

# Wieme, Rende & Assoc. P.C.

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Donald D. Wieme, MAI, SRA  
Michael Rende, MAI

May 28, 2019

Charter Township of Washington  
C/o Ms. Kathy Bosheers and Mr. Daniel O'Leary  
57900 Van Dyke  
Washington Township, MI

RE: Additional value estimate for the 71.89 acres of excess vacant  
Land currently part of Total Soccer Park  
West side of Powell Road, north of 30 Mile Road  
Washington Township, Macomb County, MI

Dear Ms. Bosheers and Mr. O'Leary

Per your request, this letter is to serve as an addendum to the appraisal prepared by our firm and dated May 23, 2019 of the Total Soccer Park complex located at 65665 Powell Road in Washington Township.

Although the underlying subject site is currently zoned A-1, Agricultural you have asked that we estimate a market value for the excess land, identified in the appraisal as 71.89 acres, as if it were purchased with the intention of developing the site for industrial use.

The value estimate concluded in this letter is based on a **hypothetical assumption that the subject is purchased and can be used for industrial development.**

We have been made aware of some recent sales of vacant acreage parcels within the subject's section 30 of Washington Township. A brief description of these sales has been included in the following paragraphs. It must be noted that these parcels are currently serviced by municipal water and, like the subject, will have access to sanitary sewer when the sewer plant is finished in August of 2019.

Approximately 55.98 acres of vacant along the north side of 30 Mile Road and the west side of M-53 was acquired in March of 2019. The sale is comprised of two parcels. The first is approximately 17.727 acres zoned industrial fronting along both 30 Mile Road and the M-53 Freeway. The second parcel located along the west side of the

first parcel and is approximately 38.254 acres in size and zoned general commercial. According to Washington Township, the purchaser of this parcel is working with a variety of development options including car dealerships, big box users to mixed medical. The purchase price was \$3,186,260 or approximately \$56,917 per acre.

A second sale (assemblage) involved 12.827 acres located along the north side of 30 Mile Road, east of M-53 and just south of the subject. The purchaser acquired the first 9.907 acres in July of 2018 for \$475,000. He then acquired 2.92 acres adjacent to the eastern boundary of the first site from Charter Township of Washington for \$150. The combined purchase price for this site is \$625,000 for a 12.827 acre site or \$48,725 per acre. This site has the same master plan zoning of Recreation/Support as the subject.

The first sale is located due west of the subject with frontage along 30 Mile Road and a superior zoning classification allowing retail and commercial development in addition to industrial.

The second sale (assemblage) offers similar zoning but is a much smaller parcels. Given the economies of scale, we anticipate that smaller parcels would sell for higher prices per acre and larger parcels would sell at lower prices per acre. We have applied a 10% downward adjustment to this comparables sale price per acre of \$48,725 to offset the significant size difference resulting in an adjusted sale price of \$43,850 per acre.

The first comparable was given less weight in estimating a value for the subject site as it has extensive frontage along 30 Mile Road and a superior zoning classification. The second sale is a smaller parcel with a similar master plan zoning and development potential and this comparable has been given greater weight.

Based on these current sale transactions, we have estimated a probable value for the subject on a per acre basis at \$44,000 per acre and when applied to the 71.89 acres of excess land, a value emerges at \$3,163,160.

As discussed in the Description of the Improvements section of the original appraisal, the area that would be identified as excess land is currently improved with 23 outdoor soccer fields. The removal of the soccer turf in order allow for redevelopment with industrial buildings, is of no consequence, however, these fields feature full irrigation systems which would need to be removed to create usable industrial land. A bulldozer would likely be utilized to bring the irrigation systems to the surface for extraction and recycling of the metal. We have estimated this cost at approximately \$50,000.



Deducting this cost from the value estimate of the underlying land of \$3,163,160, results in an "as is" value of the excess land valued under the **hypothetical assumption that it could be developed for industrial use**, as of May 2, 2019 at (\$3,163,160 - \$50,000) \$3,113,160 rounded to:

THREE MILLION ONE HUNDRED THOUSAND DOLLARS  
(\$3,115,000)

Should you have questions regarding this matter, or if we can be of assistance in the future, please do not hesitate to contact us.

Respectfully submitted,



Donald D. Wieme, MAI, SRA  
Certified General Appraiser  
Certification #1201000153



Shelly L. Gentner  
Certified General Appraiser  
Certification #1201007451

**APPRAISAL REPORT**

Appraisal of Total Sports Park  
65665 Powell Road  
North of 30 Mile Road, east of M-53  
Washington Township, Macomb County, MI

**DATE OF VALUE**

May 2, 2019

**APPRAISED FOR:**

Charter Township of Washington  
C/o Ms. Kathy Bosheers and Mr. Daniel O'Leary  
57900 Van Dyke  
Washington Township, MI

**PREPARED BY:**

Wieme, Rende & Associates, P.C.  
560 Kirts Boulevard, Suite 107  
Troy, MI 48084



# Wieme, Rende & Assoc. P.C.

560 Kirts Boulevard, Suite 107, Troy, Michigan 48084 • (248) 649-3925 • Fax (248) 649-6816  
Donald D. Wieme, MAI, SRA

May 23, 2019

Charter Township of Washington  
C/o Ms. Kathy Bosheers and Mr. Daniel O'Leary  
57900 Van Dyke  
Washington Township, MI

Dear Ms. Bosheers and Mr. O'Leary,

RE: Appraisal of Total Sports Park complex located at 65665 Powell Road, north of  
30 Mile Road, east of M-53, Washington Township, Macomb County, MI 48095

At your request, we have estimated the market value of the fee simple interest in the above captioned property. The subject consists of an 117,700 sq. ft. indoor sports complex including a fully size soccer field, indoor volleyball courts, batting cages, exercise/fitness/dance studios, bathrooms and private office. In addition to the building improvements there are 23 outdoor soccer fields featuring full irrigation systems, all situated on an 80 acre parcel of land.

We have inspected the subject and made careful and thorough investigations and analyses pertinent to the estimate of market value for the subject building. The accompanying report describes, in detail, the method of the analysis and includes data gathered in our investigation. The valuation is subject to the General Assumptions and Limiting Conditions contained in the report.

This is an appraisal report presented in a narrative format. It is intended to comply with the reporting requirements set forth under Standards Rule 2 of the Uniform Standards of Professional Appraisal Practice for an appraisal report. This appraisal is further intended to comply with the Competency Provision of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and the Appraisal Institute.

We have no direct or indirect interest, financial or otherwise, in the subject property, past, present, or contemplated. We have no personal interest or bias with respect to the parties involved in the transaction. Neither our employment nor our fee is dependent upon the value estimate concluded herein.

The value estimates apply to the real estate only. The subject has no significant natural, cultural, recreational, or scientific value. No responsibility has been assumed for matters legal in nature, nor has any opinion on title been rendered. Liens and encumbrances, if any, have been disregarded and the property was appraised as though free of indebtedness.

This appraisal report has been prepared in accordance with FIRREA, the legislation that enabled and required use of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

The "as is" market value the subject, based on our conclusion of the highest and best use of the building as a light industrial facility and considering the excess, as of May 2, 2019 has been estimated at:

Building and Underlying Site Area:	\$6,000,000
Excess land:	<u>\$ 400,000</u>
Total	\$6,400,000

**This appraisal has been prepared under the extraordinary assumption that the subject building can be used for industrial purposes.**

Should you have questions regarding this matter, or if we can be of assistance in the future, please do not hesitate to contact us.

Respectfully submitted,



Donald D. Wieme, MAI, SRA  
Certified General Appraiser  
Certification #1201000153



Shelly L. Gentner  
Certified General Appraiser  
Certification #1201007451



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**ADDENDA**

SOCER FACILITY RENT COMPARABLES  
GIFFELS WEBSTER MEMORANDUM – 5/14/2019  
ZONING INFORMATION PROVIDED BY TOWNSHIP  
DEFINITIONS  
QUALIFICATIONS OF THE APPRAISERS

**CERTIFICATION OF THE APPRAISER**

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
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.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Donald Wieme and Shelly Gentner have personally inspected the subject.
10. No one provided significant professional assistance to the persons signing this report.
11. As of the date of this report, Donald D. Wieme, MAI, SRA, has completed the requirements of the continuing education program of the Appraisal Institute.
13. The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute.
14. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



15. Donald D. Wieme is licensed in the State of Michigan as a state certified real estate appraiser, permanent identification number 1201000153. "In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909."
16. Shelly L. Gentner is a Certified General Real Estate Appraiser in the State of Michigan, permanent identification number 1201007451. "In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909."
17. Neither the undersigned nor Wieme, Rende & Associates, P.C. has participated in any valuation/consultation relating to the subject property over the past three years

DATED: 5/23/2019



Donald D. Wieme, MAI, SRA  
Certified General Appraiser  
Certification #1201000153



Shelly L. Gentner  
Certified General Appraiser  
Certification #1201007451

**SUMMARY OF SALIENT FACTS**



Type of Property: Industrial type building utilized as indoor sports complex

Address: 65665 Powell Road, north of 30 Mile Road, east of M-53 Freeway, Washington Township, Macomb County, Michigan 48095

Assessor's ID: 24-04-11-400-017

Size of Site: 80.00 acres or 3,484,800 sq. ft.

Gross Building Area: 117,700 square feet

Zoning: Ag, Agricultural

Master Planned: Recreation/Support

Property Rights Appraised: Fee simple interest

Date of Value: May 2, 2019 – As Is



Highest and  
Best Use: Modification for use as light industrial building plus excess land

**Value Conclusions:**

**“As Is” as of May 2, 2019**

Cost Approach:	NA
Income Approach:	\$5,400,000
Direct Sales Comparison Approach:	\$6,000,000
Market Value Conclusion:	\$6,000,000
Excess Land:	<u>\$ 400,000</u>
	<b>\$6,400,000</b>

**IDENTIFICATION OF THE SUBJECT AND OCCUPANCY**

The subject is an 117,700 sq. ft. indoor soccer complex with volleyball courts, batting cages, fitness and exercise rooms along with a dance studio, restrooms, private office and bar/lounge area. The property is located north of 30 Mile Road, east of the M-53 Freeway and along the west side of Powell Road. In addition to the building improvements there are 23 outdoor soccer fields which feature full irrigation systems.

Along the northeastern corner of the site, fronting along Powell Road, are older single family homes and outbuildings which were to be razed as part of the development of the subject project. Collectively, these buildings and grain bins comprise 10,948 sq. ft. (per Township records). According to the Township Clerk, Ms. Kathy Bosheers, the cost to raze these improvements has been estimated at \$90,000.

**CURRENT OWNERSHIP AND SALES HISTORY**

The owner of the subject is TS Washington Building LLC, who acquired the property in 2014 from Charter Township of Washington. The owner constructed the soccer facility and outdoor fields with the building opening in January of 2018. No other arm's length sales involving the subject property were identified.

The Charter Township of Washington has the right of first refusal on the subject property if the owner chooses to sell the property.

**PROPERTY RIGHTS AND EFFECTIVE DATE**

This is an Appraisal Report, the purpose of which is to estimate the "as is" value of the subject as of May 2, 2019.

**INTENDED USE AND INTENDED USERS OF THE APPRAISAL**

The intended use of this report is to establish the "as is" market value for the subject for the client, Charter Township of Washington for decisions regarding possible purchase of the subject. No other intended users have been identified by the appraisers.

## INTEREST APPRAISED

### **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. (The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, Chicago: Appraisal Institute, 2010)

## DEFINITION OF MARKET VALUE

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

(Source: The Dictionary of Real Estate Appraisal, 5th Edition, Published by the Appraisal Institute, 2010)

## PERSONAL PROPERTY IDENTIFICATION

The appraisal is limited to the valuation of the real property and any other improvements considered realty. It excludes business inventory or going concern value, however, it does include fixtures and personal property items needed to operate the subject in its highest and best use condition.



**SCOPE OF WORK**

1. The subject property was inspected on May 2, 2019. Photographs were taken on this date.
2. Extensive research was performed of the agricultural, industrial and commercial markets in the subject's community as well as surrounding communities that are considered competitive with the subject.
3. Demographic sources such as STDBOnLine was examined for information on the region, county, area and neighborhood as well as demographic information including income levels and population statistics necessary in analyzing the market.
4. Extensive research was conducted into the indoor soccer complex market in the region. Various interviews with active participants in this specialized market were held.
5. Utilizing a variety of data sources, including Realcomponline.com, Costar.com, websites for brokers active in the subject's market, along with Macomb County and Washington Township records, we searched for recent sales of vacant land zoned for agricultural, industrial and commercial use. We also examined the industrial improved market for sales and leases of buildings similar in functional utility to the subject.
6. Value estimates were developed based in part on the statistical information gathered from the research performed and was applied to the various components of the subject development.
7. The highest and best use analysis was based on the finding of the above analyses.
8. All three approaches to value were considered.

**WASHINGTON TOWNSHIP**

<b>Land Use:</b>	Residential	Agricultural	Comm./Office	Industrial	Institutional	Other
	24.4%	29.5%	0.9%	0.4%	0.6%	44.20%
<b>In Balance:</b>	Yes	Yes	Oversupplied	Yes	Yes	Yes

	Ex	Gd	Av	Fr	Pr
<b>Maintenance/Condition:</b>		X	X		
<b>Property Compatibility:</b>			X		
<b>Appeal/Appearance:</b>			X		
<b>Protection/Adverse Influence:</b>			X		
<b>Development Potential:</b>			X		
<b>Rental Demand:</b>		X			
<b>Transportation/Access:</b>			X		
<b>Police/Fire Protection:</b>			X		

	Up	Stable	Down
<b>Development Trend:</b>	X		
<b>Value Trend:</b>	X		
<b>Vacancy Trend:</b>		X	
<b>Population Trend:</b>		X	
<b>Employment:</b>	X		

Washington Township is primarily a residential and agricultural community situated in northwestern Macomb County, approximately 26 miles northeast of the CBD of Detroit. It has a balanced complement of commercial/retail, office, and typical residential neighborhood amenities. The location characteristics and linkages afforded to the area are considered good. Washington Township has experienced some new development in recent years. The housing market in the community has experienced significant recovery and is anticipate to remain in demand into the foreseeable future.

The following excerpts were taken from the Semcog.org website for Washington Township.

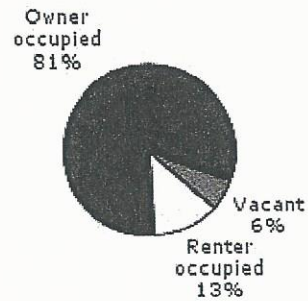


**Population and Households**

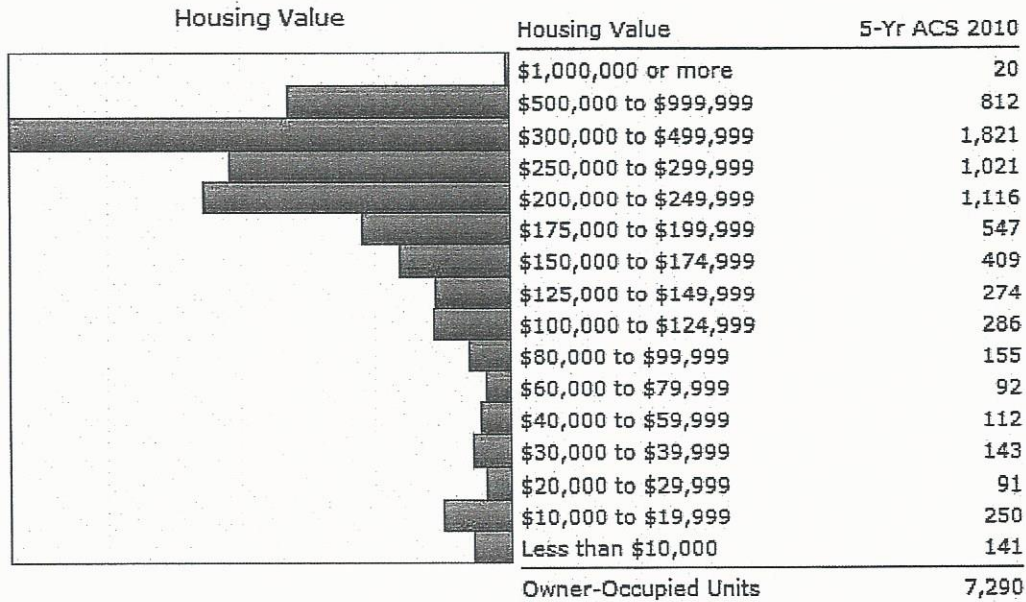
Population and Households	Census 2010	Change 2000-2010	Pct Change 2000-2010	SEMCOG Jul 2018	SEMCOG 2045
<b>Total Population</b>	23,296	6,174	36.1%	26,670	38,425
↳ <b>Group Quarters Population</b>	43	-23	-34.8%	72	82
↳ <b>Household Population</b>	23,253	6,197	36.3%	26,598	38,343
<b>Housing Units</b>	9,020	2,577	40.0%	10,148	-
<b>Households (Occupied Units)</b>	8,492	2,337	38.0%	9,803	14,871
<b>Residential Vacancy Rate</b>	5.9%	1.4%	-	3.4%	-
<b>Average Household Size</b>	2.74	-0.03	-	2.71	2.58

Housing Tenure	Census 2000	Census 2010	Change 2000-2010
Owner occupied	5,501	7,330	1,829
Renter occupied	654	1,162	508
Vacant	288	528	240
Seasonal/migrant	17	47	30
Other vacant units	271	481	210
<b>Total Housing Units</b>	<b>6,443</b>	<b>9,020</b>	<b>2,577</b>

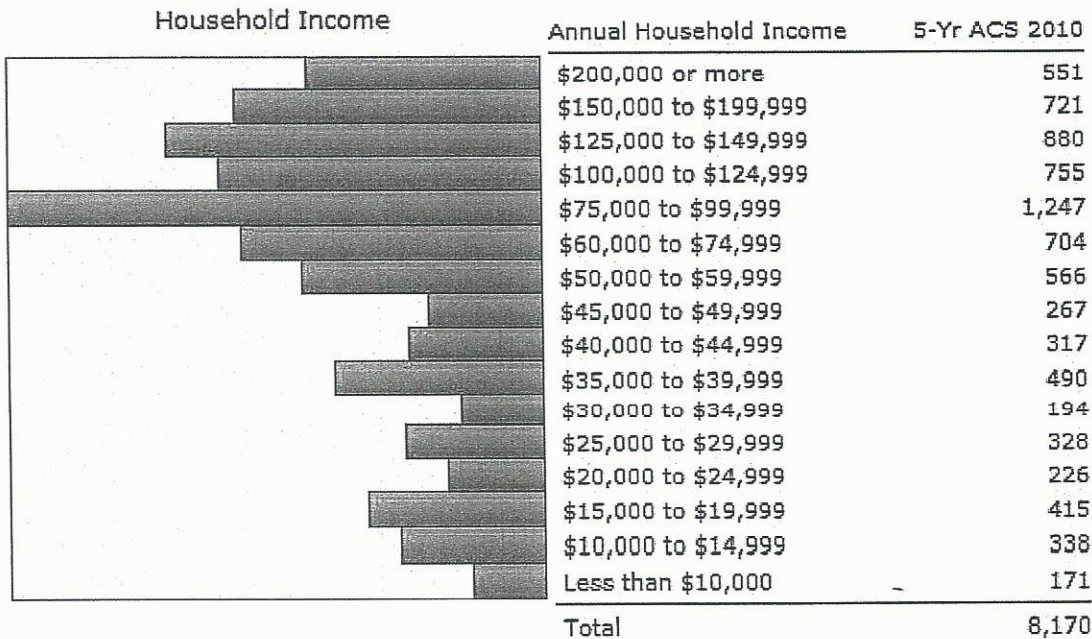
Housing Tenure in 2010



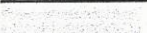

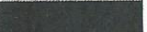







Housing Value (in 2010 dollars)	5-Yr ACS 2010	Change 2000-2010	Percent Change 2000-2010
Median housing value	\$ 251,400	\$ -30,300	-10.8%
Median gross rent	\$ 893	\$ 79	9.7%



Income	5-Yr ACS 2010	Change 2000-2010	Percent Change 2000-2010
Median Household Income (in 2010 dollars)	\$ 76,659	\$ -17,347	-18.5%
Per Capita Income (in 2010 dollars)	\$ 33,906	\$ -7,629	-18.4%

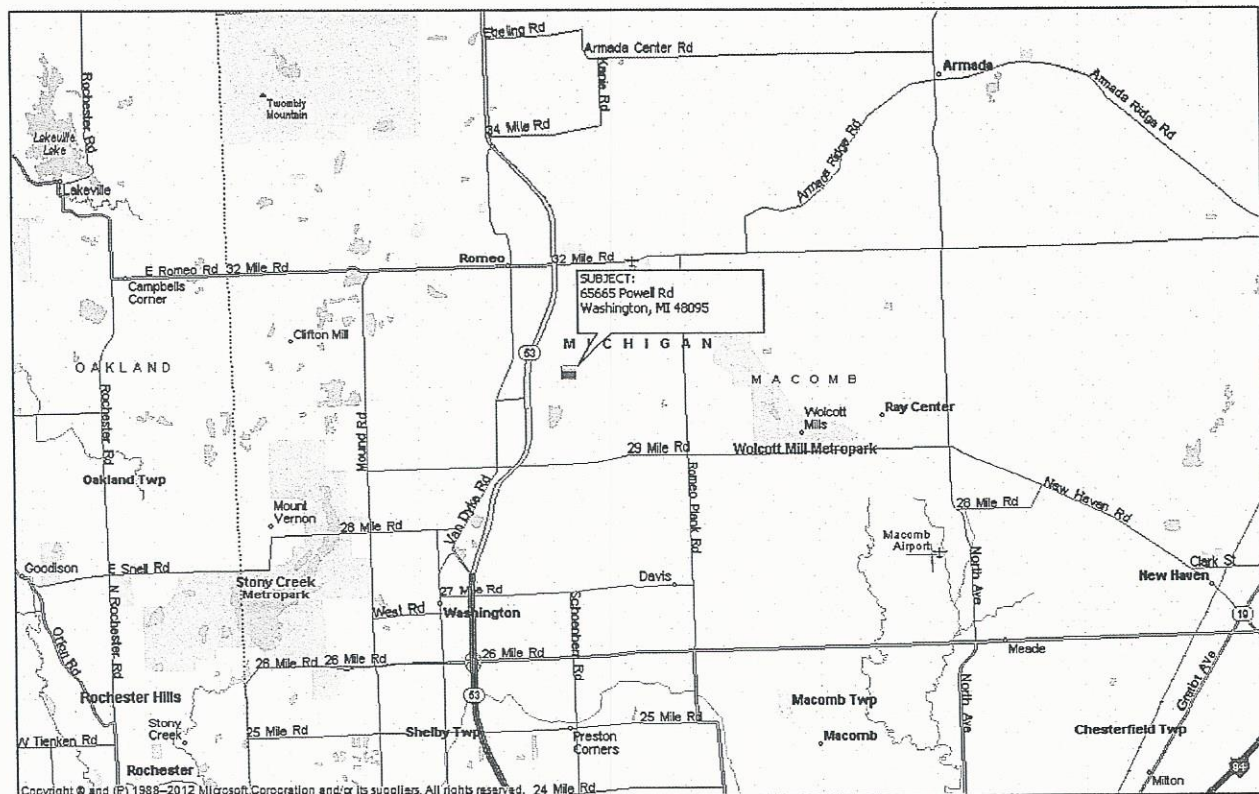
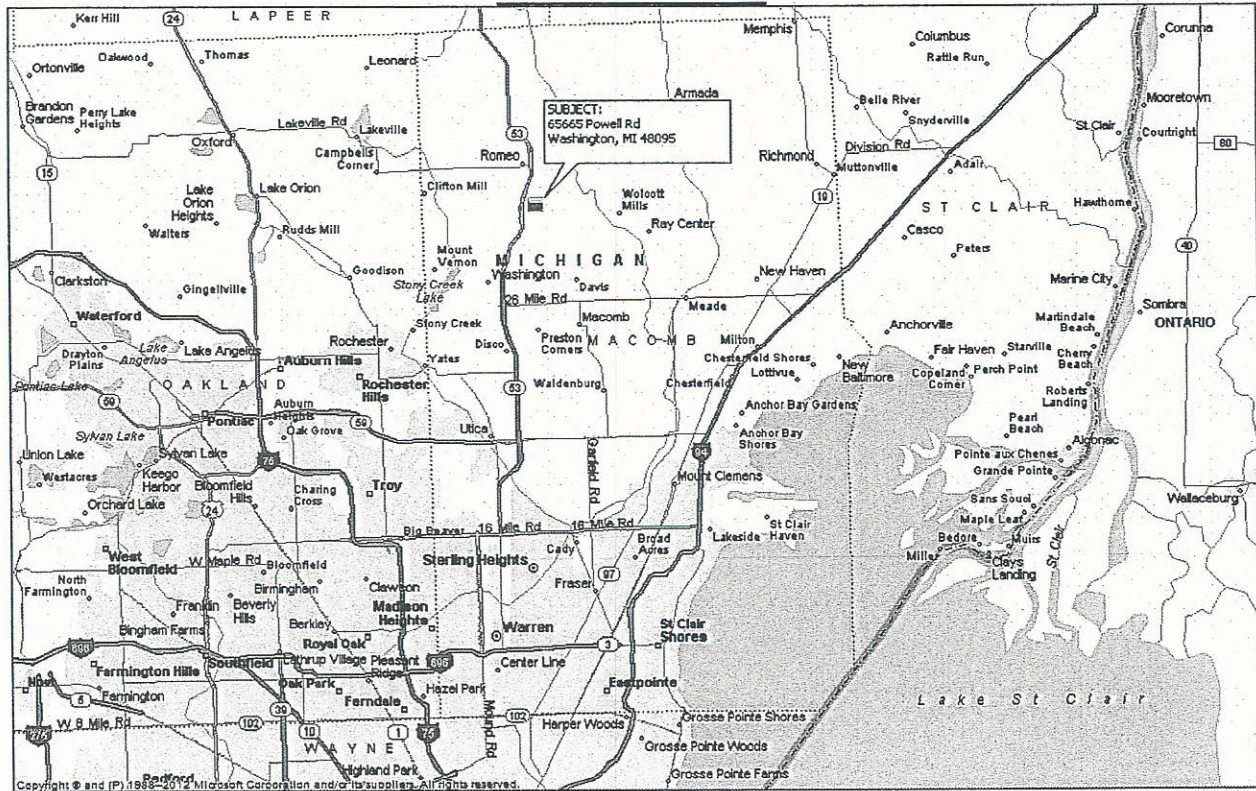




SEMCOG 2008 Land Use		Acres	Percent
	Agricultural	5,688	24.5%
	Single-family residential	8,531	36.8%
	Multiple-family residential	98	0.4%
	Commercial	467	2.0%
	Industrial	1,155	5.0%
	Governmental/Institutional	519	2.2%
	Park, recreation, and open space	3,607	15.5%
	Airport	0	0.0%
	Transportation, Communication, and Utility	2,291	9.9%
	Water	855	3.7%
<b>Total Acres</b>		<b>23,211</b>	<b>100.0%</b>

Note: SEMCOG's 2008 Land Use data set represents land use only and not land cover. Due to this difference, change analysis using this data set and previous SEMCOG land use/land cover data sets is not possible. Noticeable differences in map appearance and classification acreage totals are the result of this land use data originating from digital parcel files assigned land use codes based on their assessed property class and the lack of any land cover data.

### LOCATION MAPS



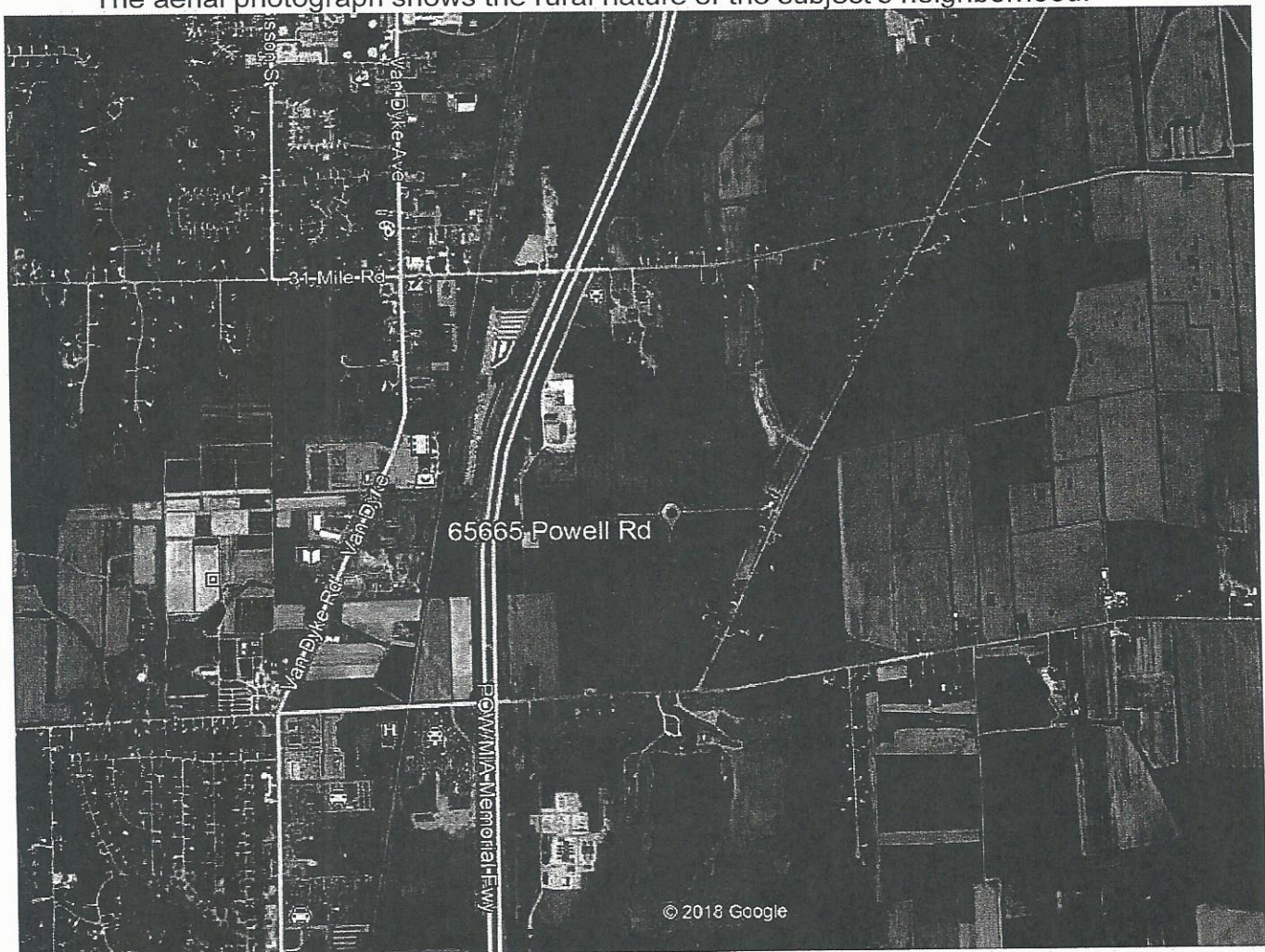


## NEIGHBORHOOD DESCRIPTION

The subject is located along the west side of Powell Road, north of 30 Mile Road, east of the M-53 highway in Washington Township. The subject's immediate area is rural in nature with the majority of the land active agricultural.

Near the subject 30 Mile Road is paved but turning to gravel surface east of Powell Road. Powell Road was paved from 30 Mile Road to north of the subject to access road for new sewer treatment plant within the past two years. There is a large single family estate located along the south side of 30 Mile Road across from the subject and there is an existing single family home just west of the subject. Development along Powell Road is limited to a few single family homes.

The aerial photograph shows the rural nature of the subject's neighborhood.



The subject's neighborhood is primarily rural with active farm land east of M-53 and a mix of residential development and vacant farm land west of M-53. The Ford Motor Company engine plant is located two miles north of the subject along the north side of 32 Mile Road, east of M-53. The Village of Romeo is located west of M-53 at 32 Mile Road.

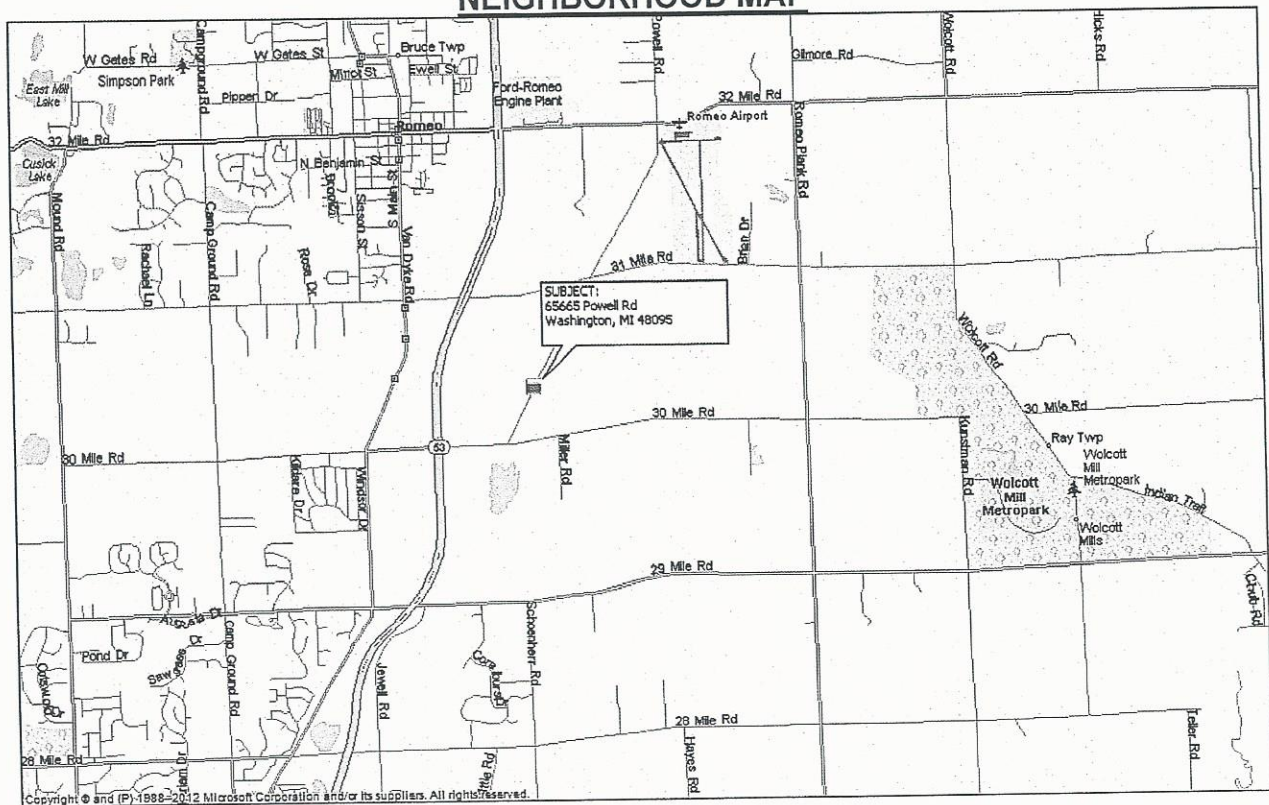


The subject is four miles north of the Van Dyke Avenue 26 Mile Road intersection which has become a major commercial district over the past 15 years. The development includes retailers such as Home Depot, Meijer's, Kohl's with Kroger under construction along with a large number of small retail and service providers and restaurants.

Utilizing the website Site to Do Business, a demographic report for the subject including a one, three and five-mile radius from the subject was produced and an executive summary has been included in the following pages.

The subject's property is located north of the fringe of development in this community. As growth continues to push up north along M-53, the subject's location is "in line" to be among the next area developers will seek. This area is anticipated to remain stable to growing in the foreseeable future.

### NEIGHBORHOOD MAP





**Executive Summary**

65665 Powell Rd, Washington, Michigan, 48095  
Rings: 1, 3, 5 mile radii

Prepared by Esri  
Latitude: 42.77712  
Longitude: -82.99740

	1 mile	3 miles	5 miles
<b>Median Household Income</b>			
2018 Median Household Income	\$81,061	\$77,039	\$80,992
2023 Median Household Income	\$101,770	\$88,230	\$91,965
2018-2023 Annual Rate	4.66%	2.75%	2.57%
<b>Average Household Income</b>			
2018 Average Household Income	\$97,470	\$96,036	\$101,195
2023 Average Household Income	\$118,866	\$114,074	\$119,894
2018-2023 Annual Rate	4.05%	3.50%	3.45%
<b>Per Capita Income</b>			
2018 Per Capita Income	\$36,783	\$36,480	\$37,151
2023 Per Capita Income	\$45,055	\$43,366	\$44,019
2018-2023 Annual Rate	4.14%	3.52%	3.45%

**Households by Income**

Current median household income is \$80,992 in the area, compared to \$58,100 for all U.S. households. Median household income is projected to be \$91,965 in five years, compared to \$65,727 for all U.S. households

Current average household income is \$101,195 in this area, compared to \$83,694 for all U.S. households. Average household income is projected to be \$119,894 in five years, compared to \$96,109 for all U.S. households

Current per capita income is \$37,151 in the area, compared to the U.S. per capita income of \$31,950. The per capita income is projected to be \$44,019 in five years, compared to \$36,530 for all U.S. households

**Housing**

2000 Total Housing Units	71	4,190	10,494
2000 Owner Occupied Housing Units	56	3,366	8,755
2000 Renter Occupied Housing Units	11	641	1,293
2000 Vacant Housing Units	4	183	446
2010 Total Housing Units	117	5,102	13,636
2010 Owner Occupied Housing Units	92	4,116	10,981
2010 Renter Occupied Housing Units	13	662	1,825
2010 Vacant Housing Units	12	324	830
2018 Total Housing Units	132	5,402	14,526
2018 Owner Occupied Housing Units	101	4,240	11,513
2018 Renter Occupied Housing Units	17	816	2,299
2018 Vacant Housing Units	14	346	714
2023 Total Housing Units	140	5,605	15,168
2023 Owner Occupied Housing Units	108	4,429	12,082
2023 Renter Occupied Housing Units	18	816	2,337
2023 Vacant Housing Units	14	360	749

Currently, 79.3% of the 14,526 housing units in the area are owner occupied; 15.8%, renter occupied; and 4.9% are vacant. Currently, in the U.S., 56.0% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.2% are vacant. In 2010, there were 13,636 housing units in the area - 80.5% owner occupied, 13.4% renter occupied, and 6.1% vacant. The annual rate of change in housing units since 2010 is 2.85%. Median home value in the area is \$275,210, compared to a median home value of \$218,492 for the U.S. In five years, median value is projected to change by 2.18% annually to \$306,493.

**Data Note:** Income is expressed in current dollars  
**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2018 and 2023. Esri converted Census 2000 data into 2010 geography.

May 28, 2019



**LEGAL DESCRIPTION**

The following legal description was taken from a site plan of the subject development provided by the client and prepared by Urban Land Consultants, dated 1/26/ 2015.

**PROPERTY DESCRIPTION**

A PART OF THE EAST 1/2 OF SECTION 11, AND THE WEST 1/2 OF SECTION 12, T.4N., R.12E., WASHINGTON TOWNSHIP, MACOMB COUNTY, MICHIGAN, BEING MORE PARTICULARLY DESCRIBED AS:

COMMENCING AT THE SOUTHEAST CORNER OF SECTION 11, ALSO BEING THE SOUTHWEST CORNER OF SAID SECTION 12; THENCE S.88°14'40"W., 372.60 FEET ALONG THE SOUTH LINE OF SECTION 11 AND THE CENTERLINE OF 30 MILE ROAD (66 FEET WIDE) TO THE CENTERLINE OF POWELL ROAD; THENCE ALONG SAID CENTERLINE THE FOLLOWING THREE (3) COURSES; N.28°00'11"E., 850.49 FEET; THENCE N.24°57'45"E., 665.39 FEET; THENCE N.24°47'42"E., 163.75 FEET TO THE POINT OF BEGINNING; THENCE N.65°12'18"W., 233.52 FEET; THENCE ALONG A CURVE CONCAVE TO THE SOUTH OF RADIUS 330.00 FEET, A CENTRAL ANGLE OF 26°24'47", WHOSE CHORD BEARS N.73°24'41"W., 150.78 FEET, AN ARC LENGTH OF 152.13 FEET; THENCE S.88°22'55"W., 1174.61 FEET; THENCE N.01°37'05"W., 503.76 FEET; THENCE S.89°00'43"W., 471.96 FEET; THENCE N.00°59'17"W., 453.50 FEET; THENCE N.89°00'43"E., 393.04 FEET; THENCE N.00°09'39"W., 987.60 FEET; THENCE N.89°00'05"E., 1206.31 FEET; THENCE S.33°17'59"E., 1083.16 FEET; THENCE S.60°09'30"E., 386.30 FEET TO THE CENTERLINE OF POWELL ROAD; THENCE ALONG SAID CENTERLINE THE FOLLOWING TWO (2) COURSES S.29°50'42"W., 556.97 FEET; THENCE S.24°47'42"W., 527.27 FEET TO THE POINT OF BEGINNING AND CONTAINING 80.000 ACRES.

SUBJECT TO THE RIGHT OF THE PUBLIC IN POWELL ROAD. ALSO SUBJECT TO A 75 FOOT EASEMENT FOR CONSUMER'S ENERGY. ALSO SUBJECT TO AN EASEMENT FOR THE HEALY DRAIN AND OTHER DITCHES ON THE PROPERTY, IF THEY EXIST. ALSO SUBJECT TO ANY OTHER EASEMENTS AND/OR RIGHTS OF WAY, RECORDED OR OTHERWISE,

**ASSESSED VALUE AND TAXES**

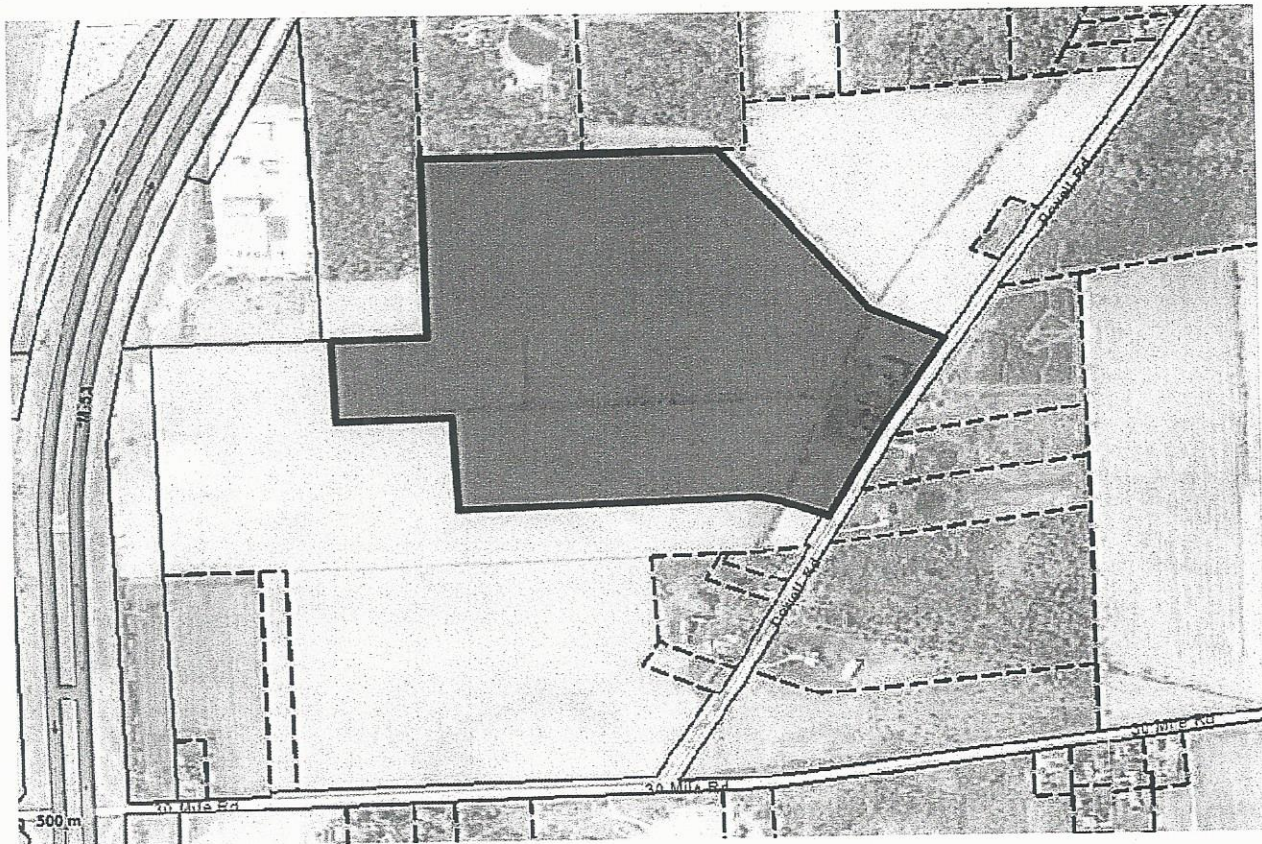
The subject is located within the Charter Township of Washington community and within the Romeo School District. The 2019 assessed value for the subject is \$1,775,000 with a taxable value of the same \$1,775,000. The 2018 non-homestead tax rate (most recent available) for Romeo School District was \$48.048 per \$1,000 of taxable value.

As an appraisal anticipates the sale to a third party, we recognize that after consummation of the sale the assessor can and would likely raise the taxable value to the level of the assessed, in the case of the subject, the values are currently the same.

We have applied the non-homestead tax rate to the assessed value of \$1,775,000 resulting in a real estate tax liability of \$85,285 or \$0.73 per sq. ft. of building area.



**DESCRIPTION OF THE SITE**



The site underlying the subject's soccer complex is shaded in grey in the sketch above, taken from Macomb County records.

**SIZE:** 80.0 acres – 3,484,800 sq. ft.

**SHAPE:** Irregular

**FRONTAGE:** 556.97' feet of frontage along west side of Powell Road

**TOPOGRAPHY:** Generally level

**STATUS:** Improved with a light industrial style building utilized for indoor soccer and fitness classes

**SURROUNDING USES:** Rural area with a few single family homes to the north and east. Vacant land to the south and M-53 to the west.

**ACCESS:** Currently available off of Powell Road only. Proposed access off of 30 Mile Road being added by Washington Township but is not yet in place.



**UTILITIES:** Building is currently serviced by natural gas, electricity and municipal water. Sanitary sewer is being added by the Township with a new sewer plant boarding the north side of the subject site. This utility is to be available to the subject site in August of 2019.

**EASEMENTS:** No title report was reviewed. We are unaware of any easements or restrictions that would adversely affect the site's use. Normal utility easements exist along the property.

**SOIL CONDITIONS:** No soil or subsoil tests were reviewed by the appraisers. The viability of the soils and environmental assumptions appear to be reasonable, based on our visual observations of development in the immediate area surrounding the subject site.

*Interested parties are encouraged to contact soils and environmental experts in this matter. The appraisers are not soils or environmental experts and are not qualified to report on these matters.*

**FLOOD HAZARD:** According to the FEMA Flood Insurance Program, map #26099C0140G, dated 9/29/2006, the subject lies in a low flood risk area.

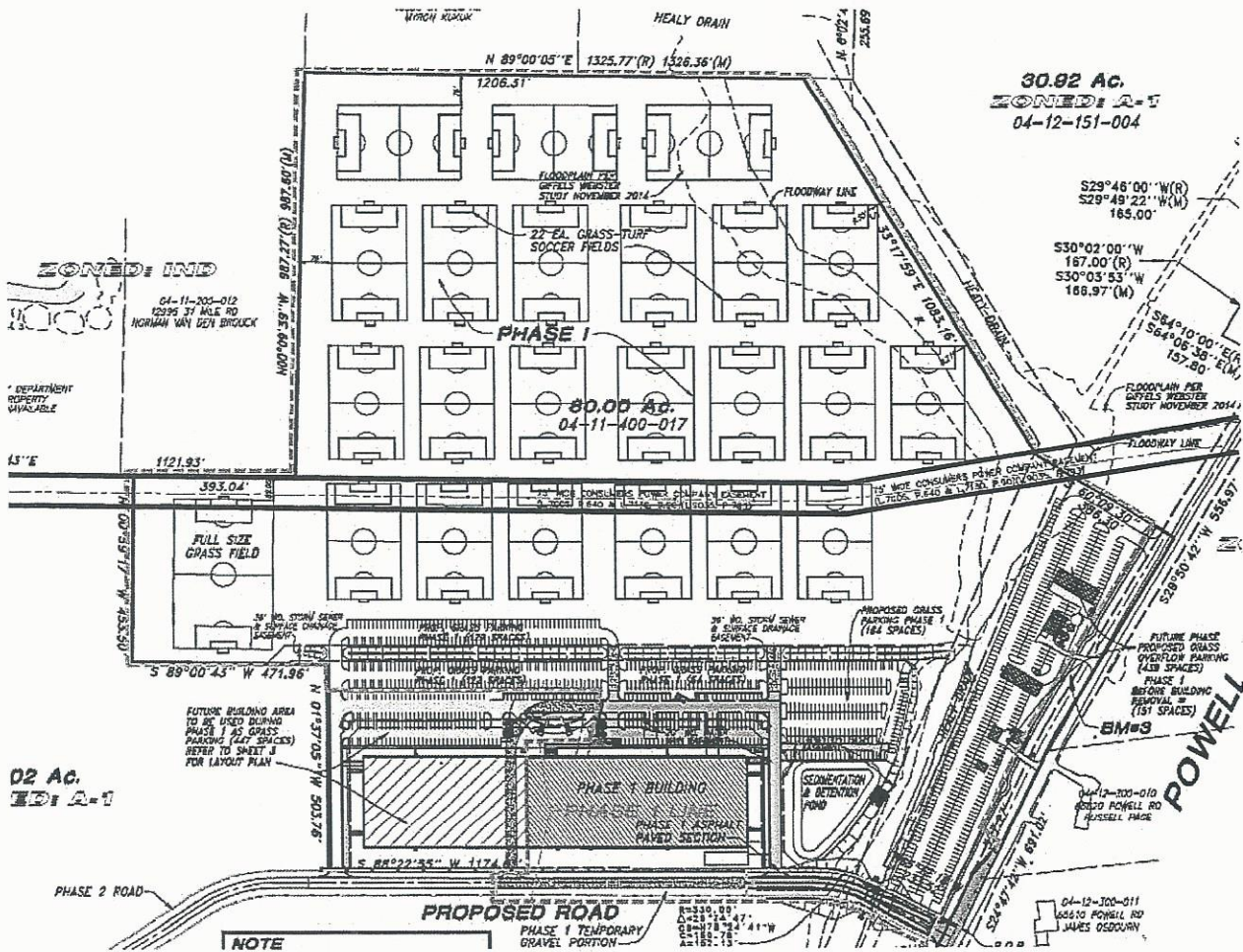
#### **SITE**

**IMPROVEMENTS:** The subject site is improved with a 117,700 sq. ft. indoor soccer facility, 22 raised soccer/lacrosse fields and one full size grass soccer field. All of the outdoor fields feature full irrigation systems serviced by four wells.

Asphalt paved parking is available in front of the building improvements with gravel parking north of the asphalt paved parking areas.

As mentioned previously, there is a single family home and several out buildings which were previously part of a farming operation on the site which need to be razed and the site cleared as part of the approval of the development of the subject soccer facility.





The area highlighted in blue on the site plan above outlines the 75' wide Consumers Power Company Easement that bisects the subject property. This easement basically divides the subject into two sites. Although site improvements are allowed near and over the easement, building improvements cannot encroach into the easement.

**DESCRIPTION OF IMPROVEMENTS**



- AGE: 2017-2018
- FOUNDATION: Concrete
- FRAME: Pre-engineered structural steel building - steel / masonry  
the entire Soccer Area is open, free span.
- EXTERIOR WALLS: Masonry and insulated metal panels
- ROOF: Standing seam structure with a steel cover
- FLOORS: A mix of resilient tile and ceramic tiles in the bar/lounge area,  
entrance to the facility and restrooms. Exercise floors have rubber  
type flooring. Artificial turf and rubber padding over concrete on  
soccer field
- SPRINKLERED: Western side of building only
- WALLS: Insulated steel, drywall in office, lounge and exercise rooms
- CEILING & LIGHTING: 10-foot clearance height office and exercise areas. Soccer field low  
point is 30' and the high point is 55'. The arena areas include  
suspended Halide metal fixtures.
- ELECTRICAL: Assumed to be in good working condition and to code.
- HVAC: Wall mounted HVAC units.
- PLUMBING: Assumed standard supply & waste removal lines.
- PARKING: Main parking lot is asphalt surfaced, is striped and lighted with  
additional gravel parking lots available for overflow parking.



**CONDITION:** The subject is in like new condition. No signs of deferred maintenance were noted.

**ITEMS TO COMPLETE:** The subject building currently has only a temporary certificate of occupancy as there are items that have not been completed which were required by Washington Township as part of the site plan approval for the existing facility.

The existing single family improvements and supporting out buildings are to be razed and the site cleared to allow for additional grass parking areas. This is the owner's obligation. The Clerk for Washington Township has indicated this cost at \$90,000.

Subject owner is required to asphalt pave the access drive that extends along the rear (southern) side of the building which will be then be extended by Washington Township to 30 Mile Road, providing for additional access. The cost of the owners portion of the paving has been estimate at \$360,500 by Giffels Webster (see memo dated 5/14/2019 included in the addenda of this report).

The subject owner will be responsible for payment of the sewer assessments for the subject when the sanitary sewer lines are made available which is anticipated by August 2019. The total special assessment (SAD) for the subject has been estimated by Giffels Webster at \$416,438.36 plus interest payable over a 20 year period. According to the Township Supervisor, Mr. Daniel O'Leary, the interest rate over the 20 year period has not yet been finalized but will likely be between 3 and 3.25%.

Additionally, the sewer tap fees will also be due and payable by the subject owner when the sewer is brought to the property. This cost has been estimated at \$104,354.25 by Giffels Webster.

Installation of a south access sidewalk has been estimated by Giffels Webster at \$11,600. Site cleaning has been estimated by Giffels Webster at \$10,000.

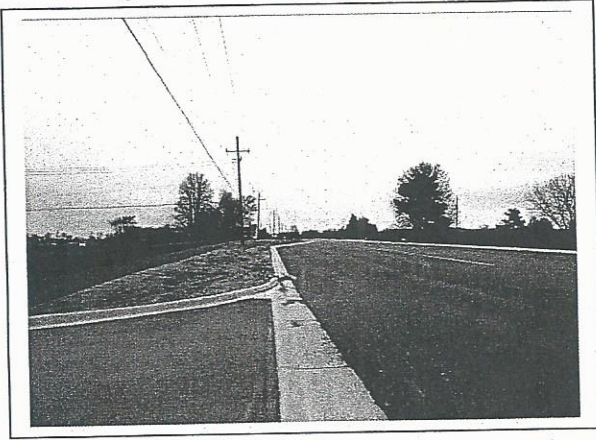
The total cost to complete the above referenced items, **NOT INCLUDING THE SAD Assessment**, is shown below:

<i>Item</i>	<i>Cost</i>
Demolition/clean up	\$90,000
Sewer Taps	\$104,354
Private access road	\$360,500
South access sidewalk	\$11,600
Site cleanup	\$10,000
<b>Total</b>	<b>\$576,454</b>



SUBJECT PHOTOS

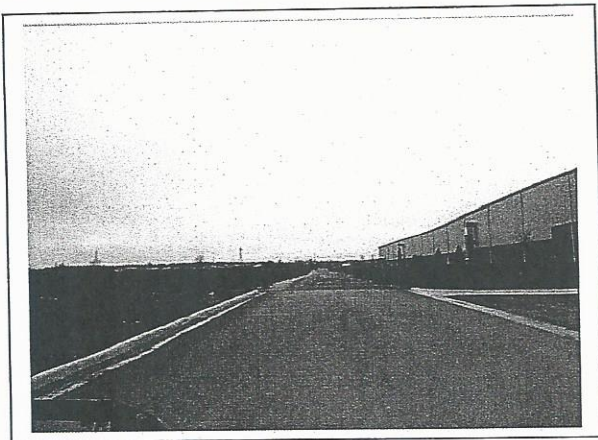
Looking north along Powell Road



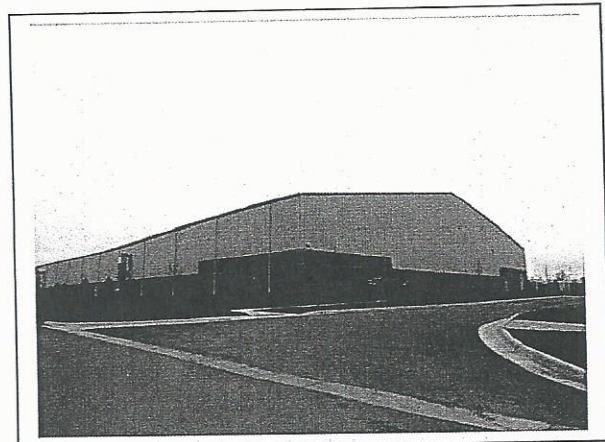
Looking south along Powell Road



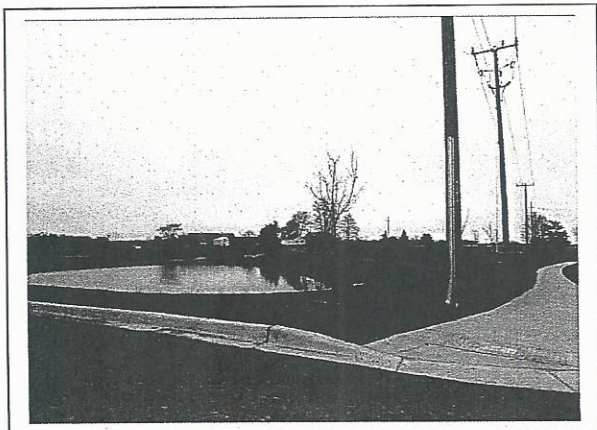
Entrance drive off of Powell Road  
Extension of access drive to be west  
Along the south side of the building



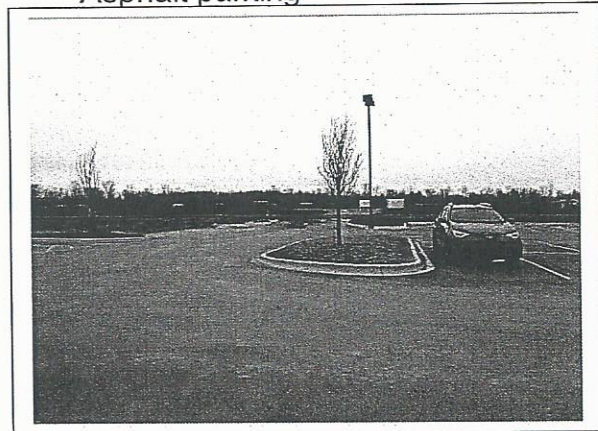
Subject building



On site detention pond



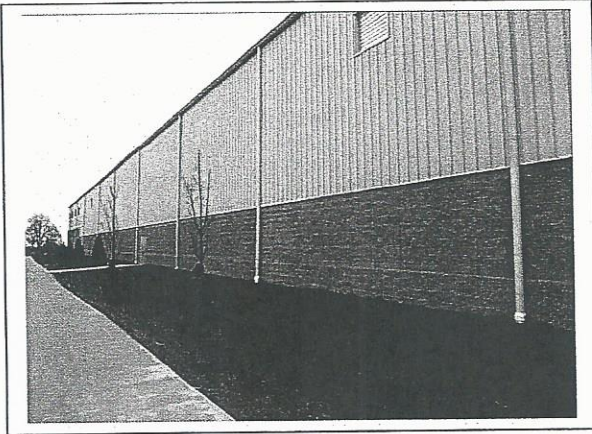
Asphalt parking



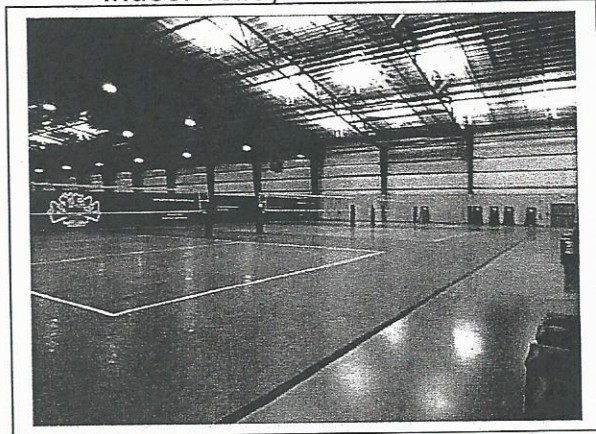


**SUBJECT PHOTOS**

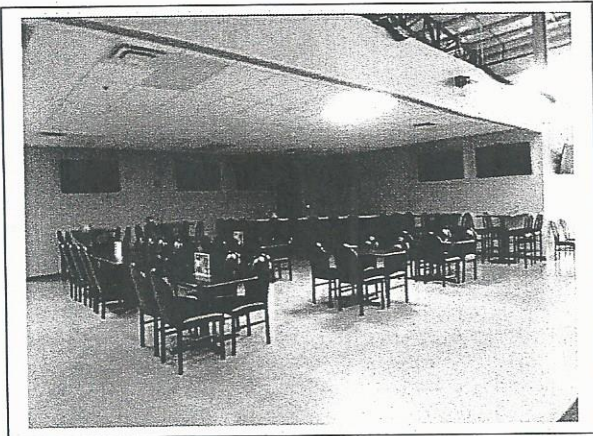
Photo showing building construction



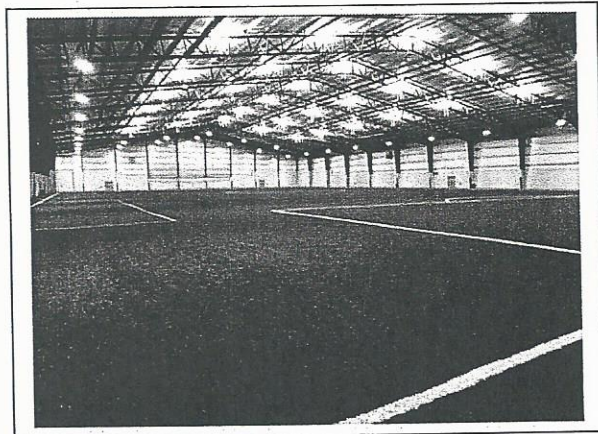
Indoor volleyball courts



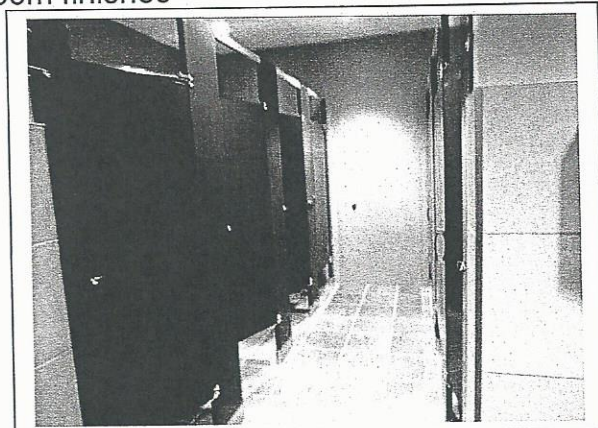
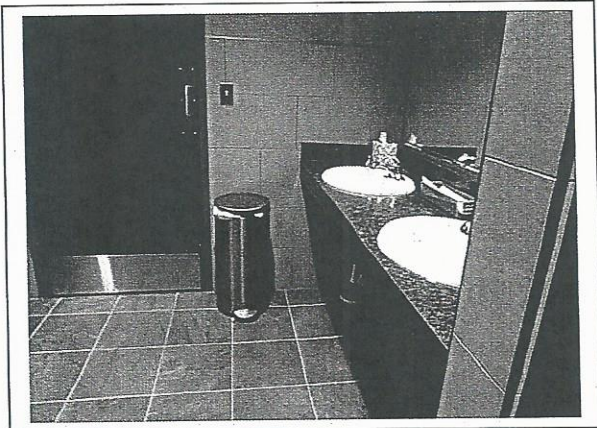
Lounge/bar area



Indoor full size soccer field



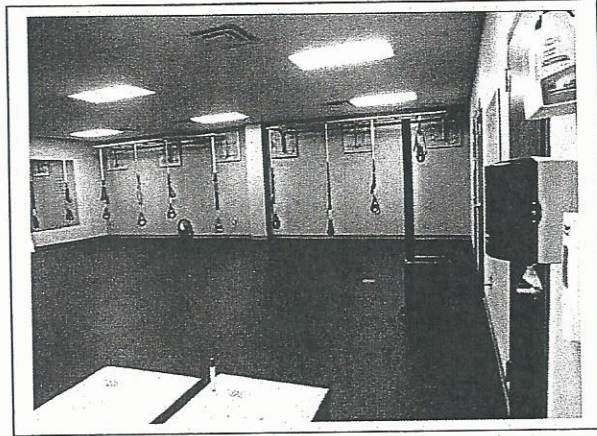
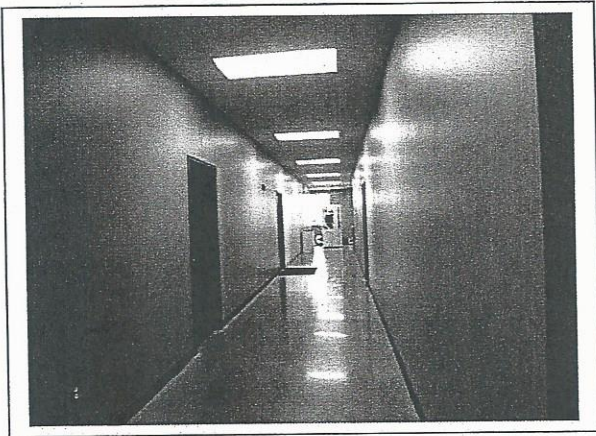
Bathroom finishes



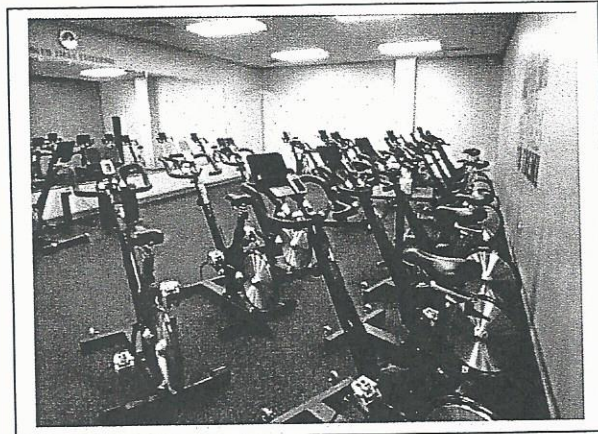
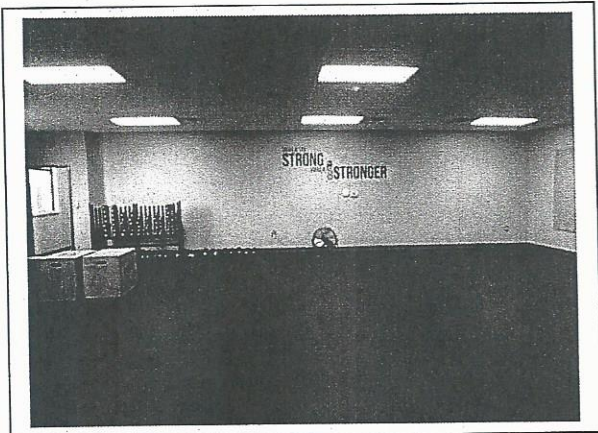


SUBJECT PHOTOS

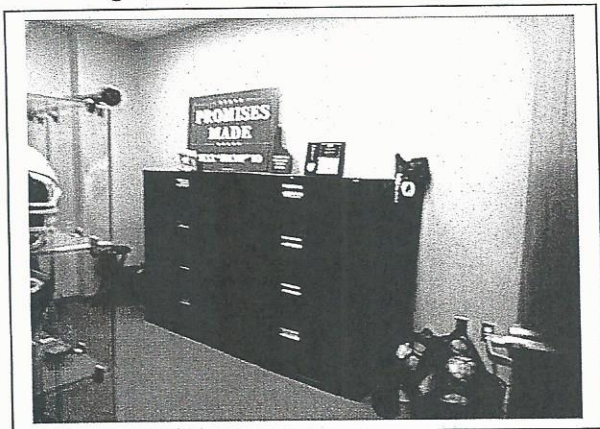
Interior hallway to exercise rooms  
Exercise room finish



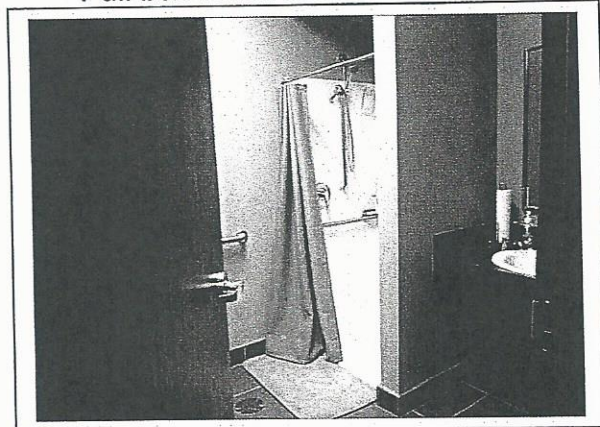
Exercise rooms



Management office



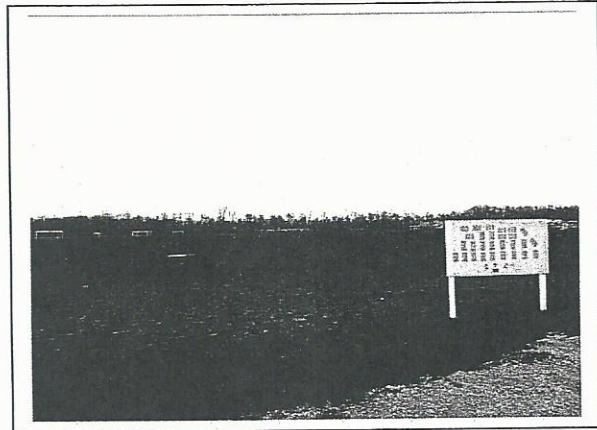
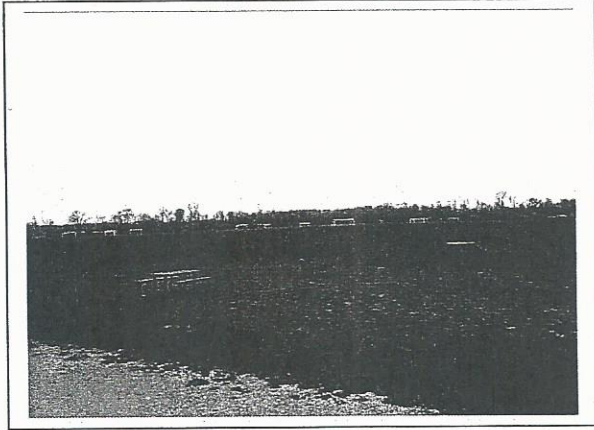
Full bathroom with shower in office



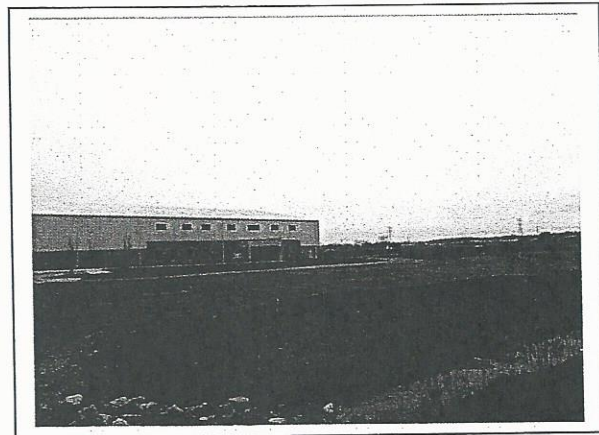
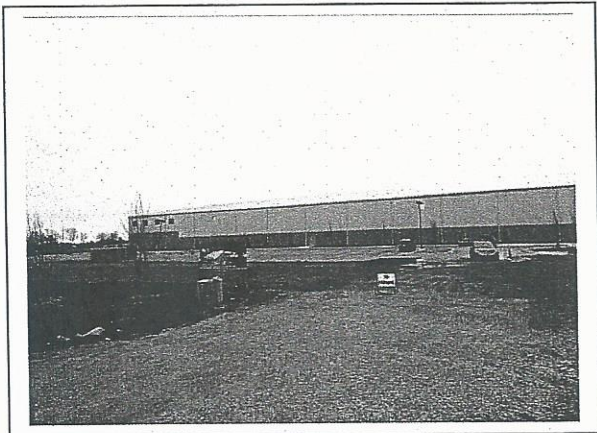


**SUBJECT PHOTOS**

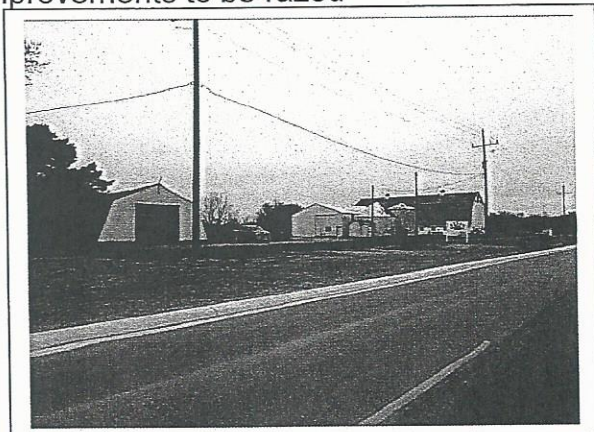
Outdoor fields



Photos showing building elevation as seen from outdoor fields



Existing building improvements to be razed





### APPRAISAL PROBLEM

The subject soccer facility was constructed in 2017-2018 for the purpose of providing an indoor soccer, volleyball and exercise facility along with outdoor fields to support the growing soccer participation in northern Macomb County.

The developer of the subject building, Mr. Chris McInelli et.al, intended for the indoor soccer field to be utilized during the weekday evenings for club soccer and as a training facility for area high schools while also providing for weekend games and tournaments. The volleyball courts were original designed as pickleball courts but the flooring was inconsistent with the needs of the game of pickleball and thus are used only as volleyball courts.

The batting cages were added as an income source and as an option for players and parents involved in tournament play to use between games. The owner included a small bar area with lounge (tables/chairs) which he intended to use to provide alcoholic drinks and beverages as well as snack type food for sale during tournaments and training sessions. The lack of municipal sewer is preventing the owner from obtaining a liquor license for this space. It is currently unused area.

The soccer field is a full length and width field that is highly desirable for tournaments and training sessions. Overhead sprinkler system was not installed over the soccer field due to the prohibitive cost but this is preventing the owner from renting this area for parties and gatherings as the fire department will not allow that type of use without overhead sprinklers.

At the time the subject building was designed and during the construction process, one of the rooms was to be utilized as a dance studio and finished for that use. The intended tenant backed out of utilizing the space. This area is utilized as storage. There are several fitness rooms that are utilized in the evenings and on weekends for classes, however, the income from this is minimal.

A delay in completing construction of the building prevented it from opening until January of 2018, at which time all of the area teams had secured facilities for the indoor season which runs from November through March. Based on our conversations with active participants in the soccer market, the rental rate for indoor soccer field usage is usually between \$475 and \$600 per hour and is typically rented in two hour segments.

The owner of the subject entered into a lease with Total Soccer Wixom for the indoor soccer field every weekend from 7:00 a.m. to 11:00 p.m. on Saturday and 7:00 a.m. to 10:00 p.m. on Sunday at a rental rate of \$475 per hour. This lease was for a five year period with approximately 3 years remaining. Although it was requested, we did not receive a copy of this lease.

There are 23 outdoor fields, one of which is a full size field that can be rented on weekends for games and during the week for training. Usage of these fields is heavily dependent upon the weather.

Over the past 16 months since the building was completed and open for operation it has been unable to achieve sufficient revenue to meet the operational expenses.



## OPINION OF HIGHEST AND BEST USE

The determination of a property's highest and best use is a critical component in the appraisal process. It is defined in *The Appraisal of Real Estate, 12<sup>th</sup> Ed.* as such: "Highest and best use is the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value." Highest and best use provides the valuation framework upon which comparable market information is derived. Such comparable data includes cost, sales, and income and expense data pertaining to the property's concluded best use.

The highest and best use of a property is also an economic concept that measures the interaction of four criteria, called out in the definition which are; legal permissibility, physical possibility, financial feasibility, and maximum profitability. Ideally, highest and best use is established when all four of these criteria are met.

To render a reliable use and value estimate, the highest and best use of the property as if vacant must be considered separately from the highest and best use of the property as improved. This is because the property's existing improvements may not represent the highest and best use of the site. The following discussions relate highest and best use considerations of the subject site; As if Vacant and As Is.

### **UNDERLYING SITE AS IF VACANT**

#### Legally Permissible:

The subject site is currently zoned A-1, Agricultural Residential. This zoning classification allows for farming, single family homes, family day care, parks, home occupations, keeping of animals, windmills and agricultural tourism.

The master plan for Washington Township has identified a section of land from 30 mile Road to 32 mile Road between Powell Road and M-53 as a *Recreation Core District*, a copy of which has been included in the addenda of this report. The subject site has a master plan designation of Recreation/Support (zoning applied per plan). This master plan is what allowed the subject to be developed with the soccer facility which is not permissible under the A-1 zoning. The Master Plan designation meets the desires of growth for this area for the Township and is not likely to be changed in the foreseeable future.

#### Physically Possible:

The property is an 80 acre parcel with 691.02' of frontage along the west side of Powell Road. Currently, the site is serviced by municipal water, natural gas and electrical utilities. The construction of the new sewer plant north of the subject is underway and anticipated to be completed and operational in August of 2019, providing the opportunity for the subject owner to tap into sanitary sewer. The availability of the public utilities increases the desirability of the subject for all types of development, specifically for residential which is allowed under the A-1 zoning.

The subject has adequate access from Powell Road with potential future access off of 30



Mile Road. The M-53 (Van Dyke Avenue) is accessible less than a mile west, allowing further links to M-59 (Hall Road), from there to I-75 Freeway to the west and I-696 Freeway to the south. The subject site is bisected from east to west by a 75' wide easement over a Consumers Power high pressure gas line. The location of this gas line does not prohibit development of the site but must be considered when designing site since no building improvements are allowed to be constructed within the easement. Currently, the subject's immediate area is rural with a few older single family homes and the new sewer plant along Powell Road.

Financially Feasible:

Financial feasibility is typically measured by a comparison between the market value of an improved property and the cost-new of producing a similar improved property (including land cost and development fees).

The required lot area for a single family home in the A-1 district is 40,000 sq. ft. or just under one acre. The housing market in the community and region is commanding lots at 2 to 2.5 per acre with homes in the range of \$450,000 to \$600,000. Homes built on the minimum 40,000 sq. ft. lots would exceed the current tastes and standards of the housing market and would not likely be well received, resulting in a development that is not economically feasible.

Parks are allowed under the A-1 zoning, however, the only buyer likely to acquire the subject site for this use is Washington Township who has indicated a desire to have a community center within the Township. The subject's site at 80 acres likely exceeds what the Township would require for a community center.

Farming operations including those with animals is a viable option for the subject and is allowed under the zoning classification. The presence of the gas line would likely limit the area for dry crop farming but does not prohibit it.

Maximally Productive:

Given the subject's location and the socioeconomic status of the neighborhood, with recognition given to the legal, physical, and financial constraints upon the site, it is anticipated that the highest and best use for the subject is to either hold until such time as a use matching that allowed in the Master Plan Area Designations is economically feasible or lease the land for farming as an interim use.



## HIGHEST AND BEST USE AS IMPROVED

### **Legally Permissible:**

As detailed in the Zoning section of this report, the subject building improvements conform to the Master Plan zoning restrictions and is consistent with the location and nature of the neighborhood and for the long term plans of the Township for this area. The current soccer facility improvements were approved under the Master Plan Designation of Recreation/Support.

### **Physically Possible:**

The subject is comprised of an 117,700 sq. ft. indoor soccer/sport facility on 80 acres with supporting parking and 23 outdoor soccer fields.

Based on the subject's total land area of 80 acres, its configuration, the positioning of the improvements on the site, and the zoning restrictions, the improvements represent a use that is physically possible.

### **Financially Feasible:**

Income and expenses for the subject are estimated in the Income Capitalization Approach of this report. The resulting estimate of the subject's net operating income suggests the property can generate income in excess of its operating expenses. This net operating income was then capitalized into a value indication. As these value indications exceed the estimated value of the land, demolition of the improvements is not prudent.

The subject was designed and is currently operated as a soccer/sports facility with a full size indoor soccer field, volleyball courts, batting cages, exercise and fitness rooms, office area, lounge area with bar and 23 outdoor soccer fields that are fully irrigated.

There are a number of potential income sources that can be generated by the subject improvements which are summarized below:

**Indoor soccer field** – currently leased to Total Soccer Wixom November through March, Saturday from 7 a.m. to 11 p.m. and Sunday from 7 a.m. to 10 p.m. The lease was for a five year period with approximately three years remaining at a rental rate of \$475 per hour. The total revenue produced from this lease is 31 hours x 22 weeks x \$475 per hour or \$323,950.

The indoor field is available for club training during the week with sessions typically available from 5 p.m. to 9 p.m. or 4 hours per night x 5 nights a week x 22 weeks or 440 hours. According to the subject owner/operator the prime leasing time rents for \$550 per hour. In conversations with other owners/operators of sports facilities, the rent rate is typically between \$475 and \$600 per hour. Applying the hourly rate of \$550 to the 440 hours of weekly field time equates to a maximum revenue of \$242,000.

**Volleyball Courts** – according to participants active in this sport, the season is from January to June which is approximately 21 weeks in length. The hourly rate for volleyball courts is \$35

per hour and typically runs from 5 to 9:30 p.m. Monday through Friday or 22.5 hours per week. This equates to a revenue source of \$16,538 per court. The subject has 5 indoor courts and could potentially create a maximum revenue of (\$16,538 x 5) \$82,690 annually.

**Exercise/Fitness Rooms** – details on the number of classes being taught in the subject's exercise rooms was not made available. Given the number of rooms available and the ability to run classes all year without interrupting the other sports activities, we have estimated this revenue similar to that for the volleyball courts at \$85,000.

**Outdoor Soccer Fields** – the subject development as 23 outdoor fields, one of which is a full size soccer field. The rental rates for these fields from May through August for games/training are as follow:

# of Players	2 Hour Time
11 Versus 11	\$160
9 versus 9	\$100
7 versus 7	\$75
4 versus 4	\$50
Average	\$96

The owner indicated that these fields are typically rented from 5:30 a.m. to 12 p.m. on Monday through Fridays and in two hour blocks on weekends from 7 a.m. to 9 p.m. for a total number of rentable hours a week of approximately 48. Utilizing the average outdoor field rental rate of \$96 per hour and applying it to the 48 hours per week for 18 weeks, results in a total maximum revenue of \$82,944.

**Tournament** – according to active participants in the soccer business, an owner can anticipate having one tournament per year, however, these individuals indicated that it is unlikely to secure more than two tournaments per summer. The owner of the subject indicated that the revenues generated by the 2018 tournament held at the subject was around \$35,000. We have estimated that the subject facility can generate income from two tournaments a season or a total of \$70,000.

**Bar/Lounge** - Although the subject owner had anticipated additional revenues from the service and beverages in the bar/lounge area, the lack of sanitary sewer has prevented the ownership from achieving a liquor license. As of the date of value, sanitary sewer is not yet available, therefore, we have not considered any income from this source.



The maximum annual revenues that can be generated from the subject facility is summarized below:

<i>Source</i>	<i>Annual revenue</i>
Indoor Soccer Field Lease	\$323,950
Indoor Soccer Field Training	\$242,000
Volleyball Courts	\$82,690
Exercise/Fitness	\$85,000
Outdoor fields	\$82,944
Tournament	\$70,000
Total Potential Revenue	<b>\$886,584</b>

It is now necessary to estimate the typical expenses experienced in the operation of the subject development. The subject has been open and operating for approximately 14 months and although a detail of the income and expenses was requested, none was provided. We have relied on information from our files and market information relating to typical expense ratios.

The information below was taken from the companies' respective SEC filings and information found online or from data provided directly by a principal of the operation.

<b>Club</b>	<b># Clubs</b>	<b># Members</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Expense Ratio</b>
Planet Fitness (Corporate owned stores)	58	376,693	\$330,537,000	\$290,593,000	87.92%
Life Time Fitness, Inc.	68	523,000	\$1,310,000,000	\$903,900,000	69%
Town Sports International Holdings	105	541,000	\$424,323,000	\$289,209,000	68.16%
Local Athletic Club			\$4,043,375	\$2,363,659	58.46%
IHRSA's Clubs Health Club Business Handbook			N/A	N/A	"No more than 80 to 85%"
Local Soccer Sports Facility – Novi			\$1,551,000	\$1,054,700	68%
Consolidated Statement of Several Soccer Facilities in SE Michigan & Ohio			N/A		83%

It is impossible to compare the subject's operating expenses on an item by item basis. This type of information is not available for the comparables and even if it were, the dissimilarities in the buildings, locations, type of services offered, accounting procedures, etc., would make it difficult to meaningfully conclude market rates for specific operating expenses. Each is unique with respect to its operation. However, each is in business, attempting to earn a profit, and when all is said and done, the expense ratio becomes a meaningful tool in measuring operational standards and efficiencies.

The subject facility would likely require less staff than a facility like Planet Fitness or Life Time Fitness as the clubs and organizations would provide their own coaches, trainers, referees, etc. Additionally, with no retail sales, food service or liquor license there would likely be less staff needed and the cost of goods sold would be less, we have optimistically estimated the expense ratio below the range at 65% for the subject.

When this rate is applied to the gross potential revenue of \$886,584 the total expenses emerge at \$576,280 and when deducted from the revenue, results in a net operating income of \$310,304 as shown below:

<i>Source</i>	<i>Annual revenue</i>
Indoor Soccer Field Lease	\$323,950
Indoor Soccer Field Training	\$242,000
Volleyball Courts	\$82,690
Exercise/Fitness	\$85,000
Outdoor fields	\$82,944
Tournament	\$70,000
Total Potential Revenue	<b>\$886,584</b>
Less Expenses @65%	<b>(\$576,280)</b>
NOI	<b>\$310,304</b>

The net operating income calculated in the preceding pages, reflects the NOI from the perspective of an owner/operator of the subject facility. Within the following pages we will attempt to value the subject as if it were leased to an operator of sports facilities.

### **MASTER LEASING OF FACILITY**

Obtaining information on actual lease activity in the recreational soccer and sports facility markets in southeast Michigan is difficult. These facilities are typically owner / occupied buildings. However, where leases do exist the landlords and commercial brokers are often unwilling or unable due to confidentiality agreements to disclose the details of the lease transactions. The Comparables listed below are indoor soccer / sports facilities located in metro Detroit.

We developed a market rental rate for the subject from a range of data that was considered to "bracket" the physical characteristics of the subject project's warehouse premises. Although none of the data was considered to be an exact duplicate of the subject, the range of data used was considered to bracket the subject's overall characteristics, thus the estimated rental rate was considered to be reasonable from a market-wide perspective.

The details provided by the brokers are shown below. The effective rental rate reflects the actual rental rate that will be achieved by this space over the course of the lease term and includes deductions (if any) for free rent. All of the rent Comparables' leases were written on a triple net basis. Triple net leases are the market standard for the Detroit area recreational indoor soccer and sports facilities.

As such, the analysis of the rent Comparables will be made on a triple net basis in order to arrive at a market rental rate for the subject on a triple net basis.

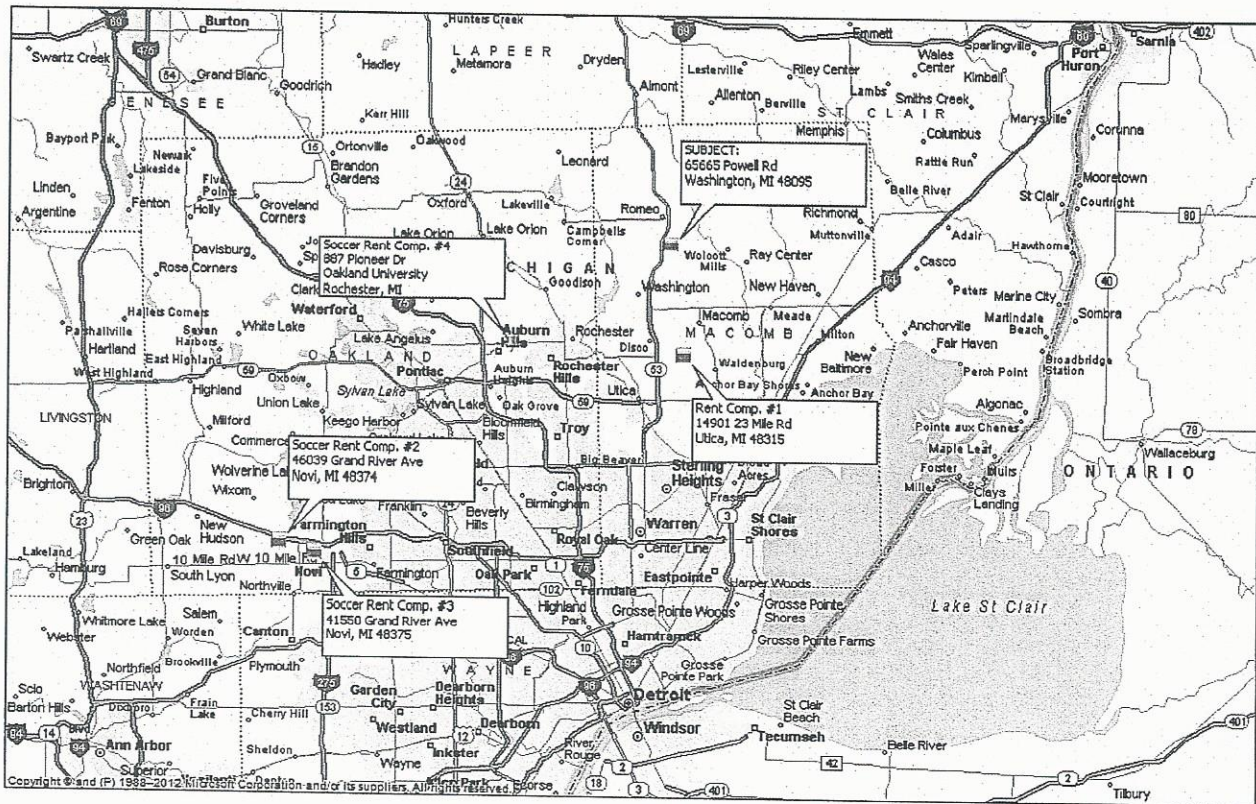


**Soccer Facility Rental Summary Table**

No.	Location	Lease Type & Date	Size of Premises	Rent/SF
1.	14901 23 Mile Road Shelby Township, MI	NNN January 2016	73,168 sf	\$6.89
2.	46039 Grand River Avenue Novi, MI	NNN July 2017	32,225 sf	\$2.50
3.	41550 Grand River Avenue Novi, MI	NNN August 2015	70,591 sf	\$4.25
4.	887 Pioneer Dr., Oakland U. Rochester, MI	NNN November 2014	107,800 sf	\$3.31

A detailed write up of the soccer facility rent comparables has been included in the addenda of this report.

**Soccer Facility Rent Comparables Location Map**



Wieme, Rende & Associates, P.C.

Total Soccer Park  
 65665 Powell Road  
 Washington Township, MI

CHARACTERISTICS	14901 23 Mile Road COMP. #1	40639 Grand River COMP. #2	41550 Grand River COMP. #3	887 Pioneer Dr COMP. #4	Adj.	Adj.	Adj.	Adj.
<b>SUBJECT:</b>								
Lease Date	Jan-16	Jul-17	Aug-15	Nov-14	\$1.05	\$0.25	\$0.85	\$0.83
Leased Space SF	73,168	32,225	70,591	107,800				
Rental Rate PSF	\$6.98	\$2.50	\$4.25	\$3.31				
Lease Basis	NNN	NNN	NNN	NNN	\$1.05	\$0.25	\$0.85	\$0.83
<b>EQUIVALENT PRICE/SQ. FT.</b>					\$8.03	\$5.10	\$4.14	\$4.14
Location	Superior	Superior	Superior	Superior				
Unit Size	73,168	32,225	70,591	107,800				
Age/Quality/Condition	2015/Avg/Good	1992/Avg/Avg	1997/Avg/Avg	2014/Avg/Avg	-20.00%	0.00%	20.00%	20.00%
Adjusted Price/SF	\$8.03	\$2.75	\$5.10	\$4.14				
Total Adjustments	(\$2.01)	\$0.00	(\$0.26)	\$0.41	-25.00%	0.00%	-5.00%	10.00%
Average Adjusted Rent/SF	\$6.03	\$2.75	\$4.85	\$4.55				
<b>Average Adjusted Rent/SF</b>					<b>\$4.54</b>			



Market Conditions / Lease Date: The comparables have an estimated effective age from 2014 to 2017 for which we have made a 5% per year upward adjustment in an effort to reflect the improvements in the market since the time of lease.

Location: The subject is located along Powell Road, north of 30 Mile Road and just east of the M-53 Freeway. This area is just outside of the growth area and remains relatively rural. Comparable #1 is located along Hayes Road at 23 Mile Road in Shelby Township which is an area that features a dense population with strong income demographics making it a good location for a soccer and sports facility. This area is considered superior to the subject's and a 20% downward adjustment has been made.

Comparables #2 and #3 are located along Grand River Avenue in the community of Novi which is superior to the subject in terms of growth, property values and levels of disposable income. A 20% downward adjustment has also been made to these comparables for location.

Comparable #4 is located in the desirable Oakland County Community of Auburn Hills but is located on the campus of Oakland University lacking the exposure and visibility to main road access. The superior adjustment for demographics for this comparable is tempered somewhat by its interior location on and reduced accessibility. A 10% downward adjustment has been made.

Size: The subject building is approximately 117,700 sq. ft. The Detroit area soccer and sports facility market features both large and small properties. Given the economies of scale, we anticipate that smaller spaces would lease for higher rental rates per square foot and larger spaces would lease for lower rental rates per square foot.

Comparables #1 and #3 at 73,168 and 70,591 square feet respectively, are smaller than the subject for which we have made a 5% downward adjustment. Comparable #4 is similar in size and no adjustment was necessary. Comparable #2 is significantly smaller than the subject and would normally be adjusted downward for size alone, however, this building is too small to house a full or nearly fully size soccer field of at least 45,000 square feet (50 yds. x 100 yds.). The typical adjustment for building size has been offset by the inability of this building to house a full size soccer field, which is desirable for an indoor soccer facility.

Effective age: The subject is a new facility opening in January of 2018 and is in very good condition with a remaining economic life of 50+ years. Comparable #1 is still relatively new and in good condition and no adjustment was necessary. Comparables #2 and #3 are much older buildings with remaining economic lives that fall below that for the subject and are in average condition. We have made upward adjustments to these comparables for 20% for age, quality and condition. Comparable #4 is a newer facility but features a dome type construction versus the industrial grade building found in the subject and the other comparables and a 20% upward adjustment has been made.



After the adjustments, the Comparables set forth a range falling between a low of \$2.75 and a high of \$6.03 per square foot on a "triple net" basis. The average adjusted rental rate is \$4.54 per square foot. The rentals represent the average lease rate over the specific lease terms which are considered appropriate in that the majority of these transactions also feature annual escalations in the lease rate. Two of the comparables support the average rent at \$4.55 and \$4.85 per sq. ft. with the average of the other two comparables \$4.39 per sq. ft.

The subject is a newly constructed facility that features a full size indoor soccer field. The demand that had been anticipated when the building was constructed has not materialized and this is largely due to its location. We have estimated market rent for the subject facility at \$4.00 per square foot on a triple net basis.

Applying this rental rate to the 117,700 sq. ft. within the subject facility, the gross potential revenue emerges at \$470,800. As a lease of the subject building would be on a triple net basis, the tenant would reimburse the landlord for real estate taxes, insurance and common area maintenance leaving the landlord responsible for management and replacement reserves.

### Operating Expenses

The appraisers were not provided with any operating expenses for the subject. Accordingly, the appraisers have re-constructed operating expenses considered appropriate for a building such as the subject as follows:

**Utilities:** No utility expenses are included because the utilities are contracted for and paid directly to the utility providers by the tenant.

**Real Estate Taxes:** A discussion of the real estate taxes was included in the Assessed Value & Taxes section of this appraisal. Therein we have estimated the real estate taxes for the subject at \$85,285 or \$0.73 per square foot.

**Insurance:** Known insurance expenses within other reasonably similar soccer and health club facilities suggest insurance costs between a low of \$0.10 and a high of about \$0.20 per square foot. The appraisers will use a figure of \$0.10 per square foot.

**Net Charges/CAM:** This is somewhat of a "catch all" category. Items included within this category involve maintenance and repairs, waste removal, common area utilities, water, lawn maintenance, snow removal, HVAC repairs, etc. The appraisers will use a figure of \$1.00 per square foot.

**Management:** This fee has been estimated at a level of 3% of the effective gross income given the subject. Local property managers have indicated a level between 2% and 4% is typical for a soccer and sports facility.

**Reserves:** The last item relates to the establishment of a replacement reserve. It is anticipated that a prudent property owner would fund this replacement reserve in anticipation of future replacements involving capital expenditure items involving the SP9075as – Total Sports Park – Washington Twp.



foundation, roof and outer walls. These items are typically not expensed. This is appropriate given the subject's new age and well maintained condition. An allowance of \$0.25 per square foot is utilized.

**Vacancy and Credit Loss:** It is a prudent practice to expect some income loss, either in the form of actual vacancies, turnover, or non-payment / slow payment of fees by the patrons. Evidence indicates that demand for sports facility space with adequate parking is outweighing supplies in this market area, as vacancy rates are hovering around 5% or less.

The subject has been improved to accommodate a highly specialized business; limiting the marketability to second generation tenants. Demand for the services and facility offered at the subject building has the potential to grow into the foreseeable future. We have estimated the vacancy rate at 7% with an additional 3% added for credit loss given that the income / usage fees come from facility rental to a myriad of athletic group patrons. As such, the appraisers have considered a vacancy and credit loss rate of 10%.

### CALCULATION OF NET OPERATING INCOME

	Size/Sq. Ft.	Rent Per Sq. Ft.	Total Rent	
<b>Indoor Soccer Facility</b>	117,700	\$4.00	\$470,800	
<b>Tenant Reimbursements</b>				
			Real Estate Taxes	\$13,547
			Insurance	\$11,770
			CAM	\$117,700
<b>Gross Potential Income</b>			<b>\$613,817</b>	
Less Vacancy/Credit Loss	10%		(\$61,382)	
<b>Effective Gross Income</b>			<b>\$552,435</b>	
<b>Expenses:</b>				
			Real Estate Taxes	\$13,547
			Insurance	\$11,770
			CAM	\$117,700
			Management	\$16,573
			Replacement Reserve	\$29,425
<b>Total Expenses</b>			<b>(\$189,015)</b>	
<b>Stabilized Net Operating Income (NOI)</b>			<b>\$363,420</b>	

Estimating the NOI for the subject based on continued operation by an owner/occupant resulted in an NOI of \$310,304. The NOI estimated by a master lease of the facility at market rent to a third party for use as a soccer facility emerged at \$363,420.

**Maximally Productive:**

The subject is an indoor soccer facility with various exercise rooms, volleyball courts, batting cages, etc. Although it has been estimated that a net operating income of \$310,304 to \$363,420 could be generated by the continued operation of the subject as a soccer/sports facility, the NOI falls below that which could be achieved by leasing the building for an industrial use (small modifications necessary) estimated within the following analysis at \$578,698.

The highest and best use of the subject as improved is for modification to a light industrial building as will be demonstrated in the following analysis.

**NOTE: the subject is not currently zoned to allow industrial use but**



**INCOME CAPITALIZATION APPROACH**

The Income Capitalization Approach can be convincing in that it reflects the attitudes of professional real estate investors interested in acquiring income producing type properties such as the subject. The Direct Capitalization technique is often utilized to estimate value. This technique employs two factors; a projection of annual income, less operating expenses, with the resultant stabilized net operating income (before consideration of mortgage debt service) and an overall or direct capitalization rate. The indication of value is the result of dividing the net operating income (NOI) by an Overall Capitalization Rate (OAR).

Obtaining information on actual lease activity in the light industrial / warehouse markets in southeast Michigan is difficult. The commercial brokers publish their asking prices and terms, however, are often unwilling or unable due to confidentiality agreements to disclose the details of the lease transactions.

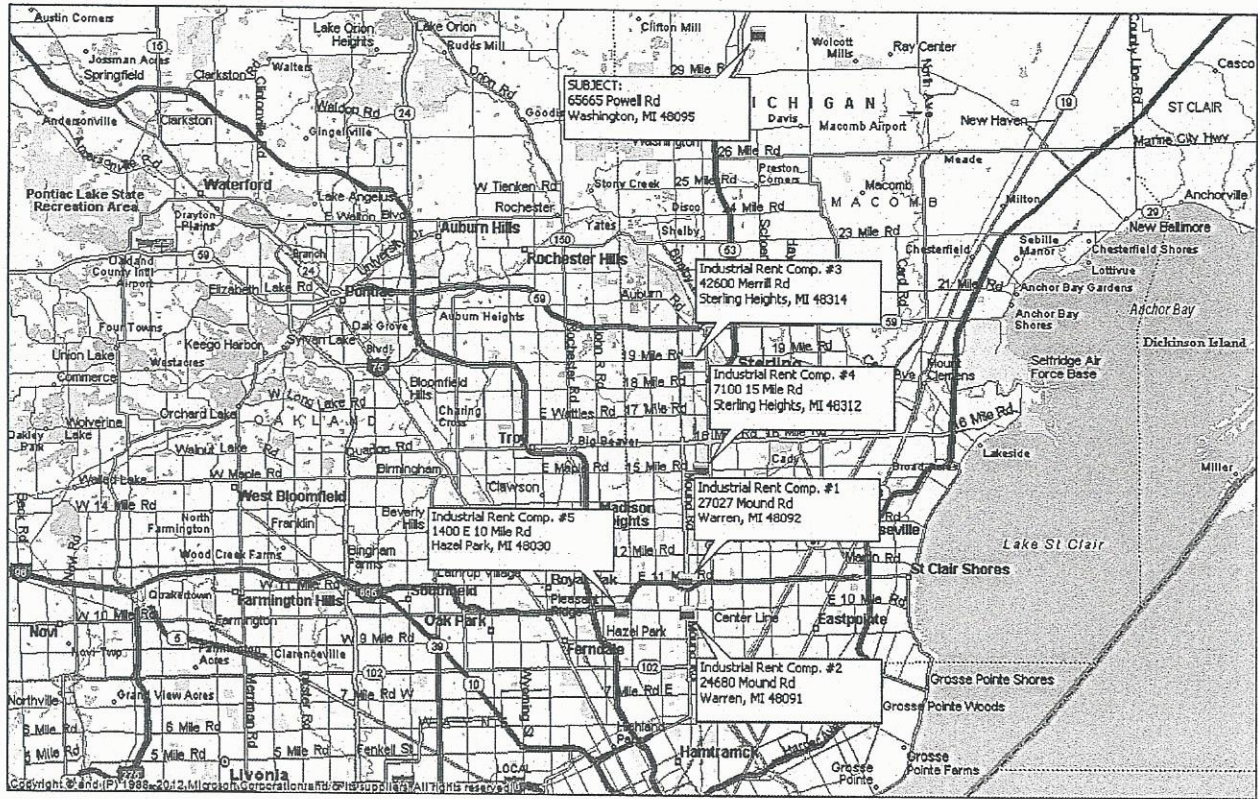
We developed a market rental rate for the subject from a range of data that was considered to "bracket" the physical characteristics of the subject project's light industrial premises. Although none of the data was considered to be an exact duplicate of the subject, the range of data used was considered to bracket the subject's overall characteristics, thus the estimated rental rate was considered to be reasonable from a market-wide perspective.

The details provided by the brokers are shown below. The effective rental rate reflects the actual rental rate that will be achieved by this space over the course of the lease term and includes deductions (if any) for free rent. The rent comparables are summarized below:

**INDUSTRIAL BUILDING RENT COMPARABLES**

No.	Location	Date	Building Size	Rent/SF	Basis
1.	27027 Mound Road Warren, MI	4/2019	147,389	\$4.95	NNN
2.	24680 Mound Road Warren, MI	8/2018	88,122	\$5.77	NNN
3.	42600 Merrill Road Sterling Heights, MI	7/2018	108,000	\$5.95	NNN
4.	7100 E 15 Mile Sterling Heights, MI	6/2017	83,900	\$5.50	NNN
5.	1400 E 10 Mile Road Hazel Park, MI	6/2017	137,675	\$6.41	NNN

**RENT COMPARABLE LOCATION MAP**





**Improved Lease No. 1**



**Property Identification**

**Record ID** 4765  
**Property Type** Industrial  
**Address** 27027 Mound Road, Warren, Macomb County, Michigan  
**Location** NWC of Mound and I-696  
**Tax ID** 12-13-17-476-004

**Physical Data**

**Land Size** 18.380 Acres or 800,633 SF  
**Gross SF** 311,123  
**Gross SF** 147,389

**Construction Type** Metal  
**Stories** 1  
**Office** 8%  
**Industrial** 84%  
**Year Built** 1960  
**Condition** Average

**Tenant Rent Roll**

<u>Tenant Name</u>	<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
Tier 1	147,389	\$4.95	NNN	4/1/2019	

**General Tenant Summary**

**Verification** Broker, Newmark Knight Frank; May 20, 2019; Other sources: Costar lease, Confirmed by Shelly Gentner

**Rent Analysis**

**Actual Rent** \$4.95 - \$4.95/SF; \$4.95/SF Average  
**Effective Rent** \$4.95 - \$4.95/SF; \$4.95/SF Average  
**Occupancy** 99.7%

**Improved Lease No. 2**



**Property Identification**

**Record ID** 4766  
**Property Type** Industrial  
**Property Name** Industrial  
**Address** 24680 Mound, Macomb County, Michigan  
**Location** East Area Ind  
**Tax ID** 12-13-28-101-043

**Physical Data**

**Land Size** 4.400 Acres or 191,664 SF  
**Gross SF** 86,422  
**Gross SF** 86,422

**Stories** 2  
**Year Built** 1952  
**Condition** Average

**Tenant Rent Roll**

<u>Tenant Name</u>	<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
Federal Resources Supply Co	86,422	\$5.25	NNN	8/1/2018	5 years

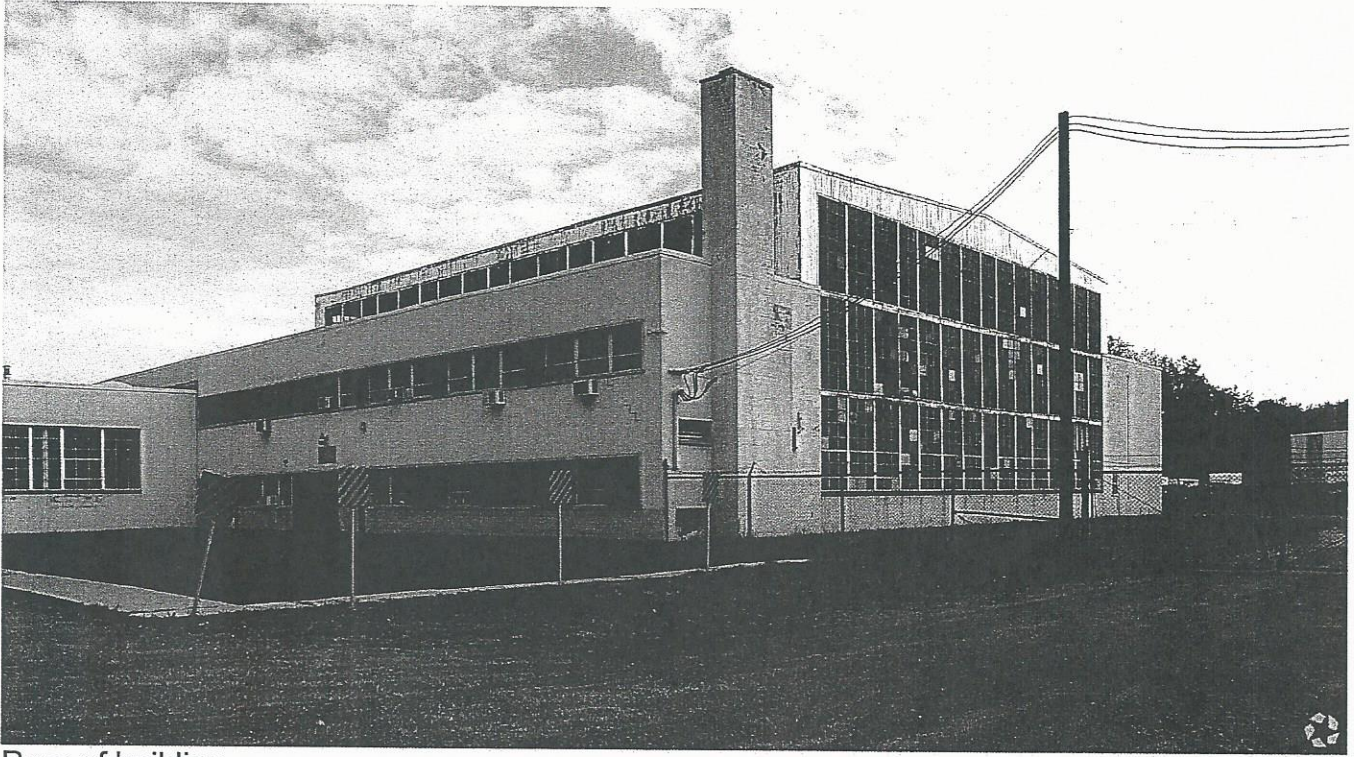
**General Tenant Summary**

**Verification** Marcus & Millichap; May 20, 2019; Other sources: Costar, Confirmed by Shelly Gentner



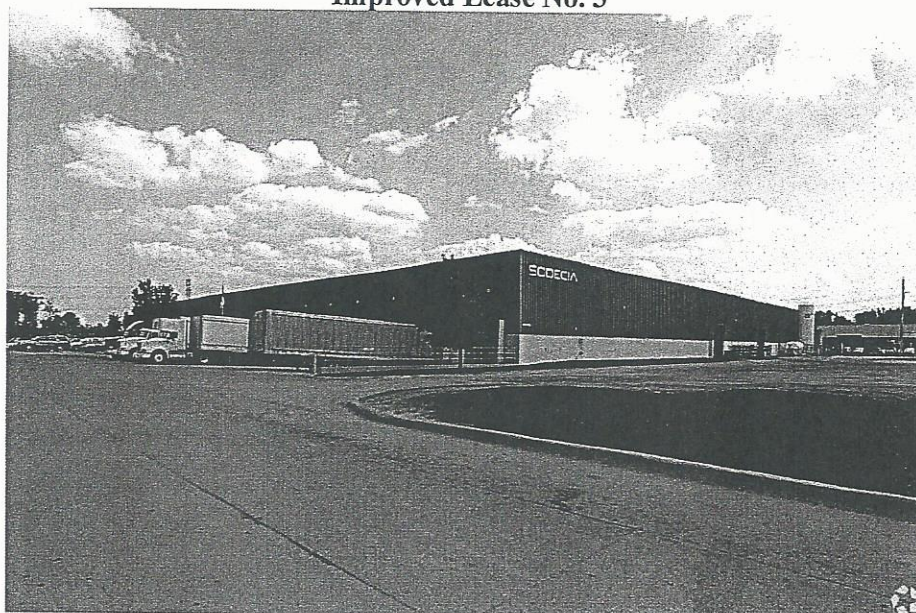
**Rent Analysis**

**Actual Rent** \$5.25 - \$5.25/SF; \$5.25/SF Average  
**Effective Rent** \$5.25 - \$5.25/SF; \$5.25/SF Average



Rear of building

**Improved Lease No. 3**



**Property Identification**

**Record ID** 4767  
**Property Type** Industrial  
**Property Name** Industrial  
**Address** 42600 Merrill, Sterling Heights, Macomb County, Michigan  
**Location** W of Van Dyke  
**Tax ID** 10-09-100-058

**Physical Data**

**Land Size** 10.450 Acres or 455,202 SF  
**Gross SF** 108,000  
**SF** 108,000  
**Stories** 1  
**Office** 6%  
**Industrial** 94%  
**Year Built** 1989  
**Condition** Good

**Tenant Rent Roll**

<u>Tenant Name</u>	<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
Sodecia North America	108,000	\$5.95	NNN	7/1/18	

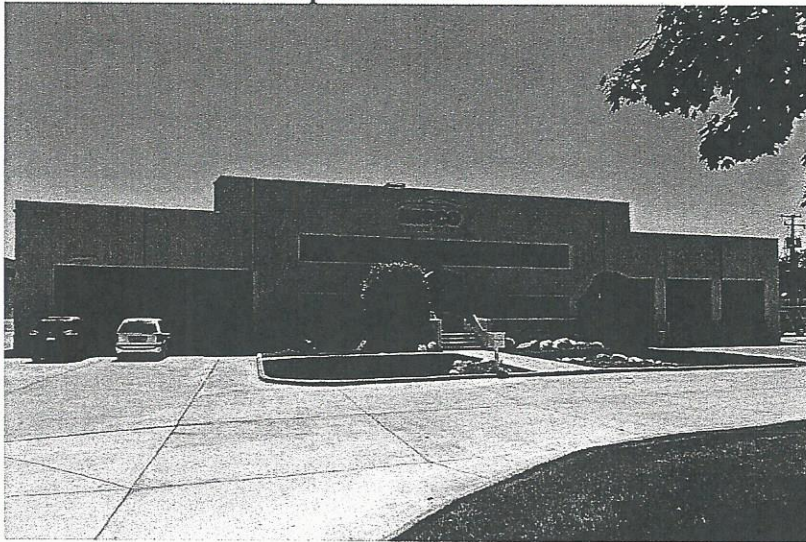
**Verification** Newmark Knight Frank; 248-357-6576, May 20, 2019; Other sources: Costar lease, Confirmed by Shelly Gentner

**Rent Analysis**

**Actual Rent** \$5.95 - \$5.95/SF; \$5.95/SF Average  
**Effective Rent** \$5.95 - \$5.95/SF; \$5.95/SF Average



**Improved Lease No. 4**



**Property Identification**

**Record ID** 4768  
**Property Type** Industrial  
**Property Name** Industrial  
**Address** 7100 E 15 Mile Road, Sterling Heights, Macomb County, Michigan  
**Location** W of Van Dyke  
**Tax ID** 10-33-202-005

**Physical Data**

**Land Size** 5.900 Acres or 257,004 SF  
**Gross SF** 83,900  
**Gross SF** 83,900  
**Stories** 1  
**Year Built** 1955  
**Condition** Average

**Tenant Rent Roll**

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
	IMPCO Automotive	83,900	\$5.50	NNN	11/1/2017	

**General Tenant Summary**

**Verification** Newmark Knight Frank; 248-372-2276, May 20, 2019; Other sources: Costar Lease, Confirmed by Shelly Gentner

**Rent Analysis**

**Actual Rent** \$5.50 - \$5.50/SF; \$5.50/SF Average  
**Effective Rent** \$5.50 - \$5.50/SF; \$5.50/SF Average

**Improved Lease No. 5**

**Property Identification**

**Record ID** 4769  
**Property Type** Industrial  
**Property Name** Industrial  
**Address** 1400 E 10 Mile Road, Hazel Park, Macomb County, Michigan  
**Location** S/S of 10 Mile, between John R & Dequindre  
**Tax ID** 25-25-226-003

**Physical Data**

**Land Size** 36.200 Acres or 1,576,872 SF  
**Gross SF** 581,560  
**SF** 137,675  
**Stories** 1  
**Year Built** 2017  
**Condition** Good

**Tenant Rent Roll**

<u>Tenant Name</u>	<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
Amazon	137,675	\$5.95	NNN	6/1/17	5 years

**General Tenant Summary**

**Verification** Signature Associates PC; May 20, 2019; Other sources: Costar lease, Confirmed by Shelly Gentner

**Rent Analysis**

**Actual Rent** \$5.95 - \$5.95/SF; \$5.95/SF Average  
**Effective Rent** \$5.95 - \$5.95/SF; \$5.95/SF Average



Wieme, Rende & Associates, P.C.

**Light Industrial Building**  
 65666 Powell Road  
 Washington Township, MI

CHARACTERISTICS	SUBJECT:	27027 Mound Rd		24680 Mound Road		42600 Merrill		7100 E 15 Mile		1400 E 10 Mile	
		COMP. #1	Adj.	COMP. #2	Adj.	COMP. #3	Adj.	COMP. #4	Adj.	COMP. #5	Adj.
Lease Date		Apr-19		Aug-18		Jul-18		Nov-17		Jun-17	
Type of Project		Multi-tenant		Single Tenant		Single Tenant		Single Tenant		Multi-Tenant	
Building Rentable SF	117,700	311,123		88,122		108,000		83,900		581,560	
Leased Space SF		147,389		86,422		108,000		83,900		137,675	
Rental Rate PSF		\$4.95		\$5.25		\$5.95		\$5.50		\$5.95	
Lease Basis	NNN	NNN		NNN		NNN		NNN		NNN	
<b>EQUIVALENT PRICE/SQ. FT.</b>		\$4.95	\$0.00	\$5.25	\$0.00	\$5.95	\$0.00	\$5.78	\$0.28	\$6.41	\$0.30
Location	Good	Superior	-20.00%	Superior	-20.00%	Superior	-20.00%	Superior	-20.00%	Superior	-20.00%
Size	117,700	147,389		88,122		108,000		83,900		137,675	
Age/Quality/Condition	2018/New	1960/Average	20.00%	1952-2011/Average	10.00%	1989/Good	10.00%	1955/Average	20.00%	2016/Good	
Office/Warehouse Ratio	36/64	8/84	15.00%	7/93	15.00%	6/94	15.00%	14/85	10.00%	15/85	10.00%
Land to Building Ratio	3 to 1	2.42 to 1		2.17 to 1		4.22 to 1		3.06 to 1		2.71 to 1	
Adjusted Price/SF		\$4.95		\$5.25		\$5.95		\$5.78		\$6.41	
Total Adjustments		\$0.74	15.00%	\$0.26	5.00%	\$0.30	5.00%	\$0.58	10.00%	(\$0.64)	-10.00%
Average Adjusted Rent/SF	<b>\$5.92</b>	\$5.69		\$5.51		\$6.25		\$6.36		\$5.77	

Lease Basis: The typical light industrial lease in the Macomb County light industrial market is written on a “triple net” lease. A triple net lease requires the tenant to pay for a pro rata share of real estate taxes, insurance, common area maintenance and utilities. The landlord typically covers roof and outer wall maintenance, management and reserves for future capital improvements. As is typical in the market, we will estimate a rental rate for the subject on a triple net basis. All of the comparables are on a triple net basis and no adjustment is necessary.

Market Conditions / Lease Date: Comparables #1, #2 and #3 occurred within the past 12 months and are considered to represent current market conditions and no adjustment was necessary. Comparables #4 and #5 are 2017 leases for which a 5% upward adjustment has been made to reflect the improvements in the industrial market since that time.

Location: The subject has a somewhat rural location with close proximity to the M-53 freeway. The subject is located just outside the growth area of Washington Township. All the comparables are located in recognized industrial corridors considered superior to the subject and a 20% downward adjustment has been made.

Size: The subject is a freestanding single building consisting of 117,700 sq. ft. of which 64% would be industrial/warehouse space (currently soccer field) and the remaining building area consisting of office areas. Given the economies of scale, we anticipate that smaller spaces would rent at higher rates per square foot and larger spaces would rent at lower rates per square foot. The buildings in comparison to the subject are considered to offer similar size and functional utility and no adjustment is necessary.

Age/Quality/Condition: The subject building was constructed in 2018 and is in new condition with an effective age of 1 year. Comparables #1, #2 and #4 are much older buildings that have lower remaining economic lives and are inferior condition to the subject. A 20% upward adjustment has been made to these comparables. Comparable #3 was built in 1989 and in average condition. The layout, design and finishes are more modern than the other comparables but still inferior to the subject and a 10% upward adjustment has been made. Comparable #5 is a newly constructed building considered similar in age and condition to the subject and no adjustment was necessary.

Office/Warehouse Ratio: The subject has a 36/64 office to warehouse ratio. Typically, the more office space the higher the rental rate. The comparables have ratios ranging from 6/94 to 15/85 office to warehouse space. As these are inferior to the subject’s 36/64 ratio, we have made upward adjustment to all five comparables ranging between 10% and 15%.

Land to Building Ratio: The subject is situated on 80 acres of land (3,484,800 sq. ft.) with a large portion of the site currently improved without door soccer fields. The typical building ratio for an industrial building of this size approximately 3 to 1. Applying this ratio to the 117,700 sq. ft. in the subject building, an allocated site area of 353,100 sq. ft. emerges. The remaining (3,484,800 – 353,100) 3,131,700 sq. ft. or 71.89 acres of excess land will be valued separately later in this report.



The comparables have land to building ratios from 2.17 to 1 to 4.22 to 1 which are considered to be generally consistent with the subject's allocated 3 to 1 ratio.

After the adjustments, the Comparables set forth a range falling between a low of \$5.51 and a high of \$6.36 per square foot on a "NNN" basis. The average adjusted rental rate is \$5.92 per square foot. The rentals represent the average lease rate over the specific lease terms which are considered appropriate in that the majority of these transactions also feature annual escalations in the lease rate.

Comparable #5 is the newest building and is similar in size to the subject resulting in an adjusted rent per square foot of \$5.77

We have estimated market rent for the subject as an industrial building at \$6.00 per square foot which is reasonably supported by Comparable #5 and within the range of all five comparables.

Applying market rent of \$6.00 per sq. ft. to the 117,700 sq. ft. in the subject building, results in a gross potential rental income of \$706,200 on a triple net basis.

**Estimated Vacancy and Credit Allowance:** As appraisers we are primarily interested in the income the subject is likely to produce over a specified period of time, rather than the income it could produce if it were always 100% occupied and all tenants were paying their rent in full and on time. It is normally a prudent practice to expect some income loss as tenants vacate, fail to pay rent, or pay late.

Utilizing the data service Costar.com, we searched for industrial buildings within a two mile radius of the subject building. The chart below summarizes the 25 buildings identified in this search.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
346 K <span style="background-color: #e0e0e0; padding: 2px;">0%</span>	0 <span style="background-color: #e0e0e0; padding: 2px;">-</span>	(8.9 K) <span style="background-color: #e0e0e0; padding: 2px;">-147.9%</span>	2.6% <span style="background-color: #e0e0e0; padding: 2px;">+2.6%</span>
Prior Period 346 K	Prior Period 0	Prior Period 18.5 K	Prior Period 0%

A low vacancy rate is noted in this market at 2.6%, with no new product under construction. If the subject building were to be altered to an entirely industrially use, there appears to be demand for space in this submarket.

Stabilized occupancy is the rate which the subject property can be expected to maintain over a typically holding period of say 5-10 years. Looking at the subject community's historical performance as well as current market conditions, stabilized occupancy has been estimated at 95%. The appraisers will use a 5% vacancy factor for the subject given the overall strength of the subject's market.

The next step in the analysis is to deduct the appropriate operating expenses that are estimated to be expensed at the subject's building over a 12 month period. Market rent for the subject has been estimated on a triple net basis, wherein the tenant will reimburse the landlord for real estate taxes, insurance and common area maintenance. These expenses have been identified as follows:

**Utilities:** No utility expenses are included because the utilities are contracted for and paid directly to the utility providers.

There is a special SAD (Sewer Assessment District) being accessed on the subject at a total of \$416,438.36 to be paid over a 20 year term at an annual interest of 3.25% (estimated by Washington Township Supervisor). A potential purchaser of the subject would anticipate the payment of this assessment, calculated at \$28,642 annually and have deducted this expense.

**Real Estate Taxes:** A discussion of the real estate taxes was included in the Assessed Value & Taxes section of this appraisal. Therein we have estimated the real estate taxes for the subject at \$85,285 or \$0.73 per square foot.

**Insurance:** Known insurance expenses within other light industrial building has ranged from \$0.10 to \$0.20 per sq. ft. We have utilized an expense of \$0.15 per sq. ft. in our analysis.

**Net Charges/CAM:** Net charges / operating expenses: This is somewhat of a "catch all" category. Items included within this category involve maintenance and repairs, waste removal, common area utilities, lawn maintenance, snow removal, HVAC repairs, decorations, etc. Known expenses within other similar properties range between \$1.00 and \$2.50 per square foot. The appraisers will use the net charges / operating expenses at \$1.25 per square foot given the subject is newly constructed.

**Management:** This fee has been estimated at a level of 3% of the effective gross income given the subject. Local property managers have indicated a level between 2% and 4% is typical for a soccer and sports facility.

**Reserves:** The last item relates to the establishment of a replacement reserve. It is anticipated that a prudent property owner would fund this replacement reserve in anticipation of future replacements involving capital expenditure items involving the foundation, roof and outer walls. These items are typically not expensed. This is appropriate given the subject's new age and well maintained condition. An allowance of \$0.25 per square foot is utilized.



The next step in the process is to identify the subject's net operating income. Accordingly, below the appraisers have estimated the subject's NOI as follows:

**CALCULATION OF NET OPERATING INCOME**

	Size/Sq. Ft.	Rent Per Sq. Ft.	Total Rent
<b>Light industrial building</b>	117,700	\$6.00	\$706,200
<b>Tenant Reimbursements</b>			
	Real Estate Taxes		\$13,547
	Insurance		\$17,655
	CAM		\$147,125
<b>Gross Potential Income</b>			<b>\$884,527</b>
Less Vacancy/Credit Loss	5%		(\$44,226)
<b>Effective Gross Income</b>			<b>\$840,301</b>
<b>Expenses:</b>			
	Real Estate Taxes	\$2.60/sf	\$13,547
	Insurance	\$.15/sf	\$17,655
	CAM	\$1.25/sf	\$147,125
	SAD		\$28,642
	Management	3% EGI	\$25,209
	Replacement Reserve	0.25/sf	\$29,425
<b>Total Expenses</b>			<b>(\$261,603)</b>
<b>Stabilized Net Operating Income (NOI)</b>			<b>\$578,698</b>

## CAPITALIZATION PROCEDURE

The two most widely used methods of income capitalization are direct and yield capitalization. These methods are based on different measures of expected earnings, and involve different assumptions concerning the relationship between the expected earnings and value.

### Direct Capitalization:

1. A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.
2. A capitalization technique that employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified." (Source: The Dictionary of Real Estate Appraisal, published by the Appraisal Institute, 4th Edition)

### Overall Capitalization Rate:

"An income rate for a total real property interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value; used to convert net operating income into an indication of overall property value." (Source: The Dictionary of Real Estate Appraisal, published by the Appraisal Institute, 5th Edition, 2010)

Two principal factors in the direct capitalization process, effective gross income and estimated annual expenses, are stabilized figures, and are not based on the actual history of the property, but rather on the performance a prudent investor would expect from the property in the foreseeable future following the dates of valuation. This stabilization eliminates distortions, which might arise from a period when expenses were unexpectedly high or low, or when short-term demand factors have an extreme effect on income.

Direct Capitalization utilizes an overall rate, which is applied directly to net income in order to obtain an indication of value. The overall rate may be developed either by extraction from market sales or by the Band of Investment. Given a sale in which the net income and sales price is known, a capitalization rate, or overall rate can be developed from the sale. Overall rates developed in this matter are direct reflections of the market. An overall rate extracted from market data is perhaps the easiest and simplest to understand, and in the majority of cases, the most reliable. However, sufficient data to extract overall rates is not always in abundance. Therefore, it is sometimes necessary to utilize only a band of investment method to estimate an overall capitalization rate.

A band of investment method of developing an overall rate requires an estimate of current financing terms available for a property and the equity dividend rate or cash on cash rate of return, required to attract equity capital. In this case, the overall rate represents a weighted average of the financing and equity requirements of the investment.



In selecting an appropriate overall rate for the subject property, all income characteristics of the sales should be closely scrutinized. A property with significantly greater upside potential may attract a reduced cash-on-cash rate of return, whereas a property with minimal upside potential may require a higher cash-on-cash rate due to the diminished yield relating to expected future benefits.

When analyzed properly direct capitalization is accurate; however, a slight misrepresentation in the analysis of overall rates typically results in substantial fluctuations in value. This process is most accurate when viewing stable or level income flows.

Given the parameters of this appraisal assignment and the type of property involved, the Direct Capitalization method is considered the most relevant means of valuation as it minimizes the probable chances of error in projecting financial operations. This choice of valuation methods is consistent with the rules of the Uniform Standards of Professional Appraisal Practice.

### **BAND OF INVESTMENT PROCEDURE**

For a typical mortgage loan situation, the band of investment concept is employed to make a simple blend of mortgage interest and equity return rate. The rate of return required by each party to the investment is weighted by the proportion of the total property investment represented by that claim, which is typically stated by the loan to value ratio. The individual weighted rates are summed to obtain the overall rate that the entire property must earn in order to cover the individual claims against annual net operating income.

With respect to the equity component, typical income property investors are seeking cash flow (net income after debt service), as well as tax benefits that may be afforded through depreciation and interest deductions, typically, with an expectancy of appreciation in value over time. Based upon alternate investment opportunities that were available as of the date of this appraisal, which include such items as Certificates of Deposit, Treasury Bills, Corporate Bonds, Tax Exempt Bonds, stocks and alternate real estate investments, we believe that an investor would be attracted to an income producing property with an equity cash on cash rate return in the range of 8% to 12% per annum without the benefits of tax shelter.

We note that most real estate investors are also seeking after tax benefits. Since most income property investors are in the highest tax bracket, it is reasonable to assume that, if a 8% to 12% equity cash on cash rate of return could be generated and much of the income could be sheltered from taxation through depreciation and interest deductions, then the after tax rate of return would exceed that being offered in non-sheltered investments, such as Certificates of Deposit, Treasury Bills, etc.



Referencing the 1st Quarter 2019 RealtyRates.com Market Survey, overall capitalization rates for Industrial – Warehouse & Distribution Centers identified at 7.84%.

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2019*						
INDUSTRIAL - WAREHOUSES & DISTRIBUTION CENTERS						
Item	Input					OAR
<b>Minimum</b>						
Spread Over 10-Year Treasury	0.86%	<b>DCR Technique</b>	1.15	0.050003	0.90	<b>5.18</b>
Debt Coverage Ratio	1.15	<b>Band of Investment Technique</b>				
Interest Rate	3.98%	Mortgage	90%	0.050003	0.045003	
Amortization	40	Equity	10%	0.073288	0.007329	
Mortgage Constant	0.050003	OAR				<b>5.23</b>
Loan-to-Value Ratio	90%	<b>Surveyed Rates</b>				<b>4.97</b>
Equity Dividend Rate	7.33%					
<b>Maximum</b>						
Spread Over 10-Year Treasury	3.35%	<b>DCR Technique</b>	1.80	0.104335	0.60	<b>11.27</b>
Debt Coverage Ratio	1.80	<b>Band of Investment Technique</b>				
Interest Rate	6.47%	Mortgage	60%	0.104335	0.062601	
Amortization	15	Equity	40%	0.149741	0.059396	
Mortgage Constant	0.104335	OAR				<b>12.25</b>
Loan-to-Value Ratio	60%	<b>Surveyed Rates</b>				<b>11.64</b>
Equity Dividend Rate	14.97%					
<b>Average</b>						
Spread Over 10-Year Treasury	2.11%	<b>DCR Technique</b>	1.34	0.068607	0.75	<b>6.87</b>
Debt Coverage Ratio	1.34	<b>Band of Investment Technique</b>				
Interest Rate	5.23%	Mortgage	75%	0.068607	0.051455	
Amortization	28	Equity	25%	0.107691	0.026923	
Mortgage Constant	0.068607	OAR				<b>7.84</b>
Loan-to-Value Ratio	75%	<b>Surveyed Rates</b>				<b>8.43</b>
Equity Dividend Rate	10.77%					



\*4th Quarter 2018 Data

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Given the subject is a newly constructed building in close proximity to the freeway system, but also recognizing the subject's rural location, a cash on cash rate of return, at a level of 9% to 11% is considered appropriate.

In order to determine the most likely mortgage component, a survey of several local commercial lenders and mortgage brokers was conducted. Although the information provided by individual lenders varied, the general parameters were quite similar. Available financing remains difficult to obtain, with preferential treatment being given to financially strong and existing clients, preferably with compensating balances and a personal guarantee. Much of the lending that is occurring in the region requires a borrower of sufficiently high quality and are typically recourse loans.



Based on conversations with mortgage bankers active in the subject's market, a mortgage for a leased building in a stabilized market would likely have to be funded through a local bank, credit union or life insurance company. As is common in the marketplace in recent years, such a loan would likely require a strong borrower with a significant net worth. The anticipated interest rates for this type of loan are between 4.75% and 6.00% with a 20 year amortization and five year term, loan to value ratio would likely be no more than between 65% to 75% of market value. These rates are consistent with the rates quoted for the board market area noted previously for industrial properties, some of which enjoyed long term leases to credit worthy tenants.

Utilizing an interest rate of 5.25%, a 20 year amortization period and a 70% loan to value ratio, a range of capitalization rates emerges as follows:

<b><u>Band of Investment Method</u></b>					
	<b><u>Loan to Value</u></b>		<b><u>Cash Flow Rate</u></b>		<b><u>Weighted Rate</u></b>
<b>Mortgage Component</b>	70%	X	8.09%	=	5.66%
<b>Equity Component</b>	30%	X	9.00%	=	2.70%
					8.36%
			<b>Rounded to:</b>		<b>8.50%</b>
<b>Mortgage Component</b>	70%	X	8.09%	=	5.66%
<b>Equity Component</b>	30%	X	11.00%	=	3.30%
					8.96%
			<b>Rounded to:</b>		<b>9.00%</b>

Based on the 1st Quarter 2019 RealtyRates survey cited previously, the average capitalization rate for Industrial - Warehouse & Distribution Centers was 7.84%. The rates identified through the band of investment range from 8.50 to 9.0% reflect the subject's rural location.

The cap rates noted in the RealtyRates.com survey cover a wide range of properties of differing ages, locations, design features and local market strengths and weaknesses. Conversely, the band of investment method, which derives 70% of its cap rate from current interest rates and loan terms, is considered more reliable and responsive to the current real estate climate.

Given that although the subject is somewhat challenged geographically given the rural nature of location, we recognize that the subject is a newly constructed building in very good condition that would require minimal modification to accommodate a light industrial user for which there appears to be demand for in the submarket, we have selected an OAR at the middle of the range at 8.75%.



Applying an overall rate to the net operating income based on leasing the subject as a light industrial building at \$578,698, results in a value estimate of \$6,613,691. From this value estimate must be deducted some cost to modify the subject from an indoor soccer facility to a light industrial building.

### **COST TO CONVERT TO ACCOMMODATE A TYPICAL LIGHT INDUSTRIAL USER**

The subject is currently configured to accommodate its use as an indoor soccer and exercise facility. The exercise area would require alterations to be utilized as office space. As the majority of this is already built-out an allowance of \$10 per square foot should be sufficient for flooring and dividing walls. Applying \$10 per square foot the office area of approximately 42,372 square feet (36% of the building) results in an office area conversion cost of \$423,720 rounded to \$425,000.

In addition, certain modifications to the field area would be required including removal of the sports field and an upgrade of electrical service. The appraisers estimate this cost at \$150,000. This is simply a "loose estimate" as the needs of industrial users may vary greatly depending on the use.

One final expenditure that is required relates to warehouse access. As currently constructed, the subject features only two grade-level overhead doors. Considering the size of this building at 117,700 square feet, it is anticipated that for industrial and / or warehouse purposes additional overhead doors and perhaps loading docks would be required. Depending on the specific needs of the user, these doors could be added at grade level or significantly greater expense could be incurred to install overhead doors at dock loading heights. For purposes of this analysis, it is assumed that grade level doors will suffice. In addition to these door installations, consideration must also be given to an expansion of the paved parking areas to accommodate access to these newly installed doors. Assuming the addition of three additional overhead doors at a cost of \$10,000 each plus an additional \$20,000 to extend paved access to these doors, results in an estimated expenditure for this item at \$50,000.

In total, an estimated expense by a purchaser approximating \$625,000 might be incurred to convert the subject to an industrial / warehouse utility level.

To formulate an "as is" value of the subject assuming it is to be converted to light industrial or warehouse type use requires the prior value estimate at \$6,613,691 to be reduced by the cost to convert of \$625,000, would result in a value of \$5,988,691 rounded to \$6,000,000.

In order for the subject building improvements to be a legal use of the site, it would be necessary for the owner to receive either a variance from the Township or have the site rezoned. As the Township has discussed the likelihood of industrial development along the M-53 frontage (area between M-53 and the subject site) which is owned by the Township, it is reasonable to assume that they would approve the use of the subject building for industrial purposes and we have made no deductions for costs associated with rezoning the property.



As discussed previously, there are items remaining to be completed that were required of the developer as part of the site plan approval process. A detailed description of these items is included in the *Description of the Improvements* section of this report and totaled \$576,454.

Deducting the remaining site improvements costs which are required to be completed by the Charter Township of Washington, from the value of the subject as utilized as an industrial building of \$5,700,000, results in an "as is" value of (\$6,000,000 - \$576,454) \$5,423,546 rounded to:

FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS  
(\$5,400,000)

**SALES COMPARISON APPROACH**

**Sales Comparison Approach Defined**

The Sales Comparison Approach is defined as follows:

“The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.”

(Source: The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, published by the Appraisal Institute)

By analysis of comparable transactions between “**willing and knowledgeable buyers and sellers**”, value and price trends are identified. Units of comparison are extracted from the comparables and based upon the applicable unit of comparison; a probable market value for the subject is demonstrated. This approach is considered to be an appropriate indicator as it reflects the actions and reactions of typical sellers and purchasers in the marketplace.

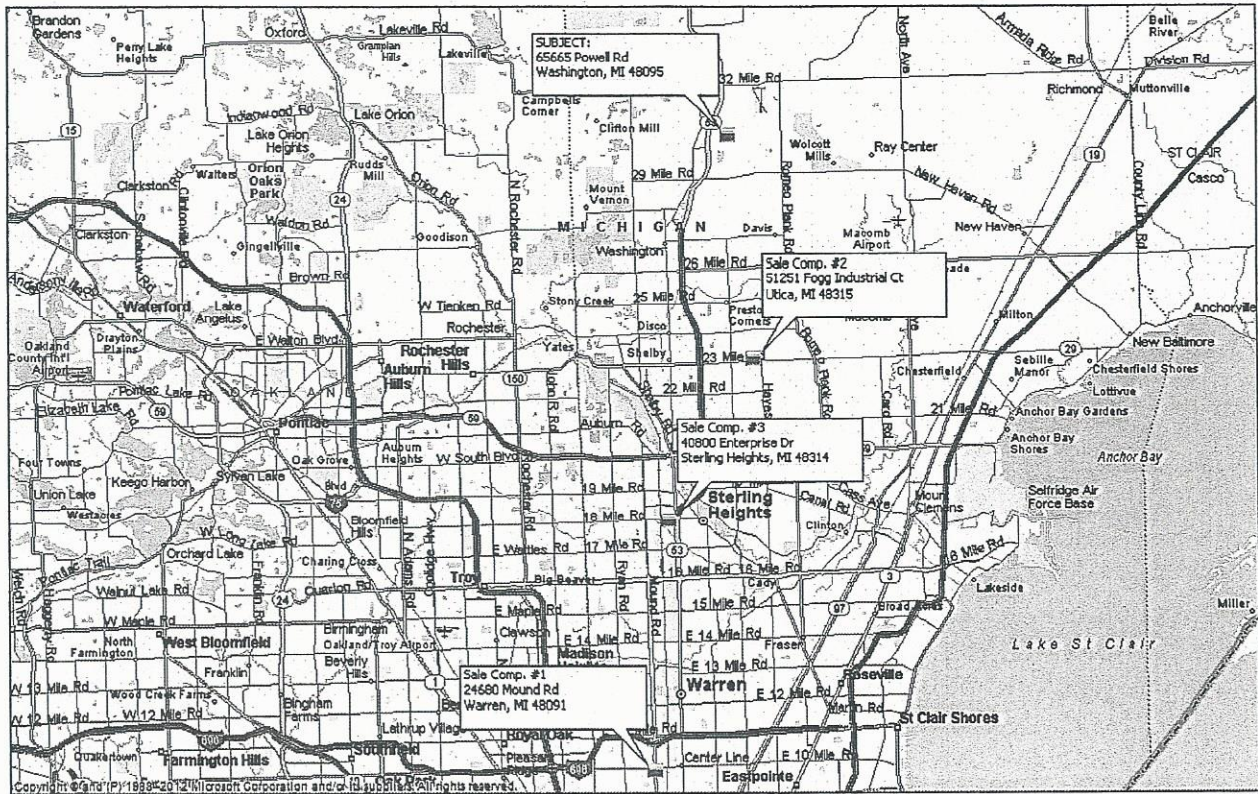
We have searched data services such as Costar.com and Realcomponline.com, along with Macomb County records and websites for active brokers in the area for sales of industrial buildings ranging in size from 75,000 to 175,000 sq. ft. that occurred within the past two years. The findings of this search are shown below:

**SALE COMPARABLES**

No.	Location	Sale Date	Price	Building Size (SF)	Price/ SF
1.	24680 Mound Road Warren, MI	3/2019	\$5,550,000	86,422	\$64.22
2.	51251 Fogg Industrial Court Shelby Township, MI	9/2018	\$9,571,666	109,328	\$87.55
3.	40800 Enterprise Drive Sterling Heights, MI	12/2017	\$7,400,000	94,756	\$78.10



**LOCATION MAP**



**Improved Sale No. 1**



**Property Identification**

**Record ID** 5122  
**Property Type** Industrial, Manufacturing  
**Address** 24680 Mound Road, Warren, Macomb County, Michigan  
**Location** East side, south of E. 10 Mile Road  
**Tax ID** 12-13-28-101-043

**Sale Data**

**Grantor** QDG Real Estate, LLC/Quantum Ventures  
**Grantee** AIC Ventures  
**Sale Date** March 01, 2019  
**Deed Book/Page** L-25847/P-213  
**Conditions of Sale** Arm's length  
**Verification** Costar Property ; Confirmed by Shelly Gentner

**Sale Price** \$5,550,000  
**Cash Equivalent** \$5,550,000

**Land Data**

**Land Size** 4.400 Acres or 191,664 SF  
**Zoning** M-2, Heavy Industrial, Industrial  
**Topography** Level  
**Utilities** All available



**General Physical Data**

<b>Building Type</b>	Multi Tenant
<b>Gross SF</b>	88,122
<b>Area Breakdown</b>	Office 5,556 7%

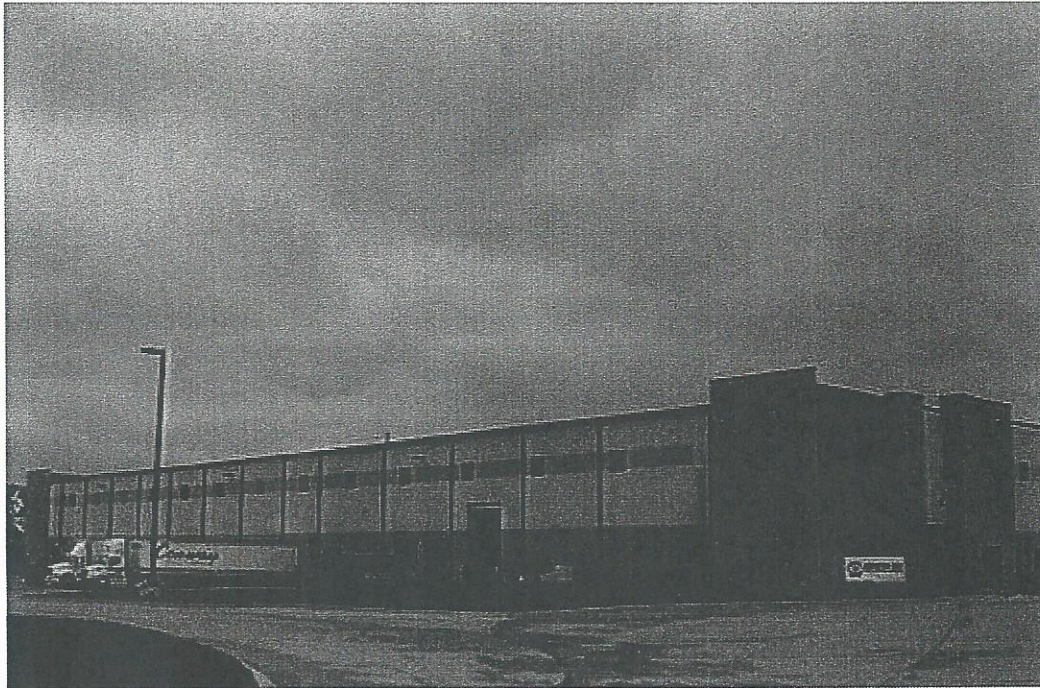
<b>Construction Type</b>	Masonry
<b>Roof Type</b>	Flat
<b>Foundation</b>	Concrete
<b>Electrical</b>	160a/240v 3p
<b>Sprinklers</b>	None
<b>Stories</b>	1
<b>Floor Height</b>	14-28'
<b>Year Built</b>	1952 Renovated 2011

<b>Column Spacing</b>	40'w x 60'd
<b>Truck High Docks</b>	2 ext.
<b>Drive-in Doors</b>	5/14' x 16'

**Indicators**

<b>Sale Price/Gross SF</b>	\$62.98
<b>Floor Area Ratio</b>	0.46
<b>Land to Building Ratio</b>	2.17:1
<b>Occupancy at Sale</b>	100%

**Improved Sale No. 2**



**Property Identification**

**Record ID** 5046  
**Property Type** Industrial  
**Address** 51251 Fogg Industrial Ct., Shelby Township, Macomb County, Michigan  
**Location** North side of 23 Mile Road between Oro and Hayes  
**Tax ID** 23-07-13-400-062

**Sale Data**

**Grantor** Fogg-Shelby LLC  
**Grantee** BT-OH LLC  
**Sale Date** September 12, 2018  
**Deed Book/Page** 25575/594  
**Verification** Lee & Associates; February 11, 2019; Other sources: Public Records, Confirmed by Drew Schmidt

**Sale Price** \$9,571,666  
**Cash Equivalent** \$9,571,666

**Land Data**

**Land Size** 7.440 Acres or 324,086 SF  
**Zoning** LM, --  
**Topography** Level  
**Utilities** All available



**General Physical Data**

<b>Building Type</b>	Single Tenant
<b>Gross SF</b>	109,328
<b>Leasable SF</b>	104,455
<b>Area Breakdown</b>	Office 5%
<b>Sprinklers</b>	Yes
<b>Stories</b>	1
<b>Floor Height</b>	32'
<b>Year Built</b>	2008
<b>Truck High Docks</b>	16 ext.

**Indicators**

<b>Sale Price/Net SF</b>	\$87.55
<b>Floor Area Ratio</b>	0.32
<b>Land to Building Ratio</b>	3.10:1

**Remarks**

Owner/Buyer. Land to Building Ratio 3.10 to 1.00, 16 Docks

**Improved Sale No. 3**



**Property Identification**

**Record ID** 5123  
**Property Type** Industrial  
**Property Name** Industrial  
**Address** 40800 Enterprise Drive, Sterling Heights, Macomb County, Michigan  
**Location** S of 18 Mile, West of Van Dyke  
**Tax ID** 10-16-200-041

**Sale Data**

**Grantor** Pizzimenti Properties, Inc.  
**Grantee** JC & Sarah, LLC  
**Sale Date** December 28, 2017  
**Deed Book/Page** 25170/580  
**Property Rights** Fee simple  
**Conditions of Sale** Arm's length  
**Verification** City records; May 20, 2019; Other sources: Costar Property, Confirmed by Shelly Gentner

**Sale Price** \$7,400,000

**Land Data**

**Land Size** 5.350 Acres or 233,046 SF  
**Zoning** --  
**Utilities** All public available



**Improved Sale No. 3 (Cont.)**

**General Physical Data**

<b>Building Type</b>	Single Tenant
<b>SF</b>	94,756
<b>Stories</b>	2
<b>Year Built</b>	1997
<b>Condition</b>	Average

**Indicators**

<b>Sale Price/ SF</b>	\$78.10
<b>Floor Area Ratio</b>	4.06
<b>Land to Building Ratio</b>	0.25:1

**Remarks**

34,364 finished office, 55,866 sq. ft. warehouse

Wieme, Rende & Associates, P.C.

**SALE COMPARABLE ADJUSTMENT GRID**

65665 Powell Road  
Washington Township, MI

CHARACTERISTICS	SUBJECT	Comp. #1	Comp. #2	Comp. #3	Adjust.	40800 Enterprise	Adjust.
PROPERTY RIGHTS	Fee Simple	24680 Mound	51251 Fogg Inds.	Fee Simple		40800 Enterprise	
SALE TERMS		Leased Fee	Leased Fee	LC			
CONDITIONS OF SALE		Cash	Cash	Arms length			
DATE OF SALE		Arms length Mar-19	Arms length Sep-18	Dec-17			5.00%
SALE PRICE/SF		\$62.98	\$87.55	\$78.10			
ADJUSTMENT		\$0.00	\$0.00	\$3.91	0.00%		5.00%
EQUIVALENT PRICE/SF		\$62.98	\$87.55	\$82.01			

LOCATION	Average	Good	Good	Good	-20.00%	Good	-20.00%
SIZE (GBA SF)	117,700	88,122	109,328	94,756		94,756	
AGE/CONDITION	2018/Good	1952-2011/Average	2008/Good	1997/Average	10.00%	1997/Average	10.00%
LAND TO BUILDING RATIO	3 to 1	2.17 to 1	2.96 to 1	2.46 to 1		2.46 to 1	
PERCENT OFFICE	36%	7%	5%	36%	15.00%	36%	0.00%
INDUSTRIAL FEATURES:	Average	Similar	Superior	Superior	-20.00%	Superior	-10.00%

SALE PRICE/SF	\$62.98	\$87.55	\$82.01	\$82.01		\$82.01	
ADJUSTMENT	\$3.15	(\$21.89)	(\$16.40)	(\$16.40)	-25.00%	(\$16.40)	-20.00%
ADJUSTED PRICE/	\$66.13	\$65.66	\$65.60	\$65.60		\$65.60	

Average **\$65.80**



### Elements of Comparison and Adjustments

The appraisers note that the preferred adjustment method is matched pairs analysis. A matched pair is two comparables that are nearly identical to each other in all respects except for one variable. Any difference in value, therefore, is attributable to this particular variation. Of course, this technique may only be appropriately applied when there is a surplus of good recent market data. When matched pairs are not available, the appraisers must exercise judgment and determine general market trends for applying these adjustments, which we attempt to do in the analysis at hand. While the real estate market generally recognizes these adjustments, the market is not refined sufficiently to suggest the dollar amounts or percentages are precise even though treated as such.

Unit of Comparison: The unit of comparison most typically found within the marketplace among purchasers and sellers is the price per square foot of building area.

Types of Adjustments: The adjustments derived with quantitative techniques can be applied to a comparable property as either percentage or dollar amounts. The adjustments are directly applied to the unit price of each of the comparables. Qualitative comparisons are based on factors such as location, size, functionality, utilities, zoning, shape, and topography. Based on these comparisons, the comparables are ranked overall as inferior, superior or similar. In theory, the appropriate value for the subject should be bracketed by the inferior and superior comparables and be best aligned with the most similar comparables.

Inventory/Going Concern: Such a division amongst the various components of a sale is typically performed by an accountant for better tax position of the buyer and/or seller and does not necessarily represent any kind of value to the buyer and/or seller. Based upon discussions with the assessor's office, the reported sale prices do not include business inventory, going concern and/or FF&E values.

Refurbishing Costs: These items are typically incurred by the purchasers immediately following the purchase of a property. They include demolition, refurbishing, paving, environmental costs and/or legal and zoning costs.

Real Property Sales Price: It is typical that a purchaser will try to understate the purchase price of a property, since some assessors seem to move aggressively to change an assessed value when a property sells, especially if the price is substantially in excess of the current "True Cash Value." Within this analysis, the adjusted real property sales price has been utilized for all of the comparables.



### Market Condition Adjustments

Property Rights Conveyed: This adjustment accounts for the differences in types of ownership such as fee simple estate, leased fee estate, or leasehold estate. This appraisal is an estimate of the market value of the fee simple interest in the subject property. The appraisers were able to ascertain that the sale Comparables all involved conveyance of either leased fee interests or fee simple interests. It is noteworthy that a lease contract encumbering a property can have a significant impact upon value, both positively or negatively, depending upon the terms and conditions of the lease. No adjustments are necessary for differing property rights conveyed.

Financing Terms / Cash Equivalency: When the sale price and terms of each sale have been verified, an adjustment should be made in those instances where the sale price is affected by the terms. This is called a cash equivalency adjustment. All of the sales were cash or short term land contract considered to be cash equal vent and did not require an adjustment.

Conditions of Sale: Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. For example, a developer may pay more than market value for lots needed in a site assemblage because of the anticipated plottage value resulting from the greater utility of a larger site. A sale may be transacted at a below-market price if the seller needs cash in a hurry. Although conditions of sale are often perceived as applying only to sales that are not arm's length transactions, some arm's length sales may reflect atypical motivations or sales conditions, negotiations due to unusual tax considerations, sale at legal auction, lack of exposure on the open market, or eminent domain proceedings. No unusual conditions of sale were known to exist and no adjustments were made.

Market-to-Market Analysis: Adjustments for time or changes in market conditions are measured from the date of sale of each comparable to the date of appraisal. Market conditions requiring adjustments include changes in price levels due to inflation, tax law changes, population or demographic changes, supply and demand factors for similar properties, changes in land use, and changes in the general economic outlook in the subject's locale. Changes in market conditions are not dependent upon the passage of time, but are dependent upon a change in the supply and demand equation.

Comparables #1 and #2 are recent sales reflecting current market conditions and no adjustment was necessary. Comparable #3 is late 2017 sale and a 5% upward adjustment has been made for the improvements in the market since the date of sale.

Locational Characteristics: Verifying parties and site acquisition representatives stated that several factors affect value with regards to similar sites. These include surrounding residential demographics, traffic count, destination direction, proximity to employment centers, proximity to freeways, signage, and line-of-sight. *Corner Influence:* Sites located at an intersection of two or more roadways benefit from increased traffic flow, accessibility (related to the number and location of curb cuts), the absence or presence of medians, signaled intersection and/or center crossover lanes could be either positive or negative influences.



The subject has a somewhat rural location with close proximity to the M-53 freeway. The subject is located just outside the growth area of Washington Township. All the comparables are located in recognized industrial corridors considered superior to the subject and a 20% downward adjustment has been made.

Size: The subject is a freestanding single building consisting of 117,700 sq. ft. of which 64% would be industrial/warehouse space (currently soccer field) and the remaining building area serving office areas. Given the economies of scale, we anticipate that smaller spaces would rent at higher rates per square foot and larger spaces would rent at lower rates per square foot. The buildings in comparison to the subject are considered to offer similar size and functional utility and no adjustment is necessary.

Age/Quality/Condition: The subject building was constructed in 2018 and is in new condition with an effective age of 1 year. Comparable #1 was built in 1952 and renovated in 2011 (new front façade) and is overall considered to be in average condition. We have made an upward adjustment of 10% to this comparable for inferior age and condition. Comparable #2 is a newer building considered to be in similar condition to the subject and no adjustment was necessary. Comparable #3 was built in 1997 and is considered to be in average condition for which an upward adjustment of 10% has been made.

Land to Building Ratio: The subject is situated on 80 acres of land (3,484,800 sq. ft.) with a large portion of the site currently improved without door soccer fields. The typical building ratio for an industrial building is approximately 3 to 1. Applying this ratio to the 117,700 sq. ft. in the subject building, an allocated site area of 353,100 sq. ft. emerges. The remaining (3,484,800 – 353,100) 3,131,700 sq. ft. or 71.89 acres of excess land will be valued separately later in this report. The comparables have land to building ratios from 2.17 to 1 to 2.96 to 1 considered similar to the subject and no adjustment was necessary.

Percent Office: The subject has a 36/64 office to warehouse ratio. Typically, the more office space the higher the rental rate. Comparables #1 and #2 have only small office areas of 5 and 7% for which we have made an upward adjustment of 15%. Comparable #3 has 36% finished office area which is similar to the subject and no adjustment is necessary.

Industrial Features: The subject has limited industrial features including 55' ceiling height at peak and clear ceiling height of 24', two overhead doors accessing the building and HVAC through the building. Comparable #1 is considered to have similar features and no adjustment was necessary. Comparable #2 has superior industrial features including 16 loading docks with overhead doors, is fully sprinklered and 32' clear ceiling height. A 20% downward adjustment has been made to this comparable. Comparable #3 is considered to offer superior number of overhead doors and a clear ceiling height and a 10% downward adjustment has been made.

The range of adjusted sale prices for the Comparables emerged from a low of \$65.60 to a high of \$66.13 per square foot. The average of the range is \$65.80 per square foot. The adjusted range of sale prices for the comparables is narrow and shows strong support for \$65.00 per square foot.

There was a limited number of recent sales of light industrial buildings in Macomb County. This is due in part because there is limited supply of these large distribution type buildings in the region.

Applying a value estimate of \$65.00 to the 117,700 sq. ft. within the subject, results in a value estimate as a light industrial building of \$7,650,500. As within the Income Approach to Value, there are costs associated with modifying the subject to light industrial use and site improvements remaining to be completed.

As discussed previously, the estimated cost to modify the subject's soccer/sports facility to light industrial is approximately \$625,000. The remaining items remaining to be completed that were required of the developer as part of the site plan approval process were estimated at \$576,454. Within the sales Comparison Approach, it is necessary to also recognize the outstanding SAD cost of \$416,438.36. A prudent purchaser would likely anticipate that this is paid off prior to closing or would reduce the offer price by this amount, therefore, we have deducted this from our value estimate.

Deducting these expenditures from the value estimate above at \$7,650,500 results in an "as is" value as of May 2, 2019 has been estimated at (\$7,650,500 - \$625,000 - \$576,454 - \$416,438) \$6,032,108 rounded to:

SIX MILLION FIFTY THOUSAND DOLLARS  
(\$6,050,000)



**VALUE OF THE EXCESS LAND**

As discussed previously, the subject site at 80 acres is excessive for a 117,700 sq. ft. light industrial building. All location of 353,100 sq. ft. has been made for the industrial building and supporting site improvements. The remaining 3,131,700 sq. ft. or 71.89 acres is considered excess land. This area is zoned agricultural and for purposes of this appraisal, will be appraised in compliance with the existing zoning requirements.

As there are active farms north and east of the subject, it is reasonable to assume that the excess land could be sold or leased to a farming operation. The most likely purchaser of the subject's 80 acres would not be in the business of leasing out farm land and would likely sell the excess land to a third party.

Utilizing various data services including Realcomponline.com, Costar.com, various broker's websites and along with Macomb County records, we searched for land sales in excess of 50 acres that sold in the past 24 months in Macomb County. A summary of the land sales is shown below:

Number	Location	Community	Size	Zoning	Sale Date	Sale Price	Price/Acre
1	59314 New Haven	Lenox Twp	70.42	Agricultural	5/26/2017	\$350,000	\$4,970
2	Indian Trail	Ray Twp	80	Agricultural	6/27/2017	\$440,000	\$5,500
3	29 Mile	Washington Twp	68	Agricultural	11/19/2017	\$365,671	\$5,378
4	55170 North Ave	Macomb Twp	80	Agricultural	6/1/2018	\$350,000	\$4,375
5	30541 34 Mile Road	Richmond Twp	122.85	Agricultural	6/6/2018	\$614,260	\$5,000
						Average	<b>\$5,045</b>

The range of sale prices for agricultural land as shown above is from \$4,375 to \$5,500 per acre. All of these parcels are serviced by wells and septic fields. It is interesting to note that the price per acre holds within this narrow range regardless of date of sale, size of parcel or which northern Macomb County community it lies within.

Based on the sales above, we have estimated a sale price per acre in the subject's area at \$5,000, however, it is necessary to reflect that fact that the subject is currently serviced by municipal water and will have access to sanitary sewer within the next 90 days. It has been our experience that water and sewer utilities typically command a premium of around 25% over those parcels without these utilities. This percentage has been noted in residential land as well as commercial and industrial land.

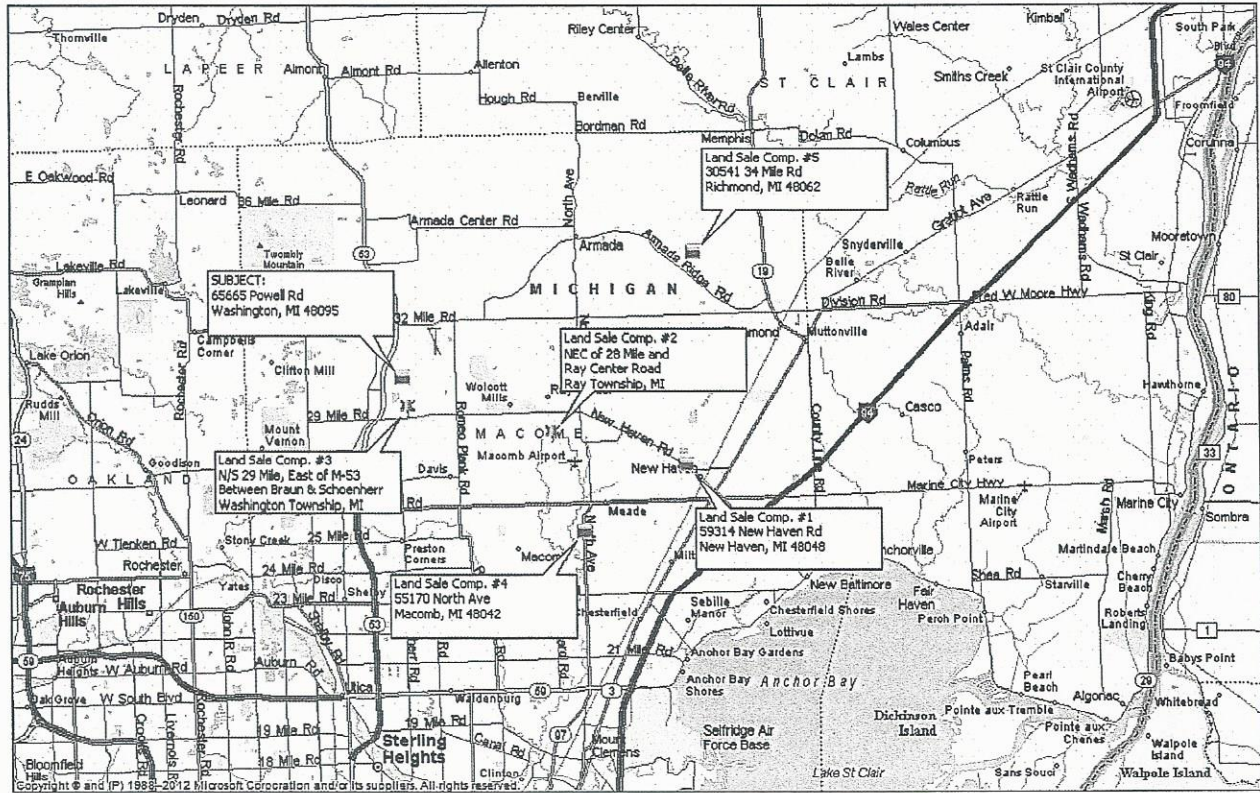
Applying a premium of 25% to the acre price of \$5,000, results in an estimate of \$6,250 per acre for the subject. When applied to the 71.89 acres of excess land in the subject a value emerges at \$449,313. As discussed in the *Description of the Improvements* section of this appraisal, the area that would be identified as excess land is currently improved with 23 outdoor soccer fields. The removal of the soccer turf in order to create active farmland is of no consequence, however, these fields feature full irrigation systems which would need to be removed to create tillable land. Conversations with those knowledgeable in the farming industry, a bulldozer would likely be utilized to bring the irrigation systems to the surface for extraction and recycling of the metal. We have estimated this cost at approximately \$50,000.



Deducting this cost from the value estimate of the underlying agricultural land of \$449,313, results in an "as is" value of the excess land at  $(\$449,313 - \$50,000)$  \$399,313 rounded to:

FOUR HUNDRED THOUSAND DOLLARS  
(\$400,000)

**LAND SALE COMPARABLE LOCATION MAP**

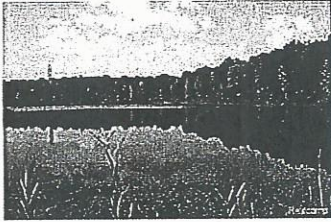




59314 New Haven Road, Lenox Twp, Michigan 48048  
 MLS#: 215088312 Area: 03061 - Lenox Twp  
 P Type: Land DOM: N/380/380  
 Status: Sold

Short Sale: No  
 Trans Type: Sale  
 ERTS/FS

LP: \$385,000  
 OLP: \$390,000  
 SP: \$350,000



**Location Information**

County: Macomb  
 Township: Lenox Twp  
 Mailing City: New Haven  
 Side of Str:  
 School District: New Haven  
 Location: n of New Haven / w of Manning D.

**Lot Information**

Acreage: 70.42  
 List \$/Acre: \$5,467.20  
 Min Lots/Acre:  
 Lot Dim: Irregular  
 Road Front Feet:  
 Zoning: Residential

**Contact Information**

Name: DONNA FRAIDENBURG  
 Phone: 810-845-1971

**Waterfront Information**

Water Name: No name  
 Water Facilities: Pond  
 Water Features:  
 WaterFront Feet:

**Land Contract Information**

Land DWP:  
 Land Int Rate:  
 Land Payment:  
 Land Terms:

**Additional Information**

Internet Avail:  
 Mineral Rights:  
 Sqft Min Lot:  
 Survey: No  
 Irrigation:  
 Perk:

**Listing Information**  
 Listing Date: 08/15/15 Off Mkt Date: 03/20/17  
 BMK Date: 01/18/17 Protect Period: 30  
 Directions: Home is located west of downtown New Haven  
 Terms Offered: Cash, Conventional  
 Possession: Immediate  
 Short Sale: No  
 Exclusions:  
 MLS Source: REALCOMP  
 Originating MLS#: 215088312

**Site Desc:** Lake View, Possible Walkout, Splits Available, Wooded  
**Water Source:** Well-Needed  
**Road Frontage:** Paved  
**Sewer:** Septic-Needed

**Property ID:** 0629200005  
**Tax Summer:** \$4,575  
**Legal Desc:** T4N R14E SEC 29 SE 1/4 OF NE 1/4 40 ACRES, also SUPERVISORS PLAT NO 2 LOT 30 and SUPERVISORS PLAT No.2 LOT 31  
**Restrictions:** Tax Winter: \$2,749  
**Ownership:** Private - Owned  
**SEV:** 37200  
**Oth/Spec Assmnt:** 0

**Sub Ag Comp:** No  
**Sale Ag Comp:** Yes  
**List Office:** Legacy Realty Professionals  
**List Agent:** DONNA FRAIDENBURG (810) 629-1511  
**Buyer Agency:** Yes  
**Buy Ag Comp:** 2.5  
**Trans Coordinate:** No  
**Trans Crd Comp:**  
**Comp Arrange:**  
**List Office Ph:** (810) 629-1511  
**List Agent Ph:** (810) 629-1511

**Public Remarks:** If you are looking to build your dream home or property to develop you need to check this Beautiful 70 acres parcel out. For hunting and fishing this property will not be a disappointment. This property offers woods and open field grass and a 20 acre lake that has great fishing. Deer and turkey galore. You could even look into developing the property, which has 3 separate tax I.D.'s. Property is gated. It is so quiet and peaceful you won't want to leave. Prop # 19-06-29-426-004, Prop # 19-06-29-200-005 & Prop # 19-06-29-426-006. Taxes are listed for all 3 parcels and buyers agent to verify all information.

**REALTOR® Remarks:** Property is gated and has lock box for entrance. Beautiful 20 acre lake with tons of fish. Utilities are at the corner of property. Prop # 19-06-29-426-004, Prop # 19-06-29-200-005 & Prop # 19-06-29-426-006. Taxes are listed for all 3 parcels and buyers agent to verify all information.

**Sold Date:** 05/26/17  
**Sell Office:** RE/MAX First  
**Sell Agent:** Anthony Raffin  
**CoSell Agent:**  
**Sold Price:** \$350,000  
**Sold \$/Acre:** \$4,970.18  
**3rd Party Appr:** No  
**Concession Amt:**  
**Finance Code:** LC Sale  
**Sell Office Ph:** (586) 781-2900  
**Sale Agent Ph:** (586) 773-4400  
**CoSell Agent Ph:**

**Search Criteria**  
 MLS Number is like "215088312"  
 Selected 1 of 1 result.

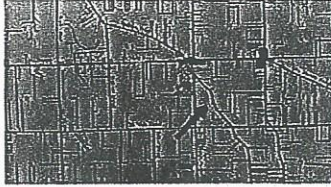
**INDIAN TRAIL, RAY TWP, Michigan 48096**

MLS#: 58031315630  
 P Type: Land  
 Status: Sold

Area: 03051 - Ray Twp  
 DOM: N/13/

Short Sale: No  
 Trans Type: Sale  
 ERTS/FS

LP: \$480,000  
 OLP: \$480,000  
 SP: \$440,000



**Location Information**

County: Macomb  
 : RAY TWP  
 Mailing City: Ray Twp  
 Side of Str:  
 School District: New Haven  
 Location: Ray Center / 28 Mile

**Lot Information**

Acreage: 80  
 List \$/Acre:  
 Min Lots/Acre:  
 Lot Dim: 1338x2685  
 Road Front Feet: 402  
 Zoning: Agricultural

**Contact Information**

Name:  
 Phone:

**Waterfront Information**

Water Name:  
 Water Facilities:  
 Water Features:  
 WaterFront Feet:

**Land Contract Information**

Land DWP:  
 Land Int Rate:  
 Land Payment:  
 Land Terms:

**Additional Information**

Internet Avail:  
 Mineral Rights:  
 Sqft Min Lot:

Survey:  
 Irrigation:  
 Perk:

**Listing Information**

Listing Date: 03/25/17 Off Mkt Date: 04/06/17  
 BMK Date: Protect Period:  
 Directions: Northeast corner of 28 Mile & Ray Center. Frontage also on the west side of Indian Trail.  
 Terms Offered: Cash Possession: Short Sale: No Exclusions: Yes  
 MLS Source: MlRealSource  
 Originating MLS#: 31315630

Site Desc: Easement, Splits Available, Wooded  
 Water Source: Other/None

Features  
 Road Frontage:  
 Sewer: Other/None

Property ID: 0523300001 Restrictions:  
 Tax Summer: Tax Winter:  
 Legal Desc: T4N,R13E Sec 23 W 1/2 of SW 1/4 Sec 23; EXC that part lying E of Cen Line Indian Trail ; Being Triangle comprising approx 0.23 a

Legal/Tax/Financial  
 Ownership: Private - Owned  
 SEV: 144700.0 Oth/Spec Assmnt: no  
 Mineral Rights:

Sub Ag Comp: Yes Buyer Agency: Yes  
 Sale Ag Comp: 2.5% Buy Ag Comp: 2.5%  
 List Office: ERA Classic Real Estate  
 List Agent: RICHARD CHARBONNEAU

Agent/Office Information  
 Trans Coordinate: Yes  
 Trans Crd Comp: 2.5%  
 Comp Arrange:  
 List Office Ph: 5862936800  
 List Agent Ph: (586) 260-4667

**Remarks**

Public Remarks: GREAT OPPORTUNITY! MULTIPLE SPLITS AVAILABLE! FRONTAGE ON 3 ROADS! APPRAISED AT \$480,000.00  
 REALTOR@ MULTIPLE SPLITS AVAILABLE! APPRAISED AT \$480,000.00 Drive By

**Sold Information**

Sold Date: 06/27/17 Sold Price: \$440,000  
 Sell Office: ERA Classic Real Estate Sold \$/Acre: \$5,500.00  
 Sell Agent: Richard Charbonneau  
 CoSell Agent:  
 Sell Concession: No Concession Type: Concession Amt:  
 3rd Party Appr:  
 Finance Code: Cash Sale  
 Sell Office Ph: 5862936800  
 Sale Agent Ph: (586) 260-4667  
 CoSell Agent Ph:

**Search Criteria**

MLS Number is like '58031315630\*'  
 Selected 1 of 1 result.



**29 MILE, WASHINGTON TWP, Michigan 48094**  
 MLS#: 58031333930 Area: 03041 - Washington Twp  
 P Type: Land DOM: N/36/

Short Sale: No  
 Trans Type: Sale  
 ERTS/FS

LP: \$376,990  
 OLP: \$376,990  
 SP: \$365,671



Location Information

County: Macomb  
 : WASHINGTON TWP  
 Mailing City: Washington  
 Side of Str:  
 School District: Romeo  
 Location: On the North side / EAST OF VAN DYKE

Waterfront Information

Water Name:  
 Water Facilities:  
 Water Features:  
 WaterFront Feet:

Lot Information

Acres: 68  
 List \$/Acre:  
 Min Lots/Acre:  
 Lot Dim: 777x2129x1183x2776  
 Road Front Feet: 777  
 Zoning: Agricultural

Land Contract Information

Land DWP:  
 Land Int Rate:  
 Land Payment:  
 Land Terms:

Contact Information

Name:  
 Phone:

Additional Information

Internet Avail:  
 Mineral Rights:  
 Sqft Min Lot:  
 Survey: Yes  
 Irrigation:  
 Perk:

Listing Information

Listing Date: 10/24/17 Off Mkt Date: 10/24/17 Possession:  
 BMK Date: Van Dyke to 29 Mile east, between Schoenherr and Braun Road, Short Sale: No  
 Directions: Cash, Conventional Exclusions: No  
 Terms Offered:

MLS Source: MiRealsource  
 Originating MLS# 31333930

Features

Water Source: Well-Existing Sewer: Septic-Existing

Legal/Tax/Financial

Property ID: 0413300004 Restrictions: Private - Owned  
 Tax Summer: \$1,158 Tax Winter: \$2,293 SEV:  
 Legal Desc: T4N R12E SEC 13; COMM AT SW COR SEC 13; TH N02\*38'11" W 591.05 FT TO POB. TH N02\*38'11" W 2129.56 FT; TH N79\*05'57" E 1183.52 FT Oth/Spec Assmnt: no

Agent/Office Information

Sub Ag Comp: No Buyer Agency: Yes Trans Coordinate: No  
 Sale Ag Comp: Kellar & Associates Real Estate, LLC Buy Ag Comp: 3.0% Trans Crd Comp:  
 List Office: AL KELLER Comp Arrange:  
 List Agent: (586) 752-4202  
 List Agent Ph: (586) 752-4202

Remarks

Public Remarks: Large parcel in fast growing Washington Twp., ITC corridor intersects property (see survey attached to listing). This parcel has a lot to offer. Paved road, some woods, farmland, utilities are just around the corner.  
 REALTOR® Remarks: Large parcel in fast growing Washington Twp., ITC corridor intersects property (see survey attached to listing). This parcel has a lot to offer. Paved road, some woods, farmland, utilities are just around the corner.

Sold Information

Sold Date: 11/29/17 Sold Price: \$365,671 3rd Party Appr:  
 Sell Office: Kellar & Associates Real Estate Sold \$/Acre: \$5,377.51 Finance Code: Cash Sale  
 Sell Agent: AL KELLER Sell Office Ph: 5867524202  
 CoSell Agent: AL KELLER Sale Agent Ph: (586) 752-4202  
 Sell Concession: No Concession Type: Concession Amt: CoSell Agent Ph:

Search Criteria

MLS Number is like '58031333930\*'  
 Selected 1 of 1 result.

**55170 NORTH AVE. PAR 1, MACOMB TWP, Michigan 48042**  
 MLS#: 58031349173 Area: 03081 - Macomb TWP  
 P Type: Land Status: Sold DOM: N/57/

Short Sale: No  
 Trans Type: Sale  
 ERTS/FS

LP: \$350,000  
 OLP: \$350,000  
 SP: \$350,000



**Location Information**  
 County: Macomb  
 : MACOMB TWP  
 Mailing City: Macomb Twp  
 Side of Str:  
 School District: New Haven  
 Location: SOUTH OF HAGEN

**Waterfront Information**  
 Water Name:  
 Water Facilities:  
 Water Features:  
 WaterFront Feet:

**Lot Information**  
 Acreage: 80  
 List \$/Acre:  
 Min Lots/Acre:  
 Lot Dim: 485 x 2728 & 1320 x 1650  
 Road Front Feet:  
 Zoning: Agricultural

**Land Contract Information**  
 Land DWP:  
 Land Int Rate:  
 Land Payment:  
 Land Terms:

**Contact Information**  
 Name:  
 Phone:

**Additional Information**  
 Internet Avail:  
 Mineral Rights:  
 Sqft Min Lot:

Survey:  
 Irrigation:  
 Perk:

**Listing Information**  
 Listing Date: 04/05/18 Off Mkt Date: 04/06/18  
 BNK Date: Protect Period:  
 Terms Offered: Cash, Conventional Possession: No Short Sale: No  
 MLS Source: MiRealSource  
 Originating MLS#: 31349173  
 Exclusions: No

Water Source: Other/None  
 Out Buildings: Shed Features: Other/None  
 Sewer: Other/None

**Legal/Tax/Financial**  
 Property ID: 0801300007 Restrictions: Tax Summer:  
 Tax Winter: Ownership: Private - Owned  
 SEV: Oth/Spec Assmnt: no

**Agent/Office Information**  
 Sub Ag Comp: Yes Buyer Agency: Yes  
 Sale Ag Comp: 2.5% Buy Ag Comp: 2.5% Trans Coordinate: No  
 List Office: Coldwell Banker Professionals Trans Crd Comp:  
 List Agent: MARK FARQUHAR (810) 240-3331  
 Comp Arrange: 5867272741  
 List Office Ph: (810) 240-3331  
 List Agent Ph:

**Remarks**  
 Public Remarks: Property is two parcels. 50 acres on the east side of north ave and 30 acres on the west side of north ave. Needs well and septic.  
 REALTOR® Remarks: Vacant

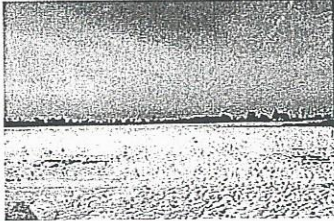
**Sold Information**  
 Sold Date: 06/01/18 Sold Price: \$350,000  
 Sell Office: Coldwell Banker Profes Sold \$/Acre: \$4,375.00  
 Sell Agent: Mark Farquhar 3rd Party Appr:  
 CoSell Agent: Concession Type: Concession Amt:  
 Sell Concession: No Finance Code: Cash Sale  
 Sell Office Ph: 5867272741  
 Sale Agent Ph: (810) 240-3331  
 CoSell Agent Ph:

**Search Criteria**  
 MLS Number is like '58031349173\*'  
 Selected 1 of 1 result.



**30541 34 MILE RD, RICHMOND TWP, Michigan 48062-4003**  
 MLS#: 58031340422 Area: 03031 - Richmond Twp  
 P Type: Land DOM: N/92  
 Status: Sold

Short Sale: No LP: \$825,000  
 Trans Type: Sale OLP: \$900,000  
 ERTS/FS SP: \$614,260



**Location Information**  
 County: Macomb  
 : RICHMOND TWP  
 Mailing City: Richmond Twp  
 Side of Str:  
 School District: Armada  
 Location: Russ Rd / 34 MILE RD

**Waterfront Information**  
 Water Name:  
 Water Facilities:  
 Water Features:  
 WaterFront Feet:

**Lot Information**  
 Acreage: 122.85  
 List \$/Acre:  
 Min Lots/Acre:  
 Lot Dim: Irregular  
 Road Front Feet: 1,384  
 Zoning: Agricultural

**Land Contract Information**  
 Land DWP: \$200,000  
 Land Int Rate: 7.0  
 Land Payment: \$4,658  
 Land Terms: 180

**Contact Information**  
 Name:  
 Phone:

**Additional Information**  
 Internet Avail:  
 Mineral Rights:  
 Sqft Min Lot:  
 Survey: Yes  
 Irrigation:  
 Perk:

**Listing Information**  
 Listing Date: 02/19/18 Off Mkt Date: 05/22/18  
 BMK Date: Protect Period:  
 Directions: Russ Rd to 34 Mile Rd property is a 1/4 Mile East of Russ Rd on the North side of 34 Mile Rd.  
 Terms Offered: Cash, Conventional, Land Contract Short Sale: No Exclusions: No  
 MLS Source: MlRealSource  
 Originating MLS# 31340422

**Site Desc:** Easement  
**Water Source:** Well-Existing  
**Out Buildings:** Shed, Other  
**Features:**  
**Road Frontage:** Gravel  
**Sewer:** Other/None

**Legal/Tax/Financial**  
 Property ID: 0321300006 Restrictions:  
 Tax Summer: \$1,356 Tax Winter: \$2,437  
 Legal Desc: T5N,R14E,SEC 21; BEG AT S 1/4 SEC 21; TH N89°14'36"W 691.82 FT, TH N00°15'22"E 1320.0 FT, TH N89°14'36"W 660.0 FT, TH N00°15'22"  
 Ownership: Private - Owned  
 SEV: 287951.0 Oth/Spec Assmnt: no

**Agent/Office Information**  
 Sub Ag Comp: Yes Buyer Agency: Yes Trans Coordinate: Yes  
 Sale Ag Comp: 3.0% Buy Ag Comp: 3.0% Trans Crd Comp: \$1.0  
 List Office: Century 21 AAA North-Romso Comp Arrange:  
 List Agent: AMANDA BACON List Office Ph: 5867520600  
 List Agent Ph: (586) 909-7400

**Remarks**  
 Public Remarks: Over 100 acres of vacant land in Richmond Twp. There's not many parcels this size left, don't miss out on this opportunity! The land has been lovingly farmed for over 4 decades. Have you ever considered a life in agriculture? The sale includes 3 parcels totaling 122.85 acres. The seller will consider land contract terms. Armada Area Schools.

**REALTOR® Remarks:** Sale includes 3 parcels (22-03-21-400-002, 22-03-21-300-005, & 22-03-21-300-006) totaling 122.85 acres. 2017 was last season of farming. No crop rights in place. House needs to be torn down. Call or text with any questions (586)909-7400. Please schedule showing to notify owner of walking the property.

**Sold Information**  
 Sold Date: 06/06/18 Sold Price: \$614,260  
 Sell Office: Century 21 AAA North-Sold \$/Acre: \$5,000.08 3rd Party Appr:  
 Sell Agent: Amanda Bacon Finance Code: Cash Sale  
 CoSell Agent: Sell Office Ph: 5867520600  
 Sell Concession: No Concession Type: Concession Amt: Sale Agent Ph: (586) 909-7400  
 CoSell Agent Ph:

**Search Criteria**  
 MLS Number is like '58031340422'  
 Selected 1 of 1 result.

**SUMMARY & RECONCILIATION**

The subject has been analyzed using the Cost Approach, Income Capitalization Approach and Direct Sales Comparison Approaches to value. The value estimates included a deduction to convert the subject from a sports facility into an industrial property. The “as is” value indications for the subject including its underlying land only, as of May 2, 2019, are as follows:

Cost Approach:	NA
Income Capitalization Approach:	\$5,400,000
Direct Sales Comparison Approach:	\$6,000,000

The Income Capitalization Approach reflects the reasoning of a typical investor type purchaser. It utilizes the market rental rates and operating expenses of competing properties in the subject’s market. The Income Capitalization procedure also allows the appraisers to apply a typical investor’s required return on investment while taking into account current loan underwriting terms as provided in the Band of Investment. The combination of these factors allows the appraisers to apply a myriad of relevant current market data and conditions to the various characteristics of the subject. This approach is deemed reliable because it effectively utilizes market cap rates and applies these rates to the subject’s net operating income which is derived from the appraisers’ estimate of per square foot market rental rates. The data has indicated that the subject’s market is experiencing stable conditions for both occupancy levels and rental rates. The result is a reliable estimate of value derived from a current and pertinent group of market data.

The Direct Sales Comparison Approach is supported with the best and most applicable data that is currently available and can be an appropriate means to value an income producing property. It can be, however, less reliable. This approach relies on a price per square foot analysis, which is less than totally reliable as it is affected by a variety of income and risk factors, many of which are not readily available to the appraisers. This can make rendering sensible adjustments to the Sales Comparables difficult and less accurate. A positive attribute of the Sales Comparison Approach lies in its ability to identify range of values per square foot which are derived from comparable properties having similar geographical locations in strong or weak light industrial markets. The resulting per square foot sales data has supported the market value estimate derived from the Income Capitalization Approach.

We believe that the more likely purchaser of a building of this type is an owner/occupant rather than an investor/user and have placed more reliance on the Sales Comparison Approach to value. The value of the subject improvements for use as an industrial building has been concluded at \$6,000,000. The value for the excess land has been estimated at \$400,000.

Accordingly, the value estimate “As Is” for the subject as an industrial building with excess vacant land has been estimated, as of May 2, 2019, at:

SIX MILLION FOUR HUNDRED THOUSAND DOLLARS  
(\$6,400,000)



### **ESTIMATED MARKETING TIME**

Reasonable marketing time is the period a prospective investor would forecast to sell the subject property immediately after the date of value, at the value estimated. Anticipated marketing time is essentially a measure of the perceived level of risk associated with the marketability, or liquidity, of the subject as an investment grade property. The sources for this information include those used in estimating the reasonable exposure time, but also an analysis of the anticipated changes in market conditions following the date of appraisal. In other words, the reasonable marketing time is the number of months it will require to sell the subject property from the date of valuation, into the future.

It must be understood, however, that the future price of the subject property (at the end of the marketing time) may or may not equal the appraisal estimate. The future price depends on unpredictable changes in the physical real estate, demographic and economic trends, real estate markets in general, supply/demand characteristics for the property type, and many other factors.

Based on the premise that present market conditions are the best indicators of future performance, a prudent investor will forecast that, under the conditions described above, the subject property will require a marketing time of 12 to 18 months.

### **REASONABLE EXPOSURE TIME**

Exposure time is retrospective in that it is a period of time which precedes the date of value. In other words, it is the amount of time necessary to market the subject in order to arrive at a sale, as of the effective date of the appraisal.

Based on the current real estate market conditions and conversations with local brokers, an exposure time of 12 to 18 months is reasonable. Like the brokers surveyed, we assume that the subject property would be competitively priced, and aggressively promoted regionally.

**ADDENDA**

**SOCCER FACILITY RENT COMPARABLES  
GIFFELS WEBSTER MEMORANDUM – 5/14/2019  
ZONING INFORMATION PROVIDED BY TOWNSHIP  
DEFINITIONS  
QUALIFICATIONS OF THE APPRAISERS**





Memorandum

To: Dan O'Leary, Supervisor  
From: Mike Kozak  
RE: Total Sports Park Outstanding Costs

Date: May 14, 2019  
Project: Total Sports  
Project Number: 17911.23

At your request, I have summarized below the remaining development and associated costs related to the existing Total Sports Park located west of Powell Road between 30 and 31 Mile Roads. These include items associated with connections to the Township sanitary sewer system as well as site plan infrastructure items that are required as a part of Phase 2 of the site build out. Where applicable, I have provided additional explanation of those items for clarification.

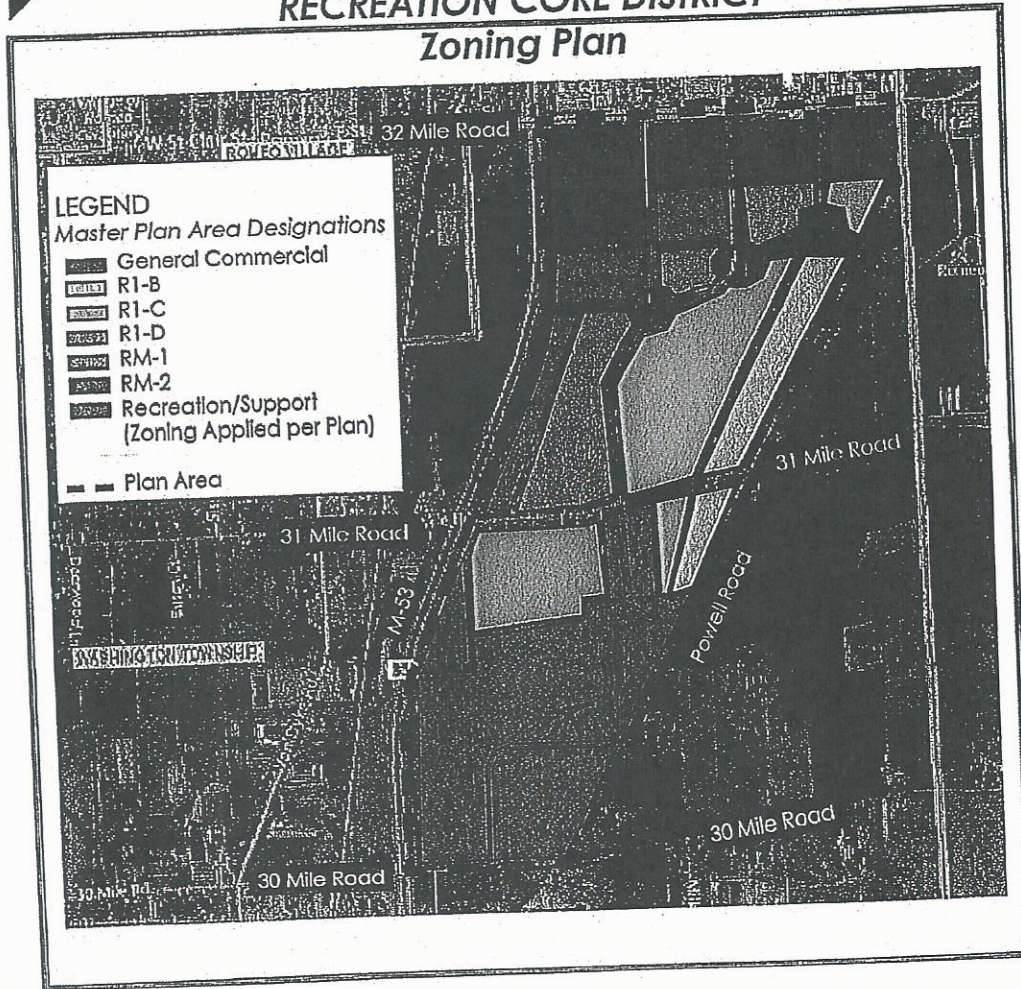
1. Sewer Special Assessment District – Based on the current estimate of cost of the Phase II Trunk Line Sewer East SAD that will service this property, the obligation over the 20 year term of the SAD for the 80 acre property is \$416,438.36 before interest.
2. Sewer Tap – The connection of the existing building to the sewer system would include a system benefit fee only, no frontage fee. Per the DPW, that fee has been calculated to be \$104,354.25 based on the same residential equivalent use (REU) that was used for the original water connection to the system.
3. Private Access Road – The remaining portion of the access road south of the existing building would need to be paved up to the west property line of the site. In previous estimates related to the paving of this road, we have assumed \$350/foot for a 28' wide internal asphalt road with concrete curbs and storm sewer. The total affected length for the TS property is approximately 1030 feet, at \$350/foot; that would be a cost of \$360,500.
4. South Access Sidewalk – A sidewalk is required along the south side of the building from the current terminus to the west end of the existing building. That is a total length of approximately 580 feet, at a width of 5 feet that would be a total area of 2900 square feet of walk. Assuming \$4/sf; that would be a total cost of \$11,600.
5. Site Cleanup – There is some additional site cleanup and minor grading work to the east of the building and throughout the site. We estimate that work at a total cost less than \$10,000.
6. Building Demolition – The existing home (and associated outbuildings) and three large agricultural structures along the site's Powell Road frontage are required to be removed as a part of Phase 2 construction. Please contact the Clerk's office for an accurate demolition quote to remove these structures.

Please review and feel free to contact me with any specific questions regarding these values.

CHAPTER XI

Illustration 3  
RECREATION CORE  
DISTRICT

RECREATION CORE DISTRICT  
Zoning Plan



WASHINGTON TOWNSHIP



**Paths**

Among the most important components of this district's overall identity are the paths, or circulation routes, which traverse the area. These paths are the means within which we create this recreational lifestyle. Whether by bike or walking, these alternative modes of travel will be utilized for both travel and exercise. These pathways must ultimately connect to the larger regional pathway and roadway systems.

As with the Village District, it is while moving through these paths that people observe and interact with the District. It is here that the realization of how the physical and psychological relationships between buildings, spaces, the environment, and people, occurs.

**Sections**

Again, similar to the Village District, the Recreation Core District should be identifiable by sections. The sections must be recognizable as having some common, identifying characters. The most typical distinction between districts is characterized by use. Other types of distinctions may be made based on building scale, proximity to a landmark, or historical nature.

**THE SECTIONS** (See Illustration 2)

**Regional Commercial**

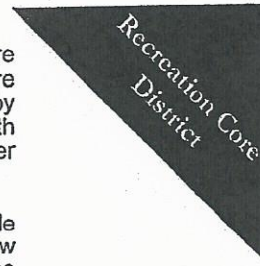
The Regional Commercial should relate with Washington Corners PUD. This includes outlet architecture, lighting, streetscapes, pathways and parks. The emphasis should include a more defined walkable environment with centralized multi-use pathway systems. Water retention systems must be utilized as decorative ponds with fountains and landscape enhancements. Certain industrial type uses may be entertained in isolated areas of the remaining 32 Mile Road area, so long as they can inter-relate to the surrounding uses without conflict.

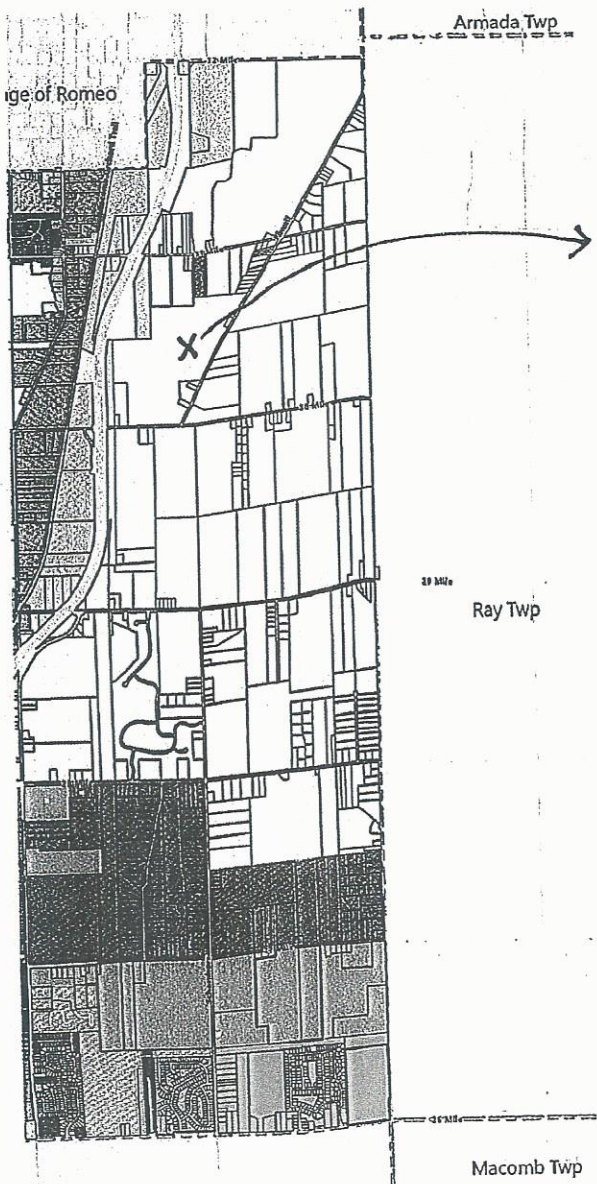
**Single-Family Residential**

The single-family residential section looks for coordinated residential enclaves that link through pathways, as well as local roads. Pathways should always be designed to link first to adjacent enclaves, but also to primary routes leading to the various activity centers, such as commercial areas, park areas and the clubhouse area. Park areas should be located to allow for preservation of the existing ponds throughout the golf course.

**Recreation / Support Uses**

Washington Township and Total Soccer are the principle owners of the areas designated for these uses. The Township is focusing on recreation and sport field uses in these areas, including a potential Township recreation/community center. The area will also contain uses that will be complementary to the regional sport draw such as restaurants, hotels and similar entertainment uses. Light industrial type uses with interior operations may be entertained in areas near the freeway and along 30 Mile Road, so long as they can inter-relate to the surrounding uses without conflict and are screened from exterior roads and residential uses. Berms with evergreen trees will be required.





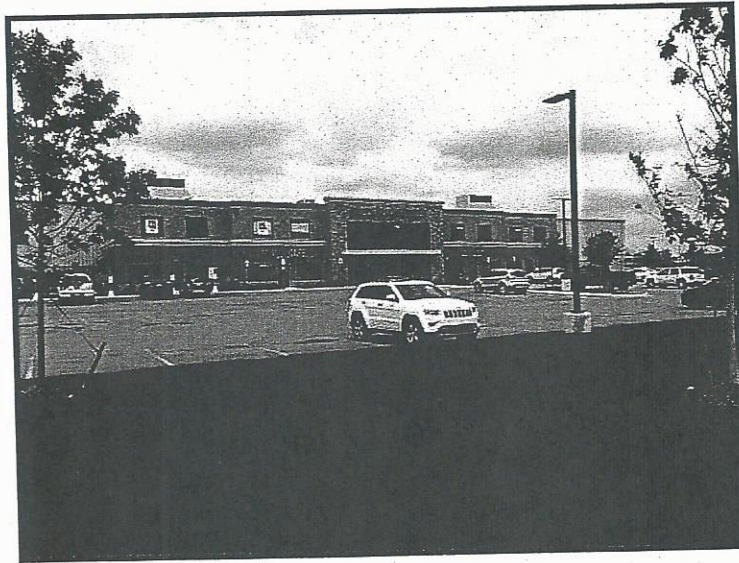
- A-1 Agricultural Residential \*
- R-1 Rural Residential
- R1-A Single Family Residential
- R1-B Single Family Residential
- R1-C Single Family Residential
- R1-D Single Family Residential
- RM-1 Multiple Family Residential
- RM-2 Multiple Family Residential
- MHC Manufactured Housing Community
- LC Local Commercial
- GC General Commercial
- V-1 Village District
- O-1 General Office
- IND General Industrial
- Consent Judgments

## Zoning Map

Washington Township  
Macomb County, Michigan



**Improved Lease No. 1**



**Property Identification**

**Record ID** 4770  
**Property Type** Industrial  
**Property Name** Premier Sports Center  
**Address** 14901 23 Mile Road, Shelby Township, Macomb County, Michigan  
**Location** N/S of 23 Mile Road, W of Hayes  
**Tax ID** 23-07-13-400-067

**Physical Data**

**Land Size** 4.138 Acres or 180,251 SF  
**Gross SF** 73,168  
**Stories** 1  
**Year Built** 2015  
**Condition** Good

**Tenant Rent Roll**

<u>Tenant Name</u>	<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
Premier Sports Center	73,168	\$6.89	NNN	1/1/2016	10 years

**General Tenant Summary**

**Verification** Review of lease; May 01, 2018; Confirmed by Drew Schmidt

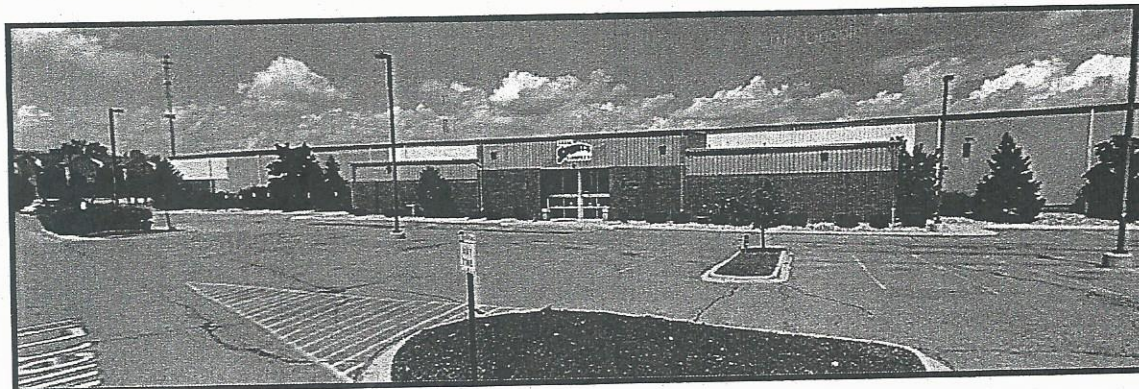
**Rent Analysis**

**Actual Rent** \$6.89 - \$6.89/SF; \$6.89/SF Average

**Remarks**

Four sublet areas of the facility to OMPT Specialist Physical Therapy, Tropical Smoothie, Five Tool Baseball, Recycle Fitness and Metro Detroit Brazilian Jujutsu

**Improved Lease No. 2**



**Property Identification**

**Record ID** 4428  
**Property Type** Industrial, Recreation facility  
**Address** 41550 Grand River Avenue, Novi, Oakland County, Michigan  
**Location** Betw Novi & Meadowbrook  
**Tax ID** 22-23-226-040

**Physical Data**

**Land Size** 4.860 Acres or 211,702 SF  
**SF** 70,591  
**SF** 70,591

**Stories** 1  
**Year Built** 1997  
**Condition** good

**Tenant Rent Roll**

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
	Total Soccer of Wixom	70,591	\$4.25	NNN	8-1-2015	120 mos

**General Tenant Summary**

**Verification** Michael Moscone; 248-669-9817, December 18, 2017;  
 Other sources: public records, Confirmed by Drew Schmidt

**Rent Analysis**

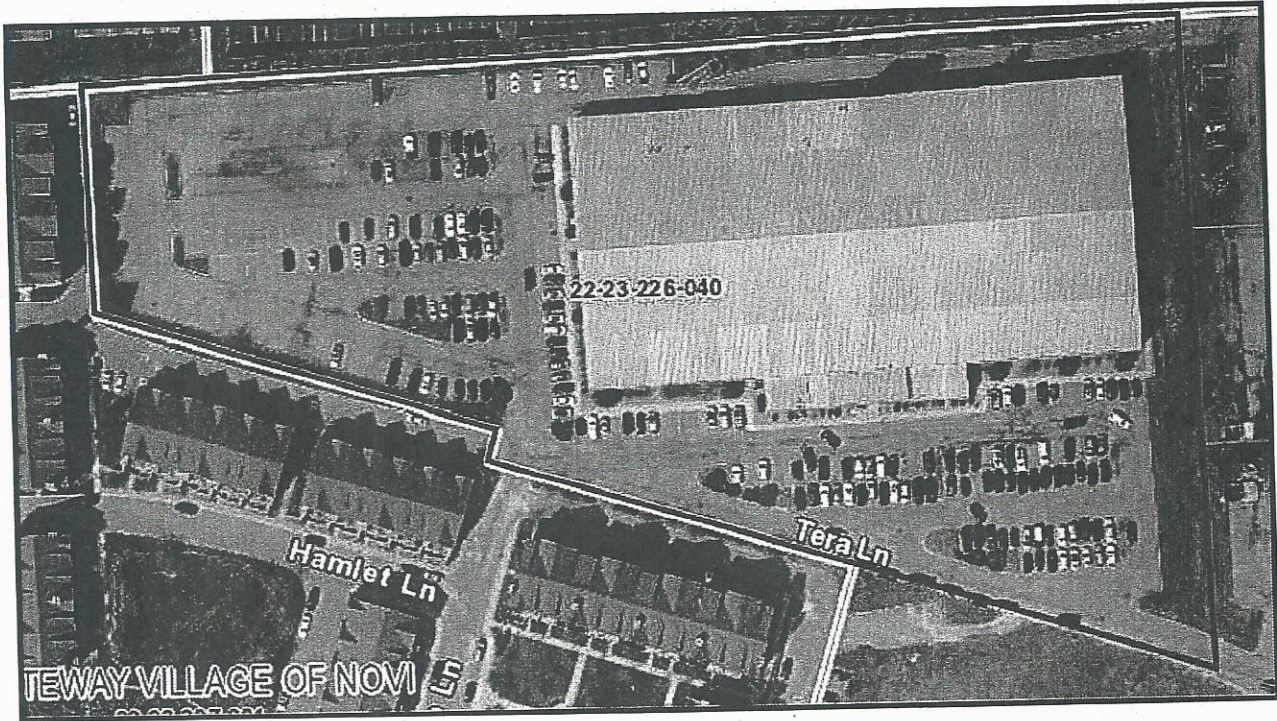
**Actual Rent** \$4.25 - \$4.25/SF; \$4.25/SF Average  
**Effective Rent** \$4.25 - \$4.25/SF; \$4.25/SF Average



Improved Lease No. 2 (Cont.)

Occupancy

100



Improved Lease No. 3



**Property Identification**

Record ID 4429  
 Property Type Other, Recreation facility  
 Property Name Sports Dome  
 Address 887 Pioneer Drive, Parking Lot P-13, Oakland University,  
 Rochester, Oakland County, Michigan  
 Location University & Squirrel

**Physical Data**

Land Size 12.370 Acres or 538,837 SF  
 SF 107,800  
 SF 107,800  
 Stories 1  
 Year Built 2014  
 Condition good

**Tenant Rent Roll**

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
	Total Soccer of Wixom	107,800	\$3.31	NNN	11-1-2014	180 months

**General Tenant Summary Verification**

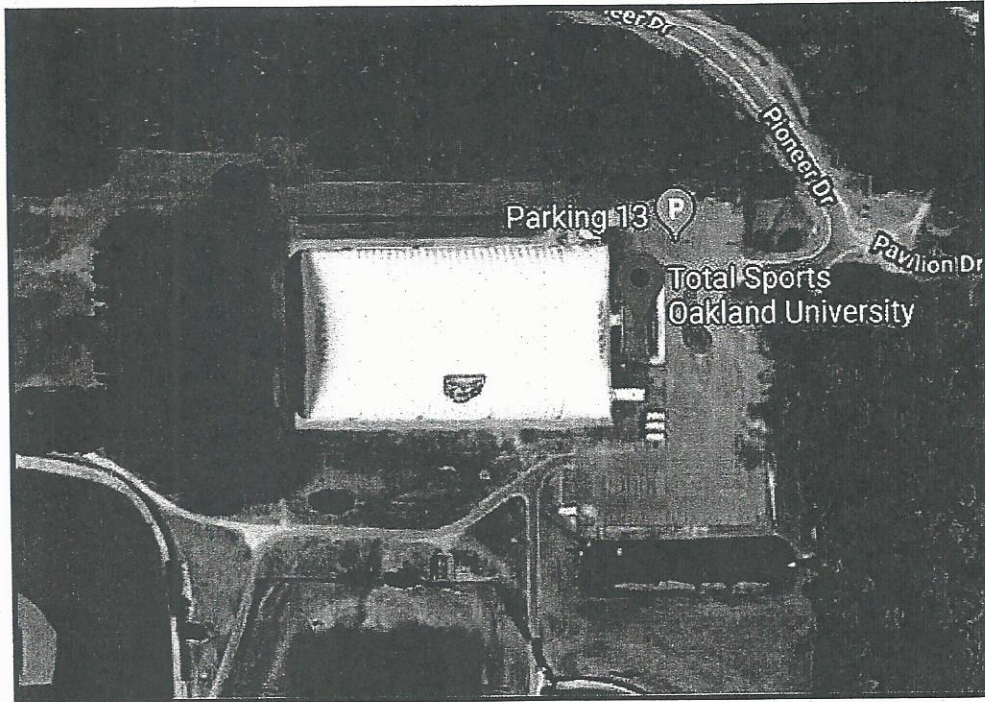
Mike Moscone; 248-669-9817, December 18, 2017;  
 Confirmed by Drew Schmidt



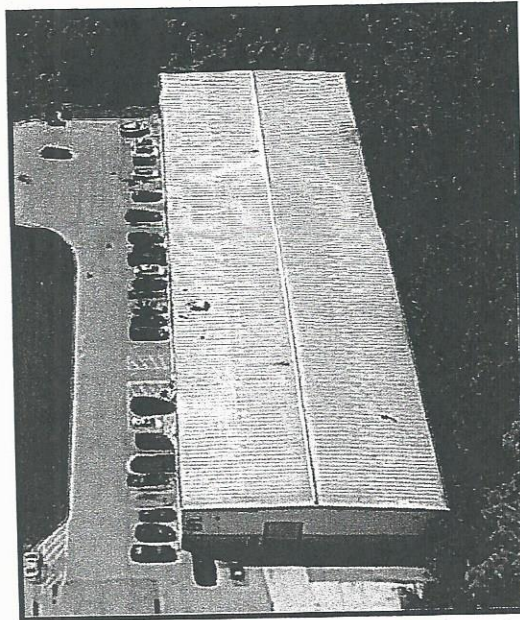
Improved Lease No. 3 (Cont.)

**Rent Analysis**

<b>Actual Rent</b>	\$3.31 - \$3.31/SF; \$3.31/SF Average
<b>Effective Rent</b>	\$3.31 - \$3.31/SF; \$3.31/SF Average
<b>Occupancy</b>	100



**Improved Lease No. 4**



**Property Identification**

**Record ID** 4431  
**Property Type** Industrial, Recreation facility  
**Address** 46039 Grand River Avenue, Michigan  
**Location** betw Taft & Beck Rds.  
**Tax ID** 22-16-451-054

**Physical Data**

**Land Size** 2.300 Acres or 100,188 SF  
**SF** 32,225  
**SF** 32,225  
**Stories** 1  
**Year Built** 1992  
**Condition** average

**Tenant Rent Roll**

<u>Suite No.</u>	<u>Tenant Name</u>	<u>Size</u>	<u>Rent/SF</u>	<u>Lease Type</u>	<u>Beg. Date</u>	<u>Term</u>
	Total Soccer of Wixom	32,225	\$2.50	NNN	7-1-2017	36 mos

**General Tenant Summary Verification**

Mike Moscone; 248-669-9817, December 18, 2017; Other sources: public records, Confirmed by Drew Schmidt

**Rent Analysis Actual Rent**

\$2.50 - \$2.50/SF; \$2.50/SF Average



Imputed Lease No. 4 (Cont.)

Effective Rent  
Occupancy

\$2.50 - \$2.50/SF; \$2.50/SF Average  
100

**GENERAL ASSUMPTIONS & LIMITING CONDITIONS**

In compliance with USPAP and to assist the reader in interpreting this report, such general assumptions and limiting conditions are set forth:

**The Appraiser(s) Has Assumed:**

1. The report is to be used in whole and not in part. No part shall be used in conjunction with any other appraisal, and it is invalid if so used.
2. Possession of this report, or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the client.
3. The signatories shall not be required to give testimony or attend court or be at any governmental hearing with references to said properties unless prior arrangements have been made with the client.
4. No opinion as to the title of the subject property is rendered. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements and restrictions except those specifically discussed in the report.
5. The property is appraised assuming it to be under responsible ownership and competent management, and available for its highest and best use.
6. The appraiser is not familiar with any engineering studies made to determine the bearing capacity of the land. It is therefore assumed that soil and subsoil conditions are stable unless specifically outlined in this analysis.
7. The legal description is assumed to be correct and should be verified by legal counsel before being relied upon or used in any conveyance or other document.
8. Unless otherwise stated, the subject property is appraised assuming it to be in full compliance with all applicable zoning and land use regulations and restrictions.
9. No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.
10. Unless stated, the property is appraised assuming that all required licenses, permits, certificates, consents or other legislative and/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 estimate contained herein is based.
11. All areas and dimensions have been checked on the ground, where practical. If furnished by the client or from public records, it is assumed that areas and dimensions are reasonably accurate. In the absence of registered surveys, land areas may be



based upon representations made, and no responsibility is assumed for discrepancies that may become evident from a licensed survey of the property.

12. Any proposed improvements are assumed completed in a good workmanlike manner in accordance with the submitted plans and specifications.
13. The value estimates described in this report are based upon current and anticipated future market conditions. Actual future market conditions can, and most likely will, vary from those anticipated and foreseen as of the date the appraisal is prepared. The appraisers cannot be held responsible for significant events that alter market conditions after the effective date of the report.
14. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client and use of this report by third parties shall be solely at the risk of the client and/or third parties.
15. Acceptance and/or use of this appraisal report constitutes acceptance of the general assumptions and limiting conditions, hypothetical conditions and/or extraordinary assumptions, as noted. Data, definitions and assumptions on which the appraisers analysis is based, are set forth in the appropriate sections of this report. They are to be considered part of these conditions as if included herein their entirety.
16. Portions of the market data that is included in this report was furnished by sources that requested the information be treated as confidential. As such, dissemination of data to other parties would be inconsistent with their request and the client is, therefore, not to use the information in this matter.
17. This valuation analysis assumes that any income and expense data provided by the client, owner and/or management company is accurate. This appraisal and valuation analysis is conducted with this data information as its foundation. In the event that the data is not accurate or false in nature, then an alternative value may be applicable for the subject.
18. The projections of income and expenses, including the reversions at the time of resale, are not predictions of the future. Rather, they are the best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of the appraiser to estimate the conditions or a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of rental rates, expenses and supply and demand.
19. If there are any adjustments to the original appraisal report after it has been delivered due to changes in data provided to the appraiser by the client and/or property owner, an additional fee will be charged.



## **DEFINITIONS**

**Cash Equivalent:** The price of a property with above- or below-market financing expressed in terms of the price that would have been paid in an all-cash sale. (Source: The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, Published by the Appraisal Institute)

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

(Source: The Dictionary of Real Estate Appraisal, 5th Edition, Published by the Appraisal Institute, 2010)

**Prospective Market Value “Upon Completion”:** The prospective value of a property as of that future date that all construction is anticipated to be completed, based upon market conditions forecasted to exist as of the completion date. This premise assumes that project is complete and ready to lease to individual tenants. Certain types of property, i.e., office buildings, shopping centers, may only be in a shell stage (may or may not have tenant finish installed at this point). It may be the value upon completion and stabilized occupancy, adjusted for the costs necessary to achieve stabilized occupancy, discount for time.

**Definition of “Stabilized Occupancy”:** An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Source: The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, Published by the Appraisal Institute)

**“Disposition/Liquidation” Value:** The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale will occur within a future exposure time specified by the client.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time specified by the client.



8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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.” (Source: The Dictionary of Real Estate Appraisal, 5th Edition, Published by the Appraisal Institute)

**“Hypothetical Conditions”** A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (Source: USPAP 2018-2019 Edition)

**“Extraordinary Assumptions”** an assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis, which is found to be false, could alter the appraiser’s opinions or conclusions. (Source: USPAP 2018-2019 Edition)

**“Federally Related Transaction” (FRT)** Under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), any real estate-related financial transaction that a Federal Financial Institutions Regulatory Agency (FFIRA) engages in, contracts for, or regulates, and that requires the services of an appraiser. (Source: The Dictionary of Real Estate Appraisal, 5th Edition, Published by the Appraisal Institute)

**“Real Estate-Related Transaction”** Under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), any transaction involving 1) the sale, lease, purchase, investment in, or exchange of real property or interests in property, and the financing thereof; 2) the refinancing of real property or interests in property; and 3) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities. (Source: The Dictionary of Real Estate Appraisal, 5th Edition, Published by the Appraisal Institute)

**“Financial Institution”** The term “financial institution” means an insured depository institution as defined in section 3 of the Federal Deposit Insurance Act or an insured credit union as defined in section 101 of the Federal Credit Union Act. (Source: Title XI Section 1121. Definitions (7))

**“Written Appraisal”** The term “written appraisal” means a written statement used in connection with a federally related transaction that is independently and impartially prepared by a licenses or certified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by presentation and analysis of relevant market information. (Source: Title XI Section 1121. Definitions (10))

**“Effective Date and Date of the Report”** Two dates are essential to an appraisal report. Standards require that each appraisal report specify the effective date of the appraisal and the date of the report. The date of the report indicates the perspective from which the appraiser is



examining the market. The effective date of the appraisal establishes the context for the value opinion. Three categories of effective dates – retrospective, current, or prospective – may be used, according to the intended use of the appraisal assignment.

Retrospective appraisals (effective date of the appraisal prior to the date of the report) may be required for property tax matters, estate or inheritance tax matters, condemnation proceedings, suits to recover damages, and similar situations.

Current appraisals occur when the effective date of the appraisal is contemporaneous with the date of the report. Since most appraisals require current value opinions, the importance of specifying both the date of the report and the effective date of the analysis is sometimes lost. Prospective appraisals (effective date of the appraisal subsequent to the date of the report) may be required for valuations of property interests related to proposed developments, as the basis for value at the end of a cash flow projection, proposed improvements to real property and for other reasons.

### **Stabilized Value**

1. A value estimate that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods, when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value.
2. A value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a bonus or premium for material, the abnormal inefficiency of labor, the cost of delay or an excessive sale price, e.g., a premium paid due to a temporary shortage of supply.

### **Stabilized Occupancy**

An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Source: The Dictionary of Real Estate Appraisal, 5th Edition, Published by the Appraisal Institute)

### **Intended Use**

The use(s) of an appraiser's reported appraisal or appraisal review assignment results as identified by the appraiser based on communication with the client at the time of the assignment. (Source: USPAP 2018-2019 Edition)

### **Intended User**

The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. (Source: USPAP 2018-2019 Edition)

### **Personal Property**

1. Identifiable tangible objects that are considered by the general public as being "personal," for example, furnishings, artwork, antiques, gems and jewelry, collectibles,



machinery and equipment; all tangible property that is not classified as real estate. (USPAP, 2018-2019 ed.)

### **Leased Fee Estate**

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, Chicago: Appraisal Institute, 2010)

### **Fee Simple Interest**

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. (The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, Chicago: Appraisal Institute, 2010)

### **Highest and Best Use**

Highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value. (The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, (Chicago: Appraisal Institute, 2010)

Highest and best use of land or a site as though vacant is defined as:

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

(The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, (Chicago: Appraisal Institute, 2010)

Highest and best use of property as improved is defined as:

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

(The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, (Chicago: Appraisal Institute, 2010)

**QUALIFICATIONS OF DONALD D. WIEME, MAI, SRA**

**Employment**

1981 to Present

President, WIEME, RENDE & ASSOCIATES, P.C.

Troy, Michigan

Independent Fee Appraisers (specializing in income-producing properties)

1978-1981

Partner, THE LINDON COMPANIES

Real Estate Investors/Developers

1974-1978

President, DONALD D. WIEME & ASSOCIATES

Independent Fee Appraisers

1973-1974

Ass't. Vice President, FORT WAYNE MORTGAGE CO.

1968-1973

Ass't. Vice President, CITIZENS MORTGAGE CORP.

1964-1968

PIERCE-FOSTER & CO.

Independent Fee Appraisers (specializing in condemnation appraisal work)

**Professional Memberships**

Certified General Real Estate Appraiser - Michigan (License #1201000153)

Licensed Real Estate Broker - Michigan

Member Appraisal Institute - MAI & SRA Designations

**Education**

BA - Wayne State University

Courses I, II, & III - American Institute of Real Estate Appraisers

Courses 101, 102 & 105 - Realtors National Marketing Institute

Course 1 - Real Estate Securities and Syndication Institute

Applied Appraisal Techniques - American Institute of Real Estate Appraisers

Standards of Professional Practice - American Institute of Real Estate Appraisers



**Various Seminars, including Risk Analysis, Subdivision Analysis, Highest and Best Use Analysis, R 41-b & R 41-c seminars, Appraising from Plans and Specifications, Comprehensive Real Estate Appraisal Workshop, Discounted Cash Flow Analysis, Operating the HP-12C, Appraising Troubled Properties, Rates, Ratios & Reasonableness, Appraising Retail Properties, etc.**

**Listing of Teaching and Lecture Assignments**

Instructor, Society of Real Estate Appraisers Course 101

Co-Instructor, Wayne State University Extension School, Income Property Analysis and Taxation

Mortgage Bankers Association of Michigan, Discounted Cash Flow Analysis and After Tax Internal Rate of Return Analysis

Detroit Real Estate Board, Income Property Appraisal

Society of Industrial and Office Realtors, Discounted Cash Flow Analysis

Guest Lecturer - University of Michigan Graduate School of Business Administration

Society of Real Estate Appraisers, Appraising a Proposed Residential Subdivision

Appraisal Institute Great Lakes Chapter - Co-instructed 7-hour seminars including Appraising Distressed Michigan Properties and Challenging Michigan Highest & Best Use Properties

**Officer Positions Previously Held with Professional Organizations**

Society of Real Estate Appraisers, Michigan Chapter No. 13, Former President, First Vice President, Second Vice President, and Secretary/Treasurer

Appraisal Institute, President, First Vice President, Second Vice President, Secretary, Treasurer, Appraisal Review Committee, and Candidate Guidance Chairman of Great Lakes Chapter

**Sample Client List**

**MDOT**

City of Centerline Urban Renewal Dept.  
City of Lansing Urban Renewal Dept.  
City of Roseville  
Chesterfield Township  
Wayne County Road Commission  
Shell Oil Company  
General Motors Corporation  
Ohio State Life Ins. Co. of New York  
American National Life Ins. Co.  
Guarantee Mutual Life Ins. Co.  
National Life of Vermont  
Citizens Bank  
Federal National Mortgage Association  
Bank of America  
Federal Home Loan Bank Board  
Federal National Mortgage Association  
Canada Life Insurance Co.  
Plante Moran  
Wayne County Emp. Retirement Fund  
City of Troy  
Honigman Miller Schwartz & Cohn LLP  
Fifth Third Bank  
Edsel B Ford II  
TCF Bank  
Bank of Ann Arbor  
PNC Bank  
Bodman Longley  
Canton Fitzgerald  
(Canton Commercial Real Estate)

Detroit Housing Commission  
City of Clawson Urban Renewal Dept.  
City of St. Clair Shores Urban Ren. Dept.  
Washington Township  
Clinton Township  
Macomb County Road Commission  
Chrysler Corporation  
John Hancock Mutual Life Insurance  
City of Warren  
City of Sterling Heights  
City of Midland  
Occidental Life Insurance Co.  
Teachers Insurance & Annuity Assoc.  
The Private Bank  
New York Life Insurance Co.  
Comerica Bank  
Talmer Bank & Trust  
Citicorp  
City of Mt. Clemens  
Nomura Asset Capital  
Column Financial  
Dykema Gossett  
Oxford Bank  
Huntington Bank  
Flagstar Bank  
Lapeer Bank  
JP Morgan Chase Bank  
Maddin Hauser  
Prudential Life Insurance Company  
Greenwich Capital



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CERTIFIED GENERAL APPRAISER LICENSE		
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**QUALIFICATIONS OF SHELLY L. GENTNER**

**Certified General Appraiser – State of Michigan Permanent I.D. #1201007451**

**EDUCATION**

Saginaw Valley State University – Bachelor of Arts Degree

**APPRAISAL EDUCATION**

Appraisal Institute, Great Lakes Chapter  
Northern Michigan University  
The American Society of Appraisers  
American Real Estate and Appraisal Institute, Inc.  
McKissock

**APPRAISAL COURSES**

Successfully Completed Courses:

I110  
Appraisal Principles  
I120  
Appraisal Procedures  
I320  
Residential Market Analysis and Highest and Best Use  
301  
Income Capitalization  
  
Uniform Standards of Professional Appraisal Practice  
  
Michigan Tax Credit Development  
  
Basic Concepts of the Income Approach  
  
Michigan Law  
  
Narrative Report Writing  
  
Cost Approach and Marshall Swift



### **CONTINUING EDUCATION SEMINARS**

Subdivision Valuation, Land and Site Valuation, Michigan Apartment Markets and Valuation Issues, Analyzing Distressed Market Conditions in Michigan, Analyzing Tenant Credit Risk and Commercial Lease Analysis, Developing and Growing an Appraisal Practice, REO & Foreclosures, Appraisal Challenges: Declining Markets and Sales Concessions, Residential Market Analysis and Highest and Best Use, Income Property Analysis and Manufactured Housing.

### **EMPLOYMENT EXPERIENCE**

Appraisal Associate for Wieme, Rende & Associates, P.C. May 1995 to present

### **APPRAISAL EXPERIENCE**

Appraisal assignments have included multiple family developments, senior housing, condominium developments, condominium conversion properties, subdivisions, manufactured housing communities, mobile home parks, light industrial buildings, technology & research facilities, general office, medical office, retail, commercial, single tenant net lease properties.

Specialized properties have included parking garages, bowling alleys, fire station, municipal office building, tennis club, churches and marina.

Within all properties types the assignments have varied from existing properties, new construction, rehabilitated properties and LIHTC (Low Income Housing Tax Credit) properties.

