
VALUATION OF BRIDGE EASEMENT

as of July 9, 2014

Issued: July 11, 2014



SRR
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**Atlanta | Baltimore | Chicago | Cleveland | Dallas | Denver
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July 11, 2014

Mr. Michael Samhat
Detroit International Bridge Company
12225 Stephens Road
Warren, Michigan 48089

and

Mr. Tom Lewand
City of Detroit
2 Woodward Avenue
Suite 1126
Detroit, Michigan 48226

**RE: Valuation of proposed bridge easement across property located at 3085 West Jefferson Avenue,
Detroit, Michigan 48216
Stout Risius Ross, Inc. Project#: 4027707**

Dear Mr. Samhat and Mr. Lewand:

In accordance with your request, this letter and accompanying appraisal report present our opinion of the fair market value of the proposed easement to be placed over, above, and on a parcel of land adjacent to the existing Ambassador Bridge and currently owned by the City of Detroit. The purpose of the easement is to provide use of the easement area (the "air space") above and within the designated easement area for the purposes of construction, repairing, replacing, inspecting, expanding, maintaining, operating and using a new bridge span and all activities incidental thereto (the "permitted air uses") as well as, the imposition in, on, over and upon the subject of noise and other effects incidental to such permitted air uses and all resulting annoyances or inconvenience due to such permitted air uses. Further, in summary, the easement will allow for the installation and maintenance of supporting structures, a temporary construction easement, and easement for installation and replacing utilities, equipment, apparatus in connection, etc., an easement to access and utilize the easement area for inspection, maintenance, expanding, etc. the new bridge and limitations or restrictions on the land surrounding the easement.

The property in question has a physical address of 3085 West Jefferson Avenue, Detroit, Michigan 48216. The value of the easement is the resulting diminution to value of the overall parcel based on the location of the easement and the use restrictions on the residual land based on the easement. The date of value is July 9, 2014 (the "valuation date"). The intended use of the appraisal is for establishing the consideration payable by an affiliate of the Detroit International Bridge Company (the "client") to the property owners, the City of Detroit, under the definitive agreement governing the terms of the easement.

The subject consists of a single parcel of land, parcel ID number 12000006.001 per the City of Detroit BS&A, which is described further in this report. In total, the easement area will comprise of approximately 4.30 acres, or 187,308 square feet. Based on the past and current use, zoning, and condition of the property, which will be discussed in further detail in the attached report, the easement essentially restricts development and uses enough to fully diminish the full value of the easement area. As such, the methodology employed is a "before and after taking" analysis.

The subject is south of West Jefferson Avenue and just west of the Ambassador Bridge in the Detroit West Industrial submarket of the Detroit MSA. Detailed descriptions of the easement are included in the body of this report. The description of the subject is based on information provided by the client, gathered from public sources, and an inspection of the subject.

TABLE OF CONTENTS

- I. Summary of Salient Data 1
- II. Assignment Overview 3
- III. Regional Overview..... 7
- IV. Neighborhood Analysis 15
- V. Legal and Physical Description 19
- VI. Real Estate Taxes..... 23
- VII. Highest and Best Use 25
- VIII. Land Valuation – Before Easement 27
- IX. Description of Easement..... 34
- X. Land Valuation – After Easement 38
- XI. Reconciliation of Value of the Easement 42
- XII. Certification 44

This appraisal conforms with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, as well as the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Based on the analysis presented in this report, the total diminution in fair market value of the fee simple interest in the subject is concluded to be:

Total Diminution in Site Value Due to Easement				
Premise	Parcel Number	Interest Appraised	Valuation Date	Fair Market Value Conclusion
1 Site Fair Market Value Before Easement	12000006.001	Fee Simple	July 9, 2014	\$1,300,000
2 Site Fair Market Value After Easement	12000006.001	Fee Simple	July 9, 2014	720,000
3 Diminution in Site Value Due to Easement				580,000
4 Total Diminution In Site Value Due to Easement			July 9, 2014	<u>\$580,000</u>

All easement information was provided by the client through discussions and a draft copy of the proposed easement. An extraordinary assumption is made that the description of the easement is accurate. If the easement area size, description, shape, use, restrictions, etc. were to change it could alter the value conclusions within this analysis.

This letter is invalid as an opinion of value if detached from the appraisal report and exhibits. The report contains a description of the procedures, methodologies, and conclusions. This letter and the accompanying report are solely intended for the client for the purpose stated herein, and are not to be referred to or distributed, in whole or in part, without our prior written consent. The reported value opinions are applicable for the stated date and purpose only, and may not be appropriate for any other date or purpose. The reported value opinions are qualified by certain assumptions, limiting conditions, definitions, and a certification included in the accompanying report.

Yours very truly,

STOUT RISIUS ROSS, INC.



Joseph L. Torzewski, MAI
 Director
 Michigan Certified General Appraiser
 License #: 1201070234
 Expiration Date: July 31, 2015
 248.432.1308
 jtorzewski@srr.com

EXHIBITS

Exhibit A	Assumptions and Limiting Conditions
Exhibit B	Appraisal Definitions
Exhibit C	Subject Photographs
Exhibit D	Comparable Data Sheets
Exhibit E	Legal Description
Exhibit F	Appraisal Licenses
Exhibit G	Statement of Qualifications

Section I

Summary of Salient Data

I. SUMMARY OF SALIENT DATA

Summary of Salient Data and Conclusions	
Location	
1 Subject Name	Diminution in Land Value Due to Easement
2 Address	3085 West Jefferson Avenue
3 City	Detroit
4 County	Wayne
5 State	Michigan
6 Zip Code	48216
Parcel Numbers	
7 Parcel 1	12000006.001
Valuation Parameters	
8 Date of Inspection	July 9, 2014
9 Date of Report	July 11, 2014
10 Date of Value	July 9, 2014
11 Type of Value	Fair Market Value
12 Premise of Value	As Is
13 Interest Appraised	Fee Simple
Project Number	
14 Stout Risius Ross Project Number	4027707
Land Description	
15 Total Land Area (Acres)	9.19
16 Total Land Area (SF)	400,300
17 Land Area Unaffected By Easement (Acres)	4.89
18 Land Area Unaffected By Easement (SF)	212,992
19 Easement Area (Acres)	4.30
20 Easement Area (SF)	187,308
21 Zoning District	M-4, Intensive Industrial
22 Flood Zone	X & AE
23 Flood Plain Map Number	26163C028E
24 Flood Plain Map Date	February 2, 2012

Summary of Salient Data and Conclusions		
Valuation Assumptions		
1 Estimated Exposure Time	24 to 36 Months	
2 Estimated Marketing Period	24 to 36 Months	
3 Highest and Best Use (As Vacant)	Hold For Future Development	
Site Value Conclusions		
	Total	Per SF [a]
4 Site Value Conclusion - Before Easement	\$1,300,000	\$3.25
5 Site Value Conclusion - After Easement	720,000	3.38
6 Diminution in Site Value Due to Easement	\$580,000	\$3.10
[a] Land value based on site size before easement or after easement. Diminution in site value is based on easement area.		

SUMMARY OF SALIENT DATA	
Company Name	XXXXXX
Address	XXXXXX
City	XXXXXX
State	XXXXXX
Zip	XXXXXX
Phone	XXXXXX
Fax	XXXXXX
Website	XXXXXX

Section II

Assignment Overview

SUMMARY OF SALIENT DATA	
Company Name	XXXXXX
Address	XXXXXX
City	XXXXXX
State	XXXXXX
Zip	XXXXXX
Phone	XXXXXX
Fax	XXXXXX
Website	XXXXXX

II. ASSIGNMENT OVERVIEW

Subject Overview – Before Easement

The subject consists of a single parcel of land, parcel ID number 12000006.001, per the City of Detroit BS&A, that contains a total of 9.19 acres, or 400,300 square feet. The parcel is bisected by a rail line and existing right-of-way, with the proposed easement being located to the north and south of said rail line. The parcel is south of West Jefferson Avenue and just west of the Ambassador Bridge in the Detroit West Industrial submarket of the Detroit MSA. The street address of the subject is 3085 West Jefferson Avenue, Detroit, Michigan 48216.

Description of the Easement

The easement area consists of two generally rectangular shaped areas totaling 4.30 acres. A description of the easement as provided by the client is as follows:

“Beginning at a point where the Northerly Right-of-Way line of Fort Street meets the Westerly edge of the former Twenty-Second Street Right-of-Way, thence in a South Easterly direction following along the Western Right-of-Way line of Twenty-Second to the Northern edge of the Detroit River, thence in a North Easterly direction along the Detroit River to a point on the Western edge of the existing Ambassador Bridge, thence in a Northerly direction along the Western edge of the Ambassador Bridge to the Northerly Right-of-Way line of Fort Street, thence in a Westerly direction along the Fort Street Right-of-Way line to the point of beginning.”

A site plan illustrating the outline of the easement areas is included later in this report. The easement documents prepared by the client identify the grantor as the City of Detroit, a Michigan public body corporate. The Detroit International Bridge Company, a Michigan corporation is the grantee.

The grantee intends on developing and constructing a new bridge immediately adjacent to the west of the existing bridge. The grantor desires to grant the grantee certain rights and easements for the construction and operation of the new bridge in accordance with the terms and subject to conditions of the agreement.

The purpose of the easement is to provide use of the easement area (the “air space”) above and within the designated easement area for the purposes of construction, repairing, replacing, inspecting, expanding, maintaining, operating and using a new bridge span and all activities incidental thereto (the “permitted air uses”) as well as, the imposition in, on, over and upon the subject of noise and other effects incidental to such permitted air uses and all resulting annoyances or inconvenience due to such permitted air uses. Further, in summary, the easement will allow for the installation and maintenance of supporting structures, a temporary construction easement, and easement for installation and replacing utilities, equipment, apparatus in connection, etc., an easement to access and utilize the easement area for inspection, maintenance, expanding, etc. the new bridge and limitations or restrictions on the land surrounding the easement.

Subject Overview – After Easement

The configuration of the site and the access will remain unchanged. The effect of the easement then is that the grantor shall be entitled to the continued use of the surface of the easement area so long as such use does not interfere with the grantee’s use and enjoyment of the above-described easement area. The grantor will not (a) convey any other easement or right in conflict with the easement, or (b) interfere with the easements or grantee’s rights under the agreement. The grantor covenants, agrees, represents and warrants that it will not place within the easement area or within 100 feet of the easement area any buildings, signs, poles, towers, improvements, landscaping or any other items which shall exceed a height of 25 feet above the surface of the property, etc. The impact of the easement would limit development and restrict uses in the easement area and 100 feet beyond the easement area. This would reduce or limit the developable portion of the site by approximately 50%.

Upon completion by the grantee of any work on the surface of the easement area, the grantee agrees, at its sole cost, to (a) removal of all fences, stored materials, construction debris, and construction equipment placed on the easement area by the grantee, and (b) return the surface of the easement area as nearly as

II. ASSIGNMENT OVERVIEW

practicable to its condition existing on the commencement of such work, taking into consideration the nature of the work being performed. A detailed description of the easements is provided within this report.

Legal Description

The City of Detroit BS&A identifies the subject as parcel number 12000006.001. A legal description, also provided by the City of Detroit BS&A, is presented as an exhibit of this report. The subject is more fully described, legally and physically, within this report.

Current Occupancy

The subject is a vacant land parcel.

Relevant Dates

Our opinion of the diminution in fair market value of the fee simple interest in the subject is determined as of July 9, 2014. The subject was inspected on July 9, 2014 by Joseph L. Torzewski, MAI.

Ownership History

Title to the subject is currently vested in the name of City of Detroit-Recreation Department who has owned the subject in excess of three years. To the best of our knowledge, there have not been any recorded transfers of the subject within the past three years. Furthermore, to the best of our knowledge, the property is not currently being marketed for sale, and there are no outstanding offers or options for the sale of the property.

Purpose of the Appraisal and Property Rights Appraised

The purpose of this appraisal is to provide an opinion of fair market value of the fee simple interest in the subject immediately before and after the proposed easement, and of the diminution in fair market value of the site as a result of the proposed easement.

Intended Use and Users of the Appraisal

The intended use of the appraisal is for establishing the consideration payable by an affiliate of the Detroit International Bridge Company (the "client") to the City of Detroit under the definitive agreement governing the terms of the easement.

Competency of the Appraiser

We certify that we are competent and have the knowledge and experience required to perform this specific appraisal assignment.

Scope of Work

The scope of work associated with completion of this assignment includes, the following:

- Contacting Mr. Michael A. Samhat and Mr. Todd White of the Detroit International Bridge Company to obtain physical data and easement information on the property valued in this appraisal.
- Specific client provided information that was relied upon in preparing this analysis includes titles, draft easement documentations, an easement survey, and a summary letter of an environmental contamination report. A copy of each is included in our workfile.
- Inspection of the subject and market area.

II. ASSIGNMENT OVERVIEW

- Analysis of location, demographics, and market conditions.
- Collection and analysis of current assessment and zoning data.
- Estimation of the highest and best use of the subject.
- Determination of effects of the easements on the subject. The future development of subject is determined to be negatively affected due to the easement, based on a restriction of uses on and around the easement area. Therefore, it was determined that the diminution of fair market value would be calculated based on the fair market value of the land and percentage of value lost due to the limitations and restrictions on use due to the easements.
- Investigation of market data available from public records and commercial sources of data. Search parameters for comparable market data began in the subject's immediate neighborhood and were expanded geographically until sufficient data was found to be able to provide a supportable opinion of fair market value. The sales data used in this appraisal was either verified with a person or persons directly involved in the transaction or with public records.
- Analysis of the market data found and our opinion of fair market value, as defined in this report, of the subject as of the indicated valuation date using the appropriate valuation approaches. In this case, the sales comparison approach was performed to value the subject land. The cost approach and the income capitalization approach were considered, but not performed for the purposes of this appraisal report due to the subject having no improvements and not being an income producing property.
- Preparation of this appraisal report, which presents sufficient information to enable the client and other intended users, as identified, to understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches to value. The report includes photographs of the subject; a description of the subject's neighborhood, and the site; a description of the proposed easement; a description of the zoning; a highest and best use analysis, a map of the comparable market data used; and a reconciliation of the data and approaches to value. All other data and analyses found and/or used in the course of this appraisal assignment is retained in the appraisal file.

All easement information was provided by the client through discussions and a draft copy of the proposed easement. An extraordinary assumption is made that the description of the easement is accurate. If the easement area size, description, shape, use, restrictions, etc. were to change it could alter the value conclusions within this analysis.

Exposure Time and Marketing Period

Based upon an analysis of time on market for the sales of similar properties, published investor surveys, and discussions with market participants, the estimated exposure time is 24 to 36 months. The estimated marketing period is 24 to 36 months, based on the same information.

Section III Regional Overview

III. REGIONAL OVERVIEW



III. REGIONAL OVERVIEW

Detroit Metropolitan Regional Overview

The subject is located within the geographical region referred to as the Detroit Metropolitan Statistical Area (Detroit MSA) in the Midwest portion of the United States. The Detroit MSA is part of the southeast Michigan region and is comprised of Oakland, Macomb, Wayne, Lapeer, St. Clair, and Livingston Counties. The region is anchored by the tri-county area, which consists of Oakland, Macomb, and Wayne Counties. The tri-county area is the economic, population, and real estate center of Michigan. The Detroit Metropolitan Area is currently ranked as the 12th largest in the country, according to the U.S. Census Bureau. The subject is located in the northeast portion of Wayne County in the city of Detroit. It is within the Central Business District of Detroit (Detroit CBD). The following sections detail demographic, income, and employment information for the Detroit MSA, Wayne County, and the city of Detroit.

1. Population and Income Characteristics

Based on information compiled by the Site to Do Business (STDB), the population and income characteristics for the Detroit MSA, Wayne County, and Detroit are analyzed. The population and household trends for each area are displayed in the following charts.

Population			
	2010 Census	2013 Estimate	2018 Projection
1 Detroit MSA	4,296,250	4,254,995	4,238,241
2 Annual Percentage Change		-0.32%	-0.08%
3 Wayne County	1,820,584	1,772,882	1,721,859
4 Annual Percentage Change		-0.88%	-0.58%
5 Detroit	713,777	679,309	648,752
6 Annual Percentage Change		-1.64%	-0.92%

Source: STDB.

The 2013 estimate for total population in the Detroit MSA is 4,254,995, representing a declining population from the 2010 census. The population for the Detroit MSA is forecasted to remain fairly stable through 2018. The 2013 estimate for total population for Wayne County and Detroit is 1,772,882 and 679,309, respectively. As shown above, the population for Wayne County declined at an annual rate of 0.88% between 2010 and 2013. The projected total population for 2018 indicates a continued population decline at 0.58% annually for Wayne County. Detroit recorded a decrease in population of 1.64% annually between 2010 and 2013. Through 2018, population is projected to continue to decline at an annual rate of 0.92% for Detroit.

Households			
	2010 Census	2013 Estimate	2018 Projection
1 Detroit MSA	1,682,111	1,671,598	1,671,696
2 Annual Percentage Change		-0.21%	0.00%
3 Wayne County	702,749	686,137	669,601
4 Annual Percentage Change		-0.79%	-0.49%
5 Detroit	269,445	257,567	247,485
6 Annual Percentage Change		-1.49%	-0.80%

Source: STDB.

As displayed, the 2013 estimate for total number of households in the Detroit MSA is 1,671,598, representing an annual decline of 0.21% from the 2010 census. Going forward, households are expected to remain stable for the Detroit MSA. The 2013 estimate for total households in Wayne County and Detroit is 686,137 and 257,567, respectively. Total households for Wayne County declined at 0.79% per year since 2010, and are

III. REGIONAL OVERVIEW

projected to continue to decline at 0.49% annually through 2018. For Detroit, total households decreased at an annual rate of 1.49% between 2010 and 2013, and are projected to continue to decline at 0.80% per year over the next five years. Overall, population and household trends indicate a declining population base in the subject's county and city.

Additional information from STDB indicates the average family size in the subject's region is roughly three. 2013 median household incomes are approximately \$50,500 for the Detroit MSA, \$40,500 for Wayne County, and \$27,000 for Detroit. Owner occupied housing units comprise 62.0% of total housing units in the Detroit MSA, 53.3% in Wayne County, and 36.9% in Detroit. Renter occupied housing units comprise 26.3% of total housing units in the Detroit MSA, 30.2% in Wayne County, and 37.2% in Detroit. The 2013 median home value in the Detroit MSA is approximately \$116,000, well above the median home value of roughly \$71,000 found in Wayne County, and \$43,500 in Detroit. The downturn of the national and local economy has resulted in a decline in home and property values in the subject's area. According to STDB, home values are expected to increase from 2013 levels by 2018 for the metropolitan area and county, and remain stable for Detroit.

On July 18, 2013, Detroit became the nation's largest city to file for chapter 9 bankruptcy. At this time, it was publicized that the city owed more than \$18 billion to thousands of creditors. Through mid-year 2014, the city remains under emergency management as bankruptcy proceedings continue. Progress has been made, as the city has recently reached deals with several retiree groups, pension funds, and banks; however, the overall outcome of the bankruptcy has yet to be seen. The city's proposal, known as the "grand bargain", includes approximately \$660 million to temper pension cuts and protect the city's cultural asset, the Detroit Institute of Arts. A majority vote from pensioners on this plan is due by mid-July 2014. If the deal does not pass, deeper pension cuts are a possibility and the city's art collection will remain vulnerable. The end result remains speculation at this point as the process is ongoing.

2. Economic and Employment Profile

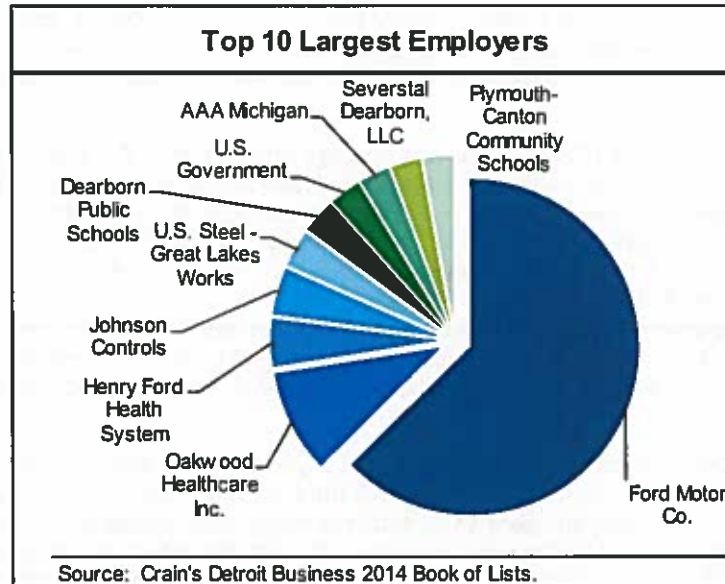
The economic profile of the Detroit MSA, Wayne County, and Detroit are similar. According to STDB, each area has large concentrations of employment in the service, manufacturing, and retail industries. The service industry accounts for 49.4% of total employment in the Detroit MSA, 50.4% in Wayne County, and 55.2% in Detroit. Occupations within the service industry include business and repair, personal services, entertainment and recreation, health, education, and other professional services. The manufacturing industry, including the production of durable and nondurable goods, accounts for 18.1% of total employment in the Detroit MSA, 16.4% in Wayne County, and 12.5% in Detroit. Another key industry is retail trade, which accounts for 11.5% of total employment in the Detroit MSA, 11.2% of total employment in Wayne County, and 10.1% of total employment in Detroit. Additional prominent industries in the region include finance/insurance/real estate, construction, and public administration.

STDB estimates that 61.7% of the occupations in the Detroit MSA, 56.0% of the occupations in Wayne County, and 47.4% of the occupations in Detroit can be classified as white-collar, which includes executive and managerial, professional specialty, technical support, sales, and administrative support occupations. Blue-collar occupations include precision, production, craft and repair, machine operator, transportation and material moving, and laborers. These occupations represent approximately 20.2% of the occupations in the Detroit MSA, 22.6% in Wayne County, and 23.2% in Detroit.

2.1. Major Employers

The dominance of the manufacturing, service, and health care industries is evident in the following chart, which presents the major employers in Wayne County. It is to be noted that Wayne County data excludes the cities of Detroit, Hamtramck, and Highland Park. The data in the chart was published in the Crain's Detroit Business 2014 Book of Lists.

III. REGIONAL OVERVIEW



According to the data, the largest employer in Wayne County is Ford Motor Company. During the most recent recession, Michigan's domestic automotive industry suffered a severe decline. Demand and sales across the nation remained at record lows through 2009, consequently causing employment in automotive companies like Ford to decrease at this time. However, throughout this time period Ford remained the top employer in the county. The industry began to rebound in 2010 and has continued to improve since. Healthcare is another leading sector in Wayne County, with both Henry Ford Health System and Oakwood Healthcare making the top 10 list. Education and government services are also top employers in Wayne County.

As stated, Wayne County data excludes the city of Detroit. Crain's Detroit Business compiles a separate list of Detroit's largest employers, which includes the following: Detroit Medical Center, City of Detroit, Quicken Loans Inc., Henry Ford Health System, Detroit Public Schools, U.S. government, Wayne State University, Chrysler Group LLC, Blue Cross Blue Shield of Michigan/Blue Care Network, and General Motors Co.

2.2. Unemployment

The United States officially entered into its most recent recession in December 2007. During what is widely known as the Great Recession, approximately 8.8 million jobs were lost nationwide. The net job loss during the Great Recession was greater than the net job gain over the previous nine years; it was the first time a recession completely erased all job growth from the previous business cycle since the Great Depression. Though the recession officially ended in June 2009, job losses continued through February 2010. At this time, the labor market finally bottomed out, and improvements have been reported since.

The weak recovery period has persisted at a sluggish pace. As such, the unemployment situation in the United States has continued to slowly improve. The nation ended 2013 with an annual unemployment rate of 7.4%, marking the third consecutive year of annual declines. This was down from the 2012 annual rate of 8.1%, yet still remained much higher than the 5.8% unemployment level reported at the onset of the recession. It is of note that job growth for the month of May 2014 resulted in the United States surpassing its level of employment at the start of the recession. In other words, the economy finally recovered the 8.8 million jobs that were lost during the downturn. Though this is positive, it took over six years to do so, which marks the longest period to recover all jobs lost from a recession since the Great Depression.

As of June 2014, the non-seasonally adjusted monthly unemployment rate was 6.1%, down from 6.3% the previous month. Based on data released by the Bureau of Labor Statistics (BLS), total nonfarm payrolls increased by 288,000 in June 2014. Employment rose in professional and business services, retail trade,

III. REGIONAL OVERVIEW

food services, and health care. Employment was little changed in other major industries, including construction, government, mining and logging, and information. The number of unemployed persons decreased by 325,000 to 9.5 million for the month. Over the past three months, employment gains have averaged 272,000 per month, the largest consecutive gains in over a decade.

The number of long-term unemployed, that is those unemployed for 27 weeks or more, is estimated at 3.1 million for June 2014. Over the past year, this number has decreased by 1.2 million. Although declining, 32.8% of unemployed persons are still considered long-term unemployed. In addition, people employed part-time for economic reasons, also known as involuntary part-time workers, is 7.5 million for June 2014. This statistics has fluctuated during the recovery period, with no consistent trend evident.

It is clear that the employment situation has improved over recent years, most notably by the recent recovery of all jobs lost during the recession. Yet job growth remained slower than anticipated for several years and is just now beginning to show numbers needed to simply keep up with the pace of population growth. Improvements are expected to continue going forward; however, the pace at which improvements will continue is uncertain.

The following table indicates the trend of annual unemployment rates from 2004 through 2013, and for May 2014 for Wayne County, the Detroit MSA, Michigan, and the United States. The figures presented are non-seasonally adjusted rates reported by the BLS.

Unemployment Rate											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 [a]
1 Wayne County	8.6%	8.7%	8.4%	8.6%	9.9%	16.2%	14.7%	12.5%	11.3%	10.5%	9.0%
2 Detroit MSA	7.2%	7.3%	7.2%	7.5%	8.7%	15.0%	13.9%	11.6%	10.3%	9.4%	8.0%
3 Michigan	7.1%	6.8%	6.9%	7.1%	8.3%	13.5%	12.7%	10.4%	9.1%	8.8%	7.3%
4 United States	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.3%

[a] May.
Source: Bureau of Labor Statistics

After remaining near 7.0% for several years, the state of Michigan recorded an unemployment rate of 8.3% in 2008, the highest in the nation. This was well above the national annual average of 5.8% at this time. The annual rates for the Detroit MSA and Wayne County also increased to respectively reach 8.7% and 9.9% in 2008. Significant increases continued in 2009 and though they have moderated since, rates remain elevated today.

Historically, Wayne County has consistently held one of the highest unemployment rates in the Detroit region. It peaked in 2009 at 16.2%, and has declined on an annual basis since. For 2012, Wayne County's annual unemployment rate was 11.3%, down from the 2010 annual rate of 12.5%. For 2013, the annual rate was 10.5%, which has fallen further to 9.0% as of May 2014.

Through the recession, the Detroit MSA has recorded one of the highest unemployment rates in the nation. The Detroit MSAs rate peaked in 2009 as well, at 15.0%. Following a similar trend as Wayne County, the annual rate has followed a declining trend since, and reached 10.3% in 2012. For 2013, the metropolitan area's rate is 9.4%. As of May 2014, unemployment is 8.0%, which is nearing pre-recession levels.

At a rate of 13.5%, the state of Michigan continued to hold the highest unemployment rate in the country in 2009. In general, since then Michigan has been improving its position relative to other states across the country. As of 2012, Michigan's unemployment rate was 9.1%. For 2013, the rate fell to 8.8%. As of May 2014, Michigan has an unemployment rate of 7.3%, also nearing pre-recession levels.

Despite the improvement in the national unemployment rate over the last 24 months, the fact that people are once again dropping out of the labor force and are no longer counted as unemployed should also be taken into consideration. The 2009 annual unemployment rate was 9.3%, a startling comparison to around 5.0% at

III. REGIONAL OVERVIEW

the start of the recession. The 2010 annual rate was an even higher 9.6%, which was the peak on an annual basis. Since then the rate has declined, reaching 6.3% as of May 2014, which is the month that all jobs lost during the recession were finally recovered. The national unemployment rate further declined to 6.1% in June 2014. The slow recovery after the worst recession in modern-day history is expected to continue going forward.

2.3. Retail Sales

Total retail sales within the Detroit MSA are approximately \$38 billion, which equates to around \$22,500 per household. This equals a 94 on the Spending Potential Index, which represents the amount spent in an area relative to the national average of 100. Wayne County figures indicate average expenditures per household of approximately \$19,000. This equates to total county retail expenditures of roughly \$13 billion. Wayne County records a 78 on the Spending Potential Index. For Detroit, retail expenditures per household are approximately \$12,500, equaling total city retail expenditures in excess of \$3.2 billion. Detroit records a 52 on the Spending Potential Index. Retail expenditures associated with the above figures include food service, apparel and apparel service, prescription drugs, transportation, home furnishings, leisure and entertainment, and other retail expenditures.

3. Transportation Infrastructure

The Detroit Metropolitan Area is the primary transportation hub in Michigan. Wayne County and the city of Detroit are easily accessible via the interstate freeway system, state highways, and other major roadways. Several interstate highways serve the area, including I-75, I-696, I-96, I-94, I-69, and I-275. Additional primary roadways through the region include U.S. 24, M-1, M-5, M-24, M-39, M-102, M-150, and Grand River Avenue. These roadways, in conjunction with the area's other traffic arteries, provide easy travel within the region and excellent connections to other major markets in nearby states, such as Chicago, Toledo, Cleveland, and Indianapolis. Additionally, I-96 connects to the capital city of Lansing to the west, and I-75 connects Michigan to the state of Florida.

Metropolitan Detroit's common border with the Detroit River offers a convenient alternative mode of transportation for businesses with cargo shipping needs. It is home to the Ambassador Bridge to Canada, as well as the Detroit-Windsor Tunnel, the only vehicular international sub-aqueous border crossing in the world. Both offer easily accessible transportation options between the two countries, with the tunnel being named one of the great engineering wonders of the world.

The major international airport that serves the Detroit MSA is the Detroit Metropolitan Wayne County Airport located in southwestern Wayne County. It is the largest and busiest airport in Michigan. It has consistently been one of the busiest in the world in terms of passenger traffic, serving citizens from the Toledo area as well as citizens from Windsor, Ontario in nearby Canada. The airport supports an average of 30 million passengers annually and offers over 160 destination options including virtually anywhere in the United States, Canada, Asia, Europe, the Middle East, Mexico, and the Caribbean.

Summary

After years of steady declines in the Detroit Metropolitan area, more recent months have brought about some positive changes. Continued gains in demographics are expected to show as the housing market has seen positive progress and the average home price is up in the Detroit Metropolitan area, compared to recent years. Positive signs have become evident in the Detroit CBD, despite the city's recent bankruptcy filing. Positive trends are primarily due to large scale investments. Although office vacancy rates in the Detroit CBD remain high by national standards, numerous companies have relocated to downtown from the suburbs. Rock Ventures and Bedrock Real Estate, a network owned by businessman Dan Gilbert, has purchased more than 40 buildings containing roughly eight million square feet throughout the downtown area. More than 120 businesses have either moved to or were created in these properties. Further, young professionals are relocating to the city due to updated housing projects, retail developments, and job opportunities that have enticed a younger demographic.

III. REGIONAL OVERVIEW

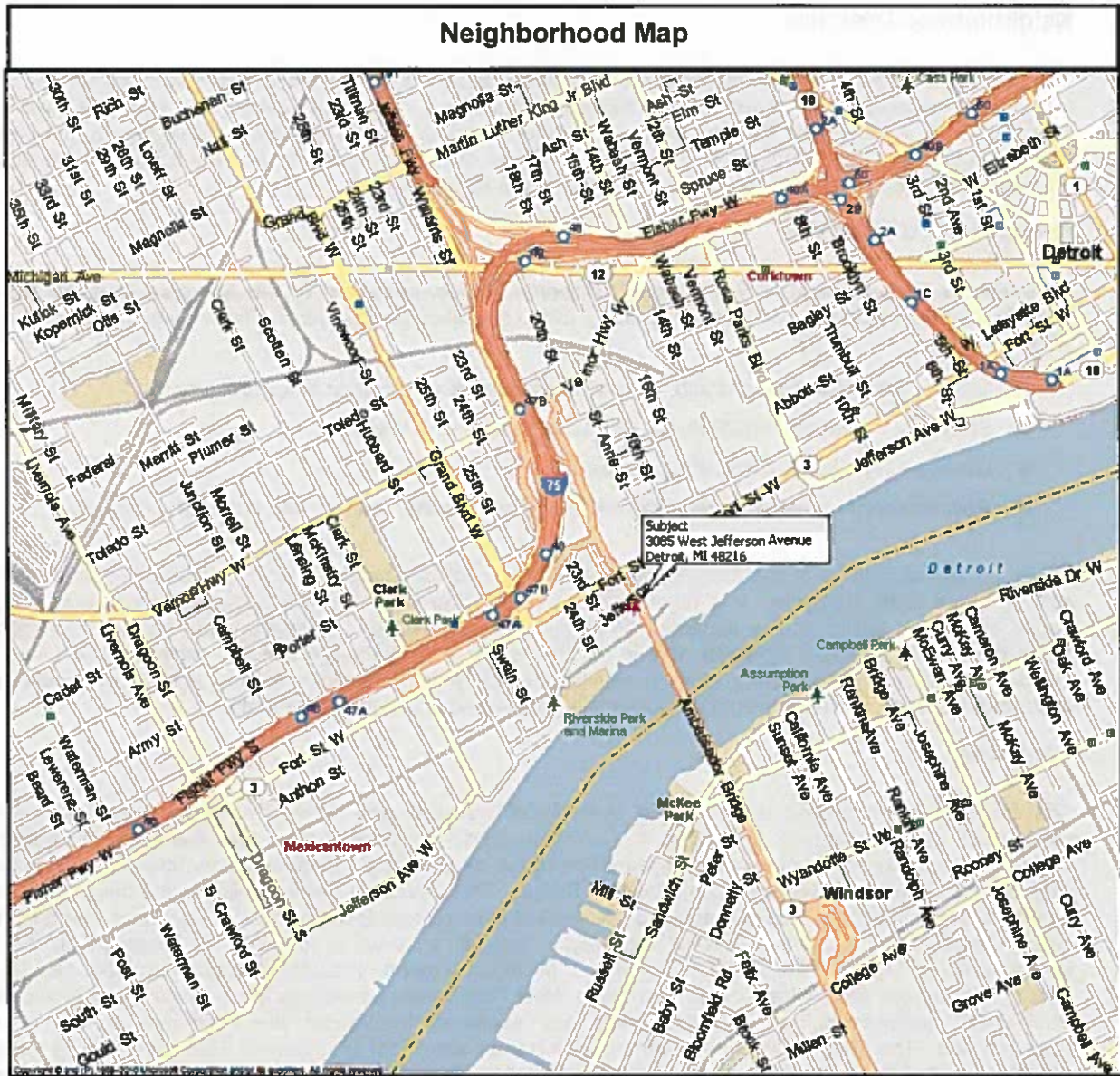
Additional positive signs are seen in Michigan's manufacturing sector. Despite the recent recession's effects on the domestic automotive industry, Michigan has seen the fastest manufacturing job growth rate in the nation over recent years, as increased stability and confidence has returned to the Detroit Metropolitan area. Despite the bankruptcy filing, there is cautious optimism within the city. This being said, moderate growth is expected for the region going forward as it continues its long, slow climb out of a decades long period of recession.

THE REGISTRATION STATEMENT IS SUBJECT TO THE COMPLETION OF THE REGISTRATION STATEMENT AND THE FILING OF THE REGISTRATION STATEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION STATEMENT IS SUBJECT TO THE COMPLETION OF THE REGISTRATION STATEMENT AND THE FILING OF THE REGISTRATION STATEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION STATEMENT IS SUBJECT TO THE COMPLETION OF THE REGISTRATION STATEMENT AND THE FILING OF THE REGISTRATION STATEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

Section IV

Neighborhood Analysis

IV. NEIGHBORHOOD ANALYSIS



IV. NEIGHBORHOOD ANALYSIS

Neighborhood Overview

The subject is located south of West Jefferson Avenue, west of the Ambassador Bridge in the Detroit West industrial submarket of the Detroit MSA. The subject's site is a vacant land parcel located on the riverfront, adjacent to the Ambassador Bridge. The neighborhood boundaries are generally delineated by the Detroit River to the south, Grand Boulevard to the west, Michigan Avenue to the north, and Rosa Parks Boulevard to the east. The subject is in the far southwest corner of the neighborhood.

Neighborhood Life Cycle

According to *The Appraisal of Real Estate, Thirteenth Edition*, published by the Appraisal Institute, the life patterns of neighborhoods and districts typically follow a four-stage life cycle. These stages are defined as follows.

- Growth – A period during which the market area gains public favor and acceptance.
- Stability – A period of equilibrium without marked gains or losses.
- Decline – A period of diminishing demand.
- Revitalization – A period of renewal, redevelopment, modernization, and increasing demand.

Based on the definitions of the stages listed above the subject's neighborhood is determined to be in the stability stage of its life cycle. It is noted that the city of Detroit as a whole has experienced a prolonged period of decline, which is now beginning to stabilize with growth and redevelopment occurring in specific areas throughout the city. However, this is not the case for the subject's specific neighborhood. Though renewed growth is not occurring here, a significant decline from previous months and years is also not occurring. As such, while the neighborhood is still suppressed, it is considered stable.

Land Use

The subject's neighborhood is comprised primarily of industrial and residential development, with some commercial uses throughout. However, it is of note that the majority of these developments are currently vacant and dilapidated structures. A large portion of the neighborhood is taken up by Interstate 75 and the international customs facility at the Ambassador Bridge. This stretch of highway bisects the neighborhood in a north to south direction. The primary land use west of the freeways is single family residential, found east of Grand Boulevard and south of Vernor Highway. There is an area of industrial development in the far northwest corner, north of the rail line and south of Michigan Avenue. Industrial developments are also found east of the subject, concentrated near and along West Fort Street, as well as along Rosa Parks Boulevard. Residential, commercial and industrial uses are scattered throughout the northeast portion of the neighborhood. The most notable development here is the vacant Michigan Central Station containing roughly 500,000 square feet of space. It consists of a three story train station and 18 story office tower that has been unused for several decades.

The subject is somewhat secluded from other nearby developments, other than those along the riverfront. Immediately surrounding the subject, land uses are primarily industrial. Between the Ambassador Bridge, the Detroit River, rail lines, and I-75 all within proximity, access to the subject is limited.

Growth and New Development

Most of the recent activity in downtown Detroit has occurred east of the subject in the CBD. Bridge progress appears to be on hold. According to CoStar Group Inc. (Costar) Property Analytics, no new construction activity has occurred within the neighborhood over recent years. However, one significant development is currently in progress. A 1.71 acre parcel containing a 38,000 square foot vacant industrial building was purchased by Dan Gilbert in late-2013 for \$625,000, according to Costar. According to data from Costar, Crain's Detroit Business, and several additional local news sources, construction activity has recently begun

IV. NEIGHBORHOOD ANALYSIS

at this site, located on Rosa Parks Boulevard at Porter Street, south of Michigan Avenue. A 66,000 square foot data center will be constructed, while the 38,000 industrial building was demolished. Approximately half of the data center space will be owner-occupied by Quicken Loans, while the other half will be available for lease. The building is expected to be completed in January, 2015.

Infrastructure and Transportation Systems

The neighborhood has an extensive transportation system available to it. The subject is in close proximity to I-75, which provides access to I-96, I-94, and M-10 nearby. Further, the Ambassador Bridge is adjacent to the subject, providing international access to Canada. Other roadways in the neighborhood include West Fort Street, Bagley Street, Jefferson Avenue, and Vernor Highway. Most of the remaining roadways are secondary in nature and provide access to residential developments. The subject's neighborhood is also bisected by rail lines once serviced by Michigan Central Station, which travel in a southeast to northwest direction from near the intersection of Rosa Parks Boulevard and West Fort Street. Another rail line beginning just east of the Ambassador Bridge travels east to west along the riverfront and bisects the subject.

Conclusion

The subject is located west of the main area of redevelopment activity in the Detroit CBD. Within its specific neighborhood, there has not been any new construction or redevelopment activity, save for the one previously mentioned data center project currently in progress. The neighborhood is largely comprised of older, vacant, dilapidated industrial buildings, as well as older single family residential uses. The area exhibits a median household income of just \$17,179 within a one mile radius, and \$20,526 within a three-mile radius. Minimal increases are expected over the next five years. Further, population in the immediate area is expected to remain relatively unchanged over the next five years, and decline within a three-mile radius. As such, demand for the subject is anticipated to remain unchanged in the near term.

The following table presents a summary of the historical and projected revenue data for the Company. The historical data is presented for the period from 2010 to 2014, and the projected data is presented for the period from 2015 to 2019. The revenue is presented in millions of dollars.

The revenue is presented in the following table:

Year	Revenue (Millions)
2010	100
2011	110
2012	120
2013	130
2014	140
2015	150
2016	160
2017	170
2018	180
2019	190

Section V

Legal and Physical Description

The following table presents a summary of the historical and projected revenue data for the Company. The historical data is presented for the period from 2010 to 2014, and the projected data is presented for the period from 2015 to 2019. The revenue is presented in millions of dollars.

V. LEGAL AND PHYSICAL DESCRIPTION

Legal and Physical Description of the Land

The subject has a desirable riverfront location along the Detroit River. The site is bisected by the Norfolk Southern Railway creating in essence two pieces. The subject site's physical characteristics allow it to adequately support future improvements. The site is considered functionally adequate and generally suited for industrial development although development is potentially limited due to the railway location crossing the site reducing the functionality of the overall site. The site is reasonably well located, with average access, good visibility due to its riverfront location, and an overall average location. Site characteristics are summarized in the following chart.

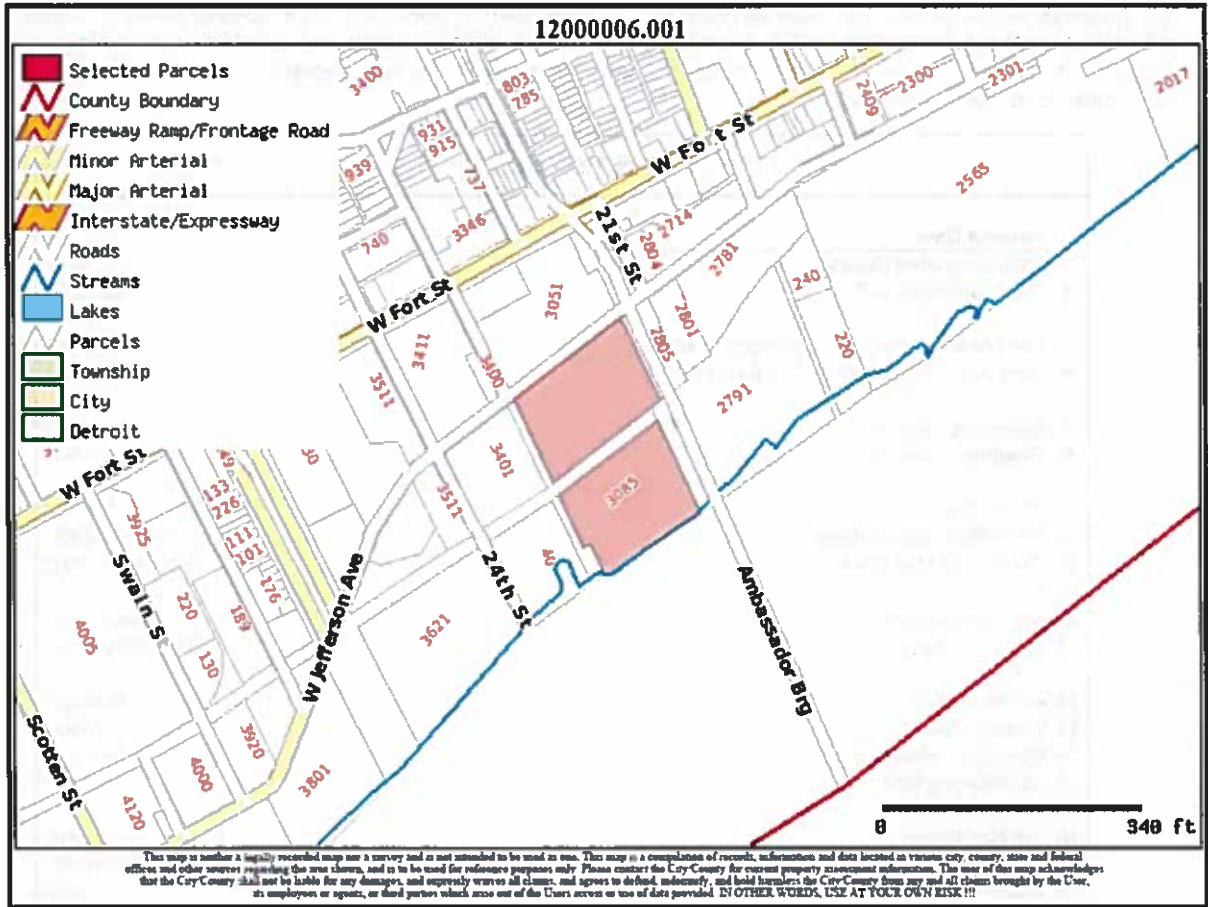
Site Description	
General Data	
1 Total Land Area (Acres)	9.19
2 Total Land Area (SF)	400,300
3 Land Area Unaffected By Easement (Acres)	4.89
4 Land Area Unaffected By Easement (SF)	212,992
5 Easement Area (Acres)	4.30
6 Easement Area (SF)	187,308
7 Flood Zone	X & AE
8 Flood Plain Map Number	26163C028E
9 Flood Plain Map Date	February 2, 2012
10 Site Configuration	Rectangular
11 Site Topography	Generally Level
12 Access Rating	Average
13 Visibility Rating	Good
14 Overall Location Rating	Average
15 Landscaping Rating	Average
16 Soil Conditions	Sufficient
17 Land Use Restrictions	None other than zoning, utility and rail easements
18 Wetlands	None
19 Hazardous Substances	Soil contamination noted. None other known
Frontage	
20 West Jefferson Avenue	588
21 Detroit River	495
Utilities Providers	
22 Water	Municipal
23 Sewer	Municipal
24 Electricity	Local Provider
25 Gas	Local Provider
26 Telephone	Local Provider

The subject site has historically been utilized as a location for a manufacturing facility. That facility has been razed and for a time period the subject was utilized as part of a city park which has since been closed. Per a summary report letter by Stephens Environmental LLC dated March 5, 2012, the subject site is likely contaminated due to its adjacency to the former Manufactured Gas Plant (MGP) facility. We do not know the

V. LEGAL AND PHYSICAL DESCRIPTION

extent of the contamination or the costs to remediate the site. But the contamination could further hinder development and use of the site.

Below are two images of the subject site which show the site being bisected by the rail line. The following image was taken from the Wayne County, Michigan Online GIS mapping system.



V. LEGAL AND PHYSICAL DESCRIPTION

Below is a Google earth aerial image with an overlay of the approximate subject site outline. It shows the location of the existing rail line and historic rail spur location.



Zoning

According to the zoning ordinance, the subject is zoned M-4, Intensive Industrial district. The subject's former use as a city park may fall under the conditional public, civic, and intitutional uses which allows for outdoor entertainment or recreation facilities. The zoning map and appropriate zoning ordinance are contained in our internal work files.

Section VI

Real Estate Taxes

VI. REAL ESTATE TAXES

Real Estate Tax Overview

In the state of Michigan, cities and townships assess real property. The state equalized value ("SEV") of real property is made by the local assessing office by estimating its true cash value, and then applying a 50% factor to arrive at the SEV of the property as of the 31st of December of the preceding year (e.g. the SEV for the 2012 tax year is estimated as of December 31, 2011). True cash value and market value are the same under a "willing buyer - willing seller" scenario. Accordingly, the local assessing office attempts to estimate one-half the market value of the property for tax purposes.

Since Proposal A was passed in 1994, local assessing offices report SEV, capped value, and taxable value. As previously stated, the SEV is based on 50% of the true cash value of the property, adjusted for equalization.

The second value reported is the property's capped value. If the property has not been uncapped since the 1995 tax year, the property's capped value is based on the 1995 SEV adjusted annually for inflation (but not to exceed 5.0% per year). According to Michigan state law, once a property becomes uncapped, the new formula is: capped value equals the previous year's SEV, minus losses (e.g. demolition), times the consumer price index ("CPI") or 5.0%, whichever is less, plus additions (e.g., new improvements).

The property's taxable value is the basis on which property taxes are levied. This figure is the lower of the SEV and capped value. The taxable value can become uncapped the tax year after a property is sold. Once the property becomes uncapped, the new taxable value is based on the true cash value of the property as of December 31st, after the date of the transaction. In addition, the new true cash value must be consistent and uniform with the true cash values of similar properties in the municipality.

The value conclusion of this report does not consider the impact on the property of a gross receipt tax. If historical expenses reflect payment of such a tax, it has been deducted in the reconstruction to reflect a gross expense figure that is exclusively applicable on a market basis to the real estate. We recommend, if the client desires, to seek advice of knowledgeable counsel and/or a knowledgeable accountant on how a gross receipt tax may affect the property that is the subject of this appraisal report.

1. Subject Tax Data

The subject is an exempt parcel.

Section VII

Highest and Best Use

VII. HIGHEST AND BEST USE

Highest and Best Use as Vacant – Before Easement

1. Criterion 1 - Legally Permissible

The subject is zoned M-4, Intensive Industrial. This zone will permit uses which are usually objectionable and, therefore, the district is rarely, if ever, located adjacent to residential districts. A broad range of uses is permitted in this district. New residences are prohibited with the exception of lot conversions of existing buildings and of residential uses combined in structures with permitted commercial uses. These requirements are to protect residents from an undesirable environment and to ensure reservation of adequate area for industrial development. The master plan shows recreation uses and the most recent use of the subject was as a park. As such, it is possible rezoning would be considered to allow for recreation uses.

2. Criterion 2 - Physically Possible

The subject site has access to all utilities, is generally level, and is overall rectangular in shape. The site is bisected by a rail line which could hinder development. The majority of the site is not located in a hazardous flood zone but a high flood risk does run along the southern border along the riverfront. The subject contains 9.19 acres and has adequate frontage. The subject's site is capable of supporting future development.

3. Criterion 3 - Financially Feasible

The financial feasibility of a development involves a comparison of expected cash flows from income versus the construction costs to build. The downturn in the market has increased vacancies and decreased rents with some stabilization beginning to emerge. The industrial market was oversupplied pursuant to the increase in unemployment and decrease in demand for industrial space following the recession. The oversupply lowered prices and decreased the feasibility of new development. Further there is evidence that the subject is contaminated. The costs to remediate the site for all allowable uses and possible recreational uses are not known and would have to be taken into consideration when developing the site. New development is not financially feasible.

4. Criterion 4 - Maximally Productive

The analysis indicates that the most productive use of the subject sites is to hold for future development. Current development is legally permissible and physically possible, but not financially feasible.

5. Conclusion – Highest and Best Use As Vacant

The highest and best use of the subject sites as vacant and ready for development is concluded to be to hold for future development.

Highest and Best Use as Vacant – After Easement

As described previously, the impact of the easement would limit development and restrict uses in the easement area and 100 feet beyond the easement area. This would reduce the developable portion of the site by approximately 50%. As such, the highest and best use of subject parcel as vacant after the easement is the same as before the easement, although the allowable uses and flexibility of development would be limited by the reduction in size of the developable portion of the site. Therefore, highest and best use of the subject site as vacant and ready for development is concluded to be to hold for future development.

Section VIII

Land Valuation – Before Easement

VIII. LAND VALUATION – BEFORE EASEMENT

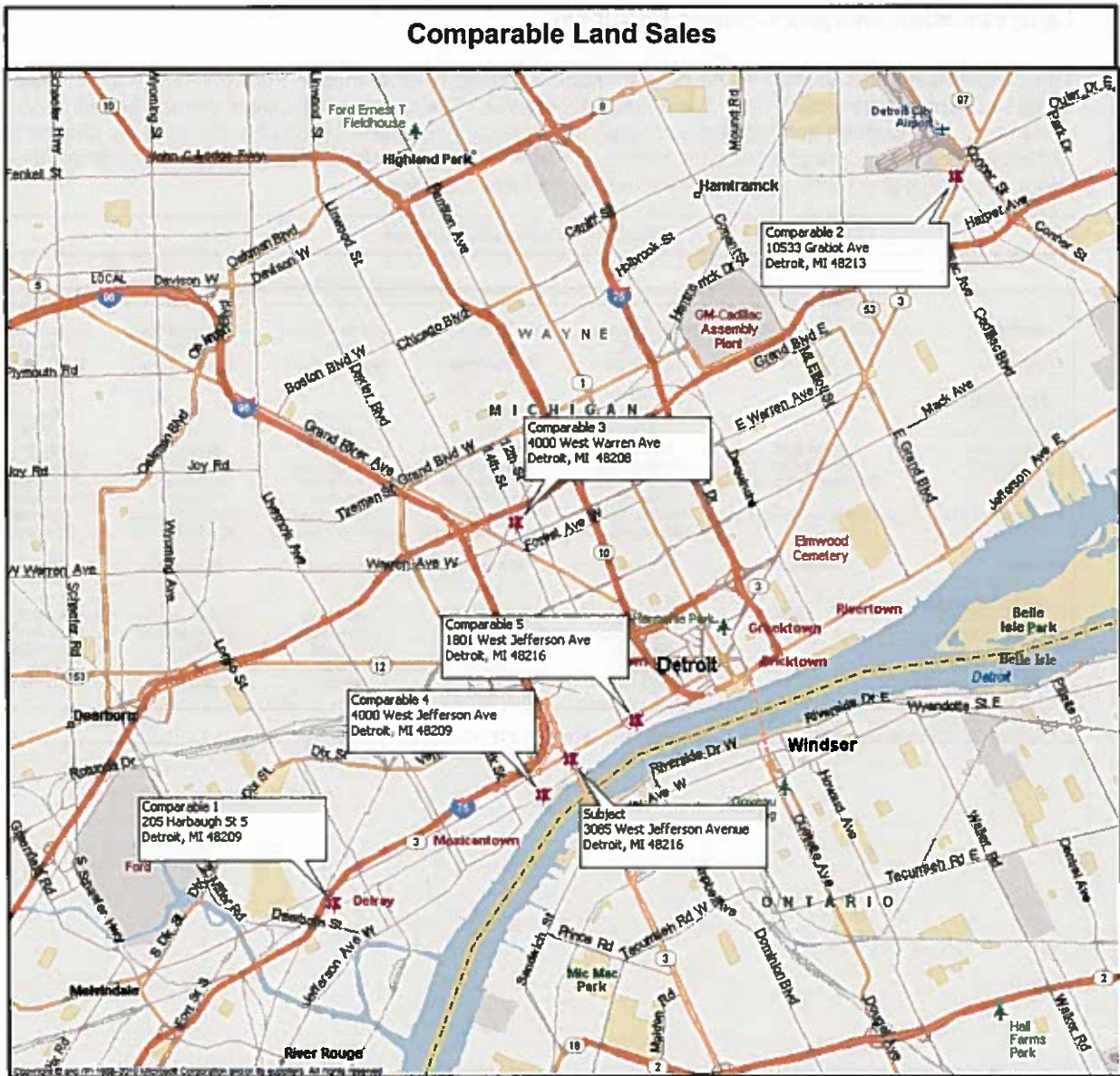
Land Valuation Analysis – Before Easement

The comparable sales utilized in the land valuation analysis were compiled from our research of sales and listings of comparable vacant land in the subject's market. The comparables were chosen based upon date of transfer, size, location and highest and best use. The sale comparables used in the analysis are the same as those used in the analysis for both before and after easement. A map of the sales, as well as detailed information regarding these sales is presented on the following pages.

Summary of Comparable Land Sales						
	Subject Property	Comparable Sale Number				
		1	2	3	4	5 [b]
1 Address	3085 West Jefferson Avenue	205 South Harbaugh Street	10533 Gratiot Avenue	2244 West Warren Avenue	4000 West Jefferson Avenue	1801 West Jefferson Avenue
2 Location	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan
Property Data						
3 Site Size (SF)		82,764	83,200	217,800	81,457	892,109
4 Site Size (Acres)		1.90	1.91	5.00	1.87	20.48
5 Configuration	Rectangular	Rectangular	Slightly Irregular	Irregular	Rectangular	Rectangular
6 Topography	Generally Level	Generally Level	Generally Level	Generally Level	Generally Level	Generally Level
7 Zoning	M-4, Intensive Industrial	M-4, Intensive Industrial	M-2, Restricted Industrial	M-4, Intensive Industrial	M-4, Intensive Industrial	PCA, Restricted Central Business
8 Highest & Best Use	Hold For Future Development	Hold For Future Industrial Development	Hold For Future Industrial Development	Hold For Future Industrial Development	Raze Improvement, Future Development	Future Park Development
9 Utilities	All Available	All Available	All Available	All Available	All Available	All Available
Transaction Details						
10 Transaction Date [a]	July 9, 2014	July 9, 2014	April 26, 2012	April 1, 2011	December 16, 2010	September 10, 2010
11 Conditions of Sale		Active Listing	Confirmed Sale	Confirmed Sale	Confirmed Sale	Confirmed Sale
12 Sale Price		\$139,000	\$225,000	\$175,000	\$175,000	\$3,100,000
13 Price per Square Foot		\$1.68	\$2.70	\$0.80	\$2.15	\$3.47
14 Price per Acre		\$73,158	\$117,801	\$35,000	\$93,583	\$151,367

[a] Transaction date identified for subject is valuation date for analysis.
 [b] Comparable 5 has 27.81 gross acres of which approximately 7.3 acres are underwater. Net acreage is estimated at 20.48 and used in this analysis.

VIII. LAND VALUATION – BEFORE EASEMENT



VIII. LAND VALUATION – BEFORE EASEMENT

Description of Adjustments

Listed below is a description of the comparisons made between the subject and the comparable sales with respect to each of these elements of comparison.

1. Real Property Rights Conveyed

Property rights adjustments account for differences in the property rights conveyed in the transaction. Some transactions convey more rights to the use of the property than other transactions.

All of the comparable sales conveyed the full bundle of rights. As such, no adjustments are necessary.

2. Financing Terms

Some transactions may include a premium or discount for attractive or unfavorable financing, respectively. Adjustments to the transaction price must be made to remove this difference. Typically, the comparable properties are adjusted to a cash or cash-equivalent basis.

The financing terms of all the comparable sales are at market terms and no adjustments are applied.

3. Conditions of Sale

A condition of sale adjustment is made to properties that are sold in non-arm's-length transactions. Adjustments should be made to those transactions that are conducted at prices considered to be below or above the price at which the property would exchange between willing buyers and willing sellers.

Comparable 1 is an actively marketed listing and is adjusted downward to reflect the broker's opinion and market observations. The remaining comparable sales all sold in arm's-length transactions. Accordingly, no adjustments are necessary.

4. Expenditures Immediately After Purchase

Some properties require the purchaser to make expenditures immediately after the acquisition of the property. For example, the local government may require safety problems to be corrected within a short period of time following the sale. Market participants consider these expenditures when buying and selling property.

Comparable 4 had an existing industrial structure on its site at time of sale. This comparable is positively adjusted to compensate for the actual demolition costs as provided by the client. None of the remaining comparables required such expenditures and no adjustments are necessary.

5. Market Conditions

The next adjustment is made to reflect both changes in the market since the sale of the comparable property and the purchasing power of money over time. In appreciating markets, positive adjustments must be made to the comparable properties to reflect the improving market conditions since the sale of the property. In depreciating markets, negative adjustments must be made.

The economy has seen dramatic contraction over the last several years due in part to the credit crisis of late 2008, but also due to an overall economic slowdown during this time period. The market has since leveled off and property values have started to appreciate in the subject's market. Accordingly, a market conditions adjustment of 2.0% annually is applied to the sales. This adjustment is applied to the time period between the date of sale for the comparable sale and the valuation date for the subject.

Applying adjustments for the aforementioned elements of comparison yields an adjusted price subtotal for each comparable from which remaining adjustments can be made. These adjustments are described below.

VIII. LAND VALUATION – BEFORE EASEMENT

6. Location

Adjustments for location consider factors such as setbacks, access to highways, accessibility, and market factors. For example, a site within close proximity to a highway interchange is typically superior to a comparable site on a secondary thoroughfare within the neighborhood with more limited access.

Land sale 1 is located in an area of limited access, and per the broker of the listing, an area inferior to the subject's area. Therefore, this comparable is adjusted upward. Land sales 2 and 3 have inferior locations due to the fact that all are located in areas of less industrial development with higher vacancies. Therefore, positive adjustments are applied to these sales. Land sale comparables 4 and 5 are located along similar corridors and no adjustments are applied. An adjustment for waterfront location is made in other factors.

7. Size

Generally, smaller sites sell for higher per square foot rates than larger sites, all other factors being equal. This relationship is true for the subject's market as well.

Land sales 1, 2, and 4 are smaller in size compared to the subject and have a negative adjustment applied accordingly. Land sale 3 is similar in size and no adjustment is necessary. Land sale 5 is larger than the subject and a positive adjustment is applied to this comparable. It is noted that land sale 5 has a gross acreage of 27.81, per public records, but approximately 7.3 acres are underwater in the Detroit River. Therefore, this comparable is presented using its net acreage in this analysis.

8. Configuration

The subject has an overall rectangular configuration that does not appear to limit development. The remaining comparables have configurations which also do not appear to limit development. As such, no adjustments are necessary.

9. Topography

All of the land sales have similar topography as the subject and adjustments are not necessary.

10. Zoning

The subject is zoned M-4, Intensive Industrial. Comparable land sales 1, 3, and 4 have a similar zoning, and no adjustments are necessary. Land sale 2 has an industrial zoning district but is not as limited as the subject warranting a downward adjustment. Comparable land sale 5 has a zoning district which would allow for office and service development which is considered superior to the subject. Therefore, this comparable is adjusted downward accordingly.

11. Highest and Best Use

Comparable sale 4 was purchased to utilize as part of an assemblage of land. Comparable 5 was purchased to be utilized as a future city park. Therefore, these comparables are adjusted downward. All of the remaining comparable land sales have the similar highest and best use as the subject, and no adjustments are necessary.

12. Utilities

All of the land sales have similar available utilities to the subject and no adjustments are necessary.

13. Other Factors

The subject and comparable 5 have desirable waterfront locations along the Detroit River. Comparables 1, 2, 3, and 4 have inferior locations without waterfront and are adjusted upward accordingly.

VIII. LAND VALUATION – BEFORE EASEMENT

Land Valuation - Before Easement						
	Subject Property	Comparable Sale Number				
		1	2	3	4	5 (b)
1 Property	3085 West Jefferson Avenue	205 South Harbaugh Street	10533 Gratiot Avenue	2244 West Warren Avenue	4000 West Jefferson Avenue	1801 West Jefferson Avenue
2 Location	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan
3 Sale Date		9-Jul-14	26-Apr-12	1-Apr-11	16-Dec-10	10-Sep-10
4 Conditions of Sale		Active Listing	Confirmed Sale	Confirmed Sale	Confirmed Sale	Confirmed Sale
5 Location Rating	Average	Inferior	Inferior	Inferior	Similar	Similar
6 Site Size (SF)	400,300	82,764	83,200	217,800	81,457	892,109
7 Site Size (Acres)	9.19	1.90	1.91	5.00	1.87	20.48
8 Configuration	Rectangular	Rectangular	Slightly Irregular	Irregular	Rectangular	Rectangular
9 Topography	Generally Level	Generally Level	Generally Level	Generally Level	Generally Level	Generally Level
10 Zoning	M-4, Intensive Industrial	M-4, Intensive Industrial	M-2, Restricted Industrial	M-4, Intensive Industrial	M-4, Intensive Industrial	PCA, Restricted Central Business
11 Highest & Best Use	Hold For Future Development	Hold For Future Development	Hold For Future Development	Hold For Future Industrial Development	Raze Improvement, Future Development	Future Park Development
12 Utilities	All Available	All Available	All Available	All Available	All Available	All Available
13 Sale Price		\$139,000	\$225,000	\$175,000	\$175,000	\$3,100,000
14 Sale Price per SF		\$1.68	\$2.70	\$0.80	\$2.15	\$3.47
15 Property Rights Conveyed		0.0%	0.0%	0.0%	0.0%	0.0%
16 Adjusted Price		\$1.68	\$2.70	\$0.80	\$2.15	\$3.47
17 Financing Terms		0.0%	0.0%	0.0%	0.0%	0.0%
18 Adjusted Price		\$1.68	\$2.70	\$0.80	\$2.15	\$3.47
19 Conditions of Sale		-10.0%	0.0%	0.0%	0.0%	0.0%
20 Adjusted Price		\$1.51	\$2.70	\$0.80	\$2.15	\$3.47
21 Expenditures Immediately After Purchase		\$0.00	\$0.00	\$0.00	\$1.62	\$0.00
22 Adjusted Price		\$1.51	\$2.70	\$0.80	\$3.77	\$3.47
23 Market Conditions		0.0%	4.4%	6.5%	7.1%	7.7%
24 Adjusted Price Subtotal		\$1.51	\$2.82	\$0.88	\$4.04	\$3.74
25 Location		10.0%	10.0%	5.0%	0.0%	0.0%
26 Size		-15.0%	-15.0%	-5.0%	-15.0%	15.0%
27 Configuration		0.0%	0.0%	0.0%	0.0%	0.0%
28 Topography		0.0%	0.0%	0.0%	0.0%	0.0%
29 Zoning		0.0%	-5.0%	0.0%	0.0%	-10.0%
30 Highest and Best Use		0.0%	0.0%	0.0%	-10.0%	-10.0%
31 Utilities		0.0%	0.0%	0.0%	0.0%	0.0%
32 Other Factors		20.0%	20.0%	20.0%	20.0%	0.0%
33 Total Other Adjustments		15.0%	10.0%	20.0%	-5.0%	-5.0%
34 Final Adjusted Price per SF (a)		\$1.74	\$3.11	\$1.03	\$3.83	\$3.58
35 Concluded Value per SF	\$3.25					
36 Size (SF)	400,300					
37 Concluded Fair Market Value (Rounded)	\$1,300,000					

(a) Equal to adjusted price subtotal times (1 + total other adjustments).

(b) Comparable 5 has 27.81 gross acres of which approximately 7.3 acres are underwater. Net acreage is estimated at 20.48 and used in this analysis.

Conclusion of Land Value – Before Easement

The adjustment grid illustrates the thought process for making adjustments for dissimilarities between the comparable sales and the subject. Due to the economy experiencing a dramatic contraction during the national recession and the subsequent economic slowdown, there has been a limited amount of market activity for vacant industrial land. A conversation with Mr. Todd White provided a list of recent land acquisitions by his and other sister companies in the area of the subject. The following table shows land sales and the final price per square foot, once demolition and site work are taken into consideration. The table also shows other acquisitions that do not represent market value for vacant land but are worth noting.

VIII. LAND VALUATION – BEFORE EASEMENT

Additional Sale Summary									
Address	Parcel Number	Size (Acre)	Size (SF)	Zoning	Sale Date	Sale Price	Demolition / Site Work Costs	Adjusted Sale Price Including	Final Price per SF
Land Sales									
1 215 Vinewood	14000032.001	2.06	89,734	M-4	Oct-11	\$27,000	\$168,500	\$195,500	\$2.18
2 1000 14th St	10000074-8	0.78	33,106	M-4	Feb-12	70,000	10,000	80,000	2.42
3 775 17th St	10007132-3	0.49	21,344	R-2 & M-3	Oct-12	11,800	0	11,800	0.55
4 4102 West Jefferson	14000024	0.13	5,683	M-4	Sep-13	7,500	0	7,500	1.32
5 2051-2085 West Fort	10000020-1	1.53	66,847	M-4	Nov-13	250,000	149,000	399,000	5.99
6 Minimum									\$0.55
7 Average									2.49
8 Maximum									5.99
Other Sales									
9 2801 West Fort St & 454 21st St [a]	12000033-7 & 12007855	0.78	33,977	M-4	May-12	\$200,000	\$152,500	352,500	\$10.37
10 3041 West Vernor Hwy [b]	12007780-3	0.48	20,038	B-4	Oct-12	150,000	0	150,000	7.49
11 2725 West Fort [c]	12000030	0.42	18,295	M-4	Feb-13	150,000	101,500	251,500	13.75
12 2800 West Fort [d]	10000050 003L	0.53	23,087	M-2 & M-3	Dec-13	486,000	71,000	537,000	23.26
<p>[a] Per the client, the building was functional and in operation shortly before purchase. Client chose to demolish improvements for future land use.</p> <p>[b] Per the client, the purchaser plans to utilize the building improvements.</p> <p>[c] Per the client, the parcel was purchased including a five year option to purchase the adjacent 0.4 acres of vacant land for \$20,000.</p> <p>[d] Per the client, this transaction does not represent a true arm's length market transaction.</p> <p>Source: Transactions shown above are client provided and verified through public records when available.</p>									

Based upon each comparable sale being given an appropriate weight, the value of the land is concluded to be:

Land Value Conclusion - Before Easement		
Comparables Final Adjusted Price	Value Per SF	Indicated Value (Rounded)
1 High	\$3.83	\$1,530,000
2 Average	2.65	1,060,000
3 Low	1.03	410,000
4 Concluded Fair Market Value [a]	\$3.25	\$1,300,000
[a] Subject land size (SF): 400,300		

Section IX

Description of Easement

IX. DESCRIPTION OF EASEMENT

Interest to be Acquired

According to documents provided by the client, the purpose of the easement is to provide use of the easement area (the "air space") above and within the designated easement area for the purposes of construction, repairing, replacing, inspecting, expanding, maintaining, operating and using a new bridge span and all activities incidental thereto (the "permitted air uses") as well as, the imposition in, on, over and upon the subject of noise and other effects incidental to such permitted air uses and all resulting annoyances or inconvenience due to such permitted air uses. Further, in summary, the easement will allow for the installation and maintenance of supporting structures, a temporary construction easement, and easement for installation and replacing utilities, equipment, apparatus in connection, etc., an easement to access and utilize the easement area for inspection, maintenance, expanding, etc. the new bridge.

Description of the Easement

The survey document presented on the following pages best describe the easement area.

The easement area consists of two generally rectangular in shaped spaces totaling 4.30 acres. A description of the easement as provided by the client is as follows:

"Beginning at a point where the Northerly Right-of-Way line of Fort Street meets the Westerly edge of the former Twenty-Second Street Right-of-Way, thence in a South Easterly direction following along the Western Right-of-Way line of Twenty-Second to the Northern edge of the Detroit River, thence in a North Easterly direction along the Detroit River to a point on the Western edge of the existing Ambassador Bridge, thence in a Northerly direction along the Western edge of the Ambassador Bridge to the Northerly Right-of-Way line of Fort Street, thence in a Westerly direction along the Fort Street Right-of-Way line to the point of beginning."

The easement documents prepared by the client identify the grantor as the City of Detroit, a Michigan public body corporate. The Detroit International Bridge Company, a Michigan corporation is the grantee.

The grantee intends on developing and constructing a new bridge immediately adjacent to the west of the existing bridge. The grantor desires to grant the grantee certain rights and easements for the construction and operation of the new bridge in accordance with the terms and subject to conditions of the agreement.

The purpose of the easement is to provide use of the easement area (the "air space") above and within the designated easement area for the purposes of construction, repairing, replacing, inspecting, expanding, maintaining, operating and using a new bridge span and all activities incidental thereto (the "permitted air uses") as well as, the imposition in, on, over and upon the subject of noise and other effects incidental to such permitted air uses and all resulting annoyances or inconvenience due to such permitted air uses. Further, in summary, the easement will allow for the installation and maintenance of supporting structures, a temporary construction easement, and easement for installation and replacing utilities, equipment, apparatus in connection, etc., an easement to access and utilize the easement area for inspection, maintenance, expanding, etc. the new bridge and limitations or restrictions on the land surrounding the easement.

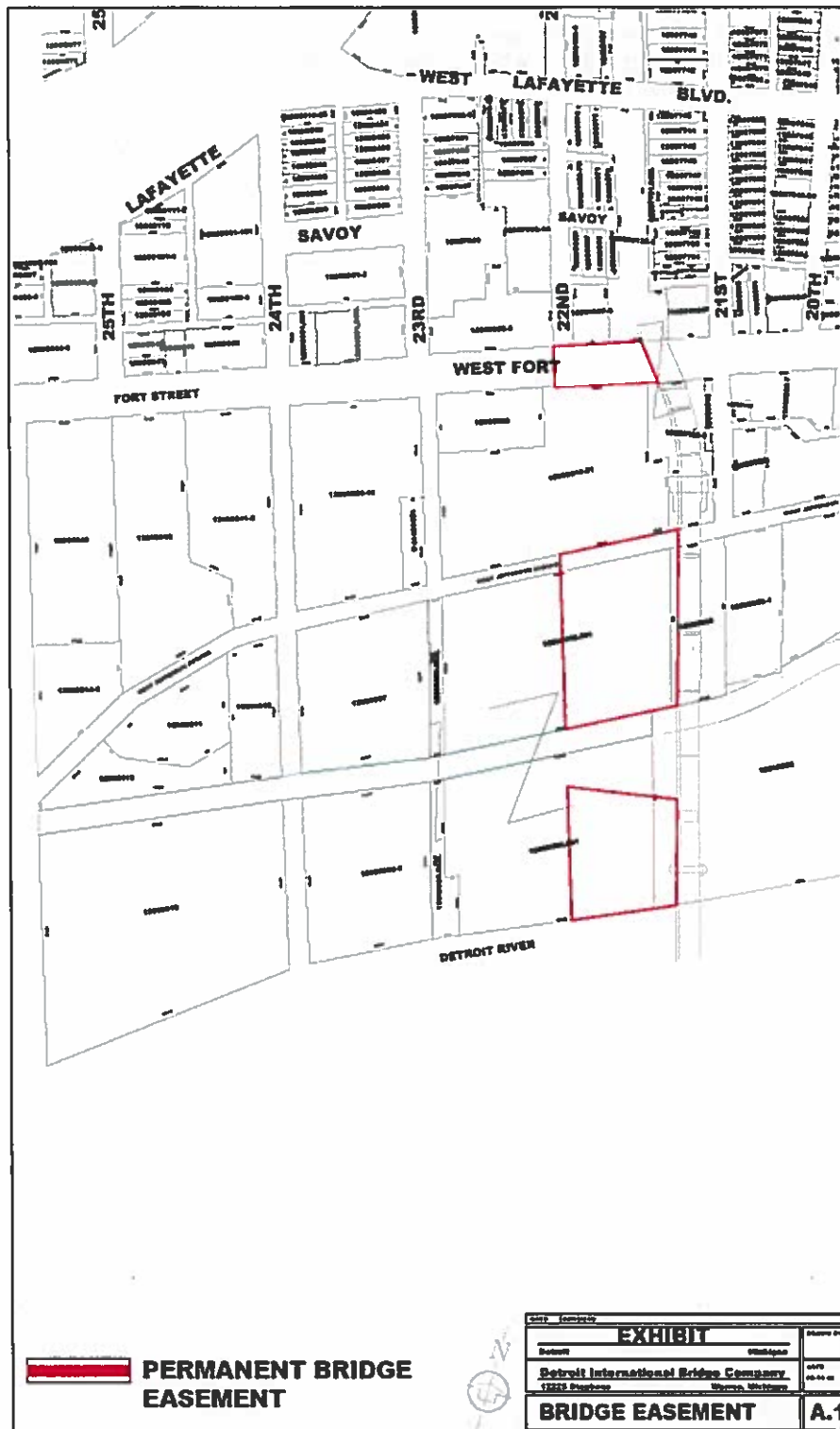
Effect of the Easement

The configuration of the site and the access will remain unchanged. The effect of the easement then is that the grantor shall be entitled to the continued use of the surface of the easement area so long as such use does not interfere with the grantee's use and enjoyment of the above-described easement area. The grantor will not (a) convey any other easement or right in conflict with the easement, or (b) interfere with the easements or grantee's rights under the agreement. The grantor covenants, agrees, represents and warrants that it will not place within the easement area or within 100 feet of the easement area any buildings, signs, poles, towers, improvements, landscaping or any other items which shall exceed a height of 25 feet above the surface of the property, etc.

IX. DESCRIPTION OF EASEMENT

Upon completion by the grantee of any work on the surface of the easement area, the grantee agrees, at its sole cost, to (a) removal of all fences, stored materials, construction debris, and construction equipment placed on the easement area by the grantee, and (b) return the surface of the easement area as nearly as practicable to its condition existing on the commencement of such work, taking into consideration the nature of the work being performed.

IX. DESCRIPTION OF EASEMENT



The following information is provided for your information only and should not be used as a basis for any investment decision. The information is based on the best available information and is subject to change without notice. The information is not intended to be a recommendation or an offer of any financial product or service. The information is provided for your information only and should not be used as a basis for any investment decision. The information is based on the best available information and is subject to change without notice. The information is not intended to be a recommendation or an offer of any financial product or service.

Section X

Land Valuation – After Easement

The following information is provided for your information only and should not be used as a basis for any investment decision. The information is based on the best available information and is subject to change without notice. The information is not intended to be a recommendation or an offer of any financial product or service. The information is provided for your information only and should not be used as a basis for any investment decision. The information is based on the best available information and is subject to change without notice. The information is not intended to be a recommendation or an offer of any financial product or service.

X. LAND VALUATION – AFTER EASEMENT

Description of the Remaining Property

The configuration of the site and the access will remain unchanged. The effect of the easement then is that the grantor shall be entitled to the continued use of the surface of the easement area so long as such use does not interfere with the grantee's use and enjoyment of the above-described easement area. The grantor will not (a) convey any other easement or right in conflict with the easement, or (b) interfere with the easements or grantee's rights under the agreement. The grantor covenants, agrees, represents and warrants that it will not place within the easement area or within 100 feet of the easement area any buildings, signs, poles, towers, improvements, landscaping or any other items which shall exceed a height of 25 feet above the surface of the property, etc. The impact of the easement would limit development and restrict uses in the easement area and 100 feet beyond the easement area. This would reduce the developable portion of the site by approximately 50%.

Upon completion by the grantee of any work on the surface of the easement area, the grantee agrees, at its sole cost, to (a) removal of all fences, stored materials, construction debris, and construction equipment placed on the easement area by the grantee, and (b) return the surface of the easement area as nearly as practicable to its condition existing on the commencement of such work, taking into consideration the nature of the work being performed.

Land Valuation Analysis – After Easement

Typically, if the area affected was being taken in a fee simple, the value of the part taken would be calculated by value per square foot times the area taken. But this is not an absolute fee taking, but rather a partial taking of the fee simple rights. Due to the restrictions on use and development in the easement area and surrounding 100 feet, it is judged that 100.0% compensation is reasonable and appropriate for this easement based on the limitations under the easement restrictions.

The valuation of the subject parcel after the easement is identical to the valuation of the subject before the easement except for the reduction in size as a result of the encumbered area. Due to the restrictions on use and development in the easement area, the land valuation after easement will include only the land area unencumbered by the easement. The remaining area is 4.89 acres or 212,992 square feet. The methodologies and procedures used in the analysis the before easement land are the same used in the analysis after easement land. The only difference is the adjustment for size.

X. LAND VALUATION – AFTER EASEMENT

Land Valuation - After Easement						
	Subject Property	Comparable Sale Number				
		1	2	3	4	5 [c]
1 Property	3085 West Jefferson Avenue	205 South Harbaugh Street	10533 Gratiot Avenue	2244 West Warren Avenue	4000 West Jefferson Avenue	1801 West Jefferson Avenue
2 Location	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan	Detroit, Michigan
3 Sale Date		9-Jul-14	26-Apr-12	1-Apr-11	16-Dec-10	10-Sep-10
4 Conditions of Sale		Active Listing	Confirmed Sale	Confirmed Sale	Confirmed Sale	Confirmed Sale
5 Location Rating	Average	Inferior	Inferior	Inferior	Similar	Similar
6 Site Size (SF) [a]	212,992	82,764	83,200	217,800	81,457	892,109
7 Site Size (Acres) [a]	4.89	1.90	1.91	5.00	1.87	20.48
8 Configuration	Rectangular	Rectangular	Slightly Irregular	Irregular	Rectangular	Rectangular
9 Topography	Generally Level	Generally Level	Generally Level	Generally Level	Generally Level	Generally Level
10 Zoning	M-4, Intensive Industrial	M-4, Intensive Industrial	M-2, Restricted Industrial	M-4, Intensive Industrial	M-4, Intensive Industrial	PCA, Restricted Central Business
11 Highest & Best Use	Hold For Future Development	Hold For Future Development	Hold For Future Industrial Development	Hold For Future Industrial Development	Raze Improvement, Future Development	Future Park Development
12 Utilities	All Available	All Available	All Available	All Available	All Available	All Available
13 Sale Price		\$139,000	\$225,000	\$175,000	\$175,000	\$3,100,000
14 Sale Price per SF		\$1.68	\$2.70	\$0.80	\$2.15	\$3.47
15 Property Rights Conveyed		0.0%	0.0%	0.0%	0.0%	0.0%
16 Adjusted Price		\$1.68	\$2.70	\$0.80	\$2.15	\$3.47
17 Financing Terms		0.0%	0.0%	0.0%	0.0%	0.0%
18 Adjusted Price		\$1.68	\$2.70	\$0.80	\$2.15	\$3.47
19 Conditions of Sale		-10.0%	0.0%	0.0%	0.0%	0.0%
20 Adjusted Price		\$1.51	\$2.70	\$0.80	\$2.15	\$3.47
21 Expenditures Immediately After Purchase		\$0.00	\$0.00	\$0.00	\$1.62	\$0.00
22 Adjusted Price		\$1.51	\$2.70	\$0.80	\$3.77	\$3.47
23 Market Conditions		0.0%	4.4%	6.5%	7.1%	7.7%
24 Adjusted Price Subtotal		\$1.51	\$2.82	\$0.86	\$4.04	\$3.74
25 Location		10.0%	10.0%	5.0%	0.0%	0.0%
26 Size		-10.0%	-10.0%	0.0%	-10.0%	20.0%
27 Configuration		0.0%	0.0%	0.0%	0.0%	0.0%
28 Topography		0.0%	0.0%	0.0%	0.0%	0.0%
29 Zoning		0.0%	-5.0%	0.0%	0.0%	-10.0%
30 Highest and Best Use		0.0%	0.0%	0.0%	-10.0%	-10.0%
31 Utilities		0.0%	0.0%	0.0%	0.0%	0.0%
32 Other Factors		20.0%	20.0%	20.0%	20.0%	0.0%
33 Total Other Adjustments		20.0%	15.0%	25.0%	0.0%	0.0%
34 Final Adjusted Price per SF [b]		\$1.81	\$3.25	\$1.07	\$4.04	\$3.74
35 Concluded Value per SF		\$3.40				
36 Size (SF)		212,992				
37 Concluded Fair Market Value (Rounded)		\$720,000				

[a] Site size represents the area of the subject site not affected by the easement area.
 [b] Equal to adjusted price subtotal times (1 + total other adjustments).
 [c] Comparable 5 has 27.81 gross acres of which approximately 7.3 acres are underwater. Net acreage is estimated at 20.48 and used in this analysis.

X. LAND VALUATION – AFTER EASEMENT

Conclusion of Land Value – After Easement

The adjustment grid illustrates the thought process for making adjustments for dissimilarities between the comparable sales and the subject.

Based upon each comparable sale being given an appropriate weight, the value of the land is concluded to be:

Land Value Conclusion - After Easement		
Comparables Final Adjusted Price	Value Per SF	Indicated Value (Rounded)
1 High	\$4.04	\$860,000
2 Average	2.78	590,000
3 Low	1.07	230,000
4 Concluded Fair Market Value [a]	\$3.40	\$720,000
[a] Subject land size (SF):	212,992	

Section XI

Reconciliation of Value of the Easement

XI. RECONCILIATION OF VALUE

Reconciliation and Value Conclusion

Reconciliation is utilized to support a reliable and defensible value opinion. The three primary criteria considered in the reconciliation of value are appropriateness, accuracy, and quantity of evidence. The value conclusion for each applicable approach is presented in the following table.

Summary of Fair Market Value Conclusions			
Approach to Value	Parcel Number	Fair Market Value Indications Before Easement July 9, 2014	Fair Market Value Indications After Easement July 9, 2014
1 Sales Comparison Approach - Land Value	12000006.001	\$1,300,000	\$580,000

Conclusion of Diminution in Value

Based on the analysis presented in this report and on the sales comparison approach, the total diminution in fair market value of the fee simple interest in the subject is concluded to be:

Total Diminution in Site Value Due to Easement				
Premise	Parcel Number	Interest Appraised	Valuation Date	Fair Market Value Conclusion
1 Site Fair Market Value Before Easement	12000006.001	Fee Simple	July 9, 2014	\$1,300,000
2 Site Fair Market Value After Easement	12000006.001	Fee Simple	July 9, 2014	720,000
3 Diminution in Site Value Due to Easement				580,000
4 Total Diminution in Site Value Due to Easement			July 9, 2014	\$580,000

All easement information was provided by the client through discussions and a draft copy of the proposed easement. An extraordinary assumption is made that the description of the easement is accurate. If the easement area size, description, shape, use, restrictions, etc. were to change it could alter the value conclusions within this analysis.

Section XII Certification

XII. CERTIFICATION

I certify, except as otherwise noted in this appraisal report, that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, as well as the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- Stout Risius Ross, Inc. has not provided services related to the subject property of this report within the last three years.
- Appraisers are required to be licensed and are now regulated by the Michigan Department of Licensing and Regulatory Affairs. Joseph L. Torzewski, MAI is a State Certified Appraiser under this act of the Michigan Legislature. The address of the Michigan Department of Licensing and Regulatory Affairs is: P.O. Box 30018, Lansing, MI 48909.
- Joseph L. Torzewski, MAI has made a personal inspection of the subject.
- Shaun B. Toupin a Michigan (Certified General License #1201005688) provided significant professional assistance to the person signing this report through research, analysis, and report preparation.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- This appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- As of the date of this report, Joseph L. Torzewski, MAI has completed the requirements under the continuing education program of the Appraisal Institute.



Joseph L. Torzewski, MAI
Michigan Certified General Appraiser
License #: 1201070234
Expiration Date: July 31, 2015

Exhibit A

Assumptions and Limiting Conditions

A. ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is based on the following general assumptions:

- This report is for the client to which it is addressed and is to be used by said client only for the purpose stated in the report. No reliance is to be placed on this report for any other purpose, nor shall it be published, distributed, or shown to other parties except to the party to whom the report is addressed.
- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the subject is assumed to be good and marketable unless otherwise stated.
- The subject is appraised free and clear of all liens and encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy. We reserve the right to make appropriate revisions in the event of discovery of additional data.
- All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the subject.
- It is assumed that there are no hidden or unapparent conditions of the subject, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- It is assumed that the subject is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report.
- It is assumed that the subject conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described, and considered in the appraisal report.
- It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the subject described and that there is no encroachment or trespass unless noted in this report.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the subject, was not observed. We have no knowledge of the existence of such materials on or in the subject. However, we are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the subject. The opinion of value is predicated on the assumption that there is no such material on or in the subject that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of the property to determine whether or not it conforms to the various detailed requirements of the ADA. It is possible that a compliance survey of the subject, together with a detailed analysis of the requirements of the ADA, could reveal that the subject is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect upon the value of the subject. Since we have no direct evidence relating to this issue, possible non-compliance with the requirements of the ADA is not considered in our value opinion of the subject.

A. ASSUMPTIONS AND LIMITING CONDITIONS

- This report covers only the real property described herein. Unless specifically stated to the contrary, it does not include consideration of mineral rights or related right of entry, nor personal property or the removal thereof. Values reported herein are not intended to be valid in any other context, nor are any conclusions as to unit values applicable to any other property or utilization that are specifically identified herein.
- The conclusions stated herein, including values that are expressed in terms of the U.S. Dollar, apply only as of the valuation date and are based on prevailing physical and economic conditions and available information at that time. No representation is made as to the effect of subsequent events.

This appraisal report is based on the following general limiting conditions:

- Date(s) and definitions of value, together with other definitions and assumptions on which the analyses are based, are set forth in the appropriate sections of this report. These are to be considered part of the limiting conditions as if included here in their entirety.
- Any allocation of the total value presented in this report between the land and improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any other person than the party to whom it is addressed without our prior written consent, and then only with proper written qualification and only in its entirety.
- We, by reason of this report, are not required to give further consultation or testimony or to be in attendance in court with reference to the subject unless arrangements have been previously made.
- This report has not been prepared for syndication purposes nor is it to be used for syndication purposes without our consent and then only with proper qualifications.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
- Any value opinions provided in this report apply to the entire property and any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests has been set forth in the report.
- If the subject is proposed, only preliminary plans and specifications were available for use in the preparation of this appraisal. If the plans and specifications change, we reserve the right to amend this appraisal.
- Any proposed improvements are assumed to have been completed unless otherwise stipulated; any construction is assumed to conform to the building plans referenced in the report.
- We assume that the reader or user of this report has been provided with copies of available building plans and all leases and amendments, if any, that encumber the subject.
- If no legal description or survey was furnished, we used other methods as described in the report to ascertain the physical dimensions and acreage of the subject. Should a survey prove this information to be inaccurate, it may be necessary for this appraisal to be adjusted.
- The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changing future economic conditions.

Exhibit B

Appraisal Definitions

B. APPRAISAL DEFINITIONS

The following definition is taken from Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA") Regulations, per final rule, 12 CFR Part 34, (Docket No. 90-16), Federal Register, Volume 56 Number 165, March 31, 1994, effective June 7, 1994, Rules & Regulations.

- **Market Value:** The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:
 1. Buyer and seller are typically motivated;
 2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
 3. A reasonable time is allowed for exposure in the open market;
 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The following definition is taken from Treas. Regs. §20.2031-1(b) and §25.2512-1; Rev. Rul. 59-60, 1959-1 C.B. 237:

- **Fair Market Value:** The price at which a property would exchange between a willing buyer and a willing seller, when the former is not under any compulsion to buy, and the latter is not under any compulsion to sell, both having reasonable knowledge of the relevant facts.

The following definitions are taken from *The Dictionary of Real Property Appraisal, Fifth Edition (2010)*, published by the Appraisal Institute.

- **Appraisal Report:** A written report prepared under Standards Rule 2-2(a) or 8-2(a) of the Uniform Standards of Professional Appraisal Practice (2014-2015 ed.).
- **Before and After Rule:** In eminent domain valuation, a procedure in which just compensation is measured as the difference between the value of the entire property before the taking and the value of the remainder after the taking.
- **Cash-Equivalent Price:** The price of a property with above- or below-market financing expressed in terms of the price that would have been paid in an all-cash sale.
- **Condemnation:** The act or process of enforcing the right of eminent domain.
- **Contract Rent:** The actual rental income specified in a lease.
- **Cost Approach:** A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.
- **Deferred Maintenance:** Needed repairs or replacement of items that should have taken place during the course of normal maintenance.
- **Direct Capitalization:** A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only a single year's income is used. Yield and value changes are implied but not identified.

B. APPRAISAL DEFINITIONS

- **Discounted Cash Flow (DCF) Analysis:** The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.
- **Disposition Value:** See Liquidation Value.
- **Distress Sale:** A sale involving a seller acting under duress.
- **Easement:** The right to use another's land for stated purposes.
- **Eminent Domain:** The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *taking clause*, guarantees payment of just compensation upon appropriation of private property.
- **External Obsolescence:** An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.
- **Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2014-2015 ed.)
- **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
- **Functional Obsolescence:** The impairment of functional capacity of a property according to market tastes and standards.
- **Going-Concern Value:** (1) The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern*. (2) The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable.
- **Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called *full-service lease*.
- **Highest and Best Use:** The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.
- **Hypothetical Condition:** A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2014-2015 ed.)
- **Income Capitalization Approach:** A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the

B. APPRAISAL DEFINITIONS

investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

- **Insurable Value:** A type of value for insurance purposes.
- **Just Compensation:** In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in a good position as he or she would be if the property had not been taken.
- **Leased Fee Interest:** A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).
- **Leasehold Interest:** The tenant's possessory interest created by a lease.
- **Liquidation Value:** The most probable price that a specified interest in real property should bring under the following conditions:
 1. Consummation of a sale within a short time period.
 2. The property is subjected to market conditions prevailing as of the date of valuation.
 3. Both the buyer and seller are acting prudently and knowledgeably.
 4. The seller is under extreme compulsion to sell.
 5. The buyer is typically motivated.
 6. Both parties are acting in what they consider to be their best interests.
 7. A normal marketing effort is not possible due to the brief exposure time.
 8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
 9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can be modified to provide for valuation with specified financing terms.

- **Market Rent:** The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
- **Partial Taking:** The taking of part of any real property interest for public use under the power of eminent domain; requires payment of compensation.
- **Personal Property:** (1) Identifiable tangible objects that are considered by the general public as being "personal"—for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate. (USPAP, 2014-2015 ed.) (2) Consists of every kind of property that is not real property; movable without damage to itself or the real estate; subdivided into tangible and intangible.
- **Physical Deterioration:** The wear and tear that begins when a building is completed and placed into service.
- **Real Property:** The interests, benefits, and rights inherent in the ownership of real estate. (USPAP, 2014-2015 ed.)
- **Real Property (as listed in the IVS Glossary):** All the rights, interests, and benefits related to the ownership of real estate. *Real property* is a legal concept distinct from *real estate*, which is a physical asset. There may also be potential limitations upon ownership rights to real property.
- **Restricted Appraisal Report:** A written report prepared under Standards Rule 2-2(b) or 8-2(b) of the Uniform Standards of Professional Appraisal Practice (2014-2015 ed.).

B. APPRAISAL DEFINITIONS

- **Sales Comparison Approach:** The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.
- **Sales Comparison Approach (as listed in the IVS Glossary):** A comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered. A general way of estimating a value indication for personal property or an ownership interest in personal property, using one or more methods that compare the subject to similar properties or to ownership interests in similar properties. This approach to the valuation of personal property is dependent upon the Valuer's market knowledge and experience as well as recorded data on comparable items.
- **Taking:** The acquisition of a parcel of land through condemnation.
- **Triple Net Lease (listed in dictionary as net net net lease):** A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*.
- **Vacancy and Collection Loss:** A deduction from potential gross income (*PGI*) made to reflect income reductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. Often vacancy and collection loss is expressed as a percentage of potential gross income and should reflect the competitive market. Its treatment can differ according to the interest being appraised, property type, capitalization method, and whether the property is at stabilized occupancy.
- **Value After the Taking:** In condemnation, the market value of the remainder parcel in a partial taking.
- **Value Before the Taking:** In eminent domain, the market value of the whole property prior to the taking.

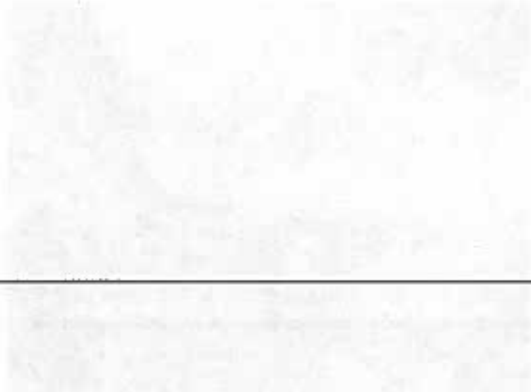
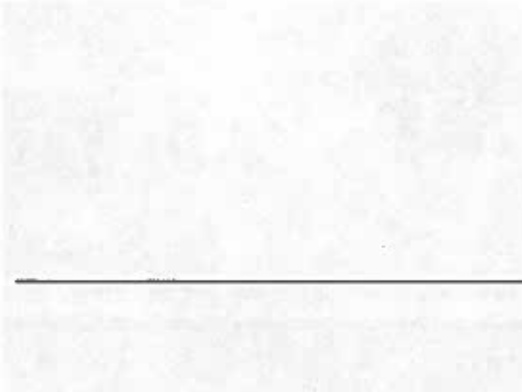
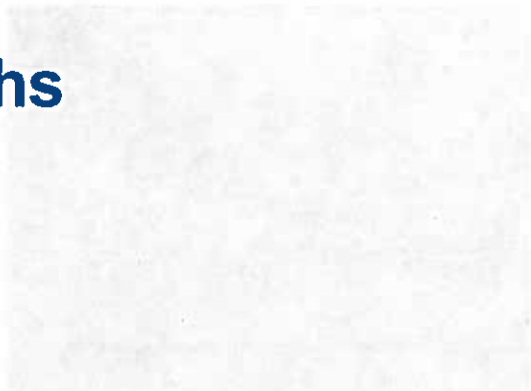


Exhibit C

Subject Photographs



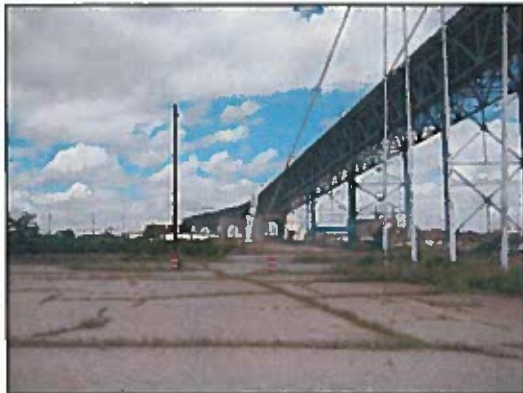
C. SUBJECT PHOTOGRAPHS



View of easement area looking northwest



View of easement area looking northwest



View of easement area looking northwest



View of easement area looking southeast



View of easement area looking southeast

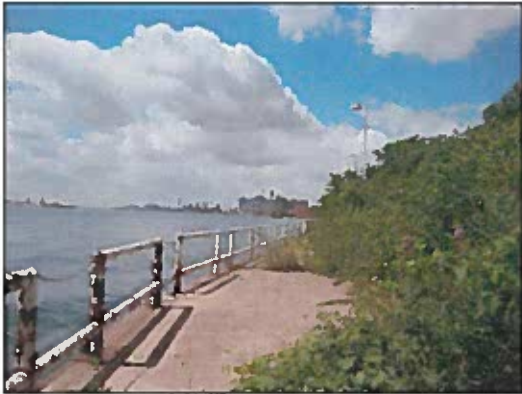


View of subject site looking southwest

C. SUBJECT PHOTOGRAPHS



View of subject site looking northwest



View of subject site waterfront looking southwest



View of rail line looking northeast



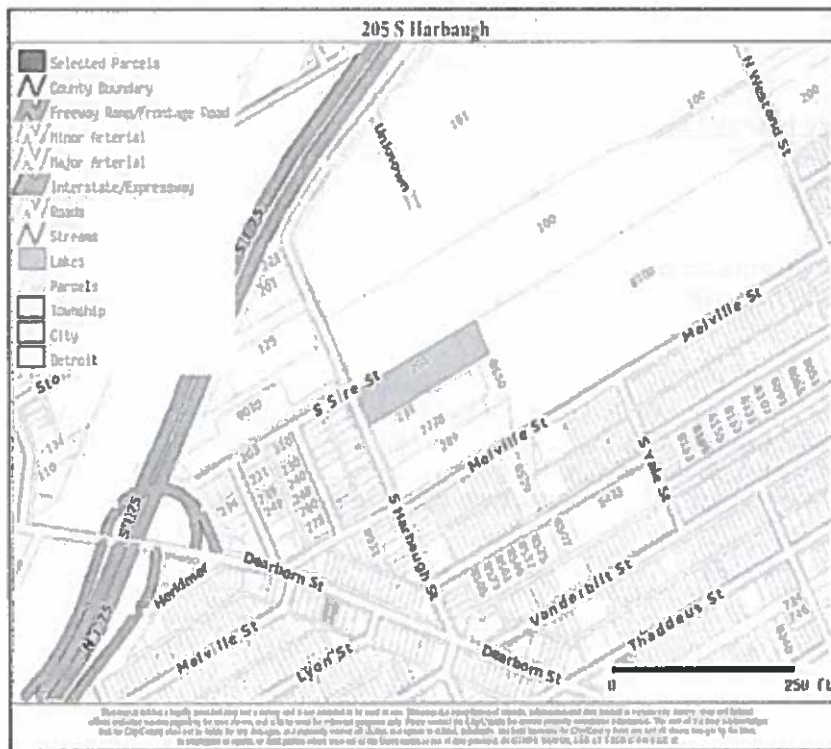
View of rail line looking southwest

Exhibit D

Comparable Data Sheets

D. COMPARABLE DATA SHEETS

Land Listing No. 1



Property Identification

Record ID	1785
Property Type	Industrial Vacant Land
Address	205 South Harbaugh Street, Detroit, Wayne County, Michigan 48209
Tax ID	20-001112
MSA	Detroit
Market Type	Urban

Sale Data

Grantor	NV Enterprises LLC
Survey Date	July 09, 2014
Property Rights	Fee Simple
Marketing Time	2,239+ DOM
Verification	Christopher J. Monsour of Signature Associates, July 11, 2014; Other sources: Public Records, Broker Marketing Sheet, and CoStar, Confirmed by SRR

Listing Price	\$139,000
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D. COMPARABLE DATA SHEETS

Land Data

Zoning	M-4, Intensive Industrial
Topography	Generally Level
Utilities	All Available
Dimensions	137.83 x 600
Shape	Rectangular

Land Size Information

Gross Land Size	1.900 Acres or 82,764 SF
Front Footage	138 feet South Harbaugh Street

Indicators

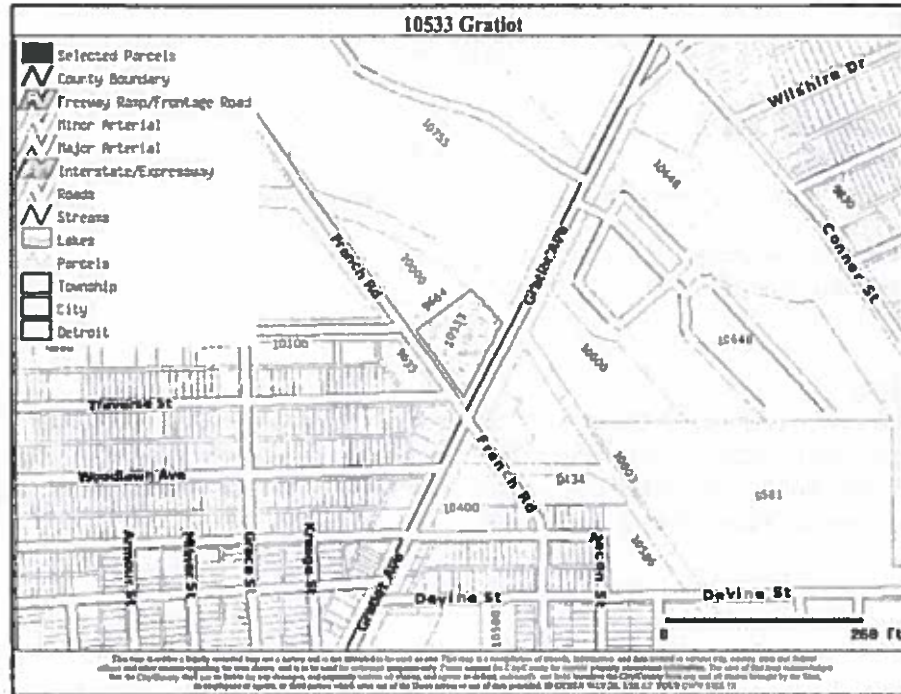
Sale Price/Gross Acre	\$73,158
Sale Price/Gross SF	\$1.68

Remarks

This active listing represents 1.90 acres of vacant industrial land. The property has been actively marketed for over six years per CoStar. The site is located just south of active rail lines in an industrial area in close proximity to I-75. Per the broker the location is not desirable as the site would only be attractive to an adjacent property owner or for expansion.

D. COMPARABLE DATA SHEETS

Land Sale No. 2



Property Identification

Record ID	1338
Property Type	Vacant Commercial Land
Address	10533 Gratiot Avenue, Detroit, Wayne County, Michigan 48213
Tax ID	17-000735-001
MSA	Detroit
Market Type	Urban

Sale Data

Grantor	Gratiot-French Development LLC
Grantee	Tim Donut U.S. Limited, Inc.
Sale Date	April 26, 2012
Deed Book/Page	49800/1392
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Verification	Other sources: Public Records, Confirmed by SRR
Sale Price	\$225,000

D. COMPARABLE DATA SHEETS

Land Data

Zoning	M-2, Restricted Industrial
Topography	Generally Level
Utilities	All Available
Shape	Slightly Irregular

Land Size Information

Gross Land Size	1.910 Acres or 83,200 SF
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Indicators

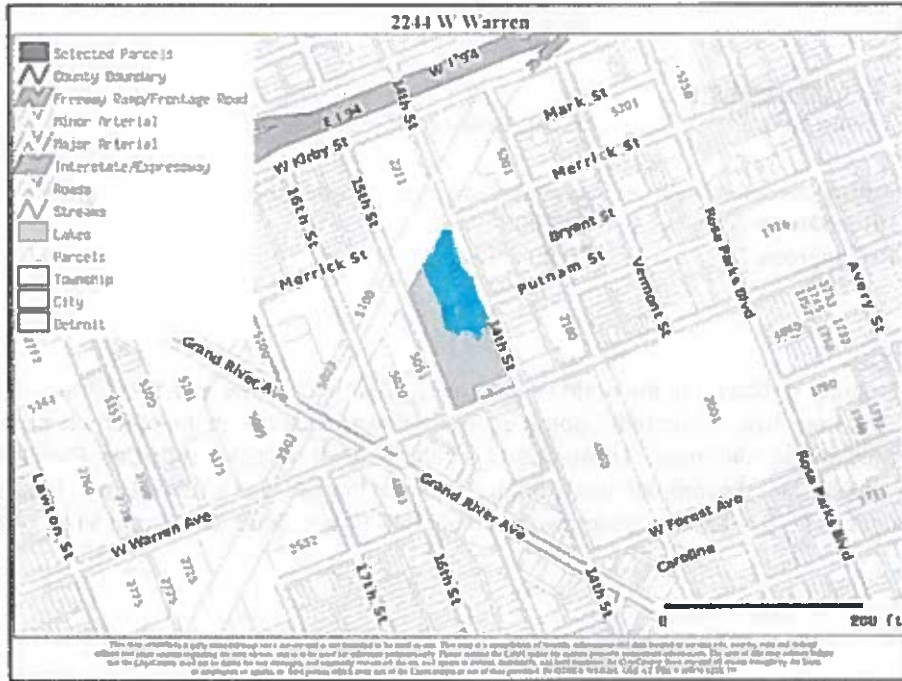
Sale Price/Gross Acre	\$117,801
Sale Price/Gross SF	\$2.70

Remarks

This transaction represents the sale of 1.91 acres of vacant land in Detroit, Michigan. The property sold for \$225,000 on April 26, 2012. It is located on the north corner of Gratiot Avenue and French Roads in an area mixed use including limited industrial, residential and is just south of the Coleman A. Young International Airport.

D. COMPARABLE DATA SHEETS

Land Sale No. 3



Property Identification

Record ID 626
Property Type Vacant Land, Vacant Industrial Land
Property Name Vacant Land
Address 2244 West Warren Avenue, Detroit, Wayne County, Michigan 48208
Tax ID 10005164-70, 10005160-1, 10005162, 1005163
MSA Detroit
Market Type Urban

Sale Data

Grantor Cintas Comp 2
Grantee US Auto Supply Inc.
Sale Date April 01, 2011
Deed Book/Page 49173/640-644
Property Rights Fee Simple
Marketing Time 266 DOM
Conditions of Sale Arm's Length

Verification Other sources: Detroit Assessing Records, Deed, and CoStar, Confirmed by SRR

Sale Price \$175,000

D. COMPARABLE DATA SHEETS

Land Data

Zoning	M-4, Intensive Industrial
Topography	Generally Level
Utilities	All Available
Shape	Irregular

Land Size Information

Gross Land Size	5.000 Acres or 217,800 SF
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Indicators

Sale Price/Gross Acre	\$35,000
Sale Price/Gross SF	\$0.80

Remarks

This property is located at the northwest corner of Warren Avenue and 14th Street. It has good access to freeways. Reportedly, some back taxes were included in the purchase price; however, this could not be confirmed. This property is comprised of multiple properties. Per CoStar the seller demolished the improvements before sale and the site was a raw piece of land at the time of transaction. This land is also known as 5000 15th Street, 5063, 5075, and 5111 14ths Street.

D. COMPARABLE DATA SHEETS

Land Sale No. 4



Property Identification

Record ID	1786
Property Type	Vacant Industrial Land
Address	4000 West Jefferson Avenue, Detroit, Wayne County, Michigan 48209
Tax ID	1400025
MSA	Detroit
Market Type	Urban

Sale Data

Grantor	Sirwa Sweidan
Grantee	Riverview-Trenton Railroad Co
Sale Date	December 16, 2010
Property Rights	Fee Simple
Marketing Time	828 DOM
Conditions of Sale	Arm's Length
Listing Price	\$800,400
Verification	Mr. Todd White of Detroit International Bridge Company, July 08, 2014; Other sources: Public Records and CoStar, Confirmed by SRR

D. COMPARABLE DATA SHEETS

Sale Price	\$175,000
<u>Land Data</u>	
Zoning	M-4, Intensive Industrial
Topography	Generally Level
Utilities	All Available
Shape	Rectangular

Land Size Information

Gross Land Size	1.870 Acres or 81,457 SF
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Indicators

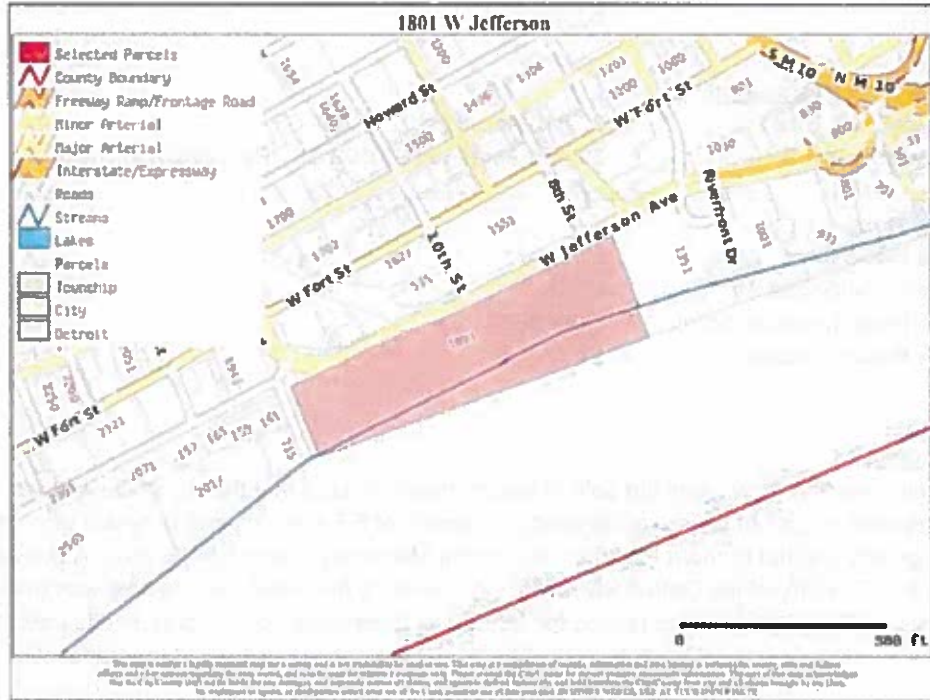
Sale Price/Gross Acre	\$93,583
Sale Price/Gross SF	\$2.15

Remarks

This transaction represents the sale of an improved parcel of land that was razed shortly after purchase. Per the owner's representative the costs to raze the improvements were \$132,000. The land was purchased for future use. The site is located in an industrial area with good access to I-75 in close proximity to the Ambassador Bridge.

D. COMPARABLE DATA SHEETS

Land Sale No. 5



Property Identification

Record ID	1787
Property Type	Vacant Land
Address	1801 West Jefferson Avenue, Detroit, Wayne County, Michigan 48216
Tax ID	08000001-17
MSA	Detroit
Market Type	Urban

Sale Data

Grantor	Detroit Riverfront Conservancy
Grantee	State of Michigan through its Department of Natural Resources
Sale Date	September 10, 2010
Deed Book/Page	48777/213-215
Verification	Ms. Karen DuPerry of Detroit Riverfront Conservancy, July 09, 2014; Other sources: Public Records and Deed, Confirmed by SRR
Sale Price	\$3,100,000

D. COMPARABLE DATA SHEETS

Land Data

Zoning	PCA, Restricted Central Business
Topography	Generally Level
Utilities	All Available
Shape	Rectangular

Land Size Information

Gross Land Size	27.810 Acres or 1,211,404 SF
Useable Land Size	20.480 Acres or 892,109 SF , Remainder in River

Indicators

Sale Price/Gross Acre	\$111,471
Sale Price/Gross SF	\$2.56
Sale Price/Useable Acre	\$151,367
Sale Price/Useable SF	\$3.47

Remarks

This transaction represents the sale of vacant riverfront land that the city of Detroit has earmarked as part of their riverfront redevelopment of 5.5 miles of land between the Ambassador Bridge and Gabriel Richard Park just east of the MacArthur (Belle Isle) Bridge. A conversation with Ms. DuPerry of the Detroit Riverfront Conservancy indicated that the sale was to the State of Michigan. The city has since leased the land back to develop into the park and is operated and maintained by the city. Ms. DuPerry did not know the conditions behind the transaction.

This site was the former location of a Detroit Free Press warehouse building that was razed in 2008. Per public records the gross site size is 27.81 acres but approximately 7.3 acres of that is reported to be part of the Detroit River. Therefore, the net size is estimated to be 20.48 acres.

Exhibit E

Legal Description

E. LEGAL DESCRIPTION

Per the City of Detroit BS&A - Legal Information for 1200006.001

S JEFFERSON W 50 FT OF PC 727 LYG BETW JEFFERSON & RR R/W PT OF BREVOORT FARM S OF JEFFERSON EXC RR R/W 9&8 EXC RR R/W & EXC W 35 FT AT R A & EXC S 150.49 FT ON E LINE BG S 155.08 FT ON W LINE OF E 35 FT OF W 70 FT AT R A PORTER FARM L13 P78 DEEDS, W C R 12/6 400,300 SQ FT

Exhibit F

Appraisal License

Exhibit G

Statement of Qualifications

G. STATEMENT OF QUALIFICATIONS



Joseph L. Torzewski, MAI

Joseph L. Torzewski is a Director in the real estate practice within the Valuation & Financial Opinions Group. His concentration is in real estate valuation and advisory services, including both national and international expertise. Mr. Torzewski is responsible for management, client liaison, and appraisal production.

Mr. Torzewski's experience encompasses a wide range of commercial real estate engagements for local, national, and international clients for a variety of purposes including financing, estate and gift taxation, proposed developments, litigation, marital dissolution, property tax appeal, eminent domain and right-of-way, fresh start accounting, and purchase price allocation. Mr. Torzewski has appraised numerous property types, including office, industrial, apartments, retail, hotel, vacant land, residential, and many special purpose facilities such as FBO's, self-storage facilities, automobile dealerships and restaurants. Mr. Torzewski has completed assignments throughout the United States, Asia, Mexico, South America, and Europe, and has significant experience managing large portfolio assignments. Mr. Torzewski has also completed feasibility and marketability studies, market analyses, highest and best use studies, and market rental rate determinations.

Prior to joining SRR, Mr. Torzewski was an appraiser at Terzo & Bologna Inc., in Livonia, Michigan and with Hodge Appraisal Group in Lapeer, Michigan.

Mr. Torzewski is a designated member of the Appraisal Institute and is the President of the Board for the Great Lakes Chapter of the Appraisal Institute. Mr. Torzewski is also a Region III Representative of the Appraisal Institute.

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Education

B.A.
Penn State University
Information Systems

Professional Designations

MAI – Appraisal Institute

Certified General Real Estate Appraiser
Various states



MEMORANDUM

To: Bruce N. Goldman, Senior Assistant Corporation Counsel
Law Department

From: Raymond A. Scott, General Manager *RAS*
BSEED Environmental Affairs

Date: June 16, 2015

Subject: 3801 W. Jefferson Phase II ESA Summary & Recommendation

This memorandum is provided to summarize the environmental activities to date for the aforementioned site, and to provide a recommendation regarding the City's acquisition. To date, we have received soil sample data conducted by Stephens Environmental LLC, on behalf of Crown Enterprises Inc, dated March 31, 2015, a Phase I ESA conducted by NTH Consultants, dated May 19, 2015, and a draft Phase II ESA, dated June 9, 2015 on behalf of the city. The Phase II ESA is being finalized in preparation of the Baseline Environmental Assessment (BEA) that the city is preparing to submit to the Michigan Department of Environmental Quality (MDEQ) for liability protection. The following presents a summarization of the aforementioned reports:

Phase I ESA conducted by NTH Consultants:

- Fire Department records indicated that that a 1,000-gallon gasoline UST was installed inside the building in 1949. The UST was closed in-place by Parks Installation in 1987. A vent pipe was noted on the front of the building. No closure documentation indicating environmental status of this tank was available.
- Railroad spur runs traverse through the property & building, and a pile of railroad ties were noted outside the building.
- Property was historically part of the Detroit River and was reclaimed to support the existing development. The origin & environmental status of fill soil used to reclaim the land is unknown.
- The existing building was constructed in 1949 for Detroit News. The 1950 & 1961 Sanborn map identify one building designated as an "oil house" and the western portion of the property was occupied by Champion Fuel and coal yard.
- Westerly adjacent site was formerly a junk/scrap yard with underground storage tanks (USTs). The Michigan Department of Environmental Quality (MDEQ) records indicate that this site contains up to 30 feet of fly ash and demo debris (used during reclamation activity).



Limited Phase II ESA conducted by Stephens Environmental LLC:

- Arsenic was detected above MDEQ's groundwater protection criteria;
- Chromium (total) was detected above its Groundwater Surface Water Interface (GSI) Criterion;
- Reported lead concentrations exceed its GSI criterion;
- Selenium was detected with concentrations exceeding its GSI and default background level; and
- Polynuclear Aromatic Hydrocarbons (PNAs) – were detected with concentrations exceeding direct contact criteria; and soil samples with concentrations exceeding GSI criteria.

Draft Phase II ESA conducted by NTH Consultants:

- Metals to include arsenic, chromium, copper, lead, mercury, selenium, and zinc exceed MDEQ's Generic Cleanup Criteria (GCC) for either Groundwater/Surface Water Interface Protection Criteria (GSIP), Drinking Water Protection Criteria (DWP), and or Direct Contact Criteria (DC);
- Volatile Organic Compounds (VOCs) exceed MDEQ's GCC for either GSIP, DWP, and or Soil Volatilization to Indoor Air Inhalation Criteria (SVIIC); and
- PNAs were detected with concentrations exceeding MDEQ's GCC for either GSIP, DWP, and or Soil Volatilization to Indoor Air Inhalation Criteria (SVIIC), DC, and or Vapor Intrusion Screening Levels.

In general, the information received to date is consistent with what is typically observed with reclaimed land along both the east and west riverfront. The concentrations of metals observed are consistent with background levels found elsewhere in Southeast Michigan. The VOCs and PNAs observed are commonly seen on parcels where manufacturing and warehousing operations were performed. These contaminants were also noted to be associated with the presence of broken asphalt and asphalt millings.

The property does exhibit contamination above MDEQ's Generic Cleanup Criteria, but does not preclude the property from being acquired and redeveloped as a public park. As mentioned earlier, a BEA is being conducted in order to serve as the City's innocent landowner liability protection. Furthermore, a Due Care Plan is being developed that will propose limited engineering controls, such as additional soil, delineation barrier, etc. along with a maintenance plan to be used to mitigate any potential exposure to the public. Based on the information examined to date, I recommend that the city move forward with acquiring 3801 West Jefferson as part of Riverside Park planned expansion.

cc: Eric Jones, Director – BSEED
David Bell, Deputy Director – BSEED
file