

Bassett Creek Valley Project



LOCATION ANALYSIS (CONTINUED)



LOCATION ANALYSIS (CONTINUED)



Land Use Summary : Bassett Creek Valley Master Plan

Housing Units	Office	Retail	Light Industrial	Civic	New Open Space
2,600 - 6,100 dwelling units	2,00,000 - 4,600,000 square feet	250,000 - 500,000 square feet	120,000 square feet	90,000 square feet	40 acres

See figure 3 for development summaries of phases I, II and III.

Legend

- Block
- Green Street
- Trails
- Walking Trail
- SW Transitway
- Auto Bridge
- Land Bridge

Land Use

- Lower Density Residential (10-29 DU/Acre)
- Medium Density Residential (30-110 DU/Acre)
- Mixed Use: Office/Retail/Housing (40-75 DU/Acre)
- Mixed Use: Office/Housing (45-150 DU/Acre)
- Mixed Use: Office/Housing Reserve
- Office
- Office Reserve
- Office / Light Industrial
- Civic Uses
- Park and Open Space
- Neighborhood Park
- Plaza
- Water

Photos of Nearby Uses



LOCATION ANALYSIS (CONTINUED)

Photos of Nearby Uses (continued)



Adjacent BNSF excess land



Freeway I-394 elevated and adjacent to the south of subject site



Freeway I-394 and railroad uses



Kenwood neighborhood to south



Photos of Nearby Uses



DESCRIPTION OF SUBJECT PHASES

Overview

The subject portion of the Bassett Creek Valley redevelopment plan is an over-the-years three-phase mixed-use project to be absorbed from 2011 into 2020. It will begin only after the Van White Blvd connection, roundabout, pedestrian bridge, Bassett Creek Commons (within the western portion of the impound lot) and other significant public and private investments are made. TIF is available for subject onsite environmental and remediation costs. When fully completed, the project will have new streets and appealing streetscape improvements.

The development involves pad sites for office towers and multi-family residential buildings. The office component of the completed project will encompass over 1.6 million square feet. There will be a total of 894 multi-family residential units featuring of a variety of product including apartments, condos, senior housing, market-rate and affordable, ownership and rental units.

Structured parking will be provided. Parking capacity has been reduced due to possible future LRT serving the subject, allowing for more intense development.

Phases 1 (Linden Yards West) and 2 (Linden Yards East):

Located along I-394, five office towers designed to be single-user corporate office centers are being proposed. Two high-rise rental apartment buildings having some affordable units and one high-rise condominium will comprise the multi-family residential component. These phases will have Linden Ave roadway, sewer/water lateral extensions, public plazas, streetscape improvements and storm water ponding/systems. Cedar Lake Trail will be reconfigured along the project. The developer is responsible for these costs. When completed, the first two phases will create a high-visibility, high-profile mixed-use project at a freeway interchange with LRT service.

Phase 3 (East side of Impound Lot):

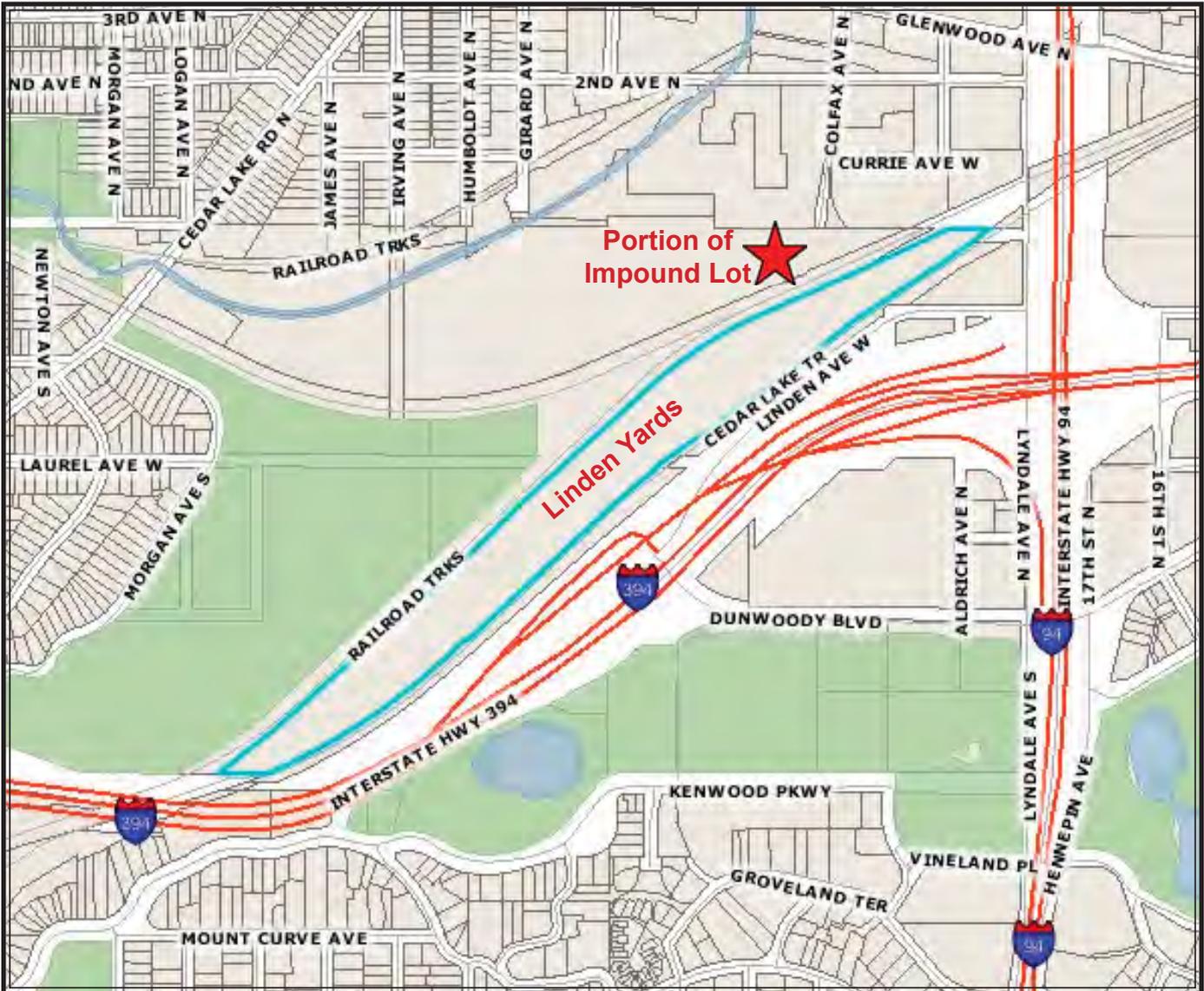
This phase is located at the northern end of the project and is adjacent to some older industrial uses. It consists of four medium-sized, mid-rise, multi-family buildings. Proposed is senior housing, apartments and condos.

See exhibits on the following pages for more project phasing details.



DESCRIPTION OF SUBJECT PHASES (CONTINUED)

Parcel Map



DESCRIPTION OF SUBJECT PHASES (CONTINUED)

Phase I--Linden Yards West 11.3 gross acres, 9.1 net acres

Building	Site Acres	Intended Use	Number of Stories	1st Floor SF	Floor Plate SF	Gross SF	Rentable SF	Efficiency (RSF/GSF)	No. of Units	Avg SF/Unit	Coverage	F.A.R.	Units/Acre	No. Parking Stalls	Parking Ratio (No./1000 RSF or per Unit)	Features
A	2.0	Office	8	33,764	33,764	270,112	256,606	95%			39%	3.10		1,049	4.09	Near round-about & LRT station
B	1.7	Office	10	33,764	33,764	337,640	320,758	95%			46%	4.56		1,010	3.15	Near pedestrian bridge linking to Bryn Mawr Meadows Park, overlooks future plaza
C	1.6	Office	7	33,764	33,764	236,348	224,531	95%			48%	3.39		549	2.45	
D	1.8	Rental apt	12	35,400	20,648	283,179	228,600	81%	240	953	45%	3.61	133	236	0.98	
E	1.5	Residential condo	16	12,800	12,800	204,800	182,082	89%	168	1,084	20%	3.13	112	264	1.57	Overlooks project pond
Plaza & ponding	0.5															
Phase Totals:	9.1			149,492	134,740	1,332,079	1,212,577	91%	408		38%	3.36		3,108	2.56	
Office Totals	5.3			101,292	101,292	844,100	801,895	95%			44%	3.66		2,608	3.25	
Residential Totals	3.3			48,200	33,448	487,979	410,682	84%	408	1,007	34%	3.39	124	500	1.23	

Phase II--Linden Yards East 10.4 gross acres, 10.4 net acres

Building	Site Acres	Intended Use	Number of Stories	1st Floor SF	Floor Plate SF	Gross SF	Rentable SF	Efficiency (RSF/GSF)	No. of Units	Avg SF/Unit	Coverage	F.A.R.	Units/Acre	No. Parking Stalls	Parking Ratio (No./1000 RSF or per Unit)	Features
F	4.0	Office	12	40,000	40,000	480,000	456,000	95%			23%	2.75		1,206	2.64	Near round-about, overlooks future pond & plaza
G	2.1	Office	9	33,600	33,600	302,400	287,280	95%			37%	3.31		759	2.64	
H	2.0	Rental apt	8	42,000	25,000	216,600	186,360	86%	196	951	48%	2.49	98	265	1.35	Overlooks pond & industrial
Plaza & ponding	2.3															
Phase Totals:	10.4			115,600	98,600	999,000	929,640	93%	196		26%	2.21		2,230	2.40	
Office Totals	6.1			73,600	73,600	782,400	743,280	95%			28%	2.94		1,965	2.64	
Residential Totals	2.0			42,000	25,000	216,600	186,360	86%	196	951	48%	2.49	98	265	1.35	

Phase III--Impound Lot 8.2 gross acres, 7.2 net acres

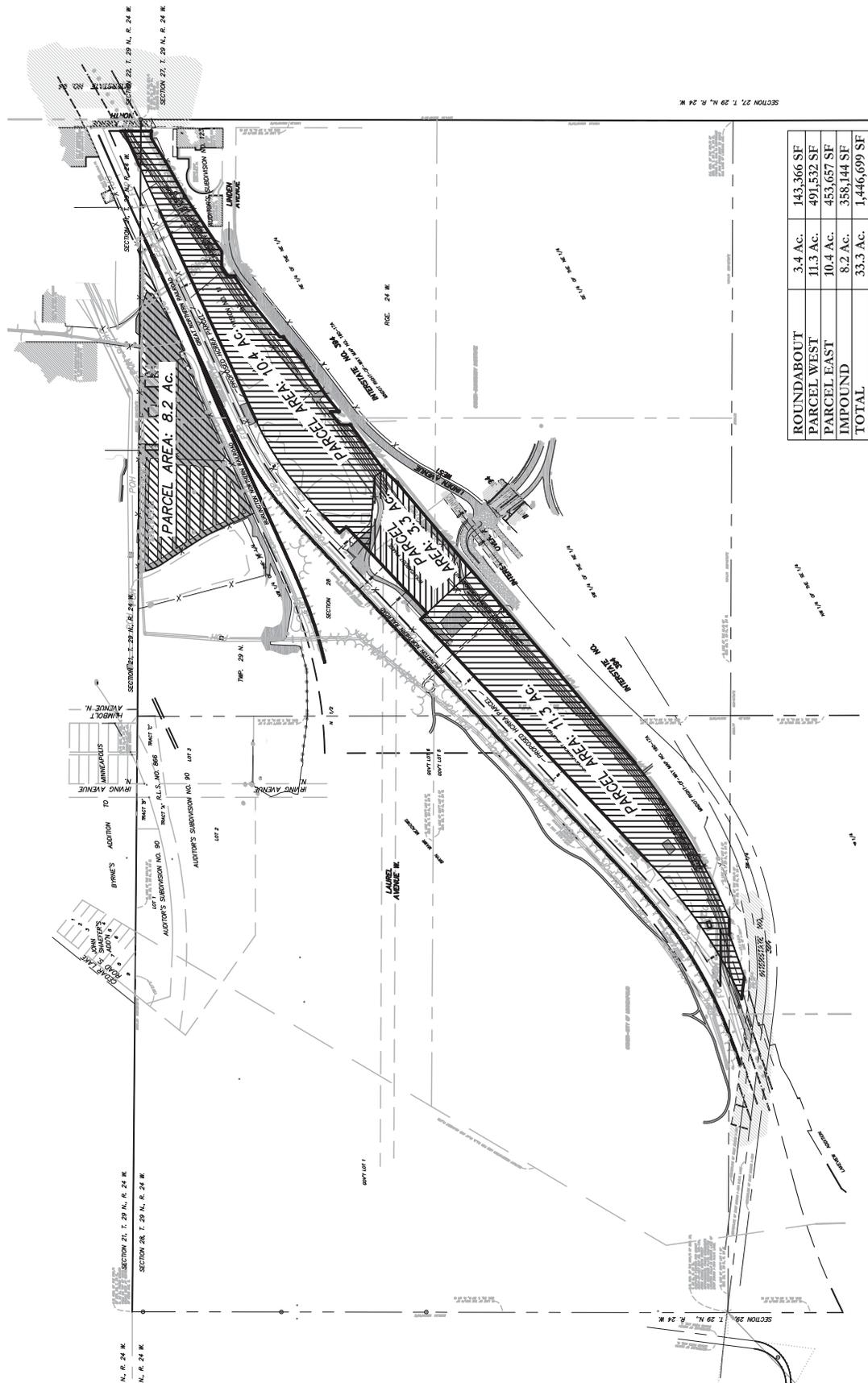
Building	Site Acres	Intended Use	Number of Stories	1st Floor SF	Floor Plate SF	Gross SF	Rentable SF	Efficiency (RSF/GSF)	No. of Units	Avg SF/Unit	Coverage	F.A.R.	Units/Acre	No. Parking Stalls	Parking Ratio (No./Unit)	Features
I	1.6	Multi-fam res	4	25,105	25,105	90,420	76,857	85%	90	854	36%	1.30	56	99	1.10	Adjacent to BNSF line & industrial uses
J	1.5	Multi-fam res	3	22,914	22,914	58,742	49,931	85%	59	846	35%	0.90	39	65	1.10	Adjacent to BNSF line
K	1.5	Multi-fam res	3	23,917	23,917	54,707	46,501	85%	55	845	37%	0.84	37	61	1.11	Adjacent to industrial uses
L	1.6	Multi-fam res	4	21,569	21,569	85,668	72,818	85%	86	847	31%	1.23	54	95	1.10	Across from Bassett Creek Commons
Ponding	1.0															
Phase Totals:	7.2			93,505	93,505	289,537	246,107	85%	290		30%	0.92	40	320	1.10	
Office Totals	0.0			0	0	0	0									
Residential Totals	6.2			93,505	93,505	289,537	246,107	85%	290	849	35%	1.07	47	320	1.10	

Project Totals, 29.9 gross acres, 26.7 net acres

Building	Site Acres	Intended Use	Number of Stories	1st Floor SF	Floor Plate SF	Gross SF	Rentable SF	Efficiency (RSF/GSF)	No. of Units	Avg SF/Unit	Coverage	F.A.R.	Units/Acre	No. Parking Stalls	Parking Ratio (No./Unit)	Features
Phase I Office	5.3			101,292	101,292	844,100	801,895	95%			44%	3.66		2,608	3.25	
Phase II Office	6.1			73,600	73,600	782,400	743,280	95%			28%	2.94		1,965	2.64	
Phase III Office	0.0			0	0	0	0							0		
Total Office	11.4			174,892	174,892	1,626,500	1,545,175	95%			35%			4,573	2.96	
Phase I Res	3.3			48,200	33,448	487,979	410,682	84%	408	1,007	34%	3.39	124	500	1.23	
Phase II Res	2.0			42,000	25,000	216,600	186,360	86%	196	951	48%	2.49	98	265	1.35	
Phase III Res	6.2			93,505	93,505	289,537	246,107	85%	290	849	35%	1.07	47	320	1.10	
Total Residential	11.5			183,705	151,953	994,116	843,149	85%	894	943	37%	1.98	78	1,085	1.21	
Plaza & ponding	3.8															
Combined Totals	26.7			358,597	326,845	2,620,616	2,388,324	91%	894		31%	2.25		5,658		

DESCRIPTION OF SUBJECT PHASES (CONTINUED)

Bassett Creek Valley - Proposed Parcel Area



ROUNDABOUT	3.4 Ac.	143,366 SF
PARCEL WEST	11.3 Ac.	491,532 SF
PARCEL EAST	10.4 Ac.	453,657 SF
IMPOUND	8.2 Ac.	358,144 SF
TOTAL	33.3 Ac.	1,446,699 SF

INFORMATION FROM WESTWOOD PROFESSIONAL SERVICES FILE DATED; JULY 10, 2008

DESCRIPTION OF SUBJECT PHASES (CONTINUED)

Site Features When Completed						
	Comments	Ex	Gd	Av	Fr	Pr
Shape	Irregular-shaped site			X		
Street Frontage	Good frontage on 3 streets--I-394, Linden Ave and Van White Blvd			X		
Adequacy of Public Streets	New Van White Blvd		X			
Availability of Street Parking	None available			X		
Adequacy of Public Utilities	See table below		X			
Streetscape Improvements	Decorative elements, included will be 2 new public plazas (1 in each of phases 1 &2). Attractive roundabout proposed		X			
Visibility/Exposure	Very good project visibility from I-394		X			
Traffic Volume	2006 traffic count of approx. 143,000 vehicles/day on I-394		X			
Center Medians	Within Van White Blvd, none in Linden Avenue		X			
Curb Cuts	Good access to structured parking ramps			X		
Access/Traffic Pattern	I-394 access via partial interchange with Van White Blvd, including HOV lane access		X			
Views	Park views to west, I-394 to southeast and some older industrial views to north		X	X	X	
Overall Functional Utility & Appeal			X			

Utilities When Completed			
	Type/Comments	Pub	Pvt
Street	Bituminous	X	
Curb & Gutters	Concrete	X	
Lighting	Decorative along Van White Blvd & Linden Ave	X	
Electric	Underground	X	
Gas	Natural gas	X	
Water	Available to sites	X	
Sewer	Available to sites	X	
Storm/Drain	Storm water ponding/systems		X
Sidewalks/Trails	Bituminous trails throughout project; adjacent to Cedar Lake Trail and trail along Van White Blvd	X	X
Alley	None		

Multi-Family Residential When Completed	
Number of Units	894 throughout the subject 3 phases
Density (Units/Acre)	Ranges from an average of 40 in the 3rd phase, to 98-133 in the 1st two phases
Comments:	

Miscellaneous When Completed-		
	Yes	No
Underground Utilities	X	
Corner Lot	X	
Railroad Access		X
Landlocked Parcel		X
Plottage Potential		X
Comments:		
LRT line and station within project		

DESCRIPTION OF SUBJECT PHASES (CONTINUED)

2007 Traffic Count Map and Street Scene Photos



DESCRIPTION OF SUBJECT PHASES (CONTINUED)

Topography/Terrain			
X	Level	X	Mostly open
	Moderate Slope		Scattered trees
	Steep Slope		Wooded
X	At Grade		Heavily wooded
	Above Grade	X	No major wetland
	Below Grade		Wetlands
Comments:			

FEMA Special Flood Hazard Area		
	Yes	Comments:
X	No	
Zone:	X	
Map #:	27053C0356E	
Date:	9/2/2004	

District Topo Map



FEMA Flood Hazard Map



Drainage	
X	Private storm water ponding/systems
	Drainage into nearby off-site pond
	Public storm sewer system
	Drains into nearby wetland
X	No apparent drainage issues; no adverse factors assumed
	Appears to drain away from building foundation
	Drainage issues:
Comments:	

DESCRIPTION OF SUBJECT PHASES (CONTINUED)

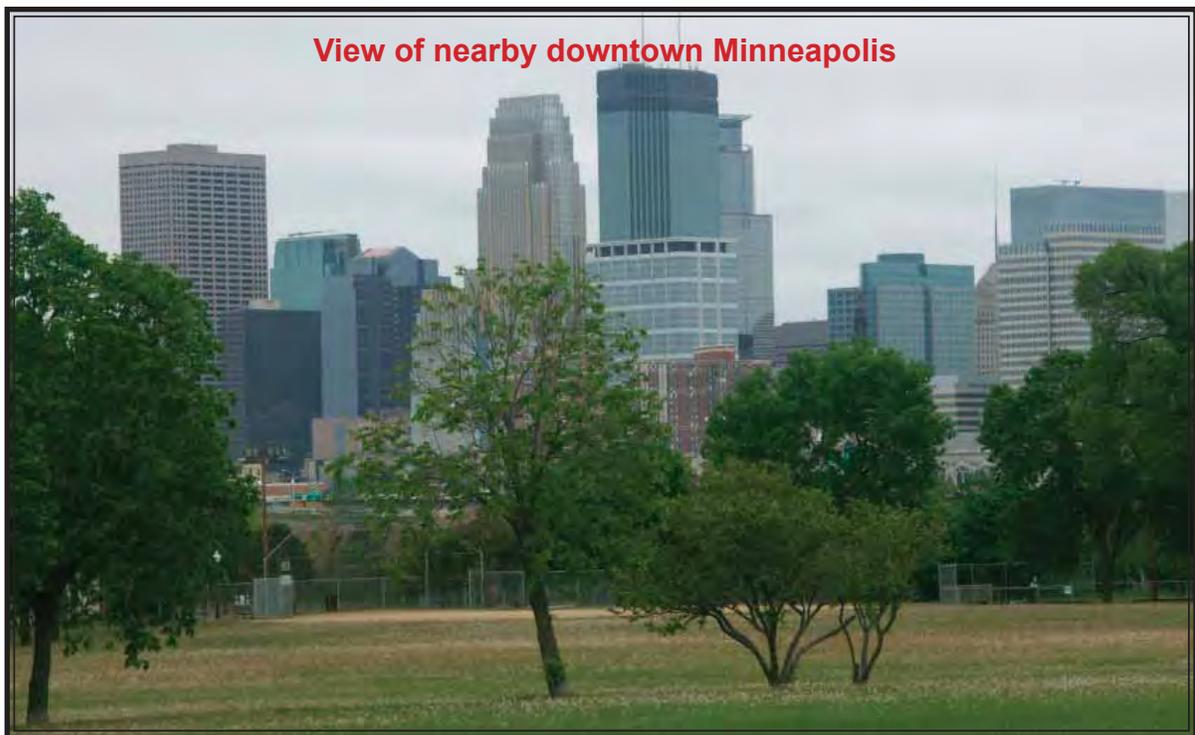
Adjacent Uses to the:	
North:	Some older industrial, residential uses farther removed
South:	I-394, Parade Stadium, Dunwoody Institute and upscale Kenwood residential neighborhood farther removed
East:	Older industrial
West:	Bryn Mawr Meadows Park, residential uses and BNSF land and railroad tracks
Comments:	
Subject located along a good redeveloping I-394 corridor having mixed uses	

Significant Encroachments		
	Yes	
	No	
X	None apparent	
	Yes	No
Recent Survey Provided to Appraisers		X
Comments:		

Significant Easements		
X	None apparent or known	
X	Typical perimeter drainage & utility easements	
	Large drainage easements:	
	Benefitting ponding easement on other property	
	Encumbering drainage or ponding easement on subject benefits adjacent parcel(s)	
	Benefitting access drive easement:	
	Encumbering access drive easement:	
	Cross access mutually benefitting easements with adjacent property:	
	Cross parking mutually benefitting easements with adjacent property:	
	Permanent sidewalk easement:	
	Party wall easement:	
	Underground gas line easement:	
	Overhead major transmission line easement:	
	Other:	
	Yes	No
Complete Title Work with Recorded Documents Provided to Appraisers		X
Comments:		

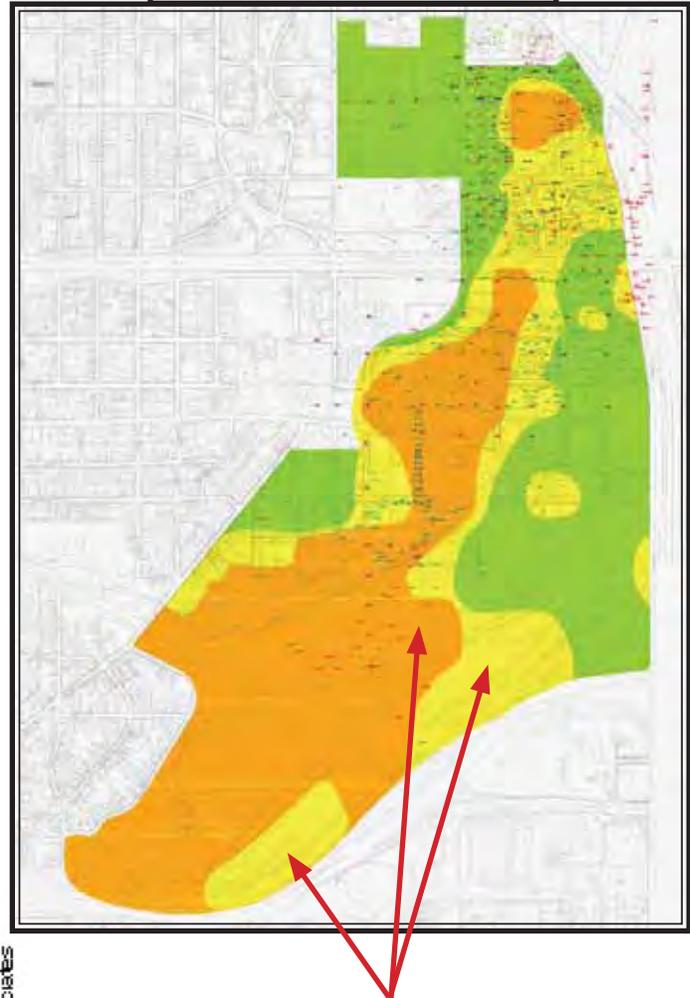
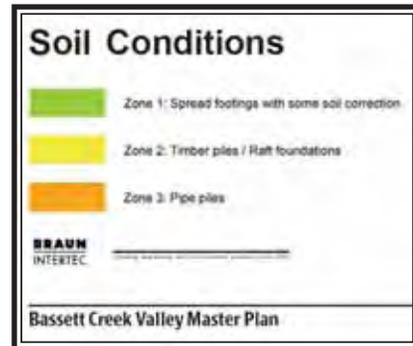
DESCRIPTION OF SUBJECT PHASES (CONTINUED)

Photos of Adjacent Uses

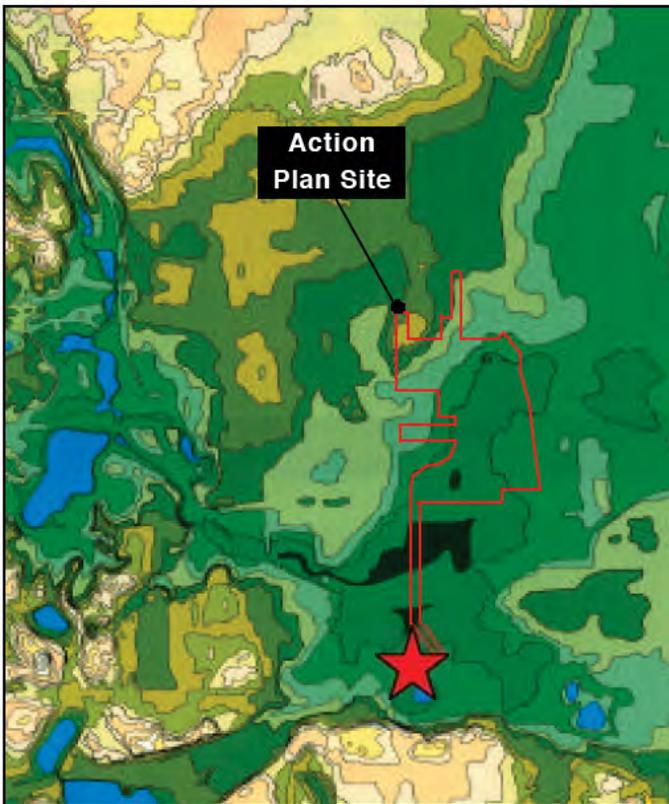


DESCRIPTION OF SUBJECT PHASES (CONTINUED)

Significant Soil Condition Issues		
	None	
	None Assumed	
X	Likely	
X	No private well reported or assumed	
	Other:	
	Yes	No
Geotechnical Report Provided to Appraisers		X
Comments:		
<p>The subject soils are known to have significant issues, yet this is ignored in our analysis per the client's instructions. The subject district is within a former river valley, now buried. Fill was placed years ago and reportedly varies widely in composition and quality; judged to be compressible. Some structures within the district have experienced major structural settlement. There is TIF available for the subject development to cover significant correction costs</p>		



Bassett Creek Valley Wetland Locations Map (from Near Northside Master Plan)



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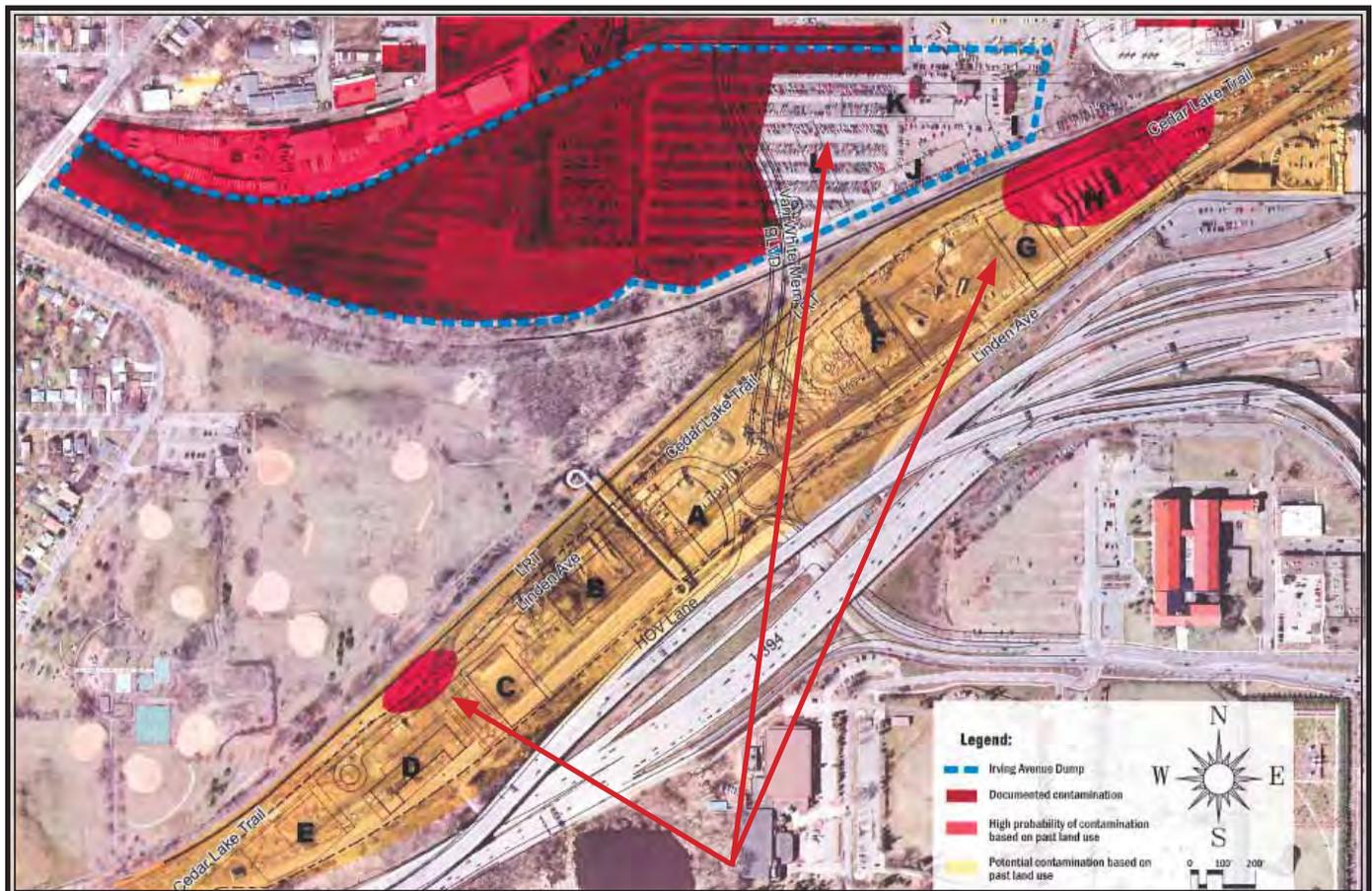
Fig. 15 Neighborhood Scale Topography

The neighborhood occupies the lowlands and wetlands of historic Bassett Creek Valley.

DESCRIPTION OF SUBJECT PHASES (CONTINUED)

Significant Soil Contamination	
	None
	None assumed
	Possible
	Likely
X	Yes, yet not considered in appraisal due to appraisal engagement conditions
	Environmental Reports in Addenda
Ground Water Impacted	
	Yes
	No
X	Possible
Comments:	
<p><u>Appraisal based upon no environmental issues</u>, yet the district has a history of industrial contamination. Sources of the contamination are known and include the Chemical Marketing Corp of America site at 180 Humboldt Ave N (former business which recycled chlorinated solvents, past above and below-ground solvent storage tanks, soils and shallow ground water contamination), the former Warden Oil site (added to the Minnesota Permanent List of Priorities in 1995), the Irving Ave Dump site on the south side of Bassett Creek to the west of the subject City of Minneapolis impound lot (used as an unlicensed dump site resulting in soil and shallow ground water contamination), Scrap Metal Processors property and a former Skelly Oil fuel tank farm.</p> <p>Given the use history of the subject and the long history of hazardous industrial uses within the district, subject soil contamination is likely. Again, any adverse potential impact is ignored in appraisal</p>	

Remediation Required for Subject Continued Use		
X	Yes, see comments	
	No	
	Unknown	
	Possible	
	N/A	
	Yes	No
Environmental Report Provided to Appraisers		X
Comments:		
<p>Per the client's instructions, known environmental and geotechnical issues have been ignored in the analysis of the property. While the subject is known to have significant elements requiring remediation, there is TIF available to cover these large costs</p>		

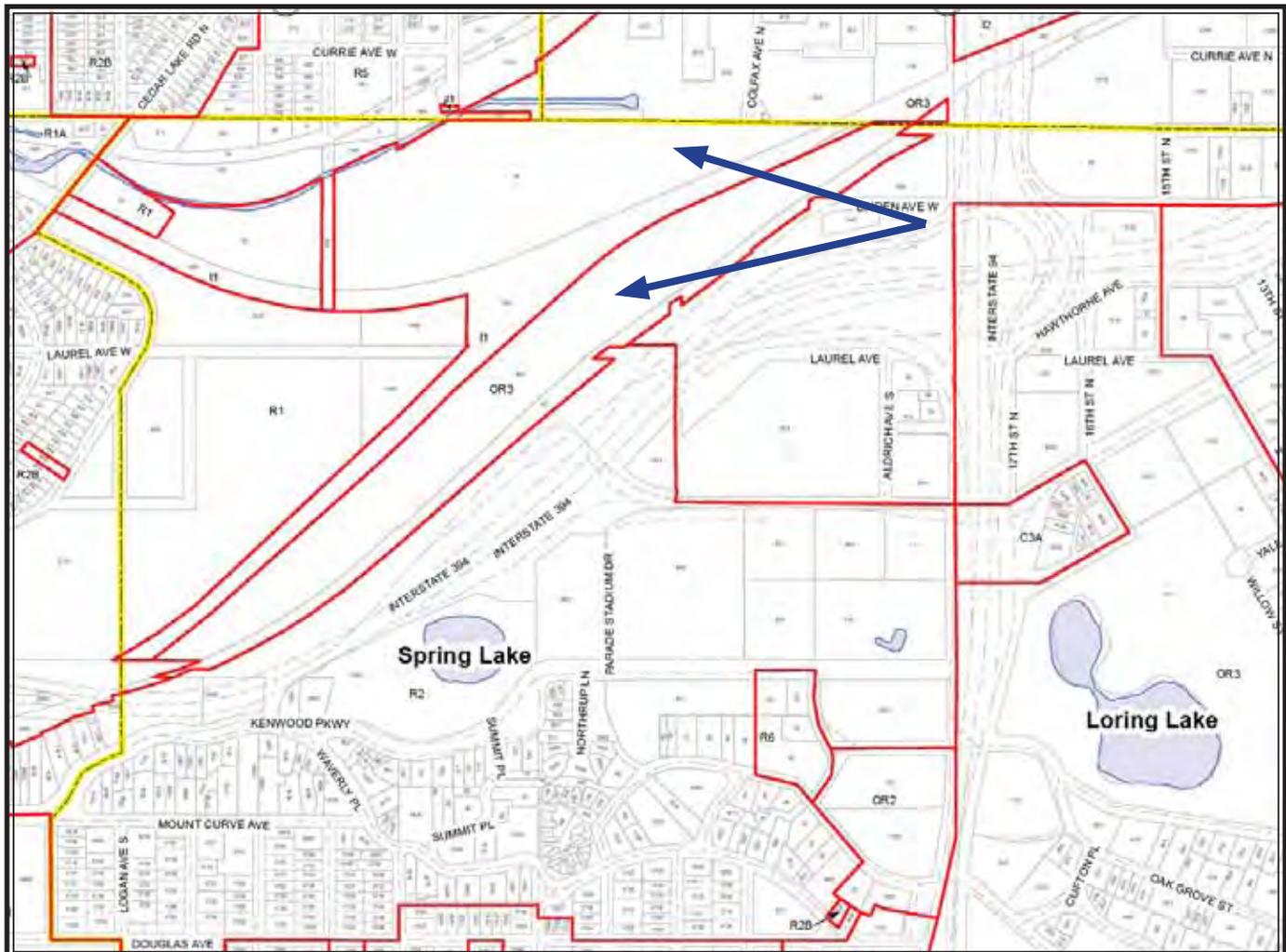


DESCRIPTION OF SUBJECT PHASES (CONTINUED)

Zoning	
X	Current Zoning: OR3, Institutional Office Residence, and I1, Light Industrial Districts
X	Guide Plan Designation: Mixed Use, within the Minneapolis Future Land Use & Bassett Creek Valley Master Plans
X	Comments: Adjacent zoning is generally residential and includes R1, R2 and R2B
Zoning Change for the District:	
	Not likely in foreseeable future
X	Likely in foreseeable future: Change to Mixed Use in the distant future after financial, geotechnical and environmental issues are resolved and subject development begins
X	Comments: The subject is linked to downtown via the I-394 corridor, and is bisected by the proposed Van White Blvd which will link Heritage Park to the north and Lowry Hill/Kenwood Parkway to the south

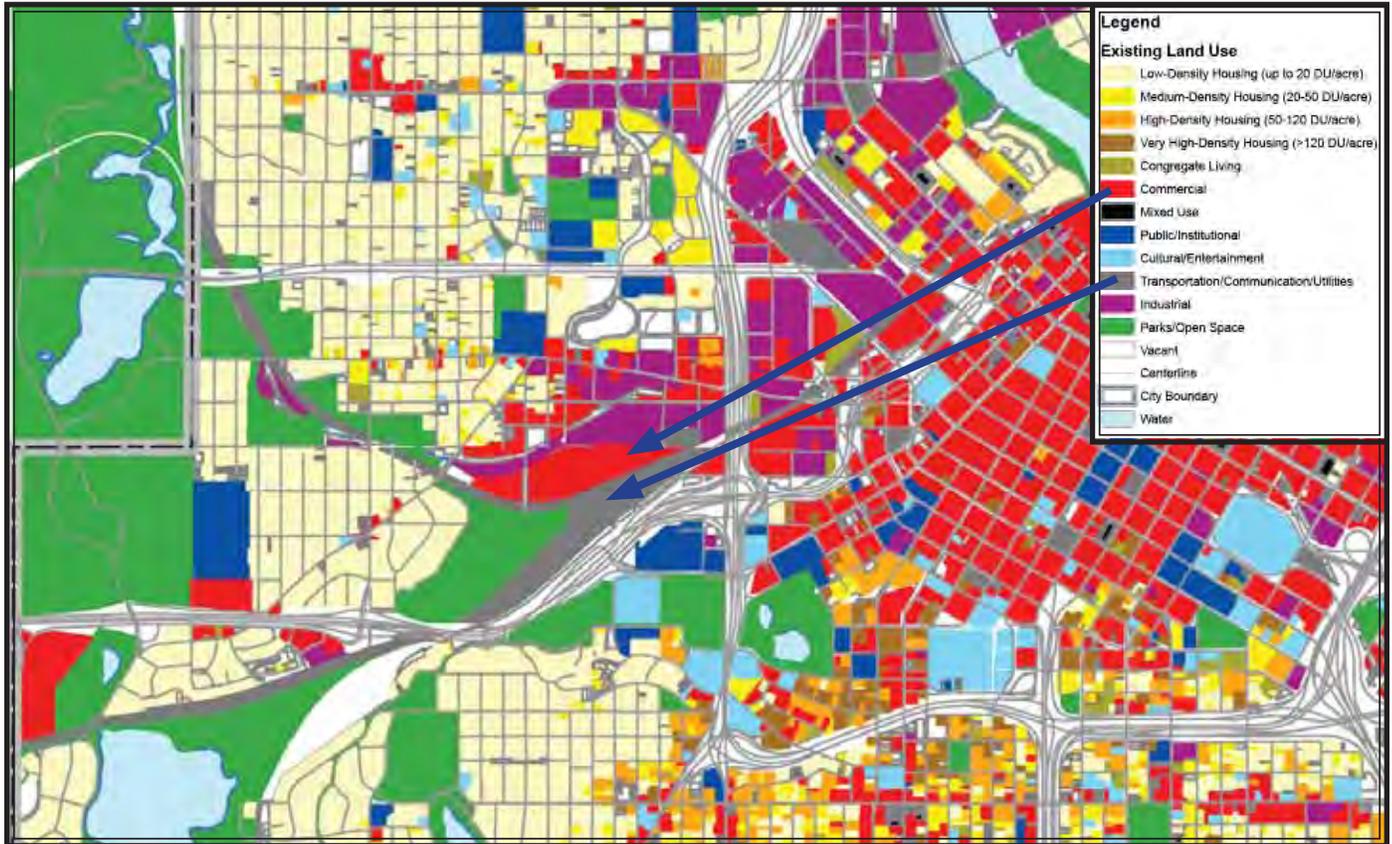
Permitted Uses/Requirements:	
OR3 or a similar mixed-use zoning allows for a mixed-use development such as commercial and housing. Permitted uses include multi-dwelling units with commercial components such as offices and neighborhood retail	
	Zoning excerpts are contained in addenda of this report
Private Deed Restrictions:	
X	None adverse known
	Yes:

Zoning Map

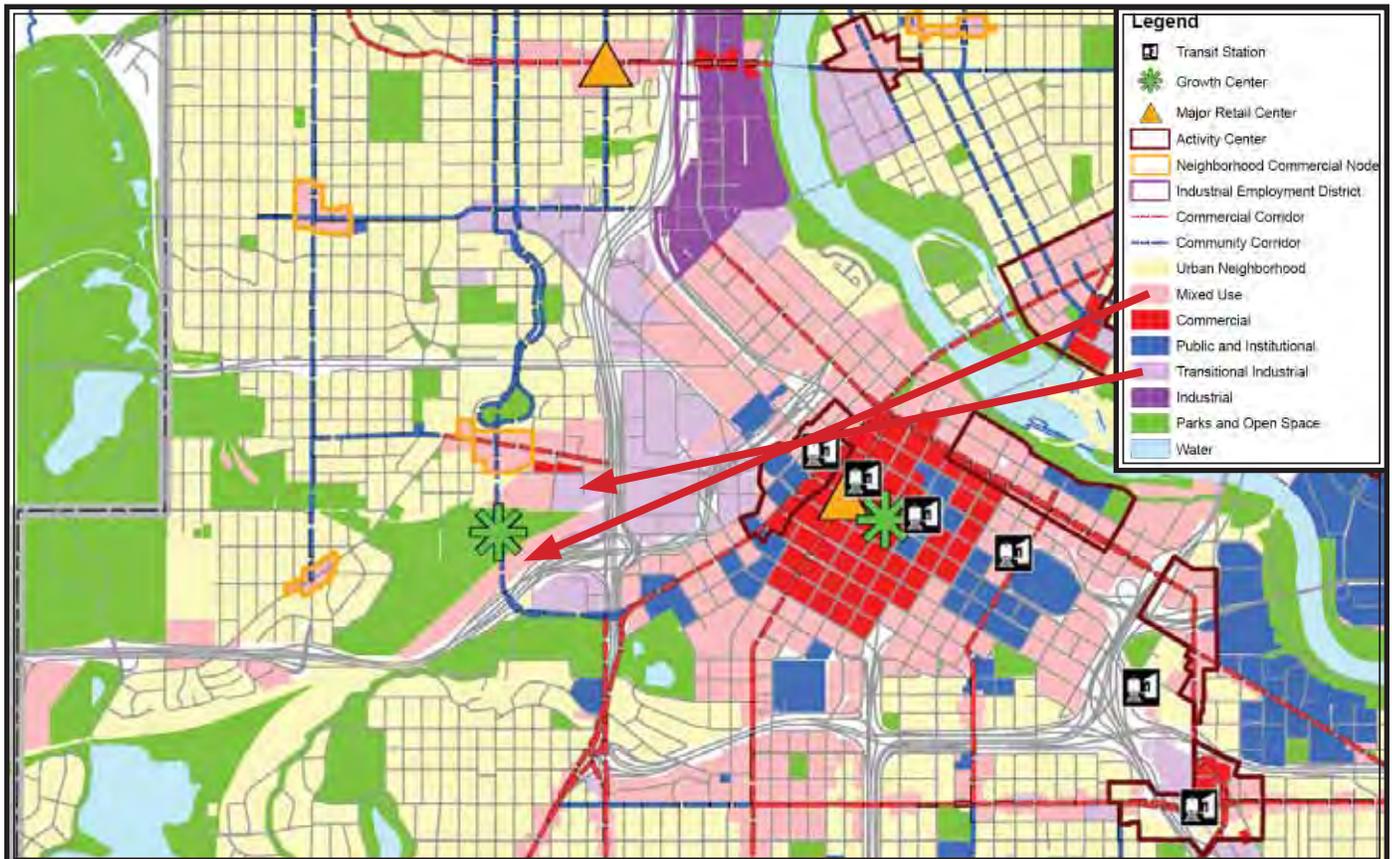


DESCRIPTION OF SUBJECT PHASES (CONTINUED)

2008 Existing Land Use Map



2008 Future Land Use Map



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REAL ESTATE TAXES

Overview

Real estate taxes on investment property can be high within Minnesota with certain property types. While tax rates have improved due to past legislation, it remains of concern to many lessors and lessees. Considerable effort can be placed upon appeal in an effort to reduce the tax burden.

Annually every January, assessors value real estate—the measure used is market value (value in exchange) based upon a fee simple interest. Current year taxes are based upon the prior year's assessed valuation. The table below details the taxes and assessed values for tax purposes.

Tax Factors

	Subject consists of a single tax parcel
	Subject consists of multiple tax parcels:
	Subject is part of a larger tax parcel
X	Subject currently is tax exempt
	Subject is fully assessed
	Subject is not fully assessed
	For recently platted and developed lots, Minnesota's new plat law would apply. Within the 7-county metro region, of which the subject is within, the increase in taxable assessed value due to subdivision improvements is phased over 3 years. This only applies to parcels where no building improvements have begun
	Subject's taxable market value is less than total AMV
	Due to the much greater concluded appraised value, supported later in this report, there is risk of future increases in assessed valuations and taxes
	Assessed market value & taxes appear to be excessive
X	Appraisal based upon any special assessments, deferred/delinquent taxes or other levied taxes being paid in full
	Special assessments are <u>not</u> assumed to be paid
	No trunk assessments have been paid in the past
	Subject may enjoy a green acres tax benefit, yet this has not been researched; appraisal based upon any green acres taxes due upon a current sale to be paid in full by the seller
X	No special assessment search has been completed by the appraisers
	Comments:

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SUBJECT HISTORY

Background	
	Year of original construction
X	Original use Railroad yards
X	Current use City-owned Linden Yards (outdoor storage & concrete crushing operations) and a portion of the city-owned Impound Lot
X	Appraisers are aware of possible past hazardous uses within the property Soil contamination is likely with railroad use and there is a history of contamination within the district, yet environmental issues are ignored in this appraisal due to appraisal engagement conditions
	Year of conversion
	Year of renovation
	Subject sold within the past 5 years
	Subject is under a pending purchase agreement
	Appraisers are aware of a recent past listing for sale
X	Appraisers are <u>not</u> aware of a recent past sale or listing for sale
	Subject is or will be owner-occupied
	Subject is or will soon be leased
	Copy of lease contained within the addenda of this report
	Other:
<p>Comments:</p> <p>Prior to 1880, the district consisted of the Bassett Creek open and wide waterway that flowed from west & northwest Hennepin County to the Mississippi River. Prior to 1900, the floodplain area was filled with refuse and other material, and the creek was channelized. On the following pages are older aerial photos and plat map. District buildings were constructed on deep pilings, and frequent & extreme flooding occurred until the early 1990's. The most recent flood control measure taken was the construction of the tunnel by the U.S. Army Corps of Engineers in 1992 to drain the Bassett Creek area and I-94 to the Mississippi River.</p> <p>According to the client, "The city acquired Linden Yards in 1989 and has used the site for public outdoor storage, street sweeping and concrete crushing operations. The area of the Impound Lot is used for daily tows, police holds, snow emergency tows, and twice yearly street sweep tows. In addition, there are forensic and impound buildings to process the release of a vehicle and an area for car auctions. The impound operations will likely continue until such time as that portion of the property is purchased for redevelopment."</p> <p>The Bassett Creek Valley Master Plan has been worked on for a number of years, and has been adopted by the City. Please refer to the Location Description of this report for details on the plan. Approved for the subject phases are dense mixed-use development, consisting of high-rise office buildings, and dense multi-family residential buildings. Van White Blvd and a roundabout are being constructed with public funding</p>	

SUBJECT HISTORY (CONTINUED)

Historic Aerial Photo of District



1991 Aerial Photo of District



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HIGHEST AND BEST USE

Definitions and Criteria Used

Highest and best use as defined in The Appraisal of Real Estate, Thirteenth Edition, by the Appraisal Institute, 2008 is:

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

Implied in this definition is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals.

The four criteria used in determining highest and best use are:

1. Legally permissible (e.g., zoning requirements or the potential for re-zoning)
2. Physically possible (e.g., site adequacy in terms of size, terrain, soil conditions, utilities and access)
3. Financially feasible (e.g., surrounding similar or compatible uses, is there an established market for such a property? do current rents justify the costs of construction? is there sufficient demand to produce an acceptable occupancy level?)
4. Maximally productive (determine which use of the feasible uses is the most profitable use)

Legally Permissible		
X	Zoning is	Current zoning is OR3, Institutional Office Residence and I1, Light Industrial Districts, yet the subject will be rezoned as part of the Bassett Creek Valley Master Plan. Approvals are already in place
X	Guide Plan is	Mixed Use, within the Minneapolis Future Land Use & Bassett Creek Valley Master Plan
X	Current Use	City-owned Linden Yards & Impound Lot
	Development moratorium	
	Easements	
	Adjacent residential district will require strict zoning compliance	
	Other:	
X	Comments:	Approvals are in place. Very dense multi-story towers having high floor area ratios and high densities have been established in conjunction with proposed future LRT

Physically Possible		
Size:		
X	Good size	29.9 gross acres, 26.7 net acres
	Small size--inefficient, or assemblage needed	
	Excessively large	
X	Comments	No excess land
Shape:		
	Efficient shape	
X	Inefficient shape	Narrow fingers, yet planning has allowed for good building placements along I-394
	Comments	
Terrain/Topography:		
X	Generally level	
	Slight slope	
	Steep slope	
	Comments	
Soils Conditions:		
	Assumed stable	
	Some correction needed	
X	Major correction likely needed	
	No assumed environmental issues	
X	Comments	There is TIF available to cover these large costs. Per the client's instructions, known environmental and geotechnical issues have been ignored in the analysis of the property
Streets and Utilities:		
X	Good public improvements	Appraisal based on new Van White Blvd, roundabout and pedestrian bridge being constructed at no cost to the developer
	Older public improvements	
X	New public improvements needed	Linden Ave and Cedar Lake Trail realignment, streetscape improvements, interior sidewalks, public plaza, storm water ponds/ systems are needed; cost by developer
	Public infrastructure extension is needed	
	Comments	
Plottage Potential (value created via assemblage):		
X	Not likely	Subject has sufficient size
	Possible	
	Comments	
Other Physical Factors and Comments:		

HIGHEST AND BEST USE (CONTINUED)

Financially Feasible and Maximally Productive		
Access and Exposure:		
X	Excellent	I-394 corridor with partial interchange
	Good	
	Average	
	Fair	
	Poor	
X	Trend	Improving as the Bassett Creek Valley Master Plan further develops
X	Comments	Phase I and III to have good views of Bryn Mawr Park and Bassett Creek Commons
District Appeal, Demographics:		
	Excellent	
	Good	
X	Average	
	Fair	
	Poor	
	Trend	
	Comments	
Local Market Conditions that Apply to Subject Potential Uses:		
X	Office, Retail, Industrial and Multi-Family Residential	Very slow due to the current deep recession. However, by the date of development (2011-2020), market conditions are anticipated to improve to a level that warrants new construction
	Comments	
Availability of Development Sites		
X	Limited availability	
	Some availability	
	Oversupply of sites available	
	Comments	
Development Timing:		
	Hold until more surrounding development occurs	
	Speculation land	
X	Ripe for development	Given the future new construction development dates
Comments and Conclusions:		
<p>Subject is well designed and should be adequately marketable for proposed corporate office centers and the multi-family rental & for-sale residential units.</p> <p>Per scope of the appraisal, each of the 3 phases is separately appraised. Each phase has multiple building pad sites. Hence, bulk valuations for each phase will be required and have been considered in our appraisal analysis. Each phase will take multiple years to fully develop.</p>		

SUBJECT VALUATION

Overview

Land can be valued via a sales comparison approach, allocation, extraction subdivision development analysis, land residual and ground rent capitalization. Given the unique subject multiple-phase master planned development, each phase has separately been analyzed via a subdivision development approach.

This approach can use elements of all three traditional valuation approaches, and is used in estimating the future bulk values of the completed subject phases. In simple terms, this approach estimates the retail values of the approved building pads after all subdivision improvements are completed, concludes an absorption time for selling off the lots, deducts the development, holding and selling costs, and deducts the level of profit required by a potential developer. The result remaining is an indicated value for the subject land value.

More specifically, analysis, conclusions and estimates on the following items need to be addressed:

- A detailed development plan is needed
- A market study to determine finished building site prices
- An absorption analysis to determine how long it would take to develop/sell the pads within each phase
- Analysis of what the costs of development will be--direct costs (engineering, grading, streets & utilities), indirect costs (any park dedication fees, other city/county fees, construction financing, real estate taxes, contractor overhead & supervision) and any assessment charges.
- Marketing, legal, closing and holding costs need to be supported
- A market-supported developer's profit estimate is needed--an incentive for the developer to proceed with such a costly and potentially risky investment
- All the revenue and costs/expenses are projected over the absorption period for each phase of the subject, and discounted back to a given date via a discounted cash flow (DCF) analysis--small or quick sell-off projects generally have higher values, and larger/longer sell-off projects have less value due to the time value of money

Appraisers/analysts handle developer's profit in different manners. Some take a percent of the sales revenues each time period as a deduction to the cash flow within each time period. The discount rate then used is a conservative cost of capital rate.

In our analysis, profit is fully accounted for in the yield or discount rate. The larger cash flows are discounted via a much higher rate--it incorporates a safe cost of capital rate, plus additional return due to the inherent risks and uncertainties associated with such a development. This form of reflecting developer's profit more closely follows what is used in other DCF analysis used in analyzing different types of investment real estate. It also resembles an internal rate of return (IRR) analysis used by investors when determining overall yields.

Given the design work previously invested into the project, and its current entitlements, the Subdivision Development Approach is a meaningful valuation tool for each phase.

SUBJECT VALUATION (CONTINUED)

Development Costs

Subject phases will require significant land development costs, many of which will be publicly funded. This includes all of the public infrastructure associated with Van White Blvd, the proposed roundabout, a new pedestrian bridge and the I-394 connections. The public investment includes \$6.8 million for construction of the new roundabout and \$2.4 million for the pedestrian bridge overpass.

Tax Increment Financing (TIF) is available to cover the extensive environmental and soil correction issues associated with the subject phases. Our valuation is based upon the assumption that the developer will be fully reimbursed for these costs via TIF; this is a condition of the appraisal.

The developer will be responsible for all of the interior roadways and sewer & water laterals. This includes both west and east portions of Linden Ave, streetscape improvements, storm water ponding/systems, retaining wall in Phase II, some traffic signals and reconfiguration of the Cedar Lake Trail.

Under the current plan, the developer is responsible for the public plaza costs, which total \$3.3 million. The developer will be seeking other public financing sources, yet this has not been determined at present.

Following is a summary of the developer-estimated development costs. Reportedly, the costs have been prepared by the developer's consultant, Short Elliott Hendrickson Inc. (SEH). Inflationary increases have been made to account for the future costs. Support can be found in the addenda of this report.

Since our DCF analysis is on an unleveraged basis, we have used costs without financing. Development costs are projected to be incurred during the first 1.5 years of the opened phase. The plaza costs, for example, likely would not be incurred immediately.

Summary of Developer's Budgeted Costs

Bassett Creek Valley Redevelopment

Public Infrastructure Costs

Date: April 30, 2009 - Updated June 3, 2009

Phase I

Public Improvements	Completion	Estimated Cost	Funding Source	Serves
Construction of Roundabout	2011	\$ 6,828,045	Grants	Linden Yards East and West
Construction of Public utilities (water and sanitary mains to serve the development)	2011	\$ 548,333	Special Assessment	Serves all three Phases
Construction of Linden Avenue West Road	2012	\$ 1,797,386	Special Assessment	Linden Yards West
Construction of Pedestrian Bridge Over Rail Lines - Linden West	2012	\$ 2,448,885	Grants	Replace existing pedestrian bridge
TOTAL Phase I Public Improvement Costs		\$ 11,622,649		

Phase II

Public Improvements	Completion	Estimated Cost	Funding Source	Serves
Reconstruction of Linden Avenue (east of the roundabout)	2016	\$ 2,938,701	Special Assessments	Linden Yards East and West
Linden Yards East Road & Utilities (internal roads/drop-off area and trail system)	2016	\$ 1,297,364	Special Assessments	Linden Yards East
TOTAL Phase II Public Improvement Costs		\$ 4,236,065		

Phase III

Public Improvements	Completion	Estimated Cost	Funding Source	Serves
Construction of Impound Lot Road	2017	\$ 4,903,176	Special Assessments	Impound Lot
TOTAL Phase III Public Improvement Costs		\$ 4,903,176		

Total Public Improvement Costs \$ 20,761,890

Notes:

Cost have been adjust to reflect anticipated year built.

SUBJECT VALUATION (CONTINUED)

Summary of Developer's Budgeted Costs

	Total Project (Net of Grants)			
	Phase I, 9.1 Acres (2011 & 2012)	Phase II, 10.4 Acres (2016)	Phase III, 7.2 Acres (2017)	Totals, 26.7 Acres
Direct Costs:				
Clearing, grading/earthwork	Below	Below	Below	\$ -
Demo of existing improvements	\$ -	\$ -	\$ -	\$ -
Public utilities (sewer & water) to serve all phases	\$ 548,333	\$ -	\$ -	\$ 548,333
Streets, utility laterals, trails, storm sewer systems, retaining wall, traffic signal	\$ 1,797,386	\$ 4,236,065	\$ 4,903,176	\$ 10,936,627
Streetscape improvements and public plazas	\$ 1,830,250	\$ 1,462,349	\$ -	\$ 3,292,599
Subtotal	\$ 4,175,969	\$ 5,698,414	\$ 4,903,176	\$ 14,777,559
Contingency factor	Above	Above	Above	Above
Subtotal	\$ 4,175,969	\$ 5,698,414	\$ 4,903,176	\$ 14,777,559
Soil testing, environmental, engineering, survey, supervision & overhead	Above	Above	Above	Above
Total direct costs	\$ 4,175,969	\$ 5,698,414	\$ 4,903,176	\$ 14,777,559
Indirect Costs:				
City fees	\$ -	\$ -	\$ -	\$ -
Park dedication fee	\$ -	\$ -	\$ -	\$ -
Legal	\$ -	\$ -	\$ -	\$ -
Short-term construction financing (origination, appraisal, interest, etc.)	\$ -	\$ -	\$ -	\$ -
Taxes & maintenance during the construction period	\$ -	\$ -	\$ -	\$ -
Total indirect costs	\$ -	\$ -	\$ -	\$ -
Assessment Charges for Van White Blvd, Roundabout, Pedestrian Bridge	\$ -	\$ -	\$ -	\$ -
Total Development Costs Before Entrepreneurial Profit	\$ 4,175,969	\$ 5,698,414	\$ 4,903,176	\$ 14,777,559
Per SF Land	\$ 10.53	\$ 12.58	\$ 15.63	\$ 12.71
Per Building GSF	\$ 3.13	\$ 5.70	\$ 16.93	\$ 5.64
Per Unit			\$ 16,908	

SUBJECT VALUATION (CONTINUED)

Vacant Office Land Valuation Overview

After the subdivision improvements are fully completed, each subject building pad is valued to its highest and best use--as strong, very dense office sites along the I-394 corridor near the CBD having close proximity to the Van White Blvd interchange. If offered for sale, they would command much market interest.

First, a sample subject office pad site is analyzed from the 1st phase--building pad A in West Linden. Later within this valuation section, the other pads will be considered.

Using a sales comparison approach, we have identified and analyzed several dense office project sites within the Twin Cities market area. The following outline is used in this vacant land valuation section:

- Overview of Sales
- Comparable Selection
- Summary Table of Comparables
- Comparable Location Map
- Descriptions of the Comparables
- Adjustment Analysis and Grid
- Reconciliation

SUBJECT VALUATION (CONTINUED)

Overview of Vacant Office Land Sale Transactions

Current market conditions are very difficult due to the deep recession. Most transactions were from a few years ago. Generally, many projects of up to a 1.0 F.A.R. were selling in the \$10.00 to \$20.00/sf of land area range. The low density buildings were near the low side of the range, and the dense projects or medical offices at the upper end.

The well located suburban projects having strong rents and low F.A.R.'s were selling at high amounts per sf of GBA. Due to economies of size, large F.A.R. sell for less per sf of GBA. This is graphically depicted in the following scatter-gram chart showing 31 office land sales.

Given the subject's very strong F.A.R., a market value at the low end of the range is appropriate. Within the following section, a more detailed sales comparison approach analysis is employed.



SUBJECT VALUATION (CONTINUED)

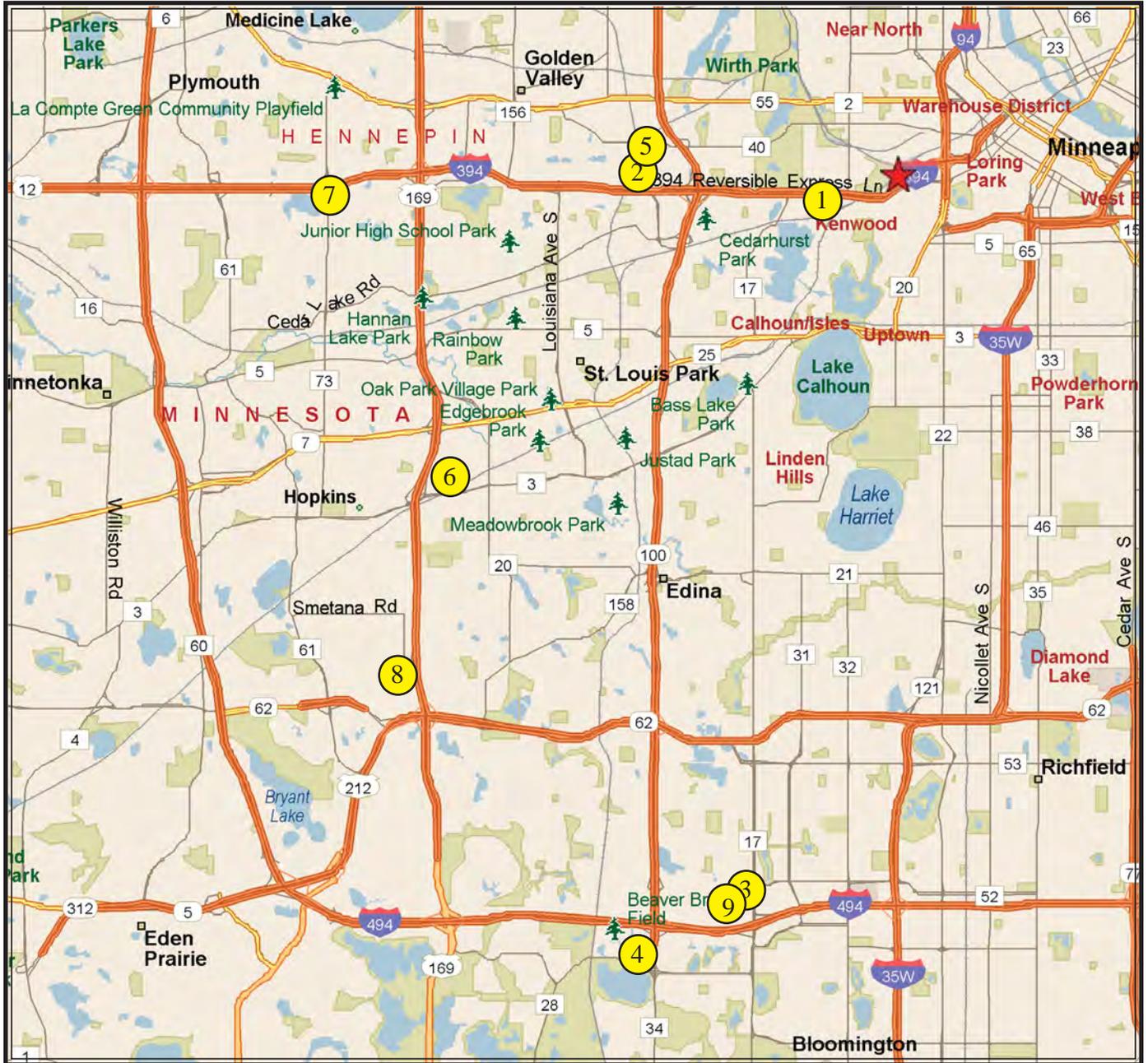
Vacant Office Land Comparable Selection

We have identified 9 comparables from Minneapolis and several suburban districts that are used for detailed analysis. All were purchased for dense office development. Unadjusted, they range in value from near \$7 to \$47 per SF of developed GBA.

Summary Table of Vacant Office Land Comparables

Comp. No.	Name/Location	District	Roads and Visibility	Usable SF Acres	Zoning & Intended Use	Sale Date	Price/Land SF
						Total Price	Price/Bldg GSF
Subject	Phase I West Office Pad A I-394 and Van White Blvd Minneapolis	Redeveloping Bassett Creek Valley Master Plan, mixed-use district along I-394 corridor	Good public roads & capacities near I-394 interchange. Good corner frontage on Van White Blvd (much traffic) and Linden Ave, roundabout intersection, very good freeway visibility (143,000 traffic count)	270,112 0.00	Mixed-use approvals in place for proposed very dense 8-sty office, FAR 3.1	1/1/2011	
1	Joffe Medical Offices 1011-1035 Madeira Ave Minneapolis	Good mixed-use district along I-394 corridor & Penn Ave freeway interchange	Good public roads & capacities near I-394 interchange, good corner frontage on I-394 (143,000) & Penn Ave, very good freeway visibility	179,440 0.00	Mixed zoning, approved for 7-story medical office, existing 1-sty & parking ramp, FAR 1.05	7/2007	\$34.98
							\$6,000,000
2	Allianz Corporate Headquarters 5701 Golden Hills Dr Golden Valley	Good Golden Hills mixed-use redevelopment district along I-394 corridor & the Xenia Av interchange	Good public roads & capacities near I-394 interchange, good corner frontage on I-394 (134,000), Xenia Ave (13,700) & Golden Hills Dr (5300), very good freeway visibility	686,713 0.00	I-394 Mixed Use, improved with 10 & 6-sty offices & 6-sty parking ramp, FAR 1.33	5/2001	\$9.07
							\$4,682,812
3	Minnesota Center II 3901 Minnesota Dr Bloomington	Good mixed-use district near I-494 corridor & France Ave freeway interchange	Good public roads & capacities, good corner frontage on France Ave (27,500) & Minnesota Dr (5800), signal-controlled intersection, average visibility	400,000 0.00	Previously approved for dense high-rise office & parking ramp, FAR 2.41	12/27/2002	\$19.61
							\$3,250,000
4	Normandale Lakes 8200 Tower 8200 Norman Center Dr Bloomington	Strong W Bloomington Normandale Lakes comm'l district just south of I-494	Good public roads & capacities near I-494 & Hwy 100 interchange, good corner frontage on Normandale Lake Blvd (6300) & 83rd St W & Norman Center Dr, some freeway visibility	274,050 0.00	Approved for dense 11-sty office & 6-sty parking ramp, FAR 1.14 (per usable land)	8/28/2007	\$22.81
							\$5,500,000
5	Xenia Ridge 700 & 800 Xenia Ave Golden Valley	Good Golden Hills mixed-use redevelopment district along I-394 corridor & the Xenia Av interchange	Good public roads & capacities, good corner frontage on Xenia Ave (7300), Golden Hills Dr (8500) & Laurel Ave (4650), average visibility	277,159 0.00	Approved for dense 8-sty office & 4-sty parking ramp, FAR 1.09	2/14/2007	\$18.52
							\$4,715,543
6	Excelsior Crossings 9300 Excelsior Blvd Hopkins	Good mixed-use district along Hwy 169 corridor & the Excelsior Blvd interchange	Good public roads & capacities, good corner frontage on Hwy 169 (88,000) & Excelsior Blvd (22,900), some freeway visibility	806,000 0.00	Improved with (3) 7-sty offices & (3) parking ramps, FAR .62	8/14/2006	\$8.26
							\$10,739,000
7	Crest Ridge Corporate Center 11055 Wayzata Blvd Minnetonka	Good mixed-use district along I-394 corridor & the Hopkins Crossroad interchange	Good public roads & capacities on I-394 interchange, good corner frontage on I-394 (114,000), Wayzata Blvd (4600), & Hopkins Crossroad (13,300), good freeway visibility	231,810 0.00	Approved for (2) 3-sty +WO offices & (2) parking ramps, FAR .37	3/26/2008	\$17.73
							\$11,000,000
8	United Health Care Corporate Campus 9701 Data Park Dr Minnetonka	Good office district in the NWQ of Hwys 169 & 62	Good public roads & capacities, good corner frontage on Hwy 169 (90,000) & Data Park Dr (18,900), good freeway visibility	641,500 0.00	Approved for (2) 10-sty offices & (2) 5+2-sty parking ramps, FAR 1.43	3/25/2005	\$14.88
							\$6,666,025
9	Two MarketPointe 4400 78th St W Bloomington	Good suburban mixed-use district near I-494 corridor & France Ave freeway interchange	Good public roads & capacities, good infill site on 78th St W (I-494 service road having some traffic), near I-494 (155,000), very good freeway visibility	250,343 0.00	Approved for 8-sty office plus restaurant & parking ramp, FAR 1.06	9/10/2007	\$14.90
							\$3,511,184

Office Land Comparable Location Map



SUBJECT VALUATION (CONTINUED)

Comparable Office Land Descriptions

COMPARABLE 1

1011 - 1035 Madeira Ave

393-5C - Minneapolis



Price - \$/SF: **\$34.98**

Sale Date: **July, 2007**

Sale Price: **\$6,000,000**

Address: 1011 - 1035 Madeira
City: Minneapolis
Intended Use: (2) medical office buildings
Soil Type/Cond.: Assumed stable
Topography: Level
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: Adjacent
Curbing: Concrete
Flood Zone: Zone X



Buyer: Joffe MN Property LLC
Seller: Palm Real Estate Holdings LLP
Sale Date: July, 2007
Size SF/Acres: 171,512 / 3.94
Purchase Price: \$6,000,000
Plus: Specials: \$0
Other Costs: \$0
Total Price: \$6,000,000

\$/SF - Overall: **\$34.98 ±/SF**
\$/SF - Usable: **\$34.98 ±/SF**

Usable SF%: 171,512 / 100.0%
PID Number: 29-029-24-41-0039
Zoning: OR2, I1 & R2B

Includes PID #'s and addresses: 29-029-24-41-0033 (1031 Madeira), 0008 (1035 Madeira) & 0029 (1013 Madeira). Arm's length transaction, cash sale, closed in 30 days. Seller reported no TIF was involved. Older office warehouse buildings to be razed - 74,388 sf on the 1031 site and 18,058 sf on the 1013 parcel. 9480-sf office building on 1011 location was renovated by the buyer at an approx cost of \$1 million, for the Joffe Medi-Center. Zoning: 1011-OR2, 1013 & 1031-I1, and 1035-R2B. Seller reported having many offers between \$3-\$7 million, and a canceled purchase agreement with Opus for \$7 million in 2006 for a proposed condo project. In addition to the renovated medical office, the buyer intends to construct a 7-story, 169,960-sf medical office building with ramp parking (4/1,000). Welsh Companies is marketing the proposed building, asking rent of \$18/sf. Located in an average mixed-use district just south of I-394, having good freeway visibility and access via the Penn Ave interchange. 2006 traffic count on I-394 of 148,000 vehicles per day. Adjacent to a future potential Southwest Transitway light rail stop.

Total office GBA (renovated & proposed) - 179,440 sf. Sold at \$33.44/GBA FAR 1.05

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 2

5701 Golden Hills Dr 393-3B - Golden Valley



Price - \$/SF:	\$9.07
Sale Date:	May, 2001
Sale Price:	\$4,682,812
Address:	5701 Golden Hills Dr
City:	Golden Valley
Intended Use:	Allianz Corporate Hdqtrs
Soil Type/Cond.:	Required correction
Topography:	Level
Water:	Available
Sanitary Sewer:	Available
Storm Sewer:	Available
Gas:	Available
Trackage:	Adjacent
Curbing:	Concrete
Flood Zone:	Zone X



Buyer:	Allianz Life Insurance Co of North America
Seller:	HRA, City of Golden Valley
Sale Date:	May, 2001
Size SF/Acres:	516,115 / 11.85
Purchase Price:	\$4,682,812
Plus: Specials:	\$0
Other Costs:	\$0
Total Price:	\$4,682,812
\$/SF - Overall:	\$9.07 ±/SF
\$/SF - Usable:	\$9.07 ±/SF
Usable SF%:	516,115 / 100.0%
PID Number:	04-117-21-24-0035
Zoning:	I-394 Mixed Use, Subd C

2-parcel assemblage purchased for construction of the Allianz Life Insurance Co. headquarters and includes PID #04-117-21-24-0036. The 403,216-sf 0035 site sold for \$3,723,170 (\$9.23/sf) on 4/6/2000 and the 112,899-sf 0036 parcel sold for \$959,642 (\$8.50/sf) on 5/1/2001. Prices were based on appraisals, and reportedly the land was not technically written down, however, the transactions included conditions (construction timetable) and public assistance. Buyer prepared the site, yet expenses were reimbursed with public funds, reported to be near \$1.2 million. Reimbursed site work included Phase I study, soil correction, correction of ground water issues, sewer/water removal, roadway improvements, asbestos removal and razing of (2) industrial buildings & an office. Allianz acquired development rights from Duke-Weeks Realty Corp - costs not available. The Breck Ice Arena was removed & relocated. Zoning is I-394 Mixed Use, Subdistrict C (high rise up to 10 stories). Property is located in a good redevelopment district (Golden Hills), having I-394 frontage and good access. 2005 traffic counts on I-394, Xenia Ave and Golden Hills Dr of 134,000, 13,700 and 5300 vehicles per day, respectively.

McGough constructed a 421,713-sf, 10-story office with 6-story parking ramp (2001) and a 265,000-sf, 6-story office (2006). Total GBA - 686,713 sf. Sold at \$6.82/GBA FAR 1.33

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 3

3901 Minnesota Dr. - Bloomington

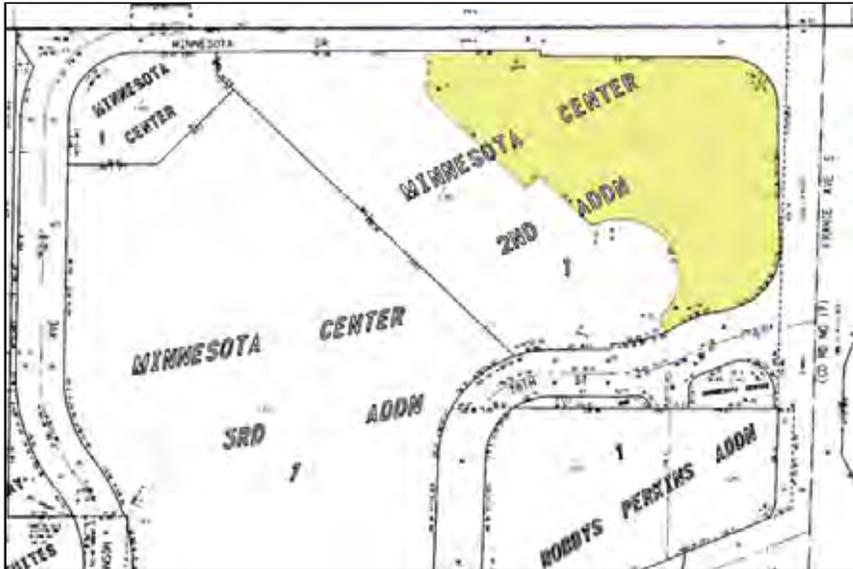


Price - \$/SF: \$19.61

Sale Date: December, 2002

Sale Price: \$3,250,000

Address	3901 Minnesota Dr.
City:	Bloomington
Intended Use:	Office building
Soil Type/Cond.:	Assumed stable
Topography:	Generally level
Water:	Available
Sanitary Sewer:	Available
Storm Sewer:	Available
Gas:	Available
Trackage:	N/A
Curbing:	Concrete
Flood Zone:	N/A



Buyer:	DRF Holdings LLC
Seller:	TrizecHahn Regional Pooling, LLC
Sale Date:	December, 2002
Size SF/Acres:	165,698 / 3.80
Purchase Price:	\$1,750,000
Plus: Specials:	\$1,500,000
Other Costs:	\$0
Total Price:	\$3,250,000
\$/SF - Overall:	\$19.61 ±/SF
\$/SF - Usable:	\$19.61 ±/SF
Usable SF%:	165,698 / 100.0%
PID Number:	06-027-24-11-0017
Zoning:	CS-1 PD HP, Comm'l Svc

This site represented a bituminous-paved surface lot adjacent to the Minnesota Center. The site is approved for office development. This property was on the market in conjunction with the Minnesota Center, however, the seller had several interested parties in just the land site and decided to sell separately. The seller concluded that additional parking was not necessary for the Minnesota Center. Buyer said site was purchased for future development but has parties interested in developing site for other uses. NOTE: Seller retained a parking easement for 100 spaces of future structured parking when this parcel is developed. Seller estimated parking worth at \$1,500,000. This amount is listed as special assessments paid by buyer.

2006/07 traffic counts are 155,000, 27,500 and 5,800 vehicles per day on I-494, France Ave and Minnesota Dr, respectively. 2003 traffic counts for the same roadways were 146,000, 24,900 and 6,600 vehicles per day.

Approved in 1989 for 400,000-sf high-rise office building and 1200-stall parking structure. Sold at \$8.13/GBA FAR 2.41 6/2009 Frauenschuh listing for sale - \$6 million (\$36.21/sf land, \$15.00/GBA)

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 4

8200 Norman Center Dr. 3B-447 - Bloomington



Price - \$/SF: \$20.40

Sale Date: August, 2007

Sale Price: \$5,500,000

Address	8200 Norman Center
City:	Bloomington
Intended Use:	High-rise office
Soil Type/Cond.:	Assume stable
Topography:	Level
Water:	Available
Sanitary Sewer:	Available
Storm Sewer:	Available
Gas:	Available
Trackage:	None
Curbing:	Concrete
Flood Zone:	X



Buyer:	Normandale Center LLC
Seller:	United Land LLC
Sale Date:	August, 2007
Size SF/Acres:	269,609 / 6.19
Purchase Price:	\$5,500,000
Plus: Specials:	\$0
Other Costs:	\$0
Total Price:	\$5,500,000
\$/SF - Overall:	\$20.40 ±/SF
\$/SF - Usable:	\$22.81 ±/SF
Usable SF%:	241,161 / 89.4%
PID Number:	16-116-21-31-0012
Zoning:	PUD

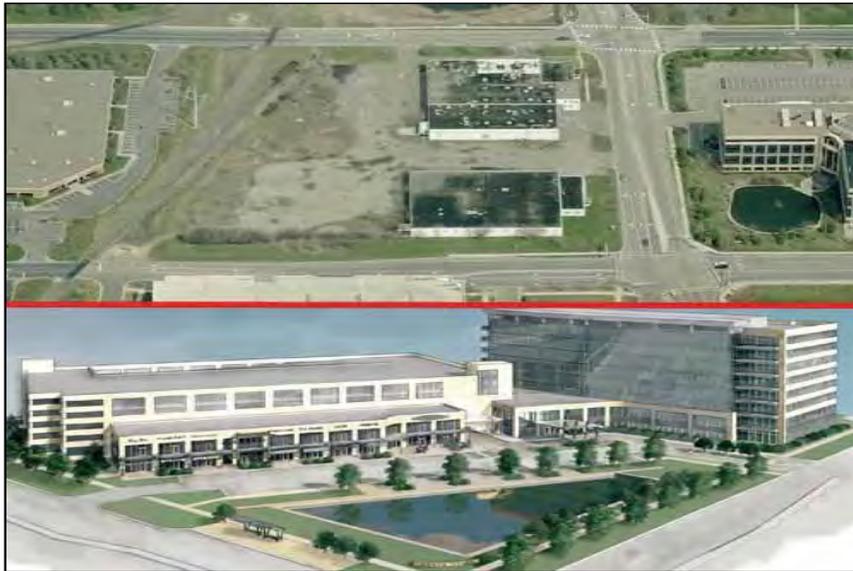
This site previously sold 7/06 for \$4,500,000 (\$18.66/usable sf); seller was Josten's Inc. Since the 2006 sale, site was rezoned from CO-1(PD) to PUD to allow for the proposed development. The seller's representative said this sale was land plus entitlements which it did not have when it was bought in 2006. The seller in this case got a development plan approved and eventually sold the land plus the entitlements with anchor in had to the owner of the Normandale Lakes Office Park. The current buyer has budgeted \$1.9 million for site improvement costs. Site size shown above per site plan. There is an approx. 28,000-sf retaining pond in the NE corner of the site; usable SF shown above is net of pond area. A small amount of wetlands will be filled and mitigated. A nearby intersection is to be expanded with likely assessments being attributed to the new development parcel; total assessments for the public infrastructure work is unknown. Purchased for construction of a 274,050-sf (269,100 NRA), 11-story, Class A office building & 6-level parking ramp (1063 stalls) to be part of the Normandale Lakes Office Park. Strong West Bloomington Normandale Lakes commercial district having much office use, just south of I-494. 2007 traffic counts on Normandale Lake Blvd. and American Blvd. of 6300 and 6000 vehicles per day, respectively. As of 6/2009, asking rent is \$21.00/sf, plus \$4.77/sf CAM and \$0.62/sf taxes. Price per GBA: \$20.07/gross sf & \$20.44/rentable sf FAR 1.02 (based on gross land) & 1.14 (based on usable land)

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 5

700 & 800 Xenia Ave - Golden Valley



Price - \$/SF: \$18.52

Sale Date: June, 2007

Sale Price: \$4,715,543

Address: 700 & 800 Xenia Ave
City: Golden Valley
Intended Use: High-rise office
Soil Type/Cond.: Possible correction needed
Topography: Level
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: Adjacent to west
Curbing: Concrete
Flood Zone: X



Buyer: Union Land X LLC
Seller: Jonathan 8 Miner II LLC
Sale Date: June, 2007
Size SF/Acres: 254,681 / 5.85
Purchase Price: \$4,715,543
Plus: Specials: \$0
Other Costs: \$0
Total Price: \$4,715,543
\$/SF - Overall: \$18.52 ±/SF
\$/SF - Usable: \$18.52 ±/SF
Usable SF%: 254,681 / 100.0%
PID Number: 04-117-21-24-0024
Zoning: L1 at time of sale

Includes PID #04-117-21-24-0024. Arm's length 2-parcel assemblage purchased for construction of a high-rise office, office condo & retail project to be done by Opus, called Xenia Ridge. The city reports Opus has already applied for TIF subsidies to offset development costs; the project could qualify for approx \$8 million, yet the amount requested has not been made known. As of 6/2009, Opus has paid an undisclosed sum for the rights to acquire the site, and has an option to purchase if a tenant is found. Site prep will include razing of (2) older office-warehouse buildings and possible soil correction. The property has been rezoned to I-394 Mixed Use Subdistrict C (high-rise up to 10 stories) and the expired original proposal has just been re-approved. The site is located adjacent to the Allianz Insurance Co. headquarters in a good redevelopment district (Golden Hills), having good visibility and nearby full freeway access. 2005 traffic counts on Xenia Ave, Golden Hills Dr, Laurel Ave and nearby I-394 of 7300, 5300, 4650 and 134,000 vehicles per day, respectively.

Planned is an 8-story gold-level LEED office tower, plus a 4-story parking ramp incorporating an additional 10,573 sf first floor retail and 10,586 sf 2nd floor office/condo space; total GBA of 277,159 sf. CBRE is marketing the space at \$18.50/sf modified net, available 1/1/2010. Price per GBA - \$17.01/gross sf & \$18.15/rentable sf FAR - 1.09

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 6

9300 Excelsior Blvd. - Hopkins



Price - \$/SF: \$8.26

Sale Date: August, 2006

Sale Price: \$10,739,000

Address	9300 Excelsior Blvd.
City:	Hopkins
Intended Use:	Excelsior Crossings
Soil Type/Cond.:	Needed correction
Topography:	Generally level
Water:	Available
Sanitary Sewer:	Available
Storm Sewer:	Available
Gas:	Available
Trackage:	None
Curbing:	Concrete
Flood Zone:	Zone X



Buyer:	Opus Northwest, LLC.
Seller:	SuperValu, Inc.
Sale Date:	August, 2006
Size SF/Acres:	1,300,685 / 29.86
Purchase Price:	\$10,739,000
Plus: Specials:	\$0
Other Costs:	\$0
Total Price:	\$10,739,000
\$/SF - Overall:	\$8.26 ±/SF
\$/SF - Usable:	\$8.26 ±/SF
Usable SF/%:	1,300,685 / 100.0%
PID Number:	19-117-21-32-0032
Zoning:	Business Park

Additional PID: 19-117-21-23-0101. Cash sale. Former SuperValu North Annex distribution warehouse (589,926 sf, built 1946) purchased for redevelopment into Excelsior Crossings, Cargill's new corporate campus. This development will allow Cargill to vacate some of their leased space in Minnetonka and bring employees to one location. Considerable TIF was obtained to offset costs of extraordinary site prep, deck parking, plaza, demolition, etc.; soil contamination remediation was the most significant cost (ap. \$2.5 million). As far as buildability, little soil correction was needed. Buyer felt the \$8.26/sf land was a market price at the time for such a large site. Located in a good mixed-use district at the NEC of the Hwy 169 & Excelsior Blvd interchange, having good access & freeway visibility. 2004/05 traffic counts on Hwy 169 & Excelsior Blvd are 88,000 and 22,900 vehicles per day, respectively.

To be improved with (3) 7-story corporate office buildings having a total GBA of 806,000 sf (\$13.32/GBA), FAR of .62. The entire project moved forward more quickly and on a larger scale than originally planned. As of 6/2009, two buildings are finished and the third is under construction. NRA of the completed buildings is reported to be 247,495 sf and 256,000 sf.

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 7

11055 Wayzata Blvd. 5C-392 - Minnetonka



Price - \$/SF: \$17.73

Sale Date: March, 2008

Sale Price: \$11,000,000

Address: 11055 Wayzata Blvd.
City: Minnetonka
Intended Use: Corporate office center
Soil Type/Cond.: Assumed stable
Topography: Rolling & wooded
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: None
Curbing: Concrete
Flood Zone: Zone X



Buyer: Opus Northwest LLC
Seller: United Properties & others
Sale Date: March, 2008
Size SF/Acres: 620,387 / 14.24
Purchase Price: \$11,000,000
Plus: Specials: \$0
Other Costs: \$0
Total Price: \$11,000,000

\$/SF - Overall: \$17.73 ±/SF
\$/SF - Usable: \$17.73 ±/SF

Usable SF%: 620,387 / 100.0%
PID Number: 01-117-22-32-0018
Zoning: PUD

Add'l PID -0042 & original addresses of 1601 Wilshire Dr. & 1609 Hopkins Crossroad. Developer reports total land costs of approx. \$11 million, and includes assemblage of numerous residential parcels, razing and other site prep costs for office redevelopment project to be called Crest Ridge Corporate Center. Syngenta Seeds to lease. No eminent domain; all buyouts of numerous property owners. Properties purchased consisted of old single-family homes and some vacant parcels. No TIF was involved, all privately funded. Opus desired a denser project, but city constraints caused the project to be scaled back from an original GBA of 281,170 sf to 231,810 sf. Located within a good mixed-use district in the SWQ of I-394 and Hopkins Crossroad, having very good freeway visibility and full access. Bus transit station across Hopkins Crossroad. 2006/07 traffic counts on surrounding roads I-394, Hopkins Crossroad and Wayzata Blvd. of 114,000, 13,300 and 4600 vehicles per day, respectively.

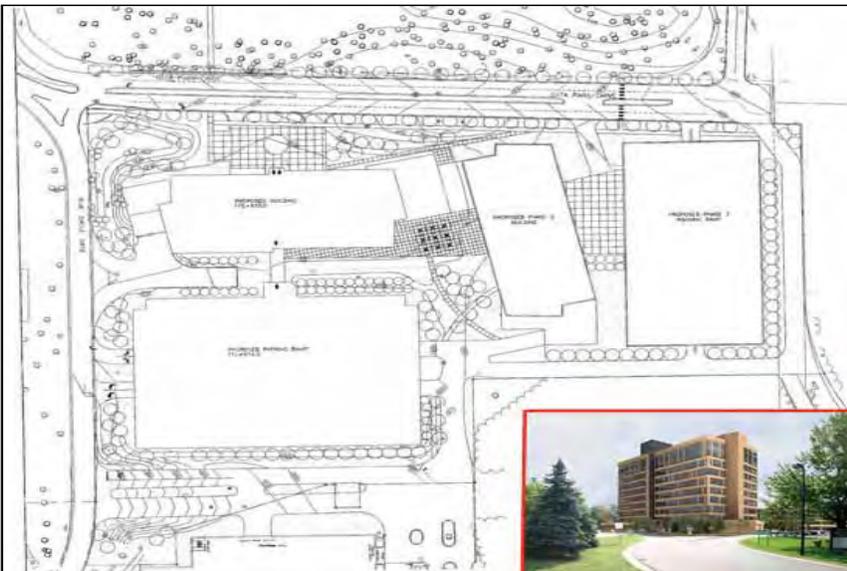
Proposed improvements include (2) 3-story buildings with walkout levels and deck parking. GBA of Building 1 is 110,810 sf and Building 2 is 121,000 sf; total GBA of 231,810 sf. Sold at \$47.45/GBA. FAR .37

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 8

9701 Data Park Drive - Minnetonka



Price - \$/SF:	\$14.88
Sale Date:	March, 2005
Sale Price:	\$6,666,025
Address	9701 Data Park Drive
City:	Minnetonka
Intended Use:	Corporate headquarters
Soil Type/Cond.:	Assumed stable
Topography:	Generally level
Water:	Available
Sanitary Sewer:	Available
Storm Sewer:	Available
Gas:	Available
Trackage:	None
Curbing:	Concrete
Flood Zone:	X



Buyer:	United Health Care Services Inc.
Seller:	CSM Equities, LLC.
Sale Date:	March, 2005
Size SF/Acres:	448,021 / 10.29
Purchase Price:	\$6,220,000
Plus: Specials:	\$0
Other Costs:	\$446,025
Total Price:	\$6,666,025
\$/SF - Overall:	\$14.88 ±/SF
\$/SF - Usable:	\$14.88 ±/SF
Usable SF%:	448,021 / 100.0%
PID Number:	36-117-22-44-0023
Zoning:	I-1, guided Mixed Use

Includes PID# 31-117-21-33-0415. Brokered, market transaction. Buyer owns the adjacent property and had been leasing approx. 1/3 of the parking lot prior to the sale. CSM was marketing the property for lease. Purchased for expansion of the United Health Care corporate campus. Includes rights to large district stormwater pond on adjacent property. Existing older industrial building to be razed, estimated costs shown above. Proposed are (2) new 10-story office buildings and (2) parking ramps to be done in at least two phases. Buildings to encompass approx. 641,500 sf and ramps would provide parking for 3650 vehicles. Phase I, on the westerly portion of the site, would be a 341,460-sf office building and a 1872-stall parking ramp having 5 stories above grade & 2 stories below. A 297-stall surface parking lot would be constructed on the eastern portion. Phase II would remove the surface lot and the dedicated access drive between 9705 & Data Park Dr., replacing them with a 300,000-sf building & 1250-stall 5-story parking ramp. Two levels having 529 stalls would be added to the Phase I ramp. Located within a good office district in the NWQ of Hwy. 169 and Hwy. 62, having excellent Hwy. 169 visibility. Good access from Hwy. 169 via the Bren Rd interchange 1/2 mile to the north. 2006/07 traffic counts on Hwy. 169 and Data Park Dr. of 90,000 and 18,900 vehicles per day, respectively. As of 6/2009, Phase I is complete. Price per total GBA: \$10.39 FAR: 1.43

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 9

4400 78th St W - Bloomington



Price - \$/SF: \$14.90

Sale Date: September, 2007

Sale Price: \$3,511,184

Address: 4400 78th St W
City: Bloomington
Intended Use: MarketPointe II high-rise office
Soil Type/Cond.: Assumed stable
Topography: Level
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: None
Curbing: Concrete
Flood Zone: X



Buyer: Two MarketPointe, LLC

Seller: Bloomington Associates 2005 II LLC

Sale Date: September, 2007

Size SF/Acres: 235,724 / 5.41

Purchase Price: \$3,511,184

Plus: Specials: \$0

Other Costs: \$0

Total Price: \$3,511,184

\$/SF - Overall: \$14.90 ±/SF

\$/SF - Usable: \$14.90 ±/SF

Usable SF%: 235,724 / 100.0%

PID Number: 06-027-24-12-0023

Zoning: CS-1 PD

Transaction between related entities, yet different partners; seller reports market sale. Second phase of a 3-parcel/3-phase office development known as MarketPointe. This site is being improved with a 237,283-sf, 8-story, Class A office building and a 13,060-sf restaurant; total GBA of 250,343 sf. The restaurant will be the connection between the MarketPointe II office building and the proposed 3rd office building on the adjacent site to the east. Storm water management provided by underground control system constructed in the east-central part of the site. 50' east-west power line easements bisects the center of the property. Located in the NWQ of I-494 and France Ave, along the good I-494 commercial strip, having good freeway access from nearby France Ave. Very good I-494 visibility.

As of 6/2009, 100,000 sf leased; 73,000 sf of which is to an anchor tenant. Balance available at asking rents of \$19.25-\$19.50 NNN.

Sold at \$14.03/sf of GBA FAR 1.06

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SUBJECT VALUATION (CONTINUED)

Vacant Office Land Adjustment Grid (Comps #1-3)

FEATURE	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Project Name	Phase I West Office Pad A	Joffe Medical Offices	Allianz Corporate Headquarters	Minnesota Center II
Location/Address	I-394 and Van White Blvd Minneapolis	1011-1035 Madeira Ave Minneapolis	5701 Golden Hills Dr Golden Valley	3901 Minnesota Dr Bloomington
Proximity to Subject		1/2 mile SW	2.5 miles west	8.5 miles south
Gross SF / Acres	87,120 / 2.00	171,512 / 3.94	516,115 / 11.85	165,698 / 3.80
Usable SF / Acres	87,120 / 2.00	171,512 / 3.94	516,115 / 11.85	165,698 / 3.80
SF of Bldg Constructed	270,112 FAR: 3.10	179,440 FAR: 1.05	686,713 FAR: 1.33	400,000 FAR: 2.41
Sale Price		\$6,000,000	\$4,682,812	\$3,250,000
Price/Gross SF		\$34.98	\$9.07	\$19.61
Price/Usable SF		\$34.98	\$9.07	\$19.61
Price/Developed GBA		\$33.44	\$6.82	\$8.13
Data Source	Inspection	Public data, inspection	Public data, inspection	Public data, inspection
Verification Source		Public records, seller	Public records, city	Public records, seller
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION +/- \$ Adjustment	DESCRIPTION +/- \$ Adjustment	DESCRIPTION +/- \$ Adjustment
Unadjusted Price/Building GSF		\$33.44	\$6.82	\$8.13
Property Rights	Fee simple	Fee simple	Fee simple	Fee simple
Financing Terms	Cash equivalent	Market terms	Market terms	Market terms
Conditions of Sale	Arm's length	Arm's length	Arm's length	Arm's length
Date of Sale & Market Conditions	1/1/2011	7/31/2007 (0%) \$0	5/1/2001 (+20%) \$1.36	12/27/2002 (+15%) \$1.63
General Location	Redeveloping Bassett Creek Valley Master Plan, mixed-use district along I-394 corridor	Good mixed-use district along I-394 corridor & Penn Ave freeway interchange	Good Golden Hills mixed-use redevelopment district along I-394 corridor & the Xenia Av interchange	Good mixed-use district near I-494 corridor & France Ave freeway interchange
District Infrastructure & Services, and Traffic Visibility	Good public roads & capacities near I-394 interchange. Good corner frontage on Van White Blvd (much traffic) and Linden Ave, roundabout intersection, very good freeway visibility (143,000 traffic count)	Good public roads & capacities near I-394 interchange, good corner frontage on I-394 (143,000) & Penn Ave, very good freeway visibility	Good public roads & capacities near I-394 interchange, good corner frontage on I-394 (134,000), Xenia Ave (13,700) & Golden Hills Dr (5300), very good freeway visibility	Good public roads & capacities, good corner frontage on France Ave (27,500) & Minnesota Dr (5800), signal-controlled intersection, average visibility
Access	Good access on partial freeway interchange. New SW Corridor LRT line & station assumed	Good access on full freeway interchange. Possible SW Corridor LRT line & station	Good access on full freeway interchange	Good access on full freeway interchange
Site Utilities	New public extension assumed, including stormwater ponding/systems & new on-site public plaza	Public available, no off-site extension needed, no stormwater ponding or plaza included	Public available, no off-site extension needed, no stormwater ponding or plaza included	Public available, no off-site extension needed, no stormwater ponding or plaza included
Trunk Assessments	Paid	Paid	Paid	Paid
Topo/Terrain	Open, level, graded & pad-ready	Level	Level	Level
Soils/Correction or Environmental Issues	Environmental & geotechnical assumed corrected	Good	Razing & correction costs paid with public funds	Good
Easements/Encroachments	None apparent	None apparent	None apparent	Encumbering parking easement included in price
Views	Good Bryn Mawr Meadows Park with new pedestrian bridge & adjacent Cedar Lake Trail	Good upper floor views of Cedar Lake	Average	Average
Externalities	None adverse	None adverse	None adverse	None adverse
Functional Utility	Efficient shape	Efficient shape	Efficient shape	Irregular shape
Size of building (GBA in sf)	270,112	179,440	686,713	400,000
Zoning/Use/Density	Mixed-use approvals in place for proposed very dense 8-sty office, FAR 3.1	Mixed zoning, approved for 7-story medical office, existing 1-sty & parking ramp, FAR 1.05	I-394 Mixed Use, improved with 10 & 6-sty offices & 6-sty parking ramp, FAR 1.33	Previously approved for dense high-rise office & parking ramp, FAR 2.41
Approvals/Engineering	None	None	None	None
Timing of Development	Ripe for 2011-2012 development	Ripe	Ripe	Ripe
Other		Existing building of value		
Net Adjustment (Total)		(\$17.50)	(\$5.64)	(\$5.38)
Adjusted Sale Price/Building GSF		\$15.94	\$1.18	\$2.75



SUBJECT VALUATION (CONTINUED)

Vacant Office Land Adjustment Grid (Comps #4-6)

FEATURE	SUBJECT	COMPARABLE SALE #4	COMPARABLE SALE #5	COMPARABLE SALE #6
Project Name	Phase I West Office Pad A	Normandale Lakes 8200 Tower	Xenia Ridge	Excelsior Crossings
Location/Address	I-394 and Van White Blvd Minneapolis	8200 Norman Center Dr Bloomington	700 & 800 Xenia Ave Golden Valley	9300 Excelsior Blvd Hopkins
Proximity to Subject		8.5 miles SW	2.5 miles west	5 miles SW
Gross SF / Acres	87,120 / 2.00	269,609 / 6.19	254,681 / 5.85	1,300,685 / 29.86
Usable SF / Acres	87,120 / 2.00	241,161 / 5.54	254,681 / 5.85	1,300,685 / 29.86
SF of Bldg Constructed	270,112	274,050 FAR: 1.14	277,159 FAR: 1.09	806,000 FAR: 0.62
Sale Price		\$5,500,000	\$4,715,543	\$10,739,000
Price/Gross SF		\$20.40	\$18.52	\$8.26
Price/Usable SF		\$22.81	\$18.52	\$8.26
Price/Developed GBA		\$20.07	\$17.01	\$13.32
Data Source	Inspection	Public data, inspection	Public data, inspection	Public data, inspection
Verification Source		Public records, buyer, office files	Public records, buyer	Public records, buyer & city
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Unadjusted Price/Building GSF		+\$20.07	-\$17.01	-\$13.32
Property Rights	Fee simple	Fee simple	Fee simple	Fee simple
Financing Terms	Cash equivalent	Market terms	Market terms	Market terms
Conditions of Sale	Arm's length	Arm's length	Arm's length	Arm's length
Date of Sale & Market Conditions	1/1/2011	8/28/2007 (0%)	6/14/2007 (0%)	8/14/2006 (0%)
General Location	Redeveloping Bassett Creek Valley Master Plan, mixed-use district along I-394 corridor	Strong W Bloomington Normandale Lakes comm'l district just south of I-494	Good Golden Hills mixed-use redevelopment district along I-394 corridor & the Xenia Av interchange	Good mixed-use district along Hwy 169 corridor & the Excelsior Blvd interchange
District Infrastructure & Services, and Traffic Visibility	Good public roads & capacities near I-394 interchange. Good corner frontage on Van White Blvd (much traffic) and Linden Ave, roundabout intersection, very good freeway visibility (143,000 traffic count)	Good public roads & capacities near I-494 & Hwy 100 interchange, good corner frontage on Normandale Lake Blvd (6300) & 83rd St W & Norman Center Dr, some freeway visibility	Good public roads & capacities, good corner frontage on Xenia Ave (7300), Golden Hills Dr (8500) & Laurel Ave (4650), average visibility	Good public roads & capacities, good corner frontage on Hwy 169 (88,000) & Excelsior Blvd (22,900), some freeway visibility
Access	Good access on partial freeway interchange. New SW Corridor LRT line & station assumed	Good access via nearby full freeway interchange	Good access via nearby full freeway interchange	Good access via nearby full freeway interchange
Site Utilities	New public extension assumed, including stormwater ponding/systems & new on-site public plaza	Public available, no off-site extension needed, no stormwater ponding or plaza included	Public available, no off-site extension needed, no stormwater ponding or plaza included	Public available, no off-site extension needed, no stormwater ponding or plaza included
Trunk Assessments	Paid	Paid	Paid	Paid
Topo/Terrain	Open, level, graded & pad-ready	Level	Level	Level
Soils/Correction or Environmental Issues	Environmental & geotechnical assumed corrected	Some wetlands to be filled & mitigated	Correction & razing costs assumed to be paid with public funds	Correction & razing costs paid with public funds
Easements/Encroachments	None apparent	None apparent	None apparent	None apparent
Views	Good Bryn Mawr Meadows Park with new pedestrian bridge & adjacent Cedar Lake Trail	Average	Average	Average
Externalities	None adverse	None adverse	None adverse	None adverse
Functional Utility	Efficient shape	Efficient shape	Efficient shape	Efficient shape
Size of building (GBA in sf)	270,112	274,050	277,159	806,000
Zoning/Use/Density	Mixed-use approvals in place for proposed very dense 8-sty office, FAR 3.1	Approved for dense 11-sty office & 6-sty parking ramp, FAR 1.14 (per usable land)	Approved for dense 8-sty office & 4-sty parking ramp, FAR 1.09	Improved with (3) 7-sty offices & (3) parking ramps, FAR .62
Approvals/Engineering	None	Entitlements	None	None
Timing of Development	Ripe for 2011-2012 development	Ripe	Ripe	Ripe
Other				
Net Adjustment (Total)		(\$12.50)	(\$7.00)	(\$7.00)
Adjusted Sale Price/Building GSF		\$7.57	\$10.01	\$6.32

SUBJECT VALUATION (CONTINUED)

Vacant Office Land Adjustment Grid (Comps #7-9)

FEATURE	SUBJECT	COMPARABLE SALE #7	COMPARABLE SALE #8	COMPARABLE SALE #9
Project Name	Phase I West Office Pad A	Crest Ridge Corporate Center	United Health Care Corporate Campus	Two MarketPointe
Location/Address	I-394 and Van White Blvd Minneapolis	11055 Wayzata Blvd Minnetonka	9701 Data Park Dr Minnetonka	4400 78th St W Bloomington
Proximity to Subject		6 miles west	7 miles SW	8.5 miles south
Gross SF / Acres	87,120 / 2.00	620,387 / 14.24	448,021 / 10.29	235,724 / 5.41
Usable SF / Acres	87,120 / 2.00	620,387 / 14.24	448,021 / 10.29	235,724 / 5.41
SF of Bldg Constructed	270,112	231,810 FAR: 0.37	641,500 FAR: 1.43	250,343 FAR: 1.06
Sale Price		\$11,000,000	\$6,666,025	\$3,511,184
Price/Gross SF		\$17.73	\$14.88	\$14.90
Price/Usable SF		\$17.73	\$14.88	\$14.90
Price/Developed GBA		\$47.45	\$10.39	\$14.03
Data Source	Inspection	Public data, inspection	Public data, inspection	Public data, inspection
Verification Source		Public records, buyer	Public records, city	Public records, city & publications
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Unadjusted Price/Building GSF		+\$47.45	-\$10.39	+\$14.03
Property Rights	Fee simple	Fee simple	Fee simple	Fee simple
Financing Terms	Cash equivalent	Market terms	Market terms	Market terms
Conditions of Sale	Arm's length	Assemblage premium	Arm's length	Considered arm's length
Date of Sale & Market Conditions	1/1/2011	3/26/2008 (+15%)	3/25/2005 (-10%)	09/10/2007 (0%)
General Location	Redeveloping Bassett Creek Valley Master Plan, mixed-use district along I-394 corridor	Good mixed-use district along I-394 corridor & the Hopkins Crossroad interchange	Good office district in the NWQ of Hwys 169 & 62	Good suburban mixed-use district near I-494 corridor & France Ave freeway interchange
District Infrastructure & Services, and Traffic Visibility	Good public roads & capacities near I-394 interchange. Good corner frontage on Van White Blvd (much traffic) and Linden Ave, roundabout intersection, very good freeway visibility (143,000 traffic count)	Good public roads & capacities on I-394 interchange, good corner frontage on I-394 (114,000), Wayzata Blvd (4600), & Hopkins Crossroad (13,300), good freeway visibility	Good public roads & capacities, good corner frontage on Hwy 169 (90,000) & Data Park Dr (18,900), good freeway visibility	Good public roads & capacities, good infill site on 78th St W (I-494 service road having some traffic), near I-494 (155,000), very good freeway visibility
Access	Good access on partial freeway interchange. New SW Corridor LRT line & station assumed	Good access via full freeway interchange, across from bus transit station	Good access, 1/2 mile from full freeway interchange	Good access, 1/2 mile from full freeway interchange
Site Utilities	New public extension assumed, including stormwater ponding/systems & new on-site public plaza	Public available, no off-site extension needed, no stormwater ponding or plaza included	Public available, no off-site extension needed, ponding rights, no plaza included	Public available, no off-site extension needed, no stormwater ponding or plaza included
Trunk Assessments	Paid	Paid	Paid	Paid
Topo/Terrain	Open, level, graded & pad-ready	Rolling & wooded	Level	Level
Soils/Correction or Environmental Issues	Environmental & geotechnical assumed corrected	Correction & razing costs in price	Razing costs in price	None assumed
Easements/Encroachments	None apparent	None apparent	None apparent	50' power line esmt
Views	Good Bryn Mawr Meadows Park with new pedestrian bridge & adjacent Cedar Lake Trail	Average	Average	Average
Externalities	None adverse	None adverse	None adverse	None adverse
Functional Utility	Efficient shape	Efficient shape	Efficient shape	Efficient shape
Size of building (GBA in sf)	270,112	231,810	641,500	250,343
Zoning/Use/Density	Mixed-use approvals in place for proposed very dense 8-sty office, FAR 3.1	Approved for (2) 3-sty +WO offices & (2) parking ramps, FAR .37	Approved for (2) 10-sty offices & (2) 5+2-sty parking ramps, FAR 1.43	Approved for 8-sty office plus restaurant & parking ramp, FAR 1.06
Approvals/Engineering	None	None	None	None
Timing of Development	Ripe for 2011-2012 development	Ripe	Ripe	Ripe
Other				
Net Adjustment (Total)		(\$26.88)	(\$5.04)	(\$8.50)
Adjusted Sale Price/Building GSF		\$20.57	\$5.35	\$5.53



SUBJECT VALUATION (CONTINUED)

Vacant Office Land Adjustment Analysis/Support		
Category	General Comments	Specific Adjustment Comments
Unit of Comparison	For office center land sites, many market participants are relying upon a price per sf of developed GBA analysis	Price per sf of developed GBA is used
Property Rights	This adjustment reflects differences in property rights transferred. For example, a leased-fee interest where there is an underlying land lease can have a significant impact upon value depending upon how close the contract rate is to the market rate. Any unresolved title issues can also impact the price	None of the comparables require adjustment
Financing Terms	The appraisal is based upon a cash equivalent definition of market value. Favorable seller-extended financing terms may result in a premium price being paid	None of the comparables require adjustment
Conditions of Sale	This adjustment category reflects non-market conditions such as: <ul style="list-style-type: none"> ● Differing motivations of buyer or seller (e.g., related parties, distressed or liquidation sale, premium paid for a key assemblage parcel, etc.) ● Impending eminent domain proceedings ● Influence due to tax ramifications ● Lack of market exposure ● Uninformed parties to the transaction, such as an out-of-state buyer or seller ● Listing prices on property for sale are generally above market price to allow for negotiation 	Most are market sales requiring no adjustment. Comp #7 is adjusted downward to offset a large assemblage premium that was paid (relative to the office product achieved)
Date of Sale and Market Conditions	In real estate markets, two major factors can cause relative price increases. First, general price inflation as evidenced in the consumer price index reflects increases in building products and labor rates. The second major reason for general price change throughout a market is any imbalance in supply and demand. Typically, both of these adjustments are netted against each other and a market conditions and/or time adjustment is made	Values generally peaked during 2005 and have been decreasing since that time due to the difficult economic conditions. We have projected 2011 values to be similar those in 2004, 2006 & 2007. Sale prices before 2004 and after 2007 are adjusted up to 20%.
Location, District Appeal & Access	Location is an important consideration for real estate appeal, rents and value. Factors include the reputation of the community, demographics, district uses and appeal, transportation routes, immediate surrounding uses, district roadways & access, ease of direct access (street frontage, number of curb cuts, center medians, access rights, etc.), and traffic exposure (very important for commercial uses)	While the subject has an urban setting on LRT, it is removed from the CBD, and is in an unproved market redevelopment district. All of the comparables are rated superior and adjusted downward \$3/GBA to \$10/GBA, generally for district demographics, demand and rental potential
Site Utilities	Public utilities are needed for urban or suburban development. This adjustment category reflects the availability & adequacy of utilities, and whether extension costs need to be incurred	The subject is assumed to have storm water ponding/systems & a public plaza. Most of the comparables lack these features and are adjusted upward \$.50/GBA. Comp #8 has ponding rights and is not adjusted
Trunk Assessments	Trunk assessments are generally involved with raw land, before subdivision improvements	None of the comparables require adjustment
Topography/Terrain	This adjustment category reflects value-influencing issues such as steep slopes (may require more grading, irregular terrain or excessive tree removal costs)	None of the comparables require adjustment
Soils/Correction or Environmental Issues	This adjustment category is for high prep. costs associated with soil conditions and any environmental issues, such as soft soils, wetlands, need for fill, contamination, etc. It may also include razing costs of prior structures not already included in the total price	Subject is analyzed as though it has no issues -all correction & remediation paid via TIF. Most of the comparables do not require adjustment as any remediation and/or razing costs were included in the price or paid with public funds. Only Comp #4 is moderately adjusted for wetland mitigation
Easements/Encroachments	Encumbering or benefitting easements or encroachments may affect the proposed developed use of vacant land. Examples include pipelines, power lines, and parking rights	Comp #9 is adjusted upward \$.50/GBA for a bisecting 50' power line easement

SUBJECT VALUATION (CONTINUED)

Vacant Office Land Adjustment Analysis (continued)		
Category	General Comments	Specific Adjustment Comments
Views	Appealing views (such as a wetland) may add value to real estate--particularly residential or mixed-use with a residential component. Conversely, adverse factors such as a salvage yard or heavy industrial uses can have a negative impact on value	Because the subject is adjacent to Bryn Mawr Meadows Park, a pedestrian bridge & the Cedar Lake Trail, most of the comps are adjusted upward \$.50/GBA. Comp #1 is adjusted downward for its appealing upper-floor views of nearby Cedar Lake
Externalities	This category is for nearby influences which may positively or negatively affect a property, such as off-site contamination, aircraft noise, industrial odors, or proximity to public parks	None of the comparables require adjustment
Functional Utility	Limited frontage, excessive depth, or irregular/inefficient shapes may limit how vacant land may be developed	Only Comp #3 is moderately adjusted for its irregular shape
Size of Building (GBA in sf)	Within developing communities where there is an abundance of buildable land, large tracts often less for more on a per unit basis due to economies of scale. Within developed communities, there can be strong demand for large size parcels to accommodate modern development requiring adequate building pad sizes and space for parking capacity	Comps #2 and #8 are adjusted downward \$1.00/GBA for their significantly larger buildings
Zoning and Intended Use	Beyond the prior location & visibility adjustment, zoning/use can merit adjustment where a district may allow for a higher or more intense use	The subject is approved for very dense use. All of the comparables have less dense projects and are adjusted downward \$1.50/GBA to \$5/GBA
Approvals/Engineering	For raw land, approvals obtained and engineering work is generally completed by the buyer/developer. Seller approvals generally command a higher price for raw land. For platted sites, seller paid approvals and architectural costs incurred for a specific development proposal may be of use and value to a buyer	Most of the comparables require no adjustment. Comp #4 is adjusted downward for significant entitlements
Timing of Development	Whether or not raw land is ripe for development is dependent on the opening of MUSA and the availability of infrastructure. Ripe developments are much more valuable than speculation land	None of the comparables require adjustment
Other		The sale of Comp #1 included an existing building having some value and is adjusted downward \$3/GBA

Vacant Office Land Value Indications	
Low:	\$1.18/GBA
High:	\$20.57/GBA
Average:	\$8.36/GBA

Vacant Office Land Reconciliation Comments
The comparables are generally similar to the subject, yet many have stronger locations and all were acquired for less dense projects. Good market supported adjustments have been made for the variations.
With excluding the extreme value indications (comps #1, #2 and #7), an average \$6.26/GBA is indicated. A rounded subject value of \$6.00 per sf of GBA is concluded for the subject.

Concluded Market Value of Office Site	
Subject Value Conclusion:	\$6.00/GBA
270,112 sf of GBA @ \$6.00/GBA = \$1,621,000	

**CONCLUDED PHASE 1 WEST OFFICE PAD A
LAND VALUATION:**

\$1,621,000 (\$18.61/sf land)



SUBJECT VALUATION (CONTINUED)

Vacant Multi-Family Residential Land Valuation Overview

The subject is valued to its highest and best use--as a strong very dense multi-family residential site along the I-394 corridor having close proximity to the Van White Blvd interchange. If offered for sale, it would command much market interest.

While the Minneapolis market is fully developed, there have been some redevelopment transactions. Hence, sufficient data is available with which to develop a Sales Comparison Approach.

The following outline is used in this vacant land valuation section:

- Overview of Sales
- Comparable Selection
- Summary Table of Comparables
- Comparable Location Map
- Descriptions of the Comparables
- Adjustment Analysis and Grid
- Reconciliation

Overview of Vacant Multi-Family Land Sale Transactions

In past years, the condo market had been extremely active. Much new development in Minneapolis had occurred downtown, and along the Midway Greenway and the Hiawatha LRT corridor. Current residential market conditions are very poor due to the deep recession, the credit crisis, declining values and high foreclosures. Many past started condo projects have stalled, and no new construction is occurring. Value stabilization is first needed before new development is warranted.

Market activity is still occurring with rental apartments and senior housing projects. Some condos have been converted into rental projects. Our appraisal is based upon a future 2011 valuation date after some market recovery is assumed to have occurred.

Recent transactions have been in the \$10,000 to \$20,000/unit range, with dense projects at the lower end of the range, and moderate density at the higher end.

Vacant Multi-Family Residential Land Comparable Selection

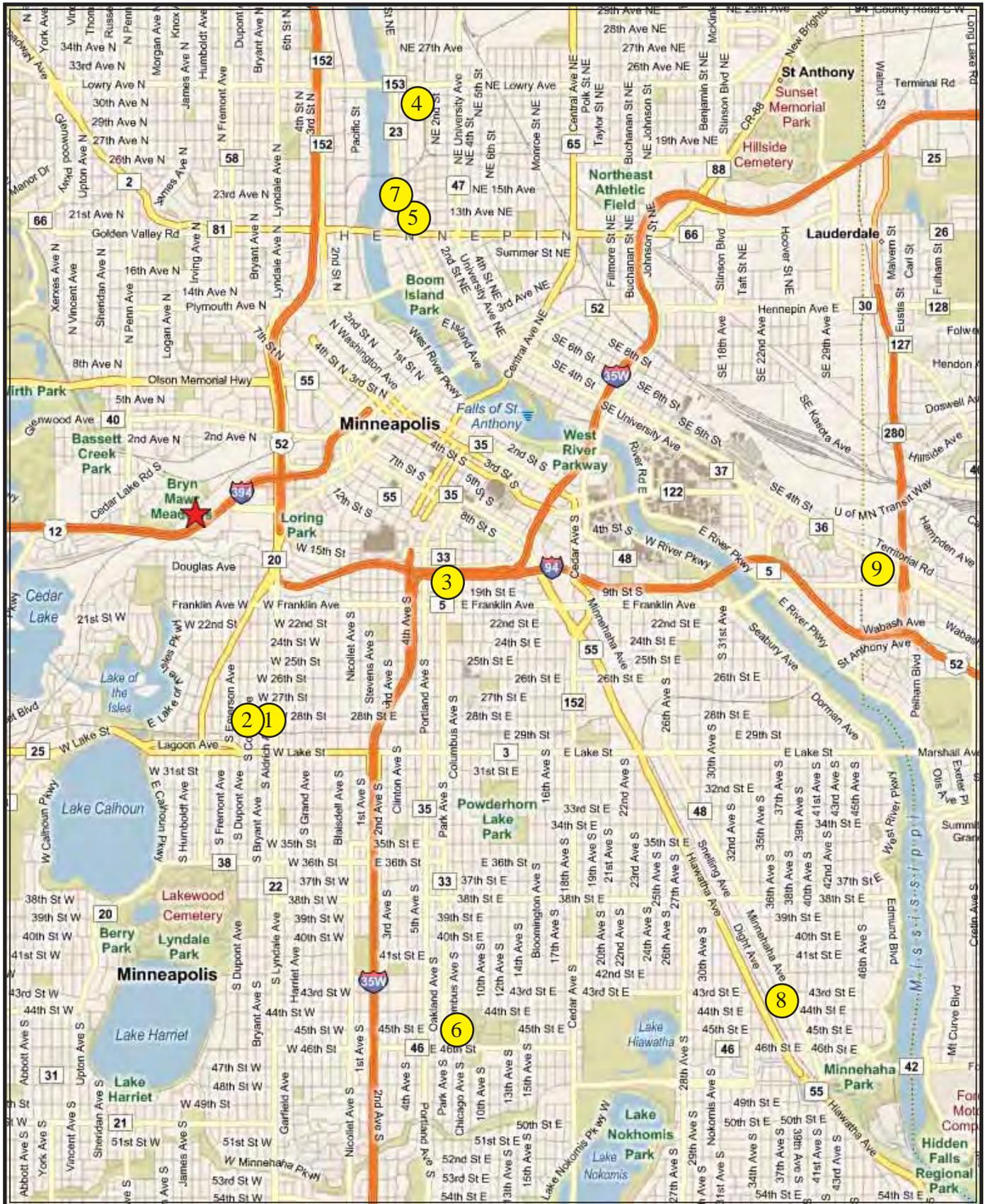
We have identified 9 comparables from similar Minneapolis and St. Paul urban districts that are used for detailed analysis. All were purchased for dense multi-family residential development. Unadjusted, they range in value from over \$10,000 to 14,000 per unit.

Summary Table of Vacant Multi-Family Residential Land Comparables

Comp No.	Project Name	Location	Gross SF	Intended Use	Sale Date	Total Price	Price/Unit
1	Track 29 Uptown	2824 Aldrich Ave S	2.67	R6, dense 4-sty condos & TH multi-family residential, 46.82 units/acre, 15% affordable	9/26/07	\$1,451,251	\$11,610
2	Midtown Lofts	2825 Colfax Ave S	1.62	R6, dense 4-sty condos & TH multi-family residential, 44.44 units/acre, 100% market-rate	12/18/07	\$812,500	\$11,285
3	Infinity Lofts	1801 & 1805 Park Ave	0.38	R6, dense 4-sty condos multi-family residential, 94.74 units/acre, 100% market-rate	7/12/06	\$465,000	\$12,917
4	84-Unit Residential Development	2301 California St NE	1.24	R6, dense multi-family residential, 67.94 units/acre	2/13/04	\$895,000	\$10,655
5	Grain Belt Brewery Lofts	1215 Marshall St NE	2.50	C1 & R5, dense 4-sty condos multi-fam residential, 70.82 units/acre	4/1/05	\$2,000,000	\$11,299
6	Steele Flats	4500 Chicago Ave	0.57	C2, dense 3-sty condos multi-family residential, 55.94 units/acre	1/26/05	\$395,000	\$12,344
7	Marshall River Run	1448 Marshall Ave NE	2.57	I1, dense 3-sty rental apt & TH multi-family residential, 33.07 units/acre, 87% affordable	8/31/05	\$1,180,000	\$13,882
8	Hiawatha Flats	4300 & 4360 Snelling Ave	3.94	I1, dense 5-sty rental apt & TH multi-family residential, 58.9 units/acre, 100% market-rate	11/6/06	\$2,730,000	\$11,767
9	Berry Place Apartments	808 Berry St	3.59	PUD, dense 4-sty rental apt multi-fam residential, 74.4 units/acre, 30% affordable	5/9/06	\$3,800,000	\$14,232
Subject	Phase I West Rental Apt Pad D	I-394 and Van White Blvd	1.80	Mixed-use approvals in place for proposed very dense 12-sty rental apt, 133 units/acre, 20% affordable			

SUBJECT VALUATION (CONTINUED)

Vacant Multi-Family Residential Land Comparable Location Map



SUBJECT VALUATION (CONTINUED)

Descriptions of the Vacant Multi-Family Residential Land Comparables

COMPARABLE 1

2824 Aldrich Ave S - Minneapolis

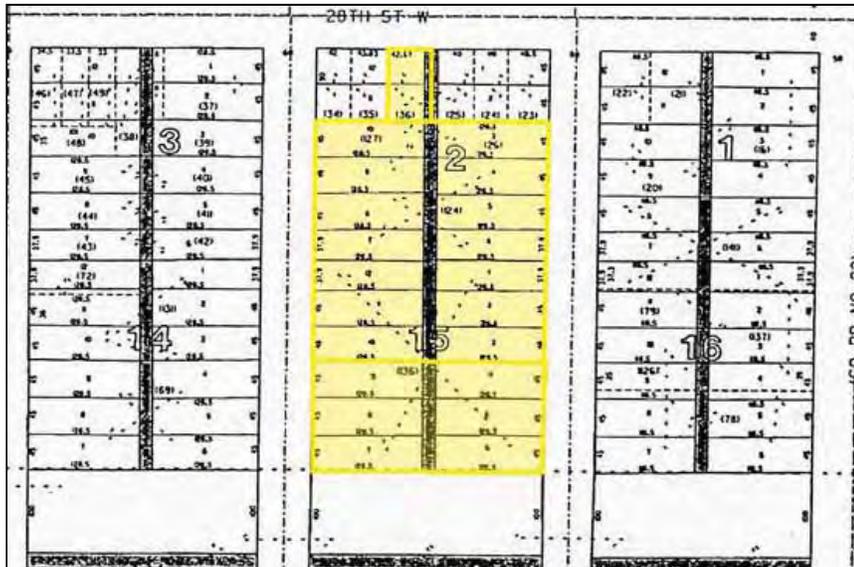


Price - \$/Unit: \$11,610

Sale Date: May, 2002

Sale Price: \$1,451,251

Address: 2824 Aldrich Ave S
City: Minneapolis
Intended Use: 125 units-71 condo & 54 TH
Soil Type/Cond.: Stable
Topography: Level
Water: Public
Sanitary Sewer: Public
Storm Sewer: Public
Gas: Available
Trackage: N/A
Curbing: Concrete
Flood Zone: C



Buyer: RMF Entities

Seller: MCDA

Sale Date: May, 2002

Size SF/Acres: 116,100 / 2.67

Purchase Price: \$1,451,251
Plus: Specials: \$0
Other Costs: \$0
Total Price: \$1,451,251

\$/SF - Overall: \$12.50 ±/SF
\$/SF - Unit: \$11,610 ±/SF-Unit

NO. Units: 125
PID Number: 33-029-24-44-0136
Zoning: R6

Agreement date shown; city approved sale 4/29/05. Redevelopment site acquired by MCDA based on 1998 Urban Village Redevelopment Plan. MCDA acquired, cleared, remediated and otherwise prepared site, which encompassed entire block, except for five parcels with frontage on 28th Street. Redevelopment Contract specified price at \$12.50/SF of land & an affordable component (5% units-60% MMI and 10% units-80%MMI). RMF Entities is also known as Country Home Builders, and the principal is Ross Fefercorn. This infill site is to be developed with a total of 125 units (Track 29 Uptown), including 71 loft style condo units housed within a 4-story building having underground parking and 54 townhouse structures, arranged as (6) 9-unit buildings. Three townhouse buildings front on Aldrich. Access will be via a new driveway at the southern end of townhouse portion, from Aldrich, to an interior driveway in the center of the block. Each townhouse unit will have an underground, integral garage serviced from this driveway. The building seen in the background of the photo was also developed as part of this redevelopment plan. This site has frontage on the 29th Street/Midtown Greenway, and is located in the Lowry Hill East neighborhood, one block north of Lake Street in a good mixed-use district with good access and support facilities. Original list pricing \$157,000 to \$384,000.
 Combined price per unit: \$11,610 Average density: 46.82 units per acre

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 2

2825 Colfax Ave S - Minneapolis



Price - \$/Unit: \$11,285

Sale Date: January, 2004

Sale Price: \$812,500

Address	2825 Colfax Ave S
City:	Minneapolis
Intended Use:	72 residential condo units
Soil Type/Cond.:	Stable
Topography:	Level
Water:	Public
Sanitary Sewer:	Public
Storm Sewer:	Public
Gas:	Available
Trackage:	N/A
Curbing:	Concrete
Flood Zone:	C



Buyer:	Midtown Lofts, LLC
Seller:	MCDA
Sale Date:	January, 2004
Size SF/Acres:	70,719 / 1.62
Purchase Price:	\$812,500
Plus: Specials:	\$0
Other Costs:	\$0
Total Price:	\$812,500
\$/SF - Overall:	\$11.49 ±/SF
\$/SF - Unit:	\$11,285 ±/SF-Unit
NO. Units:	72
PID Number:	33-029-24-44-0131
Zoning:	R6

Also includes PID 0069 & 0072. Good infill site acquired by MCDA for Urban Village redevelopment purposes. 2002 redevelopment contract set price at \$11.50/SF. Acquisition, demolition, and reclamation costs significantly higher. 29th St Greenway can be seen at the south end of this site. This project, known as Midtown Lofts, was developed by Lander Group with 72 units including townhouses at northern end of site, and four-story condo building as seen in the above photo. Underground parking at one per unit provided. Appears to be market-rate housing. 75% sold as of 02/05 at \$250/SF. Located in the Lowry Hill East neighborhood, within a good mixed-use district on greenway having good access and support facilities.

Price per unit: \$11,285
Average density: 44.44 units per acre

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 3

1801 / 1805 Park Ave S 3C-394 - Minneapolis

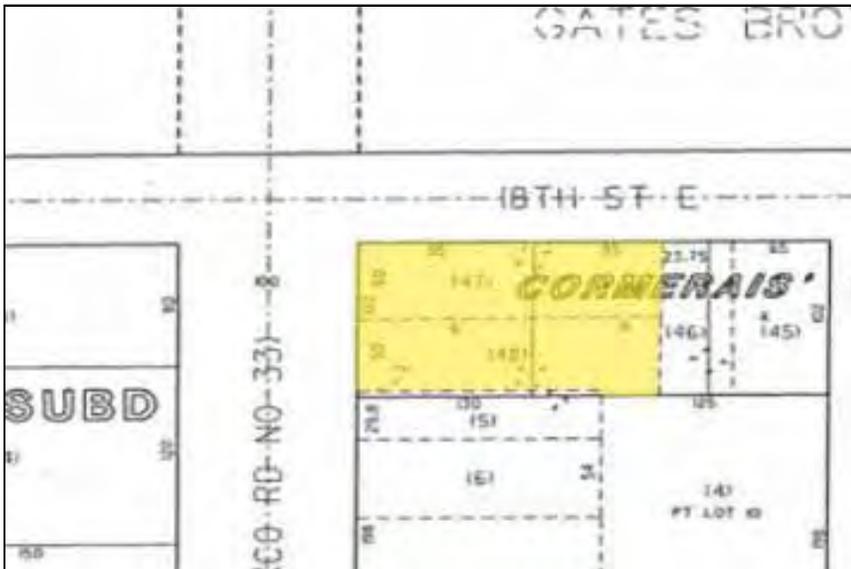


Price - \$/Unit: \$12,917

Sale Date: February, 2006

Sale Price: \$465,000

Address: 1801 / 1805 Park Ave
City: Minneapolis
Intended Use: 36 residential condo units
Soil Type/Cond.: Assumed stable
Topography: Level
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: N/A
Curbing: Concrete
Flood Zone: X



Buyer: 1801 Park Partners, LLC (Crockett Dev Co)

Seller: 1801-05 Park Avenue, LLC

Sale Date: February, 2006

Size SF/Acres: 16,676 / 0.38

Purchase Price: \$465,000

Plus: Specials: \$0

Other Costs: \$0

Total Price: \$465,000

\$/SF - Overall: \$27.88 ±/SF

\$/SF - Unit: \$12,917 ±/SF-Unit

NO. Units: 36

PID Number: 26-029-24-33-0047

Zoning: R6

Closed 7/12/2006. Add'l PID #26-029-24-33-0048. Parcel was purchased without a definite plan for the improvements; not open market transaction; buyer's broker had contact with seller; appraisal was completed, they are happy with the sale price of \$465,000 and feel the sale price represents market value; site is to be improved with a 36-unit condominium project known as Infinity Lofts; 4-story bldg. with 36 underground parking stalls (2 units to be sold with no parking); unit sale prices to range from \$163K-\$390K, with 22 of the 36 under \$200K; no subsidized units; construction to start in Nov. 2007 with completion in Nov. 2008. Site occupies the southeast corner of Park and 18th Street; overlooks I-94/35W and has a view of the downtown skyline; property is surrounded mainly by low income apartments, limiting potential unit price; site was vacant at time of sale; level site at street grade; access from Park Avenue (one-way) and 18th Street; fair-neighborhood.

Sellers purchased the property on 06/27/05 for \$230,000 or \$13.84/sf.

Price per Unit: \$12,917

Average Density: 94.74 unit/acre

Price per SF: \$27.88

6/2009 comments: Due to market conditions, the project was not started. Developer took it off the market; future plans are uncertain.

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 4

2301 California St NE - Minneapolis



Price - \$/Unit: \$10,655

Sale Date: November, 2005

Sale Price: \$895,000

Address	2301 California St NE
City:	Minneapolis
Intended Use:	84-unit residential dvpt
Soil Type/Cond.:	Assumed stable
Topography:	Level
Water:	Public
Sanitary Sewer:	Public
Storm Sewer:	Public
Gas:	Available
Trackage:	Adjacent
Curbing:	Concrete
Flood Zone:	x



Buyer:	ROME Companies, LLC
Seller:	Allied Grain Company
Sale Date:	November, 2005
Size SF/Acres:	53,854 / 1.24
Purchase Price:	\$735,000
Plus: Specials:	\$0
Other Costs:	\$160,000
Total Price:	\$895,000
\$/SF - Overall:	\$16.62 ±/SF
\$/SF - Unit:	\$10,655 ±/SF-Unit
NO. Units:	84
PID Number:	10-029-24-41-0168
Zoning:	I1

Site contains four grain elevators, and the southern portion is used for a community garden as seen in the photo above. Buyer intends to seek an ILOD designation for this land, permitting a higher density use of the land. Other costs reflect bid price to demolish and remove grain elevators. Buyer intends to acquire a portion of the parcel to the east not occupied by RR r/w which would add approximately 50,000 SF to the site. Unit cost is determined by densities permitted in adjacent R2B district. Buyer based offer on this density, and intends to acquire portion of parcel to the east. The larger site would accomodate additional units. Alternative is to develop single family lots at a pricing of \$85,000 per lot.

Site is occupied by four grain elevators at the north end, and a community garden at the southern end. The Chicago Building, an artist and craft worker enclave, is adjacent to the south. Lowry Avenue is found at the northern end of the block containing this site. Bottineau neighborhood of Minneapolis.

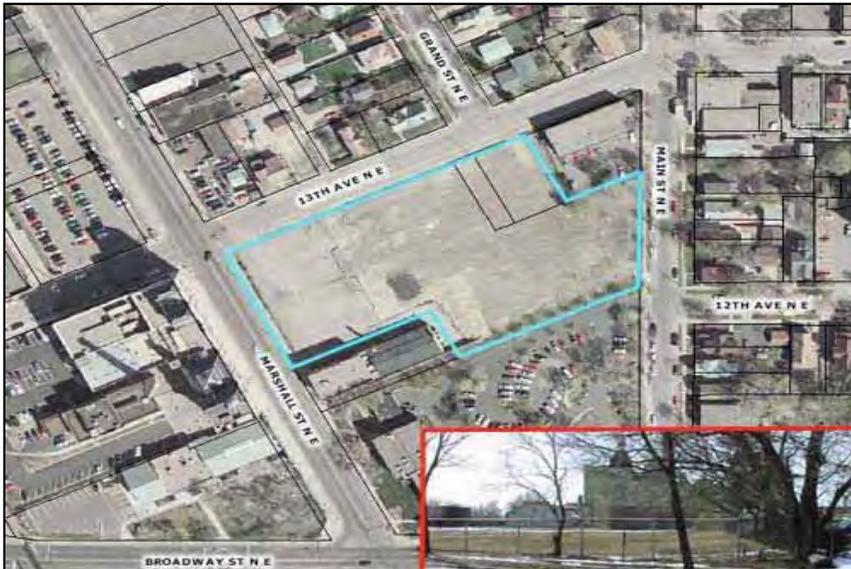
Price per unit including demo costs: \$10,655 Density: 67.94 units/acre

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 5

1215 Marshall St NE - Minneapolis

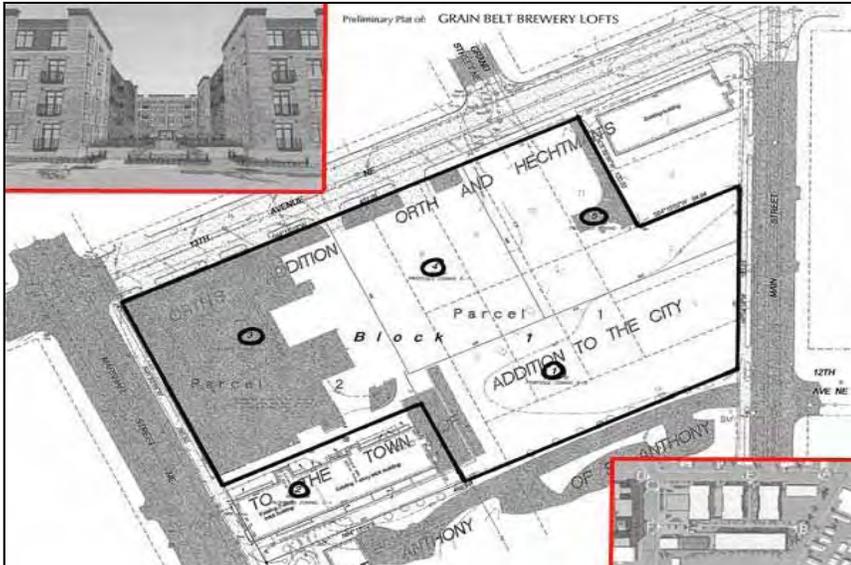


Price - \$/Unit: \$11,299

Sale Date: March, 2005

Sale Price: \$2,000,000

Address: 1215 Marshall St NE
City: Minneapolis
Intended Use: 177 residential condo units
Soil Type/Cond.: Assumed stable
Topography: Slope 10' over 430'
Water: Public
Sanitary Sewer: Public
Storm Sewer: Public
Gas: Available
Trackage: N/A
Curbing: Concrete
Flood Zone: C



Buyer: RMF Entities

Seller: Minneapolis CPED

Sale Date: March, 2005

Size SF/Acres: 108,872 / 2.50

Purchase Price: \$2,000,000

Plus: Specials: \$0

Other Costs: \$0

Total Price: \$2,000,000

\$/SF - Overall: \$18.37 ±/SF

\$/SF - Unit: \$11,299 ±/SF-Unit

NO. Units: 177

PID Number: 15-029-24-14-0097

Zoning: Rezoned to C1 & R5

A pending contract initially set to close March, 2005 was terminated in May, 2007 by the buyer due to market conditions; planning & approvals had previously been completed by the buyer. Includes acquisition of two residential parcels on 13th Ave; 0030 and 0031 and did not include the Grain Belt Brewery office building located on Marshall St NE. Seller was responsible for costs incurred to prepare site for development (environmental and public improvements). Good infill site was to be developed with 177 lofts and flats, plus up to 7,000 SF of retail/commercial space. In addition, a portion of the Marshall St frontage was to include a display of the archeological significant ruins of the 1850's Orth Brewery. Proposed was the Grain Belt Brewery Lofts project consisting of 4 loft buildings with condo unit pricing of \$200,000 to \$300,000. Located in a good mixed-use district within the Northeast Sheridan neighborhood, having good access and support facilities. 2005 traffic counts of 9900 and 1900 vehicles per day on Marshall St and 13th Ave, respectively. 2007 counts of 12,700 and 1700 vehicles.

Price per unit: \$11,299
 Average density: 70.82 units per acre, plus retail

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 6

4500 Chicago Ave - Minneapolis



Price - \$/Unit: \$12,344

Sale Date: January, 2005

Sale Price: \$395,000

Address	4500 Chicago Ave
City:	Minneapolis
Intended Use:	32 residential condo units
Soil Type/Cond.:	Assumed stable
Topography:	Level
Water:	Available
Sanitary Sewer:	Available
Storm Sewer:	Available
Gas:	Available
Trackage:	None
Curbing:	Concrete
Flood Zone:	



Buyer:	4500 Chicago Developers LLC
Seller:	Christine E. Yarger
Sale Date:	January, 2005
Size SF/Acres:	24,918 / 0.57
Purchase Price:	\$395,000
Plus: Specials:	\$0
Other Costs:	\$0
Total Price:	\$395,000
\$/SF - Overall:	\$15.85 ±/SF
\$/SF - Unit:	\$12,344 ±/SF-Unit
NO. Units:	32
PID Number:	11-028-24-33-0176
Zoning:	C2

Also includes PID: 0177 & 0178. Assemblage of three parcels with repair garage and used car sales operation at SWC of 45th St E and Chicago Ave. Acquisition occurred after approval for redevelopment as 32 residential condominiums by Master Development. Site will contain a 3-story building of 42,500 SF, with a footprint of 14,166 SF. 32 units are a mix of 1 & 2-BR units with 36 underground parking spaces plus 8 stalls on grade. Project is called Steele Flats. No retail space. St. Mary's Cemetery is across Chicago Ave from site, and McCreia Park is at the south end of the block. Buyer's estimated demolition costs of existing structure was \$17,250. The buyer did not pay market value as the site was heavily contaminated and the developer received \$250,000 from Hennepin County and the Met Council to clean up the site. This site is located at 45th and Chicago Ave and these developers are the first to enter this submarket. Additionally, the sellers were also going through a divorce and were motivated to sell. The developer received a conditional use permit on the site to increase the allowed density based on C2 zoning from 27 to 32 units. Good infill site located in the Nokomis Field neighborhood within a good mixed-use district having good access and support facilities. The units range from 848 - 1,460 SF and were originally listed for \$174,900 - 332,900; listing prices as of 6/2009 are \$139,900-\$279,900. 2007 traffic count on Chicago Ave of 8500 vehicles per day.

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 7

1448 Marshall St NE - Minneapolis



Price - \$/Unit: \$13,882

Sale Date: December, 2004

Sale Price: \$1,180,000

Address: 1448 Marshall St NE
City: Minneapolis
Intended Use: 85 units--74 apt & 11 TH
Soil Type/Cond.: Assumed stable
Topography: Level
Water: Public
Sanitary Sewer: Public
Storm Sewer: Public
Gas: Available
Trackage: N/A
Curbing: Concrete
Flood Zone:



Buyer: Marshall River Run Limited Partnership

Seller: Marchant Investment & Management Company

Sale Date: December, 2004

Size SF/Acres: 112,063 / 2.57

Purchase Price: \$1,150,000

Plus: Specials:

Other Costs: \$30,000

Total Price: \$1,180,000

\$/SF - Overall: \$10.53 ±/SF

\$/SF - Unit: \$13,882 ±/SF-Unit

NO. Units: 85

PID Number: 15-029-24-11-0186

Zoning: I1 with ILOD

Includes PID 15-029-24-11-0187. Former PIDs 15-029-24-11-0009 & 0174. One portion of a larger sale purchased for construction of a 74-unit affordable housing rental apartment building and 11-unit market-rate townhouse project (85 units total); development to be called Marshall River Run. Good infill site overlooking the Mississippi River, with tracks between site and river. Demolition costs of \$30,000 to remove existing buildings at time of sale. Grants of \$343,535 from Minneapolis CPED and \$54,966 to remove and dispose of contaminated soil. Affordable apartments breakdown: 16 units-30% MMI, 3 units-50% MMI & 55 units-60% MMI; TIF provided for affordable component. Original target pricing for the townhomes was \$250,000. Located in the Northeast Sheridan neighborhood within an average mixed-use district having good access and support facilities. 2007 traffic count on Marshall St of 12,700 vehicles per day.

Price per unit: \$13,882
 Average density: 33.07 units per acre

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 8

4300 & 4360 Snelling Ave - Minneapolis



Price - \$/Unit: \$11,767

Sale Date: May, 2005

Sale Price: \$2,730,000

Address: 4300 & 4360 Snelling
City: Minneapolis
Intended Use: 232 apartment & TH units
Soil Type/Cond.: Assumed stable
Topography: Generally level
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: At west
Curbing: Concrete
Flood Zone: X



Buyer: KK-Five Corporation
Seller: R & W Properties
Sale Date: May, 2005
Size SF/Acres: 171,561 / 3.94
Purchase Price: \$2,350,000
Plus: Specials: \$0
Other Costs: \$380,000
Total Price: \$2,730,000
\$/SF - Overall: \$15.91 ±/SF
\$/SF - Unit: \$11,767 ±/SF-Unit
NO. Units: 232
PID Number: 07-028-23-31-0129
Zoning: I-1

Add'l PIDs -0008; -0128. The sale included both land and improvements. Additional soil (arsenic issues) and wrecking cost of \$380,000 were added to the sale price of \$2,350,000 to yield a price/psf of \$15.91, and \$11,767/DU.

Most of the site has been developed with the first two buildings of "Hiawatha Flats", a 232-unit apartment and townhouse rental project within three buildings. The third building is under construction as of 6/2009. Klodt Companies is the developer of this project. The development was constructed in response to Hiawatha Rail line two blocks west. Development will have less parking than other residential projects due to the proximity to public transportation. Located in the Longfellow Hiawatha neighborhood within a good mixed-use district having some redevelopment, good access.

Density bonuses for underground parking, but no bonus for affordable housing (all market-rate units). This project has density of 58.9 units per acre. The buildings have five floors. 5/2009 asking rents from \$895 to \$1615/month.

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SUBJECT VALUATION (CONTINUED)

COMPARABLE 9

808 Berry Street - St. Paul



Price - \$/Unit: \$14,232

Sale Date: October, 2002

Sale Price: \$3,800,000

Address: 808 Berry Street
City: St. Paul
Intended Use: Assemblage--267 unit apt
Soil Type/Cond.: Environmental by seller
Topography: Level, at grade
Water: Available
Sanitary Sewer: Available
Storm Sewer: Available
Gas: Available
Trackage: None
Curbing: Concrete
Flood Zone: C



Buyer: St. Paul Leased Housing Assoc.

Seller: Emerald Street LLC

Sale Date: October, 2002

Size SF/Acres: 156,380 / 3.59

Purchase Price: \$3,800,000
Plus: Specials: \$0
Other Costs: \$0
Total Price: \$3,800,000

\$/SF - Overall: \$24.30 ±/SF
\$/SF - Unit: \$14,232 ±/SF-Unit

NO. Units: 267
PID Number: 29-29-23-33-0004
Zoning: P U D, Residential

Includes PID #'s 0015 & 0059. Assemblage of multiple parcels assembled by an affiliate of Wellington Properties over five years. Wellington was going to build an office but when the market softened, they approached the buyer (Dominium) about a joint residential and office project. Those discussions lead to Dominium buying the whole block. Arms length, negotiated price. Wellington is building a condominium/townhome development on the block to the west of this site (Lots 1-24, Block 2, Baker's Addn). Dominium bought this block in a few purchases from Wellington over a six-month period, the last being in October 2002. Will construct 808 Berry Place Apartments, 267 units (186 market rent, 81 affordable with 27 @ 30% AMI and 54 @ 50% AMI) one-, two-, and three-bedroom units to be completed by February 2004. Wellington demolished the old industrial buildings. Dominium believed they were purchasing an environmentally clean site but found an underground tank during construction. \$20,000 cost not included in the above price. Located south of University Ave & west of Highway 280 in an average district, originally used for light industrial. 1/2 block south of proposed Central Corridor light rail transit line.

Price per unit: \$14,232 Density: 74.4 DU/acre
 6/09 asking rents of \$999/mo for studio units to \$1550/mo for 2 & 3BR luxury apartments

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SUBJECT VALUATION (CONTINUED)

Vacant Multi-Family Residential Land Adjustment Grid (Comps #1-3)

FEATURE	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Project Name	Phase I West Rental Apt Pad D	Track 29 Uptown	Midtown Lofts	Infinity Lofts
Location/Address	I-394 and Van White Blvd Minneapolis	2824 Aldrich Ave S Minneapolis	2825 Colfax Ave S Minneapolis	1801 & 1805 Park Ave Minneapolis
Proximity to Subject		1.5 miles south	1.5 miles south	1.5 miles SE
Gross Acreage	1.80	2.67	1.62	0.38
Usable Acreage	1.80	2.67	1.62	0.38
No. Units, Density / Usable Ac	240 / 133.33	125 / 46.82	72 / 44.44	36 / 94.74
Sale Price		\$1,451,251	\$812,500	\$465,000
Price/Gross SF		\$12.50	\$11.49	\$27.88
Price/Usable SF		\$12.50	\$11.49	\$27.88
Price/Unit		\$11,610	\$11,285	\$12,917
Data Source	Inspection	Public data, inspection	Public data, inspection	Public data, inspection
Verification Source		Public records, purchase agreement	Public records, seller	Public records, buyer, appraisal
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Unadjusted Price/Unit		+\$11,610	-\$11,285	+\$12,917
Property Rights	Fee simple	Fee simple	Fee simple	Fee simple
Financing Terms	Cash equivalent	Market terms	Market terms	Market terms
Conditions of Sale	Arm's length	Arm's length	Arm's length	Arm's length
Date of Sale & Market Conditions	1/1/2012	5/15/2002 (+15%)	2002 PA (+15%)	7/12/2006 (0%)
Location, District Appeal & Access	Redeveloping Bassett Creek Valley Master Plan mixed-use district along I-394 corridor Good public roads & access via Van White Blvd, roundabout & new freeway connections. New SW Corridor LRT line & station assumed	Good Lowry Hill East neighborhood, improving demographics & appeal Good public roads, good access near Lake St	Good Lowry Hill East neighborhood, improving demographics & appeal Good public roads, average access	Avg Phillips Ventura Village neighborhood Good public roads, average access
Utilities	New public extension assumed, including stormwater ponding/systems & new on-site public plaza	Public available, no off-site extension needed	Public available, no off-site extension needed	Public available, no off-site extension needed
Topo/Terrain	Open, level, graded & pad-ready	Level & open	Level & open	Level & open
Soils/Correction or Environmental Issues	Environmental & geotechnical assumed corrected	Corrected by seller	Corrected by seller	None
Easements/Encroachments	None apparent	None apparent	None apparent	None apparent
Views	Good Bryn Mawr Meadows Park with new pedestrian bridge & adjacent Cedar Lake Trail	Midway Greenway	Midway Greenway	Average
Externalities	Adjacent to I-394 traffic	None adverse	None adverse	Traffic
Functional Utility	Efficient shape	Efficient shape	Efficient shape	Efficient shape
Size (Economies of Scale)	1.8 usable acres, 240 apt units	2.67 usable acres, 125 condo & TH units	1.62 usable acres, 72 condo & TH units	0.38 usable acres, 36 condo units
Zoning & Intended Use	Mixed-use approvals in place for proposed very dense 12-sty rental apt, 133 units/acre, 20% affordable	R6, dense 4-sty condos & TH multi-family residential, 46.82 units/acre, 15% affordable	R6, dense 4-sty condos & TH multi-family residential, 44.44 units/acre, 100% market-rate	R6, dense 4-sty condos multi-family residential, 94.74 units/acre, 100% market-rate
Trunk Assessments	Paid	Paid	Paid	Paid
Approvals/Engineering	None	None	None	None
Timing of Development	Ripe for 2012 development	Ripe	Ripe	Ripe
Other				
Net Adjustment (Total)		(\$3,058)	(\$3,107)	\$500
Adjusted Sale Price/Unit		\$8,552	\$8,177	\$13,417



SUBJECT VALUATION (CONTINUED)

Vacant Multi-Family Residential Land Adjustment Grid (Comps #4-6)

FEATURE	SUBJECT	COMPARABLE SALE #4	COMPARABLE SALE #5	COMPARABLE SALE #6			
Project Name	Phase I West Rental Apt Pad D	84-Unit Residential Development	Grain Belt Brewery Lofts	Steele Flats			
Location/Address	I-394 and Van White Blvd Minneapolis	2301 California St NE Minneapolis	1215 Marshall St NE Minneapolis	4500 Chicago Ave Minneapolis			
Proximity to Subject		3 miles NE	2.5 miles NE	4 miles SE			
Gross Acreage	1.80	1.24	2.50	0.57			
Usable Acreage	1.80	1.24	2.50	0.57			
No. Units, Density / Usable Ac	240 / 133.33	84 / 67.94	177 / 70.82	32 / 55.94			
Sale Price		\$895,000	\$2,000,000	\$395,000			
Price/Gross SF		\$16.62	\$18.37	\$15.85			
Price/Usable SF		\$16.62	\$18.37	\$15.85			
Price/Unit		\$10,655	\$11,299	\$12,344			
Data Source	Inspection	Public data, inspection	Public data, inspection	Public data, inspection			
Verification Source		Public records, buyer	Public records, city, redevelopment contract	Public records, buyer			
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION			
Unadjusted Price/Unit		+(-) \$ Adjustment \$10,655	+(-) \$ Adjustment \$11,299	+(-) \$ Adjustment \$12,344			
Property Rights	Fee simple	Fee simple	Fee simple	Fee simple			
Financing Terms	Cash equivalent	Market terms	Market terms	Market terms			
Conditions of Sale	Arm's length	Arm's length	Arm's length	Motivated seller			
Date of Sale & Market Conditions	1/1/2012	11/15/2005 (-10%) (\$1,065)	3/15/2005 (-10%) (\$1,130)	1/26/2005 (-10%) (\$1,234)			
Location, District Appeal & Access	Redeveloping Bassett Creek Valley Master Plan mixed-use district along I-394 corridor Good public roads & access via Van White Blvd, roundabout & new freeway connections. New SW Corridor LRT line & station assumed	Avg Northeast Bottineau neighborhood, avg demographics and appeal Good public roads, good access near Lowry Ave	\$1,000	Avg Northeast Sheridan neighborhood, avg demographics and appeal Good public roads, good access near Broadway St	Good Nokomis Field neighborhood, avg demographics and appeal Good public roads and access east of I-35W		
Utilities	New public extension assumed, including stormwater ponding/systems & new on-site public plaza	Public available, no off-site extension needed	\$500	Public available, no off-site extension needed	\$500	Public available, no off-site extension needed	\$500
Topo/Terrain	Open, level, graded & pad-ready	Level & open		Generally level		Level	
Soils/Correction or Environmental Issues	Environmental & geotechnical assumed corrected	Razing in price		Corrected by seller		Corrected by seller	
Easements/Encroachments	None apparent	None apparent		None apparent		None apparent	
Views	Good Bryn Mawr Meadows Park with new pedestrian bridge & adjacent Cedar Lake Trail	Average	\$500	Average	\$500	Average	\$500
Externalities	Adjacent to I-394 traffic	None adverse	\$200	Some traffic	\$100	Cemetery, negligible impact	
Functional Utility	Efficient shape	Efficient shape		Efficient irregular shape		Efficient shape	
Size (Economies of Scale)	1.8 usable acres, 240 apt units	1.24 usable acres, 84 units		2.5 acres, 177 condo units & 7000 sf retail/comm'l		0.57 usable acres, 32 condo units	(\$1,500)
Zoning & Intended Use	Mixed-use approvals in place for proposed very dense 12-sty rental apt, 133 units/acre, 20% affordable	R6, dense multi-family residential, 67.94 units/acre	(\$2,500)	C1 & R5, dense 4-sty condos multi-fam residential, 70.82 units/acre	(\$2,500)	C2, dense 3-sty condos multi-family residential, 55.94 units/acre	(\$3,000)
Trunk Assessments	Paid	Paid		Paid		Paid	
Approvals/Engineering	None	None		None		None	
Timing of Development	Ripe for 2012 development	Ripe		Ripe		Ripe	
Other							
Net Adjustment (Total)			(\$1,365)		(\$2,530)		(\$1,734)
Adjusted Sale Price/Unit			\$9,289		\$8,769		\$10,609

SUBJECT VALUATION (CONTINUED)

Vacant Multi-Family Residential Land Adjustment Grid (Comps #7-9)

FEATURE	SUBJECT	COMPARABLE SALE #7	COMPARABLE SALE #8	COMPARABLE SALE #9
Project Name	Phase I West Rental Apt Pad D	Marshall River Run	Hiawatha Flats	Berry Place Apartments
Location/Address	I-394 and Van White Blvd Minneapolis	1448 Marshall Ave NE Minneapolis	4300 & 4360 Snelling Ave Minneapolis	808 Berry St St. Paul
Proximity to Subject		2 miles NE	4.5 miles SE	4.5 miles east
Gross Acreage	1.80	2.57	3.94	3.59
Usable Acreage	1.80	2.57	3.94	3.59
No. Units, Density / Usable Ac	240 / 133.33	85 / 33.07	232 / 58.88	267 / 74.37
Sale Price		\$1,180,000	\$2,730,000	\$3,800,000
Price/Gross SF		\$10.54	\$15.91	\$24.30
Price/Usable SF		\$10.54	\$15.91	\$24.30
Price/Unit		\$13,882	\$11,767	\$14,232
Data Source	Inspection	Public data, inspection	Public data, inspection	Public data, inspection
Verification Source		Public records, developer	Public records, buyer	Public records, buyer
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Unadjusted Price/Unit		+\$13,882	-\$11,767	+\$14,232
Property Rights	Fee simple	Fee simple	Fee simple	Fee simple
Financing Terms	Cash equivalent	Market terms	Market terms	Market terms
Conditions of Sale	Arm's length	Arm's length	Arm's length	Arm's length
Date of Sale & Market Conditions	1/1/2012	12/22/2004 (0%)	3/15/2005 (-10%)	10/10/2002 (+15%)
Location, District Appeal & Access	Redeveloping Bassett Creek Valley Master Plan mixed-use district along I-394 corridor Good public roads & access via Van White Blvd, roundabout & new freeway connections. New SW Corridor LRT line & station assumed	Good Northeast Sheridan neighborhood, avg demographics and appeal Good public roads, good access near Broadway St	Good Longfellow Hiawatha neighborhood, good demographics and appeal Good public roads, access and support facilities, near LRT	Average urban mixed-use district, good demographics and appeal Good public roads, good access near University Ave, near future LRT
Utilities	New public extension assumed, including stormwater ponding/systems & new on-site public plaza	Public available, no off-site extension needed	Public available, no off-site extension needed	Public available, no off-site extension needed
Topo/Terrain	Open, level, graded & pad-ready	Level & open	Level & open	Level & open
Soils/Correction or Environmental Issues	Environmental & geotechnical assumed corrected	Correction costs paid with public funds, razing in price	Razing in price	Corrected by seller
Easements/Encroachments	None apparent	None apparent	None apparent	None apparent
Views	Good Bryn Mawr Meadows Park with new pedestrian bridge & adjacent Cedar Lake Trail	Good Mississippi River	Average	Average
Externalities	Adjacent to I-394 traffic	Some traffic	None	None
Functional Utility	Efficient shape	Efficient shape	Irregular shape	Efficient shape
Size (Economies of Scale)	1.8 usable acres, 240 apt units	2.57 usable acres, 85 apt & TH units	3.94 usable acres, 232 apt & TH units	3.59 usable acres, 267 apt units
Zoning & Intended Use	Mixed-use approvals in place for proposed very dense 12-sty rental apt, 133 units/acre, 20% affordable	I1, dense 3-sty rental apt & TH multi-family residential, 33.07 units/acre, 87% affordable	I1, dense 5-sty rental apt & TH multi-family residential, 58.9 units/acre, 100% market-rate	PUD, dense 4-sty rental apt multi-fam residential, 74.4 units/acre, 30% affordable
Trunk Assessments	Paid	Paid	Paid	Paid
Approvals/Engineering	None	None	None	None
Timing of Development	Ripe for 2012 development	Ripe	Ripe	Ripe
Other				
Net Adjustment (Total)		(\$3,900)	(\$2,677)	(\$2,165)
Adjusted Sale Price/Unit		\$9,982	\$9,091	\$12,067



SUBJECT VALUATION (CONTINUED)

Vacant Multi-Family Residential Land Adjustment Analysis/Support		
Category	General Comments	Specific Adjustment Comments
Unit of Comparison	For multi-family residential sites, market participants are relying upon a price per unit analysis	Price per unit is used
Property Rights	This adjustment reflects differences in property rights transferred. For example, a leased-fee interest where there is an underlying land lease can have a significant impact upon value depending upon how close the contract rate is to the market rate. Any unresolved title issues can also impact the price	None of the comparables require adjustment
Financing Terms	The appraisal is based upon a cash equivalent definition of market value. Favorable seller-extended financing terms may result in a premium price being paid	None of the comparables require adjustment
Conditions of Sale	This adjustment category reflects non-market conditions such as: <ul style="list-style-type: none"> ● Differing motivations of buyer or seller (e.g., related parties, distressed or liquidation sale, premium paid for a key assemblage parcel, etc.) ● Impending eminent domain proceedings ● Influence due to tax ramifications ● Lack of market exposure ● Uninformed parties to the transaction, such as an out-of-state buyer or seller ● Listing prices on property for sale are generally above market price to allow for negotiation 	All are market sales requiring no adjustment
Date of Sale and Market Conditions	In real estate markets, two major factors can cause relative price increases. First, general price inflation as evidenced in the consumer price index reflects increases in building products and labor rates. The second major reason for general price change throughout a market is any imbalance in supply and demand. Typically, both of these adjustments are netted against each other and a market conditions and/or time adjustment is made	Values generally peaked during 2005 and have been decreasing since that time due to the difficult economic conditions. We have projected 2012 values to be similar those in 2004, 2006 & 2007. Sale prices before 2004 and after 2007 are adjusted up to 15%.
Location, District Appeal & Access	Location is an important consideration for real estate appeal, rents and value. Factors include the reputation of the community, demographics, district uses and appeal, transportation routes, immediate surrounding uses, district roadways & access, ease of direct access (street frontage, number of curb cuts, center medians, access rights, etc.), and traffic exposure (very important for commercial uses)	The subject and all the comparables have urban locations. Four of the comparables are rated similar. Five comparables are adjusted up to \$3000/unit, generally for district demographics, appeal and proximity to LRT
Utilities	Public utilities are needed for urban or suburban development. This adjustment category reflects the availability & adequacy of utilities, and whether extension costs need to be incurred	The subject is assumed to have storm water ponding/systems & public plaza. None of the comparables have these features and are adjusted upward \$500/unit
Topography/Terrain	This adjustment category reflects value-influencing issues such as steep slopes (may require more grading, irregular terrain or excessive tree removal costs)	None of the comparables require adjustment
Soils/Correction or Environmental Issues	This adjustment category is for high prep. costs associated with soil conditions and any environmental issues, such as soft soils, wetlands, need for fill, contamination, etc. It may also include razing costs of prior structures not already included in the total price	None of the comparables require adjustment. Some have required remediation and/or razing, but the price already includes this correction or costs were paid with public funds
Easements/Encroachments	Encumbering or benefitting easements or encroachments may affect the proposed developed use of vacant land. Examples include pipelines, power lines, and parking rights	None of the comparables require adjustment

SUBJECT VALUATION (CONTINUED)

Vacant Multi-Family Residential Land Adjustment Analysis (continued)		
Category	General Comments	Specific Adjustment Comments
Views	Appealing views (such as a wetland) may add value to real estate--particularly residential or mixed-use with a residential component. Conversely, adverse factors such as a salvage yard or heavy industrial uses can have a negative impact on value	Because the subject is adjacent to Bryn Mawr Meadows Park, a pedestrian bridge & trails, most of the comps are adjusted upward \$500/unit. Comp #7 is adjusted downward for its superior Mississippi River views
Externalities	This category is for nearby influences which may positively or negatively affect a property, such as off-site contamination, aircraft noise, industrial odors, or proximity to public parks	The subject is adjacent to heavy freeway traffic. Most of the comps are adjusted moderately upward for their quieter locations. Comp #3's heavy traffic and Comp #6's close proximity to a cemetery are considered having similar impact as the subject traffic and require no adjustment
Functional Utility	Limited frontage, excessive depth, or irregular/inefficient shapes may limit how vacant land may be developed	None of the comparables require adjustment
Size (Economies of Scale)	Within developing communities where there is an abundance of buildable land, large tracts often less for more on a per unit basis due to economies of scale. Within developed communities, there can be strong demand for large size parcels to accommodate modern development requiring adequate building pad sizes and space for parking capacity	Only Comps #3 and #6 require adjustment; downward \$1500/unit due to their much smaller sites
Zoning and Intended Use	Beyond the prior location & visibility adjustment, zoning/use can merit adjustment where a district may allow for a higher or more intense use. Very dense projects typically sell for less on a per unit basis than medium-density projects	The subject is approved for very dense use. All of the comparables have less dense developments and are adjusted downward \$1000/unit to \$4000/unit
Trunk Assessments	Trunk assessments are generally involved with raw land, before subdivision improvements	None of the comparables require adjustment
Approvals/Engineering	For raw land, approvals obtained and engineering work is generally completed by the buyer/developer. Seller approvals generally command a higher price for raw land. For platted sites, seller paid approvals and architectural costs incurred for a specific development proposal may be of use and value to a buyer	None of the comparables require adjustment
Timing of Development	Whether or not raw land is ripe for development is dependent on the opening of MUSA and the availability of infrastructure. Ripe developments are much more valuable than speculation land	None of the comparables require adjustment
Other		None of the comparables require adjustment

Vacant Multi-Family Residential Land Value Indications	
Low:	\$8,177/unit
High:	\$13,417/unit
Average:	\$9,995/unit

Vacant Multi-Family Residential Land Reconciliation Comments	
The comparables are generally similar to the subject, with good market supported adjustments being made for the variations. All have been weighed equally. A rounded mid-level subject value of \$10,000 per unit is concluded.	

Concluded Market Value of Multi-Family Residential Site	
Subject Value Conclusion:	\$10,000/unit
240 subject units @ \$10,000/unit = \$2,400,000	

**CONCLUDED PHASE 1 WEST RENTAL APARTMENT PAD D
LAND VALUATION:**

\$2,400,000 (\$30.61/sf land)



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SUBJECT VALUATION (CONTINUED)

Individual Valuations of Subject Building Pads

Using the prior retail value conclusions and adjusting for variations, we have concluded separate valuations of the individual pad sites within the various subject phases, all having a January 2011 valuation date. Future price increases will be considered later within this valuation section.

The tables on the following page summarize the property types, sizes, number of units and features. Adjustment to the prior base unit values are needed for pad premiums/discounts including density, proximity to LRT station, affordable component and park or industrial building views.

Summary of concluded retail values per net sf of land:

- Phase I - Linden Yards West: \$23.07
- Phase II - Linden Yards East: \$14.52
- Phase III - Impound Lot: \$11.56
- Overall Combined Project: \$16.63

Phase I has the highest concluded value of the phases due to its higher densities, closer proximity to the LRT station and views of appealing Bryn Mawr Meadows Park.

Phase II offices have a lower density (2.75 and 3.31 FAR) and the rental apartment has 50% affordable units, some north industrial views, and is farther removed from the park and LRT station.

Phase III does not have an office component. The apartments are mid-rise buildings having lower densities than the other phases, 40% affordable units, some north industrial views and west views over the Bassett Creek commons. Due to its lower density and construction costs, higher per unit land values are concluded.

See following page for detailed adjustments.

Future Values

The value conclusions are based on a prospective January 2011 valuation date where it is assumed that there has been enough market recovery to warrant development. In our analysis we have kept values flat through the first half of 2012, increasing 3% the second half of 2012, 3% the second half of 2013 and 4% per year thereafter.



SUBJECT VALUATION (CONTINUED)

Phase I--Linden Yards West 11.3 gross acres, 9.1 net acres

Building	Site Acres	Intended Use	Number of Stories	1st Floor SF	Floor Plate SF	Gross SF	Rentable SF	Efficiency (RSF/GSF)	No. of Units	Avg SF/Unit	Coverage	F.A.R.
A	2.0	Office	8	33,764	33,764	270,112	256,606	95%			39%	3.10
B	1.7	Office	10	33,764	33,764	337,640	320,758	95%			46%	4.56
C	1.6	Office	7	33,764	33,764	236,348	224,531	95%			48%	3.39
D	1.8	Rental apt	12	35,400	20,648	283,179	228,600	81%	240	953	45%	3.61
E	1.5	Residential condo	16	12,800	12,800	204,800	182,082	89%	168	1,084	20%	3.13
Plaza & ponding	0.5											
Phase Totals:	9.1			149,492	134,740	1,332,079	1,212,577	91%	408		38%	3.36
Office Totals	5.3			101,292	101,292	844,100	801,895	95%			44%	3.66
Residential Totals	3.3			48,200	33,448	487,979	410,682	84%	408	1,007	34%	3.39

Phase II--Linden Yards East 10.4 gross acres, 10.4 net acres

Building	Site Acres	Intended Use	Number of Stories	1st Floor SF	Floor Plate SF	Gross SF	Rentable SF	Efficiency (RSF/GSF)	No. of Units	Avg SF/Unit	Coverage	F.A.R.
F	4.0	Office	12	40,000	40,000	480,000	456,000	95%			23%	2.75
G	2.1	Office	9	33,600	33,600	302,400	287,280	95%			37%	3.31
H	2.0	Rental apt	8	42,000	25,000	216,600	186,360	86%	196	951	48%	2.49
Plaza & ponding	2.3											
Phase Totals:	10.4			115,600	98,600	999,000	929,640	93%	196		26%	2.21
Office Totals	6.1			73,600	73,600	782,400	743,280	95%			28%	2.94
Residential Totals	2.0			42,000	25,000	216,600	186,360	86%	196	951	48%	2.49

Phase III--Impound Lot 8.2 gross acres, 7.2 net acres

Building	Site Acres	Intended Use	Number of Stories	1st Floor SF	Floor Plate SF	Gross SF	Rentable SF	Efficiency (RSF/GSF)	No. of Units	Avg SF/Unit	Coverage	F.A.R.
I	1.6	Multi-fam res	4	25,105	25,105	90,420	76,857	85%	90	854	36%	1.30
J	1.5	Multi-fam res	3	22,914	22,914	58,742	49,931	85%	59	846	35%	0.90
K	1.5	Multi-fam res	3	23,917	23,917	54,707	46,501	85%	55	845	37%	0.84
L	1.6	Multi-fam res	4	21,569	21,569	85,668	72,818	85%	86	847	31%	1.23
Ponding	1.0											
Phase Totals:	7.2			93,505	93,505	289,537	246,107	85%	290		30%	0.92
Office Totals	0.0			0	0	0	0					
Residential Totals	6.2			93,505	93,505	289,537	246,107	85%	290	849	35%	1.07

Project Totals, 29.9 gross acres, 26.7 net acres

Building	Site Acres	Intended Use	Number of Stories	1st Floor SF	Floor Plate SF	Gross SF	Rentable SF	Efficiency (RSF/GSF)	No. of Units	Avg SF/Unit	Coverage	F.A.R.
Phase I Office	5.3			101,292	101,292	844,100	801,895	95%			44%	3.66
Phase II Office	6.1			73,600	73,600	782,400	743,280	95%			28%	2.94
Phase III Office	0.0			0	0	0	0					
Total Office	11.4			174,892	174,892	1,626,500	1,545,175	95%			35%	
Phase I Res	3.3			48,200	33,448	487,979	410,682	84%	408	1,007	34%	3.39
Phase II Res	2.0			42,000	25,000	216,600	186,360	86%	196	951	48%	2.49
Phase III Res	6.2			93,505	93,505	289,537	246,107	85%	290	849	35%	1.07
Total Residential	11.5			183,705	151,953	994,116	843,149	85%	894	943	37%	1.98
Plaza & ponding	3.8											
Combined Totals	26.7			358,597	326,845	2,620,616	2,388,324	91%	894		31%	2.25

SUBJECT VALUATION (CONTINUED)

Units/ Acre	No. Parking Stalls	Parking Ratio (No./1000 RSF or per Unit)	Features	Base Price/GSF or Unit	Premiums or Discounts	Total Value/GSF or Unit	1/2011 Total Value	Total Value/Land Net SF	Year of Development
	1,049	4.09	Near round-about & LRT station	\$6.00	\$0.00	\$6.00	\$1,620,672	\$18.60	2011
	1,010	3.15		\$6.00	-\$0.50	\$5.50	\$1,857,020	\$25.08	2013
	549	2.45	Near pedestrian bridge linking to Bryn Mawr Meadows Park, overlooks future plaza	\$6.00	\$0.00	\$6.00	\$1,418,088	\$20.35	2015
133	236	0.98		\$10,000	\$0	\$10,000	\$2,400,000	\$30.61	2012
	112	1.57	Overlooks project pond	\$10,000	\$1,000	\$11,000	\$1,848,000	\$28.28	2014
	3,108	2.56				\$9,143,780	\$23.07		
	2,608	3.25				\$4,895,780	\$21.21		
124	500	1.23				\$4,248,000	\$29.55		

Units/ Acre	No. Parking Stalls	Parking Ratio (No./1000 RSF or per Unit)	Features	Base Price/GSF or Unit	Premiums or Discounts	Total Value/GSF or Unit	1/2011 Total Value	Total Value/Land Net SF	Year of Development
	1,206	2.64	Near round-about, overlooks future pond & plaza	\$6.00	\$0.25	\$6.25	\$3,000,000	\$17.22	2017
	759	2.64		\$6.00	\$0.00	\$6.00	\$1,814,400	\$19.83	2019
98	265	1.35	Overlooks pond & industrial	\$10,000	-\$1,000	\$9,000	\$1,764,000	\$20.25	2016
	2,230	2.40				\$6,578,400	\$14.52		
	1,965	2.64				\$4,814,400	\$18.12		
98	265	1.35				\$1,764,000	\$20.25		

Units/ Acre	No. Parking Stalls	Parking Ratio (No./Unit)	Features	Base Price/Unit	Premiums or Discounts	Total Value/Unit	1/2011 Total Value	Total Value/Land Net SF	Year of Development
56	99	1.10	Adjacent to BNSF line & industrial uses	\$10,000	\$2,500	\$12,500	\$1,125,000	\$16.14	2017
39	65	1.10	Adjacent to BNSF line	\$10,000	\$2,500	\$12,500	\$737,500	\$11.29	2018
37	61	1.11	Adjacent to industrial uses	\$10,000	\$2,500	\$12,500	\$687,500	\$10.52	2019
54	95	1.10	Across from Bassett Creek Commons	\$10,000	\$2,500	\$12,500	\$1,075,000	\$15.42	2020
40	320	1.10				\$3,625,000	\$11.56		
47	320	1.10				\$0	\$13.42		

Units/ Acre	No. Parking Stalls	Parking Ratio (No./Unit)	Features	Base Price/Unit	Premiums or Discounts	Total Value/Unit	1/2011 Total Value	Total Value/Land Net SF
	2,608	3.25				\$4,895,780	\$21.21	
	1,965	2.64				\$4,814,400	\$18.12	
	0					\$0		
	4,573	2.96				\$9,710,180	\$19.55	
124	500	1.23				\$4,248,000	\$29.55	
98	265	1.35				\$1,764,000	\$20.25	
47	320	1.10				\$3,625,000	\$13.42	
78	1,085	1.21				\$9,637,000	\$19.24	

5,658

\$19,347,180

\$16.63



SUBJECT VALUATION (CONTINUED)

Absorption

Client and developer projections indicate the entire project sites will be developed between 2011 and 2020. Given the large amount of proposed development (2.6 million sf of building area), this long period of time will be required. Phase I contains 844,100 sf of office, and 408 residential units. The absorption period is between 2011 and 2015.

Phase II contains 782,400 sf of office, and 196 residential units. It is scheduled to open in 2016, and be absorbed thru 2019. Phase III, consisting of 894 units within 4 mid-rise buildings is scheduled to be absorbed in 2017 thru 2020.

These absorption conclusions are based upon market conditions recovering from their current lows, to a level to support new construction development.

Marketing Expenses and Closing Costs

We have included a typical 2% of sales price marketing expense to ensure full market exposure

Real Estate Taxes

Taxes are projected based upon future increased assessed values. They are moderated in the early years of the phase, and increased as the land improvements are completed.

Other Holding Costs

Additional insurance, management and overhead is estimated at \$5000/held acre/year

SUBJECT VALUATION (CONTINUED)

Discount or Yield Rate

The cash flows are discounted at an appropriate discount rate to account for the time value of money, and to allow for investor profit. The discount or yield rate is based upon investor/developer expectations, and include factors such as the reasonableness of the assumptions (e.g., lot pricing, absorption projection, holding costs, etc.), and the inherent risks associated with the project. Aggressive pricing and absorption assumptions, for example, would dictate a high yield rate. It is largely based upon the Inwood premise which holds that the present value of a positive stream of income is based on a single discount rate. The yield rate fully accounts for /investor profit.

Given the needed investment capital for a project of this size, an adequate rate of return is required before an investor would be interested. Real estate cap and yield rates have been increasing after many years of compression. Typical Class A income-property real estate is producing 8.5% to 10% in overall yields, and Class C 10.25% to 11.5% due to more uncertainty. Residential subdivisions have added risk and investors require larger returns. Even with the soundness of the prior assumptions/conclusions, there remains significant additional risk associated with the projected cash flow estimates. A higher yield rate is warranted due to the following risks:

- Risk of future unit prices decreasing
- Further significant decline in the current deep recession--further stock market losses, for example, would have an impact upon consumer confidence, demand and ability & interest in seasonal property. This would reduce lot prices and lengthen the absorption period
- Interest rate increases--interest rates have been affordable; increases could elevate construction cost and/or reduce the demand for new construction housing. This would further reduce prices and lengthen the absorption period
- Financial markets changes--a prolonged and deepening of the current credit crisis, for example

Quality investment real estate has broader appeal and a much more certain cash flow. Potential buyers include national participants, while a residential subdivision appeals only to a small number of potential local buyers, namely investors/speculators.

Typical investment real estate have contractual leases which predetermine what the revenue will be. With net lease arrangements, any potential fluctuations with expenses is fully borne by the tenants. Hence, the annual cash flow is better projected and is much more certain. The success of a subdivision is largely in its timing--that is in recouping the investment in land and improvements by receiving large cash flows within a short time frame. Even moderate alterations of the cash flows greatly impact the yield rate or profitability of the project.

All of this uncertainty translates into significant profit being demanded by developers/investors, or in the case with the following DCF analysis, a much greater yield rate. Within the past few years, the Korpacz Real Estate Investor Survey had national land development market rates generally from 10% to 25%, with the average between 17% and 18%. During the 4th quarter 2008, the range increased to 12% to 25%, with the average being 18.58%.

Many developers do not use a detailed DCF analysis similar to what is done in this report, yet the results are very similar. Many will simply look at adding the initial investment amount and compare it to the total potential value of the finished units. They simply look to see if there is enough of a spread to ensure profitability.

Based upon developer projections and experience with other mixed-use projects within the region, past yield rates of 15% to 20% were common. Again, with the selection of the yield rate being dependent upon the reasonableness of the assumptions/conclusions used in the cash flow analysis, a subject discount rate of 15% is concluded. The moderate rate selected, factors in the conservative development costs, and the possibility that public assistance could be secured for some elements including the public plazas.

If a yield rate or an internal rate of return (IRR) fell below the concluded 15% rate, there would be insufficient profit potential/incentive for a speculator/investor to purchase the subject at the appraised value. The result would be lower offers for the subject.

As-is acreage conclusion: 15% yield rate which fully includes developer's profit

DCF spreadsheets for each phase are on the following pages.

SUBJECT VALUATION (CONTINUED)

DCF Spreadsheet and Value Conclusion

Phase I--Linden Yards West 11.3 gross acres, 9.1 net acres

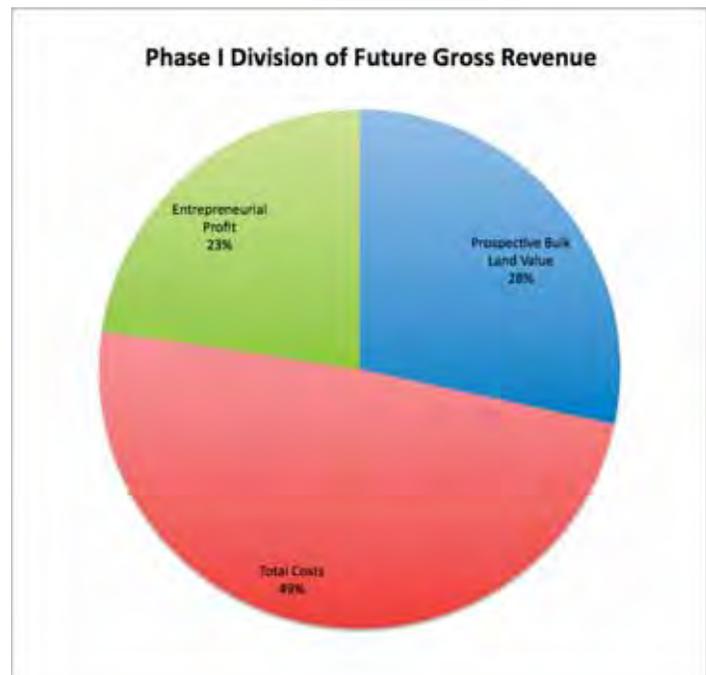
TIME PERIOD:	1st Half 2011	2nd Half 2011	1st Half 2012	2nd Half 2012
Retail value appreciation rate:	0.00%	0.00%	0.00%	3.00%
Site value of Building A (2.0 net acres)--office	\$ 1,620,672	\$ 1,620,672	\$ 1,620,672	\$ 1,669,292
Per building GSF	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.18
Site value of Building B (1.7 net acres)--office	\$ 1,857,020	\$ 1,857,020	\$ 1,857,020	\$ 1,912,731
Per building GSF	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.67
Site value of Building C (1.6 net acres)--office	\$ 1,418,088	\$ 1,418,088	\$ 1,418,088	\$ 1,460,631
Per building GSF	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.18
Site value of Building D (1.8 net acres)--residential	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000	\$ 2,472,000
Per unit	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,300
Site value of Building E (1.5 net acres)--residential	\$ 1,848,000	\$ 1,848,000	\$ 1,848,000	\$ 1,903,440
Per unit	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,330
Timing of building site takedowns	Bldg A		Bldg D	
Building site net acres sold	2.0	0.0	1.8	0.0
Cumulative net acres sold	2.0	2.0	3.8	3.8
Number of net acres held:	6.6	6.6	4.8	4.8
Revenue from office site sales	\$ 1,620,672	\$ -	\$ -	\$ -
Revenue from residential site sales	\$ -	\$ -	\$ 2,400,000	\$ -
Gross revenue	\$ 1,620,672	\$ -	\$ 2,400,000	\$ -
Development costs	\$ (2,087,985)	\$ (2,087,985)	\$ -	\$ -
Marketing expenses & closing costs (2% on sales)	\$ (32,413)	\$ -	\$ (48,000)	\$ -
Real estate taxes on held land	\$ (25,156)	\$ (25,156)	\$ (29,272)	\$ (29,272)
Insurance, upkeep, administrative & overhead (\$5,000/yr/held acre)	\$ (16,500)	\$ (16,500)	\$ (12,000)	\$ (12,000)
Cash flow to the developer/investor	\$ (541,382)	\$ (2,129,640)	\$ 2,310,728	\$ (41,272)
Times present value factor at an annual rate of:				
15.00% discount rate for cash flows:	0.930233	0.865333	0.804961	0.748801
Present value of cash flows:	\$ (503,611)	\$ (1,842,847)	\$ 1,860,045	\$ (30,905)

INDICATED MARKET VALUE (ROUNDED):	\$ 2,685,000
PER NET SF OF LAND	\$ 6.77
PER BUILDING GSF	\$ 2.02

SUBJECT VALUATION (CONTINUED)

1st Half 2013	2nd Half 2013	1st Half 2014	2nd Half 2014	1st Half 2015	2nd Half 2015	Totals
0.00%	3.00%	0.00%	4.00%	0.00%	4.00%	
\$ 1,669,292	\$ 1,719,371	\$ 1,719,371	\$ 1,788,146	\$ 1,788,146	\$ 1,859,672	
\$ 6.18	\$ 6.37	\$ 6.37	\$ 6.62	\$ 6.62	\$ 6.88	
\$ 1,912,731	\$ 1,970,113	\$ 1,970,113	\$ 2,048,917	\$ 2,048,917	\$ 2,130,874	
\$ 5.67	\$ 5.83	\$ 5.83	\$ 6.07	\$ 6.07	\$ 6.31	
\$ 1,460,631	\$ 1,504,450	\$ 1,504,450	\$ 1,564,628	\$ 1,564,628	\$ 1,627,213	
\$ 6.18	\$ 6.37	\$ 6.37	\$ 6.62	\$ 6.62	\$ 6.88	
\$ 2,472,000	\$ 2,546,160	\$ 2,546,160	\$ 2,648,006	\$ 2,648,006	\$ 2,753,927	
\$ 10,300	\$ 10,609	\$ 10,609	\$ 11,033	\$ 11,033	\$ 11,475	
\$ 1,903,440	\$ 1,960,543	\$ 1,960,543	\$ 2,038,965	\$ 2,038,965	\$ 2,120,524	
\$ 11,330	\$ 11,670	\$ 11,670	\$ 12,137	\$ 12,137	\$ 12,622	
Bldg B		Bldg E		Bldg C		
1.7	0.0	1.5	0.0	1.6	0.0	8.6
5.5	5.5	7.0	7.0	8.6	8.6	
3.1	3.1	1.6	1.6	0.0	0.0	
\$ 1,912,731	\$ -	\$ -	\$ -	\$ 1,564,628	\$ -	\$ 5,098,030
\$ -	\$ -	\$ 1,960,543	\$ -	\$ -	\$ -	\$ 4,360,543
\$ 1,912,731	\$ -	\$ 1,960,543	\$ -	\$ 1,564,628	\$ -	\$ 9,458,573
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,175,969)
\$ (38,255)	\$ -	\$ (39,211)	\$ -	\$ (31,293)	\$ -	\$ (189,171)
\$ (23,631)	\$ (23,631)	\$ (12,563)	\$ (12,563)	\$ -	\$ -	\$ (181,244)
\$ (7,750)	\$ (7,750)	\$ (4,000)	\$ (4,000)	\$ -	\$ -	\$ (80,500)
\$ 1,843,095	\$ (31,381)	\$ 1,904,770	\$ (16,563)	\$ 1,533,335	\$ -	\$ 4,831,688
<u>0.696559</u>	<u>0.647962</u>	<u>0.602755</u>	<u>0.560702</u>	<u>0.521583</u>	<u>0.485194</u>	
\$ 1,283,824	\$ (20,334)	\$ 1,148,109	\$ (9,287)	\$ 799,762	\$ -	\$ 2,684,756

	Total	Per Net SF
Gross Revenue	\$ 9,458,573	\$ 23.86
Prospective Bulk Land Value	\$ 2,685,000	\$ 6.77
Total Costs	\$ 4,626,885	\$ 11.67
Entrepreneurial Profit	\$ 2,146,688	\$ 5.42



SUBJECT VALUATION (CONTINUED)

DCF Spreadsheet and Value Conclusion

Phase II--Linden Yards East 10.4 gross acres, 10.4 net acres

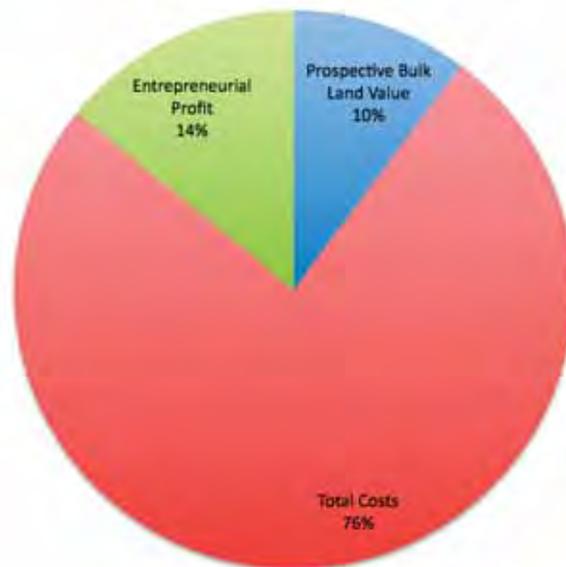
TIME PERIOD:	1st Half 2016	2nd Half 2016	1st Half 2017	2nd Half 2017
Land appreciation rate:	0.00%	4.00%	0.00%	4.00%
Site value of Building F (4.0 net acres)--office	\$ 3,442,408	\$ 3,580,105	\$ 3,580,105	\$ 3,723,309
Per building GSF	\$ 7.17	\$ 7.46	\$ 7.46	\$ 7.76
Site value of Building G (2.1 net acres)--office	\$ 2,081,969	\$ 2,165,247	\$ 2,165,247	\$ 2,251,857
Per building GSF	\$ 6.88	\$ 7.16	\$ 7.16	\$ 7.45
Site value of Building H (2.0 net acres)--residential	\$ 2,024,136	\$ 2,105,102	\$ 2,105,102	\$ 2,189,306
Per unit	\$ 10,327	\$ 10,740	\$ 10,740	\$ 11,170
Timing of building site takedowns	Bldg H		Bldg F	
Building site net acres sold	2.0	0.0	4.0	0.0
Cumulative net acres sold	2.0	2.0	6.0	6.0
Number of net acres held:	6.1	6.1	2.1	2.1
Revenue from office site sales	\$ -	\$ -	\$ 3,580,105	\$ -
Revenue from residential site sales	\$ 2,024,136	\$ -	\$ -	\$ -
Gross revenue	\$ 2,024,136	\$ -	\$ 3,580,105	\$ -
Development costs	\$ (2,849,207)	\$ (2,849,207)	\$ -	\$ -
Marketing expenses & closing costs (2% on sales)	\$ (40,483)	\$ -	\$ (71,602)	\$ -
Real estate taxes on held land	\$ (23,250)	\$ (23,250)	\$ (12,807)	\$ (12,807)
Insurance, upkeep, administrative & overhead (\$5,000/yr/held acre)	\$ (15,250)	\$ (15,250)	\$ (5,250)	\$ (5,250)
Cash flow to the developer/investor	\$ (904,054)	\$ (2,887,707)	\$ 3,490,446	\$ (18,057)
Times present value factor at an annual rate of:				
15.00% discount rate for cash flows:	<u>0.930233</u>	<u>0.865333</u>	<u>0.804961</u>	<u>0.748801</u>
Present value of cash flows:	\$ (840,980)	\$ (2,498,827)	\$ 2,809,671	\$ (13,521)

INDICATED MARKET VALUE (ROUNDED):	\$ 811,000
PER NET SF OF LAND	\$ 1.79
PER BUILDING GSF	\$ 0.81

SUBJECT VALUATION (CONTINUED)

1st Half 2018	2nd Half 2018	1st Half 2019	2nd Half 2019	1st Half 2020	2nd Half 2020	Totals
0.00%	4.00%	0.00%	4.00%	0.00%	4.00%	
\$ 3,723,309	\$ 3,872,241	\$ 3,872,241	\$ 4,027,131	\$ 4,027,131	\$ 4,188,216	
\$ 7.76	\$ 8.07	\$ 8.07	\$ 8.39	\$ 8.39	\$ 8.73	
\$ 2,251,857	\$ 2,341,931	\$ 2,341,931	\$ 2,435,609	\$ 2,435,609	\$ 2,533,033	
\$ 7.45	\$ 7.74	\$ 7.74	\$ 8.05	\$ 8.05	\$ 8.38	
\$ 2,189,306	\$ 2,276,878	\$ 2,276,878	\$ 2,367,953	\$ 2,367,953	\$ 2,462,671	
\$ 11,170	\$ 11,617	\$ 11,617	\$ 12,081	\$ 12,081	\$ 12,565	
Bldg G						
0.0	0.0	2.1	0.0	0.0	0.0	8.1
2.0	2.0	4.1	4.1	6.0	6.0	
2.1	2.1	0.0	0.0	0.0	0.0	
\$ -	\$ -	\$ 2,341,931	\$ -	\$ -	\$ -	\$ 5,922,036
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,024,136
\$ -	\$ -	\$ 2,341,931	\$ -	\$ -	\$ -	\$ 7,946,172
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,698,414)
\$ -	\$ -	\$ (46,839)	\$ -	\$ -	\$ -	\$ (158,923)
\$ (16,008)	\$ (16,008)	\$ -	\$ -	\$ -	\$ -	\$ (104,130)
\$ (5,250)	\$ (5,250)	\$ -	\$ -	\$ -	\$ -	\$ (51,500)
\$ (21,258)	\$ (21,258)	\$ 2,295,093	\$ -	\$ -	\$ -	\$ 1,933,205
<u>0.696559</u>	<u>0.647962</u>	<u>0.602755</u>	<u>0.560702</u>	<u>0.521583</u>	<u>0.485194</u>	
\$ (14,808)	\$ (13,775)	\$ 1,383,378	\$ -	\$ -	\$ -	\$ 811,139

Phase II Division of Future Gross Revenue



	Total	Per
Gross Revenue	\$ 7,946,172	\$
Prospective Bulk Land Value	\$ 811,000	\$
Total Costs	\$ 6,012,968	\$
Entrepreneurial Profit	\$ 1,122,204	\$

SUBJECT VALUATION (CONTINUED)

DCF Spreadsheet and Value Conclusion

Phase III--Impound Lot 8.2 gross acres, 7.2 net acres

TIME PERIOD:	1st Half 2017	2nd Half 2017	1st Half 2018	2nd Half 2018
Land appreciation rate:	0.00%	4.00%	0.00%	4.00%
Site value of Building I (1.6 net acres)--residential, 90 units	\$ 1,342,539	\$ 1,396,241	\$ 1,396,241	\$ 1,452,090
Per unit	\$ 14,917	\$ 15,514	\$ 15,514	\$ 16,134
Site value of Building J (1.5 net acres)--residential, 59 units	\$ 880,109	\$ 915,313	\$ 915,313	\$ 951,926
Per unit	\$ 14,917	\$ 15,514	\$ 15,514	\$ 16,134
Site value of Building K (1.5 net acres)--residential, 55 units	\$ 820,441	\$ 853,258	\$ 853,258	\$ 887,389
Per unit	\$ 14,917	\$ 15,514	\$ 15,514	\$ 16,134
Site value of Building L (1.6 net acres)--residential, 86 units	\$ 1,282,871	\$ 1,334,186	\$ 1,334,186	\$ 1,387,553
Per unit	\$ 14,917	\$ 15,514	\$ 15,514	\$ 16,134
Timing of building site takedowns	Bldg I		Bldg J	
Building site net acres sold	1.6	0.0	1.5	0.0
Cumulative net acres sold	1.6	1.6	1.5	1.5
Number of net acres held:	4.6	4.6	3.1	3.1
Revenue from office site sales	\$ 1,342,539	\$ -	\$ 915,313	\$ -
Revenue from residential site sales	\$ -	\$ -	\$ -	\$ -
Gross revenue	\$ 1,342,539	\$ -	\$ 915,313	\$ -
Development costs	\$ (2,451,588)	\$ (2,451,588)	\$ -	\$ -
Marketing expenses & closing costs (2% on sales)	\$ (26,851)	\$ -	\$ (18,306)	\$ -
Real estate taxes on held land	\$ (14,026)	\$ (14,026)	\$ (11,816)	\$ (11,816)
Insurance, upkeep, administrative & overhead (\$5,000/yr/held acre)	\$ (11,500)	\$ (11,500)	\$ (7,750)	\$ (7,750)
Cash flow to the developer/investor	\$ (1,161,426)	\$ (2,477,114)	\$ 877,442	\$ (19,566)
Times present value factor at an annual rate of:				
15.00% discount rate for cash flows:	<u>0.930233</u>	<u>0.865333</u>	<u>0.804961</u>	<u>0.748801</u>
Present value of cash flows:	\$ (1,080,396)	\$ (2,143,528)	\$ 706,306	\$ (14,651)

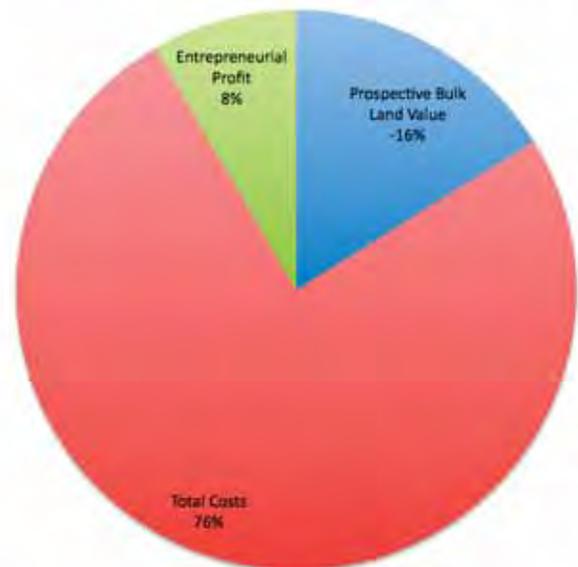
INDICATED MARKET VALUE (ROUNDED):	\$ (1,089,000)
PER NET SF OF LAND	\$ (3.47)
PER UNIT	\$ (3,755)

SUBJECT VALUATION (CONTINUED)

1st Half 2019	2nd Half 2019	1st Half 2020	2nd Half 2020	Totals
0.00%	4.00%	0.00%	4.00%	
\$ 1,452,090	\$ 1,510,174	\$ 1,510,174	\$ 1,570,581	
\$ 16,134	\$ 16,780	\$ 16,780	\$ 17,451	
\$ 951,926	\$ 990,003	\$ 990,003	\$ 1,029,603	
\$ 16,134	\$ 16,780	\$ 16,780	\$ 17,451	
\$ 887,389	\$ 922,884	\$ 922,884	\$ 959,800	
\$ 16,134	\$ 16,780	\$ 16,780	\$ 17,451	
\$ 1,387,553	\$ 1,443,055	\$ 1,443,055	\$ 1,500,777	
\$ 16,134	\$ 16,780	\$ 16,780	\$ 17,451	
Bldg K		Bldg L		
1.5	0.0	1.6	0.0	6.2
1.5	1.5	3.2	3.2	
1.6	1.6	0.0	0.0	
\$ 887,389	\$ -	\$ 1,443,055	\$ -	\$ 4,588,296
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 887,389	\$ -	\$ 1,443,055	\$ -	\$ 4,588,296
\$ -	\$ -	\$ -	\$ -	\$ (4,903,176)
\$ (17,748)	\$ -	\$ (28,861)	\$ -	\$ (91,766)
\$ (7,318)	\$ (7,318)	\$ -	\$ -	\$ (66,320)
\$ (4,000)	\$ (4,000)	\$ -	\$ -	\$ (46,500)
\$ 858,323	\$ (11,318)	\$ 1,414,194	\$ -	\$ (519,466)
<u>0.696559</u>	<u>0.647962</u>	<u>0.602755</u>	<u>0.560702</u>	
\$ 597,872	\$ (7,334)	\$ 852,412	\$ -	\$ (1,089,318)

	Total	Per Unit
Gross Revenue	\$ 4,588,296	\$ 15,822
Prospective Bulk Land Value	\$ (1,089,000)	\$ (3,755)
Total Costs	\$ 5,107,762	\$ 17,613
Entrepreneurial Profit	\$ 569,534	\$ 1,964

Phase III Division of Future Gross Revenue



SUBJECT VALUATION (CONTINUED)

Bulk Sensitivity Analysis

With changing some factors, such as the finished site values or the development costs, the following subject bulk value indications result:

Variables	Phase I	Phase II	Phase III
As previously presented	\$2,685,000 (\$6.77/sf land)	\$811,000 (\$1.79/sf land)	-\$1,089,000 (-\$3.47/sf land)
Change yield rate to 10%	\$3,266,000 (\$8.24/sf)	\$1,119,000 (\$2.47/sf)	-\$942,000 (-\$3.00/sf)
Change yield rate to 20%	\$2,202,000 (\$5.56/sf)	\$554,000 (\$1.22/sf)	-\$1,205,000 (-\$3.84/sf)
Decrease finished site values by 20%	\$1,358,000 (\$3.43/sf)	-\$399,000 (-\$.88/sf)	-\$1,770,000 (-\$5.64/sf)
Increase finished site values by 20%	\$4,012,000 (\$10.12/sf)	\$2,022,000 (\$4.46/sf)	-\$408,000 (-\$1.30/sf)
Decrease development costs by 25%	\$3,622,000 (\$9.14/sf)	\$2,090,000 (\$4.61/sf)	\$11,000 (\$.04/sf)

Reconciliation

While the retail values of the finished sites are much greater, the bulk land values before all the land improvements are completed are much less due to the significant development costs and the multi-year projected absorption of the large phases.

The development costs are particularly high in the second and third phases. The third phase common fact, is "under water," that is, the development costs exceed the potential market values of the finished sites. As such, we have concluded \$1 value for the third phase.

FINAL ESTIMATES OF MARKET VALUES:

PHASE I	\$2,685,000 (6.77/sf land)
PHASE II	\$811,000 (\$1.79/sf land)
PHASE III	\$1

RECONCILIATION AND FINAL VALUE ESTIMATES

Summary and Value Indications				
	Phase I	Phase II	Phase III	Totals
Acres	11.3 gross 9.1 net	10.4 gross 10.4 net	8.2 gross 7.2 net	29.9 gross 26.7 net
Approved Development	1,332,079 GSF 7 to 16-sty office and multi-family residential	999,000 GSF 8 to 9-sty office and multi-family residential	289,537 GSF 3 and 4-sty multi- family residential	2,620,616 GSF
FAR	3.36	2.21	.92	2.25
Summation of Retail Values--after completion of all land improvements (per sf of land)	\$9.1 mil (\$23.07)	\$6.6 mil (\$14.52/sf)	\$3.6 mil (\$11.56/sf)	\$19.3 mil (\$16.63)
Development Costs:				
Main Costs (Total / Per sf Land)	\$2,345,719 (\$5.92)	\$4,236,065 (\$9.35)	\$4,903,176 (\$15.63)	\$11,484,960 (\$9.88)
Streetscape Improvements & Public Plazas	\$1,830,250 (\$4.62)	\$1,462,349 (\$3.69)	None	\$3,292,599 (\$2.83)
Totals	\$4,175,969 (\$10.53)	\$5,698,414 (\$12.58)	\$4,903,176	\$14,777,559 (\$12.71)
Underlying Bulk Land Values	\$2,685,000 (\$6.77)	\$811,000 (\$1.79)	\$1	\$3,496,000 (\$3.01)

Reconciliation Comments

After the land subdivision improvements are fully completed, a sales comparison analysis supports strong retail values of the individual building sites due to the very dense approved development, the new public infrastructure, the good I-394 visibility and access, and the LRT.

Due to the very high development costs and the multi-year absorption of each phase, the underlying land values are significantly below retail values. The public plazas, for example, are very costly and it is possible that future public funding sources could become available, thereby increasing the underlying land value. However, at this time, these sources are unknown and this is considered speculative and not included in our analysis. In the future, should it become known that additional financing assistance become available for the infrastructure costs, revised appraisal analysis would be merited.

Please review the "extraordinary assumptions, special limiting conditions, and hypothetical conditions" section of this report on page 13 before relying on the values or other conclusions.

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EXPOSURE & MARKETING TIME

Exposure Time	
Definition:	
Per the Appraisal Standards Board in its Statement on Appraisal Standards No. 6:	
<i>"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."</i>	
	Subject has broad market appeal
X	Subject has adequate market appeal
	Subject has limited market appeal
	Subject is a special purpose property having an extremely limited number of potential buyers
	Subject could easily be marketed without significant work being needed
	Subject may need significant work to enhance its market acceptance--see highest and best use comments
X	Exposure period conclusion is based upon market observations
X	Exposure period allows for marketing efforts, negotiating, any required inspections, legal work, time to secure financing, and some time to coordinate a closing
X	Conclusion: 1-2 years
	Comments:

Marketing Time	
Definition:	
Per the Appraisal Standards Board in its Advisory Opinion No. 7:	
<i>"...an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal."</i>	
While exposure time precedes the effective date of value, marketing time differs in that it is subsequent.	
X	Same marketing period applies in that market conditions are not anticipated to radically alter in terms of supply/demand, economic conditions, or significant national or local events
	A longer marketing period may occur due to changes in the economy, interest rates, or market conditions
	A shorter marketing period may occur due to improvement in the economy, interest rates, or market conditions
X	Conclusion: 1-2 years; absorption of the finished individual sites is likely to be 10 years
	Comments: