

APPRAISAL OF

Ann Arbor District Library
343 South Fifth Avenue
319-323 East William Street
City of Ann Arbor
Washtenaw County, Michigan

As of December 9, 2014
For Ann Arbor District Library and Ann Arbor Public Schools

GERALD ALCOCK COMPANY LLC

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Founder, 1977

December 22, 2014

Bruce Hadler
Chief Financial Officer
Ann Arbor District Library
343 South Fifth Avenue
Ann Arbor, MI 48104

Re: Appraisal of the Ann Arbor District Library, 343 South Fifth Avenue and
319-323 East William Street, City of Ann Arbor, Washtenaw County, MI

Dear Mr. Hadler:

As requested, we have completed an appraisal of the above-mentioned property and the findings are submitted in this report. The purpose of this appraisal is to express an opinion of the current "As Is" market value of the fee simple interest in the above-referenced property. A copy of the engagement contract is included in this appraisal report as Exhibit C.

This appraisal cannot be completely understood without reading the "General Assumptions and Limitations of Appraisal" and "Hypothetical Conditions" sections of this report. Any reader of this report is advised to thoroughly read and understand said sections before relying on any information, analysis or conclusions presented therein.

The appraisers prepared this report and the value estimates herein in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).

This is an Appraisal Report.

The intended use of this appraisal is to provide asset valuation to assist with a separation agreement.

The intended users of this appraisal report will be the Ann Arbor District Library and Ann Arbor Public Schools.

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December 22, 2014
Bruce Hadler
Page Two

It is the appraisers' opinion that the current "As-Is" market value of the fee simple interest in the subject property, as of December 9, 2014, is:

Twelve Million Nine Hundred Thousand Dollars

(\$12,900,000)

The above value estimates are subject to the General Assumptions and Limitations of Appraisal noted at the eponymously titled section of this report and the following "Extraordinary Assumption" to this report.

- 1 The largest of the three subject parcels is presently zoned PL, Public Land. It is an assumption of this analysis that the parcel would be capable of being rezoned to a designation not less dense than C2A/R, zoning of the other two subject parcels and the predominant commercial zoning of the immediate neighborhood.

The attached report, comprising ten sections and two exhibits, is an explanation of the method of valuation. This letter and report must not be separated because together they provide the necessary detail and analysis for explaining and supporting the value opinion for the subject property.

Respectfully submitted,

Gerald Alcock Company, LLC



Michael T. Williams, MAI
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CONTENTS

Executive Summary	1
Photographs	3
Identification of Property	11
Real Property.....	11
Overall Legal Description.....	11
Furniture Fixtures And Equipment	11
Client.....	11
Property Owner.....	12
Leases & Title Interest	12
Occupancy.....	12
Purpose, Definition of Market Value, Use and Intended User of Report, and Scope.....	13
Description of Property	16
Regional and Local Data.....	16
Location and Neighborhood	21
Site and Yard Improvements	24
Building Improvements.....	25
Environmental Hazards.....	32
Assessed Valuation and Taxes.....	33
Flood Hazard.....	35
Zoning.....	35
Analysis of Value.....	37
Current Market Conditions and Trends.....	37
Highest and Best Use of Property	40
Methods and Date of Valuation.....	44
Income Approach.....	46
Sales Comparison Approach.....	59
Reconciliation and Conclusion of Value.....	69
Sales History Analysis	70
Estimated Marketing Period, Exposure Period	71
Assumptions and Limitations of appraisal	72
Appraiser’s Certifications	79
Required Statements.....	81
Professional Qualifications	83

EXHIBITS

Excerpts from Zoning Ordinance.....	A
Assessing Data.....	B



EXECUTIVE SUMMARY

- Location:** The appraisal property is located at the northeast corner of North Fifth Avenue and East William Street, in the City of Ann Arbor, Washtenaw County, MI
- Mailing Address:** 343 South Fifth Avenue and 319-323 East William Street, Ann Arbor, MI 48104
- Tax Identification:** 09-09-29-403-023 (343 South Fifth Avenue)
09-09-29-403-015 (319 East William Street)
09-09-29-403-016 (323 East William Street)
- Assessor's Valuations:** As a non-profit entity, the subject property is exempt from taxation.
- Property Owner:** Title to the subject property is held by District Library Board of the A2 District.
- Type of Report:** This is an Appraisal Report.
- Occupancy & Use:** The subject property, known as Ann Arbor District Library, is a public library.
- Improvements:** The subject building is a four-story, steel and masonry structure, originally built in 1953, with subsequent additions in 1973 and 1991. The building contains an approximate 87,481 gross square feet over a 26,782 square foot basement. Roughly 10,000 square feet of basement area is finished. Hence, the total finished area is roughly 97,481 feet. An inspection reveals that the facility appears to be in average condition.
- Site:** The assemblage is comprised of three separate tax parcels, which together are rectangular in shape, with 198.0 feet of frontage on South Fifth Avenue and 264.0 feet of frontage on East William Street. Total area is roughly 52,272 square feet, or 1.20 acres. Improvements to the site include the structure and asphalt paved parking for 28 vehicles. The land-to-building ratio, calculated with finished building area, is 0.54 to one.



Zoning: The main parcel is zoned PL, Public Land, but is presumed to be able to be re-zoned to C2A/R, Commercial/Residential District. The two parcels fronting on East William are presently zoned C2A/R.

Highest & Best Use: Redevelopment to a single-tenant office use

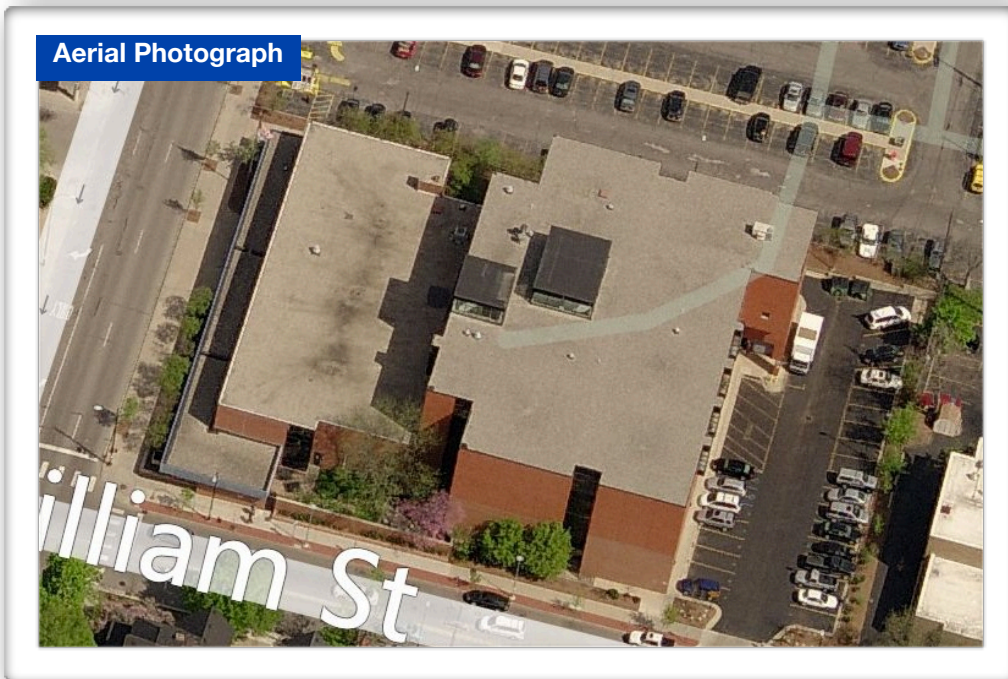
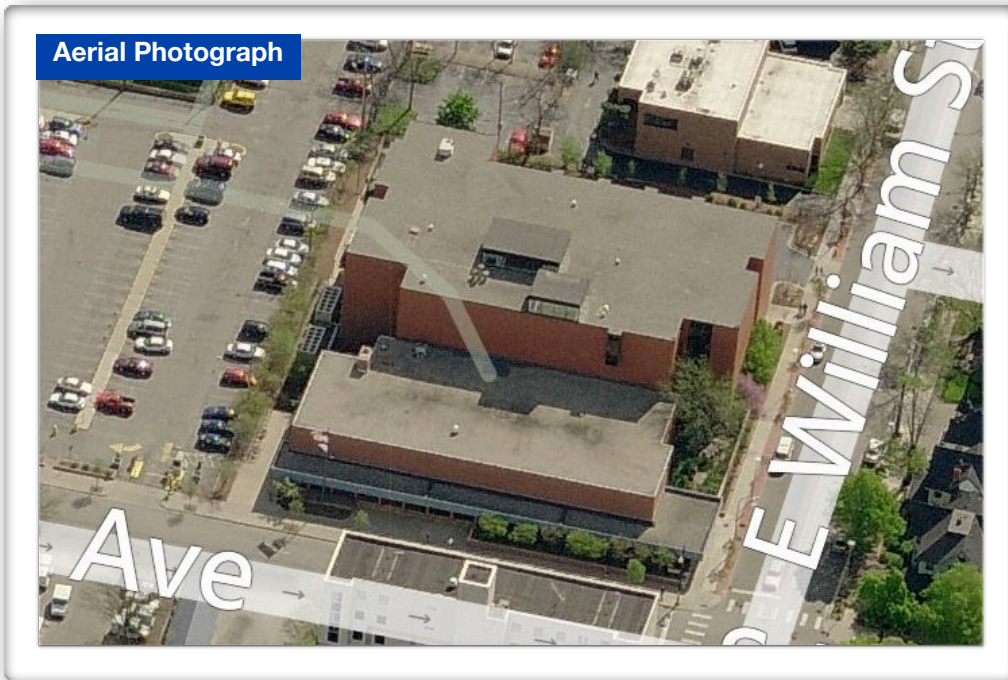
Estimated Market Value
of the Subject Property:

	Valuation Condition	Valuation Date	Value Estimate
Fee Simple	As-Is	12/9/2014	\$12,900,000

Estimated Exposure Time: 9 to 12 Months

General Assumptions: The above value estimates are subject to the General Assumptions and Limitations of Appraisal noted at the eponymously titled section of this report and the following “Extraordinary Assumption” to this report.

- 1 The largest of the three subject parcels is presently zoned PL, Public Land. It is an assumption of this analysis that the parcel would be capable of being rezoned to a designation not less dense than C2A/R, zoning of the other two subject parcels and the predominant commercial zoning of the immediate neighborhood.





West side of building along South Fifth Avenue



South side of building along East William Street



North side of building



East side of building

Interior view of lower level



Gerald Alcock Company, LLC



Gerald Alcock Company, LLC

Interior view of lower level



Interior view of lower level

Interior view of lower level



Gerald Alcock Company, LLC

Interior view of lower level



Gerald Alcock Company, LLC



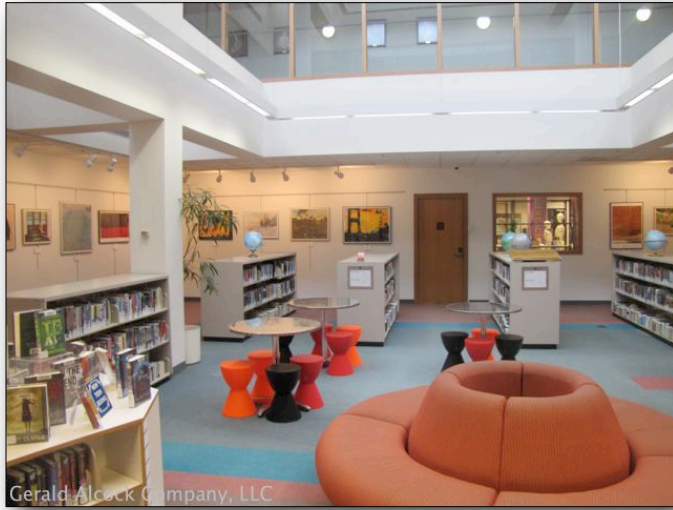
Interior view of lower level

Interior view of second level



Interior view of second level





Interior view of second level

Interior view of third level



Interior view of third level





Interior view of third level

Gerald Alcock Company, LLC

Interior view of fourth level



Gerald Alcock Company, LLC



Gerald Alcock Company, LLC

Interior view of fourth level



South Fifth Avenue - looking north

Gerald Alcock Company, LLC

East William Street - looking east towards State Street



Gerald Alcock Company, LLC



Gerald Alcock Company, LLC

East William Street - looking west towards Main Street



IDENTIFICATION OF PROPERTY

Real Property

Address

343 South Fifth Avenue, Ann Arbor, MI
319 East William Street, Ann Arbor, MI
323 East William Street, Ann Arbor, MI

Tax Identification Numbers

09-09-29-403-023 (343 South Fifth Avenue)
09-09-29-403-015 (319 East William Street)
09-09-29-403-016 (323 East William Street)

Overall Legal Description

09-09-29-403-023 (343 South Fifth Avenue)
S 1/2 OF LOT 3 & W 198 FT OF LOT 4 B3S R6E ORIGINAL PLAT OF ANN ARBOR

09-09-29-403-015 (319 East William Street)
W 31.5 FT OF E 66 FT LOT 4 B3S R6E ORIGINAL PLAT OF ANN ARBOR

09-09-29-403-016 (323 East William Street)
E 34.5 FT LOT 4 B3S R6E ORIGINAL PLAT OF ANN ARBOR

Furniture Fixtures And Equipment

This appraisal excludes all personalty or trade fixtures found within the subject buildings.

Client

The appraisers were engaged by Ann Arbor District Library, to prepare this appraisal report.



Property Owner

According to public records, title to the subject property is held by District Library Board of the A2 District.

Leases & Title Interest

The appraised property is 100% owner-occupied and not subject to any arms-length lease. Therefore, the fee simple interest is appraised.

Occupancy

The property is 100% owner-occupied as a public library.



PURPOSE, DEFINITION OF MARKET VALUE, USE AND INTENDED USER OF REPORT, AND SCOPE

Purpose

The purpose of this appraisal is to estimate the fee simple market value, as of the effective date, of the subject property, based on its highest and best use.

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.¹

Definition Of Market Value

As used herein, the definition of market value is as follows:

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 by the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they 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

¹The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, IL, 2010 p. 78.



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.²

Use and Intended User of Report

The intended use of this appraisal is to provide asset valuation to assist with a separation agreement.

The intended users of this appraisal report will be the Ann Arbor Distric Library and Ann Arbor Public Schools.

Appraisal Development and Report Process (Scope)

The scope of this appraisal encompasses the necessary research and analysis to prepare a report in accordance with the intended use as set forth in the above subsection and with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. In the appraisal of the subject property, the appraisers employed the following data sources:

Physical Data

The property was inspected on the date noted at the “Narrated Dates” subsection of this report. Bruce Hadler, the property contact, answered questions over the telephone and onsite. In addition, we secured current assessment, special assessment, and zoning data pertinent to the subject property. The following are additional sources, which were used to provide information pertaining to the subject property:

1. City of Ann Arbor Assessor’s Office

Area and Neighborhood Data

The appraisers conducted a physical inspection of the area within which the subject is located to obtain area and neighborhood data. Additionally, governmental sources were contacted to obtain information pertaining to such things as adequacy of

² As defined in the Federal Registry, Interagency Appraisal and Evaluation Guidelines, December 10, 2010. Pg 77472



infrastructure; availability of utilities; employment statistics; zoning; flood hazards; environmental hazards; and anticipated development trends. Government officials, and real estate brokers conducting business in the area of the subject were contacted regarding supply, demand, and market trends.

Market Data Sources

Physical data for each comparable is detailed within the "Analysis of Value," section of this report. The sources of this data are cited at this section. Each comparable was (at a minimum) inspected from the exterior. Real estate brokers conducting business in the area of the subject were interviewed regarding recent real estate activity in the area. Sources of additional general market data are listed as follows:

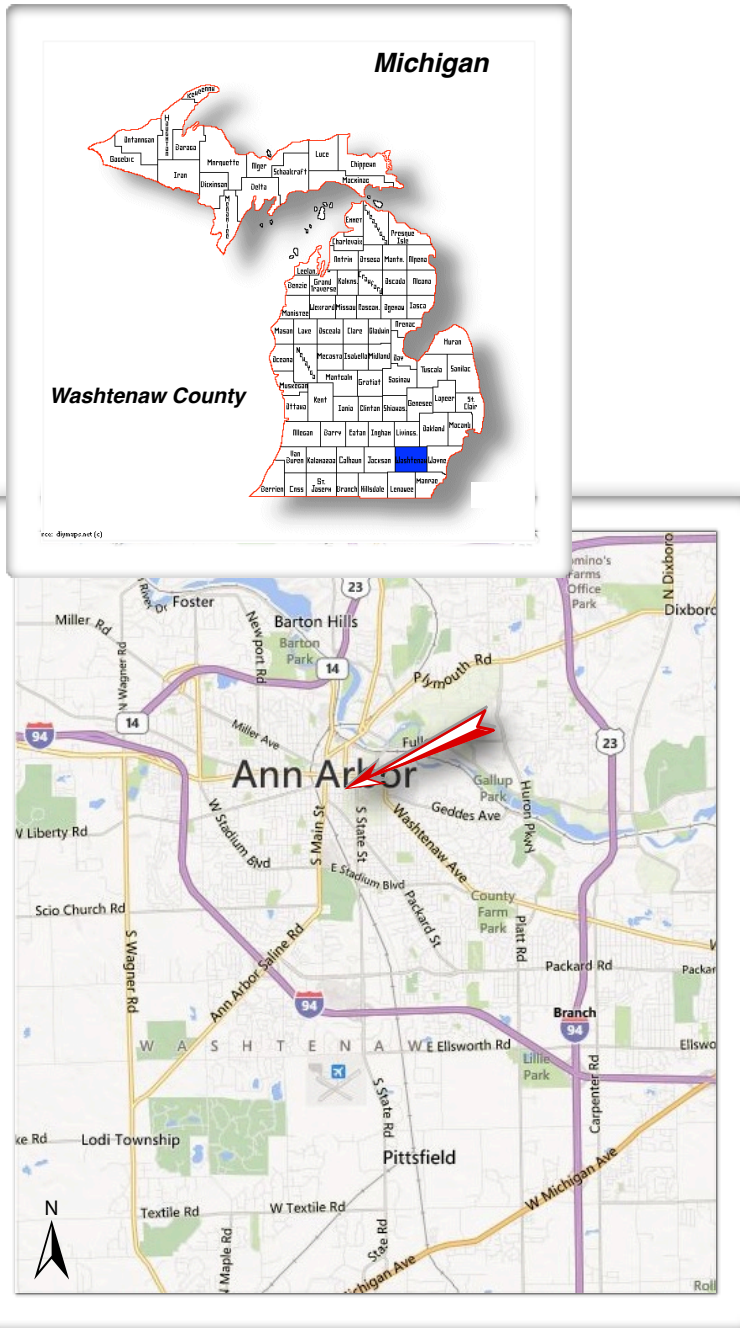
Data files of the Gerald Alcock Company
City of Ann Arbor Offices
CoStar Comps

The steps the appraisers used to develop the value estimates stated herein proceed from the Highest and Best Use analysis set forth at the "Analysis of Value" section of this report. The General Underlying Assumptions and Limiting Conditions to which this report and its value conclusions are subject are set forth in the section bearing that title and must be thoroughly read and understood by anyone using this report.



DESCRIPTION OF PROPERTY

Regional And Local Data





The subject property is located in an area of Michigan that is demographically known as the Detroit Consolidated Metropolitan Statistical Area, or CMSA. This area consists of the Detroit Primary Metropolitan Statistical Area, or PMSA, the Ann Arbor PMSA (subject), and the Flint PMSA, which together comprise ten counties: Lapeer, Macomb, Monroe, Oakland, St. Clair, Wayne, Lenawee, Livingston, Washtenaw, and Genesee.

These 10 counties are sited in Southeastern Michigan, at the western edge of Lake Huron and Lake Erie. The Detroit CMSA is the fifth-largest metropolitan area in the country, exceeded only by the New York, Los Angeles, Chicago, and Philadelphia CMSAs.

Ann Arbor is the county seat of Washtenaw County and is Michigan's seventh-largest city, as well as being home to the University of Michigan. Its economy is dominated by education, high-tech and biotechnology, and the medical services industry. Its workforce is predominantly white collar, with unemployment rates well below the State average. In contrast, average home prices and property taxes are well above State and national medians. Ann Arbor is known for its wide range of cultural offerings, as well as a tremendous variety of restaurants and entertainment venues. Recreational offerings include biking, hiking, and water sports, not to mention University of Michigan's "Big Ten" football, basketball, and hockey.

Selected demographic information is presented on the following pages. Coincidentally, the Ann Arbor MSA –because it encompasses areas only within the boundaries of Washtenaw County—has the same statistical data as the County. Therefore, for purposes of simplification, only County statistics will be cited in the following tables.

Population and Households

As shown, Ann Arbor had a population of 113,934 in 2010 which increased to 117,755 by 2014. From 2014 to 2019, the population in the City is anticipated to grow to 122,630 persons, which represents a 0.8% annual change over the five-year forecast. Washtenaw County's population in 2010 was 344,791 persons, and increased annually by an average of 0.5%, to 352,119 persons by 2014.



Population & Household Trends

	2010	2014	2019	Compound Annual Change	
				2010-2014	2014-2019
Population					
Ann Arbor	113,934	117,755	122,630	0.8%	0.8%
Washtenaw County	344,791	352,119	363,434	0.5%	0.6%
Households					
Ann Arbor	47,060	49,086	51,416	1.1%	0.9%
Washtenaw County	137,193	140,825	145,747	0.7%	0.7%

Source: ESRI

The increase in County population from 2000 to 2014 flows primarily from the growth of residential development in Ann Arbor's surrounding Townships, in particular Ypsilanti and Pittsfield Townships. Though Ypsilanti, Scio, and Pittsfield Townships' populations are expected to capture the lion's share of future County (MSA) growth, the significant decline in housing starts over the past five years will no doubt dampen actual population increases.

In the City of Ann Arbor in 2010 the number of households was 47,060, which increased by an annual compound rate of 1.1%, to 49,086 households by 2014. A 0.9% increase in the population is predicted for the next five years.

Though household growth increased at a faster rate than population in some areas over the last 15 to 20 years, this fact is at least partially explained by the declining trend in household size, as opposed to a mere increase in the number of households moving into the area. This phenomenon is duplicated at the national level as well.

Median Household Income

Median household income levels for the City of Ann Arbor and Washtenaw County are illustrated below. The reader should note that the figures cited in the table are expressed in current dollars.



Median Household Income

	2014	2019	Compound Annual Change 2014-2019
Ann Arbor	\$48,528	\$56,186	3.0%
Washtenaw County	\$56,150	\$65,951	3.3%

Source: ESRI

Median household incomes were generally flat over the past eleven years. Increases are expected over the next five years.

Employment

Economic growth and employment have lagged recently in Washtenaw County. Although unemployment rates dropped to recent lows in 2000, the overall, county rates remained below the state average. Slowed growth in the national and regional economies has recently pushed unemployment rates higher and slowed employment growth throughout the County and the State of Michigan.

According to local MESC officials, the closest annual unemployment rates and employment growth rates for the subject's area are defined by all of Washtenaw County and the City of Ann Arbor. They are summarized in table on the following page.

The 2012 and 2013 rate for the City of Ann Arbor is 6.1%, compared to 7.1% in 2011, 8.6% in 2010, and a high of 8.9% in 2009. This improvement, however, is fueled by a reduction in labor force from 2007 to 2011 and an increase in employment in 2011 and 2012. The 2013 rate for Washtenaw County is 5.8%, which is down from a high of 8.3% in 2019.

While the levels of labor force and employed have increased, both are down from the 2006 peak levels.



Area Unemployment Rates

	2006	2007	2008	2009	2010	2011	2012	2013
City of Ann Arbor								
Labor Force	65,572	65,166	63,785	63,071	62,879	62,531	62,782	63,735
Employed	62,359	61,829	59,774	57,478	57,445	58,108	58,978	59,823
Unemployment Rate	4.9%	5.1%	6.3%	8.9%	8.6%	7.1%	6.1%	6.1%
Washtenaw County								
Labor Force	191,460	189,324	186,049	182,753	182,222	181,406	182,258	185,016
Employed	182,634	180,312	175,228	167,539	167,441	169,374	171,912	174,375
Unemployment Rate	4.6%	4.8%	5.8%	8.3%	8.1%	6.6%	5.7%	5.8%
State of Michigan								
	6.9%	7.2%	8.1%	14.0%	12.3%	10.4%	8.8%	8.0%

Source: MI Department of Energy, Labor and Economic Growth

Conclusion

Growth in Washtenaw County/Ann Arbor MSA is projected to continue at a modest rate for the next several years. Though not as dramatic as the growth that occurred between 1990 and 2000, it is nevertheless reflective of a positive economy.

The employment characteristics of the area indicate a diverse employment base, with a high percentage of professional occupations. Though the MSA has experienced increased unemployment rates over the last few years, so has virtually every other community in the United States. Despite the five-year losses in jobs, unemployment rates for the City and County are still well below State levels. We thus conclude that the overall employment outlook is relatively positive, with all private-sector service industries and the public sector expected to provide increased job opportunities over the next five or so years, as the US and State economies rebound.

In summary, the appraisal property is located in a stable market that is expected to experience further, very moderate, growth in population and households into the intermediate term. Of course, a stronger national economic rebound would favorably impact the region as well as the City and County; however, compared to most other communities within the State, Ann Arbor is considered to be one of the healthiest.

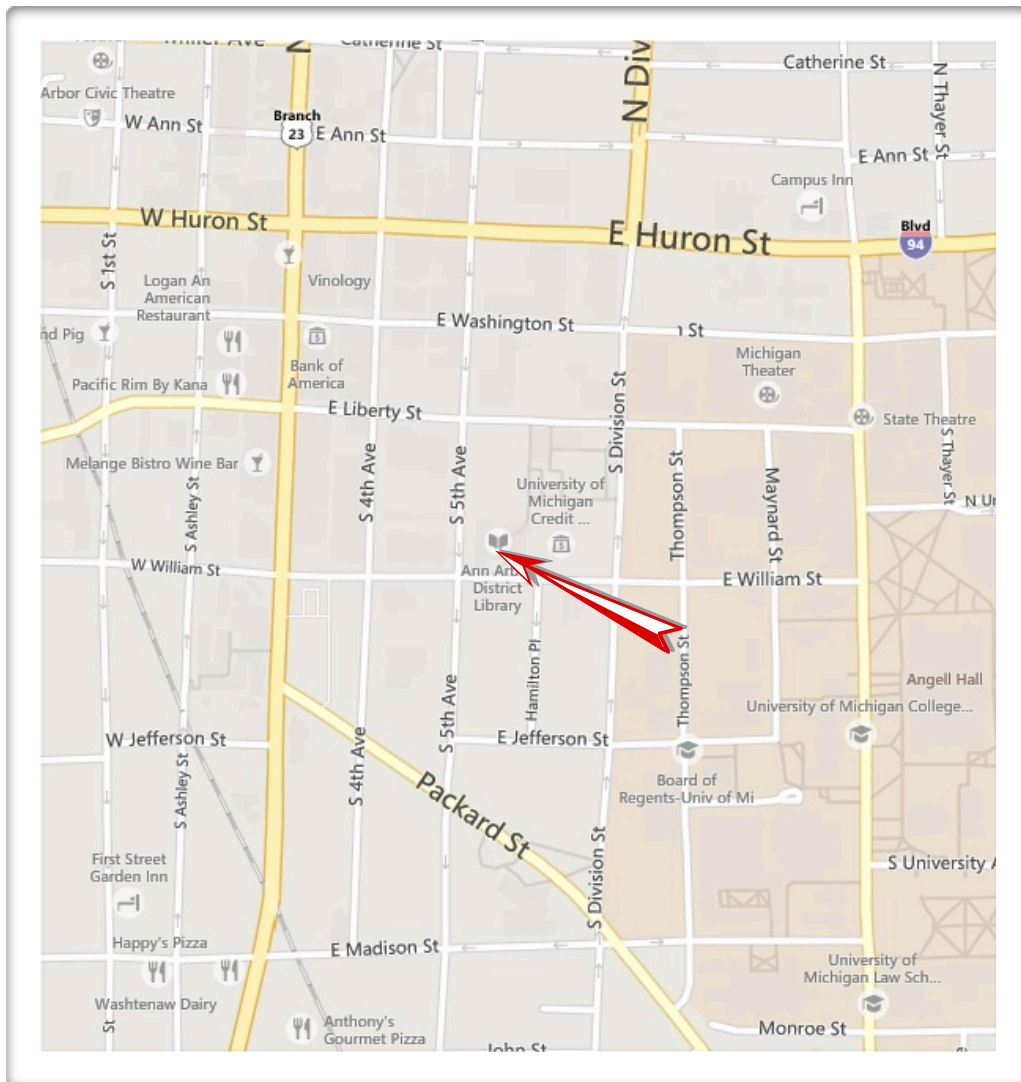


Location and Neighborhood

The subject property is located on the northeast corner of East Liberty Street and South Fifth Avenue, in the City of Ann Arbor. The City of Ann Arbor is located in the central portion of Washtenaw County and is the county seat. The city is bordered by Pittsfield Township to the south and east, Ann Arbor Township to the north; and Scio Township to the west.

Ann Arbor is Michigan's seventh-largest city, and is home to the University of Michigan. Its economy is dominated by education, high-tech and biotechnology, and the healthcare industry. Its workforce is predominantly white collar, with unemployment rates well below the State average. In contrast, average home prices and property taxes are well above State and national medians. Ann Arbor is known for its wide range of cultural offerings, as well as a tremendous variety of restaurants and entertainment venues. Recreational offerings include biking, hiking, and water sports, not to mention University of Michigan's "Big Ten" football, basketball, and hockey.

As shown on the following page the subject property is located on the northeast corner of South Fifth Avenue and East William Street, at the periphery of Ann Arbor's Downtown Central Business District. It is two blocks east of South Main Street, the CBD's main thoroughfare. The University of Michigan Central Campus and the South State Street Campus Commercial District begin roughly four blocks to the east of the subject.

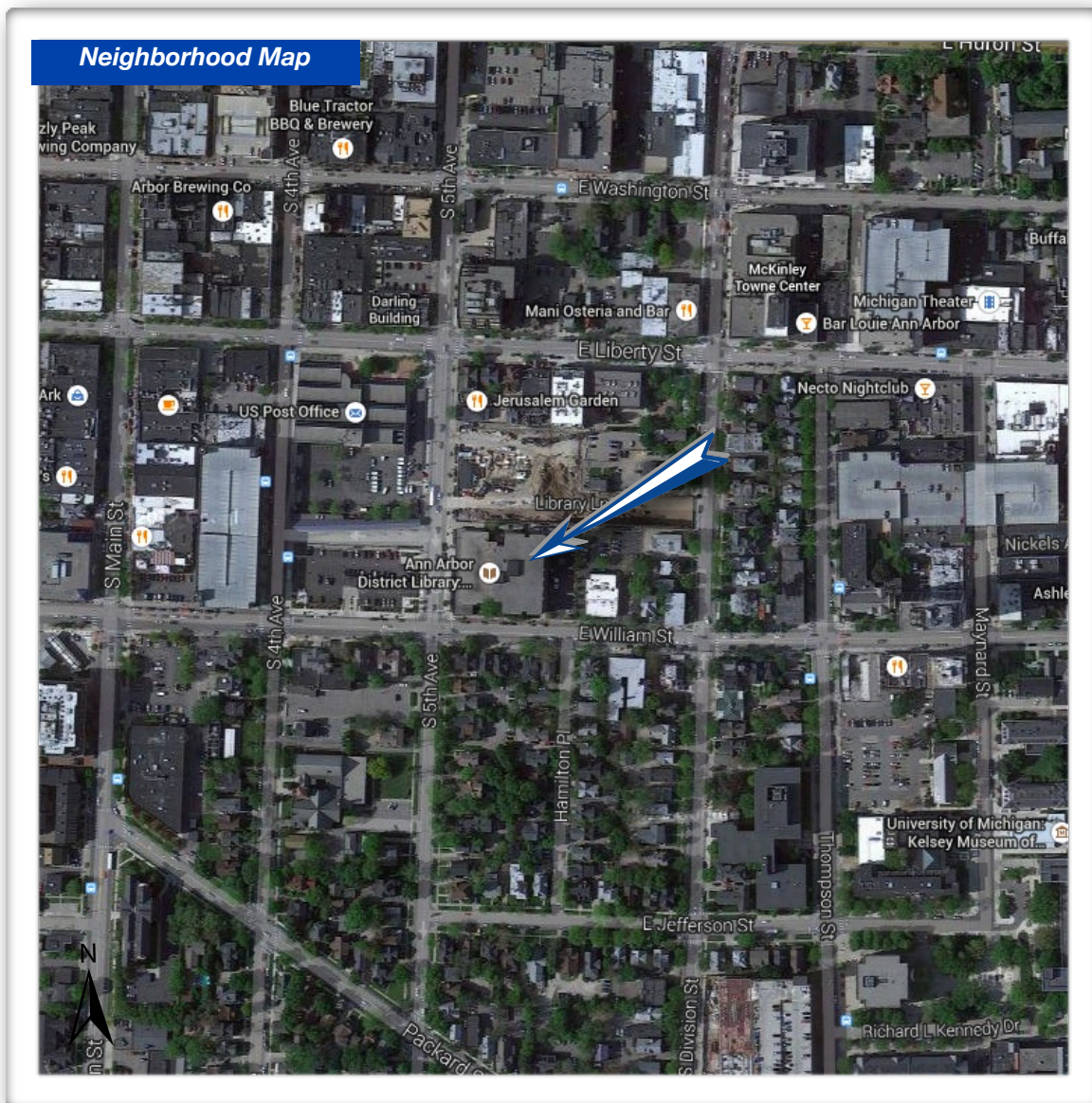


East William Street is one of the outbound conduits from the University of Michigan Central Campus, linking it to the Downtown Central Business District. Like South Main Street and South State Street, East William Street is lined with commercial buildings, restaurants, and personal service establishments. Nearer to Campus, it is improved with several apartment properties and two churches.

Within the last few years, there has been a good deal of construction activity in Ann Arbor's Central Business District. A few recently completed renovation projects include the former Mayer Schairer office supply and the former Lucky Drugs buildings, both on South Main Street, as well as the former Jewel Heart temple, located on East Washington between Fourth and Fifth Avenues. Just one block east of the subject, at the northeast corner of Division and East Washington Streets, is the newer 4 Eleven Lofts building, a 10-story, mixed-use project



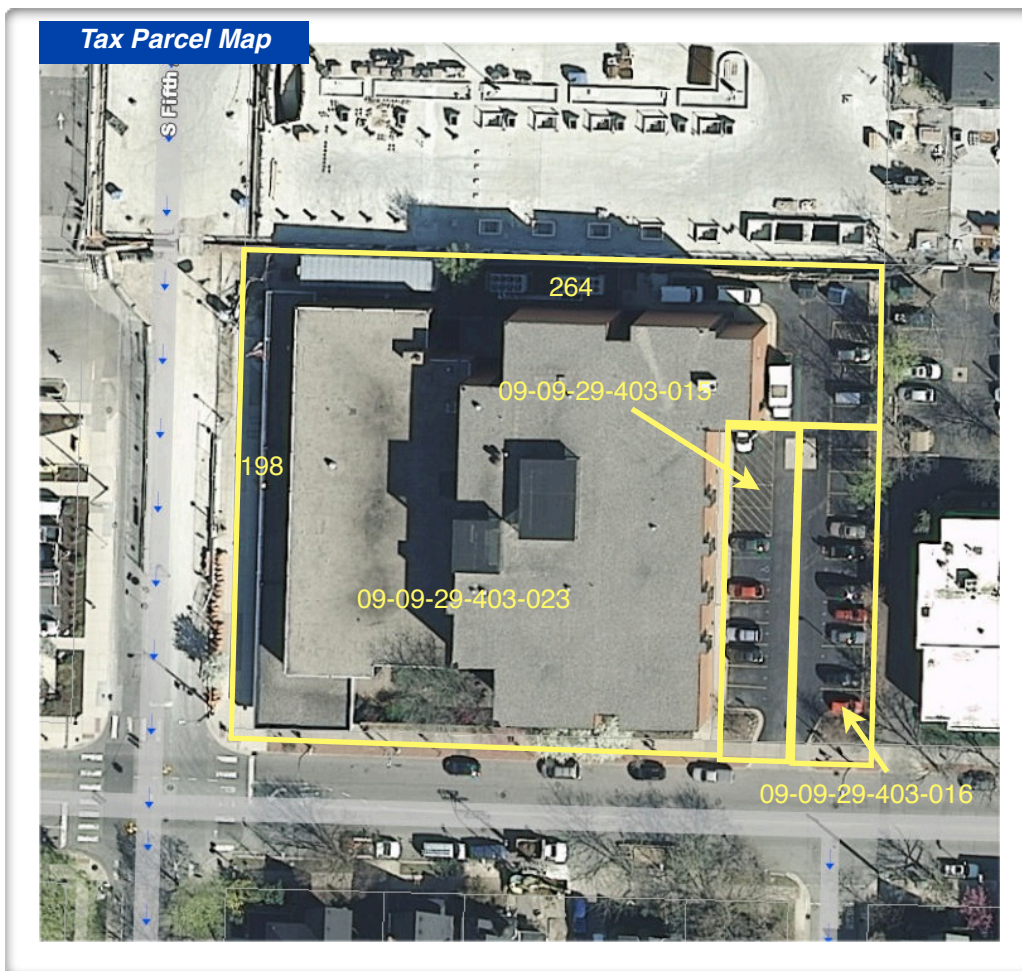
with two levels of underground parking, street level retail, and 106 upscale apartment units. Immediately south of 4 Eleven is the McKinley Town Centre building (former TCF Bank building) which was just rehabbed in the last three years and is now home to tenants such as Google, Inc., Bodman, LLP, and Bar Louie and Tio's restaurants. Other notable recent residential developments are Zaragon West, at the corner of East William and Thompson, and The Varsity, on the north side of East Washington, east of South Division.





Site and Yard Improvements

The assemblage is comprised of three separate tax parcels, which together are rectangular in shape, with 198.0 feet of frontage on South Fifth Avenue and 264.0 feet of frontage on East William Street. Total area is roughly 52,272 square feet, or 1.20 acres. Improvements to the site include the structure and asphalt paved parking for 28 vehicles. The land-to-building ratio, calculated with finished building area, is 0.54 to one.



Improvements to the site include the building; an asphalt paved parking area with striping that accommodates 26 vehicle spaces, one van space, and one space for a maintenance truck; concrete service walkways; concrete curb and gutter; site lighting; a large expanse of landscape planter at the front of the structure; an enclosed terrace garden; and a trash enclosure. Landscaping consists mainly of perennial plantings, complementary shrubbery,

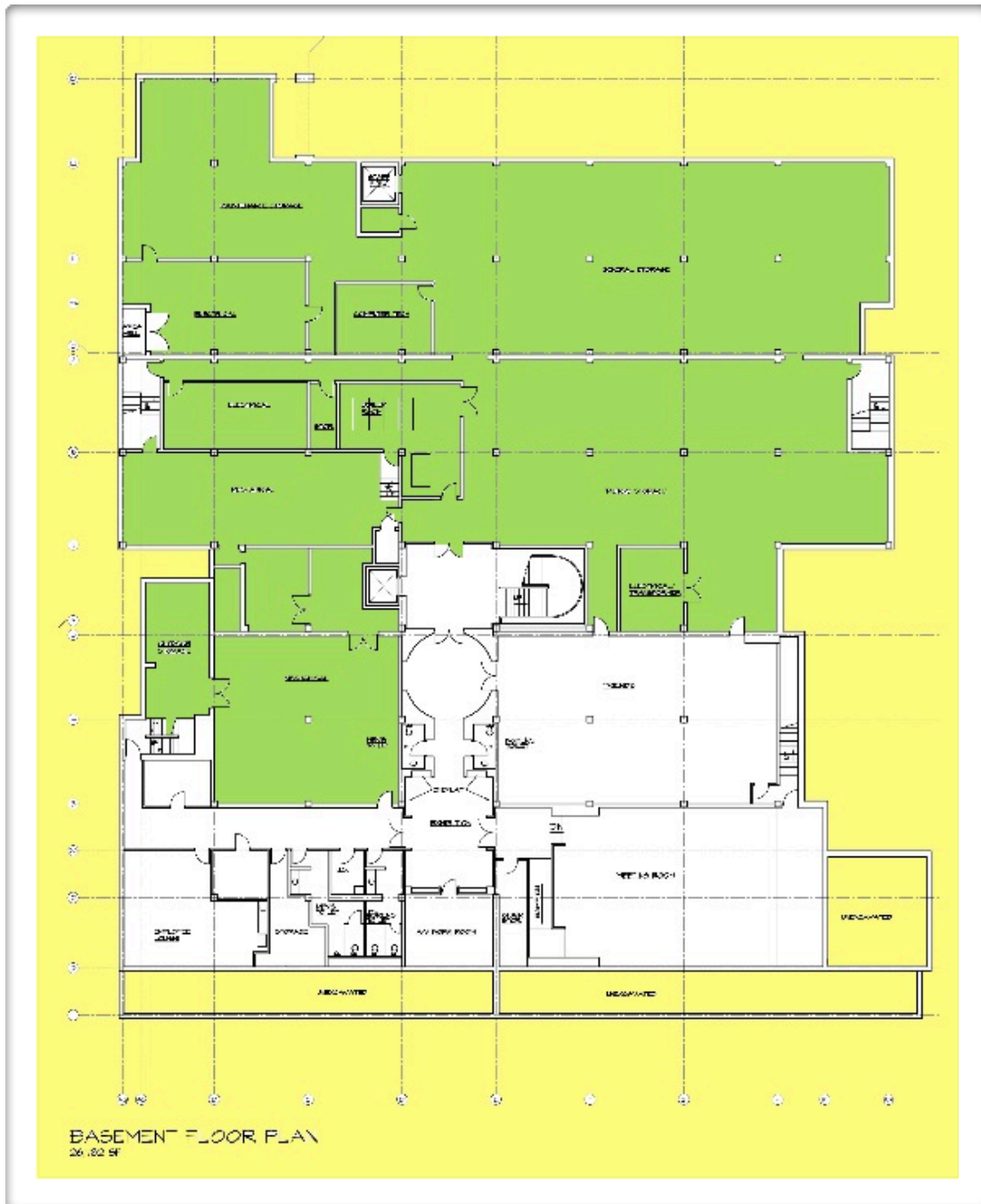


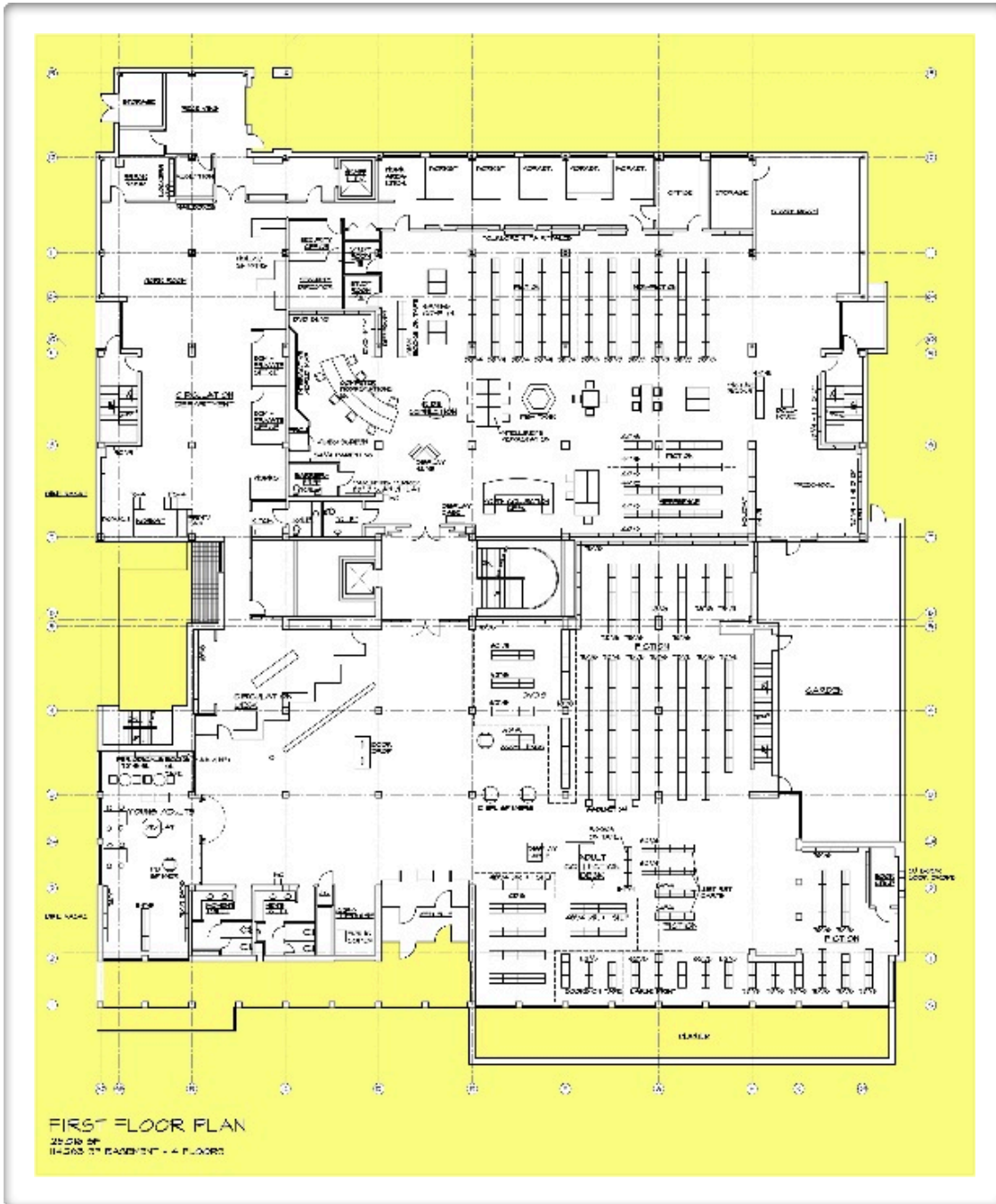
and mature trees. The site improvements are in average condition. Overall, the site appears to be functionally adequate with adequate road frontage and road access.

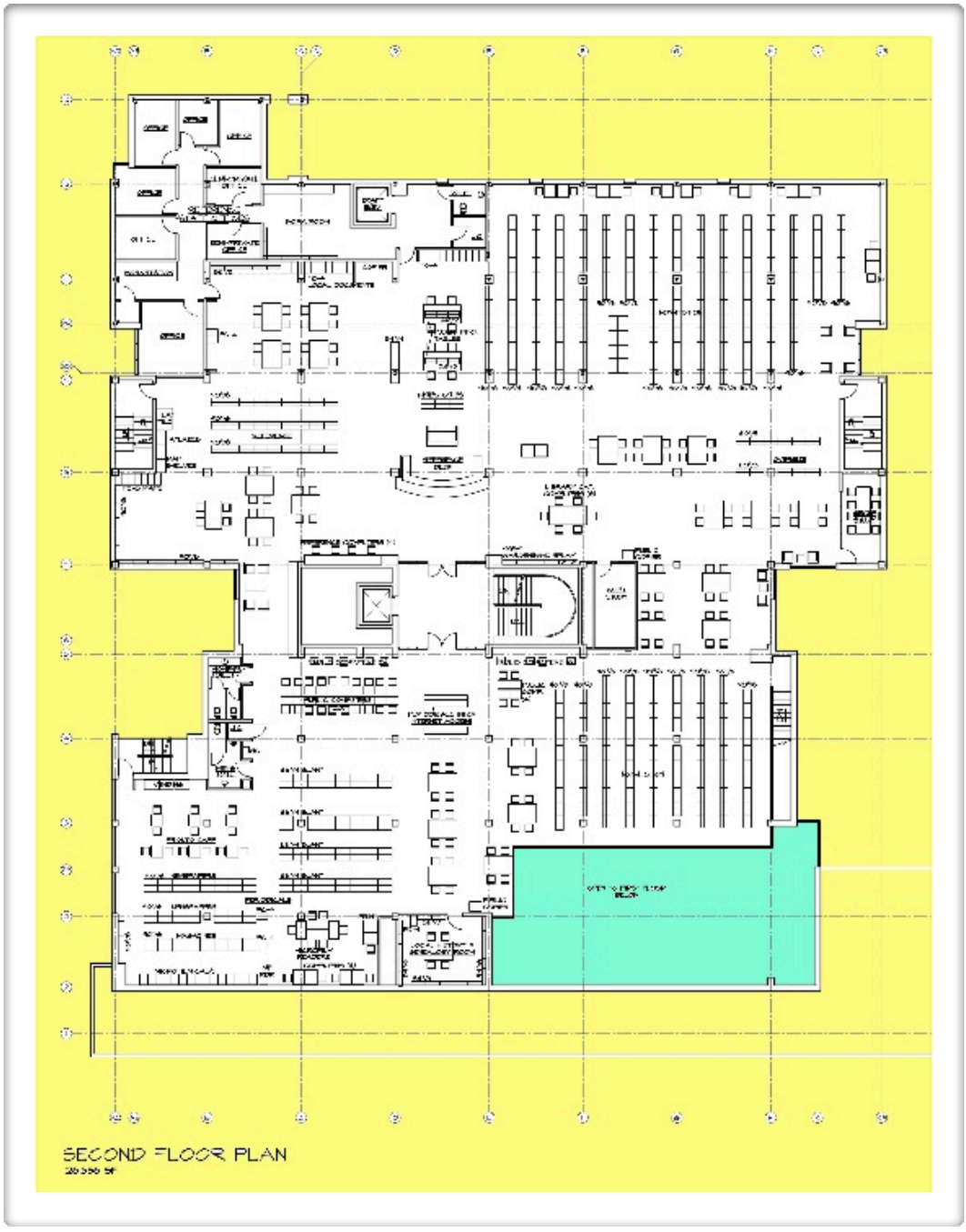


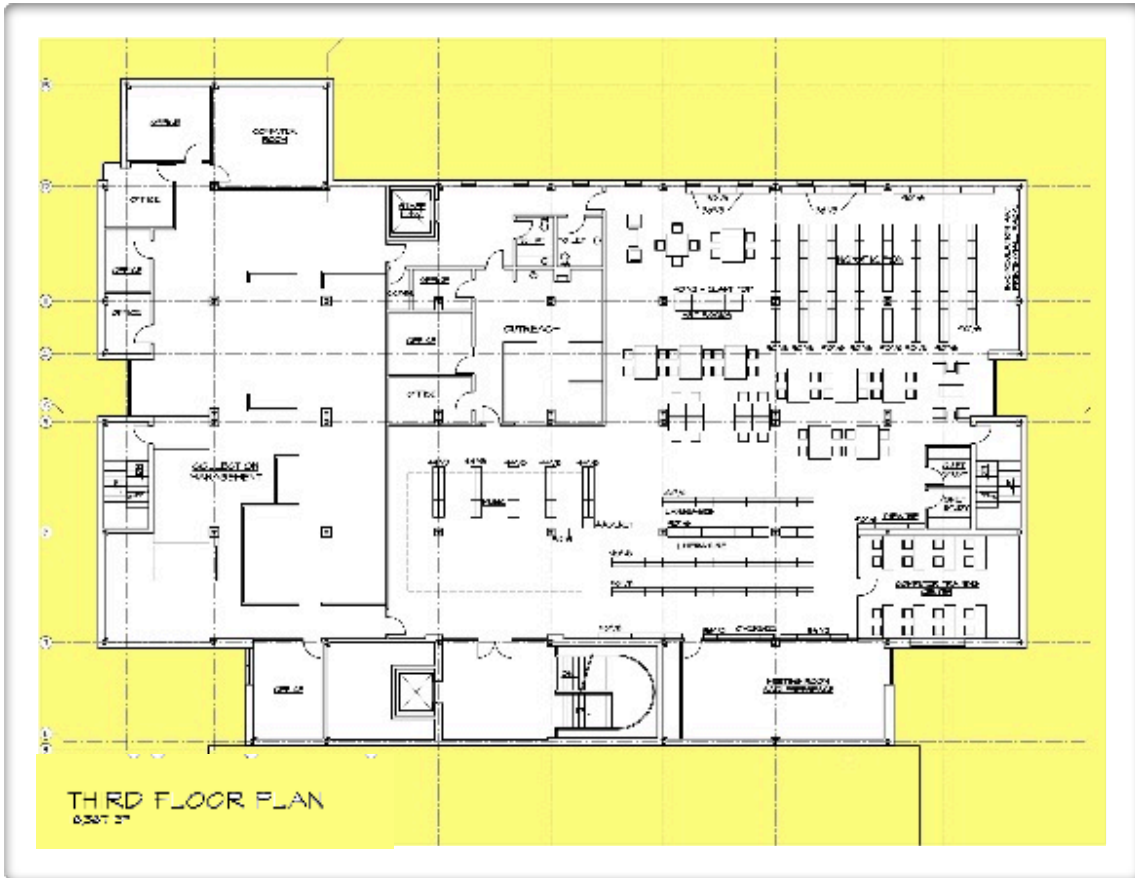
Building Improvements

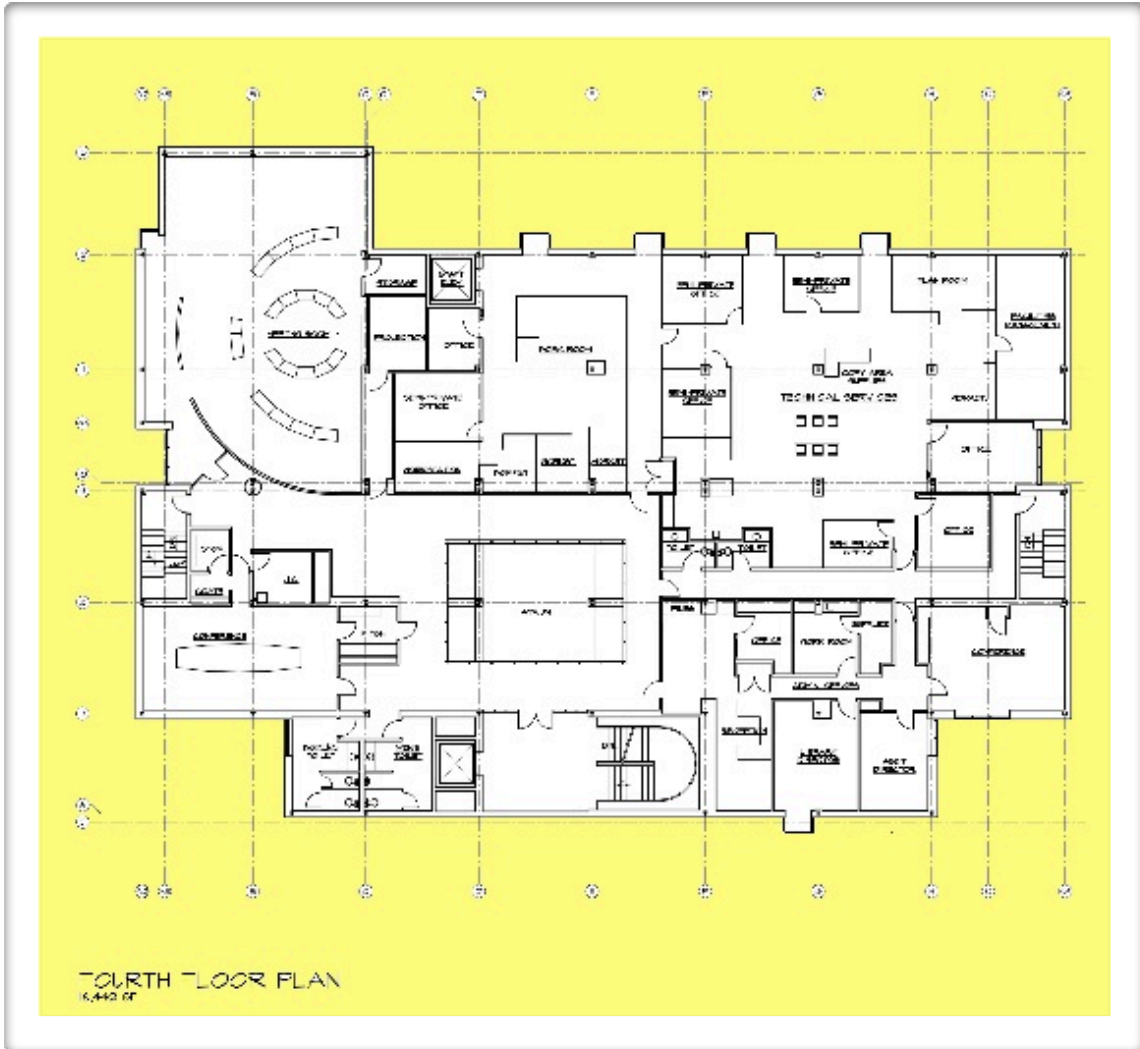
The subject building is a four-story, steel and masonry structure, originally built in 1953, with subsequent additions in 1973 and 1991. The building contains an approximate 87,481 gross square feet over a 26,782 square foot basement. Roughly 10,000 square feet of basement area is finished. Hence, the total finished area is roughly 97,481 feet. The construction, finishes, and layout of the building are briefly summarized in the following discussions.











- Foundation:** The building sits over a full basement, with foundation walls of poured concrete. Bearing walls are a combination of concrete block and poured concrete.
- Framing:** Steel and masonry
- Exterior Walls:** Brick veneer and brick-face (cast-brick) block
- Windows and Doors:** All doors and windows are fixed-pane housed within steel frame.



- Roof:** Roof structure is flat, with steel joists and concrete decking and rubber membrane cover.
- Floors:** Concrete
- Floor Coverings:** Carpet, ceramic, and terrazo tile.
- Interior Wall Finish:** Interior partitions consist of metal studs with painted or wallpapered drywall.
- Ceilings:** The ceilings are suspended, acoustic grid.
- Lighting:** The lighting is flush-mounted florescent and incandescent.
- Electrical:** Electrical service is 1,600 amps and is assumed to be sufficient for the current library use, as well as for a variety of other uses.
- HVAC:** Heating for the building is provided by three, gas-fired boilers. Hot water is distributed to a combination of baseboard units and heat exchangers. Two chillers provide cool air to the system. Additionally, there is a five-ton roof-mounted package unit serving the building. Both cool and warm air are distributed through ceiling ducts.
- Plumbing:** Plumbing supply lines are copper, with drain lines of cast iron and PVC. Domestic hot water is provided by central, gas-fired units --one 40-gallon and one 100-gallon-- found in the basement. There are also four sewage ejector pumps.
- Fire Protection:** The building is 100% protected by a wet fire suppression system.
- Layout:** A depiction of each floor is set forth on the previous pages.
- Library stacks are on Floors One, Two, and Three. The Circulation department and Circulation desk are on One, as is the Garden.



The second floor features Reference Staff offices and public computers and the third floor houses Outreach and Collection Management.

The fourth floor has meeting and conference rooms as well as offices for Technical Services and Administration.

The area of the basement highlighted in green is unfinished and is utilized for storage and mechanicals. The finished portion of the lower level houses Friends of the Library and the Staff lounge.

Condition: The current overall condition is considered average. The building was constructed in 1953, with subsequent additions in 1973 and 1991. Based on the inspection, the existing improvements have an estimated effective age of 25 years and a total economic life of 45 years. Thus, the remaining economic life is estimated at 20 years.

Easements

The appraisers have not been provided with current title work or current survey on the subject property. The appraisers express no opinion as to the existence of easements or other restrictions on the subject property that would adversely affect the subject's market value or in any way create an exception to clear title. For the purposes of this appraisal, it is presumed that any easements or restrictions to clear title consist only of typical utility easements that do not preclude normal development of the site and have no influence on the subject's market value.

Environmental Hazards

No obvious signs of contamination were found on the site as a result of our physical inspection. Notwithstanding the foregoing statement, the appraisers specifically note that the recognition, detection or measurement of contamination is outside the scope of this appraisal assignment and their professional expertise. Consequently, the value opinion expressed herein is predicated on the absence of toxic or otherwise hazardous substances or materials from the property. If contaminants now affect the appraisal site, or will do so in the future,



their presence may adversely affect the marketability and/or value of the property as expressed herein.

Assessed Valuation and Taxes

In the state of Michigan real estate taxes are estimated based on 50% of the true cash value or market value known as assessed value or state equalized value (SEV). In the first year of ownership, the SEV is equal to the taxable value. The tax liability is calculated by multiplying the millage rate of the municipality by the taxable value. According to Proposal A, passed March 15, 1994, the taxable value is a capped value that can only increase at 5% per year or the current rate of inflation, which ever is less. This capped value, however, becomes uncapped and adjusts to the assessed value when there is a change of ownership. Furthermore, the estimate of market value in an appraisal is a value based upon a potential sale. Therefore, in this valuation, the taxes based upon the assessed value were considered the real estate tax burden in this appraisal.

The current owner of the property is a non-profit entity and is tax exempt. However, in the event of a sale, we must assume a subsequent user will be subject to taxation.

Therefore, to determine an appropriate tax assessment for this property, we have relied upon comparable office buildings in the subject area. In each case, the 2014 assessed value is divided by the square footage of the building to arrive at a levied assessed value per square foot.

Thus, the projected real estate taxes for the subject are estimated on the following page.



Real Estate Tax Comparables				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Address	201	301	123	202
Street	S. Division St	E. Liberty St	N. Ashley St	E. Washington St
City	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
Building Size (GBA)	102,760	85,468	24,806	25,414
Building Type	Office	Office	Office	Office
Year Built	1973/1987	1985	1910/1985	1927/renov
2014 Assessed Value	\$9,837,300	\$5,384,800	\$1,524,000	\$1,168,400
Assessed Value / SF	\$95.73	\$63.00	\$61.44	\$45.97

Max:	\$95.73
Mean:	\$66.54
Median:	\$62.22
Min:	\$45.97

The implied assessed value per square foot ranges from \$45.97 to \$95.73 per square foot, with a mean and median of \$66.54 and \$62.22 per square foot. We give equal weight to this range of assessed values and estimate an assessed value between the mean and median, at \$64.00 per square foot.

Real Estate Tax Projections		
Real Tax Identification Number:	Assemblage	
Buliding Area (SF):	97,481	
	Assessed Value	Taxable Value
Values	\$6,238,784	\$6,238,784
Value per Square Foot	\$64.00	\$64.00
Total Assessed Value		
Millage Rate	0.0586623	0.0586623
Estimated Taxes	\$365,981	\$365,981
Plus 1% Admin Fee	\$3,660	\$3,660
	\$369,641	\$369,641
Per Square Foot	\$3.79	\$3.79



Flood Hazard

According to the flood insurance rate map published by the Federal Emergency Management Agency (FEMA), Community Panel Number 26161 C 0263 E, dated April 3, 2012, the overall subject site does not appear to be located in a designated flood zone area. An excerpt of the flood map can be found below.



Zoning

As shown on the following page, the subject property has two distinct zoning designations.

The main portion of the Library site is zoned PL, Public Land. The intent of this district is to ‘...classify publicly owned uses and land and permit the normal principal and incidental uses required to carry out governmental functions and services.’

Principal permitted uses under this designation include outdoor public recreational uses; natural open space; developed open space; educational services; cultural services; public

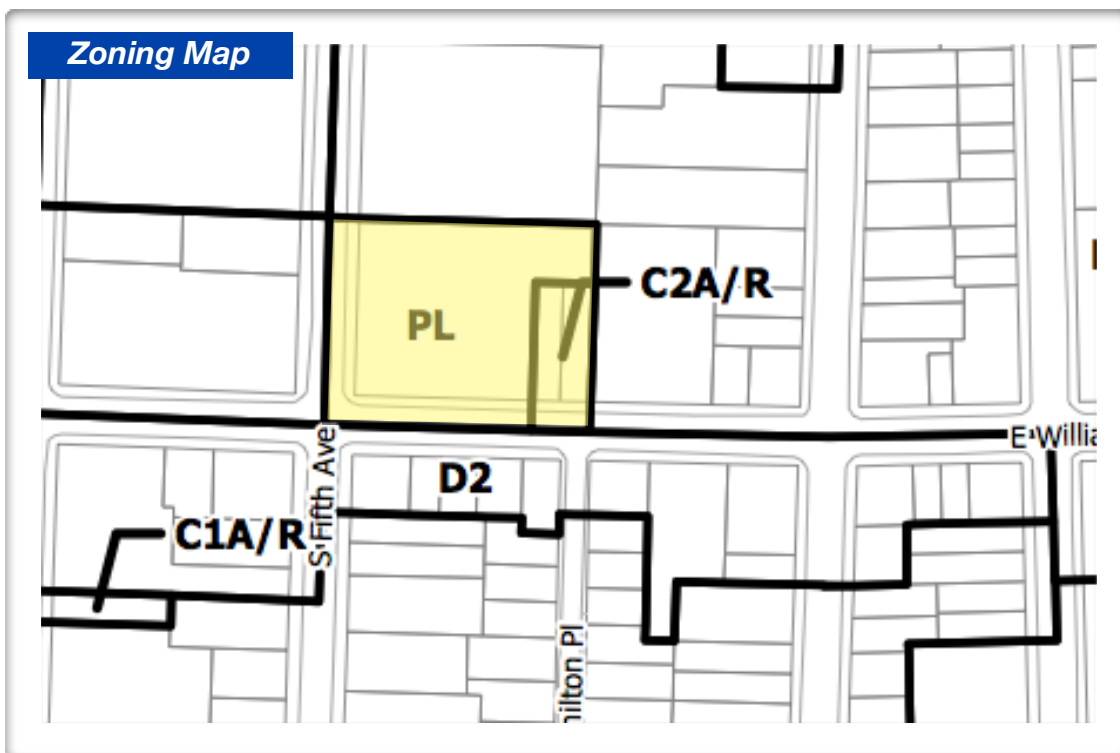


service institutions; essential services; municipal airports; civic centers; and government offices and courts.

Most of the parcels surrounding the subject –as well as the two East William Street subject sites, highlighted in green—are zoned C2A/R, Commercial Residential District. The intent of this district is ‘...to encourage the orderly clustering and placement of high-density residential and complementary commercial development within the Central Business District.’

The C2A/R zoning allows for several types of uses including most retail activities, theaters, studios, publishing and transportation facilities, as well as any permitted use of ‘R’ dwelling districts and business and personal service facilities.

While the appraisers are not experts in the interpretation of complex zoning ordinances, given the fact that the main portion of the subject site is surrounded by parcels that are zoned C2A/R, we presume that it too would be capable of being rezoned to a designation not less dense than C2A/R.



Further information describing permitted uses, accessory uses, set backs, and size restrictions are contained within the exhibit section.



ANALYSIS OF VALUE

Current Market Conditions and Trends

Growth in most sectors of the economy was evident between 2011 and 2012 and has continued through 2013 and 2014. This has been driven by notable job creation driving unemployment rates to a five-year low, signaling that the job market will make steady, though unremarkable, progress. With the addition of jobs full-time office-using employment is now less than 2% off of its peak level recorded at the start of the recession. Nationwide office vacancy was 16.7% at the end of last year, nearly 400 basis points higher than at the start of the recession. Gains in full-time office-using employment have translated into absorption of under-utilized space and limited expansions into larger layouts. As newly hired workers continue to fill empty cubicles and desks during 2013, new space requirements will emerge, supporting an 80-basis point decline in vacancy to 15.9%.

Job growth continues to spark the creation of new rental households and support a vigorous apartment sector nationwide. First quarter vacancy was unchanged at 5.1%, but has declined 200 basis points since the economy started to add jobs again in early 2010. Demand growth will outpace an increase in completions this year, reducing the nationwide vacancy rate to the high-5% range.

Over the past 12 months industrial production has increased demand for industrial properties. Thus far, distribution, warehouse and manufacturing space exhibit impressive leasing and rent growth momentum, aided by low levels of supply. Vacancy is forecast to tighten by 80 basis points to 8.6% by year end. The long-run strength of e-commerce could contribute significant demand for centrally located distribution and warehouse facilities going forward.

Demand for retail space remains limited, but has managed to outpace the dearth of new supply, expected to total 55 million square feet by year end. A key factor that will support brick and mortar retail in the coming year is the passage of the Marketplace Fairness Act, which compels states to tax online retailers at a rate comparable to other retailers. This change will level the playing field by eliminating the 5 to 10% pricing advantage long held by online stores. Forward projections call for a further decline in vacancy to 8.6% by year end and effective rent growth by year end of 2.1%.



National Surveys - Office

According to the Fourth Quarter 2014 PWC Real Estate Investor Survey, “Shifts in key Survey indicators suggest that our surveyed investors remain upbeat about the future performance of the national suburban office market. First, its average overall cap rate declines to 6.66% this quarter, the lowest average ever reported for this market since its Survey debut in 1994. Second, its average initial-year market rent change rate increases for the fourth straight quarter, rising 13 basis points to 2.63%. “Many markets are recovering and providing upside, so it’s a good time to own,” shares an investor.”

Another real estate investment survey, conducted by the Real Estate Research Corporation (RERC), for the Summer of 2014 reports the similar investment criteria for suburban office properties. This survey also forecasts local growth rates. These surveys are summarized in the following chart.

<i>Investor Surveys</i>					
	RERC Midwest Office - 3rd Tier	RERC Midwest Office - 2nd Tier	RERC Detroit Office	Average	RERC Projected Midwest Growth Rates
Going-in Rate	9.90%	8.60%	8.00%	8.83%	<u>1 Year Value</u>
Exit Rate	10.50%	9.40%	8.60%	9.50%	1.30%
Discount Rate	11.10%	9.90%	9.40%	10.13%	<u>1 Year Rents</u> 1.20%
Spread to Going-in	120	130	140	130	

Source: RERC Summer 2014 Investor Survey

Local Market

There are six major sub-markets of the Ann Arbor office market: the Plymouth Road, or North market; Briarwood area, or South market; the Central Business District, or Downtown market (with which the subject identifies); the McAuley Healthcenter market; and the East and West markets.

The Downtown submarket is bounded by the Huron River to the north, Eisenhower Parkway to the south, and all areas west of US-23 to the city limits. The University



of Michigan Central Campus and the Downtown Central Business District are situated at the heart of this submarket. As is typical of most small towns, banks and other financial institutions are concentrated in the CBD, as are many law firms desiring proximity to County and City courts. Like the CBD retail market, the Downtown office market suffers from lack of available on-site parking.

According to Swisher Realty Company, a large Ann Arbor-based real estate firm which has tracked area office activity for the last 15 years, total office inventory in the downtown office market, as of December 31, 2013 was 1,722,807 square feet among 69 buildings. The overall vacancy rate was 6.78%, which is down 3.00% from the 9.78% vacancy rate as of December 2012.

The table below summarizes current trends in the local office market. These statistics represent a survey of office properties within a 1-mile radius of the subject property.

Office Market Summary - 1 Mile Radius

	<u>Office</u>
Buildings	199
Existing Building Area	2,924,967
Vacant Building Area	112,004
Current Vacancy	3.8%
- 4Q2013	5.6%
- 4Q2012	7.4%
- 4Q2011	8.7%
YTD Net Absorption	48,749
2012 Net Absorption	52,365
2011 Net Absorption	20,331
	<u>Gross Rent</u>
Current Avg. Asking Rent	\$21.81
- 4Q2013	\$21.93
- 4Q2012	\$21.79
- 4Q2011	\$21.10

Source: CoStar



As shown, vacancy has fallen since the 4th quarter of 2011. Rental rates are up slightly in the same period. The current average asking rent is \$21.81 per square foot on the gross basis, with a current vacancy of 3.8%.

The area has very good access to expressways and local real estate professionals, planners, and business owners expect a stable environment in the surrounding communities. It is believed that due to the condition and appeal of the property, the subject property should remain competitive in this market.

Highest and Best Use of Property

As defined by the Appraisal Institute, the highest and best use is

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.³

The highest and best use of the land as if vacant and available for development may differ from the highest and best use of the property as improved--this is true when the existing improvements do not constitute an appropriate use. The existing use will continue unless or until the land value in its highest and best use exceeds the sum of the value of the entire property in its existing use plus the cost to remove the improvements. Therefore, the analysis of highest and best use includes consideration of the property under two assumptions: land as if vacant for development, and property as presently improved. These two analyses are then correlated into a final estimate of the highest and best use.

As Though Vacant: **Physically Possible**

This aspect considers all physical characteristics of the site, with special consideration for any features that might preclude or enhance development of the property for a particular type of use. The design, location, zoning, and intended development of the structure prove that it is physically possible to develop the site. The site is road grade, and has adequate exposure to South Fifth Avenue and East William Street. The shape and area are functional for the legally permissible uses. The fact that the site has been developed for a public library, which most closely resembles an office use. This is testimony to the physical

³ Appraisal Institute, The Appraisal of Real Estate, Twelfth Edition, Chicago, Illinois, p. 275.



possibility of developing the site for any of the legally permissible uses.

Legally Permissible

No deed restrictions, building code limitations, or environmental restrictions, to the best of our knowledge, prohibit the use of the subject as currently designed. Legal restrictions, as they apply to the subject property, involve the public restrictions of the present zoning and utility easements. Portions of the subject assemblage are zoned C2A/R, Commercial Residential District. It is reasoned that in the event of a sale, the portion of the site zoned PL would be rezoned to C2A/R. It is reasoned then that the legally permissible uses for the site as if vacant land are those permitted by the current zoning ordinance--namely, a mixed residential or office use.

Financially Feasible

Of the permitted uses to the site all would produce income greater than that needed to satisfy operating expenses. However, it is difficult to say with certainty without benefit of plans, specifications, or costs for a proposed project. The financial feasibility considers the use that will produce an income or return which is equal to or greater than the amount needed to satisfy operating expenses in addition to a return on investment. The subject site is currently improved as a public library, which resembles an office use. It is reasoned that development of the site for a future office or mixed-use would provide a positive net return to the land and thus be a financially feasible use of the land.

Maximally Productive

Of the possible uses to the site, a future office or residential mixed-use development appears to produce the highest value.

As Improved:

Physically Possible

The design, location, zoning, and current development of the structure coupled with the city's site plan approval of the building proves that it is physically possible to develop the site. Additionally, the existence



of similar buildings on nearby lots further affirms this possibility. The subject property, is currently used as a public library, which closely resembles an office use. This use is a permitted use in the C2A/R zoning, and the improvements conform to the height, setback and density schedule of the zoning district. The building's size, configurations, and features are suitable for a variety of users in this market.

Legally Permissible

The subject's most likely alternative use as an office is a permitted use within the C2A/R zoning and, as such, is considered legally permissible. The C2A/R zoning encompasses two of the three subject parcels. The third parcel is zoned PL and is we assume this parcel will be rezoned to C2A/R, which is the predominant zoning in the immediate area.

Financially Feasible

The financial feasibility considers the use that will produce an income or return which provides a return on investment. The overall area occupancy rate is reasonably stable. The regional office market is active as demonstrated by a number of improved sales over the past few years. Therefore, an alternative office use, which would likely require nominal retrofit costs, is considered a financially feasible use. Another possible alternative is to demolish the current improvements to allow for redevelopment. To research this option, we investigate recent land sales in Ann Arbor's downtown market. The five sales contained in the table on the following page



Comparable Land Sales

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Sale Price		\$6,000,000	\$3,200,000	\$625,000	\$630,000	\$5,250,000
Date of Sale		05/12	01/12	12/10	05/10	04/14
Buyer Expenditures		\$0	\$0	\$0	\$0	\$0
Property Rights Transferred		0%	0%	0%	0%	0%
Conditions Of Sale		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Market Conditions		8%	9%	12%	14%	2%
Adjusted Price		\$6,465,000	\$3,480,000	\$700,000	\$716,625	\$5,355,000
Site Size In Acres	1.20	0.87	0.57	0.09	0.10	0.80
Adjusted Price Per Sq. Ft.		\$171	\$140	\$179	\$165	\$154
Location	S. Fifth/E. William Ann Arbor	E. Huron Ann Arbor	W. Washington Ann Arbor	N. Fifth Ann Arbor	S. Thayer Ann Arbor	S. Fifth Ann Arbor
Township						
Adjustment		0%	10%	10%	10%	0%
Topography / Frontage	Typical	Comparable	Comparable	Comparable	Comparable	Comparable
Adjustments		0%	0%	0%	0%	0%
Zoning	PL/C2A/R	D-1	PUD	D-2	D-1	D-1
Use	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant
Adjustment		-5%	0%	-5%	-5%	-5%
Size	1.20	0.87	0.57	0.09	0.10	0.82
Adjustment		-10%	-15%	-30%	-30%	-10%
Net Adjustments		-15%	-5%	-25%	-25%	-15%
Final Adjusted Sale Price Per SF		\$145	\$133	\$134	\$123	\$131

Index of Comparable Land Sales

1. 401-413 E. Huron St, Ann Arbor
2. 221 W. Washington St, Ann Arbor
3. 215 N. Fifth Ave, Ann Arbor
4. 224 S. Thayer St, Ann Arbor
5. 350 S. Fifth Ave, Ann Arbor

High	\$145
Mean	\$133
Median	\$133
Low	\$123

These sales range from \$123 to \$145, with a mean and median of \$133. We give most weight to sale 5, which is the most recent sale and is located adjacent to the subject site. Hence, we reconcile above the mean and median, at a land value of \$131 per square foot, or \$6,850,000. From this however, we must deduct the cost of demolition. The Marshall & Swift valuation service estimates a range of demolition and removal costs of \$3.50 to \$6.50 per square foot. At \$5.00 per square foot, we estimate demolition at \$490,000. Considering this, we estimate a net land value of \$6,360,000. This net land value is well below the value conclusion, "As-Improved", of \$12,900,000.

Maximally Productive

Of the financially feasible uses, the use that produces the highest value is the highest and best use. The current improvements, retrofitted to an office use, are the maximally productive use.



Based on the foregoing considerations, it is the appraisers' opinion that the subject's current improvements, which are similar to an office use, are its highest and best use. If the subject site were vacant, the highest and best use of the land would be to develop the site for a future office or residential mixed-use as allowed by the code.

Methods and Date of Valuation

There are three generally recognized approaches to valuing real property. They are the cost approach, the sales comparison approach and the income approach. The three approaches and their appropriateness in this valuation are separately discussed.

Discussion of the Cost Approach and its Appropriateness in this Analysis

In the cost approach, the cost of replacement or reproduction of the buildings and all other improvements to the land are estimated. Depreciation, if any, from all causes is then estimated and deducted from reproduction or replacement cost to give net depreciated reproduction or replacement cost of improvements. To this is added land value to give an indication of total property value by the cost approach.

This approach is most useful for valuing property with new or proposed improvements that utilizes a site to its most intense use.

Valuation by the cost approach is not considered appropriate because, as properties age, depreciation becomes increasingly difficult to accurately measure, making the value indication by the cost approach rather subjective. Further, it is our opinion that property such as this --which is to say buildings older than five years-- are purchased on market-driven as opposed to cost-driven considerations. Therefore, we will not use the cost approach in this valuation.

Discussion of the Income Approach and its Appropriateness in this Analysis

The income capitalization approach assumes that the value of the property arises from its potential for producing income to an investor. First, gross income, operating expenses and net operating income before allowances for depreciation charges and debt service are estimated. The resultant estimated net operating income (NOI or I_0)



is then capitalized into an indication of value using a market related overall capitalization rate.

As a retrofitted office use, the improvements could be leased to an office user. Therefore, the income approach is utilized in this appraisal.

Discussion of the Sales Comparison Approach and its Appropriateness in this Analysis

The sales comparison approach, is defined as ‘A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of valuation when comparable sales data are available.’⁴.

The sales comparison approach is typically used in valuing improved properties, when there is an adequate amount of reliable sale information for comparable properties. Valuing both the current improvements and the vacant land was necessary in determining the highest and best use of the property. The sales data presented is considered to be reliable to isolate many elements of comparison. This approach is appropriate and reliable for the case at hand. Buyers of properties such as the subject, tend to favor the simplicity and straightforwardness of evidence of actual sales of similar properties. Therefore, this approach will be utilized in this analysis of the subject property.

Effective Dates

The date of the appraisal report is December 22, 2014. The As-Is valuation date is December 9, 2014, the date of inspection.

⁴The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, IL, 1993, page 318.



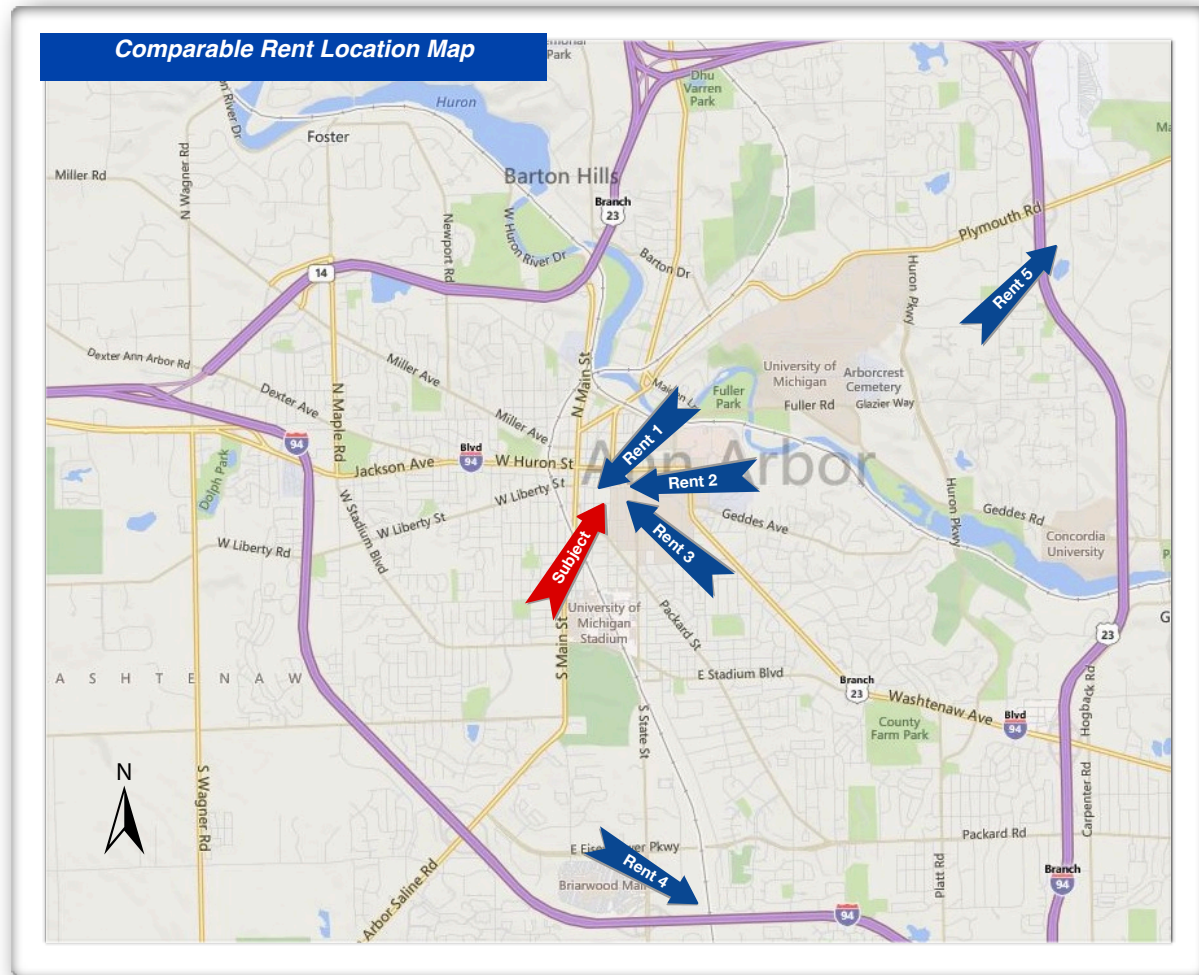
Income Approach

The income approach assumes that the value of a property arises from its potential for producing income. Therefore, analysis of a property in terms of its ability to provide sufficient net annual return on investment capital is an important means of developing a value indication. This estimate is developed by capitalizing the projected net operating income (NOI or I_0) at a rate commensurate with investment risks inherent to the ownership of the property. Such a conversion of income considers competitive returns offered by alternative investment opportunities. When properly applied, this approach is generally considered to provide a reliable value indication for income-producing properties.

The income capitalization approach begins with an estimate of the gross annual income that might be expected from the operation of the real estate, followed by estimated expenses that might be incurred by the owner or lessor which are deducted from the property's gross income potential to arrive at the property's net income. The estimated net income is then capitalized, or used to estimate the property's value, based on the investment return required by investors in the market place. This may be estimated through two capitalization techniques--direct capitalization and a discounted cash flow analysis.

The subject property is currently owner-occupied as a public library. However, this use closely resembles an office use, which lends weight to the direct capitalization approach.

In researching an alternative office use, we have documented large office rents from several area properties for comparison. A location map of the rent comparables can be found below. Our analysis follows.





Comparable 1

MARKET DATA
General Office Lease



Photograph Date:

Common Name: Former Borders Retail Building

Location: 612 E. Liberty St., Ann Arbor, Washtenaw County, Michigan

Lessor: Malcolm Properties, LLC

Lessee: PRIME Research North America

Site: The overall site is irregular-shaped and contains a total of 0.60± acres or 26,136 square feet. The site has about 175 feet of frontage along Liberty and about 165 feet on Maynard St.

Building: The property consists of a two story former retail building built in 1920 and renovated in 1994. The building has a basement. The building is currently being renovated into a multi-tenant facility with retail on the first floor and office on the second floor.

Zoning: C1, Downtown Core District

Utilities: All Municipal

Tax Code: 09-09-29-400-020, -021, -031

Terms: PRIME Research North America will lease 16,200 SF.

Lease Term: 6/2013 - 6/2023, 10yrs.

Rate: Starting at \$24.00 per sf - gross + utilities basis with 2.5% annual increases. There are two 5-yr. options.

Occupancy: Vacant as of March 2013

Expenses: Tenant pays utilities and landlord pays remaining expenses.

Comments: PRIME will occupy about 85% of the second floor which is being renovated into office space. The office will be designed to accommodate 150 people and will be primarily open with large windows and conference rooms with glass walls. There is no onsite parking but public parking is available.

Source: Brandon Cavender, Colliers International Ann Arbor, 734-769-5007

Indicator: \$24.00 per square foot gross + utilities



Comparable 2

MARKET DATA General Office Lease



Photograph Date: 7/11/1993

Common Name: 301 East Liberty

Location: 301 East Liberty Street, Ann Arbor, Washtenaw County, Michigan

Lessor: Dahlmann Properties

Lessee: Various

Site: The overall site is irregular-shaped and contains a total of 0.33± acres or 14,375 square feet. The site has 66 feet of frontage along E. Liberty Street with 132 approximate feet of depth along South Fifth Avenue. Given the downtown location, the site shares a zero-lot-line with the building to the north. Access is provided by parallel parking along both sides of E. Liberty Street and in the many nearby public parking structures in downtown Ann Arbor. Topography is level and at grade. Municipal sewer and water, gas, electricity, and telephone service are available to the subject site. The overall land to building ratio is 0.18 to one.

Building: The subject property consists of a seven-story, downtown-style, general office building, built in 1985. The building consists of 85,468 square feet of gross building area and 78,642 square feet of net rentable area due to the presence of a two-story atrium, multiple stairwells, elevators. The building is framed with a concrete block and brick structure with a brick veneer exterior and a flat rubber membrane roof. There is a lower level parking area with 26 parking spaces. The condition of the building is considered average.

Zoning: PUD, Planned Unit Development

Utilities: All Municipal

Tax Code: 81-09-29-112-025

Terms: Office rental rates range from approximately \$20.69 to \$25.98 per square foot, with the weighted average rent at \$22.51 psf. Lease terms are typically three to five years, with annual increases typically at about three percent per year. Leased spaces range from 1,437 sf to 34,628 sf. The most recent lease, Butzel Long, PC, commences 8/2013 at a rent of \$23.49 psf for 11,476 sf. ITHAKA leases 34,628 square feet at \$21.57 psf, commencing in 1/2011 - 1/2018.

Occupancy: 99% Occupied as of June 2013

Expenses: In general, tenants pay rent plus a reimbursement for electric utilities and operating expenses over a base year.

Source: GAC #14739

Indicator: \$21.57 per square foot gross + electric (ITHAKA)



Comparable 3

MARKET DATA General Office Lease



Gerald Alcock Company

Photograph Date:

Common Name: Former Borders Office

Location: 317 Maynard St., Ann Arbor, Washtenaw County, Michigan

Lessor: 317 Maynard, LLC

Lessee: Barracuda Network, Inc.

Site: The subject site is irregular in shape and contains approximately 0.36 acres, or 15,656 square feet with 139.0 feet of frontage on Maynard Street. Topography is generally level and slightly above street grade. The site is improved with a two-story building and concrete walks. Land to building ratio is approximately 0.50 to one.

Building: The property consists of a two story 31,241 sf office building built in 1970 and renovated in 1994 and 2012. The building has a 15,406 sf basement used for office. The net rentable area above grade is 29,006 sf. The condition is above average.

Zoning: C1, Downtown Core District

Utilities: All Municipal

Tax Code: 09-29-400-030

Terms: Lease Term: 11/2012 - 10/2017, 5 yrs.

Rate: Starting at \$22.92 per sf - gross + utilities basis with 3.0% annual increases. There is one 2-yr. option at the prevailing market rate.

Occupancy: 100% Occupied as of March 2013

Expenses: Tenant pays utilities and janitorial and the landlord pays remaining expenses.

Comments: There is a three story parking structure built over the building which is owned by the city and subject to an easement agreement. There is no onsite parking but public parking is available.

Source: File #14566

Indicator: \$22.92 per square foot gross + utilities



Comparable 4

MARKET DATA
General Office Lease



Photograph Date: 10/30/2013

Common Name: Atrium II

Location: 1000 Victors Way, Ann Arbor, Washtenaw County, Michigan

Lessor: Atrium II Associates Limited Partnership

Lessee: Regents of the University of Michigan

Site: The site is 3.65 acres in size and is improved with ample paved parking, drives, and landscaping. Abutting Interstate-94, it offers excellent highway visibility and access. Located in the Briarwood office submarket of Ann Arbor.

Building: A four-story office building of masonry, steel, and glass construction. Completed in 1990, the structure contains approximately 54,360 gross and 52,682 net square feet. There is a multi-level, glass-walled lobby and two elevators. As part of the lease agreement, the owner will completely refresh all interior finishes. Overall condition will be good once the noted improvements are completed.

Zoning: O, Office District

Utilities: All Municipal

Tax Code: 81-12-09-201-006

Terms: Regents of the University of Michigan leases 52,682 net square feet, from 12/1/13 through 11/30/20, with two five-year options to renew. The base rent is \$19 per square foot, with increases of 50¢ per square foot per year.

Occupancy: 100% Occupied as of October 2013

Expenses: All utilities and janitorial paid by the tenant. Taxes, insurance, and maintenance charges (outside of janitorial) are paid by the landlord.

Comments: This structure was originally built for single-tenant use, then was reconfigured for multi-tenant use in later years. In concert with the newly signed lease, the structure will return to its original single-tenant design and use.

Source: Appraisal file, 734-994-0554

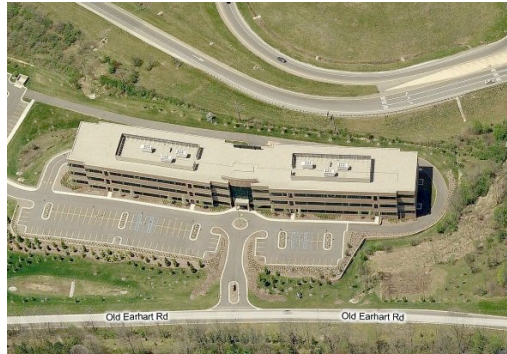
Indicator: \$19.00 per square foot gross



Comparable 5

MARKET DATA

General Office Lease



Photograph Date:

Location: 2211 Old Earhart Road, Ann Arbor Township, Washtenaw County, Michigan

Lessor: K/LB Earhart Development Association, LLC

Lessee: Con-Way Freight, Inc.

Site: The site is 22.84 acres in size and is improved with ample paved parking, drives, and landscaping. Abutting US-23, it offers excellent highway visibility and access. Located in the Plymouth Road / NE office submarket of Ann Arbor.

Building: This three-story office building contains 202,219 gross square feet and 196,125 net feet. The building was constructed in 2002 with most of the interior buildout performed in 2007 when the anchor tenant took occupancy. Building features include a steel frame structure with a brick veneer and glass exterior. The roof is a flat rubber membrane cover over steel decking.

Zoning: PUD, Planned Unit Development District

Utilities: All Municipal

Tax Code: I-09-14-480-005

Terms: Con-Way Freight occupies 132,000 square feet. The lease commenced in February 2008 and has a 15 year term. Starting rent is \$17.00 per square foot on a triple net basis. The three most recent leases signed at the center were at \$18.50, \$18.30, and \$18.25 per square foot, triple net, for a 3,290-sf suite, a 16,352-sf suite, and a 3,335-sf suite. All three tenants, however, got rent abatements of 50 percent for the first 9 to 10 months of their lease terms, which were each 5.5 years long.

Occupancy: 84% Occupied as of August 2014

Expenses: Leases are written on triple net terms. Expenses for 2012 are estimated at \$7.90 per sf. The 2012 real estate taxes will be approximately \$2.30 per sf. Electricity charges are separately metered to each suite and are paid directly by the tenants, on top of CAM charges.

Comments: The current asking rent for a 3,531 SF, 4,408 SF, and 24,000 SF unit is \$21.00 per square foot on a NNN basis. According to the broker, expenses are estimated at \$7.66 per square foot with the 2013 real estate taxes at \$2.06 per square foot.

Source: Neil Warling, Jones Lang Lasalle, 734-769-3200

Indicators: \$21.00 per square foot triple net asking
\$17.00 per square foot NNN - Conway



In determining economic rent terms, the appraisers consider the rent-per-square foot indicator to be the most appropriate method of estimating rent for this type of property, as it is the most commonly accepted indicator found in the market. The elements of comparison considered by the appraisers are expense structures of the leases, market conditions, location, age/condition, and size. Adjustments have been applied for inferior and superior characteristics for each property.

The rent comparables and the adjustments are summarized in the following table.

Comparable Office Rents						
	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Contract Rents		\$24.00	\$21.57	\$22.92	\$19.00	\$17.00
Building Area	97,481	16,200	34,628	31,241	52,682	132,000
Lease Date		Contract	Contract	Contract	Contract	Contract
Lessee's Expenses	Mod. Gross	Mod. Gross	Mod. Gross	Mod. Gross	Mod. Gross	NNN
Expense Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$7.66
Expense-Adjusted Rents		\$24.00	\$21.57	\$22.92	\$19.00	\$24.66
Market Conditions Adjustment		0%	-5%	0%	0%	-15%
Rates Adj'd for Mkt Conditions		\$24.00	\$20.49	\$22.92	\$19.00	\$20.96
Location	Fifth/William	E. Liberty	E. Liberty	Maynard	Victors	Old Earhart
City	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor Twp
Office Market	CBD	CBD	CBD	CBD	South	Northeast
Adjustment		0%	0%	0%	0%	0%
Age/Condition	1953/73/91	1920/94/13	1985	1970/94/12	1990	1985
Adjustment		0%	0%	-5%	-5%	0%
Ancillary Space	Partial Bsmt	None	None	None	None	None
Adjustment		3%	3%	3%	3%	3%
Size (of the Demised Premises)	97,481	16,200	34,628	29,006	52,682	132,000
Adjustment		-25%	-15%	-15%	-10%	5%
Net Adjustment		-22%	-12%	-17%	-12%	8%
Adjusted Rental Rate		\$18.72	\$18.03	\$19.02	\$16.72	\$22.64

Index of Comparable Leases

1. 612 E. Liberty St, Ann Arbor	High	\$22.64
2. 301 E. Liberty Street, Ann Arbor	Mean	\$19.03
3. 317 Maynard St, Ann Arbor	Median	\$18.72
4. 1000 Victors Way, Ann Arbor	Low	\$16.72
5. 2211 Old Earhart Rd, Ann Arbor Twp		

Adjustments

Expense Adjustments - This adjustment considers the operating expenses that are borne by the lessee. Most rents in the subject market are modified gross, with the tenant paying utilities. Rents 1 through 4 are a similar modified gross, with the tenants paying utilities. Therefore, no adjustments are required. Rent 5 is presented in triple net terms. Therefore, we adjust this rent upwards to similar modified gross terms.



Market Conditions – Rents 2 and 5 are contract rents signed in January 2011 and February 2008. Therefore, we make a downward adjustment equal to 5% per year up to the end of 2011 to account for the decline in market conditions resulting from the recently ended “Great Recession”. Hence, these adjustments are 5% and 15%, respectively. All other rents are recently signed contract rents that require no adjustment.

Location - Location adjustments are made taking into consideration visibility, traffic patterns, accessibility, local economies, demographic trends, and neighborhood real estate values. The subject property is located in Ann Arbor’s central business district. Rents 1 and 2 have similar locations in the central business district. Rents 2 through 4 are located in the northeast and south markets. These markets are considered slightly inferior in terms of outlying locations but have superior parking features. Therefore, these two attributes offset each other and no adjustment for location is necessary.

Age/Condition - The subject building was constructed in 1953 with additions constructed in 1973 and 1991. Overall condition is average. All comparables were constructed between 1920 and 2003 and are adjusted accordingly.

Ancillary Space - The subject building has unfinished basement area that could be finished for additional future office space or used for storage. All rents lack this feature and are adjusted upwards.

Building/Unit Size - The subject building is 97,481 square feet in size and is mostly configured for a single-tenant user. The comparable properties range from 16,200 square feet to 132,000 square feet. Rents 2 through 4 have smaller overall unit sizes and downward adjustments are made. Rent 5 is larger and an upward adjustment is made.

Summary and Conclusion

The adjusted comparable office rents range from \$16.72 to \$22.64 per square foot, with a mean and median of \$19.03 and \$18.72 per square foot. We give equal weight to the adjusted range of rents and reconcile between the mean and median, at say, \$18.85 per square foot.



VACANCY AND COLLECTION LOSS

A visual survey of office space in the local market and discussions with local brokers indicate a typical range of vacancies from 0% to 10% in the Ann Arbor market. Costar indicates a stabilized market vacancy of 4% in the immediate subject market. Therefore, we apply a 5% vacancy to this analysis to account for any turnover and credit loss.

Estimated Operating Expenses

The subject building will likely be leased on a modified net basis, in which the tenant pays rent plus utilities.

Real Estate Taxes: Taxes for the subject property are estimated at \$369,641 or \$3.79 per square foot, based on the discussion at the “Assessed Valuation & Taxes” section of this report.

Insurance: Insurance charges for similar properties typically range from 10¢ to 30¢ per square foot with the average 20¢. We estimate 20¢ per square foot for this analysis.

Repairs and Maintenance: This expense includes routine repair and maintenance charges for the building, roof, mechanicals, rubbish and snow removal, landscaping, sidewalks, and parking lot. These charges for comparable properties range from 80¢ to \$2.25 with the average at \$1.75 per square foot. We estimate \$1.75 per square foot.

Management: This category includes expenses for professional management, consulting and legal fees, payroll, and office supplies and expenses. Similar properties indicate total management and administrative charges ranging from 5¢ to 65¢ with an average of 38¢ per square foot. Professional management fees provided by area firms range from 2% to 5% of effective gross rents. Considering the single-tenant layout of the subject building, we apply a minimal fee of 2.0% to the subject’s projected effective gross income.

Structural Reserve: Items not accounted for in the routine maintenance charges estimated above include repair and replacement of major capital items, such as roof, asphalt paving, HVAC, etc. The purpose of the replacement reserves account is to set aside a certain amount of money from annual net operating income for the repair and/or replacement of these capital



items. This is not an operating expense per se, but is a required consideration by local lenders in evaluating properties for financing. In addition, many prospective purchasers and brokers in the Michigan market often consider reserves in their pro forma estimates. Reserve allowances typically range from 10¢ to 50¢ per square foot of building area depending on the age and quality of the improvements. Considering the subject's average condition, a reserve allowance equal to 20¢ per square foot is applied in the analysis.

In our estimation, we have been neither overly conservative nor bullish in estimating operating expenses. Considering the foregoing circumstances, we conclude that the total expense estimate for the subject of \$6.30 per square foot is reasonable and will thus be used in the following analysis of value.

<i>Proforma Operating Statement</i>				
GROSS POTENTIAL INCOME				
Base Rents	<u>Size</u>	<u>Rent</u>		<u>Annual Rent</u>
Market Rent	97,481	\$18.85	market	\$1,837,517
Vacancy & Collection Loss			5.0%	(\$91,876)
Effective Gross Income				\$1,745,641
OPERATING EXPENSES				
Real Estate Taxes			\$3.79	369,641
Insurance			\$0.20	19,496
Maintenance			\$1.75	170,592
Management Fee			2.0%	34,913
Structural Reserve			\$0.20	19,496
Total Expenses			(\$6.30)	(\$614,138)
NET OPERATING INCOME				\$1,131,503

Indication of Value by Overall Capitalization

An overall capitalization rate (R_0) can be extracted from the market when sufficient data is available. Overall rates are extracted from comparable sales by dividing the net operating income at the time of sale by the sale price.



The table on the following page shows several extracted capitalization rates extracted from sales of local office properties.

Property Location	Use	Sale Date	Size (SF)	Year Built	Overall Rate
1 715-717 E. Huron St, Ann Arbor	Office	Dec-12	5,478	1900/1986	8.37%
2 2950 S. State Street, Ann Arbor	Office	Jul-12	35,925	1998	8.94%
3 300 N. Fifth Ave, Ann Arbor	Office	Sep-13	15,255	1983/05	5.34%
5 650 Avis Dr, Pittsfield Twp	Office	Jul-13	36,315	1996	8.42%
6 301 E. Liberty St, Ann Arbor	Office	Jun-13	78,642	1985	8.90%
8 5315 Elliott Dr, Superior Twp	Office	Dec-12	63,763	1995	8.30%
9 709 W. Ellsworth Rd, Pittsfield Twp	Office	Jul-13	13,365	2005	7.06%
Average			35,535		7.90%
	High	8.94%			
	Mean	7.90%			
	Median	8.37%			
	Low	5.34%			

As shown above, the overall data indicates a range of 5.34% to 8.94% with a mean of 7.90%.

A widely used and conceptually defensible approach to estimating an overall capitalization rate (R_0) is the band of investment method. It is based on the idea that new mortgage financing is typically involved in real estate purchase and that a typical buyer will seek the best institutional financing available. It is a technique in which the weighted average cash flow rates attributable to the equity and mortgage components of a real estate investment are combined to obtain an overall capitalization rate (R_0) attributable to the total investment. The overall capitalization rate (R_0) is based on the following assumptions.

1. Local lenders advise that a typical financing package for properties similar to the subject include a 70 percent loan ratio, a 5.50% interest rate and a 20-year monthly loan rate schedule.

Financing under these terms gives a constant, or ratio of annual debt service to loan principle, of 8.25%.



2. An equity dividend rate (R_E) is also referred to as a cash-on-cash return. No recent reliable rates were available to be extracted from the market. Other typical cash-on-cash rates available to investors include the following:

<u>Instrument</u>	<u>Percent Returns</u>
Long-Term Securities	2.98
Corporate Bonds(Aaa)	3.90
10-Yr Treasury Securities	2.26
Corporate Bonds (Baa)	4.80

Treasury instruments are considered to have little or no risk. As shown, corporate bonds typically provide higher rates of return as risks increase. The returns on corporate bonds offer alternatives to investing equity in real estate ventures. The returns range from 2.26 percent to 4.80 percent as of December 9, 2014, as published in *U.S. Financial Data* by the Research Division of the Federal Reserve Bank of St. Louis.

The ownership of real estate also carries risks, in addition to illiquidity. Depending upon the property in question, such risks can vary substantially. Too, it is our opinion that actual yields, as expected by potential purchasers, would be less volatile than day-to-day yields in medium- and long-term government and corporate bonds. Taking all factors into consideration, the appraisers take a moderate investment risk (corporate bonds, Aaa) at 3.90 and add 700 basis points for both risk and illiquidity. An equity dividend rate of 10.90% (rounded) is thus selected for use in this analysis.

The indicated overall capitalization rate is calculated below.

<u>Capital Structure</u>	<u>Ratio</u>		<u>Rate</u>	<u>Product</u>
Mortgage	.70	x	.0825	.0578
Equity	.30	x	.1090	<u>.0327</u>
				.0905

Indicated Overall Capitalization Rate: 9.05%



The following chart summarizes the foregoing indicators.

Overall Capitalization Rate (R_O) Recap.

Band of Investment	9.05%
RERC - Midwest - 2nd Tier (Summer 2014)	8.90%
RERC - Midwest - 3rd Tier (Summer 2014)	9.80%
Market Extracted Average	7.90%
Average	8.92%

We give more weight to the band of investment and market-extracted average and select a capitalization below the mean of this range, at 8.75%.

Proceeding from this rate, the value indicated by the overall capitalization of income is as follows:

Net Operating Income		Capitalization Rate	=	Indicated Value
\$1,131,503	/	8.75%	=	\$12,930,000 (Rounded)

Therefore, it is the appraisers' opinion that the current "As-Is" market value of the subject property, by the Income Approach, as of December 9, 2014, is:

Twelve Million Nine Hundred Thirty Thousand Dollars

(\$12,930,000)

Sales Comparison Approach

The sales comparison approach is based on the principle of substitution. This approach has its greatest value in appraisal situations involving land or improved properties within a particular area that have common elements and similar amenities.

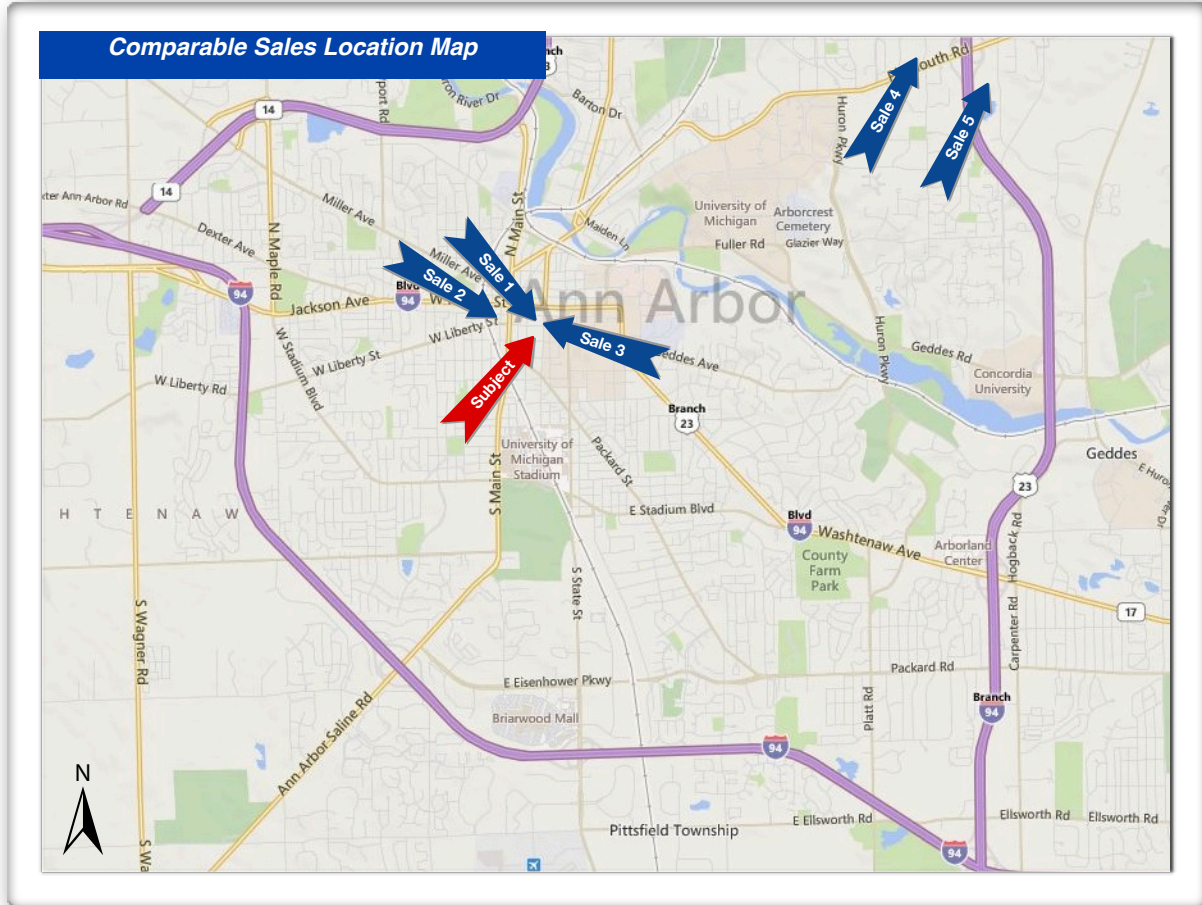
In the absence of sales with sufficient similarity to allow direct comparison, other reasonably similar improved properties are considered, because they provide a range of unit prices within which the current real estate market is operating and within which the appraised property would be expected to sell.



Several units of comparison can be used depending upon the type of property that is being appraised. A typical unit of comparison most recognized by the market for similar properties is the sale price per square foot of building area. This is the unit of comparison used in this analysis. The significant items of comparisons are the transaction and physical items shown as follows:

<u>Transaction Items</u>	<u>Physical Items</u>
<ul style="list-style-type: none">• Buyer Expenditures	<ul style="list-style-type: none">• Location
<ul style="list-style-type: none">• Property Rights	<ul style="list-style-type: none">• Age, Condition, and Quality
<ul style="list-style-type: none">• Financing Terms	<ul style="list-style-type: none">• Land to Building Ratio
<ul style="list-style-type: none">• Market Conditions	<ul style="list-style-type: none">• Office Finish
<ul style="list-style-type: none">• Conditions of Sale	<ul style="list-style-type: none">• Building Size

As an office building, this necessitated the appraisers to perform a search for comparables of similar buildings in the Ann Arbor market. The five sales used are considered the best representatives of the subject's market are provided in detail and are summarized and adjusted in the following pages. Any minor numerical discrepancies within the table are due to rounding within the spreadsheet.





Comparable 1

MARKET DATA
General Office Sale



Photograph Date:

Common Name: Brauer Building

Location: 300 North Fifth Avenue, Ann Arbor, Washtenaw County, MI

Sale Date: September 2013

Sale Price: \$2,630,000 Cash

Purchaser: Jan & Bob Evans

Seller: 300 North Fifth, LLC

Site: The rectangular site has 132 feet along Fifth and 165 feet along Catherine and contains a total of 21,780 square feet or 0.50 acres. Land-to-building ratio is 1.13-to-one.

Improvements: The multi-tenant, two-story, block office building was constructed in 1983 and renovated in 2005 over a full, unfinished basement. It contains a total of 19,224 gross square feet. NRA is 15,255 sf. Overall condition at the time of sale was generally average, however, the buyers subsequently discovered an approximate \$50,000 in roof and brick repair required immediately. In addition, parking lot will require resurfacing in the near term, of no less than \$50K, and HVAC units will need to be replaced as well at a cost of approximately \$45K.

Zoning: PUD

Utilities: All Municipal

Tax Code: 09-09-29-116-026

Occupancy: 90% Occupied

Comments: Based on a rent roll provided to the appraisers, PGI was roughly \$323,526. Using a 10% vacancy loss, the EGI was around \$291,174 with \$150,850 in expenses which yields an NOI of \$140,324.

Source: Appraisers File, Jim Chaconas, Colliers & MLive

Indicators: \$ 137 per gross square foot

5.34% Overall Cap Rate

\$ 172 per net square foot



Comparable 2

MARKET DATA
General Office Sale



Photograph Date: 11/9/09

Common Name: Ashley Square

Location: 123 North Ashley Street, Ann Arbor, Washtenaw County, Michigan

Sale Date: October 2013

Sale Price: \$2,800,000 Cash

Purchaser: 300 North Fifth, LLC

Seller: Amper, LLC

Site: Located at corner of West Ann and North Ashley, lot contains approximately 17,425 square feet. There are roughly 35 on-site parking spaces.

Improvements: Two-story brick structure with full basement, with a total area of roughly 24,806 net square feet. Contains approximately ten suites ranging in size from 700 to 9,200 square feet. Originally constructed circa 1910, was completely rehabilitated, (interior, roof, windows, mechanicals), about 1985. Tenants are general office and commercial users. The building is in average condition.

Zoning: C2B/R, Business Service/Residential

Utilities: All Municipal

Tax Code: 81-09-29-148-008

Exposure Time: 17 months

Occupancy: 56% Occupied

Comments: The property was listed for \$3,500,000, representing a 20% list to sale price discount.

Source: Jim Chaconas, listing agent, Colliers International, 734-769-5005

Indicator: \$ 113 per square foot



Comparable 3

MARKET DATA General Office Sale



Photograph Date: 7/1/93

Common Name: 301 East Liberty

Location: 301 East Liberty Street, Ann Arbor, Washtenaw County, Michigan

Sale Date: June 2013

Sale Price: \$10,600,000 Cash to mortgage

Purchaser: Dahlmann Properties

Seller: 301 E. Liberty, LLC

Site: The overall site is irregular-shaped and contains a total of 0.33± acres or 14,375 square feet. The site has 66 feet of frontage along E. Liberty Street with 132 approximate feet of depth along South Fifth Avenue. Given the downtown location, the site shares a zero-lot-line with the building to the north. Access is provided by parallel parking along both sides of E. Liberty Street and in the many nearby public parking structures in downtown Ann Arbor. Topography is level and at grade. Municipal sewer and water, gas, electricity, and telephone service are available to the subject site. The overall land to building ratio is 0.18 to one.

Improvements: The subject property consists of a seven-story, downtown-style, general office building, built in 1985. The building consists of 85,468 square feet of gross building area and 78,642 square feet of net rentable area due to the presence of a two-story atrium, multiple stairwells, elevators. The building is framed with a concrete block and brick structure with a brick veneer exterior and a flat rubber membrane roof. There is a lower level parking area with 26 parking spaces. The condition of the building is considered average.

Zoning: PUD, Planned Unit Development

Utilities: All Municipal

Tax Code: 81-09-29-112-025

Occupancy: 99% Occupied

Source: GAC #14739

Indicators: \$ 135 per net square foot
8.90% Overall Cap Rate
\$124 per gross square foot



Comparable 4

MARKET DATA
School Sale



Photograph Date: 7/1/09

Common Name: Former Ave Maria Law School, now Cooley School of Law

Location: 3475 Plymouth Road, Ann Arbor, Washtenaw County, Michigan

Sale Date: June 2012

Sale Price: \$10,600,000 Cash to mortgage

Purchaser: Thomas M Cooley School of Law

Seller: Ave Maria Law School

Site: The underlying land parcel is irregular in shape and contains 470,884 square feet, or 10.81 acres. Improvements to the site include the structure, extensive landscaping, and open paved parking areas and drives. There is ample on-site parking. Land-to-buildings ratio is 5.75 to one.

Improvements: The property is a one- and two-story former research facility, originally constructed in 1964, that was substantially renovated and converted to school (college) use in 2004. It comprises an approximate 81,823 gross square feet over poured slab. The facility is fully sprinkled and has 100% central A/C. Well over \$100 psf was spent on the 2004 renovations, including all new finishes, new roof, repair and replacement of mechanicals, and many windows. Overall condition is good.

Zoning: RE, Research District

Utilities: All Municipal

Tax Code: 09-09-14-305-011

Exposure Time: 0.1 months This property was never exposed to the open market

Occupancy: 100 % Occupied

Comments: Interior finishes are of a quality in excess of what typically would be found in a school structure.

This property operates as a college of law.

Thomas Cooley School of Law had an option to purchase the property as part of its lease agreement with Ave Maria.

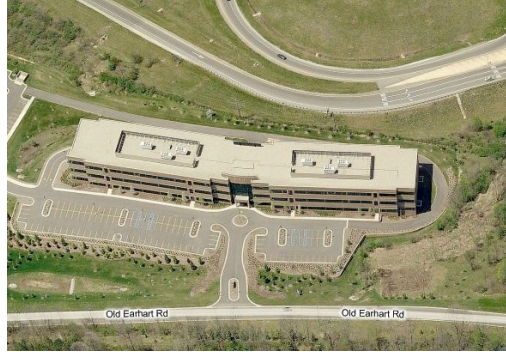
Source: Review of lease agreement; Ann Arbor Assessor's Office, 734-994-0554

Indicator: \$ 130 per square foot



Comparable 5

MARKET DATA General Office Sale



Photograph Date:

Location: 2211 Old Earhart Road, Ann Arbor Township, Washtenaw County, Michigan

Sale Date: June 2013

Sale Price: \$43,900,000 See Comments

Purchaser: CLF Ann Arbor, LLC

Seller: K/LB Earhart Development Association, LLC

Site: The site is 22.84 acres in size and is improved with ample paved parking, drives, and landscaping. Abutting US-23, it offers excellent highway visibility and access. Located in the Plymouth Road / NE office submarket of Ann Arbor.

Improvements: This three-story office building contains 202,219 gross square feet and 196,125 net feet. The building was constructed in 2002 with most of the interior buildout performed in 2007 when the anchor tenant took occupancy. Building features include a steel frame structure with a brick veneer and glass exterior. The roof is a flat rubber membrane cover over steel decking.

Zoning: PUD, Planned Unit Development District

Utilities: All Municipal

Tax Code: I-09-14-480-005

Occupancy: 96% Occupied

Comments: The broker reported a net operating income of \$3,288,110, implying an overall rate of 7.49%. The purchaser assumed a \$29.6 million loan with a 4.0% interest rate, due on 9/2022. The broker indicated that there was a sizable pre-payment penalty on the loan that the seller would have passed along to the buyer. Given the competitive terms of the loan, the purchaser assumed the debt to avoid paying the pre-payment penalty.

Source: Neil Warling, Jones Lang Lasalle, 734-769-3200

Indicators: \$ 224 per net square foot

7.49% Overall Cap Rate

\$ 217 per gross square foot



Comparable Sales

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Use	Gen. Office	Gen. Office	Gen. Office	Gen. Office	Gen. Office	Gen. Office
Title Interest Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Sales Price		\$2,630,000	\$2,800,000	\$10,600,000	\$10,600,000	\$43,900,000
Gross Building Area (SF)	97,481	19,224	24,806	85,468	81,823	202,219
Price per SF		\$137	\$113	\$124	\$130	\$217
Date of Sale		Sep-13	Oct-13	Jun-13	Jun-12	Jun-13
Buyer Expenditures		0%	0%	0%	0%	0%
Property Rights		0%	0%	0%	0%	0%
Financing Terms		0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%
Market Conditions		0%	0%	0%	0%	0%
Adjusted Price		\$137	\$113	\$124	\$130	\$217
Location	Fifth/William	N. Fifth	N. Ashley	E. Liberty	Plymouth	Old Earhard
City/Twp/Village	Pittsfield Twp	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor Twp
Market	CBD	CBD	CBD	CBD	Northeast	Northeast
County	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw
Adjustment		0%	0%	0%	5%	5%
Year Built	1953/73/91	1983/2005	1910/1985	1985	1964/04	2002
Effective Age	25	20	30	25	20	12
Adjustments		-5%	5%	0%	-5%	-13%
Land to Building Ratio	0.54 to 1	1 to 1	0.70 to 1	0.18 to 1	6 to 1	5 to 1
Adjustments		0%	0%	0%	-5%	-4%
Ancillary Space	Partial Bsmt	None	None	None	None	None
Adjustments		3%	3%	3%	3%	3%
Building Size (SF)	97,481	19,224	24,806	85,468	81,823	202,219
Adjustments		-20%	-15%	0%	0%	10%
Gross Adjustments		28%	23%	3%	18%	35%
Net Adjustments		-22%	-7%	3%	-2%	1%
Adjusted Price Per Square Foot		\$107	\$105	\$128	\$127	\$219

Index of Comparable Sales

1 300 N. Fifth Ave, Ann Arbor	High	\$219
2 123 N. Ashley St, Ann Arbor	Mean	\$137
3 301 E. Liberty St, Ann Arbor	Median	\$127
4 3475 Plymouth Rd, Ann Arbor	Low	\$105
5 2211 Old Earhard Rd, Ann Arbor Twp		

Adjustments

Buyer Expenditures - Buyer expenditures include the costs incurred by the buyers immediately following the purchase of a property. These costs may include demolition, renovation, environmental costs, or legal and zoning costs. Any additional buyer expenditures have been adjusted within the sales price, thus none are made on the grid.



Property Rights -- The fee simple interest to the subject property is being appraised. All comparable sales conveyed a leased fee interest with rent at market levels. Therefore, adjustments for property rights are not considered necessary.

Financing -- All sales were purchased with cash to the seller or cash equivalent financing. Therefore, no adjustments are made.

Conditions of Sale -- All sales are reported to be arm's length transactions that require no adjustment.

Market Conditions -- All sales reflect current market conditions. Hence, no adjustment is required.

Location - Location adjustments are made taking into consideration visibility, traffic patterns, accessibility, local economies, demographic trends, and neighborhood real estate values. The subject property is located in Ann Arbor's central business district. Sales 1 through 3 have similar locations in the central business district. Sales 4 and 5 are located in the northeast and south markets. These markets are considered slightly inferior in terms of outlying locations and upward adjustments are made.

Year Built / Effective Age -- The subject property was constructed in 1953, with additions constructed in 1973 and 1991. We estimate an effective age of 25 years. The estimated effective ages of the comparables ranges from 12 years to 30 years. These comparables were therefore adjusted to the subject property based upon their effective ages. This adjustment is a qualitative adjustment equal to 1% for every differing year of effective age. This adjustment, while qualitative, is designed to adjust for the value differences that typical and informed buyers and sellers associate with age and condition.

Land to Building Ratio - These adjustments are intended to account for those sales that include some surplus land for future expansion or have significantly different land-to-building ratios than the subject. The subject property has a land to building ratio of 0.54 to 1. Sales 4 and 5 have higher ratios and downward adjustments are made.



Ancillary Space - The subject building has unfinished basement area that could be finished for additional future office space or used for storage. All sales lack this feature and are adjusted upwards.

Building Size -- The subject building has a gross building area of 97,481 square feet in size and the comparable sales range in size from 19,224 to 202,219 square feet. Generally, sale prices per square foot tend to decline as building sizes increase. As such, sales 1 and 2 are smaller and are adjusted downwards. Conversely, sale 5 is larger and an upward adjustment is made.

Summary – We have thoughtfully considered all the presented sales. The adjusted sales show a range from \$105 to \$219 per square foot, with a mean and median of \$137 and \$127 per square foot, respectively. After adjustments, we give equal weight to the adjusted range of sales and reconcile near the middle of the adjusted range, at \$132 per square foot.

Thus,

97,481 square feet @ \$132 per sq. ft. = \$12,870,000 rounded

In summary, it is the appraisers' opinion that the current "As Is" market value of the subject property by the sales comparison approach, as of December 9, 2014, is:

Twelve Million Eight Hundred Seventy Thousand Dollars

(12,870,000)

Reconciliation and Conclusion of Value

The indicated values for the subject property as estimated by the three approaches are as follows:

Income Approach	\$12,930,000
Sales Comparison Approach	\$12,870,000
Cost Approach	n/a



The direct capitalization method is utilized in the income approach. The basic components of the income approach include potential gross income, vacancy and collection loss, operating expenses, and the selection of a capitalization rate. The potential gross income estimate is based on an estimated market rent, and is supported by comparable leases in the subject's area. In selecting a capitalization rate, the appraisers gave careful consideration to the location and average condition of the property, as well as the current and anticipated market conditions. The market value by the income approach equates to about \$133 per square foot which is within the range of the adjusted sales in the sales comparison approach.

The sales comparison approach analyzes five office properties. The sales are adjusted for differences in transaction and physical characteristics. The reconciled value is \$132 per square foot, which indicate a range from \$105 to \$219 per square foot.

Following from this, we give equal weight to each approach and reconcile at \$12,900,000.

Therefore, it is the appraisers' opinion that the current "As-Is" market value of the fee simple title, as of December 9, 2014, is:

Twelve Million Nine Hundred Thousand Dollars

(\$12,900,000)

The above value estimates are subject to the General Assumptions and Limitations of Appraisal noted at the eponymously titled section of this report and the following "Extraordinary Assumption" to this report.

- 1 The largest of the three subject parcels is presently zoned PL, Public Land. It is an assumption of this analysis that the parcel would be capable of being rezoned to a designation not less dense than C2A/R, zoning of the other two subject parcels and the predominant commercial zoning of the immediate neighborhood.

Sales History Analysis

Title to the subject property is held by District Library Board of the A2 District., who has owned the property in excess of three years. The building is not offered for sale or lease.



Estimated Marketing Period, Exposure Period

As used herein, the definition of exposure time is as follows.

The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal: a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal...⁵

A discussion with area brokers and review of office sales in our company database indicates that marketing times can range from 6 to 18 months depending on the age, size, and location of the facility. Given the current market conditions and location of the property, the appraisers consider an exposure time of 9 to 12 months to be a reasonable estimate for the subject property.

As used herein, the definition of marketing period is as follows.

The time it takes an interest in a real property to sell on the market subsequent to the date of an appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal...⁶

Marketing time is prospective and takes into account current market conditions. The estimated market value in this report assumes a reasonable exposure time to the market, which is normal for properties of this type.

Given the current market conditions in the area and assuming the subject property were aggressively marketed by a competent broker at a listing price close to the estimated market value, the appraisers estimate approximately 9 to 12 months of marketing time.

⁵ *The Dictionary of Real Estate Appraisal*, Third Edition, Appraisal Institute, Chicago, IL, 1993, page 126.

⁶ *Dictionary*, page 220.



ASSUMPTIONS AND LIMITATIONS OF APPRAISAL

This appraisal is for no purpose other than property valuation, and the appraiser(s) is neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

Appraisal Is Not A Survey

It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted in this appraisal report.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, surveys, or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships or location. Sizes and dimensions should not be scaled from them. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.

The legal description given to the appraiser is presumed to be correct, but it has not been confirmed by a survey.

Appraisal Is Not A Legal Opinion

No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments. We are not usually provided an abstract of the property being appraised and, in any event, we neither made a detailed examination of it nor do we give any legal opinion concerning it.



It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimated contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since we have not made a comprehensive examination of laws and regulations affecting the subject property.

Appraisal Is Not An Engineering Or Property Inspection Report

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, and all mechanicals and construction is based on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in this report.

Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and therefore were not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial



evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

Wells, septic systems, and utility lines, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use.

The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. We are not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by observation. We therefore rely on circumstantial evidence, which may come into our possession (such as dates on architectural plans) or conversations with those who might be somewhat familiar with the history of the property such as property owners, on-site personnel, public records, or others. Parties interested in knowing the exact age of improvements on the land should contact us to ascertain the source of our data and then make a decision as to whether they wish to pursue additional investigation.

The appraiser(s) has observed those parts of the mechanical equipment and systems that constitute an integral part of the property and that are generally visible. From such observation, the appraiser(s) has reported any apparent conditions that the appraiser believes might bear on the conclusions of this report. The appraiser(s) has not, however, tested such mechanical equipment and systems, and thus assumes no responsibility for their operating performance (unless specifically so stated in this appraisal).

The appraiser(s) has not made a specific compliance survey and analysis of the subject to determine whether or not it is in conformity with the Americans with Disabilities Act ("ADA"). It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of ADA. If so, this fact could have a negative impact upon the value of the property. The appraiser has no direct evidence relating to this issue and did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal



report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

Appraisal Is Not An Environmental Issues Or A Hazardous Materials Report

We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos, radon gas, PCB's, lead-based paint, contaminants such as petroleum products, or hazardous chemicals escaping from underground storage tanks, other potentially hazardous materials, or any other environmental hazards on the subject or surrounding properties. If we know of any problems of this nature, which we would believe would create a significant problem, they are disclosed in this report. Nondisclosure should not be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental factors.

No chemical or scientific tests were performed by the appraiser(s) on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dumpsite and that there are no underground tanks (or any underground source) leaking toxic or hazardous materials or substances into the groundwater or the environment unless otherwise noted in the report.

Appraisal Is Made Under Conditions Of Uncertainty With Limited Data

As can be seen from limitations presented above, this appraisal has been performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraiser(s) (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraiser(s) to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc.



There is also an economic constraint, however. The appraisal budget (and the fee for this appraisal) did not contain unlimited funds for investigation. We have spent our time and effort in the investigative stage of this appraisal in those areas where we think it will do the most good, but inevitably there is a significant possibility that we do not possess all information relevant to the subject property.

Before relying on any statement made in this appraisal report, interested parties should contact us for the exact extent of our data collection on any point, which they believe to be important to their decision-making. This will enable such interested parties to determine whether they think the extent of our data gathering process was adequate for their needs or whether they would like to pursue additional data gathering for a higher level of certainty.

Information (including projections of income and expenses) provided by local sources, such as government agencies, financial institutions, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s).

The comparable sales data relied upon in this appraisal are believed to be from reliable sources. Though all the Comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

All values shown in the appraisal report are based on our analysis as of the effective date(s) of valuation stated in this appraisal report. (The value[s] estimated in this appraisal report may change in the future because of changing local or national economic conditions or capital money market changes.) These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report or the date of our field inspection, whichever occurs first.

Since projected mathematical models and other projections are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analysis



because of our incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.

Opinions and estimates expressed herein represent our best judgment but should not be construed as advice or recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgment, and the decision process should consider many factors other than just the value estimate and information given in this report.

Restrictions Upon Disclosure And Use Of The Appraisal

Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute or the MAI designation shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the appraiser.

The appraisal report may not be used for any purpose except substantiation of the value estimated without written permission from the appraiser. All valuations in this appraisal report are applicable only under the stated program of use. The valuation of a component part of the property is applicable only as a part of the whole property.

Neither the name of Gerald Alcock Company nor the name of the appraiser(s) nor this appraisal report nor any material contained in this appraisal report may be included in any prospectus, or used in any activities or transactions such as offerings or representations in connection with a real estate syndicate or syndicates, a real estate investment trust or trusts, or any securities-related exposures.

Neither this appraisal report nor any part of it may be submitted to the Securities and Exchange Commission or to any state securities regulatory agency without the express written permission of the appraiser(s).

Neither the name of the Gerald Alcock Company nor the name of the appraiser(s) nor this appraisal report nor any material contained in this appraisal report may be used for activities or transactions that are subject to the Employee Retirement Income Security Act of 1974, as amended, without the express written permission of the appraiser(s).



Appraisal Report Limitations

Appraisal reports are technical documents addressed to the specific needs of clients. Casual readers should understand that this report does not contain all of the information we have concerning the subject property or the real estate market. While no factors we believe to be significant but unknown to the client have been knowingly withheld, it is always possible that we have information of significance which may be important to others but which, with our limited acquaintance of the property and our limited expertise, does not seem to be important to us.

Appraisal reports made for lenders are technical documents specifically made to lender requirements. Casual readers are cautioned about their limitations and cautioned against possible misinterpretation of the information contained in these reports.

The appraiser should be contacted with any questions before this report is relied on for decision-making.



APPRAISER'S CERTIFICATIONS

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct; and
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions; and
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved; and
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; and
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results; and
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; and
7. Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice; and
8. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
9. Alexander Groves and Michael Williams made a personal inspection of the property that is the subject of this report;
10. No one provided significant real property appraisal assistance to the author of this report; and



11. The reported analysis, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute; and
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan; and
14. As of the date of this report, Michael T. Williams and Alexander J. Groves have completed the requirements of the continuing education program of the Appraisal Institute.

A handwritten signature in black ink that reads "M.T. Williams".

Michael T. Williams, MAI

A handwritten signature in black ink that reads "A.J. Groves".

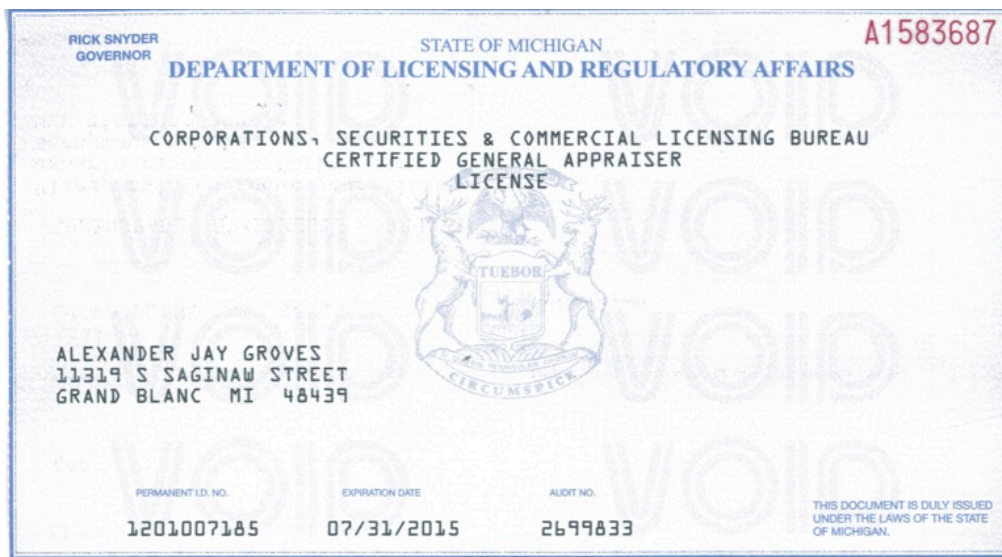
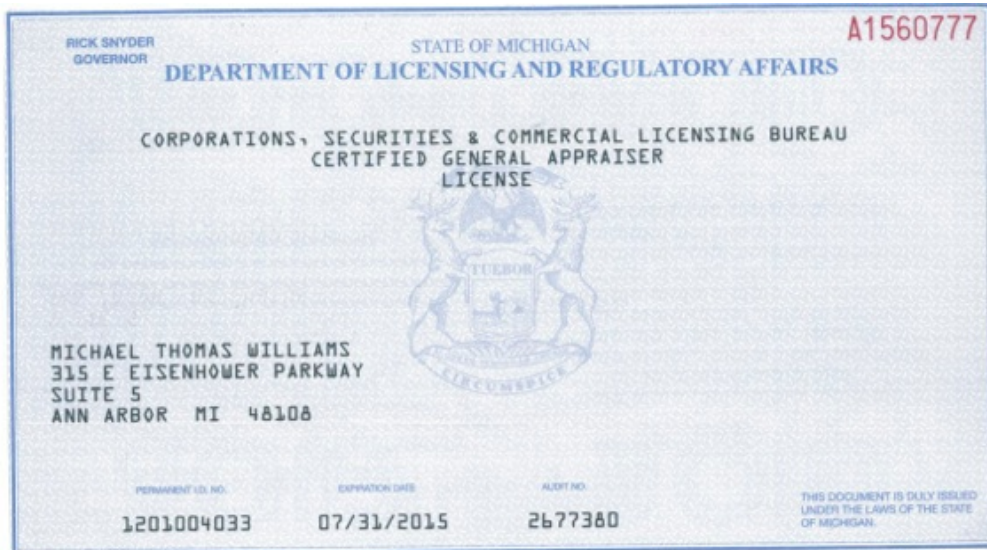
Alexander J. Groves, MAI



REQUIRED STATEMENTS

Licensure

In Michigan, appraisers are required to be licensed and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing Michigan 48909. The appraisers are currently and properly licensed.





Appraisal Report

This report is classified as an Appraisal Report under the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, Standards Rule 2-2(a). Broadly defined, an Appraisal Report gives the contents of the report in a summary form and connotes a concise presentation of information.

USPAP Competency Provision

This appraisal complies with the Competency Provision of the USPAP.

Narrated Dates

Date of Appraisal Report

The date of this appraisal report is December 22, 2014.

Effective Date(s) of Value

The effective date of this appraisal is December 9, 2014.

Date(s) of Inspection and Inspector(s)

The property was inspected by Alexander Groves on December 9, 2014. Michael Williams performed a limited inspection of the property on December 17, 2014.



PROFESSIONAL QUALIFICATIONS

MICHAEL T. WILLIAMS, MAI

Principal and President with the Gerald Alcock Company, LLC since 2003 and an associate since 1995 preparing and managing valuation and consulting assignments.

Valuations have been performed on various properties including, but not limited to, retail shopping centers, net leased retailers, general commercial properties, single and multi-tenant industrial buildings, high-tech office properties, professional and medical office buildings, mixed-use facilities, residential subdivisions, apartments, and vacant land for a variety of uses. Assignments for special purpose properties include public and private golf courses and country clubs, tennis and health clubs, gas station and convenience stores, car washes, bowling alleys, hotels, self-storage facilities, churches, schools, day care facilities, specialty-medical properties, and assisted living facilities.

Consulting assignments include appraisal reviews, lease recommendations, market studies, ground lease consultations, and buy-sell negotiations.

Assignments have been performed for financing, disposition and acquisition, estate planning, federal estate tax filing, tax appeal, condemnation, internal corporate planning, and foreclosure due diligence. Valuations and market studies have been completed for proposed, partially completed, renovated, and existing structures.

Clients served include commercial banks, life insurance companies, mortgage bankers, law firms, accountants, investment firms, developers, as well as private and public agencies.

EDUCATION:

UNIVERSITY OF MICHIGAN

School of Business Administration
Bachelor of Business Administration, 1993
Concentration in Finance and Real Estate

WALSH COLLEGE

Master of Science in Finance, 2002

Course Work Includes:

Financial Research & Computer Applications Investments



Financial Management
Financial Statement Analysis
International Economics & Finance
Interest Rates & Capital Markets
Legal Issues in Corporate Finance

Real Estate Finance
Federal Income Tax
Lease Finance
Business Valuation
Public Finance

APPRAISAL INSTITUTE

Courses Completed:

Standards of Professional Practice, Part A, 1993
Standards of Professional Practice, Part B, 1994
Standards of Professional Practice, Part C, 1999
Appraisal Principles, 1994
Appraisal Procedures, 1993
Basic Income Capitalization, 1993
General Applications, 1994
Advanced Income Capitalization, 1994
Highest & Best Use/Market Analysis, 1994
Advanced Sales Comparison & Cost Approach, 1996
Report Writing & Valuation Analysis, 1996
Advanced Applications, 1997

APPRAISAL INSTITUTE

Seminars Completed:

Building Construction In Michigan, 1995
Small Hotel/Motel Valuation, 1997
Non-Residential Demonstration Report Writing, 1998
Appraisal Office Management, 1999
Attacking and Defending an Appraisal for Litigation, 1999
Appraisal Review – General, 2001
Effective Report Writing, 2002
The Road Less Traveled: Special Purpose Properties, 2003
Rates and Ratios, 2003
Regression Analysis, 2003
Uniform Standards For Federal Land Acquisitions, 2003
National USPAP Update, 2004
Michigan Appraiser Licensing Law & Rules, 2004



Appraisal of Local Retail Properties, 2004
Appraisals and Real Estate Lending, 2004
Appraising Convenience Stores, 2005
Business Practice and Ethics, 2005
Mortgage Fraud, 2006
Reappraising, Readdressing, Reassigning, 2007
Analyzing Distressed Real Estate, 2007
National USPAP Update, 2007
Appraisal Issues In Publicly-Funded Land Transactions, 2007



ALEXANDER J. GROVES, MAI

Staff Appraiser with Gerald Alcock Company, LLC since 2009, preparing and managing valuation and consulting assignments.

Valuations have been performed on various properties including, but not limited to, retail shopping centers, general commercial properties, single and multi-tenant industrial buildings, high-tech office properties, professional and medical office buildings, mixed-use facilities, residential subdivisions, and vacant land for a variety of uses. Assignments for special purpose properties include public and private golf courses and country clubs, gas station and convenience stores, bowling alleys, churches, and schools.

Assignments have been performed for financing, disposition and acquisition, estate planning, internal corporate planning, tax appeal, litigation and foreclosure due diligence. Valuations and market studies have been completed for proposed, partially completed, renovated, and existing structures.

Clients served include commercial banks, insurance companies, mortgage bankers, law firms, accountants, developers, individuals, and public agencies.

EDUCATION:

MICHIGAN STATE UNIVERSITY, East Lansing

Bachelor of Art in Finance, 1997

APPRAISAL INSTITUTE

Courses Completed:

- Standards of Professional Practice – Part A, 2004
- Standards of Professional Practice – Part B, 2004
- Basic Income Capitalization, 2001
- Advanced Income Capitalization, 2004
- Highest and Best Use & Market Analysis, 2002
- Sales Comparison & Cost Approach, 2002
- Narrative Report Writing, 2004
- Advanced Applications, 2003

Seminars Completed:

- Valuation of Office Buildings , 2008
- Demonstration Report Writing Workshop, 2008



PROFESSIONAL AND TRADE AFFILIATIONS

Michigan State Certified General Appraiser #1201007185
Member of the Appraisal Institute, MAI Designation #12494

EMPLOYMENT

Gerald Alcock Company, L.L.C.
Ann Arbor, Michigan, 2009 - Current
Commercial Real Estate Appraiser

Kevin Groves Appraisals, Inc.
Grand Blanc, Michigan, 1999 - 2008
Commercial Real Estate Appraiser

Chase Manhattan Mortgage Corporation
Tampa, Florida, 1997 - 1998
Branch Quality Analyst



Excerpts From Zoning Ordinance

5:10.13. - PL public land district.

- (1) *Intent.* This district is designed to classify publicly owned uses and land and permit the normal principal and incidental uses required to carry out governmental functions and services.
- (2) *Permitted principal uses.*
 - (a) Outdoor public recreational uses, such as: playgrounds, playfields, golf courses, boating areas, fishing sites, camping sites, parkways and parks. No structure shall be erected or maintained upon dedicated parkland which is not customarily incidental to the principal use of the land.
 - (b) Natural open space, such as: conservation lands, wildlife sanctuaries, forest preserves.
 - (c) Developed open space, such as: arboreta, botanical and zoological gardens.
 - (d) Educational services, such as: public primary and secondary schools, and institutions of higher education.
 - (e) Cultural services, such as: museums and art galleries.
 - (f) Public service institutions, such as: hospitals, sanatoria, homes for the elderly, children's homes and correctional institutions.
 - (g) Essential services, buildings containing essential services and electrical substations.
 - (h) Transportation facilities, such as municipal airports, rail stations, bus stations, bicycle centers, auto and bicycle parking facilities.
 - (i) Civic center.
 - (j) Government offices and courts.

(Ord. No. 6-84, 4-9-84; Ord. No. 40-00, § 1, 9-18-00; Ord. No. 10-17, § 1, 7-6-10)

5:10.21. - C2B business service district.

- (1) *Intent.* This district is designed to provide for certain types of commercial activities which have functional and economic relationships to a central business or fringe commercial district. Such activities will include wholesale suppliers retail and supply warehouses, motor vehicle major repair and service agencies, carports and other parking establishments, equipment and machinery dealers, building materials dealers, food processing plants, farm and garden supply stores, places of entertainment or recreation, public utility facilities and retail establishments related in a peripheral manner to those of the central business district. In this district the customer may come to the particular establishment either by automobile or as an extension of this CBD pedestrian shopping activity. Since there is little essential interdependence of activities, each establishment can have its own automobile parking area. Good traffic accessibility is essential to this district, particularly for trucks and other freight carriers. The uses permitted, because of their required contact with auto and truck traffic, would be incompatible in the central business district.
- (2) *Permitted principal uses.*
 - (a) Any principal use permitted in the D1 downtown core district.
 - (b) Retail sales that may have service, repair, leasing or rental, or manufacturing facilities in connection therewith, including: new and used automobile dealers; boat and sporting good dealers; mobile home dealers; agricultural implement, garden supply and motorcycle dealers.
 - (c) Retail sales, as typically incidental to contractors, in which a workshop is required for successful operation and in which the retail outlet or show room may in fact be an accessory use, such as, but not limited to: plumber, electrician, lighting fixtures, air conditioning and heating (including incidental sheet metal work), radio and television, interior decorator, reupholstery and refinishing, sign painting and awnings.
 - (d) Enclosed building for storage and repair of automobiles, trucks and construction equipment; food locker plant (including the cutting and packaging of meat or game, sale at retail, delivery of individual home orders, renting of individual lockers for home-customer storage of food, but excluding slaughtering or eviscerating thereof).
 - (e) Wholesaling, warehousing, refrigerated and general storage.
 - (f) Veterinary hospitals and kennels.
 - (g) Outdoor recreation, such as: miniature golf, golf driving ranges, commercial swimming pools, outdoor theaters and canoe liveries.
- (3) *Special exception uses pursuant to [section 5:104](#).*
 - (a) A drive-thru facility that is an accessory to a permitted principal use in the C2B business service district, provided that the facility is not located between a street and the principal building, and the vehicular circulation to enter and exit the facility does not impair the general circulation on the site or with pedestrian circulation on and off the site.
 - (b) Automobile service and filling station and car washes.
- (4) *Permitted accessory uses.*
 - (a) Those allowed in the R3 district.

(Ord. No. 6-84, 4-9-84; Ord. No. 14-06, § 3, 6-2-14)



Assessing Data

General Property Information

City of Ann Arbor

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Parcel: 09-09-29-403-023 Unit: City of Ann Arbor Data Current As Of: 12/9/2014 1:45:07 AM

Parcel is Vacant

Property Address [collapse]

343 S FIFTH AV
Ann Arbor, MI 48104

Owner Information [collapse]

DISTR LIBRARY BOARD OF THE A2 DISTR **Unit:** 09
343 S FIFTH AVE
Ann Arbor, MI 48104

Taxpayer Information [collapse]

SEE OWNER INFORMATION

General Information for Tax Year 2014 [collapse]

Property Class:	099 - Exempt Misc.	Assessed Value:	\$0
School District:	81010 - Ann Arbor	Taxable Value:	\$0
State Equalized Value:	\$0	Map #	
User Num Idx	3	Date of Last Name Chg:	05/10/2006
User Alpha 1		Date Filed:	
User Alpha 2		Notes:	N/A
User Alpha 3		Census Block Group:	
Historical District:	N/A		

Principal Residence Exemption	June 1st	Final
2015	0.0000 %	-
2014	0.0000 %	0.0000 %

Previous Year Info	MBOR Assessed	Final S.E.V.	Final Taxable
2013	\$0	\$0	\$0
2012	\$0	\$0	\$0

Land Information [collapse]

	Frontage	Depth
Lot 1:	0.00 Ft.	0.00 Ft.
Lot 2:	0.00 Ft.	0.00 Ft.
Lot 3:	0.00 Ft.	0.00 Ft.
Total Frontage:	0.00 Ft.	Average Depth: 0.00 Ft.

Total Acreage: 0.00
Zoning Code: PL
Total Estimated Land Value: \$0 **Mortgage Code:**
Land Improvements: \$0 **Lot Dimensions/Comments:**
Renaissance Zone: NO
Renaissance Zone Expiration Date:
ECF Neighborhood Code: 099 - 099 exempt

Legal Information for 09-09-29-403-023 [collapse]

S 1/2 OF LOT 3 & W 198 FT OF LOT 4 B3S R6E ORIGINAL PLAT OF ANN ARBOR

Sales Information

1 sale record(s) found.							
Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms Of Sale	Liber/Page	
12/20/2005	\$1.00	U	ANN ARBOR PUBLIC SCHOOLS	DISTR LIBRARY BOARD OF THE A2 DISTR	Quit Claim Deed	4529/823	

Building Information

0 building(s) found.			
Description	Floor Area	Yr Built	Est. TCV

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[Privacy Policy](#)

General Property Information

City of Ann Arbor

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Parcel: 09-09-29-403-015 Unit: City of Ann Arbor Data Current As Of: 12/9/2014 1:45:07 AM

Parcel is Vacant

Property Address [collapse]

319 E WILLIAM ST
Ann Arbor, MI 48104

Owner Information [collapse]

DISTR LIBRARY BOARD OF THE A2 DISTR **Unit:** 09
343 S FIFTH AVE
Ann Arbor, MI 48104

Taxpayer Information [collapse]

SEE OWNER INFORMATION

General Information for Tax Year 2014 [collapse]

Property Class:	099 - Exempt Misc.	Assessed Value:	\$0
School District:	81010 - Ann Arbor	Taxable Value:	\$0
State Equalized Value:	\$0	Map #	
User Num Idx	3	Date of Last Name Chg:	05/10/2006
User Alpha 1		Date Filed:	
User Alpha 2		Notes:	N/A
User Alpha 3		Census Block Group:	
Historical District:	N/A		

Principal Residence Exemption	June 1st	Final
2015	0.0000 %	-
2014	0.0000 %	0.0000 %

Previous Year Info	MBOR Assessed	Final S.E.V.	Final Taxable
2013	\$0	\$0	\$0
2012	\$0	\$0	\$0

Land Information [collapse]

	Frontage	Depth
Lot 1:	0.00 Ft.	0.00 Ft.
Lot 2:	0.00 Ft.	0.00 Ft.
Lot 3:	0.00 Ft.	0.00 Ft.
Total Frontage:	0.00 Ft.	Average Depth: 0.00 Ft.

Total Acreage: 0.00
Zoning Code: C2A/R
Total Estimated Land Value: \$0
Land Improvements: \$0
Renaissance Zone: NO
Renaissance Zone Expiration Date:
ECF Neighborhood Code: 099 - 099 exempt
Mortgage Code:
Lot Dimensions/Comments:

Legal Information for 09-09-29-403-015 [collapse]

W 31.5 FT OF E 66 FT LOT 4 B3S R6E ORIGINAL PLAT OF ANN ARBOR

Sales Information

2 sale record(s) found.							
Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms Of Sale	Liber/Page	
12/20/2005	\$1.00	U	ANN ARBOR PUBLIC SCHOOLS	DISTR LIBRARY BOARD OF THE A2 DISTR	Quit Claim Deed	4529/823	
10/25/1988	\$365,000.00	U	LEABU JOHN	PUBLIC SCHOOLS OF ANN ARBOR	Warranty Deed	2467:0290	

Building Information

0 building(s) found.			
Description	Floor Area	Yr Built	Est. TCV

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General Property Information

City of Ann Arbor

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Parcel: 09-09-29-403-016 Unit: City of Ann Arbor Data Current As Of: 12/9/2014 1:45:07 AM

Parcel is Vacant

Property Address [collapse]

323 E WILLIAM ST
Ann Arbor, MI 48104

Owner Information [collapse]

DISTR LIBRARY BOARD OF THE A2 DISTR **Unit:** 09
343 S FIFTH AVE
Ann Arbor, MI 48104

Taxpayer Information [collapse]

SEE OWNER INFORMATION

General Information for Tax Year 2014 [collapse]

Property Class:	099 - Exempt Misc.	Assessed Value:	\$0
School District:	81010 - Ann Arbor	Taxable Value:	\$0
State Equalized Value:	\$0	Map #	
User Num Idx	3	Date of Last Name Chg:	05/10/2006
User Alpha 1		Date Filed:	
User Alpha 2		Notes:	N/A
User Alpha 3		Census Block Group:	
Historical District:	N/A		

Principal Residence Exemption	June 1st	Final
2015	0.0000 %	-
2014	0.0000 %	0.0000 %

Previous Year Info	MBOR Assessed	Final S.E.V.	Final Taxable
2013	\$0	\$0	\$0
2012	\$0	\$0	\$0

Land Information [collapse]

	Frontage	Depth
Lot 1:	0.00 Ft.	0.00 Ft.
Lot 2:	0.00 Ft.	0.00 Ft.
Lot 3:	0.00 Ft.	0.00 Ft.
Total Frontage:	0.00 Ft.	Average Depth: 0.00 Ft.

Total Acreage: 0.00
Zoning Code: C2A/R
Total Estimated Land Value: \$0
Land Improvements: \$0
Renaissance Zone: NO
Renaissance Zone Expiration Date:
ECF Neighborhood Code: 099 - 099 exempt
Mortgage Code:
Lot Dimensions/Comments:

Legal Information for 09-09-29-403-016 [collapse]

E 34.5 FT LOT 4 B3S R6E ORIGINAL PLAT OF ANN ARBOR

Sales Information

2 sale record(s) found.							
Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms Of Sale	Liber/Page	
12/20/2005	\$1.00	U	ANN ARBOR PUBLIC SCHOOLS	DISTR LIBRARY BOARD OF THE A2 DISTR	Quit Claim Deed	4529/823	
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