November 3, 2020

I am cautiously optimistic coming out of the third quarter ending September 30, 2020. Dakota REIT's diversified portfolio of property types and tenant industries continued to provide steady performance and insulate our shareholders from direct impacts of COVID-19 and economic cycles. Additionally, Dakota REIT's Board of Trustees is proud to continue to pay a greater than 5% annual distribution yield out of Funds from Operations (FFO).

I am excited to announce that Dakota REIT acquired Timber Creek Cash Wise located in Fargo, ND. The 59,000 SF retail center consists of a grocery store, liquor store, gas pumps and car wash on seven acres. This acquisition is aligned to our investment strategy of grocery-anchored shopping, industrial and multi-family asset classes.

I am so appreciative to our responsible tenants and our committed team members who have helped us weather COVID-19 with minimal impacts to date. Points to call out include:

- Multifamily occupancy continued to increase in the third quarter to 94%, while the delinquency returned to pre-pandemic norms.
- Historically low interest rates have permitted us to refinance some of our largest mortgages dropping our weighted average interest rate from 4.36 to 4.20 during 2020. Locking in favorable financing for extended periods reduces our exposure to interest rate movements.
- The third quarter brought a wave of national retailer bankruptcies to the commercial real estate industry. These bankruptcies will impact less than 1% of total revenue for Dakota REIT's portfolio. As a note, 18% of Dakota REIT's asset mix is retail or power-center shopping. Leasing activity at our retail centers picked up late in the third quarter. The Dakota REIT team feels confident that we will be able to backfill vacancy due to bankruptcy as well as renew key anchor tenants and sign new deals for 2021.
- As we go into the fourth quarter, the team and I continue to monitor our key markets as we enter a period of increased COVID-19 concerns and the potential impacts to our tenants' businesses. We have not entered into any further deferral agreements and are not seeing delinquency increase. Year to date, we have deferral agreements with approximately 10% of our commercial tenants representing less than 2% of annualized commercial revenues.

On a lighter note, I am pleased to announce that we have launched a new Institutional share class tailored to Registered Investment Advisors and Family Offices. This Institutional share class is designed to attract a new source of capital to fuel our growth strategy. The profile of the new investors we are targeting is consistent with our current REIT-friendly shareholders who have a long-term investment horizon seeking above-average distribution yields and steady appreciation in share value. As we sell Institutional shares, this will enable Dakota REIT to acquire additional property, grow FFO and ultimately increase long-term share value.

I would like to express my appreciation to our shareholder community who have trusted and supported us during these unchartered times.

Matt Pedersen, CPA

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Chief Investment Officer, EVP Dakota REIT