartments. A new grand entrance and lobby will be constructed utilizing a timber frame to give this project a rustic appeal. This project qualified for Tax Increment Financing as a redevelopment of the former hospital.



GOODNEIGHBORS 1910 BUILDING ALEXANDRIA, MN

Office and Warehouse - Multiple Tennant

Total Capitalization: \$2,932,000.00

Total Equity: \$830,000.00

Sponsor Co-Investment: \$830,000.00

Projected Investor IRR: 16.0%

Additional Info: Projected 14% cash on cash

The 1910 building features 4" energy efficient insulated metal panels and an MR-24 roof system by Butler Manufacturing. There are four tenant spaces featuring a mix of office and warehouse space. The site is visible from Interstate 94 in between the two Alexandria exits. The buildings energy efficiency, site location, 26' eave height, and concrete lot are attractive to warehouse tenants.