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Appraisal of Michigan State Fairgrounds  
20110 Woodward Avenue, Detroit, Wayne County, MI 482032

Date of Report: February 16, 2018

JLL File Number: 1206-18-135954

# *Valuation and Advisory Services*



Michigan State Fairgrounds  
20110 Woodward Avenue  
Detroit, MI 482032



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February 16, 2018

Mr. Jeff Huntington  
Contract Manager  
Michigan Land Bank Fast Track Authority  
300 N. Washington Square  
Lansing, MI 48913

Re: Appraisal

Michigan State Fairgrounds  
20110 Woodward Avenue  
Detroit, Wayne County, MI 482032

File Number: 1206-18-135954

Dear Mr. Huntington:

At your request, we have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject of this appraisal is the Michigan State Fairgrounds, approximately 157.47 acres of land located in the City of Detroit. The fairgrounds officially closed in 2009 due to cost cutting measures. There are approximately 21 buildings in addition to several restroom buildings and open shelters on the property totaling 551,447 square feet, most of which are in fair to poor condition. Aside from the Agricultural Building and East Mall who are leased to a recreation center operator, all of the other buildings have been vacant since 2009. The site is zoned B-4, General Business District, and is 157.47 acres, or 6,859,393 square feet.

The client has requested a disposition value of the entire site as well as a disposition value of three separate pieces of the subject site. An aerial map depicting the three demised parcel areas is provided on the following page. As will be discussed later in this analysis, we conclude that the highest and best use for the Woodward Avenue Site and Eight Mile Road Site is to be retail development, while the State Fair Avenue Site is to be industrial development.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

## Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Disposition Value As Is - Entire Site	Fee Simple	January 12, 2018	\$3,450,000
Disposition Value As Is - Woodward Avenue Site	Fee Simple	January 12, 2018	\$2,610,000
Disposition Value As Is - Eight Mile Road Site	Fee Simple	January 12, 2018	\$3,170,000
Disposition Value As Is - State Fair Avenue Site	Fee Simple	January 12, 2018	\$2,270,000

An aerial depicting the different valuation configurations is shown next.



The entire subject property is outlined above in red. Outlined in blue are the three development sites considered in our analysis: Woodward Avenue Site, Eight Mile Road Site, and State Fair Avenue Site.

Your attention is directed to the Limiting Conditions and Assumptions section of this report. Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

## Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume our estimate of demolition costs to be accurate.
2. We assume that that cost of enviornmental remediation is accurate.
3. The property is encumbered by a rail yard lease with the Grand Trunk Western Railroad Company. This lease is terminable with no penalty, so we assume it is cancelled within 30 days of our effective date.
4. We assume that the City of Detroit Planning and Zoning Department would allow a parcel split of the main site to allow for the three parcels as depicted in the aerial map in this appraisal.
5. We were not provided information about the bus terminal located on the western portion of Woodward Avenue. We assume the bus terminal can be closed in the event of a sale at no expense to the subject owner.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

JLL Valuation & Advisory Services, LLC



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- A. Appraiser Qualifications
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## Certification Statement

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
5. JLL Valuation & Advisory Services is a wholly owned subsidiary of Jones Lang LaSalle, Inc. (JLL). We have no bias with respect to the other JLL entity involved in the subject and are not compensated or penalized in any way for favorable or unfavorable value or outcome with respect to the subject property or other parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
12. The appraisers have not performed any prior services regarding the subject within the previous three years of the appraisal date.
13. Eric Enloe, MAI, CRE, FRICS, has made an inspection of the subject property. Joseph M. Miller has not personally inspected the subject property.
14. Significant real property appraisal assistance was provided by Heather Bear and Dave MacDonald who have not signed this certification.



15. As of the date of this report, Eric Enloe, MAI, CRE, FRICS, has completed the continuing education program for Designated Members of the Appraisal Institute.
16. As of the data of this report, Joseph M. Miller has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



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## Summary of Salient Facts and Conclusions

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### Part One

Property Name	Michigan State Fairgrounds
Address	20110 Woodward Avenue Detroit, Wayne County, Michigan 482032
Property Type	Commercial
Owner of Record	State Fair Grounds
Tax ID	0100985573
<hr/>	
<i>Land Area - Entire Site</i>	<i>157.47 acres ; 6,859,393 SF</i>
Land Area - Woodward Avenue Site	16.00 acres; 696,960 SF
Land Area - Eight Mile Road Site	16.00 acres; 696,960 SF
Land Area - State Fair Avenue Site	125.47 acres; 5,465,473 SF
Number of Buildings	21 plus restroom buildings and open shelters
Gross Building Area (SF)	551,447
Year Built	Various; most estimated 1950s
<hr/>	
Zoning Designation	B-4; General Business District
Highest & Best Use - As If Vacant	Retail and Industrial
Highest & Best Use - As Improved	Retail and Industrial Development
Exposure Time; Marketing Period	18-30 months; 18-30 months
Date of Report	February 16, 2018

### Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Disposition Value As Is - Entire Site	Fee Simple	January 12, 2018	\$3,450,000
Disposition Value As Is - Woodward Avenue Site	Fee Simple	January 12, 2018	\$2,610,000
Disposition Value As Is - Eight Mile Road Site	Fee Simple	January 12, 2018	\$3,170,000
Disposition Value As Is - State Fair Avenue Site	Fee Simple	January 12, 2018	\$2,270,000

The values reported above are subject to definitions, assumptions and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than the client and intended users may use or rely on the information, opinions and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions and limiting conditions contained therein.

An aerial depicting the different valuation configurations is shown next.



The entire subject property is outlined above in red. Outlined in blue are the three development sites considered in our analysis: Woodward Avenue Site, Eight Mile Road Site, and State Fair Avenue Site.

### Extraordinary Assumptions & Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume our estimate of demolition costs to be accurate.
2. We assume that that cost of environmental remediation is accurate.
3. The property is encumbered by a rail yard lease with the Grand Trunk Western Railroad Company. This lease is terminable with no penalty, so we assume it is cancelled within 30 days of our effective date.
4. We assume that the City of Detroit Planning and Zoning Department would allow a parcel split of the main site to allow for the three parcels as depicted in the aerial map in this appraisal.
5. We were not provided information about the bus terminal located on the western portion of Woodward Avenue. We assume the bus terminal can be closed in the event of a sale at no expense to the subject owner.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

## Introduction

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The subject of this appraisal is the Michigan State Fairgrounds, approximately 157.47 acres of land located in the City of Detroit. The fairgrounds officially closed in 2009 due to cost cutting measures. There are approximately 21 buildings in addition to several restroom buildings and open shelters on the property totaling 551,447 square feet, most of which are in fair to poor condition. Aside from the Agricultural Building and East Mall who are leased to a recreation center operator, all of the other buildings have been vacant since 2009. The site is zoned B-4, General Business District, and is 157.47 acres, or 6,859,393 square feet.

### Subject Identification

Name	Michigan State Fairgrounds
Address	20110 Woodward Avenue, Detroit, Wayne County, MI 482032
Tax ID	0100985573
Owner of Record	State Fair Grounds
Legal Description	See Appendix

### Ownership and Transaction History

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To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

### Pending Transactions

A purchase agreement between the Michigan Land Bank Fast Track Authority and Magic Plus, LLC was executed on October 10, 2013, for \$4,650,000 or the aggregate present value calculated per the Purchase Agreement if closed by January 15, 2015, was defaulted upon or expired on June 30, 2017. Had a closing occurred after January 15, 2015, the purchase price would have been increased by 40% of the Detroit Sewerage charges incurred and 100% of all other costs incurred by the Michigan Land Bank Fast Track Authority after January 15, 2015.

The Purchase Agreement required a Development Agreement be executed between the Michigan Land Bank Fast Track Authority and Magic Plus, LLC which occurred on June 26, 2014. The Development Agreement set forth several Performance Requirements that Magic Plus, LLC must complete. The deadline to complete these was May 31, 2017, and the responsibilities were not completed. Based on our conversations with Patrick Ennis of Michigan Land Bank Fast Track Authority, he did not indicate that the purchase was likely to close.

## Scope of Work

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According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s).

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report.

### Summary

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#### Research

- We inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

#### Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

## Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations.

## Client, Intended Use, and User(s)

Client: Michigan Land Bank Fast Track Authority

Intended Use: The intended use of the appraisal is for asset valuation purposes.

Intended User(s): The intended user of the appraisal is Michigan Land Bank Fast Track Authority. The appraisal is not intended for any other use or user. No party or parties other than Michigan Land Bank Fast Track Authority may use or rely on the information, opinions, and conclusions contained in this report.

## Purpose of the Appraisal

The purpose of the appraisal is to estimate the Subject's:

Appraisal Premise	Interest Appraised	Date of Value
Disposition Value As Is - Entire Site	Fee Simple	January 12, 2018
Disposition Value As Is - Woodward Avenue Site	Fee Simple	January 12, 2018
Disposition Value As Is - Eight Mile Road Site	Fee Simple	January 12, 2018
Disposition Value As Is - State Fair Avenue Site	Fee Simple	January 12, 2018

The date of the report is February 16, 2018. The appraisal is valid only as of the state effective date or dates.

## Approaches to Value

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Applicability and utilization of the approaches in this assignment is described as follows.

<b>Approach</b>	<b>Description</b>	<b>Applicability</b>	<b>Utilization</b>
Cost	A cost approach is most applicable in valuing new or proposed construction when the improvements represent the highest and best use of the land and the land value, cost new and depreciation are well supported.	Not Applicable	Not Utilized
Sales Comparison	A sales approach is most applicable when sufficient data on recent market transactions is available and there is an active market for the property type.	Applicable	Utilized
Income	An income approach is most applicable when the subject is an income producing property or has the ability to generate income in the future as an investment.	Not Applicable	Not Utilized

Since the highest and best use of the subject's site is the demolition of all structures, only the Sales Comparison Approach is relevant.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services.

- We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

## Report Option

Based on the intended users understanding of the subject's physical, economic and legal characteristics, and the intended use of this appraisal, an appraisal report format was used, as defined below.

Appraisal Report	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
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## Definition of Values

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Market Value	<p>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 the passing of title from seller to buyer under conditions whereby:</p> <ul style="list-style-type: none"> <li>■ Buyer and seller are typically motivated;</li> <li>■ Both parties are well informed or well advised, and acting in what they consider their own best interests;</li> <li>■ A reasonable time is allowed for exposure in the open market;</li> <li>■ Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and</li> <li>■ 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.</li> </ul>
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Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

As Is Market Value	<p>The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal's effective date.</p>
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Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471

## Definition of Property Rights Appraised

Fee simple estate	<p>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.</p>
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Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

## Definition of Disposition Value

Disposition Value is defined by *The Dictionary of Real Estate* (5<sup>th</sup> Edition pg. 59) as:

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a future exposure time specified by the client.
2. The property is subject to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.



6. Both parties are acting in what they consider their best interests.
7. Ad adequate marketing effort will be made during the exposure time specified by the client.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

### Inspection

Eric Enloe, MAI, CRE, FRICS, performed an inspection on January 12, 2018. Joseph M. Miller did not personally inspect the subject property.

### Significant Appraisal Assistance

It is acknowledged that Dave MacDonald made a significant professional contribution by reviewing this appraisal, and Heather Bear made a significant professional contribution to this appraisal, consisting of conducting research on the subject and transactions involving comparable properties, performing appraisal analyses, and assisting in report writing, under the supervision of the persons signing the report.

## Area Demographics and Market Analysis

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### Detroit MSA Area Demographics

The subject is located in the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area, hereinafter called the Detroit MSA, as defined by the U.S. Office of Management and Budget. The Detroit MSA is 3,888 square miles in size, and is the fourteenth most populous metropolitan area in the nation.

### Population

The Detroit MSA has an estimated 2017 population of 4,287,708, which represents about the same population compared to the 2010 census amount of 4,296,250 over the 2010 - 2017 period, and its annual growth rate is less than that of the state of Michigan.

### Population Trends

	Population			Compound Ann. % Chng	
	2010 Census	2017 Est.	2022 Est.	2010 - 2017	2017 - 2022
Detroit MSA	4,296,250	4,287,708	4,311,068	0.0%	0.1%
Michigan	9,883,640	9,954,631	10,067,335	0.1%	0.2%

Source: Esri 2018. Compiled by JLL Valuation & Advisory Services, LLC.

Looking forward, the Detroit MSA's population is projected to increase at a 0.1% annual rate from 2017 - 2022, equivalent to the addition of an average of 4,672 residents per year. The Detroit MSA growth rate is expected to lag that of Michigan, which is projected to be 0.2%.

### Employment

The current estimate of total employment in the Detroit MSA is 1,936,000 jobs. Since 2006, employment declined by 64,400 jobs, equivalent to a 3.2% loss over the entire period. There were gains in employment in five of the past ten years despite the national economic downturn and slow recovery.

The Detroit MSA's rate of change in employment underperformed the state of Michigan, which experienced a decline in employment of 1.9% or 83,100 over this period.

## Employment Trends

Year	Total Employment (Annual Average)				Unemployment Rate (Ann. Avg.)	
	Detroit MSA	Change	Michigan	Change	Detroit MSA	Michigan
2006	2,000,400		4,326,800		7.1%	7.0%
2007	1,962,300	-1.9%	4,268,100	-1.4%	7.2%	7.0%
2008	1,899,300	-3.2%	4,162,500	-2.5%	8.2%	8.0%
2009	1,741,600	-8.3%	3,870,800	-7.0%	15.1%	13.7%
2010	1,736,200	-0.3%	3,863,600	-0.2%	13.9%	12.6%
2011	1,785,200	2.8%	3,952,100	2.3%	11.4%	10.4%
2012	1,832,600	2.7%	4,033,700	2.1%	10.1%	9.1%
2013	1,866,900	1.9%	4,109,700	1.9%	9.8%	8.8%
2014	1,898,100	1.7%	4,182,000	1.8%	8.3%	7.3%
2015	1,936,000	2.0%	4,243,700	1.5%	6.2%	5.4%
<b>Overall Change 2006-2015</b>	<b>-64,400</b>	<b>-3.2%</b>	<b>-83,100</b>	<b>-1.9%</b>		
Avg Unemp. Rate 2006-2015					9.7%	8.9%
Unemployment Rate - November 2017					3.7%	4.0%

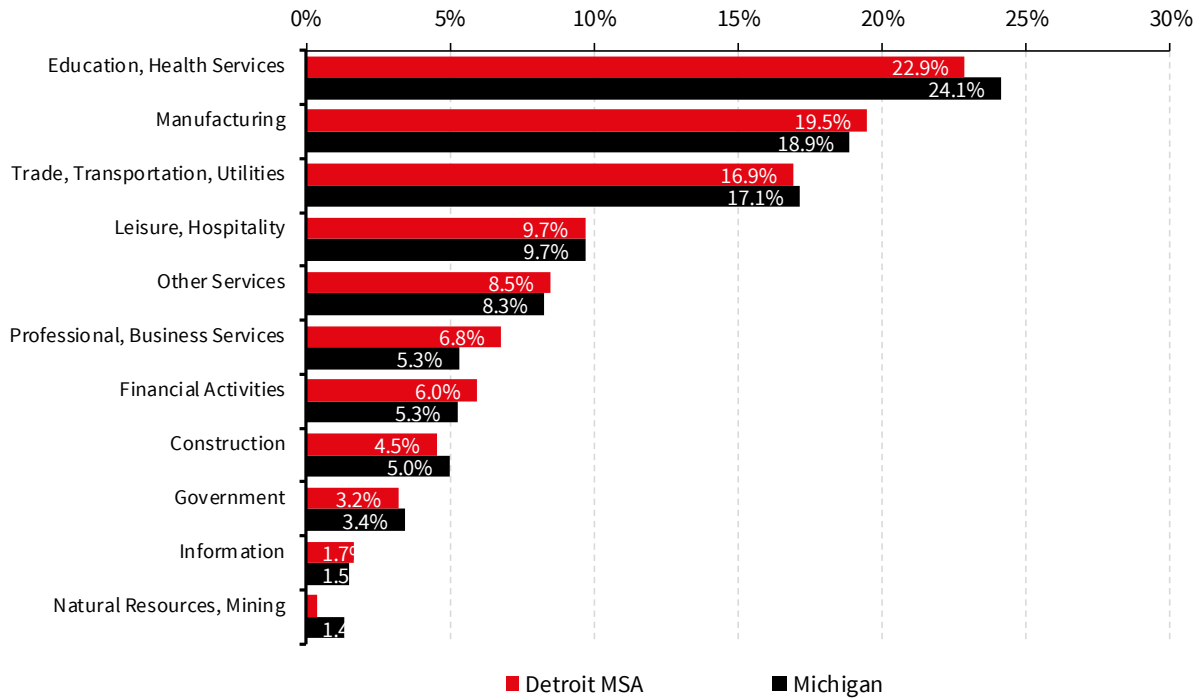
Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.

A comparison of unemployment rates is another way of gauging an area's economic health, where a higher unemployment rate is a negative indicator. Over the past decade, the Detroit MSA unemployment rate of 9.7% has been higher than the Michigan rate of 8.9%. In the latter half of the decade that trend has continued, as the Detroit MSA has consistently underperformed Michigan. Recent data shows that the Detroit MSA unemployment rate is 3.7%, in comparison to a 4.0% rate for Michigan, a positive sign for the Detroit MSA economy and one that is further magnified by the fact that the Detroit MSA has outperformed Michigan in the rate of job growth over the past two years.

## Employment Sectors

The composition of the Detroit MSA job market is illustrated in the chart below, paired with that of Michigan. Total employment for the two areas is stratified by eleven major employment sectors, ranked from largest to smallest based on the percentage of Detroit MSA jobs in each sector.

## Employment Sectors - 2017



Source: Esri 2018. Compiled by JLL Valuation & Advisory Services, LLC.

The Detroit MSA has a greater percentage employment than Michigan in the following categories:

1. Manufacturing - which accounts for 19.5% of Detroit MSA payroll employment compared to 18.9% for Michigan as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
2. Other Services - which accounts for 8.5% of Detroit MSA payroll employment compared to 8.3% for Michigan as a whole. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.
3. Professional, Business Services - which accounts for 6.8% of Detroit MSA payroll employment compared to 5.3% for Michigan as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
4. Financial Activities - which accounts for 6.0% of Detroit MSA payroll employment compared to 5.3% for Michigan as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

The Detroit MSA is underrepresented in the following categories:

1. Education, Health Services - which accounts for 22.9% of Detroit MSA payroll employment compared to 24.1% for Michigan as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.

2. Trade, Transportation, Utilities - which accounts for 16.9% of Detroit MSA payroll employment compared to 17.1% for Michigan as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric/gas/water utilities.
3. Construction - which accounts for 4.5% of Detroit MSA payroll employment compared to 5.0% for Michigan as a whole. This sector includes construction of buildings, roads, and utility systems.
4. Government - which accounts for 3.2% of Detroit MSA payroll employment compared to 3.4% for Michigan as a whole. This sector includes public administration at the federal, state, and county level, as well as other government positions.

## Major Employers

The table below contains major employers in the Detroit MSA.

### Major Employers - Detroit MSA

Name	Number of Employees
1 Ford Motor Co.	48,000
2 General Motors Corp.	37,713
3 University of Michigan	32,749
4 Chrysler Group LLC	32,514
5 Beaumont Health System	28,038
6 Beaumont Health System	18,301
7 Henry Ford Health System	17,492
8 CHE Trinity Health	14,341
9 Detroit Medical Center	13,458
10 Chrysler Group LLC	13,099
11 Rock Ventures	11,563
12 St. John Providence Health System	11,337
13 General Motors Corp.	9,687
14 Quicken Loans	9,423
15 Blue Cross Blue Shield of Michigan	6,664
16 DTE Energy Co.	6,329
17 Oakwood Healthcare Inc.	6,260
18 Wayne State University	6,010
19 Ascension	5,474
20 Comerica Bank	4,808

Source(s):

Crain's Detroit Book of Lists, July 2017; Crain's Detroit Business Book of Lists, July 2017

## Gross Domestic Product

Based on Gross Domestic Product (GDP), the Detroit MSA is the fifteenth largest metropolitan area economy in the nation.

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Detroit MSA than Michigan overall during the past nine years. The Detroit MSA has contracted at a 0.1% average annual rate while the state of Michigan has declined at a 0.2% rate. As the national economy improves, the Detroit MSA continues to outperform Michigan. GDP for the Detroit MSA rose by 2.1% in 2015 while Michigan's grew by 1.4%.

The Detroit MSA has a per capita GDP of \$51,428, which is 22.0% greater than Michigan's GDP of \$42,226. This means that the Detroit MSA industries and employers are adding relatively much more value to the economy than their peers in Michigan.

### Gross Domestic Product

Year	(\$ mil)		(\$ mil)	
	Detroit MSA	Change	Michigan	Change
2006	\$223,694		\$425,821	
2007	\$221,690	-0.9%	\$420,411	-1.3%
2008	\$208,375	-6.0%	\$398,843	-5.1%
2009	\$186,184	-10.6%	\$366,401	-8.1%
2010	\$197,260	5.9%	\$385,039	5.1%
2011	\$204,961	3.9%	\$394,564	2.5%
2012	\$210,983	2.9%	\$400,697	1.6%
2013	\$213,481	1.2%	\$406,985	1.6%
2014	\$216,657	1.5%	\$413,188	1.5%
2015	\$221,243	2.1%	\$419,045	1.4%
Compound % Chg (2006-2015)		-0.1%		-0.2%
GDP Per Capita 2015	\$51,428		\$42,226	

Source: Bureau of Economic Analysis. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

Gross Domestic Product is a measure of economic activity based on the total value of goods and services produced in a specific geographic area. The figures in the table above represent inflation adjusted "real" GDP stated in 2009 dollars.

### Household Income

The Detroit MSA has a higher level of household income than Michigan. Median household income for the Detroit MSA is \$54,007, which is 6.4% higher than Michigan.

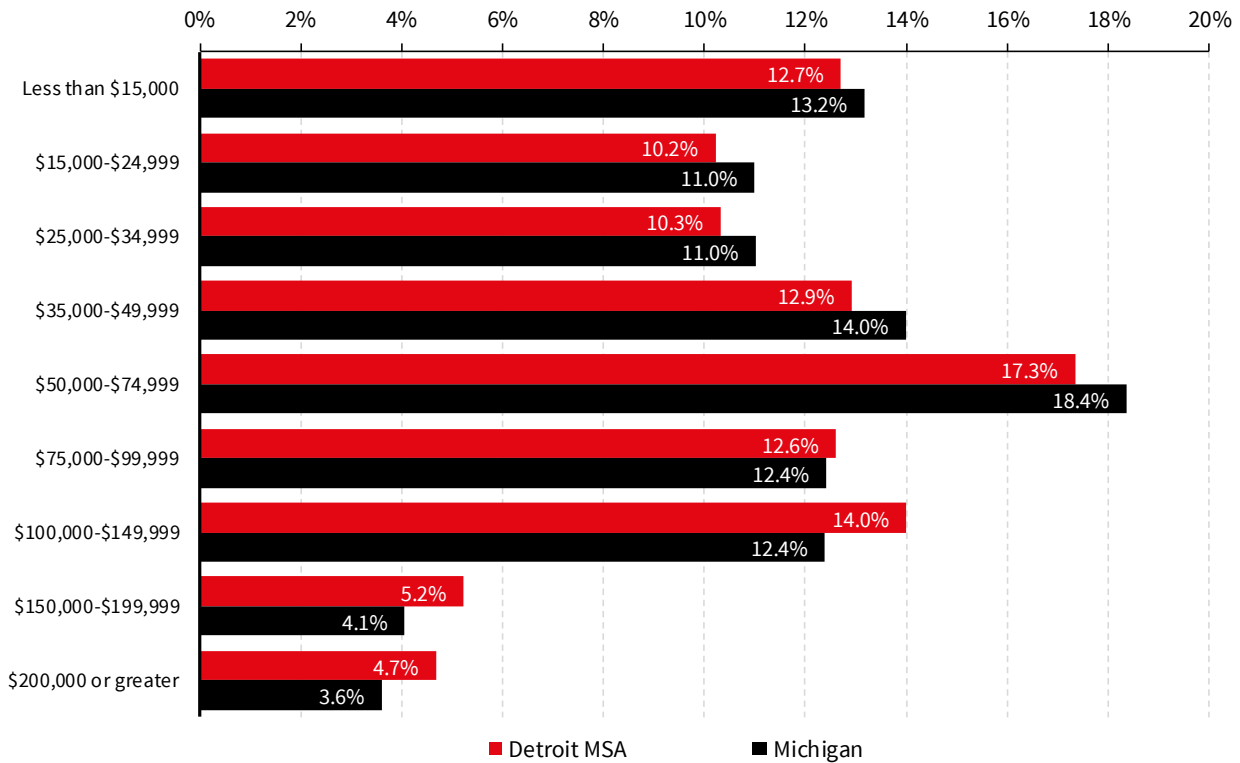
#### Median Household Income - 2017

	Median
Detroit MSA	\$54,007
Michigan	\$50,744
<b>Comparison of Detroit MSA to Michigan</b>	<b>6.4%</b>

Source: Esri 2018. Compiled by JLL Valuation & Advisory Services, LLC.

The following chart shows the distribution of households across nine income levels.

## Household Income Distribution - 2017



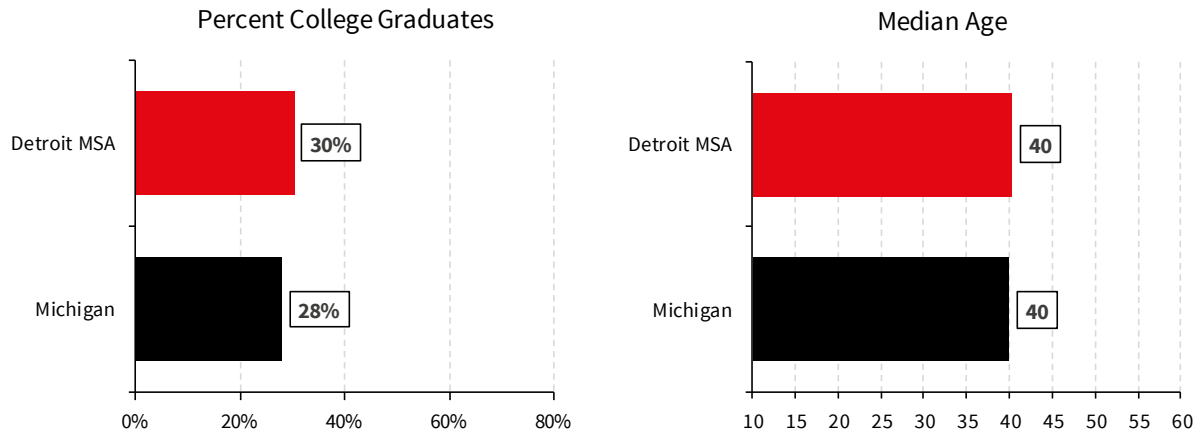
Source: Esri 2018. Compiled by JLL Valuation & Advisory Services, LLC.

The Detroit MSA has a smaller concentration of households in the lower income levels than Michigan. Specifically, 33% of the Detroit MSA households are below the \$35,000 level in household income as compared to 35% of Michigan households. A greater concentration of households exists in the higher income levels, as 37% of the Detroit MSA households are at the \$75,000 or greater levels in household income versus 32% of Michigan households.

## Education and Age

Residents of the Detroit MSA have a higher level of educational attainment than those in Michigan. An estimated 30% of the Detroit MSA residents are college graduates with four-year degrees or higher, while Michigan residents have an estimated 28% with at least a four-year degree. People in the Detroit MSA are similar in age to their peers in Michigan. The median age of both the Detroit MSA and Michigan is 40 years.

## Education & Age - 2017



Source: Esri 2018. Compiled by JLL Valuation & Advisory Services, LLC.

## Conclusion

The Detroit MSA's economy will benefit from a stable to slightly growing population base, and higher income and education levels. The employment situation in the Detroit MSA is showing somewhat conflicting signals. The number of jobs has declined during the past decade, which is exacerbated by the fact that unemployment has been greater than in Michigan over the same period. However, the declining jobs trend has reversed more recently, with the Detroit MSA showing job growth in the most recent five complete years. Furthermore, the Detroit MSA is well-positioned from being the fourteenth most populous metropolitan area in the country and having both a higher rate of GDP growth in the past nine years and a higher level of GDP per capita than Michigan overall. Based on these factors, we project that the Detroit MSA economy will improve and employment will recover, strengthening the demand for real estate.



## Retail Market Area Analysis

### Detroit Metro Area Trends and Analysis

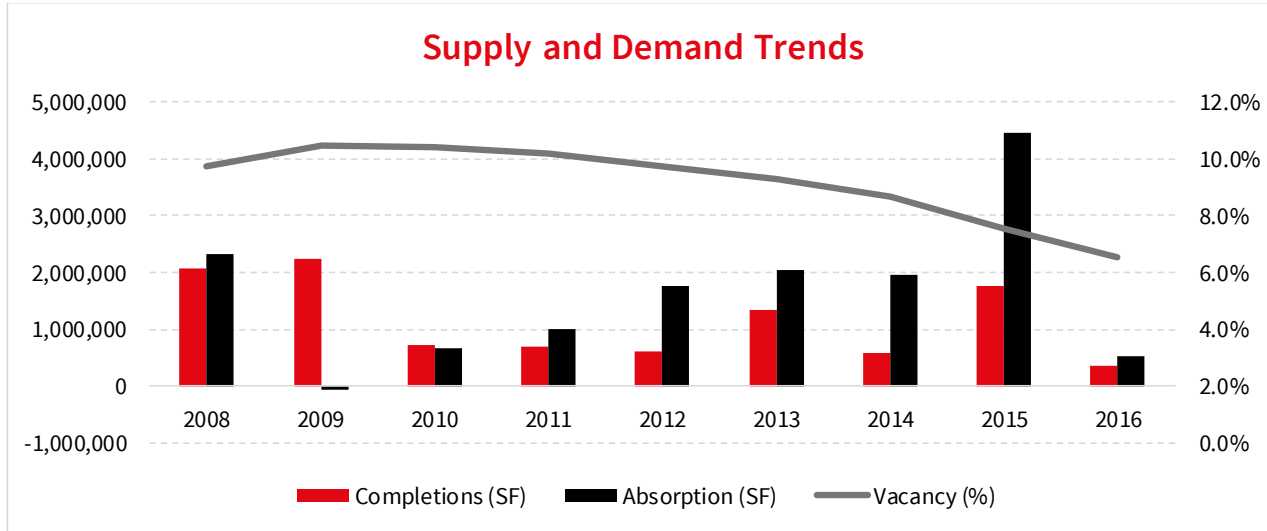
The subject is located in the Detroit metro area, as defined by CoStar. Supply and demand metrics, including inventory levels, vacancy, completions, absorption, and rental rates for all classes of space are presented in the following table.

#### Detroit Metro Retail Market Trends

Year	Inventory		Vacancy (SF)	Vacancy (%)	Completions (Bldgs)	Completions (SF)	Absorption (SF)	Inventory, Under Cons (Bldgs)	Inventory, Under Cons (SF)	Effective Rent (\$/SF)
	(Bldgs)	Inventory (SF)								
2008	26,879	269,499,857	26,303,524	9.76%	119	2,068,836	2,320,515	63	1,880,922	\$13.61
2009	26,951	271,537,982	28,403,623	10.46%	69	2,241,180	-61,974	20	375,689	\$12.42
2010	26,968	272,161,886	28,370,265	10.42%	27	712,626	657,262	24	572,656	\$11.73
2011	26,985	272,734,133	27,833,906	10.21%	25	685,971	992,916	33	571,907	\$11.62
2012	27,015	273,173,639	26,517,065	9.71%	40	594,844	1,756,347	51	1,233,578	\$11.57
2013	27,074	274,174,817	25,468,710	9.29%	64	1,346,368	2,049,533	29	450,953	\$11.52
2014	27,098	274,423,439	23,760,752	8.66%	43	571,840	1,956,580	52	1,440,080	\$11.66
2015	27,150	275,867,844	20,741,242	7.52%	82	1,757,166	4,463,915	62	1,160,441	\$11.79
2016	27,213	276,736,439	18,120,966	6.55%	30	354,508	537,902	69	964,264	\$12.61
<b>Q4 2017</b>	<b>27,295</b>	<b>277,489,996</b>	<b>16,611,671</b>	<b>5.99%</b>	<b>21</b>	<b>279,445</b>	<b>553,111</b>	<b>44</b>	<b>996,602</b>	<b>\$13.17</b>
2008 - 2016 Average	27,037	273,367,782	25,057,784	9.17%	55	1,148,149	1,630,333	45	961,166	\$12.06

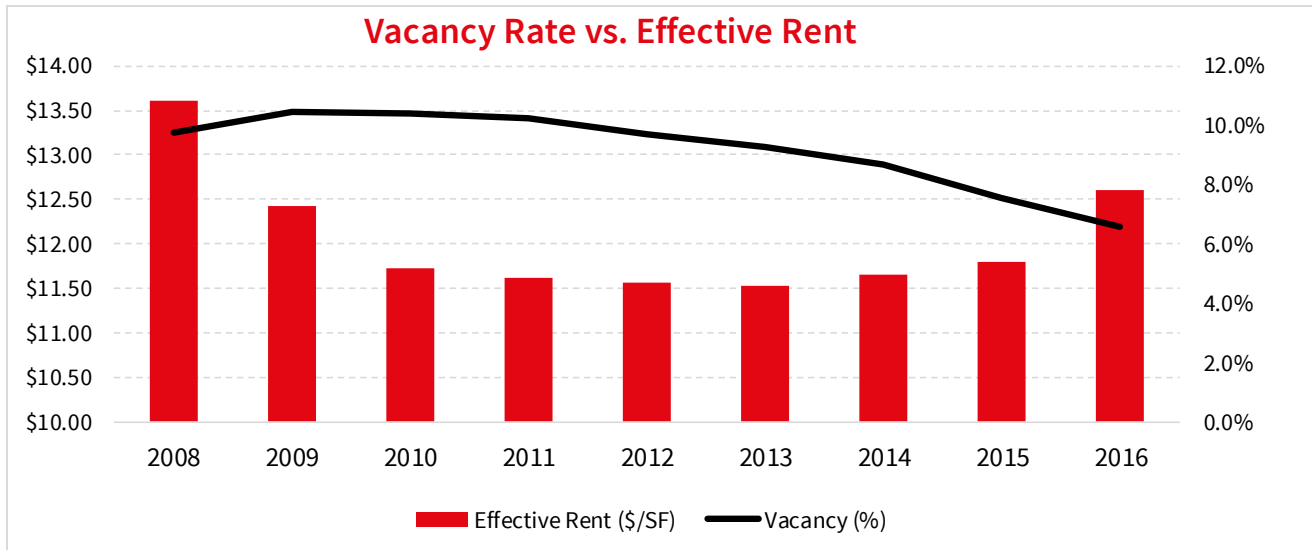
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- Inventory is currently 27,295 buildings. In the past nine complete years, inventory averaged 27,037 buildings annually and rose 1.2%. Over that same time frame, inventory increased from a minimum of 26,879 buildings in 2008 and attained a high of 27,213 buildings in 2016.
- The most recent data shows inventory is 277,489,996 SF. Over the last nine complete years, inventory had an annual average of 273,367,782 SF and increased 2.7%. During the same period, inventory rose from a minimum of 269,499,857 SF in 2008 and achieved a peak of 276,736,439 SF in 2016.
- Completions are currently 21 buildings. In the past nine complete years, completions averaged 55 buildings annually and decreased 74.8%. Over that same time frame, completions experienced a minimum of 25 buildings in 2011 and decreased from a high of 119 buildings in 2008.
- The most recent data shows completions are 279,445 SF. Over the last nine complete years, completions had an annual average of 1,148,149 SF and declined 82.9%. During the same period, completions reached a low of 354,508 SF in 2016 and attained a high of 2,241,180 SF in 2009.



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- Currently, vacancy is 16,611,671 SF. During the past nine complete years, vacancy averaged 25,057,784 SF annually and dropped 31.1%. Over that same time frame, vacancy reached a low of 18,120,966 SF in 2016 and experienced a maximum of 28,403,623 SF in 2009.
- Vacancy rates are presently 5.99%. Over the past nine complete years, vacancy rates had an annual average of 9.17% and dropped 321 bps. During the same period, vacancy rates reached a low of 6.55% in 2016 and attained a high of 10.46% in 2009.
- Currently, absorption is 553,111 SF. During the past nine complete years, absorption averaged 1,630,333 SF annually and declined 76.8%. Over that same time frame, absorption reached a low of 61,974 SF in 2009 and experienced a maximum of 4,463,915 SF in 2015.
- Under construction inventory is presently 44 buildings. Over the past nine complete years, under construction inventory had an annual average of 45 buildings and increased 9.5%. During the same period, under construction inventory experienced a minimum of 20 buildings in 2009 and attained a high of 69 buildings in 2016.
- Under construction inventory is currently 996,602 SF. In the past nine complete years, under construction inventory averaged 961,166 SF annually and declined 48.7%. Over that same time frame, under construction inventory saw a low of 375,689 SF in 2009 and decreased from a maximum of 1,880,922 SF in 2008.



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## Detroit/The Pointes Submarket Cluster Synopsis

The subject is located in the Detroit/The Pointes submarket cluster, as defined by CoStar. To effectively gauge investor interest in the subject's submarket cluster, we evaluate key supply and demand metrics in comparison to other areas for the Total Retail category in the following table.

### Detroit/The Pointes Submarket Cluster Overview: Retail Properties

Submarket Cluster	Inventory		Effective Rent		Vacancy (SF)	Completions (SF)	Absorption (SF)	Inventory, Under Cons (SF)
	(Bldgs)	Inventory (SF)	(\$/SF)	Vacancy (%)				
Bloomfield	846	10,628,461	\$21.81	3.55%	377,231	99,396	266,727	0
<b>Detroit/The Pointes</b>	<b>5,092</b>	<b>31,946,369</b>	<b>\$12.76</b>	<b>5.93%</b>	<b>1,894,061</b>	<b>2,744</b>	<b>31,822</b>	<b>205,700</b>
Downriver	1,719	15,448,597	\$12.21	6.64%	1,026,155	33,570	347,018	307,500
Flint	2,452	26,239,941	\$10.27	6.62%	1,735,792	107,847	367,331	17,139
Livingston/W Oakland	1,841	23,638,948	\$13.89	5.14%	1,214,786	217,056	260,828	19,308
Macomb	4,224	50,493,451	\$12.12	4.68%	2,364,182	410,388	1,080,306	71,374
North Oakland	1,902	23,854,163	\$13.83	10.46%	2,495,664	160,559	84,895	0
Royal Oak	1,803	12,008,467	\$15.47	6.14%	737,341	54,131	30,893	21,957
Southfield	403	8,057,857	\$15.92	10.26%	826,454	26,479	-53,322	8,900
Troy	362	8,199,217	\$22.59	2.16%	177,058	15,041	100,585	50,922
Washtenaw	1,913	18,705,464	\$15.74	2.90%	542,360	36,840	48,291	28,660
West Wayne	4,738	48,269,061	\$11.70	6.67%	3,220,587	171,811	-302,322	265,142
<b>Market Averages/Totals</b>	<b>27,295</b>	<b>277,489,996</b>	<b>\$13.17</b>	<b>5.99%</b>	<b>16,611,671</b>	<b>1,335,862</b>	<b>2,263,052</b>	<b>996,602</b>

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- Detroit/The Pointes accounts for 18.7% of overall building inventory in the metro area, which represents 11.5% of the metro area unit inventory.
- Effective rent in the Detroit/The Pointes submarket cluster is \$12.76/SF, which is 3.1% less than the metro area average of \$13.17/SF.
- The submarket cluster's vacancy rate is 5.93%, which is less than the average of 5.99% across the metro area.
- Vacancy is 1,894,061 SF in Detroit/The Pointes, which is 11.4% of the total metro area vacancy of 16,611,671 SF.

- The submarket cluster has completions averaging 2,744 SF, which is 0.2% of the metro area total of 1,335,862 SF.
- Absorption is 31,822 SF in Detroit/The Pointes, which is 1.4% of the total metro area absorption of 2,263,052 SF.
- The submarket cluster has under construction inventory averaging 205,700 SF, which is 20.6% of the metro area total of 996,602 SF.

### Detroit/The Pointes Submarket Cluster Trends and Analysis

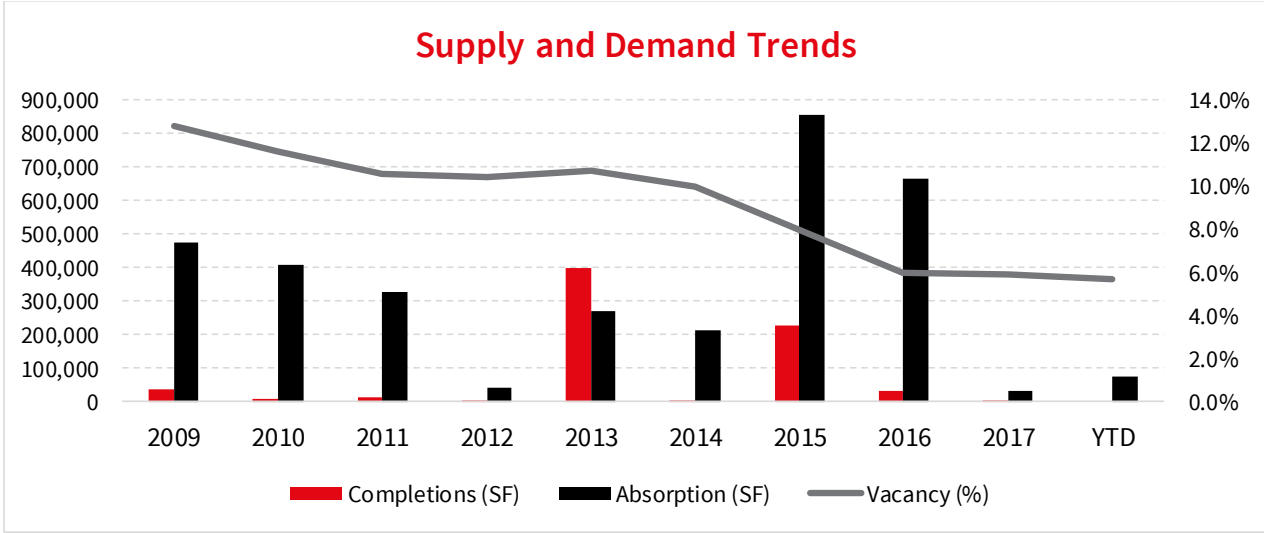
Supply and demand statistics for all classes of space in the Detroit/The Pointes submarket cluster are presented in the following table.

#### Detroit Metro, Detroit/The Pointes Submarket Cluster Trends: Retail Properties

Year	Inventory (Bldgs)	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Absorption (SF)	Completions (Bldgs)	Completions (SF)	Inventory, Under Cons (Bldgs)	Inventory, Under Cons (SF)	Base Rent Overall (\$/SF)
2009	5,092	31,394,526	4,031,175	12.80%	473,500	4	37,286	1	8,500	\$10.76
2010	5,093	31,403,026	3,632,362	11.60%	407,313	1	8,500	3	13,585	\$10.50
2011	5,096	31,416,611	3,318,966	10.60%	326,981	3	13,585	0	0	\$10.44
2012	5,097	31,418,861	3,280,450	10.40%	40,766	1	2,250	9	397,665	\$10.03
2013	5,106	31,816,798	3,408,054	10.70%	270,333	9	397,937	2	8,200	\$10.16
2014	5,107	31,820,798	3,197,073	10.00%	214,981	1	4,000	4	217,259	\$9.96
2015	5,112	32,046,671	2,568,828	8.00%	854,118	5	225,873	4	24,154	\$10.03
2016	5,117	32,079,401	1,936,725	6.00%	664,833	5	32,730	1	2,744	\$11.77
2017	5,119	32,083,745	1,905,501	5.90%	33,968	1	2,744	0	0	\$12.63
<b>YTD</b>	<b>5,119</b>	<b>32,083,745</b>	<b>1,827,975</b>	<b>5.70%</b>	<b>77,526</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$12.71</b>
2009 - 2017 Average	5,104	31,720,049	3,031,015	9.56%	365,199	3	80,545	3	74,679	\$10.70

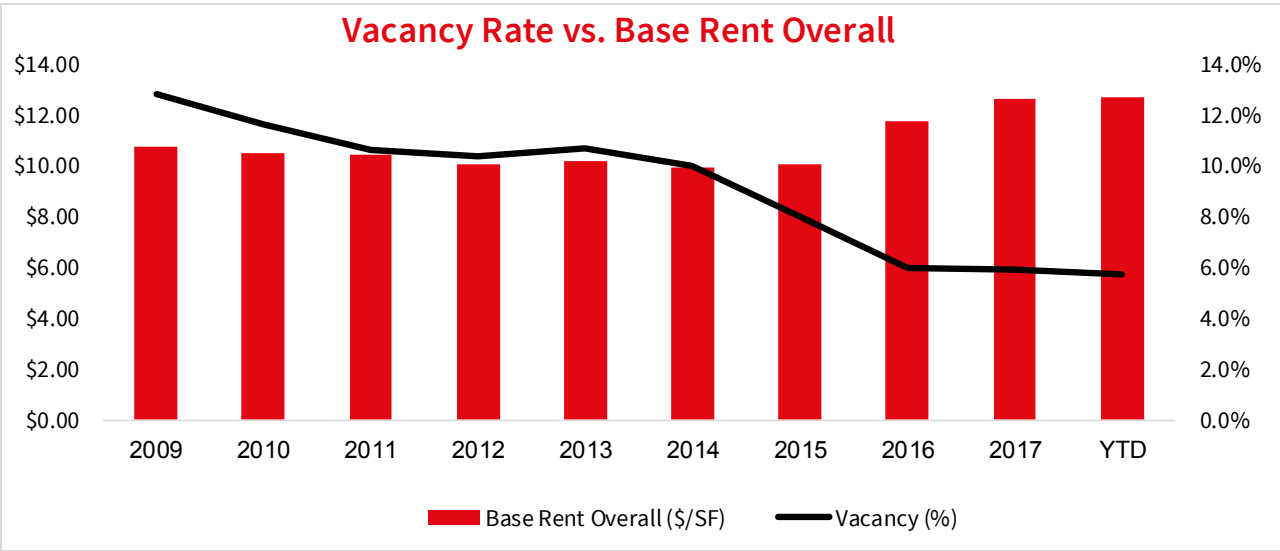
Source: ©CoStar, Inc. 2018. Reprinted with the permission of CoStar, Inc. All rights reserved. Compiled by JLL Valuation & Advisory Services, LLC. Note: CoStar's Submarket Cluster Performance Trends is derived from CoStar's Property Analytics database which is continuously updated to reflect current market conditions. These updates may result in inconsistencies when compared to CoStar's Submarket Cluster Snapshot data, which is derived from CoStar's Market Reports.

- Inventory is currently 5,119 buildings. In the past nine complete years, inventory averaged 5,104 buildings annually and rose 0.5%. Over that same time frame, inventory increased from a minimum of 5,092 buildings in 2009 and attained a high of 5,119 buildings in 2017.
- The most recent data shows inventory is 32,083,745 SF. Over the last nine complete years, inventory had an annual average of 31,720,049 SF and rose 2.2%. During the same period, inventory rose from a minimum of 31,394,526 SF in 2009 and attained a high of 32,083,745 SF in 2017.



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- Absorption is currently 77,526 SF. In the past nine complete years, absorption averaged 365,199 SF annually and decreased 92.8%. Over that same time frame, absorption experienced a minimum of 33,968 SF in 2017 and experienced a maximum of 854,118 SF in 2015.
- There were no completions in the current period. Over the last nine complete years, completions had an annual average of 3 buildings and decreased 75.0%. During the same period, completions reached a low of 1 buildings in 2010 and achieved a peak of 9 buildings in 2013.
- There were no completions in the current period. During the past nine complete years, completions averaged 80,545 SF annually and declined 92.6%. Over that same time frame, completions reached a low of 2,250 SF in 2012 and attained a high of 397,937 SF in 2013.



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- Currently, vacancy is 1,827,975 SF. During the past nine complete years, vacancy averaged 3,031,015 SF annually and dropped 52.7%. Over that same time frame, vacancy reached a low of 1,905,501 SF in 2017 and decreased from a maximum of 4,031,175 SF in 2009.
- Vacancy rates are presently 5.70%. Over the past nine complete years, vacancy rates had an annual average of 9.56% and decreased 690 bps. During the same period, vacancy rates saw a low of 5.90% in 2017 and fell from a maximum of 12.80% in 2009.
- There was no under construction inventory in the current period. Over the past nine complete years, under construction inventory had an annual average of 3 buildings and declined 100.0%. During the same period, under construction inventory achieved a peak of 9 buildings in 2012.
- There was no under construction inventory in the current period. In the past nine complete years, under construction inventory averaged 74,679 SF annually and decreased 100.0%. Over that same time frame, under construction inventory experienced a maximum of 397,665 SF in 2012.
- The most recent data shows overall base rent is \$12.71/SF. Over the last nine complete years, overall base rent had an annual average of \$10.70/SF and rose 17.4%. During the same period, overall base rent saw a low of \$9.96/SF in 2014 and experienced a maximum of \$12.63/SF in 2017.

### Detroit E of Woodward Submarket Synopsis

The subject is located in the Detroit E of Woodward submarket, as defined by CoStar. To effectively gauge investor interest in the subject's submarket, we evaluate key supply and demand metrics in comparison to other areas for the Total Retail category in the following table.

## Detroit Metro Area: Retail Properties

Submarket	Inventory		Effective Rent		Vacancy (SF)	Completions (SF)	Absorption (SF)	Inventory, Under Cons (SF)
	(Bldgs)	Inventory (SF)	(\$/SF)	Vacancy (%)				
Airport District	1,033	7,508,146	\$11.50	6.28%	471,184	27,512	-15,037	215,082
Auburn Hills	100	1,397,481	\$20.64	8.33%	116,396	38,085	26,297	0
Birmingham Area	293	3,350,953	\$32.69	2.34%	78,356	59,284	115,854	0
Bloomfield	23	323,674	0	0.45%	1,451	0	6,849	0
Bloomfield West	85	1,787,042	\$17.38	6.05%	108,035	4,673	-11,848	0
CBD	96	1,172,018	\$18.00	2.57%	30,136	0	-2,189	184,000
Central I-96 Corrido.	887	13,658,128	\$15.31	5.29%	722,667	194,959	296,454	12,848
Dearborn	1,213	12,382,642	\$14.12	2.86%	354,496	37,491	202,592	2,500
<b>Detroit E of Woodwar.</b>	<b>1,833</b>	<b>11,359,153</b>	<b>\$14.05</b>	<b>4.93%</b>	<b>559,735</b>	<b>2,744</b>	<b>-35,587</b>	<b>0</b>
Detroit W of Woodwar.	2,614	14,108,792	\$11.45	6.49%	916,045	0	70,155	0
Detroit-New Center	240	1,932,219	\$15.12	2.44%	47,111	0	-25,119	21,700
Downriver North	429	2,337,858	\$10.92	7.59%	177,361	0	1,968	0
Downriver South	1,290	13,110,739	\$12.29	6.47%	848,794	33,570	345,050	307,500
Farmington/Farm Hill.	445	5,166,792	\$16.61	3.67%	189,389	35,439	155,872	0
Flint	2,452	26,239,941	\$10.27	6.62%	1,735,792	107,847	367,331	17,139
Howell/Brighton Area	954	9,980,820	\$12.12	4.93%	492,119	22,097	-35,626	6,460
Lakes Area	893	9,483,764	\$13.39	19.45%	1,844,961	10,758	-79,541	0
Macomb East	2,387	24,871,213	\$11.15	3.49%	868,441	90,652	144,548	19,689
Macomb West	1,837	25,622,238	\$12.77	5.84%	1,495,741	319,736	935,758	51,685
Pontiac	578	7,721,891	\$11.26	4.04%	312,244	111,716	140,978	0
Rochester	331	5,251,027	\$18.23	4.23%	222,063	0	-2,839	0
Royal Oak Vicinity	1,803	12,008,467	\$15.47	6.14%	737,341	54,131	30,893	21,957
Southern I-275 Corri.	2,492	28,378,273	\$11.24	8.44%	2,394,907	106,808	-489,877	47,560
Southfield N of 10 M.	255	4,173,629	\$16.13	4.77%	198,900	26,479	29,496	8,900
Southfield S of 10 M.	148	3,884,228	\$15.18	16.16%	627,554	0	-82,818	0
The Pointes/Harper W.	309	3,374,187	\$13.27	10.11%	341,034	0	24,562	0
Troy North	85	1,083,594	\$16.69	3.44%	37,272	0	24,020	15,698
Troy South	277	7,115,623	\$25.99	1.96%	139,786	15,041	76,565	35,224
Washtenaw E of 23	679	5,713,562	\$11.28	4.25%	242,656	0	39,335	10,000
Washtenaw W of 23	1,234	12,991,902	\$21.16	2.31%	299,704	36,840	8,956	18,660
<b>Market Averages/Totals</b>	<b>27,295</b>	<b>277,489,996</b>	<b>\$13.17</b>	<b>5.99%</b>	<b>16,611,671</b>	<b>1,335,862</b>	<b>2,263,052</b>	<b>996,602</b>

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- The submarket accounts for 6.7% of overall building inventory in the metro area, which represents 4.1% of the metro area unit inventory.
- The submarket's effective rent is \$14.05/SF, which is 6.7% greater than the metro area average of \$13.17 per square foot.
- The submarket's vacancy rate is 4.93%, which is less than the average of 5.99% across the metro area.
- The submarket has vacancy averaging 559,735 SF, which is 3.4% of the metro area total of 16,611,671 SF.
- The submarket has completions averaging 2,744 SF, which is 0.2% of the metro area total of 1,335,862 SF.
- The submarket has absorption averaging 35,587 SF, which is 1.6% of the metro area total of 2,263,052 SF.
- There was no construction in the subject's submarket.

## Retail Marketplace Profile

Retail sales levels in the subject's market are a fundamental indicator of demand. Given their considerable relevance, we have studied a Retail Marketplace Profile obtained from Esri and presented a summary in the following table. The opportunity gap or surplus available represents the difference between demand (retail potential) and supply (retail sales). An opportunity gap for new retail business is present when demand exceeds supply; however, when supply is greater than demand, there is already a surplus of retail volume in the radius analyzed. A positive value in the Opportunity Gap/Surplus column conveys a retail gap, a negative value signifies a surplus. The color-coding in this column is such that the retail group with the lowest value and highest value are assigned pure red and green, respectively, with the pure yellow band indicating the retail category in the 50<sup>th</sup> percentile of the groups shown. This analysis was performed considering retail sales within a 5-mile radius of 20110 Woodward Ave, Highland Park, Michigan, 48203 2.

### Retail Marketplace Profile: 5-mile radius

Retail Store Type	Demand (Retail Potential)	Supply (Retail Sales)	Opportunity Gap/Surplus
Furniture & Home Furnishings Stores	\$131,670,318	\$96,926,260	\$34,744,058
Electronics & Appliance Stores	\$128,021,892	\$95,098,124	\$32,923,768
Bldg Materials, Garden Equip. & Supply Stores	\$264,128,974	\$288,896,580	-\$24,767,606
Food & Beverage Stores	\$718,911,638	\$657,407,751	\$61,503,887
Health & Personal Care Stores	\$288,516,607	\$717,732,562	-\$429,215,955
Gasoline Stations	\$463,462,583	\$708,381,048	-\$244,918,465
Clothing & Clothing Accessories Stores	\$206,284,938	\$198,495,444	\$7,789,494
Sporting Goods, Hobby, Book & Music Stores	\$106,473,295	\$44,789,385	\$61,683,910
General Merchandise Stores	\$620,030,291	\$345,274,896	\$274,755,395
Miscellaneous Store Retailers	\$145,533,770	\$136,547,502	\$8,986,268
Nonstore Retailers	\$71,979,497	\$23,374,959	\$48,604,538
Food Services & Drinking Places	\$417,194,164	\$541,645,315	-\$124,451,151
<b>Total Retail Sales including Eating &amp; Drinki</b>	<b>\$3,562,207,967</b>	<b>\$3,854,569,826</b>	<b>-\$292,361,859</b>

Source: Esri

- The total retail surplus between demand (retail potential) and supply (retail sales) within a 5 mile radius of the subject property is -\$292,361,859.
- There were 8 retail store categories with an opportunity gap within a 5 mile radius of the subject property.
- There were 4 retail store categories with a surplus within a 5 mile radius of the subject property.

## Detroit Construction Activity

The ensuing table contains a snapshot of construction activity and average size for all retail properties in the Detroit metro area that are under construction.



### Detroit Metro Area Retail Construction Activity

Market	Bldgs	Under Construction Inventory			Average Building Size	
		Total RBA	Preleased SF	Preleased %	All Existing	Under Cons.
Downriver	3	307,500	307,500	100.0%	8,987	102,500
West Wayne	7	265,142	242,062	91.3%	10,188	37,877
Detroit/The Pointes	4	205,700	23,178	11.3%	6,274	51,425
Macomb	8	71,374	44,091	61.8%	11,954	8,922
Troy	6	50,922	19,563	38.4%	22,650	8,487
Washtenaw	4	28,660	23,190	80.9%	9,778	7,165
Royal Oak	2	21,957	17,218	78.4%	6,660	10,978
Livingston/W Oakland	4	19,308	13,378	69.3%	12,840	4,827
Flint	4	17,139	12,411	72.4%	10,701	4,285
Southfield	2	8,900	5,215	58.6%	19,995	4,450
All Other	0	0	0	0.0%	12,548	0
<b>Totals</b>	<b>44</b>	<b>996,602</b>	<b>707,806</b>	<b>71.0%</b>	<b>10,166</b>	<b>22,650</b>

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The following table shows a summary of recent completions by building size for all retail properties in the Detroit metro area.

### Retail Properties: Recent Completions by Size of YTD Development

Market	Bldgs	Under Construction Inventory			Average Building Size		
		RBA	Leased SF	Leased %	Avg. Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	95	949,387	783,741	82.6%	\$26.32	475,743	473,644
50,000 SF - 99,999 SF	1	87,646	87,646	100.0%	\$0.00	87,646	0
100,000 SF - 249,999 SF	2	306,491	306,491	100.0%	\$0.00	108,491	198,000
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

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### Retail Market Summary and Conclusions

From a retail standpoint, the most significant development relative to the subject is Gateway Marketplace that is located adjacent to the northwest portion of the subject site. This community center was delivered in 2013 and includes tenants such as Meijer, Planet Fitness, Payless ShoeSource, Five Below, Starbucks, and McDonald's. According to local market participants, this property appears to be performing well which holds well for the subject land along Eight Mile Road.

Based on influential overall market and submarket area trends, construction outlook, and the performance of competing properties, JLL expects the mix of property fundamentals and economic conditions in the Detroit metro area to have a positive impact on the subject property's performance in the near-term.

## Industrial Market Area Analysis

### Detroit Metro Area Trends and Analysis

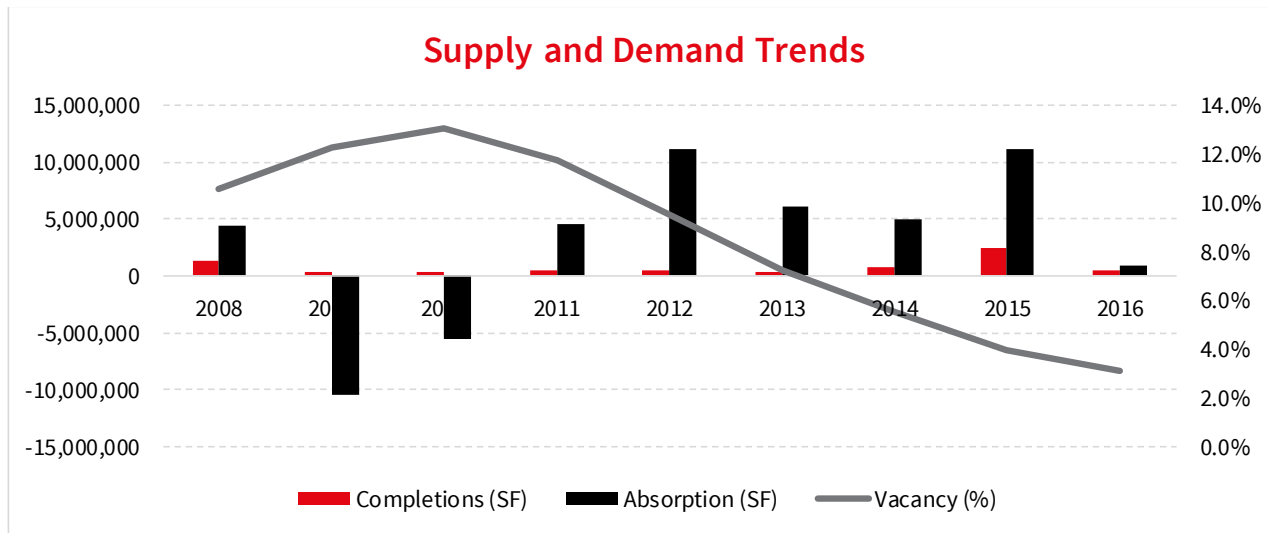
The subject is located in the Detroit metro area, as defined by CoStar. Supply and demand metrics, including inventory levels, vacancy, completions, absorption, and rental rates for all classes of space are presented in the following table.

#### Detroit Metro Industrial Market Trends

Year	Inventory		Vacancy (SF)	Vacancy (%)	Completions (Bldgs)	Completions (SF)	Absorption (SF)	Inventory, Under Cons (Bldgs)	Inventory, Under Cons (SF)	Effective Rent (\$/SF)
	(Bldgs)	Inventory (SF)								
2008	16,983	596,113,861	63,012,978	10.57%	22	1,270,445	4,468,232	12	482,678	\$5.06
2009	16,983	595,687,900	72,998,049	12.25%	10	379,974	-10,411,032	3	123,704	\$4.74
2010	16,976	594,979,559	77,848,401	13.08%	4	363,704	-5,558,693	4	751,336	\$4.53
2011	16,957	590,914,512	69,261,176	11.72%	3	466,336	4,522,178	3	408,475	\$4.35
2012	16,948	588,779,988	55,906,766	9.50%	4	459,312	11,219,886	5	603,187	\$4.46
2013	16,941	581,046,831	42,085,409	7.24%	4	318,187	6,088,200	11	1,199,385	\$4.61
2014	16,940	575,838,647	31,889,138	5.54%	8	728,607	4,988,087	21	2,659,366	\$4.80
2015	16,958	577,769,910	22,722,149	3.93%	21	2,411,626	11,098,252	21	1,966,300	\$4.97
2016	16,973	579,038,039	17,897,396	3.09%	6	494,600	935,837	35	3,336,526	\$5.29
<b>Q4 2017</b>	<b>17,009</b>	<b>582,709,662</b>	<b>17,343,873</b>	<b>2.98%</b>	<b>9</b>	<b>1,843,962</b>	<b>3,224,288</b>	<b>38</b>	<b>4,850,572</b>	<b>\$5.82</b>
2008 - 2016 Average	16,962	586,685,472	50,402,385	8.55%	9	765,866	3,038,994	13	1,281,217	\$4.76

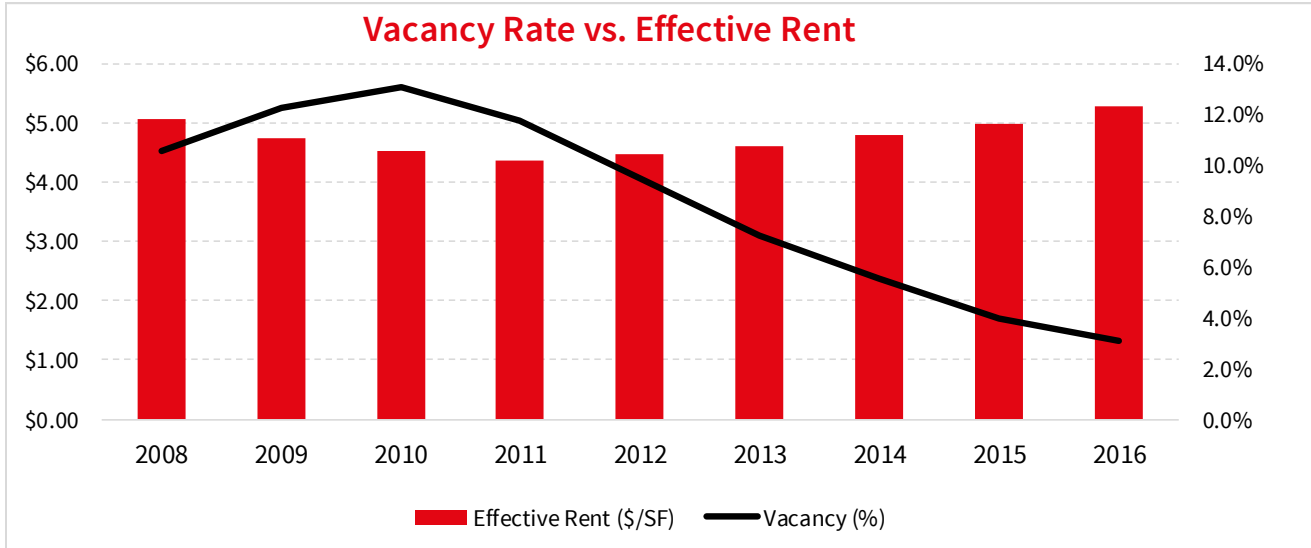
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- Inventory is currently 17,009 buildings. In the past nine complete years, inventory averaged 16,962 buildings annually and declined 0.1%. Over that same time frame, inventory experienced a minimum of 16,940 buildings in 2014 and decreased from a high of 16,983 buildings in 2008.
- The most recent data shows completions are 1,843,962 SF. Over the last nine complete years, completions had an annual average of 765,866 SF and decreased 61.1%. During the same period, completions experienced a minimum of 318,187 SF in 2013 and attained a high of 2,411,626 SF in 2015.



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- Completions are currently 9 buildings. In the past nine complete years, completions averaged 9 buildings annually and decreased 72.7%. Over that same time frame, completions saw a low of 3 buildings in 2011 and decreased from a high of 22 buildings in 2008.



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### Detroit Area Submarket Cluster Synopsis

The subject is located in the Detroit Area submarket cluster, as defined by CoStar. To effectively gauge investor interest in the subject’s submarket cluster, we evaluate key supply and demand metrics in comparison to other areas for the Total Industrial category in the following table.

- Detroit Area accounts for 11.1% of overall building inventory in the metro area, which represents 15.1% of the metro area unit inventory.
- Effective rent in the Detroit Area submarket cluster is \$4.22/SF, which is 27.5% less than the metro area average of \$5.82.
- The submarket cluster's vacancy rate is 3.84%, which is greater than the average of 2.98% across the metro area.
- Vacancy is 3,376,085 SF in Detroit Area, which is 19.5% of the total metro area vacancy of 17,343,873 SF.
- There were no completions registered in the subject's submarket cluster.
- Absorption is 316,637 SF in Detroit Area, which is 7.5% of the total metro area absorption of 4,221,946 SF.
- The submarket cluster has under construction inventory averaging 350,000 SF, which is 7.2% of the metro area total of 4,850,572 SF.

## Detroit Area Submarket Cluster Trends and Analysis

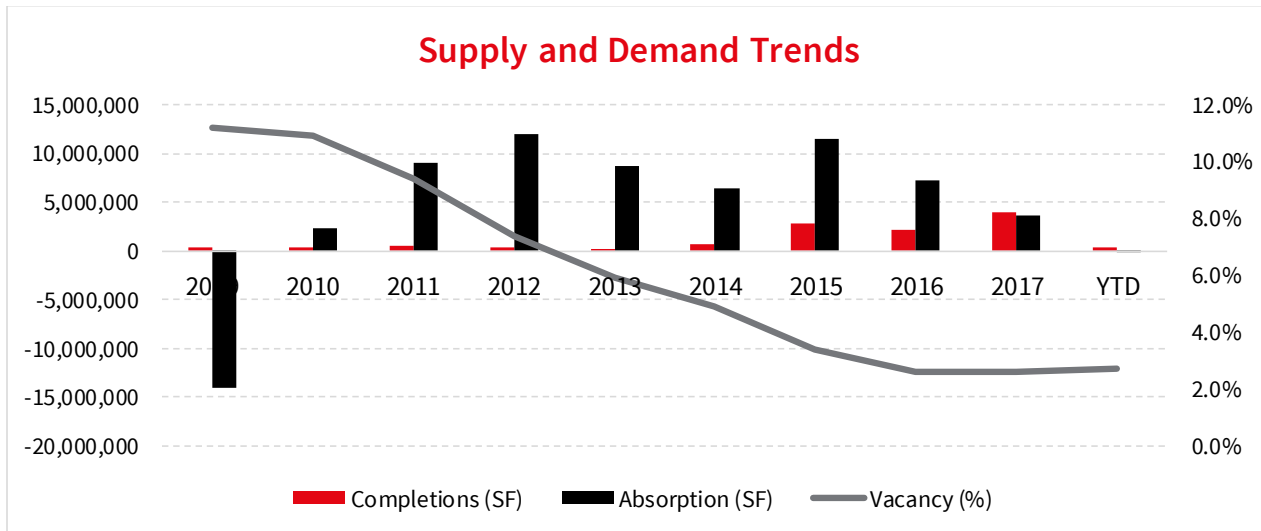
Supply and demand statistics, for all classes of space in the Detroit Area submarket cluster are presented in the following table.

### Detroit Metro, Detroit Area Submarket Cluster Trends: Industrial Properties

Year	Inventory (Bldgs)	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Absorption (SF)	Completions (Bldgs)	Completions (SF)	Inventory, Under Cons (Bldgs)	Inventory, Under Cons (SF)	Base Rent Overall (\$/SF)
2009	17,135	580,846,626	65,212,188	11.20%	-14,075,030	12	391,254	3	111,704	\$4.25
2010	17,140	581,210,812	63,254,772	10.90%	2,321,602	5	364,186	4	751,336	\$4.06
2011	17,144	581,687,762	54,730,470	9.40%	9,001,252	4	476,950	2	340,000	\$3.89
2012	17,147	582,078,599	43,044,864	7.40%	12,076,443	3	390,837	4	546,860	\$3.92
2013	17,150	582,340,459	34,528,475	5.90%	8,778,249	3	261,860	10	1,079,726	\$3.99
2014	17,157	582,949,407	28,789,573	4.90%	6,347,850	7	608,948	20	2,654,366	\$4.13
2015	17,182	585,789,193	20,101,934	3.40%	11,527,425	25	2,839,786	20	1,887,838	\$4.40
2016	17,210	587,941,005	15,050,322	2.60%	7,203,424	28	2,151,812	31	3,175,756	\$4.75
2017	17,251	591,920,917	15,370,079	2.60%	3,655,600	40	3,976,712	3	351,600	\$5.24
<b>YTD</b>	<b>17,254</b>	<b>592,272,517</b>	<b>15,806,576</b>	<b>2.70%</b>	<b>-84,897</b>	<b>2</b>	<b>344,000</b>	<b>0</b>	<b>0</b>	<b>\$5.27</b>
2009 - 2017 Average	17,168	584,084,976	37,786,964	6.48%	5,204,091	14	1,273,594	11	1,211,021	\$4.29

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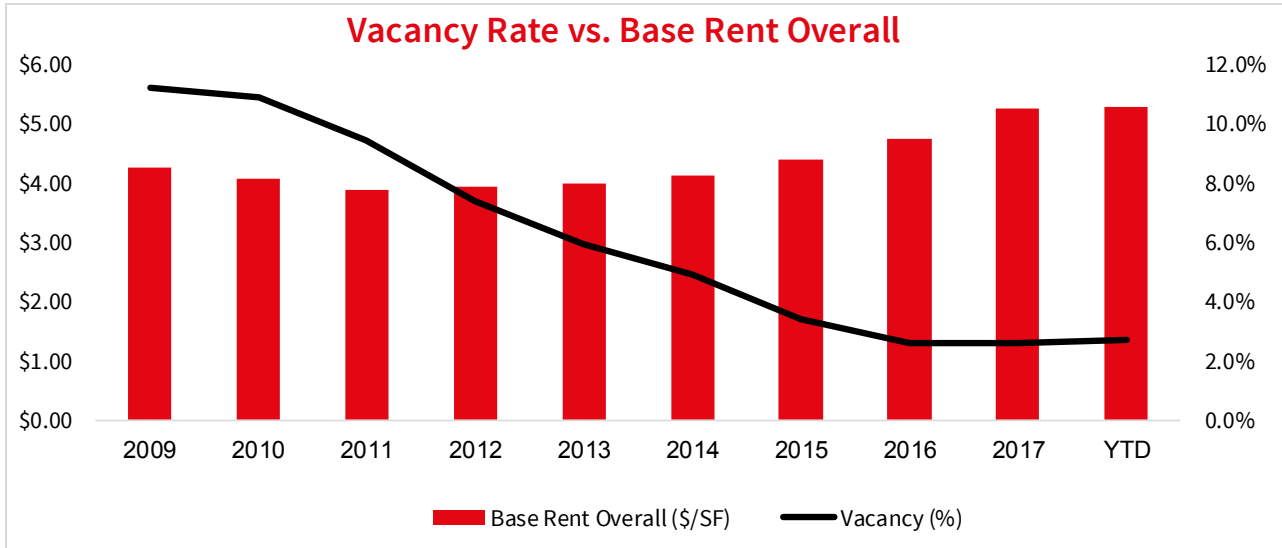
- Inventory is currently 17,254 buildings. In the past nine complete years, inventory averaged 17,168 buildings annually and increased 0.7%. Over that same time frame, inventory increased from a minimum of 17,135 buildings in 2009 and attained a high of 17,251 buildings in 2017.
- The most recent data shows inventory is 592,272,517 SF. Over the last nine complete years, inventory had an annual average of 584,084,976 SF and rose 1.9%. During the same period, inventory rose from a minimum of 580,846,626 SF in 2009 and achieved a peak of 591,920,917 SF in 2017.



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- Absorption is currently -84,897 SF. In the past nine complete years, absorption averaged 5,204,091 SF annually and rose 126.0%. Over that same time frame, absorption increased from a minimum of -14,075,030 SF in 2009 and experienced a maximum of 12,076,443 SF in 2012.

- The most recent data shows completions are 2 buildings. Over the last nine complete years, completions had an annual average of 14 buildings and rose 233.3%. During the same period, completions experienced a minimum of 3 buildings in 2012 and attained a high of 40 buildings in 2017.
- Currently, completions are 344,000 SF. During the past nine complete years, completions averaged 1,273,594 SF annually and increased 916.4%. Over that same time frame, completions experienced a minimum of 261,860 SF in 2013 and achieved a peak of 3,976,712 SF in 2017.



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- Currently, vacancy is 15,806,576 SF. During the past nine complete years, vacancy averaged 37,786,964 SF annually and decreased 76.4%. Over that same time frame, vacancy experienced a minimum of 15,050,322 SF in 2016 and decreased from a maximum of 65,212,188 SF in 2009.
- Vacancy rates are presently 2.70%. Over the past nine complete years, vacancy rates had an annual average of 6.48% and dropped 860 bps. During the same period, vacancy rates experienced a minimum of 2.60% in 2016 and fell from a maximum of 11.20% in 2009.
- There was no under construction inventory in the current period. Over the past nine complete years, under construction inventory had an annual average of 11 buildings and remained stable no. During the same period, under construction inventory experienced a minimum of 2 buildings in 2011 and attained a high of 31 buildings in 2016.
- There was no under construction inventory in the current period. In the past nine complete years, under construction inventory averaged 1,211,021 SF annually and increased 214.8%. Over that same time frame, under construction inventory increased from a minimum of 111,704 SF in 2009 and attained a high of 3,175,756 SF in 2016.
- The most recent data shows overall base rent is \$5.27/SF. Over the last nine complete years, overall base rent had an annual average of \$4.29/SF and increased 23.3%. During the same period, overall base rent reached a low of \$3.89/SF in 2011 and achieved a peak of \$5.24/SF in 2017.

## Detroit West Submarket Synopsis

The subject is located in the Detroit West submarket, as defined by CoStar. To effectively gauge investor interest in the subject's submarket, we evaluate key supply and demand metrics in comparison to other areas for the Total Industrial category in the following table.

### Detroit Metro Area: Industrial Properties

Submarket	Inventory		Effective Rent		Vacancy (SF)	Completions (SF)	Absorption (SF)	Inventory, Under Cons (SF)
	(Bldgs)	Inventory (SF)	(\$/SF)	Vacancy (%)				
Airport District	1,016	48,937,070	\$5.19	2.04%	1,000,483	628,346	659,406	1,186,000
Central I-96 Corridor	1,135	31,256,040	\$7.81	3.25%	1,016,546	477,141	391,871	168,831
Dearborn Area	477	18,432,868	\$5.12	2.64%	487,493	0	72,794	0
Detroit East	754	42,368,369	\$3.95	2.67%	1,131,224	0	61,005	350,000
<b>Detroit West</b>	<b>1,141</b>	<b>45,448,598</b>	<b>\$4.36</b>	<b>4.94%</b>	<b>2,244,861</b>	<b>0</b>	<b>255,632</b>	<b>0</b>
Downriver North	286	25,507,158	\$4.33	2.05%	522,147	0	307,286	0
Downriver South	424	24,710,184	\$4.09	4.90%	1,211,904	0	-244,136	0
Farmington/Farm Hills	430	10,990,450	\$7.38	3.68%	404,002	0	88,180	0
Groesbeck Central	810	15,139,905	\$5.49	2.11%	319,140	0	-40,221	0
Groesbeck North	1,096	29,505,233	\$6.03	1.94%	571,081	488,114	475,643	865,426
Groesbeck South	974	19,155,821	\$4.59	3.45%	660,715	0	303,519	30,000
Howell/Brighton Area	558	14,725,436	\$6.23	2.36%	348,125	0	-133,752	107,000
I-75 Corr/N Oakland	1,062	46,036,025	\$7.31	4.98%	2,290,633	132,066	197,385	509,446
Lakes Area	366	7,399,058	\$5.59	2.15%	159,414	71,000	99,672	0
Livonia	1,101	41,286,735	\$6.10	2.95%	1,217,253	1,050,000	1,106,166	934,350
Royal Oak Area	960	14,419,307	\$6.04	4.54%	654,745	575,000	234,481	0
Southern I-275	572	18,885,567	\$5.55	4.68%	884,403	0	-96,339	111,184
Southfield	244	5,836,030	\$6.63	5.88%	342,941	0	70,492	0
Troy Area Central	433	9,158,549	\$6.98	2.11%	193,122	0	-42,057	0
Troy Area East	579	12,520,631	\$6.72	1.81%	226,861	0	20,161	0
Troy Area West	436	9,369,442	\$6.80	2.58%	241,596	0	-1,478	0
W of Van Dyke/Macomb	1,278	59,713,551	\$6.03	0.72%	429,234	84,129	136,791	515,970
Washtenaw E of 23	235	11,700,396	\$6.97	1.94%	226,897	35,561	12,796	27,840
Washtenaw W of 23	642	20,207,239	\$9.50	2.77%	559,053	105,000	286,649	44,525
<b>Market Averages/Totals</b>	<b>17,009</b>	<b>582,709,662</b>	<b>\$5.82</b>	<b>2.98%</b>	<b>17,343,873</b>	<b>3,646,357</b>	<b>4,221,946</b>	<b>4,850,572</b>

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- The submarket accounts for 6.7% of overall building inventory in the metro area, which represents 7.8% of the metro area unit inventory.
- The submarket's effective rent is \$4.36/SF, which is 25.1% less than the metro area average of \$5.82.
- The submarket's vacancy rate is 4.94%, which is greater than the average of 2.98% across the metro area.
- The submarket has vacancy averaging 2,244,861 SF, which is 12.9% of the metro area total of 17,343,873 SF.
- There were no completions registered in the subject's submarket.
- The submarket has absorption averaging 255,632 SF, which is 6.1% of the metro area total of 4,221,946 SF.
- There was no construction in the subject's submarket.

## Detroit Construction Activity

The ensuing table contains a snapshot of construction activity and average size for all industrial properties in the Detroit metro area that are under construction.

### Detroit Metro Area Industrial Construction Activity

Market	Bldgs	Under Construction Inventory			Average Building Size	
		Total RBA	Preleased SF	Preleased %	All Existing	Under Cons.
Airport/I-275 Ind	8	2,231,534	1,074,606	48.2%	40,285	278,942
East Area Ind	17	1,411,396	1,258,420	89.2%	29,705	83,023
Oakland County NW Ind	5	509,446	271,886	53.4%	37,420	101,889
Detroit Area Ind	1	350,000	350,000	100.0%	46,341	350,000
I-96 Corridor Ind	5	275,831	131,261	47.6%	26,836	55,166
Washtenaw Ind	2	72,365	16,812	23.2%	36,383	36,182
Downriver Ind	0	0	0	0.0%	70,729	0
Troy Area Ind	0	0	0	0.0%	21,442	0
Royal Oak/Southfield Ind	0	0	0	0.0%	16,823	0
<b>Totals</b>	<b>38</b>	<b>4,850,572</b>	<b>3,102,985</b>	<b>64.0%</b>	<b>34,259</b>	<b>127,647</b>

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The following table shows a summary of recent completions by building size for all industrial properties in the Detroit metro area.

### Industrial Properties: Recent Completions by Size of YTD Development

Market	Bldgs	Under Construction Inventory			Average Building Size		
		RBA	Leased SF	Leased %	Avg. Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	17	296,170	211,636	71.5%	\$8.29	154,974	141,196
50,000 SF - 99,999 SF	12	810,767	606,762	74.8%	\$6.62	730,767	80,000
100,000 SF - 249,999 SF	5	603,315	493,920	81.9%	\$8.95	366,815	236,500
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	3	2,075,000	1,954,250	94.2%	\$6.25	1,000,000	1,075,000

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## Industrial Market Summary and Conclusions

Based on influential overall market and submarket area trends, construction outlook, and the performance of competing properties, JLL expects the mix of property fundamentals and economic conditions in the Detroit metro area to have a positive impact on the subject property's performance in the near-term.

## Surrounding Area Analysis

### Boundaries

The subject is located in the in Detroit, Michigan in the Detroit E. of Woodward submarket, which is generally bound as follows:

North	8 Mile Road
South	Detroit River
East	Moross Road
West	Woodward Avenue

### Surrounding Demographics

A snapshot of the surrounding area demographics, including population, households, and income data, is displayed in the following table.

#### Surrounding Area Demographics

2017 Estimates	1 mile radius	3 mile radius	5 mile radius	Detroit MSA	Michigan
Population 2010	9,549	149,431	429,828	4,296,250	9,883,640
Population 2017	9,237	145,087	416,317	4,287,708	9,954,631
Population 2022	9,115	143,790	412,398	4,311,068	10,067,335
Compound % Change 2010 - 2017	-0.5%	-0.4%	-0.5%	0.0%	0.1%
Compound % Change 2017 - 2022	-0.3%	-0.2%	-0.2%	0.1%	0.2%
Households 2010	4,244	61,650	171,215	1,682,111	3,872,508
Households 2017	4,146	60,522	167,141	1,690,248	3,921,078
Households 2022	4,104	60,219	166,174	1,705,416	3,975,704
Compound % Change 2010 - 2017	-0.3%	-0.3%	-0.3%	0.1%	0.2%
Compound % Change 2017 - 2022	-0.2%	-0.1%	-0.1%	0.2%	0.3%
Median Household Income	\$43,874	\$38,003	\$38,195	\$54,007	\$50,744
Average Household Size	2.2	2.4	2.5	2.5	2.5
College Graduate %	18%	15%	14%	30%	28%
Median Age	40	39	38	40	40
Owner Occupied %	48%	49%	47%	70%	71%
Renter Occupied %	34%	33%	34%	30%	29%
Median Home Value	\$116,404	\$83,812	\$87,851	\$150,098	\$138,856
Median Year Structure Built	1947	1949	1950	1965	1969
Avg. Travel Time to Work in Min.	-	-	-	27	24

Source: Esri 2018. Compiled by JLL Valuation & Advisory Services, LLC.

As illustrated above, the current population within a three mile radius of the subject is 145,087, and the average household size is 2.4. Population in the area has declined since the 2010 census, and this trend is expected to continue in the ensuing five years. Despite the contracting population within a three mile radius, it is estimated the Detroit MSA overall will trend in the opposite direction.



Median household income is \$38,003, which is considerably lower than the household income for the Detroit MSA as a whole. The populace within a three mile radius has a notably lower level of formal college education than residents in the Detroit MSA, and median home values in the area are also substantially lower.

## Surrounding Uses

The subject is surrounded by mostly residential communities in all directions, with a higher concentration of commercial activity to the northwest of the property located on the southeast corner of Woodward Avenue and Eight Mile Road. The following summarizes the prevalent uses in the areas surrounding the subject.

### North

Located to the north of the subject is the Ferndale neighborhood. The Ferndale neighborhood in Oakland County has grown in popularity over the past 10 years. It has developed a reputation as a haven for creative artists with boutique retail and trendy neighborhood restaurants. This neighborhood to the north is accessible via the elevated Woodward Avenue bridge over Eight Mile Road. While this bridge does provide good connectivity, its size and elevation create a perceived barrier between the subject's site and the neighborhoods to the north.

### East

The Hazel Park and Chaldean Town neighborhoods to the northeast and east of the subject's site appear depressed when compared to other surrounding residential areas. There are many abandoned and unkept homes. In addition, running along the eastern side of the subject's site is a railroad which could provide utility to an industrial development.

### South

Located to the south of the subject is Chaldean Town, which is a mix of depressed single family housing, multifamily affordable housing, and low end strip retail such as pawn shops, gas stations, and currency exchanges. This area appears neglected and is perceived by some in Detroit as unsafe.

### West

Located to the west of the subject are Woodlawn Cemetery / Palmer Woods and Sherwood single family residential. The residential neighborhoods to the west are occupied by more affluent households than the surrounding neighborhoods. These households would likely help support retail development on the property.

An aerial depicting surrounding neighborhoods is shown next.



## Demand Generators

Major employers in the area include Ford Motor Co., General Motors Co., and University of Michigan. The closest major commercial corridors to the subject is located adjacent to the subject's northwest portion along Woodward Avenue and West Eight Mile Road known as Gateway Marketplace; providing above average supporting retail and entertainment services. Development activity in the immediate area has been predominantly of retail and residential uses. Retail development includes the aforementioned community center, Gateway Marketplace, delivered in 2013. Tenants at this community center include: Meijer, Planet Fitness, Payless ShoeSource, Five Below, Starbucks, and McDonald's. This retail development has potential to be major drawing power to the subject's site. Specific residential projects have included the development of Waters Edge, a 134 unit multi-family apartment complex located at 3500 E. Jefferson Avenue. Waters Edge was completed in January of 2016. In addition, to Waters Edge, another multi-family apartment complex, The Thome Rivertown Neighborhood Rentals, was constructed and completed in May of 2016. This apartment complex is made up of approximately 130 units and is located at 3109 Wight Street. Development has been increasing in the last three years. Finally, the subject has above average area linkages providing access to commercial job centers and surrounding commercial districts.

## Access and Linkages

Interstate-75 and Interstate-94 provide access to the subject from the greater Detroit metro area. The subject has average access to public transportation including bus. The nearest bus stop is located at Woodward & State Fairgrounds which is on the northwestern edge of the subject. Additionally, the subject has a walk score of 49 indicating a below average walkability factor. The subject is most commonly accessed via car.

The nearest commercial airport is the Detroit Metropolitan Wayne County Airport and is located within 25 miles of the subject property.

## Safety and Support Services

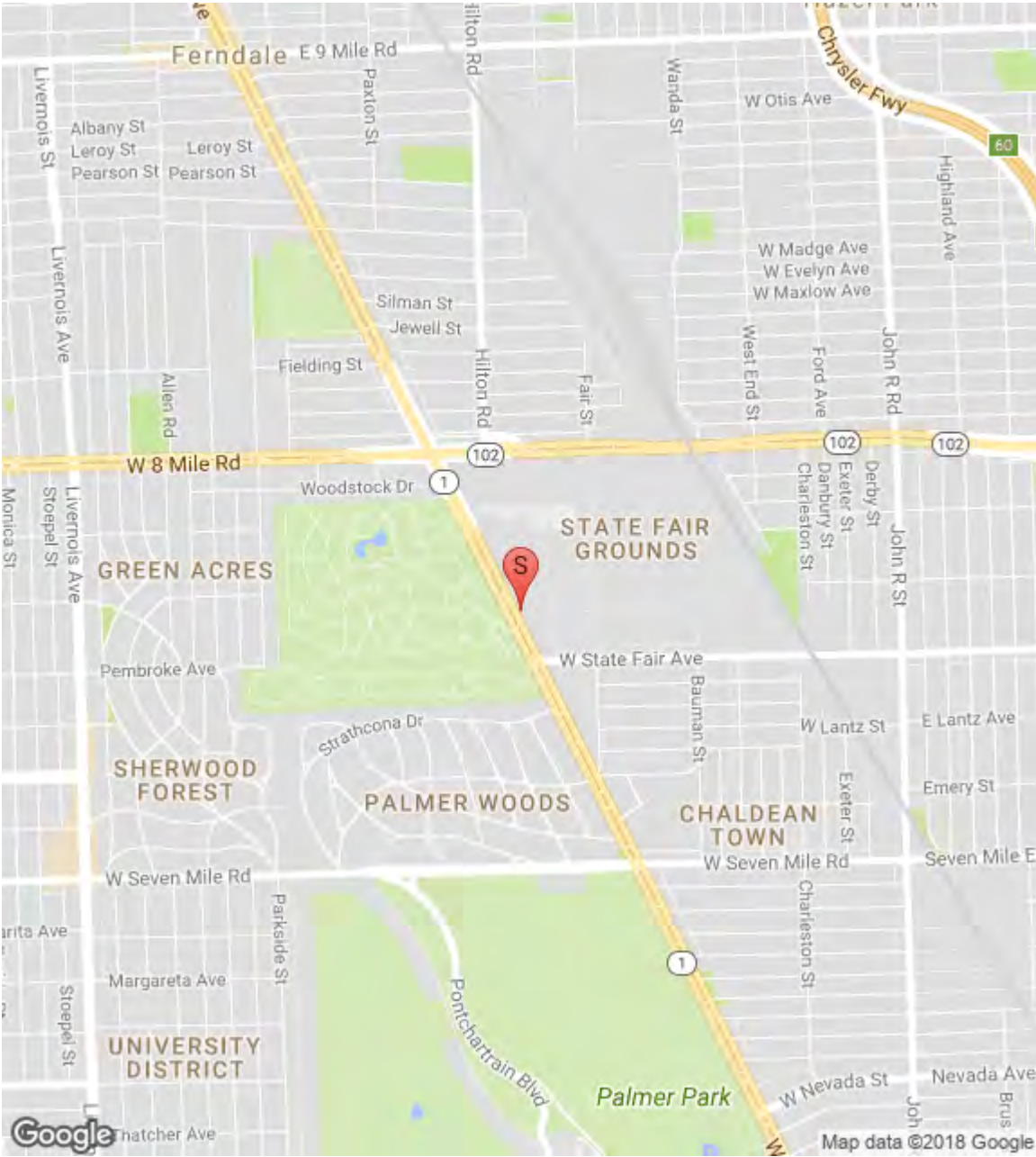
The subject property's neighborhood experiences above average crime rates. The nearest police and fire stations are within one and two miles, respectively.

The crime rates in the area have been falling; however, Detroit is one of the most crime heavy cities in the nation and are not expected to impact future changes in property values.

## Outlook and Conclusion

The subject's area has experienced recent employment growth and construction activity has been moderate contributing to our conclusion that the subject's area is in the growth/stable stage of its life cycle.

Location Map



# Property Description

## Site Description

### Aerial Map



The entire subject property is outlined above in red. Outlined in blue are the three development site configurations considered in our analysis: Woodward Avenue Site, Eight Mile Road Site, and State Fair Avenue Site.

### Land Summary - Entire Site

Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Topography	Shape
0100985573	157.47	6,859,393	Level	Irregular

Source: ALTA Survey

## Land Summary - Development Sites

	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Topography	Shape
Woodward Avenue Site	16.00	696,960	Level	Irregular
Eight Mile Road Site	16.00	696,960	Level	Irregular
State Fair Avenue Site	125.47	5,465,473	Level	Irregular

*Source: Client*

## Land Description – Entire Site

Shape	The site is irregularly shaped
Average Depth (Feet)	2,620
Average Width (Feet)	3,300
Corner Location	Yes
Primary Street Frontage	Woodward Avenue
Traffic Volume – Woodward	15,500 VPD
Traffic Volume – Eight Mile	60,304 VPD
Traffic Volume – State Fair	2,382 VPD
Access Rating	Average
Visibility Rating	Average
Functional Utility	Average
Topography	The subject has level topography at grade and no areas of wetlands.
Landscaping	The subject has average landscaping.
Drainage	No drainage problems were observed or disclosed to us during our inspection. This appraisal assumes that surface water collection is adequate.
Soil Conditions	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Wetlands/Watershed	No wetlands were observed during our site inspection.
Flood Zone Designation	X
Flood Zone	The subject is outside the 500 year flood plain. The appraiser is not an expert in this matter and is reporting data from FEMA maps.
FEMA Map Number	26163C0125E
FEMA Map Date	February 2, 2012
Utilities	All public utilities are available to the site including public water and sewer, gas, electric, and telephone
Utilities Adequacy	The subject's utilities are typical and adequate for the market area.

## Land Description – Woodward Avenue Site

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Shape	The site is irregularly shaped
Average Depth (Feet)	1,545
Average Width (Feet)	885
Corner Location	No
Primary Street Frontage	Woodward Avenue
Traffic Volume - Woodward	15,500 VPD
Access Rating	Average
Visibility Rating	Average
Functional Utility	Average
Topography	The subject has level topography at grade and no areas of wetlands.
Landscaping	The subject has average landscaping.
Drainage	No drainage problems were observed or disclosed to us during our inspection. This appraisal assumes that surface water collection is adequate.
Soil Conditions	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Wetlands/Watershed	No wetlands were observed during our site inspection.
Flood Zone Designation	X
Flood Zone	The subject is outside the 500 year flood plain. The appraiser is not an expert in this matter and is reporting data from FEMA maps.
FEMA Map Number	26163C0125E
FEMA Map Date	February 2, 2012
Utilities	All public utilities are available to the site including public water and sewer, gas, electric, and telephone
Utilities Adequacy	The subject's utilities are typical and adequate for the market area.

## Land Description – Eight Mile Road Site

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Shape	The site is irregularly shaped
Average Depth (Feet)	520
Average Width (Feet)	1,395
Corner Location	Yes
Primary Street Frontage	Eight Mile Road
Traffic Volume – Eight Mile	60,304 VPD
Access Rating	Average
Visibility Rating	Average
Functional Utility	Average
Topography	The subject has level topography at grade and no areas of wetlands.
Landscaping	The subject has average landscaping.
Drainage	No drainage problems were observed or disclosed to us during our inspection. This appraisal assumes that surface water collection is adequate.
Soil Conditions	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Wetlands/Watershed	No wetlands were observed during our site inspection.
Flood Zone Designation	X
Flood Zone	The subject is outside the 500 year flood plain. The appraiser is not an expert in this matter and is reporting data from FEMA maps.
FEMA Map Number	26163C0125E
FEMA Map Date	February 2, 2012
Utilities	All public utilities are available to the site including public water and sewer, gas, electric, and telephone
Utilities Adequacy	The subject's utilities are typical and adequate for the market area.



## Land Description – State Fair Avenue Site

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Shape	The site is irregularly shaped
Average Depth (Feet)	2,045
Average Width (Feet)	3,160
Corner Location	No
Primary Street Frontage	West State Fair Avenue
Traffic Volume	2,382 VPD
Access Rating	Average
Visibility Rating	Average
Functional Utility	Average
Topography	The subject has level topography at grade and no areas of wetlands.
Landscaping	The subject has average landscaping.
Drainage	No drainage problems were observed or disclosed to us during our inspection. This appraisal assumes that surface water collection is adequate.
Soil Conditions	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Wetlands/Watershed	No wetlands were observed during our site inspection.
Flood Zone Designation	X
Flood Zone	The subject is outside the 500 year flood plain. The appraiser is not an expert in this matter and is reporting data from FEMA maps.
FEMA Map Number	26163C0125E
FEMA Map Date	February 2, 2012
Utilities	All public utilities are available to the site including public water and sewer, gas, electric, and telephone
Utilities Adequacy	The subject's utilities are typical and adequate for the market area.

## Environmental Hazards – Entire Site

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A Phase I environmental report was prepared for the subject by Material Testing Consultants, dated May 29, 2009. The ESA has revealed evidence of eight RECs in connection with the subject site. The recognized environmental conditions are listed below:

1. Open Leaking Underground Storage Tank (UST) release adjacent to the subject site located at the corner of Woodward Avenue and State Fair
2. Former location of Maintenance/Machine Shop
3. Open Leaking UST release on subject site
4. 10,000-gallon fuel oil UST located at Coliseum
5. Two existing 250 and 500-gallon diesel above ground storage tanks ease of Band Shell
6. 2,000-gallon fuel oil UST located at Dodge Pavilion
7. Former fuel spill at Coliseum
8. Observations of pooled liquid with surface sheen located in midway area

Potential buyers of property must be willing to accept any and all risk associated with the subject's condition after the Phase I Environmental Site Assessment.

A Phase II environmental report was prepared for the subject by Material Testing Consultants, dated July 22, 2009. The subject property meets the definition of "facility" as defined under Part 201 of Act 451. Contaminant levels exceeding the GRCC include arsenic, barium, zinc, anthracene, benzo(a)anthracene, benzo(a)pyrene, benzo(b)fluoranthene, benzo(g,h,i)perylene, fluoranthene, ideno(1,2,3-cd)pyrene, phenanthrene, benzene, ethylbenzene, toluene, n-propylbenzene, 1,2,4-trimethylbenzene, 1,3,5-trimethylbenzene and xylenes in the soil. It is not known if the elevated contaminant levels represent several relatively localized conditions or if areas of higher contaminant levels are present on the property.

A Phase III environmental report was prepared for the subject by Material Testing Consultants, dated July 17, 2012. All the conclusions identified in Phase II and Phase III investigations were located in the uppermost three feet of anthropogenic fill material. Due to lack of ground water at the site, there does not appear to be complete migration of pathways for GSI or SW; however, there are DC exceedances in the anthropogenic fill materials, but not in the sand and clay below them

### Environmental Cleanup Costs

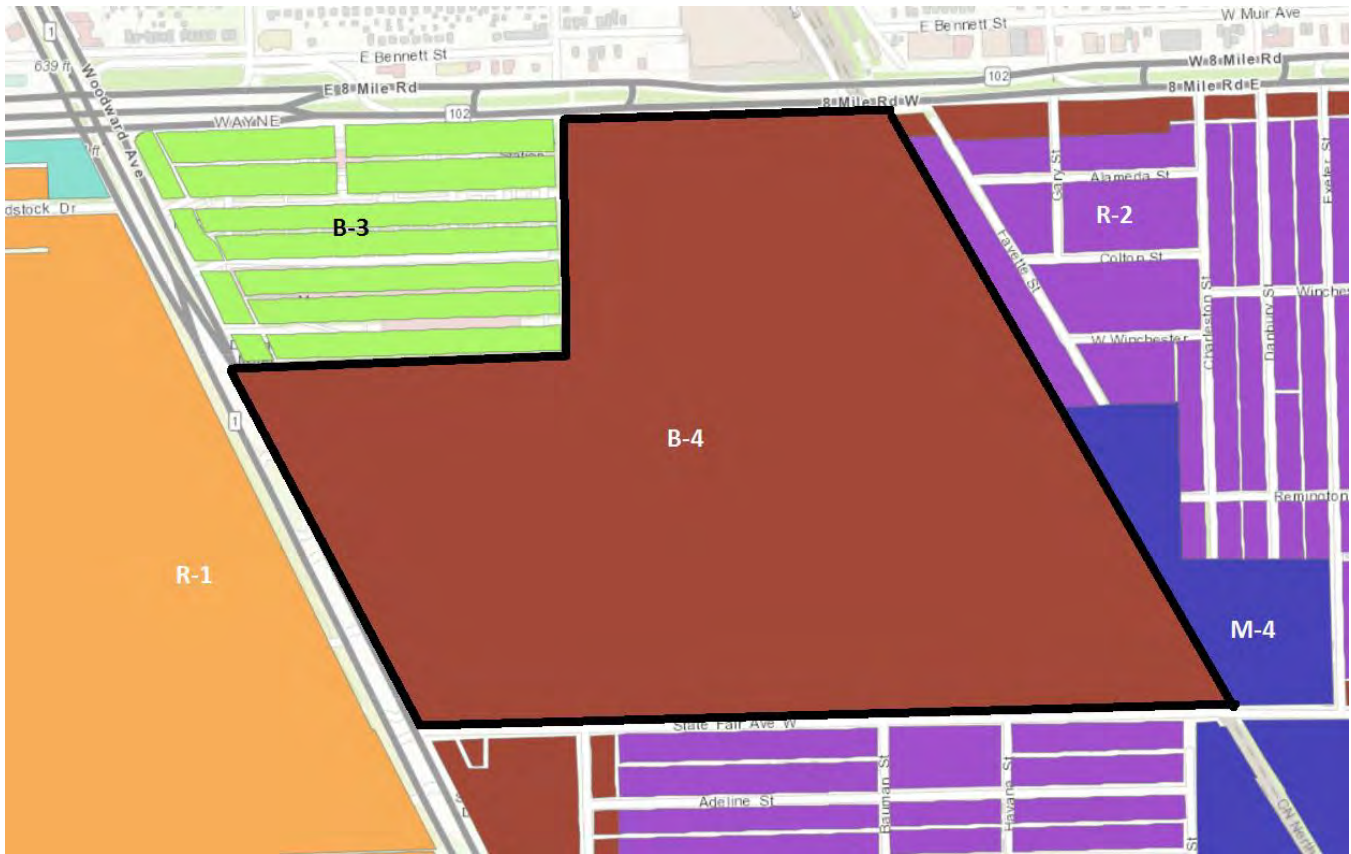
The identification of eight records of environmental consideration (REC's) and other environmental cleanup needs related to asbestos that were uncovered as part of the environmental assessment. The estimated cost associated with the remediation of the eight REC's, asbestos cleanup, and lead based paint removal totals \$1,510,000 and is detailed as follows:

- Asbestos removal: \$500,000
- REC cleanup: \$350,000
- Lead based paint removal: \$660,000

## Zoning Summary – Entire Site

Zoning Jurisdiction	City of Detroit
Zoning Code	B-4
Zoning Description	General Business District
Other Land Use Regulations	We are not aware of any other land use regulations that would affect the property.

The entire subject site is zoned B-4, General Business District. A map depicting this is shown next. The subject site is outlined in black.



The following information was taken from the *City of Detroit Code of Ordinances*.

The B-4 General Business District provides for business and commercial uses of a thoroughfare-oriented nature. In addition to these uses, other businesses, which may benefit by drawing part of their clientele from passing traffic, are permitted.

Permitted uses in this zoning district are as follows.

- Boarding school and dormitory
- Child care institution
- Convalescent, nursing, or rest home
- Religious residential facilities
- Shelter for victims of domestic violence
- Adult day care center
- Armory
- Auditoriums, public
- Child care center
- Educational institution

- Fire or police station, post office, court house, and similar public building
- Governmental service agency
- Hospital or hospice
- Library
- Museum
- Neighborhood center, nonprofit
- Outdoor recreation facility
- Religious institution
- School, elementary, middle/junior high, or high
- Animal-grooming shop
- Art gallery
- Assembly hall
- Bake shop, retail
- Bank without drive-up or drive-through facilities
- Barber or beauty shop
- Business college or commercial trade school
- Cabaret, inside the Central Business District
- Customer service center without drive-up or drive-through facilities
- Dance hall, public, inside the Central Business District
- Dry cleaning, laundry, or laundromat
- Establishment for the sale of beer or intoxicating liquor for consumption on the premises, inside the Central Building District
- Greenhouse or nursery with stock for retail sales
- Hotel, inside the Central Business District
- Medical or dental clinic, physical therapy clinic, or massage therapy clinic
- Mortuary or funeral home
- Motor vehicles, new, salesroom or sales lots
- Nail salon
- Office, business, or professional
- Parking lots or parking areas for operable private passenger vehicles
- Parking structure
- Pet shop
- Private club, lodge, or similar use
- Radio or television station
- Radio, television, or household appliance repair shop, except such use shall not be permitted on any zoning lot abutting a designated Gateway Radial Thoroughfare
- Recreation, indoor commercial and health club
- Recording studio or photo studio or video studio, no assembly hall
- Restaurant, carry-out or fast food, where located in a multi-story building and integrated into a mixed-use or multitenant development, and without drive-up or drive-through facilities
- Restaurant, standard without drive-up or drive-through facilities
- Retail sales and personal service in business and professional offices
- Retail sales and personal service in multiple-residential structures
- School or studio of dance, gymnastics, music, or art
- Shoe repair shop
- Stores of a generally recognized retail nature whose primary business is the sale of new merchandise with or without drive-up or drive-through facilities
- Veterinary clinic for small animals
- Blueprinted shop
- Trade services, general
- Marinas
- Railroad right-of-way, not including storage tracks, yards, or buildings

In addition to the previously indicated by-right uses, the ordinance also lists of number of conditional uses, which may be permitted following review and approval by the appropriate legal entity. These are as follows.

- Emergency shelter, except such use shall not be permitted on any zoning lot abutting a designated Gateway Radial Thoroughfare
- Fraternity or sorority house
- Loft, outside the Central Business District
- Multiple-family dwellings
- Residential substance abuse service facility
- Residential use combined in structures with permitted commercial uses
- Rooming house
- Single family detached dwelling
- Single room occupancy housing, nonprofit
- Town house
- Two family dwelling
- Electric transformer station
- Gas regulator station
- Outdoor entertainment facility
- Power or heating plant with fuel storage on site
- Stadium or sports arena
- Telephone exchange building
- Water works, reservoir, pumping station, or filtration plant
- Amusement park
- Arcade
- Bank with drive-up or drive-through facilities
- Bed and breakfast inn
- Brewpub or microbrewery
- Cabaret, outside the Central Business District
- Customer service center with drive-up or drive-through facilities
- Dance hall, public, outside the Central Business District
- Employee recruitment center
- Establishment for the sale of beer or intoxicating liquor for consumption on the premises, outside the Central Business District
- Financial services center
- Firearms dealership
- Firearms target practice range, indoor
- Food stamp distribution center
- Co-cart track, except such shall not be permitted on any zoning lot abutting a designated Gateway Radial Thoroughfare
- Golf course, miniature
- Hotel, outside the Central Business District
- Kennel, commercial
- Lodging house, public
- Motel
- Motor vehicle filling station
- Motor vehicle, used, salesroom or sales lot, expect such use shall not be permitted on any zoning lot abutting a designated Gateway Radial Thoroughfare
- Motor vehicle services, minor
- Motorcycles, retail sales, rental or service
- Outdoor commercial recreation, not otherwise specified
- Parking lots or parking areas for operable private passenger vehicles
- Pawnshop
- Pool or billiard hall
- Printing or engraving shops
- Public lodging house
- Rebound tumbling center
- Rental hall
- Restaurant, carry-out or fast-food, with or without drive-up or drive-through facilities

- Theater and concert café, excluding drive-in theaters
- Trailers, utility, or cement mixers, pneumatic-tired, sales, rental or service; moving truck/trailer lots
- Confection manufacture
- Dental products, surgical, or optical goods manufacture
- Food catering establishment
- Ice manufacturer
- Jewelry manufacturer
- Lithographing
- Research or testing laboratory
- Toiletries or cosmetic manufacturing
- Tool, die, and gauge manufacturing, small items
- Vending machine commissary
- Wearing apparel manufacturing
- Wholesaling, warehousing, storage buildings, or public storage houses
- Telecommunications building, private

Area, height, and placement regulations pertaining to the B-4, General Business District differ on usage type. A few of the permitted land uses have specific limitations as to that use, whereas the majority fall under the “all other uses” category. These regulations are as follows.

**B-4 General Business District**

Use	Requirement
Fraternity or Sorority Houses	Minimum Lot Area - 7,000 SF Minimum Lot Width - 70 Feet Front Setback - 20 Feet Side Set Back - Formula A* Rear Set Back - 30 Feet Maximum Height - 35 Feet
Libraries or Museums	Minimum Lot Area - 10,000 SF Minimum Lot Width - 70 Feet Front Setback - 20 Feet Side Set Back - Formula B** Rear Set Back - 30 Feet Maximum Height - 35 Feet
Motel or Hotels	Minimum Lot Area - 7,000 SF Minimum Lot Width - 70 Feet Front Setback - 20 Feet Side Setback - Formula A* Rear Set Back - 30 Feet Maximum Height - 35 Feet
Multiple-Family Dwellings	Minimum Lot Area - 7,000 SF Minimum Lot Width - 70 Feet Front Setback - 20 Feet Side Setback - Formula A* Rear Set Back - 30 Feet Maximum FAR - 2.0
Motor Vehicle, Used: Salesroom or Sales Lot	Minimum Lot Area - 2,400 SF Minimum Lot Width - 30 Feet Maximum Height - 35 Feet
Motor Vehicle Filling Station	Minimum Lot Area - Various Minimum Lot Width - Various Setbacks - Various Maximum Height - 35 Feet Maximum Lot Coverage - 40%

\*Formula A = Length (feet) + 2 (height) / 15

\*\*Formula B = Length (feet) + 2 (height) / 6

## B-4 General Business District, Continued

Use	Requirement
Religious Institutions	Minimum Lot Area - 10,000 SF Minimum Lot Width - 70 Feet Front Setback - 20 Feet Side Setback - Formula B** Rear Setback - 30 Feet Maximum Height - 35 Feet
Single Family Dwellings; Religious Residential Facilities	Minimum Lot Area - 5,000 SF Minimum Lot Width - 50 Feet Front Setback - 20 Feet Set Setback - 14 Feet Combined Rear Setback - 30 Feet Maximum Height - 35 Feet
Two Family Dwellings	Minimum Lot Area - 6,000 SF Minimum Lot Width - 55 Feet Front Setback - 20 Feet Side Setback - Formula A* Rear Setback - 30 Feet Maximum Height - 35 Feet
Townhouses	Minimum Lot Area - 7,000 SF Minimum Lot Width - 70 Feet Front Setback - 20 Feet Side Setback - Formula A* Rear Setback - 30 Feet Maximum Height - 35 Feet
All Other Residential and Public, Civic, and Institutional Uses	Minimum Lot Area - 7,000 SF Minimum Lot Width - 70 Feet Front Setback - 20 Feet Side Setback - Formula B** Rear Setback - 30 Feet Maximum Height - 35 Feet
Motor Vehicle Washing and Steam Cleaning	Maximum Lot Area - 10,000 SF Maximum Height - 35 Feet
All Other Uses	Maximum Height - 35 Feet

\*Formula A = Length (feet) + 2 (height) / 15

\*\*Formula B = Length (feet) + 2 (height) / 6



According to the local planning department, there are no pending or prospective zoning changes. It appears that the current use of the site is a legally conforming use.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

### Encumbrance/Easements/Restrictions

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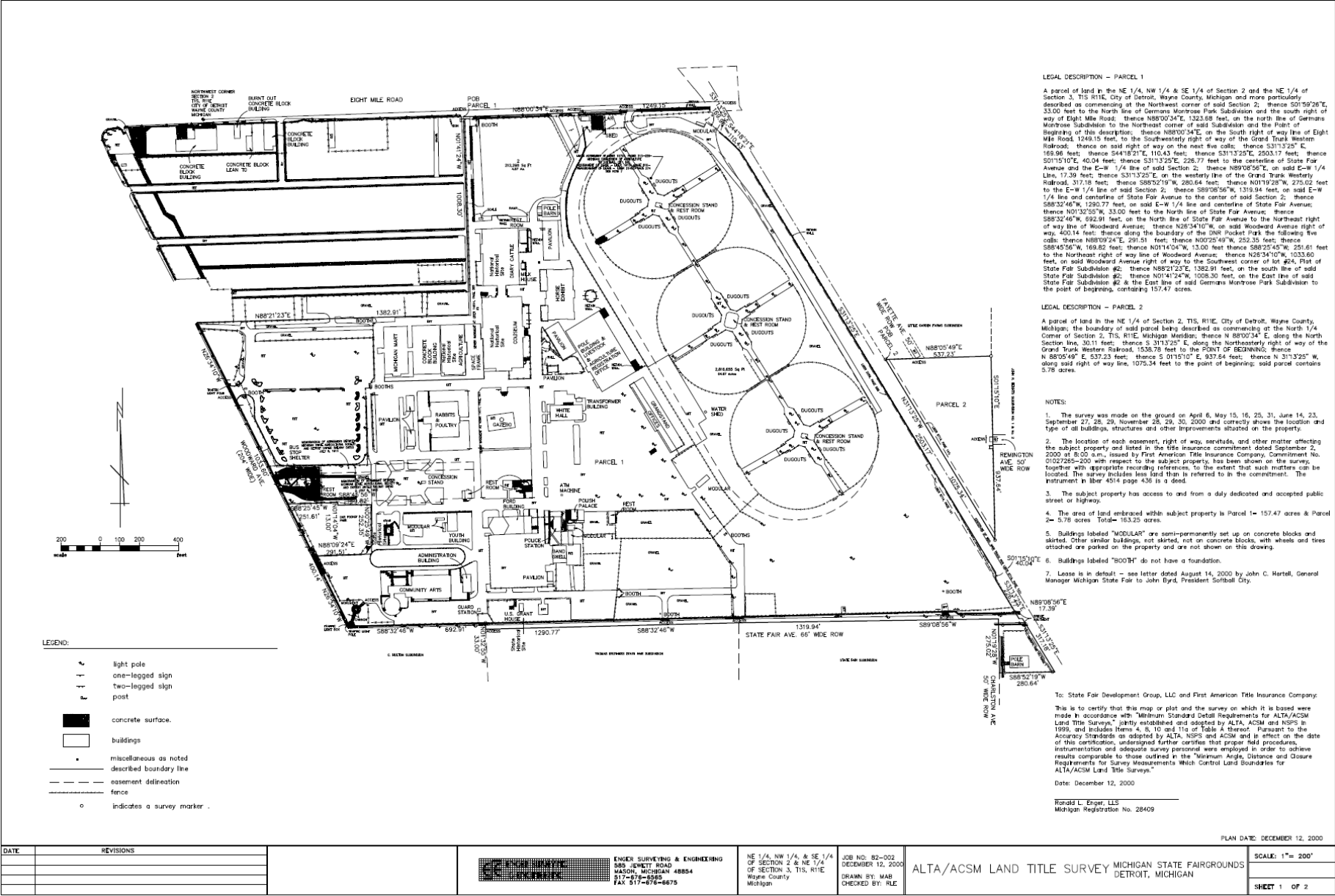
Based upon a review of the property survey, there do not appear to be any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

### Overall Site Utility

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Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning.

Survey



## Improvements Description

The subject of this appraisal is the Michigan State Fairgrounds, approximately 157.47 acres of land located in the City of Detroit. The fairgrounds officially closed in 2009 due to cost cutting measures. There are approximately 21 buildings in addition to several restroom buildings and open shelters on the property totaling 551,447 square feet, most of which are in fair to poor condition. Aside from the Agricultural Building and East Mall who are leased to a recreation center operator, all of the other buildings have been vacant since 2009. The site is zoned B-4, General Business District, and is 157.47 acres, or 6,859,393 square feet.

Overall the subject site is improved with 21 buildings in addition to several restroom buildings and open shelters. A summary of these structures is shown in the following table.

### Improvements

No.	Building Name	Most Recent / Current Use / Type	Square footage	Building Class
1	Michigan Mart	Exhibit Space	26,894	C
2	West Wall	Exhibit Space	36,140	C
3	Agriculture Building	Gymnasium	54,259	C
4	East Mall	Canopy	23,272	C
5	Coliseum	Sporting Events, Circus, Etc.	78,471	A
6	Dairy Cattle Building	Animal Show	57,000	C
7	Pole Barn	Barn	723	D
8	North Riding Arena	Animal Show / Riding Area	16,219	D
9	Main Horse Barn	Barn	36,799	C
10	South Riding Arena	Shelter / Animal Show	16,609	C
11	Grand Champion Barn	Barn	451	D
12	Multi-Livestock Barn	Barn	72,313	S
14	Volunteer Headquarters	Office	10,277	C
15	Bandshell	UNK	6,823	C
16	Dodge Pavillion	Canopy and Exhibit Space	10,326	C
17	Grant House	Historic Residence	2,572	D
18	Administration Building	Office	2,857	C
19	Community Arts	Exhibit Space, Office	24,300	C
20	Hudson Auditorium	Auditorium	5,278	C
23	Exhibit Building	Barn / Exhibit Area	5,124	D
24	Poultry Building	Exhibit Area	51,199	C
N/A	Restrooms, guardhouse, and other small buildings	-	6,953	C
N/A	Other sheds/shelters	-	6,588	D
<b>Total</b>			<b>551,447</b>	

Each building number corresponds with the site plan shown next.

Site Plan

# MICHIGAN STATE FAIRGROUNDS & EXPOSITION CENTER



As shown above, all of the buildings are located on the State Fair Avenue Site.

Later in the report we conclude the Highest and Best Use of the subject property is to demise the subject into three portions that can be sold off separately for different uses including retail and industrial. We base our conclusions on the market supply and demand as well as other factors which will be discussed in the Highest and Best Use section of this report.

As improved, we conclude it is the highest and best use of the subject is to demolish all of the buildings and sell the three demised lots for development since many of the buildings are in fair to poor condition and do not coincide with the highest and best use conclusions. The other possibility would be to sell the entire site to a developer that could develop the entire site or develop a portion of the subject site and sell off portions of the subject to sub-developers.

### Current Leases at the Subject

Current leases on the subject's site include Joe Dunmar's Fieldhouse LLC and Grand Trunk Western Railroad Company. A summary of each lease agreement is discussed next.

#### Joe Dunmar's Fieldhouse

A portion of the Michigan State Fairgrounds (buildings 3 and 4 – Agricultural Building and East Mall, approximately 30,917 square feet) is leased to Fieldhouse, LLC, operating as a recreation center known as Joe Dunmar's Fieldhouse. The lease originally commenced November 2004, but was revised October 2007 with an expiration date of September 30, 2009. At that time the tenant was granted three, five year renewal options. The tenant is currently in its second renewal option period, commencing October 1, 2014 and expiring September 30, 2019. The current rent is \$50,000 per year, and the client indicated that the tenant pays an additional \$48,000 per year for utilities.

The lease is subject to a termination clause. According to the lease that was revised in 2007, if the landlord, after the 3<sup>rd</sup> anniversary of the original commencement date, enters into a binding contract to sell the entire State Fairgrounds site including the leased premises to an unrelated third party buyer, the landlord has the right to terminate the lease no earlier than 12 months from the actual closing date. The landlord must also pay the tenant on or before closing date a non-refundable termination fee in accordance with the following schedule:

### Termination Fee Schedule

Lease Year	Buyout Amount
1 (2004)	N/A
2 (2005)	N/A
3 (2006)	N/A
4 (2007)	\$3,500,000
5 (2008)	\$3,400,000
6 (2009)	\$3,300,000
7 (2010)	\$3,200,000
8 (2011)	\$3,100,000
9 (2012)	\$3,000,000
10 (2013)	\$2,900,000
11 (2014)	\$2,800,000
12 (2015)	\$2,700,000
13 (2016)	\$2,600,000
14 (2017)	\$2,500,000
15 (2018)	\$2,400,000
16 (2019)	\$2,100,000
17 (2020)	\$1,800,000
18 (2021)	\$1,500,000
19 (2022)	\$1,200,000
20 (2023)	\$900,000

In order to demolish the Agricultural and East Mall buildings, the landlord must first pay a termination fee of \$2,400,000 since the tenant is currently in the 15<sup>th</sup> year of the lease.

#### Grand Trunk Western Railroad Company

Approximately 23.94 acres of the site are subject to a year-by-year lease with the Grand Trunk Western Railroad Company. The railroad company loads, unloads, stores, and parks motor freight containers and trucks on the site. The most recent lease commences February 1, 2018 and ends January 31, 2019, subject to the cancellation provisions. The tenant pays approximately \$226,233 annually.

The tenant and landlord have the right to terminate the lease at any time given a 30 day written notice to the other party.

#### Improvements Conclusion

All improvements are in fair to poor condition and should therefore be demolished given our highest and best use conclusion.

Subject Photographs



State Fair Grounds  
(Photo Taken on January 12, 2018)



Coliseum  
(Photo Taken on January 12, 2018)



Side of Agriculture Building  
(Photo Taken on January 12, 2018)



Barn/Storage  
(Photo Taken on January 12, 2018)



Shelter  
(Photo Taken on January 12, 2018)



Trailer  
(Photo Taken on January 12, 2018)



House  
(Photo Taken on January 12, 2018)



Bandshell  
(Photo Taken on January 12, 2018)



Administrative Office  
(Photo Taken on January 12, 2018)



Administrative Office  
(Photo Taken on January 12, 2018)



Poultry Building  
(Photo Taken on January 12, 2018)



Parking Lot  
(Photo Taken on January 12, 2018)



## Assessment and Taxes

Real estate tax assessments are administered by Wayne County and taxes are collected by the Wayne County Treasurer. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by multiplying the taxable value for a property by the millage rate. The property's taxable value is the lower of the State Equalized Value (SEV) and capped value. These values are discussed as follows:

- The state equalized value ("SEV") of real property is made by the local assessing office by estimating its true cash value, and then applying an approximately 50% factor to arrive at the SEV of the property as of the 31st of December of the preceding year. True cash value and market value are considered to be the same under a "knowledgeable buyer - knowledgeable seller" scenario. Accordingly, the local assessing office attempts to estimate one-half of the market value of the property for tax purposes.
- The second value reported is the 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, absent a transfer, the formula is: capped value equals the previous year's SEV, minus losses (e.g. demolition), times the Consumer Price Index ("CPI") or 5%, whichever is less, plus additions (e.g., new improvements).

A total millage rate is then applied to taxable value resulting in the annual tax burden for a property. Municipalities and counties are given the authority to levy property taxes at varying levels as well as there being a provision for a state levied property tax of 6 mills for education purposes. Local school districts have the authority to levy, after voter approval, a non-homestead tax of up to an additional 18 mills and, in limited instances, an enhancement tax in districts having spent more than \$6,500 per pupil in 1994. The tax rate indicated below is a summation of the levies of the various taxing bodies.

Per Michigan Statute, the following property tax analysis relies exclusively on the State Equalized Value, not the Taxable Value. The statute indicates that upon a transfer or sale of any commercial property, the tax valuation becomes uncapped in favor of the prevailing SEV at the time of transfer. All appraisal reports assume a sale of the property, per the definition of Market Value. As a result, a new owner would be faced with the immediate change in property taxes resulting from the uncapping. This state statute must be taken into account and results in a differing projection of real estate taxes than what has historically been experienced for the property, but portrays a more accurate accounting of property tax expenses for prospective owners, assuming a transfer.

The subject property is owned by an entity of the State of Michigan and is therefore tax exempt.

## Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

- **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
- **Physically Possible:** To what use is the site physically adaptable?
- **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
- **Maximally Productive:** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

## Highest and Best Use of the Site

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### Legally Permissible

The site is zoned B-4, General Business District. This district allows for a variety of uses detailed in the Site Description section of this report, including a variety of retail, office, low density residential, and light industrial uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property.

### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

### Financially Feasible

In order to determine financial feasibility for the subject site, we must examine the economic environment within the primary market area for all legally permissible uses, including retail, office, low density residential, and light industrial uses. The following table displays demographics within the subject's one mile, three mile, and five mile radius, as well as Detroit MSA and Michigan data.

## Surrounding Area Demographics

2017 Estimates	1 mile radius	3 mile radius	5 mile radius	Detroit MSA	Michigan
Population 2010	9,549	149,431	429,828	4,296,250	9,883,640
Population 2017	9,237	145,087	416,317	4,287,708	9,954,631
Population 2022	9,115	143,790	412,398	4,311,068	10,067,335
Compound % Change 2010 - 2017	-0.5%	-0.4%	-0.5%	0.0%	0.1%
Compound % Change 2017 - 2022	-0.3%	-0.2%	-0.2%	0.1%	0.2%
Households 2010	4,244	61,650	171,215	1,682,111	3,872,508
Households 2017	4,146	60,522	167,141	1,690,248	3,921,078
Households 2022	4,104	60,219	166,174	1,705,416	3,975,704
Compound % Change 2010 - 2017	-0.3%	-0.3%	-0.3%	0.1%	0.2%
Compound % Change 2017 - 2022	-0.2%	-0.1%	-0.1%	0.2%	0.3%
Median Household Income	\$43,874	\$38,003	\$38,195	\$54,007	\$50,744
Average Household Size	2.2	2.4	2.5	2.5	2.5
College Graduate %	18%	15%	14%	30%	28%
Median Age	40	39	38	40	40
Owner Occupied %	48%	49%	47%	70%	71%
Renter Occupied %	34%	33%	34%	30%	29%
Median Home Value	\$116,404	\$83,812	\$87,851	\$150,098	\$138,856
Median Year Structure Built	1947	1949	1950	1965	1969
Avg. Travel Time to Work in Min.	-	-	-	27	24

Source: Esri 2018. Compiled by JLL Valuation & Advisory Services, LLC.

As illustrated above, the current population within a three mile radius of the subject is 145,087, and the average household size is 2.4. Population in the area has declined since the 2010 census, and this trend is expected to continue in the ensuing five years. Despite the contracting population within a three mile radius, it is estimated the Detroit MSA overall will trend in the opposite direction.

Median household income is \$38,003, which is considerably lower than the household income for the Detroit MSA as a whole. The population within a three mile radius has a notably lower level of formal college education than residents in the Detroit MSA, and median home values in the area are also substantially lower.

Although the subject has declining population and income demographics within its surrounding area, the overall Detroit MSA shows potential. Next, we examine which legally permissible and physically possible uses are considered financially feasible for the site.

### Retail Use

Retail is one use that is both legally permissible and physically possible on the subject's site. The northern and western portions of the subject's site have frontage along Woodward Avenue and Eight Mile road, which benefit from the community retail center positioned on the southeast corner of Woodward Avenue and Eight Mile Road. The site also benefits from good visibility and daily traffic counts. The subject is located within the Detroit/The Pointes Submarket Cluster. Trends for this submarket cluster are shown in the following table.

**Detroit Metro, Detroit/The Pointes Submarket Cluster Trends: Retail Properties**

Year	Inventory (Bldgs)	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Absorption (SF)	Completions (Bldgs)	Completions (SF)	Inventory, Under Cons (Bldgs)	Inventory, Under Cons (SF)	Base Rent Overall (\$/SF)
2009	5,092	31,394,526	4,031,175	12.80%	473,500	4	37,286	1	8,500	\$10.76
2010	5,093	31,403,026	3,632,362	11.60%	407,313	1	8,500	3	13,585	\$10.50
2011	5,096	31,416,611	3,318,966	10.60%	326,981	3	13,585	0	0	\$10.44
2012	5,097	31,418,861	3,280,450	10.40%	40,766	1	2,250	9	397,665	\$10.03
2013	5,106	31,816,798	3,408,054	10.70%	270,333	9	397,937	2	8,200	\$10.16
2014	5,107	31,820,798	3,197,073	10.00%	214,981	1	4,000	4	217,259	\$9.96
2015	5,112	32,046,671	2,568,828	8.00%	854,118	5	225,873	4	24,154	\$10.03
2016	5,117	32,079,401	1,936,725	6.00%	664,833	5	32,730	1	2,744	\$11.77
2017	5,119	32,083,745	1,905,501	5.90%	33,968	1	2,744	0	0	\$12.63
<b>YTD</b>	<b>5,119</b>	<b>32,083,745</b>	<b>1,827,975</b>	<b>5.70%</b>	<b>77,526</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$12.71</b>
2009 - 2017 Average	5,104	31,720,049	3,031,015	9.56%	365,199	3	80,545	3	74,679	\$10.70

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Vacancy in the subject's submarket cluster is the lowest it's been since 2009, while overall base rent per square foot is the highest it's been since 2009. In addition, no new inventory is currently under construction, and absorption is positive. This means there is active demand for retail in the subject's submarket cluster.

From a retail standpoint, the most significant development relative to the subject is Gateway Marketplace that is located adjacent to the northwest portion of the subject site. This community center was delivered in 2013 and includes tenants such as Meijer, Planet Fitness, Payless ShoeSource, Five Below, Starbucks, and McDonald's. According to local market participants, this property appears to be performing well which holds well for the subject's potential as retail development.

The subject's location along Woodward Avenue and Eight Mile Road, along with positive submarket cluster trends and close proximity to a community retail center make portions of the subject's site ideal for retail development. Therefore, retail is considered to be financially feasible for the subject's site.

**Office Use**

Office use is another use that is legally permissible and physically possible on the subject's site. After conversations with several brokers in the Detroit area, office use is not a likely development on the subject's site because of the subject's location and surrounding uses. One broker indicated that leasing up new developed office space in the subject's area may be difficult as there is limited to no demand. The subject is located within the Detroit/The Pointes Submarket Cluster. Trends for this submarket cluster are shown in the following table.

**Detroit Metro, Detroit/The Pointes Submarket Cluster Trends: Office Properties**

Year	Inventory (Bldgs)	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Absorption (SF)	Completions (Bldgs)	Completions (SF)	Inventory, Under Cons (Bldgs)	Inventory, Under Cons (SF)	Base Rent Overall (\$/SF)
2009	1,085	49,175,477	8,616,529	17.50%	-251,279	2	88,146	0	0	\$16.39
2010	1,081	49,139,287	8,481,145	17.30%	99,194	0	0	0	0	\$16.98
2011	1,077	49,107,470	7,982,102	16.30%	463,326	0	0	1	49,255	\$16.73
2012	1,066	48,616,422	7,415,446	15.30%	79,508	1	49,255	0	0	\$16.17
2013	1,057	47,865,377	6,919,293	14.50%	-254,892	0	0	0	0	\$15.62
2014	1,053	47,444,261	6,288,550	13.30%	183,921	0	0	3	123,000	\$16.30
2015	1,054	47,447,261	6,027,783	12.70%	263,767	3	123,000	3	108,000	\$16.93
2016	1,052	47,160,167	5,283,755	11.20%	456,934	3	108,000	4	481,430	\$17.43
2017	1,042	46,716,651	4,301,507	9.20%	538,732	1	67,430	5	901,000	\$17.71
<b>YTD</b>	<b>1,042</b>	<b>46,716,651</b>	<b>4,409,737</b>	<b>9.40%</b>	<b>-108,230</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>901,000</b>	<b>\$17.75</b>
2009 - 2017 Average	1,063	48,074,708	6,812,901	14.14%	175,468	1	48,426	2	184,743	\$16.70

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Vacancy in this submarket is near the lowest it's been since 2009, while overall base rent per square foot is at the highest it's been since 2009. There are currently 901,000 square feet (five buildings) of office space under construction in the subject's submarket cluster, and absorption is currently negative.

Based on the subject's location and negative absorption, we do not consider office use to be financially feasible for the subject's site.

**Low Density Residential Use**

Low density residential is another use that is legally permissible and physically possible on the subject's site. The subject's site is immediately surrounded primarily by low density residential developments, a majority of which are abandoned and unkept. Several brokers in the area also indicated that newly developed residential inventory in the subject's immediate area would likely sit vacant as there currently seems to be an oversupply in the market.

Based on the subject's surrounding area, we do not consider low density residential use to be financially feasible for the subject's site.

**Light Industrial Use**

Light industrial use is another use that is legally permissible and physically possible on the subject's site. Several factors indicate the site would be ideal for industrial use. First, the eastern border of the subject's site is bordered by a railroad, which is a positive for industrial sites since the railroads provides another means by which an occupants can ship items in and out of the property. In addition, the site is positioned less than three miles from two major highways, I-75 and I-696. This is also a positive for industrial sites since occupants rely on automobile transportation to ship items in and out of industrial properties. Furthermore, the subject is located in the City of Detroit which has numerous major manufacturers, including General Motors Co., Ford Motor Co., and Johnson Controls – Automotive Experience. The subject is located in the Detroit Area Submarket Cluster. Trends for this submarket are shown in the following table.

**Detroit Metro, Detroit Area Submarket Cluster Trends: Industrial Properties**

Year	Inventory (Bldgs)	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Absorption (SF)	Completions (Bldgs)	Completions (SF)	Inventory, Under Cons (Bldgs)	Inventory, Under Cons (SF)	Base Rent Overall (\$/SF)
2009	17,135	580,846,626	65,212,188	11.20%	-14,075,030	12	391,254	3	111,704	\$4.25
2010	17,140	581,210,812	63,254,772	10.90%	2,321,602	5	364,186	4	751,336	\$4.06
2011	17,144	581,687,762	54,730,470	9.40%	9,001,252	4	476,950	2	340,000	\$3.89
2012	17,147	582,078,599	43,044,864	7.40%	12,076,443	3	390,837	4	546,860	\$3.92
2013	17,150	582,340,459	34,528,475	5.90%	8,778,249	3	261,860	10	1,079,726	\$3.99
2014	17,157	582,949,407	28,789,573	4.90%	6,347,850	7	608,948	20	2,654,366	\$4.13
2015	17,182	585,789,193	20,101,934	3.40%	11,527,425	25	2,839,786	20	1,887,838	\$4.40
2016	17,210	587,941,005	15,050,322	2.60%	7,203,424	28	2,151,812	31	3,175,756	\$4.75
2017	17,251	591,920,917	15,370,079	2.60%	3,655,600	40	3,976,712	3	351,600	\$5.24
<b>YTD</b>	<b>17,254</b>	<b>592,272,517</b>	<b>15,806,576</b>	<b>2.70%</b>	<b>-84,897</b>	<b>2</b>	<b>344,000</b>	<b>0</b>	<b>0</b>	<b>\$5.27</b>
2009 - 2017 Average	17,168	584,084,976	37,786,964	6.48%	5,204,091	14	1,273,594	11	1,211,021	\$4.29

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Vacancy in this submarket cluster is at one of its lowest points since 2009, while overall base rent per square foot is at the highest it's been since 2009. No new inventory is currently slated for the submarket cluster, which indicates there is not an oversupply of industrial property in the subject's submarket cluster.

The subject is composed of one, contiguous land parcel that is over 150 acres located in close proximity to numerous modes of transportation. Based on a combination of location and physical characteristics, we consider light industrial use to be financially feasible for the subject's site.

**Financially Feasible Conclusion**

Based on our analysis of the market, there is currently adequate demand for retail and industrial uses in the subject's area. It appears that newly developed retail and industrial uses on the site would have a value commensurate with its cost. Therefore, retail and industrial uses are considered to be financially feasible.

Based on the subject's layout and configuration, we conclude the subject site should be demised into three portions that can then be sold off separately for retail and industrial development. This is depicted in the following image.



### Maximally Productive

As shown in the above analysis, there does not appear to be any reasonably probable use of the site that would generate a higher residual land value than retail and industrial use. Accordingly, it is our opinion that retail and industrial use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

### Conclusion

Development of the site for retail and industrial use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

### Highest and Best Use as Improved

The subject site is developed with 21 buildings in addition to several restroom buildings and open shelters that were used to serve as the Michigan State Fairgrounds. A list of buildings, prior uses, and sizes of these improvements is detailed in the Improvements Description section of this report. Retail and industrial use are concluded to be maximally productive and the highest and best use of the property as improved, which does not coincide with the current 21 building improvements.

Although two buildings are currently leased by one tenant (Agricultural and East Mall buildings), the remaining buildings have sat vacant since 2009, most of which are in fair to poor condition. Based on our analysis, we conclude that all buildings should be demolished and the site should be slated for retail and

industrial developments based on the configuration outlined in the Financially Feasible analysis of this section.

Demolition estimates for the various buildings on the site were prepared using building demolition estimates provided by Marshall and Swift and our discussions with various development and construction professionals. The total expected demolition costs are deducted later in the Land Valuation section of this report in order to reach an As Is valuation for the Entire Site and the State Fair Avenue Site scenarios. Demolition costs are not deducted from the Woodward Avenue or Eight Mile Road Site scenarios since these portions of the subject do not contain any buildings. Demolition estimates are shown in the following table.

### Demolition Estimates

No.	Building Name	Most Recent / Current Use / Type	Square footage	Building Class	Demolition Expense / SF	Demolition Cost
1	Michigan Mart	Exhibit Space	26,894	C	\$5.00	\$134,470
2	West Wall	Exhibit Space	36,140	C	\$5.00	\$180,700
3	Agriculture Building	Gymnasium	54,259	C	\$5.00	\$271,295
4	East Mall	Canopy	23,272	C	\$4.00	\$93,088
5	Coliseum	Sporting Events, Circus, Etc.	78,471	A	\$6.00	\$470,826
6	Dairy Cattle Building	Animal Show	57,000	C	\$5.00	\$285,000
7	Pole Barn	Barn	723	D	\$4.00	\$2,892
8	North Riding Arena	Animal Show / Riding Area	16,219	D	\$4.00	\$64,876
9	Main Horse Barn	Barn	36,799	C	\$5.00	\$183,995
10	South Riding Arena	Shelter / Animal Show	16,609	C	\$5.00	\$83,045
11	Grand Champion Barn	Barn	451	D	\$4.00	\$1,804
12	Multi-Livestock Barn	Barn	72,313	S	\$3.00	\$216,939
14	Volunteer Headquarters	Office	10,277	C	\$5.00	\$51,385
15	Bandshell	UNK	6,823	C	\$5.00	\$34,115
16	Dodge Pavillion	Canopy and Exhibit Space	10,326	C	\$5.00	\$51,630
17	Grant House	Historic Residence	2,572	D	\$4.00	\$10,288
18	Administration Building	Office	2,857	C	\$5.00	\$14,285
19	Community Arts	Exhibit Space, Office	24,300	C	\$5.00	\$121,500
20	Hudson Auditorium	Auditorium	5,278	C	\$5.00	\$26,390
23	Exhibit Building	Barn / Exhibit Area	5,124	D	\$4.00	\$20,496
24	Poultry Building	Exhibit Area	51,199	C	\$5.00	\$255,995
N/A	Restrooms, guardhouse, and other small buildings	-	6,953	C	\$5.00	\$34,765
N/A	Other sheds/shelters	-	6,588	D	\$4.00	\$26,352
<b>Total</b>			<b>551,447</b>			<b>\$2,636,131</b>
<b>Rounded</b>						<b>\$2,640,000</b>

In addition to the rounded demolition estimated cost, we will also deduct \$2,400,000 later in the Land Valuation section of this report in order to reach an As Is valuation for the Entire Site and the State Fair Avenue Site scenarios for the termination fee of the Fieldhouse lease. This is not deducted from the Woodward Avenue or Eight Mile Road Site scenarios since the Fieldhouse lease is located only on the State Fair Avenue Site.

### Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyers are commercial developers.





# Valuation Methodology

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Three basic approaches may be applicable and utilized, then reconciled to arrive at an estimate of market value. An approach to value is included or eliminated based on its applicability to the property type being value and the information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers. Applicable approaches and whether or not they were utilized are summarized below:

## Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciation from physical, functional and external causes. The land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in indication of value.

## Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. A gross income multiplier and / or effective gross income multiplier may also be analyzed. By process of correlation and analysis, a final indicated value is derived.

## Income Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using a discount rate or an internal rate of return.

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

## Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

## Analyses Applied

Applicability and utilization of the approaches in this assignment is described as follows.

<b>Approach</b>	<b>Description</b>	<b>Applicability</b>	<b>Utilization</b>
Cost	A cost approach is most applicable in valuing new or proposed construction when the improvements represent the highest and best use of the land and the land value, cost new and depreciation are well supported.	Not Applicable	Not Utilized
Sales Comparison	A sales approach is most applicable when sufficient data on recent market transactions is available and there is an active market for the property type.	Applicable	Utilized
Income	An income approach is most applicable when the subject is an income producing property or has the ability to generate income in the future as an investment.	Not Applicable	Not Utilized

Since the highest and best use of the subject's site is the demolition of all structures, only the Sales Comparison Approach is relevant for land valuation.

## Land Valuation – Entire Site

The subject's land value has been developed via the sales comparison approach.

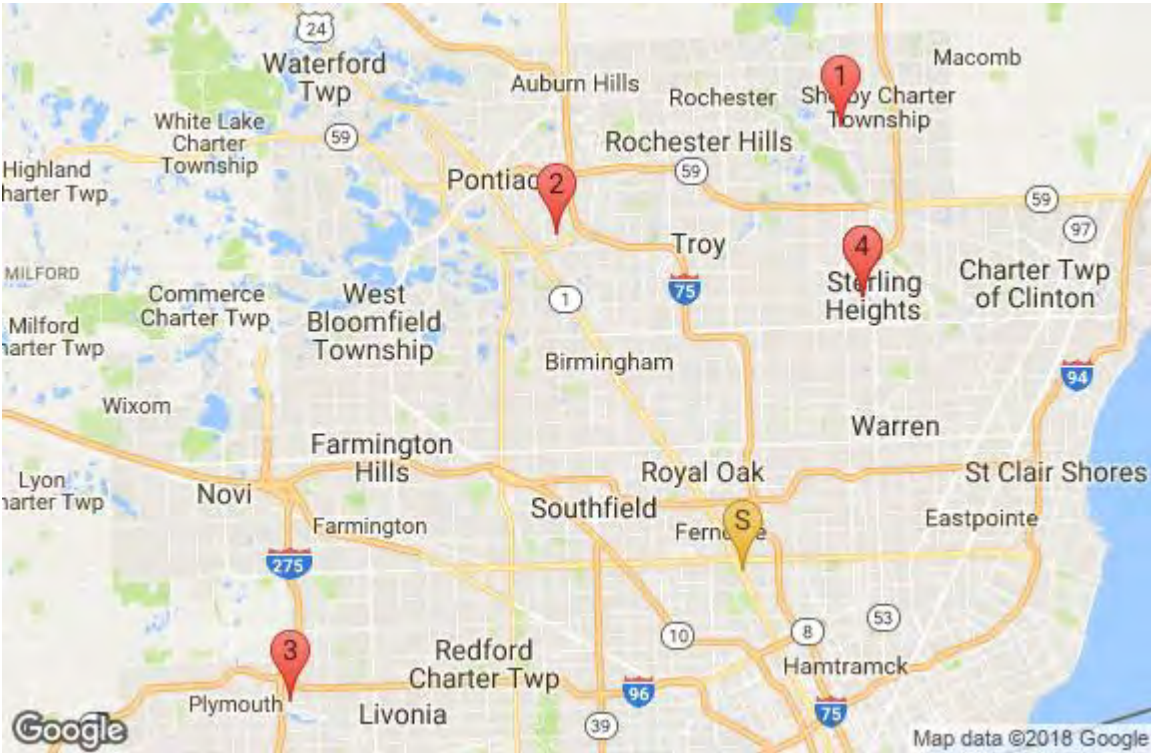
The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. This approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

We have researched comparables for this analysis, which are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources and, when possible, verified by a party to the transaction.

### Land Sales Comparables

Comp	Address City	Date Price	Acres Price Per Acre	Land SF Price Per Land SF	Zoning	Comments
1	50500 Mound Road Macomb	Sep-2017 \$5,800,000	208.63 \$27,800	9,087,923 \$0.64	HM; Heavy Manufacturing	This is the sale of a 208.63 acre industrial zoned site located near the City of Detroit. The site was previously improved with a 1,870,480 SF manufacturing building that was demolished in 2010. The current buyer plans to construct a 1,000,000 SF warehouse/distribution center that Amazon will occupy as a single tenant upon completion. The building is planned for delivery Q3 2018.
2	2100 South Opdyke Road Pontiac	Jul-2017 \$3,900,000	122.34 \$31,879	5,329,096 \$0.73	M-2; Heavy Manufacturing	This is the sale of a 122.34 acre industrial site near the City of Detroit. The buyer intends to construct a 1,000,000 SF industrial building on the site.
3	12882 Eckles Road Livonia	Nov-2016 \$8,706,300	122.62 \$71,003	5,341,288 \$1.63	M-2; General Manufacturing	This is the sale of a 122.62 acre industrial site located near the City of Detroit. The buyer intends to develop the site with a 500,000 square foot distribution warehouse the buyer will own occupy upon completion of the construction. The building is expected to be delivered Q2 2018.
4	7191 17 Mile Road Sterling Heights	Jun-2016 \$14,900,000	144.00 \$103,472	6,272,640 \$2.38	M-1; Light Industrial	This is the sale of a 144 acre industrial site located near the City of Detroit.






### Comparables Map



### Analysis and Adjustment of Sales

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Grid - Entire Site

	Subject	Comp 1	Comp 2	Comp 3	Comp 4
					
Name	Michigan State Fairgrounds	Amazon Distribution Center	2100 South Opdyke Road	Livonia West Corporate Center	7191 17 Mile Road
Address	20110 Woodward Avenue	50500 Mound Road	2100 South Opdyke Road	12882 Eckles Road	7191 17 Mile Road
City	Detroit	Macomb	Pontiac	Livonia	Sterling Heights
County	Wayne	Macomb	Oakland	Wayne	Macomb
State	MI	MI	MI	MI	MI
Date	Jan-2018	Sep-2017	Jul-2017	Nov-2016	Jun-2016
Adjusted Price		\$5,800,000	\$3,900,000	\$8,706,300	\$14,900,000
SF	6,859,393	9,087,923	5,329,096	5,341,288	6,272,640
Acres	157.47	208.63	122.34	122.62	144.00
Acre Unit Price		\$27,800	\$31,879	\$71,003	\$103,472
Zoning	B-4; General Business District	HM; Heavy Manufacturing	M-2; Heavy Manufacturing	M-2; General Manufacturing	M-1; Light Industrial
Transaction Adjustments					
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
% Adjustment		-	-	-	-
Conditions of Sale					
% Adjustment		-	-	-	-
Expend. After Sale		-	-	-	-
Market Trends Through	Jan-18	-	-	-	-
Adjusted Acre Unit Price		\$27,800	\$31,879	\$71,003	\$103,472
Location		5%	5%	-	-
Access/Exposure		-	-	-	-
Size		15%	-10%	-10%	-5%
Shape/Topography		-	-	-	-
Zoning		5%	5%	5%	5%
Entitlements		-	-	-	-
Adjusted Acre Unit Price		\$34,751	\$31,879	\$67,453	\$103,472
Net Adjustments		25%	-	-5%	-
Gross Adjustments		25%	20%	15%	10%
Summary Indicators					
Comparables - Unadjusted		Range	Average	Median	
Comparables - Adjusted		\$27,800.41 - \$103,472.22	\$58,539	\$51,441	
		\$31,878.58 - \$103,472.22	\$59,388	\$51,102	
<b>Reconciled Unit Value:</b>			<b>\$75,000</b>		

The sales we have presented are industrial in nature, which is consistent with our highest and best use conclusion for the majority of the subject site. However, our initial search also consisted of large redevelopment site transactions within the Detroit MSA. We located the following sale transactions and listings.

Overall, we consider the industrial transactions we have presented as the most relevant sales to be applied. However, we do consider these other transactions in arriving at our value conclusion. They are shown as follows.

### Additional Sales and Listings

Property	City	State	Size (Acres)	Zoning Designation	Closed Sale or Listing	Sale Date	Price	Price/Acre
30 Mile Road	Lenox Township	MI	98.00	Agricultural	Closed Sale	9/20/2015	\$382,000	\$3,898
12551 Clinton River Road	Sterling Heights	MI	104.48	Residential	Closed Sale	1/30/2015	\$915,000	\$8,758
18533 Crenshaw Drive	Macomb	MI	250.00	Residential	Closed Sale	9/2/2016	\$555,000	\$2,220
Geddes Road	Canton	MI	212.00	Residential	Listing	N/A	\$5,300,000	\$25,000
10675 Grand River Road	Brighton	MI	146.83	Residential	Closed Sale	10/30/2015	\$1,550,000	\$10,556
15786 Grange Hall Road	Holly	MI	83.70	Industrial	Listing	N/A	\$1,200,000	\$14,337
893 N. Hickory Ridge Road	Highland	MI	119.94	Agricultural	Listing	N/A	\$2,000,000	\$16,675
1398 Lakeville Road	Leonard	MI	175.20	Residential	Closed Sale	6/21/2017	\$2,000,000	\$11,416
Old US 23	Fenton	MI	95.00	Industrial	Closed Sale	6/24/2016	\$3,100,000	\$32,632

## Comparable Land Sale Adjustments

### Property Rights

No adjustments for real property rights were required.

### Financing

No adjustments for financing terms were required.

### Conditions of Sale

No adjustments for conditions of sale were required.

### Expenditures After Sale

No adjustments for expenditures after sale were required.

### Economic Trends

The land sales took place from June 2016 to September 2017. Market conditions generally have been stable over this period through the effective date of value. As a result, we apply no adjustments for market trends.

### Location

Comparables 1 and 2 have been adjusted upward due to their inferior location when compared to the subject property. Comparables 3 and 4 have not been adjusted.

### Access/Exposure

No adjustments for access/exposure were required.

### Size

Comparables 2, 3 and 4 have been adjusted downward due to their smaller size when compared to the subject property. Comparable 1 has been adjusted upward due to its larger size.

### Shape/Topography

No adjustments for shape/topography were required.

### Zoning

All four comparables have been adjusted upward due to their inferior zoning when compared to the subject property.

### Entitlements

No adjustments for entitlements were required.



### Land Valuation Conclusion – Entire Site

All of the value indications have been considered, and in the final analysis, we place primary reliance on Comparables 3 and 4 because they required the lowest gross adjustments. Our final reconciled value is shown below.

### Land Value Reconciliation

As Is	Projection 1
Indicated Value per Acres	\$75,000
Subject Acres	157.47
Indicated Stabilized Value	<u>\$11,810,250</u>
Adjustments	
Demolition Costs	-\$2,640,000
Fieldhouse Termination Fee	-\$2,400,000
Environmental Cleanup Costs	<u>-\$1,510,000</u>
Total Adjustments	-\$6,550,000
Indicated As Is Value	\$5,260,250
<b>Rounded As Is</b>	<b>\$5,300,000</b>

In order to reach our As Is value, we deduct demolition costs and the Fieldhouse Termination Fee. These are discussed in detail in the Improvements Description and Highest and Best Use sections of this report. We also deduct Environmental Cleanup Costs, which are discussed in detail in the Site Description section of this report.

## Land Valuation – Woodward Avenue Site

The subject's land value has been developed via the sales comparison approach.

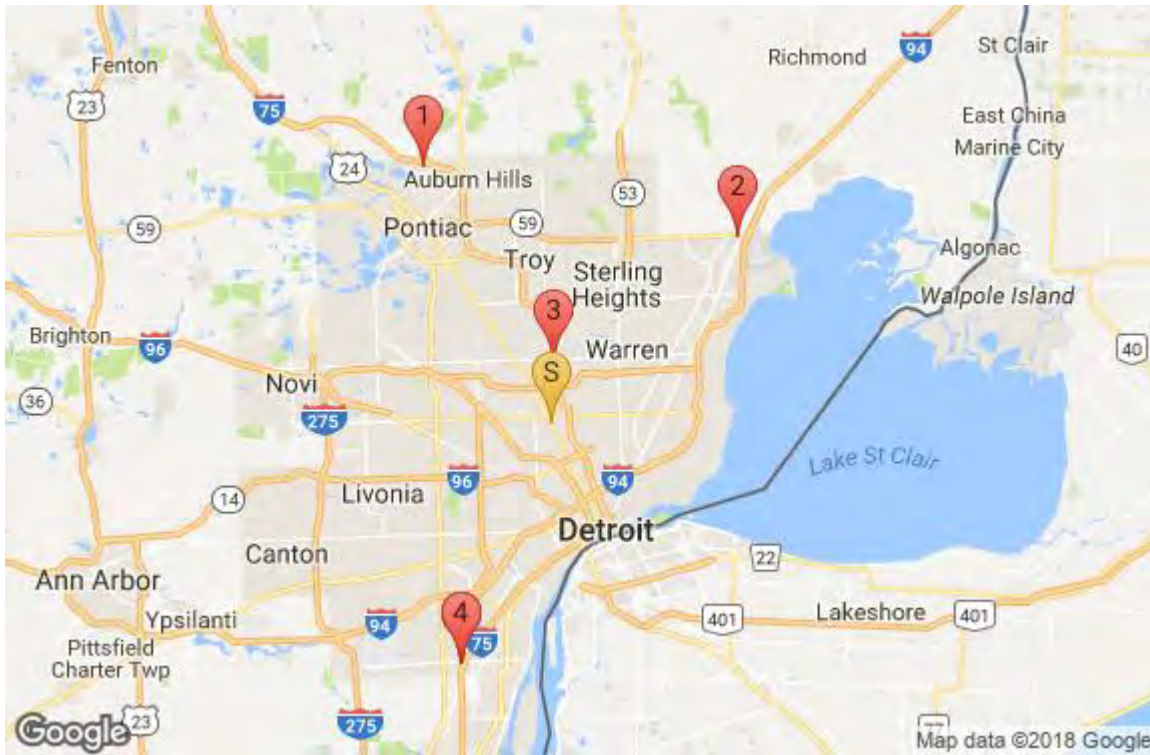
The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. This approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

We have researched comparables for this analysis, which are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources and, when possible, verified by a party to the transaction.

### Land Sales Comparables

Comp	Address City	Date Price	Acres Price Per Acre	Land SF Price Per Land SF	Zoning	Comments
1	500 Great Lakes Crossing Drive Auburn Hills	Dec-2017 \$4,000,000	16.57 \$241,400	721,789 \$5.54	B-2; General Business	This is the sale of 16.57 acres of commercially zoned land located near the City of Detroit. The buyer will construct a Topgolf on the site.
2	23970 Hall Road Clinton Township	Sep-2017 \$1,175,000	5.22 \$225,096	227,383 \$5.17	B-3; General Business District	This is the sale of 5.22 acres of commercially zoned land. The purchase price is representative of land value only. The buyer plans to redevelop the site.
3	2200 East 12 Mile Road Royal Oak	Aug-2015 \$5,100,000	15.95 \$319,749	694,782 \$7.34	Neighborhood Business District	This is the sale of 15.95 acres of commercially zoned land located near the City of Detroit. The property had a religious facility on the site at the time of sale, however, the sale price is representative of land value only. The buyer constructed a Krogers with a gas station on the site that opened in 2016.
4	15200 Seaway Drive Taylor	May-2015 \$550,000	2.00 \$275,000	87,120 \$6.31	B-2; Commercial District	This is the sale of 2.0 acres of commercially zoned land located near the City of Detroit. The buyer plans to construct a Menards on the site.






## Comparables Map



## Analysis and Adjustment of Sales

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Grid - Woodward Avenue Site

	Subject	Comp 1	Comp 2	Comp 3	Comp 4
					
Name	Michigan State Fairgrounds	Topgolf Site	23970 Hall Road	Marketplace of Royal Oak	15200 Seaway Drive
Address	20110 Woodward Avenue	500 Great Lakes Crossing Drive	23970 Hall Road	2200 East 12 Mile Road	15200 Seaway Drive
City	Detroit	Auburn Hills	Clinton Township	Royal Oak	Taylor
County	Wayne	Oakland	Macomb	Oakland	Wayne
State	MI	MI	MI	MI	MI
Date	Jan-2018	Dec-2017	Sep-2017	Aug-2015	May-2015
Price		\$4,000,000	\$1,175,000	\$5,100,000	\$550,000
Price Adjustment		\$0	\$0	\$0	\$0
Adjusted Price		\$4,000,000	\$1,175,000	\$5,100,000	\$550,000
Acres	16.00	16.57	5.22	15.95	2.00
Land SF	696,960	721,789	227,383	694,782	87,120
Land SF Unit Price		\$5.54	\$5.17	\$7.34	\$6.31
Zoning	B-4; General Business	B-2; General Business	B-3; General Business District	Neighborhood Business District	B-2; Commercial District
Traffic Count	15,500 VPD	30,075 VPD	64,900 VPD	30,031 VPD	31,160 VPD
Transaction Adjustments					
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
% Adjustment		-	-	-	-
Conditions of Sale					
% Adjustment		-	-	-	-
Expend. After Sale		-	-	-	-
Market Trends Through	Jan-18 1%	0%	0%	2%	3%
Adjusted Land SF Unit Price		\$5.55	\$5.18	\$7.52	\$6.48
Location		5%	5%	-10%	5%
Access/Exposure		-10%	-20%	-10%	-10%
Size		-	-10%	-	-15%
Shape/Topography		-	-	-	-
Zoning		-	-	-	-
Entitlements		-	-	-	-
Adjusted Land SF Unit Price		\$5.27	\$3.89	\$6.02	\$5.19
Net Adjustments		-5%	-25%	-18%	-18%
Gross Adjustments		15%	35%	22%	33%
Summary Indicators		Range	Average	Median	
Comparables - Unadjusted		\$5.17 - \$7.34	\$6.09	\$5.93	
Comparables - Adjusted		\$3.89 - \$6.02	\$5.09	\$5.23	
<b>Reconciled Unit Value:</b>			<b>\$5.75</b>		

## Comparable Land Sale Adjustments

### Property Rights

No adjustments for real property rights were required.

### Financing

No adjustments for financing terms were required.

### Conditions of Sale

No adjustments for conditions of sale were required.

### Expenditures After Sale

No adjustments for expenditures after sale were required.

### Economic Trends

The land sales took place from May 2015 to December 2017. Market conditions generally have been strengthening over this period through the effective date of value. As a result, we apply upward adjustments of 1.0% per year to account for this trend.

### Location

Comparable 3 has been adjusted downward due to its superior location when compared to the subject property. Comparables 1, 2 and 4 have been adjusted upward due to their inferior location.

### Access/Exposure

All four comparables have been adjusted downward due to their superior access/exposure when compared to the subject property.

### Size

Comparables 2 and 4 have been adjusted downward due to their smaller size when compared to the subject property. Comparables 1 and 3 have not been adjusted.

### Shape/Topography

No adjustments for shape/topography were required.

### Zoning

No adjustments for zoning were required.

### Entitlements

No adjustments for entitlements were required.

### Land Valuation Conclusion – Woodward Avenue Site

All of the value indications have been considered, and in the final analysis, we place primary reliance on Comparables 1 and 3 because they are most comparable to the subject in terms of size. Our final reconciled value is shown below.

### Land Value Reconciliation

As Is	
Indicated Value per Land SF	\$5.75
Subject Land SF	696,960
Indicated As Is Value	<u>\$4,007,520</u>
<b>Rounded As Is Value</b>	<b>\$4,010,000</b>

## Land Valuation – Eight Mile Road Site

The subject's land value has been developed via the sales comparison approach.

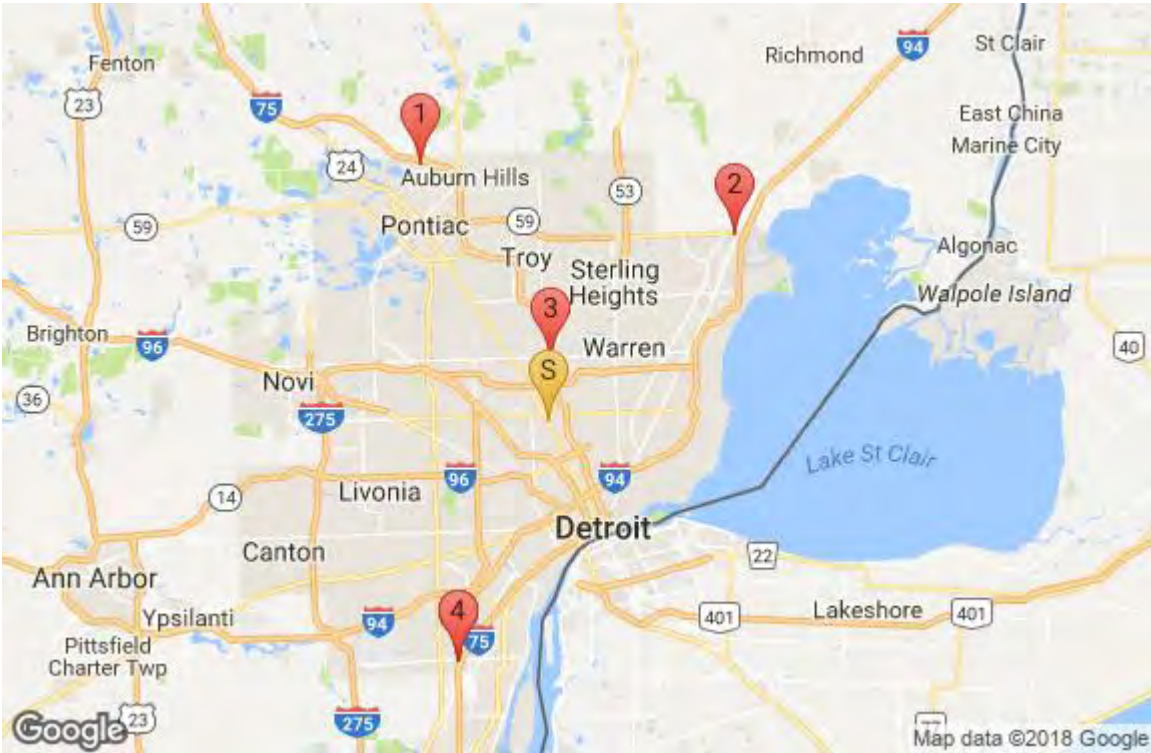
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We have researched comparables for this analysis, which are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources and, when possible, verified by a party to the transaction.

### Land Sales Comparables

Comp	Address City	Date Price	Acres Price Per Acre	Land SF Price Per Land SF	Zoning	Comments
1	500 Great Lakes Crossing Drive Auburn Hills	Dec-2017 \$4,000,000	16.57 \$241,400	721,789 \$5.54	B-2; General Business	This is the sale of 16.57 acres of commercially zoned land located near the City of Detroit. The buyer will construct a Topgolf on the site.
2	23970 Hall Road Clinton Township	Sep-2017 \$1,175,000	5.22 \$225,096	227,383 \$5.17	B-3; General Business District	This is the sale of 5.22 acres of commercially zoned land. The purchase price is representative of land value only. The buyer plans to redevelop the site.
3	2200 East 12 Mile Road Royal Oak	Aug-2015 \$5,100,000	15.95 \$319,749	694,782 \$7.34	Neighborhood Business District	This is the sale of 15.95 acres of commercially zoned land located near the City of Detroit. The property had a religious facility on the site at the time of sale, however, the sale price is representative of land value only. The buyer constructed a Krogers with a gas station on the site that opened in 2016.
4	15200 Seaway Drive Taylor	May-2015 \$550,000	2.00 \$275,000	87,120 \$6.31	B-2; Commercial District	This is the sale of 2.0 acres of commercially zoned land located near the City of Detroit. The buyer plans to construct a Menards on the site.

**Comparables Map**








**Analysis and Adjustment of Sales**

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.



Land Grid - Eight Mile Road Site

	Subject	Comp 1	Comp 2	Comp 3	Comp 4
					
Name	Michigan State Fairgrounds	Topgolf Site	23970 Hall Road	Marketplace of Royal Oak	15200 Seaway Drive
Address	20110 Woodward Avenue	500 Great Lakes Crossing Drive	23970 Hall Road	2200 East 12 Mile Road	15200 Seaway Drive
City	Detroit	Auburn Hills	Clinton Township	Royal Oak	Taylor
County	Wayne	Oakland	Macomb	Oakland	Wayne
State	MI	MI	MI	MI	MI
Date	Jan-2018	Dec-2017	Sep-2017	Aug-2015	May-2015
Price		\$4,000,000	\$1,175,000	\$5,100,000	\$550,000
Price Adjustment		\$0	\$0	\$0	\$0
Adjusted Price		\$4,000,000	\$1,175,000	\$5,100,000	\$550,000
Acres	16.00	16.57	5.22	15.95	2.00
Land SF	696,960	721,789	227,383	694,782	87,120
Land SF Unit Price		\$5.54	\$5.17	\$7.34	\$6.31
Zoning	B-4; General Business	B-2; General Business	B-3; General Business District	Neighborhood Business District	B-2; Commercial District
Traffic Count	60,304 VPD	30,075 VPD	64,900 VPD	30,031 VPD	31,160 VPD
Transaction Adjustments					
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
% Adjustment		-	-	-	-
Conditions of Sale					
% Adjustment		-	-	-	-
Expend. After Sale		-	-	-	-
Market Trends Through	Jan-18 1%	0%	0%	2%	3%
Adjusted Land SF Unit Price		\$5.55	\$5.18	\$7.52	\$6.48
Location		5%	5%	-10%	5%
Access/Exposure		10%	-	10%	10%
Size		-	-10%	-	-15%
Shape/Topography		-	-	-	-
Zoning		-	-	-	-
Entitlements		-	-	-	-
Adjusted Land SF Unit Price		\$6.38	\$4.92	\$7.52	\$6.48
Net Adjustments		15%	-5%	2%	3%
Gross Adjustments		15%	15%	22%	33%
Summary Indicators					
		Range	Average	Median	
Comparables - Unadjusted		\$5.17 - \$7.34	\$6.09	\$5.93	
Comparables - Adjusted		\$4.92 - \$7.52	\$6.33	\$6.43	
<b>Reconciled Unit Value:</b>			<b>\$7.00</b>		

## Comparable Land Sale Adjustments

### Property Rights

No adjustments for real property rights were required.

### Financing

No adjustments for financing terms were required.

### Conditions of Sale

No adjustments for conditions of sale were required.

### Expenditures After Sale

No adjustments for expenditures after sale were required.

### Economic Trends

The land sales took place from May 2015 to December 2017. Market conditions generally have been strengthening over this period through the effective date of value. As a result, we apply upward adjustments of 1.0% per year to account for this trend.

### Location

Comparable 3 has been adjusted downward due to its superior location when compared to the subject property. Comparables 1, 2 and 4 have been adjusted upward due to their inferior location.

### Access/Exposure

Comparables 1, 3 and 4 have been adjusted upward due to their inferior access/exposure when compared to the subject property. Comparable 2 has not been adjusted.

### Size

Comparables 2 and 4 have been adjusted downward due to their smaller size when compared to the subject property. Comparables 1 and 3 have not been adjusted.

### Shape/Topography

No adjustments for shape/topography were required.

### Zoning

No adjustments for zoning were required.

### Entitlements

No adjustments for entitlements were required.

**Land Valuation Conclusion – Eight Mile Road Site**

All of the value indications have been considered, and in the final analysis, we place primary reliance on Comparables 1 and 3 because they are most comparable to the subject in terms of size. Our final reconciled value is shown below.

**Land Value Reconciliation**

<b>As Is</b>	
Indicated Value per Land SF	\$7.00
Subject Land SF	696,960
Indicated As Is Value	<u>\$4,878,720</u>
<b>Rounded As Is Value</b>	<b>\$4,880,000</b>

## Land Valuation – State Fair Avenue Site

The subject's land value has been developed via the sales comparison approach.

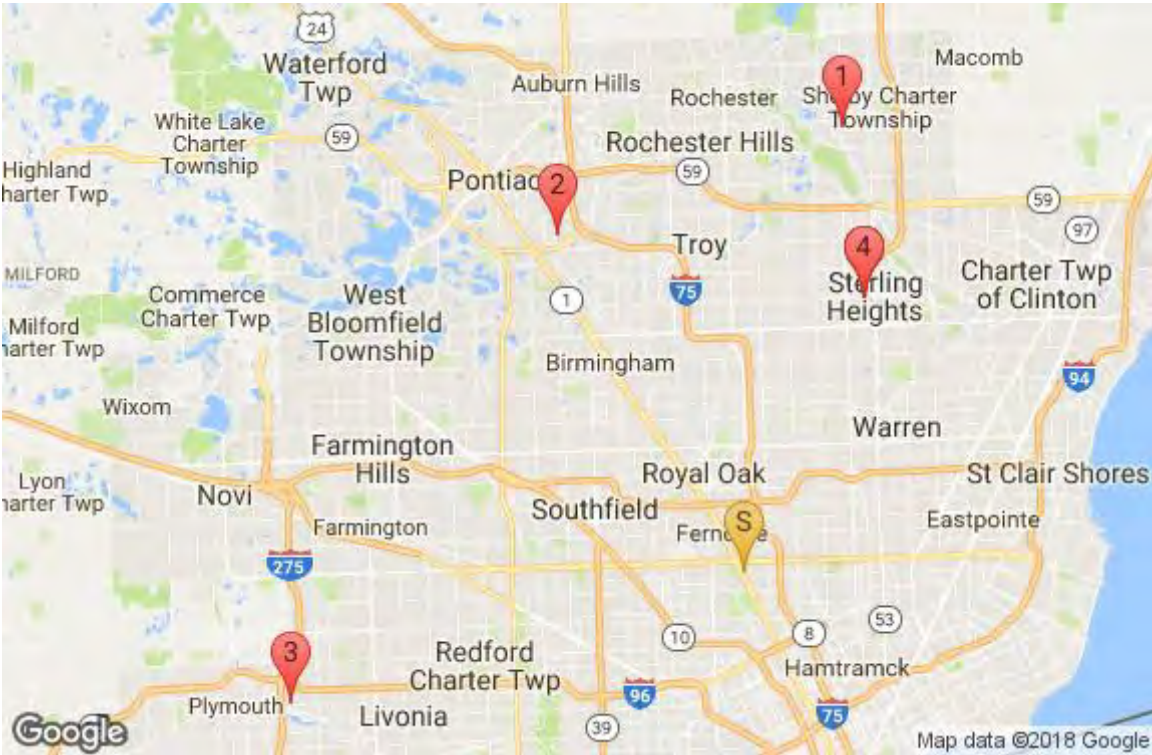
The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. This approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

We have researched comparables for this analysis, which are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources and, when possible, verified by a party to the transaction.

### Land Sales Comparables

Comp	Address City	Date Price	Acres Price Per Acre	Land SF Price Per Land SF	Zoning	Comments
1	50500 Mound Road Macomb	Sep-2017 \$5,800,000	208.63 \$27,800	9,087,923 \$0.64	HM; Heavy Manufacturing	This is the sale of a 208.63 acre industrial zoned site located near the City of Detroit. The site was previously improved with a 1,870,480 SF manufacturing building that was demolished in 2010. The current buyer plans to construct a 1,000,000 SF warehouse/distribution center that Amazon will occupy as a single tenant upon completion. The building is planned for delivery Q3 2018.
2	2100 South Opdyke Road Pontiac	Jul-2017 \$3,900,000	122.34 \$31,879	5,329,096 \$0.73	M-2; Heavy Manufacturing	This is the sale of a 122.34 acre industrial site near the City of Detroit. The buyer intends to construct a 1,000,000 SF industrial building on the site.
3	12882 Eckles Road Livonia	Nov-2016 \$8,706,300	122.62 \$71,003	5,341,288 \$1.63	M-2; General Manufacturing	This is the sale of a 122.62 acre industrial site located near the City of Detroit. The buyer intends to develop the site with a 500,000 square foot distribution warehouse the buyer will own occupy upon completion of the construction. The building is expected to be delivered Q2 2018.
4	7191 17 Mile Road Sterling Heights	Jun-2016 \$14,900,000	144.00 \$103,472	6,272,640 \$2.38	M-1; Light Industrial	This is the sale of a 144 acre industrial site located near the City of Detroit.






**Comparables Map**



**Analysis and Adjustment of Sales**

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Grid - State Fair Avenue Site

	Subject	Comp 1	Comp 2	Comp 3	Comp 4
					
Name	Michigan State Fairgrounds	Amazon Distribution Center	2100 South Opdyke Road	Livonia West Corporate Center	7191 17 Mile Road
Address	20110 Woodward Avenue	50500 Mound Road	2100 South Opdyke Road	12882 Eckles Road	7191 17 Mile Road
City	Detroit	Macomb	Pontiac	Livonia	Sterling Heights
County	Wayne	Macomb	Oakland	Wayne	Macomb
State	MI	MI	MI	MI	MI
Date	Jan-2018	Sep-2017	Jul-2017	Nov-2016	Jun-2016
Price		\$5,800,000	\$3,900,000	\$8,706,300	\$14,900,000
Price Adjustment		\$0	\$0	\$0	\$0
Adjusted Price		\$5,800,000	\$3,900,000	\$8,706,300	\$14,900,000
Land SF	5,465,473	9,087,923	5,329,096	5,341,288	6,272,640
Acres	125.47	208.63	122.34	122.62	144.00
Acre Unit Price		\$27,800	\$31,879	\$71,003	\$103,472
Zoning	B-4; General Business District	HM; Heavy Manufacturing	M-2; Heavy Manufacturing	M-2; General Manufacturing	M-1; Light Industrial
Transaction Adjustments					
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
% Adjustment		-	-	-	-
Conditions of Sale					
% Adjustment		-	-	-	-
Expend. After Sale		-	-	-	-
Market Trends Through	Jan-18 1%	0%	1%	1%	2%
Adjusted Acre Unit Price		\$27,901	\$32,048	\$71,854	\$105,150
Location		10%	10%	-	-
Access/Exposure		-	-	-	-
Size		15%	-	-	5%
Shape/Topography		-	-	-	-
Zoning		5%	5%	5%	5%
Entitlements		-	-	-	-
Adjusted Acre Unit Price		\$36,272	\$36,856	\$75,446	\$115,665
Net Adjustments		30%	16%	6%	12%
Gross Adjustments		30%	16%	6%	12%
Summary Indicators		Range	Average	Median	
Comparables - Unadjusted		\$27,800.41 - \$103,472.22	\$58,539	\$51,441	
Comparables - Adjusted		\$36,271.81 - \$115,664.93	\$66,060	\$56,151	
<b>Reconciled Unit Value:</b>			<b>\$80,000</b>		

## Comparable Land Sale Adjustments

### Property Rights

No adjustments for real property rights were required.

### Financing

No adjustments for financing terms were required.

### Conditions of Sale

No adjustments for conditions of sale were required.

### Expenditures After Sale

No adjustments for expenditures after sale were required.

### Economic Trends

The land sales took place from June 2016 to September 2017. Market conditions generally have been strengthening over this period through the effective date of value. As a result, we apply upward adjustments of 1.0% per year to account for this trend.

### Location

Comparables 1 and 2 have been adjusted upward due to their inferior location when compared to the subject property. Comparables 3 and 4 have not been adjusted.

### Access/Exposure

No adjustments for access/exposure were required.

### Size

Comparables 1 and 4 have been adjusted upward due to their larger size when compared to the subject property. Comparables 2 and 3 have not been adjusted.

### Shape/Topography

No adjustments for shape/topography were required.

### Zoning

All four comparables have been adjusted upward due to their inferior zoning when compared to the subject property.

### Entitlements

No adjustments for entitlements were required.

### Land Valuation Conclusion – State Fair Avenue Site

All of the value indications have been considered, and in the final analysis, we place primary reliance on Comparables 3 and 4 because they require the lowest gross adjustments. Our final reconciled value is shown below.

### Land Value Reconciliation

As Is	Projection 1
Indicated Value per Acres	\$80,000
Subject Acres	125.47
Indicated Stabilized Value	<u>\$10,037,600</u>
Adjustments	
Demolition Costs	-\$2,640,000
Fieldhouse Termination Fee	-\$2,400,000
Environmental Cleanup Costs	<u>-\$1,510,000</u>
Total Adjustments	-\$6,550,000
Indicated As Is Value	\$3,487,600
<b>Rounded As Is Value</b>	<b>\$3,490,000</b>

In order to reach our As Is value, we deduct demolition costs and the Fieldhouse Termination Fee. These are discussed in detail in the Improvements Description and Highest and Best Use sections of this report. We also deduct Environmental Cleanup Costs, which are discussed in detail in the Site Description section of this report.



## Disposition Value

At the client's request we provide a disposition value for each of the subject's configuration scenarios. We estimate the subject's marketing period for each of the configurations as follows:

- Entire Site (157.47 Acres) - Between 18 and 30 months
- Woodward Avenue Site (16.00 Acres) – Between 12 and 18 months
- Eight Mile Road Site (16.00 Acres) – Between 12 and 18 months
- State Fair Avenue Site (125.47 Acres) – Between 18 and 30 months

We spoke with several retail and industrial brokers in the subject's area who indicated a shortened exposure time for the subject would warrant a discount between 25% and 40%. Therefore, we conclude the following disposition periods and associated discount rates for each of the configurations as follows:

- Entire Site (157.47 Acres) – Around 12 months with a 35% discount
- Woodward Avenue Site (16.00 Acres) – Around 6 months with a 35% discount
- Eight Mile Road Site (16.00 Acres) – Around 6 months with a 35% discount
- State Fair Avenue Site (125.47 Acres) – Around 12 months with a 35% discount

In order to reach our disposition values, we apply the concluded discounts to our concluded market values as is based on the concluded marketing periods. This process is summarized as follows.

### Disposition Values

Configuration Scenario	Interest	Market Value As Is	X	Concluded Discount	=	Disposition Value	<b>Rounded</b>
Entire Site	Fee Simple	\$5,300,000	X	35%	=	\$3,445,000	<b>\$3,450,000</b>
Woodward Avenue Site	Fee Simple	\$4,010,000	X	35%	=	\$2,606,500	<b>\$2,610,000</b>
Eight Mile Road Site	Fee Simple	\$4,880,000	X	35%	=	\$3,172,000	<b>\$3,170,000</b>
State Fair Avenue Site	Fee Simple	\$3,490,000	X	35%	=	\$2,268,500	<b>\$2,270,000</b>

## Smaller Land Parcels

At the client's request, we also provide a range of values if the site were broken up into 20, 30 and 40 acre industrial land parcels. Our concluded range considers the site as if it was pad ready graded with utilities to the site. Based on discussions with brokers in the Detroit area, as well as our experience within the subject's area, we conclude to a range of **\$125,000 to \$150,000** per acre for sites between 20 and 40 acres. The following table provides closed sales and listings of land parcels within the Detroit MSA.

### Smaller Sites

Property	City	Size (Acres)	Size (SF)	Zoning Designation	Sale Date	Price	Price / Acre	Price / SF
Cabaret Drive	Novi	30.87	1,344,697	Office Service Technology	Apr-17	\$3,050,000	\$98,801	\$2.27
Twelve Mile Road	Novi	18.53	807,167	Office Service Technology	Jul-17	\$2,910,000	\$157,043	\$3.61
8100 Industrial Park Dr.	Grand Blanc	15.38	669,953	Industrial	Aug-16	\$1,830,000	\$118,986	\$2.73
15520 Wayne Road	Romulus	52.00	2,265,120	Industrial	Sep-17	\$4,710,000	\$90,577	\$2.08
4360 S. Haggerty Rd.	Canton	36.00	1,568,160	Industrial	Feb-15	\$5,734,252	\$159,285	\$3.66
Haggerty Road	Van Buren	18.16	791,050	Industrial	Listing	\$1,180,400	\$65,000	\$1.49
6100 McGraw Street	Detroit	15.87	691,297	Industrial	Listing	\$1,950,000	\$122,873	\$2.82
36411 Ecorse Road	Romulus	30.00	1,306,800	Industrial	Listing	\$1,800,000	\$60,000	\$1.38
Haggerty Road	Canton	15.05	655,578	Industrial	Listing	\$2,850,000	\$189,369	\$4.35
43000 Van Born Rd.	Belleville	23.88	1,040,213	Industrial	Listing	\$1,552,200	\$65,000	\$1.49
14310-14320 Hamilton Ave.	Highland Park	22.42	976,615	Industrial	Listing	\$1,300,000	\$57,984	\$1.33
Michigan Ave. & Denton Rd.	Belleville	18.56	808,474	Industrial	Listing	\$1,484,800	\$80,000	\$1.84
Ann Arbor Rd.	Canton	19.43	846,371	Industrial	Listing	\$2,900,000	\$149,254	\$3.43
Ford Rd. & Al Smith	Canton	31.39	1,367,348	Industrial	Listing	\$3,766,800	\$120,000	\$2.75
5871 Morton Taylor Rd.	Van Buren	23.19	1,010,156	Industrial	Listing	\$1,509,350	\$65,086	\$1.49
Wayne Road	Westland	19.80	862,488	Industrial	Listing	\$2,000,000	\$101,010	\$2.32

## Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

## Value Conclusion

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), as of January 12, 2018, subject to the Limiting Conditions and Assumptions of this appraisal.

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Disposition Value As Is - Entire Site	Fee Simple	January 12, 2018	\$3,450,000
Disposition Value As Is - Woodward Avenue Site	Fee Simple	January 12, 2018	\$2,610,000
Disposition Value As Is - Eight Mile Road Site	Fee Simple	January 12, 2018	\$3,170,000
Disposition Value As Is - State Fair Avenue Site	Fee Simple	January 12, 2018	\$2,270,000

An aerial depicting the different valuation configurations is shown next.



The entire subject property is outlined above in red. Outlined in blue are the three development sites considered in our analysis: Woodward Avenue Site, Eight Mile Road Site, and State Fair Avenue Site.

## Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local land market, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously are between 18 and 30 months for the Entire Site and the State Fair Avenue Site, and between 12 and 18 months for the Woodward Avenue Site and Eight Mile Road Site.

## Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period between 18 and 30 months for the Entire Site and the State Fair Avenue Site, and between 12 and 18 months for the Woodward Avenue Site and Eight Mile Road Site.

## Limiting Conditions and Assumptions

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1. All reports and work product we deliver to you (collectively called “report”) represent an opinion of value, based on historical information and forecasts of market conditions. Actual results may vary from those forecast in the report. There is no guaranty or warranty that the opinion of value reflects the actual value of the property.
2. The conclusions stated in our report apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events. Assessed values may change significantly and unexpectedly over short periods. We are not liable for any conclusions in the report that may be different if there are subsequent changes in value. We are not liable for loss relating to reliance upon our report more than three months after its date.
3. There may be differences between projected and actual results because events and circumstances frequently do not occur as predicted, and those differences may be material. We are not liable for any loss arising from these differences.
4. We are not obligated to predict future political, economic or social trends. We assume no responsibility for economic factors that may affect or alter the opinions in the report if the economic factors were not present as of the date of the letter of transmittal accompanying the report.
5. The report reflects an appraisal of the property free of any liens or encumbrances unless otherwise stated.
6. We assume responsible ownership and competent property management.
7. The appraisal process requires information from a wide variety of sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has a material effect on our appraisal has been withheld.
8. We assume the following, unless informed to the contrary in writing: Each property has a good and marketable title. All documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property. All information provided by the Client, or its agents, is correct, up to date and can be relied upon. We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions, interpretation of legal documents and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants. We recommend that you engage suitable consultants to advise you on these matters.
9. We assume that all engineering studies are correct. The plot plans and illustrative material in the report are included only to help the reader visualize the property.

10. We assume that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. We are not responsible for such conditions or for obtaining the engineering studies that may be required to discover them.
11. We assume that the property 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. We have not made or requested any environmental impact studies in conjunction with the report. We reserve the right to revise or rescind any opinion of value that is based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
12. Unless otherwise stated in the report, you should assume that we did not observe any hazardous materials on the property. We have no knowledge of the existence of such materials on or in the property; however, we are not qualified to detect such substances, and we are not providing environmental services. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. Our report assumes that there is no such material on or in the property that would cause a loss in value. We do not assume responsibility for such conditions or for any expertise or engineering knowledge required to discover them. We encourage you to retain an expert in this field, if desired. We are not responsible for any such environmental conditions that exist or for any engineering or testing that might be required to discover whether such conditions exist. We are not experts in the field of environmental conditions, and the report is not an environmental assessment of the property.
13. We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that floodplain and/or wetlands interpretations are accurate.
14. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether it is in compliance with the ADA. We claim no expertise in ADA issues, and render no opinion regarding compliance of the property with ADA regulations.
15. We assume that the property conforms to all applicable zoning and use regulations and restrictions unless we have identified, described and considered a non-conformity in the report.
16. We assume that all required licenses, certificates of occupancy, consents, and 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 opinion of value contained in the report is based.
17. We assume that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

18. We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the leases, all rent and other amounts payable under the leases have been paid when due, and that there are no undisclosed breaches of the leases.
19. We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct, up to date and can be relied upon.
20. Unless otherwise stated, the opinion of value included in our report excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier. We have made no allowance for any plant, machinery or equipment unless they form an integral part of the building and would normally be included in a sale of the building. We do not normally carry out or commission investigations into the capacity or condition of services being provided to the property. We assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.
21. In the case of property where construction work is in progress, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the Client or its appointed experts or upon industry accepted cost guides. In the case of property where construction work is in progress, or has recently been completed, we do not make allowance for any liability already incurred, but not yet discharged, in respect of completed work, or obligations in favor of contractors, subcontractors or any members of the professional or design team. We assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
22. Any allocation in the report of value between the land and the 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.
23. We are not required to testify or provide court-related consultation or to be in attendance in court unless we have agreed to do so in writing.
24. We may rely on, and will not verify, the accuracy and sufficiency of documents, information and assumptions provided to it by the Client or others. We will not verify documents, information and assumptions derived from industry sources or that JLL or its affiliates have prepared in the regular course of business. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions. However, our report will be based on our professional evaluation of all such available sources of information.
25. Unless expressly advised to the contrary, we assume that appropriate insurance coverage is and will continue to be available on commercially acceptable terms.
26. We assume that no material changes in any applicable federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.

# *Appendix A*

## Appraiser Qualifications



## Eric L. Enloe, MAI, CRE, FRICS

### Managing Director Valuation and Advisory Services, U.S.

#### Current Responsibilities

Eric directs valuation and consulting engagements related to a wide variety of property types in the Chicago market and national institutional assets and portfolios. He has a broad range of experience in the valuation and analysis of asset types including retail, office, industrial, multi-family, development land, manufactured housing, regional malls, hotels, self-storage, and going-concern valuations of complex assets. Eric has deep real estate valuation ties with major financial institutions, pension funds, REIT's, hedge funds, and insurance companies. In addition to leading JLL's Chicago efforts, Eric is heavily involved in national portfolio originations and management.

#### Experience

Eric has been involved in commercial real estate valuations since 1998. He joined one of Integra Realty Resources founding offices. Prior to joining JLL, he held various positions with Integra Realty Resources, including Senior Managing Director of the Chicago office. Eric helped grow the Chicago office into one of the largest offices in Integra Realty Resources. He has directed assignments in 50 states, the District of Columbia, and Canada. His team has provided valuation or consulting services on more than 5,000 assets over the last five years. Eric also provides advisory services to owners and develops including asset disposition and purchase due diligence.

#### Education and Affiliations

Bachelor's Degree | Finance | University of Notre Dame

Metropolitan Place Condominium Association, Board of Director

Appraisal Institute, member

Association for Corporate Growth (ACG), member

Chicago Real Estate Council (CREC), member

Royal Institute of Chartered Surveyors (FRICS), fellow

Counselor of Real Estate (CRE)

#### Contact

T: +1 312 252 8913

E: [eric.enloe@am.jll.com](mailto:eric.enloe@am.jll.com)



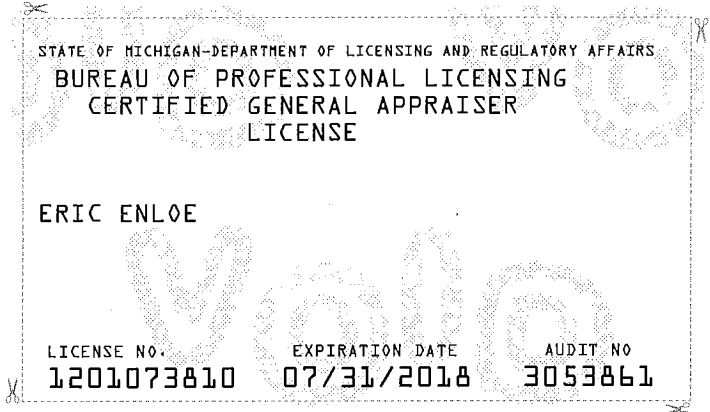
#### Certified General Real Estate Appraiser in:

AL, AR, AZ, CA, CO, CT, DE, FL, GA,  
IA, ID, IL, IN, KS, KY, LA, MA, MD,  
ME, MI, MN, MO, MS, MT, NC, ND,  
NE, NH, NJ, NM, NY, NY, OH, OK,  
OR, PA, RI, SC, SD, TN, TX, UT,  
VA, WA, WI, WV, WY

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ERIC ENLOE  
1901 W 47TH PL, STE 300  
WESTWOOD KS 66205

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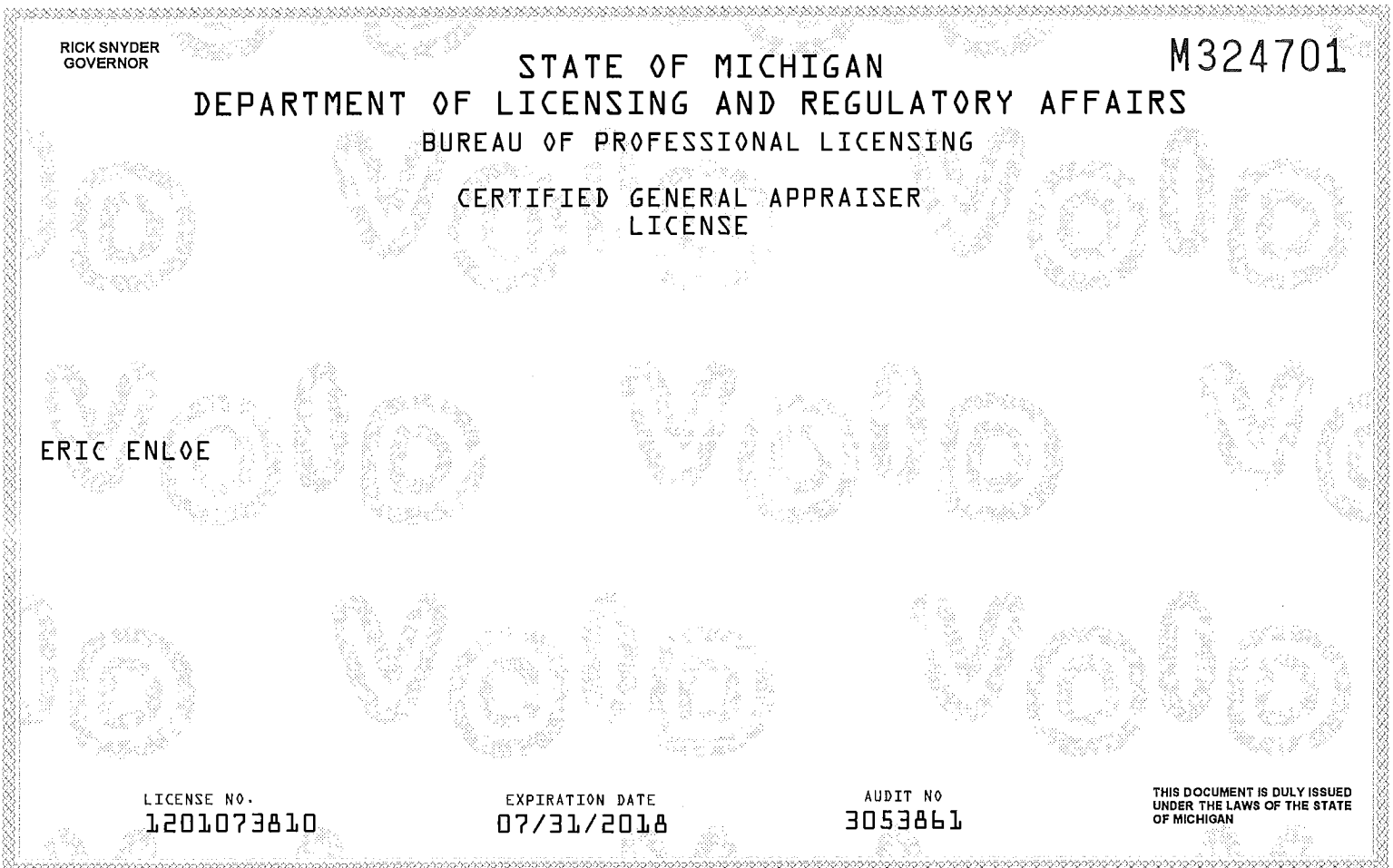
Inquiries Regarding this License

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Lansing, MI 48909

(517) 373-8068



# Qualifications

## Joseph M. Miller

### Senior Vice President Valuation and Advisory Services, Chicago

#### Current Responsibilities

As Senior Vice President, Joseph is responsible for performing various appraisal and consulting services for commercial lending, litigation, and tax protest purposes. In addition to appraisal services, Joseph manages a team of appraiser in the Chicago office. These responsibilities include client communications, appraisal review, and mentoring junior appraisers.

#### Experience

Prior to joining JLL in late 2016, Joseph served as Director of Integra Realty Resources (IRR) in Chicago and was a member of the Integra Realty Resources Seniors Housing and Healthcare specialty practice. Joseph has worked in the commercial real estate industry since 2010 primarily in commercial real estate appraisal and valuation. His background includes the valuation of real estate for multiple applications including market value appraisals, portfolio valuations, investment advisory services, business valuations, partial interest valuations, and market rent studies. He has experience appraising a variety of property types including: super regional malls, lifestyle centers, triple net properties, senior housing facilities, skilled nursing facilities, medical office buildings, hospitals, cemeteries, movie theaters, museums, industrial properties, office properties, government subsidized housing, development sites, FBOs, and marinas. In addition to Joseph's appraisal experience, he has also testified on behalf of clients during litigation proceedings.

Joseph has appraised some of the largest redevelopment sites in the Chicago market, including the Old Post Office and the former Finkl and Sons site located in Chicago's Lincoln Park neighborhood.

#### Education and Affiliations

Bachelor's Degree | Accounting | Loyola University Chicago  
Masters of Science | Accounting | Loyal University Chicago

Appraisal Institute, candidate

#### Contact

T: +1 312 252 8934  
E: joseph.miller@am.jll.com



Certified General Real Estate  
Appraiser in:

California, Georgia, Florida, Illinois,  
Indiana, Iowa, Kentucky, Louisiana,  
Massachusetts, Michigan,  
Minnesota, Nebraska, New Jersey,  
New York, North Carolina, North  
Dakota, Ohio, Pennsylvania, South  
Dakota, Washington, Wisconsin,  
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CERTIFIED GENERAL APPRAISER		
LICENSE		
JOSEPH MILLER		
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1201075005	07/31/2019	3202139
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# *Appendix B*

## Definitions

## Definitions

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The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

### **Amenity**

A tangible or intangible benefit of real property that enhances its attractiveness or increases the satisfaction of the user. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings, and other recreational facilities.

### **As Is Market Value**

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

### **Class of Apartment Property**

For the purposes of comparison, apartment properties are grouped into three classes. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures.

Class A apartment properties are the most prestigious properties competing for the premier apartment tenants, with rents above average for the area. Buildings have high-quality standard finishes, architectural appeal, state-of-the-art systems, exceptional accessibility, and a definite market presence.

Class B apartment properties compete for a wide range of users, with rents in the average range for the area. Class B buildings do not compete with Class A buildings at the same price. Building finishes are fair to good for the area, and systems are adequate.

Class C apartment properties compete for tenants requiring functional space at rents below the average for the area. Class C buildings are generally older, and are lower in quality and condition.

(Adapted from “Class of Office Building” in *The Dictionary of Real Estate Appraisal*.)

### **Deferred Maintenance**

Needed repairs or replacement of items that should have taken place during the course of normal maintenance.

### **Depreciation**

A loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

### **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

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a future exposure time specified by the client.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time specified by the client.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
10. This definition can also be modified to provide for valuation with specified financing terms.

## Effective Date of Appraisal

The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply.

## Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.

In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

## Excess Land; Surplus Land

**Excess Land:** Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued independently.

**Surplus Land:** Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

## Exposure Time

The time a property remains on the market.

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

### **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.

### **Floor Area Ratio (FAR)**

The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

### **Gross Building Area (GBA)**

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

### **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.

### **Lease**

A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

### **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.
10. This definition can also be modified to provide for valuation with specified financing terms.

### **Marketing Time**

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

### **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.

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
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.
6. (Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

### **Multifamily Property Type**

Residential structure containing five or more dwelling units with common areas and facilities. (Source: Appraisal Institute Commercial Data Standards and Glossary of Terms, Chicago, Illinois, 2004 [Appraisal Institute])

### **Multifamily Classifications**

**Garden/Low Rise Apartments:** A multifamily development of two- or three-story, walk-up structures built in a garden-like setting; customarily a suburban or rural-urban fringe development. (Source: Appraisal Institute)

**Mid/High-Rise Apartment Building:** A multifamily building with four or more stories, typically elevator-served. (Source: Appraisal Institute)

### **Prospective Opinion of Value**

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

### **Rentable Floor Area (RFA)**

Rentable area shall be computed by measuring inside finish of permanent outer building walls or from the glass line where at least 50% of the outer building wall is glass. Rentable area shall also include all area within outside walls less stairs, elevator shafts, flues, pipe shafts, vertical ducts, air conditioning rooms, fan rooms, janitor closets, electrical closets, balconies and such other rooms not actually available to the tenant for his furnishings and personnel and their enclosing walls. No deductions shall be made for columns and projections unnecessary to the building. (Source: *Income/Expense Analysis, 2013 Edition – Conventional Apartments, Institute of Real Estate Management, Chicago, Illinois*)

### **Replacement Cost**

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design and layout.

### **Reproduction Cost**

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

### **Room Count**

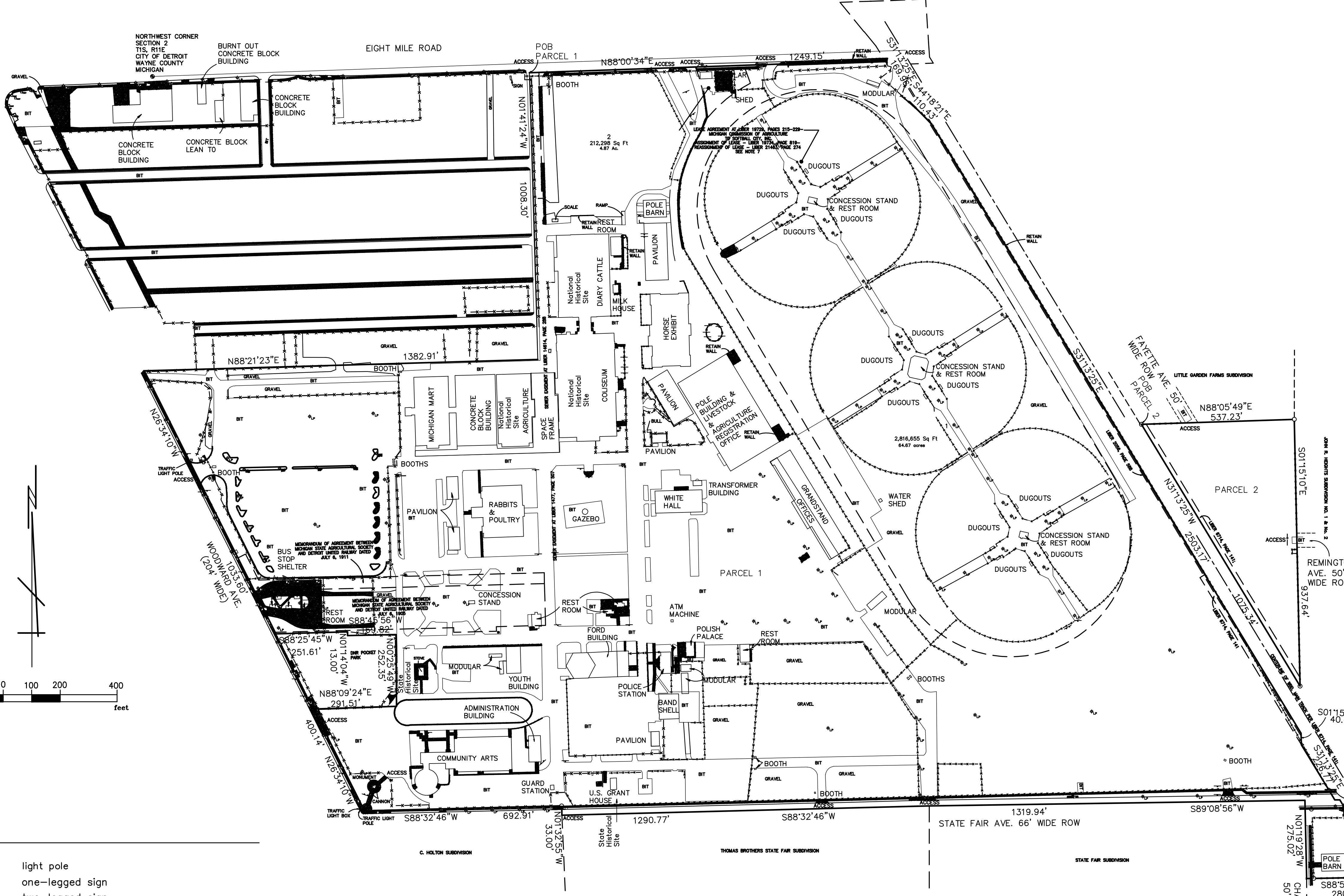
A unit of comparison used primarily in residential appraisal. No national standard exists on what constitutes a room. The generally accepted method is to consider as separate rooms only those rooms that are effectively divided and to exclude bathrooms.

### **Stabilized Income**

Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

# *Appendix C*

## Property Information



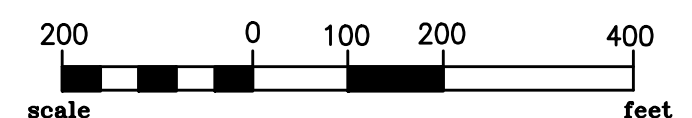
**LEGAL DESCRIPTION - PARCEL 1**

A parcel of land in the NE 1/4, NW 1/4 & SE 1/4 of Section 2 and the NE 1/4 of Section 3, T1S, R11E, City of Detroit, Wayne County, Michigan and more particularly described as commencing at the Northwest corner of said Section 2; thence S01°59'26"E, 33.00 feet to the North line of Germans Montrose Park Subdivision and the south right of way of Eight Mile Road; thence N88°00'34"E, 1323.68 feet, on the north line of Germans Montrose Subdivision to the Northeast corner of said Subdivision and the Point of Beginning of this description; thence N88°00'34"E, on the South right of way line of Eight Mile Road, 1249.15 feet, to the Southwesterly right of way of the Grand Trunk Western Railroad; thence on said right of way on the next five calls; thence S31°13'25" E, 169.96 feet; thence S44°18'21"E, 110.43 feet; thence S31°13'25"E, 2503.17 feet; thence S01°15'10"E, 40.04 feet; thence S31°13'25"E, 226.77 feet to the centerline of State Fair Avenue and the E-W 1/4 line of said Section 2; thence N89°08'56"E, on said E-W 1/4 line, 17.39 feet; thence S31°13'25"E, on the westerly line of the Grand Trunk Western Railroad, 317.18 feet; thence S88°52'19"W, 280.64 feet; thence N01°19'28"W, 275.02 feet to the E-W 1/4 line of said Section 2; thence S89°08'56"W, 1319.94 feet, on said E-W 1/4 line and centerline of State Fair Avenue to the center of said Section 2; thence S88°32'46"W, 1290.77 feet, on said E-W 1/4 line and centerline of State Fair Avenue; thence N01°32'55"W, 33.00 feet to the North line of State Fair Avenue; thence S88°32'46"W, 692.91 feet, on the North line of State Fair Avenue to the Northeast right of way line of Woodward Avenue; thence N26°34'10"W, on said Woodward Avenue right of way, 400.14 feet; thence along the boundary of the DNR Pocket Park the following five calls: thence N88°09'24"E, 291.51 feet; thence N00°25'49"W, 252.35 feet; thence S88°45'56"W, 169.82 feet; thence N01°14'04"W, 13.00 feet thence S88°25'45"W; 251.61 feet to the Northeast right of way line of Woodward Avenue; thence N26°34'10"W, 1033.60 feet, on said Woodward Avenue right of way to the Southwest corner of lot #24, Plat of State Fair Subdivision #2; thence N88°21'23"E, 1382.91 feet, on the south line of said State Fair Subdivision #2; thence N01°41'24"W, 1008.30 feet, on the East line of said State Fair Subdivision #2 & the East line of said State Fair Subdivision to the point of beginning, containing 157.47 acres.

**LEGAL DESCRIPTION - PARCEL 2**

A parcel of land in the NE 1/4 of Section 2, T1S, R11E, City of Detroit, Wayne County, Michigan; the boundary of said parcel being described as commencing at the North 1/4 Corner of Section 2, T1S, R11E, Michigan Meridian; thence N 88°00'34" E, along the North Section line, 30.11 feet; thence S 31°13'25" E, along the Northeastly right of way of the Grand Trunk Western Railroad, 1538.78 feet to the POINT OF BEGINNING; thence N 88°05'49" E, 537.23 feet; thence S 01°15'10" E, 937.64 feet; thence N 31°13'25" W, along said right of way line, 1075.34 feet to the point of beginning; said parcel contains 5.78 acres.

- NOTES:**
- The survey was made on the ground on April 6, May 15, 16, 25, 31, June 14, 23, September 27, 28, 29, November 28, 29, 30, 2000 and correctly shows the location and type of all buildings, structures and other improvements situated on the property.
  - The location of each easement, right of way, servitude, and other matter affecting the subject property and listed in the title insurance commitment dated September 2, 2000 at 8:00 a.m., issued by First American Title Insurance Company, Commitment No. 01027265-200 with respect to the subject property, has been shown on the survey, together with appropriate recording references, to the extent that such matters can be located. The survey includes less land than is referred to in the commitment. The instrument in liber 4514 page 436 is a deed.
  - The subject property has access to and from a duly dedicated and accepted public street or highway.
  - The area of land embraced within subject property is Parcel 1= 157.47 acres & Parcel 2= 5.78 acres Total= 163.25 acres.
  - Buildings labeled "MODULAR" are semi-permanently set up on concrete blocks and skirting. Other similar buildings, not skirting, not on concrete blocks, with wheels and tires attached are parked on the property and are not shown on this drawing.
  - Buildings labeled "BOOTH" do not have a foundation.
  - Lease is in default - see letter dated August 14, 2000 by John C. Hertell, General Manager Michigan State Fair to John Byrd, President Softball City.



- LEGEND:**
- light pole
  - ├ one-legged sign
  - ├ two-legged sign
  - ├ post
  - concrete surface.
  - buildings
  - miscellaneous as noted
  - described boundary line
  - - - - - easement delineation
  - fence
  - indicates a survey marker

To: State Fair Development Group, LLC and First American Title Insurance Company;

This is to certify that this map or plat and the survey on which it is based were made in accordance with "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys," jointly established and adopted by ALTA, ACSM and NSPS in 1999, and includes items 8, 10 and 11a of Table A thereof. Pursuant to the Accuracy Standards as adopted by ALTA, NSPS and ACSM and in effect on the date of this certification, undersigned further certifies that proper field procedures, instrumentation and adequate survey personnel were employed in order to achieve results comparable to those outlined in the "Minimum Angle, Distance and Closure Requirements for Survey Measurements Which Control Land Boundaries for ALTA/ACSM Land Title Surveys."

Date: December 12, 2000

Ronald L. Enger, LLS  
Michigan Registration No. 28409

DATE	REVISIONS		<b>ENGER SURVEYING &amp; ENGINEERING</b> 585 JEWETT ROAD MASON, MICHIGAN 48854 517-876-6565 FAX 517-876-6675	NE 1/4, NW 1/4, & SE 1/4 OF SECTION 2 & NE 1/4 OF SECTION 3, T1S, R11E Wayne County Michigan	JOB NO: 82-002 DECEMBER 12, 2000 DRAWN BY: MAB CHECKED BY: RLE	<b>ALTA/ACSM LAND TITLE SURVEY</b> MICHIGAN STATE FAIRGROUNDS DETROIT, MICHIGAN	SCALE: 1" = 200'
							SHEET 1 OF 2

PLAN DATE: DECEMBER 12, 2000

### SCHEDULE A

1. Commitment Date: April 08, 2009 (Revision No. 1) at 7:30 A.M.
  
2. Policy or Policies to be issued: Amount
  - (A) ALTA Standard Coverage Owners Policy \$1,000.00

Proposed Insured:  
To be determined
  
  - (B) ALTA Standard Coverage Loan Policy \$1,000.00

Proposed Insured:  
To be determined, its successors and/or assigns, as their interests may appear.
  
3. (A) The estate or interest in the land described in this Commitment is:  
  
Fee Simple  
  
(B) Title to said estate or interest at the date hereof is vested in:  
  
State of Michigan, pursuant to deeds recorded in Liber 1530, page 450 and Liber 1531, page 243
  
4. The land referred to in this Commitment is situated in the City of Detroit , State of Michigan, County of Wayne , and described as follows:  
  
All that part of Sections 2 and 3, town 1 south, range 11 east, more particularly described as follows: Beginning at the intersection of the easterly line of Woodward Avenue and the North line of Seven and one half mile road, center of said road being the East and West quarter line of Section 2, Greenfield Township, (now the City of Detroit) running thence North 25 degrees 22 minutes 00 seconds West, 1731.80 feet; thence North 89 degrees 30 minutes 00 seconds East, 1384.50 feet; thence North 00 degrees 36 minutes 00 seconds West, 940.70 feet to the center line of Eight Mile Road; thence North 89 degrees 10 minutes 00 seconds East along the centerline of said road, 1267.00 feet to the westerly line of the Detroit, Grand Haven and Milwaukee Railroad, so called; thence South 29 degrees 59 minutes 00 seconds East, 1536.00 feet; thence North 89 degrees 21 minutes 00 seconds East, 626.00 feet; thence South 00 degrees 01 minutes 00 seconds East, 1340.80 feet to the centerline of Seven and one half mile road; thence North 89 degrees 08 minutes 00 seconds West along the centerline of the said road, 1318.00 feet; thence North 89 degrees 43 minutes 00 seconds West, 1292.40 feet to the southwest corner of the east one half of the northwest 1/4 of Section 2; thence North 00 degrees 17 minutes 00 seconds East 33 feet to the intersection with the northerly line of Seven and one half mile road; thence North 89 degrees 43 minutes West along Northerly line of said road, 689.40 feet to the point of beginning.

PARCEL II: All that triangular part of the Northeast 1/4 of Section 2, town 1 south, range 11 east, lying East of railroad right of way and South of Little Garden Farms Subdivision.

PARCEL III: And a parcel of land situated in the Northwest 1/4 of the southeast 1/4 of Section 2 and described as follows: Beginning at point in the Northerly line of the Southeast 1/4 of said Section which point is 1319 feet westerly from the northeast corner of said 1/4 section running thence easterly along said northerly line of said 1/4 section 114.33 feet to the westerly line of the Detroit, Grand Haven and Milwaukee Railroad (so-called); thence southeasterly along said westerly line 317.28 feet; thence westerly 274.08 feet to the westerly line of the east 1/2 of the southeast 1/4 of Section 2; thence northerly along said line 274.34 feet to the point of beginning.

Land as surveyed:

PARCEL 1:

A parcel of land in the Northeast 1/4 of the Northwest 1/4 and Southeast 1/4 of Section 2 and the Northeast 1/4 of Section 3, town 1 South, Range 11 East, City of Detroit, Wayne County, Michigan and more particularly described as commencing at the Northeast corner of said Section 2; thence South 01°39'26" East 33.00 feet to the North line of Germans Montrose Park Subdivision and the South right of way of Eight Mile Road; thence North 88°00'34" East 1323.88 feet on the North line of Germans Montrose Subdivision to the Northeast corner of said Subdivision and the point of beginning of this description; thence North 88°00'34" East on the South right of way line of Eight Mile Road, 1249.15 feet to the Southwesterly right of way of the Grand Trunk Western Railroad; thence on said right of way on the next five calls; thence South 31°13'25" East, 169.96 feet; thence South 44°18'21" East 110.43 feet; thence South 31°13'25" East 2503.17 feet; thence South 01°15'10" East 40.04 feet; thence South 31°13'25" East, 226.77 feet to the centerline of State Fair Avenue and the East-West 1/4 line of said Section 2; thence North 89°08'56" East on said East-West 1/4 line, 17.39 feet; thence South 31°13'25" East on the westerly line of the Grand Trunk Western Railroad, 317.18 feet; thence South 88°52'19" West 280.64 feet; thence North 01°19'28" West 275.02 feet to the East-West 1/4 line of said Section 2; thence South 89°08'56" West 1319.94 feet, on said East-West 1/4 line and centerline of State Fair Avenue to the center of said Section 2; thence South 88°32'46" West 1290.77 feet, on said East-West 1/4 line and centerline of State Fair Avenue; thence North 01°32'55" West 33.00 feet to the North line of State Fair Avenue; thence South 88°32'46" West 892.91 feet, on the north line of State Fair Avenue to the Northeast right of way line of Woodward Avenue; thence North 26°34'10" West on said Woodward Avenue right of way 400.14 feet; thence along the boundary of the DNR Pocket Park the following five calls: thence North 88°09'24" East 291.51 feet; thence North 00°25'49" West 252.35 feet; thence South 88°45'56" West 169.52 feet; thence North 01°14'04" West 13.00 feet; thence South 88°25'45" West 251.61 feet to the Northeast right of way line of Woodward Avenue; thence North 26°34'10" West 1033.60 feet, on said Woodward Avenue right of way to the Southwest corner of Lot 24, Plat of State Fair Subdivision #2; thence North 88°21'23" East 1382.91 feet, on the South line of State Fair Subdivision #2; thence North 01°31'24" West 1008.30 feet, on the East line of said State Fair Subdivision #2 and the East line of said Germans Montrose Park Subdivision to the point of beginning.

PARCEL 2:

A parcel of land in the Northeast 1/4 of Section 2, Town 1 South, Range 11 East, City of Detroit, Wayne County, Michigan, the boundary of said parcel being described as commencing at the North 1/4 corner of Section 2, Town 1 South, Range 11 East, Michigan Meridian; thence North 88°00'34" East along the North Section line, 30.11 feet; thence South 31°13'25" East along the Northeasterly right of way of the Grand Trunk Western Railroad, 15.38 feet to the point of beginning; thence North 88°05'49" East 537.23 feet; thence South 01°15'10" East 937.64 feet; thence North 31°13'25" West along said right of way line, 1075.34 feet to the point of beginning.

## Flood Data

USPS Address: 20110 Woodward Ave  
 Detroit MI 48203-1083

Community Name: DETROIT, CITY OF

Community #: 260222

County: Wayne

Census Tract: 5080.00

Flood Zone: X

Map Date: 2012-02-02

## Flood Map Type and Color Options

Type:  Zone Color:



APPLY MAP OPTIONS

## Flood Map

To Save your flood map, use your right mouse button and click directly on it. Then, depending on what you want to do, select:

- Save Picture As... to copy the flood map to your hard drive
- Copy to place the flood map in Windows memory so you can paste into another program
- Print Picture ... to print the flood map immediately



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### MAP DATA

FEMA Special Flood Hazard Area: **No**  
 Map Number: **26163C0125E**  
 Zone: **X**  
 Map Date: **February 02, 2012**  
 FIPS: **26163**

### MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area



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# *Appendix D*

## Comparable Data

## Land Sales – Entire Site and State Fair Avenue Site

### Land Comparable 1



### Transaction

ID	273875	Date	9/1/2017
Property Name	Amazon Distribution Center Site	Price	\$5,800,000
Property Type	Industrial	Price per Acre	\$27,800
Address	50500 Mound Road	Price per Land SF	\$0.64
City	Macomb	Property Rights	Fee Simple
State	MI	Financing	Cash to Seller
Grantor	Posen Construction Inc.		
Grantee	Hillwood		

### Site

Acres	208.6
Land SF	9,087,923
Zoning	HM; Heavy Manufacturing
Shape	Irregular
Tax ID	07-21-100-011, 07-21-100-012, 07-21-100-013

### Comments

This is the sale of a 208.63 acre industrial zoned site located near the City of Detroit. The site was previously improved with a 1,870,480 SF manufacturing building that was demolished in 2010. The current buyer plans to construct a 1,000,000 SF warehouse/distribution center that Amazon will occupy as a single tenant upon completion. The building is planned for delivery Q3 2018.

Land Comparable 2



Transaction

ID	273878	Date	7/1/2017
Property Name	2100 South Opdyke Road	Price	\$3,900,000
Property Type	Industrial	Price per Acre	\$31,879
Address	2100 South Opdyke Road	Price per Land SF	\$0.73
City	Pontiac	Property Rights	Fee Simple
State	MI	Financing	Cash to Seller
Grantor	Michigan Motion Picture		
Grantee	Williams International		

Site

Acres	122.3
Land SF	5,329,096
Zoning	M-2; Heavy Manufacturing
Shape	Irregular
Tax ID	19-03-200-022 and 19-03-200-023

Comments

This is the sale of a 122.34 acre industrial site near the City of Detroit. The buyer intends to construct a 1,000,000 SF industrial building on the site.

Land Comparable 3



Transaction

ID	273879	Date	11/1/2016
Property Name	Livonia West Corporate Center	Price	\$8,706,300
Property Type	Industrial	Price per Acre	\$71,003
Address	12882 Eckles Road	Price per Land SF	\$1.63
City	Livonia	Property Rights	Fee Simple
State	MI	Financing	Cash to Seller
Grantor	Ashley Capital		
Grantee	Republic National Distributing		

Site

Acres	122.6
Land SF	5,341,288
Zoning	M-2; General Manufacturing
Shape	Irregular
Tax ID	118990001002.00

Comments

This is the sale of a 122.62 acre industrial site located near the City of Detroit. The buyer intends to develop the site with a 500,000 square foot distribution warehouse the buyer will owner occupy upon completion of the construction. The building is expected to be delivered Q2 2018.

Land Comparable 4



Transaction

ID	273882	Date	6/1/2016
Property Name	7191 17 Mile Road	Price	\$14,900,000
Property Type	Industrial	Price per Acre	\$103,472
Address	7191 17 Mile Road	Price per Land SF	\$2.38
City	Sterling Heights	Property Rights	Fee Simple
State	MI	Financing	Cash to Seller
Grantor	7191 Associates LLC		
Grantee	Ultra Properties Inc.		

Site

Acres	144.0
Land SF	6,272,640
Zoning	M-1; Light Industrial
Shape	Irregular
Tax ID	10-16-426-021

Comments

This is the sale of a 144 acre industrial site located near the City of Detroit.

## Land Sales – Woodward Avenue Site and Eight Mile

### Land Comparable 1



### Transaction

ID	273933	Date	12/1/2017
Property Name	Topgolf Site	Price	\$4,000,000
Property Type	Commercial	Price per Acre	\$241,400
Address	500 Great Lakes Crossing	Price per Land SF	\$5.54
City	Auburn Hills	Property Rights	Fee Simple
State	MI	Financing	Cash to Seller
Grantor	GLC Auburn Hills LLC		
Grantee	Topgolf USA Auburn Hills		

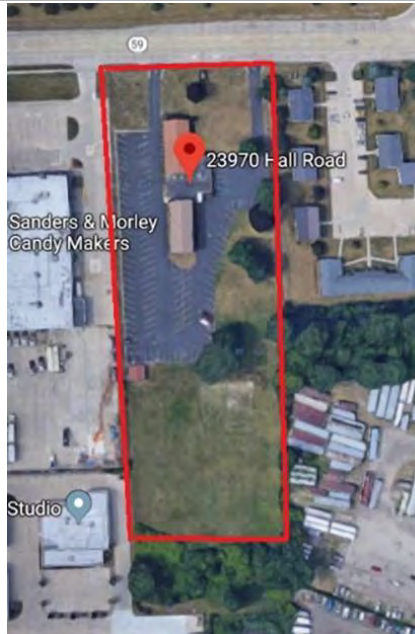
### Site

Acres	16.6
Land SF	721,789
Zoning	B-2; General Business
Shape	Irregular
Tax ID	14-04-301-004 & 14-04-301-005

### Comments

This is the sale of 16.57 acres of commercially zoned land located near the City of Detroit. The buyer will construct a Topgolf on the site.

Land Comparable 2



Transaction

ID	273934	Date	9/27/2017
Property Name	23970 Hall Road	Price	\$1,175,000
Property Type	Commercial	Price per Acre	\$225,096
Address	23970 Hall Road	Price per Land SF	\$5.17
City	Clinton Township	Property Rights	Fee Simple
State	MI	Financing	Cash to Seller
Grantor	Macomb Baptist Church		
Grantee	Sanders Candy		

Site

Acres	5.2
Land SF	227,383
Zoning	B-3; General Business
Shape	Rectangular

Comments

This is the sale of 5.22 acres of commercially zoned land. The purchase price is representative of land value only. The buyer plans to redevelop the site.

Land Comparable 3



Transaction

ID	273937	Date	8/4/2015
Property Name	Marketplace of Royal Oak	Price	\$5,100,000
Property Type	Commercial	Price per Acre	\$319,749
Address	2200 East 12 Mile Road	Price per Land SF	\$7.34
City	Royal Oak	Property Rights	Fee Simple
State	MI	Financing	Cash to Seller
Grantor	Roman Catholic		
Grantee	S-12 Partners, LLC		

Site

Acres	16.0
Land SF	694,782
Zoning	Neighborhood Business
Shape	Irregular
Tax ID	25-14-126-010

Comments

This is the sale of 15.95 acres of commercially zoned land located near the City of Detroit. The property had a religious facility on the site at the time of sale, however, the sale price is representative of land value only. The buyer constructed a Kroger with a gas station on the site that opened in 2016.



Land Comparable 4



Transaction

ID	273938	Date	5/15/2015
Property Name	15200 Seaway Drive	Price	\$550,000
Property Type	Commercial	Price per Acre	\$275,000
Address	15200 Seaway Drive	Price per Land SF	\$6.31
City	Taylor	Property Rights	Fee Simple
State	MI	Financing	Cash to Seller
Grantor	James Koester		
Grantee	Menard, Inc.		

Site

Acres	2.0
Land SF	87,120
Zoning	B-2; Commercial District
Shape	Rectangular

Comments

This is the sale of 2.0 acres of commercially zoned land located near the City of Detroit. The buyer plans to construct a Menards on the site.

# *Appendix E*

## Engagement Letter

**MICHIGAN LAND BANK FAST TRACK AUTHORITY  
PROFESSIONAL SERVICES CONTRACT WITH  
JLL VALUATION & ADVISORY SERVICES, LLC**

The Michigan Land Bank Fast Track Authority (the "MLB") enters into a binding agreement for professional services (the "Agreement") with JLL Valuation & Advisory Services, LLC (the "Contractor"). The MLB and Contractor shall sometimes be referred in this Agreement individually as a "Party" or collectively as "Parties".

**Contractor:** JLL Valuation & Advisory Services, LLC  
Attn: Eric L. Enloe  
200 East Randolph Drive, 47<sup>th</sup> Floor  
Chicago, IL 60601

**I. NATURE OF SERVICES**

To provide appraisal and related services to the MLB for the Michigan State Fairgrounds in the Detroit, Michigan market. Required is a narrative appraisal of three (3) different configurations of the Michigan State Fairgrounds with existing site improvements in accordance with USPAP by a State of Michigan licensed real estate appraiser. Those three configurations are 1) the entire Michigan State Fairgrounds with existing site improvements; 2) the approximately 16 acres along Woodward Ave. with existing site improvements; and 3) the approximately 16 acres along Eight Mile Road with existing site improvements.

**II. PERFORMANCE SCHEDULE**

Starting Date: January 2, 2018

Ending Date: January 29, 2018

The term of this Agreement (the "Term") shall begin on the Starting Date and end on the Ending Date, unless terminated earlier, as permitted under Section V(J) of this Agreement.

**III. COMPENSATION INFORMATION**

- A) The MLB agrees to pay Contractor an amount not to exceed \$20,000 during the Term. This amount includes all embedded expenses.
- B) Payment under this Agreement shall be made by the MLB to Contractor upon receipt and approval by the Contract Manager of Contractor's billing statement stating that the work for which payment is requested has been appropriately performed. Contract Manager shall provide Contractor with appropriate submission instructions of Contractor's billing statement.
- C) The billing statement must reflect actual work done. The specific details of billing statement and payments will be agreed upon between the Contract Manager and

the Contractor after the Agreement has been signed and accepted by both the Contractor and the MLB.

- D) Public Act 533 of 2004 requires that payments under this Agreement be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Grant Payment Express website ([www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us)).
- E) Changes in the budget will be allowed only upon prior review and written approval by the Contract Manager.
- F) Contractor's billing statement may be subject to a final audit prior to the release of final payment.

#### **IV. MLB CONTRACT MANAGER**

The Contractor should communicate with the following MLB representative or designee regarding this Agreement:

Jeff Huntington (the "Contract Manager")  
Michigan Land Bank Fast Track Authority  
300 N. Washington Sq.  
Lansing, MI 48913  
(517) 335-8430  
[huntingtonj@michigan.gov](mailto:huntingtonj@michigan.gov)

#### **V. TERMS AND CONDITIONS**

##### **A) Contractor Duties**

Contractor agrees to undertake, perform, and complete the services described in Exhibit A, which is incorporated herein by reference, within 28 days of the Starting Date. In the event of any inconsistency between the provisions of Exhibit A and this Agreement, the provisions of this Agreement shall control.

Time is of the essence for the completion of the services in this Agreement. Contractor has committed to completing these services within 28 days of the Starting Date, or no later than January 29, 2018.

##### **B) Independent Contractor**

Contractor will act as an independent contractor under this Agreement, and neither Contractor nor any employee or agent or contract personnel of Contractor is, or shall be deemed to be, an employee of the MLB due to this Agreement and the relationship between Contractor and MLB. In its capacity as an independent contractor, Contractor agrees to and represents the following:

- 1) Contractor will provide the services under this Agreement free from the direction or control of the MLB as to means, manners, and methods of performance;
- 2) Contractor has the right and does fully intend to perform services for third parties during the Term;
- 3) Contractor acknowledges that any work product developed by Contractor in performance of this Agreement shall be the sole property of the MLB and the MLB shall have the right to copyright or otherwise protect its rights in and ownership of the work product. Further, the MLB shall have the right to make the work product developed and delivered by Contractor public by placing it on its website or as the MLB may otherwise see fit;
- 4) The services required by this Agreement shall be performed by Contractor, or Contractor's employees or contract personnel (specifically Joseph M. Miller, Tim Fitzgibbons, and Eric L. Enloe), and the MLB shall not hire, supervise, or pay any assistants to help Contractor;
- 5) Neither Contractor nor Contractor's employees or contract personnel shall receive any training from the MLB in the professional skills necessary to perform the services required by this Agreement;
- 6) Neither Contractor nor Contractor's employees or contract personnel shall be required by the MLB to devote full time to the performance of the services required by this Agreement; and
- 7) Contractor does not receive the majority of its annual compensation from the MLB.

The Parties acknowledge and agree that the MLB is entering into this Agreement with reliance on the representations made by Contractor relative to its independent contractor status.

C) **Permits and Licenses**

Contractor declares that Contractor has complied with all federal, state and local laws requiring any business permits, certificates or licenses required to carry out the services to be performed under this Agreement, and Contractor will maintain those permits, certificates and/or licenses throughout the Term.

D) **Materials**

Contractor will furnish all materials, equipment and supplies used to provide the services required by this Agreement.

E) **State and Federal Taxes**

The MLB will not:

- 1) Withhold FICA (Social Security and Medicare taxes) from Contractor's payments or make FICA payments on Contractor's behalf; or
- 2) Make state or federal unemployment compensation contributions on Contractor's behalf, or withhold state, federal or local income tax from Contractor's payments.

Contractor shall pay all taxes incurred while performing services under this Agreement, including, but not limited to all applicable income taxes. If requested by the MLB, Contractor shall provide proof that such payments have been made.

F) **Fringe Benefits**

Contractor understands that neither Contractor nor Contractor's employees or contract personnel are eligible to participate in any employee pension, health, vacation pay, sick pay, or other fringe benefit plan of the MLB.

G) **Workers' Compensation**

The MLB shall not obtain workers' compensation insurance on behalf of Contractor or Contractor's employees. If Contractor hires employees to perform any work under this Agreement, Contractor shall cover them with workers' compensation insurance and shall maintain such insurance during the Term. The MLB may, in its discretion, require Contractor to provide evidence of such coverage.

H) **Unemployment Compensation**

The MLB shall make no state or federal unemployment compensation payments on behalf of Contractor or Contractor's employees or personnel. Contractor will not be entitled to these benefits in connection with work performed under this Agreement. If Contractor files a petition for and receives unemployment compensation, the total amount of unemployment compensation awarded to and received by Contractor shall be deducted from and be an offset against the amount of compensation due and payable to Contractor by the MLB under this Agreement.

I) **Access to Records**

During the Term, and for seven (7) years after the Ending Date, Contractor shall maintain reasonable records, including evidence that the requested services actually were performed and the identity of all individuals paid for such services, and shall allow access to those records by the MLB or its authorized representative at any time during this period.

## J) Termination

Either Party may terminate its obligations under this Agreement by giving the other Party fifteen (15) calendar days prior written notice of such termination.

The MLB may immediately terminate this Agreement upon written notice to Contractor if Contractor materially breaches its obligations under this Agreement or engages in any conduct which the MLB, in its sole discretion, determines has or could have an adverse impact on the State of Michigan's (the "State") or the MLB's reputation or interests. In addition, the MLB may immediately terminate this Agreement upon written notice to Contractor, without further liability to the MLB or the State, its departments, agencies, and employees, if Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense relating to a State, public, or private contract or subcontract; or convicted of a criminal offense including, but not limited to, any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State employees; convicted under state or federal antitrust statutes; or convicted of any other criminal offense which, in the sole discretion of the MLB, reflects on Contractor's business integrity.

Contractor acknowledges that MLB's performance of its payment obligation is dependent upon the continued approval of funding and/or the MLB's continued receipt of State funding. In the event that the State Legislature, the State Government or any State official, public body corporate, commission, authority, body or employees, including the MLB: (a) takes any action which fails to provide, terminates or reduces the funding that is related to the source of funding for this Agreement; or (b) takes any action that is unrelated to the source of funding for this Agreement, but affects the MLB's ability to perform obligations under this Agreement, the MLB may terminate this Agreement by providing fifteen (15) calendar days' notice prior to the effective date of cancellation. In the event, however, that the action of the State Legislature, the State of Michigan or MLB results in an immediate absence or termination of funding, this Agreement may be terminated effective immediately upon delivery of notice to the Contractor. In the event of immediate termination of funding, the MLB will make payment through the effective date of termination for any undisputed services rendered and expenses incurred.

The MLB shall have no obligation to Contractor for any fees or other payments incurred in connection with this Agreement after the effective date of termination. Upon termination, all work product prepared or produced by Contractor pursuant to this Agreement shall be immediately delivered to the MLB. Payment for any undisputed services rendered and expenses incurred through the effective date of termination will then promptly be made by the MLB.

**K) MLB Employees**

Contractor will not hire any employee of the MLB to perform any services covered by this Agreement without prior written approval from the Director of the MLB.

**L) Confidential Information**

Except as required by law, Contractor shall not use or disclose, either before, during or after the Term, any proprietary or confidential information, including, but not limited to, applications, business bids, business plans, economic development analyses, computer programs, databases and all materials furnished to Contractor by the MLB (collectively, "Confidential Information") without the prior written consent of the MLB, except to the extent necessary to perform services on the MLB's behalf. Confidential Information does not include information obtained by Contractor from third party sources; that is already in the possession of, or is independently developed by, Contractor; that becomes publicly available other than through breach of this Paragraph; or, is released with the prior written consent of the governmental entity or entities that provided the Confidential Information to Contractor. Contractor acknowledges that all information provided by the MLB in connection with Contractor's duties under this Agreement shall be treated as Confidential Information unless otherwise stated in this subsection.

**M) Conflict of Interest**

Except as has been disclosed to the MLB, Contractor affirms that neither the Contractor, nor its Affiliates or their employees has, shall have, or shall acquire any contractual, financial business or other interest, direct or indirect, that would conflict in any manner with Contractor's performance of its obligations under this Agreement or otherwise create the appearance of impropriety with respect to this Agreement.

Contractor further affirms that neither Contractor nor any affiliates or their employees has accepted or shall accept anything of value based on an understanding that the actions of the Contractor or its affiliates or either's employees on behalf of the MLB would be influenced. Contractor shall not attempt to influence any MLB employee by the direct or indirect offer of anything of value. Contractor also affirms that neither Contractor, nor its Affiliates or their employees has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or its Affiliate, any fee, commission, percentage, brokerage fee, gift or any other consideration contingent upon or resulting from the execution of this Agreement.

In the event of change in either the interests or services under this Agreement, Contractor will inform the MLB regarding possible conflicts of interest which may arise as a result of such change. Contractor agrees that conflicts of interest shall be resolved to the MLB's satisfaction or the MLB may terminate this Agreement. As used in this Paragraph, "conflict of interest" shall include, but not be limited to,



conflicts of interest that are defined under the laws of the State of Michigan.

N) **Representations of Contractor**

Contractor affirms to the best of its knowledge that it or its owners:

- 1) Do not have any criminal convictions.
- 2) Are not subjects of any pending criminal investigation.
- 3) Are not subjects of any past, present or pending investigations by the Internal Revenue Service or any other federal or state taxing body or court.
- 4) Are not subjects of any past, pending or present litigation regarding its conduct.
- 5) Are not in material default or breach of any contract or agreement that it may have with the State of Michigan, the MLB or any other public body. Contractor further represents and warrants that it has not been a party to any contract with the State, the MLB or other public body that was terminated within the previous five (5) years due to the Contractor's failure to perform or otherwise breached an obligation of such contract.
- 6) Joseph M. Miller, Tim Fitzgibbons, and Eric L. Enloe are each certified general appraisers in good standing in Michigan during the term of this Agreement.

O) **State of Michigan Competitors**

Any information or knowledge Contractor gains during the course of this Agreement concerning the economic development efforts of the State of Michigan, the MLB or the business conditions or business community in Michigan shall not be disclosed to any public or private party, sovereign authority or foreign government, during the Term and for a period of two (2) years after the later of the Ending Date, the effective date of termination of this Agreement or so long as any information remains confidential pursuant to any contract, law, treaty, resolution or other enforceable promise.

P) **Irreparable Injury**

Contractor acknowledges that if it breaches any of its obligations under Paragraphs L and O above, it will cause damages of an irreparable and continuing nature to the MLB, for which money damages alone will not provide adequate relief. Therefore, in addition to all appropriate monetary damages, the MLB is entitled to obtain injunctive relief, including, but not limited to, a temporary restraining order to prohibit the Contractor's continuing breach. The MLB shall have the right to obtain such relief without having to post any bond or other surety.

**Q) Indemnification and Contractor Liability Insurance**

Contractor shall indemnify, defend, and hold harmless the MLB, its Board and its employees (the "Indemnified Parties") from any and all liability arising out of or in any way related to Contractor's performance under this Agreement, including any liability resulting from any acts of Contractor's employees or agents.

Contractor shall purchase and maintain such insurance to protect the Indemnified Parties from claims that might arise out of or as a result of Contractor's operations. Contractor will provide and maintain its own errors and omissions liability insurance for Contractor's indemnification obligation under this Agreement. The insurance shall be written on an occurrence basis for not less than One Million Dollars (\$1,000,000) of coverage per occurrence and Two Million Dollars (\$2,000,000) in aggregate, but Contractor's indemnification obligation is not limited to this amount.

**R) Total Agreement**

This Agreement, together with Exhibits A and B, contains the entire agreement between the Parties superseding any prior or concurrent agreements as to the services being provided, and no oral or written terms or conditions which are not contained in this Agreement shall be binding. This Agreement may not be changed except by written agreement signed by the Parties.

**S) Assignment/Transfer/Subcontracting**

Contractor shall not assign, transfer, convey, subcontract, or otherwise dispose of any duties or rights under this Agreement without the prior specific written consent of the MLB. Contractor agrees that any of Contractor's future successors or subcontractors will be bound by the provisions of this Agreement, unless the MLB otherwise agrees in a specific written consent. The MLB reserves the right to approve subcontractors for this Agreement and to require Contractor to replace subcontractors who are found to be unacceptable to the MLB.

**T) Non-Discrimination and Unfair Labor Practices**

In connection with this Agreement, Contractor shall comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101 *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101 *et seq.*, and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment with respect to his or her hire, tenure, terms, conditions, privileges of employment, or any matter directly or indirectly related to employment because of his or her race, religion, color, national origin, age, gender, height, weight, marital status, or physical or mental disability unrelated to the individual's ability to perform the duties of a particular job or position. Contractor further agrees that every subcontract entered

into in connection with this Agreement will contain a provision requiring nondiscrimination in employment, as required in this Agreement, binding upon each subcontractor.

Pursuant to 1980 PA 278 (the "Act"), MCL 423.321 *et seq.*, the State shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled by the United States National Labor Relations Board. Contractor, in relation to this Agreement, shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears on this register. Pursuant to section 4 of the Act, the MLB may void this Agreement if, after the Starting Date, the name of the Contractor as an employer or the name of the subcontractor, manufacturer or supplier of Contractor appears on the register.

A breach of this Paragraph constitutes a material breach of this Agreement.

U) **Jurisdiction**

The laws of the State of Michigan shall govern this Agreement. The Parties shall make a good faith effort to resolve any controversies that arise regarding this Agreement. If a controversy cannot be resolved, the Parties agree that any legal actions concerning this Agreement shall be brought in the Michigan Court of Claims or, as appropriate, Ingham County Circuit Court in Ingham County, Michigan, USA. By signing this Agreement, Contractor acknowledges that it is subject to the jurisdiction of this court and agrees to service by first class or express delivery wherever Contractor resides, in or outside of the United States.

V) **Compliance with Laws**

Contractor shall comply with all applicable state, federal and local laws and ordinances in providing the services under this Agreement.

W) **No Partnership or Agency Relationship**

This Agreement does not create a partnership relationship. Further, neither Contractor nor Contractor's employees or other representatives shall hold themselves out to third parties as an agent or representative of the State of Michigan, or the MLB, nor shall they have any authority to take any action or enter into any agreement on behalf of the State of Michigan, or the MLB.

X) **No Third Party Beneficiaries**

There are no expressed or implied third party beneficiaries to this Agreement.

Y) **Counterparts**

This Agreement may be executed in one or more counterparts and by facsimile, each of which shall constitute an original, and all of which together shall constitute one and the same instrument.

Z) **Liquidated Damages**

Contractor understands that if the Services set forth in section I and Exhibit A are not achieved by January 29, 2018, as such date or duration may be amended, the MLB will suffer damages which are difficult to determine and accurately specify. Contractor agrees that if the date set forth above in this paragraph is not attained, Contractor shall pay the MLB \$1,000 as liquidated damages and not as a penalty for each day that the Services set forth in section I and Exhibit A extends beyond such date. The liquidated damages provided herein shall be in lieu of all liability for extra costs, losses, expenses, claims, penalties, and other damages incurred by the MLB which are occasioned by the delay in Contractor's performance within the prescribed timeframe. In no event shall the total liquidated damages exceed \$20,000.

AA) **Survival**

The terms and conditions of sections III, V(B), V(E), V(F), V(G), V(H), V(I), V(L), V(O), V(P), V(Q), V(S), V(U), V(W), V(X) and V(Z) shall survive termination of this Agreement.

BB) **Publicity**

At the request and expense of the MLB, the Contractor will cooperate with the MLB to promote the Scope of Work through one or more of the placement of a sign, plaque, media coverage or other public presentation at the project or other location acceptable to the Parties.

*(remainder of page intentionally left blank)*

The signatories below warrant that they are empowered to enter into this Agreement.

**CONTRACTOR ACCEPTANCE:**

JLL Valuation & Advisory Services, LLC

Dated: 1/2/2018



\_\_\_\_\_  
By: Eric Enloe  
Its: Managing Director

**MLB ACCEPTANCE:**

Michigan Land Bank Fast Track  
Authority

Dated: 1/3/18



\_\_\_\_\_  
Josh Burgett  
Director

**EXHIBIT A**

See attached Request for Proposal

## EXHIBIT B

### REQUEST FOR PROPERTY INFORMATION

Following is a list of items needed to complete our appraisal on the above referenced property. While some of the items may not be available, your assistance in gathering as much of the information as possible will be greatly appreciated. Additionally, the analyst may request additional information as needed to complete the valuation of the property.

- Contact name & phone number for property inspection.

Jeff Huntington  
(517) 335-8430

- Information on any sales or transfers of title in the subject property over the past three years. At a minimum, this should include sale date, sale price, and number of lots at the time of sale.

No sales or transfers of title.

A Purchase Agreement between the Michigan Land Bank Fast Track Authority (MLB) and Magic Plus, LLC ("MP") was executed on October 10, 2013, for \$4.65MM or the aggregate present value calculated per the Purchase Agreement if closed by January 15, 2015, was defaulted upon or expired on June 30, 2017. Had a closing occurred after January 15, 2015, the purchase price would have been increased by 40% of the Detroit Sewerage charges incurred and 100% of all other costs incurred by MLB after January 15, 2015.

The Purchase Agreement required a Development Agreement ("DA") be executed between MLB and MP which occurred on June 26, 2014. The DA set forth several Performance Requirements that MP must complete. The deadline to complete these was May 31, 2017.

There currently exists a long term lease with Fieldhouse, LLC for a Joe Dumars Fieldhouse facility. Annual rent is \$50,000 plus utilities.

There is also a Month-to-Month Agreement with Grand Trunk Western Railroad Company for 23.94 acres on the easterly portion of the Fairgrounds property for a term of one year ending January 31, 2018. Monthly rental is \$17,955.

- Alta survey or plat map of each of the three sites (if the aerial map you sent is the best file available (ST\_Both Options.PDF) then that will suffice

An ALTA survey and site plan is available at:  
<http://www.michigan.gov/landbank/0,3190,7-298-61310-276847--,00.html>

The aerial map is the only depiction of the 16 acre configurations.

- Summary of the building improvements on site including building area, use, year built, and type of construction

Please see [http://www.michigan.gov/landbank/0,3190,7-298-61310-276847--\\_00.html](http://www.michigan.gov/landbank/0,3190,7-298-61310-276847--_00.html) for all available information.

- Summary of capital expenditures by year over the last 3 years.

None

- Tax ID #.

20110 Woodward Avenue, Detroit, Michigan  
Tax ID #01-009845

- Most recent tax billing

Not applicable as the MLB is exempt from property taxes.

- Please provide notification to us if Jones Lang LaSalle (JLL) provides any services pertaining to the property including property management, leasing, or brokerage services (owner's agent or buyer's agent)

Not applicable.